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**Apollo Global Real Estate Management, L.P.**

**FORM ADV PART 2A**

**March 31, 2021**

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**This brochure (“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, 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 is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.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 routinely makes changes throughout its Brochure to improve and clarify the descriptions of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and firm practices.

Set out below are those changes that AGREM believes reflect material changes since its last annual update of this Brochure filed on March 29, 2020.

On January 24, 2021, Leon Black informed the executive committee of the board of directors of Apollo Global Management, Inc. ("AGM" and, together with its consolidated subsidiaries, "Apollo") that he intends to retire from his position as Chief Executive Officer of AGM on or before July 31, 2021. Leon Black, Marc Rowan and Josh Harris (collectively, the "Founders"), on behalf of the Class C Stockholder of AGM, voted to appoint Mr. Rowan as Chief Executive Officer of AGM to begin serving in such role effective upon Mr. Black's retirement.

On March 8, 2021, AGM announced that it entered into a binding governance term sheet with the Founders. The term sheet sets forth a number of changes to AGM's governance structure, including changes relating to the composition and size of AGM's Board of Directors (the "Board"), Board committees, and the elimination of the company's umbrella partnership structure and move to a single class of common stock. The implementation of the provisions of the term sheet remains subject to regulatory and shareholder approvals.

On March 8, 2021, AGM announced it has entered into an Agreement and Plan of Merger with Athene Holding Ltd. ("Athene Holding") and the other parties thereto, pursuant to which the two companies will effect an all stock merger transaction to combine their respective businesses. Following the consummation of the merger transaction, which is currently expected to close in January of 2022, AGM and Athene Holding will be direct subsidiaries of a new holding company, which will be renamed "Apollo Global Management, Inc." The closing of the transaction is subject to certain conditions, including shareholder approvals, various governmental and regulatory approvals, as well as other customary closing conditions.

On March 21, 2021, Mr. Black, informed the Board that he has decided to step down from his position as Chief Executive Officer, Director and Chairman of the Board, and as a member of the Board's executive committee, effective immediately. Mr. Rowan has formally assumed the role of Chief Executive Officer of AGM from Mr. Black, which comes as part of the planned succession process first announced in January 2021. The executive committee of the Board appointed Lead Independent Director Jay Clayton to serve as Non-Executive Chairman of the Board effective March 21, 2021.

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## ITEM 4

### Advisory Business

#### **Apollo Global Management, Inc.**

AGM, a Delaware corporation, is a global alternative investment manager that is publicly listed on the New York Stock Exchange under the symbol “APO.” Apollo’s business is to raise, invest and manage credit, private equity and real assets funds, as well as strategic investment accounts, on behalf of pension, endowment and sovereign wealth funds and other institutional and individual investors. Apollo has three business segments: (1) *Credit*, which primarily invests in non-control corporate and structured debt instruments, including performing, stressed and distressed investments across the capital structure; (2) *Private Equity*, which primarily invests in control equity and related debt instruments, convertible securities, other capital solutions, structured equity and non-control stressed and distressed investments; and (3) *Real Assets*, which primarily invests in: (i) real estate and infrastructure equity for the acquisition and recapitalization of real estate and infrastructure assets, portfolios, platforms and operating companies; (ii) real estate and infrastructure debt, including first mortgage and mezzanine loans, preferred equity and commercial mortgage-backed securities; and (iii) commercial and residential real estate, performing loans, non-performing loans and unsecured consumer loans primarily in Europe.

#### **Apollo Global Real Estate Management, L.P.**

AGREM is a subsidiary of AGM and registered as an investment adviser with the SEC. AGREM, together with its relying advisers, manages a portion of Apollo’s real assets business and controls or is affiliated with the managers (collectively, with AGREM, the “Apollo Real Estate Managers”) to its advisory clients, which are comprised of real estate and principal finance funds, including single investor funds (“SIFs”), parallel funds, feeder funds and alternative investment vehicles (collectively referred to as “Apollo Real Estate Funds”), that fall within Apollo’s real assets business segment. The Apollo Real Estate Managers also serve as investment managers to various co-investment vehicles structured to facilitate investments by affiliated and third-party co-investors alongside Apollo Real Estate Funds (“Co-Investment Vehicles”). The Apollo Real Estate Funds and Co-Investment Vehicles managed by the Apollo Real Estate Managers are collectively referred to as “Clients.”

The Apollo Real Estate Managers take a broad view of markets and property types in targeting: (i) real estate debt investment opportunities, including first mortgage and mezzanine loans, preferred equity and commercial mortgage-backed securities; (ii) real estate equity investment opportunities, including the acquisition and recapitalization of real estate assets, portfolios, platforms and operating companies; (iii) European performing and non-performing loans, as well as other impaired or illiquid asset portfolios and related investments, which arise through the acquisition, management and resolution of non-performing, illiquid and impaired asset portfolios; and (iv) commercial real estate properties and portfolios of properties with favorable long-term triple net leases and high credit quality tenants across a variety of industries. The Apollo Real Estate Managers are registered with the SEC as investment advisers relying on AGREM’s investment adviser registration.

As described in Item 10, the Apollo Real Estate Managers are affiliated with the managers of Apollo’s private equity and credit businesses (collectively, the “Apollo Managers”). The funds, including SIFs, parallel funds, feeder funds, alternative investment vehicles and separately managed accounts, managed or advised by the Apollo Managers are collectively referred to as “Apollo Funds.”

### **Investment Advisory Relationship**

The advisory relationship between each Client and the relevant Apollo Real Estate Manager is governed by their respective investment management agreement (each, a “Management Agreement”). The negotiation of the applicable Management Agreement between a Client and its Apollo Real Estate Manager is generally not conducted at arm’s length because they are related parties. The terms of Management Agreements, including the fees payable to each Apollo Real Estate Manager, could therefore be less favorable to Clients than they would be if they had been negotiated with an unaffiliated third party. This conflict of interest is mitigated, at least in part, by the fact that certain investors in Clients negotiate terms (including Management Fees (as defined below) payable to the Apollo Real Estate Managers and carried interest payable to the applicable general partners) through the negotiation of the Governing Documents (as defined below).

The Apollo Real Estate Managers generally seek to acquire, develop, reposition, manage and operate real estate primarily in North America, Asia and Europe. The Apollo Real Estate Managers also offer advice to Clients that invest in a variety of asset types that are consistent with the applicable Client’s investment strategy and objective, including, without limitation:

<ul style="list-style-type: none"> <li>• Commercial Mortgage-Backed Securities</li> </ul>	<ul style="list-style-type: none"> <li>• Whole Loans</li> </ul>
<ul style="list-style-type: none"> <li>• Commercial Real Estate Corporate Debt and Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Mezzanine Loans</li> </ul>
<ul style="list-style-type: none"> <li>• Commercial Real Estate Mortgage Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Non-Performing Loans</li> </ul>
<ul style="list-style-type: none"> <li>• Recapitalization and Restructuring of Real Estate Property Assets or Companies</li> </ul>	<ul style="list-style-type: none"> <li>• Acquisitions of Real Property (including those that are comprised primarily of triple net leases)</li> </ul>

The Apollo Real Estate Managers could pursue additional opportunistic investment strategies on behalf of their Clients consistent with respect to the investment decisions of their Clients; however, their advice is provided in accordance with and subject to the investment objectives and guidelines set forth in each Client’s governing documents, which could include, but are not limited to, the applicable private placement memorandum (or equivalent disclosure document), limited partnership agreement, limited liability company agreement, or similar organizational document, Management Agreement or side letter (collectively, “Governing Documents”).

The Apollo Real Estate Managers will provide investment management services to additional (including competing) private pooled investment vehicles that are offered to investors on a private placement basis. In connection with these services, the Apollo Real Estate Managers are usually

appointed as investment advisers with discretionary investment authorization. Investors in an existing Client are also solicited to invest in one or more additional Clients and/or Apollo Funds.

Except in limited circumstances, the Apollo Real Estate Managers generally have full discretionary authority with respect to the investment decisions of their Clients; however, their advice is provided in accordance with and subject to the investment objectives and guidelines set forth in each Client's applicable Governing Documents.

A Client's investments could be subject to certain diversification, geographic and other restrictions and limitations as set forth in the applicable Client's Governing Documents. In connection with certain investments, the Apollo Real Estate Managers employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange rates. The general partners to Clients also enter into side letters with certain investors in Clients that impose further restrictions on investing in certain types of securities, countries, geographies or businesses with respect to such investors in order to, among other things, meet certain legal, tax, regulatory, internal policy or other requirements or requests of such investors. While such restrictions are intended to apply only to investors with side letters that include these terms, in practice these restrictions could limit the investments and operations of a Client or other investors. This occurs, for example, when such a side letter term causes a Client to not make a particular investment or if other investors are required to make incremental investments in a given investment due to the non-participation of any investor whose side letter excludes such an investment.

## **Co-Investments**

From time to time, subject to allocation considerations (certain of which are discussed in Item 6), the Apollo Real Estate Managers offer opportunities for co-investment. While the Apollo Real Estate Managers are under no obligation to offer co-investment opportunities, if offered, such co-investment opportunities are offered to: (i) other Clients (which could include Clients that are deemed to be affiliates of the Apollo Real Estate Managers by virtue of, among other things, the ownership or control over such Client by employees of the Apollo Real Estate Managers); (ii) investors in any Client (or any of such investor's beneficial owners, advisors or consultants); (iii) management or employees of the relevant portfolio investment, consultants and advisors with respect to such portfolio investment or pre-existing investors or other persons associated with such portfolio investment; (iv) joint venture partners; (v) real estate funds, real estate businesses or similar persons or businesses sponsored, managed or advised by persons other than Apollo; or (vi) other persons, including, without limitation, persons or entities whom the relevant Apollo Real Estate Manager or its affiliates believes will be of benefit to a Client or one or more portfolio investments or who provide a strategic sourcing or similar benefit to Apollo, the Client, a portfolio investment or one or more of their respective affiliates due to industry expertise, regulatory expertise, end user expertise or otherwise (including, without limitation, real estate funds sponsored by persons other than Apollo) (collectively, "Co-Investors"). A portfolio investment includes, but is not limited to, an investment in a portfolio company by a Client. In certain instances, the Apollo Real Estate Managers offer a co-investment opportunity to one or more of the categories of Co-Investors described above without offering such opportunity to the other categories.

The Apollo Real Estate Managers and their affiliates could charge management fees (“Management Fees”) and other fees to, and receive carried interest or other incentive compensation and expense reimbursements from, such Co-Investors or Co-Investment Vehicles. In addition, in connection with any such co-investment, the Apollo Real Estate Managers or any of their affiliates will retain the portion of any Special Fees (as defined in Item 5) allocable or otherwise attributable to investments in portfolio investments by any such Co-Investors, whether or not such portfolio investments are consummated.

In the past, certain Apollo Real Estate Managers and their affiliates made *de minimis* investments in Clients and could so in the future, in particular for legal, tax, regulatory or other considerations. Additionally, certain affiliates of Apollo co-invest alongside Apollo Real Estate Funds. Apollo’s principals, officers and employees and certain of Apollo’s affiliates have direct and indirect investments in certain Clients through, for example, employee Co-Investment Vehicles, direct investments, deferred compensation agreements, performance allocations and carried interests.

### **Strategic Partnerships**

The Apollo Real Estate Managers have entered and will continue to enter into strategic partnerships directly or indirectly with investors through SIFs that commit, contribute, allocate or co-invest significant capital to a number of Apollo products, investment ideas and asset classes. SIFs could be established to facilitate investments by third-party institutional investors in securities, assets and/or directly in Apollo Funds and Co-Investment Vehicles that fall within Apollo’s real assets business segment and other business segments. SIFs could provide such investors with enhanced levels of transparency, liquidity and control over their investments. These arrangements include Apollo granting certain preferential terms to such investors, including a waiver or reduction of Management Fees and/or a blended Management Fee. Preferential terms provided can also include granting carried interest rates that are lower than those applicable to, or in the Clients in which, such strategic partnership investors invest, or entering into co-investment relationships with such investors. In addition, investors in strategic partnerships could be represented on an advisory board of a Client. The preferential terms provided to strategic partnership investors are not subject to “most favored nation” provisions in the applicable Client’s Governing Documents with investors in Clients.

### **Clients as Limited Partners**

Certain Clients invest in Apollo Funds as limited partners and, as such, the general partner of such an Apollo Fund is incentivized to grant certain consent or preferential treatment to, or waive certain obligations of, such a Client, which creates conflicts of interest. In addition, Apollo has entered into, and will again in the future enter into, arrangements with Clients with the effect that such Clients pay, or otherwise bear, higher, lower or no carried interest or Management Fees at the level of such Client or with respect to its interest in such Apollo Fund. This arrangement could be affected by a waiver, discount, rebate, another agreement, or the applicable Governing Documents of such Client, such Apollo Fund or otherwise. The preferential terms provided to such Client as contemplated by this paragraph are not subject to “most favored nation” provisions under the applicable Apollo Fund’s Governing Documents.

*The information provided above about the investment advisory services provided by the Apollo Real Estate Managers is qualified in its entirety by reference to the applicable Client's Governing Documents.*

As of December 31, 2020, AGREM managed \$20,072,457,346 on a discretionary basis.

## **ITEM 5**

### **Fees and Compensation**

#### **Management Fees**

While the Apollo Real Estate Managers and their affiliates receive Management Fees from Clients, not all of the investors in such Clients bear the burden of paying Management Fees. For example, certain affiliates of the Apollo Real Estate Managers (including their employees) do not pay Management Fees to the Apollo Real Estate Managers. The specific payment terms and other conditions of the Management Fees available to the Apollo Real Estate Managers are set forth in the applicable Governing Documents. Generally, the Management Fee is calculated as follows: (i) during the commitment period (e.g., the period during which new portfolio investments are permitted to be made), the Management Fee is calculated as a percentage of capital commitments of fee-bearing investors; (ii) after the expiration of the commitment period, the Management Fee is calculated as a percentage of the adjusted cost of all unrealized investments attributable to fee-bearing investors; (iii) over the entire life of the Client and not just after the expiration of the commitment period, the Management Fee is calculated as a percentage of the adjusted cost of all unrealized investments attributable to fee-bearing investors; or (iv) on a gross purchase price of the underlying assets. With respect to Apollo Commercial Real Estate Finance, Inc. ("ARI"), the Management Fee is calculated based on adjusted net equity of ARI.

As set forth in the applicable Governing Documents, Management Fees are payable to the Apollo Real Estate Managers monthly or quarterly in arrears. However, there could be instances where Management Fees are paid monthly, quarterly or semi-annually in advance. Management Fees are generally paid to the Apollo Real Estate Managers by deducting such fees from the applicable Client account or directly billing the Client.

The Management Agreement of a Client is terminated upon the winding up of the Client or in the event a specified percentage of limited partners vote to: (i) remove the general partner after a "cause" event as described in the Governing Documents of the applicable Client; or (ii) dissolve the Client. Pre-paid Management Fees, net of accrued expenses for which the applicable Apollo Real Estate Manager is entitled to reimbursement, will be returned to the Clients in the event of termination of the Management Agreement, and, upon such return to Clients, will be returned to the fee-bearing investors in such Clients. For ARI, the Management Agreement is terminated upon a vote of a specified percentage of independent directors that: (i1) the Apollo Real Estate Manager's performance is materially detrimental; or (ii) the Management Fees payable to the Apollo Real Estate Manager is unfair, subject to the Apollo Real Estate Manager's right to prevent a termination by accepting a reduction of Management Fees agreed to by a specified percentage of independent directors.



As described more fully below, an Apollo Real Estate Manager or affiliate receives fees and expense reimbursements as consideration for other services it provides.

### **Carried Interest**

In addition, an affiliate of an Apollo Real Estate Manager serving as a general partner of each Client is entitled to receive a carried interest allocation from the Client for which it serves as general partner. Each carried interest distribution will generally be an amount equal to a percentage of the profits from each portfolio investment made by such Client after the return of allocable invested capital (including allocable Management Fees, Organizational Expenses and Operating Expenses (as defined below)) and a preferred return to limited partners. All carried interest distributions payable to the general partners of Clients will be consistent with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder. As described more fully below, an Apollo Real Estate Manager or affiliate receives fees as consideration for other services it provides. The specific payment terms and other conditions of carried interest are set forth in the relevant Governing Documents.

### **Application of Governing Documents to Management Fees and Carried Interest**

With respect to private Clients that the Apollo Real Estate Managers raise, investors negotiate terms (including Management Fees payable to the Apollo Real Estate Managers and carried interest payable to the applicable general partners) through the negotiation of the Governing Documents.

The limited partnership agreements of Clients generally provide that the general partner allocates capital from the capital accounts of limited partners to pay Management Fees (be it through capital contributions or through distributions otherwise payable to such limited partners) and carried interest distributions are caused to be made by the general partner from the Client to the applicable Apollo Real Estate Manager and/or the general partner of the Client.

The applicable general partner and/or applicable Apollo Real Estate Manager generally have the unilateral discretion to waive or reduce the application of certain provisions of the Governing Documents for a Client with respect to an investor (including those related to fees, carried interest, transparency, reporting, investment-related policies and participation and transfers of interests in Clients) without obtaining the consent of any other investor. The applicable general partner and Apollo Real Estate Manager generally do not receive Management Fees and performance-based compensation from feeder funds formed for the benefit of Apollo principals and employees of the Apollo Real Estate Managers and their affiliates. In the case of family members and friends of such principals and employees (including persons associated with portfolio investments of Clients, such as management team members of such portfolio investments), the applicable general partner and Apollo Real Estate Manager waive Management Fees in connection with their participation in such Clients; however, such investors do generally bear carried interest or other incentive compensation payable to the Client's general partner.

### **Expenses Charged to Clients**

*Organizational Expenses.* Subject to its Governing Documents, each Client pays or otherwise bears all fees, costs, expenses and other liabilities incurred in connection with the formation,

organization, marketing and sale of interests in such Client and its general partner or similar person and/or investment manager or investment vehicle in which such Client could invest (such as a feeder fund that invests in such Client), including costs, and all out-of-pocket legal, accounting, consulting, advisory, filing, capital raising, printing, electronic database and travel-related expenses and other expenses for accommodations, meals, events, entertainment and other similar fees, costs and expenses (collectively, the “Organizational Expenses”). Clients do not pay fees to Apollo’s affiliated broker-dealer, Apollo Global Securities, LLC (“AGS”) (AGS is described in additional detail in Item 10), for raising capital in connection with the formation or organization of such Clients; however, AGS is entitled to expense reimbursement and could charge fees, for example, to Clients in connection with co-investment opportunities, or to feeder funds that are managed by persons unaffiliated with the Apollo Real Estate Manager in order for such unaffiliated feeder fund to be provided the opportunity to invest in the applicable Client. In addition, the general partner of a Client from time to time enters into arrangements with, and compensates, unaffiliated third parties engaged to place interests in Clients. In such circumstance, the general partner of a Client causes the applicable Client to pay the placement agent a placement fee and reimburse the placement agent for expenses incurred by it in connection with such arrangement. In these cases, and where required by the applicable Governing Documents, the applicable Apollo Real Estate Manager reduces its Management Fee on a dollar-for-dollar basis to the extent any such placement agent fees are borne by the Client.

Governing Documents for certain Clients, other than Co-Investment Vehicles, generally include a limit on the amount of Organizational Expenses that are to be borne by the Client. In addition, Organizational Expenses associated with a Co-Investment Vehicle organized in connection with a particular portfolio investment are generally not limited and could be borne by such portfolio investment, and therefore, indirectly by investors in such portfolio investment, including the applicable Client(s) and such Co-Investment Vehicle.

*Operating Expenses.* Subject to its Governing Documents, each Client pays or otherwise bears all of the direct and indirect fees, costs, expenses, liabilities and obligations resulting from or arising in connection with its operations and investments (collectively, the “Operating Expenses”). In certain circumstances and subject to the applicable Governing Documents, Operating Expenses are paid by the portfolio investments of a Client. However, even if a portfolio investment agrees to bear such expenses, it is possible that the Client will bear the expenses.

The Organizational Expenses and Operating Expenses of a particular Client are set forth in its Governing Documents with investors in Clients and could include, without limitation, the following fees, costs and expenses and other liabilities and obligations related to or arising from:

- (i) the discovery, evaluation, investigation, development, research, acquisition or consummation, structuring, ownership, maintenance, monitoring, financing, hedging, portfolio and risk management or disposition of portfolio investments, which includes, without limitation:
  - brokerage commissions;
  - clearing and settlement charges;
  - private placement fees;
  - syndication fees;

- solicitation fees;
  - arranger fees;
  - sales commissions;
  - pricing and valuation fees, including appraisal fees;
  - research fees;
  - underwriting commissions and discounts;
  - interest and investment fees;
  - transaction fees;
  - break-up fees;
  - investment banking fees;
  - advisory fees;
  - deposits (including earnest money deposits);
  - bank charges;
  - other investment costs and expenses related to closing, execution, consent and transaction costs;
  - custodial, trustee, transfer agent, recordkeeping and other administrative fees, costs and expenses;
  - origination fees;
  - sourcing fees;
  - commitment fees;
  - servicing and asset/property management fees;
  - rating agency fees; and
  - facility fees, float fees or similar fees;
- (ii) services rendered to, or in connection with, financing provided to issuers of securities (such as arranger, brokerage, placement, syndication, solicitation or underwriting, agency, origination, sourcing, structuring, collateral management, special purpose vehicle, subsidiary management and/or administration, advisory or other fees, discounts, spreads, commissions and concessions) paid: (1) to (x) service providers affiliated with Apollo, certain Clients and/or their portfolio investments who provide services to Clients or their portfolio investments or investments (each, an “Affiliated Service Provider”) or (y) another person with respect to services rendered by such Affiliated Service Provider; or (2) by any portfolio investment or issuer of any securities that constitute a portfolio investment in respect of which a Client does not have control;
- (iii) any investments and/or securities (including Management Fees, Operating Expenses, incentive allocations and/or carried interest) earned by any person or otherwise borne with respect to such investments and/or securities managed by the general partner or manager of such Client, or any of their respective affiliates (including an investment in another Client);
- (iv) any credit facility, subscription line facility, guarantee, line of credit, loan commitment, letter of credit or similar credit support or one or more other similar financing

transactions involving such Client and/or any portfolio investment, including any payment of principal or interest arising out of such borrowings and indebtedness;

- (v) the evaluation of potential portfolio investments (irrespective of whether any such investment is ultimately consummated), including diligence, broken-deal expenses and reverse break-up fees;
- (vi) attending conferences or other meetings or events in connection with the evaluation of potential portfolio investments or business sector opportunities, irrespective of whether any such transaction is ultimately consummated;
- (vii) risk management assessments and analyses of such Client's assets;
- (viii) any other expenses of investments that are not consummated, which includes certain advisory, transaction, closing, consulting and other similar fees paid to the manager of such Client or such manager's affiliates and other persons;
- (ix) any travel-related expenses related to or arising from the discovery, evaluation, investigation, development, research, acquisition, consummation, ownership, maintenance, monitoring, financing, hedging or disposition of portfolio investments, including potential portfolio investments;
- (x) taxes and other governmental charges incurred or payable by such Client;
- (xi) the services of actuaries, accountants, advisors, auditors, administrators (whether or not third-party), brokers (including prime brokers), counsel, custodians, appraisers, depositories, valuation experts and other service providers that provide services to such Client and legal expenses incurred in connection with potential, threatened or existing claims or disputes, investigations and proceedings related to actual, unconsummated or proposed portfolio investments;
- (xii) the engagement of professionals (including professionals engaged through Apollo Investment Consulting, LLC, Apollo Investment Consulting Europe Ltd. and APPS (as defined in Item 10) (collectively, "Apollo Consulting"), which is further described in Item 10) and any industry executives, advisors, consultants (including operating consultants and sourcing consultants), operating executives, subject matter experts or other persons acting in a similar capacity) who provide services to or in respect of such Client or its existing or potential portfolio investments (including allocable overhead of Apollo Consulting, which includes all fees, costs, incentive compensation and other overhead, including benefits of its personnel);
- (xiii) entities comprising Apollo Consulting, including those incurred in connection with organization, operation, maintenance, restructuring and dissolution of such vehicles;
- (xiv) obtaining research and other information for the benefit of such Client, including information service subscriptions, as well as the operation and maintenance of information systems and information technology systems used to obtain such research and other related information. Pursuant to the Markets in Financial Instruments

Directive II (“MiFID II”), research provided by broker-dealers is generally required to be charged separately from other execution services. Apollo Management International LLP (“AMI”), and other affiliates that are subject to MiFID II, could no longer accept the provision of research for free or as part of bundled services. AMI has decided to bear the expense of research from its own account. However, the relevant Apollo Real Estate Manager could determine such research costs to be an affiliate expense, which is generally permitted to be charged to the Client as Operating Expenses, in which case Apollo Real Estate Managers will be incentivized to allocate to Clients a greater portion of such costs for research services to those Clients that are able to bear such research expenses as described in the applicable Governing Documents;

- (xv) developing, implementing or maintaining computer software and technological systems for the benefit of such Client, its investors or its portfolio investments (including potential portfolio investments);
- (xvi) maintaining such Client and any of its subsidiary entities, including fees, costs and expenses incurred in the organization, operation and restructuring of such subsidiary entities;
- (xvii) (a) any governmental inquiry, investigation or proceeding or any litigation, arbitration or other dispute involving or otherwise applicable to the Client, the general partner, the Apollo Real Estate Manager or any of their respective affiliates in connection with the activities of the Client or any investment, subsidiary, portfolio investment or potential portfolio investment of the Client (including fees, costs and expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of any such inquiry, investigation, proceeding, litigation, arbitration or other dispute and the amount of any judgments, settlements or fines paid in connection therewith); (b) indemnification obligations and other extraordinary expenses related to the Client or any investment, subsidiary, portfolio investment or potential portfolio investment of the Client (including fees, costs and expenses that are classified as extraordinary expenses under U.S. Generally Accepted Accounting Principles (“GAAP”)); and (c) any insurance premiums allocated to the Client (including Apollo’s group insurance policy, the general partners’, directors’ and officers’ liability or other similar insurance policies, errors and omissions insurance, financial institution bond insurance and any other insurance for coverage of liabilities to any person that are incurred);
- (xviii) preparation of all reports to such Client, Client’s investors, advisory board or equivalent (including all fees, costs and expenses incurred to audit such reports, provide access to a database or other internet forum and for any other operational, legal, secretarial or postage expenses relating thereto or arising in connection with the distribution of the same) and any other financial, tax, accounting, legal or fund administration reporting functions (including expenses associated with the preparation of financial statements, tax returns and U.S. Internal Revenue Service (“IRS”) Schedules K-1 or any successors thereto and the tax matters partner’s representation of such Client or its investors) and any other reporting or information that an investor in a Client requests or requires that the Apollo Real Estate Manager provides to them;

- (xix) any meetings of the general partner of a Client with any Client, or with any investor(s) in a Client (including any travel-related expenses and other expenses for airfare, accommodations, meals, events, entertainment and other similar or related fees, costs and expenses);
- (xx) any meetings of the Client, the Client's investor(s), the Client's advisory board, the Client's board of directors, committees or conflicts review agent (including any travel-related expenses and other expenses for airfare, accommodations, meals, events, entertainment and other similar or related fees, costs and expenses), legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the general partner of the advisory board of the Client and other expenses incurred in connection with such action;
- (xxi) such Client's indemnification obligations (including any fees, costs and expenses incurred in connection with indemnifying Covered Persons (as defined in Item 11) consistent with such Client's Governing Documents and advancing fees, costs and expenses incurred by such Covered Persons in defense or settlement of any claim that could be subject to a right of indemnification under such Client's Governing Documents);
- (xxii) complying with (or facilitating compliance with) any applicable law, rule or regulation (including legal fees, costs and expenses), regulatory filings of the Client, the general partner or the Apollo Real Estate Manager, including without limitation, any compliance, filings or other obligations related to or arising out of the European Union's ("EU") Alternative Investment Fund Managers Directive ("AIFMD") or the European Market Infrastructure Regulation (Regulation (EU) No 648/2012), as amended from time to time, in each case, involving or otherwise related to the Client;
- (xxiii) the organization, maintenance, administration and operation of any Client that registers under AIFMD (or equivalent UK legislation) or any entity that serves as the alternative investment fund manager ("AIFM") or general partner thereof or in a similar capacity (including rent, salaries and ancillary costs of such entities and costs and expenses of service providers of such entities);
- (xxiv) a default by a defaulting investor of such Client to the extent not paid by the defaulting investor;
- (xxv) a sale, assignment (including an assignment by way of security), mortgage charges, pledge or transfer of an investor's interest in such Client or an investor's withdrawal, admission or acquisition of interests as permitted under such Client's Governing Documents to the extent not paid by the applicable investor and/or the purchaser, assignee, pledgee or transferee;
- (xxvi) any amendments, modifications, revisions or restatements to the Governing Documents of such Client or its general partner or similar person and/or investment adviser;
- (xxvii) any distributions to investors;

- (xxviii) such Client's borrowings and indebtedness (including interest and fees, costs and expenses incurred in obtaining lines of credit, loan commitments and letters of credit for the account of such Client), secured by mortgage, charge, pledge, assignment (including any assignment by way of security) or other lien on any assets of the Client or otherwise encumbering assets in connection with or in furtherance of the acquisition of all or a portion of or the financing of a portfolio investment or its acquisitions;
- (xxix) administration and operation of such Client, including the preparation and maintenance of the books and records of such Client (including internal costs that the manager of such Client incurs to produce such Client's official books and records, external costs in cases where the manager hires a third-party administrator to maintain such Client's official books and records and any costs of the manager to oversee and manage such third-party administrator) and any special purpose vehicles, including fees and expenses incurred in the organization of special purpose vehicles, subsidiary entities of the Client or alternative investment vehicles, including costs associated with establishing and maintaining a place of business in certain jurisdictions (such as rent for office space, related overhead and employee salaries and benefits);
- (xxx) the dissolution, winding up and termination of such Client (including any compensation to a liquidator);
- (xxxi) such Client's feeder funds, subsidiary entities and alternative investment vehicles;
- (xxxii) negotiating side letters or other agreements (including potential side letters or other agreements) with prospective and existing investors and entering into and compliance with side letters or other agreements with particular investors in Clients and "most favored nation" election processes;
- (xxxiii) such Client's investors that are feeder funds or conduit vehicles formed for the purpose of investing in the Client;
- (xxxiv) margin calls, margin-related activities, put and call rights and similar obligations relating to derivative transactions entered into by such Client, its subsidiary entities or special purpose vehicles and other liabilities and obligations of any of the foregoing;
- (xxxv) any fees, costs or expenses related to co-investments (irrespective of whether such co-investments are ultimately consummated), such as broken deal expenses and reverse break-up or termination fees, including those that are not borne by actual or prospective Co-Investors;
- (xxxvi) forming, organizing, maintaining, administering, operating and negotiating joint ventures or arrangements and Platform Investments (as defined in Item 8);
- (xxxvii) such Client's allocable portion of overhead incurred in connection with services performed by personnel or employees of the Apollo Real Estate Manager or its affiliates that constitute services for or in respect of which Operating Expenses or Organizational Expenses could be borne by such Client, including any applicable fees, costs and expenses contemplated by the foregoing;

- (xxxviii) any fees, costs or expenses of a limited partner of such Client that is sponsored or managed by a placement agent or any affiliate thereof and such placement agent or affiliate thereof is entitled to receive placement fees as a result of placing investors directly in such Client or through such limited partner;
- (xxxix) fees, costs or expenses incurred with respect to a European Economic Area (“EEA”) alternative investment fund (“AIF”) that is a parallel fund of such Client (described in additional detail in Item 8); and
- (xl) any fees, costs or expenses incurred with respect to a Liquidity Event (defined and described in additional detail in Item 10).

All references to “travel-related expenses” in the foregoing categories of Organizational Expenses and Operating Expenses include all travel expenses for the use of private aircraft, first class or business class travel, accommodations, meals, events and entertainment.

Apollo Real Estate Managers and their affiliates are entitled to reimbursement from such Client or its portfolio investment(s) for any Organizational Expenses or Operating Expenses paid and/or incurred by them on behalf of such Client. Apollo Real Estate Managers have discretion to seek reimbursement for Organizational Expenses and Operating Expenses and in certain circumstances choose not to seek reimbursement, or seek less than full reimbursement, from certain Clients. If any service provider provides services to a Client on the property of an Apollo Real Estate Manager, such Client could also be responsible for any overhead, rent or other fees, costs and expenses charged by the Apollo Real Estate Managers in connection with the on-site arrangement.

The Apollo Real Estate Managers from time to time enter into arrangements with service providers that provide for fee discounts for services rendered to Apollo and its affiliates. For example, certain law firms retained by Apollo entities discount their legal fees for certain legal services, such as legal advice in connection with operational, compliance and related matters. To the extent such law firms also provide legal services to Clients, such Clients will also receive the benefit of such fee discount arrangements. Legal services rendered for investment transactions, however, are generally charged to the Apollo Real Estate Managers and their Clients without a discount, at a premium or in accordance with the fee arrangement negotiated or otherwise agreed upon in connection with a transaction. Legal fees for unconsummated transactions are generally charged at a discount.

*Allocation of Expenses.* The Apollo Real Estate Managers and their affiliates from time to time incur fees, costs and expenses on behalf of one or more Clients. To the extent such fees, costs and expenses are incurred for the account of more than one Client, each Client bears a portion of any such fees, costs and expenses generally in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Client’s applicable Governing Documents) or in such manner as the Apollo Real Estate Manager in good faith determines is fair and equitable. For example, approximately 90% of the premiums with respect to Apollo’s group professional liability insurance policy are currently allocated among all Clients covered under such policy, while the remaining 10% of the premiums are borne by Apollo. Apollo’s expense allocation committee monitors the allocation of certain expenses among Apollo and Clients or among multiple Clients as set forth in the applicable Client’s Governing Documents and is



responsible for the review and approval of the policies and procedures, including related methodologies, for allocation of such expenses. Although Apollo endeavors to allocate such fees, costs and expenses in good faith over time, there can be no assurance that such fees, costs and expenses will in all cases be allocated proportionately.

### **Special Fees and Management Fee Offsets**

Certain Apollo Real Estate Managers or their affiliates receive management consulting fees, break-up fees, directors' fees, closing fees and merger and acquisition transaction advisory fees related to the negotiation of the acquisition of a portfolio investment and similar fees (including interest, commitments or other fees received in connection with a bridge financing), whether in cash or in-kind, including options, warrants and other non-cash consideration, in connection with certain Clients' actual or contemplated investments (collectively, "Special Fees"). Certain of these Special Fees could instead be paid directly to the applicable Client (rather than the applicable Apollo Real Estate Manager), in which case the applicable Apollo Real Estate Manager could take steps to give effect to the Special Fee allocations described herein as if such Special Fees were received by such Apollo Real Estate Manager.

Pursuant to the applicable Governing Documents, Special Fees can be allocated to Clients and applied, in whole or in part, to reduce the amount of Management Fees payable by Management Fee-bearing investors in such Clients. When Special Fees are allocated to Clients, they are typically allocated pro-rata among Clients participating in the portfolio investment giving rise to such Special Fees based on their respective proposed commitments to or shares of the capital provided for such portfolio investment (or, if such portfolio investment is not made, that was expected to be provided) or on such other basis that the applicable general partner determines to be fair and reasonable. Once the Client has been allocated its pro-rata portion of such Special Fees, such fees are further allocated pro-rata among all of the investors in such Client based on their respective proposed commitments to or shares of the capital provided for such portfolio investment and the amount so allocated to the Management Fee-bearing investors is applied to reduce the amount of Management Fees payable to the extent provided in the Clients' Governing Documents with investors in Clients. Any remaining unallocated amounts (e.g., Special Fees that would be allocable to investors if they were Management-Fee paying investors, or Special Fees that would be allocable to Co-Investors) are generally retained by the applicable Apollo Real Estate Manager or its affiliate. In determining the basis for which Special Fees should be allocated, the applicable general partner could take into account, among other things, the type of transaction (e.g., original acquisition or add-on acquisition), the consideration involved in the transaction (e.g., cash consideration or in-kind consideration) and the value ascribed to such consideration. Such person could be subject to a conflict of interest in making this determination.

If the amount of Special Fees to be applied to reduce the Management Fees paid by such Management Fee-bearing Clients during the applicable period exceeds the Management Fees payable during such period, the excess is typically credited against the Management Fee payable during the next applicable period and each succeeding period thereafter until the entire amount of the excess has been credited. To the extent such excess is greater than the amount of Management Fees due for all future periods, such excess will be retained by the Apollo Real Estate Manager (or

its affiliates) for its benefit or credited to investors, as provided for in the Clients' applicable Governing Documents with investors in Clients.

Unlike certain other Special Fees (such as fees for merger and acquisition transaction advisory services), management consulting fees typically consist of recurring fees paid to an Apollo Real Estate Manager for providing consulting services to portfolio investments. Depending on the Governing Documents of a Client, management consulting fees generated in connection with a given investment could be applied up to 100% to reduce the Management Fees payable by the Client(s) in respect of the Management Fee-bearing investors that participated in that investment (except to the extent that there is a Co-Investment Vehicle participating in such investment, as described herein). Subject to the terms of the relevant management consulting agreement between the Apollo Real Estate Manager and the portfolio investment, in the event of an initial public offering, change of control or other disposition of such portfolio investment (in each case, with such terms being defined in the relevant management consulting agreement), management consulting fees generally cease to be paid, however, such fees can continue to be paid so long as the applicable Client continues to hold an other than *de minimis* position in such portfolio investment and the Apollo Real Estate Managers continue to provide the consulting services.

However, where the applicable Client holds a *de minimis* position or has divested itself completely from the position and the Apollo Real Estate Manager or its affiliate no longer provides consulting services to the portfolio investment, the Apollo Real Estate Managers will not receive early termination fees or accelerated management consulting fees without the approval of the Client's advisory board. In the absence of an advisory board, the investors (or a subset of the investors, such as a majority-in-interest of such investors) or duly appointed representatives of the applicable Client will provide such approval.

Certain Clients' Governing Documents do not contemplate the allocation of Special Fees as described above. However, Apollo Real Estate Managers could elect to give such Clients the benefit of an offset with respect to such Special Fees up to their pro-rata portion (as defined in accordance with the methodology described above).

To the extent that Special Fees are not allocated to Clients, they are retained by the applicable Apollo Real Estate Manager.

The following fees and expenses paid to the Apollo Real Estate Managers, or one or more of their respective affiliates, generally do not constitute Special Fees, and therefore, are not applied to offset Management Fees:

- (i) Organizational Expenses;
- (ii) Operating Expenses;
- (iii) salary, fees or other compensation of any nature paid by a portfolio investment to any individual (or to such Client's investment adviser or one of its affiliates (including Apollo Consulting) with respect to such individual) who acts as an officer of, or in an active management role at, such portfolio investment (including industry executives, advisors, consultants (including operating consultants and sourcing consultants), operating executives, subject matter experts, sourcing consultants or other persons

acting in a similar capacity engaged or employed by Apollo Consulting and any fees, costs or expenses paid to or by Apollo Consulting itself, including allocable overhead and the compensation of its personnel;

- (iv) without limiting the foregoing clauses (i), (ii) and (iii), fees, costs or expenses paid to or in respect of Apollo Consulting or any industry executives, advisors, consultants (including operating consultants and sourcing consultants), operating executives, subject matter experts or other persons acting in a similar capacity who provide services to the Client or its portfolio investments (including allocable overhead or other amounts or compensation of Apollo Consulting, including all fees, costs, incentive compensation and other overhead, including benefits of its personnel);
- (v) fees, costs, expenses, allocable overhead or other amounts of compensation, such as arranger, brokerage, placement, syndication, solicitation, underwriting, agency, origination, sourcing, structuring, collateral management, special purpose vehicle (including any special purpose vehicle of a portfolio investment), capital markets, debt advisory, subsidiary management or administration, advisory, commitment, facility, float or other fees, discounts, spreads, commissions and concessions, but not merger and acquisition transaction advisory services fees related to the negotiation of the acquisition of a portfolio investment earned by or paid to an Affiliated Service Provider or another person with respect to services rendered by an Affiliated Service Provider;
- (vi) amounts earned by or for the account of any other Clients (directly or indirectly) through an expense offset mechanism;
- (vii) fees, costs, expenses or other amounts of compensation (including Management Fees, Operating Expenses, incentive allocations and/or carried interest) earned by any person or otherwise borne with respect to investments or securities or other financial instruments that are managed by such Client's investment manager or any of its respective affiliates (including an investment in another Client) that are acquired by the Client in the secondary market;
- (viii) fees, costs and expenses for any and all services whatsoever (including merger and acquisition transaction advisory services fees related to the negotiation of the acquisition of a portfolio investment) paid or otherwise borne by any portfolio investment or issuer of any securities or other financial instruments with respect to which Apollo Real Estate Managers or their affiliates do not exercise direct control with respect to the decision to engage the services giving rise to such fees, costs and expenses;
- (ix) fees, costs, expenses or other amounts of compensation earned by any person or otherwise borne with respect to investments or transactions that are otherwise consented to or approved by such Client's advisory board; and
- (x) fees, costs and expenses determined in good faith by the Apollo Real Estate Managers to be similar in nature to any of the above-mentioned ones.

## **ITEM 6**

### **Performance-Based Fees and Side-by-Side Management**

As discussed in Item 5 above, the Apollo Real Estate Managers and their affiliates often receive performance-based compensation (e.g., carried interest, incentive fees and incentive allocations), Management Fees and other fees from Clients. Although there are certain exceptions, each affiliate of an Apollo Real Estate Manager that serves as a general partner of a Client is generally entitled to receive performance-based compensation from such Client.

The receipt of performance-based compensation from Clients creates an incentive for the Apollo Real Estate Managers to make more speculative, riskier or higher-yielding investments on behalf of Clients than they could otherwise make in the absence of such performance-based compensation.

Similarly, the Apollo Real Estate Managers charge Management Fees that sometimes vary for each Client. Different Management Fees incentivize Apollo Real Estate Managers to dedicate increased resources and allocate more investment opportunities, investments with higher opportunity for profit or better investment ideas to Clients who are charged Management Fees (or performance-based compensation arrangements) that are more profitable for the Apollo Real Estate Managers. 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 investors for losses attributable to prior unprofitable investments before distributing carried interest to their general partners or are more likely than other Clients to result in carried interest distributions being paid to the applicable general partner.

The Apollo Real Estate Managers have adopted Apollo's allocation policies and procedures (as described below) to help mitigate conflicts of interest relating to the management of multiple Clients with varying types of fee arrangements.

#### **Investment Allocations**

*Apollo Real Estate Managers Allocation, Generally.* The Apollo Real Estate Managers are committed to allocating investment opportunities among their Clients in a manner that, over time, is on a fair and equitable basis. The Apollo Managers have adopted detailed policies and procedures, which are discussed below, to guide the determination of such allocations among all Apollo Funds. Those policies and procedures seek to mitigate the potential that an Apollo Manager, including the Apollo Real Estate Manager, will allocate investment opportunities to Apollo Funds, or as between Apollo Funds, in a self-interested manner.

Apollo's allocation policies and procedures provide:

- (i) that the AGM allocations committee (the "AGM Allocations Committee") will (among other things): (a) review the actions taken by sub-committees of the AGM Allocations Committee (the "Allocations Sub-Committees") and conflicts of interest that cannot be resolved by the Allocations Sub-Committees; (b) review questions regarding a Client's

mandate; (c) review potential distressed for control investments; and (d) review opportunities involving third-party Co-Investors;

- (ii) that the Allocations Sub-Committees will: (a) review and approve proposed allocations of investment opportunities among Apollo business units; (b) review such conflicts that cannot be resolved by the portfolio managers; (c) review and approve all pending and broken-deal expense allocations; (d) review certain Client allocations; (e) review requests for relief and approvals from multi-tranche thresholds; and (f) review a sample of secondary market trades from the prior quarter to ensure that allocation procedures are designed to prevent Clients from being systematically disadvantaged;
- (iii) allocation guidelines on which the Apollo Real Estate Managers and committees base their allocation decisions; and
- (iv) guidelines to resolve potential conflicts of interest that arise where multiple Clients hold interests (including outright positions in issuers and exposure to such issuers derived through any synthetic and/or derivative instrument) in multiple tranches of securities of any issuer (or other interests of an issuer) or multiple Clients having interests in the same tranche of an issuer.

Each allocation decision is based on facts and circumstances specific to each investment and individual Client mandates. Therefore, while investment decisions are generally made on a pro-rata basis, investment allocations have been made, and will be made in the future, on a basis other than pro-rata. Apollo's allocation policies and procedures and examples of factors that are considered when making allocation decisions are discussed below. It is important to note that the factors discussed below that could influence a specific allocation are not exhaustive. Moreover, there can be no assurance that the application of such allocation policies and procedures will result in the allocation of a specific investment opportunity to any particular Client, nor that any such Client will participate in all investment opportunities falling within its investment objective.

Generally, an investment opportunity will be allocated to a Client if the opportunity reasonably falls within such Client's mandate and is deemed suitable by the relevant portfolio manager, investment committee, AGM Allocations Committee, Allocations Sub-Committees or allocator, as appropriate. In determining whether an investment opportunity falls within a Client's mandate, the relevant portfolio manager, allocator or investment committee, AGM Allocations Committee or Allocation Sub-Committees, as appropriate, will take into consideration that:

- (i) multiple Apollo Clients have investment objectives that overlap to greater or lesser degrees;
- (ii) the applicable Governing Documents of each Client disclaim, to greater or lesser degrees, the obligation to offer such Client investment opportunities that fall within its investment objective or mandate;
- (iii) Apollo endeavors to not systematically disadvantage any Client;

- (iv) 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, legal, tax, regulatory and other considerations;
- (v) the ultimate character of an investment opportunity (i.e., its risk/reward profile) could not become clear until a great deal of diligence and analysis has been completed by the portfolio manager pursuing such investment opportunity;
- (vi) a Client could have more than one mandate; and
- (vii) the applicability of the Co-Investment Order (as defined below) to the extent applicable.

Such considerations could result in allocations of certain investments among Clients on other than a *pari passu* basis. In the past, the application of such policies has resulted in the allocation by Apollo of certain investment opportunities relating to the alternative investment management business to: (i) Apollo rather than to Apollo Clients; and (ii) a newly-formed Client created for a particular investment opportunity, and Apollo expects to allocate such opportunities in a similar manner in the future.

If an investment opportunity falls within the mandate of, and is deemed suitable for, two or more Clients, and it is not possible to fully satisfy the investment interest of all such Clients, the investment opportunity will be allocated pro-rata based on each Client's order size, net asset value, gross asset value or an alternate commitment metric, subject to the factors discussed below. Each Client's order size will generally be determined based on, among other things, the size of each Client's portfolio, available capital or net asset value.

However, many other factors influence order allocation decisions, including, without limitation:

- (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) the investment objectives, guidelines or restrictions of such Client;
- (iii) cash availability, suitability, Client instructions, whether a purchase is being made for a specific Client, permitted leverage and available financing for the investment opportunity (including, without limitation, taking into account the levels/rates that would be required to obtain an appropriate return);
- (iv) the likelihood of current income;
- (v) the size, liquidity and duration of the investment opportunity;
- (vi) the seniority of an investment and other capital structure criteria;
- (vii) with respect to an investment opportunity originated by a third party, the relationship of a particular Client (or the portfolio manager) to, or with, such third party;

- (viii) tax, accounting, risk-based capital and/or asset/liability management considerations;
- (ix) legal, regulatory or similar considerations;
- (x) supply or demand for an investment opportunity at a given price level;
- (xi) 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);
- (xii) whether a Client is able to commit to invest all capital required to consummate a particular investment opportunity;
- (xiii) whether the investment opportunity is a follow-on investment or upside to an existing investment;
- (xiv) the use or availability of leverage in the proposed capital structure or investment by the Client;
- (xv) whether the investment vehicle is in the process of fundraising or is open to redemptions (in which case, notions of net asset value and available capital could be subjectively adjusted to account for anticipated inflows or redemptions) (e.g., in the case of a Client ramp-up period, liquidation period or when incubating a particular investment strategy or product or the investment period or term of a Client);
- (xvi) whether a Client's economic exposure has been swapped to or otherwise assumed by one or more other parties;
- (xvii) whether an investment opportunity requires additional consents or authorizations from a Client or third parties;
- (xviii) whether an investment opportunity would enable a particular Client or Clients to qualify for certain programmatic benefits or discounts that are not readily available to other Clients, including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;
- (xix) such other criteria reasonably related to an allocation of a particular investment opportunity to one or more Clients; and
- (xx) the applicability of the Co-Investment Order (as defined below).

Further, in connection with investment opportunities where two or more Clients are expected to participate (including in connection with co-investments), to the extent a deposit or other financial commitment is required as part of the transaction process, Apollo has the discretion to cause one of the participating Clients to make the deposit or provide the financial commitment on behalf of itself and other Clients, and will take such additional reasonable steps to ensure such arrangements are ultimately shared equitably among the participating Clients. Certain investment opportunities are (and could again in the future be) allocated across Clients and other Apollo Funds managed by

those managers affiliated with the Apollo Real Estate Managers with different mandates, strategies, return thresholds, structure and terms. Such allocations of investment opportunities (and follow-on investment opportunities arising therefrom), are dependent on the specific facts and circumstances prevailing at the applicable time and determined by the applicable Apollo Manager, which can take into account the allocation factors described herein.

## **Co-Investments Generally**

*Allocation of Co-Investment Opportunities.* The general partner of a Client or its affiliates, in its discretion, offers opportunities to co-invest alongside one or more Clients to Co-Investors in light of, among other things, the considerations described above. Such co-investments are typically structured through Co-Investment Vehicles organized to facilitate such investments.

The general partner of a Client and its affiliates allocate co-investment opportunities among Co-Investors in any manner they deem appropriate, taking into account those factors that they deem relevant under the circumstances, including, but not limited to:

- (i) whether a prospective Co-Investor has expressed an interest in participating in co-investment opportunities (e.g., by such investor's side letter);
- (ii) the character or nature of the co-investment opportunity (e.g., its size, structure, geographic location, relevant industry, tax characteristics, timing and any contemplated minimum commitment threshold);
- (iii) the level of demand for participation in such co-investment opportunity;
- (iv) the ability of a prospective Co-Investor to analyze or consummate a potential co-investment opportunity on an expedited basis;
- (v) certainty of funding and whether a prospective Co-Investor has the financial resources to provide the requisite capital;
- (vi) the investing objectives and existing portfolio of the prospective Co-Investor;
- (vii) whether a prospective Co-Investor is a person whom the relevant Apollo Real Estate Manager believes will provide a strategic benefit to Apollo, the Client, a portfolio investment or one or more of their respective affiliates due to industry expertise, regulatory expertise, end user expertise or otherwise;
- (viii) the reporting, public relations, competitive, confidentiality or other issues that could also arise as a result of the co-investment;
- (ix) the legal, tax or regulatory constraints to which the proposed investment is expected to give rise;
- (x) Apollo's expectation that the prospective Co-Investor will make commitments to invest in other Clients (including contemporaneously with the applicable co-investment);



- (xi) the use or availability of leverage in the proposed capital structure or investment by the Client; and
- (xii) the Co-Investor's existing or prospective relationship with Apollo or the applicable portfolio investment.

There are a variety of circumstances where Apollo is incentivized to offer co-investment opportunities to one Co-Investor over another. For example, Apollo is incentivized to offer such co-investment opportunity to certain Co-Investors over others when the economic arrangement with such Co-Investors is more favorable to Apollo. Additionally, Apollo has been (and could again in the future be) contractually obligated to offer certain Co-Investors a minimum amount of co-investment opportunities or otherwise bear adverse economic consequences for failure to do so. In addition, the portion of any Special Fees payable in connection with any portfolio investment that is allocable to investments by Co-Investors will not reduce Management Fees paid by the Client and will be retained by, and be for the benefit of, the Apollo Real Estate Manager. Therefore, the Apollo Real Estate Manager could be incentivized to allocate a greater portion of such portfolio investment to Co-Investors than it would have otherwise allocated to Co-Investors in the absence of such arrangements.

Except with respect to Co-Investment Vehicles, no person (including any limited partner or other investor of any Client) other than a Client should have any expectation of receiving a co-investment opportunity or will be owed any duty or obligation in connection therewith, and Clients (and their respective limited partners or other investors) should only have such expectations to the extent required by their Governing Documents.

*Terms of Co-Investments.* Co-investments made by Co-Investment Vehicles that are not entered into pursuant to the Co-Investment Order will generally be made at substantially the same time as a Client's investment and on economic terms at the investment level that are substantially no more favorable to such Co-Investors than those on which the Client invests. Any such co-investment will also be generally sold or otherwise disposed of at substantially the same time as the Client's disposition of its interest in such investment and on economic terms at the investment level that are substantially no more favorable to such Co-Investors than those on which the Client disposes of its interest in such investment. However, the Apollo Real Estate Managers have, at times, determined in good faith that other terms, proportions or timing are advisable due to legal, tax, regulatory or other considerations or limitations, or advisable in order to facilitate a transaction and are likely to do so in the future. These terms do not apply to investments by certain categories of Co-Investors, including management or employees of the relevant portfolio investment, pre-existing investors in such portfolio investment, joint venture partners with respect to such portfolio investment, other real estate funds or similar persons not affiliated with the Apollo Real Estate Managers or other Clients.

*Compensation Associated with Co-Investments.* The Apollo Real Estate Managers and/or any of their affiliates have discretion to: (i) receive performance-based compensation (such as carried interest or performance allocations), Management Fees or other fees from Co-Investors; and (ii) collect customary fees in connection with actual or contemplated portfolio investments that are the subject of such co-investment arrangements. In addition, in connection with any such co-investment, the Apollo Real Estate Managers or any of their affiliates will retain the portion of the

Special Fees allocable or otherwise attributable to investments in portfolio investments by any such Co-Investors, whether or not such portfolio investments are consummated. The Apollo Real Estate Managers or their affiliates could make an investment, or otherwise participate, in any vehicle formed to structure a co-investment to facilitate, among other things, receipt of such performance-based compensation, Management Fees or other similar fees.

*Expenses Associated with Co-Investments.* With respect to consummated co-investments, Co-Investors will bear their pro-rata share of fees, costs and expenses related to, among other things, the discovery, investigation, development, acquisition, consummation, ownership, maintenance, monitoring, hedging and disposition of their co-investments or the Co-Investment Vehicles through which they participate, although it is possible that the relevant portfolio investment (rather than the Co-Investors themselves) will bear such expenses and in such case, the applicable Clients will indirectly bear expenses related to the Co-Investors. With respect to a proposed co-investment that is not consummated, Co-Investors that are contractually committed to participate in such proposed co-investment and that agree to bear their share of any fees, costs or expenses that were incurred in connection with such proposed co-investment, including break-up fees or broken deal expenses, will bear their share of such expenses. However, in instances where Co-Investors have not yet contractually committed to a proposed co-investment or have not agreed to bear any such fees, costs or expenses, any such fees, costs and expenses will be considered Operating Expenses and be borne by the applicable Apollo Real Estate Fund to the extent permitted by or disclosed in the applicable Governing Documents. To the extent such expenses cannot be borne by such Apollo Real Estate Fund, the applicable Apollo Real Estate Managers will bear these expenses with respect to such Apollo Real Estate Fund.

In the event that Co-Investors participate in a consummated co-investment through one or more Co-Investment Vehicles, they will generally bear their pro-rata share of the aggregate Organizational Expenses of all such vehicles; however, Organizational Expenses associated with a Co-Investment Vehicle organized in connection with a particular portfolio investment could be borne by such portfolio investment, and therefore, indirectly by investors in such portfolio investment, including, without limitation, the applicable Client(s) and such Co-Investment Vehicle. Co-Investors could receive compensation arrangements relating to the investment, including incentive compensation arrangements, where such Co-Investors include one or more members of a portfolio investment's management group. Finally, some of the Co-Investors with whom Clients co-invest could have pre-existing investments with Apollo. The terms of those pre-existing investments could differ from the terms upon which such persons could invest with Clients.

*Over-Commitment.* In order to facilitate the acquisition of a portfolio investment, an Apollo Real Estate Manager or one or more of its affiliates could, on behalf of itself or one or more of its Clients, make or commit to make an investment in such company that exceeds the desired amount with a view to selling a portion of such investment to Co-Investors, Clients or other persons prior to or after the closing of the acquisition. In such event, Clients bear the risk that any or all of the excess portion of such investment is not sold or sold on unattractive terms. As a consequence, the applicable Clients could bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees and hold a larger than expected portion of such investment and could realize lower than expected returns from such investment. As such, in

such circumstance, it is possible that the Client(s) that over-committed to the transaction will bear a disproportionate allocation of the risks associated with such transaction and will not be compensated for assuming such risks.

*The Co-Investment Order.* Certain Clients have overlapping investment strategies with other Clients, including other Clients that are registered under the Investment Company Act of 1940 (“Company Act”) (such registered Clients, the “Apollo Registered Funds”). The Company Act generally prohibits Apollo Registered Funds from co-investing with other Clients where non-price terms are negotiated (such as financial and negative covenants, guarantees and collateral packages and indemnification provisions) unless an exception or exemption applies. On March 29, 2016, certain Apollo Registered Funds, including Apollo Investment Corporation and certain of its related entities, received an exemptive order from the SEC (the “Co-Investment Order”) (Company Act Release No. 32057) permitting Apollo to negotiate, among other things, these types of provisions for co-investment opportunities that involve the participation of both non-registered Clients and Apollo Registered Funds, subject to certain terms and conditions. As a result, to the extent specific investment opportunities are appropriate for a Client and one or more Apollo Registered Funds, in addition to being subject to the allocation policies and procedures summarized above, the opportunity will also be subject to the conditions of the Co-Investment Order and other requirements, which could limit a Client’s ability to participate in a co-investment transaction. Reliance on the Co-Investment Order is subject to certain terms and conditions, including, among others, internal notification of investment opportunities, independent determination by senior members of each applicable Apollo Registered Fund’s investment team as to the appropriateness of each applicable investment, enhanced record keeping and, where applicable, approval of a “required majority” (as defined in Section 59(o) of the Company Act) of the independent directors of the applicable Apollo Registered Funds.

There can be no assurance that the Co-Investment Order will facilitate the successful consummation of investment opportunities that Apollo believes are available to Clients as a result of the Co-Investment Order. In addition, there is also no assurance a Client will be able to participate in all investment opportunities pursued under the Co-Investment Order that are within its investment objectives. As a result of the Co-Investment Order, there will be a need to allocate investment opportunities across a larger amount of available capital. As such, the allocations available to Clients for investment opportunities that are subject to the Co-Investment Order could be adversely affected. Investment opportunities that are subject to the Co-Investment Order are also subject to additional policies and procedures as a result of the participation of the Apollo Registered Funds, which could delay deal execution and adversely impact the ability of Clients to deploy capital.

## **Investment Valuation and Realization**

The existence of performance-based compensation and varying levels and calculations of Management Fees creates a conflict of interest in valuing investments and there will be situations in which the Apollo Real Estate Managers are incentivized to influence or adjust the valuation of Client assets. For example, the Apollo Real Estate Managers are incentivized to: (i) employ valuation methodologies that improve a Client’s track record; (ii) defer recognizing losses from investments that have experienced a permanent impairment that must be returned prior to an affiliate (i.e., a general partner) receiving a carried interest; or (iii) for certain Clients, employ

valuation methodologies that give rise to a higher valuation in order to increase fees, such as in the case of a Management Fee that is calculated based on adjusted cost or as a percentage of the value of such Client's assets. The Apollo Real Estate Managers have adopted policies to address these potential conflicts, which are generally described below.

*Valuation of Client Assets.* Certain assets owned by or managed for Clients have no, or only a limited, liquid market and the fair value of such assets is not readily determinable. There is no assurance that the value assigned to an investment at a certain time will accurately reflect the value that will be realized upon the eventual disposition of the investment.

Except as described below, Apollo Real Estate Managers intend to comply with GAAP and apply Accounting Standards Codification 820 ("ASC 820") and other relevant Financial Accounting Standards Board ("FASB") statements and guidance to the valuation of their Clients' assets and liabilities. Financial reporting that is compliant with GAAP is required to follow the requirements for valuation set forth in ASC 820, "Fair Value Measurements and Disclosures," which defines and establishes a framework for measuring fair value under GAAP and expands financial statement disclosure requirements relating to fair value measurements. ASC 820 and other accounting rules applicable to investment funds and their assets are evolving, and additional FASB statements and guidance and additional provisions of GAAP that are adopted in the future could impose additional or different specific requirements as to the valuation of assets and liabilities for purposes of GAAP-compliant financial reporting. Such changes could adversely affect Clients. For example, to the extent that the rules governing the determination of the fair market value of assets change, such changes could increase the cost of fair market valuations or reduce the availability of third-party determinations of fair market value.

Generally, GAAP is applied when such fair value determinations are made, except as otherwise set forth in a Client's applicable Governing Documents. For example, for certain Clients GAAP is not applied to the valuation of exchange-traded securities held (i) directly by Clients as portfolio investments; or (ii) indirectly by Clients through special purpose vehicles or other entities not considered to be portfolio investments of such Clients. In those cases, the exchange-traded securities are valued for purposes of the calculation of the pro forma return ratio (as discussed below) based on their average trading prices during the fifteen-day period prior to and following the measurement date. Conversely, exchange-traded securities held by Clients indirectly through portfolio investments are valued in accordance with GAAP.

Where a Client is a private equity style fund, the Client's private equity-like assets could be valued at fair value or at an amount other than GAAP fair value (for example, historical cost) for financial statement reporting purposes unless the asset has suffered a permanent impairment in value for purposes of calculating Management Fees and carried interest distributions. Valuing assets at other than GAAP valuations could result in the Apollo Real Estate Managers receiving higher (or lower) Management Fees than would otherwise be received if assets were valued at fair value. In addition, valuing assets at an amount other than fair value could result in the general partner of a Client receiving a higher (or lower) carried interest distribution or performance allocation than it would if assets are valued at fair value. If Client assets are valued at other than fair value, the Client's Governing Documents will disclose the applicable valuation methodology.

Notwithstanding the foregoing, the Apollo Real Estate Managers could determine in certain

instances to assign to a particular asset a different value, determined pursuant to the applicable Client's Governing Documents, than the value assigned to such asset for financial reporting purposes. In particular, the Apollo Real Estate Managers could not apply GAAP when determining an asset's value for purposes of determining distributions.

Accordingly, limited partners of Clients that are Apollo Real Estate Funds should only expect such assets or liabilities to be valued in accordance with GAAP for purposes of preparing the Client's GAAP-compliant audited financial statements. Otherwise, except as expressly required by the terms of the applicable Governing Documents, the Apollo Real Estate Managers could assign such assets or liabilities a different value for all other purposes (including without limitation, for purposes of allocating gains and losses), without regard to any GAAP requirements relating to the determination of fair value.

For certain Clients, the carried interest paid to such Client's general partner is generally subject to an escrow mechanic in order to maintain a certain "pro forma return ratio." This ratio compares the amounts held in the escrow account, plus the fair value of all investments, including, in certain cases, income or gain previously distributed in respect of all investments, held by the Client, against unreturned capital contributions funded for investments, Management Fees, Organizational Expenses, Operating Expenses and placement fees. Given this calculation of the pro forma return ratio, a higher fair value determination will contribute to the pro forma return ratio being met, which will lead the general partner of an Apollo Fund to distribute carried interest sooner or in larger amounts than it otherwise could.

*Timing of Investment Realization.* When distributions to the partners in Clients are generally calculated pursuant to a "deal-by-deal" distribution waterfall, the general partner will not receive, among other things, carried interest until the limited partners receive distributions equal to their share of write-downs not taken into account in prior distributions. This creates an incentive for the general partner and 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. In addition, in the case where distributions-in-kind are made to a Client's investors, the general partner or applicable Apollo Real Estate Manager is incentivized to employ valuation methodologies that could give rise to a higher valuation of such assets. The Apollo Real Estate Managers have adopted Apollo's valuation policies and procedures to address conflicts of interests that arise in respect of the valuation of their Clients' assets.

Carried interest distributions to the general partner or similar person of a Client become payable earlier if profitable investments are liquidated before unprofitable investments because the distribution waterfall does not permit any distributions of carried interest until after the cumulative amount of distributions have covered any prior losses associated with unprofitable investments. Further, in the "catch-up" period that occurs after investors have received the applicable priority return (typically set at eight percent per year, compounded annually) and return of their capital contributions with respect to the applicable investment, the general partner or similar person of such Client entitled to carried interest will typically receive between 80 and 100 percent of distributions until such time as it receives 20 percent of the fund's cumulative profits. During this period, the general partner or similar person is incentivized to bring realizations forward, lock in returns and stop the accrual of the priority return, even though the investors could achieve a better overall return if the Client retained the investment for a longer period of time.

To mitigate this conflict, the Governing Documents of Clients and their affiliates generally contain a requirement that the general partner make a commitment to the capital of the fund and include a “clawback” obligation requiring the general partner to return excess distributions to investors (often at liquidation of the fund) in the event that the general partner receives more than its carried interest percentage of profits on an aggregate basis over the life of the fund. As a clawback obligation owed to investors of a Client is generally calculated on an after-tax basis under the applicable Governing Documents, investors could not receive their full share of profits that they would have otherwise received had there been no excess distribution to the general partner throughout the term of a Client.

In addition, the Apollo Real Estate Managers are incentivized to hold on to investments that have poor prospects for improvement or extend the term of Clients in order to receive ongoing Management Fees in the interim and, potentially, a more likely or larger carried interest distribution if such asset’s value appreciates in the future. This incentive is increased by the presence of the aforementioned clawback obligations in certain Clients.

For ARI, distributions are paid to investors on a quarterly basis and as approved by the board in accordance with ARI’s dividend policies.

*Distribution In-Kind.* While the Governing Documents of a Client typically specify an investment period within which new investments are to be consummated, there is more flexibility in the general partner’s discretion regarding when investments must be realized. In addition, a Client could make portfolio investments that are not advantageously disposed of prior to such Client’s dissolution, either by expiration of its term or otherwise. Although the Apollo Real Estate Managers expect that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at termination, Clients could be forced to sell, distribute or otherwise dispose of portfolio investments at a disadvantageous time as a result of dissolution. Further, Clients’ Governing Documents do not typically impose a strict obligation on a Client’s general partner or liquidator to realize investments within a certain period of time after dissolution and there can be no assurances with respect to the time frame in which the winding down and the final distribution of proceeds to investors will occur.

Subject to the Governing Documents of each Client, a Client could distribute interests or shares in a special purpose vehicle or liquidating trust, series or other entity to an investor to hold portfolio investments that could not be suitable for in-kind distribution. Pending the disposition of portfolio investments from such trust, series, entity or vehicle, the shares or interests received by the investor will be subject to asset-based or performance-based fees and other expenses.

Since assets distributed in-kind are typically illiquid in nature, the potential conflicts of interest described under “Valuation of Client Assets” above will also apply. Such investments could not be readily marketable or saleable and could have to be held by investors for an indefinite period of time. Widespread holding of portfolio investments, particularly of private illiquid securities, could also entail a significant administrative burden. In addition, the direct holding of certain investments could subject the holder to suit or taxes in jurisdictions in which such investments are located.

*Reserves.* The Governing Documents of Clients will provide that distributions, including final distributions, to investors are subject to reserves or holdbacks for estimated accrued expenses, liabilities and contingencies. In addition, investors would be required to return amounts distributed to them to, among other things, fund indemnification obligations and Operating Expenses. The applicable laws in certain jurisdictions require investors that received a distribution in error or in violation of such law to, under certain circumstances, re-contribute such distributions to the respective Client.

*Structured Finance Arrangements.* From time to time, Apollo finances, securitizes or employs structured finance arrangements in respect of certain balance sheet assets held by Apollo. For example, Apollo could establish entities in which it owns an equity interest, and which are funded in part through financing provided by one or more third parties (“Apollo Financing Partners”), and such Apollo Financing Partners could hold limited partner interests in Clients. The interest of any Apollo Financing Partners in Clients could count towards satisfaction of Apollo’s commitment to such Clients, will not be subject to Management Fees and carried interest and could otherwise be entitled to and subject to the same rights and obligations as other limited partners of the Clients, including voting rights. Apollo could also employ structured financing arrangements with respect to co-investment interests and investments in other Clients made by Apollo entities (including, potentially co-investments with Clients). These structured financing arrangements could alter Apollo’s returns and risk exposure with respect to the applicable balance sheet assets as compared to its returns and risk exposure if Apollo held such assets outside of such structured financing arrangements, and could create incentives for Apollo to take actions in respect of such assets that it otherwise would not in the absence of such arrangements or otherwise alter its alignment with investors in such investments (including the Clients). These arrangements could also result in Apollo realizing liquidity with respect to its equity investment in a Client at a different point in time (including earlier) than the limited partners of such Client.

In addition, a Client could, subject to applicable requirements in its Governing Documents, which could include obtaining advisory board consent, determine to sell a particular portfolio investment into a separate vehicle, which could be managed by Apollo, with different terms (i.e., longer duration) than a Client which originally acquired the portfolio investment, and provide investors with the option to monetize their investment with a Client at the time of such sale, or to roll all or a portion of their interest in the portfolio investment into a new vehicle. Under such circumstances, Apollo could invest in or alongside the new vehicle, or hold the entirety of the portfolio investment sold by a Client through or alongside the new vehicle (i.e., in the event that all investors elect to monetize their investment at the time of sale to the new vehicle).

## **ITEM 7**

### **Types of Clients**

The Apollo Real Estate Managers provide investment advice and serve as investment managers to certain Clients that fall within Apollo’s real assets business segment.

Investors participating in Clients (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 Company Act; or (iii) a “knowledgeable

employee” within the meaning of Rule 3c-5 of the Company Act, depending on the applicable eligibility requirements of the respective Client. ARI is a publicly traded real estate investment trust and does not have suitability or net worth qualifications for investors that invest through the public securities markets.

Conditions for investing in each Client, such as the minimum investment amount, are stated in each Client’s respective Governing Documents. The Governing Documents note that the general partner of each Client has discretion to reduce or waive the minimum investment amounts.

## **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 AGREM’s investment activities. AGREM offers advisory services, provides advice with respect to investment strategies and makes investments, including those that are not described in this Brochure, that AGREM considers appropriate, subject to each Client’s investment objectives and guidelines. Specific descriptions of such strategies and methods are included in each Client’s Governing Documents. There can be no assurance that the investment objectives of any Client will be achieved.

Subject to a Client’s applicable Governing Documents, the relevant Apollo Real Estate Manager and general partner of a Client are responsible for making all investment decisions, including any buy, sell and financing decisions. While the decisions of such Apollo Real Estate Manager and general partner of such Client will be subject to the investment objectives and guidelines set forth in the applicable Governing Documents, the relevant Apollo Real Estate Manager and general partner of such Client could take into account other factors, considerations and other interests in making such decisions, including their own interests or the interests of other Clients or any of their respective portfolio investments.

#### **Methods of Analysis**

The Apollo Real Estate Managers conduct research on prospective investments. Depending on the type of prospective investment, research could include, for example, a review of the company’s financial statements, comparisons with similar public and private companies and analyzing relevant industry data (such as information on customers and suppliers). In conducting such research, the Apollo Real Estate Managers generally consult the following sources of information: (i) financial newspapers and magazines; (ii) inspections of corporate activities; (iii) research materials prepared by others; (iv) corporate rating services; (v) annual reports; (vi) prospectuses; (vii) SEC filings; (viii) company press releases; and (ix) any other material the Apollo Real Estate Managers deem relevant. The Apollo Real Estate Managers engage the services of experts and consultants to supplement their research.

#### **Investment Strategies**

Generally, a Client’s investment strategy is outlined in its applicable Governing Documents. The Apollo Real Estate Managers’ objective is to achieve attractive risk-adjusted returns over the long-



term across economic cycles. On a firm-wide basis, Apollo's investment approach is value-oriented, focusing on industries in which it has considerable knowledge, and emphasizes downside protection and the preservation of capital. The Apollo Real Estate Managers principally seek to make the following types of investments on behalf of their Clients: (i) real estate debt, including first mortgage and mezzanine loans, preferred equity and commercial mortgage-backed securities; (ii) real estate equity, including the acquisition and recapitalization of real estate assets, portfolios, platforms and operating companies; (iii) European performing and non-performing loans, as well as other impaired or illiquid asset portfolios and related investments that arise through the acquisition, management and resolution of non-performing, illiquid and impaired asset portfolios; and (iv) commercial real estate properties and portfolios of properties with favorable long-term triple net leases and high credit quality tenants across a variety of industries. The Apollo Real Estate Managers develop investment strategies based upon the following distinguishing characteristics of Apollo's firm-wide business:

*Integrated Business Model with Strong Credit Expertise.* The Apollo Real Estate Managers and their affiliates rely on Apollo's investment professionals' active participation in, and experience with, credit markets to gain understanding of transaction sourcing, investing, operating and exit opportunities. Apollo's private equity, credit and real assets businesses are operated on an integrated investment platform with no information barriers.

*Platform Investments.* As Apollo continues to seek additional sourcing channels for investment opportunities for Clients, it is also anticipated that there will be opportunities for investments in various companies or businesses, including, among others, financial services companies and investment advisory/management businesses, that would be allocated to Apollo or its affiliates (other than Clients), in whole or in part, as part of developing investment sourcing opportunities for Apollo Clients, including as part of such underlying investment, a commitment to fund or otherwise contemporaneously participate in such sourcing opportunities by Clients (such investments, "Platform Investments"). Any fees, costs and expenses arising from or in connection with the discovery, evaluation, investigation, development and consummation of potential Platform Investments or joint ventures (including joint ventures formed in connection with Platform Investments) will be considered Operating Expenses and will be borne by the Client in accordance with Apollo's expense allocation procedures. In addition, for any such Platform Investments, to the extent a Client participates in one or more investment opportunities sourced by such platform (irrespective of whether any such investment is consummated), any fees earned for the benefit of Apollo or any of its affiliates in respect of such Platform Investment, including Management Fees or other incentive compensation arrangements, will not constitute Special Fees and will not be applied to reduce Management Fees of Management Fee-paying investors in Clients.

Further, in order to augment the Apollo Real Estate Managers' capabilities and diligence techniques and, in some instances, to operate or service investments, Apollo could partner with, including through joint ventures, Platform Investments or by making investments in, what Apollo believes to be high-quality operators with significant expertise and the requisite skills to operate or service investments. The structure of each Platform Investment and the engagement of each operating partner or other individuals will vary, including in respect of whether a management or operating team's services are exclusive to the platform and whether members of the management

team are employed directly by such platform or indirectly through a separate management company established to manage such platform, and such structures are subject to change throughout an investment's hold period, for example, in connection with potential restructurings, refinancings and/or dispositions. Members of the management or operating team for a Platform Investment could include former Apollo personnel (including investment professionals), industry advisors, senior advisors and Apollo advisors. The management or operating team of a Platform Investment (or one or more members thereof) could also provide the same or similar services with respect to other Platform Investments of one or more Clients or provide the same or similar services for assets owned by third parties. A Client could realize a Platform Investment (in whole or in part) through sale of the platform or a disposition of assets held through the platform. The services provided by the platform's management and operating team could be similar to, and overlap with, services provided by Apollo to Clients, and the services could be provided exclusively to the Platform Investments. Apollo could also form a joint venture, from time to time, with certain Clients to operate Platform Investments. In such cases, Apollo could utilize the personnel that comprise the management or operating teams of the Platform Investments, and not the assets, to support Apollo Clients.

For all Platform Investments, Clients will bear the expenses of the management team and/or portfolio entity, as the case could be, including, for example, any overhead expenses, Management Fees or other fees, employee compensation, diligence expenses or other expenses in connection with backing the management team and/or the buildout of the platform entity. Such expenses could be borne directly by a Client as an Operating Expense (or broken-deal expenses, if applicable) or indirectly as a Client bears the start-up and ongoing expenses of the newly formed platform. The compensation of management of a platform portfolio entity could include Management Fees (or other fees, including, for example, origination fees) or interests in the profits of the portfolio entity (or other entity in the holdings structure of the Platform Investment), including profits realized in connection with the disposition of an asset and other performance-based compensation. Although a platform portfolio entity could be controlled by one or more Clients (including through the right to approve each investment made by the platform), members of a management team will not be treated as affiliates for purposes of the applicable Governing Documents. Accordingly, none of the compensation or expenses described above will be offset against any Management Fees or carried interest distributions payable to Apollo and will be borne by the applicable Platform Investment or by a Client as Operating Expenses.

*Investments with Respect to Which Other Apollo Clients and/or Apollo Affiliates May Benefit.* A Client can invest in joint ventures and can invest in Platform Investments, special purpose acquisition companies (each, a "SPAC") or one or more portfolio investments. Such investment activities could give rise to future investment opportunities (e.g., a forward commitment or other option acquired by a Client or a relationship developed in connection with the making of an investment by a Client) from which one or more other Clients and/or affiliates of Apollo could benefit. The general partner and/or the applicable Apollo Real Estate Manager have an incentive to take such future opportunities and/or benefits into consideration when making investment decisions for a Client.

*Investments in Clients.* To the extent set forth in a Client's Governing Documents, a Client could also invest in other Clients, including: (i) asset-backed securities investments issued by, related to

or that otherwise constitute Clients; (ii) Platform Investments and joint ventures (including joint ventures formed in connection with Platform Investments, even in circumstances where such Client is not invested in the relevant Platform Investment); (iii) newly-formed Clients established for a particular investment; (iv) via secondary transfers of interests of a Client (see Item 10, Secondary Transfers of Partnership Interests for additional information on secondary transfers); and (v) in circumstances where such Client could serve as the initial or “anchor” investor in a new Client (any additional Clients into which a Client serves as an “anchor” investor, an “Apollo Anchor Client” and, any such anchor investment, being “Anchor Capital”). A Client will be directly or indirectly subject to the terms of the Governing Documents of the additional Client in which it invests, and such terms will control with respect to such investment without any corresponding application of the terms and conditions as between such Client and Apollo (even if such terms are inconsistent). For example, the applicable Governing Documents of such Client could provide for a different form, manner, timing or calculation of performance-based compensation that could result in Apollo receiving such compensation from such Client in a greater amount, earlier or subject to fewer or less burdensome conditions than is the case for the carried interest allocable by the Client investing in such Client. Clients into which a Client invests could, in turn, invest in other Clients or portfolio investments of Clients. Such activity will subject a Client to additional risks (including additional exposure to the same investments made by the Client). For example, a Client could bear an additional layer of fees (which will not reduce Management Fees paid by such Client and will be retained by, and be for the benefit of, Apollo or any of their respective affiliates or employees) as a result of investing into an additional Apollo Client, as well as its pro-rata share of the expenses of such Clients. In some circumstances, an Apollo Anchor Client that has received significant withdrawal and/or redemption requests could suspend or limit withdrawals and/or redemptions, including withdrawals and/or redemptions by a Client. A Client will generally not have an active role in the day-to-day management of another Apollo Client, Platform Investment or joint venture or have the opportunity to evaluate the specific investments made thereby before they are made. The returns of a Client will depend in part on the performance of the team managing the other Client(s) and could be substantially adversely affected by the unfavorable performance of such team(s). Similarly, a Client could invest on the basis of certain short-term market considerations. As a result, the turnover rate with the Client could be significant, potentially involving substantial brokerage commissions, fees and other transaction costs. Because an Apollo Anchor Client, Platform Investment or joint venture could be operated by a newly-formed management team without a significant track record, an Anchor Capital investment could be subject to more significant risks than would be the case if a Client invested with a more “seasoned” team with a longer track record.

*Investment Sourcing.* The Apollo Real Estate Managers have broad relationships across the real estate finance, development, investment, operations and management communities. These relationships could generate a substantial flow of investment opportunities, many of which could involve the restructuring of assets, portfolios, operating platforms and companies.

*Investment Structuring.* The Apollo Real Estate Managers pursue investment opportunities where they perceive compelling valuations, realistic business plans and where they can mitigate risk through the proper financial and capital structure, control and aggressive asset management. The optimal investment structure could 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 generally characterized by a series of ongoing collaborative discussions and debates among the members of the investment committee and the Apollo Real Estate Manager's respective investment team, with a fundamental philosophy of seeking to challenge or disprove any proposed investment thesis. Each Apollo Real Estate Manager's investment team has significant experience in most major property markets and employs a highly analytic, disciplined and value-driven approach. Each Apollo Real Estate Manager's team endeavors to avoid confirmation bias by actively seeking divergent views and non-conforming facts.

*Asset Management.* The Apollo Real Estate Managers are 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. The Apollo Real Estate Managers have instituted and undertaken proactive asset management programs 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, the Apollo Real Estate Managers anticipate variances from their plans as investments mature. Accordingly, asset management programs and exit strategies are flexible and can be adapted to changing market dynamics, the macro-economic environment, credit and local real estate fundamentals.

*Exit Options.* The Apollo Real Estate Managers seek investments with multiple identifiable exit strategies ranging from simple property sales to public credit transactions. Liquidating transactions could 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 could 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 will exist in connection with such strategies and investors should not invest unless they can readily bear the consequences of such loss.

## **Risk of Loss**

Participation in Clients is only suitable for investors who have knowledge and expertise in financial and business matters and are capable of evaluating the merits and risks of an investment in such Client. The acquisition of interests or shares in Clients and the investments made by Clients are highly speculative and could involve the risk of total loss of an investor's capital.

The following risk factors are those applicable to all Clients and/or their investors. These risk factors do not purport to be a complete list or explanation of the risks involved in each Client. The Governing Documents applicable to certain Clients, and in the case of ARI, the quarterly reports and annual reports filed by ARI with the SEC, generally include a more detailed summary of the

material risks and the investment strategy for those Clients and should be read in conjunction with the risk factors identified below.

*No Assurance of Investment Returns.* The Apollo Real Estate Managers cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of investments or assets that fall within such Clients' individual investment objectives. Clients could enter into agreements or consummate transactions that involve payments, such as reverse break-up fees, that result in substantial costs to the affected Client and the elimination of the possibility of a return, in particular if the transaction is not consummated.

*Substantial Fees and Expenses.* Clients typically pay Management Fees, Organizational Expenses and Operating Expenses as set forth in their Governing Documents and/or fee agreements, whether or not they make any profits, as well as performance-based compensation if they make profits. While it is difficult to predict the future fees and expenses of Clients, such fees and expenses could be substantial. See Item 5 for additional information on fees and expenses.

*Business and Market Risks.* A Client's investments could involve a high degree of business and financial risk, which could result in substantial losses. 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 competitive environment, changes in national or international economic and market conditions and changes in laws, regulations, trade barriers, commodity prices and controls, fiscal policies or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks, security operations, infectious disease outbreaks, epidemics and pandemics. The possibility of partial or total loss of capital will exist.

*General Economic Conditions and Recent Events.* Various sectors of the global financial markets have been experiencing an extended period of adverse conditions. Market uncertainty has increased dramatically, particularly in the U.S. and Europe, and adverse market conditions have expanded worldwide. These conditions have resulted in disruption of the global credit markets, periods of reduced liquidity, greater volatility, general widening of credit spreads, an acute contraction in the availability of credit and a lack of price transparency. These volatile and often difficult global credit market conditions have episodically adversely affected the market values of equity, fixed-income and other financial instruments and this volatility could continue and conditions could even deteriorate further. Some of the largest banks and companies across many sectors of the economy in the U.S. and Europe have declared bankruptcy, entered into insolvency, administration or similar proceedings, been nationalized by government authorities and/or agreed to merge with or be acquired by other banks or companies that had been considered their peers. The long-term impact of these events is uncertain but could continue to have a material effect on general economic conditions, consumer and business confidence and market liquidity.

The world-wide outbreak of the novel coronavirus ("COVID-19") continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified, many countries have reacted by instituting quarantines, restrictions on travel, bans and/or limitations on public events and on public gatherings, closures of a variety of venues (e.g., restaurants, concert halls, museums, theaters, schools and stadiums, non-essential stores, malls and other entertainment facilities and commercial buildings) or shelter-in-place orders. On March 11,

2020, the World Health Organization publicly characterized COVID-19 as a pandemic. On March 13, 2020, the President of the U.S. declared the COVID-19 outbreak a national emergency. The U.S. federal government and U.S. state and local governments are continuing to implement a variety of actions to mobilize efforts to mitigate the ongoing and expected impact, and the Centers for Disease Control and Prevention has implemented its pandemic preparedness and response plans, working on multiple fronts, including providing specific guidance on measures to prepare communities to manage and mitigate the local spread of COVID-19 throughout the U.S. Businesses have also implemented protective measures, such as work-from-home arrangements, partial or full shutdowns of operations, furlough or termination of employees and cancellation of customer, employee or industry events. Such measures, including the unknown duration thereof in many instances, as well as the general uncertainty surrounding the dangers and impact of COVID-19 and the effectiveness of global vaccination efforts, are creating disruption in global supply chains, and adversely impacting a number of industries, such as transportation, retail, hospitality and entertainment. The outbreak could have a continued adverse impact on economic and market conditions and could trigger a prolonged period of global economic slowdown. Additionally, as certain U.S. states and other countries reduce protective measures and “re-open,” there is no guarantee that the reduction of such measures will not be reversed in response to ongoing developments (either completely or partially), which could further adversely affect businesses. The rapid and evolving development of this situation precludes any prediction as to the ultimate adverse impact of COVID-19. The effect of the COVID-19 outbreak on the economy and on the public has been severe and could continue to exacerbate other pre-existing political, social, economic, market and financial risks. Further, while there have been proposed, and in some cases enacted, economic stimulus measures aimed at curbing the negative economic impacts to the U.S. and other countries as a result of COVID-19, it cannot be determined at this time whether such stimulus measures will continue to have a stabilizing economic effect nor whether additional measures will be implemented. In this environment, there could be a heightened likelihood of government intervention or regulation and/or changes in law, including by way of example laws and regulations requiring creditors to waive payments from debtors, defer maturities on debt instruments and/or cancel or delay foreclosures on assets, any of which could have a material adverse effect on Clients and their investments.

There are no comparable recent events in the U.S. that provide guidance as to the effect of the spread of COVID-19 and a pandemic on Clients and their portfolio investments. The impact of COVID-19 could have a material adverse effect on Clients and on the business, financial condition and results of operations of portfolio investments, particularly those portfolio investments that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Failure to meet any such financial obligations could result in Clients and their portfolio investments being subject to margin calls or being required to repay indebtedness or other financial obligations immediately in whole or in part, together with any attendant costs, and Clients and their portfolio investments could be forced to sell some of their assets to fund such costs. In the event of any such consequences, Clients could lose both invested capital in and anticipated profits from the affected investment. No previous success by the Apollo Real Estate Managers or their affiliates in dislocated markets is any guarantee of Clients’ success in respect of investing and managing any portfolio investment during and post- the COVID-19 pandemic.

The commercial real estate market has been significantly impacted by the COVID-19 pandemic and related restrictions on economic activity. Furthermore, there is an unknown long-term impact on commercial real estate, including future demand for leasing and operating commercial real estate.

In addition, the world-wide pandemic caused by COVID-19 could have a substantial impact on the operations of tax authorities, including the IRS, that could, among other things, impose delays on their response and processing time to requests and elections from taxpayers. Such delays could have an adverse effect on Clients.

Furthermore, a counterparty's ability to meet or willingness to honor its financial obligations (including its ability to extend credit or otherwise to transact with a Client or its portfolio investment) could be negatively impacted. Current conditions could affect how counterparties interpret their obligations (and the Client's obligations) pursuant to counterparty arrangements such that the applicability, or lack thereof, of force majeure or similar provisions could also come into question and ultimately could work to the detriment of the Client. These circumstances also could hinder the Apollo Real Estate Manager's, the Client's and/or its portfolio investment's ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices and diminishing their ability to make accurate and timely projections of financial performance.

*Use of Subscription Line Facilities.* Certain Clients obtain subscription line facilities to facilitate investments (including on a temporary or permanent basis), support ongoing operations and activities of Clients and their respective portfolio investments and/or investments, enable Clients to pay Management Fees or other fees, expenses and liabilities and for any other purpose for which Clients can call capital from their respective investors. Subscription line facilities will typically be entered into on a cross-collateralized basis with the parallel funds and alternative investment vehicles comprising a Client and, in certain instances, with portfolio investments and Co-Investment Vehicles. Such entities will typically be held jointly and severally liable for the full amount of the obligations arising out of such subscription line facility. If a Client obtains a subscription line facility, it is expected that the Client's capital needs (including both interim and potentially permanent capital needs) will in most instances be satisfied through borrowings by the Client under the subscription line facility, and, less so, by drawdowns of capital contributions by the Client. As a result, capital calls are expected to be conducted in larger amounts on a less frequent basis in order to, among other things, repay borrowings and related interest expenses due under such subscription line facilities.

Where an Apollo Client uses borrowings under a subscription line facility in advance or in lieu of receiving capital contributions from investors to repay any such borrowings and related interest expenses, the use of such facility will result in a higher or lower reported internal rate of return than if the facility had not been utilized and instead capital contributions from investors had been contributed at the inception of an investment. This will present conflicts of interest. For example, the interest rate on any borrowings is likely to be less than the rate of the preferred return due to the investors under their partnership agreements. Because the preferred return of Clients typically will not accrue on such borrowings, but rather only accrues on capital contributions when made,

the use of such subscription line facilities could reduce or eliminate the preferred return received by the investors and accelerate or increase distributions of carried interest to the relevant general partner. This will provide the general partner with an economic incentive to fund investments through such facilities in lieu of capital contributions. In addition, Management Fees are able to be paid to the Apollo Real Estate Manager using such borrowings even if capital contributions have not been made to the applicable Clients by its investors, and the proceeds of such borrowings will inform the calculation of adjusted cost or any other metric used to determine the cost basis of an investment for purposes of calculating and paying Management Fees. Moreover, the fees, costs and expenses of any such facilities will generally be allocated among a Client and any parallel funds or other vehicles pro-rata or on such other basis that is determined by the general partner to be more equitable under the circumstances, which will increase the expenses borne by the applicable limited partners and would be expected to reduce net cash on cash returns.

In addition to subscription line facilities, a Client will engage in other types of borrowings that, as is the case with respect to subscription line facilities, can result in a higher or lower reported internal rate of return than if the borrowing were not put in place. These types of borrowings present conflicts of interest, as the general partner seeks to return distributions to investors in Clients, pay itself carried interest and generate higher returns. This could result in Clients' pledging their interests in investments in exchange for liquidity, which could be well before the investment would otherwise have been realized or disposed of.

*Hedging Policies/Risks.* In connection with certain investments, Clients and/or their portfolio investments could employ hedging strategies (whether by means of derivatives or otherwise and whether in support of financing techniques or otherwise) that are designed to reduce the risks to Clients and/or their portfolio investments of fluctuations in interest rates, securities, commodities and other asset prices and currency exchange rates, as well as other identifiable risks. While the transactions implementing such hedging strategies could reduce certain risks, such transactions themselves could entail certain other risks such as the risk that counterparties to such transactions could default on their obligations and the risk that the prices and/or cash flows being hedged behave differently than expected. Thus, while Clients and/or their portfolio investments could benefit from the use of these hedging strategies, unanticipated changes in interest rates, securities, commodities and other asset prices or currency exchange rates or other events related to hedging activities could result in a poorer overall performance for Clients and/or their portfolio investments than if they or their portfolio investments had not implemented such hedging strategies.

*Regulatory Risks.* Recent legal and regulatory changes could adversely impact Clients. The regulation of U.S. and non-U.S. securities, futures markets and investment funds has undergone substantial changes in recent years and such changes could continue. The effect of such new regulations on Clients could be substantial and adverse, and could subject Clients to increased capital requirements, fees, expenses and limits on the types of investors they could solicit. Laws and regulations can change quickly and unpredictably in a manner adverse to the Clients' interests. As a result, Clients and/or the Apollo Real Estate Managers could be subject to unduly burdensome and restrictive regulations.

The financial services industry and the activities of private funds and their managers in particular, have been subject to increasing regulatory scrutiny. This could increase the exposure of Clients



to potential liabilities and additional legal, compliance and other related costs that, as a result, adversely affect the ability of Clients to achieve their investment objectives.

*CFIUS & National Security/Investment Clearance Considerations.* Certain investments by Clients could involve businesses or real estate that implicate national security concerns and could be subject to review and approval by the Committee on Foreign Investment in the U.S. (“CFIUS”) and/or non-U.S. national security/investment clearance regulators depending on the beneficial ownership and control of interests in the Client that is making the investment. In the event that CFIUS or another regulator reviews one or more of the Client’s proposed or existing investments, there can be no assurance that the Client will be able to maintain, or proceed with, such investments on terms acceptable to the Client. CFIUS or another regulator could seek to impose limitations or restrictions that prevent the Client from maintaining or pursuing investments, which could adversely affect the Client’s performance with respect to such investments (if consummated) and thus the Client’s performance as a whole. In addition, certain limited partners of Clients will be non-U.S. investors, and in the aggregate, could comprise a substantial portion of a Client’s aggregate commitments, which increases both the risk that investments could be subject to review by CFIUS and/or non-U.S. national security/investment clearance regulators, and the risk that limitations or restrictions will be imposed by CFIUS or other non-U.S. regulators on such Client’s investments. In the event that restrictions are imposed on any portfolio investment by the Client due to the non-U.S. status of a limited partner or group of limited partners or other related CFIUS or national security considerations, the general partner could choose to restrict such limited partner, or such group of limited partners, from investing in any such investment, accessing information related to any such investment and/or otherwise being involved in decision-making related to any such investment. To the extent such limited partner or such group of limited partners are members of a limited partner advisory board or similar committee, the general partner could restrict their rights to participate in or vote on certain decisions related to investments in which they participate. Further, the presence of such types of limited partners will cause the general partner to not offer certain co-investment opportunities to them. However, there can be no assurance that any restrictions implemented on any such limited partner or any such group of limited partners will allow the Client to maintain, or proceed with, any investment.

*Regulation and Enforcement; Litigation.* Clients are subject to U.S. and international regulations which could increase the costs associated with acquiring and operating Clients and the risk of regulatory examination, investigation, enforcement action and third-party litigation. There can be no assurance that the Clients, their general partners, the Apollo Real Estate Managers or any of their affiliates will avoid regulatory examination, investigation, enforcement action or third-party litigation or adverse publicity relating to such a proceeding.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), among other things, granted regulatory authorities such as the Commodity Futures Trading Commission, the SEC and the Consumer Financial Protection Bureau with broad rulemaking and enforcement authority to implement and oversee various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives and consumer finance markets. These expanded powers have resulted in rules that could adversely affect Clients or investments made by Clients.

There is significant uncertainty regarding certain enacted legislation (including COVID-19-related legislation) and, consequently, the full impact that such legislation ultimately will have on Clients, their general partners, the Apollo Real Estate Managers or any of their affiliates is not fully known.

Clients could also indirectly be affected by the regulation of banks and other financial services firms with which the Clients do business, from which they obtain financing or other services or to which they seek to sell interests in loan securitizations. The regulatory regimes applicable to financial services firms with which Clients do business could increase borrowing costs or limit the terms or availability of credit, affect the terms or pricing of loan securitizations, affect the collectability of loans or have other indirect effects such as mandatory creditor bail-in and resolution stays. As noted above, these regimes could also significantly regulate over-the-counter derivative trading and subject Clients to restrictions and regulations due to extraterritorial impact.

These new and expanded regulations and regulatory powers could reduce returns to investors in consumer and commercial loan portfolios as a result of, among other things, additional compliance and administrative expenses, failure to obtain full repayment on portfolio loans, administrative enforcement actions and fines by state or federal regulators and civil litigation against holders of loans and/or a reduction in the availability of appropriate loans for investment. Similarly, violations of law or regulation by the originators or servicers of consumer and commercial loans held directly or indirectly by investors could result in the originators or servicers being subject to administrative fines or penalties, borrower restitution obligations or other consequences that could negatively impact investors in such loans.

Apollo Real Estate Managers participate in restructuring activities where Clients invest in distressed securities. It is possible that certain Clients will become involved in litigation with respect to creditor disputes and similar issues among classes of claimants. Litigation entails expenses and the possibility of counterclaims against such Clients including their general partners and respective Apollo Real Estate Managers, and ultimately, judgments could be rendered against a Client for which such Client does not carry insurance.

*Retention Rules.* In accordance with the risk retention requirements promulgated under Regulation (EU) 2017/2402 (the “EU Securitization Regulation,” and together with any supplementary regulatory technical standards, implementing technical standards, and any guidance adopted in relation thereto by the European supervisory authorities, each as in force from time to time, the “EU Securitization Laws”), an entity could elect to act as an “originator or a “sponsor” (each as defined in the EU Securitization Regulation), to comply with the EU Securitization Laws where securities issued in a securitization transaction are sold to certain types of EU investors such as credit institutions and investment firms (including consolidated affiliates thereof, wherever located), authorized AIFMs that manage and/or market AIFs in the EU, insurance and reinsurance undertakings, Undertakings for Collective Investment in Transferable Securities (“UCITS”) regulated pursuant to EU Directive 2009/65/EC and the management companies thereof, and institutions for occupational retirement provision (with certain exceptions), each as set out in the EU Securitization Laws. These securities could be held in a number of prescribed forms, most typically through (i) a “vertical slice” equal to a 5% pro-rata percentage of the face value of each tranche; or (ii) a “horizontal slice” equal to 5% of the fair value of all of the securities issued via the first loss or “equity” tranche. AGREM does not expect to engage in the types of investments or activities that would make it subject to the requirements of the EU

Securitization Laws but could invest in securitizations sponsored by others, and could participate in a standalone asset management business structured so as to be capable of holding the retention interests required by the EU Securitization Laws.

There can be no assurance that applicable governmental authorities will agree that any of the transactions, structures or arrangements entered into by AGREM and its affiliates, and the manner in which they expect to hold retention interests, will satisfy the EU Securitization Laws. The EU Securitization Laws are subject to changes, clarifications and interpretations by governmental authorities that could have an adverse effect on AGREM and its affiliates.

Section 941 of the Dodd-Frank Act (the “U.S. Risk Retention Rules”) requires a “sponsor” of a securitization transaction (or its “majority-owned affiliate”) to retain at least 5% of the economic interest in the credit risk of the securitized assets. However, following a decision of the U.S. Court of Appeals for the District of Columbia issued on February 9, 2018 (the “DC Circuit Ruling”), collateral managers of “open-market collateralized loan obligations (“CLOs”)” (described in the ruling as CLOs where assets are acquired from “arm’s-length negotiations and trading on an open market”) are no longer required to retain an interest in such “open-market CLOs” under the U.S. Risk Retention Rules. As a result of the DC Circuit Ruling, AGREM is no longer required under the U.S. Risk Retention Rules to retain an interest in “open-market CLOs” in which it acts as collateral manager. However, AGREM could still elect to act as the “originator” or “sponsor” (in each case, as defined in the EU Securitization Laws) for purposes of compliance with the EU Securitization Laws and for investment purposes.

The Japanese Financial Services Agency adopted a risk retention rule as part of the regulatory capital regulation of certain categories of Japanese investors seeking to invest in securitization transactions (the “JRR Rule”). The JRR Rule became effective on March 31, 2019. The JRR Rule requires such Japanese investors to apply higher risk weighting to securitization exposures they hold unless the relevant “originator” commits to hold a retention piece of at least 5% of the total underlying assets in the transaction (the “Japanese Retention Requirement”) or such investors determine that the underlying assets were not “inadequately formed.” Such Japanese investors include banks, bank holding companies, certain credit unions and cooperatives and certain other financial institutions and affiliates (such investors, “Japanese Affected Investors”). Japanese Affected Investors are subject to punitive capital requirements with respect to investments in securitizations that fail to comply with the Japanese Retention Requirement. There are a number of unresolved questions and no established line of authority, regulatory guidance, precedent or market practice that provides definitive guidance with respect to the JRR Rule.

The impact of the EU Securitization Laws, the U.S. Risk Retention Rules and the JRR Rule on the securitization market is also unclear and such rules (including any amendments thereto) could negatively impact the value of CLOs, securitizations and underlying assets.

*Monetary Policy and Governmental Intervention.* The U.S. Federal Reserve (the “Federal Reserve”) and global central banks, including the European Central Bank, have – in addition to other governmental actions to stabilize markets and seek to encourage economic growth – acted to hold interest rates to historic lows. The Federal Reserve and other central banks have also taken actions in response to the COVID-19 pandemic, such as through asset purchase programs and lending facilities. It cannot be predicted with certainty when or how these policies will change,

but actions by the Federal Reserve and other central banks could have a significant effect on interest rates and on the U.S. and world economies generally, which in turn could affect the performance of the investments of Clients. Further financial crises could result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

*Non-U.S. Currency Risks.* Certain Clients make investments that are denominated in non-U.S. currency and, therefore, are subject to the risk that the value of a particular currency will change in relation to one or more other currencies, including, generally, the currency in which the books of the Client are kept and currencies in which contributions and distributions generally will be made. Among the factors that could affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Client will incur costs in converting investment proceeds from one currency to another. Apollo Real Estate Managers could, but are under no obligation to, employ hedging techniques to minimize these risks, although there can be no assurance that such strategies will be effective. Investments in any country in which U.S. dollars are not the local currency could be affected by such changes in the value of foreign exchange between the U.S. dollar and such currency. Such changes could have an adverse effect on the value, price or income of the investment to such investors. There could also be foreign exchange regulations applicable to investments in non-U.S. currencies in certain jurisdictions.

*AIFMD.* AIFMD (as defined in Item 5) provides a framework for the EU to regulate managers of AIFs that are not UCITS, but which are marketed or managed in the EU.

Since implementation, AIFMD has restricted the extent to which AIFs domiciled outside of the EEA can be marketed to potential investors in the EEA. AIFs: (i) organized outside of both the EU and those of the additional EEA member states which have implemented AIFMD; and (ii) in which interests are marketed under AIFMD within the EEA are subject to significant conditions on their operations. Under AIFMD, such AIFs could be marketed only in certain EEA jurisdictions and in compliance with requirements to register the AIF for marketing in each relevant jurisdiction and to undertake periodic investor and regulatory reporting, including, among other items, the risk and portfolio profile of each Client which is marketed in that regulator's jurisdiction. Additional requirements and restrictions could apply where an AIF invests in an EEA portfolio, including restrictions that could impose limits on certain investment and realization strategies, such as dividend recapitalizations, distributions and reorganizations. Such rules could potentially impose significant additional costs on the operation of AGREM's business or investments in the EEA and could limit AGREM's operating flexibility within the relevant jurisdictions.

In some countries, additional obligations are imposed. For example, in Germany and Denmark, marketing of a non-EEA AIF also requires the appointment of one or more depositaries (with cost implications for the AIF). Depending on the activities of each Client, additional restrictions on investment activities could also apply if they are to be marketed to EEA investors. Accessing EEA investors could be more difficult and Client costs could increase to reflect the additional burdens.

Where costs seem to be only applicable to a Client that is an AIF, all such costs are generally borne by the related parallel funds that invest alongside the AIF.

In the longer term, subject to non-EU jurisdictions being granted equivalence status under AIFMD, non-EEA Apollo Real Estate Managers which manage non-EEA AIFs could be permitted to voluntarily seek authorization under, and comply with, the more detailed requirements of, AIFMD.

In order to manage and market EEA AIFs more broadly for and to EEA investors, Apollo established Apollo Investment Management Europe (Luxembourg) S.à.r.l. (“AIME Lux”), which was incorporated by Apollo in Luxembourg on January 2, 2019 and received authorization from the Commission de Surveillance du Secteur Financier (“CSSF”) on January 9, 2019 to carry out activities regulated by the CSSF (including managing and marketing AIFs) with registration effective from January 9, 2019. AIME Lux and Apollo’s UK AIFM, Apollo Investment Management Europe LLP (“AIME UK”) are subject to significant regulatory requirements imposed by AIFMD and equivalent UK legislation, including with respect to conduct of business, regulatory capital, valuations, disclosures and marketing and rules on the structure of remuneration for certain personnel. The majority of Apollo’s EEA AIFs are managed by AIME Lux and marketed by it or certain of its affiliates, as permitted under AIFMD. The EEA AIFs are subject to additional requirements imposed by AIFMD, including investor and regulatory disclosures and reporting, requirements when investing in an EEA or UK portfolio investment and the requirement to appoint a depositary, each as described above in relation to non-EEA AIFs, in addition to further obligations specifically applicable to EEA AIFs. Client costs increase to reflect these additional burdens and, as stated above, are generally borne by all parallel funds comprising the Client.

Some changes to AIFMD are expected, others are under negotiation, and a wider review has commenced which could lead to further changes. Any or all of these could lead to increased costs and/or burdens and could limit operational flexibility within the EEA and access to EEA investors.

*Brexit.* On March 29, 2017, the UK formally notified the European Council of its intention to leave the EU (“Brexit”). The UK formally left the EU on January 31, 2020 after which it entered the transition period, which ended on December 31, 2020. During the transition period, the majority of the existing EU rules applied in the UK.

On December 24, 2020, the UK government and the EU Commission provisionally agreed on a trade and cooperation agreement governing their future relationship, which is subject to scrutiny and ratification from the EU Council and the UK Parliament. In addition, the trade agreement needs to be ratified by each EU member state and the EU Parliament and adopted by the EU Council thereafter. Until such ratification is complete, the terms of the new agreement are expected to apply on a provisional basis from the end of the transition period.

Although the terms of the UK’s future relationship with the EU has been provisionally agreed, there is still uncertainty as to the extent to which UK businesses will have access to the EU single market, and the extent to which EU business have access to the UK market. There is also a risk of significant disruption to trade between the UK and the EU, particularly in the initial period following the end of the transition period and the implementation of the new trade arrangements. Finally, there is no guarantee that the trade agreement will achieve the ratification it requires in order to become permanent. There can be no assurance that any renegotiated laws or regulations

will not have an adverse impact on Clients and their investments, including the ability of Clients to achieve their investment objectives.

The legal, political and economic uncertainty generally resulting from the UK's exit from the EU could adversely affect both EU- and UK-based businesses. This uncertainty could also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU member states.

Apollo has a number of affiliated entities which are authorized and regulated by the UK Financial Conduct Authority (the "FCA") (the "UK Regulated Entities") and which provide services to AGREM and its Clients. As indicated above, the ability of the UK Regulated Entities to continue to provide their services across the EU will be impacted as a result of the UK's withdrawal from the EU.

*General Data Protection Regulation.* The Apollo Real Estate Managers and/or the Clients could be directly or indirectly subject to the requirements of the General Data Protection Regulation (Regulation (EU) 2016/679) ("GDPR"), which came into effect in the EU in May 2018. The GDPR has direct effect in all 27 EU member states and is mirrored in the UK under its Data Protection Act 2018 ("DPA"). The GDPR and the DPA apply to organizations that have an establishment in the EU/UK and also have extraterritorial effect where non-EU and UK persons, such as the Apollo Real Estate Managers, the Clients and/or their respective service providers, process personal data in relation to the offering of goods or services to individuals in the EU/UK or the monitoring of the behavior of individuals in the EU/UK.

Both the GDPR and the DPA impose a number of obligations on data controllers and data processors, including, among others: (i) accountability and transparency requirements, which will require controllers to demonstrate and record compliance with the GDPR/DPA and to provide more detailed information to data subjects regarding processing; (ii) enhanced requirements for obtaining valid consent; (iii) obligations to consider data protection as any new products or services are developed and to limit the amount of personal data processed; (iv) obligations to comply with the new and enhanced data protection rights of data subjects; and (v) reporting of personal data breaches to the data protection authority(ies) without undue delay (and no later than 72 hours where feasible) and, in some cases, also to affected data subjects.

The GDPR and the DPA give strong enforcement powers to data protection authorities in EU member states and the UK and introduce significant penalties for non-compliance, with fines of up to four percent (4%) of an organization's total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. Data subjects also have a right to compensation for financial or non-financial losses (e.g., distress). There is a risk that the measures taken to comply with the GDPR/DPA will not be implemented correctly or that individuals within the business will not be fully compliant with the compliance procedures Apollo has in place. If there are breaches of these measures, the Apollo Real Estate Managers, the Clients and/or their respective affiliates (as relevant) could face significant administrative and monetary sanctions, as well as reputational damage which could have a material adverse effect on the operations, financial condition and prospects of the Apollo Real Estate Managers and/or the Clients.

Although enforcement of the GDPR is designed to be harmonized across the EU, following the end of the Brexit transitional period, from January 1, 2021 (“Brexit Date”), the UK is not bound by EU jurisprudence. The UK’s data protection authority, the Information Commissioner’s Office (“ICO”) has indicated that it will continue to enforce the DPA in line with the GDPR. However, the UK government recently announced its intention to adopt a more flexible approach to the regulation of data, and as a result there remains a risk of future divergence between the EU and UK data protection regimes which could impact the business and operations of the Real Estate Managers, the Clients and/or Apollo affiliates.

In July 2020, the Court of Justice of the European Union (“CJEU”) issued a ruling regarding the validity of the primary mechanism that the Apollo Real Estate Managers, the Clients and/or Apollo affiliates use to safeguard transfers of personal data sent from the EU and the UK (i.e., the European Commission-approved standard contractual clauses). Following the CJEU’s ruling, the Apollo Real Estate Managers, the Clients and/or Apollo affiliates could be unable in certain cases to transfer personal data outside the EU and the UK without a defined lawful mechanism under the GDPR or the DPA. While regulatory guidance on complying with the CJEU’s ruling is expected to be released shortly, it is unclear currently how data protection authorities, courts and counterparties of the Apollo Real Estate Managers, the Clients and/or Apollo affiliates will view or enforce any such potential or actual non-compliance.

On the Brexit Date, the UK became a third country for the purposes of EU law, such that transfers of personal data from the EU to the UK are permitted only where there is a lawful mechanism under the GDPR. In February 2021, the European Commission issued a draft finding of data protection adequacy for the UK, which is currently being assessed by the European Data Protection Board and will thereafter require approval from representatives of the EU’s Member States. If the draft finding is not finalized within six months of the Brexit Date, or the UK otherwise does not receive an adequacy finding, the Apollo Real Estate Managers, the Clients and/or Apollo affiliates will no later than June 30, 2021 be required to safeguard transfers of personal data sent from the EU to the UK through the use of European Commission standard contractual clauses or other approved mechanisms. This will impose legal and compliance costs for the Apollo Real Estate Managers, the Clients and/or Apollo affiliates and could result in additional legal and regulatory risk where such transfers are not conducted in accordance with the GDPR and the requirements set out in the CJEU’s ruling.

*Data Protection Risk.* The Clients’ and/or the Apollo Real Estate Managers’ processing of personal data associated with their representatives, investors, service provider representatives and others, including the use of third-party processors and cloud-based services to, among other things, store and maintain personal data, imposes legal and regulatory risks. Legal requirements relating to the collection, storage, handling and transfer of personal data continue to develop. Certain activities of the Clients, the Apollo Real Estate Managers and/or Apollo affiliates, for example, could be subject to the GDPR, the DPA, the California Consumer Privacy Act (“CCPA”), the Cayman Islands Data Protection Law (“DPL”) and/or data protection laws in other countries that could take effect in the near future. While the Clients, the Apollo Real Estate Managers and Apollo affiliates intend to comply with their privacy and data protection obligations under the GDPR, the DPA, the CCPA, the DPL and other applicable laws, they could be unable to accurately anticipate the ways in which regulators and courts will apply or interpret the law. The failure of the Clients, the Apollo

Real Estate Managers and/or Apollo affiliates indirectly providing services to the Clients to comply with privacy and data protection laws could result in negative publicity and could subject the Clients, the Apollo Real Estate Managers and/or Apollo affiliates to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities or penalties. If privacy or data protection laws are implemented, interpreted or applied in a manner inconsistent with Apollo's expectations, its business practices could change in a manner that adversely impacts the Clients. Moreover, if the Clients, the Apollo Real Estate Managers and/or Apollo affiliates suffer a security breach impacting personal data, there could be obligations to notify government authorities, stakeholders and affected data subjects, which could divert the Clients' and/or the Apollo Real Estate Managers' time and effort and entail substantial expense.

*Foreign Corrupt Practices Act Considerations.* The Apollo Real Estate Managers are subject to a number of laws and regulations governing payments and contributions to public officials or other parties, including restrictions imposed by the U.S. Foreign Corrupt Practices Act ("FCPA") and other applicable anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, Clients could be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations could make it difficult in certain circumstances for Clients to act successfully on investment opportunities and for portfolio investments to obtain or retain business.

In recent years, the U.S. government has devoted greater resources to enforcement of the FCPA and sanctions and export control laws. A number of other countries have also expanded significantly their enforcement activities, especially in the anti-corruption area. While the Apollo Real Estate Managers have adopted Apollo's policies and procedures, which are designed to ensure strict compliance by the Apollo Real Estate Managers and their personnel with the FCPA, as well as with sanctions and export laws, such policies and procedures could not be effective to prevent violations in all instances. In addition, in spite of Apollo's policies and procedures, portfolio investments or other entities in which a Client is invested could engage in activities that could result in FCPA violations, particularly in cases where a Client does not control such portfolio investment. Any determination that an Apollo Real Estate Manager has violated these laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the Apollo Real Estate Managers' business prospects and/or financial position, as well as a Client's ability to achieve its investment objective and/or conduct its operations.

*Pay-to-Play Laws, Regulations and Policies.* The SEC, as well as the Financial Industry Regulatory Authority, the Municipal Securities Rulemaking Board and certain U.S. states, localities and public instrumentalities, have adopted "pay-to-play" laws, regulations or policies which restrict the political activities of investment managers that seek investment from, or manage funds on behalf of, state and local government entities. Such restrictions can include limits on the ability of the managers to make political contributions to, fundraise for or provide gifts or entertainment to certain state and local candidates, officials and political organizations, as well as obligations to make regular disclosures about such political activities to federal, state or local regulators and to use only parties that are subject to equivalent political activity restrictions in soliciting investment from state and local government entities. In addition, many pay-to-play regimes (including the SEC pay-to-play rule for investment advisers under the Advisers Act Rule



206(4)-5) impute the personal political activities of certain executives and employees, and in some instances their spouses and other immediate family members, to the manager for purposes of potential pay-to-play liability. Violation of pay-to-play laws can lead to the loss of Management Fees, rescission of current commitments and a loss of future investment opportunities. Issues involving pay-to-play violations and alleged pay-to-play violations often receive substantial media coverage and can result in regulatory inquiries from federal, state or local regulators. A failure to comply with applicable pay-to-play laws, regulations or policies by the Apollo Real Estate Managers or a party acting on their behalf could have an adverse effect on Clients.

*Possibility of Fraud and Other Misconduct of Employees and Service Providers.* Misconduct by employees of the Apollo Real Estate Managers, service providers to the Apollo Real Estate Managers or Clients and/or their respective affiliates could cause significant losses to such Clients. Misconduct could include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Clients, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Clients, and non-compliance with applicable laws or regulations (including in the workplace via inappropriate or unlawful behavior or actions directed to other employees) and the concealing of any of the foregoing. Such activities could result in reputational damage, litigation, business disruption and/or financial losses to such Clients. The Apollo Real Estate Managers have controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Apollo Real Estate Managers will be able to identify or prevent such misconduct.

*Changes in Investment Focus.* It is possible that Clients are not restricted in terms of the percentage of their capital that can be invested in a particular industry, geographical region or type of investment. While a Client's Governing Documents generally contain a description of the types of investments that other Clients have historically made and/or information about Apollo's expectations with respect to such Client, many factors could contribute to changes in emphasis in the construction of such Client's portfolio, including changes in market or economic conditions or regulation as they affect various industries and changes in the political or social situations in particular countries. There can be no assurance that the investment portfolio of any Client will resemble the portfolio of any other Client.

*Risks Inherent to Real Estate Investing.* Clients primarily invest in debt and equity investments related to real estate. Real estate historically has experienced significant fluctuations and cycles in performance that could result in reductions in the value of the Clients' investments. 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 to pay the Client's equity investment and a return on such investment, or to pay interest and principal due to the Client or a lender. Revenues and cash flows could be adversely affected by:

- (i) changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics;
- (ii) government regulation including taking or condemnation losses and limitations on rent, such as rent control and rent stabilization;
- (iii) competition from other properties and changes in the supply and demand for competing properties in the area;
- (iv) fluctuations in building occupancy and the financial resources of tenants;
- (v) changes in interest rates and in the state of the debt and equity credit markets, particularly the availability of debt financing which could render the sale or refinancing of properties difficult or impracticable;
- (vi) the ongoing need for capital improvements, particularly in older building structures;
- (vii) changes in real estate tax rates and other Operating Expenses;
- (viii) adverse changes in governmental rules and fiscal policies, civil unrest, acts of God, including earthquakes, hurricanes, floods, fires and other natural disasters, pandemics or other severe public health crises, acts of war or terrorism, which could decrease the availability of or increase the cost of insurance or result in uninsured losses;
- (ix) adverse changes in zoning laws;
- (x) the impact of present or future environmental legislation and compliance with environmental laws;
- (xi) 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
- (xii) other factors that are beyond the Client's control.

*Acquisition of Portfolios of Investments.* Certain Clients seek to purchase entire portfolios or substantial portions of portfolios from market participants in need of liquidity or suffering from adverse valuations. These Clients could be required to bid on such portfolios in a very short time frame and could not be able to perform normal due diligence on the portfolio. Such a portfolio could contain instruments or complex arrangements of multiple instruments that are difficult to understand or evaluate. Such a portfolio could suffer further deterioration after purchase by the Client before it is possible to ameliorate such risk. As a consequence, there is substantial risk that the Apollo Real Estate Manager will not be able to adequately evaluate particular risks or that market movements or other adverse developments will cause the Client to incur substantial losses on such transactions.

*Non-Performing Nature of Loans.* Certain Clients are expected to invest in loans, which carries certain risks. There can be no assurance as to the amount and timing of payments with respect to the loans. The loans could become non-performing and possibly go into default and the obligor and/or relevant guarantor could enter into bankruptcy or liquidation. Although the Apollo Real Estate Manager will attempt to manage risks of investing in loans, there can be no assurance that the Clients' investments will increase in value or that the Clients will not incur significant losses or lose all or substantially all of their investment.

*Credit Market Risks.* There are ongoing disruptions in the credit markets that could adversely affect Apollo Real Estate Managers' ability to finance investments. The effects of ongoing credit market challenges, combined with the ongoing correction in real estate market prices and reduced levels of real estate sales, could result in further price reductions in real estate values, potentially adversely affecting the value of the investments. Declining real estate prices and higher interest rates have caused higher delinquencies and losses on certain mortgage loans, which have exacerbated the current dislocation in the credit markets. These trends could continue. Continued declines in real estate values, sales volumes and financial stress on borrowers as a result of job losses, interest rate resets on adjustable rate mortgage loans or other factors could have further adverse effects on buyers and sellers of real estate, which could adversely affect investments. Further declines in real estate prices coupled with an economic recession and associated rises in unemployment levels could have a material adverse effect on the Clients investments and the overall performance investments.

*Development and Construction Risks.* The development and construction of real estate assets is subject to timing, budgeting and other risks that could adversely affect the Clients' operating results. Any renovation, redevelopment, development and related construction activities could subject Clients to a number of risks, including risks associated with:

- (i) construction delays or cost overruns that could increase project costs; delays in obtaining or the inability to obtain zoning, occupancy and other required government permits and authorizations;
- (ii) development costs incurred for projects that are not pursued to completion;
- (iii) acts of God such as earthquakes, hurricanes, floods fires and other natural disasters that could adversely impact a project;
- (iv) ability to raise capital;
- (v) inability to rent space in, or sell units in, newly developed projects;
- (vi) inability to repay construction or land loans at maturity;
- (vii) liability under completion, operating, deficiency or other guarantees which could be issued to the Client; and
- (viii) governmental restrictions on the nature or size of a project.

The Clients' inability to complete a project on time or within budget could adversely affect the

value of, and return on, an investment.

*Investments and Acquisitions Through Other Partnerships and Joint Ventures.* Instead of purchasing properties directly, Clients could invest as a partner or a co-venturer with an unaffiliated third party. Partnership or joint venture investments could, 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 could become bankrupt, or could at any time have economic or business interests or goals which are inconsistent with those of the Clients, could fail to fund their share of required capital contributions or otherwise default on their obligations, could make dubious business decisions or could block or delay necessary decisions. Such a partner or co-venturer could 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 could 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 could 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 could 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 could 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.

*Lack of Liquidity of Investments.* Real estate investments are relatively illiquid, and some are highly illiquid. Such illiquidity could limit the Clients' ability to vary their portfolios of investments in response to changes in economic and other conditions. Illiquidity could result from the absence of an established market for investments, as well as the legal or contractual restrictions on their resale. In addition, illiquidity could 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 real estate investment trusts) could 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 markets 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 could invest in loans with maturity dates that are later than the dates such funds are expected to terminate. As a result, a Client could have to sell, distribute or otherwise dispose of its investments at a disadvantageous time as a result of dissolution.

*Co-Investor Risks.* The economic participation of Co-Investors in an investment opportunity could be substantial and could involve greater risks than an investment in which there are no Co-

Investors. The risks could be even greater where the Co-Investors are not other Clients or persons with whom Apollo has a pre-existing relationship. For example, it is possible that a Co-Investor could at any time: (i) have economic or business interests or goals that are inconsistent with those of an Apollo Real Estate Manager; (ii) take a different management or macro view from an Apollo Real Estate Manager for the investment; or (iii) be in a contractual position to take actions contrary to what the Apollo Real Estate Manager would have done in such circumstance had it been able to control the decision. In addition, Clients could in certain circumstances become liable for the actions or omissions of Co-Investors (by way of example, and without limitation: (i) in connection with indemnification obligations to the extent jointly assumed by Clients and Co-Investors; (ii) with respect to actions or omissions of Co-Investors resulting in fees, costs or expenses that are not borne by such Co-Investors which could occur under a variety of circumstances; (iii) to the extent a Co-Investor fails to meet its capital obligations; and (iv) to the extent such Clients are deemed to have been acting as agents (or are deemed to be acting with the apparent authority) of such Co-Investors).

*Possible Lack of Diversification.* A significant portion of a Client's capital could be invested in a single portfolio investment, which could result in a substantial adverse impact on such Client if there is a loss. A Client's investments could be concentrated in one or more industries. Concentration of investments in a single asset, security, industry or geographic region will make the Client's portfolio more susceptible to fluctuations in value resulting from adverse economic and business conditions in those sectors.

*Leverage.* Clients will often leverage investments with debt financing at the Client or portfolio investment level. Although the use of leverage could enhance returns and increase the number of investments that can be made, it could also substantially increase the risk of loss. The leveraged capital structure of portfolio investments will increase the exposure of the portfolio investments to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the portfolio investment or its industry, which could impair such portfolio investment's ability to finance its future operations and capital needs and result in restrictive financial and operating covenants. Under such circumstances, a portfolio investment's flexibility to respond to changing business and economic conditions could be limited. If, for any reason, a portfolio investment is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness or make regular dividend payments, the value of the relevant Client's portfolio investment could be significantly reduced or even eliminated. The ability of the portfolio investments to refinance debt securities could depend on their ability to sell new securities in the debt markets or otherwise or to raise capital in the leveraged finance debt markets, which historically have been cyclical with regard to the availability of financing. The availability of debt facilities could be further limited following guidance issued by the Federal Reserve, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation relating to loans to highly leveraged companies. The debt financing utilized by Clients to leverage investments could be collateralized by any assets of the Client (and could be cross-collateralized with the assets of any parallel fund or alternative investment vehicle of the applicable Client or any portfolio investment, and such entities could be held jointly and severally liable for the full amount of the obligations arising out of such debt financing).

*Bridge Financings.* From time to time, Clients could provide interim financing to portfolio investments or could "underwrite" co-investment capital in order to facilitate an investment,

typically on a short-term and unsecured basis in anticipation of a future issuance of equity or long-term debt securities, repayment, refinancing or “sell-down” to Co-Investors. For reasons not always in a Client’s control, such bridge financings could not be repaid, refinanced or “sold-down” to Co-Investors or such equity or long-term debt securities could not be issued to Clients, in which case, the Client’s exposure to the applicable investment could be larger than originally intended or desired and such bridge financings could remain outstanding. Furthermore, the interest rate (if any) on a bridge financing could not adequately reflect the risk associated with the unsecured position taken by the Client.

*Additional Capital.* Clients can be expected to make additional investments for, among other reasons, the funding of add-on acquisitions or repayment of indebtedness by a portfolio investment or other obligations, contingencies or liabilities to satisfy working capital requirements or capital expenditures or in furtherance of a portfolio investment’s or any of its affiliates’ strategies. The amount of additional capital needed will depend upon the objectives of the Client and the particular portfolio investment. In addition, Clients could make additional debt and equity investments for purposes of, for example, exercising their pre-emptive rights or warrants or options or converting convertible securities that were issued in connection with an existing portfolio investment in order to, among other things, preserve the Client’s proportionate ownership when a subsequent equity or debt financing is planned, to protect the Client’s investment when, for example, such portfolio investment’s performance does not meet expectations, to enhance the value of an existing investment or in anticipation of disposition, refinancing, recapitalization or other transactions. There can also be no assurance that the portfolio investments will be able to predict accurately the future capital requirements necessary for success or whether or not additional funds will be needed or available from the Client or other financing source. There can be no assurance that Clients will make additional investments or that they will have sufficient funds or the ability to do so. Any decision by Clients not to make an additional investment or their inability to make such an investment could have a substantial negative impact on a portfolio investment or could diminish the Client’s ability to influence the portfolio investment’s future development. The general partner of a Client is authorized to determine what constitutes an additional investment and the entities that comprise the portfolio investment for purposes of determining if an investment is an authorized additional investment under the circumstances. Potential conflicts of interest could arise in such circumstance.

*Financing Arrangements.* To the extent that a Client enters into financing arrangements in the future, such arrangements could 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 could enter into financing arrangements that contain financial covenants that could require them to maintain certain financial ratios or other metrics. If a Client were to breach the financial covenants contained in any such financing arrangement, it could be required to repay such debt immediately, in whole or in part, together with any attendant costs and the Client could be forced to sell some of its assets to fund such costs. Certain Clients could 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) that 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 could be required to honor their capital commitments to permit the Client to pay debt rather than to make investments.

*Adjustments to Terms of Investments.* The terms and conditions of the loan agreements and related assignments could be amended, modified or waived only by the agreement of the lenders. Generally, any such agreement must include a majority or a supermajority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation arising from loan agreements could be modified, amended or waived in a manner contrary to the preferences of the Apollo Real Estate Manager on behalf of a Client, if a sufficient number of the other lenders concurred with such modification, amendment or waiver. There can be no assurance that any obligations arising from a loan agreement will maintain the terms and conditions to which a Client originally agreed. Because a Client could invest through participation interests and derivative securities it is possible that a Client could not be entitled to vote on any such adjustment of terms of such agreements. The exercise of remedies could also be subject to the vote of a specified percentage of the lenders thereunder. The Apollo Real Estate Manager will have the authority to cause a Client to consent to certain amendments, waivers or modifications to the investments requested by obligors or the lead agents for loan syndication agreements. The Apollo Real Estate Manager could, in accordance with its investment management standards, cause a Client to extend or defer the maturity, adjust the outstanding balance of any investment, reduce or forgive interest or fees, release material collateral or guarantees, or otherwise amend, modify or waive the terms of any related loan agreement, including the payment terms thereunder. The Apollo Real Estate Manager will make such determinations in accordance with its investment management standards. Any amendment, waiver or modification of an investment could adversely impact a Client's investment returns.

*Investments in Structured Products.* Some Clients invest in securities backed by, or representing interests in, certain underlying instruments ("structured products"). The cash flow on the underlying instruments could be apportioned among the structured products to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to the structured products is dependent on the extent of the cash flow on the underlying instruments. Some Clients could invest in structured products that represent derived investment positions based on relationships among different markets or asset classes. The performance of a structured product will be affected by a variety of factors, including its priority in the capital structure of the issuer, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. The risks associated with structured products involve the risks of loss of principal due to market movement. In addition, investments in structured products could be illiquid in nature, with no readily available secondary market. Because they are linked to their underlying markets or securities, investments in structured products generally are subject to greater volatility than an investment directly in the underlying market or security. Total return on a structured product is derived by linking the return to one or more characteristics of the underlying instrument. Because certain structured products of the type in which a Client could invest could involve no credit enhancement, the credit risk of those

structured products generally would be equivalent to that of the underlying instruments. A Client could invest in a class of structured products that is either subordinated or unsubordinated to the right of payment of another class. Subordinated structured products typically have higher yields and present greater risks than unsubordinated structured products.

*Investments in Distressed Securities.* A portion of the Client's investments could also be obligations or securities that are unrated or rated below investment grade by recognized rating services such as Moody's and Standard & Poor's. Securities rated below investment grade and unrated securities generally offer a higher current yield than that available from higher grade issues but typically involve greater risk. Securities rated below investment grade and unrated securities are typically subject to adverse changes in general economic conditions, changes in the financial condition of their issuers and price fluctuation in response to changes in interest rates. During periods of economic downturn or rising interest rates, issuers of securities rated below investment grade and unrated securities could experience financial stress that could adversely affect their ability to make payments of principal and interest and increase the possibility of default. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, could also decrease the values and liquidity of securities rated below investment grade and unrated securities, especially in a market characterized by a low volume of trading. In addition, the secondary market for high-yield securities, which is concentrated in relatively few market makers, could not be as liquid as the secondary market for more highly rated securities. As a result, the Client could find it more difficult to sell these securities or could only be able to sell the securities at prices lower than if such securities were widely traded.

*Board Participation.* Apollo partners, principals and employees will serve as directors of some portfolio investments of Clients and, as such, would have duties to persons other than the investing Client. Although holding board positions could be important to the investing Client's investment strategy and could enhance the ability of the Client, its general partner and the relevant Apollo Real Estate Manager to manage investments, director seats could also have the effect of impairing the general partner's ability to sell the related securities and other financial instruments when, and upon the terms, it could otherwise desire, and could subject the general partner, relevant Apollo Real Estate Manager, and investing Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Client will indemnify its general partner and relevant Apollo Real Estate Manager from such claims.

*Control Person Liability.* Clients could have controlling interests in a number of their portfolio investments. The fact that the Client or its general partner or relevant Apollo Real Estate Manager exercises control or exerts influence (or merely has the ability to exercise control or exert influence) over a company could impose risks of liability (including, without limitation, under various theories of parental liability and piercing the corporate veil doctrines) for, among other things, environmental damage, product defects, employee benefits (including, without limitation, pension and other fringe benefits), failure to supervise management, violation of laws and governmental regulations (including, without limitation, securities laws, anti-trust laws, employment laws, anti-bribery (and other anti-corruption) laws) and other types of liability for which the limited liability characteristic of business ownership and the Client itself (and the limited liability structures that could be utilized by the Client in connection with its ownership of portfolio investments or otherwise) could be ignored or pierced, as if such limited liability characteristics or



structures did not exist for purposes of the application of such laws, rules, regulations and court decisions. These risks of liability could arise pursuant to U.S. and non-U.S. laws, rules, regulations, court decisions or otherwise (including, without limitation, the laws, rules, regulations and court decisions that apply in jurisdictions in which portfolio investments or their subsidiaries are organized, headquartered or conduct business). Such liabilities could also arise to the extent that any such laws, rules, regulations or court decisions are interpreted or applied in a manner that imposes liability on all persons that stand to economically benefit (directly or indirectly) from ownership of portfolio investments, even if such persons do not exercise control or otherwise exert influence over such portfolio investments (e.g., investors in the Client). Lawmakers, regulators and plaintiffs have recently made (and could continue to make) claims along the lines of the foregoing, some of which have been successful. If these liabilities were to arise with respect to a Client or its portfolio investments, such Client could suffer significant losses and incur significant liabilities and obligations. The having or exercise of control or influence over a portfolio investment could expose the assets of a Client, its general partners, relevant Apollo Real Estate Manager and respective affiliates to claims by such portfolio investment, its security holders and its creditors and regulatory authorities or other bodies. While Apollo Real Estate Managers intend to manage Clients to minimize exposure to these risks, the possibility of successful claims cannot be precluded, nor can there be any assurance to whether such laws, rules, regulations and court decisions will be expanded or otherwise applied in a manner that is adverse to a portfolio investment and the Client. Moreover, it is possible that, when evaluating a potential portfolio investment, the general partner or the Apollo Real Estate Manager of a Client could choose not to pursue or consummate such portfolio investment, if any of the foregoing risks could create liabilities or other obligations for any Client, its general partner, the Apollo Real Estate Manager or any of their respective affiliates.

*Environmental Matters.* Ordinary operation or the occurrence of an accident with respect to a portfolio investment could cause major environmental damage, which could result in significant financial distress to such portfolio investment, even if covered by insurance. In addition, persons who arrange for the disposal or treatment of hazardous materials could also be liable for the costs of removal or remediation of these materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by those persons. Certain environmental laws and regulations could require that an owner or operator of an asset address prior environmental contamination, which could involve substantial cost and other liabilities. Such laws and regulations often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of environmental contamination and could impose joint and several liability (including, without limitation, amongst the Clients and the applicable portfolio investment) or liabilities or obligations that purport to extend to (and pierce any corporate veil that would otherwise protect) the ultimate beneficial owners of the owner or operator of the relevant property or operating company that stand to financially benefit from such property's or company's operations. Clients could therefore be exposed to substantial risk of loss from environmental claims arising in respect of their investments. Furthermore, changes in environmental laws or regulations or the environmental condition of an investment could create liabilities that did not exist at the time of a Client's acquisition and that could not have been foreseen. Community and environmental groups could protest about the development or operation of portfolio investment assets, which could induce government action to the detriment of Clients. New and more stringent environmental or health and safety laws, regulations and permit requirements, or stricter interpretations of current laws, regulations or requirements, could impose substantial additional

costs on a portfolio investment, or could otherwise place a portfolio investment at a competitive disadvantage compared to other companies, and failure to comply with any such requirements could have an adverse effect on a portfolio investment. Even in cases where Clients are indemnified by the seller with respect to an investment against liabilities arising out of violations of environmental laws and regulations, there can be no assurance as to the financial viability of the seller to satisfy such indemnities or the ability of Clients to achieve enforcement of such indemnities. Moreover, it is possible that, when evaluating a potential portfolio investment, the general partner or the management company of a Client could choose not to pursue or consummate such portfolio investment, if any of the foregoing risks could create liabilities or other obligations for any Client, its general partner, management company or any of their respective affiliates.

*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 financial instruments in a portfolio investment generally could do so on the basis of the company's financial projections. Projected operating results normally will 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 could 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.

*Lender Liability Risks.* Clients, to the extent they invest in debt instruments, could be exposed to lender liability risks including equitable subordination. In recent years, a number of judicial decisions in the U.S. 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 could 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 such that the Client would be equitably subordinated.

*Mortgage REITs.* Clients could 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: (i) both the domestic and international general economic climates; (ii) local real estate conditions; (iii) risks due to dependence on cash flow; (iv) risks and

operating problems arising out of the absence of certain construction materials; (v) changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); (vi) the financial condition of tenants, buyers and sellers of properties; (vii) changes in availability of debt financing, energy and supply; (viii) changes in the tax, real estate, environmental and zoning laws and regulations; (ix) various uninsured or uninsurable risks or natural disasters; and (x) the ability of the Clients' or third-party borrowers to manage the real properties. In addition, Clients could incur the burden of ownership of real property, which includes 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 could be presented by the type and use of a particular property or target asset class; (iii) risks that the issuer of the security could 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 small- and medium-size 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 & Poor's 500 Index.

*Counterparty Risk.* A number of the markets in which a Client or any of its portfolio investments could affect its transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a Client or such portfolio investment to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Client or such portfolio investment to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events could intervene to prevent settlement, or where a Client has concentrated its transactions with a single or small group of counterparties. A Client is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of a Client to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement could increase the potential for losses by a Client.

*Debt Instruments Generally.* Debt could be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which could be secured. Moreover, such debt investments could not be protected by financial covenants or limitations upon additional indebtedness, and there is generally no minimum credit rating for such debt investments. Other factors could materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions. It is likely that many of the debt instruments in which Clients invest have speculative characteristics. Generally, such securities offer a higher return potential than higher-rated securities but involve greater volatility of price and greater risk of loss of income and principal. The issuers of such instruments (including sovereign issuers) could face significant ongoing uncertainties and exposure to adverse conditions that could undermine the issuer's ability to make

timely payment of interest and repayment of principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic downturn could severely disrupt the market for most of these instruments and could have an adverse impact on the value of such instruments. It also is likely that any such economic downturn could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default for such instruments.

*High-Yield Securities.* One or more Clients will invest in high-yield securities. Such securities are generally not exchange-traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, Clients will invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities that react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and could not have available to them more traditional methods of financing. It is possible that a major economic downturn, could severely disrupt the market for such securities and could have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

*Interest Rate Risk.* Changes in interest rates can affect the value of a Client's investments in fixed income instruments. Increases in interest rates could cause the value of a Client's investments to decline. Certain Clients could experience increased interest rate risk to the extent they invest, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

*LIBOR Risk.* On July 27, 2017, the FCA announced its intention to begin to cease sustaining the London Inter-Bank Offered Rate ("LIBOR") at the end of 2021 and indicated its intent that, after 2021, it will no longer be necessary for the FCA to persuade or compel banks to submit LIBOR quotations. More recently, on March 5, 2021, the ICE Benchmark Administration ("IBA"), the administrator of LIBOR, publicly announced that as a result of its not having access to input data necessary to calculate LIBOR settings on a representative basis, it would have to cease publication of all tenors of euro, sterling, Swiss franc, Japanese yen and 1-week and 2-month USD LIBOR immediately after December 31, 2021 and all other tenors of USD LIBOR immediately after June 30, 2023. The IBA did not identify any successor administrator in its announcement. The IBA also noted that the FCA, as the regulatory supervisor for the IBA, could, at a later date, use proposed new powers to require the IBA to publish LIBOR settings on a synthetic basis.

However, U.S. banking regulators have made clear that USD LIBOR originations should end by no later than December 30, 2021, and that new LIBOR originations prior to that date must provide

for an alternative reference rate or a hardwired fallback. The Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions convened by the Federal Reserve, has recommended replacing U.S.-dollar LIBOR with the Secured Overnight Financing Rate (“SOFR”), a new index calculated by short-term repurchase agreements, backed by U.S. Treasury Instruments. Further, the International Swaps and Derivatives Association, Inc. recently announced fallback language for LIBOR-referencing derivatives contracts that also provides for SOFR as the primary replacement rate in the event of a LIBOR cessation.

SOFR is calculated based on overnight transactions under repurchase agreements, backed by Treasury securities. SOFR is observed on a daily basis and backward looking, which stands in contrast with LIBOR under the current methodology, which is an estimated forward-looking rate for specified tenors and relies, to some degree, on the expert judgment of submitting panel members. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). SOFR is therefore likely to be lower than LIBOR and is less likely to correlate with the funding costs of financial institutions. As a result, parties could seek to adjust the spreads relative to such reference rate in underlying contractual arrangements.

It remains unclear whether alternative reference rates, such as SOFR, will attain market acceptance as replacements for LIBOR, and as of the date of this Brochure, there is no definitive successor rate. As such, it is not possible to predict all potential effects of these changes on U.S. and global credit markets, the establishment and success of any alternative reference rates, or any other reforms or legislation related to LIBOR or any replacement of LIBOR that could be enacted in the UK, the U.S. or elsewhere. If LIBOR in its current form does not survive, it could cause a disruption in the credit markets generally. Such a disruption could negatively impact the market value and liquidity of assets held by and interests issued by AGREM Clients and could have an adverse impact on AGREM’s ability to obtain financing and the terms of any financing obtained on behalf of Clients.

Actions by regulatory authorities, financial institutions or others to phase out, modify or eliminate LIBOR or to propose or require transition to a particular alternative benchmark in a certain manner upon the occurrence of one or more future events could cause one or more of the following, among other things, to occur: (i) an increase in the volatility of LIBOR prior to the consummation of any such change; (ii) an increase in the portion of assets held by AGREM or its Clients that calculate interest based on a benchmark rate other than LIBOR or bear interest at a fixed rate (which could result in decreased interest payable with respect thereto); or (iii) increased pricing volatility with respect to and liquidity of such assets.

It is uncertain whether broad replacement conventions will develop or be required by relevant regulators and, if conventions develop, what those conventions will be, whether they will be similar to each other and whether they (or any of them) will create adverse consequences for Clients. If no such conventions develop or if changes in the relevant benchmark rate with respect to an asset or a financing are dependent upon mutually agreed amendments thereto by the parties, it is uncertain what effect broadly divergent interest rate calculation methodologies in the markets or timing with respect to such amendments will have on: (i) the price and liquidity of credit assets or on mismatches between the assets and related financings; or (ii) the ability of an obligor or of a

Client, as applicable, to obtain new financing when necessary to pay or refinance any existing debts. While a borrower (whether a Client with respect to a financing or a counterparty to an asset held by a Client) could enter into an amendment with relevant lenders for the relevant debt to bear interest based on an alternative reference rate instead of LIBOR (or be permitted to designate an alternative reference rate with respect thereto) or agree for a future hardwired amendment to provide for an alternative reference rate instead of LIBOR upon the occurrence of certain events, there can be no assurance that any such amendment or designation: (i) will occur; (ii) will effectively mitigate interest rate risks (including mismatches between the methodology and/or timing for determining alternative reference rates as between its assets and a financing); (iii) will occur into prior to any date on which a borrower suffers adverse consequences from the phase out, elimination or modification or potential phase out, elimination or modification of LIBOR; or (iv) will not have a material adverse effect on Clients.

*Investments in Equity Securities Generally.* One or more Clients are expected to hold investments in equity securities and equity security-related derivatives. Investments in equity securities of small or medium-sized market capitalization companies will have more limited marketability than the securities of larger companies. In addition, securities of smaller companies could have greater price volatility. Investment in equity securities could also arise in connection with a Client's debt investment opportunities and could be accompanied by "equity-kickers" or warrants, as well as in the form of equity investments in Platform Investments, to the extent that any such Platform Investment is allocated to Clients and not Apollo in accordance with Apollo's policies and procedures. An Apollo Real Estate Manager could choose to cause a Client to short the equity of an issuer when another technique is not available, most notably a bond or some other derivative. In addition, a Client could be forced to accept equity in certain circumstances. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, a Client could suffer losses if it invests in equity instruments of issuers whose performance diverges from the Apollo Real Estate Manager's expectations or if equity markets generally move in a single direction and a Client has not hedged against such a general move. A Client also could be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of private placements, registering restricted securities for public resale. In addition, equity securities fluctuate in value in response to many factors, including the activities and financial condition of individual companies, geographic markets, industry market conditions, interest rates and general economic environments. Holders of equity securities could be wiped out or substantially reduced in value in a bankruptcy proceeding or corporate restructuring.

*Investments in Bank Loans and Participations.* One or more Clients will invest in bank loans and participations. The special risks associated with investing in these obligations include: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) environmental liabilities that could arise with respect to collateral securing the obligations; (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; (iv) limitations on the ability of a Client or the Apollo Real Estate Manager to directly enforce any of their respective rights with respect to participations; and (v) generation of income that is subject to U.S. federal income taxation as income effectively connected with a U.S. trade or business. The Apollo Real Estate Manager will attempt to balance the magnitude of these risks against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these

and other risks, absent bad faith, could be borne by a Client. Bank loans generally are transferable among financial institutions and other entities. However, they do not presently have the liquidity of conventional debt securities and are often subject to restrictions on resale. For example, third-party approval is often required for the assignment of interests in bank loans. Due to the illiquidity of bank loans, an Apollo Real Estate Manager could not be able to dispose of a Client's investments in bank loans in a timely fashion and at a fair price, which could adversely affect the performance of such Client. With respect to bank loans acquired as participations by a Client, because the holder of a participation generally has no contractual relationship with a borrower, such Client will have to rely upon a third party to pursue appropriate remedies against a borrower in the event of a default. As a result, such Client could be subject to delays, expenses and risks that are greater than those that would be involved if it could enforce its rights directly against a borrower or through the agent. Bank loans acquired as participations also involve the risk that the Client could be regarded as a creditor of a third party rather than a creditor of the borrower. In such a case, the Client would be subject to the risk that a selling participant could become insolvent. A borrower of a bank loan, in some cases, could prepay the bank loan. Prepayments could adversely affect a Client's interest income to the extent that the Apollo Real Estate Manager is unable to reinvest promptly payments in bank loans or if such prepayments were made during a period of declining interest rates.

*Non-Performing Nature of Loans.* The investment portfolio of Clients will include loans, which could be non-performing and possibly in default. Furthermore, the obligor and/or relevant guarantor could also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments with respect to such loans. Although the Apollo Real Estate Manager will attempt to manage these risks, there can be no assurance that these investments will increase in value or that a Client will not incur significant losses.

*Subordinated Loans or Securities.* Certain of a Client's investments will consist of loans or securities, or interests in pools of securities that are subordinated or could be subordinated in right of payment and ranked junior to other securities issued by, or loans made to obligors. If an obligor experiences financial difficulty, holders of its more senior securities will be entitled to payments in priority to a Client. Some of a Client's asset-backed investments could also have structural features that divert payments of interest and/or principal to more senior classes of loans or securities backed by the same assets when loss rates or delinquency exceeds certain levels. This could interrupt the income a Client receives from its investments, which could lead to such Client having less income to distribute to investors. In addition, many of the obligors are highly leveraged and many of a Client's investments will be in debt instruments which are unrated or rated below investment grade. Such investments are subject to additional risks, including an increased risk of default during periods of economic downturn, the possibility that the obligor could not be able to meet its debt payments and limited secondary market support, among other risks.

*Loans to Private Companies.* Loans to private companies, including middle-market companies, involve risks that could not exist in the case of large, more established and/or publicly traded companies, including, without limitation:

- (i) these companies could have limited financial resources and limited access to additional financing, which could increase the risk of their defaulting on their obligations, leaving

creditors, such as a Client, dependent on any guarantees or collateral that they could have obtained;

- (ii) these companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render such companies more vulnerable to competition and market conditions, as well as general economic downturns;
- (iii) there will not be as much information publicly available about these companies as would be available for public companies and such information could not be of the same quality;
- (iv) these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations;
- (v) these companies generally have less predictable operating results, could from time to time be parties to litigation, could be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and could require substantial additional capital to support their operations, finance their expansion or maintain their competitive position; and
- (vi) these companies could have difficulty accessing the capital markets to meet future capital needs, which could limit their ability to grow or to repay their outstanding indebtedness upon maturity.

*Loan Origination.* Subject to the Governing Documents of a Client, as well as other considerations, such as tax, some Clients originate loans, including, but not limited to, secured and unsecured notes, senior and second lien loans, mezzanine loans and other similar investments. A Client could subsequently offer such investments for sale to third parties (including by participation), which could include other Clients; provided that there is no assurance that the Client will complete the sale of such an investment. Further, the decision by any Client to accept or reject the offer could be made by a party independent of the Apollo Real Estate Manager, such as independent directors of such Client or an advisory or credit committee composed of individuals who are not affiliated with Apollo. In determining the target amount to allocate to such an investment, an Apollo Real Estate Manager could take into consideration the fact that it could sell, assign or offer participations in such investment to the third parties described above. If the Client is unable to sell, assign (including by participation) or successfully close transactions for the loans that it originates, the Client will be forced to hold its interest in such loans for an indeterminate period of time. This could result in the Client's investments being over-concentrated in certain borrowers.

*Investments in Structured Products.* Some Clients invest in securities backed by, or representing interests in, certain underlying instruments ("structured products"). The cash flow on the underlying instruments could be apportioned among the structured products to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions. The extent of the payments made with respect to the structured products is dependent on the extent of the cash flow on the underlying instruments. Some Clients could invest in structured products that represent derived investment positions based on relationships among different markets or asset classes. The performance of a structured product will be affected by a



variety of factors, including its priority in the capital structure of the issuer, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. The risks associated with structured products involve the risks of loss of principal due to market movement. In addition, investments in structured products could be illiquid in nature, with no readily available secondary market. Because they are linked to their underlying markets or securities, investments in structured products generally are subject to greater volatility than an investment directly in the underlying market or security. Total return on a structured product is derived by linking the return to one or more characteristics of the underlying instrument. Because certain structured products of the type in which a Client could invest could involve no credit enhancement, the credit risk of those structured products generally would be equivalent to that of the underlying instruments. A Client could invest in a class of structured products that is either subordinated or unsubordinated to the right of payment of another class. Subordinated structured products typically have higher yields and present greater risks than unsubordinated structured products.

*Lower Credit Quality Securities.* Clients generally do have restrictions on the credit quality of investments. Securities in which a Client could invest could be deemed by rating companies to have substantial vulnerability to default in payment of interest and/or principal. Other securities could be unrated. Lower-rated and unrated securities in which a Client could invest have large uncertainties or major risk exposures to adverse conditions and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher-rated securities but involve greater volatility of price and greater risk of loss of income and principal. The market values of certain of these securities (such as subordinated securities) also tend to be more sensitive to changes in economic conditions than higher rated securities. Declining real estate values, in particular, will increase the risk of loss upon default, and could lead to a downgrading of the securities by rating agencies. The value of such securities could also be affected by changes in the market's perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies. In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. These ratings could be used by the Apollo Real Estate Manager as initial criteria for the selection of portfolio securities. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency could not change its rating of a particular issue on a timely basis to reflect subsequent events.

*Investments in Convertible Securities.* Convertible securities are bonds, debentures, notes, preferred stocks or other securities that could be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally: (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics;

and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its “investment value” (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its “conversion value” (the security’s worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors could also have an effect on the convertible security’s investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security could be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by a Client is called for redemption, such Client will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party.

*Risks of Investments in Special Situations.* Some Clients, subject to their Governing Documents, will seek to invest in “event-driven” and other special situations, such as recapitalizations, spin-offs, restructurings, reorganization, bankruptcy, litigation, corporate control transactions, corporate events and other catalyst-oriented strategies. At the time, the Apollo Real Estate Manager believes these types of investments often have limited downside risk relative to their current valuations. The Apollo Real Estate Manager could, however, be incorrect in its assessment of the downside risk associated with an investment, thus resulting in significant losses to the Client. Investments in such securities often are difficult to analyze or could have limited trading histories or in-depth research coverage. Although the Apollo Real Estate Manager intends to utilize appropriate risk management strategies, such strategies cannot fully insulate a Client from the risks inherent in its planned activities. Moreover, in certain situations the Apollo Real Estate Manager could be unable to, or could choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

*Non-U.S. Investments Generally.* A Client, subject to its Governing Documents, will be permitted to make investments in countries outside of the U.S., some of which could prove to be unstable. Non-U.S. investments involve certain risks not typically associated with investing in the U.S., including risks relating to: (i) currency exchange matters, such as fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Client’s non-U.S. investments could be denominated and costs associated with the conversion of investment principal and income from one currency into another; (ii) the imposition or modification of foreign exchange controls; (iii) the unpredictability of international trade patterns; (iv) differences between U.S. and non-U.S. markets, including potential price volatility in, and relative illiquidity of, some

non-U.S. markets; (v) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation across some countries; (vi) certain economic, social and political risks, including restrictions on non-U.S. investment and repatriation of capital, the risks of economic, social and political instability (including the risk of war, terrorism, social unrest or conflicts) and the possibility of nationalization, confiscatory taxation or expropriation of assets; (vii) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such non-U.S. investments; (viii) different bankruptcy laws and customs; and (ix) less developed corporate laws regarding, among other things, fiduciary duties and the protection of investors. In addition, laws and regulations of non-U.S. countries could impose restrictions that would not exist in the U.S. and could require financing and structuring alternatives that differ significantly from those customarily used in the U.S. The Apollo Real Estate Manager will analyze risks in the applicable non-U.S. countries before making such investments, but no assurance can be given that a change in political or economic climate, a lack of reliable and less detailed information than information typically available from U.S. investments or particular legal or regulatory risks could not adversely affect an investment.

*Investments in SPACs.* Clients could invest in, facilitate the acquisition of companies by, and exit portfolio investments through the use of, SPACs. A SPAC is a single-use vehicle incorporated for the purpose of raising capital through an initial public offering to fund the acquisition, through a merger, capital stock exchange, asset acquisition or other similar business combination, of one or more operating businesses. After the acquisition of a target company, a SPAC typically would exercise control over the management of such target company to increase the target company's value. Capital raised through the initial public offering of securities of a SPAC is typically placed into a trust until the target company is acquired or a predetermined period of time elapses. Investors in a SPAC typically would receive a return on their investment in the event that a target company is acquired and such target company's value increased. If a SPAC is unable to locate and acquire a target company (or target companies) by the deadline, the SPAC would be forced to liquidate its assets, which could result in losses due to the SPAC's expenses and liabilities.

There are a number of risks associated with investing through SPACs, including: (i) because a SPAC is typically created without a specifically-identified acquisition target, it could never, or only after an extended period of time, find and execute a suitable transaction, during which period the capital committed to or invested in the SPAC will not be available for other uses; (ii) SPACs invest in single assets and not diversified portfolios, and investments therein are therefore subject to significant concentration risk; (iii) SPACs are exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so investors in SPACs are not afforded the benefits or protections of those rules; (iv) SPACs could generate substantial fees, costs and expenses (including fees that accrue to the benefit of Apollo without any offset against fees payable by Clients), which are typically borne by the investors therein (in some cases, regardless of whether, or when, the SPAC consummates a transaction); (v) the value of any target company could decrease following its acquisition by a SPAC; (vi) the value of the funds invested and held in the trust could decrease as the SPAC is locating a target by the deadline; (vii) if a SPAC is unable to consummate a business combination, Clients are forced to wait until the deadline before liquidating distributions are made; (viii) redemption rights make SPACs unattractive to targets or preclude SPACs from completing a

business combination; and (ix) the use of SPACs as an investment tool has only recently become more widespread, and there remains substantial uncertainty regarding the viability of SPAC investing on a large scale, the supply of desirable transactions relative to the pace at which SPACs are currently being formed and whether regulatory, tax or other authorities will implement additional or adverse policies relating to SPACs and SPAC investing.

In addition, SPACs can raise capital through offering – and SPAC investors, which could include Clients, could ultimately hold in the ultimate target business – common equity, preferred equity, equity-linked instruments, debt or other types of instruments, each of which is subject to the risks associated with such instruments. If a SPAC completes a business combination, it will be affected by numerous risks inherent in the business operations of the acquired company or companies. Further, as described herein, Apollo is subject to conflicts of interest, including with respect to its sponsorship of, or its or Clients' investments in, SPACs. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

*Investments in PIPES.* A Client could invest in privately placed securities, including common stock, preferred stock, convertible securities and equity linked securities of public companies (“PIPES”), including in connection with SPAC investments (including those that are sponsored by Apollo). PIPES offer the opportunity for significant gains, but also involve a high degree of risk, including the complete loss of capital. Among these risks are the general risks associated with investing in companies operating at a loss or with substantial variations in operating results from period to period and investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies could face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Securities of any such portfolio investment will likely be thinly traded and undercapitalized and will therefore be more sensitive to adverse business or financial developments. In the event that any such portfolio investment is unable to generate sufficient cash flow or raise additional equity capital to meet its projected cash needs, the value of a Client's investment in such portfolio investment could be significantly reduced or even lost entirely.

*Back Leverage.* A Client could: (i) create an investment vehicle, contribute such Client's assets to such investment vehicle (or make one or more investments directly through such investment vehicle) and cause such investment vehicle to make borrowings; or (ii) cause multiple such investment vehicles to engage in joint borrowings and/or cross-collateralize with one another. Any arrangements entered into by any such vehicle or entity (and not the Client itself), will not be considered borrowings by such Client for purposes of the limitations on borrowings (or any limits on issuing additional interests) by such Client that are set forth in its Governing Documents. In either case of (i) or (ii), such investment vehicle(s) will not be treated as a single investment if multiple portfolio investments are pledged to and at risk in relation to a borrowing with respect to one single portfolio investment. In connection with the foregoing, distributions from one investment could be used to pay interest and/or principal on borrowing secured by other portfolio investments, which amounts will also not be treated as investments by a Client for purposes of any investment limitations. The use of back leverage potentially enhances the return profile of these investments and a Client overall, but also increases the risk of the applicable investment, including

the risks associated with collateralized investments held through the same leverage facilities. If a Client were to create one or more of such investment vehicles, such Client would depend on distributions from an investment vehicle's assets out of its earnings and cash flows to enable it to make distributions to its investors. The ability of such an investment vehicle to make distributions will be subject to various limitations, including the terms and covenants of the debt it issues. For example, tests (based on interest coverage or other financial ratios or other criteria) could restrict a Client's ability, as the holder of an investment vehicle's common equity interests, to receive cash flow from these investments. There is no assurance any such performance tests will be satisfied. Also, an investment vehicle could take actions that delay distributions in order to preserve ratings and to keep the cost of present and future financings lower. As a result, there could be a lag, which could be significant, between the repayment or other realization on a loan in, and the distribution of cash out of, such an investment vehicle, or cash flows could be partially or completely restricted for the life of the relevant investment vehicle.

*Lender Liability and Equitable Subordination.* In recent years, a number of judicial decisions in the U.S. 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 a borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Depending on the nature of certain investments, a Client 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 lender or bondholder: (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 a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court could elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Clients do not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine. However, because of the nature of certain of a Client's investments, a Client could be subject to claims from creditors of an obligor that debt obligations of which are held by it should be equitably subordinated. The preceding discussion regarding lender liability is based upon principles of U.S. federal and state laws. With respect to investments outside the U.S., the laws of certain non-U.S. jurisdictions could also impose liability upon lenders or bondholders under factual circumstances similar to those described above, with consequences that could or could not be analogous to those described above under U.S. federal and state laws.

*Reliance on Corporate Management and Financial Reporting.* Many of the strategies implemented by the Clients rely on the financial information made available by the issuers in which a Client invests. The Apollo Real Estate Manager has no ability to independently verify the financial information disseminated by the issuer in which a Client invests and is dependent upon the integrity of both the management of these issuers and the financial reporting process in general.

*Use of Expert Networks and Data Analytics.* In connection with the evaluation of potential investment opportunities, the Apollo Real Estate Managers could engage expert networks and/or make use of data analytics, including data provided by third-party vendors. Apollo seeks to avoid inadvertently obtaining confidential information from such sources and has therefore implemented policies and procedures to mitigate the risk that the use of expert networks or data analytics could result in the receipt of confidential information by investment professionals. However, because Apollo's business operates on an integrated platform without ethical screens or information barriers, if such controls fail and an investment professional obtains material non-public information, the Apollo Real Estate Managers could be restricted in acquiring or disposing of investments on behalf of Clients, which could impact the returns generated for Clients.

*Systems Risk and Cybersecurity.* Investment advisers, including Apollo Real Estate Managers, rely extensively on computer programs and systems (and could rely on new systems and technology in the future) for various purposes, including trading, clearing and settling transactions, evaluating certain investments, monitoring their portfolios and net capital and generating risk management and other reports that are critical to oversight of a Client's activities. Certain of the Clients' and the Apollo Real Estate Managers' operations will be dependent upon systems operated by third parties, including prime-brokers, administrators, market counterparties and their sub-custodians and other service providers, though the Apollo Real Estate Managers could perform certain of these functions internally in reliance on their own systems (the cost of which could be borne by Clients). The Clients' service providers could also depend on information technology systems that could or could not be controlled by them and, notwithstanding the diligence that the Client could perform on its service providers, the Client could not be in a position to verify the risks or reliability of such information technology systems.

Clients, the Apollo Real Estate Managers, their affiliates and their service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users, as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. For example, information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Such damage or interruptions to information technology systems could cause losses to Clients or limited partners, without limitation, by interfering with the processing of transactions, affecting a Client's or an Apollo Real Estate Manager's ability to conduct valuations or impeding or sabotaging trading. Clients could also incur substantial costs as the result of a cybersecurity breach, including, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose Clients or the Apollo Real Estate Managers (which in turn could be indemnified by Clients) to civil liability, as well as regulatory inquiry and/or action. Limited partners could also be exposed to losses resulting from unauthorized use of their personal information. Similar types of cybersecurity risks also are

present for portfolio investments, which could affect their business and financial performance, resulting in material adverse consequences for such issuers and causing a Client's investment in such portfolio investments to lose value. In addition, there are increased risks relating to the Apollo Real Estate Manager's and service providers' reliance on their computer programs and systems when their personnel are required to work remotely for extended periods of time, such as in connection with events such as the outbreak of infectious disease or other adverse public health developments or natural disasters, including an increased risk of cyber-attacks and unauthorized access to their computer systems.

*Tax Changes, Uncertainties and Risks.* On December 22, 2017, Congress enacted Public Law Number 115-97, formerly known as the Tax Cuts and Jobs Act (the "TCJA"). The TCJA is the most comprehensive tax legislation passed in decades and contains many significant changes to the U.S. Federal income tax laws, the consequences of which have not yet been fully determined. In particular, the TCJA makes various changes to the U.S. Federal income tax laws that significantly impact the taxation of individuals, corporations and the taxation of taxpayers with overseas assets and operations. The TCJA, among other things: (i) reduces the corporate income tax rate from 35% to 21%; (ii) limits the deductibility of net business interest expense for most businesses to 30% of "adjusted taxable income" (which is similar to EBITDA for taxable years beginning before January 1, 2022, and similar to EBIT for taxable years beginning thereafter); (iii) limits the deduction for net operating losses generated after 2017 to 80% of taxable income; (iv) eliminates the corporate alternative minimum tax; (v) provides for immediate deductions for certain investments instead of deductions for depreciation expense over time; (vi) changes the timing of certain income recognition; (vii) introduces a longer holding period requirement for performance fees to receive long-term capital gain treatment; (viii) denies dividends received deductions for hybrid dividends and certain interest or royalty deductions involving hybrid transactions or hybrid entities; (ix) creates a new minimum tax on certain foreign income; and (x) combats base erosion in the U.S. through a new alternative tax. These and other provisions are generally effective for taxable years beginning after December 31, 2017, and certain provisions are further subject to sunset.

Although the reduction in the corporate tax rate from 35% to 21%, the immediate expensing of certain expenditures and certain other changes introduced by the TCJA are expected to be beneficial to certain Clients, other changes introduced by the TCJA could have an adverse effect. In particular, provisions addressing interest deductibility could limit the amount of interest expense that is deductible for U.S. federal income tax purposes by certain Clients and thus increase taxes paid by such Clients. In addition, the "base erosion and anti-abuse tax" or "BEAT," which imposed a minimum tax on certain entities that make significant deductible payments to related foreign entities, could result in a material additional tax burden for certain Clients, which could reduce cash flow and make Clients' investments less valuable over time.

Under amendments to U.S. tax law pursuant to the TCJA, capital gain in respect of a general partner's distributions of performance fees from certain of our Clients will be treated as short-term capital gain unless the Client holds the relevant investment for more than three years, as opposed to the general rule that capital gain from the disposition of investments held for more than one year is treated as long-term capital gain. Similar rules introduced in the UK applying to certain UK based staff, tax as ordinary income returns from certain funds that have a weighted average holding period of fewer than 40 months (with transitional rules applying between 36-40 months). As a

consequence, conflicts of interest could arise in connection with a general partner's investment decisions, including regarding the identification, making, management, disposition and, in each case, timing of a Client's investments, and Apollo could not realize the most tax efficient treatment of our performance fees in all of our Clients going forward. Certain states, including New York and California, have proposed legislation to levy additional state tax on carried interest, and additional U.S. federal proposals to tax carried interest at higher rates are also made in Congress from time to time, any of which could also negatively affect Apollo's ability to attract and retain employees and key personnel.

Various proposals originating outside the U.S. could also impact Clients. For example, the Organization for Economic Cooperation and Development ("OECD") is focused on issues relating to cross-border structures and ownership. One example is in the area of "base erosion and profit shifting" ("BEPS"), which includes situations (among others) where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. In 2013, the OECD published its report and its Action Plan on BEPS. The aim of the report and Action Plan was to address and reduce aggressive international tax planning. BEPS remains an ongoing project. On October 5, 2015, the OECD published its final reports, analyses and sets of recommendations (deliverables) with a view to implementing internationally agreed and binding rules which are resulting in material changes to relevant tax legislation of participating OECD countries. The final package of deliverables was subsequently approved by the G20 Finance Ministers on October 8, 2015. The final actions to be implemented in the tax legislation of the countries in which Clients will have investments, in the countries where Clients or investors are domiciled or resident, or changes in tax treaties negotiated by these countries, could adversely affect the returns of Clients. One of the BEPS action points (Action 6) is to prevent treaty abuse by developing model treaty provisions to prevent the granting of treaty benefits in inappropriate circumstances. As a minimum standard, the OECD proposes that participating countries should include in their treaties one or both of a "limitation on benefits" provision and a "principal purpose test" which could limit or deny treaty relief in certain circumstances. On November 24, 2016, the OECD published the text of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS (the "MLI"), which is intended to expedite the interaction of the tax treaty changes of the BEPS project. On June 6, 2017, 67 signatories covering 68 jurisdictions signed the MLI, and an additional nine jurisdictions expressed their intent to sign the MLI.

The MLI went into effect on July 1, 2018 with the intention to override and complement certain provisions in existing bilateral tax treaties. As of January 15, 2021, 95 countries have signed the MLI and 61 have ratified it. There are some important countries that have not yet signed, including the U.S. and Brazil. As a result, uncertainty remains around the access to tax treaties for certain Clients' investments' holding patterns, which could create situations of double taxation and adversely impact such Clients' investment returns. As a result of this or similar initiatives, tax laws applicable to Clients could change on a prospective or retroactive basis and any such changes could materially adversely affect Clients.

The EU has taken further steps towards tax transparency with the sixth version of the EU Directive on administration and cooperation ("DAC6"). These rules (also known as the EU Mandatory Disclosure Rules) could require taxpayers and their advisers to report on cross-border arrangements with an EU component that bear one of the proscribed hallmarks. The hallmarks are significantly broad such that a large volume of transactions within the financial services context



could need to be disclosed. Failure to comply with disclosure obligations can result in fines and penalties. DAC6 could expose Apollo's investment activities to increased scrutiny from European tax authorities. Furthermore, many tax authorities are unfamiliar with asset management businesses and dealing with challenges from tax authorities reviewing such information could also place additional administrative burden on Apollo's management team or portfolio investment management and ultimately could lead to increased cost which could adversely affect profitability.

*Liability for Adjusted Tax Returns.* The Bipartisan Budget Act of 2015 introduced a partnership audit regime generally applicable to partnership returns filed for tax years beginning after December 31, 2017 (the "BBA Rules"). Under this regime, unless a Client makes the election described below, the Client itself will generally be responsible for paying any "imputed underpayment" of tax resulting from audit adjustments (including interest and penalties) in the tax year during which the audit is finalized (the "adjustment year"). In this case, partners of the relevant Client in the adjustment year, rather than the persons that were partners during the relevant Client's tax year under audit (the "reviewed year"), would bear the cost of the audit adjustment. In general, under this regime, taxes imposed on the relevant Client would be assessed at the highest rate of tax applicable for the reviewed year and determined without regard to the character of the income or gain, partners' status or the benefit of partner-level tax attributes (that could otherwise reduce tax due). However, the applicable Client could be able to reduce the underpayment of taxes owed by such Client, to the extent that such Client demonstrates such taxes are allocable to a limited partner that would not owe any tax by reason of its status as a "tax-exempt entity."

A Client could under certain circumstances have the ability to avoid the entity-level tax assessment or collection (described above), by electing to issue adjusted Schedules K-1 to persons that were partners during the reviewed year. If the relevant Client makes the election, such partners would be responsible for paying any taxes associated with the audit adjustments in the adjustment year (including interest and penalties). In such case, the partners of the reviewed year would also incur a two-percentage point increase on the interest rate that would otherwise have been imposed on any underpayment of taxes (unless such partner is a pass-through entity and makes a valid election to "push out" its share of the adjustments to its partners, members or owners). If a relevant Client makes an election with respect to partners or former partners whose allocable shares of adjustments would have been subject to U.S. federal withholding, such partners or former partners could be required to file a U.S. federal income tax return and pay their allocable shares of interest, penalties and additions to tax even though the relevant Client is required to pay the withholding tax. Apollo generally has discretion whether or not to make this election for each Client. An Apollo general partner or the person such general partner appoints will be the "partnership representative" for purposes of the BBA Rules and will have broad authority to represent a Client in respect of tax audits for applicable years, including the authority to make the election described above.

## **ITEM 9**

### **Disciplinary Information**

Except as described below, there are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

On August 23, 2016, without admitting or denying any wrongdoing, certain related persons of AGREM, namely Apollo Management V, L.P., Apollo Management VI, L.P. Apollo Management

VII, L.P. and Apollo Commodities Management, L.P. consented to the entry of an order to cease and desist from committing or causing any violations and future violations of Section 206(2) and 206(4) of the Advisers Act and Rules 206(4)-7 and 206(4)-8 thereunder. According to the SEC order, such related persons did not provide sufficient pre-commitment disclosure regarding the possibility of accelerating otherwise authorized fees upon termination of monitoring agreements with their portfolio investments, a related person did not adequately disclose that interest from a loan from a private equity fund to its general partner would be allocated to the general partner, such related persons did not adequately supervise a former senior partner's expense reimbursement practices and such related persons failed to adopt and implement policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules. As part of the settlement, such related persons agreed to pay \$37,527,000 of disgorgement and \$2,727,552 of prejudgment interest to limited partners of its fund and a civil monetary penalty of \$12,500,000 to the SEC.

## **ITEM 10**

### **Other Financial Industry Activities and Affiliations**

#### **Affiliated Apollo Managers**

**1. Private Equity** – Apollo Management, L.P. is an affiliate of AGREM that is primarily engaged in managing Apollo's private equity, natural resources, hybrid value and infrastructure businesses and controls or is affiliated with the managers to its advisory clients that fall within Apollo's private equity business segment (including the hybrid value business) and the infrastructure portion of Apollo's real assets business segment (collectively, with Apollo Management, L.P., the "Apollo Private Equity Managers"). The Apollo Private Equity Managers seek to make investments through several strategies, including traditional buyouts, distressed buyouts, corporate partner buyouts, debt or other investments providing equity-like returns across the capital structure of companies, infrastructure and infrastructure-related assets and also capitalize on private equity investment opportunities in the natural resources industry, principally in the metals and mining, energy and select other natural resources sectors. In addition to the traditional, distressed and corporate partner buyout activities, the Apollo Private Equity Managers also maintain the flexibility to deploy capital of the private equity funds managed by Apollo in other types of investments such as the creation of new companies.

**2. Credit** – Apollo Capital Management, L.P. ("Apollo Capital Management") is an affiliate of AGREM that is primarily engaged in managing Apollo's credit business and controls the managers (collectively, with Apollo Capital Management, the "Apollo Credit Managers") of the funds, including SIFs, parallel funds, alternative investment vehicles and feeder funds and separately managed accounts that fall within Apollo's credit business segment. Unless otherwise stated, the Apollo Credit Managers are registered with the SEC as investment advisers relying on Apollo Capital Management's investment adviser registration.

- (i) **Corporate Fixed Income** – The corporate fixed income group advises clients that primarily focus on investment grade corporate bonds, emerging markets and investment grade private placement investments.

- (ii) **Corporate Credit** – The corporate credit group advises Clients that primarily focus on corporate credit investment strategies, including primary and secondary opportunities in performing, stressed and distressed public and private securities, including senior secured loans (secured or unsecured), large corporate investment grade loan origination and structured capital solutions, high-yield, mezzanine, debtor in possession financings, rescue or bridge financings and other debt investments.
- (iii) **Direct Origination** – The direct origination group advises clients that primarily invest in loans, including, but not limited to, senior secured and unsecured loans, first- and second-lien term loans, mezzanine loans, private high-yield debt, asset-backed loans, leveraged loans, real estate loans, rediscount loans, venture loans and bridge loans, particularly in the context of transactions that require certainty of financing. This strategy focuses on originating private debt both directly with sponsors and directly with borrowers in the U.S., UK and continental Europe.
- (iv) **Corporate Structured and Asset-Backed Securities** – The corporate structured and asset-backed securities group advises clients that primarily focus on structured credit investment strategies that seek to obtain favorable and protective lending terms, predictable payment schedules, well diversified portfolios and low historical defaults. These strategies include investments in CLOs, asset-backed securities and other structured instruments.
- (v) **Consumer and Residential** – The consumer and residential group advises clients that primarily focus on consumer and residential real estate credit investment strategies. These strategies include investments in residential mortgage-backed securities, whole residential real estate loans, consumer loans and other asset-backed securities.
- (vi) **Financial Credit Investments** – The financial credit investments group advises clients that primarily focus on life insurance policies issued by insurance companies that insure the lives of natural persons, as well as life insurance-linked securities, including bonds, loans, notes, certificates, preferred securities or other instruments, whether senior, preferred or subordinated that are: (i) issued by insurance companies or their respective financial holding companies; (ii) wrapped or guaranteed by insurance companies; and/or (iii) linked to, or referenced by, life insurance policies or insurance company reserve or capital funding, embedded value and/or value in force transactions, life insurance life annuity combinations, extreme mortality or morbidity, deferred acquisition costs, insurance commission financing, structured settlements, annuities or similar collateral.

The Apollo Managers intend to conduct their activities in accordance with the Advisers Act and the rules thereunder. Any employees of the Apollo Managers and any other persons acting on their behalf are and will be subject to the supervision and control of AGREM, Apollo Management, L.P. or Apollo Capital Management, as applicable.

#### **Apollo Global Securities, LLC and Apollo Global Funding, LLC**

AGS, a Delaware limited liability company, SEC registered broker-dealer and FINRA member affiliated with the Apollo Real Estate Managers, is registered to perform the following services:

- (i) underwriting of securities on a referral basis; (ii) the resale of securities under Rule 144A under

the Securities Act on a referral basis; (iii) merger and acquisition and corporate finance advisory services; (iv) marketing of private funds; (v) conducting private placements of securities; (vi) trading securities for its own account; (vii) selling corporate debt securities on a referral basis; (viii) arranging for transactions in listed securities on a referral basis; and (ix) selling interests in mortgages, receivables or other asset-backed securities on a referral basis. Apollo Global Funding, LLC (“AGF”) is a subsidiary of Apollo and an affiliate of the Apollo Real Estate Managers, which provides a variety of services with respect to financial instruments, including loans, that are not subject to broker-dealer regulations, such as originating, arranging, structuring and syndicating loans, debt advisory services and other similar services. AGS and AGF are expected to, from time to time, expand the services that they perform and the activities in which they engage.

AGS’ private placement services include placement of investors in certain Clients. AGS’ underwriting services are provided to existing and potential portfolio investments of Clients, as well as to third parties on occasion. AGS’ and AGF’s syndication services include, among other things, identifying potential third-party investors, preparing marketing materials, performing outreach, executing on a syndication and sell-down strategy and providing ongoing post-closing support of Clients. Generally, AGS’ role in a syndication of securities for portfolio investments is that of a co-manager and not as lead underwriter, but it could serve in such capacity from time to time. AGS can also resell corporate debt or equity securities to Clients under the Securities Act or otherwise assist in structuring or facilitating the initial resales of debt or equity securities under Rule 144A of the Securities Act. In addition to capital raising services, AGS and AGF also provide capital markets and debt advisory services to portfolio investments of Clients, including in respect of restructurings and work-outs.

AGS or AGF, as applicable, will be engaged either by the corporate borrower or issuer (or its sponsor), or by the participating Clients. Arrangements are generally made for AGS or AGF, as applicable, to receive its fees and expense reimbursement directly from the corporate borrower or issuer (or its sponsor) for services rendered (however, if the corporate borrower or issuer (or its sponsor) will not pay or reimburse such fees and expense reimbursement, the participating Clients will pay or bear such fees and expense reimbursement). The provision of services by AGS or AGF to a Client or to existing or potential portfolio investments and the allocated compensation will not require the review by or consent of such Clients’ advisory boards or investors, except as is otherwise provided in the Governing Documents of such Clients. To the extent necessary to take into account regulatory, tax or other similar considerations, the service provider used to provide certain of the aforementioned types of services and the recipient of the fees could be other affiliates of the Apollo Real Estate Managers, including AMI.

Subject to a Client’s Governing Documents, fees that are received by AGS in connection with its provision of merger and acquisition transaction advisory services to Clients’ portfolio investments are treated as Special Fees and applied to reduce Management Fees of Management Fee-paying investors in Clients. Subject to a Client’s Governing Documents, fees received by AGS or AGF in connection with the provision of private placement, underwriting, arranging, structuring, broker-dealer (including facilitating initial resales of debt or equity securities under Rule 144A under the Securities Act), syndication, origination, sourcing, collateral management, administration, debt

advisory, commitment, facility, float or other fees are not treated as Special Fees and not applied to reduce Management Fees of Management Fee-paying investors in Clients.

The relationship between the Apollo Real Estate Managers and their affiliates, on the one hand, and AGS or AGF, as applicable, on the other hand, gives rise to conflicts of interest between the Apollo Real Estate Managers and (i) Clients with respect to whom AGS or AGF, as applicable, provides services and (ii) Clients who have an interest in any existing or potential portfolio investments to which AGS or AGF, as applicable, provides services. To the extent AGS or AGF is engaged by a corporate borrower or issuer (or its sponsor), as applicable, and one or more Clients expects to participate in the investment opportunity, Apollo will face actual or apparent conflicts of interest, in particular if AGS or AGF, as applicable, is engaged by a third party (such as the corporate borrower or issuer). Such conflicts include, but are not limited to: (i) whether the AGS or AGF engagement, including the amount of fees to be paid, is on terms that are not materially less favorable than terms that could be obtained from a third party with commensurate skill, expertise or experience (to the extent applicable); (ii) the corporate borrower or issuer or its sponsor views the total amount of fees and interest paid for or in connection with the financing (or similar instrument) as one overall category of remuneration, whether payable to AGS or AGF, as a service provider, or the Clients as the lender(s), and therefore does not seek to negotiate the quantum of fees to be paid to AGS or AGF, as applicable, in lieu of greater fees, an increased interest or coupon or other ways in which a lender is customarily compensated for the benefit of a Client; or (iii) an incentive to pursue investment opportunities with greater fee opportunities for AGS or AGF, as applicable, whether as a percentage of the investment size or absolute dollar amount, which could adversely impact the sourcing, diligence and approval process for a Client.

The Apollo Real Estate Managers could also be incentivized to structure portfolio investment transactions, including related co-investment opportunities, so that they require the use of a broker-dealer or other advisor (and consequently provide an opportunity for AGS or AGF to be retained by a portfolio investment or acquisition company established for the relevant transaction in order to generate fees, including underwriting, placement, syndication fees, transaction fees, commissions, underwriting discounts, interest payments or other compensation for AGS or AGF). In addition, where AGS serves as underwriter with respect to a security in which the Apollo Real Estate Managers or Client invests, such Apollo Real Estate Managers or Client will be subject to a “lock-up” period following the offering under applicable regulations during which time its ability to sell the security that it continues to hold is restricted. In certain cases, this will prejudice the Apollo Real Estate Managers’ or Client’s ability to dispose of such security at an opportune time.

Furthermore, while AGS’ and AGF’s services are primarily provided as described above (e.g., to Apollo, its Clients and its Clients’ existing and potential portfolio investments), AGS also provides services (including financing, capital market and advisory services) to third parties from time to time. Such third parties could include competitors of the Apollo Real Estate Managers or one or more of their affiliates or portfolio investments. AGS’ and AGF’s services to third parties in this manner present additional conflicts of interest. For example, AGS or AGF could act as placement agent or underwriter of securities for a third party that could be acquired by the Client. AGS or AGF also could come into possession of information that AGS or AGF is prohibited from acting on (including on behalf of a Client) or disclosing to the Apollo Real Estate Managers or any of their affiliates as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interest of a Client or portfolio investment.

Conflicts of interest will also arise in connection with AGS' or AGF's provision of services to, or in respect of, a Client or an existing or potential portfolio investment on account of, among other things: (i) Apollo, together with AGS or AGF, viewing the relevant Client or potential or existing portfolio investment as a source of revenue (which would in most instances not result in a reduction of Management Fees since the fees associated with such services will not be treated as Special Fees); (ii) the presentation and approval of potential investments that result in incremental revenue to AGS or AGF; (iii) internal compensation arrangements with respect to such revenue; and (iv) the initial allocation to one or more participating Clients in a given investment to reflect an anticipated syndication of a portion of such investment to third parties, and the potential that such syndication efforts could not be successful.

The involvement of AGS or AGF, as applicable, in an investment opportunity could give rise to various other actual or apparent conflicts for certain Clients, including, as applicable: (i) causing a lending-related investment opportunity to be treated as an affiliate loan origination (from a tax perspective) and thereby restricting the ability of certain types of Clients to participate; (ii) seeking to avoid allocation of these investment opportunities to Clients where investor consents and/or Management Fee offsets are required; and (iii) potential screening bias against potential investment opportunities that do not include an AGS or AGF fee component.

Certain supervised persons, including investment and marketing professionals, who provide services to Clients on behalf of the Apollo Real Estate Managers also serve as personnel of AGS or AGF and are involved in the business and operations of AGS and/or AGF. Such supervised persons face conflicts of interest in dedicating time and resources to both Clients and AGS or AGF. In addition, the compensation of such supervised persons, which is based on a number of factors which can include, without limitation, the profitability of affiliated entities and the performance of Clients, could incentivize such supervised persons to allocate more of their time and attention to more profitable affiliated entities. The Apollo Real Estate Managers address these conflicts of interest by providing in Apollo's Code of Ethics, as described in Item 11, that all supervised persons have a duty to act in the best interests of each Client and by providing 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 could take any one or more of the following (or other) actions to the extent it determines in its sole discretion any such action is necessary or advisable in order to seek to mitigate such conflicts of interests: (i) making commercially reasonable efforts to use separate teams for each investment opportunity; (ii) ensuring that the services provided by each team are separate and readily distinguishable from each other; (iii) ensuring that the services provided by AGS or AGF are reasonably viewed as services not customarily provided by investment managers of private funds; (iv) maintaining contemporaneous records identifying the specific services provided by AGS or AGF (including scope of services provided); (v) obtaining and maintaining current market comparisons to substantiate and benchmark fees; (vi) having a group of Apollo personnel, including non-investment professionals, review and approve each AGS or AGF engagement (including the quantum of the proposed fees); (vii) allocating expenses between the Apollo Real Estate Manager and AGS or AGF in a manner that is fair and equitable; (viii) determining compensation arrangements for each team in an independent manner; (ix) seeking to sell-down and syndicate at or soon after consummation and funding of the loan a "non-de-

minimis” portion of the loan to unaffiliated, third-party investors who agree to participate at the same price and terms as the Client; and (x) considering whether to consult with separate legal or other advisors for each team in connection with a particular investment or transaction. Notwithstanding the foregoing, Apollo is not obligated to take any or all of the preceding actions in any particular circumstance, and could take other actions not specified herein, on a case-by-case basis as it deems appropriate in its sole discretion.

### **Apollo Management International LLP**

AMI is an FCA authorized and regulated UK limited liability partnership ultimately controlled by AGM. AMI acts primarily as a sub-adviser to Apollo Funds with a European mandate across its credit, private equity and real assets business segments. These funds include those with which it has sub-advisory arrangements with the respective Apollo Managers. The extent of the advisory work conducted for each of the Apollo Funds varies according to each respective sub-advisory arrangement. In addition, AMI has entered into direct advisory relationships (which could include discretionary and non-discretionary mandates) with certain portfolio investments, other third-party clients or certain clients that constitute European-centric CLOs where AMI acts as collateral manager.

### **Apollo Asset Management Europe LLP and Apollo Asset Management Europe PC LLP**

Apollo Asset Management Europe LLP and its subsidiary Apollo Asset Management Europe PC LLP (together, “AAME”), domiciled in the UK, are subsidiaries of Apollo whose primary purpose is to provide a centralized asset management, advisory and risk function (“Client Services”) to European investors in the financial services and insurance sectors that are owned by Apollo Funds, or other platforms, portfolio investments and other unaffiliated European clients of Apollo Funds (i.e., portfolio investments of Apollo Funds). The Client Services are provided to AAME clients either on a discretionary or advisory basis pursuant to agreements such as services agreements, advisory agreements, sub-advisory agreements and/or portfolio management agreements. On April 3, 2018, AAME was authorized by the FCA and holds relevant regulatory permissions to provide Client Services under the services agreements it has entered into with its clients. AAME is also party to certain tripartite agreements with AMI and certain Apollo Funds. AAME and AMI could enter into various advisory relationships with one another and/or with certain entities which are affiliates of, or under common control with, AAME and AMI (such as AGREM), in each case in connection with the performance of the Client Services. These relationships could give rise to conflicts of interests from time to time in relation to, among other things, allocation of time, resources and investment opportunities among clients of AAME. Client Services provided by AAME are disclosed in the applicable AAME client’s Governing Documents. In addition, the advisory boards (or equivalent) of certain AAME clients receive additional disclosure regarding the Client Services and the associated fees, compensation or expense reimbursements. In certain instances, the applicable Apollo Manager has sought (or could in the future seek) the approval of the advisory boards of certain AAME clients with respect to certain aspects of the Client Services that are provided to Apollo Funds and their respective portfolio investments, including, for example, the pricing methodology utilized to determine the amount of such fees, compensation and expense reimbursements that could be payable to AAME with respect to Client Services; however, in general, engagements by AAME clients or their portfolio investments of AAME on terms that are not materially less favorable do not otherwise require approval from such AAME

client's advisory board or investors. In addition, AAME clients will invest in Apollo Funds and bear an additional level of fees and incentive compensation in favor of the applicable Apollo Manager and the applicable Apollo Fund's general partner and could invest in securities or other financial instruments issued by portfolio investments of Clients. No advisory board or investor consent will be required with respect to such investments, nor will any such fees or fees or expenses associated with the provision of Client Services be treated as Special Fees.

### **Apollo Investment Management Europe LLP**

AIME UK was incorporated as a UK limited liability partnership on March 31, 2016. As of October 22, 2016, AIME UK is authorized as an AIFM by the FCA.

### **Apollo Investment Management Europe (Luxembourg) S.à.r.l.**

AIME Lux was incorporated as a private limited liability company on January 2, 2019. As of January 9, 2019, AIME Lux is authorized as an AIFM by the CSSF. AIME Lux was established to act as the AIFM to EU-domiciled AIFs. Certain of the EU AIFs are established as parallel structures to certain Apollo Real Estate Funds managed by AGREM and certain Apollo Funds managed by affiliates of AGREM, which enable these funds, via the parallel EU AIFs, to be marketed to professional investors across the EEA using the AIFMD marketing passport. Under the AIFMD, and applicable rules under the CSSF's regulatory regime, AIME Lux is required to comply with, *inter alia*, specific substance, conflict of interest, risk management and liquidity management requirements.

### **Apollo Credit Management International Limited**

Apollo Credit Management International Limited ("ACMI") is an appointed representative of AMI. ACMI provides sub-advisory services with respect to Apollo's European Principal Finance funds and certain separately managed accounts with similar strategies. It focuses primarily on identifying non-performing, non-core, capital-inefficient and illiquid loans and assets that European banks and other financial institutions have been compelled to sell due to increasing regulatory pressures and liquidity requirements. In addition, ACMI provides core plus real estate services to Clients and affiliated clients.

### **Apollo Insurance Solutions Group LP (f/k/a Athene Asset Management, LLC)**

Apollo Insurance Solutions Group LP ("ISG"), an indirect subsidiary of Apollo, is registered with the SEC as an investment adviser relying on Apollo Capital Management's investment adviser registration and acts as investment adviser to Athene Holding, certain of its insurance and re-insurance company subsidiaries (collectively, the "Athene Group"), certain other re-insurance clients of the Athene Group and third-party insurance company managed accounts.

As of December 31, 2020, Apollo held an approximate 28.5% beneficial ownership interest in Athene Holding and Apollo together with certain of its related parties and employees held an approximate 35% beneficial ownership interest in Athene Holding. The potential exists for Apollo to cause members of the Athene Group to enter into transactions that could benefit Apollo (including ISG) to the possible detriment of Athene Holding's shareholders. Substantially all of



the Athene Group's invested assets are managed by ISG. The Athene Group's investment policies permit ISG to invest in securities of issuers affiliated with Apollo, including Clients, and portfolio investments owned by such funds, and to retain on the Athene Group's behalf, sub-advisers, including Apollo. ISG could make such investments or retain such sub-advisers at its discretion, subject only to the approval of a conflicts committee of Athene Holding's Board of Directors (the "Athene Holding Conflicts Committee") in certain cases and/or certain regulatory approvals. The Athene Holding Conflicts Committee is comprised of members of Athene Holding's Board of Directors who are not general partners, directors, managers, officers or employees of any member of Apollo. Not all conflicts are subject to the approval of the Athene Holding Conflicts Committee (for example, transactions which fit within certain pre-approved criteria, 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 arm's-length negotiations are not required to be reviewed by the Athene Holding Conflicts Committee).

ISG invests its clients in real assets, as well as in alternative, fund and similar investments, including the Apollo Funds and third-party-managed funds, and in investments that are originated or sponsored by Apollo Managers or other Clients, or for which an Apollo Manager or Apollo Fund could provide services. In certain instances, Apollo (including ISG) will structure investment vehicles to address investment and other needs of clients of ISG. Fees, remuneration and/or expenses paid by such vehicles to the managers or general partners or similar persons are indirectly borne by the client through its commitment to such vehicle. Fees payable in respect of such investments to such parties vary, but fees could be determined based on capital commitments, invested capital or value of underlying assets. To the extent that a member of Apollo is the general partner or investment manager to one of these investments, such members of Apollo will receive various forms of consideration with respect to such investments, including Management Fees, closing fees, performance fees (e.g., carried interest) and/or expense reimbursement, and such fees could not be the lowest fees available for similar services offered by Apollo or by unrelated advisers or persons. Additionally, Apollo could provide services to such vehicles for which Apollo could be entitled to fees or expense reimbursement. ISG's clients that invest in Apollo Funds are generally treated in the same manner as third-party investors in clients with respect to their rights and obligations under the Governing Documents and retain, for example, the same voting rights as such third-party investors. With that said, ISG's clients also benefit from preferential terms (e.g., carried interest, Management Fees and offsets thereto and fiduciary duties) provided to them and those terms are not subject to "most favored nation" provisions in the applicable client's Governing Documents with investors in Clients.

Furthermore, as stated above, as the Apollo Managers provide asset management and advisory services to Athene Holding and sub-advisory services to ISG, there will be instances where certain transactions (such as, for example, cross trades, co-investments or other transactions between or involving Clients or portfolio investments of Clients, on the one hand, and Athene Holding, on the other hand) present conflicts of interest from the perspective of the involved parties, which would include Apollo itself or through its ownership of or significant influence over Athene Holding. No investment or transaction between Athene Holding on the one hand, and a portfolio investment of a Client, on the other hand, will require the consent of the advisory board or the investors in such Client, unless otherwise determined by the general partner of such Client.

## **MidCap Finco Designated Activity Company**

MidCap Finco Designated Activity Company, a designated activity company incorporated under the laws of Ireland (“MidCap DAC”), and certain of its subsidiaries have entered into a Management Agreement pursuant to which Apollo Capital Management acts as the investment manager of the credit business of MidCap DAC and its subsidiaries (other than their servicing activities with respect to loan and other credit investments and certain of their investment advisory activities). MidCap DAC and its subsidiaries (excluding MFS and/or MidCap Financial Capital Management (as each defined below), where the context requires) are collectively referred to herein as “MidCap Financial”). MidCap Financial is a middle-market focused specialty finance firm that provides senior debt financing solutions to companies across a wide variety of industries. MidCap Financial focuses on the direct origination of senior credit in the middle market, with significant product expertise across the capital structure in both secured and unsecured asset classes, including asset-based loans, leveraged loans, commercial real estate loans, rediscount loans, franchise loans, technology loans and venture loans.

In addition to Management Fees payable to Apollo Capital Management pursuant to the Management Agreement, Apollo Capital Management is entitled to be reimbursed by MidCap Financial for expenses Apollo Capital Management incurs with respect to the professionals of Apollo Capital Management that are charged with managing the investment portfolio of MidCap Financial, subject to an annual cap. Apollo Capital Management is also entitled to be reimbursed by MidCap Financial for certain Operating Expenses and internal expenses, subject to certain limitations.

MidCap Financial Services, LLC (“MFS”), a Delaware limited liability company that is an indirect subsidiary of MidCap DAC, provides assistance in sourcing loans and due diligence and portfolio management services to MidCap Financial pursuant to a services agreement entered into by MFS, MidCap DAC and Apollo Capital Management. These services that MFS provides to MidCap Financial are overseen by Apollo Capital Management pursuant to the Management Agreement. In consideration for the services provided under the services agreement, MidCap Financial pays MFS an arm’s-length fee in connection with providing such services.

Entities affiliated with Apollo hold minority equity interests in MidCap DAC and certain of its affiliates. In addition, personnel associated with Apollo sit on the board of directors of MidCap DAC and certain of its affiliates.

Investment opportunities sourced for MidCap Financial could be appropriate for other Clients, and therefore, personnel from Apollo Capital Management, on behalf of such other Clients, communicate with MFS personnel from time to time about such investment opportunities. In addition, Apollo Capital Management engages MFS to provide certain portfolio management, monitoring and other administrative services for certain Clients of Apollo Capital Management and the portfolio investments purchased by such Clients. In consideration for the services provided under these services agreements, Apollo Capital Management pays MFS an arm’s-length sub-servicing fee in connection with providing such services. MidCap Financial is subject to certain Apollo policies and procedures, including, among others, those addressing confidential and material non-public information.

MidCap Financial Services Capital Management, LLC (“MidCap Financial Capital Management”) is an indirect wholly owned subsidiary of MidCap DAC. MidCap Financial Capital Management is registered as an investment adviser with the SEC and provides investment advisory services to CLOs and related CLO warehouse vehicles (“CLO Warehouses”) that primarily invest in senior secured loans originated by MidCap Financial or acquired by MidCap Financial from third parties that include affiliates of Apollo Capital Management.

Clients of Apollo Capital Management, including ISG’s clients, could invest in CLOs, CLO Warehouses and loans in which the CLOs managed by MidCap Financial Capital Management also maintain an investment. Apollo Capital Management and ISG have implemented allocation policies and procedures that are intended to, among other things, mitigate conflicts of interest that arise from such transactions.

MidCap Financial Capital Management also contracts with Apollo Capital Management for the provision of certain administrative and back office services associated with its asset management business, including certain compliance services.

Apollo Capital Management could come into possession of material non-public information or other confidential information in its capacity as the investment manager of MidCap Financial’s credit business or in its oversight of the services that MFS provides to MidCap Financial. Apollo Capital Management could be restricted from using such information for a Client’s benefit or from disclosing such information to a Client, which could impact the returns generated for that Client.

With respect to some Clients that primarily invest in loans and other debt instruments, the success of the Client’s investment program will likely depend in part on the origination and servicing skills and capabilities of MidCap Financial and MFS. There can be no assurance that MidCap Financial and MFS will be able to successfully originate credit investments on favorable terms, or at all, or to service debt instruments effectively.

See “*Affiliated Loan Origination and/or Servicing Businesses*” below for certain additional information regarding MidCap Financial and MFS.

### **Apollo Consulting**

Apollo Consulting (as defined in Item 5) facilitates strategic arrangements with, or engagements (including on an independent contractor or employment basis) of, any persons that the Apollo Real Estate Managers determine in good faith to be industry executives, advisors, consultants (including operating consultants and sourcing consultants), operating executives, subject matter experts or other persons acting in a similar capacity, to provide consulting, sourcing or other services to or in respect of Clients and portfolio investments (including with respect to potential portfolio investments of a Client). As mentioned in “Operating Expenses” above, Clients bear the fees, costs or expenses of certain services provided by, and allocable overhead of, Apollo Consulting (including compensation of its personnel, including those that perform a “front office” function, such as sourcing, or other investment-related functions), as well as industry executives, advisors, consultants and operating executives contracted or engaged directly or indirectly by a Client, the Apollo Real Estate Managers, any portfolio investment (including with respect to potential portfolio investments of a Client). The engagement of a consultant is within the broad discretion

of the Apollo Real Estate Managers and could be primarily based upon the overall strategic benefit to Apollo, the Client and/or a portfolio investment, as opposed to a specific investment opportunity. Certain industry executives, advisors, consultants and operating executives could be exclusive to Apollo or a Client and could in certain circumstances (including in connection with sourcing arrangements) be employees of Apollo. In addition, to the extent these consultants serve as a board member or in a similar capacity of a portfolio investment, these consultants receive multiple sources of compensation, including from both a Client and directly from a Client's portfolio investment for specific services provided with respect to that company (e.g., fees received for serving as a director, trustee or in a similar capacity of the company). Consultants are entitled to retain those sources of compensation and such compensation does not reduce the fees paid by a Client to Apollo Real Estate Managers. To the extent a consultant has multiple overlapping engagements with Apollo (including the Apollo Real Estate Managers), Clients and/or portfolio investments, conflicts of interest could arise for such consultants in respect of carrying out engagements, including, but not limited to allocation of time and resources, and situations where consultants are engaged by the Apollo Real Estate Managers, Clients and/or portfolio investments at the same time. While the expertise or responsibilities of a consultant will at times be similar in certain respects to those of a full-time Apollo investment professional employed by Apollo, the fees, costs, expenses or other compensation described above could nonetheless be borne by Clients or their portfolio investments, due to, among other things, factors that distinguish these engagements from those of Apollo investment professionals, such as the macroeconomic, geopolitical or industry expertise of a given person.

Apollo also expects that Apollo, Clients and their respective existing and potential portfolio investments will receive support and services from a team of professionals which Apollo refers to as the Apollo Portfolio Performance Solutions group ("APPS"). APPS seeks to provide support to Apollo, Clients and their respective existing and potential portfolio investments through facilitating knowledge sharing around areas such as execution, underwriting and resource management. The personnel providing these services on behalf of APPS could be consultants or employees of Apollo, and, in either case, Apollo Clients and portfolio investments for or in respect of which APPS provides services will typically pay, or otherwise bear, the fees, costs and expenses incurred in connection with its engagement of APPS, as well as any other Operating Expenses associated with such engagement (including overhead, which includes all fees, costs, incentive compensation and other overhead, including benefits of its personnel and Organizational Expenses attributable to APPS in respect thereof). Further, Apollo Consulting (including APPS) could earn compensation from existing and potential portfolio investments in the form of equity (rather than cash), which could result in Apollo Consulting being an equity investor in a portfolio investment in which a Client is also invested. Any such transaction will not, unless otherwise required by a Client's Governing Documents, require the consent of the advisory board of or investors in such Client, and such compensation will be treated as other fees and be retained by Apollo Consulting. Apollo could be subject to conflicts of interest in connection with the appointment and usage of Apollo Consulting and their respective personnel, including, without limitation, because fees, costs and expenses associated with the engagement of Apollo Consulting are borne by Apollo Clients, whereas the compensation of investment professionals employed by Apollo that are primarily involved in the investment activities of Apollo Clients and their respective portfolio investments could be borne by Apollo.

## **Affiliated Loan Origination and/or Servicing Businesses**

Affiliates of the Apollo Real Estate Managers (including AGF) and certain Clients and/or their existing or potential portfolio investments are engaged in the loan origination and/or servicing businesses. In connection with their lending activities, such loan origination and/or servicing businesses could receive certain fees, including, arranger, brokerage, placement, syndication, solicitation, underwriting, agency, origination, sourcing, structuring, collateral management or loan administration, advisory, servicing, commitment, facility, float or other fees, discounts, spreads, commissions and concessions and other fees received as part of such loan origination and/or servicing businesses. Such fees could be charged on a cost reimbursement or on a cost-plus basis. A Client or the issuers of financial instruments held by a Client could acquire loans originated, structured, placed and/or arranged by such affiliated party loan origination and/or servicing businesses and in respect of which such businesses receive fees. For example, loans, such as term loans and revolvers, originated by Apollo affiliates, Clients and/or their respective portfolio investments could involve the engagement of MidCap Financial, MFS and/or AGF as a service provider. In connection with such activities, conflicts of interest usually arise with respect to, among other things, the role of such Apollo affiliates (such as MidCap Financial, MFS or AGF) in such transaction, the information available to such Apollo affiliates with respect to such transaction and the fees and other terms (including as to whether such terms are at market rates) on which such Apollo affiliates are participating in such transaction. Clients can acquire loans originated, structured, arranged and/or placed or arranged by MidCap Financial, MFS, AGF or any other related-party loan origination or servicing businesses. To the extent the Apollo Real Estate Manager makes a determination that the permanent hold of an investment should be reduced from the original amount funded, an Apollo affiliate (such as MidCap Financial, MFS or AGF) could be engaged by a Client or a portfolio investment to provide syndication services and receive a fee for the provision of such services from the Client or the portfolio investment; however, it is possible that the portfolio investment does not pay for its expenses, in which case such expenses will be borne by the Client as an Operating Expense.

In connection with loan origination, structuring, placement or arrangement activities or other loan origination or servicing activities for which MidCap Financial, MFS, AGF and/or any other affiliated loan origination or servicing business could be retained, such Apollo affiliates will receive fees, compensation and reimbursement for costs or expenses. Such fees can be charged on a cost reimbursement, cost-plus or other basis.

Further, Affiliated Service Providers can, from time to time, participate in underwriting syndicates and/or selling groups with respect to the equity and debt instruments issued or acquired by Clients or their existing or potential portfolio investments and other entities in or through which Clients or their existing or potential portfolio investments invest, or in connection with a Client's disposition of all or a portion of a portfolio investment to a third party such that an Affiliated Service Provider could facilitate or provide seller financing in connection with such disposition. Any such Affiliated Service Provider will receive fees, other compensation or reimbursements for costs or expenses in connection with providing services to Clients or their existing or potential portfolio investments or third parties. Subject to the Governing Documents of a Client, any such fees, compensation or reimbursements received by an Affiliated Service Provider will not be applied to reduce Management Fees or other fees payable by a Client or any of its investments or

otherwise directly or indirectly benefit such Client or any of its investors. Such fees will otherwise be borne by the Client or by the issuers of financial instruments held by the Client.

### **Selection of Service Providers**

Except as otherwise provided under the terms of a Client's Governing Documents, the Apollo Real Estate Managers or one or more of their affiliates could select service providers for Clients (including Affiliated Service Providers) and their respective existing and potential portfolio investments, in each case, for purposes of the provision of services or in connection with financial transactions. The Apollo Real Estate Manager or applicable affiliate will also determine the compensation of such providers without review by or the consent of an advisory board, the investors or an independent party. The Client, regardless of the relationship of the person performing the services to the Apollo Real Estate Managers, will bear the fees, costs and expenses related to such services. This could create an incentive for an Apollo Real Estate Manager or an applicable affiliate to select an Affiliated Service Provider or to select service providers based on the potential benefit to the Apollo Real Estate Manager, rather than to Clients or their existing or potential portfolio investments. For example, Apollo Real Estate Managers could select service providers that use their or their affiliates' premises, for which the Apollo Real Estate Managers or one of their affiliates could receive overhead, rent or other fees, costs and expenses in connection with such on-site arrangement.

The Apollo Real Estate Managers or one or more of their affiliates will engage the same service provider to provide services to a Client that also provides services to the Apollo Real Estate Managers or any such affiliate, which creates a potential conflict of interest to the extent the interests of such parties are not aligned. For example, a law firm could at the same time act as legal counsel to a Client, its general partner or similar person, its investment adviser or other affiliates of the Apollo Real Estate Managers.

In addition to the foregoing, and except as otherwise provided under the terms of the applicable Client's Governing Documents, the Apollo Real Estate Managers or one or more of their affiliates could cause a Client to enter into joint ventures or other co-investment arrangements, including with employees or affiliates of the Apollo Real Estate Managers or one or more of their affiliates (each an "Affiliated Partner") in order to source, or facilitate the consummation of, one or more transactions. Such joint venture or co-investment arrangements could result in fees being generated for joint venture or co-investment partners, including Affiliated Partners, by the related transactions and/or fees and expenses being paid to such joint venture or co-investment partners, including Affiliated Partners, by a Client. To the extent an Affiliated Partner earns fees, or is entitled to reimbursement of expenses, from a Client in respect of a joint venture or other co-investment arrangement, such amounts generally will not offset fees or expenses payable by investors in such Client. The Apollo Real Estate Managers and their affiliates can enter into joint ventures and co-investment arrangements, including with Affiliated Partners, without review by or the consent of any Client advisory board, the investors in the related Client or an independent party. This will create an incentive for the Apollo Real Estate Managers and their affiliates to enter into joint ventures and co-investment arrangements with Affiliated Partners based on the benefits to such Affiliated Partners rather than the benefits to Clients.

The relationship between Apollo and any Affiliated Service Provider, including AGS or AGF, will give rise to conflicts of interest between Apollo and Clients with respect to whom such Affiliated Service Provider provides services or Clients who have an interest in any portfolio investments or investment vehicles to whom any such Affiliated Service Provider provides services. Certain management persons of Apollo that are involved in providing portfolio management services to a Client on behalf of Apollo will also be involved in the business and operations of Affiliated Service Providers. Such management persons will face conflicts of interest in dedicating time and resources to a Client, which could have a detrimental effect on such Client's performance. In addition, portfolio investments of Clients could engage Affiliated Service Providers, including AGS or AGF, to provide services, which gives rise to potential conflicts of interest in respect of the selection of the Affiliated Service Provider. In particular, such engagements could create a perception that Apollo has sought to influence the decision by a portfolio investment's management to retain an Affiliated Service Provider or otherwise transact with an Affiliated Service Provider, instead of other service providers or counterparties that are more appropriate or offer better terms. Apollo addresses these conflicts of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Client and by providing training to supervised persons with respect to conflicts of interest and how such conflicts are identified and resolved under Apollo's policies and procedures. In addition, an Affiliated Service Provider can provide services to third parties, including third parties that are competitors of Apollo or one or more of its affiliates, Clients or their portfolio investments. In such cases, the Affiliated Service Provider will generally not take into consideration the interests of Clients. An Affiliated Service Provider also can come into possession of information that it is prohibited from acting on (including on behalf of Clients) as a result of applicable confidentiality requirements or applicable law, even though such action or disclosure would be in the best interest of Clients.

In addition, Apollo personnel will at times hold investments in entities that are or become service providers to Clients or portfolio investments of Clients. Although the relevant Apollo personnel might not have control or other influence over the decisions of the relevant service provider (including whether to enter into a business arrangement with Apollo or portfolio investments of Clients), a conflict of interest or the perception thereof could nevertheless arise in engaging the relevant entity as a service provider in light of the personal benefits that accrue through the investment they hold in the service provider.

The Apollo Real Estate Managers and their affiliates address these conflicts of interest by using reasonable diligence to ascertain whether each service provider (including law firms) has a quality reputation in the relevant subject matter, taking into account factors such as expertise, operational and regulatory controls, availability and quality of service and the competitiveness of compensation rates in comparison with other service providers satisfying the Apollo Real Estate Managers' or their affiliates' service provider selection criteria. In addition, in the event such service providers are affiliates of the Apollo Real Estate Managers (as opposed to third parties), the engagement of such providers must typically comply with the conditions applicable to affiliate transactions, if any, set forth in the Clients' Governing Documents.

### **Certain Conflicts of Interest in Providing Services to Clients**

*Multiple Clients and Other Apollo Clients.* Certain inherent conflicts of interest arise from the fact that: (i) the Apollo Real Estate Managers provide investment management services to more

than one Client; (ii) Clients could have one or more overlapping investment objectives or strategies; and (iii) the Apollo Real Estate Managers are affiliated with other Apollo Managers that provide investment management services to other Apollo Funds that also could have overlapping investment objectives or strategies. In addition, the portfolio strategies employed by an Apollo Real Estate Manager for current and future Clients and/or by Apollo Managers for other Apollo Funds could conflict with the strategies employed by another Apollo Real Estate Manager for current and future Clients, and could affect the prices and availability of the securities and other assets in which such Clients invest. An Apollo Real Estate Manager or another Apollo Manager also could advise Apollo Funds and Co-Investment Vehicles with conflicting investment objectives or strategies. These activities could adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Apollo Funds and Co-Investment Vehicles.

As part of Apollo's integrated platform, certain management persons of the Apollo Real Estate Managers provide services to other pooled investment vehicles or investment companies sponsored by Apollo, as well as Apollo-sponsored investments away from Clients, such as SPACs. By way of example, management persons of the Apollo Real Estate Managers that are involved in providing portfolio management services to certain Clients have direct incentive compensation arrangements with other Apollo Funds or Apollo investments that pay incentive or other compensation to their general partners or persons involved with or responsible for their respective investments. Such management persons are incentivized to: (i) dedicate additional time and resources to other Apollo Funds or such other Apollo investments with which such persons have a direct incentive compensation arrangement; and (ii) allocate attractive investment opportunities to such Apollo Funds or such other Apollo investments instead of certain Clients, each of which could have a detrimental effect on the performance of such Clients. Furthermore, to the extent that Apollo personnel are compensated in the form of Apollo stock, such personnel will be incentivized to prioritize the interests of Apollo in order to maximize their compensation, which could have a detrimental effect on the performance of Clients.

Certain Apollo Real Estate Managers from time to time, and without notice, in-source and/or outsource to their respective affiliates and third parties, certain of their processes or functions to provide, among other things, investment accounting and risk management services.

Apollo Real Estate Managers address these conflicts of interest by providing in Apollo's Code of Ethics, as described in Item 11, that all supervised persons have a duty to act in the best interests of each 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 through the implementation of the investment allocation procedures described above in Item 6.

*Diverse Membership.* Investors in Clients include taxable and tax-exempt entities and persons domiciled or organized in various jurisdictions and subject to different tax and regulatory regimes. When investors and Clients co-invest alongside each other, they could have conflicting investment, tax and other interests, relating to, among other things, the nature of investments made by the Client, the structuring or the acquisition of investments and the nature and timing of disposition of investments. As a result, conflicts of interest could arise in connection with decisions made by the Apollo Real Estate Managers, including as to the nature and structure of investments, that could be more beneficial for one type of investor than for another type of investor. The results of a



Client's activities could affect individual investors differently, depending upon their individual financial and tax situations. For example, the timing of a cash distribution or of an event of realization of gain or loss and its characterization as long-term or short-term gain or loss could affect investors differently. In addition, Clients could make investments that could have a negative impact on related investments made by investors in separate transactions. Furthermore, under the new U.S. partnership audit regime, decisions made by the Apollo Real Estate Managers (or other partnership representative) in connection with tax audits (including whether or not to make an election under those rules) could be more beneficial to one type of investor than another type of investor. Also, if a Client were required to qualify as a venture capital operating company or a real estate operating company for purposes of the Employee Retirement Income Security Act of 1974, as amended, this could restrict, at any given time, the level of investment which the Client would be able to make in entities that do not qualify as operating companies and/or pursuant to which the Client was unable to attain management rights. In selecting, structuring and managing investments appropriate for Clients, the Apollo Real Estate Managers consider the investment and tax objectives of the Client or Clients as a whole, not the investment, tax or other objectives of any investor individually. However, there can be no assurance that a result will not be more advantageous to some Clients or investors than to others or to affiliates of the Apollo Real Estate Managers than to a particular Client or investor.

*Directors of Portfolio Companies.* Additional conflicts of interest arise because Apollo partners, principals and employees (including personnel of the Apollo Real Estate Managers) serve as directors of, or acquire observer rights with respect to, certain companies in which Clients invest. In the event 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 could be prohibited from engaging in transactions with respect to the securities or instruments of such company. Such a prohibition could have an adverse effect on Clients. In addition to any fiduciary duties that Apollo partners, principals and employees owe to Clients, as directors of portfolio companies, these Apollo partners, principals and employees could owe fiduciary duties to shareholders of the portfolio companies, which could be other Clients, and to persons other than Clients.

In general, such director or similar positions are often important to Clients' (and any other Apollo Funds with a similar investment focus) investment strategies and could have the effect of enhancing the ability of the Apollo Real Estate Managers and their affiliates to manage investments. However, such positions could have the effect of impairing the ability of the Apollo Real Estate Managers to sell the related securities when, and upon the terms, they could otherwise desire. In addition, because of the potential conflicting fiduciary duties that Apollo partners, principals and employees owe to a portfolio investment, on one hand, and that the Apollo Real Estate Managers owe to the Clients, on the other hand, such positions could place the Apollo partners, principals and employees 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 investment. Should an Apollo partner, principal or employee make a decision that is not in the best interests of the shareholders of a portfolio investment, such decision could subject one or more Apollo Estate Managers and 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 the Apollo Real Estate Managers and their

partners, principals and employees from such claims. In addition, the Apollo partners, principals and employees could make decisions for a portfolio investment that negatively impact returns received by a Client investing in the portfolio investment or in other investments or, conversely, an Apollo Real Estate Manager could make a decision that negatively impacts a portfolio investment and the returns for other Clients that could be invested in the portfolio investment. In addition, because of conflicting fiduciary duties, Apollo Real Estate Managers could be restricted in choosing investments for Clients, which could negatively impact returns received by the Client. For example, an Apollo Real Estate Manager would be restricted in choosing investments for a Client if an Apollo partner, principal or employee obtained certain material non-public information.

*Standards of Care and Indemnification.* The Governing Documents of most Clients contain provisions that, subject to applicable law, reduce or modify the duties that certain persons would otherwise owe to such Client or its investors. Pursuant to the typical standard of care set forth in the exculpation and indemnification provisions of the applicable Governing Documents, the Apollo Real Estate Managers and each of their affiliates (including AGM) and each officer, director, partner, member, manager, shareholder and employee of the foregoing and each member of the advisory board, if applicable (including, solely in connection with matters relating to the advisory board, the investor and/or other person on whose behalf the advisory board member is serving), will be indemnified and held harmless from losses sustained from any act or omission in connection with Clients' activities, absent bad faith, gross negligence, willful misconduct, fraud or willful or reckless disregard of their duties and could receive advances for any fees, costs and expenses incurred in the defense or settlement of any claim that could be subject to a right of indemnification. For example, in their capacity as directors of portfolio investments, the officers, directors, partners, members, managers, employees and shareholders of the Apollo Real Estate Managers or their respective affiliates could be subject to derivative or other similar claims brought by shareholders of such companies. The fees, costs, expenses (whether or not advanced) and other liabilities resulting from such indemnification obligations are Operating Expenses and will be paid or otherwise borne by Clients (including by satisfaction out of unpaid capital contributions of their respective limited partners, shareholders or other investors).

The application of the foregoing standards could result in Clients or investors in such Clients having a more limited right of action than they would have had in the absence of such standards. As a result, even though such exculpation and indemnification provisions in a Client's Governing Documents will not act as a waiver of an investor's right under federal or state securities law (which is not permitted to be waived), the application of the foregoing standards could result in such Client bearing significant financial losses even where such losses were caused by the negligence (even if heightened) of such covered persons. Such financial losses could have an adverse effect on the returns to the Client or an investor in a Client and, if the Client's assets are insufficient to satisfy such Client's indemnification obligations, an investor could be required to return amounts distributed to it, subject to any limitations set forth in such Client's Governing Documents.

*Client Advisory Boards.* Certain Clients have advisory boards that consist of representatives of certain investors in Clients. Certain Clients also have the ability to create sub-committees of their advisory boards to address certain categories of topics, such as expense allocations, valuations and other topics. An approval or consent given by a sub-committee will be treated as an approval or

consent given by the applicable advisory board. Any approval or consent given by such advisory boards (or sub-committees) tends to be binding on such Clients and all of their investors. Members of such advisory boards are also authorized to give approvals or consents required under the Advisers Act, including Section 206(4) of the Advisers Act. Members of such advisory boards owe no fiduciary duty to the Client, are under no obligation to act in the best interests of the Client as a whole and could choose to act only in the best interests of the limited partner with which such member is affiliated. Although the Apollo Real Estate Managers have adopted Apollo's policies and procedures designed to manage conflicts among Clients, members of the advisory boards or any sub-committee thereof could themselves have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to their advisory boards or sub-committees for consideration or review. For example, in a cross trade situation where an Apollo Real Estate Manager arranges for a Client to purchase an investment from or sell an investment to another Client, if an advisory board (or a sub-committee) member has an interest in both Clients involved in the cross trade, such member could favor one Client over the other if such member's interests are more aligned with the Client it favors. In addition, if the member has an interest unrelated to the Apollo Real Estate Manager, it could not act in the best interests of the Client that it represents.

In such instances, the Apollo Real Estate Manager expects that such advisory board member will act in the best interests of the Client that it represents; however, there is no assurance that such conflicts of interest will be eliminated. Furthermore, there could arise certain instances where, notwithstanding that a Client's Governing Documents could suggest that a particular transaction or conflict of interest ought to be submitted to the advisory board for its review or consent, the general partner could instead defer to the judgment of a portfolio investment's board of directors (or equivalent body) with respect to such transaction or conflict of interest, including, for example if such portfolio investment is publicly traded, if the Client does not control such portfolio investment or if the portfolio investment has its own conflicts committee.

*Information Barriers and the Restricted List.* Apollo currently operates without ethical screens or information barriers that other firms implement to separate persons who make investment decisions from others who could possess material non-public information that could influence such decisions. In an effort to manage possible risks arising 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 Compliance maintains a list of restricted issuers as to which Apollo could have access to material non-public information and in whose securities Clients are not permitted to trade without prior approval from Apollo Compliance. In the event that any Apollo employee obtains material non-public information, the Apollo Real Estate Managers will be restricted in acquiring or disposing investments on behalf of Clients, which could impact the returns generated for Clients. Similarly, if one Apollo Manager (e.g., the Apollo Real Estate Managers) acquires confidential or material non-public information, the other Apollo Managers (e.g., the Apollo Credit Managers and Apollo Private Equity Managers) will be restricted in acquiring or disposing investments on behalf of their clients.

Notwithstanding the maintenance of a restricted list 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 an Apollo Real Estate Manager, or one of its investment professionals, buying or selling

a security while Apollo is in possession of material non-public information. Inadvertent trading while Apollo is in possession of material non-public information could have adverse effects on the reputation of the Apollo Real Estate Managers, resulting in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact the Apollo Real Estate Managers' ability to perform investment management services on behalf of Clients. In addition, while Apollo currently operates without information barriers, 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 change, which would limit the Apollo Real Estate Managers' access to certain Apollo personnel and impair their ability to manage Clients' investments in the manner in which they currently manage investments.

*Investment Activity by Apollo and Affiliates.* From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of the Apollo Real Estate Managers, their affiliates and their personnel. The Apollo Real Estate Managers will endeavor to resolve conflicts with respect to investment opportunities in a manner they deem equitable to the extent possible under the prevailing facts and circumstances. The Apollo Real Estate Managers' affiliates invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or could fall within the investment guidelines of a Client (including investments in SPACs sponsored by Apollo and its affiliates and such SPACs' acquisition targets). The Apollo Real Estate Managers' affiliates give advice or take action for their own accounts that could differ from, conflict with, or be adverse to, advice given to or action taken for Clients. These activities could adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Clients. Potential conflicts also arise due to the fact that the Apollo Real Estate Managers' affiliates could have investments in some Clients but not in others or could have different levels of investments in the various Clients, and that each Client could pay different levels of fees.

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

*Capital Structure Investments.* The Apollo Real Estate Managers and their affiliates have ongoing relationships with many companies whose securities have been acquired by, or are being considered for investment by, Clients. For example: (i) Apollo can acquire securities or other financial instruments of an issuer for one Client or itself that are senior or junior to securities or other financial instruments of the same issuer that are held by, or acquired for, another Client (e.g., one Client could acquire senior debt while another Client acquires subordinated debt); (ii) Apollo could propose a holistic capital solutions proposal to an issuer that involves multiple Clients providing financing, in the form of debt or equity, or a combination thereof investing across two or more tranches or series of such issuer's capital structure; (iii) Apollo can permit other Clients or investors in Clients to provide debt or equity financing to a portfolio investment in which a

Client holds an investment; (iv) Apollo can permit a Client to provide financing to a portfolio investment of other Clients; (v) Apollo could cause a Client to provide financing and/or leverage to another Client with respect to investments; or (vi) Apollo could cause a Client to provide equity or debt financing (such as in the form of a PIPE or otherwise) to facilitate the acquisition of a target of a SPAC sponsored by Apollo). Conflicts of interest are expected to arise in such circumstances. For example, in the event such issuer enters bankruptcy, the Client holding securities that are senior in bankruptcy preference is expected to 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 could have an obligation to pursue such remedy on behalf of such Client. As a result, another Client holding assets of the same issuer that are more junior in the capital structure could not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and could suffer a loss.

In addressing certain of the potential conflicts of interest described herein, Apollo and/or the applicable Apollo Real Estate Manager could, but will not be obligated to, take one or more actions on behalf of a Client, including, without limitation, any one or more of the following: (i) causing a Client to remain passive in a situation in which it is otherwise entitled to vote, which could mean that such Client defers to the decision or judgment of an independent, third-party investor in the same class of equity or debt securities or other financial instruments held by another Client; (ii) referring the matter to one or more persons that is not affiliated with Apollo to review or approve of an intended course of action with respect to such matter; (iii) consulting with the limited partners on such matter or otherwise requesting that the limited partners (or an advisory board) approve such matter; (iv) establishing ethical screens or information barriers to separate Apollo investment professionals or assigning different teams of Apollo investment professionals, in each case, who are supported by separate legal counsel and other advisers, to act independently of each other in representing different Clients or Clients that hold different classes, series or tranches of an issuer's capital structure; (v) as between two Clients, ensuring (or seeking to ensure) that the underlying investors therein own interests in the same securities or financial instruments and in the same proportions so as to preserve an alignment of interest; or (vi) causing a Client to divest itself of a security or financial instrument or particular class, series or tranche of an issuer's capital structure it could otherwise have held on to, including, without limitation, causing a Client to sell a security or financial instrument to one or more other Clients (or vice versa), limited partners or investors in such other Client. There can be no assurance that any of these measures will be feasible or effective in any particular situation, and it is possible that the outcome for the Client will be less favorable than could otherwise have been the case if Apollo had not had duties to other Clients.

The Apollo Real Estate Managers recognize that conflicts arise under such circumstances and will endeavor to treat all Clients fairly and equitably. To that end, the Apollo Real Estate Managers have adopted Apollo's policies and procedures that are designed to address such potential conflicts of interest. The application of such policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Clients in different classes, series, or tranches of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure), and as such, investors should expect some degree of variation, and potentially inconsistency, in the manner in which potential, or actual, conflicts are addressed. The Apollo Real Estate Managers intend to resolve such situations in an impartial manner, but there can be no assurance that their own interests will not influence their conduct.

*Insurance Coverage.* The Apollo Funds, other than the publicly traded funds managed by subsidiaries of Apollo, are covered under Apollo's professional liability insurance policy and do not separately maintain professional liability insurance. To the extent a claim arises relating to any of the insureds during a policy period that erodes some or all limits under Apollo's policy, there will be less coverage, or potentially no coverage, available for all insureds under the policy for the remainder of the policy period.

*Participations; Assignments.* From time to time, certain Clients could offer to other Clients participations in and/or assignments or sales of loans and securities that the Client has originated or purchased. In the event of such an offer to other Clients, in certain circumstances (such as in a "season and sell" structure) the price of the participation, assignment or sale will not be set by the Apollo Real Estate Manager or general partner but rather will be established based on third-party valuations. In determining the target amount to allocate to a particular investment opportunity, the Client will take into consideration the fact that it anticipates selling, assigning or offering participations in such investment to third parties and to other Clients as described above. If the Client is not successful in offering such participations, assignments or sales, the Client will be forced to hold the portion that it intended to transfer or syndicate, until such time as it can be disposed. This could result in the Client being "overweighted" with respect to a particular borrower, issuer or company.

*Other Agreements and Arrangements.* The general partner, on its own behalf or on behalf of a Client, could enter into a side letter or similar written agreement with a limited partner without the approval of any other limited partner, that has the effect of establishing rights under, or altering or supplementing the terms of or confirming the interpretation of the applicable Governing Documents in order to meet certain requirements or requests of such investor. Such other agreements will generally be based on such factors as the size of a limited partner's investment, a limited partner's existing relationships with Apollo or any particular regulatory or legal considerations applicable to a limited partner, but the general partner could enter into such other agreements for any reason it deems necessary, advisable, desirable or convenient. As a result, returns could vary from limited partner to limited partner depending on any arrangements applicable to a given limited partner's investment in the Client. The general partner will not be obligated to offer or disclose such terms to any other limited partner.

The Apollo Real Estate Managers and their affiliates could enter into arrangements from time to time with third-party service providers and suppliers to facilitate the negotiation of terms that are more favorable than those that any individual Client or portfolio investment could obtain for itself. Examples include, but are not limited to, fee discounts or bulk purchasing programs that leverage the combined purchasing power of portfolio investments and Apollo. While the Apollo Real Estate Managers believe that all Clients benefit from these arrangements, they could involve conflicts of interest between Clients and/or between Clients and Apollo. For example: (i) a small portfolio investment owned by one Client could benefit from the purchasing power of a larger portfolio investment owned by another Client; or (ii) Apollo could benefit from a discount (e.g., for office supplies or travel services) that was negotiated on the basis of the combined purchasing power of Apollo and portfolio investments owned by Clients.

The Apollo Real Estate Managers and their affiliates could also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data

analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow Apollo, its Clients and its Clients' portfolio investments to better discern economic or other trends and developments. The Apollo Real Estate Managers believe that all Clients benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across Apollo's businesses and its Clients' portfolio investments. However, information sharing could involve conflicts of interest between Clients and/or between Clients and Apollo. For example, data analytics based on inputs from one portfolio investment could inform business decisions by other portfolio investments, or investment decisions by the Apollo Real Estate Managers and their affiliates, without the source of the data being directly compensated. The Apollo Real Estate Managers and their affiliates could utilize such data outside of Client activities in a manner that could provide a material benefit to Apollo, without directly compensating or otherwise benefiting Clients. As a result, Apollo could have an incentive to pursue investments (on its own behalf or on behalf of Clients) based on the data that could be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits Apollo and/or investments held by other Clients.

It is impractical, and in many cases impossible, to measure exactly the benefits that any individual entity could derive from these kinds of arrangements, or to provide for specific and direct monetary compensation from the recipients of a particular benefit to the sources of the data or the purchasing power (as applicable) that enabled the benefit to be obtained. As a result, Clients could not be directly compensated for their role in obtaining such benefits, and any such benefits that Apollo receives will not be subject to management fee offset provisions or otherwise shared with Clients. However, the Apollo Real Estate Managers believe that these arrangements provide benefits for all Clients that would not be obtainable without the conflicts of interest that they entail, and that on the whole the benefits of such arrangements exceed any impact of such conflicts.

*Strategic Relationship with the Athene Group and the Athora Group.* The Athene Group is a retirement services company that issues, reinsures and acquires retirement savings products designed for individuals and institutions seeking to fund retirement needs. The products and services offered by the Athene Group include fixed income and fixed indexed annuity products, reinsurance services offered to third-party annuity providers; and institutional products, such as funding agreements. Athora Holding Ltd. is a strategic platform that acquires or reinsures blocks of insurance business in the German and broader European life insurance market (together with its subsidiaries, the "Athora Group"). In exchange for an advisory fee, Apollo provides asset management and advisory services to the Athene Group and the Athora Group, including asset allocation services, direct asset management services, asset and liability matching management, mergers and acquisitions, asset diligence hedging and other asset management services. Apollo also provides sub-allocation services with respect to a portion of the Athene Group's and the Athora Group's assets and allocates such assets across Apollo Clients in a manner that often characterizes the Athene Group as a captive permanent capital vehicle in relation to Apollo's business. Additionally, Apollo and the Athene Group also have considerable overlap in ownership and, as a result, from time to time Apollo is or could be perceived to be able to, exercise significant influence over matters requiring shareholder approval relating to the Athene Group's business, including approval of significant corporate transactions, appointment of members of the Athene Group's management, election of directors, approval of the termination of the Athene Group's investment management agreements and determination of the Athene Group's corporate policies. As a result of the relationship between Apollo and the Athene Group and Apollo and the Athora

Group, the Athene Group's and/or the Athora Group's participation (as well as the accounts or assets that it manages) in a Client is typically accompanied by strategic partnership treatment (as discussed in Item 4 above) and in connection with investing the Athene Group's and the Athora Group's assets across Clients, Apollo grants the Athene Group and the Athora Group certain preferential terms, including reduced Management Fee and carried interest rates that are lower than those applicable to the other limited partners, access to co-investment opportunities and other preferential terms, which in each case, are not subject to "most favored nations" treatment by other limited partners.

Furthermore, as stated above, as Apollo provides asset management and advisory services to the Athene Group and the Athora Group, there will be instances where certain transactions (such as, for example, cross trades, the provision of financing or other transactions between Clients or potential or existing portfolio investments of Clients, on the one hand, and the Athene Group and/or the Athora Group, on the other hand) present conflicts of interest from the perspective of the involved parties, which would include Apollo itself or through its ownership of or significant influence over the Athene Group and the Athora Group. For example, because of the ownership interest that Apollo has in the Athene Group and the Athora Group, transactions between the Athene Group, the Athora Group and/or any of their affiliates or portfolio investments, on the one hand, and a Client or an existing or potential portfolio investment of a Client on the other hand, could be considered principal transactions that require client consent. If a proposed transaction is determined by the applicable general partner(s) of the Client(s) to be a principal transaction, then the general partner could seek advisory board or investor approval on behalf of the applicable Client(s) or instead obtain the consent of an independent conflicts review agent that is authorized to act on behalf of the applicable Client(s), in each case, to the extent contemplated or permitted by the Governing Documents and/or the Advisers Act.

In addition to the above example conflict of interest, the Athene Group, the Athora Group and/or their affiliates or portfolio investments can serve as a financing or similar source in connection with the acquisition, financing or disposition of a Client's investments in existing or potential portfolio investments or in connection with the activities and business operations of such existing or potential portfolio investments (regardless of the type of investment, be it a control, non-control, preferred equity, structured or other type of investment structure). There will not necessarily be third parties involved in any such transaction in order to seek to ensure, among other things, that the terms of such participation by the Athene Group, the Athora Group and/or their affiliates or portfolio investments will reflect customary or market terms.

Further, as the Athene Group, the Athora Group and/or their affiliates or portfolio investments invest in a number of Clients and could seek to restructure or otherwise modify their respective balance sheet holdings from time to time, they could request to transfer their interests in Clients to each other, to portfolio investments of Apollo or Clients or to third parties. Apollo is incentivized to consent to such transfers (notwithstanding that the general partner can grant or withhold its consent in its sole discretion), due to the fact that such transfers could, among other things, relieve the respective balance sheets of the Athene Group, the Athora Group and/or their affiliates or portfolio investments in a manner that allows them to fund other Clients or Apollo initiatives. Additionally, the Athene Group holds interests in entities within the Apollo corporate structure that are recipients of all or a portion of the Management Fees and carried interest earned by Apollo Real Estate Managers and general partners, respectively. Apollo, any affiliate thereof or one or



more Clients could acquire interests in, Apollo or an affiliate thereof could enter into advisory arrangements with, or any of the foregoing could otherwise transact or enter into relationships with other businesses (such as, by way of example only and not of limitation, other insurance businesses) in a manner similar to the relationships with the Athene Group, the Athora Group and/or their affiliates or portfolio investments, in which case the conflicts and other issues described in this paragraph could apply, potentially more acutely depending on the nature and degree of the relationship, with respect to each such other business.

In addition to the conflicts of interest discussed above, Apollo is considering the implications of the announced merger of Apollo and the Athene Group including the potential for additional conflicts of interest. See Item 2 for additional information regarding the Athene Group merger.

*Secondary Transfers of Partnership Interests.* To the extent that a general partner has discretion over a secondary transfer of interests in a Client pursuant to the Governing Documents and subject to any restrictions therein, the general partner could identify a limited number of persons to potentially acquire the interest being transferred, including: (i) investors in one or more Clients; (ii) individuals and entities that are not investors in any Clients (but could in the future become investors in Clients); (iii) one or more affiliates of Apollo; and/or (iv) Apollo Funds (including funds that primarily engage in the purchase of fund-related interests in the secondary market), and could take into consideration a variety of factors as it deems necessary in exercising its discretion with respect to a secondary transfer of interests in a Client. To the extent one or more affiliates of Apollo or an Apollo Fund acquires an interest in a Client via a secondary transfer, conflicts of interest could arise such as: (i) an additional layer of fees and incentive compensation in the case of an acquisition by an Apollo Fund; (ii) an increased indirect economic investment for Apollo that could impact the portfolio management of the Client; and (iii) an incentive to adjust the portfolio management of the Client in a manner that is primarily for the benefit of the purchaser in the secondary transfer.

*Investments in SPACs.* Apollo, as well as portfolio investments or subsidiaries of certain Clients of Apollo, have sponsored SPACs and in the future could sponsor additional SPACs. Apollo-sponsored SPACs, which are controlled by Apollo and in which Apollo holds direct investments (as opposed to SPACs that are portfolio investments or subsidiaries of Clients) are referred to herein as “Apollo SPACs”. A Client could invest in, or facilitate the acquisition of companies by, Apollo SPACs or SPACs in which other Clients hold interests. For example, a Client could acquire equity investments (including through a private investment in public equity, or PIPE, transaction), preferred instruments or similar instruments in, and/or provide debt financing to, an Apollo SPAC or its acquisition target or a SPAC or acquisition target in which one or more other Clients hold common equity. However, in no event will a SPAC or its operating company be treated as a Client for this or any other purpose. See Item 10, Capital Structure Investments for additional information regarding conflicts of interest.

The establishment of SPACs and the existence of Apollo SPACs, as opposed to SPACs that are portfolio investments or subsidiaries of Clients, gives rise to various conflicts of interest. In connection with the establishment of a SPAC, Apollo is incentivized to use its own capital (rather than a Client’s capital) to invest in a SPAC, due to, among other things, the prospect of greater economic entitlements associated with Apollo itself investing in the SPAC, rather than causing a Client to invest in a SPAC. As such, conflicts of interests exist in connection with establishing

SPACs and thereafter allocating investments as between Apollo SPACs, on the one hand, and Clients or SPACs owned by Clients, on the other hand, including in determining the investment mandate of a SPAC. It is possible that acquisition targets of Apollo SPACs arise from investment opportunities that should have been presented to Clients, or from investments in which Clients have preexisting interests. While Apollo maintains policies and procedures with respect to allocation of investment opportunities, no assurance can be given that Apollo will allocate investment opportunities to Clients rather than Apollo SPACs. In addition, Apollo and its personnel could be incentivized to dedicate greater resources to Apollo SPACs in anticipation of receiving more attractive economic entitlements from Apollo SPACs relative to Clients, including compensation that Apollo personnel could receive, as well as fees payable to Affiliated Service Providers that would not offset Management Fees. The devotion of time and effort of certain Apollo personnel to sponsoring Apollo SPACs creates a conflict of interest as between Clients on the one hand and Apollo on the other. In addition, certain Apollo personnel currently serve, and in the future will serve, as members of the board of directors of Apollo SPACs (as they could in the case of SPACs in which Clients are invested) and/or any acquisition target of such SPACs that becomes publicly listed on an exchange, and, as such, such personnel could be subject to fiduciary duties with respect to such Apollo SPACs or other entities that conflict with the fiduciary duties that Apollo could otherwise owe with respect to Clients.

The investment by Clients in Apollo SPACs or SPACs in which other Clients hold interests, gives rise to various conflicts of interest. For example, with respect to Apollo SPACs, Apollo is incentivized to maximize the value of its investment in connection with its sponsorship of the SPAC. Apollo and its personnel could also be entitled to asset- or performance-based compensation or other economic gain with respect to Apollo SPACs. Further, in connection with a Client investment in an Apollo SPAC, an Affiliated Service Provider could be engaged by any of the transaction parties (including the SPAC or the acquisition target) to provide services and will earn and receive fees, which would be in addition to the fees and compensation otherwise payable to or that can be earned by Apollo in connection with its or a Client's investment in a SPAC. These economic interests and entitlements could create an incentive for Apollo to cause Clients to invest in Apollo SPACs, or impact the size and scope of the Clients' investment in an Apollo SPAC, in order to increase the likelihood that an Apollo SPAC consummates an acquisition from which Apollo and its personnel can be assured receipt of such economics. Apollo could also be incentivized to make riskier decisions on behalf of the Apollo SPAC or underlying target company than it might make absent such economic terms or entitlements, which would give rise to conflicts of interest with respect to Clients to the extent they invest therein. In addition, to the extent a Client participates in a negotiated transaction with respect to an investment in, or provision of financing to, an Apollo SPAC, such as participating in a forward purchase agreement to purchase securities in a private placement that would close concurrently with an initial business combination, the terms of such transaction would be negotiated by Apollo, on behalf of the Client, in its sole discretion, which could present certain conflicts of interest by virtue of Apollo being incentivized to negotiate terms that cause a transaction to be consummated, rather than terms that might be perceived to be customary for transactions of such type entered into between unrelated parties. Unless otherwise required by a Client's Governing Documents, all of the foregoing transactions and arrangements will not require the consent of a Client's investors or an advisory board (if applicable).

*Portfolio Company Relationships.* A Client's portfolio companies could be counterparties or participants in agreements, transactions, or other arrangements with other portfolio companies of such Client and portfolio companies of other Clients that, although Apollo determines to be consistent with the requirements of such Clients' Governing Documents, could not have otherwise been entered into but for the affiliation with Apollo, and which could involve fees and/or servicing payments to Apollo-affiliated entities that are not subject to the Management Fee offset provisions contained in a Client's Governing Documents. For example, Apollo could, like other private equity firms, in the future cause portfolio companies to enter into agreements regarding group procurement, benefits management, data management and/or mining, technology development, purchase of title and/or other insurance policies (which could be pooled across portfolio companies and discounted due to scale) and other similar operational initiatives that could result in fees, commissions or similar payments and/or discounts being paid to the Apollo Real Estate Manager or its affiliates, or a portfolio company, including related to a portion of the savings achieved by the portfolio company. Moreover, Apollo, the Apollo Real Estate Manager and their affiliates are often eligible to receive favorable terms for procurement due in part to the involvement of a Client's portfolio companies in such arrangements, and any discounted amounts will not be subject to the Management Fee offsets or otherwise shared with the relevant Clients. In addition, portfolio companies of other Clients could do business with, support or have other relationships with competitors of a Client's portfolio companies, and in that regard prospective investors should not assume that a company related to or otherwise affiliated with Apollo will only take actions that are beneficial to or not opposed to the interests of a Clients and its portfolio companies.

Moreover, in connection with seeking financing or refinancing of portfolio companies and their assets, it could be the case that better financing terms are available when more than one portfolio company provides collateral, particularly in circumstances where the assets of each portfolio company are similar in nature. As such, rather than seeking such financing or refinancing on its own, a portfolio company of a Client could enter into cross collateralization arrangements with another portfolio company of such Client.

*Liquidity Event.* Apollo could propose to a Client's advisory board or limited partners one or more transactions that enable such investors to monetize or restructure all or a portion of their interests in a Client, including through the use of a continuation vehicle (each such transaction, a "Liquidity Event"). The sale of an investment to a continuation vehicle could result in the applicable general partner and/or other members of the Apollo group (including employees and affiliates) disposing of their investments in the underlying assets at a different time than some or all limited partners of such Client and otherwise taking actions with respect to such investment that are different than the actions taken by other limited partners. As such, the applicable general partner and other members of the Apollo group could ultimately receive a return on their share of the relevant investment that is higher than the return achieved by other investors in such Client. Apollo could be subject to other conflicts of interests in connection with a Liquidity Event, including with respect to investment valuations, allocation of fees and expenses and the offering of investment opportunities to Clients and Co-Investors. Unless otherwise stated in a Client's Governing Documents, the consummation of any such Liquidity Event will not require the consent of the Client or its advisory board.

*Apollo Side-by-Side Investment Rights.* To the extent set forth in a Client's Governing Documents, in addition to one or more investment vehicles through which Apollo will offer certain qualified

Apollo professionals and employees the opportunity to invest in a Client, Apollo, including Apollo professionals and employees and other Clients or entities and other key advisors/relationships of Apollo, will be permitted to invest in portfolio investments outside of a Client in an amount equal to a certain specified percentage determined on an annual basis and generally not to exceed a specified percentage of the amount of equity otherwise available to a Client for investment on an annual basis. In determining whether to exercise these rights and which, if any Apollo professionals and employees, key advisors/relationships or Clients participate in such program, Apollo will take into account and consider a multitude of factors, including its own, a Client's and other Clients' interests in investing in the opportunity and its strategic initiatives and strategies. In the event that Apollo elects to exercise these rights, it is expected that the portion of portfolio investments that could otherwise have been allocable to a Client pursuant to Apollo's investment allocation policies and procedures would be reduced. Apollo's own interests and/or the interests of other Clients and the interests of certain Apollo professionals in any such portfolio investment could create incentives for such persons to take different actions, including having a greater risk exposure, than would otherwise be taken but for their interests in such portfolio investment.

*ESG Considerations.* The Apollo Real Estate Managers and the affiliated general partners of a Client could take into account environmental, social and governance ("ESG") considerations in the discovering, developing, negotiating, evaluating, acquiring, structuring, holding, carrying, monitoring, managing and disposing of the Client's investments. The application of that approach could involve higher ESG compliance expenses or costs or the forgoing of certain opportunities. There are no universally accepted ESG standards and not all limited partners could agree on the appropriate ESG standards to apply in a particular situation. The Apollo Real Estate Managers and the affiliated general partners will apply (or not apply) ESG standards and considerations in their sole discretion.

Increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to Apollo's ESG policies could impose additional costs or expose Apollo, the general partner, the Apollo Real Estate Manager or the Client to additional risks. Companies across all industries are facing increasing scrutiny relating to their ESG policies. Investor advocacy groups, certain lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters could hinder access to capital, as lenders could decide to reallocate capital or to not commit capital as a result of their assessment of ESG practices. These limitations in both the debt and equity capital markets could affect the Client's ability to grow as its plans for growth could include accessing the equity and debt capital markets. If those markets are unavailable, or if the Client is unable to access alternative means of financing on acceptable terms, or at all, the Client could be unable to implement its business strategy, which would have a material adverse effect on its financial condition and returns and impair the Client's ability to service its indebtedness. Further, the Client will incur additional, material costs and require additional resources to monitor, report and comply with wide ranging ESG requirements. The occurrence of any of the foregoing could have a material adverse effect on the Client's business and overall returns.

*Overhead Allocation.* Apollo has in-house accounting, legal, compliance, tax, administrative, operational, finance, risk, reporting, technology, investor servicing and other types of personnel or employees that provide support to Clients and their respective subsidiaries and potential and

existing portfolio investments on an ongoing basis. These employees assist with, among other things, the legal, compliance, tax, administrative, operational, finance, risk reporting, technology, investor servicing and other functions of the Apollo Real Estate Managers, their affiliates and Clients and their respective acquisition, due diligence, holding, maintenance, financing, restructuring and disposition of investments, including, without limitation, mergers and acquisitions, finance and accounting, legal, tax and operational support and risk, litigation and regulatory management and compliance. The performance of such functions by Apollo employees could be in addition to or as an alternative to the outsourcing of any such services to other service providers at market rates, including entities and persons regularly used by Apollo and its affiliates, Clients and their respective potential and existing portfolio investments.

All fees, costs and expenses incurred by Apollo (including allocable compensation of such personnel or employees and related overhead otherwise payable by Apollo in connection with their employment, such as rent and benefits) in connection with services performed by personnel or employees of the Apollo Real Estate Managers or their affiliates could constitute services for, or in respect of, Clients, their subsidiaries and their existing and potential portfolio investments, will be allocable to, and borne by, Clients. Such allocations to Clients can be based on any of the following methodologies, among others: (i) requiring personnel to periodically allocate their historical time spent with respect to a Client or its general partner approximating the proportion of certain personnel's time spent with respect to such Client (which will be tracked on a weekly or biweekly basis) and, in each case, allocating their compensation and allocable overhead based on such approximations of time spent, or charging such approximations of time spent at market rates; (ii) the assessment of an overall dollar amount (based on a fixed fee or percentage of assets under management) that the general partner determines in good faith represents a fair recoupment of expenses and a market rate for such services; or (iii) any other methodology determined by the general partner in good faith to be appropriate and practicable under the circumstances. Further, the methodology utilized for one personnel group could be different from the methodology utilized by another personnel group, and different methodologies could be utilized, including within a single personnel group, at different times or in determining different types of allocations (such as allocations among Clients, on the one hand, and allocations as between Clients and affiliates, on the other hand). Determining such charges based on approximate allocations, rather than time recorded on an hourly or similar basis (which will not be undertaken), could result in the Client being charged a different amount (including relative to another Client), which could be higher or lower, than would be the case under a different methodology. In addition, any methodology (including the choice thereof), as well as the application of any approximations it entails, involves inherent conflicts between the interests of the Client, on the one hand, and any other Client or affiliate to which all or a portion of the relevant personnel's time would otherwise be charged, on the other hand, and could result in incurrence of greater expenses by the Client and its subsidiaries and potential and existing portfolio investments than would be the case if such services were provided by third parties at market rates. Further, a Client's Governing Documents could restrict the allocation of any of the foregoing amounts to it. In these cases, such a Client could bear none of the above expenses or less than its proportionate or relative share of these expenses. In circumstances where this occurs, Clients whose Governing Documents are not restrictive could bear more of these expenses than they otherwise would have.

*Shared Resources.* In certain circumstances, in order to create efficiencies and optimize performance, one or more portfolio investments or portfolio companies of a Client could determine

to share the operational, legal, financial, back-office or other resources of another portfolio investment or portfolio company of the Client or another Client. In connection therewith, the costs and expenses related to such services will be allocated among the relevant entities on a basis that Apollo determines in good faith is fair and equitable (but which will be inherently subjective). Determining an allocable share of internal and other costs, or otherwise allocating costs, inherently requires the judgment of Apollo and there can be no assurance that the Client will not bear a disproportionate amount of any costs, including Apollo's internal costs. In addition, it is possible that a portfolio company could be in the business of providing goods or services that are, or could be, utilized by another portfolio investment, portfolio company or property, including a portfolio investment owned by a different Client or affiliate of Apollo (and for this purpose, any such portfolio company that is providing such services could be considered an Affiliated Service Provider for purposes of the applicable Clients' Governing Documents). The provision of such services by certain existing and potential portfolio companies could incentivize the Apollo Real Estate Managers to facilitate arrangements with portfolio companies of other Clients in order to create business opportunities for the portfolio company providing such services. As a result of this conflict, services provided to a portfolio investment could not be the same in terms of quality and terms as they would be if they resulted from a negotiation with a third party. These types of arrangements will not require the consent of the applicable advisory board or investors in the Client.

*Procurement.* There could be situations in which an Apollo Real Estate Manager is in a position of facilitating or otherwise making available portfolio investment services or other third party group purchase arrangements (each such service or arrangement, a "Transaction Opportunity") and, as a result, certain portfolio investments of a Client could be counterparties or participants in agreements, transactions or other arrangements with third parties, the portfolio investments of other Clients or Apollo. Such Transaction Opportunities could involve favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. An Apollo Real Estate Manager could be eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio investments or third parties in such Transaction Opportunities, and any discounted amounts will not be subject to offsets against the Management Fee or otherwise shared with Clients. As a result, an Apollo Real Estate Manager could be incentivized to facilitate or seek to influence the participation of portfolio investments of Apollo Clients in Transaction Opportunities with portfolio investments of other Apollo Clients or third parties, even though such Transaction Opportunities could not be the most appropriate or offer the best terms.

## **ITEM 11**

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

#### **Code of Ethics**

The Apollo Real Estate Managers have adopted Apollo's Code of Ethics (the "Code of Ethics") which was designed to ensure compliance with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to all partners, employees, members, owners, principals, directors (excluding independent directors of AGM) and officers and, where applicable, consultants of Apollo (each a "Covered Person"). The Apollo Real Estate Managers strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust.

Accordingly, the Code of Ethics incorporates the following general principles that all Covered Persons are expected to uphold:

- (i) Covered Persons must at all times place the interests of Clients first;
- (ii) all personal securities transactions must be conducted in a manner consistent with the Code of Ethics 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 Clients, including investors in Clients, 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 laws and regulations, including federal securities laws, at all times.

### **Personal Trading Restrictions**

The Code of Ethics 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 (including, but not limited to, investments in private placements and limited offerings) other than those involving: government and municipal securities; certain exchange-traded funds and closed-end funds; certain mutual funds (i.e., open-ended investment companies); variable annuities; commodities; transactions in fully-managed accounts; and grants of equity-based awards covering Apollo publicly traded stock to employees as part of an equity incentive plan. Covered Persons are prohibited from purchasing securities in initial public offerings (except for those of SPACs or real estate investment trusts, which could be permitted subject to pre-approval by Apollo Compliance) and initial coin offerings, short sales and purchases of options on equity securities.

The Code of Ethics provides that approval will not be granted for securities of companies on Apollo's restricted list, Apollo's holdings list, ISG's holdings list, MidCap Financial's holdings list or the deal pipeline. Further, the Code of Ethics provides that approval will not be granted for the purchase of securities of companies with a market capitalization on the date of the trade request between \$100 million and \$10 billion. This "market cap rule" could be changed from time to time.

Apollo has granted a narrow exception to the "market cap rule." Specifically, the exception allows any Apollo person who receives pre-approval to actively participate in investment decisions of public equity securities within the otherwise prohibited market capitalization range, subject to a number of conditions that Apollo believes substantially mitigate the conflicts otherwise posed by the Apollo person's role in such process. These conditions include following enhanced pre-clearance requirements by Apollo for each new investment, limiting the number of holdings in the strategy at any given time and enhanced monitoring for conflicts.

## **Personal Securities Holdings and Transaction Reports**

Subject to limited exceptions, each Covered Person must periodically submit to Apollo Compliance, or electronically through Apollo's personal trading system, a report of the holdings and transactions 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) the Covered Person's spouse; (iii) any member of the Covered Person's immediate family and to whose support the Covered Person significantly contributes, which could include the Covered Person's children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings and persons with whom a Covered Person has an adoptive or in-law relationship; or (iv) any other person to whose support the Covered Person significantly contributes (each individual identified in clauses: (i); (ii); (iii); and (iv) a, "Relevant Person").

The holdings report 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 each Relevant Person has any direct or indirect beneficial ownership; (ii) the name of any broker, dealer or bank with which each Relevant Person maintains 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 Apollo Compliance.

The transaction reports must contain, at a minimum: (i) the date of the transaction, the title and, as applicable, the exchange ticker symbol or CUSIP number, the interest rate and maturity date, the number of shares and the principal amount of each reportable security involved; (ii) the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition); (iii) the price of the security at which the transaction was effected; (iv) the name of the broker, dealer, bank or other financial institution with or through which the transaction was effected; (v) if not executed through a broker, dealer or bank or other financial institution, the location of the securities and a description of how the transaction was effected; and (vi) the date that the Covered Person submits the report to Apollo Compliance.

For non-U.S. employees, submission to Apollo Compliance of a duplicate copy of the most recent periodic financial institution statements of the Relevant Persons will be sufficient to fulfill the holdings and transactions report requirement if such statements include all required information for all securities. Apollo Compliance will ensure that duplicate account information for all accounts of Relevant Persons is sent directly to Apollo Compliance or electronically through Apollo's personal trading system.

The Code of Ethics requires each Covered Person to certify, on at least an annual basis, as to the accuracy and completeness of his or her reports of securities holdings and transactions.

## **Material Non-Public Information**

The Code of Ethics includes policies and procedures concerning "inside information" that are designed to prevent the misuse of material non-public information (the "Insider Trading Policies"). Covered Persons are required to certify to their compliance with the Code of Ethics, 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 Real Estate Managers could have access to Inside Information and, as a result, be restricted from effecting transactions in certain investments that could otherwise have been initiated. For example, there could be certain cases where the Apollo Real Estate Managers or their personnel receive Inside Information due to their various activities on behalf of Clients, which could result in either limited liquidity for a Client if it desires to engage in a disposition transaction or in the Apollo Real Estate Managers or their personnel being prohibited from using such information for the benefit of Clients. By way of another example, Apollo’s investment professionals must obtain approval from Apollo Compliance prior to engaging any expert network and must send affirmations indicating that they did not receive material non-public information and that the expert did not breach any duty of confidentiality. The Apollo Real Estate 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. Apollo’s investment professionals receive initial and annual training in the use of expert networks and paid consultants.

### **Other Provisions of the Code of Ethics**

Covered Persons are subject to additional standards of conduct relating to the use of funds and property, conflicts of interest and opportunities belonging to Clients, managing investments of related parties and general standards of conduct including the conduct expected when dealing with Clients and the investors in Clients. 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 of Ethics. Violations of the Code of Ethics are subject to the imposition of sanctions, up to and including termination.

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

### **Cross Trades and Principal Transactions**

Apollo Real Estate Managers direct, from time to time and subject to applicable Client investment guidelines and restrictions, one Client to sell an investment to another Client (or with other Apollo Funds) through a “cross trade.” Cross trades are generally executed as an “internal cross” where the Client’s custodian(s) is instructed to book the transaction at a price determined in accordance with Apollo’s cross trade policies and valuation procedures. No fees will be charged by AGREM or its affiliates to Clients in connection with the completion of a cross trade. In certain cases, cross trades are viewed as principal transactions due to the ownership interest in a Client by Apollo and its personnel.

Cross trades and principal transactions give rise to conflicts of interest between Clients and between Clients and Apollo. For example, one Client could be advantaged to the detriment of another Client where investments being exchanged are not priced in a manner that reflects fair

value. In addition, the Apollo Real Estate Managers could use their investment authority to transfer unappealing investments from one Client to another Client. To the extent that any cross trades or affiliate transaction described above could be viewed as a principal transaction due to the ownership interest in the Client of Apollo and its personnel, Apollo will comply with the requirements of Section 206(3) of the Advisers Act and its internal policies and procedures.

In order to ensure that any cross or principal trade is in compliance with the applicable laws and regulations, the applicable Apollo investment professionals must provide notice to, and obtain the approval of, Apollo Compliance, the Client's portfolio manager and a member of Apollo Legal prior to executing a principal trade or cross trade. When reviewing a proposed principal trade or cross trade, Apollo Compliance will confirm, among other things: (i) that such trade is allowed by the applicable Client's investment guidelines; (ii) that the Apollo Real Estate Manager'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 relevant Client and written consent from the Client was obtained in compliance with Section 206(3) of the Advisers Act. Advisory boards of Clients or conflicts review agents are authorized to provide Client consent in connection with such transactions.

### **Family Offices**

Apollo's Founders and certain other Apollo senior personnel have established family offices (each a "Family Office" and collectively the "Family Offices") to provide investment advisory, accounting, administrative and other services to their respective family accounts (including certain charitable accounts) in connection with their personal investment activities. The investment activities of the Family Offices and the involvement of the Founders and other Apollo senior personnel in these activities give rise to potential conflicts between the personal financial interests of such personnel and the interests of Apollo Clients. Interests could conflict, for example, if one of the Family Office's holds debt obligations or securities in a portfolio investment in which an Apollo Client owns equity or subordinated debt. Such investments in different parts of a company's capital structure present potential conflicts of interest when the company is, for example, experiencing financial distress. The Apollo Real Estate Managers have adopted certain procedures designed to seek to mitigate certain of these potential conflicts of interest but there can be no assurances that such procedures reduce or eliminate such conflicts of interest.

### **Potential Duties to AGM Stockholders**

The Apollo Real Estate Managers are affiliates of AGM. The shares of Class A common stock of AGM are publicly traded on the New York Stock Exchange. As a result, the Apollo Real Estate Managers have duties or incentives relating to the interests of AGM's stockholders that could differ from, and that could conflict with, the interests of their Clients and their investors, such as conflicts arising from the allocation of expenses, fee offsets and investment opportunities (including without limitation, opportunities in the asset management and financial services industries). The Apollo Real Estate Managers will endeavor to resolve such conflicts in a manner they deem fair and equitable to the extent possible under the prevailing facts and circumstances. The Apollo Real Estate Managers will seek to allocate investment opportunities in the asset management and financial services industries between Apollo and Clients in accordance with their respective Governing Documents and after evaluating the facts and circumstances of such

opportunities. Such investment opportunities could be reviewed by the AGM Allocations Committee. In the past, the application of such policies has resulted in the allocation by Apollo of certain investment opportunities relating to the investment management business to Apollo rather than to Clients (e.g., the acquisition of other financial service businesses) or Apollo affiliates that are themselves Clients, and Apollo could allocate such opportunities in a similar manner in the future.

## **ITEM 12**

### **Brokerage Practices**

#### **Execution**

Apollo Real Estate Managers have absolute discretion in selecting brokers to execute portfolio transactions and must use reasonable diligence to ascertain the best market price for all securities bought or sold in that market so that the price to Clients is as favorable as possible under prevailing market conditions. The determinative factor is not always the lowest possible per security price or commission, but whether the transaction represents the best qualitative and quantitative execution for the Client. The Apollo Real Estate Managers consider the full range of a broker's services in assessing best execution and could not pay the lowest commission rates available.

The Apollo Real Estate Managers consider the following factors in selecting 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; and
- (vi) the competitiveness of commission rates in comparison with other brokers satisfying the Apollo Real Estate Managers' other selection criteria.

The Apollo Real Estate Managers are not required to weigh any of these factors equally.

The Apollo Real Estate Managers could invest on behalf of Clients in senior loans, debt securities, derivatives, hedges and other instruments, which typically do not involve brokers or brokerage commissions, although an assignment fee is often charged by the administrative agent for a particular loan and fees could be payable when buying and selling bank loans. The Apollo Real Estate Managers could buy or sell securities directly from or to a dealer acting as principal at prices that include markups or markdowns.

## **Soft Dollars**

The Governing Documents of certain Clients authorize the use of “soft dollars.” The term soft dollars refers to the receipt by Apollo Real Estate Managers of products and services provided by brokers without any cash payment by Apollo Real Estate Managers, based on the volume of revenues generated from brokerage commissions for transactions executed for Clients. Apollo Real Estate Managers do not enter into formal soft dollar arrangements with broker-dealers. The Apollo Real Estate Managers in the ordinary course could receive unsolicited research products and brokerage services from full-service broker-dealers as part of their full range of services. Such unsolicited materials could benefit Clients and therefore could be construed as soft dollars.

Section 28(e) of the Securities and Exchange Act of 1934 (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 Real Estate 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 Clients of any change to that policy.

Consistent with Section 28(e) of the Exchange Act, research products or services obtained by brokers for execution of transactions in connection with one or more Clients could be used by an Apollo Real Estate Manager or another Apollo Manager to service one or more other clients, including clients that could not have paid for the benefits. Apollo Real Estate Managers do not seek to allocate such benefits to their Clients in proportion to the amount of transactions each Client generates.

## **Order Aggregation**

If an Apollo Real Estate Manager determines that the purchase or sale of the same security is in the best interest of more than one Client, the Apollo Real Estate Manager could, but is not obligated to, aggregate orders in order to reduce transaction costs. When an aggregated order is filled through multiple trades at different prices from the same time period within a trade 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 Real Estate Manager. In the event of a partial fill, allocations generally will be made pro-rata based on the initial order but could be modified on a basis that the Apollo Real Estate Manager deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. This could result in allocations of certain investments on other than a pro-rata basis. See Item 6 for additional information on investment allocations.

## **ITEM 13**

### **Review of Accounts**

The portfolio managers across Clients managed by the Apollo Real Estate Managers engage in ongoing monitoring of each investment. In addition, the Apollo Real Estate Managers conduct thorough, periodic reviews of Client accounts to assess trends that impact an individual

investment's ability to generate cash, profitability, asset values, financing needs, potential liability and ability to service any debts.

The Apollo Investment Practices Committee (the "IPC") meets on a quarterly basis to review portfolio management, investment processes and related documents evidencing compliance with written policies and procedures for all Apollo Funds. 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 Compliance, Finance, Operations, Risk and Legal.

Certain Clients (other than ARI) deliver newsletters to investors on a periodic basis. The newsletters include a portfolio summary, market outlook and the net asset value of the portfolio investments. Certain Clients also deliver audited financial statements on an annual basis, within 120 days of the applicable Client's fiscal year end (or 180 days after year end in the case of funds-of-funds).

As a public company, 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**

The general partner of a Client and/or Apollo Real Estate Manager enters into arrangements with, and causes Clients to compensate, unaffiliated third parties for investor referrals to the Client. The existence of these solicitation arrangements, as well as certain terms thereof, including the fact that such third parties are compensated, will be disclosed to affected investors. Generally, the terms of such arrangements will vary and allow the general partner of the Client to cause the applicable Client to pay the placement agent a fee equal to a percentage of one or more of the following items, in each case, with respect to the relevant investors placed by such third party: capital contributions, capital commitments, Management Fees, incentive compensation or net asset value. Such arrangements are also expected to provide that the Apollo Real Estate Manager reimburse the placement agent for certain expenses incurred by it in connection with such arrangements, which could include expenses incurred by the placement agent in establishing and operating vehicles to facilitate their placed investors' participation in Clients; in such circumstance, the Client could be obligated to bear such expenses. In these cases, and where contemplated by the applicable Governing Documents of the Client, the applicable Apollo Real Estate Manager reduces its Management Fee on a dollar-for-dollar basis to the extent any such placement agent fees are borne by the Client.

#### **ITEM 15**

##### **Custody**

Under the Advisers Act Rule 206(4)-2, the Apollo Real Estate Managers are deemed to have custody of the assets of certain Clients. These Clients receive annual audited financial statements from an independent public accountant that is registered with, and subject to regular inspection by,

the Public Company Accounting Oversight Board. These annual audited financial statements are then distributed to all investors no later than 120 days after the end of the applicable Client's fiscal year-end.

## **ITEM 16**

### **Investment Discretion**

The Apollo Real Estate Managers have full discretionary authority with respect to investment decisions and their advice with respect to Clients is provided in accordance with the investment objectives and guidelines as set forth in their respective Governing Documents. The Governing Documents of Clients place limitations on the Apollo Real Estate Managers regarding their management of Clients, including, but not limited to: (i) the percentage of portfolio investments that Clients can acquire in a single industry; (ii) the amount of leverage that Clients use to acquire portfolio investments; and (iii) the percentage of portfolio investments acquired by Clients that are organized and operated primarily outside of the U.S.

Certain limited partners of a Client negotiate with the general partners in side letter agreements for more specific limitations applicable to such limited partners, such as prohibited investments in specified countries, that result in such limited partners (but not necessarily the Client itself) not participating in such prohibited investments. AGREM is delegated the authority to consummate investments on behalf of Clients by the terms of the Governing Documents entered into between a Client and the relevant Apollo Real Estate Manager.

ACREFI Management, LLC ("ACREFI"), the Apollo Real Estate Manager for ARI, has formed an investment committee ("ACREFI Investment Committee") that advises and consults 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 approves 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 generally 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 have conflicts of interest where they have a substantial business relationship with the portfolio investment and the failure to vote in favor of company management could harm the Apollo Real Estate Managers' relationship with management. Conflicts also arise in the event a senior executive of a portfolio investment and principal of Apollo have a significant personal relationship that could affect how the adviser votes on a matter relating to the portfolio investment.

The Apollo Real Estate Managers have adopted Apollo's policies and procedures which they believe are reasonably designed to ensure that the Apollo Real Estate Managers vote proxies, or elect not to vote proxies, in the best interests of their Clients. For example, if an Apollo representative sits on the board of directors of a portfolio investment that is the subject of a proxy,

Apollo Compliance 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 the portfolio investment shareholders. In the event that a material conflict of interest is identified, Apollo Compliance will take such steps as it 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 Apollo Legal, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio investment.

Clients could request from the applicable Apollo Real Estate Manager a copy of the proxy voting policy and a record of how proxies have been voted.

### **ITEM 18**

#### **Financial Information**

Item 18 is not applicable. No Apollo Real Estate Manager is required to include a balance sheet for its most recent fiscal year, is aware of any financial condition reasonably likely to impair its ability to meet its contractual commitments to Clients or has been the subject of a bankruptcy petition at any time during the past ten years.