



ALP  
INVEST

ANNUAL REPORT 2016

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# REPORT OF THE MANAGING BOARD

## Market and economic developments 2016

### Equity markets resilient amid increased political uncertainty

Most financial markets ended 2016 in positive territory. While the MSCI World (Developed Markets) Index gained +5.4%, the MSCI Emerging Markets Index rose +8.4%. Although equity markets suffered substantial losses at the beginning of the year in response to disappointing economic news from China, falling commodity prices and increased monetary policy uncertainty, most of these losses were quickly recouped. The unexpected outcome of the UK referendum to leave the European Union resulted in renewed market turmoil in late June, but these turbulences proved short-lived. As it turned out, UK stocks were the best performers (measured by the FTSE 100 index) in Europe, at least in local currency, as a sharp depreciation of sterling resulted in improved earnings expectations amid increased price competitiveness.

The unexpected outcome of the U.S. Presidential elections in November pushed market volatility up again. However, this increase proved equally short-lived, and with market participants expecting a significant increase in infrastructure spending, far-reaching tax reform, and deregulation of the financial sector, equity prices surged towards the end of the year. At the same time, benchmark bond yields rose substantially.

### Expansionary monetary policy amid subdued economic growth

Contrary to earlier expectations, the Federal Reserve (the "Fed") decided to keep its policy rate unchanged until the end of the year. An important reason for the Fed to remain on hold could be sought in the disappointing growth performance of the U.S. economy in the first half of the year, the lack of inflationary pressures, the dollar appreciation, and uncertain global economic perspectives. However, as economic growth accelerated meaningfully in Q3, and appeared to have gained further traction towards the end of the year, unemployment continued to fall, while inflation crept up towards the Fed's 2% target. Against this background, the Fed increased its fed funds target rate by +25bps in December, the second rate hike in the current cycle and the only one in 2016.

In contrast, the European Central Bank (the "ECB") remained on hold throughout the year. Although real activity in the euro area expanded appreciably, inflation remained stubbornly low and well below the ECB's target.

Meanwhile, the Bank of Japan's (the "BoJ") policy stance remained firmly tilted towards easing and the BoJ's main focus was the prevention of a sustained yen appreciation and in China the economy appeared to have stabilized thanks to supportive fiscal and monetary policies, following a continued downward trend from double-digit rates to around 6.5% in 2016.

### Credit markets remained issuer-friendly

Leveraged finance markets recovered appreciably over the course of 2016. Investors showed little appetite for taking risk in the first quarter, however, as concerns about China, commodity markets and monetary tightening in the U.S. eased, leveraged finance markets switched from risk-off to risk-on. Overall, 2016 saw a moderate increase in leveraged finance issuance to US\$ 843 billion.

### M&A activity moderated but remained robust

Following six consecutive years of growth since the global financial crisis, M&A activity moderated to US\$ 3.8 trillion in 2016, an -18% decline compared with the previous year. However, it is important to note that 2016 was still the second most active year in the post-crisis era. While the annual decline in M&A activity was broad-based, it was particularly pronounced in the UK where the transaction volume nearly halved compared with 2015. The annual decline was largely due to a marked slowdown in the first half of the year, and especially the first quarter. However, in the second half M&A activity regained substantial momentum as the macroeconomic outlook brightened and financial market conditions eased. Between July and December, global markets recorded a volume of US\$ 2.2 trillion, a +30% increase from the preceding six-month period.

Financial sponsors contributed over-proportionally to the decline in global M&A. In 2016 as a whole, financial sponsor buy-side transactions fell -34% to US\$ 376 billion, causing their share in global M&A to shrink to less than 10%. However, leveraged buyouts ("LBOs") held up comparatively well. Globally, LBO volume totaled US\$ 218 billion in 2016, just -4% less than in the previous year.

### Exit volume continued to exceed new acquisitions

In 2016, private equity firms exited 1,703 portfolio companies, around 200 fewer companies than in 2015 (Preqin). The aggregate value of exits fell even more – from US\$ 436 billion to US\$ 330 billion. However, while the exit cycle is likely to have already peaked in 2015, divestments continued to outpace new acquisitions, both in terms of the number of transactions and their aggregate value. This had important implications for Limited Partners, who, with other things being equal, saw their exposure to private equity decline due to positive net distributions. The fact that exits remained relatively robust was largely due to trade sales and secondary buyouts (sales to other GPs). In contrast, Initial Public Offerings lost momentum, with just 201 portfolio companies being listed publicly, a -37% decline from 2015.

### Strong interest in private equity continued

2016 saw commitments to private equity funds totaling US\$ 333 billion, a +9% increase compared with 2015. While 2016 thus turned out to be the most active fundraising year in the post-crisis period, and the third most active year on record, the overall amount of commitments masks important development in terms of individual strategies. Fundraising for LBOs proved particularly dynamic, with commitments surging by more than +30% to US\$ 208 billion. Commitments to venture capital funds remained nearly unchanged at an elevated level of around US\$ 56 billion. While mezzanine funds raised more than US\$ 26 billion, the largest amount since 2008, commitments to growth capital and distressed funds moderated in 2016. In terms of geographies, Europe-focused funds saw the largest increase in commitments (+34%) to almost US\$ 93 billion. While commitments to U.S.-focused partnerships also rose appreciably, representing almost 60% of total fundraising in 2016, commitments to Asia-focused funds declined.

### Further increase in dry powder

Reflecting the rise in commitments and the moderate pace of capital deployment, private equity fund managers ("GPs") ended the year with a record amount of dry powder totaling US\$ 917 billion, a +7% increase compared with 2015. Unfunded commitments to buyout funds accounted for 58% of GPs' total dry powder. Europe-focused funds saw the largest relative increase in dry powder, while unfunded commitments to partnerships targeting Asia and the rest of the world shrank.

# REPORT OF THE MANAGING BOARD

(CONT'D)

## Business Overview

Over the course of the last 17 years, AlInvest Partners B.V. (together with its consolidated group companies, "AlInvest") has become one of the largest private equity investors in the world and today pursues opportunities across a range of private equity investment channels (primary fund investments, secondary and co-investments) covering the entire spectrum of private equity (e.g., buyout, growth capital, venture and mezzanine).

As of December 31, 2016, aggregate capital committed<sup>1</sup> to AlInvest had grown to over € 67 billion from over 100 investors. We believe that this growth is a clear indication of the support we have received from our investors and is also a reflection of the increasing importance of private equity in many developed economies, including many Asian economies.

AlInvest employed 97 full time employees ('FTE') as of December 31, 2016, and the male/female ratio of all employees is 57:43.

The size and composition of the Board are based on the profile and strategy of the Company. The professional expertise, experience and various competences of the members of the Board should support this profile and strategy. AlInvest strives to have a balanced composition of the Board, and will consider diversity including, where possible, age and gender, as one of the selection criteria when proposing new members for the Board in the future. As per January 1, 2016 the Board is comprised of one female and three male members.

## Responsible Investment

Since 2008, AlInvest implemented a formal process to integrate Responsible Investment into its investment process and to promote Responsible Investment as an investment consideration, both within its investment selection process and more broadly among general partners. AlInvest's Responsible Investment strategy is overseen by the Operating Committee, and a dedicated Responsible Investment officer is responsible for its development and integration. The investment teams are closely involved in the execution of this strategy and, together with the legal team, are responsible for ensuring that the Fund's investments comply with the criteria which have been agreed upon with the Limited Partners in the Fund. Every new investment is screened through AlInvest's Responsible Investment due diligence process.

AlInvest is a signatory to the Principles for Responsible Investment, which were developed by a group of leading institutional investors in conjunction with the United Nations.

In 2009, AlInvest for the first time published a detailed Annual Review, which provides further information on the development of our business and can be found on AlInvest's website.

## Returns

The table below represents the development of the gross and net life-to-date internal rate of returns ('IRR') of investments made by AlInvest on behalf of all investors combined. The year 2016 ended with a 12.1% year-to-date net return including currency impact on the assets under management (10.4% excluding exchange rate adjustments).

## Risks

Risk management is fundamental to our business. AlInvest insists on the highest standards of integrity and employs a rigorous risk management framework across all geographies and professional functions.

AlInvest regularly assesses and addresses all material financial risks, business risks, event-driven risks, information risks, and compliance risks applicable to its business. Each risk category has been defined and an assessment has been made of the likelihood of the risk occurring and the resulting impact if the risk event does occur. Control procedures have been put in place to help mitigate these risks. AlInvest aims to mitigate and thus lower residual risk to the extent possible. None of the risks described below had a material impact on AlInvest during 2016.

## Financial Risks

AlInvest has limited exposure to financial assets. Cash is typically held in short-term deposits with reputable banks. With regards to the funding provided to the Company's main operating subsidiaries, foreign currency exposure will be hedged depending on exchange rate developments. With regards to the foreign exchange movements related to investments, AlInvest's allocation and cash management processes are designed to take currency effects into account and AlInvest's FX Panel meets regularly to discuss the foreign exchange exposure and whether hedging is required.

Further, AlInvest regularly assesses and maintains appropriate levels of liquidity and solvency and has within the terms of the relevant mandates access to credit facilities and sufficient liquidity from its investors in order to fund its investments. Cash management control procedures include cash flow forecasting and monitoring of liquidity.

## Business and Event-Driven Risks

AlInvest is dependent on funding from its investors which are reputable pension funds and other reputable institutional investors. Investors can change their strategies regarding allocations to the private equity asset class, or decide to engage competing firms to manage their assets. A mitigating factor is that investment management agreements with our investors typically offer continuity to AlInvest for a prolonged period of time. Also, we update our investors on a regular basis with detailed information concerning their portfolios and strive to ensure that our strategies remain aligned. In addition, we continue to diversify and expand our investor base.

AlInvest is exposed to a range of operational risks that can arise from inadequate or failed systems, processes and people, as well as external factors that may affect them. To mitigate these risks, adequate segregation of duties and independent review procedures are in place. AlInvest's Policies and Procedures Manual defines control measures to help assure integrity, reliability, availability, and continuity of data and data processing. Business operations are monitored through management reports and review procedures.

Contractual and other obligations as well as investor expectations, also in light of the growing number and complexity of investment management agreements, require adequate human resources with the appropriate level of expertise. Therefore, staffing is discussed regularly and AlInvest focuses continuously on retaining staff by offering room for growth and competitive compensation. There is also the risk that senior management expertise may be lost. In order to create long-term alignment with AlInvest, a significant proportion of their remuneration is based on long-term incentives.

AlInvest's business processes may be disrupted due to our information technology infrastructure not meeting the demands of a changing environment. Security measures such as firewalls and access controls are present to protect confidential data. To enhance availability and maintenance of systems, IT service management has been outsourced to a third party service provider. Their performance is monitored in order to ensure compliance with the applicable service level agreement. A cybersecurity and business continuity assessment was performed by an independent party in 2016 and the appropriate actions have been taken to mitigate any risks identified.

<sup>1</sup> Total capital committed to AlInvest and its affiliates includes €7.0bn of investor mandates that are managed on behalf of investors by AlInvest Partners B.V. (or its controlled affiliates), but for which the investment decisions were made by parties other than AlInvest or its affiliates (€6.7bn before the end of 2002 and €0.2bn billion was committed before AlInvest began managing such investments in 2013)

**THE DEVELOPMENT OF THE GROSS AND NET LIFE-TO-DATE IRR<sup>2</sup> OVER THE PAST FIVE YEARS**

as per December 31, 2016

End of year	2012	2013	2014	2015	2016
Gross IRR	11.1%	12.1%	12.5%	12.7%	12.6%
Net IRR	10.1%	11.1%	11.6%	11.9%	11.8%

Past performance is not indicative of future results or a guarantee of future returns. Return metrics are subject to change as a fund or investment portfolio matures.

**New commitments**

The table below comprises all commitments received by Alpinvest as of December 31, 2016, both cumulative and per annum.

**ALPINVEST CUMULATIVE AND ANNUAL COMMITMENTS<sup>3</sup>**

(€bn)

Cumulative commitments	Up to 2012	2013	2014	2015	2016
Fund Investments	34.0	36.3	37.8	39.2	39.7
Secondary Investments	7.0	8.5	9.5	10.2	13.4
Co-Investments	6.9	7.5	8.2	8.9	9.1
Mezzanine Investments	3.3	3.4	3.5	3.7	3.7
Direct Investments	1.1	1.1	1.1	1.1	1.1
<b>Total</b>	<b>52.3</b>	<b>56.8</b>	<b>60.2</b>	<b>63.0</b>	<b>67.0</b>

Annual commitments	Up to 2012	2013	2014	2015	2016
Fund Investments	34.0	2.3	1.5	1.4	0.5
Secondary Investments	7.0	1.4	1.0	0.7	3.2
Co-Investments	6.9	0.7	0.7	0.6	0.2
Mezzanine Investments	3.3	0.1	0.2	0.1	0.1
Direct Investments	1.1	0.0	0.0	0.0	0.0
<b>Total</b>	<b>52.3</b>	<b>4.5</b>	<b>3.4</b>	<b>2.8</b>	<b>4.0</b>

<sup>2</sup> Performance information is based on the private equity and mezzanine primary fund investments, secondary investments and co-investments originated and made by Alpinvest and its affiliates on behalf of its investors on a combined basis. Excluded from the performance information shown are a) investments that were not originated by Alpinvest and b) Direct Investments, which was spun off from Alpinvest in 2005.

Gross Internal Rate of Return ("Gross IRR") represents the annualized IRR for the period indicated on Limited Partners' invested capital based on contributions, distributions and unrealized value before Alpinvest management fees, expenses and carried interest, which will reduce returns and in the aggregate are expected to be substantial. Net Internal Rate of Return ("Net IRR") represents the annualized IRR for the period indicated on Limited Partners' invested capital based on contributions, distributions and unrealized value after Alpinvest management fees, expenses and carried interest. To exclude the impact of FX, all non-EUR currency cash flows have been converted to EUR at the reporting period spot rate.

<sup>3</sup> Total capital committed to Alpinvest includes €7.0bn of investor mandates that are managed on behalf of investors by Alpinvest Partners B.V. (or its controlled affiliates), but for which the investment decisions were made by parties other than Alpinvest or its affiliates (€6.7bn before the end of 2002 and €0.2bn billion was committed before Alpinvest began managing such investments in 2013).

# REPORT OF THE MANAGING BOARD

(CONT'D)

AlpInvest may be negatively affected or disrupted by several factors, such as unenforceable contracts, lawsuits, adverse judgments, fraud, and negative publicity. To help reduce this likelihood, we rigorously assess the companies in which we invest. Any indication of unethical practices is identified during the due diligence process or later through interaction with portfolio companies. Investing guidelines are stipulated in all of our mandates, while our legal department manages all contracts.

Controls around, and associated risks in, the investment process are addressed in the ISAE 3402 type II Report, which is audited by EY. An ISAE 3402 (previously SAS 70) report for AlpInvest is available for the last fourteen years.

## Information risk

AlpInvest exchanges a significant amount of data with (prospective) investors and other constituents. Review and compliance approval procedures are in place to limit the risk that this information is inaccurate or can be misinterpreted. In addition, AlpInvest is continuously working on new and more efficient ways of reporting to meet the growing information needs from our investors.

## Compliance risk

AlpInvest seeks to comply with all applicable legal, regulatory and other external requirements, as well as contractual agreements. Our in-house team of senior legal and tax professionals provides advice, reviews and negotiates documentation, and helps us to meet our regulatory obligations. An external law firm monitors and updates AlpInvest on relevant legal and regulatory developments.

On May 11, 2015, AlpInvest obtained an Alternative Investment Fund Managers Directive ('AIFMD') license from the Netherlands Authority for the Financial Markets ('AFM') for the management of fund-of-funds and private equity investment products for professional investors. AlpInvest has aligned its existing policies covering transparency, remuneration, service providers, risk management, MiFID, conflicts of interest, compliance, and anti-money laundering with the requirements of the AIFMD.

On December 14, 2015, AlpInvest obtained a Cross Border Discretionary Investment Management license ('CB DIM License') from the South-Korean Financial Services Commission ('FSC') to allow AlpInvest to market managed account products and provide investor support services in relation thereto to Korean professional investors.

On September 18, 2015, AlpInvest Partners Ltd. was granted a License from the Securities & Futures Commission of Hong Kong ('SFC') to carry on Type 1 (dealing in securities) regulated activity in Hong Kong.

## AIFMD Investment Manager Remuneration

AlpInvest has adopted a Remuneration Policy with respect to Remuneration of Identified Staff, which encompass those individuals that are employed by AlpInvest and whose professional activities have an actual or potential significant impact on (a) AlpInvest's results and balance sheet; or (b) the performance of the Alternative Investment Funds (AIFs).

Presently, AlpInvest awards the following types of Remuneration to Identified Staff, which fall under the scope of this Policy: a fixed component and a variable component.

Variable remuneration can consist of one or more of the following elements: carried interest, a discretionary annual cash payment based on individual performance and performance by AlpInvest overall, and in addition, certain Identified Staff may receive DRUs. DRUs represent an unfunded, unsecured right of Identified Staff to receive Common Units issued by The Carlyle Group L.P. on the delivery date.

A more detailed overview of AlpInvest's remuneration policy can be found in note 8.1 to the financial statements.

## Operating performance AlpInvest Partners B.V.

The increase in Revenues in 2016 is a combined result of a significant growth in revenues from carried interest and a decrease of revenues from management fees. The higher Operating Result is mainly a result of the growth in Revenues, partially offset by higher operating expenses.

The number of employees at AlpInvest as at year end was 97 FTE, a slight increase compared to 94 FTE as of the 2015 year-end. The total capital under management of the AlpInvest group was managed by 146 FTE as per December 31, 2016 compared to 148 a year before. Currently, we foresee total FTE to remain stable.

## KEY FIGURES FOR 2016

(€m)

	2012	2013	2014	2015	2016	CAGR 2016/2012
Revenues	104	126	133	114	144	8%
Operating result before taxation	40	59	70	48	73	16%
Cumulative capital committed by AlpInvest as at year-end	47,000	51,000	54,000	57,000	60,000	6%
Cumulative capital invested as at year-end <sup>4</sup>	40,000	43,000	46,000	51,000	54,000	8%
Total number of FTEs as at year-end <sup>5</sup>	143	153	99	94	97	-10

<sup>4</sup> Cumulative capital committed by AlpInvest and cumulative capital invested as at year-end include €6bn of investments that are managed on behalf of its investors by AlpInvest, but for which the investment decisions were made by parties other than AlpInvest.

<sup>5</sup> The total capital under management of the AlpInvest group was managed by 146 FTE as per December 31, 2016 (including FTE associated with AlpInvest US Holdings, LLC)



In 2017, Wouter Moerel, Managing Director of Alpinvest, will join the Board whilst Erik Thyssen will at that point in time step down from the Board. This change is subject to regulatory approval.

#### Outlook for 2017

Global economic growth is expected to gain some momentum in 2017. Under baseline assumptions, this economic outlook should bode well for corporate earnings. However, from an investment perspective it is important to bear in mind that asset prices have generally been relatively rich. This heightened the risk of abrupt valuation adjustments in an environment that remains subject to exceptional macroeconomic uncertainty.



#### Changes in Alpinvest's Board composition

On January 1, 2016, Paul de Klerk, CFO and COO of Alpinvest and a member of the Board, took over as Chairman from Jacques Chappuis who stepped down from the Board as per December 31, 2015. Lauren Dillard, a Carlyle Managing Director and Head of Carlyle Investment Solutions, joined the Board as per January 1, 2016.

Alpinvest is confident that its highly disciplined allocation approach will continue to prove successful in identifying attractive investment opportunities amid potential market dislocations. At the same time, our approach is designed to manage investment risks efficiently by building diversified portfolios across strategies, geographies and vintage years and selecting the best managers in

each market segment through rigorous due diligence. Overall, Alpinvest believes that our deep experience, over different private equity cycles, positions us well to maximize risk-adjusted returns for our clients in an environment that is clouded with important macroeconomic uncertainty.

#### Proposed profit appropriation and dividend

We propose to distribute €28.3 million from the other reserves as a dividend to our shareholders. This amount includes the interim dividends declared.

Amsterdam, May 30, 2017

#### The Managing Board

**J.P. de Klerk**, Chairman  
**L.B. Dillard**  
**E.M.J. Thyssen**  
**G.A. Youngkin**

Alpinvest Partners B.V.  
 Jachthavenweg 118  
 1081 KJ Amsterdam  
 The Netherlands





## **Consolidated financial statements**

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# CONSOLIDATED BALANCE SHEET

(before proposed profit appropriation)

(€ thousands)	December 31, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible fixed assets <sup>4.1</sup>		
Other fixed assets	528	624
Financial fixed assets <sup>4.2</sup>		
Loans	-	123
Investments in private equity funds	17,451	12,196
	<b>17,979</b>	12,943
<b>Current assets</b>		
Accounts receivable		
Receivables <sup>4.3</sup>	4,431	9,051
Receivables from Group companies <sup>4.4</sup>	39	819
Receivables from other related parties <sup>4.4</sup>	19,837	1,428
Corporate income tax receivables <sup>4.5</sup>	3,057	917
Forward contracts <sup>4.6</sup>	-	1,542
Pensions <sup>4.7</sup>	734	804
Prepayments and accrued income <sup>4.8</sup>	3,588	3,137
	<b>31,686</b>	17,698
Cash <sup>4.9</sup>		
Call and short-term deposits	-	85
Cash	20,158	28,104
	<b>20,158</b>	28,189
<b>Total assets</b>	<b>69,823</b>	58,830

The reference numbers relate to the notes which form an integral part of the financial statements.

# CONSOLIDATED BALANCE SHEET

(CONT'D)

(€ thousands)	December 31, 2016	December 31, 2015
<b>LIABILITIES AND EQUITY</b>		
<b>Group equity</b>		
Equity attributable to shareholders of the parent company <sup>4.10</sup>	14,784	17,065
Equity attributable to other shareholders <sup>4.11</sup>	26,141	19,226
<b>Provisions</b>		
Provisions <sup>4.12</sup>	133	129
<b>Current liabilities</b>		
Creditors	117	43
Payable to Group companies	9,982	7,484
Other tax and social security payables	1,791	1,933
Corporate income tax liabilities <sup>4.13</sup>	4,449	758
Other short-term liabilities <sup>4.14</sup>	12,426	12,192
	<b>28,765</b>	22,410
<b>Total liabilities and equity</b>	<b>69,823</b>	58,830

The reference numbers relate to the notes which form an integral part of the financial statements.

# CONSOLIDATED INCOME STATEMENT

(€ thousands)	2016	2015
<b>Net revenue<sup>5.1</sup></b>	<b>144,373</b>	113,843
<b>Total operating income</b>	<b>144,373</b>	113,843
Personnel expenses <sup>5.2</sup>	45,774	30,199
Social security expenses <sup>5.2</sup>	735	839
Depreciation and amortization <sup>5.3</sup>	373	683
Administrative expenses <sup>5.4</sup>	9,136	10,116
Management fee expenses <sup>5.5</sup>	15,244	24,004
<b>Total operating expenses</b>	<b>71,262</b>	65,841
<b>Operating profit/(loss)</b>	<b>73,111</b>	48,002
Interest and other financial income <sup>5.6</sup>	2,442	4,505
Interest and other financial expense <sup>5.7</sup>	(485)	(165)
<b>Total financial income and expense</b>	<b>1,957</b>	4,340
<b>Result before taxation</b>	<b>75,068</b>	52,342
Corporate income tax <sup>5.8</sup>	(18,422)	(12,722)
<b>Net result after tax</b>	<b>56,646</b>	39,620
Share third parties <sup>5.9</sup>	(29,671)	(11,826)
<b>Net result after tax and share third parties</b>	<b>26,975</b>	27,794

The reference numbers relate to the notes which form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

(€ thousands)	2016	2015
<b>Cash flow from operating activities</b>		
Net result after tax	26,975	27,794
Adjustments:		
Depreciation <sup>4.1</sup>	376	683
Result on disposals <sup>4.1</sup>	(3)	-
Unrealized result financial fixed assets <sup>4.2</sup>	(1,896)	(1,821)
Share third parties <sup>4.11</sup>	29,671	11,826
Pensions and other long-term employee benefits <sup>4.7</sup>	1,462	1,354
Result outstanding forward contracts <sup>4.6</sup>	1,542	1,591
Accrued interest loans <sup>4.2</sup>	(8)	(8)
	<b>31,144</b>	13,625
Movements in working capital and provisions:		
Receivables	(15,600)	(1,783)
Other provisions	4	13
Other current liabilities	6,355	(14,784)
Pensions and other long-term employee benefits <sup>4.7</sup>	(1,392)	(1,547)
	<b>(10,633)</b>	(18,101)
Net cash flow from operating activities	<b>47,486</b>	23,318

(€ thousands)	2016	2015
<b>Cash flow from investing activities</b>		
Additions to/investments in:		
Tangible fixed assets <sup>4.1</sup>	(280)	(178)
Financial fixed assets <sup>4.2</sup>	(3,664)	(4,601)
Proceeds from/divestments of:		
Tangible fixed assets <sup>4.1</sup>	4	-
Financial fixed assets <sup>4.2</sup>	732	573
<b>Net cash flow used in investing activities</b>	<b>(3,208)</b>	(4,206)
<b>Cash flow from financing activities</b>		
Dividends paid to shareholders of the parent company <sup>7.7</sup>	(29,813)	(31,249)
Due from affiliates <sup>4.2</sup>	131	-
Contributions from non-controlling shareholders <sup>4.11</sup>	117	5,433
Dividends paid to other shareholders <sup>4.11</sup>	(23,170)	(10,550)
<b>Net cash flow used in financing activities</b>	<b>(52,735)</b>	(36,366)
<b>Net cash flow</b>	<b>(8,457)</b>	(17,254)

Movements in cash and cash equivalent deposits can be broken down as follows:

	2016		2015	
	Cash	Deposits	Total	Total
<b>Balance on January 1</b>	28,104	85	28,189	44,985
Movements during the year	(8,372)	(85)	(8,457)	(17,254)
Currency differences	426	-	426	458
<b>Balance on December 31</b>	<b>20,158</b>	<b>-</b>	<b>20,158</b>	28,189

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## General

Unless indicated otherwise, the notes refer to both the consolidated and company financial statements and all amounts are stated in thousands of euros.

## Operations

AlpInvest Partners B.V. (the "Company") was incorporated on February 1, 2000, as NIB Capital Private Equity N.V. The Company primarily engages in private equity investment management and financing services, and invests, directly and indirectly, in private equity related instruments on behalf of its clients. This includes participating interests in private equity funds and other such strategic alliances that invest in private equity (both listed and unlisted), as well as public and private participations and interests in, and management of, companies of whatever nature, financing of third parties and performance of such activities as are related or conducive to those listed above.

The statutory seat of the Company is at Jachthavenweg 118, 1081 KJ Amsterdam, the Netherlands. The Company is registered with the Chamber of Commerce with establishment number 000006213448. The ultimate owner of AlpInvest Partners B.V. is The Carlyle Group L.P which is incorporated in Delaware, U.S.A.

## Group structure

The shares of the Company are owned by AP B.V., a company ultimately owned by The Carlyle Group.

Reference is made to note 7.3 of these statements for an overview of Group companies.

## Consolidation

The consolidated financial statements comprise the financial data of AlpInvest Partners B.V. and all Group companies in which AlpInvest Partners B.V. exercises a controlling influence on management and financial policy ("Group companies"). In case financial instruments are held containing potential voting rights that can be exercised immediately, these are also taken into account. A "Special Purpose Entity" can also be a Group company. The investment entities of which the Company or one of its subsidiaries is only the General Partner or Director are not consolidated.

Companies are consolidated in full from the date on which control is obtained and until the date that control no longer exists. The items in the consolidated financial statements are determined in accordance with consistent accounting policies. Intercompany transactions, profits and losses and balances among Group companies are eliminated, unless these results are realized through transactions with third parties.

Since the company income statement is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of the Netherlands Civil Code.

## Related parties

The investment entities managed by the Company or any of its Group companies are considered related parties. Directors and employees that have a significant influence over the reporting entity or are in a Financial Reporting Oversight Role and other shareholders of Group companies are also considered related parties.

All companies belonging to The Carlyle Group that are not consolidated by the Company and related parties of The Carlyle Group are also considered related parties of the Company. These consist of investment funds, employees and partners, external Directors and controlled portfolio companies of the investment funds.

All related party transactions have been executed at arm's length conditions. Related party transactions included in the financial statements consist of:

- Participating interests in investment entities by Group companies (notes 4.2, 5.6 and 7.3);
- Revenue in the form of management fee and carried interest income received from investment entities and related receivables (notes 4.3, 4.4 and 5.1);
- Loans given to other related parties and related interest income (note 4.2 and note 5.6);
- Certain cost/revenue paid respectively invoiced by the Company or any of its Group companies on behalf of the investment entities (note 4.8);
- Other shareholder interests in Group companies of which (former) employees, among which Directors of the Company, are the ultimate beneficial owners (notes 4.11 and 5.9);
- Management fees paid to an affiliated entity owned by The Carlyle Group (note 5.5).

The relevant amounts are disclosed in the indicated notes to the financial statements.

**Notes to the cash flow statement**

The cash flow statement is prepared based on the indirect method. Cash recognized in the cash flow statement consists of cash and cash equivalents. Cash flows from Group companies with a different functional currency than the euro are included at the rate that is used for translation in the consolidated profit and loss account and balance sheet respectively. Exchange differences due to exchange rate fluctuations between December 31 of the previous financial year and December 31 of the reporting year are included on the respective line in the cash flow statement.

Interest paid and received, dividend received and cash flows related to corporate income tax are included in cash flow from operating activities.

**Estimates**

In applying the accounting policies and guidelines for preparing the financial statements, management applies several estimates and judgments that might be essential for the amounts disclosed in the financial statements. This relates mainly to the estimated useful life of tangible fixed assets. If necessary, for the purposes of providing appropriate insight, the nature of estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

# 1. ACCOUNTING POLICIES FOR THE CONSOLIDATED BALANCE SHEET

## 1.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code, the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board and the Dutch Financial Market supervisions (Wet op het Financieel toezicht).

The accounting policies for the company financial statements and the consolidated financial statements are the same.

Assets and liabilities are stated at the amounts at which they were acquired or incurred unless stated otherwise. The balance sheet and income statement include references to the notes.

The financial statements are denominated in euro.

## 1.2 Comparison with the previous year

The accounting policies used are consistent with the previous year and prepared on a going concern basis.

## 1.3 Tangible fixed assets

Tangible fixed assets are stated at historical cost plus additional direct expense or manufacturing price less straight-line depreciation based on estimated useful life. Any impairment at the balance sheet date is taken into account. For details on how to determine whether tangible fixed assets are impaired, please refer to note 1.5.

## 1.4 Financial fixed assets

Participating interests that enable the Company to exert significant influence are valued using the net asset value method.

Net asset value is calculated using the policies applied in these financial statements. If the net asset value of a participating interest is negative, the participating interest is carried at nil. In this case, if the participant can be held accountable for the debts of the participating interest, a provision is formed.

Investments in equity instruments of companies through which the Company does not exert significant influence are measured at fair market value. The fair market value of the investments in private equity funds is determined quarterly. For fund investments the fair value of the underlying investments is based on the most recent information available (typically previous quarter) from the general partners of the underlying partnerships adjusted for the actual cash flows that occurred from the date of the reported net asset value to the date of the financial statements and the working capital of the underlying investment vehicles. The fair value for underlying direct and co-investments are based on the general partners' determination of the fair value based on the International Private Equity and Venture Capital Valuation Guidelines. This determination involves a significant degree of management judgment such as [but not limited to] current and projected operating performance, trading values on public exchanges for comparable securities and the financing terms currently available.

The fair market value of other investments in equity instruments is determined as the price that would be received in an orderly transaction between market participants at the measurement date.

Any increase or decrease in the carrying value of such an investment is charged to the income statement in the year to which it relates. The results for exits are determined by the difference between sales proceeds and the carrying value of the investments prior to the sale.

Loans are initially valued at fair value and subsequently carried at amortised cost based on the effective interest method.

## 1.5 Impairment of fixed assets

At each balance sheet date, the Company assesses and tests (if applicable) whether there are any indications of intangible and tangible fixed assets being subject to impairment. An asset is subject to impairment if its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the net realizable value and the value in use.

For financial assets the Company assesses at each balance sheet date whether a financial asset is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognized in the profit and loss account for financial assets carried at amortized cost.

## 1.6 Receivables

Short term receivables are recognized initially at fair value and subsequently measured at amortised cost. When a receivable is deemed uncollectible a provision is made and subsequently it is written off against this provision.

### 1.7 FX forward-contracts

FX forward-contracts are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The (un)realized movement is recognized through the income statement. Hedge accounting is not applied to these contracts.

### 1.8 Cash

Cash represents cash in hand, bank balances and call and short-term deposits. Negative balances at a bank in one currency are netted with positive balances in other currencies when it is legally enforceable, contractually agreed and settled on a net basis. Cash is stated at face value.

### 1.9 Group equity

Group equity is made up of share capital, reserve for currency exchange differences, legal reserve, other reserves and result for the year. The share capital recognized in the balance sheet has been issued and fully paid up. The legal reserve relates to the positive difference of fair value less cost price of participating interests in private equity funds which are accounted for at fair market value. The other reserves consist of the accumulated results realized in previous years.

### 1.10 Equity attributable to other shareholders

The equity attributable to other shareholders is stated at the amount of the net third party interest in the Group companies concerned.

### 1.11 Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

### 1.12 Pension obligations

#### Dutch pension plan

The characteristics of the pension plan operated by AlInvest Partners B.V. are:

- The basis for the defined benefit scheme is average pay;
- The salary in the defined benefit scheme is capped;
- Pensions and deferred pension rights of former employees and built up pension rights of current employees can be increased yearly with a percentage to be determined by the employer;
- The pensions have been insured with an outside insurance company.

The Company has a guaranteed insurance contract. The assets of the scheme have been allocated 70% to bonds and 30% to equities and are managed by the applicable insurance company.

The conditions of the Dutch Pension Act are applicable to all pensions of AlInvest Partners B.V. AlInvest Partners B.V. pays premiums based on contractual requirements to the insurance company. Premiums are recognized as personnel costs when they are due. Prepaid contributions are recognized as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are represented as liabilities.

There are no other existing obligations (other than premiums to be paid) to the insurance company or employees that need to be recognized. No other assets need to be recognized.

As all obligations fall due within one year the obligation is stated at nominal value.

#### Foreign pension plan

The pension plan operated outside the Netherlands is a defined contribution plan. Accounting policies applied are identical to the ones applied to the Dutch pension plan.

### 1.13 Foreign currencies

#### Functional currency

Items included in the financial statements of Group companies are measured using the currency of the primary economic environment in which the respective Group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of AlInvest Partners B.V.

#### Transactions, receivables and liabilities

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the income statement.

Non-monetary assets and liabilities are recognized using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

#### Group companies

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the rate of exchange prevailing at the balance sheet date; income and expense are translated at average exchange rates during the financial year. Any resulting exchange differences are taken directly to the reserve for currency exchange differences within equity.

## 2. ACCOUNTING POLICIES FOR THE CONSOLIDATED INCOME STATEMENT

### 2.1 General

Net result after tax represents the difference between income from investment management services and operating expenses and other charges for the year.

### 2.2 Net revenue

Net revenue mainly comprises management fee and carried interest income. Most of the management fees are based on the lower of cost or fair market value of investments under management, except for more recent mandates where management fees are based on investor commitments. Carried interest fees are recognized as income if and when it is certain that the conditions applicable for earning such fees have been fully met, and the investors have received back their full investment, all expenses and a minimum contractual return.

Income is allocated to the period to which it relates.

### 2.3 Operating expenses

Expenses are allocated to the period to which they relate.

### 2.4 Personnel expenses

#### Short-term employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, where they are due to employees.

#### Pensions

The premiums payable for the financial year are charged to the result.

### 2.5 Depreciation charges

Fixed assets are depreciated based on cost plus additional direct expense or manufacturing price. Assets are depreciated according to the straight-line method based on the estimated useful life.

### 2.6 Taxes

Dutch fiscal practice rules determine domestic corporation tax, taking into account allowable deductions, charges and exemptions. Taxes are calculated on the result disclosed in the profit and loss account, taking account of tax-exempt items and partly or completely non-deductible expenses.

AlpInvest Partners B.V. and some of its wholly owned subsidiaries form a fiscal unity for corporate income tax with AP B.V. and Alp Holdings Coöperatief U.A. since January 1, 2012.

### 2.7 Foreign currencies

Income and expenditure denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction date. Exchange differences due to exchange rate fluctuations between the transaction date and the settlement date or balance sheet date are taken to the income statement.

### 2.8 Financial income and expense

#### Interest paid and received

Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned.

## 3. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The financial instruments the Company uses are foreign exchange forward contracts to hedge foreign currency exposure and short-term deposits to improve the return on excess liquidity. All financial instruments are held to maturity.

### 3.1 Currency risk

AlpInvest Partners B.V. mainly operates in the European Union, the United States and Asia. The currency risk for AlpInvest Partners B.V. largely concerns future expenses in U.S. and Hong Kong dollars as its revenues are mainly denominated in euros. The Management Board of the Company has decided to hedge part of the U.S. and Hong Kong dollar exposure for 2016 related expenses. For this purpose forward exchange contracts have been entered into. For the accounting policy related to these forward contracts, we refer to note 1.7.

AlpInvest Partners B.V. also incurs currency risk on the net investment in its foreign subsidiaries.

### 3.2 Interest rate risk

AlpInvest Partners B.V. incurs market risk in respect of interest on cash at banks and deposits. No financial derivatives for interest rate risk are contracted with regards to these funds.

### 3.3 Credit risk

The credit risk is considered to be very limited as investors pay the majority of the fees in advance. The creditworthiness of these parties is considered high and is mostly, specifically when they are pension funds, monitored by regulators.

The cash and deposits of AlpInvest Partners B.V. as at December 31, 2016 were held with one credit institution with a rating of A-1 for short-term credits and A for long-term credits (S&P rating). Given the short-term nature of the deposits this is considered acceptable. All Group companies use reputable banks for their cash activities.

### 3.4 Liquidity risk

The Company has sufficient funds at its disposal in the form of short-term deposits and cash for its current operations.

The investments in private equity funds represent illiquid investments.

### 3.5 Fair value risk

Investments in private equity funds (note 4.2) and Forward contracts (note 4.6) are subject to changes in fair value. Because most of the Investments in private equity funds are held by entities of which the economic ownership is held by third parties (note 4.11) the actual exposure of the Company is very limited.

## 4. NOTES TO THE CONSOLIDATED BALANCE SHEET

### 4.1 Tangible fixed assets

Tangible fixed assets	Computers and software	Furniture and other office equipment	Leasehold improvements	Total 2016	Total 2015
<b>Balance on January 1</b>					
Cost	6,997	1,449	1,716	<b>10,162</b>	9,878
Accumulated impairment and depreciation	(6,828)	(1,158)	(1,552)	<b>(9,538)</b>	(8,783)
<b>Book value</b>	169	291	164	<b>624</b>	1,095
<b>Movements in the year</b>					
Additions	251	3	26	<b>280</b>	178
Disposals	(65)	(89)	-	<b>(154)</b>	(13)
FX Differences on cost and additions	4	8	24	<b>36</b>	119
Depreciation	(156)	(114)	(106)	<b>(376)</b>	(683)
Accumulated depreciation on disposals	65	88	-	<b>153</b>	13
FX Differences on depreciation	(4)	(7)	(24)	<b>(35)</b>	(85)
	95	(111)	(80)	<b>(96)</b>	(471)
<b>Balance on December 31</b>					
Cost	7,187	1,371	1,766	<b>10,324</b>	10,162
Accumulated impairment and depreciation	(6,923)	(1,191)	(1,682)	<b>(9,796)</b>	(9,538)
<b>Book value</b>	264	180	84	<b>528</b>	624

Computers and software are depreciated over a period of 3 years, Furniture and other office equipment are depreciated over a period of 5 years and Leasehold improvements are depreciated over 6 years. These terms are determined based on an estimate of the useful life of the assets.

#### 4.2 Financial fixed assets

<b>Loans</b>	<b>2016</b>	<b>2015</b>
<b>Balance on January 1</b>	<b>123</b>	115
<b>Movements in the year</b>		
Capitalized interest	8	8
Repayment	(131)	-
	<b>(123)</b>	8
<b>Balance on December 31</b>	<b>-</b>	123

On December 21, 2012, AlInvest Partners B.V. provided a loan amounting to € 166 to an employee of a company belonging to The Carlyle Group. The outstanding balance, including interest, was repaid in 2016.

These transactions were executed at arm's length conditions.

The fair value of the loans approximates the book value.

<b>Investments in private equity funds</b>	<b>2016</b>	<b>2015</b>
<b>Balance on January 1</b>	<b>12,196</b>	5,967
<b>Movements in the year</b>		
Investments	3,664	4,601
Distributions	(732)	(573)
Exchange differences	427	380
Changes in fair value	1,896	1,821
	<b>5,255</b>	6,229
<b>Balance on December 31</b>	<b>17,451</b>	12,196

The investments in private equity funds represent interests in various funds. Changes (realized and unrealized) in the fair market value of the investments in private equity funds are recognized through the income statement.

For a list of all companies in which AlInvest Partners B.V. or any of its Group companies have interests, see note 7.3 in the company accounts.

#### 4.3 Receivables

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Carried interest receivables	4,323	8,965
Accounts receivable	108	86
<b>Total</b>	<b>4,431</b>	9,051

All receivables fall due in less than one year.

The fair value of the receivables approximates the book value.

# 4. NOTES TO THE CONSOLIDATED BALANCE SHEET

(CONT'D)

## 4.4 Receivables from related parties

	December 31, 2016	December 31, 2015
Group companies:		
Group companies	39	819
<b>Total Group companies</b>	<b>39</b>	<b>819</b>
Related parties:		
Carried interest due from investment entities	17,611	1,231
Other amounts recoverable from investment entities	2,226	197
<b>Total related parties</b>	<b>19,837</b>	<b>1,428</b>

All receivables fall due in less than one year.

The fair value of the receivables approximates the book value.

## 4.5 Corporate income tax receivables

	December 31, 2016	December 31, 2015
Current income tax receivables	2,871	826
Deferred income tax receivables	186	91
<b>Total</b>	<b>3,057</b>	<b>917</b>

The deferred income tax receivable relates to temporary differences in fundraising fee expense in AlInvest Partners BV, and depreciation of assets and expenses related to Units in The Carlyle Group in AlInvest Partners Hong Kong Ltd.

## 4.6 Forward contracts

AlInvest Partners B.V. hedged most of its 2016 related expenses in U.S. and Hong Kong dollars by buying these currencies on a forward basis. At December 31, 2016 no forward contracts were outstanding (amounts outstanding at December 31, 2015: \$ 7,000 and HKD 24,000). The difference between the total value in euros of the remaining outstanding forward agreements at the spot rate (2015: € 9,292) and the total value in euros at the forward rate (2015: € 7,750) amounted to € 1,542 on December 31, 2015. Changes (realized and unrealized) in the fair market value of the Forward contracts are recognized through the income statement.

## 4.7 Liabilities for pensions and provisions for other long-term employee benefits

AlInvest Partners B.V. has a defined benefit pension plan in effect. The following conditions were applicable as of December 31, 2016:

- The pension is calculated according to a defined benefit formula based on 1.875% x salary less an offset (average pay scheme);
- The scheme applies to all salaries up to € 102;
- The standard retirement age is 67.

Premiums are recognized as personnel costs when they are due. Prepaid contributions are recognized as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are represented as liabilities.

	2016	2015
<b>Balance on January 1</b>	<b>(804)</b>	(611)
Cost in income statement (incl. administration cost)	1,462	1,354
Amounts paid to the insurance company in respect of the defined benefit scheme	(1,392)	(1,547)
<b>Balance on December 31</b>	<b>(734)</b>	(804)

The Company has a guaranteed insurance contract. The assets of the scheme have been allocated 70% to bonds and 30% to equities and are managed by the applicable insurance company. Pensions and deferred pension rights of former employees and built up pension rights of current employees can be increased yearly with a percentage to be determined by the employer. As at December 31, 2016 there were no outstanding obligations to finance any increases. The liability and provision relate only to AlInvest Partners B.V. The pension plan operated outside the Netherlands is a defined contribution plan and does not have any liabilities outstanding as at December 31 of the year under review.

#### 4.8 Prepayments and accrued income

	December 31, 2016	December 31, 2015
Prepaid insurance fee	596	1,015
Deposits	444	432
Amounts prepaid on behalf of related parties	1,964	1,378
Other prepaid items	584	312
<b>Total</b>	<b>3,588</b>	<b>3,137</b>

All amounts fall due in less than one year. The fair value approximates the book value.

#### 4.9 Cash

Cash and deposits are at the Company's free disposal. As per December 31, 2015 an amount of € 85 served as collateral for a commercial card program facility which expired in February 2016. There are no deposits outstanding as per December 31, 2016.

#### 4.10 Equity attributable to shareholders of the parent company

See notes to the company balance sheet.

#### 4.11 Equity attributable to other shareholders

	2016	2015
<b>Balance on January 1</b>	<b>19,226</b>	<b>12,176</b>
<b>Movements in the year:</b>		
Share in net profit	29,671	11,826
Exchange differences	297	341
Contributions by other shareholders	117	5,433
Dividend paid to other shareholders	(23,170)	(10,550)
<b>Balance on December 31</b>	<b>26,141</b>	<b>19,226</b>

Other shareholders are entities whose ultimate beneficial owners are Directors and (former) employees of the Company.

#### 4.12 Provisions

	2016	2015
<b>Balance on January 1</b>	<b>129</b>	<b>116</b>
Exchange differences	4	13
<b>Balance on December 31</b>	<b>133</b>	<b>129</b>

The provision relates to the estimated cost to reinstate a leased office premise back to its original condition at the end of the lease period (April 2017). The amount of provision is estimated based on a quote from a construction company.

#### 4.13 Corporate income tax liabilities

	December 31, 2016	December 31, 2015
Current income tax payables	4,449	758
<b>Total</b>	<b>4,449</b>	<b>758</b>

# 4. NOTES TO THE CONSOLIDATED BALANCE SHEET

(CONT'D)

## 4.14 Other short-term liabilities

	December 31, 2016	December 31, 2015
Personnel related items	9,944	9,729
Holiday leave provision	473	441
Accrued expenses	1,422	1,119
Rent	587	871
Directors' fee payable to related parties	-	32
<b>Total</b>	<b>12,426</b>	<b>12,192</b>

Personnel related items consist of a provision for bonus payments and a provision for payments to employees that have left the Company (2015). All current liabilities fall due in less than one year.

## 4.15 Off-balance sheet commitments and contingencies

### Multi-year financial obligations

Rental obligations amount to € 1,914 (2015: € 1,803) per annum. The leases expire on different dates between April 30, 2017 and April 30, 2020.

The monthly obligations for car leases amount to € 22 (2015: € 23). These contracts have an average remaining life of 21 months (2015: 26 months). The aggregate liability resulting from these contracts amounts to € 461.

The monthly obligations for copiers amount to € 20 (2015: € 16). The contracts have an average remaining life of 12 months (2015: 24 months).

The monthly obligation for an ICT service contract amounts to € 148 (2015: € 149). The contracts expire on June 1, 2017, but can be ended at any time during that period taking into account a notice period of 3 months.

### Guarantees

There are no outstanding guarantees on behalf of the Company.

### Liability as general partner

Reference is made to note 7.3.

### Tax group liability

The Company forms an income tax group with a number of Group companies. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the group.

### Carried interest arrangements

Under various Mandates, the Company and some of its Group companies are entitled to receive carried interest if and when the investors have received proceeds equal to the aggregate amount of such investors' capital contributions in respect of investments made, plus an allocable share of fund expenses (including management fees) in relation to investments made on their behalf, plus a certain preferred return on the aggregate amount of capital invested. The Company has an obligation to pay out virtually all carried interest received in the form of bonuses to (former) employees. Also, all carried interest received by Group companies forms part of the share in the profit of holders of equity instruments other than the shareholders' of the Company. Hence, unrealized carried interest revenues for the Company are virtually equal to the amount to be paid in the future to the holders of the equity instruments. Also, timing of carried interest revenues and related expenses is uncertain and depends on actual future cash-flows and developments of the investments made by the Company. Therefore, the Company is of the opinion that the hypothetical unrealized carried interest calculated as if all investments would be liquidated effective December 31, 2016, does not properly reflect the amounts that will be received by the Company.

## 5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 5.1 Net revenue

Net revenue consists of management fees and carried interest income derived from investors in Europe.

	2016	2015
Revenue from management fees		
Management fees from related parties	54,584	53,514
Management fees from other parties	29,522	37,985
<b>Total management fees</b>	<b>84,106</b>	91,499
Revenue from carried interest		
Carried interest from related parties	48,661	1,423
Carried interest from other parties	11,606	20,921
<b>Total carried interest</b>	<b>60,267</b>	22,344
<b>Total revenue</b>	<b>144,373</b>	113,843

No carried interest was received from registered Alternative Investment Funds ("AIFs").

### 5.2 Personnel expenses and social security expenses

	2016	2015
Salaries and wages (including bonuses)	43,080	27,615
Pension charges	1,465	1,354
Other personnel expenses	1,229	1,230
Social security expenses	735	839
<b>Total personnel expenses and social security expenses</b>	<b>46,509</b>	31,038

In 2013, 2015 and 2016 a number of employees were awarded Units in The Carlyle Group to which vesting conditions apply (note 8). The expenses recognized (2016: € 1,791, 2015: € 1,452) reflect the degree to which the vesting period has expired, as well as the best estimate of the number of equity instruments that will ultimately vest. For the units that vested in 2015 and 2016 the actual cumulative expense has been taken into account. The vesting period expires on different dates up to August 1, 2019.

The increase in salaries and wages is related to the increase in carried interest revenue.

### 5.3 Depreciation and amortization

	2016	2015
Tangible fixed assets	376	683
Result on disposal of assets	(3)	-
<b>Total</b>	<b>373</b>	683

# 5. NOTES TO THE CONSOLIDATED INCOME STATEMENT

(CONT'D)

## 5.4 Administrative expenses

	2016	2015
Rent and office related expenses	2,636	2,623
ICT and communication expenses	1,572	1,686
Travel and related expenses	1,287	1,617
Audit of the financial statements*	177	171
Other audit procedures*	217	225
Tax services from audit firms*	4	6
Other advisory services	1,719	2,083
General and administrative expenses	1,260	1,705
Other expenses	264	–
<b>Total</b>	<b>9,136</b>	<b>10,116</b>

\* These fees relate to work performed on behalf of the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch Acronym: Wta), including their tax services and advisory groups. The applicable services were rendered by Ernst & Young Accountants LLP and other Ernst & Young network firms.

## 5.5 Management and other fee expenses

	2016	2015
Management fees paid to related parties	15,244	24,004
<b>Total</b>	<b>15,244</b>	<b>24,004</b>

The management fees paid to related parties consist of the management fee paid to AlInvest US Holdings LLC. The management fee calculation is based on a Transfer Pricing Model and also takes into account the management fees that AlInvest US Holdings LLC already receives directly from investors. The decrease compared to 2015 is a result of AlInvest US Holdings LLC receiving a larger amount of management fee directly.

## 5.6 Interest and other financial income

	2016	2015
Interest income	16	49
Income from investments in private equity funds	1,909	1,807
Result forward contracts	517	2,649
<b>Total</b>	<b>2,442</b>	<b>4,505</b>

Income from investments in private equity funds comprises both realized and unrealized results.

## 5.7 Interest and other financial expense

	2016	2015
Interest expense	(98)	(23)
Currency results	(387)	(142)
<b>Total</b>	<b>(485)</b>	<b>(165)</b>

### 5.8 Corporate income tax

The total tax charge for the year amounts to € 18,422 (2015: € 12,722), which to a large extent is related to Dutch fiscal entities. The overall effective tax rate in 2016 amounts to 24.5 % (2015: 24.3%). The statutory tax rate in The Netherlands is 25% (2015: 25%). The difference between the effective tax rate and the statutory tax rate in 2016 is mainly due to the different applicable statutory rate for AlInvest Partners Ltd (16.5%) and non-deductible expenses which consist mostly of grants of DRUs in The Carlyle Group (note 5.2 and note 8).

### 5.9 Share third parties

	2016	2015
Share third parties	<b>(29,671)</b>	(11,826)

This amount represents the share in the profit of holders of Certificates of Shares or other equity instruments other than the Company in some of the entities that form part of the consolidation (see note 7.3). These other shareholders are entities whose ultimate beneficial owners are Directors and (former) employees of the Company and its subsidiaries.

## 6. SUPPLEMENTARY INFORMATION CONSOLIDATED FINANCIAL STATEMENTS

### 6.1 Employees

	2016	2015
Average number of FTE – total	<b>96</b>	94
Average number of FTE – located outside The Netherlands	<b>15</b>	15

## **Company financial statements**

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# COMPANY BALANCE SHEET

(before proposed profit appropriation)

(€ thousands)	December 31, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Fixed assets</b>		
Tangible fixed assets <sup>7.2</sup>		
Other fixed assets	461	453
Financial fixed assets <sup>7.3</sup>		
Loans	-	123
Participation in Group companies	2,312	2,687
	<b>2,773</b>	3,263
<b>Current assets</b>		
Accounts receivable		
Receivables	2,017	3,464
Receivables from group companies	2,289	2,990
Receivables from other related parties	10,857	2,124
Corporate income tax receivables	2,934	341
Forward contracts <sup>7.4</sup>	-	1,542
Pensions	734	804
Prepayments and accrued income <sup>7.5</sup>	1,148	1,260
	<b>19,979</b>	12,525
<b>Cash and cash equivalents<sup>7.6</sup></b>		
Cash	13,095	20,043
	<b>13,095</b>	20,043
<b>Total assets</b>	<b>35,847</b>	35,831

The reference numbers relate to the notes which form an integral part of the financial statements.

# COMPANY BALANCE SHEET

(CONT'D)

(€ thousands)	December 31, 2016	December 31, 2015
<b>LIABILITIES AND EQUITY</b>		
<b>Shareholders' equity<sup>7,7</sup></b>		
Share capital	4,000	4,000
Reserve for currency exchange differences	719	574
Legal reserve	13	49
Other reserves	(16,923)	(15,352)
Profit for the year	26,975	27,794
<b>Total shareholders' equity</b>	<b>14,784</b>	17,065
<b>Current liabilities</b>		
Creditors	117	32
Payable to Group companies	10,641	7,618
Other tax and social security payables	1,791	1,933
Other short-term liabilities <sup>7,8</sup>	8,514	9,183
	<b>21,063</b>	18,766
<b>Total liabilities and equity</b>	<b>35,847</b>	35,831

The reference numbers relate to the notes which form an integral part of the financial statements.

# COMPANY INCOME STATEMENT

(€ thousands)	2016	2015
Income from participating interests after tax	2,040	2,087
Other results after tax	24,935	25,707
<b>Net profit</b>	<b>26,975</b>	27,794

## 7. NOTES TO THE COMPANY BALANCE SHEET

### 7.1 General

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code, the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board and the Dutch Financial Market supervisions (Wet op het Financieel toezicht).

The accounting policies for the company financial statements and the consolidated financial statements are the same. For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement in chapters 1 and 2.

Group companies are stated at net asset value in accordance with note 1.4 to the consolidated financial statements.

### 7.2 Tangible fixed assets

Tangible fixed assets	Computers & software	Furniture & other office equipment	Leasehold improvements	Total 2016	Total 2015
<b>Balance on January 1</b>					
Cost	6,854	1,207	951	9,012	8,847
Accumulated depreciation	(6,703)	(971)	(885)	(8,559)	(8,081)
<b>Book value</b>	151	236	66	453	766
<b>Movements in the year</b>					
Additions	251	2	12	265	175
Disposals	(24)	(53)	-	(77)	(10)
Depreciation	(141)	(92)	(24)	(257)	(488)
Accumulated depreciation on disposals	24	53	-	77	10
	110	(90)	(12)	8	(313)
<b>Balance on December 31</b>					
Cost	7,081	1,156	963	9,200	9,012
Accumulated depreciation	(6,820)	(1,010)	(909)	(8,739)	(8,559)
<b>Book value</b>	261	146	54	461	453

Computers and software are depreciated over a period of 3 years, Furniture and other office equipment are depreciated over a period of 5 years and Leasehold improvements are depreciated over 6 years. These terms are determined based on an estimate of the useful life of the assets.

### 7.3 Financial fixed assets

Loans	2016	2015
<b>Balance on January 1</b>	123	115
<b>Movements in the year</b>		
Capitalized interest	8	8
Repayment	(131)	-
	(123)	8
<b>Balance on December 31</b>	-	123

On December 21, 2012, Alplinvest Partners B.V. provided a loan amounting to € 166 to an employee of a company belonging to The Carlye Group. The outstanding balance, including interest, was repaid in 2016.

These transactions were executed at arm's length conditions. The fair value of the loans approximates the book value.

Group companies and participating interests	2016	2015
<b>Balance on January 1</b>	<b>2,687</b>	4,521
<b>Movements in the year</b>		
Equity Movements	<b>19</b>	12
Exchange differences	<b>145</b>	285
Changes in fair value	<b>2,040</b>	2,087
Dividend paid	<b>(2,572)</b>	(4,108)
Other Movements	<b>(7)</b>	(110)
	<b>(375)</b>	(1,834)
<b>Balance on December 31</b>	<b>2,312</b>	2,687

All Group companies are considered to be going-concern.

The information for the Company is as follows:

Name of company	Registered office	% ownership	Core activities
AlpInvest Partners B.V.	Amsterdam	NA	Advisory and management services

As at December 31, 2016, AlpInvest Partners B.V. had interests in the following companies:

Name of company	Registered office	% ownership	Core activities
AlpInvest Holdings, Inc.	New York	100	Advisory and management services
AlpInvest Partners Ltd	Hong Kong	100	Advisory and management services
AlpInvest Partners Later Stage Co-Investments Custodian II B.V.	Amsterdam	100	Acts as custodian of AlpInvest Partners Later Stage Co-Investments II C.V.
AlpInvest Partners Later Stage Co-Investments Custodian IIA B.V.	Amsterdam	100	Acts as custodian of AlpInvest Partners Later Stage Co-Investments IIA C.V.
AlpInvest Partners Fund of Funds Custodian IIA B.V.	Amsterdam	100	Acts as custodian of AlpInvest Partners Fund of Funds IIA C.V.
Betacom XLII B.V.	Amsterdam	100	Acts as limited partner of AlpInvest Partners Later Stage Co-Investments II C.V.
AlpInvest Partners Later Stage Co-Investments II C.V.**	Amsterdam	0.99 through Betacom XLII B.V.	Provides risk bearing capital in any form to existing and new enterprises
Betacom XLV B.V.**	Amsterdam	100	Enters into and acts as general partner of limited partnerships which aim at making investments and acting as limited partner in limited partnerships
Betacom Beheer 2004 B.V.**	Amsterdam	100	Manages limited partnerships
AlpInvest Partners Direct Investments B.V.**	Amsterdam	40.90*	Holding company
AlpInvest Partners Co-Investments B.V.**	Amsterdam	0*	Holding company
AlpInvest Partners Direct Secondary Investments B.V.	Amsterdam	0*	Acts as advisor and intermediary of investors in relation to the investment in funds in general, and in particular in relation to making investments and divestments in private equity funds
AlpInvest Partners Fund Investments B.V.**	Amsterdam	0*	Acts as advisor and intermediary of investors in relation to the investment in funds in general, and in particular in relation to the making of investments and divestments in private equity funds
AlpInvest Partners Later Stage Co-Investments Management II B.V.**	Amsterdam	0*	Acts as general partner of AlpInvest Partners Later Stage Co-Investments II C.V.

# 7. NOTES TO THE COMPANY BALANCE SHEET

(CONT'D)

Name of company	Registered office	% ownership	Core activities
AlpInvest Partners Later Stage Co-Investments Management IIA B.V.**	Amsterdam	0*	Acts as general partner of AlpInvest Partners Later Stage Co-Investments IIA C.V. and holding and financing company
AlpInvest Partners Fund of Funds Management IIA B.V.**	Amsterdam	0*	Acts as general partner of AlpInvest Partners Fund of Funds IIA C.V., holding and financing company
AlpInvest Partners European Mezzanine Investments B.V.	Amsterdam	100*	Makes mezzanine investments and performs all direct and indirect activities in connection therewith
AlpInvest Partners US Mezzanine Investments B.V.**	Amsterdam	0*	Makes investments in general and in particular investments and divestments in mezzanine funds, and everything ancillary thereto
AlpInvest Partners Direct Investments 2003 B.V.**	Amsterdam	0*	Holding and financing company
AlpInvest Partners Fund Investments 2003 B.V.**	Amsterdam	0*	Acts as advisor and intermediary of investors and in relation to the investment in funds in general and especially in relation to making investments in private equity funds
AlpInvest Partners 2003 B.V.**	Amsterdam	0*	Holding and financing company
AlpInvest Partners Mezzanine Investments 2005/2006 B.V.	Amsterdam	100*	Invests funds, including making investments and divestments in mezzanine funds and everything directly or indirectly related, as well as provides financial (advisory) services
AlpInvest Partners Fund Investments 2006 B.V.**	Amsterdam	100*	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners 2006 B.V.**	Amsterdam	100*	Holding and financing company
AlpInvest Partners Beheer 2006 B.V.**	Amsterdam	100	Incorporates, participates in (in any form), manages, supervises and/or finances enterprises, companies and partnerships
AlpInvest Beheer 2006 Ltd**	Grand Cayman, Cayman Islands	100 through AlpInvest Partners Beheer 2006 B.V.	Acts as general partner of AlpInvest Partners Beheer 2006 LP
AlpInvest Partners Mezzanine Investments 2007/2009 B.V.**	Amsterdam	100*	Holding and financing company
AlpInvest Partners Clean Technology Investments 2007-2009 B.V.**	Amsterdam	100*	Acts as general partner of one or more limited partnerships and holding companies
AlpInvest Partners 2008 B.V.**	Amsterdam	0*	Holding and participation company
AlpInvest Partners 2009 B.V.**	Amsterdam	0*	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2009 B.V.**	Amsterdam	0*	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Clean Technology Investments 2010-2011 B.V.**	Amsterdam	100	Acts as general partner of one or more limited partnerships and holding companies
AlpInvest Partners 2011 B.V.**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2011 B.V.**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners 2012 I B.V.**	Amsterdam	100	Acts as general partner for one or more limited partnership(s)
AlpInvest Partners 2012 II B.V.**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2012 I B.V.**	Amsterdam	100	Acts as general partner for one or more limited partnership(s)
AlpInvest Partners Fund Investments 2012 II B.V.**	Amsterdam	100	Acts as general partner for one or more limited partnership(s)
AlpInvest Partners Mezzanine 2012-2014 B.V.**	Amsterdam	100	Acts as general partner for one or more limited partnership(s)
AlpInvest Mich B.V.**	Amsterdam	100	Acts as general partner for one or more limited partnership(s)

Name of company	Registered office	% ownership	Core activities
AlpInvest United B.V.**	Amsterdam	100	Acts as general partner for one or more limited partnership(s)
Oeral Investments B.V.	Zeist	100	Holding company
AP Private Equity Investments I B.V.	Amsterdam	100 through Oeral Investments B.V.	Management and financing services
AP Private Equity Investments III B.V.	Amsterdam	100 through Oeral Investments B.V.	Management and financing services
AMC 2012 Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
AMC 2012 Holdings Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Secondary Investments 2012 I C.V.***	Amsterdam	0.108 through AMC 2012 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Co-Investments 2012 I C.V.***	Amsterdam	0.108 through AMC 2012 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Primary Fund Investments 2012 I C.V.***	Amsterdam	0.108 through AMC 2012 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Mezzanine Investments 2012 C.V.***	Amsterdam	0.108 through AMC 2012 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest SF V BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
ASF V Co-Invest Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
ASF V Co-Invest Holdings Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Secondaries Fund (Offshore) V LP (Cayman)***	Grand Cayman, Cayman Islands	0.1341 through ASF V Co-Invest Ltd	Provides risk bearing capital in any form to existing and new enterprises
AP H Secondaries BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AP Account Management BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2013 I BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2013 II BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AMC 2013 Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
AMC 2013 Holdings Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Secondary Investments 2013 I C.V.***	Amsterdam	0.1341 through AMC 2013 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Co-Investments 2013 I C.V.***	Amsterdam	0.1341 through AMC 2013 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Primary Fund Investments 2013 I C.V.***	Amsterdam	0.1341 through AMC 2013 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AMC 2014 Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises

# 7. NOTES TO THE COMPANY BALANCE SHEET

(CONT'D)

Name of company	Registered office	% ownership	Core activities
AMC 2014 Holdings Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Primary Fund Investments 2014 I C.V.***	Amsterdam	0.0952 through AMC 2014 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Secondary Investments 2014 I C.V.***	Amsterdam	0.0952 through AMC 2014 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Co-Investments 2014 I C.V.***	Amsterdam	0.0952 through AMC 2014 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners Mezzanine Investments 2014 C.V.***	Amsterdam	0.0952 through AMC 2014 Ltd	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Partners 2014 I BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners 2014 II BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2014 I BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2014 II BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Fondo BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest GGG BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AP 2011-2014 SLP Ltd	Grand Cayman, Cayman Islands	100 of management shares	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners 2011 LLC	Delaware	60 through AP 2011-2014 SLT Ltd	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners 2012 LLC	Delaware	60 through AP 2011-2014 SLT Ltd	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Sec V GP LLC	Delaware	60 through AP 2011-2014 SLT Ltd	Acts as general partner of one or more limited partnership(s)
AP 2014-2016 SLP Ltd	Grand Cayman, Cayman Islands	100 of management shares	Acts as general partner of one or more limited partnership(s)
AlpInvest North Rush GP LLC	Delaware	60 through AP 2014-2016 SLT Ltd	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners 2014 LLC	Delaware	60 through AP 2014-2016 SLT Ltd	Acts as general partner of one or more limited partnership(s)
Direct Portfolio Management BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest SF VI BV (Formerly known as AlpInvest EU FoF BV)**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest FCR Secondaries GP LLC	Delaware	60 through AP 2014-2016 SLT Ltd	Acts as general partner of one or more limited partnership(s)
AlpInvest Secondaries VI Lux GP S.à r.l.**	Luxembourg	100	The acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever, and the management of those participations
AlpInvest Partners Co-Investments 2015 I BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Co-Investments 2015 II BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2015 I BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Fund Investments 2015 II BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)

Name of company	Registered office	% ownership	Core activities
AlpInvest Partners Secondaries Investments 2015 I BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Secondaries Investments 2015 II BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AMC 2015 Holding Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
AMC 2015 Ltd	Grand Cayman, Cayman Islands	100 of management shares	Provides risk bearing capital in any form to existing and new enterprises
AlpInvest Secondaries VI GP LLC	Delaware	60 through ASP VI 2016-2020 SLP Ltd	Acts as general partner of one or more limited partnership(s)
AlpInvest GA BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Global Advantage GP, LLC	Delaware	60 through AP 2014-2016 SLT Ltd	Acts as general partner of one or more limited partnership(s)
AlpInvest NF GP LLC	Delaware	60 through AP 2014-2016 SLT Ltd	Acts as general partner of one or more limited partnership(s)
ALPINVEST ACCESS GP, LLC	Delaware	60 through AP 2014-2016 SLT Ltd	Acts as general partner of one or more limited partnership(s)
AlpInvest CI VII BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Co-Investment VII Lux GP S.à r.l.	Luxembourg	100	The acquisition of participations, in Luxembourg or abroad, in any companies or enterprises in any form whatsoever, and the management of those participations
AlpInvest LIVE GP BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners 2016 II BV**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Co-Investments 2016 I B.V.**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Partners Secondary Investments 2016 I B.V.**	Amsterdam	100	Acts as general partner of one or more limited partnership(s)
AlpInvest Private Equity Program GP, LLC	Delaware	60 through AP 2014-2016 SLT Ltd	Acts as general partner of one or more limited partnership(s)
AlpInvest U.S. Co-Investment Access GP, LLC	Delaware	60 through AP Co-Invest 2016-2020 SLP Ltd	Acts as general partner of one or more limited partnership(s)
AP Co-Invest 2016-2020 SLP Ltd	Grand Cayman, Cayman Islands	100 of management shares	
ASF VI Co-Investment (Non-U.S.), L.P.	Grand Cayman, Cayman Islands	100 through AlpInvest Secondaries VI GP LLC	Provides risk bearing capital in any form to existing and new enterprises
ASF VI Co-Investment, L.P.	Grand Cayman, Cayman Islands	100 through AlpInvest Secondaries VI GP LLC	Provides risk bearing capital in any form to existing and new enterprises
ASP VI 2016-2020 SLP Ltd	Grand Cayman, Cayman Islands	100 of management shares	

\* AlpInvest Partners B.V. controls and consolidates all these entities as it holds one priority share in each of the entities. Stichting Administratie Kantoor AlpInvest Partners holds 100% of the ordinary shares in these entities. AlpInvest Partners B.V. holds the indicated percentage of the certificates issued by Stichting Administratie Kantoor AlpInvest Partners.

\*\* These companies act as General Partner of CV's and hence are liable for the debts of these CV's to the extent of the BV's own equity.

\*\*\*These companies are not consolidated. All other companies in this list are consolidated.

# 7. NOTES TO THE COMPANY BALANCE SHEET

(CONT'D)

## 7.4 Forward contracts

AlpInvest Partners B.V. hedged most of its 2016 related expenses in U.S. and Hong Kong dollars by buying these currencies on a forward basis. At December 31, 2016 no forward contracts were outstanding (amounts outstanding at December 31, 2015: \$ 7,000 and HKD 24,000). On December 31, 2015, the difference between the total value in euros of the remaining outstanding forward agreements at the spot rate (2015: € 9,292) and the total value in euros at the forward rate (2015: € 7,750) amounted to € 1,542. Changes (realized and unrealized) in the fair market value of the Forward contracts are recognized through the income statement.

## 7.5 Prepayments and accrued income

	December 31, 2016	December 31, 2015
Prepaid rent	215	-
Prepaid insurance fee	594	975
Other prepaid items	340	285
<b>Total</b>	<b>1,148</b>	1,260

## 7.6 Cash

Cash and deposits are at the Company's free disposal.

## 7.7 Shareholders' equity

### Share capital

The Company's authorized capital at year-end 2016 was € 20,000,000 divided into 20,000 ordinary shares of € 1,000 each. Issued share capital totals € 4,000,000, consisting of 4,000 ordinary shares with a nominal value of € 1,000 each. The issued shares are fully paid. (All figures in this paragraph are to the nearest euro).

### Reserve for currency exchange differences

	2016	2015
<b>Balance on January 1</b>	<b>574</b>	252
Movements in the year	145	322
<b>Balance on December 31</b>	<b>719</b>	574

This reserve relates to the revaluation of AlpInvest Partners Ltd.

### Legal reserve

	2016	2015
<b>Balance on January 1</b>	<b>49</b>	50
Released to/added from other reserves	(36)	(1)
<b>Balance on December 31</b>	<b>13</b>	49

This reserve relates to the positive difference of fair value less cost price of participations in private equity funds which are accounted for at fair market value.

### Other reserves

	2016	2015
<b>Balance on January 1</b>	<b>(15,352)</b>	(34,627)
Profit previous year	27,794	50,314
Dividend paid out	(29,813)	(31,249)
Other movements	412	209
Released from/(moved to) legal reserve	36	1
<b>Balance on December 31</b>	<b>(16,923)</b>	(15,352)

The amount of total eligible funds net of deductions ("toetsingsvermogen") as reported to De Nederlandsche Bank in accordance with the requirements under the AIFMD amounts to € 8,677 (2015: to € 14,378). This amount consists of the shareholders' equity less the participation in group companies and unverified profit for the year (€ 3,794).

Total capital required based on assets under management according to the AIFMD regulation as per December 31, 2016 amounted to € 2,467. (2015: € 1,824) The solvency requirement based on the fixed cost calculation amounted to € 5,785 (2015: € 6,118).

### 7.8 Other short-term liabilities

	December 31, 2016	December 31, 2015
Personnel related items	6,605	7,353
Accrued expenses	1,358	1,068
Accrued rent expense	551	730
Directors' fee payable to related parties	-	32
<b>Total</b>	<b>8,514</b>	9,183

### 7.9 Off-balance sheet commitments and contingencies

#### Multi-year financial obligations

Rental obligations amount to € 866 per annum (2015: € 862 per annum).

The monthly obligations for car leases amount to € 22 (2015: € 23). These contracts have an average remaining life of 21 months (2015: 26 months).

The monthly obligations for copiers amount to € 18 (2015: € 15). The contracts have an average remaining life of 12 months (2015: 24 months).

The monthly obligation for an ICT service contract amounts to € 74 (2015: € 54). The contract expires June 1, 2017, but can be ended at any time during that period taking into account a notice period of 3 months.

#### Guarantees

There are no outstanding guarantees on behalf of the Company.

#### Carried interest arrangements

Under various Mandates, the Company and some of its Group companies are entitled to receive carried interest if and when the investors have received proceeds equal to the aggregate amount of such investors' capital contributions in respect of investments made, plus an allocable share of fund expenses (including management fees) in relation to investments made on their behalf, plus a certain preferred return on the aggregate amount of capital invested. The Company has an obligation to pay out virtually all carried interest received in the form of bonuses to (former) employees. Also, all carried interest received by Group companies forms part of the share in the profit of holders of equity instruments other than the shareholders' of the Company. Hence, unrealized carried interest revenues for the Company are virtually equal to the amount to be paid in the future to the holders of the equity instruments. Also, timing of carried interest revenues and related expenses is uncertain and depends on actual future cash-flows and developments of the investments made by the Company. Therefore, the Company is of the opinion that the hypothetical unrealized carried interest calculated as if all investments would be liquidated effective December 31, 2016, does not properly reflect the amounts that will be received by the Company.

## 8. SUPPLEMENTARY INFORMATION

# COMPANY FINANCIAL STATEMENTS

### 8.1 Remuneration policy

AlpInvest has adopted a Remuneration Policy with respect to Remuneration of Identified Staff (the "Policy"). AlpInvest's Supervisory Function is responsible for periodically testing the Policy and overseeing the implementation of the Policy. On an annual basis the Supervisory Function reviews whether a) this Policy is properly functioning, taking into account the general principles set out in the Policy, and b) whether remuneration awarded to Identified Staff in the given year is in compliance with the Policy.

#### Scope of the Policy

Identified Staff are those Individuals that are employed by AlpInvest and whose professional activities have an actual or potential significant impact on:

- a) AlpInvest's results and balance sheet; or
- b) The performance of the AIFs and other funds under management.

AlpInvest has identified the following categories of its staff as Identified Staff:

- Senior Management;
- Managing Directors;
- Control Functions;
- Supervisory Function.

AlpInvest applies the Policy to all types of benefits or payments paid by AlpInvest and/or the AIFs to or for the benefit of Identified Staff, in exchange for professional services rendered by such Identified Staff (Remuneration).

Presently, AlpInvest awards the following types of Remuneration to Identified Staff, which fall under the scope of this Policy: a fixed component and a variable component. Payments or benefits that are part of a general, non-discretionary AlpInvest-wide policy and which pose no incentive, such as a pension scheme, are excluded from Remuneration.

#### Fixed component

The fixed component consists of a base salary. AlpInvest aims to achieve a proper balance between the fixed component and variable component, and to set the fixed component sufficiently high in order for the variable component to be able to vary in line with performance. AlpInvest aims to align the fixed component in accordance with the:

- a) level of education;
- b) degree of seniority;
- c) level of expertise and skills required;
- d) market constraints and job experience;
- e) relevant business sector and region.

### Variable Component

The variable component consists of one or more of the following components:

#### – Carried Interest

The distribution of Carried Interest to the management of the relevant AIF is deferred until AlInvest has returned all capital contributed by the investors of the AIF it manages plus an amount of profits at an agreed upon hurdle rate (if any) to the investor of the AIF.

A Carried Interest entitlement is awarded at the initiation of the AIF (or when a risk taker is employed by AlInvest or any of its affiliates thereafter, at such a later date), and is subject to vesting. A Carried Interest entitlement vests on a monthly basis, typically at a minimum during the investment period of the mandate. Carried interest will continue to vest as long as the Risk Taker is employed by AlInvest or any of its affiliates. Should the employment contract between the Risk Taker and AlInvest or any of its affiliates terminate before the vesting period has ended, the Risk Taker will, depending on circumstances, forfeit a (potentially material) proportion of the Carried Interest awarded.

#### – Bonus

The Bonus consists of a discretionary annual cash payment, and is designed to reward Identified Staff for individual performance, and performance by AlInvest overall. The Bonus of Control Functions is based on function specific objectives (achievement of the objectives linked to their functions) and is independent of the performance of the business areas they control or AlInvest-wide performance.

In addition, certain Identified Staff may receive Deferred Restricted Units (“DRU(s)”). A DRU represents an unfunded, unsecured right of Identified Staff to receive a Common Unit issued by The Carlyle Group L.P. on the delivery date. DRU(s) vest in annual instalments and provide for long term alignment between the interests of relevant Identified Staff, and AlInvest’s investors. If the contract between the Risk Taker and AlInvest or any of its affiliates ceases, the portion of the DRU award that has not yet vested will be cancelled immediately and the Risk Taker forfeits all rights to such portion of the Award as of the date of such termination.

For a group of senior employees approximately 10% of the projected bonus may be held back and paid at a later date depending on AlInvest’s financial results, the respective Fund or Department’s financial performance against budget and their individual performance. A 10% holdback may be paid via a grant of DRU(s) on or about February 1 of the following year.

Members of the Supervisory Function are only compensated (if any) with Remuneration consisting of a fixed component.

Lastly, management may at its discretion grant promotion DRU’s which fully vest over a three and a half year term. In such an instance DRU’s granted vest in thirds according to the following schedule: 40% of grants vest in 1.5 years, 30% in 2.5 years and 30% in 3.5 years.

## 8. SUPPLEMENTARY INFORMATION COMPANY FINANCIAL STATEMENTS

(CONT'D)

	'Identified Staff' <sup>3</sup>	All Employees of AlpInvest Partners B.V.
Number of Employees (Average over 2016) <sup>2</sup>	23.0	85.5
<b>Remuneration</b>		
Total Remuneration 2016 <sup>2</sup>	19,200	17,687
<b>Remuneration Categories</b>		
Total Fixed Remuneration 2016 <sup>2</sup>	6,185	8,400
Total Variable Remuneration (based on performance) 2016 <sup>1</sup>	13,015	9,286
<b>Carried Interest</b>		
Total Variable Remuneration (AIF-related – carried interest) <sup>2</sup>	–	–

<sup>1</sup> Three employees earned variable compensation in 2016 in excess of EUR 1 million.

<sup>2</sup> The remuneration disclosure does not include two members of the Managing Board that are on the payroll of The Carlyle Group.

<sup>3</sup> Identified staff includes employees located in Amsterdam (16 employees), Hong Kong (2 employees) and New York (5 employees), not just those employed by AlpInvest Partners B.V.

As required by section 1:120 of the Dutch act on the financial supervision ("Wet op het financieel toezicht"), please see below certain information regarding the remuneration of employees of AlpInvest Partners B.V..

Related to and in 2016, 85 employees of AlpInvest Partners B.V. received variable remuneration which included performance-based variable remuneration and / or variable remuneration from carried interest (non AIF-related). The total amount of variable remuneration paid to employees amounted to € 22,577. Nine employees, both active in operations as well as the investment side of the business, received total compensation of € 1 million or more (fixed remuneration plus variable remuneration).

Please note:

- all remuneration disclosed above is on an accrual basis
- US\$ amounts are converted to EUR (where applicable) at an average rate of 1.11.

## 8.2 Further information on Directors remuneration

The remuneration of Directors of the Company included in the income statement amount to the following:

	2016	2015
Salaries and wages	1,153	1,410
Bonuses	1,170	1,373
Pension charges	103	108
Other personnel expenses and social charges	75	84
<b>Total</b>	<b>2,501</b>	<b>2,975</b>

Equity value accumulated due to carried interest distributions to which the Directors are entitled amounted to € 5,361 (2015: € 2,334). This is the Director's part of "Other shareholders" as presented in note 4.11 to the consolidated balance sheet and note 5.9 to the consolidated income statement.

Since 2011 Alpinvest Partners' management has agreed to make significant personal investments in the Company's private equity programs alongside its investors.

## 8.3 Profit appropriation

The articles of association stipulate that the general meeting of shareholders can decide to declare an interim dividend.

- On February 19, 2016 the shareholders have declared an interim dividend of € 6.8 million.
- On October 28, 2016 the shareholders have declared an interim dividend of € 23.0 million.

These interim dividends were paid out to the shareholders on declaration date from the other reserves and have been recognized in the 2016 company balance sheet.

The Managing Board proposes to pay-out € 28.3 million from the other reserves as dividend to the shareholders. This amount includes the interim dividends declared. This proposal has not been recognized in the 2016 company balance sheet.

## 8.4 Subsequent events

There are no subsequent events.

Amsterdam, May 30, 2017

### The Managing Board

**J.P. de Klerk**, Chairman  
**L.B. Dillard**  
**E.M.J. Thyssen**  
**G.A. Youngkin**

Alpinvest Partners B.V.  
 Jachthavenweg 118  
 1081 KJ Amsterdam  
 The Netherlands

# OTHER INFORMATION

## **Statutory appropriation of result**

The articles of association stipulate that the general meeting of shareholders can decide to declare an interim dividend.

# INDEPENDENT AUDITOR'S REPORT

To: the shareholders and the Managing Board of AlInvest Partners B.V.

## Report on the audit of the financial statements 2016 included in the annual report

### Our opinion

We have audited the financial statements 2016 of AlInvest Partners B.V., based in Amsterdam.

In our opinion the accompanying financial statements give a true and fair view of the financial position of AlInvest Partners B.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The consolidated and company balance sheet as at 31 December 2016
- The consolidated and company income statement for 2016
- The notes comprising a summary of the accounting policies and other explanatory information

### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of AlInvest Partners B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- Based on the following procedures performed, we conclude that the other information:
  - Is consistent with the financial statements and does not contain material misstatements
  - Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these

procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

## Description of responsibilities for the financial statements

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism

throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Amsterdam, 30 May 2017  
Ernst & Young Accountants LLP

Signed by N.Z.A. Ahmed-Karim



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