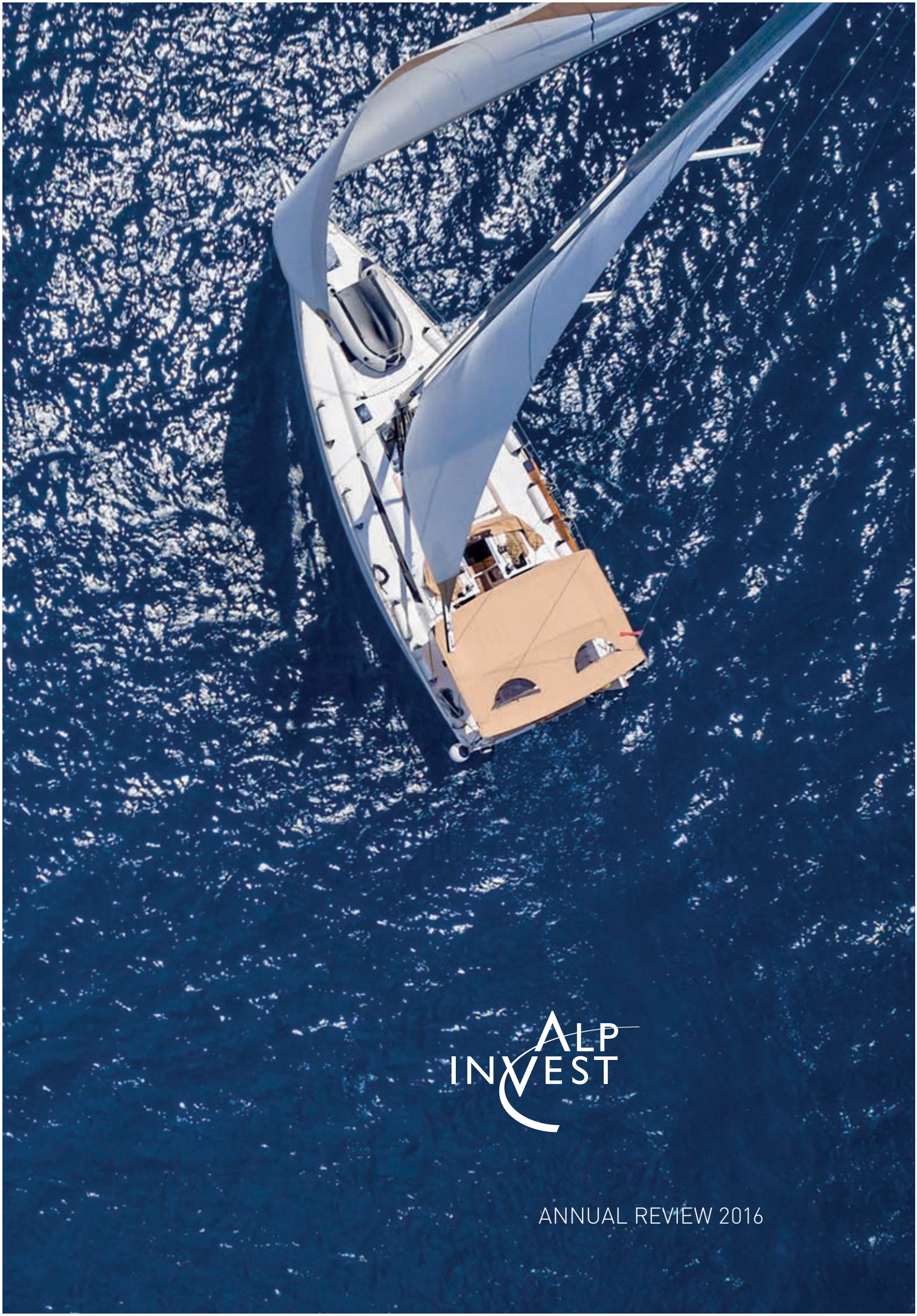


ALP INVEST

ANNUAL REVIEW 2016

Throughout this document, 'AlpInvest' or 'AlpInvest Partners' refers to AlpInvest Partners B.V. and its affiliated sub-advisers and unless explicitly stated otherwise does not refer to The Carlyle Group or any other Carlyle affiliate. In considering the past, targeted, or projected performance and other financial information contained herein, readers should bear in mind that past, targeted, or projected performance is not necessarily indicative of future results and there can be no assurance that targeted or projected returns will be achieved, that any AlpInvest fund or other investment will achieve comparable results, or that the returns generated by an AlpInvest fund or other investment will equal or exceed those of other investment activities of AlpInvest.

AlpInvest is a leading private equity investor with a track record of over 17 years of attractive returns[1].

We invest in primary funds, secondaries, and co-investments with specialized global teams that share information across the platform providing unique insights.

We believe that our size and experience have enabled us to build an unparalleled network of relationships that spans the world and gain a deep understanding of the market.

We offer clients a broad range of solutions to their private equity needs, underpinned by a disciplined, discerning, and consistent investment strategy.

Our 67 investment professionals are dedicated to applying their collective skills, insights, experience, and knowledge to maximize value for our investors.

1 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.


OAKLEY

BUSINESS OVERVIEW

2016 OVERVIEW

>100
Number of investors

151
Number of employees of whom 68 are investment professionals

>300
Number of general partner relationships

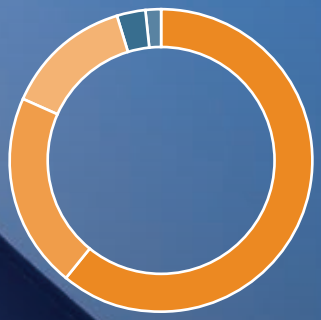
4
Number of offices across three continents

COMMITMENTS RECEIVED FROM INVESTORS[1]

Since firm's inception

BY INVESTMENT TYPE

€67bn
Total commitments



- €41.0bn Fund investments
- €13.9bn Secondary investments
- €9.1bn Equity Co-investments
- €2.0bn Mezzanine Co-investments
- €1.1bn Other

BY INVESTOR TYPE

95.8%
Pension funds[2]

4.2%
Insurance companies and others

1 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 was committed before the end of 2002 and €0.2bn before AlpInvest began managing such investments in 2013).
2 Including Private Sector Asset Managers servicing public pension funds.

OUR BUSINESS

AlpInvest is a leading global private equity investor with €39bn of assets under management and a track record spanning over 17 years. We invest across three main strategies – fund investments, secondary investments, and co-investments (including mezzanine) – to generate strong returns for our clients through customized private equity programs and commingled funds[1].

We offer access to high-quality, multi-manager, and direct investment programs for investors globally. As one of the largest private equity investors in the world with an on-the-ground presence across three continents, we offer a distinct and comprehensive view on the private equity market.

Our people, our platform

AlpInvest has 151 employees[2], including 68 investment professionals and 17 Managing Directors, many of whom have worked together for more than a decade. Our dedicated and experienced teams are based in New York, Amsterdam, and Hong Kong, with a small representative office in Indianapolis, to provide seamless global coverage of private equity investment opportunities.

Across our three investment strategies, our teams have built relationships with over 300 general partners (GPs). AlpInvest's collaborative culture and highly institutionalized processes, supported by state-of-the-art IT systems, enable information to be shared across business lines to provide a highly detailed picture of fund manager portfolios and strategies, while also offering robust investment sourcing capabilities. As a result, we can often identify opportunities ahead of other investors.

A differentiated approach

In an increasingly mature private equity market, we understand the value of offering a highly differentiated strategy to our investors. We believe that we can often spot value that other investors fail to see. Our philosophy is centered on using our teams' deep understanding of their respective markets and leveraging our strong relationships to uncover investment opportunities that are difficult to access or identify and therefore less subject to competitive pressures. We overlay this with our rigorous and highly selective investment process and our guiding principle of achieving diversification by deploying capital across private equity segments, investment styles, and, importantly, across vintage years. We believe that by taking this approach, we can generate attractive returns for our investors through all stages of the economic cycle.

Meeting investor needs

AlpInvest has a long heritage of providing customized solutions to investors. Since inception, our primary focus has been to work closely with clients to help them meet their objectives. We achieve this by offering comprehensive global programs or through specialized strategies. Over recent years we have complemented these services by offering a selection of commingled funds to enable a broader set of investors access to our strategies.

Having started as private equity investment manager on behalf of two founder pension fund investors nearly two decades ago, AlpInvest has grown its investor base considerably over the past few years. We have over 100 investors, well diversified by investor type and geographic location. In 2011, we became part of one of the most respected and largest alternative asset managers, The Carlyle Group ('Carlyle'), becoming fully owned in 2013.

As part of Carlyle, AlpInvest benefits from access to the firm's distribution platform, its high-quality investor services professionals, and its expertise to support our aim of developing new, innovative products and investment strategies for the benefit of our investors. It has also enabled us to invest significantly in our reporting systems to ensure we can provide our investors with exceptional levels of transparency. However, our investment decisions remain, and will continue to remain, fully independent of our parent; and the two organizations are subject to appropriate and rigorous information barriers.

Our commitment

We have built a solid business since we were established over 17 years ago, based on our reputation as trusted private equity advisors, an asset that we value highly. We therefore remain committed to using our strong network of relationships and deep knowledge of the private equity markets to generate good returns for our investors, while continuing to build the business by attracting new investors and developing exciting, complementary new products.

1 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.
2 As per December 31, 2016.

STRATEGIC REVIEW

Paul de Klerk
Chairman, CFO/COO

Last year again saw significant distributions to our investors, along with a measured investment pace and accelerated business development.

As we move through 2017, I am delighted to reflect on a strong performance in 2016 for the AlpInvest business across both distributions and investments as well as in our efforts to attract new investors. We are also continuing to develop our business with the launch of new products and services this year.

An important measure of our performance is the level of distributions, including capital gains, to our investors. Last year proved to be another good period for AlpInvest, with aggregate distributions totaling €7.3bn across all our business lines, one of the most significant results for our firm over the past ten years.

This performance was achieved even with a difficult start to 2016, when private equity exits slowed due to concerns about the stability of the Chinese economy, global commodity prices, and the rise in interest rates in the U.S. at the end of 2015. However, sentiment improved through the second half of the year, with the last two quarters showing high levels of distributions with strong capital gains, a trend we continued to see in the first quarter of 2017. We are particularly pleased to have returned a multiple of close to 2x cost of capital to our investors in 2016, a validation of our strategy of building robust portfolios and continuing to invest across economic cycles.

Steady investment pace

With asset prices remaining high in some key markets, most notably the U.S., we were cautious in our approach to investments during 2016. Nevertheless, due to our deep networks and strong reputation in the private equity market, we sourced attractive opportunities and we made total investments of €3.6bn across our three strategies during the year. This was in line with our anticipated investment pace and consistent with our highly selective approach to portfolio construction.

Diversified investor base

Since 2011, when The Carlyle Group acquired the AlpInvest business, diversifying our investor base has been one of our key aims in developing our business. We operate as a truly independent investment platform within the group, but have the advantage of drawing on the reach and expertise of the Investor Relations team at Carlyle. This, combined with strong investment performance and our work over the past few years of strengthening AlpInvest's foundations through new hires, developing and maintaining an equitable and rigorous investment allocation process, and investment in best-in-class IT and reporting systems, enabled us to make excellent progress in attracting new investors to our platform in 2016. By the end of the year, our investor base grew to over 100, up significantly from the 33 investors we had in 2015. This is a strong result at a time when many investors are actively reducing the number of private equity relationships they manage in their portfolios. These new additions enabled us to maintain our assets under management at €39bn despite the high distributions we have made over recent years.

We are particularly delighted to welcome such a strongly diversified group of investors, representing capital from across the globe and the spectrum of institutional investor type. The quality and depth of our investors provide continuity and considerable value for the AlpInvest platform, as they are highly respected parties with whom we can engage and discuss new and different products. The acceleration of our plans to build out our investor base is a recognition of the strength and quality of the AlpInvest platform and provides momentum for further development of new relationships, products, and services.

Managing risks

As a prudent investor, risk management is fundamental to our business and AlpInvest pays considerable attention to ensuring it identifies and manages risks to the business and to the investments the firm makes. Last year, foreign exchange risk was a particular issue for investors, given the volatility of many currencies in 2016. AlpInvest has robust procedures for ensuring our investors are well protected from such volatility by building diversified portfolios but also through our foreign exchange panel that meets quarterly to discuss exchange rate developments for each of the mandates we manage. This structured approach meant that even before the U.K.'s Brexit referendum result was known, for example, we had already taken action to hedge part of our investors' sterling exposure to reduce currency risk. Information technology was another risk area we focused on during 2016. We contracted an independent party to perform a cybersecurity and business continuity assessment and ensured the appropriate actions were taken to mitigate any risks identified.

We are also always cognizant of our responsibility to fulfill our regulatory obligations. The private equity industry today operates under a number of regulatory regimes and we invest significant resources to ensure that we are compliant in all areas where we do business. In 2016, we continued our work to ensure we operated in accordance with Europe's Alternative Investment Fund Managers Directive ('AIFMD'), under which we gained our license in 2015.

Outlook

During 2017, we expect to build on the strong momentum we have generated in diversifying our investor base while ensuring that we deliver on our promises to our existing investors. We will achieve this through careful and rigorous portfolio construction across all our business lines and strengthening our investor relations capabilities. Against this backdrop, we will continue to explore how we can deepen further our relationship with Carlyle while maintaining our investment independence and effective information barriers.

Last year proved to be another good period for AlpInvest, with aggregate distributions totaling €7.3bn across all our business lines, one of the most significant results for our firm over the past ten years

Assets under Managements as per December 31, 2016

By investment type	(€bn)
Fund Investments	24.1
Secondary Investments	9.6
Equity Co-Investments	5.2
Mezzanine Co-Investments	0.4
Other	0.0
Total	**39.3**

2016 Total investments

By investment type	(€m)
Fund Investments	2,032
Secondary Investments	1,045
Equity Co-Investments	481
Mezzanine Co-Investments	28
Other	0.0
Total	**3,586**

2016 Total realizations

By investment type	(€m)
Fund Investments	4,471
Secondary Investments	1,313
Equity Co-Investments	1,318
Mezzanine Co-Investments	115
Other	127
Total	**7,344**

MARKETS AND INVESTMENT REVIEW

Wouter Moerel
Managing Director

A strong second half of 2016 boosted our distributions to investors, although we remained concerned about high asset prices for new investments. In line with our cautious and consistent approach to portfolio construction, we will be watching closely as events unfold through 2017.

In many senses, 2016 was a year of two halves, with M&A activity relatively slow for the first two quarters but gathering momentum following the summer. The year ended with $3.9trn of M&A deals worldwide – lower than 2015 totals, but the third highest on record, according to Dealogic data. Where enthusiasm for transactions was dampened in the early part of 2016 by falling equity markets in response to lower growth figures emerging from China, nervousness around the Federal Reserve's interest rate rise in December 2015, and continued volatility in global commodity markets, investor fears of a global slowdown dissipated as the year went on. Even in the face of an unexpected result from the U.K.'s Brexit referendum in June, investor confidence picked up as the year progressed.

Sponsored transactions followed a similar trajectory. While leveraged buyouts (LBOs) remained subdued in the first quarter, sponsored deals regained significant momentum during the rest of the year. However, this catch-up process was not enough to prevent an annual decline of 10% relative to the previous year.

Exits strong but down

This had an inevitable effect on private equity exit values and volumes. Overall, the aggregate value of exits fell by 24% by value and 9% by volume on 2015 figures, according to Preqin, with the full-year numbers dampened by a sluggish first half for realizations. However, 2016 was still a strong year for exits, with $336bn, the fourth highest annual amount ever realized by private equity. The pattern of distributions from the AlpInvest portfolio reflected this, with much higher levels of distributions and returns generated in the second half of the year than in the first half. Looking forward, the industry is now at a stage where the significant amount of capital deployed in the boom years of 2005-2007 has largely been returned and so we expect exit levels to normalize accordingly over the coming period.

Asset pricing remains full

The recovery in investor sentiment through 2016 and early 2017 has resulted in further increases in asset prices. We highlighted this as a concern in our 2015 annual review and the past 12 months have seen further increases in the U.S. in particular as the low interest rate environment persists, despite three Federal Reserve interest rate rises between December 2015 and March 2017. According to S&P Capital IQ LCD data, purchase price multiples in the U.S. averaged 10x EBITDA in 2016, more or less unchanged from 2015, but considerably higher than during the previous buyout cycle in the mid-2000s.

10x

EBITDA: Purchase price multiples in the US, according to S&P Capital IQ LCD

In Europe, purchase price multiples reached almost the same level in 2016 from 9.2x in 2015. High entry prices help explain why the value and volume of transactions completed by private equity last year – although robust – fell significantly short of the numbers recorded in the years running up to the financial crisis. This suggests that private equity fund managers have, on the whole, remained disciplined in their investment choices.

Sourcing opportunities off the beaten track

For AlpInvest, the response to robust pricing and high levels of competition for assets in many parts of the buyout market has been to continue focusing on opportunities that are harder for investors to identify and reach and to moderate slightly our investment pace compared with recent years. Our strategy has been to target high-quality, mid-market investment opportunities where GPs have proven ability to create value in the portfolio companies they back and where purchase price multiples are more attractive.

This is true across our entire portfolio, but is especially pertinent to our secondaries investment strategy, where we have concentrated more on sponsor-centric mid-market deals than plain vanilla fund position transactions. Given that we perceive pricing in the U.S. to be particularly rich, we have also focused our attention more on other regions, such as Europe and Asia, where we have sourced attractive investment opportunities that benefit from relatively lower purchase price multiples.

The year ahead

As 2016 demonstrated, we are now living through a period of geopolitical uncertainty. We are, as we have always been, disciplined long-term investors committed to building carefully constructed portfolios across economic cycles that are robust even in more challenging environments. Our approach is one that looks beyond daily headlines to determine medium- to long-term trends, and it is these that inform how we apply our investment strategy. We are watching closely as developments unfold globally through 2017, from negotiations around the U.K.'s exit from the European Union and upcoming elections in some key member states, through to the effects of new initiatives and regulatory changes in the U.S. led by the new Trump administration.

The response to robust pricing and high levels of competition for assets in many parts of the buyout market has been to continue focusing on opportunities that are harder for investors to identify and reach and to moderate slightly our investment pace compared with recent years

Equally important, we are monitoring closely macroeconomic trends and possible monetary policy responses to the expected pick-up in global economic growth and associated inflation dynamics. How central banks react is likely to have important effects on long-term interest rates, spreads, and exchange rates.

We are aware that political, regulatory, and economic developments may have significant impacts on the private equity industry. Nevertheless, our experience has shown us that uncertain times can bring some of the best investment opportunities. We will therefore continue to keep an eye on external events and implement our investment strategy to capitalize on opportunities that arise as the year progresses.

FUND INVESTMENTS

As our robust portfolios continued to deliver good distributions in 2016, we remained disciplined investors, seeking to identify funds with a demonstrable track record of value creation.

Our fund investment business distributed €4.5bn to investors in 2016, a solid performance at a time of slightly reduced exit activity over the previous year. Our 2016 distributions were also higher than those of 2013 and 2014. This strong result reflects the robust and well-balanced nature of the portfolio of investments we have made over the years.

Our investments also remained resilient in the face of the foreign exchange volatility witnessed in 2016, as the strength of our U.S. dollar exposure compensated for weaker currency valuations elsewhere, enabling us to produce strong rates of return for our investors. This is the result of our focus on building high-quality portfolios of private equity fund investments that are customized to meet the needs of our investors and diversified by geography, company stage, investment strategy, and vintage year.

Commitments on target

Through 2016, we made a total of €1.1bn in new commitments across 35 partnerships with a 2016 vintage, investing in high-quality GPs across all segments and geographies. This was in line with our target, despite increasing concerns around asset pricing in the U.S., in particular. We continued to commit to high-quality U.S.-based funds, given our philosophy of achieving a well-diversified portfolio for our investors.

Our global mandate, underpinned by deep and strong relationships with GPs and our reputation as a stable and supportive investor, makes us an attractive partner for fund managers

However, we also advised our (prospective) clients to place greater emphasis on deploying capital in Europe and Asia in 2016, where we believe asset prices remain less fully priced and where we see greater potential for strong returns.

Nevertheless, the persistent low interest rate environment continued to exert upward pressure on company valuations globally through 2016. Against this backdrop, we continued to focus our attention on sourcing fund investment opportunities with strong teams that have a demonstrable track record of and future ability to create value in the companies they back, with operational improvements a key part of the strategies we actively seek out. As our experience shows, these funds are often the most resilient to external shocks and have the capacity to generate strong returns in good and more challenging times.

Intense competition

Our commitments were made at a time of intensified competition for allocations to funds with the best return potential. This was already in evidence in 2015, but access to top performers became still more challenging last year. Strong distributions, coupled with the trend for investors to maintain or increase their private allocations while reducing the number of GP relationships, continued to affect market conditions.

Our global mandate, underpinned by deep and strong relationships with GPs and our reputation as a stable and supportive investor, makes us an attractive partner for fund managers. This meant we could remain disciplined in the commitments we selected while maintaining a steady investment pace and ensuring vintage year diversification for our investors.

New mandates

Our fund investment business continued to attract new investors in 2016. AlpInvest won several mandates from well-regarded investors in competitive processes, an achievement that validates the strength and quality of our platform. Our highly institutional organization, built out over a number of years, allows us to benefit from information flows captured across all three of our business lines – Fund Investments, Secondary Investments, and Co-Investments. With an ability to view investment opportunities in granular detail across fund performance, team skills and strategies, we can identify investments with strong return potential on behalf of our clients.

Looking ahead

We are encouraged to note that, despite strong fundraising among many private equity funds over the past 12-18 months, the industry's investment pace has been moderate. High levels of competition for assets in many markets, led largely by strategic buyers seeking acquisitions, are leading to premium pricing. For the most part, private equity buyers have remained disciplined in their approach to the market. While this has led to record levels of dry powder, we believe there may be better opportunities ahead for funds to deploy this capital.

As we saw in 2016, the year ahead may bring further volatility and geopolitical uncertainty. There may, for example, finally be some softening in asset prices as we progress through the year and we expect further uncertainty about the role of the U.K. in the European economy as Brexit discussions start in earnest over the coming months.

While the effects of these trends and developments remain unknown, our long-standing experience means that, as a firm, we have been through a number of economic cycles and we know that periods of change bring opportunity as well as risk. We therefore continue to observe events and trends globally to determine how we might apply our investment strategy to capitalize on opportunities as they arise. As long-term, disciplined, and experienced investors, we remain committed to building high-quality portfolios of investments that are tailored to meet our clients' respective needs, while also being robust and capable of strong performance in good times and bad.

€4.5bn

distributions to investors in 2016

35

new fund investment commitments in 2016

SECONDARY INVESTMENTS

In 2016, we realized strong gains for our investors while leveraging our networks to source and identify a number of attractive investment opportunities in a competitive market. We also raised $6.5bn in commitments for AlpInvest Secondaries Program VI ('ASP VI') in 2016 and early 2017 [1].

In a market characterized by slightly lower exit values and volumes than in previous years, our secondaries business recorded strong distributions in 2016. We returned €1.3bn to our investors over the year, of which 55%, or over €700m, were gains. This is a higher proportion of gains than we achieved in 2015 and serves as validation of our differentiated approach to secondary investment.

We also sourced some attractive investment opportunities against a backdrop of increased competition for secondary investments. The secondaries market continued to be robust with $39bn of completed transactions in 2016, compared to $40bn in 2015[2]. At the same time, we continued to experience elevated pricing for diversified LP portfolios and greater use of leverage among a number of large buyers. We remained disciplined in our approach and committed €1.3bn across nine secondary investments in 2016, consistent with our target range of €1bn-€1.5bn for the year.

A differentiated strategy

We were able to maintain discipline and source high-quality secondary investment opportunities because of our differentiated approach to the market and our integrated platform. Across our three lines of business, AlpInvest has over 300 sponsor relationships.

Our teams work collaboratively to share information, offering unparalleled insights into GP performance and investment style as well as providing us with a view of where we can offer sponsors solutions through secondary transactions.

In our secondaries business, our investment strategy is underpinned by four key areas of focus. First, we focus on investing alongside the best private equity managers globally, and use the AlpInvest platform to identify these managers and source proprietary secondaries investments. Second, we seek out opportunities where we can acquire high-quality underlying assets that have clear remaining value creation potential, so that our investments continue to grow in value over time. Third, we primarily buy positions in funds that are three to six years into their lives to capture the realizations of some of the best-performing companies in the portfolio early on in our investment while still benefiting from the upside achieved through value creation in remaining portfolio companies.

And finally, we focus on funds with the potential to provide strong cash-on-cash returns. This strategy creates robust portfolios that continue to deliver strong distributions throughout the economic cycle. It also enables us to be flexible according to market conditions, as our investments in 2016 demonstrated.

Our investments in 2016

Over the course of the year, we concentrated mainly on sponsor-centered secondary investments, with €880m committed through six transactions. These sponsor-centered investments are more difficult to execute and require proactive sourcing and substantial due diligence. They can generally be completed at lower entry enterprise value to EBITDA multiples than plain vanilla secondary investments, where competition has been higher. Of the six we completed in 2016, five were directly sourced through our platform.

Our teams work collaboratively to share information, offering unparalleled insights into GP performance and investment style as well as providing us with a view of where we can offer sponsors solutions through secondary transactions

One such investment was the transaction we completed with publicly listed firm Eurazeo, which is based in France. We directly sourced this investment through our platform and negotiated directly with the GP, by leading a transaction to acquire an LP interest in Eurazeo Capital II. Eurazeo Capital II included a 25% stake in Eurazeo Capital's seven existing unlisted investments, plus a new investment to be completed in 2017, as well as capital for add-on investments. The transaction provided AlpInvest clients with exposure to attractive recent investments in European buyout companies.

In 2016, we also managed to source and complete a limited number of high-quality LP portfolio transactions, despite the broader competitive market for these investments. Our investment in this part of the market totaled €400m across three deals. Our approach to the market was characterized by one of these investments in particular. In the second half of 2016, we acquired a portfolio of 13 fund positions from a pension fund for a total of more than €440m. The investment was made at an attractive valuation, with pricing affected at the time by uncertainty around the U.K.'s EU referendum. The other two, smaller portfolio investments involved acquiring positions in funds in which we were already invested and where we could offer a differentiated angle to the transactions.

In the meantime, we have also further built out our exposure to secondary energy portfolios, where we continue to see attractive pricing and believe we are well positioned to take advantage of a dislocation in the market. In 2016, we completed two secondary energy deals, deploying €85m in total. As the long-term outlook for the energy market has stabilized over recent times, we expect to allocate further capital to this strategy over the coming period.

$1.3bn

distributions to investors in 2016

Fundraising progress

In addition to securing new investments, our team made excellent progress on raising AlpInvest's $6.5bn ASP VI. The program consists of $3.3bn in commitments to a commingled vehicle, AlpInvest Secondaries Fund VI, and $3.2bn in commitments from investors in separately managed accounts[1], including amounts reserved for certain investors. ASP VI is expected to invest around $1-2bn annually over four years. We have been highly encouraged by the response to our fundraising process, having added $3.6bn[1,3] in capital from over 80 new investors, a development that contributes significantly to AlpInvest's aim of diversifying its investor base.

Future opportunities

With a successful fundraising process completed, our secondaries business now has significant firepower to take advantage of future investment opportunities that will emerge as the global economy faces increased volatility. As we progress through 2017, we continue to see signs of geopolitical uncertainty in a number of markets and we consider the U.S. market as being at, or close to the top of, the current economic cycle. In addition, we anticipate a slightly less positive environment for companies and public markets over the medium term as economic growth moderates.

We will therefore continue to take a cautious and prudent approach to our investments, while identifying opportunities that arise from a shifting economic outlook. As long-term investors, we recognize that the investments we make today may be sold in a different economic and/or political climate. Our focus will therefore remain on building robust, diversified portfolios of high-quality investments with good value creation potential and the ability to generate strong cash-on-cash returns for our investors.

1 Includes amounts which require investor consent to be invested.
2 Source: Triago.
3 Includes commitments received through March 31, 2017.

CO-INVESTMENTS

Last year saw strong distributions in a more normalized exit environment and we continued to build robust portfolios of co-investments and mezzanine investments sourced through our network of strong relationships with fund managers globally.

During 2016, we distributed a total of €1.4bn to our investors from our co-investment and mezzanine program, which was a strong result at a time when the exit market reverted to more normal levels than were in evidence in 2015. Deal flow levels remained very healthy despite a modest contraction of the private equity market.

Strong deal flow, cautious approach

We continued to see strong deal flow through 2016 in our co-investment program and we reviewed over 180 opportunities during the year. This was one of the highest numbers in our firm's history and demonstrates the depth and breadth of our relationships with general partners. The value of invitations to invest was also strong, at around $7.5bn. This was slightly lower than the value for 2015, but it represents an increase in our market share, given the lower aggregate private equity investments total reported by Preqin.

We deployed almost €500m across 25 new co-investment deals and one mezzanine transaction. This is in line with our target investment pace, which is designed to ensure that our investors have good vintage year diversification while also maintaining our disciplined approach to selecting only the opportunities with the greatest potential for strong returns.

Platform benefits

AlpInvest's integrated platform that spans our fund investment, secondary investment, co-investment and mezzanine opportunities gives our firm informational advantages and enables us to leverage GP relationships across our teams. Over a number of years, we have further focused on actively building out relationships with GPs in the attractive but difficult-to-access mid-market segment. In 2016, we continued to see the benefit of this effort, with a large proportion of our co-investments made alongside mid-market GPs, where we see great value creation potential.

In 2016, a large proportion of our co-investments was made alongside mid-market GPs, where we see great value creation potential

While we invested in some select large buyouts to achieve a diversified portfolio, the environment of higher pricing and elevated debt multiples at the top end of the market persisted. We therefore maintained our cautious stance to investment opportunities in this space. We also placed a greater emphasis in our portfolio construction on defensive sectors and declined some opportunities to invest in more cyclical industries, in the context of the current macroeconomic environment.

In mezzanine, we continued to build out a well-diversified portfolio, while recognizing that debt markets have been highly liquid over recent times. In 2016, spreads in debt products narrowed considerably and credit terms continued to loosen and, as a result, our investment pace was deliberately somewhat slower than in previous years.

Global reach

In 2016, geopolitical uncertainty increased, as the U.K. voted to leave the European Union and the unexpected outcome of the U.S. election created the potential for greater economic volatility. However, as a global investor, supported by our strong regional presence across key markets, we can often select investments from a deep and global pool of opportunities. In addition, our sector-agnostic strategy and deep industry experience allow us to focus on more resilient businesses that continue to perform well in a more challenging economic environment.

Our strategic focus on co-sponsor deals is another important driver of our deal flow. These are transactions where we support the lead GP to co-underwrite the equity in live deal processes as opposed to syndicated deals where the GP signs the deal and then syndicates some equity to investors. This differentiating strategy is designed to ensure that we are an attractive and reliable partner for GPs seeking additional capital for their deals and results in additional opportunities in our deal pipeline.

As a global investor, supported by our strong regional presence across key markets, we can often select investments from a deep and global pool of opportunities

Outlook for 2017

For 2017, we are mindful of the uncertain macroeconomic and geopolitical environment, but remain cautiously optimistic about the buyout market in 2017. We expect to maintain our investment pace in line with our approach of vintage year diversification in the programs and funds we manage on behalf of our investors.

$7.5bn

of invitations to co-invest

180

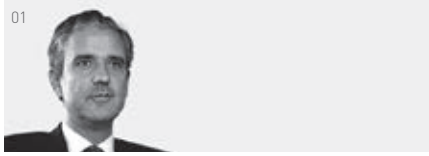
co-investment opportunities reviewed during 2016

26

equity and mezzanine co-investments made in 2016

GOVERNANCE AND TEAM

MANAGING DIRECTORS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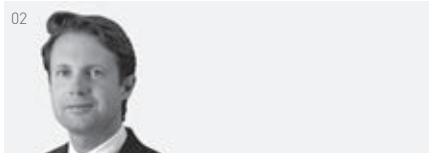
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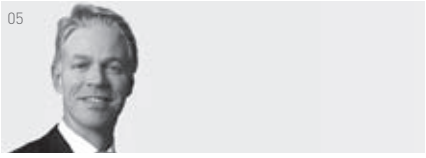
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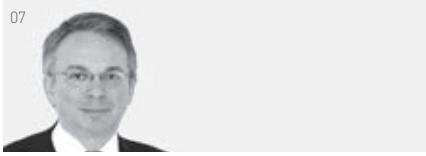
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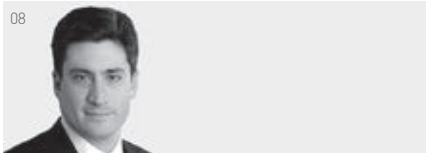
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09

01 Paul de Klerk
Paul is the Chief Financial Officer and Chief Operating Officer of AlpInvest Partners and the Chairman of the Board. He co-founded AlpInvest, chairs the Operating Committee, and is responsible for the investment portfolio valuation and review process. Before joining AlpInvest, Paul was responsible for one of the largest corporate banking units at ABN AMRO in the Netherlands.

02 Victor Backstrom[1]
Victor is a Managing Director responsible for Investment Solutions Sales in Europe, based in London. He joined the firm from Brummer and Partners, where he was a Director working with European investors relations based in Stockholm and London. Prior to that, Victor worked at Man Investments and Accenture.

03 Peter Cornelius
Peter is a Managing Director responsible for analyzing the economic and financial environment for private equity markets and examining the implications for AlpInvest's strategic asset allocation. Peter joined the firm in 2005 from Royal Dutch Shell, where he was Group Chief Economist. He is the author of **International Investments in Private Equity** (Elsevier, 2011) and co-author of **Mastering Illiquidity** (Wiley, 2013).

04 Neal Costello
Neal is a Managing Director in the Secondary Investments team and focuses on transactions in Europe. He is also a member of the Investment Committee. Neal rejoined AlpInvest Partners in 2015 from Canada Pension Plan Investment Board. He originally joined AlpInvest in 2003 in the New York office and ultimately led the firm's secondary efforts in Asia through 2013. Previously, Neal was with CIBC World Markets' Mergers & Acquisitions Investment Banking division.

05 Rob de Jong
Rob is a Managing Director and leads AlpInvest's Co-Investments team. He focuses on equity transactions in Europe and is also a member of the Operating Committee. He joined AlpInvest in 2001 from PricewaterhouseCoopers, where he was a Senior Consultant for Corporate & Operations Strategy, responsible for advising and assisting multinationals and governmental organizations on developing corporate and business strategies.

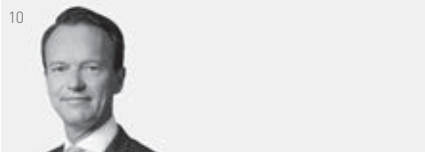
06 Richard Dunne
Rich is a Managing Director in AlpInvest Partners' Co-Investments team and is responsible for sourcing, executing, and monitoring transactions in North America. He is also a member of the Investment Committee. Rich joined AlpInvest in 2004 and has 15 years of related investment experience. Prior to joining AlpInvest, he worked in the Investment Banking division of Citigroup Global Markets.

07 Sean Gallary
Sean is a Managing Director in the AlpInvest Partnership Funds team based in New York. He joined AlpInvest from Tunbridge Partners, which he co-founded, and where he was Portfolio Manager, as well as a member of the Board of Directors and Investment Committee. Before founding Tunbridge Partners, Sean worked at ORIX USA Asset Management, Asset Management Finance (AMF), and Sandler O'Neill & Partners.

08 Michael Hacker
Michael is a Managing Director in the Secondary Investments team, where he is responsible for sourcing, evaluating, and executing transactions in the North American market. He is also a member of the Investment Committee. He joined AlpInvest Partners in 2007 from UBS Investment Bank, where he was an Associate Director in the Private Funds Group responsible for providing secondary markets advisory services.

09 Eric Hanno
Eric is a Managing Director in the Private Equity Investment team, where he is responsible for sourcing, evaluating and, executing transactions with a focus on the Americas. Eric rejoined AlpInvest Partners in 2015 from Partners Group, where he led its U.S. buyout and distressed primary activities and served on the Investment Committee. Previously, Eric was an Associate at AlpInvest Partners and he started his career at Goldman Sachs.

1 Victor Backstrom is employed by CECP Advisors LLP, an affiliate of The Carlyle Group.



10 Wouter Moerel
Wouter is a Managing Director, leads AlpInvest's Secondary Investments team. He is also a member of the Operating Committee. Wouter joined AlpInvest in 2005 from The Carlyle Group, where he was a Principal responsible for investments in the telecoms and media sectors. He represents AlpInvest on multiple advisory boards.

11 Christophe Nicolas
Christophe is a Managing Director in AlpInvest's Secondary Investments team and focuses on transactions in Europe and the Middle East. He joined AlpInvest in 2012 from Morgan Stanley, where he co-headed the firm's secondaries team out of London.

12 Chris Perriello
Chris is a Managing Director in AlpInvest's Secondary Investments team and focuses on transactions in the Americas. He is also the Chairman of the Investment Committee. He joined AlpInvest in 2007 from Paul Capital, where he was a Principal focused on fund investing. Chris represents AlpInvest on multiple advisory boards.

13 Erik Thyssen
Erik is a Managing Director in AlpInvest's Co-Investments team, focusing on equity transactions in Europe. He is also a member of the Board and a member of the Investment Committee. Erik co-founded AlpInvest and has more than 25 years' experience in financial services. He joined the firm from Fortis Bank Nederland, where he was an Executive Board member responsible for commercial banking.

14 Roberto Torrini
Roberto is a Managing Director in AlpInvest Partners' Co-Investments team and focuses on equity transactions in Europe. He joined AlpInvest Partners in 2013 from Advent International, where he was a Director responsible for executing and managing private equity deals on the Italian and European markets.

15 Sander van Maanen
Sander heads the Hong Kong office and is a Managing Director in AlpInvest's Co-Investments team, where he focuses on equity transactions in Asia and Australia. He joined the firm in 2001 from Boston Consulting Group, where he was a Project Leader on assignments for the boards of multinational firms.

16 Maarten Vervoort
Maarten leads AlpInvest's Fund Investments team and is a member of the Investment Committee. Maarten has been with AlpInvest Partners from the outset. He joined from PricewaterhouseCoopers, where he was a Senior Management Consultant in the corporate strategy area. He represents AlpInvest on many advisory boards.

17 George Westerkamp
George is a Managing Director in the Investment Solutions team at AlpInvest and is a member of the Operating Committee. From 2000 to 2010, he was a Partner in the Co-Investments team, where he focused on buyout transactions in Europe. From 2000 to 2012, he was a member of the Investment Committee. George joined AlpInvest from its predecessor, Parnib, where he executed middle-market buyout transactions in the Netherlands.

18 Wendy Zhu
Wendy is a Managing Director in AlpInvest's Fund Investments team and focuses on the Asian markets. She is also a member of the Operating Committee. She joined AlpInvest Partners in 2007 from Macquarie Funds Management, where she was Senior Vice President of Asia-Pacific regional private equity fund investments and co-investments. Wendy represents AlpInvest on various advisory boards.

GOVERNANCE

At AlpInvest, robust governance is a fundamental part of who we are and how we operate. It determines the way we act within the firm, with investors, and with shareholders. We pride ourselves on being trusted partners to our stakeholders, and strong governance breeds this trust. Throughout the firm, we maintain a disciplined approach to operational and investment decision-making, and this shapes our culture, our processes, and our returns.

The underlying philosophy behind AlpInvest's systems and strategy is a belief in the need for firm, effective management and internal discipline to boost performance and enhance investment returns.

Since August 1, 2013, AlpInvest has been wholly owned by The Carlyle Group and forms part of Carlyle's Investment Solutions business segment ('Investment Solutions'). Investment Solutions helps clients meet their objectives through tailored portfolio construction and implementation. The Investment Solutions platform seeks to give investors access to large and complex alternative investment strategies – private equity and real estate – on a global basis.

AlpInvest carries out its investment operations independently of Carlyle and its affiliated entities. Carlyle maintains a one-way information barrier between Investment Solutions (which includes AlpInvest), on the one hand, and the other business segments of Carlyle, on the other. This information barrier restricts the flow of non-public, commercially sensitive Investment Solutions information from Investment Solutions to the other Carlyle business segments, other than for certain regulatory, reporting, and similar purposes. This is a crucial component of our agreement with Carlyle, and both parties recognize its vital importance.

The Board

The Board is responsible for determining the AlpInvest strategy and developing the business. It comprises four Directors. On January 1, 2016, Paul de Klerk, AlpInvest's Chief Financial and Chief Operating Officer and a member of the Board, took over as Chairman from Jacques Chappuis, who stepped down from the Board on December 31, 2015.

Other members of the Board are Glenn Youngkin, President and Chief Operating Officer of The Carlyle Group, Lauren Dillard, a Carlyle Managing Director and Head of Carlyle Investment Solutions, who joined the Board on January 1, 2016, and Erik Thyssen, Managing Director of AlpInvest.

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.

AlpInvest also has two committees that are involved in the day-to-day operations of the firm: the Investment Committee and the Operating Committee.

The Investment Committee

The Investment Committee, which meets on a nearly weekly basis, is responsible for making the final investment decisions for our business. It is chaired by Chris Perriello, Managing Director of AlpInvest. Other members of the Investment Committee are AlpInvest Managing Directors Neal Costello, Richard Dunne, Michael Hacker, Maarten Vervoort, and Erik Thyssen.

The Operating Committee

The Operating Committee focuses on the day-to-day management, strategy and policies concerning client-related activities, including providing advice on investment objectives and terms and conditions, investment-strategy monitoring, and related regulatory and compliance matters. Paul de Klerk, CFO/COO and Managing Director of Alpinvest, chairs the Operating Committee. Other members are Lauren Dillard and AlpInvest Managing Directors George Westerkamp, Wouter Moerel, Rob de Jong, and Wendy Zhu.

We are committed to strong, effective governance and we are confident that we have in place the necessary structures to maintain a rigorous and robust approach.

RESPONSIBLE INVESTING

In 2016, we continued to make good progress in all aspects of our work on responsible investment, including reviewing our environmental, social, and governance ('ESG') standards, updating our GP due diligence questionnaire ('DDQ') and supporting industry-wide initiatives that promulgate adoption of responsible investment practices.

Responsible investment has always been at the heart of the AlpInvest philosophy and we have been signatories to the Principles for Responsible Investment ('PRI') since 2009. We also believe that we have an important role to play in raising responsible investment standards across the private equity industry by working with the funds we back and our investor base to improve practice, reporting, and transparency.

Continuous development

Our approach to responsible investment is one of continuous development to ensure that we remain leaders of industry practice and thinking. Over the past year, we have reviewed and updated our own responsible investment standards, which were originally drawn up in 2008, to reflect how we developed our approach over the years and to bring them in line with the way we operate today. The latest enhancements to our processes across our primary, secondary, and co-investment business lines are designed to ensure that the consideration of ESG factors is embedded across all our decision-making.

We also believe that we have an important role to play in raising responsible investment standards across the private equity industry by working with the funds we back and our investor base to improve practice, reporting, and transparency

This is also important for our investors, many of which are increasingly adopting responsible investment approaches. Our founder investors were at the forefront of the responsible investment movement and their thinking helped shape the AlpInvest philosophy. As we continue to diversify our investor base, we welcome new institutions that can count on our responsible investment approach that is institutionalized across all our processes.

Moving toward standardization

We believe that further standardization of evaluation and reporting of ESG factors is important if we are to see more widespread adoption of responsible investment practices. In 2016, we updated our responsible investment due diligence questionnaire to align with the PRI's LP responsible investment DDQ initiative. We use this revised questionnaire across all new primary fund investments and in secondary investments where primary commitments form part of the transaction.

We also updated the evaluation tool that helps our teams to assess how far advanced GPs are in their processes and management of ESG issues. The findings of the questionnaire will continue to be included in investment proposals. This, of course, is a continuation of the work we have already undertaken in this area. By the end of 2016, over 500 of our investments across all lines of our business had been assessed according to responsible investment criteria.

We have also made progress toward creating standardized frameworks for reporting of ESG factors by GPs. We continue to actively strive for the GPs we invest with to commit to responsible investment practices and disclosure. In 2016, the majority of GPs we invested with were in a position to commit to responsible investment policies. The responsible investment reporting template we developed in 2015 has proven very helpful for many GPs in understanding how they can adopt best practice. We also continue to maintain an active dialogue with both fund managers and our investors to promote transparency.

>500

investments assessed according to responsible investment criteria

Sharing best practice

We continued our work of advancing responsible investment practice and thinking through our involvement in external events and initiatives throughout 2016. AlpInvest team members spoke about responsible investment themes at conferences such as those organised by SuperReturn, the Responsible Investment Forum, and Women in Private Equity. We provided a presenter for a course run by Invest Europe, Integrating Responsible Investment, and we contributed a chapter to a recent publication, **Value Creation Through Responsible Investment**. We remain active members of Invest Europe's Responsible Investment Roundtable and of the ESG Committee of the Dutch Private Equity and Venture Capital Association ('NVP').

Initiatives such as these are important opportunities for the industry to share and develop best practice and, over the past year, we have seen considerable evolution among many GPs in this area. While some fund managers are still in the early stages of adopting responsible investment policies, we are encouraged to note that many GPs are now moving from discussion to integrating ESG factors into investment and firm-wide decision-making processes. We hope to see further evolution, with GPs increasingly able to provide effective reporting on responsible investment metrics over the next few years.

We are encouraged to note that many GPs are now moving from discussion to integrating ESG factors into investment and firm-wide decision-making processes

Our work for 2017

Over the coming year, our key priority is to roll out the new responsible investment DDQ. We will also focus on reviewing the progress of the GPs we invest with and expect to gain further insight on how they are implementing ESG policies and reporting. This will provide information on the extent to which further action or engagement is needed on our part. And, importantly, we will continue to provide high-quality information to our investors on the implementation of our responsible investment standards and to help them meet their own responsible investment obligations.

HUMAN RESOURCES

Our people are integral to our firm's success, generating returns for our investors and their beneficiaries. So we endeavor to inspire, support, and motivate our employees through our development programs and reward systems.

We believe that our values of mutual respect, professionalism, and integrity encourage long-term commitment to our firm. Our senior staff[1] has on average been with us for almost eight years.

This stability contributes to a consistent approach to investment execution, to the benefit of our investors and general partners. Experience is also an essential component of successful investment management: there is no substitute for having lived through and invested across an entire market cycle, as most of our senior team members have done.

We invest substantial time and attention in the professional development of our staff, including both formal and on-the-job training, at all levels of the organization. We also engage in appraisal processes at least once a year on a formal basis. Informally, we encourage continuous feedback.

As an equal opportunities employer, we are committed to promoting diversity, in all respects, throughout the firm. We work to preserve and improve on the gender balance and diverse range of nationalities and cultures represented across our workforce.

We strive to build a supportive and respectful environment where people feel motivated and fulfilled in their work. We are committed to achieving this objective.

2016 OVERVIEW[1]

151
Total number of employees

8
Average years at AlpInvest[2]

AMSTERDAM

27
Investment professionals

86
Total employees

NEW YORK/INDIANAPOLIS

30
Investment professionals

50
Total employees

HONG KONG

11
Investment professionals

15
Total employees

GENDER

65%
Male

35%
Female

NATIONALITY

67
Dutch

45
U.S./Canadian

15
Other Europeans/ Russian

24
Rest of World

1 As of December 31, 2016.
2 Managing Directors and Principals.

REMUNERATION POLICY

AlpInvest's remuneration policy is designed to align the interests of staff and investors.

We seek to incentivize our employees to deliver to the best of their abilities and foster a culture in which they feel a genuine commitment to the firm. Most of our senior managers have been with AlpInvest for many years, enhancing continuity and promoting a collegial environment. This is important, given the long-term nature of private equity investments.

We aim to remunerate our professional and support staff fairly, appropriately, and objectively. Remuneration of Managing Directors, Principals, and Vice Presidents consists of a fixed and a variable component, which can comprise a discretionary bonus and/or carried interest. Equity or equity-linked instruments typically make up at least 50% of the variable tranches, encouraging a long-term commitment to the firm. Since 2011, we have expected all senior investment professionals to make a significant personal investment in our private equity program alongside our investors.

The decision to grant a discretionary bonus, and the size of that bonus, is based on each employee's annual appraisal, which takes into account financial and non-financial criteria. We use independent, external guidance to help structure bonuses for employees and provide specific targets for employees at the beginning of each year. Variable components of staff remuneration are only paid out if AlpInvest itself meets specific financial milestones.

In 2013, AlpInvest's management sold its stake in the firm to our majority shareholder, Carlyle. In return, those managers became Carlyle unit holders. Additionally, a number of managers are awarded restricted Carlyle units, typically annually. Both schemes have a vesting period as an additional retention incentive.

Our remuneration policy has been honed over more than a decade. We believe that it encourages and rewards genuine effort in a way that delivers sustained, long-term performance for the benefit of all our investors.

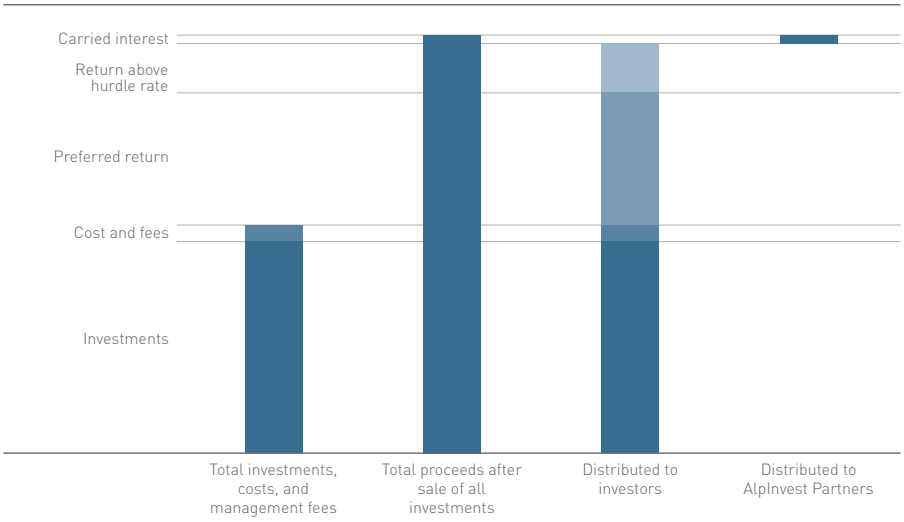
Our carried-interest program

Carried-interest programs are designed to promote long-term alignment between staff and investors, as eligible employees receive a share of the returns that investors themselves have received. However, employees are only rewarded if investors have received back all of their capital plus a pre-agreed upon return, known as the hurdle rate. All costs and management fees have to be repaid as well.

When all invested capital has been repaid, all expenses have been covered, and investment returns have exceeded the hurdle rate, additional returns are shared between AlpInvest and our investors. The way in which this capital is distributed is predefined with our investors in each mandate.

The distribution of proceeds between investors and AlpInvest is illustrated by the bar chart below. The first bar represents the total amount of investments, costs, and management fees. The second bar shows the total proceeds generated by these investments (including the sale of investments). The third and fourth bars illustrate how these proceeds are proportionally distributed between investors and AlpInvest.

Distribution of proceeds



RISK MANAGEMENT

Risk management is fundamental to our business. We insist on the highest standards of integrity and employ a rigorous control framework across all business lines, geographies, and professional functions.

AlpInvest is committed to the delivery of attractive returns. We believe that these are best achieved by applying the highest standards of risk management throughout the firm in our values, code of conduct, and personnel management. All of our Managing Directors adopt a hands-on approach to operational control and discipline, monitoring performance, risk, quality, and operations as part of their daily responsibilities. Management reports and review procedures bring all aspects of the business under management supervision, while detailed policies and procedures are in place to help manage risks, encourage consistency, and enable standardization across the firm.

Risk assessment and mitigation strategies are discussed with our Board. Our external and internal auditors provide further assurance by performing regular and ad hoc audits.

Some of the key risks we face and how we strive to manage them are described below. Such risks are not intended to describe all risks that AlpInvest faces or the risks applicable to our investors, such as the risk of loss of an investor's entire investment. These investment risks are separately disclosed to investors at the time they commit to an investment mandate with the firm.

External risks

As an investor in developed and emerging markets, our investments are affected by macroeconomic and geopolitical developments, as well as changes in government policy and regulations. To help mitigate such circumstances, we aim to diversify our investment portfolio across geographies, industries, and investment stages[1]. We also conduct extensive research before entering new markets, and regularly monitor our portfolio.

Strategic risks

The Board is responsible for setting the firm's strategy. Our strategy takes into account market and sector developments, as well as internal and external risk factors. Our initial assumptions, however, may be impacted by new events, which could affect the firm's performance or financial position. To help address this risk, we monitor external trends and forecasts while consistently reviewing our assumptions and tracking the performance of our investments.

Reputational risks

Our firm and funds may be negatively affected or disrupted by several factors, such as unenforceable contracts, lawsuits, adverse judgments, fraud, and negative publicity. To help reduce the likelihood of these events, we rigorously assess the companies and GPs in which we invest to identify unethical practices during the due diligence process or later through interaction with portfolio companies and GPs. Investing guidelines are stipulated in all of our mandates.

Business risk

AlpInvest is dependent on funding from its investors, which are primarily 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 AlpInvest for a prolonged period of time. Further, we seek to provide robust reporting and open channels of communication with investors to ensure that we are responsive to their investment needs and portfolio considerations as they may change over time. In addition, we continuously seek to diversify and expand our investor base. There is also the risk that senior management expertise may be lost. In order to create a long-term alignment with AlpInvest, remuneration is based on long-term incentive arrangements.

Investment decisions

Our ability to source and execute quality investments depends on a number of factors. We need to attract, develop, and retain professionals with the requisite investment experience and optimize the sharing of information and benefits from synergies across our investment teams. In addition, we need to undertake thorough assessments of each investment opportunity using our collective knowledge and experience. For that reason, AlpInvest carefully assesses each fund manager's skills and track record before making an investment commitment. From the initial investment assessment to the finalization of the transaction, AlpInvest employs a methodical process involving the Managing Directors and investment teams.

1 Diversification does not eliminate the risk of loss.

Investment performance
The performance of our portfolios depends on a range of factors, including the quality of the initial investment decision and the ability of the fund manager or portfolio company to drive performance and achieve its business objectives. As part of our portfolio management program, we review our investments regularly and employ a rigorous process to manage our relationships with fund managers and portfolio companies.

Investment concentration
AlpInvest invests across a range of economic sectors and jurisdictions. Our investment policy is designed to create a diversified portfolio across market segments, geographies, industries, deal sizes, and vintage years. We have investment guidelines in place to help address concentration risk, including limits on the interest percentage held in any one fund or portfolio company. Asset allocation is discussed regularly and compliance reports are reviewed quarterly to ensure that allocations fall within these guidelines.

Market risk
As an advisory firm, AlpInvest has limited exposure to financial assets. Cash is typically held in short-term deposits with reputable banks, while our management company has limited exposure to adverse movements in interest rates and foreign exchange rates. We typically seek to hedge foreign currency exposure when providing funds to our main operating subsidiaries.

Credit risk
AlpInvest is dependent on funding from its investors. Mandates are in place between the parties that define the minimum amounts our investors commit to AlpInvest for investment purposes. These are subject to certain limitations and are monitored through compliance procedures.

Liquidity risks
Private equity and mezzanine investments are generally illiquid and require a long-term commitment of capital with no certainty of return. Interests in private equity funds are also often subject to legal and other restrictions on resale, or otherwise may be less liquid than other types of securities, such as publicly traded securities. AlpInvest informs investors of forthcoming liquidity requirements on a timely basis. Our mandate terms are designed to help ensure that we have access at all times to sufficient liquidity to fund our investments. Cash management procedures include cash-flow forecasting and liquidity monitoring.

Operational risks
AlpInvest 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. These include risks around human resources, legal and regulatory issues, tax, information technology system failures, business disruption, and internal control weaknesses.

RISK MANAGEMENT

(CONT'D)

Operational risk management is underpinned by clearly defined roles, segregation of duties, delegated authorities, and monitoring at all levels. AlpInvest relies on a number of third-party service providers to support our operations, including IT, insurance, payroll, broker services, custodian services, fund administration, depositary services, regulatory reporting services, and pensions. We work with reputable firms and have service-level contracts with a number of these parties.

Our investment management process is subject to an annual ISAE 3402 Type II audit to attest to the design and operating effectiveness of our internal controls.

Legal, tax, and regulatory risks

The regulatory environment for private investment funds and their sponsors continues to evolve. Increased scrutiny and newly proposed legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on AlpInvest and may divert time and attention from portfolio management activities. For example, in order to comply with the Alternative Investment Fund Managers Directive, AlpInvest holds a license as an alternative fund manager with the Dutch Authority for the Financial Markets. AlpInvest has a team of legal and compliance professionals dedicated to monitoring the legal, tax, and regulatory landscape to ensure AlpInvest is in compliance with applicable requirements.

Conflicts of interest

AlpInvest and certain of its related entities engage in a broad range of activities, including investment activities for their own account, and providing transaction-related, investment advisory, management, and other services to its clients. In the ordinary course of conducting its activities, the interests of a client may conflict with the interests of AlpInvest or other clients. In the case of all real or perceived conflicts of interest, AlpInvest's determination as to whether an actual conflict of interest exists, which factors are relevant, and the resolution of any such conflicts, will be made using AlpInvest's best judgment, but at its sole discretion. In resolving conflicts, AlpInvest may consider various factors, including the interests of the applicable client with respect to the immediate issue and/or with respect to the client's longer-term courses of dealing as well as the effect of such conflict or such resolution on AlpInvest and its affiliates. AlpInvest has also adopted policies and procedures to address certain identifiable potential conflicts.

Valuation standards

In 2016, we determined the fair value of our direct and co-investments (equity and mezzanine) based on the **International Private Equity and Venture Capital Valuation Guidelines** (Edition December 2015, endorsed by Invest Europe), or where required in accordance with Accounting Standards Codification Topic 820 as prescribed by U.S. Generally Accepted Accounting Principles ('GAAP'). This requires management's judgment and takes into consideration the specific nature, facts, and circumstances of each investment, including but not limited to the price at which the investment was acquired, current and projected operating performance, trading values on public exchanges for comparable securities, and financing terms currently available. To determine the fair value of our investments in private equity funds, the valuations provided by the GPs were used in combination with our own initial due diligence and ongoing portfolio management. Due to the time lag between receiving the reporting of the GPs' information and AlpInvest's reporting date, adjustments to valuations may be made, if necessary. For example, the value of an investment may be adjusted for actual cash flows that occurred from the date of the reported valuations to the financial statement date.

The AlpInvest commitment

AlpInvest endeavors to uphold the highest standards and mitigate risk in a timely and consistent fashion. We are committed to strong and robust governance across the firm and our experience and expertise help us to deliver on this goal.

INVESTMENT PERFORMANCE

INVESTMENT PERFORMANCE[1]

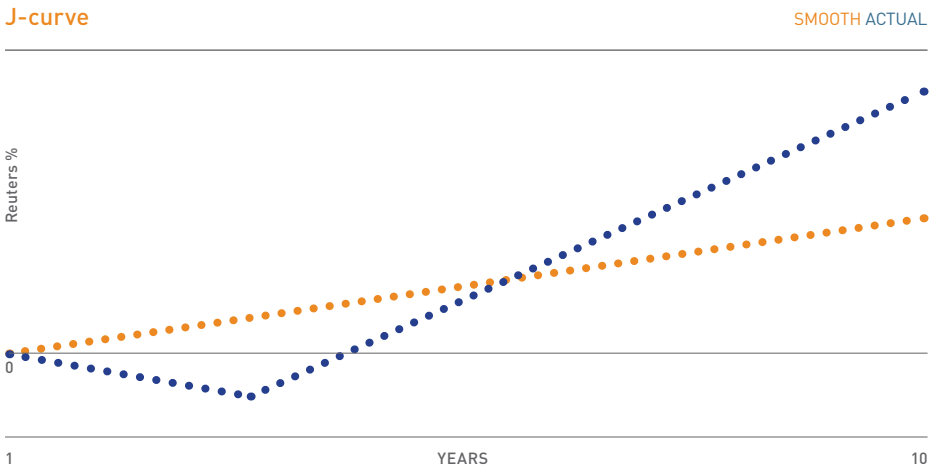
AlpInvest achieved strong financial performance again in 2016, continuing a history of consistently delivering robust returns to our investors since our firm's inception.

AlpInvest was pleased with the performance of its funds in 2016. Through the end of 2016, we received €67bn of commitments from our investors. Our assets under management as per December 31, 2016 were €39.3bn in total, of which €24.1bn was for Fund Investments, €9.6bn for Secondary Investments and €5.6bn for Equity and Mezzanine Co-Investments.

Gross and net returns for the total of our fully committed funds remained in line with 2015 levels and our net IRR (internal rate of return) since our inception 17 years ago has been approximately 12% (see page 42 for more detailed information on IRR methodology). In Fund Investments, IRR from our Main Fund IV remained stable compared to 2014 at 14% on a net basis. Our Secondary Investments Main Fund V showed a net IRR of 19%, a decrease of some 4% over the year. The Co-Investment Main Fund V ended 2016 with a net IRR of 32%, a decrease of some 2% over the year.

We believe the performance of our funds underlines the rewarding, long-term nature of private equity investing. Looking to the future, the capital that has already been committed to us by our investors allows us to seek new, attractive investment opportunities and we believe we are well positioned to continue to deliver strong returns over the coming years. We have maintained a disciplined approach to investing, taking advantage of prospects presented within our chosen markets while being mindful of the challenges arising from the macroeconomic environment.

1 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.



The J-curve in private equity is used to illustrate the historical tendency of private equity funds to deliver negative returns in early years and investment gains in later years. Initially, investment returns are negative because management fees are drawn from committed capital and underperforming investments are identified and written down at an early stage. In later years, as companies are sold, ideally for more than the purchase price, cash starts to flow to the limited partners. Private equity measures returns using a mechanism called the internal rate of return, or IRR. This calculates the underlying returns, taking into account money invested, money returned, and unrealized investments. After three to five years, the interim IRR should provide a meaningful guide to the ultimate returns to be expected from a specific fund, although the period is generally longer for early-stage funds. For the AlpInvest mandates, the IRR generally becomes meaningful approximately five years after the start of the mandate.

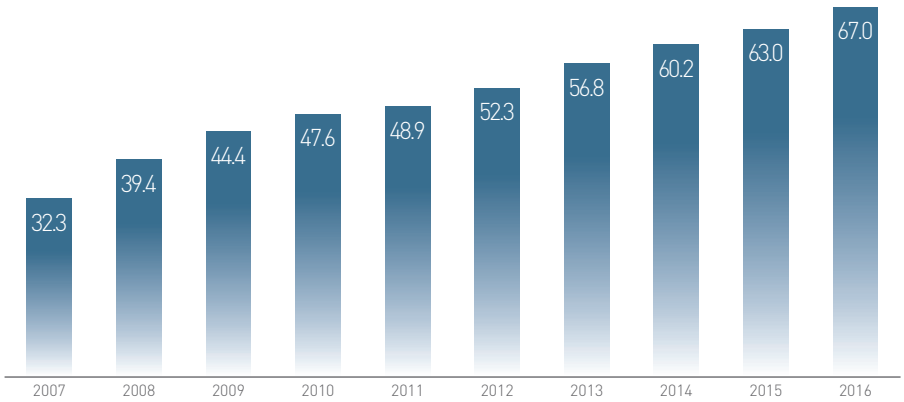
1 As of December 31, 2016. Past performance is not indicative of future results or a guarantee of future returns. Return metrics are subject to change as a fund or investment portfolio matures. Please see the additional disclosures on page 42 for further important information regarding AlpInvest's track record.
2 'Fully committed funds' are past the expiration date of the commitment period as defined in the respective limited partnership agreement.
3 Returns are not considered meaningful for Main Fund VI – Fund Investments and Main Fund VI – Secondary Investments, as the commitment period for these funds commenced in 2015 and 2016, respectively.
4 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 was committed before the end of 2002 and €0.2bn before AlpInvest began managing such investments in 2013).

Life-to-date IRRs[1]

Fully committed funds[2]	Vintage year	Fund size (€m)	Gross IRR	Net IRR
Main Fund I – Fund Investments	2000	5,175	12%	11%
Main Fund II – Fund Investments	2003	4,545	10%	9%
Main Fund III – Fund Investments	2005	11,500	10%	9%
Main Fund IV – Fund Investments	2009	4,877	15%	14%
Main Fund V – Fund Investments	2012	5,080	9%	8%
Main Fund I – Secondary Investments	2002	519	59%	56%
Main Fund II – Secondary Investments	2003	998	27%	26%
Main Fund III – Secondary Investments	2006	2,250	10%	10%
Main Fund IV – Secondary Investments	2010	1,859	19%	18%
Main Fund V – Secondary Investments	2011	4,273	21%	19%
Main Fund II – Co-Investments	2003	1,090	44%	41%
Main Fund III – Co-Investments	2006	2,760	5%	4%
Main Fund IV – Co-Investments	2010	1,475	25%	23%
Main Fund V – Co-Investments	2012	1,122	35%	32%
Main Fund II – Mezzanine Investments	2004	700	7%	7%
Main Fund III – Mezzanine Investments	2006	2,000	10%	9%
All other funds	Various		14%	11%
Total fully committed funds			**13%**	**12%**

Funds in the commitment period	Vintage year	Fund size (€m)	Gross IRR[3]	Net IRR[3]
Main Fund VI – Fund Investments	2015	1,106	NM	NM
Main Fund VI – Secondary Investments	2016	3,281	NM	NM
Main Fund VI – Co-Investments	2014	1,115	19%	15%
All other funds	Various		17%	13%
Total funds in the commitment period			**17%**	**12%**
Total AlpInvest			**13%**	**12%**

Total capital commitments received by AlpInvest[4] (€bn)



FUND INVESTMENTS OVERVIEW[1]

2016 fund portfolio activity

The Fund Investments team made new commitments to 35 funds with a 2016 vintage year (or earlier) for our investors. Of these, 28 are to funds where a prior primary fund commitment had been made with the GP. The other seven represent a new relationship.

During 2016, 12 commitments were made to funds that are expected to have a 2017 (or later) vintage. Those 12 funds are therefore not included in this year's Annual Review overview.

In 2016, a total of €2.0bn of capital was called to fund investments in private equity and mezzanine funds.

During the year, AlpInvest received €4.5bn of proceeds from investments. Within this figure:
4% came from the 2000–2002 mandate;
12% from the 2003–2005 mandate;
49% from the 2006–2008 mandate;
21% from the 2009–2011 mandate;
7% from the 2012–2014 mandate; and
7% from other mandates.

1 Including mezzanine and clean tech fund investments.

2016 new fund commitments[2]

Name	Segment	Relationship[4]
American Securities Partners VII	U.S. Mid-Market	Existing
Anchor Equity Partners Fund II	NTM[3]	Existing
Apax IX	Global LBO	Existing
Arlington Capital Partners IV	U.S. Mid-Market	New
Astorg VI	E.U. Mid-Market	Existing
Axxon Brazil Private Equity Fund III	NTM[3]	New
Bencis Buyout Fund V	E.U. Mid-Market	Existing
CBPE Capital Fund IX	E.U. Mid-Market	Existing
Fondo Nazca IV, F.C.R.	E.U. Mid-Market	Existing
Gilde Buy-Out Fund V	E.U. Mid-Market	New
Growth Fund 3	NTM[3]	New
Hellman & Friedman Capital Partners VIII	Global LBO	Existing
Index Ventures VIII	Venture	Existing
Inflexion Enterprise Fund IV	E.U. Mid-Market	Existing
Inflexion Supplemental Fund IV	E.U. Mid-Market	Existing
Investindustrial VI	E.U. Mid-Market	Existing
Linden Capital Partners III	U.S. Mid-Market	New
Linzor Capital Partners III	NTM[3]	Existing
Medicxi Ventures Fund I	Venture	Existing
Montefiore Investment IV	E.U. Mid-Market	Existing
Nautic Partners VIII	U.S. Mid-Market	Existing
NewSpring Growth Capital IV	Venture	Existing
Norvestor VII	E.U. Mid-Market	Existing
Norvestor VII OS	E.U. Mid-Market	Existing
PAG Asia II	NTM[3]	New
Parthenon Investors V	U.S. Mid-Market	New
Permira VI	Global LBO	Existing
Quadrant Private Equity No. 5	NTM[3]	Existing
Trivest Growth Investment Fund I	U.S. Mid-Market	Existing
TSG7A	U.S. Mid-Market	Existing
TSG7B	U.S. Mid-Market	Existing

2 Commitments to funds with a 2016 vintage year (or earlier) for AlpInvest. For illustrative purposes only. References to a particular investment should not be considered a recommendation of any security or investment. There can be no assurance that AlpInvest will be able to invest in similar opportunities in the future. Additionally, AlpInvest committed to four other funds with a 2016 vintage that are not listed by name for confidentiality reasons.
3 Non-traditional markets, which include commitments to mid-market funds outside of Western Europe and the United States.
4 Existing includes funds where a prior primary fund commitment has been made with the GP by AlpInvest.

Fund Investments portfolio overview
As per December 31, 2016

Vintage years	Investment focus	Mandate amount (€m)	Capital committed[2] (€m)	Capital invested[2] (€m)	Invested as % of committed[3]
2000–2002[1]	Buyout and venture capital	10,853	9,998	9,406	100%
2003–2005	Buyout and venture capital	4,545	4,508	4,515	104%
2006–2008	Buyout and venture capital	11,500	11,323	11,471	102%
2009–2011	Buyout and venture capital	4,877	4,766	4,487	91%
2012–2014	Buyout and venture capital	5,080	4,958	2,885	54%
2015	Buyout and venture capital	1,106	1,069	191	18%
2016	Buyout and venture capital	332	250	3	1%
2007–2012	Clean technology	658	613	593	89%
2000–2014	Mezzanine funds	1,268	1,202	1,355	111%
2003–2016	Buyout and venture capital – other mandates	565	291	131	47%
Total		**40,784**	**38,978**	**35,039**	**91%**

1 The Fund Investment Mandate 2000–2002 includes pre-vintage year 2000 commitments made by our investors and AlpInvest predecessors.
2 At historical foreign exchange rates.
3 Based on foreign exchange rate as per December 31, 2016.

Fund commitments overview[4]
As per December 31, 2016

Segment	% of capital committed	GPs[5]	Funds
Global large buyout	32%	23	71
European mid-market	15%	56	102
U.S. mid-market	21%	76	128
Non-traditional markets[6]	12%	74	131
Venture capital	10%	64	137
Clean technology	2%	14	16
Mezzanine	4%	16	25
Other[7]	4%	12	14
Total	**100%**	**335**	**624**

4 Underlying fund vintage years 2000–2016.
5 As a GP can have funds in more than one category, the total is larger than mentioned in the text above.
6 Non-traditional markets, which include commitments to mid-market funds outside of Western Europe and the United States.
7 This segment comprises non-control distressed debt and (primary and secondary) funds-of-funds.

SECONDARY INVESTMENTS OVERVIEW[1]

2016 portfolio activity

AlpInvest Secondary Investments committed €1,322m across nine transactions in 2016, compared with €1,195m across 11 transactions in 2015. For the 12 months ending December 31, 2016, AlpInvest Secondary Investments received proceeds from 109 transactions out of 120, totaling €1,313m compared with €1,668m received in 2015.

1 Includes mezzanine secondary investments.

Secondary Investments portfolio overview

As per December 31, 2016

Vintage years	Investment focus	Mandate amount (€m)	Capital committed[2] (€m)	Capital invested[2] (€m)	Invested as % of committed[3]
2000–2002	Buyout	519	519	512	100%
2003–2005	Buyout	998	994	951	96%
2006–2008	Buyout	2,250	2,147	2,055	95%
2009–2011	Buyout	1,859	1,806	1,766	97%
2012–2015	Buyout	4,273	4,139	3,405	82%
2016–2019	Buyout	3,281	56	14	36%
2002–2015	Mezzanine funds	429	417	412	95%
2003–2016	Other buyout	309	260	204	79%
Total		**13,918**	**10,339**	**9,319**	**90%**

2 At historical foreign exchange rates.
3 Based on foreign exchange rate as per December 31, 2016.

EQUITY CO-INVESTMENTS OVERVIEW[1]

In 2016, AlpInvest invested €482m in equity co-investments. This included €452m in 25 new investments and €29m investments in existing portfolio companies. Total realizations in 2016 for our equity co-investment portfolio were €1,318m.

1 Including clean tech co-investments.

2016 new equity co-investments[2]

Name	Sector	Geography	Date of completion	Description
Accruent	Information Technology	U.S.	Jun-16	Provider of software for real estate and facility management
ADT	Consumer Discretionary	U.S.	Apr-16	Home security monitoring provider
Atria Convergence Technologies	Telecommunication Services	India	May-16	Wired broadband and cable television services provider to consumers in South India
Cascade Windows	Industrials	U.S.	Feb-16	Designer, manufacturer, and seller of vinyl windows and sliding glass doors in the Western U.S.
Cogital Group	Information Technology	Norway	Oct-16	Provider of BPO services to SMEs in the Nordic region and U.K.
DBi Services	Industrials	U.S.	Jul-16	Provider of transportation infrastructure operations and maintenance services for U.S. states and railroads
Duckhorn Wine Company	Consumer Discretionary	U.S.	Dec-16	Supplier of luxury wine predominantly in North America
eResearch Technology	Healthcare	U.S.	Apr-16	Global provider of technology-enabled patient efficacy data collection solutions for use in clinical research
ExactCare	Healthcare	U.S.	Mar-16	Provider of pharmaceutical services to chronically sick patients
Feu Vert	Consumer Discretionary	France	Mar-16	Leading operator of auto centers in France and Spain
GXG	Consumer Discretionary	China	Oct-16	Chinese menswear fashion brand
HealthSun	Healthcare	U.S.	Nov-16	Integrated healthcare insurer and provider
Isabel Marant	Consumer Discretionary	France	Jul-16	Affordable luxury Parisian fashion label
LGC	Healthcare	U.K.	Mar-16	Provider of measurement and testing services for life science and other applied end-markets
Martinavarro	Consumer Staples	Spain	Jul-16	Leading European citrus producer for retail grocers
Mills Fleet Farm	Consumer Discretionary	U.S.	Mar-16	Retailer of lifestyle merchandise serving farm, ranch, and suburban customers in the U.S.
MultiPlan	Healthcare	U.S.	Jun-16	Provider of out-of-network cost containment solutions to healthcare insurers
Pinnacle Treatment	Healthcare	U.S.	Aug-16	Operator of substance abuse treatment clinics and residential centers across five U.S. states
Polyconcept	Consumer Discretionary	U.S.	Aug-16	Value-added supplier of promotional products including apparel, notebooks, and hard goods
Roompot	Consumer Discretionary	The Netherlands	Oct-16	Dutch holiday park operator
SolarWinds	Information Technology	U.S.	Feb-16	Global enterprise-class IT and infrastructure management software provider
Tavuk Dünyasi	Consumer Discretionary	Turkey	Mar-16	Owner of a fast casual dining restaurant chain in Turkey
TCNS Clothing Company	Consumer Discretionary	India	Aug-16	Branded women's apparel company headquartered in Delhi

2 For illustrative purposes only. References to a particular investment should not be considered a recommendation of any security or investment. There can be no assurance that AlpInvest will be able to invest in similar opportunities in the future. Additionally, AlpInvest made two other equity co-investments in 2016 that are not listed by name for confidentiality reasons.

EQUITY CO-INVESTMENTS OVERVIEW

(CONT'D)

Equity Co-Investments portfolio overview
As per December 31, 2016

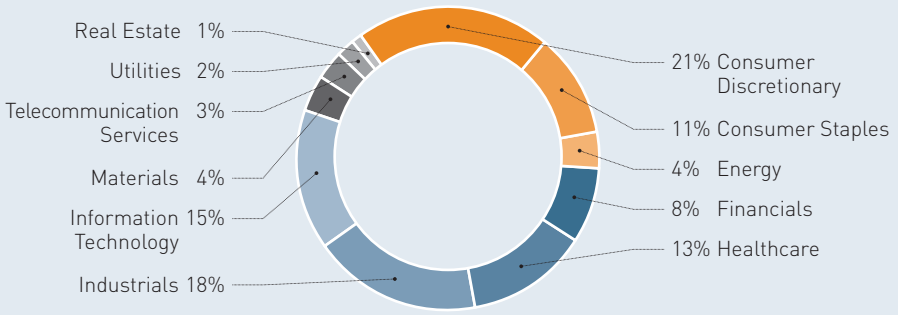
Vintage years	Investment focus	Mandate amount (€m)	Capital invested[2] (€m)
2000–2002[1]	Buyout & venture capital co-investments	800	759
2003–2005	Buyout co-investments	1,090	925
2006–2008	Buyout co-investments	2,760	2,443
2009–2010	Buyout co-investments	1,475	1,245
2011–2013	Buyout co-investments	1,122	967
2014–2015	Buyout co-investments	1,115	777
2016	Buyout co-investments	167	0
2010–2012	Clean technology	23	21
2002–2016	Buyout co-investments – other mandates	485	274
Total		**9,037**	**7,411**

1 The Co-Investment Mandate 2000–2002 includes the investments made by the former Alpinvest N.V. (mainly pre-vintage year 2000). The Co-Investment Mandate 2000–2002 includes Buyout, Life Sciences and Technology investments. Life Sciences and Technology investments were discontinued in late 2003.
2 At historical foreign exchange rates.

Portfolio diversification[3]

AlpInvest seeks to invest in a broad range of sectors and geographies, creating significant diversification in our portfolio. From a geographical perspective[4], 43% of our investments are in Europe[5], 48% in North America and 9% in the rest of the world. The sector breakdown of our equity co-investments since 2000 can be found to the right.

Sectors[4]



3 Diversification does not eliminate the risk of loss.
4 Includes all equity co-investments made by AlpInvest since 2000 (except for Life Science and Technology investments made as part of Mandate 2000–2002).
5 Europe excludes emerging Europe (included in rest of the world).

MEZZANINE CO-INVESTMENTS OVERVIEW

In 2016, AlpInvest invested €28m in mezzanine co-investments. This included €16m in one new investment and €12m in a follow-on investment for an existing portfolio company.

AlpInvest had €115m of cash inflows in 2016 from the outstanding mezzanine portfolio, of which €19m was due to interest income and €96m from realizations.

2016 new mezzanine co-investment[1]

Name	Sector	Geography	Date of completion	Description
Epicor Software Corporation	Information Technology	U.S.	Sep-16	ERP software provider to middle-market manufacturing, distribution, and automotive retail companies

1 For illustrative purposes only. References to a particular investment should not be considered a recommendation of any security or investment. There can be no assurance that AlpInvest will be able to invest in similar opportunities in the future.

Mezzanine Co-Investments portfolio overview
As per December 31, 2016

Vintage years	Investment focus	Mandate amount (€m)	Capital invested[3] (€m)
2000–2002[2]	Mezzanine co-investments	33	33
2002–2004	Mezzanine co-investments	148	81
2005–2006	Mezzanine co-investments	297	287
2007–2011	Mezzanine co-investments	1,200	850
2012–2014	Mezzanine co-investments	158	145
2014–2015	Mezzanine co-investments	125	88
Other mandates	Mezzanine co-investments	86	30
Total		**2,047**	**1,514**

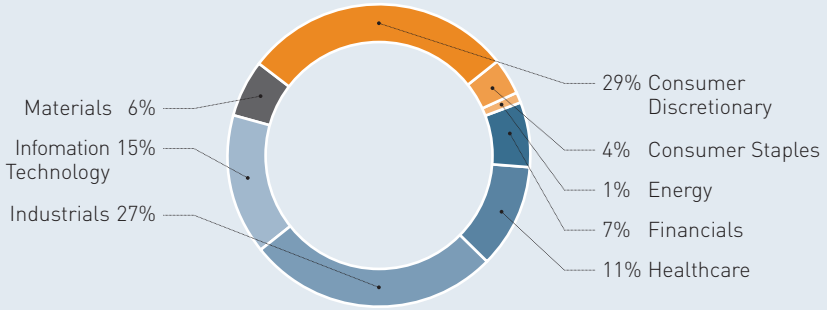
2 Mandate 2000–2002 is a legacy portfolio managed for our investors.
3 At historical foreign exchange rates.

Portfolio diversification[4]

AlpInvest seeks to invest in a broad range of sectors and geographies, creating significant diversification in our portfolio. From a geographical perspective[5], 34% of our investments are in Europe[6], 59% in North America and 7% in the rest of the world. The sector breakdown of our mezzanine co-investments can be found to the right.

4 Diversification does not eliminate the risk of loss.
5 Reflects all mezzanine mandates.
6 Europe excludes emerging Europe (included in rest of the world).

Sectors[5]



IMPORTANT INFORMATION

This document has been prepared by and is being issued and distributed in the Netherlands by AlpInvest Partners B.V. (together with its controlled affiliates, 'AlpInvest'). This is AlpInvest's ninth Annual Review and its purpose is to increase the understanding of AlpInvest and to improve communication with our stakeholders. THIS DOCUMENT IS NOT INTENDED FOR AND MAY NOT BE PROVIDED TO "U.S. PERSONS" (AS DEFINED UNDER REGULATION S OF THE U.S. SECURITIES ACT OF 1933, AS AMENDED), WHICH INCLUDES U.S. RESIDENTS AND ENTITIES ORGANIZED UNDER THE LAWS OF THE UNITED STATES.

The Walker Guidelines, as published by the British Private Equity and Venture Capital Association ('BVCA'), are one of the prominent initiatives on increased disclosure and it is our intention to follow these guidelines as a basis for our report. We are advocates of transparency and believe that the private equity industry will benefit from more open communication with all stakeholders. We have tried to be as open as possible in this Annual Review. However, some areas remain subject to legal confidentiality clauses between AlpInvest, our investors, or the parties we invest in and invest with. Some types of information could also be commercially sensitive. As a result, we are not able to disclose publicly all of the information we provide to our investors.

This document is not intended to be (and may not be relied on in any manner as) legal, tax, investment, accounting or other advice or as an offer to sell or a solicitation of an offer to buy any securities of any investment product or any investment advisory service, including any limited partnership or comparable limited liability equity interests in any fund, managed account or other similar investment vehicle or product sponsored by AlpInvest (each, a "Fund"). Any such offer or solicitation may only be made pursuant to such Fund's final confidential private placement memorandum and/or the related subscription documents, which will be furnished to qualified investors on a confidential basis at their request for their consideration in connection with such offering. This document may contain proprietary, trade-secret, confidential and commercially sensitive information.

References to any portfolio investment are intended to illustrate the application of AlpInvest's investment process only and should not be used as the basis for making any decision about purchasing, holding or selling any securities. Nothing herein should be interpreted or used in any manner as investment advice or a recommendation of any security or investment strategy. The information provided about any portfolio investments is intended to be illustrative, and is not intended to be used as an indication of the current or future performance of AlpInvest's portfolio investments.

There is no assurance that a Fund's investment objective will be achieved or that investors will receive a return on their capital. The recipient must consult its own legal, accounting and tax advisors as to the legal, business, tax and related matters concerning the information contained in this document in order to make an independent determination and consequences of a potential investment in a Fund, including federal, state, local and foreign tax consequences.

The performance of any portfolio investments discussed in this document is not necessarily indicative of the performance of any other of AlpInvest's portfolio investments, and you should not assume that investments in the future will be profitable or will equal the performance of past portfolio investments. In addition, while AlpInvest's valuations of unrealized investments and projected performance are based on assumptions that AlpInvest believes are reasonable under the circumstances, the actual realized returns on AlpInvest's investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations and projections used herein are based. Accordingly, the actual realized return on any such investments may differ materially from the results indicated herein. Furthermore, investors may contact AlpInvest representatives to discuss the procedures and methodologies used to calculate the investment returns and other information provided herein. Investors should consider the content of this document in conjunction with investment fund quarterly reports, financial statements and other disclosures regarding the valuations and performance of the specific investments discussed herein.

Certain the information contained in this presentation constitutes "forward-looking statements" that are inherently unreliable and actual events or results may differ materially from those reflected or contemplated herein. None of AlpInvest or any of its representatives makes any assurance as to the accuracy of those predictions or forward looking statements. AlpInvest expressly disclaims any obligation or undertaking to update or revise any such forward-looking statements. The views and opinions are those of AlpInvest as of the date hereof and are subject to change based on prevailing market and economic conditions and will not be updated or supplemented.

Certain information contained herein has been obtained from third-party sources. Although AlpInvest believes such sources to be reliable, AlpInvest makes no representation as to its accuracy or completeness.

AlpInvest is part of The Carlyle Group ("Carlyle"). An information barrier has been erected between AlpInvest and the rest of Carlyle that restricts certain information from being shared, including information regarding AlpInvest portfolio investment decisions. All investment programs managed by AlpInvest are intended to operate in accordance with the information barrier protocols and supplemental compliance procedures specific to Carlyle's Investment Solutions business segment of which AlpInvest is a part.

AlpInvest Partners B.V. is included in the public register kept by the Dutch Authority for the Financial Markets (Autoriteit financiële markten), in accordance with section 1:107 of the Dutch Act on Financial Supervision (Wet op het financieel toezicht), as holder of a license to manage alternative investment funds under license number 15001833.

The amount of AlpInvest's assets under management ('AUM') is calculated on the basis of the latest available valuations of all portfolio investments for which AlpInvest provides continuous and regular supervisory or management services adjusted for interim cash flows up to the relevant reporting date, plus unfunded capital subscriptions to underlying portfolio investments, plus the amount of uncommitted capital available for investment under the existing mandates of AlpInvest's investors with investment periods that have not expired.

As used in this document, a 'Main Fund' represents (i) an investment mandate (and the private equity investments made thereunder) in respect of a noted strategy or strategy segment (i.e. Primary Funds, Secondaries and Co-Investments), as the case may be, of each of AlpInvest's two largest advisory clients on a pooled basis which mandates have coinciding investment periods and (ii) other advisory client mandates (including commingled fund clients) with investment periods that fall within the relevant investment period under the mandates for AlpInvest's two largest advisory clients (but do not overlap with more than one such investment period). Mezzanine Main Funds include mezzanine investments across all strategies (i.e. Primary Funds, Secondaries and Co-Investments).

The performance information of all 'Other Funds' includes Main Fund VII – Fund Investments, Main Fund I – Co-Investments, Main Fund VII – Co-Investments, Main Fund I – Mezzanine Investments, Main Fund IV – Mezzanine Investments, Main Fund V – Mezzanine Investments, all 'clean technology' private equity investments and all other investors whose investments are not reflected in a Main Fund.

The gross annualized internal rates of return ('IRR') provided herein are calculated based on actual investment cash flows up to and including December 31, 2016 and the December 31, 2016 fair market value ('FMV') of the relevant Main Fund. Gross IRRs and multiples of capital invested do not reflect management fees or performance fees (carried interest) charged by AlpInvest or any other Main Fund-level expenses that are borne by investors in the Main Fund, which will reduce returns and in the aggregate are expected to be substantial. The FMVs of Main Funds that make Primary Fund Investments or Secondary Investments are based on the latest available valuations of the underlying limited partnership interests (in most cases as of September 30, 2016), as provided by their general partners. The FMVs for Main Funds that make Equity and Mezzanine Co-Investments are based on AlpInvest's internal valuations.

Net IRR provided herein is based on the gross calculation and is net of management fees and performance fees charged by AlpInvest as well as Main Fund-level expenses. To eliminate the effect of currency rate changes, all non- EUR cash flows and fair market values have been converted to EUR using the foreign exchange rate as of December 31, 2016. No cash-flow projections have been used to calculate any of the performance numbers provided herein. To AlpInvest's knowledge, there are no established standards for the calculation of IRRs for private equity portfolios. The use of another methodology would be expected to result in a different, and possibly lower, IRR. Investors should be aware of the significant differences between private equity and public markets regarding their portfolio/index constituents and specific risk/return characteristics.

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