

APOLLO GLOBAL MANAGEMENT, INC (NYSE: APO)

# Apollo Global Management Investor Presentation

September 2019

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This presentation contains information regarding Apollo’s financial results that is calculated and presented on the basis of methodologies other than in accordance with accounting principles generally accepted in the United States (“non-GAAP measures”). Refer to slides at the end of this presentation for the definitions of DE and FRE, non-GAAP measures presented herein, and reconciliations of GAAP financial measures to the applicable non-GAAP measures.

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# Apollo Overview

# Apollo is a Leading Alternative Investment Manager

Apollo Global Management is a leading global alternative investment manager with expertise in credit, private equity, and real assets



**\$312 billion**

**Total Assets Under  
Management<sup>1</sup>**



**\$154 billion**

**AUM in Permanent Capital  
Vehicles**



**39%**

**Gross IRR in Private  
Equity Since 1990<sup>2</sup>**

# APOLLO



**\$201 billion**

**Largest Alternative Credit  
Platform**



**\$25 billion**

**Largest Private Equity  
Fund Ever Raised**



**23%**

**Fee-Related Earnings  
CAGR Since IPO<sup>3</sup>**

<sup>1</sup> As of June 30, 2019. Please refer to the definition of Assets Under Management at the end of this presentation. <sup>2</sup> Represents returns of traditional Apollo private equity funds since inception in 1990 through June 30, 2019 (net 25%). Please refer to Gross IRR and Net IRR endnotes and definitions at the end of this presentation. Past performance is not indicative of future results. <sup>3</sup> FRE CAGR since IPO is being calculated from LTM 1Q'11 to LTM 2Q'19.

# Apollo Has a Globally Diversified Platform Across Asset Classes

## APOLLO

### Firm Profile<sup>1</sup>

**Founded:** 1990

**AUM:** \$312 billion

**Employees:** 1,268

**Inv. Professionals:** 423

**Global Offices:** 16

### Business Segments

#### Credit \$201bn AUM

- Corporate Credit
- Structured Credit
- Permanent Capital Vehicles:
  - Athene -Athora -MidCap
  - Closed-End Funds -BDCs
- Direct Origination

#### Private Equity \$77bn AUM

- Opportunistic buyouts
- Distressed buyouts and debt investments
- Corporate carve-outs
- Hybrid value

#### Real Assets \$33bn AUM

- Commercial real estate
- Global private equity and debt investments
- Principal Finance
- Infrastructure

### Investment Approach

**Value-Oriented**

**Contrarian**

**Integrated Investment Platform**

**Opportunistic Across Market  
Cycles and Capital Structures**

**Focus on 9 Core Industries**

### Global Footprint



<sup>1</sup> As of June 30, 2019. Please refer to the definition of Assets Under Management at the end of this presentation. Note: AUM components may not sum due to rounding.

# Deep Bench of Senior Management Talent

## Senior Leadership



**Leon Black**  
Founder  
Chairman and CEO



**Josh Harris**  
Co-Founder  
Senior Managing Director



**Marc Rowan**  
Co-Founder  
Senior Managing Director



**Scott Kleinman**  
Co-President  
Lead Partner, Private Equity



**Jim Zelter**  
Co-President  
Chief Investment Officer, Credit



**Gary Parr**  
Senior Managing Director



**Martin Kelly**  
Co-Chief Operating Officer  
and Chief Financial Officer



**Anthony Civale**  
Co-Chief Operating Officer  
and Lead Partner and COO, Credit

## Management Committee

**Greg Beard**  
Senior Partner,  
Global Head  
of Natural  
Resources

**Matt Breitfelder**  
Senior Partner,  
Global Head  
of Human  
Capital

**Stephanie Drescher**  
Senior Partner,  
Global Head of Client  
and Product  
Solutions

**Gernot Lohr**  
Senior Partner,  
Global Head of  
Financial  
Institutions

**Sanjay Patel**  
Senior Partner,  
Chairman  
International

**Rob Seminara**  
Senior Partner,  
Head of Europe

**John Suydam**  
Chief  
Legal  
Officer

## Business Segments

### 423 Investment Professionals

**190**  
Credit

**147**  
Private Equity

**86**  
Real Assets

### 845 Other Professionals

Corporate Services

Finance, Operations  
& Risk

Technology

Human Capital

Marketing

Legal, Compliance  
& Tax

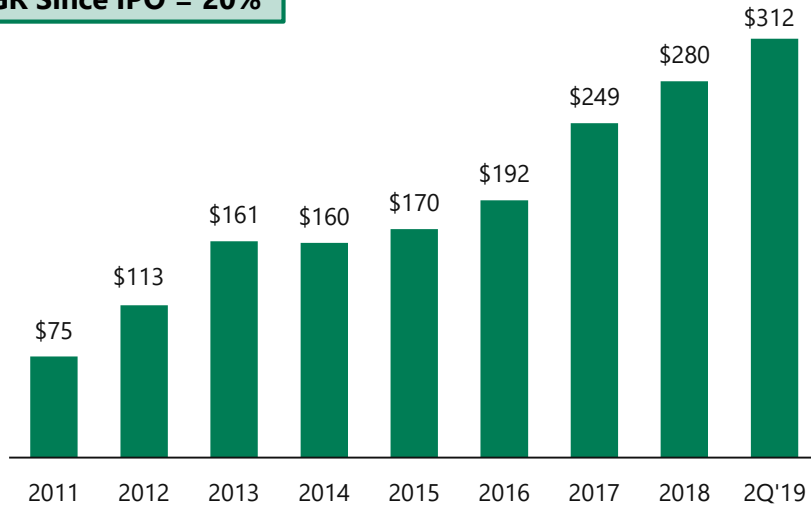
Note: All senior leadership are also members of the Management Committee.

# Assets Under Management Have Grown More than 5x in 10 Years

AUM growth over the past ten years driven by the proliferation of yield-oriented permanent capital vehicles and continued success in opportunistic investing businesses

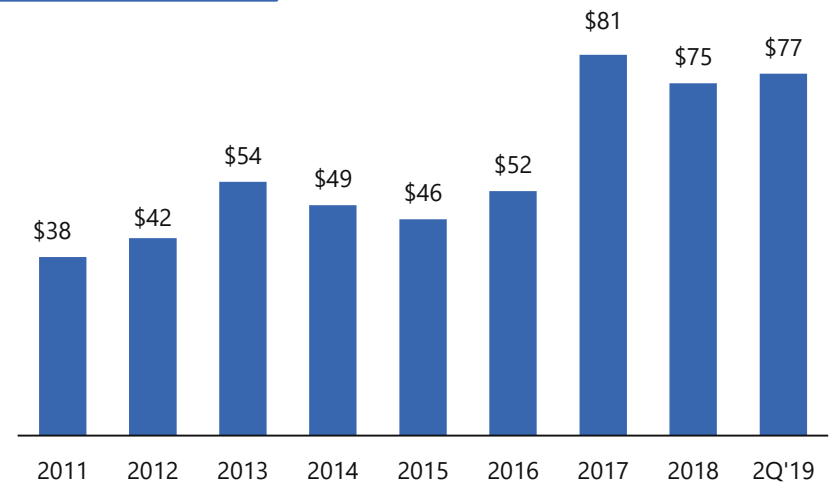
## Total Assets Under Management (\$bn)

CAGR Since IPO = 20%



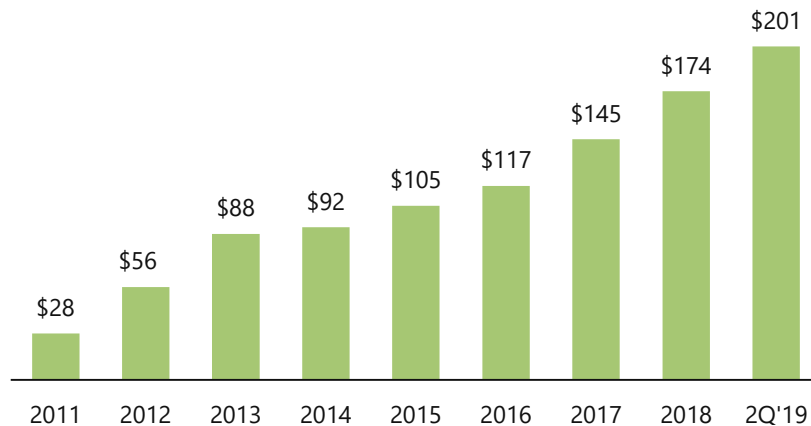
## Private Equity AUM (\$bn)

CAGR Since IPO = 8%



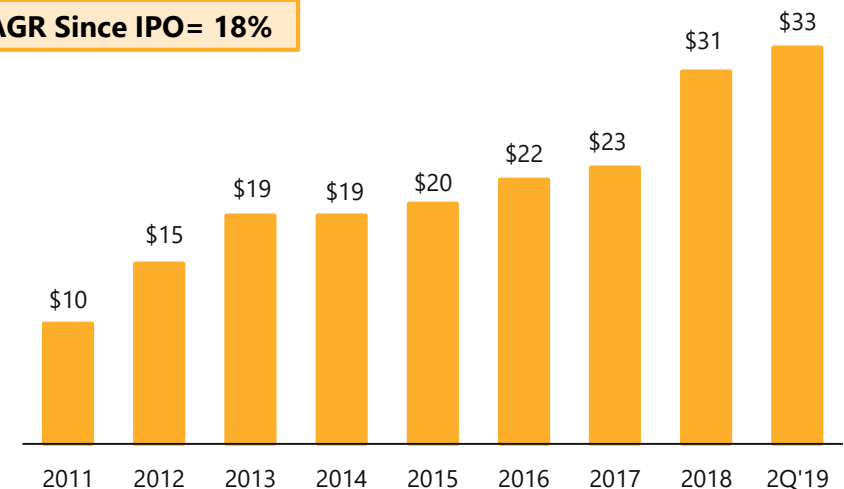
## Credit AUM (\$bn)

CAGR Since IPO = 33%



## Real Assets AUM (\$bn)

CAGR Since IPO = 18%



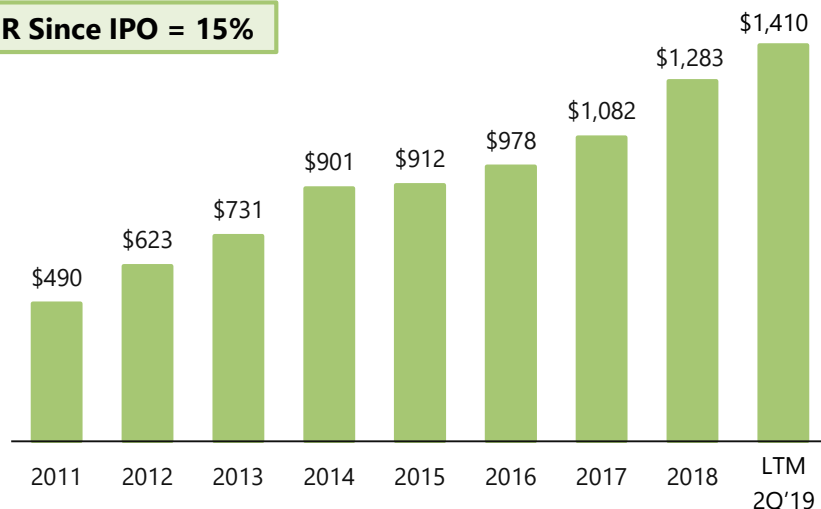
Note: As of June 30, 2019. Please refer to the definition of Assets Under Management at the end of this presentation. Note: AUM components may not sum due to rounding.

# AUM Growth Has Driven Expansion of Fee-Related Earnings (FRE)

FRE growth driven by 15% CAGR in management fees since IPO and continued cost control

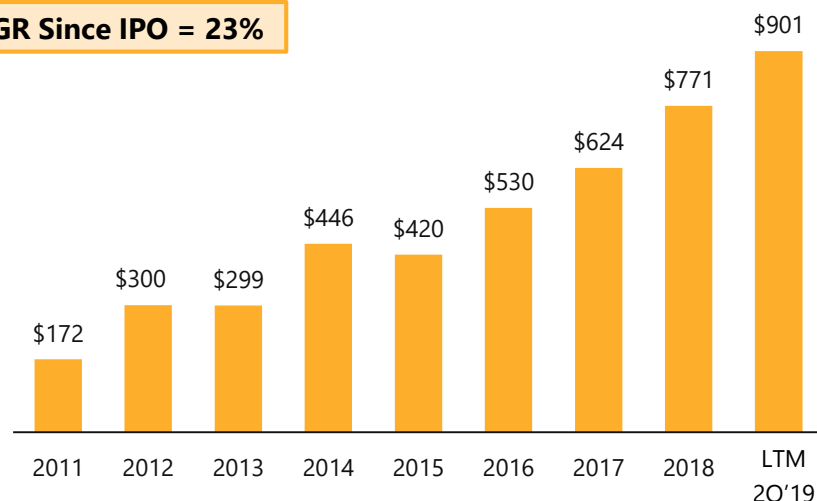
## Management Fees (\$mm)

CAGR Since IPO = 15%



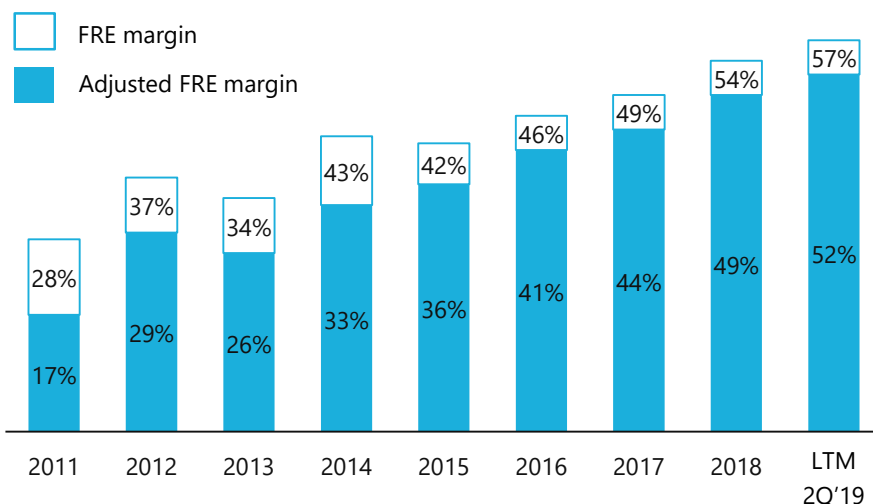
## Fee-Related Earnings (FRE)<sup>1</sup> (\$mm)

CAGR Since IPO = 23%



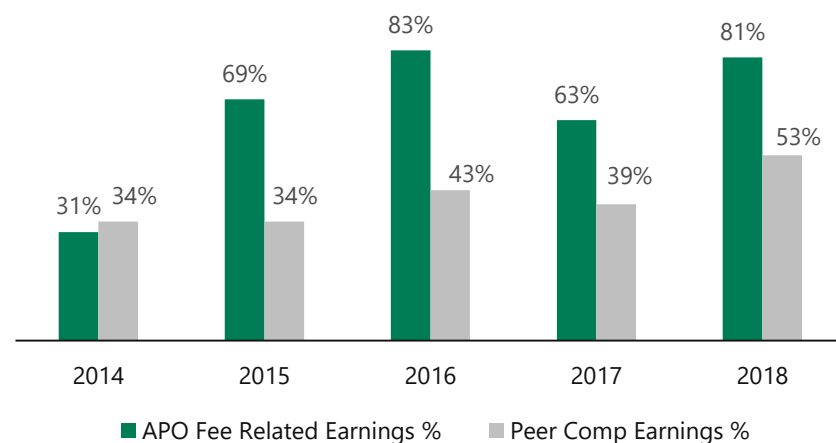
## FRE Margin<sup>2</sup>

APO's FRE margin continues to expand



## Alts FRE as a Percentage of Segment Distributable Earnings (DE)

In 2018 more than 80% of APO's Segment DE was derived from FRE vs. ~50% for peers



Note: Figures as of June 30, 2019. 1. Please refer to the definition of Fee-Related Earnings and to the reconciliations of GAAP financial measures to the applicable non-GAAP measures at the end of this presentation. 2. FRE margin represents fee related earnings as a percentage of fee related revenues and other income attributable to FRE. Adjusted FRE margin represents fee related earnings excluding equity based compensation as a percentage of fee related revenues and other income attributable to FRE.



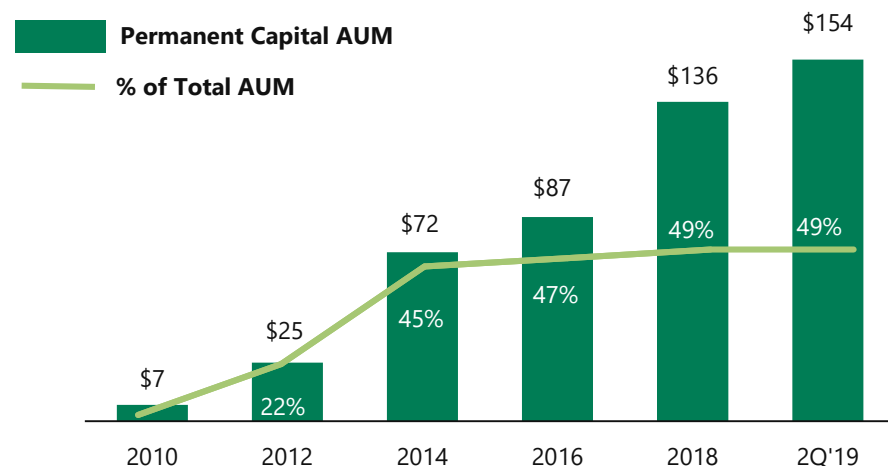
# Despite Market Volatility, Management Fees Have Been Durable and Have Continued to Grow at a Robust Pace



# Permanent Capital Vehicles – A Strategic Differentiator

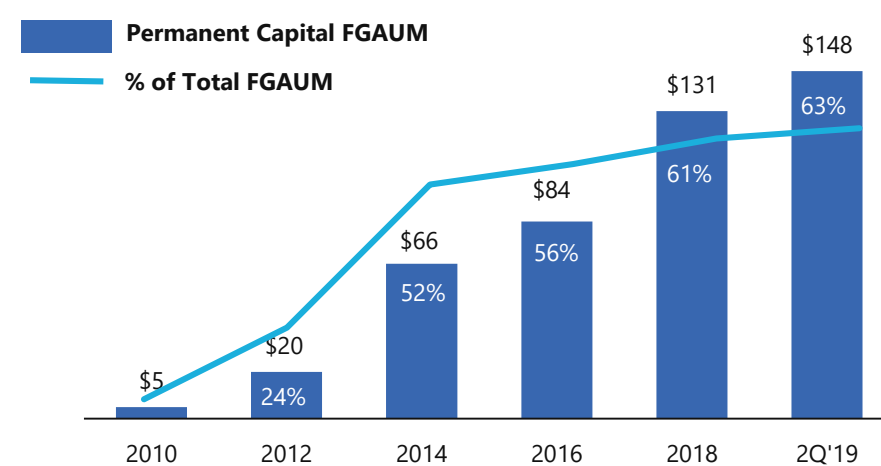
## Permanent Capital AUM

(\$ billions)



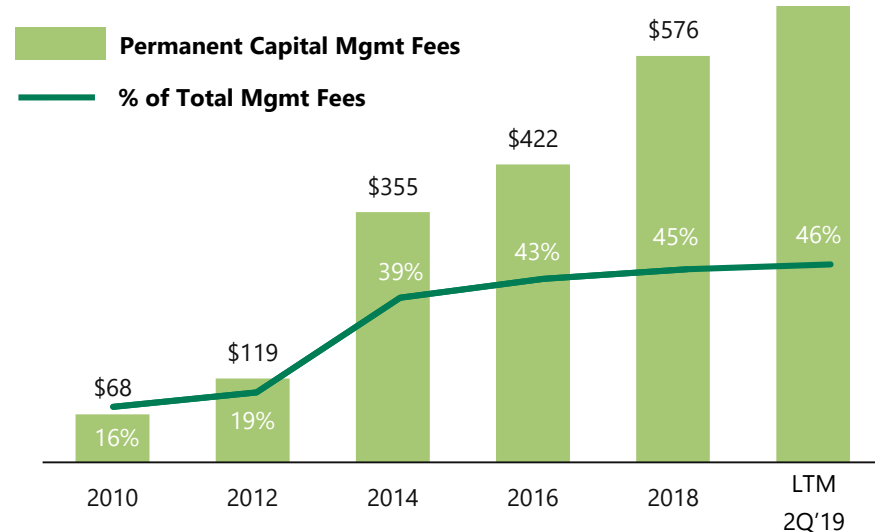
## Permanent Capital Fee Generating AUM<sup>1</sup>

(\$ billions)



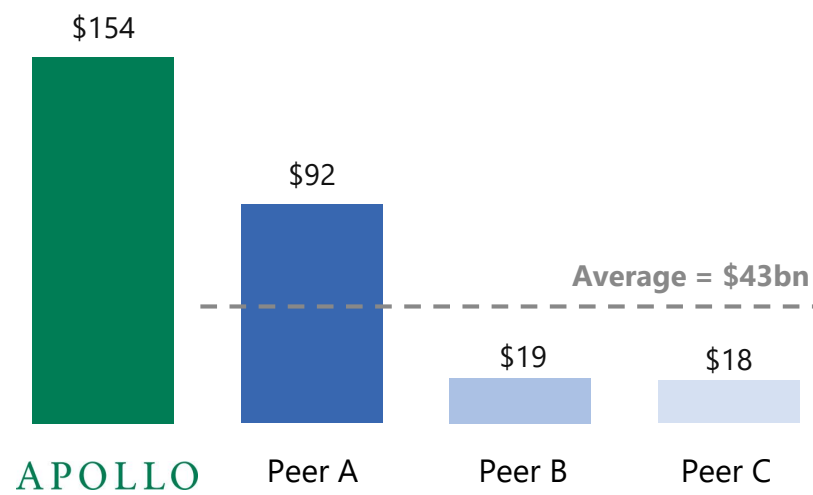
## Management Fees from Permanent Capital Vehicles<sup>2</sup>

(\$ millions)



## Alternative Asset Manager Permanent Capital<sup>3</sup>

(\$ billions)

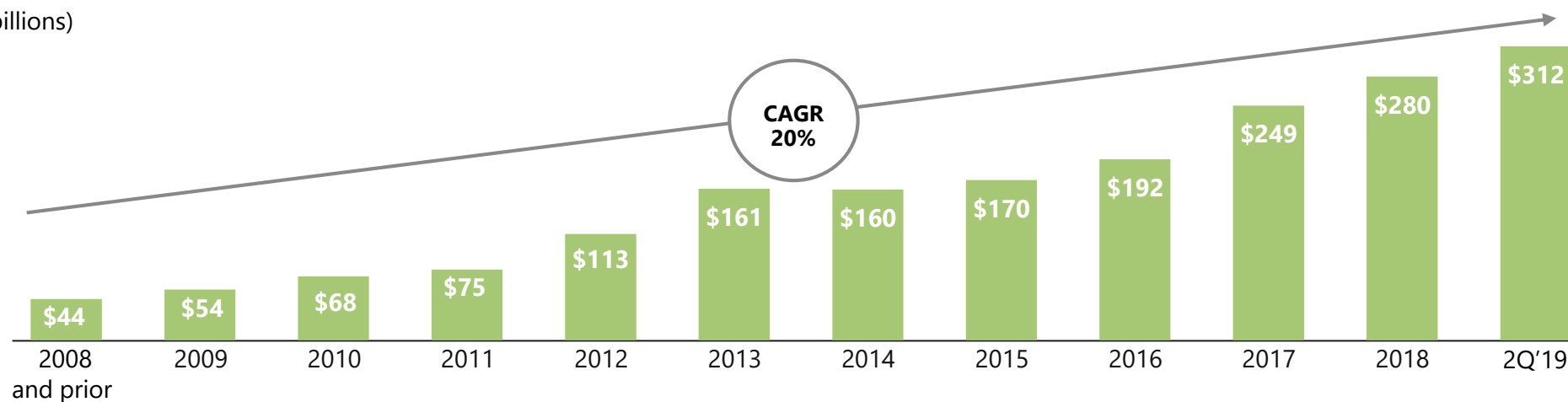


Note: The investment management arrangements of the Permanent Capital Vehicles that Apollo manages vary in duration and may be terminated under certain circumstances. Refer to the end of this presentation for a definition of Permanent Capital Vehicles and additional information regarding the circumstances under which the investment management arrangements of the Permanent Capital Vehicles may be terminated. 1. Represents FGAUM which is attributable to Permanent Capital. 2. Represents management fees which are attributable to Permanent Capital. 3. Peers A, B and C represent certain other publicly traded alternative asset managers.

# Accelerated and Diversified Growth Through Cycle

## Apollo Total AUM

(\$ billions)



## Examples of Key AUM Growth Drivers

Hedge Funds	CLO Liabilities	Life Settlements	Closed-end Fund (AFT)	ANRP I	Total Return Fund	Short Fund	Total Return Fund Enhanced	Apollo Asset Mgmt Europe (AAME)	Athora	Aegon Ireland	Hybrid Value
European Credit	Athene Asset Mgmt		Insurance Linked Securities	Aircraft Leasing	Emerging Markets	Synthetics / Reg Cap	Financials Credit	Redding Ridge	Asia Real Estate I	Generali Belgium	Aircraft Lending (Pending)
EPF I			Gulf Stream	US Real Estate I	AION	Consumer ABS	Delta Lloyd Germany <sup>1</sup>			Venerable	
US CLO Franchise			Liberty Life <sup>1</sup>	Stone Tower	Aviva <sup>1</sup>	Renewables	Mubadala GE Capital <sup>2</sup>			Triple Net Lease	
COF I + II			Transamerica <sup>1</sup>	Presidential <sup>1</sup>	MidCap <sup>1</sup>	Distressed Euro Retail				Infrastructure Equity	

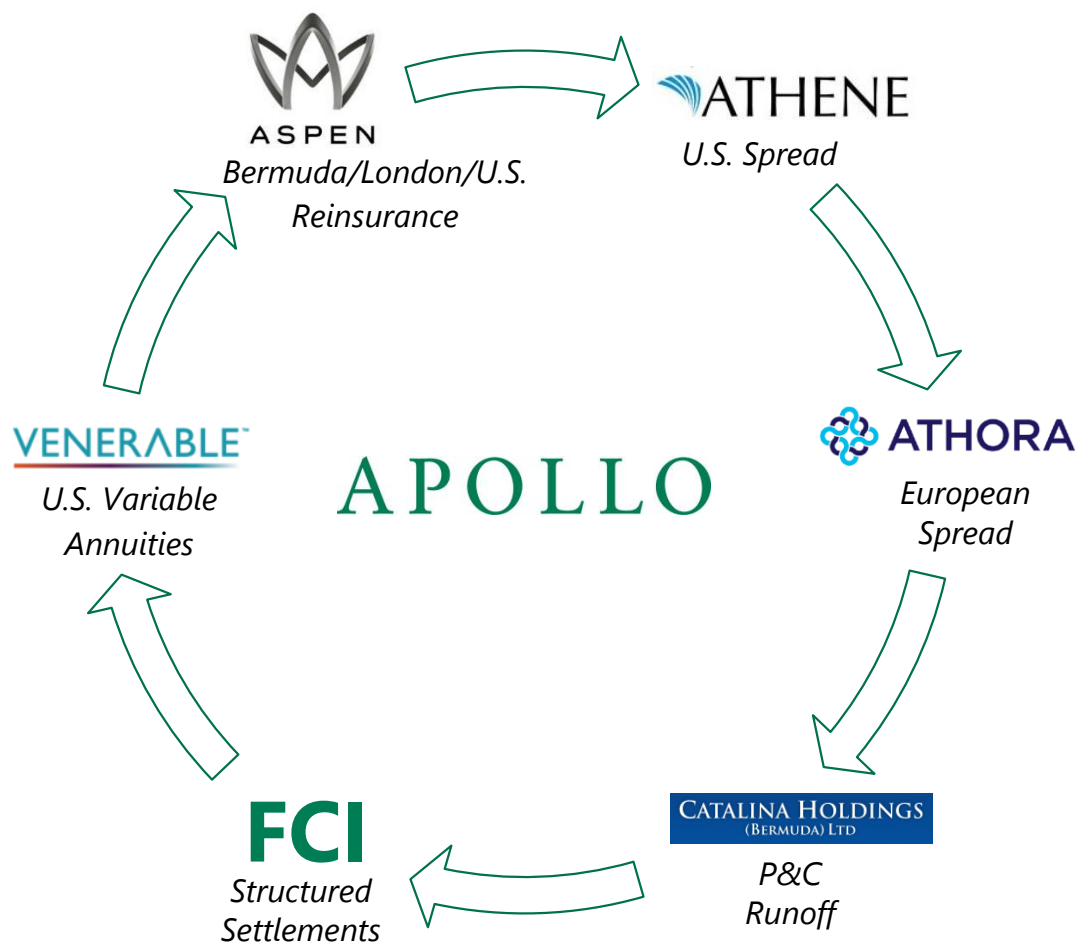
■ New Products / Capabilities
 ■ Strategic Initiatives
 ■ Acquisitions

<sup>1</sup> Acquisitions were made by Athene Holding Ltd. and assets are managed or advised by Apollo.

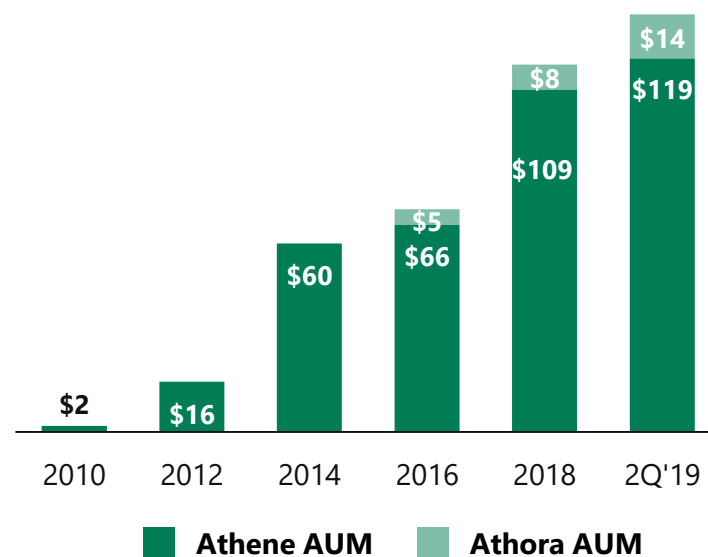
<sup>2</sup> Acquisition was made by MidCap and assets are managed by Apollo.

# Six Insurance Capabilities to Provide Solutions for Growth

- Apollo has established a broad in-house insurance capability, with approximately 150 investment professionals dedicated to FIG and insurance strategies
- Recently announced two notable transactions: Athora's acquisition of Vivat<sup>1</sup> and innovative ADIP/ACRA<sup>2</sup> capital solution for Athene (creating buying power of ~\$70-80bn of assets)
- Robust pipeline of additional transactions exists across the insurance platforms



Athene and Athora AUM (\$bn)



Note: The investment management arrangements of the Permanent Capital Vehicles that Apollo manages vary in duration and may be terminated under certain circumstances. Refer to the end of this presentation for a definition of Permanent Capital Vehicles and additional information regarding the circumstances under which the investment management arrangements of the Permanent Capital Vehicles may be terminated. 1. Vivat is not yet closed and the closing is subject to customary closing conditions including regulatory approval. 2. ADIP represents "Apollo/Athene Dedicated Investment Platform," and ACRA represents "Apollo Co-Invest Reinsurance Affiliate."

# Apollo Has a Clear Path for Continued Growth

Apollo will continue to identify opportunities to leverage its existing platform and diversify into areas with meaningful synergies with its core business

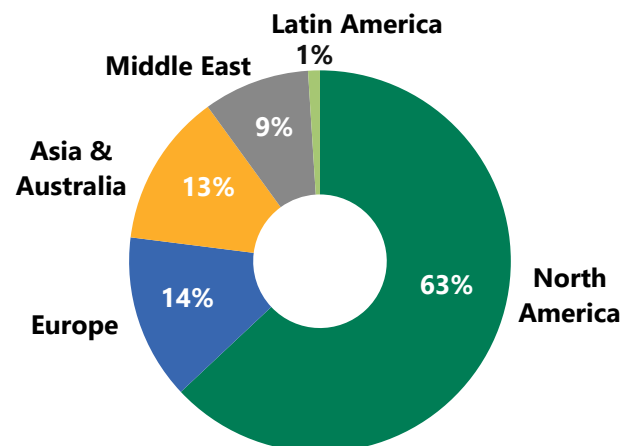
Favorable Secular Trends	Growth Strategies	Selected Examples
<ul style="list-style-type: none"> <li>Investors continue to increase allocations to alternatives in a search for yield</li> <li>Consolidation of relationships with branded, scale investment managers</li> <li>Ongoing constraints on the global financial system</li> <li>Emergence of unconstrained credit as an asset class</li> <li>Regulation of banks has created origination and other opportunities for providers of alternative credit</li> </ul>	Scaling Existing Businesses	Athene Asset Management ✓ Natural Resources ✓ Various Credit Strategies ✓ Real Estate Private Equity ✓
	New Product Development	Venerable Holdings ✓ Hybrid Value ✓ Athora / Apollo Asset Management Europe (AAME) ✓ MidCap (direct origination) ✓ Total Return ✓
	Geographic Expansion	India private equity and credit build-out ✓ Asia build-out and joint ventures ✓ London expansion ✓
	Expand Distribution Channels	Sub-advisory for mutual fund complexes ✓ Retail closed end funds ✓ Permanent capital vehicles ✓ High net worth raises for certain offerings ✓
	Strategic Acquisitions and Alliances	Voya Fixed and Variable Annuity Businesses ✓ Stone Tower ✓ PK AirFinance (pending) ✓ Venator (Asia RE) ✓

# Proven Ability to Raise Capital Globally

## Apollo's Fundraising Capabilities

- Integrated global team structure incorporating sales coverage, product specialists, and investor relations
- Build new relationships and cross-sell across the Apollo platform
- Continue to expand the Apollo brand through multiple distribution channels
- Apollo's investor base continues to diversify by both type and geography
  - Nearly half of Apollo LPs are located outside of the US
  - 62% of capital for Fund IX came from investors spread across more than 40 countries outside the U.S.

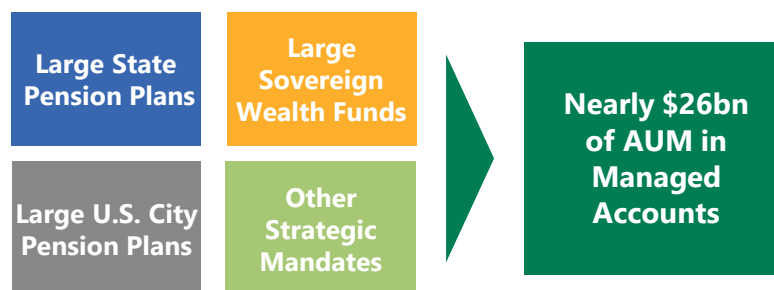
## Global Base of Long-Term Investors



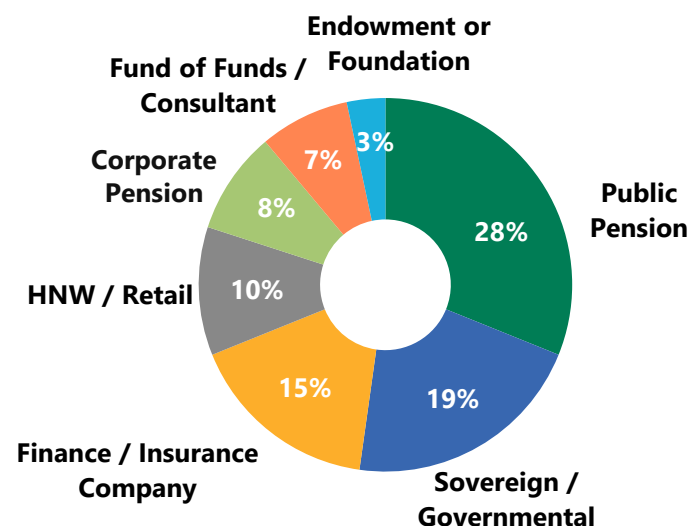
## Customized Solutions to Meet Evolving Investor Needs

### Apollo is Attracting Capital to Invest Across its Platforms

We believe managed accounts enable Apollo's institutional investors to be more opportunistic and well-positioned to capture value in today's market



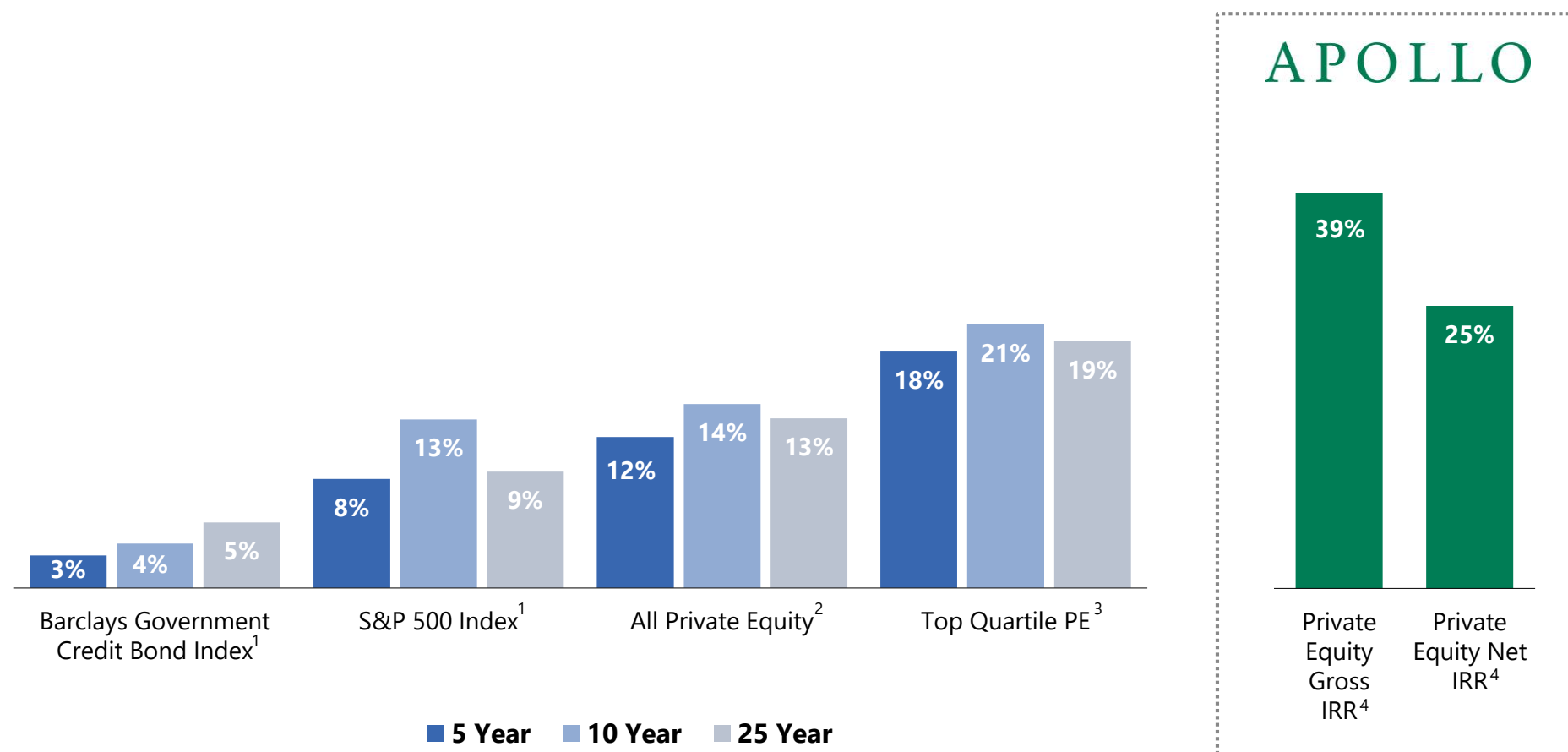
## Investor Base Diversified by Institution Type



Note: Investor mix by geography and investor type based on capital commitments excluding capital from the general partner, Apollo affiliates, or service providers as of June 30, 2019. Components may not sum due to rounding.

# Long Track Record of Success in Private Equity

Traditional Private Equity Fund Performance: 39% Gross & 25% Net IRR Since Inception (1990)



## Index Definitions

Barclays Government/Credit Bond Index is a commonly used benchmark index for investment grade bonds being traded in the United States with at least one year until maturity. S&P 500 Index is a free floating capitalization-weighted index of the prices of 500 large-cap common stocks actively traded in the United States.

Please refer to endnotes at the end of this presentation and to Slide 28 for "Important Notes Regarding the Use of Index Comparisons."

<sup>1</sup> Data as of December 31, 2018, the most recent data available. <sup>2</sup> Cambridge Associates LLC U.S. Private Equity Index and Benchmark Statistics, December 31, 2018, the most recent data available. Returns represent End-to-End Pooled Mean Net to Limited Partners (net of fees, expenses and carried interest) for all U.S. Private Equity. <sup>3</sup> Estimated Top Quartile PE, Cambridge Associates LLC U.S. Private Equity Index and Benchmark Statistics, December 31, 2018 the most recent data available. Estimated Top Quartile PE numbers are calculated by taking the 5 year, 10 year, and 25 year return metrics as described above and adding the average of the delta between Top Quartile IRRs and the Pooled Mean Net to Limited Partners for each vintage year in the selected timeframe. <sup>4</sup> Represents returns of traditional Apollo private equity funds since inception in 1990 through June 30, 2019. Past performance is not indicative of future results. Please refer to Gross IRR and Net IRR endnotes and definitions at the end of this presentation.

# Asset Light Model with High Distribution of Earnings

Since its IPO in 2011, APO has distributed \$17.58 in cash per Class A share



**5% yield last twelve months during light realization period<sup>1</sup>**



**Continuation of current dividend policy following C-Corp conversion**



**Shareholder friendly approach**

- High payout ratio
- Immunize dilution from employee shares
- Attractive liquidity profile
- Strong alignment of interest between senior leadership and shareholders

1. Based on Q3'18-Q2'19 distributions of \$1.98 per Class A share and APO closing share price on 9/6/19 of \$40.68.



# Valuation Framework: Sum-of-the-Parts (SOTP)<sup>1</sup>

SOTP approach utilizes three components to derive current fair value for APO

1

## FEE RELATED EARNINGS ("FRE") VALUE

- Value FRE at a target price-to-earnings multiple that reflects growth & margin profile
- ~90% of fee related revenues from management fees
- Growing base of permanent or long-dated funds (nearly 90% of AUM is long-dated or permanent capital)
- Improving margin with operating leverage



2

## BALANCE SHEET VALUE

- Value net cash, debt, preferred equity, and investments at target price-to-book multiple
- Investment portfolio currently comprised of fund co-investments and strategic investments supporting permanent capital vehicles



3

## PERFORMANCE FEE RECEIVABLE VALUE

- Value performance fee receivable and future performance fee income using assumptions in a discounted cash flow construct
- Apply a terminal value to account for franchise value including future fundraising activity



## CURRENT FAIR VALUE OF APO



1. Please refer to the detailed valuation framework published on March 12, 2019 in the shareholder section of Apollo.com. Values have been updated for latest quarterly results and incorporate an assumed blended 18% tax rate on FRE and Performance Fees, reflecting post conversion estimated taxes and tax related payables over a cycle.

Note: Sample sum-of-the-parts valuation methodology is provided for illustrative purposes only and is based on a variety of assumptions. In addition, the performance of APO is subject to a variety of risks and uncertainties, including market and event driven situations, any or all of which may significantly impact the APO share price, as well as numerous other risks set forth in Apollo's Form 10-K filed with the SEC on March 1, 2019 and Form 10-Q filed with the SEC on August 6, 2019, as such risks may be updated from time to time in Apollo's periodic filings with the SEC. There can be no assurance the APO share price will achieve the implied price levels presented herein. Furthermore, investors should not use the content in this presentation to make investment decisions and this presentation does not constitute an offer to buy, sell or hold any security.

# Sum-of-the-Parts (SOTP) Valuation Summary for APO<sup>1</sup>

1	<b>FEE RELATED EARNINGS ("FRE") VALUE</b> <ul style="list-style-type: none"><li>\$2.05 FRE per share after-tax (based on average 2020E consensus sellside estimates for FRE)</li><li>20-23x P/E multiple based on fundamentals Apollo deems comparable</li></ul>	<b>\$41 - \$47</b>
+		+
2	<b>BALANCE SHEET VALUE</b> <ul style="list-style-type: none"><li>Net debt/cash plus investments</li><li>1.0x P/B multiple</li></ul>	<b>\$2</b>
+		+
3	<b>PERFORMANCE FEE INCOME VALUE</b> <ul style="list-style-type: none"><li>Project a variety of key assumptions, including forward investment returns</li><li>Utilize discounted cash flow methodology over multi-year time horizon</li></ul>	<b>\$14 - \$22</b>
=	<b>FAIR VALUE OF APO</b> <ul style="list-style-type: none"><li>Valuation framework suggests significant upside from current trading level</li></ul>	<b>\$57 - \$71</b> <i>per share</i>

1. Please refer to the detailed valuation framework published on March 12, 2019 in the shareholder section of Apollo.com. Values have been updated for latest quarterly results and incorporate an assumed blended 18% tax rate on FRE and Performance Fees, reflecting post conversion estimated taxes and tax related payables over a cycle.

Note: Sample sum-of-the-parts valuation methodology is provided for illustrative purposes only and is based on a variety of assumptions. In addition, the performance of APO is subject to a variety of risks and uncertainties, including market and event driven situations, any or all of which may significantly impact the APO share price, as well as numerous other risks set forth in Apollo's Form 10-K filed with the SEC on March 1, 2019 and Form 10-Q filed with the SEC on August 6, 2019, as such risks may be updated from time to time in Apollo's periodic filings with the SEC. There can be no assurance the APO share price will achieve the implied price levels presented herein. Furthermore, investors should not use the content in this presentation to make investment decisions and this presentation does not constitute an offer to buy, sell or hold any security.

# Financial Information

# Drivers of Apollo Business

Business model driven by fee related revenues, performance fees, and balance sheet investments across three segments

		Credit	Private Equity	Real Assets	Total
<b>AUM<sup>1</sup></b>		<b>\$201bn</b>	<b>\$77bn</b>	<b>\$33bn</b>	<b>\$312bn</b>
<b>Fee-Generating AUM</b>		<b>\$163bn</b>	<b>\$47bn</b>	<b>\$26bn</b>	<b>\$236bn</b>
<b>Transaction &amp; Advisory Fees</b>		<b>Deal-Dependent (Entry, Exit, Monitoring and Financing Transactions)</b>			
<b>Performance Fees</b>	<b>Perf-Gen. AUM</b>	<b>\$36bn</b>	<b>\$24bn</b>	<b>\$3bn</b>	<b>\$62bn</b>
	<b>Perf-Elig. AUM</b>	<b>\$57bn</b>	<b>\$62bn</b>	<b>\$10bn</b>	<b>\$129bn</b>
	<b>Uncalled Comm.</b>	<b>\$8bn</b>	<b>\$39bn</b>	<b>\$5bn</b>	<b>\$53bn</b>
	<b>Perf. Fee Rate</b>	<b>15-20%</b>	<b>15-20%</b>	<b>10-20%</b>	
<b>Balance Sheet Investments</b>		<b>\$2,071mm of GP &amp; Other Investments</b>			

<sup>1</sup> Please refer to the Endnotes & Definitions Section of this presentation for the definition of Assets Under Management. Note: AUM and uncalled commitment components may not sum due to rounding. Note: all figures are as of June 30, 2019.

# Solid, Stable Balance Sheet

- During the second quarter, 1.0 million Class A shares were repurchased for \$29.1 million in open market transactions as part of the Company's publicly announced share repurchase program<sup>7</sup>
- On June 10, 2019, Apollo issued \$325 million in aggregate principal amount of its 4.77% Series A Senior Secured Guaranteed Notes due 2039
- On June 11, 2019, Apollo issued an additional \$125 million in aggregate principal amount of its 4.872% Senior Notes due 2029

Summary Balance Sheet <sup>1</sup>		Share Repurchase Activity - 1Q'16 through 2Q'19 <sup>5</sup>		Supplemental Details	
(\$ in millions)	2Q'19	(\$ and share amounts in millions)	Inception to Date	A/A	
Cash and cash equivalents	\$946	Open Market Share Repurchases	6.1	Rated by S&P and Fitch	
U.S. Treasury securities, at fair value	713	Reduction of Shares Issued to Participants <sup>6</sup>	6.8	<b>\$750 million</b>	
Performance fees receivable	1,233	Total Shares Purchased	12.9	Undrawn Revolving Credit Facility (Expiring in 2023)	
Profit sharing payable <sup>2</sup>	(596)	<b>Total Capital Used for Share Purchases</b>	<b>\$334</b>	<b>\$1.7 billion</b>	
GP & Other Investments <sup>3,4</sup>	2,071	Share Repurchase Plan Authorization <sup>7</sup>	\$500	Cash and cash equivalents and U.S. Treasury securities	
<b>Total Net Value</b>	<b>\$4,367</b>	Average Price Paid Per Share <sup>8</sup>	\$25.89		
Debt	(\$2,351)				
Unfunded Future Commitments	\$1,087				

1. Amounts are presented on an unconsolidated basis. 2. Profit sharing payable excludes profit sharing expected to be settled in the form of equity-based awards. 3. Represents Apollo's general partner investments in the funds it manages excluding AP Alternative Assets, L.P. ("AAA") and other balance sheet investments. 4. Investment in Athene/AAA primarily comprises Apollo's direct investment of 19.1 million shares of Athene Holding valued at \$40.80 per share as of March 31, 2019 and 1.6 million shares of AAA valued at NAV. 5. Since 1Q'16, the Company in its discretion has elected to repurchase 1.6 million Class A shares for \$50.5 million, to prevent dilution that would have resulted from the issuance of shares granted in connection with certain profit sharing arrangements. These repurchases are separate from the January 2019 repurchase plan described in footnote 7 below and accordingly are not reflected in the above share repurchase activity table. 6. Represents a reduction in Class A shares issued to participants to satisfy associated tax obligations in connection with the settlement of equity-based awards granted under the Company's 2007 Omnibus Equity Incentive Plan (which was amended, restated and renamed in 2019 to the Company's 2019 Omnibus Equity Incentive Plan, the "Plan"), which the Company refers to as "net share settlement." 7. In January 2019, the Company increased its authorized share repurchase amount by \$250 million bringing the total share repurchase plan authorization to \$500 million, which may be used to repurchase outstanding Class A shares as well as to reduce Class A shares to be issued to employees to satisfy associated tax obligations in connection with the settlement of equity-based awards granted under the Plan (and any successor equity plan thereto). 8. Average price paid per share reflects total capital used for share repurchases to date divided by the number of shares purchased.

# Fee Related Earnings

(\$ in thousands)	FY'11	FY'12	FY'13	FY'14	FY'15	FY'16	FY'17	FY'18	LTM 2Q'19
Management fees	490,191	623,041	730,702	901,024	911,893	977,649	1,082,315	1,282,688	1,409,555
Advisory and transaction fees	73,542	133,257	88,627	89,633	46,244	147,115	117,624	111,567	133,115
Performance fees	44,540	37,842	36,922	41,199	40,625	22,941	17,666	28,390	27,271
<b>Total Fee Related Revenues</b>	<b>608,273</b>	<b>794,140</b>	<b>856,251</b>	<b>1,031,856</b>	<b>998,762</b>	<b>1,147,705</b>	<b>1,217,605</b>	<b>1,422,645</b>	<b>1,569,941</b>
Salary, bonus and benefits	(251,095)	(274,574)	(294,753)	(339,846)	(355,922)	(366,890)	(394,155)	(414,962)	(419,923)
Non-Compensation Expenses	(183,146)	(219,516)	(272,949)	(243,207)	(218,745)	(242,923)	(242,492)	(241,413)	(257,249)
<b>Total Fee Related Expenses</b>	<b>(434,241)</b>	<b>(494,090)</b>	<b>(567,702)</b>	<b>(583,053)</b>	<b>(574,667)</b>	<b>(609,813)</b>	<b>(636,647)</b>	<b>(656,375)</b>	<b>(677,172)</b>
Other income (loss) attributable to FRE	10,203	8,846	24,841	9,621	7,694	(554)	47,834	9,977	11,854
Non-Controlling Interest	(12,146)	(8,730)	(13,985)	(12,688)	(11,684)	(7,464)	(4,379)	(5,008)	(3,677)
<b>Fee Related Earnings</b>	<b>\$172,089</b>	<b>\$300,166</b>	<b>\$299,405</b>	<b>\$445,736</b>	<b>\$420,105</b>	<b>\$529,874</b>	<b>\$624,413</b>	<b>\$771,239</b>	<b>\$900,946</b>

## Reconciliation of GAAP to Fee Related Earnings

(\$ in thousands)	FY'11	FY'12	FY'13	FY'14	FY'15	FY'16	FY'17	FY'18	LTM 2Q'19
<b>GAAP Net Income (Loss) Attributable to Apollo Global Management, Inc. Class A Shareholders</b>	<b>(\$468,826)</b>	<b>\$310,957</b>	<b>\$659,391</b>	<b>\$168,229</b>	<b>\$134,497</b>	<b>\$402,850</b>	<b>\$615,566</b>	<b>(\$42,038)</b>	<b>\$261,501</b>
Preferred distributions	—	—	—	—	—	—	13,538	31,662	36,655
Net income attributable to Non-Controlling Interests in consolidated entities	104,939	2,051,481	456,953	157,011	21,364	5,789	8,891	31,648	30,758
Net income (loss) attributable to Non-Controlling Interests in the Apollo Operating Group	(940,312)	685,357	1,257,650	404,682	194,634	561,668	805,644	(2,021)	313,603
<b>GAAP Net Income (Loss)</b>	<b>(\$1,304,199)</b>	<b>\$3,047,795</b>	<b>\$2,373,994</b>	<b>\$729,922</b>	<b>\$350,495</b>	<b>\$970,307</b>	<b>\$1,443,639</b>	<b>\$19,251</b>	<b>\$642,517</b>
Income tax provision	11,929	65,410	107,569	147,245	26,733	90,707	325,945	86,021	95,068
<b>GAAP Income (Loss) Before Income Tax Provision</b>	<b>(\$1,292,270)</b>	<b>\$3,113,205</b>	<b>\$2,481,563</b>	<b>\$877,167</b>	<b>\$377,228</b>	<b>\$1,061,014</b>	<b>\$1,769,584</b>	<b>\$105,272</b>	<b>\$737,585</b>
Transaction related charges <sup>1</sup>	1,096,180	597,450	163,361	34,487	39,085	55,302	17,496	(5,631)	23,020
Charges associated with corporate conversion	—	—	—	—	—	—	—	—	10,006
Gain from remeasurement of tax receivable agreement liability	137	(3,937)	(13,038)	(32,182)	—	(3,208)	(200,240)	(35,405)	(35,405)
Net (income) loss attributable to Non-Controlling Interests in consolidated entities	(104,939)	(2,051,481)	(456,953)	(157,011)	(21,364)	(5,789)	(8,891)	(31,648)	(30,758)
Performance fees <sup>2</sup>	441,947	(2,163,619)	(2,859,239)	(365,322)	(56,665)	(762,945)	(1,319,924)	402,700	(1,632)
Profit sharing expense and other <sup>3</sup>	(59,541)	847,382	1,112,935	265,316	87,222	319,777	512,137	41,868	155,903
Equity-based compensation	68,172	68,942	66,341	105,495	61,701	63,081	64,954	68,229	71,426
Principal investment (income) loss	(10,829)	(121,120)	(113,211)	(54,905)	(16,078)	(102,581)	(162,951)	(7,614)	(64,364)
Net (gains) losses from investment activities	5,881	1,142	12,593	(9,062)	(121,132)	(138,608)	(94,774)	186,426	(12,154)
Net interest loss	36,119	31,477	23,191	19,098	26,533	39,019	44,984	37,573	43,363
Athene capital and surplus fee <sup>4</sup>	(8,768)	(16,787)	(107,935)	(226,449)	(1,942)	—	—	—	—
Other	—	(2,488)	(10,203)	(10,896)	45,517	4,812	2,038	9,469	3,956
<b>Fee Related Earnings</b>	<b>\$172,089</b>	<b>\$300,166</b>	<b>\$299,405</b>	<b>\$445,736</b>	<b>\$420,105</b>	<b>\$529,874</b>	<b>\$624,413</b>	<b>\$771,239</b>	<b>\$900,946</b>

1. Transaction-related charges include contingent consideration, equity-based compensation charges and the amortization of intangible assets and certain other charges associated with acquisitions.

2. Excludes certain performance fees from business development companies and Redding Ridge Holdings.

3. Profit sharing expense and other includes certain profit sharing arrangements in which a portion of performance fees distributed to the general partner are allocated by issuance of equity-based awards, rather than cash, to employees of Apollo. Profit sharing expense and other also includes non-cash expenses related to equity awards granted by unconsolidated related parties to employees of Apollo.

4. Represents monitoring fees paid by Athene to Apollo by delivery of common shares of Athene Holding, calculated based on Athene's capital and surplus, as defined in our transaction and advisory services agreement with Athene.

# Reconciliation of GAAP to Financial Measures

(\$ in thousands)	FY'14	FY'15	FY'16	FY'17	FY'18	LTM 2Q'19
<b>GAAP Net Income (Loss) Attributable to Apollo Global Management, Inc. Class A Shareholders</b>	<b>\$168,229</b>	<b>\$134,497</b>	<b>\$402,850</b>	<b>\$615,566</b>	<b>(\$42,038)</b>	<b>\$261,501</b>
Preferred distributions	—	—	—	13,538	31,662	36,655
Net income attributable to Non-Controlling Interests in consolidated entities	157,011	21,364	5,789	8,891	31,648	30,758
Net income (loss) attributable to Non-Controlling Interests in the Apollo Operating Group	404,682	194,634	561,668	805,644	(2,021)	313,603
<b>GAAP Net Income</b>	<b>\$729,922</b>	<b>\$350,495</b>	<b>\$970,307</b>	<b>\$1,443,639</b>	<b>\$19,251</b>	<b>\$642,517</b>
Income tax provision	147,245	26,733	90,707	325,945	86,021	95,068
<b>GAAP Income Before Income Tax Provision</b>	<b>\$877,167</b>	<b>\$377,228</b>	<b>\$1,061,014</b>	<b>\$1,769,584</b>	<b>\$105,272</b>	<b>\$737,585</b>
Transaction related charges <sup>1</sup>	34,487	39,085	55,302	17,496	(5,631)	23,020
Charges associated with corporate conversion	—	—	—	—	—	10,006
Gain from remeasurement of tax receivable agreement liability	(32,182)	—	(3,208)	(200,240)	(35,405)	(35,405)
Net income attributable to Non-Controlling Interests in consolidated entities	(157,011)	(21,364)	(5,789)	(8,891)	(31,648)	(30,758)
Unrealized performance fees <sup>2</sup>	1,347,786	357,641	(510,999)	(688,565)	782,888	238,904
Unrealized profit sharing expense <sup>2</sup>	(517,308)	(136,653)	179,857	226,319	(274,812)	(90,988)
Equity-based profit sharing expense and other <sup>3</sup>	408	1,191	3,127	6,980	91,051	100,274
Equity-based compensation	105,495	61,701	63,081	64,954	68,229	71,426
Unrealized principal investment (income) loss	21,917	13,245	(65,401)	(94,709)	62,097	(14,702)
Unrealized net (gains) losses from investment activities and other <sup>4</sup>	(261,161)	(79,729)	(138,980)	(96,105)	191,438	(12,609)
<b>Segment Distributable Earnings</b>	<b>\$1,419,598</b>	<b>\$612,345</b>	<b>\$638,004</b>	<b>\$996,823</b>	<b>\$953,479</b>	<b>\$996,753</b>
Taxes and related payables	(73,565)	(9,715)	(9,635)	(26,337)	(44,215)	(48,693)
Preferred distributions	—	—	—	(13,538)	(31,662)	(36,655)
<b>Distributable Earnings</b>	<b>\$1,346,033</b>	<b>\$602,630</b>	<b>\$628,369</b>	<b>\$956,948</b>	<b>\$877,602</b>	<b>\$911,405</b>
Preferred distributions	—	—	—	13,538	31,662	36,655
Taxes and related payables	73,565	9,715	9,635	26,337	44,215	48,693
Realized performance fees	(1,713,108)	(414,306)	(251,946)	(631,359)	(380,188)	(240,536)
Realized profit sharing expense	782,216	222,684	136,793	278,838	225,629	146,617
Realized principal investment income	(76,822)	(29,323)	(37,180)	(68,242)	(69,711)	(49,662)
Net interest loss and other	33,852	28,705	44,203	48,353	42,030	47,774
<b>Fee Related Earnings</b>	<b>\$445,736</b>	<b>\$420,105</b>	<b>\$529,874</b>	<b>\$624,413</b>	<b>\$771,239</b>	<b>\$900,946</b>

1. Transaction-related charges include equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions.
2. FY'15 includes realized performance fees settled by receipt of securities and FY'18 includes realized performance fees and realized profit sharing expense settled in the form of shares of Athene Holding.
3. Equity-based profit sharing expense and other includes certain profit sharing arrangements in which a portion of performance fees distributed to the general partner are allocated by issuance of equity-based awards, rather than cash, to employees of Apollo. Equity-based profit sharing expense and other also includes non-cash expenses related to equity awards granted by unconsolidated related parties to employees of Apollo.
4. FY'14 and FY'15 includes monitoring fees paid by Athene to Apollo by delivery of common shares of Athene Holding, calculated based on Athene's capital and surplus, as defined in our transaction and advisory services agreement with Athene. FY'15 includes impact of reserve accrued in connection with an SEC regulatory matter.

# Investment Records as of June 30, 2019

(\$ in millions)	Vintage Year	Total AUM	Committed Capital	Total Invested Capital	Realized Value	Remaining Cost	Unrealized Value	Total Value	Gross IRR	Net IRR
<b>Private Equity:</b>										
Fund IX	2018	\$24,522	\$24,729	\$2,081	\$—	\$2,081	\$2,182	\$2,182	NM <sup>1</sup>	NM <sup>1</sup>
Fund VIII	2013	20,499	18,377	15,760	5,859	12,827	17,025	22,884	17%	12%
Fund VII	2008	4,162	14,677	16,461	31,087	2,912	2,162	33,249	33	25
Fund VI	2006	640	10,136	12,457	21,102	405	28	21,130	12	9
Fund V	2001	261	3,742	5,192	12,715	120	6	12,721	61	44
Funds I, II, III, IV & MIA <sup>2</sup>	Various	13	7,320	8,753	17,400	—	—	17,400	39	26
<b>Traditional Private Equity Funds<sup>3</sup></b>		<b>\$50,097</b>	<b>\$78,981</b>	<b>\$60,704</b>	<b>\$88,163</b>	<b>\$18,345</b>	<b>\$21,403</b>	<b>\$109,566</b>	<b>39%</b>	<b>25%</b>
ANRP II	2016	3,450	3,454	2,128	849	1,754	2,113	2,962	29	16
ANRP I	2012	637	1,323	1,144	968	655	411	1,379	6	2
AION	2013	779	826	668	288	471	638	926	19	9
Hybrid Value Fund	2019	3,230	3,238	530	7	530	534	541	NM <sup>1</sup>	NM <sup>1</sup>
<b>Total Private Equity</b>		<b>\$58,193</b>	<b>\$87,822</b>	<b>\$65,174</b>	<b>\$90,275</b>	<b>\$21,755</b>	<b>\$25,099</b>	<b>\$115,374</b>		
<b>Credit:</b>										
Structured Credit Funds										
FCI III	2017	\$2,628	\$1,906	\$2,265	\$781	\$1,888	\$2,031	\$2,812	NM <sup>1</sup>	NM <sup>1</sup>
FCI II	2013	2,248	1,555	2,643	1,572	1,718	1,640	3,212	9%	5%
FCI I	2012	403	559	1,516	1,968	—	—	1,968	11	9
SCRF IV <sup>6</sup>	2017	2,928	2,502	2,795	1,087	1,955	2,021	3,108	NM <sup>1</sup>	NM <sup>1</sup>
SCRF III	2015	—	1,238	2,110	2,428	—	—	2,428	18	14
SCRF II	2012	—	104	467	528	—	—	528	15	12
SCRF I	2008	—	118	240	357	—	—	357	33	26
<b>Total Credit</b>		<b>\$8,207</b>	<b>\$7,982</b>	<b>\$12,036</b>	<b>\$8,721</b>	<b>\$5,561</b>	<b>\$5,692</b>	<b>\$14,413</b>		
<b>Real Assets:</b>										
European Principal Finance Funds										
EPF III <sup>4</sup>	2017	\$4,575	\$4,531	\$2,040	\$22	\$2,018	\$2,171	\$2,193	NM <sup>1</sup>	NM <sup>1</sup>
EPF II <sup>4</sup>	2012	1,822	3,454	3,486	4,070	870	978	5,048	16%	9%
EPF I <sup>4</sup>	2007	240	1,473	1,936	3,251	—	10	3,261	23	17
U.S. RE Fund II <sup>5</sup>	2016	1,206	1,233	806	371	588	706	1,077	17	14
U.S. RE Fund I <sup>5</sup>	2012	348	650	633	693	232	256	949	14	11
Asia RE Fund <sup>5</sup>	2017	642	709	338	200	184	236	436	20	14
Infrastructure Equity Fund	2018	944	897	768	80	713	750	830	NM <sup>1</sup>	NM <sup>1</sup>
<b>Total Real Assets</b>		<b>\$9,777</b>	<b>\$12,947</b>	<b>\$10,007</b>	<b>\$8,687</b>	<b>\$4,605</b>	<b>\$5,107</b>	<b>\$13,794</b>		

Note: The funds included in the investment record table above have greater than \$500 million of AUM and / or form part of a flagship series of funds.



# Investment Records as of June 30, 2019

## Permanent Capital Vehicles

(\$ in millions)	IPO Year <sup>8</sup>	Total AUM	2Q'19	YTD'19	Total Returns <sup>7</sup> 2Q'18	YTD'18	FY'18
<b>Credit:</b>							
MidCap <sup>9</sup>	N/A	\$9,064	5%	8%	5%	9%	19%
AIF	2013	376	3	12	1	3	(5)
AFT	2011	404	3	8	(1)	4	(4)
AINV/Other <sup>10</sup>	2004	5,304	7	35	10	4	(18)
<b>Real Assets:</b>							
ARI	2009	5,662	4%	16%	4%	4%	—%
<b>Total</b>		<b>\$20,810</b>					

Note: The above table summarizes the investment record for our Permanent Capital Vehicles as defined in the non-GAAP financial information & definitions section of this presentation.

1. Data has not been presented as the fund commenced investing capital less than 24 months prior to the period indicated and such information was deemed not meaningful.
2. The general partners and managers of Funds I, II and MIA, as well as the general partner of Fund III, were excluded assets in connection with the 2007 Reorganization. As a result, Apollo did not receive the economics associated with these entities. The investment performance of these funds, combined with Fund IV, is presented to illustrate fund performance associated with Apollo's Managing Partners and other investment professionals.
3. Total IRR is calculated based on total cash flows for all funds presented.
4. Funds are denominated in Euros and historical figures are translated into U.S. dollars at an exchange rate of €1.00 to \$1.14 as of June 30, 2019.
5. U.S. RE Fund I, U.S. RE Fund II and Asia RE Fund had \$154 million, \$761 million and \$366 million of co-investment commitments as of June 30, 2019, respectively, which are included in the figures in the table. A co-invest entity within U.S. RE Fund I is denominated in GBP and translated into U.S. dollars at an exchange rate of £1.00 to \$1.27 as of June 30, 2019.
6. Remaining cost for certain of our credit funds may include physical cash called, invested or reserved for certain levered investments.
7. Total returns are based on the change in closing trading prices during the respective periods presented taking into account dividends and distributions, if any, as if they were reinvested without regard to commission.
8. An initial public offering ("IPO") year represents the year in which the vehicle commenced trading on a national securities exchange.
9. MidCap is not a publicly traded vehicle and therefore IPO year is not applicable. The returns presented are a gross return based on NAV. The net returns based on NAV were 2%, 3% and 14% for 1Q'19, 1Q'18 and FY'18, respectively. Gross and net return are defined in the non-GAAP financial information and definitions section of this presentation.
10. All amounts are as of March 31, 2019 except for total returns. Refer to [www.apolloic.com](http://www.apolloic.com) for the most recent financial information on AINV. The information contained on AINV's website is not part of this presentation. Included within Total AUM of AINV/Other is \$1.9 billion of AUM related to a non-traded business development company from which Apollo earns investment-related service fees, but for which Apollo does not provide management or advisory services. Total returns exclude performance related to this AUM.

# Endnotes & Definitions

**“Assets Under Management”, or “AUM”,** refers to the assets of the funds, partnerships and accounts to which we provide investment management, advisory, or certain other investment-related services, including, without limitation, capital that such funds, partnerships and accounts have the right to call from investors pursuant to capital commitments. Our AUM equals the sum of:

- i) the net asset value, or “NAV,” plus used or available leverage and/or capital commitments, or gross assets plus capital commitments, of the credit funds, partnerships and accounts for which we provide investment management or advisory services, other than certain collateralized loan obligations (“CLOs”), collateralized debt obligations (“CDOs”), and certain permanent capital vehicles, which have a fee-generating basis other than the mark-to-market value of the underlying assets;
- ii) the fair value of the investments of the private equity and real assets funds, partnerships and accounts we manage or advise plus the capital that such funds, partnerships and accounts are entitled to call from investors pursuant to capital commitments, plus portfolio level financings; for certain permanent capital vehicles in real assets, gross asset value plus available financing capacity;
- iii) the gross asset value associated with the reinsurance investments of the portfolio company assets we manage or advise; and
- iv) the fair value of any other assets that we manage or advise for the funds, partnerships and accounts to which we provide investment management, advisory, or certain other investment-related services, plus unused credit facilities, including capital commitments to such funds, partnerships and accounts for investments that may require pre-qualification or other conditions before investment plus any other capital commitments to such funds, partnerships and accounts available for investment that are not otherwise included in the clauses above.

Our AUM measure includes Assets Under Management for which we charge either nominal or zero fees. Our AUM measure also includes assets for which we do not have investment discretion, including certain assets for which we earn only investment-related service fees, rather than management or advisory fees. Our definition of AUM is not based on any definition of Assets Under Management contained in our operating agreement or in any of our Apollo fund management agreements. We consider multiple factors for determining what should be included in our definition of AUM. Such factors include but are not limited to (1) our ability to influence the investment decisions for existing and available assets; (2) our ability to generate income from the underlying assets in our funds; and (3) the AUM measures that we use internally or believe are used by other investment managers. Given the differences in the investment strategies and structures among other alternative investment managers, our calculation of AUM may differ from the calculations employed by other investment managers and, as a result, this measure may not be directly comparable to similar measures presented by other investment managers. Our calculation also differs from the manner in which our affiliates registered with the SEC report “Regulatory Assets Under Management” on Form ADV and Form PF in various ways.

We use AUM as a performance measurement of our investment activities, as well as to monitor fund size in relation to professional resource and infrastructure needs

- **“AUM with Future Management Fee Potential”** refers to the committed uninvested capital portion of total AUM not currently earning management fees. The amount depends on the specific terms and conditions of each fund.
- **“Fee-Generating AUM”** consists of assets of the funds, partnerships and accounts to which we provide investment management, advisory, or certain other investment-related services and on which we earn management fees, monitoring fees or other investment-related fees pursuant to management or other fee agreements on a basis that varies among the Apollo funds, partnerships and accounts. Management fees are normally based on “net asset value,” “gross assets,” “adjusted par asset value,” “adjusted cost of all unrealized portfolio investments,” “capital commitments,” “adjusted assets,” “stockholders’ equity,” “invested capital” or “capital contributions,” each as defined in the applicable management agreement. Monitoring fees, also referred to as advisory fees, with respect to the structured portfolio company investments of the funds, partnerships and accounts we manage or advise, are generally based on the total value of such structured portfolio company investments, which normally includes leverage, less any portion of such total value that is already considered in Fee-Generating AUM.
- **“Performance Fee-Eligible AUM”** refers to the AUM that may eventually produce performance fees. All funds for which we are entitled to receive a performance fee allocation or incentive fee are included in Performance Fee-Eligible AUM, which consists of the following:
  - **“Performance Fee-Generating AUM”,** which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services, that is currently above its hurdle rate or preferred return, and profit of such funds, partnerships and accounts is being allocated to, or earned by, the general partner in accordance with the applicable limited partnership agreements or other governing agreements;
  - **“AUM Not Currently Generating Performance Fees”,** which refers to invested capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services that is currently below its hurdle rate or preferred return; and
  - **“Uninvested Performance Fee-Eligible AUM”,** which refers to capital of the funds, partnerships and accounts we manage, advise, or to which we provide certain other investment-related services that is available for investment or reinvestment subject to the provisions of applicable limited partnership agreements or other governing agreements, which capital is not currently part of the NAV or fair value of investments that may eventually produce performance fees allocable to, or earned by, the general partner.
- **“Advisory”** refers to certain assets advised by Apollo Asset Management Europe PC LLP, a wholly-owned subsidiary of Apollo Asset Management Europe LLP (collectively, “AAME”). The AAME entities are subsidiaries of Apollo. Until AAME receives full authorization by the UK Financial Conduct Authority (“FCA”), references to AAME mean AAME and Apollo Management International LLP, an existing FCA authorized and regulated subsidiary of Apollo in the United Kingdom.

**Fee Related Earnings, or “FRE”,** is derived from our segment reported results and refers to a component of DE that is used as a supplemental performance measure to assess whether revenues that we believe are generally more stable and predictable in nature, primarily consisting of management fees, are sufficient to cover associated operating expenses and generate profits. FRE is the sum across all segments of (i) management fees, (ii) advisory and transaction fees, excluding Athene capital and surplus fees (iii) performance fees earned from business development companies and Redding Ridge Holdings and (iv) other income, net, less (x) salary, bonus and benefits, excluding equity-based compensation (y) other associated operating expenses and (z) non-controlling interests in the management companies of certain funds the Company manages.

# Endnotes & Definitions (continued)

**“Segment Distributable Earnings”, or “Segment DE”,** is the key performance measure used by management in evaluating the performance of Apollo’s credit, private equity and real assets segments. Management uses Segment DE to make key operating decisions such as the following:

- Decisions related to the allocation of resources such as staffing decisions including hiring and locations for deployment of the new hires;
- Decisions related to capital deployment such as providing capital to facilitate growth for the business and/or to facilitate expansion into new businesses;
- Decisions related to expenses, such as determining annual discretionary bonuses and equity-based compensation awards to its employees. With respect to compensation, management seeks to align the interests of certain professionals and selected other individuals with those of the investors in the funds and those of Apollo’s shareholders by providing such individuals a profit sharing interest in the performance fees earned in relation to the funds. To achieve that objective, a certain amount of compensation is based on Apollo’s performance and growth for the year; and
- Decisions related to the amount of earnings available for distribution to Class A shareholders, holders of RSUs that participate in distributions and holders of AOG Units.

Segment DE is the sum of (i) total management fees and advisory and transaction fees, excluding Athene capital and surplus fees (ii) other income (loss), (iii) realized performance fees, excluding realizations received in the form of shares and (iv) realized investment income, less (x) compensation expense, excluding the expense related to equity-based awards, (y) realized profit sharing expense, and (z) non-compensation expenses. Segment DE represents the amount of Apollo’s net realized earnings, excluding the effects of the consolidation of any of the related funds, Taxes and Related Payables, transaction-related charges and any acquisitions. Transaction-related charges includes equity-based compensation charges, the amortization of intangible assets, contingent consideration and certain other charges associated with acquisitions. In addition, Segment DE excludes non-cash revenue and expense related to equity awards granted by unconsolidated related parties to employees of the Company, compensation and administrative related expense reimbursements, as well as the assets, liabilities and operating results of the funds and VIEs that are included in the consolidated financial statements.

**“Distributable Earnings”, or “DE”,** represents Segment DE less estimated current corporate, local and non-U.S. taxes as well as the current payable under Apollo’s tax receivable agreement. DE is net of preferred distributions, if any, to Series A and Series B Preferred stockholders. DE excludes the impacts of the remeasurement of the tax receivable agreement resulting from changes in the associated deferred tax balance, including the impacts related to the Tax Cuts & Jobs Act enacted on December 22, 2017 and changes in estimated future tax rates. Management believes that excluding the remeasurement of the tax receivable agreement and deferred taxes from Segment DE and DE, respectively, is meaningful as it increases comparability between periods. Remeasurement of the tax receivable agreement and deferred taxes are estimates and may change due to changes in interpretations and assumptions of tax legislation.

**Gross IRR** of a credit fund and the principal finance funds within the real assets segment represents the annualized return of a fund based on the actual timing of all cumulative fund cash flows before management fees, performance fees allocated to the general partner and certain other expenses. Calculations may include certain investors that do not pay fees. The terminal value is the net asset value as of the reporting date. Non- U.S. dollar denominated (“USD”) fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.

**Gross IRR** of a private equity fund represents the cumulative investment-related cash flows (i) for a given investment for the fund or funds which made such investment, and (ii) for a given fund, in the relevant fund itself (and not any one investor in the fund), in each case, on the basis of the actual timing of investment inflows and outflows (for unrealized investments assuming disposition on June 30, 2019 or other date specified) aggregated on a gross basis quarterly, and the return is annualized and compounded before management fees, performance fees and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund’s investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund’s investors. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.

**Gross IRR** of a real assets fund represents the cumulative investment-related cash flows in the fund itself (and not any one investor in the fund), on the basis of the actual timing of cash inflows and outflows (for unrealized investments assuming disposition on June 30, 2019 or other date specified) starting on the date that each investment closes, and the return is annualized and compounded before management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns on the fund’s investments as a whole without regard to whether all of the returns would, if distributed, be payable to the fund’s investors. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, gross IRRs at the fund level will differ from those at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Gross IRR does not represent the return to any fund investor.

**Net IRR** of a credit fund and the principal finance funds within the real assets segment represents the annualized return of a fund after management fees, performance fees allocated to the general partner and certain other expenses, calculated on investors that pay such fees. The terminal value is the net asset value as of the reporting date. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.

**Net IRR** of a private equity fund means the gross IRR applicable to a fund, including returns for related parties which may not pay fees or performance fees, net of management fees, certain expenses (including interest incurred or earned by the fund itself) and realized performance fees all offset to the extent of interest income, and measures returns at the fund level on amounts that, if distributed, would be paid to investors of the fund. The timing of cash flows applicable to investments, management fees and certain expenses, may be adjusted for the usage of a fund’s subscription facility. To the extent that a fund exceeds all requirements detailed within the applicable fund agreement, the estimated unrealized value is adjusted such that a percentage of up to 20.0% of the unrealized gain is allocated to the general partner of such fund, thereby reducing the balance attributable to fund investors. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.

# Endnotes & Definitions (continued)

**Net IRR** of a real assets fund represents the cumulative cash flows in the fund (and not any one investor in the fund), on the basis of the actual timing of cash inflows received from and outflows paid to investors of the fund (assuming the ending net asset value as of June 30, 2019 or other date specified is paid to investors), excluding certain non-fee and non-performance fee bearing parties, and the return is annualized and compounded after management fees, performance fees, and certain other expenses (including interest incurred by the fund itself) and measures the returns to investors of the fund as a whole. Non-USD fund cash flows and residual values are converted to USD using the spot rate as of the reporting date. In addition, net IRR at the fund level will differ from that at the individual investor level as a result of, among other factors, timing of investor-level inflows and outflows. Net IRR does not represent the return to any fund investor.

**“Permanent Capital Vehicles”** refers to (a) assets that are owned by or related to Athene (“ATH”) or Athora Holding Ltd. (“Athora”), (b) assets that are owned by or related to MidCap FinCo Designated Activity Company (“MidCap”) and managed by Apollo, (c) assets of publicly traded vehicles managed by Apollo such as Apollo Investment Corporation (“AINV”), Apollo Commercial Real Estate Finance, Inc. (“ARI”), Apollo Tactical Income Fund Inc. (“AIF”), and Apollo Senior Floating Rate Fund Inc. (“AFT”), in each case that do not have redemption provisions or a requirement to return capital to investors upon exiting the investments made with such capital, except as required by applicable law and (d) a non-traded business development company from which Apollo earns certain investment-related service fees. The investment management agreements of AINV, AIF and AFT have one year terms, are reviewed annually and remain in effect only if approved by the boards of directors of such companies or by the affirmative vote of the holders of a majority of the outstanding voting shares of such companies, including in either case, approval by a majority of the directors who are not “interested persons” as defined in the Investment Company Act of 1940. In addition, the investment management agreements of AINV, AIF and AFT may be terminated in certain circumstances upon 60 days’ written notice. The investment management agreement of ARI has a one year term and is reviewed annually by ARI’s board of directors and may be terminated under certain circumstances by an affirmative vote of at least two-thirds of ARI’s independent directors. The investment management or advisory arrangements between MidCap and Apollo and Athene and Apollo, may also be terminated under certain circumstances.

**Private Equity fund appreciation (depreciation)** refers to gain (loss) and income for the traditional private equity funds (i.e., Funds I-IX), ANRP I & II, Apollo Special Situations Fund, L.P. AION Capital Partners Limited (“AION”) and Apollo Hybrid Value Fund, L.P. for the periods presented on a total return basis before giving effect to fees and expenses. The performance percentage is determined by dividing (a) the change in the fair value of investments over the period presented, minus the change in invested capital over the period presented, plus the realized value for the period presented, by (b) the beginning unrealized value for the period presented plus the change in invested capital for the period presented. Returns over multiple periods are calculated by geometrically linking each period’s return over time.

**“Realized Value”** refers to all cash investment proceeds received by the relevant Apollo fund, including interest and dividends, but does not give effect to management fees, expenses, incentive compensation or performance fees to be paid by such Apollo fund.

**“Redding Ridge”** refers to Redding Ridge Asset Management, Inc and its subsidiaries, which is a standalone, self-managed asset management business established in connection with risk retention rules that manages CLOs and retains the required risk retention interests.

**“Remaining Cost”** represents the initial investment of the fund in a portfolio investment, reduced for any return of capital distributed to date on such portfolio investment.

**“Total Invested Capital”** refers to the aggregate cash invested by the relevant Apollo fund and includes capitalized costs relating to investment activities, if any, but does not give effect to cash pending investment or available for reserves.

**“Total Value”** represents the sum of the total Realized Value and Unrealized Value of investments

**“Unrealized Value”** refers to the fair value consistent with valuations determined in accordance with GAAP, for investments not yet realized and may include pay in kind, accrued interest and dividends receivable, if any, and before the effect of certain taxes. In addition, amounts include committed and funded amounts for certain investments; and

**“Vintage Year”** refers to the year in which a fund’s final capital raise occurred, or, for certain funds, the year in which a fund’s investment period commences as per its governing agreements.

## Important Notes Regarding the Use of Index Comparisons

Index performance and yield data are shown for illustrative purposes only and have limitations when used for comparison or for other purposes due to, among other matters, volatility, credit or other factors (such as number and types of securities). It may not be possible to directly invest in one or more of these indices and the holdings of any fund managed by Apollo may differ markedly from the holdings of any such index in terms of levels of diversification, types of securities or assets represented and other significant factors. Indices are unmanaged, do not charge any fees or expenses, assume reinvestment of income and do not employ special investment techniques such as leveraging or short selling. No such index is indicative of the future results of any fund managed by Apollo.

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