AlpInvest Annual Review 2008

Global Reach – Building Long Term Value

AlpInvest Partners N.V. (‘AlpInvest’) is one of the largest independent private equity investment managers in the world with over €40bn in commitments received since 2000.

We operate from offices in Amsterdam, Hong Kong, London and New York, covering Europe, the Americas and Asia. The Company employs 125 employees including over 70 investment professionals.

AlpInvest operates across the full range of private equity investment channels: primary fund investments; secondary investments; co-investments and mezzanine investments.

Each business line has a dedicated team and a clear investment focus. We adhere to this multi-channel investment strategy so we can maintain and develop a deep understanding of private equity investing and are able to anticipate and identify market opportunities.

We pursue opportunities across the entire spectrum of private equity: buyout, growth capital, venture capital, mezzanine and distressed. Our investment policy is focused on achieving a diversified portfolio across market segments, geographies, deal sizes, vintage years and industries.

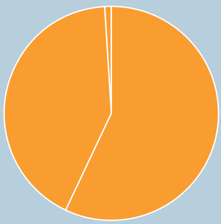
Today, AlpInvest is directly owned by APG Algemene Pensioen Groep N.V. (‘APG’) and PGGM Vermogensbeheer B.V. (‘PGGM’). APG is an asset manager and administers the collective pension scheme for the government and educational sectors. APG has assets under management of approximately €173bn (as of 31st December, 2008). PGGM is an asset manager and administrator for pension funds with approximately €71bn (as of 31st December, 2008) assets under management. PGGM largest client is Pensioenfonds Zorg en Welzijn (‘PFZW’). AlpInvest has been the exclusive private equity manager for these funds since 1999.

INVESTORS

Stichting Pensioenfonds ABP (‘ABP’) is the pension fund for employers and employees (formerly) in service of the Dutch government and educational sectors. With 2.7 million members and a capital of €173bn (as of 31st December, 2008), ABP is one of the three largest pension funds in the world.
www.abp.nl

Stichting Pensioenfonds Zorg en Welzijn, the Dutch pension fund for the care and welfare sector, is responsible for the pension policy and the pension capital of more than two million existing and former employees in this sector. The pension capital amounts to €71.3bn (as of 31st December, 2008).
www.pfzw.nl

COMMITMENTS RECEIVED SINCE INCEPTION



ABP	57%
PFZW	42%
Others	1%

CONTENTS

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INVESTMENTS

CO-INVESTMENTS

The team invests alongside leading private equity sponsors in leveraged buyouts and growth capital transactions throughout Europe, North America and Asia. The team has so far invested €3.9bn including 98 buyout transactions.

For further information about our co-investments strategy, market developments and performance, see page 18.

FUND INVESTMENTS

AlpInvest has committed over €27bn to 237 General Partners globally. This includes funds that invest in buyout, growth capital, venture capital and mezzanine. Other areas of focus are clean technology, distressed debt and secondary funds.

For further information about our fund investments strategy, market developments and performance, see page 22.

MEZZANINE INVESTMENTS

The team focuses on investing in direct transactions with leading mezzanine and equity General Partners. The team has to date invested €0.9bn in 46 transactions.

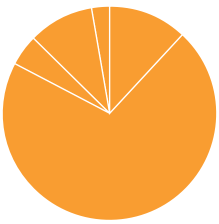
For further information about our mezzanine strategy, market developments and performance, see page 28.

SECONDARY INVESTMENTS

AlpInvest acquires existing private equity investments and commitments from other investors. To date, the team has committed €3.7bn to 49 transactions. The program covers the full range of private equity investments including buyout, venture capital, mezzanine, fund-of-funds, secondary and distressed.

For further information about our secondary investments strategy, market developments and performance, see page 32.

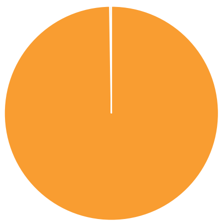
COMMITMENTS RECEIVED BY INVESTMENT TYPE



Co-investments	€4.8bn
Fund investments	€28.6bn
Mezzanine investments[1]	€1.9bn
Secondary investments	€4.0bn
Other	€1.1bn

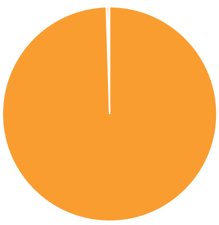
[1] This includes mezzanine direct investments only.

COMMITMENTS RECEIVED GEOGRAPHICAL BREAKDOWN



Western Europe	99.75%
North America	0.25%

COMMITMENTS RECEIVED BY INVESTOR TYPE



Pension funds	99.5%
Insurance companies	0.25%
Government agencies	0.25%

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WHAT IS PRIVATE EQUITY?

Private equity ('PE') predominantly makes equity investments in privately held companies i.e. companies that are not listed on a stock exchange.

Investments are long term by nature and involve either capital being put into an operating business or the acquisition of an operating business. The businesses acquired often have significant potential for growth. In some cases because they are underperforming, in other situations growth has been restricted due to a lack of resources.

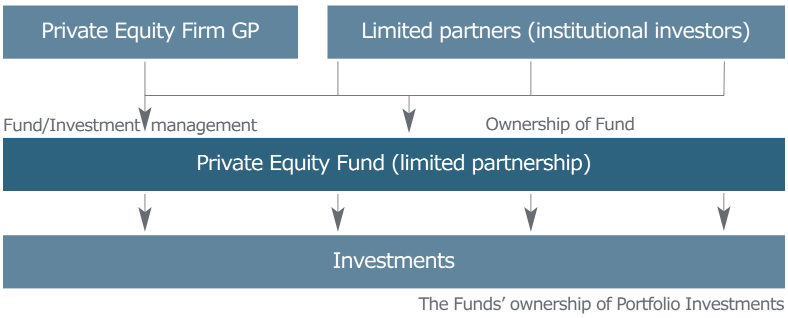
The most common investment strategies are: venture capital, where new capital flows into a start-up; growth capital which helps expand or restructure operations; and buyout in which an investor acquires a controlling stake in an existing company from its current owners.

The private equity firm, or General Partner ('GP'), will apply time, energy and capital as well as the experience and knowledge needed to improve performance.

After several years, typically between three and seven, the GP sells the company, usually at a premium to the purchase price. The company can be sold to a corporation ('trade sale',) to another investor or a sale can take place through an exit on a stock exchange ('IPO').

GPs raise money to invest through funds which are typically structured as Limited Partnerships with a group company of the private equity firm acting as the General Partner. Capital is raised primarily from institutional investors such as pension funds, banks and insurance companies. The investors in the Limited Partnership (also called Limited Partners or LPs) are not actively involved in the management of the funds, but regularly assess the quality of investments and have an important consultative or supervisory role through their seat on the fund's Advisory Committee.

TYPICAL FUND STRUCTURE

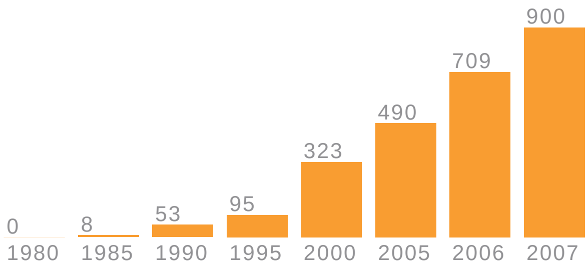


One of private equity's key assets is the alignment of interest that flows through the entire value chain, from LP to GP to portfolio company management. LP and GP interests are aligned through the remuneration structure of the GP. Besides a periodic management fee, private equity firms will receive a share in the profits earned, called carried interest (typically up to 20% of the profits of the fund). Carried interest normally only becomes payable once the limited partners have achieved repayment of their original investment plus a defined return hurdle rate. In this way, remuneration is linked to outperformance.

Company management interests are aligned with those of the PE investors since management normally also invests in the company and will have clear incentives linked to its performance.

Private equity is a global asset class that has shown significant growth in the last decades. McKinsey estimates that in 2007 total global assets were $900bn for buyout funds alone. Geographically, the assets are split as follows: approximately 60% in the US, 25% in Europe and 15% in Asia.

ASSETS UNDER MANAGEMENT
IN 'PURE' LEVERAGED BUYOUT FUNDS ($BN)



Source: McKinsey & Company

With this growth the number of critical followers of the asset class increased. Their comments generally focus on the different disclosure regimes of private companies compared to public entities, the use of leverage and the 'buy-to-sell' nature of private equity investment strategies.

A global survey published by the World Economic Forum concluded that private equity generally has a positive impact on employment, management and productivity compared to other ownership structures.

(Reference: Globalization of Alternative Investments, Working Papers Volume 1: 'The Global Economic Impact of Private Equity Report 2008' and Volume 2: 'The Global Economic Impact of Private Equity Report 2009'.)

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YEAR IN REVIEW

Throughout 2008, AlpInvest maintained the strategy of recent years, continuing to position itself as the partner of choice for all private equity fund, secondary, co-investment, and mezzanine opportunities. We continued to invest from the mandates awarded to us in previous years.

In addition, we received a mandate of €100m from Loyalis (Loyalis Leven N.V. and Loyalis Schade N.V., two group companies of APG) for both co-investment and secondary investment opportunities. ABP and PFZW also increased our existing mandate for secondary investments by €450m.

Meanwhile, as a result of the €2bn mandate received in 2007, the expansion of AlpInvest's mezzanine activity in Europe became the catalyst for the opening of an office in London in the first quarter of 2008. The London office will support the further development of our mezzanine positioning by ensuring close proximity to, and hands-on activity for, the key players in this market. The office is headed by Erik Bosman, responsible for mezzanine activities in Europe.

In 2008 AlpInvest was named LP of the year by Private Equity International, for the third year running. In a survey by Private Equity News, AlpInvest was ranked No. 1 in the list of most influential European private equity investors.

HIGHLIGHTS

Invested in key investment areas

€4.2bn

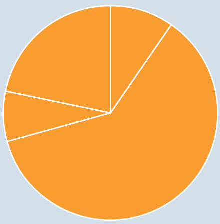
Total realizations of investments

€1.4bn

AlpInvest ranking in influential European private equity investors

No. 1

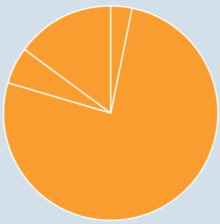
2008 TOTAL INVESTMENTS
ACROSS KEY INVESTMENT AREAS



Co-investments	€399m
Fund investments	€2,541m
Mezzanine investments[1]	€314m
Secondary investments	€904m

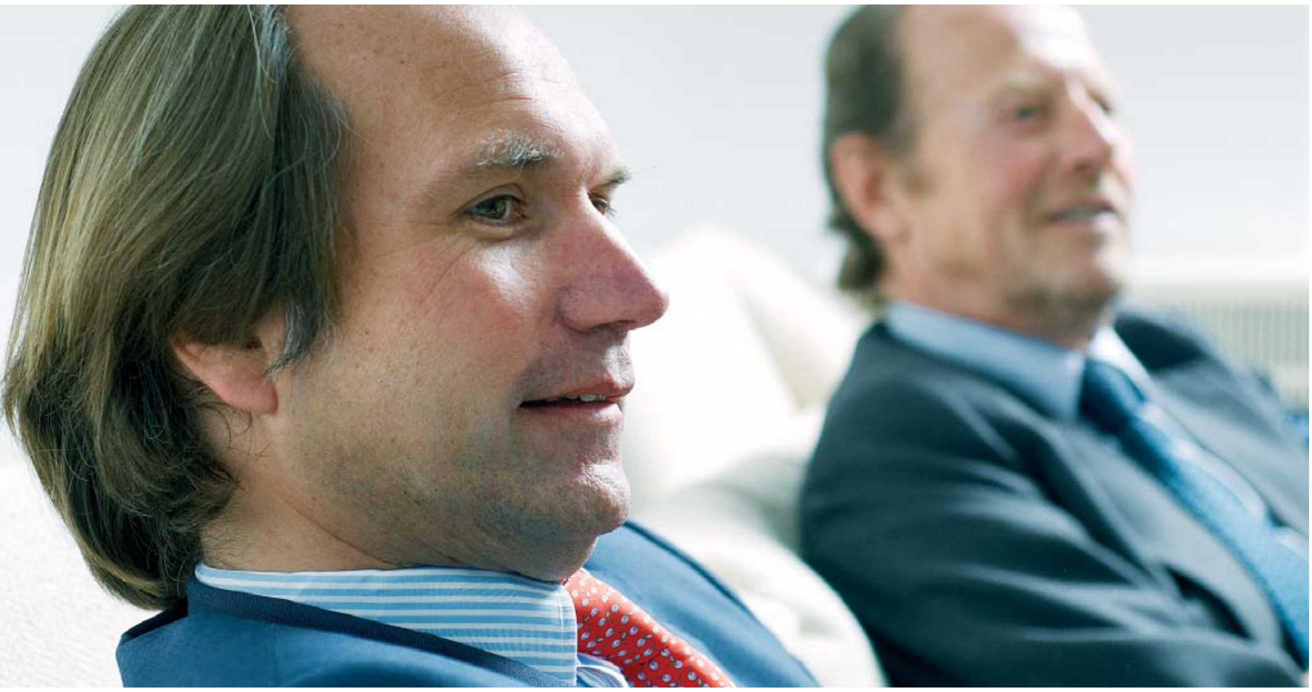
[1] This includes mezzanine direct investments only.

2008 TOTAL REALIZATIONS
ACROSS KEY INVESTMENT AREAS



Co-investments	€46m
Fund investments	€1,098m
Mezzanine investments[1]	€80m
Secondary investments	€214m

[1] This includes mezzanine direct investments only.



THIS IS ALPINVEST

Chief Executive's statement

Despite many of the changes we have witnessed in the last two years, we remain upbeat about our future prospects. Our strategy remains valid, and as a result we find ourselves well-positioned to adapt and benefit in the medium to long term – which is our investment horizon.

VOLKERT DOEKSEN

CHALLENGE IS ACCOMPANIED BY OPPORTUNITY

During 2008, developments in the financial markets and the economy as a whole have had a severe impact on the private equity industry. Like other industries, private equity is now in the process of adapting to a new context, which in many cases will require some difficult decisions.

Despite having recognized some of the signs, AlpInvest did not foresee either the severity of the current conditions or the global scope of its impact. We are not immune to these challenges, but we are well-placed to address them.

We expect to see three key impacts as a result of the current economic environment in the years ahead. First, there will be a shift towards different investment types, including mezzanine, secondary investments and special situations. Second, the private equity sector will focus on generating value with lower levels of leverage. Third, more light will be shone on the sector's activities, including by regulators.

But with every challenge comes an opportunity. Private equity investors with the right investment approach, skilled professionals and access to capital will be able to take advantage of the dislocations in the markets to make some exceptional investments.

THIS IS ALPINVEST
CHIEF EXECUTIVE'S STATEMENT continued

POSITIONED TO OUTPERFORM

Despite many of the changes we have witnessed in the last two years, we remain upbeat about our future prospects. Our strategy remains valid, and as a result we find ourselves well-positioned to adapt and benefit in the medium to long term – which is our investment horizon.

The continuing strong relationship with our two founding investors, APG and PGGM, gives us the size to be both diversified and influential in our chosen investment types. Our assets under management have grown consistently since our foundation in 2000, and we expect to finalize a new mandate for the period 2009–11 in the coming months. Our sponsors' commitment to private equity, as well as their insight and experience, gives us the security to be patient investors with a truly long-term, value-focused approach, something our General Partners value now more than ever.

Our portfolio is diversified across private equity investment types, structures of investment and geography – and so we have the flexibility, experience and relationships needed to re-allocate investments to suit the current opportunities.

In the last few years we have expanded our secondary investments to become a world-leader in a field that was, until recently, a niche activity. We have also steadily grown our mezzanine investments. Starting with a €370m fund in 2002 and a €700m mandate in 2004, we followed up with a €2bn fund, deployed globally, in 2007.

The growth of our mezzanine activities also enabled us to expand our operations in Europe. In the first quarter of 2008 we opened an office in London, adding to existing offices in Amsterdam, Hong Kong and New York. We believe London will continue to be the center for mezzanine finance in Europe. So, now with a dedicated team of investment professionals on the ground, we are well-placed to take advantage of this growth opportunity.

Our independent culture and rigorous management systems give our people the support they need to undertake meaningful analysis – a pre-requisite for effective decision-making. Our senior investment professionals, including 13 managing partners and partners, are highly experienced in their respective fields and many of them have been working together since we were founded; undertaking the analysis and making the decisions that have helped AlpInvest grow into one of the world's largest private equity investors.

Awards are indicators, not an objective. We are nonetheless proud that AlpInvest was again named LP of the year in 2008 by Private Equity International, for the third year running. In a recent survey by Private Equity News, a leading trade magazine, AlpInvest was also ranked the most influential European private equity investor.

PART OF THE INVESTMENT MAINSTREAM

One of the reasons for the rapid growth in investments in private equity is that the ownership model has certain advantages over public ownership. In particular, by having a longer time horizon and a governance and remuneration structure that more closely aligns the interests of owners and managers, private equity owners are often better able to identify and implement strategic and/or operational changes.

At its core, the private equity model generates value by buying, improving and then selling strong companies. A recent World Economic Forum report found that private equity-owned companies performed better in job creation and innovation.

Despite the current challenges, we expect overall allocations to private equity to increase in the mid to long term. As private equity continues to become a mainstream investment class, the major players will of course continue to attract interest and criticisms. The discussions in various jurisdictions on the possible development of new regulations for the sector are an obvious and important indication of this new reality.

Firms that take the time to understand and address these concerns will be better placed to succeed. In particular, we must ensure that the sector does not confuse 'private' with 'secret' ownership.

This Annual Review is part of our response to expectations for more information on our activities. Along with our website, it provides information on our activities, our investments, governance and remuneration, and outlines the risks that we face. We welcome the increased transparency by many of our General Partners, and will continue to encourage effective disclosure.

We are also taking more proactive steps, including the implementation of our Corporate Social Responsibility policy. This follows the institution of a Corporate Social Responsibility Committee and the appointment of a Corporate Social Responsibility Officer in November 2008. This will help ensure our decision-making process gives due regard to the environmental, social and governance issues that can impact both our investment returns and our reputation.

We are convinced that market circumstances will make for another unpredictable year ahead. However, with the ongoing strong support from our investors, the commitment of our employees, and the continued professionalism of our General Partners, we are confident that AlpInvest is well equipped to maintain its position as one of the leading global private equity investors.

VOLKERT DOEKSEN
CHIEF EXECUTIVE

THIS IS ALPINVEST

Chairman's statement

While performance has undoubtedly been negatively impacted in many areas, we believe our strategy is the right one to negotiate the turbulent times ahead.

OTTO VAN DER WYCK

OUR HISTORY

1990s

Both ABP and PGGM begin separate in-house private equity investment programs.

1999
ABP and PGGM decide to combine forces and delist NIB Bank with the intention to, amongst others, create a platform for their private equity investment programs through the newly formed NIB Capital Holding subsidiary NIB Capital Private Equity.

2000-2007

2000
AlpInvest Holding N.V., a listed private equity firm, was acquired by ABP and PGGM, and combined with NIB Capital Private Equity and the private equity portfolio of Parnib B.V.. NIB Capital Private Equity received its first mandate of €13bn from ABP and PGGM of which close to €7bn was designated to new investments in the period 2000–2002. The remainder comprised existing commitments of ABP, PGGM and NIB Capital Private Equity's predecessors.

2001
Opening of the New York office.

2002
Start of a dedicated secondary investment effort with a €500m mandate.

2003
€7bn new mandate from ABP and PGGM, covering the period 2003–2005, for fund investments, secondary investments, co-investments and lead investments in the Benelux/German mid-market.

2004
NIB Capital Private Equity is renamed AlpInvest Partners and the shares in the Company are transferred from NIB Capital Holding to ABP and PGGM. AlpInvest receives a €700m mezzanine mandate from ABP and PGGM.

2006
New investment mandate from ABP and PGGM initially amounting to €11bn (increased over time), covering the period 2006–2008, one of the largest mandates ever granted in the international private equity markets. Spin out of the European middle market buyout investments business, in order to focus exclusively on investments in private equity funds, on a primary and secondary basis, and co-investments alongside financial sponsors. Opening of the Hong Kong office.

2007
Two new mandates from ABP and PGGM: €2bn for mezzanine investments and a €500m Cleantech mandate covering the period 2007–2009.

THIS IS ALPINVEST
CHAIRMAN'S STATEMENT continued

While it is difficult to predict when markets will turn, AlpInvest is well positioned to improve its already solid access to attractive investment opportunities.

OTTO VAN DER WYCK

As Chairman of the Supervisory Board, I am pleased to welcome you to our first Annual Review.

Little would we have guessed at the formation of AlpInvest nine short years ago that our initial reporting would have been greeted against the background of a truly unprecedented global financial crisis.

Yet, as this review shows, our core principles remain the same as they did at our foundation and, while performance has undoubtedly been negatively impacted in many areas, we believe our strategy is the right one to negotiate the turbulent times ahead.

The role of the Supervisory Board at AlpInvest is to oversee the Executive Committee's strategy and policies and the general course of business within the organization.

In 2008, the Board met four times with the Executive Committee to review and discuss strategy and policy. We reviewed investment performance, organizational developments (including the opening of the London office), financial strategy (including the Annual Report), 2008 budget, and the findings of the Audit Committee.

The Supervisory Board has two sub-committees: the Remuneration Committee and the Audit Committee. The Remuneration Committee discussed in 2008 the appraisals of the managing partners, the objectives for the managing partners and compensation. Items reviewed by the Audit Committee include the SAS-70 report, the auditor's report, compliance and risk assessment.

We have no doubt that the next year will prove to be just as testing if not more so, than the last. While it is difficult to predict when markets will turn, we are confident that with the inevitably lower level of competition for investment, AlpInvest is well positioned to improve its already solid access to attractive investment opportunities.

OTTO VAN DER WYCK
CHAIRMAN

CORPORATE INFORMATION

2008

Opening of the London office.

ABP and PGGM change their organizational framework and establish independent pension fund management companies, named APG and PGGM respectively whilst PGGM was renamed PFZW. The separation complies with the requirements of the new Dutch Pensions Act 2007.

DELIVERING VALUE
FINANCIAL PERFORMANCE

Since 2000, the capital committed to AlpInvest increased from €5.5bn to over €40bn. Over the same period, we have generated attractive returns for our investors.

THE TABLES BELOW SHOW THE RETURNS THAT ALPINVEST HAS ACHIEVED TO DATE IN ITS KEY MANDATES

GROSS LIFE TO DATE IRR[4] AS PER 31ST DECEMBER, 2008

Mandate	2000–2002	2003–2005	2006–2008[1]
Co-investments	13.8%	44.3%	-24.2%
Fund investments	11.5%	2.1%	-25.2%
Secondary investments	56.5%	28.9%	-14.6%
Direct investments[2]	-1.3%	56.8%	
Total Private Equity	11.5%	23.3%	-23.4%

PERCENTAGE OF MANDATES THAT HAS BEEN INVESTED

Mandate	2000–2002	2003–2005	2006–2008
Total Private Equity	85%	83%	47%

GROSS LIFE-TO-DATE IRR[4] AS PER 31ST DECEMBER, 2008

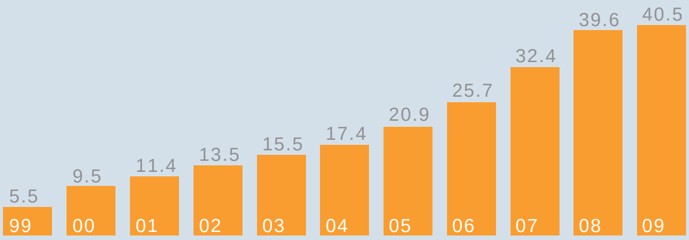
Mandate	2000	2002–2004	2005–2006[1]	2007–2009[1]
Mezzanine[3]	14.5%	26.0%	5.3%	6.1%

PERCENTAGE OF MANDATES THAT HAS BEEN INVESTED

Mandate	2000	2002–2004	2005–2006	2007–2009
Mezzanine[3]	98%	69%	87%	29%

[1] Due to the J-curve effect (as explained below), the results only begin to become meaningful after five years of the start of the mandate. However, please note that the J-curve is deeper for the 2006–2008 and 2007–2009 mandates due to the market circumstances.
[2] The direct investment activities were spun out in 2005 (see page 6).
[3] The mezzanine mandates include mezzanine fund, secondary and direct investments.
[4] Internal Rate of Return.

TOTAL CAPITAL COMMITTED TO ALPINVEST SINCE 1999
€bn



J-CURVE

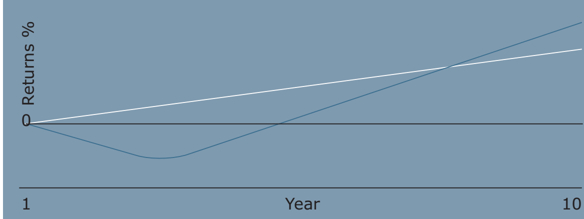
The J-curve in private equity illustrates the historical tendency of private equity funds to deliver negative returns in early years and investment gains in the later years as the portfolios of companies mature.

In the early years, investment returns are negative due to management fees, which are drawn from committed capital, and underperforming investments that are identified at an early stage and subsequently written down. In the later years of the fund, the higher valuations of the businesses are realized by the partial or complete sale of companies, resulting in cash flows to the limited partners. After about three to five years, the interim IRR will become a meaningful indicator for the IRR of a specific fund. This period is generally longer for early-stage funds.

For the AlpInvest mandates, where the capital is committed over periods of three years, the IRR of a mandate only becomes meaningful approximately five years after the start of the mandate.

SMOOTH V ACTUAL RETURNS

Smooth Actual



DELIVERING VALUE

INTEGRITY, QUALITY AND PROCESSES

At AlpInvest, we view delivering value as more than merely showing our investors strong returns. For us, it also means our business and investment processes must be organized to create an environment where the best decisions can be made and risks can be identified and mitigated.

We apply the highest standards of integrity across our worldwide business in our dealings with all stakeholders. Management are committed to setting the right tone at the top and adopt a hands-on approach to operational control matters and discipline.

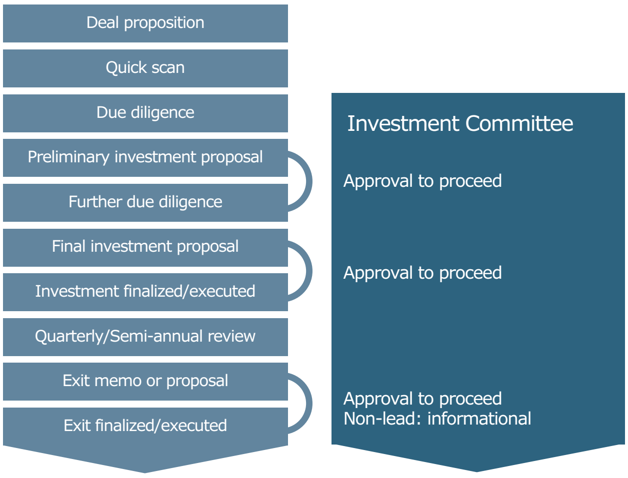
The commitment to quality is embedded throughout the Company in our values, code of conduct, personnel management and monitoring responsibilities. Both the Executive Committee, comprising the managing partners, and the partners monitor performance, risk, quality and operations as part of their daily responsibilities. Various management reports and review procedures exist to bring all aspects of the business under management supervision.

As a global organization, it is important we have consistent and standardized processes to ensure quality in our services and output and effectiveness in internal controls. Underpinning our processes are detailed Company policies and procedures.

The investment teams coordinate investment and portfolio management processes which include sourcing and evaluating potential investments, overseeing due diligence processes, making investment recommendations and, once an investment is made, regularly reviewing progress. Our qualified and experienced staff support the executive management and the investment teams in the areas of transaction processing, accounting, reporting, risk management, legal and regulatory, tax, HR, compliance and research.

AlpInvest's investment management process is subject to an annual SAS 70 Type II audit to attest to the design and operating effectiveness of the internal controls throughout the year. AlpInvest holds a license from the Dutch Authority for the Financial Markets pursuant to clause 2:96 Act on Financial Supervision ('Wet op het financieel toezicht').

INVESTMENT PROCESS



INVESTMENT PROCESS

Our investment teams are active in the market, sourcing new opportunities which are discussed on a weekly basis. When a team decides to pursue an investment opportunity, it undertakes in-depth due diligence and market analysis before drafting and discussing a preliminary investment proposal

If the team is positive about the opportunity, it will present a preliminary investment proposal to the investment meeting consisting of all partners to consult their advice and support. If this support is given, further due diligence will be undertaken which focuses on issues highlighted in the deal and a final investment proposal is drafted to address outstanding issues and to present any additional findings. Subject to the team's approval, a final investment proposal will be presented to the investment meeting for a final decision.

THE PORTFOLIO MANAGEMENT PROCESS

Portfolios are reviewed either semi-annually (fund and secondary investments) or quarterly (co-investments and mezzanine) by the investment teams and executive management through a comprehensive review process.

As part of the reviews, both quantitative and qualitative performance information is analysed and discussed and actions proposed where necessary.

DELIVERING VALUE

RISK

Risk management is an integral part of all levels of our business which we manage by ensuring that our control framework is applied across all business lines, geographies and professional functions.

Our risk assessment and mitigation strategies are reported to and discussed with the Audit Committee. AlpInvest has policies and procedures in place which appropriately consider and manage risks and enable consistency and standardization in our operations. We engage our external auditor, PricewaterhouseCoopers Accountants N.V., to perform audits on an ad-hoc basis providing further assurance.

EXTERNAL RISKS

AlpInvest invests worldwide, both in developed and emerging markets, which means our investments are impacted by macro-economic and geo-political developments as well as changes in government policies and regulations. To mitigate such circumstances, AlpInvest aims to diversify its investment portfolio across geographies, industries and various investment stages. We also conduct extensive research prior to entering into new geographical markets and monitor our portfolio to ensure that any impact on the value of existing investments is anticipated.

STRATEGIC RISKS

The Executive Committee is responsible for setting the Firm's strategy and this is reviewed by the Supervisory Board.

AlpInvest's strategy is based on a full analysis of its operating environment. In determining our business plan, market and sector developments are taken into account as well as internal and external risk factors. Developments may significantly differ from assumptions used to determine our strategy and business plan and these may impact on AlpInvest's performance or financial position. To address this issue, we monitor relevant external developments and forecasts while reviewing assumptions and tracking of performance.

REPUTATIONAL RISKS

There is a risk that our operations and/or our organization can be negatively affected or disrupted by several factors, including unenforceable contracts, lawsuits, adverse judgments, fraud, or negative publicity. To manage this, AlpInvest assesses the nature and practices of the companies in which they invest. Any indication of unethical practices are identified during the due diligence process and through ongoing interaction with the portfolio companies. Investing guidelines are stipulated in the mandates and contracts are managed by AlpInvest's legal department.

BUSINESS CONTINUITY RISK

Our funding comes largely from our two main sponsors, APG and PGGM, who could change their strategy with regards to allocation to the private equity asset class or else decide to use other firms to manage their assets. To manage this, contracts with our investors are structured so that they offer continuity to the management company for a prolonged period of time. In addition, we provide our investors with detailed information on their portfolios on a frequent basis and spend significant effort in keeping our strategies aligned.

There is also a risk of loss of senior management expertise which is why remuneration is based on long-term incentive arrangements, specifically with the aim of creating a long-term alignment with the Company.

INVESTMENT RISKS

INVESTMENT DECISIONS

The ability of AlpInvest to source and execute quality investments is dependent upon various factors, the most important of which include:

- the ability to attract, develop and retain people with the requisite investment experience
- cross-sharing of knowledge and capitalization on synergies between the specialized teams
- thorough assessment of each investment opportunity, based on collective knowledge and experience.

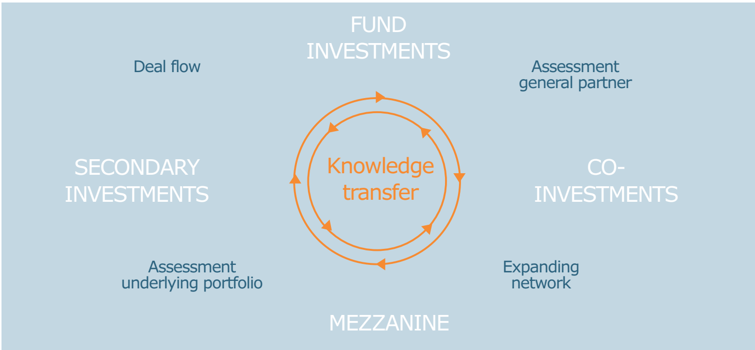
AlpInvest carefully assesses, among other items, a fund manager's skills and track record in achieving operational improvements in different business environments. Our appraisal is undertaken in a rigorous and structured manner which includes not only the approval of the relevant investment teams but also that of our investment committee, comprising all partners of the Firm.

From the initial investment assessment to the finalization of the transaction, AlpInvest employs a methodical process which focuses on internal controls, quality and investor alignment.

INVESTMENT PERFORMANCE

The performance of our portfolio is dependent upon a range of factors including the quality of the initial investment decision (described above) as well as the ability of the fund manager or portfolio company to drive performance and achieve its business strategy.

KNOWLEDGE AND RESOURCE SHARING
SYNERGIES BETWEEN SPECIALIZED TEAMS



DELIVERING VALUE
RISK continued

In addition to the investment-by-investment review process that forms part of its portfolio management program, AlpInvest has a rigorous process in place to manage its relationship with its fund managers and portfolio companies.

INVESTMENT CONCENTRATION

AlpInvest invests (directly or indirectly) across a range of economic sectors and geographies.

However, overexposure to a particular sector or geography might increase the impact of adverse changes in macro-economic or market conditions on our portfolio, while an increase in the average size of investment over time could possibly widen the exposure of AlpInvest to the performance of a small number of large investments – albeit in different sectors and/or geographies.

Our investment policy, therefore, is focused on achieving a diversified portfolio across market segments, geographies, deal sizes and vintage years and industries. We also have investment guidelines in place to address concentration risk, including limits to the percentage interest held in any one fund or portfolio company. Asset allocation is discussed regularly by the Research and Allocation Committee and compliance reports are reviewed on a quarterly basis to ensure that allocations fall within these guidelines.

INVESTMENT VALUATIONS AND REALISATIONS

The valuations of our portfolio depend to some extent on stock market conditions and developments in the wider mergers and acquisitions market. Changes in market or macro-economic conditions could impact the valuation of portfolio assets as well as the timing of realisations.

TREASURY AND FUNDING RISKS

MARKET RISK

AlpInvest, in its capacity as an advisory firm, has limited exposure to financial assets. Cash is typically held on short-term deposits with reputable banks and the management company has limited exposure to adverse movements in interest rates and foreign exchange rates. With regards to the funding provided to our main operating subsidiaries, we typically hedge our foreign currency exposure.

CREDIT RISK

AlpInvest is dependent on the funding provided by its investors who are regulated by the Dutch Central Bank and the Dutch Authority for Financial Markets. Mandates are in place between the parties which define the minimum amounts the investors commit to AlpInvest for investment purposes, subject to certain limitations, which are monitored through compliance procedures.

LIQUIDITY

AlpInvest, on a timely basis, informs its investors about upcoming liquidity requirements and has within the terms of the relevant mandates at all times access to sufficient liquidity in order to fund its investments. Cash management procedures include cash flow forecasting and monitoring of liquidity.

OPERATIONAL RISKS

AlpInvest is exposed to a range of operational risks that can arise from inadequate or failed systems, processes and people, or from external factors affecting any of these.

They include human resources risks, legal and regulatory risks, tax risks, information technology system failures, business disruption and shortcomings in internal controls. All staff are required to sign the company compliance manual, including the code of conduct and are also required to submit to probity checks.

Operational risk management across the entire organization 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 its operations including information technology, insurance and pensions. We work with reputable firms and have relevant service level contracts with a number of these parties.

LEGAL, TAX AND REGULATORY

AlpInvest is required to comply with legal, regulatory and other external requirements as well as contractual agreements. We have an in-house team of senior legal and tax professionals based in Amsterdam and New York, which provides advice, reviews and negotiates documentation and helps the Firm meet its regulatory obligations. In addition, an external law firm monitors and updates AlpInvest on relevant legal and regulatory developments.

DELIVERING VALUE

POLICIES

CONFLICTS OF INTEREST

AlpInvest recognizes that conflicts of interest can arise. We have internal policies and guidelines in place which seek to reduce the instances when conflicts arise and address conflicts that do arise in a way that protects and deals fairly with the interests of all those involved.

VALUATION STANDARDS

For our equity and mezzanine co-investments, we base our valuations on the International Private Equity and Venture Capital guidelines (October 2006, endorsed by EVCA). For our investments in private equity funds, we use the valuations that are provided to us by the GPs.

Considering the time-lag in the statements provided by the partnerships that we commit to versus the timing of the financial AlpInvest reporting, shortly after the end of the year, the fair market value as per the end of the calendar year that we use for our reporting is predominantly based on third quarter valuations plus cash flows. Therefore, any more tangible movements of the public equity markets over the fourth quarter are not yet reflected in the reported fair market value. For that reason AlpInvest prepares a best estimate of any negative valuation developments during the fourth quarter as at 31st December, 2008, and adjusts the portfolio value accordingly.

DELIVERING VALUE

GOVERNANCE

SUPERVISORY BOARD

The Supervisory Board reviews and discusses strategy, policies, remunerations, business plans, quarterly and full-year figures, budgets, risk and control topics.

1: OTTO VAN DER WYCK

Otto van der Wyck is currently Chairman of Salland Ltd, an investment company. He is also Chairman of Climate Change Capital Ltd, a specialist investment bank, and a board member of the Government of Singapore Investment Company SI Ltd. Mr van der Wyck founded BC Partners and Citicorp Venture Capital, two leading European private equity firms, having previously worked at Shell and Rothschild Intercontinental. He was appointed Chairman of AlpInvest Partners in 2004.

2: ADRIAAN NÜHN

Adriaan Nühn is the former CEO of Sara Lee International and Executive Vice President of Sara Lee Corporation. Mr Nühn began his career with Xerox Corporation and later joined Richardson Vicks/Procter & Gamble. His last position was managing director of Procter & Gamble's health and beauty care company in Austria. He has been a member of AlpInvest Partners' Supervisory Board since 2004 and also holds non-executive board positions at Macintosh Retail Group N.V., LEAF B.V., Heiploeg B.V., Anglovaal Industries Ltd (AVI), South Africa and is Non-Executive Chairman of Sligro N.V. Further, Mr Nühn is on the board of WWF (World Wildlife Fund) in the Netherlands, the HAFF (Holland America Friendship Foundation) and MKI (Medical Knowledge Institute).

3: RODERICK MUNSTERS

Roderick Munsters is a Member of the Executive Board and Chief Investments Officer of APG All Pensions Group which was incorporated in order to administer the collective pension scheme for the Dutch government and educational sectors. APG Investments has offices in Heerlen, Amsterdam, New York and Hong Kong. From 1997–2005 Mr Munsters was an Executive Director and Chief Investment Officer at PGGM. Mr Munsters has been a member of the Supervisory Board of AlpInvest Partners since 2004. He is also chairman of Eumedion (The Dutch Institutional Investors Corporate Governance forum), member of the Financial Markets Committee of AFM, advisor of the Investment Committee of Arcadis Pension Fund and a member of the board of the Duisenberg School of Finance.

4: RAYMOND CHAMBERS

Raymond Chambers is an American philanthropist and humanitarian who has directed most of his efforts towards children. He is the founding Chairman of the Points of Light Institute and co-founded, with Colin Powell, America's Promise Alliance. Mr Chambers is the co-founder of the National Mentoring Partnership, and founding Chairman of both The Millennium Promise Alliance and Malaria No More. Mr Chambers is also the founding Chairman of the New Jersey Performing Arts Center and is a member of the President's Council on Service and Civic Participation. His board memberships also include Communities in Schools, the University of Notre Dame and AlpInvest Partners (since 2007). He is the former Chairman of Wesray Capital Corporation, which he co-founded with William E. Simon. In 2008, the Secretary-General of the UN appointed Mr Chambers as the first Special Envoy of the Secretary-General for Malaria and in 2008 President Bush recognized Mr Chambers with the Presidential Citizens Medal for his work helping children worldwide.

5: ELSE BOS

Else Bos is CEO of PGGM Investments and member of the Board of Directors of PGGM since 2005. She joined PGGM Investments in 2003 as Director Third Parties, Operations & Staff. After graduating from Rotterdam Erasmus University, Ms Bos started her career at Algemene Bank Nederland (later ABN AMRO) where she held various management positions. In 2001 she joined NIBC Asset Management and her last position was COO/CFO of that organization. Ms Bos was appointed a member of AlpInvest Partners' Supervisory Board in 2004. She also holds Supervisory Board positions at Amvest Vastgoed, the Nederlandse Waterschapsbank and Prismant Holding. Further, Ms Bos is a member of the Advisory Council of the Dutch Association for Investor Relations (NEVIR), Member of the Board of UN – PRI (Principles for Responsible Investments) and Member of the Executive Committee of Eumedion, Corporate Governance Forum.

AUDIT COMMITTEE

Roderick Munsters, Chairman
Adriaan Nühn

REMUNERATION COMMITTEE

Adriaan Nühn, Chairman
Raymond Chambers
Otto van der Wyck

DELIVERING VALUE
GOVERNANCE continued

PARTNERS

All partners, including managing partners, participate in the weekly investment meeting.

Erik Bosman
Tjarko Hektor
Helen Lais
Sander van Maanen
Wouter Moerel
Elliot Royce
Maarten Vervoort
George Westerkamp

COMMITTEES

HR COMMITTEE

Erik Bosman, Volkert Doeksen, Tjarko Hektor, Helen Lais, Sander van Maanen, Erik Thyssen, Maarten Vervoort

Key topics discussed in the HR committee in 2008 include the (senior) promotions and roles within AlpInvest, performance management, the recruitment procedure and training and education.

RESEARCH AND ALLOCATION COMMITTEE

Wim Borgdorff, Peter Cornelius, Paul de Klerk, Iain Leigh, Wouter Moerel, Elliot Royce, George Westerkamp

Key topics discussed in the Research and Allocation Committee in 2008 include the state of the global economy and private equity markets, asset allocation for the period 2009–11, the medium-term outlook for emerging markets, private equity markets in the Middle East and North Africa and the 2008 mid-year outlook for 2006–2008 for the funds mandate.

CSR COMMITTEE

Wim Borgdorff, Paul de Klerk, Sander van Maanen, Erik Thyssen, Elliot Royce.

The CSR committee was established late 2008 and held its first meeting in 2009. The committee will focus on the roll out, implementation and further development of AlpInvest's CSR policy.

EXECUTIVE COMMITTEE

The Executive Committee, consisting of the managing partners, is responsible for all executive level aspects of the strategy, operations, management and policies of AlpInvest. This includes all non-investment related activity within the organization.

1: VOLKERT DOEKSEN, CEO

Volkert Doeksen is the Chief Executive Officer, Executive Committee chairman, and a founder of AlpInvest Partners. He joined the AlpInvest initiative in 2000. Prior to joining AlpInvest, Volkert was a partner and director of Dresdner Kleinwort Benson (DKB) in New York, where he led a team that sourced and executed private equity transactions for DKB's $3bn private equity portfolio and expanded investment activities into Central and Eastern Europe and Mexico. Prior to that, he was an investment banker at both Dillon Read and Morgan Stanley International in London. With nearly 25 years of investment experience, Volkert oversees AlpInvest's strategy direction and investment decisions. Volkert received his law degree from Leyden Law School. He is the director of DTG and chairs the Millennium Promise Netherlands Foundation.

2: PAUL DE KLERK, CFO/COO

Paul de Klerk joined the AlpInvest initiative in 2000 from ABN AMRO, where he was responsible for one of the largest corporate banking units in the Netherlands. He also spent four years based in the bank's New York Office. In addition to leading operations and finance at AlpInvest, Paul heads the portfolio review and valuation process and the exchange of information with investors. He is a member of AlpInvest Partners Executive Committee and a founder of the Firm. Paul received a degree in tax law from the University of Amsterdam, a degree in civil law from the University of Utrecht, and an MBA from Columbia University. Paul is one of the founders of the Private Equity Industry Guidelines Group, whose mission is to promote transparency and consistency in valuation and reporting processes in the US private equity industry.

3: WIM BORGDORFF, MANAGING PARTNER

Wim Borgdorff joined the AlpInvest initiative in 2000 from ABP Investments, where he led the restructuring of ABP's Real Estate activities as well as the setting up of ABP's Alternative Investments unit. Previously, he was managing director with ING Asset Management. Bringing nearly 20 years of alternative investment experience to his role at AlpInvest, Wim heads AlpInvest's Fund Investments and Secondary Investments teams. He is also a member of AlpInvest Partners Executive Committee and a founder of the Firm. Wim received an MS, cum laude, from Delft University of Technology, an MA in real estate from Amsterdam University, and an MBA from Erasmus University Rotterdam. He is a member of the supervisory boards for KFN and Cório, and advisory boards for Apax and Permira.

4: IAIN LEIGH, MANAGING PARTNER

Iain Leigh joined the AlpInvest initiative in 2000 from Dresdner Kleinwort Benson (DKB), where he was the managing investment partner responsible for US direct buyout transactions and an Executive Committee member for the global private equity business. Previously, he was director of investment banking at Kleinwort Benson Ltd., where he was responsible for restructuring leveraged buyouts and venture capital transactions. Bringing more than 30 years of related experience to AlpInvest, Iain is responsible for North American co-investments. Iain is a member of AlpInvest Partners Executive Committee and a founder of the Firm. Iain received an MBA from Brunel University in England and is a Fellow of the Chartered Association of Certified Accountants in the United Kingdom. He is also a board member of The Nielsen Company.

5: ERIK THYSSEN, MANAGING PARTNER

Erik Thyssen joined the AlpInvest initiative in 2001 from Fortis Bank Nederland, where he was an executive board member responsible for commercial banking. Previously, he was the managing director of corporate and investment banking at Generale Bank Nederland. With nearly 25 years of related private equity experience, Erik is responsible for AlpInvest's co-investment activities in Europe and Asia. Erik is a member of AlpInvest Partners Executive Committee and a founder of the Firm. Erik received his law degree from Antwerp University and has completed the CEDEP-INSEAD General Management Program. He represents AlpInvest on the boards of Maxeda and Ontex.

DELIVERING VALUE

HUMAN RESOURCES

The ability to recruit, develop and retain capable people is essential to achieving AlpInvest's strategy.

With that in mind, we remunerate staff in line with market practice and include, for senior staff, incentives to remain with the Firm long term.

AlpInvest human resources policies and procedures cover recruitment, vetting and performance management. Managers are responsible for encouraging the training and development of employees, including semi-annual performance appraisals so that all personnel may maintain their responsibilities and enhance their skills.

During 2008, our employee base grew by 16 people. On the level of senior investment professionals, there was one departure in the New York office.

HIGHLIGHTS

Total number of employees

125

New employees in 2008

+16

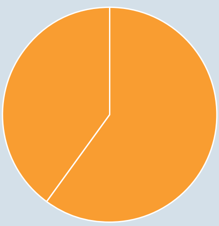
Average years at AlpInvest[1]

6.7

[1] Senior investment professionals (managing partners, partners and principals)

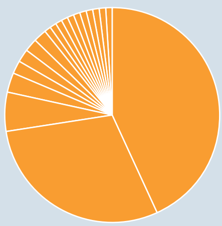
DIVERSITY

GENDER



Male	75
Female	50

NATIONALITY



Dutch	55	Russian	1
American	38	Slovakian	1
British	7	Korean	1
Chinese	4	Taiwanese	1
Australian	3	Thai	1
Belgian	2	Indian	1
Canadian	2	Malaysian	1
German	2	New Zealand	1
French	1	Irish	1
Austrian	1	South African	1

DELIVERING VALUE

REMUNERATION

Remuneration at AlpInvest includes bonuses, deferred compensation and 'carried interest', which is the team's share in returns derived from the investment portfolio.

Bonuses and allocations to deferred compensation schemes are based on market data received from an external consulting firm in the area of remuneration, combined with the achievement of specific, (mostly) qualitative, objectives, that are agreed upon at the beginning of the year. The applicable consulting firm receives the assignment to conduct such study from the Supervisory Board. The majority of the allocation to the deferred compensation scheme pays out after three years. The 2008 allocation pays out when the investment portfolio yields a positive annual return for our investors.

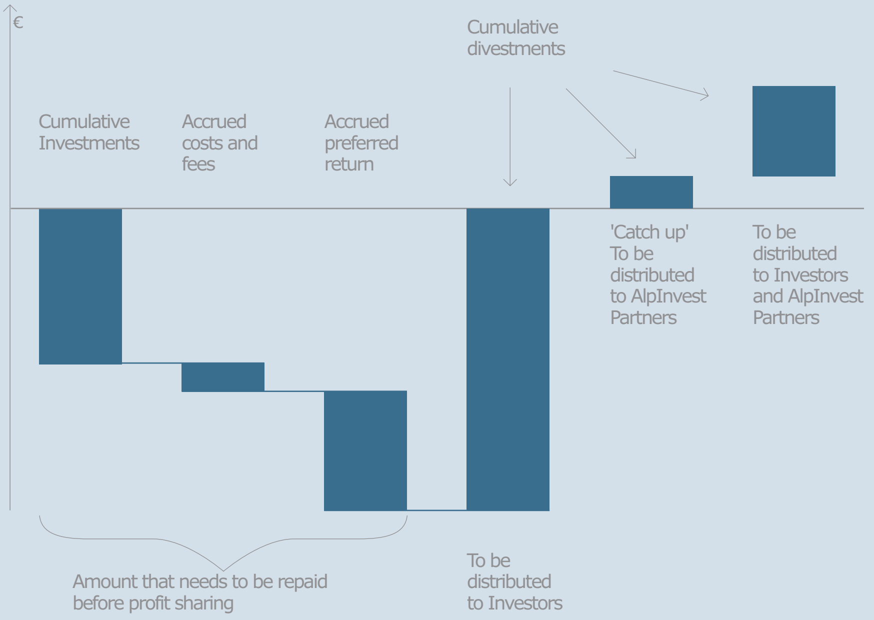
We deem it important to offer additional insight into how our carried interest entitlements are calculated.

The figure below, called a waterfall calculation, shows the methodology used to calculate carried interest. As shown, before any amount is distributed to AlpInvest, all investments plus costs and management fees (covering the company's expenses including salaries and bonuses) have to be repaid, plus a preferred return. These amounts are represented by the first four bars. When the total return of the investments exceeds this 'hurdle' there remains an amount to be distributed to both investors and to AlpInvest Partners, shown by the last two bars.

Part of the agreement is the so-called catch-up clause. This clause means that after the investors have been paid back their invested amounts plus costs and preferred return, the next cash flows will go to AlpInvest until the amount paid is equal to the carry percentage times the total amount distributed, minus cumulative investments, costs and fees.

Any remaining capital will be divided between the investors and AlpInvest using the carried interest percentages set in the applicable mandates. The structure of carried interest promotes long-term alignment between investors and AlpInvest as it is only paid when investors' original investments and costs as well as significant profits have been returned to the investors.

WATERFALL CALCULATION



CORPORATE SOCIAL RESPONSIBILITY

We recognize the impact of our investments to society at large and therefore have committed to make Corporate Social Responsibility ('CSR') integral to our organization.

STRATEGY

Our priority lies in realizing good investment returns for our investors and their beneficiaries. In parallel we want our investments to be with companies that include a positive approach to social and environmental factors and corporate governance. We believe such companies will perform better in the long term

We believe that creating transparency and promoting disclosure on CSR topics is key to driving further developments of CSR as an investment consideration. To this end, we respect the ESG (Environmental, Social and Governance) principles as defined by large institutional investors, both for AlpInvest as an investor and for AlpInvest as a company. We have defined our CSR standards in line with the United Nations Principles for Responsible Investment (UN PRI).

In 2008, we translated our views on corporate responsibility into the AlpInvest CSR framework and appointed a dedicated CSR officer, Maaike van der Schoot.

MARKET

Clearly, CSR and corporate governance are increasingly important concerns for investors worldwide. The PE industry is starting to respond to the requirement of investors by embedding these issues into their processes.

Recently, various initiatives have been put forward by individual investors and industry bodies and we welcome such steps towards disclosure and transparency and the commitment to responsible investment guidelines. In fact, we are actively promoting such industry-wide initiatives so that CSR becomes an integral way of doing business across the sector.

Private equity is well placed for such development. Since private equity investors are long-term shareholders who maintain strong ties with the management of the companies they invest in, they can initiate the very changes today that will benefit them tomorrow.

KEY OBJECTIVES FOR 2009

Following the introduction of our CSR policy in 2008, we have defined and set out the following four priorities for 2009:

First, to include CSR as part of all investment decisions and portfolio management processes.

Second, to improve communications with all stakeholders (of which this Annual Review is just one example).

Third, to engage with the sector and work with peers and managers throughout the industry to put our CSR policy into practice.

Finally, to develop CSR guidelines for AlpInvest as a company.

RESPONSIBILITIES FOR ALPINVEST AS A COMPANY

As a professional services firm with 125 staff in four locations, our environmental and social impact is relatively small. However, being one of the leading global private equity investors, we aim to be a good corporate citizen and take our CSR responsibilities seriously.

First and foremost, strategy and implementation is the responsibility of executive management. It is overseen by the CSR Committee, consisting of senior members of the Firm which meets regularly to discuss progress and current issues.

One of our key objectives is the continual development of ideas and policy. Corporate social responsibility is not limited to our role as an investor but also concerns AlpInvest as a company, which is why we're actively integrating CSR into Company policy.

An essential part of our CSR standards relies on active communication with all stakeholders concerning new developments within the Company, using among other things, updates on our website, staff instruction and industry conferences.

RESPONSIBILITIES FOR ALPINVEST AS AN INVESTOR

Without doubt, the biggest corporate social responsibility impact we have is manifested through our investments and our approach to investing. Creating transparency and promoting disclosure in our own investments and those of the sector is crucial in supporting the further development of CSR as an investment consideration.

The focus of our policy is to integrate CSR seamlessly into investment processes and engage with GPs to promote corporate governance and sustainability as important investment considerations wherever possible. Our CSR policy also includes exclusion criteria and we will further explore sustainability themed investments.

Accordingly, we will evaluate the CSR and reporting standards of the GPs and companies in which we make investments in the future and monitor our portfolio on CSR developments. Areas for consideration include corporate governance, human rights, labor rights, the environment and anti-corruption.

We also want to work with peers and managers across the sector to promote sustainability and governance as a key factor in investment choices. AlpInvest is engaged in the discussions on implementation of the UN PRI in the private equity sector and encourages portfolio companies to subscribe to the United Nations Global Compact principles.

We have committed to make a best effort to exclude direct investments in companies that are directly involved in the manufacturing or distribution of products that clearly violate current and anticipated Dutch and relevant international conventions. This includes, for example, certain types of weapons.

Among our CSR standards is also a commitment to research investment opportunities in sustainable sectors. Currently, we manage a €500m Cleantech mandate for APG and PGGM.

INVESTMENT CASE

ALPINVEST CLEANTECH MANDATE

In 2007, AlpInvest received a Cleantech mandate to invest in clean technology private equity funds globally between 2007–2009. Since launching the mandate, we have committed €395m to a total of eight clean technology funds in the US and Europe. As of the third quarter of 2008, these have invested into 37 underlying companies.

EXAMPLES OF THESE COMPANIES INCLUDE:

- a waste-to-fuels development company that focuses on converting municipal solid waste into renewable transportation fuels;
- a service provider for the geothermal power industry;
- a solar developer using molten salt technology to provide stored power on demand;
- a solar power system manufacturer that employs a new cylindrical technology;
- a producer of small wind generators designed specifically for the grid-connected residential market;
- a pan-Caribbean owner/operator of water and wastewater treatment plants.

INVESTMENT REVIEW
CO-INVESTMENTS

The team invests alongside leading private equity sponsors in leveraged buyouts and growth capital transactions throughout Europe, North America, and Asia. To date, it has invested €3.9bn including 98 buyout transactions.

STRATEGY

As a key limited partner in a wide range of top performing private equity funds, AlpInvest may have the opportunity to co-invest alongside the GP directly into a portfolio company without the GP's customary fees and carry.

We have an experienced team dedicated to this activity who have built expertise over nine years of working together to evaluate opportunities. In addition to their deal skills, the team is able to take advantage of the insights gained from our funds team's detailed due diligence of a GP in order to select investments which best fit the GP's capabilities.

We seek to build a broadly diversified portfolio of co-investments in leveraged buyouts and growth capital, taking into account geographic and sector exposure and vintage year. We limit the commitment to any single investment to 15% of the relevant mandate and set aside in each mandate sufficient capital for follow-on investments.

We have deal teams in Amsterdam, Hong Kong and New York who will market to our relationship GP's for co-investment opportunities. Investment proposals are reviewed first within the global co-investment team. Investment decisions are taken in the firm-wide investment committee.

FINANCIAL HIGHLIGHTS

Commitments received from investors

€4.8bn

Total invested

€3.9bn

Total buyout transactions

98

INVESTMENTS IN 2008

New investments

€399m

Companies

7

INVESTMENT CASE
NIELSEN (FORMERLY VNU)

Nielsen is a leading global information and media company providing marketing and media measurement information, analytics and industry expertise to customers across the world.

In 2005, AlpInvest joined a number of its relationship partners in pursuing a leveraged buyout of the then publicly listed VNU. AlpInvest was a member of a consortium comprising Blackstone, Carlyle, KKR, Hellman & Friedman and TH Lee that closed on the acquisition in May 2006.

Building on Nielsen's leading franchise, the consortium augmented the management team, rationalized operations, disposed of non-core business and made additional strategic acquisitions.

INVESTMENT REVIEW
CO-INVESTMENTS continued

The investment process varies with the role we play in the transaction. It ranges from very active, where AlpInvest is a bid partner, to more passive, where the GP 'syndicates' the equity to a number of co-investors. In each case, the deal teams conduct thorough due diligence, build financial models and assess the attractiveness of the opportunity in order to come to an independent investment decision.

The team monitors performance by interfacing regularly with the GP and the portfolio company. In cases where AlpInvest has been a more active partner, we may hold a board or an observer seat. We prepare quarterly reviews for each investment and these are reviewed with the Firm's partners to discuss progress, areas of concern and valuation.

MARKET

As co-investment opportunities are driven by the deal activity in the buyout market, the decline in the number of transactions, especially in the fourth quarter, affected deal flow.

This, combined with a high decline ratio due to the economic outlook, resulted in a relatively low investment amount of €400m for 2008. However, we did see a strengthening of our market position. While a number of co-investors (pension funds, investment banks and hedge funds) are either withdrawing or dramatically reducing their activity, GPs are recognizing the need for stable deal partners. Our offer of a dedicated and experienced co-investment team together with a robust fund strategy fulfills this need very well.

As a result of the continuing economic uncertainty on the one hand and the lack of liquidity and distribution mechanisms in the leveraged loan market on the other, the outlook for 2009 for new buyout activity is bleak. Instead, managing the capital structure and operational performance of portfolio companies will be the top priority.

We do expect, however, that GPs will seek out new types of opportunities. These may take the form of corporate partnerships (providing a solution to corporates with financing issues), secondary buyouts of distressed companies (good companies with bad balance sheets) and active debt restructurings.

FINANCIAL INFORMATION

Since 2000, AlpInvest received €4.8bn of commitments for its co-investment program. Since inception over €3.9bn has already been invested, including €3.5bn in 98 buyout transactions.

CO-INVESTMENTS PORTFOLIO OVERVIEW
as per 31st December, 2008

Vintage years	Investment focus	Mandate amount (€m)	Capital invested (€m)	Available for investments[2] (€m)
2000–2002[1]	Buyout and Venture Capital co-investments	800	759	12
2003–2005	Buyout co-investments	1,090	916	139
2006–2008	Buyout co-investments	2,760	2,078	642
	Buyout co-investments – other mandates	171	124	41
Total		4,821	3,878	834

[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 contains Buyout, Life Sciences and Technology investments. Life Sciences and Technology were discontinued late 2003.
[2] Based on the terms of the relevant mandates.

INVESTMENT REVIEW
CO-INVESTMENTS continued

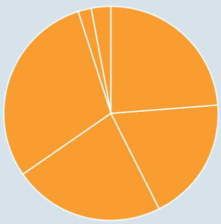
DISTRIBUTIONS

SECTOR AND GEOGRAPHY

AlpInvest invests in a broad range of sectors and geographies which allows for significant diversification:

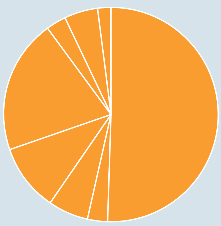
SECTOR DISTRIBUTION

MANDATE 2000–2002



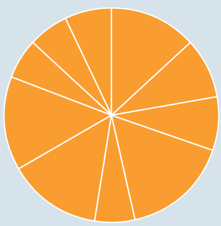
Consumer discretionary	24%
Consumer staple	19%
Healthcare	23%
Industrials	30%
Information technology	2%
Materials	3%

MANDATE 2003–2005



Consumer discretionary	50%
Energy	3%
Financials	6%
Healthcare	10%
Industrials	20%
Information technology	3%
Materials	5%
Telecommunication services	2%

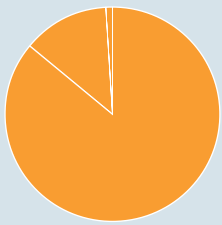
MANDATE 2006–2008



Consumer discretionary	13%
Consumer staple	9%
Energy	8%
Financials	16%
Healthcare	6%
Industrials	14%
Information technology	14%
Materials	6%
Telecommunication services	6%
Utilities	7%

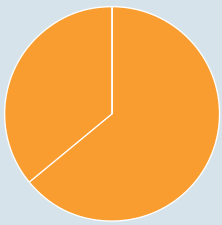
GEOGRAPHICAL DISTRIBUTION

MANDATE 2000–2002



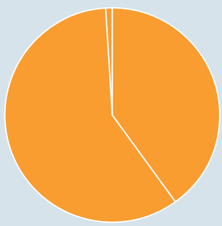
Europe	86%
North America	13%
Rest of World	1%

MANDATE 2003–2005



Europe	64%
North America	36%
Rest of World	0%

MANDATE 2006–2008



Europe	40%
North America	59%
Rest of World	1%

INVESTMENT CASE ONTEX

In 2003 AlpInvest invested €40m alongside Candover to acquire Ontex, the European leader in private label hygiene products. It was expected that value creation would be driven by sales growth and margin improvement through improved manufacturing efficiency. The company strongly underperformed due to price pressure and poor implementation of the redesign of the manufacturing footprint, leading to covenant breaches in 2006.

AlpInvest participated actively in the financial and operational restructuring of the company in 2007 which resulted in strong growth in a challenging 2008.

INVESTMENT REVIEW
CO-INVESTMENTS continued

INVESTMENTS IN 2008

In 2008, AlpInvest invested €399m, including €386m in seven new companies (see opposite) as well as €13m in follow-on investments in existing portfolio companies.

AGGREGATED REALIZATIONS IN 2008

Due to weak M&A and IPO activity coupled with deteriorating debt capital markets, we had only one full and three partial realizations in our portfolio for a total amount of €27m. These were:

2008 Realizations

Goodman Global	Full exit
DCA	Partial repayment of shareholder loan and preferences as a result of the divestment of a division
Rosemont	Partial repayment of shareholder loan after refinancing
Transdigm	Partial sale of our position in listed company

In addition, we received €19m in proceeds, mainly from earn-out payments and releases of escrow accounts from former exits.

2008 US Co-Investment Transactions

Company Name	Sector	Location	Date of Completion
Apria Healthcare	Healthcare	California	Dec-08
Apria is the largest provider of home healthcare products and services in the United States. Blackstone is the lead GP in this transaction. www.apria.com			
Harrah's Entertainment	Gaming	Nevada	Jan-08
Harrah's is one of the premier gaming and lodging companies in the world, with leading market share in each major domestic gaming market and a strong history of operating some of the largest hotels in the United States. Apollo and TPG are the lead GPs in this transaction. www.harrahs.com			
The Weather Channel	Media	Georgia	Oct-08
The Weather Channel is the leading US weather provider offering branded weather information through a variety of media and technology platforms. Blackstone is the lead GP and AlpInvest, along with Blackstone's other LPs, was invited to invest in this syndicated deal. www.weather.com			
Soil Safe	Environmental Services	Maryland	Oct-08
Soil Safe is the US market leading provider of sustainable, value-added soil treatment, recycling, and placement services in the Mid-Atlantic and in Southern California. AlpInvest is the only co-investor alongside Lake Capital. www.soilsafe.com			

2008 European Co-Investment Transactions

Company Name	Sector	Location	Date of Completion
Clarion Events	Media	UK	Apr-08
Clarion Events is a UK-based B2B events and conferences organizer with a broad-based portfolio of events spread across various sectors. AlpInvest invested as a co-investor alongside VSS. www.clarionevents.com			
Expro International	Oil Services	UK	Jul-08
UK-based Expro provides a range of well-flow management products and services to the oil and gas industry worldwide. AlpInvest acted as co-underwriter of this public-to-private transaction alongside Candover and Goldman Sachs. www.exprogroup.com			
Polynt	Specialty Chemicals	Italy	Feb-08
Polynt is a leading European integrated manufacturer of specific polymer intermediate chemicals. AlpInvest invested as a co-investor alongside InvestIndustrial. www.polynt.it			

Investment review

FUND INVESTMENTS

AlpInvest has committed over €27bn to 237 General Partners globally. This includes funds that invest in buyout, growth capital, venture capital and mezzanine. Other areas of focus are clean technology, distressed debt and secondary funds.

STRATEGY

AlpInvest's fund investment strategy combines a top-down market analysis with a bottom-up fund selection process.

This approach aims at identifying the most attractive market segments in private equity against the background of the broader economic and financial market environment and selecting the best investment managers in each market segment.

A standing Research & Allocation committee, comprising partners from all areas of the business, uses proprietary research to propose asset allocation targets in terms of classes (buyouts, venture capital, distressed), geographies (Europe, US, non-traditional markets) and deal sizes (large, mid-market or small transactions).

Consistent with these targets, our professionals select individual funds based on a detailed due diligence process that takes into account a broad range of factors expected to drive risk-adjusted performance.

These factors can include a GP's previous track record and its persistence; the individual drivers of its success; the compatibility with social, environmental, and ethical standards; the transparency of reporting; the level of risk in previous investments; and fees and conditions.

FINANCIAL HIGHLIGHTS

Commitments received from investors

€28.6bn

Committed to private equity funds

€27.1bn

Of this €17.8bn invested by the equity funds

66%

Number of fund investments

458

NEW FUNDS COMMITMENTS 2008

New commitments

54

New GP relationships

14

INVESTMENT CASE
ACTIS INDIA

In 2008 AlpInvest made a first commitment to Actis India, a country-specific pool within the GP's Actis Emerging Markets 3 fund. Actis, based in Delhi and Mumbai, has a long, established history and an experienced team of professionals. The GP is one of the few teams in India pursuing control buyouts. Our team concluded this fund was a good fit with our portfolio of other India-focused funds, each of which addresses a different segment of the market.

Actis has been active in India for 15 years and was responsible for several landmark deals in India's PE investment history, including UTI Bank, IDFC and Punjab Tractors. Actis addresses Environmental, Social and Governance (ESG) issues in each of its investments and promotes world-class standards in health and safety, social and environmental areas, corporate governance and transparent accounting practices. The GP's central committee reviews ESG issues prior to all investment committee decisions.

Investment review
FUND INVESTMENTS continued

In conducting this process, the fund investment team has the benefit of our resources and market intelligence across the Firm. Using first-hand knowledge from co-investments and the market insights gained from secondary investments, our fund investment team can efficiently identify trends, integrate knowledge and capture opportunity.

The team itself is organized globally, working out of our offices in Amsterdam, Hong Kong and New York. Its proposals are considered by an independent investment committee composed of partners working worldwide and meeting weekly.

MARKETPLACE

2008 was a difficult year for private equity. As credit markets remained severely dislocated, the global volume of buyout transactions fell to €167bn from €639bn in the previous year[1]. The decline was particularly pronounced in the US, where the annual volume fell by 87% to the equivalent of just €30bn.

Large buyout transactions all but disappeared, and with the inability to secure high amounts of leverage, average purchase prices and deal sizes fell progressively in 2008.

In venture capital, the decline was less dramatic. However, with the amount of investments in the US totaling the equivalent of only €19.4bn, 2008 marked the first yearly fall in total investments since 2003.

This contraction was mirrored by a progressive worsening in exit conditions. Ending five consecutive years of global M&A growth, the volume of worldwide mergers and acquisitions fell by around one-third to €2tr. The decline in initial public offerings (IPOs) was even steeper, with global proceeds falling by more than 75%.

An important exception was distressed investing, which benefited from a gradual rise in defaults. Another was the secondary market, where supply skyrocketed as investors sought to liquidate positions.

[1]Converted at average annual bilateral exchange rates of $/€ = 1.3705 and 1.4708 for 2007 and 2008, respectively.

Despite substantial losses in the second half of the year, many investors found themselves over-exposed to private equity relative to their allocation targets, a 'denominator effect' that was compounded by the sharp decline in distributions.

Commitments to new funds slowed markedly. According to Private Equity Intelligence, 768 private equity funds achieved a final close during 2008, raising aggregate commitments equivalent to €377bn – down from the €456bn raised by 1,045 funds in the previous year. While buyout funds remained the single most important segment, other categories gained in importance, notably distressed and mezzanine funds, which raised record amounts of around €30bn and €20bn respectively.

As long as market conditions remain subject to substantial uncertainties, a sustained recovery in buyout and venture capital activity should not be expected. Herein lie potentially attractive opportunities, however, for those with undeployed capital and the ability to structure investments creatively. With valuations having fallen dramatically and capital for acquisitions scarce, the investment environment appears to be conducive to improving returns.

INVESTMENT CASE
ELEMENT PARTNERS

Through its clean technology mandate AlpInvest made a commitment in 2008 to Element Partners II, a cleantech venture capital fund. Element Partners invests in high-growth companies offering innovative solutions to global energy, resource, and environmental problems.

The commitment to Element Partners II was based on our assessment of the team and its extensive background and experience.

One of the first investments in the fund is Quench USA. Quench is the largest independent marketer, distributor, and owner of bottle-less water purification and dispensing systems in the US. This is an alternative to traditional bottled water coolers using carbon block filtration and ultraviolet technologies to purify municipal tap water into cold and hot drinking water. Being more convenient and environmentally friendly, these 'point-of-use' systems are displacing traditional water coolers in the workplace.

Drinking water is one of the fastest-growing beverage segments in the US, with the bottle-less water purification segment having experienced double-digit growth in recent years. As Quench has become a leader in this segment and as convenience, cost and environmental concerns continue to drive strong consumer demand, Element sees enormous potential in the company's prospects.

INVESTMENT REVIEW
FUND INVESTMENTS continued

FINANCIAL INFORMATION
As of 31st December, 2008, AlpInvest had committed a total of €27.1bn to private equity funds through its fund investments strategy. Of this, €17.8bn or 66% had been invested by the funds. The remainder is uncalled and expected to be invested at much more attractive valuations over the next three to four years.

The portfolio is constructed in a way that makes it robust against adverse market conditions. Reflecting our top-down/bottom-up investment process, the portfolio is broadly diversified across market segments, geographies, deal sizes and vintage years. In addition, the portfolio companies themselves are also well diversified across industries.

With sharply lower corporate earnings and more difficult financing conditions, it is generally expected that defaults of companies bought by private equity funds will rise noticeably. However, several factors are likely to potentially help contain the expected rise in defaults. First, quite a few transactions have employed 'covenant-lite' structures, which lack traditional default triggers. Furthermore, scheduled debt repayments in our portfolio are relatively light in the near-term, peaking only in 2013–2014.

At the fund portfolio level, AlpInvest employs no debt; commitments to individual funds consist of equity contributions only.

GP RELATIONSHIPS
From vintage years 2000 to 2008, AlpInvest has made a total of 368 fund investments managed by 212 different General Partners. According to our allocation framework, these funds can be classified into several categories: large buyouts, US mid-market buyouts, Europe mid-market buyouts, venture capital, non-traditional markets, distressed and secondaries, clean technology, and mezzanine.

The table below shows an overview of our fund commitments according to each of these segments and a list of our GP relationships is provided on our website.

Private equity is inherently a long-term asset class with an average holding period for an individual buyout investment of 5.5 years[2]. Since a General Partner invests a fund's capital over three to five years, as a consequence, our commitment to a fund can remain active up to 12–14 years after the start of the fund.

AlpInvest is also known to be committed to this class for the long term, as evidenced by the continuity of our investment relationships. Although active portfolio management means considering each commitment on its own terms and always being open to adding promising new GPs, in principle we remain committed to those with whom we have chosen to invest.

In fact, 72% of fund commitments made in 2008 were to GPs with whom we had an existing relationship. As a result, we are able to have significant influence on fund governance, with team members serving on the advisory boards of 81% of all active funds in our portfolio.

[2] Source: Capital IQ based on data over the past 20 years.

FUND COMMITMENTS OVERVIEW[1]

Segment	% of capital committed	GPs[2]	Funds
Large buyout	41%	38	51
Europe Mid-Market	13%	31	48
US Mid-Market	15%	45	64
Non-traditional markets	8%	28	74
Venture capital	14%	62	93
Distressed and Secondaries	4%	8	13
Cleantech	2%	8	8
Mezzanine	3%	13	17
Total	100%	233	368

[1] Vintage years 2000–2008.
[2] As a GP can have funds in more than one category, the total is larger than mentioned in the text above.

FUND INVESTMENTS PORTFOLIO OVERVIEW
as per 31st December, 2008

Vintage years	Investment focus	Mandate amount[2] (€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	9,166	98%
2003–2005	Buyout and Venture Capital	4,545	4,520	3,730	86%
2006–2008	Buyout and Venture Capital	11,500	11,307	4,197	38%
2007–2009	Clean Technology	500	395	80	20%
2000–2009	Mezzanine Funds	1,130	811	551	68%
	Buyout and Venture Capital – other mandates	96	88	67	78%
Total		28,624	27,118	17,790	66%

[1] The Fund Investment Mandate 2000–2002 includes pre-vintage year 2000 commitments made by ABP, PFZW and AlpInvest predecessors.
[2] At historical foreign exchange rates.
[3] Based on foreign exchange rate as per 31st December, 2008.

INVESTMENT REVIEW
FUND INVESTMENTS continued

NEW FUND COMMITMENTS IN 2008

The team made new commitments to 54 funds with a 2008 vintage for AlpInvest. Of these, 40 were to funds where a prior commitment had been made with the GP. The remaining 14 represent new relationships. All clean technology relationships are classified as new since commitments in this segment were only started in 2007.

During 2008, 12 commitments were made to funds that are expected to have a 2009 vintage and these are therefore not included in the table. Of these commitments, 11 were to funds where we have an existing relationship with the GP.

2008 PORTFOLIO ACTIVITY

In 2008, a total of €2.5bn of capital was called to fund investments in private equity funds. The most recent mandate, 2006–2008, supplied the majority representing €1.6bn or 64% of the total.

During the year, AlpInvest received €1.1bn of proceeds from investments. The largest portions of this came from the 2000–2002 mandate and the 2003–2005 mandate, with 49% and 38% of the total respectively.

2008 New Fund Commitments [1,2]

Fund Name	Segment	Relationship
Abingworth Bioventures V Co-Invest Growth Equity Fund Growth equity co-investments alongside ABV V	Venture capital	Existing
Actis India 3 Growth and expansion stage investments and buyouts focused in India	Non-traditional markets	New
Advent Central & Eastern Europe IV Mid-market buyouts and expansion finance in Central and Eastern Europe, including Turkey and Ukraine	Non-traditional markets	Existing
Advent International GPE VI Higher end of the mid-market buyouts in Europe and US	Europe mid-market	Existing
AG Capital Recovery Partners VI Opportunistic investments in troubled companies through actively managed investments in debt securities	Distressed	Existing
Aisling Capital III Mid and late stage venture capital in the US. Private and public venture transactions with selective buyout/turnaround transactions	Venture capital	Existing
Apollo Investment Fund VII Buyouts, distressed buyouts and corporate partner buyouts	Large buyout	Existing
BlueRun Ventures IV Seed and early stage venture investments focusing on emerging growth technologies across multiple geographies	Venture capital	Existing
Brazos Equity Fund III Lower mid-market buyouts, build-ups, and recaps with a particular geographic emphasis on the Southwest of the US	US mid-market	Existing
Caltius Partners IV Mezzanine financing for lower mid-market non-sponsored transactions, typically in connection with recapitalizations, growth financings and management buyout transactions	Mezzanine	New
Candover 2008 Fund Large buyouts and buyins in Europe	Large buyout	Existing
Carmel Ventures III Early stage venture investments in the ICT sector, primarily in Israel	Non-traditional markets	New
Cedar Fund III Pre-seed, seed and early stage venture investments in the ICT sectors in Israel or Israeli-related companies in the US	Non-traditional markets	New
Clarus Lifesciences II Balanced-stage life sciences venture fund focused on biopharmaceutical product investments and medical devices	Venture capital	Existing
CVC Capital Partners Asia Pacific III Mid-sized and large control buyouts, significant minority investments across Asia, predominantly in Australia, Greater China, Japan, Singapore and South Korea	Large buyout	Existing
CVC European Equity Partners V Majority investments in medium to large leveraged buyouts predominantly in Europe	Large buyout	Existing
DT Capital China Growth Fund Growth-stage investments in revenue-positive companies across a range of growth industries in China	Non-traditional markets	Existing

[1] These represent the funds that have a 2008 vintage year for AlpInvest.
[2] AlpInvest committed to a further six funds with a 2008 vintage year that are not listed by name for confidentiality or other reasons.

INVESTMENT REVIEW
FUND INVESTMENTS continued

2008 New Fund Commitments continued[1,2]

Fund Name	Segment	Relationship
Element Partners II	Cleantech	New
Early-, expansion- and late-stage investments into companies with innovative solutions to environmental and resource constraint problems in the energy, water, manufacturing, and industrial markets		
Falcon Strategic Partners III	Mezzanine	Existing
Mezzanine financing for lower mid-market, non-sponsored transactions		
Flybridge Capital Partners III	Venture capital	Existing
Primarily seed and early-stage venture investments in businesses with technology based solutions in the consumer, healthcare and information technology markets		
Friedman Fleischer & Lowe Capital Partners III	US mid-market	Existing
Buyout, growth and recapitalization investments primarily in middle market companies in the US		
Gold Hill Capital 2008	Venture capital	Existing
Loans with warrant coverage and, to a lesser degree, direct equity investments to VC-backed technology and LS companies throughout the US. Portfolio companies will likely have as equity investors top tier US VC firms		
Graphite Capital Partners VII + Top Up Fund	Europe mid-market	Existing
Majority investments in UK mid-market management buyouts		
Halder-GIMV Germany II	Europe mid-market	Existing
Majority investments in lower mid-market management buyouts, predominantly in Germany		
Huntsman Gay Capital Partners	US mid-market	New
Buyouts and strategic investments in mid-market companies primarily in the US		
IDG-Accel China Capital	Non-traditional markets	Existing
Expansion stage minority investments in Chinese companies that are at or near profitability		
Index Ventures Growth I	Venture capital	Existing
Late stage VC and growth equity investments (including spin-outs, public to privates, buyouts) in technology and life sciences		
Investcorp Technology Partners III	US mid-market	New
Corporate carve-outs and buyouts of small to mid-sized technology companies in North America and Europe		
Investindustrial IV	Europe mid-market	New
Majority investments in Italian and Spanish mid-market buyouts or significant minority stakes with control provisions		
KKR European Fund III	Large buyout	Existing
European large buyout investments		
Lindsay Goldberg II	US mid-market	Existing
Partnering with family-owned and closely held businesses within established industries seeking capital for growth and /or recapitalization		
Nordic Capital VII	Europe mid-market	Existing
Two types of controlled leveraged buyouts: generalist, high-end mid-market transactions in the Nordic region and Germany; and healthcare investments in Europe, where the GP is less focused on size		

[1] These represent the funds that have a 2008 vintage year for AlpInvest.
[2] AlpInvest committed to a further six funds with a 2008 vintage year that are not listed by name for confidentiality or other reasons.

INVESTMENT REVIEW
FUND INVESTMENTS continued

Using first-hand knowledge from co-investments and the market insights gained from secondary investments, our fund investment team can efficiently identify trends, integrate knowledge and capture opportunity.

INVESTMENT CASE ADVENT INTERNATIONAL

AlpInvest has been a fund investor with Advent International for nearly 15 years, with AlpInvest's sponsors first committing to Advent Global Private Equity II LP in 1994.

Since that time our relationship with the GP has expanded to include commitments to four successor funds in the global private equity line, three generations of Advent's Latin America funds and three generations of Advent's Central & Eastern Europe funds. In addition, AlpInvest has purchased stakes in four different Advent funds through three separate secondary transactions between 2005 to 2008 and has made several co-investments with Advent, most recently as an equity co-investor in BondDesk, a US fixed income trading platform, and as a mezzanine investor in Craegmoor, a UK specialty care home manager.

2008 New Fund Commitments continued[1,2]

Fund Name	Segment	Relationship
Olympus Growth Fund V	US mid-market	Existing
Buyout/control acquisitions and growth investments throughout various industries primarily in North America and selectively throughout Western Europe		
Riverstone/Carlyle Renewable and Alternative Energy Fund II	Cleantech	New
Control and strategic minority investments in sectors of the renewable and alternative energy segment		
Rockport Capital Partners III	Cleantech	New
All stages of clean technology venture investments, though prefer mid-stage investments		
SBCVC Fund III	Non-traditional markets	Existing
Early stage, growth and late stage investments in Chinese companies with a technology angle or focus		
SBCVC Fund II-Annex	Non-traditional markets	Existing
Early stage, growth and late stage investments in Chinese companies with a technology angle or focus		
Segulah IV	Europe mid-market	Existing
Small/mid-market segment of the Nordic buyout market, with Sweden being the primary geographic target, concentrating on growth opportunities		
Shepherds Hill Fund	Non-traditional markets	New
Mid-market buyouts in Japan, focused on investments in corporate carve-outs		
TCW/Crescent Mezzanine Partners V	Mezzanine	Existing
Investments in mezzanine securities issued in connection with management buyouts, recapitalizations, re-financings, and later-stage growth financings of larger mid-market companies		
The Huron Fund III	US mid-market	New
Control-oriented investments in lower mid-market companies located in North America		
The Paragon Fund I	Europe mid-market	New
Management buyouts at the lower end of the German-speaking mid-market		
TPG Asia V	Large buyout	Existing
Buyouts, structured minority investments, or minority investments with control rights in the Asia Pacific region		
TPG Biotechnology Partners III	Venture capital	Existing
Early-, mid- and late-stage investments in biotechnology and life sciences		
TPG Partners VI	Large buyout	Existing
Buyouts, carve-outs, public-to-private transactions and restructurings		
True Ventures II	Venture capital	Existing
Seed and early-stage venture capital investments		
VantagePoint CleanTech Partners II	Cleantech	Existing
Early to late-stage venture capital investments in companies developing and commercializing innovative technologies to address resource limits in energy, water and materials		

[1] These represent the funds that have a 2008 vintage year for AlpInvest.
[2] AlpInvest committed to a further six funds with a 2008 vintage year that are not listed by name for confidentiality or other reasons.

INVESTMENT REVIEW

MEZZANINE INVESTMENTS

The team focuses on investing in direct transactions with leading mezzanine and equity General Partners. So far it has invested €0.9bn in 46 transactions.

STRATEGY

In private equity transactions, mezzanine capital is used in conjunction with other financing sources (typically bank debt and equity capital) to fund the purchase price of a company being acquired.

These investments are usually subordinated to senior bank debt which is reflected in a higher yield. As flexible investment instruments, they can be tailor-made to the specific needs of the borrower.

We provide mezzanine capital in connection with both leveraged buyouts and later-stage growth financings, and our program is a natural extension of our private equity activities. As such, it broadens the availability of capital to our GP relationships and the investment scope we offer to our investors.

We aim at investing 75% of the current mandate of €2bn in direct transactions and 25% in mezzanine funds. Dedicated teams in London and New York work closely with the co-investment and fund investment teams to leverage our institutional knowledge.

Our investment strategy is to build a well-diversified portfolio of mezzanine investments across a broad range of industries and geographies alongside a range of GPs.

FINANCIAL HIGHLIGHTS

Commitments received from investors

€1.9bn

Total invested

€0.9bn

Total transactions

46

INVESTMENTS IN 2008

New investments

€314m

New investments

10

INVESTMENT CASE COMPUCOM

In August 2008, AlpInvest invested €51.2m to finance Court Square's acquisition of Getronics North American operations through their portfolio company, CompuCom.

CompuCom provides IT solutions to Fortune 1000 clients, focusing on requisition, procurement, deployment, and management of IT assets. The acquisition gives CompuCom presence in the security services market and shifts the business to a more service-oriented model.

Given the trends to outsource IT, this an attractive mezzanine opportunity, having a combination of two niche players and strong free cash flow. As sole mezzanine provider, AlpInvest used a creative financing structure that brought the mezzanine in pari-passu with the existing subordinated debt.

INVESTMENT REVIEW
MEZZANINE INVESTMENTS continued

Our decision making and investment process allows for sufficient flexibility to cater to different deal situations, ensuring key transaction aspects can be thoroughly investigated and assessed.

We invest across a broad array of securities including senior notes, subordinated debt, preferred stock and common stock. We maintain a flexible approach, pursuing syndications, co-underwriting and lead-arranging transactions. The average size of our investments is approximately €35m but we have the ability to invest up to €75m in each individual transaction.

Our decision making and investment process allows for sufficient flexibility to cater to different deal situations, ensuring key transaction aspects can be thoroughly investigated and assessed.

As a result of our strong relationship with borrowers and recognized deal structuring capabilities, AlpInvest is able to influence key transaction elements. Investment proposals are reviewed in a global meeting in which the co-investment team participates and final decisions are taken in the firm-wide investment committee.

We monitor investments based on monthly management reports which enable us to anticipate potential difficulties like non-compliance with financial undertakings early on. We review investments once every quarter in detail and discuss these reviews with the Firm's partners.

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MARKET

Prior to mid-2007, an unprecedented supply of institutional capital led to very aggressive terms with respect to pricing, leverage levels and loan documentation. This resulted in traditional mezzanine lenders shying away from offering mezzanine.

Markets turned sharply downward in mid-2007 and have since witnessed unprecedented structural and technical changes. Institutional investors, impacted by uncertain economic conditions and loan defaults, lost their appetite for leveraged loans, which has resulted in extremely weak demand for leveraged paper.

Hedge fund redemptions and banks seeking to de-leverage balance sheets have sent the secondary loan market spiraling down, making new LBOs extremely difficult to finance. From a mezzanine lender's perspective, however, risk return profiles have improved considerably for post-credit crunch deals.

Given the current market uncertainty we have taken a cautious approach during 2008 which has impacted our level of investment activity. Whether we will see a return of activity levels in 2009 depends on leveraged loan liquidity which currently is the bottleneck preventing deal flow from returning. Should liquidity return and a more stable environment emerge in 2009, leveraged loan and mezzanine issuance will likely re-open to a better deal flow with attractive terms for lenders.

FINANCIAL INFORMATION

AlpInvest's direct mezzanine program has received €1.9bn of commitments since 2000. Our current mandate, 2007–2009, is approximately 40% invested with 60% of capital outstanding for future investments.

MEZZANINE PORTFOLIO OVERVIEW (DIRECT INVESTMENTS ONLY)
as per 31st December, 2008

Vintage years	Investment focus	Mandate amount (€m)	Capital invested (€m)	Available for investments[1] (€m)
2000–2002	Mezzanine direct investments	33	33	0
2002–2004	Mezzanine direct investments	148	81	21
2005–2006	Mezzanine direct investments	285	277	0
2007–2009	Mezzanine direct investments	1,400	517	879
Total		1,866	908	900

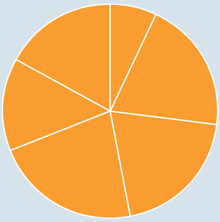
[1] Based on the terms of the relevant mandates.

INVESTMENT REVIEW
MEZZANINE INVESTMENTS continued

SECTOR AND GEOGRAPHY
AlpInvest invests in a broad distribution of sectors which provides for significant diversification.

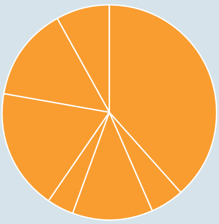
The mezzanine program is a global platform with a presence in North America, Europe and Asia. While a significant portion has been invested in North America, there is a continued effort to diversify further and over the last two years we have increased our investments in Europe. The targeted allocation for the current mandate will be spread equally in Europe and North America with an opportunistic allocation to the rest of the world. See below the geographic breakdown to date:

SECTOR DISTRIBUTION
MANDATE 2002–2004



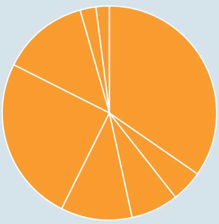
Consumer discretionary	7%
Consumer staple	20%
Financials	20%
Industrials	22%
Materials	14%
Services	17%

MANDATE 2005–2006



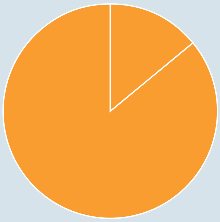
Consumer discretionary	38%
Consumer staple	5%
Financials	12%
Healthcare	4%
Industrials	18%
Information technology	14%
Materials	8%

MANDATE 2007–2009



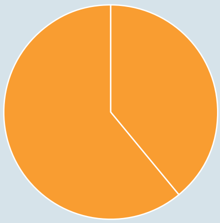
Consumer discretionary	29%
Energy	4%
Financials	6%
Healthcare	9%
Industrials	21%
Information technology	11%
Materials	19%
Telecommunication services	2%

GEOGRAPHICAL DISTRIBUTION
MANDATE 2002–2004



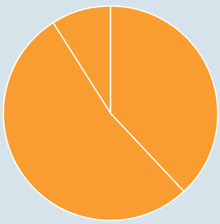
Europe	14%
North America	86%
Rest of World	0%

MANDATE 2005–2006



Europe	39%
North America	61%
Rest of World	0%

MANDATE 2007–2009



Europe	38%
North America	53%
Rest of World	9%

INVESTMENT CASE
CRAEGMOOR
In September 2008, AlpInvest invested €36.9m to support the acquisition of Craegmoor Limited by Advent International, a relationship sponsor with a strong track record in the healthcare services industry.

Craegmoor is the UK's largest independent provider of specialist care and support for adults and young people with learning disabilities, autistic spectrum disorders, mental illness and physical disabilities. Given the resilience of healthcare services and the market for residential care in a recessionary environment, Craegmoor is an attractive mezzanine opportunity.

INVESTMENT REVIEW
MEZZANINE INVESTMENTS continued

INVESTMENTS IN 2008
In 2008, AlpInvest made ten mezzanine direct/co-investments totaling €314m. Six investments were made in North America and the remaining four were completed in Europe.

AGGREGATED REALIZATIONS 2008
AlpInvest had €80m of cash inflows in 2008 from our outstanding mezzanine portfolio of which €39m was due to interest income and €42m from realizations. The realizations included three investments outlined below:

2008 Realizations

Au Bon Pain	Full exit, sale of company
Broadlane	Full exit, sale of company
Visma	Debt portion of mezzanine refinanced

2008 US Mezzanine Transactions

Company Name	Sector	Location	Date of Completion
Goodman Global	Consumer Discretionary	Texas	Feb-08
Domestic manufacturer of heating, ventilation and air conditioning products for residential and light commercial use based on unit sales. Goodman is involved in the engineering, manufacturing, assembling, marketing and distributing of a line of HVAC and related products. www.goodmanglobal.com			
Radiation Therapy Services	Healthcare	Florida	Apr-08
Leading provider and operator of sophisticated radiation therapy services to cancer patients in the US. RTS provides a full spectrum of radiation oncology services such as external beam radiation, brachytherapy, 3D conformal treatment planning and many others. www.rtsx.com			
Compucom-Getronics	Information Technology	Texas	Aug-08
Provider of IT solutions to Fortune 1,000 customers, focusing on providing managed services, application services, project-based work, consulting, security and maintain a small product sales division, which includes procurement and enterprise solutions. www.compucom.com			
Behavorial Interventions	Services	Colorado	Sep-08
Behavorial Interventions is a provider of community correctional services employed by federal, state, and local government agencies. BI's services include electronic monitoring, re-entry and supervision services, and internal supervision and appearance programs. www.bi.com			
American Beacon	Financials	Texas	Sep-08
Manages the American Beacon Funds, its no-load mutual fund family, and has since expanded its products and services to include a wider range of mutual funds, private equity fund-of-funds products and corporate cash portfolios. www.americanbeaconfunds.com			
SkyLink	Services	Canada	Nov-08
SkyLink Aviation provides aviation and logistics support to governments, businesses and international aid organizations for humanitarian operations, peacekeeping missions, disaster relief and food drops. www.skylinkaviation.com			

2008 Europe Mezzanine Transactions

Company Name	Sector	Location	Date of Completion
VAG GmbH	Industrials	Germany	Feb-08
Manufacturer of valves for use in the supply, storage, distribution and treatment of water. AlpInvest provided mezzanine to support Halder in its acquisition of the business. www.vag-armaturen.com			
Taminco	Materials	Belgium	Aug-08
Manufacturer of alkylamines and derivatives for applications in animal feed, crop protection chemicals, pharmaceutical intermediates, water treatment chemicals and solvents. AlpInvest acquired second lien notes in a secondary purchase. www.taminco.com			
Craegmoor	Healthcare	UK	Jul-08
UK's largest independent provider of specialist care and support for adults and young people who have Learning Disabilities, Autistic Spectrum Disorders, Mental Illness and physical disabilities. AlpInvest provided mezzanine to support Advent International's acquisition of the business. www.craegmoor.co.uk			
Expro International	Energy	UK	Sep-08
UK-based Expro provides a range of well-flow management products and services to the oil and gas industry worldwide. AlpInvest participated in the syndication of the mezzanine facility underwritten by a group of banks to support an equity consortium of Candover, Goldman Sachs and AlpInvest in taking the business private. www.exprogroup.com			

INVESTMENT REVIEW

SECONDARY INVESTMENTS

AlpInvest acquires existing private equity investments and commitments from other investors. To date, the team has committed €3.7bn to 49 transactions. The program covers the full range of private equity investments including buyout, venture capital, mezzanine, fund-of-funds, secondary and distressed.

STRATEGY

AlpInvest's secondary investments strategy focuses on partnering with other private equity investors to provide solutions for their portfolios.

Typical transactions include purchases of limited partnership interests, support of spin-outs of captive private equity teams, joint ventures and secondary direct transactions. Through such transactions we seek to build a portfolio of private equity assets well diversified by GP, fund, vintage, company and industry across the full spectrum of the PE market.

We differentiate ourselves from other secondary investors in several ways not only through the global scale and reach of our platform, but also through the creativity and flexibility of our solutions.

To ensure that each investment decision is taken with the right checks and balances, the team has developed and implemented a sourcing process that is disciplined and integrated. The investment decision-making process follows the same rigorous standards and procedures as applied throughout the Firm.

FINANCIAL HIGHLIGHTS

Commitments received from investors

€4.0bn

Committed to Secondary transactions

€3.7bn

Of this €3.1bn invested by the private equity funds

83%

Committed to Secondary transactions

49

INVESTMENTS IN 2008

New commitments

€1.2bn

Transactions

12

INVESTMENT CASE
PROJECT PELICAN

In November 2008, AlpInvest acquired four high quality LP interests, representing €32m of net asset value from a distressed seller. AlpInvest was the preferred buyer because of its ability to meet the seller's needs by analysing and closing the transaction in a short timeframe and by using its familiarity with portfolios and strong relationships with GPs.

AlpInvest identified this as a 'sweet spot' transaction because of the high quality assets involved and the full access to due diligence information.

INVESTMENT REVIEW
SECONDARY INVESTMENTS continued

Essentially, this means proactive sourcing of deal flow, screening in-bound deal flow from GPs and intermediaries and leveraging our global network and relationships for sourcing and diligence.

Organized globally, the team works out of Amsterdam and New York and decides which transactions to pursue. Significant resources are committed to due diligence, which comprises detailed bottom-up and top-down analyses, as well as identifying return potential and transaction risks.

Upon completion, the team prepares an investment proposal for consideration by the investment committee comprising all partners.

MARKET

The secondary market has become an accepted method of portfolio management for institutional investors. Numerous long-term holders of private equity have sold portfolios in the secondary market.

In 2008, the secondary market experienced unprecedented activity driven by liquidity issues and overexposure of institutional investors to private equity. At the core of these are several factors: the combination of a dramatic decline in the value of non-PE assets (the 'denominator effect'), limited write-downs in PE portfolios, aggressive commitment pace over the 2005–2007 period, continued draw-downs on uncalled commitments and, finally, a lack of anticipated distributions.

We estimate that the global secondary market amounted to $14bn in 2008, the same figure as 2007. However, it was a year of two halves.

Through the first half, the market was on a run-rate trajectory heading for a new record. In the second half, closed transactions slowed considerably as the global economy experienced extreme volatility and transaction volume became depressed by a significant drop in secondary prices.

We project market supply of over $100bn over the next 24-36 months. This will be driven by distressed institutions selling non-core assets, pension funds bringing large portfolios to market (as the 'denominator effect' worsens) and an increased number of sellers looking to reduce unfunded commitments.

FINANCIAL INFORMATION

AlpInvest secondary investments received approximately €4bn of commitments since inception. By the end of 2008, 92% of these commitments, €3.7bn, have been invested in 49 transactions.

A relevant risk in secondary investing is capital markets timing. The team actively controls this by managing the investment pace ensuring that capital is deployed judiciously over time. The vintage year, size and strategy of the underlying interests are also considered, thereby ensuring the appropriate diversification of exposure.

While we generally employ no leverage at the portfolio or secondary transaction level, there is often leverage at the underlying portfolio company level. However the acquired companies are generally less leveraged than *de novo* investments because they have usually benefited from earnings increases and debt reduction. Also, by acquiring these positions later in their 'investment life', we have increased visibility on the performance of portfolio companies and the ability to 're-price' the portfolios in accordance with market status.

AlpInvest's secondary portfolio is highly diversified over geography, stage, industry, vintage year, GP and underlying company. In fact, no single limited partnership interest makes up more than 7% of the portfolio and no single underlying company makes up more than 4% of the portfolio.

SECONDARY INVESTMENTS PORTFOLIO OVERVIEW
as per 31st December, 2008

Vintage years	Investment focus	Mandate amount[2] (€m)	Capital committed[2] (€m)	Capital invested[2] (€m)	Invested as % of committed[3]
2000–2002	Buyout and Venture Capital	519	519	504	98%
2003–2005	Buyout and Venture Capital	998	994	917	93%
2006–2008	Buyout and Venture Capital	2,250	2,049	1,513	75%
2002–2009[1]	Mezzanine Funds	207	108	117	109%
	Buyout and Venture Capital – other mandates	55	53	38	73%
Total		4,029	3,724	3,090	83%

[1] Capital committed invested exceeds capital committed mainly due to realised investments that have been reinvested.

[2] At historical foreign exchange rates.

[3] Based on foreign exchange rate as per 31st December, 2008.

INVESTMENT REVIEW
SECONDARY INVESTMENTS continued

GP RELATIONSHIPS

In aggregate, AlpInvest secondary investments has acquired more than 290 interests managed by 145 General Partners. Total commitments are allocated approximately 54% to small to mid-buyout, 41% to large buyout and 5% to venture capital. Geographically, commitments are allocated approximately 50% to Europe and 47% to North America with the balance to the rest of the world.

AlpInvest holds an advisory board seat on approximately 32% of the underlying fund interests. Secondary investments own more than one fund interest in approximately 50% of our GP relationships. More than 40% of the GPs are also relationship GPs in the primary portfolio.

A list of our General Partner relationships across the primary and the secondary portfolio can be found at our website.

SECONDARIES NEW INVESTMENTS

AlpInvest Secondary Investments committed a total of €1.2bn across 12 transactions in 2008 compared to €0.6bn committed across 9 transactions for 2007.

New commitments were allocated approximately one half to small/mid-buyout and one half to large buyout. Geographically, these were allocated evenly across Europe and North America with a very small percentage (<4%) to the rest of the world. Approximately 65% of the interests acquired in 2008 are managed by existing relationship GPs.

SECONDARIES REALIZATIONS

For the 12 months ending 31st December, 2008, AlpInvest Secondary Investments received proceeds from 37 of 49 deals, totaling €214m compared to €564m received for the same period in 2007.

INVESTMENT CASE
PROJECT OVERDRIVE

Also in November 2008 along with CPP Investment Board and Goldman Sachs, AlpInvest acted as both co-lead and cornerstone investor in a spin out of AAC Capital, ABN AMRO's captive direct business.

The transaction comprised a complex carve-out involving investment teams in the Benelux region, UK and Scandinavia which helped the seller reduce its balance sheet exposure to private equity assets and provided AAC Capital with access to capital from long-term replacement investors. In addition to acquiring investments in more than 30 European mid-market control buyouts ('Nebo I'), the transaction included incremental commitments worth over €400m to form a new €1.25bn fund ('Nebo II').

AlpInvest took an active role in the transaction, contributing valuable local knowledge and relationships.

> We differentiate ourselves from other secondary investors in several ways, not only through the global scale and reach of our platform, but also through the creativity and flexibility of our solutions.

AlpInvest

YOUR NOTES

AlpInvest

YOUR NOTES

AlpInvest

STATEMENT OF DISCLOSURE

This is AlpInvest's first annual review and its purpose is to increase the understanding of AlpInvest Partners N.V. and to improve communication with our stakeholders.

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 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 Partners, 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 publicly disclose all of the information we provide to our client investors.

DISCLAIMER

AlpInvest Partners N.V. is a member of the EVCA and the NVP.

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