

AMG Holdings (UK) Limited
Unaudited Financial Statements
UK Company No. FC032138
UK Establishment No. BR017208
For the year ended 31 December 2016

AMG Holdings (UK) Limited
Company information
For the year ended 31 December 2016

The Company registered with the Companies House as a UK establishment on 9 October 2014.

Directors

The Directors who held office during the period up to the date of signing the financial statements are given below.

Dean Maines
Christine Carsman
Meekal Hashmi
Johanna Stohr (appointed on 8 March 2017)
Dicken Watson (resigned on 8 March 2017)

Registered office

The Offices of GTC Corporate Services Limited
Sassoon House
Shirley Street and Victoria Avenue
City of Nassau
Island of New Providence
Commonwealth of the Bahamas

Postal address

35 Park Lane, 5th Floor
London W1K 1RB
United Kingdom

**AMG Holdings (UK) Limited
Income Statement**

	Note	Year ended 31 December 2016 \$	Year ended 31 December 2015 \$
Revenue	5	64,996,054	57,385,380
Administrative expenses		(8,032)	(55,547)
Other operating losses		(1,085,710)	(316,638)
Operating profit	6	63,902,312	57,013,195
Interest payable and similar charges	7	(30,884,245)	(32,768,572)
Profit before income taxation		33,018,067	24,244,623
Income tax expense	8	-	-
Profit for the financial year		33,018,067	24,244,623

All results derive from continuing operations.

The Company has no other income or expenditure and therefore has not presented a statement of comprehensive income.

The notes on pages 6 to 12 form part of these financial statements.

AMG Holdings (UK) Limited
Statement of Financial Position

	Note	As at 31 December 2016 \$	As at 31 December 2015 \$
Fixed assets			
Investments	9	1,383,702,807	775,217,014
Trade and other receivables	10	128,409,031	-
		1,512,111,838	775,217,014
Current assets			
Trade and other receivables	10	28,169,793	27,763,505
Cash and cash equivalents		76,777	197,128
		28,246,570	27,960,633
Trade and other payables	11	(7,455,757)	(9,338,203)
Net current assets		20,790,813	18,622,430
Total assets less current liabilities			
Trade and other payables due after one year	11	(400,780,047)	(325,334,907)
Net assets		1,132,122,604	468,504,537
Equity			
Called up share capital	12	166	101
Share premium	12	1,080,499,835	449,899,900
Retained earnings (accumulated losses)		51,622,603	18,604,536
Total equity		1,132,122,604	468,504,537

The financial statements on pages 3 to 12 were approved by the Board of Directors on 18 December 2017 and were signed on its behalf by:



Dean Maines
 Director
 18 December 2017

AMG Holdings (UK) Limited - UK Company No. FC032138

The notes on pages 6 to 12 form part of these financial statements.

AMG Holdings (UK) Limited
Statement of Changes in Equity

	Called up share capital	Share premium	(Accumulated losses) Retained earnings	Total equity
	\$	\$	\$	\$
Balance as at 1 January 2015	101	449,899,900	(5,640,087)	444,259,914
Profit for the financial year	-	-	24,244,623	24,244,623
Total comprehensive income for the year	-	-	24,244,623	24,244,623
Balance as at 31 December 2015	101	449,899,900	18,604,536	468,504,537
Profit for the financial year	-	-	33,018,067	33,018,067
Total comprehensive income for the year	-	-	33,018,067	33,018,067
Capital contribution	-	125,000,000	-	125,000,000
Issue of shares	65	505,599,935	-	505,600,000
Total transactions with owner, recognised directly in equity	65	630,599,935	-	630,600,000
Balance as at 31 December 2016	166	1,080,499,835	51,622,603	1,132,122,604

The notes on pages 6 to 12 form part of these financial statements.

AMG Holdings (UK) Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2016

Note 1 General Information

AMG UK Holdings Ltd., a company organized and existing under the laws of the Commonwealth of The Bahamas and operating as a UK Establishment under the alternate name “AMG Holdings (UK) Ltd” (“UK Holdings” or the “Company”), is a private company limited by shares and is incorporated in the Bahamas; its principal activity during the year was that of a holding company. The address of its registered office is The Offices of GTC Corporate Services Limited, Sassoon House, Shirley Street and Victoria Avenue, City of Nassau, Island of New Providence, Commonwealth of the Bahamas.

The Company is a wholly owned subsidiary of AMG New York Holdings Corp. (“New York Holdings”). The Company’s ultimate parent is Affiliated Managers Group, Inc. (“AMG Inc.”). AMG Inc. is a global asset management company, domiciled in the United States, with equity investments in leading boutique investment management firms (its “Affiliates”).

Note 2 Statement of compliance

The individual financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, “The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” (“FRS 102”) and applicable law, including the Companies Act of 2006.

Note 3 Summary of significant accounting policies

The principal accounting policies of the Company, which have been applied consistently throughout the year are set out below. The policies have been applied to all financial periods presented, unless otherwise stated. The Company has adopted FRS 102 in the financial statements.

(a) Basis of presentation

The financial statements have been prepared on the going concern basis, under the historical cost convention.

b) Going concern

The Company believes its existing cash resources and cash flow from operations will be sufficient to meet its working capital needs for normal operations for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions of qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions with which the Company has complied.

The Company has taken advantage of the following exemptions:

- (i) from providing a reconciliation of the number of shares outstanding at the beginning and end of the period;
- (ii) from preparing a statement of cash flows on the basis that its ultimate parent company, AMG Inc., prepares consolidated financial statements which are publicly available as disclosed in Note 14; and
- (iii) from disclosing certain financial instrument disclosures on the basis that AMG Inc. prepares consolidated financial statements with equivalent disclosures.

Note 3 Summary of significant accounting policies (continued)

(d) Consolidated financial statements

The Company is a wholly owned subsidiary of New York Holdings and of its ultimate parent, AMG Inc. The Company's consolidated financial results are included in the consolidated financial statements of AMG Inc. which are publicly available as disclosed in Note 14. Therefore, the Company is exempt by section 401 of the Companies Act of 2006 from the requirement to prepare consolidated financial statements.

(e) Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is United States Dollar.

(ii) Transactions and balances

Foreign currency balances are translated into functional currency using the spot exchange rate at the date of each transaction.

At each period end foreign currency monetary items are translated into the functional currency using exchange rates prevailing at the balance sheet date. Non-monetary items measured at historical cost are translated into the functional currency using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

(f) Revenue

Revenue comprises income from group undertakings and interest income.

(i) Income from group undertakings

Income from group undertakings is recognised when earned.

(ii) Interest income

Interest income is recognised using the effective interest rate method.

(g) Investments

Investments in subsidiaries are held at cost less impairment, if any, in the Statement of Financial Position.

(h) Income tax

Income tax expense for the period comprises tax payable in respect of the taxable profit for the year or prior year. Tax is calculated on the basis of tax rates and laws that have been enacted by the period end.

The Company periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(i) Provisions

The Company recognises provisions for obligations which exist at the balance sheet date. These provisions are estimates and the actual cost and timing of future cash flows are dependent on future events. The Company reassesses the amounts of these provisions at each balance sheet date in order to ensure that they are measured at the current best estimate of the expenditure required to settle the obligation at the balance sheet date.

Note 3 Summary of significant accounting policies (continued)

(j) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, loans to group undertakings, cash and bank balances are initially recognised at transaction cost and subsequently measured at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Any impairment loss is recognised in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and loans to group undertakings, are initially recognised at transaction cost and subsequently measured at amortised cost using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or expires.

(k) Related parties

The Company is exempt under FRS 102 from disclosing related party transactions with entities that are 100% owned by AMG Inc., the ultimate parent company of the entity.

Note 4 Critical accounting judgments and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of investments (Note 9)

The Company considers various external and internal factors to determine whether an indication of impairment exists. Where an indication of impairment is identified the Company estimates the recoverable value of the investment, which requires estimation of the future cash flows from the investments and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

Note 5 Revenue

Analysis of revenue by category:

	For the year ended 31 December 2016	For the year ended 31 December 2015
	\$	\$
Income from group undertakings	59,158,142	57,360,080
Interest income	5,837,912	25,300
	64,996,054	57,385,380

AMG Holdings (UK) Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2016

Note 6 Operating profit

Operating profit is stated after charging:

	For the year ended 31 December 2016	For the year ended 31 December 2015
	\$	\$
Legal fees	6,718	55,547
Tax fees	1,314	-
Administrative expenses	8,032	55,547
Foreign exchange losses (net)	1,085,710	316,638
Other operating losses	1,085,710	316,638

The Company did not have any employees for the year ended 31 December 2016 (2015: Nil).

Note 7 Interest payable and similar charges

	For the year ended 31 December 2016	For the year ended 31 December 2015
	\$	\$
Interest expense	30,855,440	32,768,572
Finance charges	28,805	-
	30,884,245	32,768,572

Interest expense represents interest allocated to the financial period on the amounts due to group undertakings described in Note 11.

Note 8 Income tax expense

(a) Reconciliation of income tax expense

The tax assessed for the year is lower (2015: lower) than the standard rate of corporate tax in the U.K. for the year ended 31 December 2016 of 20.00% (2015: 20.25%).

	For the year ended 31 December 2016	For the year ended 31 December 2015
	\$	\$
Profit before income tax	33,018,067	24,244,623
Profit before income tax multiplied by standard rate of 20.00% (2015: 20.25%)	6,603,613	4,909,536
Effects of:		
Tax exempt income	(11,831,628)	(11,615,416)
Group tax relief sharing	5,228,015	6,705,880
Income tax expense	-	-

AMG Holdings (UK) Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2016

Note 8 Income tax expense (continued)

Group tax relief sharing represents taxable losses surrendered to other members of the Company's U.K. tax group by the Company to offset other members' taxable profits.

The Company did not have any deferred tax charge as at 31 December 2016 (2015: Nil).

(b) Tax rate changes

The Finance Act 2013 reduced the standard rate of corporation tax in the U.K. from 21% to 20% effective 1 April 2015.

The Finance Act 2016, which was substantively enacted on 15 September 2016, included legislation to reduce the corporation tax rate applicable from 1 April 2017 to 19% and from 1 April 2020 to 17%.

Note 9 Investments

	2016	2015
Cost	\$	\$
At 1 January	775,217,014	775,217,014
Investments	608,485,793	-
Investment income	59,158,142	57,360,080
Distributions received and other adjustments	(59,158,142)	(57,360,080)
At 31 December	1,383,702,807	775,217,014

As at 31 December 2016, the Company directly held a 99.98% interest in VAM Bidco Limited, a United Kingdom based entity and related party of the Company. The Company also directly held a 100.00% interest in AMG Arrow Holdings Limited, a Bahamas organized entity and a related party of the Company.

On 28 December 2016, the Company acquired from New York Holdings 1,143,691,263 ordinary shares of AMG Plymouth UK Holdings (1) Ltd. ("Plymouth Holdings"); a United Kingdom based entity, and issued 64.57 ordinary shares of AMG Holdings (UK) Limited as consideration. Subsequent to the acquisition, the Company novated £84,153,274 of loan stock held by Plymouth Holdings in exchange for 841,532,737 additional ordinary shares of Plymouth Holdings assuming all of Plymouth Holdings's obligations as issuer of the loan stock.

No provision for impairment has been taken as at 31 December 2016. The Company believes that the carrying values of the investments are supported by the underlying net assets.

AMG Holdings (UK) Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2016

Note 10 Trade and other receivables

	As at 31 December 2016	As at 31 December 2015
	\$	\$
Amounts falling due within one year:		
Interest receivable from group undertakings	1,982,953	-
Amounts owed by group undertakings	26,186,840	27,763,505
	28,169,793	27,763,505
Amounts falling due after one year:		
Amounts owed by group undertakings	128,409,031	-
	128,409,031	-
Total trade and other receivables	156,578,824	27,763,505

Analysis of amounts owed by group undertakings:

Counterparty	Principal Amount	Rate	Maturity
	\$		
Titan NJ LP Holdings, LLC	14,522,339	4.0%	31 December 2017
AMG Atlantic Holdings Ltd.	11,631,691	4.0%	30 June 2017
AMG Gamma Holdings Ltd.	100,000,000	7.5%	03 October 2023
AMG Gamma Holdings Ltd.	28,409,031	7.8%	31 December 2026

The remaining balance represents a distribution receivable from Plymouth Holdings, which is not interest bearing and is payable on demand. The amounts owed by group undertakings are unsecured.

Note 11 Trade and other payables

	As at 31 December 2016	As at 31 December 2015
	\$	\$
Amounts falling due within one year:		
Interest payable to group undertakings	7,455,757	8,210,188
Withholding tax payable	-	1,128,015
	7,455,757	9,338,203
Amounts falling due after one year:		
Amounts owed to group undertakings	400,780,047	325,334,907
	400,780,047	325,334,907
Total trade and other payables	408,235,804	334,673,110

Analysis of amounts payable to group undertakings:

Counterparty	Currency	Principal Amount	Rate	Maturity
AMG Atlantic Holdings Ltd.	United States Dollar	296,934,907	9.9%	28 October 2029
AMG New York Holdings Corp.	Pound Sterling	84,153,274	10.0%	30 June 2020

The amounts owed to group undertakings are unsecured.

AMG Holdings (UK) Limited
Notes to Financial Statements (continued)
For the year ended 31 December 2016

Note 12 Called up share capital and share premium

	As at 31 December 2016	As at 31 December 2015
	\$	\$
Allotted, issued and fully paid		
166 Ordinary shares of \$1 each (2015: 101)	166	101
Share premium	1,080,499,835	449,899,900
	1,080,500,001	449,900,001

There is a single class of ordinary shares for which there are no restrictions on the distribution of dividends and the repayment of capital.

On 1 July 2016, the Company received a contribution of \$125,000,000 of capital from New York Holdings, without the issuance of additional shares, to fund the issuance of a note receivable from AMG Gamma Holdings Ltd.

On 28 December 2016, the Company issued 64.57 ordinary shares as consideration for the acquisition of 1,143,691,263 ordinary shares of Plymouth Holdings from New York Holdings, as described in Note 9.

The Company paid no dividends for the year ended 31 December 2016 (2015: Nil).

Note 13 Directors' emoluments

The Directors receive compensation for services to AMG Inc., the Company's ultimate parent, or Affiliated Managers Group Limited, a wholly owned subsidiary of AMG Inc. It is not possible to separately identify the amount of compensation attributable to services performed as Directors of the Company.

Note 14 Ultimate parent undertaking

The Company's immediate parent is New York Holdings, a company incorporated in the state of Delaware, United States of America. The Company's ultimate parent undertaking is AMG Inc., the controlling party, a company incorporated in the State of Delaware, United States of America. AMG Inc. is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2016. AMG Inc.'s Annual Report, including its consolidated financial statements, is available from the following address: 777 South Flagler Drive, West Palm Beach, Florida 33491 USA and at AMG Inc.'s website www.amg.com.

Note 15 Subsidiaries

Name	Country of Incorporation	Nature of Business	Interest
AMG Arrow Holdings Limited	Commonwealth of the Bahamas	Holding company	100.00%
VAM Bidco Limited	England	Holding company	99.98%
AMG Plymouth UK Holdings (1) Limited	England	Holding company	100.00%