

AMG Holdings (UK) Ltd

Unaudited Financial Statements

UK Company No. FC032138

UK Establishment No. BR017208

For the year ended 31 December 2019

AMG Holdings (UK) Ltd

Company information

For the year ended 31 December 2019

The Company registered with the Companies House as a UK Establishment effective as of 9 October 2014.

Directors

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

Louis Somma

Johanna Stohr

Aaron Galis (appointed on 20 December 2019)

Simon Osborne (appointed on 20 December 2019)

Meekal Hashmi (resigned on 20 December 2019)

Dean Maines (resigned on 20 December 2019)

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) Ltd
Statement of Comprehensive Income

		Year Ended 31 December 2019	Year Ended 31 December 2018
	Note		
		\$	\$
Income from shares in group undertakings	5	56,837,179	113,092,595
Administrative expenses		(13,734)	(65,930)
Other operating gains (losses)		(2,150,484)	2,786,477
Operating profit		54,672,961	115,813,142
Interest receivable and similar income	6	1,180,561	4,355,563
Interest payable and similar expenses	6	(39,950,033)	(40,534,906)
Net interest expense	6	(38,769,472)	(36,179,343)
Profit before income tax	7	15,903,489	79,633,799
Income tax expense	9	—	—
Profit for the financial year		15,903,489	79,633,799
Other comprehensive income		—	—
Total comprehensive income		15,903,489	79,633,799

All results are derived from continuing operations.

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

AMG Holdings (UK) Ltd
Statement of Financial Position

	Note	As at 31 December 2019 \$	As at 31 December 2018 \$
Non-current assets			
Investments	10	1,383,093,665	1,383,802,807
Trade and other receivables	11	64,571,726	62,121,732
		1,447,665,391	1,445,924,539
Current Assets			
Trade and other receivables	11	305,281	1,739,630
Cash and cash equivalents		67,791	48,219
		373,072	1,787,849
Trade and other payables	12	(123,959,481)	(8,216,175)
Net current assets (liabilities)		(123,586,409)	(6,428,326)
Total assets less current liabilities		1,324,078,982	1,439,496,213
Trade and other payables due after one year	12	(296,934,907)	(404,263,992)
Net assets		1,027,144,075	1,035,232,221
Capital attributable to the Company's equity shareholders			
Called-up share capital	13	166	166
Share premium		988,165,127	996,297,220
Retained earnings		38,978,782	38,934,835
Total equity		1,027,144,075	1,035,232,221

The financial statements on pages 3 to 12 were approved by the Board of Directors on 15 December 2020 and were signed on its behalf by:



Aaron Galis
 Director
 15 December 2020

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

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

AMG Holdings (UK) Ltd
Statement of Changes in Equity
For the year ended 31 December 2019

	Called-up share capital	Share premium	Retained earnings	Total equity
	\$	\$	\$	\$
Balance at 1 January 2018	166	1,080,499,835	83,932,678	1,164,432,679
Profit for the financial year	—	—	79,633,799	79,633,799
Total comprehensive income				
for the year	—	—	79,633,799	79,633,799
Dividends	—	—	(124,631,642)	(124,631,642)
Repayment of capital	—	(84,202,615)	—	(84,202,615)
Total transactions with owner, recognised directly in equity	—	(84,202,615)	(124,631,642)	(208,834,257)
Balance at 31 December 2018	166	996,297,220	38,934,835	1,035,232,221
Profit for the financial year	—	—	15,903,489	15,903,489
Total comprehensive income				
for the year	—	—	15,903,489	15,903,489
Dividends	—	—	(15,859,542)	(15,859,542)
Repayment of capital	—	(8,132,093)	—	(8,132,093)
Total transactions with owner, recognised directly in equity	—	(8,132,093)	(15,859,542)	(23,991,635)
Balance at 31 December 2019	166	988,165,127	38,978,782	1,027,144,075

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

Note 1 General information

AMG UK Holdings Ltd, a company organised 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" (the "Company") is a private company limited by shares and is incorporated in the Bahamas. 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 (the "U.S."), with equity investments in leading boutique investment management firms. The Company's principal activity during the year was that of a holding company.

Note 2 Statement of compliance

The individual financial statements of the Company have been prepared in compliance with UK Accounting Standards, comprising Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK 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 applied in the preparation of the financial statements are set out below. The policies have been applied to all the years presented, unless otherwise stated.

(a) Basis of presentation

The financial statements have been prepared on a going concern basis, under the historical cost convention. Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

(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;
- (iii) from disclosing certain financial instrument disclosures on the basis that AMG Inc. prepares consolidated financial statements with equivalent disclosures; and
- (iv) from disclosing related party transactions with entities that are 100% owned by AMG Inc., the ultimate parent company of the Company.

(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.

AMG Holdings (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

Note 3 Summary of significant accounting policies (continued)

(e) Foreign currency

(i) Functional and presentation currency

The Company's functional and presentation currency is the U.S. Dollar.

(ii) Transactions and balances

Foreign currency balances are translated into the 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 Statement of Financial Position 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 Statement of Comprehensive Income.

(f) Revenue recognition

(i) Income from shares in group undertakings

Income from shares in group undertakings is recognised on an accruals basis. Dividends are recognised when declared.

(ii) Interest receivable and similar income

Interest receivable and similar income comprises interest on bank accounts and on loans to group undertakings and is recognised on an accruals basis.

(g) Income tax

Income tax expense for the period comprises current tax recognised in the reporting period. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. Current tax is the amount of income tax payable in respect to the taxable profit for the year or prior years. 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.

(h) Investments

Investments in subsidiaries are held at cost less any accumulated impairment losses.

(i) Provisions

The Company recognises provisions for obligations which exist at the Statement of Financial Position 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 Statement of Financial Position date in order to ensure that they are measured at the current best estimate of the expenditure required to settle the obligation at the Statement of Financial Position 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, 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 the Statement of Comprehensive Income.

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, 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) Dividends

Dividends to the Company's shareholder are recognised as a liability in the period in which the dividends are approved by the Company's directors. Dividends are recorded in the Statement of Changes in Equity.

Note 4 Critical accounting judgments and estimation uncertainty

Estimates and judgements are evaluated on an ongoing basis 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 10)

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 investments, which requires estimation of the future cash flows from the investments and also the selection of appropriate discount rates in order to calculate the net present value of those cash flows.

The Company has considered the impact of the novel coronavirus ("COVID-19") when performing its impairment assessment for the investment carrying value at 31 December 2019. It has been determined that the pandemic outbreak is a non-adjusting post Statement of Financial Position event, therefore the carrying value at the Statement of Financial Position date has not been impacted. However, the level of estimation uncertainty for carrying values subsequent to the year end date has increased.

AMG Holdings (UK) Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

Note 5 Income from group undertakings

	2019	2018
	\$	\$
Income from group undertakings	56,837,179	113,092,595

Note 6 Net interest expense

	2019	2018
	\$	\$
Interest receivable and similar income:		
Bank interest received	6,412	7,115
Interest income from amounts owed by group undertakings	1,174,149	4,348,448
	1,180,561	4,355,563
Interest payable and similar charges:		
Interest expense from amounts owed to group undertakings	(39,950,033)	(40,534,906)
	(39,950,033)	(40,534,906)
Net interest expense	(38,769,472)	(36,179,343)

Note 7 Profit before income tax

Profit before income tax is stated after charging (crediting):

	2019	2018
	\$	\$
Foreign exchange losses (gains)	2,150,484	(2,786,477)

Note 8 Employees and directors

The Company did not have any employees during the year ended 31 December 2019 (2018: Nil).

The Company's directors receive compensation for services from AMG Inc. It is not possible to separately distinguish the remuneration attributable to services performed as directors of the Company.

AMG Holdings (UK) Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

Note 9 Income tax

(a) Reconciliation of income tax expense

The tax assessed for the year is lower (2018: lower) than the standard rate of corporate tax in the UK for the year ended 31 December 2019 of 19.00% (2018: 19.00%).

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

The Company did not have any deferred tax charges as at 31 December 2019 (2018: Nil).

	2019	2018
	\$	\$
Profit before taxation	15,903,489	79,633,799
Profit before taxation multiplied by standard rate of 19.00% (2018: 19.00%)	3,021,663	15,130,422
Effects of:		
Tax exempt income	(10,799,064)	(21,487,593)
Group tax relief sharing	7,777,401	6,357,171
Income tax expense	—	—

(b) Tax rate changes

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%. On 17 March 2020, legislation was substantively enacted to maintain the corporation tax rate at 19% applicable beginning 1 April 2020.

Note 10 Investments

	2019	2018
	\$	\$
At 1 January	1,383,802,807	1,383,702,807
Additions	6,101,241	100,000
Reductions	(6,810,383)	—
At 31 December	1,383,093,665	1,383,802,807

As at 31 December 2019, the Company directly held interests in AMG Arrow Holdings Ltd, ("Arrow Holdings") a Bahamas organised entity, and VAM Bidco Limited and AMG Plymouth UK Holdings (1) Limited ("Plymouth Holdings"), both UK organised entities.

Additions during the year ended 31 December 2019 relate to the purchase of additional shares of the Company's interest in Plymouth Holdings. Reductions during the year ended 31 December 2019 relate to the return of a portion of the Company's investment in Arrow Holdings.

No provision for impairment has been taken as at 31 December 2019. The Company believes that the carrying value of the investment is supported by the performance of the underlying investment. Please refer to Note 4 for disclosure on estimation uncertainty regarding COVID-19 and the determination that it is a non-adjusting post Statement of Financial Position event.

AMG Holdings (UK) Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2019

Note 11 Trade and other receivables

	2019	2018
	\$	\$
Amounts falling due within one year:		
Interest receivable from group undertakings	305,281	293,697
Amounts owed by group undertakings	—	1,445,933
	305,281	1,739,630

Amounts falling due after one year:

Amounts owed by group undertakings	64,571,726	62,121,732
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Analysis of amounts owed by group undertakings falling due after one year:

Counterparty	Currency	Principal Amount	Interest Rate	Maturity
Titan NJ LLP Holdings, LLC	Pound Sterling	48,707,646	1.9%	20 December 2022

The amounts owed by group undertakings are unsecured.

Note 12 Trade and other payables

	2019	2018
	\$	\$
Amounts falling due within one year:		
Interest payable to group undertakings	10,202,806	7,390,832
Amounts owed to group undertakings	113,756,675	825,343
	123,959,481	8,216,175

Amounts falling due after one year:

Amounts owed to group undertakings	296,934,907	404,263,992
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Analysis of amounts owed to group undertakings:

Counterparty	Currency	Principal Amount	Interest Rate	Maturity
AMG Andros Holdings Ltd	Pound Sterling	84,153,274	10%	30 June 2020
AMG Atlantic Holdings Ltd	United States Dollar	296,934,907	9.9%	28 October 2029

The amounts owed to group undertakings are unsecured.

Note 13 Called-up share capital

(a) Called-up share capital

	2019	2018
	\$	\$
Allotted, issued and fully paid		
166 Ordinary shares of \$1 each (2018: \$166)	166	166

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

AMG Holdings (UK) Ltd

Notes to the Financial Statements (continued)

For the year ended 31 December 2019

Note 13 Called-up share capital (continued)

(b) Dividends

	2019	2018
	\$	\$
Ordinary shares		
\$95,539 (2018: \$750,793) per \$1 share	15,859,542	124,631,642

On 22 September 2020, the directors approved a final dividend of \$21,502,540 in respect of the financial year ended 31 December 2019.

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 2019. AMG Inc.'s Annual Report, including its consolidated financial statements, is available from the following address: 777 South Flagler Drive, West Palm Beach, Florida 33401 USA and at AMG Inc.'s website www.amg.com.

Note 15 Subsidiaries

The Company's subsidiaries are as follows:

Name	Country of Incorporation	Nature of Business
AMG Arrow Holdings Ltd	Commonwealth of The Bahamas	Holding company
AMG Plymouth UK Holdings (1) Limited	England	Holding company
VAM Bidco Limited	England	Holding company

Note 16 Events after the end of the reporting period

Subsequent to year-end, the COVID-19 pandemic has had a significant impact on global economies and financial markets which could continue and could result in a period of slow economic growth or even recession. The Company will continue to monitor the developments of COVID-19 and act accordingly, should any action be needed, to protect the Company. However, having considered the associated risks and the source of the Company's revenue, the Company does not consider there to be any risk of the Company not being able to meet its liabilities as they fall due over the period of twelve months from the date of signing these financial statements. It has been determined that the pandemic outbreak is a non-adjusting post Statement of Financial Position event, therefore the carrying value at the Statement of Financial Position date has not been impacted. The Company is therefore of the view that the going concern basis of preparation remains appropriate, and that no additional related disclosures are required.