

**Company Registration No. OC316197**  
**(England and Wales)**

**Apollo Management International LLP**

**Members' Report and Financial Statements**

**For year ended 31 December 2016**

WEDNESDAY



\*L6566VYH\*

LD2

26/04/2017

#354

COMPANIES HOUSE

## **Apollo Management International LLP**

### **Members' report and financial statements For the year ended 31 December 2016**

| <b>Contents</b>                                  | <b>Page</b> |
|--|-------------|
| <b>Limited liability partnership information</b> | <b>1</b>    |
| <b>Members' report</b>                           | <b>2</b>    |
| <b>Members' responsibilities statement</b>       | <b>3</b>    |
| <b>Independent auditor's report</b>              | <b>6</b>    |
| <b>Income statement</b>                          | <b>8</b>    |
| <b>Statement of comprehensive income</b>         | <b>9</b>    |
| <b>Statement of financial position</b>           | <b>10</b>   |
| <b>Statement of changes in equity</b>            | <b>11</b>   |
| <b>Notes to the financial statements</b>         | <b>12</b>   |

## **Apollo Management International LLP**

### **Limited liability partnership information For the year ended 31 December 2016**

#### **Members**

Apollo Management (UK) VI, LLC  
AMI (Holdings) LLC  
Mr Ralf Ackermann  
Mr Skardon Baker  
Mr Jeppe Gregersen  
Mr Alexander Humphreys  
Mr Sachin Khajuria  
Mr Frederick Khedouri  
Mr Ivaylo (Ivo) Kolev  
Mr Gernot Lohr  
Mr Steven McElwain  
Mr Frederick Neske  
Mr Fabrice Nottin  
Mr Roger Orf  
Mr Sanjay Patel  
Mr Andres Rubio  
Mr Robert Seminara  
Mr Robert Ruberton  
Mr Shaun Collins

#### **Registration number**

OC316197

#### **Registered office**

25 St George Street  
London  
W1S 1FS

#### **Business address**

25 St George Street  
London  
W1S 1FS

#### **Bankers**

Bank of America  
2 King Edward Street  
London EC1A 1HQ

#### **Auditor**

Deloitte LLP  
2 New Street Square  
London  
EC4A 3BZ

## **Apollo Management International LLP**

### **Members' report For the year ended 31 December 2016**

The members present their report and financial statements for the year ended 31 December 2016.

#### **Principal activities and review of the business**

The principal activity of the limited liability partnership ('the Partnership') is to act primarily as advisor or sub-advisor to the Apollo funds with a European mandate across its credit, real estate and private equity segments.

The Partnership also acts as investment manager to four of Apollo's European Collateralized Loan Obligations ("CLOs"), ALME Loan Funding II Limited ("ALME II"), ALME Loan Funding III Limited ("ALME III"), ALME Loan Funding IV Limited ("ALME IV"), and ALME Loan Funding V Limited ("ALME V").

The results for the year and the financial position at the year-end were considered satisfactory by the members who expect growth in the foreseeable future.

#### **Members**

The following members have held office since 1 January 2016 except as stated:

Apollo Management (UK) VI, LLC  
AMI (Holdings) LLC  
Mr Ralf Ackermann  
Mr Skardon Baker  
Mr Jeppe Gregersen (resigned on 31 December 2016)  
Mr Alexander Humphreys  
Mr Sachin Khajuria (resigned on 31 March 2017)  
Mr Frederick Khedouri  
Mr Ivaylo (Ivo) Kolev  
Mr Gernot Lohr  
Mr Steven McElwain  
Mr Frederick Neske  
Mr Fabrice Nottin  
Mr Roger Orf  
Mr Sanjay Patel  
Mr Andres Rubio  
Mr Robert Seminara  
Mr Robert Ruberton (resigned on 1 August 2016)  
Mr Shaun Collins (appointed on 1 May 2016)

The following are designated members:

Apollo Management (UK) VI, LLC  
AMI (Holdings) LLC  
Mr Sanjay Patel

#### **Policy on members' drawings, contributions and repayments of members' capital**

Members are permitted to make drawings in anticipation of profits that will be allocated to them. The amount of such drawings is set at the beginning of each financial year, taking into account the anticipated cash requirements of the business.

New members are required to subscribe a minimum level of capital and in subsequent years members may be invited to subscribe for further capital, the amount of which is determined by the performance and seniority of those members. On retirement, capital is repaid on a discretionary basis by the Partnership to the members.

## **Apollo Management International LLP**

### **Members' report**

#### **For the year ended 31 December 2016**

##### **Members' responsibilities statement**

The members are responsible for the preparation of the Members' Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

##### **Political donations**

During the year there were no political donations made by the Partnership.

##### **Statement of disclosure to auditor**

So far as the members are aware, there is no relevant audit information of which the Partnership's auditor is unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the Partnership's auditor is aware of that information.

In accordance with the Partnership agreement, a resolution proposing that Deloitte LLP be reappointed as auditor of the Partnership will be put at a General Meeting.

##### **Pillar 3 disclosures**

Details of the Partnership's 'Pillar 3' disclosures, as required by the FCA, are available at:

<http://www.pillar3.eu/AMI0900710>

## **Apollo Management International LLP**

### **Members' report For the year ended 31 December 2016**

#### **Financial risk management**

The Partnership is exposed to financial risk through its financial assets and financial liabilities. The most important components of its financial risk are credit, liquidity, and foreign currency risks, in particular related to the CLOs operations.

##### **Credit risk**

Credit risk is the risk of suffering financial loss should any of the Partnership's counterparties fail to fulfil their contractual obligations, in particular if debtors are not able to pay amounts in full when they become due. Management monitors exposure to credit risk through regular review of credit exposure to its counterparties. This risk is significantly reduced by virtue of the fact that most of the Partnership's counterparties are other Apollo Global Management, LLC group subsidiaries and affiliates ("Apollo Group Entities"). The maximum exposure to credit risk is represented by the carrying value of financial assets at the balance sheet date.

Management also reviews credit risks associated with its investments in Collateralised Loan Obligations (CLOs) periodically, and performs stress and reverse stress tests to gain comfort over the risks attached to its holdings in these investments. Whilst the Partnership is prohibited from hedging the credit risks of the CLO holdings and their underlying portfolios, management remains comfortable with the current risk profile of the investments and its regulatory capital base.

At the balance sheet date the partners believe that the only further concentration of credit risk is on liquid funds held by the Partnership's bankers. The Partnership manages this by regularly reviewing credit ratings of these banks.

##### **Liquidity risk**

Liquidity risk is the risk that the Partnership will be unable to meet its financial obligations when they fall due. Liquidity risk is managed through maintaining sufficient cash and interest-bearing deposits, through the availability of funding from Apollo Group Entities.

The Partnership continually monitors the debt profile of the Partnership and seeks to refinance facilities a substantial period before they mature. The Partnership has no facilities due to mature within the next twelve months.

##### **Market risk**

Market risk includes exposure to interest rates and foreign currency.

##### **Interest rate risk**

The Partnership's operations are financed with a combination of Members' funds, bank borrowings and non-interest bearing members loans. The Partnership manages its exposure to market interest rate movements by matching, to the extent possible, the interest rate profiles of assets and liabilities.

A substantial part of the Partnership's CLO investments are in tranches collateralised by secured senior loans and mezzanine obligations that are loan assets bearing interest based on a floating rate index, for example EURIBOR, a certificate of deposit rate, a prime or base rate. The firm's bank borrowings are floating rate loans based on EURIBOR. As a result, the Partnership does not expect to have material net financial exposure to interest rate movements.

##### **Foreign currency risk**

Foreign currency risk is the risk of loss resulting from adverse fluctuations in the value of a foreign currency. The functional and presentational currency of the Partnership is United States Dollar. Foreign exchange risk arises on monetary assets and liabilities denominated in foreign currencies which have to be translated at each balance sheet date. The Partnership manages this risk by ensuring, where possible, transactions carried out with Apollo Group Entities are denominated in USD. Additionally, long-term loans drawn to invest in fixed asset investments are drawn in the underlying matching currency of the investment to minimise currency gains and losses from investments (this relates to the Euro (€) risk in the CLOs).

## **Apollo Management International LLP**

### **Members' report**

**For the year ended 31 December 2016**

#### **Compliance with 'The Capital Requirements (Country-by-Country Reporting) Regulations 2013**

As the Partnership is an investment firm under the Capital Requirements Directive ("CRD") (Directive 2013/36/ EU) IV ("CRD IV") with effect from 1 January 2014, it needs to comply with the following disclosure requirements stipulated by the Capital Requirements Regulation ("CRR") (Regulation (EU) No 575/2013) of the European Union:

- a. the name, nature of activities and geographical location of the Partnership and any subsidiaries;
- b. turnover; and
- c. the average number of employees on a full time equivalent basis.

The above information has been included in the Members' Report, the profit and loss account and in notes 2 and 17 of these financial statements.

As this is a Partnership it was not required to pay any tax and therefore these disclosures have not been included as they are not applicable.

#### **Return on assets**

The Partnership's return on assets calculated as its profit for the year available for discretionary division among members divided by the total balance sheet net assets was 51.35% for the year ended 31 December 2016 (2015: 66.68%).

#### **Going concern**

The Partnership's approach to financial risk management is set out above. The Partnership has sufficient cash resources. As a consequence, the members believe that the Partnership is well placed to manage its business risks successfully.

After making enquiries, the members have a reasonable expectation that the Partnership has adequate resources to continue in operational existence in the foreseeable future. The members believe that the performance of the Partnership leaves it in a healthy financial position and accordingly the Partnership continues to adopt the going concern basis in preparing the financial statements.

#### **Future developments**

Details of significant events since the year end are contained in note 20 to the financial statements.

#### **On behalf of the members**

S.A. Collins

SHAWN COLLINS

24 April 2017

## **Independent auditor's report to the members of Apollo Management International LLP**

We have audited the financial statements of Apollo Management International LLP for the year-ended 31 December 2016 which comprise the Income Statement, Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.



**Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013**

In our opinion the information given in the Members' Report on page 5 for the financial year ended 31 December 2016 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Allee Bonnard (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

24 April 2017

## Apollo Management International LLP

### Income statement

For the year ended 31 December 2016

|  |       | 2016<br>\$   | 2015<br>\$   |
|--|-------|--------------|--------------|
|  | Notes |              |              |
| <b>Turnover</b>  | 2     | 141,230,627  | 121,673,736  |
| Administrative expenses  |       | (84,759,000) | (67,794,413) |
| Other operating income   |       | 124,681      | -            |
| <b>Operating profit</b>  | 3     | 56,596,308   | 53,879,323   |
| Unrealised loss on foreign exchange translation of<br>available for sale financial assets            |       | (3,282,880)  | (4,837,648)  |
| Interest receivable and similar income   | 4     | 2,749,527    | 1,849,611    |
| Interest payable and similar charges   | 5     | (1,095,649)  | (639,878)    |
| <b>Profit for the financial year before members'<br/>remuneration and profit shares</b>              | 13    | 54,967,306   | 50,251,408   |
| Members' remuneration charged as an expense  | 13    | (9,263,514)  | (8,705,925)  |
| <b>Retained profit for the financial year available for<br/>discretionary division among members</b> |       | 45,703,792   | 41,545,483   |

The income statement has been prepared on the basis that all operations are continuing operations.

Notes 1-20 form an integral part of these financial statements.

## **Apollo Management International LLP**

### **Statement of comprehensive income For the year ended 31 December 2016**

|  | <b>2016</b>       | <b>2015</b>       |
|--|-------------------|-------------------|
|  | <b>\$</b>         | <b>\$</b>         |
| <b>Profit for the financial year available for division among members</b>      | 45,703,792        | 41,545,483        |
| Revaluation of available for sale financial assets accounted for at fair value | (544,765)         | (265,819)         |
| <b>Total comprehensive income for the year (attributable to members)</b>       | <u>45,159,027</u> | <u>41,279,664</u> |

Notes 1-20 form an integral part of these financial statements.

# Apollo Management International LLP

## Statement of financial position ~ For the year ended 31 December 2016

|  |       | 2016               | 2015               |
|--|-------|--------------------|--------------------|
|  |       | \$                 | \$                 |
|  | Notes |                    |                    |
| <b>Fixed assets</b>  |       |                    |                    |
| Tangible assets  | 6     | 4,766,688          | 5,516,076          |
| <b>Current assets</b>  |       |                    |                    |
| Available for sale financial assets                            | 7     | 83,778,571         | 42,313,860         |
| Debtors  | 9     | 85,248,524         | 60,896,795         |
| Restricted cash  |       | 878,222            | 1,572,607          |
| Cash at bank and in hand                                       |       | 5,062,434          | 1,993,104          |
|  |       | <u>174,967,751</u> | <u>106,776,366</u> |
| <b>Creditors: amounts falling due within one year</b>          | 10    | (28,205,964)       | (18,618,523)       |
| <b>Net current assets</b>                                      |       | <u>146,761,787</u> | <u>88,157,843</u>  |
| <b>Total assets less current liabilities</b>                   |       | <u>151,528,475</u> | <u>93,673,919</u>  |
| <b>Creditors: amounts falling due after more than one year</b> | 11    | (62,530,857)       | (31,372,801)       |
| <b>Net assets attributable to members</b>                      |       | <u>88,997,618</u>  | <u>62,301,118</u>  |
| <b>Represented by:</b>   |       |                    |                    |
| <b>Loans and other debts due to members within one year</b>    |       |                    |                    |
| Other amounts  | 13    | 45,096,187         | 18,423,126         |
|  |       | <u>45,096,187</u>  | <u>18,423,126</u>  |
| <b>Members' other interests:</b>                               |       |                    |                    |
| Members' capital classified as equity                          |       | 43,901,431         | 43,877,992         |
|  |       | <u>43,901,431</u>  | <u>43,877,992</u>  |
|  |       | <u>88,997,618</u>  | <u>62,301,118</u>  |
| <b>Total members' interests</b>                                |       |                    |                    |
| Loans and other debts due to members                           | 13    | 45,096,187         | 18,423,126         |
| Members' other interests                                       | 13    | 43,901,431         | 43,877,992         |
|  |       | <u>43,901,431</u>  | <u>43,877,992</u>  |
|  |       | <u>88,997,618</u>  | <u>62,301,118</u>  |

Notes 1-20 form an integral part of these financial statements.

The financial statements of Apollo Management International LLP, registered number OC316197 were approved by the Members on 24<sup>th</sup> APRIL 2017.

Signed on behalf of the Members

S.A. COLLINS

Member

SHARON COLLINS

## Apollo Management International LLP

### Statement of changes in Equity For the year ended 31 December 2016

|   | Members' capital<br>classified as<br>equity<br>\$ | Other<br>reserves<br>\$ | Loans and<br>other debts<br>due to<br>members<br>\$ | Total<br>\$        |
|---|---|-------------------------|---|--------------------|
| <b>At 1 January 2015</b>  | 43,893,346  | -                       | 14,405,339  | 58,298,685         |
| Profit for the financial year available for discretionary<br>division among members | -   | 50,251,408              | -   | 50,251,408         |
| Members remuneration charged as an expense  | -   | -                       | (8,705,925)   | (8,705,925)        |
| Other comprehensive income  | -   | (265,819)               | -   | (265,819)          |
| <b>Member interest after profit for the year</b>                                    | <b>43,893,346</b>                                 | <b>49,985,589</b>       | <b>5,699,414</b>                                    | <b>99,578,349</b>  |
| Charge on delivery of equity settled shares   | -   | (9,288,811)             | -   | (9,288,811)        |
| Capital introduced  | -   | -                       | -   | -                  |
| Capital withdrawn   | (15,354)  | -                       | -   | (15,354)           |
| Members drawings  | -   | -                       | (27,973,066)  | (27,973,066)       |
| Division of profits   | -   | (40,696,778)            | 40,696,778  | -                  |
| <b>At 1 January 2016</b>  | <b>43,877,992</b>                                 | <b>-</b>                | <b>18,423,126</b>                                   | <b>62,301,118</b>  |
| Profit for the financial year available for discretionary<br>division among members | -   | 54,967,306              | -   | 54,967,306         |
| Members remuneration charged as an expense  | -   | -                       | (9,263,514)   | (9,263,514)        |
| Other comprehensive income  | (241)   | 545,006                 | -   | 544,765            |
| <b>Member interest after profit for the year</b>                                    | <b>43,877,751</b>                                 | <b>55,512,312</b>       | <b>9,159,612</b>                                    | <b>108,549,675</b> |
| Charge on delivery of equity settled shares   | -   | 5,228,406               | -   | 5,228,406          |
| Capital introduced  | 36,024  | -                       | -   | 36,024             |
| Capital withdrawn   | (12,344)  | -                       | -   | (12,344)           |
| Members drawings  | -   | -                       | (24,804,143)  | (24,804,143)       |
| Division of profits   | -   | (60,740,718)            | 60,740,718  | -                  |
| <b>At 31 December 2016</b>  | <b>43,901,431</b>                                 | <b>-</b>                | <b>45,096,187</b>                                   | <b>88,997,618</b>  |

Notes 1-20 form an integral part of these financial statements.

# **Apollo Management International LLP**

## **Notes to the financial statements For the year ended 31 December 2016**

### **1. Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention except for available for sale financial assets which have been valued at Members' valuation. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The financial statements have been prepared on the going concern basis which assumes that the Partnership will continue in operational existence for the foreseeable future as detailed in the Members' report on page 4.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” (“FRS 102”), Companies Act 2006 as applied by LLP’s and the Limited Liability Partnership Statement of Recommended Practice dated 26 January 2017, which have been applied consistently.

The financial statements are presented in US Dollars (USD), which is the functional currency. The Partnership meets the definition of a foreign operation of its parent Apollo Global Management, LLC, and as such its functional currency is the same. The Partnership has reported in the functional currency as opposed to the local currency. Apollo Management International LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to presentation of a cash flow statement.

#### **1.3 Turnover**

Turnover represents amounts receivable for investment management, investment advisory and sub advisory services provided net of VAT. Turnover is recognised on an accruals basis as advisory services are rendered. Turnover is not recognised until a signed contract for the service has been executed as that is when it is deemed probable that the economic benefits will flow to the entity and amounts can be measured reliably.

Carried interest income is recognised when it is probable that the economic benefits will flow to the entity and amounts can be measured reliably.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                                 |   |
|---------------------------------|---|
| Land and building leasehold     | Straight-line basis over the lesser of 192 months or lease term |
| Office equipment                | Straight-line basis over 60 months                              |
| Computer equipment              | Straight-line basis over 36 months                              |
| Fixtures fittings and equipment | Straight-line basis over 60 months                              |

#### **1.5 Leasing**

Rentals payable under operating leases are charged against the profit and loss account on a straight-line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are similarly spread over the lease term on a straight-line basis. Lease premiums are amortised on a straight-line basis over the lease term.

## **Apollo Management International LLP**

### **Notes to the financial statements (continued) For the year ended 31 December 2016**

#### **1. Accounting policies (continued)**

##### **1.6 Investments**

The Partnership is the collateral manager of four European CLOs, ALME Loan Funding II Limited ("ALME II"), ALME Loan Funding III Limited ("ALME III"), ALME Loan Funding IV Limited ("ALME IV"), and ALME Loan Funding V Limited ("ALME V"). To comply with European risk retention requirements set out under paragraphs 404-412 of CRD IV Regulation, the Partnership, Apollo's MiFID regulated entity, acts as "Sponsor" to invest in (and hold for the life of the deal) a 5% retention stake (vertical strip in each of the CLOs) (the "5% Retention Stake(s)") with financing for a portion of the stake provided by the CLO's arranger on a full recourse basis.

The Partnership has elected to account for the investments in CLOs under the recognition and measurement requirements of IAS39 Financial Instruments: Recognition and Measurement. The investments have been designated as available for sale financial assets and are measured at fair value at 31 December 2016. Fair value is determined according to broker marks and other market based indicators. Changes in the value of these investments are recognised through other comprehensive income.

##### **1.7 Pensions**

The Partnership operates a defined contribution scheme for the benefit of some of its members and employees. Contributions payable are charged to the profit and loss account in the year they are payable. Differences between the contributions payable in the period and the contributions actually paid are shown within accruals or prepayments and accrued income on the balance sheet.

##### **1.8 Foreign currency translation**

The functional and presentational currency is United States Dollar, refer to note 1.2, which is the currency in which the Partnership primarily generates and expends cash. Monetary assets and liabilities denominated in foreign currencies are translated into USD at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the spot rate ruling at the date of the transaction. All differences are taken to profit and loss account.

##### **1.9 Members' participation rights**

Members' participation rights are the rights of a member against the Partnership that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the Partnership are analysed between those that are from the Partnership's perspective, either a financial liability or equity, in accordance with IAS39 Financial Instruments: Recognition and Measurement. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the Partnership.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classified as equity if the Partnership has an unconditional right to refuse payment to members. If the Partnership does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the Partnership does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Profit and Loss Account in the relevant year. To the extent that they remain unpaid at the year end, they are shown as liabilities in the Balance Sheet.

## **Apollo Management International LLP**

### **Notes to the financial statements (continued) For the year ended 31 December 2016**

#### **1. Accounting policies (continued)**

##### **1.10 Share-based payments**

Equity-settled share-based payments are issued by other Apollo Group Entities to partners and employees of Apollo Group Entities including those of the Partnership. The Partnership accounts for the cost of stock granted to employees or members of the Partnership.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payment is expensed on a straight-line basis over the vesting period. The fair value is determined based on the market price of the respective group entities' shares, discounted for the transfer restrictions and lack of dividends, at the date of grant.

On delivery of the underlying equity at the expiry of the vesting period, the parent company may incur a loss representing the difference between the fair value at grant date and that on the date of delivery, the cost of which is charged to the Partnership and is recorded in other reserves as 'charge on delivery of equity-settled awards'.

##### **1.11 Taxation**

Income tax payable on the Partnership's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements.

##### **1.12 Finance costs**

Finance costs are charged to profit over the term of the debt so that the amount is at a constant rate on the carrying amount. Finance costs include any issue costs, which are initially recognised as a reduction in the proceeds of the associated capital investment.

##### **1.13 Significant judgements and estimates**

Preparation of the financial statements requires management to make significant judgements and estimates. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The items in the financial statements where these judgements and estimates have been made include:

##### ***Carried Interest Income from Affiliates***

The Partnership earns carried interest income from AGRE Europe Management LLC, a fund affiliated with the parent of the Partnership, as a result of the fund achieving specified performance criteria. Such carried interest income generally is earned based upon a fixed percentage of realized and unrealized gains of AGRE Europe Management, LLC after meeting any applicable hurdle rate or threshold minimum. Carried interest income from the fund that the Partnership manages is subject to contingent repayment and is generally paid to the Partnership as particular investments made by the funds are realized. If, however, upon liquidation of a fund, the aggregate amount paid to the Partnership as carried interest exceeds the amount actually due to the Partnership based upon the aggregate performance of the fund, the excess (in certain cases net of taxes) is required to be returned by the Partnership to the fund.

##### ***Consolidation***

As per note 1.6, the Partnership holds investments in four CLO's. The Partnership has reviewed the requirements for consolidating these under FRS 102, and has concluded that the Partnership does not have control of the CLO's, and no consolidation is required.



## **Apollo Management International LLP**

### **Notes to the financial statements (continued) For the year ended 31 December 2016**

#### **1. Accounting policies (continued)**

##### **1.13 Significant judgements and estimates (continued)**

###### ***Fair Value of Available for sale financial assets***

Available for sale financial assets are recorded at fair value or at amounts whose carrying values approximate fair value. While valuations of available for sale financial assets are based on assumptions that the Partnership believes are reasonable under the circumstances, the actual realized gains or losses will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based.

###### ***Share Based Payments***

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of option valuation models – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed on a straight-line basis over the vesting period.

The fair value of all RSU grants is based on the grant date fair value, which considers the public share price of the Company. RSUs are comprised of Plan Grants, which generally do not pay distributions until vested and the underlying shares are generally issued by March 15th after the year in which they vest, and Bonus Grants, which pay distributions on both vested and unvested grants and are generally issued after vesting on an approximate two-month lag. For Plan Grants, the grant date fair value is based on the public share price of the Company, and is discounted for transfer restrictions and lack of distributions until vested. For Bonus Grants, the grant date fair value is based on the public share price of the Company, and is discounted for transfer restrictions.

After the grant date fair value is determined, an estimated forfeiture rate is applied. The estimated fair value was determined and recognized over the vesting period on a straight-line basis. A 4.0% forfeiture rate is estimated for RSUs, based on the Company's historical attrition rate as well as industry comparable rates. If employees are no longer associated with Apollo or if there is no turnover, the estimated compensation expense is revised to the actual amount of expense based on the RSUs vested at the reporting date.

##### **1.14 Provision for annual leave**

The partnership recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence (up to five days).

## Apollo Management International LLP

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 2. Turnover

|  | 2016<br>\$         | 2015<br>\$         |
|--|--------------------|--------------------|
| <b>Market:</b>   |                    |                    |
| USA (pertains to sub advisory fees charges to Apollo Group Entities) | 121,491,615        | 114,201,966        |
| Guernsey   | (1,945,270)        | 1,335,595          |
| Republic of Ireland  | 110,650            | 3,570,725          |
| Mainland Europe  | 21,573,632         | 2,565,450          |
|  | <u>141,230,627</u> | <u>121,673,736</u> |
| All relates to Rendering of Services & all to Group Entities         |                    |                    |
| <b>Class of business:</b>  |                    |                    |
| Management fees  | 20,027,929         | 5,336,546          |
| Transaction and arrangement fees                                     | 558,959            | 1,123,730          |
| Carry income   | (1,966,577)        | 1,011,494          |
| Advisory Fees  | 122,610,316        | 114,201,966        |
|  | <u>141,230,627</u> | <u>121,673,736</u> |

#### 3. Operating profit

|   | 2016<br>\$       | 2015<br>\$       |
|---|------------------|------------------|
| <b>Operating profit is stated after charging:</b> |                  |                  |
| Depreciation of tangible assets                   | 826,315          | 827,471          |
| Loss on disposal of tangible assets               | -                | 7,672            |
| Loss/(profit) on foreign exchange transactions    | 1,874,235        | 2,052,992        |
| Operating lease rentals                           |                  |                  |
| - Office Space                                    | 2,620,320        | 2,952,269        |
| - Office Equipment                                | 6,533            | 66,428           |
| Auditor's remuneration                            | 332,599          | 950,592          |
| Defined contribution pension costs                | 421,338          | 380,998          |
|   | <u>8,081,300</u> | <u>6,838,730</u> |

The analysis of auditor's remuneration is as follows

|  | 2016<br>\$     | 2015<br>\$     |
|--|----------------|----------------|
| Fees payable to the company's auditors for the audit of the annual accounts  | 121,587        | 87,856         |
| Fees payable to the company's auditors for the audit of the annual accounts on behalf of other Apollo Group entities | 70,000         | -              |
|  | <u>191,587</u> | <u>87,856</u>  |
| General taxation and business advisory services  | 141,012        | 862,736        |
|  | <u>141,012</u> | <u>862,736</u> |
| Total non-audit fees   |                |                |
|  | <u>141,012</u> | <u>862,736</u> |

## Apollo Management International LLP

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 4. Interest receivable and similar income

|                | 2016<br>\$       | 2015<br>\$       |
|----------------|------------------|------------------|
| Bank interest  | 11,309           | 16,757           |
| Other interest | 2,738,218        | 1,832,854        |
|                | <u>2,749,527</u> | <u>1,849,611</u> |

Other interest comprises interest from Financial Assets.

#### 5. Interest payable and similar charges

|                              | 2016<br>\$       | 2015<br>\$     |
|------------------------------|------------------|----------------|
| On bank loans and overdrafts | <u>1,095,649</u> | <u>639,878</u> |

#### 6. Tangible fixed assets

|                       | Land,<br>Buildings,<br>Leasehold<br>\$ | Computer,<br>& Office<br>Equipment<br>\$ | Fixtures &<br>Fittings<br>\$ | Total<br>\$       |
|-----------------------|--|--|------------------------------|-------------------|
| <b>Cost</b>           |  |  |                              |                   |
| At 1 January 2016     | 9,528,962                              | 2,463,639                                | 2,465,442                    | 14,458,043        |
| Additions             | 19,471                                 | 57,457                                   | -                            | 76,928            |
| Disposals             | -                                      | -  | -                            | -                 |
| At 31 December 2016   | <u>9,548,433</u>                       | <u>2,521,096</u>                         | <u>2,465,442</u>             | <u>14,534,971</u> |
| <b>Depreciation</b>   |  |  |                              |                   |
| At 1 January 2016     | 4,214,078                              | 2,316,334                                | 2,411,555                    | 8,941,967         |
| Charge for the year   | 712,274                                | 113,333                                  | 708                          | 826,315           |
| Disposals             | -                                      | -  | -                            | -                 |
| At 31 December 2016   | <u>4,926,352</u>                       | <u>2,429,667</u>                         | <u>2,412,263</u>             | <u>9,768,283</u>  |
| <b>Net book value</b> |  |  |                              |                   |
| At 31 December 2016   | <u>4,622,081</u>                       | <u>91,430</u>                            | <u>53,178</u>                | <u>4,766,688</u>  |
| At 31 December 2015   | <u>5,314,884</u>                       | <u>147,305</u>                           | <u>53,887</u>                | <u>5,516,076</u>  |

## Apollo Management International LLP

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 7. Available for sale financial assets

|                       | 2016<br>\$       |
|-----------------------|------------------|
| <b>Valuation</b>      |                  |
| At 1 January 2016     | 42,313,860       |
| Additions             | 44,850,454       |
| Fair value adjustment | 544,765          |
| Exchange differences  | (3,930,508)      |
|                       | <hr/>            |
| At 31 December 2016   | 83,778,571 <hr/> |

Available for sale financial assets comprise the Partnership's interests in the following four CLOs:

ALME Loan Funding II Limited;  
ALME Loan Funding III Limited;  
ALME Loan Funding IV Limited; and  
ALME Loan Funding V Limited

#### 8. Share-based payments

##### Restricted Share Units ("RSUs")

The ultimate parent undertaking, Apollo Global Management, LLC, grants its Restricted Share Units (RSUs) to employees and partners of the Partnership. The costs of the plan are charged to the Partnership based on the grant date fair value of RSUs expected to vest. The fair value for the plan grants are calculated on the grant date based on the public share price discounted for transfer restrictions and lack of distributions until vested and will be charged to the profit and loss account on a straight-line basis over the vesting period. For bonus grants, the grant date fair value considers transfer restrictions and timing of distributions. It has been estimated that, as at 31 December 2016, 4% (2015: 4%) of unvested RSUs will be forfeited based on the employee population.

The weighted average fair value of the outstanding RSUs at 31 December 2016 was \$30,035,697 (2015: \$25,903,511). The 2016 expenditure incurred for the RSU scheme was \$12,583,526 (2015: \$10,996,152).

The RSU activity is summarised in the table below:

|                             | No. of shares<br>2016 | 2015            |
|-----------------------------|-----------------------|-----------------|
| Outstanding at 1 January    | 1,706,424             | 1,459,963       |
| Granted during the year     | 696,764               | 867,862         |
| Transferred during the year | (108,417)             | (12,068)        |
| Forfeited during the year   | (13,805)              | (8,718)         |
| Vested during the year      | (664,405)             | (600,615)       |
|                             | <hr/>                 | <hr/>           |
| Outstanding at 31 December  | 1,616,561             | 1,706,424 <hr/> |

## Apollo Management International LLP

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 8. Share-based payments (continued)

##### Restricted Depository Units ("RDUs")

Incentive units that provide the right to receive AP Alternative Assets LP ("AAA") restricted depository units ("RDUs") following vesting are granted periodically to employees and partners of the Partnership. These grants are accounted for as equity awards in accordance with UK GAAP. The incentive units granted to employees generally vest over three years. The fair value at the date of the grants is recognised on a straight-line basis over the vesting period. The grant date fair value is based on the public share price of AAA. Vested AAA RDUs can be converted into ordinary common units of AAA subject to applicable securities law restrictions.

During the years ended 31 December, 2016 and 2015 the actual forfeiture rate was 0 %. It has been estimated that, as at 31 December 2016, 4% (2015: 4%) of unvested RDUs will be forfeited based on the employee population.

The weighted average fair value of outstanding RDUs at 31 December 2016 was nil (2015: \$2,158,452). The 2016 expenditure incurred for the RDU scheme by the Partnership was \$1,740,197 (2015: \$708,245).

The RDU activity is summarised in the table below:

|                            | No. of shares |          |
|----------------------------|---------------|----------|
|                            | 2016          | 2015     |
| Outstanding at 1 January   | 68,392        | 164,660  |
| Granted during the year    | -             | -        |
| Vested during the year     | (68,392)      | (96,268) |
| Outstanding at 31 December | -             | 68,392   |

#### 9. Debtors

|                                    | 2016       | 2015       |
|------------------------------------|------------|------------|
|                                    | \$         | \$         |
| Amounts owed by group undertakings | 78,562,417 | 57,530,688 |
| Other debtors                      | 2,313,849  | 69,276     |
| Prepayments and accrued income     | 3,530,436  | 2,554,352  |
| VAT Recoverable                    | 841,824    | 742,479    |
|                                    | 85,248,524 | 60,896,795 |

#### 10. Creditors: amounts falling due within one year

|                                 | 2016       | 2015       |
|---------------------------------|------------|------------|
|                                 | \$         | \$         |
| Trade creditors                 | 1,273      | -          |
| Other taxes and social security | 16,720,172 | 13,996,593 |
| Other creditors                 | 3,935,934  | 3,031,832  |
| Accruals                        | 7,548,585  | 1,590,098  |
|                                 | 28,205,964 | 18,618,523 |

## Apollo Management International LLP

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 11. Creditors: amounts falling due after more than one year

|                                    | 2016<br>\$ | 2015<br>\$ |
|------------------------------------|------------|------------|
| Other loans                        | 62,530,857 | 31,372,801 |
| Analysis of loans                  |            |            |
| Wholly repayable within five years | 62,530,857 | 31,372,801 |
|                                    | 62,530,857 | 31,372,801 |

#### Loan maturity analysis

The Partnership has financed its investments in the four CLOs partially through four individual loans from J. P. Morgan Chase Bank, NA and Citibank N.A, Deutsche Bank AG, and Barclays Bank PLC. The loans are secured by a fixed charge on the Partnerships investments in ALME II, ALME III, ALME IV, and ALME V respectively. Refer to note 7 for the carrying amount of the CLOs.

These loans are all denominated in Euro to match the underlying currency of the CLO investments. The key terms of these loans are as follows:

The JPMorgan loan had a principal value of €13,394,350 and a variable interest rate payable of 2% above Euribor and was repayable in full on 3 July 2019. On 20 December 2016, the JPMorgan loan was refinanced; the new loan has a principal value of € 13,735,520 and a variable interest rate payable of 2% above Euribor and is repayable in full on 20 December 2021.

The Citibank loan has a principal value of €15,500,000 and a variable interest rate payable of 1.75% above Euribor, and is repayable in full on 9 December 2019.

The Deutsche Bank loan has a principal value of € 16,970,000 and a variable interest rate payable of 1.75% above Euribor, and is repayable in full on 12 January 2021.

The Barclays loan has a principal value of € 13,236,312 and a variable interest rate payable of 2% above Euribor, and is repayable in full on 22 June 2021.

#### 12. Pension costs

##### Defined contribution scheme

The Partnership operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Partnership in an independently administered fund. The pension cost charge represents contributions payable by the Partnership to the fund.

|  | 2016<br>\$ | 2015<br>\$ |
|--|------------|------------|
| Contributions payable by the Partnership for the year                                    | 421,338    | 380,998    |
| Contributions payable by the Partnership at the year end and included in other creditors | 338,344    | 498,598    |

## Apollo Management International LLP

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 13. Members' interests

|   | Members' capital<br>(classified as equity)<br>\$ | Members' other interests<br>Other reserves<br>\$ | Total<br>\$  | Loans and other debts due to/(from) members'<br>\$ | Total<br>\$  |
|---|--|--|--------------|--|--------------|
| Members' interest at 1 January 2016   | 43,877,992                                       | -  | 43,877,992   | 18,423,126   | 62,301,118   |
| Profit for the financial year available for the financial year available for discretionary division | -  | 54,967,306                                       | 54,967,306   | -  | 54,967,306   |
| Members' remuneration charged as an expense   | -  | -  | -            | (9,263,514)  | (9,263,514)  |
| Members' interests after profit for the year  | 43,877,992                                       | 54,967,306                                       | 98,845,298   | 9,159,612  | 108,004,910  |
| Charge on delivery of equity settled awards   | -  | 5,228,406  | 5,228,406    | -  | 5,228,406    |
| Unrealised loss on revaluation of available for sale financial assets                               | (241)  | 545,006  | 544,765      | -  | 544,765      |
| Other divisions of profits  | -  | (60,740,718)                                     | (60,740,718) | 60,740,718   | -            |
| Capital contributed by members  | 36,024   | -  | 36,024       | -  | 36,024       |
| Capital returned to members   | (12,344)   | -  | (12,344)     | -  | (12,344)     |
| Drawings  | -  | -  | -            | (24,804,143)                                       | (24,804,143) |
| Members' interests at 31 December 2016  | 43,901,431                                       | -  | 43,901,431   | 45,096,186   | 88,997,617   |

#### Members' interest-prior year

|  | Members' capital<br>(classified as equity)<br>\$ | Members' other interests<br>Other reserves<br>\$ | Total<br>\$  | Loans and other debts due to/(from) members'<br>\$ | Total<br>\$  |
|--|--|--|--------------|--|--------------|
| Members interests at 1 January 2015  | 43,893,346                                       | -  | 43,893,346   | 14,405,339   | 58,298,685   |
| Profit for the financial year available for discretionary division among members | -  | 50,251,408                                       | 50,251,408   | -  | 50,251,408   |
| Members' remuneration charged as an expense                                      | -  | -  | -            | (8,705,925)  | (8,705,925)  |
| Members' interests after profit for the year                                     | 43,893,346                                       | 50,251,408                                       | 94,144,754   | 5,699,414  | 99,844,168   |
| Charge on delivery of equity settled awards                                      | -  | (9,288,811)                                      | (9,288,811)  | -  | (9,288,811)  |
| Unrealised loss on revaluation of available for sale financial assets            | -  | (265,819)  | (265,819)    | -  | (265,819)    |
| Other division of profits  | -  | (40,696,778)                                     | (40,696,778) | 40,696,778   | -            |
| Capital contributed by members   | -  | -  | -            | -  | -            |
| Capital returned to members  | (15,354)   | -  | (15,354)     | -  | (15,354)     |
| Drawings   | -  | -  | -            | (27,973,066)                                       | (27,973,066) |
| Members' interests at 31 December 2015   | 43,877,992                                       | -  | 43,877,992   | 18,423,126   | 62,301,118   |

## Apollo Management International LLP

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 14. Loans and other debts due to members

|   | 2016<br>\$        | 2015<br>\$        |
|---|-------------------|-------------------|
| Amounts owed to members in respect of profits | 45,096,186        | 18,423,124        |
|   | <u>45,096,186</u> | <u>18,423,124</u> |

#### 15. Financial commitments and guarantees

At 31 December 2016 the Partnership was committed to making the following payments under no cancellable operating leases.

|   | Office Space      |                   | Office Equipment |               |
|---|-------------------|-------------------|------------------|---------------|
|   | 2016<br>\$        | 2015<br>\$        | 2016<br>\$       | 2015<br>\$    |
| Total future minimum lease payments are as follows: |                   |                   |                  |               |
| Within one year                                     | 2,577,482         | 3,076,950         | 60,599           | 26,736        |
| Between two and five years                          | 10,309,928        | 12,307,798        | 68,054           | 11,481        |
| In over five years                                  | 896,823           | 4,123,112         | -                | -             |
|   | <u>13,784,233</u> | <u>19,507,860</u> | <u>128,653</u>   | <u>38,217</u> |

The Partnership has funds of \$878,222 (2015: \$1,572,607) on deposit (under charge) with Coutts & Co, London for guarantees they have provided in respect of operating lease rentals on the Partnership's premises. The Partnership continues to receive interest income on the amounts placed on deposit.

The financing of the long term-loans in note 11 also benefit from guarantees provided by other Apollo Group Entities, at no cost to the Partnership.

#### 16. Members' shares of profits

|   | 2016<br>Number    | 2015<br>Number    |
|---|-------------------|-------------------|
| The average number of members during the year was:                  | <u>18</u>         | <u>19</u>         |
|   | 2016<br>\$        | 2015<br>\$        |
| The average profit per member during the year was:                  | <u>3,140,989</u>  | <u>2,229,494</u>  |
|   | 2016<br>\$        | 2015<br>\$        |
| The share of profit to the member with the largest entitlement was: | <u>26,956,115</u> | <u>15,359,756</u> |



## Apollo Management International LLP

### Notes to the financial statements (continued) For the year ended 31 December 2016

#### 17. Employees

##### Number of employees

The average monthly number of employees during the year was:

|                         | 2016<br>Number    | 2015<br>Number    |
|-------------------------|-------------------|-------------------|
| Sales                   | 63                | 43                |
| Administration          | 52                | 50                |
|                         | <u>115</u>        | <u>93</u>         |
| <b>Employment costs</b> | <b>\$</b>         | <b>\$</b>         |
| Wages and salaries      | 48,966,571        | 44,984,565        |
| Social security costs   | 7,671,165         | 8,447,239         |
| Other pension costs     | 421,338           | 380,998           |
|                         | <u>57,059,073</u> | <u>53,812,802</u> |

#### 18. Control

The Partnership's ultimate controlling party is deemed to be Apollo Global Management, LLC, a Delaware, United States, Limited Liability Corporation. Apollo Global Management, LLC consolidates the results of Apollo Management International LLP. The smallest and largest group that consolidates this entity, for which financial statements are publicly available, is Apollo Global Management, LLC.

#### 19. Related party transactions

The Partnership has entered into investment advisory and sub advisory agreements with other Apollo Group Entities. Under these agreements the Partnership earns and pays respective entities an arm's length fee for the services performed. Under an Apollo Management group settlement agreement, the Partnership can elect to settle the net balance due to/from other Apollo Group Entities on a net settlement basis, with Apollo Global Management, LLC.

Accordingly, the net amount due from Apollo Global Management, LLC at year end was \$78,562,417 (2015 due from: \$57,530,688).

Included within the profit and loss account is turnover earned from Apollo Group Entities of \$141,230,627 (2015: \$121,673,736) and operating expenses incurred on behalf of Apollo Group Entities of \$1,419,516 (2015: \$4,042,195).

The Partnership also pays fees and expenses on behalf of funds which are managed by the Apollo Global Management, LLC group. These expenses are not expenses of the Partnership and are therefore not included in the income statement of the Partnership. The amounts due at year end from these funds are included within amounts owed by group undertakings in note 9.

The total remuneration for key management personnel for the period totalled \$14,731,723 (2015: \$18,171,343), being included in the partner profit share disclosed within drawings in note 13.

The profit share for Apollo Management (UK) VI, LLC totalled \$26,956,115 (2015: \$15,359,756), disclosed in note 16.

## **Apollo Management International LLP**

### **Notes to the financial statements (continued) For the year ended 31 December 2016**

#### **20. Subsequent events**

The members have evaluated events up to the filing date of the financial statements and determined that no subsequent event activity required disclosure.