

Oaktree Capital Management Limited

**Annual Report and Financial Statements
for the Year Ended 31 December 2015**

Registered number

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Oaktree Capital Management Limited

**Annual Report and Financial Statements
for the Year Ended 31 December 2015**

Registered Office

27 Knightsbridge
London, United Kingdom, SW1X 7LY

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London, United Kingdom, SE1 2RT

Directors

D Keenan
J Myrtetus
T Ware

Oaktree Capital Management Limited
Strategic Report for the Year Ended 31 December 2015

The directors present their strategic report for Oaktree Capital Management Limited for the year ended 31 December 2015.

Business Review and Financial Position

For the year under review, the profit and loss and year-end position of Oaktree Capital Management Limited (the "Company") are disclosed in the body of the financial statements. The loss for the financial year ended 31 December 2015 was £9,000 (2014: profit £67,000) as set out in the statement of comprehensive income on page 8.

At 31 December 2015 the company had net assets of £19,656,000 (2014: £19,315,000) as set out in the balance sheet on page 9.

Given the straightforward nature of the business, the directors are of the opinion that analysis using key performance indicators is not necessary to form an understanding of the development, performance or position of the business.

Principal risks

The overall Oaktree Capital Group, LLC ("Oaktree Group") philosophy is one of reduction of exposure to known risks through development of mitigating controls and the avoidance of risks for which the level of impact cannot be reduced to an acceptable level. With this underlying philosophy the assessment and control of risk is of fundamental importance to the Company. Each director is charged with assessing the risks underlying their area of responsibility and instituting controls to mitigate the identified risks.

The directors have considered the risks associated with the Company's activities and financial position at the year end.

The Company is exposed to financial risk through its financial assets and financial liabilities. The most important component of its financial risk is the credit risk of suffering financial loss should any of the Company's counterparties fail to fulfil their contractual obligations. This credit exposure is significantly reduced by virtue of the fact that most of the Company's counterparties are other subsidiaries and affiliates of Oaktree Group.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'T Ware', is written over a horizontal line.

T Ware
Director

21 April 2016

Oaktree Capital Management Limited
Directors' Report for the Year Ended 31 December 2015

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2015.

Principal Activities

The Company is a private company limited by shares, incorporated under the laws of England and Wales. The Company is a majority-owned subsidiary of Oaktree International Holdings, LLC ("Holdings").

The principal activity of the Company is acting as a guarantor under certain lease obligations of Oaktree Capital Management (UK) LLP ("the LLP"). There are no plans to liquidate the Company until the lease obligation is satisfied.

Going Concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Holdings. Holdings is a limited liability company, incorporated in the United States, and is the immediate parent undertaking. The directors have received confirmation that Holdings intends to support the company for at least one year after these financial statements are signed.

Transition to FRS 102

This is the first year that the Company has presented its results under Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland ("FRS 102"). The date of transition to FRS 102 was 1 January 2014. The last financial statements under the previous UK GAAP were for the year ended 31 December 2014.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: nil).

Future Development of the Company

The directors do not foresee any forthcoming significant changes to the activities of the Company.

Financial Risk Management

The Company's approach to financial risk management is set out in the Strategic report on page 2.

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

Oaktree Capital Management Limited
Directors' Report for the Year Ended 31 December 2015 (continued)

Statement of Directors' Responsibilities (continued)

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors

PricewaterhouseCoopers LLP has indicated its willingness to continue in office as auditors and a resolution concerning their appointment will be proposed at the next Directors' meeting.

Statement of Disclosure of Information to Auditors

In the case of each director in office at the date the directors' report is approved:

- (a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



T Ware
Director

21 April 2016

Oaktree Capital Management Limited
Independent Auditors' Report to the Members of Oaktree Capital Management Limited

Report on the Financial Statements

Our opinion

In our opinion, Oaktree Capital Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its loss for the year 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements 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".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other Matters on Which We Are Required to Report by Exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Oaktree Capital Management Limited
Independent Auditors' Report to the Members of Oaktree Capital Management Limited
(continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the Financial Statements and the Audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 3 and 4, the directors 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

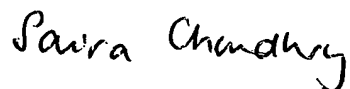
We primarily focus our work in these areas by assessing the directors' judgments against available evidence, forming our own judgments, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Oaktree Capital Management Limited
Independent Auditors' Report to the Members of Oaktree Capital Management Limited
(continued)

What an audit of financial statements involves (continued)

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.



Saira Choudhry (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 April 2016

Oaktree Capital Management Limited**Statement of Comprehensive Income
for the Year Ended 31 December 2015**

	<i>Notes</i>	2015 £'000	Restated 2014 £'000
Turnover	3	-	(95)
Administrative expenses	4	<u>(9)</u>	<u>79</u>
Operating loss	4	(9)	(16)
Interest receivable and similar income		<u>-</u>	<u>7</u>
Loss on ordinary activities before taxation		(9)	(9)
Tax on loss on ordinary activities	7	<u>-</u>	<u>76</u>
(Loss)/profit for the financial year	11	(9)	67
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(9)</u>	<u>67</u>

All activities relate to continuing operations.

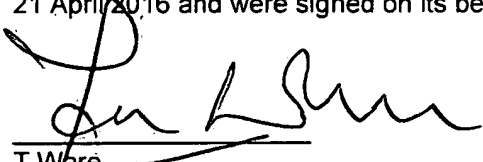
The notes on pages 11 to 15 form an integral part of the financial statements.

Oaktree Capital Management Limited

**Balance Sheet
as at 31 December 2015
Company Number 03592405**

			Restated 2014 £'000
	<i>Notes</i>	2015 £'000	
Current assets			
Debtors	8	19,526	19,526
Cash at bank and in hand		4,146	911
		<u>23,672</u>	<u>20,437</u>
Creditors: amounts falling due within one year	9	<u>(4,016)</u>	<u>(1,122)</u>
Net current assets		<u>19,656</u>	<u>19,315</u>
Net assets		<u>19,656</u>	<u>19,315</u>
Capital and reserves			
Called up share capital	10	11,950	11,600
Equity-based compensation		66,180	66,180
Profit and loss account	11	<u>(58,474)</u>	<u>(58,465)</u>
Total shareholder's funds	12	<u>19,656</u>	<u>19,315</u>

The financial statements on pages 8 to 15 were approved by the Board of Directors on 21 April 2016 and were signed on its behalf:


T Ware
Director

The notes on pages 11 to 15 form an integral part of the financial statements.

Oaktree Capital Management Limited

**Statement of Changes in Equity
for the Year Ended 31 December 2015**

	<i>Notes</i>	Called up share capital £'000	Equity-based compensation £'000	Profit and loss account £'000	Total £'000
Restated balance at 1 January 2014		11,600	66,180	(58,532)	19,248
Profit for the year	11	-	-	67	67
Total comprehensive income for the year		-	-	67	67
Restated balance at 31 December 2014	12	11,600	66,180	(58,465)	19,315
Balance at 1 January 2015		11,600	66,180	(58,465)	19,315
Loss for the year	11	-	-	(9)	(9)
Total comprehensive income for the year		-	-	(9)	(9)
Proceeds from shares issued	10	350	-	-	350
Total transactions with owners, recognised directly in equity		350	-	-	350
Balance at 31 December 2015	12	11,950	66,180	(58,474)	19,656

The notes on pages 11 to 15 form an integral part of the financial statements.

Oaktree Capital Management Limited

Notes to the Financial Statements As at 31 December 2015

1. Statement of Compliance

The individual financial statements of Oaktree Capital Management Limited have been prepared in compliance United Kingdom Accounting Standards, including Financial Report Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The Directors consider that the accounting policies set out below are suitable, have been consistently applied and are supported by reasonable and prudent judgements and estimates. These accounting policies have been consistently applied to all the years presented, unless otherwise stated. The Company has adopted FRS 102 in these financial statements. Details of the transition to FRS 102 are disclosed in note 15.

a. Basis of Preparation

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

b. Going Concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of OCM LP.

c. Exemptions for Qualifying Entities Under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the the Company's shareholders.

The Company has taken advantage of the following exemptions:

- i). from preparing a statement of cash flows, required under FRS 102 section 7 Statement of Cash Flows, on the basis that the Company is a subsidiary of Oaktree Group, and its cash flows are included within Oaktree Group's consolidated financial statements;
- ii). from certain disclosure requirements of FRS 102 section 33 Related Party Disclosures with regard to transactions with fellow group companies, on the basis that the Company is a wholly owned subsidiary of Oaktree Group.

d. Consolidation

The financial statements contain information about Oaktree Capital Management Limited as an individual company, and do not contain consolidated financial information as the parent of a sub group. In accordance with section 400 of the Companies Act 2006, consolidated financial statements have not been prepared as the Company is included in the consolidated financial statements of Oaktree Group.

Oaktree Capital Management Limited

Notes to the Financial Statements As at 31 December 2015

2. Summary of Significant Accounting Policies (*continued*)

e. Turnover

Turnover relates to the reimbursement of the Company's costs by Oaktree Capital Management, L.P. ("Oaktree"), equivalent to the Company's costs, as defined, plus 5%. During 2014 the Company received expense refunds and recorded negative turnover.

f. Current Taxation

Provision is made for all current tax liabilities in the year in which the liability arises at the current rate of UK Corporation Tax.

g. Foreign Currency

i). Functional and Presentation Currency

The Company's functional and presentation currency is pound sterling. The financial statements are rounded to thousands.

ii). Transactions and Balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each year-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction.

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

3. Turnover

	2015	2014
	£'000	£'000
Fees charged to Oaktree Capital Management, L.P.	-	(95)

4. Operating Loss

The loss on ordinary activities for the year has been stated after charging the following:

	2015	2014
	£'000	£'000
Auditors' remuneration - audit services	6	4
Auditors' remuneration - taxation services	3	7

Oaktree Capital Management Limited

Notes to the Financial Statements As at 31 December 2015

5. Directors' Emoluments

The directors did not receive any emoluments in respect of their services to the Company (2014: £nil).

6. Staff Costs and Employee Information

During the year ended 31 December 2015 the Company had no employees (2014: nil).

7. Tax on Loss on Ordinary Activities

a). Tax expense included in profit or loss

	2015 £'000	2014 £'000
Current tax		
UK corporation tax on profits for the year	-	-
Adjustments in respect of prior years	-	(76)
Tax on loss on ordinary activities	-	(76)

b). Reconciliation of tax charge:

The tax assessed for the year differs from the effective standard rate in the United Kingdom corporation tax of 20.25% (2014: 21.5%). The differences are explained below:

	2015 £'000	2014 £'000
Loss on ordinary activities before taxation	(9)	(9)
Loss multiplied by the standard rate of tax in the UK of 20.25% (2014: 21.50%)	-	-
Effects of:		
Adjustments in respect of prior years	-	(76)
Tax charge for the year	-	(76)

c). Factors that may affect future tax charges

The standard rate of corporation tax in the UK will change to 19% with effect from 1 April 2017.

8. Debtors

	2015 £'000	2014 £'000
Amounts owed by group undertakings	19,435	19,435
Other debtors	91	91
	19,526	19,526

Oaktree Capital Management Limited

**Notes to the Financial Statements
As at 31 December 2015**

9. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	4,003	1,111
Accruals	13	11
	<u>4,016</u>	<u>1,122</u>

Amounts owed to/by group undertakings are unsecured, interest free and repayable on demand.

10. Called Up Share Capital

	2015 £'000	2014 £'000
Authorised, issued and fully paid ordinary shares of £1 each		
Balance as at 1 January	11,600	11,600
Issue of share capital during the year	350	-
Balance as at 31 December	<u>11,950</u>	<u>11,600</u>

11. Profit and Loss Account

	2015 £'000	2014 £'000
Profit and loss account as at 1 January	(58,465)	(58,532)
(Loss)/profit for the financial year	(9)	67
Profit and loss account as at 31 December	<u>(58,474)</u>	<u>(58,465)</u>

12. Reconciliation of Movements in Shareholder's Funds

	2015 £'000	2014 £'000
Shareholder's funds as at 1 January	19,315	19,248
Issue of share capital	350	-
(Loss)/profit for the financial year	(9)	67
Shareholder's funds as at 31 December	<u>19,656</u>	<u>19,315</u>

13. Related Party Transactions

The Company is a wholly owned subsidiary of Oaktree Group, whose Annual Report can be obtained from the address below (see note 14). In accordance with FRS 102 – para 33.1A Related Party Disclosures, the Company has taken advantage of the exemption from disclosing transactions with fellow group companies.

Oaktree Capital Management Limited

Notes to the Financial Statements As at 31 December 2015

14. Parent Undertaking and Controlling Party

The immediate parent undertaking is Holdings, a limited liability company incorporated in the United States.

The ultimate parent undertaking and controlling party is Oaktree Capital Group Holdings GP, LLC ("OCGH GP"), a limited liability company incorporated in the United States. OCGH GP is the controlling party of Oaktree Group. Oaktree Group is the smallest and largest group to consolidate these financial statements. The Annual Report for Oaktree Group can be obtained from the company's principle executive offices at 333 South Grand Avenue, 28th Floor, Los Angeles, CA 90071.

15. Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The date of transition to FRS 102 was 1 January 2014. The last financial statements under the previous UK GAAP were for the year ended 31 December 2014.

There are no changes to the profit or financial position reported by the Company for the financial years ended 31 December 2014 and 31 December 2015 under FRS 102.