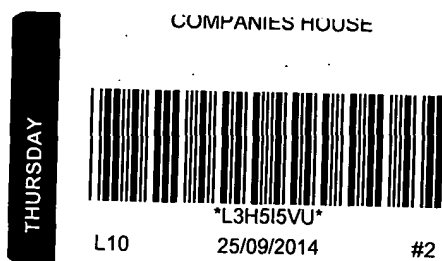


**Oaktree Capital Management Limited**

**Annual report and financial statements  
for the year ended 31 December 2013**

**Registered number**

3592405



## **Oaktree Capital Management Limited**

### **Annual report and financial statements for the year ended 31 December 2013**

#### **Registered office**

27 Knightsbridge, 4th Floor  
London, United Kingdom, SW1X 7LY

#### **Independent auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London, United Kingdom, SE1 2RT

#### **Directors**

D Johnston	(resigned 3 April 2014)
D Keenan	
J Myrtetus	(appointed 3 April 2014)
T Ware	

## **Oaktree Capital Management Limited**

### **Strategic report for the year ended 31 December 2013**

#### **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 after taxation for the financial year ended 31 December 2013 was £182,000 (2012: £179,000) as set out in the profit and loss account on page 8.

At 31 December 2013 the company had net assets of £19,248,000 (2012: £19,430,000) 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**

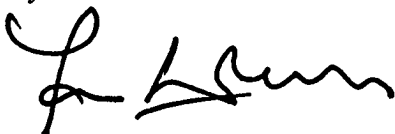
The overall Oaktree Group philosophy is one of reduction of exposure to known risks through development of mitigating controls and the avoidance of risks for which the level of impact cannot be reduced to an acceptable level. With this underlying philosophy the assessment and control of risk is of fundamental 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.

Given the principal activity of the Company as acting as a guarantor under certain lease obligations of Oaktree Capital Management (UK) LLP, (the LLP), it is the directors' opinion that the Company is subject to low operational risk.

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 Capital Group, LLC ("Oaktree Group").

By order of the Board



T Ware  
Director

22 April 2014

## **Oaktree Capital Management Limited**

### **Directors' report for the year ended 31 December 2013**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2013.

#### **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 the LLP. There are no plans to liquidate the Company until the lease obligation is satisfied.

#### **Going concern**

The directors believe that preparing the accounts 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.

#### **Directors**

The Directors who held office during the year and up to the date of signing the financial statements are given below:

D Johnston	(resigned 3 April 2014)
D Keenan	
J Myrtetus	(appointed 3 April 2014)
T Ware	

#### **Dividends**

The directors do not recommend the payment of a dividend for the year ended 31 December 2013 (2012: nil).

#### **Future development of the Company**

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

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 2013**

#### **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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

#### **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.

By order of the Board



T Ware  
Director

22 April 2014

## **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 the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

##### **What we have audited**

The financial statements, which are prepared by Oaktree Capital Management Limited, comprise:

- the profit and loss account for the year ended 31 December 2013;
- the balance sheet as at 31 December 2013;
- the cash flow statement for the year then ended; and
- 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 their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("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.

## **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 Directors' 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 other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Annual 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

##### **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, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Oaktree Capital Management Limited**

**Independent auditors' report to the members of Oaktree Capital Management Limited**  
*(continued)*

**Our responsibilities and those of the directors** *(continued)*

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.



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

**23 April 2014**



**Oaktree Capital Management Limited**

**Profit and loss account  
for the year ended 31 December 2013**

	<i>Notes</i>	<b>2013 £'000</b>	<b>2012 £'000</b>
Turnover	2	(870)	-
Administrative expenses	4	<u>824</u>	<u>(9)</u>
<b>Operating loss</b>		(46)	(9)
Interest receivable and similar income		<u>-</u>	<u>4</u>
<b>Loss on ordinary activities before taxation</b>		(46)	(5)
Tax on loss on ordinary activities	6	<u>(136)</u>	<u>(174)</u>
<b>Loss for the financial year</b>		<u>(182)</u>	<u>(179)</u>

All activities are continuing operations.

There is no difference between the loss on ordinary activities for the years and its historical cost equivalent.

The Company had no recognised gains or losses other than those disclosed in the loss above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 11 to 14 form part of these financial statements

**Oaktree Capital Management Limited**

**Balance sheet**

**as at 31 December 2013**

**Company number 3592405**

	<i>Notes</i>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Current assets</b>			
Debtors	7	<u>20,263</u>	<u>19,435</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(1,015)</u>	<u>(5)</u>
<b>Net current assets</b>		<u>19,248</u>	<u>19,430</u>
<b>Net assets</b>		<u>19,248</u>	<u>19,430</u>
<b>Capital and reserves</b>			
Called up share capital	11	11,600	11,600
Equity-based compensation		66,180	66,180
Profit and loss account	12	<u>(58,532)</u>	<u>(58,350)</u>
<b>Total shareholders' funds</b>	13	<u>19,248</u>	<u>19,430</u>

The financial statements on pages 8 to 14 were approved by the Board of Directors on 22 April 2014 and were signed on its behalf by:



T Ware  
Director

The notes on pages 11 to 14 form part of these financial statements

**Oaktree Capital Management Limited**

**Cash flow statement  
for the year ended 31 December 2013**

	<i>Notes</i>	<b>2013 £'000</b>	<b>2012 £'000</b>
<b>Net cash outflow from operating activities</b>	<b>9</b>	<u>-</u>	<u>(6,516)</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		-	4
		<u>-</u>	<u>4</u>
<b>Decrease in cash</b>	<b>10</b>	<u>-</u>	<u>(6,512)</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>-</u>	<u>6,512</u>
<b>Cash and cash equivalents at end of year</b>		<u>-</u>	<u>-</u>

The notes on pages 11 to 14 form part of these financial statements

## Oaktree Capital Management Limited

### Notes to the financial statements for the year ended 31 December 2013

#### 1. Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. 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.

##### a. Going Concern

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of Holdings.

##### b. 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.

##### b. Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies, outstanding at the balance sheet date, are translated at the rates ruling at that date. Foreign currency transactions undertaken by the UK operations are translated into sterling at the exchange rates ruling at the time of the transactions and foreign exchange profits and losses arising are treated as part of the company's profit and loss on ordinary activities.

#### 2. Turnover

	2013 £'000	2012 £'000
Fees charged to Oaktree Capital Management, L.P.	(870)	-

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 2013 the Company received an expense refund. As the Company's costs for 2013 are negative, accordingly the turnover for 2013 is also negative.

#### 3. Related party transactions

The Company is a majority-owned subsidiary (99%) of Holdings.

The Company has also participated in transactions with majority-owned subsidiaries of Holdings. *See Notes 7 and 8 for outstanding amounts.*

The amount due from related party is unsecured, has no fixed repayment terms and is non-interest bearing.

## Oaktree Capital Management Limited

### Notes to the financial statements for the year ended 31 December 2013

#### 4. Loss on ordinary activities before taxation

This is stated after charging:

	2013 £'000	2012 £'000
Auditor's remuneration - audit services	4	5
Foreign exchange loss	-	4

#### 5. Directors' emoluments

No emoluments were paid to Directors for the year ended 31 December 2013 (2012: Nil).

#### 6. Tax on loss on ordinary activities

##### a). Analysis of charge in the year

The charge for taxation, which is based on the profit for the period, amounted to:

	2013 £'000	2012 £'000
<b>Current tax:</b>		
Current year UK Corporation Tax at 23.25% (2012: 24.5%)	-	-
Adjustments in respect of prior periods	136	174
<b>Tax on loss on ordinary activities</b>	<b>136</b>	<b>174</b>

The tax assessed for the year differs from the effective standard rate in the United Kingdom corporation tax of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Loss on ordinary activities at the UK tax rate 23.25% (2012: 24.5%)	-	-
<b>Effects of:</b>		
Adjustments to tax charge in respect of previous periods	136	174
Current tax charge	136	774

##### b). Factors that may affect future tax charges

The standard rate of corporation tax in UK changed to 21% with effect from 1 April 2014.

# **Oaktree Capital Management Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

### **7. Debtors**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings	19,435	19,435
Other debtors	828	-
	<u>20,263</u>	<u>19,435</u>

### **8. Creditors: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owing to group undertakings	1,011	-
Accruals	4	5
	<u>1,015</u>	<u>5</u>

Amounts owed to the LLP and affiliated entities are unsecured, interest free and repayable on demand.

### **9. Reconciliation of operating loss to net cash outflow from operating activities**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss	(46)	(9)
Increase in debtors	(828)	-
Increase/(decrease) in creditors	874	(6,507)
Net cash outflow from operating activities	<u>-</u>	<u>(6,516)</u>

The movement in creditors during the year ended 31 December 2013 additionally includes an increase for non-operating expenses of £136,000.

### **10. Analysis of changes in cash during the year**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Balance of cash at bank as at beginning of year	-	6,512
Net cash outflow	-	(6,512)
Balance of cash at bank as at end of year	<u>-</u>	<u>-</u>

# **Oaktree Capital Management Limited**

## **Notes to the financial statements for the year ended 31 December 2013**

### **11. Called-up share capital**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Authorised, issued and fully paid ordinary shares of £1 each	<u>11,600</u>	<u>11,600</u>

### **12. Profit and Loss Account**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Profit and loss account as at beginning of year	(58,350)	(58,171)
Loss for the financial year	<u>(182)</u>	<u>(179)</u>
Profit and loss account as at end of year	<u>(58,532)</u>	<u>(58,350)</u>

### **13. Reconciliation of movement in shareholders' funds**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Loss for the financial year	(182)	(179)
Shareholders' funds as at beginning of year	19,430	19,609
Shareholders' funds as at end of year	<u>19,248</u>	<u>19,430</u>

### **14. Ultimate 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 Capital Group, LLC, a limited liability company incorporated in the United States. The Annual Report for Oaktree Capital Group, LLC can be obtained from the company's principle executive offices at 333 South Grand Avenue, 28<sup>th</sup> Floor, Los Angeles, CA 90071.