

Oaktree Capital UK Limited

**Annual Report and Financial Statements
for the Year Ended 31 December 2016**

Registered number

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Oaktree Capital UK Limited

**Annual Report and Financial Statements
for the Year Ended 31 December 2016**

Registered Office

27 Knightsbridge
London, United Kingdom, SW1X 7LY

Independent Auditors

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London, United Kingdom, E14 5EY

Directors

| | |
|---------------|-----------------------------|
| D Keenan | |
| D Kirchheimer | (resigned 8 December 2016) |
| S Rathod | (appointed 8 December 2016) |
| T Ware | |

Oaktree Capital UK Limited
Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for Oaktree Capital UK Limited for the year ended 31 December 2016.

Business Review and Financial Position

For the year under review, the profit and loss and year-end position are disclosed in the body of the financial statements. The loss after taxation for the financial year ended 31 December 2016 was £9,041,000 (2015: £441,000) as set out in the Statement of Comprehensive Income on page 8. At 31 December 2016 the company had net liabilities of £4,744,000 (2015 net assets: £4,297,000) as set out in the Statement of Financial Position on page 9.

During the year Oaktree Capital UK Limited ("the Company") entered into certain intra-group transactions in order to fund its investment activities.

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.

Risk Management

The Company is the Majority Member of Oaktree Capital Management (UK) LLP ("the LLP"), and as such the risks it is exposed to are consistent with those of the LLP. The Company's operations have exposure to certain financial risks. The Company considers financial risks regularly during the year and seeks to limit the adverse effects on the financial performance of the Company.

The Company is a wholly owned subsidiary of Oaktree Capital Group, LLC ("Oaktree Group"), a limited liability company incorporated in the United States. 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 LLP. Each department of the LLP is charged with assessing the risks underlying its area of responsibility and instituting controls to mitigate the identified risks.

In addition to the responsibilities of each department, the LLP has top-level policies and procedures which form the basis for its risk management framework. These include the written statements of the roles and responsibilities of each employee, the review and documentation of the allocation of the responsibilities of senior management, the documentation of risks and controls in a formal risk assessment matrix and the LLP's compliance manual. Each of the items noted are monitored by compliance staff of the LLP and Oaktree Group during the year.

Oaktree Capital UK Limited
Strategic Report for the Year Ended 31 December 2016 (continued)

Risk Management (continued)

For the risk management framework to operate properly, communication among senior management and the Designated Members of the LLP and senior management of Oaktree Group is of utmost importance. The communication between senior management and the Designated Members is facilitated by semi-annual board meetings. In addition, the Chief Compliance Officer of Oaktree Group also attends these board meetings to ensure that Oaktree Group is aware of all developments at the LLP. In addition to the formal board meetings, staff and senior management of the LLP have daily interactions with their counterparts at Oaktree Group thereby reducing the risk of any surprising developments surrounding the business and capital management of the LLP.

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

22 March 2017

Oaktree Capital UK Limited
Directors' Report for the Year Ended 31 December 2016

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

Principal Activities

The Company is a private company limited by shares, incorporated in England and Wales on 15 April 2011. The Company is the Majority Member of the LLP and is wholly owned by Oaktree International Holdings, LLC ("Holdings"). The Company is responsible for the day-to-day oversight of the LLP's business activities.

Going Concern

As at the 31 December 2016 the Company was in a net liability position, as set out in the Statement of Financial Position on page 9. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Oaktree Capital Management (Cayman), L.P. ("OCM Cayman"). OCM Cayman is an exempted limited partnership, established in the Cayman Islands, and is an affiliate of the Company. The directors have received confirmation that OCM Cayman intends to support the company for at least one year after these financial statements are signed.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2016 (2015: nil).

Future Development of the Company

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

On the 23 June 2016 the United Kingdom voted to leave the European Union ("Brexit"). The directors are of the opinion that this decision will not adversely impact the activities of the entity. The Company will continue to assess any relevant considerations arising from the terms for withdrawal, as they are established, in the context of its risk management framework.

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 UK Limited
Directors' Report for the Year Ended 31 December 2016 (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

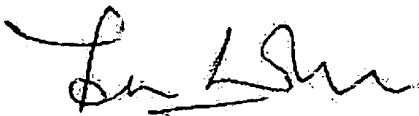
Ernst and Young LLP has indicated its willingness to be appointed in office as auditors and a resolution concerning their appointment will be proposed at the next Directors' meeting.

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

22 March 2017

Oaktree Capital UK Limited**Independent Auditors' Report to the Members of Oaktree Capital UK Limited**

We have audited the financial statements of Oaktree Capital UK Limited (the "Company") for the year ended 31 December 2016, which comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 19. 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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company'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 Directors' Responsibilities Statement set out on pages 4 and 5, 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). 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 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. 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 Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Oaktree Capital UK Limited

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

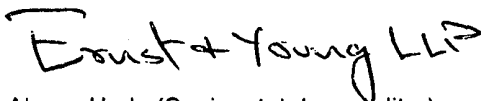
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Ahmer Huda (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

22 March 2017

Oaktree Capital UK Limited

**Statement of Comprehensive Income
for the Year Ended 31 December 2016**

| | <i>Notes</i> | 2016 £'000 | 2015 £'000 |
|---|--------------|-----------------------|-----------------------|
| Turnover | 5 | 3,062 | 1,430 |
| Administrative expenses | | <u>(184)</u> | <u>(16)</u> |
| Operating profit | 6 | 2,878 | 1,414 |
| Foreign exchange (losses)/gains | | (8,184) | 1,943 |
| Interest payable and similar charges | | <u>(3,573)</u> | <u>(2,610)</u> |
| (Loss)/profit on ordinary activities before taxation | 6 | (8,879) | 747 |
| Tax on (loss)/profit on ordinary activities | 10 | <u>(162)</u> | <u>(1,188)</u> |
| Loss for the financial year | | (9,041) | (441) |
| Other comprehensive income | | <u>-</u> | <u>-</u> |
| Total comprehensive loss for the year | | <u>(9,041)</u> | <u>(441)</u> |

All activities relate to continuing operations.

The notes on pages 11 to 17 form an integral part of the financial statements.

Oaktree Capital UK Limited

**Statement of Financial Position
as at 31 December 2016
Company Number 07606084**

| | Notes | 2016 £'000 | 2015 £'000 |
|--|-------|---------------|---------------|
| Fixed assets | | | |
| Investments | 2,9 | 72,876 | 71,145 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 11 | 1,704 | - |
| Debtors: amounts falling due after one year | 12 | 406 | 136 |
| Cash at bank and in hand | | 1 | 398 |
| | | 2,111 | 534 |
| Creditors: amounts falling due within one year | 13 | (19,455) | (67,382) |
| Net current liabilities | | (17,344) | (66,848) |
| Total assets less current liabilities | | 55,532 | 4,297 |
| Creditors: amounts falling due after more than one year | 14 | (60,276) | - |
| Net (liabilities)/assets | | (4,744) | 4,297 |
| Capital and reserves | | | |
| Called up share capital | 15 | 1 | 1 |
| Profit and loss account | 16 | (4,745) | 4,296 |
| Total shareholder's funds | 17 | (4,744) | 4,297 |

The financial statements on pages 8 to 17 were approved by the Board of Directors on 22 March 2017 and were signed on its behalf:


T Ware
Director

The notes on pages 11 to 17 form an integral part of the financial statements.

Oaktree Capital UK Limited

**Statement of Changes in Equity
for the Year Ended 31 December 2016**

| | <i>Notes</i> | Called up share capital £'000 | Profit and loss account £'000 | Total £'000 |
|--|--------------|--|--|------------------------|
| Balance at 1 January 2015 | | 1 | 4,737 | 4,738 |
| Loss for the year | 16 | - | (441) | (441) |
| Total comprehensive income for the year | | - | (441) | (441) |
| Balance at 31 December 2015 | 17 | 1 | 4,296 | 4,297 |
| <hr/> | | | | |
| Balance at 1 January 2016 | | 1 | 4,296 | 4,297 |
| Loss for the year | 16 | - | (9,041) | (9,041) |
| Total comprehensive income for the year | | - | (9,041) | (9,041) |
| Balance at 31 December 2016 | 17 | 1 | (4,745) | (4,744) |

The notes on pages 11 to 17 form an integral part of the financial statements.

Oaktree Capital UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1. Statement of Compliance

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

a. Basis of Preparation

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

b. Going Concern

As at the 31 December 2016 the Company was in a net liability position, as set out in the Statement of Financial Position on page 9. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of OCM Cayman.

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 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. Turnover

Turnover is recorded on an accruals basis. Turnover relates to distributions from subsidiary undertaking.

e. 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.

Oaktree Capital UK Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

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

f. Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date 31 December 2016, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is measured on an undiscounted basis.

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 Statement of Comprehensive Income.

h. Investments

The Company is the Majority Member of its subsidiary, the LLP. The investment is held at cost less provision for any permanent diminution in value.

i. Financial Instruments

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

Basic financial assets, including other debtors and cash at bank and in hand are initially recognised at transaction price.

Oaktree Capital UK Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

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

i. Financial Instruments (*continued*)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If evidence of impairment exists, the impairment loss is recognised in profit or loss. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed in the Statement of Comprehensive Income.

Financial assets are derecognised when substantially all the risks and rewards of the ownership of the asset are transferred to another party.

3. Critical Accounting Judgements and Estimation Uncertainty

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

i). Impairment of investments

The Company considers whether investments are impaired on an annual basis. This involves judgement on whether the value of the underlying net assets of the investment have fallen below carrying value.

4. Financial Instrument Risk

The Company's operations have exposure to certain financial risks, including credit, liquidity and exchange rate risk. The Company's management considers financial risks regularly during the year and seeks to limit the adverse effects on the financial performance of the Company in the context of its risk management framework.

i). Credit risk

The Company is exposed to credit risk, which is the risk that a counterparty to a transaction may default and cause a financial loss to the Company. Credit risk exposure arises principally from cash held at bank and debtor balances.

ii). Liquidity risk

Liquidity risk is the risk that the Company is unable to meet payment obligations associated with its financial liabilities as they fall due. The Company aims to mitigate exposure to liquidity risk through ensuring adequate cash balances are maintained.

iv). Exchange rate risk arises from the impact of fluctuations in currency exchange rates on assets and liabilities denominated in foreign currencies. The Company is exposed to exchange rate risk through creditor balances denominated in currencies other than the Company's functional currency.

Oaktree Capital UK Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

5. Turnover

| | 2016 £'000 | 2015 £'000 |
|---|-----------------------|-----------------------|
| Distributions from subsidiary undertaking | <u>3,062</u> | <u>1,430</u> |

6. Operating Profit

The operating profit for the year has been stated after charging the following:

| | 2016 £'000 | 2015 £'000 |
|--|-----------------------|-----------------------|
| Auditors' remuneration - audit services | 9 | 9 |
| Auditors' remuneration - taxation services | 4 | 4 |

7. Directors' Emoluments

During the year ended 31 December 2016 the directors did not receive any emoluments in respect of their services to the Company (2015: £nil).

8. Staff Costs and Employee Information

During the year ended 31 December 2016 the Company had no employees (2015: nil).

9. Investments

| | 2016 £'000 | 2015 £'000 |
|----------------------------------|-----------------------|-----------------------|
| At Cost Less Impairment | | |
| Net book value at 1 January | 71,145 | 76,136 |
| Capital contributions | 15,848 | 18,036 |
| Return of capital contributions | (14,117) | (23,027) |
| Net book value as at 31 December | <u>72,876</u> | <u>71,145</u> |

Investment in the LLP is stated at historic cost, which includes the shareholder contributions. The directors believe that the carrying value of the investments is supported by their underlying net assets.

Oaktree Capital UK Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

10. Tax on Profit on Ordinary Activities

a). Tax expense included in Statement of Comprehensive Income

| | 2016 £'000 | 2015 £'000 |
|--|-----------------------|-----------------------|
| Current tax | | |
| UK corporation tax on profits for the year | 550 | 1,363 |
| Adjustments in respect of prior years | (118) | 92 |
| Total current tax | <u>432</u> | <u>1,455</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (270) | (267) |
| Total deferred tax | <u>(270)</u> | <u>(267)</u> |
| Tax on profit on ordinary activities | <u>162</u> | <u>1,188</u> |

b). Reconciliation of tax charge:

The tax assessed for the year differs from the effective standard rate in the United Kingdom corporation tax of 20.00% (2015: 20.25%). The differences are explained below:

| | 2016 £'000 | 2015 £'000 |
|---|-----------------------|-----------------------|
| (Loss)/profit on ordinary activities before taxation | <u>(8,879)</u> | <u>747</u> |
| (Loss)/profit multiplied by the standard rate of tax in the UK of 20.00% (2015: 20.25%) | (1,776) | 151 |
| Effects of: | | |
| Partnership allocation | 2,326 | 1,212 |
| Adjustments to tax charge in respect of prior years | (118) | 92 |
| Tax charge for the year | <u>432</u> | <u>1,455</u> |

c). Deferred tax

The provision for deferred tax consists of the following deferred tax assets:

| | 2016 £'000 | 2015 £'000 |
|--------------------------------|-----------------------|-----------------------|
| Accelerated capital allowances | 406 | 136 |
| Total provision | <u>406</u> | <u>136</u> |

d). 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.

Oaktree Capital UK Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

11. Debtors: amounts falling due within one year

| | 2016 £'000 | 2015 £'000 |
|------------------------------------|-----------------------------|-----------------------------|
| Amounts owed by group undertakings | 1,678 | - |
| Taxation and social security | 26 | - |
| | <u>1,704</u> | <u>-</u> |

12. Debtors: amounts falling due after one year

| | 2016 £'000 | 2015 £'000 |
|-------------------|-----------------------------|-----------------------------|
| Deferred taxation | 406 | 136 |
| | <u>406</u> | <u>136</u> |

The deferred tax asset relates to timing differences on the recognition of capital allowances. The directors anticipate realisation of taxable profits in future years, supporting the recoverability and recognition of the deferred tax asset.

13. Creditors: amounts falling due within one year

| | 2016 £'000 | 2015 £'000 |
|------------------------------------|-----------------------------|-----------------------------|
| Amounts owed to group undertakings | 19,435 | 66,543 |
| Taxation and social security | - | 819 |
| Accruals and deferred income | 20 | 20 |
| | <u>19,455</u> | <u>67,382</u> |

During the year the Company issued loan notes of €66,340,000 (£55,543,000) representing principal payable under an existing intra-group loan agreement. The notes, denominated in Euro, have a maturity date of 31 December 2036.

At the year-end €70,614,000 (£60,276,000) of principal and accrued interest was outstanding in respect of the loan notes (see note 13). Recognised within the Statement of Comprehensive Income for 2016 is a foreign exchange loss of £8,307,000 on the translation of the payable into Sterling at the 31 December 2016 exchange rate.

With the exception of the loan notes, amounts owed to/by group undertakings are unsecured, interest free and repayable on demand.

14. Creditors: amounts falling due after more than one year

| | 2016 £'000 | 2015 £'000 |
|------------------------------------|-----------------------------|-----------------------------|
| Amounts owed to group undertakings | 60,276 | - |
| | <u>60,276</u> | <u>-</u> |

Oaktree Capital UK Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2016**

15. Called Up Share Capital

| | 2016 £'000 | 2015 £'000 |
|--|-----------------------|-----------------------|
| Authorised, issued and fully paid ordinary shares of £1 each | 1 | 1 |
| | <u>1</u> | <u>1</u> |

16. Profit and Loss Account

| | 2016 £'000 | 2015 £'000 |
|---|-----------------------|-----------------------|
| Profit and loss account as at 1 January | 4,296 | 4,737 |
| Loss for the financial year | (9,041) | (441) |
| Profit and loss account as at 31 December | <u>(4,745)</u> | <u>4,296</u> |

17. Reconciliation of Movements in Shareholder's (Deficit)/Funds

| | 2016 £'000 | 2015 £'000 |
|---|-----------------------|-----------------------|
| Shareholder's funds as at 1 January | 4,297 | 4,738 |
| Loss for the financial year | (9,041) | (441) |
| Shareholder's (deficit)/funds as at 31 December | <u>(4,744)</u> | <u>4,297</u> |

18. 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 19). 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.

19. 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.