

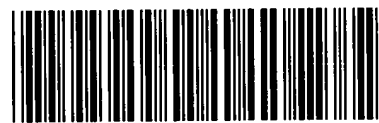
# **Ares Management UK (GP) Limited**

## **Report and Financial Statements**

For the year ended 31 December 2021

Registered no. SC437893

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## Ares Management UK (GP) Limited

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Registered no. SC437893

### **Directors**

John Atherton

Kevin William Early

Matthew Jill – Appointed 12<sup>th</sup> February 2021

Michael Daniel Weiner – Resigned 12<sup>th</sup> February 2021

### **Secretary**

TMF Corporate Administration Services Limited

6 St Andrew Street

5th Floor

London

EC4A 3AE

### **Auditor**

Ernst & Young LLP

25 Churchill Place

Canary Wharf

London

E14 5EY

### **Solicitors**

Burness Paull & Williamsons

50 Lothian Road

Festival Square

Edinburgh

EH3 9WJ

### **Registered Office**

50 Lothian Road

Festival Square

Edinburgh

EH3 9WJ

Registered no. SC437893

## Directors' report

The directors present their report and financial statements of Ares Management UK (GP) Limited (the "Company") for the year ended 31 December 2021.

The report and financial statements have been prepared in accordance with the special provisions relating to small companies under Companies Act 2006 Section 415A. The directors have also taken advantage of the exemption in preparing a strategic report under Companies Act 2006 Section 414B.

### Principal activity

The principal activity of the Company is to carry on the business of a managing member for Ares CSF LLP.

### Results and Dividends

The Company has neither paid nor declared any dividends in the year (2020: nil).

### Review of Business

The Company in its role of managing member of Ares CSF LLP received a priority profit share of £1,506,336 (2020: £1,587,694) which it passed on to Ares Management Limited ("AML") as a management fee for services provided.

### Going concern

The global impact of the coronavirus ("COVID-19") pandemic is ongoing. Many geographies continue to have preventative measures in place to contain or mitigate its spread, causing reductions in business activity and financial transactions, supply chain interruptions, and overall economic and financial market instability. Throughout 2021 a number of tested and approved vaccines were rolled out around the globe. As percentages of populations being vaccinated increased and infection rates decreased, individual countries and regions started to relax the measures put in place to combat the virus, leading to recoveries in economic and leisure activity. However, the uneven roll out of vaccines across the world, and the periodic emergence of more infectious and transmissible COVID-19 variants, among other things, mean that the negative effects of the pandemic are likely to continue for some time to come, which in turn could adversely affect the company's financial condition and results of operations.

The full extent to which the COVID-19 pandemic may impact Company's results, operations or liquidity is uncertain. The directors continue to monitor the impact that the COVID-19 pandemic has on the Company, the asset management industry and the economies in which the Company operates. The directors have performed a COVID -19 impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements.

The most likely expected financial impact is in respect of the Company's future profit share from management fee income as this is linked to assets under management. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments and management have a number of actions that they are able to take to protect profitability and solvency.

Having performed this analysis the directors believe regulatory capital requirements continue to be met and the Company has sufficient liquidity to meet its liabilities for at least the next 12 months to 22 July 2023 and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

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## Directors' report (continued)

Revenue for the Company is comprised of profit share from Ares CSF LLP from its share of management fees from Ares UK Credit Strategies LP. Management fees are calculated based on the invested capital of the investments held and the Directors don't foresee, and have not experienced thus far, any material decreases in the invested capital for Ares UK Credit Strategies LP in 2022.

### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information as defined by section 418 of the Companies Act 2006, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Directors

Directors who served during the year and up to the date of this report were:

John Atherton

Kevin Early

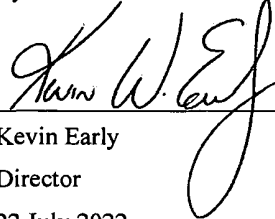
Matthew Jill – Appointed 12<sup>th</sup> February 2021

Michael Daniel Weiner – Resigned 12<sup>th</sup> February 2021

### Reappointment of Auditors

The auditors, Ernst & Young, LLP, have indicated their willingness to continue in office. A written resolution concerning their reappointment has been approved by the Directors of the Company.

By the order of the Board



Kevin Early

Director

22 July 2022

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## **Statement of directors' responsibilities**

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

The Companies Act requires the directors to prepare financial statements for each financial year. Under the Companies Act 2006 the directors have elected to prepare 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. In preparing these financial statements, the directors 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 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 to 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARES MANAGEMENT UK (GP) LIMITED**

**Opinion**

We have audited the financial statements of Ares Management UK (GP) Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its results 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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## Opinions on other matters 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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;
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

## Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and the relevant direct and indirect tax compliance regulation in the United Kingdom.
- We understood how the Company is complying with those frameworks by making enquiries of management and by seeking representation from those charged with governance. We corroborated our understanding by reviewing board meeting minutes and relevant policy and procedures manuals. We also reviewed correspondence with the relevant authorities.

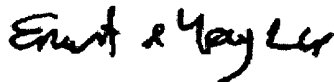
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- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. We tested all journal entries booked during the year.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance, review of legal and professional expenses and review of board meeting minutes.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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.



Ashley Coups (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
22 July 2022



## Profit and loss account

for the year ended 31 December 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	2	1,506,336	1,587,694
Administrative expenses		(1,506,336)	(1,587,694)
<b>Result from ordinary activities before taxation</b>	4	-	-
Tax on result from operating activities	6	-	-
<b>Result after taxation for the financial year</b>		-	-

All items dealt with in arriving at the result for the year ended 31 December 2021 and 31 December 2020 related to continuing operations.

### Statement of comprehensive income for the year ended 31 December 2021 and 31 December 2020

There are no other gains and losses other than the result for the years shown above and therefore no statement of other comprehensive income has been presented.

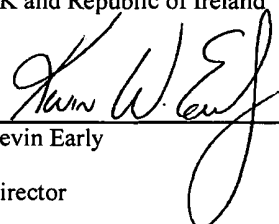
The notes on pages 12 to 15 form part of these financial statements.

**Balance Sheet**

at 31 December 2021

	Notes	2021 £	2020 £
<b>Fixed assets</b>			
Investments	5	102	102
<b>Total fixed assets</b>		<u>102</u>	<u>102</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	361,868	412,060
<b>Total current assets</b>		<u>361,868</u>	<u>412,060</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>(361,968)</u>	<u>(412,160)</u>
<b>Net current assets</b>		<u>(100)</u>	<u>(100)</u>
<b>Total assets less current liabilities</b>		<u>2</u>	<u>2</u>
<b>Net assets</b>		<u>2</u>	<u>2</u>
<b>Capital and reserves</b>			
Called up share capital	10	2	2
<b>Shareholders' funds</b>		<u>2</u>	<u>2</u>

The financial statements on pages 9 to 11 were approved and authorised on 22 July 2022 for issue on behalf of the directors. The report and financial statements have been prepared in accordance with the provisions applicable to entities subject to the small entities regime within Part 15 of the Companies Act 2006 and in accordance with provisions of FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' Section 1A – small entities.

  
 Kevin Early  
 Director

The notes on pages 12 to 15 form part of these financial statements.

## Statement of changes in equity

For the year ended 31 December 2021

	Share Capital	Profit and Loss Account	Total Shareholder's Funds
	£	£	£
At 1 January 2020	2	-	2
Result for the year	-	-	-
At 31 December 2020	2	-	2

	Share Capital	Profit and Loss Account	Total Shareholder's Funds
	£	£	£
At 1 January 2021	2	-	2
Result for the year	-	-	-
At 31 December 2021	2	-	2

## Notes to the financial statements

at 31 December 2021

### 1. ACCOUNTING POLICIES

#### General information

Ares Management UK (GP) Limited is a private limited company incorporated in Scotland. The address of its registered office is 50 Lothian Road, Edinburgh, EH3 9WJ.

#### Basis of Preparation

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the UK and the Republic of Ireland' ("FRS 102") Section 1A – small entities.

The accounting practices have been applied consistently by the Company. The financial statements have been presented in British pound sterling (£) which is the Company's functional and presentational currency.

As the Company forms part of a larger consolidated group, it is exempt from the need to prepare consolidated financial statements. Consequently, these are the individual financial statements of the Company.

The global impact of the coronavirus ("COVID-19") pandemic is ongoing. Many geographies continue to have preventative measures in place to contain or mitigate its spread, causing reductions in business activity and financial transactions, supply chain interruptions, and overall economic and financial market instability. Throughout 2021 a number of tested and approved vaccines were rolled out around the globe. As percentages of populations being vaccinated increased and infection rates decreased, individual countries and regions started to relax the measures put in place to combat the virus, leading to recoveries in economic and leisure activity. However, the uneven roll out of vaccines across the world, and the periodic emergence of more infectious and transmissible COVID-19 variants, among other things, mean that the negative effects of the pandemic are likely to continue for some time to come, which in turn could adversely affect the company's financial condition and results of operations.

The full extent to which the COVID-19 pandemic may impact Company's results, operations or liquidity is uncertain. The directors continue to monitor the impact that the COVID-19 pandemic has on the Company, the asset management industry and the economies in which the Company operates. The directors have performed a COVID -19 impact analysis as part of their going concern assessment using information available to the date of issue of these financial statements.

The most likely expected financial impact is in respect of the Company's future profit share from management fee income as this is linked to assets under management. It is not possible to quantify the overall impact of COVID-19 as financial markets continue to react to developments and management have a number of actions that they are able to take to protect profitability and solvency.

Having performed this analysis the directors believes regulatory capital requirements continue to be met and the Company has sufficient liquidity to meet its liabilities for at least the next 12 months to 22 July 2023 and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

Revenue for the Company is comprised of profit share from Ares CSF LLP from its share of management fees from Ares UK Credit Strategies LP. Management fees are calculated based on the invested capital of the investments held and the Directors don't foresee, and have not experienced thus far, any material decreases in the invested capital for Ares UK Credit Strategies LP in 2022.

#### Cash flow

The Company meets the requirements of a small company as defined by Companies Act 2006 and accordingly has taken advantage of the exemption under Section 7 of FRS 102 from preparing a cash flow statement.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### Turnover

Turnover is recognised to the extent that the Company obtains the right to consideration in exchange for its performance of services. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, Value Added Tax ("VAT") and other taxes or duty.

### Investments

Investments represent subsidiary undertakings and are held at cost less provisions for impairment in value.

### Expenses

Expenses incurred have been recognised on an accruals basis.

### Debtors and Creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price, as that is the consideration expected to be received or paid. Any losses arising from impairment are recognised in the income statement in administrative expenses.

## 2. TURNOVER

The Company earnings constitute profit share from its role as managing member of Ares CSF LLP. All turnover is derived from operations within the United Kingdom.

## 3. STAFF COSTS

There were no staff costs or directors emoluments during the year.

## 4. OPERATING RESULT

The only charge against operating profit during the year was the Ares Management Limited management fee inclusive of VAT of £1,506,336 (2020: £1,587,694). The fee of £3,500 (2020: £3,400) for the audit of the financial statements has been borne by Ares Management Limited.

## 5. INVESTMENTS

On 29 November 2012, the Company acquired 100% of the shares in Ares UK CSF Limited. The issued share capital is 2 ordinary shares of £1 each which was unpaid. The subsidiary has not been consolidated as it forms part of a larger consolidated group. On 21 November 2014, the Company became a Designated Member of Ares CSF LLP and agreed to contribute capital of £100. Ares UK CSF Limited is the other Designated Member of Ares CSF LLP and has agreed to contribute capital of £100.

	2021	2020
	£	£
Ares UK CSF Limited	2	2
Ares CSF LLP	100	100
	<hr/>	<hr/>
	102	102
	<hr/>	<hr/>

## 6. TAXATION

There was no tax charge for the year as there was no taxable profit.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 7. DEBTORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Ares CSF LLP	361,866	412,058
Ares Management LLC	2	2
	<u>361,868</u>	<u>412,060</u>

### 8. CASH

The Company has no bank accounts and held no cash during the year.

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Ares Management Limited	361,866	412,058
Ares UK CSF Limited	2	2
Ares CSF LLP	100	100
	<u>361,968</u>	<u>412,160</u>

### 10. CALLED UP SHARE CAPITAL

	2021	2020
	£	£
<i>Allotted, called up and unpaid</i>		
Ordinary shares £1 each	2	2
	<u>2</u>	<u>2</u>

### 11. RELATED PARTY TRANSACTIONS

As of 31 December 2021, the Company was owed (i) £361,866 (2020: £412,058) from Ares CSF LLP representing the unpaid balance of a profit share of £1,506,336 (2020: £1,587,694) and (ii) £2 (2020: £2) from Ares Management LLC for unpaid consideration for issued ordinary shares.

As of 31 December 2021, the Company owed (i) Ares Management Limited £361,866 (2020: £412,058), representing the unpaid balance of a management fee, (ii) Ares UK CSF Limited £2 (2020: £2) for unpaid consideration for issued ordinary shares and (iii) Ares CSF LLP £100 (2020: £100) for unpaid capital contribution.

## Notes to the financial statements (continued)

For the year ended 31 December 2021

### 12. ULTIMATE PARENT UNDERTAKING

The Company is immediately controlled by Ares Management LLC, a company incorporated in the United States of America, and ultimately controlled by Ares Management LP. Copies of the financial statements are available from Ares Management LLC, 2000 Avenue of the Stars, 12<sup>th</sup> Floor, Los Angeles, California, 90067, USA.

### 13. EVENTS AFTER THE END OF REPORTING PERIOD

Following the invasion of Ukraine by the Russian Federation in February 2022, a number of jurisdictions (including the US, UK and EU) imposed sanctions against Russia, and certain entities and individuals connected to the Russian state. Growing geopolitical tensions since the commencement of the war have resulted in a significant increase in volatility on the securities and currency markets, as well as a significant depreciation of the ruble against the Sterling, US dollar and the euro. The Company regards these events as non-adjusting events after the reporting period.

Although neither the Company's performance and going concern nor operations, at the date of this report, have been significantly impacted by these events, the directors continue to monitor the evolving situation and its impact on the financial position and results of the Company.

The directors have evaluated the possibility of events after the balance sheet date existing in the Company's financial statements through to 22 July 2022 and to its knowledge, there have been no material post balance sheet events that occurred during the period that would require disclosure in the Company's financial statements for the year ended 31 December 2021.