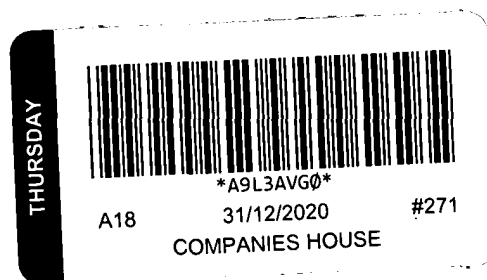


Colony Capital UK, Ltd  
Annual Report and Financial Statements  
Registered number 09120522  
For the Year Ended 31 December 2019



Colony Capital UK, Ltd  
Annual Report and Financial Statements  
For the year ended 31 December 2019

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## Directors' Report

The Directors present the Directors' Report and the audited financial statements of Colony Capital UK, Ltd for the year ended 31 December 2019.

The Directors' Report has been prepared in accordance with the provisions relating to small companies under section 415A of the Companies Act 2006. The directors have also taken advantage of the small companies' exemption under section 414B of the Companies Act 2006 to the preparation of the Strategic Report.

On January 10, 2017, NorthStar Asset Management Group, Inc. completed the tri-party merger with Colony Capital, Inc. and NorthStar Realty Finance Corp. to form Colony Northstar, Inc. which was the ultimate parent of the Company, prior to changing its name to Colony Capital, Inc.

On the 25 June 2018, the Company changed its name from Colony NorthStar UK, LTD to Colony Capital UK, Ltd.

## Principal activities and business review

The Company is part of Colony Capital, Inc., (the "Parent"), the ultimate parent undertaking, and a company registered in the United States.

The principal activity of the Company is the provision of asset management and other services.

In the year, the Company made a profit on ordinary activities before taxation of \$2,134,000 (2018: profit \$1,374,000), and has net assets of \$5,145,000 (2018: net assets of \$3,451,000) at the reporting date.

## Results and dividends

The result for the financial year amounted to a profit after tax of \$1,195,000 (2018: profit after tax of \$992,000). The Directors do not recommend the payment of a dividend (2018: \$nil).

## Going Concern

Colony Capital UK, Ltd has made a profit after tax for the financial year of \$1,687,000 (2018: profit after tax of \$992,000), has a cash balance of \$127,000 (2018: \$167,000), current net assets due within one year of \$5,145,000 (2018: \$3,145,000), and total equity of \$5,145,000 (2018: equity of \$3,451,000) at the reporting date.

The Company operates as part of the Parent and in December 2020 is in receipt of a \$700,000 capital infusion from the Parent which will allow the Company to meet its liabilities for the twelve-month period from the date of approval of these financial statements. The Company prepared cashflow forecasts for this twelve month period which considered the historic and forecast level of expenditure incurred by the Company and assessed this, combined with the capital infusion of \$700K in December 2020 from the Parent, could be met from existing cash reserves. Therefore, the Directors conclude that adopting the going concern basis of accounting in preparing the annual financial statements is appropriate.

## Principal uncertainties

Colony Capital, Inc. manages risks at a Parent level, rather than at an individual business unit level. For this reason, the Company's Director believes that a disclosure of the Company's risk profile would not be appropriate for an understanding of the activities of Colony Capital UK, Ltd. See the Colony Capital, Inc. Annual Report (Form 10-K) pages 16 to 50 for a description of the Parent's risk factors.

## Directors

The Director who resigned on 7<sup>th</sup> June 2019 was Jonathan D Farkas. The Director who resigned on 1<sup>st</sup> April 2020 was Stefan T Jaeger. The Director who assumed office on 7<sup>th</sup> June 2019 and held office up to the date of signing the financial statements was Ioannis Ermilios. The director who assumed office on 8<sup>th</sup> April 2020 up to the date of signing the financial statements was George H Bezian.

Certain Directors benefited from the qualifying third party indemnity provisions in place during the financial year and at the date of approval of this report.

## Political contributions

The Company made no political donations during the period or prior period.

**Directors' Report (continued)****Disclosure of information to the auditors**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Future developments**

The Directors will continue to focus on the Company's principal activity, the provision of asset management and other services, going forward.

**EVENT SINCE THE BALANCE SHEET DATE**

Subsequent to 31 December 2019, the World Health Organisation declared a pandemic due to the global outbreak of the coronavirus disease (COVID-19). It's impact on the public's health and the economy is rapidly evolving and has so far resulted in quarantines, restrictions on travel and business closures worldwide. The Directors consider this event to be non-adjusting and hence does not have an impact on the balances recorded on the statement of financial position.

COVID-19 has led to significant volatility and declines in the global public equity markets. Among the most impacted sectors to-date are travel, leisure and hospitality primarily due to uncertainty around global travel. The Company is monitoring the evolving situation closely and evaluating its potential exposure. As of the date of this report, it is uncertain how long this volatility will continue, and to what extent if any it may impact the valuations and performance of the Company's. At the date of approving the financial statements, the Company has not seen a significant impact from the virus but as the disease continues to spread, the resulting financial and economic market uncertainty could have a negative impact to the Company's business. In addition, there may be an impact on the operating profit of the Company if the situation worsens, but the extent of this is highly uncertain and cannot be predicted.

**Principal risks and uncertainties**

The Directors are conscious of the underlying market conditions, especially in relation to property fund management within the UK economy. The Directors have considered the impact that coronavirus disease (Covid-19) may have on the Company. The operations of the Company have, at the date of signing the financial statements, not been materially impacted by Covid-19. As the disease continues to spread however, the financial and economic impact on the UK could result in a negative impact on the Company's operating profit.

The key risk to the Company is the exposure to market risks and changes in foreign currency exchange rates.

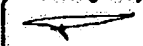

**Independent auditors**

Ernst & Young LLP were appointed as auditors during the year. Pursuant to Section 487 of the Companies Act 2016, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

By order of the board

George Haig Benzian  
Director

Ioanmils Ermilios  
Director

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DocuSigned by:  
  
1BEBB3382EC4B4...

35 Portman Square  
2nd Floor  
Marylebone, London W1H 6LR

#### **Statement of Director's responsibilities**

*The Directors are responsible for preparing the Strategic Report and the 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 elected to prepare the financial statements in accordance with applicable UK accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the Directors must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs 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 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, included in FRS 102;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 such internal control as he determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COLONY CAPITAL UK, LTD

### Opinion

We have audited the financial statements of Colony Capital UK, Ltd (the 'company') for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 17, 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 2019 and of its profit 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 below. 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Emphasis of matter

We draw attention to Note 17 of the financial statements, which describes the financial and operational consequences the company is facing as a result of COVID-19 which is impacting consumer demand and financial markets. Our opinion is not modified in respect of this matter.

#### 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.

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.

#### 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 have 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

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.

*Ernst & Young LLP*

*Daniel Saunders (Senior statutory auditor)*

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

*London*

*29th December 2020*

Colony Capital UK, Ltd  
Annual Report and Financial Statements  
For the year ended 31 December 2019

**Statement of Comprehensive Income**  
**As at 31 December 2019**

	<i>Note</i>	<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Turnover</b>	<b>2</b>	<b>17,271</b>	<b>9,842</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>17,271</b>	<b>9,842</b>
<b>Administrative expenses</b>	<b>4</b>	<b>(15,183)</b>	<b>(8,455)</b>
		<hr/>	<hr/>
<b>Operating (loss)/profit</b>		<b>2,088</b>	<b>1,387</b>
<b>Other interest receivable and similar income</b>	<b>6</b>	<b>-</b>	<b>30</b>
<b>Interest payable and similar charges</b>	<b>7</b>	<b>46</b>	<b>(43)</b>
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>2,134</b>	<b>1,374</b>
<b>Tax on profit</b>	<b>8</b>	<b>(447)</b>	<b>(382)</b>
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>1,687</b>	<b>992</b>
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>1,687</b>	<b>992</b>
		<hr/>	<hr/>

The above results all relate to continuing operations.

The notes on pages 10 to 19 form part of these financial statements.



**Balance Sheet**  
**As at 31 December 2019**


		2019	2018
	Note	\$'000	\$'000
<b>Current assets</b>			
Debtors	9	30,089	12,396
Deferred tax asset (due after more than one year)	11	-	228
Cash at bank and in hand		127	167
		<hr/>	<hr/>
		30,216	12,791
Creditors: amounts falling due within one year	10	(25,071)	(9,340)
		<hr/>	<hr/>
Net current assets		5,145	3,451
		<hr/>	<hr/>
Total assets less current liabilities		5,145	3,451
		<hr/>	<hr/>
Net assets		5,145	3,451
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account		5,145	3,451
		<hr/>	<hr/>
<b>Total equity</b>		5,145	3,451
		<hr/>	<hr/>

The notes on pages 10 to 19 form part of these financial statements.

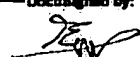
The financial statements have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

These financial statements on pages 7 to 9 were authorized for issue by the board on Tuesday, 29 December, 2020 and were signed on its behalf by:

George Haig Benzian  
Director

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Ioannis Ermilios  
Director

DocuSigned by:  
  
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Company Registration Number: 09120522

Statement of Changes in Equity  
As at 31 December 2019

		<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 January 2018		-	1,422	1,422
Profit for the financial year		-	992	992
		<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		-	992	992
		<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recognized directly in equity</b>				
Equity-settled share based payments	12	-	1,037	1,037
		<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recognized directly in equity</b>		-	3,451	3,451
		<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2018</b>		-	<b>3,451</b>	<b>3,451</b>
		<hr/>	<hr/>	<hr/>
		<hr/>	<hr/>	<hr/>
		<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 January 2019		-	3,451	3,451
Profit for the financial year		-	1,687	1,687
		<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		-	1,687	1,687
		<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recognized directly in equity</b>				
Other contribution		-	7	7
		<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recognized directly in equity</b>		-	5,145	5,145
		<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2019</b>		-	<b>5,145</b>	<b>5,145</b>
		<hr/>	<hr/>	<hr/>
		<hr/>	<hr/>	<hr/>

The notes on pages 10 to 19 form part of these financial statements.

**Notes to the Financial Statements****1. Accounting policies**

Colony Capital UK, Ltd (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 09120522 and the address of its registered office is 35 Portman Square, 2nd Floor, Marylebone, London W1H 6LR.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is US dollars. All amounts in the financial statements have been rounded to the nearest \$1,000.

The Company's ultimate parent undertaking, Colony Capital, Inc. ("the Parent"), includes the Company in its consolidated financial statements. The consolidated financial statements of Colony Capital, Inc. are prepared in accordance with U.S. GAAP, are available to the public and may be obtained online from:

<https://www.sec.gov/ix?doc=/Archives/edgar/data/1679688/000167968820000014/clny201910-k.htm>

In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the year;
- Related party transactions;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Colony Capital, Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 17.

**1.1. Measurement convention**

The financial statements are prepared on a going concern basis, under the historical cost convention.

**1.2. Going concern**

Colony Capital UK, Ltd has made a profit for the financial year of \$1,687,000 (2018: profit of \$992,000), has a cash balance of \$127,000 (2018: \$167,000), net current assets due within one year of \$5,145,000 (2018: \$3,451,000), and total equity of \$5,145,000 (2018: equity of \$3,451,000) at the reporting date.

The Company operates as part of the Parent and in December 2020 is in receipt of a \$700,000 capital infusion from the Parent which will allow the Company to meet its liabilities for the twelve-month period from the date of approval of these financial statements. The Company prepared cashflow forecasts for this twelve month period which considered the historic and forecast level of expenditure incurred by the Company and assessed this, combined with the capital infusion of \$700K in December 2020 from the Parent, could be met from existing cash reserves. Therefore, the Directors conclude that adopting the going concern basis of accounting in preparing the annual financial statements is appropriate.

## **Notes to the Financial Statements (continued)**

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

#### **1.3. Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency (USD) at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Nonmonetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognized in the Statement of Comprehensive Income.

#### **1.4. Revenue recognition**

All of the Company's revenue is generated from transfer pricing under a cost plus approach. The revenue recognition accounting policy of the Group (using terms defined in the Group consolidated financial statements) is outlined below:

##### **Asset management and other fees**

Asset management and other fees are recognized based on contractual terms specified in the underlying governing documents in the periods during which the related services are performed and the amounts have been contractually earned.

#### **1.5 Basic financial instruments**

##### **Trade and other debtors**

Trade and other debtors are recognized initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### **Trade and other creditors**

Trade and other creditors are recognized initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes to the Financial Statements (continued)

**1. Accounting policies (continued)**

**1.6. Employee benefits**

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

Annual bonus plan

The Company operates an annual bonus plan for employees. An expense is recognized in the Statement of Comprehensive Income when the Company has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

Share-based payment transactions

The Company is part of a group share-based payment plan with share options settled in the equity of the ultimate parent issued to the Company's employees. The company recognizes and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognized for the parent. The basis of such allocation is disclosed in note 12.

**1.7. Taxation**

Tax on profit or loss for the year comprises current and deferred tax. Tax is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognized on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset or liability is recognized in a business combination and the corresponding amount that can be deducted or assessed for tax. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Unrelieved tax losses and other deferred tax assets are recognized only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

## Notes to the Financial Statements (continued)

### 1. Accounting policies (continued)

#### 1.8. Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### 1.9. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2. Turnover

All turnover relates to the Company's principal activity and consists entirely of transfer pricing recharges to another Group entity, under a cost plus approach.

### 3. Auditor's remuneration

	2019	2018
	\$'000	\$'000
Audit of these financial statements	42	40
	<u>42</u>	<u>40</u>

### 4. Staff numbers and costs

The average monthly number of persons employed by the Company (including the Director) during the year, analyzed by category, were as follows:

	2019	2018
Administrative	5	15
	<u>5</u>	<u>15</u>

The aggregate payroll costs of these persons were as follows:

	2019	2018
	\$'000	\$'000
Wages and salaries	12,849	5,327
Share based payments	6	1,044
Social security costs	834	932
Other pension costs	65	69
	<u>13,754</u>	<u>7,372</u>

## Notes to the Financial Statements (continued)

### 5. Director's remuneration

The Directors did not receive any emoluments in respect of their qualifying services as a director to the Company. They were remunerated by other group entities for their services to the Group as a whole.

### 6. Interest receivable and similar income

	2019	2019
	\$'000	\$'000
Net foreign exchange gain	-	-
Interest receivable and other income	-	30
	<hr/>	<hr/>
Total interest receivable and similar income	-	30
	<hr/>	<hr/>

### 7. Interest payable and similar expenses

	2019	2018
	\$'000	\$'000
Net foreign exchange (gain)/loss	(45)	43
	<hr/>	<hr/>
Total interest payable and similar expenses	(45)	43
	<hr/>	<hr/>

**Notes to the Financial Statements (continued)****8. Taxation****Total tax expense recognized in the Statement of Comprehensive Income**

	2019	2018
	\$'000	\$'000
Corporation Tax:		
Current tax on income for the year	461	458
Adjustment in respect of prior years	(14)	101
	<hr/>	<hr/>
Total current tax	447	559
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of timing differences	-	(198)
Change in tax rates	-	21
	<hr/>	<hr/>
Total deferred tax	-	(177)
	<hr/>	<hr/>
Total tax	447	382
	<hr/>	<hr/>

**Reconciliation of effective tax rate**

The tax assessed for the year is equal to the tax rate of corporation tax in the UK for the year ended 31 December 2019 of 19.00% (2018: 19.00%).

	2019	2018
	\$'000	\$'000
Profit before taxation	2,362	1,374
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19.00% (2018: 19.00%)	449	261
Expenses not deductible for tax purposes	12	(1)
Origination and reversal of timing differences	-	-
Adjustments in respect of prior years	(14)	101
Change in tax rates	-	21
	<hr/>	<hr/>
Total tax expense included in the Statement of Comprehensive Income	447	382
	<hr/>	<hr/>

**Factors which may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 December 2019 has been calculated based on this rate. In the 11 March 2020 Budget, it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge.



**Notes to the Financial Statements (continued)****9. Debtors**

	2019	2018
	\$'000	\$'000
Amounts owed by group undertakings	30,065	12,054
Other debtors	(4)	-
Prepayments on taxation, social security and accrued income	28	342
	<u>30,089</u>	<u>12,396</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2019	2018
	\$'000	\$'000
Accruals and deferred income	5,388	3,202
Other creditors	413	40
Amounts due to related parties	19,270	6,092
Cash-settled share based payment	-	6
	<u>25,071</u>	<u>9,340</u>

Amounts due to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**11. Deferred tax asset:**

The deferred tax asset, falling due after more than one year, is attributable to the following:

	2019	2018
	\$'000	\$'000
Share based payments	-	228
	<u>-</u>	<u>228</u>

**Notes to the Financial Statements (continued)****12. Employee benefits****Defined contribution plans**

The Company operates a number of defined contribution pension plans. The total expense relating to these plans in the current year was \$64,811 (2018: \$68,846).

**Share based payments**

The Company is a member of a Group share-based payment plan, which is settled in the equity of the ultimate parent company, Colony Capital, Inc. The share options will vest 1/3 in January 2019 and 2/3 in January 2020 if the employee remains in service for each respective period. The Company recognizes and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognized for the Group. The basis for reasonable allocation is determined by the specifics of each individual award given to the employees of the Company.

On January 10, 2017, due to a change in control at the ultimate parent as a result of a merger, all outstanding options vested. This was treated as an acceleration of vesting in accordance with Section 26 of FRS 102, and the Company recognized immediately the amount that would have otherwise been recognized for services received over the remainder of the vesting period. The total expense recognized in the year is \$6,000 (2018: \$1,043,000).

Following the merger, the Company adopted the NSAM 2014 Stock Plan as the Company's successor equity incentive plan and renamed such plan the Colony Northstar 2014 Omnibus Stock Incentive Plan, thereafter renamed Colony Capital 2014 Omnibus Stock Incentive Plan in June 2018 (the "CLNY Equity Incentive Plan"). The CLNY Equity Incentive Plan provides for the grant of restricted stock ("RSAs"), performance stock units ("PSUs"), Long Term incentive Plan ("LTIP") units, RSUs, deferred stock units ("DSUs"), options, warrants or rights to purchase shares of the Parent company's common stock, cash incentives and other equity-based awards. Shares reserved for the issuance of awards under the CLNY Equity Incentive Plan are subject to equitable adjustment upon the occurrence of certain corporate events, provided that this number automatically increases in January 1<sup>st</sup> by 2% of the outstanding number of shares of the Parent company's class A common stock on the immediately preceding December 31<sup>st</sup>.

RSAs relating to the Parent's class A common stock are granted to senior executives and certain employees, with a service condition only and generally subject to annual time-based vesting in equal tranches over a three-year period. Restricted stock is entitled to dividends declared and paid on the Parent's class A common stock and such dividends are not forfeitable prior to vesting of the award. Restricted stock awards are valued based on the Parent's class A common stock price on grant date and equity-based compensation expense is recognized on a straight-line basis over the requisite three-year service period.

PSUs are granted to senior executives and certain employees, and are subject to both a service condition and market condition. Following the end of the measurement period of the PSUs, the recipient of PSUs who remain employed will vest in, and be issued a number of shares of the Parent company's class A common stock relative to that of a specified peer group over a three-year measurement period (such measurement metric the "total shareholder return"). In addition, recipients of PSUs who terminate after the first anniversary of the PSU grant are eligible to vest in a portion of the PSU award following the end of the measurement period based on achievement of the total shareholder return metric otherwise applicable to the award. PSUs also contain dividend equivalent rights ("DERs") which entitle the recipients to a payment equal to the amount of dividends that would have been paid on the shares that are ultimately issued at the end of the measurement period. In February 2019, the PSUs issued in 2018 were modified to, among other things, reduce the potential maximum number of shares of the Parent's class A common stock to be issued upon final vesting from 200% to 125% of the number of PSUs granted. This modification is not expected to have a material impact on the Company's financial condition or results of operations.

Fair value of the PSU award on grant date, excluding DERs, is recognized on a straight-line basis over the three-year measurement period as compensation expense, and is not subject to reversal even if the market condition is not achieved. The DER is accounted for as a liability-classified award. The fair value of the DER is recognized as compensation expense on a straight-line basis over the measurement period, and is subject to adjustment to fair value at each reporting period.

In 2019, equity-based compensation expenses included in the administrative expenses line item of the Statement of Comprehensive Income are as follows:

	2019	2018
	\$'000	\$'000
Restricted stock awards	-	971
Performance restricted stock units	-	66
	<u>-</u>	<u>1,037</u>
	<u>-</u>	<u>1,037</u>

Dividend equivalent rights recognized as compensation expense in 2019 is nil (2018 total \$6,347).

### 13. Capital and reserves

#### Share capital

Authorized, allotted, called up and fully paid

	2019	2018
	\$'000	\$'000
1 ordinary share of £1 each	-	-
	<u>-</u>	<u>-</u>
At 31 December	<u>-</u>	<u>-</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

## Notes to the Financial Statements (continued)

### 14. Related parties

In accordance with FRS 102 Section 33, the Company is exempt from disclosing other related party transactions as they are with other entities that are wholly owned within the Group.

### 15. Ultimate parent company and parent company of larger group

The ultimate parent undertaking is Colony Capital, Inc., a company registered in the United States.

The Company's immediate parent undertaking is Colony Capital Investment Holdco, LLC, a company registered in the United States.

The parent undertaking of the largest and smallest group to consolidate these financial statements is Colony Capital, Inc. The financial statements can be obtained online at:

<https://www.sec.gov/ix?doc=/Archives/edgar/data/1679688/000167968820000014/cinv201910-k.htm>

### 16. Critical accounting estimates and judgements

In preparing these financial statements, the Director does not consider that they have made any accounting estimates or judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

### 17. Subsequent Events

There have been no events after the reporting period through the date of issuance which requires adjustment to the financial statements, or disclosure in their financial statements.

Subsequent to 31 December 2019, the World Health Organisation declared a pandemic due to the global outbreak of the coronavirus disease (COVID-19). Its impact on the public's health and the economy is rapidly evolving and has so far resulted in quarantines, restrictions on travel and business closures worldwide. The Directors consider this event to be non-adjusting under IAS 10 and hence does not have an impact on the balances recorded on the statement of financial position.

COVID-19 has led to significant volatility and declines in the global public equity markets. Among the most impacted sectors to-date are travel, leisure and hospitality primarily due to uncertainty around global travel. The Company is monitoring the evolving situation closely and evaluating its potential exposure. As of the date of this report, it is uncertain how long this volatility will continue, and to what extent if any it may impact the valuations and performance of the Company's. At the date of approving the financial statements, the Company has not seen a significant impact from the virus but as the disease continues to spread, the resulting financial and economic market uncertainty could have a negative impact to the Company's business. In addition, there may be an impact on the operating profit of the Company if the situation worsens, but the extent of this is highly uncertain and cannot be predicted.

In preparing these financial statements, the Company has evaluated subsequent events and transactions for potential recognition or disclosure through 29 December, 2020 the date these financial statements were issued. No further events have occurred subsequent to December 31, 2019 that would require disclosure or recognition in these financial statements.