

NorthStar Asset Management UK, Ltd.
Annual Report and Financial Statements
Registered number 09120522
For the Period Ended 31 December 2015



NorthStar Asset Management UK, Ltd.
Annual Report and Financial Statements
Period ended 31 December 2015

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NorthStar Asset Management UK, Ltd.

Strategic Report

Period ended 31 December 2015

The directors present their strategic report on the company for the period from incorporation on 8 July 2014 until 31 December 2015.

Principal activities and business review

NorthStar Asset Management UK, Ltd. (the "Company") is part of the Northstar Asset Management Group (the "Group"). The Company was incorporated on 8 July 2014. Northstar Asset Management Group Inc. is the ultimate parent undertaking, a company registered in the United States.

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

In the period, the Company made a profit on ordinary activities before taxation of \$4,784,375, and has net assets of \$5,685,073 at the reporting date.

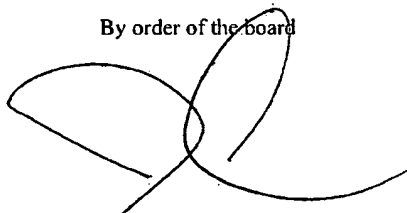
Principal risks and uncertainties

The directors of Northstar Asset Management Group Inc. manage risks at a Group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a disclosure of the Company's risk profile would not be appropriate for an understanding of the activities of NorthStar Asset Management UK, Ltd.. See the Northstar Asset Management Group Inc. Annual Report (Form 10-K) pages 16 to 34 for a description of the Group's risk factors.

Key performance indicators

The directors of Northstar Asset Management Group Inc. manage the Group's operations on a consolidated basis using various KPIs, such as CAD. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate. The development, performance and position of Northstar Asset Management Group Inc. is discussed in the Management Discussion and Analysis of Financial Condition and Results of Operations within the Group's Annual Report which does not form part of this report.

By order of the board



J D Farkas
Director

Approved by the directors on

NorthStar Asset Management UK, Ltd.

Directors' Report

Period ended 31 December 2015

The directors present their report and the audited financial statements of the Company for the period from incorporation on 8 July 2014 until 31 December 2015 (referred to as 2015 and "period" throughout the financial statements).

Dividends

The result for the financial period amounted to a profit of \$4,784,375. The directors have not recommended a dividend.

Directors

The directors who held office during the period, and up to the date of signing the financial statements were as follows:

J D Farkas (appointed 14 July 2014)
D R Gilbert (appointed 14 July 2014)
S B Kaufl (appointed 14 July 2014)

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

Statement of directors' 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 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. 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, 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.

Future developments

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

NorthStar Asset Management UK, Ltd.

Directors' Report (continued)

Period ended 31 December 2015

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 each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Grant Thornton UK LLP were appointed as auditors during the period.

By order of the board



J.D. Farkas
Director

25-28 Old Burlington Street
London
United Kingdom
W1S 3AN

Approved by the directors on

NorthStar Asset Management UK, Ltd.

Independent Auditors' Report to the Members of NorthStar Asset Management UK, Ltd.

We have audited the financial statements of NorthStar Asset Management UK, Ltd. for the period ended 31 December 2015 which comprise the balance sheet, the statement of comprehensive income, the statement of changes in equity and the related notes. 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 Statement of Directors' Responsibilities on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its profit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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.



Mark Bishop
(Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford Rowan Place

Date: 3 MAY 2016

NorthStar Asset Management UK, Ltd.

**Profit and Loss Account and Other Comprehensive Income
for the period ended 31 December 2015**

	<i>Note</i>	8 July 2014 to 31 December 2015 \$'000
Turnover	2	16,609
Gross profit		16,609
Administrative expenses		(9,696)
Operating profit	3	6,913
Interest payable and similar charges	6	(226)
Profit on ordinary activities before taxation		6,687
Tax on profit on ordinary activities	7	(1,903)
Profit for the financial period		4,784
Other comprehensive income for the period		-
Total comprehensive income for the period		4,784

The above results all relate to continuing operations.

There is no material difference between the profit on ordinary activities before taxation and the total comprehensive income for the period stated above and their historical cost equivalents.

NorthStar Asset Management UK, Ltd.

Balance Sheet

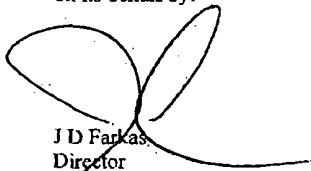
At 31 December 2015

	<i>Note</i>	2015 \$'000
Fixed assets		
Investments	8	1
Current assets		
Debtors (including \$446,751 due after more than one year)	9	9,755
Cash at bank and in hand		1,172
		<u>10,927</u>
Creditors: amounts falling due within one year	10	<u>(5,243)</u>
Net current assets		<u>5,684</u>
Total assets less current liabilities		<u>5,685</u>
Net assets		<u>5,685</u>
Capital and reserves		
Called up share capital	13	-
Profit and loss account		<u>5,685</u>
Total equity		<u>5,685</u>

The notes on pages 9 to 17 form part of these financial statements.

These financial statements on pages 6 to 17 were authorised for issue by the board of directors on
on its behalf by:

and were signed


J D Farkas
Director

✓ Company Registration Number: 09120522

NorthStar Asset Management UK, Ltd.

Statement of Changes in Equity

	<i>Note</i>	Called up share capital \$'000	Profit and loss account \$'000	Total equity \$'000
Balance at 8 July 2014		-	-	-
Profit for the financial period		-	4,784	4,784
Total comprehensive income for the period		-	4,784	4,784
Transactions with owners, recognised directly in equity				
Issue of shares	13	-	-	-
Equity-settled share based payments		-	882	882
Deferred tax on equity-settled share based payments		-	19	19
Total transactions with owners, recognised directly in equity		-	901	901
Balance at 31 December 2015		-	5,685	5,685

NorthStar Asset Management UK, Ltd.

Notes to the Financial Statements

Period ended 31 December 2015

1. Accounting policies

NorthStar Asset Management UK, Ltd. (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The address of its registered office is 25-28 Old Burlington Street, London, W1S 3AN.

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*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is US dollars.

In these financial statements, the Company has early adopted FRS 102 and for the first time.

The Company's ultimate parent undertaking, NorthStar Asset Management Group Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of NorthStar Asset Management Group Inc. are prepared in accordance with U.S. GAAP., are available to the public and may be obtained online from:

<https://www.sec.gov/Archives/edgar/data/1597503/000159750316000050/nsam-12312015x10xk.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 period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of NorthStar Asset Management Group 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 directors, 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

NorthStar Asset Management UK, Ltd. has made a profit for the financial year of \$4,784,375, has a cash balance of \$1,171,990, has total assets less current liabilities of \$5,685,073 and total equity of \$5,685,073 at the reporting date.

The Company operates as part of the NorthStar Asset Management Group Inc. ("the Group"). The strong group balance sheet combined with continued strong operating performance, means that the Group is able to meet its ongoing working capital needs for a period of more than twelve months from the date of approval of these financial statements.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate with the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

NorthStar Asset Management UK, Ltd.

Notes to the Financial Statements (continued)

Period ended 31 December 2015

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. Non-monetary 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 recognised in the profit and loss account.

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 include asset management and other fees, such as acquisition and disposition fees, earned from the Managed Companies. Base asset management and other fees are recognised 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. Incentive fees and payments are recognised subject to the achievement of return hurdles in accordance with the respective terms set forth in the governing documents of the managed companies.

1.5 Investments

Fixed asset investments are stated at the lower of cost and the underlying net asset value of the investments.

1.6 Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised 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 recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised 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.

NorthStar Asset Management UK, Ltd.

Notes to the Financial Statements (continued)

Period ended 31 December 2015

1.7 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 recognised as an expense in the profit and loss account 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 recognised in the profit and loss account 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

Where the Company is part of a group share-based payment plan, it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group. The basis of such allocation is disclosed in note 12.

1.8 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.9 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, 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 recognised 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 recognised 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 recognised 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 recognised 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.

NorthStar Asset Management UK, Ltd.

Notes to the Financial Statements (continued)

Period ended 31 December 2015

1.10 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.

1.11 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. Expenses and auditor's remuneration

Auditor's remuneration

	8 July 2014 to 31 December 2015 \$'000
Audit of these financial statements	29

4. Staff numbers and costs

The average monthly number of persons employed by the Company (including directors) during the period, analysed by category, was as follows:

	8 July 2014 to 31 December 2015
Executive	1
Non-executive	6
	<hr/> 7

The aggregate payroll costs of these persons were as follows:

	8 July 2014 to 31 December 2015 \$'000
Wages and salaries	5,519
Share based payments	2,273
Social security costs	702
Other pension costs	29
	<hr/> 8,523

NorthStar Asset Management UK, Ltd.

Notes to the Financial Statements (continued)

Period ended 31 December 2015

5. Directors' remuneration

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

6. Interest payable and similar charges

	8 July 2014 to 31 December 2015 \$'000
Net foreign exchange loss	226

7. Taxation

Total tax expense recognised in the profit and loss account

	8 July 2014 to 31 December 2015 \$'000
Current tax:	
UK Corporation tax on profits for the period	2,173
Total current tax	2,173
Deferred tax:	
Origination and reversal of timing differences	(270)
Total deferred tax	(270)
Total tax	1,903

Reconciliation of effective tax rate

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20.5%.

	8 July 2014 to 31 December 2015 \$'000
Profit on ordinary activities before taxation	6,687
Tax using the UK corporation tax rate of 20.5%	1,371
Share based payments	532
Total tax expense included in profit or loss	1,903

NorthStar Asset Management UK, Ltd.**Notes to the Financial Statements (continued)****Period ended 31 December 2015****7. Taxation (continued)****Factors that may affect future tax charges**

Reductions to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2014 on 2 July 2014. These reduce the main rate to 21% from 1 April 2014 and to 20% from 1 April 2015. The deferred tax balance at 31 December 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantially enacted on 26 October 2015. This will reduce the company's future tax charge accordingly.

8. Fixed asset investments

	Other investments \$'000	Total \$'000
Cost		
Additions	1	1
At 31 December 2015	<u>1</u>	<u>1</u>
Net book value		
At 31 December 2015	<u>1</u>	<u>1</u>

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The Company has an interest in a fellow Group entity NSAM CS Investors L.P., which is registered in Jersey. The Company doesn't have significant influence over the L.P., and the directors have determined their interest to be immaterial, so the investment is held at cost less impairment.

9. Debtors

	2015 \$'000
Amounts owed by group undertakings	9,146
Other debtors	224
Deferred tax assets (see note 11)	270
Prepayments and accrued income	115
	<u>9,755</u>

Debtors includes other debtors of \$176,706 and deferred tax assets of \$270,045 falling due after more than one year.

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

NorthStar Asset Management UK, Ltd.

Notes to the Financial Statements (continued)

Period ended 31 December 2015

10. Creditors: amounts falling due within one year

	2015
	\$'000
Taxation and social security	2,166
Accruals and deferred income	3,070
Other creditors	7
	<hr/>
	5,243
	<hr/>

11. Deferred tax asset

The deferred tax asset is attributable to the the following:

	2015
	\$'000
Share based payments	270
	<hr/>
	270
	<hr/>

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 period was \$28,681.

Share based payments

The Company is a member of a Group share-based payment plan, and it recognises and measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the Group. The basis for reasonable allocation is determined by the specifics of each individual award given to the the employees of the Company.

An explanation of the Group's policy for accounting for share-based payments (equity-based compensation) can be seen on page 78 of the consolidated financial statements of NorthStar Asset Management Group Inc. which can be obtained online from: <https://www.sec.gov/Archives/edgar/data/1597503/000159750316000050/nsam-12312015x10xk.htm>

NorthStar Asset Management UK, Ltd.

Notes to the Financial Statements (continued)

Period ended 31 December 2015

13. Capital and reserves

Share capital

Allotted, called up and fully paid:

	2015 \$'000
1 ordinary share of £1 each	-
At 31 December	-

On incorporation of the company on 8 July 2014, 1 ordinary share was issued for £1.

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

14. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015 \$'000
Less than one year	300
Between one and five years	751
	1,051

During the year \$322,116 was recognised as an expense in the profit and loss account, in respect of an operating lease for the Company's office property.

15. Related parties

The company is exempt from disclosing other related party transactions as they are with other entities that are wholly owned within the Group.

16. Ultimate parent company and parent company of larger group

The ultimate parent undertaking and controlling party of the Group is NorthStar Asset Management Group Inc., a company registered in the United States.

The Company's immediate parent undertaking is NorthStar Asset Management Group, Ltd., a company registered in Jersey.

The parent undertaking of the largest and smallest group to consolidate these financial statements is NorthStar Asset Management Group Inc. The financial statements can be obtained online at:

<https://www.sec.gov/Archives/edgar/data/1597503/000159750316000050/nsam-12312015x10xk.htm>

NorthStar Asset Management UK, Ltd.

Notes to the Financial Statements (continued)

Period ended 31 December 2015

17. Critical accounting estimates and judgements

In preparing these financial statements, the directors don't 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.