

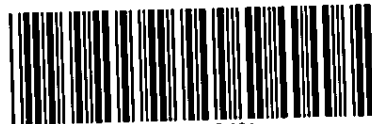
OC322152

Drawbridge UK LLP

Report and Financial Statements

31 December 2007

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COMPANIES HOUSE

Drawbridge UK LLP

Registered No OC322152

Non-Corporate Members

R Kauffman
M Thomas
P Southgate
J Ratchffe
W Callanan

Corporate Member

Fortress Investment Group UK Limited

HSBC PLC

Bankers
16 King Street
Covent Garden
London WC2E 8JF

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Registered office

5 Savile Row
London W1S 3PD

Members' report

The members present their annual report and audited financial statements for the 483 day period ended 31 December 2007

Results and dividends

The partnership made a loss for the 483 day period to 31 December 2007 of £ 734,901.

Principal activity and review of the business

The partnership was incorporated on 5 September 2006 under the Limited Liability Partnerships Act 2000 in England and Wales. The partnership signed a partnership agreement on 18 March 2007. The Managing Partner is Fortress Investment Group (UK) Limited. On 31 August 2007 the partnership signed a sub advisory and agreement to provide investment management advice to Drawbridge Global Macro Advisers LLC. The partnership also invested in Drawbridge Global Macro Associates LLC.

The principal activity of the partnership is to provide investment advice to Drawbridge Global Macro Advisers LLC under the sub advisory agreement.

The partnership's key financial and other performance indicators during the Period are as follows

	2007 £000
Investment Management fees	2,840
Loss	735
Number of non corporate partners	5

Principal risks and uncertainties

The partnership is dependent on the identification of successful opportunities for investment on behalf of Global Macro Advisers LLC. The partnership is also dependent upon the continued operation of its ultimate parent company Fortress Investment Group LLC. The partnership is also dependent upon the successful operation of its counterparty Global Macro Advisers LLC and its ability to meet obligations under the sub advisory agreement.

Future Developments

The partnership is in a good position to take advantage of future investment opportunities and will continue to research investment opportunities.

Events since the balance sheet date

Paul Southgate withdrew from the Partnership on 31 March 2008.

Members and their interests

The members who served during the period ended 31 December 2007 are as listed on page 1. The designated members during the period were

- Fortress Investment Group (UK) Limited
- Paul Southgate (Withdrew 31 03 08)
- Paresh Patel (Withdrew 30 10 07)
- Robert Kauffman
- Miriam Thomas
- William Callanan
- John Ratchliffe
- Phillippe Peress (Withdrew 31 07 07)

Members' report

Paresh Patel and Phillipe Peress served and withdrew during 2007 Paul Southgate served during 2007 and withdrew on 31 March 2008

Each non corporate member is paid a specified amount of drawings in anticipation of that Member's entitlement to income profits for the accounting period The Corporate member has the discretion to vary the drawings amount from time to time

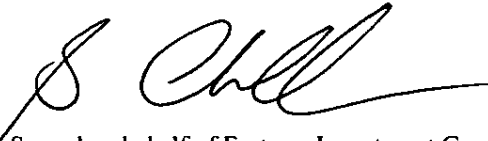
Non corporate members may be entitled to a performance fee or 'incentive income' This is based on the non corporate member's performance during the year This is payable based on individual arrangements made with each non corporate member and their overall performance as a portfolio manager The performance fee is derived from Drawbridge UK LLP's membership with Drawbridge Global Macros Associates ('DBGM' Associates) which entitles it to incentive fee payments arising on funds advised by Drawbridge UK LLP Drawbridge UK LLP is a member of DBGM associates by way investment of a capital contribution

Disclosure of Information to auditors

So far as each person who was a Member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow members and the partnership's auditor, each partner has taken all the steps that he is obliged to take as member in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Appointment of Auditors

A resolution for the reappointment of Ernst & Young LLP as auditors of the partnership is to be proposed at the next members' meeting



Signed on behalf of Fortress Investment Group (UK) Limited

Corporate member

Date 28/04/08

Statement of member's responsibilities in respect of the financial statements

The Limited Liability partnership (LLP) regulations 2001 made under the Limited Liability Partnership Act 2000 requires the members to prepare the financial statements for each financial year which gives a true and fair view of the state of affairs of the LLP and of the profit and loss of the LLP for that period. In preparing the financial statements the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business

Under the LLP regulations the Partners are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure that the financial statements comply with these regulations. They are also responsible for safeguarding the assets of the Limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Drawbridge (UK) LLP ('LLP')

We have audited the financial statements of Drawbridge (UK) LLP for the 483 days ended 31 December 2007 which comprise Profit and Loss Account, Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with the Limited Liability Partnerships Regulations 2001 made under the Limited Liability Partnerships Act 2000. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report or for the opinion we have formed.

Respective responsibilities of members and auditors

As described in the Statement of Members' responsibilities, the members are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Limited Liability Partnership Regulations 2001 made under the Limited Liability Partnerships Act 2000. We also report to you if, in our opinion, the LLP has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Members' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the LLP's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of Drawbridge (UK) LLP (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the LLP's affairs as at 31 December 2007 and of its loss for the 483 days period then ended
- the financial statements have been properly prepared in accordance with the Limited Liability Partnership Regulations 2001 made under the Limited Liability Partnerships Act 2000
- the information given in the members' report is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP'.

Ernst & Young LLP

Registered auditor

London

Date

29 April 2008

Profit and loss account

For the 483 days period ended 31 December 2007

	Notes	2007 £
Investment Management Fees	2	2,839,798
Bank Interest Received	3	19,414
Administration expenses		<u>(552,295)</u>
Profit for the period before members' remuneration and profit shares	4	2,306,917
Members remuneration charged as an expense		<u>(3,041,818)</u>
Retained loss for the financial period available for Discretionary division among members		<u><u>(734,901)</u></u>

The LLP had no recognised gains or losses from current period other than those shown above,

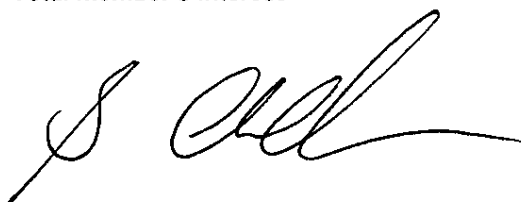
The losses were derived from continuing operations

The notes on pages 9-12 form part of the financial statements

Balance sheet

at 31 December 2007

		2007
	Notes	£
Fixed assets		
Investment in DBGM Associates	10	509
Current assets		
Debtors	6	55,784
Cash at bank and in hand		3,815,635
		3,871,419
Creditors: amounts falling due within one year	7	(3,005,763)
		865,656
Net Assets Attributable to Members		
Represented by:		866,165
Members' Capital	8	1,322,600
Profit and Loss Account	9	(456,435)
Total member's Interest	9	866,165



Signed on behalf of Fortress Investment Group (UK) Limited

Corporate member

Date 28/04/08

Notes to the financial statements

at 31 December 2007

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice "Accounting of Limited Liability Partnerships"

Statement of cash flows

The Partnership has taken advantage of the exemption available under FRS1 (revised) not to prepare a statement of cash flows

Revenue recognition

Revenue is recognised on an accrual basis.

Taxation

Tax payable on profits is the personal liability of the members

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pensions

The Partnership does not currently operate a pension scheme.

Share Based Payments Restricted Stock Units

Certain partners have received remuneration in the form of equity-settled share based payments- Restricted Stock Units issued by the partnership's ultimate parent without any consideration paid to the ultimate Parent company.

The cost of equity-settled transactions with partners is measured by reference to the fair value at the date at which they are granted. Fair value is determined using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions other than conditions linked to the price of the shares of the company (market conditions).

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Allocation of partnership profits and losses

Profits and losses are distributed to the members pursuant to the Partnership Agreement. Monthly drawings amounts specified in partnership offers and incentive fee are treated as members remuneration charged as an expense, all other amounts are treated as allocations of partnership profits.

Investment in Associated Companies

Investment in associated company is stated at cost less provision for impairment in value if any.

Notes to the financial statements

at 31 December 2007

2. Investment Management Fees

This includes management fees amounting to £596,675 receivable from Global Macro Advisers LLC (note 11) in respect of the Partnership's continuing principal activity and incentive fee income of £2,243,123 from DBG Associates LLC. All turnover is receivable from the United States of America. Turnover is calculated at cost plus 10% (for day to day operating expenses) and on cost basis (Partners' remuneration) and is recognised on an accruals basis.

3. Bank Interest Received

Bank Interest received represents interest on the partnership's cash at bank.

4. Profit for the period before members' remuneration and profit shares

This is stated after charging

	2007
	£
Auditors' remuneration	15,000
Rent and Utilities	84,891
Travel Expenses	21,668
Share based payments - RSUs	note 5 278,466

5. Share based payments-Restricted Stock Units

Certain partners were remunerated in 2007 by grants of restricted stock units (RSUs) without any consideration paid, in the ultimate parent company Fortress Investment Group LLC, by Fortress Investment Group LLC.

The RSUs were awarded at nil consideration and vest at yearly intervals from 1 January 2010 to 1 January 2013.

In 2007 the fair value of the RSUs (which represent the value at the grant date spread over the vesting period) amounting to £278,466 was charged to the profit and loss account. Given these RSUs are without consideration these are treated as a gift from the Parent and recorded at fair value in the income statement with corresponding effect in equity.

Details of the RSUs outstanding during the year are as follows

	Units Issued	Number of persons granted RSUs
Restricted Stock units (RSUs) granted	182,627	3
RSUs forfeited	(10,714)	(1)
At 31 December 2007	171,913	2

Notes to the financial statements

at 31 December 2007

6. Debtors

	2007 £
Amounts due from fellow group undertakings	33,257
Prepayments	22,527
	<u>55,784</u>

7. Creditors: amounts falling due within one year

	2007 £
Accruals	15,000
Accrued Bonus Payments	2,243,124
Amounts due to fellow group undertaking	739,185
Amounts due to Fortress Investment Group (UK) Ltd	8,454
	<u>3,005,763</u>

8. Members' Capital

	2007 £
Capital Subscribed by Corporate member Fortress Investment Group (UK)	1,300,000
Capital Subscribed by non corporate members	22,600
	<u>1,322,600</u>

9. Reconciliation of Total Members' Interest

	<i>Share Capital</i> £	<i>Profit and loss account</i> £	<i>Total share- holders' funds</i> £
At 05 September 2006	-	-	-
Members Capital Subscribed	1,322,600	-	1,322,600
Loss for the period	-	(734,901)	(734,901)
Share based payments (RSUs) Note 5		278,466	278,466
At 31 December 2007	<u>1,322,600</u>	<u>(456,435)</u>	<u>866,165</u>

Notes to the financial statements

at 31 December 2007

10. Investment in DBGM Associates

This represents capital contribution by the Partnership to DBGM Associates LLC to enable the partnership's admittance to DBGM Associates LLC as a member. DBGM Associates LLC pays out a 'Promo/incentive fees' through the partnership to the non-corporate members of the partnership, this is based on the performance of the non corporate members.

11. Related party transactions

During the period, the Partnership received revenue from Global Macro Advisers LLC, a related party undertaking, of £596,675 in accordance with the Investor Advisory Agreement

During the period the partnership was received £2,243,123 of incentive fee income from DBGM Associates LLC

During the period the partnership was charged certain expenses including rent £84,890 by Fortress Investment Group (UK) Limited. At the period end the amount due was £8,454

12. Ultimate parent undertaking

The Partnership's ultimate parent undertaking and controlling party is Fortress Investment Group LLC, a Partnership incorporated in the United States of America

It has included the Partnership in its group financial statements. This is the smallest and largest group in which the Partnership's results are consolidated

Consolidated financial statements of the parent undertaking can be obtained from 1345 Avenue of the Americas, 46th Floor, New York, NY 10105

13. Post Balance Sheet event

Paul Southgate withdrew from the Partnership on 31 March 2008