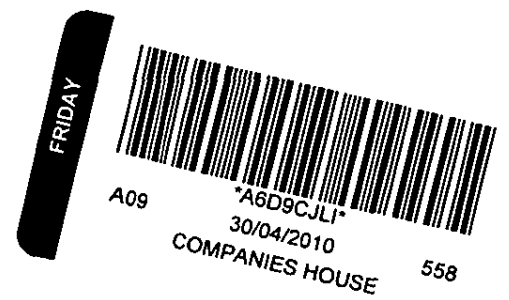


OC3221SZ

Drawbridge (UK) LLP

Report and Financial Statements

31 December 2009



Drawbridge (UK) LLP

Registered No OC322152

Non-Corporate Members

R Kauffman

M Thomas

W Callanan

Corporate Member

Fortress Investment Group (UK) Limited

Bankers

HSBC PLC

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 year 31 December 2009

Results and dividends

Drawbridge (UK) LLP (the 'Partnership') made a loss for the year to 31 December 2009 of £136,845 (2008 - loss £407,618)

Principal activity and review of the business

The principal activity of the Partnership is to provide investment services under sub advisory agreements to affiliates of Fortress Investment Group LLC

The Partnership's key financial and other performance indicators during the year are as follows

	2009	2008
	£000	£000
Investment management fees	9,749	8,592
Loss for the year available for discretionary division among members	(137)	(408)
Number of non corporate partners	3	3

Principal risks and uncertainties

The Partnership is dependent on, among other things, the identification of successful investment opportunities on behalf of Fortress Commodities Advisors LLC and Fortress Macro Advisors LLC. The Partnership is also dependent upon the continued operations of its Corporate Member as well as the successful operations of its counterparties Fortress Commodities Advisors LLC and Fortress Macro Advisors LLC.

Future developments

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

Members and their interests

The members who served during the year ended 31 December 2009 are listed below

Corporate member

- Fortress Investment Group (UK) Limited

Non-corporate members

- Robert Kauffman
- Miriam Thomas
- William Callanan

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 in relation to the business of the Partnership. The performance fee is derived from Drawbridge (UK) LLP's membership with Drawbridge Global Macros Associates LLC ('DBGMA' Associates) which entitles it to incentive fee payments arising on funds indirectly advised by Drawbridge (UK) LLP. Drawbridge (UK) LLP is a member of DBGMA Associates by way of an investment of a capital contribution. Performance fees are also derived from Drawbridge (UK) LLP's membership of Fortress Commodities GP Ltd, which entitles it to incentive income on funds indirectly advised by Drawbridge (UK) LLP.

Members' report

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 reasonable 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.

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 26/4/2010

Statement of members' responsibilities in respect of the financial statements

The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these financial statements, the members are required to

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

Under the LLP regulations the Partners are responsible for keeping proper accounting records that 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

We have audited the financial statements of Drawbridge (UK) LLP for the year ended 31 December 2009 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 Partnership 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

The members' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Members' Responsibilities.

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 whether in our opinion the information given in the members' report is consistent with the financial statements. In addition we report to you if, in our opinion, the Partnership has not kept proper accounting records, 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 Partnership'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 Partnership's affairs as at 31 December 2009 and of its loss for the year 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

Ernst & Young LLP

Andrew Woosey (Senior Statutory Auditor)

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

London

Date 26.4.10

Profit and loss account

for the year ended 31 December 2009

	Notes	2009 £	2008 £
Investment management fees	2	9,748,673	8,591,523
Bank interest received	3	4,252	103,536
Administration expenses		(500,130)	(840,851)
Profit for the year before members' remuneration and profit shares	4	9,252,795	7,854,208
Members' remuneration charged as an expense		(9,389,640)	(8,261,826)
Loss for the financial year available for discretionary division among members		(136,845)	(407,618)

The Partnership had no recognised gains or losses from current year other than those shown above

The loss for the year were derived from continuing operations

The notes on pages 9 to 14 form an integral part of the financial statements

Drawbridge (UK) LLP

Registered No OC322152

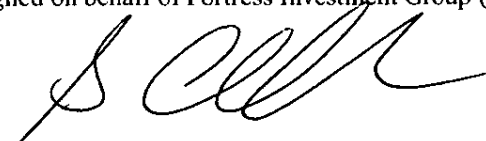
Balance sheet

at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Investment	11	6,745	509
Fixed assets	5	0	40,105
Current assets			
Debtors	7	20,501	636,881
Cash at bank and in hand		5,490,228	4,189,273
		<u>5,510,729</u>	<u>4,826,154</u>
Creditors: amounts falling due within one year	8	<u>(4,615,814)</u>	<u>(4,062,674)</u>
		<u>894,915</u>	<u>763,480</u>
Assets attributable to members		<u>901,660</u>	<u>804,094</u>
Represented by:			
Members' capital	9	1,315,100	1,315,100
Profit and loss account	10	(413,440)	(511,006)
Total member's interest	10	<u>901,660</u>	<u>804,094</u>

The notes on page 9 to 14 from an integral part of the financial statements

Signed on behalf of Fortress Investment Group (UK) Limited



Corporate member

Date 26 / 4 / 2010

Notes to the financial statements

at 31 December 2009

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 Financial Reporting Standards FRS1 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, and 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 2009

1. Accounting policies (continued)

Fixed assets and depreciation

Fixed assets are initially recorded at cost. Depreciation is then provided on all tangible fixed assets, calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows

Computer equipment	-	over 3 years
Furniture, fixtures and equipment	-	over 7 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

2. Investment management fees

This includes management fees amounting to £420,395 (2008 - £838,083) receivable from Fortress Macro Advisors LLC in respect of the Partnership's continuing principal activity, and £5,404,959 of management fees from Fortress Commodities Advisors LLC

Also included is incentive fee income of £3,923,319 from Fortress Commodities GP LLC (2008 - £4,557,062)

All turnover is received from the United States of America. Turnover is calculated at cost plus 10% (for day to day operating expenses) and on a 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. Loss for the year before members' remuneration and profit shares

This is stated after charging

	Note	2009 £	2008 £
Auditors' remuneration		37,510	60,000
Rent and utilities		36,296	71,648
Travel expenses		38,153	2,557
Share based payments - RSUs	6	234,411	353,047
Depreciation		2,987	5,033
		<u>359,357</u>	<u>492,285</u>

Notes to the financial statements

at 31 December 2009

5. Tangible fixed assets

	<i>Computer</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cost			
At 1 January 2009	16,090	29,048	45,138
Additions	0	0	0
Disposals	(16,090)	(29,048)	(45,138)
At 31 December 2009	0	0	0
Depreciation			
At 1 January 2009	2,372	2,661	5,033
Charge for the year	1,788	1,198	2,986
Disposal	11,930	25,189	37,119
At 31 December 2009	16,090	29,048	45,138
Net book value			
At 31 December 2009	0	0	0

6. Share based payments-Restricted Stock Units

Certain partners were remunerated in 2007 and 2008 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 2009 the fair value of the RSUs (which represent the value at the grant date spread over the vesting period) amounting to a debit of £234,411 (2008 £353,047) was charged to the Profit and Loss account. Given these RSUs are without consideration these are treated as a gift from Fortress Investment Group LLC and recorded at fair value in the Profit and Loss account with a corresponding entry in equity.

Details of the RSUs outstanding during the year are as follows

	<i>Units issued</i>	<i>Number of persons granted RSUs</i>
RSU granted at 1 st January 2009	182,933	5
RSUs forfeited	(3,572)	(1)
RSUs issued	0	0
At 31 December 2009	179,361	4

Notes to the financial statements

at 31 December 2009

6. Share based payments-Restricted Stock Units (continued)

	<i>Units issued</i>	<i>Number of persons granted RSUs Restated</i>
RSU granted at 1 st January 2008	171,913	3
RSUs forfeited	(203,138)	0
RSUs issued	214,158	2
At 31 December 2008	182,933	5

7. Debtors

	<i>2009 £</i>	<i>2008 £</i>
Amounts due from fellow group undertakings	0	612,977
Prepayments	5,410	23,296
Other debtors	15,091	608
	20,501	636,881

8. Creditors: amounts falling due within one year

	<i>2009 £</i>	<i>2008 £</i>
Accrued bonus payments	4,124,692	3,632,293
Amounts due to fellow group undertakings	446,018	155,605
Accruals	45,104	274,776
	4,615,814	4,062,674

9. Members' capital

	<i>2009 £</i>	<i>2008 £</i>
Capital subscribed by Corporate member Fortress Investment Group (UK) Limited	1,300,000	1,300,000
Capital subscribed by non corporate members	15,100	15,100
	1,315,100	1,315,100

The highest paid Partnership member received £9,328,278 in 2009 (2008 - £7,565,342)

In the event of a winding up, members' contributed capital account and current account rank after unsecured creditors of the Partnership

Notes to the financial statements

at 31 December 2009

10. Reconciliation of total members' interest

	<i>Note</i>	<i>Share Capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
At 1 January 2009		1,315,100	(511,006)	804,094
Loss for the year			(136,845)	(136,845)
Share based payments (RSUs)	6		234,411	234,411
At 31 December 2009		<u>1,315,100</u>	<u>(413,440)</u>	<u>901,660</u>

	<i>Note</i>	<i>Share Capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
At 1 January 2008		1,322,600	(456,435)	866,165
Members capital subscribed		15,000	–	15,000
Members capital withdrawn		(22,500)	–	(22,500)
Loss for the year		–	(407,618)	(407,618)
Share based payments (RSUs)	6	–	353,047	353,047
At 31 December 2008		<u>1,315,100</u>	<u>(511,006)</u>	<u>804,094</u>

11. Investment

This represents a capital contribution by the Partnership to DBGM Associates LLC to enable the Partnership's admittance to DBGM Associates LLC as a member, and a capital contribution to FMF Master GP. DBGM Associates LLC may pay out a incentive fees through the partnership to the non-corporate members of the partnership, this is based on the performance of the non corporate members

12. Related party transactions

During the year, the Partnership received revenue from Fortress Macro Advisors LLC, a related party undertaking, of £420,395 (2008 - £838,083) in accordance with the sub advisory agreement in place between the entities

During the year, the Partnership received revenue from Fortress Commodities Advisors LLC, a related party undertaking, of £5,404,959 (2008 – £3,196,378) in accordance with a sub advisory agreement in place between the entities

During the year, the Partnership received £3,923,319 (2008 - £4,557,062) of incentive fee income from Fortress Commodities GP LLC

During the year, the Partnership was charged certain expenses including rent £30,260 (2008 - £63,607) by Fortress Investment Group (UK) Limited. At the year end the amount due was nil (2008 - £61)

Notes to the financial statements

at 31 December 2009

13. Ultimate parent undertaking

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

Fortress Investment Group LLC 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

