

**Limited Liability Partnership Registration No. OC357957 (England and Wales)**

**EVERCORE PARTNERS INTERNATIONAL LLP**  
**MEMBERS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO**  
**31 DECEMBER 2011**

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## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **LIMITED LIABILITY PARTNERSHIP INFORMATION**

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<b>Designated members</b>	Evercore Partners Limited Evercore Partners Investment Limited Joanna Hellen Julian Oakley Bernard Taylor James Oliver
<b>Limited liability partnership number</b>	OC357957
<b>Registered office</b>	10 Hill Street London W1J 5NQ
<b>Independent Auditor</b>	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS
<b>Solicitors</b>	Freshfields Bruckhaus Deringer 65 Fleet Street London EC4Y 1HS

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## **EVERCORE PARTNERS INTERNATIONAL LLP**

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## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **MEMBERS' REPORT**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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The members present the first annual report on the affairs of Evercore Partners International LLP, together with the financial statements and auditor's report, for the period from incorporation on 16 September 2010 to 31 December 2011

#### **Group structure**

Evercore Partners International LLP (the 'LLP') is incorporated as a Limited Liability Partnership under the Limited Liability Partnerships Act 2000

These financial statements are the accounts of the LLP and reflect the results for the period from the commencement of trading on 1 July 2011 to 31 December 2011

#### **Principal activities**

The LLP is the European Investment Banking arm of the Evercore Group, a leading independent investment banking advisory firm. Evercore's Investment Banking business advises its clients on mergers, acquisitions, divestitures, restructurings, financings, public offerings, private placements and other strategic transactions. The Members do not expect any change in the nature of the core activity in the foreseeable future and intend to focus on continuing to develop this business.

#### **Business review**

The LLP started trading on 1 July 2011, when the Evercore European Investment Banking business was transferred from Evercore Partners Limited, a group entity, as part of a group reconstruction exercise.

On 19 August 2011 Evercore Partners Inc, the ultimate parent Company, acquired The Lexicon Partnership LLP, a UK-based investment banking advisory firm. On the same day the acquired business was contributed through the Evercore Group of Companies to Evercore Partners International LLP, in exchange for newly issued share capital in Evercore Holdings Limited.

The acquisition of The Lexicon Partnership LLP by the Group provides a platform for future growth in the European Broker Dealer business within the LLP as follows:

- **Critical Mass in Europe** - On a combined basis, Evercore's European investment banking business now has approximately 75 bankers, including 12 senior managing directors, expanding significantly the size of our European team,
- **Expanded Global Industry Coverage** - The addition of Lexicon's financial institutions, utilities and infrastructure and energy expertise strengthens Evercore's global coverage in these sectors, enhancing the breadth and depth of its sector expertise in Europe, and
- **Enhanced Value for Shareholders** - The merger is expected to be accretive to earnings per share and Evercore believes the combination will provide a strong base to create value for Evercore shareholders via the continuing build out of its European operations.

The LLP's management board, The Executive Committee, is of the view that the integration of the two businesses, Evercore's European business and The Lexicon Partnership LLP, is progressing well, the deal flow is sufficiently robust and the LLP expects to start generating distributable profits in 2012. The results and the financial position at the year end were considered satisfactory by the Members.

## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **MEMBERS' REPORT (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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Looking ahead, the Members continue to focus on business development, key client relationships, recruitment and new business opportunities. The LLP plans to improve on recent turnover growth and develop the talent within the business whilst managing the cost base, with a view to generating profits.

#### **Principal risk and uncertainties**

Principal risks and uncertainties inherent within the LLP's strategy include

- Deal flow
- Employee development and retention
- Operational risk

In each case, the risks are formally reviewed by the Executive Committee and appropriate processes are in place to monitor and mitigate them to an acceptable level. The LLP conducts an annual review of the risks inherent within the business, assesses the impact of the risk and considers mitigating factors and controls in place.

The Members are satisfied that the LLP operates systems and controls to mitigate any adverse effects across the range of risks that it faces.

#### **Going concern**

The LLP is expected to generate positive cash flows on its own account for the foreseeable future. In addition, the LLP has financial support from its ultimate parent undertaking by way of intercompany loans. It continues to have the support of this funding for the foreseeable future.

The members, having assessed the responses of the directors of the LLP's ultimate parent, Evercore Partners Inc., to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Evercore group to continue as a going concern or its ability to continue its support of Evercore Partners Limited.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

#### **Key performance indicators (KPIs)**

Throughout the year the Members monitor the LLP's Key Performance Indicators ("KPIs") which include advisory fees, current pipeline (deal flow), compensation expense as a ratio of revenue, expenses as a ratio of revenue, and profit after tax.

#### **Results and dividends**

The results for the year are set out on page 7.

## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **MEMBERS' REPORT (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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#### **Designated Members**

The following designated members have held office since 16 September 2010

Evercore Partners Limited	(Appointed 16 September 2010)
Evercore Partners Investment Limited	(Appointed 16 September 2010)
Joanna Hellen	(Appointed 22 June 2011)
Julian Oakley	(Appointed 22 June 2011)
Bernard Taylor	(Appointed 22 June 2011)
James Oliver	(Appointed 19 August 2011)

The LLP has appointed an Executive Committee which has the authority to act on its behalf in all matters in connection with the business and shall carry out its duties in such manner as it considers to be in the best interests of the LLP

During the year the Executive Committee comprised the CEO, Andrew Sibbald together with Mark Connell, Ian Ferguson, Read Gomm, Julian Oakley, David Waring and Angus Winther, all of whom are members of the LLP, with the exception of Ian Ferguson, who remained an employee

#### **Members' drawings and subscription and repayment of capital**

Individual Members are entitled to a fixed and discretionary profit share, to be determined by the Executive Committee in agreement with the Corporate member, Evercore Partners Limited. The Executive Committee may determine the amount of cash to be distributed in a period provided they do not agree to distribute an amount that would cause the LLP to be in breach of its regulatory capital requirements

Should the LLP require further capital funding, the LLP Deed provides for such a request to be made of the Corporate member, Evercore Partners Limited. Capital funding would be expected to be made by way of an equity injection

#### **Auditor**

Deloitte LLP has indicated its willingness to be reappointed for another term and appropriate arrangements have been put in place for it to be deemed reappointed as auditor in accordance with the LLP agreement

Approved by the members and signed on their behalf by



Joanna Hellen  
Designated Member  
24 April 2012

## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **MEMBERS' REPORT (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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#### **Statement of members' responsibilities**

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

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare 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 Group and of the profit or loss of the Group for that period. In preparing these 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,
- 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 assume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the Executive Committee on behalf of the members.

#### **Statement of disclosure to auditor**

So far as the members are aware, there is no relevant audit information of which the LLP's auditor is unaware. Additionally, the members have taken all the necessary steps that they ought to have taken as members in order to make themselves aware of all relevant audit information and to establish that the LLP's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVERCORE PARTNERS INTERNATIONAL LLP**

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We have audited the financial statements of Evercore Partners International LLP for the period from incorporation on 16 September 2010 to 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and Notes 1 to 22 to the financial statements. 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).

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the members and auditor**

As explained more fully in the Members' Responsibilities Statement set out on page 4, the members 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 December 2011 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.



**EVERCORE PARTNERS INTERNATIONAL LLP**

**INDEPENDENT AUDITOR'S REPORT (continued)**

**TO THE MEMBERS OF EVERCORE PARTNERS INTERNATIONAL LLP**

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**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 as applied to limited liability partnerships 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
- we have not received all the information and explanations we require for our audit

*S. Charles Hardy*

Simon Hardy FCA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

Date: *24 April 2012*

**EVERCORE PARTNERS INTERNATIONAL LLP**

**PROFIT AND LOSS ACCOUNT**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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		<b>Period from 16 September 2010 to 31 December 2011 £</b>
	<b>Notes</b>	
<b>Turnover</b>	<b>2</b>	26,525,067
Administrative expenses		(11,084,976)
Income from group undertakings		5,395,365
<b>Operating profit</b>	<b>3</b>	20,835,456
Other interest receivable and similar income	<b>4</b>	40,566
Interest payable and similar charges	<b>5</b>	(61,869)
<b>Profit for the period before members' remuneration and profit shares</b>		<u>20,814,153</u>
<b>Profit for the period before members' remuneration and profit shares</b>		20,814,153
Members' remuneration charged as an expense	<b>13,16</b>	<u>(3,962,018)</u>
<b>Profit for the period available for discretionary division among members</b>		<u>16,852,135</u>

The profit and loss account has been prepared on the basis that all operations, which were transferred in the period, are continuing operations

There are no recognised gains or losses other than those passing through the profit and loss account

The notes on pages 10 to 26 form part of these financial statements

**EVERCORE PARTNERS INTERNATIONAL LLP**

**BALANCE SHEET  
AS AT 31 DECEMBER 2011**

	Notes	£	2011 £
<b>Fixed assets</b>			
Intangible assets	7		1,431,845
Tangible assets	8		2,453,432
			<u>3,885,277</u>
<b>Current assets</b>			
Debtors due within one year	9	29,918,381	
Cash at bank and in hand		20,205,461	
		<u>50,123,842</u>	
<b>Creditors: amounts falling due within one year</b>	10	(19,233,987)	
<b>Net current assets</b>			<u>30,889,855</u>
<b>Net assets attributable to members</b>			<u><u>34,775,132</u></u>
<b>REPRESENTED BY:</b>			
<b>Loans and other debts due to members within one year</b>			
Other amounts	13		24,804,296
			<u>24,804,296</u>
<b>Members' other interests:</b>			
Other reserves classified as equity under FRS 25	13		9,970,836
			<u>34,775,132</u>
<b>TOTAL MEMBERS' INTERESTS</b>			
Loans and other debts due to members	13		24,804,296
Members' other interests	13		9,970,836
			<u><u>34,775,132</u></u>

The notes on pages 10 to 26 form part of these financial statements

Approved by the Members and authorised for issue on 24 April 2012



Joanna Hellen  
Designated Member



James Oliver  
Designated Member

Limited Liability Partnership Registration No. OC357957

**EVERCORE PARTNERS INTERNATIONAL LLP****CASH FLOW STATEMENT****FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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			<b>Period from 16 September 2010 to 31 December 2011</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Net cash inflow from operating activities</b>	<b>20</b>		<b>9,863,039</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		40,566	
Interest paid		(61,869)	
<b>Net cash outflow for returns on investments and servicing of finance</b>			<b>(21,303)</b>
<b>Capital expenditure</b>			
Payments to acquire tangible assets		(630,431)	
<b>Net cash outflow for capital expenditure</b>			<b>(630,431)</b>
<b>Financing</b>			
Payments to or on behalf of members		(2,482,159)	
Contributions by or on behalf of members		11,886,315	
Capital contributions by members (individual)		35,000	
Capital contributions by members (corporate)		1,555,000	
			<b>10,994,156</b>
<b>Increase in cash in the period</b>	<b>21, 22</b>		<b>20,205,461</b>

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## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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#### **1 Accounting policies**

##### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention

The LLP's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1

The LLP has financial support from its parent undertaking by way of intercompany loans, and it continues to have the support of this funding in the foreseeable future. As a consequence, the members believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they have adopted the going concern basis in preparing the members' report and accounts.

##### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Limited Liability Partnership Statement of Recommended Practice, which have been applied consistently in the current period.

##### **1.3 Turnover**

Turnover represents amounts receivable for success fees, retainer fees and reimbursed expenses net of VAT and discounts. Success fees and reimbursed expenses are recognised when the relevant event that determines success has occurred, as defined in the engagement letter. Retainer fees are accrued based on agreed terms and invoicing timetable with the client.

##### **1.4 Other intangible assets**

Other intangible assets are acquired mandates and client relationships written off in equal annual instalments over their estimated useful economic lives of 4 - 7 years.

##### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over the term of the lease
Plant and machinery	3 years
Fixtures, fittings & equipment	3 years
Motor vehicles	3 years

## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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#### **1 Accounting policies**

**(continued)**

Works of art are not depreciated as the estimated residual value is expected to be greater than the cost. Works of art are included within Fixtures, fittings & equipment in Note 8.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

#### **1.6 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.7 Pensions**

The limited liability partnership operates a defined contribution scheme for the benefit of its employees and members. Contributions payable are charged to the profit and loss account in the period they are payable.

#### **1.8 Foreign currency translation**

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

#### **1.9 Share based compensation**

In accordance with FRS 20 'Share-based payment', the LLP reflects the economic cost of awarding shares and share options to employees by recording an expense in the profit and loss account equal to the fair value of the benefit awarded, fair value being determined by reference to option pricing models. The expense is recognised in the profit and loss account over the vesting period of the award.

The shares and share options are awarded to the company's employees by the ultimate parent company. The ultimate parent company charges the company for the provision of equity instruments to the employees. The difference between the amount recharged to the company by the ultimate parent company and the expense in accordance with FRS 20 is recorded directly in the profit and loss reserve.

In accordance with UITF 25 'National Insurance contributions on share option gains' the employer's National Insurance charge arising on future potential gains on the exercise of stock options is charged to the profit and loss account over the period from the date of grant to the date of vesting. The charge is based on the closing market value of the shares at the balance sheet date and is calculated using the latest enacted National Insurance contribution rates.

## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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#### **1 Accounting policies**

**(continued)**

##### **1.10 Taxation**

The taxation payable on the partnership profits is the personal liability of the members, although payment of such liabilities is administered by the partnership on behalf of the members. Consequently, neither partnership taxation nor related deferred taxation are accounted for in the financial statements. Sums set aside in respect of members' tax obligations are included in the balance within loans and other debts due to members or set against amounts due from members as appropriate.

##### **1.11 Members' remuneration**

Remuneration paid to members under employment contracts, any other non-discretionary amounts payable to members and any automatic divisions of profit are recognised as an expense in the profit and loss account as incurred, under the heading 'Members' remuneration charged as an expense'.

A division of profits that is discretionary on the part of the LLP is recognised as an appropriation of profit when the division occurs. Until such division is made the profits are held as equity interests of the members.

##### **1.12 Members' interests**

Members' interests are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed, remuneration and profits).

Members' interests in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with FRS25 Financial Instruments Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A members' interest results in a liability unless the right to a payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classified as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classed as liabilities.

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**EVERCORE PARTNERS INTERNATIONAL LLP****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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**2 Turnover****Geographical market**

	<b>Turnover 2011 £</b>
UK	19,141,897
Europe	1,815,112
Rest of the world	5,568,058
	<u>26,525,067</u>

**3 Operating profit****2011  
£**

Operating profit is stated after charging	
Amortisation of intangible assets	202,765
Depreciation of tangible assets	70,021
Loss on foreign exchange transactions	2,810
Operating lease rentals	
- Plant and machinery	31,508
- Other assets	564,942
Fees payable to the LLP's auditor for the audit of the LLP's annual accounts	<u>58,105</u>

**4 Other interest receivable and similar income****2011  
£**

Bank interest	3,723
Other interest	36,843
	<u>40,566</u>

**5 Interest payable and similar charges****2011  
£**

Other interest	<u>61,869</u>
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**EVERCORE PARTNERS INTERNATIONAL LLP****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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**6 Business Contributions**

On 1 July 2011, Evercore Partners Limited contributed its business assets (with the exception of the property lease at 10 Hill Street, London and £250,000 of cash) and liabilities to the LLP, for consideration of £6,501,864 satisfied by the entry into, by Evercore Partners Limited, of an amended and restated partnership agreement

	<b>Book Value £</b>
<b>Fixed assets</b>	
Intangible	1,634,610
Tangible	154,460
<b>Current assets</b>	
Debtors	4,711,248
Cash	3,436,314
<b>Total assets</b>	<u>9,936,632</u>
<b>Creditors</b>	
Trade creditors	207,360
Accruals	502,310
Other creditors	2,725,098
<b>Total liabilities</b>	<u>3,434,768</u>
<b>Net assets</b>	<u><u>6,501,864</u></u>

**Satisfied by**

Entry into an amended and restated partnership agreement

The business contribution met the requirements of a group reconstruction under paragraph 13 of FRS 6 and was therefore accounted for using merger accounting rules. Under merger accounting, the assets and liabilities were transferred at their carrying value and no fair value adjustment was needed.

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**EVERCORE PARTNERS INTERNATIONAL LLP****NOTES TO THE FINANCIAL STATEMENTS (continued)****FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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**6 Business Contributions****(continued)**

On 1 December 2011, Lexicon Partners Limited, Lexicon Group Limited, subsidiaries of The Lexicon Partnership LLP, and The Lexicon Partnership LLP contributed their business assets and liabilities to Evercore Partners Limited for consideration of loan notes totalling £7,867,378. Evercore Partners immediately transferred these business assets to the LLP for consideration of £7,867,378, which is still outstanding at the year end.

	<b>Book Value £</b>
<b>Fixed assets</b>	
Intangible	-
Tangible	-
<b>Current assets</b>	
Debtors	5,143,862
Cash	3,484,056
<b>Total assets</b>	<u>8,627,918</u>
<b>Creditors</b>	
Trade creditors	-
Accruals	42,900
Other creditors	717,640
<b>Total liabilities</b>	<u>760,540</u>
<b>Net assets</b>	<u><u>7,867,378</u></u>
<b>Satisfied by</b>	
Loan notes issued by Evercore Partners Limited	

**EVERCORE PARTNERS INTERNATIONAL LLP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

**7 Intangible fixed assets**

	<b>Other intangible assets £</b>
<b>Cost</b>	
At 16 September 2010	-
Transfers	1,634,610
	<hr/>
At 31 December 2011	1,634,610
	<hr/>
<b>Amortisation</b>	
At 16 September 2010	-
Charge for the period	202,765
	<hr/>
At 31 December 2011	202,765
	<hr/>
<b>Net book value</b>	
At 31 December 2011	1,431,845
	<hr/> <hr/>

The intangible assets consist of client mandates and clients relationships acquired by the parent company, Evercore LP

The client mandates and client relationships acquired by Evercore LP were contributed to Evercore Partners Limited by way of a capital contribution. The intangible assets were valued at fair value by estimating the present value of the future cash flows of revenue generated by the mandates and relationships. On 1 July 2011, the intangible assets were transferred to the LLP as part of the business transfer (full details of the business transfer are set out in Note 6)

**EVERCORE PARTNERS INTERNATIONAL LLP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

**8 Tangible fixed assets**

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 16 September 2010	-	-	-	-	-
Additions	2,338,045	30,948	-	-	2,368,993
Transfers	-	128,249	10,951	15,260	154,460
	<u>2,338,045</u>	<u>159,197</u>	<u>10,951</u>	<u>15,260</u>	<u>2,523,453</u>
<b>At 31 December 2011</b>	<b>2,338,045</b>	<b>159,197</b>	<b>10,951</b>	<b>15,260</b>	<b>2,523,453</b>
<b>Depreciation</b>					
At 16 September 2010	-	-	-	-	-
Charge for the period	37,772	18,591	4,502	9,156	70,021
	<u>37,772</u>	<u>18,591</u>	<u>4,502</u>	<u>9,156</u>	<u>70,021</u>
<b>At 31 December 2011</b>	<b>37,772</b>	<b>18,591</b>	<b>4,502</b>	<b>9,156</b>	<b>70,021</b>
<b>Net book value</b>					
At 31 December 2011	<u>2,300,273</u>	<u>140,606</u>	<u>6,449</u>	<u>6,104</u>	<u>2,453,432</u>

On 1 July 2011, Evercore Partners Limited transferred its fixed assets to the LLP as part of the business transfer (full details of the business transfer are set out in Note 6)

**9 Debtors**

**2011**  
**£**

Trade debtors	10,000,068
Other debtors	29,457
Amounts owed by Group undertakings	18,442,276
Prepayments and accrued income	1,446,580
	<u>29,918,381</u>

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**EVERCORE PARTNERS INTERNATIONAL LLP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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<b>10 Creditors: amounts falling due within one year</b>	<b>2011</b>
	<b>£</b>
Trade creditors	279,540
Taxes and social security costs	4,185,620
Other creditors	228,826
Amounts owed to Group undertakings	284,375
Amounts owed to members	7,844,489
Accruals and deferred income	6,411,137
	<u>19,233,987</u>

Included within Taxes and social security costs is £1,000,162 relating to National Insurance contributions on stock options granted to employees

**11 Pension and other post-retirement benefit commitments**  
**Defined contribution**

	<b>2011</b>
	<b>£</b>
Contributions payable by the limited liability partnership for the period	484,676
Contributions payable to the fund at the period end and included in creditors	<u>212,087</u>

## **EVERCORE PARTNERS INTERNATIONAL LLP**

### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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#### **12 Restricted Stock Units**

During the year Evercore Partners International LLP participated in an equity incentive plan of Evercore Partners Inc, the ultimate holding company, to motivate employees and allow them to participate in the ownership of its stock through the award of Restricted Stock Units ("RSUs"), which represent the right to a future payment equal to one share of Evercore Partners Inc stock. RSUs typically vest over a period of four or five years beginning on the first anniversary of the award date, and to the extent RSUs are outstanding at the time a dividend is paid on common stock, a dividend equivalent is paid to the holders of the RSUs. Some RSU agreements issued around the time of the initial public offering in 2006 contain a provision that a proportion of RSUs only vest when there is a significant change in Evercore Partners Inc's senior management team.

RSUs are issued to employees as part of an annual bonus award, as compensation for new hires and at the time of Evercore Partners Inc's initial public offering. Evercore Partners International LLP accounts for these awards by recording a charge to compensation expenses.

The RSUs are valued in the company accounts using the weighted average share price on the day the equity award is entered into. When the RSU vests, once the criteria per the agreement have been met, an adjustment is made in the accounts to reflect the actual cost of the equity transferred to the employee using the average share price on the day of vesting.

On 1 July 2011, Evercore Partners Limited contributed its business assets and liabilities to Evercore Partners International LLP (full details of the business transfer are set out in Note 6). As part of the business transfer, Evercore Partners Limited transferred to Evercore Partners International LLP its liability of £1,781,771 in relation to stock amortisation recharged by Evercore LP. 632,362 unvested RSUs were also transferred, these related to awards made from 2007 onwards, detailed as follows:

667,654 RSUs awarded in 2007 were valued at between USD\$19 - \$22 per RSU. 386,838 RSU awards made in 2008 were valued at between USD\$11 - \$13 per RSU. 17,257 RSU awards made in 2009 were valued at USD\$12.61 per RSU. 20,518 RSU awards made in 2010 were valued at USD\$28.35 per RSU. 167,587 RSU awards made to employees of Evercore Partners Limited in 2011 were valued at USD \$34.83 per RSU. 91,656 awarded to members of Evercore Partners International LLP during the period were valued at \$22.74 per RSU, with a weighted average fair value of £14.18. The fair value is based on the market price of Evercore Partners Inc's shares.

Evercore Partners International LLP recognised total expenses in respect of RSUs of £949,280 in the period.

Evercore Partners International LLP owes £2,926,121 to Evercore Partners LP in relation to stock amortisation recharges.

**EVERCORE PARTNERS INTERNATIONAL LLP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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**12 Restricted Stock Units**

**(continued)**

Further details of the RSU's are as follows

	<b>Number of options 2011</b>
At 16 September 2010	-
Transferred in	632,362
Granted	91,656
Forfeited	-
Exercised	<u>(332,000)</u>
Outstanding at 31 December 2011	<u><u>392,018</u></u>

The weighted average share price at the date of exercise for the share options exercised during the period was £16 76

The weighted average share price at the date of grant for the share options granted during the period was £14 18

The weighted average contractual life of the share options is 1 year

**EVERCORE PARTNERS INTERNATIONAL LLP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

**13 Members' interests**

	Members' other interests			Loans and other debts due to/(from) members	Total
	Members' capital (classified as equity)	Other reserves	Total		
	£	£	£	£	£
Members' interests at 16 September 2010	-	-	-	-	-
Members' Remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	-	3,962,018	3,962,018
Profit for the period available for discretionary division among members	-	16,852,135	16,852,135	-	16,852,135
FRS 20 adjustment	-	(98,727)	(98,727)	-	(98,727)
Members' interests after profit for the period	-	16,753,408	16,753,408	3,962,018	20,715,426
Members' remuneration paid	-	-	-	(2,309,712)	(2,309,712)
Other divisions of profits	-	(6,782,572)	(6,782,572)	6,782,572	-
Members' capital introduced	-	-	-	1,590,002	1,590,002
Other amounts introduced by members	-	-	-	14,779,416	14,779,416
Members' interests at 31 December 2011	-	9,970,836	9,970,836	24,804,296	34,775,132
Amounts due to members				24,804,296	



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**EVERCORE PARTNERS INTERNATIONAL LLP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER**  
**2011**

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<b>14 Loans and other debts due to members</b>	<b>2011</b>
	<b>£</b>
Loans from members	16,369,418
Amounts owed to members in respect of profits	8,434,878
	<u>24,804,296</u>
<b>Analysis of loans</b>	
Falling due within one year	<u>24,804,296</u>

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors

**15 Financial commitments**

At 31 December 2011 the limited liability partnership was committed to making the following payments under non-cancellable operating leases in the year ending 31 December 2012

	<b>Land and buildings</b>
	<b>2011</b>
	<b>£</b>
Operating leases which expire	
Within one year	674,033
In over five years	1,375,000
	<u>2,049,033</u>



**EVERCORE PARTNERS INTERNATIONAL LLP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

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<b>16 Information in relation to members</b>	<b>2011 £</b>
Remuneration paid under an employment contract	3,962,018
	<u>3,962,018</u>

The remuneration above is that paid to the members under an employment contract and is recognised as an expense in the profit and loss account as members' remuneration. Remuneration representing a division of profit is included in the allocation of profit figures in note 13.

The share of profit (including remuneration) attributable to the member with the largest entitlement to profit, consisting of profits allocated after the balance sheet date and remuneration during the period, was £651,979.

	<b>2011 Number</b>
The average number of members during the period was	<u>16</u>

## EVERCORE PARTNERS INTERNATIONAL LLP

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011

#### 17 Employees

##### Number of employees

The average monthly number of employees during the period was

	2011 Number
Admin	3
Professional staff	5
	<u>8</u>

##### Employment costs

	£
Wages and salaries	3,482,956
Social security costs	775,760
Other pension costs	484,676
	<u>4,743,392</u>

The employment costs do not include members' remuneration charged as an expense

#### 18 Control

The ultimate parent company and controlling party is Evercore Partners Inc, a US company registered on the New York Stock Exchange. Evercore Partners Inc prepares group financial statements and copies can be obtained from 55 East 52nd Street, New York, NY 10055, USA. A copy of the ultimate parent company's financial statements is also filed at Companies House with these financial statements.

## EVERCORE PARTNERS INTERNATIONAL LLP

### NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011

#### 19 Related party transactions

During the period, Evercore Partners Limited transferred £9,999,000 to the LLP as a working capital injection

During the period, Evercore Partners Limited recharged £85,100 of rent relating to the lease at 10 Hill Street to the LLP, of which £85,100 is still outstanding at the period end

Evercore Partners Limited is a member of the LLP

During the period, Evercore Holdings Limited transferred £1,000 to the LLP as a working capital injection. On 30 December 2011, the LLP made a payment on Evercore Holdings Limited's behalf of £5.4m to the sellers of The Lexicon Partnership in settlement of deferred purchase consideration payable. At 31 December 2011, £5.4m was still outstanding.

Evercore Holdings Limited is a member of the LLP

During the period, the LLP charged Evercore Group Services Limited £5,395,365 in management charges relating to services provided by the LLP. At 31 December 2011, £5,395,365 was still outstanding.

Evercore Partners Limited, the immediate parent of Evercore Group Services Limited, is a member of the LLP.

During the period the LLP made hospitality purchases from Rycote Park Farm, an entity owned by a family trust related to B J Taylor, of £74,376. At 31 December 2011, no amounts were outstanding.

During the period, the LLP made hospitality purchases from Garsington Opera Limited, an entity of which B J Taylor is a director, of £31,875. At 31 December 2011, no amounts were outstanding.

20 Reconciliation of operating profit to net cash inflow from operating activities	2011 £
Operating profit	20,835,456
Depreciation of tangible assets	70,021
Amortisation of intangible assets	202,765
Increase in debtors	(25,207,133)
Increase in creditors within one year	14,060,657
<b>Other non-cash movements:</b>	
Other reserves	(98,727)
<b>Net cash inflow from operating activities</b>	<b>9,863,039</b>

**EVERCORE PARTNERS INTERNATIONAL LLP**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM INCORPORATION ON 16 SEPTEMBER 2010 TO 31 DECEMBER 2011**

<b>21 Analysis of net funds/(debt)</b>	<b>16 September 2010 £</b>	<b>Cash flow £</b>	<b>31 December 2011 £</b>
Net cash			
Cash at bank and in hand	-	20,205,461	20,205,461
Net (debt)/funds	-	20,205,461	20,205,461
<b>22 Reconciliation of net cash flow to movement in net funds</b>			<b>2011 £</b>
Increase in cash in the period			20,205,461
<b>Movement in net funds in the period</b>			20,205,461
Opening net debt			-
<b>Closing net funds</b>			20,205,461