

# **Greenhill & Co. Europe Holdings Limited**

## **Reports and Financial Statements**

31 December 2020

Registered No: 3688817

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31/12/2021

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COMPANIES HOUSE

**Directors**

P Bouten (Resigned 13 April 2021)  
N Buffery  
H Rodriguez, Jr.  
D Wyles

**Auditors**

Ernst & Young LLP  
25 Churchill Place  
London E14 5EY

**Bankers**

Coutts & Co  
440 Strand  
London WC2R 0QS

**Registered Office**

Lansdowne House  
57 Berkeley Square  
London W1J 6ER

## Strategic Report

The directors present their strategic report for the year ended 31 December 2020.

### Principal activities and review of the business

The Company is a holding company with four subsidiary undertakings as at 31 December 2020.

The Company has a controlling interest in Greenhill & Co. International LLP ("GCI LLP"), Greenhill Europe GmbH & Co. KG ("KG"), Greenhill Germany GmbH ("GmbH"), and Greenhill & Co. Cayman Limited. The Company had a controlling interest in Greenhill & Co. Europe LLP ("GCE LLP") until 30 September 2020, when the entity was sold to the KG. The Company retained a controlling interest in Greenhill & Co. Spain Limited ("Greenhill Spain"), however, the net assets were sold to the KG on 30 September 2020. GCE LLP and Greenhill Spain were both dormant and deregistered entities at year-end, awaiting strike-off from the Financial Conduct Authority (FCA).

- GCI LLP is an authorised Corporate Finance Advisory Firm regulated by the FCA and engaged in the investment banking business providing financial advisory services to corporations, institutions, individuals and others in connection with mergers, acquisitions, divestitures, tender and exchange offers, leveraged buy-outs, restructuring, recapitalisations, other extraordinary corporate transactions, and global capital advisory services to institutional and other related investors located in the UK.
- KG is a German partnership authorised by Bundesanstalt für Finanzdienstleistungsaufsicht, Federal Financial Supervisory Authority ("BaFin") engaged in the investment banking business providing financial advisory services to corporations, institutions, individuals and others in connection with mergers, acquisitions, divestitures, tender and exchange offers, leveraged buy-outs, restructuring, recapitalisations, other extraordinary corporate transactions, and capital advisory services in Europe. KG has two regulated branch offices located in Paris, France (registered with Autorité de Contrôle Prudentiel et de Résolution ("ACPR")) and Madrid, Spain (registered with the Comisión Nacional del Mercado de Valores ("CNMV")).
- The GmbH is the non-regulated general partner of the KG. As the general partner, it does not make any registered contribution and does not hold any shares in KG's equity.
- GCE LLP was an authorised Corporate Finance Advisory Firm regulated by the FCA and engaged in the investment banking business providing financial advisory services to corporations, institutions, individuals and others in connection with mergers, acquisitions, divestitures, tender and exchange offers, leveraged buy-outs, restructuring, recapitalisations and other extraordinary corporate transactions located in Europe. The Company relinquished ownership of GCE LLP to the KG on 1 August 2020, and the net assets of GCE LLP were fully transferred to KG on 1 October 2020. As of 31 December 2020, GCE LLP was a dormant and deregistered entity awaiting full strike off from the FCA.
- Greenhill Spain was an authorised Corporate Finance Advisory Firm regulated the FCA and engaged in the investment banking business providing financial advisory services to corporations, institutions, individuals and others in connection with mergers, acquisitions, divestitures, tender and exchange offers, leveraged buy-outs, restructuring, recapitalisations and other extraordinary corporate transactions located in Spain. The net assets of Greenhill Spain were purchased by the KG as of the close on 30 September 2020. As of 31 December 2020, Greenhill Spain was a dormant and deregistered entity awaiting full strike off from the FCA.

The Company also has a wholly owned Cayman Islands subsidiary, Greenhill & Co. Cayman Limited, and preferred shares in Greenhill & Co. Australia Pty Limited, an investment banking business that is incorporated in and operates in Australia.

The Company's ultimate and immediate parent is Greenhill & Co., Inc. ('Greenhill'). Greenhill is domiciled in the United States of America.

The information presented within the reports and financial statements is on an individual rather than a consolidated basis.

## Key performance indicators

The Company considers the turnover and the profit margin of their wholly owned subsidiaries' individual performances as key performance indicators. As the Company is a holding company that receives distributions from the operating subsidiaries, and given the straightforward nature of the business, the key performance indicators used by the Company to determine progress and performance of its subsidiaries are (i) advisory fees which is captured within Turnover on the income statement and (ii) Post Tax Profit Margin.

The key financial and other performance indicators of the Company's subsidiaries during the year were as follows:

GCI LLP, GCE LLP, KG, GmbH, and Greenhill Spain	2020		2019		Change
	£000		£000		%
Turnover	103,743		40,814		154%
Post Tax Profit Margin	48%		(8)%		

Figures for 2020 include the operating results of GCE, KG, GmbH and Greenhill Spain, and were converted utilising the respective GBP/Euro average yearly rates, while 2019 turnover figures include GCE and Greenhill Spain, and were converted utilising the respective GBP/Euro average yearly rates.

Advisory fees are driven by the number of successful transactions generated by the individual members of their respective subsidiaries and their supporting teams. Management meets at least monthly and sometimes more often to discuss various ongoing transactions along with the overall business environment and possible opportunities to generate additional advisory assignments. In the year ended 31 December 2020, dividends of £28,706 thousand were distributed to Greenhill (2019 - £7,104 thousand).

Turnover figures can vary year over year due in large part to the successful completion of a client's transaction, the timing of which is outside of the subsidiary's control. Unlike other more diversified investment banking entities, which generate revenues from commercial lending, securities trading and underwriting, or have asset management businesses, the number and scale of successfully completed client transactions or the market for advisory services generally would have a material effect on the turnover figures of the subsidiaries year over year.

Profit margins can also vary year over year, but can be managed to a certain degree through adjustments to compensation and non-compensation expenses. Each of the subsidiaries largest expense relates to compensation mainly in the form of cash compensation, related employment taxes and the amortization of long-term incentive compensation awards of restricted stock units. Awards of restricted stock units are discretionary and amortised into compensation expense during the service period over which the award vests, which is generally three to five years for the majority of the awards. The subsidiaries also record dividend equivalent payments on outstanding restricted stock units as compensation. For the Company's subsidiaries, compensation expense as a percentage of turnover was 37% in 2020 (2019: 61%) and non-compensation expenses as a percentage of turnover was 17% in 2020 (2019: 47%).

## Principal risks and uncertainties

The principal business risks facing the Company arise from economic climate, the non-recurring nature of the Company's subsidiaries' advisory engagements, the impact to the reputation of the subsidiaries if they do not provide sound advice and an extensive regulatory environment.

The subsidiaries derive revenues from advisory fees. Adverse market or economic conditions would likely affect the number, size and timing of transactions on which we provide advice and therefore can adversely affect the subsidiaries advisory fees which would adversely affect turnover.

The subsidiaries also rely on generating revenue via non-recurring engagements. Non-recurring engagements can cause revenue to vary from period to period. As a result, high activity levels in any period are not necessarily indicative of continued high levels of activity in the next succeeding period or any other period. In addition, the

subsidiaries' generally derive most of our engagement revenues at key transaction milestones, such as announcement or closing, and the timing of these milestones is outside our control. If an engagement was terminated prior to the successful completion of a transaction or project, whether due to market reasons or otherwise, subsidiaries may earn limited or no fees and may not be able to recoup the costs incurred prior to the termination.

As investment banking firms, the Company's subsidiaries depend to a large extent on relationships with clients and its reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with the services provided, it may cause reputational harm, which could impact the volume of future business.

The financial services industry is subject to extensive regulation. Regulatory agencies are empowered to conduct periodic examinations and administrative proceedings that can result in censure, fine, issuance of "cease and desist" orders or suspension of personnel or other sanctions, including revocation of our license or registration of our regulated subsidiaries. In addition, as a result of the impact of economic shocks and the risks of lapses in corporate oversight, regulatory requirements and oversight of financial services firms has increased significantly. Even if a sanction imposed against our subsidiaries or our personnel is small in monetary amount, the adverse publicity arising from the imposition of sanctions by regulators could harm the Company's reputation and cause our subsidiaries to lose existing clients or fail to gain new clients.

We are subject to a range of political, economic, legal, operational, regulatory and other risks that are inherent in operating our business, including risks of possible nationalization, expropriation, price controls, capital controls, exchange controls, inflation controls, excessive taxation, licensing requirements and other restrictive governmental actions, as well as the out break of hostilities and pandemic diseases.

The extent to which the COVID-19 pandemic and the related global economic crisis further adversely affects our business will depend on the future developments that are highly uncertain and beyond our control. These developments include the duration, spread and severity of the pandemic and any recovery period; the distribution, public acceptance and widespread use and effectiveness of vaccines against COVID-19; the actions taken to contain the spread of the disease or mitigate its impact and future actions taken by governmental authorities, central banks and other third parties in response to the pandemic. Although the subsidiary companies generated strong revenues in 2020 while the pandemic was ongoing, there is no guarantee that the pandemic will not cause a significant downturn in levels of revenue or profitability within future years. As part of its going concern review, the Company has assessed the potential impact on profitability. We expect to generate positive cash flows over the next twelve months. Management has no reason at this time to believe that this will affect the going concern status of the Company.

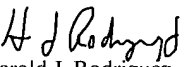
On January 31, 2020, the U.K. withdrew from the European Union, commonly referred to as "Brexit." The terms of the withdrawal agreement between the European Union and the U.K. provided for a transition period for the European Union and the U.K. to negotiate and agree to a framework for their future relationship, which expired on 31 December 2020. While a trade deal was agreed, there remains uncertainty with regards to the nature of the long-term relationship between the European Union and the U.K. Such uncertainty could adversely affect European and worldwide economic and market conditions, contribute to instability in global financial and foreign exchange markets, and introduce significant legal uncertainty and potentially divergent national laws and regulations.

Notwithstanding the agreement reached, conditions arising from Brexit could adversely affect our U.K. business and operations, including by reducing the volume or size of mergers, acquisitions, divestitures and other strategic corporate transactions on which we seek to advise, and further, will likely increase our legal, compliance and operational costs.

As a result of Brexit, two new German entities, KG and GmbH, became fully active in 2020, when we received regulatory approval from BaFin on behalf of the KG to provide investment banking services through the European Union. GmbH is the general partner of the KG, but has limited activity and no ownership in KG's equity. KG was formed from an asset transfer of GCE's net assets that occurred as of the 30 September 2020 close, the purchase of net assets of Greenhill Spain as of the 30 September 2020 close, as well as the creation of the Paris branch.

Refer to note 14 “Risk management objectives and policies” for information regarding the Company's economic, operational, credit, liquidity, currency, interest rate and political risks.

On behalf of the board

  
Harold J. Rodriguez, Jr.

23 December 2021

## Directors' report

The directors present their report on the Greenhill & Co. Europe Holdings Limited (the "Company") financial statements for the year ended 31 December 2020.

### Results and dividends

The Company made a profit for the year after taxation of £30,953 thousand (2019 - £11,188 thousand). The results for the year are shown in the income statement on page 12. In the year ended 31 December 2020, dividends of £28,706 thousand (2019 - £7,104 thousand) were distributed to Greenhill.

### Future developments

The directors aim to maintain policies to oversee the operations of the Company's controlled subsidiaries GCI LLP, and KG. The Company's source of revenue is the portion of revenues distributed to the Company from the profit share of GCI LLP, its financial advisory business located in the United Kingdom; and KG, its financial advisory business located in Germany, with branch offices located in Paris and in Spain.

### Directors and their interests

The directors of the Company during the year ended 31 December 2020 were those listed on page 1. None of the directors had any beneficial interest in the share capital of the Company.

### Streamlined Energy and Carbon Reporting ("SECR")

UK Greenhouse gas emissions and energy use data for the period 1 January 2020 to 31 December 2020

	<i>Energy (kWh)</i>	<i>Emissions (tCO<sub>2</sub>e)</i>
Purchased electricity (Scope 2)	427,059	100
	<i>Distance (km)</i>	<i>Emissions (tCO<sub>2</sub>e)</i>
Business travel - air (Scope 3)	537,441	96
Business travel - land (Scope 3)	77,658	6
Total Scope 3	615,099	102
Total Emissions (tCO <sub>2</sub> e)		202
Intensity Ratio tCO <sub>2</sub> e per million of income		6.53

### Quantification and Reporting Methodology

The Company has followed the 2019 HM Government Environmental Reporting Guidelines, and also used the GHG Reporting Protocol - Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

### Intensity Measurement

The chosen intensity measurement is total gross emissions in metric tonnes CO<sub>2</sub>e per £ million of income, the recommended ratio for the banking sector.

### Measures taken to improve energy efficiency

In the period covered by the report, the Company makes every effort to purchase and replace devices, equipment and supplies with energy efficient replacements where applicable.

### Going concern

After reviewing forecasts and making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The directors specifically considered the potential impact of a significant downturn in levels of revenue on profitability in its subsidiaries that could result from the ongoing global COVID-19 pandemic in their analysis. The Company was profitable in

2020, and the directors believe that the Company will continue to be profitable in the foreseeable future. In the event that the Company needs additional resources to operate, it will receive distributions from its controlled subsidiaries to the extent cash is available or obtain advances from its ultimate parent. Due to its controlling interest, the Company can withdraw cash from its operating subsidiaries when and if needed.

Additionally, a letter of financial support has been provided by the Company's ultimate parent, Greenhill, in order to ensure that the Company is able to meet all its obligations as and when they fall due. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

**Disclosure of information to the auditors**

So far as each person who is a director at the date of approving this report is aware, there is no relevant audit information, being needed by the auditor in connection with preparing its report of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to be aware of any relevant audit information and to establish that the auditor is aware of that information.

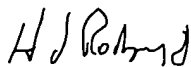
**Auditors**

Ernst & Young LLP are deemed to be reappointed under section 485 of the Companies Act 2006.

**Qualifying third party indemnity provisions**

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

On behalf of the board



Harold J. Rodriguez, Jr.

23 December 2021



## **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. Under company law, the directors must not approve the financial statements until 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 in accordance with Section 10 of FRS 102 Accounting Policies, Estimates and Errors and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- in respect of the Company's financial statements, 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 in appropriate 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREENHILL & CO EUROPE HOLDINGS LIMITED

### Opinion

We have audited the financial statements of Greenhill & Co. Europe Holdings Limited for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit

or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of those financial statements.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting

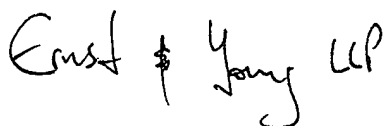
from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies Act 2006, Financial Reporting Standard 102 and tax legislation (governed by HM Revenue and Customs).
- We understood how Greenhill & Co. Europe Holdings Limited is complying with those frameworks by making enquiries of management, those responsible for legal and compliance matters and those charged with governance to understand how the Company maintains and communicates its policies and procedures. We corroborated our enquiries through our review of Board minutes, relevant policies and correspondence with regulators.
- We assessed the susceptibility of Greenhill & Co. Europe Holdings Limited's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue recognition to be a fraud risk. We considered the controls, including entity level controls, that the Company established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We evaluated management's incentive, rationale, and opportunities for fraudulent manipulation of the financial statements. Our procedures involved testing, on a sample basis, manual journals posted as part of the financial statement closing process selected based on a fraud risk criteria. We performed test of details on revenue recognition by vouching distributions received to third party supporting documentation and board resolutions.
- Based on this understanding we designed our audit procedures to identify known or suspected instances of non-compliance with such laws and regulations. Our procedures involved enquiries of those charged with governance and management for their awareness of any non-compliance of laws or regulations and journal entry testing. We corroborated our enquiries through review of Board minutes, policies and correspondence with relevant regulatory authorities.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Stevenson (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

24 December 2021

## Income Statement

For the year ended 31 December 2020

		2020	2019
	Notes	£000	£000
<b>Turnover</b>	2	43,517	9,026
Administration expenses		236	(2,170)
<b>Profit on ordinary activities before interest</b>		43,753	6,856
Interest receivable		112	177
Interest expense		(119)	(261)
<b>Profit on ordinary activities before taxation</b>		43,746	6,772
Tax credit/(charge) on profits on ordinary activities	7	(12,793)	4,416
<b>Profit for the financial year</b>		<u>30,953</u>	<u>11,188</u>

All amounts relate to continuing operations.

There are no components of other comprehensive income recognised as a part of total comprehensive income outside the income statement.

The accompanying notes on pages 15 - 24 form part of these financial statements.

## Statement of Changes in Equity

at 31 December 2020

	<i>Called up share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
At 1 January 2019	500	6,784	7,284
Profit for the year	—	11,188	11,188
Equity-settled component of share-based payments	—	(760)	(760)
Dividend to ultimate parent	—	(7,104)	(7,104)
At 31 December 2019	500	10,108	10,608
At 1 January 2020	500	10,108	10,608
Profit for the year	—	30,953	30,953
Equity-settled component of share-based payments	—	(1,313)	(1,313)
Dividend to ultimate parent	—	(28,706)	(28,706)
At 31 December 2020	500	11,042	11,542


The accompanying notes on pages 15 - 24 form part of these financial statements.

## Statement of Financial Position at 31 December 2020

	<i>Notes</i>	<i>2020</i> <i>£000</i>	<i>2019</i> <i>£000</i>
<b><i>Fixed assets</i></b>			
Investments	8	12,595	7,608
Due from affiliates: amounts falling due after one year	9	2,614	2,620
		<u>15,209</u>	<u>10,228</u>
<b><i>Current assets</i></b>			
Due from affiliates: amounts falling within one year	9	46	1,729
Other assets		1	77
Cash at bank and in hand		553	556
Deferred taxation	10	3,052	6,404
		<u>3,652</u>	<u>8,766</u>
<b><i>Creditors: amounts falling due within one year</i></b>	11	<u>(6,763)</u>	<u>(7,394)</u>
<b><i>Net current liabilities</i></b>		<u>(3,111)</u>	<u>1,372</u>
<b><i>Total assets less current liabilities</i></b>		12,098	11,600
<b><i>Creditors: amounts falling due after more than one year</i></b>	11	<u>(556)</u>	<u>(992)</u>
<b><i>Net assets</i></b>		11,542	10,608
<b><i>Capital and reserves</i></b>			
Called up share capital	13	500	500
Profit and loss account		<u>11,042</u>	<u>10,108</u>
		<u>11,542</u>	<u>10,608</u>

The accompanying notes on pages 15 - 24 form part of these financial statements.

The financial statements were approved by order of the board of directors on 23 December 2021 and were signed on its behalf by:



Harold J. Rodriguez, Jr.  
Director

## Notes to the financial statements at 31 December 2020

### 1. Accounting policies

The principle accounting policies are summarized below. They have all been applied consistently throughout the year and the preceding year.

#### Statement of compliance

Greenhill & Co. Europe Holdings Limited is a limited liability company incorporated on 24 December 1998. The Registered Office is Lansdowne House, 57 Berkeley Square, London, W1J 6ER.

The Company's financial statements have been prepared in compliance with FRS 102 as issued in March 2018, which reflects the amendments made as part of the Triennial Review 2017 and applied to the financial statements of the Company for the year ended 31 December 2020. The Triennial Review amendments have had no material impact on the financial statements of the Company.

#### Basis of preparation

The financial statements of Greenhill & Co. Europe Holdings Limited were authorised for issue by the directors on 23 December 2021.

The financial statements are prepared in sterling which is the functional and presentation currency of the Company and rounded to the nearest £'000.

The financial statements are prepared on a going concern basis under the historical cost convention. The directors have made an assessment of the Company's ability to continue as a going concern for the period to 31 December 2022. The directors specifically considered the potential impact of a significant downturn in levels of revenue on profitability in its subsidiaries that would result from the ongoing global COVID-19 pandemic in their analysis. We expect to generate positive cash flows over the next twelve months. The Company was profitable in 2020 and the directors believe that the Company will be profitable in the foreseeable future. In the event that the Company needs additional resources to operate, it will receive distributions from its controlled subsidiaries to the extent cash is available or obtain advances from its ultimate parent. Due to its controlling interest, the Company can withdraw cash from its operating subsidiaries when and if needed.

Additionally, a letter of financial support has been provided by the Company's ultimate parent, Greenhill, in order to ensure that the Company is able to meet all its obligations as and when they fall due. For these reasons, the directors continue to adopt the going concern basis in preparing the financial statements.

#### Qualifying entity exemptions

Greenhill & Co. Europe Holdings Limited is a qualifying entity as per FRS 102 as it is a member of a group where the parent of that group (Greenhill & Co., Inc.) prepares publicly available consolidated financial statements which can be obtained from the United States Securities and Exchange Commission's EDGAR electronic database, via the ticker symbol GHL (<https://www.sec.gov/edgar/searchedgar/webusers.htm>).

As a qualifying entity, the Company has taken advantage of the exemption in section 1.11-1.12 of FRS 102 from the requirement to prepare a statement of cash flows and from the requirement of section 33 Related Party Disclosures paragraph 33.7 to disclose key management personnel compensation.

#### Significant accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and amounts reported for revenues and expenses during the year. However, the nature of estimation means the actual outcome could differ from those estimates. The Company has identified the following judgment.

#### Impairment of Investment

The Company holds its investments in subsidiary undertakings at historical cost. The investment in subsidiaries is assessed annually for impairment and where there is objective evidence that the investment is impaired, the impairment is charged to the income statement.

#### Expenses

Expenses incurred have been recognised on an accruals basis.



## **1. Accounting policies continued**

### **Share-based payments**

In accordance with the requirements of FRS 102, share based payments are recorded as a charge to compensation expense. Such payments, as described in note 6, comprise both an equity-settled component and a cash-settled component, the latter arising because the employee has the option to utilise part of the award to settle the associated withholding tax liability rather than receive the full award in the form of shares. For the equity-settled component, compensation expense is determined at the date of the grant with a corresponding equity contribution from Greenhill.

For the cash-settled component, compensation expense is re-measured at each reporting date with reference to current market values, with a corresponding liability. The fair value of the share based payments with further service requirements are generally amortised over a four year service period following the date of grant applying straight-line amortisation separately to each individual tranche.

The Company entered into an inter-company recharging agreement with Greenhill whereby on the transfer of shares by Greenhill to employees of the Company and its subsidiaries, pursuant to the plan, the Company reimburses Greenhill for an amount based on the fair market value of each RSU award which has vested.

### **Investments**

The Company holds its investments in subsidiary undertakings at historical cost plus subsequent capital infusions and recognises any distributions received from its subsidiaries as turnover. The investment in subsidiaries is assessed annually for impairment and where there is objective evidence that the investment is impaired, the impairment is charged to the income statement.

The Company holds its preferred share investment in an affiliate at historical cost. Investments in preference shares are measured at cost less impairment if the shares are not publicly traded or the fair value cannot otherwise be reliably measured.

### **Foreign currency transactions**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. All differences are taken to the income statement and presented in administrative expenses.

### **Taxation**

Provision is made for United Kingdom corporation tax at the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date on the excess of taxable income over allowable expenses.

### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less tax, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in periods in which timing differences reverse based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

### **Impairment of financial assets**

The Company assesses, at each balance sheet date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the Statement of Financial Position date. In addition, evidence of impairment requires a loss event to have had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

## 1. Accounting policies continued

### Related party transactions

The Company has taken advantage of the exemption afforded under FRS102.33.1A not to disclose transactions with its parent, Greenhill, and with its subsidiaries, on the basis that the Company and its subsidiaries are wholly-owned members of the Greenhill group.

## 2. Turnover

Turnover represents profit share distributions from investments in subsidiaries, which are accounted for as described in Note 1, and is for the provision of advisory services conducted in the United Kingdom and Europe (Germany, Spain, and France). Profit share distributions may vary year to year based on the profitability of each subsidiary and the corporate needs of the Company.

Since the financial markets are global in nature, the Company generally manages its business based on the operating results of the enterprise taken as a whole, not by geographic region. For reporting purposes, the geographic region is Europe and the investment banking activity of the Company's subsidiaries' constitute a single business segment.

## 3. Operating profit

This is stated after charging:

	2020	2019
	£000	£000
Interest expense	119	261
Auditor's remuneration - audit of the financial statements	20	20
Professional fees	169	148
Foreign exchange (gains) / losses	19	(44)

## 4. Staff costs

	2020	2019
	£000	£000
Social security costs	0	519
Share-based payments	(238)	1,455
Dividends on share-based payments, net of clawbacks	0	66
	<u>(238)</u>	<u>2,040</u>

The decrease in share-based payments expense in 2020 as compared to 2019 primarily relates to the directors of the Company becoming employees of GCI LLP in July 2019, as well as the decline in the underlying share price. Future amortization expense on the outstanding RSUs will be realized by GCI LLP beginning at the time the directors became employees of GCI LLP on 1 July 2019.

There was no equity settled component of the above share-based expense amounted in 2020 (2019 - £1,414 thousand).

## 5. Directors' emoluments

	2020	2019
	£000	£000
<b>The remuneration of the directors of Greenhill &amp; Co. Europe Holdings Ltd comprised:</b>		
Aggregate emoluments in respect of qualifying services	—	2,160
Aggregate of partnership contributions paid in respect of defined contribution pension schemes	—	7
Aggregate amounts receivable under restricted stock unit schemes (cash-settled component)	—	1,643

No further allocations were made to the individual members after their resignation on 30 June 2019. Directors' emoluments largely comprise of amounts paid by subsidiaries in the current year.

	2020	2019
	£000	£000
<b>Highest paid director's remuneration</b>		
Emoluments in respect of qualifying services	—	565
Amounts received under restricted stock unit schemes	—	426
<b>Awards made under the equity incentive plan</b>		
Number of members who received shares under the restricted stock unit plan	—	9
Number of members who accrued benefits under defined contribution pension schemes	—	1

## 6. Restricted stock units (RSUs)

Prior to the directors of the Company becoming employees of GCI LLP in July 2019, the directors participated in an equity incentive plan of Greenhill, to motivate its employees and allow them to participate in the ownership of its stock. Under the plan, RSUs, which represent a right to a future payment equal to one share of Greenhill's common stock, may be awarded to the directors. Awards granted under the plan generally vested ratably over a period of three to five years beginning on the first anniversary of the grant date or for certain awards in full on the fourth or fifth anniversary of the grant date. Holders of RSUs are entitled to receive dividends declared on the underlying common stock to the extent the restricted stock units ultimately vest.

In 2020 there were no units awarded (2019 - 245,608 units awarded, with a weighted average fair value of £18.81). The fair value is based on the market price of Greenhill's shares at the grant date. The Company recognised a total RSU reversal of expense, net of forfeitures, of £238 thousand during the year ended 31 December 2020 (2019 - £1,455 thousand). For the year ended 31 December 2020, the Company did not record expense related to dividend equivalents, net of clawbacks (2019 - £66 thousand).

For those RSU grants issued prior to July 2019, the Company maintains a liability for the portion of the RSU expense amortized through the time of the director resignations that represents the cash settled component of the share based payments and fair values that liability based on the closing price of Greenhill's common stock as of the date of the balance sheet. As of 31 December 2020 the liability is £972 thousand. This liability will be carried until the last tranche of the grants the directors received as employees is extinguished (March 2023).

The Company entered into an inter-company recharging agreement with Greenhill whereby on the transfer of shares by Greenhill to employees of its subsidiaries, pursuant to the plan, the Company reimburses Greenhill for an amount based on the fair market value of each RSU award which has vested.

## 7. Tax on profit on ordinary activities

	2020	2019
	£000	£000
(a) Analysis of tax charge for the year		
<i>Current tax:</i>		
UK corporation tax on profits of the current year	9,354	—
Prior year adjustment	87	(1,354)
Deferred tax	<u>3,352</u>	<u>(3,062)</u>
Total tax charge (benefit)	12,793	(4,416)
(b) Factors affecting the tax charge for the year		
The tax assessed on the profit from ordinary activities for the year ended 31 December 2020 is higher than (2019: lower than) the standard rate of corporation tax in the UK. The differences are explained below:		
	2020	2019
	£000	£000
Profit on ordinary activities	<u>43,746</u>	<u>6,772</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% for 2020 (2019 - 19.00%)	8,312	1,287
<i>Effects of:</i>		
Prior year adjustments - current tax	87	(1,354)
Prior year adjustments - deferred tax	736	(16)
Partnership earnings not to be remitted	4,236	(5,839)
Expenses not deductible for tax purposes	6	1,062
Effect of tax rate change	(536)	444
Non-taxable income	(48)	—
Total tax charge (benefit) for the year	<u>12,793</u>	<u>(4,416)</u>

## 8. Investments

	<u>£000</u>
<i>Company:</i>	
Cost:	
At 1 January 2020	7,608
Capital infusions	<u>4,987</u>
At 31 December 2020	12,595

Two new entities became fully active in 2020: KG and GmbH. KG is the German entity that superseded the former UK German Branch (GCE LLP) upon Britain's exit from the European Union ("Brexit") and commencement of regulated operations by the BaFin on 1 October 2020. The Company owns a 100% direct interest in KG. GmbH is the General Partner of KG, and is wholly-owned by GCEH. Additional capital infusions were made to the GCE LLP in 2020 of £4,987 thousand.

As a result of the formation of KG, the net assets of GCE LLP were transferred to KG, and GCE LLP went from an entity that was majority owned by GCEH through 30 September 2020 to an entity that is 100% indirectly owned through GCEH's 100% direct interest in KG.

The following are the principal subsidiary undertakings of the Company as of the close of business 31 December 2020:

<i>Name of subsidiary</i>	<i>Country of Incorporation and operation</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Greenhill & Co. International LLP	UK	Partnership	99 %	Broker
Greenhill & Co. Europe GmbH & Co. KG	Germany	Partnership	100 %	Broker
Greenhill & Co. Cayman Limited	Cayman Islands	Ordinary shares	100 %	Service providers
Greenhill Germany GmbH	Germany	Ordinary shares	100 %	General Partner
Greenhill & Co. Spain Limited	Spain	Ordinary shares	100 %	Service provider

As of 31 December 2020, Greenhill Spain and GCE LLP are dormant and deregistered entities awaiting full strike off from the FCA.

The Company also owns preferred shares in Greenhill & Co. Australia Pty Limited, a broker that is incorporated in and operates in Australia.

## 9. Due from affiliates

At 31 December 2020 and 31 December 2019, the Company had due from affiliates receivable balances of £2,660 thousand and £4,349 thousand, respectively. The receivable balances were with Greenhill, Greenhill & Co., LLC, and Greenhill & Co. Japan Ltd. ("Greenhill Japan"), which are separate subsidiaries of Greenhill. The receivable balances are repayable on demand and guaranteed by the Company's parent. Loans that the Company does not intend to request repayment of before 31 December 2020 are classified as amounts falling due after one year on the statement of financial position, however if the amounts due to subsidiaries and affiliates were requested at an earlier date, payment of the amounts due from affiliates may also be requested. Interest is calculated based on the principal balance and the effective interest rate set in the loan agreement.

## 10. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2020	2019
	£000	£000
Share-based payments	1,487	1,769
Tax losses carried forward	—	512
Depreciation/capital allowances	156	148
Unremitted partnership earnings	1,093	3,519
Deferred compensation	314	449
Bad debts	2	7
Provision for deferred tax	<u>3,052</u>	<u>6,404</u>

	2020	2019
	£000	£000
As at 1 January	6,404	3,342
Arising during the year	(3,888)	3,506
Effect of tax rate change	536	(444)
As at 31 December	<u>3,052</u>	<u>6,404</u>

The deferred tax asset principally relates to the temporary differences on emoluments and unremitted partnership earnings. Of the deferred tax asset of £3,465 thousand, £1,935 thousand is expected to reverse during the year ended 31 December 2021.

	2020	2019
	£000	£000
Deferred taxation - current	1,794	4,797
Deferred taxation - non-current	<u>1,258</u>	<u>1,607</u>
As at 31 December	<u>3,052</u>	<u>6,404</u>

During 2020 the Company utilized £0 of previously unrecognized deferred tax related to a capital loss carryforward.

No deferred tax is recognised with respect to its remaining capital loss, as it is not foreseeable that the Company will incur future capital gains against which the capital loss can be utilized. The unrecognised deferred tax asset is £1,586 thousand as at 31 December 2020 (2019 -£1,419 thousand).

In March 2021 it was announced (and substantively enacted on 24 May 2021) that the UK corporation tax rate would increase to 25% from 19% (the previously enacted rate) from 1 April 2023. The deferred tax balances included within the accounts have been calculated with reference to the rates of 19% as required under the Financial Reporting Standard 102. However, following the substantive enactment of the rate of 25%, it is anticipated that a portion of the reversal of temporary differences will occur at this rate and that the maximum impact on the quantum of the net deferred tax asset will be £138 thousand.

## 11. Creditors

	2020	2019
	£000	£000
Other creditors	56	43
Corporation tax	2,854	331
Amount due to subsidiaries & affiliates	3,437	5,681
Cash-settled component of share based payments falling due within one year	416	1,339
Amounts falling due within one year	<u>6,763</u>	<u>7,394</u>
Cash-settled component of share based payment falling due in greater than one year	556	992
Total creditors	<u>7,319</u>	<u>8,386</u>

Creditor amounts falling due within one year are all short term in nature, and therefore the carrying value approximates fair value. Amounts due to subsidiaries and affiliates are payable on demand and therefore classified as amounts falling due within one year on the statement of financial position. Interest is calculated based on the principal balance and the effective interest rate set in the loan agreement.

For the cash-settled component of share based payment falling due in greater than one year, the liability is re-measured at each reporting date with reference to current market values, which approximates fair value.

## 12. Pension commitments

The Company had operated a defined contribution scheme for individual members until their resignation on 30 June 2019. Contributions to the scheme were paid as they become due in accordance with the rules of the scheme. The Company incurred no expense during the year ended 31 December 2020 (2019: £7 thousand), and there is no outstanding liability as of 31 December 2020.

## 13. Share capital and dividends

	<i>Authorised, allotted, called up and fully paid</i>	
	2020	2019
	£000	£000
65,500,000 ordinary shares of £0.01 each	<u>500</u>	<u>500</u>

All shares have one vote and participate equally in the event of the winding up of the Company.

In the year ended 31 December 2020, dividends of £28,706 thousand were distributed to Greenhill (2019 -£7,104 thousand).

## 14. Risk management objectives and policies

The Company is exposed, through the operations of its subsidiaries, to economic, operational, credit, liquidity, currency, interest rate and political risks. The policy for managing each of these risks is below:

#### **Economic risk**

The principal business risks facing the Company arise from economic climate, the non-recurring nature of the Company's subsidiaries' advisory engagements, the impact to the reputation of the subsidiaries if they do not provide sound advice and an extensive regulatory environment.

The subsidiaries derive revenues from advisory fees. Adverse market or economic conditions would likely affect the number, size and timing of transactions on which it provides advice and therefore can adversely affect the partnership's advisory fees which would adversely affect turnover.

An unanticipated catastrophic event, such as the ongoing COVID-19 global pandemic, could adversely affect European and worldwide economic and market conditions, contribute to instability in global financial and foreign exchange markets, and introduce significant legal uncertainty and potentially divergent national laws and regulations.

#### **Operational risk**

The Company defines operational risk as risk of loss resulting from inadequate internal processes, people and systems, or from external events, including risk of damage through loss of reputation or standing. The Company is committed to regulatory compliance and has developed policies and procedures in order to stay abreast of regulatory developments. The Company preserves its reputation by ensuring compliance with regulations and ethical standards, attracting and retaining talented staff and providing accurate and timely execution of contractual obligations.

#### **Credit risk**

Credit risk is the exposure to the possibility of financial loss resulting from a client's failure to meet its financial obligations. As the Company, through the operations of its subsidiaries, is in the business of offering advisory services in connection with corporate transactions, credit risk does not normally arise in the normal course of business. For non-trade related advances, credit checks are undertaken prior to the transactions being entered into.

Our cash in bank and on hand is principally held in depository accounts and money market funds and other short-term highly liquid investments with original maturities of three months or less. We maintain our depository accounts with financial institutions with high credit ratings. Although these deposits are generally not insured, management believes we are not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held. Further, we do not believe our cash equivalent investments are exposed to significant credit risk or interest rate risk due to the short-term nature and high quality of the underlying investments in which the funds are invested.

#### **Liquidity risk**

The Company deems liquidity risk as the failure to have sufficient financial resources to meet its day to day capital and cash flow requirements. To mitigate liquidity risk, the Company has implemented cash management policies to ensure that there are strict guidelines to follow in relation to the products and the duration that surplus funds can be invested.

The Company maintains cash in institutions with high credit ratings. At 31 December 2020 the Company had cash balances of £553 thousand (2019 - £556 thousand). In the event of a significant deterioration of the credit markets or the failure of one or more banking institutions, there can be no assurance that the Company will be able to access its cash. Our inability to access our cash could have a material adverse effect on our liquidity.

#### **Currency risk**

Currency risk arises as the Company derives revenue from operations outside of the UK, whereas the statement of financial position is denominated in GBP. Management mitigates this risk by constantly monitoring currency exposures and aiming to mitigate currency risk by ensuring that revenues and intercompany balances arising in currencies other than GBP are settled in GBP on a regular basis.

#### **Interest rate risk**

The Company's interest rate risk is derived from interest bearing deposits in which the Company and its subsidiaries invest surplus funds. Management monitors interest rate risk by placing funds in overnight deposits, longer period deposits, and on a floating rate basis. Management conducts market analysis of interest rate expectations before placing amounts.



#### **Political risk**

On January 31, 2020, the U.K. withdrew from the European Union, commonly referred to as "Brexit". The European Union and the U.K. have ratified a withdrawal agreement, which provides for a transition period for the European Union and the U.K. to negotiate and agree to a framework for their future relationship, which expired on 31 December 2020. While a trade deal was agreed, there remains uncertainty with regards to the nature of the long-term relationships between the European Union and the U.K. Such uncertainty could adversely affect European and worldwide economic and market conditions, contribute to instability in global financial and foreign exchange markets, and introduce significant legal uncertainty and potentially divergent national laws and regulations.

A new entity, Greenhill & Co. Europe GmbH & Co. KG, was originally established in 2019 in order to continue to provide investment banking services throughout the European Union after Brexit, and has its registered office in Frankfurt, Germany. The KG has two branch offices, located in Paris, France and in Madrid, Spain. The KG was created from the asset transfer of the former Greenhill & Co. Europe LLP, the purchase of the net assets of Greenhill & Co. Spain Limited.

#### **15. Ultimate controlling parties**

The Company's immediate and ultimate holding company is Greenhill & Co., Inc., incorporated in the United States of America. Greenhill has included the Company in its group financial statements, copies of which may be obtained from its registered office, 1271 Avenue of the Americas, New York, NY 10020, United States of America.

#### **16. Subsequent events**

Management has evaluated subsequent events through the date that the financial statements are issued.

The Company entered into a revolving loan agreement with its ultimate parent company, Greenhill & Co. Inc., as of 18 May 2021 for approximately £10.1 million with repayments of approximately £0.4 million through the date that the financial statements are issued. This is a non-adjusting subsequent event.

On 30 September 2021, Greenhill & Co. Australia Pty Limited, a broker that is incorporated in and operates in Australia, redeemed its preferred shares held by the Company. This is a non-adjusting subsequent event.

Greenhill Spain was officially dissolved via a voluntary strike off as of 26 October 2021 while GCE LLP was officially dissolved via a voluntary strike off as of 27 April 2021. This is a non-adjusting subsequent event.