

200202/240

DocuSign Envelope ID: 064D53C2-6120-41D5-AE2C-6E2912210223

**Registered number: MC-161501**

**UK registration number: FC026606**

Business office:  
20 Bank Street  
Canary Wharf  
London, E14 4AD  
United Kingdom

Registered office:  
Maples Corporate Services Limited,  
PO Box 309,  
Ugland House,  
George Town,  
Grand Cayman,  
KY1-1104,  
Cayman Islands

**MORGAN STANLEY SINOPE CAYMAN LIMITED**

**Report and financial statements**

**31 December 2021**



**MORGAN STANLEY SINOPE CAYMAN LIMITED**

<b>CONTENTS</b>	<b>PAGE</b>
Strategic report	1
Directors' report	3
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of financial position	7
Notes to the financial statements	8
Appendix to the financial statements	14

## **MORGAN STANLEY SINOPE CAYMAN LIMITED**

### **STRATEGIC REPORT**

The Directors present their Strategic report for Morgan Stanley Sinope Cayman Limited (the “Company”) for the year ended 31 December 2021.

#### **PRINCIPAL ACTIVITY**

The Company is an exempted company incorporated under the laws of the Cayman Islands and its principal activity is to enter into financing transactions and investments with no significant changes expected in 2022.

The Company’s ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley’s other subsidiary undertakings, form the Morgan Stanley Group (the “Group”). The Company’s immediate parent undertaking is Morgan Stanley Himalia Cayman Limited.

The management and control of the Company is in the United Kingdom (“UK”) and the Company is liable to UK Corporation tax on its taxable profits.

#### **BUSINESS REVIEW**

##### **Business environment**

During 2021, the Group has been impacted by factors in the global environment in which it operates, each of which introduces risks and uncertainties that may adversely affect the results of operations of the Group. The continued prevalence of COVID-19 through 2021 created ongoing challenges for businesses, however the global economy which had contracted in 2020 began to recover.

##### **COVID-19**

Although the global economy has begun to recover from the COVID-19 pandemic, as many health and safety restrictions have been lifted and vaccine distribution continues to increase, certain adverse consequences of the pandemic continue to impact the global economy and may persist for some time. These include labour shortages and disruptions of global supply chains. The growth in economic activity and demand for goods and services, alongside labour shortages and supply chain complications, has also contributed to rising inflationary pressures.

The extent to which the consequences of the COVID-19 pandemic affects the Company’s business, results of operations and financial condition, as well as its capital and liquidity ratios and ability to take capital actions, will depend on future developments that remain uncertain. This includes the rate of distribution and administration of vaccines globally, the severity and duration of any resurgence of COVID-19 variants, future actions taken by governmental authorities, central banks and other third party service providers. Moreover, the effects of the COVID-19 pandemic may heighten many of the other risks described in the Strategic Report.

##### **Escalation of War in Ukraine**

The Company has no direct exposure to Russia and Ukraine. There may be negative effects to the global economy due to the current disruption to the financial markets, global trade payment systems and capital flows as well as from the impact of sanctions. The extent to which the impact to the global economy affects the Company will depend on future developments that are highly uncertain and cannot be predicted. The Company will continue to closely monitor events and their potential impact.

Morgan Stanley and the Company continue to use their Risk Management framework, including stress testing, to manage the significant uncertainty in the present economic and market conditions.

## **MORGAN STANLEY SINOPE CAYMAN LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

#### **BUSINESS REVIEW (CONTINUED)**

##### **Overview of 2021 performance and key performance indicators**

The Company's main key performance indicators are profit after tax, total assets and total liabilities.

The Company reported a profit after tax for the year of €1,661,000 compared to €1,797,000 in the prior year. The profit for the current year mainly comprises interest income of €12,447,000 (2020: €12,827,000) from other Morgan Stanley Group undertakings partly offset by impairment loss of €7,339,000 (2020: €6,610,000) and interest expense of €3,548,000 (2020: €4,320,000).

The Company's total assets at 31 December 2021 were €624,176,000 compared to €619,011,000 at 31 December 2020. The increase of €5,165,000 is primarily due to an increase in dividend receivable offset by an impairment on investments in subsidiaries. The Company's total liabilities at 31 December 2021 were €433,301,000 compared to €429,797,000 at 31 December 2020. Total liabilities have increased by €3,504,000 primarily due to interest accrued on loans with other Morgan Stanley Group undertakings.

The Company's net assets were €190,875,000 (2020: €189,214,000).

#### **RISK MANAGEMENT**

As an intermediate holding company, the Company is exposed to the risk of decline in value of its investments in subsidiary undertakings. Due to the current financial strength of its subsidiary undertakings, the Directors consider that the actual risk the Company is exposed to is minimal.

The Directors consider that the Company's key financial risks are credit risk, primarily its concentration of exposure to other Morgan Stanley Group undertakings and liquidity risk arising primarily through its exposure to other Morgan Stanley Group undertakings presented within other receivables and payables, loans and advances and debt and other borrowings. The Company leverages the Morgan Stanley Group's credit and liquidity risk frameworks to identify measure, monitor and control credit risk and to ensure that the Company has access to adequate funding.

The Company also has some limited exposure to country, operational and legal, regulatory and compliance risks. The Company leverages the risk management policies and procedures of the Morgan Stanley Group.

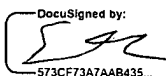
#### **GOING CONCERN**

Retaining sufficient liquidity and capital to withstand market pressures remains central to the Company's strategy.

The existing and potential effects of COVID-19 on the business of the Company have been considered as part of the going concern analysis, including impact on operational capacity, access to liquidity and capital, contractual obligations.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the annual report and financial statements.

Approved by the Board and signed on its behalf by

DocuSigned by:  
  
573CF73A7AAB435...

S I Merry

Director  
21 October 2022

## **MORGAN STANLEY SINOPE CAYMAN LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and financial statements for the Company for the year ended 31 December 2021.

### **RESULTS AND DIVIDENDS**

The profit for the year, after tax, was €1,661,000 (2020: €1,797,000).

During the year, no dividends were paid or proposed (2020: €nil).

### **RISK MANAGEMENT AND FUTURE DEVELOPMENTS**

Information regarding risk management and future developments has been included in the Strategic report.

### **DIRECTORS**

The following Directors held office throughout the year and to the date of approval of this report:

S E Bayfield  
S I Merry  
E L M Martin  
J O Wood

### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

Directors' and Officers' Liability Insurance is taken out by Morgan Stanley, the Company's ultimate parent undertaking, for the benefit of the Directors and Officers of the Company.

### **DIRECTORS' INDEMNITY**

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006 of the UK (the "Companies Act 2006")) were in force during the year and up to and including the date of the Directors' report for the benefit of the Directors of the Company and its subsidiary undertakings.

### **EVENTS AFTER THE REPORTING DATE**

Following Russia's invasion of Ukraine on 24 February 2022, the European and global financial markets have been and are expected to continue to be significantly impacted in 2022. However, the Company has no direct exposure to Russia and Ukraine. The Company will continue to closely monitor events and their potential impact.

### **GOING CONCERN**

The Director's assessment of the Company as a going concern has been included within the Strategic report on page 2.

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The Directors are responsible for preparing the annual reports and financial statements in accordance with applicable law and regulations.

The Company was incorporated as an exempted company under the laws of the Cayman Islands. The Directors and the shareholders of the Company require the financial statements of the Company to be prepared in accordance with Part 15 of the Companies Act 2006 of the UK (that would have applied had these been statutory accounts under the Companies Act 2006) and drawn up in Euros.

## **MORGAN STANLEY SINOPE CAYMAN LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

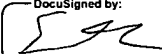
#### **DIRECTORS' RESPONSIBILITIES STATEMENT (CONTINUED)**

The Directors are required to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with Part 15 of 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.

Approved by the Board and signed on its behalf by

DocuSigned by:  
  
573CF73A7AAB435...

S I Merry  
Director  
21 October 2022

**MORGAN STANLEY SINOPE CAYMAN LIMITED****STATEMENT OF COMPREHENSIVE INCOME****Year ended 31 December 2021**

	Note	2021 €'000	2020 €'000
Net losses on investments in subsidiaries	4	(7,339)	(6,610)
Interest income	5	12,447	12,827
Interest expense	5	(3,548)	(4,320)
Net interest income		8,899	8,507
Reversal of impairment loss/ (impairment loss) on financial assets	7	101	(100)
<b>PROFIT BEFORE TAXATION</b>		<b>1,661</b>	<b>1,797</b>
Income tax expense	8	—	—
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,661</b>	<b>1,797</b>

All results were derived from continuing operations.

The notes on pages 8 to 13 form an integral part of the financial statements.

**MORGAN STANLEY SINOPE CAYMAN LIMITED****STATEMENT OF CHANGES IN EQUITY****Year ended 31 December 2021**

	Share capital	Share premium	Retained earnings	Total equity
	€'000	€'000	€'000	€'000
<b>Balance at 1 January 2020</b>	—	135,000	52,417	187,417
Profit and total comprehensive income for the year	—	—	1,797	1,797
<b>Balance at 31 December 2020</b>	<b>—</b>	<b>135,000</b>	<b>54,214</b>	<b>189,214</b>
Profit and total comprehensive income for the year	—	—	1,661	1,661
<b>Balance at 31 December 2021</b>	<b>—</b>	<b>135,000</b>	<b>55,875</b>	<b>190,875</b>

The notes on pages 8 to 13 form an integral part of the financial statements.

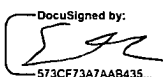


**MORGAN STANLEY SINOPE CAYMAN LIMITED***Registered number: MC-161501***STATEMENT OF FINANCIAL POSITION****As at 31 December 2021**

	Note	2021 €'000	2020 €'000
<b>ASSETS</b>			
Loans and advances	11	190,840	189,223
Other receivables	11	49,961	39,074
Investments in subsidiaries	9	383,375	390,714
<b>TOTAL ASSETS</b>		<b>624,176</b>	<b>619,011</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Other payables	11	1	1
Debt and other borrowings	11	433,300	429,796
<b>TOTAL LIABILITIES</b>		<b>433,301</b>	<b>429,797</b>
<b>EQUITY</b>			
Share capital	10	—	—
Share premium	10	135,000	135,000
Retained earnings		55,875	54,214
<b>Equity attributable to owners of the Company</b>		<b>190,875</b>	<b>189,214</b>
<b>TOTAL EQUITY</b>		<b>190,875</b>	<b>189,214</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>624,176</b>	<b>619,011</b>

These financial statements were approved by the Board and authorised for issue on 21 October 2022.

Signed on behalf of the Board

DocuSigned by:  
  
573CF73A7AAB435...

S I Merry

Director

The notes on pages 8 to 13 form an integral part of the financial statements.

## **MORGAN STANLEY SINOPE CAYMAN LIMITED**

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

**Year ended 31 December 2021**

#### **1. CORPORATE INFORMATION**

The Company is incorporated and domiciled in Cayman Islands, at the following registered address of Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands. The Company is an exempted company and is limited by shares. The registered number of the Company is MC-161501.

The Company's immediate parent undertaking is Morgan Stanley Himalia Cayman Limited, which has its registered office at Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104, Cayman Islands. Copies of the financial statements can be obtained from the Registrar of Companies for England and Wales, Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent undertaking and controlling entity and the largest and smallest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group. Morgan Stanley has its registered office c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States of America and is incorporated in the state of Delaware, in the United States of America. Copies of its financial statements can be obtained from [www.morganstanley.com/investorrelations](http://www.morganstanley.com/investorrelations).

#### **2. BASIS OF PREPARATION**

The Company is not required to prepare consolidated financial statements by virtue of the exemption under section 401 of the Companies Act 2006.

The Company is incorporated under the laws of the Cayman Islands, which permits the use of the UK Company Law and the use of UK accounting standards in the preparation of financial statements.

##### **Statement of compliance**

These financial statements are prepared on a going concern basis as explained in the Strategic report and under the historical cost convention in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") (UK Accounting Standards and applicable law), including FRS 101.

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to financial instruments, fair value measurement, capital management, presentation of a cash-flow statement, presentation of comparative information in respect of shares outstanding, accounting standards not yet effective and related party transactions.

Where relevant, equivalent disclosures have been provided in the group accounts of Morgan Stanley in which the Company is consolidated. Copies of Morgan Stanley's accounts can be obtained as detailed at note 1.

##### **New standards and interpretations adopted during the year**

There are no standards, amendments to standards or interpretations relevant to the Company's operations which were adopted during the year.

##### **Critical accounting judgements and sources of estimation uncertainty**

No critical judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements. The Company has not made any key assumptions and there are no other key sources of estimation uncertainty in the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

## **MORGAN STANLEY SINOPE CAYMAN LIMITED**

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

**Year ended 31 December 2021**

#### **2. BASIS OF PREPARATION (CONTINUED)**

##### **The going concern assumption**

The Company's business activities, together with the factors likely to affect its future development, performance and position, are reflected in the Business review section of the Strategic report on page 1 and 2.

The existing and potential effects of COVID-19 (coronavirus) on the operational capacity of the business, access to liquidity and capital, contractual obligations, asset valuations and other critical accounting judgements and key sources of estimation uncertainty have been considered on page 1.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future and the Directors continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Functional currency**

Items included in the financial statements are measured and presented in Euros, the currency of the primary economic environment in which the Company operates.

##### **b. Foreign currencies**

Monetary assets and liabilities denominated in currencies other than Euros are translated into Euros at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than Euros are recorded at the rates prevailing at the dates of the transactions. All translation differences are recognised through the statement of comprehensive income.

##### **c. Financial instruments**

Financial assets and liabilities primarily comprise investments in subsidiaries, loans and advances, debt and other borrowings and other receivables and payables.

Investments in subsidiaries are stated at cost, less provision for any impairment. Dividends, impairment losses and reversals of impairment losses are recognised in the statement of comprehensive income in 'Net gains/ (losses) on investments in subsidiaries'.

Loans and advances, other receivables and payables and debt and other borrowings are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value and subsequently measured at amortised cost (less allowance for impairment on financial assets). Interest is recognised in the statement of comprehensive income using the effective interest rate ("EIR") method.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset. The Company derecognises financial liabilities when the Company's obligations are discharged, cancelled or they expire.

**MORGAN STANLEY SINOPE CAYMAN LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2021**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**d. Impairment of financial assets**

The Company recognises loss allowances for expected credit losses ("ECLs") for its financial assets classified at amortised cost. ECLs are the present value of cash shortfalls over the expected life of the financial instrument, discounted at the asset's EIR. ECL is recognised in the statement of comprehensive income within 'Net impairment loss on financial instruments' and is reflected against the carrying amount of the impaired asset on the statement of financial position as an ECL allowance. Where there has been a reduction in ECL, this will be recognised within 'Net reversal of impairment loss on financial instruments'

Impairment losses on investment in subsidiaries are measured as the difference between cost and the current estimated recoverable amount. When the recoverable amount is less than the cost, an impairment is recognised within the statement of comprehensive income in 'Net losses on investments in subsidiaries,' and is reflected against the carrying amount of the impaired asset on the statement of financial position.

**e. Income tax**

The tax expense represents the sum of the tax currently payable and is calculated based on taxable profit for the year. Taxable profit may differ from profit before taxation as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

**MORGAN STANLEY SINOPE CAYMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2021

**4. NET LOSSES ON INVESTMENTS IN SUBSIDIARIES**

	2021	2020
	€'000	€'000
Impairment losses	<u>7,339</u>	<u>6,610</u>

**5. INTEREST INCOME AND INTEREST EXPENSE**

'Interest income' and 'Interest expense' relates to financial assets and financial liabilities at amortised cost and is calculated using the EIR method.

**6. OTHER EXPENSE**

The Company employed no staff during the year (2020: nil)

The Company's Directors are employed by other Morgan Stanley Group companies. The Directors' services to the Company are considered to be incidental to their other responsibilities within the Morgan Stanley Group and as such, Directors' remuneration is €nil for the current year (2020: €nil).

**7. REVERSAL OF IMPAIRMENT LOSS/ (IMPAIRMENT LOSS) ON FINANCIAL ASSETS**

	2021	2020
	€'000	€'000
ECL relating to:		
Loans and advances	<u>101</u>	<u>(100)</u>

**8. INCOME TAX EXPENSE**

	2021	2020
	€'000	€'000
<b>Current tax expense</b>		
UK corporation tax at 19% (2020: 19%)		
- Current year	<u>—</u>	<u>—</u>
<b>Income tax expense</b>	<u>—</u>	<u>—</u>

The UK main rate of corporation tax is 19% for the period (2020: 19%). Finance Act 2021 raised the UK main rate of corporation tax from 19% to 25% with effect from 1 April 2023. While this change does not affect the current tax charge for the year, it will affect future years.

**MORGAN STANLEY SINOPE CAYMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2021****8. INCOME TAX EXPENSE (CONTINUED)****Reconciliation of effective tax rate**

The current year income tax expense is lower (2020: lower) than that resulting from applying the average standard rate of corporation tax in the UK for the year of 19% (2020: 19%). The main differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>€'000</b>	<b>€'000</b>
Profit before taxation	1,661	1,797
Income tax using the average standard rate of corporation tax in the UK of 19% (2020: 19%)	316	341
Impact on tax of		
Expenses not deductible for tax purposes	1,375	1,275
Non-taxable dividends on preference shares shown as interest expense	(2,069)	(2,074)
Group relief surrendered for no cash consideration	378	458
<b>Total income tax expense in the statement of comprehensive income</b>	<b>—</b>	<b>—</b>

**9. INVESTMENT IN SUBSIDIARIES**

	<b>Subsidiary undertakings €'000</b>
<b>Cost</b>	
At 1 January 2021 and December 2021	403,320
<b>Impairment provisions</b>	
At 1 January 2021	(12,606)
Provisions made in the year	(7,339)
At 31 December 2021	(19,945)
<b>Carrying amounts</b>	
At 31 December 2020	390,714
At 31 December 2021	383,375

During the year, an impairment provision of €7,339,000 was made against the investment in Morgan Stanley Adrastea Netherlands B.V. The impairment provision was calculated by comparing cost and the current estimated recoverable amount of each investment.

Details of all investments in subsidiary of the Company at 31 December 2021 and 31 December 2020 can be found in the Appendix to the financial statements

**MORGAN STANLEY SINOPE CAYMAN LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2021

**10. EQUITY****Ordinary share capital**

	<b>Ordinary shares of \$1 each Number</b>	
<b>Authorised:</b>		
At 1 January 2021 and at 31 December 2021		<u>50,000</u>
	<b>2021</b>	<b>2020</b>
	<b>Amounts in €</b>	<b>Amounts in €</b>
<b>Allotted and fully paid:</b>		
101 ordinary shares of \$1 each	<u>101</u>	<u>101</u>

All ordinary shares are recorded at the rates of exchange ruling at the date the shares were paid up.

**Reserves***Share premium*

The 'Share premium account' of €135,000,000 (2020: €135,000,000) comprises the capital raised in an issue of shares that exceeds the nominal value of the shares.

**11. EXPECTED MATURITY OF ASSETS AND LIABILITIES**

Loans and advances, other receivables and payables and debt and other borrowings relate wholly to amounts due from and to group undertakings respectively.

Other receivables of €49,961,000 (2020: €39,074,000) and other payables of €1,000 (2020: €1,000) are expected to be settled no more than twelve months after the reporting period, with all other amounts expected to be settled more than twelve months after the reporting period end.

**12. SEGMENT REPORTING**

The Company has only one class of business, operating in a single geographic market, Europe, Middle East and Africa ("EMEA") and accordingly no segmental analysis has been provided.

**13. EVENTS AFTER THE REPORTING DATE**

Following Russia's invasion of Ukraine on 24 February 2022, the European and global financial markets have been and are expected to continue to be significantly impacted in 2022. However, the Company has no direct exposure to Russia and Ukraine. The Company will continue to closely monitor events and their potential impact.

**MORGAN STANLEY SINOPE CAYMAN LIMITED****APPENDIX TO THE FINANCIAL STATEMENTS****Year ended 31 December 2021**

Details of all investments in subsidiaries of the Company at 31 December 2021 and 31 December 2020 are shown in the table below.

Name of Company	Address of undertaking's registered office	Type of shares held	Proportion of shares held		Proportion of voting rights held		Nature of business
			2021	2020	2021	2020	
Morgan Stanley Adrastea Netherlands B.V.	20 Bank Street, Canary Wharf, London E14 4AD, United Kingdom	Ordinary	100%	100%	23.529%	23.529%	Financial services
		Class A Redeemable Preference Shares	100%	100%	76.469%	76.469%	
		Class B Redeemable Preference Shares	100%	100%	0.001%	0.001%	
		Class C Redeemable Preference Shares	100%	100%	0.001%	0.001%	