

COMPANY NO. 2709527

REGISTERED OFFICE: Park Gate, 161-163 Preston Road, Brighton, East Sussex, United Kingdom, BN1 6AU

RiverStone Holdings Limited

2021 Annual Report



RiverStone Holdings Limited (Company No. 2709527)
Annual Report
For the year ended 31st December 2021

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RiverStone Holdings Limited (Company No. 2709527)
Directors and Administration
For the year ended 31st December 2021

Directors

N. C. Bentley (resigned 23rd August 2021)
A. R. Creed
L. R. Tanzer

Company Secretary

F. Henry

Registered Office

Park Gate
161-163 Preston Road
Brighton
East Sussex
United Kingdom
BN1 6AU

Independent Auditors

Deloitte LLP
Hill House
2 Little New Street
London
United Kingdom
EC4A 3TR

Website

<https://www.rsml.co.uk>

RiverStone Holdings Limited (Company No. 2709527)

Strategic Report

For the year ended 31st December 2021

The Directors have pleasure in presenting the Strategic Report of RiverStone Holdings Limited ("RiverStone Holdings" or "the Company") for the year ended 31st December 2021.

Ownership

On 23rd August 2021 CVC Capital Partners ("CVC") completed the acquisition of RiverStone Europe from Fairfax Financial Holdings Limited ("Fairfax") and the Ontario Municipal Employees Retirement Scheme ("OMERS"). The RiverStone Europe Group will now operate under the name RiverStone International. Pursuant to this transaction, Gatland Bidco Limited ("BidCo"), a wholly-owned subsidiary of Gatland Holdings Jersey Limited ("Gatland"), completed the acquisition of all the outstanding shares of Riverstone Barbados Limited ("RBL"). RiverStone Holdings was a wholly owned subsidiaries of RBL.

Principal Activity

The main activity of RiverStone Holdings is that of a UK holding company for subsidiary undertakings (together "the Group") primarily engaged in the run-off of insurance and reinsurance business and the performance of related services. RiverStone Holding's primary focus is the settlement of its subsidiaries' policyholder obligations and recovery of reinsurance assets in an efficient and economic manner. Additionally, RiverStone Holdings continues to pursue opportunities to acquire further run-off portfolios.

RiverStone Holdings has one primary run-off insurance subsidiary, RiverStone Insurance (UK) Limited ("RiverStone Insurance (UK)").

In addition, RiverStone Holdings participates in the Lloyd's market. RiverStone Corporate Capital is the sole corporate member of Syndicate 3500. RiverStone Corporate Capital 3 and RiverStone Corporate Capital 4 are the corporate members of Syndicate 1897, providing 85% and 15% of the capital respectively.

Syndicate 2468 is participated on by the following corporate members:

- GAI Indemnity Limited (29%) ("GAI Indemnity");
- Lavenham Underwriting Limited (35%) ("Lavenham"); and,
- Sampford Underwriting Limited (36%) ("Sampford").

Business Review

Results and Performance

The results for the year set out in the profit and loss account show a loss for the financial year of £28.1 million (2020: £52.4 million gain), primarily as a result of the disposal and transfer of the Company's defined benefit pension scheme in the period at a loss of £24.2 million.

Total shareholder's funds have increased to £551.9 million from £360.5 million at the end of 2020. The increase in total shareholder's funds comprises share capital issuance of 256.8 million new \$1 ordinary shares, actuarial gains recognised in 2021 in respect of the defined benefit pension plan of £19.5 million and defined benefit pension scheme past deficit funding contributions paid by RiverStone Management Limited of £10.4 million, offset by the loss for the financial year of £28.1 million.

RiverStone Holdings Limited (Company No. 2709527)
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Effective 1st January 2021, the following transactions were entered into by RiverStone Managing Agency managed Syndicates, where RiverStone Managing Agency Limited ("RiverStone Managing Agency") is a wholly owned subsidiary of RiverStone Holdings:

- the reinsurance to close of the 2018 and prior underwriting years of account liabilities of Syndicate 780. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £132.1 million and £84.6 million, respectively;
- the reinsurance to close of the 2018 and prior underwriting years of account liabilities of Syndicate 1897. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £58.1 million and £54.1 million, respectively;
- the loss portfolio transfer reinsurance of the 2019 underwriting year of account liabilities of Syndicate 1897. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £13 million and £12.8 million respectively;
- the reinsurance to close of the 2017 and prior underwriting years of account liabilities of Syndicate 1200 and the reinsurance to close of the 2018 and prior underwriting years of syndicate 4000. These transactions result in the transfer to Syndicate 3500 of gross and net technical provisions of £818.5 million and £632.8 million, respectively.

During 2021, the following transactions were entered into by RiverStone Managing Agency managed Syndicates:

- the loss portfolio transfer reinsurance of the liabilities for another Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £143.2 million;
- the loss portfolio transfer reinsurance of the liabilities for another Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £254.9 million;
- the loss portfolio transfer reinsurance of the liabilities for two Lloyd's Syndicate. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £394.7 million;
- the loss portfolio transfer reinsurance of the liabilities for Syndicate 2468. This transaction results in the transfer to Syndicate 3500 of gross and net technical provisions of £14.5 million;

During 2021, RiverStone Insurance (UK) entered into a loss portfolio transfer by reinsurance of an EEA domiciled entity, this transaction results in the transfer to RiverStone Insurance (UK) of gross and net technical provisions of £97.2 million.

Key performance measurements

The Company made a loss before taxation of £28.1 million (2020: profit of £52.4 million) for the financial year to 31 December 2021. Total shareholder's funds for the period increased from £360.5 million to £551.9 million primarily as a result of capital injections through the period. No dividend (2020: £nil) was paid during the year.

Strategy and Future Developments

The directors of the Company intend for the Company to continue operating as a holding company.

RiverStone Holdings Limited (Company No. 2709527)
Strategic Report
For the year ended 31st December 2021

On 1st January 2022, the wholly owned subsidiary Riverstone Corporate Capital 4 Limited was sold for nil gain or loss.

On 1st February 2022, 30,000,000 new \$1 ordinary shares were issued for cash.

On 22nd June 2022, Riverstone Holdings acquired a Maltese holding company and its wholly owned insurance subsidiary with combined net assets of €20.8 million for a consideration of €4.9 million.

These events are considered to be non-adjusting post balance sheet events.

Principal Risks and Uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to approval by the Board and ongoing review by the Board, executive committees, risk management (including compliance) and assurance. Compliance with regulatory, legal and ethical standards is a high priority for RiverStone Holdings. Its compliance, legal and finance departments take on an important oversight role in this regard. The Board is responsible for ensuring that a proper internal control framework exists to manage financial risks and that controls operate effectively; it is assisted in discharging these responsibilities by the RiverStone International Group Risk Committee.

The principal risks faced by RiverStone Holdings arise from fluctuations in the severity of claims within its subsidiaries compared with expectations, late reporting of claims and inadequate reinsurance protection (including the credit worthiness of major reinsurers) and inadequate reserving. The assets and liabilities of RiverStone Holdings and its subsidiaries are also exposed to market risk, including the impact of changes to interest rates, equity price fluctuations and adverse changes in exchange rates.

Section 172(1) of the Companies Act 2006

The Board of directors of RiverStone Holdings consider, in good faith, that they have had appropriate regard to the matters set out in section 172(1)(a) to (f) when performing their duty under section 172.

Consequences of any Decision in the Long Term

The Board undertakes a detailed review of the Company's strategy annually and is actively involved in reviewing and approving the acquisitions policy and any acquisitions which ultimately drive the future of the business, whether these are made by the company's subsidiaries or directly through company purchase. All acquisitions are considered as part of an overarching governance process and set of risk appetite statements which actively ensure that all risks associated with the strategy are considered and long-term value is core to the decision-making process.

Employees

The Board acknowledges people are essential to the delivery of our strategy. While the Company has no immediate employees, the Board ensures that the interests of the employees of the Group service provider, are appropriately considered when taking decisions. The Board is aware through its engagement with RiverStone Management, that there exists a well-established structure through which RiverStone Management supports engagement regularly with its employees. During 2021, a year heavily influenced by the impact of the COVID-19 pandemic, this engagement has included quarterly staff presentations and frequent direct email communication and updates as well as a heavy focus on training and development matters. Other activity in 2021 included a continuing increased focus on employee wellbeing, from regular promotion of support options such as counselling sessions, EAP offerings, virtual G.P. availability & health assessments. Numerous virtual sports and social events were also arranged to continue the collaborative social element they have fostered in their workplaces. Riverstone Management initiated an open forum steering group in 2019, to consider and make recommendations on matters pertaining to diversity and inclusion at Riverstone International. The

RiverStone Holdings Limited (Company No. 2709527)
Strategic Report
For the year ended 31st December 2021

Executive Management have since adopted an inclusion and diversity charter, sponsored a company-wide, inclusion and diversity survey and are in the process of responding to identified recommendations.

Business Relationships

The Board recognises that relationships with our stakeholders are key to the delivery of our strategy. Following the CVC acquisition of RBL in 2021, the Prudential Regulation Authority ceased to group supervise at the Riverstone Holdings level. Riverstone Holdings continues to directly and indirectly own 100% subsidiaries that are regulated by the PRA, FCA and Lloyd's. During the period, all members of the Board have had the opportunity to meet with its subsidiaries key regulators, which continues to refresh and facilitate an understanding of their needs and expectations.

Community and Environment

The Board engages actively with RiverStone Management, the Group services provider, to encourage, support and foster a positive relationship with the community and the environment. In the current year, through this engagement, the Board has supported charitable giving, infrastructure improvements to leased offices to support a reduction in our carbon footprint and the establishment of a diversity and inclusion forum. The Board note that while it has no employees that it supports RiverStone Management's policy of matching employee charitable donations and of allowing time to be available to support others in our communities.

Business Conduct

The Board recognises that a commitment to a high standard of business conduct is critical to the delivery of our strategy and aspires to complete honesty and transparency in all activity. Among key documents reviewed and approved by the Board annually are the Conduct Risk Strategy and Financial Crime Policy. The Board further monitors the performance of the group subsidiaries through regular reporting from the Executive Committee.

Shareholder Engagement

The Board is committed to an open engagement with our shareholders and has had the opportunity to regularly meet with the directors of Gatland throughout the year.

By Order of the Board

Park Gate
161-163 Preston Road
Brighton, East Sussex
United Kingdom, BN1 6AU



F Henry
Company Secretary
29th June 2022

RiverStone Holdings Limited (Company No. 2709527)
Directors' Report
For the year ended 31st December 2021

The Directors have pleasure in presenting their report and the audited financial statements for RiverStone Holdings Limited (Company No. 2709527) for the year ended 31st December 2021.

Directors

Directors holding office during the period from 1st January 2021 to the date of this report were as follows:

N. C. Bentley (resigned 23rd August 2021)
A. R. Creed
L. R. Tanzer

RiverStone Holdings has provided an indemnity for its directors which is a qualifying third party indemnity provision for the purposes of Section 234 of the Companies Act 2006. This indemnity was in force during the financial year and also at the date of this report.

Future Developments

Likely future developments in the business of RiverStone Holdings are discussed in the Strategic Report.

Dividends

RiverStone Holdings paid no interim dividends during the year (2020: nil). The Directors do not recommend the payment of a final dividend (2020: nil).

Independent Auditors

During 2021, in accordance with Section 485 of the Companies Act 2006, Deloitte LLP ("Deloitte") were appointed, and expressed their willingness to continue, as the company's registered auditor.

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

RiverStone Holdings Limited (Company No. 2709527)

Directors' Report

For the year ended 31st December 2021

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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board

Park Gate
161-163 Preston Road
Brighton, East Sussex
United Kingdom, BN1 6AU.



F Henry
Company Secretary
29th June 2022

RiverStone Holdings Limited (Company No. 2709527)
Independent Auditors' Report to the Members of RiverStone Holdings Limited
For the year ended 31st December 2021

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Riverstone Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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 at least 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.

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 our report, we do not express any form of assurance conclusion thereon.

RiverStone Holdings Limited (Company No. 2709527)
Independent Auditors' Report to the Members of RiverStone Holdings Limited
For the year ended 31st December 2021

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 this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 these financial statements.

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

Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and,
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made

RiverStone Holdings Limited (Company No. 2709527)
Independent Auditors' Report to the Members of RiverStone Holdings Limited
For the year ended 31st December 2021

in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

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 the directors' report has been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report and the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Adam Ely FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
29th June 2022

RiverStone Holdings Limited (Company No. 2709527)
Profit and Loss Account
For the year ended 31st December 2021

	Note	2021 £'000	2020 £'000
Dividend income		-	53,000
Other operating income	7	344	481
Other operating charges	8	<u>(28,811)</u>	<u>(1,066)</u>
Operating (loss) / profit		<u>(28,467)</u>	<u>52,415</u>
Foreign exchange gains		<u>399</u>	<u>-</u>
(Loss) / Profit before tax		<u>(28,068)</u>	<u>52,415</u>
Tax on (loss) / profit	9	<u>-</u>	<u>-</u>
(Loss) / Profit for the year		£ (28,068)	£ 52,415

The results above are all derived from continuing operations.

RiverStone Holdings Limited (Company No. 2709527)
Statement of Comprehensive Income
For the year ended 31st December 2021

	Note	2021 £'000	2020 £'000
(Loss) / Profit for the financial year		(28,068)	52,415
Foreign exchange (losses)		890	(4,565)
Defined benefit pension scheme past deficit funding		10,379	4,759
Re-measurements of net defined benefit obligation	6	<u>19,467</u>	<u>(30,209)</u>
Total comprehensive income for the year		£ <u>2,668</u>	£ <u>22,400</u>


RiverStone Holdings Limited (Company No. 2709527)**Balance Sheet****As at 31st December 2021**

	Note	2021 £'000	2020 £'000
Assets			
Fixed Assets			
Investments in subsidiary undertakings	10	529,620	335,511
Debtors			
Amounts owed by Group Undertakings		75	36,566
Other debtors		301	-
Current Assets			
Cash at bank and in hand		28,128	3,720
Total assets		£ 558,124	£ 375,797
Capital, Reserves and Liabilities			
Capital and reserves			
Called up share capital	11	614,203	425,478
Share premium account		78,141	78,141
Other reserves		(20,395)	(21,285)
Profit and loss account		(120,063)	(121,841)
Total shareholder's funds		551,886	360,493
Creditors: Amounts falling due within one year	12	6,238	9,724
Pension liability		-	5,580
Total capital, reserves and liabilities		£ 558,124	£ 375,797

The financial statements on pages 13 to 25 were approved by the Board of Directors on 29th June 2022 and were signed on its behalf by:



L. R. Tanzer
Chief Executive Officer



A. R. Creed
Chief Financial Officer

RiverStone Holdings Limited (Company No. 2709527)
Statement of Changes in Equity
For the year ended 31st December 2021

	Called Up Share Capital £'000	Share Premium Account £'000	Other Reserves £'000	Profit and Loss Account £'000	Total Share- Holder's Funds £'000
Balance at 1st January 2021	425,478	78,141	(21,285)	(121,841)	360,493
Profit for the financial year	-	-	-	(28,068)	(28,068)
Other comprehensive income for the year	-	-	890	29,846	30,736
Total comprehensive income for the year	-	-	890	1,778	2,668
New share capital issued	188,725	-	-	-	188,725
Balance at 31st December 2021	£ 614,203	£ 78,141	£ (20,395)	£ (120,063)	£ 551,886

	Called Up Share Capital £'000	Share Premium Account £'000	Other Reserves £'000	Profit and Loss Account Restated £'000	Total Share- Holder's Funds Restated £'000
Balance at 1st January 2020	425,478	78,141	(7,450)	(158,076)	338,093
Profit for the financial year	-	-	-	52,415	52,415
Other comprehensive income for the year	-	-	(13,835)	(16,180)	(30,015)
Total comprehensive income for the year	-	-	(13,835)	36,235	22,400
Balance at 31st December 2020	£ 425,478	£ 78,141	£ (21,285)	£ (121,841)	£ 360,493

RiverStone Holdings Limited (Company No. 2709527)
Notes to the Financial Statements
For the year ended 31st December 2021

1. General Information

RiverStone Holdings Limited ("RiverStone Holdings" or "the Company") is a U.K. holding company of subsidiary undertakings (together "the Group") primarily engaged in the runoff of insurance and reinsurance business and the performance of related services.

RiverStone Holdings is a private company limited by shares and is incorporated in England. The address of its registered office is Park Gate, 161-163 Preston Road, Brighton East Sussex, United Kingdom, BN1 6AU.

2. Statement of Compliance

The financial statements of RiverStone Holdings have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements are prepared on a going concern basis under the historical cost convention as modified by the revaluation of investments in subsidiary undertakings.

These financial statements contain information about RiverStone Holdings as an individual company and do not contain consolidated financial information as the parent of a group. RiverStone Holdings is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Gatland Holdings Jersey Limited ("Gatland"), a company incorporated in Jersey.

(b) Going Concern

Having addressed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements. Based on the analysis undertaken, there are no material uncertainties related to events or conditions that may cast doubt about the ability of the Company to continue as a going concern.

(c) Exemptions for Qualifying Entities under FRS102

FRS102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to the use of exemptions by RiverStone Holding's shareholders.

RiverStone Holdings has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in the financial statements of Gatland includes RiverStone Holdings' cash flows.

RiverStone Holdings Limited (Company No. 2709527)
Notes to the Financial Statements
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- ii) from disclosing key management personnel compensation, as required by FRS102 paragraph 33.7.
- iii) from the requirement to disclose transactions with related parties within the same group as provided by FRS102, Section 33.1A. This exemption is available for RiverStone Holdings as consolidated financial statements are publicly available for Gatland.

(d) Translation of Foreign Currencies

The financial statements are presented in Pounds Sterling and, unless otherwise stated, are rounded to thousands. Items included in RiverStone Holding's financial statements are measured using the currency of the primary economic environment in which it operates. RiverStone Holdings' functional currency is Pound Sterling.

Foreign currency transactions are translated into the functional currency using the average rate of exchange during the year. At each year end foreign currency monetary items are translated using the year end rate of exchange. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss Account for the year.

(e) Tax

Tax expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

i) Current Tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred Tax

Deferred tax assets and liabilities are established for differences between amounts reported in the financial statements and amounts reported in RiverStone Holdings' annual corporation tax returns, including revaluation gains and losses on investments. Deferred taxes are calculated at the rates at which it is expected that the tax liability or benefit will arise using tax rates and laws that have been enacted or substantively enacted by the year end. Deferred tax assets are recognised to the extent that they are regarded as more likely than not recoverable. Movements on deferred tax assets and liabilities are recognised in the profit and loss account, except to the extent that they arise in relation to movements in the Statement of Comprehensive Income.

(f) Pensions

RiverStone Holdings was the principal employer for the RiverStone group's defined benefit pension scheme. On 18th August 2021 the Pension scheme was disposed of by way of Flexible Appointment Arrangement transfer. A valuation of the scheme was performed at the point of disposal where a

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£19,467k remeasurement gain was recorded in the statement of comprehensive income, and a loss on disposal was recorded of £24,265k. RiverStone Management Limited ("RiverStone Management") was the primary participating employer..

Further details of the pension scheme are given in Note 6.

(g) Dividend Income

Dividends receivable from subsidiary undertakings are recognised in the Profit and Loss Account when declared.

(h) Investment in Subsidiary Undertakings

Investments in subsidiary undertakings are recorded at cost less impairment. Impairment losses are recognised in the profit and loss account.

(i) Financial Instruments

RiverStone Holdings has chosen to adopt Sections 11 and 12 of FRS102 in respect of financial instruments.

(j) Related Party Transactions

RiverStone Holdings discloses transactions with related parties which are not wholly owned within the same group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

(k) Critical Accounting Judgements and Estimation Uncertainty

RiverStone Holdings financial statements do not contain any elements of significant accounting estimates or judgements requiring disclosure.

4. Auditors' Remuneration

	2021 £'000	2020 £'000
Fees payable for the audit of the annual accounts	14	96
	£ 14	£ 96

5. Directors and Employees

No emoluments were paid by RiverStone Holdings to any Directors or other key management personnel during the year (2020: nil). The emoluments of the Directors and other key management personnel are paid by a fellow subsidiary undertaking, RiverStone Management Limited. The services of the Directors and other key management personnel to RiverStone Holdings are incidental and their emoluments are deemed to be wholly attributable to their services to other group companies. Accordingly, no disclosure of emoluments has been made in these financial statements.

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6. Pension Costs

RiverStone Holdings was the principal employer for the RiverStone group's defined benefit pension scheme. On 18th August 2021 the Pension scheme was disposed of by way of Flexible Appointment Arrangement transfer. A valuation of the scheme was performed at the point of disposal where a £19,467k remeasurement gain was recorded in the statement of comprehensive income, and a loss on disposal was recorded of £24,265k. RiverStone Management Limited ("RiverStone Management") was the primary participating employer.

The principal actuarial assumptions used in the measurement of the defined benefit obligation as at 31st December 2020 were as follows:

	31st December 2020
RPI inflation	2.94%/2.84%
CPI inflation	1.94%/2.74%
Discount rate	1.4%
Rate of increase in salaries	3.8%
Pension increases in payment (RPI capped at 5%)	2.89%/2.80%
Pension increases in payment (RPI capped at 2.5%)	2.10%/2.06%
Pension increases in payment (CPI capped at 5%)	2.00%/2.71%
Pension increases in payment (CPI capped at 3%)	1.79%/2.27%

The net amount included in the balance sheet of RiverStone Holdings arising from the Group's obligations in respect of the Plan was as follows for 2020:

	31st December 2020 £'000
Present value of defined benefit obligation	(140,847)
Fair value of plan assets	<u>135,267</u>
Deficit included in balance sheet	£ <u>(5,580)</u>

Changes in the present value of the total Plan defined benefit obligation are as follows:

	2021 Total £'000
Opening defined benefit obligation	140,847
Employer's part of current service cost	363
Interest expense	1,214
Contributions from plan members	-
Actuarial loss	(19,467)
Benefits paid	(2,038)
Disposal of obligation	<u>(120,918)</u>
Closing defined benefit obligation	£ <u>-</u>

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Changes in the fair value of the total Plan assets are as follows:

	2021 Total £'000
Opening fair value of plan assets	135,267
Interest income	1,188
Plan administration expenses	(358)
Actuarial loss	-
Contributions by the employer	10,379
Contributions by plan members	-
Investment income	14,212
Benefits paid	(2,038)
Disposal of assets	(158,651)
Closing fair value of plan assets	£ -

The total amounts recognised in the Profit and Loss Account of RiverStone Holdings in 2021 are as follows:

	2021 £'000	2020 £'000
Employer's part of current service cost	363	1,283
Net interest income	(25)	(510)
Plan administration expenses	358	398
Total expense included in profit and loss account	£ 696	£ 1,171

7. Other operating income

	2021 £'000	2020 £'000
Income from group undertaking	75	294
Income earned on provision of capital to group undertakings	269	187
	£ 344	£ 481

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8. Other operating charges

	2021 £'000	2020 £'000
Investment in subsidiaries impairment charge	(4,361)	-
Loss on disposal of defined benefit pension scheme asset	(24,265)	-
Other	<u>(185)</u>	<u>(1,066)</u>
	£ (28,811)	£ (1,066)

9. Tax on (Loss) / Profit

	2021 £'000	2020 £'000
(a) Current tax		
UK corporation tax at 19% (2020: 19%) based on the profit (loss) for the year	30	(202)
Group relief surrendered (claimed) for nil consideration	<u>(30)</u>	<u>202</u>
Total tax (credit) charge	£ -	£ -

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For the year ended 31st December 2021

(b) Factors affecting the tax charge for the year

The corporation tax assessed for the year differs to the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit (loss) before tax	£ (28,068)	£ 52,415
Profit (loss) before tax multiplied by		
the UK corporation tax rate of 19% (2020: 19%)	(5,332)	9,959
Non-taxable change in value of subsidiaries	752	-
Non-taxable dividend income	-	(10,161)
Non-taxable loss on disposal of defined benefit pension scheme asset	4,610	-
Prior year adjustment	-	-
Group relief surrendered (claimed) for nil consideration	(30)	202
Total tax charge for the year	£ -	£ -

(c) Tax rate changes

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6th September 2016). These included reductions to the main rate to reduce the rate to 17% from 1st April 2020. Legislation amending the Finance Bill 2016 to reverse proposed reductions to the UK corporation tax rate from 19% to 17% were enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. From 1st April 2023, Section 6 of The Finance Act will increase the main corporation tax rate to 25%.

10. Investments in subsidiary undertakings

RiverStone Holdings either directly or indirectly owns all of the ordinary issued share capital of the following companies (none of which are listed). Under FRS 102, the carrying value of the investments in subsidiary undertakings on the balance sheet of RiverStone Holdings is based on a cost less impairment accounting policy.

Name of Undertaking	Country	Registered address
RiverStone Managing Agency Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Insurance (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Management Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 2 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 3 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
RiverStone Corporate Capital 4 Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
GAI Holding Bermuda Limited	Bermuda	GAI Bermuda Holdings Limited, 22 Victoria Street Hamilton, Bermuda
GAI Indemnity Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Capital Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Holdings (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Lavenham Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Management Services Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Neon Service Company (UK) Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Sampford Underwriting Limited	United Kingdom	Park Gate, 161-163 Preston Road, Brighton, BN1 6AU
Gemini Holdco Limited	Ireland	Pavilion House, 31 Fitzwilliam Square, Dublin 2

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Riverstone Reinsurance (Bermuda) Limited, domiciled in Bermuda, was dissolved on 31st December 2021 and an impairment of £4.4 million was recorded upon dissolution.

11. Called up Share Capital

	2021	2020
46,606,341 (2020: 46,606,341) Ordinary Shares of £1	£ <u>46,606,341</u>	£ <u>46,606,341</u>
690,229,172 (2020: 433,404,620) Ordinary Shares of \$1	\$ <u>690,229,172</u>	\$ <u>433,404,620</u>
68,432,731 (2020: 68,432,731) Ordinary Shares of \$0.88	\$ <u>60,220,803</u>	\$ <u>60,220,803</u>

In all respects Ordinary US Dollar Shares of \$1 each and Ordinary US Dollar Shares of \$0.88 each rank pari passu with the Ordinary Sterling Shares.

	2021 £'000	2020 £'000
<u>Total allotted and fully paid</u>		
46,606,341 (2020: 46,606,341) Ordinary Shares of £1	46,606	46,606
690,229,171 (2020: 433,404,620) Ordinary Shares of \$1	521,417	332,692
68,432,731 (2020: 68,432,731) Ordinary Shares of \$0.88	<u>46,180</u>	<u>46,180</u>
	£ <u>614,203</u>	£ <u>425,478</u>

On 26th January 2021, 113,000,000 new \$1 ordinary shares were issued for cash.

On 9th February 2021, 9,824,552 new \$1 ordinary shares were issued for equity securities.

On 2nd November 2021, 87,000,000 new \$1 ordinary shares were issued for cash.

On 2nd December 2021, 47,000,000 new \$1 ordinary shares were issued for cash.

12. Creditors: Amounts falling due within one year

	2021 £'000	2020 £'000
Amounts owed to group undertakings	5,548	9,724
Other	<u>690</u>	<u>-</u>
	£ <u>6,238</u>	£ <u>9,724</u>

RiverStone Holdings has no creditors which are subject to security arrangements

13. Litigation and Contingent Liabilities

RiverStone Holdings has provided letters of support to RiverStone Management and RiverStone Managing Agency Limited whereby funds will be made available to this company to ensure liabilities are met as they fall due for payment. RiverStone Holdings has also provided a guarantee to a third party financial institution, in respect of letters of credit provided to RiverStone Corporate Capital.

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For the year ended 31st December 2021

14. Related Party Transactions and Immediate and Ultimate Parent Company

The ultimate holding company is Gatland which is registered in Jersey. The majority of the shares in Gatland are held by CVC Capital Partners Strategic Opportunities II LP.

Advantage has been taken of the exemption from the requirement to disclose transactions with related parties within the same group as provided by FRS102, Section 33.1A.

15. Subsequent Events

On 1st January 2022, the wholly owned subsidiary Riverstone Corporate Capital 4 Limited was sold for nil gain or loss.

On 1st February 2022, 30,000,000 new \$1 ordinary shares were issued for cash.

On 22nd June 2022 Riverstone Holdings acquired a Maltese holding company and its wholly owned insurance subsidiary with combined net assets of €20.8 million for a consideration of €4.9 million.

These events are considered to be non-adjusting post balance sheet events.