

## Riverstone Energy Limited

### Final results for the year ended 31 December 2020

**London, UK (24 February 2021)** - Riverstone Energy Limited (“REL” or the “Company”) announces its Year End Results from 1 January 2020 to 31 December 2020.

### Summary Performance

#### 31 December 2020

NAV	\$390 million (£286 million) <sup>1</sup>
NAV per share	\$6.20 / £4.55 <sup>1</sup>
Profit/(loss) for Period ended	\$(318.89) million
Basic profit/(loss) per share for Period ended	(442.25) cents
Market capitalization	\$255 million (£187 million) <sup>1</sup>
Share price	\$4.05 / £2.97 <sup>1</sup>

### Highlights

§ As of 31 December 2020, REL had a NAV per share of \$6.20 (£4.55), representing a decrease in USD and GBP of 36 and 38 per cent., respectively, compared to the 31 December 2019 NAV.

§ ILX III, Hammerhead and Liberty II were the largest drivers of REL’s NAV decline over the Period.

§ During 2020, REL, through the Partnership, received \$53 million in gross proceeds from the realisation of its investments in Aleph (\$23 million), Ridgebury (\$20 million) and Castex 2014 (\$8 million), as well as distributions from RCO (\$1 million) and others (\$1 million).

§ The Company, through the Partnership, invested a total of \$59 million as of 31 December 2020, bringing net capital invested as of 31 December 2020 to \$1,017 million, or 91 per cent. of net capital available.<sup>2</sup>

§ REL finished the period with a cash balance of \$99 million and remaining potential unfunded commitments of \$46 million<sup>3</sup>.

### Share Buyback Programme

As previously announced on 4 January 2021, with today’s publication of the Company’s Annual Report and Audited Annual Financial Statements for the year ended 31 December 2020, the Board will recommence its £50.0 million open market share buyback programme with Numis Securities Limited and J.P. Morgan Securities plc. Since the Company’s announcement on 1 May 2020, 16,958,265 ordinary shares have been bought back at a total cost of approximately £49.2 million.

## **Portfolio Update**

Below is a summary of material activity in the portfolio during the Period.

### **Aleph Midstream S.A. (“Aleph”)**

REL, through the Partnership, received return of capital proceeds of \$23 million from the unwinding of the commitment to Aleph.

### **Onyx Power (“Onyx”)**

REL, through the Partnership, invested \$22 million in Onyx.

### **Ridgebury H3, LLC (“Ridgebury”)**

REL, through the Partnership, received proceeds of \$18 million from the sale of the three vessel and income distributions of \$4 million.

### **ILX Holdings III, LLC (“ILX III”)**

REL, through the Partnership, invested \$19 million in ILX III.

### **Enviva Holdings, LP (“Enviva”)**

REL, through the Partnership, invested \$18 million in Enviva.

### **Castex Energy 2014 (“Castex 2014”)**

REL, through the Partnership, received proceeds of \$8 million from the sale of Castex 2014 to Talos Energy.

### **Riverstone Credit Opportunities, L.P. (“RCO”)**

REL, through the Partnership, received proceeds of \$1 million from RCO.

## **Subsequent Events**

§ Subsequent to quarter-end, REL, through the Partnership, fully funded a \$25 million commitment to Loanpal, a \$10 million commitment to FreeWire and a \$0.6 million to Decarbonization Plus Acquisition Corporation II (NASDAQ: DCRNU), as well as announced a commitment of \$10 million to Decarbonization Plus Acquisition Corporation (NASDAQ: DCRB). Each of these commitments provide an opportunity to create shareholder value while supporting REL’s long-term focus on ESG and energy transition investments.

## Manager Outlook

*§ REL's \$58 million aggregate cash balance and \$75 million of unrestricted marketable securities at 22 February 2021 makes the Company well placed to fund the capital needs of the portfolio. The Company has remaining potential unfunded commitments of up to \$52 million<sup>3</sup>; however, the Board, in consultation with the Investment Manager, does not expect to fully fund all commitments in the normal course of business.*

*§ Following a difficult year for energy in 2020, the macro environment has started to stabilise but is expected to have significant uncertainty due to the prolonged nature of the COVID-19 pandemic and delays in vaccine administration.*

*§ REL remains focussed on managing liquidity and operational efficiency at the portfolio company level, while continuing to execute on its modified investment programme, which includes a pivot from E&P investments towards energy transition and decarbonisation assets. The Investment Manager believes the current market environment is generating attractive risk-reward investment opportunities within these subsectors.*

Richard Hayden, Chairman of Riverstone Energy Limited, commented:

*“While the market environment for energy has been the most difficult in recent history, the Board and Investment Manager have been working vigilantly to weather through these conditions. We have continued to execute share buybacks to reduce the discount to NAV of the share price as well as increasing the portfolio's diversification into energy transition and decarbonisation investments, which we believe will drive value to shareholders over the long-term.”*

David M. Leuschen and Pierre F. Lapeyre Jr., Co-Founders of Riverstone, added:

*“The market for energy has faced unprecedented headwinds, and we expect the exit environment to continue demonstrating lower volumes of activity in 2021 compared to historic levels. Accordingly, we have executed operational initiatives focussed on maximising runway and liquidity within our portfolio. We will continue to monitor opportunities to monetise our investments especially within E&P, while focussing on new platform investments that are well-positioned to capitalise on post-COVID market dynamics.”*

- Ends -

## 4Q20 Quarterly Portfolio Valuation

Previously, on 29 January 2021, REL announced its quarterly portfolio summary as of 31 December 2020, inclusive of updated quarterly unaudited fair market valuations:

### Current Portfolio

Investment (Initial Investment Date)	Target Basin	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) <sup>4</sup>	Gross Unrealised Value (\$mm)	Gross Realised Capital & Unrealised Value (\$mm)	30 Sep 2020 Gross MOIC <sup>5</sup>	31 Dec 2020 Gross MOIC <sup>5</sup>
<b>Centennial</b> (6 Jul 2016)	Permian (U.S.)	\$268	\$268	\$172	\$23	\$195	0.7x	0.7x
<b>ILX III</b> (8 Oct 2015)	Deepwater GoM (U.S.)	200	174	5	135	140	0.7x	0.8x
<b>Onyx</b> (30 Nov 2019)	Europe	66	53	-	53	53	1.0x	1.0x
<b>Hammerhead Resources</b> (27 Mar 2014)	Deep Basin (Canada)	307	295	23	22	45	0.2x	0.2x
<b>Carrier II</b> (22 May 2015)	Permian & Eagle Ford (U.S.)	133	110	29	15	44	0.4x	0.4x
<b>Enviva<sup>6</sup></b> (22 Jul 2020)	Southeast (U.S.)	25	18	-	29	29	1.0x	1.6x
<b>CNOR</b> (29 Aug 2014)	Western Canada	90	90	16	6	22	0.2x	0.2x
<b>Fieldwood</b> (17 Mar 2014)	GoM Shelf (U.S.)	89	88	8	-	8	0.1x	0.1x
<b>Liberty II</b> (30 Jan 2014)	Bakken, PRB (U.S.)	142	142	-	-	-	0.1x	0.0x
<b>Total Current Portfolio<sup>7</sup></b>		<b>\$1,320</b>	<b>\$1,237</b>	<b>\$252</b>	<b>\$283</b>	<b>\$535</b>	<b>0.4x</b>	<b>0.4x</b>

## Realisations

Investment (Initial Investment Date)	Target Basin	Gross		Gross Realised Capital (\$mm) <sup>4</sup>	Gross Unrealised Value (\$mm)	Gross		30 Sep 2020 Gross MOIC <sup>5</sup>	31 Dec 2020 Gross MOIC <sup>5</sup>
		Committed Capital (\$mm)	Invested Capital (\$mm)			Realised Capital & Unrealised Value (\$mm)	Value (\$mm)		
<b>Rock Oil<sup>8</sup></b> (12 Mar 2014)	Permian (U.S.)	114	114	231	2	233	2.0x	2.0x	
<b>Three Rivers III</b> (7 Apr 2015)	Permian (U.S.)	94	94	204	-	204	2.2x	2.2x	
<b>Meritage III<sup>9</sup></b> (17 Apr 2015)	Western Canada	40	40	83	-	83	2.1x	2.1x	
<b>RCO<sup>10</sup></b> (24 Sept 2014)	North America	80	80	80	-	80	1.0x	1.0x	
<b>Sierra</b> (24 Sept 2014)	Mexico	18	18	39	-	39	2.1x	2.1x	
<b>Aleph</b> (24 Sept 2014)	Vaca Muerta (Argentina)	23	23	23	-	23	1.0x	1.0x	
<b>Ridgebury<sup>6</sup></b> (19 Feb 2019)	Global	18	18	22	-	22	1.2x	1.2x	
<b>Castex 2014</b> (24 Sept 2014)	Gulf Coast Region (U.S.)	52	52	8	3	11	0.2x	0.2x	
<b>Total Realisations<sup>7</sup></b>		<b>\$440</b>	<b>\$440</b>	<b>\$692</b>	<b>\$5</b>	<b>\$697</b>	<b>1.6x</b>	<b>1.6x</b>	
Withdrawn Commitments and Impairments <sup>11</sup>		121	121	1	-	1	0.0x	0.0x	
<b>Total Investments<sup>7 12</sup></b>		<b>\$1,881</b>	<b>\$1,798</b>	<b>\$945</b>	<b>\$288</b>	<b>\$1,233</b>	<b>0.7x</b>	<b>0.7x</b>	
<b>Cash and Cash Equivalents</b>					<b>\$99</b>				
<b>Total Investments &amp; Cash and Cash Equivalents</b>					<b>\$387</b>				

## **About Riverstone Energy Limited:**

REL is a closed-ended investment company that invests exclusively in the global energy industry across all sectors. REL aims to capitalise on the opportunities presented by Riverstone's energy investment platform. REL's ordinary shares are listed on the London Stock Exchange, trading under the symbol RSE. REL has 12 active investments spanning decarbonisation, oil and gas, renewable energy and power in the Continental U.S., Western Canada, Gulf of Mexico and Europe.

For further details, see [www.RiverstoneREL.com](http://www.RiverstoneREL.com)

Neither the contents of Riverstone Energy Limited's website nor the contents of any website accessible from hyperlinks on the websites (or any other website) is incorporated into, or forms part of, this announcement.

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## **Note:**

The Investment Manager is charged with proposing the valuation of the assets held by REL through the Partnership. The Partnership has directed that securities and instruments be valued at their fair value. REL's valuation policy follows IFRS and IPEV Valuation Guidelines. The Investment Manager values each underlying investment in accordance with the Riverstone valuation policy, the IFRS accounting standards and IPEV Valuation Guidelines. The Investment Manager has applied Riverstone's valuation policy consistently quarter to quarter since inception. The value of REL's portion of that investment is derived by multiplying its ownership percentage by the value of the underlying investment. If there is any divergence between the Riverstone valuation policy and REL's valuation policy, the Partnership's proportion of the total holding will follow REL's valuation policy. There were no valuation adjustments recorded by REL as a result of differences in IFRS and U.S. Generally Accepted Accounting Policies for the period ended 31 December 2020 or in any period to date. Valuations of REL's investments through the Partnership are determined by the Investment Manager and disclosed quarterly to investors, subject to Board approval.

Riverstone values its investments using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation.

For development-type investments, Riverstone also considers the recognition of appreciation or depreciation of subsequent financing rounds, if any. For those early stage privately held companies where there are other

indicators of a decline in the value of the investment, Riverstone will value the investment accordingly even in the absence of a subsequent financing round.

Riverstone reviews the valuations on a quarterly basis with the assistance of the Riverstone Performance Review Team (“PRT”) as part of the valuation process. The PRT was formed to serve as a single structure overseeing the existing Riverstone portfolio with the goal of improving operational and financial performance.

The Board reviews and considers the valuations of the Company’s investments held through the Partnership.

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<sup>1</sup> GBP:USD FX rate of 1.364 as of 31 December 2020

<sup>2</sup> Net capital available of \$1,116 million is based on total capital raised of \$1,320 million, capital utilised for Tender Offer of \$72 million, capital utilised for share buyback programme of £50 million, realised profits and other income net of fees, expenses and performance allocation. The Board, with consultation by the Investment Manager, does not expect to fully fund all commitments in the normal course of business.

<sup>3</sup> Excludes the remaining unfunded commitments for Carrier II, Hammerhead and Fieldwood of \$37 million, in aggregate, which are not expected to be funded. The expected funding of the remaining unfunded commitments at 31 December 2020, as well as the commitment to DCRB, are \$35 million in 2021 and \$nil in 2022. The residual amounts are to be funded in 2023 and later years.

<sup>4</sup> Gross realised capital is total gross proceeds realised on invested capital. Of the \$945 million of capital realised to date, \$649 million is the return of the cost basis, and the remainder is profit.

<sup>5</sup> Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on U.S. assets, may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL’s public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

<sup>6</sup> Investment is consistent with the Company’s modified investment strategy that was adopted in 2019.

<sup>7</sup> Amounts may vary due to rounding.

<sup>8</sup> The unrealised value of the Rock Oil investment consists of rights to mineral acres.

<sup>9</sup> Midstream investment.

<sup>10</sup> Credit investment.

<sup>11</sup> Withdrawn commitments consist of Origo (\$9 million) and CanEra III (\$1 million), and impairments consist of Eagle II (\$62 million) and Castex 2005 (\$48 million).

<sup>12</sup> Amount includes marketable securities in Centennial, Pipestone and Talos with an aggregate fair value at 31 December 2020 of \$32 million.