

RCOI

Riverstone Credit
Opportunities Income Plc

INTERIM REPORT AND UNAUDITED INTERIM
CONDENSED FINANCIAL STATEMENTS

For the period ended 30 June 2019

AN INVESTMENT STRATEGY ESTABLISHED
TO GENERATE STRONG RISK-ADJUSTED
RETURNS WITHIN ENERGY CREDIT

2019



CONTENTS

1

INTRODUCTION

3

HIGHLIGHTS, INVESTMENT
POLICY AND RESTRICTIONS
AND DIVIDEND POLICY

4

CHAIRMAN'S STATEMENT

6

INVESTMENT MANAGER'S
REPORT

10

REPORT OF THE DIRECTORS

12

DIRECTORS' RESPONSIBILITIES
STATEMENT

13

INDEPENDENT REVIEW
REPORT

14

INTERIM CONDENSED FINANCIAL
STATEMENTS (UNAUDITED)

18

NOTES TO THE UNAUDITED
INTERIM CONDENSED
FINANCIAL STATEMENTS

29

GLOSSARY OF CAPITALISED
DEFINED TERMS

30

DIRECTORS AND
GENERAL INFORMATION

ibc

CAUTIONARY STATEMENT

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

RIVERSTONE CREDIT OPPORTUNITIES INCOME PLC

Riverstone Credit Opportunities Income Plc is an externally managed closed-ended investment company trading on the Main Market of the London Stock Exchange as part of its IPO which completed on 28 May 2019.

The Company's Ordinary Shares were admitted to the Specialist Fund Segment of the London Stock Exchange plc's Main Market and incorporated and registered on 11 March 2019 in England and Wales with an unlimited life.

The Company's Investment Manager is Riverstone Investment Group LLC, which is controlled by affiliates of Riverstone.

Riverstone is an energy and power-focused private investment firm founded in 2000 by David M. Leuschen and Pierre F. Lapeyre with approximately \$39 billion of capital raised. Riverstone conducts buyout, growth and credit investments in the E&P, midstream, energy services, power and coal sectors of the global energy industry. With offices in New York, London, Houston, Mexico City and Amsterdam, the firm has committed approximately \$39 billion to 175 investments in North America, South America, Europe, Africa, Asia and Australia.

The registered office of the Company is 27-28 Eastcastle Street, London, W1W 8DH.

OUR APPROACH...

The Company seeks to generate consistent **Shareholder returns** predominantly in the form of income distributions, principally by making senior secured loans to energy-related businesses.

KEY FINANCIALS

\$98.48m

NAV
30 JUNE 2019

\$0.985

NAV PER SHARE
30 JUNE 2019

\$100.00m

MARKET CAPITALISATION
30 JUNE 2019

\$1.00

SHARE PRICE
30 JUNE 2019

\$0.48m

TOTAL COMPREHENSIVE
INCOME FOR THE PERIOD
ENDED 30 JUNE 2019



HIGHLIGHTS

- » The Company successfully raised gross proceeds of \$100 million at IPO on 28 May 2019.
- » The NAV at 30 June 2019 was \$0.985 per share.

Investments

- » **Project Shiner** – RCOI committed \$6 million to a \$25 million upside. RCP's overall commitment is \$65 million of a \$90 million first lien credit facility, with a third party committing to the remaining \$25 million. Use of proceeds is to drill and complete 5 wells in Lavaca County in 2019 and fund associated midstream capital spend.
- » **Project Yellowstone** – RCOI committed \$5.9 million to a \$25 million upside to RCP's existing \$105 million first lien credit facility. Use of proceeds is to fund the acquisition of five active salt water disposal wells in the SCOOP and a backlog of ten pending and approved permits throughout the SCOOP, STACK, and Merge.
- » **Project Alp** – RCOI committed \$13.3 million to a \$55 million loan to a sponsor-backed E&P company focused on development in the Northern Delaware Basin with acreage in Lea and Eddy counties. The use of proceeds is to fund D&C activity in Lea County, NM, purchase seismic data on leasehold, and pay transaction fees & expenses.

INVESTMENT POLICY

The Company will seek to achieve its investment objective through investing in a diversified portfolio of direct and indirect investments in loans, notes, bonds and other debt instruments, including convertible debt, issued by Borrowers operating in the energy sector. The Company may also invest in warrants or other equity interests or instruments received in connection with, or as a consequence of, an investment in the loans.

INVESTMENT RESTRICTIONS

The Company will observe the following investment restrictions:

- » no more than 15 per cent. of the Company's gross assets will be exposed to any single Borrower, its parents, subsidiaries and/or sister subsidiary entities;
- » no less than 85 per cent. of the Company's gross assets will be invested directly or indirectly in aggregate, in cash and loans which are secured as to repayment of principal and payment of interest by a first or second priority charge over some or all of such entity's assets and cash;
- » the Company will only invest in an underlying Borrower group, when that Borrower group has a total indebtedness (including the Company's investment) of less than 60 per cent. of the Borrower group's asset base;
- » the Company will not invest in any undertaking in which Riverstone Holdings LLC (or any of its subsidiary undertakings) has an equity interest, other than an undertaking in which the Company and one or more other Riverstone credit funds hold, or will as a result of the relevant investment hold, related equity interests acquired at substantially the same time as part of the same transaction or a series of linked transactions; and

- » the maximum term of any investment made by the Company will be 7 years.

Each of these investment restrictions will be calculated and applied as at the time of investment.

DIVIDEND POLICY

Starting in the calendar year ending 31 December 2020, the Company will target dividends equal to a yield of between 8 per cent. and 10 per cent. per annum on the issue price. The Company is also targeting a dividend of at least 2.2 cents per Ordinary Share for the period from 28 May 2019 to 31 December 2019, to be declared in February 2020 and paid in March 2020.

Subject to market conditions, applicable law and the Company's performance, financial position and financial outlook, it is the Directors' intention to declare dividends to Shareholders on a quarterly basis following publication of the NAV per Ordinary Share calculated as of the final day of the relevant quarter.

Starting with the first quarter of the 2020 calendar year, the Company intends to declare dividends with respect to 100 per cent. of its net income (as calculated for UK tax purposes) for the relevant quarter, save that in any calendar year, the Company may retain an amount equal to up to 15 per cent of its net income (as calculated for UK tax purposes) if the Board determines that it would be in the longer-term interests of the Company to do so (for instance, in the event of any permanent loss of capital by the Company).

The declaration of any dividend will be subject to payment of the Company's expenses and any legal or regulatory restrictions at the relevant time. The Company may elect to designate as an "interest distribution" all or part of any amount it distributes to Shareholders as dividends.

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

CHAIRMAN'S STATEMENT

An investment strategy focused on
**taking advantage of the opportunities
within lending across all energy sectors...**



On 28 May, Ordinary Shares of Riverstone Credit Opportunities Income plc (“RCOI”) were admitted on the Specialist Fund Segment of the London Stock Exchange plc’s Main Market and began trading under the ticker “RCOI”. One hundred million shares were issued at an issue price of \$1 per Ordinary Share, raising \$100 million. The Company represents the only investment fund listed on the London Stock Exchange that focuses on energy debt investments.

The Board is comprised of three Directors, all of whom are independent of Riverstone. I am pleased to serve as the Board’s Chairman and am joined by Edward Cumming-Bruce and Emma Davies.

INVESTMENT APPROACH

RCOI seeks to generate consistent shareholder returns predominantly in the form of income distributions, principally by making senior secured loans to small and middle-market energy companies across energy sectors. The investment strategy is predicated on asset-based lending, with conservative loan-to-value ratios and structural protective features to mitigate risk. The Company will invest broadly across energy subsectors globally, with an initial focus on North America. RCOI intends to create a diversified portfolio across basins, commodities, and end-markets to provide natural synergies and hedges that could enhance the overall stability of the portfolio.

THE MARKET ENVIRONMENT

The investment environment for energy lending is very compelling, driven by a confluence of factors that create a landscape to generate strong returns for investors while maintaining ample downside protection. The overall direct lending market across industries has grown immensely in the past ten years, as regulatory and capital markets restrictions have reduced the debt financing available from traditional providers, especially to small and mid-sized companies. The energy industry has been particularly affected by this trend as the commodity price downturn that began five years ago has exacerbated the scarcity of both equity and debt capital. This dynamic has persisted throughout 2019, with the E&P sector notably hard hit and experiencing very limited capital markets activity. As an inherently capital intensive industry, these challenges faced by energy companies have created an opportunity for private credit capital providers with deep industry expertise, such as Riverstone.

RCOI has been able to take advantage of the market backdrop to develop a robust transaction pipeline for the portfolio. In its first five weeks of operation through 30 June, the Company committed over a quarter of the capital available in three commitments to one energy services and two upstream companies, which represent over \$25 million in aggregate commitments and \$6 million of invested capital as at 30 June 2019. The team continues to actively evaluate new investment opportunities and expects the portfolio to be substantially committed by the end of the year.

PERFORMANCE

RCOI ended the financial period ending on 30 June 2019 with a NAV of \$0.985 per share. As of 30 June 2019, the share price was \$1.00 per Ordinary share, which is unchanged from the IPO issuance price. RCOI finished the period with \$6 million net invested, equating to 6 per cent. of net capital available and a cash balance of \$93 million, including cash held at the SPVs. The Board will remain focused on working with the Company as it embarks upon its operations to deliver a consistent dividend yield to shareholders. As the portfolio is invested, we expect to announce our first dividend in February 2020.

Finally, on behalf the Board, I would like to thank you for your commitment and support as we mark the commencement of RCOI. We firmly believe the opportunity in energy lending, combined with Riverstone’s extensive energy investment experience, will provide investors with attractive risk-adjusted returns over the long-term.



REUBEN JEFFERY, III
CHAIRMAN
14 AUGUST 2019

INVESTMENT MANAGER'S REPORT

ABOUT THE INVESTMENT MANAGER

Appointed in May 2019, the Investment Manager, an affiliate of Riverstone, will seek to generate consistent shareholder returns predominantly in the form of income distributions principally by making senior secured loans to energy-related businesses. The Company will seek to achieve its investment objective predominantly through investing in a diversified portfolio of direct and indirect investments in loans, notes, bonds and other debt instruments, including convertible debt, issued by Borrower's operating in the energy sector. Riverstone's investment professionals have a combination of industry knowledge, financial expertise and operating capabilities. The Company will also benefit from the guidance and input provided by non-Riverstone Credit Team members of Riverstone's credit investment committee who will be involved in the Company's investment process. The Company believes that Riverstone's global network of deep relationships with management teams, investment banks and other intermediaries in the energy sector will lead to enhanced sourcing and deal origination opportunities for the Company.

INVESTMENT STRATEGY

The Investment Manager will seek to leverage the wider Riverstone platform to enhance its investment strategy through the synergies gained from being part of one of the largest dedicated energy focused private equity firms.

The key elements of the Investment Manager's investment strategy in relation to the Company and its SPVs are summarised below.

Core Strategy – Direct Lending

The Investment Manager will be primarily focused on originating opportunities from small to middle-sized energy companies in what the Riverstone team call the “Wedge”; companies too small for the capital markets and without the conforming credit metrics that allow access to the commercial bank market.

All investments directly originated by the Company's SPVs are expected to involve providing primary capital to the Borrower, after having completed a thorough and comprehensive due diligence process. In each case the Riverstone team will be able to influence terms and conditions. In many cases, direct investments are expected to be held solely by the Company's SPVs, in some cases alongside Other Riverstone Funds. In others, the Company's SPVs (and Other Riverstone Funds) may be a member of a syndicate arranged by a third party.



The Investment Manager expects that lending investments made directly by the Company's SPVs will have a contractual duration of three to five years from inception and an expected duration of one to two years. The maximum term of any investment made by the Investment Manager will be 7 years.

Complimentary Strategies – Capital Relief and Market-Based Opportunities

The Investment Manager may be presented with opportunities to acquire from banks' so-called “non-conforming” loans which can no longer be held on bank balance sheets. The Investment Manager expects that such “capital relief” transactions will be secondary in nature, will typically be based on public due diligence information and will typically not allow the Company to influence the underlying terms of the relevant Investment. The Investment Manager expects that, in capital relief transactions, the Company may participate as part of a broader syndicate of third-party lenders. The Investment Manager expects capital relief transactions made by the Company's SPVs to have a duration of one to three years from inception and an expected duration of less than 12 months.

Riverstone believes that the same trends which make it difficult for smaller Borrowers to access capital markets may create attractive opportunities for investors such as the Company to acquire syndicated loans and bonds in the open market at risk-adjusted returns that match or exceed the returns available from direct lending opportunities. In such circumstances, the Company's SPVs may make selected investments in the secondary market for syndicated loans and bonds where the Investment Manager believes that such instruments offer suitable risk adjusted returns.

The Investment Manager expects market-based opportunities generally to be secondary in nature, typically to be based on public due diligence information and may, typically, not allow the Company any influence on the underlying terms of the investment. The Investment Manager expects market-based opportunities will typically involve the Company's SPVs being part of a broader syndicate of lenders.

INVESTMENT PORTFOLIO SUMMARY

The Investment Manager has reviewed numerous opportunities within the Investment Guidelines since RCOI's admission. As of 30 June 2019, three investments have been completed; two for exploration and production companies and one for a midstream company, as further discussed below. The Investment Manager continues to maintain a strong pipeline of investment opportunities and expects to make a number of further commitments. For a new investment, RCOI will be allocated a portion of each deal that fits into their investment guideline. The determination of what percentage they will receive will be pro rata to the available capital for all of the RCP funds that are eligible to participate in the investment.

In the descriptions that follow, yield to maturity is inclusive of all upfront fees, original issue discounts, drawn spreads and prepayment penalties through the stated maturity of the loan. Most loans have incentives to be called early. A portion of the loans have a "payment-in-kind" feature for drawn coupons for a limited time period. Similarly, some of the loans have a "delayed-draw" feature that allows the borrower to call capital over time, but always with a hard deadline. Loans that are committed are loans with signed definitive documentation where a structuring fee and/or original issue discount have been earned and the Company earns an undrawn spread. Loans that are invested are loans with signed definitive documentation where a structuring fee and/or original issue discount have been earned, the Company has funded the loan to the borrower and the Company is earning a drawn coupon.

Project Shiner – RCOI participated in a \$25 million upside of RCP's original commitment to a sponsor-backed exploration & production pure-play Eagle Ford shale operator that has amassed a ~27k net acre position in Lavaca and Dewitt counties.

At closing, \$6 million was committed by RCOI with a small portion invested through Q2 2019. The first lien term loan has a maturity of July 2021 and an all-in expected yield to maturity of 16.1% on a fully drawn basis.

Use of proceeds of the upside is to drill and complete five wells in Lavaca County and fund associated midstream capital spend.

Project Yellowstone – RCOI participated in a \$25.0 million upside of RCP's commitment to a \$105.0 million first lien term loan for a privately-owned, midstream company that provides fluids management, primarily produced water hauling, flow-back management, and salt-water disposal infrastructure in the SCOOP, STACK, and MERGE plays in Central Oklahoma. RCP closed the initial \$105.0 million financing in November 2018. The term loan upside closed in May 2019.

At closing, \$5.9 million was committed by RCOI and is fully invested. The first lien term loan has a maturity of November 2021 and an all-in expected yield to maturity of 13.6% on a fully drawn basis.

Use of proceeds was to fund an acquisition.

Project Alp – RCOI participated in a \$55.0 million first lien delayed-draw term loan to a sponsor-backed exploration & production company with operations focused in the Northern Delaware Basin of New Mexico. The term loan closed in June 2019.

At closing, \$13.3 million was committed by RCOI. As of 30 June 2019, the term loan was fully undrawn. The first lien term loan has a maturity of June 2020 and an all-in expected yield to maturity of 13.7% on a fully drawn basis.

Use of proceeds from the credit facility is to fund capital expenditures in Lea County, NM subject to compliance with an Approved Plan of Development and to pay fees, costs and expenses related to the term loan.

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

INVESTMENT MANAGER'S REPORT (CONTINUED)

UNINVESTED CASH

Of the \$100 million of cash raised in the IPO, \$90 million has been invested into the SPVs, of which \$6 million has been invested by the SPVs, with \$25 million committed to investments. The SPVs maintain a deposit account with large international banks and invest a portion of its cash deposits in short-term US treasury bills. RCOI's treasury policy seeks to protect the principal value of cash deposits utilising low risk products with top tier counterparts.

In connection with the listing of RCOI on the London Stock Exchange, substantially all proceeds from the offering were received in US dollars and all cash deposits referred to above are denominated in US dollars. Additionally, RCOI's functional currency and Financial Statements are all presented in US dollars. The SPV's current commitments are denominated in US dollars. RCOI expects foreign exchange to have nominal impact on its business and overall financial results.

SUBSEQUENT EVENTS AND OUTLOOK

The investment opportunity for RCOI remains robust with several actionable E&P, midstream and services focused investments in various stages of review and negotiation. Since the end of the second quarter, RCOI has participated in the investments listed below. Through these investments, RCOI is currently 56% committed, and we would expect these funds to be substantially invested before year end. The investment pipeline remains strong such that we expect the remaining balance of RCOI to be committed before year end. In each deal, RCOI will invest pro rata to other RCP managed vehicles based on their available capital.

Project Mariners – RCOI participated in a \$140.0 million first lien delayed-draw term loan for a privately-owned company that provides vessel and logistic services including tugboat, ship assist, and escort services, and cargo handling and towing predominantly focused on the energy sector.

PORTFOLIO AS OF 30 JUNE 2019

INVESTMENT (INITIAL INVESTMENT DATE)	GROSS COMMITTED CAPITAL (\$'000)	INVESTED CAPITAL (\$'000)	GROSS REALISED CAPITAL (\$'000)	GROSS UNREALISED VALUE (\$'000)	GROSS REALISED CAPITAL & UNREALISED VALUE (\$'000)
PROJECT YELLOWSTONE (13 JUN 2019)	5,880	5,820	(48)	6,060	6,012
PROJECT SHINER (13 JUN 2019)	6,000	381	9	553	562
PROJECT ALP (18 JUN 2019)	13,298	(203) ¹	218	(171)	47
TOTAL CURRENT PORTFOLIO	25,178	5,998	179	6,442	6,621

1 Represents the OID from par value on the undrawn commitment of the loan investment.

The Company is headquartered in Houston, TX with navigation centres in Ingleside, TX, Brownsville, TX, Pascagoula, MS, and Jacksonville, FL as well as a shipyard and repair facility in Pascagoula, MS. The term loan closed in July 2019.

At closing, \$14.9 million was committed by RCOI. The first lien term loan has a maturity of July 2022 and an all-in expected yield to maturity of 12.6% on a fully drawn basis.

Use of proceeds was to fund the recapitalisation of the Company to settle all indebtedness, fund the refurbishment of two motor vessels, and to pay fees, costs and expenses related to the term loan.

Project Remington – RCOI participated in a \$10.0 million upsize of RCP's commitment to a \$65.0 million first lien Holdco term loan for a sponsor-backed Bakken focused midstream company that provides crude oil and natural gas gathering and processing, produced water transportation and disposal, and freshwater sourcing and transportation. RCP closed the initial \$65.0 million financing in June 2018. The term loan upsize closed in August 2019.

At closing, \$3.4 million was committed by RCOI. The first lien holdco term loan has a maturity of June 2022 and an all-in expected yield to maturity of 11.8% on a fully drawn basis.

Use of proceeds, combined with an Opco revolving credit facility draw, was to fund an acquisition.

Project Chase – RCOI participated in a \$50.0 million first lien delayed-draw term loan to a sponsor-backed exploration & production company with operations focused in the dry gas window of the Eagle Ford Basin. The term loan closed in July 2019.

At closing, \$12.3 million was committed by RCOI. The first lien term loan has a maturity of July 2021 and an all-in expected yield to maturity of 13.3% on a fully drawn basis.

The portfolio highlights are pro-forma for the three investments after 30 June 2019 are summarised below and are based on capital committed.

CONSOLIDATED PORTFOLIO KEY STATS AT ENTRY AS OF 14 AUGUST 2019

WEIGHTED AVG. STRUCTURING FEE/OID	97.5
WEIGHTED AVG. DRAWN COUPON AT ENTRY	10.6%
WEIGHTED AVG. UNDRAWN SPREAD AT ENTRY	4.3%
WEIGHTED AVG. TENOR AT ENTRY	2.6 YEARS
WEIGHTED AVG. CALL PREMIUM AT MATURITY	105.2
SECURITY	100% SECURED
COUPON TYPE	100% FLOATING RATE



Use of proceeds from the credit facility is to fund capital expenditures in Webb and La Salle Counties, other capital expenditures relating to existing and future upstream assets, and operating expenses.

The Investment Manager continues to believe that this is a market where patience and a disciplined approach to investing are likely to be well rewarded.

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

REPORT OF THE DIRECTORS



REUBEN JEFFERY, III
CHAIRMAN

Mr. Jeffery has a broad range of financial services experience, particularly investment banking, and in addition brings extensive insight into the US political and regulatory environment. He was previously the President and CEO of Rockefeller Financial Services, Inc. and recently stepped down as a non-executive director of Barclays Plc. In addition, Mr. Jeffery has served in the US government as Under Secretary of State for Economic, Energy and Agricultural Affairs between 2007 and 2009. Mr. Jeffery also served as Chairman of the Commodity Futures Trading Commission, and as a special assistant to the President on the staff of the National Security Council.

Before his government service, Mr. Jeffery spent 18 years at Goldman, Sachs & Co where he was Managing Partner of Goldman Sachs in Paris and led the firm's European Financial Institutions Group in London. Prior to joining Goldman Sachs, Mr. Jeffery was a corporate attorney with Davis Polk & Wardwell.

Mr. Jeffery is a graduate of Yale University and holds an M.B.A. and J.D. from Stanford University.



EDWARD CUMMING-BRUCE
DIRECTOR, CHAIR OF NOMINATION COMMITTEE

Mr. Edward Cumming-Bruce is the Vice Chairman of Gleacher Shacklock LLP, whose business he joined in August 2003, before which he worked for 12 years at Dresdner Kleinwort Wasserstein where he held a number of senior positions including a Co-Head of Global Telecoms Investment Banking, Co-Head of UK Investment Banking and Global Head of Equity Capital Markets.

Mr. Cumming-Bruce has extensive experience advising a range of major European companies on capital markets and restructuring transactions as well as mergers and acquisitions. Prior to Dresdner Kleinwort Wasserstein, he worked at Schroders. Mr. Cumming-Bruce is a graduate of Oxford University.



EMMA DAVIES
DIRECTOR, CHAIR OF AUDIT AND RISK COMMITTEE

Ms. Davies is head of direct investments at Marylebone Partners an independent wealth management firm.

Ms. Davies was previously Head of Property and Infrastructure at The Wellcome Trust, where she also helped to manage the public markets portfolio. She was formerly CIO of Big Society Capital and ran the European investments team for Perry Capital.

Ms. Davies is a graduate of Oxford University and holds an MSc from the London School of Economics.

PRINCIPAL RISKS AND UNCERTAINTIES

Under the FCA's Disclosure and Transparency Rules, the Directors are required to identify those material risks to which the Company is exposed and take appropriate steps to mitigate those risks. The significant risk factors are disclosed in the Company's prospectus which is available on the Company's website www.riverstonecoi.com

The Company's assets consist of investments, through SPVs, within the global energy industry, with a particular focus on opportunities in the global E&P and midstream energy sub-sectors. Its principal risks are therefore related to market conditions in the energy sector in general, but also the particular circumstances of the businesses in which it is invested through the SPVs. The Investment Manager through the SPVs seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential targets before entering into any investments.

The key areas of risk faced by the Company are summarised below:

1. The Company has no operating history and relies on the past history and relationships of the Investment Manager to make suitable investments.
2. The Company has not specifically identified all of the assets in which to invest the Net Issue Proceeds.
3. The ability of the Company to meet the target dividend will depend on the Investment Manager's ability to identify and manage suitable investments in accordance with the Investment Policy.
4. The Company will only lend to Borrowers in the global energy sector, and such single industry concentration could affect the Company's ability to generate returns, and adverse market conditions in that sector may delay or prevent the Company from making appropriate investments that generate attractive returns.
5. The absence of a substantial secondary market and liquidity for the Group's investments means that the Company may be unable to realise value from its investments and investors could lose all or part of their investment.
6. The Ordinary Shares may trade at a discount to NAV per Share for reasons including but not limited to market conditions, liquidity concerns and actual or expected Company performance. As such, there can be no guarantee that attempts to mitigate such discount will be successful or that the use of discount control mechanisms will be possible, advisable or adopted by the Company.
7. The Investment Manager will be subject to investment advisory regulatory oversight in the United States. Failure of the Investment Manager or other Riverstone entities to comply with US regulatory requirements could prevent the Investment Manager from providing services to the Company under the Investment Management Agreement to the detriment of investors in the Company.
8. Any change in the tax status of the Company, its SPVs, or the tax status of Borrowers, or in taxation legislation or practice generally (whether in the UK, US or elsewhere) could affect the value of the investments held by the Company, alter the post-tax returns to Shareholders, or affect the tax treatment for Shareholders of their investments in the Company and returns therefrom.

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

These principal risks and uncertainties remain the most likely to affect the Company in the second half of the year.

GOING CONCERN

The Company retained \$10.0 million of cash from the IPO. After settlement of initial share issue and other costs, the cash balance at 30 June 2019 was \$8.9 million, which is sufficient to cover the Company's remaining share issue costs and existing liabilities, totalling \$1.3 million.

The Company's cash balance comprises cash and money market fixed deposits and has no material going concern risk. Uninvested cash earned approximately 158 basis points during the period ended 30 June 2019.

In light of the above facts, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the interim condensed financial statements. In reaching this conclusion, the Board has considered budgeted and projected results of the business, projected cash flow and risks that could impact the Company's liquidity over the next twelve months.

INVESTMENT TRUST STATUS

The Directors intend at all times to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended and the Investment Trust (Approved Company) (Tax) Regulations 2011. In particular, the Company must not retain in respect of any accounting period an amount which is greater than 15 per cent. of its eligible investment income.

GOVERNANCE CODES

The Company is a member of the AIC. The Board considers that as the Company is an investment company, reporting in accordance with the principles and recommendations of the AIC Code, and by reference to the AIC Guide will provide better information to Shareholders than complying with the UK Code itself.

From Admission, the Company has complied with the principles of good governance contained in the AIC Code, which complements the UK Code published by the Financial Reporting Council and provides a framework of best practice for listed investment companies. By complying with the AIC Code, the Company complies with the provisions of the Listing Rules which require that the Company must "comply or explain" in accordance with the UK Code and associated disclosure requirements.

BUSINESS REVIEW

A business review is detailed in the Investment Manager's Report on pages 6 to 9.

SUBSEQUENT EVENTS

Material events after the period end to the date on which these Condensed Financial Statements were approved are disclosed in note 12 to the financial statements on page 28. Information on investments made after the period end is disclosed in the Investment Manager's Report on page 9.

DIRECTORS' RESPONSIBILITIES STATEMENT

**The Directors are responsible for preparing
this Interim Report** in accordance with
applicable law and regulations.

The Directors confirm that to the best of their knowledge:

- » The unaudited interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and give a true and fair view of the assets, liabilities and financial position and the profit of the Company as required by DTR 4.2.4R; and
- » The Chairman's Statement, Investment Manager's Report and the notes to the condensed financial statements include a fair review of the information required by:
 - i. DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the period and their impact on the unaudited interim condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - ii. DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the period and that have materially affected the financial position and performance of the Company during that period.

On behalf of the Board



REUBEN JEFFERY, III
CHAIRMAN
14 AUGUST 2019

INDEPENDENT REVIEW REPORT TO RIVERSTONE CREDIT OPPORTUNITIES INCOME PLC

We have been engaged by the Company to review the unaudited interim Condensed Financial Statements (“financial statements”) in the Interim Report for the period from 11 March 2019 to 30 June 2019, which comprises the Condensed Statement of Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flow and related Notes 1 to 12. We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Auditing Practices Board (“ISRE 2410”). To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

DIRECTORS’ RESPONSIBILITIES

The Interim Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.

As disclosed in Note 2, the Annual Financial Statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The financial statements included in this Interim Report has been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting”, as adopted by the European Union (“IAS 34”).

OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the financial statements in the Interim Report based on our review.

SCOPE OF REVIEW

We conducted our review in accordance with ISRE 2410. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the financial statements in the Interim Report for the period from 11 March 2019 to 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34 and the Disclosure and Transparency Rules of the United Kingdom’s Financial Conduct Authority.



MIKE GAYLOR
ERNST & YOUNG LLP
LONDON
14 AUGUST 2019

CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019 (Unaudited)

	Note	30 JUNE 2019 \$'000
NON CURRENT ASSETS		
INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	7	90,713
		90,713
CURRENT ASSETS		
TRADE AND OTHER RECEIVABLES	8	166
CASH AND CASH EQUIVALENTS		8,923
		9,089
CURRENT LIABILITIES		
TRADE AND OTHER PAYABLES	9	(1,322)
		7,767
NET CURRENT ASSETS		
		98,480
NET ASSETS		
EQUITY		
SHARE CAPITAL	10	1,000
SHARE PREMIUM	10	97,000
RETAINED EARNINGS		480
TOTAL SHAREHOLDERS' FUNDS		98,480
NUMBER OF SHARES IN ISSUE AT PERIOD END		100,000,000
NET ASSETS PER SHARE (CENTS)	6	98.48

The interim condensed financial statements on pages 14 to 28 were approved and authorised for issue by the Board of Directors on 14 August 2019 and signed on their behalf by:



REUBEN JEFFERY, III
CHAIRMAN



EMMA DAVIES
DIRECTOR

The accompanying notes on pages 18 to 28 form an integral part of these interim condensed financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2019 (Unaudited)

		FOR THE PERIOD FROM 11 MARCH 2019 TO 30 JUNE 2019		
	Note	REVENUE \$'000	CAPITAL \$'000	TOTAL \$'000
INVESTMENT GAIN				
CHANGE IN FAIR VALUE OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	7	–	192	192
		–	192	192
INCOME				
INVESTMENT INCOME	7	521	–	521
		521	–	521
EXPENSES				
DIRECTORS' FEES AND EXPENSES	11	(65)	–	(65)
OTHER OPERATING EXPENSES		(177)	–	(177)
TOTAL EXPENSES		(242)	–	(242)
OPERATING PROFIT FOR THE PERIOD		279	192	471
FINANCE INCOME				
INTEREST INCOME		9	–	9
TOTAL FINANCE INCOME		9	–	9
PROFIT FOR THE PERIOD BEFORE TAX		288	192	480
TAX	4	–	–	–
PROFIT FOR THE PERIOD AFTER TAX		288	192	480
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		288	192	480
PROFIT AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: EQUITY HOLDERS OF THE COMPANY		288	192	480
EARNINGS PER SHARE				
BASIC EARNINGS PER SHARE (CENTS)	6	2.88	1.92	4.80
DILUTED EARNINGS PER SHARE (CENTS)	6	2.88	1.92	4.80

The accompanying notes on pages 18 to 28 form an integral part of these interim condensed financial statements.

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2019 (Unaudited)

	<i>Note</i>	SHARE CAPITAL \$'000	SHARE PREMIUM \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000
OPENING NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		–	–	–	–
ISSUE OF MANAGEMENT SHARES	10	65	–	–	65
REDEMPTION OF MANAGEMENT SHARES	10	(65)	–	–	(65)
ISSUE OF SHARE CAPITAL	10	1,000	99,000	–	100,000
SHARE ISSUE COSTS	10	–	(2,000)	–	(2,000)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		–	–	480	480
CLOSING NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS		1,000	97,000	480	98,480

After taking account of cumulative unrealised gains of \$192k, the total reserves distributable by way of a dividend as at 30 June 2019 were \$288k.

As disclosed further in note 12, the share premium account was cancelled by a court order dated 16 July 2019.

The accompanying notes on pages 18 to 28 form an integral part of these interim condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 June 2019 (Unaudited)

	<i>Note</i>	FOR THE PERIOD FROM 11 MARCH 2019 TO 30 JUNE 2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING PROFIT FOR THE FINANCIAL PERIOD		471
ADJUSTMENTS FOR:		
MOVEMENT IN FAIR VALUE OF INVESTMENTS	7	(192)
INVESTMENT INCOME	7	(521)
INCREASE IN RECEIVABLES		(157)
INCREASE IN PAYABLES		204
NET CASH USED IN OPERATING ACTIVITIES		(195)
CASH FLOWS FROM INVESTING ACTIVITIES		
SHAREHOLDER LOAN INVESTMENT	7	(62,100)
EQUITY INVESTMENT	7	(27,900)
NET CASH USED IN INVESTING ACTIVITIES		(90,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
ISSUE OF SHARE CAPITAL	10	100,000
PAYMENT OF ISSUE COSTS		(882)
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES		99,118
NET MOVEMENT IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		8,923
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		–
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		8,923

The accompanying notes on pages 18 to 28 form an integral part of these interim condensed financial statements.

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated and registered in England and Wales on 11 March 2019 with registered number 11874946 as a public company limited by shares under the Companies Act 2006 (the “Act”). The principal legislation under which the Company operates is the Act. The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

2. ACCOUNTING POLICIES

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

BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with IFRS and with the Companies Act 2006. Where presentational guidance set out in the AIC SORP is consistent with the requirements of IFRS, the Directors have sought to prepare the condensed financial statements on a basis compliant with the recommendations of the AIC SORP. In particular, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the total Statement of Comprehensive Income.

The condensed financial statements have been prepared under IAS 34 “Interim Financial Reporting”. The presentation and accounting policies used in the preparation of the condensed financial statements are consistent with those that will be adopted in the annual financial statements for the period ended 31 December 2019.

The financial information contained in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. As the Company was incorporated on 11 March 2019, audited financial statements have not yet been filed with the Registrar of Companies.

The condensed financial statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss. The principal accounting policies are set out below.

GOING CONCERN

The Company retained \$10.0 million of cash from the IPO. After settlement of initial share issue and other costs, the cash balance at 30 June 2019 was \$8.9 million, which is sufficient to cover the Company’s remaining share issue costs and existing liabilities, totalling \$1.3 million.

The Company’s cash balance comprises cash and money market fixed deposits and has no material going concern risk. Uninvested cash earned approximately 158 basis points during the period ended 30 June 2019.

In light of the above facts, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the interim condensed financial statements. In reaching this conclusion, the Board has considered budgeted and projected results of the business, projected cash flow and risks that could impact the Company’s liquidity over the next twelve months.

SEGMENTAL REPORTING

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the Company's Net Asset Value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Interim Report.

For management purposes, the Company is organised into one main operating segment, which invests in the SPVs.

All of the Company's current income is derived from within the United States.

All of the Company's non-current assets are located in the United States.

Due to the Company's nature, it has no customers.

SEASONAL AND CYCLICAL VARIATIONS

The Company's results do not vary as a result of seasonal activity.

FOREIGN CURRENCIES

The functional currency of the Company is US Dollar reflecting the primary economic environment in which the Company operates, that being the E&P and midstream energy sectors, where most transactions are expected to take place in US Dollar. Additionally, the Ordinary Shares of the Company are listed in US Dollars.

The Company has chosen US Dollar as its presentation currency for financial reporting purposes.

Transactions during the period, including income and expenses, are translated into US Dollar at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US Dollar are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a currency other than US Dollar are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a currency other than US Dollar are translated using the exchange rates at the date when the fair value was determined. Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the "Change in fair value of investments at fair value through profit or loss". Exchange differences on other financial instruments are included in profit or loss in the Statement of Comprehensive Income as "Foreign exchange gain / (loss)".

FINANCIAL INSTRUMENTS

In accordance with IFRS 9, financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

FINANCIAL ASSETS

When financial assets are recognised initially, they are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

a) Investments at fair value through profit or loss

i. Classification and measurement

The Company's investments are classified as held at fair value through profit or loss as they are neither held to collect contractual cash flows nor to sell the financial assets. Financial assets held at fair value through profit or loss are initially recognised at fair value, which is taken to be their cost, and are subsequently valued at fair value.

ii. Fair value estimation

The SPVs hold and manage the Company's underlying investments, which are valued at fair value, based on IPEV Valuation Guidelines and on IFRS Accounting Standards. The fair value of the SPVs is considered to be their net asset value incorporating a valuation of the underlying investments. The Directors believe that this is appropriate, as:

- » the underlying investments within the SPVs are held on a fair value basis as described below and have taken into account risks to fair value, inclusive of liquidity discounts, through appropriate discount rates;
- » the Company wholly owns the SPVs and thus is entitled to all of their economic rights; and
- » the Directors take all these items into consideration and would make adjustments to net asset value, if deemed necessary.

VALUATION PROCESS

The Investment Manager is responsible for proposing the valuation of the assets held by the Company through the SPVs and the Directors are responsible for reviewing the Company's valuation policy.

VALUATION ADVISER

Due to the illiquid and subjective nature of the Company's underlying investments, the Investment Manager uses a third party valuation provider to perform a full independent valuation of the underlying investments. This includes the third party valuation provider selecting the valuation methodology and/or comparable companies; identifying the cash flows and appropriate discount rate utilised in a yield analysis; and providing a final value range to the Investment Manager. The valuation adviser independently values the assets and provides analyses to support the methodology in addition to presenting calculations used to generate output.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

c) Trade receivables

Trade receivables are classified as financial assets at amortised cost. They are measured at amortised cost less impairment assessed using the simplified approach of the expected credit loss model based on current circumstances and expectations of future losses.

A financial asset is derecognised (in whole or in part) either:

- » when the Company has transferred substantially all the risks and rewards of ownership; or
- » when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- » when the contractual right to receive cash flow has expired.

FINANCIAL LIABILITIES

a) Trade payables

Trade payables are classified as financial liabilities at amortised cost.

EQUITY

The Company's Ordinary Shares are classified as equity and upon issuance, the fair value of the consideration received is included in equity. Share issue costs were capped at 2 per cent of the gross issue proceeds of the IPO and are shown in equity as a deduction from share premium. All other formation and initial expenses of the Company, which are otherwise chargeable to equity, will be borne by the Investment Manager.

INCOME RECOGNITION

Dividend income is recognised when the Company's entitlement to receive payment is established. Interest income is recognised on an accruals basis. Interest income due, but not received, is capitalised with the principal amount of the loan. Dividend and interest income is allocated to Revenue within the Statement of Comprehensive Income.

EXPENSES

Expenses include legal, accounting, auditing and other operating expenses. They are recognised on an accruals basis in the Statement of Comprehensive Income in the period in which they are incurred.

Expenses are charged through the Revenue account except those which are capital in nature, including those which are incidental to the acquisition, disposal or enhancement of an investment, which are accounted for through the Capital account.

TAXATION

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions in section 1158 Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 for it to be approved by HMRC as an investment trust.

In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on its chargeable gains and its capital profits from creditor loan relationships. The Company will, however be subject to UK corporation tax on its income (currently at a rate of 19 per cent., expected to reduce to 17 per cent. from financial year 2020/2021).

In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most of the dividends the Company may receive.

A company that is an approved investment trust in respect of an accounting period is able to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period.

It is expected that the Company will have material amounts of qualifying interest income and that it may, therefore, decide to designate some or all of the dividends paid in respect of a given accounting period as interest distributions.

To the extent that the Company receives income from, or realises amounts on the disposal of investments in foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may, to the extent not relievable under a double tax treaty, be able to be treated as an expense for UK corporation tax purposes, or it may be treated as a credit against UK corporation tax up to certain limits and subject to certain conditions.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Condensed Financial Statements:

Assessment as an Investment Entity

The Company meets the definition of an investment entity on the basis of the following criteria:

1. the Company obtains funds from multiple investors for the purpose of providing those investors with investment management services;
2. the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
3. the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

To determine that the Company meets the definition of an investment entity, further consideration is given to the characteristics of an investment entity that are demonstrated by the Company.

Estimates and assumptions

The area involving a high degree of judgement or complexity and where assumptions and estimates are significant to the Condensed Financial Statements has been identified as the risk of misstatement of the valuation of the investments (see note 7). Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The Board's determination that no discount or premium should be applied to the net asset value of the SPV involves a degree of judgement due to the nature of the underlying investments and other assets and liabilities and the valuation techniques and procedures adopted by the SPV.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

3. AUDIT FEES

Other operating expenses include fees payable to the Company's Auditor of \$25k in relation to a review of the Interim Report and estimated accruals proportioned across the period for the audit of the statutory financial statements of \$75k, which was analysed as follows:

	FOR THE PERIOD FROM 11 MARCH 2019 TO 30 JUNE 2019 \$'000
FEES TO THE COMPANY'S AUDITOR	
FOR AUDIT OF THE STATUTORY FINANCIAL STATEMENTS	75
FOR OTHER AUDIT RELATED SERVICES	25
	100

The Company's Auditor was paid \$234k in relation to work on the listing of the Company which is included in share issue costs.

4. TAX

As an investment trust, the Company is exempt from UK tax on capital gains on any disposal of shares. Capital profits from its loan relationships or derivative contracts are exempt from UK tax where the profits are accounted for through the Capital column of the Statement of Comprehensive Income, in accordance with the AIC SORP.

It is anticipated that the Company will meet the conditions for the UK dividend exemption and will be exempt from UK tax on dividend income received.

It is expected that the Company will make a streaming election to HMRC in respect of distributions and will be entitled to deduct the interest distributions paid out of income profits arising from its loan relationships in computing its UK corporation tax liability. Therefore no tax liability has been recognised in these condensed financial statements.

	FOR THE PERIOD FROM 11 MARCH 2019 TO 30 JUNE 2019		
	REVENUE \$'000	CAPITAL \$'000	TOTAL \$'000
UK CORPORATION TAX	–	–	–

	30 JUNE 2019 \$'000
RETURN ON ORDINARY ACTIVITIES BEFORE TAX	480
TAX AT UK CORPORATION TAX RATE OF 19%	(91)
EFFECTS OF:	
NON-TAXABLE INVESTMENT GAINS	36
EXPECTED INTEREST INCOME DISTRIBUTIONS	55
TOTAL TAX CHARGE	–

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

5. PROFIT SHARE

Under the Investment Management Agreement, the Investment Manager will not charge any base or other ongoing management fees, but will be entitled to reimbursement of reasonable expenses incurred by it in the performance of its duties. The Investment Manager will receive from the Company, a Profit Share based on the Company's income, as calculated for UK tax purposes and the Company's Capital Account. The Profit Share will be payable quarterly at the same time as the Company pays its dividends, subject to an annual reconciliation in the last quarter of each year.

The amount payable in respect of the annual Profit Share will be:

- a) an amount equal to 20 per cent. of the amount by which the Distributable Income exceeds an amount equal to 4 per cent. of the Company's Capital Amount; plus
- b) an additional amount equal to 10 per cent. of the amount by which the Distributable Income exceeds an amount equal to 8 per cent. of the Capital Amount.

The Capital Amount is equal to the gross proceeds of the issue of Ordinary Shares at IPO, plus the net proceeds of any future issues of Ordinary Shares, less any amounts expended by the Company on share repurchases and redemptions or, following a Realisation Election, attributable to Realisation Shares.

ANNUAL RECONCILIATION AND CAP

At the end of the Company's first full financial year ending 31 December 2020, and at the end of each subsequent financial year, the Profit Share will undergo an annual reconciliation. In the event that the annual reconciliation results in a reduction of the aggregate Profit Share payable to the Investment Manager, the Profit Share payable in the fourth quarter will be reduced to no more than zero by the relevant amount, with any remaining reduction carried forward to Profit Shares otherwise payable in respect of future quarters. In addition, the amount payable to the Investment Manager as a Profit Share in any year will be limited to a maximum of 5 per cent. of the prevailing NAV.

CAPITAL LOSS ADJUSTMENT

If, in respect of the Company's first full financial year ending 31 December 2020, or if in any subsequent year, the Company suffers a capital loss which (disregarding the impact of any dividends paid or payable by the Company) causes the closing Net Asset Value per Ordinary Share for the year to fall below the lower of: (a) US\$1.00; or (b) the closing Net Asset Value per Ordinary Share for the prior year, then the amount of the Distributable Income for the year equal to the amount by which the capital loss causes the Net Asset Value to fall below that threshold amount will be ignored for the purposes of calculating the Profit Share for that year. If the amount by which the capital loss causes the Net Asset Value to fall below the threshold amount is greater than the Distributable Income for the year, then the amount of any excess will be carried forward to following years until it is set off against Distributable Income in full. The capital loss test will be applied as a part of the annual reconciliation of the Profit Share.

Amounts paid or accrued as Profit Share during the period were \$nil.

6. EARNINGS PER SHARE AND NET ASSETS PER SHARE

EARNINGS PER SHARE

	FOR THE PERIOD FROM 11 MARCH 2019 TO 30 JUNE 2019
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY – \$'000	480
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE	100,000,000
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS IN THE PERIOD (CENTS)	4.80

There was no income earned or shares issued between 11 March 2019 and 28 May 2019, therefore this period has not been included for the purpose of calculating the weighted average number of shares above.

There are no dilutive shares in issue.

NET ASSETS PER SHARE

	30 JUNE 2019
NET ASSETS – \$'000	98,480
NUMBER OF ORDINARY SHARES ISSUED	100,000,000
NET ASSETS PER SHARE (CENTS)	98.48

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	LOANS \$'000	EQUITY \$'000	TOTAL \$'000
OPENING BALANCE	–	–	–
ADDITIONS	62,100	27,900	90,000
CAPITALISED INTEREST	521	–	521
UNREALISED MOVEMENT IN FAIR VALUE OF INVESTMENTS	–	192	192
	62,621	28,092	90,713

The Company's investment in its SPVs comprises a loan investment and an equity investment, as set out above. The SPVs invest in a diversified portfolio of direct and indirect investments in loans, notes, bonds and other debt instruments.

FAIR VALUE MEASUREMENTS

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 levels:

- » Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- » Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- » Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The determination of what constitutes ‘observable’ requires significant judgement by the Company. The Directors consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only financial instruments held at fair value are the instruments held by the Company in the SPV, which are fair valued at each reporting date. The Company’s investments have been classified within level 3 as the investments are not traded and contain unobservable inputs. The Company’s investments are all considered to be level 3 assets.

Due to the nature of the investments, they are always expected to be classified as level 3. There have been no transfers between levels during the period. Any transfers between the levels would be accounted for on the last day of each financial period.

QUANTITATIVE INFORMATION OF SIGNIFICANT UNOBSERVABLE INPUTS – LEVEL 3 – SPV

DESCRIPTION	30 JUNE 2019 (UNAUDITED) \$'000	VALUATION TECHNIQUE	UNOBSERVABLE INPUT	RANGE / WEIGHTED AVERAGE
SPV	90,713	NET ASSET VALUE	DISCOUNT FOR LACK OF LIQUIDITY	0%

The Directors believe that it is appropriate to measure the SPVs at their net asset value, incorporating a valuation of the underlying investments which has taken into account risks to fair value, inclusive of liquidity discounts, through appropriate discount rates.

SENSITIVITY ANALYSIS TO SIGNIFICANT CHANGES IN UNOBSERVABLE INPUTS WITHIN LEVEL 3 HIERARCHY

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 30 June 2019 are as shown below:

DESCRIPTION	SENSITIVITY INPUT	SENSITIVITY USED	EFFECT ON FAIR VALUE \$'000
SPV	DISCOUNT FOR LACK OF LIQUIDITY	+/- 1%	-/+ 907

8. TRADE AND OTHER RECEIVABLES

	30 JUNE 2019 \$'000
PREPAYMENTS	83
VAT RECEIVABLE	74
BANK INTEREST RECEIVABLE	9
	166

9. TRADE AND OTHER PAYABLES

	30 JUNE 2019 \$'000
SHARE ISSUE COSTS PAYABLE	1,118
OTHER PAYABLES	204
	1,322

10. SHARE CAPITAL

DATE	ISSUED AND FULLY PAID	NUMBER OF SHARES ISSUED	SHARE CAPITAL	SHARE PREMIUM	TOTAL
GBP			£'000	£'000	£'000
SHARES AT INCEPTION		–	–	–	–
11 MARCH 2019	INCORPORATION – CLASS E – £1.00	1	–	–	–
11 MARCH 2019	INCORPORATION – MANAGEMENT SHARES – £1.00	50,000	50	–	50
28 MAY 2019	REDEMPTION OF MANAGEMENT SHARES – £1.00	(50,000)	(50)	–	(50)
		1	–	–	–
USD			\$'000	\$'000	\$'000
SHARES AT INCEPTION		–	–	–	–
11 MARCH 2019	INCORPORATION – ORDINARY – \$0.01	1	–	–	–
28 MAY 2019	CAPITAL RAISE – ORDINARY – \$0.01	99,999,999	1,000	99,000	100,000
28 MAY 2019	LESS SHARE ISSUE COSTS	–	–	(2,000)	(2,000)
		100,000,000	1,000	97,000	98,000

To enable the Company to obtain a certificate to commence business and to exercise its borrowing powers under section 761 CA 2006, on 11 March 2019, 1 E Share of £1 and 50,000 shares of £1 each were allotted to Riverstone Investment Group LLC and paid up in full, as Management Shares. The E Share and Management Shares grant the registered holders the right to receive notice of and to attend but, except where there are no other shares of the Company in issue, not to speak or vote at any general meeting of the Company. The Management Shares were redeemed in full on 28 May 2019 out of the proceeds of the IPO. The E Shares are not redeemable.

As at 30 June 2019 the Company's issued share capital comprises 100,000,000 Ordinary Shares and 1 E Share. Ordinary Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company.

All capitalised terms are defined in the list of defined terms on page 29 unless separately defined.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS (CONTINUED)

11. RELATED PARTY TRANSACTIONS

DIRECTORS

The Company has three non-executive Directors. Directors' fees for the period ended 30 June 2019 amounted to \$39k, all of which was outstanding at period end. Amounts paid to Directors as reimbursement of travel and other incidental expenses during the period amounted to \$26k, of which \$2k was outstanding at period end.

12. SUBSEQUENT EVENTS

The share premium account was cancelled by a court order dated 16 July 2019. The amount standing to the credit of the share premium account of the Company, less any issue expenses paid or accrued and set off against the share premium account, was cancelled and credited to distributable reserves. This amount shall be capable of being applied in any manner in which the Company's profits available for distribution, as determined in accordance with the Companies Act 2006, are able to be applied.

There were no other material subsequent events.

GLOSSARY OF CAPITALISED DEFINED TERMS

Administrator means Estera Administration UK Limited

Admission means admission of the Ordinary Shares on 28 May 2019, to the Official List and/or admission to trading on the Specialist Fund Segment of the London Stock Exchange, as the context may require

AIC means the Association of Investment Companies

AIC Code means the AIC Code of Corporate Governance

AIC SORP means the Statement of Recommended Practice issued by the AIC in November 2014 and updated in January 2017 for the Financial Statements of Investment Trust Companies and Venture Capital Trusts

Auditor means Ernst & Young LLP or EY

Board means the directors of the Company

Borrower means entities operating in the energy sector that issue loans, notes, bonds, and other debt instruments including convertible debt

Capital Amount means the amount of gross proceeds of the IPO, plus the net proceeds of any future issues of Ordinary Shares, less any amounts expended by the Company on share repurchases and redemptions or, following a Realisation Election, attributable to Realisation Shares

Company or **RCOI** means Riverstone Credit Opportunities Income Plc

D&C means drilling and completion

Directors means the Directors of the Company

Distributable Income means the Company's income, as calculated for UK tax purposes

DTR means the Disclosure Guidance and Transparency Rules sourcebook issued by the Financial Conduct Authority

E&P means exploration and production

FCA means the UK Financial Conduct Authority (or its successor bodies)

IAS means international accounting standards as issued by the Board of the International Accounting Standards Committee

IFRS means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board, as adopted by the EU

Interim Report means the Company's half yearly report and unaudited interim condensed financial statements for the period from incorporation on 11 March 2019 to 30 June 2019

Investment Management Agreement means the Investment Management Agreement entered into between the Investment Manager and the Company

Investment Manager means Riverstone Investment Group LLC

IPEV Valuation Guidelines means the International Private Equity and Venture Capital Valuation Guidelines

IPO means the initial public offering of shares by a private company to the public

LIBOR means the London inter-bank offered rate

Listing Rules means the listing rules made by the UK Listing Authority under Section 73A of the Financial Services and Markets Act 2000

London Stock Exchange or **LSE** means London Stock Exchange plc

Main Market means the main market of the London Stock Exchange

Merge means the area of land between the SCOOP and the STACK

NAV or **Net Asset Value** means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy and expressed in US dollars

NM means New Mexico

OID means original issue discount

Other Riverstone Funds means other Riverstone-sponsored, controlled or managed entities, which are or may in the future be managed or advised by the Investment Manager or one or more of its affiliates, excluding the SPV

PIK means payment in kind

Profit Share means the payments to which the Investment Manager is entitled in the circumstances and as described in the notes to the financial statements

RCP means Riverstone Credit Partners

SCOOP means South Central Oklahoma Oil Province

SPV means any intermediate holding or investing entities that the Company may establish from time to time for the purposes of efficient portfolio management and to assist with tax planning generally and any subsidiary undertaking of the Company from time to time

Specialist Fund Segment means the Specialist Fund Segment of the London Stock Exchange's Main Market

STACK means Sooner Trend (oil field), Anadarko (basin), Canadian and Kingfisher (counties)

UK or **United Kingdom** means the United Kingdom of Great Britain and Northern Ireland

UK Code means the UK Corporate Governance Code issued by the FRC

US or **United States** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia

DIRECTORS AND GENERAL INFORMATION

DIRECTORS

Reuben Jeffery, III (Chairman) (appointed 2 April 2019)
Edward Cumming-Bruce (Nomination Committee Chair) (appointed 2 April 2019)
Emma Davies (Audit and Risk Committee Chair) (appointed 2 April 2019)
all independent and of the registered office below

REGISTERED OFFICE

27-28 Eastcastle Street
London
W1W 8DH

INVESTMENT MANAGER

Riverstone Investment Group LLC
c/o The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington
Delaware 19801

COMPANY SECRETARY AND ADMINISTRATOR

Estera Administration (UK) Limited
27/28 Eastcastle Street
London
W1W 8DH

INDEPENDENT AUDITOR

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

LEGAL ADVISER TO THE COMPANY

Hogan Lovells LLP
Atlantic House
50 Holborn Viaduct
London
EC1A 2FG

PRINCIPAL BANKER AND CUSTODIAN

J.P. Morgan Chase Bank, N.A.
270 Park Avenue
New York
NY 10017-2014

WEBSITE

www.riverstonecoi.com

ISIN GB00BJHPS390

TICKER RCOI

SEDOL BJHPS39

REGISTERED COMPANY NUMBER 11874946

REGISTRAR

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

SOLE BOOKRUNNER

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London
E14 5JP

RECEIVING AGENT

Link Asset Services
Corporate Actions
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

CAUTIONARY STATEMENT

The Chairman's Statement and Investment Manager's Report have been prepared solely to provide additional information for Shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Investment Manager's Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.





Riverstone Credit
Opportunities Income Plc

**RIVERSTONE CREDIT
OPPORTUNITIES INCOME PLC**

27-28 Eastcastle Street
London
W1W 8DH

Further information available online:
WWW.RIVERSTONECOI.COM

