

## ISSUER COMMENT

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## Rothestay Holdco UK Limited

### Change in ownership structure is credit positive

On 30th September, Rothestay Life ("Rothestay" or "Group", A3 IFSR stable) announced a change in its ownership structure which we view as credit positive for the Group's financial flexibility. An agreement has been reached by GIC ("GIC") and Massachusetts Mutual Life Insurance Company ("MassMutual", Aa3 IFSR, stable) with Blackstone to acquire Blackstone's 36% shareholding in Rothestay. Consequently, the shareholdings of GIC and MassMutual will increase to 49% each from 35% and 24% respectively. The transaction values Rothestay at £5.75 billion which is c.1.3x the Group's reported total equity at H1 20.

We view the increased investment of GIC and MassMutual, Group shareholders since 2013, as testament to their favourable view of Rothestay's prospects, indicative of their long-term commitment to the life insurer, and a positive signal of continued long-term support. Although the Group is not listed which somewhat constrains financial flexibility, we expect Rothestay to continue to benefit from the financial support of its two main shareholders which, together with Blackstone, have facilitated the significant growth in Rothestay's business in recent years. These shareholders injected £380 million of capital in 2018 to partly fund the Prudential transaction, and £700 million in 2019 to fund new business helping Rothestay write over £16 billion of new bulk annuity business that year. Such equity injections demonstrate the ability and willingness of Rothestay's shareholders to support its business, positive features we expect to continue.

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