

Investor Presentation

June 2020



PRIVATE & CONFIDENTIAL

STRATEGY | INNOVATION | EXPERTISE



A history of success
A future of opportunity

A leading non-life global specialty insurance company

2019 WAS A RECORD YEAR FOR US



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Group

£40.1m

Group Pre-Tax Profit
(180% increase vs 2018)

13%

Growth in Net Asset Value per Share
including Return to Shareholders (148p)
(12% in 2018)

21.4p

Earnings per Share (basic)
(269% increase vs 2018)

Program Management

\$369m

Gross Written Premium
(147% increase vs 2018)

\$12.9m

Economic Commission Revenue
(148% increase vs 2018)

\$1.8m

Economic EBITDA
(Loss of \$3.8m in 2018)

Legacy

£276m

Acquired Net Reserves
(80% increase vs 2018)

19.6%

Operating Return on Average Capital
(16.7% in 2018)

16

Transactions
(19 in 2018)

Note: Metrics as at 31 December 2019. See End Notes at the end of the presentation for definitions

COVID-19 SHOULD CREATE A "HARD MARKET" IN BOTH OUR BUSINESSES



COVID-19 likely to be one of the largest insurance losses on record and should accelerate our strong secular growth

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Existing Business

Significant structural protections in our business model to mitigate the impact from COVID-19

- Program Management - Largely reinsured with highly rated counterparties (93% rated A- and above)
- Legacy - Limited exposure to unexpired risk
- Fixed income investment portfolio - conservatively positioned with a short average duration (<2 year) and a high quality investment grade portfolio (~90% rated BBB or higher)

Future Opportunity

Large destruction of insurance capital from losses (excluding investments or political issues) will accelerate the strong secular growth we are seeing

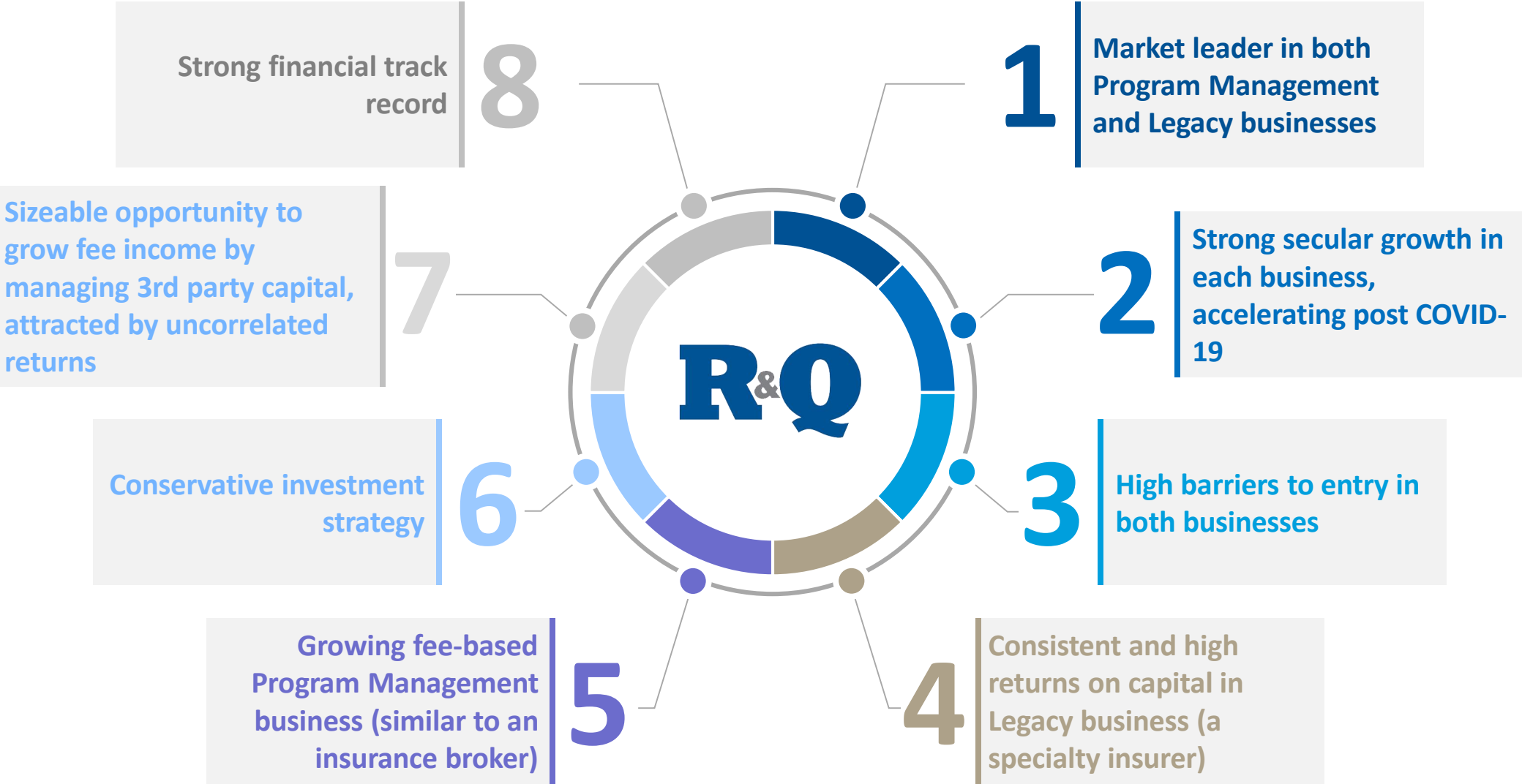
- Program Management
 - Collaborate with existing strong MGAs lacking capital support
 - Accelerate entry into Excess & Surplus lines program management market
- Legacy
 - Increasing number of opportunities as insurers seek to free-up capital by divesting reserves
- Raised \$100m to fund growth in May 2020

WE ARE A UNIQUE GLOBAL SPECIALTY INSURANCE COMPANY



Program Management and Legacy insurance businesses are both well positioned to capitalise on favorable market dynamics

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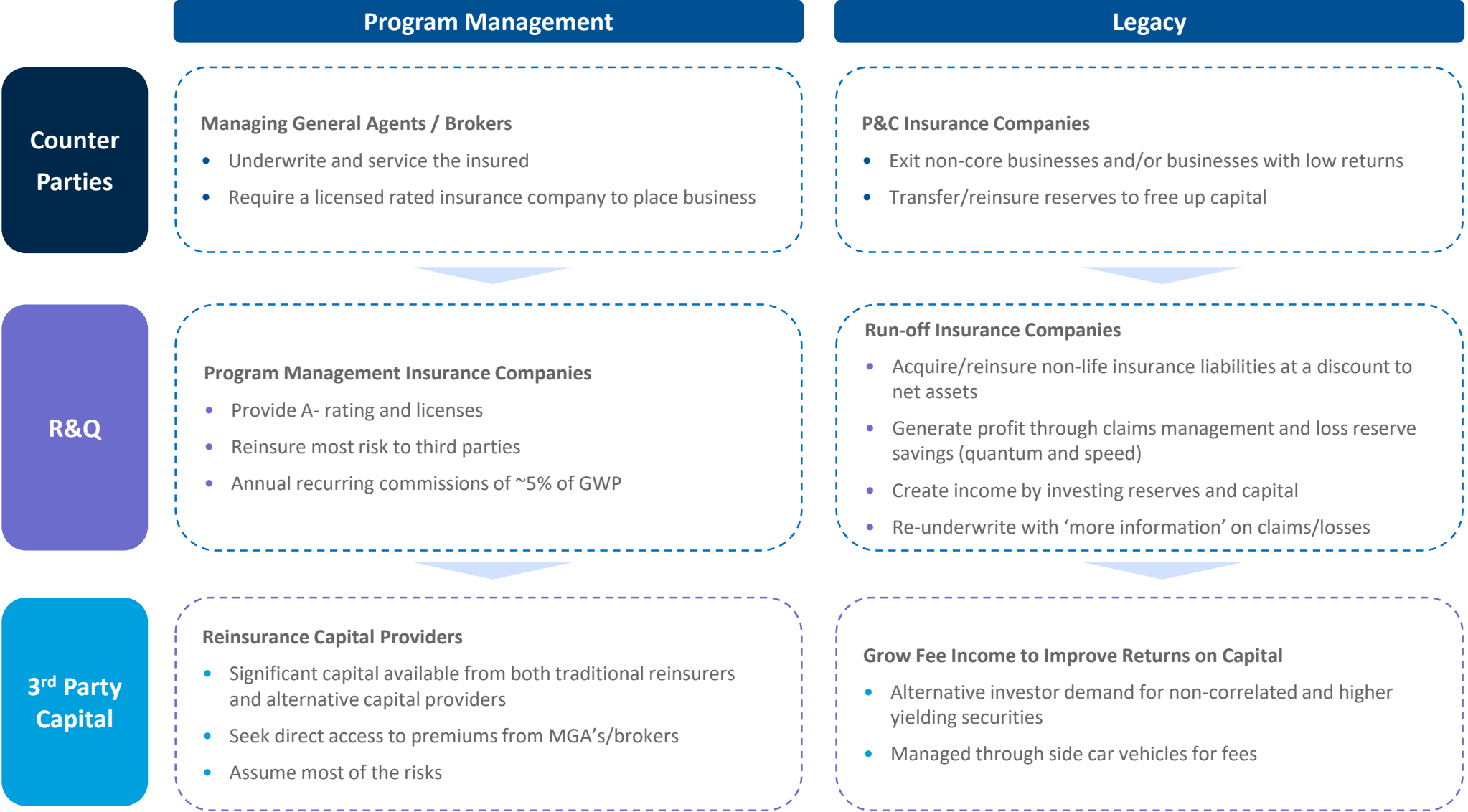


OUR SPECIALTY BUSINESSES ARE KEY COMPONENTS OF THE INSURANCE MARKETS



Program Management is a fee-based broker/intermediary business while Legacy is a balance sheet specialty insurance business

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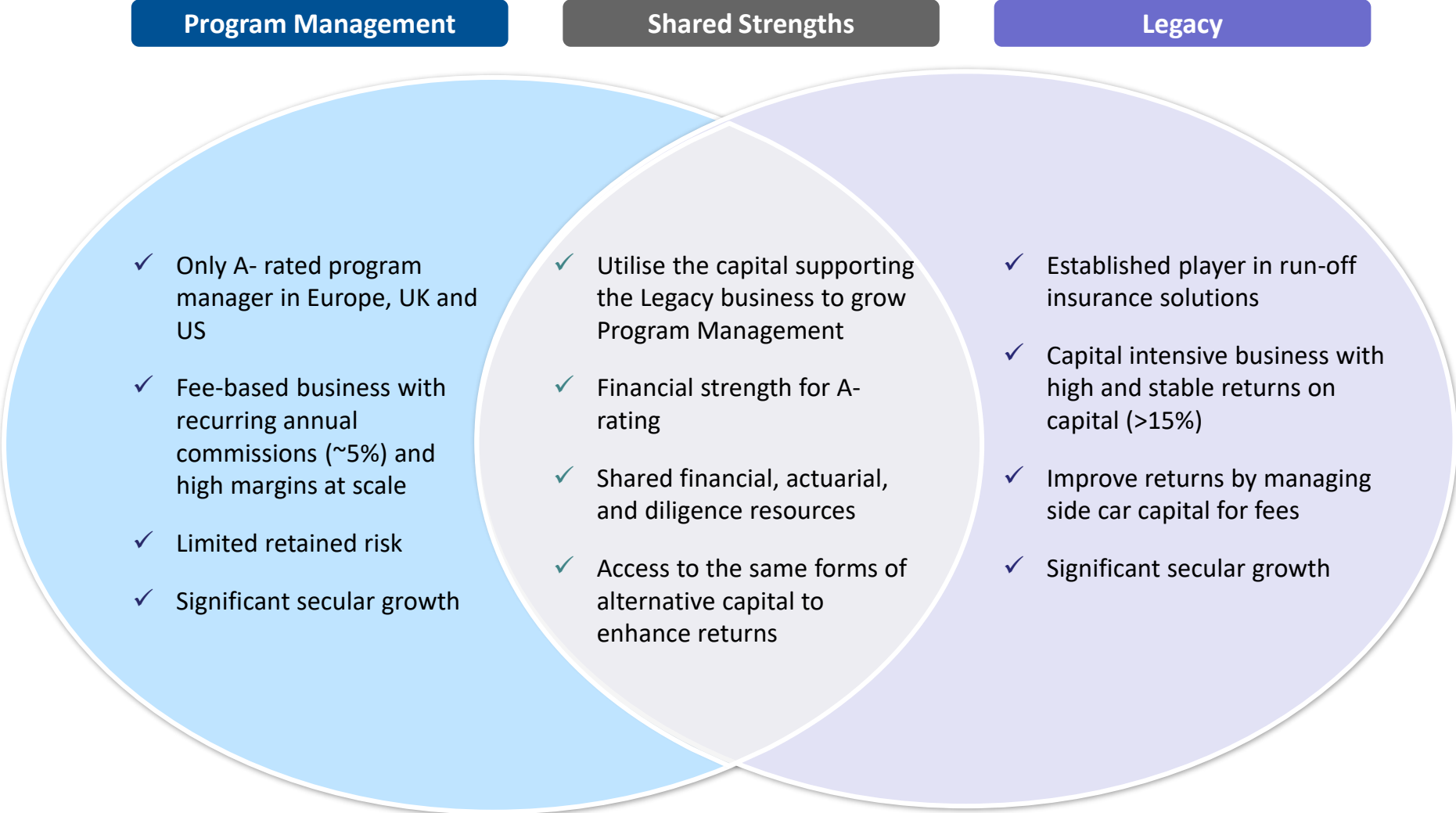


OUR TWO SPECIALTY INSURANCE BUSINESSES COMPLEMENT EACH OTHER



Our Legacy business infrastructure has supported the growth of our growing fee-based Program Management business

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WE ARE MARKET LEADERS IN BOTH PROGRAM MANAGEMENT AND LEGACY

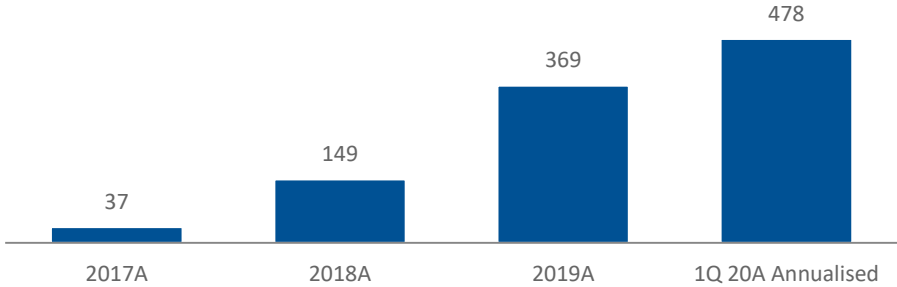


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Program Management

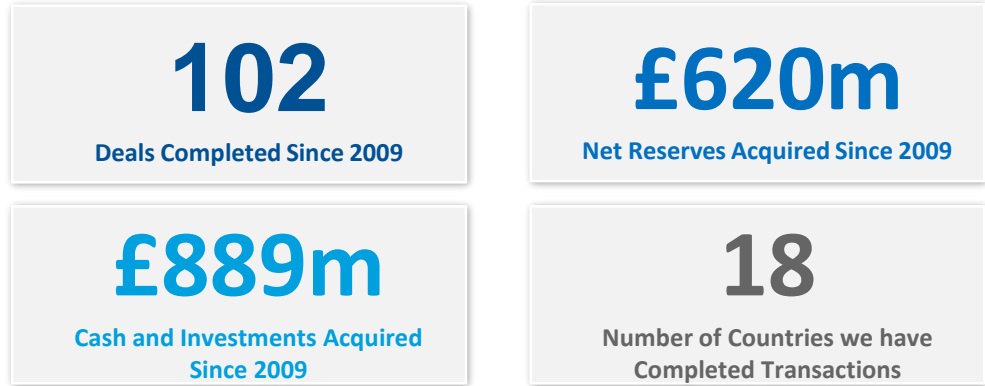


Program Management – Gross Written Premium (\$m)⁽¹⁾

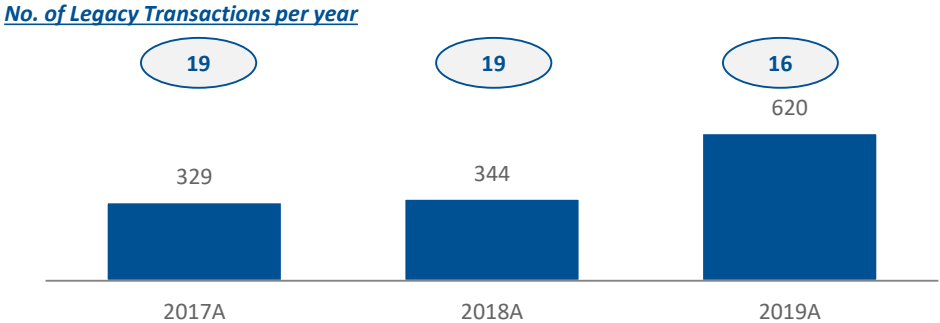


Supported by Quality A-rated (Re)insurers

Legacy



Legacy – Cumulative Net Reserves Acquired (£m)



Selected Partners

Note: (1) Includes U.S. and Europe GWP premium. See End Notes at the end of the presentation for definitions

OUR BUSINESSES ARE ENJOYING SIGNIFICANT SECULAR GROWTH



Demand for our Program Management and Legacy services should increase post COVID-19

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Program Management

>\$100b in MGA/broker premium in US, UK and Europe;
>\$600b in reinsurance and ILS capital

Increasing number of MGAs including InsurTech MGAs

Growing demand from MGAs for access to consistent and reliable insurance paper ('pure fronting')

Pure fronting model is not in 'competition' with an MGA's clients

Pure fronting model provides access to global reinsurance capital

Growing demand from alternative capital providers for non-correlated and high return investments

Legacy

>\$650b of run-off liabilities across US, UK and Europe

P&C companies seek capital relief from growing regulatory capital charges on reserves (Solvency II, Lloyds, etc.)

P&C ROEs are under pressured from low interest rates

P&C companies require reserve strengthening due to under-reserving in casualty lines

P&C companies require capital for unanticipated losses (COVID-19, CAT events) and to finance M&A transactions

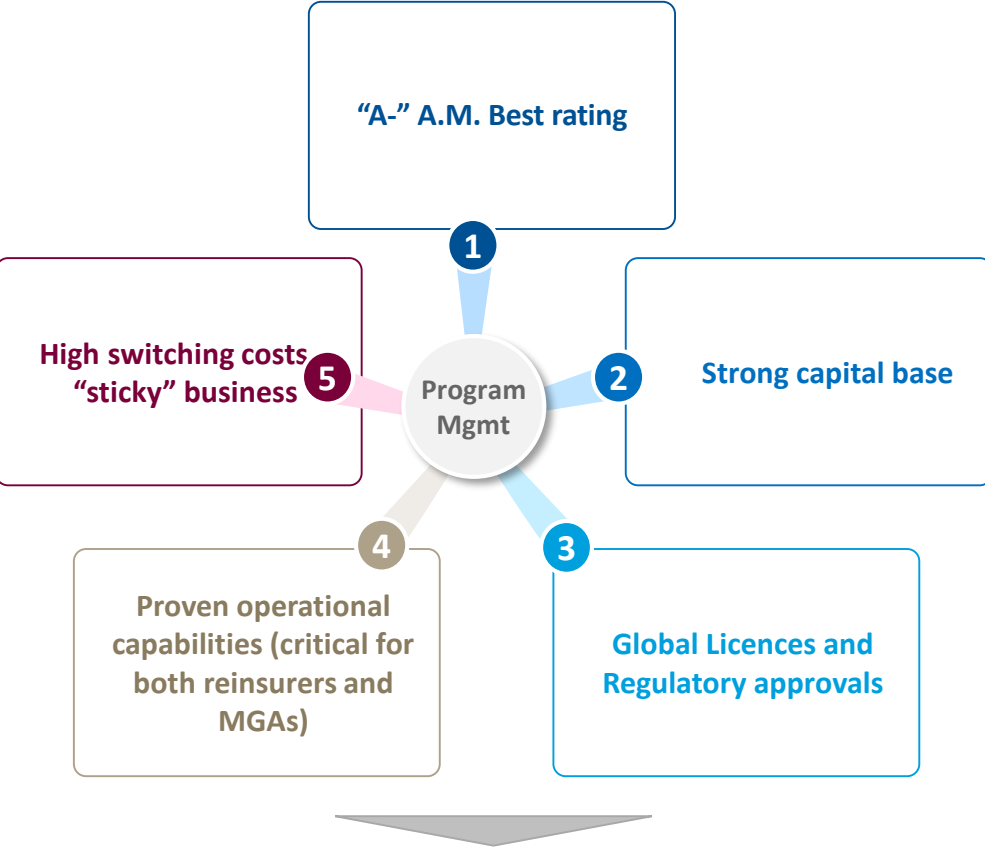
Growing demand from alternative capital providers for non-correlated and high return investments

THERE ARE HIGH BARRIERS TO ENTERING OUR BUSINESSES



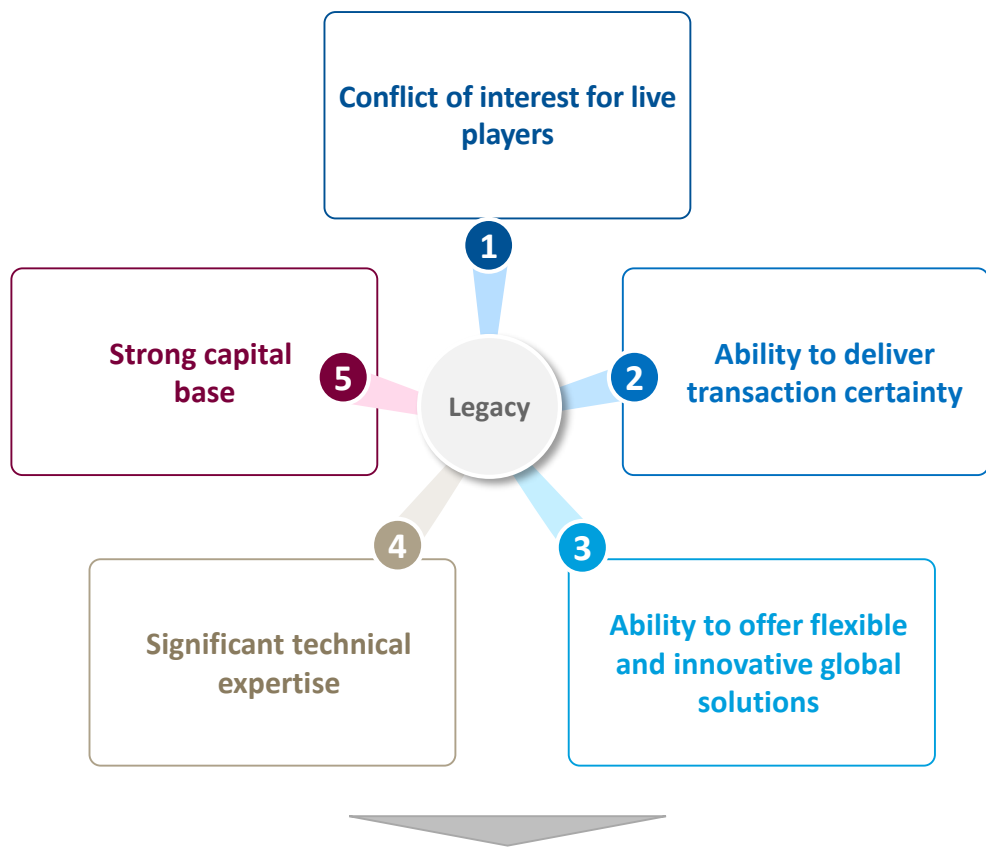
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Program Management



Our Positioning – Only Program Manager providing A-rated capacity in each of US, UK and Europe

Legacy



Our Positioning – Broad platform including rated and fully licensed insurers in US, UK, Europe as well as Lloyds and Bermuda capabilities

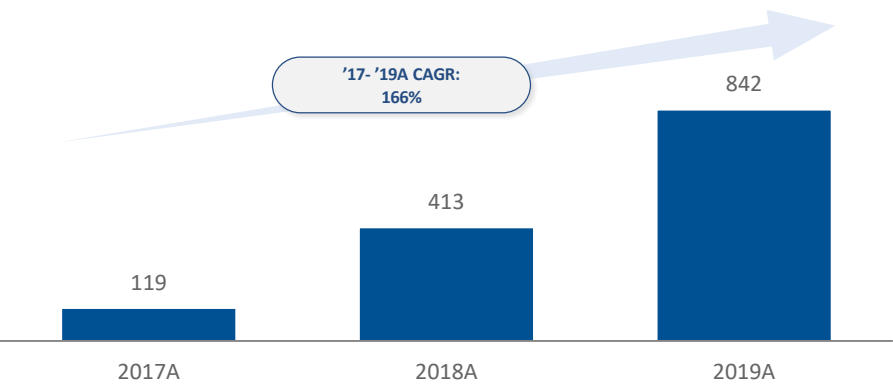
PROGRAM MANAGEMENT'S COMMISSION REVENUE AND EBITDA ARE GROWING RAPIDLY



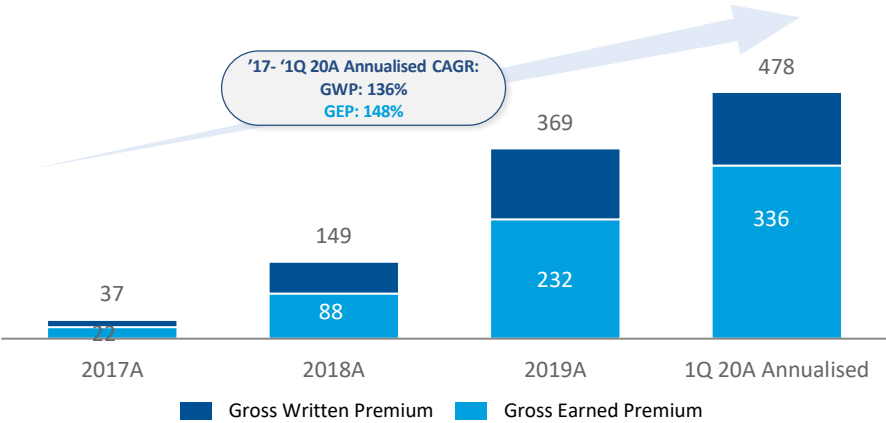
Premium and Commission Revenue are growing in excess of 100%. A high percentage of future Commission Revenue should fall to profit

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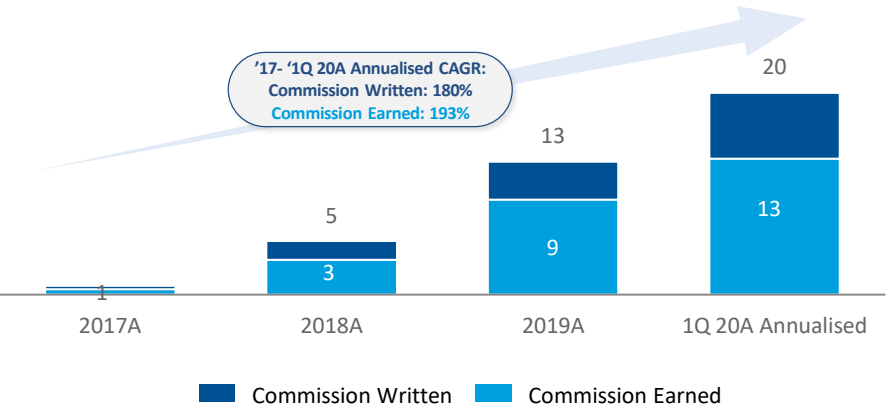
Contracted Premium (\$m)



Gross Written and Earned Premium (\$m)



Annual Recurring Commissions based on Earned and Written Premiums (\$m)



2019A Pre-Tax Economic and IFRS EBITDA (\$m):

2019A IFRS EBITDA: \$(1.9)m

2019A Economic EBITDA: \$1.8m

Note: Calendar Year figures. See End Notes at the end of the presentation for definitions

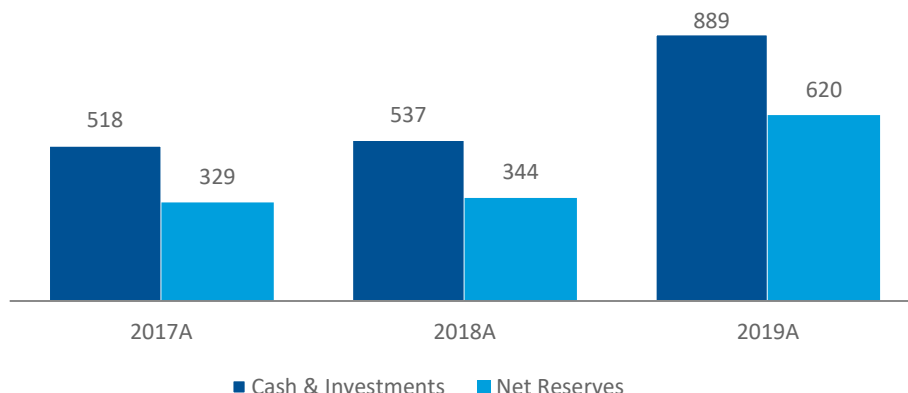
LEGACY'S 3-YEAR OPERATING RETURN ON CAPITAL IS 17.6% AND RETURN ON EQUITY IS 21.7%



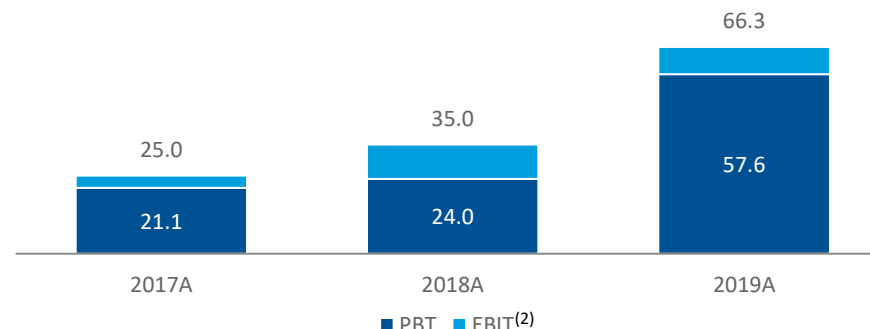
In 2019, we generated an Operating Return on Average Capital of 19.6% and an Operating Return on Average Equity of 24.2%

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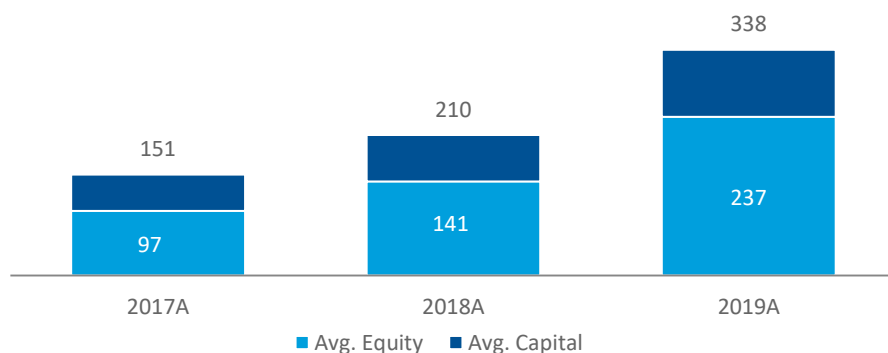
Cum. Cash & Investments and Net Reserves Acquired (£m)



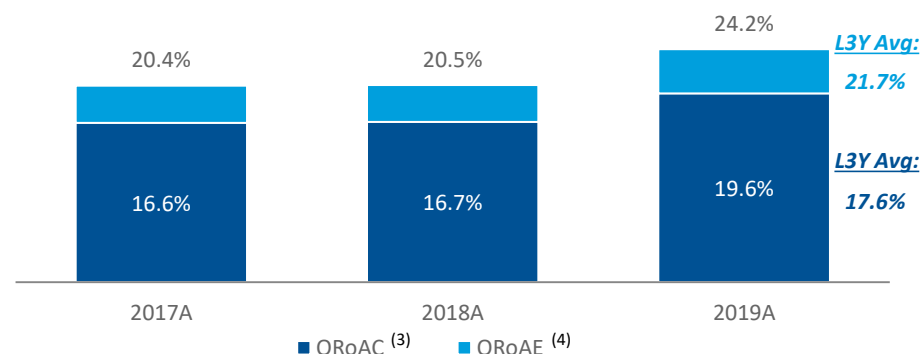
PBT and EBIT⁽²⁾ (£m)



Average Equity and Capital (£m)⁽¹⁾



Operating Return on Average Capital⁽³⁾ and Equity⁽⁴⁾(%)



Calendar Year figures. See End Notes at the end of the presentation for definitions

Notes: (1) Assumes 85% of average Group Equity and Group Capital (equity and debt) is Legacy. Management estimate based on BCAR capital allocation and the Group's economic capital models; (2) Excludes unrealised investment gains / (losses); (3) Operating Return On Average Capital reflects the un-leveraged Pre-Tax Return on Capital. Legacy Pre-Tax Profit is adjusted for Group interest expense allocated to Legacy and excludes any unrealised gains or losses on investments; (4) Represents Pre-Tax Profit excluding unrealised gains or losses on investments as a percentage of Average Equity.

WE MAINTAIN A CONSERVATIVE INVESTMENT PORTFOLIO



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2019 Results

Cash and investments of £832.2m (2018: £638.7m)

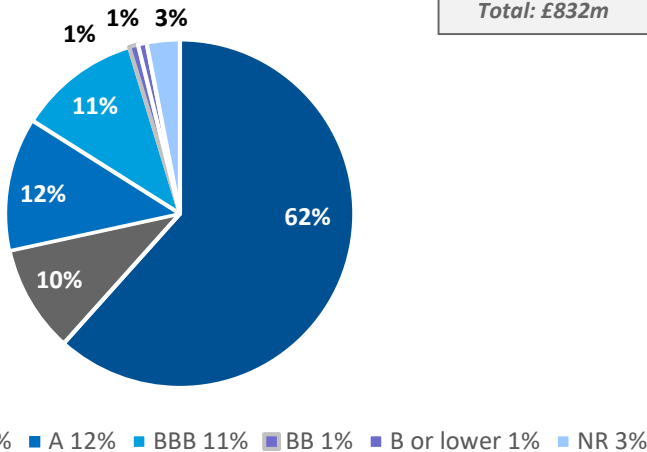
Net return of 3.6% (book yield of 2.21%, yield to worst of 1.64%)

Average duration of 1.7 years

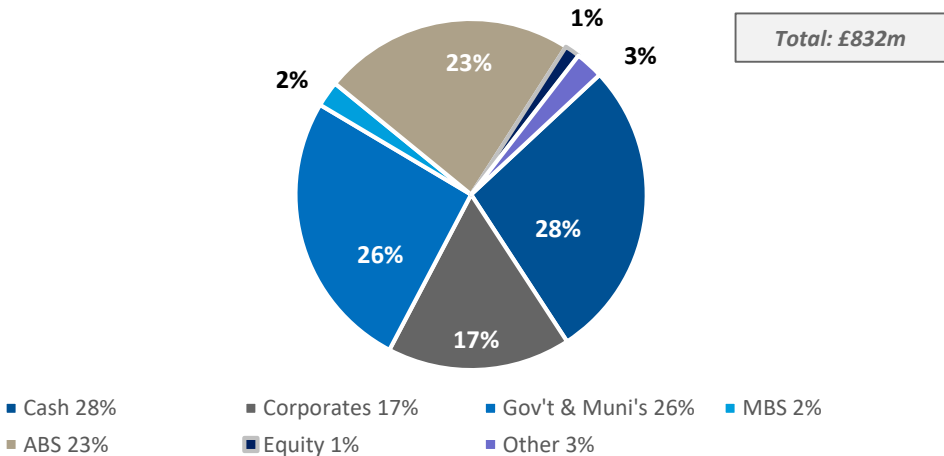
78% US dollars; 95% BBB or above; 62% AAA rated

Credit Rating and Asset Class (as at 31 December 2019)

Credit Rating



Asset Class



WE ARE POISED FOR FUTURE PROFITABLE GROWTH



We were seeing strong secular growth prior to COVID-19; insurance capital dislocation will accelerate this growth

STRATEGY | INNOVATION | EXPERTISE

Program Management



Significant embedded growth from our 30 existing MGA partners and large current pipeline of new MGA's totalling over \$1b



Increase addressable market by entering US E&S market in late 2020/early 2021; E&S premium ~\$40b in 2019



Grow in large UK market by creating a UK branch, post Brexit



Increase presence in Italy with establishment of an Italian branch



Collaborate with strong MGAs, post COVID-19, due to lack of capital support from their existing capital providers



Increase in Commission Revenue as insurance premiums increase due to the "hard insurance" market

Legacy



Increase in number of opportunities, post COVID-19, as the industry's reduced capital position forces insurers to seek capital solutions



Improve returns on capital, post COVID-19, due to excess demand for legacy solutions



Increase size of opportunities by using third-party partnerships



Grow our leading "captive" insurance business, as cash-strapped owners seek exit solutions post COVID-19



Increase in demand driven by need for capital efficiency due to growing regulatory capital pressure on reserves

WE HAVE WELL DEFINED GOALS FOR BOTH OF OUR BUSINESSES



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Program Management

Expand our relationship with our exiting MGA partners

Increase the number of new MGA partners

Grow Gross Written Premium to \$1.5b - \$2b annually by 2022/2023

Achieve ~80% pre-tax margins

Generate \$50m+ of annual Economic EBITDA by 2022/2023

Legacy

Generate >15% Operating Returns on Capital deployed

Focus on claims management, loss reserve savings and cash collection

Maintain our conservative investment approach

Develop side car fee business by providing access to our origination and claims management infrastructure

OUR BUSINESS IS A COMBINATION OF AN INSURANCE BROKER AND A SPECIALTY INSURER



Program Management is a recurring fee business while Legacy is currently a balance sheet business

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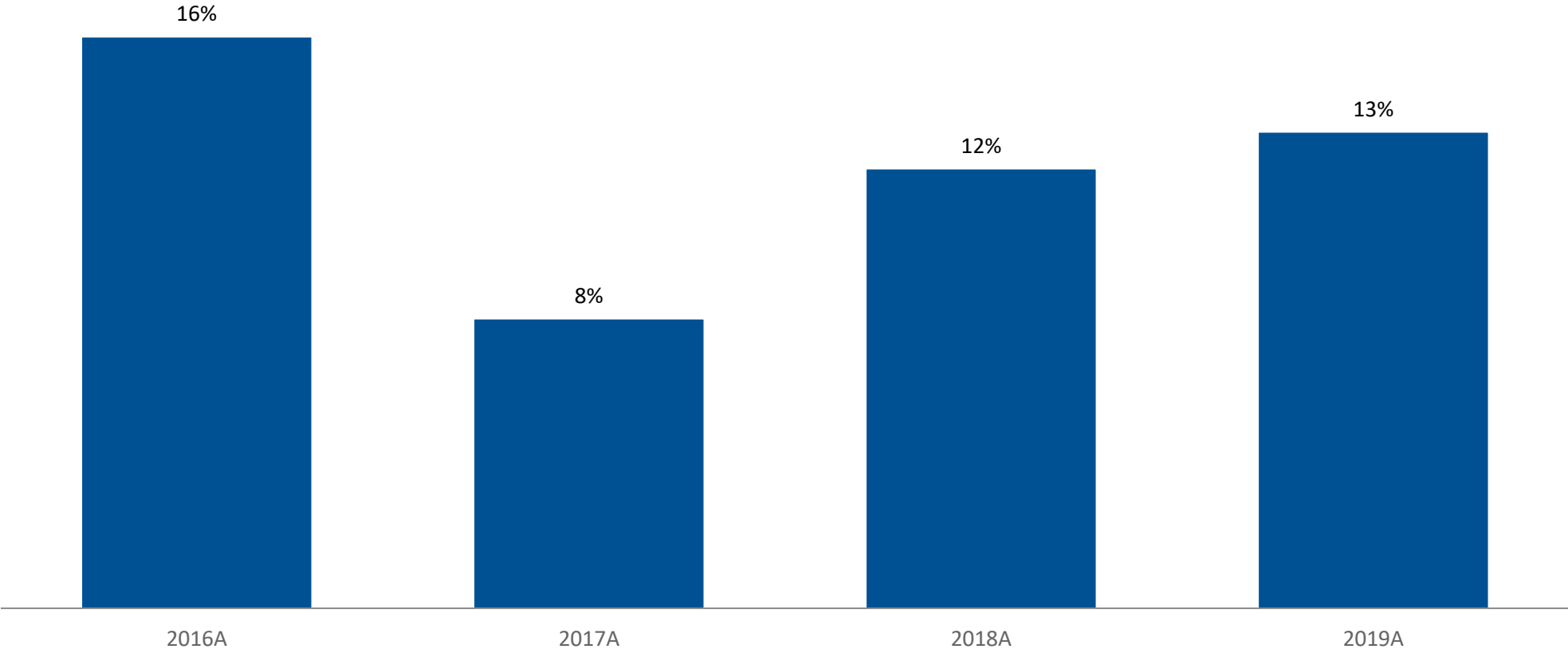
- The **Program Management** business is most similar to global **Insurance Brokerage** businesses (a list of brokers is in the appendix)
 - Annual recurring fee-based business
 - High pre-tax margins
 - Scalable with limited capital required for growth
- Key performance indicators for **Insurance Brokers** are growth in Revenue and EBITDA as well as EBITDA margin
 - Over the past 5-years, publicly traded insurance brokers have traded at 3.6x LTM Revenue and 16.4x LTM EBITDA⁽¹⁾
- The **Legacy** businesses is most similar to global **Specialty Insurance** companies (a list of Specialty Insurers is in the appendix)
 - High and stable returns on capital and equity
 - Strong, non-cyclical growth
- Key performance indicator for **Specialty Insurance** companies is Return on Net Asset Value
 - Over the past 5-years, Specialty Insurance companies have traded at 1.99x Net Asset Value⁽²⁾
- Our businesses have higher growth and stronger returns than the comparable companies
 - Program Management – has a 280% CAGR ('17-'19) in Commission Revenue vs insurance broker average of 8%
 - Legacy – has a 5-year Operating RoAE of 20.2%⁽³⁾ vs Specialty Insurance companies average ROAE of 9.4%

WE HAVE GROWN NAV/SHARE (PLUS DISTRIBUTIONS) AT A CONSISTENT RATE



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Y-o-Y Absolute Change in Net Assets Per Share Plus Distributions



SUMMARY FINANCIAL METRICS



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FY 31 Dec, £m	2018A	2019A
Income Statement		
Profit before tax (continuing)	14.3	40.1
Profit after tax	7.8	38.8
Earnings per share (basic)	5.8p	21.4p
Balance Sheet		
Cash and Investments	639	832
Total gross reserves	699	1,072
Amounts owed to credit institutions	140	143
Shareholders' equity (Net Asset Value)	176	290
Key Statistics		
Distribution per Share <i>*including bonus shares</i>	9.2p	9.9p*
Investment return	1.2%	3.6%
Net Asset Value per Share	139.4p	148.1p
Growth in Net Asset Value per Share + Distribution	12.0%	13.0%

FY 31 Dec, £m	2018A	2019A
BUSINESS LINE METRICS		
Program Management		
	\$m	\$m
Gross Written Premium	149.4	369.3
Economic Commission Revenue	5.2	12.9
Economic EBITDA	(3.8)	1.8
Legacy		
Operating Return on Average Equity	20.5%	24.2%
Operating Return on Average Capital	16.7%	19.6%
Allocated Capital	£209.9m	£337.8m
Gross Reserves	£591.8m	£772.9m

LED BY EXPERIENCED AND SEASONED EXECUTIVES



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Ken Randall

Executive Chairman

- 30 years at R&Q
- 45+ years of industry experience
- Previous experience : Lloyd's, Merrett Group



William Spiegel

Deputy Executive Chairman

- Joined R&Q in 2020
- 30+ years of industry experience
- Previous experience : Pine Brook, The Cypress Group



Alan Quilter

Group Chief Executive Officer

- 30 years at R&Q
- 50+ years of industry experience
- Previous experience : Lloyd's



Thomas Solomon

Incoming Chief Financial Officer

- Currently Managing Director and Head of Americas Insurance Investment Banking at Bank of America
- 25+ years of industry experience
- Previous experience : Citigroup and PwC



Paul Corver

Legacy - Group Head of M&A

- 10+ years at R&Q
- 35+ years of industry experience
- Previous experience : KMS Group



Todd Campbell

Program Management - President and Chief Executive Officer, Accredited Surety and Casualty Company, Inc

- ~4 years at R&Q
- 25+ years of industry experience
- Previous experience : Lloyd's. corporate M&A and insurance attorney



Mike Walker

Legacy –Group Head of Operations

- 1 year at R&Q
- 25+ years of industry experience
- Previous experience : KPMG



Colin Johnson

Program Management - CEO, European Program Management, Accredited Insurance (Europe) Limited

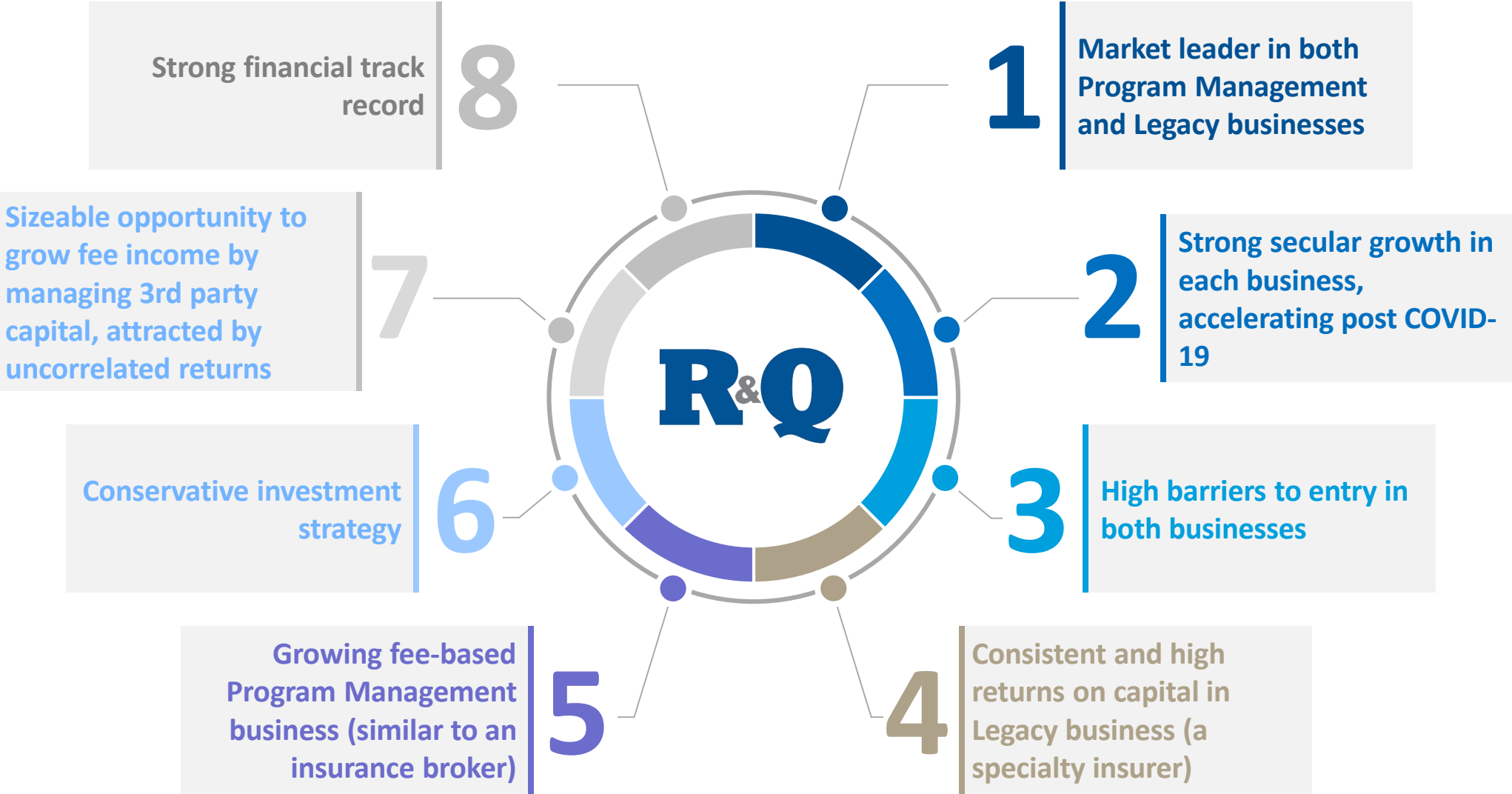
- 10+ years at R&Q
- 40 years of industry experience
- Previous experience : Helix UK, Marsh North America

WE ARE A UNIQUE GLOBAL SPECIALTY INSURANCE COMPANY



Program Management and Legacy insurance businesses are both well positioned to capitalise on favorable market dynamics

STRATEGY | INNOVATION | EXPERTISE



- Growth in Net Asset Value per Share (including return to shareholders) is a measure of how the Groups Net Asset Value per Share has grown year over year. The calculation includes distributions to shareholders during the year
- Economic Commission Revenue represents the Commission Revenue from insurance policies already bound (written), regardless of the length of the underlying policy period (earned). We believe Economic Commission Revenue is a more appropriate measure of the Revenue of the business during periods of high growth, due to larger than normal gap between Gross Written and Gross Earned (IFRS) Premium, and the corresponding fees
- Economic EBITDA fro Program Management is equal to IFRS EBITDA plus Unearned Commission Revenue (the difference between Economic Commission Revenue and Commission Revenue Earned (IFRS). Commission Revenue as a function of Gross Written Premium, shows the economic value of the business already bound (written) regardless of the length of the underlying policy period. We believe Economic EBITDA is a more appropriate measure of the profit embedded in the Program Management Business during periods of hight growth, due to a larger than normal gap between Gross Written Premium and Gross Earned (IFRS) Premium. In 2019, IFRS EBITDA was a loss of \$1.9 million
- Operating Return on Capital for Legacy reflects the un-leveraged Pre-Tax Return on Capital allocated to the Legacy Business. Legacy Pre-Tax Profit is adjusted for Group interest expense allocated to Legacy and excludes any unrealised gains or losses on investments. 85% of Group capital is allocated to Legacy and is determined based on the Group's economic capital models
- Contracted Premium is the Gross Premium that our existing distribution partners believe their programs will generate over a period of time. We expect a significant portion of Contracted Premium to become Gross Premium Written



Appendix

INSURANCE BROKER AND SPECIALTY INSURANCE COMPANY COMPARABLES



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Specialty Insurance

		P / NAV (12 Months Period Ending May)				
		'15-'16	'16-'17	'17-'18	'18-'19	'19-'20
W. R. Berkley		1.40x	1.47x	1.52x	1.68x	1.94x
Markel		1.48x	1.48x	1.60x	1.52x	1.39x
RLI		3.15x	3.32x	3.21x	3.92x	4.14x
Argo Group		0.93x	1.01x	0.98x	1.20x	1.06x
James River		1.18x	1.54x	1.59x	1.64x	1.60x
Kinsale		n/a ⁽¹⁾	2.74x	3.75x	4.66x	5.82x
ProAssurance		1.30x	1.53x	1.63x	1.40x	1.18x
Beazley		1.98x	1.77x	2.30x	2.32x	2.12x
Lancashire		1.73x	1.48x	1.52x	1.44x	1.56x
Hiscox		1.77x	1.67x	2.05x	2.33x	2.07x
Average		1.66x	1.80x	2.01x	2.21x	2.29x
5 Year Average						1.99x

Insurance Brokers

		EV / Revenue (12 Months Period Ending May)				
		'15-'16	'16-'17	'17-'18	'18-'19	'19-'20
Marsh & McLennan		2.8x	3.2x	3.5x	3.5x	4.2x
Willis Towers Watson		3.7x	3.3x	3.2x	3.2x	3.7x
Arthur J. Gallagher		2.0x	2.2x	2.5x	2.7x	3.2x
Brown & Brown		3.7x	4.1x	4.6x	4.9x	5.5x
Aon		2.8x	3.7x	4.2x	4.1x	5.0x
Average		3.0x	3.3x	3.6x	3.7x	4.3x
5 Year Average						3.6x

Insurance Brokers

		EV / EBITDA (12 Months Period Ending May)				
		'15-'16	'16-'17	'17-'18	'18-'19	'19-'20
Marsh & McLennan		13.0x	14.3x	15.4x	17.4x	22.3x
Willis Towers Watson		17.4x	16.0x	14.3x	17.0x	17.1x
Arthur J. Gallagher		14.8x	15.7x	16.7x	17.1x	19.2x
Brown & Brown		11.8x	12.6x	14.5x	15.8x	16.3x
Aon		15.8x	17.0x	20.3x	19.1x	19.6x
Average		14.6x	15.1x	16.3x	17.3x	18.9x
5Y Average						16.4x

Consolidated Statement of Position 31 December 2019



STRATEGY | INNOVATION | EXPERTISE

Randall & Quilter Investment Holdings Ltd. Consolidated Statement of Financial Position	31 December 2019 £'000	31 December 2018 £'000
Assets		
Intangible Assets	46,082	19,974
Property, plant & equipment	969	577
Right of use assets	3,191	-
Investment properties	1,480	1,881
Financial assets		
- Investments	559,963	395,418
- Deposits with ceding undertakings	19,504	6,331
Reinsurers' share of insurance liabilities	471,412	300,357
Deferred tax asset	4,008	3,205
Corporation tax	1,988	191
Insurance and other receivables	419,535	232,716
Cash and cash equivalents	252,741	236,923
Total assets	1,780,873	1,197,573
Liabilities		
Insurance contract provisions	1,072,208	699,078
Financial liabilities		
- Amounts owed to credit institutions	142,693	140,243
- Lease liabilities	3,210	-
- Deposits received from reinsurers	1,068	1,139
Deferred tax liabilities	9,465	3,449
Trade and other payables, including insurance payables	253,909	168,488
Current tax liabilities	294	2,323
Pension scheme obligations	7,337	6,866
Total liabilities	1,490,184	1,021,586
Equity		
Share capital	3,918	2,520
Share premium	134,905	51,135
Foreign currency translation reserve	1,037	9,676
Retained earnings	150,386	112,307
Attributable to equity holders of the parent	290,246	175,638
Minority interest in subsidiary undertakings	443	349
Total equity	290,689	175,987
Total liabilities and equity	1,780,873	1,197,573

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