

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

29 April 2020

Randall & Quilter Investment Holdings Ltd.

("R&Q", the "Group" or the "Company")

Significant new investment in the Group

R&Q announces US\$100 million of new equity investment into the Group to further capitalize on significant opportunities in its specialty legacy and program management businesses.

Randall & Quilter Investment Holdings Ltd., the global program management and legacy acquisitions specialist, is pleased to announce US\$100 million of new equity investment into the Group by way of:

- a US\$80 million subscription by Brickell Insurance Holdings LLC ("**Brickell**"), an investment vehicle controlled by 777 Partners, for a new series of preferred stock issued by Randall & Quilter PS Holdings Inc., an indirect wholly owned subsidiary of R&Q, which are exchangeable (subject to certain terms and conditions) for ordinary shares in the capital of the Company ("**Ordinary Shares**") at a price of £1.35 per Ordinary Share (the "**R&Q PS Investment**");
- a US\$20 million subscription by funds managed by Hudson Structured Capital Management Ltd. ("**Hudson Structured**") for 11,902,318 new Ordinary Shares (the "**Subscription Shares**") at a price of £1.35 per Subscription Share (the "**Subscription**"), the R&Q PS Investment and the Subscription being referred to together as the "**Investment**".

Highlights:

- Aggregate proceeds from the Investment of approximately £80.3 million.
- The £1.35 price (being the price at which the R&Q PS Investment is exchangeable for Ordinary Shares and the price for the Subscription Shares) represents a discount of approximately 7.2% to the closing mid-market price of 145.5 pence per Ordinary Share on 28 April 2020 (being the latest practicable date prior to the publication of this announcement).
- Proceeds from the Investment will be utilised primarily to invest in the growth of R&Q's program management and legacy businesses.

In a joint statement, the Executive Directors of the Company, Ken Randall, Alan Quilter and William Spiegel, commented on the Investment and said:

"We are extremely pleased to have raised these funds. We have long been clear on the significant opportunities we see for the Group in the two fast growing markets we operate in: program management and legacy. It has become apparent that the market dislocation currently being experienced will only increase demand for these specialist capabilities as the balance sheets of traditional insurance companies come under increased strain. The equity we have secured will enable us to proactively and quickly move to capitalise on these dynamics as the market seeks the solutions R&Q is able to provide.

"777 Partners and Hudson Structured are investment firms we have known and admired for many years, with 777 Partners, through Brickell, already an important stakeholder in R&Q. Both are highly regarded investors within the insurance industry, and their investment is a testament to R&Q's reputation as a leader in our two specialty insurance businesses."

The Executive Directors also commented on the effect of Covid-19 on R&Q's employees and existing business:

"Employee safety, security and health is our paramount concern. As a result of Covid-19 we implemented our Business Continuity Plan across all our offices. We are pleased to report that our team is successfully working from home and operating in a "business as usual" manner in all of our business locations.

"We believe the outbreak of the pandemic will have a limited impact on the Group's existing business. Whilst there will be some near-term delay in completing transactions, we believe the impact of the pandemic on the wider insurance industry will create considerable future opportunity for the Group. Our existing legacy books have limited exposure to unexpired risk, our program management portfolios are largely reinsured with highly rated counterparties, and our investment portfolio has an average duration of 2 years with approximately 92% of our investments rated BBB or better of which approximately 51% is in government bonds and cash. Our conservative investment portfolio has resulted in net unrealised losses of only 1.4%% as of 22 April 2020."

Commenting on 2019 results, Randall, Quilter and Spiegel said:

"2019 was a record year for the Group. We currently expect that the Group's pre-tax result for the year ending 31 December 2019 will be in line with management's expectations, although the result is still subject to completion of customary auditing review procedures. Typical of the experience across the market, finalisation of the audit of the Group's financial results for 2019 has been delayed and we will confirm in due course the expected date for release. In addition, the Group expects to continue its history of paying a return to shareholders, although this year, in light of the wider macro environment this will be in the form of additional ordinary shares. The Group will assess the quantum and nature of its future distributions once there is better understanding of the trading environment post Covid-19."

Josh Wander, Founder and Managing Partner at 777 Partners commented:

"We are excited to continue to support R&Q's growth as a world class underwriter and servicer of specialty risk. Since our initial investment, Ken, Alan and now William have consistently validated 777's strategy of investing in best in class management teams who deploy a thoughtful approach to prudent risks with asymmetric upside. We are confident that fresh, flexible capital will enrich shareholder value by facilitating R&Q's ability to execute on the boundless opportunity resulting from prevailing market conditions."

Michael Millette, Founder and Managing Partner at Hudson Structured said:

"Hudson Structured is delighted to join Randall & Quilter as an equity investor. We see exciting growth opportunities in the legacy and program management businesses and believe that R&Q's management team are well positioned to address them."

Introduction

R&Q today announces US\$100 million of new equity investment into the Group: the R&Q PS Investment and the Subscription. The Subscription constitutes an investment in new Ordinary Shares of the Company at a price of £1.35 per Ordinary Share and, subject to certain terms and conditions, the R&Q PS Investment is exchangeable for new Ordinary Shares in the Company, again at a price of £1.35 per Ordinary Share. In each case, the £1.35 per share price represents a discount of approximately 7.2% to the closing mid-market price of 145.5 pence per existing Ordinary Share on 28 April 2020 (being the latest practicable date prior to the publication of this announcement).

The Board believes that raising equity for the Group through the R&Q PS Investment and the Subscription provides the Group with a desirable level of flexibility so as to be able to take advantages of opportunities as and when they arise.

Details of the R&Q PS Investment

Under the terms of the R&Q PS Investment, Brickell has conditionally subscribed for a new series of preferred stock (the "**Preferred Stock**") issued by Randall & Quilter PS Holdings Inc. ("**R&Q PS**") for an aggregate subscription price of US\$80 million. On issue, the Preferred Stock will be perpetual, non-voting, will not be guaranteed and will not give Brickell any control rights in relation to either R&Q PS or the Group generally. The Preferred Stock will remain outstanding unless and until it is exchanged for Ordinary Shares of the Company subject to satisfaction of certain conditions ("**Exchange**"), transferred, or redeemed at the Company's option, as described below.

The issue of the Preferred Stock is conditional upon the Company obtaining shareholder approval for the issue of the Ordinary Shares due on Exchange. Accordingly, a circular (the "**Circular**") is expected to be posted shortly containing notice of a general meeting which is being convened for the purpose of considering the relevant resolutions to enable Exchange to take place. A copy of the Circular will also be available from the Company's website at: <http://www.rqih.com/>.

Once issued, the Preferred Stock will, in certain circumstances, be exchangeable into a total of 47,609,270 new Ordinary Shares (equating to a price equal to £1.35 per Ordinary Share), representing 18.27% of the Company's total issued ordinary share capital, after giving effect to the issue of such new Ordinary Shares and the Subscription Shares. Such Exchange can only take place if Brickell has obtained all necessary regulatory approvals so as to enable it to own and control (subject to any voting restriction that may be required by any applicable governmental authority) the number of Ordinary Shares into which the Preferred Stock exchanges prior to the third anniversary of the issue date.

Following Exchange:

- if Brickell's ownership of the Company's Ordinary Shares exceeds the lesser of (a) 24.99% and (b) the maximum percentage of the Company's total voting power then permitted by any applicable governmental authority, restrictions are in place to limit its voting rights to such lesser percentage; and
- if Brickell owns at least 66,552,301 Ordinary Shares (being its current holding of Ordinary Shares together with those Ordinary Shares issuable on Exchange), the Company's board shall, upon Brickell's request, use commercially reasonable efforts to cause one person designated by Brickell to be included in the slate of nominees recommended for election by the Company's shareholders to the board of directors of the Company.

In addition, the terms of the Preferred Stock contain customary provisions so as to seek to ensure that, notwithstanding any merger, sale, restructuring of the share capital, liquidation or similar corporate event, the economic interest attributable to the Preferred Stock is maintained on a consistent basis with the Company's Ordinary Shares prior to Exchange.

If, within 36 months of the date of issue of the Preferred Stock, all of the necessary regulatory approvals have not been obtained, the Company has agreed to use its commercially reasonable efforts to facilitate and effect a secondary offering of the Preferred Stock (and the Preferred Stock acquired by any person in such a secondary offering will be automatically exchangeable provided that no further regulatory consents are required). In the event that any Preferred Stock remains outstanding 36 months after the date of issue of the Preferred Stock, if the board of directors of the Company in its sole discretion determines that obtaining creditor consent and effecting a redemption of the Preferred Stock is commercially practicable and desirable, the Company will seek to obtain such consent and effect such redemption. In the event the board of directors decides to effect such a redemption, the Preferred Stock will be entitled to a 6% annual distribution, compounding annually, and payable on redemption.

The full Agreement with Brickell is available on the Company's website at <http://www.rqih.com/investors/shareholder-information/shareholder-notices/>

Details of the Subscription

Under the terms of the Subscription, Hudson Structured will, conditional on Admission (as defined below), subscribe for 11,902,318 new Ordinary Shares at a price of £1.35 per Ordinary Share by way of a conditional, non-pre-emptive subscription. The Subscription Shares will represent approximately 5.6% of the enlarged issued share capital of the Company (excluding any shares held in treasury by the Company) following admission of the Subscription Shares to trading on the AIM Market of the London Stock Exchange (“Admission”).

Application will be made to the London Stock Exchange for the Subscription Shares to be admitted to trading on AIM. It is expected that admission to AIM will become effective in respect of, and that dealings on AIM will commence in, the Subscription Shares, on 5 May 2020.

Following Admission, the Company will have 212,998,410 Ordinary Shares in issue. The Subscription utilises the shareholder authorities granted to the Company at the time of the Company’s last annual general meeting in June 2019 and accordingly does not require any further shareholder approval.

Further details of the Investment

The new Ordinary Shares issued on Exchange and the Subscription Shares will when issued as fully paid and will be identical to and rank pari passu in all respects with the existing Ordinary Shares, including the right to receive all future distributions, declared, paid or made in respect of the ordinary shares following the date of admission of such shares.

Neither the R&Q PS Investment nor the Subscription involves the offer of any Ordinary Shares to the public and accordingly no Ordinary Shares are being offered or sold in any jurisdiction where it would be unlawful to do so.

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