

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this document or as to what action to take, you should immediately seek personal financial advice from your stockbroker, bank manager, solicitor, accountant or any other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in your own jurisdiction.

If you have sold or otherwise transferred all of your R&Q Shares, please send this document together with the accompanying Form of Proxy and any reply-paid envelope at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. However, such documents should not be forwarded or transmitted in, into or from any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction. If you have sold or otherwise transferred part only of your holding of R&Q Shares, please retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

R&Q Insurance Holdings Ltd

Proposed sale of R&Q's Program Management business, Accredited and Notice of Special General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of R&Q which is set out in Part II of this document and includes a recommendation from the Non-Executive Directors that you vote in favour of the Resolution to be proposed at the Special General Meeting referred to below.

Notice of a Special General Meeting of the Company to be held at 71 Fenchurch Street, Ground Floor, London EC3M 4BS at 2.30 p.m. on 11 January 2024 is set out in Part VII of this document.

APPROVAL OF THE SALE BY SHAREHOLDERS IS NECESSARY TO COMPLETE THE SALE. SHAREHOLDERS WISHING TO VOTE ON THE RESOLUTION ARE STRONGLY URGED TO DO SO THROUGH COMPLETION OF A FORM OF PROXY OR FORM OF INSTRUCTION (AS APPLICABLE) which must be completed and submitted in accordance with the instructions provided in connection therewith.

Action to be taken by R&Q Shareholders is set out in paragraph 12 of Part II of this document.

- registered R&Q Shareholders (i.e. who do not hold Depositary Interests) should complete the Form of Proxy enclosed with this document for use at the Special General Meeting or complete a Form of Proxy electronically by going to the following website www.investorcentre.co.uk/eproxy.
- DI Holders should either complete a Form of Instruction or place an instruction through the CREST system to direct the Custodian to cast votes on their behalf in respect of their Depositary Interests at the Special General Meeting.

To be valid, Forms of Proxy and Forms of Instruction should be completed and returned in accordance with the instructions on each form as follows:

- electronic and hard copy Forms of Proxy submitted by R&Q Shareholders must be received by the Registrars not later than 2.30 p.m. on 9 January 2024; and
- Forms of Instruction and any instructions placed through CREST by DI Holders in relation to the Special General Meeting must be received by the Registrars no later than 2.30 p.m. on 8 January 2024.

The return of a completed Form of Proxy, Form of Instruction or CREST instruction will not prevent you from attending the Special General Meeting and voting in person if you so wish.

If you require assistance in completing the Form of Proxy or require additional Forms of Proxy or Forms of Instruction, please call the Registrars on 0370 702 4040 or, if phoning from outside the UK, on +44 (0)370 702 4040. For assistance in completing the Form of Instruction please call 0370 702 0000 or, if phoning from outside the UK, on +44 (0)370 702 0000. Calls may be recorded and monitored randomly for security and training purposes. For legal reasons, Registrars will not be able to give advice on the merits of the matters referred to in this document or to provide legal, financial or taxation advice.

Certain terms used in this document are defined in Part VIII of this document.

Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively for R&Q and no one else in connection with the Sale and will not be responsible to anyone other than R&Q for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Sale or any other matter referred to in this document.

Fenchurch Advisory Partners LLP ("**Fenchurch**"), which is authorised and regulated by the Financial Conduct Authority (the "FCA") in the United Kingdom, is acting as joint financial adviser for R&Q and for no one else in connection with the Sale and will not be responsible to anyone other than R&Q for providing the protections afforded to clients of Fenchurch Advisory Partners LLP nor for providing advice in relation to the Sale or any other matter referred to in this document.

TigerRisk Capital Markets & Advisory (UK) Limited ("**Howden Tiger Capital Markets & Advisory**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as joint financial adviser for R&Q and no one else in connection with the Sale and will not be responsible to anyone other than R&Q for providing the protections afforded to clients of Howden Tiger Capital Markets & Advisory nor for providing advice in relation to the Sale or any other matter referred to in this document.

Numis Securities Limited (trading for these purposes as Deutsche Numis) ("**Deutsche Numis**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for, as nominated adviser and broker to, R&Q and no one else in connection with the matters set out in this document and will not regard any other person as its client in relation to the matters in this document and will not be responsible to anyone other than R&Q for providing the protections afforded to clients of Deutsche Numis, nor for providing advice in relation to any matter referred to herein. Neither Deutsche Numis nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Deutsche Numis in connection with this document any matter, arrangement or statement contained or referred to herein or otherwise.

NOTICE IN RELATION TO OVERSEAS PERSONS

The distribution of this document, the Form of Proxy and the Form of Instruction in or into jurisdictions other than the UK may be restricted by law and therefore any person into whose possession this document comes should inform themselves about and observe any of those restrictions. Any failure to comply with any of those restrictions might constitute a violation of the relevant laws or regulations of such jurisdiction.

FURTHER INFORMATION

This document is for information purposes only and is not intended to and does not constitute, or form any part of, an offer to sell or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Sale or otherwise, nor shall there be any sale, issuance or transfer of securities of R&Q in any jurisdiction in contravention of applicable law.

This document has been prepared for the purpose of complying with Bermuda and English law and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom and Bermuda.

This document does not constitute a prospectus or prospectus equivalent document.

Financial information relating to R&Q included in this document has been or shall have been prepared in accordance with accounting standards applicable in the United States and may not be comparable to financial information of UK companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United Kingdom.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, both with respect to R&Q and Onex and their industries, that reflect their current views with respect to future events and financial performance. Statements that are not historical facts, including statements about R&Q's or Onex's beliefs, plans or expectations, are forward-looking statements. These statements are based on current plans, estimates and expectations, all of which involve risk and uncertainty. Statements that include the words "expect," "intend," "plan," "believe," "project," "anticipate," "may", "could" or "would" or similar statements of a future or forward-looking nature identify forward-looking statements. Actual results may differ materially from those included in such forward-looking statements and therefore you should not place undue reliance on them.

A non-exclusive list of the important factors that could cause actual results to differ materially from those in such forward-looking statements includes: (a) changes in the size of claims relating to natural or man-made catastrophe losses due to the preliminary nature of some reports and estimates of loss and damage to date; (b) trends in rates for property and casualty insurance and reinsurance; (c) the timely and full recoverability of reinsurance placed by R&Q or Onex with third parties, or other amounts due to R&Q or Onex; (d) changes in the projected amount of ceded reinsurance recoverables and the ratings and credit worthiness of reinsurers; (e) actual loss experience from insured or reinsured events and the timing of claims payments being faster or the receipt of reinsurance recoverables being slower than anticipated; (f) increased competition on the basis of pricing, capacity, coverage terms or other factors such as the increased inflow of third party capital into reinsurance markets, which could harm either R&Q's or Onex's ability to maintain or increase its business volumes or profitability; (g) greater frequency or severity of claims and loss activity than R&Q's or Onex's respective underwriting, reserving or investment practices anticipate based on historical experience or industry data; (h) changes in the global financial markets, including the effects of inflation on R&Q's or Onex's business, including on pricing and reserving, increased government involvement or intervention in the financial services industry and changes in interest rates, credit spreads, foreign currency exchange rates and future volatility in the world's credit, financial and capital markets that adversely affect the performance and valuation of either R&Q's or Onex's investments, financing planning and access to such markets or general financial condition; (i) changes in ratings, rating agency policies or practices; (j) the potential for changes to methodologies, estimations and assumptions that underlie the valuation of R&Q's or Onex's respective financial instruments that could result in changes to investment valuations; (k) changes to R&Q's or Onex's respective assessment as to whether it is more likely than not that it will be required to sell, or has the intent to sell, available-for-sale debt securities before their anticipated recovery; (l) the ability of R&Q's or Onex's subsidiaries to pay dividends; (m) the potential effect of legislative or regulatory developments in the jurisdictions in which R&Q or Onex operates, such as those that could impact the

financial markets or increase their respective business costs and required capital levels, including but not limited to changes in regulatory capital balances that must be maintained by operating subsidiaries and governmental actions for the purpose of stabilizing the financial markets; (n) the actual amount of new and renewal business and acceptance of products and services, including new products and services and the materialisation of risks related to such products and services; (o) changes in applicable tax laws, tax treaties or tax regulations or the interpretation or enforcement thereof; (p) the effects of mergers, acquisitions, divestitures and retrocession.

NO PROFIT FORECAST OR ESTIMATES

No statement in this document is intended as a profit forecast or estimate of the future financial performance of R&Q following Closing for any period unless otherwise stated. Furthermore, no statement in this document should be interpreted to mean that earnings or earnings per R&Q Share for R&Q for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per R&Q Share.

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PART I: EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	14 December 2023
Latest time and date for receipt of the Form of Instruction for, or placing of a CREST instruction in relation to, the Special General Meeting	2.30 p.m. on 8 January 2024 ⁽¹⁾
Latest time and date for receipt of Forms of Proxy for the Special General Meeting	2.30 p.m. on 9 January 2024 ⁽²⁾
Voting record time for DI Holders	6.00 p.m. on 5 January 2024 ⁽³⁾
Voting record time for R&Q Shareholders	6.00 p.m. on 9 January 2024 ⁽⁴⁾
Special General Meeting	2.30 p.m. on 11 January 2024
Announcement of the results of the Special General Meeting	11 January 2024 ⁽⁵⁾
Anticipated Closing of Sale	late Q1 2024 or early Q2 2024 ⁽⁶⁾

Notes

- (1) Forms of Instruction for the Special General Meeting must be lodged no later than 72 hours (excluding any part of a day that is not a Business Day) before the time appointed for the Special General Meeting or, in the case of an adjourned meeting, 72 hours (excluding any part of a day that is not a Business Day) before the time appointed for the adjourned Special General Meeting.
- (2) Forms of Proxy for the Special General Meeting must be lodged no later than 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for the Special General Meeting or, in the case of an adjourned meeting, 48 hours (excluding any part of a day that is not a Business Day) before the time appointed for the adjourned Special General Meeting.
- (3) If the Special General Meeting is adjourned, the Voting Record Time for DI Holders for the adjourned meeting will be 6.00 p.m. on the date which is three days (excluding non-working days) before the date set for such adjourned meeting.
- (4) If the Special General Meeting is adjourned, the Voting Record Time for R&Q Shareholders for the adjourned meeting will be 6.00 p.m. on the date which is two days (excluding non-working days) before the date set for such adjourned meeting.
- (5) Under bye-law 145 of the Company's bye-laws, a special general meeting may be called by not less than fourteen clear days' notice.
- (6) Closing of the Sale is conditional, among other things, on the approval by the R&Q Shareholders of the Resolution.

References in this document are to London times unless otherwise stated. Each of the times and dates above are indicative only and are subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified by the Company to R&Q Shareholders by announcement through a Regulatory Information Service.

PART II: LETTER FROM THE CHAIRMAN OF THE COMPANY

R&Q Insurance Holdings Ltd

Directors:

Jeffrey Hayman (*Non-Executive Chairman*)
William Spiegel (*Group Chief Executive Officer*)
Alan Quilter (*Group Head of Program Management*)
Thomas Solomon (*Group Chief Financial Officer*)
Philip Barnes (*Non-Executive Director*)
Eamonn Flanagan (*Non-Executive Director*)
Joanne Fox (*Non-Executive Director*)
Jerome Lande (*Non-Executive Director*)
Robert Legget (*Non-Executive Director and Senior Independent Director*)

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Dear Shareholder,

Proposed sale of R&Q's Program Management business, Accredited, and Notice of Special General Meeting

1. Introduction

On 4 April 2023, R&Q announced that it was undertaking a strategic initiative to separate its legacy insurance business, R&Q Legacy, from its program management business, Accredited. On 20 October 2023 R&Q announced that it had entered into a conditional agreement with funds advised by Onex Corporation ("**Onex**") to sell 100 per cent. of the equity interest in Randall & Quilter America Holdings Inc., the holding company of Accredited, for a purchase price of \$465 million which represents an expected equity value of approximately \$438 million, when adjusted for Accredited's existing debt commitments.

The Sale will result in a fundamental change of business of the Company for the purposes of Rule 15 of the AIM Rules for Companies and is therefore conditional upon, among other things, the approval of the R&Q Shareholders. That approval will be sought at a Special General Meeting of the Company to be held at 71 Fenchurch Street, Ground Floor, London EC3M 4BS at 2.30 p.m. on 11 January 2024. The notice convening the Special General Meeting is set out at Part VII of this document.

The purpose of this document is to explain the background to and reasons for the proposed Sale, including the future strategy for R&Q Legacy, and to explain why ***the Non-Executive Directors consider the Sale to be in the best interests of R&Q, the R&Q Shareholders as a whole and R&Q's other stakeholders and unanimously recommend that R&Q Shareholders vote in favour of the Resolution set out in the Notice of General Meeting. Your attention is drawn, in particular, to Part V of this document which summarises certain risks to R&Q including risks relating to the Sale, risks should the Sale not proceed and risks relating to R&Q Legacy. Please see Part V of this document for a detailed summary of the risk factors.***

2. Background to and strategic rationale for the Sale

R&Q is a global non-life speciality insurance company currently organised around two principal businesses: a legacy insurance business (R&Q Legacy) and a program management business (Accredited).

R&Q has supported the growth and strategic development of Accredited since its launch in 2017. Accredited relies on an 'A-' financial strength rating from AM Best to conduct business. Accredited has historically relied on the financial strength of the broader R&Q Group to obtain its financial strength rating. Following a review in Q1 2023, the Board considered Accredited's increased size and scale and concluded that it was in the best interests of the R&Q Shareholders for Accredited to obtain a standalone financial strength rating without influence from the broader R&Q Group. In the event that Accredited does not retain a fully independent financial strength rating, the Board believes there is a significant risk that AM Best will downgrade Accredited which would have a detrimental impact on Accredited's ability to successfully operate its business,

particularly in the United States where an 'A-' financial strength rating is a minimum requirement from Accredited's counterparties. AM Best recommended that in order for Accredited to obtain a fully independent rating, it was essential for there to be a legal separation of Accredited and R&Q Legacy subsidiaries followed by a sale of at least 51 per cent. of R&Q's equity interests in Accredited to a third party.

In response to the guidance from AM Best, on 4 April 2023 the Board announced its intention to implement a reorganisation to separate the subsidiaries that operate R&Q Legacy from the subsidiaries that operate Accredited. In addition, the Board announced that it had decided to explore a full deconsolidation of Accredited and subsequently ran an extensive sale process to find a suitable partner for Accredited's clients and colleagues and to realise full value for R&Q and the R&Q Shareholders.

A strategic transaction committee comprised of just the Non-Executive Directors was formed to provide governance oversight of the Sale. To be clear, no executive directors were part of this committee.

The sale process commenced in April 2023 with an extensive global outreach to potentially interested parties, representing a broad range of financial and strategic buyers. The Sale is the outcome of this process. For more details of the sale process please see Part III of this document.

Alongside the sale process, the legal reorganisation was completed in June 2023. On completion of the legal reorganisation, AM Best recognised Accredited as having an independent rating unit with a financial strength rating of 'A-'. After June 2023, the rating remained "Under Review With Negative Implications" subject to the sale and deconsolidation of Accredited until after the Sale was announced. On 24 October 2023, AM Best revised Accredited's ratings outlook to "Under Review – Developing" in anticipation of the Sale which is considered a positive development.

The Non-Executive Directors consider the Sale to be in the best interests of the R&Q Shareholders and that it enables R&Q to realise value for Accredited. The Sale will facilitate a material financial de-leveraging of R&Q and will create a simpler and better capitalised R&Q Legacy business. Following the Sale, R&Q will be positioned to deliver value to R&Q Shareholders by continuing to execute its existing strategy of transitioning R&Q Legacy to a capital efficient and stable recurring fee-based business model.

3. Future strategy of R&Q

The Sale refocuses R&Q as a legacy insurance business in Bermuda, Europe, the US and the UK. After the Sale, R&Q will have a legacy platform with over 100 people across M&A/reinsurance solutions, claims management, servicing, actuarial and finance functions. In addition, it will have Reserves Under Management of over \$1.0 billion and a strong transaction pipeline. R&Q Legacy is positioned to continue to be an important player in the legacy market.

The Sale will enable the Board to undertake a material financial de-leveraging of R&Q which will enhance the business' ability to execute the Board's existing strategy of transitioning R&Q Legacy to a capital efficient and stable recurring fee-based business model. Gibson Re, R&Q's dedicated sidecar will continue to be a core component of this transition. R&Q retains 20 per cent. of a typical legacy transaction with the remaining 80 per cent. ceded to Gibson Re. Gibson Re will underpin R&Q's ability to deploy capital and offer innovative legacy solutions to its clients.

The non-life legacy market is significant and growing, with total global reserves estimated at \$960 billion in 2022, an increase of \$96 billion from the previous year.¹ R&Q has a strong pipeline, with identified transactions comprising over \$850 million of reserves, including three deals in advanced stages with in aggregate over \$100 million of reserves. Going forward, R&Q will continue to focus on transactions in the small to medium size range, where competition is less intense, and to offer compelling finality solutions for corporates in the US, UK and Europe. This follows R&Q's landmark deal earlier in 2023 to invest alongside Obra Capital, Inc. to acquire and professionally manage the non-insurance legacy liabilities of MSA Safety Inc. This strategy, alongside Gibson Re, will generate fees from two distinct but complementary pools of liabilities: traditional insurance reserves and corporate non-insurance liabilities.

¹ Global Insurance Run-off Survey 2022 by PwC, page 4

From a financial perspective, immediately following the Sale, R&Q expects to experience run-rate operating losses as it continues to execute on its transition of R&Q Legacy to a capital efficient and stable recurring fee-based business model. It is for this reason that R&Q will retain an estimated \$50 million of cash from the Estimated Net Cash Proceeds for the purpose of working capital. As part of this strategy, the Board is focused on making R&Q Legacy a more efficient and scalable business. R&Q has already identified and taken action on a number of opportunities to reduce expenses, including simplifying its legal entity structure and rationalising its real estate footprint. Work is also underway to automate the input of data received from third party administrators (“TPAs”) and move internal systems to the Cloud. Better use of data is enabling R&Q to make smarter decisions, more quickly, while more automated processing is reducing duplication and costs. The decrease in R&Q’s Fixed Operating Expenses to \$36 million for the six months to June 2023 compared to \$39 million for the six months to June 2022 is evidence of the results and success this strategy is already delivering. The Board expects this will create further operational leverage as R&Q Legacy grows Reserves Under Management. The Board is confident that R&Q Legacy has a team with the right experience to deliver this strategy, and that it represents the best way to deliver value to shareholders.

In parallel to executing its organic growth plan, the Board will continue to explore potential transactions to de-risk and reduce volatility in R&Q’s balance sheet or otherwise maximise value to stakeholders.

A more detailed summary of the future strategy of R&Q Legacy is set out in Part IV of this document.

4. Board recommendation

The Non-Executive Directors unanimously support the Sale and believe the terms of the Sale are in the best interests of R&Q, the R&Q Shareholders and R&Q’s other stakeholders. Specifically, the Non-Executive Directors believe the Sale represents the only executable alternative available to R&Q today and, in the opinion of the Non-Executive Directors, the best opportunity for R&Q Shareholders to realise the highest potential value. Further, the Non-Executive Directors believe the Sale provides the most certainty for Accredited to maintain an independent financial strength rating of ‘A-’, which is essential to protect its value.

The Non-Executive Directors believe that the Sale refocuses R&Q as a legacy insurance business, with a platform of over 100 people and Reserves Under Management of over \$1.0 billion. In addition, the Sale will enable the Board to undertake a material financial de-leveraging which will enhance the retained business’ ability to execute the Board’s existing strategy of transitioning R&Q Legacy to a capital efficient and stable recurring fee-based business model.

R&Q Shareholders should note that if the Resolution is not approved by R&Q Shareholders at the Special General Meeting, the Sale will not proceed. The Non-Executive Directors believe that the Sale represents R&Q’s best opportunity to achieve a full separation and deconsolidation of Accredited from the Group and, as noted above, such full separation is necessary to enable Accredited to retain a fully independent financial strength rating. In the event that Accredited does not retain a fully independent financial strength rating, the Board believes there is a significant risk that AM Best will downgrade Accredited which would have a detrimental impact on Accredited’s ability to successfully operate its business, particularly in the United States where an ‘A-’ financial strength rating is a minimum requirement from Accredited’s counterparties. Such a downgrade would therefore have material implications on R&Q’s ability to continue as a going concern should the Sale not proceed to Closing and Accredited remain part of the Group.

Additionally, the Board believes that the current financial leverage of R&Q is unsustainable and if the Sale were not to proceed and the Available Net Cash Proceeds were not available to facilitate a material financial de-leveraging of R&Q, R&Q may not be able to repay its debt facilities as they become due and R&Q would therefore be unable to continue as a going concern.

R&Q remains in close dialogue with its lending banks, providers of credit and other financing providers. R&Q will require support from these parties in relation to drawdowns under the existing Main Banking Facility, ongoing renewals or redemptions, ongoing requests for waivers for potential covenant breaches and for the necessary consents, approvals, agreements, waivers and releases required to enable the Sale to take place, as described in paragraph 7. A potential default or cross-default by R&Q on its existing debt facilities may lead its lenders to take action to protect their interests by requiring collateral or enforcing their security over certain R&Q

assets, resulting in a materially worse outcome for R&Q and all its stakeholders, including its shareholders.

The attention of R&Q Shareholders is drawn to Part V of this document for a summary of the risk factors.

The Non-Executive Directors consider that the Sale is in the best interests of R&Q and the R&Q Shareholders as a whole. Accordingly, the Non-Executive Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the Special General Meeting.

The Non-Executive Directors have irrevocably committed to vote in favour of the Resolution in respect of their aggregate shareholdings of 240,476 R&Q Shares representing approximately 0.06 per cent. of the R&Q Shares in issue at the date of this document.

The Executive Directors and members of R&Q's senior management team have irrevocably committed to vote in favour of the Resolution in respect of their aggregate shareholdings of 7,600,996 R&Q Shares representing approximately 2.04 per cent. of the R&Q Shares in issue at the date of this document.

In addition, Scopia Capital Management have irrevocably committed to vote in favour of the Resolution in respect of their aggregate shareholdings of 34,706,128 R&Q Shares representing approximately 9.29 per cent. of the R&Q Shares in issue at the date of this document.

In aggregate, irrevocable undertakings have been given to vote, or procure votes, in favour of the Resolution representing, as at the Latest Practicable Date, 42,547,600 R&Q Shares and constituting approximately 11.39 per cent. of R&Q's issued voting share capital.

Please see paragraph 10 of this Part II for further details of the irrevocable undertakings.

5. Trading Update

By way of an update on trading since the Company's interim results were released:

- i) R&Q Legacy continues to enjoy a robust pipeline of opportunities with more than \$1 billion of (re)insurance reserves and over \$400 million in potential corporate liabilities;
- ii) R&Q Legacy also has three transactions currently at an advanced state, either signed or agreed, subject to regulatory approval; and
- iii) Accredited's growth continues with c.\$1.6 billion in gross premiums written year to date as of the end of Q3 of 2023.

The Group's latest solvency as of 30 September 2023 is approximately 150 per cent., in line with the Company's risk appetite.

6. Summary terms of the Sale

The purchase price for Accredited pursuant to the terms of the Purchase and Sale Agreement is \$465 million subject to certain adjustments. The Expected Net Cash Proceeds from the Sale are approximately \$300 million after adjusting for, among other things:

- i) Accredited's existing debt commitments;
- ii) a number of Purchaser conditions to the Sale, including:
 - a. the repayment of an existing \$46 million intercompany loan by Accredited to R&Q plus any unpaid interest;
 - b. an estimated \$76 million equity capital contribution by R&Q into Accredited so Accredited can satisfy a minimum AM Best capital adequacy ratio of 44 per cent. at Closing; and
 - c. costs incurred in connection with the transactions contemplated by the Purchase and Sale Agreement.

The transaction documentation includes both customary and business-specific representations, warranties and certain special indemnities. The Sale is conditional upon the satisfaction (or waiver, if applicable) of certain conditions, including the consent of the R&Q Shareholders and the R&Q financing providers as detailed in paragraph 7 below. A more detailed summary of the terms of the Sale of Accredited is set out in Part III of this document and a more detailed summary of the terms of the Purchase and Sale Agreement is set out in Part VI of this document.

7. Approvals required for the Sale

The Sale constitutes a fundamental change of business pursuant to Rule 15 of the AIM Rules for Companies. The Closing of the Sale is therefore conditional on the approval of the Resolution by a majority of R&Q Shareholders at a Special General Meeting. The Special General Meeting of the R&Q Shareholders is to be held at 71 Fenchurch Street, Ground Floor, London EC3M 4BS at 2.30 p.m. on 11 January 2024. The notice convening the Special General Meeting is set out at Part VII of this document.

Under the Purchase and Sale Agreement the consent of certain insurance regulatory and antitrust bodies are required. Further details are set out in Part VI of this document.

The Sale also requires various consents, approvals, agreements, waivers and releases from a number of R&Q financing providers.

The R&Q Group has the following financing arrangements in place:

1. £125 million Syndicated term loan and revolving credit facilities. The Company is the Borrower and the banks have a wide package of guarantees and security (the “**Main Banking Facility**”)
2. \$120 million Syndicated unsecured letter of credit facility with a parental guarantee by the Company. The purpose of this facility is to provide FAL for Syndicates 1110 and 5678 (the “**FALLOC**”)
3. AUD\$55 million unsecured letter of credit facility with a parental guarantee by the Company (the “**Cayman LC Facility**”)
4. \$15 million unsecured letter of credit facility with a parental guarantee by the Company (the “**Bermuda LC Facility**”)
5. \$20 million unsecured letter of credit facility (“**SAFER LC**”)
6. \$70 million senior unsecured floating rate notes due 2028, listed on Euronext Dublin (the “**Senior Notes**”). The Company is the Issuer and the notes are guaranteed by Randall & Quilter America Holdings, Inc. (“**RQAH**”), which is the intermediate holding company of Accredited. These constitute Tier 3 regulatory capital of the Company.
7. \$125 million subordinated notes due 2033, also listed on Euronext Dublin (the “**Subordinated Notes**”). The Company is the Issuer. These constitute Tier 2 regulatory capital of the Company.
8. €5 million floating rate subordinated notes due 5 July 2027 and €20 million floating rate subordinated notes due 5 October 2025, in each case issued by Accredited Insurance (Europe) Limited (previously known as R&Q Insurance (Malta) Limited). These constitute regulatory capital. These notes are being assumed by Onex Raven Buyer Inc. in its acquisition of Accredited and will no longer be a debt obligation of R&Q after Closing of the Sale
9. \$20 million floating rate subordinated notes due 22 December 2023 (the “**Bermuda Subordinated Notes**”), issued by R&Q Re Bermuda Limited. These constitute Tier 2 regulatory capital of R&Q Re Bermuda Limited and so any repayment (whether on maturity or otherwise) is dependent on compliance with certain Bermuda insurance, legal and regulatory requirements at the time. As part of the Company’s discussions with its financing providers, it is seeking to achieve a solution for the Bermuda Subordinated Notes.

In terms of specific consents and releases required:

- i) under the Main Banking Facility:
 - a. the Company has pledged the entire issued share capital of RQAH in favour of NatWest as security;
 - b. RQAH has guaranteed the Main Banking Facility in full;

- c. RQAH has pledged its assets in favour of NatWest; and
- d. RQAH has pledged the entire issued share capital of Accredited International Insurance Group, Inc. in favour of NatWest,

and the guarantee and security listed above will need to be released ahead of Closing of the Sale;

- ii) RQAH has guaranteed the Senior Notes in full and this guarantee will need to be released ahead of Closing of the Sale; and
- iii) if the Company disposes of either Accredited Insurance (Europe) Limited or Accredited Surety & Casualty Inc. Florida (both of which sit within the Accredited group) without the prior written consent of the majority of the holders of the Senior Notes, a put event is triggered which would provide the holders of the Senior Notes with a right to request redemption of the Senior Notes. As such, written consent of the holders of the Senior Notes will be required ahead of Closing the Sale.

In addition to the consents and releases noted above, R&Q will also require from its financing providers:

- i) extensions to waivers for potential covenant breaches, which have currently been obtained until 15 December 2023. It is the Board's expectation that it will need to obtain further extensions to the waivers until negotiations with R&Q's financing providers have been completed;
- ii) variations to certain terms including in relation to business transfers and the distribution of proceeds from the Sale and to reflect the alteration to the profile of the R&Q Group as a result of the Sale; and
- iii) deferrals of payment obligations both prior to and around the Sale.

Unless all of the above consents, approvals, agreements, waivers and releases are forthcoming, the condition relating to the approval of R&Q's lenders to the Sale will not be met. In such circumstances, the Purchase and Sale Agreement may be terminated and, in which case, Closing of the Sale would not take place.

8. Changes to the Board and management

It is expected, in connection with the Sale, that R&Q's Chief Executive Officer, William Spiegel, and Chief Financial Officer, Thomas Solomon, will become employees of Accredited. The Non-Executive Directors considered the continuation of William and Thomas as Chief Executive Officer and Chief Financial Officer of Accredited to be key to enable R&Q to secure an offer for the sale of Accredited that maximised value for the R&Q Shareholders. Of the 4 non-binding offers received at the end of the second round, 3 required William Spiegel and Thomas Solomon to transfer from R&Q to Accredited. The remaining non-binding offer did not proceed to detailed discussions relating to the continuation of management. William's and Thomas' employment and appointments as Chief Executive Officer, Chief Financial Officer and as Executive Directors of R&Q and its retained Subsidiaries will therefore cease on Closing of the Sale. William and Thomas will retain their current positions until Closing of the Sale and are working with the Board to ensure the successful closing of the Sale and will assist with an orderly transition post Closing. Please see Part IV of this document for more information on the plan for the future of R&Q Legacy.

Upon closing of the Sale, Group Non-Executive Chairman Jeff Hayman will act as Chairman and Interim Chief Executive Officer of R&Q. Jeff joined R&Q in 2023 as Non-Executive Chairman with over 40 years of experience in the global insurance industry. Jeff previously served for 5 years as a board member and chairman of the Risk and Investment Committee at Zurich Insurance Group (SIX:ZURN). Prior to Zurich, Jeff held multiple senior roles at AIG over 15 years, including global division and regional CEO positions, and also spent 15 years with Travelers Insurance. Jeff's extensive industry experience makes him well placed to lead R&Q as Interim Chief Executive Officer. The Board will initiate a search to appoint a new Chief Executive Officer of R&Q at the appropriate time.

Mr Hayman has agreed, subject to contract, to enter into a service agreement with the Company pursuant to which he will be employed as Interim Chief Executive Officer of R&Q Legacy for a fixed basic annual salary of US\$600,000 payable monthly in arrears. There is no entitlement to a bonus. Mr Hayman will be subject to customary restrictive covenants during and after the term of the agreement. Mr Hayman's appointment will be finalised upon Closing of the Accredited sale and the remaining terms and conditions will be agreed prior to then.

In addition, Paul Bradbrook, currently Chief Accounting Officer for the R&Q Group, will become Chief Financial Officer of R&Q and will be appointed to the Board upon closing of the Sale, subject to customary approvals. Paul has over 20 years of experience in the global insurance industry, including the Controller Continental Europe for Marsh McLennan. Prior to Marsh, Paul served as the Chief Accounting and Reporting Officer at AXA XL and began his career at XL Capital as a Financial Controller. Paul has a deep understanding of R&Q through his experience as Chief Accounting Officer, which makes him well positioned to act as Chief Financial Officer.

Mr Bradbrook is currently engaged as the Chief Accounting Officer for the R&Q Group pursuant to a service agreement with R&Q Central Services Limited. Mr Bradbrook receives a fixed basic annual salary of US\$360,000 payable monthly in arrears and his service agreement is terminable by either party on six months' written notice. Mr Bradbrook may be entitled to be paid bonuses of such amounts (if any) at such times and subject to such conditions as the Company's remuneration committee may in its absolute discretion decide. In addition, Mr Bradbrook is guaranteed a bonus payment of \$201,600 in April 2024. Mr Bradbrook is subject to customary restrictive covenants during and after the term of the service agreement. The Company is currently undertaking a benchmarking exercise to ensure that remuneration and the terms and conditions of Mr Bradbrook's service contract, are appropriate, taking into account Mr Bradbrook's experience, for the chief financial officer of an AIM quoted business. Any changes will be made prior to Closing but to take effect upon Closing of the Sale. A further announcement will be made in due course.

Andrew Pinkes, Global Legacy Chief Executive Officer, has informed the Board that he has decided to retire from R&Q by the end of 2023. Andrew came out of retirement and joined R&Q in 2021 to help drive R&Q's strategic ambitions and to transition R&Q Legacy to a capital efficient, data-driven and stable recurring fee-based model. The Board would like to take this opportunity to thank Andrew for his significant contribution to and thoughtful leadership of R&Q Legacy. The Board and Andrew have agreed that upon retirement Andrew will enter into a consultancy arrangement with R&Q and will become an adviser to R&Q and the leadership team until closing of the Sale.

As announced on 31 March 2023, Alan Quilter, a founder of R&Q and currently Group Head of Program Management, will retire from R&Q and the Board of Directors at the end of the year. The Board and Alan are reviewing Alan's future consultancy role with R&Q Legacy following Closing of the Sale.

All of R&Q's other Non-Executive Directors, Philip Barnes, Eamonn Flanagan, Jo Fox, Jerome Lande and Robert Legget will continue in their current roles. For more detail on the changes to the directors and management please see Part IV of this document.

9. Use of proceeds from the Sale and financial impact on R&Q Legacy

The net cash proceeds available for utilisation immediately on Closing are expected to be between approximately \$170 million and \$210 million calculated as follows.

Expected Net Cash Proceeds (\$m)	
Purchase Price	465
Assumed debt	(27)
Equity value	438
Repayment of the AIEL Intercompany Loan ²	(46)
Capital contribution to Accredited	(76)
Transaction costs	(15)
Expected Net Cash Proceeds	300
Additional R&Q legacy collateral	(40-80)
Working capital	(50)
Available Net Cash Proceeds	~170-210

In particular, the above calculation allows for:

² This represents the principal balance at 30 June 2023 and would include any accrued and unpaid interest at Closing.

³ Represents management's estimate based on forecast of loss reserves and collateral expected to be in place at closing under various reinsurance agreements

⁴ Represents management's estimate of working capital required for 18 months subsequent to Closing

- i) an estimated \$40 million to \$80 million³ of additional collateral which R&Q will be required to hold against existing legacy insurance exposures retained by Accredited, as a condition of the Sale; and
- ii) an estimated \$50 million⁴ of cash to be retained by R&Q for its ongoing working capital requirements, which will strengthen the financial position of the remaining Group.

It is expected that, over the course of the next few years, the estimated \$40 million to \$80 million of collateral in i) above will be released and become available to R&Q as the underlying exposures are reduced and eliminated.

Following Closing of the Sale, the Board intends to use all of the Available Net Cash Proceeds to facilitate a material financial de-leveraging of R&Q while retaining the working capital indicated above for R&Q's ongoing commitments.

Adjusted for Closing of the Sale and subsequent de-leveraging of R&Q, assuming Available Net Cash Proceeds of \$170 million (at the lower end of the expected range), R&Q's illustrative pro-forma financial position as if Closing had occurred at 30 June 2023 would be as follows:

Assets	\$2.0 billion
Debt	\$203 million
Shareholders' Equity	\$356 million
Debt to Capital Ratio	36%
Group Solvency Ratio	>220%
Net Asset Value Per Common Share	80 cents
Net Asset Value Per Common Share (Diluted) ⁵	79 cents

10. Irrevocable Undertakings

The Non-Executive Directors have irrevocably undertaken to vote or procure votes in favour of the Resolution in respect of their holdings of R&Q Shares, in aggregate, representing 240,476 R&Q Shares and constituting approximately 0.06 per cent. of R&Q's issued voting share capital as at the Latest Practicable Date.

In addition to the irrevocable undertakings from the Non-Executive Directors, William Spiegel, Thomas Solomon, Alan Quilter and certain other members of R&Q's management team have given irrevocable undertakings to vote, or procure votes, in favour of the Resolution. In aggregate, these irrevocable undertakings represent, as at the Latest Practicable Date, 7,600,996 R&Q Shares and constitute approximately 2.04 per cent. of R&Q's issued voting share capital.

In addition, Scopia Capital Management ("**Scopia**") has given an irrevocable undertaking to vote, or procure votes, in favour of the Resolution. This irrevocable undertaking, represents, as at the Latest Practicable Date, 34,706,128 R&Q Shares and constitutes approximately 9.29 per cent. of R&Q's issued voting share capital.

In aggregate, irrevocable undertakings have been given to vote, or procure votes, in favour of the Resolution representing, as at the Latest Practicable Date, 42,547,600 R&Q Shares and constituting approximately 11.39 per cent. of R&Q's issued voting share capital.

Further details of these irrevocable undertakings, including the circumstances in which they cease to apply, are set out in Part VI of this document.

11. Special General Meeting

R&Q Shareholder approval is being sought to proceed with the Sale pursuant to Rule 15 of the AIM Rules.

Part VII of this document contains the Notice of a Special General Meeting that is being convened at 2.30 p.m. on 11 January 2024 at 71 Fenchurch Street, Ground Floor, London, EC3M 4BS, at which Special General Meeting the Resolution (set out in full in the Notice of General Meeting) will be proposed.

⁵ Reflects 73.3 million shares upon conversion of \$55 million of preferred equity at 75 cents per share

R&Q SHAREHOLDERS WISHING TO VOTE ON THE RESOLUTION ARE STRONGLY URGED TO DO SO THROUGH COMPLETION OF A FORM OF PROXY OR FORM OF INSTRUCTION (AS APPLICABLE) which must be completed and submitted in accordance with the instructions provided in connection therewith.

The Sale is deemed to be a disposal resulting in a fundamental change of business for the purposes of Rule 15 of the AIM Rules, and consequently closing of the Sale is dependent upon approval of the Resolution by Shareholders. For the avoidance of doubt, R&Q will, on Closing, continue to be classified as an operating company and not as an AIM cash shell pursuant to AIM Rule 15.

12. Action to be taken in respect of the Special General Meeting

Registered Shareholders

Proxies

If you are a registered R&Q Shareholder (i.e. you do not hold Depositary Interests), you should either:

- i) complete the Form of Proxy by going to the following website www.investorcentre.co.uk/eproxy. You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as provided on your proxy card and agree to certain terms and conditions. For an electronic proxy to be valid, your appointment must be received by the Registrars no later than 2.30 p.m. on 9 January 2024, or 48 hours before the time of any adjourned meeting (without taking into account any part of a day that is not a Business Day); or
- ii) complete the Form of Proxy enclosed with this document. The Form of Proxy must be deposited in hard copy form by post or by courier at Computershare Investor Services Computershare Investor Services (Bermuda) Limited c/o PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY United Kingdom no later than 2.30 p.m. on 9 January 2024, or 48 hours (without taking into account any part of a day that is not a Business Day) before the time appointed for holding the said meeting or any adjourned meeting.

Depositary Interests

Forms of Instruction

The R&Q Shares represented by the holdings of Depositary Interests by DI Holders are registered in the name of Computershare Company Nominees Limited (being the Custodian). In order to have votes cast at the meeting on their behalf, DI Holders must complete the Form of Instruction.

The Form of Instruction must be deposited in hard copy form by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 2.30 p.m. on 8 January 2024 or 72 hours before the time of any adjourned meeting (without taking into account any part of a day that is not a Business Day). The Custodian will cast votes on behalf of DI Holders in accordance with instructions received pursuant to valid Forms of Instruction.

Electronic voting instructions through the CREST voting system

Alternatively, DI Holders who are CREST members may issue an instruction by using the CREST electronic voting appointment service. Further details are set out below.

- i) An instruction may be issued through the CREST electronic voting appointment service by using the procedures described in the CREST manual (available from www.euroclear.com) subject to the provisions of the Bye-laws. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.
- ii) In order for instructions made using the CREST service to be valid, the appropriate CREST message (a CREST Voting Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (EUI) and must contain the information required for such instructions, as described in the CREST Manual.
- iii) To give an instruction through the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 2.30 p.m. on 8 January 2024. For this purpose, the time of

receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a CREST voting instruction in the circumstances set out in Regulation 35(5)(a) of CREST Regulations.

The return of a completed Form of Instruction will not prevent you from attending the Special General Meeting and voting in person if you so wish. DI Holders wishing to attend the Special General Meeting should contact the Custodian at The Pavilions, Bridgwater, Bristol BS99 6ZY or by emailing !UKALLDITeam2@computershare.co.uk by no later than 2.30 p.m. on 8 January 2024.

Shareholder helpline

If you require assistance in completing the Form of Proxy or require additional Forms of Proxy or Forms of Instruction, please call the Registrars on 0370 702 4040 or, if phoning from outside the UK, on +44 (0)370 702 4040. For assistance in completing the Form of Instruction please call 0370 702 0000 or, if phoning from outside the UK, on +44 (0)370 702 0000. Calls may be recorded and monitored randomly for security and training purposes. For legal reasons, the Registrars will not be able to give advice on the merits of the matters referred to in this document or to provide legal, financial or taxation advice.

Yours faithfully



Jeffrey Hayman

Non-Executive Chairman

PART III: FURTHER INFORMATION ON THE SALE OF ACCREDITED

Background on financial performance of Accredited

Accredited is a leading program manager, providing A- rated insurance capacity in the US, UK and Europe. Accredited's US, UK and EU-regulated insurance companies act as an intermediary between MGAs and reinsurers. Accredited has grown significantly over the last three years achieving Gross Written Premium and Fee Income of \$1.8 billion and \$80 million⁶, respectively, in the twelve months to 31 December 2022, and \$1.1 billion and \$46 million, respectively, in the six months to 30 June 2023.

As at 30 June 2023, the unaudited gross assets and shareholders' equity of the business subject to the Sale were \$4.3 billion⁷ and \$243 million⁸, respectively. As at 31 December 2022, the unaudited gross assets and shareholders' equity of the business subject to the Sale were \$3.9 billion⁸ and \$225 million⁹, respectively. For the financial year ended 31 December 2022, the unaudited statutory loss before tax for the business subject to the Sale was \$(16) million¹⁰. For the six months ended 30 June 2023, the unaudited statutory profit before tax for the business subject to the Sale was \$13 million¹¹.

Board oversight of the sale process

On 4 April 2023, R&Q announced that it would explore strategic initiatives to separate its R&Q Legacy and Accredited businesses.

A strategic transaction committee (the "**Committee**") was formed to provide governance oversight of the Sale, comprised of just the Non-Executive Directors.

The Committee adopted a protocol for the purpose of managing any potential conflicts of interest which might arise for certain members of management if bids were received which requested that such members of management form part of the management team that would continue as part of Accredited following the Sale. Pursuant to the protocol, it was agreed that the Chairman would (i) serve as principal in contractual negotiations with bidders; and (ii) supervise interactions between bidders and management. No conversations relating to management compensation were held by the Committee.

The Committee met numerous times to review progress of the sale process. For the first part of the Committee's meetings to discuss the sale process, the Committee had access to the Executive Directors who provided management's perspective and input. For the second part of the meetings, the Committee discussed the Sale without the Executive Directors being present. The decision to exclude the Executive Directors from the decision-making process was taken to avoid any risk or perception of any conflicts of interest arising as a result of any bidders seeking to involve the Executive Directors in their future plans for the Accredited business. All decisions and approvals took place without the Executive Directors being present.

The Committee had access to R&Q's advisers throughout the process and advisers attended Committee meetings.

⁶ Excluding minority stakes in MGAs

⁷ The principal differences between the statutory financial information of the Accredited entities subject to the Sale, and the reported financials for Accredited line of business are in respect of: (i) the inclusion of R&Q Legacy exposure in the Accredited entities; (ii) the inclusion of certain central costs to the Accredited entities that support both program management and legacy; (iii) the inclusion of €25 million of debt in the legal entities and (iv) investment income in the legal entities supporting both program management and legacy insurance

⁸ Represents management's estimate based on forecast of retained earnings through closing and AM Best treatment of available and required capital under BCAR model

⁹ Represents management's estimate based on forecast of retained earnings through closing and AM Best treatment of available and required capital under BCAR model

¹⁰ Represents management's estimate based on forecast of retained earnings through closing and AM Best treatment of available and required capital under BCAR model

¹¹ Represents management's estimate based on forecast of retained earnings through closing and AM Best treatment of available and required capital under BCAR model

Management decisions during the sale process

At the outset of the sale process, the Non-Executive Directors anticipated that the sale of Accredited could be to a private equity investor (without an existing management team) and because there was no global CEO or CFO for Accredited, could require William Spiegel and Thomas Solomon to transition with Accredited. Making William and Thomas available, at the discretion of the prospective purchaser, ensured the realisation of maximum value for the Accredited business. In fact, three out of the four non-binding offers received at the end of the second round of the sale process (discussed below) required William Spiegel and Thomas Solomon to transfer from R&Q to Accredited (and the fourth did not proceed to detailed discussions relating to the continuation of management).

Coordination of the sale process

R&Q made contact with 94 counterparties representing both potential strategic and financial buyers in relation to a proposed sale of Accredited. The potential counterparties were selected with the input of R&Q's advisers based on, among other factors, their familiarity with and interest in Accredited's business and the industry, previous experiences and transaction activity in the industry and their expected ability to successfully complete the transaction. 59 of the counterparties entered into non-disclosure agreements with R&Q and were included in the initial non-binding offer stage of the process, receiving a confidential information memorandum including a recorded voice over provided by William Spiegel and Thomas Solomon. 16 non-binding offers were received at the end of the initial stage of the process.

Nine counterparties were invited to take part in round two of the sale process, which was a detailed diligence phase that was conducted over nine weeks between 5 June 2023 and 9 August 2023. Counterparties attended expert sessions and received access to a Virtual Data Room. Over 50 expert sessions were held with the Company. At the end of the second round, four counterparties submitted non-binding offers.

After careful analysis of the merits of each of the non-binding offers, taking into account factors such as implied overall value, the availability of proceeds on completion of the transaction, the availability of funding and deal execution risk, the Purchaser was then selected to enter into an exclusivity agreement for an initial period of 30 days followed by an extension of 15 days. The Purchaser's offer was considered to be stronger than the competing offers, especially when considering the deal execution risk as the due diligence undertaken and the progress on negotiating transactions documents by the Purchaser was more advanced at that stage of the sale process.

The Purchaser then undertook a period of confirmatory due diligence and the parties engaged in the negotiation of the definitive transaction documentation. The parties entered into definitive transaction documentation on 20 October 2023.

Information relating to Onex

Onex is an investor and asset manager that invests capital on behalf of Onex shareholders and clients across the globe. Formed in 1984, Onex has a long track record of creating value for clients and shareholders. Onex's two primary businesses are Private Equity and Credit. In Private Equity, Onex raises funds from third-party investors, or limited partners, and invest them, along with Onex's own investing capital, through the funds of their private equity platforms, Onex Partners and ONCAP. Similarly, in Credit, Onex raises and invests capital across several private credit, public credit and public equity strategies. Onex's investors include a broad range of global clients, including public and private pension plans, sovereign wealth funds, insurance companies and family offices. In total, Onex has approximately \$50 billion in assets under management, of which approximately \$8 billion is Onex's own investing capital. With offices in Toronto, New York, New Jersey, Boston and London, Onex and its experienced management teams are collectively the largest investors across Onex's platforms.

PART IV: FURTHER INFORMATION ON R&Q LEGACY

Future strategy for R&Q Legacy

Post separation from Accredited, R&Q Legacy will be a refocused, global legacy insurance business focused on managing small and medium sized non-life legacy insurance portfolios, providing creative financial solutions to owners of discontinued insurance and reinsurance business as well as corporate entities.

Guided by a strong leadership core, R&Q Legacy's platform will continue to leverage its unique go-to-market strategy to grow reserves under management and generate fee income. In 2021, R&Q launched Gibson Re, a Bermuda-domiciled collateralised reinsurer with approximately \$300 million of long-term, third-party capital that underpins R&Q Legacy's ability to deploy capital and offer innovative legacy solutions. The dedicated reinsurance sidecar reinsures 80 per cent. of R&Q Legacy's transactions with R&Q Legacy retaining 20 per cent. of the risk exposure. Following R&Q's landmark deal earlier this year to acquire and professionally manage the non-insurance legacy liabilities of MSA Safety Inc., R&Q Legacy now earns fees from two distinct but complementary pools of liabilities: traditional insurance reserves and corporate non-insurance liabilities.

R&Q Legacy's continued growth will also be supported by the strong secular tailwinds underpinning a large and growing non-life legacy market with estimated total global reserves of \$960 billion in 2022, an increase of \$96 billion from 2021¹². Of the 400+ publicly disclosed deals completed in the last 10 years, 135+ have been in the last 3 years as recycling capital has become an increasing focus of live carriers as they take advantage of hardening rates, resulting in more consistent deal flow to the legacy market. There also exists a significant opportunity within the corporate liability market, with >\$3 billion of liabilities transferred since 2016, and an estimated additional \$68 billion of corporate liabilities on balance sheets¹³.

Within this growing market, R&Q connects insurers and corporates seeking solutions with capital providers. R&Q's global M&A team has extensive experience sourcing deals, while Underwriting and Integrations teams carefully and diligently select and onboard portfolios to the R&Q platform. R&Q's legacy platform has offices in Bermuda, the US and the UK with over 100 people across M&A, claims management, servicing, actuarial and finance functions. Bespoke and tailored solutions for clients include capital relief and redeployment, earnings management and volatility reduction, facilitation of the strategic exit from non-core portfolios and businesses, collateral release, and economic and legal finality. These solutions are achieved through a variety of products, mainly loss portfolio transfers, adverse development covers, acquisitions, insurance business / Part VII transfers, and novations.

From a financial perspective, R&Q Legacy expects to be profitable by the end of 2025. In order to achieve this goal, R&Q Legacy has deployed a three-pronged strategy consisting of growing fee income, reducing expenses, and decreasing balance sheet volatility.

Leveraging the Company's expertise and existing capabilities, R&Q Legacy expects to double fee income by the end of 2025 compared to 1H 2023 annualised fee income. Gibson Re allows R&Q to continue to simplify the Legacy Insurance business model from one with irregular underwriting income and seasonality to one with a predictable and high-quality recurring fee income stream. In addition to acquiring traditional insurance reserves via Gibson Re, R&Q has also demonstrated leadership in the non-insurance legacy liability space through its joint venture with Obra Capital, Inc. and acquisition of MSA Safety Inc.'s product liabilities. R&Q Legacy will continue to seek opportunities in this space, thus earning fee income through multiple pools of liabilities.

In searching for new opportunities, R&Q Legacy can lean on a diverse and experienced global origination team that sources both direct and brokered deals in local markets offering solutions to corporates and (re)insurers alike. In fact, the global origination team's current pipeline contains greater than \$850 million in reserves and on average the business has 12-20 'live' deals across various stages of the deal life cycle representing \$750 million – \$1.2 billion of total reserves.

¹² Global Insurance Run-off Survey 2022 by PwC, page 4

¹³ Global Insurance Run-off Survey 2022 by PwC

R&Q Legacy will also continue to identify and action cost-cutting opportunities and the Company expects to reduce expenses by 15 per cent. to 20 per cent. in 2025 relative to an adjusted annualised H1 2023 expense base that includes certain assumptions around R&Q Legacy's standalone cost structure. This cost cutting strategy includes several initiatives such as making the business more automated, efficient, and scalable, legal entity consolidation, organisational and footprint rationalisation, enhanced vendor management and rigor, and strategic sales of non-core assets.

Lastly, R&Q Legacy will pursue de-risking strategies across the portfolio to meaningfully reduce volatility and improve stability and the quality of earnings. Options being explored by the company include loss portfolio transfers and the purchase of adverse development cover on certain portfolios, the sale of non-core assets, and the sale or securitisation of back book R&Q Legacy liabilities.

R&Q Legacy maintains a diversified and high-quality investment portfolio, with more than 74 per cent. invested in A- rated assets and above. Given the short average asset duration of the portfolio, as these investments mature, R&Q Legacy expects to reinvest at the prevailing market yields and generate incremental investment income.

R&Q Legacy also expects to have the ability to release a significant amount of capital over the next 5 years and generate incremental investment income. R&Q Legacy expects over \$100 million of cumulative surplus capital to be generated as claims payments are made, thus releasing capital held against reserves. This is in addition to the estimated \$40 million to \$80 million of additional collateral R&Q Legacy will be required to hold against existing legacy exposure retained by Accredited, which R&Q Legacy expects to be released and available over the next few years as the underlying exposures are reduced and eliminated.

PART V: RISK FACTORS

R&Q Shareholders should carefully consider the specific risk factors set out below in addition to the other information contained in this document before voting on the Resolution. The Directors consider the following risks and other factors to be the most significant for the R&Q Shareholders for the purpose of considering the Resolution, but the risks listed do not purport to comprise all those risks associated with the Resolution and do not purport to set out the general business risks associated with R&Q. The risks are not set out in any particular order of priority. Additional risks and uncertainties not currently known to the Directors may also have an adverse effect on the Company's business.

If any of the following occur, the Company's business, financial condition, capital resources, results and/or future operations could be materially and adversely affected. In this event, the price of the R&Q Shares could decline and R&Q Shareholders may lose all or part of their investment.

1. Risks relating to R&Q's current financing arrangements

R&Q is dependent on ongoing support from its lending banks, providers of credit and other financing providers

R&Q remains in close dialogue with its lending banks, providers of credit and other financing providers. R&Q will require support from these parties in relation to drawdowns under the existing Main Banking Facility, ongoing renewals or redemptions, ongoing requests for waivers for potential covenant breaches and for the necessary consents, approvals, agreements, waivers and releases required to enable the Sale to take place.

A potential default or cross-default by R&Q on its existing debt facilities may lead its lenders to take action to protect their interests by requiring collateral or enforcing their security over certain R&Q assets.

Should any of R&Q's lenders seek to take such action, unless the Directors are able to satisfy themselves that an alternative financial restructuring is likely to be successful, the Directors would be required to take, or cause R&Q to take, steps towards appropriate insolvency proceedings. In such event, it is likely that trading in the R&Q shares would be suspended pending a successful resolution or a winding up of R&Q and the R&Q Group. Clearly in such circumstances there is a risk that this would result in a materially worse outcome for R&Q and its stakeholders and that R&Q Shareholders would lose all of their investment in R&Q.

Current financial leverage of R&Q is unsustainable

The Board believes that the current financial leverage of R&Q is unsustainable and if the Sale were not to proceed and the Available Net Cash Proceeds were not available to facilitate a material financial de-leveraging of R&Q, R&Q may not be able to repay its debt facilities as they become due and R&Q would therefore be unable to continue as a going concern.

2. Risks relating to the Sale

The Sale may not proceed to Closing

Closing of the Sale is conditional upon the satisfaction (or waiver, if applicable) of certain conditions, including but not limited to:

- (i) obtaining required regulatory approvals from the Arizona Department of Insurance, the Florida Office of Insurance Regulation, the Prudential Regulatory Authority, the Malta Financial Services Authority and the European Commission in its capacity as antitrust authority and none of the required regulatory approvals must impose a Burdensome Condition (as defined in Part VI of this document);
- (ii) there being no law or governmental order prohibiting the Sale or makes the Sale illegal;
- (iii) the approval by the R&Q Shareholders of the Resolution;

- (iv) accuracy of each of the parties' representations and warranties set forth in the Purchase and Sale Agreement and compliance by each party with its covenants set forth in the Purchase and Sale Agreement in all material respects and delivery of related certificates;
- (v) maintaining Accredited's AM Best A- financial strength rating until the date of Closing, and providing to Purchaser evidence reasonably satisfactory to Purchaser assuring through a ratings evaluation service from AM Best that Accredited shall maintain such rating with a stable outlook immediately following Closing;
- (vi) obtaining required consents, approvals, agreements, waivers and releases from R&Q's lenders under its financing facilities;
- (vii) delivering evidence reasonably acceptable to Purchaser that at the time of Closing Accredited will be capitalised in accordance with applicable insurance law;
- (viii) entering into mutually agreed arrangements regarding R&Q Legacy's (a) reinsurance of existing legacy insurance and other exposures being retained by Accredited and (b) funding of the collateral required by associated reinsurance agreements between Accredited and R&Q Legacy; and
- (ix) Accredited's membership interests in a corporate legacy joint venture having been transferred to R&Q or an affiliate of R&Q (other than Accredited) prior to or substantially concurrently with the Closing.

There can be no assurance that all conditions will be satisfied and if any of the conditions described above is not satisfied (or waived, if applicable), the Purchase and Sale Agreement may be terminated in accordance with the terms set forth in the Purchase and Sale Agreement and, in which case, Closing would not take place. Any of the conditions, where legally permissible, may be waived by a party that requires the satisfaction of such condition.

R&Q's financing providers may not consent to the Sale

A summary of the financing obligations of the R&Q Group are set out at paragraph 7 of the Chairman's letter in Part II of this document.

In terms of specific consents and releases required:

- i) under the Main Banking Facility:
 - a. the Company has pledged the entire issued share capital of RQAH in favour of NatWest;
 - b. RQAH has guaranteed the Main Banking Facility in full;
 - c. RQAH has pledged its assets in favour of NatWest; and
 - d. RQAH has pledged the entire issued share capital of Accredited International Insurance Group, Inc. in favour of NatWest,

and therefore the guarantee and security listed above will need to be released on or ahead of Closing of the Sale;
- ii) RQAH has guaranteed the Senior Notes in full and therefore this guarantee will need to be released ahead of Closing of the Sale; and
- iii) if the Company disposes of either Accredited Insurance (Europe) Limited or Accredited Surety & Casualty Inc. Florida (both of which sit within the Accredited) without the prior written consent of the majority of the holders of the Senior Notes, a put event is triggered which would provide the holders of the Senior Notes with a right to request redemption of the Senior Notes. As such, written consent of the holders of the Senior Notes will be required ahead of Closing the Sale.

In addition to the consents and releases noted above, R&Q will require from its financing providers:

- i) extensions to waivers for potential covenant breaches, which have currently been obtained until 15 December 2023. It is the Board's expectation that it will need to obtain further extensions to the waivers until negotiations with R&Q's financing providers have been completed;
- ii) variations to certain terms including in relation to business transfers and the distribution of proceeds from the Sale and to reflect the alteration to the profile of the R&Q Group as a result of the Sale; and
- iii) deferrals of payment obligations both prior to and around the Sale.

Unless all of the above consents, approvals, agreements, waivers and releases are forthcoming, the condition relating to the approval of R&Q's lenders to the Sale will not be met. In such circumstances, the Purchase and Sale Agreement may be terminated and, in which case, Closing of the Sale would not take place.

Potential for third party interference with the Sale

As a quoted company, R&Q could receive approaches from third parties seeking to instigate a public takeover of R&Q or seeking to acquire Accredited which might delay or prevent execution of the Sale. Although the Purchase and Sale Agreement is binding on R&Q, in the event of an attractive takeover offer or other offer which was predicated on the termination of the Purchase and Sale Agreement, the Directors would be obliged to consider that offer in accordance with their fiduciary duties and the Directors might consequently be required to withdraw or change their recommendation of the Resolution and the Sale. If the Resolution is not approved, the Purchaser may terminate the Purchase and Sale Agreement and, in which case, Closing would not take place.

Exposure to liability under the Purchase and Sale Agreement

The Purchase and Sale Agreement contains representations and warranties relating to the Accredited business and R&Q as well as covenants as to how R&Q will operate the Accredited business until Closing. R&Q agreed to indemnify the Purchaser for any and all losses resulting from breaches of any representations and warranties, covenants and agreements contained in the Purchase and Sale Agreement. R&Q also indemnifies the Purchaser for any losses resulting from: (a) pre-Closing taxes; (b) any liability of the R&Q business or any of its businesses (other than Accredited); (c) any liability with respect to employees terminated prior to Closing who used to primarily work for Accredited prior to such termination; (d) reinsurance unrecoverable due to any R&Q Legacy or Accredited entity's or any independent MGA's pre-Closing acts, errors or omissions; (e) any reduction in value of any amount recoverable under any reinsurance contract as a result of such reinsurance contract not being executed where the applicable reinsurance policy commenced at least 5 months prior to Closing; (f) any liability with respect to a class action lawsuit, *Crain et al. v. Accredited Surety and Casualty Company, Inc., et al.*; (g) any liability of AIEL to pay commissions or commission adjustments to reinsurers of the Specified Program Business, except to the extent AIEL has actually received, and is entitled to retain, corresponding amounts from the relevant MGA under any UCA; and (h) any write-off, impairment loss or bad debt provision (without double counting) recognised by any Accredited entity or affiliate after Closing in relation to amounts due from certain MGAs in respect of commissions or adjustments to commissions under a UCA first entered into prior to Closing if and to the extent such loss is not actually recovered by the relevant Accredited entity or affiliate pursuant to an affiliate reinsurance agreement between R&Q Legacy and Accredited.

If R&Q should incur liabilities under the Purchase and Sale Agreement or other transaction documentation, the costs of such liabilities could have an adverse effect on its business, financial condition and results. R&Q's liability in respect of the indemnification provisions of the Purchase and Sale Agreement is subject to certain limitations, including de minimis and aggregate claims thresholds, financial liability caps and time limits for bringing a claim. The maximum liability of R&Q for all claims under the indemnification provisions of the Purchase and Sale Agreement is capped, in aggregate, at \$465 million.

3. Risks relating to the Sale not proceeding

Downgrade of Accredited's AM Best Rating

Accredited relies on an 'A-' financial strength rating from AM Best to conduct business and historically relied on the financial strength of the broader R&Q Group to obtain its financial strength rating. However, following a review in Q1 2023 the Board concluded that given Accredited's size and scale it was in the best interests of R&Q's stakeholders for Accredited to obtain a standalone rating without influence from the broader R&Q Group. An important factor in obtaining a standalone rating for Accredited was AM Best's guidance that a legal separation of Accredited and R&Q Legacy subsidiaries followed by a sale of at least 51 per cent. of the equity interests in Accredited was essential to enable Accredited to obtain a fully independent rating.

In response to the guidance from AM Best, the Board announced on 4 April 2023 a legal reorganisation to separate the subsidiaries of R&Q Legacy and Accredited. The legal reorganisation was completed in June 2023. As of that date, AM Best recognised Accredited as an independent rating unit with a financial strength

rating of 'A-'. The rating however, remained "Under Review With Negative Implications" subject to the sale and deconsolidation of Accredited.

If the Sale does not complete, the Board believes that there is a significant risk that AM Best will downgrade Accredited which would have a detrimental impact on Accredited's ability to continue to successfully operate its business, particularly in the United States where an 'A-' financial strength rating is a minimum requirement from Accredited's counterparties. A number of counterparties have, in fact, communicated to the Company that they will be withdrawing their business in the event of a downgrade of Accredited. Such a downgrade would therefore have material implications on R&Q's ability to continue as a going concern.

Impact of the increasing regulatory requirements relating to the Company's capital

The majority of the Group's insurance entities are subject to minimum capital requirements. This includes the Funds at Lloyd's requirement to support its syndicate participations to satisfy external regulatory requirements, meeting its Group Capital Adequacy Requirement under the Bermuda Monetary Authority requirements, as its Group Supervisor, and Solvency II requirements in multiple jurisdictions (e.g. UK, Malta and Bermuda). Increasing minimum capital requirements mean that, should the Sale not proceed, the Group may find it difficult to sustain growth and profitability.

No guarantee of an equivalent bid

If the Sale does not proceed, there is no guarantee that the Company would be able to dispose of Accredited at a later date on the same or more favourable terms than the Purchase and Sale Agreement. There is a risk that the value of Accredited may erode over time if the Company is unable to invest the resources necessary to drive and deliver the growth potential of Accredited. Accordingly, there is no guarantee that the valuation under the Purchase and Sale Agreement would be available in any future attempted transaction involving Accredited. Even if a higher valuation were achieved, there is no assurance that there would not be a higher execution risk attached.

Inability to realise value if the Sale does not proceed to Closing

The Board believes that the Sale currently provides the best opportunity to realise an attractive and certain value for Accredited. If the Sale does not complete, the value of Accredited to the Group is expected by the Board to be significantly lower than can be realised by way of the Sale, taking into account the increased risk of downgrade of Accredited by AM Best and the detrimental impact this would have on Accredited's ability to successfully operate its business. Such a downgrade would likely result in immediate non-renewals of programs, loss of reinsurance capacity and departure of Accredited management. This could result in the financial position of the Group being materially different to the position it would be in if the Sale completed. There can be no assurance of a future sale or other transaction involving Accredited if the Sale does not proceed.

There may be an adverse impact on the Group's reputation and share price if the Sale does not proceed due to amplified media scrutiny arising in connection with the attempted Sale. Any such reputational risk could adversely affect the Group's business, financial condition and results of operations.

Sale and separation costs

If the Sale does not complete, the Company will be required to meet its accrued costs in respect of the aborted Sale, will not receive the proceeds from the Sale and will forgo the other benefits of the Sale.

Potentially disruptive effect on Accredited

If the Sale does not proceed, this may lead to management and employee distraction for Accredited and concern due to the level of perceived uncertainty regarding the future ownership of Accredited, which may adversely affect the ability to retain or recruit managers or other employees in the Accredited business. Customer sentiment, including underlying MGAs and reinsurers, may also be negatively affected, which may have an adverse effect on the performance of Accredited under the R&Q's ownership. This may adversely affect R&Q's business, financial condition and results of operations.

4. Risks relating to R&Q Legacy

The working capital of R&Q Legacy

R&Q Legacy will retain an estimated \$50 million of cash from the Estimated Net Cash Proceeds for the purpose of working capital. However, management's estimate of the level of cash required to be retained to provide sufficient working capital is subject to a number of assumptions with associated risks and uncertainties. These include the following:

- **Debt** – management have made certain assumptions in relation to the repayment and restructuring of the Group's debt. However, negotiations with the Group's financing providers are ongoing. The working capital requirements of R&Q Legacy will depend on the outcome of those negotiations.
- **Subsidiary capital resources** – a number of material entities within both R&Q Legacy and Accredited are required to operate within target capital coverage ratios. There is a risk that capital resources are insufficient to meet target capital coverage in the Group's material entities in the event of a shock in the short term – for example, expense shock or deterioration in reserves.
- **Timing of completion** – there is a risk of an unfavourable movement in the working capital position prior to completion of the Sale which increases the working capital shortfall. This could be exacerbated by any delay to the anticipated date of completion of the Sale.
- **R&Q Legacy M&A pipeline** – management have made certain assumptions in relation to the R&Q Legacy M&A pipeline. There are risks associated with the inclusion of the R&Q Legacy M&A pipeline and associated fee income. These include:
 - **Conversion:** each transaction requires agreement with the relevant counterparty and, crucially, from regulators. Changes in regulatory requirements have the potential to limit the availability of corporate deals to feed the M&A pipeline. Further detail is included in "R&Q Legacy's Business Development and Growth" and "Regulatory Intervention" below.
 - **Timing:** any delays in deal conversion may have an impact on management's forecasts.
 - **Reinsurance coverage:** the present sidecar agreement with Gibson Re closes to new deals in September 2024. Management have assumed and is planning for a second vehicle on broadly similar terms, however this coverage is not guaranteed. For further detail, see "Third-Party/Co-Investment Capital" below.
- **Reserves** – there is a risk that stress scenarios occur which could impact forecast liquidity. In addition to the effect on capital resources, such a stress would also likely increase capital requirements. Further detail on reserving risk is included in "Exposure Management (Reserving and Reinsurance)" below.
- **Intercompany debt** – there were approximately \$120 million loans issued by regulated subsidiaries to Group holding companies as at 31 December 2022, pro forma for the sale of Accredited and new loans subsequent to 31 December 2022. The continued recognition and valuation of these intercompany receivables as assets supports the available capital and without this a number of regulated entities might require capital injections to make good this shortfall.
- **Costs** – management have made certain assumptions relating to the R&Q Legacy standalone cost base and the ability of R&Q to recharge operating costs to subsidiaries. Should these assumptions prove not to be the case, further capital injections may be required.
- **Investments** – there is a risk that the Group fails to realise an adequate return on the invested funds under its control and/or experiences a default on investments held. An investment value stress would reduce available capital resources in the subsidiaries that use market value balance sheets as the basis for regulatory capital.
- **Capital releases from operating subsidiaries** – management have made certain assumptions regarding future capital releases from operating subsidiaries. However, there is a risk that stress scenarios could impact operating subsidiaries such that future anticipated capital releases from such entities may be reduced or not occur as forecast.
- **Regulatory intervention** – there is a risk that regulators may restrict the Group's activities. Actions could include declining to approve new deals and potentially limiting the activities of the Group. Further detail is included in "Regulatory Intervention" below.

R&Q Legacy's Business Development and Growth

These are the risks that R&Q Legacy fails to manage both the focus on its core competencies and its simultaneous initiatives, as it implements its range of strategic objectives and/or fails to raise the necessary capital to finance its new initiatives. Additionally, there is the risk that R&Q Legacy fails to identify and harness new business opportunities, and/or its profitability is impaired following the establishment/acquisition of new business.

There is also the risk that R&Q Legacy or third parties are unable and/or unwilling to continue to invest in Divisional/Group activity. R&Q Legacy operates in a competitive environment and faces competition from current and potential competitors. R&Q Legacy may not be able to compete effectively with such competitors, particularly those with far greater capital resources.

R&Q Legacy's activities demand significant human and financial capital and the challenge for R&Q Legacy is to ensure that limited resource is deployed appropriately at the right time, with the commensurate level of management control and oversight. Where growth occurs without requisite management controls in place, there is an increased risk that business objectives are not aligned, new business targets not met and costs not adequately managed.

Regulatory Intervention

The acquisition of insurance companies, businesses or portfolios will normally require the approval of the relevant regulator, in respect of, not only R&Q Legacy, but also of its controllers and potentially R&Q Legacy's directors and officers. There is a risk that one or more regulators across the jurisdictions in which R&Q Legacy operates may determine not to approve further risk taking transactions, either temporarily or for a longer duration. Such determination may be conditioned on an assessment of the capital and reserve adequacy of the Group.

Were a regulator or regulators to force the cessation of new risk taking transactions in their respective jurisdictions, even temporarily, it would create uncertainty around achieving the go-forward legacy business plan by reducing the competitiveness with which the Group can price and underwrite deals.

Furthermore, responding to inquiries from a regulator may require significant manpower and draw from resources who would otherwise be allocated to growth-oriented initiatives.

Exposure Management (Reserving and Reinsurance)

There is a risk that the Group adopts a reserving methodology that produces incorrect reserving, exposing the Group to reserving risk and presenting liquidity and profitability issues and also potential litigation. Incorrect reserving can also arise if the process does not take account of all relevant information (e.g. historical loss data, emerging legislation) leading to over or understated reserves.

Reserves are monies earmarked for a specific purpose. Insurers establish unearned premium reserves and loss reserves which are indicated on their balance sheets. Unearned premium reserves show the aggregate amount of premiums that would be returned to policyholders if all policies were cancelled on the date the balance sheet was prepared. Loss reserves are estimates of outstanding losses, loss adjustment expenses and other related items.

Reserve risk is a key risk to the Group given its large portfolio of insurance companies either in run-off or accepting legacy transactions of lines of business which in many cases have a long tail (e.g. US workers' compensation, asbestos and noise induced hearing loss).

Reserve risk represents a significant risk to the Group in terms of both driving required capital levels and the threat to volatility of earnings. In the Group's run-off entities, reserve risk represents the most significant source of risk concerning balance sheet items.

Third-Party/Co-Investment Capital

There is a risk that R&Q Legacy is unable to access the third-party capital required to support its transition to a fee-based business model thus impacting its ability to sustain growth. As R&Q Legacy transitions to a fee-based business model, it requires the ability to raise additional third-party capital and liquidity to fund the formation and launching of reinsurance vehicles that allow R&Q Legacy to support a capital-light legacy

underwriting business, reduce its retained risk and generate recurring management fees. If third-party capital becomes either unavailable or economically less attractive, the viability of such vehicles and therefore of R&Q Legacy's strategy to transition to a fee-based business model may be significantly impacted.

Third-party capital may become unavailable for or less attractive to R&Q Legacy as a result of both macroeconomic or Group-specific factors. Volatility in financial markets as well as general economic and financing conditions are examples of macroeconomic factors that may result in third-party capital becoming unavailable or less attractive.

Group-specific factors may also impact the availability of third-party capital necessary to support R&Q Legacy's strategy. Third-party investors may be less willing to co-invest in these vehicles if their views on R&Q Legacy become negative as a result of poor financial or operational performance, negative reputational impacts, or any other events that may negatively impact their perception of R&Q Legacy as a co-investor.

Expense Management Initiatives

This is the risk that R&Q Legacy fails to effectively execute on its strategy to reduce expenses.

The R&Q Legacy team has identified and taken action on a number of opportunities to reduce expenses, including simplifying its legal entity structure and rationalising its real estate footprint. Work is also underway to automate the input of data R&Q Legacy receives from its Third-Party Administrators and move its internal systems to the cloud. Better use of data is enabling R&Q Legacy to make smarter decisions, quicker, while more automated processing is reducing duplication and costs. As seen with Accredited, R&Q Legacy expects this work to create operational leverage benefits as it grows its Reserves Under Management. These expense management strategies are expected to have a significant impact on R&Q Legacy's results of operations and therefore on R&Q Legacy's ability to meet its goals in returning to profitability.

There are several factors that may impact R&Q Legacy's ability to manage expenses effectively. Some of these factors are related to the execution of the R&Q Legacy's cost-cutting strategies including, but not limited to, higher-than-expected cost of savings and longer-than-expected implementation of automation solutions. However, R&Q Legacy's expenses can also be impacted by exogenous factors. Most notably, R&Q Legacy may experience higher labour costs resulting from overall wage inflation. If R&Q Legacy is unable to execute on its expense management plans, it may fail to achieve its desired results of operations.

Collateralisation Requests

This is the risk that R&Q Legacy may be subject to additional collateral requirements by regulators or counterparties stemming from a perceived deterioration in R&Q Legacy's credit quality. As a result of its normal operating activities, R&Q Legacy is regularly required to post collateral to counterparties and to hold certain amount of collateral subject to regulatory requirements. The levels of these collaterals are impacted, amongst other factors, by R&Q Legacy's credit risk as perceived by the party requesting collateralisation. If R&Q Legacy's perceived credit quality were to deteriorate, these parties may require higher levels of collateralisation even if the risk profile of the underlying activity or contract remains unchanged. Higher collateral requirements have significant implications to the capital and liquidity adequacy of R&Q Legacy.

Counterparties may associate R&Q Legacy with a lower credit quality as a result of negative impacts to R&Q Legacy's operations, its reputation or their expectations regarding future performance of R&Q Legacy. For example, if R&Q Legacy fails to meet certain financial or operational goals, counterparties may believe R&Q Legacy is more likely to default on its obligations and therefore may require higher collateral to protect against this increased risk.

Collateral requirements have a direct impact on R&Q Legacy's liquidity needs. In order to meet higher collateral requirements, R&Q Legacy may need to source additional liquidity using a set of possible mechanisms that can have a negative impact to shareholders, R&Q Legacy or other stakeholders. For example, R&Q Legacy may need to raise additional capital, which can include equity, debt or other instruments that are dilutive to shareholders or increase R&Q Legacy's leverage, or R&Q Legacy may need to dispose of assets at unfavourable terms.

PART VI: ADDITIONAL INFORMATION

1) Purchase and Sale Agreement

For the purpose of this section:

“Burdensome Condition” means any restriction, limitation, requirement or condition which, individually or in the aggregate, would:

- i) have a material adverse effect on the assets, conditions (financial or otherwise) or results of operations of Accredited;
- ii) materially restrict or prohibit any lines of business in which the Purchaser or any of its affiliates may be engaged;
- iii) require any sale, disposition or separate holding of any material assets or businesses of Accredited or R&Q Legacy, or any business in which the Purchaser or any of its affiliates are engaged in; or
- iv) cause the Purchaser (in its sole but reasonable discretion) to not realise its expected economic benefits of the Sale that is material in the context of Accredited.

Parties and structure

The Purchase and Sale Agreement was entered into on 20 October 2023 between R&Q and the Purchaser. Pursuant to the terms of the Purchase and Sale Agreement, R&Q has agreed to sell 100 percent of the shares of common stock in RQAH, the holding entity for Accredited, to the Purchaser.

Conditions

Closing of the Sale is conditional upon, but is not limited to, the fulfilment of the following conditions:

- i) obtaining required regulatory approvals from the Arizona Department of Insurance, the Florida Office of Insurance Regulation, the Prudential Regulatory Authority, the Malta Financial Services Authority and the European Commission in its capacity as antitrust authority and none of the required regulatory approvals must impose a Burdensome Condition (as defined in Part VI of this document);
- ii) there being no law or governmental order prohibiting the Sale or makes the Sale illegal;
- iii) the approval by the R&Q Shareholders of the Resolution;
- iv) accuracy of each of the parties' representations and warranties set forth in the Purchase and Sale Agreement and compliance by each party with its covenants set forth in the Purchase and Sale Agreement in all material respects and delivery of related certificates;
- v) maintaining Accredited's AM Best A- financial strength rating until the date of Closing, and providing to Purchaser evidence reasonably satisfactory to Purchaser assuring through a ratings evaluation service from AM Best that Accredited shall maintain such rating with a stable outlook immediately following Closing;
- vi) obtaining required consents from R&Q's lenders under its financing facilities;
- vii) delivering evidence reasonably acceptable to Purchaser that at the time of Closing Accredited will be capitalised in accordance with applicable insurance law;
- viii) entering into mutually agreed arrangements regarding R&Q Legacy's (a) reinsurance of existing legacy insurance and other exposures being retained by Accredited and (b) funding of the collateral required by associated reinsurance agreements between Accredited and R&Q Legacy; and
- ix) Accredited's membership interests in a corporate legacy joint venture having been transferred to R&Q or an affiliate of R&Q (other than Accredited) prior to or substantially concurrently with the Closing, (collectively with other customary conditions set forth in the Purchase and Sale Agreement, the **“Conditions”**).

Closing of the Sale will take place on (i) the first Business Day of the month after the date on which the last of the Conditions is satisfied or waived; (ii) if the last of the Conditions is satisfied or waived within three Business Days before the last day of the month, on the first Business Day of the second month after such

satisfaction or waiver; or (iii) on such other date as the Purchaser and R&Q may mutually agree upon in writing.

Consideration

The purchase price of Accredited is \$465 million subject to adjustments, including but not limited to:

- i) payment of the consolidated indebtedness of Accredited;
- ii) increase or decrease based on equity required to achieve a BCAR of 44 per cent. applying a VaR Confidence Level of 99.6 per cent. at Closing (the "**Total Capital Variance Amount**");
- iii) any excess of a minimum tangible book value threshold over the sum of the closing tangible book value and the Total Capital Variance Amount; and
- iv) transaction expenses of Accredited.

At Closing, R&Q will deposit a portion of the closing Purchase Price into a trust account established to the extent necessary to satisfy the initial collateral that R&Q will be required to hold against existing legacy insurance and other exposures being retained by Accredited and reinsured to R&Q. Additionally, pursuant to the terms of the Purchase and Sale Agreement, a portion of the closing Purchase Price will be allocated to pay the outstanding amount of the AIEL Intercompany Loan owed by R&Q to Accredited plus any unpaid interest.

To the extent Accredited entities' membership interests in a corporate legacy joint venture haven't been transferred to R&Q Legacy prior to Closing, R&Q will be required to transfer a portion of the closing Purchase Price (up to \$12,600,000) to Accredited entities to replace such membership interests and effect such transfer.

To the extent that the €5 million floating rate subordinated notes due 5 July 2027 and €20 million floating rate subordinated notes due 5 October 2025 in each case issued by Accredited Insurance (Europe) Limited (previously known as R&Q Insurance (Malta) Limited) have not been repaid on Closing, these notes will remain outstanding in accordance with their terms.

Expected Net Cash Proceeds from the Sale are approximately \$300 million.

Warranties and indemnities

R&Q has given certain representations and warranties to the Purchaser which include, but are not limited to:

- i) representations regarding historical financial statements, reserves, reinsurance arrangements, collateral and sufficiency of assets to operate Accredited post-Closing in all material respects in the same manner as conducted pre-Closing;
- ii) a representation that R&Q has provided a listing of all reinsurance agreements under which Accredited has ceded or assumed (re-)insurance risks or any legacy business contracts as well as a summary of all material collateral arrangements, in each case as of the date of the Purchase and Sale Agreement and shortly before Closing; and
- iii) a representation that no Accredited entity is a party to any contract with or arranged by Vesttoo Ltd. or its affiliates, and other than specifically disclosed by R&Q, no Accredited entity has any exposure to fraudulent letters of credit issued by any bank publicly named in connection with potential fraudulent letters of credits.

Following the Closing, R&Q indemnifies the Purchaser for losses resulting from breaches of any representations and warranties, covenants and agreements contained in the Purchase and Sale Agreement.

Following the Closing, R&Q also indemnifies the Purchaser for any losses resulting from:

- i) pre-Closing taxes;
- ii) any liability of R&Q business other than Accredited;
- iii) any liability with respect to employees terminated prior to Closing who used to primarily work for Accredited;

- iv) reinsurance unrecoverable due to any R&Q Legacy or Accredited entity's or any independent MGA's pre-Closing acts, errors or omissions;
- v) any reduction in value of any amount recoverable under any reinsurance contract as a result of such reinsurance contract not being executed where the applicable reinsurance policy commenced at least 5 months prior to Closing;
- vi) any liability with respect to a potential class action lawsuit, *Crain et al. v. Accredited Surety and Casualty Company, Inc., et al.*;
- vii) any liability of AIEL to pay commissions or commission adjustments to reinsurers of the Specified Program Business, except to the extent AIEL has actually received, and is entitled to retain, corresponding amounts under any UCA; and
- viii) any write-off, impairment loss or bad debt provision (without double counting) recognised by any Accredited entity or its affiliate after Closing in relation to amounts due from certain MGAs in respect of commissions or adjustments to commissions under a UCA first entered into prior to Closing if and to the extent such loss is not actually recovered by the relevant Accredited entity or affiliate pursuant to an affiliate reinsurance agreement between R&Q Legacy and Accredited.

Each of the R&Q indemnities is subject to specific limitations, including: (i) liability for indemnity obligations with respect to breaches of general representations and warranties is capped at \$51.5 million, (ii) liability for certain insurance-related indemnities is capped at \$162.75 million for two years and declines to \$46.5 million in year three before the indemnification obligation expires after three years, and (iii) liability for "fundamental representations" may not exceed the base purchase price of \$465 million.

Additionally, there is a de-minimis claims threshold of \$100,000 and a \$4.65 million deductible that each apply to breaches of general representations and warranties.

The indemnification obligations are subject to certain survival periods, including a survival period of two years for general representations and warranties and three years for certain insurance-related indemnities.

Pre-Closing covenants

The operations of the Accredited business by R&Q are subject to certain restrictions during the interim period prior to the Closing, which would require the consent of the Purchaser.

Additional pre-Closing covenants include but are not limited to:

- i) holding a shareholders' meeting and soliciting approval for the transaction from the R&Q Shareholders;
- ii) using reasonable best efforts in connection with assisting the Purchaser in obtaining debt financing;
- iii) providing the Purchaser with schedules of reinsurance and summaries of material collateral arrangements updated as of shortly prior to Closing;
- iv) engaging in IT separation activities and testing of IT systems;
- v) transferring Accredited's investment in a corporate legacy joint venture to R&Q Legacy (subject to completion at Closing should such transfer remain incomplete as of Closing); and
- vi) transferring to an Accredited entity the R&Q employees who are employed by an R&Q Legacy entity and primarily connected with the business of Accredited.

Termination

The Purchase and Sale Agreement may be terminated:

- i) by mutual agreement of R&Q and Purchaser;
- ii) by either R&Q or Purchaser by giving written notice to the other party if the Closing had not occurred 9 months after the execution of the Purchase and Sale Agreement, subject to an automatic extension for an additional 3-month period if Closing cannot occur solely due to the parties' failure to obtain required regulatory approvals;
- iii) by either party if the other party's breach of the representations, warranties, covenants or agreements of the Purchase and Sale Agreement would result in failure to close and cannot be timely cured in accordance with the terms of the Purchase and Sale Agreement;

- iv) by either party if a governmental order or applicable law prohibits the transactions contemplated by the Purchase and Sale Agreement;
- v) by the Purchaser if obtaining the required regulatory approvals would impose, require or result in a Burdensome Condition;
- vi) by R&Q if the Purchaser fails to close when all closing conditions have been satisfied; and
- vii) by the Purchaser if R&Q fails to obtain its requisite shareholder approval or if R&Q's Board withdraws, modifies or qualifies its recommendation of the transaction to the R&Q Shareholders.

2) Transition Services Agreement

Under a transition services agreement between R&Q and Accredited to be entered into at Closing, each party will provide transitional services to the other party for limited periods of up to 12 months following the Closing, with a commitment to provide those services generally at the same level of service with which they were provided before Closing.

The services performed by R&Q for Accredited will cover the following functions:

- i) finance and accounting (including assistance with Accredited's year-end closings for 2023); and
- ii) legal, risk, and compliance, human resources, IT, facilities and equipment management and mailroom.

Accredited will perform for R&Q a more limited set of services covering the following functions for R&Q:

- i) finance and accounting (including assistance with R&Q's year-end closings for 2023);
- ii) finance change management; and
- iii) legal, risk, and compliance (including UK senior manager functions) and IT support.

In connection with the continued provision of these services under the Transition Services Agreement, each party will also assist the other with data and knowledge transfer and similar migration services. The charges for the services will reflect the providing party's internal and external costs of providing the services, without markup. Each party's liability as provider of a service will be limited to \$3,000,000.

3) Directors' irrevocable undertakings

The following Directors and members of management have irrevocably undertaken to vote or procure votes in favour of the Resolution. As at the Latest Practicable Date, their holdings of R&Q Shares are:

<i>Name</i>	<i>Total number of R&Q Shares</i>	<i>Percentage of existing share capital of R&Q</i>
William Spiegel	2,746,207	0.74
Thomas Solomon	1,223,957	0.33
Alan Quilter	2,554,281	0.68
Joanne Fox	50,000	0.01
Eamonn Flanagan	95,238	0.03
Philip Barnes	95,238	0.03
Patrick Rastiello	339,625	0.09
Andrew Pinkes ¹⁴	517,675	0.14
Robert Thomas ¹⁵	219,251	0.06
Total	<u>7,841,472</u>	<u>2.11</u>

¹⁴ Restricted ordinary shares which will be held in escrow, subject to certain conditions, vesting as to two thirds on 1 October 2023 and the remaining one third on 1 October 2024.

¹⁵ Restricted ordinary shares which will be held in escrow, subject to certain conditions, vesting as to one third on each of 12 July 2022, 2023 and 2024.

The obligations under these irrevocable undertakings shall lapse and cease to have effect on and from the following occurrences:

- i) the Purchase and Sale Agreement is terminated in accordance with its terms;
- ii) the Special General Meeting has been held and the Resolution voted upon at that Special General Meeting; and
- iii) if the undertakings have not lapsed earlier, on 1 April 2024.

Given their impending retirements, Alan Quilter and Andrew Pinkes are permitted to deal in their R&Q Shares. The other Directors and members of management are, however, precluded from dealing in their R&Q Shares until their obligations under their undertakings lapse.

4) Scopia irrevocable undertaking

Scopia has given an irrevocable undertaking to vote, or procure votes, in favour of the Resolution in respect of the R&Q Shares it holds from time to time. This irrevocable undertaking, as at the Latest Practicable Date, represents 34,706,128 outstanding R&Q Shares and constitutes approximately 9.29 per cent. of R&Q's issued voting share capital. Scopia is permitted to deal in its R&Q Shares for the duration of the undertaking.

The obligations under this irrevocable undertaking shall lapse and cease to have effect on and from the following occurrences:

- i) the Purchase and Sale Agreement is terminated in accordance with its terms;
- ii) the Special General Meeting has been held and the Resolution voted upon at that Special General Meeting;
- iii) an offer for Accredited is made in writing to the Board, which represents an equity value which may be higher than the equity value which the Sale represents (such determination of whether the equity value represented by such offer is higher to be made by Scopia acting reasonably);
- iv) the Non-Executive Directors do not make, withdraw, modify or qualify the Board recommendation; and
- v) if the undertaking has not lapsed earlier, on 1 April 2024.

PART VII: NOTICE OF SPECIAL GENERAL MEETING

R&Q Insurance Holdings Ltd

(Registered in Bermuda with the company number 47341)

(the “**Company**”)

Notice is hereby given that a Special General Meeting (“**Meeting**”) of the Company is to be held at 2.30 p.m. on 11 January 2024 at 71 Fenchurch Street, Ground Floor, London, EC3M 4BS.

You will be asked to consider and vote on the resolution below which is proposed as an ordinary resolution.

1. **THAT**, for the purposes of Rule 15 of the AIM Rules for Companies, the Sale (as defined and more particularly described in the circular to the shareholders of the Company dated 14 December 2023 (the “**Circular**”)), be and is hereby approved and the Board (as defined in the Circular) (or a duly constituted committee of the Board) be and are hereby authorised to take such steps as they may in their absolute discretion think fit in order to implement and give effect to the purchase and sale agreement dated 20 October 2023 (the “**Purchase and Sale Agreement**”), and any related documentation to give effect to the Sale, including approving such variations or amendments to the Purchase and Sale Agreement (or any transaction documents referred to therein) that are not of a material nature and doing such other acts and things as they may in their absolute discretion consider to be necessary or desirable in order to implement and give effect to the Sale and/or any matter incidental to the Sale.

Dated: 14 December 2023

By order of the Board



David Gormley
Company Secretary

R&Q Insurance Holdings Ltd
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Notes to the notice of Special General Meeting

Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members as at 6.00 p.m. on 8 January 2024 (or, if the meeting is adjourned, at the time being 48 hours before the time of any adjourned meeting (without taking into account any part of a day that is not a Business Day)) and, in the case of DI Holders, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Depository Interests as at 6.00 p.m. on 5 January 2024 (or, if the meeting is adjourned, at the time being 72 hours before the time of any adjourned meeting (without taking into account any part of a day that is not a Business Day)). Changes to the Register of Members or Register of Depository Interests after such times will be disregarded in determining the rights of any person to attend or vote at the meeting or at any adjourned meeting.

1. Registered Shareholders

Proxies

Registered shareholders should either:

- i. complete the Form of Proxy by going to the following website www.investorcentre.co.uk/eproxy. You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as provided on your proxy card and agree to certain terms and conditions. For an electronic proxy to be valid, your appointment must be received by the Registrars no later than 2.30 p.m. on 9 January 2024, or 48 hours before the time of any adjourned meeting (without taking into account any part of a day that is not a Business Day); or
- ii. complete the Form of Proxy enclosed with this Notice of the Special General Meeting. The Form of Proxy must be deposited in hard copy form by post or by courier at Computershare Investor Services Computershare Investor Services (Bermuda) Limited c/o PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY United Kingdom no later than 2.30 p.m. on 9 January 2024, or 48 hours (without taking into account any part of a day that is not a Business Day) before the time appointed for holding the said meeting or any adjourned meeting.

Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Every shareholder entitled to attend and vote at the meeting may appoint one or more persons as his/her proxy to attend and vote thereat instead of him/her, provided that each proxy is appointed to exercise the rights attaching to different shares held by the member.

Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.

To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Registrar at Computershare Investor Services Computershare Investor Services (Bermuda) Limited c/o PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY United Kingdom. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions.

2. Depository Interests

Forms of Instruction

The Ordinary Shares represented by the holdings of Depository Interests by DI Holders are registered in the name of Computershare Company Nominees Limited (being the Custodian). In order to have votes cast at the meeting on their behalf, DI Holders must complete the Form of Instruction. The Form of Instruction must be deposited in hard copy form by post at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 2.30 p.m. on 8 January 2024 or 72 hours before the time of any adjourned meeting (without taking into account any part of a day that is not a Business Day). The Custodian will cast votes on behalf of DI Holders in accordance with instructions received pursuant to valid Forms of Instruction.

Electronic voting instructions through the CREST voting system

Alternatively, DI Holders who are CREST members may issue an instruction by using the CREST electronic voting appointment service. Further details are set out below.

- i. An instruction may be issued through the CREST electronic voting appointment service by using the procedures described in the CREST manual (available from www.euroclear.com) subject to the provisions of the Bye-laws. CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.
- ii. In order for instructions made using the CREST service to be valid, the appropriate CREST message (a CREST Voting Instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited (EUI) and must contain the information required for such instructions, as described in the CREST Manual.
- iii. To give an instruction through the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 2.30 p.m. on 8 January 2024. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a CREST voting instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

The return of a completed Form of Instruction will not prevent you from attending the Special General Meeting and voting in person if you so wish. DI Holders wishing to attend the Special General Meeting should contact the Custodian at The Pavilions, Bridgwater, Bristol BS99 6ZY by no later than 2.30 p.m. on 8 January 2024.

3. Corporate representatives

A registered shareholder that is a corporation and/or Computershare in its capacity as custodian of the Depositary Interests may, by written authorisation, elect to appoint a corporate representative in accordance with Bye-law 188 of the Bye-laws to attend and vote at the meeting, in which case the Company will require written proof of the representative's appointment which must be lodged with Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY United Kingdom not less than 48 hours before the time appointed for holding the said meeting or any adjourned meeting.

Any corporation which is a member can appoint more than one corporate representative who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

PART VIII

DEFINITIONS

The following definitions apply throughout this document, the Form of Proxy and the Form of Instruction unless the context otherwise requires:

“Accredited”	Randall & Quilter America Holdings Inc., Accredited International Insurance Group Inc., Accredited America Insurance Holding Corporation, Accredited Specialty Insurance Company, Accredited Surety and Casualty Company, Inc., Accredited Bond Agencies Inc., Accredited R&Q Limited, R&Q Malta Holdings Limited and Accredited Insurance (Europe) Limited, Accredited Management Company, LLC and each other Subsidiary of Randall & Quilter America Holding, Inc formed prior to Closing
“AIEL”	Accredited Insurance (Europe) Limited (formerly known as R&Q Insurance (Malta) Limited)
“AIEL Intercompany Loan”	the intercompany loan owed by R&Q to Accredited Insurance (Europe) Limited (formerly known as R&Q Insurance (Malta) Limited).
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange (as amended from time to time)
“Available Net Cash Proceeds”	Expected Net Cash Proceeds less adjustments as set out in the Purchase and Sale Agreement and as summarised in paragraph 9 of Part II of this document
“Board” or “Directors”	the directors of the Company or any duly appointed committee thereof
“Bye-laws”	the bye-laws of R&Q (as amended from time to time)
“Business Day”	a day (other than Saturday, Sunday or a public holiday) on which banks in the City of London are open for business generally
“Closing”	closing of the Sale under the terms of the Purchase and Sale Agreement
“Company” or “R&Q”	R&Q Insurance Holdings Ltd, Clarendon House, 2 Church Street, Hamilton HM11, Bermuda
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear UK & International Limited is the Operator (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (as amended)
“Custodian”	Computershare Company Nominees Limited in its capacity as custodian of the Depositary Interests
“Depositary Interests”	the dematerialised depositary interests issued in CREST in respect of R&Q Shares
“DI Holders”	the holders of Depositary Interests

“Expected Net Cash Proceeds”	Purchase Price less debt commitments of Accredited and subject to adjustments as set out in the Purchase and Sale Agreement and as summarised in paragraph 6 of Part II of this document
“Form of Instruction”	the form of instruction for the DI Holders for use in relation to the Special General Meeting, which accompanies this document
“Form of Proxy”	the form of proxy relating to the Special General Meeting
“Group” or “R&Q Group”	the Company and each of its Subsidiaries prior to completion of the Sale
“IT”	Information Technology
“Latest Practicable Date”	12 December 2023 being the latest practicable date prior to the publication of this document
“London Stock Exchange”	London Stock Exchange plc
“MGAs”	Managing General Agents
“Non Executive Directors”	being Jeffrey Hayman, Philip Barnes, Eamonn Flanagan, Joanne Fox, Jerome Lande and Robert Legget
“Notice of Special General Meeting”	the notice of the Special General Meeting, set out in Part VII of this document
“Onex”	Onex Corporation
“Purchaser”	Onex Raven Buyer Inc.
“Purchase and Sale Agreement”	the conditional purchase and sale agreement dated 20 October 2023 between the Purchaser and the Company in respect of the Sale
“Purchase Price”	\$465 million, subject to adjustments as set out in the Purchase and Sale Agreement
“R&Q Shares”	the ordinary shares of par value 2 pence each in the capital of R&Q, including the Depositary Interests in respect of such shares (other than any such shares that may be Treasury Shares while held by R&Q)
“R&Q Shareholders”	holders of R&Q Shares
“R&Q Legacy”	the Company and each of its Subsidiaries excluding Accredited
“Registrars”	Computershare Investor Services PLC
“Resolution”	the resolution to be proposed at the Special General Meeting which is set out in full in the Notice of Special General Meeting
“Sale”	the proposed sale of Randall & Quilter America Holding, Inc to the Purchaser in accordance with the Purchase and Sale Agreement
“Scopia”	funds advised by Scopia Capital Management, L.P.
“Special General Meeting”	the general meeting of the Company, notice of which is set out in Part VII of this document and including any adjournment(s) thereof

“Specified Program Business”	contracts of insurance to which AIEL is a party (as insurer) which were underwritten or produced by certain MGAs
“Subsidiary”	with respect to any company, any other company of which fifty percent (50 per cent.) or more of the outstanding voting securities or ownership interests are owned or controlled, directly or indirectly, by such first company, by any one or more of its Subsidiaries, or by such first Company and one or more of its Subsidiaries
“Transition Services Agreement”	the transition services agreement between (i) R&Q or an affiliate of R&Q; and (2) the Purchaser or an affiliate of the Purchaser to be entered into on Closing
“UCA”	programme business underwriting and claims management agreement or its equivalent under which AIEL delegates authority to underwrite or produce program business
“UK”	the United Kingdom of Great Britain and Northern Ireland
“USD” or “\$”	United States dollars

