RANDALL & QUILTER INVESTMENT HOLDINGS LTD.

Year End results for the 12 months ended 31 December 2018

PRIVATE & CONFIDENTIAL

STRATEGY I INNOVATION I EXPERTISE

APRIL 2019

INDEX

STRATEGY I INNOVATION I EXPERTISE

GROUP STRATEGY

MISSION STATEMENT

To offer investors profits and capital extractions from legacy insurance acquisitions/reinsurances and grow underwriting revenue and commission income from our licensed carriers in the US and UK/EU writing niche and profitable business, largely as a conduit for highly rated reinsurers.

OUR PRINCIPAL STRATEGIC OBJECTIVES

To acquire or reinsure run-off legacy portfolios in the US and UK/EU to produce attractive book value growth and cash returns

To develop Accredited, our A-VIII (Excellent) rated US admitted carrier, as a Program management platform of choice, generating substantial and repeatable commission income

To develop Accredited Europe, our Malta domiciled A- (Excellent) rated carrier, as a conduit for niche EU and UK MGA business to highly rated reinsurers, generating substantial and repeatable commission income

FINANCIAL PERFORMANCE

RESULTS FOR THE YEAR TO 31 DECEMBER 2018

Financial highlights for the year:

- 45% increase in Profit before tax on continuing operations to £14.3m (2017: £9.8m).
- Basic earnings per share of 5.8p (2017: 25.4p).
- Return on tangible equity of 5.0% (2017: 17.3%).
- Cash and investments £638.7m (2017: £602.8m).
- 17% increase in net tangible assets per share to 123.6p (2017: 105.3p).
- Proposed distributions per share increased to 9.2p (2017: 8.9p).

Group Performance £'000		2018	2017
Group results			
Operating profit (continuing)	*	18,596	14,318
Profit before tax (continuing)	*	14,251	9,830
Profit before tax		11,693	23,461
Profit after tax		7,822	22,970
Earnings per share (basic)		5.8p	25.4p
Balance sheet information			
Total assets		1,197,573	1,065,791
Cash and Investments		638,672	602,753
Total gross reserves		699,078	722,535
Amounts owed to credit institutions		140,243	55,889
Shareholders' equity		175,638	166,772
Key statistics			
Investment return		1.2%	1.6%
Return on tangible equity		5.0%	17.3%
Net tangible assets per share		123.6p	105.3p
Net asset value per share		139.4p	132.5p
Distribution per share		9.2p	8.9p

* Excludes sales of ISD (in January 2018) and of RQMA (in December 2017)

OPERATIONAL HIGHLIGHTS – DURING 2018

Operational developments during 2018:

- Insurance Services Division sold in January 2018 (and the Bail business exited in March 2019) which completes the exit from non-core business.
- Total distributions (return of capital) of 9.2p per share (2018: 8.9p), including the proposed final distribution of 5.6p.
- Issue $70m of senior subordinated loan notes (public listing followed in March 2019).
- The AM Best rating of Accredited US moved to A- VII during 2018 (and A- VIII in March 2019)
- Acquisition of Global Re agreed, our largest ever legacy transaction costing $80.5m and expected to be completed shortly.
- Corporate restructuring and Group wide rebranding of program management as "Accredited".

Business Development

- Program management contracts agreed and launched which are estimated to generate annualised Gross Written Premiums ("GWP") of c.$500m per annum.
- New business pipelines for legacy and program management remain strong, with our post-Brexit solutions generating significant industry interest in program management.

OPERATIONAL HIGHLIGHTS – POST PERIOD END

Operational developments since the year end:

- The AM Best rating of Accredited US moved to A- VIII in early 2019.
- Regulatory approval for the acquisition of Global Re.
- Oversubscribed placing and open offer in March 2019, raised c.£103.5m (net of costs).
- Net proceeds to be used to:
    - Support the development of program management business.
    - Maintain the AM best credit and financial strength ratings of the Accredited companies.
    - Replenish liquidity used or allocated to previously identified legacy acquisitions.
    - Help to rebalance our equity : debt funding.

The Group's liquidity strategy is to maintain sufficient liquidity to enable the Group to meet its strategic objectives and have appropriate liquidity sources available to enable the Group to react to new opportunities or market changes as they arise.

PROGRAM MANAGEMENT – FINANCIALS

Live Division Divisional Results (£000's)	2018	2017
Result of operating activities	**(3,802)**	**(5,565)**
Key metrics		
Program Management Result	(2,759)	(2,240)
MGAs' result	(731)	(501)
Live Syndicates' result *	(312)	(2,824)

* Participation on Syndicate 1991 ceased after the 2017 YOA and is now in natural run off

PROGRAM MANAGEMENT (ACCREDITED) – PROGRESS AND OUTLOOK

Update on program developments

US
- 9 programs totaling estimated annualised GWP US$173m agreed and launched
- 3 programs totaling estimated annualised GWP US$100m agreed and about to launch

Europe
- 13 programs totaling estimated annualised GWP £242m agreed and launched
- 5 programs totaling estimated annualised GWP £85m agreed and about to launch

Pipeline

- Excellent pipeline for both US and Europe with programs at various stages of review and due diligence
- Further pipeline includes programs estimated to generate annualized GWP of c.$500m per annum
- We are targeting an overall gross commission rate of 5% of GWP

Outlook

- Program Management is a relatively capital-light business with growth driven by our comprehensive licences, strong credit ratings, our ability to provide a credible “Brexit Solution” for insurers seeking continued access to EU insurance markets
- Business is scalable with MGAs responsible for underwriting execution, processing and claims management. R&Q function is to carry out due diligence, set regulatory framework and conduct regular audits to confirm compliance
- Much improved visibility of future earnings due to the deferred earnings pattern of commissions

PROGRAM MANAGEMENT – GROWTH PROSPECTS

STRATEGY I INNOVATION I EXPERTISE

- The Group continues to have **strong growth prospects** in Program Management

PROGRAM MANAGEMENT

MARKET DRIVERS

- Solvency II has exposed undercapitalised program management specialists in Europe
- Reduction of independent program management capacity in the EU and US in 2018 (for example, the new ownership of State National)
- Uncertainty over Brexit (over 650 EU companies passport into UK)
- Growing demand from entrepreneurial MGAs to find strong, well rated capacity partners
- Fall out from Lloyd’s Syndicates exiting certain classes of business

R&Q’S ENABLERS

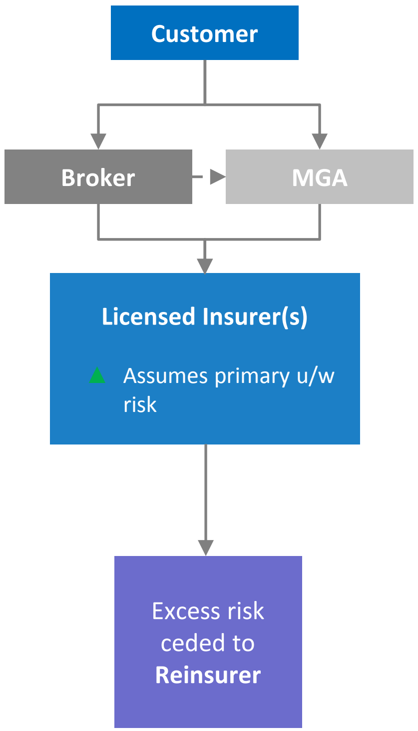
- Group's comprehensive licences
- Ability to provide a credible “Brexit Solution” for insurers seeking continued access to the EU markets
- Strong credit rating (Accredited US now A- VIII).
- R&Q believes it is a natural partner for “disrupters” because we have no traditional business to defend

TRUSTED PARTNER AS DEMONSTRATED BY RELATIONSHIPS WITH GLOBAL (RE)INSURERS

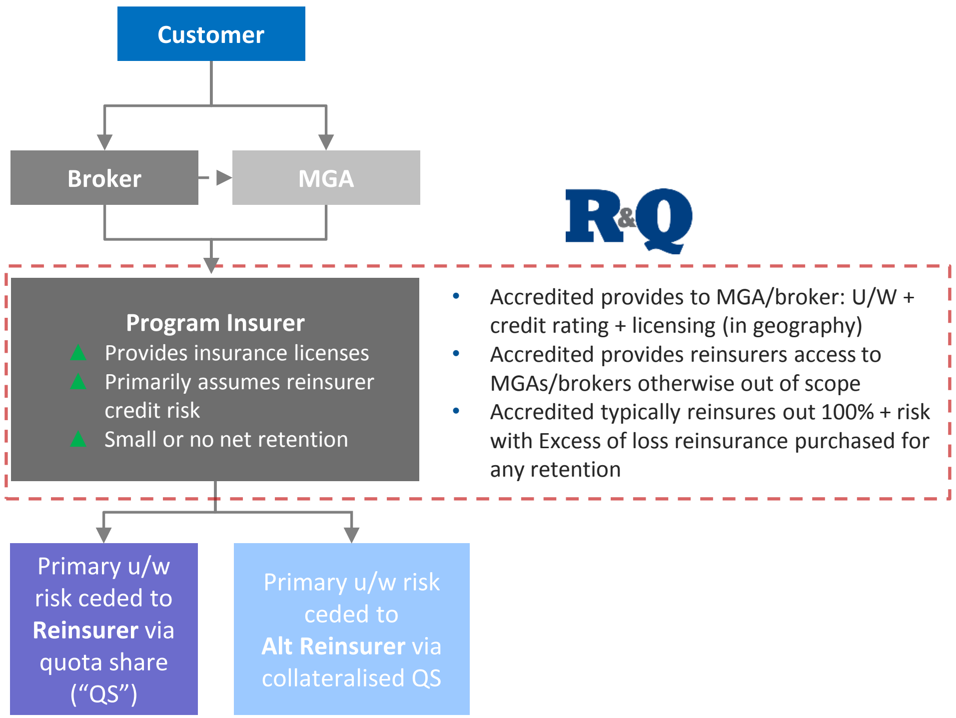
REFRESHER ON ACCREDITED PROGRAM MANAGEMENT MODEL

- Accredited provides traditional and alternative Reinsurers with access to direct specialty insurance business while offering MGAs/Brokers greater control and alternative market capacity

Traditional insurance model



Program Management model



LEGACY – FINANCIALS

Legacy Division Divisional Results (£000's)	2018	2017
Result of operating activities	**30,898**	**46,263**
Key metrics		
Gains on existing portfolios (including commutation strategy)	43,254	2,923
Contribution from legacy deals	9,514	36,914
Investment return on free assets	1.2%	1.6%

LEGACY – GROWTH PROSPECTS

- The Group continues to have **strong growth prospects** in Legacy

LEGACY

MARKET DRIVERS

- Continuing onerous capital and reporting obligations for insurers as a result of Solvency II in Europe
- Demand for run-off solutions continues to grow as owners and managers of non-life insurers seek capital efficiency
- Legacy run-off accepted as part of underwriting life cycle
- M&A activity in the P&C insurance sector incentivises companies to dispose of run-off businesses, especially in US/Bermuda
- Further fall-out from Lloyd's review of underperforming business

R&Q'S ENABLERS

- R&Q can offer widespread solutions through, among others:
  - A- VIII (Excellent) AM Best rated, fully admitted carrier licensed in 50 States and D.C.
  - A- (Excellent) AM Best rated, carrier domiciled in Malta, licensed for all classes 1-18 with freedom of services across all major EU states
- A range of onshore and offshore reinsurance facilities
- Dedicated Lloyd's run-off Syndicate
- Innovative run-off products and solutions
- Experienced and dedicated team focused on providing bespoke exit solutions within expedient execution timeframes

TRUSTED PARTNER AS DEMONSTRATED BY RELATIONSHIPS WITH GLOBAL CARRIERS/UNDERWRITERS, REINSURERS AND OTHER CORPORATES

OUTLOOK

- Excellent pipeline in both legacy and program management
- Global Re acquisition now approved and will complete in H1 2019
- Expected completion in 2019 of 2 or 3 deals delayed from 2018
- Investment return in early 2019 has recovered £2.9m unrealised losses in late 2018
- Growing cash and investments float, including c.$200m in respect of Global Re alone
- The board currently expects the full year result for 2019 to be in line with market expectation

2019 - Anticipated Improvement In Performance

- Continued increase in contribution from legacy transactions (acquisitions and reinsurance), especially in USA
- Growth in Accredited Program management business to generate sustainable and repeatable income
- Increased investment income anticipated from larger “float” and 2018 USA interest rate rises

SUMMARY

- A much stronger underlying result in 2018, compared to 2017
- Insurance Services Division sold in January 2018; exit from Bail business in March 2019
- Increasing size of legacy transactions and exciting growth prospects for Program management in the US and UK/Europe
- Brexit, Solvency II and Lloyd's refocus are presenting further opportunities to the Group

APPENDIX A : PROGRAM MANAGEMENT - EARNINGS RECOGNITION

STRATEGY I INNOVATION I EXPERTISE

Recognition of commission earnings typically occurs over the two years following commencement of each program

Illustrative Example

- Household program, £14.4m contracted on 31 December 2018 – for one year only.
- Written equally over 12 months – with effect from 1 February 2019 @ £1.2m per month.
- 5% commission = £720k.

£000's	2019											
	J	F	M	A	M	J	J	A	S	O	N	D
Written premium		1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Earned premium												
Jan												
Feb		100	100	100	100	100	100	100	100	100	100	100
Mar			100	100	100	100	100	100	100	100	100	100
Apr				100	100	100	100	100	100	100	100	100
May					100	100	100	100	100	100	100	100
Jun						100	100	100	100	100	100	100
Jul							100	100	100	100	100	100
Aug								100	100	100	100	100
Sep									100	100	100	100
Oct										100	100	100
Nov											100	100
Dec												100
Jan-20												
Total earned premium		100	200	300	400	500	600	700	800	900	1,000	1,100
		6,600										
Earned commission @ 5%		5	10	15	20	25	30	35	40	45	50	55
		330										

£000's	2020											
	J	F	M	A	M	J	J	A	S	O	N	D
Written premium	1,200											
Earned premium												
Jan												
Feb	100											
Mar	100	100										
Apr	100	100	100									
May	100	100	100	100								
Jun	100	100	100	100	100							
Jul	100	100	100	100	100	100						
Aug	100	100	100	100	100	100	100					
Sep	100	100	100	100	100	100	100	100				
Oct	100	100	100	100	100	100	100	100	100			
Nov	100	100	100	100	100	100	100	100	100	100		
Dec	100	100	100	100	100	100	100	100	100	100	100	
Jan-20	100	100	100	100	100	100	100	100	100	100	100	100
Total earned premium	1,200	1,100	1,000	900	800	700	600	500	400	300	200	100
	7,800											
Earned commission @ 5%	60	55	50	45	40	35	30	25	20	15	10	5
	390											

- Current results reflect low levels of earned commission.
- Future earnings will benefit from deferred earnings from existing programs, new program business acquisitions and organic growth of existing programs.

APPENDIX B : PROGRAM MANAGEMENT – ILLUSTRATIVE DEVELOPMENT

STRATEGY I INNOVATION I EXPERTISE

SCENARIO 1

Contracted annual Gross Premium of $500m signed up by December 2018 and assuming zero future growth or new contracts after 2018.

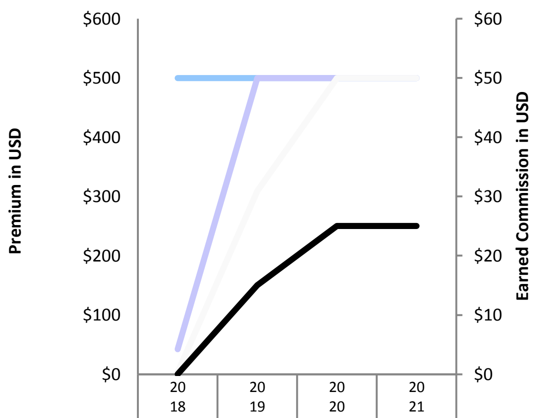
SCENARIO 2

Contracted annual Gross Premium of $500m signed up by December 2018 and assuming growth of $125m (from existing and new) contracted annual Gross Premium per quarter.

SCENARIO 3

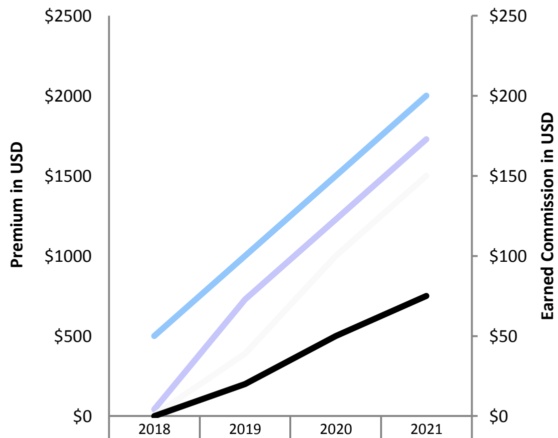
Contracted annual Gross Premium of $500m signed up by December 2018 and assuming growth of $50m (from existing and new) contracted annual Gross Premium per quarter.

Scenario 1 - Revenue Per Year



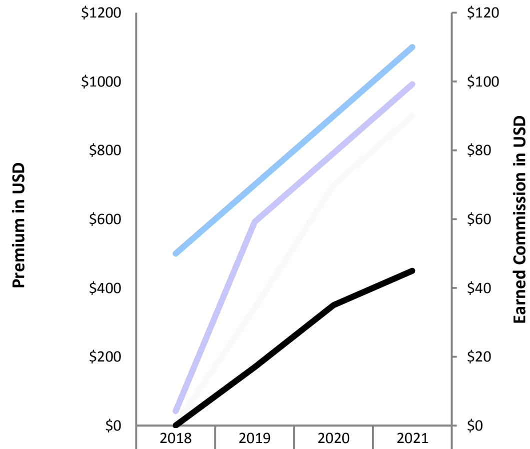
	2018	2019	2020	2021
Contracted Premium	500	500	500	500
Written Premium	42	500	500	500
Earned Premium	3	309	500	500
Earned Commission	0	15	25	25

Scenario 2 - Revenue Per Year



	2018	2019	2020	2021
Contracted Premium	500	1000	1500	2000
Written Premium	42	729	1229	1729
Earned Premium	3	391	1000	1500
Earned Commission	0	20	50	75

Scenario 3 - Revenue Per Year



	2018	2019	2020	2021
Contracted Premium	500	700	900	1100
Written Premium	42	592	792	992
Earned Premium	3	342	700	900
Earned Commission	0	17	35	45

APPENDIX C : 2018 M&A ACTIVITY

STRATEGY I INNOVATION I EXPERTISE

US Airline

Captive Reinsurance

Net Reserves $6.4m

Workers' Compensation

January 2018

Aviabel S.A.

Portfolio Transfer Agreement of certain contracts relating to legacy exposures

January 2018

Hamilton Underwriting Syndicate 3334 2014 & prior

Reinsurance to close

Net Reserves £30.0m

PL, GL,, contingency and property

February 2018

CA domiciled self-insurer

Policy issuance to provide full finality to a California based self-insurer

Net Reserves $0.3m

Workers' Compensation

February 2018

Gibraltar domiciled captive

Novation

Net Reserves £0m

Employers' Liability, Motor, Public & Products Liability

March 2018

US domiciled Self Insurer

Facultative Reinsurance to a US domiciled self-insurer

Net Reserves $2.3m

Workers' Compensation

March 2018

Barbados based captive

Novation of a captive which reinsured the liabilities of a Canadian corporate parent

Commercial general liabilities

March 2018

Sitex Cell

Novation

Employers' liability deductible exposures

September 2018

Cayman domiciled Captive

Novation

Net Reserves $0.2m

Workers' Compensation

October 2018

US domiciled self-insurer

Novation

Net Reserves $0.9m

Workers' Compensation

October 2018

US domiciled self-insurer

Novation

Workers' Compensation

October 2018

Cayman domiciled Captive

Novation

Net Reserves $0.6m

Workers' Compensation, General Liability, AL & APD

November 2018

US Based Insurer

Reinsurance of ECRA Pool liabilities

Net Reserves $3.0m

US Asbestos, Pollution & Health Hazard

November 2018

Guernsey domiciled captive

Novation

Net Reserves £0.7m

UK Employers' Liability

December 2018

Cayman domiciled captive

Novation

Net Reserves $2.6m

Workers' Compensation

December 2018

MPS Risk Solutions

Acquisition of UK insurance company in run-off

Gross Reserves £2.4m

UK Professional liability

December 2018

APPENDIX D : INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

STRATEGY I INNOVATION I EXPERTISE

Randall & Quilter Investment Holdings Ltd. Consolidated Income Statement	2018 £'000	2017 £'000
Continuing operations		
Gross premiums written	183,838	187,947
Written premiums ceded to reinsurers	(118,928)	(39,255)
Net written premiums	64,910	148,692
Change in provision for unearned premiums, gross	(42,044)	16,553
Change in provision for unearned premiums, reinsurers' share	40,583	3,425
Net change in provision for unearned premiums	(1,461)	19,978
Earned premium, net of reinsurance	**63,449**	**168,670**
Gross investment income	5,430	8,187
Other income	11,960	8,154
	17,390	16,341
Total income	**80,839**	**185,011**
Gross claims paid	(161,360)	(142,013)
Proceeds from commutations and reinsurers' share of gross claims paid	106,238	60,585
Claims paid, net of reinsurance	(55,122)	(81,428)
Movement in gross technical provisions	69,579	(10,765)
Movement in reinsurers' share of technical provisions after adjusting for commutations	(3,759)	(16,839)
Net change in provisions for claims	65,820	(27,604)
Net claims provisions decrease/(increase)	**10,698**	**(109,032)**
Operating expenses	(77,294)	(84,418)
Result of operating activities before goodwill on bargain purchase	**14,243**	**(8,439)**
Goodwill on bargain purchase	5,997	24,666
Amortisation and impairment of intangible assets	(1,644)	(1,909)
Result of operating activities	**18,596**	**14,318**
Finance costs	(4,345)	(4,204)
Share of loss of associate	-	(284)
Profit from continuing operations before income taxes	**14,251**	**9,830**
Income tax charge	(3,946)	(313)
Profit for the year from continuing operations	**10,305**	**9,517**
(Loss)/profit for the period from discontinued operations	(243)	13,453
Profit for the year	**7,822**	**22,970**
Attributable to:-		
Shareholders of the parent	7,341	22,914
Non-controlling interests	481	56
	7,822	**22,970**

APPENDIX E : BALANCE SHEET AS AT 31 DECEMBER 2018

STRATEGY I INNOVATION I EXPERTISE

Randall & Quilter Investment Holdings Ltd. Consolidated Balance Sheet	2018 £'000	2017 £'000
Assets		
Intangible Assets	19,974	20,712
Investments in associates	-	-
Property, plant & equipment	577	3,035
Investment properties	1,881	426
Financial assets		
- Investments	395,418	405,516
- Deposits with ceding undertakings	6,331	6,674
Reinsurers' share of insurance liabilities	300,357	253,482
Corporation tax	191	2,411
Deferred tax asset	3,205	10,907
Insurance and other receivables	232,716	170,273
Cash and cash equivalents	236,923	173,393
Assets held for Sale	-	18,962
Total assets	**1,197,573**	**1,065,791**
Liabilities		
Insurance contract provisions	699,078	722,535
Financial liabilities		
- Amounts owed to credit institutions	140,243	55,889
- Deposits received from reinsurers	1,139	1,170
Deferred tax liabilities	3,449	6,890
Trade and other payables, including insurance payables	168,488	92,269
Current tax liabilities	2,323	7,426
Pension scheme obligations	6,866	11,214
Liabilities held for sale	-	1,792
Total liabilities	**1,021,586**	**899,185**
Equity		
Share capital	2,520	2,517
Share to be issued	-	-
Share premium	51,135	62,257
Retained earnings	121,983	101,998
Attributable to equity holders of the parent	**175,638**	**166,772**
Minority interest in subsidiary undertakings	349	(166)
Total equity	**175,987**	**166,606**
Total liabilities and equity	**1,197,573**	**1,065,791**

APPENDIX F : PROFORMA BALANCE SHEET

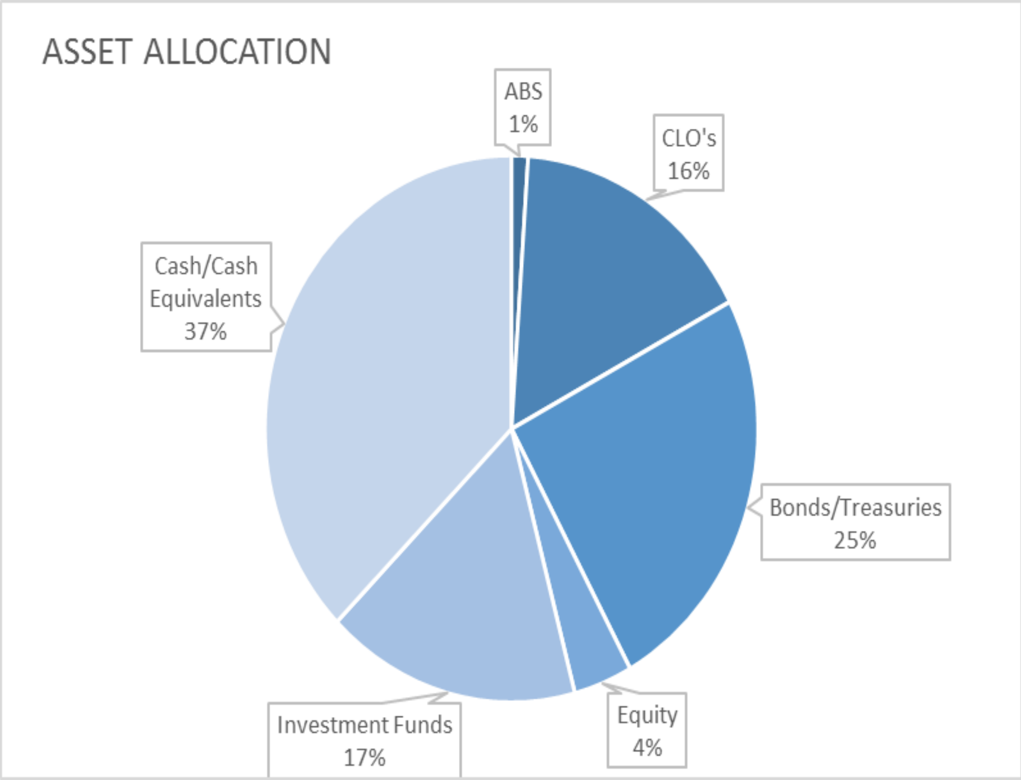
Proforma Balance Sheet (£000s)

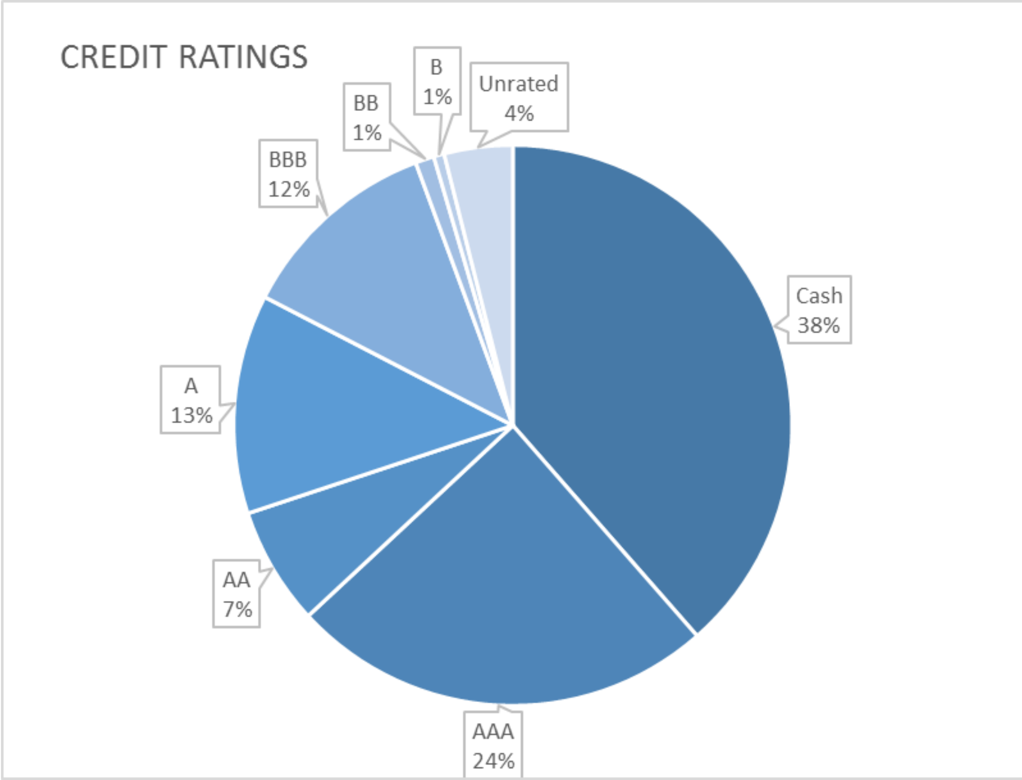
This proforma sets out the 2018 reported Balance Sheet, and then adjusts for -

- the impact of the March 2019 capital raise
- the impact of the Global Re acquisition, based solely on the vendor's reported asset position at 31 December 2018

	2018 Actual	Impact of Capital raise	Global assets/ liabilities	Consideration for Global	Effect on BS
Total Assets	1,197.6	103.5	156.9	(61.9)	1,396.1
Total Liabilities	(1,021.6)	-	(95.0)		(1,116.6)
Total Equity	**176.0**	**103.5**	**61.9**	**(61.9)**	**279.5**

CASH / INVESTMENT PORTFOLIO AS AT 31 DECEMBER 2018





APPENDIX H : EXECUTIVE DIRECTORS

Ken Randall, FCCA

Group Chairman & Chief Executive Officer

- Mr. Randall is a certified accountant and has worked in the Insurance industry for almost 40 years.
- During the early 1980s, Mr. Randall was Head of Regulation at Lloyd's, which was then a self-regulated institution. From 1985 until 1991 Mr. Randall served as Chief Executive of the Merrett Group.
- In 1991, Mr. Randall set up the Eastgate Group, in partnership with Mr. Quilter, which developed into the UK's largest third party provider of insurance services (1,300 employees & turnover of over £80m).
- Following the sale of Eastgate, Mr. Randall & Mr. Quilter refocused R&Q onto the acquisition and servicing of non-life run-off portfolios. R&Q expanded its services to include Captive &Underwriting management.
- In 2007 Mr. Randall presided over the Group's initial admission to AIM, and readmission in 2013.

Alan Quilter, FCA ACII MCT

Group Chief Financial Officer & Deputy Group Chief Executive Officer

- Mr. Quilter is a chartered accountant and has worked in the London insurance market since 1969.
- Between 1980 and 1987, he headed the Market Financial Services Group at Lloyd's before having several senior roles within investment management companies focused on insurance markets in the UK.
- In 1992, Mr. Quilter joined Mr. Randall to form Randall & Quilter. He was Chief Financial Officer for the Group with overall responsibility of the Group's finance functions until June 2011 and has now resumed that role.

Mark Langridge, FCCA

Executive Director & Head of Legacy

- Mr. Langridge has worked within the London insurance industry since 1980 when he began his career with the Prudential Corporation, qualifying as an accountant in 1987.
- In 1993 he joined KWELM Management Services where, as Reinsurance Director, he was responsible for managing the legacy of the insolvent HS Weavers' underwriting pool which had liabilities of more than $9bn and which presented unique challenges for the P&C industry in London and internationally.
- Following the closure of the KWELM estate in 2005, Mark set up and part owned the KMS Group before its acquisition by R&Q in 2008.
- Prior to his appointment as Executive Director in January 2018, Mr. Langridge was Chief Executive Officer of the R&Q Insurance Investments Division and prior to that R&Q Insurance Services Division.

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STRATEGY I INNOVATION I EXPERTISE

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