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Randall & Quilter Inv Hldgs Ltd  
01 April 2022

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**INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO RANDALL & QUILTER SHARES EXCEPT ON THE BASIS OF THE INFORMATION IN THE CIRCULAR, WHICH IS PROPOSED TO BE PUBLISHED IN DUE COURSE.**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014 AND ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) NO. 596/2014 (AS IT FORMS PART OF THE LAWS OF THE UK BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED)).**

1 April 2022

**RECOMMENDED ACQUISITION  
of  
Randall & Quilter Investment Holdings Ltd  
by  
Brickell PC Insurance Holdings LLC**

**and**

**commitment to provide \$100 million of new equity funding**

**Summary**

- Brickell PC Insurance Holdings LLC ("Brickell") and Randall & Quilter Investment Holdings Ltd ("R&Q") are pleased to announce that they have agreed the terms of a recommended cash acquisition of the entire issued ordinary share capital of R&Q by Brickell (the "Acquisition") as well as \$100 million of new equity funding (the "New Equity Funding"). The Acquisition will be undertaken by way of a merger under the Bermuda Companies Act.
- Under the terms of the Acquisition, each R&Q Shareholder will be entitled to receive:

**175 pence in cash for each R&Q Share**

valuing R&Q's existing issued share capital at approximately £482 million.

- The price of 175 pence per R&Q Share represents:

- a premium of approximately 20 per cent. to the Closing Price per R&Q Share of 146 pence on 31 March 2022 (being the last practicable dealing day prior to the date of this announcement)<sup>1</sup>;
  - a premium of approximately 17 per cent. to the 30 day volume weighted average share price for the period ended 31 March 2022<sup>1</sup>;
  - 1.82x price to Tangible Net Asset Value per share based on estimated figures for 31 December 2021<sup>1</sup>; and
  - 1.65x price to Net Asset Value per share based on estimated figures for 31 December 2021<sup>1</sup>.
- In addition, Brickell has committed to provide new equity funding to R&Q of \$100 million to de-lever R&Q's balance sheet and improve the Group's financial profile following new management's in-depth review of the Group's Legacy Insurance portfolio.
  - The Acquisition and New Equity Funding will be conditional on, among other things, the approval by R&Q Shareholders of various matters at the General Meeting, receipt of Regulatory Clearances and the satisfaction (or waiver) of the other Conditions set out in Section 1 of Appendix III of this announcement. It is currently expected that a Circular will be posted around the week of April 25<sup>th</sup> 2022 with the General Meeting expected to be held around the week of May 23<sup>rd</sup> 2022, and the Acquisition is expected to become effective around April 2023 (although may be extended in certain circumstances), subject to receipt of Regulatory Clearances and to the satisfaction (or waiver) of the other Conditions.
  - The R&Q Directors believe the terms of the Acquisition and New Equity Funding are in the best interests of shareholders and, accordingly, intend to recommend unanimously that R&Q Shareholders vote in favour of the various resolutions to approve the Acquisition and the New Equity Funding and related matters, which are to be proposed at the General Meeting. In addition, the R&Q Directors have irrevocably undertaken to vote or procure votes in favour of such resolutions in respect of their holdings of R&Q Shares, in aggregate, representing 9,102,904 outstanding R&Q Shares and constituting approximately 3.31 per cent. of R&Q's issued share capital as at 31 March 2022 (being the latest practicable date prior to the date of this announcement).
  - Barclays Bank PLC (acting through its Investment Bank) ("Barclays") and Numis Securities Limited ("Numis") are acting as financial advisors to R&Q on the Acquisition.

### **Information relating to Brickell**

- Brickell and its affiliates currently have a 23.2% shareholding in R&Q but 9.9% voting rights in R&Q. In March 2019, Brickell made its initial investment in R&Q by acquiring a 9.0% shareholding. In April 2020, Brickell purchased an additional \$80 million of exchangeable preferred stock of a R&Q affiliate. In January 2021, Brickell exchanged the preferred stock to equity in R&Q but remained at 9.9% voting interest in R&Q following the receipt of relevant regulatory approvals. As a result of the terms of the conversion documents and R&Q's Bye-laws, Brickell and its affiliates currently only have the ability to exercise voting rights equal to 9.9% of the current total voting rights in R&Q without obtaining relevant regulatory approvals.
- Brickell is controlled by Steven W. Pasko who has over thirty five years of financial services experience. Brickell's principal economic investor is 777 Partners LLC ("777"). 777 is a global investment firm headquartered in Miami, Florida. The firm invests across six verticals; insurance, consumer and commercial finance, litigation finance, sports media and entertainment, aviation, and direct lending. As 777's non-voting ownership interest in Brickell does not include any ability for 777 to exercise board control or any other ability to direct or cause the direction of management or policies of Brickell, 777 does not exercise control over Brickell.

- Brickell PC2 Insurance Holdings Limited will be incorporated in Bermuda in 2022 for purposes of merging with R&Q. Brickell PC2 Insurance Holdings Limited will merge with and into R&Q with the result that R&Q will be the surviving company of the Merger. As a result of the Merger, R&Q will become an indirect wholly-owned subsidiary of Brickell. After completion of the Merger, R&Q would be owned by Brickell which will then be the holding company of both R&Q and Brickell's other existing insurance operations.

### Information relating to R&Q

- R&Q has been operating in the insurance industry for over 30 years and is a leading non-life global specialty insurance company focusing on Program Management and Legacy Insurance businesses. The company is incorporated in Bermuda, with operations in the US, UK, Europe and Bermuda and has 308 employees across 8 offices.
- FY 2021 was a pivotal year for R&Q as the Legacy Insurance business took a significant step towards its transformation into a capital lighter, more recurring fee-based business model through the formation of Gibson Re, a Bermuda-domiciled collateralised reinsurer with c.\$300 million of third-party capital. The launch of Gibson Re as a legacy sidecar reinsurer for 80% of R&Q's Legacy Insurance business, simplifies the Legacy Insurance revenue model from one that is episodic and capital intensive towards one that is capital lighter with more predictable and recurring annual fee income. However, as discussed at the time of R&Q's H1 2021 interim results, this repositioning of Legacy Insurance inevitably results in a temporary reduction to R&Q's earnings as Legacy Insurance transitions from upfront 'Day One' underwriting income to annual recurring fee income. Under new accounting standards due to become effective in FY 2023, 'Day One' underwriting income will not be permitted.
- The Group's Program Management business continued its growth with gross written premiums ("GWP") expected to reach \$1 billion<sup>2</sup> for FY 2021, a 92% increase versus FY 2020, due to growth in new programs and the seasoning of existing programs. This is expected to drive fee income growth for Program Management of 133% to \$56 million<sup>2</sup>, which includes income from the Group's 40% ownership in the Tradesman Program Managers MGA. Program Management pre-tax operating profit is expected to reach \$21 million<sup>2</sup> with a pre-tax operating profit margin of c.35%.
- The Group's Legacy Insurance business is currently expecting to complete 15 Legacy Insurance deals for FY 2021, reflecting \$726 million of gross reserves acquired compared with \$640 million of reserves acquired in FY 2020. Given that not all of the Legacy Insurance transactions have been completed, this outlook is still subject to change. Gibson Re began assuming risk in 4Q 2021 representing \$367 million of Reserves Under Management ("RUM") at YE 2021 with annual recurring fee income of \$16 million for the Group; however these fees will not be recognized until FY 2022. Had the Group not had the benefit of Gibson Re, it would have required an additional c.\$100 million of capital to fund its Legacy Insurance deals. Legacy Insurance is expecting a pre-tax operating (loss) of c.\$(5) million to \$(10) million<sup>2</sup> for FY 2021 primarily due to the unanticipated adverse reserve development of c.\$30 million<sup>2</sup>.
- Given that not all of the Legacy Insurance transactions have completed, the outlook for the Group's FY 2021 pre-tax operating profit remains variable although management currently anticipates a Group pre-tax operating (loss) of c.\$(20) million to \$(30) million<sup>2</sup>, which includes unanticipated adverse reserve development of c.\$30 million<sup>2</sup> and unallocated corporate and interest expense. Pre-tax operating profit is a measure of the underlying earnings power of the Group and excludes non-recurring items.
- The Group anticipates achieving c.\$90 million in run-rate pre-tax operating profit by the end of FY 2023. This is due to significant operating leverage as the business achieves scale, which the Group believes is underpinned by the ongoing growth in its Program Management business and the ability to deploy Gibson Re's capital. The Group also expects to achieve \$1.75 billion of Program

Management GWP in FY 2022, one year earlier than previously reported. As the Company continues its transformational journey to becoming primarily a recurring fee-based business by FY 2024, it currently anticipates a pre-tax operating profit for FY 2022 of between \$8 million and \$15 million. In FY 2022, the Group is expecting to incur c.\$20 million of one-time charges primarily associated with an efficiency initiative to automate R&Q's business processes, which are not included in pre-tax operating profit. This initiative is anticipated to yield meaningful annual cost savings by FY 2024.

- The new R&Q management team took over in April 2021 and initiated an in-depth review of the Group's Legacy Insurance portfolio in Q4 2021. The review identified a potential c.\$90 million<sup>2</sup> non-cash, pre-tax charge associated with impairing a structured reinsurance contract that was previously capitalised as an asset on the Group's balance sheet. The impairment is due to the likely commutation of this reinsurance contract by a subsidiary to provide liquidity to meet anticipated claims which have recently accelerated above expectations. This subsidiary was acquired over 15 years ago and management believes it is in the best interest of shareholders to commute the reinsurance policy rather than fund future claims out of Group liquidity. Furthermore, in Q4 2021, the Group used meaningful cash capacity to fund collateral requirements upon certain reserve strengthening. The combined impact of these two items results in a need for c.\$100 million of equity capital to de-lever the balance sheet and improve the Group's financial profile. The result of the charge and other non-operating items is an IFRS-based profit after-tax (loss) of c.\$(135) million to \$(145) million<sup>2</sup>.

Commenting on the Acquisition, Steven Pasko, Chairman of Brickell, said:

"We have enjoyed a strong relationship with R&Q as a shareholder since 2019 and further supported the business with an infusion of capital in 2020. We are excited about the prospect of integrating R&Q into our robust insurance ecosystem and expanding our business into the legacy space, by combining R&Q's deep experience in managing complex run-off claims with 777's unique asset management capabilities."

Commenting on the Acquisition, William Spiegel, Executive Chairman of R&Q, said:

"Having agreed with Brickell the terms for a recommended cash acquisition of R&Q and \$100 million new equity funding, the Board of R&Q is unanimous in its belief that this represents the best outcome for our shareholders. The Acquisition provides shareholders the opportunity to crystallise the value of their holdings, in cash, and at a material 20% premium to our undisturbed share price, and a substantial 1.82x multiple of expected FY 2021 Tangible Net Asset Value per share, while also providing \$100 million in new equity funding to de-lever our balance sheet and improve our financial profile.

Furthermore, the offer demonstrates the strength of both our business today and the opportunities ahead of us. The value Brickell sees in R&Q is testament to the clear strategic vision we have outlined, the quality of our Legacy Insurance and Program Management businesses and the skills and expertise of our people. Brickell is a long-term strategic partner that has a deep understanding of our business and our markets, and has bought into our five-year plan to transform R&Q into a fee-based, capital lighter business. In addition to enabling our shareholders to realise attractive value, we also believe that an acquisition by Brickell would be an excellent outcome for our trading partners and employees, with Brickell's existing presence and significant ambitions in the fronting and legacy sectors highly complementary to our business. I would like to thank our people for their ongoing commitment as we continue to focus on business as usual and delivering our strategy."

**This summary should be read in conjunction with, and is subject to, the full text of the following announcement and its Appendices.**

**The Acquisition will be subject to the Conditions that are set out in Section 1 of Appendix III of this announcement. Appendix I contains information on the sources of information and bases of calculation used in this summary and in the following announcement. Appendix II contains a summary of the irrevocable undertakings referred to in this summary and in the following announcement. Appendix III contains a summary of the key terms of the Implementation Agreement. Appendix IV contains definitions of terms used in this summary and in the following announcement.**

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## Important Notices

*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 Acquisition 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 Acquisition or any other matter referred to in this Announcement.*

*Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for R&Q and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than R&Q for*



providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

MMC Securities Limited ("trading as GC Securities, ("GC Securities"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Brickell and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Brickell for providing the protections afforded to clients of GC Securities, nor for providing advice in relation to any matter referred to herein.

### **The City Code on Takeovers and Mergers**

By virtue of its status as a Bermuda incorporated company, the Code does not apply to R&Q. R&Q has incorporated certain takeover-related provisions into its Bye-Laws but these do not provide R&Q Shareholders with the full protections offered by the Code and enforcement of such provisions are the responsibility of R&Q, not the Panel.

### **Further Information**

This announcement 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 Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of R&Q in any jurisdiction in contravention of applicable law. The Acquisition will be made solely pursuant to the terms of the Circular, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition and accompanied by forms of proxy and forms of instruction for use at the General Meeting. Any decision in respect of, or in response to, the Acquisition should be made only on the basis of the information in the Circular. R&Q Shareholders are advised to read the Circular and any other formal documentation published in relation to the Acquisition carefully, once it has been published or dispatched.

This announcement 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 announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom and Bermuda.

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

### **Overseas Shareholders**

The laws of the relevant jurisdictions may affect the availability of the Acquisition to persons who are not resident in the United Kingdom, the United States or Bermuda. Persons who are not resident in the United Kingdom, the United States or Bermuda or who are subject to laws of any jurisdiction other than the United Kingdom, the United States or Bermuda, should inform themselves about, and observe, any applicable requirements. In particular, the ability of R&Q Shareholders who are not resident in the United Kingdom, the United States or Bermuda to vote their R&Q Shares with respect to the Acquisition at the General Meeting may be affected by the laws of the relevant jurisdiction in which they are located. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this announcement, the Circular or any accompanying document to any jurisdiction outside the United Kingdom, the United States or Bermuda should refrain from doing so and seek appropriate professional advice before taking any action.

### **Notice to US investors**

The Acquisition relates to the shares of a Bermuda company and is being made by means of a merger provided for under the Bermuda Companies Act. The transaction, implemented by way of a merger is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Securities Exchange Act of 1934, as amended. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable to a merger involving a target company in Bermuda quoted on the Alternative Investment Market operated by the London Stock Exchange, which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Brickell exercises its right to implement the Acquisition by way of a Takeover Offer and determines to extend the Takeover Offer into the

*United States, the Acquisition will be made in compliance with applicable United States laws and regulations.*

*Each R&Q Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them, including under applicable United States state and local, as well as overseas and other, tax laws.*

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

*R&Q is organized under the laws of a country other than the United States. Some of the officers and directors of R&Q are residents of countries other than the United States. In addition, substantial assets of R&Q are located outside the United States. As a result, it may be difficult for R&Q Shareholders to effect service of process within the United States upon R&Q or its officers or directors or to enforce against them a judgment of a US court predicated upon the federal or state securities laws of the United States.*

### **Forward-Looking Statements**

*This announcement contains forward-looking statements, both with respect to Brickell and R&Q 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 Brickell's or R&Q'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 Brickell or R&Q with third parties, or other amounts due to Brickell or R&Q; (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 Brickell's or R&Q's ability to maintain or increase its business volumes or profitability; (g) greater frequency or severity of claims and loss activity than Brickell's or R&Q'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 Brickell's or R&Q'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 Brickell's or R&Q'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 Brickell's or R&Q's respective financial instruments that could result in changes to investment valuations; (k) changes to Brickell's or R&Q'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 Brickell's or R&Q's subsidiaries to pay dividends; (m) the potential effect of legislative or regulatory developments in the jurisdictions in which Brickell or R&Q 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 materialization 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 Forecasts or Estimates**

*No statement in this announcement is intended as a profit forecast or estimate of the future financial performance of R&Q following completion of the Acquisition for any period unless otherwise stated. Furthermore, no statement in this announcement 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.*

### **Disclosure Requirements**

*R&Q is a Bermuda company and is therefore not subject to the Code. Accordingly, shareholders of R&Q and others dealing in R&Q Shares are not obliged to disclose any of their dealings under the provisions of the Code. However, shareholders of R&Q and others dealing in R&Q Shares are still obliged to comply with the disclosure obligations under the Bye-laws, the AIM Rules and the UK Market Abuse Regulation.*

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1 April 2022

**RECOMMENDED ACQUISITION  
of  
Randall & Quilter Investment Holdings Ltd  
by  
Brickell PC Insurance Holdings LLC**

**and**

**commitment to provide \$100 million of new equity funding**

#### **1. Introduction**

Brickell and R&Q are pleased to announce that they have agreed the terms of a recommended cash acquisition of the entire issued ordinary share capital of R&Q by Brickell, as well as \$100 million of new equity funding.

It is intended that the Acquisition will be effected by means of a merger under the Bermuda Companies Act, involving the merger of BB Sub with and into R&Q such that R&Q is the surviving company, under Section 104H of the Bermuda Companies Act. BB Sub will be a Bermuda exempted company incorporated for the purposes of the Merger by, and wholly-owned by Brickell.

#### **2. The Acquisition**



The Acquisition will be subject to the Conditions set out below in Section 1 of Appendix III of this announcement.

Under the terms of the Acquisition, each R&Q Shareholder will be entitled to receive:

**175 pence in cash for each R&Q Share**

valuing R&Q's existing issued share capital at approximately £482 million.

The price of 175 pence per R&Q Share represents:

- a premium of approximately 20 per cent. to the Closing Price per R&Q Share of 146 pence on 31 March 2022 (being the last practicable dealing day prior to the date of this announcement)<sup>1</sup>;
- a premium of approximately 17 per cent. to the 30 day volume weighted average share price for the period ended 31 March 2022<sup>1</sup>;
- 1.82x price to Tangible Net Asset Value per share based on estimated figures for 31 December 2021<sup>1</sup>; and
- 1.65x price to Net Asset Value per share based on estimated figures for 31 December 2021<sup>1</sup>.

In addition, Brickell has committed to provide new equity funding to R&Q of \$100 million to de-lever R&Q's balance sheet and improve the Group's financial profile following new management's in-depth review of the Group's Legacy Insurance portfolio.

**3. Background to and Reasons for the Acquisition**

As the largest existing shareholder in R&Q with a 23.2% shareholding, Brickell has enjoyed a strong relationship with R&Q since making its initial investment in 2019. This Acquisition and New Equity Funding demonstrate Brickell's continued support of the business and represents a unique opportunity for Brickell to expand its insurance strategy into the legacy market. R&Q's Program Management business also represents an attractive complement to Brickell's existing program management operations, known as the Sutton National Group.

**4. Recommendation**

The R&Q Directors believe the Acquisition and New Equity Funding together are in the best interests of shareholders and intend to recommend unanimously that R&Q Shareholders vote in favour of the resolutions to approve the Acquisition and the New Equity Funding, which are to be proposed at the General Meeting.

In addition, the R&Q Directors have irrevocably undertaken to vote or procure votes in favour of such resolutions in respect of their holdings of R&Q Shares, in aggregate, representing 9,102,904 outstanding R&Q Shares and constituting approximately 3.31 per cent. of R&Q's issued share capital as at 31 March 2022 (being the latest practicable date prior to the date of this announcement).

**5. Background to and Reasons for the Recommendation**

As set out in paragraph 6 below, the R&Q Board has concluded that it is in the best interest of the Group to incur a non-cash pre-tax operating charge of c.\$90 million<sup>2</sup> in FY 2021.

To better capitalise the business and de-lever its balance sheet following this c.\$90 million<sup>2</sup> non-cash pre-tax operating charge, R&Q expects to have an equity capital need of c.\$100 million that will provide sufficient capital to cure potential covenant breaches ahead of the expiry of waivers in June 2022 and strengthen its financial standing for all stakeholders, including debt financiers and rating agencies.

R&Q separately received an approach from Brickell and following a period of negotiations a proposal to acquire the entire issued share capital of R&Q for 175 pence per share, together with a firm commitment to provide the New Equity Funding required by R&Q. The Acquisition provides R&Q Shareholders the opportunity to crystallise the value of their

holdings, in cash, at a material premium to the current share price and a substantial premium to the expected FY 2021 Tangible Net Asset Value per share<sup>1</sup>. The price of 175 pence per R&Q Share represents:

- a premium of approximately 20 per cent. to the Closing Price per R&Q Share of 146 pence on 31 March 2022 (being the last practicable dealing day prior to the date of this announcement)<sup>1</sup>;
- a premium of approximately 17 per cent. to the 30 day volume weighted average share price for the period ended 31 March 2022<sup>1</sup>;
- 1.82x price to Tangible Net Asset Value per share based on estimated figures for 31 December 2021<sup>1</sup>; and
- 1.65x price to Net Asset Value per share based on estimated figures for 31 December 2021<sup>1</sup>.

In the absence of the Acquisition and the New Equity Funding, R&Q intends to carry out a non-pre-emptive equity raise of c.\$100 million in H1 2022.

In the days prior to this Announcement, R&Q management discussed R&Q's potential c.\$100 million capital requirement with key shareholders as well as the Acquisition and the New Equity Funding.

Following these shareholder discussions, and taking into account, amongst other things, the current market environment for any potential capital raise, the R&Q Directors believe it is in the best interests of R&Q Shareholders to vote in favour of the Acquisition and the New Equity Funding. The R&Q Directors therefore intend to recommend unanimously that R&Q Shareholders vote in favour of the resolutions to approve the Acquisition and the New Equity Funding.

## **6. New Equity Funding**

Pursuant to the terms of a Purchase and Exchange Agreement, Brickell shall commit to invest an additional \$100 million in newly issued exchangeable preferred securities of a subsidiary of R&Q.

### *Background to and Reasons for the New Equity Funding*

The new R&Q management team took over in April 2021 and initiated an in-depth review of the Group's Legacy Insurance portfolio in Q4 2021. The review identified a potential c.\$90 million<sup>2</sup> non-cash, pre-tax charge associated with impairing a structured reinsurance contract that was previously capitalised as an asset on the Group's balance sheet. The impairment is due to the likely commutation of this reinsurance contract by a subsidiary to provide liquidity to meet anticipated claims which have recently accelerated above expectations. This subsidiary was acquired over 15 years ago and management believes it is in the best interest of shareholders to commute the reinsurance policy rather than fund future claims out of Group liquidity. Furthermore, in Q4 2021, the Group used meaningful cash capacity to fund collateral requirements upon certain reserve strengthening. The combined impact of these two items results in a need for c.\$100 million of equity capital to de-lever the balance sheet and improve the Group's financial profile. The Group has received pre-emptive waivers from its bank lenders on its existing financial covenants until the earlier of a capital raise or the end of June 2022. In the absence of a capital raise or an extension of the waiver, it is likely that the Group would be in breach once the current waivers expire.

### *Purchase and Exchange Agreement*

On 1 April 2022, Brickell and R&Q entered into a Purchase and Exchange Agreement with regard to the purchase by Brickell of a number of shares (the "Preferred Stock") to be newly issued by Randall & Quilter PS Holdings Inc., a subsidiary of R&Q (the "Issuer").

The Preferred Stock shall be issued in two tranches: \$70 million of the Preferred Stock shall be issued in June 2022 conditional on, amongst other things, the receipt of the approval of R&Q Shareholders of the Acquisition and New Equity Funding; and the remaining \$30 million of the Preferred Stock shall be issued in August 2022.

The Issuer will dividend and/or loan the proceeds from the transaction to its parent and a direct subsidiary of R&Q, RQIH Limited, which will be applied in accordance with an agreed sources and uses budget.

The Preferred Stock is not to be transferable except with R&Q's and the Issuer's prior written consent and in accordance with applicable securities laws.

In the event that the Acquisition does not complete, the Preferred Stock will either be marketed for secondary sale by R&Q on behalf of Brickell or will be redeemed (subject to necessary approvals at the time) or may, subject to any necessary regulatory or other approvals at the time, be exchanged for R&Q Shares. The Exchange Price agreed upon per R&Q share is £1.15, based on the GBP-USD exchange rate on the date immediately prior to announcement of GBP£1.00 = USD\$1.32.

## **7. Irrevocable Undertakings**

Brickell has received irrevocable undertakings to vote, or procure votes, in favour of the resolutions to approve the Acquisition and the New Equity Funding, which are to be proposed at the General Meeting, from the directors of R&Q, in respect of 9,102,904 R&Q Shares, in aggregate, representing approximately 3.31 per cent. of the issued share capital of R&Q on 31 March 2022 (being the latest practicable date prior to the date of this announcement).

The irrevocable undertakings provided by the directors of R&Q will cease to be binding if the Acquisition lapses or is withdrawn or if the Implementation Agreement is terminated and will remain binding if a higher competing offer is made for R&Q.

Further details of these irrevocable undertakings, including the circumstances in which they cease to apply, are set out in Appendix II.

## **8. Carve Out Acquisition**

Brickell and R&Q have agreed to cooperate, engage in discussions and use all reasonable endeavours to enable Brickell, prior to the completion of the Acquisition, to acquire parts of R&Q's business, including those entities comprising R&Q's Program Management business, as and when applicable Regulatory Clearances have been obtained, potentially allowing for an earlier payment to shareholders (each, a "Carve Out Acquisition").

The members of the R&Q Group forming part of the Carve Out Acquisition ("Carve Out Companies") will be acquired by Brickell prior to completion of the Merger and all members of the R&Q Group not so acquired will remain as subsidiaries of R&Q and will become indirect subsidiaries of Brickell following completion of the Merger on the Closing Date.

On completion of any Carve Out Acquisition, Brickell shall pay to R&Q consideration for the relevant Carve Out Companies, representing fair market value for such Carve Out Companies, as mutually determined by R&Q and Brickell (the "Carve Out Consideration").

The terms of any Carve Out Acquisition shall be structured so as to ensure that R&Q is able to and does pay an amount equal to such Carve Out Consideration to the R&Q Shareholders who hold R&Q Shares (such payment to be by way of dividend, distribution, return of capital or other mechanism to be agreed with Brickell pursuant to the terms of any Carve Out Acquisition).

In the event that Closing has not occurred following a Carve Out Acquisition, on the earlier of: (a) the date falling 12 months after the date of completion of the Carve Out Acquisition or (b) an earlier date if Brickell so elects (the "Carve Out Acquisition Payment Date"), Brickell shall pay an amount to R&Q sufficient to enable R&Q to make a payment to the R&Q Shareholders equal to the Acquisition Consideration less the Carve Out Consideration and regardless of whether Closing subsequently takes place, the R&Q Shareholders shall not receive any further payment in respect of the Acquisition or the Merger.

Accordingly, if a Carve Out Acquisition is completed, R&Q Shareholders shall then become entitled to receive amounts totaling, in aggregate, the Acquisition Consideration regardless of whether any remaining Conditions (including the obtaining of any Regulatory Clearances) are satisfied or waived.

It is not anticipated that the Acquisition, together with any Carve Out Acquisition, will constitute a 'fundamental change of business' for the purposes of AIM Rule 15 and,

accordingly, R&Q and Brickell do not expect any Carve Out Acquisition to need to be conditional upon R&Q Shareholder approval. In the event that R&Q Shareholder approval is required pursuant to AIM Rule 15 (whether for the purpose of the implementation of any Carve Out Acquisition or otherwise), such shareholder approval will either be sought at the General Meeting or, if it is not possible to seek such shareholder approval at the General Meeting (due to timing constraints or the status of discussions in relation to any Carve Out Acquisition) then such shareholder approval will be sought at a subsequent special general meeting.

Further details on the Carve Out Acquisition are included in Section 6 of Appendix III of this announcement.

## **9. Information on Brickell**

Brickell is controlled by MTCP LLC, a Delaware limited liability company owned by Mr. Steven Pasko. Mr. Pasko is the Chairman of Brickell and has over thirty five years of financial services experience. Mr. Pasko is also a managing partner of 777, the principal economic investor in Brickell.

777 is a global investment firm headquartered in Miami, Florida. The firm invests across six verticals: insurance, consumer and commercial finance, litigation finance, sports media and entertainment, aviation and direct lending. Founded in 2015 as the result of the management buyout of SuttonPark Capital from PennantPark, a publicly traded BDC, 777 is focused on creating positive economic impact and long-term value for its portfolio companies and stakeholders. 777 has the benefit of deploying permanent capital with a long-term approach to all investments and has grown to over \$7.5 billion in assets and over 50 portfolio companies across 6 business lines with interests in a broad spectrum of financial services businesses, specialty finance companies, asset originators, and financial technology and service providers. As 777's non-voting ownership interest in Brickell does not include any ability for 777 to exercise board control or any other ability to direct or cause the direction of management or policies of Brickell, 777 does not exercise control over Brickell.

Brickell PC2 Insurance Holdings Limited will be incorporated in Bermuda in 2022 for purposes of merging with R&Q. Brickell PC2 Insurance Holdings Limited will merge with and into R&Q with the result that R&Q will be the surviving company of the Merger. As a result of the Merger, R&Q will become an indirect wholly-owned subsidiary of Brickell. After completion of the Merger, R&Q would be owned by Brickell which will then be the holding company of both R&Q and Brickell's other existing insurance operations.

Brickell and its affiliates currently have a 23.2% shareholding in R&Q but 9.9% voting rights in R&Q. In March 2019, Brickell made its initial investment in R&Q by acquiring a 9.0% shareholding. In April 2020, Brickell purchased an additional \$80 million of exchangeable preferred stock of a R&Q affiliate. In January 2021, Brickell exchanged the preferred stock to equity in R&Q but remained at 9.9% voting interest in R&Q following the receipt of relevant regulatory approvals. As a result of the terms of the conversion documents and R&Q's By-laws, Brickell and its affiliates currently only have the ability to exercise voting rights equal to 9.9% of the current total voting rights in R&Q without obtaining relevant regulatory approvals.

## **10. Information on R&Q**

R&Q has been operating in the insurance industry for over 30 years and is a leading non-life global specialty insurance company focusing on Program Management and Legacy Insurance businesses. The company is incorporated in Bermuda, with operations in the US, UK, Europe and Bermuda and has 308 employees across 8 offices.

FY 2021 was a pivotal year for R&Q as the Legacy Insurance business took a significant step towards its transformation into a capital lighter, more recurring fee-based business model through the formation of Gibson Re, a Bermuda-domiciled collateralised reinsurer with c.\$300 million of third-party capital. The launch of Gibson Re as a legacy sidecar reinsurer for 80% of R&Q's Legacy Insurance business, simplifies the Legacy Insurance revenue model from one that is episodic and capital intensive, towards one that is capital lighter with more predictable and recurring annual fee income. However, as discussed at the time of R&Q's H1 2021 interim results, this repositioning of Legacy Insurance inevitably results in a temporary reduction to R&Q's earnings as Legacy Insurance transitions from upfront 'Day One' underwriting income to annual recurring fee income. Under new accounting standards due to become effective in FY 2023, 'Day One' underwriting income will not be permitted.



The Group's Program Management business continued its growth with GWP expected to reach \$1 billion<sup>2</sup> for FY 2021, a 92% increase versus FY 2020, due to growth in new programs and the seasoning of existing programs. This is expected to drive fee income growth for Program Management of 133% to \$56 million<sup>2</sup>, which includes income from the Group's 40% ownership in the Tradesman Program Managers MGA. Program Management pre-tax operating profit is expected to reach \$21 million<sup>2</sup> with a pre-tax operating profit margin of c.35%.

The Group's Legacy Insurance business is currently expecting to complete 15 Legacy Insurance deals for FY 2021, reflecting \$726 million of gross reserves acquired compared with \$640 million of reserves acquired in FY 2020. Given that not all of the Legacy Insurance transactions have been completed, this outlook is still subject to change. Gibson Re began assuming risk in 4Q21 representing \$367 million of RUM at YE 2021 with annual recurring fee income of \$16 million for the Group; however, these fees will not be recognized until FY 2022. Had the Group not had the benefit of Gibson Re, it would have required an additional c.\$100 million of capital to fund its Legacy Insurance deals. Legacy Insurance is expecting a pre-tax operating (loss) of c.\$(5) million to \$(10) million<sup>2</sup> for FY 2021 primarily due to the unanticipated adverse reserve development of c.\$30 million<sup>2</sup>.

Given that not all of the Legacy Insurance transactions have completed, the outlook for the Group's FY 2021 pre-tax operating profit remains variable although management currently anticipates a Group pre-tax operating (loss) of c.\$(20) million to \$(30) million<sup>2</sup>, which includes unanticipated adverse reserve development of c.\$30 million<sup>2</sup> and unallocated corporate and interest expense. Pre-tax operating profit is a measure of the underlying earnings power of the Group and excludes non-recurring items. The impact of the non-cash charge and other non-operating items results in a IFRS-based profit after-tax (loss) of c.\$(135) million to \$(145) million<sup>2</sup>.

The Group anticipates achieving c.\$90 million in run-rate pre-tax operating profit by the end of FY 2023. This is due to significant operating leverage as the business achieves scale, which the Group believes is underpinned by the ongoing growth in its Program Management business and the ability to deploy Gibson Re's capital. The Group also expects to achieve \$1.75 billion of Program Management GWP in FY 2022, one year earlier than previously reported. As the Company continues its transformational journey to becoming primarily a recurring fee-based business by FY 2024, it currently anticipates a pre-tax operating profit for FY 2022 of between \$8 million and \$15 million. In FY 2022, as the business transitions to a recurring fee-based model it is expecting to incur c.\$20 million of one-time expenses not included in PTOP (to automate business processes yielding meaningful annual cost savings by FY 2024) which, together with unearned Program Fee revenue and other items, is expected to result in a IFRS-based post tax loss for FY 2022.

## **11. Financing**

As a Bermuda incorporated company, R&Q is not subject to the provisions of the Code, including the requirement for the offeror's financial adviser to give a confirmation that resources are available to the offeror sufficient to satisfy full acceptance of the offer. Given that the Code does not apply, the parties have adopted an approach more consistent with US market practice which relies on contractual protection. Accordingly, Brickell has provided confirmations in the Implementation Agreement together with an equity commitment letter and has agreed that an authorized officer of 777 will provide a certificate, on a quarterly basis on request, to confirm that Brickell continues to anticipate being able to fund its payment obligations. In the event that Brickell fails to pay, when due, the Acquisition Consideration or the amounts due pursuant to the New Equity Funding, such failure would be a material breach of the Implementation Agreement which would give R&Q a right to terminate the Implementation Agreement. In the event that R&Q terminates the Implementation Agreement due to Brickell's material breach, Brickell will then be required to pay R&Q the \$12,500,000 termination fee as explained in paragraph 5 of Appendix III.

## **12. Management and Employees**

Brickell has high regard for the experience of the existing management and employees of R&Q and sees the input of the existing management team of R&Q as a key element of the R&Q business strategy going forward. Consequently, Brickell does not currently intend to



make any material changes to the continued employment, or the balance of the skills and functions, of R&Q's management and employees as a result of the Acquisition.

Certain senior members of the R&Q management team hold restricted stock options in the form of issued shares which carry certain contractual restrictions but which, subject to certain terms and conditions, vest and become unrestricted over time. As a result of the Acquisition, any such restricted stock options shall become fully vested and so will be acquired by Brickell for the Acquisition Consideration pursuant to the Merger, subject to any deductions under the terms of such restricted stock options.

#### *Management Rollover*

The Implementation Agreement sets out the proposed arrangements pursuant to which 50 per cent. of the after-tax proceeds received by certain of the R&Q senior management team (the "Managers") from the Acquisition will be reinvested by the Managers into equity interests of R&Q (the "Rollover"). The terms of the Rollover are subject to agreement on documentation but will be on the same economic terms as applicable to Brickell's post-Closing equity investment in the structure for Brickell's ownership of R&Q and will include customary terms for an equity investment of this nature, including as to restrictions on transfer, leaver provisions (that provide for a sale at fair market value of the Rollover equity interests) and drag and tag-along rights.

#### *Management Incentive Plan*

Brickell has also agreed, pursuant to the terms of the Implementation Agreement, to implement a management incentive plan ("MIP") upon Closing. The terms of the MIP are subject to documentation, but it is the intention that under the terms of the MIP, an aggregate amount equivalent to five per cent. of the post-Closing ordinary share capital of R&Q will be allocated to certain Managers at Closing. Any equity that has been set aside for allocation under the MIP and that is not granted at Closing shall be available for future grants to senior management under the MIP.

Awards pursuant to the MIP will vest in four tranches over a four-year period on a cliff vesting basis as follows: (a) 10 per cent. year one, (b) 20 per cent. year two, (c) 30 per cent. year three and (d) 40 per cent. year four. Awards will be subject to customary provisions for an equity incentive arrangement of this nature, such as good leaver and bad leaver provisions, restrictions on transfer and a drag and tag-along right.

Any equity received pursuant to the MIP will be non-voting and will only become entitled to an equity return once the holders of the non-MIP equity have received a return equal to the greater of (i) a coupon of eight per cent. or (ii) a multiple of invested capital equal to 1.2 times, in each case in relation to the equity value of R&Q at Closing.

#### *Implications of a Carve Out Acquisition on the Rollover and MIP*

In the event there is a Carve Out Acquisition in advance of Closing, so as to preserve the economic benefit of the Rollover and appropriately allocate any awards under the MIP, it is anticipated that the Managers will receive equity interests in respect of their Rollover and / or MIP in either R&Q and / or such separate holding company that acquires the relevant Carve Out Companies, depending on the entity to which each Manager is assigned. The allocation of the Rollover and any MIP awards and the valuation ascribed to R&Q and any Carve Out Companies shall be agreed prior to the closing of any Carve Out Acquisition.

### **13. Implementation Agreement**

Brickell and R&Q have entered into an Implementation Agreement in relation to the Acquisition and other related matters. The Implementation Agreement contains certain undertakings, assurances and confirmations among the parties, including with respect to the implementation of the Acquisition.

R&Q has agreed that no dividends shall be paid up to completion of the Acquisition or the earlier termination of the Implementation Agreement.

A detailed summary of the Implementation Agreement is set out in Appendix III, including a summary of the Conditions to which the Acquisition will be subject.

#### **14. Description of the Merger**

It is intended that the Acquisition will be effected by means of a merger under the Bermuda Companies Act, involving the merger of BB Sub with and into R&Q such that R&Q is the surviving company, under Section 104H of the Bermuda Companies Act. BB Sub will be a Bermuda exempted company incorporated by and wholly-owned for the purposes of the Merger by Brickell.

The resolutions to approve the Merger must be approved by a majority vote of 75 per cent. of those voting at the General Meeting. The quorum for the General Meeting is at least two persons, holding or representing by proxy more than one-third of the issued shares of R&Q.

The anticipated timeline for the Acquisition and New Equity Funding is as follows:

- Post Circular to approve the Acquisition and New Equity Funding: around week of April 25<sup>th</sup> 2022
- General Meeting of Shareholders to approve the Acquisition and New Equity Funding: around week of May 20<sup>th</sup> 2022
- Receipt of \$70 million of proceeds from New Equity Funding in June 2022 and \$30 million in August 2022
- Long Stop Date for Completion of the Acquisition: April 2023 (although may be extended in certain circumstances)

#### **15. Related Party Transaction**

The entering into the Implementation Agreement and Merger Agreement with Brickell, a related party by virtue of its 23.2% shareholding in the Company, constitutes a related party transaction under Rule 13 of the AIM Rules for Companies. Accordingly, the R&Q Independent Directors, having consulted with the Company's nominated adviser, Numis, consider that the terms of the related party transactions are fair and reasonable insofar as Shareholders are concerned.

#### **16. De-listing of R&Q Shares**

Prior to the Closing Date, R&Q will apply to cancel the Admission to trading on the London Stock Exchange's AIM Market of R&Q's Shares. The last day of dealings in R&Q Shares on the London Stock Exchange's AIM Market is expected to be the last Business Day before the Closing Date. In addition, with effect from the Closing Date, entitlements to R&Q Shares held within the CREST system will be cancelled.

#### **17. Total Shares in Issue**

R&Q confirms that as at the close of business on 31 March 2022, being the latest practicable date prior to the date of this announcement, it had 275,211,268 R&Q Shares in issue and admitted to trading on the AIM Market of the London Stock Exchange under ISIN reference BMG7371X1065 and ticker symbol RQIH.

#### **18. General**

It is currently expected that the General Meeting will be held on or around the week of May 20<sup>th</sup> 2022, and the Acquisition is expected to become effective around April 2023, subject to receipt of Regulatory Clearances without delay and to the satisfaction (or waiver) of the other Conditions.

In deciding whether or not to vote, or procure votes in favour, of the resolutions to be proposed at the General Meeting, R&Q Shareholders should rely on the information contained, and follow the procedures described, in the Circular and the form of proxy and form of instruction accompanying the Circular.

#### **19. Consents**

Barclays, Numis and GC Securities have each given and not withdrawn their consent to the publication of this announcement with the inclusion herein of the references to their names in the form and context in which they appear.

Brickell has approved the release of this announcement.

## **Enquiries**

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## **Important Notices**

*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 Acquisition 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 Acquisition or any other matter referred to in this Announcement.

Numis Securities Limited ("Numis"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for R&Q and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than R&Q for providing the protections afforded to clients of Numis, nor for providing advice in relation to any matter referred to herein.

MMC Securities Limited ("trading as GC Securities, ("GC Securities"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for Brickell and no one else in connection with the matters set out in this announcement and will not regard any other person as its client in relation to the matters in this announcement and will not be responsible to anyone other than Brickell for providing the protections afforded to clients of GC Securities, nor for providing advice in relation to any matter referred to herein.

## **The City Code on Takeovers and Mergers**

By virtue of its status as a Bermuda incorporated company, the Code does not apply to R&Q. R&Q has incorporated certain takeover-related provisions into its Bye-Laws but these do not provide R&Q Shareholders with the full protections offered by the Code and enforcement of such provisions are the responsibility of R&Q, not the Panel.

## **Further Information**

This announcement 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 Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of R&Q in any jurisdiction in contravention of applicable law. The Acquisition will be made solely pursuant to the terms of the Circular, which will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition and accompanied by forms of proxy and forms of instruction for use at the General Meeting. Any decision in respect of, or in response to, the Acquisition should be made only on the basis of the information in the Circular. R&Q Shareholders are advised to read the Circular and any other formal documentation published in relation to the Acquisition carefully, once it has been published or dispatched.

This announcement 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 announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom and Bermuda.

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

## **Overseas Shareholders**

The laws of the relevant jurisdictions may affect the availability of the Acquisition to persons who are not resident in the United Kingdom, the United States or Bermuda. Persons who are not resident in the United Kingdom, the United States or Bermuda or who are subject to laws of any jurisdiction other than the United Kingdom, the United States or Bermuda, should inform themselves about, and observe, any applicable requirements. In particular, the ability of R&Q Shareholders who are not resident in the United Kingdom, the United States or Bermuda to vote their R&Q Shares with respect to the Acquisition at the General Meeting may be affected by the laws of the relevant jurisdiction in which they are located. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this announcement, the Circular or any accompanying document to any jurisdiction outside the United Kingdom, the United States or Bermuda should refrain from doing so and seek appropriate professional advice before taking any action.

## **Notice to US investors**

The Acquisition relates to the shares of a Bermuda company and is being made by means of a merger provided for under the Bermuda Companies Act. The transaction, implemented by way

of a merger is not subject to the tender offer rules or the proxy solicitation rules under the U.S. Securities Exchange Act of 1934, as amended. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable to a merger involving a target company in Bermuda quoted on the Alternative Investment Market operated by the London Stock Exchange, which differ from the disclosure requirements of United States tender offer and proxy solicitation rules. If, in the future, Brickell exercises its right to implement the Acquisition by way of a Takeover Offer and determines to extend the Takeover Offer into the United States, the Acquisition will be made in compliance with applicable United States laws and regulations.

Each R&Q Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them, including under applicable United States state and local, as well as overseas and other, tax laws.

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

R&Q is organised under the laws of a country other than the United States. Some of the officers and directors of R&Q are residents of countries other than the United States. In addition, substantial assets of R&Q are located outside the United States. As a result, it may be difficult for R&Q Shareholders to effect service of process within the United States upon R&Q or its officers or directors or to enforce against them a judgment of a US court predicated upon the federal or state securities laws of the United States.

### **Forward-Looking Statements**

This announcement contains forward-looking statements, both with respect to Brickell and R&Q 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 Brickell's or R&Q'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 Brickell or R&Q with third parties, or other amounts due to Brickell or R&Q; (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 Brickell's or R&Q's ability to maintain or increase its business volumes or profitability; (g) greater frequency or severity of claims and loss activity than Brickell's or R&Q'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 Brickell's or R&Q'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 Brickell's or R&Q'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 Brickell's or R&Q's respective financial instruments that could result in changes to investment valuations; (k) changes to Brickell's or R&Q'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 Brickell's or R&Q's subsidiaries to pay dividends; (m) the potential effect of legislative or regulatory developments in the jurisdictions in which Brickell or R&Q 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 materialization 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 Forecasts or Estimates**

*No statement in this announcement is intended as a profit forecast or estimate of the future financial performance of R&Q following completion of the Acquisition for any period unless otherwise stated. Furthermore, no statement in this announcement 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.*

#### **Disclosure Requirements**

*R&Q is a Bermuda company and is therefore not subject to the Code. Accordingly, shareholders of R&Q and others dealing in R&Q Shares are not obliged to disclose any of their dealings under the provisions of the Code. However, shareholders of R&Q and others dealing in R&Q Shares are still obliged to comply with disclosure obligations under the Bye-laws, the AIM Rules and the UK Market Abuse Regulation.*

### **APPENDIX I**

#### **SOURCES OF INFORMATION AND BASES OF CALCULATION**

In this announcement:

- (i) Unless otherwise stated, financial information concerning R&Q has been extracted from the Annual Report and Accounts of R&Q for the year ended 31 December 2020.
- (ii) The value of the Acquisition is based upon an assumed 275,211,268 R&Q Shares (net of Treasury Shares) in issue on the date of completion of the Acquisition. The actual number of R&Q Shares in issue on the date of completion of the Acquisition may vary from the foregoing.
- (iii) Unless otherwise stated, all prices for R&Q Shares are the Closing Price for the relevant date.

The following footnotes are contained throughout this announcement:

<sup>1</sup> Excluding any adjustment for New Equity Funding.

<sup>2</sup> Financial figures are estimates and therefore dependent on finalizing YE 2021 results. Any impairment and/or reserve strengthening is a significant accounting estimate that involves management making assumptions and considering future events that are inherently uncertain. There is a risk that such judgements are not made in accordance with IFRS and thus there may be material differences once the auditors/actuaries have undertaken their review as part of the year end audit process which is yet to be completed.

### **APPENDIX**

#### **II**

#### **IRREVOCABLE UNDERTAKINGS**

#### **Directors' Irrevocable Undertakings**

Brickell has received irrevocable undertakings to vote, or procure votes, in favour of the resolutions to approve the Acquisition to be proposed at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure acceptance of such offer, or, in the event that the Acquisition is implemented by way of a Scheme, to vote, or procure votes, in favour of the resolutions to approve the Acquisition to be proposed at the Court Meeting and the General Meeting), from the directors of R&Q, in respect of 9,102,904 R&Q Shares, in aggregate, representing approximately 3.31 per cent. of the issued share capital of R&Q on 31 March 2022 (being the latest practicable date prior to the date of this announcement). These undertakings require each member of the R&Q Board to vote, or procure that the registered holder votes, in favour of the resolutions to approve the Acquisition which are to be proposed at the General Meeting (or, in the event the Acquisition is implemented by means of the Takeover Offer, to accept, the Takeover Offer or, in the event that the Acquisition is implemented by way of a Scheme, to vote in favour of the resolutions to approve the Acquisition to be proposed at the Court Meeting and the General Meeting).

The irrevocable undertakings provided by the directors of R&Q will cease to be binding if the Acquisition lapses or is withdrawn or if the Implementation Agreement is terminated and will remain binding if a higher competing offer is made for R&Q.

The following R&Q Directors have given irrevocable undertakings:

| <b>Name</b>     | <b>Total number of R&amp;Q Shares</b> | <b>Percentage of existing issued share capital</b> |
|-----------------|---------------------------------------|--|
| William Spiegel | 5,413,911                             | 1.97   |
| Alan Quilter    | 2,078,091                             | 0.76   |
| Thomas Solomon  | 1,610,902                             | 0.59   |
| <b>Total</b>    | <b>9,102,904</b>                      | <b>3.31</b>  |

## **APPENDIX**

### **III**

#### **THE IMPLEMENTATION AGREEMENT**

Brickell and R&Q have entered into an Implementation Agreement in relation to the Acquisition and other related matters. The Implementation Agreement contains certain undertakings, assurances and confirmations among the parties, including with respect to the implementation of the Acquisition.

Under the Implementation Agreement, the Acquisition will be implemented by BB Sub merging with and into R&Q with R&Q as the surviving company so that R&Q will become a wholly owned subsidiary of Brickell pursuant to Section 104H of the Bermuda Companies Act.

#### *1. Conditions to the Acquisition*

The Acquisition is conditional on:

- the affirmative vote in favour of the Acquisition by at least 75 per cent of the voting power of shares entitled to vote, at a duly convened meeting of the R&Q Shareholders at which a quorum is present of two persons at least holding or representing by proxy more than one-third of the R&Q Shares;
- the receipt of the Regulatory Clearances as set out in the Implementation Agreement;
- no relevant authority having entered or issued any order, judgment, decree or injunction preventing, enjoining, or making illegal the consummation of the Acquisition (or any of the other anticipated transactions) and no law having been enacted or being deemed applicable to the Acquisition (or any of the other anticipated transactions) making the consummation of the Acquisition or any other anticipated transaction illegal;
- no Material Adverse Change having occurred in relation to the R&Q Group, taken as a whole and for this purpose a "Material Adverse Change" or a "MAC"

shall mean any event, occurrence, fact, condition or change that has a material adverse effect on the assets, liabilities, results of operations or financial condition of the business of R&Q and its subsidiaries, taken as a whole other than certain limited customary exclusions;

- none of the Regulatory Clearances imposing or resulting in a requirement on Brickell to:
  - provide capital or a guarantee in respect of any obligations of R&Q or one of its subsidiaries that is material in the context of the R&Q Group, taken as a whole;
  - sell, divest or dispose of any assets, property or business of Brickell and its affiliates (including R&Q and its subsidiaries following the Closing) that are material in the context of: (i) the Brickell Group, taken as a whole; or (ii) the R&Q Group, taken as a whole; or
  - agree to any restriction or requirement in relation to Brickell (or any of its affiliates) or R&Q (or any of its subsidiaries or associates) which would have a material adverse effect on the business, financial condition or results of operations of: (i) the Brickell Group, taken as a whole; and/or (ii) the R&Q Group, taken as a whole (each, a "Burdensome Condition"); and
- there being no ratings downgrade which is specific to R&Q (and not the industry in which R&Q and its subsidiaries operate and which is not predominantly attributable to or as a result of Brickell's involvement in the Acquisition), which is materially adverse in relation to the business of the R&Q Group, taken as a whole, and which is not cured by R&Q within 30 calendar days.

## 2. *Undertakings*

Pursuant to the Implementation Agreement, Brickell agrees to use all reasonable endeavours to obtain the Regulatory Clearances, and R&Q agrees to use all reasonable endeavours to cooperate with and assist Brickell in obtaining the Regulatory Clearances, so as to enable the Closing to occur as soon as practicable and, in any event, prior to the Long Stop Date.

Until Closing occurs or the Implementation Agreement is terminated, R&Q has agreed to carry on its business in all material respects in the ordinary course consistent with its past practice and has agreed not to take certain customary actions without Brickell's consent.

R&Q has also agreed that no dividends shall be paid up to completion of the Acquisition or the earlier termination of the Implementation Agreement.

## 3. *R&Q non-solicitation undertakings and Brickell matching rights*

Pursuant to the Implementation Agreement, R&Q has given various undertakings, broadly, not to solicit, facilitate, recommend or approve any offers or proposals by any third parties that might compete, or otherwise be inconsistent, with the Acquisition, and to promptly notify Brickell of any unsolicited offers or proposals that may be received. In addition, R&Q has also agreed that Brickell shall have the right to match any unsolicited competing offer or proposal that might be presented to the R&Q Directors or unilaterally announced by any third party.

In the event that, prior to the General Meeting, R&Q receives, in writing, a bona fide proposal which would or could be reasonably expected to lead to a superior proposal to the Acquisition (taking into account the existence of the New Equity Funding in relation to the Acquisition) then in certain circumstances (including a failure by Brickell to match the superior proposal as described above) and subject to certain customary provisions, the R&Q Board may be able to alter their recommendation and proceed to recommend such alternative proposal.

## 4. *Switch to Takeover Offer or Scheme*

The Implementation Agreement also sets out the circumstances in which Brickell may elect to implement the Acquisition by way of a Takeover Offer or Bermuda Scheme. Brickell may elect, with the prior written consent of R&Q (not to be unreasonably withheld, conditioned or delayed), to implement the Acquisition by way of a Takeover Offer or a Scheme. Any Takeover Offer or Scheme will be implemented on the same terms, so far as applicable (subject to appropriate amendments), as those which are set out in the Implementation Agreement.

## 5. Termination

The Implementation Agreement may be terminated in the following circumstances:

- upon agreement in writing between Brickell and R&Q, at any time prior to the completion of the Acquisition;
- by either Brickell or R&Q if the completion of the Acquisition has not occurred by the Long Stop Date or if the approval of the R&Q Shareholders is not forthcoming at the General Meeting;
- by Brickell if:
  - (a) the Acquisition has not been approved by the R&Q Shareholders by the Long Stop Date;
  - (b) the Regulatory Clearances have not been received by the Long Stop Date;
  - (c) any of the Regulatory Clearances impose, require or result in a Burdensome Condition;
  - (d) a MAC has occurred after the date of the Implementation Agreement and is continuing;
  - (e) there has been a material breach by R&Q of the Implementation Agreement or the Purchase and Exchange Agreement;
  - (f) the R&Q Board withdraw, withhold or modify their recommendation of the Acquisition or if they recommend a takeover proposal from a competing offeror;
  - (g) the Circular has not been posted to R&Q Shareholders within 20 Business Days of the date of the Implementation Agreement (or such later date as may be agreed between Brickell and R&Q);
  - (h) the General Meeting has not been held within 40 Business Days of the date of the Implementation Agreement (or such later date as may be agreed between Brickell and R&Q); or
  - (i) R&Q enters into an agreement relating to the implementation of a takeover proposal from a competing offeror;
- by R&Q if:
  - (j) there has been a material breach by Brickell of the Implementation Agreement or the Purchase and Exchange Agreement; or
  - (k) the R&Q Board authorises R&Q to enter into an agreement relating to the implementation of a takeover proposal from a competing offeror which is superior to the Acquisition.

If the Implementation Agreement is terminated by reason of (e) (where a material breach or material breaches could reasonably be said to have effectively frustrated Brickell's ability to consummate the Acquisition or any of the other transactions contemplated in the Implementation Agreement), (f), (g), (h), (i) or (k) above, R&Q shall pay to Brickell a termination fee of \$12,500,000 (plus any applicable VAT).

If the Implementation Agreement is terminated because (i) completion of the Acquisition has not occurred by the Long Stop Date or (ii) by reason of (b) above, in each case in circumstances where: (i) all of the Conditions (excluding the receipt of Regulatory Clearances) have been satisfied or waived; and (ii) there has been a material breach by Brickell of its obligations use all reasonable endeavours to obtain the Regulatory Clearances; and (iii) with the exception of any Burdensome Condition that could reasonably be said to have arisen as a result of or be a consequence of a material breach or a collection of material breaches, on the part of Brickell, of the Implementation Agreement, no Burdensome Condition has been required or imposed, then Brickell shall pay to R&Q a termination fee of \$12,500,000 (plus any applicable VAT).

## 6. Carve Out Acquisition

Brickell and R&Q have agreed to cooperate, engage in discussions and use all reasonable endeavours to enable Brickell, prior to the completion of the Acquisition, to acquire parts of R&Q's business, including those entities comprising R&Q's Program Management business, as and when applicable Regulatory Clearances have been obtained, potentially allowing for an earlier payment to shareholders.

The Carve Out Companies will be acquired by Brickell prior to completion of the Merger and all members of the R&Q Group not so acquired will remain as subsidiaries of R&Q and will become indirect subsidiaries of Brickell following completion of the Merger on the Closing Date.

On the date of completion of the Carve Out Acquisition:

- Brickell shall pay to R&Q Carve Out Consideration; and
- R&Q shall pay an amount equal to such Carve Out Consideration to the R&Q Shareholders who hold R&Q Shares (such payment to be by way of dividend, distribution, return of capital or other mechanism to be agreed with Brickell pursuant to the terms of any Carve Out Acquisition).

In the event that Closing has not occurred on the Carve Out Acquisition Payment Date, Brickell shall pay an amount to R&Q sufficient to enable R&Q to make a payment to the R&Q Shareholders equal to the Acquisition Consideration less the Carve Out Consideration and regardless of whether Closing subsequently takes place, the R&Q Shareholders shall not receive any further payment in respect of the Acquisition or the Merger.

Accordingly, if a Carve Out Acquisition is completed, R&Q Shareholders shall then become entitled to receive amounts totaling, in aggregate, the Acquisition Consideration regardless of whether any remaining Conditions (including the obtaining of any Regulatory Clearances) are satisfied or waived.

It is not anticipated that the Acquisition, together with any Carve Out Acquisition, will constitute a 'fundamental change of business' for the purposes of AIM Rule 15 and, accordingly, R&Q and Brickell do not expect any Carve Out Acquisition to need to be conditional upon R&Q shareholder approval. In the event that R&Q Shareholder approval is required pursuant to AIM Rule 15 (whether for the purpose of the implementation of any Carve Out Acquisition or otherwise), such shareholder approval will either be sought at the General Meeting or, if it is not possible to seek such shareholder approval at the General Meeting (due to timing constraints or the status of discussions in relation to any Carve Out Acquisition) then such shareholder approval will be sought at a subsequent special general meeting.

Under the Implementation Agreement, R&Q and Brickell agree to establish the Joint Steering Committee with the overriding objective of securing the successful completion of the Carve Out Acquisition.

#### *7. Management Rollover and Management Incentive Plan*

Certain senior members of the R&Q management team hold restricted stock options in the form of issued shares which carry certain contractual restrictions but which, subject to certain terms and conditions, vest and become unrestricted over time. As a result of the Acquisition, any such restricted stock options shall become fully vested and so will be acquired by Brickell for the Acquisition Consideration pursuant to the Merger, subject to any deductions under the terms of such restricted stock options.

#### *Management Rollover*

The Implementation Agreement sets out the proposed arrangements pursuant to which 50 per cent. of the after-tax proceeds received by the Managers from the Acquisition will be subject to the Rollover. The terms of the Rollover are subject to agreement on documentation but will be on the same economic terms as applicable to Brickell's post-Closing equity investment in the structure for Brickell's ownership of R&Q and will include customary terms for an equity investment of this nature, including as to restrictions on transfer, leaver provisions (that provide for a sale at fair market value of the Rollover equity interests) and drag and tag-along rights.



### *Management Incentive Plan*

Brickell has also agreed, pursuant to the terms of the Implementation Agreement, to implement a MIP upon Closing. The terms of the MIP are subject to documentation, but it is the intention that under the terms of the MIP, an aggregate amount equivalent to five per cent. of the post-Closing share capital of R&Q will be allocated to certain Managers at Closing. Any equity that has been set aside for allocation under the MIP and that is not granted at Closing shall be available for future grants to senior management under the MIP.

Awards pursuant to the MIP will vest in four tranches over a four year period on a cliff vesting basis as follows: (a) 10 per cent. year one, (b) 20 per cent. year two, (c) 30 per cent. year three and (d) 40 per cent. year four. Awards will be subject to customary provisions for an equity incentive arrangement of this nature, such as good leaver and bad leaver provisions, restrictions on transfer and a drag and tag-along right.

Any equity received pursuant to the MIP will be non-voting and will only become entitled to an equity return once the holders of the non-MIP equity have received a return equal to the greater of (i) a coupon of eight per cent. or (ii) a multiple of invested capital equal to 1.2 times, in each case in relation to the equity value of R&Q at Closing.

### *Implications of a Carve Out Acquisition on the Rollover and MIP*

In the event there is a Carve Out Acquisition in advance of Closing which results in the separation of the Program Management and Legacy Business of R&Q, so as to preserve the economic benefit of the Rollover and appropriately allocate any awards under the MIP, it is anticipated that the Managers will receive equity interests in respect of their Rollover and / or MIP in either R&Q and / or such separate holding company that acquires the relevant Carve Out Companies, depending on the entity to which each Manager is assigned. The allocation of the Rollover and any MIP awards and the valuation ascribed to R&Q and any Carve Out Companies shall be agreed prior to the closing of any Carve Out Acquisition.

## **APPENDIX IV**

### **DEFINITIONS**

The following definitions apply throughout this announcement, unless the context otherwise requires:

|                                    |  |
|------------------------------------|--|
| <b>"Acquisition"</b>               | the acquisition by Brickell, BB Sub Parent or BB Sub of the entire issued share capital of R&Q, not already owned by Brickell and its affiliates, for the Acquisition Consideration, to be effected in accordance with the Implementation Agreement by means of a Bermuda Merger or, in the event that Brickell elects to proceed with such Acquisition by way of a Takeover Offer or Scheme, in accordance with the terms of the Implementation Agreement, a Takeover Offer or acquisition via a Scheme |
| <b>"Acquisition Consideration"</b> | 175 pence in cash for each R&Q Share, excluding the Excluded Shares  |
| <b>"AIM Market"</b>                | the market of that name operated by the London Stock Exchange  |

|   |  |
|---|--|
| <b>"AIM Rules"</b>                            | the AIM rules for companies published by the London Stock Exchange from time to time   |
| <b>"Barclays"</b>                             | Barclays Bank PLC, acting through its investment bank  |
| <b>"BB Sub"</b>                               | Brickell PC2 Insurance Holdings Limited which will be incorporated in Bermuda for purposes of merging with R&Q and which will be a Bermuda exempted company  |
| <b>"Bermuda Merger Agreement"</b>             | the agreement effecting the merger of BB Sub and R&Q pursuant to Section 104H of the Bermuda Companies Act to be entered into among Brickell, BB Sub and R&Q |
| <b>"Brickell"</b>                             | Brickell PC Insurance Holdings LLC   |
| <b>"Brickell Directors"</b>                   | the directors of Brickell from time to time  |
| <b>"Brickell Group"</b>                       | Brickell and its subsidiaries and subsidiary undertakings from time to time  |
| <b>"Burdensome Condition"</b>                 | has the meaning given in Section 1 of Appendix III of this announcement  |
| <b>"Business Day"</b>                         | a day (other than Saturday, Sunday or a public holiday) on which banks in the City of London are open for business generally                                 |
| <b>"Bye-Laws"</b>                             | the bye-laws of R&Q (as amended from time to time)   |
| <b>"Carve Out Acquisition" announcement</b>   | has the meaning given in paragraph 8 of this announcement  |
| <b>"Carve Out Acquisition" announcement</b>   | has the meaning given in paragraph 8 of this announcement  |
| <b>"Payment Date"</b>                         |  |
| <b>"Carve Out Companies" announcement</b>     | has the meaning given in paragraph 8 of this announcement  |
| <b>"Carve Out Consideration" announcement</b> | has the meaning given in paragraph 8 of this announcement  |
| <b>"Circular"</b>                             | the circular to be issued by R&Q to R&Q Shareholders setting out the terms and conditions of the Acquisition and the notice of the General Meeting           |
| <b>"Closing"</b>                              | the closing of the Merger  |
| <b>"Closing Date"</b>                         | the date on which Closing occurs   |
| <b>"Closing Price"</b>                        | the closing middle market price of a R&Q Share on a particular trading day   |
| <b>"Code"</b>                                 | the City Code on Takeovers and Mergers (including the General Principles therein and the Appendices)   |
| <b>"Conditions"</b>                           | the conditions to the completion of the Acquisition set out in Section 1 of Appendix III of this announcement  |

|   |  |
|---|--|
| <b>"Confidentiality Agreement"</b>            | the non-disclosure undertaking entered into by the parties on 16 April 2021  |
| <b>"Court"</b>                                | the Supreme Court of Bermuda   |
| <b>"CREST"</b>                                | the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear U.K. & Ireland Limited is the Operator (as defined in the Regulations)   |
| <b>"Disclosure and Transparency Rules"</b>    | the disclosure and transparency rules made by the FCA and forming part of the FCA's handbook on rules and guidance, as amended from time to time   |
| <b>"Exchange Price"</b>                       | a value equal to £1.15   |
| <b>"Excluded Shares"</b>                      | any R&Q Shares legally or beneficially held by Brickell or any of its affiliates and any Treasury Shares   |
| <b>"FCA" or "Financial Conduct Authority"</b> | the U.K. Financial Conduct Authority or its successor from time to time  |
| <b>"FSMA"</b><br>amended from time to time)   | Financial Services and Markets Act 2000 (as  |
| <b>"General Meeting"</b>                      | the special general meeting of R&Q to be convened in order for R&Q Shareholders to consider, and if thought fit approve, certain matters in connection with the Acquisition, notice of which is to be set out in the Circular (including, where the context requires, any adjournment, postponement or reconvention thereof)   |
| <b>"Implementation Agreement"</b>             | the agreement among Brickell and R&Q dated 1 April 2022, in relation to the implementation of the Acquisition  |
| <b>"Independent Directors"</b>                | Alastair Campbell, Philip Barnes, Eamonn Flanagan and Jo Fox being those R&Q Directors who are not being offered the opportunity to participate in equity interests of R&Q following Closing   |
| <b>"ISIN"</b>                                 | International Securities Identification Number   |
| <b>"London Stock Exchange"</b>                | London Stock Exchange plc  |
| <b>"Long Stop Date"</b>                       | (a) (where Brickell elects to undertake a Carve Out Acquisition) the date that is 24 months following the date of the Implementation Agreement or such later date as Brickell may determine; or<br><br>(b) (otherwise) the date that is 12 months following the date of the Implementation Agreement, or such later date as Brickell and R&Q may agree in writing, <u>provided that</u> if: (a) all Conditions have been satisfied other than the Condition relating to Regulatory Clearances; and (b) Brickell is complying in all material respects with its obligations to use all reasonable endeavours to obtain the Regulatory Clearances, either R&Q or Brickell shall be entitled, by service of written notice on the other, to |

require: (i) an automatic 2 month extension such that the "Long Stop Date" shall be the date that is 14 months following the execution of the Implementation Agreement (a "first extension request"); and (ii) provided a first extension request has been made (by either party), a further automatic 2 month extension such that the "Long Stop Date" shall be the date that is 16 months following the execution of the Implementation Agreement

**"MAC" or "Material Adverse Change"**

has the meaning given in Section 1 of Appendix III of this announcement

**"Merger"**

the merger of BB Sub with and into R&Q with R&Q as the surviving company so that R&Q will become a wholly owned subsidiary of Brickell pursuant to Section 104H of the Bermuda Companies Act

**"New Equity Funding"**

the US\$100 million to be invested, pursuant to the Purchase and Exchange Agreement, in newly issued exchangeable preferred securities of R&Q PS Holdings Inc, a subsidiary of R&Q

**"Preferred Stock"**

has the meaning given in paragraph 6 of this announcement

**"Program Business"**

the group of businesses comprising the Accredited entities, the Vibe Lloyd's business and the Tradesman business

**"Purchase and Exchange Agreement"** the agreement dated 1 April 2022 with regard to the purchase by Brickell of a number of shares of Preferred Stock to be newly issued by R&Q PS Holdings, Inc, a R&Q subsidiary

**"R&Q"**

Randall & Quilter Investment Holdings Ltd, Clarendon House, 2 Church Street, Hamilton HM11, Bermuda

**"R&Q Board"**

the Board of Directors of R&Q

**"R&Q Depositary Interests"**

the dematerialised depositary interests issued in CREST in respect of R&Q Shares

**"R&Q Directors"**

the directors of R&Q from time to time and "R&Q Director" means any one of them

**"R&Q Group"**  
from time to time

R&Q and its subsidiaries and subsidiary undertakings

**"R&Q Shareholders"**

holders of R&Q Shares

**"R&Q Shares"**

the common shares of par value 2 pence each in the capital of R&Q, including the R&Q Depositary Interests in respect of such shares (other than any such shares that may be Treasury Shares while held by R&Q)

**"Regulatory Clearances"**

the consents of, or declarations, notifications, or filings with, and the other terminations or expirations of waiting periods required from, the

Relevant Authorities, as set forth in the Implementation Agreement, having been filed, having occurred, or having been obtained and, if applicable, being in full force and effect

**"Relevant Authority"**

any court, tribunal, government or governmental, quasi-governmental, supranational, statutory, regulatory, self-regulatory, environmental or investigative body, person, court, trade or regulatory agency, authority, association or institution or any competition, antitrust or supervisory body, in each case in any jurisdiction

**"Scheme"**

if Brickell elects to implement the Acquisition by way of a scheme (pursuant to the Bermuda Companies Act) the scheme of arrangement under Section 99 of the Bermuda Companies Act to be proposed by R&Q to R&Q Shareholders in order to implement the Acquisition

**"subsidiary undertaking",  
"associated undertaking"  
and "undertaking"**

shall have the meanings given by the (United Kingdom) Companies Act of 2006 (including the schedules thereto), as amended

**"Takeover Offer"**

if Brickell elects to implement the Acquisition by way of a takeover offer (pursuant to the Bermuda Companies Act) in accordance with and subject to the Implementation Agreement, the offer to be made by Brickell or BB Sub to acquire the entire issued share capital of R&Q

**"Treasury Shares"**

any R&Q Shares which are for the time being held by R&Q as treasury shares (within the meaning of the Bermuda Companies Act)

**"U.K." or "United Kingdom"  
Ireland**

the United Kingdom of Great Britain and Northern Ireland

**"UK Market Abuse Regulation"**

the Market Abuse Regulation (Regulation 596/2014) as it forms part of the laws of the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended)

**"U.S." or "United States"  
or "United States of America"**

the United States of America, its possessions and territories, all areas subject to its jurisdiction or any subdivision thereof, any State of the United States and the District of Columbia

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