

Quilter plc General Meeting 2021 Shareholder Questions and Answers

Updated 3 June 2021

Shareholder Questions and Answers

As explained in our Circular and Notice of General Meeting, in addition to asking questions at the General Meeting itself, shareholders were invited to submit questions in writing to the Company Secretary, Patrick Gonsalves, in advance of the meeting. **It is recommended that all shareholders read the Circular carefully and the answers below should be considered in the light of the full disclosures as set out in the Circular dated 17 May 2021. Terms are defined as set out in the Circular.**

Set out below are summaries of the answers to relevant questions received from shareholders as at 3 June 2021.

Q1. Please advise the reasons why Quilter international is being sold.

The background to and reasons for the Sale of Quilter International are set out in the Circular which is available at www.quilter.com/gm. This document should be read in full. However, the Chairman does specifically set out the reasons in his letter starting on page 7.

Q2. What effect will the sale likely have on the value of our shareholdings?

The future value of Quilter plc shares will be influenced by a number of factors including the future performance of Quilter's retained core UK businesses, general market levels, prevailing interest rates, the outlook for economic growth and how these impact our profitability as well as the amount and method of capital return to shareholders following the completion of the Quilter International sale. However, as set out in the Circular, the Board believes that the proposed sale of Quilter International will realise a higher value than could be generated from Quilter's continued ownership, taking the further investment requirements into account and the associated execution risks. It will also enable the Group to undertake a capital distribution of the majority of the Net Cash proceeds to shareholders.

Q3. What will the impact be on me as a minority shareholder if the "Quilter plc - Proposed Sale of Quilter International," goes through with reference to my shares and dividends?

An allocation from the Net Cash Proceeds following the Sale are expected to be applied as a contribution from Quilter International to Quilter's Full Year 2021 dividend on a pro rata basis to earnings for calendar 2021.

Further, the Quilter Board is currently minded to undertake a capital distribution of the majority of the Net Cash Proceeds to Shareholders. A final decision on quantum and mechanism of distribution will be taken at the time of Completion in light of prevailing market and business conditions, as well as potential opportunities for business investment. Quilter will continue to engage on strategic opportunities and the optimum means of returning capital ahead of reaching any conclusions in this regard. Any such distribution will be subject to normal regulatory approvals.

You can find more details about the use of Sale proceeds in the Circular which is available at www.quilter.com/gm.

Q4. Please advise what the book value of Quilter International is as per the latest audited financial statements.

Page 24 of the General Meeting Circular summarises the balance sheet of Quilter International at end December 2020 and confirms it had net assets of £275m versus the proposed purchase price of c.£483m assuming Completion on 31 December 2021.

Q5. What is the logic of selling this business below the Solvency II Own Funds which we assume is below the book value of the business.

The proposed sale price is above book value but below the value of own funds. The difference between book value and own funds is that own funds includes the value of in force business (VIF) which represents the present value of future profits from the business. The Board believes that the proposed Sale provides the best opportunity to realise an attractive and certain value for Quilter International.

Q6. What is the Company expecting to do with the proceeds of the proposed sale including the expected uplift in value from the capital being redirected to the UK business.

As set out on Page 10 of the Circular, the Board of Quilter is currently minded to undertake a capital distribution of the majority of the Net Cash Proceeds to Shareholders. A final decision on quantum and mechanism of distribution will be taken at the time of Completion in light of prevailing market and business conditions, as well as potential opportunities for business investment. Quilter will continue to engage with its Shareholders on strategic opportunities and the optimum means of returning capital ahead of reaching any conclusions in this regard. Any such distribution will be subject to normal regulatory approvals.

Q7. Has the board considered the proposition of liquidating the Company instead and distributing capital after a voluntary liquidation?

A liquidation of Quilter International has not been considered as a viable alternative. Quilter International is a trading business and includes a number of regulated subsidiaries. Liquidation would involve closing the business to new customers and so losing the revenues and profits generated by new business, but also a very long process (particularly for the insurance subsidiaries) of running off the current book of business, or alternatively looking to sell that book of business, whilst maintaining required regulatory capital and required IT and other service infrastructure. There would also be material redundancy and other wind-down costs. Quilter plc considers that the overall result would be likely to be value destructive.

Q8. As there have been net outflows across the board from Quilter plc what remedial action is being implemented and what outcome targets have been set to remedy the situation?

Quilter has continued to enjoy accelerating inflows and good investment performance across our business. Please use this link (<https://www.quilter.com/link/0a61de3d49cb4d26b2038715eea0ae2c.aspx>) to review our first quarter trading update which summarises our flow performance for the first three months of the year. We are pleased to report that this was our strongest quarterly

performance since 2018, and in March 2021 our UK Platform generated new monthly gross flows in excess of £1bn for the first time ever. All our businesses have generated consistent net inflows throughout 2020 and into 2021.

Q9. In the light of the poor returns achieved by the Quilter team (which certainly has a big influence on the net outflow of funds from the business), what action has been taken to remedy this situation and what outcome targets have been set?

In terms of investment performance, we continue to be pleased with our outcomes here. As we indicated at our full year results back in March 2021, the medium and long term performance at Quilter Cheviot, our discretionary fund management business, has continued to outperform relevant benchmarks, remaining mainly first or second quartile, for the year ending December 2020. Turning to Quilter Investors, while our Cirilium multi-asset proposition had a period of short-term underperformance over the mid-2019/early 2020 period, it has reversed this with top quartile performance across four out of five of its active portfolios in the 12 months to end March 2021 with the fifth portfolio delivering second quartile performance. Its longer-term performance, over 5 and 10 years, also remains consistently strong.

Q10. Under the circumstances why can you not do a zoom meeting?

We did consider a Webinar/Zoom meeting option and a telephone option for shareholders wishing to join our General Meeting. However, after careful consideration, we decided that the telephone option that offers shareholders the choice to join the meeting to listen to our Chairman speak about the proposed Sale of Quilter International and also the opportunity to ask a question on the business of the meeting would be preferable.

We are aware that other companies are using Webinars/Zoom meetings this year and we will continue to review whether we decide to use these options at future general meetings.

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