HERITAGE Insurance
Pillars of Strength and Character.

December 2018

HERITAGE INSURANCE HOLDINGS

Case Study

STONYBROOK CAPITAL

Key Contacts

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Stonybrook Capital

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Managing Director

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Analyst

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Case Study: Heritage Insurance

Stonybrook Capital advises on Heritage Insurance Holdings' debt facility

December 2018

HERITAGE® Insurance

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$125,000,000 senior debt

Stonybrook Acted as exclusive advisor

Transaction Summary

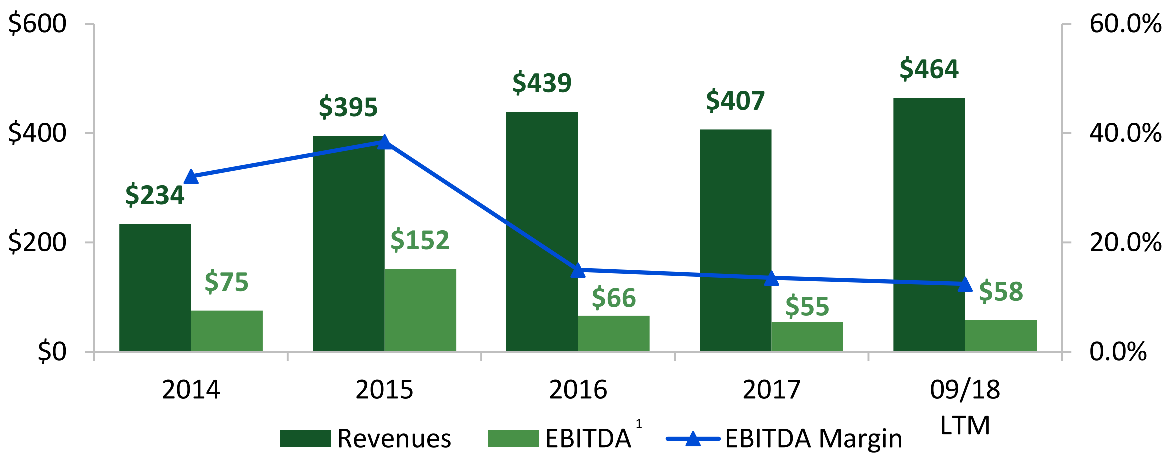
- Stonybrook served as exclusive advisor to Heritage Insurance Holdings for a $125m debt facility
  - Announced on 12/17/18
  - Structured as $75m in senior debt and $50m in a revolving credit facility
- Transaction enabled Heritage to refinance debt
  - After strong growth and results, existing debt was no longer competitively priced
  - Targeted approach generated significant interest and a number of LOIs

Heritage Insurance Holdings ("HRTG")

- "A" Demotech rated homeowners insurance company based on Clearwater, Florida
  - Ticker NYSE: "HRTG"
  - Market Cap: $397.7m
  - Q3 '18 Premiums in-force of $929.8m
  - Q3 '18 LTM GPW of $871.3m
- Since their founding in 2012, they have become an industry-leading player in their market
- Recently acquired Narraganset Bay Insurance Company and as a result expanded their geographical footprint and premium volume

Financial Highlights

($ in millions)



Stonybrook Capital

- Manhattan-based investment and merchant bank focused exclusively on the (re)insurance industry
  - Particular focus and expertise in homeowners insurers and mutuals
- Second property-CAT transaction and sixth capital raise transaction closed in the past 24 months
- Three main divisions: Stonybrook Capital (Advisory, M&A, Capital Raising), Stonybrook Risk Management, and Stonybrook Ventures
  - Licensed reinsurance broker in the US through Stonybrook Risk Management and in London through KM Datsur

Source: SNL Financial

Note: All financial figures are as of 12/11/2018

1. 2017 EBITDA is adjusted in order to account for a large non-cash expense

Notable Stonybrook Transactions

December 2018
HERITAGE Insurance
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$125,000,000
Capital Raise

October 2018
BONDEX INSURANCE GROUP

Sale of
Boston Indemnity Company

Exclusive sell-side
financial advisor

August 2018
enerGi

Placed Program

Exclusive Advisor to Energi

July 2018
enerGi

$12,500,000
Capital Raise

December 2017
GuideOne Insurance

$50,000,000
Capital Raise

December 2017
FUMIC

Sale to

Farmers Union INSURANCE

Exclusive sell-side
financial advisor

December 2017
GRAMERCY RISK MANAGEMENT

Capital raise amount
undisclosed

October 2017
MARK EDWARD PARTNERS

Capital raise amount
undisclosed

September 2017
Conifer Holdings Inc.

$30,000,000
Capital Raise

September 2017
Bankwell

BD CAPITAL PARTNERS LLC.

Valuation analysis

August 2017
THE MAIN STREET AMERICA GROUP

Sale of
Great Lakes Casualty

ENSTAR

Exclusive sell-side
financial advisor

March 2017
PREPARED INSURANCE COMPANY

Exclusive sell-side
financial advisor

November 2016
MAIDSTONE INSURANCE COMPANY

Sale to

SDOI

Exclusive sell-side
financial advisor

October 2016
FEDERATED INSURANCE

Acquisition of

GRANITE RE, INC. Surety Bonds for Contractors

Exclusive financial
advisor

July 2016
assure space

Sale to

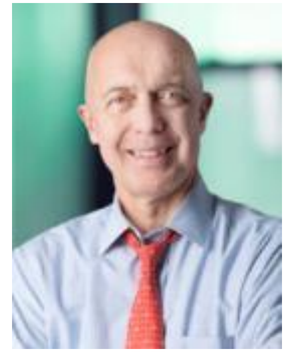
AmTrust

Exclusive sell-side
financial advisor

Stonybrook Team

Joseph Scheerer
CEO & Principal
- Founded Stonybrook in 2012 with more than 20 years of experience in the industry
- Previously Willis, Benfield & Oppenhiemer

Ian Winchester
Chairman of the Board
- Over 50 years of experience in industry
- Has served on the board of numerous insurance companies, including Endurance and Sompo, and was the Managing Partner of BHC Winton Funds



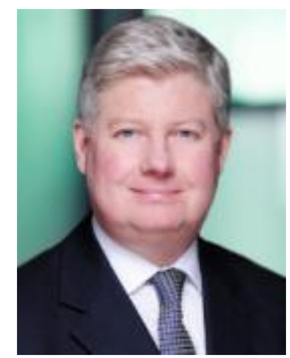
Paolo Grassi
General Counsel & COO
- Over 30 years of experience in the industry
- Spent 25 years at AIG where he served in M&A roles and led legal, compliance, regulatory, and corporate affairs teams

Ravi Arps
Managing Director & Board Member
- Founding member of Stonybrook
- Has worked on over a half-billion dollars in capital raising and over a quarter billion dollars in M&A transactions

Valeria Martinez
CFO & HR Director
- Joined Stonybrook in 2012
- Specializes in financial services and office management, has over ten years of experience in the industry

Andrew Downing
Stonybrook Risk Management, President
- Has over 30 years of experience in the (re)insurance and banking industries
- Specializes in the MGA/MGU and Program Administrator marketplace

Sandra Familet
Stonybrook Ventures, President
- Over 20 years of experience in the financial services industry
- Has raised over $7bn in capital over the course of her career



Martin Davies
President, Stonybrook Capital International
- Supports Stonybrook Capital in Europe
- Director of Capital & Solvency Solutions at KM Datsur, previously CEO of AHJ Capital Markets and Towers Watson Capital Markets

Stonybrook Team (Cont'd)

Thomas Deane
Managing Director
- Previously worked at JLT Capital Markets and AON Benfield Securities
- Specializes in personal lines, specialty, and London market business

Albert Swanke
Managing Director
- Has over 45 years of experience in insurance and related services
- Previously served as financial officer of CV Star, Treasurer of INA, and SVP of CIGNA

Todd White
Strategic Advisor
- Has over 18 years of experience, and previously SVP of Corporate Strategy at Montpelier
- Has raised over $1.8bn in capital across the insurance industry

William Nutt
Strategic Advisor
- Over 35 years of experience in the industry, primarily at United Guaranty
- Previously at Bankers Financial Corporation and Piedmont Trust

Gerard Altonji
Strategic Advisor – AM Best Expert
- Over 35 years of experience in the industry; over 20 years at AM Best
- Served as Assistant Vice President/Team Leader in the P&C ratings division

Sara Smith
Associate
- Previously worked at JLT Capital Markets, prior to that worked at Greenwich Associates
- Graduated Magna Cum Laude from Trinity College (CT) with a BA in Economics and a minor in French

Geoffrey Ward
Analyst
- Previously worked at Stonybrook Capital as a Fall Analyst
- Graduated from the University of Connecticut with a BS in Finance

Nicholas Annitto
Analyst
- Previously worked at JMP Securities as a Summer Analyst
- Graduated from Wesleyan University with a BA in Economics