

Cypress Group Holdings, Inc. Case Study



CYPRESS

STONYBROOK CAPITAL

STONYBROOK CAPITAL

The Chanin Building
122 East 42nd Street, Suite 2120
New York, NY 10168
www.stonybrookcapital.com

Joseph Scheerer

CEO

Office (212) 421 8236
Mobile (917) 860 4519
joseph.scheerer@stonybrookcapital.com

Ravi Arps

Partner & Board Member

Office (646) 766 1606
Mobile (860) 301 6595
ravi.arps@stonybrookcapital.com

Thomas Deane

Partner

Mobile (203) 451 4916
Thomas.deane@stonybrookcapital.com

Paul Dzielinski

Managing Director, Stonybrook Risk Management

Mobile (203) 526 4895
paul.dzielinski@stonybrookcapital.com

Paul Kneuer

Managing Director

Mobile (973) 419 3781
paul.kneuer@stonybrookcapital.com

Nicholas Annitto

Analyst

Office (914) 301 3558
Mobile (631) 241 3777
nicholas.annitto@stonybrookcapital.com

Cypress Group Holdings, Inc. (“Cypress”) Proposed Majority Sale to Milestone Partners (“Milestone”)

Stonybrook Capital advised Cypress on their proposed majority sale to Milestone

December 2020



CYPRESS

Investment by



MILESTONE
PARTNERS

**Stonybrook Capital acted as exclusive
financial advisor to Cypress**

STONYBROOK CAPITAL
MERCHANT BANKERS TO THE INSURANCE INDUSTRY

Transaction Overview

- **Cypress is a premier property catastrophe insurance platform based in Jacksonville, FL**
 - Cypress and its affiliated companies write business through separate carriers
 - Licensed to write business in Florida, Texas, Louisiana, and South Carolina
 - The company wrote over \$140m of premium for twelve months ending 09/30/20
 - Approval for the change of control is still pending from the domestic regulator of each insurance entity
- **Milestone is a lower middle market private equity firm focused on financial and tech services**
 - They have over a 20-year track record of investing in financial services
 - Since inception, they have managed over \$947 million of original capital commitments and closed over 100 transactions representing over \$3.5 billion of value
- **Milestone has acquired a controlling stake in Cypress and commonly owned entities**
 - The acquisition includes non-risk bearing entities that are collectively or individually owned by the current Cypress owners
 - Entities include two reinsurance brokers, a business process outsourcing company, and a restoration and construction company
 - The turn-key platform will allow for both inorganic growth through acquisition as well as organic growth from new product development

Stonybrook Capital’s Role

- **The transaction enables Cypress to take advantage of the growth in the homeowners insurance market as well as capitalize on the hardening market and weaker competition**
- **Stonybrook served as the exclusive financial advisor to Cypress**
- **The transaction marks another successful transaction for Stonybrook in the (re)insurance space – exemplifying Stonybrook’s expertise over the entire insurance industry as a whole**
- **The transactions builds on Stonybrook’s expertise in the M&A market and follows four successful M&A transactions for [Xchange](#), [Anchor](#), [Northeast Coverages](#), and [Sandell Re](#)**
- **The transaction also builds on Stonybrook’s property cat expertise, having previously raised capital for [Cypress](#), [Florida Peninsula](#), and [Heritage Insurance](#)**
- **Stonybrook’s roles in the transaction included:**
 - Creation of marketing materials that were distributed to potential partners
 - Targeted marketing effort to achieve the best terms for the Company
 - Management of the due diligence process
 - Negotiation of terms and execution

The Leading Specialist Focused on the Insurance Industry

STONYBROOK CAPITAL

Traditional Investment Banks

Reinsurance Brokers

Exclusive Focus on Insurance

Middle Market Expertise

Active and Informed

Emphasis on Client Service

Industry Relationships

Senior Level Attention

Services

Background

Clients

M&A Advisory	Capital Raising
Ventures	Fund Placement
Valuation	Strategic Advisory
Divesting Assets	Market Finding

Notable Stonybrook Transactions

December 2020



Investment by



MILESTONE PARTNERS

Exclusive sell-side financial advisor

December 2020



Xchange Group LLC
Agency - Benefits - Consulting - Intermediaries - Specialty - Travel

Acquisition transaction



Exclusive sell-side financial advisor

November 2020



Program Agreement



October 2020



MGA & Surplus Lines Agent
Acquired by



Exclusive buy-side financial advisor

May 2020



Acquired by



Exclusive sell-side financial advisor

March 2020



Acquired by



Exclusive sell-side financial advisor

February 2020



\$45,000,000
Capital Raise

February 2020



Acquired the assets of



Exclusive sell-side financial advisor

August 2019



\$30,000,000
Capital Raise

July 2019



Announced Sale of Sandell Re



Exclusive sell-side financial advisor

May 2019



\$20,000,000
Capital Raise

March 2019



Triangle Surety Agency, Inc.

Capital raise amount undisclosed

February 2019



\$10,000,000
Capital Raise

December 2018



\$125,000,000
Capital Raise

October 2018



Sale of Boston Indemnity Company



Exclusive sell-side financial advisor

July 2018



\$12,500,000
Capital Raise

December 2017



\$50,000,000
Capital Raise

December 2017



Sale to



Exclusive sell-side financial advisor

December 2017



Capital raise amount undisclosed

September 2017



Conifer Holdings Inc.

\$30,000,000
Capital Raise

Legal Disclaimer

Nothing contained within this informational memorandum is an offer to buy or sell securities or an offering of any product, service or fund. An offer to buy or sell securities will only be accompanied by appropriate documents including, but not limited to, a private placement memorandum which will contain, among other things, a listing of possible risk factors associated with the security. The risk factors included in this informational memorandum are not exhaustive and are intended for the purpose of illustrative example only. All representations and warranties are hereby disclaimed. The information contained in this document is intended for general informational purposes only and is not intended to be information sufficient for the making of a business decision. While reasonable efforts have been made to ensure that the information contained in this presentation has been obtained from sources deemed to be reliable, Stonybrook Capital does not guaranty that the information contained herein is accurate or complete and is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this document is provided "as is", with no guarantee of completeness, accuracy, timeliness or of the results obtained from the use of this information, and without warranty or representation of any kind, statutory, express, or implied, oral or written.

In no event will Stonybrook Capital, its related entities, or its members, partners, agents or employees be liable to you or anyone else for any decision made or action taken in reliance on the information in this document or for any consequential, special or similar damages, even if advised of the possibility of such damages. You should conduct your own due diligence with respect to any and all information related to this document and are not entitled to rely solely on the information presented herein. Further, Stonybrook Capital is under no obligation to update the material or information presented herein even if it later becomes aware that such information or material is no longer accurate or true. Recipient assumes all risk in, and Stonybrook Capital will not be liable for any damages arising out of, use of information including, without limitation, business decisions made or inferences drawn by Recipient in reliance on the Information or the fact of the disclosure of the Information.

The information on this document is provided with the understanding that Stonybrook Capital is not engaged in rendering legal, accounting, tax, or other professional advice and services. As such, this document should not be used as a substitute for consultation with professional accounting, tax, legal or other competent advisers.