

Intact Financial Corporation Completes \$461 million Subscription Receipt Offering

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TORONTO, Aug. 26, 2019 /CNW/ - Intact Financial Corporation (TSX:IFC) ("IFC" or the "Company") announced today that it has closed its previously announced bought deal offering of approximately 3.83 million Subscription Receipts (the "Offering") underwritten by a syndicate of underwriters (the "Underwriters") led by TD Securities Inc. and CIBC Capital Markets, resulting in gross proceeds (including the over-allotment option proceeds) to IFC of approximately \$461 million.



IFC entered into an underwriting agreement dated August 19, 2019 with the Underwriters under which the Underwriters agreed to purchase from IFC and sell to the public in Canada and to qualified institutional buyers in accordance with Rule 144A of the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), 3.33 million Subscription Receipts at a price of \$120.45 per Subscription Receipt for gross proceeds to IFC of approximately \$401 million. The Underwriters have exercised their over-allotment option and purchased at closing an additional approximately 0.5 million Subscription Receipts at a price of \$120.45 per Subscription Receipt for additional gross proceeds to IFC of approximately \$60 million.

The net proceeds from the Offering will be held in escrow and are intended to be used by IFC to fund a portion of the purchase price for its previously announced acquisition (the "Acquisition") of The Guarantee Company of North America and Frank Cowan Company Limited from Princeton Holdings Limited. The closing of the Acquisition is expected to occur in the fourth quarter of 2019 and is subject to receipt of required regulatory approvals.

Each Subscription Receipt will entitle the holder thereof to receive, without payment of additional consideration or further action, upon closing of the Acquisition prior to July 31, 2020, one common share ("Common Share") of IFC.

In addition, while the Subscription Receipts remain outstanding, holders will be entitled to receive cash payments ("Dividend Equivalent Payments") per Subscription Receipt that are equal to dividends declared by IFC on each Common Share. Such Dividend Equivalent Payments will have the same record date as the related Common Share dividend and will be paid to holders of Subscription Receipts concurrently with the payment date of each such dividend. Dividend Equivalent Payments will be paid first out of any interest on the Escrowed Funds (defined below) and then out of the Escrowed Funds.

The net proceeds from the sale of the Subscription Receipts (the "Escrowed Funds") will be held in escrow by Computershare Trust Company of Canada, as escrow agent in accordance with the subscription receipt agreement and invested as set forth in the subscription receipt agreement, provided that Dividend Equivalent Payments may be made from the Escrowed Funds and the interest credited or received thereon from time to time, as described above.

The Subscription Receipts will commence trading today on the Toronto Stock Exchange under the symbol IFC.R.

The Subscription Receipts and the Common Shares underlying the Subscription Receipts have not been, and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States, except in certain transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of an offer to buy the Subscription Receipts or the Common Shares underlying the Subscription Receipts within the United States or in any jurisdiction in which such offer or solicitation would be unlawful.

About Intact Financial Corporation

Intact Financial Corporation (TSX: IFC) is the largest provider of property and casualty insurance in Canada and a leading provider of specialty insurance in North America, with over \$10 billion in total annual premiums. The Company has approximately 14,000 full- and part-time employees who serve more than five million personal, business and public-sector clients through offices in Canada and the U.S. In Canada, IFC distributes insurance under the Intact Insurance brand through a wide network of brokers, including its wholly-owned subsidiary BrokerLink, and directly to consumers through belairdirect. In the U.S., OneBeacon Insurance Group, a wholly-owned subsidiary, provides specialty insurance products through independent agencies, brokers, wholesalers and managing general agencies.

Forward Looking Statements

This press release contains statements that constitute "forward-looking information" as defined under applicable Canadian

provincial and territorial securities laws and "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely", "potential" or the negative or other variations of these words or other similar or comparable words or phrases, are intended to identify forward-looking statements. This press release contains forward-looking statements with respect to, among other things, the expected timing for the closing of the Acquisition. Unless otherwise indicated, all forward-looking statements in this press release are made as at the date hereof and are subject to change after that date.

Many factors could cause the Company's actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors: the timing and completion of the Acquisition and the expected competition and regulatory processes and outcomes in connection with the Acquisition.

Forward-looking statements are based on estimates and assumptions made by management based on management's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that management believes are appropriate in the circumstances. Certain of the material factors or assumptions that have been applied in making the forward-looking statements include the following: that the Acquisition will be completed in the fourth quarter of 2019 on the terms currently anticipated; and assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information available as of the date hereof. Although the forward-looking statements are based upon what management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. All of the forward-looking statements included in this press release are qualified by these cautionary statements, those made in the section entitled "Risk Management" (Sections 19-24) of our management's discussion and analysis of operating and financial results for the year ended December 31, 2018 and the section entitled "Risk Factors" of the prospectus supplement dated August 19, 2019 in respect of the Offering. These factors are not intended to represent a complete list of the factors that could affect the Company. These factors should, however, be considered carefully. Investors should not rely on forward-looking statements to make decisions, and should ensure the preceding information is carefully considered when reviewing forward-looking statements made herein. The Company and management have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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