



CANADA'S VENTURE CAPITAL & PRIVATE EQUITY ASSOCIATION  
ASSOCIATION CANADIENNE DU CAPITAL DE RISQUE ET D'INVESTISSEMENT

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FOR IMMEDIATE RELEASE

**CANADA'S BUYOUT & PRIVATE EQUITY MARKET IN Q1 2011:  
DEAL ACTIVITY GROWS 25%, DISCLOSED VALUES, 74%**

TORONTO: In the first quarter of 2011, Activity in the Canadian buyout and private equity (PE) market showed continued growth in the first quarter of 2011, building on trends that emerged in 2010. This was one of several major findings of a statistical analysis released today by Canada's Venture Capital & Private Equity Association (CVCA) and research partner Thomson Reuters.

The data reveal that buyout and other PE deals done in Canada totaled 40 in Q1 2011, up 25% from the year before. Disclosed deal values rose even more substantially, totaling \$2.2 billion, or 74% more than in Q1 2010, and the highest quarterly outcome since 2008. These trends were consistent with market developments in North America and around the world in the early months of the year.

"Private equity investment is gaining momentum in this period of economic stabilization and recovery," said Gregory Smith, President of the CVCA and Managing Partner of Brookfield Financial. He added: "Increased levels of investment in Canada are helping to reinforce our solid economic fundamentals, and giving many Canadian firms new opportunities to grow and compete on a global basis."

As in 2010, Canadian buyout-PE deal-making in Q1 2011 was essentially mid-cap in nature. Two upper mid-market deals proved key to the growth in dollar flows. In January, TPG Capital completed its acquisition of the property data business of MDA Corp., while in March, Yellow Media agreed to sell its print and online media unit, Trader Corp., to Apax Partners. Most other fully disclosed transactions were sized well below \$500 million.

"Many of the best investment opportunities in Canada are to be found in small and mid-sized businesses that are now ready for rapid expansion, and those that are being spun out of larger corporate entities", said Mr. Smith. "The data attest to a growing diversity in related transactions, both by industry sector and by region."

In addition, the report found exits from buyout- and other PE-backed firms based in Canada totaled 14 in the first quarter, suggesting that 2011 might reflect another year of robust realizations on investments.

"The current high volume of investment exits is extremely important to deal-making trends in the coming months and years," said Mr. Smith. He added: "Exits are also vital to Canadian-based private equity funds, as further portfolio realizations offer the potential of continued strong returns performance."

In contrast with 2010, when Canadian buyout and other PE investors played an influential role in international markets, activity abroad moved at a slower pace between January and March. Only

one major deal was reported, CPPIB's expanded investment in the Irish aircraft leasing business AWAS.

Canadian buyout, mezzanine and other PE fund-raising appeared to be holding to pre-2006 levels, with \$525 million in new commitments in the first quarter. That trend might yet change direction was suggested by the US\$1.0 billion-close of the distressed-for-control partnership Catalyst Fund LP III, announced by Catalyst Capital Group in April.

As noted in the CVCA's 2010 report, Birch Hill Equity Partners IV LP and Clairvest Equity Partners IV LP also proved successful in closing at above-targeted levels. Data relevant to these important partnership closings, which were announced in Q1 2011, were captured in 2010 market statistics.

### **CVCA**

The CVCA - Canada's Venture Capital & Private Equity Association, was founded in 1974 and is the association that represents Canada's venture capital and private equity industry. Its over 1800 members are firms and organizations which manage the majority of Canada's pools of capital designated to be committed to venture capital and private equity investments. The CVCA fosters professional development, networking, communication, research and education within the venture capital and private equity sector and represents the industry in public policy matters.

### **Thomson Reuters**

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To arrange an interview with Gregory Smith, President of the CVCA and Managing Partner, Brookfield Financial, contact Lauren Linton, Director of Marketing, 416 487-4299 [llinton@cvca.ca](mailto:llinton@cvca.ca) .

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