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FOR IMMEDIATE RELEASE

**CANADA'S BUYOUT & PRIVATE EQUITY MARKET IN Q3 2011:
DEAL VALUES TOP \$9 BILLION TO DATE IN 2011**

TORONTO: In the first nine months of 2011, Canadian buyout and private equity (PE) investment continued at robust post-downturn levels, with disclosed deal values topping \$9 billion. This occurred despite relatively slower market activity in the third quarter. These were among the findings of a statistical report released today by CVCA-Canada's Venture Capital & Private Equity Association and research partner Thomson Reuters.

According to the report, Canadian buyout-PE deals totaled 39 in Q3 2011, down 19% from Q3 2010, while related values totaled \$1.3 billion, down 40%. However, deal-making in this period was consistent with the stronger pace established since early 2010. This contributed to solid year-to-date results, with transactions totaling 142, and disbursements totaling \$9.1 billion – an amount that already well surpasses market activity in both 2009 and 2010.

“Continuing healthy levels of private equity activity in Canada are of crucial importance at this time of economic uncertainty and volatility,” said Gregory Smith, President of the CVCA and Managing Partner of Brookfield Financial Corp. “At present, many Canadian business managers are making vital decisions about productive investment, re-organization and expansion over the long term,” he added, “and they need to know they have access to sources of value-adding risk capital.”

In contrast to Q1-Q2 2011, when large-cap transactions ratcheted up dollar flows, Q3 2011 activity emphasized deal-making of less than \$500 million. Among the most prominent of the latter was a \$287 million investment in Calgary's Laricina Energy Ltd., made by CPPIB and Lime Rock Partners. In another example, The Sterling Group completed its US\$285 million carve-out acquisition of Ancaster, Ontario's Stackpole Ltd.

“Canadian private equity investment returned to its mid-market roots in the third quarter,” said Mr. Smith. “Much of this activity involves acquisitions of, or significant equity investments in, small and medium-sized enterprises,” he observed. “Deals done in small firms across a wide range of industry sectors in Q3 2011 are likely to make an important contribution to economic growth and job creation in the months and years ahead.”

The report also found Canadian buyout-PE funds accelerating their international deal-making between July and September. Domestic investors led or participated in 17 transactions, with disclosed values of \$11.2 billion, the highest per-quarter total since the market's renewal in 2010. The largest deal saw CPPIB and PSP Investments join Apax Partners in the US\$6.3 billion acquisition of Kinetic Concepts Inc. of Houston, Texas.

“Both large-cap and mid-cap Canadian funds are discovering opportunities of outstanding value in the United States, Europe, and elsewhere around the world,” said Mr. Smith. “As a consequence, they are exerting major influence – independently or as leading members of

investor consortiums – in setting the pace and direction of global private equity investment trends.”

The report found buyout-PE fund realizations of Canadian portfolio assets were somewhat fewer in Q3 2011, relative to previous quarters, however, year-to-date trends suggest continued post-downturn levels of activity. Strategic sales and other exit events totaled 40 at the end of September, which already matches or exceeds activity reported in 2008 and 2009.

New capital commitments going to Canadian buyout, mezzanine and other PE funds in 2011 appeared to be tracking activity in 2010, with \$2.7 billion committed in total in the first nine months. Eight initial or final partnership closings accounted for the lion's share of the new supply. Of central importance to fund-raising activity in recent months was the final close of ONCAP III, Onex Corp.'s third mid-market PE fund. ONCAP raised total commitments of \$800 million for this latest partnership, which represents a 39% increase relative to ONCAP II (2006), and an 80% increase in third-party commitments.

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 1900 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.

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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 .

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