



**June 3, 2008**

**FOR IMMEDIATE RELEASE**

**CANADIAN VENTURE CAPITAL & PRIVATE EQUITY INDUSTRY  
PERFORMANCE DATA**

Toronto - The CVCA - Canada's Venture Capital & Private Equity Association, today released Canadian performance data for venture capital and private equity sectors for the period ending December 31, 2007. The attached data shows returns on a net basis (net of fees and carried interest) for a sample of 186 funds and has been compiled with the assistance of Thomson Financial. The release of this data continues the CVCA's commitment to provide performance information for the venture capital and private equity asset classes in Canada on a regular basis.

The CVCA continues to work closely with several interested parties to extend the comprehensiveness and consistency of the performance data. These parties include Thomson Financial, the CFA Institute, the Institutional Limited Partners Association, Industry Canada, leading institutional investors, Réseau Capital and national and regional venture capital associations in Europe, Britain and the United States. Several of these groups have been active in the development of global standards for the valuation of unrealized investments and the CVCA has endorsed the International Private Equity and Venture Capital (IPEV) valuation guidelines on this subject. These guidelines are set out on the CVCA web site [www.cvca.ca](http://www.cvca.ca) in the 'About CVCA' section.

**CVCA - Canada's Venture Capital & Private Equity Association**

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 1500 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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## Net Investment Returns for Periods ended December 31, 2007

### Net Annual Internal Rate of Return

| Investment Category                           | # Funds in Sample | Net Horizon Returns                                    |             |             |             | Cumulative-since-inception Net Returns |        |                |
|---|-------------------|--|-------------|-------------|-------------|--|--------|----------------|
|   |                   | Periods in Years<br>(all periods ending Dec. 31, 2007) |             |             |             | Upper Quartile                         | Median | Lower Quartile |
|   |                   | 1  | 3           | 5           | 10          |  |        |                |
| Early Stage Venture Capital                   | 66                | -1.0   | 1.0         | -1.2        | -0.9        | 6.5                                    | -1.7   | -9.3           |
| Balanced Venture Capital                      | 59                | 6.3  | 3.2         | 0.6         | 3.0         | 8.4                                    | 0.3    | -6.1           |
| Later Stage Venture Capital                   | 13                | -6.9   | 0.6         | -0.8        | -0.7        | 7.2                                    | 1.2    | -3.0           |
| <b>All Venture Capital</b>                    | <b>138</b>        | <b>3.4</b>   | <b>2.5</b>  | <b>0.0</b>  | <b>1.7</b>  | 7.5                                    | -0.2   | -7.0           |
| Buyouts                                       | 25                | 0.5  | 13.5        | 18.2        | 18.0        | 21.0                                   | 6.8    | -1.3           |
| Mezzanine                                     | 23                | 11.3   | 11.3        | 9.3         | 7.7         | 19.6                                   | 10.2   | 0.1            |
| <b>Buyout &amp; Mezzanine</b>                 | <b>48</b>         | <b>2.5</b>   | <b>13.1</b> | <b>16.0</b> | <b>14.9</b> | 20.9                                   | 7.8    | 0.0            |
| <b>All Venture Capital and Private Equity</b> | <b>186</b>        | <b>3.0</b>   | <b>7.0</b>  | <b>6.2</b>  | <b>7.0</b>  | 10.3                                   | 0.9    | -4.2           |

Source: Thomson Reuters and CVCA

See attached Explanatory Notes

## Explanatory Notes

1. The Canadian Performance Data are based on information from respondents who (a) provided data on 94 segregated investment funds for various periods ended December 31, 2007; or (b) alternatively, had previously provided data on 86 additional segregated funds for periods ended earlier than December 31, 2007.
2. The respondents referred to in category (b) above did not provide data for the period ended December 31, 2007 principally because they had ceased investment operations or declined participation in the December 31, 2007 Annual survey.
3. All funds have been categorized according to the principal focus of their investment strategies. Venture capital funds have been distinguished from buyout and mezzanine funds. Venture capital funds have been further sub-divided into early stage funds (those which emphasize investment in start up and concept entities), later stage and balanced funds (which invest in entities at varying stages of development).
4. Categorization of funds has been restricted to those categories containing a sufficiently large sample so as to maintain confidentiality of individual fund performance.
5. The indicated investment returns are net annual percentage returns for the stated periods and categories calculated on an internal rate of return (IRR) basis.
6. The horizon returns are provided on a "pooled basis" which involves the aggregation of data from respondents in a particular category and the treatment of the category as a single hypothetical 'fund'. The category "Overall" represents the summation of data from all 180 funds and hence represents the best available performance information for the venture capital, buyout and mezzanine sector as a whole.
7. The horizon investment returns for the indicated periods are based on residual values at the beginning and end of each period and cash flows from investments during the respective periods.
8. Cumulative investment returns for the sample are further classified by quartile. This indicates the investment returns required for a fund to be included in a particular quartile. For example, in the All Venture Capital category, a fund must have generated an annual IRR of at least 8.0% to be included in the top quartile category.
9. The CVCA recently made the decision to report net returns and has adopted the same calculation methodology and reporting standards as other regions so that the Canadian results are directly comparable with benchmarks produced for the US and Europe. The net returns are calculated from the cash flows between funds and their outside investors. These are available only for the private independent funds which operate investment vehicles which have defined beginnings and ends. For other types of investment organizations, such as labour sponsored venture capital funds, pension funds, corporate investors, and life insurance companies, the returns are based on the cash flows between the investment fund and the portfolio company. However the valuation of these portfolios has been modified by synthesizing a management fee of 2.5% on capital under management (net investments) quarterly and synthesizing a profit split of partners' carried interest on 20% of distributed capital in excess of invested capital. This is the same methodology as is used by Thomson Financial for captive or semi-captive funds in the compilation of US and European benchmarks used by the NVCA and the EVCA.