CANADIAN PRIVATE EQUITY BUYOUT REVIEW

First Nine Months 2016
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Overview of Canadian PE Buyout Market Activity in Q3 2016

Canadian buyout-PE market trends

Deal-making activity in Canada’s buyout and related private equity (PE) market showed a marked decline in the first nine months of 2016. Disclosed values of transactions (announced and completed) totaled $14.3 billion as of September 30th, down 26% in dollar terms from the year prior. A total of 229 deals were done in the first three quarters, the fewest deals in that period since 2010.

Top deals included CDP Capital’s $2.0 billion investment in Bombardier Transportation, Thoma Bravo’s $1.6 billion investment in Trader Corporation, and CPPIB’s $1.5 billion investment in Oxford Properties Group. As of the end of September, the four largest transactions sized $1 billion or greater captured 44% of all disclosed disbursements made in the Canadian market.

In addition to a decline in private equity investment in Canadian companies on a year-over-year basis, investment activity also continues to decline as compared to Canadian merger & acquisition activity overall. While the number of private equity deals reached a peak of 28% of the number of traditional merger & acquisition deals in 2015, this declined to only 21% in the first three quarters of 2016, a share not seen since 2013.

Canadian market trends by sector

Canadian oil & gas companies accounted for the largest share of buyout-PE deal-making so far this year with 38 transactions from January to September, or 17% of the national total. Manufacturing and mining companies followed in second and third place respectively with 30 and 27 deals in the first nine months.

As measured by disclosed deal values, oil & gas and manufacturing companies continued to lead all other industries, with $3.6 and $3.4 billion of investment respectively.
Overview of Canadian PE Buyout Market Activity in Q3 2016

Canadian market trends by region

The decline in deal volumes was felt across Canada in the year to date; no province or region secured more deals in the first nine months of 2016 than it had in the same period the year prior. Ontario saw its deal count fall the most, from 96 to 63, a 36% decrease. Buoyed by continuing oil & gas dealmaking, Alberta saw the smallest decline in deal volumes, at only 5% below levels seen in the first nine months of 2015.

Though the number of deals done in Ontario declined the most so far this year, the province did attract the bulk of the largest deals, securing $7.1 billion. Alberta and Québec followed second and third, with $3.3 billion and $3.0 billion of disclosed investment respectively.

Canadian investor activity in global markets

Canadian buyout and related PE funds were substantially less active in international transactions in the first nine months relative to the year before. As of September 30th, Canadian funds led or participated in a total of 83 deals, collectively totaling $70 billion, including Canadian and non-Canadian investors. While this was far below the 109 deals collectively totalling $108 billion in the first 9 months of 2015, it still represents the second strongest year-to-date on record for Canadian PE funds investing abroad. Topping the list were two acquisitions of Australian transportation companies, OMERS $9.6 billion investment in Port of Melbourne Corporation, and CPPIB’s $9.1 billion investment in Asciano.

Trends in Canadian buyout-PE fund-raising

The fundraising activities of Canadian buyout funds maintained very strong levels in the first nine months of 2016 with a total of $42.9 billion of new capital committed, substantially accounted for by the closings of Brookfield Infrastructure Fund III, Brookfield Strategic Real Estate Partners II, and Brookfield Capital Partners IV.
PE Investment Totals $14.3 Billion in First 3Q
Canadian Deal Values Fall 26% From 2015
Private Equity Deal Volume Down 27% From 2015
Fewest Financing Rounds in First 3Q in 5 Years

Contributors to our venture capital & private equity analyses are entitled to packages of additional data. Please contact us to participate.
Slowdown in PE Dealmaking More Pronounced Than in Conventional M&A in Canada

Number of PE Deals

- 2011: 303
- 2012: 334
- 2013: 340
- 2014: 432
- 2015: 415
- First 9 Months 2016: 229

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Canadian Investors Lead 70% of Deals in YTD 2016 Down From 75% In 2014

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# Top Canadian Private Equity Buyout Deals
## First Nine Months 2016

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company Name</th>
<th>Location</th>
<th>Deal Value ($ Mil)</th>
<th>Industry</th>
<th>Investor Participants (Disclosed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bombardier Transportation</td>
<td>Montreal, QC</td>
<td>$2,089</td>
<td>Manufacturing</td>
<td>Caisse de dépôt et placement du Québec</td>
</tr>
<tr>
<td>2</td>
<td>Trader Corp</td>
<td>Toronto, ON</td>
<td>$1,594</td>
<td>Online Content</td>
<td>Thoma Bravo</td>
</tr>
<tr>
<td>3</td>
<td>Oxford Properties Group</td>
<td>Toronto, ON</td>
<td>$1,545</td>
<td>Real Estate</td>
<td>CPPIB</td>
</tr>
<tr>
<td>4</td>
<td>Give and Go Prepared Foods</td>
<td>Toronto, ON</td>
<td>$1,045</td>
<td>Consumer Related</td>
<td>Thomas H. Lee Partners</td>
</tr>
<tr>
<td>3</td>
<td>Teine Energy</td>
<td>Calgary, AB</td>
<td>$975</td>
<td>Oil &amp; Gas</td>
<td>Canada Pension Plan Investment Board</td>
</tr>
<tr>
<td>4</td>
<td>GFL Environmental</td>
<td>Vaughan, ON</td>
<td>$800</td>
<td>Energy &amp; Environmental</td>
<td>Highbridge Principal Strategies, Hawthorn Equity Partners</td>
</tr>
<tr>
<td>5</td>
<td>RimRock Oil &amp; Gas</td>
<td>Calgary, AB</td>
<td>$685</td>
<td>Oil &amp; Gas</td>
<td>Warburg Pincus</td>
</tr>
<tr>
<td>6</td>
<td>Pacific Exploration and Production</td>
<td>Toronto, ON</td>
<td>$633</td>
<td>Oil &amp; Gas</td>
<td>Catalyst Capital Group</td>
</tr>
<tr>
<td>7</td>
<td>TELUS International</td>
<td>Vancouver, BC</td>
<td>$600</td>
<td>IT &amp; Media</td>
<td>Baring Asia Private Equity</td>
</tr>
</tbody>
</table>

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# Top Ten Buyout-PE Transactions Take 73% of Dollars Invested

<table>
<thead>
<tr>
<th>Deal Size Range</th>
<th># of Deals Done</th>
<th>Dollars Invested (Disclosed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; $1 Billion</td>
<td>4</td>
<td>$6,273 Million (44%)</td>
</tr>
<tr>
<td>$500 Million - $1 Billion</td>
<td>5</td>
<td>$3,693 Million (26%)</td>
</tr>
<tr>
<td>$100 Million - $500 Million</td>
<td>10</td>
<td>$2,446 Million (17%)</td>
</tr>
<tr>
<td>$10 Million - $100 Million</td>
<td>48</td>
<td>$1,639 Million (11%)</td>
</tr>
<tr>
<td>&lt; $10 Million</td>
<td>74</td>
<td>$271 Million (2%)</td>
</tr>
<tr>
<td>Deal Values Undisclosed</td>
<td>88</td>
<td>$0 (0%)</td>
</tr>
</tbody>
</table>

Total Deals With Disclosed Values: 141 (of 229)
Total Invested: $14.3 Billion

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Oil & Gas Sector Continues PE Shakeup with 38 Deals in the First 9 Months

Total Deals: 229

- Oil & Gas
- Manufacturing
- Mining
- Consumer Related
- Healthcare & Life Sciences
- Software
- Energy & Environmental
- IT & Media
- Business Services
- Transportation
- Construction & Engineering
- Finance
- Forestry & Agriculture
- Wholesale & Distribution
- Hospitality & Entertainment

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Oil & Gas Drives Deal Values, Manufacturing Close Second

Total Deal Values: $14.3 Billion

- Oil & Gas
- Manufacturing
- IT & Media
- Business Services
- Energy & Environmental
- Healthcare & Life Sciences
- Consumer Related
- Mining
- Finance
- Forestry & Agriculture
- Software
- All Other Sectors

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Declines in Deal Volumes Across All Regions
Ontario Takes Biggest Decline at 34%
Canadian PE Investment Strong Beyond Canada
7th Consecutive Quarter Over $20 Billion
## Canadian Funds’ Investments Abroad
### Top Deals: First Nine Months 2016

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company Name</th>
<th>Location</th>
<th>Deal Value (C$ Bil)</th>
<th>Industry</th>
<th>Canadian Investors (Disclosed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Port of Melbourne Corporation</td>
<td>Melbourne, Australia</td>
<td>$9.6</td>
<td>Transportation</td>
<td>OMERS Private Equity</td>
</tr>
<tr>
<td>2</td>
<td>Asciano, Ltd.</td>
<td>Melbourne, Australia</td>
<td>$9.1</td>
<td>Transportation</td>
<td>CPPIB</td>
</tr>
<tr>
<td>3</td>
<td>ADT LLC</td>
<td>Boca Raton, FL</td>
<td>$8.7</td>
<td>Security</td>
<td>PSP Investments</td>
</tr>
<tr>
<td>4</td>
<td>Petco</td>
<td>San Diego, CA</td>
<td>$6.3</td>
<td>Consumer Related</td>
<td>CPPIB</td>
</tr>
<tr>
<td>5</td>
<td>Cleco Corporation</td>
<td>Pineville, LA</td>
<td>$6.0</td>
<td>Electric Utility</td>
<td>bcIMC</td>
</tr>
<tr>
<td>6</td>
<td>Thomson Reuters - IP and Science</td>
<td>Philadelphia, PA</td>
<td>$4.7</td>
<td>Scientific Data</td>
<td>ONEX Corporation</td>
</tr>
<tr>
<td>7</td>
<td>Glencore PLC - Agriculture Business Unit</td>
<td>Baar, Switzerland</td>
<td>$3.3</td>
<td>Agriculture</td>
<td>CPPIB</td>
</tr>
</tbody>
</table>
Canadian PE Exits Flat From Previous Quarter
Trade Sales Comprise 71% of Exits YTD
Canadian Buyout-PE Fundraising
Three 2016 Brookfield Funds Boost Dry Powder

<table>
<thead>
<tr>
<th>Year</th>
<th>Funds Raised (Billions of $ CAD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$12.2</td>
</tr>
<tr>
<td>2013</td>
<td>$16.1</td>
</tr>
<tr>
<td>2014</td>
<td>$14.7</td>
</tr>
<tr>
<td>2015</td>
<td>$11.1</td>
</tr>
<tr>
<td>First 9 Months 2016</td>
<td>$42.9</td>
</tr>
</tbody>
</table>

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Explanatory Notes

1. Data collected and analyzed by Thomson Reuters for this statistical report were drawn from a variety of sources. These include Thomson Reuters M&A databases, regulatory filings, and public and proprietary sources among the members of Réseau du capital d’investissement du Québec and other Canadian and non-resident fund managers responding to Thomson Reuters’ quarterly surveys.

2. All current and previous years data is as of Thursday, October 27th, 2016. Data is continuously updated and is therefore subject to change.

3. All figures are in Canadian dollars unless otherwise noted.

4. Key statistical indicators (e.g., total disbursements, per quarter or per annum) are influenced by the fact that a substantial fraction of buyout and other PE deals are not fully disclosed. For instance, “dollars invested” in a given period pertain only to those deals with values that have been published or confidentially disclosed to Thomson Reuters.

5. The data also highlight the deal-making of Canadian funds in non-Canadian companies. “Dollars invested” pertain to the total value of disclosed deals in which Canadian funds have participated and not the specific Canadian financial contributions to these deals.

6. Statistical data reflect all essential forms of buyout-PE deal-making, including control-stake acquisitions of businesses, minority equity investments, restructuring and special-situations transactions, mezzanine deals over $3 million, and other quasi-equity investments.

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9. If you would like to participate in the submission process, receive quarterly press releases, or have questions about our venture capital criteria, please contact us at:
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