

Mergers & Acquisitions Review Q2 2015

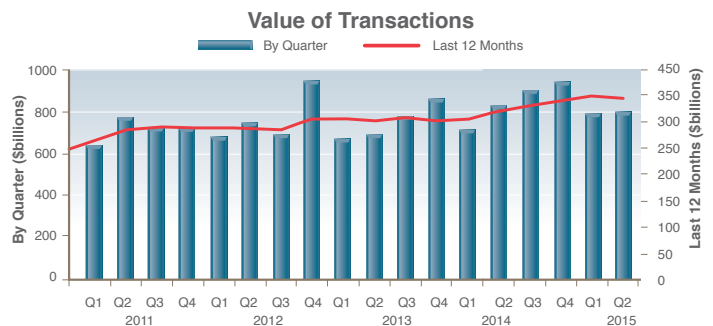
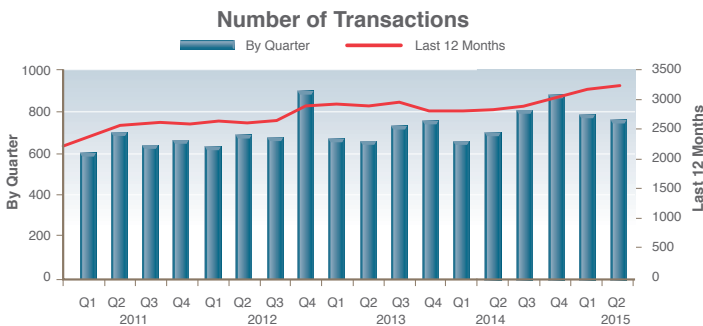
Mid-Market Transactions in North America

Comparing North American middle market M&A activity on a year over year basis, the number of transactions in Q2 2015 increased by 9% from 696 completed in Q2 2014. The average transaction value over the same time frame dropped by 13% from \$120 million in Q2 2014 to \$105 million in Q2 2015.

On a quarter over quarter basis M&A activity in North America's middle market in Q2 2015 was consistent with the activity in Q1 2015. The number of transactions in Q2 2015 was 760 compared to 783 in Q1 2015 (a decrease of roughly 3%). The average deal size increased approximately 4% from \$101 million in Q1 2015 to \$105 million in Q2 2015.

Overall, on a rolling twelve months basis M&A activity in the North American middle market continues at a robust pace and on an upward trend.

Acquisitions in North America (\$25 million - \$500 million)

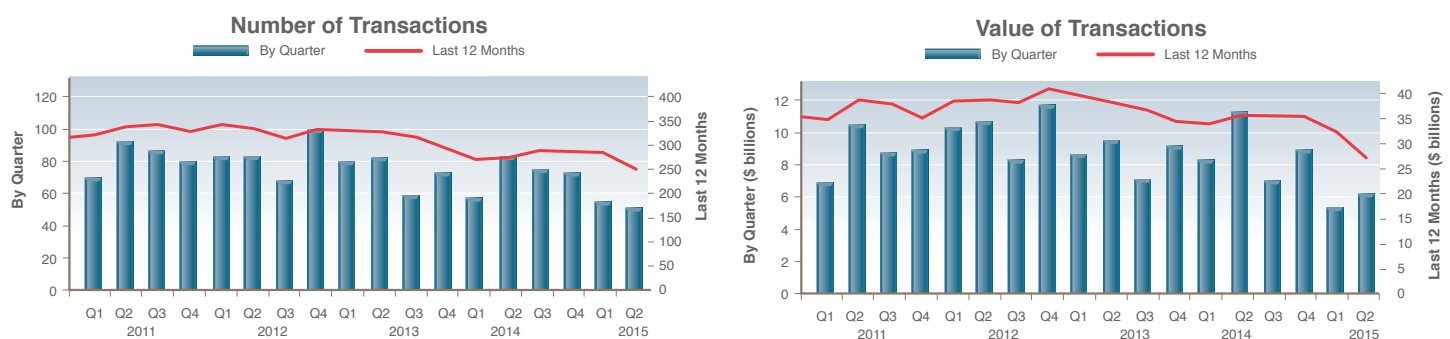


Mergers & Acquisitions Review (continued)

Mid-Market Transactions in Canada

The number of Canadian mid-market M&A transactions in Q2 2015 decreased by 5% compared to Q1 2015 (55 in Q1 2015 to 52 in Q2 2015). Despite this small decrease in the number of transactions, the overall value of deals completed increased due to the fact the average deal size in Canada rose significantly from \$97 million in Q1 2015 to \$120 million in Q2 2015 (an increase of 24%).

Acquisitions in Canada (\$25 million - \$500 million)



On a year over year basis middle market activity in Canada decreased significantly from 83 transactions (\$11.2 billion in value) in Q2 2014 to 52 transactions (\$6.2 billion in value) in Q2 2015. A decrease in deal activity in the mining and energy sectors accounted for the majority of the decline with total deal value in those sectors decreasing from \$5.2 billion in Q2 2014 to \$1.9 billion in Q2 2015.

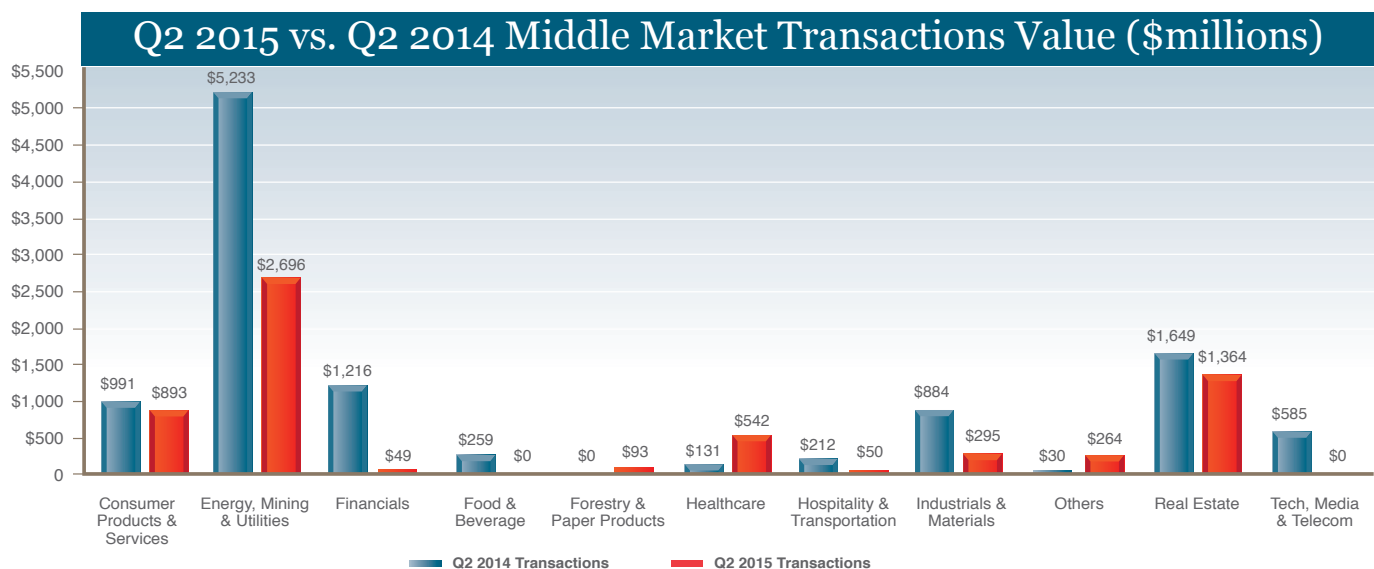
Mergers & Aquisitions Review (continued)

Mid-Market Transactions in Canada

In comparison to Q2 2014, the number of Canadian deals below \$300 million fell the most (73 in Q2 2014 to 46 in Q2 2015), again impacted by the significant decrease in transactions in the mining and energy sectors. The number and total value of large middle market deals above \$400 million in Q2 2015 was consistent with those executed in Q2 2014.

Transaction Size (\$mm)	Q2 2014		Q2 2015	
	# of Transactions	Value of Transactions	# of Transactions	Value of Transactions
\$25-49	25	\$819.0	19	\$683.6
\$50-99	17	\$1,264.5	14	\$939.4
\$100-199	20	\$2,660.0	8	\$1,173.7
\$200-299	11	\$2,555.5	5	\$1,094.1
\$300-399	6	\$2,071.4	2	\$618.6
\$400-500	4	\$1,817.5	4	\$1,736.0
Total	83	\$11,188.0	52	\$6,245.4

In terms of Canadian mid-market M&A activity by industry, healthcare was the only sector that increased materially in Q2 2015 compared to Q2 2014 (increase from \$131 million in Q2 2014 to \$542 million in Q2 2015). Industries with the largest decline in Q2 2015 year over year were financials, TMT (technology, media and telecom) and the mining and energy sectors.



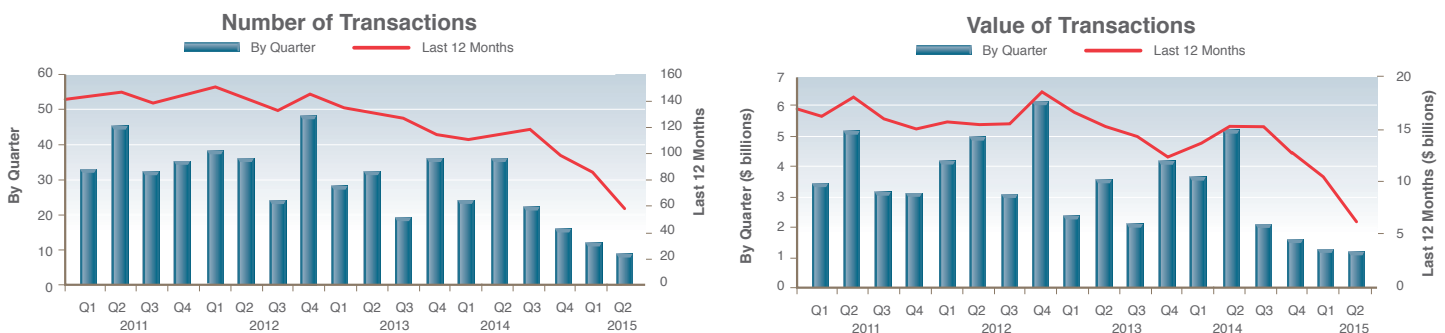
Mergers & Acquisitions Review (continued)

Mid-Market Transactions in Western Canada

Western Canadian mid-market M&A transaction volumes declined by 25% in Q2 2015 compared to Q1 2015. Despite this, the average value of transactions increased significantly by 26% from \$109 million in Q1 2015 to \$137 million in Q2 2015.

On a year over year basis, Western Canada's reliance on a resource based economy and the decline in oil prices is increasingly apparent as the number of transactions decreased by over 50% in Q2 2015 compared to Q2 2014.

Acquisitions in Western Canada (\$25 million - \$500 million)



The top ten M&A deals in Canada in Q2 2015 were across a wide range of industries with the top two deals in the energy sector. A key deal based in Vancouver was the sale of Sequel Natural (VEGA Foods) to WhiteWave Foods announced in June 2015.

Top 10 Canadian Deals in Q2 2015

Date	Industry	Target	Buyer	Value (\$mm)
Jun 30	Energy	Heritage Royalty	Natural Resources Group	\$3,300
May 26	Energy	Legacy Oil + Gas	Crescent Point Energy	\$1,546
Apr 20	Entertainment	Cirque du Soleil	TPG Capital, Caisse de dépôt et Placement du Québec, Fosum Industrial	\$1,500
Apr 16	Real Estate	SmartCentres	Smart Real Estate Investment Trust	\$1,156
Apr 13	Mining	Alamos Gold	Aurico Gold	\$954
Jun 18	Healthcare	Regal Lifestyle Communities	Health Care REIT: Revera Inc.	\$732
Jun 9	Consumer Products	Sequel Natural	WhiteWave Foods	\$677
Apr 2	Logistics	Fairview Container Terminal	DP World	\$580
Jun 15	Financials	Bentall Kennedy	Sun Life Investment	\$560
Jun 11	Mining	CanElsion Drilling	Trinidad Drilling	\$536

Despite the recent decline in deal activity in Western Canada, Capital West remains very active as we closed deals with a combined value of over \$300 million in the first half of 2015 and expect an additional \$400 million in deals to close before the end of Q3 2015.

Expanding the Capital West Team

Capital West Partners is very pleased to announce two recent additions to our team of corporate finance advisory professionals.

CHARLES ADDISON



Charles brings 25 years of experience in the investment banking industry, most recently as Senior Vice President and head of corporate finance for a national accounting firm in British Columbia, where he advised extensively on divestitures, acquisitions and financings for private companies. Prior to that, Charles spent 15 years in the industry with BMO Nesbitt Thomson, TD Securities and was Managing Director for National Bank Financial.

Charles' experience providing strategic investment banking advice to companies spans a wide range of industries. He has worked closely with company owners to develop and implement successful exit strategies, as well as how to consolidate their position in a particular industry.

Charles obtained his Bachelor of Commerce degree from the University of British Columbia.

MICHAEL YAM



Michael is our newest addition at Capital West and is excited to begin his investment banking career with the firm. Michael comes to Capital West from the audit practice of PwC's Vancouver office where he specialized in financial services clients including mutual funds and investment dealers. He recently completed a four month secondment to PwC's office in New York, where his clients included bank owned private investment funds and real estate focused investment funds.

Michael graduated with a BComm from the Sauder School of Business at the University of British Columbia, majoring in accounting, and is also a Chartered Accountant.

A Busy First Half for Capital West



has been acquired by

The Co-operators

- Established in 1989, the Premier Group is one of Canada's leading, independent Managing Underwriting Agencies in the property and casualty insurance sector
- Based in Vancouver, BC, with four additional offices, Premier employs over 100 staff and administers more than 80,000 policies annually
- The Co-operators Group Limited acquired the Premier Group and will operate Premier as an independent entity as part of The Co-operators
- Capital West Partners acted as exclusive financial advisor to the Premier Group on the transaction



has been acquired by



- Tyson Creek Power Corp operates a hydroelectric power facility located 40 km north of the town of Sechelt, BC
- The facility has a peak capacity of 9.3 megawatts, and a long term Electricity Purchase Agreement with BC Hydro extending to 2049
- Headquartered in Calgary, AB BluEarth's goal is to build, own and operate wind, run-of-river hydroelectric and solar generation projects across North America
- Capital West Partners acted as financial advisor to Tyson Creek Power Corp on the transaction



VANCOUVER AIRPORT AUTHORITY

has obtained non-recourse debt financing

\$54,000,000

- A wholly owned property management partnership of Vancouver Airport Authority ('YVR') that holds interests in real estate on the airport lands, secured a \$54 million loan, non-recourse to YVR, with a 10 year term
- Capital West acted as exclusive financial advisor to YVR on the financing



has sold a 49% interest and has entered into a strategic partnership with



- Harbour Air is the world's largest seaplane airline and is an essential part of BC's transportation system
- The scheduled airline has an average of 200 flights a day which transport more than 420,000 passengers annually
- Zongshen is one of the leading motorcycle and engine companies in China
- As part of the transaction, Harbour Air will provide its expertise to assist Zongshen establishing seaplane commuter service to major cities throughout China
- Capital West partners acted as exclusive financial advisor to Harbour Air on the transaction