

First National Financial Corporation agrees to be acquired by Birch Hill Equity Partners and Brookfield

Torys is acting as counsel to First National's founders, Stephen Smith and Moray Tawse, with a team that includes Leah Frank, Richard Willoughby, Steve Rotchtin and Danielle Marjoram (corporate/M&A), Omar Wakil and Eric Patenaude (competition), Blair Keefe and Eli Monas (financial services regulatory), Andrew Wong and Benjamin Mann (tax).

On July 27, 2025, First National Financial Corporation ("First National") announced that it entered into a definitive arrangement agreement with Regal Bidco Inc. (the "Purchaser"), a newly-formed acquisition vehicle controlled by private equity funds managed by Birch Hill Equity Partners Management Inc. ("Birch Hill") and private equity funds managed by Brookfield Asset Management ("Brookfield").

Under the terms of the arrangement agreement, the Purchaser will acquire all of the outstanding common shares of First National, other than those that will be exchanged by the Rolling Shareholders, for C\$48.00 per share in cash, in a deal valued at roughly C\$2.9 billion.

As part of the transaction, which will be completed by way of a plan of arrangement under the *Business Corporations Act* (Ontario), First National's founders, Stephen Smith and Moray Tawse (together with their associates and affiliates, the "Rolling Shareholders"), who currently hold approximately 37.4% and 34.0% of the company's outstanding shares, respectively, will each sell approximately two-thirds of their current shareholdings for the same cash consideration per share as other shareholders, and agreed to exchange their remaining shares for ownership interests in the new acquisition vehicle.

Collectively holding approximately 71.4% of First National's outstanding shares at the outset of the transaction, upon closing Stephen Smith and Moray Tawse are each expected to maintain an indirect approximate 19% interest in First National with Birch Hill and Brookfield holding the remaining approximate 62% interest.

The transaction emerged from a robust strategic review process conducted by First National, under the oversight of a committee of independent directors (the "Special Committee") advised by independent and highly qualified legal and financial advisors. The review process involved a competitive process in which multiple acquisition proposals were received and reviewed by the Special Committee. The arrangement agreement was entered into upon the unanimous approval of First National's board of directors (the "Board") (with conflicted directors abstaining) after receiving the unanimous recommendation of the Special Committee.

First National expects to hold the special meeting of shareholders to consider and vote on the transaction in September 2025. If approved, the transaction is expected to close in the fourth quarter of 2025, subject to court approval, *Competition Act* (Canada) clearance and other customary closing conditions. Following closing, the Purchaser intends to cause all of the outstanding common shares to be delisted from the TSX. First National's Class A preference shares, Series 1 and Class A Preference Shares, Series 2 are expected to remain outstanding in accordance with their terms following closing of the transaction and will continue to be listed on the TSX. As a result, First National will continue to be a reporting issuer under applicable Canadian securities laws following closing of the transaction.

Further information can be found on Newswire Canada's [website](#).

[First National](#) is the parent company of First National Financial LP, a Canadian-based originator, underwriter and servicer of predominantly prime residential (single-family and multi-unit) and commercial mortgages. With more than C\$155 billion in mortgages under administration, First National is one of Canada's largest non-bank mortgage originators and underwriters.

[Birch Hill](#) is a Canadian mid-market private equity firm. Based in Toronto, Birch Hill currently has over C\$6 billion in capital under management. Since 1994, the firm has made 73 investments, with 59 fully realized. Today, Birch Hill's 14 partner companies collectively represent one of Canada's largest corporate entities with over C\$8 billion in total revenue and more than 40,000 employees.

[Brookfield Asset Management](#) is a leading global alternative asset manager with over US\$1 trillion of assets under management. Brookfield invests client capital for the long term with a focus on real assets and essential service businesses that form the backbone of the global economy. Brookfield offers a range of alternative investment products to investors around the world — including public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors.

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