Consolidated Financial Statements of

CROWN CAPITAL PARTNERS INC.

Years ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Crown Capital Partners Inc.

We have audited the accompanying consolidated financial statements of Crown Capital Partners Inc. which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Crown Capital Partners Inc. as at December 31, 2015 and December 31, 2014 and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

March 22, 2016
Calgary, Canada

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Financial Position
As at December 31,

		2015		2014
Assets				
Current Assets				
Cash and cash equivalents	$	43,641,313	$	2,722,124
Accounts receivable		314,998		27,222
Prepaid expenses		69,692		17,920
		44,026,003		2,767,266
Investments, at fair value through profit or loss (Note 5)		84,367,280		-
Property, plant and equipment		11,189		6,287
Deferred income taxes (Note 12)		1,685,711		1,609
	$	**130,090,183**	**$**	**2,775,162**
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accrued liabilities	$	898,926	$	2,570,784
Deferred interest revenue		1,751,042		-
Distributions payable to non-controlling interest		420,862		-
Income taxes payable		1,192,731		626
		4,263,561		2,571,410
Performance bonus payable (Note 7)		1,994,640		-
Shareholder loans (Note 1)		-		100,000
Non-controlling interests (Note 11)		24,571,005		-
Total Liabilities		30,829,206		2,671,410
Equity				
Share capital (Note 8)		96,386,398		100
Contributed surplus		836,434		99,820
Retained earnings		2,038,145		3,832
Total Equity		99,260,977		103,752
	$	**130,090,183**	**$**	**2,775,162**

Commitments (Note 14)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

George Fowlie, Chairman

Chris Johnson, Director

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Comprehensive Income

For the years ended December 31,

	2015	2014
Revenues		
Fees and other income (Note 10)	$ 2,808,673	$ 1,736,777
Interest revenue	2,511,715	-
Net gain on investments		
Net realized gain on sale of investments	71,386	-
Net change in unrealized gains in fair value of investments	2,817,311	-
	8,209,085	1,736,777
Expenses		
Salaries, management fees and benefits	1,601,010	1,383,324
Share-based compensation (Note 9)	736,614	-
Professional fees and other	1,005,198	348,101
Performance bonus pool expense	258,847	-
Depreciation	2,879	2,774
	3,604,548	1,734,199
Earnings before other income and income taxes	4,604,537	2,578
Gain on acquisition of NCOF II (Note 4)	469,625	-
Earnings before income taxes	5,074,162	2,578
Income taxes (Note 12)		
Current tax expense	1,192,476	600
Deferred tax	35,659	90
	1,228,135	690
Net income and comprehensive income	$ 3,846,027	$ 1,888
Net income and comprehensive income attributable to:		
Shareholders of the Corporation	$ 2,034,313	$ 1,888
Non-controlling interests (Note 11)	1,811,714	-
	$ 3,846,027	$ 1,888
Earnings per share attributable to shareholders:		
Basic	$ 0.43	$ 0.01
Diluted	$ 0.42	$ 0.01
Weighted average number of shares, basic	4,715,114	303,000
Weighted average number of shares, diluted	4,833,785	303,000

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Changes in Equity

For the years ended December 31,

	Share capital	Contributed surplus	Retained earnings	Total Equity
Balance as at December 31, 2013	$ 100	$ 99,820	$ 1,944	$ 101,864
Net income and comprehensive income attributable to shareholders of the Corporation	-	-	1,888	1,888
Balance as at December 31, 2014	$ 100	$ 99,820	$ 3,832	$ 103,752
Net income and comprehensive income attributable to shareholders of the Corporation	-	-	2,034,313	2,034,313
Issuance of common shares (Note 8):				
Acquisition of NCOF II (Note 4)	35,359,423	-	-	35,359,423
Issue of share capital	666,600			666,600
IPO share proceeds	65,010,000	-	-	65,010,000
Underwriters' commission and offering expenses	(6,369,486)	-	-	(6,369,486)
Tax effect on share issue costs	1,719,761	-	-	1,719,761
Share-based compensation (Note 9)	-	736,614	-	736,614
Balance as at December 31, 2015	$ 96,386,398	$ 836,434	$ 2,038,145	$ 99,260,977

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Cash Flows

For the years ended December 31,

		2015		2014
Cash provided by (used in) operating activities				
Net income and comprehensive income	$	3,846,027	$	1,888
Proceeds from repayment of debt securities		24,887,429		
Proceeds from sale of equity securities		3,168,564		
Purchase of investments		(60,000,000)		-
Non-cash items:				
Net realized gain on sale of investments		(71,386)		
Net change in unrealized gains in fair value of investments		(2,817,311)		
Gain on acquisition of NCOF II (Note 4)		(469,625)		
Depreciation		2,879		2,774
Deferred income tax		35,659		90
Share-based compensation		736,614		
Net change in non-cash working capital (Note 13)		5,155,187		1,442,694
		(25,525,963)		1,447,446
Cash provided by (used in) investing activities				
Purchase of property, plant & equipment		(7,781)		-
Acquisition of NCOF II, net of cash acquired (Note 4)		16,339		
		8,558		-
Cash provided by (used in) financing activities				
Non-controlling interests contributions to CCF IV LP		17,500,000		
Distributions paid by NCOF II to non-controlling interests		(10,527,016)		
Shareholder advances		250,000		
Repayment of shareholder advances (Note 1)		(350,000)		75,000
Issue of share capital net of cash issue costs of $5,702,906 (Note 8)		59,307,114		-
Net change in non-cash working capital (Note 13)		256,496		-
		66,436,594		75,000
Increase in cash and cash equivalents		40,919,189		1,522,446
Cash and cash equivalents, beginning of year		2,722,124		1,199,678
Cash and cash equivalents, end of year	$	43,641,313	$	2,722,124
Supplemental cash flow information:				
Interest received		2,466,520		7,700
Income taxes paid		-		527

See accompanying notes to consolidated financial statements.

1. Reporting entity:

Crown Capital Partners Inc. (the "Corporation") was incorporated under the Canada Business Corporations Act on September 8, 1999 and commenced operations effective October 1, 2000. The Corporation provides investment management services and its principal place of business is Suite 888 3rd Street, S.W., Calgary, Alberta. These consolidated financial statements as at and for the years ended December 31, 2015 and 2014 comprise the Corporation and its subsidiaries.

On July 27, 2015 Norrep Credit Opportunities Fund Inc., a wholly-owned subsidiary, changed its name to Crown Capital Fund III Management Inc. ("CCF III"). CCF III is the general partner of Norrep Credit Opportunities Fund, LP, Norrep Credit Opportunities Fund II, LP ("NCOF II") and Norrep Credit Opportunities Fund II (Parallel), LP and manages these investment funds.

On June 30, 2015, the Corporation became a reporting issuer when it filed a prospectus ("Prospectus") with all provincial securities commissions in Canada in respect of an Initial Public Offering ("IPO") of common shares as follows:

(a) On July 9, 2015, pursuant to an underwriting agreement, the Corporation issued 5,910,000 common shares pursuant to the IPO priced at $11.00 per share, resulting in gross proceeds of $65,010,000 and net proceeds of $59,307,094 after underwriters' commission and cash offering expenses of $5,702,906.

(b) Immediately prior to the closing of the IPO, the Corporation acquired 69.75% of the outstanding limited partnership units of NCOF II in exchange for 3,214,494 common shares of the Corporation valued at $35,359,423 (see Note 4).

(c) Shareholder loans, in the amount of $350,000, were repaid on July 13, 2015 from the IPO proceeds.

On September 4, 2015, Crown Capital Fund IV Management Inc. ("CCF IV"), a wholly-owned subsidiary, was incorporated. CCF IV is the general partner of Crown Capital Fund IV LP ("CCF IV LP"), which was formed on September 23, 2015. The Corporation, through its wholly-owned subsidiary Crown Capital Funding Corp ("CCFC"), committed to contribute capital of $50,000,000 to CCF IV LP in exchange for a 50% limited partnership interest and to December 31, 2015 has contributed capital of $17,500,000.

On December 16, 2015, Crown Capital Private Credit Management Inc. ("CCPC MI"), a wholly-owned subsidiary, was incorporated. CCPC MI is the general partner of Crown Capital Private Credit, LP ("CCPC LP"), which was formed on December 16, 2015. The Corporation, through its wholly-owned subsidiary, CCFC, has contributed $25,000,000 to December 31, 2015 for a 100% limited partnership interest in CCPC LP.

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

These consolidated financial statements were authorized for issue by the Corporation's Board of Directors on March 22, 2016.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, other than investments carried at fair value through profit or loss.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in accordance with the financial reporting framework requires management to make judgments, estimates and assumptions that affect the application of the Corporation's accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosures of contingent assets and liabilities at the reporting date. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments, assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements are included in the following notes:

(i) Note 5 – fair value measurement of investments;

(ii) Notes 3 (h) and 9 – measurement of share-based compensation;

(iii) Notes 3 (i) and 12 – recognition of deferred tax assets.

3. Significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, CCFC, CCF III, CCF IV, CCPC MI, and CCPC LP, its 69.75% interest in NCOF II from the date of acquisition, and its 50% interest in CCF IV LP from date of formation. All inter-company accounts and transactions have been eliminated on consolidation.

Subsidiaries are entities controlled by the Corporation. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(b) Business combinations:

The Corporation accounts for business combinations using the acquisition method when control is transferred to the Corporation. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any excess of consideration given over the fair value of net assets acquired is recognized as goodwill. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except to the extent related to the issuance of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of the acquisition. Liabilities to pay contingent consideration are remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

(c) Non-controlling interests:

Non-controlling interests are measured at the proportionate share of the fair value of the acquiree’s identifiable net assets at the date of acquisition plus the non-controlling interests’ share of net income and comprehensive income and contributions, less any distributions paid to the non-controlling interests.

Non-controlling interests on the consolidated statement of financial position are classified as a liability as the corresponding net assets attributable to the limited partners of the subsidiaries is classified as liabilities rather than equity.

3. Significant accounting policies (continued):

(d) Financial assets and liabilities:

(i) Recognition, derecognition and initial measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognized on the trade date, which is the date on which the Corporation becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value, with transaction costs recognized in profit or loss, and subsequently measured at fair value.

Financial assets not at fair value through profit or loss are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and subsequently measured at amortized cost.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amounts presented in the statement of financial position when, and only when, the Corporation currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3. Significant accounting policies (continued):

(ii) Classification

The Corporation classifies financial assets and financial liabilities into the following categories.

Financial assets at fair value through profit or loss:

- Held for trading: all derivatives, including warrants
- Designated at fair value through profit and loss: all debt and equity investments

Financial assets at amortized cost:

- Loans and receivables: cash and cash equivalents and accounts receivable

Financial liabilities at amortized cost:

- Other financial liabilities: accounts payable, distributions payable, performance bonus payable and shareholder loans

The Corporation designates all debt and equity investments at fair value through profit or loss on initial recognition.

(iii) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Corporation has access at that date. The fair value of a liability reflects its non-performance risk.

(iv) Amortized cost measurement

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at recognition, minus principal repayments (if applicable), plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount (if applicable), minus any reduction for impairment (if applicable).

(v) Impairment

Financial assets not classified as at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses, if any, are recognized in profit or loss.

3. Significant accounting policies (continued):

(vi) Cash and cash equivalents

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Corporation in the management of short-term commitments.

(e) Revenue recognition:

(i) Interest revenue

The interest revenue represents the coupon interest and bonus interest, if applicable, received by the Corporation on investments in debt securities accounted for on an accrual basis and is recognized through profit or loss. The Corporation does not amortize premiums paid or discounts received on the purchase of fixed income securities.

(ii) Dividend income

Dividend income is recognized in profit or loss on the date on which the right to receive payment is established. This is usually the ex-dividend date.

(iii) Fees and other income

Revenue from management services rendered is recognized in profit to the extent that it is probable that the economic benefit will flow to the Corporation and that revenue can be reliably measured.

Investment management fees are generally earned based on the committed or contributed capital of the funds under management and are recognized on an accrual basis. Under certain circumstances the Corporation can voluntarily reduce the management fee base. These fees are shown net of management fee rebates payable to third parties.

Financing fees associated with the origination of investments at fair value through profit or loss are recognized in income when the related investments are recognized. Prepayment fees and other fees earned on the prepayment of debt securities are recognized in fees and other income when received.

(iv) Net gain on investments at fair value through profit or loss

Net realized and unrealized gain (loss) from financial instruments at fair value through profit or loss is calculated using the average cost method.

3. Significant accounting policies (continued):

(f) Property, plant and equipment:

All classes of property, plant and equipment are measured at cost less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated using the following methods: computer equipment on a straight-line basis over three years; office furniture and equipment on a declining balance basis at 20 per cent annually.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

(g) Employee benefits:

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plan

The Corporation contributes to a defined contribution pension plan for employees and expenses contributions when they are due in respect of service rendered to the end of the reporting period.

(iii) Other long-term employee benefits

The performance bonus payable represents the period end estimate of the amount of future benefit that employees have earned in return for their service in the current and prior periods. Remeasurements of the obligation are recognized in profit or loss in the period in which they arise.

3. Significant accounting policies (continued):

(h) Share-based payment plans:

Equity-settled, share-based payments to employees, directors and others are measured at fair value of the equity instrument granted. A Black-Scholes option pricing model is used to fair value the stock options issued to employees on the date of grant. The closing market value of the Corporation's common shares on the day prior to the date of grant is used to determine the fair value of the equity-based share units issued to employees, except those granted on the date of the IPO in which case the closing market value on the date of the grant was used.

The cost of the equity-settled, share-based payments is recognized as an expense with a corresponding increase in contributed surplus over the related service period provided to the Corporation. The service period may commence prior to the grant date with compensation expense recognition being subject to specific vesting conditions (including non-market vesting performance conditions) and the best estimate of equity instruments expected to vest. Estimates relating to vesting conditions are reviewed regularly with any adjustments recorded to compensation expense. On the vesting date, the Corporation revises, if necessary, the estimate to equal the number of equity instruments ultimately vested and adjusts the corresponding compensation expense and contributed surplus accordingly.

Upon exercise or settlement of equity-based instruments, consideration received, if any, together with amounts previously recorded in contributed surplus, are recorded as an increase in share capital.

Cash-settled share-based payments are measured based on the fair value of the cash liability. The amount determined is recorded as compensation expense over the service period. The liability is re-measured each period with a corresponding adjustment to the related compensation expense until the date of settlement.

(i) Earnings per share:

Basic earnings per share is calculated by dividing the net income and comprehensive income or loss for the period attributable to the shareholders of the Corporation by the weighted average number of common shares outstanding for the period.

Diluted earnings per share is calculated in the same manner as basic earnings per share, except that the weighted average number of common shares outstanding is adjusted for dilutive instruments. The number of shares included with respect to stock options, share units and similar instruments is computed using the treasury stock method.

3. Significant accounting policies (continued):

(i) Income tax:

Income tax expense comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; or for taxable temporary differences arising on the recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Corporation and its subsidiaries. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

3. Significant accounting policies (continued):

(j) New standards and interpretations not yet adopted:

At the date of these consolidated financial statements, the following standards relevant to the Corporation were not yet effective:

IFRS 9 Financial Instruments: The new standard, which is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, enhances the ability of investors and other users to understand the accounting of financial assets and reduces complexity. The approach to classifying an asset as either amortized cost or fair value in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. IFRS 9 also introduces a new impairment model based on expected losses. IFRS 9 is effective January 1, 2018 with early adoption permitted. The Corporation has not yet determined the impact of IFRS 9 on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers: The standard provides guidance on revenue recognition and relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 applies to annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation has not yet assessed the impact of IFRS 15 on the consolidated financial statements.

4. Business combination:

Immediately prior to the closing of the IPO on July 9, 2015, the Corporation acquired 69.75% of the outstanding limited partnership units of NCOF II in exchange for 3,214,494 common shares of the Corporation valued at $35,359,423. The following summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

Assets	
Cash	$ 16,339
Accrued interest and accounts receivable	4,247,555
Investments at fair value through profit or loss	49,534,576
Total assets	53,798,470
Liabilities	
Accounts payable and accrued expenses	26,460
Distributions payable	4,013,580
Total liabilities	4,040,040
Total identified net assets acquired	49,758,430
Less net assets attributable to the general partner	(1,735,793)
Net assets attributable to limited partners	$ 48,022,637
Consideration transferred	$ 35,359,423
Less: distributions payable to the Corporation	(2,332,446)
Non-controlling interests (30.25%)	14,526,035
Gain	469,625
Total	$ 48,022,637

The net assets attributable to the general partner represent the performance fee distributions that had accrued to June 30, 2015.

If the acquisition of NCOF II had occurred at the start of the year, the Corporation's consolidated revenues for the year ended December 31, 2015 would have been $16,658,856 and total consolidated net income and comprehensive income would have been $12,457,632 of which $8,621,249 would be attributable to the shareholders of the Corporation.

5. Fair value measurement:

(a) Investments

As at	**December 31, 2015**	
	Cost	**Fair Value**
Canadian equity securities	$ 1,684,344	$ 4,630,017
Canadian debt securities	79,453,597	79,737,263
Total Investments	$ 81,137,941	$ 84,367,280

The fair values of financial assets and financial liabilities that are traded on active markets are based on closing quoted market prices at the reporting date. For all other financial instruments, the Corporation determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Fair values of investments without quoted market prices are determined by management on the basis of the expected realizable value of the investments as at the date of the statement of financial position if they were disposed of in an orderly manner over a reasonable period of time, discounted at a discount rate which is considered by management to be appropriate at the date of the financial statement for the specific investment. There is no active secondary market for many investments which are not publicly-traded, and there is considerable uncertainty and a potentially broad range of outcomes with respect to the future cash flows from these investments. Valuations of such investments are subject to a number of assumptions and uncertainties that may cause actual values realized on disposal to differ materially from the fair value estimated at any particular time.

5. Fair value measurement (continued):

(a) Investments (continued)

A three-tier hierarchy is used as a framework for disclosing fair value based on inputs used to value the Corporation's investments. The hierarchy of inputs is summarized below:

- Inputs that are quoted prices (unadjusted) in active markets for identical instruments (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for instruments, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques in which all significant inputs are directly or indirectly observable from market data; and
- Inputs for the instruments that are not based on observable market data (unobservable inputs) (Level 3). This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on the quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(b) Fair value hierarchy – Financial instruments measured at fair value

The tables below analyze investments measured at fair value at December 31, 2015, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position.

	December 31, 2015			
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Canadian equity securities	$ 3,485,222	$ -	$ -	$ 3,485,222
Canadian warrants		1,144,795		1,144,795
Canadian debt securities	-	-	79,737,263	79,737,263
Total Investments	$ 3,485,222	$ 1,144,795	$ 79,737,263	$ 84,367,280

5. Fair value measurement (continued):

(b) Fair value hierarchy – Financial instruments measured at fair value (continued):

The level 3 investments as at December 31, 2015 comprise private investments in Canadian debt instruments. Each loan is valued using the discounted present value of expected cash flows arising from these debt instruments.

Observable inputs used in the development of an appropriate discount rate include Government of Canada benchmark interest rate for the term of the individual loan and the BBB-rated corporate interest rate spread for the term of the individual investment.

Significant unobservable inputs used in developing the appropriate discount rate include an illiquidity spread as well as a credit spread, both of which increase the discount rate. These rates are set initially at a level such that the loan valuation equals the initial purchase cost of the loan and are subsequently adjusted at each valuation date to reflect current market conditions.

All four components of the discount rate are subject to adjustment based on changing market conditions. Both the Government of Canada benchmark interest rate and the BBB-rated corporate interest rate spread will increase or decrease as market interest rates rise or fall. The illiquidity spread and additional credit spread are reviewed at each valuation date and are adjusted based on both general market conditions and the economic performance of the individual investment.

The following tables reconcile opening balances to closing balances for fair value measurements in Level 3 of the fair value hierarchy:

December 31, 2015	Private Debt Securities
Beginning balance	$ -
Acquired on acquisition of NCOF II (Note 4)	44,084,920
Purchases	59,084,308
Repayment	(24,887,427)
Unrealized gains	1,455,462
Total	$ 79,737,263

5. Fair value measurement (continued):

(b) Fair value hierarchy – Financial instruments measured at fair value (continued):

The most significant input into the calculation of fair value of Level 3 debt investments is the discount rate applied to expected future cash flows. If the discount rate increased (decreased) by 100 bps, the fair value of Level 3 investments at December 31, 2015 would decrease by $2,519,552 or increase by $2,634,180 respectively.

(c) Canadian debt instruments

As at December 31, 2015, investments held in the form of Canadian debt securities had coupon interest rates ranging from 10.0% to 14.0% per annum with maturity dates from April 5, 2018 to December 15, 2025.

(d) Financial instruments not measured at fair value

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, distributions payable to non-controlling interests and shareholder loans approximate their fair values due to their short term to maturity.

6. Financial risk management:

(a) Overview:

The Corporation has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk and the Corporation's management of capital.

(b) Risk management framework:

The Corporation's risk management policies are established to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation's activities.

6. Financial risk management (continued):

(b) Risk management framework (continued):

The Corporation views its capital as a combination of debt and shareholders' equity balances. The Corporation's securities regulators require the Corporation to maintain a minimum of $100,000 of excess working capital. Management ensures it is meeting this requirement by performing a monthly calculation from internally prepared financial statements. Should there be any indication that the Corporation is nearing the minimum excess working capital threshold, management would take the necessary steps to enhance its working capital position including, but not limited to, such measures as raising equity or issuing long-term debt. During the period the Corporation has met or exceeded its minimum excess working capital requirements as required by the securities regulators.

(c) Credit risk:

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's investments in debt securities, as well as accounts receivable from the investment funds that it manages.

The carrying amount of financial assets represents the maximum credit exposure as follows:

Carrying amount	December 31, 2015	December 31, 2014
Cash and cash equivalents	$ 43,641,313	$ 2,722,124
Accounts receivable	314,998	27,222
Investments in debt securities, at fair value through profit or loss	79,737,263	-
	$ 123,693,574	$ 2,749,346

Management fees receivable from managed investment funds are funded by cash flows from the underlying investments.

The debt instruments held by the Corporation's investment fund subsidiaries are unrated and relatively illiquid. Repayments are dependent on the ability of the underlying businesses to generate sufficient cash flow from operations, refinancings or the sale of assets or equity. The terms of the individual debt instruments and the risks of the underlying businesses are reflected in the fair values at the reporting date.

6. Financial risk management (continued):

(d) Liquidity risk:

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The Corporation has current liabilities at December 31, 2015 of $4,263,561 and current assets of $44,026,003 (December 31, 2014 - $2,571,410 and $2,767,266), respectively.

The Corporation has long-term liabilities at December 31, 2015 of $26,565,645, representing the performance bonus payable and non-controlling interests. Since these liabilities only become due as the related investment fund's assets are liquidated and proceeds received, there is no associated liquidity risk.

(e) Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk:

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation invests primarily in Canadian-dollar denominated investments and therefore does not have any direct exposure to currency risk. Investee companies may be exposed to fluctuations in currency rates because of sales or expenditures denominated in foreign currencies.

(ii) Interest rate risk:

Interest rate risk is the risk that the Corporation's earnings will be affected by fluctuations in interest rates. The Corporation holds interest-bearing short term deposits and debt instruments, however, the risk arising from changes in market interest rates is not material. The Corporation's interest-bearing debt investments are impacted by the credit metrics, liquidity and business fundamentals of the corporate entity with a minimal correlation to interest rates.

6. Financial risk management (continued):

(iii) Other price risk:

Other price risk includes other factors that affect market prices, other than currency and interest risk. This may include the ability of an investee company to profitably distribute its products. Most of the companies in which the Corporation invests are dependent upon a single product or industry. The Corporation manages this risk through careful due diligence prior to committing funds to the investment.

The Corporation's investments at fair value through profit or loss were concentrated in the following industries:

	% of Investments December 31, 2015
Industrial services	46.5%
Real estate asset management	29.8%
Healthcare	20.5%
Basic materials	3.2%
Total	100.0%

7. Performance bonus payable:

The Corporation has an asset performance bonus pool ("APBP") arrangement for certain individuals and entities, primarily employees and pre-IPO shareholders (the "APBP Participants"). For certain investment funds managed by the Corporation, 20% of investment returns in excess of an annual rate of return of 8% earned by the fund will accrue to the Corporation as performance fee distributions. Prior to the closing of the IPO, the Corporation committed to pay 100% of performance fee distributions earned to that date from NCOF II to the APBP Participants. In addition, the Corporation's current compensation policy provides that 50% of such performance fee distributions earned after the closing of the IPO will be distributed to the APBP Participants who are employees.

Accordingly, the performance fee distributions accrued in NCOF II at the date of acquisition, as described in Note 4, are recognized as performance bonus payable in the consolidated statement of financial position at December 31, 2015. The performance bonus payable at December 31, 2015 of $1,994,640 also includes 50% of performance fee distributions accrued post-IPO.

8. Share capital:

The authorized share capital of the Corporation consists of unlimited number of common shares each carrying the right to one vote per common share at all meetings of shareholders of the Corporation and fully participating as to dividends of the Corporation.

On June 30, 2015, the Corporation split the issued common shares on a 3,030 for one basis. All share capital information presented in these consolidated financial statements reflects this share split.

	For the year ended December 31, 2015		For the year ended December 31, 2014	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Balance, beginning of year	303,000	$ 100	303,000	$ 100
Issued to minority shareholders	60,600	666,600	-	-
Issued pursuant to the acquisition of NCOF II (Note 4)	3,214,494	35,359,423	-	-
Issued pursuant to the IPO, net of commission and offering expenses, net of deferred tax (Note 1)	5,910,000	60,360,275	-	-
Balance, end of year	9,488,094	$ 96,386,398	303,000	$ 100

On May 20, 2015, the Corporation issued common shares for $1 per share to two minority shareholders resulting in a reduction of the ownership percentage held by Norrep Investment Management Group Inc. from 60% to 50% of the common shares issued. The common shares were ascribed a fair value of $11 per share, being the IPO price, and recorded as a financing cost of $666,580. The issuance of these shares was contingent on the successful completion of the IPO.

Immediately prior to the closing of the IPO, the Corporation acquired 69.75% of the outstanding limited partnership units of NCOF II in exchange for 3,214,494 common shares of the Corporation valued at $35,359,423.

On July 9, 2015, pursuant to an underwriting agreement, the Corporation issued 5,910,000 common shares pursuant to the IPO priced at $11.00 per share, resulting in gross proceeds of $65,010,000, less underwriters' commission and offering expenses of $4,649,725, net of deferred tax of $1,719,761.

9. Share-based compensation:

As at December 31, 2015, the Corporation had the following share-based compensation arrangements:

(a) Share units:

Upon completion of the IPO, the Corporation issued 181,818 Transition Restricted Share Units, 36,528 Performance Share Units and 29,168 Restricted Share Units (collectively “the Share Units”) to key management personnel, directors and employees. The Restricted Share Units vest on the third anniversary, provided the holder of the Share Units remains an employee or director, as the case may be, of the Corporation. The Performance Share Units, other than the 13,636 Performance Share Units issued to the Chief Financial Officer (“CFO”), vest when certain performance objectives are achieved and it is expected they will be fully vested by July 2017. The Performance Share Units issued to the CFO vest on July 9, 2016. The vesting terms of the Transition Restricted Share Units were revised on December 21, 2015. The Transition Restricted Share Units now vest in their entirety on July 9, 2018 instead of in equal tranches annually over a three-year period, provided the holder of the Share Units remains an employee of the Corporation. In the event the employee holding the Share Units is terminated without cause or resigns with good reason, as defined, the Transition Restricted Share Units vest immediately. All Share Units are settled by the issuance of one common share for each Share Unit vested.

Holders of Share Units participate in dividends through receipt of additional Share Units equivalent to the amount of the dividend paid by the Corporation on each common share, divided by the weighted average trading price of the common shares in the five days preceding payment of the dividend.

The fair value of the Share Units granted is based on the closing price on the date of grant and is recognized over the vesting period. For the year ended December 31, 2015, the Corporation expensed $589,248 as share-based compensation, related to these Share Units.

All of the Share Units issued remain outstanding as at December 31, 2015.

(b) Stock options:

Upon completion of the IPO, the Corporation issued 428,213 stock options (the “Options”) to key management personnel. On November 9, the Corporation issued an additional 63,636 Options to new employees. The Options vest over a three-year period and have a five-year term and an exercise price of $11.00.

The Options granted were fair valued using a Black-Scholes formula. Expected volatility has been based on the volatility of comparable public companies. Assumptions used to determine the fair value of stock options granted by the Corporation are as follows:

9. Share-based compensation (continued):

(c) Stock options (continued):

Risk free interest rate	1.0%
Dividend yield	4.0%
Expected volatility	25%
Expected life	5 years
Grant date price	$8.04 - 10.10
Exercise price	$11.00

The expense is recognized over the vesting period. The fair value of the options was calculated at $0.52 - $1.14 per option. For the year ended December 31, 2015, the Corporation expensed $147,366 as share-based compensation, related to these Options.

All of the options issued remain outstanding as at December 31, 2015.

10. Related party transactions:

(a) Key management personnel compensation:

Key management personnel are those persons having authority over the planning, directing and controlling activities of the Corporation, and include the Directors, President and Chief Executive Officer, Executive Vice President, Chief Financial Officer and Chief Investment Officer.

Directors are paid a retainer, of which at least 50% must be paid as Restricted Share Units and the balance can be received as either additional Restricted Share Units or cash at the Director's discretion. Restricted Share Units issued as part of the annual retainer vest immediately on issuance.

Key management personnel compensation for the years ended December 31, 2015 and 2014 is comprised of:

	2015	2014
Salaries, management fees and benefits	$ 1,250,009	$ 826,600
Share-based compensation	637,556	-
Performance bonus pool (note 7)	234,251	-
	$ 2,121,816	$ 826,600

10. Related party transactions (continued):

(b) Other related party transactions:

(i) Pursuant to limited partnership agreements, Norrep Credit Opportunities Fund, LP and Norrep Credit Opportunities Fund II (Parallel), LP, (each a "Fund" and collectively "the Funds"), pay management fees to the Corporation for management services provided. During the year ended December 31, 2015, management fees earned from the Funds amounted to $491,921 (2014 - $1,035,961), less rebates of $42,211 (2014 - $198,239).

At December 31, 2015, accounts receivable includes $119,445 due from the Funds (2014 - $nil). Accounts payable and accrued liabilities included an amount payable to the Funds of $293,274 (2014 - $361,337).

(ii) Pursuant to limited partnership agreements, NCOF II and CCF IV LP also pay management fees to the Corporation for management services provided. Other than amounts paid by NCOF II prior to the acquisition described in Note 1 (b) (the "Rollover Transaction"), management fees paid to the Corporation by NCOF II and CCF IV LP are eliminated on consolidation. For the period in 2015 prior to the Rollover Transaction, NCOF II paid management fees to the Corporation of $389,563 less rebates of $97,632 (2014 - $1,093,596 less rebates of $227,765).

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed to by the related parties.

11. Non-controlling interests:

Non-controlling interests in net income and comprehensive income of 30.25% in NCOF II amounted to $880,566 for the year ended December 31, 2015 (2014 - $nil). Non-controlling interest in net income and comprehensive income of 50% in CCF IV LP amounted to $931,148 for the year ended December 31, 2015 (2014 - $nil).

Non-controlling interests represents the acquisition of NCOF II of $14,526,035, plus the non-controlling interests' contribution to CCF IV LP of $17,500,000, plus the share of net income and comprehensive income attributable to non-controlling interests in 2015 of $1,811,714, less distributions paid in 2015 to non-controlling interests of $9,266,744.

12. Income taxes:

Income tax expense is recognized based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the reporting period.

The Corporation's consolidated effective rate for the year ended December 31, 2015 was 26.5%. The effective rate increased on the date of the IPO as the Corporation is now classified as a public corporation and not eligible for the small business deduction.

	2015	2014
Earnings before income tax	$ 5,074,162	$ 2,578
Statutory income tax rate	26.5%	26.5%
Income tax at statutory income tax rate	1,344,653	683
Non-deductible expenses and other	347	7
Non-deductible share compensation expense	195,203	-
Non-controlling interest share of income [1]	(480,104)	-
Non-taxable gain on acquisition of NCOF II	(124,451)	-
Tax rate changes	31,847	-
Tax difference on acquisition of NCOF II	260,640	-
Income tax	$1,228,135	$ 690

[1] Non-controlling interests in limited partnerships incur tax on their share of income in accordance with their particular tax circumstances.

Deferred income taxes result from the financing costs associated with the IPO which are deductible for tax purposes over a five year period and unrealized gains or losses that are not taxed until they are realized. The table below outlines the changes in deferred tax balances.

	Balance January 1, 2014	Recognized in profit and loss	Recognized through equity	Balance December 31, 2014
Property, plant and equipment	$ 808	$ 27	$ -	$ 781
Other intangibles	891	63	-	828
	$ 1,699	$ 90	$ -	$ 1,609

12. Income taxes (continued):

	Balance January 1, 2015	Recognized in profit and loss	Recognized through equity	Balance December 31, 2015
Property, plant and equipment	$ 781	$ 213	$ -	$ 994
Other intangibles	828	61	-	889
Financing costs	-	(194,627)	1,719,761	1,525,134
Loan cost base	-	90,100	-	90,100
Performance bonus	-	68,594	-	68,594
	$ 1,609	$ (35,659)	$1,719,761	$ 1,685,711

13. Net change in non-cash working capital:

	2015	2014
Accounts receivable	$ 3,959,779	$ (2,733)
Prepaid expenses	(51,772)	(3)
Accounts payable and accrued liabilities	(1,698,318)	1,455,846
Due to Crown Capital Partnership	-	(10,500)
Deferred revenue	1,751,042	-
Performance fee payable	258,847	-
Income tax payable	1,192,105	73
	$ 5,411,683	$ 1,442,683
Net change attributable to operating activities	5,155,187	1,442,683
Net change attributable to financing activities	256,496	-

14. Commitments:

The Corporation entered into a commitment to contribute capital of $50,000,000 to CCF IV LP. Of this commitment, $17,500,000 was contributed as of December 31, 2015.