MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2018

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Management's Discussion and Analysis

The following Management's Discussion and Analysis ("**MD&A**") of the consolidated operating and financial performance of Crown Capital Partners Inc. ("**Crown**" or the "**Corporation**") for the three and twelve months ended December 31, 2018 is prepared as of March 4, 2019. This discussion is the responsibility of management and should be read in conjunction with the Corporation's December 31, 2018 audited consolidated financial statements and the notes thereto, prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and other public filings available on SEDAR at www.sedar.com. The board of directors of the Corporation has approved this MD&A. All amounts herein are expressed in Canadian dollars unless otherwise indicated. See "Forward-Looking Statements".

References

Throughout this MD&A, the following operating companies, limited partnerships, portfolio companies and their respective subsidiaries will be referenced as follows:

- "**Active**" – Active Exhaust Corp.
- "**Baylin**" – Baylin Technologies Inc.
- "**BGO**" – Bill Gosling Outsourcing Holding Corp.
- "**Canadian Helicopters**" – Canadian Helicopters Limited
- "**CCF III**" – Crown Capital Fund III Management Inc.
- "**CCF IV Investment LP**" – Crown Capital Fund IV Investment, LP
- "**CCFC**" – Crown Capital Funding Corporation
- "**Crown Partners Fund**" – Crown Capital Partner Funding, LP, formerly Crown Capital Fund IV, LP
- "**Crown Power Fund**" – Crown Capital Power Limited Partnership
- "**Crown Power GP**" – 10824356 Canada Inc.
- "**Crown Private Credit Fund**" – Crown Capital Private Credit Fund, LP
- "**Data Communications**" – Data Communications Management Corporation
- "**Ferus**" – Ferus Inc.
- "**Marquee**" – Marquee Energy Ltd.
- "**Medicure**" – Medicure Inc.
- "**Mill Street**" – Mill Street & Co. Inc.
- "**NCOF II**" – Norrep Credit Opportunities Fund II, LP
- "**NCOF II Parallel**" – Norrep Credit Opportunities Fund II (Parallel), LP
- "**NCOF Funds**" – NCOF II and NCOF II Parallel collectively
- "**NCOF LP**" – Norrep Credit Opportunities Fund, LP
- "**PenEquity**" – PenEquity Realty Corporation
- "**Persta**" – Persta Resources Inc.
- "**Petrowest**" – Petrowest Corporation
- "**Prairie Provident**" – Prairie Provident Resources Inc.
- "**RBee**" – RBee Aggregate Consulting Ltd.
- "**Solo**" – Solo Liquor Holdings Limited
- "**Source**" – Source Energy Services Canada
- "**Touchstone**" – Touchstone Exploration Inc.
- **"Triple Five"** – Triple Five Intercontinental Group Ltd.
- **"VIQ Solutions"** – VIQ Solutions Inc.
- "**WireIE**" – WireIE (Canada) Inc.

Highlights of the Three Months Ended December 31, 2018

During the three months ended December 31, 2018:

- Crown earned net income and comprehensive income attributable to shareholders of the Corporation ("**Shareholders**") of $2.4 million (December 31, 2017 - $2.1 million);

- On November 22, 2018, Crown announced the full repayment by Marquee of its $30 million special situations loan to Crown Partners Fund which was made in connection with the acquisition of Marquee by Prairie Provident. Crown Partners Fund was granted 4.4 million common shares of Prairie Provident in connection with this repayment, the value of which was recognized in fees and other income in the three months ended December 31, 2018;

- On November 28, 2018, Crown Partners Fund announced an agreement to provide a $15 million, 60-month loan to VIQ Solutions with an interest rate of 10% per annum and including the issuance to Crown Partners Fund of 2,127,659 common shares and 9,000,000 common share purchase warrants of VIQ Solutions. A total of $8.9 million has been advanced and is outstanding as at December 31, 2018, with the unfunded portion of the commitment available to fund subsequent acquisitions up to June 30, 2019;

- Effective December 31, 2018, the investment period of Crown Partners Fund was extended from December 31, 2019 to December 31, 2020, with the consent of the limited partners and remains subject to annual one-year extensions; and

- On November 6, 2018, Crown announced a quarterly dividend of $0.15 per common share of the Corporation ("**Common Share**") payable on November 30, 2018 to Shareholders of record on November 16, 2018.

Highlights of the Twelve Months Ended December 31, 2018

- For the year ended December 31, 2018, Crown earned net income and comprehensive income attributable to Shareholders of $7.1 million (December 31, 2017 - $6.7 million);

- Crown paid quarterly dividends totaling $0.60 per Common Share in 2018, an increase of 20% compared with 2017;

- On January 1, 2018, the Corporation adopted IFRS 9 *"Financial Instruments*" ("**IFRS 9**") resulting in fundamental changes to the accounting for financial assets. As a result, some of the Corporation's debt investments are now carried at amortized cost, with other debt investments and all equity investments carried at fair value through profit and loss ("**FVTPL**"). Previously, all investments had been carried at FVTPL. The impact of the adoption of IFRS 9 on the carrying value of investments and retained earnings as at January 1, 2018 was a reduction of $2.1 million and $0.9 million, respectively. Financing fees earned in relation to debt investments carried at amortized cost are now deferred and amortized over the term of related loans as part of the effective interest rate and are no longer recognized immediately in revenues. Comparative periods prior to January 1, 2018 were not restated for the impact of IFRS 9;

- On March 28, 2018, Crown announced that it had received from DBRS Limited ("**DBRS**") its first rating by any rating agency. DBRS has assigned Crown a Long-Term Issuer Rating of BB (low) with a stable trend;

- The Corporation announced on April 5, 2018 that it had received approval to implement a new normal course issuer bid for the 12-month period commencing April 10, 2018, with the right to purchase up to 300,000 outstanding Common Shares. This replaced a normal course issuer bid that expired on April 9, 2018;

- On June 13, 2018, the Corporation announced that it had closed a "bought deal" public offering of $20 million aggregate principal amount of 6.0% convertible unsecured subordinated debentures ("**Convertible Debentures**") due June 30, 2023. The Convertible Debentures trade on the Toronto Stock Exchange under the symbol "CRWN.DB". The net proceeds of this offering were used to repay indebtedness under the company's credit facility, from which subsequent advances were used to partially fund new investments;

- On June 28, 2018, the Corporation announced the launch of Crown Power Fund, a new fund managed by Crown that intends to provide investors with attractive, utility-like income through the direct ownership of integrated energy platforms that provide electricity under long-term contracts to mid- to large-scale electricity users. Upon its formation, Crown was the sole limited partner of Crown Power Fund;

- On July 1, 2018, an amended and restated limited partnership agreement for Crown Partners Fund came into effect resulting in an increase in the maximum size of the fund from $300 million to $500 million and an extension of the investment period from September 2018 to December 31, 2019 with provisions to further extend the investment period with the approval of limited partners. In December 2018, the limited partners of Crown Partners Fund consented to further extend the investment period of the partnership to December 31, 2020; and

- On July 13, 2018, Crown Partners Fund received subscriptions for an additional 75,000 limited partnership units ("**Units**") at $1,000 per Unit, increasing the total capital committed to Crown Partners Fund from $225.0 million to $300.0 million. Crown, through its wholly-owned subsidiary CCFC, subscribed for an additional 29,090 Units which increased its total commitment to Crown Partners Fund, including its existing commitment to CCF IV Investment LP, to $111.3 million (December 31, 2017 - $82.2 million) and increased its effective interest in Crown Partners Fund to 37.1% (December 31, 2018 – 37.0%; December 31, 2017 – 36.5%).

Significant Transactions in 2018

- On January 17, 2018, Crown Partners Fund provided a $33 million, 60-month loan to Baylin with an interest rate of 9.0% per annum. Upon closing, Crown Partners Fund syndicated $3.0 million of the Baylin loan to two of its limited partners. In addition, a total of 682,500 common share purchase warrants of Baylin were issued to Crown Partners Fund and its syndicate partners;

- On April 30, 2018, Crown Partners Fund announced an agreement to provide a $12 million, 60-month loan to Data Communications with an interest rate of 10% per annum plus warrants to acquire 960,000 common shares of Data Communications;

- On May 16, 2018, Crown Partners Fund announced an agreement to provide a $25 million, 60-month term loan to Persta with an interest rate of 12% per annum plus warrants to acquire 8,000,000 common shares of Persta. The total $25 million loan commitment was comprised of an initial advance of $20 million plus an additional $5 million commitment that expired undrawn on November 15, 2018;

- On May 16, 2018, Crown, through Crown Private Credit Fund, provided a $10 million, 10-year loan to Mill Street with a floating interest rate based on the five-year Government of Canada Bond yield plus 10%, subject to a minimum of 12%. This loan agreement includes an equity participation right based on the growth in Mill Street's equity value per share;

- On May 23, 2018, Crown, through Crown Private Credit Fund, announced an agreement to provide a $10 million, 10-year loan to WireIE structured as a streaming facility that features a fixed interest rate and includes the issuance of warrants to Crown. As at December 31, 2018, $6.5 million has been advanced to WireIE;

- On June 20, 2018, Crown announced the full repayment by Petrowest of its special situations loan to Crown Partners Fund in addition to all accrued interest and supplemental fees; and

- On September 4, 2018, Crown Partners Fund announced an agreement to provide a $15 million first-lien loan to Triple Five with a 36-month term and a fixed interest rate of 10.5% per annum as well as a royalty to Crown Partners Fund based on Triple Five's gross sales.

Subsequent Events

Subsequent to December 31, 2018:

- On February 5, 2019, Crown announced a quarterly dividend of $0.15 per Common Share payable on March 1, 2019 to Shareholders of record on February 15, 2019;

- Effective February 5, 2019, Crown Partners Fund entered into an agreement for a $25.0 million senior secured revolving credit facility with ATB Financial that matures on May 31, 2022 and is subject to extension annually. Also effective February 5, 2019, Crown extended the maturity of its existing senior secured revolving credit facility by 17 months to May 31, 2021; and

- On February 28, 2019, Crown Power Fund completed a subsequent closing with subscriptions for an additional approximately 57,900 Units at $1,000 per Unit, increasing the total capital committed to Crown Power Fund to approximately $57.9 million. Crown, through its wholly-owned subsidiary CCFC, subscribed for additional Units which resulted in CCFC holding 25,000 Units and an approximate 43.2% interest in Crown Power Fund effective February 28, 2019 (December 31, 2019 – 100%).

Overall Performance

Total assets increased to $275.9 million at December 31, 2018 from $229.1 million at December 31, 2017, including an increase in the carrying value of investments to $246.9 million from $181.3 million resulting from net new investment activity that was funded primarily by $32.6 million of contributions to Crown Partners Fund from non-controlling interests, $18.7 million net proceeds from the issuance of Convertible Debentures, $18.0 million of net advances from the Corporation's senior secured revolving credit facility (the "**Credit Facility**") and a decrease in cash and cash equivalents to $11.3 million from $41.1 million. Total equity remained consistent at $104.9 million at December 31, 2018 compared with $104.4 million at December 31, 2017, with reductions related to dividends declared, share repurchases and the adoption of IFRS 9 on January 1, 2018 offset by increases relating to net income, the issuance of convertible debentures and share-based compensation.

Total revenues in the three and twelve months ended December 31, 2018 were $10.4 million and $32.7 million, respectively, compared to $8.9 million and $29.0 million, respectively in the three and twelve months ended December 31, 2017. Interest revenue on investments increased to $7.6 million and $26.6 million, respectively, in the three and twelve months ended December 31, 2018 compared to $5.5 million and $20.3 million, respectively, in the three and twelve months ended December 31, 2017, primarily due to increased lending activity of Crown Partners Fund, partially offset by the dissolution of NCOF II in June 2017. For the twelve months ended December 31, 2018, the year-over-year increases in interest revenue and in the net gain on investments more than offset a decrease in fees and other income due to the adoption of IFRS 9 and the inclusion of a $1.0 million performance fee distribution in the prior-year period.

Fees and other income for the three and twelve months ended December 31, 2018 were $1.5 million and $3.5 million, respectively, lower than $1.9 million and $5.6 million, respectively, in the comparable three- and twelve-month periods in 2017, reflecting the differences in accounting policy under International Accounting Standards 39 "*Financial Instruments: Recognition and Measurement*" ("**IAS 39**") in 2017 compared with IFRS 9 in 2018. Under IFRS 9, fees received in relation to loans carried at amortized cost are deferred and amortized into interest revenue calculated using the effective interest rate method. Fees deferred in this manner totaled $0.8 million and $3.0 million, respectively, in the three and twelve months ended December 31, 2018.

For the three and twelve months ended December 31, 2018, the net gain on investments was $1.3 million and $2.5 million, respectively, compared to $1.6 million and $2.0 million, respectively, in the three and twelve months ended December 31, 2017. The net realized gain from investments of $0.2 million for the year ended December 31, 2018 relates to the final repayment of the Petrowest loan. The primary contributors to the net unrealized gain on investments of $1.3 million for the three months ended December 31, 2018 were an increase in the fair value of the RBee common shares and a reversal of net unrealized losses in relation to the Marquee investment upon repayment of the Marquee loan, partially offset by a net reduction in the aggregate fair value of other investments carried at fair value through profit or loss. The primary contributors to the net unrealized gain on investments of $2.3 million for the twelve months ended December 31, 2018 were a net gain on the Touchstone royalty as a result of extending the terms of the royalty agreements by one year, an increase in the fair value of the RBee common shares, a reversal of net unrealized losses in relation to the Marquee investments upon repayment of the Marquee loan, a net reduction in the aggregate fair value of other equity-related investments, and a net increase in the aggregate fair value of loan and royalty investments carried at fair value through profit or loss.

Expenses in the three and twelve months ended December 31, 2018 were $2.8 million and $9.5 million, respectively, compared with $1.9 million and $8.1 million, respectively, in the three and twelve months ended December 31, 2017. The increases compared with the comparable periods in 2017 are due primarily to a combination of start-up costs in relation to Crown Power Fund, included in general and administration expenses, and higher finance costs resulting from a higher average level of outstanding debt. For the twelve months ended December 31, 2018, the increase in total expenses was partially offset by the inclusion in the prior-year period of a performance bonus expense of $0.8 million associated with a $1.0 million performance fee distribution included in revenues of the same period.

In the three and twelve months ended December 31, 2018, net income and comprehensive income attributable to Shareholders was $2.4 million and $7.1 million respectively, compared with $2.1 million and $6.7 million, respectively, in the three and twelve months ended December 31, 2017. Compared with the comparable prior-year period, net income and comprehensive income attributable to Shareholders in the three months ended December 31, 2018 was higher due primarily to higher levels of revenue attributable to shareholders, including higher interest revenue and net unrealized gains on investments and lower fee income following the adoption of IFRS 9 and lower net realized gains on investments, partially offset by a higher level of finance costs due to a higher average level of outstanding debt, and higher general and administration expenses.

Compared with the comparable prior-year period, net income and comprehensive income attributable to Shareholders in the twelve months ended December 31, 2018 increased modestly with increases in the amounts attributable to shareholders from interest revenue and net unrealized gains on investments partially offset by a combination of lower fee income attributable to shareholders following the adoption of IFRS 9, a lower level of net realized gains on investments attributable to shareholders, a higher level of finance costs due to a higher average level of outstanding debt, higher general and administration expenses due largely to start-up costs for Crown Power Fund, and the inclusion of a $0.2 million net performance fee distribution in the prior-year period.

Transition restricted share units issued in connection with the initial public offering of the Corporation in July 2015 vested on July 9, 2018, resulting in a 2.0% increase in common shares outstanding as at July 9, 2018 compared with June 30, 2018, and contributed, in turn, to a 2.2% decrease in book value per share as at September 30, 2018 compared with June 30, 2018.

Crown consolidates 100% of its approximate 37.0% effective interest in Crown Partners Fund (35.0% between January 1, 2017 and June 30, 2017; 36.5% between July 1, 2017 and June 30, 2018; 37.1% between July 1, 2018 and September 30, 2018) and its 100% interest in Crown Private Credit Fund and reflects the interests of other investors in these funds as non-controlling interests. The NCOF Funds were dissolved on June 30, 2017. Prior to its dissolution, Crown consolidated 100% of its approximate 69.75% interest in NCOF II. Crown holds its interests in Crown Partners Fund and Crown Private Credit Fund through CCFC, a 100%-owned subsidiary. Crown's 100%-owned subsidiary CCF III is the general partner and manager of NCOF LP.

Crown also consolidates its 100% interest in Crown Power Fund and its 100% interest in Crown Power GP, the general partner of Crown Power Fund. Crown Power Fund was formed and Crown Power GP was incorporated effective June 8, 2018.

The financial results of the Corporation as at and for the three and twelve months ended December 31, 2018 discussed in this MD&A include the results of operations of CCFC, NCOF II (to date of dissolution), Crown Partners Fund, Crown Private Credit Fund, Crown Power Fund and CCF III.

Business Overview

Crown is a specialty finance company focused on providing capital to successful Canadian companies and select U.S. companies seeking alternative financing solutions compared to those provided by traditional capital providers such as banks and private equity funds. Crown also manages capital pools, including some in which Crown has controlling ownership interests. Crown originates, structures and provides tailored special situation and long-term financing solutions to a diversified group of private and public mid-market companies in the form of loans, royalties, and other structures with minimal or no ownership dilution. These financing solutions allow business owners to retain the vast majority of the economic rewards associated with the ownership of their respective businesses.

Crown's revenue sources include interest revenue, transaction fees and realized and unrealized gains on investments made by its consolidated investment funds - NCOF II (until its dissolution on June 30, 2017), Crown Partners Fund and Crown Private Credit Fund - and management and performance fees as the fund manager of NCOF LP and NCOF II Parallel (until its dissolution on June 30, 2017).

Crown has historically offered special situations financing solutions to businesses for transitory capital requirements, generally in the form of short- and medium-term senior or subordinated loans, indirectly through a variety of funding arrangements ("**Special Situations Financing**").

Crown also deploys its capital through its wholly-owned subsidiary, Crown Private Credit Fund, to clients seeking non-dilutive, long-term capital, generally in the form of traditional interest-bearing loans and royalties ("**Long-Term Financing**").

Crown is also deploying capital through its wholly-owned subsidiary, Crown Power Fund, an investment fund established in June 2018 to invest directly in integrated energy platforms that provide electricity under long-term contracts to mid- to large-scale electricity users ("**Distributed Power**"). As at December 31, 2018, Crown Power Fund had advanced $12.0 million to suppliers and contractors in relation to the construction of integrated energy platforms that were not yet operational and had incurred start-up costs of $0.3 million.

Crown, which was founded by Crown Life Insurance Company and owned by it until 2002, completed an initial public offering ("**IPO**") in 2015 for gross proceeds of $65 million. The Common Shares began trading on the Toronto Stock Exchange on July 9, 2015 and trade under the symbol TSX:CRWN.

Portfolio at December 31, 2018

At December 31, 2018, Crown held ownership interests in 16 loans.

Borrower	Loan Principal Amount Outstanding at December 31, 2017(1)	Loan Principal Amount Outstanding at December 31, 2018(1)	Attributable at December 31, 2018 to:		Status
			Shareholders	Non-controlling interests	
Special Situations Financing transactions					
Petrowest	$6,826,905	N/A	N/A	N/A	N/A
BGO[3]	$15,000,000	$15,000,000	$5,551,188	$9,448,812	Current
Touchstone[2]	$15,000,000	$15,000,000	$5,551,188	$9,448,812	Current
Source[3]	$12,428,000	$12,428,000	$4,599,344	$7,828,656	Current
Solo[3]	$15,000,000	$15,000,000	$5,551,188	$9,448,812	In Arrears
Marquee[2]	$30,000,000	N/A	N/A	N/A	N/A
Ferus[2]	$25,000,000	$25,000,000	$9,251,980	$15,748,020	Current
RBee[2, 4]	$18,173,095	$17,414,343	$6,444,686	$10,969,657	Current
Active[3]	$7,000,000	$7,000,000	$2,590,555	$4,409,445	Current
Canadian Helicopters[3]	$8,000,000	$8,000,000	$2,960,633	$5,039,367	Current
Baylin[2,5]	N/A	$30,000,000	$11,102,376	$18,897,624	Current
Data Communications[2]	N/A	$12,000,000	$4,440,951	$7,559,049	Current
Persta[2]	N/A	$20,000,000	$7,401,584	$12,598,416	Current
Triple Five[2]	N/A	$15,000,000	$5,551,188	$9,448,812	Current
VIQ Solutions[2]	N/A	$8,935,000	$3,306,658	$5,628,342	Current
Long-Term Financing transactions					
PenEquity[2]	$25,000,000	$25,000,000	$25,000,000	Nil	In Arrears
Mill Street[3]	N/A	$10,000,000	$10,000,000	Nil	Current
WireIE[2]	N/A	$6,492,758	$6,492,758	Nil	Current

Notes: (1) Loan principal amounts represent the Corporation's interest in the par value of each loan. For all loans, only the amounts attributable to Shareholders and non-controlling interests are included in the Corporation's December 31, 2018 condensed consolidated interim financial statements. The pro rata portions held by co-investors, if any, are excluded. (2) As at December 31, 2018, the loan component of this investment is carried at amortized cost. (3) As at December 31, 2018, the loan component of this investment is carried at FVTPL. (4) The total size of the RBee loan as at December 31, 2018 was $18.8 million, of which $1.4 million was held by a third party. (5) The total size of the Baylin loan was $33 million of which $3 million was syndicated in equal parts to two third parties.

Following the adoption of IFRS 9 effective January 1, 2018, the Corporation measures some of its debt investments at amortized cost and others at fair value through profit and loss ("FVTPL"). Crown's business model generally involves holding debt investments with the objective of collecting contractual cash flows to maturity rather than holding to sell. The Corporation is therefore required to assess the contractual terms of the cash flows to determine appropriate classification and measurement of its debt investments. Debt investments that give rise to cash flows that are solely payments of principal and interest are carried at amortized cost. Debt investments that give rise to cash flows that are other than solely payments of principal and interest (e.g., debt investments with contractual bonus interest payments) are carried at FVTPL. The current classification of each debt investment in the Corporation's investment portfolio is indicated in the above table. For periods prior to January 1, 2018, all investments were measured at FVTPL.

In addition to the above loans, at December 31, 2018, Crown Partners Fund held ownership interests in 450,000 Medicure common share purchase warrants, 116,059 Source common shares, 4,400,000 Prairie Provident common shares, 1,063,830 VIQ Solutions common shares, 9,000,000 VIQ Solutions common share purchase warrants, 620,456 Baylin common share purchase warrants, 960,000 Data Communications common share purchase warrants, 8,000,000 Persta common share purchase warrants, warrants to acquire common shares of Ferus at nominal cost, a 46.3% common equity stake in RBee, a royalty agreement with a maturity date of October 31, 2022 entitling it to payment of 1% of Touchstone's gross revenue from production, and a royalty agreement with a maturity date of August 31, 2021 entitling it to payment of 1% of Triple Five's gross revenue from production. In addition to these investments owned by Crown Partners Fund, the Corporation also owned 1,063,829 VIQ Solutions common shares and warrants to acquire common shares of Wire IE at nominal cost.

In addition to the aforementioned portfolio of debt and equity-related investments, Crown has also invested $12.0 million as at December 31, 2018 in equipment under development and related deposits with respect to the activities of Crown Power Fund. These investments relate to advances made in respect of the acquisition and installation of electricity-generating integrated energy platforms that are not yet operational as of December 31, 2018.

Loan Risk Rating

Crown monitors the performance and health of each borrower as well as the overall performance and health of the portfolio. As part of this process, Crown utilizes a proprietary credit evaluation model to ascribe a risk rating to each loan Crown manages. As outlined in the table below, the credit evaluation model reviews five primary categories (i.e. financial, business, industry, security and marketability) and over fifty sub-categories (e.g. profitability, leverage, liquidity, management, customers, operations, employees, suppliers, competitors, business cycle, asset coverage, condition of assets, etc.). A point value and weighting is assigned to each sub-category and an overall point score is determined. A risk rating of 1.0 is the best possible rating and a 5.0 is the worst possible rating. The risk rating is determined during the initial underwriting process and is updated quarterly.

Financial	Business	Industry	Security	Marketability
Profitability • EBITDA ($) • EBITDA (%) • EBITDA Growth (%) • Gross Margin (%) • Return on Capital (%) **Leverage** • Debt/EBITDA • Debt/Capital • Debt/EV **Liquidity** • Current Ratio • DSCR (EBITDA/P+I) • EBITDA interest coverage • Average Days A/P • Average Days A/R • Cash Coverage **Size** • Sales ($) • Sales Growth (%) • Tangible Assets ($) • Enterprise Value ($)	**Management** • Experience in industry • Competence • Investment **Customers** • Concentration • Reputation/Financial Strength • Stability • Dependence **Operations** • Plant Quality • Process Flow • Scalability • Capacity **Employees** • Turnover • Relations • Wage Level • Pool of Labour **Suppliers** • Diversification • Pricing Power • Reliability **Shareholders** • Alignment of Interests • Financial Capability • Stability	**Competitors** **Business Cycle** **History of Profitability** **International Trade** **Regulatory Restrictions**	**% of Security Coverage** **Assets** • Condition • Obsolescence • Specialization **Dependence on Unsecured Creditors**	**Business** **Investment**

The risk rating assesses the overall risk of a loan. Risk encompasses both the potential incidence of default as well as the potential severity of loss relative to the amount invested if a default were to occur. An increasing risk rating implies that one or both incidence and severity are increasing. A decreasing risk rating implies that one or both of incidence and severity are decreasing. There may also be situations where a risk rating is stable but incidence and severity are moving in different directions.

Similar to a financial ratio, the risk rating provides both a point-specific indication of the risk level of a loan as well as the trend of the risk level over a period of time. Crown's strategy is to provide loans to successful, cash flow-generating businesses. Crown generally expects the risk rating of a loan to improve over time as the borrower increases in value and pays down debt. As well, Crown expects the portfolio risk rating to improve over time as the proportion of seasoned loans increases.

The following table sets forth the risk ratings assigned to each loan comprising the current loan portfolio as at the end of each quarter for the past eight quarters:

Loan Risk Ratings	December 31 2018	September 30 2018	June 30 2018	March 31 2018	December 31 2017	September 30 2017	June 30 2017	March 31 2017
Special Situations Financing:								
BGO	2.97	2.99	3.00	3.15	3.12	3.10	3.05	2.82
Touchstone	2.07	2.09	2.28	2.61	2.73	2.75	2.70	2.72
Source	2.24	2.14	2.14	2.22	2.25	2.23	2.40	2.63
Solo	3.57	3.07	3.01	2.81	2.71	2.66	2.64	2.59
Ferus	2.93	2.86	2.92	2.86	2.98	2.74	2.73	n/a
RBee	2.69	2.79	2.68	2.68	2.68	n/a	n/a	n/a
Active	2.39	2.39	2.36	2.47	2.60	n/a	n/a	n/a
Canadian Helicopters	2.31	2.45	2.45	2.50	2.50	n/a	n/a	n/a
Baylin	2.17	2.21	2.22	2.20	n/a	n/a	n/a	n/a
Data Communications	3.07	3.01	3.07	n/a	n/a	n/a	n/a	n/a
Persta	3.25	2.91	2.87	n/a	n/a	n/a	n/a	n/a
Triple Five	2.66	2.47	2.47	n/a	n/a	n/a	n/a	n/a
VIQ Solutions	2.27	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Long-Term Financing:								
PenEquity	2.88	2.77	2.53	2.54	2.47	2.42	2.53	2.30
Mill Street	2.61	2.61	2.51	n/a	n/a	n/a	n/a	n/a
WireIE	2.53	2.54	2.59	n/a	n/a	n/a	n/a	n/a

Portfolio Company Updates

The following tables set forth certain summary information in respect of loans held by Crown as at December 31, 2018. The information contained in the rows entitled “Business Description” has been developed from information provided by the applicable borrower. See “Forward-Looking Statements”, “Market and Industry Data” and “Risk Factors”.

<u>Special Situations Financing</u>

Bill Gosling Outsourcing Holding Corp.			
Business Description:	Founded in 1955 and headquartered in Newmarket, Ontario, BGO is a privately-owned global provider of call center solutions to blue chip and emerging high-growth clients. It operates eight offices in Canada, the U.S., the U.K. and the Philippines and employs approximately 2,000 full time equivalents. BGO provides outsourced call centre services including customer sales and acquisition, customer care, accounts receivable management and business process outsourcing.		
Industry:	Business Services	**Term:**	60 months
Investment Date:	May 25, 2016	**Interest Rate:**	Not disclosed
Current Capital Invested:	$15 million	**Bonus/Participation:**	Share from increase in enterprise value from date of loan to repayment

Touchstone Exploration Inc. (TSX: TXP)			
Business Description:	Headquartered in Calgary, Alberta, Touchstone is engaged in the exploration, development, and production of petroleum and natural gas. Touchstone's primary focus is onshore oil production in the Republic of Trinidad and Tobago, where it has interests in approximately 90,000 gross acres of exploration and development rights.		
Industry:	Oil and Gas	**Term:**	72 months (extended from 60)
Investment Date:	November 23, 2016	**Interest Rate:**	8%
Current Capital Invested:	$15 million	**Bonus/Participation:**	Royalty of 1% of gross revenue from production until October 31, 2022

Source Energy Services Canada (TSX: SHLE)			
Business Description:	Headquartered in Calgary, Alberta, Source is the leading provider of frac sand to the Western Canadian Sedimentary Basin. Source is vertically integrated with operations spanning the entire production and logistics chain, including the mining and processing of Northern White sand in Wisconsin, bulk rail and storage involving multiple transload terminals in Canada and the United States, and "last mile" logistic solutions including material handling services at the wellsite.		
Industry:	Energy Services	**Term:**	60 months
Investment Date:	December 8, 2016	**Interest Rate:**	10.5%
Current Capital Invested:	$12.4 million of Senior Secured First Lien Notes (original investment $15 million)	**Bonus/Participation:**	116,059 common shares

Solo Liquor Holdings Limited			
Business Description:	Solo is a Calgary, Alberta-based, privately-owned company engaged in the retail sale of liquor. Solo's business model involves operating stores in high traffic areas, offering a wide range of products, operating with extended hours and maintaining everyday low prices.		
Industry:	Retail	**Term:**	36 months
Investment Date:	February 24, 2017	**Interest Rate:**	Not disclosed
Current Capital Invested:	$15 million	**Bonus/Participation:**	Share from increase in enterprise value from date of loan to repayment

Ferus Inc.			
Business Description:	Headquartered in Calgary, Alberta, Ferus is the leading provider of industrial gases to the energy sector in the Western Canadian Sedimentary Basin. As an integrated supplier of nitrogen and carbon dioxide for the energized fracturing industry, Ferus owns and operates numerous production plants, tractor-trailer units, and fixed and portable storage units. Ferus' logistics fleet is designed to meet the demanding off-road requirements of the oil and gas industry. Energized hydraulic fracturing involves the use of cryogenic products to increase energy content and reduce water use in well fracturing, resulting in superior hydrocarbon recovery, reduced chemical and water requirements and decreased water disposal costs.		
Industry:	Energy Services	**Term:**	60 months
Investment Date:	June 27, 2017	**Interest Rate:**	Not disclosed
Current Capital Invested:	$25 million	**Bonus/Participation:**	Nominal cost share purchase warrants

RBee Aggregate Consulting Ltd.			
Business Description:	Headquartered in Gibbons, Alberta, RBee has one of the largest mobile crushing fleets in Western Canada. With over 35 years of experience, previously operating as RBee Crushing, RBee offers its expertise to municipal and provincial governments, independent gravel pit owners and both private and public companies. RBee is 50%-owned by each of the management of RBee and a lending syndicate comprised of Crown Partners Fund (approximate interest in RBee of 46.3%) and a syndicate partner (approximate interest in RBee of 3.7%).		
Industry:	Industrial Services	**Term:**	Payable on demand
Investment Date:	November 1, 2017	**Interest Rate:**	Not disclosed
Current Capital Invested:	$17.4 million	**Bonus/Participation:**	46.3% common equity interest

Active Exhaust Corp.			
Business Description:	Headquartered in Toronto, Ontario, Active is a manufacturer of complete exhaust systems and components for major global original equipment manufacturers ("OEMs") operating in the off-road equipment sector. Active has a 180,000 square foot manufacturing facility in Toronto as well as manufacturing operations in China and India through majority-owned joint ventures. For over 50 years, Active has designed and manufactured industry leading exhaust systems, ranging from standard mufflers to custom-engineered exhaust and emission solutions to meet environmental demands. Active sells its products to leading OEMs in four primary categories: agriculture, commercial turf care, construction, and ATV/utility vehicles.		
Industry:	Manufacturing	**Term:**	66 months
Investment Date:	December 21, 2017	**Interest Rate:**	Not disclosed
Current Capital Invested:	$7 million	**Bonus/Participation:**	Share from increase in enterprise value from date of loan to repayment

Canadian Helicopters Limited			
Business Description:	Headquartered in Montreal, Quebec, Canadian Helicopters is the largest helicopter transportation services company operating in Canada with a network of 25 strategically located bases capable of providing operations in every geographical region in Canada. Canadian Helicopters operates over 90 light, medium, and heavy lift helicopters and, in addition to charter services, provides flight training and helicopter repair and maintenance services. Canadian Helicopters provides helicopter transportation services to a diverse array of clients including onshore and offshore oil and gas, military support, mineral exploration, hydro/utilities, forest management, construction, air ambulance, and search and rescue.		
Industry:	Transportation	**Term:**	60 months
Investment Date:	December 27, 2017	**Interest Rate:**	10%
Current Capital Invested:	$8 million	**Bonus/Participation:**	Share from increase in enterprise value from date of loan to repayment

Baylin Technologies Inc. (TSX: BYL)			
Business Description:	Headquartered in Toronto, Ontario, Baylin is a global technology company engaged in the research, development, manufacture and sale of a range of antennas and communications solutions for the mobile, networking and wireless infrastructure markets. Baylin offers a portfolio of leading off-the-shelf antenna products as well as custom-engineered solutions to meet the specifications for its customers' mobile, networking and wireless infrastructure needs.		
Industry:	Technology	**Term:**	60 months
Investment Date:	January 17, 2018	**Interest Rate:**	9%
Current Capital Invested:	$30 million	**Bonus/Participation:**	620,456 warrants

Data Communications Management Corporation (TSX: DCM)			
Business Description:	Headquartered in Brampton, Ontario, Data Communications is the largest integrated business communications solutions provider in Canada, with clients in key verticals such as financial services, retail, healthcare, lottery and gaming, not-for-profit, and energy. Data Communications' core service offering includes commercial print services, labels and asset tracking, event tickets and gift cards, logistics and fulfillment, direct marketing, content and workflow management, data management and analytics, and regulatory communications.		
Industry:	Business Services	**Term:**	60 months
Investment Date:	May 8, 2018	**Interest Rate:**	10%
Current Capital Invested:	$12 million	**Bonus/Participation:**	960,000 warrants

Persta Resources Inc. (HKEX: stock code 3395)			
Business Description:	Persta is a Calgary, Alberta-based oil and gas exploration and development company focused on liquids-rich gas and light crude oil in Western Canada. Its three core areas comprise Alberta Foothills liquids-rich natural gas properties, Deep Basin Devonian natural gas properties and Peace River light oil properties. Persta was founded in 2005 and was one of the first oil and gas companies to target the Spirit River/Wilrich zones in the Alberta foothills.		
Industry:	Oil and Gas	**Term:**	60 months
Investment Date:	May 15, 2018	**Interest Rate:**	12%
Current Capital Invested:	$20 million	**Bonus/Participation:**	8,000,000 warrants

Triple Five Intercontinental Group Ltd.			
Business Description:	Headquartered in Calgary, Alberta, Triple Five is engaged in acquiring interests in petroleum and natural gas rights, and the exploration, development, production and sale of petroleum and natural gas. Triple Five's core operation is located in Alberta's Sunchild First Nation Reserve within the Deep Basin fairway in west central Alberta, where the Company has a 100% working interest in 20 contiguous sections of land (approximately 12,800 net acres). All of its production is from the Spirit River zone (Falher A and B). The area surrounding the Sunchild First Nation is controlled by several high profile oil and gas companies including Bellatrix, Cenovus, TAQA, Peyto, Westbrick and Vermillion.		
Industry:	Oil and Gas	**Term:**	36 months
Investment Date:	August 31, 2018	**Interest Rate:**	10.5%
Current Capital Invested:	$15 million	**Bonus/Participation:**	Royalty of 1% of gross revenue from production until August 31, 2021

VIQ Solutions Inc. (TSXV: VQS)			
Business Description:	Headquartered in Mississauga, Ontario, VIQ Solutions is engaged in the transcription services industry with a leading global technology platform offering ultra-secure digital media capture, workflow management and analytics to customers in its key verticals of transcription, insurance, judicial, hearings, legal, healthcare and public safety. Its purpose-built solutions are used in over 25 countries with tens of thousands of users in government and private agencies.		
Industry:	Business Services	**Term:**	60 months
Investment Date:	November 28, 2018	**Interest Rate:**	10%
Current Capital Invested:	$8.9 million (total commitment: $15 million)	**Bonus/Participation:**	2,127,659 common shares and 9,000,000 warrants

Long-Term Financing

PenEquity Realty Corporation			
Business Description:	Headquartered in Toronto, Ontario, PenEquity is a privately-owned property management and real estate development company, operating primarily in the retail sector with a focus on grocery-anchored retail plazas. Since its inception in 1984, PenEquity has completed over 20 development projects. PenEquity has established strong relationships with partners and key tenants and has been successful in attracting large, high-quality, financially-stable tenants. PenEquity currently has a portfolio of six development projects in its pipeline, which are primarily grocery-anchored community retail plazas. Two of the projects are in Barrie, with the others in Stoney Creek, Brampton, London and Kanata. PenEquity expects to develop and realize on these projects over the next five years.		
Industry:	Real Estate Development	**Term:**	120 months
Investment Date:	December 15, 2015	**Interest Rate:**	Not disclosed
Current Capital Invested:	$25 million	**Bonus/Participation:**	None

Mill Street & Co. Inc.			
Business Description:	Headquartered in Thornhill, Ontario, Mill Street is a diversified investment company that has majority ownership stakes in nine operating companies across four industry platforms: construction services, building supply, wholesale & logistics and financial services. Mill Street's core value proposition to an entrepreneur is to provide them with both a succession plan and liquidity by acquiring up to 100% of their business. Mill Street seeks to acquire controlling interests in operating companies and typically structures transactions that result in vendors retaining equity positions of approximately 20%, which serves to keep them engaged in their businesses post-acquisition and promotes successful transitions.		
Industry:	Diversified	**Term:**	120 months
Investment Date:	May 16, 2018	**Interest Rate:**	5-year Govt. of Canada yield plus 10% (12% minimum)
Current Capital Invested:	$10 million	**Bonus/Participation:**	Share of increase in equity value from date of loan to repayment

WireIE (Canada) Inc.			
Business Description:	Headquartered in Richmond Hill, Ontario, WireIE is a telecom infrastructure company that specializes in the deployment and management of carrier-grade telecom services across Canada, and internationally, to underserved communities in rural and remote areas. WireIE builds, owns and operates data networks for its blue-chip customers in the telecom carrier, oil and gas, utility and government industries. Individual network circuits are contracted to customers for between one to four years with contracts structured to provide fixed monthly payments. Since its inception in 2007, WireIE has developed 160,000 miles of network interfacing for underserved markets, providing end users with secure, high quality reliable networks typically found only in densely populated areas with existing infrastructure.		
Industry:	Telecom Infrastructure	**Term:**	120 months
Investment Date:	May 23, 2018	**Interest Rate:**	Not disclosed
Current Capital Invested:	$6.5 million (total commitment: $10 million)	**Bonus/Participation:**	Nominal cost share purchase warrants

All of the above loans, except the Touchstone, RBee, Triple Five, PenEquity, Mill Street and WireIE loans, are payable by way of a single payment due at the end of the term. Principal payments on the Touchstone loan commence on January 1, 2020 in the amount of $810,000 per quarter. The RBee loan is payable upon demand. Principal repayments on the Triple Five loan commence on March 1, 2019 in the amount of $350,000 per month. Principal payments on the Mill Street loan commence on May 1, 2023 in the amount of $100,000 per month. Principal payments on the WireIE loan are payable monthly and are variable based on the levels of residual cash flow, after deducting certain operating costs in respect of underlying customer contracts and interest payments in respect of the loan, generated by underlying customer contracts.

Outlook

Management continues to place a high priority on new originations of Special Situations Financing, on building out assets in Crown Power Fund and on securing additional third-party funding commitments to help finance additional investment in each of these two segments. As the Corporation intends to focus its investment activity primarily in these two areas, it intends to place less emphasis on sourcing Long-Term Financing transactions. Market conditions for deploying capital in Crown's special situations market segment are currently softer than usual due to a heightened level of competition from traditional finance providers, which has resulted in a contraction in the pipeline of potential transactions. The pipeline of potential transactions in the Distributed Power market is strong.

Crown is focused on segments of the market where there is an ongoing funding gap. This gap is more pronounced during periods in the cycle when many traditional capital providers pull back. As Crown continues to execute its plan and to deploy capital in new originations, it expects to generate growing cash flow and build long-term value for Shareholders.

Considering the Corporation's working capital plus bank debt which ceased to be classified as non-current effective February 5, 2019, the $62.8 million of committed capital available to Crown Partners Fund from parties other than Crown, and the undrawn balance of the Credit Facility, at December 31, 2018, the Corporation had access to up to approximately $91.8 million to fund additional investments.

Selected Annual Information

The following table provides select annual information about the Corporation's financial condition and performance for the three years ended December 31, 2018.

Selected Annual Information			
Selected Annual Information	**Years Ended December 31**		
(In $000s except per share amounts and number of shares)	**2018 [1]**	**2017**	**2016**
Revenue:			
Interest revenue	$ 26,592	$ 20,311	$ 11,510
Fees and other income	3,540	5,634	3,754
Performance fee distributions	-	1,044	-
Net realized gain on sale of investments	222	3,344	1,741
Net change in unrealized gains in fair value of investments	2,312	(1,325)	1,361
Total revenue	$ 32,666	$ 29,008	$ 18,366
Total comprehensive income, net of non-controlling interests	$ 7,051	$ 6,735	$ 5,097
Adjusted funds from operations[2]	13,164	12,672	8,266
Adjusted funds from operations per share - basic[2]	$ 1.38	$ 1.33	$ 0.87
Weighted average shares outstanding - basic	9,546,122	9,524,972	9,504,362
Total comprehensive income per share - basic[3]	$ 0.74	$ 0.71	$ 0.54
Weighted average shares outstanding - diluted	9,679,289	9,825,532	9,674,272
Total comprehensive income per share - diluted[3]	$ 0.73	$ 0.69	$ 0.53
Investments	$ 246,862	$ 181,302	$ 158,951
Total assets	$ 275,921	$ 229,050	$ 182,375
Total liabilities	$ 171,029	$ 124,601	$ 80,856
Total equity	$ 104,892	$ 104,449	$ 101,519
Cash dividends declared per Common Share	$ 0.60	$ 0.50	$ 0.44
Common Shares outstanding at December 31	9,616,555	9,510,017	9,514,759
Total equity per share - basic	$ 10.91	$ 10.98	$ 10.67

Notes:

1. Results as at and for this period reflect the adoption of IFRS 9 effective January 1, 2018, which was applied on a retrospective basis, and are therefore not comparable to the results of prior periods which were not restated.

2. The Corporation believes Adjusted Funds from Operations is a useful supplemental measure that may assist investors in assessing the financial performance of the Corporation and the cash anticipated to be generated by Crown's business. Adjusted Funds from Operations is not a measure of financial performance (nor does it have a standardized meaning) under IFRS. In evaluating this measure, investors should consider that the methodology applied in calculating this measure may differ among companies and analysts. See "Adjusted Funds from Operations" for a reconciliation from earnings before income taxes.

3. Total comprehensive income per share, basic and diluted, are based on the weighted average shares outstanding.

Quarterly Results Summary

The following table provides selected quarterly information about the Corporation's financial condition and performance for the period from January 1, 2017 to December 31, 2018.

Quarterly Results Summary	Three Months Ended							
(In $000s except per share amounts and number of shares)	December 31 2018 [1]	September 30 2018 [1]	June 30 2018 [1]	March 31 2018 [1]	December 31 2017	September 30 2017	June 30 2017	March 31 2017
Revenue:								
Interest revenue	$ 7,585	$ 7,170	$ 6,274	$ 5,563	$ 5,487	$ 4,816	$ 5,623	$ 4,385
Fees and other income	1,497	208	1,636	199	1,888	141	3,080	526
Performance fee distributions	-	-	-	-	-	-	1,044	-
Net realized gain/(loss) on sale of investments	-	-	222	-	1,144	(1,086)	2,733	553
Net change in unrealized gains in fair value of investments	1,326	542	902	(458)	417	1,731	(4,765)	1,292
Total revenue	$ 10,408	$ 7,920	$ 9,034	$ 5,304	$ 8,936	$ 5,602	$ 7,715	$ 6,756
Total comprehensive income, net of non-controlling interests	$ 2,373	$ 1,808	$ 1,970	$ 900	$ 2,112	$ 1,113	$ 1,767	$ 1,744
Weighted average shares outstanding - basic	9,620,530	9,597,456	9,467,790	9,496,786	9,520,611	9,538,188	9,519,598	9,521,354
Total comprehensive income per share - basic	$ 0.25	$ 0.19	$ 0.21	$ 0.09	$ 0.22	$ 0.12	$ 0.19	$ 0.18
Weighted average shares outstanding - diluted	9,759,027	9,734,031	9,839,266	9,858,898	9,837,088	9,848,924	9,853,463	9,839,188
Total comprehensive income per share - diluted	$ 0.24	$ 0.19	$ 0.20	$ 0.09	$ 0.21	$ 0.11	$ 0.18	$ 0.18
Investments	$ 246,862	$ 264,923	$ 242,954	$ 208,289	$ 181,302	$ 194,742	$ 194,096	$ 172,180
Total assets	$ 275,921	$ 288,176	$ 277,686	$ 225,159	$ 229,050	$ 216,284	$ 222,445	$ 198,964
Total equity	$ 104,892	$ 103,896	$ 104,314	$ 103,166	$ 104,449	$ 103,492	$ 103,376	$ 102,412
Shares outstanding at the end of the period	9,616,555	9,624,855	9,461,372	9,484,167	9,510,017	9,540,575	9,517,432	9,523,590
Total equity per share - basic	$ 10.91	$ 10.79	$ 11.03	$ 10.88	$ 10.98	$ 10.85	$ 10.86	$ 10.75

Note:
1. Results as at and for these periods reflect the adoption of IFRS 9 effective January 1, 2018, which was applied on a retrospective basis, and are therefore not comparable to the results of prior periods which were not restated.

A range of factors impact quarterly variances. Major factors affecting quarterly variances in fees and other income include new investment transactions, amendments to investment agreements, loan prepayments completed in a quarter and the adoption of IFRS 9 on January 1, 2018. The main factors affecting quarterly variances in interest revenue are completion of new investment transactions and loan repayments in a quarter. Factors affecting realized and unrealized gains and losses include changes in the fair value of loan investments caused by variations in benchmark interest rates and/or the credit status of portfolio companies as well as variations in market prices for publicly-traded equity securities and estimated fair value of other equity securities held in the portfolio. Changes in Crown's percentage ownership interest in a fund due to additional subscriptions from Crown and/or additional subscriptions from non-controlling interests impact total comprehensive income, net of non-controlling interests.

Discussion of Operations

Revenues

Revenues of $10.4 million and $32.7 million were recognized in the three and twelve months ended December 31, 2018, respectively (2017 – $8.9 million and $29.0 million, respectively). Revenues for the three months ended December 31, 2018 were higher than the same period in the prior year due to higher interest revenue earned by each of Crown Partners Fund and Crown Private Credit Fund resulting from a higher level of investment. For the twelve months ended December 31, 2018, the year-over-year increases in interest revenue and in the net gain / (loss) on investments more than offset a decrease in fees and other income following the adoption of IFRS 9 and the inclusion of a $1.0 million performance fee distribution from NCOF II recognized in the prior-year period.

Fees and Other Income

Fees and other income in the three and twelve months ended December 31, 2018 were $1.5 million and $3.5 million, respectively (2017 - $1.9 million and $5.6 million, respectively). The following table provides an overview of the total fees and other income attributable to Shareholders and non-controlling interests.

Fees and Other Income	Three Months Ended December 31,		Year Ended December 31,		Attributable to:					
					Shareholders			Non-controlling interests		
(In $000s)	2018	2017	2018	2017	Three Months 2018	Twelve Months 2018		Three Months 2018	Twelve Months 2018	
Transaction fees and other income received:										
Special Situations Financing:										
Transaction fees - Crown	$ 200	$ 150	$ 1,050	$ 962	$ 200	$ 1,050	100.0%	$ -	$ -	0.0%
Transaction fees - Crown Partners Fund	150	150	1,085	2,125	56	398	Note 3	94	687	Note 3
Other income - Crown Partners Fund	1,885	1,480	3,496	1,974	698	1,287	Note 3	1,187	2,209	Note 3
Other income - NCOF II	-	-	-	175	-	-	N/A	-	-	N/A
Subtotal	2,235	1,780	5,631	5,236	954	2,735		1,281	2,896	
Long-Term Financing:										
Transaction fees - Crown Private Credit Fund	-	-	600	-	-	600	100.0%	-	-	0.0%
Total transaction fees and other income received	2,235	1,780	6,231	5,236	954	3,335		1,281	2,896	
Less: Transaction fees deferred in relation to investments carried at amortized cost:										
Transaction fees - Crown	(150)	-	(970)	-	(150)	(970)	100.0%	-	-	0.0%
Transaction fees - Crown Partners Fund	(150)	-	(1,085)	-	(56)	(398)	Note 3	(94)	(687)	Note 3
Other income - Crown Partners Fund	(500)	-	(650)	-	(185)	(240)	Note 3	(315)	(410)	Note 3
Transaction fees - Crown Private Credit Fund	-	-	(300)	-	-	(300)	100.0%	-	-	0.0%
Total transaction fees and other income recognized	1,435	1,780	3,226	5,236	563	1,427		872	1,799	
Other interest income[1]	62	76	217	182	62	217	100.0%	-	-	0.0%
Management fee revenue[2]	-	32	97	216	-	97	100.0%	-	-	0.0%
Total fees and other income	$ 1,497	$ 1,888	$ 3,540	$ 5,634	$ 625	$ 1,741		$ 872	$ 1,799	

Notes:

1. Other interest income is comprised of interest earned on cash and cash equivalents and on share purchase loans.
2. Management fee revenue excludes fees charged to NCOF II and Crown Partners Fund, which are eliminated on consolidation. Management fees charged to NCOF II and Crown Partners Fund in the three and twelve months ended December 31, 2018 were $698 and $2,669, respectively (December 31, 2017 - $540 and $2,227, respectively). For the three and twelve months ended December 31, 2018, management fees charged on the portion of contributed capital from non-controlling interests were $440 and $1,687, respectively (December 30, 2017 - $343 and $1,364, respectively).
3. The Corporation's interest in Crown Partners Fund increased from 36.5% to 37.1% effective July 1, 2018 and decreased to 37.0% effective October 1, 2018.

The Corporation may receive transaction fees and other income when loans are initially made, when loans are repaid prior to maturity and in other instances, for example, for providing amendments, waivers, consents or forbearance agreements. Also included in transaction fees and other income are revenues earned in respect of royalty arrangements by Crown Partners Fund. For the three and twelve months ended December 31, 2018, transaction fees and other income totaled $1.4 million and $3.2 million, respectively (2017 - $1.8 million and $5.2 million, respectively). Transaction fees and other income for the three- and twelve-month periods ended December 31, 2018 were lower than the comparable prior year periods due primarily to the adoption of IFRS 9, which requires deferring transaction fees on investments carried at amortized cost with such fees amortized into interest income over the terms of related loans using the effective interest rate method. In the three and twelve months ended December 31, 2018, the Corporation received transaction fees totaling $0.8 million and $3.0 million, respectively, in relation to loans carried at amortized cost, which were not recognized as fee income in the periods.

The Corporation earns investment management fees pursuant to management agreements. The base annual management fees are generally equal to 1.75% of invested capital, as defined in the limited partnership agreements, less any capital distributions and realized losses; however, Crown provides certain limited partners with management fee discounts and Crown may voluntarily reduce its management fees.

On consolidation, 100% of management fees earned from Crown Partners Fund are eliminated against the management fees expensed by Crown Partners Fund. The non-controlling interests of Crown Partners Fund incur approximately 63.0% (65% from January 1, 2017 to June 30, 2017; 63.5% from July 1, 2017 to June 30, 2018; 62.9% from July 1, 2018 to September 30, 2018) of the management fees while Crown effectively pays itself for the remaining 37.0% as a result of its ownership interests. Prior to the dissolution of NCOF II effective June 30, 2017, 100% of the management fees earned from NCOF II had similarly been eliminated against the management fees expensed by NCOF II. (See also Related Party Transactions)

Management fees of $nil and $0.1 million were recognized in the three and twelve months ended December 31, 2018, respectively, from NCOF LP (2017 - $0.03 million and $0.2 million, respectively, from NCOF LP and NCOF II Parallel). Effective October 1, 2018, the Corporation elected to stop accruing for management fees from NCOF LP. The elimination of management fees from NCOF II Parallel subsequent to its dissolution was the primary reason for the decline in total management fees in the three and twelve months ended December 31, 2018 compared with the prior year.

<u>Interest Revenue</u>

The following table provides an overview of interest revenue attributable to Shareholders and the non-controlling interests.

Interest Revenue	Three Months Ended December 31,		Twelve Months Ended December 31,		Attributable to:					
					Shareholders			Non-controlling interests		
(In $000s)	2018	2017	2018	2017	Three Months 2018	Twelve Months 2018		Three Months 2018	Twelve Months 2018	
Special Situations Financing:										
NCOF II	$ -	$ -	$ -	$ 1,660	$ -	$ -	N/A	$ -	$ -	N/A
Crown Partners Fund	6,153	4,605	21,838	15,151	2,277	8,041	Note 1	3,876	13,797	Note 1
Long-term Financing:						-				
Crown Private Credit Fund	1,432	882	4,754	3,500	1,432	4,754	100.0%	-	-	0.0%
Total interest revenue	$ 7,585	$ 5,487	$ 26,592	$ 20,311	$ 3,709	$ 12,795		$ 3,876	$ 13,797	

Note:
1. The Corporation's interest in Crown Partners Fund increased from 36.5% to 37.1% and decreased to 37.0% effective July 1, 2018 and October 1, 2018, respectively.

Interest revenue in the three and twelve months ended December 31, 2018 was $7.6 million and $26.6 million, respectively (2017 - $5.5 million and $20.3 million, respectively). Interest revenue increased in the three and twelve months ended December 31, 2018 primarily due to interest earned on additional investments made by Crown Partners Fund and Crown Private Credit Fund, partially offset, for the twelve-month period, by lower interest earned from NCOF II resulting from the repayment of investments. Following the adoption of IFRS 9 effective January 1, 2018, interest revenue on loan investments carried at amortized cost is calculated using the effective interest rate method and includes an amortization component which totaled $0.8 million and $1.9 million, respectively, in the three and twelve months ended December 31, 2018.

<u>Net Gain on Investments</u>

The net gain on investments includes both net realized gains (losses) from investments and the net change in unrealized gains in the fair value of investments. Additional details are provided in the table below.

Net Gain (Loss) on Investments	Three Months Ended December 31,		Twelve Months Ended December 31,		Attributable to:					
					Shareholders			Non-controlling interests		
(In $000s)	2018	2017	2018	2017	Three Months 2018	Twelve Months 2018		Three Months 2018	Twelve Months 2018	
Realized gains (losses):										
Special Situations Financing:										
NCOF II	$ -	$ -	$ -	$ 1,876	$ -	$ -	N/A	$ -	$ -	N/A
Crown Partners Fund	-	1,144	222	1,468	-	81	Note 1	-	141	Note 1
sub-total - realized gains (losses)	-	1,144	222	3,344	-	81		-	141	
Unrealized gains (losses):										
Crown	(1)	-	(1)	-	(1)	(1)	100.0%	-	-	0.0%
Special Situations Financing:										
NCOF II	-	-	-	(1,988)	-	-	N/A	-	-	N/A
Crown Partners Fund	1,200	521	1,976	801	444	730	Note 1	756	1,246	Note 1
Long-term Financing:								-	-	
Crown Private Credit Fund	127	(104)	337	(138)	127	337	100.0%	-	-	0.0%
sub-total - unrealized gains (losses)	1,326	417	2,312	(1,325)	570	1,066		756	1,246	
Total net gains on investments	$ 1,326	$ 1,561	$ 2,534	$ 2,019	$ 570	$ 1,147		$ 756	$ 1,387	

Note:
1. The Corporation's interest in Crown Partners Fund increased from 36.5% to 37.1% and decreased to 37.0% effective July 1, 2018 and October 1, 2018, respectively.

The Corporation's net gain on investments in the three and twelve months ended December 31, 2018 totaled $1.3 million and $2.5 million, respectively (2017 – $1.6 million and $2.0 million, respectively). For the three and twelve months ended December 31, 2018, $0.6 million and $1.1 million, respectively, was attributable to Shareholders and $0.8 million and $1.4 million, respectively, to non-controlling interests.

There were no realized gains on investments in the three months ended December 31, 2018 (2017 - $1.1 million), and for the twelve months ended December 31 2018, a realized gain of $0.2 million (2017 – $3.3 million) was recognized upon final repayment of the Petrowest loan.

The net change in unrealized gains/(losses) in fair value of investments for the three and twelve months ended December 31, 2018 was $1.3 million and $2.3 million, respectively (2017 - $0.4 million and $(1.3) million, respectively). The most significant contributors to the net change in unrealized gains in the three months ended December 31, 2018 were an increase in the fair value of the RBee common shares, a reversal of net unrealized losses in relation to the Marquee investments upon repayment of the Marquee loan, a net reduction in the aggregate fair value of other equity-related investments, and a net reduction in the aggregate fair value of loan and royalty investments carried at FVTPL. In the twelve months ended December 31, 2018, the primary contributors were a net gain on the Touchstone royalty as a result of extending the terms of the royalty agreements by one year, an increase in the fair value of the RBee common shares, a reversal of net unrealized losses in relation to the Marquee investments upon repayment of the Marquee loan, a net reduction in the aggregate fair value of other equity-related investments, and a net increase in the aggregate fair value of loan and royalty investments carried at FVTPL. Following the January 1, 2018 adoption of IFRS 9, unrealized gains/(losses) are no longer recognized in relation to investments carried at amortized cost.

Expenses

Expenses in the three and twelve months ended December 31, 2018 totaled $2.8 million and $9.5 million, respectively (2017 - $1.9 million and $8.1 million, respectively). Operating costs are primarily fixed with the largest cost being employee compensation, including share-based compensation, amounts accrued for annual employee bonuses and accruals for performance bonus expense. Finance costs vary primarily in relation to the average level of outstanding debt and the levels of applicable interest rates.

Salaries, Management Fees and Benefits

Salaries, management fees and benefits expense totaled $0.6 million and $2.7 million in the three and twelve months ended December 31, 2018 (2017 - $0.7 million and $2.4 million, respectively). The increase in salaries, management fees and benefits expenses in the twelve months ended December 31, 2018 compared to the same period in 2017 was due primarily to an increase in the number of employees.

Share-based Compensation

Share-based compensation expense is recognized over the expected vesting period of each award. Share-based compensation totaled $0.2 million and $1.6 million, respectively in the three and twelve month periods ended December 31, 2018 (2017 - $0.4 million and $1.7 million, respectively), with the reduction due mainly to the vesting in July 2018 of Transition Restricted Share Units that had been issued in 2015.

General and Administration

General and administration expenses totaled $0.5 million and $2.0 million, respectively, in the three and twelve months ended December 31, 2018 (2017 – $0.3 million and $1.4 million, respectively). General and administration expenses include costs such as legal and audit fees, travel, promotion, occupancy costs, insurance, office administration and other costs. Compared with the prior-year periods, general and administration expenses in the three and twelve months ended December 31, 2018 increased due to start-up costs related to the formation of Crown Power Fund, an increase in occupancy costs relating to a new five-year office lease arrangement and professional fees paid in relation to new investments, partially offset by lower travel expense.

Performance Bonus Expense

The Corporation has asset performance bonus pool (“**APBP**”) arrangements for certain individuals, primarily employees (“**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 accrue to the Corporation as performance fee distributions.

Allocation of the units of the APBP relating to Crown Partners Fund commenced in 2015 and will continue until the expiration of the investment fund’s term in 2024, subject to annual one-year extensions, with 50% of performance fees recognized by the fund allocated to employees. Subject to specified fund diversification and performance hurdles, advances on account of accrued performance fees may be paid to APBP Participants on an annual basis. Commencing on the repayment of all of the invested capital and payment of a prescribed preferential return to the limited partners in the related investment funds, all remaining accrued performance bonus amounts will be paid to APBP participants.

For the three and twelve months ended December 31, 2018, Crown accrued performance bonus expense of $0.5 million and $1.0 million (2017 – $0.5 million and $2.1 million, respectively, including a $0.8 million expense that had been recognized in conjunction with a $1.0 million performance fee distribution from NCOF II (Parallel) in the twelve months ended December 31, 2017).

Provision for Credit Losses

For debt investments carried at amortized cost, the Corporation determines loan-specific expected credit losses in accordance with IFRS 9 which, cumulatively, represent an allowance for credit losses that is deducted in determining the net amortized cost, and therefore the carrying value, of such loans. The provision for credit losses primarily reflects changes in the allowance for credit losses resulting from factors such as the addition or repayment of loans carried at amortized cost or revisions to the expected credit losses for existing loans carried at amortized cost. The provision for credit losses for the twelve months ended December 31, 2018 of $0.1 million relate to net new investment in loans carried at amortized cost and the remeasurement of expected credit losses on existing loan investments.

Finance Costs

Finance costs totaled $0.9 million and $2.1 million, respectively, for the three and twelve months ended December 31, 2018 (2017 - $0.1 million and $0.6 million, respectively), including standby fees, the amortization of deferred financing costs related to the Corporation's Credit Facility and Convertible Debentures, and current period interest accruals in relation to each of the Credit Facility and the Convertible Debentures. Interest expense in relation to the Convertible Debentures, which are measured at amortized cost, is determined using the effective interest rate method. Finance costs were higher in the three and twelve months ended December 31, 2018 compared with the prior year due to higher average outstanding balances for each of the Credit Facility, for which advances were provided to the Corporation for the first time during the three months ended June 30, 2018, and the Convertible Debentures, which were issued in June 2018.

Income Taxes

For the three and twelve months ended December 31, 2018, Crown recorded current tax expense of $0.8 million and $2.4 million, respectively, (2017 – $0.3 million and $2.0 million, respectively) and deferred tax expense of $0.2 million and $0.5 million, respectively (2017 – $0.5 million and $0.8 million, respectively).

The Corporation's consolidated statutory tax rate for the three and twelve months ended December 31, 2018 on earnings before income taxes attributable to shareholders of the Corporation was 26.5%.

The deferred income tax asset at December 31, 2018 of $0.4 million and deferred tax expenses for the three and twelve months ended December 31, 2018 result primarily from financing costs associated with the IPO, the Credit Facility and the Convertible Debentures which are deductible for tax purposes over a five-year period, the income tax impact of financing fees on debt instruments previously recognized as income under IAS 39 that were reversed upon transition to IFRS 9, and performance bonus expenses which are not deductible for tax purposes until they are paid in future periods.

Net Income and Comprehensive Income

For the three and twelve months ended December 31, 2018, Crown earned net income and comprehensive income of $6.7 million and $20.3 million (2017 – $6.2 million and $18.1 million).

Net Income and Comprehensive Income Attributable to Shareholders of the Corporation and Non-Controlling Interests

For the three and twelve months ended December 31, 2018, net income and comprehensive income attributable to Shareholders was $2.4 million and $7.1 million, respectively (2017 – $2.1 million and $6.7 million, respectively). Net income and comprehensive income attributable to non-controlling interests for the three and twelve months ended December 31, 2018 was $4.3 million and $13.2 million, respectively (2017 – $4.1 million and $11.3 million, respectively). Net income and comprehensive income attributable to non-controlling interests reflects the proportionate interest of non-controlling interests in the net income and comprehensive income of consolidated entities, and is net of contractual management fees on the capital of non-controlling interests for the three and twelve months ended December 31, 2018 of $0.4 million and $1.7 million, respectively (2017 - $0.3 million and $1.4 million, respectively), which the Shareholders are entitled to retain.

NON-IFRS MEASURES

Adjusted EBIT and Adjusted Funds from Operations are not measures of financial performance (nor do they have standardized meanings) under IFRS. In evaluating these measures, readers should consider that the methodology applied in calculating these measures might differ among companies and analysts.

Adjusted Funds from Operations

Crown defines Adjusted EBIT as earnings before finance costs, non-cash, share-based compensation and income taxes less net income attributable to non-controlling interests. Adjusted Funds from Operations is calculated as Adjusted EBIT plus financing fees attributable to shareholders that were received in relation to investments measured at amortized cost but not recognized in revenue of the period, less amounts attributable to shareholders in relation to unrealized gains / (losses) and the amortization component of interest revenue recognized on loans carried at amortized cost. With these measures, Crown is attempting to quantify the amounts of Adjusted EBIT and Adjusted Funds from Operations, respectively, that are attributable to the common shareholders of the Corporation.

The Corporation has historically presented Adjusted EBIT as a supplemental measure to assist investors in assessing the financial performance of the Corporation and the cash anticipated to be generated by Crown's business. The Corporation believes that Adjusted Funds from Operations is a more useful supplemental measure in the context of Crown's specialty finance focus to assist investors in assessing the cash anticipated to be generated by Crown's business, including cash received in relation to its various revenue streams, that is attributable to shareholders.

Adjusted Funds from Operations in the three and twelve months ended December 31, 2018 were $3.9 million and $13.2 million, respectively (2017 – $3.3 million and $12.7 million, respectively).

A reconciliation of earnings before income taxes to Adjusted EBIT and Adjusted Funds from Operations for the three- and twelve-month periods ended December 31, 2018 and December 31, 2017 is shown in the following table:

Reconciliation of Earnings before Income Taxes to Adjusted EBIT and Adjusted Funds from Operations (In $000s)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Earnings before income taxes	$ 7,647	$ 6,987	$ 23,181	$ 20,867
Add: finance costs	849	137	2,096	559
Add: non-cash share-based compensation	226	382	1,000	1,378
Deduct: net income attributable to non-controlling interests	(4,336)	(4,092)	(13,225)	(11,336)
Adjusted EBIT	4,386	3,414	13,052	11,468
Add: finance fees attributable to shareholders received on investments carried at amortized cost but not included in fee income	391	-	1,908	-
Deduct: unrealized investment (gains)/losses attributable to shareholders	(570)	(86)	(1,066)	1,204
Deduct: amortization component of interest revenue attributable to shareholders on loans carried at amortized cost	(314)	-	(730)	-
Adjusted Funds from Operations	$ 3,893	$ 3,328	$ 13,164	$ 12,672

Compared with the comparable prior-year period, Adjusted Funds from Operations in the three months ended December 31, 2018 was higher due primarily to higher levels of revenue attributable to shareholders, including interest revenue and net unrealized gains on investments, partially offset by a combination of lower net realized gains on investments attributable to shareholders and higher general and administration expenses.

Adjusted Funds from Operations in the twelve months ended December 31, 2018 was consistent with the comparable prior-year period, with increases in the amounts attributable to shareholders from interest revenue, finance fees and net unrealized gains on investments offset by a combination of lower net realized gains on investments attributable to shareholders and higher levels of salaries, management fees and benefits, cash-settled share-based compensation and general and administration expenses.

Liquidity and Capital Resources

Cash and cash equivalents at December 31, 2018 totaled $11.3 million (December 31, 2017 - $41.1 million).

Accounts receivable at December 31, 2018 totaled $4.4 million (December 31, 2017 - $3.0 million) and was comprised primarily of interest receivable from investments and management fees receivable from NCOF LP.

Accounts payable and accrued liabilities at December 31, 2018 of $1.1 million (December 31, 2017 - $1.5 million) included accrued annual employee bonuses, due diligence deposits from prospective borrowers, accrued employee salaries, accrued loan interest and standby fees and normal-course amounts due to suppliers.

Distributions payable to non-controlling interests at December 31, 2018 of $2.8 million was in relation to a regular quarterly distribution from Crown Partners Fund and is higher than the $2.0 million amount payable as at December 31, 2017 as a result of an increase in the average level of invested capital of this fund contributed by non-controlling interests.

The provision for performance bonus at December 31, 2018 totaled $2.7 million, consistent with $2.7 million as at December 31, 2017, with the payment to APBP Participants of $1.0 million in relation to the

NCOF Funds that had previously been accrued offset by an increase in the provision that has accrued in relation to the performance of Crown Partners Fund.

The Corporation defines working capital as the sum of cash and cash equivalents, accounts receivable, income taxes recoverable and prepaid expenses and deposits less the sum of accounts payable and accrued liabilities, distributions payable to non-controlling interests, income taxes payable and the portions of the deferred compensation liability, the provision for performance bonus and bank debt that are payable within one year of the reporting date. Working capital at December 31, 2018 was $(5.7) million compared with $40.3 million as at December 31, 2017, with the reduction during the period related primarily to a $29.8 million reduction in cash and cash equivalents and a reclassification of $17.7 million of bank debt as a current liability effective December 30, 2018.

As of December 31, 2018, the Corporation was in the process of negotiating an amendment and extension of its Credit Facility which was due on December 30, 2019. The classification of the liability under the facility as a current liability in the Corporation's non-consolidated financial statements resulted in the Corporation not satisfying the minimum excess working capital requirements under applicable securities law as at December 31, 2018. The amendment and extension, including a maturity date of May 31, 2021, were completed on February 5, 2019 at which time the liability under the facility was classified as a non-current liability and the Corporation again satisfied the minimum excess working capital requirements at that time.

As at December 31, 2018 Crown's aggregate unfunded commitment to Crown Partners Fund and CCF IV Investment totaled $36.9 million. As the manager of both Crown Partners Fund and CCF IV Investment, Crown controls the timing and level of funding requirements in relation to its capital commitments to these funds.

At December 31, 2018, $126.2 million (67%) of the $189.0 million committed to Crown Partners Fund to that date by limited partners other than Crown had been drawn by Crown Partners Fund, leaving $62.8 million of committed capital available to Crown Partners Fund from parties other than Crown. As at December 31, 2018, Crown Partners Fund had total committed capital of $300.0 million and a maximum size of $500.0 million, with the level of committed capital expected to increase prior to December 2019 through additional subscriptions as opportunities are identified to fund Special Situations Financing transactions.

As at December 31, 2018, the Corporation, through Crown Power Fund, had committed to contracts valued at $11.8 million in relation to the construction of power generation assets, of which $10.4 million had been advanced to suppliers and contractors, resulting in an unfunded commitment of approximately $1.4 million. Of the Corporation's $10 million funding commitment to WireIE, $6.5 million had been advanced as at September 30, 2018, resulting in an unfunded commitment of $3.5 million at that date. Of Crown Partners Fund's $15 million funding commitment to VIQ Solutions, $8.9 million had been advanced as at December 31, 2018, resulting in an unfunded commitment of $6.1 million as at that date, of which $3.8 million was attributable to non-controlling interests.

Effective June 1, 2018, Crown entered into a five-year office lease expiring on May 31, 2023 with an annualized lease payment obligation of approximately $0.1 million and an aggregate lease payment obligation over the term of the lease of $0.6 million, of which $0.6 million represented an unfunded commitment as at December 31, 2018.

On December 30, 2016, Crown entered into an agreement for a $35.0 million, 36-month, renewable senior secured revolving credit facility with ATB Financial and Business Development Bank of Canada which is intended to be used primarily to fund the Corporation's capital commitments to Crown Partners Fund and to fund Long-Term Financings. The balance outstanding on the Credit Facility at December 31, 2018 of $17.7 million is comprised of gross advances of $18.0 million net of $0.3 million of unamortized deferred financing costs. Effective February 5, 2019, the Corporation extended the maturity of its existing Credit Facility to May 31, 2021.

On July 13, 2018, Crown issued $20.0 million of convertible unsecured debentures that bear interest at a rate of 6.0% per annum, payable semi-annually, with a maturity date of June 30, 2023 and a conversion price of $13.70 per Common Share. The Convertible Debentures are direct, subordinated unsecured obligations of the Corporation, subordinated to the Credit Facility. Net of issuance costs, the Corporation received net proceeds of $18.7 million from the issuance of the Convertible Debentures.

Considering the Corporation's working capital plus bank debt which ceased to be classified as non-current effective February 5, 2019, the $62.8 million of committed capital available to Crown Partners Fund from parties other than Crown, and the undrawn balance of the Credit Facility, at December 31, 2018, the Corporation had access to up to approximately $91.8 million to fund additional investments.

Investments

As at December 31, 2018, the Corporation held investments in 18 Canadian companies carried at an aggregate value of $246.9 million (December 31, 2017 - $181.3 million). Following the adoption of IFRS 9 effective January 1, 2018, the Corporation classifies its investments in debt securities to be carried at either amortized cost or FVTPL. All investments in equity securities are carried at FVTPL.

As at December 31, 2018, the Corporation held debt securities in 10 Canadian companies carried at amortized cost with an aggregate carrying value of $165.3 million, net of an allowance for credit losses of $0.2 million. The fair value of these debt securities as at the reporting date was $168.6 million.

As at December 31, 2018, the Corporation held debt securities in 6 Canadian companies carried at FVTPL with an aggregate carrying value of $69.0 million. The carrying value of other investments carried at FVTPL, including equity securities, as at December 31, 2018 was $12.5 million.

Additional information about investments can be found in Note 4, Financial instruments in the Corporation's audited consolidated financial statements for the year ended December 31, 2018.

Provision for Performance Bonus

The provision for performance bonus in relation to the Corporation's obligations to APBP Participants at December 31, 2018 totaled $2.7 million (December 31, 2017 - $2.7 million) of which $2.7 million (December 31, 2017 - $1.7 million) represented the portion of performance fees related to Crown Partners Fund recognized in consolidated earnings to date that will be payable to APBP Participants commencing on the repayment of all of the invested capital and payment of a prescribed preferential return to the limited partners of Crown Partners Fund. Subject to specified fund diversification and performance hurdles, advances on account of accrued performance fees may be paid to APBP Participants on an annual basis. Of the provision for performance bonus as at December 31, 2017, $1.0 million related to the NCOF Funds and was paid to APBP Participants during the three months ended March 31, 2018.

Share Purchase Loans

The Corporation has an Executive Share Purchase Plan ("**Share Purchase Plan**") whereby the Board can approve loans to senior management ("**Share Purchase Plan Participants**") for the purpose of purchasing the Corporation's Common Shares in the open market. Loans in relation to Share Purchase Plan are advanced by both a third-party financial institution and the Corporation (collectively the "**Lenders**"). The following must be paid directly to the Lenders on behalf of Share Purchase Plan Participants in repayment of interest and principal on these loans: all dividend distributions on the Common Shares, all annual performance incentive plan payments to Share Purchase Plan Participants in excess of target bonus payouts, and all proceeds from the sale of the Common Shares.

As at December 31, 2018, $0.6 million of these loans were outstanding to the Corporation (December 31, 2017 – $2.2 million), including accrued interest of $6,759. The loans under the Share Purchase Plan bear interest at Prime (3.95% as at December 31, 2018), are repayable in full within 90 days following the date on which the Share Purchase Plan Participant ceases to be employed by the Corporation and are personally guaranteed by Share Purchase Plan Participants.

The Corporation has guaranteed the repayment of loans advanced to Share Purchase Plan Participants by a third-party financial institution pursuant to the Share Purchase Plan which totaled $2.9 million as at December 31, 2018, and which are secured by Common Shares owned by Share Purchase Plan Participants with a value of $3.9 million as at December 31, 2018.

Non-Controlling Interests

At December 31, 2018, non-controlling interests was $127.9 million (December 31, 2017 - $118.4 million). The increase compared to December 31, 2017 was due primarily to additional capital contributions to Crown Partners Fund by non-controlling interests to fund new investments, partially offset by the excess of distributions over net income attributable to non-controlling interests over the same period and the $(0.9) million impact of the adoption of IFRS 9 on non-controlling interests as at January 1, 2018.

Share Capital

As at December 31, 2018, total share capital was $97.6 million (December 31, 2017 - $96.6 million).

In the year ended December 30, 2018, the Corporation issued 237,318 Common Shares to employees and directors as a result of vesting of Share Units. The total value assigned to the Common Shares issued was $2.4 million and this amount was added to share capital.

On April 10, 2017, the Corporation commenced a normal course issuer bid ("**NCIB**") to purchase for cancellation during the next 12 months up to 310,000 Common Shares representing approximately 4.2% of the public float of Common Shares and approximately 3.3% of the issued and outstanding Common Shares. Under this NCIB program, which subsequently expired on April 9, 2018, Crown repurchased and cancelled 50,458 Common Shares in the year ended December 31, 2018 at an average cost of $9.60 per Common Share.

On April 10, 2018, the Corporation commenced an NCIB to purchase for cancellation during the next 12 months up to 300,000 Common Shares representing approximately 5.5% of the public float of Common Shares and approximately 3.2% of the issued and outstanding Common Shares. Under this NCIB program, Crown repurchased and cancelled 80,322 Common Shares in the year ended December 31, 2018 at an average cost of $10.12 per Common Share.

The total number of Common Shares outstanding at December 31, 2018 was 9,616,555 (December 31, 2017 – 9,510,017; March 4, 2019 – 9,610,827).

Contributed Surplus

At December 31, 2018 Crown's contributed surplus of $1.4 million included the opening balance at January 1, 2018 of $2.9 million plus, for the year ended December 31, 2018, $1.4 million for share-based compensation expense recorded for Share Units and Stock Options outstanding during the period less $2.4 million transferred to share capital for Share Units vested and $0.5 million for cash-settled share-based compensation.

Cash Flows

Cash and cash equivalents at December 31, 2018 totaled $11.3 million (December 31, 2017 - $41.1 million). In the year ended December, 2018, the primary sources of cash flow for the Corporation were proceeds from the issuance of Convertible Debentures, advances in relation to the Credit Facility, non-controlling interest contributions to Crown Partners Fund to fund the investments in Baylin, Data Communications, Persta, Triple Five and VIQ Solutions, proceeds from the repayment of the Petrowest and Marquee loans (net of non-controlling interests' share), proceeds from the net repayment of share purchase loans and net income and comprehensive income in addition to fee income earned and received in the period in relation to investments carried at amortized cost but not recognized as revenue in the period due to deferral through application of the effective interest rate method. Primary uses of cash included completion of the investments in Baylin, Data Communications, Persta, Mill Street, WireIE, Triple Five and VIQ Solutions, distributions to non-controlling interests, dividend payments to Shareholders, vendor deposits advanced by Crown Power Fund, the purchase of equipment under development by Crown Power Fund and share repurchases.

In the three months ended December 31, 2018, the primary sources of cash flow for the Corporation were proceeds from the repayment of the Marquee investment, non-controlling interest contributions to Crown Partners Fund to fund the investment in VIQ Solutions, proceeds from the net repayment of share purchase loans and net income. Primary uses of cash flow included completion of the investment in VIQ solutions, distributions to non-controlling interests, an increase in deposits in relation to assets under development, net repayment in relation to the Credit Facility and dividend payments to Shareholders.

On February 5, 2019, the Corporation declared a quarterly dividend of $0.15 per Common Share. The dividend will be paid on March 1, 2019 to Shareholders of record on February 15, 2019.

Off-Balance Sheet Arrangements

As at December 31, 2018 the Corporation, through CCFC, had subscribed for 107,840 Units of Crown Partners Fund. This subscription included a commitment by the Corporation to provide up to $107.8 million to Crown Partners Fund as funds are called by Crown Partners Fund to fund new Special Situations Financing transactions. As of December 31, 2018, the Corporation had contributed capital to Crown Partners Fund totaling $72.0 million and was committed to provide up to an additional $35.8 million to Crown Partners Fund.

Through CCFC, the Corporation had also subscribed for 3,270 Units of CCF IV Investment LP. This subscription included a commitment by the Corporation to provide up to $3.3 million to CCF IV Investment LP as funds are called by CCF IV Investment LP to fund its commitment to Crown Partners Fund. As of December 31, 2018, the Corporation had contributed capital to CCF IV Investment LP totaling $2.2 million and was committed to provide up to an additional $1.1 million to CCF IV Investment LP.

As discussed in the *Liquidity and Capital Resources* section above, as at December 31, 2018 the Corporation had unfunded contractual commitments through Crown Power Fund of approximately $1.4 million, $3.5 million to WireIE and $6.1 million to VIQ Solutions, of which $3.8 million was attributable to non-controlling interests. At December 31, 2018 the Corporation also had an unfunded commitment of $0.6 million in relation to the remaining term of an office lease that will expire on May 31, 2023.

Crown has no other material off-balance sheet arrangements.

Related Party Transactions

Pursuant to limited partnership agreements, Crown, for services provided, receives management fees from NCOF LP and, until its dissolution on June 30, 2017, NCOF II Parallel. During the twelve months ended December 31, 2018, Crown earned management fees totaling $0.1 million from NCOF LP (2017 - $0.2 million from NCOF LP and NCOF II Parallel).

At December 31, 2018, accounts receivable included $0.5 million due from NCOF LP (December 31, 2017 - $0.4 million).

Pursuant to limited partnership agreements, Crown Partners Fund and, prior to its dissolution, NCOF II also pay management fees to Crown for management services provided. Management fees paid to Crown by Crown Partners Fund and, prior to its dissolution, NCOF II are eliminated on consolidation.

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.

The table below provides additional details of the transaction fees, management fees and performance fees included in net income and comprehensive income attributable to Shareholders of the Corporation arising from non-controlling interests as a result of Crown's role as a fund manager and the financial statement captions through which these fees are reflected in net income and comprehensive income attributable to Shareholders.

Fees Earned From Related Parties	Three Months Ended December 31,		Twelve Months Ended December 31,		
($ in 000s)	2018	2017	2018	2017	Notes on Consolidation
Transaction fees - Crown	$ 94	$ 150	$ 613	$ 962	allocated from net income to income attributable to Shareholders
Management Fees charged to NCOF LP and NCOF II (Parallel)	-	32	97	216	included in Revenue - Fees and Other Income
Performance fees related to NCOF II (Parallel)	-	-	-	1,044	included in Revenue - Performance allocation fee
Performance fees related to non-controlling interest in Crown Partners Fund	603	572	1,260	1,436	allocated from net income to income attributable to Shareholders
Performance fees related to non-controlling interest in NCOF II	-	-	-	75	allocated from net income to income attributable to Shareholders
Management fees related to non-controlling interest in Crown Partners Fund and NCOF II	440	343	1,687	1,363	allocated from net income to income attributable to Shareholders
	$ 1,137	$ 1,097	$ 3,657	$ 5,096	

Critical Estimates and Accounting Policies

The preparation of the condensed consolidated interim 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 condensed consolidated interim financial statements for the three and twelve months ended December 31, 2018 are included in the following notes in those financial statements:

- Note 3 – Significant accounting policies;
- Note 4 – Financial instruments;
- Note 7 – Share-based compensation; and
- Note 16 – Income taxes.

Additional information about critical estimates and accounting policies can be found in the Corporation's 2018 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

Current Period Changes in Accounting Policies

IFRS 9 "*Financial Instruments*"

On January 1, 2018, the Corporation adopted IFRS 9, which replaces the guidance in IAS 39. The Corporation applied IFRS 9 on a retrospective basis and did not restate prior period comparative consolidated financial statements, which are reported under IAS 39 and are therefore not comparable to the information presented in 2018.

The new standard brings fundamental changes to the accounting for financial assets. Whereas the Corporation's debt instruments were classified and measured at FVTPL for periods prior to January 1, 2018, the Corporation now measures some of its debt instruments at amortized cost and others at fair value. Therefore, for those debt instruments which are now classified and measured at amortized cost under IFRS 9, a transition adjustment was applied to opening retained earnings as at January 1, 2018. This adjustment includes an amount to account for up-front financing fees over the term of the related debt instruments as part of the effective interest rate. Financing fees earned at the time of origination of instruments accounted for at FVTPL will continue to be recognized when the debt instrument is originated. The impact of adoption of IFRS 9 to opening retained earnings was a reduction of $0.9 million, as detailed in the following table.

As at January 1, 2018	***(000's)***
Investments at amortized cost:	
Amortized cost under IFRS 9	$114,498
Fair value under IAS 39	(116,499)
Allowance for expected credit loss under IFRS 9	(103)
Difference in carrying value of investments at amortized cost	(2,104)
Non-controlling interest adjustment	896
Total difference in carrying values before tax impact	(1,208)
Tax impact on difference in carrying values (26.5% effective tax rate)	320
Impact of adoption of IFRS 9 to retained earnings	$ (888)

Information regarding the key aspects of IFRS 9 and their impact to the Corporation's accounting policies resulting from its adoption can be found in Note 3, Significant accounting policies in the Corporation's audited consolidated financial statements for the twelve months ended December 31, 2018.

IFRS 15 "*Revenue from Contracts with Customers*" ("IFRS 15"):

Effective January 1, 2018 the Corporation adopted IFRS 15, replacing IAS 18 "Revenue" and other revenue related guidance. The Corporation adopted IFRS 15 using the modified retrospective with cumulative effect approach and, as permitted, elected to apply the new standard only to contracts that were not completed contracts on January 1, 2018. The adoption of IFRS 15 did not impact the timing or measurement of revenues within the scope of the standard.

New Accounting Policy Implemented in the Period

Compound Financial Instruments:

The Corporation's compound financial instrument is comprised of its Convertible Debentures that can be converted to common shares at the option of the holder. The number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of a convertible debenture is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. Any direct attributable transaction costs are allocated to the equity and liability components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest rate method. The equity component is not re-measured subsequent to initial recognition. On conversion at maturity, the financial liability is reclassified equity and no gain or loss is recognized.

Future Accounting Pronouncements

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's financial statements are disclosed below. These are the changes that the Corporation reasonably expects may have an impact on its disclosures, financial performance or performance when applied on a future date. The Corporation intends to adopt these standards when they become effective.

IFRS 16 "*Leases*" ("IFRS 16"):

In January 2016, the International Accounting Standards Board issued IFRS 16, which replaced IAS 17: *Leases.* For leases in the scope of IFRS 16, a single recognition and measurement model would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019. The Corporation is in the process of assessing the detailed impacts of this new standard. Under IFRS 16, the Corporation's office lease will be recorded in the statement of financial position.

The Corporation plans to adopt IFRS 16 initially on January 1, 2019 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance sheet of retained earnings as at January 1, 2019 with no restatement of comparative information.

Financial Instruments and Associated Risks

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, share purchase loans, accounts payable and accrued liabilities, distributions payable to non-controlling interests, Credit Facility and Convertible Debentures – liability component. The fair value of share purchase loans approximates carrying value due to the variable rate of interest applicable to these instruments. The carrying value of the convertible debenture – liability component approximates fair value due to the market interest rate as at December 31, 2018 which was consistent with that used to record the convertible debenture – liability component upon initial recognition at fair value on June 13, 2018. The fair values of other financial instruments approximate carrying value due to the short term to maturity of the instruments. The provision for deferred compensation is measured based on the market value of the Corporation's share price with the impact of any resultant change included in share-based compensation expense in the period.

The Corporation, through its subsidiaries CCFC, Crown Partners Fund and Crown Private Credit Fund, also holds investments in debt securities which are measured at amortized cost and at FVTPL and equity securities which are measured at FVTPL.

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. The Corporation's Canadian equity securities include Crown Partners Fund's interest in Source common shares, Prairie Provident common shares and VIQ Solutions common shares plus additional VIQ Solutions common shares held by Crown. The Corporation's Canadian warrants include Crown Partners Fund's interest in common share purchase warrants of VIQ Solutions, Medicure, Baylin, Data Communications and Persta. Source, Prairie Provident, VIQ Solutions, Medicure, Baylin, Data Communications and Persta are publicly-traded companies. The primary risk to the FVTPL of these equity securities is market 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. A portion of the debt instruments held by the Corporation 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. For loans carried at fair value through profit and loss, the terms of the individual debt instruments and the risks of the underlying businesses are reflected in the fair values at the reporting date. The Corporation actively reviews collateral of the underlying businesses, including fixed assets, inventory and receivables. The Corporation monitors financial results and collateral values of the underlying businesses regularly against the underlying business plans and industry trends. The carrying value of loans at amortized cost is net of an allowance for credit losses that reflects management's estimation of expected credit loss for each loan carried at amortized cost.

The Corporation's Canadian debt securities include Crown Partners Fund's loans to BGO, Touchstone, Source, Solo, Ferus, RBee, Active, Canadian Helicopters, Baylin, Data Communications, Persta, Triple Five and VIQ Solutions, and Crown Private Credit Fund's loans to PenEquity, Mill Street and WireIE. The primary risk to the carrying value of these debt securities is credit risk. Other than the PenEquity and Mill Street loans, which bear floating interest rates, these debt securities bear fixed interest rates which impacts interest rate risk.

The Corporation's investments are denominated in Canadian currency so there is no currency risk associated with the above investments except to the extent of investees' underlying operations which in some cases are dependent on revenues and are exposed to costs denominated in foreign currencies.

Additional information about financial instruments and associated risks can be found in the Corporation's 2018 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

Risk Factors

Crown operates in a dynamic environment that involves various risks, many of which are beyond Crown's control and which could have an effect on Crown's business, revenues, operating results and financial condition.

In the short term, a significant risk to the Corporation is that all financing clients repay their loans and replacement loans are not completed such that interest, fees and other income and the capital base for determination of management fee revenues drop significantly. In the longer term, an inability to raise and place additional capital on which to charge interest and management fees would be a significant risk.

A risk that is common among Crown Partners Fund, Crown Private Credit Fund and Crown Power Fund is credit risk, as discussed in *Financial Instruments and Associated Risks*. Although Crown intends to offer financing solutions and long-term power supply contracts only to clients with a history of profitability, there can be no assurance that its financing clients or long-term power supply counterparties will not default and that Crown will not sustain a loss as a result.

The primary risk factor for Crown Partners Fund is credit risk, being the potential inability of one or more of the 13 portfolio companies to meet their debt obligations to Crown Partners Fund.

Through its ownership of equity and equity-related securities, Crown Partners Fund is exposed to market price risk. As at December 31, 2018, Crown Partners Fund held Source common shares which were valued at $0.1 million, Prairie Provident common shares which were valued at $1.0 million, Medicure common share purchase warrants which were valued at $0.7 million, Baylin common share purchase warrants which were valued at $0.9 million, Data Communications common share purchase warrants valued at $0.3 million, Persta warrants valued at $0.6 million, VIQ Solutions common shares which were valued at $0.1 million and VIQ Solutions common share purchase warrants which were valued at $0.5 million. As at December 31, 2018, Crown held additional VIQ Solutions common shares which were valued at $0.1 million. A reduction in the value of these warrants or shares would reduce the value of Crown's Investments.

The primary risk factor for Crown Private Credit Fund is credit risk, being the potential inability of PenEquity, Mill Street or WireIE to meet their obligations to Crown Private Credit Fund.

The primary risk factor for Crown Power Fund will be credit risk, being the potential inability of counterparties to long-term power supply contracts to meet their obligations to Crown Power Fund.

See Note 5 - Financial risk management in the Corporation's December 31, 2018 audited consolidated financial statements.

A complete discussion of the risks faced by the Corporation can be found in the Corporation's Annual Information Form ("**AIF**") available on SEDAR at www.sedar.com.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

The Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") are responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as those terms are defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings. The CEO and CFO have designed, or caused to be designed under their direct supervision, Crown's DC&P to provide reasonable assurance that:

- material information relating to Crown, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared; and

- information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported on a timely basis.

The CEO and CFO have also designed, or caused to be designed under their direct supervision, Crown's ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The ICFR have been designed using the control framework established in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013.

The CEO and CFO have evaluated the design and operating effectiveness of Crown's DC&P and ICFR and concluded that Crown's DC&P and ICFR were effective as at December 31, 2018. While Crown's CEO and CFO believe that the Corporation's internal controls and procedures provide a reasonable level of assurance that such controls and procedures are reliable, an internal control system cannot prevent all errors and fraud. It is management's belief that any control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

There were no changes in Crown's ICFR during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, Crown's ICFR.

Forward-Looking Statements

Statements that are not reported financial results or other historical information are forward-looking statements within the meaning of applicable Canadian securities laws (collectively, "**forward-looking statements**"). This MD&A includes forward-looking statements regarding Crown and the industries in which it operates, including statements about, among other things, expectations, beliefs, plans, future loans and origination, business and acquisition strategies, opportunities, objectives, prospects, assumptions, including those related to trends and prospects and future events and performance. Sentences and phrases containing or modified by words such as "anticipate", "plan", "continue", "estimate", "intend", "expect", "may", "will", "project", "predict", "potential", "targets", "projects", "is designed to", "strategy", "should", "believe", "contemplate" and similar expressions, and the negative of such expressions, are not historical facts and are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements should not be read as guarantees of future events, future performance or results, and will not necessarily be accurate indicators of the times at, or by which, such events, performance or results will be achieved, if achieved at all. Forward-looking statements are based on information available at the time and/or management's expectations with respect to future events that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. The factors described under the heading "Risk Factors" in this MD&A and in the AIF, as well as any other cautionary language in this MD&A, provide examples of risks, uncertainties and events that may cause Crown's actual results to differ materially from the expectations it describes in its forward-looking statements. Readers should be aware that the occurrence of the events described in these risk factors and elsewhere in this MD&A could have an adverse effect on, among other things, Crown's business, prospects, operations, results of operations and financial condition.

Specific forward-looking statements contained in this MD&A include, among others, statements, management's beliefs, expectations or intentions regarding the following:

- the Corporation's intentions for the use of its cash and cash equivalents and the timing thereof, including additional capital contributions to Crown Partners Fund, Crown Private Credit Fund and Crown Power Fund;
- the investments of Crown Partners Fund in Special Situations Financing transactions and the potential structuring of such transactions;
- the performance of financing clients;
- the investments of Crown Private Credit Fund in Long-Term Financing transactions and the potential structuring of such transactions;
- the Corporation's business plans and strategy;
- the Corporation's future cash flow and shareholder value;
- the sourcing of deals from Crown's established network and its potential pipeline of projects;
- the future capitalization of Crown Partners Fund, Crown Private Credit Fund, Crown Power Fund and Crown and future closings in relation thereto;
- Crown's future entitlement to base management and performance fees;
- the effect of delays between the repayment of loans and the redeployment of capital on Crown's financial condition;
- the future accounting policies of the Corporation;
- the alternative financial market and the general economy;
- the determination of recovery levels for Crown's loans going forward;
- the effect of the early repayment of loans on anticipated interest income;
- the Corporation's ability to secure debt financing on terms acceptable to the Corporation (or obtaining debt financing); and
- the vesting of Share Units and Options.

Readers are cautioned that the foregoing list of forward-looking statements should not be construed as being exhaustive.

In making the forward-looking statements in this MD&A, the Corporation has made assumptions regarding general economic conditions, reliance on debt financing, interest rates, continued lack of regulation in the business of lending from sources other than commercial banks or equity transactions, continued operation of key systems, debt service, continuing constraints on bank lending to mid-market companies for at least several years, future capital needs, retention of key employees, adequate management of conflicts of interests, continued performance of the Crown funds and solvency of financing clients, competition, limited loan prepayment, effective use of leverage, strength of existing client relationships, regulatory oversight and such other risks or factors described in this MD&A, the AIF and from time to time in public disclosure documents of Crown that are filed with securities regulatory authorities.

The forward-looking statements included in this MD&A are expressly qualified by this cautionary statement and are made as at the date of this MD&A. The Corporation does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws. If the Corporation does update one or more forward-looking statements, it is not obligated to, and no inference should be drawn that it will, make additional updates with respect thereto or with respect to other forward-looking statements.

Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates may change, having either a positive or negative effect on net income, as further information becomes available and as the economic environment changes.

Market and Industry Data

Certain market and industry data contained in this MD&A is based upon information from government or other third-party publications, reports and websites or based on estimates derived from such publications, reports and websites. Government and other third-party publications and reports do not guarantee the accuracy or completeness of their information. While management believes this data to be reliable, market and industry data is subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data-gathering process and other limitations and uncertainties inherent in any statistical survey. Crown has not independently verified any of the data from government or other third-party sources referred to in this MD&A or ascertained the underlying assumptions relied upon by such sources.

Trademarks, Trade Names and Service Marks

All trademarks used in this MD&A are the property of their respective owners and may not appear with the ® symbol.

Additional Information

Additional information relating to the Corporation is available on SEDAR at www.sedar.com, including the Annual Information Form.