

Crown Capital Partners Inc.  
2017 FIRST QUARTER REPORT

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# Management's Discussion and Analysis

for the three months ended March 31, 2017

## 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 months ended March 31, 2017 is prepared as of May 9, 2017. This discussion is the responsibility of management and should be read in conjunction with the Corporation's March 31, 2017 condensed consolidated interim financial statements and the notes thereto (unaudited), and the Corporation's December 31, 2016 audited financial statements and notes thereto, both prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and other public filings available on SEDAR at [www.sedar.com](http://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".

### Highlights of the Three Months Ended March 31, 2017

During the three months ended March 31, 2017, Crown:

- earned net income and comprehensive income of \$4.3 million on revenues of \$6.8 million;
- earned net income and comprehensive income attributable to shareholders of the Corporation ("**Shareholders**") of \$1.7 million;
- On January 9, 2017, Crown Capital Fund IV, LP ("**CCF IV LP**") received subscriptions for an additional 50,000 Units at \$1,000 per unit, increasing the total capital committed to CCF IV LP from \$125 million to \$175.0 million. Crown, through its wholly-owned subsidiary Crown Capital Funding Corporation ("**CCFC**"), subscribed for an additional 11,250 Units which increased its commitment to CCF IV LP to \$61.25 million and reduced Crown's interest in CCF IV LP from 40% to 35%, effective January 1, 2017;
- On February 24, 2017, CCF IV LP provided a \$15.0 million, 36-month loan to Solo Liquor Holdings Ltd. ("**Solo**") with an interest rate of 12% plus bonus features;
- On February 27, 2017, Norrep Credit Opportunities Fund II, LP ("**NCOF II**") and Norrep Credit Opportunities Fund II (Parallel), LP ("**NCOF II Parallel**") (collectively, the "**NCOF Funds**") received the full repayment of the \$4.0 million loan to Corrosion Service Company Limited ("**Corrosion**"), including prepayment fees and a bonus payment and realized a Gross IRR of approximately 25% on the investment in Corrosion;
- On March 2, 2017, Crown paid a quarterly dividend of \$0.12 per common share of the Corporation (a "**Common Share**") to Shareholders of record on February 14, 2017. This was an increase from the \$0.11 per Common Share quarterly dividend paid previously; and
- On March 3, 2017, Crown's trading symbol changed to TSX:CRWN from TSX:CRN.

## Subsequent Events

Subsequent to March 31, 2017:

- The Corporation announced on April 4, 2017 that it received approval to implement a new normal course issuer bid (“**NCIB**”) for the twelve-month period commencing April 10, 2017, with the right to purchase up to 310,000 outstanding common shares. This replaces an NCIB which expired on April 7, 2017.
- CCF IV LP holds senior secured notes of Source Energy Services Canada (“**Source**”), which include equity participation rights in connection with certain transactions, including an initial public offering. On April 13, 2017, Source completed an initial public offering and will settle CCF IV LP’s equity participation rights by issuing 116,057 common shares (the “**Source Shares**”) to CCF IV LP on May 29, 2017. The Source Shares are subject to a lock-up agreement for 180 days which will expire on October 10, 2017.

## Overall Performance

Total assets increased to \$199.0 million at March 31, 2017 from \$182.4 million at December 31, 2016, including an increase in investments at fair value to \$172.2 million from \$159.0 million and an increase in cash and cash equivalents to \$22.2 million from \$19.3 million. The increase in total assets was largely a result of increased capital invested in CCF IV LP by non-controlling interests. Total equity increased to \$102.4 million at March 31, 2017 from \$101.5 million at December 31, 2016.

Total revenues in the three months ended March 31, 2017 were \$6.8 million compared to \$5.1 million in the three months ended March 31, 2016. Revenues were higher in the three months ended March 31, 2017 primarily due to increased lending activity of CCF IV LP. In particular, interest revenue on investments held by NCOF II, CCF IV LP and Crown Capital Private Credit Fund, LP (“**CCPC LP**”) increased to \$4.4 million in the three months ended March 31, 2017 compared to \$2.4 million in the three months ended March 31, 2016.

For the three months ended March 31, 2017, the net gain on investments was \$1.8 million compared to \$2.2 million in the three months ended March 31, 2016. The net gain in 2017 includes a realized gain on investments of \$0.6 million from the Corrosion repayment on February 27, 2017 and a change in unrealized gain in fair value of investments of \$1.3 million which was primarily the result of increases in the fair value of several loans due to decreases in benchmark interest rates used to estimate the present value of future cash flows. These increases were partially offset by decreases in the fair value of the Medicare Warrants, the Petrowest Warrants and the Petrowest Shares and the reversal of previously-recognized unrealized gains on the Corrosion loan.

Expenses in the three months ended March 31, 2017 were \$1.7 million, consistent with \$1.7 million in the three months ended March 31, 2016. Performance bonus and salary expenses were both lower in the three months ended March 31, 2017 with other expense categories higher than in the comparable prior-year period. Notably, finance costs were higher due to the establishment of a new credit facility in December 2016 and general and administrative costs increased primarily due to higher staff recruitment fees.

In the three months ended March 31, 2017, net income and comprehensive income attributable to Shareholders was \$1.7 million compared to \$1.6 million in the three months ended March 31, 2016. The

major factors impacting the increase in net income and comprehensive income attributable to Shareholders in the three months ended March 31, 2017 compared to the same period in the prior year were higher interest revenue resulting from new loans completed in the period, bonus interest and fees received on repayment of the Corrosion loan and higher unrealized gains in fair value of investments, which were offset, in part, by lower realized gains on investments and higher finance costs.

Crown consolidates 100% of its approximate 69.75% interest in NCOF II and CCFC's 35% interest in CCF IV LP (50% prior to July 1, 2016 and 40% between July 1, 2016 and December 31, 2016) and its 100% interest in CCPC LP and reflects the interests of other investors in these funds as non-controlling interests. The financial results of the Corporation as at and for the three months ended March 31, 2017 discussed in this MD&A include the results of operations of CCFC, NCOF II, CCF IV LP and CCPC LP for the three months ended March 31, 2017.

## **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 an ownership interest. 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, transactions fees and realized and unrealized gains on investments made by its consolidated investment funds - NCOF II, CCF IV LP and CCPC LP - and management and performance fees as the fund manager of Norrep Credit Opportunities Fund, LP ("**NCOF LP**") and NCOF II Parallel.

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 under the symbol TSX:CRN. This symbol was changed on March 3, 2017 to TSX:CRWN.

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**").

Immediately prior to closing of the IPO, the Corporation, acquired approximately 69.75% of the outstanding units of NCOF II, a Special Situations Financing debt fund, in exchange for 3,214,494 Common Shares valued at \$35.4 million (the "**Rollover Transaction**").

In September 2015, the Corporation completed the initial closing of CCF IV LP, a Special Situations Financing debt fund with initial capital commitments of \$100.0 million. On July 15, 2016, CCF IV LP completed a subsequent capital raise with subscriptions for an additional 25,000 limited partnership units ("**Units**"), bringing the total capital committed to CCF IV LP to \$125.0 million and resulting in a reduction of Crown's controlling interest in CCF IV LP to 40% compared to 50% as at June 30, 2016. On January 9, 2017, CCF IV LP completed a second subsequent capital raise with subscriptions for an additional 50,000 limited partnership units, bringing the total capital committed to CCF IV LP to \$175.0

million. As a result of the second subsequent capital raise, Crown held a reduced controlling interest in CCF IV LP at March 31, 2017 of 35%, compared to 40% at December 31, 2016.

On July 15, 2016, Crown created Crown Capital Fund IV Investment, LP (“**CCF IV Investment LP**”) to provide a vehicle for investors to participate in investments made by CCF IV LP with smaller amounts of committed capital than those investing directly in CCF IV LP. As of December 31, 2016, CCF IV Investment LP had committed capital of \$4.0 million to CCF IV LP and had acquired 3,900 Units. CCF IV Investment LP increased its committed capital to \$12.3 million and subscribed for an additional 8,000 Units of CCF IV LP in January 2017. Crown’s subsidiary, Crown Capital Fund IV Management Inc. is the general partner of, and holds only a nominal interest in, CCF IV Investment LP. Crown does not charge management fees to CCF IV Investment LP.

Crown is also deploying its capital through its wholly-owned subsidiary, CCPC LP, to clients seeking non-dilutive, long-term capital, generally in the form of traditional interest-bearing loans and royalties. Crown intends to develop a diversified portfolio of long-term financing clients across numerous industries to provide non-dilutive sources of long term capital in the form of fixed rate long-term loans, participating loans, perpetual debt, income streaming and recurring revenue structures (“**Long-Term Financing**”).

## Portfolio at March 31, 2017

At March 31, 2017, Crown held ownership interests in nine loans.

Borrower	Loan Principal Amount Outstanding at December 31, 2016 <sup>(1)</sup>	Loan Principal Amount Outstanding at March 31, 2017 <sup>(1)</sup>	Attributable at March 31, 2017 to:		Status
			Shareholders	Non-controlling interests	
<b>Special Situations Financing transactions</b>					
CRH Medical Corporation (“ <b>CRH</b> ”) <sup>1</sup>	\$22,500,000	\$22,500,000	\$12,063,330	\$5,231,346	Current
Corrosion Service Company Limited (“ <b>Corrosion</b> ”) <sup>1</sup>	\$3,920,000	Nil	Nil	Nil	Repaid
Petrowest Corporation (“ <b>Petrowest</b> ”)	\$15,000,000	\$15,000,000	\$5,250,000	\$9,750,000	Current
Distinct Infrastructure Group Inc. (“ <b>Distinct</b> ”)	\$20,000,000	\$20,000,000	\$7,000,000	\$13,000,000	Current
Bill Gosling Outsourcing Holding Corp. (“ <b>Gosling</b> ”)	\$15,000,000	\$15,000,000	\$5,250,000	\$9,750,000	Current
Medicure Inc. (“ <b>Medicure</b> ”)	\$30,000,000	\$30,000,000	\$10,500,000	\$19,500,000	Current
Touchstone Exploration Inc. (“ <b>Touchstone</b> ”)	\$15,000,000	\$15,000,000	\$5,250,000	\$9,750,000	Current
Source Energy Services Canada (“ <b>Source</b> ”)	\$15,000,000	\$15,000,000	\$5,250,000	\$9,750,000	Current
Solo Liquor Holdings Limited (“ <b>Solo</b> ”)	N/A	\$15,000,000	\$5,250,000	\$9,750,000	Current
<b>Long-Term Financing transactions</b>					
PenEquity Realty Corporation (“ <b>PenEquity</b> ”)	\$25,000,000	\$25,000,000	\$25,000,000	Nil	Current

Note 1: The above principal amounts are stated at the face value of the total loans. The loan to CRH was made *pari passu* between NCOF II and NCOF II Parallel. NCOF II’s interest in this investment is approximately 76.9%. For all loans, only the amounts attributable to Shareholders and non-controlling interests are included in the Corporation’s March 31, 2017 condensed consolidated interim financial statements and the pro rata portion held by NCOF II Parallel in the CRH loan is excluded.

In addition to the above loans, at March 31, 2017, CCF IV LP held ownership interests in 4,300,000 Petrowest common share purchase warrants (the “**Petrowest Warrants**”), 903,614 Petrowest common shares (the “**Petrowest Shares**”), 1,000,000 Distinct common shares (the “**Distinct Shares**”), and 450,000 Medicure common share purchase warrants (the “**Medicure Warrants**”).



## 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
<b>Profitability</b> <ul style="list-style-type: none"> <li>• EBITDA (\$)</li> <li>• EBITDA (%)</li> <li>• EBITDA Growth (%)</li> <li>• Gross Margin (%)</li> <li>• Return on Capital (%)</li> </ul> <b>Leverage</b> <ul style="list-style-type: none"> <li>• Debt/EBITDA</li> <li>• Debt/Capital</li> <li>• Debt/EV</li> </ul> <b>Liquidity</b> <ul style="list-style-type: none"> <li>• Current Ratio</li> <li>• DSCR (EBITDA/P+I)</li> <li>• EBITDA interest coverage</li> <li>• Average Days A/P</li> <li>• Average Days A/R</li> <li>• Cash Coverage</li> </ul> <b>Size</b> <ul style="list-style-type: none"> <li>• Sales (\$)</li> <li>• Sales Growth (%)</li> <li>• Tangible Assets (\$)</li> <li>• Enterprise Value (\$)</li> </ul>	<b>Management</b> <ul style="list-style-type: none"> <li>• Experience in industry</li> <li>• Competence</li> <li>• Investment</li> </ul> <b>Customers</b> <ul style="list-style-type: none"> <li>• Concentration</li> <li>• Reputation/Financial Strength</li> <li>• Stability</li> <li>• Dependence</li> </ul> <b>Operations</b> <ul style="list-style-type: none"> <li>• Plant Quality</li> <li>• Process Flow</li> <li>• Scalability</li> <li>• Capacity</li> </ul> <b>Employees</b> <ul style="list-style-type: none"> <li>• Turnover</li> <li>• Relations</li> <li>• Wage Level</li> <li>• Pool of Labour</li> </ul> <b>Suppliers</b> <ul style="list-style-type: none"> <li>• Diversification</li> <li>• Pricing Power</li> <li>• Reliability</li> </ul> <b>Shareholders</b> <ul style="list-style-type: none"> <li>• Alignment of Interests</li> <li>• Financial Capability</li> <li>• Stability</li> </ul>	<b>Competitors</b>  <b>Business Cycle</b>  <b>History of Profitability</b>  <b>International Trade</b>  <b>Regulatory Restrictions</b>	<b>% of Security Coverage</b>  <b>Assets</b> <ul style="list-style-type: none"> <li>• Condition</li> <li>• Obsolescence</li> <li>• Specialization</li> </ul> <b>Dependence on Unsecured Creditors</b>	<b>Business</b>  <b>Investment</b>

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 expects the risk rating of a borrower to improve over the life of the loan 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.

## Portfolio Company Updates

The following tables set forth certain summary information in respect of loans held by Crown as at March 31, 2017. The information contained in the rows entitled “Business Description” and “Business Overview” has been developed from information provided by the applicable borrower. See “Forward-Looking Statements”, “Market and Industry Data” and “Risk Factors”.

### Special Situations Financings

CRH Medical Corporation	
<b>Business Description:</b>	Headquartered in Vancouver, British Columbia, CRH is a publicly-traded healthcare company (TSX:CRH) providing innovative products and essential services to gastroenterologists throughout the U.S. CRH's core business is providing anesthesia services to gastroenterology clinics in Georgia, Tennessee, Florida, and North Carolina. In addition, CRH has a patented innovative product for the treatment of hemorrhoids which is used by over 2,000 physicians in 800 clinics throughout the U.S.
<b>Business Overview:</b>	For the year ended December 31, 2016, CRH reported revenue of US\$78.4 million and adjusted operating EBITDA attributable to shareholders of US\$32.4 million. This compares to prior year revenue of US\$46.0 million and adjusted operating EBITDA attributable to shareholders of US\$23.4 million, representing growth of 70% and 38%, respectively. CRH completed three majority-interest acquisitions in fiscal 2016 and two additional majority-interest acquisitions to date in 2017.
<b>Industry:</b>	Healthcare
<b>Capital Investment:</b>	\$22.5 million
<b>Investment Date:</b>	December 2, 2014
<b>Term:</b>	42 months
<b>Interest Rate:</b>	12%
<b>Bonus / Participation:</b>	2.0 million common shares <sup>1</sup>
<p>Note 1: All the CRH shares were sold in 2015</p>	



## Petrowest Corporation

**Business Description:** Headquartered in Calgary, Alberta, Petrowest is a publicly-traded company (TSX:PRW) formed in 2006 from the amalgamation of nine regional Northeast British Columbia and Alberta companies. Petrowest is one of the largest diversified infrastructure service providers in Western Canada operating through five primary divisions: Construction, Transportation, Civil, Rentals, and Environmental Landfill.

**Business Overview:** For the twelve months ended December 31, 2016, Petrowest reported revenue of \$148.9 million and adjusted EBITDA of \$4.3 million. This compares to prior year revenue of \$186.4 million and adjusted EBITDA of \$10.8 million. Petrowest's financial results in 2016 were adversely affected by extreme weather patterns in Western Canada and the continued downturn in the energy sector. Petrowest is currently working on a process to refinance its existing syndicate of Canadian commercial banks.

**Industry:** Diversified

**Capital Investment:** \$15 million

**Investment Date:** September 29, 2015

**Term:** 36 months

**Interest Rate:** 13%

**Bonus / Participation:** 4.3 million Petrowest Warrants & 903,614 Petrowest Shares



## Distinct Infrastructure Group Inc.

**Business Description:** Headquartered in Toronto, Ontario, Distinct is a publicly-traded (TSXV:DUG) utility and telecom infrastructure contractor with capabilities in design, engineering, construction, services & maintenance, and materials management. Distinct's clientele consists of blue-chip telecom and utility infrastructure companies including Bell Canada and Rogers Communications. Through its wholly-owned subsidiaries, Distinct employs 250 employees in five offices across Canada.

**Business Overview:** For the twelve months ended December 31, 2016, Distinct reported revenue of \$59.7 million and EBITDA of \$8.1 million. This compares to prior year revenue of \$37.1 million and EBITDA of \$6.8 million, representing growth of 61% and 19%, respectively. Distinct continues to experience strong organic growth in its telecommunication infrastructure business driven primarily by increasing demand from its largest customer.

**Industry:** Infrastructure Services

**Capital Investment:** \$20 million

**Investment Date:** November 25, 2015

**Term:** 60 months

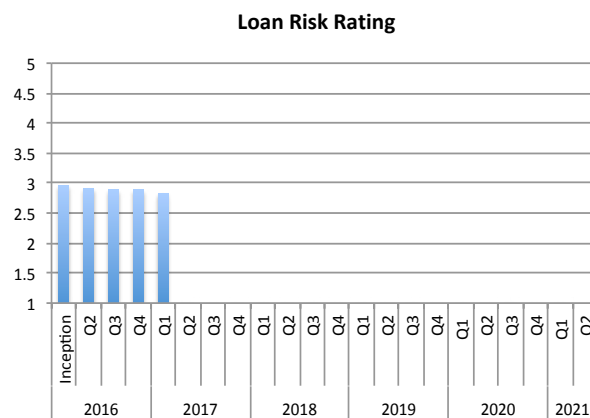
**Interest Rate:** 10% - 12%

**Bonus / Participation:** 1.0 million common shares



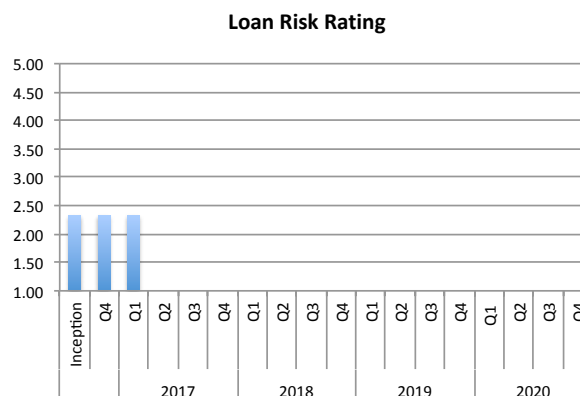
### Bill Gosling Outsourcing Holding Corp.

<b>Business Description:</b>	Founded in 1955 and headquartered in Newmarket, Ontario, Gosling is a privately-owned global provider of call center solutions to blue chip and emerging high-growth clients. It operates nine call centers in Canada, the U.S., the U.K. and the Philippines and employs approximately 2,000 full time equivalents.
<b>Business Overview:</b>	Gosling is expected to continue to benefit from a shift from "in-housing" to "outsourcing" as the business process outsourcing industry has been growing at 5% per annum. Underpinning and potentially increasing this growth is the continued increase in U.S. auto loan and alternative consumer financing markets. Gosling's operating results and financial position continue to trend favourably.
<b>Industry:</b>	Business Process Outsourcing
<b>Capital Investment:</b>	\$15 million
<b>Investment Date:</b>	May 25, 2016
<b>Term:</b>	60 months
<b>Interest Rate:</b>	Not disclosed
<b>Bonus / Participation:</b>	Share of increase in enterprise value from date of loan to repayment



### Medicure Inc.

<b>Business Description:</b>	Headquartered in Winnipeg, Manitoba, Medicure is a publicly-traded (TSXV:MPH) specialty pharmaceutical company focused on the development and commercialization of cardiac therapeutics for the U.S. hospital market. The primary focus of Medicure and its subsidiaries is the marketing and distribution of Aggrastat for non-ST elevation acute coronary syndrome in the United States. On November 18, 2016, Medicure exercised an option to acquire a majority interest in Apicore US LLC, a developer and manufacturer of specialty active pharmaceutical ingredients and pharmaceuticals.
<b>Business Overview:</b>	For the twelve months ended December 31, 2016, Medicure reported revenue of \$37.8 million and adjusted EBITDA of \$12.2 million. This compares to prior year revenue of \$22.1 million and adjusted EBITDA of \$9.0 million, representing growth of 71% and 36%, respectively.
<b>Industry:</b>	Pharmaceutical
<b>Capital Investment:</b>	\$30 million
<b>Investment Date:</b>	November 17, 2016
<b>Term:</b>	48 months
<b>Interest Rate:</b>	9.5%
<b>Bonus / Participation:</b>	450,000 common share purchase warrants



## Touchstone Exploration Inc.

**Business Description:** Headquartered in Calgary, Alberta, Touchstone is a publicly-traded (TSX:TXP) company engaged in the exploration, development, and production of petroleum and natural gas. Touchstone's primary focus is onshore properties located in the Republic of Trinidad and Tobago including over 95,000 gross acres of exploration and development rights.

**Business Overview:** For the twelve months ended December 31, 2016, Touchstone reported net revenue of \$17.2 million and EBITDA of \$6.7 million. This compares to prior year revenue of \$25.2 million and EBITDA of \$9.6 million, representing declines of 32% and 30%, respectively, in the year. These declines were primarily due to an 11% reduction in the average realized price per barrel achieved in 2016 compared to the prior year, with a sequential improvement in the realized price environment evident in the quarter ended December 31, 2016.

**Industry:** Oil and Gas

**Capital Investment:** \$15 million

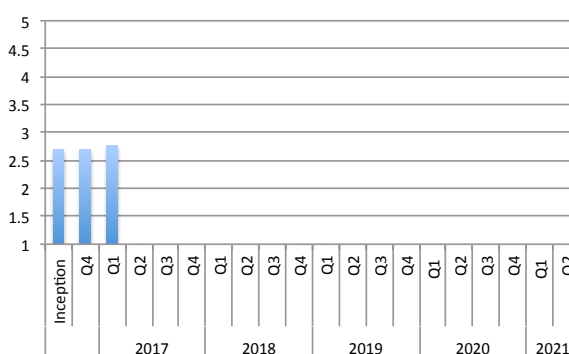
**Investment Date:** November 23, 2016

**Term:** 60 months

**Interest Rate:** 8%

**Bonus / Participation:** Production payment of 1% of gross revenue

**Loan Risk Rating**



## Source Energy Services

**Business Description:** Headquartered in Calgary, Alberta, Source is the leading provider of frac sand to the Western Canadian Sedimentary Basin. Source is vertically integrated, owning a sand mine in Wisconsin, seven transload terminals in Canada, and two transload terminals in the United States. On April 13, 2017, Source completed an initial public offering, raising gross proceeds of \$175 million. On April 18, 2017, Source announced the completion of the acquisition of Sand Products Wisconsin LLC for total cost of US\$45 million.

**Business Overview:** Frac sand is an integral component of the hydraulic fracturing process, has become the single most expensive component of well completion, and intensities (tons of sand per well) are trending higher. Source is expected to be a leading beneficiary of the continued intensification of frac sand usage in well completions as well as an increase in drilling activity.

**Industry:** Energy Services

**Capital Investment:** \$15 million of Senior Secured First Lien Notes (the "Notes")

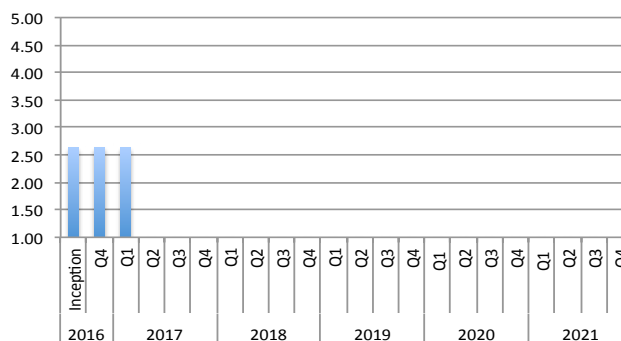
**Investment Date:** December 8, 2016

**Term:** 60 months

**Interest Rate:** 10.5%

**Bonus / Participation:** See Note 1

**Loan Risk Rating**

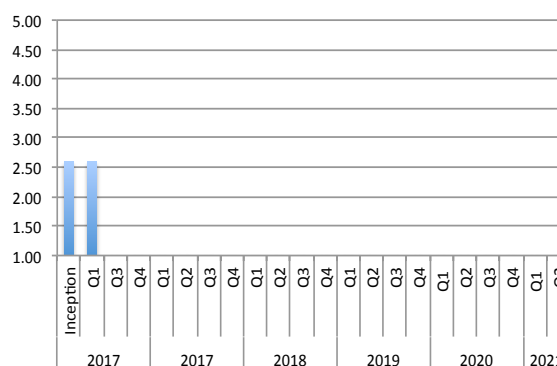


Note 1: As a result of the completion of Source's initial public offering, in accordance with the Notes, CCF IV LP will receive 116,057 Source common shares on May 29, 2017.

### Solo Liquor Holdings Limited

<b>Business Description:</b>	Solo Liquor Holding Limited is a Calgary-based, privately-owned company engaged in the retail sale of liquor. It currently operates 41 retail liquor stores in Alberta, including 19 in Calgary, 13 in Edmonton and 9 in other communities across the province, and is the second largest liquor retailer in Alberta.
<b>Business Overview:</b>	Solo commenced operations in 1996 and has steadily built out its store network. It continues to grow and has plans to expand its store count to 70 over the next two years. Solo has achieved commercial success by opening stores in high traffic areas, offering a wide range of products, operating with extended hours and maintaining every day low prices.
<b>Industry:</b>	Retail
<b>Capital Investment:</b>	\$15 million
<b>Investment Date:</b>	February 24, 2017
<b>Term:</b>	36 months
<b>Interest Rate:</b>	Not disclosed
<b>Bonus / Participation:</b>	Share of increase in enterprise value from date of loan to repayment

Loan Risk Rating

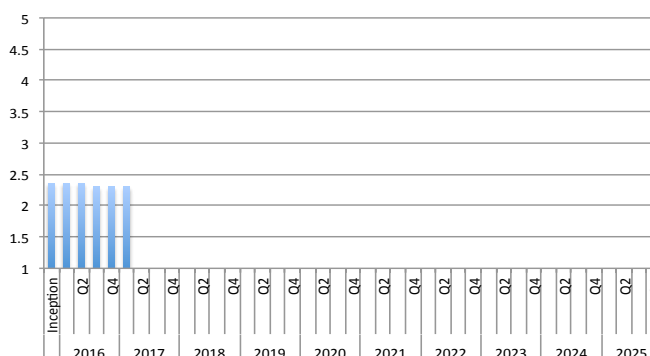


### Long-Term Financing

#### PenEquity Realty Corporation

<b>Business Description:</b>	Founded in 1984 and 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. Over the past three decades, PenEquity completed over 23 development projects. PenEquity has established strong relationships with partners and key tenants and has been successful in attracting large, high-quality, financially-stable tenants.
<b>Business Overview:</b>	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. One of the two Barrie projects is well underway, with initial phases completed in 2016 and final completion expected in 2017. Site servicing on Stoney Creek is in progress and construction is expected to commence in the second quarter of 2017.
<b>Industry:</b>	Real Estate Development
<b>Capital Investment:</b>	\$25 million
<b>Investment Date:</b>	December 16, 2015
<b>Term:</b>	120 months
<b>Interest Rate:</b>	Not disclosed
<b>Bonus / Participation:</b>	None

Loan Risk Rating



All of the above loans, except the Touchstone loan, 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, 2019 in the amount of \$810,000 per quarter.

## **Outlook**

Management continues to place a high priority on new originations of both Special Situations Financing and Long-Term Financing transactions. As Crown looks to deploy its capital, market conditions are currently favourable and the pipeline of potential transactions is vibrant.

Crown is focused on a segment of the market (successful businesses in the mid-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.

Crown intends to deploy the vast majority of its cash and cash equivalents and to potentially draw from its existing Credit Facility to fund investment in additional Special Situations Financing and Long-Term Financing transactions in 2017. This is expected to result in increased revenues from interest and fees and other income. As additional capital calls are made on the limited partners of CCF IV LP to fund Special Situations Financings, it is expected the Corporation's cash and cash equivalents will be further reduced and investments, total assets and non-controlling interests will increase. Completion of additional Long-Term Financing transactions is expected to reduce cash and cash equivalents and increase investments.

Considering the Corporation's working capital, the \$32.5 million of committed capital available to CCF IV LP from parties other than Crown, and the Credit Facility, at March 31, 2017, the Corporation had access to up to approximately \$85.0 million for additional portfolio investments.

## **Quarterly Results Summary**

The following table provides selected quarterly information about the Corporation's financial condition and performance for the period from April 1, 2015 to March 31, 2017. Crown's financial position at March 31, 2017 and its financial results for the quarters ended September 30, 2015 and subsequent quarters are not comparable to the financial position and results as at June 30, 2015 due to the IPO, the Rollover Transaction and the establishment of CCF IV LP and CCPC LP.

Quarterly Results Summary (In \$000s except per share amounts and number of shares)	Three Months Ended							
	March 31 2017	December 31 2016	September 30 2016	June 30 2016	March 31 2016	December 31 2015	September 30 2015	June 30 2015 <sup>2</sup>
Revenue:								
Fees and other income	\$ 526	\$ 2,225	\$ 160	\$ 814	\$ 555	\$ 1,404	\$ 874	\$ 273
Interest revenue	4,385	3,589	2,968	2,568	2,386	1,388	1,123	-
Net realized gain on sale of investments	553	-	-	-	1,741	-	71	-
Net change in unrealized gains in fair value of investments	1,292	(397)	(254)	1,603	410	2,965	(148)	-
Total Revenue	\$ 6,756	\$ 5,417	\$ 2,873	\$ 4,984	\$ 5,092	\$ 5,757	\$ 1,921	\$ 273
Total comprehensive income (loss), net of non-controlling interests	\$ 1,744	\$ 877	\$ 833	\$ 1,749	\$ 1,639	\$ 1,681	\$ 395	\$ (42)
Weighted average shares outstanding - basic <sup>1</sup>	9,521,354	9,504,362	9,514,921	9,492,045	9,493,353	9,488,094	8,595,480	330,303
Total comprehensive income(loss) per share - basic <sup>1</sup>	\$ 0.18	\$ 0.09	\$ 0.09	\$ 0.18	\$ 0.17	\$ 0.18	\$ 0.05	\$ (0.13)
Weighted average shares outstanding - diluted <sup>1</sup>	9,839,188	9,674,272	9,803,951	9,744,369	9,745,986	9,735,608	8,817,892	330,303
Total comprehensive income(loss) per share - diluted <sup>1</sup>	\$ 0.18	\$ 0.09	\$ 0.08	\$ 0.18	\$ 0.17	\$ 0.17	\$ 0.04	\$ (0.13)
Investments, at fair value through profit or loss	\$ 172,180	\$ 158,951	\$ 99,410	\$ 99,414	\$ 82,812	\$ 84,367	\$ 36,402	\$ -
Total assets	\$ 198,964	\$ 182,375	\$ 151,569	\$ 138,226	\$ 131,819	\$ 130,090	\$ 114,297	\$ 7,200
Total equity	\$ 102,412	\$ 101,519	\$ 101,345	\$ 101,368	\$ 100,230	\$ 99,261	\$ 97,258	\$ 728
Shares outstanding at the end of the period	9,523,590	9,514,759	9,519,071	9,495,210	9,494,002	9,488,094	9,488,094	363,600
Total equity per share - basic	\$ 10.75	\$ 10.67	\$ 10.65	\$ 10.68	\$ 10.56	\$ 10.46	\$ 10.25	\$ 2.00

1. Total comprehensive income(loss) per share, basic and diluted, are based on the weighted average shares outstanding and reflect the 3,030:1 share split which occurred on June 30, 2015.

2. Crown's financial position and its financial results for the three month periods ended June 30, 2015 are not comparable to the subsequent three month periods due to the IPO and the Rollover Transaction, both completed in July 2015, and the establishment of CCF IV LP and CCPC LP in September 2015 and December 2015, respectively.

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 and loan prepayments completed in a quarter. 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 equity securities held in the portfolio. The dilution of Crown's ownership interest in a fund due to receipt of additional subscriptions from non-controlling interests also impacts revenues.

## Discussion of Operations

### Revenues

Revenues of \$6.8 million were recognized in the three months ended March 31, 2017 (2016 – \$5.1 million). Revenues for the three months ended March 31, 2017 were higher than the same period in the prior year primarily due to higher interest income and unrealized gains on investments earned by CCF IV LP and CCPC LP, which were partially offset by lower realized gains on investments and fees and other income.

### Fees and Other Income

Fees and other income in the three months ended March 31, 2017 were \$0.5 million (2016 - \$0.6 million). The following table provides an overview of the total fees and other income attributable to Shareholders and non-controlling interests.



Fees and Other Income (In \$000s)	Three Months Ended March 31,		Attributable to:			
			Shareholders		Non-controlling interests	
	2017	2016	Three Months Ended March 31, 2017		Three Months Ended March 31, 2017	
Special Situations Financing transactions						
Transaction fees - Crown <sup>1</sup>	\$ 150	\$ -	\$ 150	100.00%	\$ -	0.00%
Transaction fees for new loans - CCF IV LP <sup>1</sup>	150	-	53	35.00%	97	65.00%
Other transaction fees - CCF IV LP	47	375	16	35.00%	31	65.00%
Other transaction fees - NCOF II	89	-	62	69.75%	27	30.25%
Interest earned on cash and cash equivalents	32	106	32	100.00%	-	0.00%
Management fee revenue <sup>2</sup>	58	74	58	100.00%	-	0.00%
Total fees and other income	\$ 526	\$ 555	\$ 371		\$ 155	
1. Transaction fees earned by Crown on the one new loan completed by CCF IV LP in 2017 totaled \$300, of which \$150 is attributable to Shareholders as a management fee and \$53 is attributable to Shareholders as a result of Crown's 35% interest in CCF IV LP. 2. Management fee revenue is net of fees charged to NCOF II and CCF IV LP, which are eliminated on consolidation. Management fees charged to NCOF II and CCF IV LP in the three months ended March 31, 2017 were \$645 (2016 - \$211), respectively. For the three months ended March 31, 2017, management fees charged on the portion of contributed capital from non-controlling interests were \$390 (2016 - \$88), respectively.						

The Corporation may receive transaction fees 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. For the three months ended March 31, 2017, such transaction fees totaled \$0.4 million (2016 - \$0.4 million). For the three months ended March 31, 2017, transaction fees were primarily related to the origination of a single loan by CCF IV LP, whereas transaction fees for the three months ended March 31, 2016 related to the provision of an amendment agreement on one investment, also in CCF IV LP.

The Corporation earns investment management fees pursuant to management agreements. The base annual management fees are generally equal to 1.75% of contributed 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 NCOF II and CCF IV LP are eliminated against the management fees expensed by NCOF II and CCF IV LP. The non-controlling interests of each of NCOF II and CCF IV LP incur 30.25% and 65% (50% prior to July 1, 2016, 60% from July 1, 2016 to December 31, 2016), respectively, of the management fees while Crown effectively pays itself for the other 69.75% and 35%, respectively, as a result of its ownership interests. (See also Related Party Transactions)

Management fees of \$57,848 were recognized in the three months ended March 31, 2017 (2016 - \$73,853) from NCOF LP and NCOF II Parallel. Management fees were marginally lower in the three months ended March 31, 2017 largely due to a reduction in the NCOF LP and NCOF II Parallel assets under management.

Crown earns interest on cash and cash equivalents from such investments as short-term investment certificates and interest on savings accounts. These amounts are included in fees and other income. For the three months ended March 31, 2017, interest earned on cash and cash equivalents totaled \$33,238 (2016 - \$105,757). Of this interest, 100% is attributable to Shareholders.

## Interest Revenue

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

Interest Revenue (In \$000s)	Three Months Ended March 31,		Attributable to:			
			Shareholders		Non-controlling interests	
	2017	2016	Three Months Ended March 31, 2017		Three Months Ended March 31, 2017	
Special Situations Financings						
NCOF II	\$ 543	\$ 608	\$ 379	69.75%	\$ 164	30.25%
CCF IV LP	2,979	908	1,043	35.00%	1,936	65.00%
Long-term Financings						
CCPC LP	863	870	863	100.00%	-	0.00%
Total interest revenue	\$ 4,385	\$ 2,386	\$ 2,285		\$ 2,100	

Interest revenue in the three months ended March 31, 2017 was \$4.4 million (2016 - \$2.4 million). Interest revenue increased in the three months ended March 31, 2017 due to interest earned on additional investments made by CCF IV LP.

## Net Gain on Investments

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

Net Gain on Investments (In \$000s)	Three Months Ended March 31,		Attributable to:			
			Shareholders		Non-controlling interests	
	2017	2016	Three Months Ended March 31, 2017		Three Months Ended March 31, 2017	
Special Situations Financings						
NCOF II - realized gains (losses)	\$ 553	\$ 1,741	\$ 386	69.75%	\$ 167	30.25%
sub-total - realized gains (losses)	553	1,741	386		167	
NCOF II - unrealized gains (losses)	(301)	(108)	(210)	69.75%	(91)	30.25%
CCF IV LP - unrealized gains (losses)	1,238	224	433	35.00%	805	65.00%
Long-term Financings						
CCPC LP - unrealized gains (losses)	355	294	355	100.00%	-	0.00%
sub-total - unrealized gains (losses)	1,292	410	578		714	
Total net gains (losses) on investments	\$ 1,845	\$ 2,151	\$ 964		\$ 881	

The Corporation's net gain (loss) on investments in the three months ended March 31, 2017 totaled \$1.8 million (2016 - \$2.2 million). For the three months ended March 31, 2017, \$1.0 million was attributable to Shareholders and \$0.9 million to non-controlling interests.

For the three months ended March 31, 2017, the net change in unrealized gain in fair value of investments of \$1.3 million (2016 - \$0.4 million) was primarily due to increases in the fair value of several loans resulting from decreases in benchmark interest rates used to estimate the present value of future cash flows. These increases were partially offset by decreases in the fair value of the Medicare

Warrants, the Petrowest Warrants and the Petrowest Shares as well as a reversal of previously-recognized unrealized gains that were realized upon repayment of the Corrosion loan on February 27, 2017.

### ***Expenses***

Expenses in the three months ended March 31, 2017 totaled \$1.7 million (2016 - \$1.7 million). Operating costs are mostly fixed with the largest cost being employee compensation, including share-based compensation, amounts accrued for annual employee bonuses and accruals for performance bonus expense.

#### Salaries, management fees and benefits

Salaries, management fees and benefits expense totaled \$0.5 million in the three months ended March 31, 2017 (2016 - \$0.6 million). The decrease in salaries, management fees and benefits expenses in the three months ended March 31, 2017 compared to the same period in 2016 was due primarily to lower accruals for annual employee bonuses.

#### Share-based Compensation

Share-based compensation expense is recognized over the expected vesting period of each award. Share-based compensation totaled \$0.4 million in the three months ended March 31, 2017 (2016 - \$0.4 million).

The Corporation's share-based compensation program includes the issuance of stock options ("**Stock Options**") to employees and share units ("**Share Units**") to employees and directors, including performance share units ("**PSUs**"), restricted share units ("**RSUs**"), Transition Restricted Share Units ("**TRSUs**") and Retainer Restricted Share Units ("**RRSUs**"), to key management personnel, directors and employees. PSU's vest when certain performance objectives are achieved. TRSUs were issued only in 2015 and all vest on July 9, 2018. RSUs issued to employees prior to April 1, 2017 vest on July 9, 2018, January 1, 2019 and January 1, 2020 provided the holder of the Share Units is an employee of the Corporation at the time of vesting. RSUs issued to directors vest over a three-year period from the issue date provided the holder is a director of the Corporation at the time of vesting. RRSUs are issued only to directors and vest immediately upon grant. Upon vesting, each Share Unit may be exchanged for one Common Share.

Stock Options granted are valued using a Black-Scholes formula and the expense is recognized over the vesting period. The Stock Options vest over a three-year period and have a five-year term and an exercise price of \$11.00. In the three months ended March 31, 2017, 31,818 new Stock Options were issued and 6,818 were forfeited. As at March 31, 2017, 146,524 Stock Options had vested but had not been exercised and an additional 324,870 Stock Options which had not vested remained outstanding.

The Corporation issues additional Share Units to employees and directors in lieu of dividends on outstanding Share Units. These Share Units vest on the same date as the respective Share Units for which they were awarded. The number of Share Units issued in lieu of dividends is based on the weighted average trading price of the common shares in the five days preceding payment of a dividend.

The Corporation issued 64,953 Share Units in the three months ended March 31, 2017. In the three months ended March 31, 2017, 21,350 Share Units vested. Of the Share Units that vested in the three

months ended March 31, 2017, 7,119 Share Units were cash-settled for \$70,979 to pay applicable withholding taxes and 14,231 common shares were issued.

#### General and Administration

General and administration expenses totaled \$0.4 million in the three months ended March 31, 2017 (2016 - \$0.4 million). General and administration expenses include costs such as legal and audit fees, travel, promotion, occupancy costs, insurance, office administration and other costs. Compared to the same period in 2016, general and administration expenses in the three months ended March 31, 2017 included higher consulting fees related to staff recruitment and lower legal fees.

#### Performance Bonus Expense

The Corporation has asset performance bonus pool (“**APBP**”) arrangements for certain individuals and entities, primarily employees and pre-IPO shareholders (the “**Pre-IPO APBP Participants**”), (collectively “**APBP Participants**”). For certain investment funds managed by the Corporation, 20% of investment returns in excess of a preferred rate of return earned by the fund accrue to the Corporation as performance fee distributions.

Prior to the closing of the IPO, the Corporation committed to pay 100% of performance fee distributions accrued to June 30, 2015 from NCOF II to the Pre-IPO APBP Participants. In addition, the Corporation’s current compensation policy provides that 50% of such performance fee distributions earned after the closing of the IPO will be distributed to the Pre-IPO APBP Participants who are employees with the other 50% retained by the Corporation.

Allocation of the units of the APBP relating to CCF IV LP commenced in 2015 and will continue until 2022 with 50% of performance fees recognized by the funds allocated to employees. For the three months ended March 31, 2017, Crown accrued performance bonus expense of \$0.2 million (2016 – \$0.4 million). These amounts will only be paid when performance fees are received by the Corporation. No payments were made in the three months ended March 31, 2017 or in the comparable period in 2016.

#### Finance Costs

Finance costs totaled \$0.1 million for the three months ended March 31, 2017 (2016 - \$nil), including standby fees and the amortization of deferred financing costs related to the Company’s senior secured revolving credit facility (the “**Credit Facility**”). The Credit Facility was established effective December 30, 2016 and the balance outstanding at March 31, 2017 was \$nil.

#### ***Earnings before Income Taxes***

For the three months ended March 31, 2017, Crown had earnings before income taxes of \$5.1 million (2015 – \$3.4 million).

#### ***Income Taxes***

For the three months ended March 31, 2017, Crown recorded current tax expense of \$0.7 million (2016 – \$0.7 million) and deferred tax (recovery) of \$47,873 (2016 – (\$18,814)).

The Corporation's consolidated statutory tax rate for the three months ended March 31, 2017 on earnings before income taxes attributable to shareholders of the Corporation was 26.5%.

The deferred income tax asset at March 31, 2017 of \$1.5 million and deferred tax expenses for the three months ended March 31, 2017 result primarily from financing costs associated with the IPO and the Credit Facility which are deductible for tax purposes over a five-year period 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 months ended March 31, 2017, Crown earned net income and comprehensive income of \$4.3 million (2016 – \$2.7 million).

### ***Net Income and Comprehensive Income Attributable to Shareholders of the Corporation and Non-controlling Interests***

For the three months ended March 31, 2017, net income and comprehensive income attributable to Shareholders was \$1.7 million (2016 – \$1.6 million). Net income and comprehensive income attributable to non-controlling interests was \$2.6 million (2016 – \$1.0 million). 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 investment funds, and is net of contractual management fees on the capital of non-controlling interests for the three months ended March 31, 2017 of \$0.4 million (2016 - \$0.1 million), which the Shareholders are entitled to retain.

### **Adjusted EBIT**

Crown achieved Adjusted EBIT in the three months ended March 31, 2017 of \$2.9 million (2016 – \$2.7 million). Adjusted EBIT is calculated by Crown as earnings before financing costs; non-cash, share-based compensation; and income taxes less net income attributable to non-controlling interests.

A reconciliation of earnings before income taxes to Adjusted EBIT for the three months ended March 31, 2017 and March 31, 2016 is shown in the following table:

Reconciliation of Earnings before Income Taxes to Adjusted EBIT (In \$000s)	Three Months Ended March 31,	
	2017	2016
Earnings before income taxes	\$ 5,051	\$ 3,385
Add: financing costs	147	-
Add: non-cash share-based compensation	342	375
Deduct: net income attributable to non-controlling interests	(2,550)	(1,016)
Adjusted EBIT	\$ 2,990	\$ 2,744

Adjusted EBIT in the three months ended March 31, 2017 was higher than in the same period in the prior year primarily due to both higher interest revenue from investments and higher unrealized gains in fair value of investments offset, in part, by lower realized gains on the sale of investments.

The Corporation believes Adjusted EBIT 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 EBIT 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.

### **Liquidity and Capital Resources**

Cash and cash equivalents at March 31, 2017 totaled \$22.2 million (December 31, 2016 - \$19.3 million). Accounts receivable at March 31, 2017 totaled \$2.3 million (December 31, 2016 - \$1.7 million) and was comprised primarily of interest receivable from investments.

The Corporation's current liabilities at March 31, 2017 totaled \$4.4 million (December 31, 2016 - \$4.0 million). Accounts payable and accrued liabilities at March 31, 2017 of \$0.8 million (December 31, 2016 - \$2.0 million) included normal-course amounts due to NCOF LP, NCOF II Parallel, and suppliers.

From time to time, the Corporation may receive interest payments in advance of the period for which the interest charges are applicable. At March 31, 2017, deferred interest revenue was \$1.4 million (December 31, 2016 - \$nil).

Distributions payable to non-controlling interests at March 31, 2017 totaled \$1.7 million (December 31, 2016 - \$1.1 million) and income taxes payable were \$0.6 million (December 31, 2016 - \$0.9 million). Working capital at March 31, 2017 was \$20.1 million (December 31, 2016 - \$17.0 million).

The Corporation, on a non-consolidated basis, retains sufficient capital to ensure it meets minimum excess working capital requirements under applicable securities law. This minimum amount was \$100,000 at March 31, 2017.

On January 9, 2017, CCF IV LP completed a subsequent closing of subscriptions for an additional 50,000 units at \$1,000 per Unit, bringing the total capital committed to CCF IV LP to \$175 million. In this subsequent closing, Crown, through CCFC, subscribed for 11,250 of the 50,000 additional units subscribed, increasing Crown's commitment to \$61.3 million and reducing Crown's controlling interest in CCF IV LP from 40% to 35% effective January 1, 2017. At March 31, 2017, \$81.3 million (71%) of the \$113.8 million committed to CCF IV LP to that date by limited partners other than Crown had been drawn by CCF IV LP, leaving \$32.5 million of committed capital available to CCF IV LP from parties other than Crown. CCF IV LP has a maximum size of \$300.0 million, with additional closings expected to occur prior to September 2018 as opportunities are identified to fund Special Situations Financing transactions and subscriptions in CCF IV LP are received. The Corporation has sufficient liquidity to fund its commitment to CCF IV LP.

On December 30, 2016, Crown entered into an agreement for a \$35.0 million, 36-month, renewable senior secured revolving credit facility with ATB and BDC which is intended to be used primarily to fund the Corporation's capital commitments to CCF IV LP and to fund Long-Term Financings. The balance outstanding on the Credit Facility at March 31, 2017 was \$nil.

Considering the Corporation's working capital, the \$32.5 million of committed capital available to CCF IV LP from parties other than Crown, and the Credit Facility, at March 31, 2017, the Corporation had access to up to approximately \$85.0 million for additional portfolio investments.

### **Investments, at Fair Value through Profit or Loss**

At March 31, 2017, the Corporation held investments in nine Canadian companies. Investments, at fair value through profit or loss, at March 31, 2017 totaled \$172.2 million (December 31, 2016 - \$159.0 million). Additional information about investments at fair value through profit or loss can be found in Note 4, Fair value measurement in the Corporation's condensed consolidated interim financial statements for the three months ended March 31, 2017.

### **Provision for Performance Bonus**

The Corporation has obligations to APBP Participants under the APBP which will become payable in the event certain investment funds, including subsidiary investment funds, exceed minimum returns over their life. The provision for performance bonus at March 31, 2017 totaled \$3.2 million compared to \$2.9 million at December 31, 2016. The provision for performance bonus accrued as at March 31, 2017 represents the portion of performance fees 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 in the related investment funds.

### **Non-Controlling Interests**

As a result of the Rollover Transaction, Crown acquired approximately 69.75% of the outstanding units of NCOF II resulting in non-controlling interests in NCOF II of approximately 30.25%.

In September 2015, the Corporation, through CCFC, subscribed for 50,000 units of CCF IV LP, which at that time was a 50% interest. In July 2016, an additional 25,000 units were subscribed by other investors, reducing the Corporation's interest to 40% and increasing non-controlling interests in CCF IV LP to 60% effective July 1, 2016. In January 2017, CCF IV LP issued an additional 50,000 units, of which the Corporation subscribed for 11,250 units and other investors subscribed for 38,750 units, reducing the Corporation's interest to 35% and increasing non-controlling interests in CCF IV LP to 65% effective January 1, 2017.

At March 31, 2017, non-controlling interests was \$89.0 million (December 31, 2016 - \$73.9 million). The increase compared to December 31, 2016 was due primarily to additional capital contributions to CCF IV LP by non-controlling interests.

### **Share Capital**

As at March 31, 2017, total share capital was \$96.7 million (December 31, 2016 - \$96.6 million).

In the three months ended March 31, 2017, the Corporation issued 14,231 Common Shares to employees and directors as a result of vesting of Share Units. The total value assigned to the Common Shares was \$133,745 and this amount was added to share capital.

On April 8, 2016, the Corporation commenced an NCIB to purchase for cancellation during the next 12 months up to 620,000 Common Shares representing approximately 10% of the public float of Common Shares and approximately 6.5% of the issued and outstanding Common Shares. Under this NCIB program, which expired on April 7, 2017, Crown repurchased and canceled 5,400 Common Shares in the three months ended March 31, 2017 at an average cost of \$9.47 per Common Share.



On April 10, 2017, the Corporation commenced a new 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. This NCIB program will expire on April 9, 2018.

The total number of Common Shares outstanding at March 31, 2017 was 9,523,590 (December 31, 2016 – 9,514,759).

### **Contributed Surplus**

At March 31, 2017, Crown's contributed surplus of \$2.1 million included the opening balance at January 1, 2017 of \$1.9 million plus, for the three months ended March 31, 2017, \$0.4 million for share-based compensation expense recorded for Share Units and Stock Options outstanding during the period less \$0.1 million transferred to share capital for Share Units vested and \$0.1 million for cash-settled share-based compensation.

### **Cash Flows**

Cash and cash equivalents at March 31, 2017 totaled \$22.2 million (December 31, 2016 - \$19.3 million). In the three months ended March 31, 2017, the primary sources of cash flow for the Corporation were non-controlling interest contributions to CCF IV LP to fund the investment in Solo, net income and comprehensive income and proceeds from repayment of the Corrosion investment. Primary uses of cash included completion of the investment in Solo, distributions to non-controlling interests and dividend payments to Shareholders.

On February 2, 2017, the Corporation declared a quarterly dividend of \$0.12 per Common Share. The dividend was paid on March 2, 2017 to Shareholders of record on February 14, 2017.

### **Off-Balance Sheet Arrangements**

As at March 31, 2017, the Corporation, through CCFC, had subscribed for 61,250 units of CCF IV LP. This subscription included a commitment by Crown to provide up to \$61.3 million to CCF IV LP as funds are called by CCF IV LP to fund new Special Situations Financing transactions. As of March 31, 2017, the Corporation had contributed capital to CCF IV LP totaling \$43.8 million and was committed to provide up to an additional \$17.5 million to CCF IV LP. Crown has no other material off-balance sheet arrangements.

### **Related Party Transactions**

Pursuant to limited partnership agreements, NCOF LP and NCOF II Parallel pay management fees to Crown for management services provided. During the three months ended March 31, 2017, Crown earned management fees from NCOF LP and NCOF II Parallel totaling \$57,848 (2016 - \$73,853).

At March 31, 2017, accounts receivable included a total of \$289,838 due from NCOF LP and NCOF II Parallel (2016 - \$148,273). Accounts payable and accrued liabilities included a total amount payable to NCOF LP and NCOF II Parallel of \$165,891 (2016 - \$858,925).

Pursuant to limited partnership agreements, NCOF II and CCF IV LP also pay management fees to Crown for management services provided. Management fees paid to Crown by NCOF II and CCF IV LP 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 the interests of 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 (\$ in 000s)	Three Months Ended March 31,		Notes on Consolidation
	2017	2016	
Transaction fees - Crown	\$ 150	\$ -	included in Revenue - Fees and Other Income
Management Fees charged to NCOF LP and NCOF II (Parallel)	58	74	included in Revenue - Fees and Other Income
Performance fees related to non-controlling interest in CCF IV LP	230	204	allocated from net income to income attributable to Shareholders
Performance fees related to non-controlling interest in NCOF II	42	112	allocated from net income to income attributable to Shareholders
Management fees related to non-controlling interest in CCF IV LP and NCOF II	390	88	allocated from net income to income attributable to Shareholders
	<b>\$ 870</b>	<b>\$ 478</b>	

Crown expects to receive performance fee distributions from NCOF II Parallel in late 2017 or early 2018. Crown estimates the total amount of these performance fees will be approximately \$1.0 million, of which the estimated amount that will be attributable to Shareholders, net of amounts payable to APBP Participants, will be approximately \$0.2 million. No amounts have been accrued in the Corporation's March 31, 2017 unaudited condensed consolidated interim financial statements for performance fee revenues or performance bonus expenses related to NCOF II Parallel.

### Critical Estimates and Accounting Policies

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

Information about judgments, assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements for the three months ended March 31, 2017 and March 31, 2016 are included in the following notes in those financial statements:

- Note 4 – Fair value measurement; and
- Note 7 – Share-based compensation.

Additional information about critical estimates and accounting policies can be found in the Corporation's 2016 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at [www.sedar.com](http://www.sedar.com).

## 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 position or performance when applied at a future date. The Corporation intends to adopt these standards when they become effective.

### *Financial Instruments*

IFRS 9, Financial Instruments ("**IFRS 9**"), will replace IAS 39, Financial Instruments: Recognition and Measurement ("**IAS 39**"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 also introduces a new impairment model based on expected losses. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is evaluating its various debt instruments to determine whether they should be measured at fair value or amortized cost under IFRS 9.

### *Revenue*

IFRS 15, Revenue from Contracts with Customers ("**IFRS 15**"), was issued by the IASB in May 2014, is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2018. The Corporation is currently evaluating the impact of IFRS 15 on its financial statements, if any.

## Financial Instruments and Associated Risks

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and distributions payable to non-controlling interest. The fair values of these financial instruments approximate carrying value due to the short term to maturity of the instruments.

The Corporation, through its subsidiaries CCFC, NCOF II, CCF IV and CCPC LP, also holds investments in debt and equity securities which are measured at fair value through profit or loss.

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 CCF IV LP's interest in the Distinct Shares and the Petrowest Shares. The Corporation's Canadian warrants include CCF IV LP's interest in the Petrowest Warrants and the Medicare Warrants. Petrowest, Distinct, and Medicare are publicly-traded companies. The primary risk to the fair value through profit or loss 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. 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's Canadian debt securities include NCOF II's interest in the loan to CRH, CCF IV LP's loans to Petrowest, Distinct, Gosling, Medicare, Touchstone, Source and Solo and CCPC LP's loan to PenEquity. The primary risk to the fair value through profit or loss of these debt securities is credit risk. These debt securities bear fixed interest rates which limits interest rate risk.

The Corporation's investments at fair value through profit or loss 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 denominated in foreign currencies.

Additional information about financial instruments and associated risks can be found in the Corporation's 2016 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at [www.sedar.com](http://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 further risk to the Corporation is credit risk related to decreases in the value of investments in which Crown has an ownership interest through its investments in the NCOF Funds.

The primary risk factor for NCOF II is credit risk, being the potential inability of its remaining investee company to meet its obligations to the NCOF Funds.

The primary risk factor for CCF IV LP is credit risk, being the potential inability of one or more of the seven portfolio companies to meet their obligations to CCF IV LP. In addition, at March 31, 2017, CCF IV LP held the Petrowest Warrants which were valued at \$0.1 million, the Petrowest Shares which were valued at \$0.2 million, the Distinct Shares which were valued at \$1.6 million, and the Medicare Warrants which were valued at \$2.3 million. A reduction in the value of these warrants or shares would reduce the value of Crown's Investments.

The primary risk factor for CCPC LP is credit risk, being the potential inability of PenEquity to meet its obligations to CCPC LP.

See Note 5 - Financial Risk Management in the Corporation's March 31, 2017 condensed consolidated interim 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](http://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 March 31, 2017. 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 three months ended March 31, 2017 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 CCF IV LP and CCPC LP;
- the investments of CCF IV LP in Special Situations Financing transactions and the potential structuring of such transactions;
- the performance of financing clients;
- the investments of CCPC LP 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 CCF IV LP and CCPC LP 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 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](http://www.sedar.com), including the Annual Information Form.

# Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2017 and 2016

# CROWN CAPITAL PARTNERS INC.

## Condensed Consolidated Interim Statements of Financial Position (unaudited)

(expressed in thousands of Canadian dollars)

As at	March 31, 2017	December 31, 2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 22,213	\$ 19,262
Accounts receivable	2,295	1,747
Prepaid expenses	52	71
	24,560	21,080
Investments, at fair value through profit or loss (Note 4)	172,180	158,951
Equipment	15	16
Deferred financing costs (Note 8)	718	789
Deferred income taxes	1,491	1,539
	<b>\$ 198,964</b>	<b>\$ 182,375</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 831	\$ 2,010
Deferred interest revenue	1,358	-
Distributions payable to non-controlling interest	1,684	1,116
Income taxes payable	545	909
	4,418	4,035
Provision for performance bonus (Note 5)	3,155	2,910
Non-controlling interests (Note 9)	88,979	73,911
<b>Total Liabilities</b>	<b>96,552</b>	<b>80,856</b>
<b>Equity</b>		
Share capital (Note 6)	96,714	96,635
Contributed surplus	2,113	1,900
Retained earnings	3,585	2,984
<b>Total Equity</b>	<b>102,412</b>	<b>101,519</b>
	<b>\$ 198,964</b>	<b>\$ 182,375</b>

### Subsequent events (Note 11)

See accompanying notes to consolidated financial statements.



# CROWN CAPITAL PARTNERS INC.

## Condensed Consolidated Interim Statements of Comprehensive Income (unaudited)

For the three months ended March 31,

(expressed in thousands of Canadian dollars, except earnings per share and weighted average number of shares)

	2017	2016
<b>Revenues</b>		
Fees and other income	\$ 526	\$ 555
Interest revenue	4,385	2,386
Net gain on investments		
Net realized gain (loss) on sale of investments	553	1,741
Net change in unrealized gains in fair value of investments	1,292	410
	6,756	5,092
<b>Expenses</b>		
Salaries, management fees and benefits	480	582
Share-based compensation (Note 7)	414	375
General and administration	417	359
Performance bonus expense	246	390
Depreciation	1	1
Finance costs (Note 8)	147	-
	1,705	1,707
<b>Earnings before income taxes</b>	5,051	3,385
Income taxes		
Current tax expense	709	750
Deferred tax	48	(19)
	757	731
<b>Net income and comprehensive income</b>	\$ 4,294	\$ 2,654
<b>Net income and comprehensive income attributable to:</b>		
Shareholders of the Corporation	\$ 1,744	\$ 1,639
Non-controlling interests (Note 9)	2,550	1,016
	\$ 4,294	\$ 2,655
<b>Earnings per share attributable to shareholders:</b>		
Basic	\$ 0.18	\$ 0.17
Diluted	\$ 0.18	\$ 0.17
Weighted average number of shares, basic	9,521,354	9,493,353
Weighted average number of shares, diluted	9,839,188	9,745,986

See accompanying notes to consolidated financial statements.

# CROWN CAPITAL PARTNERS INC.

## Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

For the three months ended March 31,

(expressed in thousands of Canadian dollars, except number of shares)

	Number of shares	Share capital	Contributed surplus	Retained earnings	Total Equity
Balance as at January 1, 2016	9,488,094	\$ 96,386	\$ 836	\$ 2,038	\$ 99,261
Net income and comprehensive income attributable to shareholders of the Corporation	-	-	-	1,639	1,639
Share-based compensation (Note 7)	-	-	375	-	375
Issuance of common shares (Note 6)	5,908	50	(50)	-	-
Dividends declared (Note 6)	-	-	-	(1,044)	(1,044)
Balance as at March 31, 2016	9,494,002	\$ 96,436	\$ 1,161	\$ 2,633	\$ 100,231
Balance as at January 1, 2017	9,514,759	\$ 96,635	\$ 1,900	\$ 2,984	\$ 101,519
Net income and comprehensive income attributable to shareholders of the Corporation	-	-	-	1,744	1,744
Share-based compensation (Note 7)	-	-	414	-	414
Cash-settled share-based compensation (Note 7)	-	-	(67)	(4)	(71)
Issuance of common shares (Note 6)	14,231	134	(134)	-	-
Shares repurchased (Note 6)	(5,400)	(55)	-	4	(51)
Dividends declared (Note 6)	-	-	-	(1,143)	(1,143)
Balance as at March 31, 2017	9,523,590	\$ 96,714	\$ 2,113	\$ 3,585	\$ 102,412

See accompanying notes to consolidated financial statements.

# CROWN CAPITAL PARTNERS INC.

## Condensed Consolidated Interim Statements of Cash Flows (unaudited)

For the three months ended March 31,

(expressed in thousands of Canadian dollars)

	2017	2016
Cash provided by (used in) operating activities		
Net income and comprehensive income	\$ 4,294	\$ 2,655
Non-cash items:		
Net realized (gain) loss on sale of investments	(553)	(1,741)
Net change in unrealized gains in fair value of investments	(1,292)	(410)
Depreciation	1	1
Deferred income tax	48	(19)
Share-based compensation	342	375
Provision for performance bonus (Note 5)	246	390
Amortization of deferred finance costs (Note 8)	71	-
Net change in non-cash working capital (Note 10)	74	482
	3,231	1,733
Cash provided by (used in) investing activities		
Proceeds from repayment of debt securities	3,616	-
Proceeds from sale of equity securities	-	4,082
Purchase of investments	(15,000)	(375)
Purchase of property, plant & equipment	-	(5)
	(11,384)	3,702
Cash provided by (used in) financing activities		
Non-controlling interest contributions to CCF IV LP (Note 9)	15,448	-
Distributions paid by NCOF II to non-controlling interest	(1,400)	(848)
Distributions paid by CCF IV to non-controlling interest	(961)	(267)
Shares repurchased (Note 6)	(51)	-
Dividends (Note 6)	(1,143)	(1,044)
Net change in non-cash working capital (Note 10)	(789)	-
	11,104	(2,159)
Increase in cash and cash equivalents	2,951	3,276
Cash and cash equivalents, beginning of period	19,262	43,641
Cash and cash equivalents, end of period	\$ 22,213	\$ 46,917
Supplemental cash flow information:		
Interest received in the period	\$ 3,879	\$ 2,384
Income taxes paid in the period	\$ 1,073	\$ -

See accompanying notes to consolidated financial statements.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

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## 1. Reporting entity:

Crown Capital Partners Inc. (the “Corporation”) was incorporated under the Canada Business Corporations Act on September 8, 1999 and commenced operations effective October 1, 2000. The Corporation provides investment management services and its registered office is Suite 888 3<sup>rd</sup> Street S.W., Calgary, Alberta. These condensed consolidated interim financial statements as at and for the three months ended March 31, 2017 and 2016 comprise the Corporation and its subsidiaries.

On July 9, 2015, the Corporation issued 5,910,000 common shares pursuant to an Initial Public Offering (“IPO”). Immediately prior to the closing of the IPO, the Corporation acquired 69.75% of the outstanding limited partnership units of Norrep Credit Opportunities Fund II, LP (“NCOF II”) in exchange for 3,214,494 common shares of the Corporation.

Crown Capital Fund III Management Inc. (“CCF III”), a wholly-owned subsidiary, is the general partner of Norrep Credit Opportunities Fund, LP, NCOF II and Norrep Credit Opportunities Fund II (Parallel), LP and manages these investment funds.

On September 4, 2015, Crown Capital Fund IV Management Inc. (“CCF IV”), a wholly-owned subsidiary, was incorporated. CCF IV is the general partner of Crown Capital Fund IV, LP (“CCF IV LP”). In September 2015, the Corporation, through its wholly-owned subsidiary, Crown Capital Funding Corporation (“CCFC”), subscribed for 50,000 units of CCF IV LP, which at that time was a 50% interest. In July 2016, an additional 25,000 units were subscribed by other investors, reducing the Corporation’s interest to 40% effective July 1, 2016. In January 2017, an additional 50,000 units were issued of which CCFC subscribed for 11,250 units, reducing the Corporation’s interest to 35% effective January 1, 2017. Each unit of CCF IV LP includes a commitment to invest up to \$1,000 in CCF IV LP.

On December 16, 2015, Crown Capital Private Credit Management Inc. (“CCPC MI”), a wholly-owned subsidiary, was incorporated. CCPC MI is the general partner of Crown Capital Private Credit Fund, LP (“CCPC LP”), which was formed on December 16, 2015. The Corporation, through CCFC, owns 100% of the outstanding limited partnership units of CCPC LP.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

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## 2. Basis of preparation:

### (a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Corporation's financial position and results of operations since the last annual consolidated financial statements as at and for the year ended December 31, 2016. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2016.

These condensed consolidated interim financial statements were authorized for issue by the Corporation's Board of Directors on May 9, 2017.

### (b) Basis of measurement:

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

### (c) Functional and presentation currency:

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

### (d) Use of estimates and judgments:

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.

The significant judgments made by management in applying the Corporation's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2016.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

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### 3. Significant accounting policies:

The accounting policies applied to these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements as at and for the year ended December 31, 2016.

(a) New standards and interpretations not yet adopted:

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

**IFRS 9 Financial Instruments:** The new standard, which is intended to replace IAS 39 Financial Instruments: Recognition and Measurement, enhances the ability of investors and other users to understand the accounting of financial assets and reduces complexity. The approach to classifying an asset as either amortized cost or fair value in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of its financial assets. IFRS 9 also introduces a new impairment model based on expected losses. IFRS 9 is effective January 1, 2018 with early adoption permitted. The Corporation is currently assessing each of its agreements to determine the characteristics and if they will be measured at amortized cost or fair value. This process is expected to be complete by the end of the third quarter of 2017.

**IFRS 15 Revenue from Contracts with Customers:** The standard provides guidance on revenue recognition and relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 applies to annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. IFRS 15 will be applied effective January 1, 2018 and the Corporation does not expect any material changes to its financial reporting.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

## 4. Fair value measurement:

### (a) Investments

As at	March 31, 2017		December 31, 2016	
	Cost	Fair Value	Cost	Fair Value
Canadian equity securities	\$ 2,685	\$ 4,244	\$ 2,685	\$ 4,486
Canadian debt securities	165,235	167,936	153,248	154,465
Total Investments	\$ 167,920	\$ 172,180	\$ 155,933	\$ 158,951

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

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

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

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

## 4. Fair value measurement (continued):

### (a) Investments (continued)

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

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

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

The tables below analyze investments measured at fair value at March 31, 2017 and December 31, 2016 by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position. There were no transfers between levels during the period.

March 31, 2017				
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Canadian equity securities	\$ 1,796	\$ -	\$ -	\$ 1,796
Canadian warrants		2,448		2,448
Canadian debt securities	-	-	167,936	167,936
Total Investments	\$ 1,796	\$ 2,448	\$ 167,936	\$ 172,180



# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

## 4. Fair value measurement (continued):

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

December 31, 2016				
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Canadian equity securities	\$ 1,684	\$ -	\$ -	\$ 1,684
Canadian warrants		2,801		2,801
Canadian debt securities	-	-	154,466	154,466
Total Investments	\$ 1,684	\$ 2,801	\$ 154,466	\$158,951

The level 3 investments as at March 31, 2017 and December 31, 2016 comprise private investments in Canadian debt instruments. Each loan is valued using the discounted present value of expected cash flows arising from these debt instruments.

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

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

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

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

## 4. Fair value measurement (continued):

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

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

March 31, 2017	
	Private Debt Securities
Beginning balance, January 1, 2017	\$ 154,466
Purchases	15,000
Repayment	(3,616)
Realized gains	553
Unrealized gains	1,533
Balance, March 31, 2017	\$ 167,936
March 31, 2016	
	Private Debt Securities
Beginning balance, January 1, 2016	\$ 79,737
Unrealized gains	811
Balance, March 31, 2016	\$ 80,548

The most significant input into the calculation of fair value of Level 3 debt investments is the discount rate applied to expected future cash flows. If the discount rate increased (decreased) by 100 bps, the fair value of Level 3 investments at March 31, 2017 would decrease by \$4,235 or increase by \$4,453, respectively.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

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## 4. Fair value measurement (continued):

### (c) Canadian debt instruments

As at March 31, 2017, investments held in the form of Canadian debt securities had coupon interest rates ranging from 8.0% to 14.0% (2016 – 8.0% to 14.0%) per annum with maturity dates from June 1, 2018 to December 15, 2025 (2016 – June 1, 2018 to December 15, 2025).

### (d) Financial instruments not measured at fair value

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

## 5. Provision for performance bonus:

The Corporation has asset performance bonus pool (“APBP”) arrangements for certain individuals and entities, primarily employees and pre-IPO shareholders (the “Pre-IPO APBP Participants”), collectively (“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.

Prior to the closing of the IPO, the Corporation committed to pay 100% of performance fee distributions accrued to June 30, 2015 from NCOF II to the Pre-IPO APBP Participants. In addition, the Corporation’s current compensation policy provides that 50% of such performance fee distributions earned after the closing of the IPO will be distributed to the Pre-IPO APBP Participants who are employees.

Allocation of the units of the APBP relating to CCF IV LP commenced in 2015 and will continue until 2022 with 50% of performance fees recognized by the funds allocated to employees.

As at March 31, 2017, the Corporation had accrued a provision for performance bonus payable of \$3,155 (December 31, 2016 - \$2,910), including \$2,417 (December 31, 2016 - \$2,349) relating to performance fees recognized to date by NCOF II and \$738 (December 31, 2016 - \$561) relating to performance fees recognized to date by CCF IV LP. No amounts were paid during the year. Performance bonus amounts will be paid to APBP Participants 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.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

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## 6. Share capital:

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

Under a normal course issuer bid ("NCIB"), the Corporation has been authorized to purchase up to 620,000 outstanding common shares during the period April 8, 2016 to April 7, 2017, or until such earlier date as the bid is completed or terminated at the Corporation's option. Any shares purchased under this bid are purchased on the open market at the prevailing market price at the time of the transaction. Common shares acquired under this bid are cancelled.

During the three months ended March 31, 2017, the Corporation purchased and cancelled a total of 5,400 shares for total consideration of \$51 (average cost \$9.47 per share), (March 31, 2016 - \$nil). The average book value of the shares repurchased of \$10.16 per share was recorded as a reduction to share capital. The excess of the average book value over the market price, including transaction costs, totaled \$4 (March 31, 2016 - \$nil) and was recorded as an increase to retained earnings. Total shares purchased and cancelled under the NCIB up to March 31, 2017 was 21,578.

During the three months ended March 31, 2017, the Corporation issued 14,231 shares as vested share-based compensation. During the three months ended March 31, 2016, the Corporation issued 5,908 shares as vested share-based compensation (see Note 7). The Corporation, for the three months ended March 31, 2017, reclassified \$134 (March 31, 2016 - \$50) from contributed surplus to share capital for these shares.

During the three months ended March 31, 2017, the Corporation paid dividends of \$0.12 per share (March 31, 2016 - \$0.11 per share) for a total payment of \$1,143 (2016 - \$1,044).

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

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## 7. Share-based compensation:

The Corporation issues performance share units (“PSUs”), restricted share units (“RSUs”), Transition Restricted Share Units (“TRSUs”) and Retainer Restricted Share Units (“RRSUs”), collectively (“Share Units”), to key management personnel, directors and employees. The PSUs vest when certain performance objectives are achieved. TRSUs were issued only in 2015 and all vest on July 9, 2018. RSUs issued to employees vest on July 9, 2018, January 1, 2019 and January 3, 2020 provided the holder of the Share Units remains an employee of the Corporation. RSUs issued to directors vest over a three-year period from the issue date provided the holder remains a director of the Corporation. RRSUs are issued only to directors and vest immediately upon grant and, on the grant date, each is exchanged for one common share of the Corporation.

The Corporation issues additional Share Units to employees and directors in lieu of dividends on outstanding Share Units. These Share Units vest on the same date as the respective Share Units for which they were awarded. The number of Share Units issued in lieu of dividends is based on the weighted average trading price of the common shares in the five days preceding payment of a dividend.

Stock options granted are valued using a Black-Scholes formula and the expense is recognized over the vesting period. The stock options vest over a three-year period and have a five-year term and an exercise price of \$11.00. As at March 31, 2017, 146,524 (December 31, 2016 - 146,524) stock options had vested but had not been exercised and an additional 324,870 (December 31, 2016 – 299,870) stock options which had not vested remained outstanding.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

## 7. Share-based compensation (continued):

The Corporation issued 64,953 and 9,419 Share Units during the three months ended March 31, 2017 and 2016, respectively, and 21,350 and 5,908 Share Units vested, respectively. Of the Share Units that vested in the three months ended March 31, 2017 and 2016, 7,119 and nil Share Units, respectively, were cash-settled for \$71 and \$nil, respectively, to pay applicable withholding taxes, and 14,231 and 5,908, respectively, common shares were issued.

The tables below detail the share-based compensation expense recognized in the three months ended March 31, 2017 and 2016. Share-based compensation expense is recognized over the expected vesting period of each award.

For the three months ended March 31, 2017						
	Number outstanding at January 1, 2017	Issued in period	Vested or exercised	Forfeited	Number outstanding at March 31, 2017	Expensed in period (000's)
TRSU <sup>1</sup>	190,976	2,270	-	-	193,246	\$ 155
PSU <sup>1</sup>	46,410	41,543	(16,235)	-	71,718	162
RSU <sup>1</sup>	51,677	21,140	(5,115)	-	67,702	67
RRSU <sup>s</sup>	-	-	-	-	-	-
Total Share Units <sup>2</sup>	289,063	64,953	(21,350)	-	332,666	384
Stock options <sup>3</sup>	446,394	31,818	-	(6,818)	471,394	30
Total	735,457	96,771	(21,350)	(6,818)	804,060	\$ 414

<sup>1</sup> The TRSUs, PSUs and RSUs issued in the period were new awards and units issued in lieu of dividends on the underlying securities.

<sup>2</sup> 21,350 Share Units vested in the period. 7,119 Share Units were cash-settled and 14,231 common shares were issued.

<sup>3</sup> 146,524 stock options are exercisable as of March 31, 2017 at a weighted average exercise price of \$11.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

## 7. Share-based compensation (continued):

For the three months ended March 31, 2016						
	Number outstanding at January 1, 2016	Issued in period	Vested or exercised	Forfeited	Number outstanding at March 31, 2016	Expensed in period (000's)
TRSUs <sup>1</sup>	181,818	2,586	-	-	184,404	\$ 145
PSUs <sup>1</sup>	36,528	516	-	-	37,044	64
RSUs <sup>1</sup>	29,168	409	-	-	29,577	37
RRSUs	-	5,908	(5,908)	-	-	50
Total Share Units <sup>2</sup>	247,514	9,419	(5,908)	-	251,025	296
Stock options <sup>3</sup>	491,849	-	-	-	491,849	79
Total	739,363	9,419	(5,908)	-	742,874	\$ 375

<sup>1</sup> The TRSUs, PSUs and RSUs issued in the period were new awards and units issued in lieu of dividends on the underlying securities.

<sup>2</sup> 61,387 Share Units vested in the period. 18,544 Share Units were cash-settled and 42,843 common shares were issued.

<sup>3</sup> 146,524 stock options are exercisable as of December 31, 2016 at a weighted average exercise price of \$11.

# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

## 8. Credit facility:

On December 30, 2016, the Corporation entered into an agreement for a \$35 million senior secured revolving credit facility (the "Credit Facility") with Alberta Treasury Branches and Business Development Bank of Canada. The Corporation will use the Credit Facility to fund investments in mid-market corporations. The Credit Facility provides financing at a variable interest rate based on Bankers Acceptances rate plus 375 bps to 425 bps and has a customary set of covenants. The Credit Facility matures in three years and is subject to extension annually. As of March 31, 2017, \$nil (December 31, 2016 - \$nil) has been drawn on the Credit Facility. In relation to the Credit Facility, the Corporation incurred \$789 of deferred financing costs which will be amortized over the initial three-year term. In the three months ended March 31, 2017, \$147 (March 31, 2016 - \$nil) was expensed as finance costs relating to the Credit Facility for amortized deferred financing costs and standby fees.

## 9. Non-controlling interests (NCI):

As at	March 31, 2017		
	NCOF II	CCF IV LP	Total
NCI percentage	30.25%	65.0%	
Beginning balance, January 1, 2017	\$ 5,616	\$ 68,295	\$ 73,911
Net income and comprehensive income	197	2,353	2,550
Contributions	-	15,448	15,448
Distributions	(1,375)	(1,555)	(2,930)
Balance, March 31, 2017	4,438	84,541	88,979

As at	March 31, 2016		
	NCOF II	CCF IV LP	Total
NCI percentage	30.25%	50.0%	
Beginning balance, January 1, 2016	\$ 6,407	\$ 18,164	\$ 24,571
Net income and comprehensive income	535	481	1,016
Contributions	-	-	-
Distributions	(1,407)	(364)	(1,771)
Balance, March 31, 2016	\$ 5,535	\$ 18,281	\$ 23,816



# CROWN CAPITAL PARTNERS INC.

Notes to the condensed consolidated interim financial statements (unaudited)

As at and for the three months ended March 31, 2017 and 2016

(expressed in thousands of Canadian dollars except number of shares and where otherwise indicated)

## 10. Net change in non-cash working capital:

Three months ended March 31,	2017	2016
Accounts receivable	\$ (548)	\$ (3)
Prepaid expenses	18	15
Accounts payable and accrued liabilities	(1,179)	590
Deferred interest revenue	1,358	(870)
Income tax payable	(364)	750
Total	\$ (715)	\$ 482
Net change attributable to operating activities	74	482
Net change attributable to financing activities	(789)	-

## 11. Subsequent events:

- (a) The Corporation announced on April 4, 2017 that it received approval to implement a new NCIB, commencing April 10, 2017 for a twelve month period, with the right to purchase up to 310,000 outstanding common shares.
- (b) CCF IV LP holds senior secured notes of Source Energy Services Canada ("Source"), which include equity participation rights in connection with certain transactions, including an initial public offering. On April 13, 2017, Source completed an initial public offering and will settle CCF IV LP's equity participation rights by issuing 116,057 common shares (the "Source Shares") to CCF IV LP on May 29, 2017. The Source Shares are subject to a lock-up agreement for 180 days which will expire on October 10, 2017.

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# Corporate Directory

## DIRECTORS

**George Fowlie, MBA**  
Chair of the Board

**Robert Gillis, CPA, CA**  
Director

**Christopher A. Johnson, CFA**  
Director

**Glen Roane, MBA, ICD.D**  
Director

**Alan Rowe, CPA, CA**  
Director

**Peter Snucins**  
Director

## OFFICERS

**Christopher A. Johnson, CFA**  
President and  
Chief Executive Officer

**Brent G. Hughes, CFA**  
Executive Vice President,  
Chief Compliance Officer

**Michael Overvelde, CA, CPA, CFA**  
Senior Vice President, Finance  
and Chief Financial Officer

**Tim Oldfield, CA, CPA, CFA, CBV**  
Senior Vice President,  
Chief Investment Officer

## SHAREHOLDER INFORMATION

### Stock Exchange Listing

The Company's common shares are listed on the Toronto Stock Exchange under the symbol "CRWN".

### Shareholder Inquiries

Inquiries regarding change of address, transfer requirements or lost certificates should be directed to the Company's transfer agent.

### Transfer Agent

TSX Trust Company  
1 (866) 393-4891 ext. 205 or  
TMXInvestorServices@tmx.com

### Legal Counsel

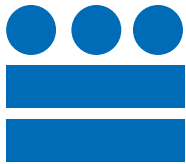
Torys LLP

### Auditors

KPMG LLP

## INVESTOR RELATIONS

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**Crown Capital Partners Inc.**

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