Crown Capital Partners Inc.

2018 FIRST QUARTER REPORT

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Management's Discussion and Analysis

for the three months ended March 31, 2018

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, 2018 is prepared as of May 8, 2018. This discussion is the responsibility of management and should be read in conjunction with the Corporation's March 31, 2018 condensed consolidated interim financial statements and the notes thereto, prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and other public filings available on SEDAR at www.sedar.com. The board of directors of the Corporation has approved this MD&A. All amounts herein are expressed in Canadian dollars unless otherwise indicated. See "Forward-Looking Statements".

References

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

- "**Active**" – Active Exhaust Corp.
- "**Baylin**" – Baylin Technologies Inc.
- "**BGO**" – Bill Gosling Outsourcing Holding Corp.
- "**Canadian Helicopters**" – Canadian Helicopters Limited
- "**CCF III**" – Crown Capital Fund III Management Inc.
- "**CCF IV Investment LP**" – Crown Capital Fund IV Investment, LP
- "**CCF IV LP**" – Crown Capital Fund IV, LP
- "**CCFC**" – Crown Capital Funding Corporation
- "**CCPC LP**" – Crown Capital Private Credit Fund, LP
- "**Data Communications**" – Data Communications Management Corporation
- "**Ferus**" – Ferus Inc.
- "**Marquee**" – Marquee Energy Ltd.
- "**Medicure**" – Medicure Inc.
- "**NCOF II**" – Norrep Credit Opportunities Fund II, LP
- "**NCOF II Parallel**" – Norrep Credit Opportunities Fund II (Parallel), LP
- "**NCOF Funds**" – NCOF II and NCOF II Parallel, collectively
- "**NCOF LP**" – Norrep Credit Opportunities Fund, LP
- "**PenEquity**" – PenEquity Realty Corporation
- "**Petrowest**" – Petrowest Corporation
- "**RBee**" – RBee Aggregate Consulting Ltd.
- "**Solo**" – Solo Liquor Holdings Limited
- "**Source**" – Source Energy Services Canada
- "**Touchstone**" – Touchstone Exploration Inc.

Highlights of the Three Months Ended March 31, 2018

During the three months ended March 31, 2018:

- Crown earned net income and comprehensive income attributable to shareholders of the Corporation ("**Shareholders**") of $0.9 million (2017 - $1.7 million);

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

- On March 2, 2018, Crown paid a quarterly dividend of $0.15 per common share of the Corporation ("**Common Share**") to Shareholders of record on February 16, 2018. This dividend represented an increase of 15% compared with the previous quarterly dividend of $0.13 per share.

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

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

Subsequent Events

Subsequent to March 31, 2018:

- The Corporation announced on April 5, 2018 that it received approval to implement a new normal course issuer bid ("**NCIB**") for the twelve-month period commencing April 10, 2018, with the right to purchase up to 300,000 outstanding common shares. This replaces an NCIB which expired on April 9, 2018.

- On May 8, 2018, Crown announced a quarterly dividend of $0.15 per Common Share payable on June 1, 2018 to Shareholders of record on May 18, 2018.

- On April 30, 2018, CCF IV LP announced an agreement to provide a $12 million, 60-month loan to Data Communications with an interest rate of 10% per annum plus 960,000 common share purchase warrants of Data Communications.

Overall Performance

Total assets decreased to $225.2 million at March 31, 2018 from $229.1 million at December 31, 2017, including an increase in the carrying value of investments to $208.3 million from $181.3 million and a decrease in cash and cash equivalents to $9.6 million from $41.1 million, both of which were primarily related to the closing of the Baylin investment by CCF IV LP in January 2018 for which funds had been contributed by non-controlling interests in December 2017. The decrease in total assets was primarily the result of the adoption of IFRS 9, which resulted in a $2.1 million reduction in the carrying value of investments carried at amortized cost as at January 1, 2018, payment of the remaining $1.0 million provision for performance bonus related to the dissolution of the NCOF Funds in 2017, and a net loss on investments carried at FVTPL of $(0.5) million. Total equity decreased to $103.2 million at March 31, 2018 from $104.4 million at December 31, 2017 due primarily to the $0.9 million reduction to retained earnings upon the adoption of IFRS 9 on January 1, 2018.

Total revenues in the three months ended March 31, 2018 were $5.3 million compared to $6.8 million in the three months ended March 31, 2017. Interest revenue on investments held by CCF IV LP and CCPC LP increased to $5.6 million in the three months ended March 31, 2018 compared to $4.4 million in the three months ended March 31, 2017, primarily due to increased lending activity of CCF IV LP. The increase in interest revenue was more than offset by both a decrease in fees and other income following the adoption of IFRS 9 and a decrease in the net gain / (loss) on investments carried at FVTPL.

Fees and other income for the three months ended March 31, 2018 were $0.2 million, lower than $0.5 million for the comparable period in 2017 reflecting the differences in accounting policy under International Accounting Standards 39 "*Financial Instruments: Recognition and Measurement*" ("**IAS 39**") in 2017 compared with IFRS 9 in 2018. Under IFRS 9, fees earned in relation to the origination of new loans carried at amortized cost are deferred and amortized into interest revenue calculated using the effective interest rate method. Fees earned in relation to the origination of the Baylin investment in the three months ended March 31, 2018 were deferred in this manner.

For the three months ended March 31, 2018, the net (loss)/gain on investments carried at FVTPL was $(0.5) million compared to $1.8 million in the three months ended March 31, 2017. The net loss on investments for the three months ended March 31, 2018 was comprised of a net unrealized loss on investments of $(0.5) million (2017 – net gain of $1.3 million) and net realized gains from investments of $nil (2017 - $0.6 million).

Expenses in the three months ended March 31, 2018 were $1.9 million compared with $1.7 million in the three months ended March 31, 2017. The increase in the three months ended March 31, 2018 compared with the comparable period in 2017 relates primarily to a higher accrual for annual employee bonuses.

In the three months ended March 31, 2018, net income and comprehensive income attributable to Shareholders was $0.9 million compared with $1.7 million in the three months ended March 31, 2017.

Compared with the comparable prior-year period, net income and comprehensive income attributable to Shareholders in the three months ended March 31, 2018 was lower due primarily to lower levels of fee income and net gain/(loss) on investments, partially offset by higher interest revenue resulting from a higher level of capital invested in interest-generating loans and a lower tax expense.

Crown consolidates 100% of its approximate 36.5% effective interest in CCF IV LP (50% prior to July 1, 2016, 40% between July 1, 2016 and December 31, 2016, and 35% between January 1, 2017 and June 30, 2017) and its 100% interest in CCPC LP and reflects the interests of other investors in these funds as non-controlling interests. The NCOF Funds were dissolved on June 30, 2017. Prior to its dissolution, Crown consolidated 100% of its approximate 69.75% interest in NCOF II. Crown holds its interests in CCF IV LP and CCPC LP through CCFC, a 100%-owned subsidiary. Crown's 100%-owned subsidiary CCF III is the general partner and manager of NCOF LP. The financial results of the Corporation as at and for the three months ended March 31, 2018 discussed in this MD&A include the results of operations of CCFC, NCOF II (to date of dissolution), CCF IV LP, CCPC LP and CCF III.

Business Overview

Crown is a specialty finance company focused on providing capital to successful Canadian companies and select U.S. companies seeking alternative financing solutions compared to those provided by traditional capital providers such as banks and private equity funds. Crown also manages capital pools, including some in which Crown has 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, transaction fees and realized and unrealized gains on investments made by its consolidated investment funds - NCOF II (until its dissolution on June 30, 2017), CCF IV LP and CCPC LP - and management and performance fees as the fund manager of NCOF LP and NCOF II Parallel (until its dissolution on June 30, 2017).

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

Crown 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**").

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.

Portfolio at March 31, 2018

At March 31, 2018, Crown held ownership interests in twelve loans.

Borrower	Loan Principal Amount Outstanding at December 31, 2017[1]	Loan Principal Amount Outstanding at March 31, 2018[1]	Attributable at March 31, 2018 to:		Status
			Shareholders	Non-controlling interests	
Special Situations Financing transactions					
Petrowest[2,4]	$6,826,905	$6,826,905	$2,494,841	$4,332,064	Default
BGO[3]	$15,000,000	$15,000,000	$5,481,636	$9,518,364	Current
Touchstone[2]	$15,000,000	$15,000,000	$5,481,636	$9,518,364	Current
Source[3]	$12,428,000	$12,428,000	$4,541,718	$7,886,282	Current
Solo[3]	$15,000,000	$15,000,000	$5,481,636	$9,518,364	Current
Marquee[2]	$30,000,000	$30,000,000	$10,963,272	$19,036,728	Current
Ferus[2]	$25,000,000	$25,000,000	$9,136,060	$15,863,940	Current
RBee[2]	$18,173,095	$18,173,095	$6,641,219	$11,531,876	Current
Active[3]	$7,000,000	$7,000,000	$2,558,097	$4,441,903	Current
Canadian Helicopters[3]	$8,000,000	$8,000,000	$2,923,539	$5,076,461	Current
Baylin[2,5]	N/A	$30,000,000	$10,963,272	$19,036,728	Current
Long-Term Financing transactions					
PenEquity[2]	$25,000,000	$25,000,000	$25,000,000	Nil	Current

Notes: (1) Loan principal amounts represent the Corporation's interest in the par value of each loan. For all loans, only the amounts attributable to Shareholders and non-controlling interests are included in the Corporation's March 31, 2018 condensed consolidated interim financial statements. The pro rata portions held by co-investors, if any, are excluded. (2) As at March 31, 2018, the loan component of this investment is carried at amortized cost. (3) As at March 31, 2018, the loan component of this investment is carried at FVTPL. (4) In August 2017, Ernst & Young Inc. was appointed Receiver of Petrowest. A $12 million bridge loan to Petrowest, of which $2 million had been syndicated to a third party, and a $15 million term loan to Petrowest were consolidated during the three months ended December 31, 2017 into a single $27 million loan of which CCF IV LP holds an interest of approximately 92.6%. A portion of this consolidated Petrowest loan was converted into a loan to RBee as consideration for the acquisition of the assets of RBee from the Petrowest receivership. (5) The total size of the Baylin loan was $33 million of which $3 million was syndicated in equal parts to two third parties.

Following the adoption of IFRS 9 effective January 1, 2018, the Corporation measures some of its debt investments at amortized cost and others at FVTPL. Crown's business model generally involves holding debt investments with the objective of collecting contractual cash flows to maturity rather than holding to sell. The Corporation is therefore required to assess the contractual terms of the cash flows to determine appropriate classification and measurement of its debt investments. Debt investments that give rise to cash flows that are solely payments of principal and interest are carried at amortized cost.

Debt investments that give rise to cash flows that are other than solely payments of principal and interest (e.g., debt investments with contractual bonus interest payments) are carried at FVTPL. The current classification of each debt investment in the Corporation's investment portfolio is indicated in the above table. For periods prior to January 1, 2018, all investments were measured at FVTPL.

In addition to the above loans, at March 31, 2018, CCF IV LP held ownership interests in 450,000 Medicure common share purchase warrants, 116,059 Source common shares, 37,500,000 Marquee common share purchase warrants, 620,456 Baylin common share purchase warrants, warrants to acquire common shares of Ferus at nominal cost, a 50% common equity stake in RBee with nominal fair value and a royalty agreement with a maturity date of October 31, 2021 entitling it to payment of 1% of Touchstone's gross revenue from production.

Loan Risk Rating

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

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

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

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

Portfolio Company Updates

The following tables set forth certain summary information in respect of loans held by Crown as at March 31, 2018. 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

Petrowest Corporation

Investment Status:

On August 15, 2017, Ernst & Young Inc. was appointed receiver of Petrowest. On November 9, 2017, a $12 million bridge loan to Petrowest, of which $2 million had been syndicated to a third party, and a $15 million term loan to Petrowest were consolidated into a single $27 million loan of which CCF IV LP holds an interest of approximately 92.6%.

On November 9, 2017, approximately $19.6 million of the loan payable by Petrowest to CCF IV LP and its syndicate partner (CCF IV LP interest - $18.2 million) was assigned as consideration for the CCF IV LP syndicate's share of the cost of acquiring substantially all of the assets of RBee, at which point this amount became receivable as a demand loan from RBee. As at March 31, 2018, no other repayments of Petrowest loan principal had been received and the total amount owing by Petrowest to CCF IV LP and its syndicate partner included $7.4 million of loan principal (CCF IV LP interest - $6.8 million) in addition to accrued interest and fees.

On February 23, 2018, CCF IV LP and its syndicate partner received a distribution of $1.5 million from Petrowest (CCF IV LP interest - $1.4 million) representing partial repayment of accrued interest and fees as at that date. On April 24, 2018 a further distribution of $6.0 million was received from Petrowest (CCF IV LP interest - $5.6 million), of which approximately $5.4 million (CCF IV LP interest - approximately $5.0 million) represented a partial repayment of principal.

Crown continues to expect that CCF IV LP will recover, through its ownership interest in and loan to RBee and from other cash proceeds from the sale of Petrowest's assets through the receivership process, the full amount of its outstanding loan to Petrowest in addition to all interest and certain fees receivable from Petrowest.

Industry: Diversified

Capital Investment: $6.8 million (original investment $25 million)

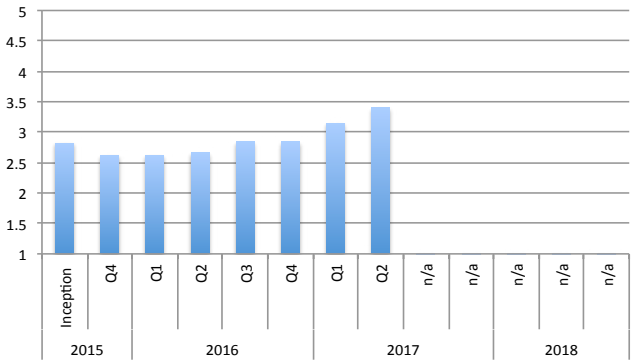
Investment Date: September 29, 2015 and May 19, 2017 [2]

Terms: N/A; repayment subject to the collection and allocation of receivership liquidation proceeds

Interest Rate: 14% (default rate)

Bonus / Participation: 7,703,614 common shares [3]

Loan Risk Rating [1]



Note 1: Crown's Loan Risk Rating methodology was not applicable to the Petrowest loan as at March 31, 2018 as it was in receivership.

Note 2: CCF IV LP's initial $15 million, 36-month term loan investment was made on September 29, 2015. On May 19, 2017, this loan was replaced with a new, $15 million, 36-month term loan and an additional $12 million, six-month bridge loan (CCF IV LP interest - $10 million) was extended by CCF IV LP and a syndicate partner, bringing CCF IV LP's aggregate investment in Petrowest at that date to $25 million.

Note 3: A $(1.1) million realized loss reflecting a write-off of the value of the Petrowest shares was recorded in the three months ended September 30, 2017.

Bill Gosling Outsourcing Holding Corp.

Business Description: Founded in 1955 and headquartered in Newmarket, Ontario, BGO is a privately-owned global provider of call center solutions to blue chip and emerging high-growth clients. It operates eight offices in Canada, the U.S., the U.K. and the Philippines and employs approximately 2,000 full time equivalents.

Business Overview: In November 2017, the Ontario Legislature passed Bill 148 instituting a minimum wage increase to $14 per hour on January 1, 2018 and to $15 per hour on January 1, 2019. The wage increases will impact the cost structure at BGO as it operates two large call centres in Ontario. BGO has been working to mitigate the impact and expects that by the first quarter of 2019 profitability will be restored to levels experienced in the fourth quarter of 2017.

Industry: Business Process Outsourcing

Capital Investment: $15 million

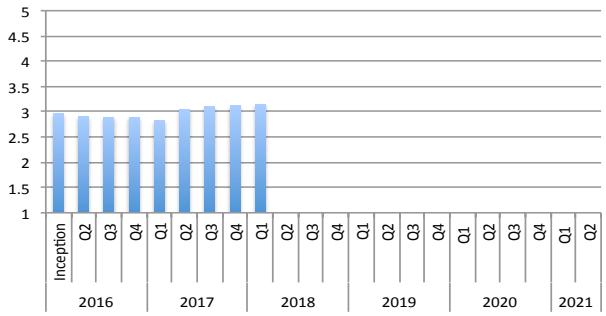
Investment Date: May 25, 2016

Term: 60 months

Interest Rate: Not disclosed

Bonus / Participation: Share of increase in enterprise value from date of loan to repayment

Loan Risk Rating



Touchstone Exploration Inc.

Business Description: Headquartered in Calgary, Alberta, Touchstone (TSX:TXP) is a publicly-traded 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: Touchstone reported net revenue of $7.3 million and EBITDA of $1.4 million for the three months ending December 31, 2017. On a trailing twelve-month basis ending December 31, 2017, Touchstone reported revenue of $23 million and EBITDA of $5.4 million. For the three months ended December 31, 2017, Touchstone reported average oil production of 1,448 barrels per day at a realized price of US$54.83 per barrel, an increase of of 1% and a decrease of 8%, respectively, compared to the prior quarter.

Industry: Oil and Gas

Capital Investment: $15 million

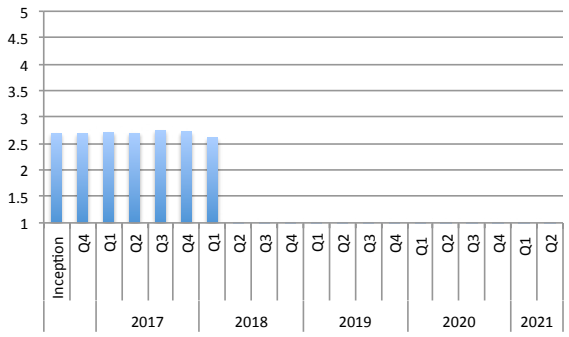
Investment Date: November 23, 2016

Term: 60 months

Interest Rate: 8%

Bonus / Participation: Royalty of 1% of gross revenue from production until October 31, 2021

Loan Risk Rating



Source Energy Services

Business Description: Headquartered in Calgary, Alberta, Source (TSX: SHLE) 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.

Business Overview: Source reported revenue of $75.2 million and adjusted EBITDA of $13.1 million for the three months ending December 31, 2017. On a trailing twelve-month basis ending December 31, 2017, Source reported revenue of $289.5 million and adjusted EBITDA of $43.6 million. On January 19, 2018, Source announced that it had filed updated *National Instrument 43-101* technical reports for each of its three mineral projects in Wisconsin, United States and that the Inferred Mineral Resource estimates for the Summer Mine, Blair Mine, and Preston Mine were unchanged from previous technical reports at 94.1 million metric tonnes, 25 million metric tonnes, and 32.3 million metric tonnes, respectively. On February 20, 2018 Source provided an operational update indicating a number of weather related delays in rail shipments in January and February and that unfilled sales orders from the first quarter of 2018 will ultimately be filled throughout the remainder of 2018 such that Source's overall 2018 results are not expected to be impacted by these delays.

Industry: Energy Services

Capital Investment: $12.4 million of Senior Secured First Lien Notes (original investment $15 million)

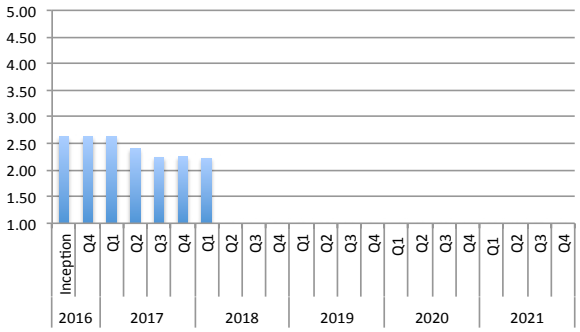
Investment Date: December 8, 2016

Term: 60 months

Interest Rate: 10.5%

Bonus / Participation: 116,059 common shares

Loan Risk Rating



Solo Liquor Holdings Limited

Business Description: Solo is a Calgary, Alberta-based, privately-owned company engaged in the retail sale of liquor. As at December 31, 2017, Solo had 62 retail liquor stores operating in Alberta with an additional 4 stores under construction.

Business Overview: 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 greater than 80 stores 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.

Industry: Retail

Capital Investment: $15 million

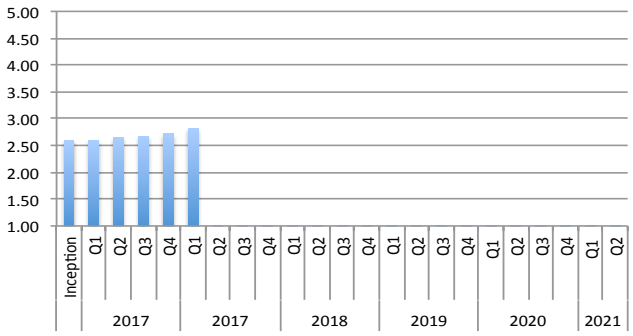
Investment Date: February 24, 2017

Term: 36 months

Interest Rate: Not disclosed

Bonus / Participation: Share of increase in enterprise value from date of loan to repayment

Loan Risk Rating



Marquee Energy Ltd.

Business Description: Headquartered in Calgary, Alberta, Marquee (TSXV:MQX) is a publicly traded company engaged in acquiring interests in petroleum and natural gas rights, and the exploration, development, production and sale of petroleum and natural gas. Marquee's core operation is located in Alberta's Michichi area, which contributes approximately 90% of corporate production.

Business Overview: Marquee reported net revenue of $7.5 million and EBITDA of $1.5 million for the three months ending December 31, 2017. On a trailing twelve-month basis ending December 31, 2017, Marquee reported net revenue of $30.6 million and EBITDA of $8.5 million. For the three months ended December 31, 2017, production averaged 2,874 boe/d, up from 2,791 boe/d in the prior quarter, consisting of approximately 46% of oil and liquids.

Industry: Oil and Gas

Capital Investment: $30 million

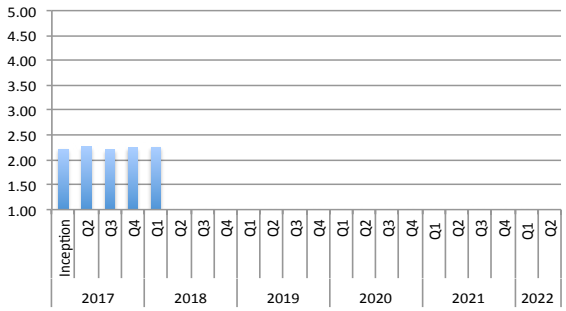
Investment Date: May 30, 2017

Term: 60 months

Interest Rate: 10%

Bonus / Participation: 37,500,000 common share purchase warrants

Loan Risk Rating



Ferus Inc.

Business Description: Headquartered in Calgary, Alberta, Ferus is the leading provider of industrial gases to the energy sector in the Western Canadian Sedimentary Basin with an approximate market share of 50% in the Montney resource play. As an integrated supplier of nitrogen and carbon dioxide for the energized fracturing industry, Ferus owns and operates numerous production plants, tractor-trailer units, and fixed and portable storage units.

Business Overview: Energized hydraulic fracturing involves the use of cryogenic products (N2 and CO2) to increase energy content and reduce water use in well fracturing. The benefits of energized fracking include superior hydrocarbon recovery, reduced chemical and water requirements and decreased water disposal costs. Energized fracturing is primarily used in low-pressure reservoirs, low permeability reservoirs and areas where water availability and disposal are problematic. Ferus' logistics fleet, consisting of approximately 55 tractors and 80 bulk transport trailers, is designed to meet the demanding off-road requirements of the oil and gas industry.

Industry: Energy Services

Capital Investment: $25 million

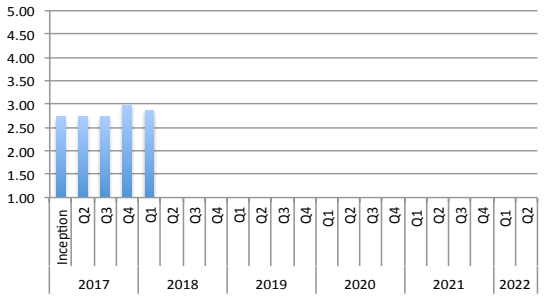
Investment Date: June 27, 2017

Term: 60 months

Interest Rate: Not disclosed

Bonus / Participation: Nominal cost share purchase warrants

Loan Risk Rating



RBee Aggregate Consulting Ltd.

Business Description: Headquartered in Gibbons, Alberta, RBee has one of the largest mobile crushing fleets in Western Canada, producing roughly 5 million tonnes of crushed aggregate per year. With over 35 years of experience, previously operating as RBee Crushing, RBee offers its expertise to municipal and provincial governments, independent gravel pit owners and both private and public companies. RBee is 50%-owned by each of the management of RBee and a lending syndicate comprised of CCF IV LP (approximate interest in RBee of 46.3%) and a syndicate partner (approximate interest in RBee of 3.7%).

Business Overview: On November 9, 2017, RBee acquired the assets of Petrowest's Civil division effective November 1, 2017 for total consideration of $30.3 million (subject to final closing adjustments), including the assumption of approximately $19.6 million (CCF IV LP interest - $18.2 million) of loans made by CCF IV LP and its syndicate partner with the balance funded by third-party bank debt.

Industry: Diversified

Capital Investment: $18.2 million

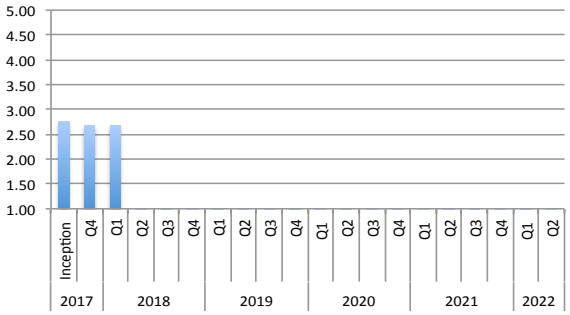
Investment Date: November 9, 2017

Term: Payable on demand

Interest Rate: Not disclosed

Bonus / Participation: 46.3% common equity interest

Loan Risk Rating



Active Exhaust Corp.

Business Description: Headquartered in Toronto, Ontario, Active is a manufacturer of complete exhaust systems and components for major global original equipment manufacturers ("OEMs") operating in the off-road equipment sector. Active has a 180,000 square foot manufacturing facility in Toronto as well as manufacturing operations in China and India through majority-owned joint ventures.

Business Overview: For over 50 years, Active has designed and manufactured industry leading exhaust systems, ranging from standard mufflers to custom-engineered exhaust and emission solutions to meet environmental demands. Active sells its products to leading OEMs in four primary categories: agriculture, commercial turf care, construction, and ATV/utility vehicles. CCF IV LP advanced a $7 million term loan on December 21, 2017 to fund a minority shareholder buyout by the CEO and majority shareholder.

Industry: Manufacturing

Capital Investment: $7 million

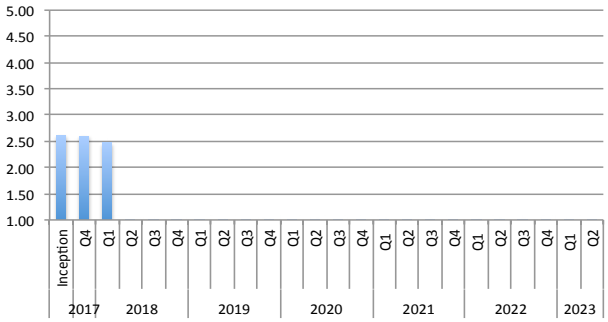
Investment Date: December 21, 2017

Term: 66 months

Interest Rate: Not disclosed

Bonus / Participation: Share of increase in enterprise value from date of loan to repayment

Loan Risk Rating



Canadian Helicopters Limited

Business Description: Headquartered in Montreal, Quebec, Canadian Helicopters is the largest helicopter transportation services company operating in Canada with a network of 25 strategically located bases capable of providing operations in every geographical region in Canada. Canadian Helicopters operates over 90 light, medium, and heavy lift helicopters and, in addition to charter services, provides flight training and helicopter repair & maintenance services.

Business Overview: Canadian Helicopters provides helicopter transportation services to a diverse array of clients including onshore and offshore oil and gas, military support, mineral exploration, hydro/utilities, forest management, construction, air ambulance, and search & rescue. CCF IV LP advanced an $8 million term loan on December 27, 2017 as partial funding of a management buyout led by the CEO of Canadian Helicopters.

Industry: Transportation

Capital Investment: $8 million

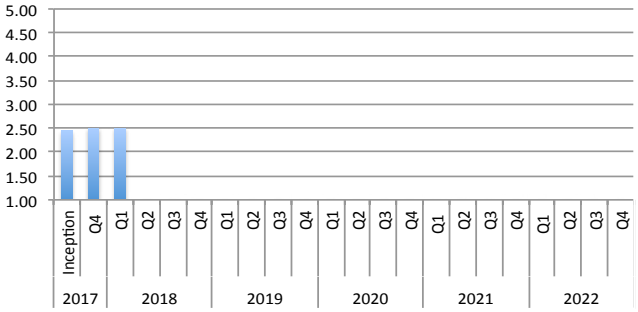
Investment Date: December 27, 2017

Term: 60 months

Interest Rate: Not disclosed

Bonus / Participation: Share of increase in enterprise value from date of loan to repayment

Loan Risk Rating



Baylin Technologies Inc.

Business Description: Headquartered in Toronto, Ontario, Baylin is a publicly traded (TSX:BYL) global technology company engaged in the research, development, manufacture and sale of a range of antennas and communications solutions for the mobile, networking and wireless infrastructure markets. Baylin offers a portfolio of leading off-the-shelf antenna products as well as custom engineered solutions to meet the specifications for its customers' mobile, networking and wireless infrastructure needs.

Business Overview: Baylin is one of few antenna manufacturers with design capabilities for indoor and outdoor cellular antenna systems, small cells, set-top boxes and mobile phones. To date, Baylin has produced more than one billion antennas and designed over 2,000 unique custom antennas. The company has production capacity of 250 million antennas per year across three manufacturing facilities in China, South Korea, and Vietnam. On January 17, 2018 Crown announced the closing of a $33.0 million term loan to Baylin, of which CCF IV LP advanced $30.0 million and two of CCF IV LP's institutional limited partners advanced a total of $3.0 million. Baylin used proceeds of this term loan to acquire the radio frequency, terrestrial microwave and antenna equipment divisions of Advantech Wireless Inc. and its affiliates.

Industry: Technology

Capital Investment: $30 million

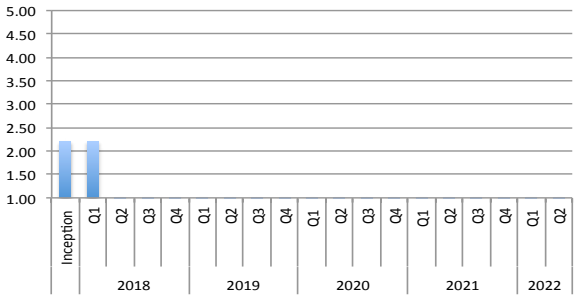
Investment Date: January 17, 2018

Term: 60 months

Interest Rate: 9%

Bonus / Participation: 620,456 warrants

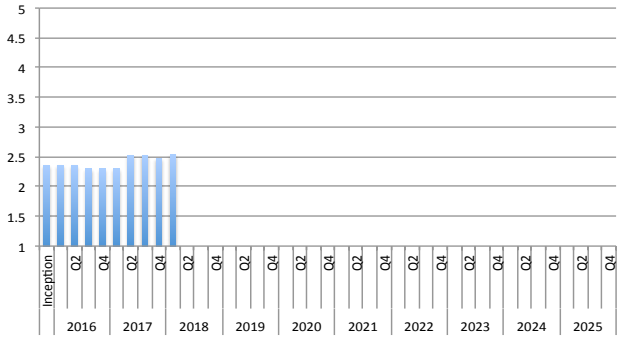
Loan Risk Rating



Long-Term Financing

PenEquity Realty Corporation	
Business Description:	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.
Business Overview:	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. The Barrie projects continue to progress towards final completion. Stoney Creek construction commenced in the second quarter of 2017 and London pre-construction leasing is underway.
Industry:	Real Estate Development
Capital Investment:	$25 million
Investment Date:	December 16, 2015
Term:	120 months
Interest Rate:	Not disclosed
Bonus / Participation:	None

Loan Risk Rating



All of the above loans, except the Touchstone, Petrowest and RBee loans, are payable by way of a single payment due at the end of the term. Principal payments on the Touchstone loan commence on January 1, 2019 in the amount of $810,000 per quarter. Approximately $5.0 million of principal related to the Petrowest loan was repaid subsequent to March 31, 2018. The timing and extent of additional principal repayments related to the Petrowest loan will depend upon the timing and extent of proceeds received in the receivership process from the liquidation of its net assets, which were uncertain as at March 31, 2018. The RBee loan is payable upon demand.

Outlook

Management continues to place a high priority on new originations of both Special Situations Financing and Long-Term Financing transactions. Market conditions for deploying capital in Crown's market segment are currently favorable and the pipeline of potential transactions is strong.

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.

Due to a number of repayments in 2017, Crown has carried more cash than expected and as at March 31, 2018 had not yet drawn on its senior secured revolving credit facility (the "**Credit Facility**"). Crown

now intends to deploy the majority of its cash and cash equivalents and to draw from its existing Credit Facility to fund investment in additional Special Situations Financing and Long-Term Financing transactions by mid-2018. 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 $27.0 million of committed capital available to CCF IV LP from parties other than Crown, and the Credit Facility, at March 31, 2018, the Corporation had access to up to approximately $61.0 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, 2016 to March 31, 2018.

Quarterly Results Summary	Three Months Ended							
(In $000s except per share amounts and number of shares)	March 31 2018 [1]	December 31 2017	September 30 2017	June 30 2017	March 31 2017	December 31 2016	September 30 2016	June 30 2016
Revenue:								
Interest revenue	$ 5,563	$ 5,487	$ 4,816	$ 5,623	$ 4,385	$ 3,589	$ 2,968	$ 2,568
Fees and other income	199	1,888	141	3,080	526	2,225	160	814
Performance fee distributions	-	-	-	1,044	-	-	-	-
Net realized gain/(loss) on sale of investments	-	1,144	(1,086)	2,733	553	-	-	-
Net change in unrealized gains in fair value of investments	(458)	417	1,731	(4,765)	1,292	(397)	(255)	1,603
Total revenue	$ 5,304	$ 8,936	$ 5,602	$ 7,715	$ 6,756	$ 5,417	$ 2,873	$ 4,985
Total comprehensive income, net of non-controlling interests	$ 900	$ 2,112	$ 1,113	$ 1,767	$ 1,744	$ 877	$ 833	$ 1,749
Weighted average shares outstanding - basic	9,496,786	9,520,611	9,538,188	9,519,598	9,521,354	9,504,362	9,514,921	9,492,045
Total comprehensive income per share - basic	$ 0.09	$ 0.22	$ 0.12	$ 0.19	$ 0.18	$ 0.09	$ 0.09	$ 0.18
Weighted average shares outstanding - diluted	9,858,898	9,837,088	9,848,924	9,853,463	9,839,188	9,674,272	9,803,951	9,744,369
Total comprehensive income per share - diluted	$ 0.09	$ 0.21	$ 0.11	$ 0.18	$ 0.18	$ 0.09	$ 0.08	$ 0.18
Investments	$ 208,289	$ 181,302	$ 194,742	$ 194,096	$ 172,180	$ 158,951	$ 99,410	$ 99,414
Total assets	$ 225,159	$ 229,050	$ 216,284	$ 222,445	$ 198,964	$ 182,375	$ 151,569	$ 138,226
Total equity	$ 103,166	$ 104,449	$ 103,492	$ 103,376	$ 102,412	$ 101,519	$ 101,345	$ 101,368
Shares outstanding at the end of the period	9,484,167	9,510,017	9,540,575	9,517,432	9,523,590	9,514,759	9,519,071	9,495,210
Total equity per share - basic	$ 10.88	$ 10.98	$ 10.85	$ 10.86	$ 10.75	$ 10.67	$ 10.65	$ 10.68

1. IFRS 9 was adopted on January 1, 2018 on a retrospective basis without restatement of prior periods. Accordingly, prior periods are not presented on a comparable basis.

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

Discussion of Operations

Revenues

Revenues of $5.3 million were recognized in the three months ended March 31, 2018 (2017 – $6.8 million). Revenues for the three months ended March 31, 2018 were lower than the same period in the prior year due to a reduced level of fee income recognition following the adoption of IFRS 9 and a lower level of net investment gains, partially offset by higher interest revenue earned by CCF IV LP resulting from a higher level of investment.

Fees and Other Income

Fees and other income in the three months ended March 31, 2018 were $0.2 million (2017 - $0.5 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	Three Months Ended March 31,		Attributable to:			
			Shareholders		Non-controlling interests	
(In $000s)	2018	2017	Three Months 2018		Three Months 2018	
Special Situations Financing:						
Transaction fees - Crown[1]	$ 30	$ 150	$ 30	100.00%	$ -	0.00%
Transaction fees for new loans - CCF IV LP[1]	-	150	-	36.54%	-	63.46%
Other income - CCF IV LP	93	47	34	36.54%	59	63.46%
Other income - NCOF II	-	89	-	N/A	-	N/A
Subtotal	123	436	64		59	
Other interest income[2]	44	32	44	100.00%	-	0.00%
Management fee revenue[3]	32	58	32	100.00%	-	0.00%
Total fees and other income	$ 199	$ 526	$ 140		$ 59	

1. Transaction fees earned by Crown on new loans completed by CCF IV LP in the three months ended March 31, 2018 totaled $745 (March 31, 2017 - $300), of which $330 is attributable to Shareholders as syndication and management fees and $152 is attributable to Shareholders as a result of Crown's interest in CCF IV LP. Of total transaction fees earned in the three months ended March 31, 2018, $715 related to investments carried at amortized cost, which were deferred and not recognized as fee income in the period.

2. Other interest income is comprised of interest earned on cash and cash equivalents and on share purchase loans.

3. Management fee revenue excludes 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, 2018 were $609 (March 31, 2017 - $645). For the three months ended March 31, 2018, management fees charged on the portion of contributed capital from non-controlling interests were $386 (March 31, 2017 - $390).

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, 2018, transaction fees and other income totaled $0.1 million (2017 - $0.4 million). Transaction fees and other income were lower in the three months ended March 31, 2018 due to the adoption of IFRS 9, which requires deferring transaction

fees on investments carried at amortized cost with such fees amortized into interest income over the terms of related loans using the effective interest rate method. In the three months ended March 31, 2018, the Corporation received transaction fees totaling $0.7 million in relation to loans carried at amortized cost, of which $30,000 was recognized as fee income in the period.

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

On consolidation, 100% of management fees earned from CCF IV LP are eliminated against the management fees expensed by CCF IV LP. The non-controlling interests of CCF IV LP incur approximately 63.5% (50% prior to July 1, 2016, 60% from July 1, 2016 to December 31, 2016, 65% from January 1, 2017 to June 30, 2017) of the management fees while Crown effectively pays itself for the other approximately 36.5% as a result of its ownership interests. Prior to the dissolution of NCOF II effective June 30, 2017, 100% of the management fees earned from NCOF II had similarly been eliminated against the management fees expensed by NCOF II. (See also Related Party Transactions)

Management fees of $32,375 were recognized in the three months ended March 31, 2018, (2017 - $57,848) from NCOF LP and NCOF II Parallel. The elimination of management fees from NCOF II Parallel subsequent to its dissolution was responsible for the decline in total management fees in the three months ended March 31, 2018 compared with the prior year.

Other interest income includes interest earned from savings accounts and such investments as short-term investment certificates, and includes interest earned from share purchase loans. These amounts are included in fees and other income. For the three months ended March 31, 2018, other interest income totaled $43,607 (2017 - $33,238). Of this interest, 100% is attributable to Shareholders. Other interest income increased in the three months ended March 31, 2018 due to a higher level of share purchase loans, partially offset by lower average levels of cash and cash equivalents.

Interest Revenue

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

Interest Revenue	Three Months Ended March 31,		Attributable to:			
			Shareholders		Non-controlling interests	
(In $000s)	2018	2017	Three Months Ended March 31, 2018		Three Months Ended March 31, 2018	
Special Situations Financing:						
NCOF II	$ -	$ 543	$ -	N/A	$ -	N/A
CCF IV LP	4,689	2,979	1,713	36.54%	2,976	63.46%
Long-term Financing:						
CCPC LP	874	863	874	100.00%	-	0.00%
Total interest revenue	$ 5,563	$ 4,385	$ 2,587		$ 2,976	

Interest revenue in the three months ended March 31, 2018 was $5.6 million (2017 - $4.4 million). Interest revenue increased in the three months ended March 31, 2018 primarily due to interest earned on additional investments made by CCF IV LP, partially offset by lower interest earned from NCOF II resulting from the repayment of investments. Following the adoption of IFRS 9 effective January 1, 2018, interest revenue on loan investments carried at amortized cost is calculated using the effective interest rate method and includes an amortization component which totaled $0.3 million in the three months ended March 31, 2018.

Net Gain on Investments

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

Net Gain on Investments	Three Months Ended March 31,		Attributable to:			
			Shareholders		Non-controlling interests	
(In $000s)	2018	2017	Three Months Ended March 31, 2018		Three Months Ended March 31, 2018	
Realized gains (losses):						
Special Situations Financing:						
NCOF II - realized gains (losses)	$ -	$ 553	$ -	N/A	$ -	N/A
sub-total - realized gains (losses)	-	553	-		-	
Unrealized gains (losses):						
Special Situations Financing:						
NCOF II - unrealized gains (losses)	-	(301)	-	N/A	-	N/A
CCF IV LP - unrealized gains (losses)	(458)	1,238	(167)	36.54%	(291)	63.46%
Long-term Financing:						
CCPC LP - unrealized gains (losses)	-	355	-	100.00%	-	0.00%
sub-total - unrealized gains (losses)	(458)	1,292	(167)		(291)	
Total net gains (losses) on investments	$ (458)	$ 1,845	$ (167)		$ (291)	

The Corporation's net gain/(loss) on investments in the three months ended March 31, 2018 totaled $(0.5) million (2017 – $1.8 million). For the three months ended March 31, 2018, $(0.2) million was attributable to Shareholders and $(0.3) million to non-controlling interests.

No realized gains were recognized in the three months ended March 31, 2018 (2017 - $0.6 million).

The net change in unrealized gains in fair value of investments for the three months ended March 31, 2018 was $(0.5) million (2017 - $1.3 million), of which the most significant contributors were decreases in the fair values of the Source shares and the Medicure and Marquee warrants, partially offset by an increase in the value of the Baylin warrants and modest increases in the fair value of several loans carried at FVTPL. Following the January 1, 2018 adoption of IFRS 9, unrealized gains/(losses) are no longer recognized in relation to investments carried at amortized cost.

Expenses

Expenses in the three months ended March 31, 2018 totaled $1.9 million (2017 - $1.7 million). Operating costs are primarily fixed with the largest cost being employee compensation, including share-based compensation, amounts accrued for annual employee bonuses and accruals for performance bonus expense.

Salaries, management fees and benefits

Salaries, management fees and benefits expense totaled $0.7 million in the three months ended March 31, 2018 (2017 - $0.5 million). The increase in salaries, management fees and benefits expenses in the three months ended March 31, 2018 compared to the same period in 2017 was due primarily to an increase in the accrual for annual employee bonuses as well as to an increase in the number of employees.

Share-based Compensation

Share-based compensation expense is recognized over the expected vesting period of each award. Share-based compensation totaled $0.5 million in the three months ended March 31, 2018 (2017 - $0.4 million), slightly higher than the amounts expensed in the same period in the prior year due to both a higher number of outstanding share units and to differences in the timing of the vesting of retainer restricted share units.

General and Administration

General and administration expenses totaled $0.4 million in the three months ended March 31, 2018 (2017 – $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 2017, general and administration expenses in the three months ended March 31, 2018 were comparable in aggregate and by expense type.

Performance Bonus Expense

The Corporation has asset performance bonus pool ("**APBP**") arrangements for certain employees ("**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.

Allocation of the participation rights 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. 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.

For the three months ended March 31, 2018, Crown accrued performance bonus expense of $0.1 million (2017 – $0.2 million).

Provision for Credit Losses

For debt investments carried at amortized cost, the Corporation determines loan-specific expected credit losses in accordance with IFRS 9 which, cumulatively, represent an allowance for credit losses that is deducted in determining the net amortized cost, and therefore the carrying value, of such loans. The provision for credit losses primarily reflects changes in the allowance for credit losses resulting from factors such as the addition or repayment of loans carried at amortized cost or revisions to the expected credit losses for existing loans carried at amortized cost. In the three months ended March 31, 2018, the provision for credit losses of $27,465 relates to the investment in the Baylin loan.

Finance Costs

Finance costs totaled $0.1 million for the three months ended March 31, 2018 (2017 - $0.1 million), including standby fees and the amortization of deferred financing costs related to the Corporation's Credit Facility. The Credit Facility was established effective December 30, 2016 and the balance outstanding at March 31, 2018 was $nil.

Income Taxes

For the three months ended March 31, 2018, Crown recorded current tax expense of $0.4 million (2017 – $0.7 million) and deferred tax expense of $0.1 million (2017 – $47,873).

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

The deferred income tax asset at March 31, 2018 of $0.9 million and deferred tax expenses for the three months ended March 31, 2018 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, 2018, Crown earned net income and comprehensive income of $2.9 million (2017 – $4.3 million).

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

For the three months ended March 31, 2018, net income and comprehensive income attributable to Shareholders was $0.9 million (2017 – $1.7 million). Net income and comprehensive income attributable to non-controlling interests for the three months ended March 31, 2018 was $2.0 million (2017 – $2.6 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, 2018 of $0.4 million (2017 - $0.4 million), which the Shareholders are entitled to retain.

Adjusted EBIT

Crown achieved Adjusted EBIT in the three months ended March 31, 2018 of $2.0 million (2017 – $3.0 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 month periods ended March 31, 2018 and March 31, 2017 is shown in the following table:

Reconciliation of Earnings before Income Taxes to Adjusted EBIT	Three Months Ended March 31,	
(In $000s)	2018	2017
Earnings before income taxes	$ 3,450	$ 5,051
Add: financing costs	135	147
Add: non-cash share-based compensation	458	342
Deduct: net income attributable to non-controlling interests	(2,033)	(2,550)
Adjusted EBIT	$ 2,010	$ 2,990

Compared with the comparable prior-year period, Adjusted EBIT in the three months ended March 31, 2018 was lower due primarily to both a $(1.1) million reduction in the net gain/(loss) on investments attributable to Shareholders compared with the prior-year period and a lower level of fee income resulting from the deferral of the majority of financing fees earned in the current year period following the adoption of IFRS 9. These decreases were partially offset by higher interest revenue resulting from a higher level of capital invested in interest-generating loans.

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 might differ among companies and analysts.

Liquidity and Capital Resources

Cash and cash equivalents at March 31, 2018 totaled $9.6 million (December 31, 2017 - $41.1 million). Accounts receivable at March 31, 2018 totaled $3.4 million (December 31, 2017 - $3.0 million) and was comprised primarily of interest receivable from investments and management fees receivable from NCOF LP.

Accounts payable and accrued liabilities at March 31, 2018 of $0.7 million (December 31, 2017 - $1.5 million) included accrued annual employee bonuses, due diligence deposits from prospective borrowers, accrued director fees and employee salaries, accrued loan standby fees and normal-course amounts due to suppliers.

Distributions payable to non-controlling interests at March 31, 2018 totaled $2.3 million (December 31, 2017 – $2.0 million). The provision for performance bonus at March 31, 2018 totaled $1.7 million, $1.0 million lower than $2.7 million as at December 31, 2017 due to the payment to APBP Participants of $1.0 million in relation to the NCOF Funds that had previously been accrued.

The Corporation defines working capital as the sum of cash and cash equivalents, accounts receivable, income taxes recoverable and prepaid expenses less the sum of accounts payable and accrued liabilities, distributions payable to non-controlling interest, income taxes payable and the portion of the provision for performance bonus that is payable within one year of the reporting date. Working capital at March 31, 2018 was $10.5 million compared with $39.7 million as at December 31, 2017, with the reduction during the period related primarily to the $30.0 million investment in Baylin.

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, 2018.

In January 2017, CCF IV LP completed a 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 closing, Crown, through CCFC, increased its commitment to CCF IV LP to $63.3 million. In July 2017, CCF IV LP completed a closing of subscriptions for an additional 50,000 Units at $1,000 per Unit, bringing the total capital committed to CCF IV LP to $225 million. In this closing, Crown, through CCFC, increased its aggregate commitment to CCF IV LP, including its commitment to CCF IV Investment, which has an interest in CCF IV LP, to $82.2 million. Of this amount, $66.7 million was contributed as at March 31, 2018 and Crown's aggregate unfunded commitment to CCF IV LP and CCF IV Investment totaled $15.6 million. The Corporation has sufficient liquidity to fund its commitment to CCF IV LP.

At March 31, 2018, $115.8 million (81%) of the $142.8 million committed to CCF IV LP to that date by limited partners other than Crown had been drawn by CCF IV LP, leaving $27.0 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.

On December 30, 2016, Crown entered into an agreement for a $35.0 million, 36-month, renewable senior secured revolving credit facility with Alberta Treasury Branches and Business Development Bank

of Canada which is intended to be used primarily to fund the Corporation's capital commitments to CCF IV LP and to fund Long-Term Financings. No amounts were drawn on the Credit Facility during the three months ended March 31, 2018 and the balance outstanding on the Credit Facility at March 31, 2018 was $nil.

Considering the Corporation's working capital, the $27.0 million of committed capital available to CCF IV LP from parties other than Crown, and the Credit Facility, at March 31, 2018, the Corporation had access to up to approximately $61.0 million for additional portfolio investments.

Investments

As at March 31, 2018, the Corporation held investments in 13 Canadian companies carried at an aggregate value of $208.3 million (December 31, 2017 - $181.3 million). Following the adoption of IFRS 9 effective January 1, 2018, the Corporation classifies its investments in debt securities to be carried at either amortized cost or FVTPL. All investments in equity securities are carried at FVTPL.

As at March 31, 2018, the Corporation held debt securities in 7 Canadian companies carried at amortized cost with an aggregate carrying value of $143.1 million, net of an allowance for credit losses of $0.1 million. The fair value of these debt securities as at the reporting date was $145.7 million.

As at March 31, 2018, the Corporation held debt securities in 5 Canadian companies carried at FVTPL with an aggregate carrying value of $58.2 million. The carrying value of other investments carried at FVTPL, including equity securities, as at March 31, 2018 was $6.9 million.

Additional information about investments can be found in Note 4, Financial instruments in the Corporation's condensed consolidated interim financial statements for the three months ended March 31, 2018.

Provision for Performance Bonus

The provision for performance bonus in relation to the Corporation's obligations to APBP Participants at March 31, 2018 totaled $1.7 million (December 31, 2017 - $2.7 million) of which $1.7 million (December 31, 2017 - $1.7 million) represented the portion of performance fees related to CCF IV LP recognized in consolidated earnings to date that will be payable to APBP Participants commencing on the repayment of all of the invested capital and payment of a prescribed preferential return to the limited partners of CCF IV LP. The remaining $1.0 million of the provision for performance bonus as at December 31, 2017 related to the NCOF Funds and was paid to APBP Participants during the three months ended March 31, 2018.

Share Purchase Loans

The Corporation has an Executive Share Purchase Plan ("**Share Purchase Plan**") whereby the Board can approve loans to senior management ("**Participants**") for the purpose of purchasing the Corporation's Common Shares in the open market. The following must be paid directly to the Corporation on behalf of Participants in repayment of interest and principal on these loans: all dividend distributions on the

Common Shares, all annual performance incentive plan payments to Participants in excess of target bonus payouts, and all proceeds from the sale of the Common Shares.

As at March 31, 2018, $1.9 million of these loans were outstanding (December 31, 2017 – $2.2 million), including accrued interest of $6,364. The loans under the Share Purchase Plan bear interest at Prime (3.45% as at March 31, 2018), have a seven-year term (maturity date: June 3, 2024) and are personally guaranteed by Participants. The shares are pledged as security for the loans and had a fair value of $2.3 million as at March 31, 2018.

Non-Controlling Interests

At March 31, 2018, non-controlling interests was $117.2 million (December 31, 2017 - $118.4 million). The decrease compared to December 31, 2017 was due primarily to the $(0.9) million impact of the adoption of IFRS 9 on non-controlling interests as at January 1, 2018.

Share Capital

As at March 31, 2018, total share capital was $96.3 million (December 31, 2017 - $96.6 million).

In the three months ended March 31, 2018, the Corporation issued 8,850 Common Shares to employees and directors as a result of vesting of Share Units. The total value assigned to the Common Shares was $0.1 million and this amount was added to share capital.

On April 8, 2016, the Corporation commenced a normal course issuer bid ("**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 23,578 Common Shares at an average cost of $9.17 per Common Share.

On April 10, 2017, the Corporation commenced an NCIB to purchase for cancellation during the next 12 months up to 310,000 Common Shares representing approximately 4.2% of the public float of Common Shares and approximately 3.3% of the issued and outstanding Common Shares. Under this NCIB program, which subsequently expired on April 9, 2018, Crown repurchased and cancelled 34,700 Common Shares in the three months ended March 31, 2018 at an average cost of $9.48 per Common Share.

The total number of Common Shares outstanding at March 31, 2018 was 9,484,167 (December 31, 2017 – 9,510,017; May 8, 2018 – 9,467,809).

Contributed Surplus

At March 31, 2018 Crown's contributed surplus of $3.3 million included the opening balance at January 1, 2018 of $2.9 million plus, for the three months ended March 31, 2018, $0.5 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, 2018 totaled $9.6 million (December 31, 2017 - $41.1 million). In the three months ended March 31, 2018, the primary source of cash flow for the Corporation was net income and comprehensive income in addition to fee income earned and received in the period in relation to investments carried at amortized cost but not recognized as revenue in the period due to deferral through application of the effective interest rate method. Primary uses of cash included completion of the investment in Baylin, distributions to non-controlling interests, a net increase in non-cash working capital and dividend payments to Shareholders.

On May 8, 2018, the Corporation declared a quarterly dividend of $0.15 per Common Share. The dividend will be paid on June 1, 2018 to Shareholders of record on May 18, 2018.

Off-Balance Sheet Arrangements

As at March 31, 2018 the Corporation, through CCFC, had subscribed for 78,750 Units of CCF IV LP. This subscription included a commitment by Crown to provide up to $78.8 million to CCF IV LP as funds are called by CCF IV LP to fund new Special Situations Financing transactions. As of March 31, 2018, the Corporation had contributed capital to CCF IV LP totaling $63.9 million and was committed to provide up to an additional $14.9 million to CCF IV LP.

Through CCFC, the Corporation had also subscribed for 3,570 Units of CCF IV Investment LP. This subscription included a commitment by Crown to provide up to $3.6 million to CCF IV Investment LP as funds are called by CCF IV Investment LP to fund its commitment to CCF IV LP. As of March 31, 2018, the Corporation had contributed capital to CCF IV Investment LP totaling $2.9 million and was committed to provide up to an additional $0.7 million to CCF IV Investment LP.

Crown has no other material off-balance sheet arrangements.

Related Party Transactions

Pursuant to limited partnership agreements, Crown receives management fees for services provided from NCOF LP and, until its dissolution on June 30, 2017, NCOF II Parallel. During the three months ended March 31, 2018, Crown earned management fees from NCOF LP and NCOF II Parallel totaling $32,375 (2017 - $57,848).

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

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

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

The table below provides additional details of the transaction fees, management fees and performance fees included in net income and comprehensive income attributable to Shareholders of the Corporation arising from 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, 2018	 2017	Notes on Consolidation
Transaction fees - Crown	$ 190	$ 150	allocated from net income to income attributable to Shareholders
Management Fees charged to NCOF LP and NCOF II (Parallel)	32	58	included in Revenue - Fees and Other Income
Performance fees related to non-controlling interest in CCF IV LP	116	230	allocated from net income to income attributable to Shareholders
Performance fees related to non-controlling interest in NCOF II	-	42	allocated from net income to income attributable to Shareholders
Management fees related to non-controlling interest in CCF IV LP and NCOF II	386	390	allocated from net income to income attributable to Shareholders
	$ **724**	$ **870**	

Critical Estimates and Accounting Policies

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

Information about judgments, assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements for the three months ended March 31, 2018 are included in the following notes in those financial statements:

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

Additional information about critical estimates and accounting policies can be found in the Corporation's 2017 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

Current Period Changes in Accounting Policies

IFRS 9:

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

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

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

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

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

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

Financial Instruments and Associated Risks

The Corporation's financial instruments include cash and cash equivalents, accounts receivable, share purchase loans, accounts payable and accrued liabilities and distributions payable to non-controlling interests. The fair value of share purchase loans approximates carrying value due to the variable rate of interest applicable to these instruments. The fair values of other financial instruments approximate carrying value due to the short term to maturity of the instruments.

The Corporation, through its subsidiaries CCFC, CCF IV LP and CCPC LP, also holds investments in debt securities which are measured at amortized cost and at FVTPL and equity securities which are measured at FVTPL.

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's Canadian equity securities include CCF IV LP's interest in Source common shares. The Corporation's Canadian warrants include CCF IV LP's interest in common share purchase warrants of Marquee, Medicure and Baylin. Source, Marquee, Medicure and Baylin are publicly-traded companies. The primary risk to the FVTPL of these equity securities is market risk.

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's investments in debt securities. A portion of the debt instruments held by the Corporation are unrated and relatively illiquid. Repayments are dependent on the ability of the underlying businesses to generate sufficient cash flow from operations, refinancings or the sale of assets or equity. For loans carried at fair value through profit and loss, the terms of the individual debt instruments and the risks of the underlying businesses are reflected in the fair values at the reporting date. The carrying value of loans at amortized cost is net of an allowance for credit losses that reflects management's estimation of expected credit loss for each loan carried at amortized cost.

The Corporation's Canadian debt securities include CCF IV LP's loans to Petrowest, BGO, Touchstone, Source, Solo, Marquee, Ferus, RBee, Active, Canadian Helicopters and Baylin and CCPC LP's loan to PenEquity. The primary risk to the carrying value of these debt securities is credit risk. Other than the PenEquity loan, these debt securities bear fixed interest rates which impacts interest rate risk.

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

Additional information about financial instruments and associated risks can be found in the Corporation's 2017 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

Risk Factors

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

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

The primary risk factor for CCF IV LP is credit risk, being the potential inability of one or more of the eleven portfolio companies to meet their obligations to CCF IV LP. As at March 31, 2018, the Petrowest loan was in default and the company was in a receivership process, representing a risk that related principal might not be fully recovered in the event that proceeds from the liquidation of net assets are insufficient to fund full repayment to CCF IV LP. In addition, at March 31, 2018, CCF IV LP held Source common shares which were valued at $0.6 million, Marquee common share purchase warrants which were valued at $0.1 million, Medicure common share purchase warrants which were valued at $1.0 million and Baylin common share purchase warrants which were valued at $1.0 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 December 31, 2017 audited consolidated financial statements.

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

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

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

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

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

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, 2018 that have materially affected, or are reasonably likely to materially affect, Crown's ICFR other than the implementation of controls regarding the accounting for investments carried at amortized cost.

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 Corporation's ability to recover the Petrowest loan through Petrowest's insolvency proceedings;
- 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 determination of recovery levels for Crown's loans going forward;
- the effect of the early repayment of loans on anticipated interest income;
- the Corporation's ability to secure debt financing on terms acceptable to the Corporation (or obtaining debt financing); and
- the vesting of Share Units and Options.

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

In making the forward-looking statements in this MD&A, the Corporation has made assumptions regarding general economic conditions, reliance on debt financing, interest rates, continued lack of regulation in the business of lending from sources other than commercial banks or equity transactions, continued operation of key systems, debt service, continuing constraints on bank lending to mid-market

companies for at least several years, future capital needs, retention of key employees, adequate management of conflicts of interests, continued performance of the Crown funds and solvency of financing clients, competition, limited loan prepayment, effective use of leverage, strength of existing client relationships, regulatory oversight and such other risks or factors described in this MD&A, the AIF and from time to time in public disclosure documents of Crown that are filed with securities regulatory authorities.

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

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

Market and Industry Data

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

Trademarks, Trade Names and Service Marks

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

Additional Information

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

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Condensed Consolidated Interim Financial Statements

Three months ended March 31, 2018 and 2017

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(expressed in thousands of Canadian dollars)

As at		March 31, 2018		December 31, 2017
Assets				
Cash and cash equivalents	$	9,643	$	41,106
Accounts receivable		3,411		3,048
Income taxes recoverable		427		42
Prepaid expenses		85		68
Investments (Note 4)		208,289		181,302
Share purchase loans (Note 8)		1,906		2,226
Office equipment		9		11
Deferred financing costs (Note 9)		465		536
Deferred income taxes		924		711
	$	**225,159**	**$**	**229,050**
Liabilities and Shareholders' Equity				
Accounts payable and accrued liabilities	$	723	$	1,527
Distributions payable to non-controlling interest		2,324		2,015
Provision for performance bonus (Note 5)		1,739		2,665
Non-controlling interests (Note 10)		117,207		118,394
Total Liabilities		121,993		124,601
Equity				
Share capital (Note 6)		96,304		96,570
Contributed surplus		3,303		2,931
Retained earnings		3,559		4,948
Total Equity		103,166		104,449
	$	**225,159**	**$**	**229,050**

Subsequent events (Note 12)

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Comprehensive Income (unaudited)

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

	For the three months ended March 31,	
	2018	**2017**
Revenues		
Interest revenue	$ 5,563	$ 4,385
Fees and other income	199	526
Net gain on investments, at fair value through profit or loss		
Net realized gain from investments	-	553
Net change in unrealized gains (losses) in fair value of investments	(458)	1,292
	5,304	6,756
Expenses		
Salaries, management fees and benefits	712	480
Share-based compensation (Note 7)	520	414
General and administration	400	417
Performance bonus expense	58	246
Depreciation	2	1
Provision for credit losses	27	-
Finance costs (Note 9)	135	147
	1,854	1,705
Earnings before income taxes	3,450	5,051
Income taxes		
Current tax expense	410	709
Deferred tax	107	48
	517	757
Net income and comprehensive income	$ 2,933	$ 4,294
Net income and comprehensive income attributable to:		
Shareholders of the Corporation	$ 900	$ 1,744
Non-controlling interests (Note 10)	2,033	2,550
	$ 2,933	$ 4,294
Earnings per share attributable to shareholders:		
Basic	$ 0.09	$ 0.18
Diluted	$ 0.09	$ 0.18
Weighted average number of shares, basic	9,496,786	9,521,354
Weighted average number of shares, diluted	9,858,898	9,839,188

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, 2018 and 2017

(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, 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
Balance as at January 1, 2018	9,510,017	$ 96,570	$ 2,931	$ 4,948	$ 104,449
Impact of adoption of IFRS 9 (Note 3)	-	-	-	(888)	(888)
Adjusted balance as at January 1, 2018	9,510,017	96,570	2,931	4,060	103,561
Net income and comprehensive income attributable to shareholders of the Corporation	-	-	-	900	900
Share-based compensation (Note 7)	-	-	520	-	520
Cash-settled share-based compensation (Note 7)	-	-	(62)	-	(62)
Issuance of common shares (Note 6)	8,850	86	(86)	-	-
Shares repurchased (Note 6)	(34,700)	(352)	-	23	(329)
Dividends declared (Note 6)	-	-	-	(1,424)	(1,424)
Balance as at March 31, 2018	9,484,167	$ 96,304	$ 3,303	$ 3,559	$ 103,166

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(expressed in thousands of Canadian dollars)

For the three months ended March 31,		2018		2017
Cash provided by (used in) operating activities				
Net income	$	2,933	$	4,294
Non-cash items:				
Net realized gain from investments		-		(553)
Net change in unrealized losses (gains) in fair value of investments		458		(1,292)
Finance fees earned on loans carried at amortized cost		715		-
Amortization component of interest revenue on loans carried at amortized cost		(291)		-
Provision for expected credit loss		27		-
Depreciation		2		1
Deferred income tax		107		48
Share-based compensation, net of cash settlements		458		342
Provision for performance bonus, net of payments (Note 5)		(926)		246
Amortization of deferred finance costs (Note 9)		71		71
Net change in non-cash working capital (Note 11)		(1,569)		74
		1,985		3,231
Cash provided by (used in) investing activities				
Proceeds from repayment of debt securities		-		3,616
Purchase of investments		(30,000)		(15,000)
		(30,000)		(11,384)
Cash provided by (used in) financing activities				
Non-controlling interest contributions to CCF IV LP (Note 10)		-		15,448
Distributions paid by NCOF II to non-controlling interest		-		(1,400)
Distributions paid by CCF IV to non-controlling interest		(2,015)		(961)
Share purchase loan repayments (Note 8)		320		-
Shares repurchased (Note 6)		(329)		(51)
Dividends (Note 6)		(1,424)		(1,143)
Net change in non-cash working capital (Note 11)		-		(789)
		(3,448)		11,104
Increase (decrease) in cash and cash equivalents		(31,463)		2,951
Cash and cash equivalents, beginning of period		41,106		19,262
Cash and cash equivalents, end of period	$	9,643	$	22,213
Supplemental cash flow information:				
Interest received in the period	$	5,234	$	3,879
Income taxes paid in the period	$	794	$	1,073

See accompanying notes to consolidated financial statements.

1. Reporting entity:

Crown Capital Partners Inc. (the "Corporation") was incorporated under the Canada Business Corporations Act on September 8, 1999 and commenced operations effective October 1, 2000. The Corporation provides investment management services and its registered office is Suite 888 3rd Street S.W., Calgary, Alberta. These condensed consolidated interim financial statements as at and for the three months ended March 31, 2018 and 2017 comprise the Corporation and its subsidiaries, which include:

- A 100% interest (March 31, 2017 – 100%) in Crown Capital Funding Corporation ("CCFC");
- Through CCFC, a 100% interest (March 31, 2017 – 100%) in Crown Capital Private Credit Fund, LP ("CCPC LP");
- Through CCFC, an effective interest of 36.5% (March 31, 2017 – 35%) in Crown Capital Fund IV, LP ("CCF IV LP");
- A 100% interest (March 31, 2017 – 100%) in Crown Capital Private Credit Management Inc. ("CCPC MI"), the general partner of CCPC LP;
- A 100% interest (March 31, 2017 – 100%) in Crown Capital Fund IV Management Inc. ("CCF IV"), the general partner of CCF IV LP and Crown Capital Fund IV Investment, LP;
- Prior to its dissolution on June 30, 2017, a 69.75% interest in Norrep Credit Opportunities Fund II, LP ("NCOF II"); and
- A 100% interest (March 31, 2017 – 100%) in Crown Capital Fund III Management Inc. ("CCF III"), the general partner and manager of Norrep Credit Opportunities Fund, LP and, prior to their dissolution on June 30, 2017, NCOF II and Norrep Credit Opportunities Fund II (Parallel), LP.

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("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 ("IFRS") as issued by the International Accounting Standards Board. 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, 2017. 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, 2017.

These condensed consolidated interim financial statements were authorized for issue by the Corporation's Board of Directors on May 8, 2018.

(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 and investments carried at amortized cost.

(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, 2017, other than those in relation to the determination of expected credit losses following the adoption of IFRS 9, effective January 1, 2018 (see Note 3).

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, 2017, except for those detailed below.

(a) Current period changes in accounting policies:

IFRS 9 *"Financial Instruments"* ("IFRS 9"):

On January 1, 2018, the Corporation adopted IFRS 9, which replaces the guidance in IAS 39 *"Financial Instruments: Recognition and Measurement"* ("IAS 39"). The Corporation applied IFRS 9 on a retrospective basis through an adjustment to retained earnings as at January 1, 2018 and did not restate 2017 and prior period comparative consolidated financial statements, which are reported under IAS 39 and are therefore not comparable to the information presented in 2018.

The new standard brings fundamental changes to the accounting for financial assets. The key aspects of IFRS 9 and their impact to the Corporation's accounting policies resulting from its adoption are summarized below.

Classification and measurement

IFRS 9 classification of financial assets is based on the business model for managing the portfolio of assets and the contractual cash flow characteristics of these financial assets. IFRS 9 contains three principal classification categories for financial assets that are debt securities: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). Equity securities are generally measured at FVTPL unless an election is taken to measure at FVOCI. The standard eliminates the existing IAS 39 categories of held to maturity, held for trading, loans and receivables and available-for-sale.

The Corporation's classification and measurement of equity investments and financial liabilities remain unchanged under IFRS 9 and these will continue to be measured at FVTPL and amortized cost, respectively.

The Corporation's debt instruments are held within a business model where the objective is achieved by holding to collect the contractual cash flows, rather than holding to sell. The Corporation therefore is required to assess the contractual terms of the cash flows to determine the appropriate classification and measurement of its debt instruments. For those debt instruments which give rise to cash flows that are solely payments of principal and interest, these financial assets are classified and measured at amortized cost. For those debt instruments which give rise to cash flows that are other than solely payments of principal and interest, these financial assets are classified and measured at FVTPL. The Corporation measures some of its debt instruments at amortized cost and others at fair value based on these requirements.

For periods prior to January 1, 2018 for which the Corporation reported comparative consolidated financial statements under IAS 39, all of the Corporation's debt instruments were classified and measured at FVTPL. Therefore, for those debt instruments which are now classified and measured at amortized cost under IFRS 9, a transition adjustment was applied to opening retained earnings as at January 1, 2018. This adjustment includes an amount to reverse up-front financing fees previously recognized under IAS 39 at the time related debt instruments were originated and to defer and amortize such fees over the term of the related debt

3. Significant accounting policies (continued):

(a) Current period changes in accounting policies (continued):

IFRS 9 *"Financial Instruments"* (continued):

instrument as part of the effective interest rate. Financing fees earned at the time of origination of instruments accounted for at FVTPL will continue to be recognized when the debt instrument is originated. The impact of adoption of IFRS 9 to opening retained earnings was a reduction of $888, as detailed in the following table.

As at January 1, 2018	
Investments at amortized cost:	
Amortized cost under IFRS 9	$114,498
Fair value under IAS 39	(116,499)
Allowance for expected credit loss under IFRS 9	(103)
Difference in carrying value of investments at amortized cost	(2,104)
Non-controlling interest adjustment (Note 10)	896
Total difference in carrying values before tax impact	(1,208)
Tax impact on difference in carrying values (26.5% effective tax rate)	320
Impact of adoption of IFRS 9 to retained earnings	$ (888)

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 as at January 1, 2018.

	IAS 39 carrying amount at December 31, 2017	**Reclassification**	**Remeasurement**	**IFRS 9 carrying amount at January 1, 2018**
Investments:				
Canadian debt securities at FVTPL	$ 174,519	$ (116,499)	$ -	$ 58,020
Canadian debt securities at amortized cost, net of allowance for credit loss	-	116,499	(2,104)	114,395
Canadian equity securities	4,202	-	-	4,202
Other investments	2,581	-	-	2,581
Total Investments	$ 181,302	$ -	$ (2,104)	$ 179,198

Impairment of financial assets

IFRS 9 replaces the incurred loss model in IAS 39 with an expected credit loss model that applies to financial assets, including debt investments carried at amortized cost, as well as to certain loan commitments and financial guarantees but not to equity investments. Expected credit losses are the difference between all contractual cash flows that are due to the Corporation and all the cash flows the Corporation expects to receive, discounted at the original effective interest rate.

3. Significant accounting policies (continued):

(a) Current period changes in accounting policies (continued):

IFRS 9 *"Financial Instruments"* (continued):

The expected loss impairment model is based on a forward-looking approach and contains a three-stage methodology to evaluate changes in credit risk since initial recognition. For assets where there has not been a significant increase in credit risk since initial recognition (Stage One), a loss provision equal to 12 months expected credit losses is recognized. If credit risk increases significantly from initial recognition (Stage Two) or if a financial asset is considered credit impaired (Stage Three), a loss provision equal to the lifetime expected credit losses is recognized.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Corporation considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Corporation's historical experience and credit risk assessment from qualified personnel, including forward-looking information.

The key inputs into the measurement of expected credit loss, regardless of the presence of significant increase in credit risk, are probability of default, loss given default and exposure at default.

As a result of the new impairment model under IFRS 9, the Corporation recorded an allowance for credit losses of $103 on January 1, 2018.

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

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

(b) New standards not yet adopted:

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

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

4. Financial instruments:

(a) Investments

As at	March 31, 2018	December 31, 2017
Investments at FVTPL:		
Canadian debt securities at FVTPL	$ 58,222	$ 174,519
Canadian equity securities	4,144	4,202
Other investments	2,795	2,581
Total Investments at FVTPL	$ 65,161	$ 181,302
Canadian debt securities at amortized cost, net of allowance for credit loss	143,128	-
Total Investments	$ 208,289	$ 181,302

(b) Canadian debt securities

The carrying value of Canadian debt securities broken down by contractual maturity is as follows:

Contractual maturity	March 31, 2018	December 31, 2017
On demand	$ 24,762	$ 25,000
0 – 12 months	1,620	810
1 – 3 years	21,930	6,480
3 – 5 years	121,702	110,229
5 years or more	31,336	32,000
Total debt securities	$ 201,350	$ 174,519

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

Interest revenue calculated using the effective interest rate method for debt securities carried at amortized cost totaled $3,956 for the three months ended March 31, 2018.

(c) Canadian equities

As at March 31, 2018, investments in equity securities included common shares of a Canadian public company, warrants in Canadian public companies and warrants in a Canadian private company.

4. Financial instruments (continued):

(d) Provision for credit losses

The changes to the Corporation's allowance for credit losses under IFRS 9, as at and for the three months ended March 31, 2018, are shown in the following table.

	Allowance for credit losses
Balance as at January 1, 2018	$ -
Impact of adoption of IFRS 9	103
Adjusted balance as at January 1, 2018	103
Provision for credit losses in the period	27
Balance as at March 31, 2018	$ 130

As at March 31, 2018, the total gross carrying values of debt instruments at amortized cost classified as Stage One, Stage Two and Stage Three were $136,653, $nil and $6,605, respectively. The allowance for credit losses associated with these Stage One, Stage Two and Stage Three investments as at March 31, 2018 was $130, $nil and $nil, respectively. For the single loan classified as a Stage Three investment, management believes that the full value at-risk as at March 31, 2018 is fully collateralized by assets expected to be collected in an associated receivership process and that the loss given default for this loan is $nil.

(e) Fair values:

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.

4. Financial instruments (continued):

(e) Fair values (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.

The tables below analyze the fair value of investments at March 31, 2018 and December 31, 2017 by the level in the fair value hierarchy into which the fair value measurement is categorized. For investments carried at FVTPL, 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, 2018					
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total fair value**	**Carrying value**
Canadian debt securities at FVTPL	$ -	$ -	$ 58,222	$ 58,222	$ 58,222
Canadian equity securities	577	2,091	1,476	4,144	4,144
Other investments	-	-	2,795	2,795	2,795
Total Investments at FVTPL	577	2,091	62,493	65,161	65,161
Canadian debt securities at amortized cost, net of allowance for credit loss	-	-	145,701	145,701	143,128
Total Investments	$ 577	$ 2,091	$ 208,194	$ 210,862	$ 208,289

4. Financial instruments (continued):

(e) Fair values (continued):

December 31, 2017					
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total fair value**	**Carrying value**
Canadian debt securities	$ -	$ -	$ 174,519	$ 174,519	$ 174,519
Canadian equity securities	1,055	1,671	1,476	4,202	4,202
Other investments	-	-	2,581	2,581	2,581
Total Investments	$ 1,055	$ 1,671	$ 178,576	$ 181,302	$ 181,302

Canadian debt securities that are current are 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 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.

Discount rates are subject to adjustment based on both management's current assessment of market conditions and the economic performance of individual investments. At March 31, 2018, discount rates used range from 10.5% to 18.1% (December 31, 2017 – 10.7% to 17.9%).

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, 2018 would decrease by $5,176 or increase by $5,440, respectively.

At March 31, 2018 there is one loan carried at amortized cost that is in default and for which fair value is determined on a liquidation basis. The most significant input into the calculation of fair value of this debt investment is the estimated proceeds from the liquidation of the borrower's assets. The estimation of such proceeds is subject to change and the timing and level of actual proceeds received might vary from current expectations, resulting in adjustments to the fair value of this debt investment in future periods.

4. Financial instruments (continued):

(e) Fair values (continued):

The Canadian equity securities at March 31, 2018 include warrants classified as Level 3 that are valued based on a net asset value-based estimate of the underlying equity value. The other investments classified as Level 3 are valued using the discounted present value of expected cash flows arising from these investments.

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

March 31, 2018		
		Level 3 securities at FVTPL
Beginning balance, January 1, 2018	$	62,077
Net change in unrealized gains		416
Balance, March 31, 2018	$	62,493

March 31, 2017		
		Level 3 securities at FVTPL
Beginning balance, January 1, 2017	$	154,466
Purchases		15,000
Repayment		(3,616)
Realized gains		553
Net change in unrealized gains		1,533
Balance, March 31, 2017	$	167,936

4. Financial instruments (continued):

(f) Fair value of other financial instruments

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. The carrying value of the share purchase loans approximates the fair value due to the market interest rate on the loans.

5. Provision for performance bonus:

The Corporation has asset performance bonus pool ("APBP") arrangements for certain employees ("APBP Participants"). For certain investment funds managed by the Corporation, 20% of investment returns in excess of an annual rate of return of 8% earned by the fund accrue to the Corporation as performance fee distributions.

Allocation of the units of the APBP relating to CCF IV LP commenced in 2015 and will continue until 2022 with 50% of performance fees recognized by the fund allocated to employees. 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. As at March 31, 2018, the Corporation had accrued a provision for performance bonus payable of $1,739 (December 31, 2017 - $2,665).

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.

On April 10, 2017, the Corporation renewed its normal course issuer bid ("NCIB") to purchase up to 310,000 common shares, representing approximately 3.3% of its issued and outstanding shares as at April 4, 2017, over the next twelve months, or until such time 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 (see Note 12).

During the three months ended March 31, 2018, the Corporation purchased and cancelled a total of 34,700 shares for total consideration of $329 (for the three months ended March 31, 2017 – 5,400 shares for $51). Total shares purchased and cancelled under the current NCIB up to March 31, 2018 was 70,316.

During the three months ended March 31, 2018, the Corporation issued 8,850 shares as vested share-based compensation. During the three months ended March 31, 2017, the Corporation issued 14,231 shares as vested share-based compensation (see Note 7).

During the three months ended March 31, 2018, the Corporation paid dividends of $0.15 per share (March 31, 2017 - $0.12 per share) for a total payment of $1,424 (2017 - $1,143).

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 all vest on July 9, 2018. RSUs issued to employees vest on July 9, 2018, January 1, 2019, January 3, 2020 and January 3, 2021 provided the holder of the RSUs 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, 2018, 303,657 (December 31, 2017 - 293,051) stock options had vested but had not been exercised and an additional 167,737 (December 31, 2017 - 178,343) stock options which had not vested remained outstanding.

The tables below detail the share-based compensation expense recognized in the three months ended March 31, 2018 and 2017. Share-based compensation expense is recognized over the expected vesting period of each award.

For the three months ended March 31, 2018						
	Number outstanding at January 1, 2018	Issued in the period	Vested or exercised	Forfeited	Number outstanding at March 31, 2018	Expensed in the period
TRSUs [1]	200,725	3,256	-	-	203,981	$ 186
PSUs [2]	38,426	41,955	(4,107)	-	76,274	159
RSUs [2]	80,210	21,909	(5,379)	-	96,740	103
RRSUs	-	5,726	(5,726)	-	-	55
Total Share Units	319,361	72,846	(15,212)	-	376,995	503
Stock options	471,394	-	-	-	471,394	17
Total	790,755	72,846	(15,212)	-	848,389	$ 520

[1] The TRSUs issued in the period were units issued in lieu of dividends on the underlying securities.
[2] The PSUs and RSUs issued in the period were new awards and units issued in lieu of dividends on the underlying securities.

7. Share-based compensation (continued):

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

[1] The TRSUs issued in the period were units issued in lieu of dividends on the underlying securities.
[2] The PSUs and RSUs issued in the period were new awards and units issued in lieu of dividends on the underlying securities.

8. Share purchase loans:

The Corporation has an Executive Share Purchase Plan (the "Share Purchase Plan") whereby the Board can approve loans to Participants for the purpose of purchasing the Corporation's common shares in the open market. The following must be paid directly to the Corporation on behalf of management in repayment of interest and principal on these loans: all dividend distributions on the common shares, all annual performance incentive plan payments to Participants in excess of target bonus payouts, and all proceeds from the sale of the common shares.

During the three months ended March 31, 2018, the Corporation advanced no new loans under the Share Purchase Plan and $320 of principal was repaid. As at March 31, 2018, $1,906 of loans were outstanding (December 31, 2017 - $2,226), including accrued interest of $6. The loans under the Share Purchase Plan bear interest at prime (3.45% as at March 31, 2018), mature on June 3, 2024 and are personally guaranteed by Participants. The shares are pledged as security for the loans and had a fair value of $2,298 as at March 31, 2018.

9. 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 Acceptance rate plus 375 bps to 425 bps and has a customary set of covenants. The Credit Facility matures on December 30, 2019 and is subject to a one year extension annually on each December 30. As of March 31, 2018, $nil (December 31, 2017, $nil) has been drawn on the Credit Facility.

In relation to the Credit Facility, the Corporation incurred $819 of deferred financing costs which are being amortized over the initial three-year term. During the three months ended March 31, 2018, $135 (March 31, 2017 - $147) was expensed as finance costs relating to the Credit Facility comprised of amortized deferred financing costs of $71 and standby fees of $64.

10. Non-controlling interests (NCI):

As at	March 31, 2018	
	CCF IV LP	**Total**
NCI percentage	63.5%[1]	
Beginning balance, January 1, 2018	$ 118,394	$ 118,394
Impact of adoption of IFRS 9 (Note 3)	(896)	(896)
Adjusted balance, January 1, 2018	117,498	117,498
Net income and comprehensive income	2,033	2,033
Distributions	(2,324)	(2,324)
Balance, March 31, 2018	$ 117,207	$ 117,207

10. Non-controlling interests (NCI) (continued):

As at	March 31, 2017		
	NCOF II	**CCF IV LP**	**Total**
NCI percentage	30.25%	65.0%[1]	
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

1. NCI percentage in CCF IV increased from 60% to 65% effective January 1, 2017 and decreased from 65% to 63.5% effective July 1, 2017.

11. Net change in non-cash working capital:

Three months ended March 31,	2018	2017
Accounts receivable	$ (363)	$ (548)
Prepaid expenses	(17)	18
Accounts payable and accrued liabilities	(804)	(1,179)
Deferred interest revenue	-	1,358
Income taxes recoverable	(385)	(364)
Total	$ (1,569)	$ (715)
Net change attributable to operating activities	(1,569)	74
Net change attributable to financing activities	-	(789)

12. Subsequent events:

- The Corporation announced on April 5, 2018 that it received approval to implement a new NCIB, commencing April 10, 2018 for a twelve-month period, with the right to purchase up to 300,000 outstanding common shares.

- On April 30, CCF IV announced an agreement to provide a $12 million, 60-month loan to Data Communications ("Data") with an interest rate of 10% per annum plus 960,000 common share purchase warrants of Data.

Corporate Directory

DIRECTORS

Alan Rowe, CPA, CA
Chair of the Board

Robert Gillis, CPA, CA
Director

Christopher A. Johnson, CFA
Director

Larry Pollock
Director

Glen Roane, MBA, ICD.D
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
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1 (866) 393-4891 ext. 205 or
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Auditors
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