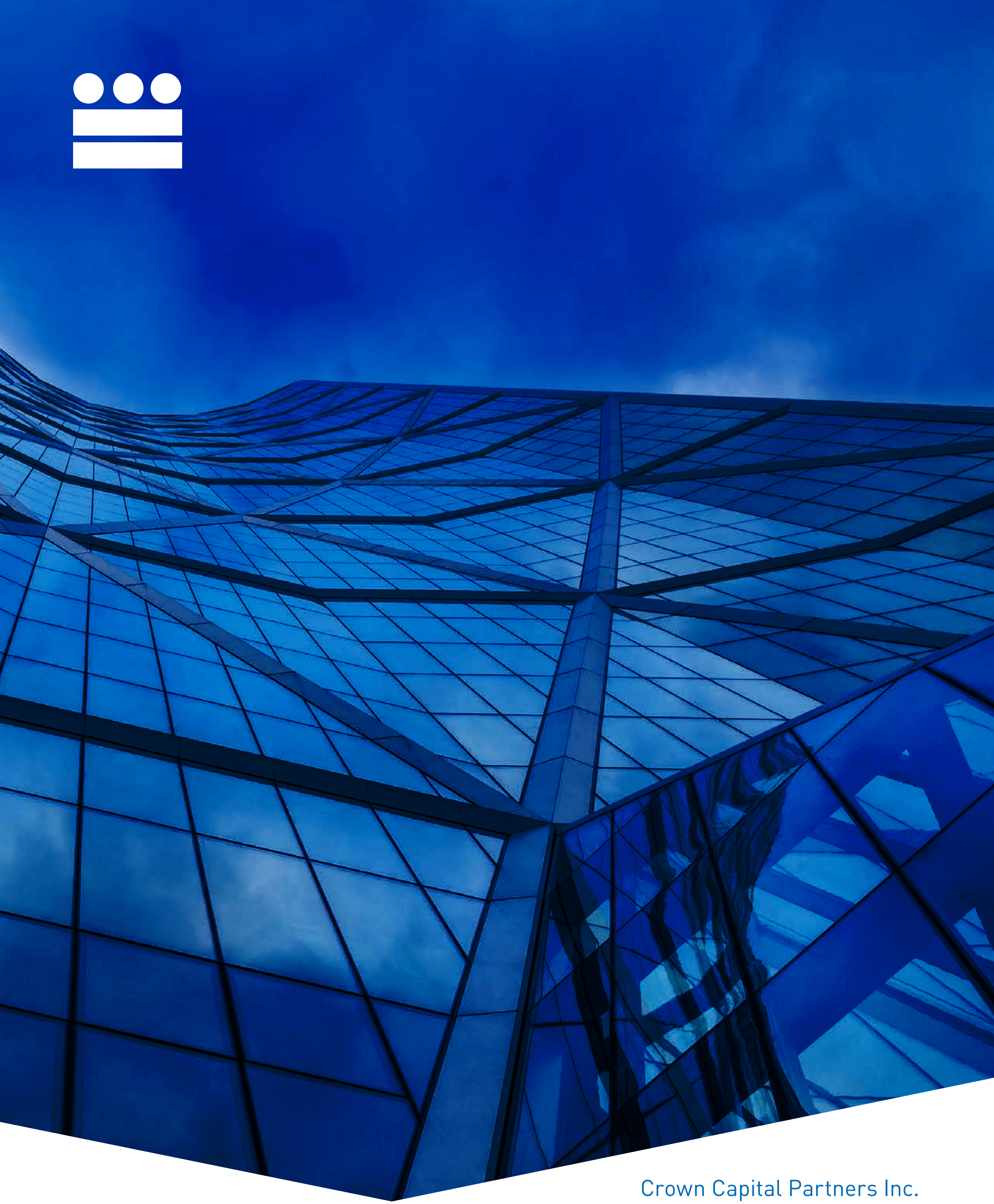


Crown Capital Partners Inc.
2016 ANNUAL REPORT

Middle market companies (revenues between $50 million and $500 million) are vital to the Canadian economy, yet they have remarkably few alternatives for growth capital—capital to expand their operations, fund acquisitions, or recapitalize. Canada's financial landscape is dominated by chartered banks and private equity funds, whose financing terms and dilutive financing structures are often ill-suited to meet the demands of mid-market companies.

Canada's mid-market is capital constrained

There is a clear funding gap between equity providers and bank debt. Continued market uncertainty and banking regulatory changes have exacerbated the funding gap, as banks further limit their willingness to extend adequate credit to smaller borrowers. This dynamic continues to drive an ever increasing growth opportunity for focused specialty finance providers.

CANADA'S MID-MARKET*

Mid-market companies represent a significant growth segment of the Canadian economy and often require substantial capital investments to expand their businesses.

$667 Billion
In revenue

6,000+
Companies

31.8%
of GDP

1.9 Million
Jobs

* Source: HSBC Commercial Banking report "Hidden Impact: The Vital Role of Mid-Market Enterprises"

Since 2000, Crown has been helping to fill this funding gap. We are a specialty finance company focused on tailored 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.

To date, Crown has completed 41 loans and deployed more than $575 million in capital, making us one of the leading alternative lenders in Canada.

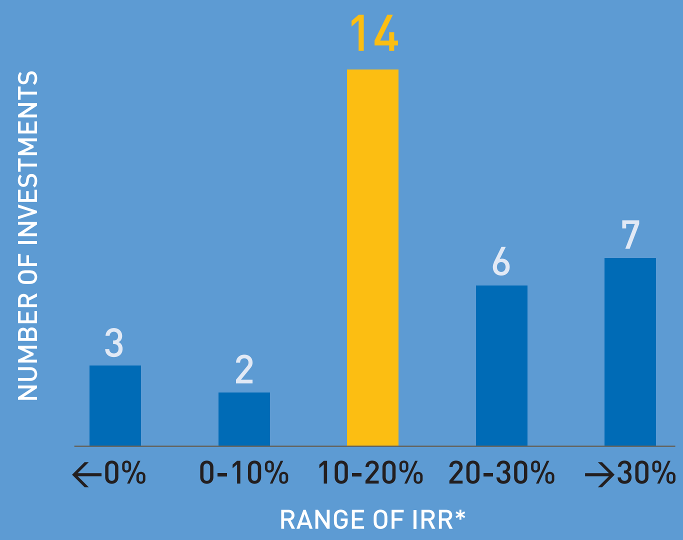
Crown: Capitalizing on the mid-market opportunity

16
YEAR TRACK RECORD

41
TRANSACTIONS

$575
MILLIONS IN LOANS TO DATE

We've managed capital for a number of the top global investment firms in the world, and we've successfully deployed capital in private debt transactions through multiple economic cycles. Crown has generated strong performance, achieving an enviable track record of success among lenders in the North American alternative credit industry. Importantly, Crown has achieved these returns consistently and with low volatility.



Established track record of success

CRH Medical Corporation $22.5 Million Acquisition Financing December 2014	PenEquity Realty Corporation $25 Million Growth Financing December 2015	Bill Gosling Outsourcing $15 Million Refinancing May 2016	Medicure, Inc. $30 Million Acquisition Financing November 2016	
Touchstone Exploration Inc. $15 Million Refinancing November 2016	Source Energy Services $15 Million Refinancing December 2016	Solo Liquor $15 Million Growth Financing February 2017	Petrowest Corporation $25 Million Refinancing May 2017	Marquee Energy Ltd. $30 Million Refinancing May 2017

* IRR refers to the gross internal rate of return generated from a loan before consideration of management fees and expenses. Figures are as of May 2017. Please refer to Crown's Annual Information Form available on SEDAR at www.sedar.com for more information with respect to Gross IRR.

The basic thesis of Crown's financing strategy is to finance successful businesses that consistently increase in value and generate significant cash flow that is used to reduce debt. This results in an improving credit profile as these loans season and progress toward maturity, with decreasing leverage ratios. We have a strong alignment of interests with our financing clients as Crown supports the growth and development of their business. As our clients grow and succeed, Crown's loan portfolio prospers.

Focus on successful companies drives our strategy

CROWN'S FINANCING STRATEGY

Crown has historically offered special situations financing solutions to businesses for transitory capital requirements, managed through various institutional capital pools. We also offer non-dilutive sources of long-term capital. In addition to the high returns generated by special situations financing solutions, we are creating long-term shareholder value by using our proprietary capital to build a portfolio of long-term loans that provide stable, high yielding cash flows.

Our business model drives long-term value

	TRANSITORY CAPITAL WITH HIGH RETURNS	HIGH-VALUE PORTFOLIO COMPRISED OF STABLE, SUSTAINABLE CASH FLOWS
TYPE	Special situations	Long-term
FORM	Senior/subordinated debentures	Fixed rate long-term loans/ participating loans/perpetual debt structures/recurring revenue structures
DURATION	←5 years	→5 years
PREPAYMENT COST	Low	Medium to high
BONUS FEATURE	Yes	No
TARGET CASH YIELD	**10–14%**	**12–16%**
TARGET GROSS YIELD	**12–18%**	**12–16%**

Who: Medicure Inc.
Amount: $60 million
Type of Transaction: Acquisition financing
Date: November 2016

Crown finances major acquisition

- Specialty pharmaceutical company focused on cardiac therapeutics for U.S. hospital market
- Lead product is Aggrastat® for non-ST elevation acute coronary syndrome (40% share of U.S. market)
- Revenue and EBITDA have grown significantly
- Interest in Apicore US, a fast-growing Active Pharmaceutical Ingredient manufacturing service provider

SITUATION OVERVIEW

- Option to increase interest in Apicore
- Dilution sensitive
- Priority on certainty and speed of execution

SOLUTION

- $60 million, 4-year term loan
- 9.5% coupon, 900,000 warrants at $6.50
- $30 million syndicated to existing Crown client
- Proceeds used to purchase additional 60% of Apicore
- 2-week execution

Our capital at work

Who: Bill Gosling Outsourcing
Amount: $15 million
Type of Transaction: Refinancing
Date: May 2016

Supporting management buy-back

- Founded in 1955; Global provider of contact solution services
- Nine call centers in Canada, the U.S., the U.K. and Philippines
- Blue-chip clients, including Fortune 100 and Fortune 1000 companies
- Strong financial track record

SITUATION OVERVIEW

- Capitalizing on shift to outsourcing in BPO
- Company expanding operations in Philippines to meet expected growth
- Need to refinance maturing convertible debenture and provide liquidity for retiring shareholders
- Dilution sensitive

SOLUTION

- $15 million, 5-year term loan
- 12% coupon, bonus based on phantom equity formula
- Proceeds used to refinance convertible debentures, now wholly owned by management

A discussion with Christopher A. Johnson, President and CEO of Crown

You raised the dividend in Feb 2017; how are you thinking about the dividend going forward?
Yes, we were pleased to implement our first increase to $0.12 per share. We want to be a high dividend paying company. With relatively fixed operating costs, our business is expected to continue to generate substantial free cash flow as we put our capital to work. Our plan is to continue to increase our dividend as our operating cash flow increases, with a target payout ratio of 80 per cent. In our view, combining growth in book value with an increasing dividend is an attractive combination for investors.

What does the transaction pipeline look like?
In short, very healthy. We continue to see a lot of deal flow given our track record and relationships in the capital markets. The pipeline is generally somewhere in the range of 20 to 25 companies, and we typically have four or five that we are working to advance. While we work on a large number of transactions, many don't proceed as the investment quality does not meet our standards. If a company cannot generate a high return on invested capital, then it's generally not a good fit for us.

Are there sectors or regions you are more excited about?
The mid-market is very diverse and consequently so is our prospect list. We focus on the merits of the company first and foremost, including its cash flow profile and prospects for value creation. That said, we typically see opportunity in markets that other lenders are under servicing. For example, we continue to see attractive opportunities with high-quality companies in Energy and related sectors.

What are your expectations for growth in 2017?
We're expecting to complete at least $100 million in new deals this year, which should translate into substantial growth in our revenue and earnings. The current market conditions are favourable and our transaction pipeline is consistently full of outstanding opportunities. There are thousands of companies out there, many of which are very frustrated with the traditional capital providers, and there's no competitor quite like us.

You upsized Crown Capital Fund IV several times—what's the plan for 2017?
The fund currently has committed capital of $175 million and a maximum size of $300 million. We expect to complete another closing in mid-2017. Capital raising is an important part of our business, and I'm pleased with the demand we are seeing on the institutional side. Combined with the cash on hand and our credit facility, we have significant funding capacity to capitalize on the demand in the market.

Do you see opportunity to expand your solutions?
As we evolve our business and reduce our cost of capital, we'll start moving into the more conventional mid-market. We believe this will be an easy transition because it's basically the same client base—the main difference is we will also have a lower-cost debt solution in our toolkit. In addition, our platform is very scalable; we essentially are one of the very few platforms left that's able to source, adjudicate and manage mid-market loans.

Chairman's Letter

In Crown's first full year as a public company, the team did a stellar job executing on the business plan: putting money to work in quality mid-market companies, increasing available capital, and generating a solid financial performance.

Success in the alternative lending market is ultimately determined by the company's capabilities in origination, underwriting and portfolio management. Building on a successful 16-year track record, the organization has performed well in all areas. Business development activity remains robust, a reflection of the company's growing profile, relationships and the need in the market. The middle market is increasingly underserved by the banks, creating opportunity for specialized alternative lenders like Crown.

The improved financial results in 2016 provide an indication of the profit potential of Crown's business and the company's ability to provide investors with strong growth combined with yield. Putting more capital to work late in 2016 enabled Crown to implement its first dividend increase in March 2017, a 9% increase to $0.12 per share quarterly.

Beyond the near-term opportunity, there is real potential for Crown to eventually offer a wider variety of debt solutions and become the premier business lender to Canada's middle market. In doing so, we believe the company has the opportunity to create significant long-term value for Crown shareholders.

On behalf of the Board, I want to thank Chris and the team for their work this past year and thank our shareholders for their support and interest in Crown.

Sincerely,

George Fowlie
Chair of the Board of Directors
May 9, 2017

Letter from the CEO

It was an eventful and successful 2016 for the company. While new investment activity started slowly last year, by year-end we completed four special situations transactions and a fifth early in 2017, deploying $90.0 million of capital over that time. After being underinvested through much of 2016, we have grown and diversified the total portfolio to nine companies and positioned Crown to drive higher revenues and cash flows in 2017.

Building a high-quality portfolio is the key to success, and we're generally pleased with the performance and outlook of the companies we have today. I would encourage you to review the company update section of our MD&A for more detail, including the risk rating for each loan. A few of our clients have been standouts: CRH Medical, for example, grew revenue by 70% and EBITDA by 73% in 2016. Petrowest has underperformed our expectations; however, we continue to be comfortable with our security position and are encouraged by their recent efforts to reduce debt by selling non-core assets.

In addition to these milestones in capital deployment, there have been important milestones in capital raising. At the end of 2016, we completed a new $35.0 million revolving credit facility that diversifies our sources of funding and increases our capacity to continue to build the portfolio while also enhancing returns on equity. As we continue to build the business, we expect to add further debt capacity. In July 2106, we completed a $25 million closing for Crown Capital Fund IV and in early 2017, we announced another $50.0 million closing, bringing the current total capital committed to the Fund to $175 million. This upsizing deepens our relationships with our institutional limited partners and is a clear testament to the quality of our portfolio. We are seeing more and more institutional demand for our products.

While we are still early in the development of the portfolio, our financial results demonstrate the earnings potential of the company as we execute on our plan. In 2016, we recorded revenue of $18.4 million, Adjusted EBIT* of $9.0 million, and net income, net of non-controlling interests, of $5.1 million or $0.54 per basic share. For the year, we paid $0.44 in dividends per share. Total assets at year-end were $182 million and total equity increased to $102 million, or $10.67 per basic share. With the cash on our balance sheet, credit facility and committed LP capital, we are financially well positioned to pursue our growth objectives.

Looking ahead, we believe the business is well positioned for success and strong growth in 2017 based on the capital deployed to date and the favourable conditions we continue to see in the mid-market. There are countless high-quality, mid-market companies that are underserviced by traditional capital providers. Crown is one few companies servicing this market, and we are among the most experienced teams doing it.

In the near term, we believe we can comfortably deploy $100 million annually. Over time, we believe there is an opportunity for Crown to be Canada's middle-market business lender, armed with a broader product offering that will open our market opportunity. As we deploy more of our capital and apply modest leverage, our business model will allow us to generate significant increases in earnings, cash flow and our dividends.

Sincerely,

Christopher A. Johnson
President & CEO
May 9, 2017

* See description on page 31.

Management's Discussion and Analysis

for the three and twelve months ended December 31, 2016

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("**MD&A**") of the consolidated operating and financial performance of Crown Capital Partners Inc. ("**Crown**" or the "**Corporation**") for the three and twelve months ended December 31, 2016 is prepared as of March 21, 2017. This discussion is the responsibility of management and should be read in conjunction with the Corporation's December 31, 2016 audited consolidated financial statements and the notes thereto, prepared in accordance with International Financial Reporting Standards ("**IFRS**"), and other public filings available on SEDAR at www.sedar.com. The board of directors of the Corporation has approved this MD&A. All amounts herein are expressed in Canadian dollars unless otherwise indicated. See "Forward-Looking Statements".

Highlights of 2016

- Crown earned net income and comprehensive income of $9.7 million (2015 - $3.8 million) on revenues of $18.4 million (2015 – $8.2 million);

- Crown earned net income and comprehensive income attributable to shareholders of the Corporation ("**Shareholders**") of $5.1 million (2015 - $2.0 million);

- Crown established a dividend policy and paid quarterly dividends of $0.11 per common share ("**Common Share**") on January 29, May 6, September 2, and December 2, 2016. Dividends paid in 2016 totaled $4,182,348 ($0.44 per Common Share);

- On July 15, 2016, Crown Capital Fund IV, LP ("**CCF IV LP**") completed a subsequent closing of subscriptions for an additional 25,000 limited partnership units ("**Units**") at $1,000 per Unit, bringing the total capital committed to CCF IV LP at December 31, 2016 to $125 million. See also "Subsequent Events";

- On December 30, 2016, Crown entered into an agreement for a $35.0 million, 36-month, renewable senior secured revolving credit facility (the "**Credit Facility**") with Alberta Treasury Branches ("**ATB**") and Business Development Bank of Canada ("**BDC**"). The balance outstanding on the Credit Facility at December 31, 2016 was $nil; and

- During the three months ended December 31, 2016, Crown earned net income and comprehensive income of $2.8 million (2015 - $3.1 million) and total comprehensive income attributable to Shareholders of $0.9 million (2015 - $1.7 million) on revenues of $5.4 million (2015 - $5.8 million).

Significant Investment Transactions in 2016

During 2016, the following significant investment transactions occurred:

- 4,545,454 common shares of Claude Resources Inc. (the "**Claude Shares**") held by the Norrep Credit Opportunities Fund II, LP ("**NCOF II**") and Norrep Credit Opportunities Fund II (Parallel), LP ("**NCOF II Parallel**"), (collectively, the "**NCOF Funds**"), were sold for a total of $5.3 million. The Corporation acquired approximately 69.75% of the outstanding units of NCOF II in July 2015 (the "Rollover Transaction"). The pro rata portion of the Claude Shares attributable to NCOF II was valued at $2.4 million at the date of the Rollover Transaction and NCOF II's share of the sale proceeds totaled $4.1 million, resulting in a realized gain of $1.7 million. The NCOF Funds' loan to Claude Resources Inc. ("**Claude**") was repaid in full in September 2015. The NCOF Funds realized a gross internal rate of return ("**Gross IRR**") of approximately 19% on the investment in Claude.

- On May 25, 2016, CCF IV LP provided a $15.0 million, 5-year loan to Bill Gosling Outsourcing Holding Corp. ("**Gosling**"), a global provider of call center solutions to blue-chip clients;

- On November 18, 2016, CCF IV LP provided $30.0 million towards a $60.0 million, 4-year loan to Medicure Inc. ("**Medicure**"), a specialty pharmaceutical company focused on the development and commercialization of cardiac therapeutics for the U.S. hospital market. A limited partner in CCF IV LP provided the other $30 million on a pari passu basis. The loan carries an interest rate of 9.5% and included 450,000 common share purchase warrants to each lender to purchase Medicure common shares at an exercise price of $6.50 per share (the "**Medicure Warrants**");

- On November 23, 2016, CCF IV LP provided a $15.0 million, 5-year loan to Touchstone Exploration Inc. ("**Touchstone**"), a Calgary-based company engaged in exploration, development, and production of petroleum and natural gas in the Republic of Trinidad and Tobago. The loan carries an 8.0% interest rate and a 1.0% royalty on Touchstone's petroleum revenues;

- On December 8, 2016, CCF IV LP purchased a $15.0 million investment in a $130.0 million offering of senior secured first lien notes from Source Energy Services ("**Source**"). The notes carry an interest rate of 10.5% and have an equity participation right; and

- Transaction fees earned by Crown on the four new loans completed by CCF IV LP in 2016 totaled $2.2 million of which $1.6 million is attributable to Shareholders.

Subsequent Events

Subsequent to December 31, 2016:

- On January 9, 2017, CCF IV LP received subscriptions for an additional 50,000 Units at $1,000 per unit, bringing the total capital committed to CCF IV LP to $175.0 million. Crown, through its subsidiary Crown Capital Funding Corporation ("**CCFC**"), subscribed for an additional 11,250 Units which increased its commitment to CCF IV LP to $61.25 million and reduced Crown's interest in CCF IV LP from 40% to 35%, effective January 1, 2017;

- On February 24, 2017, CCF IV LP provided a $15.0 million, 36-month loan to Solo Liquor Holdings Ltd. with an interest rate of 12% plus bonus features;

- On February 27, 2017, the NCOF Funds received the full repayment of the $4.0 million loan to Corrosion Service Company Limited ("**Corrosion**"), including prepayment fees and a bonus payment and realized a Gross IRR of approximately 25% on the investment in Corrosion;

- On March 2, 2017, Crown paid a quarterly dividend of $0.12 per Common Share to Shareholders of record on February 14, 2017. This was an increase from the $0.11 per Common Share quarterly dividend paid previously; and

- On March 3, 2017, Crown's trading symbol changed to TSX:CRWN from TSX:CRN.

Overall Performance

Crown's financial results for the twelve months ended December 31, 2016 are not comparable to the twelve months ended December 31, 2015 due to the initial public offering of Common Shares (the "**IPO**") and the Rollover Transaction, both completed in July 2015.

Total assets increased to $182.4 million at December 31, 2016 from $130.1 million at December 31, 2015, including an increase in investments at fair value from $84.4 million to $159.0 million. Cash and cash equivalents decreased from $43.6 million to $19.3 million over the same period, primarily due to the increase in investments at fair value held by CCF IV LP. The increase in total assets was largely a result of increased capital invested in CCF IV LP by non-controlling interests. Total equity increased to $101.5 million at December 31, 2016 from $99.3 million at December 31, 2015.

Total revenues in the three and twelve months ended December 31, 2016 were $5.4 million and $18.4 million, respectively, compared to $5.8 million and $8.2 million in the three and twelve months ended December 31, 2015, respectively. Revenues were higher in the twelve months ended December 31, 2016 due to a combination of factors including the Rollover Transaction and the lending activity of CCF IV LP and Crown Capital Private Credit Fund, LP ("**CCPC LP**"). In particular, interest revenue on investments held by NCOF II, CCF IV LP and CCPC LP became the primary sources of revenue.

Expenses in the three and twelve months ended December 31, 2016 were $2.2 million and $6.2 million, respectively, compared to $1.6 million and $3.6 million in the three and twelve months ended December 31, 2015, respectively.

Expenses in the three months ended December 31, 2016 were higher than in the same period in 2015, in part due to higher accruals for employee bonuses.

Expenses in the twelve months ended December 31, 2016 were higher due primarily to increased employee compensation, including compensation paid to additional personnel hired in 2015. Expenses also increased due to increased general and administration expenses and accrual of performance bonus pool expenses. The increase in general and administration expenses was largely due to additional legal, consulting and regulatory fees.

In the three and twelve months ended December 31, 2016, net income and comprehensive income attributable to Shareholders were $0.7 million and $5.1 million (2015 - $1.7 million and $2.0 million), respectively. The major factors impacting the decrease in net income and comprehensive income attributable to Shareholders in the three months ended December 31, 2016 compared to the same period in the prior year were lower unrealized gains in fair value of investments and higher salaries, management fees and benefits, which were offset, in part, by increased revenues resulting from new loans completed in the period. The major factors impacting the increase in net income and comprehensive income attributable to Shareholders in the twelve months ended December 31, 2016 compared to the prior year were increased revenues resulting from new loans completed in the year, which were offset, in part, by lower unrealized gains in fair value of investments and higher salaries, management fees and benefits and share-based compensation.

Crown consolidates 100% of its approximate 69.75% interest in NCOF II and, through Crown's wholly-owned subsidiary, CCFC, its 40% interest in CCF IV LP (50% prior to July 1, 2016 and 35% after December

31, 2016) and its 100% interest in CCPC LP and reflects the interests of other investors in these funds as non-controlling interests. The financial results of the Corporation as at and for the three and twelve months ended December 31, 2016 discussed in this MD&A reflect the completion of the IPO and also include the results of operations of CCFC, NCOF II, CCF IV LP and CCPC LP for the three and twelve months ended December 31, 2016.

Business Overview

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

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

Crown, which was founded by Crown Life Insurance Company and owned by it until 2002, completed an IPO in 2015 for gross proceeds of $65 million. The Common Shares began trading on the Toronto Stock Exchange on July 9, 2015 under the symbol TSX:CRN. This symbol was changed on March 3, 2017 to TSX:CRWN.

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

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

In September 2015, the Corporation completed the initial closing of CCF IV LP, a Special Situations Financing debt fund with initial capital commitments of $100.0 million. On July 15, 2016, CCF IV LP completed a subsequent capital raise with subscriptions for an additional 25,000 limited partnership units, bringing the total capital committed to CCF IV LP to $125.0 million. As a result of the subsequent capital raise, Crown held a 40% controlling interest in CCF IV LP at December 31, 2016, compared to 50% as at June 30, 2016.

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

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

Portfolio at December 31, 2016

At December 31, 2016, Crown held ownership interests in nine loans.

Borrower	Loan Principal Amount Outstanding at December 31, 2015(1)	Loan Principal Amount Outstanding at December 31, 2016(1)	Attributable at December 31, 2016 to		Status
			Shareholders	Non-controlling interests	
Special Situations Financing transactions					
CRH Medical Corporation ("**CRH**")[1]	$22,500,000	$22,500,000	$12,063,330	$5,231,346	Current
Corrosion Service Company Limited ("**Corrosion**")[1]	$4,000,000	$3,920,000	$2,144,592	$929,885	Current
Petrowest Corporation **("Petrowest")**	$15,000,000	$15,000,000	$6,000,000	$9,000,000	Current
Distinct Infrastructure Group Inc. **(**"**Distinct**")	$20,000,000	$20,000,000	$8,000,000	$12,000,000	Current
Bill Gosling Outsourcing Holding Corp. ("**Gosling**")	N/A	$15,000,000	$6,000,000	$9,000,000	Current
Medicure Inc. ("**Medicure**")	N/A	$30,000,000	$12,000,000	$18,000,000	Current
Touchstone Exploration Inc. ("**Touchstone**")	N/A	$15,000,000	$6,000,000	$9,000,000	Current
Source Energy Services Canada ("**Source**")	N/A	$15,000,000	$6,000,000	$9,000,000	Current
Long-Term Financing transactions					
PenEquity Realty Corporation ("**PenEquity**")	$25,000,000	$25,000,000	$25,000,000	Nil	Current

Note 1: The above principal amounts are stated at the face value of the total loans. The loans to CRH and Corrosion were made *pari passu* between NCOF II and NCOF II Parallel. NCOF II's interest in these two investments is approximately 76.9%. For all loans, only the amounts attributable to Shareholders and non-controlling interests are included in the Corporation's December 31, 2016 audited consolidated financial statements and the pro rata portions held by NCOF II Parallel in the CRH and Corrosion loans are excluded.

In addition to the above loans, as at December 31, 2016, CCF IV LP held ownership interests in 4,300,000 Petrowest common share purchase warrants (the "**Petrowest Warrants**"), 903,614 Petrowest common shares (the "**Petrowest Shares**"), 1,000,000 Distinct common shares (the "**Distinct Shares**"), and 450,000 Medicure common share purchase warrants.

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.

<table>
<tr><th>Financial</th><th>Business</th><th>Industry</th><th>Security</th><th>Marketability</th></tr>
<tr>
<td>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 ($)
• Enterprise Value ($)</td>
<td>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</td>
<td>Competitors

Business Cycle

History of Profitability

International Trade

Regulatory Restrictions</td>
<td>% of Security Coverage

Assets
• Condition
• Obsolescence
• Specialization

Dependence on Unsecured Creditors</td>
<td>Business

Investment</td>
</tr>
</table>

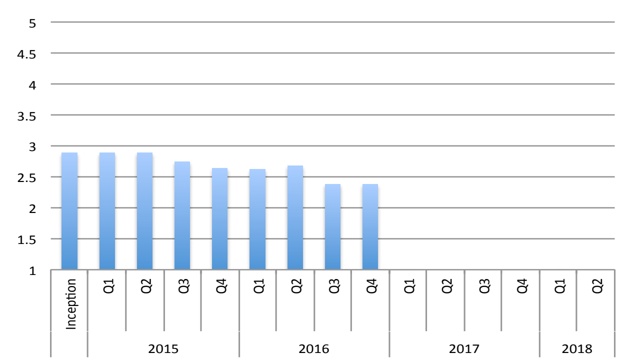
Similar to a financial ratio, the risk rating provides both a point-specific indication of the risk level of a loan as well as the trend of the risk level over a period of time. Crown's strategy is to provide loans to successful, cash flow-generating businesses. Crown expects the risk rating of a borrower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

Portfolio Company Updates

The following tables set forth certain summary information in respect of loans held by Crown as at December 31, 2016. 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".

CRH Medical Corporation	
Business Description:	Headquartered in Vancouver, British Columbia, CRH is a publicly-traded healthcare company (TSX:CRH) providing innovative products and essential services to gastroenterologists throughout the U.S. CRH's core business is providing anesthesia services to gastroenterology clinics in Georgia, Tennessee, Florida, and North Carolina. In addition, CRH has a patented innovative product for the treatment of hemorrhoids which is used by over 2,000 physicians in 800 clinics throughout the U.S.
Business Overview:	CRH reported revenue of US$22.1 million and operating EBITDA of US$11.6 million for the three months ended September 30, 2016 and revenue of US$52.5 million and operating EBITDA of US$27.0 million for the nine months ended September 30, 2016. On a trailing twelve month basis ending September 30, 2016, CRH reported revenue of US$66.5 million and operating EBITDA of US$34.3 million. CRH completed three majority-interest acquisitions in fiscal 2016 and one early in 2017.
Industry:	Healthcare
Capital Investment:	$22.5 million
Investment Date:	December 2, 2014
Term:	42 months
Interest Rate:	12%
Bonus / Participation: [1]	2.0 million common shares

Risk Rating



Note 1: All the CRH shares were sold in 2015.

Corrosion Service Company Limited

Business Description: Established in 1950, Corrosion is a privately-owned corrosion engineering firm headquartered in Markham, Ontario. Corrosion is the second largest corrosion engineering firm in Canada focused primarily on corrosion mitigation for the midstream energy industry. Corrosion provides pipeline and infrastructure integrity through an end-to-end service offering consisting of cathodic and anodic protection systems, AC mitigation, and external corrosion direct assessment. Corrosion has six field offices located across Canada.

Business Overview: Corrosion's operating results and financial position remain positive despite conditions in the oil and gas industry. The outlook for pipeline integrity testing continues to be favourable due to the regulatory and safety requirements in the industry.

Industry: Business Services

Capital Investment: $4 million

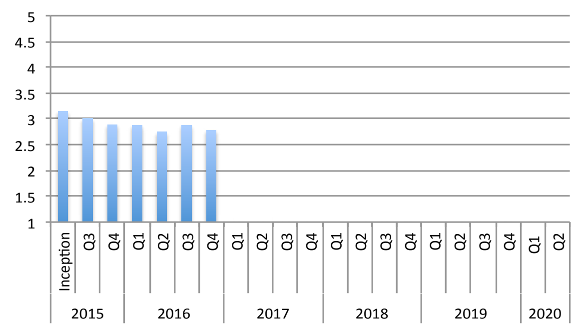
Investment Date: April 1, 2015

Term: 60 months - repaid in full on February 27, 2017

Interest Rate: Not disclosed

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

Risk Rating



Petrowest Corporation

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

Business Overview: Petrowest reported revenue of $45.7 million and adjusted EBITDA of $3.5 million in the three months ended September 30, 2016 and revenue of $114.9 million and adjusted EBITDA of $6.7 million for the nine months ended September 30, 2016. On a trailing twelve month basis ending September 30, 2016, Petrowest reported revenue of $155.2 million and adjusted EBITDA of $6.9 million. Petrowest's financial results in 2016 were adversely affected by extreme weather patterns in Western Canada and the continued downturn in the energy sector. Petrowest is working on a process to refinance its existing syndicate of Canadian commercial banks.

Industry: Diversified

Capital Investment: $15 million

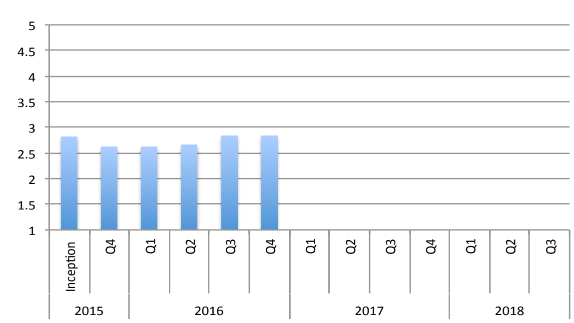
Investment Date: September 29, 2015

Term: 36 months

Interest Rate: 13%

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

Risk Rating



Distinct Infrastructure Group Inc.

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

Business Overview: Distinct reported revenue of $16.1 million and EBITDA of $3 million for the three months ended September 30, 2016 and revenue of $42.4 million and EBITDA of $5.5 million for the nine months ended September 30, 2016. On a trailing twelve month basis ending September 30, 2016, Distinct reported revenue of $53.1 million and EBITDA of $8.6 million. Distinct continues to experience strong organic growth in its telecommunication infrastructure business driven primarily by increasing demand from its largest customer.

Industry: Infrastructure Services

Capital Investment: $20 million

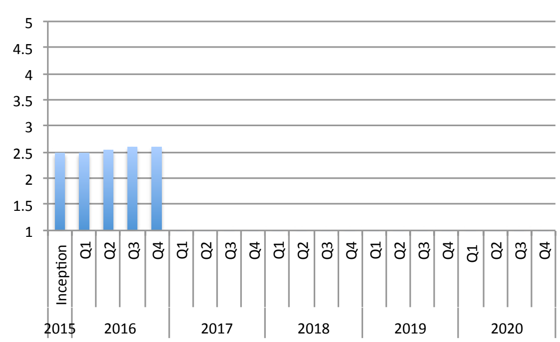
Investment Date: November 25, 2015

Term: 60 months

Interest Rate: 10% - 12%

Bonus / Participation: 1.0 million common shares

Risk Rating



Bill Gosling Outsourcing Holding Corp.

Business Description: Founded in 1955 and headquartered in Newmarket, Ontario, Gosling is a privately-owned global provider of call center solutions to blue chip and emerging high-growth clients. It operates nine call centers in Canada, the U.S., the U.K., and the Philippines and employs approximately 2,000 full time equivalents. In May 2016, CCF IV LP advanced a $15 million, 5-year term loan to Gosling to refinance a maturing loan.

Business Overview: Gosling is expected to continue to benefit from a shift from "in-housing" to "outsourcing" as the business process outsourcing industry has been growing at 5% per annum. Underpinning and potentially increasing this growth is the continued increase in U.S. auto loan and alternative consumer financing markets. Gosling's operating results and financial position remain positive.

Industry: Business Process Outsourcing

Capital Investment: $15 million

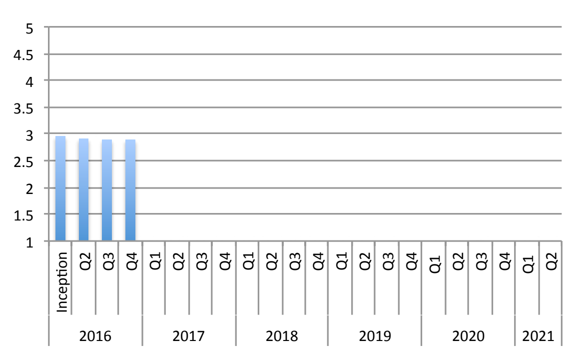
Investment Date: May 25, 2016

Term: 60 months

Interest Rate: Not disclosed

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

Risk Rating



Medicure Inc.

Business Description: Headquartered in Winnipeg, Manitoba, Medicure is a publicly-traded (TSXV:MPH) specialty pharmaceutical company focused on the development and commercialization of cardiac therapeutics for the US hospital market. The primary focus of Medicure and its subsidiaries is the marketing and distribution of Aggrastat for non-ST elevation acute coronary syndrome in the United States.

Business Overview: Medicure reported revenue of $8.2 million and EBITDA of $2.8 million for the three months ended September 30, 2016 and revenue of $22 million and EBITDA of $7 million for the nine months ended September 30, 2016. On a trailing twelve month basis ending September 30, 2016, Medicure reported revenue of $31.5 million and EBITDA of $11.4 million. On November 18, 2016, Medicure exercised an option to acquire a majority interest in Apicore US LLC.

Industry: Pharmaceutical

Capital Investment: $30 million

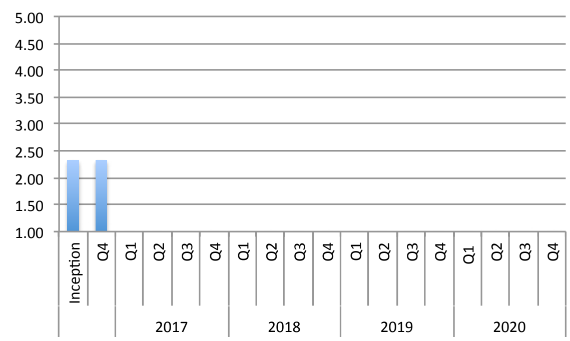
Investment Date: November 17, 2016

Term: 48 months

Interest Rate: 9.5%

Bonus / Participation: 450,000 common share purchase warrants

Risk Rating



Touchstone Exploration Inc.

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

Business Overview: Touchstone reported revenue of $4.5 million and EBITDA of $2.2 million for the three months ended September 30, 2016 and revenue of $18.7 million and EBITDA of $7.3 million for the nine months ended September 30, 2016. On a trailing twelve month basis ending September 30, 2016, Touchstone reported revenue of $26 million and EBITDA of $8.3 million. For the three months ended December 31, 2016, Touchstone reported average production of 1,245 bopd at a realized price of US $46.22 per barrel.

Industry: Oil and Gas

Capital Investment: $15 million

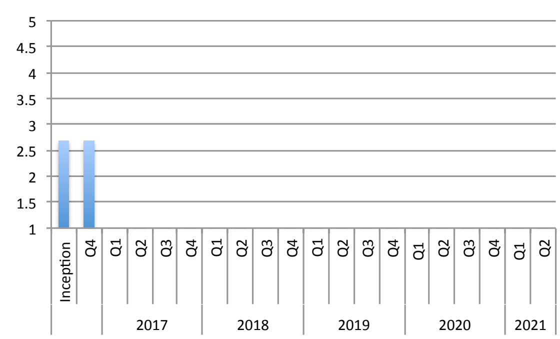
Investment Date: November 23, 2016

Term: 60 months

Interest Rate: 8%

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

Risk Rating



Source Energy Services

Business Description: Headquartered in Calgary, Alberta, Source is the leading provider of frac sand to the Western Canadian Sedimentary Basin. Source is vertically integrated, owning a sand mine in Wisconsin, seven transload terminals in Canada, and two transload terminals in the United States. Frac sand is an integral component of the hydraulic fracturing process.

Business Overview: Source's operating results and financial position were negatively impacted by the adverse conditions in the oil and gas sector in recent periods. Frac sand has become the single most expensive component of well completion and intensities (tons of sand per well) are trending higher. Source is expected to be a leading beneficiary of the continued intensification of frac sand usage in well completions as well as an increase in drilling activity. On February 13, 2017, Source filed a preliminary prospectus for an initial public offering.

Industry: Energy Services

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

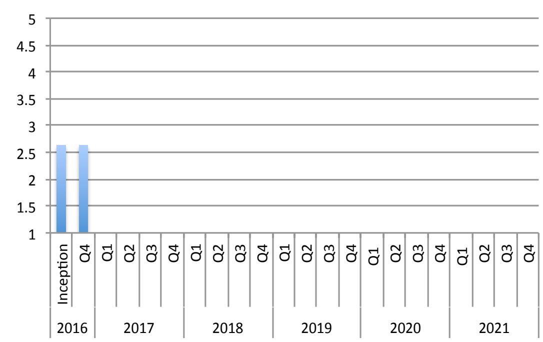
Investment Date: December 8, 2016

Term: 60 months

Interest Rate: 10.5%

Bonus / Participation: See Note 1

Risk Rating



Note 1. Noteholders will receive 4% of Source's equity in the event of an IPO, private equity sale, asset sale or note maturity. CCF IV LP's pro rata share of any equity received by noteholders is approximately 11.5%.

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, specifically 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. One of the two Barrie projects is well underway, with initial phases completed in 2016 and final completion expected in 2017. Site servicing on Stoney Creek is in progress and construction is expected to commence in the spring of 2017.

Industry: Real Estate Development

Capital Investment: $25 million

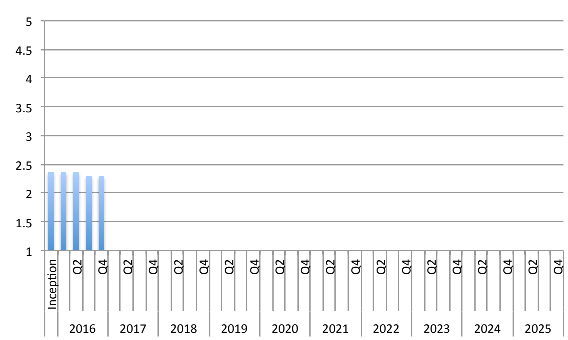
Investment Date: December 16, 2015

Term: 120 months

Interest Rate: Not disclosed

Bonus / Participation: None

Risk Rating



All of the above loans, except the Corrosion and Touchstone loans, are payable by way of a single payment due at the end of the term. Monthly principal payments on the Corrosion loan commenced in November 2016 and the loan was repaid in full on February 27, 2017. Principal payments on the Touchstone loan commence on January 1, 2019 in the amount of $810,000 per quarter.

Outlook

Management continues to place a high priority on new originations of both Special Situations Financing and Long-Term Financing transactions. As Crown looks to deploy its capital, market conditions are currently favourable and the pipeline of potential transactions is 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 its liquidity in new originations, it expects to generate growing cash flow and build long-term value for Shareholders.

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

Selected Annual Information

The following table provides selected annual information about the Corporation's financial condition and performance for the three years ended December 31, 2016. Crown's financial position at December 31, 2016 and its financial results for the year ended December 31, 2016 are not comparable to the prior years due to the IPO, the Rollover Transaction and the establishment of CCF IV LP and CCPC LP.

Selected Annual Information	Years Ended December 31		
	2016	2015	2014
Revenue:			
Fees and other income	$ 3,753,579	$ 2,808,673	$ 1,736,777
Interest revenue	11,510,023	2,511,715	-
Net realized gain on sale of investments	1,741,260	71,386	-
Net change in unrealized gains in fair value of investments	1,361,355	2,817,311	-
Total Revenue	$ 18,366,217	$ 8,209,085	$ 1,736,777
Total comprehensive income, net of non-controlling interests	$ 5,096,673	$ 2,034,313	$ 1,888
Weighted average shares outstanding - basic	9,504,362	4,715,114	303,000
Total comprehensive income per share - basic[1]	$ 0.54	$ 0.43	$ 0.01
Weighted average shares outstanding - diluted	9,674,272	4,833,785	303,000
Total comprehensive income per share - diluted[1]	$ 0.53	$ 0.42	$ 0.01
Adjusted EBIT[2]	$ 8,976,399	$ 3,999,062	$ 2,578
Investments, at fair value through profit or loss	$ 158,951,247	$ 84,367,280	$ -
Total assets	$ 182,374,467	$ 130,090,183	$ 2,775,162
Total non-current liabilities	$ 76,820,649	$ 26,565,645	$ 100,000
Total equity	$ 101,518,628	$ 99,260,977	$ 103,752
Cash dividends declared per Common Share	$0.44	$ -	$ -
Common Shares outstanding at December 31	9,514,759	9,488,094	303,000
Total equity per share - basic	$ 10.67	$ 10.46	$ 0.34

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

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

Quarterly Results Summary

The following table provides selected quarterly information about the Corporation's financial condition and performance for the period from January 1, 2015 to December 31, 2016. Crown's financial position at December 31, 2016 and its financial results for the quarters ended September 30, 2015 and subsequent quarters are not comparable to the financial position and results as at March 31, 2015 and June 30, 2015 for the reasons described under "Selected Annual Information".

Quarterly Results Summary	Three Months Ended							
	December 31 2016	September 30 2016	June 30 2016	March 31 2016	December 31 2015	September 30 2015	June 30 2015[2]	March 31 2015[2]
Revenue:								
Fees and other income	$ 2,225,463	$ 159,804	$ 813,702	$ 554,610	$ 1,403,552	$ 874,217	$ 273,121	$ 257,783
Interest revenue	3,588,909	2,967,729	2,567,688	2,385,697	1,388,380	1,123,335	-	-
Net realized gain on sale of investments	-	-	-	1,741,260	-	71,386	-	-
Net change in unrealized gains in fair value of investments	(397,314)	(254,237)	1,602,591	410,315	2,965,374	(148,063)	-	-
Total Revenue	$ 5,417,058	$ 2,873,296	$ 4,983,981	$ 5,091,882	$ 5,757,306	$ 1,920,875	$ 273,121	$ 257,783
Total comprehensive income (loss), net of non-controlling interests	$ 876,769	$ 832,573	$ 1,748,565	$ 1,638,766	$ 1,681,296	$ 395,220	$ (42,423)	$ 220
Weighted average shares outstanding - basic[1]	9,504,362	9,514,921	9,492,045	9,493,353	9,488,094	8,595,480	330,303	303,000
Total comprehensive income(loss) per share - basic[1]	$ 0.09	$ 0.09	$ 0.18	$ 0.17	$ 0.18	$ 0.05	$ (0.13)	-
Weighted average shares outstanding - diluted[1]	9,674,272	9,803,951	9,744,369	9,745,986	9,735,608	8,817,892	330,303	303,000
Total comprehensive income(loss) per share - diluted[1]	$ 0.09	$ 0.08	$ 0.18	$ 0.17	$ 0.17	$ 0.04	$ (0.13)	-
Investments, at fair value through profit or loss	$ 158,951,247	$ 99,410,054	$ 99,414,291	$ 82,811,699	$ 84,367,280	$ 36,401,906	-	-
Total assets	$ 182,374,467	$ 151,568,894	$ 138,225,938	$ 131,819,371	$ 130,090,183	$ 114,296,590	$ 7,200,015	$ 4,368,382
Total equity	$ 101,518,628	$ 101,344,596	$ 101,368,403	$ 100,230,152	$ 99,260,977	$ 97,257,858	$ 728,149	$ 103,972
Shares outstanding at the end of the period	9,514,759	9,519,071	9,495,210	9,494,002	$ 9,488,094	9,488,094	363,600	303,000
Total equity per share - basic	$ 10.67	$ 10.65	$ 10.68	$ 10.56	$ 10.46	$ 10.25	$ 2.00	$ 0.34

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

2. Crown's financial position and its financial results for the three month periods ended March 31, 2015 and June 30, 2015 are not comparable to the subsequent three month periods due to the IPO and the Rollover Transaction, both completed in July 2015, and the establishment of CCF IV LP and CCPC LP in September 2015 and December 2015, respectively.

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

Discussion of Operations

Revenues

Revenues of $5.4 million and $18.4 million were recognized in the three and twelve months ended December 31, 2016 (2015 – $5.8 million and $8.2 million), respectively. Revenues for the three months ended December 31, 2016 were lower than the same period in the prior year primarily due to higher unrealized losses on investments which were partially offset by increases in interest, fees and other income. Revenues were higher in 2016 due mainly to increases in interest, fees and other income earned by CCF IV LP and CCPC LP.

<u>Fees and Other Income</u>

Fees and other income in the three and twelve months ended December 31, 2016 were $2.2 million and $3.8 million (2015 - $1.4 million and $2.8 million), respectively. The following table provides an overview of the total fees and other income attributable to Shareholders and the non-controlling interests.

Fees and Other Income	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015	Attributable to: Shareholders Three Months 2016	Shareholders Twelve Months 2016	Shareholders %	Non-controlling interests Three Months 2016	Non-controlling interests Twelve Months 2016	Non-controlling interests %
Special Situations Financing transactions										
Transaction fees - Crown[1]	$ 1,197,000	$ 200,000	$ 1,309,500	$ 350,000	$ 1,197,000	$ 1,309,500	100.00%	$ -	$ -	0.00%
Transaction fees for new loans - CCF IV LP[1,2]	900,000	200,000	1,012,500	350,000	360,000	416,250	Note 1	540,000	596,250	Note 1
Transaction fees for amendments - CCF IV LP[1,2]	-	-	650,000	-	-	322,500	Note 1	-	327,500	Note 1
Other transaction fees - NCOF II	-	-	172,947	306,693	-	120,633	69.75%	-	52,314	30.25%
Long-Term Financing transactions										
Transaction fees - CCPC LP	-	750,000	-	750,000	-	-	100.00%	-	-	0.00%
Interest earned on cash and cash equivalents	54,610	173,462	313,219	310,339	54,610	313,219	100.00%	-	-	0.00%
Management fee revenue[3]	73,853	80,089	295,413	741,641	73,853	295,413	100.00%	-	-	0.00%
Total fees and other income	$ 2,225,463	$ 1,403,551	$ 3,753,579	$ 2,808,673	$ 1,685,463	$ 2,777,515		$ 540,000	$ 976,064	

1. Transaction fees earned by Crown on the four new loans completed by CCF IV LP in 2016 totaled $2.2 million, of which $1.6 million is attributable to Shareholders.
2. The Corporation's interest in CCF IV LP dropped from 50% to 40% effective July 1, 2016.
3. Management fee revenue is net of fees charged to NCOF II and CCF IV LP, which are eliminated on consolidation. Management fees charged to NCOF II and CCF IV LP in the three and twelve months ended December 31, 2016 were $356,475 and $1,063,697 (2015 - $162,427 and $626,074), respectively. For the three and twelve months ended December 31, 2016, management fees charged on the portion of contributed capital from non-controlling interests were $187,372 and $505,619 (2015 - $64,975 and $720,952), respectively.

The Corporation may receive transaction fees when loans are initially made, when loans are repaid prior to maturity and in other instances, for example, for providing amendments, waivers, consents or forbearance agreements. For the three and twelve months ended December 31, 2016, such transaction fees totaled $2.1 and $3.1 million (2015 - $1.2 million and $1.8 million), respectively. For the twelve months ended December 31, 2016, the higher transaction fees compared to the same period in the prior year reflect transaction fees for new loans completed in 2016 and amendment and waiver fees earned in 2016 on three loans.

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

On consolidation, 100% of management fees earned from NCOF II and CCF IV LP are eliminated against the management fees expensed by NCOF II and CCF IV LP. The non-controlling interests of each of NCOF II and CCF IV LP incur 30.25% and 60% (50% prior to July 1, 2016), respectively, of the management fees while Crown effectively pays itself for the other 69.75% and 40%, respectively, as a result of its ownership interests. (see also Related Party Transactions)

Management fees of $0.1 and $0.3 million were recognized in the three and twelve months ended December 31, 2016 (2015 - $0.1 million and $0.7 million), respectively, from NCOF LP and NCOF II (Parallel). Management fees were lower in the twelve months ended December 31, 2016 largely due to the elimination on consolidation of all management fees charged to NCOF II from the date of the IPO and the reduced value of NCOF LP and NCOF II (Parallel) assets under management.

Crown earns interest on cash and cash equivalents from such investments as short-term investment certificates and interest on savings accounts. These amounts are included in fees and other income. For the three and twelve months ended December 31, 2016, interest earned on cash and cash equivalents totaled $0.1 million and $0.3 million (2015 - $0.2 million and $0.3 million), respectively. Of this interest, 100% is attributable to Shareholders.

Interest Revenue

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

Interest Revenue	Three Months Ended December 31,		Year Ended December 31,		Attributable to: Shareholders			Attributable to: Non-controlling interests		
	2016	2015	2016	2015	Three Months 2016	Twelve Months 2016		Three Months 2016	Twelve Months 2016	
Special Situations Financings										
NCOF II	$ 613,742	$ 616,075	$ 2,444,368	$ 1,730,339	$ 428,095	$ 1,704,988	69.75%	$ 185,647	$ 739,380	30.25%
CCF IV LP[1]	2,095,386	618,880	5,565,655	627,951	838,154	2,425,960	Note 1	1,257,232	3,139,695	Note 1
Long-term Financings										
CCPC LP	879,781	153,425	3,500,000	153,425	879,781	3,500,000	100.00%	-	-	0.00%
Total interest revenue	$ 3,588,909	$ 1,388,380	$ 11,510,023	$ 2,511,715	$ 2,146,031	$ 7,630,948		$ 1,442,878	$ 3,879,075	

1. The Corporation's interest in CCF IV LP was reduced from 50% to 40% effective July 1, 2016.

Interest revenue in the three and twelve months ended December 31, 2016 was $3.6 million and $11.5 million (2015 - $1.4 million and $2.5 million), respectively. Interest revenue increased in the three and twelve months ended December 31, 2016 due to interest earned on additional investments made in 2016 by CCF IV LP, and a full year's interest earned on investments made in 2015 as well as inclusion of interest earned on investments held by NCOF II subsequent to the Rollover Transaction.

Net Gain on Investments

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

Net Gain on Investments	Three Months Ended December 31,		Year Ended December 31,		Attributable to: Shareholders			Attributable to: Non-controlling interests		
	2016	2015	2016	2015	Three Months 2016	Twelve Months 2016		Three Months 2016	Twelve Months 2016	
Special Situations Financings										
NCOF II - realized gain	$ -	$ -	$ 1,741,260	$ 71,386	$ -	$ 1,214,558	69.75%	$ -	$ 526,702	30.25%
sub-total - realized gains	$ -	$ -	$ 1,741,260	$ 71,386	$ -	$ 1,214,558		$ -	$ 526,702	
NCOF II - unrealized gain (loss)[1]	$ (32,222)	$ 1,729,350	$ 276,412	$ 1,599,157	$ (22,475)	$ 192,802	69.75%	$ (9,747)	$ 83,610	30.25%
CCF IV LP - unrealized gain[2]	819,085	1,095,293	1,088,069	1,077,423	327,634	520,642	Note 2	491,451	567,427	Note 2
Long-term Financings										
CCPC LP - unrealized gain (loss)	(1,184,177)	140,731	(3,126)	140,731	(1,184,177)	(3,126)	100.00%	-	-	0.00%
sub-total - unrealized gains (losses)	$ (397,314)	$ 2,965,374	$ 1,361,355	$ 2,817,311	$ (879,018)	$ 710,318		$ 481,704	$ 651,037	
Total net gain (loss) on investments	$ (397,314)	$ 2,965,374	$ 3,102,615	$ 2,888,697	$ (879,018)	$ 1,924,876		$ 481,704	$ 1,177,739	

1. Twelve months ended December 31, 2016 includes reversal of unrealized gain on Claude Shares of $384,326 recognized in 2015.
2. The Corporation's interest in CCF IV LP was reduced from 50% to 40% effective July 1, 2016.

The Corporation's net gain (loss) on investments in the three and twelve months ended December 31, 2016 totaled ($0.4 million) and $3.1 million (2015 – $3.0 million and $2.9 million), respectively. For the three and twelve months ended December 31, 2016, ($0.9 million) and $1.9 million, respectively, was attributable to Shareholders and $0.5 million and $1.2 million, respectively, to non-controlling interests.

The realized gain in the twelve months ended December 31, 2016 was the result of the sale by the NCOF Funds of the Claude Shares. In April 2013, the NCOF Funds provided a $25.0 million loan to Claude which was repaid, in full, in September 2015. In April 2014, in exchange for a forbearance agreement, the NCOF Funds received the Claude Shares, which were valued at that time at $1.0 million. The Claude

Shares were sold during the three months ended March 31, 2016 for a total of $5.3 million. The pro rata portion of the Claude Shares attributable to NCOF II was valued at $2.4 million at the date of the Rollover Transaction and NCOF II's share of the sale proceeds totaled $4.1 million, resulting in a realized gain of $1.7 million.

For the three months ended December 31, 2016, the unrealized loss in fair value of investments of $0.4 million was primarily due to reductions in the fair value of loans to PenEquity, Distinct and Gosling resulting from increases in benchmark interest rates used to estimate the present value of future cash flows. These reductions were partially offset by an increase in the fair value of the Medicure Warrants.

For the twelve months ended December 31, 2016, the unrealized gains on investments of $1.4 million were due, in part, to increases in the fair value of loans resulting from changes in benchmark interest rates and an increase in the fair value of the Medicure Warrants.

Expenses

Expenses in the three and twelve months ended December 31, 2016 totaled $2.2 million and $6.2 million (2015 - $1.6 million and $3.6 million), respectively. Operating costs are mostly fixed with the largest cost being employee compensation, including share-based compensation, amounts accrued for annual employee bonuses and accruals for the performance bonus expense.

Salaries, management fees and benefits

Salaries, management fees and benefits expense totaled $1.1 million and $2.3 million in the three and twelve months ended December 31, 2016 (2015 - $0.6 million and $1.6 million), respectively. The increase in salaries, management fees and benefits expenses in the three months ended December 31, 2016 compared to the same period in 2015 was due primarily to higher employee bonus expenses. The increase in salaries, management fees and benefits expenses in the twelve months ended December 31, 2016, compared to the same periods in 2015, was due primarily to new compensation and employee bonus arrangements post-IPO and the addition of senior executives to Crown's staff complement.

Share-based Compensation

Share-based compensation expense is recognized over the expected vesting period of each award. Share-based compensation totaled $0.4 million and $1.7 million, respectively, in the three and twelve months ended December 31, 2016 (2015 - $0.3 million and $0.7 million), respectively.

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

Stock Options granted are valued using a Black-Scholes formula and the expense is recognized over the vesting period. The Stock Options vest over a three-year period and have a five-year term and an exercise price of $11.00. In the three and twelve months ended December 31, 2016, no new Stock Options were issued and 45,455 were forfeited. As at December 31, 2016, 142,707 Stock Options had vested but had not been exercised and an additional 303,687 Stock Options which had not vested remained outstanding.

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

The Corporation issued 9,600 and 117,024 Share Units in the three and twelve months ended December 31, 2016, respectively. In the three and twelve months ended December 31, 2016, 6,066 and 61,387 Share Units, respectively, vested. Of the Share Units that vested in the twelve months ended December 31, 2016, 18,544 Share Units were cash-settled for $173,361 to pay applicable withholding taxes and 42,843 common shares were issued.

General and Administration

General and administration expenses totaled $0.3 million and $1.4 million in the three and twelve months ended December 31, 2016 (2015 - $0.5 million and $1.0 million), respectively. General and administration expenses include costs such as legal and audit fees, travel, promotion, occupancy costs, insurance, office administration and other costs. The increase in general and administration expenses in the twelve months ended December 31, 2016 compared to 2015 was largely due to additional legal, consulting and regulatory fees.

Performance Bonus Expense

The Corporation has an asset performance bonus pool (“**APBP**”) arrangement for certain individuals and entities, primarily employees and pre-IPO shareholders (the “**APBP Participants**”). For certain investment funds managed by the Corporation, 20% of investment returns in excess of an annual rate of return of 8% (the “**Preferred Return**”) earned by the fund will accrue to the Corporation as performance fee distributions. The Corporation’s current compensation policy provides that 50% of any performance fee distributions earned after the closing of the IPO will be distributed to the APBP Participants with the other 50% retained by the Corporation. Performance fee distributions from funds and payments to APBP Participants do not occur until certain conditions have been satisfied, including the return of all capital contributed to such fund and distribution to the investors of the Preferred Returns.

For the three and twelve months ended December 31, 2016, Crown accrued performance bonus expense of $0.3 million and $0.9 million (2015 – $0.2 million and $0.3 million), respectively. These amounts will only be paid when performance fees are received by the Corporation. No payments were made in 2016 or 2015.

Earnings before Income Taxes

For the three and twelve months ended December 31, 2016, Crown had earnings before income taxes of $3.2 million and $12.1 million (2015 – $4.1 million and $5.1 million), respectively.

Income Taxes

For the three and twelve months ended December 31, 2016, Crown recorded current tax expense of $0.4 million and $2.2 million (2015 – $1.0 and $1.2 million) and deferred tax (recovery) of $50,613 and $0.1 million (2015 – ($93,391) and $35,659), respectively.

The Corporation's consolidated statutory tax rate for the twelve months ended December 31, 2016 on earnings before income taxes attributable to shareholders of the Corporation was 26.5%.

The deferred income tax asset at December 31, 2016 of $1.5 million and deferred tax expenses for the twelve months ended December 31, 2016 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 pool expenses which are not deductible for tax purposes until they are paid in future periods.

Net Income and Comprehensive Income

For the three and twelve months ended December 31, 2016, Crown earned net income and comprehensive income of $2.8 million and $9.7 million (2015 – $3.1 million and $3.8 million), respectively.

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

For the three and twelve months ended December 31, 2016, net income and comprehensive income attributable to Shareholders was $0.9 million and $5.1 million (2015 – $1.7 million and $2.0 million), respectively. Net income and comprehensive income attributable to non-controlling interests was $1.9 million and $4.6 million (2015 – $1.5 million and $1.8 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 year ended December 31, 2016 of $0.5 million (2015 - $0.7 million), which the Shareholders are entitled to retain.

Adjusted EBIT

Crown achieved Adjusted EBIT in the three and twelve months ended December 31, 2016 of $1.8 million and $9.0 million (2015 – $3.0 million and $4.0 million), respectively. 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 and twelve months ended December 31, 2016 and December 31, 2015 is shown in the following table:

Reconciliation of Earnings before Income Taxes to Adjusted EBIT	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Earnings before income taxes	$ 3,240,611	$ 4,153,699	$ 12,119,973	$ 5,074,162
Add: financing costs	-	-	-	-
Add: non-cash share-based compensation	440,233	321,823	1,489,278	736,614
Deduct: net income attributable to non-controlling interests	(1,885,710)	(1,450,450)	(4,632,852)	(1,811,714)
Adjusted EBIT	$1,795,134	$3,025,072	$8,976,399	$3,999,062

Adjusted EBIT in the three months ended December 31, 2016 was lower than in the same period in the prior year primarily due to a reduction in the three months ended December 31, 2016 of unrealized gains related to the CCPC loan to PenEquity as a result of higher benchmark interest rates at December 31, 2016 compared to September 30, 2016 . Adjusted EBIT in the twelve months ended December 31, 2016 was higher than in the same period in the prior year primarily due to increased revenues from the new loans completed in 2016 and the latter half of 2015.

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

Liquidity and Capital Resources

Cash and cash equivalents at December 31, 2016 totaled $19.2 million (December 31, 2015 - $43.6 million). The reduction in cash and cash equivalents reflects investments made during the year. Accounts receivable at December 31, 2016 totaled $1.7 million (December 31, 2015 - $0.3 million).

The Corporation's current liabilities at December 31, 2016 totaled $3.7 million (December 31, 2015 - $4.3 million). Accounts payable and accrued liabilities at December 31, 2016 of $2.0 million (December 31, 2015 - $0.9 million) included normal-course amounts due to NCOF LP, NCOF II Parallel, and suppliers.

From time to time, the Corporation may receive interest payments in advance of the period for which the interest charges are applicable. At December 31, 2016, deferred interest revenue was $nil (December 31, 2015 – $1.8 million).

Distributions payable to non-controlling interests at December 31, 2016 totaled $1.1 million (December 31, 2015 – $0.4 million) and income taxes payable were $0.9 million (December 31, 2015 - $1.2 million). Working capital at December 31, 2016 was $17.0 million (December 31, 2015 - $39.8 million).

The Corporation, on a non-consolidated basis, retains sufficient capital to ensure it meets minimum excess working capital requirements under applicable securities law. This minimum amount was $100,000 as at December 31, 2016.

On July 15, 2016, CCF IV LP completed a subsequent closing of subscriptions for an additional 25,000 Units at $1,000 per Unit, bringing the total capital committed to CCF IV LP to $125.0 million. At December 31, 2016, $66.0 million (88%) of the $75.0 million committed to CCP IV LP to that date by limited partners other than Crown had been drawn by CCP IV LP, leaving $9.0 million of committed capital available to CCF IV LP from parties other than Crown. On January 9, 2017, CCF IV LP completed a second subsequent closing of subscriptions for an additional 50,000 Units at $1,000 per Unit, bringing the total capital committed to CCF IV LP to $175.0 million. In this second subsequent closing, Crown, through CCFC, subscribed for 11,250 of the 50,000 additional Units subscribed, increasing Crown's commitment to $61.25 million and reducing Crown's interest in CCF IV LP from 40% to 35% effective January 1, 2017. CCF IV LP has a maximum size of $300.0 million, with additional closings expected to occur prior to September 2018 as opportunities are identified to fund Special Situations Financing transactions and subscriptions in CCF IV LP are received.

The Corporation has sufficient liquidity to fund its commitment to CCF IV LP.

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

Use of IPO Proceeds

Crown received net proceeds from the IPO totaling $59.3 million. The following table reflects the actual use of proceeds compared to intended use of proceeds.

Use of IPO Proceeds ($ millions)	Expected Proceeds and Planned Use	Actual Use of Proceeds to December 31, 2016	Variance
Total Proceeds	63.90	65.00	1.10
Use of Proceeds:			
Investments in CCF IV LP	30.00	34.10	4.10
Investments in Long-Term Financings	30.00	25.00	(5.00)
Underwriting fees and working capital	3.90	5.90	2.00
Total Use of Proceeds	63.90	65.00	1.10

The above variances do not have a material impact on Crown's ability to achieve its business objectives.

Investments, at Fair Value through Profit or Loss

At December 31, 2016, the Corporation held investments in nine Canadian companies. Investments, at fair value through profit or loss, at December 31, 2016 totaled $159.0 million (December 31, 2015 - $84.4 million). Additional information about investments at fair value through profit or loss can be found in Note 3, Fair value measurement in the audited consolidated financial statements for the years ended December 31, 2016 and December 31, 2015.

Provision for Performance Bonus

The Corporation has obligations to APBP Participants under the APBP which will become payable in the event certain investment funds, including subsidiary investment funds, exceed minimum returns over their life. The provision for performance bonus at December 31, 2016 totaled $2.9 million compared to $2.0 million at December 31, 2015. The provision for performance bonus accrued as at December 31, 2016 represents the portion of performance fees recognized in consolidated earnings to date that will be payable to APBP Participants commencing on the repayment of all of the invested capital and payment of a prescribed preferential return to the limited partners in the related investment funds.

Non-Controlling Interests

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

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

At December 31, 2016, non-controlling interests was $73.9 million (December 31, 2015 - $24.6 million). The increase compared to December 31, 2015 was due primarily to additional capital contributions to CCF IV LP by non-controlling interests.

Share Capital

As at December 31, 2016, total share capital was $96.6 million (December 31, 2015 - $96.4 million).

In the twelve months ended December 31, 2016, the Corporation issued 42,843 Common Shares to employees and directors as a result of vesting of Share Units. The total value assigned to the Common Shares was $412,610 and this amount was added to share capital.

On April 6, 2016, the Corporation announced a normal course issuer bid ("**NCIB**") under which Crown has the right to purchase 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. The NCIB commenced on April 8, 2016 and will remain in effect until the earlier of April 7, 2017, the termination of the NCIB by Crown and Crown purchasing the maximum number of Common Shares permitted under the NCIB. Common Shares purchased by the Corporation pursuant to the NCIB will be cancelled. In the twelve months ended December 31, 2016, Crown purchased 16,178 Common Shares under the NCIB at an average cost of $9.02 per Common Share.

The total number of Common Shares outstanding at December 31, 2016 was 9,514,759 (December 31, 2015 – 9,488,094).

Contributed Surplus

At December 31, 2016, Crown's contributed surplus of $1.9 million included the opening balance at January 1, 2016 of $0.8 million plus $1.7 million for share-based compensation expense recorded in the twelve months ended December 31, 2016 for Share Units and Options outstanding during the period less $0.4 million transferred to share capital for Share Units vested in 2016 and $0.2 million for cash-settled share-based compensation in 2016.

Cash Flows

Cash and cash equivalents at December 31, 2016 totaled $19.3 million (December 31, 2015 - $43.6 million). In the twelve months ended December 31, 2016, the Corporation's cash balance was decreased mainly by completion of the Gosling, Medicure, Touchstone and Source investments and distributions to non-controlling interests. These cash uses were partially offset by proceeds from the sale of the Claude Shares, capital contributions by non-controlling interests and net income and comprehensive income of $9.5 million less the payment of dividends to Shareholders.

In 2016, the Corporation paid four quarterly dividends of $0.11 per Common Share each for a total of $4,182,348.

Off-Balance Sheet Arrangements

As at December 31, 2016, the Corporation, through CCFC, had subscribed for 50,000 units of CCF IV LP. This subscription included a commitment by Crown to provide up to $50.0 million to CCF IV LP as funds are called by CCF IV LP to fund new Special Situations Financing transactions. As of December 31, 2016, the Corporation had contributed capital to CCF IV LP totaling $44.0 million and was committed to provide up to an additional $17.5 million to CCF IV LP. Crown has no other material off-balance sheet arrangements.

Related Party Transactions

Pursuant to limited partnership agreements, NCOF LP and NCOF II Parallel pay management fees to Crown for management services provided. During the year ended December 31, 2016, Crown earned management fees from NCOF LP and NCOF II Parallel totaling $295,413 (2015 - $491,921), less rebates of $nil (2015 - $42,211).

At December 31, 2016, accounts receivable included a total of $255,844 due from NCOF LP and NCOF II Parallel (2015 - $119,445). Accounts payable and accrued liabilities included a total amount payable to NCOF LP and NCOF II Parallel of $nil (2015 - $293,274).

Pursuant to limited partnership agreements, NCOF II and CCF IV LP also pay management fees to Crown for management services provided. Other than amounts paid by NCOF II prior to the Rollover Transaction, management fees paid to Crown by NCOF II and CCF IV LP are eliminated on consolidation. For the period in 2015 prior to the Rollover Transaction, NCOF II paid management fees to the Corporation of $389,563 less rebates of $97,632.

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	Three Months Ended December 31,		Year Ended December 31,		
	2016	2015	2016	2015	Notes on Consolidation
Transaction fees - Crown	$ 1,197,000	$ 200,000	$ 1,309,500	$ 350,000	included in Revenue - Fees and Other Income
Management Fees charged to NCOF LP and NCOF II (Parallel)	73,853	80,089	295,413	741,641	included in Revenue - Fees and Other Income
Performance fees related to non-controlling interest in CCF IV LP	345,715	-	611,639	-	allocated from net income to income attributable to Shareholders
Performance fees related to non-controlling interest in NCOF II	20,522	121,691	213,997	156,594	allocated from net income to income attributable to Shareholders
Management fees related to non-controlling interest in CCF IV LP and NCOF II	187,372	64,975	505,619	720,952	allocated from net income to income attributable to Shareholders
	$ 1,824,462	**$ 466,755**	**$ 2,936,168**	**$ 1,969,187**	

Crown expects to receive performance fees from NCOF II (Parallel) in late 2017 or early 2018. Crown estimates the total amount of these performance fees will be approximately $965,000, of which the estimated amount that will be attributable to Shareholders, net of amounts payable to APBP

Participants, will be approximately $185,000. No amounts have been accrued in the Corporation's December 31, 2016 audited consolidated financial statements for performance fee revenues or performance bonus expenses related to NCOF II (Parallel).

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

Directors are paid a quarterly retainer of which at least 50% must be settled as RRSUs and the balance can be received as either RRSUs or cash at the Director's option. RRSUs vest immediately on issuance.

Key management personnel compensation for the years ended December 31, 2016 and 2015 is comprised of:

	2016	2015
Salaries, management fees and benefits	$1,697,878	$ 1,250,009
Share-based compensation	1,470,421	637,556
Performance bonus expense	793,733	234,251
	$ 3,962,032	$2,121,816

Critical Estimates and Accounting Policies

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

Information about judgments, assumptions and estimation uncertainties that have the most significant effect on the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and December 31, 2015 are included in the following notes in those financial statements:

- Note 4 – Fair value measurement;
- Note 3 (h) – Share-based payment plans;
- Note 8 – Share-based compensation;
- Notes 3 (j) – Income tax; and
- Note 12 – Income taxes.

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

Future Accounting Pronouncements

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

Financial Instruments

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

Revenue

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

Financial Instruments and Associated Risks

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

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

		December 31, 2016		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Canadian equity securities	$ 1,683,976	$ -	$ -	$ 1,683,976
Canadian warrants		2,801,685		2,801,685
Canadian debt securities	-	-	154,465,586	154,465,586
Total Investments	$ 1,683,976	$ 2,801,685	$ 154,465,586	$158,951,247

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

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's Canadian equity securities include CCF IV LP's interest in the Distinct Shares and the Petrowest Shares. The Corporation's Canadian warrants include CCF IV LP's interest in the Petrowest Warrants and the Medicure Warrants. Petrowest, Distinct, and Medicure are publicly-traded companies. The primary risk to the fair value through profit or loss of these equity securities is market risk.

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Corporation's investments in debt securities. A portion of the debt instruments held by the Corporation are unrated and relatively illiquid. Repayments are dependent on the ability of the underlying businesses to generate sufficient cash flow from operations, refinancings or the sale of assets or equity. The terms of the individual debt instruments and the risks of the underlying businesses are reflected in the fair values at the reporting date.

The Corporation's Canadian debt securities include NCOF II's interest in the loans to CRH and Corrosion (see Subsequent Events), CCF IV LP's loans to Petrowest, Distinct, Gosling, Medicure, Touchstone and Source and CCPC LP's loan to PenEquity. The primary risk to the fair value through profit or loss of these debt securities is credit risk. These debt securities bear minimum interest rates which limits interest rate risk.

The Corporation's investments at fair value through profit or loss are denominated in Canadian currency so there is no currency risk associated with the above investments except to the extent of investees' underlying operations which in some cases are dependent on revenues denominated in foreign currencies.

Additional information about financial instruments and associated risks can be found in the Corporation's 2016 audited consolidated financial statements and notes thereto and other public filings available on SEDAR at www.sedar.com.

Risk Factors

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

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

A further risk to the Corporation is credit risk related to decreases in the value of investments in which Crown has an ownership interest through its investments in the NCOF Funds.

The primary risk factor for NCOF II is credit risk, being the potential inability of one or both of the two remaining investee companies to meet their obligations to the NCOF Funds.

The primary risk factor for CCF IV LP is credit risk, being the potential inability of one or more of the six portfolio companies to meet their obligations to CCF IV LP. In addition, at December 31, 2016, CCF IV LP held the Petrowest Warrants which were valued at $0.3 million, the Petrowest Shares which were valued at $0.2 million, the Distinct Shares which were valued at $1.4 million, and the Medicure Warrants which were valued at $2.5 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, 2016 audited consolidated financial statements.

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

Disclosure Controls and Procedures and Internal Control over Financial Reporting

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

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

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

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

The CEO and CFO have evaluated the design and operating effectiveness of Crown's DC&P and ICFR and concluded that Crown's DC&P and ICFR were effective as at December 31, 2016. 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 and year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect Crown's ICFR.

Forward-Looking Statements

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

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

- the Corporation's intentions for the use of its cash and cash equivalents and the timing thereof, including additional capital contributions to CCF IV LP and CCPC LP;

- the investments of CCF IV LP in Special Situations Financing transactions and the potential structuring of such transactions;

- the performance of financing clients;

- the investments of CCPC LP in Long-Term Financing transactions and the potential structuring of such transactions;
- the Corporation's business plans and strategy;
- the Corporation's future cash flow and shareholder value;
- the sourcing of deals from Crown's established network and its potential pipeline of projects;
- the future capitalization of CCF IV LP and CCPC LP and future closings in relation thereto;
- Crown's future entitlement to base management and performance fees;
- the effect of delays between the repayment of loans and the redeployment of capital on Crown's financial condition;
- the future accounting policies of the Corporation;
- the alternative financial market and the general economy;
- the effect of the early repayment of loans on anticipated interest income;
- the Corporation's ability to secure debt financing on terms acceptable to the Corporation (or obtaining debt financing); and
- the vesting of Share Units and Options.

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

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

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

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

Market and Industry Data

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

Trademarks, Trade Names and Service Marks

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

Additional Information

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

Consolidated Financial Statements

Years ended December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Crown Capital Partners Inc.

We have audited the accompanying consolidated financial statements of Crown Capital Partners Inc. which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Crown Capital Partners Inc. as at December 31, 2016 and December 31, 2015 and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

March 21, 2017
Calgary, Canada

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Financial Position

As at December 31,

		2016		2015
Assets				
Current Assets				
Cash and cash equivalents	$	19,262,291	$	43,641,313
Accounts receivable		1,746,553		314,998
Prepaid expenses		70,504		69,692
		21,079,348		44,026,003
Investments, at fair value through profit or loss (Note 4)		158,951,247		84,367,280
Property, plant and equipment		16,387		11,189
Deferred financing costs (Note 10)		788,507		-
Deferred income taxes (Note 12)		1,538,978		1,685,711
	$	**182,374,467**	**$**	**130,090,183**
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accrued liabilities	$	2,009,980	$	898,926
Deferred interest revenue		-		1,751,042
Distributions payable to non-controlling interest		1,115,976		420,862
Income taxes payable		909,234		1,192,731
		4,035,190		4,263,561
Provision for performance bonus (Note 6)		2,909,512		1,994,640
Non-controlling interests (Note 11)		73,911,137		24,571,005
Total Liabilities		80,855,839		30,829,206
Equity				
Share capital (Note 7)		96,634,684		96,386,398
Contributed surplus		1,899,871		836,434
Retained earnings		2,984,073		2,038,145
Total Equity		101,518,628		99,260,977
	$	**182,374,467**	**$**	**130,090,183**

Subsequent events (Note 14)

See accompanying notes to consolidated financial statements.

On behalf of the Board:

signed "George Fowlie" Chairman	signed "Chris Johnson" Director
George Fowlie	Chris Johnson

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Comprehensive Income

For the years ended December 31,

	2016	2015
Revenues		
Fees and other income	$ 3,753,579	$ 2,808,673
Interest revenue	11,510,023	2,511,715
Net gain on investments		
Net realized gain on sale of investments	1,741,260	71,386
Net change in unrealized gains in fair value of investments	1,361,355	2,817,311
	18,366,217	8,209,085
Expenses		
Salaries, management fees and benefits	2,289,811	1,601,010
Share-based compensation (Note 8)	1,662,639	736,614
General and administration	1,373,493	1,005,198
Performance bonus expense	914,870	258,847
Depreciation	5,431	2,879
	6,246,244	3,604,548
Earnings before other income and income taxes	12,119,973	4,604,537
Gain on acquisition of subsidiary	-	469,625
Earnings before income taxes	12,119,973	5,074,162
Income taxes (Note 12)		
Current tax expense	2,243,715	1,192,476
Deferred tax	146,733	35,659
	2,390,448	1,228,135
Net income and comprehensive income	$ 9,729,525	$ 3,846,027
Net income and comprehensive income attributable to:		
Shareholders of the Corporation	$ 5,096,673	$ 2,034,313
Non-controlling interests (Note 11)	4,632,852	1,811,714
	$ 9,729,525	$ 3,846,027
Earnings per share attributable to shareholders:		
Basic	$ 0.54	$ 0.43
Diluted	$ 0.53	$ 0.42
Weighted average number of shares, basic	9,504,362	4,715,114
Weighted average number of shares, diluted	9,674,272	4,833,785

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Changes in Equity

For the years ended December 31,

	Number of shares	Share capital	Contributed surplus	Retained earnings	Total Equity
Balance as at January 1, 2015	303,000	$ 100	$ 99,820	$ 3,832	$ 103,752
Net income and comprehensive income attributable to shareholders of the Corporation	-	-	-	2,034,313	2,034,313
Issuance of common shares:					
Acquisition of NCOF II (Note 1)	3,214,494	35,359,423	-	-	35,359,423
Issue of share capital	60,600	666,600	-	-	666,600
IPO share proceeds (Note 7)	5,910,000	65,010,000	-	-	65,010,000
Underwriters' commission and offering expenses (Note 7)	-	(6,369,486)	-	-	(6,369,486)
Tax effect on share issue costs	-	1,719,761	-	-	1,719,761
Share-based compensation	-	-	736,614	-	736,614
Balance as at December 31, 2015	9,488,094	$ 96,386,398	$ 836,434	$ 2,038,145	$ 99,260,977
Net income and comprehensive income attributable to shareholders of the Corporation	-	-	-	5,096,673	5,096,673
Share-based compensation (Note 8)	-	-	1,662,639	-	1,662,639
Cash-settled share-based compensation (Note 8)	-	-	(186,592)	13,231	(173,361)
Issuance of common shares (Note 7)	42,843	412,610	(412,610)	-	-
Shares repurchased (Note 7)	(16,178)	(164,324)	-	18,372	(145,952)
Dividends declared (Note 7)	-	-	-	(4,182,348)	(4,182,348)
Balance as at December 31, 2016	9,514,759	$ 96,634,684	$ 1,899,871	$ 2,984,073	$ 101,518,628

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Consolidated Statements of Cash Flows

For the years ended December 31,

		2016		2015
Cash provided by (used in) operating activities				
Net income and comprehensive income	$	9,729,525	$	3,846,027
Non-cash items:				
Net realized gain on sale of investments		(1,741,260)		(71,386)
Net change in unrealized gains in fair value of investments		(1,361,355)		(2,817,311)
Gain on acquisition of investment		-		(469,625)
Depreciation		5,431		2,879
Deferred income tax		146,733		35,659
Share-based compensation		1,489,278		736,614
Net change in non-cash working capital (Note 13)		(2,229,487)		5,155,187
		6,038,865		6,418,044
Cash provided by (used in) investing activities				
Proceeds from repayment of debt securities		61,493		24,887,429
Proceeds from sale of equity securities		4,082,155		3,168,564
Purchase of investments		(75,625,000)		(60,000,000)
Purchase of property, plant & equipment		(10,629)		(7,781)
Acquisition of subsidiary, net of cash acquired (Note 1)		-		16,339
		(71,491,981)		(31,935,449)
Cash provided by (used in) financing activities				
Non-controlling interest contributions to CCF IV LP (Note 10)		49,122,000		17,500,000
Distributions paid by NCOF II to non-controlling interest		(1,850,060)		(10,527,016)
Distributions paid by CCF IV to non-controlling interest		(1,869,546)		-
Shareholder advances		-		250,000
Repayment of shareholder advances		-		(350,000)
Issue of share capital net of issue costs of $5,702,906 (Note 7)		-		59,307,114
Deferred financing costs (Note 10)		(788,507)		
Shares repurchased (Note 7)		(145,952)		-
Dividends (Note 7)		(4,182,348)		-
Net change in non-cash working capital (Note 13)		788,507		256,496
		41,074,094		66,436,594
Increase (decrease) in cash and cash equivalents		(24,379,022)		40,919,189
Cash and cash equivalents, beginning of year		43,641,313		2,722,124
Cash and cash equivalents, end of year	$	19,262,291	$	43,641,313
Supplemental cash flow information:				
Interest received in the year	$	10,332,533	$	2,466,520
Income taxes paid in the year	$	2,527,212	$	-

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 consolidated financial statements as at and for the years ended December 31, 2016 and 2015 comprise the Corporation and its subsidiaries.

On July 9, 2015, the Corporation issued 5,910,000 common shares pursuant to an Initial Public Offering ("IPO"). Immediately prior to the closing of the IPO, the Corporation acquired 69.75% of the outstanding limited partnership units of Norrep Credit Opportunities Fund II, LP ("NCOF II") in exchange for 3,214,494 common shares of the Corporation. The following summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

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

1. Reporting entity (continued):

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

On September 4, 2015 Crown Capital Fund IV Management Inc. ("CCF IV"), a wholly-owned subsidiary, was incorporated. CCF IV is the general partner of Crown Capital Fund IV LP ("CCF IV LP"). In September 2015, the Corporation, through its wholly-owned subsidiary, Crown Capital Funding Corporation ("CCFC"), subscribed for 50,000 units of CCF IV LP, which at that time was a 50% interest. In July 2016, an additional 25,000 units were subscribed by other investors, reducing the Corporation's interest to 40% effective July 1, 2016. Each unit of CCF IV LP includes a commitment to invest up to $1,000 in CCF IV LP. See Note 14 Subsequent events for the Corporation's increased commitment subsequent to December 31, 2016.

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

2. Basis of preparation:

(a) Statement of compliance:

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

These consolidated financial statements were authorized for issue by the Corporation's Board of Directors on March 21, 2017.

(b) Basis of measurement:

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

2. Basis of preparation (continued):

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

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

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

(i) Note 4 – fair value measurement of investments; and

(ii) Note 3 (h) and 8 – measurement of share-based compensation.

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

3. Significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries, CCFC, CCF III, CCF IV, CCPC MI, and CCPC LP, its 69.75% interest in NCOF II from the date of acquisition, and its 50% interest in CCF IV LP from date of formation to June 30, 2016 and 40% interest subsequently. All inter-company accounts and transactions have been eliminated on consolidation.

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

3. Significant accounting policies (continued):

(b) Business combinations:

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

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

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

(c) Non-controlling interests:

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

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

3. Significant accounting policies (continued):

(d) Financial assets and liabilities:

(i) Recognition, derecognition and initial measurement

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

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

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

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

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

3. Significant accounting policies (continued):

(ii) Classification

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

Financial assets at fair value through profit or loss:

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

Financial assets at amortized cost:

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

Financial liabilities at amortized cost:

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

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

(iii) Fair value measurement

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

(iv) Amortized cost measurement

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

(v) Impairment

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

3. Significant accounting policies (continued):

(vi) Cash and cash equivalents

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

(e) Revenue recognition:

(i) Interest revenue

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

(ii) Dividend income

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

(iii) Fees and other income

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

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

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

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

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

3. Significant accounting policies (continued):

(f) Property, plant and equipment:

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

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

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

(g) Employee benefits:

(i) Short-term employee benefits

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

(ii) Defined contribution plan

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

(iii) Other long-term employee benefits

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

3. Significant accounting policies (continued):

(h) Share-based payment plans:

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

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

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

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

(i) Earnings per share:

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

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

3. Significant accounting policies (continued):

(j) Income tax:

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

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

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

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

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

3. Significant accounting policies (continued):

(k) New standards and interpretations not yet adopted:

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

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

IFRS 15 Revenue from Contracts with Customers: The standard provides guidance on revenue recognition and relevant disclosures. The standard provides a single, principles-based five-step model to be applied to all contracts with customers. IFRS 15 applies to annual reporting periods beginning on or after January 1, 2019, with early adoption permitted. IRFS 15 will be applied effective January 1, 2019 and the Corporation does not expect any material changes to its financial reporting.

4. Fair value measurement:

(a) Investments

As at	December 31, 2016		December 31, 2015	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Canadian equity securities	$ 2,684,751	$ 4,485,661	$ 1,684,344	$ 4,630,017
Canadian debt securities	153,248,045	154,465,586	79,453,597	79,737,263
Total Investments	$ 155,932,796	$ 158,951,247	$ 81,137,941	$ 84,367,280

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

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of 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. Fair value measurement (continued):

(a) Investments (continued)

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

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

4. Fair value measurement (continued):

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

The tables below analyze investments measured at fair value at December 31, 2016 and December 31, 2015, by the level in the fair value hierarchy into which the fair value measurement is categorized. The amounts are based on the values recognized in the statement of financial position. There were no transfers between levels during the year.

	December 31, 2016			
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Canadian equity securities	$ 1,683,976	$ -	$ -	$ 1,683,976
Canadian warrants		2,801,685		2,801,685
Canadian debt securities	-	-	154,465,586	154,465,586
Total Investments	$ 1,683,976	$ 2,801,685	$ 154,465,586	$158,951,247

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

The level 3 investments as at December 31, 2016 and December 31, 2015 comprise private investments in Canadian debt instruments. Each loan is valued using the discounted present value of expected cash flows arising from these debt instruments.

4. Fair value measurement (continued):

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

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

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

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

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

December 31, 2016	Private Debt Securities
Beginning balance, January 1, 2016	$ 79,737,263
Purchases	73,855,941
Repayment	(61,493)
Unrealized gains	933,875
Balance, December 31, 2016	$ 154,465,586

4. Fair value measurement (continued):

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

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

The most significant input into the calculation of fair value of Level 3 debt investments is the discount rate applied to expected future cash flows. If the discount rate increased (decreased) by 100 bps, the fair value of Level 3 investments at December 31, 2016 would decrease by $4,312,581 or increase by $4,537,214 respectively.

(c) Canadian debt instruments

As at December 31, 2016, investments held in the form of Canadian debt securities had coupon interest rates ranging from 8.0% to 14.0% (2015 – 10.0% to 14.0%) per annum with maturity dates from June 1, 2018 to December 15, 2025 (2015 – April 5, 2018 to December 15, 2025).

(d) Financial instruments not measured at fair value

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

The recorded amount of the performance bonus payable approximates its fair value due to the fact that as the amounts are received they are paid out to the holders of the APBP Participants (see Note 6).

5. Financial risk management:

(a) Overview:

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

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

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

(b) Risk management framework:

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

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

5. Financial risk management (continued):

(c) Credit risk:

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

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

Carrying amount	December 31, 2016	December 31, 2015
Cash and cash equivalents	$ 19,262,291	$ 43,641,313
Accounts receivable	1,746,553	314,998
Investments in debt securities, at fair value through profit or loss	154,465,586	79,737,263
	$ 175,474,430	$ 123,693,574

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

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

(d) Liquidity risk:

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

The Corporation has current liabilities at December 31, 2016 of $4,035,190 and current assets of $21,079,348 (December 31, 2015 - $4,263,561 and $44,026,003), respectively.

The Corporation has long-term liabilities at December 31, 2016 of $76,820,649 (December 31, 2015 - $26,565,645), representing the provision for performance bonus and non-controlling interests. Since these liabilities only become due as the related investment fund's assets are liquidated and liquidation proceeds are received, there is no associated liquidity risk.

5. Financial risk management (continued):

(e) Market risk:

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

(i) Currency risk:

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

(ii) Interest rate risk:

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

(iii) Other price risk:

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

5. Financial risk management (continued):

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

	% of Investments December 31, 2016	% of Investments December 31, 2015
Industrial services	25.1%	46.5%
Pharmaceuticals	19.6%	-
Real estate development	15.8%	29.8%
Healthcare	11.2%	20.5%
Services	9.5%	-
Oil and Gas	9.4%	-
Energy Services	9.4%	-
Basic materials	-	3.2%
Total	100%	100.0%

6. Provision for performance bonus:

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

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

As at December 31, 2016, the Corporation had accrued a provision for performance bonus payable of $2,909,512 (2015 - $1,994,640), including $2,348,375 (2015 - $1,994,640) relating to performance fees recognized to date by NCOF II and $561,137 (2015- $nil) relating to performance fees recognized to date by CCF IV LP. No amounts were paid during the year. Performance bonus amounts will be paid to APBP Participants commencing on the repayment of all of the invested capital and payment of a prescribed preferential return to the limited partners in the related investment funds.

7. Share capital:

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

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

During the year ended December 31, 2016, the Corporation purchased and cancelled a total of 16,178 shares for total consideration of $145,952 (average cost $9.02 per share). The average book value of the shares repurchased of $10.16 per share was recorded as a reduction to share capital. The excess of the average book value over the market price, including transaction costs, totaled $18,372 and was recorded as an increase to retained earnings.

During the year ended December 31, 2016, the Corporation issued 42,843 shares as vested share-based compensation (see Note 8). The Corporation reclassified $412,610 from contributed surplus to share capital for these shares.

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

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

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

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

During the year ended December 31, 2016 the Corporation paid dividends of $0.44 per share aggregating $4,182,348.

8. 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"), to key management personnel, directors and employees. The PSU's vest when certain performance objectives are achieved. TRSUs were issued only in 2015 and all vest on July 9, 2018. RSUs issued to employees vest on July 9, 2018 and January 1, 2019 provided the holder of the Share Units remains an employee of the Corporation. RSUs issued to directors vest over a three-year period from the issue date provided the holder remains a director of the Corporation. RRSUs are issued only to directors and vest immediately upon grant and, on the grant date, each is exchanged for one common share of the Corporation.

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

Stock options granted are valued using a Black-Scholes formula and the expense is recognized over the vesting period. The Stock options vest over a three-year period and have a five-year term and an exercise price of $11.00. As at December 31, 2016, 142,707 Stock Options had vested but had not been exercised and an additional 303,687 Stock Options which had not vested remained outstanding.

8. Share-based compensation (continued):

The Corporation issued 117,024 Share Units during the year ended December 31, 2016 and 61,387 Share Units vested. Of the Share Units that vested in the twelve months ended December 31, 2016, 18,544 Share Units were cash-settled for $173,361 to pay applicable withholding taxes and 42,843 common shares were issued.

The table below details the share-based compensation expense recognized in the year ended December 31, 2016. Share-based compensation expense is recognized over the expected vesting period of each award.

For the year ended December 31, 2016						
	Number outstanding at January 1, 2016	**Issued in the year**	**Vested or exercised**	**Forfeited**	**Number outstanding at December 31, 2016**	**Expensed in the year**
TRSUs[1]	181,818	9,158	-	-	190,976	$ 588,794
PSUs[1]	36,528	52,034	(37,447)	(4,705)	46,410	492,748
RSUs [1]	29,168	37,950	(6,058)	(9,383)	51,677	201,985
RRSUs	-	17,882	(17,882)	-	-	161,904
Total Share Units[2]	247,514	117,024	(61,387)	(14,088)	289,063	1,445,431
Stock options[3]	491,849	-	-	(45,455)	446,394	217,208
Total	739,363	117,024	(61,387)	(59,543)	735,457	$ 1,662,639

[1] The TRSUs, PSUs and RSUs issued in the period were new awards and units issued in lieu of dividends on the underlying securities.
[2] 61,387 Share Units vested in the period. 18,544 Share Units were cash-settled and 42,843 common shares were issued.
[3] 142,707 stock options vested during the period, but remained unexercised as of December 31, 2016.

8. Share-based compensation (continued):

For the year ended December 31, 2015						
	Number outstanding at January 1, 2015	**Issued in the year**	**Vested or exercised**	**Forfeited**	**Number outstanding at Dec. 31, 2015**	**Expensed in the year**
TRSUs	-	181,818	-	-	181,818	$398,937
PSUs	-	36,528	-	-	36,528	121,216
RSUs	-	29,168	-	-	29,168	69,095
Total Share Units	-	247,514	-	-	247,514	589,248
Stock options	-	491,849	-	-	491,849	147,366
Total	-	739,363	-	-	739,363	$736,614

9. Related party transactions:

(a) Key management personnel compensation:

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

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

Key management personnel compensation for the years ended December 31, 2016 and 2015 is comprised of:

Years ended December 31,	2016	2015
Salaries, management fees and benefits	$ 1,697,878	$ 1,250,009
Share-based compensation	1,470,421	637,556
Performance bonus expense (note 6)	793,733	234,251
	$ 3,962,032	$ 2,121,816

9. Related party transactions (continued):

(b) Other related party transactions:

(i) Pursuant to limited partnership agreements, NCOF LP and Parallel, (each a “Fund” and, collectively, the “Funds”), pay management fees to the Corporation for management services provided. During the year ended December 31, 2016, management fees earned from the Funds amounted to $295,413 (2015 - $491,921), less rebates of $nil (2015 - $42,211) and is included in fees and other income.

At December 31, 2015, accounts receivable includes $255,844 due from the Funds (2015 - $119,445). Accounts payable and accrued liabilities included an amount payable to the Funds of $nil (2015 - $293,274).

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

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.

10. Credit facility:

On December 30, 2016, the Corporation entered into an agreement for a $35,000,000 senior secured revolving credit facility (the “Credit Facility”) with Alberta Treasury Branches and Business Development Bank of Canada. The Corporation will use the Credit Facility to fund investments in mid-market corporations. The Credit Facility provides financing at a variable interest rate based on Bankers Acceptances rate plus 375 bps to 425 bps and has a customary set of covenants. The Credit Facility matures in three years and is subject to extension annually. As of December 31, 2016 $nil has been drawn on the Credit Facility. In relation to the Credit Facility, the Corporation incurred $788,507 of deferred financing costs which will be amortized over the initial three-year term.

11. Non-controlling interests (NCI):

As at	December 31, 2016		
	NCOF II	CCF IV	Total
NCI percentage	30.25%	60.0%[1]	
Beginning balance, January 1, 2016	$ 6,406,684	$ 18,164,321	$ 24,571,005
Net income and comprehensive income	1,060,185	3,572,667	4,632,852
Contributions	-	49,122,000	49,122,000
Distributions	(1,850,902)	(2,563,818)	(4,414,720)
Balance, December 31, 2016	$ 5,615,967	$ 68,295,170	$ 73,911,137

1. NCI percentage in CCF IV increased to 60% from 50% effective July 1, 2016.

As at	December 31, 2015		
	NCOF II	CCF IV	Total
NCI percentage	30.25%	50.0%	
Beginning balance, January 1, 2015	$ -	$ -	$ -
Acquisition	14,526,035	-	14,526,035
Net income and comprehensive income	880,566	931,148	1,811,714
Contributions	-	17,500,000	17,500,000
Distributions	(8,999,917)	(266,827)	(9,266,744)
Balance, December 31, 2015	$ 6,406,684	$ 18,164,321	$ 24,571,005

12. Income taxes:

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

The Corporation's consolidated effective rate for the year ended December 31, 2016 was 26.5%. The effective rate increased on the date of the IPO as the Corporation is now classified as a public corporation and not eligible for the small business deduction.

Years ended December 31,	2016	2015
Earnings before income tax	$ 12,119,973	$ 5,074,162
Statutory income tax rate	26.5%	26.5%
Income tax at statutory income tax rate	3,211,793	1,344,653
Non-deductible expenses and other	11,702	347
Non-deductible share compensation expense	394,659	195,203
Non-controlling interest share of income [1]	(1,227,706)	(480,104)
Non-taxable gain on acquisition of NCOF II	-	(124,451)
Tax rate changes	-	31,847
Tax difference on acquisition of NCOF II	-	260,640
Income tax	$ 2,390,448	$ 1,228,135

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

Deferred income taxes result mainly from the financing costs associated with the credit facility (see Note 13) and IPO which are deductible for tax purposes over a five year period and unrealized gains or losses that are not taxed until they are realized. The financing costs relating to the credit facility will be amortized over the three-year loan period for accounting. The table below outlines the changes in deferred tax balances.

12. Income taxes (continued):

As at	December 31, 2016			
	Balance January 1, 2016	Recognized in profit and loss	Recognized through equity	Balance December 31, 2016
Property, plant and equipment	$ 994	$ 70	$ -	$ 1,064
Other intangibles	889	(62)	-	827
Financing costs - IPO	1,525,134	(337,582)	-	1,187,552
Financing costs – Credit Facility	-	(48,151)	-	(48,151)
Loan cost base	90,100	-	-	90,100
Performance bonus	68,594	242,441	-	311,035
Partnership earnings timing difference	-	(3,449)	-	(3,449)
	$ 1,685,711	$ (146,733)	$ -	$ 1,538,978

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

13. Net change in non-cash working capital:

Years ended December 31,	2016	2015
Accounts receivable	$ (1,431,555)	$ 3,959,779
Prepaid expenses	(812)	(51,772)
Accounts payable and accrued liabilities	1,111,054	(1,698,318)
Deferred interest revenue	(1,751,042)	1,751,042
Provision for performance bonus	914,872	258,847
Income tax payable	(283,497)	1,192,105
Total	$ (1,440,980)	$ 5,411,683
Net change attributable to operating activities	(2,229,487)	5,155,187
Net change attributable to financing activities	788,507	256,496

14. Subsequent events:

On January 9, 2017, CCF IV LP completed a subsequent closing with subscriptions for an additional 50,000 limited partnership units at $1,000 per unit, bringing the total capital committed to CCF IV LP to $175,000,000. The Corporation has committed to invest up to a total of $61,250,000 ($50,000,000 as of December 31, 2016) in CCF IV LP by subscribing, through CCFC, for 11,250 additional partnership units of the subsequent closing, with the result that the Corporation holds 61,250 units and a 35% controlling interest in CCF IV LP effective January 1, 2017, compared with 40% as at December 31, 2016. Of this commitment $44,000,000 was contributed as of December 31, 2016.

On March 2, 2017, Crown paid a quarterly dividend of $0.12 per Common Share to Shareholders of record on February 14, 2017. This was an increase from the $0.11 per Common Share quarterly dividend paid previously.

Corporate Directory

DIRECTORS

George Fowlie, MBA
Chair of the Board

Robert Gillis, CPA, CA
Director

Christopher A. Johnson, CFA
Director

Glen Roane, MBA, ICD.D
Director

Alan Rowe, CPA, CA
Director

Peter Snucins
Director

OFFICERS

Christopher A. Johnson, CFA
President and
Chief Executive Officer

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

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

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

SHAREHOLDER INFORMATION

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

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

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

Legal Counsel
Torys LLP

Auditors
KPMG LLP

INVESTOR RELATIONS

Craig Armitage
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