



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2015

Crown Capital Partners Inc.
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Management's Discussion and Analysis

The following Management's Discussion and Analysis ("**MD&A**") of the consolidated operating and financial performance of Crown Capital Partners Inc. ("**Crown**" or the "**Corporation**") for the year ended December 31, 2015 is prepared as of March 22, 2016. This discussion is the responsibility of management and should be read in conjunction with the Corporation's audited consolidated financial statements for the years ended December 31, 2015 and December 31, 2014, and the notes attached 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 (the "**Board**") has approved this MD&A. All amounts herein are expressed in Canadian dollars unless otherwise indicated. See "Forward-Looking Statements".

Business Profile and Strategy

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 a direct 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.

Strategy & Track Record

Crown, which was founded by Crown Life Insurance Company and owned by it until 2002, completed an initial public offering of its common shares ("**Common Shares**") in 2015 for gross proceeds of \$65.0 million (the "**IPO**"). Over the past 15 years, Crown has completed 34 loans and deployed more than \$414 million in capital, making it one of the leading alternative lenders in Canada.

Crown targets successful companies with perceived risk profiles exceeding the lending criteria of traditional lenders and whose capital requirements are too small to access the high-yield public debt market. In identifying potential financing clients, particular attention is paid to stability and growth of revenues and profitability, the potential client's ability to repay debt and the marketability of the client or its assets in a default scenario. The basic thesis of Crown's financing strategy is to finance businesses that consistently increase in value and generate significant cash flow that is used to reduce debt. This results in an improving profile as these loans progress toward maturity, with decreasing loan-to-value and debt-to-EBITDA ratios.

Unique Hybrid Business Model

	Special Situations Financing	Long-term Financing
Vehicle:	Senior or Subordinated Loans	Fixed Rate Long-term Loans, Participating Loans, Perpetual Debt Structures, and Recurring Revenue Structures
Target Cash Yield:	10% - 14% per annum	12% - 16% per annum
Target Gross Yield:	12% - 18% per annum	12% - 16% per annum
Bonus Feature:	Warrants, Gifted Shares, Phantom Equity, PIK	Limited
Duration:	Less than or equal to 5 years	Greater than 5 years
Prepayment Cost:	Low	Medium to High

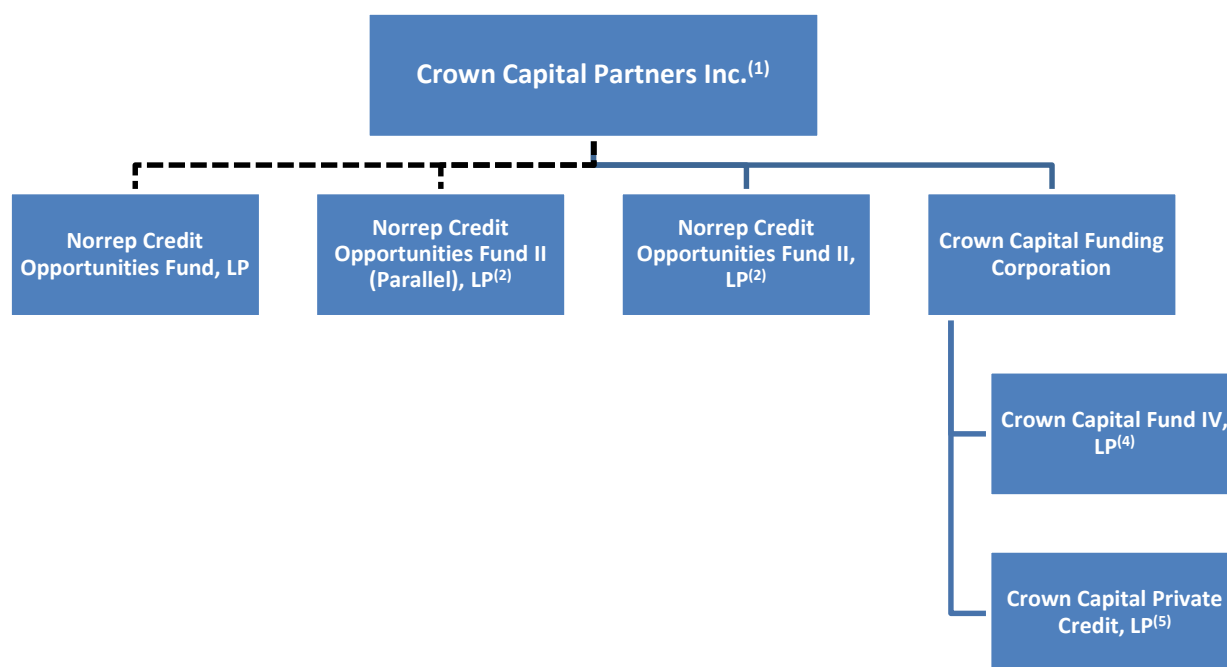
Crown has historically offered special situations financing solutions to businesses for transitory capital requirements, generally in the form of short- and medium-term senior or subordinated loans, indirectly through a variety of funding arrangements (“**Special Situations Financing**”).

Following the IPO, Crown implemented a hybrid business model. In addition to its long-standing indirect lending model for Special Situations Financings through various funds, Crown is now also deploying its capital through wholly-owned Crown Capital Private Credit, LP (“**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**”). In addition to the high returns generated by Special Situations Financing solutions, Crown believes it can create significant long-term shareholder value by using proprietary capital to build a portfolio of Long-term Financings which provide stable, sustainable long-term cash flows.

Organizational Structure - Our Business at a Glance

The following table and chart illustrate Crown’s legal structure and relationship with the Crown Capital Funds as at the date hereof.

Name	Place of Formation	Ownership Interest	Manager
Norrep Credit Opportunities Fund, LP	Alberta	None	Yes
Norrep Credit Opportunities Fund II (Parallel), LP	Alberta	None	Yes
Norrep Credit Opportunities Fund II, LP	Alberta	69.75%	Yes
Crown Capital Funding Corporation	Canada	100%	N/A
Crown Capital Fund IV, LP	Alberta	50%	Yes
Crown Capital Private Credit, LP	Alberta	100%	Yes



Notes:

- (1) Chart excludes subsidiaries functioning solely as general partners of the limited partnerships.
- (2) Norrep II and Norrep II (Parallel) invest on a *pari passu* basis – 76.87% and 23.13%, respectively.
- (3) Prior to acquiring this 69.75% interest through the Rollover Transaction, Crown was only the manager of this entity.
- (4) This limited partnership was formed on September 23, 2015.
- (5) This limited partnership was formed on December 16, 2015.

Market Opportunity

The market for alternative financing solutions for mid-market companies in Canada is attractive. Canada’s financial landscape is dominated by large chartered banks and private equity funds, whose financing terms and dilutive financing structures are, in Crown’s view, often ill-suited to meet the demands of many mid-market companies. Since the credit crisis, Crown has observed a widening of the funding gap, as banks have further limited their willingness to extend credit to smaller borrowers. There are approximately 6,000 mid-market companies in Canada.⁽¹⁾ These companies generate approximately US\$667.5 billion in revenue, support 1.9 million jobs and contribute 31.8% to Canada’s gross domestic product.⁽¹⁾ Crown believes that many of these mid-market companies will execute transactions with private capital providers such as Crown as they are unable to obtain an appropriate amount of senior debt and do not want to engage in a dilutive equity transaction.

⁽¹⁾Source: HSBC Commercial Banking report “Hidden Impact: The Vital Role of Mid-Market Enterprises”.

Highlights of 2015

During year ended December 31, 2015, Crown achieved a number of key milestones including:

- completing the IPO which raised gross proceeds of \$65.0 million;

- completing the acquisition of approximately 69.75% of the outstanding units of NCOF II in exchange for 3,214,494 Common Shares valued at \$35.4 million (the “**Rollover Transaction**”);
- achieving total revenue of \$8.2 million and total comprehensive income of \$3.8 million
- completing the initial closing of Crown Capital Fund IV, LP (“**CCF IV LP**”), a Special Situations Financing debt fund with initial capital commitments of \$100.0 million;
- creating CCPC LP as a vehicle to hold Crown’s interests in Long-Term Financings;
- completing two Special Situations Financing transactions for a total of \$35.0 million and one Long-Term Financing transaction for \$25.0 million; and
- strengthening its operational capacities by adding personnel in key areas, including a Chief Investment Officer (“**CIO**”) and three senior business development executives.

In addition, in January 2016, Crown declared and paid its first quarterly dividend of \$0.11 per Common Share.

Initial Public Offering

Pursuant to the IPO, Crown became a reporting issuer on June 30, 2015 and issued 5,910,000 Common Shares at a price of \$11.00 per Common Share, resulting in gross proceeds of \$65.0 million before underwriters’ commissions and offering expenses of \$4.6 million, net of deferred tax of \$1.7 million. The Common Shares began trading on the Toronto Stock Exchange (“**TSX**”) on July 9, 2015 under the symbol TSX:CRN.

Acquisition of Norrep Credit Opportunities Fund II, LP

Immediately prior to closing of the IPO, the Corporation acquired approximately 69.75% of the outstanding units of NCOF II in exchange for 3,214,494 Common Shares valued at \$35.4 million pursuant to the Rollover Transaction. At the time of the Rollover Transaction, NCOF II, established in 2012, held interests in five investee companies, which included loans to four investees, publicly-traded common shares of two investees and share purchase warrants of one privately-held investee. All of its investments are made on a *pari passu* basis with Norrep Credit Opportunities Fund II (Parallel) (“**NCOF II (Parallel)**”) and together with NCOF II, the “**NCOF Funds**”). NCOF II’s pro rata ownership of the NCOF Funds’ investments is 76.87%.

Creation of Crown Capital Fund IV, LP

On September 23, 2015, Crown announced the initial closing of a Special Situations Financing debt fund, CCF IV LP, with initial capital commitments of \$100.0 million. As of December 31, 2015, CCF IV LP’s limited partners, including Crown’s wholly-owned subsidiary, Crown Capital Funding Corporation (“**CCFC**”), had contributed a total of \$35.0 million to capitalize CCF IV LP. Further capital calls will be made as funds are required for investment. CCF IV LP will continue to invest in Special Situations Financing transactions originated and managed by Crown and consisting of senior and subordinated loans with terms ranging from six months to five years. CCF IV LP has a maximum size of \$300 million, with additional closings to occur within the next three years as investment opportunities are identified and subscriptions in CCF IV LP are received. Crown, through CCFC, has committed to invest up to \$50 million in CCF IV LP. As of

December 31, 2015, CCFC had contributed capital totaling \$17.5 million to, and currently holds a 50% interest in, CCF IV LP.

Significant Investment Transactions in 2015

During 2015, the following significant transactions occurred in CCF IV LP:

- On September 29, 2015, CCF IV LP provided a \$15.0 million subordinated loan to Petrowest Corporation (TSX:PRW) ("**Petrowest**"), a publicly-listed Canadian company, and received 4,300,000 common share purchase warrants of Petrowest (the "**Petrowest Warrants**"); and
- On November 25, 2015, CCF IV LP provided a \$20.0 million subordinated loan to Distinct Infrastructure Inc. (TSX Venture:DUG) ("**Distinct**"), a publicly-listed Canadian company, and received 8,000,000 common shares of Distinct (the "**Distinct Shares**").

During 2015, the following significant transactions occurred in the CCPC LP:

- On December 16, 2015, Crown, through its wholly-owned subsidiary, CCPC LP, provided a \$25.0 million long-term loan to PenEquity Realty Corporation ("**PenEquity**"), a private Canadian company.

During 2015, the following significant transactions occurred in the NCOF Funds:

- In December 2014, the NCOF Funds provided a \$22.5 million debt facility to CRH Medical Corporation (TSX:CRH) ("**CRH**") and received 2,000,000 common shares of CRH (the "**CRH Shares**") and in 2015, the NCOF Funds sold all the CRH Shares for proceeds totaling approximately \$8.7 million, realizing a gain for the NCOF Funds of approximately \$7.1 million, of which approximately \$0.30 million was earned after the Rollover Transaction was completed;
- In April 2015, the NCOF Funds provided a \$4.0 million debt facility to Corrosion Service Company ("**Corrosion**"), a private Canadian company; and
- Two loans held by the NCOF Funds were repaid in full, including:
 - a \$10.0 million loan to Questrade Inc. ("**Questrade**") was repaid in full on July 24, 2015, including bonus interest and unwinding and redeployment fees totaling \$2.2 million; and
 - a \$25.0 million loan to Claude Resources Inc. (TSX:CRJ) ("**Claude**") was repaid in full on September 21, 2015, including unwinding and redeployment fees of \$199,000. The NCOF Funds received 4,545,454 common shares of Claude in 2014 (the "**Claude Shares**") for no cost in consideration for a forbearance agreement. The Claude Shares were still owned by the NCOF Funds at December 31, 2015.

Portfolio in 2015

During 2015, Crown held ownership interests in seven loans (nil at December 31, 2014).

Borrower	Loan Principal Amount Outstanding at December 31, 2015 ⁽¹⁾	Attributable to		Status
		Shareholders	Non-controlling interests	
Special Situations Financing transactions				
CRH	\$22,500,000	\$12,063,330	\$5,231,346	Current
Corrosion	\$4,000,000	\$2,144,592	\$929,885	Current
Questrade	nil	N/A	N/A	Repaid July 2015
Claude	nil	N/A	N/A	Repaid September 2015
Petrowest	\$15,000,000	\$7,500,000	\$7,500,000	Current
Distinct	\$20,000,000	\$10,000,000	\$10,000,000	Current
Long-Term Financing transactions				
PenEquity	\$25,000,000	\$25,000,000		Current

Note:

- (1) The above principal amounts are stated at the face value of the loans. The loans to CRH and Corrosion were made *pari passu* with NCOF II (Parallel). Only the amounts attributable to Shareholders and non-controlling interests are included in the consolidated financial statements and these exclude the pro rata portions held by NCOF II (Parallel).

In addition to the above loans, as at December 31, 2015, the NCOF Funds held ownership interests in 4,545,454 Claude Shares and CCF IV LP held ownership interests in 4,300,000 Petrowest Warrants and 8,000,000 Distinct Shares.

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 exercise, Crown utilizes a proprietary credit evaluation model to ascribe a risk rating to each loan Crown manages. 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.

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 decline 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 decline 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 of the date hereof. The information contained in the rows entitled “Business Description” and “Business Overview” has been 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 publically traded healthcare company (TSX:CRH) that provides innovative products and essential services to gastroenterologists throughout the United States. CRH’s core business is related to 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 2000 physicians across 800 clinics throughout the United States.																																
Business Overview	CRH reported significant year-over-year growth in revenue and EBITDA for fiscal 2015, primarily attributable to the anesthesia service acquisitions completed throughout the year. Going forward, CRH expects the anesthesia services business to continue to increase primarily through acquisitions as well as further increases in product sales as it expands its physician network.																																
Industry	Healthcare																																
Capital Investment	\$22.5 million																																
Investment Date	December 2, 2014																																
Term	42 months																																
Interest Rate	12%																																
Bonus/Participation	2.0 million common shares (sold)																																
Risk Rating	<table border="1"> <caption>Risk Rating Data</caption> <thead> <tr> <th>Period</th> <th>Risk Rating</th> </tr> </thead> <tbody> <tr><td>Inception</td><td>3.0</td></tr> <tr><td>Q1 2015</td><td>3.0</td></tr> <tr><td>Q2 2015</td><td>3.0</td></tr> <tr><td>Q3 2015</td><td>2.8</td></tr> <tr><td>Q4 2015</td><td>2.7</td></tr> <tr><td>Q1 2016</td><td>1.0</td></tr> <tr><td>Q2 2016</td><td>1.0</td></tr> <tr><td>Q3 2016</td><td>1.0</td></tr> <tr><td>Q4 2016</td><td>1.0</td></tr> <tr><td>Q1 2017</td><td>1.0</td></tr> <tr><td>Q2 2017</td><td>1.0</td></tr> <tr><td>Q3 2017</td><td>1.0</td></tr> <tr><td>Q4 2017</td><td>1.0</td></tr> <tr><td>Q1 2018</td><td>1.0</td></tr> <tr><td>Q2 2018</td><td>1.0</td></tr> </tbody> </table>	Period	Risk Rating	Inception	3.0	Q1 2015	3.0	Q2 2015	3.0	Q3 2015	2.8	Q4 2015	2.7	Q1 2016	1.0	Q2 2016	1.0	Q3 2016	1.0	Q4 2016	1.0	Q1 2017	1.0	Q2 2017	1.0	Q3 2017	1.0	Q4 2017	1.0	Q1 2018	1.0	Q2 2018	1.0
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Q1 2018	1.0																																
Q2 2018	1.0																																

Corrosion Services Company Limited																																													
Business Description	Established in 1950, Corrosion is a private 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 has performed well in 2015, achieving strong revenue and EBITDA growth during the year and outperforming initial budget expectations. The outlook for pipeline integrity testing continues to be favourable due to the regulatory and safety requirements in the industry. Corrosion expects to continue to benefit from these favourable industry conditions and to grow its market share in the coming year.																																												
Industry	Business Services																																												
Capital Investment	\$4.0 million																																												
Investment Date	April 1, 2015																																												
Term	60 months																																												
Interest Rate	Not disclosed																																												
Bonus/Participation	% increase in enterprise value																																												
Risk Rating	<table border="1"> <caption>Risk Rating Data</caption> <thead> <tr> <th>Period</th> <th>Risk Rating</th> </tr> </thead> <tbody> <tr><td>Inception</td><td>3.2</td></tr> <tr><td>2015 Q3</td><td>3.0</td></tr> <tr><td>2015 Q4</td><td>3.0</td></tr> <tr><td>2016 Q1</td><td>1.0</td></tr> <tr><td>2016 Q2</td><td>1.0</td></tr> <tr><td>2016 Q3</td><td>1.0</td></tr> <tr><td>2016 Q4</td><td>1.0</td></tr> <tr><td>2017 Q1</td><td>1.0</td></tr> <tr><td>2017 Q2</td><td>1.0</td></tr> <tr><td>2017 Q3</td><td>1.0</td></tr> <tr><td>2017 Q4</td><td>1.0</td></tr> <tr><td>2018 Q1</td><td>1.0</td></tr> <tr><td>2018 Q2</td><td>1.0</td></tr> <tr><td>2018 Q3</td><td>1.0</td></tr> <tr><td>2018 Q4</td><td>1.0</td></tr> <tr><td>2019 Q1</td><td>1.0</td></tr> <tr><td>2019 Q2</td><td>1.0</td></tr> <tr><td>2019 Q3</td><td>1.0</td></tr> <tr><td>2019 Q4</td><td>1.0</td></tr> <tr><td>2020 Q1</td><td>1.0</td></tr> <tr><td>2020 Q2</td><td>1.0</td></tr> </tbody> </table>	Period	Risk Rating	Inception	3.2	2015 Q3	3.0	2015 Q4	3.0	2016 Q1	1.0	2016 Q2	1.0	2016 Q3	1.0	2016 Q4	1.0	2017 Q1	1.0	2017 Q2	1.0	2017 Q3	1.0	2017 Q4	1.0	2018 Q1	1.0	2018 Q2	1.0	2018 Q3	1.0	2018 Q4	1.0	2019 Q1	1.0	2019 Q2	1.0	2019 Q3	1.0	2019 Q4	1.0	2020 Q1	1.0	2020 Q2	1.0
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2020 Q2	1.0																																												

Petrowest Corporation																													
Business Description	Headquartered in Calgary, Alberta, Petrowest is a publically traded company (TSX:PRW) that was 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	On December 21, 2015, the BC Hydro Site C Clean Energy Project main civil work contract was awarded to Peace River Hydro Partners, in which Petrowest is a 25% partner, along with Acciona Infrastructure Canada Inc. and Samsung C&T Canada Ltd. The Site C contract is valued at approximately \$1.75 billion, and work is expected to commence early April 2016. The contract will serve to further diversify Petrowest's revenue towards infrastructure, reducing the exposure to the oil and gas sector.																												
Industry	Diversified																												
Capital Investment	\$15.0 million																												
Investment Date	September 29, 2015																												
Term	36 months																												
Interest Rate	11%																												
Bonus/Participation	4.3 million Petrowest Warrants																												
Risk Rating	<table border="1"> <caption>Risk Rating Data</caption> <thead> <tr> <th>Period</th> <th>Risk Rating</th> </tr> </thead> <tbody> <tr> <td>Inception</td> <td>2.9</td> </tr> <tr> <td>Q4 2015</td> <td>2.7</td> </tr> <tr> <td>Q1 2016</td> <td>1.0</td> </tr> <tr> <td>Q2 2016</td> <td>1.0</td> </tr> <tr> <td>Q3 2016</td> <td>1.0</td> </tr> <tr> <td>Q4 2016</td> <td>1.0</td> </tr> <tr> <td>Q1 2017</td> <td>1.0</td> </tr> <tr> <td>Q2 2017</td> <td>1.0</td> </tr> <tr> <td>Q3 2017</td> <td>1.0</td> </tr> <tr> <td>Q4 2017</td> <td>1.0</td> </tr> <tr> <td>Q1 2018</td> <td>1.0</td> </tr> <tr> <td>Q2 2018</td> <td>1.0</td> </tr> <tr> <td>Q3 2018</td> <td>1.0</td> </tr> </tbody> </table>	Period	Risk Rating	Inception	2.9	Q4 2015	2.7	Q1 2016	1.0	Q2 2016	1.0	Q3 2016	1.0	Q4 2016	1.0	Q1 2017	1.0	Q2 2017	1.0	Q3 2017	1.0	Q4 2017	1.0	Q1 2018	1.0	Q2 2018	1.0	Q3 2018	1.0
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Inception	2.9																												
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Q1 2018	1.0																												
Q2 2018	1.0																												
Q3 2018	1.0																												

Distinct Infrastructure Group Inc.																																																																			
Business Description	Headquartered in Toronto, Ontario, Distinct is a publically traded utility and telecom infrastructure contractor (TSXV:DUG) with capabilities in design, engineering, construction, services and 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 continues to achieve organic growth through its telecommunications and cable customers while executing the initiative to implement customer and regional diversification. Crown provided Distinct with a \$20 million acquisition line in November 2015, Distinct is actively seeking acquisition opportunities to grow its business in Ontario and Western Canada. Distinct closed its first acquisition of Mega Diesel Excavating Ltd. on March 10, 2016.																																																																		
Industry	Infrastructure Services																																																																		
Capital Investment	\$20.0 million																																																																		
Investment Date	November 25, 2015																																																																		
Term	60 months																																																																		
Interest Rate	10%																																																																		
Bonus/Participation	8.0 million common shares																																																																		
Risk Rating	<p>The chart displays the risk rating over time. The y-axis represents the risk rating from 1 to 5. The x-axis shows the timeline from Inception (2015) to 2020. The risk rating is 2.5 from Inception through Q1 2016, and then drops to 1.0 for the remainder of the period.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Quarter</th> <th>Risk Rating</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>Inception</td> <td>2.5</td> </tr> <tr> <td>2016</td> <td>Q1</td> <td>2.5</td> </tr> <tr> <td>2016</td> <td>Q2</td> <td>1.0</td> </tr> <tr> <td>2016</td> <td>Q3</td> <td>1.0</td> </tr> <tr> <td>2016</td> <td>Q4</td> <td>1.0</td> </tr> <tr> <td>2017</td> <td>Q1</td> <td>1.0</td> </tr> <tr> <td>2017</td> <td>Q2</td> <td>1.0</td> </tr> <tr> <td>2017</td> <td>Q3</td> <td>1.0</td> </tr> <tr> <td>2017</td> <td>Q4</td> <td>1.0</td> </tr> <tr> <td>2018</td> <td>Q1</td> <td>1.0</td> </tr> <tr> <td>2018</td> <td>Q2</td> <td>1.0</td> </tr> <tr> <td>2018</td> <td>Q3</td> <td>1.0</td> </tr> <tr> <td>2018</td> <td>Q4</td> <td>1.0</td> </tr> <tr> <td>2019</td> <td>Q1</td> <td>1.0</td> </tr> <tr> <td>2019</td> <td>Q2</td> <td>1.0</td> </tr> <tr> <td>2019</td> <td>Q3</td> <td>1.0</td> </tr> <tr> <td>2019</td> <td>Q4</td> <td>1.0</td> </tr> <tr> <td>2020</td> <td>Q1</td> <td>1.0</td> </tr> <tr> <td>2020</td> <td>Q2</td> <td>1.0</td> </tr> <tr> <td>2020</td> <td>Q3</td> <td>1.0</td> </tr> <tr> <td>2020</td> <td>Q4</td> <td>1.0</td> </tr> </tbody> </table>	Year	Quarter	Risk Rating	2015	Inception	2.5	2016	Q1	2.5	2016	Q2	1.0	2016	Q3	1.0	2016	Q4	1.0	2017	Q1	1.0	2017	Q2	1.0	2017	Q3	1.0	2017	Q4	1.0	2018	Q1	1.0	2018	Q2	1.0	2018	Q3	1.0	2018	Q4	1.0	2019	Q1	1.0	2019	Q2	1.0	2019	Q3	1.0	2019	Q4	1.0	2020	Q1	1.0	2020	Q2	1.0	2020	Q3	1.0	2020	Q4	1.0
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PenEquity Realty Corporation																																													
Business Description	Headquartered in Toronto, Ontario, PenEquity is a property management and real estate development company, operating primarily in the retail sector, specifically grocery anchored retail plazas. PenEquity was founded in 1984 and over the past three decades PenEquity has completed over 23 development projects. PenEquity has established strong relationships with partners/key tenants and has been successful in attracting large, high quality, financially stable tenants.																																												
Business Overview	PenEquity currently has a portfolio of seven development projects in its pipeline. Six of the projects are grocery anchored community retail plazas and one is a medical building. Two of the projects are in Barrie, with the others in Stoney Creek, Brampton, London, Kanata, and Mississauga. PenEquity will develop and realize on these projects over the next five years. One of two Barrie projects is currently in the construction phase, with initial phase to be completed by December 2016 and final completion in 2017.																																												
Industry	Real Estate Development																																												
Capital Investment	\$25.0 million																																												
Investment Date	December 16, 2015																																												
Term	120 months																																												
Interest Rate	Not disclosed																																												
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Risk Rating	<table border="1"> <caption>Risk Rating Data</caption> <thead> <tr> <th>Period</th> <th>Risk Rating</th> </tr> </thead> <tbody> <tr> <td>Inception</td> <td>2.5</td> </tr> <tr> <td>2016 Q2</td> <td>1.0</td> </tr> <tr> <td>2016 Q4</td> <td>1.0</td> </tr> <tr> <td>2017 Q2</td> <td>1.0</td> </tr> <tr> <td>2017 Q4</td> <td>1.0</td> </tr> <tr> <td>2018 Q2</td> <td>1.0</td> </tr> <tr> <td>2018 Q4</td> <td>1.0</td> </tr> <tr> <td>2019 Q2</td> <td>1.0</td> </tr> <tr> <td>2019 Q4</td> <td>1.0</td> </tr> <tr> <td>2020 Q2</td> <td>1.0</td> </tr> <tr> <td>2020 Q4</td> <td>1.0</td> </tr> <tr> <td>2021 Q2</td> <td>1.0</td> </tr> <tr> <td>2021 Q4</td> <td>1.0</td> </tr> <tr> <td>2022 Q2</td> <td>1.0</td> </tr> <tr> <td>2022 Q4</td> <td>1.0</td> </tr> <tr> <td>2023 Q2</td> <td>1.0</td> </tr> <tr> <td>2023 Q4</td> <td>1.0</td> </tr> <tr> <td>2024 Q2</td> <td>1.0</td> </tr> <tr> <td>2024 Q4</td> <td>1.0</td> </tr> <tr> <td>2025 Q2</td> <td>1.0</td> </tr> <tr> <td>2025 Q4</td> <td>1.0</td> </tr> </tbody> </table>	Period	Risk Rating	Inception	2.5	2016 Q2	1.0	2016 Q4	1.0	2017 Q2	1.0	2017 Q4	1.0	2018 Q2	1.0	2018 Q4	1.0	2019 Q2	1.0	2019 Q4	1.0	2020 Q2	1.0	2020 Q4	1.0	2021 Q2	1.0	2021 Q4	1.0	2022 Q2	1.0	2022 Q4	1.0	2023 Q2	1.0	2023 Q4	1.0	2024 Q2	1.0	2024 Q4	1.0	2025 Q2	1.0	2025 Q4	1.0
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All of the above loans, except the Corrosion loan, are payable by way of a single payment due at the end of the term. Monthly principal payments on the Corrosion loan commence in November 2016 with any remaining balance due at the end of the term.

Overall Performance

Crown’s financial position at December 31, 2015 and its financial results for the year ended December 31, 2015 are not comparable to the prior year due to the IPO, the Rollover Transaction and the establishment of CCF IV LP and CCPC LP.

Total assets increased from \$2.8 million at December 31, 2014 to \$130.1 million at December 31, 2015, including an increase in cash and cash equivalents from \$2.7 million to \$43.6 million. Total equity increased from \$103,752 at December 31, 2014 to \$99.3 million at December 31, 2015.

Total revenues in the year ended December 31, 2015 were \$8.2 million compared to \$1.7 million in the year ended December 31, 2014. Total comprehensive income attributable to shareholders of the Corporation (“**Shareholders**”) increased from less than \$2,000 to \$2.0 million. Revenues were higher in 2015 due to a combination of factors including the Rollover Transaction and the establishment of CCF IV LP, which subsequently completed the Petrowest transaction and the Distinct transaction, and CCPC LP, which subsequently completed the PenEquity transaction.

Expenses in the year ended December 31, 2015 increased to \$3.6 million compared to \$1.7 million in the year ended December 31, 2014. Operating costs in 2015 were higher due primarily to new compensation and employee bonus arrangements post-IPO and the addition of the CIO and two senior business development executives in the fourth quarter of 2015 to increase Crown’s capacity to originate, underwrite and manage new transactions. Expenses also increased due to increased professional fees, incurred mostly during the period after the IPO.

Total comprehensive income attributable to Shareholders increased from less than \$2,000 in the year ended December 31, 2014 to \$2.0 million in the year ended December 31, 2015. The factors impacting total comprehensive income attributable to Shareholders were similar to the factors impacting the overall financial condition and performance of the Corporation as mentioned above, including the IPO, the Rollover Transaction and the establishment of CCF IV LP and CCPC LP. Also, prior to the IPO, it was Crown’s policy to accrue management fee expenses and management fees payable by approximately the amount of taxable income before such fees. This practice was not continued after the IPO.

The financial results of the Corporation as at and for the year ended December 31, 2015 discussed in this MD&A reflect the completion of the IPO and also include the results of operations of NCOF II, CCF IV LP and CCPC LP, from their dates of acquisition and formation, respectively, for the years ended December 31, 2015 and December 31, 2014.

Outlook

Management continues to place a high priority on new originations of both Special Situation 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 2016. This is expected to result in revenues from interest and fees and other income increasing. 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 reduced and investments, total assets and non-controlling interests (“**NCI**”) 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, 2015. Crown's financial position at December 31, 2015 and its financial results for the year ended December 31, 2015, are not comparable to the prior two 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		
	2015	2014	2013
Revenue:			
Fees and other income	\$ 2,808,673	\$ 1,736,777	\$ 2,500,048
Interest revenue	2,511,715	-	-
Net realized gain on sale of investments	71,386	-	-
Net change in unrealized gains in fair value of investments	2,817,311	-	-
Revenue	\$ 8,209,085	\$ 1,736,777	\$ 2,500,048
Total comprehensive income (loss), net of non-controlling interests	\$ 2,034,313	\$ 1,888	\$ 1,530
Weighted average shares outstanding - basic ⁽¹⁾	4,715,114	303,000	303,000
Total comprehensive income (loss) per share - basic ⁽¹⁾	\$ 0.43	\$ 0.01	\$ 0.01
Weighted average shares outstanding - diluted ⁽¹⁾	4,833,785	303,000	303,000
Total comprehensive income (loss) per share - diluted ⁽¹⁾	\$ 0.42	\$ 0.01	\$ 0.01
Investments, at fair value through profit or loss	\$ 84,367,280	\$ -	\$ -
Total Assets	\$ 130,090,183	\$ 2,775,162	\$ 1,252,855
Total non-current financial liabilities	\$ 26,565,645	\$ 100,000	\$ 25,000
Total Equity	\$ 99,260,977	\$ 103,752	\$ 101,864
Shares outstanding at December 31	9,488,094	303,000	303,000
Total equity per share at December 31	\$ 10.46	\$ 0.34	\$ 0.34

Note:

- (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.

Discussion of Operations

During the year ended December 31, 2014 and the first six months of 2015, the business of the Corporation was limited primarily to the provision of investment management services to three limited partnerships: NCOF II, NCOF II (Parallel), and Norrep Credit Opportunities Fund, LP ("NCOF LP"). With the closing of the IPO, the Corporation's business was expanded to also include the deployment of the Corporation's capital through NCOF II, CCF IV LP and CCPC LP.

Crown consolidates 100% of its approximate 69.75% interest in NCOF II and, through CCFC, its 50% interest in CCF IV LP and 100% interest in CCPC LP and reflects the interests of other investors in these funds as non-controlling interests.

Revenues

Revenues of \$5.8 million and \$8.2 million were recognized in the three and twelve months ended December 31, 2015 (2014 – \$0.3 million and \$1.7 million), respectively. Revenues were higher in 2015 due to a combination of factors including the Rollover Transaction, which resulted in the inclusion of interest, fees and other income and net gains on investments earned by NCOF II during the period after the IPO. In addition, the establishment of CCF IV LP, which subsequently completed Special Situations Financings to Petrowest and Distinct, and CCPC LP, which subsequently completed Long-term Financing to PenEquity, also resulted in increases in interest revenue, fees and other income and Net gain on investments. Investment management fees were lower in 2015 compared to 2014 due, in part, to the elimination on consolidation of fees charged to NCOF II and CCF IV as well as the repayment of loans in 2014 and 2015, which reduced the bases on which Crown earns management fees.

Fees and Other Income

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	Year Ended December 31, 2015	Attributable to:			
		Shareholders		Non-controlling interests	
Special Situations Financing transactions					
Management fee revenue ⁽¹⁾	\$ 741,641	\$ 741,641	100.00%	\$ -	0.00%
Transaction fees - Crown ⁽²⁾	350,000	350,000	100.00%	-	0.00%
Transaction fees - CCF IV LP ⁽²⁾	350,000	175,000	50.00%	175,000	50.00%
Other fees - NCOF II (post-Rollover Transaction)	306,693	213,924	69.75%	92,769	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	310,339	310,339	100.00%	-	0.00%
Total fees and other income	\$ 2,808,673	\$ 2,540,904		\$ 267,769	

Notes:

- (1) Management fee revenue is net of fees charged to NCOF II after completion of the Rollover Transaction and to CCF IV LP, which are eliminated on consolidation.
- (2) Under the CCF IV LP limited partnership agreement, Crown, as the Investment Manager, is entitled to retain 50% of certain transactions fees earned by CCF IV LP up to a maximum of 1% of the initial amount of each financing transaction.

Fees and other income in the three and twelve months ended December 31, 2015 were \$1.5 million and \$2.8 million (2014 - \$0.3 million and \$1.7 million), respectively. The amounts earned in 2015 include unwinding and redeployment fees of \$0.3 million received upon the repayment of the loans to Questrade and Claude, transaction fees of \$1.4 million received by CCF IV LP and CCPC LP upon closing of the Petrowest, Distinct and PenEquity investments, management fees totaling \$0.7 million and interest of \$0.3 million earned on Crown's cash and cash equivalents.

The Corporation generally earns non-refundable transactions fees upon the closing of investments which are recognized in revenues when received. The Corporation also receives additional fees when loans are

repaid prior to maturity or, for example, for providing waivers, consents or forbearance agreements. For the three and twelve months ended December 31, 2015, such transaction fees totaled \$1.2 million and \$1.4 million (2014 - \$nil and \$nil), respectively. On consolidation, 100% of transaction fees earned by NCOF II, CCF IV LP, and CCPC LP are included in fees and other income. The non-controlling interests of NCOF II earn 30.25% of any fees and other income earned by NCOF II. For CCF IV LP, Crown, as Manager, is entitled to retain 50% of fees earned on the initial closing of a financing transaction, up to a maximum of 1.0% of the amount invested. It also retains a pro rata interest in the remaining amount of the fees through its 50% interest ownership in CCF IV LP. For any transaction fees earned on investments by CCPC LP, 100% is attributable to the Corporation as there are no non-controlling interests in CCPC LP.

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

On consolidation, 100% of management fees earned from NCOF II and CCF IV LP are eliminated against the management fees expensed by NCOF II and CCF IV LP. The non-controlling interests of each of NCOF II and CCF IV LP incur 30.25% and 50%, respectively, of the management fees while Crown has effectively paid itself for the other 69.75% and 50%, respectively, in regards to its ownership interests.

Management fees (net of discounts and management fee reductions) of \$80,089 and \$0.7 million were recognized in the three and twelve months ended December 31, 2015 (2014 - \$0.3 million and \$1.7 million), respectively. Management fees were lower in 2015 due largely to a combination of the elimination on consolidation of all management fees charged to CCF IV LP as well as post-Rollover Transaction management fees charged to NCOF II. Returns of capital to the NCOF Fund's limited partners, which reduced the amount of contributed capital of the NCOF Funds on which management fees are charged, also resulted in a reduction in management fees in 2015.

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, 2015, interest earned on cash and cash equivalents totaled \$0.2 million and \$0.3 million (2014 - \$2,174 and \$7,718), respectively. Of this interest, 100% is attributable to Crown.

Interest Revenue

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

Interest Revenue	Year Ended December 31, 2015	Attributable to:			
		Shareholders		Non-controlling interests	
Special Situations Financings					
NCOF II - post-Rollover Transaction	\$ 1,730,339	\$ 1,206,941	69.75%	\$ 523,398	30.25%
CCF IV LP	627,951	313,976	50.00%	313,976	50.00%
Long-term Financings					
CCPC LP	153,425	153,425	100.00%	-	0.00%
Total interest revenue	\$ 2,511,715	\$ 1,674,341		\$ 837,374	

Interest revenue in the three and twelve months ended December 31, 2015 was \$1.3 million and \$2.5 million (2014 - \$nil and \$nil), respectively. The increases were due primarily to inclusion, post-acquisition, of interest earned on investments held by NCOF II as well as on loans made in 2015 by CCF IV LP to Petrowest and Distinct. Crown consolidates all interest earned by NCOF II, CCF IV LP, and CCPC LP.

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.

The net realized gain on sale of investments in the three and twelve months ended December 31, 2015 totaled \$nil and \$71,386 (2014 - \$nil and \$nil), respectively and included a gain on the sale, in July 2015, of the remaining CRH Shares held by the NCOF Funds (\$0.2 million), net of the realized loss on the loan to Claude (\$0.2 million). Of the net realized gain of \$71,386 for the twelve months ended December 31, 2015, \$49,792 was attributable to Shareholders and the balance, \$21,593, was attributable to non-controlling interests.

In December 2014, the NCOF Funds provided a \$22.5 million debt facility to CRH and received 2,000,000 CRH Shares. During the year ended December 31, 2015, the NCOF Funds sold all the CRH Shares for proceeds totaling approximately \$8.7 million. When Crown completed the Rollover Transaction, the CRH shares still owned by NCOF II were valued at \$2,934,768. These CRH Shares were subsequently sold for a total of \$3,168,562 for a net realized gain of \$233,793.

The net realized loss (\$162,407) upon early repayment of the Claude loan was largely offset by the unwinding and redeployment fees received by NCOF II upon Claude's early repayment (\$152,962).

The net change in unrealized gains in fair value of investments in the three and twelve months ended December 31, 2015, totaled \$3.0 million and \$2.8 million (2014 - \$nil and \$nil), respectively and resulted from a combination of factors but primarily from increases in the fair value of the CRH loan, the Claude Shares and the Petrowest Warrants. Of the net change in unrealized gains in fair value of investments of \$2.8 million for the twelve months ended December 31, 2015, \$1.8 million was attributable to Shareholders and the balance, \$1.0 million was attributable to non-controlling interests.

Changes in fair value of a debt security can be the result of a variety of factors in isolation or combined. For example, a change in the financial condition of the borrower or the market in which it operates can lead to increases or decreases in the discount rate applied to determine the present value of expected future cash flows. Changes in market interest rates and the time remaining to maturity of loans also impact valuations that are based on the present value of expected future cash flows. As a result, the fair market value of loans can fluctuate, leading to additional net change in unrealized gains (losses) in fair value of investments. The fair value of equity securities and warrants may also increase or decrease due to factors such as the change of the price of publicly-traded securities. For additional information, see Note 5 - Fair Value Measurement in the Corporation's Consolidated Financial Statements for the years ended December 31, 2015 and 2014.

Expenses

Expenses in the three and twelve months ended December 31, 2015 totaled \$1.6 million and \$3.6 million (2014 - \$0.3 million and \$1.7 million), respectively. Operating costs are mostly fixed with the largest cost being employee compensation, including share-based compensation and amounts accrued for annual employee bonuses.

Salaries, management fees and benefits

Salaries, management fees and benefits expense totaled \$0.6 million and \$1.6 million in the three and twelve months ended December 31, 2015 (2014 - \$0.3 million and \$1.4 million), respectively. Prior to the IPO, it was Crown's policy to accrue management fee expenses and management fees payable by approximately the amount of taxable income before such fees. This practice was not continued after the IPO. The increase in Salaries, management fees and benefits expenses in the three and twelve months ended December 31, 2015, compared to the same periods in 2014 was due primarily to new compensation and employee bonus arrangements post-IPO and the addition of the CIO and two senior business development executives in the fourth quarter of 2015 to increase Crown's capacity to originate, underwrite and manage new transactions.

Share-based Compensation

The table below details the share-based compensation expense recognized in the year ended December 31, 2015. Share-based compensation expense is recognized over the expected vesting period of each award.

Share-based Compensation Expense Three and Twelve Months Ended December 31, 2015	Number Outstanding at December 31, 2015	Three Months	Twelve Months
TRSUs	181,818	\$ 142,516	\$ 398,938
PSUs	36,528	63,332	121,216
RSUs - employees	11,443	9,631	18,434
RSUs - directors	20,452	27,142	50,659
Options - employees	491,849	79,202	147,367
Totals	742,090	\$ 321,823	\$ 736,614

Share-based compensation totaled \$0.3 million and \$0.7 million in the three and twelve months ended December 31, 2015 (2014 - \$nil and \$nil), respectively. In the year ended December 31, 2015, the Corporation issued 181,818 transition restricted share units (the “**Transition RSUs**”), 36,528 performance share units (the “**PSUs**”) and 31,895 restricted share units (the “**RSUs**”) (collectively the “**Share Units**”) to key management personnel, directors and employees.

The Transition RSUs, valued at \$2.0 million immediately prior to the IPO, were issued to two key management personnel to compensate for long and valued service rendered by them to the Corporation. The vesting terms of the Transition RSUs were revised on December 21, 2015. The Transition RSUs now vest in their entirety on July 9, 2018, instead of in equal tranches annually over a three-year period.

The PSUs, other than the 13,636 PSUs issued to the Chief Financial Officer (“**CFO**”), vest when certain performance objectives are achieved, and it is expected they will be fully vested by July 2017. The PSUs issued to the CFO vest on July 9, 2016.

The RSUs generally vest in equal tranches annually over a three-year period.

The fair value of the Units granted was based on the closing price on the date of grant.

In addition, in the three and twelve months ended December 31, 2015 and after completion of the IPO, the Corporation issued 63,636 and 491,849 stock options (the “**Options**”), respectively, to key management personnel and employees. The Options vest over a three-year period, have a five-year term, and have an exercise price of \$11.00. At December 31, 2015, the Options granted were valued at \$0.52 - \$1.14 each based on the Black-Scholes model. Expected volatility has been based primarily on the volatility of shares in comparable public companies.

The assumptions used at the date of issue to determine the fair value of Options granted include:

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

Professional Fees and Other

Professional fees and other expenses totaled \$0.5 million and \$1.0 million in the three and twelve months ended December 31, 2015 (2014 - \$74,975 and \$0.3 million), respectively. Professional fees and other includes professional fees (such as legal and audit costs), advisory board fees, travel, promotion, occupancy costs, insurance, depreciation, office administration and other costs. Some costs incurred in the three and twelve months ended December 31, 2015 are expected to be non-recurring or occur infrequently, such as legal expenses to establish CCF IV LP and CCPC LP and executive recruitment costs associated with expanding Crown’s management team.

Performance Bonus Pool 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 general partner as performance fee distributions. The general partner of the NCOF Funds is Crown’s wholly-owned subsidiary, Crown Capital Fund III Management Inc. (“**CCF III**”). Prior to the closing of the IPO, the Corporation committed to pay 100% of performance fee distributions earned to that date from the NCOF Funds to the APBP Participants. In addition, the Corporation’s current compensation policy provides that 50% of such performance fee distributions earned after the closing of the IPO will be distributed to the APBP Participants 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, 2015, Crown accrued performance bonus pool expense of \$0.2 million and \$0.3 million (2014 – \$nil and \$nil), respectively.

Gain on Acquisition of NCOF II

Immediately prior to closing of the IPO, the Corporation acquired approximately 69.75% of the units of NCOF II in exchange for 3,214,494 Common Shares valued at \$35.4 million, as described in Note 4 of the Corporation’s December 31, 2015 Consolidated Financial Statements. As a result of this transaction, for the year ended December 31, 2015, Crown recorded a gain on acquisition of NCOF II of \$469,625 (2014 - \$nil).

Earnings before Income Taxes

For the three and twelve months ended December 31, 2015, Crown had earnings (loss) before income taxes of \$4.1 million and \$5.1 million [2014 - (\$3,302) and \$2,578], respectively.

Income Taxes

For the three and twelve months ended December 31, 2015, Crown recorded current tax expense (recovery) of \$1.0 million and \$1.2 million [2014 – (\$282) and \$600], respectively and deferred income taxes (recovery) of (\$93,391) and \$35,659 (2014 - \$90 and \$90), respectively.

Current and deferred income taxes are 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 tax rate for the year ended December 31, 2015 was 26.5%. The effective rate increased on the date of the IPO as the Corporation is now classified as a public corporation and not eligible for the small business deduction.

The deferred income tax asset at December 31, 2015 results primarily from financing costs associated with the IPO which are deductible for tax purposes over a five year period.

Total Comprehensive Income

For the three and twelve months ended December 31, 2015, Crown earned total comprehensive income (loss) of \$3.1 million and \$3.8 million [2014 – (\$3,110) and \$1,888].

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

Through 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%. Through CCFC's subscription for 50,000 units of CCF IV LP, Crown acquired a 50% interest in CCF IV LP, resulting in non-controlling interests in CCF IV LP of 50%.

For the three and twelve months ended December 31, 2015, total comprehensive income (loss) attributable to Shareholders was \$1.7 million and \$2.0 million [2014 – (\$3,110) and \$1,888], respectively. Total comprehensive income attributable to non-controlling interests was \$1.5 million and \$1.8 million (2014 – \$nil and \$nil), respectively.

Quarterly Results Summary

Quarterly Results Summary	Three Months Ended			
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Revenue:				
Fees and other income	\$ 1,537,012	\$ 740,757	\$ 273,121	\$ 257,783
Interest revenue	1,254,920	1,256,795	-	-
Net realized gain on sale of investments	-	71,386		
Net change in unrealized gains in fair value of investments	2,965,374	(148,063)		
Revenue	\$ 5,757,306	\$ 1,920,875	\$ 273,121	\$ 257,783
Total comprehensive income (loss), net of non-controlling interest	\$ 1,681,296	\$ 395,220	\$ (42,423)	\$ 220
Weighted average shares outstanding – basic ⁽¹⁾	9,488,094	8,595,480	330,303	303,000
Total comprehensive income(loss) per share – basic ⁽¹⁾	\$ 0.18	\$ 0.05	\$ (0.13)	-
Weighted average shares outstanding - diluted ⁽¹⁾	9,735,608	8,817,892	330,303	303,000
Total comprehensive income(loss) per share – diluted ⁽¹⁾	\$ 0.17	\$ 0.04	\$ (0.13)	-
Investments, at fair value through profit or loss	\$ 84,367,280	\$ 36,401,906	-	-
Total assets	\$ 130,090,183	\$ 114,296,590	\$ 7,200,015	\$ 4,368,382
Total equity	\$ 99,260,977	\$ 97,257,858	\$ 728,149	\$ 103,972
Total equity per share - basic	\$ 10.46	\$ 10.25	\$ 2.00	\$ 0.34

Note:

(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.

Liquidity and Capital Resources

Cash and cash equivalents at December 31, 2015 totaled \$43.6 million (2014 - \$2.7 million). The increase in cash and cash equivalents was primarily the combined result of the receipt of proceeds of the IPO, the sale of the remainder of the CRH Shares held by the NCOF Funds and the repayment of the NCOF Funds loans to Questtrade and Claude, net of amounts contributed to CCF IV LP for the Petrowest and Distinct transactions (a total of \$17.5 million) and to CCPC LP for the PenEquity transaction (\$25.0 million).

The Corporation's current liabilities at December 31, 2015 totaled \$4.3 million (2014 - \$2.6 million). Accounts payable and accrued liabilities at December 31, 2015 of \$0.9 million (2014 - \$2.6 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, 2015, deferred interest revenue included \$1.8 million to reflect such advance payments of loan interest (2014 - \$nil).

Distributions payable to non-controlling interests at December 31, 2015 totaled \$0.4 million (2014 - \$nil) and income taxes payable were \$1.2 million (2014 - \$626). Working capital at December 31, 2015 was \$39.8 million (2014 - \$195,856).

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

The Corporation, on a segregated 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, 2015.

When loans made by NCOF II are repaid, the net proceeds are usually returned promptly to the limited partners, including Crown, resulting in an increase in cash and cash equivalents for amounts paid to Crown.

At December 31, 2015, only \$17.5 million (35%) of the \$50 million committed to CCP IV LP to that date by limited partners other than Crown had been drawn by CCP IV LP, leaving \$32.5 million of committed capital available to CCF IV LP from parties other than Crown. CCF IV LP has a maximum size of \$300 million, with additional closings expected to occur within the next three years as opportunities are identified to fund Special Situations Financing transactions and subscriptions in CCF IV LP are received. When loans made by CCF IV LP are repaid during the first three years of the limited partnership, the principal repaid can be redeployed rather than being returned to the limited partners; however, there would be a drop in interest revenues if the amounts repaid are not able to be redeployed promptly after being received and on similar or better terms than the loans repaid.

The Corporation has had discussions with potential lenders to the Corporation and it is possible that the Corporation will acquire debt in the future; however, no such commitments have been made by the Corporation as of the date hereof.

The Corporation entered into long-term subordinated shareholder loans in 2012 for \$25,000 and an additional \$75,000 in 2014. These loans carried no interest, had no set repayment terms and were subordinated to all other creditors. In addition, the Shareholders provided short term demand loans

totaling \$250,000 in February 2015 in order to ensure sufficient capital was available to fund the initial costs of the IPO. These additional loans were subordinated in May 2015. On July 13, 2015, the subordinated shareholder loans were repaid from the net proceeds of the IPO.

Investments, at Fair Value through Profit or Loss

Investments, at fair value through profit or loss, at December 31, 2015 totaled \$84.4 million (2014 - \$nil). On July 9, 2015, immediately prior to the closing of the IPO, Crown acquired investments held by NCOF II totaling \$49.5 million in the Rollover Transaction. Subsequent to the IPO, the NCOF Funds, of which NCOF II's pro rata ownership is 76.87%, received a prepayment on July 24, 2015 of a \$10 million debt facility in full from Questrade and on September 21, 2015, Claude prepaid a \$25 million debt facility in full. In addition, in July 2015, the NCOF Funds sold the remaining 805,500 CRH Shares for approximately \$4.1 million.

Additional Information about Investments, at fair value through profit or loss can be found in Note 5 Fair value measurement in the consolidated financial statements for the years ended December 31, 2015 and December 31, 2014.

Performance Bonus Payable

The Corporation has obligations to certain individuals and entities, primarily employees, under the APBP, which will become payable in the event performance fee distributions are received by the Corporation from certain investment funds it manages. Accordingly, the performance fee distributions payable to CCF III accrued in NCOF II at the date of acquisition, as described in Note 4 of the Corporation's December 31, 2015 Consolidated Financial Statements, are recognized as performance bonus payable in the consolidated statement of financial position at December 31, 2015. The performance bonus payable at December 31, 2015 (\$2.0 million) also includes 50% of performance fee distributions accrued post-IPO. The other 50% will be retained by the Corporation.

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%. Through CCFC's subscription for 50,000 units of CCF IV LP, Crown acquired a 50% interest in CCF IV LP, resulting in non-controlling interests in CCF IV LP of 50%. At December 31, 2015, the non-controlling interests on the consolidated statements of financial position was \$24.6 million (2014 - \$nil).

Share Capital

Prior to May 20, 2015, the Corporation had share capital of \$100 and 100 Common Shares outstanding. On May 20, 2015, the Corporation issued 20 Common Shares at a price of \$1 per Common Share to two key management personnel, contingent on the successful completion of the IPO, resulting in total Common Shares outstanding of 120. The Common Shares were split on a 3,030 to 1 basis on June 30, 2015, resulting in 363,600 Common Shares issued and outstanding at June 30, 2015.

The 20 Common Shares issued on May 20, 2015 (60,600 post-split) were ascribed a fair value of \$11 per Common Share on a post-split basis for a total value of \$666,600. This amount, net of the total price paid for the Common Shares (\$20), was recorded at June 30, 2015, as an increase in share capital of \$666,580.

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 Common Share, resulting in gross proceeds of \$65.0 million. Immediately prior to closing of the IPO, the Corporation acquired approximately 69.75% of the outstanding units of NCOF II in exchange for 3,214,494 Common Shares valued at \$35.4 million.

At December 31, 2015, share capital was reduced for share issue costs, including underwriters' commissions and IPO expenses, totaling \$4.6 million, net of the estimated deferred tax impacts. As at December 31, 2015, total share capital was \$96.4 million (2014 - \$100).

The total number of Common Shares outstanding at December 31, 2015 was 9,488,094 (March 22, 2016 – 9,494,002).

Contributed Surplus

At December 31, 2015, Crown's contributed surplus included \$99,820 carried forward from prior years plus \$0.7 million, which is the amount of share-based compensation expense recorded in 2015 for Units and Options which had not vested as at December 31, 2015. The Units and Options issued in 2015 generally vest over a one to three year period. Upon vesting, an amount equal to the value of vested Units and Options settled through the issuance of Common Shares will be transferred from contributed surplus to share capital. Contributed surplus would be further reduced by the amount of any cash payments made to settle the vesting of Units or Options.

Cash Flows

The Corporation's cash and cash equivalents increased to \$43.6 million at December 31, 2015 from \$2.7 million at December 31, 2014. In the year ended December 31, 2015, the Corporation's cash balance was increased by, among other factors, the proceeds from the IPO, net of issue costs and related tax impacts, of \$59.3 million; proceeds from loan repayments and the sale of CRH Shares totaling \$27.4 million, funds contributed by the non-controlling interests in CCF IV LP of \$17.5 million; and total comprehensive income of \$4.0 million. During the same period, the Corporation's cash balance was reduced due to the closing of the Petrowest, Distinct and PenEquity transactions for a total of \$60.0 million and distributions paid to non-controlling interest totaling \$10.5 million.

Use of Proceeds

Crown received net proceeds of \$59.3 million from the IPO compared to expected proceeds of \$60.4 million. The following table compares the intended use of net proceeds with the actual expenditures as at December 31, 2015, by which time the proceeds from the IPO were partially expended.

	Estimated per Prospectus	Actual spending up to December 31, 2015	Future estimated spending ⁽¹⁾
Investment in CCF IV LP	\$ 30,000,000	\$ 17,500,000	\$ 27,500,000
Investments in Long-Term financing transactions	30,000,000	25,000,000	10,000,000
Working capital and administrative expenses	50,000	-	-
Shareholder loan repayments	350,000	350,000	-
Totals	\$ 60,400,000	\$ 42,850,000	\$ 37,500,000

Note:

- (1) In addition to net IPO proceeds, Crown received distributions from NCOF II in 2015 of approximately \$16.8 million. These proceeds, or a portion thereof, will also be used to fund the future estimated spending shown above.

Although it is intended the remainder of the net proceeds from the IPO and partial proceeds from NCOF II distributions will be used as set out above based on the current knowledge and planning of Crown's management, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary and the use of proceeds may vary materially from that set forth above.

Off-Balance Sheet Arrangements

The Corporation, through CCFC, subscribed for 50,000 units of CCF IV LP. This subscription includes 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, 2015, the Corporation had contributed capital to CCF IV LP totaling \$17.5 million. Crown has no other material off-balance sheet arrangements.

Transactions Between Related Parties

Pursuant to the limited partnership agreements, NCOF LP and NCOF II (Parallel) pay management fees to the Corporation for management services provided. During the three and twelve months ended December 31, 2015, management fees earned from these limited partnerships amounted to \$80,089 and \$0.5 million (2014 - \$0.2 million and \$1.0 million), less rebates of \$nil and \$42,211 (2014 - \$39,371 and \$0.2 million), respectively.

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 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 \$0.4 million less rebates of \$97,632 (three and twelve months ended December 31, 2014 - \$0.2 million and \$1.1 million, less rebates of \$52,192 and \$0.2 million, respectively).

Prior to the IPO, it had been Crown's practice to accrue annual management fee expenses and management fees payable to employees and shareholders as a means to reduce income before income taxes to a nominal amount. This practice has not continued since closing of the IPO.

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 ("CEO"), Executive Vice President, CIO and CFO. Non-executive directors are paid a retainer of \$10,000 per fiscal quarter, except the Chairman who receives \$15,000 per fiscal quarter. Retainers are paid with a combination of cash and Common Shares or all in Common Shares at the director's discretion.

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

	<u>2015</u>	<u>2014</u>
Salaries, management fees and benefits	\$1,250,009	826,600
Share-based compensation	637,556	-
Performance allocation expense	234,251	-
	<u>2,121,816</u>	<u>826,600</u>

Critical Estimates and Accounting Policies

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 for the years ended December 31, 2015 and December 31, 2014 are included in the following notes in those financial statements:

- Note 5 – Fair value measurement;
- Note 3 (h) – Share-based payment plans;
- Note 9 – Share-based compensation;
- Notes 3 (i) – Income tax; and
- Note 12 – Income taxes.

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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of IFRS 9 on its financial statements, if any.

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 shareholder loans. The fair values of these financial instruments approximate carrying value due to the short term to maturity of the instruments.

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

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 NCOF II’s interest in the Claude Shares and CCF IV LP’s interest in the Distinct Shares. The Corporation’s Canadian warrants include CCF IV LP’s interest in the Petrowest Warrants as well as NCOF II’s interest in the warrants of a privately-held Canadian company. Petrowest, Claude and Distinct 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, CCF IV LP's loans to Petrowest and Distinct and CCPC LP's loan to PenEquity. The primary risk to the fair value through profit or loss of these debt securities is credit risk. These debt securities bear fixed interest rates so there is no 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.

Subsequent Events

On January 5, 2016, the Corporation declared a quarterly dividend of \$0.11 per Common Share with a record date of January 18, 2016 and a payment date of January 29, 2016. The total amount of the dividends paid was \$1.0 million. There have been no other material subsequent events between December 31, 2015 and the date of this MD&A.

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. In addition, at December 31, 2015, the NCOF Funds held Claude Shares which were valued at \$3.5 million at that date and warrants in a privately-held Canadian company valued at \$0.02 million. A reduction in the value of these Claude Shares or Petrowest Warrants would reduce the value of Crown's investments.

The primary risk factor for CCF IV LP is credit risk, being the potential inability of Petrowest or Distinct to meet their obligations to CCF IV LP. In addition, at December 31, 2015, CCF IV LP held Petrowest Warrants which were valued at \$1.1 million and Distinct Shares which were valued at \$0.8 million at December 31, 2015. 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 6 - Financial Risk Management in the Corporation's December 31, 2015 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 CEO and 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, 2015. 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 on December 31, 2015 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 cash and cash equivalents including additional capital contributions to CCF IV LP;
- the investments of CCF IV LP in Special Situations Financing transactions and the potential structuring of such transactions;
- the Corporation's intentions for the use of cash and cash equivalents including additional capital contributions to CCPC LP;
- 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 future closings in relation thereto;
- the future capitalization of 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 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 (as defined herein) 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. Accordingly, the accuracy, currency and completeness of this information cannot be guaranteed. 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.

Additional Information

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