

Q2 2020 Financial Results

TSX: CRWN

FORWARD-LOOKING STATEMENTS

This presentation contains certain “forward looking statements” and certain “forward looking information” as defined under applicable Canadian securities laws. Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “continue”, “plans” or similar terminology. Forward-looking statements in this presentation include, but are not limited to, statements with respect to Crown’s future targets, strategic priorities, transaction pipeline, and the Corporation’s business plans and strategy. Forward-looking statements are based on forecasts of future results, estimates of amounts not yet determinable and assumptions that while believed by management to be reasonable, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Forward-looking statements are subject to various risks and uncertainties concerning the specific factors identified in the Crown’s periodic filings with Canadian securities regulators. Crown undertakes no obligation to update forward-looking information except as required by applicable law. Such forward-looking information represents management’s best judgment based on information currently available. No forward-looking statement can be guaranteed and actual future results may vary materially. Accordingly, readers are advised not to place undue reliance on forward-looking statements or information.

SPEAKERS & AGENDA



Chris Johnson
President &
Chief Executive Officer



Michael Overvelde
Senior Vice President,
Chief Financial Officer

- Q2 Operational & Financial Update
- Review Strategic Priorities
- Business Review
 - Alternative Corporate Finance
 - Distributed Power
 - Network Services
- Q&A

Q2 2020 SUMMARY

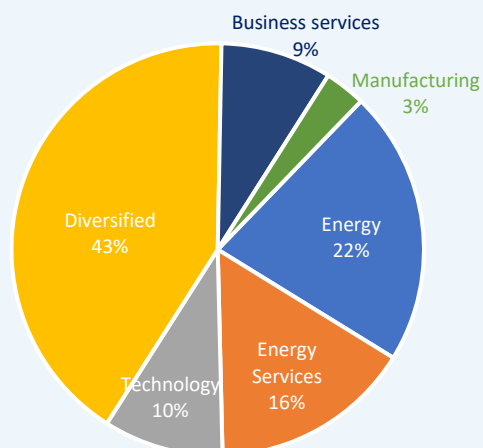
- Special Situations portfolio remains in stable condition overall
- Advanced realization process for two Long-Term investments
- Transitioning to capital-light business
- Solid quarterly Adjusted Funds from Operations (AFFO) of \$3.6mm highlights underlying health of business
- Expanding new investment platforms

Positive market backdrop for Crown's strategies

ALTERNATIVE LENDING

Special Situations Investments (Crown Partners Fund)

LOANS BY INDUSTRY



11
Current
investments

\$218mm
Currently
invested

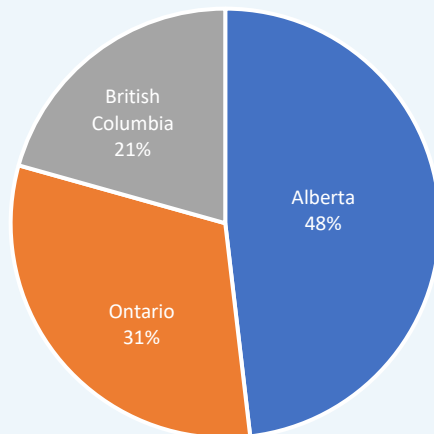
\$20mm
Average
investment

Long-Term Investments

2
Current
investments

\$35mm
Currently
invested

LOANS BY REGION



50%
First lien
loans

\$616mm
Total invested
across
20 companies

12.9%
Gross IRR

ALTERNATIVE LENDING

Special Situations

- Additional \$5 million advanced to CareRx (loan now at \$27 million)
- Repayment of \$20 million Touchstone loan and partial repayment of Ferus loan
- No material changes in risk ratings

Long-Term Investments

- Advancing process to realize on Mill Street and PenEquity loans

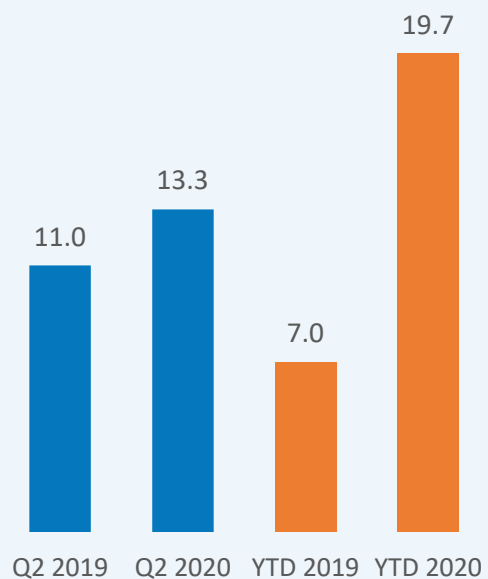
Loan Risk Ratings

	June 30 2020	March 31 2020	December 31 2019
Special Situations Financing:			
Source	3.05	3.05	2.54
Ferus	3.27	3.27	3.27
RBee	3.05	3.05	3.05
Active	2.60	2.60	2.35
Data Communications	3.50	3.50	3.45
Persta	3.38	3.38	3.38
Triple Five	2.87	2.55	2.48
VIQ Solutions	2.52	2.52	2.52
Rokstad Power	2.75	2.75	2.69
CCI Wireless	2.29	2.29	n/a
Centric Health	2.83	2.83	n/a
Long-Term Financing:			
PenEquity	3.97	3.50	2.98
Mill Street	3.00	3.00	2.82

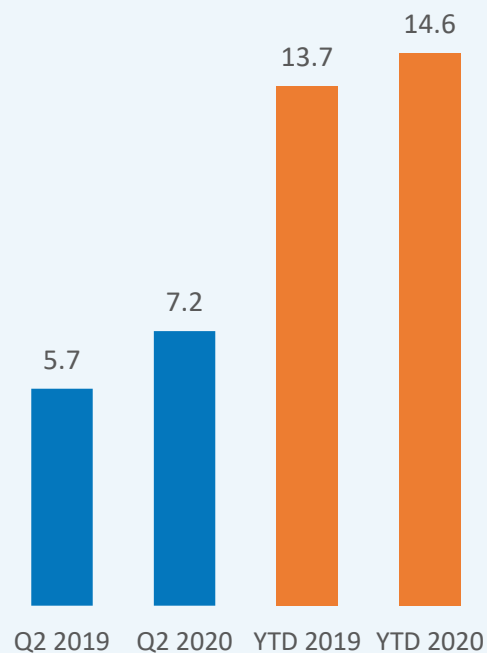
Note: A risk rating of 1.0 is the best possible rating and a 5.0 is the worst possible rating.

Q2 2020 FINANCIAL RESULTS

TOTAL REVENUE (\$MM)



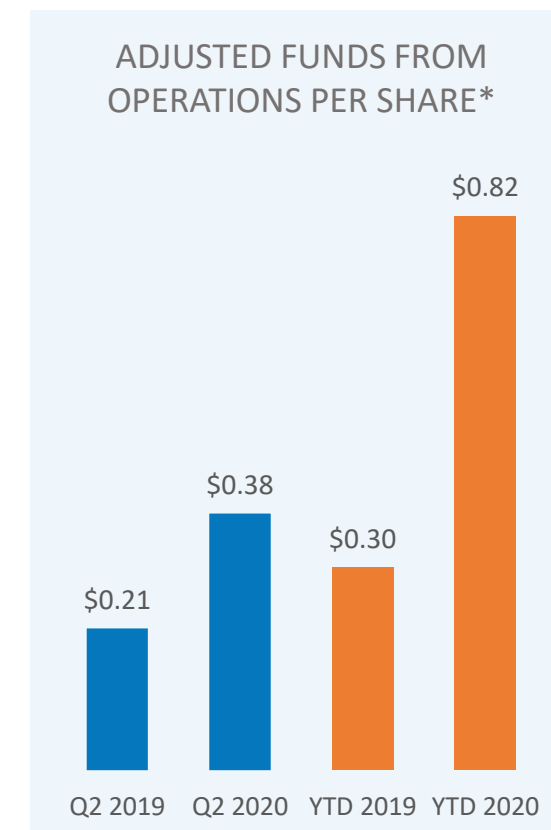
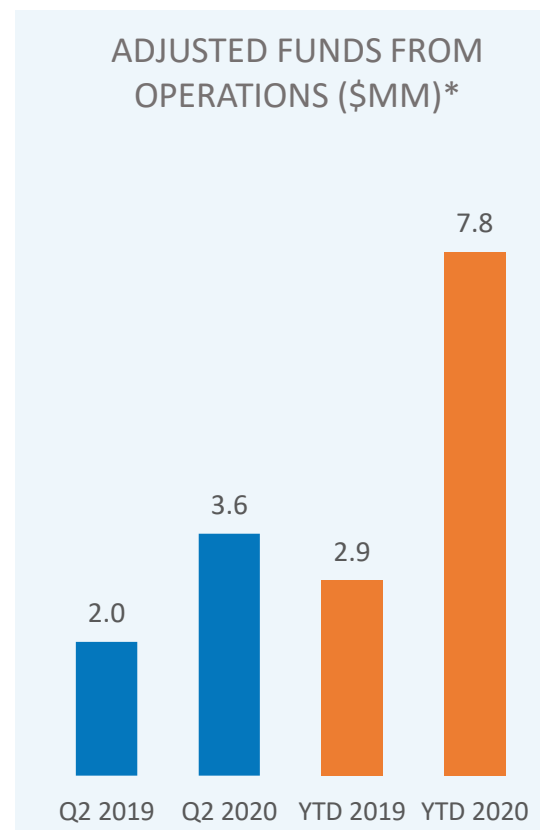
INTEREST REVENUE (\$MM)



For the periods ended Jun. 30 (\$thousands)	Three Months Ended		Six Months Ended	
	2020	2019	2020	2019
Revenue:				
Interest revenue	7,224	5,714	14,557	13,677
Fees and other income	779	806	1,116	2,382
Net gain (loss) on investments	3,395	4,436	150	(9,073)
Network services revenue	1,868	—	3,851	—
Total revenue	13,266	10,956	19,674	6,986

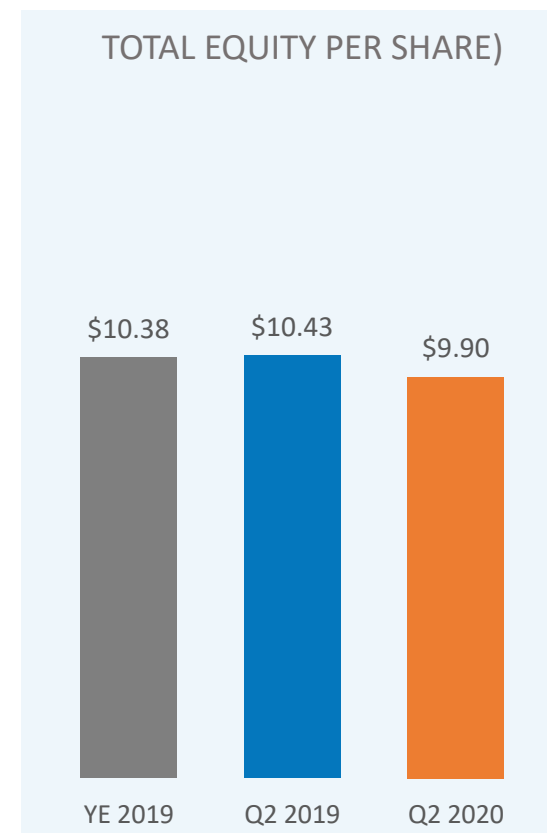
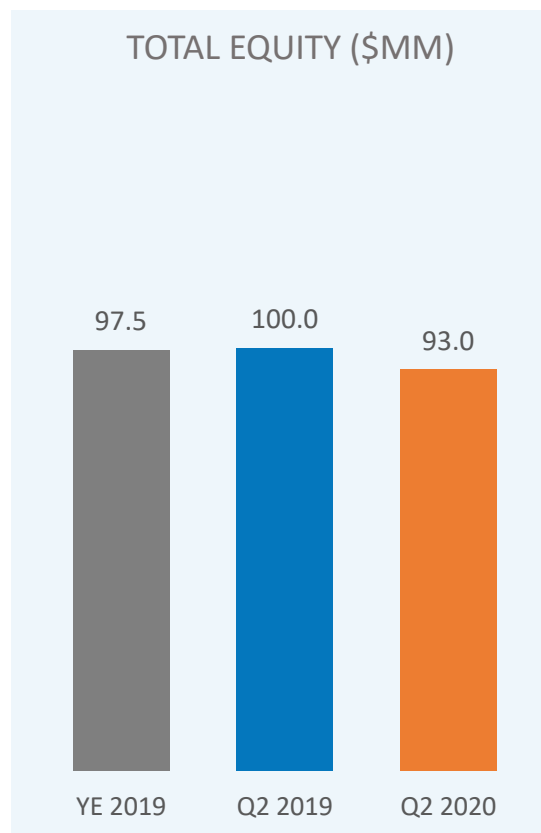
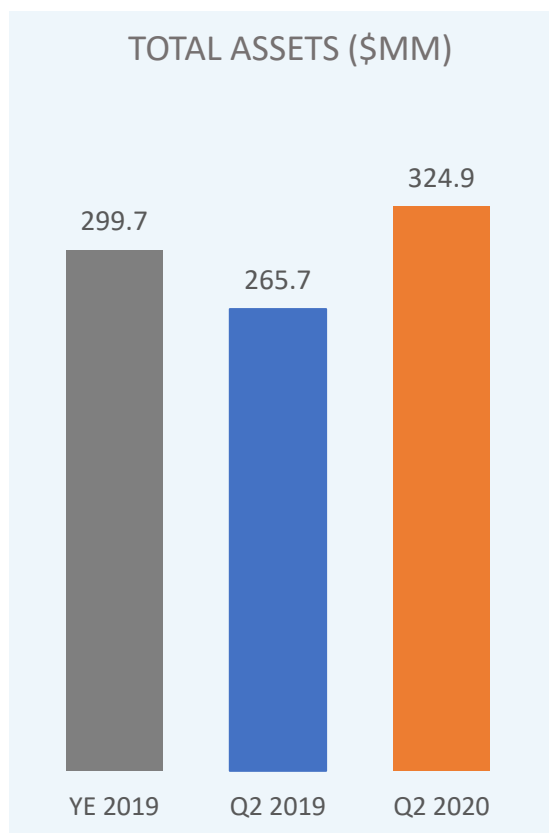
Q2 2020 FINANCIAL RESULTS

- Net loss of \$(1.6) million compared with net income of \$2.3 million in Q2 2019
 - Mainly reflecting a \$3.9 million provision for credit losses, including \$3.6 million re: PenEquity (including a partial reversal of interest revenue)
 - \$0.7 million impairment charge on distributed power equipment under development
- AFFO increased strongly for Q2 and YTD periods



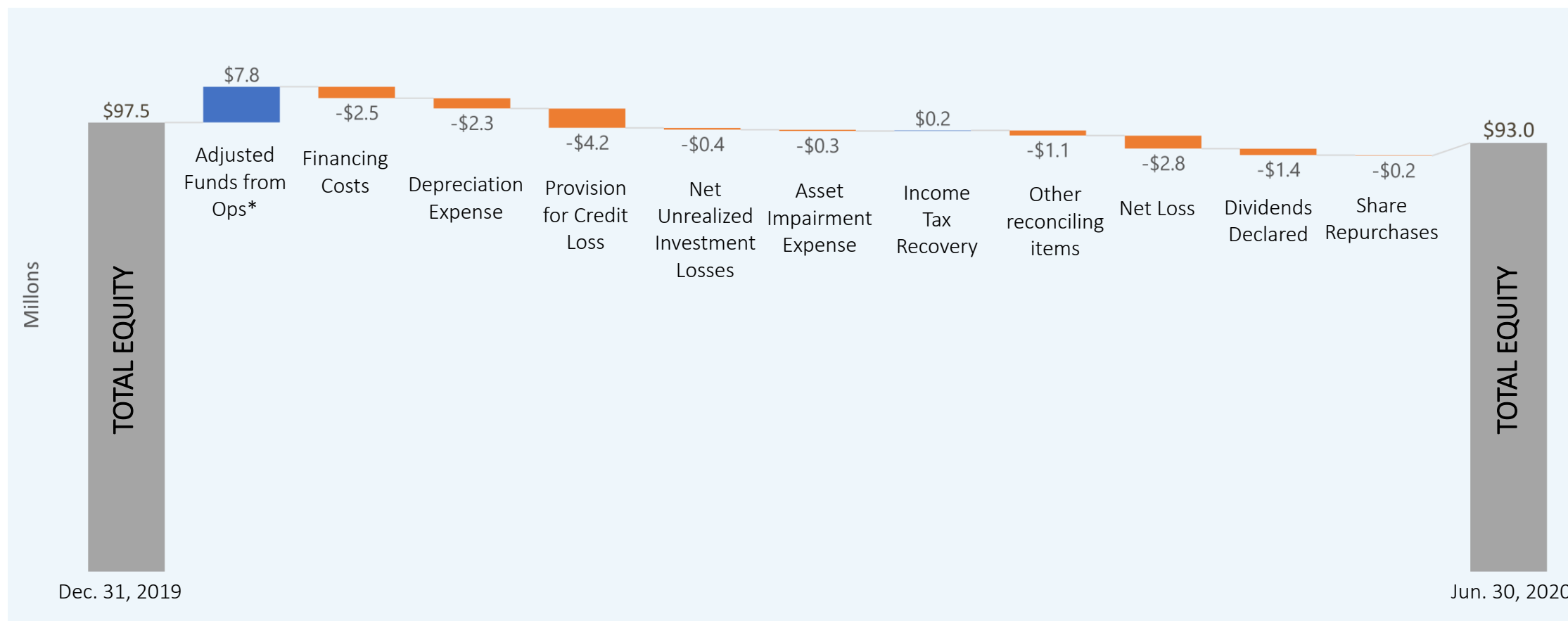
*Non-IFRS measure; refer to reconciliation in Appendix.

Q2 2020 FINANCIAL RESULTS



\$5.9mm paid to shareholders through dividends and share buybacks in TTM

Q2 2020 FINANCIAL RESULTS



*Non-IFRS measure; refer to reconciliation in Appendix.



Strategic Priorities



Expand & Diversify Platform

Increase market opportunity
Focus on recurring revenue assets
Increase non-investment earnings




+

Reposition Balance Sheet

Capital-light model
Source, seed, structure
Improve capital efficiency

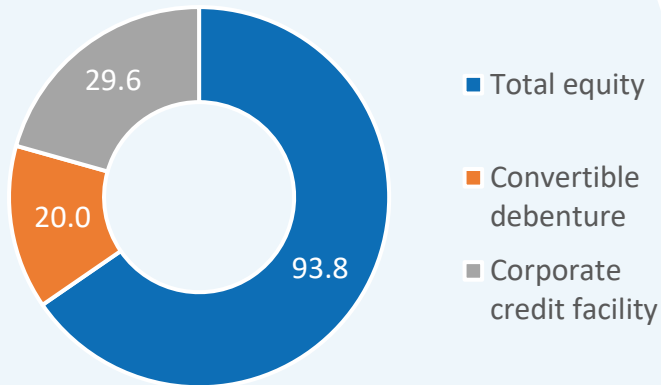
Increase EPS over the next 12-24 months

EXPAND AND DIVERSIFY PLATFORM

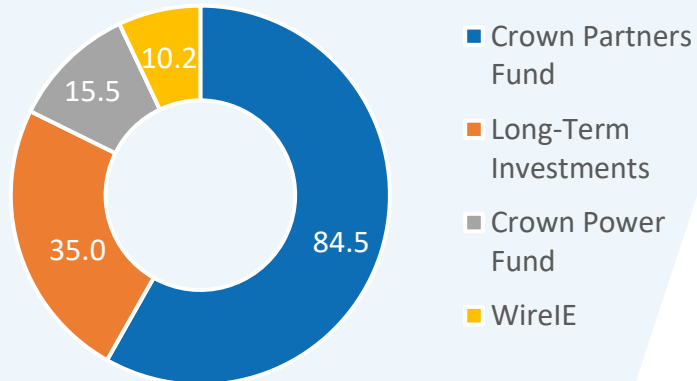
	2000	2018	2019
Business	Corporate Finance 	Distributed Power 	Network Services 
Market Focus	Capitalizing on gaps in mid-market corporate lending with flexible, customized solutions and responsive execution.	Addressing the growing need for lower cost and more predictable electricity through onsite power generation solutions.	Addressing the requirement for high-speed data connectivity to commercial customers in rural or remote areas.
Revenue streams	Management fees, carried interest, investment income from ownership of fund units	Management fees, share of operating partner profit, carried interest, investment income from ownership of fund units	Operating profit, management fees (upon fund formation)
Target investment	\$25mm	\$25mm	\$25mm
Market opportunity	>\$1.0B	>\$1.0B	>\$1.0B
3-year target	\$500mm assets	\$500mm assets	TBD

TRANSITION TO CAPITAL-LIGHT MODEL

CAPITAL SOURCES (\$MM)



CROWN INVESTMENTS (\$MM)



Reduce ownership in Lending assets to \$25mm

Realize on Long-Term investments

Funds available for distribution to be used for strategic investments, share buybacks, deleveraging

- Crown trading at <50% of book value

>\$60mm

Capital to redeploy and reduce balance sheet intensity



Alternative Corporate Finance

ENABLING ENTREPRENEURS

- Event-driven transactions including recapitalizations, growth financings, acquisitions and management buyouts
- Alternative to banks and private equity
- Competing on customization, responsive execution, reputation
- Target companies generate cash flow and have strong leadership teams; revenue of \$30mm-\$500mm

\$800+
million loans to date

20
year track record

55+
private debt
transactions

Large market: 6,000 mid-market companies in Canada

STRONG RISK-ADJUSTED RETURNS

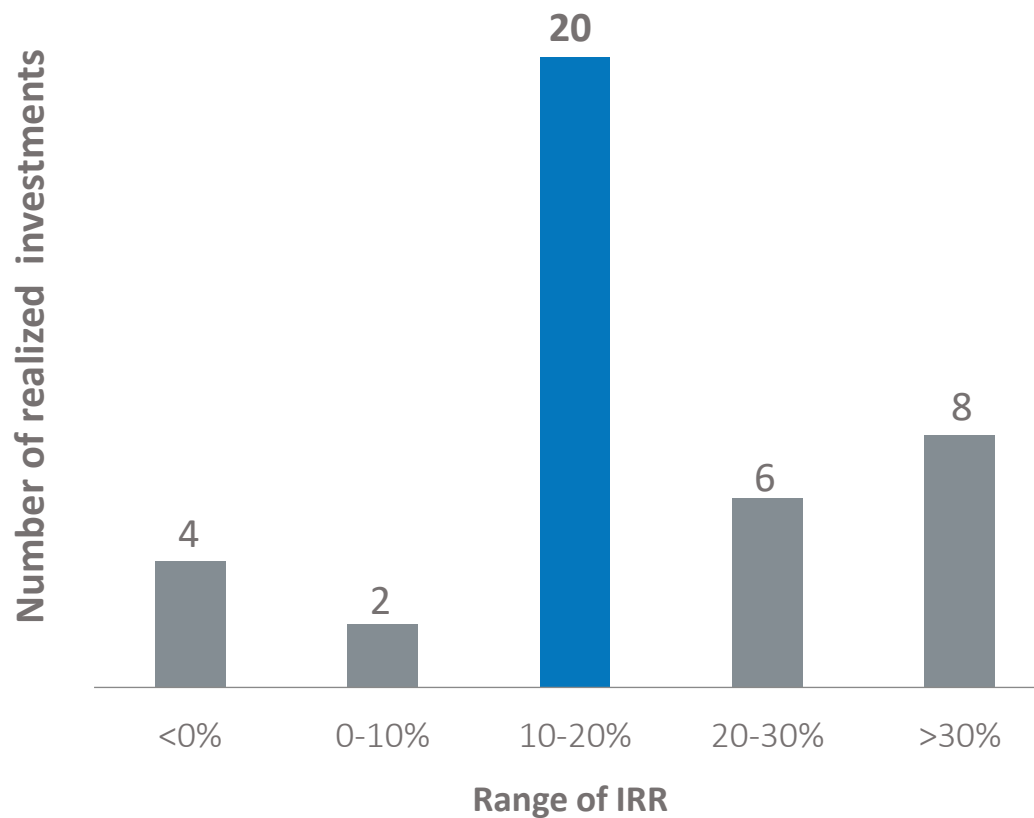
2019/2020

	IRR
Bill Gosling	18%
Baylin Technologies	14%*
Canadian Helicopters	24%
Touchstone Exploration	16%
Solo Liquor	neg.

2017/2018

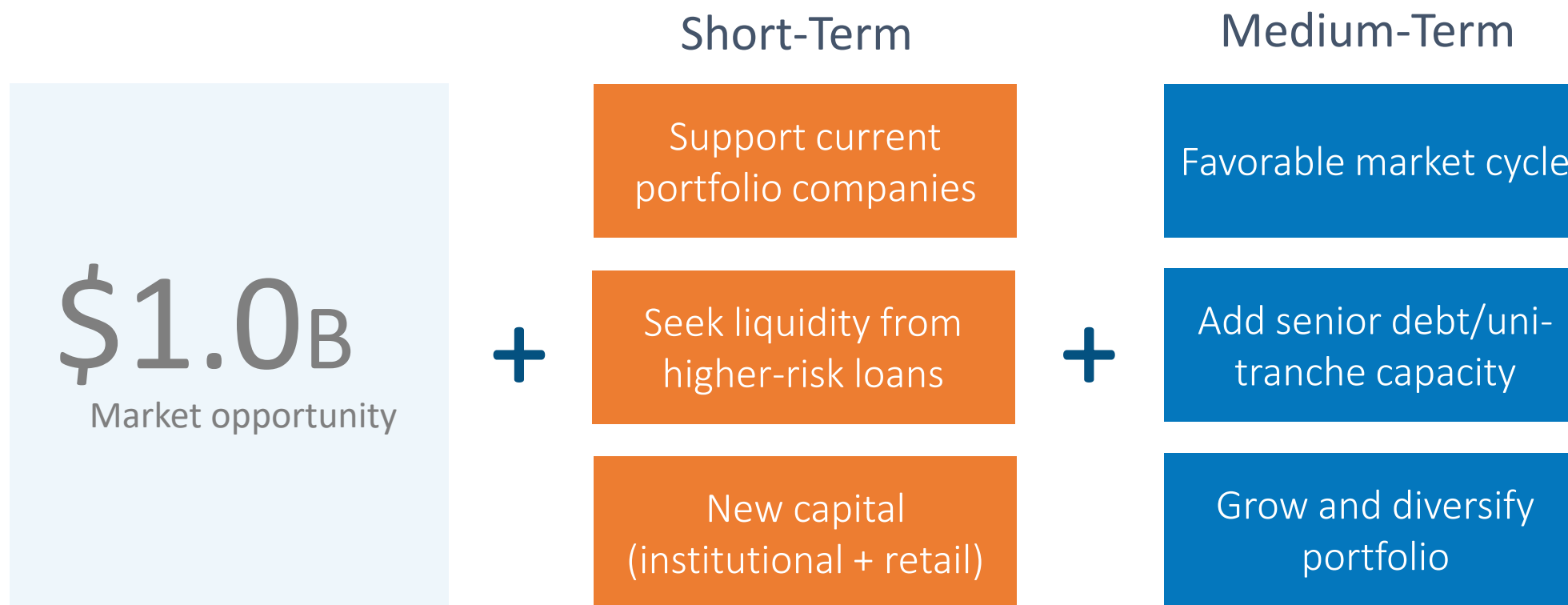
Petrowest	18%
Marquee	15%*
Corrosion Service	25%
CRH Medical	43%
Distinct Infrastructure	20%
Medicare	20%*

**Does not include potential gains on equity positions*



~14% lifetime IRR on all transactions

CORPORATE FINANCE: WHAT'S NEXT



A low-angle shot of a yellow crane lifting a large, white, rectangular object, possibly a transformer or a large container, into the air. The crane's boom extends diagonally across the frame. The object is suspended by several cables. The background is a bright blue sky with scattered white clouds. Numerous power lines are visible, crisscrossing the sky. The sun is low on the left, creating a strong lens flare. In the bottom left corner, there is a blue banner with the text "Distributed Power".

Distributed Power

ELECTRICITY MARKETS ARE BROKEN IN MANY REGIONS

Ontario



Electricity prices in Ontario are structurally high – increasing Global Adjustment

Under-investment in an aging electrical grid

100%

Increase in electricity prices (2008-2018)

1,100

companies requiring >500kW

Alberta



Closure of coal-fired power generation and increased environmental compliance costs driving higher power prices

Alberta natural gas prices at historical lows = opportunity to convert natural gas into electricity

148%

Increase in electricity prices (2017-2019)

>60%

Industrial Load

USA



CHP currently represents approximately 8% of U.S. generating capacity, compared to over 30% in countries such as Denmark, Finland and the Netherlands

~300k

Target sites within the US

Businesses need a more reliable, cost-effective alternative

KEY BENEFITS OF DISTRIBUTED GENERATION



Efficiency

Distributed generation is more energy-efficient, as thermal energy is captured and transmission losses minimized.



Cost-Effectiveness

More efficient power generation results in cost savings for end users and attractive returns for investors.



Speed

Distributed generation can be installed quickly and do not require the length siting, permitting and review procedures as do large infrastructure projects.

System start-up and response times are also faster, allowing distributed systems to bridge power gaps more rapidly.



Flexibility

The small size of distributed generation enables energy providers to more effectively match supply and demand levels through smaller, incremental adjustments.



Localization

Localizing distributed generation at or near its consumers enables the monitoring, operation and maintenance of these systems to be customized to meet specific local needs.

Developers

Partnered with numerous experienced developers

Partners sell, install and operate projects

Crown and Crown Power Fund target 50%+ ownership interest in each partner

Projects

Diversified group of end customers

10-20 year Power Purchase agreements

Growing pipeline of projects across multiple industries

Accelerated growth expected in 2020

Capital Partners

Crown Power Fund owns and leases DEPs to SPVs who contract to provide energy to end customers

Monthly lease payments plus a share of the operating partner profit

Utility-like recurring revenue with downside protection

7

Developer partners

12+

Projects live or under development

~\$200mm
Pipeline

~\$60mm
Committed capital

GROWING PIPELINE

~\$200mm

Current project pipeline

- Developer Partners
- Fund Relationships
- Industry Referrals
- Word of Mouth

DRIVES STRONG EBITDA

\$250mm → +\$5mm

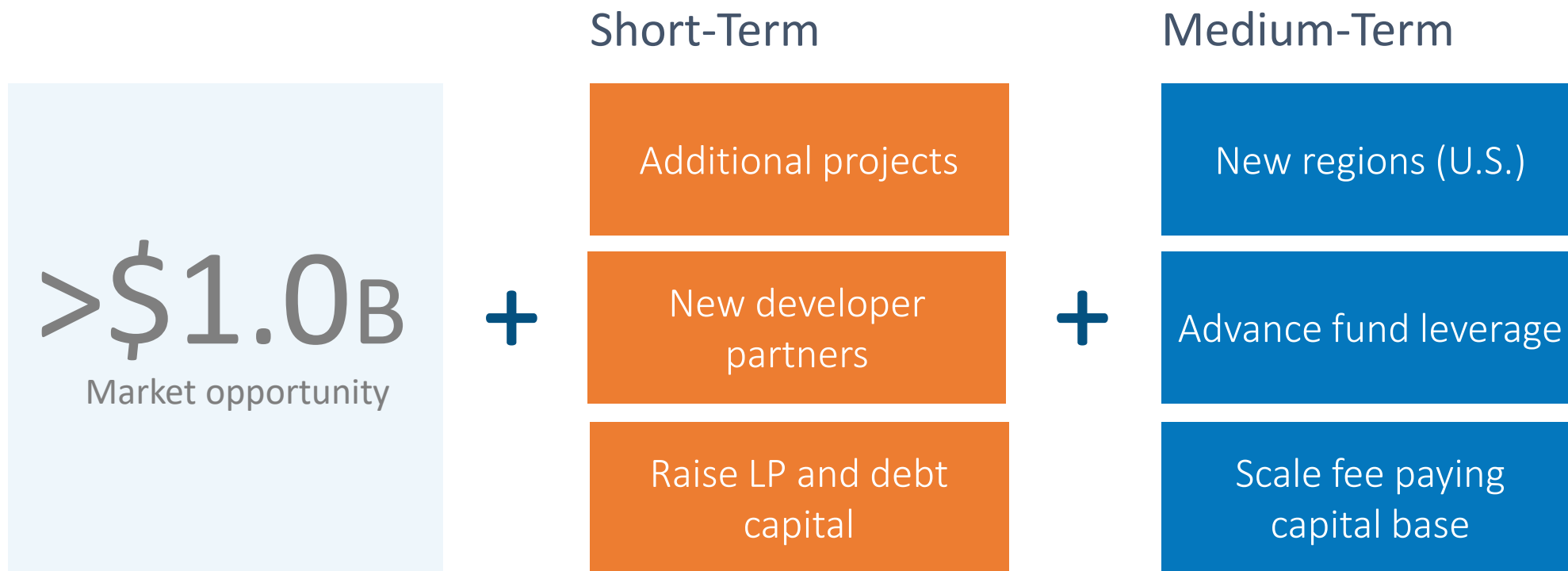
Fund assets

EBITDA contribution

- Multiple components to drive returns
 - Lease payments (near term)
 - Operator profits (medium term)
 - Cap rate compression (longer term)

Escalating, predictable and sustainable cash flows

DISTRIBUTED POWER: WHAT'S NEXT





Network Services

Market Opportunity

Rural and remote telecommunications market is underserved with low broadband speeds and poor reliability

Broadband networks and end user connectivity provide long-term recurring cash flow

Niche networks with barriers to entry

Opportunity to accelerate growth through M&A

Projects

Diversified group of end customers including large carriers, municipalities and end customers

Up to 20 year network management agreements

Growing pipeline of projects

Accelerated growth expected in 2021

Capital Providers

Crown owns networks and is working towards a 3rd party fund model

Utility-like recurring revenue with downside protection

Additional profitability from economies of scale through shared backend services such as Network Operations, Project Management, Accounting & Marketing

1

Developer Partner

~\$40mm

Revenue target through identified M&A opportunities

2

Community network opportunities under review

100+

Community network partnership opportunities

Q&A





Appendix

AFFO RECONCILIATION

Reconciliation of Income (Loss) before Income Taxes to Adjusted Funds from Operations

	Three Months Ended		Six Months Ended	
FOR THE PERIODS ENDED JUN. 30 (THOUSANDS)	2020	2019	2020	2019
Income (loss) before income taxes attributable to Shareholders	(1,878)	3,092	(3,003)	(2,391)
Adjustments for amounts attributable to Shareholders in relation to:				
Finance costs.....	1,302	630	2,475	1,475
Depreciation expense, net of lease payments on right-of-use assets.....	711	2	2,289	4
Subtotal - Earnings (loss) attributable to Shareholders before and depreciation expense, net of lease payments on right-of-use assets.....	135	3,724	1,761	(911)
Adjustments for amounts attributable to Shareholders in relation to:				
Non-cash share-based compensation.....	93	72	64	98
Asset impairment expense.....	320	-	326	-
Net unrealized investment (gains) losses.....	(979)	(1,728)	360	3,542
Provision for credit losses.....	3,909	35	4,200	110
Finance fees received in investments carried at amortized cost but not included in fees and other income.....	46	-	851	462
Amortization component of interest revenue on loans carried at amortized cost.....	(103)	(127)	(277)	(411)
Network services fees received on customer contracts but not included in contractual network services revenue.....	199	-	530	-
Amortization component of network services revenue.....	(39)	-	(64)	-
Adjusted Funds from Operations¹	\$ 3,581	\$ 1,976	\$ 7,750	\$ 2,890