Condensed Consolidated Interim Financial Statements of

CROWN CAPITAL PARTNERS INC.

Three months ended March 31, 2021 and 2020

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Financial Position (unaudited)

(expressed in thousands of Canadian dollars)

As at		March 31, 2021		December 31, 2020
Assets				
Cash and cash equivalents	$	21,550	$	19,150
Accounts receivable		9,826		8,079
Income taxes recoverable		2,935		2,970
Prepaid expenses and deposits		1,613		735
Investments (Note 4)		233,834		246,063
Share purchase loans (Note 10)		783		381
Inventory		797		811
Property and equipment (Note 15)		16,069		15,951
Network services contracts (Note 16)		2,098		2,232
Net investment in leased distributed power equipment (Note 4)		9,773		9,166
Property and equipment under development and related deposits (Notes 3, 13 and 17)		25,192		16,038
Lease earn-out note receivable (Notes 4 and 13)		5,940		-
Deferred income taxes		-		599
Goodwill		266		266
	$	**330,676**	**$**	**322,441**
Liabilities and Shareholders' Equity				
Accounts payable and accrued liabilities	$	9,094	$	7,510
Distributions payable to non-controlling interests		2,379		2,385
Lease obligations		2,949		3,280
Deferred compensation (Note 6)		575		633
Vendor Promissory Notes payable (Note 4)		597		581
Network Services Vendor Note payable (Note 4)		1,133		1,321
Contingent consideration		860		860
Mortgage payable (Notes 4 and 13)		3,300		-
Provision for performance bonus (Note 9)		3,577		3,239
Credit facilities (Note 7)		59,869		62,911
Convertible debentures - liability component (Note 8)		19,028		18,932
Deferred income taxes		70		-
Non-controlling interests (Note 11)		145,001		139,506
Total Liabilities		248,432		241,158
Equity				
Share capital (Note 5)		77,329		77,470
Convertible debentures - equity component (Note 8)		483		483
Contributed surplus		15,189		15,716
Deficit		(10,757)		(12,386)
Total Equity		82,244		81,283
	$	**330,676**	**$**	**322,441**

Commitments and contingencies (Note 18)
Subsequent events (Note 19)

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

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

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

	For the three months ended March 31, 2021	2020
Revenues		
Interest revenue	$ 6,554	$ 7,333
Fees and other income	559	337
Network services revenue	6,386	1,983
Net gain (loss) on investments		
Net realized gain from investments	1,120	311
Net change in unrealized losses of investments	(575)	(3,556)
	14,044	6,408
Expenses		
Salaries and benefits	1,718	1,458
Share-based compensation (Note 6)	217	105
Performance bonus expense (recovery)	338	(15)
General and administration	800	632
Cost of network services revenue	3,164	759
Depreciation	754	1,941
Provision for credit losses	561	306
Impairment of property and equipment (Note 15)	-	6
Finance costs (Notes 7 and 8)	1,491	1,578
	9,043	6,770
Income (loss) before other adjustments and income taxes	5,001	(362)
Non-controlling interests (Note 11)	(3,493)	(763)
Income (loss) before income taxes	1,508	(1,125)
Income taxes		
Current tax expense	35	81
Deferred tax (recovery)	41	(4)
	76	77
Net income (loss) and comprehensive income (loss)	$ 1,432	$ (1,202)
Earnings (loss) per share attributable to shareholders:		
Basic	$ 0.16	$ (0.13)
Diluted	$ 0.16	$ (0.13)
Weighted average number of shares, basic	9,040,845	9,428,241
Weighted average number of shares, diluted	9,040,845	9,488,255

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Changes in Equity (unaudited)

For the three months ended March 31, 2021 and 2020

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

	Number of shares		Share capital		Convertible debentures - equity component		Contributed surplus		Retained earnings (deficit)		Total Equity
Balance as at January 1, 2020	9,393,242	$	95,342	$	483	$	1,087	$	566	$	97,478
Net loss and comprehensive loss attributable to shareholders of the Corporation	-		-		-		-		(1,202)		(1,202)
Share-based compensation (Note 6)	-		-		-		74		-		74
Cash-settled share-based compensation (Note 6)	-		-		-		(173)		39		(134)
Issuance of common shares (Note 5)	37,470		368		-		(368)		-		-
Dividends declared (Note 5)	-		-		-		-		(1,415)		(1,415)
Balance as at March 31, 2020	9,430,712	$	95,710	$	483	$	620	$	(2,012)	$	94,801
Balance as at January 1, 2021	9,056,468	$	77,470	$	483	$	15,716	$	(12,386)	$	81,283
Net income and comprehensive income attributable to shareholders of the Corporation	-		-		-		-		1,432		1,432
Share-based compensation (Note 6)	-		-		-		(245)		-		(245)
Cash-settled share-based compensation (Note 6)	-		-		-		(98)		47		(51)
Issuance of common shares (Note 5)	18,951		184		-		(184)		-		-
Shares repurchased (Note 5)	(38,030)		(325)		-		-		150		(175)
Balance as at March 31, 2021	9,037,389	$	77,329	$	483	$	15,189	$	(10,757)	$	82,244

See accompanying notes to consolidated financial statements.

CROWN CAPITAL PARTNERS INC.

Condensed Consolidated Interim Statements of Cash Flows (unaudited)

(expressed in thousands of Canadian dollars)

For the three months ended March 31,	**2021**	**2020**
Cash provided by (used in) operating activities		
Net income (loss)	$ 1,432	$ (1,202)
Non-controlling interests (Note 11)	3,493	763
Adjustments for:		
Net realized gain from investments	(1,120)	(311)
Net change in unrealized losses in fair value of investments	575	3,556
Finance fees received on loans carried at amortized cost, net of non-cash finance fees	-	710
Interest income	(6,554)	(7,333)
Interest income received in the period	4,916	4,965
Provision for expected credit loss	561	306
Non-cash finance costs (Note 8)	250	231
Depreciation	754	1,941
Current income tax	35	81
Deferred income tax (recovery)	41	(4)
Share-based compensation, net of cash settlements	50	(29)
Provision for performance bonus (recovery)	338	(15)
Impairment of property and equipment (Note 15)	-	6
Net change in non-cash working capital (Note 12)	2,744	(671)
	7,515	2,994
Cash provided by (used in) investing activities		
Proceeds from repayment of debt securities	1,287	5,311
Proceeds from sale of equity securities	1,760	-
Addition of investments	(30)	(33,565)
Share purchase loan repayments, net of advances	(399)	(35)
Purchase of property and equipment (Note 15)	(738)	(637)
Acquisition of subsidiary, net of cash acquired (Note 15)	3	-
Lease payments received on distributed power equipment	103	(2)
Additions to property and equipment under development and related deposits	(826)	(5,867)
	1,160	(34,795)
Cash provided by (used in) financing activities		
Non-controlling interests contributions to Crown Partners Fund (Note 11)	-	10,777
Non-controlling interests contributions to Crown Power Fund (Note 11)	-	7,105
Distributions paid by Crown Partners Fund to non-controlling interests	(2,385)	(2,432)
Repayment of Crown Partners Fund Promissory Notes (Note 4)	-	(2,128)
Payments of lease obligations	(331)	(303)
Repayment of Network Services Vendor Note payable (Note 4)	(188)	-
Credit facility advances, net of repayments (Note 7)	(3,100)	26,900
Shares repurchased (Note 5)	(175)	-
Dividends (Note 5)	-	(1,415)
Deferred financing costs (Note 7)	(96)	(152)
	(6,275)	38,352
Increase in cash and cash equivalents	2,400	6,551
Cash and cash equivalents, beginning of period	19,150	8,361
Cash and cash equivalents, end of period	$ 21,550	$ 14,912
Supplemental cash flow information:		
Interest paid in the period	$ 1,241	$ 1,347

See accompanying notes to consolidated financial statements.

1. Reporting entity:

Crown Capital Partners Inc. (the "Corporation") was incorporated under the Canada Business Corporations Act on September 8, 1999 and commenced operations effective October 1, 2000. The Corporation provides investment management services and its registered office is 150 9th Avenue S.W., Suite 26-131, Calgary, Alberta. These condensed consolidated interim financial statements as at and for the three months ended March 31, 2021 and 2020 comprise the Corporation and its subsidiaries, which include:

- A 100% interest (March 31, 2020 - 100%) in Crown Capital Funding Corporation ("CCFC");
- Through CCFC, a 100% interest (March 31, 2020 - 100%) in Crown Capital Private Credit Fund, LP ("Crown Private Credit Fund");
- Through CCFC, an effective interest of 36.5% (March 31, 2020 - 38.8%) in Crown Capital Partner Funding, LP ("Crown Partners Fund");
- A 100% interest (March 31, 2020 - 100%) in Crown Capital Private Credit Management Inc. ("CCPC MI"), the general partner of Crown Private Credit Fund;
- A 100% interest (March 31, 2020 - 100%) in Crown Capital LP Partner Funding Inc. ("CCPF MI"), the general partner of Crown Partners Fund and Crown Capital Fund IV Investment, LP ("CCF IV Investment");
- A 100% interest (March 31, 2020 - 100%) in Crown Capital Fund III Management Inc. ("CCF III"), the general partner and manager of Norrep Credit Opportunities Fund, LP ("NCOF LP");
- A 100% interest (March 31, 2020 - 100%) in 10824356 Canada Inc. ("Crown Power Fund GP"), the general partner of Crown Capital Power Limited Partnership ("Crown Power Fund");
- Through CCFC, an interest of 43.2% (March 31, 2020 – 43.2%) in Crown Power Fund;
- A 100% interest (March 31, 2020 – 100%) in WireIE Holdings International Inc., WireIE (Canada) Inc. and WireIE (Development) Inc. (hereinafter collectively referred to as "WireIE");
- A 75% interest (March 31, 2020 – 75%) in Onsite Power Partners Ltd. ("Onsite Power");
- Effective September 10, 2020, a 100% interest in WireIE Inc. ("WireIE Inc.");
- Effective September 15, 2020, a 100% interest in Galaxy Broadband Communications Inc. ("Galaxy");
- Effective September 28, 2020 a 100% interest in PenEquity Development GP Inc., the general partner of PenEquity Development Limited Partnership ("PDLP");
- Effective September 30, 2020, through Crown Private Credit Fund, a 100% interest in PDLP; and
- Effective March 1, 2021, through PDLP, a 100% interest in PRC Stoney Creek Corp. ("PSCC").

2. Basis of preparation:

(a) Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Corporation's financial position and results of operations since the last annual consolidated financial statements as at and for the year ended December 31, 2020. These condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended December 31, 2020.

These condensed consolidated interim financial statements were authorized for issue by the Corporation's Board of Directors on May 11, 2021.

(b) Basis of measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis, other than investments and certain share-based awards carried at fair value through profit or loss ("FVTPL").

(c) Functional and presentation currency:

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

(d) Use of estimates and judgments:

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

The significant judgments made by management in applying the Corporation's accounting policies and key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended December 31, 2020.

2. Basis of preparation (continued):

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

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic. Emergency measures enacted globally have caused material disruption to businesses resulting in an economic slowdown. It is not possible to forecast with certainty the duration and full financial effect of the COVID-19 pandemic. The situation remains fluid and there is significant uncertainty surrounding the potential impact it may have on the Corporation's assets, liabilities, revenues, expenses and cash flows.

In the preparation of the condensed consolidated interim financial statements, the Corporation has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets and liabilities, and the reported amount of its results using the best available information as of March 31, 2021. Significant sources of estimation uncertainty include the fair value measurement of investments and the determination of expected credit losses on financial assets.

The Corporation actively monitors developments related to COVID-19, including existing and potential economic impacts on the underlying businesses associated with the Corporation's financial assets, and the ability of such businesses to meet their financial obligations to the Corporation's investment subsidiaries on a timely basis. The Corporation also reviews collateral values and monitors financial results of the underlying businesses on an ongoing basis.

(e) Reclassification of prior period presentation:

Certain comparative figures have been reclassified to conform with the current year's presentation.

3. Significant accounting policies:

The accounting policies applied to these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements as at and for the year ended December 31, 2020, except for the policy detailed below.

(a) Significant accounting policy adopted in the period:

As a result of the acquisition of PSCC on March 1, 2021, the following accounting policy has been adopted:

Property and equipment under development and related deposits

Property and equipment under development and related deposits includes (i) property under development comprising the carrying value of property owned by the Corporation that is in the course of development; and (ii) distributed power equipment under development and related deposits comprising the carrying value of distributed power assets owned by Crown Power Fund that are in the course of construction. See Note 3(h) in the consolidated financial statements as at and for the year ended December 31, 2020 for accounting policy details in respect of distributed power equipment under development and related deposits.

Property under development is recorded at the cost of the land plus all expenditures incurred to date that are necessary to bring the asset to working condition for its intended use, less any accumulated impairment losses. At each reporting date, the carrying amount of property under development is reviewed to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated cash flows on the property, discounted to its present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The property is not subject to depreciation until completion of its development phase, at which point is reclassified as part of property and equipment and measured at cost less any accumulated impairment losses.

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

4. Financial instruments:

(a) Investments

As at	March 31, 2021	December 31, 2020
Investments at FVTPL:		
Canadian debt securities at FVTPL	$ 65,771	$ 65,344
Canadian equity securities	3,146	3,993
Other investments	8,340	8,671
Total Investments at FVTPL	77,257	78,008
Canadian debt securities at amortized cost	173,181	184,117
Allowance for credit losses	(16,604)	(16,062)
Total Investments at amortized cost, net of allowance for credit losses	156,577	168,055
Total Investments	**$ 233,834**	**$ 246,063**

(b) Canadian debt securities

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

Contractual maturity	March 31, 2021	December 31, 2020
On demand	$ 43,622	$ 53,766
0 – 12 months	8,277	3,163
1 – 3 years	142,991	131,960
3 – 5 years	44,062	60,572
Total debt securities	**$ 238,952**	**$ 249,461**

As at March 31, 2021, investments held in the form of Canadian debt securities had coupon interest rates ranging from 10.0% to 16.0% (December 31, 2020 – 10.0% to 16.0%) per annum.

Interest revenue calculated using the effective interest rate method for debt securities carried at amortized cost totaled $4,468 for the three months ended March 31, 2021 (for the three months ended March 31, 2020 - $5,088). The effective interest rates as at March 31, 2021 ranged from 10.0% to 14.3% (March 31, 2020 – 10.0% to 14.3%).

Finance fees recognized in revenue in relation to the repayment of debt securities carried at amortized cost totaled $13 for the three months ended March 31, 2021 (for the three months ended March 31, 2020 - $nil).

4. Financial instruments (continued):

(c) Canadian equities

As at March 31, 2021, investments in equity securities included common shares of Canadian public companies, warrants in Canadian public companies, common shares of a Canadian private company and warrants in a Canadian private company.

(d) Other investments

Other investments include royalty arrangements and other investment structures that are neither debt securities nor equity-linked.

(e) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and are used by the Corporation in the management of short-term commitments.

(f) Other receivable

Included in accounts receivable is a receivable that comprises an amount owing from an operating partner formerly affiliated with Crown Power Fund. This amount relates to advances from the Corporation that were used by the operating partner to fund unauthorized operating expenses. A provision for bad debt has been set up in the amount of $2,526 (December 31, 2020 - $2,526), representing the gross amount of the receivable, and is based on the Corporation's current assessment of the recoverability of this amount.

(g) Network services receivables

Included in accounts receivable are amounts owing from parties with which the Corporation has entered into network services contracts.

(h) Lease earn-out note receivable

The lease earn-out note receivable represents entitlements to future cash flows in respect of PSCC's sale of its interest in a grocery-anchored community retail plaza located in Hamilton, Ontario. The entitlements to future cash flows are contingent on PSCC securing leases in respect of a prescribed area of available density on or before September 30, 2021, are valued using the discounted present value of expected cash flows arising from expected future earnings in respect of those leases secured (see Note 13), and the receivable is classified as a Level 3 financial instrument (see Note 4(k) for a description of the three-tier hierarchy framework for disclosing fair value). If the discount rate increased or decreased by 100 bps, the fair value of the lease earn-out note receivable as at March 31, 2021 would not change significantly.

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

4. Financial instruments (continued):

(i) Net investment in leased distributed power equipment

The Corporation entered into one finance lease contract in the three months ended March 31, 2021 (March 31, 2020 – nil) upon completion of the development of the related distributed power assets. There was no resultant gain or loss on reclassification of the distributed power equipment under development to net investment in leased distributed power equipment. For the three months ended March 31, 2021, the Corporation recognized interest income in relation to its net investment in leased distributed power equipment of $198 (for the three months ended March 31, 2020 - $13).

The following table sets out a maturity analysis of its net investment in leased distributed power equipment, showing the undiscounted lease payments to be received as at the reporting date.

	March 31, 2021	December 31, 2020
Less than one year	$ 1,304	$ 1,225
One to two years	1,304	1,231
Two to three years	1,304	1,231
Three to four years	1,304	1,231
Four to five years	1,304	1,231
Greater than five years	8,065	7,284
Total undiscounted lease payments	14,585	13,433
Unearned finance income	(5,818)	(5,281)
Undiscounted unguaranteed residual value	1,105	1,105
Net investment in leased distributed power equipment, before allowance for credit loss	9,872	9,257
Allowance for credit loss	(99)	(91)
Net investment in leased distributed power equipment	**$ 9,773**	**$ 9,166**

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

4. Financial instruments (continued):

(j) Allowance for credit losses

The changes to the Corporation's allowance for credit losses under IFRS 9, as at and for the three months ended March 31, 2021 and March 31, 2020, are shown in the following tables.

March 31, 2021				
Allowance for credit losses	**Debt securities**	**Net investment in leased distributed power equipment**	**Network services receivables**	**Total**
Opening balance	$ 16,062	$ 91	$ 432	$ 16,585
Additions	-	8	11	19
Repayment	(7)	-	-	(7)
Net remeasurement of loss allowance	679	-	-	679
Settlement upon acquisition	(130)	-	-	(130)
Ending balance	**$ 16,604**	**$ 99**	**$ 443**	**$ 17,146**

There were no transfers from Stage One, Stage Two, or Stage Three in the three months ended March 31, 2021.

March 31, 2020				
Allowance for credit losses	**Debt securities**	**Net investment in leased distributed power equipment**	**Network services receivables**	**Total**
Opening balance	$ 744	$ 6	$ 81	$ 831
Additions	11	-	45	56
Net remeasurement of loss allowance	250	-	-	250
Ending balance	**$ 1,005**	**$ 6**	**$ 126**	**$ 1,137**

There were no transfers from Stage One, Stage Two, or Stage Three in the three months ended March 31, 2020.

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

4. Financial instruments (continued):

(j) Allowance for credit losses (continued)

The total gross carrying values of Canadian debt securities at amortized cost, net investment in leased distributed power equipment and receivables from network services classified as Stage One, Stage Two and Stage Three and the associated allowance for credit losses, as at March 31, 2021 and December 31, 2020, are shown in the following tables:

	March 31, 2021			
	Stage One	**Stage Two**	**Stage Three**	**Total**
Canadian debt securities:				
Gross carrying value at amortized cost	$ 40,813	$ 110,066	$ 22,302	$ 173,181
Allowance for credit losses	(31)	(851)	(15,722)	(16,604)
Net carrying value at amortized cost, net of allowance for credit losses	$ 40,782	$ 109,215	$ 6,580	$ 156,577
Net investment in leased distributed power equipment:				
Gross carrying value at amortized cost	-	9,872	-	9,872
Allowance for credit losses[1]	-	(99)	-	(99)
Net carrying value at amortized cost, net of allowance for credit losses	$ -	$ 9,773	$ -	$ 9,773
Receivables from network services:				
Gross carrying value at amortized cost	-	3,107	-	3,107
Allowance for credit losses[1]	-	(443)	-	(443)
Net carrying value at amortized cost, net of allowance for credit losses	$ -	$ 2,664	$ -	$ 2,664
Total allowance for credit losses	**$ (31)**	**$ (1,393)**	**$ (15,722)**	**$ (17,146)**

1 The Corporation elects to classify the gross carrying values of net investment in leased distributed power equipment and receivables from network services as Stage Two and the associated allowance for credit losses are measured at an amount equal to lifetime expected credit losses under a simplified approach that does not require the Corporation to track changes in credit risk.

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

4. Financial instruments (continued):

(j) Allowance for credit losses (continued):

December 31, 2020	Stage One	Stage Two	Stage Three	Total
Canadian debt securities:				
Gross carrying value at amortized cost	$ 40,700	$ 110,623	$ 32,794	$ 184,117
Allowance for credit losses	(31)	(846)	(15,185)	(16,062)
Net carrying value at amortized cost, net of allowance for credit losses	$ 40,669	$ 109,777	$ 17,609	$ 168,055
Net investment in leased distributed power equipment:				
Gross carrying value at amortized cost	-	9,257	-	9,257
Allowance for credit losses[1]	-	(91)	-	(91)
Net carrying value at amortized cost, net of allowance for credit losses	$ -	$ 9,166	$ -	$ 9,166
Receivables from network services:				
Gross carrying value at amortized cost	-	3,067	-	3,067
Allowance for credit losses[1]	-	(432)	-	(432)
Net carrying value at amortized cost, net of allowance for credit losses	$ -	$ 2,635	$ -	$ 2,635
Total allowance for credit losses	**$ (31)**	**$ (1,369)**	**$ (15,185)**	**$ (16,585)**

[1] The Corporation elects to classify the gross carrying values of net investment in leased distributed power equipment and receivables from network services as Stage Two and the associated allowance for credit losses are measured at an amount equal to lifetime expected credit losses under a simplified approach that does not require the Corporation to track changes in credit risk.

4. Financial instruments (continued):

(k) Fair values:

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

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

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

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

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

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

4. Financial instruments (continued):

(k) Fair values (continued):

The tables below analyze the fair value of investments at March 31, 2021 and December 31, 2020 by the level in the fair value hierarchy into which the fair value measurement is categorized. For investments carried at FVTPL, the amounts are based on the values recognized in the statement of financial position. There were no transfers between levels during the period.

March 31, 2021	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value	Carrying value
Canadian debt securities at FVTPL	$ -	$ -	$ 65,771	$ 65,771	$ 65,771
Canadian equity securities	1,623	1,523	-	3,146	3,146
Other investments	-	-	8,340	8,340	8,340
Total Investments at FVTPL	1,623	1,523	74,111	77,257	77,257
Canadian debt securities at amortized cost	-	-	157,664	157,664	156,577
Total Investments	**$ 1,623**	**$ 1,523**	**$ 231,775**	**$ 234,921**	**$ 233,834**

December 31, 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total fair value	Carrying value
Canadian debt securities at FVTPL	$ -	$ -	$ 65,344	$ 65,344	$ 65,344
Canadian equity securities	1,144	2,849	-	3,993	3,993
Other investments	-	-	8,671	8,671	8,671
Total Investments at FVTPL	1,144	2,849	74,015	78,008	78,008
Canadian debt securities at amortized cost	-	-	168,674	168,674	168,055
Total Investments	**$ 1,144**	**$ 2,849**	**$ 242,689**	**$ 246,682**	**$ 246,063**

4. Financial instruments (continued):

(k) Fair values (continued):

Canadian debt securities are valued using the discounted present value of expected cash flows arising from these debt instruments.

Observable inputs used in the development of an appropriate discount rate include Government of Canada benchmark interest rate for the term of the individual loan and the BBB-rated corporate interest rate spread for the term of the individual loan. Significant unobservable inputs include an illiquidity spread as well as a credit spread, both of which increase the discount rate. These rates are set initially at a level such that the loan valuation equals the initial purchase cost of the loan and are subsequently adjusted at each valuation date to reflect management's current assessment of market conditions as well as of loan-specific credit and illiquidity risk.

Discount rates are subject to adjustment based on both management's current assessment of market conditions and the economic performance of individual investments. At March 31, 2021, discount rates used range from 10.7% to 18.9% (December 31, 2020 – 10.7% to 18.9%).

The most significant input into the calculation of fair value of Level 3 debt investments is the discount rate applied to expected future cash flows. If the discount rate increased or decreased by 100 bps, the fair value of Level 3 investments at March 31, 2021 would decrease by $3,227 (December 31, 2020 – $3,562) or increase by $3,396 (December 31, 2020 – $3,694), respectively.

The Canadian equity securities at March 31, 2021 and December 31, 2020 include warrants classified as Level 3 that are valued based on a net asset value-based estimate of the underlying equity value, and common shares in a Canadian private company classified as Level 3 that are valued using an enterprise value multiple approach. The other investments classified as Level 3 are either valued using the discounted present value of expected cash flows arising from these investments with discount rates ranging from 14.6% to 17.5% (2020 - 14.6% to 17.5%) or are valued using both this discounted cash flow approach and an enterprise value approach. If the discount rate increased or decreased by 100 bps, the fair value of other Level 3 investments at March 31, 2021 would not change significantly.

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

4. Financial instruments (continued):

(k) Fair values (continued):

The following tables reconcile opening balances to closing balances for fair value measurements of investments carried at FVTPL in Level 3 of the fair value hierarchy as at and for the three months ended March 31, 2021 and March 31, 2020:

For the years ended	**March 31, 2021**	**March 31, 2020**
Level 3 securities at FVTPL		
Opening balance	$ 74,015	$ 84,235
Net change in unrealized gains	96	(4,021)
Ending balance	**$ 74,111**	**$ 80,214**

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, distributions payable to non-controlling interests and promissory notes payable approximate their fair values due to their short term to maturity. The carrying values of the credit facilities, net investment in leased distributed power equipment and share purchase loans approximate their fair values due to the market interest rates on the loans.

The lease earn-out note receivable representing entitlements to future cash flows in respect of PSCC's sale of a commercial property interest is valued using the discounted present value of expected cash flows arising from future earnings on leasing activity.

The deferred compensation liability is measured based on the market value of the Corporation's share price with the impact of any resultant change included in share-based compensation expense in the period.

Contingent consideration in relation to the WireIE and Galaxy acquisitions is valued using the discounted present value of expected cash flows in excess of prescribed percentages of cumulative earnings and in excess of prescribed percentages of cumulative earnings and revenues, respectively, arising from the Corporation's investments in WireIE and Galaxy.

The fair value of the Corporation's convertible debentures – liability component is measured at $17,600 at March 31, 2021 (December 31, 2020 - $17,000). The Corporation's convertible debentures – liability component is classified as Level 1 because they are actively traded on the TSX and the fair value is based on the quoted market prices.

4. Financial instruments (continued):

(l) Promissory notes payable

(i) Crown Partners Fund Promissory Notes payable

Upon the redemption of 13,600 limited partnership units effective December 31, 2019 in Crown Partners Fund, the general partner elected to settle the redemption price, equal to the net asset value of the limited partnership units so redeemed calculated on December 31, 2019, by way of secured promissory notes ("Crown Partners Fund Promissory Notes"). The Crown Partners Fund Promissory Notes bore interest at 8.0% per annum, which was compounded semi-annually and payable quarterly in arrears. Principal amounts were to be repaid in four equal quarterly installments, payable on the last day of each calendar quarter, commencing on the last day of the first full calendar quarter ending after December 31, 2019. The Corporation had the ability to prepay all or any portion of the Crown Partners Fund Promissory Notes at any time without penalty. Any proceeds in excess of $5,000 received by the Corporation in relation to the disposition or prepayment of investments were to be applied as a prepayment of Crown Partners Fund Promissory Notes payable.

The Crown Partners Fund Promissory Notes were repaid in full in the year ended December 31, 2020, including repayment totaling $2,128 in the three months ended March 31, 2020, and the balance outstanding as at March 31, 2021 is $nil (2020 - $6,384). Interest expense in relation to Crown Partners Fund Promissory Notes payable for the three months ended March 31, 2021 was $nil (for the three months ended March 31, 2020 - $170).

(ii) Vendor Promissory Notes payable

On September 15, 2020, as partial consideration for the equity acquired from the previous shareholders of Galaxy the Corporation has agreed to pay to selling shareholders additional consideration in the form of unsecured promissory notes ("Vendor Promissory Notes") which have an aggregate value of $597, including accrued interest of $16, as at March 31, 2021 (December 31, 2020 - $581 and $nil, respectively). The Vendor Promissory Notes bear interest at 5.0% per annum, calculated and payable annually. Principal amounts, including accrued interest, are to be repaid in two equal instalments on September 15, 2021 and September 15, 2022. The Corporation has the ability to prepay all or any portion of the Vendor Promissory Notes at any time without penalty. Interest expense includes $16 for the three months ended March 31, 2021 (2020 - $nil).

(m) Network Services Vendor Note payable

The Corporation carries an unsecured, interest-bearing vendor note payable ("Network Services Vendor Note payable") with one of Galaxy's primary network services vendors. The Network Services Vendor Note payable bears interest at 8% per annum, calculated and payable annually, and matures on February 1, 2023. Principal amounts are to be repaid in monthly instalments, payable on the first day of each month. At March 31, 2021, the balance of the Network Services Vendor Note payable is $1,133 (December 31, 2020 - $1,321). In the three months ended March 31, 2021 payments of $220 were made in respect of the repayment of the Network Services Vendor Note payable, including interest expense in relation to the Network Services Vendor Note payable of $32 (March 31, 2020 - $nil and $nil, respectively).

4. Financial instruments (continued):

(n) Mortgage payable

Upon acquisition of PSCC on March 1, 2021, Crown assumed a mortgage payable of $3,300 (see Note 13), secured by the value of property under development, that is due on August 26, 2022. The mortgage payable bears interest at 8.5% per annum, calculated and payable monthly on the first day of each month. The Corporation has the option to prepay all of the mortgage payable outstanding after September 1, 2021 on payment of a penalty equal to one months' interest on the outstanding indebtedness.

5. Share capital:

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

On April 13, 2020, the Corporation renewed its NCIB to purchase up to 550,000 common shares, representing approximately 5.8% of its issued and outstanding common shares as at March 31, 2020, over the next twelve months, or until such time as the bid is completed or terminated at the Corporation's option (see Note 19). Any shares purchased under this bid are purchased on the open market at the prevailing market price at the time of the transaction. Common shares acquired under this bid are cancelled. Total shares purchased and cancelled under the current NCIB up to March 31, 2021 was 392,430.

During the three months ended March 31, 2021, the Corporation purchased and cancelled a total of 38,030 shares (March 31, 2020 – nil shares) for total consideration of $175 (March 31, 2020 - $nil).

During the three months ended March 31, 2021, the Corporation issued 18,951 shares as vested share-based compensation (March 31, 2020 – 37,470 shares) (see Note 6).

During the three months ended March 31, 2021, the Corporation declared and paid dividends of $nil per share (March 31, 2020 - $0.15 per share) for a total payment of $nil (March 31, 2020 - $1,415).

6. Share-based compensation:

Effective December 20, 2019, the Corporation revised its compensation program for employees and introduced a Medium-Term Performance Unit ("MTPU") Plan under which it issues MTPUs to employees. MTPUs vest when certain performance objectives are achieved. Vested MTPUs are settled in cash or Employee Deferred Share Units ("EDSUs") on the date of vesting.

EDSUs vest immediately upon grant and are redeemable no earlier than the date on which an employee ceases to be an employee, and no later than 367 days following such date. Upon redemption, EDSUs are settled by cash payments based on the market value of the EDSUs being redeemed, net of applicable tax withholdings. The Corporation's liability related to its EDSU settlement obligation is measured based on the market value of the Corporation's share price and is recorded in provision for deferred compensation, with the impact of any resulting changes in carrying value included in share-based compensation expense in the period. As at March 31, 2021, there are no EDSUs outstanding and $nil liability related to the EDSU settlement obligation.

Effective May 8, 2018, the Corporation revised its compensation program for directors and introduced a Director Deferred Share Unit ("DDSU") Plan under which it issues DDSUs to directors. DDSUs vest immediately upon grant and are redeemable no earlier than the date at which a director ceases to be a director, and no later than December 14 in the calendar year following such date. Upon redemption, DDSUs are settled by cash payments based on the market value of the DDSUs being redeemed, net of applicable tax withholdings. The Corporation's liability related to its DDSU settlement obligation is measured based on the market value of the Corporation's share price and is recorded in provision for deferred compensation, with the impact of any resulting changes in carrying value included in share-based compensation expense in the period. At March 31, 2021, the deferred compensation liability was $575 (December 31, 2020 - $633).

The Corporation issues additional DDSUs to directors and additional MTPUs and EDSUs to employees in lieu of dividends on outstanding DDSUs, MTPUs and EDSUs. These DDSUs, MTPUs and EDSUs vest on the same terms as the respective units for which they were awarded. The number of DDSUs, MTPUs and EDSUs issued in lieu of dividends is based on the weighted average trading price of the common shares for a ten-day period ending at the dividend payment date.

Prior to December 20, 2019, the Corporation issued performance share units ("PSUs") and restricted share units ("RSUs") to employees. Prior to May 8, 2018, the Corporation issued RSUs to directors. PSUs and RSUs are collectively referred to as "Share Units". On the vesting date, each Share Unit is exchanged for one common share of the Corporation, except that the holder may elect to be compensated in cash based on the fair value of such common shares to the extent necessary to pay any tax withholdings related to the vesting of the Share Units. The PSUs vest when certain performance objectives are achieved. RSUs issued to directors vest over a three-year period from the issue date provided the holder remains a director of the Corporation. In the three months ended March 31, 2021, the balance of PSUs outstanding were cancelled and the remaining RSUs issued to employees vested. There are no PSUs or RSUs outstanding as at March 31, 2021, and the Corporation does not expect to issue PSUs or RSUs in the future.

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

6. Share-based compensation (continued):

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

Stock options granted are valued using a Black-Scholes formula and the expense is recognized over the vesting period. The stock options vest over a three-year period and have terms of five to seven years and exercise prices of $10.00 to $11.00. During the three months ended March 31, 2021, no stock options were granted and 10,606 stock options that had vested were cancelled. During the three months ended March 31, 2020, 534,024 stock options were granted and nil stock options that had vested were cancelled.

Assumptions used to determine the fair value of stock options granted by the Corporation as at the dates on which they were granted are as follows:

Risk-free interest rate	0.8% - 1.0%
Dividend yield	6.1% - 8.8%
Expected life	5 to 7 years
Grant date price	$6.80 - $9.90
Exercise price	$10.00 - $11.00
Volatility	25.0%

The expense is recognized over the vesting period. The fair value of the options granted in 2020 was $0.13 per option. As at March 31, 2021, 157,178 (December 31, 2020 – 10,606) stock options had vested but had not been exercised, and an additional 314,357 (December 31, 2020 – 471,535) stock options which had not vested were outstanding.

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

6. Share-based compensation (continued):

The tables below detail the share-based compensation expense recognized in the three months ended March 31, 2021 and 2020. Share-based compensation expense is recognized over the expected vesting period of each award.

For three months ended March 31, 2021						
	Number outstanding at January 1, 2021	**Issued in the period**	**Vested or exercised**	**Cancelled or forfeited**	**Number outstanding at March 31, 2021**	**Expensed in the period**
PSUs	29,411	-	-	(29,411)	-	$ (249)
RSUs	29,466	-	(29,466)	-	-	-
MTPUs [1]	286,832	237,731	-	(11,298)	513,265	324
DDSUs	128,413	-	(23,587)	-	104,826	138
Total units	474,122	237,731	(53,053)	(40,709)	618,091	213
Stock options	482,141	-	-	(10,606)	471,535	4
Total	**956,263**	**237,731**	**(53,053)**	**(51,315)**	**1,089,626**	**$ 217**

[1] The MTPUs issued in the period were new awards.

For three months ended March 31, 2020						
	Number outstanding at January 1, 2020	**Issued in the period**	**Vested or exercised**	**Cancelled or forfeited**	**Number outstanding at March 31, 2020**	**Expensed in the period**
PSUs	55,982	-	(27,599)	-	28,383	$ 30
RSUs	59,257	-	(27,627)	-	31,630	32
MTPUs	124,588	-	-	-	124,588	126
DDSUs	50,916	-	-	-	50,916	(95)
Total units	290,743	-	(55,226)	-	235,517	93
Stock options	31,818	534,024	-	-	565,842	12
Total	**322,561**	**534,024**	**(55,226)**	**-**	**801,359**	**$ 105**

7. Credit facilities:

The Corporation has a $35,000 senior secured revolving credit facility (the "Crown Credit Facility") to fund the Corporation's capital commitments to each of its controlled investment funds and its investments in WireIE and Galaxy. The Crown Credit Facility provides financing at a variable interest rate based on Prime Rate plus 275 bps to 325 bps or on Bankers Acceptance rate plus 375 to 425 bps and has a customary set of covenants. Effective February 5, 2019, the Corporation extended the maturity of the Crown Credit Facility by 17 months to May 31, 2021, which is subject to a one-year extension annually on each May 31, and amended certain terms of the facility. In May 2020, the Corporation initiated the negotiation with its lenders of an amendment and extension of the Crown Credit Facility, which had not been achieved as at March 31, 2021. The resulting classification of the liability under the facility as a current liability in the Corporation's non-consolidated interim financial statements resulted in the Corporation not satisfying the minimum excess working capital requirements under applicable securities law as at March 31, 2021. The securities commission that regulates the Corporation in respect of its investment management operations is aware of this matter. Effective May 7, 2021, the Corporation entered into a new senior secured corporate credit facility that was used to fund a full repayment and cancellation of lender commitments in respect of the Crown Credit Facility. The new corporate credit facility includes a total lender commitment of $41,500 and includes a revolving credit facility of which a $20,000 commitment has a three-year term (see Note 19), resulting in the Corporation once again satisfying the minimum excess working capital requirements under applicable securities law.

As of March 31, 2021, $29,100 (December 31, 2020 - $29,100) has been drawn on the Crown Credit Facility. The Crown Credit Facility is secured by the Corporation's effective ownership interest in the investments held by its controlled investment funds, through CCFC and certain other investments held by the Corporation. The carrying value of assets pledged as at March 31, 2021 was $142,206 (December 31, 2020 - $149,987).

During the three months ended March 31, 2021, $556 (March 31, 2020 - $423) was expensed as finance costs relating to the Crown Credit Facility including amortization of deferred financing costs of $111, interest of $431, standby fees of $14 (March 31, 2020 - $100, $288 and $35, respectively). The balance of unamortized deferred financing costs relating to the Crown Credit Facility as at March 31, 2021 was $104 (December 31, 2020 - $149).

On February 5, 2019, Crown Partners Fund entered into an agreement for a $25,000 senior secured revolving credit facility ("CCPF Credit Facility") to fund investments in mid-market corporations. On December 17, 2019, the size of the CCPF Credit Facility was increased to $50,000, and on January 26, 2021 the size was reduced to $35,000. The CCPF Credit Facility provides financing at a variable interest rate based on Prime Rate plus 225 bps to 325 bps or on Bankers Acceptance rate plus 325 to 425 bps and has a customary set of covenants. The CCPF Credit Facility matures on May 31, 2023 and is subject to a one-year extension annually on each May 31 commencing May 31, 2022, which is not to exceed the term of Crown Partners Fund, as defined in its limited partnership agreement.

As of March 31, 2021, $31,200 (December 31, 2020 - $34,300) has been drawn on the CCPF Credit Facility. The CCPF Credit Facility is secured by the investments held by Crown Partners Fund. The carrying value of assets pledged as at March 31, 2021 was $231,939 (December 31, 2020 - $232,637).

During the three months ended March 31, 2021, $424 (March 31, 2020 - $491) was expensed as finance costs relating to the CCPF Credit Facility including amortization of deferred financing costs of $43, interest of $377 and standby fees of $4 (March 31, 2020 - $42, $428 and $21, respectively). The balance of unamortized deferred financing costs relating to the CCPF Credit Facility as at March 31, 2021 was $327 (December 31, 2020 - $340).

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

7. Credit facilities (continued):

The following table reconciles opening balances to closing balances for the Crown Credit Facility and CCPF Credit Facility as at March 31, 2021 and March 31, 2020:

As at			**March 31, 2021**
	Crown Credit Facility	**CCPF Credit Facility**	**Total**
Balance drawn			
Balance, January 1, 2021	$ 29,100	$ 34,300	$ 63,400
Net advances (repayments)	-	(3,100)	(3,100)
Balance, March 31, 2021	$ 29,100	$ 31,200	$ 60,300
Deferred finance costs			
Balance, January 1, 2021	$ (149)	$ (340)	$ (489)
Amortization	111	43	154
Additions	(66)	(30)	(96)
Balance, March 31, 2021	$ (104)	$ (327)	$ (431)
Carrying value – March 31, 2021	**$ 28,996**	**$ 30,873**	**$ 59,869**

As at			**March 31, 2020**
	Crown Credit Facility	**CCPF Credit Facility**	**Total**
Balance drawn			
Balance, January 1, 2020	$ 14,300	$ 25,000	$ 39,300
Net advances (repayments)	15,300	11,600	26,900
Balance, March 31, 2020	$ 29,600	$ 36,600	$ 66,200
Deferred finance costs			
Balance, January 1, 2020	$ (425)	$ (469)	$ (894)
Amortization	100	42	142
Additions	(120)	(33)	(153)
Balance, March 31, 2020	$ (445)	$ (460)	$ (905)
Carrying value – March 31, 2020	**$ 29,155**	**$ 36,140**	**$ 65,295**

8. Convertible Debentures:

On June 13, 2018 the Corporation issued $20,000 of 6.0% convertible unsecured subordinated debentures (the "Convertible Debentures") for net proceeds of $18,703 with maturity date of June 30, 2023 (the “Debenture Maturity Date”). Interest on the Convertible Debentures is payable semi-annually in arrears on June 30 and December 31 of each year, commencing on December 31, 2018. The Convertible Debentures are direct, subordinated unsecured obligations of the Corporation, subordinated to the Crown Credit Facility.

Each $1 principal amount of Convertible Debenture is convertible at the option of the holder into approximately 72.99 common shares of the Corporation (representing a conversion price of $13.70 per share). The Convertible Debentures are not redeemable on or before June 30, 2021, except in limited circumstances following a Change of Control (as defined in the Trust Indenture). After June 30, 2021, but prior to June 30, 2022, the Convertible Debentures may be redeemed in whole or in part from time to time at the Corporation's option, on not more than 60 days and not less than 30 days prior written notice, at a price equal to the aggregate principal amount plus accrued and unpaid interest, provided that the weighted average price of the common shares during the 20 consecutive trading days ending on the fifth day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price. On or after June 30, 2022 and prior to the Debenture Maturity Date, the Convertible Debentures may be redeemed in whole or in part from time to time at the Corporation's option at a price equal to their aggregate principal amount plus accrued and unpaid interest.

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

8. Convertible Debentures (continued):

On a Redemption Date (as defined in the Trust Indenture) or on the Debenture Maturity Date, as applicable, the Corporation may, at its option, elect to satisfy its obligation to pay the aggregate principal amount of and premiums on (if any) the Convertible Debentures by issuing common shares. Payment for such Convertible Debentures, subject to the election, would be satisfied by delivering that number of common shares obtained by dividing the aggregate principal amount of the outstanding Convertible Debentures which are to be redeemed, or which will mature, by 95% of the Weighted Average Price of the Common Shares for the 20 consecutive trading days ending five trading days prior to the date fixed for redemption or the Maturity Date, as the case may be. Any accrued and unpaid interest will be paid in cash.

As at	**March 31, 2021**				
			Liability Component		**Equity Component**
Balance, January 1, 2021		$	18,932	$	483
Effective interest on Convertible Debentures			96		-
Balance, March 31, 2021		**$**	**19,028**	**$**	**483**

As at	**March 31, 2020**				
			Liability Component		**Equity Component**
Balance, January 1, 2020		$	18,562	$	483
Effective interest on Convertible Debentures			89		-
Balance, March 31, 2020		**$**	**18,651**	**$**	**483**

During the three months ended March 31, 2021, $392 (March 31, 2020 - $387) was expensed as finance costs relating to the Convertible Debentures including amortization of deferred financing costs of $96 and interest of $296 (March 31, 2020 - $89 and $298, respectively).

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

8. Convertible Debentures (continued):

The following table reconciles total finance costs to costs recognized in relation to the Crown Credit Facility, the CCPF Credit Facility, the Convertible Debentures, promissory notes payable and the Corporation's lease obligations, including its office leases, vehicle leases and network co-location arrangements for the three months ended March 31, 2021 and March 31, 2020:

For the three months ended	March 31, 2021					
	Crown Credit Facility	CCPF Credit Facility	Convertible Debentures	Promissory Notes	Lease and other Obligations	Total
Interest	$ 431	$ 377	$ 296	$ 16	$ 103	$ 1,223
Standby and other lending fees	14	4	-	-	-	18
Amortization of deferred finance costs	111	43	96	-	-	250
Total Finance Costs	**$ 556**	**$ 424**	**$ 392**	**$ 16**	**$ 103**	**$ 1,491**

For the three months ended	March 31, 2020					
	Crown Credit Facility	CCPF Credit Facility	Convertible Debentures	Promissory Notes	Lease and other Obligations	Total
Interest	$ 288	$ 428	$ 298	$ 170	$ 107	$ 1,291
Standby and other lending fees	35	21	-	-	-	56
Amortization of deferred finance costs	100	42	89	-	-	231
Total Finance Costs	**$ 423**	**$ 491**	**$ 387**	**$ 170**	**$ 107**	**$ 1,578**

9. Provision for performance bonus:

The Corporation has asset performance bonus pool ("APBP") arrangements for certain individuals, primarily employees ("APBP Participants"). For certain investment funds managed by the Corporation, 20% of investment returns in excess of an annual rate of return of 8% earned by the fund accrue to the Corporation as performance fee distributions. The Corporation's current compensation policy provides that 50% of such performance fees will be distributed to APBP Participants with the other 50% retained by the Corporation.

Allocation of the units of the APBP relating to Crown Partners Fund commenced in 2015 and will continue until the expiration of the investment fund's term in 2025, with 50% of performance fees recognized by Crown Partners Fund allocated to employees.

Allocation of the units of the APBP relating to Crown Power Fund commenced in 2019 and will continue until the expiration of the investment fund's term in 2026, subject to annual one-year extensions, with 50% of performance fees recognized by Crown Power Fund allocated to employees.

Performance bonus amounts will be paid to APBP Participants in accordance with the Limited Partnership Agreement of the investment fund, upon declaration by the General Partner of the investment fund.

As at March 31, 2021, the Corporation had accrued a provision for performance bonus payable of $3,577 relating to the APBP of Crown Partners Fund (December 31, 2020 - $3,239).

As at March 31, 2021, no amounts have been accrued in relation to the APBP of Crown Power Fund.

10. Share purchase loans:

The Corporation has an Executive Share Purchase Plan (the "Share Purchase Plan") whereby the Board can approve loans to participants ("Share Purchase Plan Participants") for the purpose of purchasing the Corporation's common shares in the open market. Loans in relation to the Share Purchase Plan are advanced by both a third-party financial institution and the Corporation (collectively the "Lenders"). The following must be paid directly to the Lenders by Share Purchase Plan Participants in repayment of interest and principal on these loans: all dividend distributions on the common shares, all annual performance incentive plan payments to Participants in excess of target bonus payouts, and all proceeds from the sale of the common shares.

During the three months ended March 31, 2021, the Corporation advanced $399 of new loans under the Share Purchase Plan and $nil of principal was repaid (2020 - $94 and $59, respectively). As at March 31, 2021, $783 of loans to Share Purchase Plan Participants were outstanding (December 31, 2020 - $381), including accrued interest of $3 (2020 - $nil). Loans from the Corporation under the Share Purchase Plan bear interest at Prime Rate (2.45% as at March 31, 2021 and as at December 31, 2020), are repayable in full within 90 days following the date on which the Participant ceases to be employed by the Corporation and are personally guaranteed by Participants.

The Corporation has guaranteed repayment of loans advanced to Participants by a third-party financial institution pursuant to the Share Purchase Plan which totaled $1,857 as at March 31, 2021 (December 31, 2020 - $2,244), and which are secured by common shares of the Corporation owned by Participants with a value of $2,180 as at March 31, 2021 (December 31, 2020 - $1,958).

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

11. Non-controlling interests (NCI):

As at	March 31, 2021		
	Crown Partners Fund	Crown Power Fund	Total
NCI percentage	63.5%[1]	56.8%	
Beginning balance, January 1, 2021	$ 115,603	$ 23,903	$ 139,506
Allocation of net income (loss)	3,267	226	3,493
Distributions	(2,379)	-	(2,379)
Acquisition of units[2]	4,381	-	4,381
Balance, March 31, 2021	**$ 120,872**	**$ 24,129**	**$ 145,001**

1. NCI percentage in Crown Partners Fund increased from 61.2% to 63.5% effective March 31, 2021.
2. Relates to the sale by the Corporation of units to non-controlling interests effective March 31, 2021.

As at	March 31, 2020		
	Crown Partners Fund	Crown Power Fund	Total
NCI percentage	61.2%[1]	56.8%	
Beginning balance, January 1, 2020	$ 110,010	$ 12,986	$ 122,996
Allocation of net income (loss)	568	195	763
Contributions	10,777	7,105	17,882
Distributions	(2,345)	(1)	(2,346)
Redemption of units[2]	(4)	-	(4)
Balance, March 31, 2020	**$ 119,006**	**$ 20,285**	**$ 139,291**

1. NCI percentage in Crown Partners Fund decreased from 63.0% to 61.2% effective January 1, 2020.
2. Relates to a redemption of units by non-controlling interests effective December 31, 2019.

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

12. Net change in non-cash working capital:

Three months ended March 31,		2021		2020
Accounts receivable	$	3,141	$	(793)
Prepaid expenses		242		(130)
Accounts payable and accrued liabilities		(653)		252
Inventory		14		-
Total	**$**	**2,744**	**$**	**(671)**
Net change attributable to operating activities	**$**	**2,744**	**$**	**(671)**

13. Acquisition of subsidiary:

(a) Consideration transferred:

On March 1, 2021, the Corporation acquired 100% of the common shares and voting interests of PSCC, whose assets include entitlements to future cash flows in relation to the sale of its interest in a grocery-anchored community retail plaza located in Hamilton, Ontario, plus adjacent land, in exchange for consideration of the extinguishment of a portion of investments in Canadian debt securities.

For the period from March 1, 2021 to March 31, 2021, PSCC contributed revenue of $nil and earnings before income taxes of $nil to the Corporation's results. If the acquisition had occurred on January 1, 2021, management estimates that consolidated revenue and consolidated net income (loss) for the three months ended March 31, 2021 would have been $nil and $nil, respectively. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on January 1, 2021.

The following table summarizes the acquisition date fair value of each major class of consideration transferred:

		March 1, 2021
Fair value of investment in a Canadian debt security[1]	$	9,766
Fair value of pre-existing investment in a Canadian debt security – PSCC[2]		625
Total consideration transferred	**$**	**10,391**

[1] As partial consideration for the acquisition of PSCC, the Corporation agreed to the partial settlement of a Canadian debt security outstanding to the parent company of PSCC, with whom the Corporation had a previous lending relationship.
[2] The Corporation and PSCC were parties to a promissory note contract under which the Corporation advanced amounts to satisfy PSCC's working capital requirements at the Corporation's discretion. This pre-existing relationship was effectively terminated when the Corporation acquired PSCC (see Note 13(d)).

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

13. Acquisition of subsidiary (continued):

(b) Acquisition-related costs:

The Corporation incurred legal fees of $20 in relation to this acquisition. These costs have been included in general and administration expenses.

(c) Identifiable assets acquired and liabilities assumed:

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

	March 1, 2021
Cash and cash equivalents	$ 3
Accounts receivable	293
Prepaid expenses and deposits	1,120
Property and equipment under development and related deposits	8,300
Lease earn-out note receivable	5,940
Mortgage payable	(3,300)
Accounts payable and accrued liabilities	(1,337)
Deferred income tax liability	(628)
Total identifiable net assets acquired	**$ 10,391**

13. Acquisition of subsidiary (continued):

(c) Identifiable assets acquired and liabilities assumed (continued):

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Accounts receivable	*Income technique:* The fair value of accounts receivable is equal to the gross contractual amounts receivable and reflects the best estimates as at the acquisition date of the contractual cash flows expected to be collected.
Property and equipment under development and related deposits	*Market comparison technique:* The fair value of property under development considers prices and other relevant information generated by market transactions involving comparable assets to estimate fair value.
Lease earn-out note receivable	*Discounted cash flows:* The valuation model considers the present value of the expected future payments, discounted using a risk-adjusted discount rate.

Accounts receivable comprise gross contractual amounts due of $293, of which $nil was expected to be uncollectable as at the date of acquisition.

The fair values of consideration transferred, accounts receivable, prepaid expenses and deposits, property under development, lease earn-out note receivable and the deferred tax liability assumed have been measured on a provisional basis, pending completion of the related valuations.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

(d) Settlement of pre-existing relationship:

The Corporation and PSCC were parties to a promissory note contract under which the Corporation advanced amounts to satisfy PSCC's working capital requirements at the Corporation's discretion. This pre-existing relationship was effectively terminated when the Corporation acquired PSCC. The fair value of the loan at the date of acquisition was $625. The settlement of the promissory note contract resulted in a realized loss on investment of $130, which was offset by a reduction in the allowance for credit losses of $130.

13. Acquisition of subsidiary (continued):

(e) Goodwill:

		March 1, 2021
Fair value of identifiable net assets	$	10,391
Consideration transferred		(10,391)
Goodwill	**$**	**-**

There is $nil goodwill arising from the acquisition of PSCC.

14. Segment information:

Operating segments are components of an entity that engage in business activities from which they earn revenues and incur expenses. The Corporation has two strategic divisions, which are its reportable segments. These divisions offer different services and are managed separately because they invest in different asset classes, serve different customer types, require different operational strategies and involve different regulatory treatment.

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Specialty finance	Origination and management of, and investment in, capital pools comprised of special situations financing, long-term financing and distributed power investments.
Network services	Provision of network services segment in relation to the deployment and management of carrier-grade data networks.

Information related to each reportable segment is set out below. Segment net income (loss) is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

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

14. Segment information (continued):

Information presented in respect of reportable segments for the three months ended March 31, 2021 and March 31, 2020 is presented in the table below.

For the three months ended	March 31, 2021		
Reportable segments	**Specialty finance**	**Network services**	**Total**
External revenues[1]	$ 7,113	$ 6,386	$ 13,499
Net realized gain on investment	1,120	-	1,120
Net change in unrealized loss of investments	(575)	-	(575)
Consolidated revenues[2]	**7,658**	**6,386**	**14,044**
Cost of network services	-	3,164	3,164
Segment income before other adjustments and income taxes[3]	3,681	1,320	5,001
Financing costs	1,392	99	1,491
Depreciation and amortization	32	722	754
Income taxes – current	35	-	35
Income taxes (recovery) – deferred	(81)	122	41
Other material non-cash items:			
Provision for expected credit loss	550	11	561
Performance bonus expense	338	-	338
Additions to property and equipment	19	719	738

[1] External revenues of the "specialty finance" segment include interest revenue of $6,554 and fees and other income of $559. Revenues from three customers of the Corporation's "network services" segment represented approximately $2,805 of the Corporation's total revenues.

[2] Consolidated revenues represents the Corporation's consolidated revenues.

[3] Total segment income before tax represents the Corporation's consolidated income (loss) before income taxes. Interest revenue earned on certain intercompany debt amounts is eliminated on consolidation from segment net income before tax attributable to the "specialty finance" segment. The related interest expense is eliminated on consolidation from segment net income before tax attributable to the "network services" segment.

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

14. Segment information (continued):

For the three months ended	March 31, 2020		
Reportable segments	**Specialty finance**	**Network services**	**Total**
External revenues[1]	$ 7,670	$ 1,983	$ 9,653
Net realized loss on investment	311	-	311
Net change in unrealized loss of investments	(3,556)	-	(3,556)
Consolidated revenues[2]	**4,425**	**1,983**	**6,408**
Inter-segment revenues[3]	284	-	284
Segment revenues	**4,709**	**1,983**	**6,692**
Cost of network services	-	759	759
Segment income (loss) before other adjustments and income taxes[4]	956	(1,318)	(362)
Financing costs[3]	1,478	100	1,578
Depreciation and amortization	34	1,907	1,941
Income taxes – current	81	-	81
Income taxes (recovery) – deferred	(4)	-	(4)
Other material non-cash items:			
Provision for credit losses	262	44	306
Performance bonus recovery	(15)	-	(15)
Additions to property and equipment	-	639	639

[1] External revenues of the “specialty finance” segment include interest revenue of $7,333 and fees and other income of $337. Revenues from one customer of the Corporation’s “network services” segment represented approximately $1,237 of the Corporation’s total revenues.

[2] Consolidated revenues represents the Corporation’s consolidated revenues.

[3] Inter-segment revenue representing interest revenue earned on certain intercompany debt amounts is eliminated on consolidation of the Corporation’s revenues. The related interest expense is eliminated on consolidation from financing costs attributable to the “network services” segment.

[4] Total segment income (loss) before tax represents the Corporation’s consolidated income (loss) before income taxes. Interest revenue earned on certain intercompany debt amounts is eliminated on consolidation from segment net income before tax attributable to the “specialty finance” segment. The related interest expense is eliminated on consolidation from segment net income before tax attributable to the “network services” segment.

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

14. Segment information (continued):

As at	March 31, 2021		
Reportable segments	**Specialty finance**	**Network services**	**Total**
Segment assets[1,2]	$ 315,096	$ 15,580	$ 330,676
Segment liabilities[1,2]	239,847	8,585	248,432

[1] Total segment assets and total segment liabilities represent the consolidated assets and liabilities of the Corporation, respectively.
[2] Intercompany debt amounts are eliminated on consolidation from segment assets and segment liabilities presented above.

As at	December 31, 2020		
Reportable segments	**Specialty finance**	**Network services**	**Total**
Segment assets[1,2]	$ 306,911	$ 15,568	$ 322,479
Segment liabilities[1,2]	232,423	8,773	241,196

[1] Total segment assets and total segment liabilities represent the consolidated assets and liabilities of the Corporation, respectively.
[2] Intercompany debt amounts are eliminated on consolidation from segment assets and segment liabilities presented above.

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

15. Property and equipment:

As at	March 31, 2021				
	Network Co-location	Network Service Equipment	Office and Other Equipment	Distributed Power Equipment	**Total**
Cost					
Beginning balance, January 1, 2021	$ 4,096	$ 10,444	$ 1,446	$ 6,901	$ 22,887
Additions (disposals)	-	719	4	15	738
Balance, March 31, 2021	$ 4,096	$ 11,163	$ 1,450	$ 6,916	$ 23,625
Accumulated depreciation and impairment of equipment					
Beginning balance, January 1, 2021	$ (1,805)	$ (4,326)	$ (668)	$ (137)	$ (6,936)
Depreciation	(197)	(345)	(78)	-	(620)
Balance, March 31, 2021	$ (2,002)	$ (4,671)	$ (746)	$ (137)	$ (7,556)
Carrying value – March 31, 2021	**$ 2,094**	**$ 6,492**	**$ 704**	**$ 6,779**	**$ 16,069**

As at	March 31, 2020				
	Network Co-location	Network Service Equipment	Office and Other Equipment	Distributed Power Equipment	**Total**
Cost					
Beginning balance, January 1, 2020	$ 4,307	$ 6,058	$ 990	$ 5,551	$ 16,906
Additions (disposals)	-	639	-	-	639
Balance, March 31, 2020	$ 4,307	$ 6,697	$ 990	$ 5,551	$ 17,545
Accumulated depreciation and impairment of equipment					
Beginning balance, January 1, 2020	$ (654)	$ (833)	$ (406)	$ (137)	$ (2,030)
Depreciation	(302)	(1,270)	(38)	-	(1,610)
Impairment of equipment	-	(6)	-	-	(6)
Balance, March 31, 2020	$ (956)	$ (2,109)	$ (444)	$ (137)	$ (3,646)
Carrying value – March 31, 2020	**$ 3,351**	**$ 4,588**	**$ 546**	**$ 5,414**	**$ 13,899**

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

16. Network services contracts:

As at	March 31, 2021		
Carrying amount			
Balance, January 1, 2021		$	5,367
Additions (disposals)			-
Balance, March 31, 2021		$	5,367
Accumulated depreciation and impairment of equipment			
Beginning balance, January 1, 2021		$	(3,135)
Depreciation			(134)
Balance, March 31, 2021		$	(3,269)
Carrying value – March 31, 2021		**$**	**2,098**

As at	March 31, 2020		
Carrying amount			
Balance, January 1, 2020		$	3,972
Additions (disposals)			-
Balance, March 31, 2020		$	3,972
Accumulated depreciation and impairment of equipment			
Beginning balance, January 1, 2020		$	(601)
Depreciation			(331)
Balance, March 31, 2020		$	(932)
Carrying value – March 31, 2020		**$**	**3,040**

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

17. Property and equipment under development and related deposits:

Reconciliation of carrying amount:

As at			March 31, 2021
	Property under development	Distributed power equipment under development and related deposits	**Total**
Carrying amount			
Balance, January 1, 2021	$ -	$ 16,038	$ 16,038
Additions	32	1,540	1,572
Additions through acquisition	8,300	-	8,300
Reclassification to net investment in leased distributed power equipment	-	(718)	(718)
Balance, March 31, 2021	**$ 8,332**	**$ 16,860**	**$ 25,192**

As at			March 31, 2020
	Property under development	Distributed power equipment under development and related deposits	**Total**
Carrying amount			
Balance, January 1, 2020	$ -	$ 10,540	$ 10,540
Additions	-	5,867	5,867
Balance, March 31, 2020	**$ -**	**$ 16,407**	**$ 16,407**

Additions to distributed power equipment under development and related deposits includes capitalized interest of $233 for the three months ended March 31, 2021 (March 31, 2020 - $182).

18. Commitments and contingencies:

The following is a summary of the Corporation's financial commitments as at March 31, 2021:

As at March 31, 2021 the Corporation, through Crown Power Fund, had committed to contracts valued at $17,662 in relation to the construction of power generation assets, of which $15,898 was funded, included in property and equipment under development and related deposits, and $1,764 was unfunded, of which $1,003 was attributable to non-controlling interests.

As at March 31, 2021 the Corporation, through Crown Partners Fund, had unfunded commitments to provide loan advances of $3,000, of which $1,906 was attributable to non-controlling interests.

The Corporation, through CCFC, has an aggregate commitment to provide funding to Crown Partners Fund and CCF IV Investment of $15,414 as at March 31, 2021.

The Corporation, through CCFC, has an aggregate commitment to provide funding to Crown Power Fund of $6,492 as at March 31, 2021.

The Corporation, through WireIE, has an aggregate commitment with respect to its use of broadband network infrastructure of $702 as at March 31, 2021.

The Corporation, through Galaxy has an aggregate commitment with respect to its use of broadband network infrastructure of $4,851 as at March 31, 2021.

From time to time, the Corporation is party to legal proceedings. Based on current knowledge, the Corporation does not expect the outcome of such proceedings to have a material effect on the consolidated statement of financial position or consolidated statement of comprehensive income (loss).

19. Subsequent events:

The Corporation announced on April 9, 2021 that it received approval to renew its NCIB for a 12-month period commencing on April 13, 2021. Under the terms of the renewed NCIB, the Corporation will have the right to purchase up to 600,000 of its common shares, representing approximately 6.6% of its issued and outstanding shares as at March 31, 2021, over the next twelve months, or until such time as the bid is completed or terminated at the Corporation's option. Shares purchased under this bid are purchased on the open market at the prevailing market price at the time of the transaction. Common shares acquired under this bid are cancelled.

Effective April 15, 2021, the Corporation acquired 100% of the common shares of PRC Barrie Corp., whose assets primarily comprise land located in Barrie, Ontario. Pursuant to the transaction, the Corporation acquired the equity of PRC Barrie Corp. in exchange for consideration of $2,677, representing a portion of the amount owing in respect of a Canadian debt security outstanding as at March 31, 2021.

19. Subsequent events (continued):

Effective May 6, 2021, the Corporation acquired 100% of the common shares of Lumbermens Credit Group Ltd. ("Lumbermens"), an Ontario-based construction credit reporting company. Pursuant to the transaction, the Corporation acquired the equity of Lumbermens in exchange for consideration of $1,550 less indebtedness outstanding at the time of acquisition, comprised of $320 of cash consideration and the remainder being satisfied by way of extinguishing a portion of the amount owing in respect of a Canadian debt security outstanding as at March 31, 2021.

Effective May 7, 2021, the Corporation entered into a new senior secured corporate credit facility of up to $41,500 to be used to fund the Corporation's capital commitments to each of its controlled investment funds and its existing investments, potential acquisitions and share purchases and for general corporate purposes. This new senior secured corporate credit facility replaced the Crown Credit Facility and resulted in the Corporation once again satisfying the minimum excess working capital requirements under applicable securities law. This credit facility includes a $30,000 revolving credit facility with a three-year term that declines to $20,000 at the end of 2021, an $8,000 term facility that matures at the end of 2021, and a $3,500 dedicated-purpose letter of credit facility. The revolving credit facility provides financing at a variable interest rate based on Prime Rate plus 275 to 350 bps, has a customary set of covenants, and is subject to extension annually. The term facility will be available by way of multiple advances until August 6, 2021 and provides financing at a variable interest rate based on Prime Rate plus 400 bps.