MANAGEMENT'S DISCUSSION AND ANALYSIS

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") of the consolidated operating and financial performance of Crown Capital Partners Inc. ("Crown" or the "Corporation") for the three and six months ended June 30, 2015 with the corresponding periods of 2014 is prepared as of August 5, 2015. This discussion is the responsibility of management and should be read in conjunction with the Corporation's June 30, 2015 condensed consolidated interim financial statements and the related notes attached thereto prepared in accordance with IAS 34. This discussion should also be read in conjunction with the Corporation's 2014 audited consolidated financial statements and notes thereto and the Corporation's Management's Discussion and Analysis of Financial Results for the year ended December 31, 2014 both of which were included in the Corporation's initial public offering prospectus dated June 30, 2015. The Board of Directors has approved the disclosure presented herein. All amounts herein are expressed in Canadian dollars unless otherwise indicated.

Forward-looking Statements

From time to time, Crown makes written and verbal forward-looking statements. Forward-looking statements include, but are not limited to, statements about Crown's objectives and strategies, targeted and expected financial results and the outlook for Crown's businesses or for the Canadian economy. This MD&A 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. This document includes certain statements regarding Crown's future plans and operations as at August 5, 2015, and contains forward-looking statements that we believe allow readers to better understand our business and prospects. Forward-looking statements contained in this MD&A include, but are not necessarily limited to, our expectations with respect to the following:

- the Corporation's intentions to pay the long-term payables outstanding at June 30, 2015 from the net proceeds of the IPO;
- the Corporation's decision to discontinue the practice of reducing taxable income by paying management fees and bonuses to shareholders;
- the Corporation's intentions for the use of the net proceeds of the IPO;
- the number of shares that will be issued if all share units vest and all share options are exercised;
- future accounting policies of the Corporation
- the Corporation's plans to cease to pay management fee rebates after June 30, 2015; and
- short-term and long-term risks to the Corporation.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions, industry conditions, volatility of interest rates, currency fluctuations, taxation, regulation, changes in tax or other legislation, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility, and our ability to access sufficient capital from internal and external sources.

The foregoing and other risks are described in more detail in Crown's final prospectus dated June 30, 2015 and in this MD&A under the heading "Risk Factors".

Readers and investors are cautioned that the assumptions used in the preparation of such forward looking information and statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Our actual results, performance, or achievement could differ materially from those expressed in, or implied by, these forward-looking statements. We can give no assurance that any of the events anticipated will transpire or occur, or if any of them do, what benefits we will derive from them. Any forward-looking statement is made only as of the date of this MD&A, and Crown undertakes no obligation to update or revise any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events, except as required by applicable securities laws. New factors emerge from time to time, and it is not possible for Crown to predict all of these factors or to assess in advance the impact of each such factor on Crown's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward looking statements.

The forward-looking information contained in this document is expressly qualified by this cautionary statement.

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

Overview

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

Crown became a reporting issuer on the Toronto Stock Exchange ("TSX") on June 30, 2015. On July 9, 2015, pursuant to an underwriting agreement, the Corporation issued 5,910,000 common shares in an initial public offering (the "IPO") priced at $11.00 per share, resulting in gross proceeds of $65,010,000 less the underwriters' commission and offering expenses. Crown began trading on July 9, 2015 under the symbol TSX:CRN.

Immediately prior to closing of the IPO, the Corporation acquired approximately 69.8% of the limited partnership units of Norrep Credit Opportunities Fund II, LP ("NCOF II") in exchange for 3,214,494 common shares of Crown valued at $35,359,423.

The financial results as at and for the periods ended June 30, 2015 discussed in this MD&A reflect the operations of the Corporation prior to the acquisition of units of NCOF II and completion of the IPO.

Discussion of Operations

For the three and six months periods ended June 30, 2015 and the year ended December 31, 2014, the business of the Corporation was limited primarily to the provision of investment management services to three limited partnerships, Norrep Credit Opportunities Fund, LP ("NCOF LP"), NCOF II, and Norrep Credit Opportunities Fund II (Parallel), LP ("NCOF II (Parallel)"), (collectively the "NCOF Funds"). Total assets under management at June 30, 2015 were approximately $85.0 million. The Corporation earns management fees pursuant to management agreements with the limited partnerships. The annual management fees are equal to: (a) in respect of the period ending on the second anniversary date of the initial closing of a fund, 1.75% of Committed Capital as defined in the partnership agreement; and (b) in respect of the period thereafter, 1.75% of Contributed Capital as defined in the partnership agreement less any capital distributions and realized losses. For NCOF II only, by way of an amendment agreed to by the limited partners, the change in the basis of the fee from Committed Capital to Contributed Capital was delayed six months from the second anniversary date of July 1, 2014 to December 31, 2014, in order to allow additional time for NCOF II to make investments. For NCOF LP, effective January 1, 2015, Crown voluntarily reduced its management fees by applying the 1.75% rate to an amount equal to the estimated fair value of the two remaining investments held by NCOF LP.

Operating costs in the three and six months ended June 30, 2015 are mostly fixed with the largest cost being base compensation for personnel.

In the short term, the primary risk to the Corporation is that all financing clients repay their loans and the capital base for the determination of management fee revenues drops significantly. In the longer term, an inability to raise and place additional capital on which to charge management fees would be a significant risk.

Commencing in periods after the acquisition of the units of NCOF II mentioned above and completion of the IPO, a further risk to the Corporation will be credit risk related to decreases in the value of investments in which Crown has an ownership interest, either directly or indirectly.

"Committed Capital" means the aggregate amount of the subscription price of all units of a limited partnership that are issued and remain outstanding at that time as may be adjusted in accordance with the provisions of the relevant limited partnership agreement. "Contributed Capital" means, at any particular time, the aggregate amount that has actually been contributed by limited partners by payment to the capital of the relevant limited partnership on account of all of the outstanding limited partnership units of the relevant partnership at that time.

Revenues

Revenues of $273,121 and $530,904 were recognized in the three and six months ended June 30, 2015 (2014 - $550,227 and $1,035,050), respectively. Revenues were lower than in 2014 due to returns of capital to investors and the change in basis for earning management fees as noted above. Management fees are recognized in revenue net of certain rebates owed to investors.

Historically, Crown has provided certain rebates to the applicable management fees to insiders of Crown and paid a lead investor fee to a large investor in the NCOF Funds. Such rebates and lead investor fees will not be offered after June 30, 2015.

The following chart sets forth a reconciliation of the management fees earned by Crown for the periods specified:

Management Fees Reconciliation

	Three Months Ended		Six Months Ended		
	June 30 2015	June 30 2014	June 30 2015	June 30 2014	Change
NCOF LP	83,781	235,600	160,518	482,142	-67%
NCOF II, LP	194,782	334,469	389,563	603,314	-35%
NCOF II (Parallel), LP	58,625	87,500	117,250	175,002	-33%
Other fee revenue	-	13,500	-	18,000	-100%
Total management fee revenue	337,188	671,069	667,331	1,278,458	-48%
less - Insider fee rebates	(33,171)	(65,017)	(65,354)	(131,574)	-50%
less - Lead investor rebates	(32,523)	(57,325)	(74,489)	(115,374)	-35%
Total management fees net of rebates	271,494	548,727	527,488	1,031,510	-49%

Expenses

Expenses in the three and six months ended June 30, 2015 totaled $323,031 and $580,555 (2014 - $551,958 and $1,036,721), respectively. Salaries, management fees and benefits totaled $202,859 and $367,723 in the three and six months ended June 30, 2015 (2014 - $464,933 and $837,310), respectively. The reductions were due mainly to lower management fees and bonuses payable to employees and shareholders compared to the three and six months ended June 30, 2014.

Professional fees and other expenses totaled $119,579 and $211,600 in the three and six months ended June 30, 2015 (2014 - $86,342 and $197,973), respectively. Professional fees and other expenses includes professional fees, advisory board fees, travel, promotion, occupancy costs, insurance, depreciation, office administration and other costs.

Net Loss

Crown incurred losses before income taxes of $49,910 and $49,651 in the three and six months ended June 30, 2015, (2014 - $1,731 and $1,671), respectively.

Quarterly Results Summary

	Three Months Ended			
	June 30 2015		March 31 2015	
Revenue	$	273,121	$	257,783
Total comprehensive income (loss)	$	(42,423)	$	220
Weighted average shares outstanding[1]		330,303		303,000
Total comprehensive income(loss)/share	$	(0.13)	$	0.00

1. Weighted average shares outstanding reflects the 3,030:1 share split which occurred on June 30, 2015.

Liquidity and Capital Resources

The Corporation, on a segregated basis, retains sufficient capital to ensure it meets the minimum excess working capital requirements under applicable securities law. This amount was $100,000 as at June 30, 2015. Aside from these minimum requirements, it has been Crown's practice to reduce taxable income by distributing most or all earnings before income tax after year-end in the form of employee bonuses and management fees to shareholders. Following Crown's IPO, this practice will not be continued.

Although cash at June 30, 2015 on a consolidated basis totaled $5.4 million, $4.8 million of this amount was held by the Corporation's subsidiary, Crown Capital Fund III Management Inc. (formerly Norrep Credit Opportunities Fund Inc.) ("Crown GP"), and was payable to the NCOF Funds for which Crown GP is the general partner. The Corporation has non-material current liabilities other than amounts due to the NCOF Funds by the Crown GP. Working capital at June 30, 2015 was $344,401 compared to $195,973 at December 31, 2014.

In the three and six months ended June 30, 2015, the Corporation accrued significant costs related to the IPO which have been recorded as deferred financing costs ($1,734,521). Included in deferred financing costs is $666,580 being the fair value of 60,600 common shares (after the share split that occurred on June 30, 2015) issued to two key management personnel in May 2015 for nominal cash consideration, contingent on the successful completion of the IPO. Post-IPO, the deferred financing costs will be offset to share capital.

Accounts payable related to cash costs of the IPO ($1,007,902) were accrued at June 30, 2015 as long-term payables. These payables have been or will be paid from the net proceeds of the IPO.

The Corporation entered into subordinated shareholder loans in 2012 for $25,000 and an additional $75,000 in 2014. These loans carry no interest, have no set repayment terms and are subordinated to all other creditors. In addition, the shareholders provided short term demand loans totaling $250,000 in February 2015 in order to ensure sufficient capital was available to fund the initial costs of the IPO. These additional loans were also subordinated in May 2015. Subsequent to the IPO, the full amount of the subordinated shareholder loans was repaid from the net proceeds of the IPO.

Subsequent to June 30, 2015, the Corporation closed the IPO. It is the Corporation's intention that the net proceeds of approximately $60.0 million will be used as follows:

- (i) approximately $30 million will be used to purchase Crown's limited partnership interest in a new limited partnership called Crown Capital Fund IV, LP, with a targeted ownership of 30% in Crown Capital Fund IV at the time of its initial closing;
- (ii) approximately $30 million will be used to fund Crown's long-term financing transactions; and
- (iii) the balance will be used for working capital and general corporate and administrative purposes, including $0.35 million to be used to repay outstanding shareholder loans.

Cash flows

The Corporation's cash increased to $5,366,854 at June 30, 2015 from $2,722,124 at December 31, 2014. The primary source of this increase was an increase in accounts payable and accrued liabilities to $5,113,963 at June 30, 2015 from $2,570,784 at December 31, 2014. Included in accounts payable and accrued liabilities at June 30, 2015 and December 31, 2014 were amounts payable by Crown GP to the Funds totaling $4,839,666 and $1,644,566, respectively.

During the six months ended June 30, 2015, shareholders contributed additional short term non-interest bearing demand loans totaling $250,000. These were subordinated in May 2015 and repaid on July 13, 2015.

In the three and six months ended June 30, 2015, the Corporation incurred deferred financing costs, excluding non-cash share issuance costs, totaling $1,067,941 and long-term payables increased from $nil at December 31, 2014 to $1,007,902 at June 30, 2015. The majority of the long-term payables related to the deferred financing costs which will be paid from the IPO proceeds.

Off-Balance Sheet Arrangements

The Corporation has no off-balance sheet arrangements.

Shares Outstanding

On May 20, 2015 the Corporation issued 20 shares (60,600 shares post share split) for $20 as described above. These shares have been recorded at the IPO share price as an approximation of fair value.

On June 30, 2015, the Corporation split the 120 issued common shares on a 3,030 for one basis, resulting in 363,600 common shares issued and outstanding at June 30, 2015.

Immediately prior to closing of the IPO, the Corporation acquired approximately 69.8% of the limited partnership units of NCOF II in exchange for 3,214,494 common shares of Crown. On July 9, 2015, pursuant to the IPO, the Corporation issued 5,910,000 common shares. The total common shares outstanding at August 5, 2015 was 9,488,094.

Upon completion of the IPO, the Corporation issued 181,818 Transition Restricted Share Units, 36,528 Performance Share Units, 31,895 Restricted Share Units and 428,213 stock options (collectively "the Share Units") to key management personnel, directors and employees. The Transition Restricted Share Units, Performance Share Units and stock options generally vest over a one to three year period provided the holder of the Share Units remains employed by the Corporation, and in the case of Performance Share Units, provided certain performance objectives are achieved. The Restricted Share Units vest automatically after three years. The stock options have five-year terms and an option exercise price of $11.00. Vesting of all the above share units and exercise of all the stock options issued would result in the issuance of 678,454 common shares.

Transactions Between Related Parties

In addition to the share-based payment discussed above, during the three and six months ended June 30, 2015, two of the Corporation's shareholders, the President & CEO and Executive Vice President, as well as Crown's Chief Financial Officer, worked full-time for the Corporation. Key management personnel compensation for the three and six months ended June 30, 2015 is comprised of $181,250 and $287,500 (2014 - $75,000 and $150,000) included in salaries and benefits, plus $4,125 and $8,250 (2014 - $2,063 and $4,125), respectfully, in contributions to the Corporation's defined contribution pension plan

For the three and six months ended June 30, 2015, the Corporation reimbursed Norrep Capital Management Inc., an affiliate of Norrep Investment Management Group Inc., which was, prior to the IPO, a significant shareholder of the Corporation, $14,422 and $22,938 (2014 - $11,176 and $22,353), respectively, for its share of rent.

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

Critical Estimates and Accounting Policies

The Corporation does not have any critical estimates, judgements or accounting policies except for valuation of share-based compensation. The Corporation has adopted new accounting policies as discussed in Note 3 of the June 30, 2015 condensed consolidated interim financial statements, primarily to address share-based payments which are recorded at fair value.

Future Accounting Pronouncements

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

Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9"), will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Corporation is currently evaluating the impact of IFRS 9 on its financial statements, if any.

Revenue

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

Financial Instruments and Associated Risks

The Corporation's primary financial instruments are cash, accounts receivable, accounts payable and accrued liabilities, long-term payables and shareholder loans. The fair values of these financial instruments approximate carrying value due to the short term to maturity of the instruments.

Subsequent Events

On July 9, 2015, pursuant to an underwriting agreement, the Corporation issued 5,910,000 common shares in an initial public offering (the "IPO") priced at $11.00 per share, resulting in gross proceeds of $65,010,000 less the underwriters' commission and offering expenses.

Immediately prior to closing of the IPO, the Corporation acquired approximately 69.8% of the limited partnership units of NCOF II in exchange for 3,214,494 common shares of Crown valued at $35,359,423. The following summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition on July 9, 2015:

Assets	
Cash and cash equivalents	$ 16,339
Accrued interest and accounts receivable	4,247,555
Investments at fair value through profit or loss	49,534,576
Total assets	53,798,470
Liabilities	
Accounts payable and accrued expenses	26,460
Distributions payable	4,013,580
Performance fee payable	1,735,793
Total liabilities	5,775,833
Total identified net assets acquired	$ 48,022,637
Consideration transferred	$ 35,359,423
Less: distributions payable to the Corporation	(2,332,446)
Non-controlling interests (30.2%)	14,526,035
Gain	$ 469,625

Upon completion of the IPO, the Corporation issued 181,818 Transition Restricted Share Units, 36,528 Performance Share Units, 31,895 Restricted Share Units and 428,213 stock options (collectively "the Share Units") to key management personnel, directors and employees. The Transition Restricted Share Units, Performance Share Units and stock options generally vest over a one to three year period provided the holder of the Share Units remains employed by the Corporation. The Restricted Share Units vest automatically after three years. The stock options have five-year terms and an option exercise price of $11.00. Vesting of all the above share units and exercise of all the stock options issued would result in the issuance of 678,454 common shares.

The shareholder loans, in the amount of $350,000, were repaid on July 13, 2015 out of the IPO proceeds.

Risk Factors

Crown operates in a dynamic environment that involves various risks, many of which are beyond Crown's control and which could have an effect on Crown's business, revenues, operating results and financial condition. See Note 5 Financial risk management in the Corporation's June 30, 2015 condensed consolidated interim financial statements.

A complete discussion of the risks faced by the Corporation can be found in the IPO prospectus dated June 30, 2015, copies of which are available under the Corporation's profile at www.sedar.com .

Internal Controls Over Financial Reporting

As a new reporting issuer, the Corporation is not required to report on the design of disclosure controls and procedures and internal controls over financial reporting until the third quarter of 2015.

Additional Information

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