



**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

Crown Capital Partners Inc.  
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## DATE OF INFORMATION

This annual information form (“AIF”) is dated as of March 10, 2022. Except as otherwise indicated, the information contained in this AIF is current as of December 31, 2021.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

Specific forward-looking statements contained in this AIF include, among others, statements, management’s beliefs, expectations or intentions regarding the following:

- the duration and full financial effect of the COVID-19 pandemic, as well as the direct and indirect impacts that the virus may have on the business, operations and financial condition of the Corporation and of Crown Partners Fund;
- the Corporation’s intentions for the use of its cash and cash equivalents and the timing thereof, including additional investments in specialty finance investments and capital contributions to Crown Partners Fund and Crown Power Fund;
- the future capitalization of Crown Power Fund and Crown and future closings in relation thereto;
- the sourcing of deals from Crown’s established network and its potential pipeline of projects;
- the structuring, prepayment and/or realization of investments of Crown and Crown Partners Fund and the distribution of related proceeds by Crown Partners Fund;
- the alternative financial market and the general economy;
- the performance of financing clients;
- the effect of delays between the repayment of loans and the redeployment of capital on Crown’s financial condition;

- the determination of recovery levels and values realized on liquidation of security held, when necessary, for Crown's loans going forward;
- the ability to achieve a restructuring of the PenEquity loan that is favourable to Crown, and to maximize Crown's realization of this loan by advancing the development of certain real estate assets;
- the ability of Crown to direct the activities of its managed funds and to determine the timing and level of funding requirements in relation to its capital commitment to these funds;
- the future profitability of operating partners affiliated with Crown Power Fund and the expected recoverability of amounts owed to the Corporation by such operating partners;
- the Distributed Power market in general, and in our current geographic regions of focus in particular, and the ability of Crown Power Fund to source additional projects in which to invest going forward;
- the recoverability of costs incurred in the development of distributed power assets through the subsequent receipt of lease payments over the duration of the lease contracts in relation to such assets;
- the expected timing of Distributed Power projects under development becoming operational;
- the Corporation's intention to create a capital pool that invests in certain telecom-related assets, to seek funding commitments to this capital pool by third-party investors, and to generate management fee revenue in relation to managing this capital pool;
- the Corporation's intention to provide network connectivity to underserved communities through Community Network Partners Inc.;
- the Corporation's plans regarding the development of certain real estate assets;
- the Corporation's intentions regarding future investment in the real estate and Specialty Finance markets;
- the Corporation's business plans and strategy;
- the diversification of Crown's revenue stream;
- the Corporation's future cash flow and shareholder value;
- Crown's future entitlement to base management and performance fees;
- the Corporation's ability to secure debt financing on terms acceptable to the Corporation (or obtaining debt financing);
- the Corporation's ability to extend the maturity of its credit facilities and mortgages payable and to service its debt obligations in general;
- the retention of personnel; and
- the ability to pay dividends.

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

In making the forward-looking statements in this AIF, the Corporation has made assumptions regarding general economic conditions, reliance on debt financing, interest rates, continued operation of key systems, debt service, future

capital needs, retention of key employees, adequate management of conflicts of interests, continued performance of the Crown Partners Fund and Crown Power Fund, the solvency of financing clients, competition, limited loan prepayment, demand for Distributed Power solutions, demand for Network Service solutions, effective use of leverage, strength of existing client relationships, regulatory oversight and such other risks or factors described in this AIF and from time to time in public disclosure documents of Crown that are filed with securities regulatory authorities.

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

## MARKET AND INDUSTRY DATA

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

## CURRENCY

Unless otherwise indicated, in this AIF all references to: (i) “\$” are to Canadian dollars; and (ii) “US\$” are to U.S. dollars.

## GLOSSARY OF TERMS

In this AIF, unless the context otherwise requires, the following terms shall have the meanings set forth below:

“**AIF**” has the meaning set out under the heading “Date of Information”.

“**APBP**” has the meaning set out under the heading “Description of the Business – Revenue Streams”.

“**APBP Participants**” has the meaning set out under the heading “Description of the Business - Revenue Streams”.

“**Board**” means the board of directors of the Corporation.

“**CBCA**” means the *Canada Business Corporations Act*, as amended.

“**CCF IV Investment LP**” means Crown Capital Fund IV Investment, LP.

“**CCFC**” means Crown Capital Funding Corporation.

“**CCPC GP**” means Crown Capital Private Credit Management Inc., general partner of Crown Private Credit Fund.

“**Committed Capital**” means, at any particular time, the aggregate amount of the subscription price of all units of limited partnership that are issued and remain outstanding at that time and with respect to any individual limited partner, means the aggregate amount of the subscription price of all Units issued and outstanding at that time to such individual limited partner, as may be adjusted in accordance with the provisions of the relevant limited partnership agreement.

“**Common Shares**” means the common shares in the capital of the Corporation.

“**Contributed Capital**” means, at any particular time, that amount of Committed Capital 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 Units of the relevant limited partnership at the time and, in respect of any individual limited partner means the Contributed Capital on account of all of the outstanding Units held by such individual limited partner at that time.

“**Convertible Debentures**” means the 6.0% convertible unsecured subordinated debentures issued by the Corporation on June 13, 2018 governed by the Trust Indenture.

“**CPCP**” means Crown Private Credit Partners Inc.

“**CPCP Transaction**” has the meaning set out under the heading “General Development of the Business”.

“**Crown**” or the “**Corporation**” means Crown Capital Partners Inc.

“**Crown Credit Facility**” means an agreement dated May 7, 2021 for a \$20 million renewable senior secured revolving credit facility with ATB Financial.

“**Crown Partners Fund**” means Crown Capital Partner Funding, LP, previously named Crown Capital Fund IV, LP until June 30, 2018.

“**Crown Partners Fund GP**” means Crown Capital LP Partner Funding Inc., previously named Crown Capital Fund IV Management Inc. until July 19, 2018, general partner of Crown Partners Fund.

“**Crown Power Fund**” means Crown Capital Power Limited Partnership.

“**Crown Power GP**” means 10824356 Canada Inc., general partner of Crown Power Fund.

“**Crown Private Credit Fund**” means Crown Capital Private Credit Fund, LP with an unlimited target capital pool.

“**DEP**” has the meaning given under the heading “Description of the Business – Distributed Power”.

“**Distributed Power**” has the meaning given under the heading “Description of the Business – Distributed Power”.

“**forward-looking statements**” has the meaning set out under the heading “Cautionary Note Regarding Forward-Looking Statements”.

“**Galaxy**” means Galaxy Broadband Communications Inc.

“**Go Direct Global**” means Go Direct Global Inc.

“**Initial LPs**” has the meaning set out under the heading “Description of the Business – Revenue Streams”

“**Interim Funds Investments**” means cash or debt obligations guaranteed by a financial institution, Her Majesty in Right of Canada or any province thereof.

“**Invested Capital**” means Contributed Capital that has been invested into investments other than Interim Funds Investments.

“**Investment Company Act**” means the U.S. *Investment Company Act* of 1940, as amended.

“**Lumbermens**” means Lumbermens Credit Group Ltd.

“**Management Fees**” has the meaning set out under the heading “Description of the Business – Revenue Streams”.

“**Material Adverse Effect**” has the meaning set out under the heading “Risk Factors”.

“**Mill Street**” means Mill Street & Co. Inc.

“**Network Operator**” has the meaning given under the heading “Description of the Business – Network Services”.

“**Network Services**” has the meaning given under the heading “Description of the Business – Network Services”.

“**Network Services Revenue**” has the meaning set out under the heading “Description of the Business – Revenue Streams.”

“**Order**” has the meaning set out under the heading “Executive Officers and Directors – Corporate Cease Trade Orders and Bankruptcies”.

“**PBC**” means PRC Barrie Corp. and Penady (North Barrie) Limited, collectively.

“**PenEquity**” means PenEquity Realty Corporation.

“**Performance Fees**” has the meaning set out under the heading “Description of the Business – Revenue Streams.”

“**PIK**” means payment in kind.

“**Power Operator**” has the meaning given under the heading “Description of the Business – Distributed Power”.

“**PSCC**” means PRC Stoney Creek and Penady (Stoney Creek) Ltd., collectively.

“**Shareholders**” means the holders of Common Shares.

“**Specialty Finance**” has the meaning set out under the heading “Description of the Business – Specialty Finance”.

“**SPV**” means a special purpose vehicle, which is an entity to which Crown Power Fund leases equipment.

“**Target Cash Yield**” means the targeted gross cash returns on a Special Situations Financing or Long-term Financing

“**Trust Indenture**” means the trust indenture dated June 13, 2018 between the Corporation and TSX Trust Company providing for the issuance of the Convertible Debentures.

“**TSX**” means the Toronto Stock Exchange.

“**Underwriting Agreement**” means the underwriting agreement dated June 30, 2015 among Crown, Cormark Securities Inc., BMO Nesbitt Burns Inc. and National Bank Financial Inc.

“**Unit**” means a limited partnership unit.

“**WireIE**” means WireIE Holdings International Inc., WireIE (Canada) Inc. and WireIE Inc., collectively.

“**WireIE Canada**” means WireIE (Canada) Inc.

“**WireIE Holdings**” means WireIE Holdings International Inc.

## CORPORATE STRUCTURE

### General

The Corporation was incorporated as “3660249 Canada Ltd.” on September 8, 1999 under the CBCA. On November 17, 2000, the Corporation filed articles of amendment to change its name to “Crown Capital Partners Inc.” On April 2, 2014, the Corporation filed articles of amendment to change its registered office location to Alberta. On May 21, 2015, the Corporation filed articles of amendment to remove the Common Share transfer restrictions and private company restrictions contained therein, to change the minimum number of directors from one to three and to redesignate the Common Shares from “class ‘A’ shares” to “common shares”. On June 30, 2015, the Corporation filed articles of amendment to divide the Common Shares on a one for 3,030 basis.

On July 9, 2015, the Common Shares were listed and posted for trading on the TSX under the symbol “TSX:CRN”. The symbol was changed on March 3, 2017 to “TSX:CRWN”.

The Corporation’s head and registered office is located at 150 9<sup>th</sup> Avenue SW, Suite 26-131, Calgary, Alberta T2P 3H9, and it also maintains an office located at 2730, 333 Bay Street, Toronto, Ontario, M5H 2R2.

### Subsidiaries

The following is a list of the Corporation’s principal subsidiaries, indicating the jurisdiction of formation, the percentage of voting shares beneficially owned by the Corporation, and the respective equity ownership of the Corporation, in each case as at December 31, 2021:

Name	Jurisdiction of Formation	Equity Ownership Interest
Crown Capital Funding Corporation	Canada	100%
Crown Capital Power Limited Partnership <sup>(a)</sup>	Manitoba	43.2%
Crown Capital Private Credit, LP <sup>(b)</sup>	Alberta	100%
Galaxy Broadband Communications Inc.	Canada	100%
PRC Barrie Corp. <sup>(c)</sup>	Ontario	100%
PRC Stoney Creek Corp. <sup>(c)</sup>	Ontario	100%
WireIE Inc.	Canada	100%

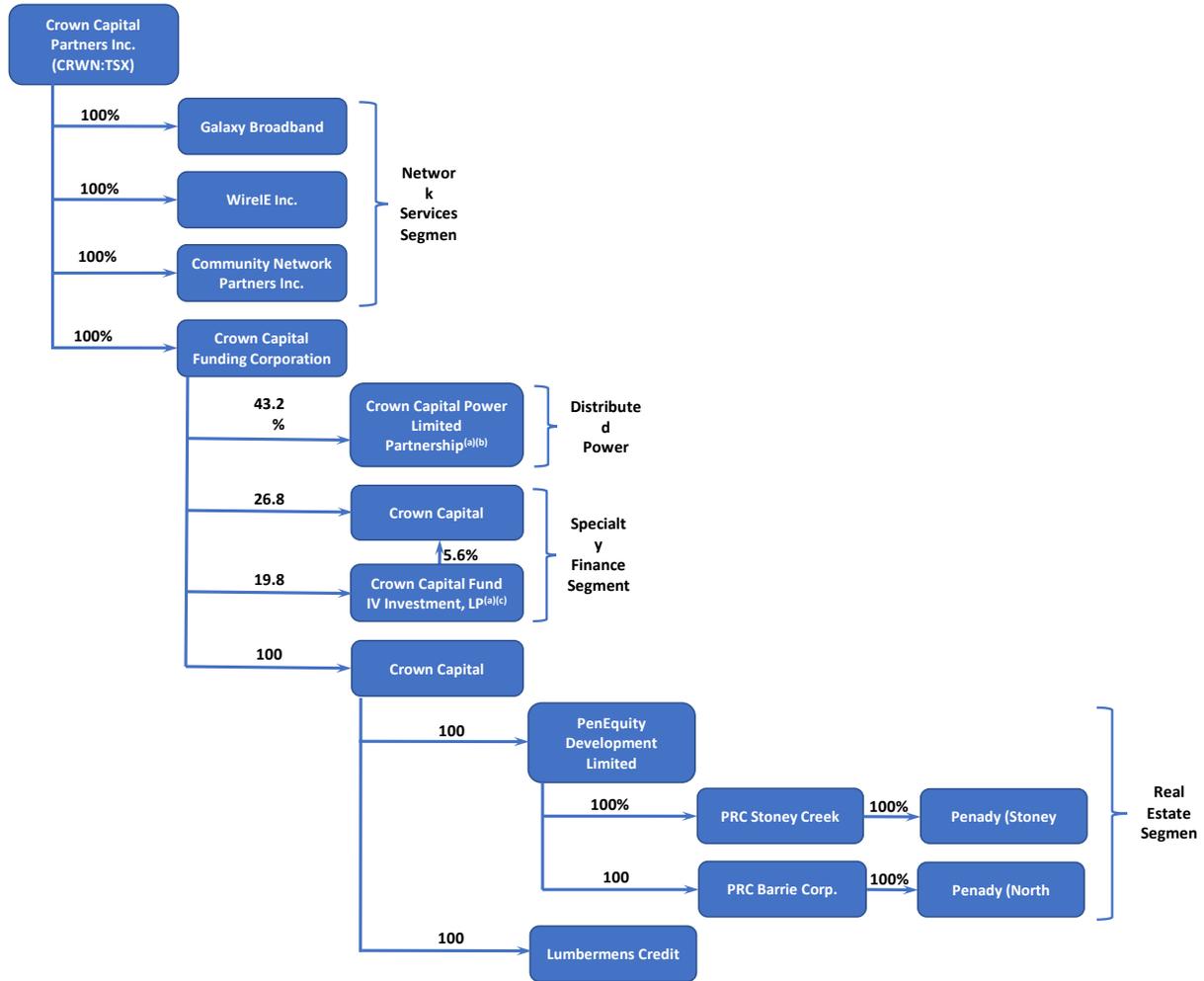
*(a) The Corporation owns 43.2% of the limited partnership units and a 100% general partnership interest through its 100%-owned subsidiary 10824356 Canada Inc.*

*(b) The Corporation owns 100% of the limited partnership units and a 100% general partnership interest through its 100%-owned subsidiary Crown Capital Private Credit Management Inc.*

*(c) PRC Barrie Corp. and PRC Stoney Creek Corp. are 100%-owned subsidiaries of PenEquity Development Limited Partnership, which was formed in Manitoba and of which the Corporation owns 100% of the limited partnership units and a 100% general partnership interest through its 100%-owned subsidiary PenEquity Development GP Inc.*

## Intercorporate Relationships

The following chart illustrates the organizational structure of Crown as at December 31, 2021, including each of the material entities directly and indirectly owned and/or controlled by the Corporation in addition to select other subsidiaries and investments. This chart has been organized to indicate the operating segments of the Corporation with which each of the entities shown is affiliated. For further discussion of the Corporation’s operating segments, refer to “Description of the Business”.



### Notes:

- In addition to owning limited partnership units in this limited partnership, the Corporation holds a 100% general partnership interest through its 100% ownership of the general partner.
- The Corporation serves as the investment manager of Crown Capital Power Limited Partnership.
- Prior to July 13, 2021, the Corporation served as the investment manager of Crown Capital Partner Funding, LP and Crown Capital Fund IV Investment, LP. Through its ownership of limited partnership units in each of these partnerships, the Corporation owned an effective limited partnership interest in Crown Capital Partner Funding, LP of 28.8% as at December 31, 2021.

## **Regulatory Information**

Prior to July 13, 2021, Crown was registered as an exempt market dealer under securities laws in Alberta, British Columbia, Ontario, Manitoba and Saskatchewan, an investment fund manager in Alberta and Ontario and as a portfolio manager in Alberta, Manitoba and Saskatchewan. Effective July 13, 2021, Crown surrendered each of the above-noted registrations in connection with the transfer to a third-party of the investment management contracts in respect of each of Crown Partners Fund and CCF IV Investment LP.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

### **Three Year History**

The following is a summary of recent developments in the business of Crown since January 1, 2019.

#### ***2022 Activity – to date***

On January 24, 2022, Crown announced a substantial issuer bid, pursuant to which the Corporation offered to purchase for cancellation up to 1,330,000 Common Shares at a purchase price of \$7.50 per Common Share in cash for an aggregate purchase price not to exceed \$10.0 million. On March 8, 2022 the Corporation purchased and subsequently cancelled 1,330,000 Common Shares pursuant to this offer for total consideration of \$10.0 million, excluding fees and expenses related to the offer totaling \$0.1 million.

#### ***2021 Activity***

On November 9, 2021, Crown announced a substantial issuer bid, pursuant to which the Corporation offered to purchase for cancellation up to \$10.0 million in value of its Common Shares in cash by way of “modified Dutch auction” with a tender price range from \$6.50 to \$7.50 per Common Share. On December 23, 2021, the Corporation purchased and subsequently cancelled 1,333,333 Common Shares pursuant to this offer at a purchase price of \$7.50 per Common Share for total consideration of \$10.0 million, excluding fees and expenses related to the offer totaling \$0.1 million.

In July 2021, we sold a majority stake in CPCP, our alternative lending fund management business, in which we retain a 12.5% ownership interest, and transferred to CPCP our investment management contracts in respect of Crown Partners Fund and CCF IV Investment LP. This transaction also included a partial sale of our limited partnership interest in Crown Partners Fund at fair value, reducing our effective ownership position from 36.5% to 28.8%, for proceeds of \$16.3 million which were applied as a partial repayment of the balance outstanding on the Crown Credit Facility (collectively, the “**CPCP Transaction**”). As a result of the CPCP Transaction, Crown Partners Fund ceased to be a subsidiary of Crown and is now recognized by Crown as an investment in associate accounted for using the equity method.

On June 16, 2021, Crown announced a substantial issuer bid, pursuant to which the Corporation offered to purchase for cancellation up to 1,800,00 Common Shares at a purchase price of \$5.50 per Common Share in cash for an aggregate purchase price not to exceed \$9.9 million. On July 27, 2021, the Corporation purchased and subsequently cancelled 559,854 Common Shares pursuant to this offer for total consideration of \$3.1 million, excluding fees and expenses related to the offer totaling \$0.2 million.

In May 2021, Crown entered into the Crown Credit Facility that was used to fund a full repayment and cancellation of lender commitments in respect of its preceding senior credit facility. The Crown Credit Facility originally included a total lender commitment of \$41.5 million, including a \$30.0 million revolving credit facility that declined to \$20 million in July 2021 upon repayment to an outstanding balance below \$20.0 million, a \$8.0 million term facility that expired unused in August 2021, and a \$3.5 million dedicated-purpose letter of credit facility. The revolving credit facility provides financing at a variable rate based on Prime Rate plus 275 to 350 basis points, has a customary set of covenants, and has a maturity date of May 24, 2024, which is subject to annual extension by one or more years at the request of Crown.

In May 2021, Crown acquired a 100% equity interest in Lumbermens, an Ontario-based construction credit reporting company. Pursuant to the transaction, Crown Private Credit Fund acquired the equity of Lumbermens in exchange for cash consideration of \$0.3 million plus the partial settlement of a loan outstanding to the parent company of Lumbermens, with whom Crown had a previous lending relationship, and whose fair value had previously been written down to \$nil by Crown.

In April 2021, Crown, through Crown Private Credit Fund, acquired 100% of the common shares of PBC, whose assets are primarily comprised of land located adjacent to a retail plaza in Barrie, Ontario. Pursuant to the transaction, Crown Private Credit Fund acquired the equity of PBC in exchange for consideration of \$5.3 million, representing a portion of the amount owing in respect of Crown Private Credit Fund's loan to PenEquity.

In March 2021, Crown, through Crown Private Credit Fund, acquired 100% of the common shares 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. Pursuant to the transaction, Crown Private Credit Fund acquired the equity of PSCC in exchange for consideration of \$11.0 million, representing a portion of the amount owing in respect of Crown Private Credit Fund's loan to PenEquity.

### ***2020 Activity***

In September 2020, Crown acquired a 100% equity ownership interest in Galaxy, an Ontario-based Network Services company that provides connectivity to remote and underserved enterprise customer across Canada. Total consideration for this acquisition was \$5.0 million, of which \$3.9 million was comprised of the fair value of a note payable to the vendors contingent upon the achievement by Galaxy of specified revenue and earnings hurdles over a four-year period, not to exceed a \$4.3 million aggregate amount.

In May 2020, we announced our intention to improve the efficiency of our capital by shifting towards a capital-light business model, involving the planned reduction of ownership in Crown Partners Fund to a target of 20% or less, and by achieving liquidity in our lending portfolio, where possible. Our stated intention was to use the proceeds from such realizations to pursue strategic growth opportunities and to rationalize our capital structure. Consistent with this strategic shift, we also announced our decision to suspend quarterly dividends in order to focus the use of funds available for distribution on strategic investments and share buybacks.

### ***2019 Activity***

In July 2019, Crown acquired a 100% equity ownership interest in WireIE Holdings International Inc., WireIE (Canada) Inc. and WireIE (Development) Inc., collectively operating as an Ontario-based broadband network operator specializing in the deployment and management of carrier-grade data networks across Canada to underserved communities. Total consideration for this acquisition was \$8.0 million, of which \$7.6 million represented the fair value of a pre-existing loan that was settled in connection with the transaction.

In February 2019, Crown Partners Fund, which was a subsidiary of Crown at that time, entered into an agreement for a \$25.0 million senior secured revolving credit facility to fund investments. In December 2019 the size of this facility was increased to \$50.0 million, In January 2021 the size was reduced to \$35.0 million, in May 2021 the size was further reduced to \$25.0 million, and in August 2021 this facility was fully repaid and was cancelled.

### **Significant Acquisitions**

In the three years ended December 31, 2021, the Corporation did not make any significant acquisitions requiring disclosure under Part 8 of National Instrument 51-102, Continuous Disclosure Obligations.

## DESCRIPTION OF THE BUSINESS

### Corporation Overview

Throughout most of its corporate history, since its incorporation in 1999, Crown operated as a specialty finance company focused primarily on providing capital to successful Canadian companies, and to select U.S. companies, as an alternative to traditional capital providers such as banks and private equity funds. Throughout this period, Crown operated under a hybrid business model that involved investing the Corporation's capital in addition to forming and managing capital pools in which we co-invested alongside third-party investors and from which we earned management fees.

In May 2020, Crown announced its intention to improve the efficiency of its capital by shifting towards a capital-light business model, involving the planned reduction of its ownership of Crown Partners Fund and the achievement of liquidity in its lending portfolio, where possible.

Since May 2020, Crown has significantly shifted both its corporate strategy and its asset mix. In the interim period, Crown has:

- sold a majority stake in CPCP, our alternative lending fund management business, and transferred to CPCP our investment management contracts in respect of Crown Partners Fund and CCF IV Investment LP;
- through two separate transactions, sold portions of our limited partnership interest in Crown Partners Fund at transaction prices equal to net asset value, raising aggregate proceeds of over \$20 million and reducing Crown's effective interest in Crown Partners Fund from 38.8% to 28.0% in the process;
- acquired Galaxy to complement the market presence of WireIE and to increase its exposure to the Network Services industry, and formed Community Network Partners Inc. to pursue new growth opportunities in that sector; and
- acquired PSCC and PBC from PenEquity, to which it has a corporate loan investment, increasing our direct exposure to real estate development while reducing our corporate lending exposure.

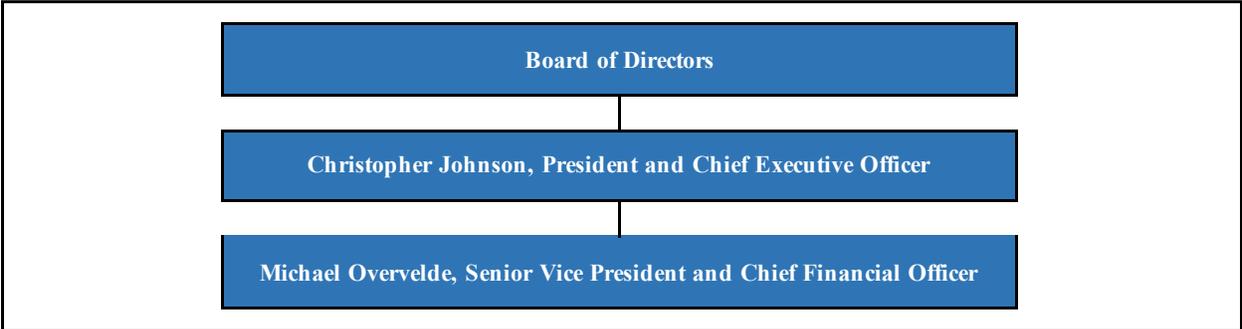
Also consistent with our intended shift towards a capital light business model, we returned a total of \$13.8 million to Shareholders through share buybacks in 2021, plus an additional \$10 million subsequent to December 31, 2021. Today, Crown has five reportable segments for financial reporting purposes, including four operating segments in addition to a "corporate and other" segment. The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Specialty Finance	Investments in Crown Partners Fund and in corporate debt and equity securities. Prior to July 13, 2021, included the origination and management of alternative lending investment funds.
Network Services	Provision of network services in relation to the deployment and management of carrier-grade data networks.
Distributed Power	Origination and management of, and investment in, distributed power investments.
Real Estate	Investment in, and development of, real estate development assets.
Corporate and Other	Includes our credit reporting subsidiary, in addition to assets, liabilities, revenues and expenses that do not pertain directly to other reportable segments.

While Crown maintains a hybrid business model involving both direct investment and investment management on behalf of third-party investors, the Corporation currently earns management fees only in respect of its management of Crown Power Fund. As Crown grows its portfolio of Network Services assets, we will determine the feasibility of establishing a Network Services investment fund to secure capital from third-party investors that would help to fund the growth of this segment and generate management fees for the Corporation.

The Corporation has offices in Toronto and Calgary and employs six professionals at its corporate head office. The Corporation’s senior management has significant experience in the Canadian financial industry and Chris Johnson, President & CEO, has been employed at Crown and its predecessor firms for approximately 20 years. See “Executive Officers and Directors”.

The following chart illustrates Crown’s management structure and personnel as at the date hereof.



Each of the Corporation's four operating segments are discussed separately below.

### **Specialty Finance**

Crown's involvement in and exposure to the alternative financing market ("**Specialty Finance**") is currently comprised of its 28.0% effective interest in Crown Partners Fund, which is held by Crown's wholly owned subsidiary CCFC, and to corporate loan and equity investments held by Crown and its wholly owned subsidiary Crown Private Credit Fund.

#### ***Investment in Crown Partners Fund***

Crown Partners Fund is an investment fund that was originated by Crown in 2015 and that was managed by Crown until July 13, 2021. The investments of Crown Partners Fund are comprised primarily of senior and subordinated corporate loans with terms ranging from six months to five years. Loan investments made by Crown Partners Fund typically feature bonus features such as special warrants, royalties, phantom equity or gifted shares that provide the fund with the ability to participate in the borrowing business' upside in addition to its income from interest payments.

The investment period of Crown Partners Fund ended on December 31, 2021 and its term will end on September 30, 2025. Subsequent to December 31, 2021, additional capital may be called from limited partners but only to the extent required for certain purposes including to cover operating deficits and, to a maximum of 20% of Committed Capital, to make follow-on investments. We do not expect any future funding requirements in respect of Crown's uncalled capital commitments to Crown Partners Fund and CCF IV Investment LP, and we expect that Crown Partners Fund will distribute disposition proceeds to limited partners, including Crown, as it achieves loan repayments and realization of equity securities and other investments.

Crown, through CCFC, owns 26.8% of the outstanding Units of Crown Partners Fund and 19.8% of the outstanding Units of CCF IV Investment LP which, in turn, has a 5.6% limited partnership interest in Crown Partners Fund. In aggregate, Crown had an effective limited partnership interest in Crown Partners Fund of 28.0% as at December 31, 2021.

Crown, through its wholly owned subsidiary Crown Partners Fund GP, is the general partner of Crown Partners Fund which is entitled to receive any Performance Fee distributed in respect of Crown Partners Fund (See "Description of the Business – Revenue Streams").

As at December 31, 2021, the carrying value of CCFC's investment in Crown Partners Fund, which approximated the estimated fair value, was \$47.4 million, comprised of its limited partnership interest of \$38.2 million and its general partnership interest of \$9.2 million.

As at December 31, 2021, CCFC's aggregate Contributed Capital in respect of Crown Partners Fund and Crown Capital Fund IV Investment was \$48.1 million, and its aggregate Committed Capital in respect of these funds was \$64.1 million.

#### ***Other Specialty Finance Investments***

In addition to its investment in Crown Partners Fund, Crown also holds corporate loan investments in PenEquity, Mill Street and Go Direct Global and a 12.5% equity interest in CPCP. As at December 31, 2021, these investments were carried at an aggregate value of \$4.4 million. The loans to PenEquity and Mill Street are in realization stage, the investment in CPCP is nominal in value, and the investment in Go Direct Global is expected to be repaid in 2022 in connection with an expected equity investment by Crown in Go Direct Global. Crown does not plan to make any new specialty finance investments in the future.

## Network Services

Crown provides network connectivity to customers in otherwise underserved markets through its wholly owned subsidiaries Galaxy and WireIE. Crown believes that Galaxy and WireIE address a growing need for broadband connectivity to remote locations.

In July 2019, Crown acquired 100% ownership of WireIE Holdings, which, at that time, was a financing client of Crown Private Credit Fund. In September 2020, Crown formed WireIE Inc. as a wholly owned subsidiary of Crown Private Credit Fund, and in December 2020 WireIE Inc. acquired the assets of WireIE Canada, a subsidiary of WireIE Holdings, for consideration comprised of a portion of the amount owing by WireIE Canada to Crown Private Credit Fund. Through WireIE, Crown owns and operates broadband networks that deliver reliable, scalable and secure network availability to businesses in underserved markets.

In September 2020, Crown acquired 100% ownership of Galaxy, an Ontario-based network services company that provides connectivity to remote and underserved enterprise customers across Canada. Through Galaxy, Crown provides connectivity to remote and underserved enterprise customers across Canada.

Through its wholly owned subsidiary Community Network Partners Inc., which was formed by Crown in 2020, and potentially in affiliation with additional network services operating partners, Crown intends to provide network connectivity to small, underserved communities across Canada. In certain cases, those community network projects may be structured to enable the subject communities to participate in the capital funding and subsequent profit sharing associated with their local projects.

Collectively, we refer to Galaxy, WireIE, Community Network Partners Inc. and, potentially, additional network services operating partners as “**Network Operators**”. We refer to the operations of the Network Operators, including activities related to the sales, installation and servicing of network infrastructure as “**Network Services**”.

Crown is targeting to build a portfolio of long-term contracts with profitable well-established businesses and municipalities that are structured to provide utility-like monthly recurring cash flows. As this portfolio of assets grow, Crown will determine the feasibility of an investment fund to secure capital from third party investors.

Crown’s initial target market for network services includes various regions throughout Canada where broadband services are either unavailable or below prescribed national standards. Crown believes that network services are an essential service in the operation of commercial enterprises and community development. Further, Crown believes that advancement of technology that requires broadband networks will rise at accelerating rates further increasing the need for state-of-the-art networks and will drive growth in the demand for the Network Services offering.

## Distributed Power

Commencing in 2018, Crown began offering the provision of electricity under long-term contracts to mid and large-scale electricity users (“**Distributed Power**”) through Crown Power Fund. On February 28, 2019, Crown Power Fund completed a subsequent closing with subscriptions for an additional approximately 57,900 Units at \$1,000 per Unit, increasing the total capital committed to Crown Power Fund to approximately \$57.9 million. Crown, through CCFC, subscribed for additional Units which resulted in CCFC holding 25,000 Units and an approximate 43.2% interest in Crown Power Fund effective February 28, 2019.

Through multiple operating partners (“**Power Operators**”), Crown and Crown Power Fund provide electricity under long-term contracts to mid to large-scale electricity users, such as manufacturers, commercial properties and condominiums, through the ownership of Distributed Energy Platforms (“**DEPs**”) that generate power at or near its point of use. DEPs are portable, on-site, natural gas-fired generators with a heat exchanger that supplements or replaces the electricity an end customer purchases from the public utility and provides heat as a by-product. In many situations, DEPs provide more reliable and less expensive electricity than comparable service from a public utility.

In its Distributed Power business, Crown targets successful mid to large-scale electricity users who can benefit from onsite electrical generation. In identifying potential DEP clients, particular attention is paid to the stability and growth of revenues and profitability, the potential client’s ability to make utility payments, and the redeployment of the DEP

to other clients in a default scenario. Crown's management team's experience and expertise in the alternative lending industry is directly applicable in assessing the creditworthiness of DEP clients.

Crown Power Fund has partnered with Power Operators to manage the sales, installation and servicing of DEPs. Together with Power Operators, Crown and Crown Power Fund are targeting to build a portfolio of long-term contracts with profitable well-established businesses, municipalities and residential condominiums that are structured to provide utility-like monthly recurring cash flows. Each of Crown and Crown Power Fund targets to own 25% of each Power Operator. As of the date hereof, Crown Power Fund has partnered with four Operating Partners in respect of DEPs that are operational or that are under development.

Crown Power Fund's initial target market includes various regions throughout Canada where electricity prices have significantly increased over the past 10 years. Crown believes that electricity prices will rise at accelerating rates in certain of these markets due to an aging distribution system and previous under-funding of related capital maintenance. Further, Crown believes that rising electricity costs and reliability issues associated with an aging electricity distribution system will drive growth in the demand for the Distributed Power offering.

### **Real Estate**

Crown participates in the real estate development market through its ownership of PSCC and PBC, which were both acquired from PenEquity, to which Crown, through its wholly owned subsidiary Crown Private Credit Fund, has a loan outstanding.

On March 1, 2021, Crown acquired 100% of the common shares 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. Crown expects that these entitlements to future cash flows, recognized as a lease earn-out note receivable on our balance sheet as at December 31, 2021, will be settled in 2022. Crown is presently planning to develop the property held by PSCC, potentially as a mixed-use property featuring both residential and retail elements.

On April 15, 2021, Crown acquired 100% of the common shares of PBC, the assets of which are primarily comprised of land located adjacent to a retail plaza in Barrie, Ontario. Crown is presently planning to develop the property held by PBC as a residential site featuring three multi residential buildings of six to twelve stories each.

Other than investing in the development of the properties currently owned by PSCC and PBC, Crown does not currently plan to allocate incremental capital to grow its presence in the real estate development market.

As the assets of our real estate segment are comprised primarily by real estate properties that are in the process of being developed and by a lease earn-out note receivable, there are no revenues currently being recognized in relation to this operating segment.

### **Revenue Streams**

Currently, Crown derives its revenue principally from network services revenues earned by its WireIE and Galaxy subsidiaries ("**Network Services Revenue**") and from earnings attributable to its ownership of limited partnership units in Crown Partners Fund. It also earns interest income, primarily in relation to its partial ownership of Crown Power Fund, contractual management fees earned from the management of Crown Power Fund ("**Management Fees**"), credit reporting fees earned by its subsidiary Lumbermens, and certain other types of fees and other income. Through its ownership of general partnership interests, it also has the opportunity to earn incentive or performance fees from achieving target investment returns in Crown Partners Fund and Crown Power Fund ("**Performance Fees**").

### *Network Services Revenue*

Through its wholly owned subsidiaries WireIE, which was acquired in July 2019, and Galaxy, which was acquired in September 2020, the Corporation earns revenue in relation to the provision of network services. Through Community Network Partners Inc., the Corporation expects to earn revenue in the future in relation to the development of broadband networks and the provision of network services. Network Services Revenue is comprised of contractual revenue related to the access and usage of telecommunications infrastructure in addition to revenue from professional services, network support, maintenance and repair services. The vast amount of network services revenue is contractual revenue in relation to the access and usage of telecommunications infrastructure comprised of both up-front payments related to the installation of network elements by the customer, which are deferred and recognized on a straight-line basis over the life of the contract, and monthly recurring revenues relating to the ongoing operation of network services that are recognized as the service is rendered over the term of the arrangement.

### *Share of Earnings of Crown Partners Fund*

Prior to July 13, 2021, Crown derived investment income, including interest revenue, net investment gains / (losses) and fee and other income, from our controlling ownership interest in Crown Partners Fund, the financial results of which had been recognized in the consolidated financial statements of Crown. Effective July 13, 2021, we derecognized Crown Partners Fund as a subsidiary of the Corporation and began recognizing our investment in Crown Partners Fund as an investment in associate accounted for using the equity method. Accordingly, we now recognize as a revenue item our share of earnings of Crown Partners Fund, which is comprised of our proportionate share of the reported earnings of Crown Partners Fund in respect of each of our limited partnership and general partnership interests in the fund.

### *Management Fees*

For Crown Power Fund, Crown earns base Management Fees of 1.00% of total capital, comprised of Invested Capital net of capital distributions and realized losses plus total funded debt that has been invested into investments other than Interim Funds Investments. Management Fees may be subject to discounts provided to limited partners under the limited partnership agreement for Crown Power Fund or other agreements. Crown does not charge Management Fees to its wholly-owned subsidiary Crown Private Credit Fund. Prior to July 13, 2021, Crown earned management fees in relation to its role as manager of Crown Partners Fund.

Crown receives Management Fees in respect of Crown Power Fund, and, prior to July 13, 2021, in respect of Crown Partners Fund, regardless of whether Crown has an ownership interest in such fund. To the extent that Crown has an ownership interest in a fund that it manages, Crown will earn a Management Fee on such fund; however, on consolidation with such fund, Management Fees earned by Crown as manager are eliminated against the Management Fees expensed by such fund. The fees accruing to net income and comprehensive income attributable to Shareholders of the Corporation which arise from the interests of non-controlling interests are reflected in the allocations of net income and comprehensive income attributable to Shareholders of the Corporation and to non-controlling interests on the Consolidated Statements of Comprehensive Income.

### *Performance Fees*

Once the limited partners in Crown Partners Fund or Crown Power Fund have received a repayment of capital and a predetermined preferred return, Crown is entitled to earn a Performance Fee. Distributions of disposition proceeds and current income in respect of each loan/investment or portion thereof are made to limited partners participating in such loan/investment in the following amounts and order of priority:

- **Return of Capital and Costs** – First, 100% to the limited partners pro rata in relation to their Units, until the limited partners have received total distributions made on or prior to the date of the current distribution equal to the limited partner's Contributed Capital;
- **8% Hurdle** – Second, 100% to the limited partners pro rata in relation to their Contributed Capital, until total distributions to the limited partners represent an 8% annual rate of return (calculated as and from the

date on which investments are made and compounded annually) on the limited partners' Invested Capital; and

- **80/20 Split** – Thereafter, 80% to the limited partners pro rata in relation to their Contributed Capital and 20% to Crown Partners Fund GP or Crown Power GP, as applicable, representing a Performance Fee.

For any Performance Fee distribution in relation to Crown Power Fund, limited partners that subscribed for Units in the February 28, 2019 subscription for this fund (“**Initial LPs**”) are entitled, in aggregate, to receive 100% of the amount calculated as the total Performance Fee distribution multiplied by the ratio of outstanding Initial LP Units divided by total outstanding Units.

The Corporation has an asset performance bonus pool (“**APBP**”) arrangement for certain individuals, primarily employees (the “**APBP Participants**”). For certain investment funds managed by the Corporation, Performance Fees earned by the fund will accrue to the general partner as performance fee distributions. The Corporation’s current compensation policy provides that 50% of such Performance Fee distributions earned will be distributed to the APBP Participants with the other 50% retained by the Corporation. Performance Fee distributions from funds, and payments to APBP Participants, do not occur until certain conditions have been satisfied.

### **Funding Strategy**

Crown intends to fund investment opportunities primarily with the combination of debt, equity and operating profits.

In June 2018, Crown issued \$20.0 million of 6.0% Convertible Debentures for net proceeds of \$18.7 million with a maturity date of June 30, 2023. The Convertible Debentures bear interest at 6.0% per annum, payable semi-annually, and are convertible at the option of the holder at a conversion price of \$13.70 per Common Share. The Convertible Debentures are subordinated to the Crown Credit Facility.

In May 2021, the Crown entered into the Crown Credit Facility that was used to fund a full repayment and cancellation of lender commitments in respect of its preceding senior credit facility. The Crown Credit Facility originally included a total lender commitment of \$41.5 million, including a \$30.0 million revolving credit facility that declined to \$20 million in July 2021 upon repayment to an outstanding balance below \$20.0 million, a \$8.0 million term facility that expired unused in August 2021, and a \$3.5 million dedicated-purpose letter of credit facility. The revolving credit facility provides financing at a variable rate based on Prime Rate plus 275 to 350 basis points, has a customary set of covenants, and has a maturity date of May 24, 2024, which is subject to annual extension by one or more years at the request of Crown.

Under a hybrid business model, Crown intends to use the Corporation’s capital to make seed and growth investments in funds and direct investments that, in certain cases, are expected to turn into growing pools of capital funded by third party investors and managed by Crown. As at December 31, 2021, there was \$13.4 million of undrawn Committed Capital available to Crown Power Fund from parties other than Crown.

### **Competitive Dynamics**

#### ***Specialty Finance Industry***

Crown no longer competes in the Specialty Finance Industry for new financing opportunities or for funding in the form of third-party investment. In July 2021, Crown transferred the management contracts in respect of Crown Partners Fund and CCF IV Investment LP to CPCP such that Crown is no longer engaged in the origination or management of loan investments of those funds. The investment term of Crown Partners Fund ended on December 31, 2021, such that Crown Partners Fund is no longer originating new loan investments. In respect of Crown and Crown Private Credit Fund, the Corporation does not currently intend to make material new investment in the form of loan financings, consistent with our May 2020 announcement regarding our intention to shift to a capital-light business model and to achieve liquidity in our lending portfolio, where possible.

### ***Network Services Market***

In the Network Services market, Crown focuses on providing broadband networks in remote and rural communities. Management believes that there are a limited number of companies in Canada that are focused on providing network services in remote and rural communities as the major carriers in Canada are focused on densely populated urban centres. To date, Crown has acquired interests in two Network Operators, has formed one Network Operator, and is actively seeking opportunities to invest in, or together with, additional Network Operators.

### ***Distributed Power Market***

In the Distributed Power market, Crown and Crown Power Fund focus on providing a utility model solution to customers whereby the customer contracts for the supply of power from DEPs owned by Crown Power Fund. Management believes that there are a limited number of companies in Canada that are focused on providing Distributed Power solutions and that most companies in this market are operating as service providers that are either attempting to sell equipment directly to end customers or do not have access to sufficient capital to provide a utility model solution. To date, Crown Power Fund has secured partnership arrangements with multiple Power Operators capable of building out a Distributed Power utility model in the Ontario, Alberta and Eastern Canada markets.

Local power distribution companies represent indirect competition to Crown Power Fund's utility model solution. Management believes that most local distribution companies are advocates of Distributed Power as a result of mandated demand reduction targets for their own networks.

### ***Real Estate Market***

Crown's involvement in the real estate market is currently limited to its ownership of PSCC and PBC, which collectively own two development properties, plus an indirect exposure through its loan investment in PenEquity, which is engaged in the management of several retail malls and in the development of three properties, including the properties owned by PSCC and PBC. Crown does not currently intend to grow its exposure to the real estate market by competing for the acquisition of additional properties and is not in competition with any other parties in respect of the development of the two properties that it owns.

## **RISK FACTORS**

The risks and uncertainties described herein are not the only risks and uncertainties that Crown faces. Additional risks and uncertainties of which management is not currently aware or that management currently believes to be immaterial may also materially adversely affect Crown's business, assets, liabilities, financial condition, results of operations, prospects, cash flows and the value or future trading price of the Common Shares (one or more of the foregoing, a "**Material Adverse Effect**"). The occurrence of any of the possible events and risks described below and elsewhere in this AIF could have a Material Adverse Effect.

This AIF also contains forward-looking statements that involve risks and uncertainties. Crown's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this AIF. See "Cautionary Note Regarding Forward-Looking Statements".

### **Risks Particular to the Specialty Finance Industry**

#### ***Financing of Mid-market Businesses***

The financing portfolios of Crown and Crown Partners Fund, in which Crown is invested, consist primarily of financing solutions provided to mid-market businesses, including privately-owned companies, many of which do not publicly report their financial condition and are not subject to the same accounting rules and securities laws that govern disclosure and financial controls of public companies. Compared to larger, publicly traded companies, financing solutions offered to these types of businesses may carry more inherent risk. The financing clients of Crown and Crown Partners Fund generally have limited access to capital and higher funding costs. Such businesses may need more capital to expand or compete and may be unable to obtain financing from public capital markets or from traditional

sources, such as commercial banks. Mid-market businesses may also have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, because many of the financing clients of Crown and Crown Partners Fund do not publicly report their financial condition and may not have sophisticated financial controls and oversight, Crown and Crown Partners Fund are more susceptible to a client's misrepresentation, which could result in a Material Adverse Effect. See also "Risk Factors – Risks Particular to the Specialty Finance Industry – Fraud by a Financing Client". The failure of a financing client to accurately report its financial position could result in Crown or Crown Partners Fund providing funding to a financing client that does not meet their underwriting criteria or that defaults on payments owing, the loss of some or all of the principal of a loan, or non-compliance by a financing client with applicable covenants. Accordingly, financing solutions offered to these types of businesses involve higher risk than financing solutions offered to larger businesses with greater financial resources or that are otherwise able to access traditional credit sources.

### ***Fraud by a Financing Client***

A financing client may misrepresent information relating its financial health, operations, or compliance with the terms under which Crown or Crown Partners Fund have advanced funds. In cases of fraud, it is difficult and often unlikely that Crown or Crown Partners Fund will be able to collect amounts owing under loan or realize on collateral, which could have a Material Adverse Effect.

### ***Risks Facing Financing Clients***

Each financing client is subject to risks which will affect their financial condition. As Crown and Crown Partners Fund are not privy to all aspects of their clients' businesses, it is impossible to predict exactly what risks financing clients will face. Nonetheless, Crown expects that financing clients may face risks related to competition, dependence on key individuals, liquidity, the availability of financing, the general economy, volatility of interest rates, foreign currencies or capital markets, etc.

### ***Prepayment by Financing Client***

Certain of Crown Partners Fund's financing products may be prepayable by the financing clients, subject to prepayment penalties. Crown is unable to predict if or when a financing client will make a prepayment. Typically, a financing client's decision to prepay depends on its continued positive economic performance and the existence of favourable financing market conditions that permit the financing client to replace its existing financing with less expensive capital. As market conditions change frequently, it is very difficult to predict if or when a financing client may deem market and business conditions to be favourable for prepayment. Prepayment by a financing client may have the effect of reducing the achievable yield of the financing solution to a level below that which was anticipated by Crown. Such a reduction may occur when Crown is unable to invest the funds distributed by Crown Partners Fund as a result of a prepayment by a financing client in other transactions with an expected yield greater than or equal to the yield Crown expected to receive in relation to the prepaying financing client.

### ***Default by and Bankruptcy of a Financing Client***

A financing client's failure to satisfy its borrowing obligations, including any covenants imposed by Crown or Crown Partners Fund, could lead to defaults and the termination of the financing client's loans and enforcement against its assets. In order to protect and recover its investments, Crown or Crown Partners Fund may be required to bear significant expenses (including legal, accounting, valuation and transaction expenses) to the extent necessary to seek recovery upon default or to negotiate new terms with a defaulting financing client. In certain circumstances, a financing client's default under one loan could also trigger cross-defaults under other agreements and jeopardize that financing client's ability to meet its obligations under a loan agreement it may have with Crown or Crown Partners Fund.

Should a financing client become insolvent, the value of any collateral in the event of liquidation or the value of any bonus features in regard to their loan agreement will depend on market and economic conditions, the availability of buyers and other factors. There can be no assurance that the proceeds, if any, from the sale of all of a financing client's

collateral will be sufficient to satisfy the loan obligations secured by the collateral, or that sufficient assets to repay Crown or Crown Partners Fund will remain after more senior creditors have been repaid. See “Risk Factors – Risks Particular to the Specialty Finance Industry - Collateral Securing Loans”.

### ***Additional Indebtedness of Financing Clients***

To the extent a financing client is permitted to incur other debt secured by certain assets that ranks equally with, or senior to, the loans made by Crown or Crown Partners Fund, such debt instruments may provide that the senior holders are entitled to receive payment of interest or principal on or before the dates on which the Crown or Crown Partners Fund debt is serviced. The rights Crown or Crown Partners Fund may have with respect to the collateral securing the loans it provides may also be limited pursuant to the terms of one or more intercreditor agreements with the holders of senior debt. Typically, an intercreditor agreement will provide various rights and remedies to the holder of a first priority lien during the time it is outstanding, which may result in Crown or Crown Partners Fund failing to be repaid outstanding principal and interest owed to it and could have a Material Adverse Effect.

### ***Collateral Securing Loans***

Where loan investments of Crown or Crown Partners Fund are secured by a lien on specified collateral of the financing client (particularly inventory, receivables and tangible fixed assets), there is no assurance that Crown or Crown Partners Fund has obtained or properly perfected its liens, or that the value of the collateral securing any particular financing solution will protect Crown or Crown Partners Fund from suffering a partial or complete loss if the financing solution becomes non-performing and Crown or Crown Partners Fund moves to enforce against the collateral. In such event, Crown could suffer losses that could have a Material Adverse Effect. A decrease in the market value of collateral assets at a rate greater than the rate projected by Crown may adversely affect the current realization values of such collateral. The degree of realization risk varies by the business of the financing client and the nature of the security.

### ***Fair Value Estimate***

Loans and other investments within the investment portfolios of Crown and Crown Partners Fund are assigned a fair value based on reasonable estimates of value and expectations for performance of the loan or other investments as determined by the management of Crown and the manager of Crown Partners Fund. The fair value may be negatively affected by factors outside the knowledge or control of management and may result in the actual fair value being materially different from that assigned by Crown or Crown Partners Fund.

### ***Monitoring and Enforcement Procedures***

From time to time, Crown and Crown Partners Fund will be required to take enforcement proceedings with respect to non-performing loans and may be required to liquidate a financing client’s assets. Enforcement and liquidation proceedings can be time consuming and, if a sufficient number of loans require enforcement, management’s attention may be diverted from the day-to-day operations or from pursuing its growth strategy and the Corporation may incur significant expenses that cannot be recovered.

### ***Control Over Financing Clients***

Crown and Crown Partners Fund are not always in a position to exercise control over their financing clients or prevent decisions by the management or shareholders of a financing client that may affect the fair value of the loan, or otherwise affect the ability of the financing client to repay its obligations to Crown or Crown Partners Fund. This could have a Material Adverse Effect.

### ***Securities of Financing Clients***

Crown Partners Fund lends to both public and private companies, which may include bonus features granting Crown Partners Fund securities of the client. The securities issued by private companies will be subject to legal and other restrictions on resale or will be otherwise less liquid than publicly traded securities. To the extent Crown Partners Fund receives any form of securities issued by private companies, it may be difficult to dispose of such holdings if the

need arises. Furthermore, if Crown Partners Fund is required to liquidate all or a portion of the securities it holds in an illiquid company, it may realize significantly less than the value at which it had previously recorded its holdings. In addition, Crown Partners Fund may face restrictions imposed by securities laws on its ability to liquidate or otherwise trade in securities of a financing client, including where Crown Partners Fund obtains material non-public information regarding such financing client.

### ***Illiquidity of Loans***

Due to the nature of portfolios of Crown and Crown Partners Fund, certain financing solutions have lengthy terms and may be outstanding for a substantial period of time before they are repaid or can be liquidated under conditions preferable to Crown or Crown Partners Fund or, in some cases, at all. Illiquid investments carry the risk that a buyer may not be found for such investments. Also, certain of the financing solutions offered by Crown and Crown Partners Fund may be subject to legal or contractual restrictions which may impede their ability to dispose of such assets, which it might otherwise desire to do. To the extent that there is no liquid trading market for these financing solutions, Crown or Crown Partners Fund may be unable to liquidate these assets or may suffer a loss.

### **Risks Particular to Network Services**

#### ***Credit Risk***

Crown is exposed to credit-related losses in the event that counterparties to network services contracts become insolvent or otherwise fail to fulfill their present or future financial obligations.

#### ***Dependence on Key Personnel***

Crown's Network Services operations will depend, to a great extent, on the services of a limited number of individuals in the administration of each Network Operator's activities. The loss of one or more of such individuals for any reason could impair the ability of the Network Operator to perform its obligations to provide network services to the counterparties.

#### ***Fraud by a Network Operator***

While Crown makes every effort to verify the accuracy of information provided to it when making an investment in a project managed by a Network Operator, a Network Operator may misappropriate funds and / or misrepresent information relating its financial health, operations, project budget or compliance with the terms under which Crown has advanced funds. In cases of fraud, it is difficult and often unlikely that Crown will be able to collect amounts owing under loan or realize on collateral, which could have a Material Adverse Effect.

#### ***Currency Fluctuations***

A portion of the Network Services segment's asset purchases may be denominated in United States dollars, and other currencies. Any change in the value of the Canadian dollar relative to the United States dollar, and other currencies, during a given financial reporting period would result in a foreign currency loss or gain on the translation of assets measured in other currencies into Canadian dollars.

#### ***Regulatory Matters***

The adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have a Material Adverse Effect on the Network Operators and the operating costs of the entities to which Crown intends to lease assets. An increase in the regulatory burdens on Network Operators and SPVs may be costly and time consuming. To the extent such new costs cannot be passed along to the counterparties through increased tariffs or otherwise, such new laws or regulations could have a Material Adverse Effect on the business, financial condition and results of the business.

### ***Insurance***

Network Operators carry insurance to protect them in the event of destruction or damage to its property and equipment, subject to appropriate deductibles and the availability of coverage. Liability insurance is also maintained at prudent levels to limit exposure to unforeseen incidents. It is anticipated that insurance coverage will be maintained in the future, but there can be no assurance that such insurance coverage will be available in the future on commercially reasonable terms or be available on terms as favorable as the current arrangements. The occurrence of a significant event outside of the coverage of Crown's insurance policies could have a Material Adverse Effect.

### ***Competition***

Crown and Network Operators have a number of competitors in all aspects of their businesses, some of which are large, multi-national companies with greater access to resources and more experience than Crown or its Network Operators. Also, given the potential size of the market for broadband networks, it is foreseeable that new competition with greater resources will enter the marketplace on an on-going basis.

### ***Supplier Risk***

Galaxy and WireIE are both reliant upon the provision of broadband signal and telecommunications capacity by third-party suppliers which, if terminated or cancelled, could have a Material Adverse Effect on the financial condition and results of the business.

### ***Network Construction Risks***

The construction of network infrastructure by Community Network Partners Inc. will introduce risks in relation to potential delays and/or cost overruns in respect of securing necessary materials and staff and in completing construction, any of which might negatively impact project returns. Project returns might also be negatively impacted if Community Network Partners Inc. fails to achieve planned levels of customer subscription for service upon completion of such projects, or if the pace of achieving such subscriptions is slower than planned.

### **Risks Particular to Distributed Power**

#### ***Credit Risk***

Crown Power Fund is exposed to credit-related losses in the event that counterparties to long-term energy contracts become insolvent or otherwise fail to fulfill their present or future financial obligations to Power Operators.

#### ***Market Risk***

Crown Power Fund may be exposed to fluctuations in the market price for electricity, including fluctuations in pricing elements such as the allocation of global adjustment, transmission charges, etc.

#### ***Collateral Security***

There is no assurance that Crown Power Fund has obtained or properly perfected its liens in power-generation assets, or that the value of the collateral securing any particular financing solution will protect it from suffering a partial or complete loss if the financing solution becomes non-performing and Crown Power Fund moves to enforce against the collateral. Further, a decrease in the market value of collateral assets at a rate greater than the rate projected by management may adversely affect the current realization values of such collateral.

### ***Dependence on Power Operators and their Key Personnel***

Each Power Operator will depend, to a great extent, on the services of a limited number of individuals in the administration of each Power Operator's activities. The loss of one or more of such individuals for any reason could impair the ability of the Power Operator to perform its obligations to develop DEP assets for Crown Power Fund or to provide electricity to the counterparties.

Power Operators may have limited operating history, profitability and/or liquidity which may constrain their ability to perform their obligations to develop DEP assets for Crown Power Fund or to provide electricity to the counterparties.

### ***Fraud by a Power Operator***

While Crown makes every effort to verify the accuracy of information provided to it when making an investment in a project managed by a Power Operator, a Power Operator may misappropriate funds and / or misrepresent information relating its financial health, operations, project budget or compliance with the terms under which Crown has advanced funds. In cases of fraud, it is difficult and often unlikely that Crown will be able to collect amounts owing under loan or realize on collateral, which could have a Material Adverse Effect.

### ***Interest Rate Fluctuations***

It is anticipated that Crown Power Fund will take on interest rate risk in association with debt financing relating to long-term contracts with counterparties. To the extent the senior facility for a long-term contract includes a floating interest rate, Crown Power Fund will be exposed to interest rate risk when interest rates rise. To the extent the senior facility for a long-term contract includes a fixed interest rate and will be amortized over a period of time which is shorter than the term of the long-term contract, Crown Power Fund will be exposed to interest rate risk when the term of the senior facility is renewed if interest rates have risen. Interest rates are influenced by Canadian and global economic conditions beyond Crown Power Fund's control.

### ***Currency Fluctuations***

A portion of Crown Power Fund's asset purchases may be denominated in United States dollars, and other currencies. Any change in the value of the Canadian dollar relative to the United States dollar and other currencies, during a given financial reporting period would result in a foreign currency loss or gain on the translation of assets measured in other currencies into Canadian dollars.

### ***Environmental Matters***

The Power Operators and customer counterparties are subject to numerous laws, regulations and guidelines governing the protection of the environment and health and safety, including those relating to spills, releases, emissions and discharges of hazardous substances or other waste materials into the environment, and removal or remediation of pollutants or contaminants. Failure to comply with these laws, regulations and guidelines can result in civil and criminal penalties, including injunctive relief and the imposition of stop, control, remediation and abandonment orders. This legislation could impact Crown Power Fund, the Power Operators and customer counterparties both through increasing technical difficulty in meeting environmental requirements, which may increase the cost of the Distributed Power offering, and through a reduction in activity by end-customers which, in both cases, could reduce the leasing opportunities available.

### ***Regulatory Matters***

The adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have a Material Adverse Effect on the Power Operators and the operating costs of the entities to which Crown Power Fund intends to lease assets. An increase in the regulatory burdens on Power Operators and SPVs may be costly and time consuming. To the extent such new costs cannot be passed along to the counterparties through increased tariffs or

otherwise, such new laws or regulations could have a Material Adverse Effect on the business, financial condition and results of the business.

### ***Adoption of Distributed Energy Platforms***

Crown Power Fund's growth is substantially dependent upon the growth in the use of Distributed Power solutions. The adoption of Distributed Power, by those end-customers that have historically relied upon traditional means of energy production, generally requires the understanding and acceptance of a new way of conducting business and the growth of Crown Power Fund's business may be adversely impacted if the number of end-customers of Distributed Power does not increase. Further, there is a risk that new technology could be developed which would render Crown Power Fund's Distributed Power offering inefficient, adversely impacting its growth.

### ***Insurance***

Crown Power Fund carries insurance to protect it in the event of destruction or damage to its property and equipment, subject to appropriate deductibles and the availability of coverage. Liability insurance is also maintained at prudent levels to limit exposure to unforeseen incidents. It is anticipated that insurance coverage will be maintained in the future, but there can be no assurance that such insurance coverage will be available in the future on commercially reasonable terms or be available on terms as favorable as the current arrangements. The occurrence of a significant event outside of the coverage of Crown Power Fund's insurance policies could have a Material Adverse Effect.

### ***Competition***

Crown Power Fund and Power Operators have a number of competitors in all aspects of their businesses, some of which are large, multi-national companies with greater access to resources and more experience than Crown Power Fund or its Power Operators. Also, given the potential size of the market for alternative energy production, it is foreseeable that new competition with greater resources will enter the marketplace on an on-going basis.

### ***Volatility of Natural Gas Prices***

Fluctuations in natural gas prices could have a Material Adverse Effect on the business, financial condition and results of operations of any one or more of Crown Power Fund's investments. Prices for natural gas fluctuate in response to changes in the supply of and demand for, crude oil and natural gas, market uncertainty and a variety of additional factors beyond the control of Crown Power Fund. Any substantial or extended increase in the price of natural gas could result in additional expenses and / or a delay or cancellation of future Distributed Power projects.

### ***Risks Particular to Real Estate***

#### ***Illiquidity of Real Estate Properties***

Real estate properties such as the ones owned by PSCC and PBC are generally illiquid in nature. In the event that one or more of these properties were to be offered for sale, it could take a substantial period of time to achieve a liquidation under conditions preferable to Crown or, potentially, at all. To the extent that there is no liquid market for these properties, Crown may be unable to liquidate these assets or may suffer a loss.

#### ***Dependence on Key Personnel***

The successful and profitable development of the real estate properties owned by PSCC and PBC will depend, to a great extent, on the services of a limited number of individuals, including employees of Crown and of PenEquity. The loss of one or more of such individuals for any reason could impair the ability of Crown to achieve desired returns from the development of its real estate properties.

### ***Mortgage Financing***

As of the date hereof, there is a mortgage payable outstanding in respect of the property owned by PBC. The use of leverage magnifies the risk of loss of capital associated with ownership of a real estate property. The ability of Crown to service this mortgage depends largely on its future financial performance and is subject to prevailing economic conditions and competitive pressures. A portion of the mortgage payable bears interest at a floating rate, which results in a risk that changes in market interest rates could negatively impact the cost of servicing this debt. Should Crown be unsuccessful in refinancing this mortgage upon maturity, it could negatively impact the available liquidity of the Corporation.

### ***Changes in Market and General Economic Conditions***

Adverse conditions in the general economy and/or in the real estate markets in which the Corporation's real estate properties are situated could decrease the value of real estate assets held by Crown and could make a disposition of such assets more difficult.

### ***Development Risks***

Development of the properties owned by PSCC and PBC will introduce risks in relation to permitting and construction, including potential delays or other issues in obtaining necessary permits, and delays and/or cost overruns in respect of securing building materials and completing construction.

### ***Risks Particular to Management of and Co-investment in Investment Funds***

#### ***Uncertainty of Return on Investment Funds***

A portion of Crown's revenue will be generated from the return on its investments in Crown Partners Fund, CCF IV Investment LP and Crown Power Fund. Payment of distributions by limited partnership funds are not guaranteed, the values of Units change frequently and past performance of a limited partnership may not be repeated.

#### ***Illiquidity of Interest in Investment Funds***

Crown currently holds 26.8% of Crown Partners Fund, 19.8% of CCF IV Investment LP, 100% of Crown Private Credit Fund and approximately 43.2% of Crown Power Fund. These investment funds are primarily invested in relatively illiquid assets, including corporate loan investments and distributed power assets and leases. There can be no assurance that Crown would be able to dispose of its interest in any of the aforementioned investment funds, or that these funds would be able to dispose of assets, in a timely manner or at all.

#### ***Poor Investment Returns Could Lead to The Loss of Existing Investors or an Inability to Attract New Investors, Lower Assets Under Management and a Further Decline in Revenues***

Crown's portfolio performance is one of the most important factors for attracting and retaining third party investors in its managed funds. Poor performance relative to its competitors or otherwise could impair Crown's revenues and growth because existing investors might opt not to invest in any subsequent funds managed by Crown. This could impair Crown's ability to raise capital from existing and new limited partnership investors, which could result in a lower level of managed assets and could adversely impact revenues derived from management fees. In addition, revenues derived from Performance Fees are directly related to portfolio performance; therefore, poor performance may cause Crown to earn less or no Performance Fees. There is no guarantee that historical performance will be repeated or improved upon in the future.

#### ***Removal of the General Partner or Manager***

Under the terms of the relevant limited partnership agreements and management agreements, Crown and its affiliates can be removed as the general partner or manager in certain circumstances. Specifically, Crown may be removed as manager of Crown Power Fund where it fails to cure or take steps to cure a breach within 30 days' notice from Crown

Power Fund or where it commits certain acts of insolvency or bankruptcy. Crown Partners Fund GP or Crown Power Fund GP may each be removed from its role as general partner where it has acted negligently, causing a Material Adverse Effect to the fund, violated applicable law or committed a material default of the limited partnership or management agreements. If Crown, Crown Partners Fund GP or Crown Power Fund GP are removed from their respective roles, Crown will no longer be entitled to base management fees nor have the opportunity to earn Performance Fees. This could materially impact the financial performance of Crown.

### ***General Partner and Manager are Fiduciaries***

Crown Partners Fund GP is a fiduciary to Crown Partners Fund. Crown and CCPC GP are fiduciaries to Crown Private Credit Fund. Crown and Crown Power GP are fiduciaries to Crown Power Fund. In its role as the manager or general partner of such funds, Crown, Crown Partners Fund GP, CCPC GP or Crown Power GP, as applicable, will be required to act in the best interest of the fund and its limited partners as a whole. There may be instances where such actions are not the most beneficial actions for Crown as a limited partner and may have an adverse effect on Crown.

### **General Business Risks**

#### ***Limited Operating History for Crown***

Although most members of Crown's management team have had significant experience in the Specialty Finance Industry, it should be considered that Crown has a limited operating and performance history in its various lines of business upon which readers can evaluate Crown's performance. There can be no assurance that the level of earnings achieved in prior periods can be achieved in future. Readers are cautioned not to place undue reliance on historical performance in making future investment decisions.

#### ***Changes in Strategies***

Currently, Crown operates in each of the Specialty Finance, Network Services, Distributed Power and real estate industries. However, Crown may alter its business strategies at any time without notice to Shareholders and there is no guarantee that such changes will yield similar or improved returns, if any.

#### ***Inability to Raise Additional Funds in a Timely Manner or at All***

There can be no assurance that Crown will be able to raise additional funds necessary to grow its business as there is significant competition in all aspects of the Corporation's business. This competition may limit Crown's ability to raise new funds. The success of Crown's strategy is highly dependent upon numerous conditions in the industries in which it competes and economic conditions throughout the world that are outside its control and difficult to predict. There can be no assurance that Crown will be able to retain existing investors or attract new investors in the future, or that any future investments by such investors will not be lower than historical investment levels.

#### ***Dilution***

Crown may be required to conduct additional equity financings in order to develop its business as currently planned. Any further issuance of equity will dilute the interests of existing Shareholders, and existing Shareholders may not have any pre-emptive rights in connection with any such future issuances.

#### ***No Guarantee as to Timing or Amount of Dividends***

Shareholders do not have a right to dividends on the Common Shares unless declared by the Board. The declaration of dividends is at the discretion of the Board, even if Crown has sufficient distributable cash to pay such dividends. The declaration of any dividend will depend on Crown's financial results, cash requirements, future prospects and other factors deemed relevant by the Board.

Crown may not declare or pay a dividend if there are reasonable grounds to believe that: (i) it is, or after the payment would be, unable to pay its liabilities as they become due; or (ii) the realizable value of its assets would thereby be

less than the aggregate of its liabilities, including those arising in the ordinary course of business. Dividends are not guaranteed and the amount of any dividend may fluctuate or be reduced or eliminated. There can be no assurance as to the levels of dividends to be paid by Crown, if any. The market value of the Common Shares may deteriorate if Crown is unable to pay dividends in accordance with its intended dividend strategy, or not at all, and such deterioration may be material.

### ***Reliance on Certain Individuals***

The success of Crown will depend in large part upon the skill and expertise of the professionals referred to under “Executive Officers and Directors”. There is no assurance that all of Crown’s current management team will continue to be employed by or available to the Corporation. There can also be no assurance that Crown’s operational or financing strategies will continue to be successful in the absence of any of the current management team, or that Crown will be able to attract and retain suitable candidates to replace these individuals. See also “Risk Factors – Risks Relating to Crown Operations – Management and Employees”.

### ***Conflicts of Interest***

Certain of Crown’s directors and officers are, and may continue to be, involved in the private equity industry and the Specialty Finance industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of Crown. Situations may arise in connection with potential opportunities or acquisitions where other interests of these directors and officers may conflict with Crown’s interests. Directors and officers of the Corporation with conflicts of interest will be subject to and required to comply with the procedures set out in the CBCA and other applicable legislation, regulations, rules and policies.

### ***Quarterly Financial and Operational Results***

Crown’s quarterly net income and results of operations are difficult to forecast. Crown may experience substantial fluctuations in net income and results of operations from quarter to quarter. Readers should not rely on Crown’s results of operations in any prior reporting period to be indicative of its performance in future reporting periods. Many different factors could cause Crown’s results of operations to vary from quarter to quarter, including:

- changes to its business model and strategies;
- the success of Crown’s origination activities;
- credit losses and default rates;
- Crown’s ability to enter into financing arrangements;
- competition;
- seasonal fluctuations in Crown’s business, including the timing of transactions;
- personnel changes;
- changes in accounting rules;
- changes in prevailing interest rates;
- general changes to the Canadian, U.S. and global economies; and
- political conditions or events.

In determining its current and future operating expense levels and its investment plans, Crown considers estimates of future net income. In the event that Crown is unable adjust its spending quickly enough to compensate for revenue that falls short of Crown's expectations, any resulting shortfall in Crown's net income or in its expected growth rates could have a Material Adverse Effect.

### ***Change in Interest Rates***

Changes in market interest rates may cause the fair value or future cash flows of a financial instrument to fluctuate. As of the date hereof, all of the loans held by Crown Partners Fund, of which Crown is both a limited partner and a general partner, had fixed minimum interest rates. The Convertible Debentures and a portion of our mortgages payable bear interest at fixed rates, while the Crown Credit Facility and a portion of our mortgages payable bear interest at floating rates.

### ***Use of Leverage***

Crown makes use of the Crown Credit Facility and the Convertible Debentures to fund new investment, to pay various operational expenses, and to meet its capital commitments to Crown Partners Fund and Crown Power Fund. The use of leverage magnifies the potential gains and losses from a financing product and increases the risk of loss of capital. To the extent that income generated by Crown's operating activities financed with borrowed funds is greater than the cost of servicing the Corporation's debt, Crown's net income will be greater than if borrowing had not been used. Conversely, if income from operating activities financed with borrowed funds is insufficient to cover the cost of borrowing, Crown's net income will be less. The ability of Crown to service any future outstanding debt depends largely on its financial performance and is subject to prevailing economic conditions and competitive pressures. The amount of leverage that Crown employs at any particular time will depend on its assessments of market and other factors at the time of any proposed borrowing.

As a result of Crown's use of leverage:

- the Common Shares may be exposed to incremental risk of loss and a decrease in the value of its financing portfolio would have a greater negative impact on the value of the Common Shares than if Crown did not use leverage;
- adverse changes in interest rates could reduce or eliminate the incremental income Crown receives from the proceeds of any leverage;
- Crown and, indirectly, the Shareholders, bear the Corporation's share of paying interest and repaying any borrowed funds;
- Crown's ability to pay dividends on the Common Shares may be restricted by covenants or other restrictions imposed by its lenders;
- Crown's ability to amend its organizational documents or other agreements may be restricted if such amendments would result in a material adverse effect on its lenders; and
- Crown may, under some circumstances, be required to dispose of its assets under unfavourable market conditions in order to maintain its leverage, thus causing Crown to recognize a loss that might not otherwise have occurred.

The extent to which the gains and losses associated with leveraged investing are increased will generally depend on the degree of leverage employed.

### ***Changes in Market and General Economic Conditions***

A weak economy could impact the quality, quantum and frequency of investment opportunities available to Crown. Adverse economic conditions also may decrease the value of assets held by Crown, its subsidiaries and its investments, including Crown Partners Fund, and may also decrease the estimated value of the collateral securing the investments of Crown Partners Fund. Further or prolonged economic slowdowns or recessions could lead to a decrease in the revenues and net income of Crown, its subsidiaries and its investments, including Crown Partners Fund, and to a decrease in the book value of Crown. Any of these events, or any other events caused by turmoil in global financial markets or by the COVID-19 pandemic, could have a Material Adverse Effect. The duration and full financial effect of the COVID-19 pandemic, as well as the direct and indirect impacts that the virus may have on the business, operations and financial condition of Crown and its borrowers, is unknown at this time.

### ***Competitive Business Environment***

Crown's ability to originate new investment opportunities could be significantly affected by the activities of other industry participants. New competitors may enter the Canadian Specialty Finance, Distributed Power, Network Services or real estate industries or current market participants may significantly increase their activities in these areas. There can be no assurance that Crown will be able to compete effectively with its current and future competitors in the industries in which it operates. If these or other competitors were to engage in aggressive pricing policies, Crown may have difficulty originating new business opportunities or could be forced to offer lower pricing, both of which could have a Material Adverse Effect. Some of Crown's competitors offer a broader range of products and services than Crown and can leverage their existing industry presence to offer and sell products and services that compete directly with Crown's products and services. Further, Crown's competitors may have greater financial, technical, marketing, origination and other resources, and may have greater access to lower cost capital. As a result of competition, Crown may not be able to attract new customers, retain existing customers, or sustain the rate of growth that Crown has experienced to date. As a result, Crown's ability to profitably operate and to grow its business may decline.

### ***Inability to Realize Potential Benefits from Growth***

Crown's inability to realize the potential benefits from its growth strategy may adversely impact its operating results. Crown's ability to realize such benefits will be based on its management of growth and will require it to continue to build its operational, financial and management controls, human resource policies, and reporting systems and procedures. Crown's ability to manage its growth will depend in large part upon a number of factors, including the ability of Crown to rapidly:

- secure additional sources of funding to fund new investment, while maintaining a prudent capital structure for Crown;
- attract and retain qualified personnel in order to continue to develop its various operating platforms and provide services that respond to evolving customer needs; and
- develop support capacity for customers as business increases.

Crown's inability to achieve any of these objectives could have a Material Adverse Effect.

### ***Management and Employees***

Crown's success and ability to compete is dependent on its continuing ability to identify, attract, hire, train, retain and motivate highly qualified management and employees with relationships and referral sources, an understanding of the Specialty Finance, Network Services, Distributed Power and real estate industries. Companies with which Crown competes for experienced personnel may be able to offer more attractive terms of employment. If any of Crown's key personnel were to cease their employment with Crown, the result could be a Material Adverse Effect on the Corporation. See "Risk Factors – Risks Relating to Crown's Operations – Reliance on Certain Individuals".

### ***Employee Errors or Misconduct Could Result in Regulatory Sanctions or Reputational Harm***

Misconduct by Crown's employees could result in Crown entering into transactions that exceed authorized limits or present unacceptable risks, potentially resulting in unknown or unmanageable risks or losses to Crown. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious reputational harm. It is not always possible to deter employee misconduct or prevent employee error, and the precautions in place may not be effective in all cases.

### ***Litigation***

From time to time in the ordinary course of its business, Crown may become involved in various legal proceedings, including commercial, employment, class action and other litigation and claims, as well as governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources and cause Crown to incur significant expenses. Furthermore, the results of any such actions could have a Material Adverse Effect.

### ***Expansion of Geographic Markets***

The Corporation plans to expand in Canada and to further expand in the U.S. market. The United States is a different market with different competitive dynamics and therefore presents distinct and substantial risks. The Corporation will face competition from significantly larger competitors in the United States. The Corporation will face similar risks as it expands into new geographic markets within Canada. Failure to expand within Canada or grow in the United States as currently anticipated, or the failure to penetrate those markets successfully, may have a Material Adverse Effect.

### ***Regulation***

Crown and its subsidiaries are subject to a variety of laws, regulations and guidelines in the jurisdictions in which they operate and may become subject to additional laws, regulations and guidelines in the future, particularly as a result of acquisitions or additional changes to the jurisdictions in which they operate. The financial and managerial resources necessary to ensure such compliance could escalate significantly in the future which could have a Material Adverse Effect. In addition, Crown's failure to comply with laws and regulations or obtain any required approvals thereunder could also have a Material Adverse Effect. Such laws and regulations are subject to change. Accordingly, it is impossible for Crown to predict the cost or impact of changes to such laws and regulations on its respective future operations.

### ***Foreign Currency and Hedging***

The results of operations and cash flows of Crown may be affected by changes in the Canadian dollar exchange rate relative to the currencies of other countries. If Crown, its subsidiaries or entities in which it is invested, including Crown Partners Fund, have exposure to assets denominated in U.S. dollars, a decrease in the value of the U.S. dollar relative to the Canadian dollar may have a negative effect on the financial performance of Crown.

Crown may choose to employ hedging techniques to minimize currency exchange risks. There is no assurance that any such hedging strategy will be successful and any hedging strategy has its own risks. Hedging against a decline in the value of assets does not eliminate the possibility of fluctuations in the values of such assets or prevent losses if the values of such assets decline. Moreover, it may not be possible to hedge against an exchange rate fluctuation that is so generally anticipated that Crown would not be able to enter into a hedging transaction at an acceptable price.

### ***Failure of Computer and Data Processing Systems***

Crown is dependent upon the successful and uninterrupted functioning of its computer and data processing systems to conduct its day-to-day operations and identify new business opportunities. The failure of these systems could interrupt operations or materially impact Crown's ability to conduct its day-to-day business operations.

## ***Cyber-Security***

Crown maintains confidential information regarding its clients, business plans, strategy and potential investment opportunities in its computer systems. Crown's Network Services operations rely on computer systems to support the continuous and secure operation of its networks. Crown also maintains an Internet website. Despite the implementation of network security measures, this infrastructure may be subject to physical break-ins, computer viruses, programming errors, attacks by third parties or similar disruptive problems. A security breach of computer systems could disrupt operations, damage reputation, result in legal or regulatory liability, and could have a Material Adverse Effect.

## ***Material Non-Public Information***

Crown's management or employees, and their respective affiliates, may serve as directors of, or in a similar capacity with, its financing clients or the financing clients of Crown Partners Fund, in which Crown is an investor. In the event that material non-public information is obtained with respect to financing clients, such persons may become subject to trading restrictions under the internal trading policies of those companies or as a result of applicable laws or regulations. As a result, Crown or Crown Partners Fund could be prohibited for a period of time from trading the securities of a financing client, to the extent it owns any, and such a prohibition could have a Material Adverse Effect particularly if Crown or Crown Partners Fund desires to liquidate such securities.

## **Risks Relating to Common Shares**

### ***Market Price of the Common Shares***

The market price for the Common Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond Crown's control, including the following:

- actual or anticipated fluctuations in Crown's quarterly results of operations, including changes in earnings or variations in operating results;
- changes in the value of Crown's investments, including its investment in Crown Partners Fund;
- recommendations by securities research analysts;
- operating performance and, if applicable, share price performance of Crown's competitors;
- addition or departure of Crown's management and other key personnel;
- expiration of lock-up or other transfer restrictions on outstanding Common Shares;
- sales of additional Common Shares;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving Crown or its competitors;
- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related industry and market issues; and
- loss of a major funding source.

It is possible for financial markets to experience significant price and volume fluctuations that affect the market prices of equity securities in ways that are unrelated to the operating performance, underlying asset values or business prospects of the related companies. Accordingly, the market price of the Common Shares may decline even if Crown's

operating results, underlying asset values or business prospects have not changed. There can be no assurance that such fluctuations in share price and volume will not occur, which could have a Material Adverse Effect.

#### ***Future Sales of Common Shares by Existing Shareholders***

Sales of a substantial number of Common Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Common Shares intend to sell Common Shares, could reduce the market price of the Common Shares. If this occurs and continues, it could impair Crown's ability to raise additional capital through the sale of securities.

#### ***Inaccurate or Unfavourable Research***

The trading market for Common Shares, if any, relies in part on the research and reports that securities analysts and other third parties choose to publish about Crown. Crown does not control these analysts or other third parties and it is possible that no analysts or third parties will cover Crown. The price of the Common Shares could decline if one or more securities analysts downgrade Crown or if one or more securities analysts or other third parties publish inaccurate or unfavourable research about Crown or cease publishing reports about Crown.

#### ***Investment Company Act***

Crown, were it to publicly offer the Common Shares in the United States, might possibly be considered an investment company subject to registration and regulation under the *Investment Company Act*. Crown has taken various steps so as to qualify for an exemption from registration pursuant to Section 3(c)(7) of the *Investment Company Act*. So long as Crown continues to be so exempt, the investor protections under the *Investment Company Act* will not apply to Crown. If that exemption were not available, Crown could be required to significantly restructure or restrict its activities.

### **DIVIDENDS**

In January 2016, the Board approved the initiation of a quarterly cash dividend, paid its first dividend of \$0.11 per Common Share, and subsequently paid additional quarterly dividends of \$0.11 per Common Share on each of May 20, September 9 and December 2, 2016, quarterly dividends of \$0.12 per Common Share on each of March 2 and June 2, 2017, quarterly dividends of \$0.13 per Common Share on each of September 1 and December 1 2017, and quarterly dividends of \$0.15 per Common Share on each of March 2, June 1, August 31 and November 30, 2018, and March 1, May 31, August 30, November 29, 2019 and March 27, 2020. In May 2020, Crown announced its decision to suspend quarterly dividend payments in order to focus the use of funds available for distribution on strategic investments and share buybacks.

The declaration and payment of dividends on the Common Shares is at the discretion of the Board and will be established on the basis of Crown's earnings, financial requirements for Crown's operations, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, restrictions on dividend payments and other relevant factors. See "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors".

## **DESCRIPTION OF CAPITAL STRUCTURE**

The Corporation is authorized to issue an unlimited number of Common Shares. As of the date hereof, 5,763,102 Common Shares were issued and outstanding.

The holders of Common Shares are entitled to receive notice of, and to cast one vote per share at, every meeting of Shareholders and to fully participate as to dividends and distributions of capital upon liquidation or winding-up of the Corporation, after the creditors of Crown have been satisfied.

## **SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

As of the date hereof, no Common Shares are subject to contractual restrictions on transfer.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Corporation's Common Shares and Convertible Debentures are listed and posted for trading on the TSX under the symbols "CRWN" and "CRWN.DB". The Convertible Debentures began trading on the TSX on June 13, 2018. The following table describes the price range and trading volume of the Common Shares and Convertible Debentures, as reported by the TSX, for the periods indicated.

Common Shares	High (\$/Common Share)	Low (\$/Common Share)	Volume
January 2021	5.48	4.54	140,046
February 2021	5.40	4.99	84,848
March 2021	5.49	5.00	286,438
April 2021	5.32	4.60	35,844
May 2021	5.26	5.07	63,700
June 2021	6.00	5.25	15,424
July 2021	6.05	5.57	21,286
August 2021	6.30	5.70	84,676
September 2021	6.51	6.31	23,463
October 2021	6.55	6.00	24,191
November 2021	7.35	6.16	16,170
December 2021	7.50	6.93	35,177
Convertible Debentures	High (\$/\$100 Principal Amount)	Low (\$/\$100 Principal Amount)	Volume
January 2021	90.00	82.52	2,180
February 2021	88.00	86.00	2,140
March 2021	90.00	87.60	4,570
April 2021	95.00	87.56	3,490
May 2021	92.00	89.21	4,540
June 2021	95.00	92.00	3,780
July 2021	99.00	96.00	3,860
August 2021	99.90	94.00	4,280
September 2021	100.50	95.50	5,570
October 2021	101.00	97.06	2,490
November 2021	99.99	97.16	4,810
December 2021	100.46	98.00	2,240

## Prior Sales

The following table sets forth for each class of securities of the Corporation that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the period from January 1, 2021 to December 31, 2021 and the number of securities of the class issued at that price and the date on which the securities were issued.

Date of Issue	Grant Number and Designation of Securities	Issue/Exercise Price (\$)
N/A	N/A	N/A

## EXECUTIVE OFFICERS AND DIRECTORS

### Summary Information

The following table sets forth certain summary information in respect of the executive officers, directors and other key members of management of the Corporation as of the date hereof.

Name, City and Country of Residence	Position	Director Since	Principal Occupation During the Five Preceding Years
Christopher Johnson, CFA King Township, Ontario, Canada	President and CEO, Director	April 7, 2005	Mr. Johnson has been the President and Chief Executive Officer of Crown since 2004. Prior thereto, from 2000 to 2004, Mr. Johnson was a Partner of Crown. Prior thereto, from 1999 to 2000, Mr. Johnson was an Investment Manager at Crown Life Insurance Company. Prior thereto, from 1997 to 1999, Mr. Johnson was an Investment Analyst at Crown Life Insurance Company.  Mr. Johnson holds a Bachelor of Commerce degree and is a Chartered Financial Analyst.
Michael Overvelde CPA, CA, CFA Toronto, Ontario, Canada	Senior Vice President and Chief Financial Officer	N/A	Mr. Overvelde joined Crown on March 21, 2017 and was appointed as Chief Financial Officer on May 10, 2017. Prior thereto, from 2015 to 2017, he was an Equity Research Analyst with Raymond James Ltd. Prior thereto, from 2010 to 2015, he was Director, Institutional Equities with National Bank Financial. Prior thereto, from 1998 to 2010, he held several positions with UBS Securities Canada, most recently as Executive Director, Institutional Equities.  Mr. Overvelde holds a Bachelor of Commerce degree and is a Chartered Professional Accountant and Chartered Financial Analyst.

Name, City and Country of Residence	Position	Director Since	Principal Occupation During the Five Preceding Years
John Brussa <sup>(1),(2),(3)</sup> Calgary, Alberta, Canada	Director	May 5, 2020	<p>Mr. Brussa is currently Chairman of Burnet Duckworth &amp; Palmer LLP, an energy focused law firm in Calgary, Alberta, and has been partner of the firm since 1987, specializing in the area of taxation. He has wide experience in governance and corporate strategy a result of serving on a significant number of boards of directors over various industries during the past 30 years. He has been recognized as one of the 50 Most Influential People in Alberta by Alberta Venture magazine and one of Canada's leading lawyers by Lexpert magazine. He is a past Jarislowsky Fellow at the University of Calgary's Haskayne School of Business, a past Governor of the Canadian Tax Foundation and currently serves as a mentor in strategy at the Canadian Centre for Advanced Leadership in Business.</p> <p>Mr. Brussa holds a Bachelor of Arts degree in History and Economics and a Bachelor of Laws degree (Gold Medalist) from the University of Windsor.</p>
C. Robert Gillis, CPA, CA <sup>(1),(2),(3)</sup> Brooklyn, Nova Scotia, Canada	Director	August 5, 2015	<p>Mr. Gillis is currently the President of Thornridge Holdings Limited, a private holding company and previously served as its Chief Financial Officer and Chief Operating Officer. Mr. Gillis is also President of Hawthorne Capital Inc., a merchant bank, and has been employed by the Thornridge group of companies since 1998.</p> <p>Mr. Gillis holds a Bachelor of Business Administration degree and is a Chartered Professional Accountant.</p>
Alan Rowe, CPA, CA <sup>(1),(2),(3)</sup> Toronto, Ontario, Canada	Chair and Director	June 30, 2015	<p>Mr. Rowe is a corporate director. Mr. Rowe was a Partner of Crown from 2000 to 2010, from 1993 to 2007, was the Senior Vice-President and Chief Financial Officer of Crown Life Insurance Company, from 1999 to 2007, was the Corporate Secretary of Crown Life Insurance Company, and, from 2002 to 2021, was a Partner of Crown Realty Partners, an investment management company. Mr. Rowe served as a director of Canadian Western Bank from 1996 to 2020.</p> <p>Mr. Rowe holds a Bachelor of Commerce (Honours) (Gold Medalist) from Memorial University of Newfoundland and is a Chartered Professional Accountant.</p>
Steven Sharpe <sup>(1),(2),(3)</sup> Toronto, Ontario, Canada	Director	July 17, 2020	<p>Mr. Sharpe is currently Managing Director of The EmBeSa Corporation, a private consultancy. As well, he is Chairman of the Privacy Co. LLC. Over the past number of years, Mr. Sharpe has chaired the boards and led a number of companies in the energy, financial services, consulting and hospitality sectors. A lawyer by training, Mr. Sharpe practiced law in Toronto for almost 20 years at Torys and Davies, Ward &amp; Beck.</p>

Notes:

- (1) Member of Compensation & Corporate Governance Committee. Steven Sharpe is the chair of the Compensation & Corporate Governance Committee.
- (2) Member of Audit & Risk Committee. C. Robert Gillis is the chair of the Audit & Risk Committee.
- (3) Independent director.

### **Common Share Ownership**

As of the date hereof, the directors, executive officers and other identified key members of management as a group beneficially own, or control or direct, 1,031,502 Common Shares, representing 17.9% of the outstanding Common Shares.

### **Terms of Directors and Executive Officers**

Directors are elected for a term expiring at the conclusion of the next annual meeting of Shareholders or until their successors are duly elected or appointed pursuant to the CBCA and such directors will be eligible for re-election. Executive officers serve at the discretion of the Board.

### **Corporate Cease Trade Orders and Bankruptcies**

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any such persons) is, as of the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation), that: (i) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”), and that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of the Corporation, except as disclosed below, no director or executive officer of the Corporation (nor any personal holding company of any such persons), or Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation: (i) is, as of the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Brussa was formerly a director of Calmena Energy Services Inc. ("**Calmena**") (a public oilfield service company). Mr. Brussa resigned as a director of Calmena on June 30, 2014. On January 19, 2015, a senior lender of Calmena (the "Senior Lender") made an application to the Court of Queen's Bench of Alberta (the "Court") to appoint an interim receiver under the *Bankruptcy and Insolvency Act* (Canada) and trading in the common shares of Calmena was suspended by the TSX on January 20, 2015, the Senior Lender was granted a receivership order by the Court.

Mr. Brussa was formerly a director of Enseco Energy Services Corp. ("**Enseco**") (a public oilfield service company), which was placed in receivership on October 14, 2015 and, in connection therewith, a receiver was appointed under the *Bankruptcy and Insolvency Act* (Canada). Mr. Brussa resigned as a director of Enseco on October 14, 2015. On December 21, 2015 Enseco was assigned into bankruptcy by the receiver.

Mr. Brussa was a director of Argent Energy Ltd. which was the administrator of Argent Energy Trust (a public oil and gas trust). On February 17, 2016, Argent Trust and its Canadian and United States holding companies (collectively "**Argent**") commenced proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") for a stay of proceedings until March 19, 2016. On the same date, Argent filed voluntary petitions for relief under Chapter 15 of the United States Bankruptcy Code ("Chapter 15"). On March 9, 2016, the stay of proceedings under the CCAA was extended until May 17, 2016. Additionally on March 10, 2016 the U.S. Bankruptcy Court approved an order recognizing the CCAA as the foreign main proceedings under Chapter 15. Mr. Brussa resigned on June 30, 2016.

Mr. Brussa resigned as a director of Twin Butte Energy Ltd. ("**Twin Butte**") (a public oil and gas company) on September 1, 2016. On September 1, 2016, the senior lenders of Twin Butte (the "Senior Lenders") made an application to the Court to appoint a receiver and manager over the assets, undertakings and property of Twin Butte under the *Bankruptcy and Insolvency Act* (Canada) and trading in the common shares of Twin Butte was suspended by the TSX. On September 1, 2016, the Senior Lenders were granted a receivership order by the Court.

Mr. Brussa was formerly a director of Virginia Hills Oil Corp. ("**VHO**") (a public oil and gas company). On February 13, 2017, VHO received a demand notice and notice of intention to enforce security from its lenders and agreed to consent to the early enforcement of the lenders' security and the appointment of a receiver over all of the current and future assets, undertakings and properties of VHO. The receiver was appointed on February 13, 2017. Mr. Brussa resigned as a director of VHO on February 24, 2017.

Mr. Gillis was formerly a director of 3304051 Nova Scotia Limited ("**3304051**"), which carried on business as Hefler Forest Products Limited (a biomass electric co-generation facility and sawmill). Mr. Gillis resigned as a director of 3304051 on January 12, 2021. Under the *Bankruptcy and Insolvency Act* (Canada), the senior lender of 3304051 applied for and was granted an interlocutory receivership order on January 22, 2021. On February 11, 2021, 3304051 was assigned into bankruptcy by the receiver.

Mr. Johnson was a director of National Builders Source Ltd. ("**NBSL**") (a building products distribution company) from June 2008 to May 2012. NBSL was assigned a receiver in September 2011. National Millwork Inc. acquired the assets of NBSL in September 2011. Mr. Johnson was a director of National Millwork Inc. from January 2009 until June 2012. National Millwork Inc. went into receivership in June 2012.

Mr. Johnson was appointed by Crown as a director of MCS Energy 21 Inc. (a distributed power installation and maintenance company) from June 2018 to June 2019. On behalf of Crown, an interim receiver was appointed over the undertakings, properties and assets of MCS Energy 21 Inc. on June 7, 2019.

### **Penalties and Sanctions**

To the knowledge of the Corporation, no director or executive officer of the Corporation (nor any personal holding company of any of such persons), or Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

Other than as disclosed herein, to the best of the Corporation's knowledge, there are no existing or potential material conflicts of interest among the Corporation and a current or prospective director or officer of the Corporation at the date of this AIF.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

Crown is not a party to any legal proceeding nor was a party to, nor is or was any of its property the subject of any legal proceeding, during the year ended December 31, 2021, nor is Crown aware of any such contemplated legal

proceedings, which involve a claim for damages, exclusive of interest and costs, that may exceed 10% of the current assets of Crown.

During the year ended December 31, 2021, there were no: (i) penalties or sanctions imposed against Crown by a court relating to securities legislation or by a securities regulatory authority; (ii) penalties or sanctions imposed by a court or regulatory body against Crown that would likely be considered important to a reasonable investor in making an investment decision; or (iii) settlement agreements Crown entered into before a court relating to securities legislation or with a securities regulatory authority.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed below, there are no material interests, direct or indirect, of directors, senior officers, any Shareholder holding more than 10% of the Common Shares, or any known associates or affiliates of such persons, in any transaction within the last three most recently completed financial years or during the current financial year or in any proposed transaction which has materially affected or would materially affect Crown.

In connection with the CPCP Transaction, the President and Chief Executive Officer, Chief Compliance Officer and Chief Investment Officer acquired a 50% interest in CPCP for aggregate consideration of approximately \$0.1 million, equivalent to consideration paid by the unrelated third parties to the transaction, and the President and Chief Executive Officer retains a 20% interest in CPCP.

### **MATERIAL CONTRACTS**

The following are the material contracts of the Corporation, other than contracts entered into in the ordinary course of business and the Crown Credit Facility:

- (a) the Underwriting Agreement, and
- (b) the Trust Indenture.

Copies of these material contracts are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **AUDITORS, TRANSFER AGENTS AND REGISTRARS**

The auditors of the Corporation are KPMG LLP, at its offices located at Toronto, Ontario. KPMG LLP have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

TMX Equity Transfer Services Inc. in Calgary, Alberta is the registrar and transfer agent for the Common Shares.

### **AUDIT COMMITTEE & RISK COMMITTEE**

The Audit & Risk Committee's primary role is to assist the Board in fulfilling its oversight responsibilities regarding the Corporation's internal controls, financial reporting and risk management practices, all as more particularly described in the formal written audit and risk committee charter adopted by the Board, a copy of which is attached to this AIF as Schedule "A".

#### **Composition**

The Audit & Risk Committee is comprised of C. Robert Gillis (chair), John Brussa, Alan Rowe and Steven Sharpe. All members of the Audit & Risk Committee are independent and financially literate as such terms are defined by National Instrument 52-110 – *Audit Committees*. For more information with respect to the education and experience of each member of the Audit & Risk Committee, see "Directors and Executive Officers".

## External Auditor Service Fees (By Category)

For the fiscal years ended December 31, 2021 and December 31, 2020, the Corporation paid or accrued fees for its external auditors for services in connection with these fiscal periods, as follows:

Nature of Services	December 31, 2021 (\$)	December 31, 2020 (\$)
Audit Fees <sup>(1)</sup>	387,126	275,300
Audit-Related Fees <sup>(1)</sup>	3,195	1,839
Tax Fees <sup>(2)</sup>	21,644	17,279
All Other Fees <sup>(3)</sup>	12,840	Nil

Notes:

- (1) Includes aggregate professional fees paid to the external auditors for the quarterly reviews and audit of the annual financial statements of Crown, Crown Power Fund and, in respect of fiscal 2020 only, Crown Partners Fund. It also includes the aggregate fees paid to the external auditors for services related to the audit services, including consultation with management and the Board and Audit & Risk Committee regarding financial reporting and implementation of new accounting standards.
- (2) Includes the aggregate fees paid to external auditors for tax compliance, tax advice, tax planning and advisory service.
- (3) For the fiscal year ended December 31, 2021, includes the fee paid to external auditors for specified auditing procedures in relation to the surrender of the Corporation's registration with the Alberta Securities Commission.

The Audit & Risk Committee has adopted an auditor services pre-approval policy that prescribes specific policies and procedures for the engagement of non-audit services, a copy of which is attached to this AIF as Schedule "B".

### ADDITIONAL INFORMATION

Additional information relating to Crown can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including information about the remuneration and indebtedness of our directors and officers, the principal holders of our securities and our securities authorized for issuance under equity compensation plans, will be contained in our information circular for the annual meeting of Shareholders expected to be held on or around May 11, 2022. Additional financial information about Crown is provided for in our financial statements and management's discussion and analysis for the year ended December 31, 2021.

## SCHEDULE “A” – AUDIT & RISK COMMITTEE CHARTER

### A. RESPONSIBILITY

The Audit & Risk Committee (the “**Committee**”) is responsible for assisting the board of directors (the “**Board**”) of Crown Capital Partners Inc. (the “**Corporation**”) in fulfilling its oversight responsibilities in relation to:

- (a) the integrity of the Corporation’s financial statements and certain disclosure documents provided by the Corporation to its shareholders, the public and others;
- (b) the Corporation’s compliance with legal and regulatory requirements related to financial reporting;
- (c) the qualifications, independence and performance of the Corporation’s external auditor (the “**Auditor**”);
- (d) the design, implementation and maintenance of internal controls and disclosure controls;
- (e) the identification and assessment of risks and the monitoring of the effectiveness of risk management practices; and
- (f) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

Although the Committee has the powers and responsibilities set forth in this mandate, the role of the Committee is oversight. It is not the duty of the Committee to conduct audits or to determine that the Corporation’s financial statements are complete, accurate and in accordance with International Financial Reporting Standards. The Auditor is responsible for planning and carrying out, in accordance with professional standards, an audit of the Corporation’s annual financial statements and reviewing the Corporation’s quarterly financial information. Management of the Corporation is responsible for the preparation, presentation and integrity of the financial statements and for maintaining appropriate accounting and financial reporting principles, policies and internal controls and procedures designed to ensure compliance with accounting standards and applicable laws and regulations.

### B. MEMBERS

The Board must appoint a minimum of three directors to be members of the Committee. The members of the Committee will be selected by the Board on the recommendation of the Compensation and Corporate Governance Committee (the “**CCG Committee**”).

All of the members of the Committee will be “independent directors” (“**Independent Directors**”) as defined in National Instrument 52-110 – Audit Committees, as amended from time to time (“**NI 52-110**”). In addition, every member of the Committee will be “financially literate” as defined in NI 52-110.

### C. CHAIRPERSON

Each year, the Board will on the recommendation of the CCG Committee appoint one member to be chairperson (the “**Committee Chair**”). If, in any year, the Board does not appoint a Committee Chair, the incumbent Committee Chair will continue in office until a successor is appointed.

### D. DUTIES

The Committee is responsible for performing the duties set out below as well as any other duties that are otherwise required by law or delegated to the Committee by the Board.

## **1. Appointment and Review of the External Auditor**

The Auditor is ultimately accountable to the Committee and reports directly to the Committee. Accordingly, the Committee will evaluate and be responsible for the Corporation's relationship with the Auditor and will ensure an open and transparent relationship between the Auditor and the Committee. Specifically, the Committee will:

- (a) select, evaluate and recommend to the Board the Auditor to be proposed for appointment or reappointment, as the case may be, by the shareholders;
- (b) review and approve the Auditor's engagement letter;
- (c) determine the Auditor's fee;
- (d) review the independence, experience, qualifications and performance of the Auditor, including the engagement and lead partners, in recommending its appointment or reappointment, including considering whether the Auditor's provision of any permitted non-audit services is compatible with maintaining its independence;
- (e) resolve any disagreements between senior management and the Auditor regarding financial reporting;
- (f) at least annually, obtain and review a report by the Auditor describing:
  - (i) the Auditor's internal quality-control procedures, including with regard to safeguarding confidential information;
  - (ii) any material issues raised by the most recent internal quality control review, or peer review, of the Auditor, or review by any independent oversight body, such as the Canadian Public Accountability Board, or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the Auditor, and the steps taken to deal with any issues raised in any such review; and
- (g) where appropriate, recommend to the Board termination of the Auditor.

## **2. Confirmation of the Auditor's Independence**

At least annually, and before the Auditor issues its report on the annual financial statements, the Committee will:

- (a) review a formal written statement from the Auditor describing all of its relationships with the Corporation;
- (b) discuss with the Auditor any relationships or services that may affect its objectivity and independence;
- (c) obtain written confirmation from the Auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Professional Accountants to which it belongs and is an independent public accountant within the meaning of the Independence Standards of the Canadian Institute of Chartered Professional Accountants; and
- (d) confirm that the Auditor has complied with applicable rules, if any, with respect to the rotation of certain members of the audit engagement team.

### **3. Pre-Approval of Non-Audit Services**

The Committee will pre-approve the appointment of the Auditor for any non-audit service to be provided to the Corporation. Before the appointment of the Auditor for any non-audit service, the Committee will consider the compatibility of the service with the Auditor's independence. The Committee may pre-approve the appointment of the Auditor for any non-audit services by adopting specific policies and procedures, from time to time, for the engagement of the Auditor for non-audit services. Such policies and procedures will be detailed as to the particular service, and the Committee must be informed of each service, and the procedures may not include delegation of the Committee's responsibilities to management. The Committee may delegate to one or more members the authority to pre-approve the appointment of the Auditor for any non-audit service to the extent permitted by applicable law provided that any pre-approvals granted pursuant to such delegation shall be reported to the full Committee at its next scheduled meeting.

### **4. Communications with the Auditor**

The Committee will communicate directly with the Auditor and will meet privately with the Auditor at least quarterly to discuss items of interest to the Committee or the Auditor, including:

- (a) the scope, planning and staffing of the audit, including requirements for rotation of the lead audit partner as required under Canadian independence standards;
- (b) the Auditor's materiality threshold for the audit;
- (c) the assessment by the Auditor of significant audit risk, critical accounting policies and practices used by the Corporation, alternative treatments of financial information within generally accepted accounting principles ("GAAP") and ramifications of use of such alternative disclosures and treatments, and any matters on which the Auditor consulted with its specialists;
- (d) any material written communications between the Auditor and senior management, such as any management letter or schedule of unadjusted differences;
- (e) whether or not the Auditor is satisfied with the quality and effectiveness of financial recording procedures and systems and internal controls and financial management, and any audit procedures undertaken by the Auditor due to material weaknesses in internal controls;
- (f) the Auditor's report on the financial statements;
- (g) whether or not the Auditor has received the full co-operation of senior management and other employees of the Corporation and any difficulties encountered in the course of the audit work, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with senior management and their response;
- (h) the items required to be communicated to the Committee under the Canadian authoritative guidance; and
- (i) any illegal act that has been observed.

### **5. Review of the Audit Plan**

The Committee will discuss with the Auditor the nature of an audit and the responsibility assumed by the Auditor when conducting an audit under generally accepted auditing standards. The Committee will review a summary of the Auditor's audit plan for each audit and any significant changes to the audit plan.

## **6. Internal Audit**

If the Corporation creates an internal audit function, or engages a third party provider of internal audit services, then the Committee will:

- (a) recommend to the Board the appointment of the internal auditor or third party firm;
- (b) annually review and approve the internal audit department charter and audit plan;
- (c) review the effectiveness of the internal audit function; and
- (d) meet quarterly with the internal auditor and with management to discuss reports on internal audit activities and findings and the effectiveness of the internal control procedures established for the Corporation.

## **7. Review of Financial Statements**

The Committee will review and discuss with senior management and the Auditor the annual audited financial statements, together with the Auditor's report thereon, and the interim financial statements, before recommending them for approval by the Board. The Committee will also review and discuss with senior management and the Auditor management's discussion and analysis relating to the annual audited financial statements and interim financial statements.

In conducting its review of the financial statements and related management's discussion and analysis, the Committee will:

- (a) consider the quality of, and not just the acceptability of, the accounting principles, the reasonableness of senior management's judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;
- (b) discuss any analyses prepared by senior management or the Auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP;
- (c) discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
- (d) consider any changes in accounting practices or policies and their impact on financial statements of the Corporation;
- (e) discuss with senior management, the Auditor and, if necessary, legal counsel, a report from senior management describing any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters have been disclosed in the financial statements;
- (f) discuss with senior management and the Auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies or other matters;
- (g) consider its discussions with the Auditor set out in item D.4 "*Communications with the Auditors*" above; and

- (h) consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements.

## **8. Review of Other Information**

The Committee will review:

- (a) all earnings news releases and other news releases containing financial information. The Committee will also review the use of “pro forma” or “adjusted” non-GAAP information in such news releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;
- (b) all other financial statements of the Corporation that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in Core Documents (as defined in the Corporation’s Disclosure and Insider Trading Policy) and financial statements required by regulatory authorities;
- (c) disclosures made to the Committee by the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of the Corporation’s internal control over financial reporting which are reasonably likely to adversely affect the Corporation’s ability to record, process, summarize and report financial information, and any fraud involving senior management or other employees who have a significant role in the Corporation’s internal control over financial reporting;
- (d) current and expected future compliance by the Corporation or its subsidiaries with covenants under all financing agreements and regulatory requirements;
- (e) the controls and procedures that have been adopted by the Corporation to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed; and
- (f) the adequacy of the internal controls and procedures that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records. This review will include a comparable review of the adequacy of the internal controls and procedures adopted by any third party with whom the Corporation has contracted and whose duties include the collection of monies and preparation of financial information.

## **9. Relations with Senior Management and other Board Committees**

The Committee will periodically meet privately with senior management to discuss any areas of concern to the Committee or senior management. The Committee will meet periodically with the CFO without other members of management present.

The Committee will provide input to the CCG Committee on the competence and performance of the CFO. The Committee will recommend to the Board, jointly with the CCG Committee, the appointment or removal of the CFO. The Committee will discuss with the CFO the competence and performance of other key financial personnel.

The Committee will pre-approve the hiring by the Corporation of any partners or employees or former partners or employees of the Auditor.

Members of the Committee will consult with the Disclosure Committee when requested in connection with making materiality determinations relating to the Corporation’s disclosure obligations.

## **10. Risk Management**

The Committee will oversee the Corporation's risk assessment and management function and establish a common understanding with management regarding the risk capacity, risk-taking philosophy and approach to determining the appropriate balance to risk and reward for the Corporation and its subsidiaries. The Committee will:

- (a) review and discuss the policies and practices adopted by senior management to prioritize, monitor and manage the significant financial risk exposures of the Corporation, including currency, interest rate, credit and market risks and the steps management has taken to monitor and manage such risks;
- (b) review and discuss with senior management the Corporation's significant non-financial risk exposures, including strategic, operational, regulatory, reputational and business risk exposures of the Corporation and the steps management has taken to monitor such risks;
- (c) annually review the Corporation's insurance coverage and deductible levels;
- (d) review and evaluate the Corporation's susceptibility to fraud and corruption and management's processes for identifying and managing the risks of fraud and corruption;
- (e) review and evaluate cybersecurity risks and management's cybersecurity policies and practices in the context of the Corporation's risk profile; and
- (f) at least quarterly, review a report from senior management with respect to emerging risks and changes in the Corporation's risk exposures, and management's activities to assess, manage and control such risks.

## **11. Taxation Matters**

The Committee will review with senior management the status of taxation matters of the Corporation. The Committee will also review a report from senior management confirming that the Corporation has withheld or collected and remitted all amounts required to be withheld or collected and remitted by it in respect of any taxes, levies, assessments, reassessments and other charges payable to any governmental authority.

## **12. Conduct and Ethics**

On a quarterly basis, the Committee Chair will review all expenses incurred by the Chair of the Board and the CEO and will confirm that the Chair of the Board and CFO review all expenses incurred by the other directors and senior management of the Corporation, respectively.

The Committee will review with the CEO, the CFO and the Auditor the methods used to establish and monitor the Corporation's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.

## **13. Complaints Procedure**

The Committee will review the procedures established in the Corporation's Integrity Program for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, disclosure controls or auditing matters and for the confidential, anonymous submission of concerns by employees of the Corporation regarding such matters.

## **14. Reporting**

The Committee will report to the Board after each meeting with respect to its activities and recommendations to the Board.

## **E. MEETINGS**

Subject to the Corporation's by-laws and articles and the requirements under the *Canada Business Corporations Act*:

### **1. Scheduling**

The Committee will meet as frequently as it determines is necessary to fulfill its responsibilities, which will be not less than four times a year. A meeting of the Committee may be called by the Committee Chair, the Chair of the Board, the CEO, the CFO, any Committee member or the Corporation's Auditor.

Meetings will be held at a location determined by the Committee Chair.

### **2. Notice**

Notice of the time and place of each meeting will be given to each member either by telephone or other electronic means not less than 48 hours before the time of the meeting. Meetings may be held at any time without notice if all of the members have waived or are deemed to have waived notice of the meeting. A member participating in a meeting without objection will be deemed to have waived notice of the meeting.

### **3. Agenda**

The Committee Chair will preside as Chair of each meeting and will be primarily responsible for establishing the agenda for each meeting and lead discussion on meeting agenda items. Prior to each Committee meeting, the Chair will discuss agenda items with the CEO and CFO. Any member may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any meeting raise subjects that are not on the agenda for the meeting. At each meeting of the Committee, the Committee will approve by resolution the agenda for such meeting.

### **4. Distribution of Information**

The Committee Chair will instruct management to distribute to Committee members, an agenda and properly prepared meeting materials in advance of each meeting to allow members sufficient time to review and consider the matters to be discussed.

### **5. Attendance and Participation**

Each member is expected to attend all meetings. A member who is unable to attend a meeting in person may participate by telephone or other electronic means.

### **6. Quorum**

A majority of members will constitute a quorum for any meeting of the Committee.

### **7. Voting and Approval**

At meetings of the Committee, each member will be entitled to one vote and questions will be decided by a majority of votes. In case of an equality of votes, the Committee Chair will not have a second or casting vote in addition to his or her original vote.

### **8. Procedures**

Procedures for Committee meetings will be determined by the Committee Chair unless otherwise determined by the by-laws of the Corporation or a resolution of the Committee or the Board.

## **9. Transaction of Business**

The powers of the Committee may be exercised at a meeting where a quorum is present in person or by telephone or other electronic means, or by resolution in writing signed by all members entitled to vote on that resolution at a meeting of the Committee (including in counterparts, by facsimile or other electronic signature).

## **10. Absence of Chair**

In the absence of the Committee Chair at a meeting of the Committee, the members in attendance must select one of them to act as chair of that meeting.

## **11. Secretary**

The Committee may appoint one of its members or any other person to act as secretary.

## **12. Minutes of Meetings**

The secretary appointed for the meeting by the Committee Chair will keep minutes of the proceedings of the Committee and the Committee Chair will cause him or her to circulate copies of the minutes to each member on a timely basis.

## **13. In-Camera Sessions**

The Committee shall hold an in-camera session without any management present at each meeting of the Committee. The Committee shall also meet with the Auditor and internal auditor, if any, independent of management, as necessary but not less than quarterly.

## **F. REMOVAL AND VACANCIES**

A director appointed by the Board to the Committee shall be a member of the Committee until removed or replaced or until his or her resignation. Any member may be removed and replaced at any time by the Board and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above. The Board will fill vacancies on the Committee by appointment from among qualified members of the Board. If a vacancy exists on the Committee, the remaining members will exercise all of its powers so long as a quorum remains in office.

## **G. ASSESSMENT**

At least annually, the CCG Committee will review the effectiveness of the Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the mandate adopted by the Board.

## **H. REVIEW AND DISCLOSURE**

The Committee will review this Charter at least annually and submit it to the CCG Committee together with any proposed amendments. The CCG Committee will review the Charter and submit it to the Board for approval with such further amendments as it deems necessary and appropriate.

This Charter will be posted on the Corporation's website and the annual report of the Corporation will state that this Charter is available on the website or is available in print to any shareholder who requests a copy.

## **I. ACCESS TO OUTSIDE ADVISORS AND RECORDS**

The Committee may retain any outside advisor at the expense of the Corporation at any time and has the authority to determine any such advisor's fees and other retention terms.

The Committee, and any outside advisors retained by it, will have access to all records and information relating to the Corporation which it deems relevant to the performance of its duties. The Committee will have the authority to discuss with management of the Corporation, senior staff of the Corporation and the Auditor, such accounts, records and other matters as any member of the Committee considers necessary and appropriate.