

**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

November 12, 2015

The Management's Discussion and Analysis ["MD&A"] analyzes significant changes in the unaudited interim condensed consolidated financial statements of Clairvest Group Inc. ["Clairvest" or the "Company"]. It should be read in conjunction with the accompanying unaudited interim condensed consolidated financial statements and notes of Clairvest as at and for the quarter ended September 30, 2015 and the quarterly news release.

The Company employs various acquisition entities in structuring its investments, all of which are controlled by Clairvest. These acquisition entities, which are accounted for at fair value in accordance with International Financial Reporting Standards ["IFRS"] as described in the Critical Accounting Estimates section below, include the following:

2141788 Ontario Corporation ["2141788 Ontario"]
CEP III Co-Investment Limited Partnership ["CEP III Co-Invest"]
MIP III Limited Partnership ["MIP III"]
CEP IV Co-Investment Limited Partnership ["CEP IV Co-Invest"]
MIP IV Limited Partnership ["MIP IV"]
CEP V Co-Investment Limited Partnership ["CEP V Co-Invest"]
MIP V Limited Partnership ["MIP V"]

2141788 Ontario, a limited partner of CEP III Co-Invest and CEP V Co-Invest, is a wholly-owned acquisition entity of Clairvest. Clairvest's relationship with CEP III Co-Invest and MIP III, CEP IV Co-Invest and MIP IV, and CEP V Co-Invest and MIP V are described in the Transactions with Related Parties and Off-Statement of Financial Position Arrangements sections of the MD&A.

Clairvest is considered an agent of the funds which it manages. Accordingly, the financial positions and operating results of Clairvest Equity Partners Limited Partnership ["CEP"], Clairvest Equity Partners III Limited Partnership ["CEP III"], Clairvest Equity Partners IV Limited Partnership ["CEP IV"] and Clairvest Equity Partners IV-A Limited Partnership ["CEP IV-A"], and Clairvest Equity Partners V Limited Partnership ["CEP V"] and Clairvest Equity Partners V-A Limited Partnership ["CEP V-A"] [together, the "CEP Funds"] are not included in Clairvest's financial position and operating results.

All amounts are in Canadian dollars unless otherwise indicated.

CRITICAL ACCOUNTING ESTIMATES

The consolidated financial statements as at and for the year ended March 31, 2015 contain certain disclosures not included in the unaudited interim condensed consolidated financial statements as at and for the quarter ended September 30, 2015, accordingly, this MD&A should be read in conjunction with the audited consolidated financial statements as at and for the year ended March 31, 2015.

Clairvest prepared its consolidated financial statements in accordance with IFRS 10, "Consolidated Financial Statements", as issued by the International Accounting Standards Board. For a discussion of all significant accounting policies which includes a discussion of the Company's critical accounting estimates, refer to Note 2 of the notes to the consolidated financial statements. A description of critical accounting estimates are provided below.

Fair value of financial assets

When a financial asset or liability is initially recognized, its fair value is generally the value of consideration paid or received. Acquisition costs relating to corporate investments are not included as part of the cost of the investment. Subsequent to initial recognition, the fair value of an investment quoted on an active market, the fair value is generally the bid price on the principal exchange on which the investment is traded. Investments that are escrowed or otherwise restricted on sale or transfer are recorded at amounts at fair values which take into account the escrow terms or other restrictions. In determining the fair value for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments. The amounts at which Clairvest's publicly-traded investments could be disposed of may differ from this fair value and the differences could be material.

Differences could arise as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. Estimated costs of disposition are not included in the fair value determination.

In the absence of an active market, the fair values are determined by management using the appropriate valuation methodologies after considering the history and nature of the business, operating results and financial conditions, the general economic, industry and market conditions, capital market and transaction market conditions, contractual rights relating to the investment, public market comparables, private market transactions multiples and, where applicable, other pertinent considerations. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had an active market existed. The amounts at which Clairvest's privately-held investments could be disposed of may differ from the fair value assigned and the differences could be material. Estimated costs of disposition are not included in the fair value determination.

In determining the fair value of public company warrants, for which the underlying security is traded on a recognized securities exchange, and if there are sufficient and reliable observable market inputs, including exercise price and term of the warrants, market interest rate, and current market price, expected dividends and volatility of the underlying security, a valuation technique is used. If market inputs are insufficient or unreliable, the warrants are valued at intrinsic value, which is equal to the higher of the closing bid price of the underlying security less the exercise price of the warrant, or nil. For private company warrants, the underlying security for which is not traded on a recognized securities exchange, the fair value is determined consistently with other investments which do not have an active market as described above.

A change to an estimate with respect to Clairvest's privately-held corporate investments or publicly-traded corporate investments would impact corporate investments and net investment gains.

Recognition of carried interest and corresponding expenses

The Company recognizes unrealized carried interest from the CEP Funds on its consolidated statements of financial position which are based on the fair values of the financial instruments held by the CEP Funds. As discussed previously, fair values of certain financial instruments are determined using valuation techniques and by their nature, the use of estimates and assumptions. Changes in the underlying estimates and assumptions could materially impact the determination of the fair value of these financial instruments. Imprecision in determining fair value using valuation techniques may affect the calculation of carried interest receivable and the resulting accrued liabilities for future payouts relating to these carried interest receivable at the statement of financial position date.

Deferred taxes

The process of determining deferred income tax assets and liabilities requires management to exercise judgment while considering the anticipated timing of disposal of corporate investments, and proceeds thereon, tax planning strategies, changes in tax laws and rates, and loss carryforwards. Deferred income tax assets are only recognized to the extent that in the opinion of management, it is probable that the deferred income tax asset will be realized. A change to an accounting estimate with respect to deferred income taxes would impact deferred tax liability and income tax expense.

FINANCIAL CONDITION AND BOOK VALUE

The following table summarizes the Company's financial position and book value:

Financial Position			
[\$000's] [except share information]			
As at	September 30, 2015	June 30, 2015	March 31, 2015
Cash, cash equivalents and temporary investments ["treasury funds"]	68,009	144,578	157,155
Carried interest receivable from the CEP Funds	57,150	57,626	53,738
Corporate investments, at fair value	309,169	304,271	291,421
Total assets	539,476	548,797	531,207
Total liabilities	84,466	96,669	83,513
Book value	455,010	452,128	447,694
Book value per share	30.00	29.81	29.58
Number of shares outstanding	15,169,095	15,169,095	15,134,095

Clairvest's book value per share grew by \$0.19 during the second quarter of fiscal 2016, and by \$0.42 for the six months ended September 30, 2015. For the quarter, the increase was due to \$2.9 million in net income and comprehensive income ["net income"].

ASSETS

As at September 30, 2015, the Company's treasury funds of \$68.0 million were held in cash, money market savings accounts rated not below R1-High, investment savings accounts and guaranteed investment certificates rated not below BBB-, and treasury investment in corporate bonds of Light Tower Rentals [see Notes 4 and 15 to the financial statements for a detailed discussion of the Company's treasury funds]. 2141788 Ontario also held \$15.6 million in cash, investment savings accounts and guarantee investment certificates rated comparably. Clairvest also has ownership to \$5.6 million in cash held in various acquisition entities which are controlled by Clairvest.

Clairvest has a \$75.0 million, committed credit facility with a maturity date of April 30, 2020. The credit facility is unsecured and bears interest at the rate of 11.0% per annum on drawn amounts and 1.0% per annum on undrawn amounts. The amount available under the credit facility as at September 30, 2015 is \$75.0 million.

Clairvest also has a \$20.0 million credit facility with a Canadian chartered bank. The credit facility, which is subject to annual renewal, is unsecured and bears interest at the bank prime rate plus 0.5% per annum. The amount available under the credit facility as at September 30, 2015 is \$20.0 million, which is based on debt covenants and certain restrictions within the banking arrangement.

As at September 30, 2015, Clairvest had corporate investments with a carrying value of \$309.2 million, an increase of \$4.9 million during the second quarter of fiscal 2016, \$285.3 million of which represents the fair value of Clairvest's underlying investee companies ["investee companies"] and the remaining \$23.9 million of which represents other net assets [liabilities] held by Clairvest's acquisition entities.

Excluding net assets [liabilities] held by Clairvest's acquisition entities, the aggregate carrying value of Clairvest's investee companies increased by \$12.3 million during the second quarter of fiscal 2016, which primarily comprised the following:

- Foreign exchange revaluations of \$8.3 million;
- Net changes in unrealized gains on its investee companies of \$1.9 million; and
- Follow-on investments totaling \$1.7 million in its existing investee companies.

Clairvest has implemented a foreign exchange hedging strategy to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar by hedging 100% of the fair value of its foreign investments and loans unless a specific exemption is approved by the Board of Directors. As a result, the foreign exchange adjustments made in Clairvest's investee companies is primarily offset by the foreign exchange adjustments made in the forward exchange forward contracts used to support its foreign exchange hedging strategy. The foreign exchange adjustments made in the forward exchange forward contracts are described in the Derivative Financial Instruments section of the MD&A.

The following table summarizes Clairvest's investee companies as at September 30, 2015 and March 31, 2015:

[S000's]	September 30, 2015			March 31, 2015		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Investment alongside CEP						
Grey Eagle Casino ["Grey Eagle"]	4,080	1	4,079	2,709	1	2,708
Investments made by CEP III Co-Invest alongside CEP III						
Casino New Brunswick	13,902	9,798	4,104	8,324	9,798	[1,474]
Chilean Gaming Holdings ^[a]	40,894	28,754	12,140	34,703	28,754	5,949
Light Tower Rentals Inc. ["Light Tower Rentals"]	1,001	2,403	(1,402)	11,629	2,403	9,226
Lyophilization Services of New England Inc. ["LSNE"]	10,008	7,451	2,557	9,380	7,451	1,929
Investments made by CEP IV Co-Invest alongside CEP IV						
Centaur Gaming	59,189	14,644	44,545	50,355	14,644	35,711
Cieslok Media Inc. ["Cieslok Media"]	9,597	4,015	5,582	7,411	4,015	3,396
County Waste of Virginia, LLC ["County Waste"]	9,265	7,308	1,957	8,210	6,690	1,520
CRS Contractors Rental Supply Limited Partnership ["CRS"]	16,984	10,573	6,411	16,984	10,573	6,411
Davenport Land Investments ^[b]	2,898	2,196	702	3,465	3,059	406
Discovery Air Inc. ["Discovery Air"]	34,434	30,038	4,396	33,036	29,606	3,430
Linen King, LLC ["Linen King"]	–	–	–	809	2,525	[1,716]
Momentum Aerospace Group ["MAG"] [formerly Momentum Aviation Group]	5,488	3,838	1,650	3,980	2,787	1,193
New Meadowlands Racetrack, LLC [the "Meadowlands"]	8,572	5,580	2,992	7,942	5,580	2,362
Rivers Casino	26,863	7,508	19,355	25,362	7,508	17,854
Winters Bros. Waste Systems of CT, LLC ["Winters Bros. of CT"]	10,180	8,053	2,127	9,662	8,053	1,609
Investments made by CEP V Co-Invest alongside CEP V						
Winters Bros. Waste Systems of Long Island Holdings, LLC ["Winters Bros. of LI"]	10,234	7,215	3,019	9,713	7,215	2,498
Wellington Financial Fund III/IV/V ["Wellington Fund III/IV/V"]	20,232	14,754	5,478	18,069	14,375	3,694
	283,821	164,129	119,692	261,743	165,037	96,706
Other investments	1,500	1,600	[100]	1,616	1,686	[70]
	285,321	165,729	119,592	263,359	166,723	96,636

^[a] Comprised Clairvest's investment in Casino Marina del Sol, Casino Osorno and Casino Sol Calama

^[b] Comprised two entities holding real estate surrounding a casino development in Davenport Iowa ["Davenport North" and "Davenport South"].

Significant events relating to these investee companies, other than with respect to valuation changes and foreign exchange adjustments, are described below.

County Waste

During the second quarter of fiscal 2016, CEP IV Co-Invest invested an additional US\$0.5 million for 460.36 Class B units in County Waste, bringing total Class B units held by CEP IV Co-Invest to 6,942.64 units representing a 12.5% ownership interest on a fully diluted basis.

Linen King

During the second quarter of fiscal 2016, CEP IV Co-Invest realized on its investment in Linen King and received proceeds of US\$0.6 million against its original cost of US\$2.5 million. Substantially all of the investment losses had been recorded in prior periods.

MAG

During the second quarter of fiscal 2016, CEP IV Co-Invest invested an additional US\$0.8 million for 6,237 Class A preferred shares of MAG, bringing total Class A preferred shares held by CEP IV Co-Invest to 32,736 units representing a 10.3% ownership interest on a fully diluted basis.

Wellington Fund V

During the second quarter of fiscal 2016, Clairvest committed \$30.0 million to Wellington Fund V, a successor fund to Wellington Fund IV. Subsequent to quarter end, Wellington Fund V purchased, at fair market value, the loan portfolio of

Wellington Fund IV. Also subsequent to quarter end, Wellington Fund V completed its final closing at \$300 million, with Clairvest increasing its commitment to \$30.4 million as part of the final closing. As a result of these transactions, Clairvest received a return of capital of \$14.8 million from Wellington Fund IV and invested \$14.7 million in Wellington Fund V. Clairvest is also entitled to participate in the profits of the general partner of Wellington Fund V and continues to own a residual interest in Wellington Fund IV.

LIABILITIES

As at September 30, 2015, Clairvest had \$84.5 million in liabilities, which included \$5.0 million in accrued management and director compensation, \$24.7 million in share-based compensation, \$40.4 million in management participation, \$1.3 million in derivative instruments liability and \$10.6 million deferred tax liability. \$54.2 million of these liabilities were payable only upon the cash realization of certain investments of Clairvest or the CEP Funds.

EQUITY AND SHARE INFORMATION

As at September 30, 2015, Clairvest had 15,169,095 common shares issued and outstanding. As at September 30, 2015, Clairvest had 355,000 stock options outstanding, all of which were exercisable as at September 30, 2015. Each option is exercisable for one common share. Subsequent to quarter end, all 355,000 options were exercised, 45,000 of which were exercised for shares and 310,000 of which were exercised under the cash settlement feature.

Clairvest has a normal course issuer bid enabling it to purchase up to 756,705 common shares during the 12-month period ending March 5, 2016. No shares were purchased under the bid during the quarter. As at November 12, 2015, Clairvest had repurchased a total of 6,595,049 common and non-voting shares over the last eleven years.

FINANCIAL RESULTS

Net income for the second quarter of fiscal 2016 was \$2.9 million compared with \$26.4 million for the second quarter of fiscal 2015. The following table summarizes the composition of net income:

Financial Results [\$000's] [except per share information]	Quarter ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Net investment gains				
- Investee companies inclusive of foreign exchange hedging activities	800	23,153	12,217	31,431
- Acquisition entities including distributions, interest, dividends and fees received from investee companies	3,319	[2,742]	5,092	1,896
	4,119	20,411	17,309	33,327
Distributions, interest income, dividends and fees				
- CEP Funds	2,724	2,065	4,788	4,363
- Investee companies	1,904	568	3,102	1,108
- Treasury funds	[200]	637	768	1,001
- Acquisition entities and other	15	5,384	30	5,515
	4,443	8,654	8,688	11,987
Net carried interest income – realized and unrealized changes	[314]	16,367	3,574	22,159
Total expenses	4,828	18,221	17,194	31,647
Net income before tax	3,420	27,211	12,377	35,826
Income tax [recovery]	538	849	1,606	[77]
Net income	2,882	26,362	10,771	35,903
Net income per share	0.19	1.74	0.71	2.37
Net income per share - fully diluted	0.19	1.74	0.71	2.37

The Company fair values its acquisition entities which hold Clairvest's investee companies as well as other assets and liabilities. Distributions, interest, dividends and fees earned from and realized gains and net changes in unrealized gains on the investee companies held by acquisition entities, including foreign exchange fluctuations and the hedging activities related to managing the foreign currency exposure of these investments, are reflected in net investment gains until the proceeds are distributed out of acquisition entities, at which point the Company would record a distribution or a dividend from acquisition entities and reverse the net investment gains or losses which had previously been recorded.

During the second quarter of fiscal 2016, CEP IV Co-Invest recorded an \$11 thousand net realized loss as a result of the realization of Linen King. During the second quarter of fiscal 2015, CEP III Co-Invest recorded a net realized gain of \$16.7

million for the realization of KUBRA Data Transfer Limited and a \$6.7 million realized gain as a result of the partial realization Light Tower Rentals.

The net changes in unrealized gains or losses on investee companies for the quarters and six months ended September 30 are summarized as follows:

	Quarter ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Casino New Brunswick	3,653	1,273	4,515	1,273
Centaur Gaming	3,382	[1,454]	5,938	[3,023]
Cieslok Media	516	—	2,185	—
Chilean Gaming Holdings	3,246	—	8,111	—
CRS	—	2,383	—	2,916
Davenport Land Investments	—	—	223	—
Discovery Air	[425]	[1,851]	961	[2,905]
Grey Eagle Casino	1,354	193	1,371	203
Light Tower Rentals	[10,530]	2,353	[10,530]	5,241
MAG	118	71	213	140
Rivers Casino	[99]	[1,714]	82	[2,220]
Wellington Fund III / IV	676	1,201	1,784	2,101
	1,891	2,455	14,853	3,726
Other	—	—	—	2,400
Net changes in unrealized gains [losses] on investee companies	1,891	2,455	14,853	6,126

The Company and its acquisition entities also receive distributions, interest, dividends or fees from various investee companies. The following table summarizes the income earned by the Company and its acquisition entities for the quarters and six months ended September 30:

	Quarter ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Distributions and interest income				
Casino New Brunswick	1,064	71	1,136	140
Centaur Gaming	11	10	21	16
County Waste	—	34	—	78
Davenport Land Investments	—	—	338	—
Discovery Air	64	706	160	1,404
Grey Eagle Casino	289	200	462	352
LSNE	23	—	178	—
MAG	17	—	40	10
The Meadowlands	298	222	574	439
Rivers Casino	986	688	2,261	1,770
Wellington Fund III/IV	689	29	1,189	58
	3,441	1,960	6,359	4,267
Dividend income				
Chilean Gaming Holdings	334	330	391	872
Advisory and other fees	995	468	1,489	947
Distributions, interest, dividends and fees from investee companies	4,770	2,758	8,239	6,086

The Company also receives distributions, fees and interest from the CEP Funds as described in the Transaction with Related Parties section of the MD&A. For the second quarter of fiscal 2016, the Company earned \$1.8 million in general partner distributions, \$0.2 million in management fees and \$1.0 million in interest from the CEP Funds, compared with \$1.7 million in general partner distributions, \$0.2 million in management fees and \$0.2 million in interest from the CEP Funds for the same quarter last year.

The Company also earns carried interest income from the CEP Funds, as described in the Transaction with Related Parties section of the MD&A. The following table summarizes net carried interest income earned by the Company for the quarters and six months ended September 30:

NET CARRIED INTEREST INCOME [\$000's]

	Quarter ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Realized carried interest from the CEP Funds	160	33,530	160	33,530
Net change in unrealized carried interest from the CEP Funds	[474]	[17,163]	3,414	[11,371]
Net carried interest income	[314]	16,367	3,574	22,159

For the quarter ended September 30, 2015, the Company incurred a \$0.2 million loss on its treasury funds as a result of changes to the market value of certain securities held in treasury funds, compared to \$0.6 million earned for the same quarter last year.

Total expenses for the second quarter of fiscal 2016 were \$4.8 million, compared with total expenses of \$18.2 million for the same quarter last year. The following table summarizes expenses incurred by the Company for the quarters and six months ended September 30:

TOTAL EXPENSES EXCLUDING INCOME TAXES [\$000's]

	Quarter ended September 30		Six months ended September 30	
	2015	2014	2015	2014
Employee compensation and benefits	2,541	2,871	4,782	10,424
Share-based compensation expenses	994	3,607	6,025	4,851
Administration and other expenses				
Domain and due diligence expenses	346	141	1,077	435
Professional fees [recovered]	151	274	414	[116]
Office and other expenses	1,185	572	2,078	1,224
	1,682	987	3,569	1,543
Finance and foreign exchange expense [recovery]				
Interest and bank charges	195	271	461	588
Foreign exchange costs [gain]	[314]	252	[339]	229
	[119]	523	122	817
Management participation	[270]	10,233	2,696	14,012
Total expenses, excluding income taxes	4,828	18,221	17,194	31,647

Including in share-based compensation expenses for the second quarter of fiscal 2016 was \$0.2 million in stock based compensation, \$0.6 million in vesting and appreciation of book value appreciation rights ["BVARs"] and \$0.2 million in grants and appreciation of deferred share units ["DSUs"] and appreciation deferred share units ["ADSUs"].

Management participation is further described in the Transaction with Related Parties section of the MD&A.

SUMMARY OF QUARTERLY RESULTS

Quarterly results [\$000's except per share information]	Gross Revenue \$	Net income [loss] \$	Net income [loss]	Net income [loss]
			per common share \$	per common share fully diluted* \$
September 30, 2015	8,248	2,882	0.19	0.19
June 30, 2015	21,323	7,889	0.52	0.52
March 31, 2015	32,524	19,009	1.25	1.25
December 31, 2014	4,330	[2,907]	[0.19]	[0.19]
September 30, 2014	45,432	26,362	1.74	1.74
June 30, 2014	22,041	9,541	0.63	0.60
March 31, 2014	8,746	2,224	0.15	0.15
December 31, 2013	23,008	13,255	0.88	0.88

* The sum of quarterly net income [loss] per common share may not equal the year to date net income per common share due to rounding and the dilutive effect on any quarters which may not be applicable for the full year.

OUTLOOK & SUBSEQUENT EVENTS

As a long term investor, Clairvest is focused on building value in its investee companies by contributing strategic expertise, guiding management through volatile times and helping its investee companies capitalize on new opportunities that arise.

As at September 30, 2015, Clairvest had \$736.5 million of capital available for future acquisitions through treasury funds, credit facilities and access to funds at its acquisition entities and uncalled capital in the CEP Funds. With the available funds, Clairvest has ample liquidity to support its investee companies as appropriate and to continue its active pursuit of new investment opportunities to enhance shareholder value.

Subsequent to quarter end, Clairvest and CEP III completed the sale of Casino New Brunswick [“CNB”]. Clairvest held its investment in CNB through CEP III Co-Invest. The final sale price of CNB, subject to working capital adjustments, was \$95.7 million. On closing and after repayment of third party debt, CEP III Co-Invest received gross proceeds of \$14.4 million. Gross proceeds included full repayment of debentures, equity distributions as well as interest and fees. As part of the transaction, rather than an escrow holdback, Clairvest agreed to a net guarantee of \$13.5 million to fund any valid claims made by the purchaser under the indemnity provisions of the sale for a specified period of time. Any funding pursuant to the guarantee will be allocated 25% to CEP III Co-Invest and 75% to CEP III. The results of this transaction have been recognized during the quarter ended September 30, 2015.

TRANSACTIONS WITH RELATED PARTIES

The general partner of CEP [“CEP GP”], an entity which is controlled by Clairvest, is entitled to participate in distributions made by CEP equal to 20% of all net gains of CEP [the “carried interest”] as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to principals and employees of Clairvest via a limited partnership [“Participation Partnership”], the general partner of which is Clairvest. The limited partners of Participation Partnership have purchased, at fair market value, units of the Participation Partnership. From time to time, additional units in Participation Partnership may be purchased by the limited partners of Participation Partnership. During the second quarter of fiscal 2016, CEP GP earned \$0.2 million in carried interest from CEP, 50% of which or \$0.1 million was ultimately paid to Clairvest, and the other 50% or \$0.1 million was ultimately paid to the limited partners of Participation Partnership which reduced the management participation liability. As at September 30, 2015, CEP had declared and paid distributions to CEP GP totaling \$23.5 million, 50% of which or \$11.7 million was ultimately paid to Clairvest and the other 50% or \$11.7 million was ultimately paid to the limited partners of Participation Partnership.

As at September 30, 2015, if CEP were to sell all of its corporate investments at their current fair values, CEP GP would receive up to \$2.6 million in carried interest from CEP. In accordance with IFRS, Clairvest has recorded the \$2.6 million as carried interest receivable on the consolidated statements of financial position with the 50% entitlement that will be ultimately paid to the limited partners of Participation Partnership, or \$1.3 million, recorded as a management participation liability on the consolidated statements of financial position.

As the general partner of CEP III, Clairvest is entitled to a priority distribution from CEP III. Effective January 13, 2011, the priority distribution is calculated monthly as 0.1667% of invested capital net of write-downs of capital then invested. The priority distribution is reduced to the extent of 75% of fees earned by Clairvest from corporate investments of CEP III. During the second quarter of fiscal 2016, CEP III declared to Clairvest priority distributions of \$0.4 million. As per the Limited Partnership Agreement, fees of \$0.1 million from corporate investments of CEP III were netted against the priority distributions.

The general partners of CEP III [“CEP III GPs”] are entitled to a 20% carried interest in respect of CEP III as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP III, the general partner of which is Clairvest and the limited partners of which are principals and employees of Clairvest. The limited partners of MIP III have purchased, at fair market value, units of the MIP III. From time to time, additional units in MIP III may be purchased by the limited partners of MIP III. As at September 30, 2015, CEP III had declared and paid distributions to CEP III GP totaling \$33.3 million, 50% of which, or \$16.6 million was ultimately paid to Clairvest and the other 50% or \$16.6 million was ultimately paid to the limited partners of MIP III.

As at September 30, 2015, if CEP III were to sell all of its corporate investments at their current fair values, CEP III GPs would receive up to \$19.3 million in carried interest from CEP III. In accordance with IFRS, Clairvest has recorded the \$19.3 million as carried interest receivable on the consolidated statements of financial position, with the 50% entitlement that will be ultimately paid to the limited partners of MIP III, or \$9.7 million, recorded as a management participation liability on the consolidated statements of financial position.

Clairvest is required to co-invest alongside CEP III in all investments undertaken by CEP III. CEP III Co-Invest was established in fiscal 2007 as the investment vehicle for this purpose. CEP III Co-Invest has three limited partners, Clairvest,

2141788 Ontario and MIP III. MIP III has invested \$1.1 million in CEP III Co-Invest and in addition is entitled to an 8.25% carried interest in respect of CEP III Co-Invest via the general partner of CEP III Co-Invest, an entity controlled by Clairvest. As at September 30, 2015, CEP III Co-Invest had declared and paid distributions totaling \$5.8 million to MIP III, \$4.1 million of which represented the carried interest earned from CEP III Co-Invest.

Clairvest, as the general partner of MIP III, is entitled to participate in distributions equal to the realizable value on the \$1.1 million invested by MIP III in CEP III Co-Invest plus the first \$0.2 million in distributions received by the MIP III as described above, and any other distributions are the entitlements of the limited partners of MIP III. As at September 30, 2015, \$2.0 million has been received by Clairvest.

As at September 30, 2015, if CEP III Co-Invest were to sell its corporate investments at their current fair values, the limited partners of MIP III would receive up to \$4.6 million in carried interest from CEP III Co-Invest based on the terms described above, the amount of which has been recorded as a management participation liability on the consolidated statements of financial position.

As general partner of CEP IV, Clairvest is entitled to a priority distribution from CEP IV. Effective January 14, 2011 and to the date upon which consideration based on committed capital is payable in respect of CEP V [the “CEP IV Investment Termination Date”], the priority distribution is calculated monthly as 0.1667% of committed capital, and thereafter, 0.1667% of invested capital net of write-downs of capital then invested. The priority distribution is reduced to the extent of 63.2% of any fees earned by Clairvest from corporate investments of CEP IV. As at September 30, 2015, the CEP IV Investment Termination Date has not been determined. During the second quarter of fiscal 2016, CEP IV declared to Clairvest priority distributions of \$1.4 million. As per the Limited Partnership Agreement, fees of \$0.1 million from corporate investments of CEP IV were netted against the priority distributions.

The general partners of CEP IV [“CEP IV GPs”] are entitled to a 20% carried interest in respect of CEP IV as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP IV, the general partner of which is Clairvest and the limited partners of which are principals and employees of Clairvest. The limited partners of MIP IV have purchased, at fair market value, units of the MIP IV. From time to time, additional units in MIP IV may be purchased by the limited partners of MIP IV. No carried interest has been declared and paid by CEP IV to CEP IV GP as at September 30, 2015.

As at September 30, 2015, if CEP IV were to sell all of its corporate investments at their current fair values, CEP IV GPs would receive up to \$28.8 million in carried interest from CEP IV. In accordance with IFRS, Clairvest has recorded the \$28.8 million as carried interest receivable on the consolidated statements of financial position, with the 50% entitlement that will be ultimately paid to the limited partners of MIP IV, or \$14.4 million, recorded as a management participation liability on the consolidated statements of financial position.

As manager of CEP IV-A, Clairvest is entitled to a management fee from CEP IV-A. Effective January 14, 2011 and to the date upon which consideration based on committed capital is payable in respect of CEP V-A [the “CEP IV-A Investment Termination Date”], the management fee is calculated monthly as 0.1667% of committed capital, and thereafter, 0.1667% of invested capital net of write-downs of capital then invested. The management fee is reduced to the extent of 10.1% of fees earned by Clairvest from corporate investments of CEP IV-A and other amounts as provided in the Limited Partnership Agreement. As at September 30, 2015, the CEP IV-A Investment Termination Date has not been determined. During the second quarter of fiscal 2016, Clairvest earned management fees of \$0.2 million as compensation for its services in the administration of the portfolio of CEP IV-A. As per the Limited Partnership Agreement, \$0.1 million was netted against the management fees.

The general partner of CEP IV-A [“CEP IV-A GP”], an entity which is controlled by Clairvest, is entitled to a 20% carried interest in respect of CEP IV-A as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP IV. No carried interest has been declared and paid by CEP IV-A to CEP IV-A GP as at September 30, 2015.

As at September 30, 2015, if CEP IV-A were to sell all of its corporate investments at their current fair values, CEP IV-A GP would receive up to \$6.5 million in carried interest from CEP IV-A. In accordance with IFRS, Clairvest has recorded the \$6.5 million as carried interest receivable on the consolidated statements of financial position, with the 50% entitlement that will be ultimately paid to the limited partners of MIP IV, or \$3.2 million, recorded as a management participation liability on the consolidated statements of financial position.

Clairvest is required to co-invest alongside CEP IV and CEP IV-A in all investments undertaken by CEP IV and CEP IV-A. CEP IV Co-Invest was established in fiscal 2010 as the investment vehicle for this purpose. CEP IV Co-Invest has two limited partners, Clairvest and MIP IV. MIP IV has invested \$1.6 million in CEP IV Co-Invest and in addition is entitled to an 8.25% carried interest in respect of CEP IV Co-Invest via the general partner of CEP IV Co-Invest, an entity controlled by Clairvest.

Clairvest, as general partner of MIP IV, is entitled to participate in distributions equal to the realizable value on the \$1.6 million invested by MIP IV in CEP IV Co-Invest plus the first \$0.4 million received by MIP IV as described above, and any other distributions are the entitlements of the limited partners of MIP IV. No amounts have been received by Clairvest as at September 30, 2015.

As at September 30, 2015, if CEP IV Co-Invest were to sell all of its corporate investments at their current fair values, MIP IV would receive up to \$7.2 million in carried interest from CEP IV Co-Invest based on the terms described above, the amount of which has been recorded as a management participation liability on the statements of financial position. To date, CEP IV Co-Invest has not made any carried interest payments to MIP IV.

As general partner of CEP V, Clairvest is entitled to a priority distribution from CEP V. The priority distribution calculated as follows: [i] from March 2, 2015 to the CEP IV Investment Termination Date, 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; [ii] from the CEP IV Investment Termination Date to the fifth anniversary of the CEP IV Investment Termination Date, 0.1667% of committed capital; and [iii] thereafter, 0.1667% of invested capital net of write-downs of capital then invested. As at September 30, 2015, the CEP IV Investment Termination Date has not been determined. During the second quarter of fiscal 2016, CEP V declared to Clairvest priority distributions of \$0.1 million.

The general partners of CEP V [“CEP V GPs”] are entitled to a 20% carried interest in respect of CEP V as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP V, the general partner of which is Clairvest and the limited partners of which are principals and employees of Clairvest. The limited partners of MIP V have purchased, at fair market value, units of the MIP V. From time to time, additional units in MIP V may be purchased by the limited partners of MIP V. No carried interest has been declared and paid by CEP V to CEP V GP as at September 30, 2015.

As manager of CEP V-A, Clairvest is entitled to a management fee from CEP V-A. The management fee calculated as follows: [i] from March 2, 2015 to the CEP IV-A Investment Termination Date, 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; [ii] from the CEP IV-A Investment Termination Date to the fifth anniversary of the CEP IV Investment Termination Date, 0.1667% of committed capital; and [iii] thereafter, 0.1667% of invested capital net of write-downs of capital then invested. As at September 30, 2015, the CEP IV-A Investment Termination Date has not been determined. During the second quarter of fiscal 2016, Clairvest earned management fees of \$18 thousand as compensation for its services in the administration of the portfolio of CEP V-A.

The general partner of CEP V-A [“CEP V-A GP”], an entity which is controlled by Clairvest, is entitled to a 20% carried interest in respect of CEP V-A as governed by its limited partnership agreement. 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to MIP V. No carried interest has been declared and paid by CEP V-A to CEP V-A GP as at September 30, 2015.

Clairvest is required to co-invest alongside CEP V and CEP V-A in all investments undertaken by CEP V and CEP V-A. CEP V Co-Investment Limited Partnership [“CEP V Co-Invest”] was established in fiscal 2015 as an investment vehicle for this purpose. CEP V Co-Invest has three limited partners, Clairvest, 2141788 Ontario and MIP V. MIP V has invested \$2.4 million in CEP V Co-Invest and in addition is entitled to an 8.25% carried interest in respect of CEP V Co-Invest via the general partner of CEP V Co-Invest, an entity controlled by Clairvest.

Clairvest, as the general partner of MIP V, is entitled to participate in distributions equal to the realizable value on the \$2.4 million invested by MIP V in CEP V Co-Invest plus the first \$1.4 million received by the MIP V as described above, and any other distributions are the entitlements of the limited partners of MIP V. No amounts have been received by Clairvest as at September 30, 2015.

Key management at Clairvest are the Co-Chief Executive Officers [“Co-CEOs”] and its directors. The Co-CEOs are entitled to annual discretionary cash bonuses of up to 175% of their individual annual salary based on individual performance. There is also an annual objective cash bonus which is based on Clairvest’s Incentive Bonus Program, a stock option plan and a

book value appreciation rights plan. Compensation paid during the second quarter of fiscal 2016 was \$1.4 million. As at September 30, 2015, the total amounts payable to key management under the aforementioned plans were \$10.1 million.

As at September 30, 2015, Clairvest had loans receivable from certain officers of Clairvest [the “Officers”] totaling \$2.2 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest purchased by the Officers with a market value of \$3.1 million. None of these loans were made to key management. As at September 30, 2015, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totaling \$0.5 million. The loans are interest bearing and have full recourse to the individual. Interest of \$15 thousand was earned on these loans during the second quarter of fiscal 2016.

During the second quarter of fiscal 2016, the Company advanced loans totaling \$8.9 million to CEP III bearing interest at the Reference Rate in accordance with CEP III’s Limited Partnership Agreement which remained outstanding at September 30, 2015 and were repaid in full subsequent to quarter end. Interest of \$1 thousand was earned from loans to CEP III during the second quarter of fiscal 2016. Additionally, 2141788 Ontario had advanced to CEP III \$7.4 million in loans bearing interest at the Reference Rate in accordance with CEP III’s Limited Partnership Agreement. These loans have also been repaid in full subsequent to quarter end.

As at June 30, 2015, the Company had advanced loans totaling \$4.0 million to CEP IV bearing interest at the Reference Rate in accordance with CEP IV’s Limited Partnership Agreement. Additional loans totaling \$17.7 million were made by the Company to CEP IV during the second quarter of fiscal 2016 such that \$21.7 million in loans were outstanding at September 30, 2015. \$16.4 million of these loans were repaid subsequent to quarter end. Interest of \$0.3 million was earned from loans to CEP IV during the second quarter of fiscal 2016. Additionally, 2141788 Ontario had advanced to CEP IV \$14.7 million in loans bearing interest at the Reference Rate in accordance with CEP IV’s Limited Partnership Agreement.

As at June 30, 2015, the Company had advanced loans totaling \$0.7 million to CEP IV-A bearing interest at the Reference Rate in accordance with CEP IV-A’s Limited Partnership Agreement. Additional loans totaling \$2.3 million were made by the Company to CEP IV-A during the second quarter of fiscal 2016 such that \$3.0 million in loans were outstanding at September 30, 2015. \$2.6 million of these loans were repaid subsequent to quarter end. Interest of \$50 thousand was earned from loans to CEP IV-A during the second quarter of fiscal 2016.

During the second quarter of fiscal 2016, the Company advanced loans totaling \$17.0 million to CEP V bearing interest at the Reference Rate in accordance with CEP V’s Limited Partnership Agreement, all of which remained outstanding at September 30, 2015 and were repaid in full subsequent to quarter end. Interest of \$0.3 million was earned from loans to CEP V during the second quarter of fiscal 2016.

During the second quarter of fiscal 2016, the Company advanced loans totaling \$3.2 million to CEP V-A bearing interest at the Reference Rate in accordance with CEP V-A’s Limited Partnership Agreement, all of which remained outstanding at September 30, 2015 and were repaid in full subsequent to quarter end. Interest of \$54 thousand was earned from loans to CEP V-A during the second quarter of fiscal 2016.

As at June 30, 2015, the Company had advanced non-interest bearing loans totaling \$0.8 million to CEP III Co-Invest. Additional loans totaling \$3.0 million were made by the Company to CEP III Co-Invest during the second quarter of fiscal 2016. Also during the second quarter of fiscal 2016, CEP III Co-Invest repaid \$0.3 million of loans previously advanced such that \$3.5 million in loans were outstanding at September 30, 2015. The remaining balance was repaid in full subsequent to quarter end.

As at June 30, 2015, the Company had advanced non-interest bearing loans totaling \$4.7 million to CEP IV Co-Invest. Additional loans totaling US\$3.8 million [C\$5.0 million] and C\$2.5 million were made by the Company to CEP IV Co-Invest during the second quarter of fiscal 2016. Also during the second quarter of fiscal 2016, CEP IV Co-Invest repaid \$2.2 million of loans previously advanced such that \$10.0 million were outstanding at September 30, 2015. Included in loans outstanding to CEP IV Co-Invest at September 30, 2015 was US\$3.8 million pertaining to funds CEP IV Co-Invest deposited in an escrow account pertaining to a potential gaming-related investment.

During the second quarter of fiscal 2016, the Company advanced non-interest bearing loans totaling US\$6.5 million [C\$8.6 million] to CEP V Co-Invest which remained outstanding at September 30, 2015. Included in loans outstanding to CEP V Co-Invest at September 30, 2015 was US\$6.5 million pertaining to funds CEP V Co-Invest deposited in an escrow account pertaining to a potential gaming-related investment.

During the second quarter of fiscal 2016, Clairvest earned \$0.3 million in distributions and interest income and \$1.1 million in advisory and other fees from its indirect investee companies. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS earned \$2.4 million in distributions and interest income, \$0.3 million in dividend income and \$0.2 million in advisory and other fees from its investee companies.

As at September 30, 2015, Clairvest had accounts receivable from its investee companies totaling \$3.4 million, from CEP totaling \$1 thousand, from CEP III totaling \$1.4 million, from CEP IV totaling \$9.9 million, from CEP IV-A totaling \$0.5 million, from CEP V totaling \$3.0 million and from CEP V-A totaling \$0.6 million. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS held receivables from Clairvest's investee companies totaling \$0.5 million.

Clairvest has a 50% ownership in an aircraft where the other 50% ownership is held by a related party of Clairvest. Clairvest receives 100% of the incidental rental income of the aircraft and is responsible for 100% of the operating expenses. The related party has the right to sell its portion of the ownership of the aircraft to Clairvest at the fair market value determined at the time of sale. Accordingly, Clairvest has recognized 100% of the net book value of the aircraft and a liability for the 50% ownership the Company does not own.

OFF-STATEMENT OF FINANCIAL POSITION ARRANGEMENTS

Clairvest has committed to co-invest alongside CEP in all investments undertaken by CEP. Clairvest's total co-investment commitment is \$54.7 million, \$3.5 million of which remains unfunded as at September 30, 2015. Clairvest may only sell all or a portion of a corporate investment that is a joint investment with CEP if it concurrently sells a proportionate number of securities of that corporate investment held by CEP.

Clairvest, 2141788 Ontario and MIP III have committed to co-invest alongside CEP III via CEP III Co-Invest in all investments undertaken by CEP III. CEP III Co-Invest's co-investment commitment is \$75.0 million, \$15.2 million of which remains unfunded as at September 30, 2015. In accordance with the co-investment agreement, the proportion of the commitment amongst Clairvest, 2141788 Ontario and MIP III is at their own discretion. CEP III Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP III if it concurrently sells a proportionate number of securities of that corporate investment held by CEP III.

Clairvest and MIP IV have committed to co-invest alongside CEP IV and CEP IV-A via CEP IV Co-Invest in all investments undertaken by CEP IV and CEP IV-A. CEP IV Co-Invest's co-investment commitment is \$125.0 million, \$34.5 million of which remained unfunded as at September 30, 2015. In accordance with the co-investment agreement, the proportion of the commitment between Clairvest and MIP IV is at their own discretion. CEP IV Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP IV and CEP IV-A if it concurrently sells a proportionate number of securities of that corporate investment held by CEP IV and CEP IV-A.

Clairvest, 2141788 Ontario and MIP V have committed to co-invest alongside CEP V and CEP V-A via CEP V Co-Invest in all investments undertaken by CEP V and CEP V-A. CEP V Co-Invest's co-investment commitment is \$180.0 million, \$169.8 million of which remained unfunded as at September 30, 2015. In accordance with the co-investment agreement, the proportion of the commitment amongst Clairvest, 2141788 Ontario and MIP V is at their own discretion. CEP V Co-Invest may only sell all or a portion of a corporate investment that is a joint investment with CEP V and CEP V-A if it concurrently sells a proportionate number of securities of that corporate investment held by CEP V and CEP V-A.

Clairvest has committed \$25.2 million to Wellington Fund IV, \$10.4 million of which remained unfunded as at September 30, 2015. During the quarter, Clairvest also committed \$30.0 million to Wellington Fund V, all of which remained unfunded at September 30, 2015.

As at September 30, 2015, Clairvest has received profit distributions totaling \$4.6 million through its ownership interest in the General Partners of Wellington Fund III and Wellington Fund IV. Subject to the clawback provisions, Clairvest may be required to repay up to \$1.1 million of these in the event the limited partners of Wellington Fund IV do not meet their return threshold as specified in the respective Limited Partnership Agreements. As at September 30, 2015, there were no accruals made with respect to the clawback.

Clairvest has guaranteed up to US\$10.0 million of CEP III's obligations to a Schedule 1 Canadian Chartered Bank under CEP III's foreign exchange forward contracts with the bank.

Under Clairvest's Incentive Bonus Program, a bonus of 10% of after-tax cash income and realizations on certain Clairvest's corporate investments would be paid to management annually as applicable [the "Realized Amount"]. As at September 30, 2015, the Realized Amount under the Bonus Program was \$0.1 million and has been accrued under accrued compensation expense liability. In accordance with IFRS, Clairvest is also required to record a liability equal to a bonus of 10% of the after-tax cash income and realizations which are applicable but which have yet to be realized. Accordingly, Clairvest also recorded a \$3.2 million accrued compensation expense liability that would only be payable to management when the corresponding realization events have occurred. The Bonus Program does not apply to the income generated from investments made by Clairvest through CEP III Co-Invest, CEP IV Co-Invest and CEP V Co-Invest.

Clairvest has guaranteed to fund any cash flow or debt service shortfalls of Casino New Brunswick for a specified period of time. At September 30, 2015, no amounts subject to this guarantee have been funded or are owing. Subsequent to quarter end, the guarantee was extinguished upon the sale of Casino New Brunswick.

An acquisition entity of Chilean Gaming Holdings and other investors of Casino Sol Calama have entered into a joint and several guarantee to fund any operating deficiencies upon the opening of Casino Sol Calama for a specified period of time. Latin Gaming Chile S.A., Casino Sol Calama's operator, has indemnified this acquisition entity with respect to this guarantee. As at September 30, 2015, no amounts subject to this guarantee have been funded or are owing.

As part of the holding structure of Chilean Gaming Holdings, an acquisition entity of CEP III Co-Invest had loans totaling \$41.3 million as at September 30, 2015 from an unrelated financial institution, while another acquisition entity of CEP III Co-Invest held term deposits totaling \$41.3 million as at September 30, 2015 with the same financial institution as security for these loans. CEP III Co-Invest's ownership of both acquisition entities was 36.8% as at September 30, 2015.

Clairvest has agreed to guarantee up to \$10.0 million to support Discovery Air's credit facility with its bank. As at September 30, 2015, \$4.9 million of the guarantee had been committed by Clairvest. Any additional guarantee is subject to Clairvest's consent at its sole discretion.

As at September 30, 2015, the Company had future minimum annual lease payments under non-cancellable operating leases for the use of office space of \$0.4 million due within one year and \$1.5 million due after one year but not more than five years.

In connection with its normal business operations, Clairvest is from time to time named as a defendant in actions for damages and costs allegedly sustained by plaintiffs. While it is not possible to estimate the outcome of the various proceedings at this time, Clairvest does not believe that it will incur any material loss in connection with such actions.

DERIVATIVE FINANCIAL INSTRUMENTS

Clairvest and certain of its acquisition entities enter into foreign exchange forward contracts to manage the risks arising from fluctuations in exchange rates on its direct and indirect foreign-denominated investments and loans. Clairvest is required to mark to market its foreign-denominated investments, as well as the foreign exchange forward contracts entered into as hedges against Clairvest's foreign-denominated investments and loans. During the second quarter of fiscal 2016, the Company realized a \$1.8 million loss on expired foreign exchange forward contracts, which has been recorded in finance and foreign exchange expense in the consolidated statements of comprehensive income.

As at September 30, 2015, Clairvest had entered into foreign exchange forward contracts to sell US\$43.8 million at an average rate of Canadian \$1.3051 per U.S. dollar through to February 2016. The fair value of the U.S. dollar contracts at September 30, 2015 is a loss of \$1.3 million and has been recognized on the consolidated statement of financial position as derivative instruments liability. Additionally, acquisition entities of Clairvest had entered into foreign exchange forward contracts to sell US\$117.2 million and buy US\$0.6 million at an average rate of Canadian \$1.2467 per U.S. dollar through to August 2016 and foreign exchange forward contracts to sell 14.7 billion Chilean Pesos ["CLP"] at an average rate of Canadian \$0.001909 per CLP through to January 2016. The fair value of the U.S. dollar contracts held by these acquisition entities as at September 30, 2015 is a loss of \$10.3 million and the fair value of the CLP contracts at September 30, 2015 is a gain of \$0.1 million. These contracts have been included in the fair value of these acquisition entities.

Included in cash and cash equivalents on the consolidated statements of financial position at September 30, 2015 was \$9.5 million the Company had funded to a counterparty as collateral for its foreign exchange forward contracts and those of its acquisition entities.

RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of economic factors, including changing economic environments, capital markets and interest rates. As a result, the Company faces various risk factors, inherent in its normal business activities. These risk factors and how the Company manages these risk factors are described below.

Credit risk

Credit risk is the risk of a financial loss occurring as a result of default of a counterparty on its obligations to the Company. For the quarter ended September 30, 2015, there were no material income effects on changes of credit risk on financial assets. The Company manages credit risk on corporate investments through thoughtful planning, strict investment criteria, significant due diligence of investment opportunities and oversight responsibilities with existing investee companies and by conducting activities in accordance with investment policies that are approved by the Board of Directors. Management's application of these policies is regularly monitored by the Board of Directors. Management and the Board of Directors review the financial condition of its investee companies regularly.

The Company is also subject to credit risk on its accounts receivable and loans receivables, a significant portion of which is with its acquisition entities, its investee companies and its CEP Funds. The Company manages this risk through its oversight responsibilities with existing investee companies by reviewing their financial conditions regularly, and through its fiduciary duty as manager of the CEP Funds and by maintaining sufficient uncalled capital for the CEP Funds to settle obligations as they come due.

The Company manages credit risk on its treasury funds by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. The Company also manages credit risk by contracting with counterparties which are Schedule 1 Canadian chartered banks or through investment firms where Clairvest's funds are segregated and held in trust for Clairvest's benefit. Management's application of these policies is regularly monitored by the Audit Committee. Management and the Audit Committee review credit quality of cash equivalents and temporary investments regularly.

Market risk

Market risk includes exposure to fluctuations in the market value of the Company's investments, currency rates and interest rates.

Fluctuations in market interest rates affect the Company's income derived from its treasury funds. For financial instruments which yield a floating interest income, the interest received is directly impacted by the prevailing market interest rate. The fair value of financial instruments which yield a fixed interest income would change when there is a change in the prevailing market interest rate. The Company manages interest rate risk on its treasury funds by conducting activities in accordance with the fixed income securities policy that is approved by the Audit Committee. Management's application of these policies is regularly monitored by the Audit Committee.

If interest rates were higher or lower by 1%, the potential effect would be an increase or decrease of \$0.2 million to distributions and interest income on a pre-tax basis for the quarter ended September 30, 2015.

Included in corporate investments are investee companies for which the fair values have been estimated based on assumptions that may not be supported by observable market prices. The most significant unobservable input is the multiple of earnings before interest, taxes, depreciation and amortization ["EBITDA"] used for each individual investee company. In determining the appropriate multiple, Clairvest considers i) public company multiples for companies in the same or similar businesses; ii) where information is known and believed to be reliable, multiples at which recent transactions in the industry occurred; and iii) multiples at which Clairvest invested directly or indirectly in the company, or for follow-on investments or financings. The resulting multiple is adjusted, if necessary, to take into account differences between the investee company and those the Company selected for comparisons and factors include public versus private company, company size, same versus similar business, as well as with respect to the sustainability of the company's earnings and current economic environment. Nine investee companies are valued using the earnings multiple approach. If the Company had used an earnings multiple for each investee company that was higher or lower by 0.5 times, the potential effect would be an increase of \$17.0 million or decrease of \$15.9 million to the carrying value of corporate investments and net investment gains, on a pre-tax basis for the quarter ended

September 30, 2015. Earnings multiples used are based on public company valuations as well as private market multiples for comparable companies.

Clairvest may also use information about recent transactions carried out in the market for valuations of private equity investments. When fair value is determined based on recent transaction information, this value is the most representative indication of fair value. The fair value of corporate bonds, debentures or loans is primarily determined using discounted cash flow technique. This technique uses observable and unobservable inputs such as discount rates that take into account the risk associated with the investment as well as future cash flows. For those investments valued based on recent transactions and discounted cash flows, Clairvest has determined that there are no reasonably possible alternative assumptions that would change the fair value significantly as at September 30, 2015.

The Company's corporate investment portfolio is diversified across 17 investee companies in 8 industries and 3 countries as at September 30, 2015. The Company has considered current economic events and indicators in the valuation of its corporate investments.

The Company has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. The Company has also advanced loans to investee companies which are denominated in foreign currency. In order to limit its exposure to changes in the value of foreign denominated currencies relative to the Canadian dollar, as at September 30, 2015, Clairvest and its acquisition entities hedge 100% of the fair value of its foreign investments and loans unless a specific exemption is approved by the Board of Directors.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact to the profitability of these entities and in turn the Company's carrying value of these corporate investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Certain of the Company's corporate investments are also held in the form of debentures. Significant fluctuations in market interest rates can have a significant impact in the carrying value of these investments.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Financial obligations arising from off-statement of financial position arrangements have been previously discussed. Accounts payable, loans payable, and derivative instruments have maturities of less than one year. Management participation liability, share-based compensation liability, and amounts accrued under the Bonus Program are only due upon cash realization or completion of the respective vesting period. Total unfunded commitments to co-invest alongside the CEP Funds, as described are \$223.0 million as at September 30, 2015. The timing of any amounts to be funded under these commitments is dependent upon the timing of investment acquisitions, which are made at the sole discretion of the Company. In addition to its commitments to co-invest alongside the CEP funds, the Company has unfunded commitments of \$10.4 million and \$30.0 million to Wellington Fund IV and Wellington Fund V respectively.

The Company manages liquidity risk by maintaining a conservative liquidity position that exceeds all liabilities payable on demand. The Company invests treasury funds in liquid assets such that they are available to cover any potential funding commitments and guarantees. In addition, the Company maintains various credit facilities.

As at September 30, 2015, Clairvest had treasury funds of \$68.0 million and access to \$95.0 million through its credit facilities to support its obligations and current and anticipated corporate investments. Clairvest also had access to \$21.2 million in treasury funds held by acquisition entities of Clairvest and \$552.3 million in uncalled committed third-party capital through the CEP Funds at September 30, 2015 to invest along with Clairvest's capital.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators ["CSA"], Management has evaluated the effectiveness of Clairvest's disclosure controls and procedures as at September 30, 2015 and concluded that the disclosure controls and procedures are effective in ensuring that information required to be disclosed by Clairvest in its corporate filings is recorded, processed, summarized and reported within the required time period for the quarter then ended.

National Instrument 52-109 also requires certification from the Chief Executive Officers and Chief Financial Officer to certify their responsibilities for establishing and maintaining internal controls with regards to the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management has evaluated Clairvest's design effectiveness of internal controls over financial reporting for the quarter ended September 30, 2015. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as at September 30, 2015 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, internal controls over financial reporting.

USE OF NON-IFRS MEASURES

This MD&A contains references to various non-IFRS financial measures, including "book value" and "book value per share". Book value is calculated as the value of total assets less the value of total liabilities. Book value per share is calculated as book value divided by the total number of common shares of the Company outstanding as at a specific date. The terms book value and book value per share do not have any standardized meaning according to IFRS. There is no comparable IFRS financial measure presented in the Company's consolidated financial statements and thus no applicable quantitative reconciliation for such non-IFRS financial measure. The Company believes that the measure provides information useful to its shareholders in understanding our performance, and may assist in the evaluation of the Company's business relative to that of its peers.

FORWARD-LOOKING STATEMENTS

A number of the matters discussed in this MD&A deal with potential future circumstances and developments and may constitute "forward-looking" statements. These forward-looking statements can generally be identified as such because of the context of the statements and often include words such as the Company "believes", "anticipates", "expects", "plans", "estimates" or words of a similar nature.

The forward-looking statements are based on current expectations and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The impact of any one risk factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and management's course of action would depend upon its assessment of the future considering all information then available.

All subsequent forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. The Company assumes no obligation to update forward-looking statements should circumstances or management's estimates or opinions change.