

**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED DECEMBER 31, 2015**

February 8, 2016

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 December 31, 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"]
2486303 Ontario Inc. ["2486303 Ontario"]

2141788 Ontario, a limited partner of CEP III Co-Invest and CEP V Co-Invest, is a wholly-owned acquisition entity of Clairvest. 2486303 Ontario is a wholly-owned acquisition entity of Clairvest which purchased the limited partnership interest of Clairvest Equity Partners Limited Partnership ["CEP"], which was a third party investment fund held by outside investors. Clairvest's relationship with CEP III Co-Invest and MIP III, CEP IV Co-Invest and MIP IV, and CEP V Co-Invest, MIP V and CEP 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 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 December 31, 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	December 31, 2015	September 30, 2015	March 31, 2015
Cash, cash equivalents and temporary investments ["treasury funds"]	114,509	68,009	157,155
Carried interest receivable from the CEP Funds	55,918	57,150	53,738
Corporate investments, at fair value	316,706	309,169	291,421
Total assets	543,417	539,476	531,207
Total liabilities	75,161	84,466	83,513
Book value	468,256	455,010	447,694
Book value per share	30.78	30.00	29.58
Number of common shares outstanding	15,214,095	15,169,095	15,134,095

Clairvest's book value per share grew by \$0.78 during the third quarter of fiscal 2016, and by \$1.20 for the nine months ended December 31, 2015. For the quarter, the increase was primarily due to \$11.9 million in net income and comprehensive income ["net income"], or \$0.78 per share. Also during the quarter, 45,000 common shares were issued as a result of options exercised for shares, bringing number of common shares outstanding to 15,214,095.

ASSETS

As at December 31, 2015, the Company's treasury funds of \$114.5 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 \$39.1 million in cash, investment savings accounts and guarantee investment certificates rated comparably. Clairvest also has ownership to \$7.7 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 December 31, 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 December 31, 2015 is \$20.0 million, which is based on debt covenants and certain restrictions within the banking arrangement.

As at December 31, 2015, Clairvest had corporate investments with a carrying value of \$316.7 million, an increase of \$7.5 million during the third quarter of fiscal 2016, \$297.3 million of which represents the fair value of Clairvest's underlying investee companies ["investee companies"] and the remaining \$19.4 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 \$12.0 million during the third quarter of fiscal 2016, which primarily comprised the following:

- The acquisition of limited partner and general partner interests in CEP for \$11.0 million. CEP holds a profit participation interest in the Grey Eagle Casino;
- Net changes in unrealized gains on its investee companies of \$7.8 million;
- Foreign exchange revaluations of \$5.8 million;
- Follow-on investments totaling \$0.5 million in its existing investee companies; net of
- The sale of Casino New Brunswick which had a carrying value of \$13.9 million at September 30, 2015.

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

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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 December 31, 2015 and March 31, 2015:

[\$000's]	December 31, 2015			March 31, 2015		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Investments made by CEP III Co-Invest alongside CEP III						
Casino New Brunswick	–	–	–	8,324	9,798	[1,474]
Chilean Gaming Holdings ^[a]	43,819	28,754	15,065	34,703	28,754	5,949
Light Tower Rentals Inc. ["Light Tower Rentals"]	–	2,403	[2,403]	11,629	2,403	9,226
Lyophilization Services of New England Inc. ["LSNE"]	10,059	7,313	2,746	9,380	7,451	1,929
Investments made by CEP IV Co-Invest alongside CEP IV						
Centaur Gaming	65,935	14,644	51,291	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"]	11,289	7,308	3,981	8,210	6,690	1,520
CRS Contractors Rental Supply Limited Partnership ["CRS"]	19,354	10,573	8,781	16,984	10,573	6,411
Davenport Land Investments ^[b]	3,006	2,196	810	3,465	3,059	406
Discovery Air Inc. ["Discovery Air"]	33,796	30,038	3,758	33,036	29,606	3,430
Linen King, LLC ["Linen King"]	–	–	–	809	2,525	[1,716]
Momentum Aerospace Group ["MAG"]	5,828	3,838	1,990	3,980	2,787	1,193
New Meadowlands Racetrack, LLC [the "Meadowlands"]	8,789	5,580	3,209	7,942	5,580	2,362
Rivers Casino	27,250	7,508	19,742	25,362	7,508	17,854
Winters Bros. Waste Systems of CT, LLC ["Winters Bros. of CT"]	10,558	8,053	2,505	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"]	11,097	7,700	3,397	9,713	7,215	2,498
Grey Eagle Casino ["Grey Eagle"]	16,135	12,241	3,894	2,709	1	2,708
Wellington Financial Fund III/IV/V ["Wellington Fund III/IV/V"]	19,281	14,631	4,650	18,069	14,375	3,694
	295,793	166,795	128,999	261,743	165,037	96,706
Other investments	1,525	1,598	[73]	1,616	1,686	[70]
	297,318	168,393	128,926	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.

Grey Eagle Casino

During the third quarter of fiscal 2016, Clairvest invested \$11.0 million to increase its profit participation interest in the Grey Eagle Casino through the purchase of CEP by 2486303 Ontario. Prior to the purchase, CEP was a third party investment fund held by outside investors whose portfolio had been liquidated except for the profit participation interest in the Grey Eagle Casino. The purchase included 100% of the limited partnership units of CEP for \$9.8 million and 50% of the carried interest payable by CEP which was not ultimately owned by Clairvest for \$1.2 million. The purchase price was based on the September 30, 2015 valuation of CEP's remaining investment in Grey Eagle Casino. As a result of the purchase, Clairvest increased its profit distributions entitlement, either directly or indirectly through 2486303 Ontario, to between 11.25% to 38.25% of the earnings of Grey Eagle Casino until December 2022.

Casino New Brunswick

During the third quarter of fiscal 2016, CEP III Co-Invest completed the sale of Casino New Brunswick and received proceeds of \$14.3 million against a carrying value at September 30, 2015 of \$13.9 million and its original investment of

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\$9.8 million. The proceeds included \$10.9 million in full repayment of debentures and interest, as well as \$3.4 million in distributions from the entity which owns Casino New Brunswick. Subsequently, CEP III Co-Invest distributed substantially all of the proceeds to Clairvest. In addition, Clairvest received \$0.5 million in fees related to a guarantee it had provided to Casino New Brunswick as described in the Off-Statement of Financial Position Arrangements section of the MD&A.

Winters Bros. of LI

During the third quarter of fiscal 2016, CEP V Co-Invest invested an additional US\$0.3 million for 63,762 Class C units in Winters Bros. of LI. At December 31, 2015, CEP V Co-Invest held 1,462,269 Class C units in Winters Bros. of LI which represents a 14.0% ownership interest on a fully diluted basis.

Wellington Fund V

During the third quarter of fiscal 2016, Wellington Fund V completed its final closing at \$300 million, with Clairvest finalizing its commitment at \$30.3 million. Wellington Fund V also purchased Wellington Fund IV's loan portfolio at fair market value. As a result of these transactions, Clairvest received a return of capital of \$14.8 million from Wellington Fund IV and invested \$14.6 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 December 31, 2015, Clairvest had \$75.2 million in liabilities, which included \$5.5 million in accrued management and director compensation, \$16.2 million in share-based compensation, \$38.6 million in management participation, \$0.5 million in derivative instruments liability and \$11.2 million deferred tax liability. \$41.6 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 December 31, 2015, Clairvest had 15,214,095 common shares issued and outstanding. During the third quarter of fiscal 2016, 355,000 stock options were exercised, 45,000 of which were exercised for shares and 310,000 of which were exercised under the cash settlement feature of the stock option plan. As at December 31, 2015, there were no stock options outstanding.

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 February 8, 2016, 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 third quarter of fiscal 2016 was \$11.9 million compared with a net loss of \$2.9 million for the third quarter of fiscal 2015. The following table summarizes the composition of net income [loss]:

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Financial Results [\$000's] [except per share information]	Quarter ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
Net investment gains [losses]				
- Investee companies inclusive of foreign exchange hedging activities	3,692	[1,659]	15,909	29,772
- Acquisition entities including distributions, interest, dividends and fees received from investee companies	3,597	3,169	8,689	5,065
	7,289	1,510	24,598	34,837
Distributions, interest income, dividends and fees				
- CEP Funds	2,128	2,036	6,916	6,399
- Investee companies	2,581	1,205	5,683	2,313
- Treasury funds ⁽¹⁾	[982]	[1,170]	[214]	[169]
- Acquisition entities and other	3,726	93	3,756	5,608
	7,453	2,164	16,141	14,151
Net carried interest income – realized and unrealized changes	4,353	656	7,927	22,815
Total expenses	6,775	6,862	23,969	38,509
Net income [loss] before tax	12,320	[2,532]	24,697	33,294
Income tax	390	375	1,996	298
Net income [loss]	11,930	[2,907]	22,701	32,996
Net income [loss] per share	0.78	[0.19]	1.50	2.18
Net income [loss] per share - fully diluted	0.78	[0.19]	1.50	2.18

⁽¹⁾ Includes market value changes to Clairvest's treasury funds.

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 third quarter of fiscal 2016, CEP III Co-Invest completed the sale of Casino New Brunswick and distributed substantially all of the proceeds to Clairvest. As a result, Clairvest recorded a \$3.0 million net investment loss on the revaluation of CEP III Co-Invest, and \$3.7 million in distributions received from CEP III Co-Invest.

The net changes in unrealized gains or losses on investee companies for the quarters and nine months ended December 31 are summarized as follows:

NET CHANGE IN UNREALIZED GAINS [LOSSES] ON INVESTEE COMPANIES [\$000's]	Quarter ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
Casino New Brunswick	—	685	—	1,958
Centaur Gaming	4,539	[725]	10,477	[3,748]
Cieslok Media	—	1,260	2,185	1,260
Chilean Gaming Holdings	2,287	—	10,399	—
County Waste	1,680	—	1,680	—
CRS	2,370	1,017	2,370	3,933
Davenport Land Investments	—	—	223	—
Discovery Air	[638]	[175]	323	[3,080]
Grey Eagle Casino	[186]	233	1,185	436
Light Tower Rentals	[1,001]	[5,190]	[11,531]	50
MAG	133	75	346	216
Rivers Casino	[550]	2,009	[467]	[211]
Wellington Fund III / IV / V	[828]	[400]	957	1,701
	7,806	[1,211]	18,147	2,515
Other	—	—	—	2,400
Net changes in unrealized gains [losses] on investee companies	7,806	[1,211]	18,147	4,915

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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 nine months ended December 31:

	Quarter ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
DISTRIBUTION, INTEREST, DIVIDENDS AND FEES FROM INVESTEE COMPANIES [\$000's]				
Distributions and interest income				
Casino New Brunswick	3,693	71	4,828	212
Centaur Gaming	12	10	34	26
County Waste	—	33	—	112
CRS	468	601	468	601
Davenport Land Investments	20	—	359	—
Discovery Air	47	706	207	2,110
Grey Eagle Casino	824	218	1,286	570
LSNE	14	—	192	—
MAG	—	—	40	10
The Meadowlands	313	250	887	689
Rivers Casino	692	922	2,953	2,692
Wellington Fund III/IV/V	1,952	678	3,142	737
	8,035	3,489	14,396	7,759
Dividend income				
Chilean Gaming Holdings	110	34	501	906
Advisory and other fees	518	441	2,007	1,389
Distributions, interest, dividends and fees from investee companies	8,663	3,964	16,904	10,054

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 third quarter of fiscal 2016, the Company earned \$1.6 million in general partner distributions, \$0.2 million in management fees and \$0.3 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 nine months ended December 31:

	Quarter ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
NET CARRIED INTEREST INCOME [\$000's]				
Realized carried interest from the CEP Funds	5,548	—	5,708	33,741
Net change in unrealized carried interest from the CEP Funds	[1,195]	656	2,219	[10,926]
Net carried interest income	4,353	656	7,927	22,815

For the quarter ended December 31, 2015, the Company incurred a \$0.9 million loss on its treasury funds primarily as a result of changes to the market value of certain securities held in treasury funds, compared to \$1.1 million loss for the same quarter last year.

Total expenses for the third quarter of fiscal 2016 were \$6.8 million, compared with total expenses of \$6.9 million for the same quarter last year. The following table summarizes expenses incurred by the Company for the quarters and nine months ended December 31:

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

	Quarter ended December 31		Nine months ended December 31	
	2015	2014	2015	2014
Employee compensation and benefits	2,279	1,907	7,061	12,331
Share-based compensation expenses [recovery]	[569]	3,090	5,456	7,941
Administration and other expenses				
Domain and due diligence expenses	851	171	1,928	606
Professional fees	153	210	567	94
Office and other expenses	634	814	2,712	2,038
	1,638	1,195	5,207	2,738
Finance and foreign exchange expense				
Interest and bank charges	216	271	677	859
Foreign exchange costs [gain]	201	30	[138]	259
	417	301	539	1,118
Management participation	3,010	369	5,706	14,381
Total expenses, excluding income taxes	6,775	6,862	23,969	38,509

Including in share-based compensation expense recovery for the third quarter of fiscal 2016 was \$0.2 million expense recovery for stock based compensation and \$0.5 million expense recovery for deferred share units ["DSUs"] and appreciation deferred share units ["ADSUs"] net of \$0.2 million expense for book value appreciation rights ["BVARs"].

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* \$
December 31, 2015	19,095	11,930	0.78	0.78
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

* 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 December 31, 2015, Clairvest had \$776.1 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, Chilean Gaming Holdings increased its ownership in Casino Osorno, and in Casino Sol Calama, both located in Chile, through a buyout of the operating partner by the entity which owns Casino Marina del Sol, located in Concepcion, Chile. Upon completion of this transaction, Chilean Gaming Holdings increased its ownership in each of Casino Osorno and Casino Sol Calama from 48.8% to 73.8%, and continues to hold a 50% ownership in Casino Marina del Sol. Clairvest, through CEP III Co-Invest, owns a 36.8% equity interest in Chilean Gaming Holdings.

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 [the "carried interest"] of CEP as governed by its limited partnership agreement. 10% of the carried interest was allocated to Clairvest and the remaining 10% was allocated to principals and employees of Clairvest via a limited partnership ["Participation Partnership"], the general partner of which is Clairvest. During the third 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. Subsequently, 2486303 Ontario purchased the 10% carried interest entitled by Participation Partnership for \$1.2 million. As at December 31, 2015, CEP had declared and paid distributions to CEP GP totaling \$23.7 million, 50% of which or \$11.8 million was ultimately paid to Clairvest and the other 50% or \$11.8 million was ultimately paid to the limited partners of Participation Partnership.

As at December 31, 2015, if CEP were to sell all of its corporate investments at their current fair values, CEP GP would receive up to \$2.5 million in carried interest from CEP. In accordance with IFRS, Clairvest has recorded the \$2.5 million as carried interest receivable on the consolidated statements of financial position, with a \$1.2 million payable owed to 2486303 Ontario.

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 third quarter of fiscal 2016, CEP III declared to Clairvest priority distributions of \$0.2 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. During the third quarter of fiscal 2016, CEP III GPs earned \$5.4 million in carried interest from CEP III, 50% of which, or \$2.7 million, was ultimately paid to Clairvest, and the other 50% or \$2.7 million was ultimately paid to the limited partners of MIP III which reduced the management participation liability. As at December 31, 2015, CEP III had declared and paid distributions to CEP III GPs totaling \$38.7 million, 50% of which, or \$19.4 million was ultimately paid to Clairvest and the other 50% or \$19.4 million was ultimately paid to the limited partners of MIP III.

As at December 31, 2015, if CEP III were to sell all of its corporate investments at their current fair values, CEP III GPs would receive up to \$13.9 million in carried interest from CEP III. In accordance with IFRS, Clairvest has recorded the \$13.9 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 \$7.0 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. Clairvest is entitled to the first \$0.2 million in carried interest received by MIP III, and the remaining carried interest are the entitlements of the limited partners of MIP III.

During the third quarter of fiscal 2016, CEP III Co-Invest paid \$0.7 million to MIP III with respect to this carried interest entitlement. As at December 31, 2015, CEP III Co-Invest had paid distributions totaling \$4.8 million to MIP III with respect to this carried interest entitlement. As at December 31, 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 \$3.9 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.

Clairvest, as the general partner of MIP III, is also entitled to participate in distributions equal to the realizable value on the \$1.1 million invested by MIP III in CEP III Co-Invest. As at December 31, 2015, \$1.9 million has been received by Clairvest.

As general partner of CEP IV, Clairvest is entitled to a priority distribution from CEP IV. From January 14, 2011 to January 13, 2016, 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. During the third quarter of fiscal 2016, CEP IV declared to Clairvest priority distributions of \$1.3 million. As per the Limited Partnership Agreement, fees of \$0.2 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 GPs as at December 31, 2015.

As at December 31, 2015, if CEP IV were to sell all of its corporate investments at their current fair values, CEP IV GPs would receive up to \$32.2 million in carried interest from CEP IV. In accordance with IFRS, Clairvest has recorded the \$32.2 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 \$16.1 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. From January 14, 2011 to January 13, 2016, 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. During the third 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 December 31, 2015.

As at December 31, 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 \$7.3 million in carried interest from CEP IV-A. In accordance with IFRS, Clairvest has recorded the \$7.3 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 IV, or \$3.6 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 is entitled to the first \$0.4 million in carried interest received by MIP IV, and the remaining carried interest are the entitlements of the limited partners of MIP IV.

As at December 31, 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 \$8.0 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.

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Clairvest, as general partner of MIP IV, is also entitled to participate in distributions equal to the realizable value on the \$1.6 million invested by MIP IV in CEP IV Co-Invest. No amounts have been received by Clairvest as at December 31, 2015.

As general partner of CEP V, Clairvest is entitled to a priority distribution from CEP V. The priority distribution is calculated monthly as follows: [i] from March 2, 2015 to January 13, 2016, 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; [ii] from January 14, 2016 through January 13, 2021, 0.1667% of committed capital; and [iii] thereafter, 0.1667% of invested capital net of write-downs of capital then invested. The priority distribution is reduced to the extent of 58.8% of any fees earned by Clairvest from corporate investments of CEP V. During the third 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 December 31, 2015.

As manager of CEP V-A, Clairvest is entitled to a management fee from CEP V-A. The management fee is calculated monthly as follows: [i] from March 2, 2015 to January 13, 2016, 0.1667% of capital allocated to specifically identifiable investments net of any write-downs of capital invested; [ii] from January 14, 2016 through January 13, 2021, 0.1667% of committed capital; and [iii] thereafter, 0.1667% of invested capital net of write-downs of capital then invested. The management fee is reduced to the extent of 11.2% of fees earned by Clairvest from corporate investments of CEP V-A and other amounts as provided in the Limited Partnership Agreement. During the third 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 December 31, 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 is entitled to the first \$1.4 million in carried interest received by MIP V, and the remaining carried interest are the entitlements of the limited partners of MIP V.

Clairvest, as the general partner of MIP V, is also entitled to participate in distributions equal to the realizable value on the \$2.4 million invested by MIP V in CEP V Co-Invest. No amounts have been received by Clairvest as at December 31, 2015.

As at September 30, 2015, the Company had advanced loans totaling \$8.9 million to CEP III bearing interest at the Reference Rate in accordance with CEP III's Limited Partnership Agreement. Additional loans totaling \$0.5 million were made by the Company to CEP III during the third quarter of fiscal 2016. Also during the third quarter of fiscal 2016, CEP III repaid the loans in full. Interest of \$1 thousand was earned from loans to CEP III during the third quarter of fiscal 2016.

As at September 30, 2015, the Company had advanced loans totaling \$21.7 million to CEP IV bearing interest at the Reference Rate in accordance with CEP IV's Limited Partnership Agreement. Additional loans totaling \$23.1 million were made by the Company to CEP IV during the third quarter of fiscal 2016. Also during the third quarter of fiscal 2016, CEP IV repaid \$42.6 million such that \$2.2 million were outstanding at December 31, 2015. Interest of \$0.2 million was earned from loans to CEP IV during the third quarter of fiscal 2016. Additionally, 2141788 Ontario had advanced to CEP IV \$4.6 million in loans under the same terms and remained outstanding at December 31, 2015. These loans have been included in the fair value of Clairvest's acquisition entities on the consolidated statements of financial position.

As at September 30, 2015, the Company had advanced loans totaling \$3.0 million to CEP IV-A bearing interest at the Reference Rate in accordance with CEP IV-A's Limited Partnership Agreement. Additional loans totaling \$3.6 million were

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made by the Company to CEP IV-A during the third quarter of fiscal 2016. Also during the third quarter of fiscal 2016, CEP IV-A repaid \$6.2 million such that \$0.4 million were outstanding at December 31, 2015. Interest of \$24 thousand was earned from loans to CEP IV-A during the third quarter of fiscal 2016.

As at September 30, 2015, the Company had advanced loans totaling \$17.0 million to CEP V bearing interest at the Reference Rate in accordance with CEP V's Limited Partnership Agreement. Additional loans totaling \$33.5 million were made by the Company to CEP V during the third quarter of fiscal 2016. Also during the third quarter of fiscal 2016, CEP V repaid \$49.5 million such that \$1.0 million were outstanding at December 31, 2015. Interest of \$0.1 million was earned from loans to CEP V during the third quarter of fiscal 2016. Additionally, 2141788 Ontario had advanced to CEP V \$1.1 million in loans under the same terms and remained outstanding at December 31, 2015. These loans have been included in the fair value of Clairvest's acquisition entities on the consolidated statements of financial position.

As at September 30, 2015, the Company had 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. Additional loans totaling \$6.2 million were made by the Company to CEP V-A during the third quarter of fiscal 2016. Also during the third quarter of fiscal 2016, CEP V-A repaid \$9.2 million such that \$0.2 million were outstanding at December 31, 2015. Interest of \$23 thousand was earned from loans to CEP IV-A during the third quarter of fiscal 2016.

As at September 30, 2015, the Company had advanced non-interest bearing loans totaling \$3.5 million to CEP III Co-Invest. The loans were repaid in full during the third quarter of fiscal 2016.

As at September 30, 2015, the Company had advanced non-interest bearing loans totaling \$10.0 million to CEP IV Co-Invest. Additional loans totaling \$9.5 million were made by the Company to CEP IV Co-Invest during the third quarter of fiscal 2016. Also during the third quarter of fiscal 2016, CEP IV Co-Invest repaid \$10.2 million such that \$9.3 million were outstanding at December 31, 2015.

As at September 30, 2015, the Company had advanced non-interest bearing loans totaling \$8.6 million to CEP V Co-Invest. Additional loans totaling \$8.8 million were made by the Company to CEP V Co-Invest during the third quarter of fiscal 2016. Also during the third quarter of fiscal 2016, CEP V Co-Invest repaid \$16.9 million such that \$0.5 million were outstanding at December 31, 2015.

During the third quarter of fiscal 2016, the Company advanced \$11.0 million to 2486303 Ontario bearing interest at 10% per annum which remained outstanding at December 31, 2015.

During the third quarter of fiscal 2016, CEP III Co-Invest advanced \$0.1 million in non-interest bearing loans to Clairvest which were repaid in full subsequent to quarter end.

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 third quarter of fiscal 2016 was \$6.3 million. As at December 31, 2015, the total amounts payable to key management under the aforementioned plans were \$4.2 million.

As at December 31, 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 \$3.0 million. None of these loans were made to key management. As at December 31, 2015, Clairvest also had loans receivable from certain officers of a company affiliated with Clairvest totaling \$0.9 million. The loans are interest bearing and have full recourse to the individual. Interest of \$16 thousand was earned on these loans during the third quarter of fiscal 2016.

During the third quarter of fiscal 2016, Clairvest earned \$2.2 million in distributions and interest income and \$0.4 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 \$5.9 million in distributions and interest income, \$0.1 million in dividend income and \$0.1 million in advisory and other fees from its investee companies.

As at December 31, 2015, Clairvest had accounts receivable from its investee companies totaling \$2.2 million, from CEP III totaling \$0.2 million, from CEP IV totaling \$12.2 million, from CEP IV-A totaling \$0.8 million, from CEP V totaling \$4.3 million and from CEP V-A totaling \$0.9 million. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS held receivables from Clairvest's investee companies totaling \$1.2 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, 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 December 31, 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, \$24.0 million of which remained unfunded as at December 31, 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 December 31, 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, all of which became unfunded during the quarter upon a 100% return of capital. As specified in the Limited Partnership Agreement, upon the closing of Wellington Fund V, Wellington Fund IV may no longer invest in new investments.

Clairvest has also committed \$30.3 million to Wellington Fund V, \$15.6 million of which remained unfunded at December 31, 2015.

As at December 31, 2015, Clairvest has received profit distributions totaling \$5.7 million through its ownership interest in the General Partners of Wellington Fund III and Wellington Fund IV. As a result of Wellington Fund V purchasing the loan portfolio from Wellington Fund IV at fair market value and the limited partners of Wellington Fund IV have earned their return threshold as specified in the Limited Partnership Agreement, no amounts are required to be repaid by Clairvest.

Clairvest has guaranteed up to amounts received by the General Partner, the clawback provisions entered into by the General Partner in the event the limited partners of Wellington Fund V do not meet their return threshold as specified in the respective Limited Partnership Agreements. As at December 31, 2015, no amounts have been received by Clairvest through its ownership interest in the General Partner of Wellington Fund V.

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 December 31, 2015, the Realized Amount under the Bonus Program was \$0.3 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 \$3.0 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 had guaranteed to fund any cash flow or debt service shortfalls of Casino New Brunswick for a specified period of time. During the quarter, the guarantee was extinguished upon the sale of Casino New Brunswick. In conjunction with the sale of Casino New Brunswick, 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. As at December 31, 2015, no amounts with respect to this guarantee has been funded.

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 December 31, 2015, no amounts subject to this guarantee have been funded or are owing. Subsequent to quarter end, the guarantee has been extinguished.

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 December 31, 2015 from an unrelated financial institution, while another acquisition entity of CEP III Co-Invest held term deposits totaling \$41.3 million as at December 31, 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 December 31, 2015.

Clairvest has agreed to guarantee up to \$10.0 million to support Discovery Air's credit facility with its bank. As at December 31, 2015, \$4.9 million of the guarantee had been committed by Clairvest. Subsequent to quarter end, Clairvest consented to increase the guarantee to \$7.4 million, \$4.9 million of which has been drawn. Any additional guarantee is subject to Clairvest's consent at its sole discretion.

As at December 31, 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 \$1.4 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 third quarter of fiscal 2016, the Company realized \$1.6 million in losses on expired foreign exchange forward contracts, which have been recorded in finance and foreign exchange expense in the consolidated statements of comprehensive income.

As at December 31, 2015, Clairvest had entered into foreign exchange forward contracts to sell US\$7.5 million at an average rate of Canadian \$1.3143 per U.S. dollar through to February 2016. The fair value of the U.S. dollar contracts at December 31, 2015 is a loss of \$0.5 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\$119.5 million and buy US\$4.3 million at an average rate of Canadian \$1.2951 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 December 31, 2015 is a loss of \$10.2 million and the fair value of the CLP contracts at December 31, 2015 is a loss of \$0.5 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 December 31, 2015 was \$4.7 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 December 31, 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 \$0.3 million to distributions and interest income on a pre-tax basis for the quarter ended December 31, 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 \$20.7 million or decrease of \$19.4 million to the carrying value of corporate investments and net investment gains, on a pre-tax basis for the quarter ended December 31, 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 December 31, 2015.

The Company's corporate investment portfolio is diversified across 16 investee companies in 8 industries and 3 countries as at December 31, 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 December 31, 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 \$208.9 million as at December 31, 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 \$25.2 million and \$15.6 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 December 31, 2015, Clairvest had treasury funds of \$114.5 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 \$46.8

million in treasury funds held by acquisition entities of Clairvest and \$519.8 million in uncalled committed third-party capital through the CEP Funds at December 31, 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 December 31, 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 December 31, 2015. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as at December 31, 2015 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended December 31, 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.