

**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED DECEMBER 31, 2016**

February 13, 2017

The Management's Discussion and Analysis ["MD&A"] of financial condition and results of operations 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, 2016 and the quarterly news release.

The Company's consolidated financial statements include those subsidiaries which provide investment-related services and that the Company controls by having the power to govern the financial and operating policies of these entities. Such entities would include those which earn priority distributions or management fees and carried interest from the CEP Funds. The following entities, which are significant in nature, provide investment-related services on behalf of the Company.

Clairvest GP Manageco Inc.
Clairvest GP [GPLP] Inc.
CEP MIP GP Corporation
Clairvest USA Limited
Clairvest General Partner Limited Partnership
Clairvest General Partner III Limited Partnership
Clairvest General Partner IV Limited Partnership
Clairvest General Partner V Limited Partnership
PGO Aviation LP

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"]
2486303 Ontario Inc. ["2486303 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. 2486303 Ontario is a wholly-owned acquisition entity of Clairvest which purchased 100% of the limited partner interest of Clairvest Equity Partners Limited Partnership ["CEP"] and 50% interest of Clairvest General Partner Limited Partnership in December 2015. CEP was an investment fund held by third party investors prior to being purchased by 2486303 Ontario. 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 third-party 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"], and other funds it manages for certain co-investors 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, 2016 contain certain disclosures not included in the unaudited interim condensed consolidated financial statements as at and for the quarter ended December 31, 2016, accordingly, this MD&A should be read in conjunction with the audited consolidated financial statements as at and for the year ended March 31, 2016.

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 to the consolidated financial statements. A description of critical accounting estimates are provided below.

Fair value of financial assets or liabilities

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 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; interest rate; 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 which by their nature involve 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 income 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 income 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, 2016	September 30, 2016	March 31, 2016
Cash, cash equivalents and temporary investments ["treasury funds"]	81,607	87,131	87,043
Carried interest receivable from the CEP Funds	87,978	73,685	64,009
Corporate investments, at fair value	430,280	379,261	353,801
Total assets	639,981	595,196	570,191
Management participation	60,445	50,868	43,977
Total liabilities	107,045	93,024	84,670
Book value	532,936	502,172	485,521
Book value per share	35.08	33.05	31.91
Dividend per share declared ^[1]	—	—	—
Number of common shares outstanding	15,194,095	15,194,095	15,214,095

^[1] Declared annually during quarters ending June 30

Clairvest's book value grew by \$2.03 per share during the third quarter of fiscal 2017, or by \$3.17 per share for the nine months ended December 31, 2016.

For the quarter ended December 31, 2016, the increase was due to \$30.8 million, or \$2.03 per share, in net income and comprehensive income ["net income"]. During the quarter, the aggregate value of Clairvest's underlying investee companies ["investee companies"] increased by \$46.2 million, \$18.4 million of which pertains to net changes to unrealized gains on Clairvest's investee companies. The Company also recorded \$15.3 million in net carried interest income, \$1.5 million in share-based compensation expenses and \$9.6 million in management participation.

For the nine months ended December 31, 2016, net income was \$52.9 million, or \$3.48 per share. 20,000 shares were purchased under the current Normal Course Issuer Bid ["NCIB"] to December 31, 2016, none of which were purchased during the quarter.

ASSETS

As at December 31, 2016, the Company's treasury funds of \$81.6 million were held in cash, money market savings accounts rated not below R1-High, and investment savings accounts and guaranteed investment certificates either rated not below A or principally protected by the Canada Deposit Insurance Corporation [see notes 4 and 15 to the consolidated financial statements for a detailed discussion of the Company's treasury funds]. 2141788 Ontario also held \$43.1 million in cash, investment savings accounts and guaranteed investment certificates rated comparably. Clairvest also was the beneficial owner to \$7.4 million in cash held in various acquisition entities which are controlled by Clairvest.

During the quarter ended December 31, 2016, Clairvest closed on a new 5-year, \$100.0 million, committed revolving credit facility with several Schedule 1 Canadian chartered banks. The credit facility, which has an initial expiry of December 2021 and is eligible for a one-year extension on each anniversary of the closing date, bears interest at the bank prime rate plus 1.25% per annum on drawn amounts and a standby fee of 0.70% per annum on undrawn amounts. The amount available under the credit facility as at December 31, 2016 was \$100.0 million, which is based on debt covenants and certain restrictions within the banking arrangement. No amounts have been drawn on the facility during the quarter and as at December 31, 2016. The new credit facility replaced the \$95.0 million in prior credit facilities. No amounts were drawn on those facilities during the quarter.

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As at December 31, 2016, Clairvest had corporate investments with a carrying value of \$430.3 million, an increase of \$51.0 million during the third quarter of fiscal 2017, \$398.6 million of which represents the fair value of Clairvest's investee companies and the remaining \$31.7 million of which represents other net assets [liabilities] held by Clairvest's acquisition entities. Certain of these acquisition entities, which are further described in the Off-Statement of Financial Position Arrangements section of the MD&A, are responsible for investing alongside the CEP Funds.

Excluding net assets [liabilities] held by Clairvest's acquisition entities, the aggregate carrying value of Clairvest's investee companies increased by \$46.2 million during the third quarter of fiscal 2017, which comprised the following:

- A follow-on investment in Centaur Gaming of \$20.0 million;
- Net changes in unrealized gains on its investee companies of \$18.3 million;
- Foreign exchange revaluations of \$6.2 million;
- A net follow-on investment in Discovery Air and its subsidiaries of \$5.2 million;
- Other net investments totaling \$0.6 million; partially offset by
- Write-downs of accrued interest on debt investments totaling \$4.1 million;

Clairvest has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States and in Chile. In order to limit its exposure to changes in the value of these investments denominated in foreign currencies relative to the Canadian dollar, Clairvest and its acquisition entities enter into hedging positions against these foreign denominated currencies as approved by the Board of Directors. For the quarter ended December 31, 2016, the foreign exchange adjustments made in Clairvest's valuation of its 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, except for its foreign exchange exposure in the Chilean Pesos ["CLP"] which is unhedged. The foreign exchange adjustments made in the forward exchange forward contracts are described in the Derivative Financial Instruments section of the MD&A.

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The following table summarizes Clairvest's investee companies as at December 31, 2016 and March 31, 2016:

[S000's]	December 31, 2016			March 31, 2016		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Investments made by CEP III Co-Invest alongside CEP III						
Chilean Gaming Holdings ^[a]	50,482	28,754	21,728	43,674	28,754	14,920
Light Tower Rentals Inc. ["Light Tower Rentals"]	–	–	–	–	2,403	[2,403]
Lyophilization Services of New England Inc. ["LSNE"]	16,419	6,619	9,800	16,017	7,077	8,940
Investments made by CEP IV Co-Invest alongside CEP IV						
Centaur Gaming	107,184	34,657	72,527	68,672	14,644	54,028
Cieslok Media Inc. ["Cieslok Media"]	33,341	4,015	29,326	10,640	4,015	6,625
County Waste of Virginia, LLC ["County Waste"]	17,799	7,533	10,266	11,981	7,308	4,673
CRS Contractors Rental Supply Limited Partnership ["CRS"]	23,643	10,573	13,070	22,009	10,573	11,436
Davenport Land Investments ^[b]	3,016	2,196	820	2,858	2,196	662
Discovery Air Inc. ["Discovery Air"]	31,895	36,899	[5,004]	30,685	32,243	[1,558]
Momentum Aerospace Group ["MAG"]	6,220	3,838	2,382	5,600	3,838	1,762
New Meadowlands Racetrack, LLC [the "Meadowlands"]	9,421	6,444	2,977	8,551	5,580	2,971
Rivers Casino	15,705	9,058	6,647	26,202	9,058	17,144
Winters Bros. Waste Systems of CT, LLC ["Winters Bros. of CT"]	10,243	8,053	2,190	9,907	8,053	1,854
Investments made by CEP V Co-Invest alongside CEP V						
Accel Entertainment Inc. ["Accel Entertainment"]	16,224	15,978	246	12,646	12,910	[264]
Digital Media Solutions, LLC ["DMS"]	8,258	8,254	4	7,987	8,254	[267]
Winters Bros. Waste Systems of Long Island Holdings, LLC ["Winters Bros. of LI"]	11,297	10,636	661	10,927	10,636	291
Grey Eagle Casino ["Grey Eagle"]	12,877	11,017	1,860	14,076	11,017	3,059
Wellington Financial ^[c]	23,392	15,640	7,752	20,852	14,631	6,221
	397,416	220,164	177,252	323,284	193,190	130,094
Other investments	1,139	1,228	[89]	1,415	1,486	[71]
	398,555	221,392	177,163	324,699	194,676	130,023

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

^[b] Comprised two entities which hold real estate surrounding a casino in Davenport, Iowa ["Davenport North" and "Davenport South"]

^[c] Comprised interests in WF Fund III Limited Partnership ["Wellington Fund III"], WF Fund IV Limited Partnership ["Wellington Fund IV"] and WF Fund V Limited Partnership ["Wellington Fund V"] and their respective general partners

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

Centaur Gaming

During the third quarter of fiscal 2017, CEP IV Co-Invest invested an additional \$20.0 million in Centaur Gaming in the form of term loans with stapled warrants. At December 31, 2016, these term loans with stapled warrants in addition those previously held by CEP IV Co-Invest were convertible upon exercise into 12.7% of Class A and B units in Centaur Gaming.

Cieslok Media

Subsequent to quarter end, CEP IV Co-Invest received cash proceeds of \$33.3 million on the sale of Cieslok Media as described in the Outlook and Subsequent Events section of the MD&A. The fair value of Cieslok Media at December 31, 2016 reflects the cash proceeds received subsequent to quarter end.

Discovery Air

During the third quarter of fiscal 2017, CEP IV Co-Invest provided a \$8.0 million revolving credit facility ["Revolver"] to Discovery Air Defence Services Inc. ["DA Defence"] a subsidiary of Discovery Air, \$6.7 million of which was drawn at closing and outstanding at December 31, 2016. All drawn amounts under the Revolver are secured, bear interest at a rate of

12% per annum and mature on June 30, 2017 subject to acceleration in the event of certain refinancing transactions. In conjunction with this transaction, Discovery Air repaid in full its secured revolving credit facility with CEP IV Co-Invest which had \$1.7 million outstanding at September 30, 2016. CEP IV Co-Invest also purchased an additional 1,118,609 common shares in Discovery Air at \$0.2 million increasing its ownership in Discovery Air to 26.7%. In aggregate, CEP IV Co-Invest made net additional investments in Discovery Air and its subsidiaries of \$5.2 million during the third quarter of fiscal 2017.

Rivers Casino

During the third quarter of fiscal 2017, Rivers Casino completed a financing and made a distribution to its owners. CEP IV Co-Invest received distributions from Rivers Casino of US\$11.4 million [C\$14.8 million], and \$0.9 million in regular quarterly distributions during the quarter. To December 31, 2016, Rivers Casino had made US\$39.2 million in total distributions to CEP IV Co-Invest, compared to the cost of investment of US\$9.0 million.

Subsequently, CEP IV Co-Invest repaid \$12.0 million in loans owing to Clairvest as described in the Transactions With Related Parties section of the MD&A and made a \$0.5 million distribution to Clairvest.

Wellington Financial

During the third quarter of fiscal 2017, Clairvest funded an additional \$1.0 million to Wellington Fund V, bringing the total amount funded to \$15.6 million against its \$30.3 million commitment.

LIABILITIES

As at December 31, 2016, Clairvest had \$107.0 million in liabilities, which included \$7.5 million in accrued management and director compensation, \$18.8 million in share-based compensation, \$60.4 million in management participation and \$17.1 million deferred income tax liability. \$86.4 million of these liabilities were payable only upon the cash realization of certain investments of Clairvest or the CEP Funds, and the cash realizations are expected to far exceed the payments required upon these realizations.

The \$18.8 million in share-based compensation included \$1.5 million accrued under the Non-Voting Option Plan, \$0.6 million under the Employee Deferred Share Units ["EDSU"] plan, \$7.6 million under the Book Value Appreciation Rights Units plan, and \$9.1 million under the Directors Deferred Share Units and Appreciation Deferred Share Units plan.

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

EQUITY AND SHARE INFORMATION

Clairvest has a NCIB outstanding enabling it to purchase up to 760,704 common shares during the 12-month period ending March 6, 2017. To December 31, 2016, the Company has purchased and cancelled 20,000 common shares under the current NCIB. As at February 13, 2017, Clairvest had repurchased a total of 6,615,049 common and non-voting shares over the last twelve years at a total cost of \$68.9 million.

As at December 31, 2016, Clairvest had 15,194,095 common shares issued and outstanding.

In June 2016, the Board of Directors of the Company authorized the creation of Non-Voting Series 2 Shares ["Non-Voting Shares"] which have a two times preference over the common shares. The Non-Voting Shares were authorized as part of the new stock option program as described below. No Non-Voting Shares have been issued as at December 31, 2016.

Also in June 2016, Company adopted a new stock option plan [the "Non-Voting Option Plan"]. Options granted under the Non-Voting Option Plan are exercisable for Non-Voting Shares. Subsequent to the adoption of the Non-Voting Option Plan, Clairvest granted 203,353 options under this plan. The Non-Voting Option Plan has a cash settlement feature. Options granted under this plan vest at a rate of one-fifth of the grant at the end of each year over a 5-year period. As at December 31, 2016, all 203,353 options were outstanding and none had vested.

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In addition, in June 2016 the Board of Directors of the Company approved an Employee Deferred Share Units ["EDSU"] Plan. The EDSU Plan provides, among other things, that participants may elect to receive all or a portion of their annual bonus amounts that would otherwise be payable in cash in the form of EDSUs. EDSUs may be redeemed for cash or for common shares of the Company in accordance with the terms of the plan. The EDSU Plan received shareholder's approval by ordinary resolution during the second quarter of fiscal 2017. Clairvest is required to reserve one common share for each EDSU issued under the EDSU Plan. The maximum number of Clairvest common shares reserved for the EDSU Plan is 200,000 which represented approximately 1.3% of the outstanding number of common shares at December 31, 2016. As at December 31, 2016, 18,445 EDSUs had been issued based on the terms and conditions of the EDSU Plan.

FINANCIAL RESULTS

Net income for the quarter and nine months ended December 31, 2016 was \$30.8 million and \$52.9 million, compared with \$11.9 million and \$22.7 million for the same period during the last fiscal year. The following table summarizes the composition of net income:

Financial Results [\$000's] [except per share information]	Quarter ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Net investment gains				
- Investee companies inclusive of foreign exchange hedging activities	20,374	4,534	42,001	17,526
- Acquisition entities including distributions, interest, dividends and fees received from investee companies and net of taxes payable by these acquisition entities	8,783	1,939	11,915	5,490
	29,157	6,473	53,916	23,016
Distributions, interest income, dividends and fees				
- CEP Funds	3,085	2,128	9,161	6,916
- Investee companies	1,124	2,581	5,034	5,685
- Treasury funds ^[1]	202	[979]	[37]	[213]
- Acquisition entities and other	2,287	3,723	3,074	3,753
	6,698	7,453	17,232	16,141
Net carried interest income – realized and unrealized changes	15,342	4,353	25,250	7,927
Total expenses	15,655	5,959	36,893	22,387
Net income before income taxes	35,542	12,320	59,505	24,697
Income taxes	4,778	390	6,647	1,996
Net income	30,764	11,930	52,858	22,701
Net income per share	2.03	0.78	3.48	1.50
Net income per share - fully diluted	2.03	0.78	3.48	1.50

^[1] Includes realized gains/losses and market value changes to Clairvest's treasury funds.

The Company fair values its acquisition entities which hold Clairvest's interest in its 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 in respect of 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, and income taxes incurred by these acquisition entities, are reflected in net investment gains until the net proceeds are distributed out of these 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.

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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	
	2016	2015	2016	2015
Centaur Gaming	5,865	4,539	14,300	10,477
Cieslok Media	20,958	—	22,702	2,185
Chilean Gaming Holdings	1,276	2,287	5,278	10,399
County Waste	12	1,680	5,015	1,680
CRS	2,131	2,370	1,634	2,370
Davenport Land Investments	—	—	—	223
Discovery Air	[224]	[638]	[224]	323
Grey Eagle Casino	[1,257]	[186]	[1,296]	1,185
Light Tower Rentals	—	[1,001]	—	[11,531]
LSNE	686	—	686	—
MAG	146	133	420	346
Rivers Casino ^[1]	[12,311]	[550]	[11,127]	[467]
Wellington Financial	1,070	[828]	1,531	957
	18,352	7,806	38,919	18,147
Other	—	—	[17]	—
Net changes in unrealized gains on investee companies	18,352	7,806	38,902	18,147

^[1] During the quarter ended December 31, 2016, Rivers Casino completed a financing and distributed \$14.8 million to CEP IV Co-Invest which results in a decrease to the fair value of the investment.

During the quarter ended December 31, 2016, the Company recorded \$1.9 million in net investment gains related to foreign exchange, the result of the unhedged exposure with respect to the CLP and foreign exchange gains recorded as a result of CEP IV Co-Invest additional investment in Centaur Gaming. During the quarter ended December 31, 2015, CEP III Co-Invest recorded a net realized loss of \$3.0 million on Casino New Brunswick as a result of the \$3.7 million distributions received on the realization of this investment.

The Company and its acquisition entities 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:

DISTRIBUTION, INTEREST, DIVIDENDS AND FEES FROM INVESTEE COMPANIES [\$000's]

	Quarter ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Distributions and interest income				
Casino New Brunswick	—	3,693	—	4,828
Centaur Gaming	34	12	86	34
CRS	545	468	545	468
Davenport Land Investments	22	20	60	359
Digital Media Solutions	167	—	564	—
Discovery Air ^[1]	[3,172]	47	[2,950]	207
Grey Eagle Casino	775	824	2,447	1,286
LSNE	—	14	—	192
MAG	67	—	205	40
The Meadowlands ^[1]	[847]	313	[234]	887
Rivers Casino	15,688	692	[17,636]	2,953
Wellington Financial	491	1,952	3,095	3,142
	13,770	8,035	21,454	14,396
Dividends				
Chilean Gaming Holdings	220	110	3,517	501
Advisory and other fees	479	518	1,543	2,007
Distributions, interest, dividends and fees from investee companies	14,468	8,663	26,514	16,904

^[1] Net of write-downs of accrued interest on debt investments

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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. The following table summarizes the distributions, fees and interest earned from the CEP Funds for the quarters and nine months ended December 31:

DISTRIBUTIONS, FEES AND INTEREST FROM THE CEP FUNDS [\$000'S]

	Quarter ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Priority distributions	2,739	1,615	8,074	5,236
Management fees	328	174	977	533
Interest on loans advanced	18	339	110	1,147
Distributions, fees and interest from the CEP Funds	3,085	2,128	9,161	6,916

The Company also earns carried interest income from CEP and 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:

NET CARRIED INTEREST INCOME [\$000's]

	Quarter ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Realized carried interest from CEP	219	153	451	313
Realized carried interest from the CEP Funds	830	5,395	830	5,395
Net change in unrealized carried interest from CEP and the CEP Funds	14,293	[1,195]	23,969	2,219
Net carried interest income^[1]	15,342	4,353	25,250	7,927

^[1] Includes carried interest which are ultimately paid to non-Clairvest participants if and when they are payable, which are recorded as management participation as described below

During the quarter ended December 31, 2016, the Company earned \$0.2 million in income from its treasury funds, compared to incurring a net loss from its treasury funds of \$0.9 million for the same quarter last year due to changes to market values of corporate bonds held in its treasury funds.

Total expenses for the third quarter of fiscal 2017 were \$15.7 million, compared with \$6.0 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:

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

Quarters ended December 31	Quarter ended December 31		Nine months ended December 31	
	2016	2015	2016	2015
Employee compensation and benefits	3,140	2,279	8,594	7,061
Share-based compensation expenses [recovery]	1,509	[569]	8,120	5,456
Administration and other expenses				
Domain and due diligence expenses	187	35	460	346
Professional fees	253	153	695	567
Office and other expenses	967	634	2,597	2,712
	1,407	822	3,752	3,625
Finance and foreign exchange expense [recovery]				
Interest and bank charges	242	216	632	677
Foreign exchange costs [gain]	[279]	201	[732]	[138]
	[37]	417	[100]	539
Management participation	9,636	3,010	16,527	5,706
Total expenses, excluding income taxes	15,655	5,959	36,893	23,387

Included in share-based compensation expenses for the third quarter of fiscal 2017 was \$0.4 million on the Non-Voting Options, \$0.4 million on the Deferred Share Units ["DSUs"] and Appreciation Deferred Share Units ["ADSUs"], and \$0.5 million on the Book Value Appreciation Rights ["BVARs"].

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

The Company incurred \$4.8 million in income tax expense, and its acquisition entities incurred \$0.8 million in income tax expense during the third quarter of fiscal 2017, compared with \$0.4 million expense and a \$38 thousand expense recovery respectively for the same quarter last year. Income tax expense incurred by the Company's acquisition entities are reflected in net investment gains.

SUMMARY OF QUARTERLY RESULTS

Quarterly results [\$000's except per share information]	Gross Revenue \$	Net income [loss] \$	Net income [loss] per common share \$	Net income [loss] per common share fully diluted* \$
December 31, 2016	51,197	30,764	2.03	2.03
September 30, 2016	20,167	10,520	0.69	0.69
June 30, 2016	25,034	11,574	0.76	0.76
March 31, 2016	27,878	17,265	1.14	1.14
December 31, 2015	18,279	11,930	0.78	0.78
September 30, 2015	8,072	2,882	0.19	0.19
June 30, 2015	20,733	7,889	0.52	0.52
March 31, 2015	32,524	19,009	1.25	1.25

* The sum of quarterly net income 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, 2016, Clairvest had \$675.5 million of capital available for future investments 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, CEP IV and CEP IV-A completed the sale of Cieslok Media. Clairvest held its investment in Cieslok Media through CEP IV Co-Invest, which received cash proceeds of \$33.3 million on the sale, compared to a cost of \$4.0 million.

Subsequent to quarter end, Clairvest, CEP IV and CEP IV-A completed the purchase of Discovery Air Fire Services, Inc. ["DAFS"] from Discovery Air. Clairvest's investment in DAFS was made through CEP IV Co-Invest and was \$2.2 million. In conjunction with the transaction, Discovery Air made a \$1.7 million interest payment against the convertible debentures held by CEP IV Co-Invest and also reduced the guarantee as described in the Off-Statement of Financial Position Arrangements section of the MD&A to \$5.0 million.

TRANSACTIONS WITH RELATED PARTIES

The general partner of CEP, an entity which is controlled by Clairvest, is entitled to participate in distributions made by CEP equal to 20% of all net gains [a "20% carried interest"] of CEP as governed by its limited partnership agreement. Effective December 21, 2015, 10% of the carried interest is allocated to Clairvest and the remaining 10% is allocated to 2486303 Ontario. During the third quarter of fiscal 2017, the general partner of CEP 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 2486303 Ontario.

As at December 31, 2016, if CEP were to sell all of its corporate investments at their current fair values, CEP GP would receive up to \$2.2 million in carried interest from CEP. In accordance with IFRS, Clairvest had recorded the \$2.2 million as carried interest receivable on the consolidated statements of financial position, with a \$1.1 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 2017, CEP III declared to Clairvest priority distributions of \$0.3 million.

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 2017, CEP III GPs earned \$0.8 million in carried interest from CEP III, 50% of which, or \$0.4 million, was ultimately paid to Clairvest, and the other 50% or \$0.4 million was ultimately paid to the limited partners of MIP III. As at December 31, 2016, CEP III had declared and paid distributions to CEP III GPs totaling \$39.5 million, 50% of which, or \$19.8 million, was ultimately paid to Clairvest and the other 50% or \$19.8 million, was ultimately paid to the limited partners of MIP III.

As at December 31, 2016, if CEP III were to sell all of its corporate investments at their current fair values, CEP III GPs would receive up to \$18.7 million in carried interest from CEP III. In accordance with IFRS, Clairvest had recorded the \$18.7 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 \$9.3 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 had 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 is the entitlement of the limited partners of MIP III.

As at December 31, 2016, CEP III Co-Invest had paid distributions totaling \$5.1 million to MIP III with respect to this carried interest entitlement, \$0.2 million of which was received by Clairvest and \$4.9 million was received by the limited partners of MIP III. As at December 31, 2016, 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 \$4.9 million in carried interest from CEP III Co-Invest based on the terms described above, the amount of which has been recorded as 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. During the third quarter of fiscal 2017, \$46 thousand was distributed to Clairvest by MIP III. As at December 31, 2016, \$1.9 million had been received by Clairvest.

As general partner of CEP IV, Clairvest is entitled to a priority distribution from CEP IV. Effective January 14, 2016, 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 63.2% of any fees earned by Clairvest from corporate investments of CEP IV. During the third quarter of fiscal 2017, CEP IV declared to Clairvest priority distributions of \$0.8 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 had been declared and paid by CEP IV to the CEP IV GPs as at December 31, 2016.

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As at December 31, 2016, if CEP IV were to sell all of its corporate investments at their current fair values, CEP IV GPs would receive up to \$56.2 million in carried interest from CEP IV. In accordance with IFRS, Clairvest had recorded the \$56.2 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 \$28.1 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. Effective January 14, 2016, the management fee is calculated monthly as 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 2017, Clairvest earned management fees of \$0.1 million as compensation for its services in the administration of the portfolio of CEP IV-A. As per the Limited Partnership Agreement, \$36 thousand 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 had been declared and paid by CEP IV-A to CEP IV-A GP as at December 31, 2016.

As at December 31, 2016, 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 \$10.9 million in carried interest from CEP IV-A. In accordance with IFRS, Clairvest had recorded the \$10.9 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 IV, or \$5.5 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 had 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 is the entitlement of the limited partners of MIP IV. As at December 31, 2016, CEP IV Co-Invest had not made any carried interest payments to MIP IV.

As at December 31, 2016, if CEP IV Co-Invest were to sell all of its corporate investments at their current fair values, MIP IV would receive up to \$12.6 million in carried interest from CEP IV Co-Invest based on the terms described above, the amount of which had been recorded as a management participation liability on the statements of financial position.

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. During the quarter ended and as at December 31, 2016, \$27 thousand had been received by Clairvest.

As general partner of CEP V, Clairvest is entitled to a priority distribution from CEP V. The priority distribution is calculated monthly as follows: from January 14, 2016 through January 13, 2021, 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 58.8% of any fees earned by Clairvest from corporate investments of CEP V. During the third quarter of fiscal 2017, CEP V declared to Clairvest priority distributions of \$1.7 million. As per the Limited Partnership Agreement, fees of \$39 thousand from corporate investments of CEP V were netted against the priority distributions.

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 had been declared and paid by CEP V to the CEP V GPs as at December 31, 2016.

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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: from January 14, 2016 through January 13, 2021, 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 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 2017, Clairvest earned management fees of \$0.2 million as compensation for its services in the administration of the portfolio of CEP V-A. As per the Limited Partnership Agreement, \$0.1 million was netted against the management fees.

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 had been declared and paid by CEP V-A to CEP V-A GP as at December 31, 2016.

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-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 had 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 is the entitlement of the limited partners of MIP V. As at December 31, 2016, CEP V Co-Invest has not made any carried interest payments to 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 had been received by Clairvest as at December 31, 2016 and no amounts would be payable to MIP V if CEP V Co-Invest were to sell all of its corporate investments at their current fair values.

During the third quarter of fiscal 2017, the Company advanced loans totaling \$3.0 million to CEP IV bearing interest at the Reference Rate in accordance with CEP IV's Limited Partnership agreement, which were repaid in full during the quarter. Interest of \$13 thousand was earned from loans to CEP IV during the third quarter of fiscal 2017.

During the third quarter of fiscal 2017, the Company advanced loans totaling \$0.1 million to CEP IV-A bearing interest at the Reference Rate in accordance with CEP IV-A's Limited Partnership agreement, which were repaid in full during the quarter. Interest of \$1 thousand was earned from loans to CEP IV-A during the third quarter of fiscal 2017.

During the third quarter of fiscal 2017, the Company advanced loans totaling \$0.5 million to CEP V-A bearing interest at the Reference Rate in accordance with CEP V's Limited Partnership agreement, which remained outstanding at December 31, 2016. Interest of \$3 thousand was earned from loans to CEP V during the third quarter of fiscal 2017.

As at September 30, 2016, the Company had non-interest bearing loans totaling \$5.2 million outstanding to CEP IV Co-Invest. Additional loans totaling \$26.8 million were made by the Company to CEP IV Co-Invest during the third quarter of fiscal 2017. The loans and loans previously advanced were repaid in full during the quarter.

During the third quarter of fiscal 2017, the Company advanced non-interest bearing loans totaling \$0.7 million to CEP V Co-Invest, which remained outstanding at December 31, 2016.

As at September 30, 2016, the Company had \$10.5 million in loans outstanding to 2486303 Ontario bearing interest at 10% per annum. During the third quarter of fiscal 2017, 2486303 Ontario repaid \$0.4 million such that \$10.1 million were outstanding at December 31, 2016. Interest of \$0.3 million was earned from loans to 2486303 Ontario during the third quarter of fiscal 2017.

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, the Non-Voting Option Plan, the BVAR plan and the EDSU plan. Compensation paid to the Co-CEOs during the third quarter of fiscal 2017 was \$0.3 million. As at December 31, 2016, the total amounts payable to key management under the aforementioned plans were \$4.8

million. During the third quarter of fiscal 2017, compensation paid to directors under the BVAR, DSU and ADSU plans were \$0.5 million. As at December 31, 2016, the total amounts payable to the directors of Clairvest under the Non-Voting Option, BVAR, DSU and ADSU plans were \$9.3 million.

As at December 31, 2016, Clairvest had loans receivable from certain employees of Clairvest [the "Officers"] totaling \$3.3 million. The loans are interest bearing, have full recourse to the individual and are collateralized by the common shares of Clairvest purchased by the employees with a market value of \$4.4 million. None of these loans were made to key management. As at December 31, 2016, Clairvest also had loans receivable from certain employees of a company affiliated with Clairvest totaling \$0.7 million. The loans are interest bearing and have full recourse to the individual. Interest of \$17 thousand was earned on these loans during the third quarter of fiscal 2017.

During the third quarter of fiscal 2017, Clairvest earned \$0.8 million in distributions and interest income and \$0.3 million in advisory and other fees from its investee companies. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS earned \$13.0 million in distributions and interest income, \$0.2 million in dividend income and \$0.2 million in advisory and other fees from Clairvest's investee companies.

As at December 31, 2016, Clairvest had accounts receivable from its investee companies totaling \$1.8 million, from CEP III totaling \$1 thousand, from CEP IV totaling \$0.6 million, from CEP IV-A totaling \$0.2 million, from CEP V totaling \$9.0 million and from CEP V-A totaling \$1.7 million. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS held receivables from CEP IV totaling \$36 thousand, CEP IV-A totaling \$6 thousand, from CEP V totaling \$16 thousand and from Clairvest's investee companies totaling \$1.5 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

CEP III Co-Invest has committed to co-invest alongside CEP III in all investments undertaken by CEP III. CEP III Co-Invest's co-investment commitment is \$75.0 million, \$15.2 million of which remained unfunded as at December 31, 2016. 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.

CEP IV Co-Invest has committed 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's co-investment commitment is \$125.0 million, \$21.2 million of which remained unfunded as at December 31, 2016. 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.

CEP V Co-Invest has committed to co-invest alongside CEP V and CEP V-A in all investments undertaken by CEP V and CEP V-A. CEP V Co-Invest's co-investment commitment is \$180.0 million, \$142.2 million of which remained unfunded as at December 31, 2016. 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 was unfunded at December 31, 2016. As specified in the Limited Partnership Agreement, upon the closing of Wellington Fund V, Wellington Fund IV may no longer invest in new investments.

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Clairvest has also committed \$30.3 million to Wellington Fund V, \$14.6 million of which remained unfunded at December 31, 2016.

As at December 31, 2016, Clairvest had received profit distributions totaling \$0.1 million through its ownership interest in the General Partner of Wellington Fund V. Clairvest has agreed to return up to the amounts received in the event the limited partners of Wellington Fund V do not meet their return threshold as specified in the respective Limited Partnership Agreements.

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 this 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, 2016, the Realized Amount under the Bonus Program was \$0.2 million and had 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 \$4.7 million accrued compensation expense liability which 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.

In conjunction with the sale of Casino New Brunswick, Clairvest has 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, 2016, no amounts with respect to this guarantee had been funded.

As part of the holding structure of Chilean Gaming Holdings, an acquisition entity of CEP III Co-Invest had loans totaling \$41.9 million as at December 31, 2016 from an unrelated financial institution, while another acquisition entity of CEP III Co-Invest held term deposits totaling \$41.9 million as at December 31, 2016 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, 2016.

Clairvest has agreed to guarantee up to \$10.0 million to support Discovery Air's credit facility with its bank. The guarantee is callable by the lender under certain circumstances and should it be called, Clairvest will assume the lender's security position that supports the loans provided by the lender. Clairvest intends to allocate any amounts called under this guarantee to CEP IV Co-Invest, CEP IV and CEP IV-A on a pro-rata basis in accordance with their respective capital commitments in the CEP IV fund pool. As at December 31, 2016, the total contingent exposure under this guarantee was \$7.4 million, \$2.0 million of which would be assumed by CEP IV Co-Invest if called. Any additional guarantee is subject to Clairvest's consent at its sole discretion.

CEP IV Co-Invest had committed to advance up to \$3.8 million to Discovery Air in the form of a secured revolving credit facility, \$1.7 million of which was drawn at September 30, 2016. During the quarter ended December 31, 2016, the facility was repaid in full and the commitment was extinguished. Replacing this commitment was a new commitment from CEP IV Co-Invest to advance up to \$8.0 million to DA Defence, a subsidiary of Discovery Air, in the form of a revolving credit facility. As at December 31, 2016, \$6.7 million of this facility has been drawn.

As at December 31, 2016, the Company had future minimum annual lease payments under non-cancellable operating leases for the use of office space of \$0.5 million due within one year, \$1.9 million due after one year but not more than five years and \$2.3 million due after 5 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 its acquisition entities entered into foreign exchange forward contracts as economic hedges against the fair value of its foreign-denominated investments and loans unless specific exemption is approved by the Board of Directors. During the third quarter of fiscal 2017, the Company paid \$0.1 million to settle realized foreign exchange forward contracts. Additionally, acquisition entities of Clairvest paid \$2.8 million to settle realized foreign exchange forward contracts during the quarter.

As at December 31, 2016, Clairvest had entered a foreign exchange forward contract to sell US\$1.9 million at a rate of Canadian \$1.3373 per U.S. dollar through to January 2017. The fair value of the forward contract at December 31, 2016 was a loss of \$10 thousand.

Additionally, acquisition entities of Clairvest had entered foreign exchange forward contracts to sell US\$159.7 million at an average rate of Canadian \$1.3207 per U.S. dollar through to November 2017. The fair value of the forward contracts held by these acquisition entities as at December 31, 2016 was a loss of \$3.2 million.

RISK MANAGEMENT

The private equity investment business involves accepting risk for potential return, and is therefore affected by a number of risk factors. These factors, categorized as market risk, investing process risk and other risks, are described below. Additional risks not currently known to us or that we currently believe to be immaterial may also have a material adverse effect on future business of the Company.

Market Risk

Fair Value Risk

Fair value risk includes exposure to fluctuations in the fair market value of the Company's investments. 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. At December 31, 2016, eight investee companies were 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 have been an increase of \$25.5 million or a decrease of \$22.9 million to the carrying value of corporate investments and net investment gains, on a pre-tax basis, for the quarter ended December 31, 2016. 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 reasonable alternative assumptions that would change the fair value materially as at December 31, 2016.

The Company's corporate investment portfolio was diversified across 17 investee companies in 8 industries and 3 countries as at December 31, 2016. The Company has considered current economic events and indicators in the valuation of its investee companies.

Interest Rate Risk

Fluctuations in interest rates affect the Company's income derived from its treasury funds. For financial instruments which yield a floating interest rate, the income received is directly impacted by the prevailing interest rate. The fair value of financial instruments which yield a fixed interest rate 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 have been an increase or decrease of \$0.2 million to distributions and interest income on a pre-tax basis for the quarter ended December 31, 2016.

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

Currency Risk

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, Clairvest and its acquisition entities entered into hedging positions against these foreign denominated currencies as approved by the Board of Directors. In June 2016, the Company adopted a new foreign exchange policy to not hedge the Chilean Pesos ["CLP"] as approved by the Board of Directors. As a result, at December 31, 2016, the Company had foreign exchange exposure to the CLP totaling \$50.5 million.

A number of investee companies are subject to foreign exchange risk. A significant change in foreign exchange rates can have a significant impact on 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.

Commodity Price Risk

Certain of Clairvest's investee companies are subject to price fluctuations in commodities. For example, the price of oil had a material adverse effect on Light Tower Rentals Inc., an investment which Clairvest realized during the second quarter of fiscal 2017. In addition, Discovery Air Inc. has been negatively impacted by the general downturn in the oil and gas and mining sectors. Clairvest understands the risk of investing in cyclical industries which are largely tied to commodity prices and takes such risk into account in making these investments. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly.

Investing Process Risk

Competition Risk

Clairvest and the CEP Funds compete for acquisition of investments with many other investors, some of which may have greater depth of investment experience in particular industries or segment or greater financial resources. There may be intense competition for investments in which Clairvest intends to invest, and such competition may result in less favorable investment terms than would otherwise be the case. There can, therefore, be no assurance that the investments ultimately acquired by Clairvest will meet all the investment objectives of Clairvest, or that Clairvest will be able to invest all of the capital it has committed to invest alongside the CEP Funds. The Company manages this risk through a disciplined approach to investing its capital and that of the CEP Funds, and has strict investment policies where investments above a certain threshold require the approval of the Board of Directors.

Uncompleted and Unspecified Investment Risk

The due diligence of each specific investment opportunity that Clairvest looks at and the negotiation, drafting and execution of the relevant agreements require substantial management time and attention and may incur substantial third party costs. In the event that Clairvest elects not to complete a specific investment, the costs incurred up to that point for the proposed transaction are often not recoverable by Clairvest and the CEP Funds. Furthermore, in the event that Clairvest reaches an agreement relating to a specific investment, it may fail to complete such an investment for any number of reasons, including

those beyond Clairvest's control. Any such occurrence could similarly result in a financial loss to Clairvest and the CEP Funds due to the inability to recoup any of the related costs incurred to complete a transaction. A shareholder must rely upon the ability of Clairvest's management in making investment decisions consistent with its investment objectives and policies. Shareholders will not have the opportunity to evaluate personally the relevant economic, financial and other information which are utilized by Clairvest in its selection of investments.

Minority Investment Risk

Clairvest and the CEP Funds may make minority equity investments in entities in which they do not legally control all aspects of the business or affairs of such entities. As at December 31, 2016, 15 of the 17 investments made by Clairvest were minority equity investments. In all investments, Clairvest monitors the performance of each investment, maintains an ongoing dialogue with each investee's management team and seeks board representation and negative controls as conditions of each investment.

Gaming Investment Risk

As at December 31, 2016, Clairvest's exposure to the gaming industry represented 40.0% of its net book value. These investments are subject to the risks of any other investment but have heightened exposure to political and regulatory risk whereby a change in the political or regulatory regime governing the gaming industry in a particular jurisdiction where Clairvest's gaming assets are located could have an impact on the ultimate returns of that investment. In addition, many of these investments involve the construction of a gaming facility whereby not only is Clairvest underwriting the risk of completing the facility on budget, but it is also relying on forecasted gaming revenue, versus historical results, which is only a best estimate. While a project is in construction and for a specified period thereafter, the owners of a newly constructed gaming facility may have to guarantee some or all of the bank facility or agreed to fund any operating shortfall. The Company manages this risk through oversight responsibilities with existing investee companies and by reviewing the financial condition of investee companies regularly. Historically, Clairvest has been able to manage all of these risks but past performance of Clairvest provides no assurance of future success.

Risks Upon Sale of Investments

In connection with the disposition of an investee company, Clairvest and the CEP Funds may be required to make representations about the business and financial affairs of the business. Clairvest and the CEP Funds may also be required to indemnify the purchasers of such investee companies to the extent that any such representation turns out to be incorrect, inaccurate or misleading.

Investment Structure and Taxation Risks

Clairvest structures its investments in a manner that is intended to achieve its investment objectives. There can be no assurance that the structure of any investment will be as tax efficient as designed or that any particular tax result will be achieved, due to unanticipated tax law changes or unforeseen circumstances during the planning phase of the tax structuring. Furthermore, Clairvest's returns in respect of its investments may be reduced by withholding or other taxes imposed by jurisdictions in which Clairvest's investee companies are organized.

Other Risks

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, 2016, 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 receivable, a significant portion of which are with 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 counterparty credit risk on derivative instruments by only contracting with counterparties which are Schedule 1 Canadian chartered banks.

The Company manages credit risk on its treasury funds by conducting activities in accordance with the fixed income securities policy which 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.

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 periods. Total unfunded commitments to co-invest alongside the CEP Funds, as described were \$178.5 million as at December 31, 2016. 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 \$14.6 million to Wellington Fund IV and Wellington Fund V respectively as described in notes 14[d] and 14[e] to the consolidated financial statements.

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 a \$100.0 million credit facility which was undrawn at December 31, 2016.

As at December 31, 2016, Clairvest had treasury funds of \$81.6 million and access to \$100.0 million in credit to support its obligations and current and anticipated corporate investments. Clairvest also had access to \$50.5 million in treasury funds held by its acquisition entities and \$443.4 million in uncalled committed third-party capital through the CEP Funds at December 31, 2016 to invest along with Clairvest's capital.

Conflicts of Interest Risk

Clairvest's primary business is that of a private equity investor investing its own capital but it also manages third-party capital through the CEP Funds. In accordance with the various fund agreements for the CEP Funds, Clairvest is required to invest alongside the CEP Funds unless the relevant CEP Fund investor committee approves such an investment to be invested by Clairvest without the CEP Funds' participation. Accordingly, Clairvest shareholders may not realize the full benefit of Clairvest investment opportunities as such opportunities are required to be shared with the CEP Funds.

Risk of CEP Fund Limited Partners' Failure to Meet Capital Calls

The general partner of the CEP Funds is responsible to manage the affairs of the CEP Funds, which includes calling capital for investments made by the CEP Funds. If a limited partner of the CEP Funds fails to make the required capital contribution when due, Clairvest could be required to increase its investment under certain conditions. The General Partner of the CEP Funds manages this risk through designing the terms of the CEP Funds appropriately and due diligence of potential limited partners of the CEP Funds prior to admitting them to the partnership.

Minority Shareholder Risks

As at December 31, 2016, Clairvest's board of directors and employees owned over 90% of Clairvest's common shares and Kenneth B. Rotman owned or controlled over 50% of such shares. Accordingly, Mr. Rotman and other insider shareholders have the ability to exercise substantial influence with respect to Clairvest's affairs and can usually dictate the outcome of shareholder votes and may have the ability to prevent certain fundamental transactions.

Accordingly, Clairvest shares may be less liquid and trade at a relative discount compared to circumstances where such large shareholders did not have the ability to significantly influence or determine matters affecting Clairvest.

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, 2016 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, 2016. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as at December 31, 2016 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended December 31, 2016 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.