

**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED DECEMBER 31, 2017**

February 13, 2018

The Management's Discussion and Analysis ["MD&A"] of financial condition and results of operations analyze 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, 2017, 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

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"], CEP V HI India Investment Limited Partnership ["CEP V India"] 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, 2017, contain certain disclosures not included in the unaudited interim condensed consolidated financial statements as at and for the quarter ended December 31, 2017, accordingly, this MD&A should be read in conjunction with the audited consolidated financial statements as at and for the year ended March 31, 2017.

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 is 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 of 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 is 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]	December 31, 2017	September 30, 2017	March 31, 2017
As at			
Cash, cash equivalents and temporary investments, including restricted cash ["treasury funds"]	135,851	105,983	122,169
Carried interest receivable from the CEP Funds	120,750	98,840	98,322
Corporate investments, at fair value	516,766	442,528	410,102
Total assets	811,939	691,483	671,951
Management participation	86,478	69,213	67,050
Total liabilities	163,244	115,819	121,747
Book value	648,695	575,664	550,204
Book value per share	42.78	37.89	36.21
Dividend per share declared ^[1]	—	—	—
Number of common shares outstanding	15,162,995	15,191,595	15,194,095

^[1] Declared annually during quarter ended June 30

Clairvest's book value increased by \$4.89 per share during the third quarter of fiscal 2018. Net income and comprehensive income ["net income"] for the quarter was \$74.1 million, or \$4.88 per share, primarily the result of \$76.7 million in net changes in unrealized gains on Clairvest's underlying investee companies ["investee companies"]. For the quarter, the Company recorded \$22.2 million in net carried interest income and \$17.5 million in management participation.

ASSETS

As at December 31, 2017, the Company's treasury funds of \$135.9 million were held in cash, money market savings accounts rated not below R1-High, and investment savings accounts and guaranteed investment certificates rated not below A- and other securities as permitted by the Company's treasury policy [see notes 4 and 15 to the consolidated financial statements for a detailed discussion of the Company's treasury funds]. 2141788 Ontario also held \$34.1 million in cash, investment savings accounts and guaranteed investment certificates rated comparably. In addition, Clairvest is the beneficial owner of \$7.4 million in cash held in various acquisition entities which are controlled by Clairvest.

As at December 31, 2017, \$15.8 million of the treasury funds were held in a bank account under the Company's name in support of its pending investment in Ontario Gaming West GTA Limited Partnership as described in the Outlook & Subsequent Events section of the MD&A, and accordingly classified as restricted cash.

Clairvest has a \$100.0 million committed revolving credit facility with several Schedule 1 Canadian chartered banks. The credit facility, which had 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. During the third quarter of fiscal 2018, the credit facility was extended to December 2022 under the same terms and conditions. No amounts had been drawn on the facility during the quarter and as at December 31, 2017. The amount available under the credit facility as at December 31, 2017 was \$100.0 million.

As at December 31, 2017, Clairvest had corporate investments with a carrying value of \$516.8 million, an increase of \$74.2 million during the third quarter of fiscal 2018, \$489.6 million of which represents the fair value of Clairvest's investee companies and the remaining \$27.2 million of which represents other net assets held by Clairvest's acquisition entities. Certain of these acquisition entities, as 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 held by Clairvest's acquisition entities, the aggregate carrying value of Clairvest's investee companies increased by \$81.3 million during the third quarter of fiscal 2018, which primarily comprised the following:

- Net changes in unrealized gains on its investee companies of \$76.7 million;
- Net interest accrued on debt investments totaling \$6.5 million;
- Foreign exchange revaluations of \$4.0 million;
- Follow-on investment made in Discovery Air Defence Services Inc. ["DA Defence"] totaling \$3.8 million; partially offset by
- \$10.1 million in cash proceeds in addition to retaining a \$6.1 million equity interest on the partial realization of Winter Bros. Waste Systems of CT, LLC ["Winters Bros. of CT"] which had a fair value of \$15.4 million as at September 30, 2017.

During the third quarter of fiscal 2018, CEP IV Co-Invest made a return of capital of \$20.1 million to Clairvest and \$0.3 million to an acquisition entity of Clairvest.

Clairvest has implemented a hedging strategy because it has, directly and indirectly, several investments outside of Canada, currently in the United States, Chile and India. 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. For the quarter ended December 31, 2017, 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 Indian Rupees ["INR"] denominated investment and approximately 50% of the fair value of its Chilean Pesos ["CLP"] denominated investment, which were unhedged as at December 31, 2017. 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 the fair value and cost of Clairvest's investee companies as at December 31, 2017 and March 31, 2017:

[S000's]	December 31, 2017			March 31, 2017		
	Fair value	Cost	Difference	Fair value	Cost	Difference
Investments made by CEP III Co-Invest alongside CEP III						
Chilean Gaming Holdings ^[a]	53,610	28,754	24,856	48,835	28,754	20,081
Lyophilization Services of New England Inc. ["LSNE"] ^[b]	–	–	–	27,248	6,619	20,629
Investments made by CEP IV Co-Invest alongside CEP IV						
Centaur Gaming	181,676	34,657	147,019	111,170	34,657	76,513
County Waste of Virginia, LLC ["County Waste"]	17,227	7,533	9,694	17,999	7,533	10,466
CRS Contractors Rental Supply Limited Partnership ["CRS"] ^[c]	–	–	–	28,758	10,573	18,185
Davenport Land Investments ^[d]	2,908	2,196	712	3,009	2,196	813
Discovery Air Inc. ["Discovery Air"] / Top Aces	41,908	50,622	[8,714]	21,037	36,860	[15,823]
Impero Waste Services, LLC ["Impero Waste", formerly Winters Bros. of CT]	6,044	3,019	3,025	11,160	8,053	3,107
Momentum Aerospace Group ["MAG"]	10,970	5,068	5,902	11,557	5,068	6,489
New Meadowlands Racetrack, LLC [the "Meadowlands"]	9,709	6,444	3,265	9,563	6,444	3,119
Rivers Casino	20,642	9,058	11,584	14,307	9,058	5,249
Investments made by CEP V Co-Invest alongside CEP V						
Accel Entertainment Inc. ["Accel Entertainment"]	23,617	15,978	7,639	20,639	15,978	4,661
Ace2Three	39,372	55,968	[16,596]	–	–	–
AlsoEnergy, Inc.	6,022	6,038	[16]	–	–	–
Digital Media Solutions, LLC ["DMS"]	7,715	8,254	[539]	8,179	8,254	[75]
Winters Bros. Waste Systems of Long Island Holdings, LLC ["Winters Bros. of LI"]	10,555	10,636	[81]	11,190	10,636	554
Grey Eagle Casino ["Grey Eagle"]	10,537	11,017	[480]	12,613	11,017	1,596
Wellington Financial ^[e]	46,316	17,254	29,062	22,101	15,640	6,461
	488,828	272,496	216,332	379,365	217,340	162,025
Other investments	788	875	[87]	1,039	1,127	[88]
	489,616	273,371	216,245	380,404	218,467	161,937

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

^[b] LSNE was realized in April 2017

^[c] CRS was realized in August 2017

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

^[e] 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 2018, Clairvest announced the sale of its investment in Centaur Gaming. The transaction is subject to regulatory approvals and is anticipated to close during the first quarter of fiscal 2019. Clairvest holds its investment in Centaur Gaming through CEP IV Co-Invest and its carrying value in Centaur Gaming as at December 31, 2017 reflects a discount to the transaction price to reflect the uncertainty to closing.

Discovery Air / Top Aces

During the third quarter of fiscal 2018, DA Defence, which was a wholly-owned subsidiary of Discovery Air as at September 30, 2017, drew the remaining \$7.0 million under the \$13.0 million secured revolving credit facility provided by Clairvest through CEP IV Co-Invest and other co-investors [collectively, the "DA Investor Group"], \$3.8 million of which was funded by CEP IV Co-Invest, bringing the aggregate amount funded to DA Defence by CEP IV Co-Invest to \$14.5 million. Also during the third quarter of fiscal 2018, CEP IV Co-Invest made available to Discovery Air and certain of its subsidiaries \$10 million in aggregate credit which were fully drawn and repaid in full during the quarter. Subsequently, the DA Investor

Group exercised a pre-existing optional conversion feature pursuant to the terms of the DA Defence credit facilities to convert all of the outstanding secured revolving credit facilities plus accrued interest into common shares of DA Defence. In conjunction with this transaction, the DA Investor Group also exercised the swap option pursuant to a letter agreement dated June 5, 2017 between Discovery Air, DA Defence and Clairvest and its affiliates to exchange \$18.4 million of its Discovery Air senior secured convertible debentures into common shares of DA Defence. Subsequent to these transactions, a third party institutional investor purchased \$50 million of equity in DA Defence, half from DA Defence treasury and the other half from Discovery Air. Subsequently, Discovery Air repaid \$24.0 million of interest owing under the terms of the senior secured convertible debentures, \$7.6 million of which was received by CEP IV Co-Invest. As at December 31, 2017, CEP IV Co-Invest held various securities in Discovery Air and DA Defence which had an aggregate cost of \$50.6 million and a fair market value of \$41.9 million. Subsequent to quarter end, DA Defence was rebranded as Top Aces.

Impero Waste

During the third quarter of fiscal 2018, CEP IV Co-Invest completed a partial realization of its investment in Winters Bros. of CT and realized cash proceeds of US\$7.9 million and a US\$4.8 million minority interest in Impero Waste, the acquirer of Winters Bros. of CT, against its original cost of investment of US\$7.6 million. Net of closing costs, CEP IV Co-Invest recorded a \$0.3 million net realized gains for the third quarter of fiscal 2018.

LIABILITIES

As at December 31, 2017, Clairvest had \$163.2 million in liabilities, which included \$10.6 million in accrued management and director compensation, \$29.3 million in share-based compensation, \$86.5 million in management participation, \$5.2 million in income taxes payable and \$27.8 million deferred income tax liability. \$121.9 million of these liabilities are 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 \$29.3 million in share-based compensation included \$5.1 million accrued under the Non-Voting Option Plan, \$2.4 million under the Employee Deferred Share Units ["EDSU"] plan, \$6.6 million under the Book Value Appreciation Rights Units plan, and \$15.2 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 760,627 common shares during the 12-month period ending March 6, 2018. During the third quarter of fiscal 2018, Clairvest purchased and cancelled 28,600 shares under this normal course issuer bid for an aggregate cost of \$1.1 million. In total, 3,480,995 common shares at a cost of \$37.1 million have been purchased under all previous NCIBs as at December 31, 2017. An additional 934,200 common and 2,230,954 non-voting shares have been purchased for cancellation outside of the NCIB for an aggregate cost of \$33.0 million.

As at December 31, 2017, Clairvest had 15,162,995 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 had been issued as at December 31, 2017 and February 13, 2018.

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. 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, 2017, 362,604 options were outstanding, 38,752 options of which had vested.

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

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common shares of the Company in accordance with the terms of the plan. 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, 2017. As at December 31, 2017, 50,557 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 2017 was \$74.1 million and \$105.1 million, compared with \$30.8 million and \$52.9 million for the same periods 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	
	2017	2016	2017	2016
Net investment gains [losses]				
- Investee companies inclusive of foreign exchange hedging activities	79,728	20,374	109,264	41,995
- Acquisition entities including distributions, interest, dividends and fees received from investee companies and net of taxes payable by these acquisition entities	14,690	9,914	5,612	13,823
	94,418	30,288	114,876	55,818
Distributions, interest income, dividends and fees				
- CEP Funds	2,607	3,085	8,829	9,161
- Investee companies	736	1,124	3,478	5,128
- Treasury funds ^[1]	507	202	1,001	497
- Acquisition entities and other	1,162	2,412	13,921	2,331
	5,012	6,823	27,229	17,117
Net carried interest income – realized and unrealized changes	22,241	15,257	39,239	25,173
Total expenses	34,611	16,665	60,204	37,423
Net income before income taxes	87,060	35,703	121,140	60,685
Income taxes	12,957	4,939	15,988	7,827
Net income	74,103	30,764	105,152	52,858
Net income per share	4.88	2.03	6.92	3.48
Net income per share - fully diluted	4.88	2.03	6.92	3.48

^[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 or losses and net changes in unrealized gains or losses 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, and income taxes incurred by these acquisition entities, are reflected in net investment gains [losses] 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.

The following tables summarize the net investment gains or losses of investee companies for the quarters and nine months ended December 31, 2017 and 2016. These net investment gains or losses are inclusive of the foreign exchange hedging activities related to these investments:

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NET INVESTMENT GAINS [LOSSES] ON INVESTEE COMPANIES

Quarter ended December 31 [\$000's]	2017			Total	2016 Total
	Net realized gains [losses]	Net unrealized gains [losses]	Foreign Exchange gains [losses]		
Accel Entertainment	—	—	91	91	[14]
Ace2Three	—	—	1,056	1,056	—
AlsoEnergy	—	—	7	7	—
Centaur Gaming	—	39,904	1,032	40,936	7,445
Cieslok Media	—	—	—	—	20,958
Chilean Gaming Holdings	—	412	1,699	2,111	1,692
County Waste	—	82	6	88	52
CRS	—	—	—	—	2,131
Davenport Land Investments	—	—	[5]	[5]	[16]
Digital Media Solutions	—	—	[12]	[12]	[10]
Discovery Air	[1,165]	12,217	—	11,052	[224]
Grey Eagle Casino	—	[526]	—	[526]	[1,132]
Impero Waste	260	226	[79]	407	2
LSNE	—	—	—	—	704
MAG	—	—	40	40	153
The Meadowlands	—	—	[4]	[4]	[84]
Rivers Casino	—	878	136	1,014	[12,356]
Wellington Financial	—	23,467	—	23,467	1,070
Winters Bros. of LI	—	—	6	6	3
Net investment gains on investee companies	[905]	76,660	3,973	79,728	20,374

⁽¹⁾ Inclusive of foreign exchange hedging activities

Nine months ended December 31 [\$000's]	2017			Total	2016 Total
	Net realized gains	Net unrealized gains [losses]	Foreign Exchange gains [losses]		
Accel Entertainment	—	4,153	5	4,158	[17]
Ace2Three	—	[15,826]	[3,116]	[18,942]	—
AlsoEnergy	—	—	[7]	[7]	—
Centaur Gaming	—	77,079	735	77,814	15,798
Cieslok Media	—	—	—	—	22,702
Chilean Gaming Holdings	—	3,675	381	4,056	6,907
County Waste	—	254	[121]	133	5,076
Contractors Rental Supply	2,950	—	—	2,950	1,634
Davenport Land Investments	—	—	15	15	[23]
Digital Media Solutions	—	—	[37]	[37]	[11]
Discovery Air	[1,165]	7,104	—	5,939	[224]
Grey Eagle Casino	—	[2,181]	—	[2,181]	[1,171]
Impero Waste	3,311	2,090	[80]	5,321	2
LSNE	146	—	88	234	675
MAG	—	[66]	133	67	432
The Meadowlands	—	—	[71]	[71]	[76]
Rivers Casino	—	7,140	148	7,288	[11,227]
Wellington Financial	—	22,602	—	22,602	1,514
Winters Bros. of LI	—	—	[75]	[75]	4
Net investment gains [losses] on investee companies	5,242	106,024	[2,002]	109,264	41,995

⁽¹⁾ Inclusive of foreign exchange hedging activities.

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:

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

Quarter ended December 31 [\$000's]	2017			2016
	Earned directly by Clairvest	Earned through acquisition entities	Total	Total
Distributions and interest income				
Ace2Three	—	827	827	—
Centaur Gaming	—	51	51	34
CRS	—	—	—	545
Davenport Land Investments	—	27	27	22
Digital Media Solutions	—	128	128	167
Discovery Air	38	13,712	13,750	113
Grey Eagle Casino	95	285	380	775
MAG	55	30	85	67
The Meadowlands	—	249	249	23
Rivers Casino	—	112	112	15,688
Wellington Financial	80	—	80	491
	268	15,421	15,689	17,925
Dividend income				
Chilean Gaming Holdings	—	306	306	220
Advisory and other fees	468	152	620	479
Distributions, interest, dividends and fees from investee companies	736	15,879	16,615	18,624
Nine months ended December 31 [\$000's]				
				2016
	Earned directly by Clairvest	Earned through acquisition entities	Total	Total
Distributions and interest income				
Ace2Three	—	2,350	2,350	—
Centaur Gaming	—	140	140	86
CRS	—	245	245	545
Davenport Land Investments	—	71	71	60
Digital Media Solutions	—	390	390	564
Discovery Air	130	14,308	14,438	335
Grey Eagle Casino	397	1,192	1,589	2,447
MAG	152	85	237	205
The Meadowlands	—	706	706	636
Rivers Casino	—	571	571	17,636
Wellington Financial	1,921	—	1,921	3,095
	2,600	20,058	22,658	25,609
Dividend income				
Chilean Gaming Holdings	—	849	849	3,516
Advisory and other fees	878	462	1,340	1,543
Distributions, interest, dividends and fees from investee companies	3,478	21,369	24,847	30,668

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:

CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED DECEMBER 31, 2017

February 13, 2018

DISTRIBUTIONS, FEES AND INTEREST FROM THE CEP FUNDS

Quarter ended December 31 [\$000's]	2017			2016
	Earned directly by Clairvest	Earned through acquisition entities	Total	Total
Priority distributions	2,289	—	2,289	2,739
Management fees	290	—	290	328
Interest on loans advanced	28	4	32	33
Distributions, fees and interest from the CEP Funds	2,607	4	2,611	3,100

Nine months ended December 31 [\$000's]	2017			2016
	Earned directly by Clairvest	Earned through acquisition entities	Total	Total
Priority distributions	7,404	—	7,404	8,074
Management fees	936	—	936	978
Interest on loans advanced	489	81	570	172
Distributions, fees and interest from the CEP Funds	8,829	81	8,910	9,224

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	
	2017	2016	2017	2016
Realized carried interest from CEP	80	964	220	1,204
Realized carried interest from the CEP Funds	250	—	16,590	—
Net change in unrealized carried interest from CEP and the CEP Funds	21,911	14,293	22,429	23,969
Net carried interest income⁽¹⁾	22,241	15,257	39,239	25,173

⁽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, 2017, the Company earned \$0.5 million in income from its treasury funds, compared to \$0.2 million for the same quarter last year.

Total expenses for the third quarter of fiscal 2018 were \$34.6 million, compared with \$16.7 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:

**CLAIRVEST GROUP INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED DECEMBER 31, 2017**

February 13, 2018

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

	Quarter ended December 31		Nine months ended December 31	
	2017	2016	2017	2016
Employee compensation and benefits	4,692	3,140	10,286	8,594
Share-based compensation expenses	10,306	1,348	15,172	6,940
Administration and other expenses				
Domain and due diligence expenses	273	187	601	460
Professional fees	179	253	534	695
Office and other expenses	1,388	967	2,775	2,597
	1,840	1,407	3,910	3,752
Finance and foreign exchange expense				
Interest and bank charges	289	242	684	632
Foreign exchange costs [gain]	[1]	[20]	93	66
	288	222	777	698
Management participation	17,485	10,548	30,059	17,439
Total expenses, excluding income taxes	34,611	16,665	60,204	37,423

Included in share-based compensation expenses for the third quarter of fiscal 2018 was \$3.4 million on the Non-Voting Options, \$4.4 million on the Deferred Share Units ["DSUs"] and Appreciation Deferred Share Units ["ADSUs"], \$1.9 million on the Book Value Appreciation Rights ["BVARs"] and a \$0.6 million on EDSUs.

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

The Company recorded \$13.0 million in income tax expense, and its acquisition entities incurred \$0.3 million in income tax expense during the third quarter of fiscal 2018, compared with income tax expense of \$4.9 million and \$0.8 million respectively for the same quarter last year. Income tax expense incurred by the Company's acquisition entities are reflected in net investment gains [losses].

SUMMARY OF QUARTERLY RESULTS

Quarterly results [\$000's except per share information]	Gross Revenue ^[1]	Net income [loss]	Net income [loss] per common share fully diluted ^[2]	
			per common share	share
	\$	\$	\$	\$
December 31, 2017	121,671	74,103	4.88	4.88
September 30, 2017	63,504	42,609	2.80	2.80
June 30, 2017	[3,831]	[11,560]	[0.76]	[0.76]
March 31, 2017	33,361	17,268	1.14	1.14
December 31, 2016	52,368	30,764	2.02	2.02
September 30, 2016	20,436	10,520	0.69	0.69
June 30, 2016	25,305	11,574	0.76	0.76
March 31, 2016	28,156	17,265	1.14	1.14

^[1] Includes net investment gain [losses]

^[2] 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, 2017, Clairvest had \$643.5 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.

During the third quarter of fiscal 2018, the Ontario Lottery and Gaming Corporation announced that Clairvest and Great Canadian Gaming Corporation ["Great Canadian"] have been selected as the successful proponent to operate four gaming facilities in the West Greater Toronto Area [the "West GTA Bundle"]. Clairvest, CEP V and CEP V-A will collectively hold a 45% interest in Ontario Gaming West GTA Limited Partnership which will acquire all the gaming assets in the West GTA Bundle and will enter into leases for each of the four facilities for the exclusive right to operate these assets for a minimum period of 20 years. Great Canadian will develop and become the operator of these gaming facilities. Closing of this transaction is anticipated to occur during the first quarter of fiscal 2019 and is subject to regulatory approvals and other customary conditions. The restricted cash balance of \$15.8 million is expected to be released upon the closing of this transaction.

Subsequent to quarter end, CIBC acquired the general partner and the loan assets of Wellington Fund V. Clairvest received a full repayment of \$17.3 million on its investment in Wellington Fund V plus \$24 million in CIBC common shares which are restricted for sale for 36 months subject to certain conditions. Clairvest also continues to have a residual interest on its pro-rata share of any profits realized from warrants previously granted to Wellington Fund III, Wellington Fund IV and Wellington Fund V and is eligible for additional payments subject to certain growth targets. As at December 31, 2017, Clairvest's carrying value in Wellington Financial reflects the cash proceeds and the CIBC common shares received at the closing of the sale plus the fair value of its participation in the warrants.

Also subsequent to quarter end, Clairvest, CEP IV and CEP IV-A funded an additional US\$11.5 million to County Waste to further support its growing business. The investment was made in the form of US\$6.5 million 12% subordinated notes and 1,614 Class B units for US\$5.0 million. Clairvest, which holds its investment in County Waste through CEP IV Co-Invest, acquired US\$1.7 million in subordinated notes and 432 Class B units in Country Waste for US\$1.3 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 2018, the general partner of CEP earned \$80 thousand in carried interest from CEP, 50% of which or \$40 thousand was ultimately paid to Clairvest, and the other 50% or \$40 thousand was ultimately paid to 2486303 Ontario.

As at December 31, 2017, if CEP were to sell all its corporate investments at their current fair values, CEP GP would receive up to \$1.8 million in carried interest from CEP. In accordance with IFRS, Clairvest had recorded the \$1.8 million as carried interest receivable on the consolidated statements of financial position, with a \$0.9 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 2018, CEP III declared to Clairvest priority distributions of \$0.1 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 2018, CEP III GPs received \$0.2 million in carried interest from CEP III, 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 MIP III. As at December 31, 2017, CEP III had declared and paid distributions to CEP III GPs totaling \$56.1 million, 50% of which, or \$28.1 million, was ultimately paid to Clairvest and the other 50% or \$28.1 million, was ultimately paid to the limited partners of MIP III.

As at December 31, 2017, if CEP III were to sell all its corporate investments at their current fair values, CEP III GPs would receive up to \$10.2 million in carried interest from CEP III. In accordance with IFRS, Clairvest had recorded the \$10.2 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 III, or \$5.1 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. During the third quarter of fiscal 2018, CEP III Co-Invest paid \$0.1 million to MIP III with respect to this carried interest entitlement.

As at December 31, 2017, CEP III Co-Invest had paid distributions totaling \$7.4 million to MIP III with respect to this carried interest entitlement, \$0.2 million of which was received by Clairvest and \$7.2 million was received by the limited partners of MIP III. As at December 31, 2017, 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 \$4.3 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 2018, \$16 thousand was distributed to Clairvest by MIP III. As at December 31, 2017, \$2.3 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 2018, CEP IV declared to Clairvest priority distributions of \$0.5 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 had been declared and paid by CEP IV to the CEP IV GPs as at December 31, 2017.

As at December 31, 2017, if CEP IV were to sell all its corporate investments at their current fair values, CEP IV GPs would receive up to \$92.7 million in carried interest from CEP IV. In accordance with IFRS, Clairvest had recorded the \$92.7 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 IV, or \$46.3 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 2018, 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, \$33 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, 2017.

As at December 31, 2017, if CEP IV-A were to sell all its corporate investments at their current fair values, CEP IV-A GP would receive up to \$16.0 million in carried interest from CEP IV-A. In accordance with IFRS, Clairvest had recorded the \$16.0 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 \$8.0 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, 2017, CEP IV Co-Invest had not made any carried interest payments to MIP IV.

As at December 31, 2017, if CEP IV Co-Invest were to sell all its corporate investments at their current fair values, MIP IV would receive up to \$22.7 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 third quarter of fiscal 2018, \$0.3 million was distributed to Clairvest by MIP IV. As at December 31, 2017, \$1.3 million 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 2018, CEP V declared to Clairvest priority distributions of \$1.5 million. As per the Limited Partnership Agreement, fees of \$75 thousand from corporate investments of CEP V were netted against the priority distributions.

In April 2017, CEP V HI India was formed to facilitate investment in Ace2Three by certain limited partners of CEP V as governed by the CEP V limited partnership agreement. As general partner of CEP V India, Clairvest is entitled to a priority distribution from CEP V India. The priority distribution is calculated monthly as follows: from May 1, 2017 to January 13, 2021, 0.1667% of committed capital, and thereafter, 0.1667% of invested capital net of write-downs of capital then invested. During the third quarter of fiscal 2018, CEP V India declared to Clairvest priority distributions of \$0.2 million.

The general partners of CEP V and CEP V India ["CEP V GPs"] are entitled to a 20% carried interest in respect of CEP V and CEP V India on an aggregate basis as governed by the respective limited partnership agreements. 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 or CEP V India to the CEP V GPs as at December 31, 2017.

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 2018, 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, 2017.

Clairvest is required to co-invest alongside CEP V and CEP V-A in all investments undertaken by CEP V, CEP V India 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, 2017, 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, 2017 and no amounts would be payable to MIP V if CEP V Co-Invest were to sell all its corporate investments at their current fair values.

During the quarter ended December 31, 2017, the Company advanced loans totaling \$2.6 million to CEP IV bearing interest at the Reference Rate in accordance with CEP IV's limited partnership agreement. These loans were repaid in full during the quarter. Interest of \$25 thousand was earned from loans to CEP IV during the third quarter of fiscal 2018.

During the quarter ended December 31, 2017, the Company advanced loans totaling \$0.4 million to CEP IV-A bearing interest at the Reference Rate in accordance with CEP IV-A's limited partnership agreement. These loans were repaid in full during the quarter. Interest of \$2 thousand was earned from loans to CEP IV-A during the third quarter of fiscal 2018.

During the quarter ended December 31, 2017, the Company advanced non-interest bearing loans totaling \$13.7 million to CEP IV Co-Invest. These loans were repaid in full during the quarter.

As at September 30, 2017, the Company had non-interest bearing loans totaling \$0.5 million outstanding to CEP V Co-Invest. During the third quarter of fiscal 2018, CEP V Co-Invest repaid \$0.3 million of those loans such that \$0.2 million remained outstanding as at December 31, 2017.

As at September 30, 2017, the Company had \$9.8 million in loans outstanding to 2486303 Ontario bearing interest at 10% per annum. During the third quarter of fiscal 2018, 2486303 Ontario repaid \$0.1 million of those loans such that \$9.7 million remained outstanding as at December 31, 2017. Interest of \$0.2 million was earned from loans to 2486303 Ontario during the third quarter of fiscal 2018.

Key management at Clairvest as at December 31, 2017 were 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 2018 was \$0.3 million. As at December 31, 2017, the total amounts payable to key management under the aforementioned plans were \$5.8 million. No compensation was paid to directors under the BVAR, DSU and ADSU plans during the third quarter of fiscal 2018. As at December 31, 2017, the total amounts payable to the directors of Clairvest under the Non-Voting Option, BVAR, DSU and ADSU plans were \$15.9 million.

As at December 31, 2017, 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 \$6.7 million. None of these loans were made to key management. As at December 31, 2017, Clairvest also had loans receivable from certain employees of a company affiliated with Clairvest totaling \$0.5 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 2018. Subsequent to quarter end, the loans advanced to officers of the affiliated company were repaid in full.

During the third quarter of fiscal 2018, Clairvest earned \$0.3 million in distributions and interest income and \$0.5 million in advisory and other fees from its investee companies. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS earned \$15.4 million in distributions and interest income, \$0.3 million in dividend income and \$0.2 million in advisory and other fees from Clairvest's investee companies.

As at December 31, 2017, Clairvest had accounts receivable from its investee companies totaling \$1.1 million, from CEP III totaling \$0.1 million, from CEP IV totaling \$32 thousand, from CEP V totaling \$15.6 million, from CEP V India totaling \$0.2 million and from CEP V-A totaling \$2.9 million. Additionally, acquisition entities of Clairvest which were not consolidated in accordance with IFRS held receivables from CEP IV totaling \$0.1 million, from CEP V totaling \$28 thousand, from CEP V-A totaling \$3 thousand, and from Clairvest's investee companies totaling \$0.7 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, 2017. 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, 2017. 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, CEP V India and CEP V-A in all investments undertaken by CEP V, CEP V India and CEP V-A. CEP V Co-Invest's co-investment commitment is \$180.0 million, \$103.6 million of which remained unfunded as at December 31, 2017. 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, CEP V India and CEP V-A if it concurrently sells a proportionate number of securities of that corporate investment held by CEP V, CEP V India and CEP V-A.

Clairvest had committed \$25.2 million to Wellington Fund IV, all of which was unfunded as at December 31, 2017. As specified in the Limited Partnership Agreement, upon the closing of Wellington Fund V, Wellington Fund IV may no longer invest in new investments. In conjunction with the sale of Wellington Financial to CIBC, Clairvest's commitment to Wellington Fund IV was extinguished subsequent to quarter end.

Clairvest had also committed \$30.3 million to Wellington Fund V, \$13.0 million of which remained unfunded as at December 31, 2017. In conjunction with the sale of Wellington Financial to CIBC, Clairvest's commitment to Wellington Fund V was extinguished subsequent to quarter end.

As at December 31, 2017, Clairvest had received profit distributions totaling \$1.1 million through its ownership interest in the General Partner of Wellington Fund V. Clairvest had agreed to return up to \$0.7 million in the event the limited partners of Wellington Fund V do not meet their return threshold as specified in the respective Limited Partnership Agreements. In conjunction with the sale of Wellington Financial to CIBC, the guarantee was extinguished subsequent to quarter end as the return threshold for the limited partners of Wellington Fund V was met.

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, 2017, the Realized Amount under the Bonus Program was \$0.6 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 \$7.6 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 during fiscal 2016, Clairvest has agreed to a net guarantee of \$2.0 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, 2017, 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, 2017 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, 2017 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, 2017.

Clairvest had agreed to guarantee up to \$10.0 million to support Discovery Air's certain credit facility with its bank. During the quarter ended December 31, 2017, Discovery Air repaid the outstanding balance on this credit facility and the guarantee was extinguished.

As at December 31, 2017, 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, \$2.1 million due after one year but not more than five years and \$2.0 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 enter 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 2018, the Company paid \$0.1 million to settle realized foreign exchange forward contracts and acquisition entities of Clairvest received net proceeds of \$9.1 million from the settlement of realized foreign exchange forward contracts.

As at December 31, 2017, Clairvest had no unexpired foreign exchange forward contracts.

As at December 31, 2017, acquisition entities of Clairvest had entered foreign exchange forward contracts to sell US\$243.7 million at an average rate of Canadian \$1.2703 per U.S. dollar through to October 2018 and foreign exchange forward contracts to sell 11.0 billion Chilean Pesos ["CLP"] at an average rate of Canadian \$0.001983 per CLP through to April 2018. The fair value of the U.S. dollar contracts held by these acquisition entities as at December 31, 2017 was a gain of \$4.1 million and the fair value of the CLP contracts as at December 31, 2017 was a loss of \$0.7 million. These contracts have been included in the fair value determination of these acquisition entities.

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. As at December 31, 2017, 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 \$16.6 million or a decrease of \$17.0 million to the carrying value of corporate investments and net investment gains, on a pre-tax basis, for the quarter ended December 31, 2017. 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 of up to 12 months. 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, 2017.

The Company's corporate investment portfolio was diversified across 16 investee companies in 6 industries and 4 countries as at December 31, 2017. 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 \$0.3 million to distributions and interest income on a pre-tax basis for the quarter ended December 31, 2017.

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, Chile and India. 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 enter hedging positions against these foreign denominated currencies. As at December 31, 2017, the Company has elected to not hedge the Indian Rupees ["INR"] denominated investment and approximately 50% the fair value of its Chilean Pesos ["CLP"] denominated investment. As a result, at December 31, 2017, the Company had net foreign exchange exposure to the INR totaling \$39.4 million and the CLP totaling \$24 million. For the quarter ended December 31, 2017, the Company's acquisition entities had foreign

exchange gains of \$1.1 million on the INR and \$1.7 million on the CLP, the amounts of which have been included in net investment gains for the quarter.

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, Discovery Air had 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 is 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, 2017, 13 of the 16 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, 2017, Clairvest's exposure to gaming investments represented 54.9% of its net book value, 28% of which pertains to Clairvest's investment in Centaur Gaming. 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, including those in Chile or India, 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 agree 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, 2017, 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. As at December 31, 2017, the Company's acquisition entities held derivative instruments which had mark-to-market gains totaling \$3.4 million. The Company believes the counterparty risk with respect to its and its acquisition entities' derivative instruments is minimal.

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 \$140.0 million as at December 31, 2017. 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.

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 as at December 31, 2017.

As at December 31, 2017, Clairvest had treasury funds of \$135.9 million and access to \$100.0 million in credit to support its obligations and current and anticipated corporate investments. Clairvest also had access to \$41.5 million in treasury funds held by its acquisition entities and \$366.2 million in uncalled committed third-party capital through the CEP Funds at December 31, 2017 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, 2017, Clairvest's Board of Directors and employees owned approximately 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, 2017 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, 2017. Management has concluded that the design effectiveness of internal controls over financial reporting are effective as at December 31, 2017 based on this evaluation. No changes were made to internal controls over financial reporting during the quarter ended December 31, 2017 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.