

# TWC ENTERPRISES LIMITED

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CLUBLINK

one membership. more golf.



## FINANCIAL HIGHLIGHTS

The following table summarizes the consolidated financial results of the Company:

(thousands of Canadian dollars - except as indicated)	For the three months ended		For the sixth months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>OPERATIONS</b>				
Operating revenue	52,736	34,059	90,668	48,168
Net operating income <sup>(1)</sup>	13,167	9,036	18,145	6,779
Net earnings	3,594	4,472	2,501	4,927
<b>OPERATING DATA</b>				
Canadian full privilege golf members			15,583	15,097
Championship rounds - Canada <sup>(2)</sup>	444,000	362,000	444,000	362,000
18-hole equivalent championship golf courses - Canada <sup>(2,3)</sup>			37.5	39.5
18-hole equivalent managed golf courses - Canada			2.0	2.0
Championship rounds - U.S. <sup>(2)</sup>	55,000	63,000	167,000	156,000
18-hole equivalent championship golf courses - U.S. <sup>(2,3)</sup>			8.0	8.0
<b>COMMON SHARE DATA (000)</b>				
Shares outstanding	24,496	24,548	24,496	24,548
Weighted average shares outstanding	24,521	24,573	24,535	24,745
<b>PER COMMON SHARE DATA (\$)</b>				
Basic and diluted earnings	0.15	0.18	0.10	0.20
Eligible cash dividend	0.02	0.02	0.04	0.04
<b>FINANCIAL POSITION</b>				
Total assets			766,134	710,720
Gross borrowings			105,628	146,279
Shareholders' equity			505,098	418,367
Net book value per share <sup>(1)</sup>			20.62	17.04

(1) Net operating income (loss) and net book value per share are not recognized measures under International Financial Reporting Standards ("IFRS"). Management believes that, in addition to net earnings, these measures are useful supplemental information to provide investors with an indication of the Company's performance. Investors should be cautioned, however, that these measures should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance. TWC's method of calculating these measures is consistent from year to year, but may be different than those used by other companies (see "Management's Discussion and Analysis of Financial Condition and Results of Operations").

(2) Excluding academy courses.

(3) 18-hole equivalent championship golf courses operating during the period ended June 30.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with TWC Enterprises Limited's ("TWC" or the "Company", formerly ClubLink Enterprises Limited) unaudited interim condensed consolidated financial statements and accompanying notes for the period ended June 30, 2022. This MD&A has been prepared as at August 5, 2022 and all amounts are in Canadian dollars unless otherwise indicated.*

*In this document, unless otherwise indicated, all financial data are prepared in accordance with International Financial Reporting Standards ("IFRS").*

*This interim financial quarterly report has been prepared in compliance with IAS 34.*

## FORWARD-LOOKING STATEMENTS

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words "anticipate", "believe", "may", "continue", "estimate", "expects", "will" and words of similar expression, constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Company operates; changes in business strategy or development/acquisition plans; environmental exposures; financing risk; existing governmental regulations and changes in, or the failure to comply with, governmental regulations; liability and other claims asserted against the Company; and other factors including risks and uncertainties relating to the COVID-19 pandemic referred to in the Company's filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not assume the obligation to update or revise any forward-looking statements.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in TWC's filings with Canadian securities regulatory authorities. TWC undertakes no obligation, except as required by law, to update publicly or otherwise any forward-looking information, whether as a result of new information, future events or otherwise, or the above list of factors affecting this information.

Given the impact of the changing circumstances surrounding the COVID-19 pandemic and the related response from the Company, governments (federal, provincial and municipal), regulatory authorities, businesses and customers, there is inherently more uncertainty associated with the Company's assumptions as compared to prior periods. These assumptions and related risks, many of which are confidential, include but are not limited to management expectations with respect to the factors above as well as general economic conditions, which includes the impact on the economy and financial markets of the COVID-19 pandemic and other health risks.

## SPECIFIED FINANCIAL MEASURES

The Company reports its financial results in accordance with IFRS. However, this MD&A also uses specified financial measures that are not defined by IFRS, which follow the disclosure requirements established by National Instrument 52-112 *Non-GAAP and Other Financial Measures Disclosure*. Specified financial measures are categorized as non-GAAP financial measures, non-GAAP ratios, and other financial measures, which are capital management measures, supplementary financial measures, and total of segments measures.

## NON-GAAP MEASURES

Non-GAAP financial measures do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other reporting issuers in similar or different industries. These measures should be considered as supplemental in nature and not as substitutes for related financial information prepared in accordance with IFRS. The Company's management uses these measures to aid in assessing the Company's underlying core performance and provides these additional measures so that investors may do the same. Management believes that the non-GAAP financial measures described below, which supplement the IFRS measures, provide readers with a more comprehensive understanding of management's perspective on the Company's operating results and performance.

The following discussion describes the non-GAAP financial measures the Company uses in evaluating operating results:

**Direct operating expenses** = expenses that are directly attributable to the Company's business units and are used by management in the assessment of their performance. These exclude expenses which are attributable to corporate decisions such as impairment.

**Net operating income** = operating revenue - direct operating expenses

**Operating property, plant and equipment expenditures** = capital expenditures to maintain existing operations

**Expansion property, plant and equipment expenditures** = capital expenditures which expand existing operations

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## NON-GAAP MEASURES (continued)

Net operating income is an important metric used by management in evaluating the Company's operating performance as it represents the revenue and expense items that can be directly attributable to the specific business unit's ongoing operations. It is not a measure of financial performance under IFRS and should not be considered as an alternative to measures of performance under IFRS. The most directly comparable measure specified under IFRS is net earnings.

## BUSINESS STRATEGY AND CORPORATE OVERVIEW

TWC operates in the golf operations business segment. In addition, the corporate operations segment oversees the golf operations segment and considers investment opportunities.

TWC's strategic objective is to grow long-term shareholder value by improving net operating income of its underlying business as well as considering options to unlocking long-term value from its investment in land.

TWC is also involved with considering investment opportunities.

## OVERVIEW OF BUSINESS SEGMENTS

### *Golf Club Operations Segment*

TWC is engaged in golf club operations under the trademark "ClubLink One Membership More Golf" ("ClubLink"). ClubLink is Canada's largest owner, operator and manager of golf clubs with 47½, 18-hole equivalent championship and 2½, 18-hole equivalent academy courses, at 36 locations in two separate geographical Regions: (a) Ontario/Quebec (including two managed properties) and (b) Florida.

ClubLink's golf clubs are strategically organized in clusters that are located in densely populated metropolitan areas and resort destinations frequented by those who live and work in these areas. By operating in Regions, ClubLink is able to offer golfers in their Region a wide variety of unique membership, daily fee, corporate event and resort opportunities. ClubLink is also able to obtain the benefit of operating synergies to maximize revenue and achieve economies of scale to reduce costs.

Revenue at all golf club properties is enhanced by cross-marketing, as the demographics of target markets for each are substantially similar. Revenue is further improved by corporate golf events, business meetings and social events that utilize golf capacity and related facilities at times that are not in high demand by ClubLink's members. This supplemental revenue which typically involves gatherings of people has been significantly reduced since the start of COVID-19 but has increased in 2022 as less restrictions have been imposed by the provincial governments.

Member and Hybrid Golf Club revenue is maximized by the sale of flexible personal and corporate memberships that offer reciprocal playing privileges at ClubLink golf clubs. In recent years, ClubLink has been focusing on providing enhanced value for its memberships as well as cultivating a family-type atmosphere at its golf clubs.

Daily fee golf club revenue is maximized through unique and innovative marketing programs in conjunction with dynamic pricing.

ClubLink also has annual membership programs, which are unique to each Region. These product offerings include Players Card and Players Club in the Ontario/Quebec Region; as well as the ClubLink Card in the Florida Region.

### *(a) Ontario/Quebec*

ClubLink's Ontario/Quebec Region is organized into two clusters: the major metropolitan areas of Southern Ontario and Muskoka, Ontario's premier resort area, extending from Hamilton to Huntsville to Pickering, with a particularly strong presence in the Greater Toronto Area; and Quebec/Eastern Ontario, extending from the National Capital Region to Montreal, including Mont-Tremblant, Quebec's premier resort area.

In 2022, ClubLink is operating 25 Ontario/Quebec Region Member Golf Clubs in three categories as follows:

Prestige: Greystone, King Valley, RattleSnake Point

Platinum: Blue Springs, DiamondBack, Eagle Creek, Emerald Hills, Glencairn, Grandview, Heron Point, Islesmere, Kanata, King's Riding, Lake Joseph, Le Maître, Rocky Crest, Wyndance

Gold: Caledon Woods, Country Club, Georgetown, Glendale, GreyHawk, Hautes Plaines, National Pines, Station Creek

In 2022, ClubLink is managing two golf clubs on behalf of other owners as follows:

Club de Golf Le Fontainebleau was purchased by Club de Golf Rosemère on December 14, 2018 and changed its name to Club de Golf Rosemère. ClubLink retains a management fee arrangement of Fontainebleau. ClubLink is also involved with the La Bête Golf Club property which is run as a managed property associated with Le Maître in Quebec.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## OVERVIEW OF BUSINESS SEGMENTS (continued)

### *Golf Club Operations Segment (continued)*

#### *(a) Ontario/Quebec (continued)*

In 2022, ClubLink is operating four Ontario/Quebec Region Hybrid Golf Clubs in three categories as follows:

Hybrid – Prestige: Glen Abbey

Hybrid – Gold: Cherry Downs

Hybrid – Silver: Bethesda Grange, Hidden Lake

ClubLink's lease of the of the Bond Head property in Bond Head, Ontario (36 holes) concluded as of December 31, 2021.

Hybrid Golf Clubs are available for daily fee (public) play, reciprocal access by other ClubLink Members and provide a home club for Members with reciprocal access to the ClubLink system.

In 2022, ClubLink is operating one Ontario/Quebec Region Daily Fee Golf Club as follows:

Daily Fee: Rolling Hills

ClubLink has approximately 350 Players Card memberships. Players Card annual memberships allow golfers unlimited access to Rolling Hills during spring and fall shoulder seasons in addition to twilight golf during the summer season. A fixed number of rounds certificates are also included with each Players Card.

ClubLink has approximately 2,300 Players Club memberships. The Players Club memberships have varying degrees of access to ClubLink's daily fee golf clubs at different price points.

Players Card and Players Club member databases also provide ClubLink an opportunity to cultivate these relationships into a full privilege golf membership.

ClubLink owns sufficient land to develop an additional 18 holes at Cherry Downs Golf Club in Pickering, Grandview Golf Club in Muskoka and Rocky Crest Golf Club in Muskoka.

In 2022, ClubLink is operating The Lake Joseph Club, Rocky Crest Resort and Sherwood Inn, all located in Muskoka.

The Lake Joseph Club and Rocky Crest Resort operate seasonally from May to October while Sherwood Inn is available during the off season for group and weekend bookings.

ClubLink's remaining Muskoka land holdings, excluding golf course development sites, include zoned and serviced land that are capable of supporting a substantial number of resort rooms/villas, conference facilities and residential homes.

#### *(b) United States*

ClubLink's Florida Region includes eight 18-hole equivalent championship golf courses.

In 2022, ClubLink is operating six Florida Region Golf Clubs as follows:

TPC Eagle Trace, Club Renaissance, Scepter, Sandpiper, Palm Aire (Cypress/Oaks), Palm Aire (Palms)

In 2019, Heron Bay Golf Club was closed and on October 8, 2021 was sold for proceeds of US\$32,000,000.

In 2020, Woodlands Golf and Country Club was closed as part of the mandated closures from the COVID-19 pandemic. Due to years of declining performance, it was not re-opened.

### *Corporate Operations Segment*

TWC's objective at the corporate level is to identify opportunities to generate incremental returns and cash flow. Historically, the nature of these investments included debt and equity instruments in both public and private organizations.

## SUMMARY OF CANADIAN/US EXCHANGE RATES USED FOR TRANSLATION PURPOSES

The following exchange rates translate one US dollar into the Canadian dollar equivalent.

	June 30, 2022	December 31, 2021	June 30, 2021
Balance Sheet	1.2886	1.2678	1.2394
Statement of Earnings - First Quarter	1.2663	N/A	1.2666
Statement of Earnings - Second Quarter	1.2765	N/A	1.2219

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## THREE MONTH CONSOLIDATED OPERATING HIGHLIGHTS

The table below sets forth selected financial data relating to the Company's three month periods ended June 30, 2022 and June 30, 2021. This financial data is derived from the Company's unaudited interim condensed consolidated financial statements, which are prepared in accordance with IFRS.

(thousands of Canadian dollars - except as indicated)	For the three months ended		
	June 30, 2022	June 30, 2021	% Change 2022/2021
<b>OPERATING REVENUE</b>	<b>\$ 52,736</b>	\$ 34,059	54.8%
<b>DIRECT OPERATING EXPENSES</b>	<b>39,569</b>	25,023	58.1%
<b>NET OPERATING INCOME</b>	<b>13,167</b>	9,036	45.7%
Amortization of membership fees	1,081	1,037	4.2%
Depreciation and amortization	(4,458)	(4,788)	(6.9%)
Interest, net and investment income	422	(384)	N/A
Other items	(3,582)	(303)	1,082.2%
Income taxes	(3,036)	(126)	2,309.5%
<b>NET EARNINGS</b>	<b>\$ 3,594</b>	\$ 4,472	(19.6%)
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>\$ 0.15</b>	\$ 0.18	(16.7%)

The breakdown of operating revenue is as follows:

(thousands of Canadian dollars - except as indicated)	For the three months ended		
	June 30, 2022	June 30, 2021	% Change 2022/2021
Annual dues	\$ 17,286	\$ 13,992	23.5%
Golf	13,842	12,299	12.5%
Corporate events	2,573	426	504.0%
Food and beverage	10,382	3,577	190.2%
Merchandise	4,301	2,945	46.0%
Real estate	3,037	-	N/A
Rooms and other	1,315	820	60.4%
	<b>\$ 52,736</b>	<b>\$ 34,059</b>	<b>54.8%</b>

The breakdown of direct operating expenses is as follows:

(thousands of Canadian dollars - except as indicated)	For the three months ended		
	June 30, 2022	June 30, 2021	% Change 2022/2021
Operating cost of sales	\$ 5,974	\$ 3,350	78.3%
Real estate cost of sales	2,370	-	N/A
Labour and employee benefits	18,822	11,568	62.7%
Utilities	1,966	1,716	14.6%
Selling, general and administrative	1,460	1,312	11.3%
Property taxes	695	724	(4.0%)
Insurance	903	802	12.6%
Repairs and maintenance	1,556	1,253	24.2%
Turf operating expenses	2,108	1,883	11.9%
Fuel and oil	621	335	85.4%
Other operating expenses	3,094	2,080	48.8%
<b>Total direct operating expenses</b>	<b>\$ 39,569</b>	<b>\$ 25,023</b>	<b>58.1%</b>

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## SECOND QUARTER 2022 CONSOLIDATED OPERATING HIGHLIGHTS

As required by IFRS, ClubLink recognizes its annual dues revenue on a straight-line basis throughout the year based on when its properties are allowed to open and services are provided. As a result of COVID-19 lockdowns in 2021, annual dues revenue was not recognized during certain periods. There were 56 days in the second quarter of 2021 that ClubLink was allowed to operate in Ontario. There have been no COVID-19 lockdowns to date in 2022. Canadian annual dues revenue increased 24.7% to \$15,649,000 for the three month period ended June 30, 2022 from \$12,547,000 in 2021 due to this policy and the increase in members. This deferral in 2021 was recognized into revenue throughout the remainder of the year on a straight-line basis.

Operating revenue increased 54.8% to \$52,736,000 for the three month period ended June 30, 2022 from \$34,059,000 in 2021 due to closures in 2021 as a result of COVID-19 lockdowns and less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace.

Direct operating expenses increased 58.1% to \$39,569,000 for the three month period ended June 30, 2022 from \$25,023,000 in 2021 due to the fact that certain activities were reduced in 2021 due to lockdowns and restrictions. High inflation is also impacting most expense categories.

Net operating income for the Canadian golf club operations segment increased to \$12,675,000 for the three month period ended June 30, 2022 from \$9,065,000 in 2021 due to the change in annual dues revenue described above.

Net operating income for the US golf club operations decreased to US\$421,000 for the three month period ended June 30, 2022 from US\$585,000 in 2021 due to decreased rounds.

Interest, net and investment income increased to income of \$422,000 for the three month period ended June 30, 2022 from an expense of \$384,000 in 2021 due to a decrease in borrowings and an increase in distributions from the Company's investment in Automotive Properties REIT.

Other items consist of the following loss (income) items:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2022	June 30, 2021
Unrealized foreign exchange loss (gain)	\$ (481)	\$ 432
Unrealized loss (gain) on investment in marketable securities	8,366	(6,808)
Gain on real estate fund investments	(4,370)	-
Insurance proceeds	-	(2,603)
Equity loss (income) from investments in joint ventures	62	(404)
Glen Abbey redevelopment charge	-	9,500
Other	5	186
	<b>\$ 3,582</b>	<b>\$ 303</b>

The exchange rate used for translating US denominated assets has changed from 1.2496 at March 31, 2022 to 1.2886 at June 30, 2022. This has resulted in a foreign exchange gain of \$481,000 for the three month period ended June 30, 2022 on the translation of the Company's US denominated financial instruments.

Net earnings decreased to \$3,594,000 for the three month period ended June 30, 2022 from \$4,472,000 in 2021 due to an unrealized loss on the Company's investment in Automotive Properties REIT. Basic and diluted earnings per share decreased to 15 cents per share in 2022, compared to basic and diluted earnings per share of 18 cents in 2021.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## SIX MONTH CONSOLIDATED OPERATING HIGHLIGHTS

The table below sets forth selected financial data relating to the Company's six month periods ended June 30, 2022 and June 30, 2021. This financial data is derived from the Company's unaudited interim condensed consolidated financial statements, which are prepared in accordance with IFRS.

(thousands of Canadian dollars - except as indicated)	For the six months ended		
	June 30, 2022	June 30, 2021	% Change 2022/2021
<b>OPERATING REVENUE</b>	<b>\$ 90,668</b>	\$ 48,168	88.2%
<b>DIRECT OPERATING EXPENSES</b>	<b>72,523</b>	41,389	75.2%
<b>NET OPERATING INCOME</b>	<b>18,145</b>	6,779	167.7%
Amortization of membership fees	2,020	1,995	1.3%
Depreciation and amortization	(8,882)	(9,543)	(6.9%)
Interest, net and investment income	698	(820)	N/A
Other items	(6,152)	5,337	N/A
Income taxes	(3,328)	1,179	N/A
<b>NET EARNINGS</b>	<b>\$ 2,501</b>	\$ 4,927	(49.2%)
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>\$ 0.10</b>	\$ 0.20	(50.0%)
<b>TOTAL ASSETS</b>	<b>\$ 766,134</b>	\$ 710,720	7.8%
<b>GROSS BORROWINGS INCLUDING LEASE LIABILITIES</b>	<b>\$ 105,628</b>	\$ 146,279	(27.8%)
<b>SHAREHOLDERS' EQUITY</b>	<b>\$ 505,098</b>	\$ 418,367	20.7%

The breakdown of operating revenue is as follows:

(thousands of Canadian dollars - except as indicated)	For the six months ended		
	June 30, 2022	June 30, 2021	% Change 2022/2021
Annual dues	\$ 34,088	\$ 21,934	55.4%
Golf	19,680	16,489	19.4%
Corporate events	2,597	497	422.5%
Food and beverage	11,325	4,150	172.9%
Merchandise	5,521	4,008	37.7%
Real estate	15,811	-	N/A
Rooms and other	1,646	1,090	51.0%
	<b>\$ 90,668</b>	<b>\$ 48,168</b>	<b>88.2%</b>

The breakdown of direct operating expenses is as follows:

(thousands of Canadian dollars - except as indicated)	For the six months ended		
	June 30, 2022	June 30, 2021	% Change 2022/2021
Operating cost of sales	\$ 7,302	\$ 4,303	69.7%
Real estate cost of sales	16,394	-	N/A
Labour and employee benefits	27,498	19,392	41.8%
Utilities	3,640	3,171	14.8%
Selling, general and administrative	2,884	2,402	20.1%
Property taxes	2,335	2,652	(12.0%)
Insurance	1,781	1,602	11.2%
Repairs and maintenance	2,626	1,974	33.0%
Turf operating expenses	2,358	1,980	19.1%
Fuel and oil	735	418	75.8%
Other operating expenses	4,970	3,495	42.2%
<b>Total direct operating expenses</b>	<b>\$ 72,523</b>	<b>\$ 41,389</b>	<b>75.2%</b>



# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT

The results of operations by business segment should be read in conjunction with the segmented information contained in note 19 of the unaudited interim condensed consolidated financial statements for the period ended June 30, 2022.

(thousands of Canadian dollars)	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
Operating revenue by segment			
<i>Canadian golf club operations</i>	\$ 61,693	\$ 37,419	64.9%
<i>US golf club operations</i>	13,164	10,749	22.5%
<i>Other (Highland Gate)</i>	15,811	-	N/A
Operating revenue	\$ 90,668	\$ 48,168	88.2%
Net operating income (loss) by segment			
<i>Canadian golf club operations</i>	\$ 16,583	\$ 6,178	168.4%
<i>US golf club operations</i>	3,613	2,156	67.6%
<i>Corporate and other</i>	(2,051)	(1,555)	31.9%
Net operating income	\$ 18,145	\$ 6,779	167.7%

### Review of Canadian Golf Club Operations for the Period Ended June 30, 2022

#### Summary of Canadian Golf Club Operations

(statistics)	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
18-hole equivalent championship golf courses	37.5	39.5	(5.1%)
18-hole equivalent managed golf courses	2.0	2.0	-
Championship golf rounds	444,000	362,000	22.7%

(thousands of Canadian dollars)	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
Operating revenue	\$ 61,693	\$ 37,419	64.9%
Direct operating expenses	45,110	31,241	44.4%
Net operating income	16,583	6,178	168.4%
Amortization of membership fees	1,914	1,859	3.0%
Depreciation and amortization	(8,206)	(8,841)	(7.2%)
Other items	108	(5,217)	N/A
Segment earnings (loss) before interest and income taxes	\$ 10,399	\$ (6,021)	N/A

Operating revenue increased 64.9% to \$61,693,000 for the six month period ended June 30, 2022 from \$37,419,000 in 2021 due to closures in 2021 as a result of COVID-19 lockdowns and less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace.

Direct operating expenses increased 44.4% to \$45,110,000 for the six month period ended June 30, 2022 from \$31,241,000 in 2021 due to the fact that certain activities were reduced in 2021 due to lockdowns and restrictions. High inflation is also impacting most expense categories.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### Review of Canadian Golf Club Operations for the Period Ended June 30, 2022 (continued)

#### Canadian Golf Club Operating Revenue

Canadian golf club operating revenue is recorded as follows:

(thousands of Canadian dollars)	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
Annual dues	\$ 30,763	\$ 19,048	61.5%
Corporate events	2,493	383	550.9%
Golf	11,637	10,061	15.7%
Food and beverage	9,989	3,187	213.4%
Merchandise, rooms and other	6,811	4,740	43.7%
Total operating revenue	\$ 61,693	\$ 37,419	64.9%

ClubLink's second quarter 2022 period end date was Sunday, July 3, 2022 as compared to Sunday, June 27, 2021 in the prior year. However, there were 91 days of activity in the standalone second quarter in both years.

As required by IFRS, ClubLink recognizes its annual dues revenue on a straight-line basis throughout the year based on when its properties are allowed to operate and services are provided. During the winter and spring lockdowns in Ontario and Quebec in 2021, it was concluded that the Company's golf clubs were not allowed to operate.

Lockdown days are analyzed as follows for golf operations in Ontario:

(thousands of Canadian dollars)	For the three months ended	
	June 30, 2022	June 30, 2021
Number of days in period	91	91
Number of lockdown days in quarter (not allowed to operate)	-	35
Number of days in quarter which ClubLink was allowed to operate	91	56

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2022	June 30, 2021
Number of days in period	184	178
Number of lockdown days in quarter (not allowed to operate)	-	83
Number of days in quarter which ClubLink was allowed to operate	184	95

#### Canadian Golf Club Direct Operating Expenses

Canadian golf club direct operating expenses are recorded as follows:

(thousands of Canadian dollars)	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
Cost of sales	\$ 6,447	\$ 3,610	78.6%
Labour and employee benefits	22,992	15,381	49.5%
Utilities	2,966	2,574	15.2%
Selling, general and administrative	1,927	1,496	28.8%
Property taxes	1,395	1,427	(2.2%)
Insurance	1,220	1,008	21.0%
Repairs and maintenance	2,201	1,581	39.2%
Turf operating expenses	1,953	1,697	15.1%
Fuel and oil	547	302	81.1%
Other operating expenses	3,462	2,165	59.9%
Total direct operating expenses	\$ 45,110	\$ 31,241	44.4%

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### Canadian Membership Fees

Full privilege golf members increased 3.2% to 15,583 on June 30, 2022 from 15,097 on June 30, 2021 due to the large amount of demand for golf as part of the public reaction to the pandemic.

Changes in full privilege golf members and future membership fee instalments are as follows:

(thousands of Canadian dollars)	Six months ended June 30, 2022		Year ended December 31, 2021		Six months ended June 30, 2021	
	Golf Members	Future Membership Fee Instalments	Golf Members	Future Membership Fee Instalments	Golf Members	Future Membership Fee Instalments
Balance, beginning of period	15,545	\$ 32,306	14,861	\$ 24,379	14,861	\$ 24,379
Sales to new members	574	3,819	1,728	11,161	931	5,320
Reinstated members	158	304	373	469	281	1,232
Category changes	(2)	-	(16)	-	(23)	-
Transfer and upgrade fees from existing members	-	1,157	-	2,508	-	354
Resignations and terminations	(692)	(1,967)	(1,401)	(3,243)	(953)	(2,119)
Instalments received in cash	-	(817)	-	(2,968)	-	(724)
Balance, end of period	15,583	\$ 34,802	15,545	\$ 32,306	15,097	\$ 28,442

Sales to new members are broken down into categories as follows:

	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
Corporate/Principal/Spousal	482	743	(35.1%)
Intermediate	3	8	(62.5%)
Junior	3	6	(50.0%)
Other	86	174	(50.6%)
Total	574	931	(38.3%)

Full privilege members are broken down into categories as follows:

	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
Corporate/Principal/Spousal	8,358	7,594	10.1%
Intermediate	1,420	1,757	(19.2%)
Junior	215	318	(32.4%)
Other	5,590	5,428	3.0%
Total	15,583	15,097	3.2%

The strong demand for golf as a reaction to the pandemic resulted in ClubLink not accepting trial (intermediate) memberships since late 2020 and has continued into 2022. This demand has also resulted in membership caps implemented at certain Golf Clubs.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### Review of US Golf Club Operations for the Period Ended June 30, 2022

#### Summary of US Golf Club Operations

(statistics)	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
18-hole equivalent championship golf courses	8.0	8.0	-
Championship golf rounds	167,000	156,000	7.1%

(thousands of dollars)	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
Operating revenue	\$ 10,370	\$ 8,591	20.7%
Direct operating expenses	7,513	6,875	9.3%
Net operating income	2,857	1,716	66.5%
Amortization of membership fees	84	109	(22.9%)
Depreciation and amortization	(532)	(564)	(5.7%)
Other items	82	(61)	N/A
Segment earnings before interest and income taxes (US dollars)	2,491	1,200	107.6%
Exchange	614	317	93.7%
Segment earnings before interest and income taxes (Cdn dollars)	\$ 3,105	\$ 1,517	104.7%

### Review of Corporate Items for the Period Ended June 30, 2022

#### Highland Gate Sales

The Company's investment in Highland Gate is managed by Geranium Homes. Highland Gate is the development of a former golf course in Aurora, Ontario and includes 158 single family detached homes and a seven story multi-unit residential building with 114 units. For the six month period ended June 30, 2022, there were ten closings of the first phase of this project (six months ended June 30, 2021 - nil).

The cost of goods sold represents the non-cash amortization of the purchase price of both the 2019 and 2021 tranches purchased by ClubLink in this project in addition to the recorded minority interest. The following is a breakdown of earnings recorded on this project:

(thousands of dollars)	For the six months ended		% Change
	June 30, 2022	June 30, 2021	
Operating revenue	\$ 15,811	\$ -	-
Operating cost of goods sold	(14,984)	-	-
Cost of goods sold - amortization	(1,410)	-	-
Total	\$ (583)	\$ -	-

Higher than expected commodity, material and trade prices along with construction delays have impacted the results to date of Highland Gate closings.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### Review of Corporate Items for the Period Ended June 30, 2022 (continued)

#### Real Estate Fund Investments

The Company has the following real estate fund investments:

(thousands of dollars)	June 30, 2022	December 31, 2021	June 30, 2021
Investment in Mount Auburn	\$ 1,901	\$ 13,137	\$ 5,577
Investment in Real Estate Investment Fund	5,574	6,137	2,882
	<b>\$ 7,475</b>	<b>\$ 19,274</b>	<b>\$ 8,459</b>

The investment in Mount Auburn represented an approximate 2% ownership interest in a portfolio of 34 residential garden-style assets consisting of approximately 8,400 units located primarily in Texas and Southeast United States. This investment was purchased for \$5,705,000 (US\$4,500,000) on March 1, 2021 and distributions in the amount of \$205,000 (US\$162,000) has been received for the six month period ended June 30, 2022 (June 30, 2021 - nil). Mount Auburn was purchased by a third party real estate company and the investment was liquidated. The majority of the return of capital/liquidation payments have been made. There is one remaining payment to be received later in 2022. This investment was revalued during the six months ended June 30, 2022.

The Company has also invested \$8,666,000 (US\$6,725,000) in capital calls (US\$10,000,000 total commitment) in a US-based real estate investment fund managed by 13th Floor. This fund primarily invests in Florida real estate projects and also included an investment in the Mount Auburn portfolio. This investment is revalued once a year at December 31st.

Change in the real estate fund investments is as follows:

(thousands of dollars)	Six months ended June 30, 2022		Year ended December 31, 2021		Six months ended June 30, 2021	
	Investment in Mount Auburn	Investment in Real Estate Investment Fund	Investment in Mount Auburn	Investment in Real Estate Investment Fund	Investment in Mount Auburn	Investment in Real Estate Investment Fund
Balance, beginning of period (US dollars)	\$ 10,362	\$ 4,841	\$ -	\$ -	\$ -	\$ -
Cash call	-	3,300	4,500	3,425	4,500	2,325
Valuation adjustment	3,410	-	5,862	1,416	-	-
Return of capital/liquidation	(12,297)	(3,815)	-	-	-	-
Balance, end of period (US dollars)	1,475	4,326	10,362	4,841	4,500	2,325
Exchange	426	1,248	2,775	1,296	1,077	557
Balance, end of period (Cdn dollars)	<b>\$ 1,901</b>	<b>\$ 5,574</b>	<b>\$ 13,137</b>	<b>\$ 6,137</b>	<b>\$ 5,577</b>	<b>\$ 2,882</b>

#### Interest, Net and Investment Income

Interest, net and investment income increased to income of \$698,000 for the six month period ended June 30, 2022 from an expense of \$820,000 in 2021 due to a decrease in borrowings and an increase in distributions from the Company's investment in Automotive Properties REIT.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### Other Items

Other items consist of the following loss (income) items:

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2022	June 30, 2021
Unrealized foreign exchange loss (gain)	\$ (398)	\$ 758
Unrealized loss (gain) on investment in marketable securities	11,185	(11,809)
Gain on real estate fund investments	(4,370)	-
Insurance proceeds	-	(3,357)
Equity income from investments in joint ventures	(135)	(633)
Glen Abbey redevelopment charge	-	9,500
Other	(130)	204
	<b>\$ 6,152</b>	<b>\$ (5,337)</b>

## FINANCIAL CONDITION

### Assets

Total assets increased 2.6% to \$766,134,000 at June 30, 2022 from \$746,806,000 at December 31, 2021. This compares to \$710,720,000 at June 30, 2021.

### Liabilities

Total liabilities increased 7.2% to \$261,036,000 at June 30, 2022 from \$243,418,000 at December 31, 2021. This compares to \$292,353,000 at June 30, 2021.

### Shareholders' Equity

Consolidated shareholders' equity at June 30, 2022 totaled \$505,098,000 or \$20.62 per share, compared to \$503,388,000 or \$20.51 per share at December 31, 2021 and \$418,367,000 or \$17.04 per share at June 30, 2021. The following is a summary of the common share activity:

(number of shares)	For the six months ended	
	June 30, 2022	June 30, 2021
Balance, beginning of period	24,547,924	25,017,442
Shares cancelled through NCIB	(52,200)	(469,518)
Balance, end of period	<b>24,495,724</b>	24,547,924

The Company has recorded a positive adjustment to its accumulated other comprehensive earnings account of \$1,159,000 due to the translation of one US dollar into 1.2886 Canadian dollars at June 30, 2022 compared to 1.2678 at December 31, 2021. This change has a corresponding impact of the assets and liabilities having a base currency of US dollars.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## LIQUIDITY AND CAPITAL RESOURCES

TWC's objective is to ensure that capital resources are readily available to meet obligations as they become due, to complete its approved capital expenditure program and to take advantage of attractive acquisitions as they arise. TWC's capital availability and demonstrated ability to execute transactions give it a competitive advantage in corporate development opportunities.

A summarized statement of cash flows is as follows:

(thousands of Canadian dollars)	For the six months ended	
	June 30, 2022	June 30, 2021
Cash provided by operating activities	\$ 36,301	\$ 42,052
Operating property, plant and equipment expenditures	(3,541)	(4,633)
Expansion property, plant and equipment expenditures	-	(1,547)
Investment in Automotive Properties REIT and marketable securities	(9,597)	(2,282)
Real estate fund investments, net	16,510	(8,459)
Mortgages and loans receivable	1,162	2,064
Revolving borrowings	(906)	(5,841)
Non-revolving borrowings – amortization payments	(11,215)	(10,406)
Lease liabilities	(2,314)	(2,636)
Dividends paid	(982)	(993)
Common shares repurchased for cancellation	(968)	(8,302)
Asset acquisition cost	-	(12,444)
Other	1,579	3,130
Net change in cash during the period	26,029	(10,297)
Cash, beginning of period	91,395	57,217
Cash, end of period	\$ 117,424	\$ 46,920

The analysis of TWC's liquidity is as follows:

(thousands of Canadian dollars)	Availability as at June 30, 2022		Availability as at December 31, 2021		Availability as at June 30, 2021	
	Maximum	Available	Maximum	Available	Maximum	Available
Cash and cash equivalents (CDN)	\$ 29,898	\$ 29,898	\$ 12,993	\$ 12,993	\$ 6,351	\$ 6,351
Cash and cash equivalents (USD)	87,526	87,526	78,402	78,402	40,569	40,569
Restricted cash	1,525	1,525	944	944	2,030	2,030
Revolving line of credit (corporate)	50,000	48,982	50,000	48,982	50,000	48,982
Related party revolving line of credit	50,000	50,000	50,000	50,000	50,000	50,000
Subtotal	218,949	217,931	192,339	191,321	148,950	147,932
Highland Gate	107,000	83,096	107,000	82,190	107,000	70,213
Total	\$ 325,949	\$ 301,027	\$ 299,339	\$ 273,511	\$ 255,950	\$ 218,145

At June 30, 2022, there is \$1,525,000 (2021 - \$2,030,000) of restricted cash from the Highland Gate project, representing deposits on future home sales held by counsel.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## LIQUIDITY AND CAPITAL RESOURCES (continued)

Funds will be used during 2022 for operating capital expenditures and to pay debt obligations as they become due.

Liquidity risk arises from general funding needs and in the management of assets, liabilities and optimal capital structure. TWC manages liquidity risk to maintain sufficient liquid financial resources to meet its commitments and obligations in the most cost-effective manner possible.

Based on TWC's financial position at June 30, 2022, and projected future earnings, management expects to be able to fund its working capital requirements, and meet its other obligations including debt repayments.

The following is an analysis of the Company's net borrowings and their characteristics on June 30, 2022 compared to December 31, 2021:

(thousands of Canadian dollars)	Interest Rate June 30, 2022	Interest Rate December 31, 2021	Total Indebtedness June 30, 2022	Total Indebtedness December 31, 2021	Average Term to Maturity (Yrs) June 30, 2022	Average Term to Maturity (Yrs) December 31, 2021
Non-revolving	8.0%	8.0%	\$ 9,041	\$ 9,486	7.25	7.75
Exchange	-	-	2,609	2,540	-	-
Subtotal US borrowings	8.0%	8.0%	11,650	12,026		
Revolving (corporate)	4.2%	2.9%	-	-	1.25	1.75
Non-revolving	6.8%	6.9%	61,964	72,699	3.52	3.92
Other	5.0%	5.0%	3,399	3,316	0.91	1.41
Subtotal CDN borrowings	6.8%	6.6%	65,363	76,015		
Gross borrowings	6.0%	7.0%	77,013	88,041		
Lease liabilities	6.0%	6.1%	4,711	7,027	1.33	1.83
Subtotal			81,724	95,068		
Highland Gate borrowings	5.4%	3.0%	23,904	24,810	0.73	1.23
Total			\$105,628	\$ 119,878		

None of the above non-revolving mortgages have any prepayment options without a corresponding yield maintenance payment.

TWC's consolidated borrowings include revolving lines of credit and non-revolving mortgages. The following table illustrates future maturities and amortization payments of consolidated borrowings for the next five years and thereafter as at June 30, 2022:

(thousands of Canadian dollars)	Highland Gate	Corporate Borrowings	Lease Liabilities	Total
Balance of 2022	\$ 8,734	\$ 11,542	\$ 2,259	\$ 22,535
2023	15,170	21,581	1,129	37,880
2024	-	16,406	1,234	17,640
2025	-	10,724	10	10,734
2026	-	7,094	11	7,105
2027 and thereafter	-	9,666	68	9,734
	\$ 23,904	\$ 77,013	\$ 4,711	\$ 105,628

### Operating Activities

Cash provided by operating activities were \$36,301,000 in 2022 compared to \$42,052,000 in 2021.

### Investing Activities

Cash provided by investing activities were \$3,598,000 in 2022 compared to cash used of \$25,540,000 in 2021.

### Financing Activities

Financing activities repayments were \$15,223,000 in 2022 compared to \$26,114,000 in 2021.



# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## RELATED PARTY TRANSACTIONS

The immediate parent and controlling party of the Company is Paros Enterprises Limited ("Paros") and its parent – S.N.A. Management Limited. These companies are privately-owned companies whose shareholder is the Chairman, President and Chief Executive Officer of the Company – K. (Rai) Sahi.

K. (Rai) Sahi, the Chairman, President and Chief Executive Officer of the Company is also the controlling shareholder of Morguard Corporation ("Morguard").

The Company has provided an unsecured revolving demand credit facility to Morguard in the amount of \$50,000,000 with no fixed maturity date. Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of \$50,000,000 with no fixed maturity date. During 2021, Morguard fully repaid to the Company the \$20,000,000 loan receivable. These facilities bear interest on a basis which is consistent with the entity's borrowing costs.

Summarized information regarding these facilities is as follows:

(thousands of Canadian dollars)	For the three months ended		For the six months ended		For the year ended
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	December 31, 2021
Loan payable to Morguard	-	-	-	-	-
Loan receivable from Morguard	-	20,000	-	20,000	-
Net interest receivable (payable)	-	36	-	36	-
Net interest earned (incurred)	-	134	-	220	390

The Company has provided an unsecured revolving demand credit facility to Paros in the amount of \$5,000,000, with no fixed maturity date. Paros has provided an unsecured revolving demand credit facility to TWC in the amount of \$5,000,000 with no fixed maturity date. These facilities bear interest at prime plus 1%. During 2022 and 2021, there were no advances or repayments under this facility.

The purpose of these credit facilities is to allow each of the above entities to manage its financing activities in the most effective manner.

The Company has provided an unsecured revolving demand credit facility to an investment in joint venture in the amount of \$3,000,000, with no fixed maturity date. This facility bears interest at prime plus 1.25%. As at June 30, 2022, the amount receivable on this facility was nil (December 31, 2021 - nil; June 30, 2021 - nil). Interest receivable at June 30, 2022 was nil (December 31, 2021 - nil; June 30, 2021 - nil), and interest earned was nil for the six month period ended June 30, 2022 (June 30, 2021 - \$4,000). For the three months ended June 30, 2022, interest earned was nil (three months ended June 30, 2021 - nil).

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of \$348,000 for the six month period ended June 30, 2022 (June 30, 2021 - \$348,000), under a contractual agreement, which is included in operating expenses. For the three months ended June 30, 2022, the Company paid a management fee of \$174,000 (three months ended June 30, 2021 - \$175,000). Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$230,000 (CDN\$293,000) for the six month period ended June 30, 2022 (June 30, 2021 - US\$230,000; CDN\$287,000) under a contractual agreement, which is included in direct operating expenses. For the three months ended June 30, 2022, the Company paid US\$115,000 (CDN\$147,000) in management fees (three months ended June 30, 2021 - US\$115,000; CDN\$141,000).

The Highland Gate project receives managerial services from Geranium Homes management companies. The project paid a management fee of \$1,070,000 for the six month period ended June 30, 2022 (June 30, 2021 - 1,020,000) under a contractual agreement, which is capitalized to residential inventory. For the three months ended June 30, 2022, the project paid a management fee of \$706,000 (three months ended June 30, 2021 - \$482,000).

The Company provides landscaping services for certain Morguard assets. The Company received a fee of \$81,000 for the six month period ended June 30, 2022 (June 30, 2021 - nil) under a contractual agreement. For the three months ended June 30, 2022, the Company received a fee of \$21,000 (three months ended June 30, 2021 - nil).

A total of US\$26,000 of rental revenue was earned by TWC for the six month period ended June 30, 2022 (June 30, 2021 - US\$26,000) from Morguard relating to a shared office facility in Florida. For the three months ended June 30, 2022, rental revenue earned was US\$13,000 (three months ended June 30, 2021 - US\$13,000).

All related party transactions were made in the ordinary course of business and on substantially the same terms including interest rates and security as for comparable transactions with parties of a similar standing.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## SUMMARY OF FINANCIAL RESULTS BY QUARTER

The table below sets forth selected financial data for the most recent nine quarters ending June 30, 2022. The financial data is derived from the Company's unaudited interim condensed consolidated financial statements, which are prepared in accordance with IFRS as follows:

(thousands of Canadian dollars, except per share amounts)	2022		2021				2020		
	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Total assets	\$ 766,134	\$ 772,485	\$746,806	\$720,505	\$ 710,720	\$ 651,511	\$ 632,382	\$ 651,987	\$ 655,406
Operating revenue	52,736	37,932	62,600	63,245	34,059	14,109	30,157	55,293	21,696
Net operating income (loss)	13,167	4,978	18,680	26,953	9,036	(2,257)	10,768	30,990	533
Net earnings (loss)	3,594	(1,093)	61,963	22,757	4,472	455	8,359	22,427	2,605
Basic earnings (loss) per share	0.15	(0.04)	2.52	0.93	0.18	0.02	0.33	0.87	0.10
Eligible cash dividends per share	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02

## SEASONALITY

The quarterly earnings performance of the Company reflects the highly seasonal nature of the business segments. The majority of revenue and earnings from the Canadian golf operations occur during the second and third quarters of the year. Accordingly, the quarterly reported net earnings of the Company will fluctuate with those of the underlying business segments.

## RISKS AND UNCERTAINTIES

The Company is exposed to risks as further analyzed and described in the annual MD&A for December 31, 2021.

## DISCLOSURE CONTROLS AND PROCEDURES

TWC's Chairman, President and Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures. Our disclosure controls are designed to provide reasonable assurance that information required to be disclosed by TWC is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting.

The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of TWC's assets; (ii) provide reasonable assurance that transactions are recorded appropriately to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

There were no changes in internal control over financial reporting that occurred during the Company's most recent year that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## OUTLOOK

### *Highland Gate Development*

TWC has been pursuing the development of its Highland Gate property in Aurora, Ontario with Geranium Homes which is also the manager.

The development plan contains 157 single family detached homes, a seven storey multi-unit residential building with 114 units, a 10-metre landscaped buffer between existing rear yards and adjacent new streets, 7.6 kilometres of off-street trails resulting in a total pedestrian network consisting of 10.2 kilometres, and building a major new 21-acre park.

	Phase 1	Phase 2	Phase 3	Phase 4/5	<b>Total</b>
Total lots	44	53	24	36	<b>157</b>
Closings to date	(30)	-	-	-	<b>(30)</b>
Closings expected in 2022	(11)	-	-	-	<b>(11)</b>
Closings expected in 2023	-	(51)	-	-	<b>(51)</b>
Closings expected in 2024	-	-	(10)	-	<b>(10)</b>
Unreleased/unsold lots	3	2	14	36	<b>55</b>

### *Kanata Development*

ClubLink has been working with two local developers to explore potential development options at Kanata Golf and Country Club in Ottawa. Development applications were submitted to the City of Ottawa on October 8, 2019 and deemed complete on October 17, 2019. On October 25, 2019, the City of Ottawa filed a Superior Court application seeking a declaration that certain agreements assumed by ClubLink remain valid and enforceable, and requesting an order that ClubLink either withdraw its development applications or offer to convey the golf course lands to the City at no cost under the terms of an agreement known as the 40% Agreement. On February 19, 2021, ClubLink was notified that the Superior Court granted the City's application in part, but did not order ClubLink to withdraw its development applications. An expedited appeal by ClubLink was held on June 17, 2021 and on November 26, 2021, the Ontario Court of Appeal overturned the decision, concluding that certain provisions of the 40% Agreement are void and unenforceable. In summary, this means that ClubLink would not be required to give the golf course to the City of Ottawa if it ceased to operate it. The extent to which the Court of Appeal's decision affects other provisions of the 40% Agreement and related agreements has been remitted to the Superior Court. On January 25, 2022, the City of Ottawa filed an application for leave to appeal the Ontario Court of Appeal's decision to the Supreme Court of Canada and on February 28, 2022, ClubLink filed its response and a conditional cross-application. An Ontario Land Tribunal hearing for ClubLink's appeals of the development applications was conducted starting on January 17, 2022, concluding on February 14, 2022. On March 22, 2022, the Ontario Land Tribunal decision was rendered approving the Zoning Bylaw Amendments and Draft Plan Approval, together with the draft plan conditions. Approximately 1,480 residential units with associated parks, storm ponds and public greenspaces were approved. On February 22, 2022, the Kanata Greenspace Protection Coalition filed a separate Superior Court application seeking orders that the 40% Agreement and another agreement constitute valid and enforceable restrictive covenants and that ClubLink's development applications contravene these instruments. On August 4, 2022, the Supreme Court of Canada denied the City of Ottawa's application for leave to appeal.

### *Woodlands Golf Club*

ClubLink is working with 13th Floor (a local real estate developer based in south Florida) to explore development options at Woodlands Country Club in Tamarac, Florida. This process has been managed by Morguard as part of its management services arrangement. The development plan that has been submitted includes approximately 400 single family homes. The plan also contains over 160 acres of permanently preserved open space, including 40 new acres of lakes, a new community centre and gated entry ways among other features. This plan has been initially approved by the City of Tamarac, has obtained final approval of Broward County and the State of Florida and is awaiting final approval by the City of Tamarac. There is currently a dispute between the City of Tamarac and 13th Floor about the form of the meeting to conduct a final review and approval. It is unclear when this final meeting will be scheduled.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## OUTLOOK

### *Club de golf Islesmere*

ClubLink and its partner (a group of former members/shareholders of Islesmere), which together currently own Club de Golf Islesmere in Laval, Quebec, have conditionally agreed to sell the property to a Quebec developer for proceeds of approximately \$70 million. TWC is entitled to approximately 45% of these proceeds on closing. This transaction is subject to a due diligence condition and a condition for a change in zoning.

### *Sun City Center*

The Company is considering strategic options for its remaining Florida land holdings including underutilized land at Sun City.

## 2022 REVENUE TRENDS

Due to less operating restrictions, certain event driven revenue streams have returned in 2022, such as food and beverage and corporate events. These revenue streams are expected to exceed results from 2020-2021, but still fall short of pre-COVID activities. Staffing issues and supply constraints are impacting these revenue streams.

Canadian annual dues revenue for 2022 is expected to be in the range of \$61 million as compared to \$56.5 million recorded in 2021.

## ADDITIONAL INFORMATION

Additional information concerning the Company, as well as the Company's Annual Information Form is available on SEDAR ([www.sedar.com](http://www.sedar.com)) and the investor relations section of the Company's website ([www.twcenterprises.ca](http://www.twcenterprises.ca)).

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The condensed consolidated interim financial statements (the "financial statements") and management's discussion and analysis of operations contained in this quarterly report are the responsibility of the Company's management. To fulfill this responsibility, the Company maintains a system of internal controls to ensure that its reporting practices and accounting and administrative procedures are appropriate and provide assurance that relevant and reliable financial information is produced. The financial statements have been prepared in conformity with International Financial Reporting Standards and, where appropriate, reflect estimates based on management's best judgment in the circumstances. The financial information presented throughout this quarterly report is consistent with the information contained in the financial statements.

The financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets regularly with the auditors and management to review the activities of each. The Audit Committee, which is comprised of three independent directors, who are not officers of the Company, reports to the Board of Directors.



K. (Rai) Sahi  
Chairman, President and Chief Executive Officer

August 5, 2022



Andrew Tamlin  
Chief Financial Officer

**TWC ENTERPRISES LIMITED**  
**Interim Condensed Consolidated Balance Sheets (Unaudited)**

(thousands of Canadian dollars)	Notes	June 30, 2022	December 31, 2021	June 30, 2021
<b>ASSETS</b>				
Current				
Cash and cash equivalents		<b>\$ 117,424</b>	\$ 91,395	\$ 46,920
Restricted cash	15	<b>1,525</b>	944	2,030
Accounts receivable		<b>14,471</b>	5,143	13,639
Mortgages and loans receivable		<b>1,679</b>	1,465	21,465
Inventories and prepaid expenses		<b>11,988</b>	4,211	10,908
Other assets	3	<b>113,404</b>	113,092	93,941
Residential inventory	4	<b>81,245</b>	86,094	92,154
		<b>341,736</b>	302,344	281,057
Mortgages and loans receivable		<b>156</b>	1,532	1,470
Other assets	3	<b>11,653</b>	25,255	5,347
Right-of-use assets	5	<b>4,125</b>	6,262	8,802
Property, plant and equipment	6	<b>396,212</b>	398,482	400,188
Intangible assets	7	<b>12,252</b>	12,931	13,856
Total assets		<b>\$ 766,134</b>	\$ 746,806	\$ 710,720
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current				
Accounts payable and accrued liabilities	8	<b>\$ 38,969</b>	\$ 36,328	\$ 30,440
Lease liabilities	9	<b>2,817</b>	4,507	4,917
Borrowings	10	<b>45,631</b>	39,182	59,989
Prepaid annual dues and deposits	11	<b>62,612</b>	33,019	65,997
		<b>150,029</b>	113,036	161,343
Lease liabilities	9	<b>1,894</b>	2,520	4,804
Borrowings	10	<b>55,073</b>	73,379	76,254
Deferred membership fees	12	<b>2,869</b>	3,976	4,046
Deferred income tax liabilities		<b>51,171</b>	50,507	45,906
Total liabilities		<b>261,036</b>	243,418	292,353
Share capital	14	<b>100,317</b>	100,530	100,530
Retained earnings		<b>390,279</b>	389,418	305,385
Accumulated other comprehensive earnings		<b>5,916</b>	4,757	3,474
Non-controlling interest	15	<b>8,586</b>	8,683	8,978
Total shareholders' equity		<b>505,098</b>	503,388	418,367
Total liabilities and shareholders' equity		<b>\$ 766,134</b>	\$ 746,806	\$ 710,720

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**TWC ENTERPRISES LIMITED**  
**Interim Condensed Consolidated Statements of Earnings**  
**and Comprehensive Earnings (Unaudited)**

(thousands of Canadian dollars, except per share amounts)	Notes	For the three months ended		For the six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>REVENUE</b>					
Operating revenue		\$ 52,736	\$ 34,059	\$ 90,668	\$ 48,168
Amortization of membership fees	12	1,081	1,037	2,020	1,995
	13	53,817	35,096	92,688	50,163
<b>EXPENSES</b>					
Cost of sales	15	8,344	3,350	23,696	4,303
Labour and employee benefits		18,822	11,568	27,498	19,392
Utilities		1,966	1,716	3,640	3,171
Selling, general and administrative		1,460	1,312	2,884	2,402
Property taxes		695	724	2,335	2,652
Repairs and maintenance		1,556	1,253	2,626	1,974
Insurance		903	802	1,781	1,602
Turf operating expenses		2,108	1,883	2,358	1,980
Fuel and oil		621	335	735	418
Other operating expenses		3,094	2,080	4,970	3,495
Depreciation of right-of-use assets	5	1,012	1,280	2,033	2,568
Depreciation of property, plant and equipment	6	3,098	3,141	6,157	6,246
Amortization of intangible assets	7	348	367	692	729
Interest, net and investment income	16	(422)	384	(698)	820
Other items	17	3,582	303	6,152	(5,337)
		47,187	30,498	86,859	46,415
Earnings before income taxes		6,630	4,598	5,829	3,748
Income tax provision (recovery)					
Current		2,028	(460)	2,711	(1,744)
Deferred		1,008	586	617	565
		3,036	126	3,328	(1,179)
Net earnings		3,594	4,472	2,501	4,927
Unrealized foreign exchange gain (loss) in respect of foreign operations		2,284	(334)	1,159	(612)
Total comprehensive earnings		\$ 5,878	\$ 4,138	\$ 3,660	\$ 4,315
Weighted average shares outstanding (000)	14	24,521	24,573	24,535	24,745
Earnings per share - basic and diluted	14	\$ 0.15	\$ 0.18	\$ 0.10	\$ 0.20

(thousands of Canadian dollars)	Notes	For the three months ended		For the six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net earnings (loss) attributable to:					
Shareholders		\$ 3,483	\$ 4,472	\$ 2,598	\$ 4,927
Non-controlling interest	15	111	-	(97)	-
		\$ 3,594	\$ 4,472	\$ 2,501	\$ 4,927

The accompanying notes are an integral part of these interim condensed consolidated financial statements.

**TWC ENTERPRISES LIMITED**  
**Interim Condensed Consolidated Statements of Changes in Shareholders' Equity**  
**(Unaudited)**

(thousands of Canadian dollars except common shares)	Note	Common Shares	Share Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Non- Controlling Interest	Total Shareholders' Equity
<b>Balance, January 1, 2021</b>		<b>25,017,442</b>	<b>\$ 102,453</b>	<b>\$ 307,830</b>	<b>\$ 4,086</b>	-	<b>\$ 414,369</b>
Comprehensive earnings (loss)		-	-	4,927	(612)	-	4,315
Cash dividend	14B	-	-	(993)	-	-	(993)
Shares cancelled subject to normal course issuer bid		(469,518)	(1,923)	(6,379)	-	-	(8,302)
Asset acquisition		-	-	-	-	8,978	8,978
<b>Balance, June 30, 2021</b>		<b>24,547,924</b>	<b>100,530</b>	<b>305,385</b>	<b>3,474</b>	<b>8,978</b>	<b>418,367</b>
Comprehensive earnings (loss)		-	-	85,015	1,283	(295)	86,003
Cash dividend	14B	-	-	(982)	-	-	(982)
<b>Balance, December 31, 2021</b>		<b>24,547,924</b>	<b>100,530</b>	<b>389,418</b>	<b>4,757</b>	<b>8,683</b>	<b>503,388</b>
Comprehensive earnings (loss)		-	-	2,598	1,159	(97)	3,660
Cash dividend	14B	-	-	(982)	-	-	(982)
Shares cancelled subject to normal course issuer bid	14C	(52,200)	(213)	(755)	-	-	(968)
<b>Balance, June 30, 2022</b>		<b>24,495,724</b>	<b>\$ 100,317</b>	<b>\$ 390,279</b>	<b>\$ 5,916</b>	<b>\$ 8,586</b>	<b>\$ 505,098</b>

# TWC ENTERPRISES LIMITED

## Interim Condensed Consolidated Statements of Cash Flow (Unaudited)

(thousands of Canadian dollars)	Notes	For the three months ended		For the six months ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>OPERATING ACTIVITIES</b>					
Net earnings		\$ 3,594	\$ 4,472	\$ 2,501	\$ 4,927
Items not affecting cash:					
Amortization of membership fees	12	(1,081)	(1,037)	(2,020)	(1,995)
Depreciation of property, plant and equipment	6	3,098	3,141	6,157	6,246
Depreciation of right-of-use assets	5	1,012	1,280	2,033	2,568
Amortization of intangible assets	7	348	367	692	729
Interest, net and investment income	16	(422)	384	(698)	820
Glen Abbey redevelopment charge	17	-	9,500	-	9,500
Unrealized foreign exchange loss (gain)	17	(481)	432	(398)	758
Unrealized loss (gain) on investment in marketable securities	17	8,366	(6,808)	11,185	(11,809)
Gain on real estate fund investments	17	(4,370)	-	(4,370)	-
Equity loss (income) from investments in joint ventures	17	62	(404)	(135)	(633)
Gain on sale of property, plant and equipment	6	(179)	-	(223)	-
Income tax provision (recovery)		3,036	126	3,328	(1,179)
Collection of membership fee instalments	12	559	456	914	815
Interest received (paid)		883	(371)	707	(793)
Income taxes paid		(8,529)	(2,129)	(14,190)	(6,299)
Restricted cash		(207)	(2,030)	(581)	(2,030)
Accounts receivable		(4,052)	(624)	(9,328)	(969)
Inventories and prepaid expenses		(3,223)	(1,979)	(7,777)	(6,312)
Residential inventory		(1,735)	(8,084)	4,849	(8,084)
Accounts payable and accrued liabilities		12,682	14,007	14,062	16,747
Prepaid annual dues and deposits		(14,573)	(6,528)	29,593	39,045
Cash and cash equivalents provided by (used in) operating activities		(5,212)	4,171	36,301	42,052
<b>INVESTING ACTIVITIES</b>					
Operating property, plant and equipment expenditures	6	(2,285)	(3,643)	(3,541)	(4,633)
Expansion property, plant and equipment expenditures	6	-	(1,057)	-	(1,547)
Proceeds on sale of property, plant and equipment	6	206	-	234	-
Asset acquisition cost		-	(12,444)	-	(12,444)
Cash acquired		-	3,961	-	3,961
Right-of-use assets		-	-	103	(11)
Net investment in marketable securities		(6,656)	-	(9,597)	(2,282)
Real estate fund investments, net		20,634	(914)	16,510	(8,459)
Other long-term assets		(9)	(66)	(111)	(125)
Cash provided by (used in) investing activities		11,890	(14,163)	3,598	(25,540)
<b>FINANCING ACTIVITIES</b>					
Revolving borrowings		782	2,248	(906)	(5,841)
Non-revolving borrowings - amortization payments		(3,769)	(5,246)	(11,215)	(10,406)
Lease liabilities		(1,104)	(1,601)	(2,314)	(2,636)
Mortgages and loans receivable		873	1,096	1,162	2,064
Shares repurchased for cancellation		(968)	(1,398)	(968)	(8,302)
Dividends paid	14	(491)	(493)	(982)	(993)
Cash used in financing activities		(4,677)	(5,394)	(15,223)	(26,114)
Net effect of currency translation adjustment on cash and cash equivalents		2,129	(130)	1,353	(695)
Net increase (decrease) in cash and cash equivalents during the period		4,130	(15,516)	26,029	(10,297)
Cash and cash equivalents, beginning of period		113,294	62,436	91,395	57,217
Cash and cash equivalents, end of period		\$ 117,424	\$ 46,920	\$ 117,424	\$ 46,920

The accompanying notes are an integral part of these interim condensed consolidated financial statements.



# TWC ENTERPRISES LIMITED

## Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

### 1. NATURE OF OPERATIONS

TWC Enterprises Limited (the “Company” or “TWC”) was formed under the laws of Canada. The Company’s executive office is located at 15675 Dufferin Street, King City, Ontario L7B 1K5. TWC is a publicly traded company on the Toronto Stock Exchange (“TSX”) under the symbol “TWC.”

TWC is engaged in golf club operations under the trademark “ClubLink One Membership More Golf.” TWC is Canada’s largest owner, operator and manager of golf clubs with 47½, 18-hole equivalent championship and 2½, 18-hole equivalent academy courses at 36 locations in Ontario, Quebec and Florida (including two managed properties).

The golf club operations located in the United States have a functional currency in United States (“US”) dollars, which are translated into Canadian dollars for reporting purposes in these interim condensed consolidated financial statements.

### 2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

This interim financial quarterly report has been prepared in compliance with IAS 34.

These financial statements were authorized for issuance by the Board of Directors on August 5, 2022.

These financial statements have been prepared on a basis consistent with the Company’s annual audited consolidated financial statements for the year ended December 31, 2021. Accordingly, certain information and disclosures normally required to be included in notes to annual financial statements have been condensed or omitted. Accordingly, these financial statements should be read in conjunction with the annual consolidated financial statements and the notes thereto for the year ended December 31, 2021. These financial statements were prepared on a going concern basis, under the historical cost model.

ClubLink recognizes its annual dues revenue on a straight-line basis throughout the year based on when its properties are open and the services are delivered.

Due to the seasonal nature of the golf club operations in which the Company currently operates, the second and third quarters of the fiscal year account for, and are expected to account for, a greater portion of revenue and earnings than do the first and fourth quarters of each fiscal year. This seasonal pattern may cause the Company’s operating revenue and net operating income to vary significantly from quarter to quarter with consequential impacts on related working capital balances. Due to this seasonality, an interim condensed consolidated balance sheet as at June 30, 2021 has been presented for comparative purposes.

The functional currency of TWC and its subsidiaries is the local currency. The assets and liabilities of TWC’s foreign operations (specifically the US golf operations) where the functional currency is not the Canadian dollar are translated using the rate of exchange at the balance sheet date, whereas revenue and expenses are translated using average exchange rates during the respective periods. The resulting foreign currency translation adjustments are included in accumulated other comprehensive earnings or loss. This is the only component in this category.

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 3. OTHER ASSETS

Other assets consist of the following:

(thousands of Canadian dollars)	June 30, 2022	December 31, 2021	June 30, 2021
Investment in joint ventures	\$ 5,612	\$ 5,422	\$ 4,785
Investment in Automotive Properties REIT (8,266,526 units; December 31, 2021 - 7,564,650 units; June 30, 2021 - 6,877,057 units)	111,503	113,092	85,482
Investment in Mount Auburn (US\$1,475,000; December 31, 2021 - US\$10,362,000; June 30, 2021 - US\$4,500,000)	1,901	13,137	5,577
Investment in real estate investment fund (US\$4,326,000; December 31, 2021 - US\$4,841,000; June 30, 2021 - US\$2,325,000)	5,574	6,137	2,882
Other	467	559	562
	<b>125,057</b>	138,347	\$ 99,288
Less: current portion	<b>113,404</b>	113,092	93,941
	<b>\$ 11,653</b>	\$ 25,255	\$ 5,347

The Company's investment in joint ventures consist of the following:

(thousands of Canadian dollars)	June 30, 2022	December 31, 2021	June 30, 2021
Balance, beginning of period	\$ 5,422	\$ 22,996	\$ 22,996
Equity income	135	1,270	633
Transfer resulting from acquisition	-	(18,828)	(18,828)
Cash calls (return of capital on investments)	55	(16)	(16)
Balance, end of period	<b>\$ 5,612</b>	\$ 5,422	\$ 4,785

TWC has committed US\$10,000,000 towards a real estate fund based out of Florida. As at June 30, 2022, there has been US\$6,725,000 (CDN\$8,666,000) in capital calls paid towards this commitment. Outside of the fund, the Company made an investment in Mount Auburn (comprising of garden style real estate in the southern United States). This investment has now been mostly liquidated.

**TWC ENTERPRISES LIMITED**  
**Notes to Interim Condensed Consolidated Financial Statements (Unaudited)**  
**June 30, 2022 and 2021**

**3. OTHER ASSETS (continued)**

Summarized financial information for the real estate management company and the real estate housing investments at 100% and TWC's ownership interest is provided below:

			<b>June 30, 2022</b>	December 31, 2021
(thousands of Canadian dollars)	Real Estate Management Company	Real Estate Housing Investments	<b>Total</b>	Total
Current assets	\$ 3,510	\$ 4,413	<b>\$ 7,923</b>	\$ 8,649
Related party	-	17	<b>17</b>	(58)
Land and other long-term assets	2,017	53,232	<b>55,249</b>	51,527
Secured project debt	-	(15,507)	<b>(15,507)</b>	(11,997)
Liabilities	(826)	(19,182)	<b>(20,008)</b>	(20,701)
Net assets at 100%	4,701	22,973	<b>27,674</b>	27,420
Net assets at Company's share	2,351	3,202	<b>5,553</b>	5,419
Return of capital investments to date	-	59	<b>59</b>	3
Net assets attributable to TWC	\$ 2,351	\$ 3,261	<b>\$ 5,612</b>	\$ 5,422
Net assets attributable to partners	\$ 2,350	\$ 19,712	<b>\$ 22,062</b>	\$ 21,998
Equity income	\$ 114	\$ 21	<b>\$ 135</b>	\$ 1,270

**4. RESIDENTIAL INVENTORY**

Residential inventory is comprised of land, development, servicing and construction costs in relation to the construction of homes in the Highland Gate project and consists of the following:

(thousands of Canadian dollars)	<b>Total</b>
At January 1, 2021	<b>\$ -</b>
Amount arising on consolidation	<b>84,070</b>
Additions	<b>30,362</b>
Operating cost of goods sold	<b>(25,941)</b>
Cost of goods sold - amortization	<b>(2,397)</b>
At December 31, 2021	<b>86,094</b>
Additions	<b>11,545</b>
Operating cost of goods sold	<b>(14,984)</b>
Cost of goods sold - amortization	<b>(1,410)</b>
At June 30, 2022	<b>\$ 81,245</b>

The Company's investment in Highland Gate is managed by Geranium Homes. Highland Gate is the development of a former golf course in Aurora, Ontario and includes 157 single family detached homes and a seven story multi-unit residential building with 114 units. There were 17 closings in the year ended December 31, 2021. For the six month period ended June 30, 2022, there were ten closings (period ended June 30, 2021 - nil).

The cost of goods sold represents the non-cash amortization of the purchase price of both the 2019 and 2021 tranches purchased by ClubLink in this project in addition to the recorded minority interest.

**TWC ENTERPRISES LIMITED**  
**Notes to Interim Condensed Consolidated Financial Statements (Unaudited)**  
**June 30, 2022 and 2021**

**5. RIGHT-OF-USE ASSETS**

Right-of-use assets consists of the following:

(thousands of Canadian dollars)	Land and Buildings	Equipment	Total
At January 1, 2021	\$ 11,016	\$ 343	\$ 11,359
Additions	-	11	11
Depreciation	(4,947)	(160)	(5,107)
Foreign exchange	-	(1)	(1)
At December 31, 2021	6,069	193	6,262
Disposals	-	(103)	(103)
Depreciation	(1,983)	(50)	(2,033)
Foreign exchange	-	(1)	(1)
At June 30, 2022	\$ 4,086	\$ 39	\$ 4,125

**6. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following:

(thousands of Canadian dollars)	Land	Buildings and Land Improvements	Bunkers, Cart Paths and Irrigation	Equipment	Total
<b>Cost</b>					
At January 1, 2021	\$ 290,443	\$ 159,638	\$ 105,744	\$ 89,276	\$ 645,101
Additions	2,290	272	1,516	6,744	10,822
Disposals	(11,211)	(897)	(1,750)	(3,841)	(17,699)
Impairment reversal	1,426	897	1,738	971	5,032
Foreign exchange difference	(41)	(39)	(34)	(37)	(151)
At December 31, 2021	282,907	159,871	107,214	93,113	643,105
Additions	117	370	987	2,067	3,541
Disposals	-	(373)	(68)	(1,151)	(1,592)
Foreign exchange difference	177	156	139	131	603
At June 30, 2022	\$ 283,201	\$ 160,024	\$ 108,272	\$ 94,160	\$ 645,657
<b>Accumulated Depreciation</b>					
At January 1, 2021	\$ -	\$ 82,166	\$ 82,377	\$ 70,154	\$ 234,697
Depreciation	-	4,039	3,679	4,942	12,660
Disposals	-	(276)	(1,169)	(3,630)	(5,075)
Impairment reversal	-	276	1,163	951	2,390
Foreign exchange difference	-	(11)	(13)	(25)	(49)
At December 31, 2021	-	86,194	86,037	72,392	244,623
Depreciation	-	2,264	1,692	2,201	6,157
Disposals	-	(373)	(68)	(1,140)	(1,581)
Foreign exchange difference	-	62	87	97	246
At June 30, 2022	\$ -	\$ 88,147	\$ 87,748	\$ 73,550	\$ 249,445
Net book value					
at December 31, 2021	\$ 282,907	\$ 73,677	\$ 21,177	\$ 20,721	\$ 398,482
Net book value					
at June 30, 2022	\$ 283,201	\$ 71,877	\$ 20,524	\$ 20,610	\$ 396,212

Certain property, plant and equipment have been assigned as collateral for borrowings (Note 10).

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 7. INTANGIBLE ASSETS

Intangible assets consist of the following:

(thousands of Canadian dollars)	Membership base	Brand	Other	Total Intangible Assets
<b>Cost</b>				
At January 1, 2021	\$ 12,131	\$ 13,477	\$ 2,433	\$ 28,041
Foreign exchange difference	(9)	-	(1)	(10)
At December 31, 2021	12,122	13,477	2,432	28,031
Foreign exchange difference	33	-	3	36
At June 30, 2022	\$ 12,155	\$ 13,477	\$ 2,435	\$ 28,067
<b>Accumulated amortization</b>				
At January 1, 2021	\$ 5,587	\$ 5,533	\$ 2,312	\$ 13,432
Amortization	677	875	121	1,673
Foreign exchange difference	(4)	-	(1)	(5)
At December 31, 2021	6,260	6,408	2,432	15,100
Amortization	313	379	-	692
Foreign exchange difference	20	-	3	23
At June 30, 2022	\$ 6,593	\$ 6,787	\$ 2,435	\$ 15,815
Net book value at December 31, 2021	\$ 5,862	\$ 7,069	\$ -	\$ 12,931
Net book value at June 30, 2022	\$ 5,562	\$ 6,690	\$ -	\$ 12,252

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

(thousands of Canadian dollars)	June 30, 2022	December 31, 2021	June 30, 2021
Trade payables	\$ 17,344	\$ 8,848	\$ 13,384
Accrued payroll costs	4,750	3,269	2,846
Accrued interest	424	492	558
Income taxes payable	1,228	12,425	-
Accrued liabilities and other	15,223	11,294	13,652
	<b>\$ 38,969</b>	<b>\$ 36,328</b>	<b>\$ 30,440</b>

#### 9. LEASE LIABILITIES

The following table represents the change in the balance of the Company's lease liabilities:

(thousands of Canadian dollars)	Land and Buildings	Equipment	Total
At January 1, 2021	\$ 11,875	\$ 484	\$ 12,359
Additions	-	11	11
Interest expense	557	24	581
Lease payments	(5,615)	(308)	(5,923)
Foreign exchange	-	(1)	(1)
At December 31, 2021	6,817	210	7,027
Disposals	-	(105)	(105)
Interest expense	166	5	171
Lease payments	(2,319)	(63)	(2,382)
At June 30, 2022	4,664	47	4,711
Less: current portion	2,770	47	2,817
	<b>\$ 1,894</b>	<b>\$ -</b>	<b>\$ 1,894</b>

Future minimum payments of lease liabilities are as follows:

(thousands of Canadian dollars)	Lease Liabilities	Interest	Total Minimum Lease Payments
Balance of 2022	\$ 2,259	\$ 103	\$ 2,362
2023	1,129	112	1,241
2024	1,234	41	1,275
2025	10	5	15
2026	11	4	15
2027 and thereafter	68	12	80
	<b>\$ 4,711</b>	<b>\$ 277</b>	<b>\$ 4,988</b>

The above lease liabilities have a weighted average interest rate of 6.0% (2021 - 6.1%).

# TWC ENTERPRISES LIMITED

## Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

### 10. BORROWINGS

Borrowings consist of the following:

(thousands of Canadian dollars)	June 30, 2022	December 31, 2021	June 30, 2021
Secured revolving operating line of credit to a maximum of \$50,000,000 due September 11, 2022	\$ -	\$ -	\$ -
Highland Gate syndicated credit facilities to a maximum of \$107,000,000			
Servicing facility - Phase 1: due on demand - maturing October 31, 2022			
Prime rate loan (Prime + 1.25%)	234	434	1,824
BA loan (Stamping fees @ 2.50%)	8,500	16,000	6,600
Servicing facility - Phase 2: due on demand - maturing June 30, 2023			
Prime rate loan (Prime + 1.25%)	2,270	76	63
BA loan (Stamping fees @ 2.50%)	12,900	8,300	28,300
	<b>23,904</b>	24,810	36,787
Mortgages with blended monthly payments of principal and interest			
8.345% Mortgages due July 1, 2022	230	1,577	2,870
7.550% Mortgage due July 1, 2022	27	187	340
7.416% Mortgages due September 1, 2023	4,344	5,973	7,543
7.268% Mortgage due July 1, 2024	2,747	3,346	3,925
8.060% Mortgage due July 1, 2024	14,819	18,047	21,158
6.194% Mortgage due March 1, 2026	18,950	21,161	23,304
6.315% Mortgage due December 1, 2027	20,847	22,408	23,921
8.000% Mortgage due October 1, 2029 (US\$9,041,000; December 31, 2021 - US\$9,486,000; June 30, 2021 - US\$9,913,000)	11,650	12,026	12,286
Other - maturing from August 16, 2022 to August 16, 2024	3,399	3,316	4,424
	<b>77,013</b>	88,041	99,771
Gross borrowings	<b>100,917</b>	112,851	136,558
Less: deferred financing costs	213	290	315
Borrowings	<b>100,704</b>	112,561	136,243
Less: current portion	45,631	39,182	59,989
	<b>\$ 55,073</b>	\$ 73,379	\$ 76,254

Borrowings are collateralized by certain property, plant and equipment assets (note 6).

Minimum principal debt repayments over the next five years and thereafter as at June 30, 2022 are as follows:

(thousands of Canadian dollars)	Highland Gate	Corporate Borrowings	Total Borrowings
Balance of 2022	\$ 8,734	\$ 11,542	\$ 20,276
2023	15,170	21,581	36,751
2024	-	16,406	16,406
2025	-	10,724	10,724
2026	-	7,094	7,094
2027 and thereafter	-	9,666	9,666
	<b>\$ 23,904</b>	\$ 77,013	<b>\$ 100,917</b>

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 11. PREPAID ANNUAL DUES AND DEPOSITS

Prepaid annual dues and deposits consist of the following:

(thousands of Canadian dollars)	June 30, 2022	December 31, 2021	June 30, 2021
Prepaid annual dues revenue (unrecognized)	\$ 30,261	\$ -	\$ 36,306
Member deposits	7,257	10,369	7,450
Prepaid cart plan revenue (unrecognized)	2,440	479	2,085
Highland Gate real estate deposits	15,929	16,445	15,044
Event deposits	4,234	4,209	3,193
Other	2,491	1,517	1,919
	<b>\$ 62,612</b>	<b>\$ 33,019</b>	<b>\$ 65,997</b>

#### 12. DEFERRED MEMBERSHIP FEES

Deferred membership fees consist of the following:

(thousands of Canadian dollars)	June 30, 2022	December 31, 2021	June 30, 2021
Unamortized membership fees (note 12A)	\$ 38,675	\$ 37,258	\$ 33,343
Future membership fee instalments (note 12B)	(35,806)	(33,282)	(29,297)
Deferred membership fees	<b>\$ 2,869</b>	<b>\$ 3,976</b>	<b>\$ 4,046</b>

Unamortized membership fees represents the portion of collected or committed membership fees that have not been booked as revenue.

Future membership fee instalments represents the amount of uncollected committed membership fee instalments. The Company forgives future instalments upon resignation of a member.

The net deferred membership fees represents the excess of membership fees collected over membership fee revenue recognized.

(A) Changes in unamortized membership fees are as follows:

(thousands of Canadian dollars)	For the six months ended June 30, 2022	For the year ended December 31, 2021	For the six months ended June 30, 2021
Balance, beginning of period	\$ 37,258	\$ 30,479	\$ 30,479
Sales to new members	3,916	11,398	5,384
Transfer and reinstatement fees	1,472	3,076	1,628
Resignations and terminations	(1,967)	(3,289)	(2,128)
Amortization of membership fees to revenue	(2,020)	(4,404)	(1,995)
Exchange difference	16	(2)	(25)
Balance, end of period	<b>\$ 38,675</b>	<b>\$ 37,258</b>	<b>\$ 33,343</b>

(B) Changes in future membership fee instalments are as follows:

(thousands of Canadian dollars)	For the six months ended June 30, 2022	For the year ended December 31, 2021	For the six months ended June 30, 2021
Balance, beginning of period	\$ 33,282	\$ 25,250	\$ 25,250
Sales to new members	3,916	11,398	5,384
Transfer and reinstatement fees	1,472	3,076	1,628
Resignations and terminations	(1,967)	(3,289)	(2,128)
Instalments received in cash	(914)	(3,151)	(815)
Exchange difference	17	(2)	(22)
Balance, end of period	<b>\$ 35,806</b>	<b>\$ 33,282</b>	<b>\$ 29,297</b>



## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 13. REVENUE

Revenue consists of the following:

(thousands of Canadian dollars)	Three months ended June 30, 2022				Three months ended June 30, 2021		
	Canadian Golf Club Operations	US Golf Club Operations	Other (Highland Gate)	Total	Canadian Golf Club Operations	US Golf Club Operations	Total
Annual dues	\$ 15,649	\$ 1,637	\$ -	\$ 17,286	\$ 12,547	\$ 1,445	\$ 13,992
Golf	11,627	2,215	-	13,842	10,028	2,271	12,299
Corporate events	2,493	80	-	2,573	383	43	426
Membership fees	1,028	53	-	1,081	969	68	1,037
Food and beverage	9,821	561	-	10,382	3,130	447	3,577
Merchandise	4,118	183	-	4,301	2,759	186	2,945
Real estate	-	-	3,037	3,037	-	-	-
Rooms and other	1,322	(7)	-	1,315	5821	(1)	820
	\$ 46,058	\$ 4,722	\$ 3,037	\$ 53,817	\$ 30,637	\$ 4,459	\$ 35,096

(thousands of Canadian dollars)	Six months ended June 30, 2022				Six months ended June 30, 2021		
	Canadian Golf Club Operations	US Golf Club Operations	Other (Highland Gate)	Total	Canadian Golf Club Operations	US Golf Club Operations	Total
Annual dues	\$ 30,763	\$ 3,325	\$ -	\$ 34,088	\$ 19,048	\$ 2,886	\$ 21,934
Golf	11,637	8,043	-	19,680	10,061	6,428	16,489
Corporate events	2,493	104	-	2,597	383	114	497
Membership fees	1,914	106	-	2,020	1,859	136	1,995
Food and beverage	9,989	1,336	-	11,325	3,187	963	4,150
Merchandise	5,063	458	-	5,521	3,591	417	4,008
Real estate	-	-	15,811	15,811	-	-	-
Rooms and other	1,748	(102)	-	1,646	1,149	(59)	1,090
	\$ 63,607	\$ 13,270	\$ 15,811	\$ 92,688	\$ 39,278	\$ 10,885	\$ 50,163

TWC recognizes its annual dues revenue on a straight-line basis throughout the year based on when its properties are allowed to open and services are provided. As a result of COVID-19 lockdowns in the first and second quarter of 2021, annual dues were not recognized during certain periods.

**TWC ENTERPRISES LIMITED**  
**Notes to Interim Condensed Consolidated Financial Statements (Unaudited)**  
**June 30, 2022 and 2021**

**14. SHARE CAPITAL**

*(A) Authorized and issued share capital*

The authorized share capital is an unlimited number of common shares and preferred shares. As at June 30, 2022, there are 24,495,724 common shares outstanding (December 31, 2021 - 24,547,924). As at June 30, 2022, no preferred shares have been issued. Please refer to the condensed interim consolidated statements of changes in shareholders' equity for details.

*(B) Dividends*

Dividends consist of the following:

Date of declaration	Record date	Distribution date	Amount per share	Payment amount
March 3, 2021	March 15, 2021	March 31, 2021	0.02	\$ 501,000
April 29, 2021	May 31, 2021	June 15, 2021	0.02	492,000
August 5, 2021	August 31, 2021	September 15, 2021	0.02	491,000
November 1, 2021	November 30, 2021	December 15, 2021	0.02	491,000
				\$ 1,975,000
March 9, 2022	March 15, 2022	March 31, 2022	0.02	\$ 491,000
May 2, 2022	May 31, 2022	June 15, 2022	0.02	491,000
				\$ 982,000

*(C) Shares repurchased and cancelled*

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,271,000 of its common shares which expired on September 19, 2021. From January 1, 2021 to September 19, 2021 the Company repurchased for cancellation 469,518 common shares for a total purchase price of \$8,302,152 or \$17.68 per share, including commissions.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,227,000 of its common shares which expires on September 19, 2022. From January 1, 2022 to June 30, 2022 the Company repurchased for cancellation 52,200 common shares for a total purchase price of \$968,565 or \$18.55 per share, including commissions.

In recording the repurchase and cancellation of shares, share capital is reduced by the weighted average issue price of the outstanding common shares with the differential to the purchase price being credited or charged to retained earnings.

*(D) Earnings per share*

Diluted earnings per share is the same as basic earnings per share as the Company has no dilutive instruments.

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 15. NON-CONTROLLING INTEREST

As a result of the Highland Gate acquisition on April 14, 2021, ClubLink is now entitled to 83.33% of the project's profits and is consolidating the Highland Gate results. The remaining 16.67% profit participation interest is attributable to non-controlling interests. Summarized financial information in respect of the non-controlling interest in Highland Gate is as follows:

(thousands of Canadian dollars)	June 30, 2022	June 30, 2021
Cash and cash equivalents	\$ 2,145	\$ 2,633
Restricted cash	1,525	2,030
Other current assets	5	478
Residential inventory (Note 4)	81,245	92,154
<b>Total assets</b>	<b>\$ 84,920</b>	<b>\$ 97,295</b>
Accounts payable and accrued liabilities	\$ 7,106	\$ 5,214
Prepaid annual dues and deposits	15,929	15,044
Borrowings	23,904	36,787
<b>Total liabilities</b>	<b>46,939</b>	<b>57,045</b>
Partner capital	31,352	31,272
Retained deficit	(1,957)	-
Non-controlling interest	8,586	8,978
<b>Total shareholders' equity</b>	<b>37,981</b>	<b>40,250</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 84,920</b>	<b>\$ 97,295</b>

(thousands of Canadian dollars)	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue	\$ 3,037	\$ -	\$ 15,811	\$ -
Operating cost of goods sold	(2,088)	-	(14,984)	-
Cost of goods sold - amortization (Note 4)	(282)	-	(1,410)	-
<b>Earnings (loss) for the period</b>	<b>\$ 667</b>	<b>\$ -</b>	<b>\$ (583)</b>	<b>\$ -</b>
Earnings (loss) attributable to shareholders	\$ 556	\$ -	\$ (486)	\$ -
Earnings (loss) attributable to non-controlling interests	111	-	(97)	-
<b>Earnings (loss) for the period</b>	<b>\$ 667</b>	<b>\$ -</b>	<b>\$ (583)</b>	<b>\$ -</b>

(thousands of Canadian dollars)	June 30, 2022	June 30, 2021
Balance, beginning of period	\$ 8,683	\$ -
Non-controlling interest arising on consolidation	-	8,978
Share of loss for the period	(97)	-
<b>Balance, end of period</b>	<b>\$ 8,586</b>	<b>\$ 8,978</b>

As a result of the cost of goods sold in relation to Highland Gate home sales, the Company's cost of sales has increased to \$23,696,000 for the period ended June 30, 2022 from \$4,303,000 for the period ended June 30, 2021.

At June 30, 2022, there is \$1,525,000 (2021 - \$2,030,000) of restricted cash from the Highland Gate project, representing deposits on future home sales held by counsel.

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 16. INTEREST, NET AND INVESTMENT INCOME

Interest, net and investment income consists of the following:

(thousands of Canadian dollars)	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revolving lines of credit	\$ 1	\$ 6	\$ 30	\$ 17
Non-revolving mortgages	1,350	1,744	2,825	3,601
Construction line of credit (Highland Gate)	182	-	438	-
Lease liabilities (note 9)	76	157	171	332
Line of credit to related party	-	(134)	-	(220)
Amortization of deferred financing costs	37	46	77	94
Other	41	56	83	112
Interest revenue and investment income	(1,927)	(1,491)	(3,884)	(3,116)
Capitalized interest (Highland Gate)	(182)	-	(438)	-
	\$ (422)	\$ 384	\$ (698)	\$ 820

#### 17. OTHER ITEMS

Other items consist of the following loss (income) items:

(thousands of Canadian dollars)	For the three months ended		For the six months ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Unrealized foreign exchange loss (gain)	\$ (481)	\$ 432	\$ (398)	\$ 758
Unrealized loss (gain) on investment in marketable securities	8,366	(6,808)	11,185	(11,809)
Gain on real estate fund investments	(4,370)	-	(4,370)	-
Insurance proceeds	-	(2,603)	-	(3,357)
Equity loss (income) from investments in joint ventures (note 3)	62	(404)	(135)	(633)
Glen Abbey redevelopment charge	-	9,500	-	9,500
Other	5	186	(130)	204
	\$ 3,582	\$ 303	\$ 6,152	\$ (5,337)

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 18. RELATED PARTY TRANSACTIONS

The immediate parent and controlling party of the Company is Paros Enterprises Limited (“Paros”) and its parent – S.N.A. Management Limited. These companies are privately-owned companies whose shareholder is the Chairman, President and Chief Executive Officer of the Company – K. (Rai) Sahi.

K. (Rai) Sahi, the Chairman, President and Chief Executive Officer of the Company is also the controlling shareholder of Morguard Corporation (“Morguard”).

The Company has provided an unsecured revolving demand credit facility to Morguard in the amount of \$50,000,000 with no fixed maturity date. Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of \$50,000,000 with no fixed maturity date. During 2021, Morguard fully repaid to the Company the \$20,000,000 loan receivable. These facilities bear interest on a basis which is consistent with the entity’s borrowing costs.

Summarized information regarding these facilities is as follows:

(thousands of Canadian dollars)	For the three months ended		For the six months ended		For the year ended
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	December 31, 2021
Loan payable to Morguard	-	-	-	-	-
Loan receivable from Morguard	-	20,000	-	20,000	-
Net interest receivable (payable)	-	36	-	36	-
Net interest earned (incurred)	-	134	-	220	390

The Company has provided an unsecured revolving demand credit facility to Paros in the amount of \$5,000,000, with no fixed maturity date. Paros has provided an unsecured revolving demand credit facility to TWC in the amount of \$5,000,000 with no fixed maturity date. These facilities bear interest at prime plus 1%. During 2022 and 2021, there were no advances or repayments under this facility.

The purpose of these credit facilities is to allow each of the above entities to manage its financing activities in the most effective manner.

The Company has provided an unsecured revolving demand credit facility to an investment in joint venture in the amount of \$3,000,000, with no fixed maturity date. This facility bears interest at prime plus 1.25%. As at June 30, 2022, the amount receivable on this facility was nil (December 31, 2021 - nil; June 30, 2021 - nil). Interest receivable at June 30, 2022 was nil (December 31, 2021 - nil; June 30, 2021 - nil), and interest earned was nil for the six month period ended June 30, 2022 (June 30, 2021 - \$4,000). For the three months ended June 30, 2022, interest earned was nil (three months ended June 30, 2021 - nil).

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of \$348,000 for the six month period ended June 30, 2022 (June 30, 2021 - \$348,000), under a contractual agreement, which is included in operating expenses. For the three months ended June 30, 2022, the Company paid a management fee of \$174,000 (three months ended June 30, 2021 - \$175,000). Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$230,000 (CDN\$293,000) for the six month period ended June 30, 2022 (June 30, 2021 - US\$230,000; CDN\$287,000) under a contractual agreement, which is included in direct operating expenses. For the three months ended June 30, 2022, the Company paid US\$115,000 (CDN\$147,000) in management fees (three months ended June 30, 2021 - US\$115,000; CDN\$141,000).

The Highland Gate project receives managerial services from Geranium Homes management companies. The project paid a management fee of \$1,070,000 for the six month period ended June 30, 2022 (June 30, 2021 - 1,020,000) under a contractual agreement, which is capitalized to residential inventory. For the three months ended June 30, 2022, the project paid a management fee of \$706,000 (three months ended June 30, 2021 - \$482,000).

The Company provides landscaping services for certain Morguard assets. The Company received a fee of \$81,000 for the six month period ended June 30, 2022 (June 30, 2021 - nil) under a contractual agreement. For the three months ended June 30, 2022, the Company received a fee of \$21,000 (three months ended June 30, 2021 - nil).

A total of US\$26,000 of rental revenue was earned by TWC for the six month period ended June 30, 2022 (June 30, 2021 - US\$26,000) from Morguard relating to a shared office facility in Florida. For the three months ended June 30, 2022, rental revenue earned was US\$13,000 (three months ended June 30, 2021 - US\$13,000).

All related party transactions were made in the ordinary course of business and on substantially the same terms including interest rates and security as for comparable transactions with parties of a similar standing.

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 19. SEGMENTED INFORMATION

TWC's reportable segments are strategic business units that offer different services and/or products. The Company's operating segments have been determined based on reports reviewed that are used to make strategic decisions by the President and CEO, the Company's chief operating decision maker.

TWC is engaged in golf club operations under the trademark "ClubLink One Membership More Golf". TWC is Canada's largest owner, operator and manager of golf clubs with 47½, 18-hole equivalent championship and 2½, 18-hole equivalent academy courses (including two managed properties), at 36 locations in two separate geographic Regions: (a) Canada and (b) United States.

TWC's golf clubs are strategically organized in clusters that are located in densely populated metropolitan areas and resort destinations frequented by those who live and work in these areas. By operating in regions, TWC is able to offer golfers a wide variety of unique membership, corporate event and resort opportunities. TWC is also able to obtain the benefit of operating synergies to maximize revenue and achieve economies of scale to reduce costs.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Any inter-segment transfers are recorded at cost.

Geographical information is not separately presented as the industry segments operate in separate and distinct geographical segments on their own.

#### For the Three Months Ended June 30, 2022

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	Total
Operating revenue	\$ 45,030	\$ 4,669	\$ 3,037	\$ 52,736
Direct operating expenses	(32,355)	(4,140)	(3,074)	(39,569)
Net operating income (loss)	12,675	529	(37)	13,167
Amortization of membership fees	1,028	53	-	1,081
Depreciation and amortization	(4,115)	(343)	-	(4,458)
Other items	(163)	(100)	(3,319)	(3,582)
Segment earnings (loss) before interest and income taxes	\$ 9,425	\$ 139	\$ (3,356)	6,208
Interest, net (unallocated)				422
Provision for income taxes (unallocated)				(3,036)
Net earnings				\$ 3,594
Capital expenditures	\$ 1,931	\$ 354	\$ -	\$ 2,285

#### For the Three Months Ended June 30, 2021

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	Total
Operating revenue	\$ 29,668	\$ 4,391	\$ -	\$ 34,059
Direct operating expenses	(20,603)	(3,668)	(752)	(25,023)
Net operating income (loss)	9,065	723	(752)	9,036
Amortization of membership fees	969	68	-	1,037
Depreciation and amortization	(4,445)	(343)	-	(4,788)
Other items	(6,363)	(95)	6,155	(303)
Segment earnings (loss) before interest and income taxes	\$ (774)	\$ 353	\$ 5,403	4,982
Interest, net (unallocated)				(384)
Provision for income taxes (unallocated)				(126)
Net earnings				\$ 4,472
Capital expenditures	\$ 4,661	\$ 39	\$ -	\$ 4,700

## TWC ENTERPRISES LIMITED

### Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

June 30, 2022 and 2021

#### 19. SEGMENTED INFORMATION (continued)

For the Six Months Ended June 30, 2022				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total
Operating revenue	\$ 61,693	\$ 13,164	\$ 15,811	\$ 90,668
Direct operating expenses	(45,110)	(9,551)	(17,862)	(72,523)
Net operating income (loss)	16,583	3,613	(2,051)	18,145
Amortization of membership fees	1,914	106	-	2,020
Depreciation and amortization	(8,206)	(676)	-	(8,882)
Other items	108	62	(6,322)	(6,152)
Segment earnings (loss) before interest and income taxes	\$ 10,399	\$ 3,105	\$ (8,373)	5,131
Interest, net (unallocated)				698
Provision for income taxes (unallocated)				(3,328)
Net earnings				\$ 2,501
Capital expenditures	\$ 2,931	\$ 610	\$ -	\$ 3,541

For the Six Months Ended June 30, 2021				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total
Operating revenue	\$ 37,419	\$ 10,749	\$ -	\$ 48,168
Direct operating expenses	(31,241)	(8,593)	(1,555)	(41,389)
Net operating income (loss)	6,178	2,156	(1,555)	6,779
Amortization of membership fees	1,859	136	-	1,995
Depreciation and amortization	(8,841)	(702)	-	(9,543)
Other items	(5,217)	(73)	10,627	5,337
Segment earnings (loss) before interest and income taxes	\$ (6,021)	\$ 1,517	\$ 9,072	4,568
Interest, net (unallocated)				(820)
Recovery of income taxes (unallocated)				1,179
Net earnings				\$ 4,927
Capital expenditures	\$ 6,057	\$ 123	\$ -	\$ 6,180

#### 20. COMMITMENTS/CONTINGENCIES

TWC has committed US\$10,000,000 towards a real estate fund based out of Florida. As at June 30, 2022, there has been US\$6,725,000 (CDN\$8,666,000) in capital calls towards this commitment (see Note 3).

As at June 30, 2021, December 31, 2021 and June 30, 2022, TWC has \$1,018,000 outstanding in letters of credit against its corporate credit facility.

As at June 30, 2022, TWC has \$2,000,000 outstanding in letters of credit issued in its name with a Morguard credit facility.

From time to time, TWC and certain of its subsidiaries, employees, officers and/or directors are defendants in a number of legal actions arising in the ordinary course of operations. In the opinion of management, it is expected that the ultimate resolution of such pending legal proceedings will not have a material effect on TWC's consolidated financial position.

In the normal course of operations, the Company executes agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions, business acquisitions, sales of assets and sales of services.

#### 21. SUBSEQUENT EVENT

On August 4, 2022, the Company declared a 5 cents per common share cash dividend, payable September 15, 2022 to shareholders of record on August 31, 2022.

# GOLF CLUB AND RESORT PROPERTY LISTING

	Championship Golf Holes	Academy Golf Holes	Future Golf Holes	Current Rooms	Surplus Land in Acres
<b>ONTARIO/QUEBEC REGION</b>					
<b>Prestige</b>					
1. Greystone Golf Club, Milton, Ontario	18	–	–	–	–
2. King Valley Golf Club, The Township of King, Ontario	18	–	–	–	–
3. RattleSnake Point Golf Club, Milton, Ontario	36	9	–	–	–
<b>Hybrid – Prestige</b>					
4. Glen Abbey Golf Club, Oakville, Ontario	18	–	–	–	–
<b>Platinum</b>					
5. Blue Springs Golf Club, Acton, Ontario	18	9	–	–	–
6. Club de Golf Islesmere, Laval, Quebec (a)	27	–	–	–	–
7. Club de Golf Rosemère, Blainville, Quebec (b)	18	–	–	–	–
8. DiamondBack Golf Club, Richmond Hill, Ontario	18	–	–	–	–
9. Eagle Creek Golf Club, Dunrobin, Ontario	18	–	–	–	–
10. Emerald Hills Golf Club, Whitchurch-Stouffville, Ontario	27	–	–	–	–
11. Glencairn Golf Club, Milton, Ontario	27	–	–	–	–
12. Grandview Golf Club, Huntsville, Ontario	18	–	18	–	–
13. Heron Point Golf Links, Ancaster, Ontario	18	–	–	–	–
14. Kanata Golf & Country Club, Kanata, Ontario	18	–	–	–	–
15. King's Riding Golf Club, The Township of King, Ontario	18	–	–	–	–
16. Le Maître de Mont-Tremblant, Mont-Tremblant, Quebec (c)	36	–	–	–	–
17. Rocky Crest Golf Club, Mactier, Ontario	18	–	18	–	–
18. The Lake Joseph Club, Port Carling, Ontario	18	9	–	–	–
19. Wyndance Golf Club, Uxbridge, Ontario	18	9	–	–	–
<b>Gold</b>					
20. Caledon Woods Golf Club, Bolton, Ontario	18	–	–	–	–
21. Club de Golf Hautes Plaines, Gatineau, Quebec	18	–	–	–	–
22. Georgetown Golf Club, Georgetown, Ontario	18	–	–	–	–
23. Glendale Golf and Country Club, Hamilton, Ontario	18	–	–	–	–
24. GreyHawk Golf Club, Ottawa, Ontario	36	–	–	–	–
25. National Pines Golf Club, Innisfil, Ontario (a)	18	–	–	–	–
26. Station Creek Golf Club, Whitchurch-Stouffville, Ontario	36	–	–	–	–
27. The Country Club, Woodbridge, Ontario (a)	36	9	–	–	–
<b>Hybrid – Gold</b>					
28. Cherry Downs Golf & Country Club, Pickering, Ontario	18	–	18	–	–
<b>Hybrid – Silver</b>					
29. Bethesda Grange, Whitchurch-Stouffville, Ontario	18	–	–	–	–
30. Hidden Lake Golf Club, Burlington, Ontario	36	–	–	–	–
<b>Daily Fee</b>					
31. Rolling Hills Golf Club, Whitchurch-Stouffville, Ontario	36	–	–	–	–
<b>Muskoka, Ontario Resorts</b>					
32. The Lake Joseph Club, Port Carling, Ontario	–	–	–	25	–
33. Rocky Crest Resort/Lakeside at Rocky Crest, Mactier, Ontario (d)	–	–	–	84	–
34. Sherwood Inn, Port Carling, Ontario	–	–	–	49	–
<b>FLORIDA REGION</b>					
<b>Hybrid – Prestige</b>					
1. TPC Eagle Trace, Coral Springs, Florida	18	–	–	–	–
<b>Hybrid – Platinum</b>					
2. Club Renaissance, Sun City Center, Florida	18	–	–	–	–
<b>Gold</b>					
3. Scepter Golf Club, Sun City Center, Florida	27	–	–	–	–
<b>Hybrid – Silver</b>					
4. Sandpiper Golf Club, Sun City Center, Florida	27	–	–	–	–
<b>Daily Fee</b>					
5. Palm Aire Country Club (Oaks, Cypress), Pompano Beach, Florida	36	–	–	–	–
6. Palm Aire Country Club (Palms), Pompano Beach, Florida	18	–	–	–	–
<b>OTHER</b>					
Kings Point Golf Club, Sun City Center, Florida (e)	–	–	–	–	51
Caloosa Greens Golf Club, Sun City Center, Florida (e)	–	–	–	–	70
Falcon Watch Golf Club, Sun City Center, Florida (e)	–	–	–	–	116
North Lakes Golf Club, Sun City Center, Florida (e)	–	–	–	–	170
King Haven, The Township of King, Ontario	–	–	–	–	278
Woodlands Country Club, Tamarac, Florida (e)	–	–	–	–	279
<b>Total 18-hole Equivalent Courses, Rooms, Acres</b>	<b>47.5</b>	<b>2.5</b>	<b>3.0</b>	<b>158</b>	<b>964</b>

Notes: (a) Operated by ClubLink under long-term leases. (b) Property managed by ClubLink (formerly known as Club de Golf Le Fontainebleau). (c) Includes 18 holes managed by ClubLink (La Bête Golf Club). (d) Rocky Crest Resort consists of 65 units and Lakeside at Rocky Crest consists of 19 units. (e) These properties are closed.



## CORPORATE DIRECTORY

### BOARD OF DIRECTORS

**FRASER BERRILL** (c)

**PATRICK S. BRIGHAM** (b, c)

**PAUL CAMPBELL** (b, c)

**SAMUEL J.B. POLLOCK** (a, b)

**ANGELA SAHI**

**K. (RAI) SAHI**

**DONALD TURPLE** (a, d)

**JACK D. WINBERG** (a, b, c)

(a) Audit Committee

(b) Corporate Governance and Compensation Committee

(c) Environmental, Health and Safety Committee

(d) Lead director

### OFFICERS

#### TWC ENTERPRISES LIMITED

**K. (RAI) SAHI**

Chairman, President and Chief Executive Officer

**ANDREW TAMLIN**

Chief Financial Officer

**JOHN A. FINLAYSON**

Chief Operations Officer, Canadian Golf Operations

Vice President, Florida Golf Operations

**JAMIE KING**

Vice President, Sales, Canadian Golf Operations

**BRENT MILLER**

Vice President, Corporate Operations and Member Services,  
Canadian Golf Operations

### CORPORATE INFORMATION

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#### BANKERS

HSBC Bank Canada

HSBC Bank USA

#### AUDITORS

Deloitte LLP

#### STOCK EXCHANGE LISTING

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#### TRANSFER AGENT

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P.O. Box 700, Postal Station B, Montreal, QC H3B 3K3

Tel: 416-682-3860

Tel: 1-800-387-0825 (toll free North America)

Fax: 1-888-249-6189

Email: [shareholderinquiries@tmx.com](mailto:shareholderinquiries@tmx.com)

To change your address, eliminate multiple mailings, transfer shares or for any other inquiry, please contact TSX Trust Company at the above co-ordinates.