

# 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 nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>OPERATIONS</b>				
Operating revenue	65,009	63,245	155,677	111,413
Net operating income <sup>(1)</sup>	22,322	26,953	40,467	33,732
Net earnings	11,920	22,757	14,421	27,684
<b>OPERATING DATA</b>				
Canadian full privilege golf members			16,014	15,714
Championship rounds - Canada <sup>(2)</sup>	583,000	631,000	1,027,000	993,000
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>	32,000	37,000	199,000	193,000
18-hole equivalent championship golf courses - U.S. <sup>(2,3)</sup>			8.0	8.0
<b>COMMON SHARE DATA (000)</b>				
Shares outstanding	24,556	24,548	24,556	24,548
Weighted average shares outstanding	24,506	24,548	24,525	24,678
<b>PER COMMON SHARE DATA (\$)</b>				
Basic and diluted earnings	0.49	0.93	0.59	1.12
Eligible dividend	0.05	0.02	0.09	0.06
<b>FINANCIAL POSITION</b>				
Total assets			721,283	720,505
Gross borrowings			67,368	143,317
Shareholders' equity			520,937	441,284
Net book value per share <sup>(1)</sup>			21.21	17.98

(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 September 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 September 30, 2022. This MD&A has been prepared as at November 1, 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 most restrictions have been relaxed 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

ClubLink's lease of the Country Club property concludes at the end of December 2022.

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 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 300 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 2,400 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.

	<b>September 30, 2022</b>	December 31, 2021	September 30, 2021
Balance Sheet	<b>1.3707</b>	1.2678	1.2741
Statement of Earnings - First Quarter	<b>1.2663</b>	N/A	1.2666
Statement of Earnings - Second Quarter	<b>1.2765</b>	N/A	1.2280
Statement of Earnings - Third Quarter	<b>1.3061</b>	N/A	1.2601

# 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 September 30, 2022 and September 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		
	September 30, 2022	September 30, 2021	% Change 2022/2021
<b>OPERATING REVENUE</b>	<b>\$ 65,009</b>	\$ 63,245	2.8%
<b>DIRECT OPERATING EXPENSES</b>	<b>42,687</b>	36,292	17.6%
<b>NET OPERATING INCOME</b>	<b>22,322</b>	26,953	(17.2%)
Amortization of membership fees	1,329	1,324	0.4%
Depreciation and amortization	(4,493)	(4,712)	(4.6%)
Interest, net and investment income	(1,510)	(263)	474.1%
Other items	(1,517)	5,109	N/A
Income taxes	(4,211)	(5,654)	(25.5%)
<b>NET EARNINGS</b>	<b>\$ 11,920</b>	\$ 22,757	(47.6%)
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>\$ 0.49</b>	\$ 0.93	(47.3%)

The breakdown of operating revenue is as follows:

(thousands of Canadian dollars)	For the three months ended		
	September 30, 2022	September 30, 2021	% Change 2022/2021
Annual dues	\$ 16,967	\$ 19,598	(13.4%)
Golf	17,965	21,161	(15.1%)
Corporate events	4,855	2,347	106.9%
Food and beverage	16,035	12,134	32.1%
Merchandise	5,760	4,799	20.0%
Real estate	-	-	-
Rooms and other	3,427	3,206	6.9%
	<b>\$ 65,009</b>	<b>\$ 63,245</b>	<b>2.8%</b>

The breakdown of direct operating expenses is as follows:

(thousands of Canadian dollars)	For the three months ended		
	September 30, 2022	September 30, 2021	% Change 2022/2021
Operating cost of sales	\$ 8,868	\$ 7,242	22.5%
Real estate cost of sales	-	-	-
Labour and employee benefits	22,092	18,881	17.0%
Utilities	2,506	2,059	21.7%
Selling, general and administrative	1,382	1,092	26.6%
Property taxes	441	206	114.1%
Insurance	924	768	20.3%
Repairs and maintenance	1,252	1,116	12.2%
Turf operating expenses	1,159	1,178	(1.6%)
Fuel and oil	681	511	33.3%
Other operating expenses	3,382	3,239	4.4%
<b>Total direct operating expenses</b>	<b>\$ 42,687</b>	<b>\$ 36,292</b>	<b>17.6%</b>

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

## THIRD 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 no COVID-19 lockdowns in the third quarter of 2021. There have been no COVID-19 lockdowns to date in 2022. Canadian annual dues revenue decreased 15.5% to \$15,317,000 for the three month period ended September 30, 2022 from \$18,133,000 in 2021. Due to this policy, the deferral of 2021 annual dues from lockdowns during the first six months were recognized into revenue throughout the third and fourth quarter on a straight-line basis.

Operating revenue increased 2.8% to \$65,009,000 for the three month period ended September 30, 2022 from \$63,245,000 in 2021 due to less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace. This was offset by the decline in annual dues revenue as described above and the fact that ClubLink has not operated the Bond Head property in 2022.

Direct operating expenses increased 17.6% to \$42,687,000 for the three month period ended September 30, 2022 from \$36,292,000 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 decreased to \$23,626,000 for the three month period ended September 30, 2022 from \$28,016,000 in 2021 due to the change in annual dues revenue described above.

Interest, net and investment income increased to an expense of \$1,510,000 for the three month period ended September 30, 2022 from an expense of \$263,000 in 2021 due to a decrease in borrowings and an increase in distributions from the Company's investment in Automotive Properties REIT. The Company paid off several non-revolving mortgages in advance of their due dates resulting in an expense of \$2,604,000 which includes prepayment penalties and other costs.

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

(thousands of Canadian dollars)	For the three months ended September 30, 2022	September 30, 2021
Unrealized foreign exchange loss (gain)	\$ 440	\$ (708)
Unrealized loss (gain) on investment in marketable securities	1,915	(2,067)
Insurance proceeds	(220)	-
Equity loss (income) from investments in joint ventures	(623)	340
Glen Abbey redevelopment charge	-	189
Impairment reversal (Heron Bay)	-	(2,628)
Other	5	(235)
	<b>\$ 1,517</b>	<b>\$ (5,109)</b>

The exchange rate used for translating US denominated assets has changed from 1.2886 at June 30, 2022 to 1.3707 at September 30, 2022. This has resulted in a foreign exchange loss of \$440,000 for the three month period ended September 30, 2022 on the translation of the Company's US denominated financial instruments.

Net earnings decreased to \$14,421,000 for the three month period ended September 30, 2022 from \$22,757,000 in 2021 due to a \$6,626,000 change in other items as analyzed above. Basic and diluted earnings per share decreased to 49 cents per share in 2022, compared to basic and diluted earnings per share of 93 cents in 2021.

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

## NINE MONTH CONSOLIDATED OPERATING HIGHLIGHTS

The table below sets forth selected financial data relating to the Company's nine month periods ended September 30, 2022 and September 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 nine months ended		
	September 30, 2022	September 30, 2021	% Change 2022/2021
<b>OPERATING REVENUE</b>	<b>\$ 155,677</b>	\$ 111,413	39.7%
<b>DIRECT OPERATING EXPENSES</b>	<b>115,210</b>	77,681	48.3%
<b>NET OPERATING INCOME</b>	<b>40,467</b>	33,732	20.0%
Amortization of membership fees	3,349	3,319	0.9%
Depreciation and amortization	(13,375)	(14,255)	(6.2%)
Interest, net and investment income	(812)	(1,083)	(25.0%)
Other items	(7,669)	10,446	N/A
Income taxes	(7,539)	(4,475)	68.5%
<b>NET EARNINGS</b>	<b>\$ 14,421</b>	\$ 27,684	(47.9%)
<b>BASIC AND DILUTED EARNINGS PER SHARE</b>	<b>\$ 0.59</b>	\$ 1.12	(47.3%)
<b>TOTAL ASSETS</b>	<b>\$ 721,283</b>	\$ 720,505	0.1%
<b>GROSS BORROWINGS INCLUDING LEASE LIABILITIES</b>	<b>\$ 67,368</b>	\$ 143,317	(53.0%)
<b>SHAREHOLDERS' EQUITY</b>	<b>\$ 520,937</b>	\$ 441,284	18.1%

The breakdown of operating revenue is as follows:

(thousands of Canadian dollars)	For the nine months ended		
	September 30, 2022	September 30, 2021	% Change 2022/2021
Annual dues	\$ 51,055	\$ 41,532	22.9%
Golf	37,645	37,650	-
Corporate events	7,452	2,844	162.0%
Food and beverage	27,360	16,284	68.0%
Merchandise	11,281	8,807	28.1%
Real estate	15,811	-	N/A
Rooms and other	5,073	4,296	18.1%
	<b>\$ 155,677</b>	<b>\$ 111,413</b>	<b>39.7%</b>

The breakdown of direct operating expenses is as follows:

(thousands of Canadian dollars)	For the nine months ended		
	September 30, 2022	September 30, 2021	% Change 2022/2021
Operating cost of sales	\$ 16,170	\$ 11,545	40.1%
Real estate cost of sales	16,394	-	N/A
Labour and employee benefits	49,590	38,273	29.6%
Utilities	6,146	5,230	17.5%
Selling, general and administrative	4,266	3,494	22.1%
Property taxes	2,776	2,858	(2.9%)
Insurance	2,705	2,370	14.1%
Repairs and maintenance	3,878	3,090	25.5%
Turf operating expenses	3,517	3,158	11.4%
Fuel and oil	1,416	929	52.4%
Other operating expenses	8,352	6,734	24.0%
<b>Total direct operating expenses</b>	<b>\$ 115,210</b>	<b>\$ 77,681</b>	<b>48.3%</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 September 30, 2022.

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2022	September 30, 2021	
Operating revenue by segment			
<i>Canadian golf club operations</i>	\$ 123,213	\$ 97,745	26.1%
<i>US golf club operations</i>	16,653	13,668	21.8%
<i>Other (Highland Gate)</i>	15,811	-	N/A
Operating revenue	\$ 155,677	\$ 111,413	39.7%
Net operating income (loss) by segment			
<i>Canadian golf club operations</i>	\$ 40,209	\$ 34,194	17.6%
<i>US golf club operations</i>	3,120	1,786	74.7%
<i>Corporate and other</i>	(2,862)	(2,248)	27.3%
Net operating income	\$ 40,467	\$ 33,732	20.0%

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

#### Summary of Canadian Golf Club Operations

(statistics)	For the nine months ended		% Change
	September 30, 2022	September 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	1,027,000	993,000	3.4%

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2022	September 30, 2021	
Operating revenue	\$ 123,213	\$ 97,745	26.1%
Direct operating expenses	83,004	63,551	30.6%
Net operating income	40,209	34,194	17.6%
Amortization of membership fees	3,190	3,111	2.5%
Depreciation and amortization	(12,337)	(13,215)	(6.6%)
Other items	(223)	(6,107)	(96.3%)
Segment earnings before interest and income taxes	\$ 30,839	\$ 17,983	71.5%

Operating revenue increased 26.1% to \$123,213,000 for the nine month period ended September 30, 2022 from \$97,745,000 in 2021 due to less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace.

Direct operating expenses increased 30.6% to \$83,004,000 for the nine month period ended September 30, 2022 from \$63,551,000 in 2021 mainly due to increased expenses attributed to the higher revenue levels from operating with less 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 September 30, 2022 (continued)

#### Canadian Golf Club Operating Revenue

Canadian golf club operating revenue is recorded as follows:

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2022	September 30, 2021	
Annual dues	\$ 46,080	\$ 37,181	23.9%
Corporate events	7,317	2,708	170.2%
Golf	28,321	30,206	(6.2%)
Food and beverage	25,636	15,047	70.4%
Merchandise, rooms and other	15,859	12,603	25.8%
Total operating revenue	\$ 123,213	\$ 97,745	26.1%

ClubLink's third quarter 2022 period end date was Sunday, October 2, 2022 as compared to Sunday, September 26, 2021 in the prior year. However, there were 91 days of activity in the standalone third 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	
	September 30, 2022	September 30, 2021
Number of days in quarter	91	91
Number of lockdown days in quarter (not allowed to operate)	-	-
Number of days in quarter which ClubLink was allowed to operate	91	91

(thousands of Canadian dollars)	For the nine months ended	
	September 30, 2022	September 30, 2021
Number of days in period	275	269
Number of lockdown days in period (not allowed to operate)	-	83
Number of days in period which ClubLink was allowed to operate	275	186

#### Canadian Golf Club Direct Operating Expenses

Canadian golf club direct operating expenses are recorded as follows:

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2022	September 30, 2021	
Cost of sales	\$ 15,062	\$ 10,646	41.5%
Labour and employee benefits	42,897	32,293	32.8%
Utilities	5,120	4,326	18.4%
Selling, general and administrative	2,762	2,194	25.9%
Property taxes	1,836	1,813	1.3%
Insurance	1,856	1,505	23.3%
Repairs and maintenance	3,265	2,484	31.4%
Turf operating expenses	2,913	2,704	7.7%
Fuel and oil	1,112	738	50.7%
Other operating expenses	6,181	4,848	27.5%
Total direct operating expenses	\$ 83,004	\$ 63,551	30.6%

# 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 1.9% to 16,014 on September 30, 2022 from 15,714 on September 30, 2021 due to the strong 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)	Nine months ended September 30, 2022		Year ended December 31, 2021		Nine months ended September 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	1,019	6,251	1,728	11,161	1,530	9,971
Reinstated members	180	356	373	469	333	430
Category changes	(2)	-	(16)	-	(21)	-
Transfer and upgrade fees from existing members	-	1,521	-	2,508	-	1,754
Resignations and terminations	(728)	(2,117)	(1,401)	(3,243)	(989)	(2,206)
Instalments received in cash	-	(3,336)	-	(2,968)	-	(2,761)
Balance, end of period	16,014	\$ 34,981	15,545	\$ 32,306	15,714	\$ 31,567

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

	For the nine months ended September 30, 2022	September 30, 2021	% Change
Corporate/Principal/Spousal	801	1,295	(38.1%)
Intermediate	101	10	910.0%
Junior	3	9	(66.7%)
Other	114	216	(47.2%)
Total	1,019	1,530	(33.4%)

Full privilege members are broken down into categories as follows:

	For the nine months ended September 30, 2022	September 30, 2021	% Change
Corporate/Principal/Spousal	8,663	8,188	5.8%
Intermediate	1,520	1,752	(13.2%)
Junior	211	318	(33.6%)
Other	5,620	5,456	3.0%
Total	16,014	15,714	1.9%

# 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 September 30, 2022

#### Summary of US Golf Club Operations

(statistics)	For the nine months ended September 30, 2022	September 30, 2021	% Change
18-hole equivalent championship golf courses	8.0	8.0	-
Championship golf rounds	199,000	193,000	3.1%

(thousands of dollars)	For the nine months ended September 30, 2022	September 30, 2021	% Change
Operating revenue	\$ 13,038	\$ 10,907	19.5%
Direct operating expenses	10,556	9,485	11.3%
Net operating income	2,482	1,422	74.5%
Amortization of membership fees	124	166	(25.3%)
Depreciation and amortization	(809)	(833)	(2.9%)
Other items	(11)	2,015	(100.5%)
Segment earnings before interest and income taxes (US dollars)	1,786	2,770	(35.5%)
Exchange	420	740	(43.2%)
Segment earnings before interest and income taxes (Cdn dollars)	\$ 2,206	\$ 3,510	(37.2%)

### Review of Corporate Items for the Period Ended September 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 157 single family detached homes and a seven story multi-unit residential building with 114 units. For the nine month period ended September 30, 2022, there were ten closings of the first phase of this project (nine months ended September 30, 2021 - nil).

The cost of goods sold (amortization) 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 amortization of recorded minority interest. The following is a breakdown of earnings recorded on this project:

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

Higher than expected commodity and material costs as well as significantly higher labour rates and construction delays have impacted the results to date of Highland Gate closings.

Due to construction delays, there are no further closings scheduled in 2022 with the next group of Phase 1 closings in 2023.



# 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 September 30, 2022 (continued)

#### Real Estate Fund Investments

The Company has the following real estate fund investments:

(thousands of dollars)	September 30, 2022	December 31, 2021	September 30, 2021
Investment in Mount Auburn	\$ 2,022	\$ 13,137	\$ 5,733
Investment in Real Estate Investment Fund	5,929	6,137	4,364
	<b>\$ 7,951</b>	<b>\$ 19,274</b>	<b>\$ 10,097</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) were received for the nine month period ended September 30, 2022 (September 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 and remains unchanged as at September 30, 2022.

The Company has also invested \$9,218,000 (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)	Nine months ended September 30, 2022		Year ended December 31, 2021		Nine months ended September 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	3,425
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	3,425
Exchange	547	1,603	2,775	1,296	1,233	939
Balance, end of period (Cdn dollars)	<b>\$ 2,022</b>	<b>\$ 5,929</b>	<b>\$ 13,137</b>	<b>\$ 6,137</b>	<b>\$ 5,733</b>	<b>\$ 4,364</b>

#### Interest, Net and Investment Income

Interest, net and investment income decreased to an expense of \$812,000 for the nine month period ended September 30, 2022 from an expense of \$1,083,000 in 2021 due to a decrease in borrowings and an increase in distributions from the Company's investment in Automotive Properties REIT. The Company paid off certain non-revolving mortgages in advance of their due dates resulting in an expense of \$2,604,000 which includes prepayment penalties and other costs.

# 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 nine months ended	
	September 30, 2022	September 30, 2021
Unrealized foreign exchange loss	\$ 42	\$ 50
Unrealized loss (gain) on investment in marketable securities	13,100	(13,876)
Gain on real estate fund investments	(4,370)	-
Insurance proceeds	(220)	(3,356)
Equity income from investments in joint ventures	(758)	(293)
Glen Abbey redevelopment charge	-	9,689
Impairment reversal (Heron Bay)	-	(2,628)
Other	(125)	(32)
	<b>\$ 7,669</b>	<b>\$ (10,446)</b>

## FINANCIAL CONDITION

### Assets

Total assets decreased 3.4% to \$721,283,000 at September 30, 2022 from \$746,806,000 at December 31, 2021. This compares to \$720,505,000 at September 30, 2021.

### Liabilities

Total liabilities decreased 17.7% to \$200,346,000 at September 30, 2022 from \$243,418,000 at December 31, 2021. This compares to \$279,221,000 at September 30, 2021.

### Shareholders' Equity

Consolidated shareholders' equity at September 30, 2022 totaled \$520,937,000 or \$21.21 per share, compared to \$503,388,000 or \$20.51 per share at December 31, 2021 and \$441,284,000 or \$17.98 per share at September 30, 2021. The following is a summary of the common share activity:

(number of shares)	For the nine months ended	
	September 30, 2022	September 30, 2021
Balance, beginning of period	24,547,924	25,017,442
Shares issued pursuant to dividend reinvestment plan	59,779	-
Shares cancelled through NCIB	(52,200)	(469,518)
Balance, end of period	<b>24,555,503</b>	24,547,924

The Company has recorded a positive adjustment to its accumulated other comprehensive earnings account of \$5,290,000 due to the translation of one US dollar into 1.3707 Canadian dollars at September 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 nine months ended	
	September 30, 2022	September 30, 2021
Cash provided by operating activities	\$ 27,099	\$ 44,961
Operating property, plant and equipment expenditures	(7,795)	(7,305)
Expansion property, plant and equipment expenditures	-	(2,168)
Investment in Automotive Properties REIT and marketable securities	(25,628)	(4,187)
Real estate fund investments, net	17,561	(10,097)
Mortgages and loans receivable	(3,853)	2,033
Revolving borrowings	11,495	(1,257)
Non-revolving borrowings – amortization payments	(61,480)	(16,954)
Lease liabilities	(3,438)	(3,974)
Dividends paid	(1,194)	(1,484)
Common shares repurchased for cancellation	(968)	(8,302)
Asset acquisition cost	-	(12,444)
Other	4,268	4,241
Net change in cash during the period	(43,933)	(16,937)
Cash, beginning of period	91,395	57,217
Cash, end of period	\$ 47,462	\$ 40,280

The Company paid off certain non-revolving mortgages on September 1, 2022. The payoff amounts totaled \$46,303,000 (US\$35,169,000) and resulted in prepayment penalties totaling \$2,604,000.

The analysis of TWC's liquidity is as follows:

(thousands of Canadian dollars)	Availability as at September 30, 2022		Availability as at December 31, 2021		Availability as at September 30, 2021	
	Maximum	Available	Maximum	Available	Maximum	Available
Cash and cash equivalents (CDN)	\$ 4,185	\$ 4,185	\$ 12,993	\$ 12,993	\$ 4,015	\$ 4,015
Cash and cash equivalents (USD)	43,277	43,277	78,402	78,402	36,265	36,265
Restricted cash	1,182	1,182	944	944	944	944
Revolving line of credit (corporate)	50,000	41,740	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	148,644	140,384	192,339	191,321	141,224	140,206
Highland Gate	107,000	77,937	107,000	82,190	107,000	65,629
Total	\$ 255,644	\$ 218,321	\$ 299,339	\$ 273,511	\$ 248,224	\$ 205,835

At September 30, 2022, there is \$1,182,000 (2021 - \$944,000) 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 September 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 September 30, 2022 compared to December 31, 2021:

(thousands of Canadian dollars)	Interest Rate September 30, 2022	Interest Rate December 31, 2021	Total Indebtedness September 30, 2022	Total Indebtedness December 31, 2021	Average Term to Maturity (Yrs) September 30, 2022	Average Term to Maturity (Yrs) December 31, 2021
Non-revolving	8.0%	8.0%	\$ 8,812	\$ 9,486	7.00	7.75
Exchange	-	-	3,267	2,540	-	-
Subtotal US borrowings	8.0%	8.0%	12,079	12,026		
Revolving (corporate)	5.9%	2.9%	7,242	-	1.75	1.75
Non-revolving	8.1%	6.9%	13,158	72,699	1.75	3.92
Other	5.0%	5.0%	2,237	3,316	1.92	1.41
Subtotal CDN borrowings	7.1%	6.6%	22,637	76,015		
Gross borrowings	7.4%	7.0%	34,716	88,041		
Lease liabilities	6.0%	6.1%	3,589	7,027	1.08	1.83
Subtotal			38,305	95,068		
Highland Gate borrowings	6.2%	3.0%	29,063	24,810	0.51	1.23
Total			\$ 67,368	\$ 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 September 30, 2022:

(thousands of Canadian dollars)	Highland Gate	Corporate Borrowings	Lease Liabilities	Total
Balance of 2022	\$ 9,916	\$ 9,198	\$ 1,137	\$ 20,251
2023	19,147	9,564	1,129	29,840
2024	-	7,002	1,234	8,236
2025	-	1,580	10	1,590
2026	-	1,712	11	1,723
2027 and thereafter	-	5,660	68	5,728
	\$ 29,063	\$ 34,716	\$ 3,589	\$ 67,368

### Operating Activities

Cash provided by operating activities were \$27,099,000 in 2022 compared to \$44,961,000 in 2021.

### Investing Activities

Cash used in investing activities were \$15,984,000 in 2022 compared to \$31,837,000 in 2021.

### Financing Activities

Financing activities repayments were \$59,498,000 in 2022 compared to \$29,998,000 in 2021 due to the repayment of Pacific Life mortgages.



# 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 the fourth quarter of 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 nine months ended		For the year ended
	<b>September 30, 2022</b>	September 30, 2021	<b>September 30, 2022</b>	September 30, 2021	December 31, 2021
Loan payable to Morguard	-	-	-	-	-
Loan receivable from Morguard	<b>5,000</b>	20,000	<b>5,000</b>	20,000	-
Net interest receivable (payable)	<b>22</b>	112	<b>22</b>	148	-
Net interest earned (incurred)	<b>37</b>	112	<b>37</b>	332	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 September 30, 2022, the amount receivable on this facility was nil (December 31, 2021 - nil; September 30, 2021 - nil). Interest receivable at September 30, 2022 was nil (December 31, 2021 - nil; September 30, 2021 - nil), and interest earned was nil for the nine month period ended September 30, 2022 (September 30, 2021 - \$4,000). For the three months ended September 30, 2022, interest earned was nil (three months ended September 30, 2021 - nil).

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of \$521,000 for the nine month period ended September 30, 2022 (September 30, 2021 - \$521,000), under a contractual agreement, which is included in operating expenses. For the three months ended September 30, 2022, the Company paid a management fee of \$173,000 (three months ended September 30, 2021 - \$173,000). Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$345,000 (CDN\$443,000) for the nine month period ended September 30, 2022 (September 30, 2021 - US\$345,000; CDN\$432,000) under a contractual agreement, which is included in direct operating expenses. For the three months ended September 30, 2022, the Company paid US\$115,000 (CDN\$150,000) in management fees (three months ended September 30, 2021 - US\$115,000; CDN\$118,000).

The Highland Gate project receives managerial services from Geranium Homes management companies. The project paid a management fee of \$1,407,000 for the nine month period ended September 30, 2022 (September 30, 2021 - \$1,305,000) under a contractual agreement, which is capitalized to residential inventory. For the three months ended September 30, 2022, the project paid a management fee of \$337,000 (three months ended September 30, 2021 - \$285,000).

The Company provides landscaping services for certain Morguard assets. The Company received a fee of \$102,000 for the nine month period ended September 30, 2022 (September 30, 2021 - \$42,000) under a contractual agreement. For the three months ended September 30, 2022, the Company received a fee of \$21,000 (three months ended September 30, 2021 - \$21,000).

A total of US\$39,000 of rental revenue was earned by TWC for the nine month period ended September 30, 2022 (September 30, 2021 - US\$39,000) from Morguard relating to a shared office facility in Florida. For the three months ended September 30, 2022, rental revenue earned was US \$13,000 (three months ended September 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 September 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	
	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30
Total assets	\$721,283	\$ 766,134	\$ 772,485	\$746,806	\$720,505	\$ 710,720	\$ 651,511	\$ 632,382	\$ 651,987
Operating revenue	65,009	52,736	37,932	62,600	63,245	34,059	14,109	30,157	55,293
Net operating income (loss)	22,322	13,167	4,978	18,680	26,953	9,036	(2,257)	10,768	30,990
Net earnings (loss)	11,920	3,594	(1,093)	61,963	22,757	4,472	455	8,359	22,427
Basic earnings (loss) per share	0.49	0.15	(0.04)	2.52	0.93	0.18	0.02	0.33	0.87
Eligible cash dividends per share	0.05	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.

The following is an analysis of Highland Gate homes available for sale and scheduled closings:

	Phase 1	Phase 2	Phase 3	Phase 4/5	Total
Total lots	44	53	24	36	157
Closings to date	(32)	-	-	-	(32)
Closings expected in 2022	-	-	-	-	-
Closings expected in 2023	(9)	(51)	-	-	(60)
Closings expected in 2024	-	-	(10)	-	(10)
Unreleased/unsold lots	3	2	14	36	55

### *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. On August 4, 2022, the Supreme Court of Canada denied the City of Ottawa's application for leave to appeal. 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 and a hearing on this matter was conducted on September 13, 2022. 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.

### *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 had previously been 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 anticipated that this meeting will be conducted in the first quarter of 2023.

# 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, had announced on May 17, 2022 that it had agreed to conditionally sell the property to a Quebec developer for proceeds of approximately \$70 million. TWC would be entitled to approximately 45% of these proceeds on closing. This transaction is subject to a due diligence condition expiring December 15, 2022, and a condition for a change in zoning, which are both still outstanding. As of the date of this report, the potential purchaser has indicated that it will not be waiving the due diligence condition.

### *Sun City Center*

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

## 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

November 1, 2022



Andrew Tamlin  
Chief Financial Officer



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

(thousands of Canadian dollars)	Notes	September 30, 2022	December 31, 2021	September 30, 2021
<b>ASSETS</b>				
Current				
Cash and cash equivalents		\$ 47,462	\$ 91,395	\$ 40,280
Restricted cash	15	1,182	944	944
Accounts receivable		14,793	5,143	12,206
Mortgages and loans receivable		6,704	1,465	21,465
Inventories and prepaid expenses		8,835	4,211	8,198
Asset held for sale		-	-	2,642
Other assets	3	125,619	113,092	99,551
Residential inventory	4	88,625	86,094	105,893
		<b>293,220</b>	302,344	291,179
Mortgages and loans receivable		146	1,532	1,501
Other assets	3	14,110	25,255	5,039
Right-of-use assets	5	3,112	6,262	7,533
Property, plant and equipment	6	398,750	398,482	400,758
Intangible assets	7	11,945	12,931	13,511
Deferred income tax assets		-	-	984
Total assets		<b>\$ 721,283</b>	\$ 746,806	\$ 720,505
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current				
Accounts payable and accrued liabilities	8	\$ 33,536	\$ 36,328	\$ 34,304
Lease liabilities	9	1,978	4,507	4,716
Borrowings	10	38,382	39,182	23,125
Prepaid annual dues and deposits	11	42,575	33,019	48,560
		<b>116,471</b>	113,036	110,705
Lease liabilities	9	1,611	2,520	3,669
Borrowings	10	25,270	73,379	111,474
Deferred membership fees	12	4,108	3,976	4,805
Deferred income tax liabilities		52,886	50,507	48,568
Total liabilities		<b>200,346</b>	243,418	279,221
Share capital	14	101,330	100,530	100,530
Retained earnings		400,974	389,418	327,651
Accumulated other comprehensive earnings		10,047	4,757	4,125
Non-controlling interest	15	8,586	8,683	8,978
Total shareholders' equity		<b>520,937</b>	503,388	441,284
Total liabilities and shareholders' equity		<b>\$ 721,283</b>	\$ 746,806	\$ 720,505

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 nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>REVENUE</b>					
Operating revenue		\$ 65,009	\$ 63,245	\$ 155,677	\$ 111,413
Amortization of membership fees	12	1,329	1,324	3,349	3,319
	13	66,338	64,569	159,026	114,732
<b>EXPENSES</b>					
Cost of sales	15	8,868	7,242	32,564	11,545
Labour and employee benefits		22,092	18,881	49,590	38,273
Utilities		2,506	2,059	6,146	5,230
Selling, general and administrative		1,382	1,092	4,266	3,494
Property taxes		441	206	2,776	2,858
Repairs and maintenance		1,252	1,116	3,878	3,090
Insurance		924	768	2,705	2,370
Turf operating expenses		1,159	1,178	3,517	3,158
Fuel and oil		681	511	1,416	929
Other operating expenses		3,382	3,239	8,352	6,734
Depreciation of right-of-use assets	5	1,012	1,269	3,045	3,837
Depreciation of property, plant and equipment	6	3,125	3,075	9,282	9,321
Amortization of intangible assets	7	356	368	1,048	1,097
Interest, net and investment income	16	1,510	263	812	1,083
Other items	17	1,517	(5,109)	7,669	(10,446)
		50,207	36,158	137,066	82,573
Earnings before income taxes		16,131	28,411	21,960	32,159
Income tax provision					
Current		2,731	3,981	5,442	2,237
Deferred		1,480	1,673	2,097	2,238
		4,211	5,654	7,539	4,475
Net earnings		11,920	22,757	14,421	27,684
Unrealized foreign exchange gain in respect of foreign operations		4,131	651	5,290	39
Total comprehensive earnings		\$ 16,051	\$ 23,408	\$ 19,711	\$ 27,723
Weighted average shares outstanding (000)	14	24,506	24,548	24,525	24,678
Earnings per share - basic and diluted	14	\$ 0.49	\$ 0.93	\$ 0.59	\$ 1.12

(thousands of Canadian dollars)	Notes	For the three months ended		For the nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net earnings (loss) attributable to:					
Shareholders		\$ 11,920	\$ 22,757	\$ 14,518	\$ 27,684
Non-controlling interest	15	-	-	(97)	-
		\$ 11,920	\$ 22,757	\$ 14,421	\$ 27,684

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		-	-	27,684	39	-	27,723
Cash dividend	14B	-	-	(1,484)	-	-	(1,484)
Shares cancelled subject to normal course issuer bid		(469,518)	(1,923)	(6,379)	-	-	(8,302)
Asset acquisition		-	-	-	-	8,978	8,978
<b>Balance, September 30, 2021</b>		<b>24,547,924</b>	<b>100,530</b>	<b>327,651</b>	<b>4,125</b>	<b>8,978</b>	<b>441,284</b>
Comprehensive earnings (loss)		-	-	62,258	632	(295)	62,595
Cash dividend	14B	-	-	(491)	-	-	(491)
<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)		-	-	14,518	5,290	(97)	19,711
Cash dividend	14B	-	-	(1,194)	-	-	(1,194)
Shares issued pursuant to dividend reinvestment plan		59,779	1,013	(1,013)	-	-	-
Shares cancelled subject to normal course issuer bid	14C	(52,200)	(213)	(755)	-	-	(968)
<b>Balance, September 30, 2022</b>		<b>24,555,503</b>	<b>\$ 101,330</b>	<b>\$ 400,974</b>	<b>\$ 10,047</b>	<b>\$ 8,586</b>	<b>\$ 520,937</b>

# TWC ENTERPRISES LIMITED

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

(thousands of Canadian dollars)	Notes	For the three months ended		For the nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<b>OPERATING ACTIVITIES</b>					
Net earnings		\$ 11,920	\$ 22,757	\$ 14,421	\$ 27,684
Items not affecting cash:					
Amortization of membership fees	12	(1,329)	(1,324)	(3,349)	(3,319)
Depreciation of property, plant and equipment	6	3,125	3,075	9,282	9,321
Depreciation of right-of-use assets	5	1,012	1,269	3,045	3,837
Amortization of intangible assets	7	356	368	1,048	1,097
Interest, net and investment income	16	1,510	263	812	1,083
Glen Abbey redevelopment charge	17	-	189	-	9,689
Impairment recovery	17	-	(2,628)	-	(2,628)
Unrealized foreign exchange loss (gain)	17	440	(708)	42	50
Unrealized loss (gain) on investment in marketable securities	17	1,915	(2,067)	13,100	(13,876)
Gain on real estate fund investments	17	-	-	(4,370)	-
Equity loss (income) from investments in joint ventures	17	(623)	340	(758)	(293)
Gain on sale of property, plant and equipment		(104)	(238)	(327)	(217)
Income tax provision		4,211	5,654	7,539	4,475
Collection of membership fee instalments	12	2,567	2,081	3,481	2,896
Interest paid		(1,624)	(252)	(917)	(1,045)
Income taxes paid		(5,475)	(261)	(19,665)	(6,560)
Restricted cash		343	1,086	(238)	(944)
Accounts receivable		(322)	3,203	(9,650)	2,234
Inventories and prepaid expenses		3,153	2,710	(4,624)	(3,602)
Residential inventory		(7,380)	(13,739)	(2,531)	(21,823)
Accounts payable and accrued liabilities		(2,860)	(1,432)	11,202	15,294
Prepaid annual dues and deposits		(20,037)	(17,437)	9,556	21,608
Cash and cash equivalents provided by (used in) operating activities		(9,202)	2,909	27,099	44,961
<b>INVESTING ACTIVITIES</b>					
Operating property, plant and equipment expenditures	6	(4,254)	(2,672)	(7,795)	(7,305)
Expansion property, plant and equipment expenditures	6	-	(621)	-	(2,168)
Proceeds on sale of property, plant and equipment	6	122	293	356	293
Asset acquisition cost		-	-	-	(12,444)
Cash acquired		-	-	-	3,961
Right-of-use assets		-	-	103	(11)
Net investment in marketable securities		(16,031)	(1,905)	(25,628)	(4,187)
Real estate fund investments, net		1,051	(1,638)	17,561	(10,097)
Other long-term assets		(470)	246	(581)	121
Cash used in investing activities		(19,582)	(6,297)	(15,984)	(31,837)
<b>FINANCING ACTIVITIES</b>					
Deferred financing costs		(60)	(60)	(60)	(60)
Revolving borrowings		12,401	4,584	11,495	(1,257)
Non-revolving borrowings - amortization payments		(50,265)	(6,548)	(61,480)	(16,954)
Lease liabilities		(1,124)	(1,338)	(3,438)	(3,974)
Mortgages and loans receivable		(5,015)	(31)	(3,853)	2,033
Shares repurchased for cancellation		-	-	(968)	(8,302)
Dividends paid	14	(212)	(491)	(1,194)	(1,484)
Cash used in financing activities		(44,275)	(3,884)	(59,498)	(29,998)
Net effect of currency translation adjustment on cash and cash equivalents		3,097	632	4,450	(63)
Net decrease in cash and cash equivalents during the period		(69,962)	(6,640)	(43,933)	(16,937)
Cash and cash equivalents, beginning of period		117,424	46,920	91,395	57,217
Cash and cash equivalents, end of period		\$ 47,462	\$ 40,280	\$ 47,462	\$ 40,280

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)

September 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 November 1, 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 September 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)

September 30, 2022 and 2021

#### 3. OTHER ASSETS

Other assets consist of the following:

(thousands of Canadian dollars)	September 30, 2022	December 31, 2021	September 30, 2021
Investment in joint ventures	\$ 5,754	\$ 5,422	\$ 4,459
Investment in Automotive Properties REIT (9,480,712 units; December 31, 2021 - 7,564,650 units; September 30, 2021 - 7,027,057 units)	125,619	113,092	89,454
Investment in Mount Auburn (US\$1,475,000; December 31, 2021 - US\$10,362,000; September 30, 2021 - US\$4,500,000)	2,022	13,137	5,733
Investment in real estate investment fund (US\$4,326,000; December 31, 2021 - US\$4,841,000; September 30, 2021 - US\$3,425,000)	5,929	6,137	4,364
Other	405	559	580
	<b>139,729</b>	138,347	104,590
Less: current portion	125,619	113,092	99,551
	<b>\$ 14,110</b>	\$ 25,255	\$ 5,039

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

(thousands of Canadian dollars)	September 30, 2022	December 31, 2021	September 30, 2021
Balance, beginning of period	\$ 5,422	\$ 22,996	\$ 22,996
Equity income	758	1,270	292
Dividend	(500)	-	-
Transfer resulting from acquisition	-	(18,828)	(18,828)
Cash calls (return of capital on investments)	74	(16)	(1)
Balance, end of period	<b>\$ 5,754</b>	\$ 5,422	\$ 4,459

TWC has committed US\$10,000,000 towards a real estate fund based out of Florida. As at September 30, 2022, there has been US\$6,725,000 (CDN\$9,218,000) in capital calls paid towards this commitment. Outside of the fund, the Company had previously 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)**  
**September 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:

			September 30, 2022	December 31, 2021
(thousands of Canadian dollars)	Real Estate Management Company	Real Estate Housing Investments	Total	Total
Current assets	\$ 5,280	\$ 3,790	<b>\$ 9,070</b>	\$ 8,649
Related party	-	(21)	<b>(21)</b>	(58)
Land and other long-term assets	993	58,875	<b>59,868</b>	51,527
Secured project debt	-	(21,398)	<b>(21,398)</b>	(11,997)
Liabilities	(1,322)	(18,286)	<b>(19,608)</b>	(20,701)
Net assets at 100%	4,951	22,960	<b>27,911</b>	27,420
Net assets at Company's share	2,475	3,200	<b>5,675</b>	5,419
Return of capital investments to date	-	79	<b>79</b>	3
Net assets attributable to TWC	\$ 2,475	\$ 3,279	<b>\$ 5,754</b>	\$ 5,422
Net assets attributable to partners	\$ 2,476	\$ 19,681	<b>\$ 22,157</b>	\$ 21,998
Equity income	\$ 740	\$ 18	<b>\$ 758</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)	Total
At January 1, 2021	\$ -
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>18,925</b>
Operating cost of goods sold	<b>(14,984)</b>
Cost of goods sold - amortization	<b>(1,410)</b>
At September 30, 2022	<b>\$ 88,625</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 nine month period ended September 30, 2022, there were ten closings (period ended September 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)**  
**September 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	(2,975)	(70)	(3,045)
Foreign exchange	-	(2)	(2)
At September 30, 2022	\$ 3,094	\$ 18	\$ 3,112

**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	125	638	2,273	4,759	7,795
Disposals	-	(373)	(68)	(1,512)	(1,953)
Foreign exchange difference	877	776	713	651	3,017
At September 30, 2022	\$ 283,909	\$ 160,912	\$ 110,132	\$ 97,011	\$ 651,964
<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	-	3,391	2,546	3,345	9,282
Disposals	-	(373)	(68)	(1,483)	(1,924)
Foreign exchange difference	-	313	439	481	1,233
At September 30, 2022	\$ -	\$ 89,525	\$ 88,954	\$ 74,735	\$ 253,214
Net book value					
at December 31, 2021	\$ 282,907	\$ 73,677	\$ 21,177	\$ 20,721	\$ 398,482
Net book value					
at September 30, 2022	\$ 283,909	\$ 71,387	\$ 21,178	\$ 22,276	\$ 398,750

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)

September 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	160	-	16	176
At September 30, 2022	\$ 12,282	\$ 13,477	\$ 2,448	\$ 28,207
<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	477	571	-	1,048
Foreign exchange difference	98	-	16	114
At September 30, 2022	\$ 6,835	\$ 6,979	\$ 2,448	\$ 16,262
Net book value at December 31, 2021	\$ 5,862	\$ 7,069	\$ -	\$ 12,931
Net book value at September 30, 2022	\$ 5,447	\$ 6,498	\$ -	\$ 11,945



## TWC ENTERPRISES LIMITED

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

September 30, 2022 and 2021

#### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

(thousands of Canadian dollars)	September 30, 2022	December 31, 2021	September 30, 2021
Trade payables	\$ 12,404	\$ 8,848	\$ 11,947
Accrued payroll costs	5,260	3,269	5,342
Accrued interest	163	492	527
Income taxes payable	469	12,425	328
Accrued liabilities and other	15,240	11,294	16,160
	<b>\$ 33,536</b>	<b>\$ 36,328</b>	<b>\$ 34,304</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	227	5	232
Lease payments	(3,477)	(88)	(3,565)
At September 30, 2022	3,567	22	3,589
Less: current portion	1,956	22	1,978
	<b>\$ 1,611</b>	<b>\$ -</b>	<b>\$ 1,611</b>

Future minimum payments of lease liabilities are as follows:

(thousands of Canadian dollars)	Lease Liabilities	Interest	Total Minimum Lease Payments
Balance of 2022	\$ 1,137	\$ 42	\$ 1,179
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>\$ 3,589</b>	<b>\$ 216</b>	<b>\$ 3,805</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)

September 30, 2022 and 2021

#### 10. BORROWINGS

Borrowings consist of the following:

(thousands of Canadian dollars)	September 30, 2022	December 31, 2021	September 30, 2021
Secured revolving operating line of credit to a maximum of \$50,000,000 due September 11, 2023	\$ 7,242	\$ -	\$ -
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%)	14	434	3,609
BA loan (Stamping fees @ 2.50%)	9,400	16,000	6,600
Servicing facility - Phase 2: due on demand - maturing June 30, 2023			
Prime rate loan (Prime + 1.25%)	533	76	2,862
BA loan (Stamping fees @ 2.50%)	17,600	8,300	28,300
Construction facility - Phase 2: due on demand - maturing June 30, 2033			
Prime rate loan (Prime + 1.25%)	1,516	-	-
	<b>29,063</b>	24,810	41,371
Mortgages with blended monthly payments of principal and interest			
8.345% Mortgages due July 1, 2022	-	1,577	2,230
7.550% Mortgage due July 1, 2022	-	187	264
7.416% Mortgages due September 1, 2023	-	5,973	6,766
7.268% Mortgage due July 1, 2024	-	3,346	3,638
8.060% Mortgage due July 1, 2024	13,158	18,047	19,617
6.194% Mortgage due March 1, 2026	-	21,161	22,241
6.315% Mortgage due December 1, 2027	-	22,408	23,170
8.000% Mortgage due October 1, 2029 (US\$8,812,000; December 31, 2021 - US\$9,486,000; September 30, 2021 - US\$9,702,000)	12,079	12,026	12,361
Other - maturing August 16, 2024	2,237	3,316	3,274
	<b>27,474</b>	88,041	93,561
Gross borrowings	<b>63,779</b>	112,851	134,932
Less: deferred financing costs	127	290	333
Borrowings	<b>63,652</b>	112,561	134,599
Less: current portion	<b>38,382</b>	39,182	23,125
	<b>\$ 25,270</b>	\$ 73,379	\$ 111,474

The Company paid off several non-revolving mortgages in advance of their due dates resulting in an expense of \$2,604,000 which includes prepayment penalties and other costs.

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 September 30, 2022 are as follows:

(thousands of Canadian dollars)	Highland Gate	Corporate Borrowings	Total Borrowings
Balance of 2022	\$ 9,916	\$ 9,198	\$ 19,114
2023	19,147	9,564	28,711
2024	-	7,002	7,002
2025	-	1,580	1,580
2026	-	1,712	1,712
2027 and thereafter	-	5,660	5,660
	<b>\$ 29,063</b>	<b>\$ 34,716</b>	<b>\$ 63,779</b>

## TWC ENTERPRISES LIMITED

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

September 30, 2022 and 2021

#### 11. PREPAID ANNUAL DUES AND DEPOSITS

Prepaid annual dues and deposits consist of the following:

(thousands of Canadian dollars)	September 30, 2022	December 31, 2021	September 30, 2021
Prepaid annual dues revenue (unrecognized)	\$ 15,350	\$ -	\$ 19,195
Member deposits	4,649	10,369	4,050
Prepaid cart plan revenue (unrecognized)	580	479	512
Highland Gate real estate deposits	17,212	16,445	19,475
Event deposits	2,289	4,209	3,548
Other	2,495	1,517	1,780
	<b>\$ 42,575</b>	<b>\$ 33,019</b>	<b>\$ 48,560</b>

#### 12. DEFERRED MEMBERSHIP FEES

Deferred membership fees consist of the following:

(thousands of Canadian dollars)	September 30, 2022	December 31, 2021	September 30, 2021
Unamortized membership fees (note 12A)	\$ 40,117	\$ 37,258	\$ 37,268
Future membership fee instalments (note 12B)	(36,009)	(33,282)	(32,463)
Deferred membership fees	<b>\$ 4,108</b>	<b>\$ 3,976</b>	<b>\$ 4,805</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 nine months ended September 30, 2022	For the year ended December 31, 2021	For the nine months ended September 30, 2021
Balance, beginning of period	\$ 37,258	\$ 30,479	\$ 30,479
Sales to new members	6,362	11,398	10,087
Transfer and reinstatement fees	1,884	3,076	2,235
Resignations and terminations	(2,117)	(3,289)	(2,215)
Amortization of membership fees to revenue	(3,349)	(4,404)	(3,319)
Exchange difference	79	(2)	1
Balance, end of period	<b>\$ 40,117</b>	<b>\$ 37,258</b>	<b>\$ 37,268</b>

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

(thousands of Canadian dollars)	For the nine months ended September 30, 2022	For the year ended December 31, 2021	For the nine months ended September 30, 2021
Balance, beginning of period	\$ 33,282	\$ 25,250	\$ 25,250
Sales to new members	6,362	11,398	10,087
Transfer and reinstatement fees	1,884	3,076	2,235
Resignations and terminations	(2,117)	(3,289)	(2,215)
Instalments received in cash	(3,481)	(3,151)	(2,896)
Exchange difference	79	(2)	2
Balance, end of period	<b>\$ 36,009</b>	<b>\$ 33,282</b>	<b>\$ 32,463</b>

## TWC ENTERPRISES LIMITED

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

September 30, 2022 and 2021

#### 13. REVENUE

Revenue consists of the following:

(thousands of Canadian dollars)	Three months ended September 30, 2022				Three months ended September 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	\$ 15,317	\$ 1,650	\$ -	\$ 16,967	\$ 18,133	\$ 1,465	\$ 19,598
Golf	16,684	1,281	-	17,965	20,145	1,016	21,161
Corporate events	4,824	31	-	4,855	2,325	22	2,347
Membership fees	1,276	53	-	1,329	1,252	72	1,324
Food and beverage	15,647	388	-	16,035	11,860	274	12,134
Merchandise	5,649	111	-	5,760	4,706	93	4,799
Real estate	-	-	-	-	-	-	-
Rooms and other	3,399	28	-	3,427	3,157	49	3,206
	\$ 62,796	\$ 3,542	\$ -	\$ 66,338	\$ 61,578	\$ 2,991	\$ 64,569

(thousands of Canadian dollars)	Nine months ended September 30, 2022				Nine months ended September 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	\$ 46,080	\$ 4,975	\$ -	\$ 51,055	\$ 37,181	\$ 4,351	\$ 41,532
Golf	28,321	9,324	-	37,645	30,206	7,444	37,650
Corporate events	7,317	135	-	7,452	2,708	136	2,844
Membership fees	3,190	159	-	3,349	3,111	208	3,319
Food and beverage	25,636	1,724	-	27,360	15,047	1,237	16,284
Merchandise	10,712	569	-	11,281	8,297	510	8,807
Real estate	-	-	15,811	15,811	-	-	-
Rooms and other	5,147	(74)	-	5,073	4,306	(10)	4,296
	\$ 126,403	\$ 16,812	\$ 15,811	\$ 159,026	\$ 100,856	\$ 13,876	\$ 114,732

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)

September 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 September 30, 2022, there are 24,555,503 common shares outstanding (December 31, 2021 - 24,547,924). As at September 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	Share amount	Total amount
March 3, 2021	March 15, 2021	March 31, 2021	0.02	\$ 501,000	\$ -	\$ 501,000
April 29, 2021	May 31, 2021	June 15, 2021	0.02	492,000	-	492,000
August 5, 2021	August 31, 2021	September 15, 2021	0.02	491,000	-	491,000
November 1, 2021	November 30, 2021	December 15, 2021	0.02	491,000	-	491,000
				\$ 1,975,000	\$ -	\$ 1,975,000
March 9, 2022	March 15, 2022	March 31, 2022	0.02	\$ 491,000	\$ -	\$ 491,000
May 2, 2022	May 31, 2022	June 15, 2022	0.02	491,000	-	491,000
August 4, 2022	August 31, 2022	September 15, 2022	0.05	212,000	1,013,000	1,225,000
				\$ 1,194,000	\$ 1,013,000	\$ 2,207,000

##### *(C) Shares repurchased and cancelled*

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,227,000 of its common shares which expired on September 19, 2022. From January 1, 2022 to September 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.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,225,000 of its common shares which expires on September 19, 2023.

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)

September 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)	September 30, 2022	September 30, 2021
Cash and cash equivalents	\$ 37	\$ -
Restricted cash	1,182	944
Other current assets	532	740
Residential inventory (Note 4)	88,625	105,893
<b>Total assets</b>	<b>\$ 90,376</b>	<b>\$ 107,577</b>
Accounts payable and accrued liabilities	\$ 6,120	\$ 6,401
Prepaid annual dues and deposits	17,212	19,474
Borrowings	29,063	41,371
<b>Total liabilities</b>	<b>52,395</b>	<b>67,247</b>
Partner capital	31,352	31,352
Retained deficit	(1,957)	-
Non-controlling interest	8,586	8,978
<b>Total shareholders' equity</b>	<b>37,981</b>	<b>40,330</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 90,376</b>	<b>\$ 107,577</b>

(thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revenue	\$ -	\$ -	\$ 15,811	\$ -
Operating cost of goods sold	-	-	(14,984)	-
Cost of goods sold - amortization (Note 4)	-	-	(1,410)	-
<b>Loss for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (583)</b>	<b>\$ -</b>
Loss attributable to shareholders	\$ -	\$ -	\$ (486)	\$ -
Loss attributable to non-controlling interests	-	-	(97)	-
<b>Loss for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (583)</b>	<b>\$ -</b>

(thousands of Canadian dollars)	September 30, 2022	September 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 \$32,564,000 for the period ended September 30, 2022 from \$11,545,000 for the period ended September 30, 2021.

At September 30, 2022, there is \$1,182,000 (2021 - \$944,000) 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) September 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 nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Revolving lines of credit	\$ 43	\$ 52	\$ 73	\$ 69
Non-revolving mortgages	1,042	1,656	3,867	5,257
Non-revolving mortgages (prepayment penalty)	2,491	-	2,491	-
Construction line of credit (Highland Gate)	385	211	823	532
Lease liabilities (note 9)	61	136	232	468
Line of credit to related party	(37)	(112)	(37)	(332)
Amortization of deferred financing costs	34	42	111	136
Amortization of deferred financing costs (mortgage payoff)	113	-	113	-
Other	109	52	192	164
Interest revenue and investment income	(2,346)	(1,563)	(6,230)	(4,679)
Capitalized interest (Highland Gate)	(385)	(211)	(823)	(532)
	<b>\$ 1,510</b>	<b>\$ 263</b>	<b>\$ 812</b>	<b>\$ 1,083</b>

The Company paid off certain non-revolving mortgages on September 1, 2022. The payoff resulted in prepayment penalties and other costs totaling \$2,604,000.

#### 17. OTHER ITEMS

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

(thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Unrealized foreign exchange loss (gain)	\$ 440	\$ (708)	\$ 42	\$ 50
Unrealized loss (gain) on investment in marketable securities	1,915	(2,067)	13,100	(13,876)
Gain on real estate fund investments	-	-	(4,370)	-
Insurance proceeds	(220)	-	(220)	(3,356)
Equity loss (income) from investments in joint ventures (note 3)	(623)	340	(758)	(293)
Glen Abbey redevelopment charge	-	189	-	9,689
Impairment reversal (Heron Bay)	-	(2,628)	-	(2,628)
Other	5	(235)	(125)	(32)
	<b>\$ 1,517</b>	<b>\$ (5,109)</b>	<b>\$ 7,669</b>	<b>\$ (10,446)</b>

**TWC ENTERPRISES LIMITED**  
**Notes to Interim Condensed Consolidated Financial Statements (Unaudited)**  
**September 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 the fourth quarter of 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 nine months ended		For the year ended
	<b>September 30, 2022</b>	September 30, 2021	<b>September 30, 2022</b>	September 30, 2021	December 31, 2021
Loan payable to Morguard	-	-	-	-	-
Loan receivable from Morguard	<b>5,000</b>	20,000	<b>5,000</b>	20,000	-
Net interest receivable (payable)	<b>22</b>	112	<b>22</b>	148	-
Net interest earned (incurred)	<b>37</b>	112	<b>37</b>	332	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 September 30, 2022, the amount receivable on this facility was nil (December 31, 2021 - nil; September 30, 2021 - nil). Interest receivable at September 30, 2022 was nil (December 31, 2021 - nil; September 30, 2021 - nil), and interest earned was nil for the nine month period ended September 30, 2022 (September 30, 2021 - \$4,000). For the three months ended September 30, 2022, interest earned was nil (three months ended September 30, 2021 - nil).

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of \$521,000 for the nine month period ended September 30, 2022 (September 30, 2021 - \$521,000), under a contractual agreement, which is included in operating expenses. For the three months ended September 30, 2022, the Company paid a management fee of \$173,000 (three months ended September 30, 2021 - \$173,000). Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$345,000 (CDN\$443,000) for the nine month period ended September 30, 2022 (September 30, 2021 - US\$345,000; CDN\$432,000) under a contractual agreement, which is included in direct operating expenses. For the three months ended September 30, 2022, the Company paid US\$115,000 (CDN\$150,000) in management fees (three months ended September 30, 2021 - US\$115,000; CDN\$118,000).

The Highland Gate project receives managerial services from Geranium Homes management companies. The project paid a management fee of \$1,407,000 for the nine month period ended September 30, 2022 (September 30, 2021 - \$1,305,000) under a contractual agreement, which is capitalized to residential inventory. For the three months ended September 30, 2022, the project paid a management fee of \$337,000 (three months ended September 30, 2021 - \$285,000).

The Company provides landscaping services for certain Morguard assets. The Company received a fee of \$102,000 for the nine month period ended September 30, 2022 (September 30, 2021 - \$42,000) under a contractual agreement. For the three months ended September 30, 2022, the Company received a fee of \$21,000 (three months ended September 30, 2021 - \$21,000).

A total of US\$39,000 of rental revenue was earned by TWC for the nine month period ended September 30, 2022 (September 30, 2021 - US\$39,000) from Morguard relating to a shared office facility in Florida. For the three months ended September 30, 2022, rental revenue earned was US \$13,000 (three months ended September 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)

September 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.

<b>For the Three Months Ended September 30, 2022</b>				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	<b>Total</b>
Operating revenue	\$ 61,520	\$ 3,489	\$ -	<b>\$ 65,009</b>
Direct operating expenses	(37,894)	(3,982)	(811)	<b>(42,687)</b>
Net operating income (loss)	23,626	(493)	(811)	<b>22,322</b>
Amortization of membership fees	1,276	53	-	<b>1,329</b>
Depreciation and amortization	(4,131)	(362)	-	<b>(4,493)</b>
Other items	(201)	(97)	(1,219)	<b>(1,517)</b>
Segment earnings (loss) before interest and income taxes	\$ 20,570	\$ (899)	\$ (2,030)	<b>17,641</b>
Interest, net (unallocated)				<b>(1,510)</b>
Provision for income taxes (unallocated)				<b>(4,211)</b>
Net earnings				<b>\$ 11,920</b>
Capital expenditures	\$ 3,779	\$ 475	\$ -	<b>\$ 4,254</b>

<b>For the Three Months Ended September 30, 2021</b>				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	<b>Total</b>
Operating revenue	\$ 60,326	\$ 2,919	\$ -	<b>\$ 63,245</b>
Direct operating expenses	(32,310)	(3,289)	(693)	<b>(36,292)</b>
Net operating income (loss)	28,016	(370)	(693)	<b>26,953</b>
Amortization of membership fees	1,252	72	-	<b>1,324</b>
Depreciation and amortization	(4,374)	(338)	-	<b>(4,712)</b>
Other items	(890)	2,629	3,370	<b>5,109</b>
Segment earnings before interest and income taxes	\$ 24,004	\$ 1,993	\$ 2,677	<b>28,674</b>
Interest, net (unallocated)				<b>(263)</b>
Provision for income taxes (unallocated)				<b>(5,654)</b>
Net earnings				<b>\$ 22,757</b>
Capital expenditures	\$ 2,764	\$ 529	\$ -	<b>\$ 3,293</b>

## TWC ENTERPRISES LIMITED

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

September 30, 2022 and 2021

#### 19. SEGMENTED INFORMATION (continued)

For the Nine Months Ended September 30, 2022				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	Total
Operating revenue	\$ 123,213	\$ 16,653	\$ 15,811	\$ 155,677
Direct operating expenses	(83,004)	(13,533)	(18,673)	(115,210)
Net operating income (loss)	40,209	3,120	(2,862)	40,467
Amortization of membership fees	3,190	159	-	3,349
Depreciation and amortization	(12,337)	(1,038)	-	(13,375)
Other items	(223)	(35)	(7,411)	(7,669)
Segment earnings (loss) before interest and income taxes	\$ 30,839	\$ 2,206	\$ (10,273)	22,772
Interest, net (unallocated)				(812)
Provision for income taxes (unallocated)				(7,539)
Net earnings				\$ 14,421
Capital expenditures	\$ 6,710	\$ 1,085	\$ -	\$ 7,795

For the Nine Months Ended September 30, 2021				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	Total
Operating revenue	\$ 97,745	\$ 13,668	\$ -	\$ 111,413
Direct operating expenses	(63,551)	(11,882)	(2,248)	(77,681)
Net operating income (loss)	34,194	1,786	(2,248)	33,732
Amortization of membership fees	3,111	208	-	3,319
Depreciation and amortization	(13,215)	(1,040)	-	(14,255)
Other items	(6,107)	2,556	13,997	10,446
Segment earnings before interest and income taxes	\$ 17,983	\$ 3,510	\$ 11,749	33,242
Interest, net (unallocated)				(1,083)
Provision for income taxes (unallocated)				(4,475)
Net earnings				\$ 27,684
Capital expenditures	\$ 8,821	\$ 652	\$ -	\$ 9,473

#### 20. COMMITMENTS/CONTINGENCIES

TWC has committed US\$10,000,000 towards a real estate fund based out of Florida. As at September 30, 2022, there has been US\$6,725,000 (CDN\$9,218,000) in capital calls towards this commitment (see Note 3).

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

As at September 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 October 31, 2022, the Company declared a 5 cents per common share cash dividend, payable December 15, 2022 to shareholders of record on November 30, 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

#### EXECUTIVE OFFICE

15675 Dufferin Street

King City, Ontario L7B 1K5

TEL: (905) 841-3730

FAX: (905) 841-1134

#### WEB SITES

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#### INVESTOR RELATIONS

Contact: Andrew Tamlin

Tel: 905-841-5372

Email: [atamlin@clublink.ca](mailto:atamlin@clublink.ca)

#### BANKERS

HSBC Bank Canada

HSBC Bank USA

#### AUDITORS

Deloitte LLP

#### STOCK EXCHANGE LISTING

Common shares: TSX: TWC

#### TRANSFER AGENT

TSX Trust Company

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.