

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) audited consolidated financial statements and accompanying notes for the year ended December 31, 2017. This MD&A has been prepared as at March 14, 2018 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").

FORWARD-LOOKING STATEMENTS

This annual report contains certain forward-looking information and statements relating but not limited to, operations, anticipated or prospective financial performance, results of operations, business prospects and strategies of TWC. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "may", "likely", or similar words suggesting future outcomes or statements regarding an outlook, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements of TWC to differ materially from those suggested by the forward-looking statements, some of which may be beyond the control of management.

Although TWC believes it has a reasonable basis for making the forecasts or projections included in this MD&A, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, TWC's forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, availability of credit, weather conditions, the economic environment, environmental regulation and competition.

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.

NON-IFRS MEASURES

The Company has prepared the financial information contained in this discussion and analysis in accordance with IFRS. Reference is also made to net operating income, operating margin, cash flow from operations, funds from operations and adjusted funds from operations. The calculations of these measures can be found embedded in the MD&A.

TWC uses non-IFRS measures as a benchmark measurement of our own operating results and as a benchmark relative to our competitors. We consider these non-IFRS measures to be a meaningful supplement to net earnings. We also believe these non-IFRS measures are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance. These measures, which included direct operating expenses and net operating income do not have standardized meaning under IFRS. While these non-IFRS measures have been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, readers are cautioned that these non-IFRS measures as reported by TWC may not be comparable in all instances to non-IFRS measures as reported by other companies.

The glossary of financial terms is as follows:

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 margin = net operating income/operating revenue

Funds from operations = net earnings +/- items not effecting cash less business combination transaction costs

Adjusted funds from operations = funds from operations less operating property, plant and equipment expenditures

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

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

NON-IFRS MEASURES (continued)

Funds from operations ("FFO") is a key measure of our financial performance and is defined as net income prior to non cash items such as depreciation/amortization. FFO also adjusts for the non-cash earnings impact of membership fees and excludes transaction costs on business combinations which are required to be expensed.

Our definition of funds from operations may differ from the definition used by other organizations, as well as the definition of funds from operations used by the Real Property Association of Canada ("REALPAC"), the main difference being the adjustment for the non cash component of membership fee revenue which is not considered by REALPAC.

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 two distinct business segments: (a) golf club operations and (b) rail and port operations. In addition, the corporate operations segment oversees the two business segments.

TWC's strategic objective is to grow long-term shareholder value by improving net operating income and operating margins of both underlying businesses. Management has been actively looking for golf club acquisition opportunities in Ontario, Quebec and Florida.

In addition, management is pursuing capital investments in both business segments which will grow our revenue and create long-term value for our shareholders.

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 and operator of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses, at 41 locations in two separate geographical Regions: (a) Ontario/Quebec 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 TravelLink, 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.

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 and, on payment of an additional fee, inter-regional play within ClubLink through the TravelLink program and ClubCorp Holdings Inc. golf clubs.

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

The TravelLink program offers two levels that allow ClubLink members inter-regional access. The first level (Basic TravelLink), a free membership benefit, provides ClubLink members inter-regional access with preferred green fee pricing. Level 2 (TravelLink 2nd Home Club) is optional and provides ClubLink members with the ability to elect a second Home Club in another region for an annual fee, and allows members to receive all the benefits of a Home Club Member (access to prime tee times, practice facilities, member events).

OVERVIEW OF BUSINESS SEGMENTS (continued)

Golf Club Operations Segment (continued)

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.

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. While traditional full privilege golf members have been declining, ClubLink has been focusing on these supplemental categories to replace annual dues revenue.

(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 London 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 2018, ClubLink will operate 27 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, Fontainebleau, Glencairn, Grandview, Heron Point, Islesmere, Kanata, King's Riding, Lake Joseph, Le Maître, Rocky Crest, Wyndance
Gold:	Caledon Woods, Country Club, Eagle Ridge, Glendale, Greenhills, GreyHawk, Hautes Plaines, National Pines, Station Creek

In 2018, ClubLink will operate six Ontario/Quebec Region Hybrid Golf Clubs in three categories as follows:

Hybrid – Prestige:	Glen Abbey
Hybrid – Gold:	Cherry Downs, The Club at Bond Head, Val des Lacs
Hybrid – Silver:	Bethesda Grange, Hidden Lake

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 2018, ClubLink will operate two Ontario/Quebec Region Daily Fee Golf Clubs as follows:

Daily Fee:	Grandview Inn, Rolling Hills
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Going in to 2018, ClubLink will have approximately 400 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.

Going in to 2018, ClubLink will have approximately 1,900 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. Management currently has no plans to proceed with development at any of the properties within its budgeting horizons.

OVERVIEW OF BUSINESS SEGMENTS (continued)

Golf Club Operations Segment (continued)

(a) Ontario/Quebec (continued)

In 2018, ClubLink will operate The Lake Joseph Club, Rocky Crest Resort and Sherwood Inn.

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.

On January 25, 2017, ClubLink sold the property that was formerly known as Grandview Resort in Huntsville, Ontario for proceeds of \$5,600,000. This property has been closed since February 2012.

(b) United States

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

In 2018, ClubLink is operating eight Florida Region Golf Clubs in six categories as follows:

Hybrid – Prestige:	TPC Eagle Trace
Hybrid – Platinum:	Club Renaissance, Heron Bay
Gold:	Scepter
Hybrid – Gold:	Woodlands
Hybrid – Silver:	Sandpiper
Daily Fee:	Palm Aire (Cypress/Oaks), Palm Aire (Palms)

ClubLink has been actively selling ClubLink Card Holder annual memberships in the southeast Florida marketplace. ClubLink Card Holder members have the ability to book preferred tee times at discounted green fees.

Effective July 1, 2016, Falcon Watch Golf Club was closed and will not re-open due to a lack of demand at this golf club. Nine holes will remain in use as part of the Scepter Golf Club.

Rail and Port Operations Segment

TWC is also engaged in rail and port operations based in Skagway, Alaska which operate under the trade name "White Pass & Yukon Route". This includes a tourist railway stretching approximately 110 kilometres (67.5 miles) from Skagway, Alaska through British Columbia to Carcross, Yukon.

White Pass has continued to invest in programs to build its core operating business. As a standalone entity, White Pass has an experienced on-site management team and has been able to generate growth in the passenger traffic and corresponding US dollar revenue since its acquisition in 1997. Significant initiatives in this business segment have included capitalizing on historical relationships with the cruise lines, supporting investments to create one of the leading port facilities in southeast Alaska, including a floating dock to facilitate larger cruise ships and an investment to repower our locomotive fleet to reduce both environmental emissions and ongoing operating costs. These initiatives have affirmed White Pass as Alaska's premier shore excursion for the travelling public.

OVERVIEW OF BUSINESS SEGMENTS (continued)

Rail and Port Operations Segment (continued)

The railway was constructed by White Pass during the Klondike Gold Rush of 1898/1899 and completed in 1900. From 1900 until 1982, it was used for the carriage of general freight, ore concentrates, petroleum products and passengers. Railway operations were suspended in 1982 when a major ore concentrate customer shut down its mine. The South Klondike Highway between Whitehorse and Skagway, subsequently constructed in 1985, transferred the transportation of ore concentrates from rail to road service. The railway reopened in 1988 and has since been operating as a seasonal passenger tourism railway. TWC acquired White Pass in 1997.

White Pass operates three docks in Skagway, which support the tourist railway and provides four berths for cruise ships operating west coast schedules throughout the May to September tourist season. The largest of the three docks, with two berths, is owned while the two remaining docks are situated on state and city property and operate under long-term tideland leases.

The primary market is the cruise industry, which recognizes Skagway as a marquee port for its Alaskan cruises. White Pass maintains a symbiotic relationship with the cruise lines – carrying almost half of all cruise passengers – making it Alaska's premier shore excursion and a high volume, highly rated and profitable shore excursion for the cruise lines. The relationship is supported with an existing incentive program and extensive cooperative pre-cruise and on-board promotion. White Pass also markets to motor coach tour companies and independent travelers who arrive via ferry and the South Klondike Highway.

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. Currently, management is focused on improving the returns of the existing operating business segments.

SELECTED FINANCIAL INFORMATION

The table below sets forth selected financial data relating to the Company's fiscal years ended December 31, 2017, December 31, 2016 and December 31, 2015. This financial data is derived from the Company's audited consolidated financial statements, which are prepared in accordance with IFRS.

(thousands of Canadian dollars, except per share amounts)	2017	2016	2015	% Change 2017/2016	% Change 2016/2015
OPERATING REVENUE	\$ 219,230	\$ 217,835	\$ 216,147	0.6%	0.8%
DIRECT OPERATING EXPENSES	158,702	158,972	158,474	(0.2%)	0.3%
NET OPERATING INCOME	60,528	58,863	57,673	2.8%	2.1%
Operating margin (%)	27.6%	27.0%	26.7%	2.2%	1.1%
Amortization of membership fees	7,987	11,210	11,162	(28.8%)	0.4%
Depreciation and amortization	(26,032)	(26,414)	(26,387)	(1.4%)	0.1%
Land lease rent	(5,170)	(5,303)	(5,489)	(2.5%)	(3.4%)
Interest, net	(16,682)	(18,151)	(19,362)	(8.1%)	(6.3%)
Other expense, net	(304)	(795)	(10,257)	(212.7%)	(92.2%)
Impairment expense	(31,605)	-	-	N/A	N/A
Income taxes	13,322	(2,852)	(3,081)	N/A	(7.4%)
NET EARNINGS	\$ 2,044	\$ 16,558	\$ 4,259	(87.7%)	288.8%
BASIC AND DILUTED EARNINGS PER SHARE	\$ 0.07	\$ 0.61	\$ 0.16	(88.5%)	281.3%
FUNDS FROM OPERATIONS	\$ 40,086	\$ 39,820	\$ 34,514	0.9%	15.4%
TOTAL ASSETS	\$ 630,054	\$ 679,116	\$ 712,065	(7.2%)	(4.6%)
GROSS BORROWINGS	\$ 301,893	\$ 318,531	\$ 350,134	(5.2%)	(9.0%)
SHAREHOLDERS' EQUITY	\$ 231,988	\$ 237,759	\$ 225,190	(2.4%)	5.6%

Summary of Canadian/US Exchange Rates Used for Translation Purposes

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

	2017	2016	2015
Balance Sheet, at December 31	1.2545	1.3427	1.3840
Statement of Earnings, average for the year	1.2980	1.3256	1.2788

2017 CONSOLIDATED OPERATING HIGHLIGHTS

The Company is required to perform an annual impairment test on its goodwill - which is assigned to the Canadian golf club operations. The test combines all cash flows from each property within the cash generating unit. As at December 31, 2017, the Company performed impairment testing on goodwill and concluded an impairment existed. The entire amount of goodwill in the amount of \$31,605,000 has been expensed. The main reason for the impairment is the trend of decreased collection of membership fees and the expected challenges in the future to reverse this trend.

Consolidated net earnings decreased to \$2,044,000 in 2017 from \$16,558,000 in 2016. Consolidated net earnings in 2017 were subject to an impairment charge of goodwill in the amount of \$31,605,000 as described above. This was partially offset by a deferred tax recovery in the amount of \$17,662,000 relating to the US based deferred income tax liabilities arising from the substantively enacted decrease in Federal US income tax rates from 34% to 21%. Consolidated net earnings were \$4,259,000 in 2015 which were subject to \$10,257,000 in non cash or one-time expenses.

Basic and diluted earnings per share decreased to 7 cents per share in 2017, compared to 61 cents per share in 2016 and 16 cents per share in 2015.

The exchange rate used for translating US denominated earnings has changed to a yearly average of 1.2980 in 2017 from 1.3256 in 2016 due to the strengthening Canadian dollar over this time frame and has changed from 1.2788 in 2015.

Net operating income for the Canadian golf club operations segment increased 0.9% to \$32,062,000 in 2017 from \$31,763,000 in 2016. This compares to \$31,361,000 in 2015.

Net operating income for the US golf club operations segment decreased to US\$652,000 in 2017 from US\$1,330,000 in 2016 primarily due to a decrease of 8.8% in championship golf rounds. The foreign exchange rate served as a deterrent to Canadian golfers visiting Florida in the 2017 winter season, and was further impacted by the poor weather in that market, including a hurricane event. This compares to US \$1,477,000 in 2015.

Net operating income for the rail and port operations increased 8.9% to US\$23,763,000 from US\$21,829,000 in 2016 due to an increase of approximately 21,000 rail passengers. This compares to \$21,318,000 in 2015.

Interest, net decreased 8.1% to \$16,682,000 in 2017 from \$18,151,000 in 2016 primarily due to a lower debt level in 2017 and compares to \$19,362,000 in 2015.

The income tax provision was impacted by a \$17,662,000 deferred income tax recovery resulting from a decline in the US Federal income tax rate from 34% to 21%. This was enacted as part of US income tax reform announced in December 2017.

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 17 of the audited consolidated financial statements for the year ended December 31, 2017.

The following is a summary of the results of operations for the past three fiscal years.

(thousands of Canadian dollars)	2017	2016	2015
Operating revenue by segment			
<i>Canadian golf club operations</i>	\$ 140,518	\$ 140,085	\$ 139,620
<i>US golf club operations</i>	23,037	25,271	26,124
<i>Rail and port operations</i>	55,675	52,479	50,403
Operating revenue	\$ 219,230	\$ 217,835	\$ 216,147
Net operating income by segment			
<i>Canadian golf club operations</i>	\$ 32,062	\$ 31,763	\$ 31,361
<i>US golf club operations</i>	938	1,864	1,841
<i>Rail and port operations</i>	30,468	28,122	27,281
<i>Corporate operations</i>	(2,940)	(2,886)	(2,810)
Net operating income	\$ 60,528	\$ 58,863	\$ 57,673

Capital expenditures for the past three fiscal years are summarized as follows:

(thousands of Canadian dollars)	2017	2016	2015
Operating capital			
<i>Canadian golf club operations</i>	\$ 6,899	\$ 5,566	\$ 4,756
<i>US golf club operations</i>	1,349	1,433	1,082
<i>Rail and port operations</i>	4,482	2,933	3,927
	12,730	9,932	9,765
Expansion capital			
<i>Canadian golf club operations</i>	1,803	5,582	911
<i>US golf club operations</i>	-	-	80
<i>Rail and port operations</i>	3,261	4,186	1,326
	5,064	9,768	2,317
Total capital expenditures	\$ 17,794	\$ 19,700	\$ 12,082

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2017

Summary of Canadian Golf Club Operations

(statistics)	2017	2016	% Change
18-hole equivalent championship golf courses	42.5	42.5	-
Championship golf rounds	1,058,000	1,063,000	(0.5%)
Full privilege golf members	14,991	15,077	(0.6%)
(thousands of Canadian dollars)	2017	2016	% Change
Operating revenue	\$ 140,518	\$ 140,085	0.3%
Direct operating expenses	(108,456)	(108,322)	0.1%
Net operating income	32,062	31,763	0.9%
Amortization of membership fees	7,688	10,936	(29.7%)
Depreciation and amortization	(14,180)	(14,485)	(2.1%)
Land lease rent	(4,848)	(5,049)	(4.0%)
Impairment	(31,605)	-	N/A
Other income (expense)	2,266	(682)	N/A
Segment earnings (loss) before interest and income taxes	\$ (8,617)	\$ 22,483	N/A
Operating margin %	22.8%	22.7%	0.4%

Canadian Golf Club Operating Revenue

Canadian golf club operating revenue is recorded as follows:

(thousands of Canadian dollars)	2017	2016	% Change
Annual dues	\$ 51,071	\$ 51,459	(0.8%)
Corporate events, guest fees and cart rentals	33,308	33,370	(0.2%)
Food and beverage	41,115	41,289	(0.4%)
Merchandise, rooms and other	15,024	13,967	7.6%
Total operating revenue	\$ 140,518	\$ 140,085	0.3%

Total operating revenue increased 0.3% to \$140,518,000 from \$140,085,000 in 2016 due to the increase in merchandise revenue resulting from added sales from ClubLink's online presence.

Canadian Golf Club Direct Operating Expenses

Canadian golf club direct operating expenses are recorded as follows:

(thousands of Canadian dollars)	2017	2016	% Change
Cost of sales	\$ 20,724	\$ 20,556	0.8%
Labour and employee benefits	56,632	56,630	-
Utilities	6,861	7,205	(4.8%)
Selling, general and administrative	4,108	3,542	16.0%
Property taxes	2,557	2,879	(11.2%)
Insurance	1,499	1,572	(4.6%)
Repairs and maintenance	3,125	3,108	0.5%
Fertilizers and pest control products	1,832	1,863	(1.7%)
Fuel and oil	1,008	870	15.9%
Other operating expenses	10,110	10,097	0.1%
Total direct operating expenses	\$ 108,456	\$ 108,322	0.1%

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2017 (continued)

Canadian Golf Club Direct Operating Expenses (continued)

Direct operating expenses have increased 0.1% to \$108,456,000 from \$108,322,000.

Gross margin on food and beverage sales increased to 69.3% in 2017 compared to 68.6% in 2016 due to decreases in food costs year over year.

Gross margin on merchandise sales increased to 28.6% in 2017 compared to 25.1% in 2016, due to a change in mix of merchandise sales in 2017 in addition to enhanced sales from ClubLink's online presence.

On September 19, 2017, the cart storage facility at The Club at Bond Head sustained a total loss due to fire, including all golf carts in this facility. During 2017, the Company has recorded \$900,000 insurance proceeds as part of other expenses.

On October 13, 2017, the Company sustained a significant fire event which impacted the clubhouse at Le Maître de Mont-Tremblant. The Company has opened an insurance claim for the event. A loss in the amount of \$819,000 has been recorded due to this event.

Canadian Membership Fees

Full privilege golf members decreased 0.6% to 14,991 on December 31, 2017 from 15,077 on December 31, 2016.

ClubLink has implemented programs designed to cater to the needs of a changing golf demographic and to address the current industry and company trend of negative full privilege golf membership growth. ClubLink has announced expanded member retention and value-added programs. These include graduated annual dues pricing for intermediates up to age 35 and seniors over the age of 70 who have been members for at least 10 years. Complimentary restricted family membership benefits have been included for Gold, Platinum and Prestige level members. Further enhancements for 2016 included a 10-month instalment program for annual dues. Management believes that these added value benefits will attract new members and retain existing members by adding to their package of member benefits.

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

(thousands of Canadian dollars)	Golf Members	2017 Future Membership Fee Instalments	Golf Members	2016 Future Membership Fee Instalments
Balance, beginning of year	15,077	\$ 26,205	15,015	\$ 26,818
Sales to new members	1,228	5,044	1,154	6,919
Reinstated members	208	315	215	523
Transfer and upgrade fees from existing members	-	635	-	561
Resignations and terminations	(1,522)	(4,129)	(1,307)	(3,975)
Instalments received in cash	-	(3,970)	-	(4,641)
Balance, end of year (Full Privilege)	14,991	\$ 24,100	15,077	\$ 26,205

In general, golf members are becoming more transient between member golf clubs since there is less membership fees being charged per member by both ClubLink and our competitors. This has translated into both more sales and more resignations.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2017 (continued)

Canadian Membership Fees (continued)

Membership fees are amortized over the estimated weighted average remaining membership by year joined. This is determined by subtracting the average age of members that joined in that year from 70 and dividing the result by 2. The amortization period is reviewed annually and any adjustments are made prospectively. Membership fee revenue recognized in 2017 decreased 29.7% to \$7,688,000 from \$10,936,000 in 2016. This decline is primarily the result of the members that joined in 2003 and 2005 completing their amortization period in 2016. Subsequent to this amortization period, membership fees are recorded as revenue upon receipt. An allowance for future resignations is considered as part of this model.

Details on amortization period in years, amortization of membership fee revenue and Canadian Region members at year end is broken down by member join year as follows:

Member Join Year	Amortization Period (yrs) 2017	Amortization Period (yrs) 2016	Amortization of Membership Fees (\$000) 2017	Amortization of Membership Fees (\$000) 2016	Members at year end 2017	Members at year end 2016	% Change
1994-2002	Cash	Cash	\$ 231	\$ 303	4,689	4,961	(5.5%)
2003	Cash	1	34	1,267	600	656	(8.5%)
2004	1	2	1,207	1,177	555	593	(6.4%)
2005	Cash	1	108	2,130	1,354	1,447	(6.4%)
2006	3	4	871	866	541	574	(5.7%)
2007	2	3	1,508	1,506	965	1,054	(8.4%)
2008	4	5	748	745	543	589	(7.8%)
2009	5	6	646	654	614	675	(9.0%)
2010	5	6	474	482	722	797	(9.4%)
2011	8	9	410	422	542	594	(8.8%)
2012	10	11	215	226	332	381	(12.9%)
2013	10	11	232	256	316	365	(13.4%)
2014	11	12	272	293	537	605	(11.2%)
2015	12	13	220	268	502	632	(20.6%)
2016	13	14	272	341	951	1,154	(17.6%)
2017	14	-	240	-	1,228	-	N/A
Totals			\$ 7,688	\$ 10,936	14,991	15,077	(0.6%)

Due to the fact the 2004 member group has completed its amortization period in 2017, amortization of membership fees is expected to decline to approximately \$6,600,000 in 2018.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)***Review of Canadian Golf Club Operations for the Year Ended December 31, 2017 (continued)******Canadian Membership Fees (continued)***

The following is an age analysis of ClubLink's Canadian Region golf members:

	2017	2016 % Change	
Under 30 years	1,422	1,340	6.1%
31 - 40 years	851	826	3.0%
41 - 50 years	2,175	2,413	(9.9%)
51 - 60 years	4,969	5,164	(3.8%)
61 - 70 years	3,553	3,449	3.0%
71 and over	1,437	1,275	12.7%
Not available	584	610	(4.3%)
	14,991	15,077	(0.6%)

The average age of a Canadian full privilege golf member as at December 31, 2017 is 54.1 years as compared to 53.9 years as at December 31, 2016.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of US Golf Club Operations for the Year Ended December 31, 2017

Summary of US Golf Club Operations

(statistics)	2017	2016	% Change
18-hole equivalent championship golf courses	11.0	11.0	-
Championship golf rounds	340,000	373,000	(8.8%)
Full privilege golf members	973	1,087	(10.5%)
(thousands of dollars)	2017	2016	% Change
Operating revenue	\$ 17,639	\$ 18,924	(6.8%)
Direct operating expenses	(16,987)	(17,594)	(3.5%)
Net operating income	652	1,330	(51.0%)
Amortization of membership fees	231	206	12.1%
Depreciation and amortization	(1,971)	(2,009)	(1.9%)
Other expense, net	(10)	(25)	(60.0%)
Segment loss before interest and income taxes (US dollars)	(1,098)	(498)	(120.5%)
Exchange	(238)	(56)	(325.0%)
Segment loss before interest and income taxes (Cdn dollars)	\$ (1,336)	\$ (554)	(141.2%)
Operating margin	3.7%	7.0%	(47.1%)

US Golf Club Operating Revenue

US golf club operating revenue is recorded as follows:

(thousands of dollars)	2017	2016	% Change
Annual dues	\$ 5,219	\$ 5,678	(8.1%)
Corporate events, guest fees and cart rentals	8,918	9,569	(6.8%)
Food and beverage	2,584	2,828	(8.6%)
Merchandise and other	918	849	8.1%
Subtotal (US dollars)	17,639	18,924	(6.8%)
Exchange	5,398	6,347	(15.0%)
Total (Cdn dollars)	\$ 23,037	\$ 25,271	(8.8%)

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of US Golf Club Operations for the Year Ended December 31, 2017 (continued)

US Golf Club Direct Operating Expenses

US golf club direct operating expenses are recorded as follows:

(thousands of dollars)	2017	2016	% Change
Cost of sales	\$ 1,557	\$ 1,610	(3.3%)
Labour and employee benefits	8,201	8,518	(3.7%)
Utilities	1,305	1,377	(5.2%)
Selling, general and administrative	135	104	29.8%
Property taxes	924	906	2.0%
Insurance	457	495	(7.7%)
Repairs and maintenance	761	700	8.7%
Fertilizers and pest control products	623	783	(20.4%)
Fuel and oil	218	194	12.4%
Management fee	460	652	(29.4%)
Other operating expenses	2,346	2,255	4.0%
Subtotal (US dollars)	16,987	17,594	(3.5%)
Exchange	5,112	5,813	(12.1%)
Total (Cdn dollars)	\$ 22,099	\$ 23,407	(5.6%)

Review of Rail and Port Operations for the Year Ended December 31, 2017

Summary of Rail and Port Operations

(statistics)	2017	2016	% Change
Rail passengers	429,000	408,000	5.1%
Port passengers	846,000	816,000	3.7%
Cruise ship dockings	370	363	1.9%
(thousands of dollars)	2017	2016	% Change
Operating revenue	\$ 43,207	\$ 40,391	7.0%
Direct operating expenses	(19,444)	(18,562)	4.8%
Net operating income	23,763	21,829	8.9%
Depreciation and amortization	(7,166)	(6,987)	2.6%
Land lease rent	(251)	(191)	31.4%
Other income (expense), net	(1,615)	25	N/A
Segment earnings before interest and income taxes (US dollars)	14,731	14,676	0.4%
Exchange	4,032	3,959	1.8%
Segment earnings before interest and income taxes (Cdn dollars)	\$ 18,763	\$ 18,635	0.7%
Operating margin	55.0%	54.0%	1.9%

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Rail and Port Operations for the Year Ended December 31, 2017 (continued)

Rail and Port Operating Revenue

Rail and port operating revenue is recorded as follows:

(thousands of dollars)	2017	2016	% Change
Railroad	\$ 32,296	\$ 30,000	7.7%
Port	8,546	8,128	5.1%
Gift shop and other	2,365	2,263	4.5%
Subtotal (US dollars)	43,207	40,391	7.0%
Exchange	12,468	12,088	3.1%
Total (Cdn dollars)	\$ 55,675	\$ 52,479	6.1%

The number of rail passengers has increased 5.1% to 429,000 in 2017 as compared to 408,000 in 2016 resulting in a 7.7% increase in railroad revenue.

The number of port passengers has increased 3.7% to 846,000 in 2017 as compared to 816,000 in 2016.

Rail and Port Direct Operating Expenses

Rail and port direct operating expenses are recorded as follows:

(thousands of dollars)	2017	2016	% Change
Cost of sales	\$ 825	\$ 827	(0.2%)
Labour and employee benefits	10,183	9,410	8.2%
Utilities	406	332	22.3%
Selling, general and administrative	1,392	1,503	(7.4%)
Property taxes	562	561	0.2%
Insurance	1,557	1,643	(5.2%)
Repairs and maintenance	506	569	(11.1%)
Fuel and oil	940	805	16.8%
Other operating expenses	3,073	2,912	5.5%
Subtotal (US dollars)	19,444	18,562	4.8%
Exchange	5,763	5,795	(0.6%)
Total (Cdn dollars)	\$ 25,207	\$ 24,357	3.5%

On July 6, 2017, an engine fire damaged a locomotive. An insurance claim has been opened and management has engaged a third party to repair the locomotive in the amount of US\$1,000,000. Business interruption proceeds in the amount of US\$110,000 have been recorded as operating revenue. An impairment of US\$940,000 have been recorded in relation to this locomotive.

On September 5, 2017, the Company sustained permanent damage to a rockfall netting providing cover for the Railroad Dock at White Pass. Business interruption proceeds in the amount of US\$571,000 have been recorded as operating revenue. The estimated cost to replace the netting is US\$1,000,000 which will be partially covered by insurance.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)***Review of Corporate Operations and Unallocated Amounts for the Year Ended December 31, 2017***

For the year ended December 31, 2017, the corporate operations segment incurred costs of \$2,940,000 as compared to \$2,886,000 in 2016. There is no operating revenue earned by the corporate operations segment.

Corporate operations operating costs are recorded as follows:

(thousands of Canadian dollars)	2017	2016	% Change
Labour and employee benefits	\$ 1,848	\$ 1,795	3.0%
Insurance	144	162	(11.1%)
Selling, general and administrative expenses	948	929	2.0%
	\$ 2,940	\$ 2,886	1.9%

CRITICAL ACCOUNTING ESTIMATES

The Company's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with IFRS.

The Company's significant accounting policies and accounting estimates under IFRS are contained in the consolidated financial statements (see Note 2 for description). Certain of these policies involve critical accounting estimates as they require us to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. We have discussed the development, selection and application of our key accounting policies, and the critical accounting estimates and assumptions they involve, with the external auditors and the audit committee of the Board of Directors.

FINANCIAL CONDITION

The following is a summary consolidated balance sheet and analysis for the last two fiscal years

(thousands of Canadian dollars)	2017	2016	Net Change	Ref
Assets				
Cash	\$ 848	\$ 2,382	\$ (1,534)	
Accounts receivable	6,519	5,547	972	
Mortgages and loans receivable	1,451	1,457	(6)	
Inventories and prepaid expenses	6,368	4,996	1,372	
Other assets	19,088	11,822	7,266	
Property, plant and equipment and intangibles	595,780	621,307	(25,527)	1
Goodwill	-	31,605	(31,605)	2
	\$ 630,054	\$ 679,116	\$ (49,062)	
Liabilities				
Accounts payable and accrued liabilities	\$ 23,317	\$ 21,655	\$ 1,662	
Borrowings	300,836	317,211	(16,375)	3
Prepaid annual dues and deposits	12,720	18,905	(6,185)	
Deferred membership fees	14,550	18,329	(3,779)	4
Deferred income tax liabilities	46,643	65,257	(18,614)	
	398,066	441,357	(43,291)	
Shareholders' Equity				
Share capital	111,987	111,987	-	
Retained earnings	96,631	96,775	(144)	
Accumulated other comprehensive income	23,370	28,997	(5,627)	5
	231,988	237,759	(5,771)	
	\$ 630,054	\$ 679,116	\$ (49,062)	

Please see reference notes on page 34.

FINANCIAL CONDITION (continued)

The following notes describe significant changes in the balance sheets presented on page 33:

1. Property, plant and equipment and intangibles decreased \$25,527,000 primarily due to a stronger Canadian dollar than at December 31, 2016, resulting in a lower net book value for US denominated property, plant and equipment.
2. Goodwill was determined to be impaired and was written down for December 31, 2017. This goodwill was allocated to the Canadian golf club operation and was recorded as an impairment.
3. Borrowings have decreased \$16,375,000 due to the changes as follows:

(thousands of dollars)	2017	2016	Change
Borrowings, beginning of year	\$ 318,531	\$ 350,134	\$ (31,603)
Amortization payments	(18,546)	(20,388)	1,842
Revolving payments	8,753	(6,331)	15,084
Finance leases	(1,751)	(1,863)	112
Unrealized foreign exchange	(5,094)	(3,021)	(2,073)
Gross borrowings, end of year	301,893	318,531	(16,638)
Deferred financing costs	(1,057)	(1,320)	263
Borrowings, end of year	\$ 300,836	\$ 317,211	\$ (16,375)

4. Deferred membership fees have decreased \$3,779,000 due to the changes as follows:

(thousands of dollars)	2017	2016	Change
Deferred membership fees, beginning of year	\$ 18,329	\$ 24,457	\$ (6,128)
Membership fee instalments received in cash	4,254	5,094	(840)
Amortization of membership fees to revenue	(7,987)	(11,210)	3,223
Exchange	(46)	(12)	(34)
Deferred membership fees, end of year	\$ 14,550	\$ 18,329	\$ (3,779)

5. The Company has recorded a negative adjustment to its accumulated other comprehensive gain account of \$5,627,000 due to a change in the Canadian/US exchange rate to 1.2545 at December 31, 2017 from 1.3427 at December 31, 2016. This change has a corresponding impact on the US dollar assets and liabilities of the Company.

FINANCIAL CONDITION (continued)

The Company currently has a working capital deficiency, which is as follows:

(thousands of Canadian dollars)	2017	2016
Current assets	\$ 13,741	\$ 12,931
Current liabilities	68,399	108,067
Working capital deficiency	\$ (54,658)	\$ (95,136)

The Company has typically always had a working capital deficiency at each year-end and quarter-end date due to the nature of its operations and financing arrangements. The Company expects this situation to continue in the future. Reasons for the working capital deficiency include:

- i) Year-end is at the end of the operating season for both of its major business segments (rail and port operations as well as Canadian golf operations) which causes the working capital deficiency to be particularly acute;
- ii) The minimum principal debt amortization repayments get funded monthly from the following year's operations which has not yet been reflected in the working capital balances.
- iii) The Company is typically a net borrower- any excess cash gets applied against its lines of credit;
- iv) Revenue is collected in advance for the Canadian and US golf operations in the form of event deposits and annual dues collected in advance which gets reflected as a current liability;
- v) Neither of the Company's two major lines of credit are current obligations and are part of \$51,727,000 in available lines of credit at December 31, 2017 compared to \$65,633,000 at December 31, 2016.

Notwithstanding the deficiency, management believes the Company is in a stable liquidity position due to the reasons noted above.

Shareholders' Equity

Consolidated shareholders' equity at December 31, 2017 totaled \$231,988,000 or \$8.48 per share, compared to \$237,759,000 or \$8.69 per share at December 31, 2016. The number of common shares outstanding stayed flat at 27,345,540 shares as at December 31, 2017 from December 31, 2016 as reflected in the chart below.

The following is a summary of the common share activity:

(number of shares)	2017	2016
Balance, beginning of year	27,345,540	27,135,545
Shares issued pursuant to stock dividend	-	209,048
Shares cancelled through sunset clause	-	947
Balance, end of year	27,345,540	27,345,540

The following is a summary of dividends declared in 2016 and 2017:

Date of declaration	Record date	Distribution date	Cash/stock	Amount per share
March 3, 2016	March 18, 2016	March 28, 2016	Stock	0.075
May 5, 2016	May 31, 2016	June 15, 2016	Cash	0.02
August 4, 2016	August 31, 2016	September 15, 2016	Cash	0.02
November 3, 2016	November 30, 2016	December 15, 2016	Cash	0.02
February 28, 2017	March 15, 2017	March 31, 2017	Cash	0.02
May 4, 2017	May 31, 2017	June 15, 2017	Cash	0.02
August 10, 2017	August 31, 2017	September 15, 2017	Cash	0.02
November 2, 2017	November 30, 2017	December 15, 2017	Cash	0.02

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)	2017	2016
Cash provided by operating activities	\$ 33,795	\$ 36,912
Operating property, plant and equipment expenditures	(12,730)	(9,932)
Expansion property, plant and equipment expenditures	(5,064)	(9,768)
Proceeds on real estate sale	5,074	-
Mortgages and loans receivable	6	13,754
Revolving borrowings	8,753	(6,331)
Non-revolving borrowings – amortization payments	(18,546)	(20,388)
Finance lease obligations, net	(1,751)	(1,863)
Cash dividends	(2,188)	(1,641)
Other long term assets	(7,761)	(248)
Other	(1,122)	(364)
Net change in cash during the year	(1,534)	131
Cash, beginning of year	2,382	2,251
Cash, end of year	\$ 848	\$ 2,382

Funds and adjusted funds from operations are calculated as follows:

(thousands of Canadian dollars)	2017	2016
Net earnings	\$ 2,044	\$ 16,558
Depreciation of property, plant and equipment	24,836	25,214
Amortization of intangible assets	1,196	1,200
Deferred income tax expense (recovery)	(15,760)	2,964
Amortization of membership fees	(7,987)	(11,210)
Collection of membership fee instalments	4,254	5,094
Impairment	31,605	-
Net gain on property, plant and equipment	(102)	-
Funds from operations	40,086	39,820
Operating capital expenditures	(12,730)	(9,932)
Adjusted funds from operations	\$ 27,356	\$ 29,888

Please see page 17 for a description and definition of the funds from operations calculations.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The analysis of TWC's liquidity is as follows:

(thousands of Canadian dollars)	Availability on December 31, 2017		Availability on December 31, 2016	
	Maximum	Available	Maximum	Available
Cash	\$ 848	\$ 848	\$ 2,382	\$ 2,382
Revolving line of credit (US golf)	12,545	-	13,427	13,427
Revolving line of credit (corporate)	70,000	5,315	70,000	9,821
Revolving line of credit (rail)	32,165	7,331	37,569	37,087
Related party revolving line of credit	50,000	38,233	50,000	2,916
	\$ 165,558	\$ 51,727	\$ 173,378	\$ 65,633

Funds will be used during 2018 for operating capital expenditures, expansion 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 December 31, 2017, 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 December 31, 2017 compared to December 31, 2016:

(thousands of Canadian dollars)	Interest Rate 2017	Interest Rate 2016	Total Indebtedness 2017	Total Indebtedness 2016	Average Term to Maturity (Yrs) 2017	Average Term to Maturity (Yrs) 2016
Revolving (US golf)	3.11%	2.28%	\$ 10,000	\$ -	2.00	1.50
Revolving (rail)	3.12%	2.49%	19,796	359	0.92	1.92
Revolving (related party)	2.99%	2.14%	-	9,000	N/A	N/A
Non-revolving	8.00%	8.00%	12,472	13,081	11.75	12.75
Term loan	4.38%	3.64%	20,278	22,138	2.67	3.67
Exchange	-	-	15,918	15,277	-	-
Subtotal US borrowings	4.50%	4.61%	78,464	59,855		
Revolving (corporate)	3.12%	2.65%	63,667	58,561	1.50	1.50
Revolving (related party)	2.99%	2.09%	11,767	35,000	N/A	N/A
Non-revolving	7.10%	7.11%	146,155	161,490	7.44	8.39
Finance lease obligations	3.86%	3.75%	1,840	3,625	1.67	1.78
Subtotal CDN borrowings	5.72%	5.38%	223,429	258,676		
Gross borrowings	5.41%	5.24%	301,893	318,531		
Cash			(848)	(2,382)		
Net borrowings			\$ 301,045	\$ 316,149		

LIQUIDITY AND CAPITAL RESOURCES (continued)

TWC's consolidated borrowings include revolving lines of credit, non-revolving mortgages, term loan and finance lease obligations. The following table illustrates future maturities and amortization payments of consolidated borrowings for the next five years and thereafter as at December 31, 2017:

(thousands of Canadian dollars)	Revolving Maturities	Amortization Payments	Non-revolving Maturities	Finance Lease Obligations	Total Borrowings
2018	\$ 11,767	\$ 19,621	\$ -	\$ 974	\$ 32,362
2019	101,046	20,897	-	528	122,471
2020	-	21,493	19,217	223	40,933
2021	-	21,412	-	115	21,527
2022	-	21,685	-	-	21,685
2023 and thereafter	-	62,915	-	-	62,915
	\$ 112,813	\$ 168,023	\$ 19,217	\$ 1,840	\$ 301,893

TWC expects to meet its 2018 obligations by way of funds from operations, and using unutilized lines of credit if necessary.

TWC has certain golf clubs that it operates, which are under long-term lease arrangements and are subject to standard lease termination clauses.

The following are the golf clubs under lease with expiration dates:

- The Country Club: December 31, 2022 (formerly December 31, 2026)
- National Pines Golf Club: November 15, 2024
- Greenhills Golf Club: February 28, 2026
- The Club at Bond Head: December 31, 2029

In December 2017, the landlord of the Country Club provided the Company with a five year notice - as provided in the lease document. The lease now expires on December 31, 2022, rather than the original expiration of December 31, 2026.

TWC has three non-cancellable leases for tidelands with the State of Alaska, that expire in 2051, and a non-cancellable lease for tidelands with the City of Skagway, which expires in 2023.

TWC is committed to the following minimum land lease rent payments for the next five years and thereafter as follows:

(thousands of Canadian dollars)	Golf Club Operations	Rail and Port Operations	Total
2018	\$ 5,060	\$ 271	\$ 5,331
2019	5,467	271	5,738
2020	5,578	271	5,849
2021	5,691	271	5,962
2022	5,808	271	6,079
2023 and thereafter	10,532	3,189	13,721
	\$ 38,136	\$ 4,544	\$ 42,680

Operating Activities

Cash provided by operating activities has decreased 8.4% to \$33,795,000 in 2017 from \$36,912,000 in 2016 primarily due to the change in working capital in the amount of \$5,772,000 due primarily to a change in the timing of collection of annual dues.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Investing Activities

Cash used in investing activities increased 3.2% to \$20,581,000 in 2017 from \$19,948,000 in 2016.

Property, plant and equipment expenditures are broken down as follows:

(thousands of Canadian dollars)	2017	2016
Operating property, plant and equipment expenditures		
Canadian golf club operations		
Golf carts	\$ 3,091	\$ 1,400
Turf improvements	1,089	1,550
Turf equipment	1,060	936
Facilities, administrative and other	1,659	1,680
US golf club operations		
Golf carts	774	352
Turf improvements	408	540
Turf equipment	60	246
Other	107	295
Rail and port operations		
Track improvements	291	873
Bridge upgrades	761	189
Rolling stock upgrades	1,756	1,474
Dock upgrades	801	73
Facilities, administrative and other	873	324
	12,730	9,932
Expansion property, plant and equipment expenditures		
Canadian golf club operations		
Land and buildings	1,803	5,582
Rail and port operations		
Locomotive upgrades	571	1,684
Railroad dock mooring fender	-	1,284
Main track rail replacement	1,087	1,218
Bridge replacement	1,585	-
Other	18	-
	5,064	9,768
Total	\$ 17,794	\$ 19,700

LIQUIDITY AND CAPITAL RESOURCES (continued)

Financing Activities

Cash flows used in financing activities were \$13,902,000 in 2017 compared to \$16,645,000 in 2016.

The Company's \$70,000,000 secured revolving operating line of credit due June 30, 2018 was renewed to June 30, 2019. The Company's US\$10,000,000 revolving operating line of credit was renewed to December 31, 2019. These facilities have a two year term and provisions for annual one year extensions.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,367,000 of its common shares which expired on September 19, 2017. During 2017, no shares were repurchased for cancellation under the normal course issuer bid.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,367,000 of its common shares, which will expire on September 19, 2018. During 2017, no shares were repurchased for cancellation under the normal course issuer bid.

During 2017, TWC declared and paid four quarterly dividends of 2 cents per common share for a total of 8 cents per common share or \$2,188,000 for the year.

TWC finances its operations and expansion through a combination of operating cash flows, revolving and non-revolving secured debt and finance lease obligations. In the past, TWC has issued debt and shares to facilitate acquisitions and to provide working capital. Wherever possible, expansion activities are financed through secured long term debt with repayment obligations corresponding to the expected cash flows.

The Company primarily uses credit facilities, along with funds generated from operating activities, to fund development capital spending and interest and principal payments on borrowings.

The Company currently does not expect to access debt or equity capital markets for financing over the next twelve months; however, the Company may access these markets.

OFF-BALANCE SHEET FINANCING AND GUARANTEES

TWC and its subsidiaries do not engage in off-balance sheet financing, except for the existence of operating leases, which are primarily for the rental of golf courses and for the rental of tide lands in Skagway, Alaska.

From time to time, TWC enters into agreements to provide financial or performance assurances to third parties of which letters of credit of \$1,018,000 (2016 - \$1,018,000) and unsecured surety bonds of \$1,602,000 (2016 - \$1,601,000) were outstanding as at December 31, 2017.

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, sales of services, securitization agreements and underwriting and agency agreements.

RELATED PARTY TRANSACTIONS

The immediate parent and controlling party of the Company is Paros Enterprises Limited ("Paros") and its parents – 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 \$30,000,000 with no fixed maturity date. This facility bears interest at TWC's short-term borrowing rate plus 10 basis points. Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of \$50,000,000 with no fixed maturity date. This facility bears interest at Morguard's short-term borrowing rate plus 10 basis points. As at December 31, 2016, the total loan payable outstanding on this facility was \$47,084,000. Interest incurred for the year ended December 31, 2016 amounted to \$123,000. As at December 31, 2017, the total loan payable outstanding on this facility was \$11,767,000, and interest incurred amounted to \$400,000. Net interest payable at December 31, 2017 was \$28,000 (December 31, 2016 - \$145,000).

The Company has provided an unsecured revolving demand credit facility to Paros in the amount of \$5,000,000, with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2017 and 2016, there were no advances or repayments under this facility.

Paros has provided an unsecured revolving demand credit facility to TWC in the amount of \$5,000,000 with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2017 and 2016, 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 receives managerial and consulting services from Morguard. The Company paid a management fee of \$240,000 for the year ended December 31, 2017 (December 31, 2016 - \$240,000), under a contractual agreement, which is included in operating expenses. Morguard provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$460,000 (CDN\$598,000) for the year ended December 31, 2017 (December 31, 2016 - US\$652,000; CDN\$866,000) under a contractual agreement, which is included in operating expenses.

During 2017, the Company earned \$548,000 (2016 - \$479,000) in golf revenue (primarily food and beverage and corporate events) from related parties controlled by the Chairman, President and Chief Executive Officer of the Company.

A total of US\$53,000 of rental revenue was earned by TWC for the year ended December 31, 2017 (December 31, 2016 - US\$53,000) from Morguard relating to a shared office facility in Florida.

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.

ENVIRONMENTAL AND HEALTH AND SAFETY OBLIGATIONS

The Company's operations and properties are subject to extensive federal, provincial, territorial, state, municipal and local environmental laws and requirements in both Canada and the United States, relating to, among other things, air emissions, the management of contaminants including hazardous materials and waste, discharges to waters and the remediation of environmental impacts. The Company believes it has identified and provided for the expenditures relating to known environmental matters, including compliance issues and the assessment and remediation of the environmental condition of its properties, whether currently or previously owned, or other properties where it may have environmental matters. The Company's total costs and liabilities cannot be predicted with certainty due to, among other things, the various issues described above, changing environmental laws, requirements and the potential necessity to conduct additional investigations.

TWC continually demonstrates its commitment to ensuring the health and safety of anyone affected by its operations and to responsibly manage the impact of its operations on the environment. In implementing its policies, TWC employs the benefits of strong environment, health and safety ("EH&S") management systems to a wide range of stakeholders in Canada and the United States. Stakeholders include all employees and the communities where TWC operates, along with customers, investors, partners, and service providers. This commitment extends throughout the entire Company at every level, starting with the Board of Directors.

The EH&S committee of the Company's Board of Directors meets on a regular basis to review and oversee TWC's policies and programs as well as to review the EH&S performance of each business unit. The committee also oversees the Company's compliance with applicable EH&S laws and regulations and monitors trends, issues and events which could have a significant impact on the Company.

TWC continually monitors changes in both EH&S technologies and regulations both directly and through its involvement with various industry associations.

TWC believes that safe operations are essential for a productive and engaged workforce. TWC is committed to workplace incident prevention and makes expenditures towards the necessary human and financial resources and site-specific systems to ensure compliance with its health and safety policies. Any injuries that may occur are investigated to determine root cause and to establish and put in place necessary controls, with the goal of preventing recurrence.

FINANCIAL INSTRUMENTS

TWC has a number of financial instruments which are described in Note 20 to the audited consolidated financial statements for the year ending December 31, 2017.

Risks associated with these financial instruments and information on their fair values are also disclosed in Note 20.

SUMMARY OF FINANCIAL RESULTS BY QUARTER

The table below sets forth selected financial data for the most recent eight quarters ending December 31, 2017. The financial data is derived from the Company's unaudited interim financial statements, which are prepared in accordance with IFRS as follows:

(thousands of Canadian dollars, except per share amounts)	2017				2016			
	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Total assets	\$ 630,054	\$ 680,979	\$ 702,854	\$ 685,578	\$ 679,116	\$ 690,478	\$ 699,487	\$ 687,861
Operating revenue	28,328	97,357	69,436	24,109	28,766	94,448	69,999	24,622
Net operating income	819	39,467	19,484	758	1,427	37,334	18,973	1,129
Operating margin (%)	2.9%	40.5	28.1	3.1	5.0	39.5	27.1	4.6
Net earnings (loss)	(19,574)	19,472	5,754	(3,608)	(1,457)	17,869	5,866	(5,720)
Basic earnings (loss) per share	(0.72)	0.71	0.21	(0.13)	(0.05)	0.65	0.21	(0.21)
Eligible stock dividends per share	-	-	-	-	-	-	-	0.075
Eligible cash dividends per share	0.02	0.02	0.02	0.02	0.02	0.02	0.02	-

FOURTH QUARTER RESULTS

For the Fourth Quarter ended December 31,

(thousands of Canadian dollars, except per share amounts)	2017	2016	Change
Operating revenue	\$ 28,328	\$ 28,766	(1.5%)
Cost of sales and operating expenses	27,509	27,339	0.6%
Net operating income	819	1,427	(42.6%)
Operating margin (%)	2.9%	5.0%	(42.0%)
Amortization of membership fees	1,868	2,715	(31.2%)
Depreciation and amortization	(6,610)	(6,766)	(2.3%)
Land lease rent	(1,292)	(1,326)	(2.6%)
Interest, net	(4,058)	(4,561)	(11.0%)
Impairment	(31,605)	-	N/A
Other expense, net	(1,341)	(420)	219.3%
Income tax recovery	22,645	7,474	203.0%
Net loss	\$ (19,574)	\$ (1,457)	N/A
Weighted average shares outstanding (000)	27,346	27,345	-
Basic and diluted loss per share	\$ (0.72)	\$ (0.05)	N/A

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

Statement of earnings, average for the fourth quarter	1.2715	1.3339
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The majority of the revenue and net operating income earned in the fourth quarter relate to the activities of the Canadian and US golf operations as certain golf clubs remain open in the fall and annual dues revenue is recognized on a monthly basis. The Florida golf course acquisitions have also helped to increase revenue and operating income for the fourth quarter. Costs for the end of season maintenance and operating expenses negatively impact net operating income in the fourth quarter.

Net operating income for the fourth quarter of 2017 has decreased 42.6% to \$819,000 from \$1,427,000 in 2016. Net loss for the fourth quarter of 2017 has increased to \$19,574,000 from \$1,457,000 in 2016 due primarily to the \$31,605,000 goodwill impairment charge recorded in the fourth quarter of 2017, partially offset by a deferred tax recovery relating to the US tax reform package announced in the fourth quarter of 2017.

SEASONALITY

The quarterly earnings performance of the Company reflects the highly seasonal nature of both business segments. The majority of revenue and earnings from the Canadian golf operations and the rail and port operations segments 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

TWC manages a number of risks in each of its business segments in order to achieve an acceptable level of risk without hindering its ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks.

In addition to the risks described elsewhere in this MD&A, this section describes the principal risks that could have a material and adverse effect on the Company's financial condition, results of operations, cash flows or business, as well as cause actual results to differ materially from expectations expressed in or implied by forward-looking statements. The risks described below are not the only risks that could affect the Company. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also materially and adversely affect TWC's financial condition, results of operations, cash flows or business.

Economic & Business Risk

A decline in the economic environment and its impact on disposable income in areas where TWC operates may have an adverse effect on operating revenue. The Company's business segments are dependent upon discretionary spending by consumers and corporations which in turn is impacted by general economic conditions.

An extended recession could materially affect both business segments' revenue and financial performance as discretionary spending declines.

The ability to attract and retain full privilege golf members and the number of rounds played at member, hybrid and daily fee golf clubs have historically been dependent upon (i) discretionary spending by consumers and corporations, which may be affected by general economic conditions in the markets that it operates, and (ii) the popularity of golf as a leisure activity. There is no certainty that current levels of participation will be sustained or increase in the future. A decrease in the overall number of golfers, their rates of participation and consumer or corporate spending on golf, individually or collectively, could have a material adverse effect on the Company's business, financial condition and results of operations. Given that a substantial portion of the Company's golf activities are carried out in Southern Ontario, the results of operations will depend heavily on the financial condition of this market.

A decline in the economic environment and its impact on disposable income in areas where TWC's clusters are located may have an adverse effect on the Company's golf club operations revenue. The Company believes this is mitigated and that revenue from member clubs would remain relatively constant since a member is committed to pay annual dues and consume a food and beverage minimum to maintain their membership. While the sale of new memberships may decline in such circumstances, almost all Member Golf Clubs have a membership base that generates sufficient operating revenue to sustain profitable operations at that property.

Corporate event bookings, which represent a material portion of the Company's golf revenue, are susceptible to major changes in the economic environment.

The success of the rail and port operations are economically dependent upon the flow of cruise ship traffic along the west coast of North America to Alaska. These operations can be disrupted for reasons beyond the control of management, including new taxes, commercial and weather-related changes to ship scheduling. There is a risk, beyond the control of TWC, that receivables due from Carnival Cruises will not be paid or paid in a timely manner.

Economic Dependency

Rail and port operations are economically dependent upon the Alaska cruise line industry. For the year ended December 31, 2017, Carnival Cruises and its subsidiaries, Princess Cruises and Holland America Cruises, made up approximately 54.1% of White Pass port passengers (2016 – 53.2%). The loss of this customer could have a material impact on the operations of the Company.

Foreign Currency Risk

TWC operates both in Canada and the United States and reports its earnings in Canadian dollars. Certain TWC borrowings have a base currency of US dollars as well. Fluctuations in exchange rates could affect the cost of capital or the contribution from operations in the United States, and the value of the Company's investments in the United States.

RISKS AND UNCERTAINTIES (continued)

Availability of Credit/Liquidity

No assurance can be given that borrowings will be available to the Company or its subsidiaries to replace existing credit facilities on terms acceptable to the Company, if at all. Failure to renew or replace credit facilities as they mature would require TWC to obtain alternative sources of capital, which may include the sale of assets or the issuance of equity at prices that may be dilutive to current shareholders.

Renewal Risk

TWC is exposed to renewal risk on its maturing borrowings. A total of 58% (December 31, 2016 – 72%) of TWC's consolidated borrowings is fully amortizing over the remaining term to maturity and 42% (December 31, 2016 – 28%) of TWC's borrowings is subject to this risk.

Interest Rate Risk

TWC is exposed to market risk related to interest rate fluctuations. The majority of TWC's borrowings has fixed interest rates over its remaining term to maturity, with 42% (December 31, 2016 – 43%) of its debt subject to this risk.

Risks Associated with Information Systems

Golf club operations rely on information systems in its business to obtain, rapidly process and analyze data to manage:

- its tee sheet and reservation system;
- its member database;
- the accurate billing of receivables and collections from members;
- the accurate accounting for and payment to vendors; and
- the processing of financial data.

Rail and port operations rely on information systems to manage train scheduling, cruise ship bookings, communications and accounting data.

Results of operations from both business segments could be adversely affected if these systems are interrupted, damaged by unforeseen events or fail for any extended period of time, including due to the action of third parties.

Competition

The competitive environment in all business segments is evolving. There have been significant additions to alternative products in the golf club, resort and tourism sectors in Ontario. While the Company has certain competitive advantages which management believes will offset, in part, the impact of this increased competition, it has been affected by these developments.

The Company faces strong competition in the Florida golf marketplace from golf clubs that have been reducing their golf fees to maintain market share. TWC believes its pricing is competitive and is striving to differentiate their product by ensuring a quality golfing experience.

Key Management

The Company's success depends upon the continued contribution of key management, some of whom have unique talents and experience and would be difficult to replace quickly. The loss or interruption of the services of a key executive could have a material adverse effect on our business during the transitional period that would be required to restructure the organization or for a successor to assume the responsibilities of the key management position.

Litigation

The Company and certain of its subsidiaries are defendants in a number of legal actions. Although the outcome of these claims cannot be determined, in the opinion of management, the resolution of these matters is not expected to have a material adverse effect on the Company's financial position or results of operations.

Laws Concerning Employees

The Canadian golf operations are subject to minimum wage and employment laws governing such matters as rate of pay, benefits, working conditions, overtime and tip credits. The Company believes it is in compliance with these laws and regulations. A significant number of employees are paid at rates which are at or slightly higher than the minimum wage level and accordingly, further increases in the minimum wage could increase the Company's labour costs.

RISKS AND UNCERTAINTIES (continued)

Regulatory Environment

TWC and its subsidiaries are subject to regulation by numerous agencies involving minimum wage, the serving of alcohol, operation of a railroad and adherence to environmental constraints. Changes in these regulations, and their application, can impact the cost and efficiency of each business segment.

Loss of Reputation

"ClubLink One Membership More Golf" and "White Pass & Yukon Route" both currently enjoy recognizable brand names in their operating markets. Damage to these brands could have a negative impact on the affairs of the Company. If the Company does not meet or exceed customer expectations, these brands could suffer. We have endeavoured to reduce this risk by ongoing employee training and a company-wide focus on customer service excellence.

Environment

TWC's golf courses are managed with a high level of environmental awareness. In addition, TWC's turf management team is highly knowledgeable and receives extensive training regarding the proper use of pesticides and chemicals required to promote healthy golf course conditions and compliance with applicable regulations. However, certain risks are associated with the use of these materials and the overall effect a golf course has on the surrounding habitat, including nearby waterways.

Phase 1 environmental assessments are completed prior to the acquisition of any property. Once the property is acquired, environment assessment programs ensure continued compliance with all laws and regulations governing environment and related matters.

Rail and port operations are subject to extensive federal, provincial, territorial, state, municipal and local environmental laws and requirements in both Canada and the US relating to, among other things, air emissions, management of contaminants including hazardous materials and waste, discharges to waters and the remediation of environmental impacts (such as the contamination of soil and water, including groundwater). A risk of environmental liabilities is inherent in transportation operations, historic activities associated with such operations and the ownership, management or control of real estate.

The Company believes that it has adopted appropriate practices and procedures and maintains adequate insurance to address environmental contingencies. As part of our environmental policies, TWC monitors, controls and manages environmental issues by way of measures for waste prevention, minimization and recycling of any waste products. A committee of the Board of Directors has been established to ensure appropriate policies and standards are maintained for environmental stewardship.

Terrain

The rail and port operations segment operates in remote, rocky and mountainous terrain. While the Company maintains safeguards, operations may be adversely effected in the event of a rock slide, washout or accident.

Weather

Extraordinary weather conditions involving extended dry or wet periods or exceptional hot or cold temperatures could impact the condition of golf courses and the demand for golf. Management believes that its geographically diverse operations may serve to reduce the impact of severe weather conditions.

The rail and port operations segment is dependent on its ability to operate its port and railroad. Severe weather and natural disasters, such as extreme cold or heat, rock falls, flooding, snow, unusual high winds, stormy seas and earthquakes, can disrupt operations and service for the port and railroad and damage its infrastructure or properties.

Real Estate

TWC is subject to risks inherent in the acquisition, development, ownership and financing of real estate in general and the operations, rehabilitation and development of golf courses and recreational real estate in particular, such as the risk of depreciation in the value of land and federal, provincial and municipal governmental regulations, including environmental, sewer, water, zoning and similar regulations. It is possible that enactment of new laws, changes in the interpretation or enforcement of applicable laws, rules and regulations or the decision of any authority to change or refuse a change to current zoning classification may have an adverse effect on the value of these golf facilities and related real estate.

Unions and Collective Bargaining

White Pass has three separate unions which represent employees in the rail and port operations segment. The United Transportation Union ("UTU") contract expired at the end of 2017. Negotiations are underway for the 2018 operating season. The other two unions are under contract for 2018.

RISKS AND UNCERTAINTIES (continued)

Unions and Collective Bargaining (continued)

In any set of labour negotiations, there can be no assurance that the negotiated compensation expenses or changes to operating efficiency will be as planned and may result in unanticipated increased costs and/or reduced productivity. In addition, there can be no assurance that reduced productivity and work disruptions will not occur during the course of collective bargaining prior to settlement.

Exchange of Confidential Information

This risk involves the utilization of members' confidential information, particularly in direct marketing. The potential dissemination of such information to the wrong individuals could cause significant damage to our relationship with our members and customers and could result in legal action. Various initiatives, such as a corporate privacy policy, have been implemented which seek to minimize the possibility that this may occur.

TWC is also involved in payment card industry ("PCI") compliance, a rigorous set of standards leveraging the latest security technology, such as encryption, to ensure the protection of customer credit card information. These capabilities are being introduced and implemented by TWC in accordance with the ongoing PCI certification program.

Income and Commodity Tax Amounts

The operations of TWC are relatively complex and related tax interpretations, regulations and legislation that pertain to TWC's activities are subject to continual change. The Company collects and pays income and commodity taxes to various taxation authorities.

The audit and review activities of the Internal Revenue Services and Canada Revenue Agency and other jurisdictions' tax authorities affect the ultimate determination of the actual amounts of commodity taxes payable or receivable, income tax liabilities and income tax expense. Therefore, there can be no assurance that taxes will be payable as anticipated and/or that the amount and timing of receipt of use of the tax-related assets will be as currently expected.

Risk of Loss Not Covered by Insurance

The Company generally maintains insurance policies related to our business, including casualty, general liability and other policies covering our business operations, employees and assets; however, TWC would be required to bear all losses that are not adequately covered by insurance, as well as any insurance deductibles. In the event of a substantial property loss, the insurance coverage may not be sufficient to pay the full current market value or current replacement cost of the property. In the event of an uninsured loss, the Company could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties. Assurance cannot be provided that the Company will not incur losses in excess of insurance coverage or that insurance can be obtained in the future at acceptable levels and reasonable cost. Due to the cost involved, the Company has chosen not to purchase catastrophic wind (hurricane) insurance for its southeast Florida golf clubs.

Integration of Acquisitions

Integration activities include the review and alignment of accounting policies, employee transfers and moves, information systems, optimization of service offerings and establishment of control over new operations. Such activities may not be conducted efficiently and effectively, negatively impacting service levels, competitive position and expected financial results.

TWC has a team that performs the integration function. This team applies an integration model, based on experiences from numerous previous integrations, which enhances and accelerates the standardization of TWC's business processes and strives to preserve the unique qualities of acquired operations. The integration process begins with strategic, pre-closing analysis and planning, and continues after closing with the execution of a plan. Integrated operations are re-evaluated and assessed regularly, based on timely feedback received from the integration team.

Land Leases

TWC has certain golf clubs that it operates, which are under long-term lease arrangements and are subject to standard lease termination clauses.

The following are the golf clubs under lease with expiration dates:

- The Country Club: December 31, 2022 (formerly December 31, 2026)
- National Pines Golf Club: November 15, 2024
- Greenhills Golf Club: February 28, 2026
- The Club at Bond Head: December 31, 2029

RISKS AND UNCERTAINTIES (continued)

Land Leases (continued)

In December 2017, the landlord of the Country Club provided the Company with a five year notice - as provided in the lease document. The lease now expires on December 31, 2022, rather than the original expiration of December 31, 2026.

TWC has three non-cancellable leases for tidelands with the State of Alaska, that expire in 2051, and a non-cancellable lease for tidelands with the City of Skagway, which expires in 2023.

Unless the terms of our leases are extended, the properties, together with any improvements that we have made, will revert to the property owners upon expiration of the lease terms. As the terms of our leases expire, we may not be able to renew these leases or find alternative locations that meet our needs on favourable terms, or at all. If we are unable to renew our expiring leases, our business and financial results could be materially adversely affected. The leases also provide that the landlord may increase the rent over the term of the lease, as well as obligate us to pay a variety of costs such as cost of insurance, taxes, maintenance and utilities. Breaching the terms of a lease may result in the Company incurring substantial penalties, including, among others, paying all amounts due to the landlord for the balance of the lease term. In the event that a significant number of our leases are terminated on that basis, our business and financial results could be materially adversely affected.

Data, Security and Privacy Breaches

Information security risks have increased in recent years because of the proliferation of new technologies and the increased sophistication of perpetrators of cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events. Cyber threats in particular vary in technique and sources, are persistent, frequently change and are increasingly more targeted and difficult to detect and prevent. Cyber attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company's information systems and networks, the introduction of computer viruses and other malicious codes, and fraudulent "phishing" emails that seek to misappropriate data and information or install malware onto users' computers. They could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence, which could materially adversely affect our business and financial results.

The Company collects and maintains proprietary and confidential information related to the business and affairs, including our members, suppliers and employees. We store and process such internal data both at onsite facilities and at third-party owned facilities. Any fraudulent, malicious or accidental breach of data security could result in unintentional disclosure of, or unauthorized access to members, suppliers, employees or other confidential or sensitive data or information, which could potentially result in additional costs to the Company to enhance security or to respond to occurrences, violations of privacy or other laws or regulations, penalties or litigation. In addition, media or other reports of perceived security vulnerabilities of the Company's systems, even if no breach has been attempted or has occurred, could adversely impact the Company's brand and reputation and materially impact its business and financial results.

While the Company has dedicated resources and utilizes third party technology products and services to help protect the Company's information technology systems and infrastructure as well as its proprietary and confidential information against security breaches and cyber-incidents, such measures may not be adequate or effective to prevent, identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance or other disruptions, which could be in excess of any available insurance, and could materially adversely affect its business and financial results.

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. The CEO and CFO, after evaluating the effectiveness of the Company's disclosure controls and procedures as at December 31, 2017, have concluded that the Company's disclosure controls are adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

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.

Based on their evaluation, the CEO and CFO have concluded that, as at December 31, 2017, the Company's internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes is in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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.

OUTLOOK

Canadian Golf Club Operations

Management is expecting 2018 revenue from the amortization of membership fees to be approximately \$7.0 million compared to \$8.0 million in 2017. This decline is primarily the result of the members that joined in 2004 completing their amortization period in 2017. Commencing in 2018, this group of members will continue to generate revenue on a cash received basis.

In general, membership fee collections have been declining over the last five years due to the downward pressure from our competitors and an oversupply of golf courses in the markets that the company operates. The average membership price for 2017 is \$4,107 as compared to \$5,996 for fiscal 2016 and \$9,202 in 2015. This trend is expected to continue in the short-term. Inflationary increases for annual dues are still the norm.

In May 2017, the Ontario government introduced a number of changes to the Employment and Labour Laws of the province including a 30% increase in minimum wage between then and January 1, 2019. This is expected to have a significant impact on the Company's Ontario golf operations starting in 2018. Enhanced price increases for Ontario annual dues have been processed for 2018. The Company has also incorporated price increases for food and beverage and golf revenue where appropriate. It is expected that the minimum wage impact will negatively impact the Company's ability to earn membership fees in the future.

Highland Gate Development

TWC has been pursuing the development of its Highland Gate Golf Club in Aurora, Ontario as part of a 50/50 joint venture with Geranium Homes.

TWC is pleased to report that a settlement was reached on December 1, 2016 as part of a consent conference conducted with the Ontario Municipal Board (OMB). This settlement involves the Town of Aurora, the local ratepayers and the joint venture.

The settlements result in a revised development plan that contains fewer single family detached homes than originally proposed (159 instead of 184), a reduction in the height of the proposed multi-unit residential building from ten to seven storeys with 114 units, the addition of a 10-metre landscaped buffer between existing rear yards and adjacent new streets, an increase in the extent of off-street trails from 4.4 to 7.6 kilometres resulting in a total pedestrian network consisting of 10.2 kilometres, and building a major new 21-acre park in the first phase of the development.

The sales office opened on July 24, 2017 and servicing of the 45 lots in Phase 1a commenced on October 23, 2017.

OUTLOOK (continued)

Glen Abbey Development

ClubLink Corporation ULC and ClubLink Holdings Limited, wholly owned subsidiaries of TWC have announced a long-term plan to transform Glen Abbey Golf Club and dedicate more than half of the privately-owned site (approximately 124 acres) to the public as permanent, publicly accessible green space by filing three development applications on November 10, 2016 with the Town of Oakville. The mixed-use development on the remainder of the site will deliver approximately 107,000 sf office and 69,000 sf retail space, along with a housing development consisting of 3,222 units compatible with the current character of the Oakville community and consistent with the provincial directive to focus growth within Oakville's built boundary.

The proposed redevelopment of the golf course from the Sixteen Mile Creek valley will also enable this portion of the Lands to be re-naturalized and dedicated to public use, as a condition of approval of the redevelopment proposal. This would provide an opportunity for all members of the community to enjoy these lands and allow the Town to establish an important publicly-accessible connection within the valley on both the North and South sides of our property.

The total of permanent publicly-accessible green space available under ClubLink's proposed redevelopment is 124 acres or 54 per cent of the overall site. The proposal's tree canopy plan achieves 42 per cent, which is above the Town of Oakville's 40 per cent target.

In addition, ClubLink will pay an estimated \$135 million in development charges, far exceeding the amount required for servicing the Glen Abbey site, providing surplus funds to assist the Region of Halton and the Town of Oakville to advance under-funded public infrastructure projects to the benefit of the general public.

The proposed Glen Abbey redevelopment, according to a report by PWC that was commissioned by the Town of Oakville, will deliver up to 6,775 person-years of employment, up to \$428 million in employment income, and up to \$1.2 billion in construction costs.

In its current form, the only people who are able to enjoy the use of the site's valley lands are ClubLink members and others who pay to play golf at Glen Abbey, along with those who participate in the Canadian Open for the one week in those years when the tournament is hosted there. ClubLink's proposal will ensure permanent, public accessibility to the site.

ClubLink's 3 development applications, Official Plan and zoning by-law amendments and the Draft Plan of Subdivision, have been deemed complete on November 10, 2016, the date they were received by the Town. Each of these applications have been appealed to the OMB and a pre-hearing conference is scheduled for April 27, 2018.

On August 21, 2017, Oakville Council endorsed a Notice of Intention to Designate the Glen Abbey property. On December 20, 2017, Oakville Council Designated the Glen Abbey property as a significant cultural heritage landscape under by-law 2017-138.

On September 25, 2017, ClubLink requested the Town to schedule a Ontario Heritage Act section 34 pre-consultation meeting to demolish and remove 16 buildings and the golf course. The Town responded by saying our request was beyond the scope of a section 34 application and made an application to Ontario's Superior Court asking for confirmation of the Town's interpretation. ClubLink filed a section 34 application on November 21, 2017, and also made an application to Ontario's Superior Court asking for confirmation that ClubLink had filed a valid section 34 application. The two Superior Court applications will be heard together on July 16 and 17, 2018. In accordance with the court's scheduling order, Oakville Council reviewed and refused our application on February 12, 2018. The Company's OMB appeal of Council's decision will be held in abeyance until the courts have made a final decision on the court applications.

On January 30, 2018, Oakville Council passed a Town-wide cultural heritage landscape conservation plan by-law and a site specific plan for Glen Abbey. Council also passed conforming amendments to several other by-laws. On February 6, 2018, ClubLink filed an application to Ontario's Superior Court to quash the by-laws approved on January 30, 2018. Civil Practice Court will schedule a hearing date on April 9, 2018.

The development approval process at Glen Abbey may take several years and consequently its business as usual.

US Golf Club Operations

ClubLink is working with a local developer to explore development options at Woodlands Country Club, with the possibility of entering into a joint venture.

Rail and Port Operations

Based on data provided by Cruise Line Agencies of Alaska, the Company is expecting approximately 950,000 cruise ship passengers in 2018, an increase of 104,000 passengers compared to 2017.

TWC Enterprises Limited ("TWC") announced its intention to undertake a strategic review of its investment in White Pass & Yukon Route. The Board of Directors has appointed Brookfield Financial Securities LP as a financial advisor to assist in the process.

TWC does not intend to disclose further developments or updates with respect to this process unless and until its board of directors approves a specific transaction or otherwise concludes the review of strategic opportunities. There can be no assurance that TWC will enter into any transaction at this time or in the future.

Based on data provided by Cruise Line Agencies of Alaska, the Company is expecting approximately 1,035,000 cruise ship passengers in 2019, an increase of 189,000 or 22% over 2017 levels.

Corporate Operations

The Company believes it is well positioned to capitalize on its unique assets and their competitive strengths. The Company anticipates that the current economic environment will offer opportunities to add quality assets. With the strength of the existing brands, experienced management, and a focus on cost control, stable returns are expected. Both business segments are diligently controlling discretionary spending. Currency fluctuations may continue to impact reported results.

ADDITIONAL INFORMATION

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and management's discussion and analysis of operations contained in this MD&A 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 consolidated 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 MD&A is consistent with the information contained in the consolidated financial statements.

Deloitte LLP, the independent auditor appointed by the shareholders, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their independent auditor's report is set out on the following page.

The consolidated 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

March 14, 2018



Andrew Tamlin
Chief Financial Officer