

TWC ENTERPRISES LIMITED

ANNUAL REPORT 2022

CLUBLINK

one membership. more golf.



TWC ENTERPRISES LIMITED

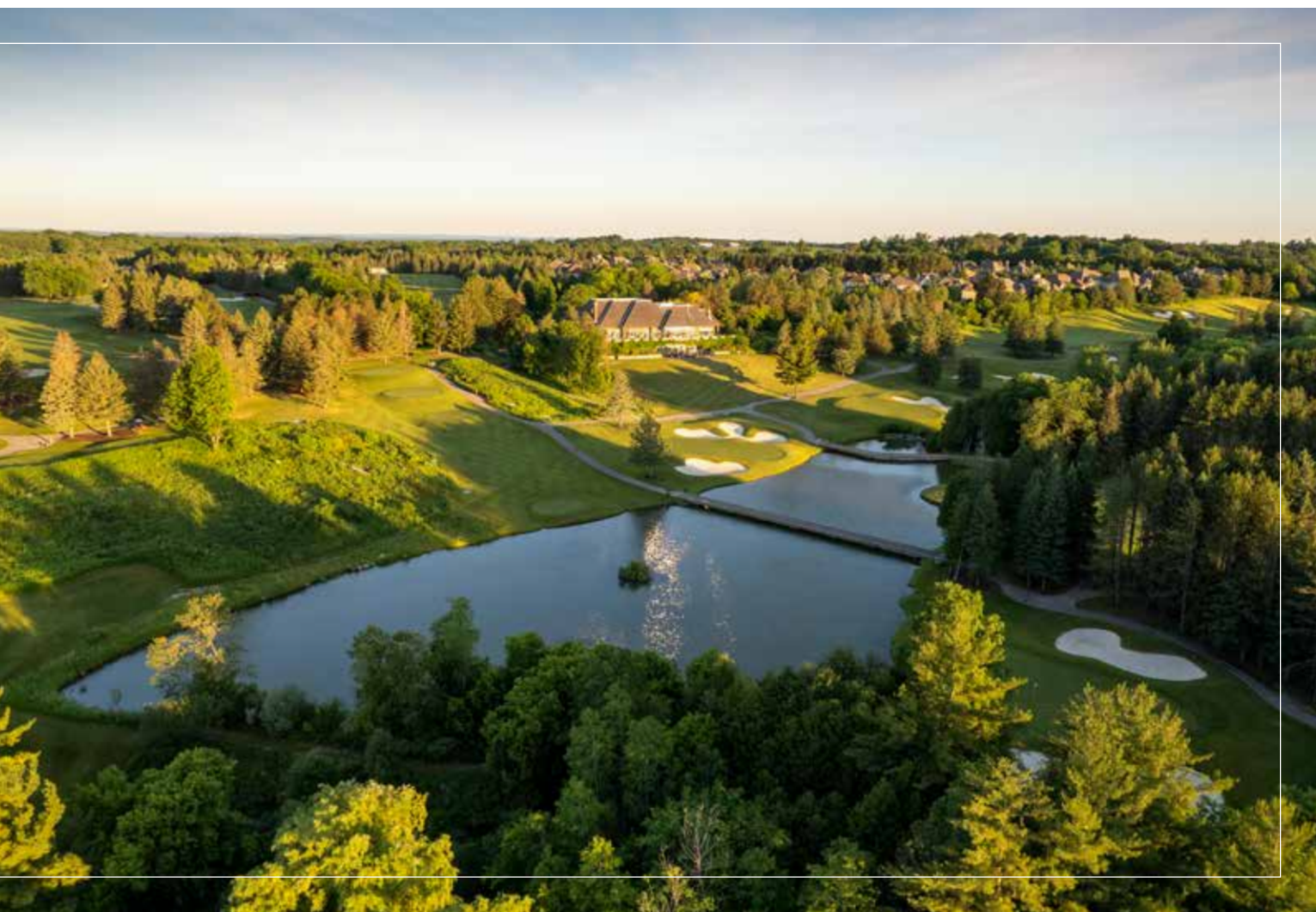


TABLE OF CONTENTS

2	Financial Highlights
3	Location of Golf Club Operations
5	Chairman's Message
6	Management's Discussion and Analysis of Financial Condition and Results of Operations
34	Independent Auditor's Report
36	Consolidated Balance Sheets
37	Consolidated Statements of Earnings and Comprehensive Earnings
38	Consolidated Statements of Changes in Shareholders' Equity
39	Consolidated Statements of Cash Flows
40	Notes to Consolidated Financial Statements
66	Board of Directors, Senior Officers and Corporate Information

TWC is engaged in golf club operations under the trade-mark "ClubLink One Membership More Golf". ClubLink is Canada's largest owner, operator and manager of golf clubs with 45½, 18-hole equivalent championship and 2, 18-hole equivalent academy courses (including two managed properties) at 35 locations, primarily in Ontario, Quebec and Florida.

FINANCIAL HIGHLIGHTS

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

For the Years Ended December 31	2022	2021	2020	2019	2018
OPERATIONS					
Operating revenue (\$000)	186,512	174,013	127,216	163,641	165,941
Net operating income (\$000) ⁽¹⁾	48,576	52,412	43,911	28,986	29,029
Net earnings (\$000)	18,666	89,647	971	4,904	226,189
OPERATING GOLF DATA					
Canadian full privilege golf members	15,417	15,545	14,861	14,193	14,602
Championship rounds - Canada ⁽²⁾	1,177,000	1,191,000	1,223,000	1,069,000	1,019,000
18-hole equivalent championship golf courses - Canada ^(2,3)	37.5	39.5	39.5	41.5	41.5
18-hole equivalent managed golf courses - Canada	2.0	2.0	1.0	1.0	1.0
Championship rounds - US ⁽²⁾	269,000	261,000	249,000	331,000	334,000
18-hole equivalent championship golf courses - US ^(2,3)	8.0	8.0	8.0	11.0	11.0
COMMON SHARE DATA (000)					
Shares outstanding at year end	24,609	24,548	25,017	26,736	27,286
Weighted average shares outstanding	24,535	24,645	25,981	27,111	27,331
PER COMMON SHARE DATA (\$)					
Basic and diluted earnings	0.76	3.64	0.04	0.18	8.28
Eligible dividend	0.14	0.08	0.08	0.08	0.08
FINANCIAL POSITION					
Total assets (\$000)	727,343	746,806	632,382	675,606	703,076
Gross borrowings (\$000)	86,793	119,878	130,968	148,947	167,365
Shareholders' equity (\$000)	524,049	503,388	414,369	436,530	438,581
Net book value per share ⁽¹⁾	21.30	20.51	16.56	16.33	16.07

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

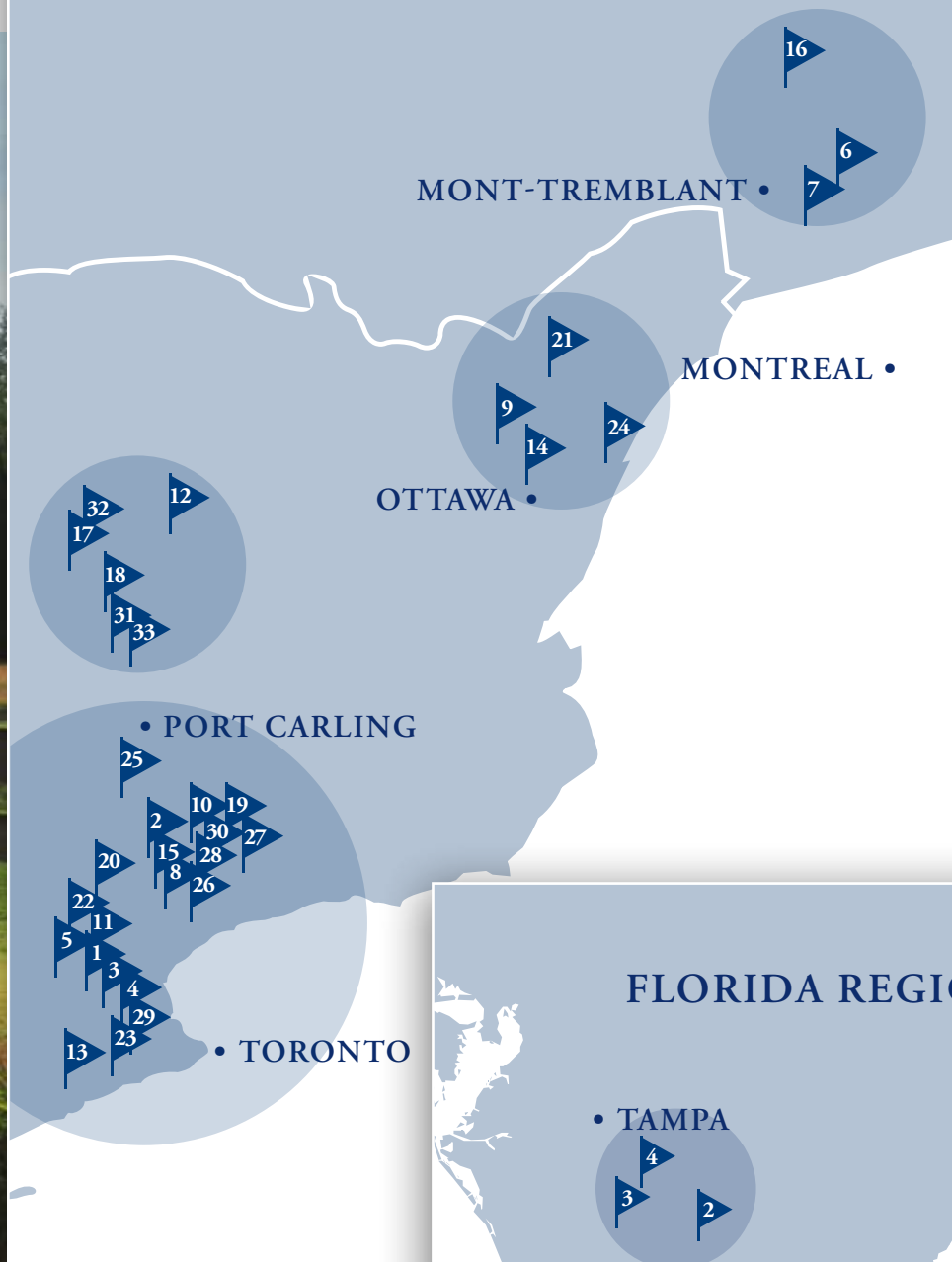
(2) Excluding academy courses.

(3) 18-hole equivalent championship golf courses operating during the year ended December 31.

	Championship Golf Holes	Academy Golf Holes	Future Golf Holes	Current Rooms	Surplus Land in Acres
ONTARIO/QUEBEC REGION					
Prestige					
1. Greystone Golf Club, Milton, Ontario	18	—	—	—	—
2. King Valley Golf Club, The Township of King, Ontario	18	—	—	—	—
3. RattleSnake Point Golf Club, Milton, Ontario	36	9	—	—	—
Hybrid – Prestige					
4. Glen Abbey Golf Club, Oakville, Ontario	18	—	—	—	—
Platinum					
5. Blue Springs Golf Club, Acton, Ontario	18	9	—	—	—
6. Club de Golf Islesmere, Laval, Quebec (a)	27	—	—	—	—
7. Club de Golf Rosemère, Blainville, Quebec (b)	18	—	—	—	—
8. DiamondBack Golf Club, Richmond Hill, Ontario	18	—	—	—	—
9. Eagle Creek Golf Club, Dunrobin, Ontario	18	—	—	—	—
10. Emerald Hills Golf Club, Whitchurch-Stouffville, Ontario	27	—	—	—	—
11. Glencairn Golf Club, Milton, Ontario	27	—	—	—	—
12. Grandview Golf Club, Huntsville, Ontario	18	—	18	—	—
13. Heron Point Golf Links, Ancaster, Ontario	18	—	—	—	—
14. Kanata Golf & Country Club, Kanata, Ontario	18	—	—	—	—
15. King's Riding Golf Club, The Township of King, Ontario	18	—	—	—	—
16. Le Maître de Mont-Tremblant, Mont-Tremblant, Quebec (c)	36	—	—	—	—
17. Rocky Crest Golf Club, Mactier, Ontario	18	—	18	—	—
18. The Lake Joseph Club, Port Carling, Ontario	18	9	—	—	—
19. Wyndance Golf Club, Uxbridge, Ontario	18	9	—	—	—
Gold					
20. Caledon Woods Golf Club, Bolton, Ontario	18	—	—	—	—
21. Club de Golf Hautes Plaines, Gatineau, Quebec	18	—	—	—	—
22. Georgetown Golf Club, Georgetown, Ontario	18	—	—	—	—
23. Glendale Golf and Country Club, Hamilton, Ontario	18	—	—	—	—
24. GreyHawk Golf Club, Ottawa, Ontario	36	—	—	—	—
25. National Pines Golf Club, Innisfil, Ontario (a)	18	—	—	—	—
26. Station Creek Golf Club, Whitchurch-Stouffville, Ontario	36	—	—	—	—
Hybrid – Gold					
27. Cherry Downs Golf & Country Club, Pickering, Ontario	18	—	18	—	—
Hybrid – Silver					
28. Bethesda Grange, Whitchurch-Stouffville, Ontario	18	—	—	—	—
29. Hidden Lake Golf Club, Burlington, Ontario	36	—	—	—	—
Daily Fee					
30. Rolling Hills Golf Club, Whitchurch-Stouffville, Ontario	36	—	—	—	—
Muskoka, Ontario Resorts					
31. The Lake Joseph Club, Port Carling, Ontario	—	—	—	—	—
32. Rocky Crest Resort/Lakeside at Rocky Crest, Mactier, Ontario (d)	—	—	—	84	—
33. Sherwood Inn, Port Carling, Ontario	—	—	—	49	—
FLORIDA REGION					
Hybrid – Prestige					
1. TPC Eagle Trace, Coral Springs, Florida	18	—	—	—	—
Hybrid – Platinum					
2. Club Renaissance, Sun City Center, Florida	18	—	—	—	—
Gold					
3. Scepter Golf Club, Sun City Center, Florida	27	—	—	—	—
Hybrid – Silver					
4. Sandpiper Golf Club, Sun City Center, Florida	27	—	—	—	—
Daily Fee					
5. Palm Aire Country Club (Oaks, Cypress), Pompano Beach, Florida	36	—	—	—	—
6. Palm Aire Country Club (Palms), Pompano Beach, Florida	18	—	—	—	—
OTHER					
Kings Point Golf Club, Sun City Center, Florida (e)	—	—	—	—	51
Caloosa Greens Golf Club, Sun City Center, Florida (e)	—	—	—	—	70
Falcon Watch Golf Club, Sun City Center, Florida (e)	—	—	—	—	116
North Lakes Golf Club, Sun City Center, Florida (e)	—	—	—	—	170
King Haven, The Township of King, Ontario	—	—	—	—	278
Woodlands Country Club, Tamarac, Florida (e)	—	—	—	—	279
Total 18-hole Equivalent Courses, Rooms, Acres	45.5	2.0	3.0	133	964

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

ONTARIO/QUEBEC REGION



FLORIDA REGION



CHAIRMAN'S MESSAGE

Fellow Shareholder:

TWC is pleased to report another excellent year of results. This is the third year in a row where golf has continued to exhibit superior fundamentals and results. The Canadian golf market has had sustained resiliency since the start of COVID.

2022 was the first year in three where we were able to deliver services and operate properties in a manner that was much closer to the pre COVID model. Our golf membership levels continue to be strong, signifying the faith that our members have in the ClubLink model to deliver good value for their membership. We were pleased to see the return of in person entertaining and events in 2022 which has always been an important component.

ClubLink remains focused on providing our members good value primarily by way of excellent course conditions and service. This will be a continued focus of ours.

Due to the conclusion of the Country Club lease where the landlord provided us notice, this property will not be a ClubLink property going forward. We are pleased that the vast majority of the members at this property chose to stay with ClubLink and transfer to other properties.

The ability for our members to golf every day at a variety of golf courses has always been one of our competitive advantages. We are anticipating that 2023 will be another busy year and we will be working on ensuring that our members continue to have good access to our tee sheets.

ClubLink's Daily Fee and Resort assets have also done well since the start of COVID, with both areas seeing added growth in 2022 and proving resilient through the increased demand.

Our earnings continue to be impacted by the mark to market adjustments of our approximately 19.5% ownership interest in Automotive Properties REIT. A \$30M unrealized gain recorded in 2021 was offset by a \$16M loss in 2022.

Highland Gate results continue to be impacted by high construction costs and delays in both trades and supply chain. We are monitoring the impact of a potential economic downturn resulting from higher interest rates later in 2023.

While there are challenges with inflation and minor struggles with adequate staffing, we are still looking forward to another solid year of results in 2023. The pandemic has highlighted the strong benefits of golf which includes outdoor socializing and a healthy lifestyle which are both very important in today's environment.

ClubLink continues to deliver a high-quality experience to our valued members at our Canadian golf operations due to the professionalism of our employees. We feel gratitude to our members for their support, and to our dedicated employees for whom we focus on creating a positive and engaging environment. Our members and employees have made us Canada's leading golf company.

I also offer a great deal of thanks to our directors for their wisdom and guidance, as well as to our valued shareholders for their support.

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



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, 2022. This MD&A has been prepared as at March 2, 2023 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

Statements contained herein that are not based on historical or current fact, including without limitation, statements containing the words "anticipate", "believe", "may", "continue", "estimate", "expects", "will" and words of similar expression, constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, events or developments to be materially different from any future results, events or developments expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, both nationally and in the regions in which the Company operates; inflation risk; foreign currency risk; financing risk; risks and uncertainties relating to public health crises (including risks and uncertainties relating to the novel coronavirus ("COVID-19") pandemic), natural disaster and climate change risks; renewal rate risk relating to maturing borrowings; risk associated with information systems; competition; risk related to the Company's dependence on key management; risk related to significant ownership interests in the Company; risk related to potential conflicts of interest with directors and executive officers of the Company; risk related to the Company's reliance on Morguard Corporation for management services; employment laws; environmental exposures and environment regulations; risks relating to the broader regulatory environment; reputational risks; risks intrinsic to the hospitality industry; real estate risk; insurance-related risk; the Company's ability to integrate and align Company processes; the maintenance of certain land leases; certain liabilities and potential claims asserted against the Company; and other factors referred to in the Company's filings with Canadian securities regulators. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not assume the obligation to update or revise any forward-looking statements.

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

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

SPECIFIED FINANCIAL MEASURES

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

NON-GAAP MEASURES

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

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

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

Net operating income = operating revenue - direct operating expenses

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

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

NON-GAAP MEASURES (continued)

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

BUSINESS STRATEGY AND CORPORATE OVERVIEW

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

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

OVERVIEW OF BUSINESS SEGMENTS

Golf Club Operations Segment

TWC is engaged in golf club operations under the trademark "ClubLink One Membership More Golf" ("ClubLink"). ClubLink is Canada's largest owner, operator and manager of golf clubs with 47½, 18-hole equivalent championship and 2½, 18-hole equivalent academy courses, at 36 locations in two separate geographical Regions throughout 2022: (a) Ontario/Quebec (including two managed properties) and (b) Florida. ClubLink's lease of the Country Club property in Woodbridge, Ontario (36 holes) concluded as of December 31, 2022 and as such the above totals will be reduced for the 2023 operating season.

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

Revenue at all golf club properties is enhanced by cross-marketing, as the demographics of target markets for each are substantially similar. Revenue is further improved by corporate golf events, business meetings and social events that utilize golf capacity and related facilities at times that are not in high demand by ClubLink's members. This supplemental revenue which typically involves gatherings of people was minimal under COVID-19 but has increased in 2022 to levels which are still somewhat less than pre-COVID amounts.

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

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

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

(a) Ontario/Quebec

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

In 2023, ClubLink will be operating 24 Ontario/Quebec Region Member Golf Clubs in three categories as follows:

Prestige: Greystone, King Valley, RattleSnake Point

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

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

ClubLink's lease of the Country Club property in Woodbridge, Ontario (36 holes) concluded as of December 31, 2022.

In 2023, ClubLink will be managing two golf clubs on behalf of other owners as follows:

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

OVERVIEW OF BUSINESS SEGMENTS (continued)

Golf Club Operations Segment (continued)

(a) Ontario/Quebec (continued)

In 2023, ClubLink will be operating four Ontario/Quebec Region Hybrid Golf Clubs in three categories as follows:

Hybrid – Prestige: Glen Abbey

Hybrid – Gold: Cherry Downs

Hybrid – Silver: Bethesda Grange, Hidden Lake

It is anticipated that Cherry Downs will see less Daily Fee play in 2023 as it will be utilized for increased member tee times as necessary.

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

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

In 2023, ClubLink will be operating one Ontario/Quebec Region Daily Fee Golf Club as follows:

Daily Fee: Rolling Hills

ClubLink has approximately 270 Players Card memberships. Players Card annual memberships allow golfers unlimited access to Rolling Hills during spring and fall shoulder seasons in addition to twilight golf during the summer season. A fixed number of rounds certificates are also included with each Players Card.

ClubLink has approximately 1,700 Players Club memberships. The Players Club memberships have varying degrees of access to ClubLink's daily fee golf clubs at different price points.

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

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

In 2023, ClubLink will be operating The Lake Joseph Club, Rocky Crest Resort and Sherwood Inn, all located in Muskoka.

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

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

(b) United States

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

In 2023, ClubLink will be operating six Florida Region Golf Clubs as follows:

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

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

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

Corporate Operations Segment

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

SUMMARY OF CANADIAN/US EXCHANGE RATES USED FOR TRANSLATION PURPOSES

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

	2022	2021	2020
Balance Sheet, at December 31	1.3544	1.2678	1.2732
Statement of Earnings, average for the year	1.3017	1.2537	1.3412

SELECTED FINANCIAL INFORMATION

The table below sets forth selected financial data relating to the Company's fiscal years ended December 31, 2022, December 31, 2021 and December 31, 2020. 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)	2022	2021	2020	% Change 2022/2021	% Change 2021/2020
OPERATING REVENUE	\$ 186,512	\$ 174,013	\$ 127,216	7.2%	36.8%
DIRECT OPERATING EXPENSES	137,936	121,601	83,305	13.4%	46.0%
NET OPERATING INCOME	48,576	52,412	43,911	(7.3%)	19.4%
Amortization of membership fees	4,294	4,404	4,585	(2.5%)	(3.9%)
Depreciation and amortization	(17,856)	(19,440)	(19,249)	(8.1%)	1.0%
Interest, net and investment income	806	(1,204)	(3,609)	N/A	(66.6%)
Other items	(7,998)	74,763	(21,458)	N/A	N/A
Income taxes	(9,156)	(21,288)	(3,209)	(57.0%)	563.4%
NET EARNINGS	\$ 18,666	\$ 89,647	\$ 971	(79.2%)	N/A
BASIC AND DILUTED EARNINGS PER SHARE	\$ 0.76	\$ 3.64	\$ 0.04	(79.1%)	N/A
TOTAL ASSETS	\$ 727,343	\$ 746,806	\$ 632,382	(2.6%)	18.1%
GROSS BORROWINGS	\$ 86,793	\$ 119,878	\$ 130,968	(27.6%)	(8.5%)
SHAREHOLDERS' EQUITY	\$ 524,049	\$ 503,388	\$ 414,369	4.1%	21.5%

The breakdown of operating revenue is as follows:

(thousands of Canadian dollars)	2022	2021	2020	% Change 2022/2021	% Change 2021/2020
Annual dues	\$ 68,105	\$ 62,460	\$ 54,296	9.0%	15.0%
Golf	44,594	45,599	42,673	(2.2%)	6.9%
Corporate events	7,850	3,542	2,327	121.6%	52.2%
Food and beverage	31,057	19,400	16,070	60.1%	20.7%
Merchandise	13,547	11,647	8,544	16.3%	36.3%
Real estate sales	15,811	26,572	-	(40.5%)	N/A
Rooms and other	5,548	4,793	3,306	15.8%	45.0%
	\$ 186,512	\$ 174,013	\$ 127,216	7.2%	36.8%

The breakdown of direct operating expenses is as follows:

(thousands of Canadian dollars)	2022	2021	2020	% Change 2022/2021	% Change 2021/2020
Operating cost of sales	\$ 18,686	\$ 14,543	\$ 11,236	28.5%	29.4%
Real estate cost of sales	16,394	28,338	-	(42.1%)	N/A
Labour and employee benefits	60,927	44,387	39,358	37.3%	12.8%
Utilities	7,707	5,908	7,049	30.5%	(16.2%)
Selling, general and administrative	5,616	4,574	3,906	22.8%	17.1%
Property taxes	3,116	2,251	3,401	38.4%	(33.8%)
Insurance	3,650	3,103	2,970	17.6%	4.5%
Repairs and maintenance	5,150	4,051	3,184	27.1%	27.2%
Turf operating expenses	4,312	3,953	3,179	9.1%	24.3%
Fuel and oil	1,746	1,233	908	41.6%	35.8%
Other operating expenses	10,632	9,260	8,114	14.8%	14.1%
Total direct operating expenses	\$ 137,936	\$ 121,601	\$ 83,305	13.4%	46.0%

2022 CONSOLIDATED OPERATING HIGHLIGHTS

Operating revenue increased 7.2% to \$186,512,000 in 2022 from \$174,013,000 in 2021 due to less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace. Canadian annual dues revenue increased to \$61,521,000 in 2022 from \$56,508,000 in 2021 due to an increase in members. This was offset by the fact that ClubLink did not operate the 36 hole Bond Head leased property in 2022.

Direct operating expenses increased 13.4% to \$137,936,000 in 2022 from \$121,601,000 in 2021 due to the fact that certain activities were reduced in 2021 due to lockdowns and restrictions. Revenue has been more normalized in 2022 and so have expenses. Higher than normal inflation is also impacting most expense categories.

Net operating income for the Canadian golf club operations segment decreased 11.2% to \$48,521,000 in 2022 from \$54,660,000 in 2021 as a result of the Canada Emergency Wage Subsidy received in 2021.

Interest, net and investment income changed to income of \$806,000 in 2022 from an expense of \$1,204,000 in 2021 due to a decrease in borrowings and an increase in distributions from the Company's investment in Automotive Properties REIT. The Company paid off several non-revolving mortgages in advance of their due dates resulting in an expense of \$2,604,000 which includes prepayment penalties and other costs.

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

(thousands of Canadian dollars)	2022	2021	2020
Gain on property, plant and equipment	\$ (376)	\$ (40,304)	\$ (1,416)
Unrealized loss (gain) on investment in marketable securities	15,754	(30,360)	7,311
Gain on real estate fund investments	(6,356)	(9,311)	-
Insurance proceeds	(580)	(3,812)	-
Equity income from investments in joint ventures	(457)	(1,270)	(115)
Foreign exchange loss (gain)	(247)	207	(1,256)
Glen Abbey redevelopment charge	-	9,785	-
Loss on sale of common shares in Carnival plc	-	-	16,240
Other	260	302	694
Other items	\$ 7,998	\$ (74,763)	\$ 21,458

On October 8, 2021, the Company sold Heron Bay Golf Club in Florida for net proceeds of \$40,235,000 (US\$31,736,000). A gain of \$39,425,000 (US\$31,661,000) was recorded on this sale. This represents the vast majority of the total gain on property, plant and equipment recorded for 2021.

At December 31, 2022, the Company recorded unrealized losses of \$15,754,000 on its investment in marketable securities (December 31, 2021 - gain of \$30,360,000). This loss is attributable to the fair market value adjustments of the Company's investment in Automotive Properties REIT. The Company also recorded gains of \$6,356,000 (December 31, 2021 - \$9,311,000) on real estate fund investments in relation to Florida and southeastern US real estate.

The exchange rate used for translating US denominated assets has changed from 1.2678 at December 31, 2021 to 1.3544 at December 31, 2022. This has resulted in a foreign exchange gain of \$247,000 in 2022 on the translation of the Company's US denominated financial instruments.

Net earnings decreased to \$18,666,000 in 2022 from \$89,647,000 in 2021 due to the change in other items as described above. Basic and diluted earnings per share decreased to 76 cents per share in 2022, compared to \$3.64 in 2021.

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 22 of the audited consolidated financial statements for the year ended December 31, 2022.

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

(thousands of Canadian dollars)	2022	2021	2020
Operating revenue by segment			
<i>Canadian golf club operations</i>	\$ 148,515	\$ 128,791	\$ 109,432
<i>US golf club operations</i>	22,171	18,650	17,784
<i>Other (Highland Gate)</i>	15,826	26,572	-
Operating revenue	\$ 186,512	\$ 174,013	\$ 127,216
Net operating income (loss) by segment			
<i>Canadian golf club operations</i>	\$ 48,521	\$ 54,660	\$ 46,213
<i>US golf club operations</i>	3,742	2,354	567
<i>Corporate and other</i>	(3,687)	(4,602)	(2,869)
Net operating income	\$ 48,576	\$ 52,412	\$ 43,911

Review of Canadian Golf Club Operations for the Year Ended December 31, 2022

Summary of Canadian Golf Club Operations

(statistics)	2022	2021	% Change
18-hole equivalent championship golf courses	37.5	39.5	(5.1%)
18-hole equivalent managed golf courses	2.0	2.0	-
Championship rounds	1,177,000	1,191,000	(1.2%)
(thousands of Canadian dollars)	2022	2021	% Change
Operating revenue	\$ 148,515	\$ 128,791	15.3%
Direct operating expenses	(99,994)	(74,131)	34.9%
Net operating income	48,521	54,660	(11.2%)
Amortization of membership fees	4,081	4,115	(0.8%)
Depreciation and amortization	(16,441)	(18,070)	(9.0%)
Other items	393	(5,074)	N/A
Segment earnings before interest and income taxes	\$ 36,554	\$ 35,631	2.6%

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2022 (continued)

Canadian Golf Club Operating Revenue

Canadian golf club operating revenue is recorded as follows:

(thousands of Canadian dollars)	2022	2021	% Change
Annual dues	\$ 61,521	\$ 56,508	8.9%
Corporate events	7,549	3,315	127.7%
Golf	32,354	35,574	(9.1%)
Food and beverage	28,608	17,637	62.2%
Merchandise, rooms and other	18,483	15,757	17.3%
Total operating revenue	\$ 148,515	\$ 128,791	15.3%

Canadian annual dues revenue increased to \$61,521,000 in 2022 from \$56,508,000 in 2021 due to an increase in members.

Canadian Golf Club Direct Operating Expenses

Canadian golf club direct operating expenses are recorded as follows:

(thousands of Canadian dollars)	2022	2021	% Change
Cost of sales	\$ 17,156	\$ 13,285	29.1%
Labour and employee benefits	51,806	36,328	42.6%
Utilities	6,342	4,641	36.7%
Selling, general and administrative	3,472	2,916	19.1%
Property taxes	1,990	1,215	63.8%
Insurance	2,506	1,981	26.5%
Repairs and maintenance	4,291	3,183	34.8%
Turf operating expenses	3,476	3,228	7.7%
Fuel and oil	1,352	971	39.2%
Other operating expenses	7,603	6,383	19.1%
Total direct operating expenses	\$ 99,994	\$ 74,131	34.9%

Direct operating expenses increased 34.9% to \$99,994,000 from \$74,131,000 in 2021 due to less COVID-19 operating restrictions in 2022, allowing the Company to operate on a more normal pace resulting in more revenue and more expenses.

Gross margin on food and beverage sales increased to 72.3% in 2022 compared to 69.0% in 2021 due to a more effective volume and mix of business as compared to 2021.

Gross margin on merchandise sales decreased to 27.6% in 2022 compared to 28.6% in 2021, due to a change in mix of merchandise sales in 2022.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2022 (continued)

Canadian Membership Fees and Members

Full privilege golf members decreased 0.8% to 15,417 on December 31, 2022 from 15,545 on December 31, 2021. This membership level has been maintained due to the strong demand for golf as part of the public reaction to the pandemic. The 15,417 members as at December 31, 2022 represents the amount of members after the 273 remaining Country Club members have been resigned from the system.

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

(thousands of Canadian dollars)	2022		2021	
	Golf Members	Future Membership Fee Instalments	Golf Members	Future Membership Fee Instalments
Balance, beginning of year	15,545	\$ 32,306	14,861	\$ 24,379
Sales to new members	1,197	6,861	1,728	11,161
Reinstated members	201	397	373	469
Category changes	12	-	(16)	-
Transfer and upgrade fees from existing members	-	2,136	-	2,508
Resignations and terminations	(1,265)	(3,742)	(1,401)	(3,243)
Country Club resignations and terminations (a)	(273)	(603)	-	-
Instalments received in cash	-	(3,448)	-	(2,968)
Balance, end of year (Full Privilege)	15,417	\$ 33,907	15,545	\$ 32,306

a) ClubLink's lease of The Country Club property in Woodbridge, Ontario (36 holes) concluded as of December 31, 2022. There were 273 remaining members at this property who did not want to transfer to another ClubLink property.

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

	2022	2021	% Change
Corporate/Principal/Spousal	913	1,471	(37.9%)
Intermediate	142	12	1,083.3%
Senior	10	28	(64.3%)
Junior	11	6	83.3%
Social and other	121	211	(42.7%)
Total	1,197	1,728	(30.7%)

Full privilege members are broken down into categories as follows:

	2022	2021	% Change
Corporate/Principal/Spousal	7,955	8,128	(2.1%)
Intermediate	1,649	1,624	1.5%
Senior	1,760	1,661	6.0%
Junior	155	227	(31.7%)
Social and other	3,898	3,905	(0.2%)
Total	15,417	15,545	(0.8%)

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2022 (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 2022 decreased 0.8% to \$4,081,000 from \$4,115,000 in 2021. These details are outlined in the table below. 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) 2022	Amortization Period (yrs) 2021	Amortization of Membership Fees (\$000) 2022	Amortization of Membership Fees (\$000) 2021	Members at year end 2022	Members at year end 2021	% Change
1994-2008	Cash	Cash	\$ 440	\$ 385	6,554	6,935	(5.5%)
2009	Cash	1	80	575	424	453	(6.4%)
2010	Cash	1	59	443	527	550	(4.2%)
2011	2	4	519	361	369	390	(5.4%)
2012	4	6	218	181	225	237	(5.1%)
2013	4	6	242	204	221	228	(3.1%)
2014	5	7	266	232	328	337	(2.7%)
2015	6	8	152	154	255	286	(10.8%)
2016	7	9	169	178	433	470	(7.9%)
2017	8	10	140	141	530	586	(9.6%)
2018	10	12	152	147	745	814	(8.5%)
2019	11	13	129	137	587	669	(12.3%)
2020	12	14	326	382	1,536	1,862	(17.5%)
2021	10	11	550	595	1,486	1,728	(14.0%)
2022	11	-	639	-	1,197	-	N/A
Totals			\$ 4,081	\$ 4,115	15,417	15,545	(0.8%)

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

	2022	2021	% Change
Under 30 years	1,557	1,872	(16.8%)
31 - 40 years	1,228	1,153	6.5%
41 - 50 years	1,630	1,731	(5.8%)
51 - 60 years	4,078	4,169	(2.2%)
61 - 70 years	4,177	4,034	3.5%
71 and over	2,284	2,120	7.7%
Not available	463	466	(0.6%)
	15,417	15,545	(0.8%)

The average age of a Canadian full privilege golf member as at December 31, 2022 is 55.6 years as compared to 54.6 at December 31, 2021.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of US Golf Club Operations for the Year Ended December 31, 2022

(statistics)	2022	2021	% Change
18-hole equivalent championship golf courses	8.0	8.0	-
Championship golf rounds	269,000	261,000	3.1%
(thousands of dollars)	2022	2021	% Change
Operating revenue	\$ 17,103	\$ 14,840	15.2%
Direct operating expenses	(14,163)	(12,986)	9.1%
Net operating income	2,940	1,854	58.6%
Amortization of membership fees	164	229	(28.4%)
Depreciation and amortization	(1,087)	(1,095)	(0.7%)
Other items	(1)	31,583	N/A
Segment earnings before interest and income taxes (US dollars)	2,016	32,571	(93.8%)
Exchange	494	8,030	(93.8%)
Segment earnings before interest and income taxes (Cdn dollars)	\$ 2,510	\$ 40,601	(93.8%)

Review of Corporate Items for the Year Ended December 31, 2022

Highland Gate

The Company's investment in Highland Gate is managed by Geranium Homes. Highland Gate is the development of a former golf course in Aurora, Ontario and includes 157 single family detached homes and a seven story multi-unit residential building with 114 units.

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

(thousands of dollars)	2022	2021	% Change
Phase 1 units closed	10	17	(41.2%)
Operating revenue	\$ 15,826	\$ 26,572	(40.4%)
Operating cost of goods sold	(14,984)	(25,941)	(42.2%)
Subtotal - project earnings	842	631	33.4%
Amortization of cost of goods sold	(1,410)	(2,397)	(41.2%)
Total	\$ (568)	\$ (1,766)	(67.8%)

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

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Corporate Items for the Year Ended December 31, 2022 (continued)

Real Estate Investments

The Company has the following real estate fund investments:

(thousands of dollars)	2022	2021
Investment in Mount Auburn	\$ 2,243	\$ 13,137
Investment in Real Estate Investment Fund IV	8,642	6,137
	\$ 10,885	\$ 19,274

The investment in Mount Auburn represented an approximate 2% ownership interest in a portfolio of 34 residential garden-style assets consisting of approximately 8,400 units located primarily in Texas and Southeast United States. This investment was purchased for \$5,705,000 (US\$4,500,000) on March 1, 2021 and distributions in the amount of \$205,000 (US\$162,000) were received for the year ended December 31, 2022 (December 31, 2021 - CDN\$81,000; US\$64,000). Mount Auburn was purchased by a third party real estate company and the investment was liquidated. The majority of the return of capital/liquidation payments have been made. There is one remaining payment that is still expected to be received.

The Company has also invested \$10,158,000 (US\$7,500,000) in capital calls (US\$10,000,000 total commitment) in a US-based real estate investment fund managed by 13th Floor (Fund IV). This fund primarily invests in Florida real estate projects and also included an investment in the Mount Auburn portfolio. This investment is revalued once a year at December 31st. In February 2023, the Company committed a further US\$10,000,000 to the next real estate fund being launched by 13th Floor (Fund V).

Change in the real estate fund investments is as follows:

(thousands of dollars)	Year ended December 31, 2022		Year ended December 31, 2021	
	Investment in Mount Auburn	Investment in Real Estate Investment Fund IV	Investment in Mount Auburn	Investment in Real Estate Investment Fund IV
Balance, beginning of period (US dollars)	\$ 10,362	\$ 4,841	\$ -	\$ -
Cash call	-	4,075	4,500	3,425
Valuation adjustment	3,591	1,280	5,862	1,416
Return of capital/liquidation	(12,297)	(3,815)	-	-
Balance, end of period (US dollars)	1,656	6,381	10,362	4,841
Exchange	587	1,808	2,775	1,296
Balance, end of period (Cdn dollars)	\$ 2,243	\$ 8,642	\$ 13,137	\$ 6,137

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Corporate Items for the Year Ended December 31, 2022 (continued)

Interest, Net and Investment Income

Interest, net and investment income changed to income of \$806,000 for the year ended December 31, 2022 from an expense of \$1,204,000 in 2021 due a decrease in borrowings and an increase in distributions from the Company's investment in Automotive Properties REIT. The Company paid off certain non-revolving mortgages in advance of their due dates resulting in an expense of \$2,604,000 which includes prepayment penalties and other costs.

Other Items

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

(thousands of Canadian dollars)	2022	2021	% Change
Gain on property, plant and equipment	\$ (376)	\$ (40,304)	(99.1%)
Unrealized loss (gain) on investment in marketable securities	15,754	(30,360)	N/A
Gain on real estate fund investments	(6,356)	(9,311)	(31.7%)
Insurance proceeds	(580)	(3,812)	(84.8%)
Equity income from investments in joint ventures	(457)	(1,270)	(64.0%)
Foreign exchange loss (gain)	(247)	207	N/A
Glen Abbey redevelopment charge	-	9,785	N/A
Other	260	302	(13.9%)
Other items	\$ 7,998	\$ (74,763)	N/A

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. The Company has discussed the development, selection and application of its 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)	2022	2021	Net Change	Ref
Assets				
Cash and cash equivalents	\$ 46,388	\$ 92,339	\$ (45,951)	1
Accounts and loans receivable	20,481	8,140	12,341	2
Inventories and prepaid expenses	5,153	4,211	942	
Residential inventory	101,193	86,094	15,099	
Other assets	139,868	138,347	1,521	
Right-of-use assets	2,102	6,262	(4,160)	
Property, plant and equipment and intangibles	412,158	411,413	745	
	\$ 727,343	\$ 746,806	\$ (19,463)	
Liabilities				
Accounts payable and accrued liabilities	\$ 28,969	\$ 36,328	\$ (7,359)	
Borrowings	86,603	119,588	(32,985)	3
Prepaid annual dues and deposits	34,747	33,019	1,728	
Deferred membership fees	3,326	3,976	(650)	
Deferred income tax liabilities	49,649	50,507	(858)	
	203,294	243,418	(40,124)	
Shareholders' Equity				
Share capital	102,320	100,530	1,790	4
Retained earnings	403,922	389,418	14,504	
Non-controlling interest	8,588	8,683	(95)	
Accumulated other comprehensive income	9,219	4,757	4,462	
	524,049	503,388	20,661	
	\$ 727,343	\$ 746,806	\$ (19,463)	

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

- Cash has decreased by \$45,951,000 due to the Company paying off several non-revolving mortgages in advance of their due dates for a total of \$46,303,000.
- Accounts and loans receivable have increased by \$12,341,000 due in part to a related party loan receivable of \$5,000,000.
- Borrowings have decreased \$32,985,000 due to the changes as follows:

(thousands of dollars)	2022	2021	Change
Gross borrowings, beginning of year	\$ 112,851	\$ 118,609	(5,758)
Non-revolving borrowings payments	(17,158)	(22,412)	5,254
Non-revolving mortgages prepayment	(46,303)	-	(46,303)
Highland Gate borrowings	15,376	24,810	(9,434)
Revolving borrowings	18,804	(8,089)	26,893
Unrealized foreign exchange	771	(67)	838
Gross borrowings, end of year	84,341	112,851	(28,510)
Deferred financing costs	(190)	(290)	100
Lease liabilities	2,452	7,027	(4,575)
Borrowings, end of year	\$ 86,603	\$ 119,588	(32,985)

- Share capital has increased by \$1,790,000 due to the issuance of 118,656 shares (totaling \$2,024,000) pursuant to the dividend reinvestment plan. This is offset by the purchase of 57,300 shares for cancellation as part of the normal course issuer bid.

FINANCIAL CONDITION (continued)

Shareholders' Equity

Consolidated shareholders' equity at December 31, 2022 totalled \$524,049,000 or \$21.30 per share, compared to \$503,388,000 or \$20.51 per share at December 31, 2021.

The following is a summary of the common share activity:

(number of shares)	2022	2021
Balance, beginning of year	24,547,924	25,017,442
Shares issued pursuant to dividend reinvestment plan	118,656	-
Shares cancelled through NCIB	(57,300)	(469,518)
Balance, end of year	24,609,280	24,547,924

During 2022, the Company purchased 57,300 (2021 - 469,518) shares for cancellation at a total price in the amount of \$1,058,000 (2021 - \$8,302,000).

The following is a summary of dividends declared in 2021 and 2022:

Date of declaration	Record date	Distribution date	Amount per share
March 3, 2021	March 15, 2021	March 31, 2021	0.02
April 29, 2021	May 31, 2021	June 15, 2021	0.02
August 5, 2021	August 31, 2021	September 15, 2021	0.02
November 1, 2021	November 30, 2021	December 15, 2021	0.02
March 9, 2022	March 15, 2022	March 31, 2022	0.02
May 2, 2022	May 31, 2022	June 15, 2022	0.02
August 4, 2022	August 31, 2022	September 15, 2022	0.05
October 31, 2022	November 30, 2022	December 15, 2022	0.05

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)	2022	2021
Cash provided by operating activities	\$ 12,028	\$ 67,730
Operating property, plant and equipment expenditures	(9,561)	(8,556)
Expansion property, plant and equipment expenditures	(3,539)	(2,266)
Investment in Automotive Properties REIT and marketable securities	(25,628)	(11,340)
Real estate fund investments, net	16,303	(10,047)
Mortgages and loans receivable	(4,469)	22,002
Revolving borrowings	34,180	(17,818)
Non-revolving borrowings – amortization payments	(17,158)	(22,412)
Non-revolving borrowings - prepayment	(46,303)	-
Lease liabilities	(4,575)	(5,332)
Dividends paid	(1,410)	(1,975)
Common shares repurchased for cancellation	(1,057)	(8,302)
Proceeds on sale of property, plant and equipment	483	41,258
Asset acquisition cost (Highland Gate)	-	(12,444)
Other	3,460	3,680
Net change in cash during the year	(47,246)	34,178
Cash, beginning of year	91,395	57,217
Cash, end of year	\$ 44,149	\$ 91,395

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

The analysis of TWC's liquidity is as follows:

(thousands of Canadian dollars)	Availability on December 31, 2022		Availability on December 31, 2021	
	Maximum	Available	Maximum	Available
Cash and cash equivalents (CDN)	\$ 5,189	\$ 5,189	\$ 12,993	\$ 12,993
Cash and cash equivalents (USD)	38,960	38,960	78,402	78,402
Restricted cash	2,239	2,239	944	944
Revolving line of credit (corporate)	50,000	33,238	50,000	48,982
Related party revolving line of credit	50,000	50,000	50,000	50,000
Subtotal	146,388	129,626	192,339	191,321
Highland Gate	108,000	67,814	107,000	82,190
Total	\$ 254,388	\$ 197,440	\$ 299,339	\$ 273,511

At December 31, 2022, there is \$2,239,000 (2021 - \$944,000) of restricted cash from the Highland Gate project, representing deposits on future home sales held by counsel.

Funds will be used during 2023 for operating capital expenditures and to pay debt obligations as they become due.

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

Based on TWC's financial position at December 31, 2022, and projected future earnings, management expects to be able to fund its working capital requirements, and meet its other obligations including debt repayments.

LIQUIDITY AND CAPITAL RESOURCES (continued)

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

(thousands of Canadian dollars)	Interest Rate 2022	Interest Rate 2021	Total Indebtedness 2022	Total Indebtedness 2021	Average Term to Maturity (Yrs) 2022	Average Term to Maturity (Yrs) 2021
Non-revolving	8.0%	8.0%	\$ 8,578	\$ 9,486	6.75	7.75
Revolving (a)	8.5%	-	2,123	-	1.75	-
Exchange	-	-	3,783	2,540	-	-
Subtotal US borrowings	8.1%	8.0%	14,484	12,026		
Revolving (corporate) (a)	6.7%	2.9%	15,938	-	1.75	1.75
Non-revolving	8.1%	6.9%	11,468	72,699	2.92	3.92
Other	5.0%	5.0%	2,265	3,316	0.67	1.41
Subtotal CDN borrowings	7.1%	6.6%	29,671	76,015		
Gross borrowings	7.4%	7.0%	44,155	88,041		
Lease liabilities	6.0%	6.1%	2,452	7,027	0.83	1.83
Highland Gate borrowings (a)	7.4%	3.0%	40,186	24,810	2.31	0.83
Total			\$ 86,793	\$ 119,878		

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

(a) These borrowings are variable interest rate debt

TWC operates the National Pines Golf Club which is subject to a land lease that expires on November 15, 2024.

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 has now expired on December 31, 2022.

In December 2018, the Company provided the landlord of The Club at Bond Head with a three year notice - as provided in the lease document. The lease expired on December 31, 2021. The Club at Bond Head was not a ClubLink property in 2022.

TWC's consolidated borrowings include revolving lines of credit and non-revolving mortgages. The following table illustrates future maturities and amortization payments of consolidated borrowings for the next five years and thereafter as at December 31, 2022:

(thousands of Canadian dollars)	Highland Gate	Corporate Borrowings	Lease Liabilities	Total
2023	\$ 7,913	\$ 9,520	\$ 1,129	\$ 18,562
2024	-	25,789	1,234	27,023
2025	32,273	1,562	10	33,845
2026	-	1,692	11	1,703
2027	-	1,831	12	1,843
2028 and thereafter	-	3,761	56	3,817
	\$ 40,186	\$ 44,155	\$ 2,452	\$ 86,793

Operating Activities

Cash provided by operating activities decreased to \$12,028,000 in 2022 compared to \$67,730,000 in 2021 due to the payment of income taxes in 2022 related to income in 2021, timing differences in relation to receivables and fewer Highland Gate sales impacting residential inventory.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Investing Activities

Cash used in investing activities was \$22,139,000 in 2022 compared to cash provided by investing activities of \$629,000 in 2021 due to proceeds from the sale of Heron Bay Golf Club offset by the Highland Gate acquisition and the real estate investments.

Operating property, plant and equipment expenditures are broken down as follows:

(thousands of Canadian dollars)	2022	2021
Canadian golf club operations		
Golf carts	\$ 2,451	\$ 3,987
Turf improvements	2,186	1,211
Turf equipment	1,262	1,441
Facilities, administrative and other	2,152	940
US golf club operations		
Golf carts	135	212
Turf improvements	874	426
Turf equipment	188	297
Other	313	42
	\$ 9,561	\$ 8,556

Financing Activities

Financing activities repayments were \$40,936,000 in 2022 compared to \$33,897,000 in 2021.

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

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,227,000 of its common shares which expired on September 19, 2022. From January 1, 2022 to September 19, 2022, the Company repurchased for cancellation 52,200 common shares for a total purchase price of \$969,000 or \$18.55 per share, including commissions.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,225,000 of its common shares which expires on September 19, 2023. From September 20, 2022 to December 31, 2022, the Company repurchased for cancellation 5,100 common shares for a total purchase price of \$89,000 or \$17.48 per share, including commissions.

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

During 2022, TWC declared and paid four quarterly dividends. In the first and second quarters, TWC declared and paid dividends of 2 cents per common share, and in the third and fourth quarters, TWC declared and paid dividends of 5 cents per common share for a total of 14 cents per common share or \$3,434,000 (2021 - \$1,975,000).

Dividends consist of the following:

Date of declaration	Record date	Distribution date	Amount per share	Payment amount	Share amount	Total amount
March 3, 2021	March 15, 2021	March 31, 2021	0.02	\$ 501,000	\$ -	\$ 501,000
April 29, 2021	May 31, 2021	June 15, 2021	0.02	492,000	-	492,000
August 5, 2021	August 31, 2021	September 15, 2021	0.02	491,000	-	491,000
November 1, 2021	November 30, 2021	December 15, 2021	0.02	491,000	-	491,000
				\$ 1,975,000	\$ -	\$ 1,975,000
March 9, 2022	March 15, 2022	March 31, 2022	0.02	\$ 491,000	\$ -	\$ 491,000
May 2, 2022	May 31, 2022	June 15, 2022	0.02	491,000	-	491,000
August 4, 2022	August 31, 2022	September 15, 2022	0.05	212,000	1,013,000	1,225,000
October 31, 2022	November 30, 2022	December 15, 2022	0.05	216,000	1,011,000	1,227,000
				\$ 1,410,000	\$ 2,024,000	\$ 3,434,000

OFF-BALANCE SHEET FINANCING AND GUARANTEES

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 (2021 - \$1,018,000) and unsecured surety bonds of \$1,602,000 (2021 - \$1,602,000) were outstanding as at December 31, 2022.

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.

TWC does not engage in any other off-balance sheet financing.

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

Summarized information regarding these facilities is as follows:

(thousands of Canadian dollars)	For the year ended	
	December 31, 2022	December 31, 2021
Loan receivable from Morguard	5,000	-
Net interest receivable	51	-
Net interest earned	112	390

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

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

The Company has provided an unsecured revolving demand credit facility to an investment in joint venture in the amount of \$3,000,000, with no fixed maturity date. This facility bears interest at prime plus 1.25%. As at December 31, 2022, the amount receivable on this facility was \$600,000 (December 31, 2021 - nil). Interest receivable at December 31, 2022 was \$2,000 (December 31, 2021 - nil), and interest earned was \$2,000 for the year ended December 31, 2022 (December 31, 2021 - \$4,000).

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of \$695,000 for the year ended December 31, 2022 (December 31, 2021 - \$695,000), under a contractual agreement, which is included in operating expenses. Morguard also provides back-office services to ClubLink US LLC. The Company paid a management fee of US\$460,000 (CDN\$599,000) for the year ended December 31, 2022 (December 31, 2021 - US\$460,000; CDN\$577,000) under a contractual agreement, which is included in direct operating expenses.

The Highland Gate project receives managerial services from Geranium management companies. The project paid management fees of \$1,707,000 for the year ended December 31, 2022 (December 31, 2021 - \$1,748,000) under a contractual agreement, which is capitalized to residential inventory.

The Company provides landscaping services for certain Morguard assets. The Company received a fee of \$156,000 for the year ended December 31, 2022 (December 31, 2021 - \$96,000) under a contractual agreement.

A total of US\$53,000 of rental revenue was earned by TWC for the year ended December 31, 2022 (December 31, 2021 - US\$53,000) from Morguard relating to a shared office facility in Florida.

During 2022, the Company earned \$730,000 (2021 - \$482,000) in operating revenue (primarily food and beverage and corporate events) from related parties controlled by the Chairman, President and Chief Executive Officer of the Company.

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 24 to the audited consolidated financial statements for the year ended December 31, 2022.

Risks associated with these financial instruments and information on their fair values are also disclosed in Note 24.

SUMMARY OF FINANCIAL RESULTS BY QUARTER

The table below sets forth selected financial data for the most recent eight quarters ending December 31, 2022. 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)	2022				2021			
	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Total assets	\$727,343	\$721,283	\$ 766,134	\$ 772,485	\$746,806	\$720,505	\$ 710,720	\$ 651,511
Operating revenue	30,835	65,009	52,736	37,932	62,600	63,245	34,059	14,109
Net operating income (loss)	8,109	22,322	13,167	4,978	18,680	26,953	9,036	(2,257)
Net earnings (loss)	4,245	11,920	3,594	(1,093)	61,963	22,757	4,472	455
Basic earnings (loss) per share	0.17	0.49	0.15	(0.04)	2.52	0.93	0.18	0.02
Eligible dividends per share	0.05	0.05	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)

	2022	2021
Operating revenue	\$ 30,835	\$ 62,600
Cost of sales and operating expenses	(22,726)	(43,920)
Net operating income	8,109	18,680
Amortization of membership fees	945	1,085
Depreciation and amortization	(4,481)	(5,185)
Interest, net and investment income	1,618	(121)
Other items	(329)	64,317
Income tax provision	(1,617)	(16,813)
Net earnings	\$ 4,245	\$ 61,963
Weighted average shares outstanding (000)	24,566	24,548
Basic and diluted earnings per share	\$ 0.17	\$ 2.52

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

Statement of earnings, average for the fourth quarter	1.3580	1.2600
---	--------	--------

The revenue and net operating income earned in the fourth quarter relate to the activities of the Canadian and US golf operations as most golf clubs remain open in the fall and annual dues revenue is recognized throughout the year. Costs for the end of season maintenance and operating expenses negatively impact net operating income in the fourth quarter.

As required by IFRS, ClubLink recognizes its annual dues revenue on a straight-line basis throughout the year based on when its properties are open and services are provided. As a result of COVID-19, annual dues revenue was not recognized during the spring 2021 course closures from the Ontario lockdowns. This methodology shifted annual dues revenue from the first and second quarter to the third and fourth quarter resulting in a higher than normal net operating income in 2021. There were no lockdowns in 2022.

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

For the Fourth Quarter ended December 31,

(thousands of Canadian dollars)

	2022	2021
Gain on property, plant and equipment	\$ (49)	\$ (37,459)
Insurance proceeds	(360)	(456)
Foreign exchange loss (gain)	(289)	157
Unrealized loss (gain) on investment in marketable securities	2,654	(16,484)
Gain on real estate fund investments	(1,986)	(9,311)
Equity loss (income) from investments in joint ventures	301	(977)
Other	58	213
Other items	\$ 329	\$ (64,317)

SEASONALITY

The quarterly earnings performance of the Company reflects the highly seasonal nature of the business segments. The majority of revenue and earnings from the Canadian golf operations occur or have occurred 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.

Economic & Business Conditions

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, or a deterioration in disposable income in connection with inflation and recent increases in interest rates, could materially affect 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 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. Corporate event bookings, which represent a material portion of the Company's golf revenue, are also susceptible to major changes in the economic environment.

Accordingly, 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 current rise in inflation and recent increases in interest rates may adversely affect consumer discretionary spending as well, and, as a result, the Company's financial performance.

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 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.

Inflation Risk

The disruption of global supply chains and labour markets and increases in government spending resulting from the COVID-19 pandemic, together with the impacts on energy prices and supply chains in connection with the Russian invasion of Ukraine, has led to a material increase in inflation. Trade protectionism, international disputes, and other incidences of international conflict could also impact international and domestic supply chains, further contributing to inflation. Inflation could also result from other factors outside of the control of the Company. Inflation, and any further increases in the rate of inflation, could have an impact on economic activity and employment in the markets in which the Company operates and in turn have an adverse effect on disposable income and the financial performance of the Company. In addition, the Company's operating costs could increase due to inflationary pressures on the cost of labour, supplies, materials, general and administrative expenses, equipment limitations or other input cost escalations. The Company's inability to control for these costs and inputs could have an adverse effect on the Company's operating cash flows.

The inability of the Company to recover, in whole or in part, the increase in costs from inflationary pressures may have a material adverse impact on the Company's business, financial condition and results in operations.

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.

Financing and Availability of Credit

No assurance can be given that borrowings will be available to the Company or its subsidiaries to replace existing credit facilities on terms as favourable as the terms of existing credit facilities, on terms acceptable to the Company, or at all. Also, disruptions in the credit markets and uncertainty in the economy could adversely affect the banks that currently provide the Company's existing credit facilities, which could result in such banks or a bank to elect not to participate in any new credit facilities sought, or could cause other banks that are not currently lenders to the Company to be unwilling or unable to participate in any new credit facilities with the Company. 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.

RISKS AND UNCERTAINTIES (continued)

Public Health Crises

Public health crises relating to COVID-19 or any other virus, flu, epidemic, pandemic or any other similar disease or illness (each a "Health Crisis") could adversely impact the Company, including through: a general or acute decline in economic activity, business closures, government restrictions on travel, economic activity and gatherings, increased unemployment, supply shortages, mobility restrictions, the quarantine or contamination of one or more of the Company's properties and other quarantine measures. Such Health Crises, including in connection with a renewed outbreak of COVID-19, could have a material adverse effect on debt and capital markets, the ability to provide certain services to golf members if social distancing regulations are implemented and, as result of any economic declines and/or increases in unemployment related to any such Health Crisis, consumer discretionary spending available for the Company's products and services. Specifically, such enhanced risks associated with Health Crises include, but are not limited to:

- the negative impact on Canadian and global debt and equity markets, including both pricing and availability;
- ability to access capital markets at a reasonable cost;
- the trading price of the Company's shares;
- uncertainty associated with the costs and availability of resources required to provide the appropriate/required levels of service to our members and maintenance of our courses;
- a material reduction in annual dues revenue and related collections due to associated financial hardship and non-essential business orders governing the closure of certain businesses;
- a material increase in resignations potentially caused by both an economic crisis resulting from a Health Crisis and the inability of businesses to operate;
- issues maintaining operations and delivering services due to illness, Company or government imposed isolation programs, restrictions on the movement of personnel, closures and supply chain disruptions;
- uncertainty associated with cost delays and availability of resources required to complete major course maintenance and capital projects on time and budget.

The foregoing is not an exhaustive list of all risk factors. The pace of recovery following such Health Crises cannot be accurately predicted, nor can the impact on the Company's asset valuations, cash flows, results of operations and the Company's ability to obtain additional financing or re-financing and ability to make dividend payments to shareholders.

The COVID-19 pandemic has resulted in a substantive shift in management's focus towards ensuring the continued safety of our employees, compliance with guidelines and requirements issued by various health authorities and government organizations, and continuity of other critical business operations. We remain focused on delivering our business operations in a responsible manner with policies in place to address future Health Crises, however, no such policies can eliminate the risks associated with events of this magnitude.

Natural Disaster & Climate Change Risk

Extraordinary weather conditions brought about by climate change involving extended dry or wet periods or exceptional hot or cold temperatures could impact the condition of golf courses and the demand for golf. Severe weather conditions include hurricanes, micro-bursts, flooding, droughts and other climate climate-related events. Depending on their severity, these events could cause threats to the safety of the Company's customers, significant damage to the Company's properties and interruptions to the Company's normal operations. Management believes that its geographically diverse operations may serve to reduce the impact of severe weather conditions.

There may be adverse impacts to the Company's business if there is instability, disruption or destruction in a significant geographic region, regardless of cause, including floods, hurricanes, fires, earthquakes, storms or disease. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on the Company's business, in addition to impacts on the condition of golf courses and the demand for golf, by increasing the cost of property insurance. In addition, climate change related changes, together with government regulations relating to climate change, may increase the cost of energy and materials used in the operations of the Company. The Company may be required to incur significant unanticipated costs to manage the impact of these events.

While the Company has insurance to cover a substantial portion of damages to properties caused by natural disasters, the insurance includes deductible amounts, and certain items may not be covered by insurance. The Company's operations and properties may be significantly affected by future natural disasters which may expose the Company to loss of rent and incur additional storm and other natural disaster cleanup costs.

Renewal and Variable Interest Rate Risk

TWC is exposed to renewal risk on its maturing borrowings and is accordingly exposed to market risk related to interest rate fluctuations. This is mitigated by the low amount of overall debt that the Company currently has outstanding.

RISKS AND UNCERTAINTIES (continued)

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.

Results of operations 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.

Reliance on Morguard Corporation for Management Services

The Company receives managerial and consulting services from Morguard Corporation pursuant to a management services agreement (the "Management Services Agreement"), for which the Company paid a management fee of \$696,000 for the year ended December 31, 2022. Morguard Corporation also provides back-office services to the Company's subsidiary, Clublink US LLC, for which the Company paid a management fee of US\$460,000 (CDN\$599,000) for the year ended December 31, 2022. The Company relies on the managerial services provided pursuant to the Management Services Agreement, including the services of certain officers of Morguard Corporation, to, among other things, create and implement the Company's business and strategic plan, negotiate material agreements, prepare financial budgets, and fulfill other business, operational, legal, and administrative functions. As a result, the Company's ability to achieve its business objectives depends somewhat on the managers, consultants and officers provided by Morguard Corporation pursuant to the Management Services Agreement, and their ability to effectively manage, direct, administer and advise the Company. If the Company were to lose the services provided by Morguard Corporation, or its key personnel, the Company's operations may be adversely impacted and its growth prospects may decline. The Company may be unable to duplicate the quality and depth of management available to it through the Management Services Agreement by hiring other managers.

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.

Environment and Environment Regulations

As an owner and manager of real property, the Company is subject to various laws relating to environmental matters. These laws impose liability for the cost of removal and remediation of certain hazardous materials released or deposited on properties owned or managed by the Company or on adjacent properties. The failure to remove or remediate such substances or locations, if any, could adversely affect the Company's ability to sell such properties or to borrow using such properties as collateral and could potentially also result in claims against the Company.

RISKS AND UNCERTAINTIES (continued)

Environment

Although there can be no assurances, the Company does not believe that costs relating to environmental matters will have a material adverse effect on the Company's business, financial condition or results of operation. TWC's golf courses are managed with a high level of environmental awareness. 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. 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.

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. The Company's management is also responsible for ensuring compliance with environmental legislation and is required to report on a regular basis to the Board of Directors. The Company is not aware of any material non-compliance with environmental laws at any of the properties. The Company is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the properties or any pending or threatened claims relating to environmental conditions at the properties.

However, environmental laws and regulations may change and the Company may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on the Company's business, financial condition or results of operation. For more details on the Company's environment policies, please see the information provided under the heading "Environmental Policies."

Regulatory Environment

TWC and its subsidiaries are subject to regulation by numerous agencies involving minimum wage, the serving of alcohol and adherence to environmental constraints. Changes in these regulations, and their application, can impact the cost and efficiency of each business segment. If TWC or its advisors fail to monitor and become aware of changes in applicable laws and regulations or if TWC fails to comply with these changes in an appropriate and timely manner, it could result in fines and penalties, litigation, or other significant costs, as well as significant time and effort to remediate any violations. Additionally, such violations could result in reputational damage to TWC both from an operating and an investment perspective.

Loss of Reputation

'Clublink One Membership More Golf' currently enjoys a recognizable brand name in its operating market. Damage to this brand could have a negative impact on the affairs of the Company. If the Company does not meet or exceed customer expectations, this brand could suffer. We have endeavoured to reduce this risk by ongoing employee training and a company-wide focus on customer service excellence.

Hospitality Industry

The Company is susceptible to a downturn in the hospitality industry due to the fact that it operates resorts and also hosts large corporate outings at the majority of its properties. The Company has cancellation policies to help mitigate lost revenue in this regard.

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. In addition, increases in interest rates may cause a decrease in demand for real property, which may have an adverse effect on the value of the real estate owned by the Company.

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.

RISKS AND UNCERTAINTIES (continued)

Exchange of Confidential Information (continued)

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 Company Policies and Processes

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 operates the National Pines Golf Club which is subject to a land lease that expires on November 15, 2024. The Company is also subject to a small amount of long-term land leases at certain of its other properties.

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 may 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 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,

RISKS AND UNCERTAINTIES (continued)

Data, Security and Privacy Breaches (continued)

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, 2022, 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, 2022, 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

Highland Gate Development

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

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

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

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

Kanata Development

ClubLink has been working with two local developers to explore potential development options at Kanata Golf and Country Club in Ottawa. Development applications were submitted to the City of Ottawa on October 8, 2019 and deemed complete on October 17, 2019. On October 25, 2019, the City of Ottawa filed a Superior Court application seeking a declaration that certain agreements assumed by ClubLink remain valid and enforceable, and requesting an order that ClubLink either withdraw its development applications or offer to convey the golf course lands to the City at no cost under the terms of an agreement known as the 40% Agreement. On February 19, 2021, ClubLink was notified that the Superior Court granted the City's application in part, but did not order ClubLink to withdraw its development applications. An expedited appeal by ClubLink was held on June 17, 2021 and on November 26, 2021, the Ontario Court of Appeal overturned the decision, concluding that certain provisions of the 40% Agreement were void and unenforceable. On August 4, 2022, the Supreme Court of Canada denied the City of Ottawa's application for leave to appeal. In summary, this means that ClubLink would not be required to give the golf course to the City of Ottawa if it ceased to operate it. The extent to which the Court of Appeal's decision affects other provisions of the 40% Agreement and related agreements has been remitted to the Superior Court and a hearing on this matter was conducted on September 13, 2022, the conclusion of which is still outstanding. An Ontario Land Tribunal hearing for ClubLink's appeals of the development applications was conducted starting on January 17, 2022, concluding on February 14, 2022. On March 22, 2022, the Ontario Land Tribunal decision was rendered approving the Zoning Bylaw Amendments and Draft Plan Approval, together with the draft plan conditions. Approximately 1,480 residential units with associated parks, storm ponds and public greenspaces were approved. On February 22, 2022, the Kanata Greenspace Protection Coalition filed a separate Superior Court application seeking orders that the 40% Agreement and another agreement constitute valid and enforceable restrictive covenants and that ClubLink's development applications contravene these instruments.

Woodlands Golf Club

ClubLink is working with 13th Floor (a local real estate developer based in south Florida) to explore development options at Woodlands Country Club in Tamarac, Florida. This process has been managed by Morguard as part of its management services arrangement. The development plan that has been submitted includes approximately 400 single family homes. The plan also contains over 160 acres of permanently preserved open space, including 40 new acres of lakes, a new community centre and gated entry ways among other features. This plan has been initially approved by the City of Tamarac, has obtained final approval of Broward County and the State of Florida and is awaiting final approval by the City of Tamarac. There had previously been a dispute between the City of Tamarac and 13th Floor about the form of the meeting to conduct a final review and approval. However, it is anticipated that this meeting will be conducted in the first half of 2023.

Club de golf Islesmere

ClubLink and its partner (a group of former members/shareholders of Islesmere), which together currently own Club de Golf Islesmere in Laval, Quebec, had announced on May 17, 2022 that it had agreed to conditionally sell the property to a Quebec developer for proceeds of approximately \$70 million. TWC would be entitled to approximately 45% of these proceeds on closing. The proposed purchaser was not able to waive due diligence conditions and proceed with the next steps of the transaction. Consequently, this proposed transaction has now expired and is terminated.

RattleSnake Point

In November 2022, the Province of Ontario amended Halton Region Official Plan Amendment 49 - the result of which added RattleSnake Point Golf Club to the 2051 urban boundary.

Sun City Center

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

ADDITIONAL INFORMATION

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements (the "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 2, 2023



Andrew Tamlin

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of TWC Enterprises Limited

Opinion

We have audited the consolidated financial statements of TWC Enterprises Limited (the "Company"), which comprise the consolidated balance sheets as at December 31, 2022 and 2021, and the consolidated statements of earnings and comprehensive earnings, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Property, Plant and Equipment – Assessment of Indicators of Impairment – Refer to Notes 2(C) and 8 to the financial statements

Key Audit Matter Description

The Company reviews property, plant and equipment for indicators of impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. As at December 31, 2022, management assessed internal and external factors, and concluded that there were no events or changes in circumstances that indicated a potential impairment.

Auditing the Company's assessment of whether an indicator of impairment existed as at December 31, 2022 required increased auditor attention due to the judgments made by management when determining whether events or changes in circumstances could indicate a potential impairment. This resulted in an increased extent of audit effort, including the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the assessment of whether an indicator of impairment existed in property, plant and equipment included the following, among others:

- Obtained management's assessment and evaluated the internal and external factors considered, specifically the analysis around changes of the Company's projected operating performance and discount rate by:
 - Evaluating the change in the Company's projected operating performance by comparing key assumptions to historical operating performance, taking into consideration known changes in operations or the industry in which it operates, and internal communications with management and the Board of Directors, as appropriate; and
 - Developing an independent range of discount rates using fair value specialists to evaluate the change in the discount rate considered in management's assessment.
- Evaluated management's assessment to determine whether the Company omitted any significant internal or external factors.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis of Financial Condition and Results of Operations; and
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report and Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Terng Chen.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario

March 2, 2023

(thousands of Canadian dollars)	Notes	December 31, 2022	December 31, 2021
ASSETS			
Current			
Cash and cash equivalents		\$ 44,149	\$ 91,395
Restricted cash		2,239	944
Accounts receivable	24	13,015	5,143
Mortgages and loans receivable	3, 24	7,024	1,465
Inventories and prepaid expenses	4	5,153	4,211
Other assets	5	125,208	113,092
Residential inventory	6	101,193	86,094
		297,981	302,344
Mortgages and loans receivable	3, 24	442	1,532
Other assets	5	14,660	25,255
Right-of-use assets	7	2,102	6,262
Property, plant and equipment	8	400,569	398,482
Intangible assets	9	11,589	12,931
Total assets		\$ 727,343	\$ 746,806
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	10	\$ 28,969	\$ 36,328
Lease liabilities	11, 24	1,129	4,507
Borrowings	12	17,433	39,182
Prepaid annual dues and deposits	13	34,747	33,019
		82,278	113,036
Lease liabilities	11, 24	1,323	2,520
Borrowings	12	66,718	73,379
Deferred membership fees	14	3,326	3,976
Deferred income tax liabilities	16	49,649	50,507
Total liabilities		203,294	243,418
Share capital		102,320	100,530
Retained earnings		403,922	389,418
Accumulated other comprehensive income		9,219	4,757
Non-controlling interest	18	8,588	8,683
Total shareholders' equity		524,049	503,388
Total liabilities and shareholders' equity		\$ 727,343	\$ 746,806

See Accompanying Notes

On behalf of the Board of Directors



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



Donald Turple
Director

TWC Enterprises Limited
Consolidated Statements of Earnings and Comprehensive Earnings

For the years ended December 31, 2022 and 2021

(thousands of Canadian dollars, except per share amounts)	Notes	2022	2021
REVENUE			
Operating revenue		\$ 186,512	\$174,013
Amortization of membership fees	14	4,294	4,404
	15	190,806	178,417
EXPENSES			
Cost of sales		35,080	42,881
Labour and employee benefits		60,927	44,387
Utilities		7,707	5,908
Selling, general and administrative		5,616	4,574
Property taxes		3,116	2,251
Repairs and maintenance		5,150	4,051
Insurance		3,650	3,103
Turf operating expenses		4,312	3,953
Fuel and oil		1,746	1,233
Other operating expenses		10,632	9,260
Depreciation of right-of-use assets	7	4,055	5,107
Depreciation of property, plant and equipment	8	12,406	12,660
Amortization of intangible assets	9	1,395	1,673
Interest, net and investment income	19	(806)	1,204
Other items	20	7,998	(74,763)
		162,984	67,482
Earnings before income taxes		27,822	110,935
Income tax expense (recovery)	16		
Current		10,254	16,112
Deferred		(1,098)	5,176
		9,156	21,288
Net earnings		18,666	89,647
Unrealized foreign exchange gain in respect of foreign operations		4,462	671
Total comprehensive earnings		\$ 23,128	\$ 90,318
Weighted average shares outstanding (000)		24,535	24,645
Earnings per share - basic and diluted		\$ 0.76	\$ 3.64

(thousands of Canadian dollars)	2022	2021
Net earnings (loss) attributable to:		
Shareholders	\$ 18,761	\$ 89,942
Non-controlling interest (Note 18)	(95)	(295)
	\$ 18,666	\$ 89,647

See Accompanying Notes

TWC Enterprises Limited
Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2022 and 2021

(thousands of Canadian dollars, except common shares)	Notes	Common Shares	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Non- controlling Interest	Total Shareholders' Equity
Balance, January 1, 2021		25,017,442	\$ 102,453	\$ 307,830	\$ 4,086	\$ -	\$414,369
Activity during 2021							
Comprehensive earnings (loss)		-	-	89,942	671	(295)	90,318
Cash dividend	17B	-	-	(1,975)	-	-	(1,975)
Shares cancelled subject to normal course issuer bid	17C	(469,518)	(1,923)	(6,379)	-	-	(8,302)
Asset acquisition		-	-	-	-	8,978	8,978
Balance, December 31, 2021		24,547,924	100,530	389,418	4,757	8,683	503,388
Activity during 2022							
Comprehensive earnings (loss)		-	-	18,761	4,462	(95)	23,128
Cash dividend	17B	-	-	(1,410)	-	-	(1,410)
Shares issued pursuant to dividend reinvestment plan		118,656	2,024	(2,024)	-	-	-
Shares cancelled subject to normal course issuer bid	17C	(57,300)	(234)	(823)	-	-	(1,057)
Balance, December 31, 2022		24,609,280	\$ 102,320	\$ 403,922	\$ 9,219	\$ 8,588	\$524,049

See Accompanying Notes

TWC Enterprises Limited
Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(thousands of Canadian dollars)	Notes	2022	2021
OPERATING ACTIVITIES			
Net earnings		\$ 18,666	\$ 89,647
Items not affecting cash:			
Amortization of membership fees	14	(4,294)	(4,404)
Depreciation of right-of-use assets	7	4,055	5,107
Depreciation of property, plant and equipment	8	12,406	12,660
Amortization of intangible assets	9	1,395	1,673
Interest, net and investment income	19	(806)	1,204
Glen Abbey redevelopment charge	20	-	9,785
Unrealized foreign exchange loss (gain)	20	(247)	207
Unrealized loss (gain) on investment in marketable securities	20	15,754	(30,360)
Gain on real estate fund investments	20	(6,356)	(9,311)
Gain on sale of property, plant and equipment	20	(376)	(40,304)
Equity income from investments in joint ventures	5	(457)	(1,270)
Income tax provision	16	9,156	21,288
Collection of membership fee instalments	14	3,646	3,151
Interest paid (income), net		709	(1,158)
Income taxes paid		(23,501)	(7,295)
Restricted cash	18	(1,295)	(944)
Accounts receivable		(7,944)	9,104
Inventories and prepaid expenses		(942)	385
Residential inventory		(15,099)	(2,024)
Accounts payable and accrued liabilities		5,830	4,612
Prepaid annual dues and deposits		1,728	6,067
Cash and cash equivalents provided by operating activities		12,028	67,730
INVESTING ACTIVITIES			
Operating property, plant and equipment expenditures	8	(9,561)	(8,556)
Expansion property, plant and equipment expenditures	8	(3,539)	(2,266)
Proceeds on sale of property, plant and equipment	8	483	41,258
Right-of-use assets	7	103	(11)
Asset acquisition cost		-	(12,444)
Cash acquired		-	3,961
Net investment in marketable securities		(25,628)	(11,340)
Real estate fund investments, net		16,303	(10,047)
Other long-term assets		(300)	74
Cash provided by (used in) investing activities		(22,139)	629
FINANCING ACTIVITIES			
Deferred financing costs		(144)	(60)
Revolving borrowings		34,180	(17,818)
Non-revolving borrowings - amortization payments		(63,461)	(22,412)
Lease liabilities		(4,575)	(5,332)
Mortgages and loans receivable		(4,469)	22,002
Shares repurchased for cancellation	17	(1,057)	(8,302)
Dividends paid	17	(1,410)	(1,975)
Cash used in financing activities		(40,936)	(33,897)
Net effect of currency translation adjustment on cash and cash equivalents		3,801	(284)
Net increase (decrease) in cash and cash equivalents during the year		(47,246)	34,178
Cash and cash equivalents, beginning of year		91,395	57,217
Cash and cash equivalents, end of year		\$ 44,149	\$ 91,395

See Accompanying Notes

1. NATURE OF OPERATIONS

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

TWC is engaged in golf club operations under the trademark “ClubLink One Membership More Golf” (“ClubLink”). ClubLink is Canada’s largest owner, operator and manager of golf clubs with 47½, 18-hole equivalent championship and 2½, 18-hole equivalent academy courses, at 36 locations in Ontario, Quebec and Florida (including two managed properties) throughout 2022. ClubLink’s lease of the Country Club property in Woodbridge, Ontario (36 holes) concluded as of December 31, 2022 and as such the above totals will be reduced for the 2023 operating season.

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

2. BASIS OF PRESENTATION

(A) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

These financial statements were authorized for issuance by the Board of Directors on March 2, 2023.

(B) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

(C) Significant accounting judgments and estimates

The preparation of financial statements that conform with IFRS requires management to make judgments and estimates and form assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The following section discusses the accounting estimates, judgments and assumptions that the Company has made and how they affect the amounts reported in the consolidated financial statements.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgments and estimates are often interrelated.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from management’s judgments and estimates.

The following are the significant accounting judgements that management has identified:

Amortization of membership fees

The weighted average remaining life of memberships sold by join year is used to recognize membership fee revenue. The membership fee revenue is amortized over the weighted average remaining membership life by year joined. The amortization period is reviewed annually and any adjustments are made prospectively. Subsequent to this amortization period, membership fees are recorded as revenue upon receipt. These amortization periods should decline each year by one year as each group gets one year older, producing a relatively uniform revenue stream from membership fees over the average remaining life of memberships sold by join year. However, these average ages may not decline on a consistent basis if a disproportionate amount of older or younger members decide to resign at any particular time or if there was a significant change in the demographic of new members. This could result in a deferral or acceleration of membership fee revenue, the amount of which would be dependent on the variability of the change in average ages.

Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives on a straight-line basis. The Company assesses on an annual basis the useful life and residual value of these assets, which are used in the calculation of depreciation expense. The useful lives assigned are disclosed in the list of accounting policies. Due to the relatively large proportion of these assets to total assets, the selection of the method of depreciation and the length of depreciation period could have a material impact on depreciation expense and net book value of property, plant and equipment.

When determining whether an asset is property, plant and equipment or an investment property, the original intent of the acquisition is considered in order to conclude as to which category is used.

For the years ended December 31, 2022 and 2021

2. BASIS OF PRESENTATION (continued)

(C) Significant accounting judgments and estimates (continued)

Intangible assets

Intangible assets includes amounts assigned to the membership base from past business combinations of member golf courses. These are amortized over a thirty year time frame. Inherent in this useful life is the estimate of the weighted average life of a member which is fifteen years, as well as the practice of our current members referring colleagues and family members as new ClubLink members. As part of the thirty year useful life amortization period, it is estimated that the average member (which typically has a fifteen year average life) will refer one other member for a combined thirty year useful life.

Impairment

Property, plant and equipment and intangible assets are reviewed for impairment at each reporting date or whenever events or changes in the circumstances indicate that the carrying amount of an asset may not be recoverable. Estimates are made in the assessment of any impairment calculation, which are described more fully in the accounting policy note.

The impairment process begins with the identification of the appropriate asset or cash-generating unit for purposes of impairment testing. Identification and measurement of any impairments are based on the asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Value in use is generally based on an estimate of discounted future cash flows. Judgment is required in determining the appropriate discount rate. In determining fair value less costs to sell, recent market transactions were considered. If no such comparable transaction could be identified, an appropriate valuation model was used. Assumptions must also be made about development potential of the land, future sales and market conditions over the long-term life of the assets or cash-generating unit.

During the quarter ended June 30, 2021, there was an indicator of impairment in regards to the Southern Ontario/Muskoka cash generating unit. Management concluded that there was no impairment after conducting an impairment review, as the recoverable amount exceeded its carrying value. In determining the recoverable amount, management used value in use in its assessment, and fair value less costs to sell for determining terminal value. Management applied judgement in its assumptions relating to development potential of the land and associated estimates, forecasts relating to golf revenue and memberships, and discount rates. At December 31, 2022, the Company performed an analysis and assessed whether an indicator of impairment existed, and concluded that there was none.

The Company cannot predict if an event that triggers impairment will occur, when it will occur or how it will affect reported asset amounts. Although estimates are reasonable and consistent with current conditions, internal planning and expected future operations, such estimates are subject to significant uncertainties and judgments. As a result, it is reasonably possible that the amounts reported for asset impairments could be different if different assumptions were used or if market and other conditions were to change. The changes could result in non-cash charges that could materially affect the Company's consolidated financial statements.

Income taxes

TWC records income taxes using the balance sheet liability method of accounting. Under this method, deferred income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of the assets and liabilities. Management uses judgment and estimates in determining the appropriate rates and amounts to record for deferred income taxes, giving consideration to timing and probability. Previously recorded tax assets and liabilities are remeasured using tax rates in effect when these differences are expected to reverse in accordance with enacted laws or those substantively enacted as at the date of the consolidated financial statements.

The Company operates in several tax jurisdictions. As a result, its income is subject to various rates of taxation. The complexity of tax regulations require assessments of uncertainties and judgments in estimating the taxes the Company will ultimately pay. While the Company believes that its positions and filings are appropriate and supportable, certain matters are periodically challenged by tax authorities. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from federal, provincial, state and local tax audits. The resolution of these uncertainties and the associated final taxes may result in adjustments to the Company's tax assets and tax liabilities and have a corresponding impact to net earnings.

Contingencies

The Company is exposed to possible losses and gains related to environmental matters and other various claims and lawsuits pending for and against it in the ordinary course of business. Prediction of the outcome of such uncertain events (i.e., being virtually certain, probable, remote or undeterminable), determination of whether recognition or disclosure in the consolidated financial statements is required and estimation of potential financial effects are matters for judgment. Where no amounts are recognized, such amounts are contingent and disclosure may be appropriate. While the amount disclosed in the consolidated financial statements may not be material, the potential for large liabilities exists and therefore these estimates could have a material impact on the Company's consolidated financial statements.

For the years ended December 31, 2022 and 2021

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies

The following are the Company's accounting policies under IFRS:

Scope of consolidation

The consolidated financial statements of TWC, as the parent company, include the accounts of all entities that are controlled directly or indirectly by the Company. This includes the following wholly-owned major operating subsidiaries: ClubLink Corporation ULC and ClubLink US LLC and their respective subsidiaries. Starting in the second quarter of 2021, the Highland Gate project is being consolidated. Control is achieved when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Intercompany transactions between subsidiaries are eliminated on consolidation.

Accounts receivable

Amounts are recorded at fair value less an allowance for doubtful accounts. In assessing the allowance, consideration is given to the financial solvency of specific customers and performing an evaluation of the remaining receivables according to their default risk primarily based on the age of the receivable and historical loss experience. Account balances are written off against the allowance after all collection efforts have been exhausted and the likelihood of recovery is considered remote. Recoveries are credited back to the allowance account.

Inventories

Inventories are stated at the lower of cost and net realizable value and consist of food, beverages and merchandise. Cost of sales represents the amount of inventories expensed during the year. Cost of sales are determined on a weighted-average basis.

Residential inventory

Residential inventory, which is developed for sale in the ordinary course of business within the normal operating cycle, is stated at the lower of cost and estimated net realizable value and includes land acquisition, development and construction costs. Residential inventory is reviewed for impairment at each reporting date. An impairment loss is recognized as an expense when the carrying value of the property exceeds its net realizable value. Net realizable value is based on projections of future cash flows, which take into account the development plans for each project and management's best estimate of the most probable set of anticipated economic conditions.

The cost of residential inventory includes borrowing costs directly attributable to projects under active development. Residential inventory is presented separately on the consolidated balance sheets as current assets, as the Company intends to sell these assets in the ordinary course of business within the normal operating cycle.

The revenue generated from contracts with customers on the sale of residential units is recognized at a point in time when control of the asset has transferred to the purchaser (i.e., generally, when the purchaser takes possession of the home) as the purchaser has the ability to direct the use of and obtain substantially all of the remaining benefits from the asset. The amount of revenue recognized is based on the transaction price included in the purchasers' contracts. Any funds received prior to the purchasers taking possession of their respective assets are recognized as prepaid deposits (contractual liability).

Property, plant and equipment

Property, plant and equipment ("PP&E") is recorded at cost less impairment and accumulated depreciation.

PP&E include land and improvements thereto, buildings and related equipment. Operating PP&E, including assets under finance lease, are depreciated on a straight-line basis over their estimated useful lives as follows:

Land	Not depreciated
Buildings and land improvements	25 - 60 years
Bunkers, cart paths and irrigation.....	20 years
Equipment	5 - 30 years

PP&E include properties under construction or held for future development. TWC capitalizes all direct costs relating to the development and construction of these properties. TWC also capitalizes interest and direct project development and management costs during construction of qualifying assets.

For the years ended December 31, 2022 and 2021

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Intangible assets

Purchased intangible assets with finite useful lives are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful life. All of TWC's intangible assets have estimable useful lives and are therefore subject to amortization.

Intangible assets are amortized on a straight-line basis as follows:

Membership base	30 years
Brand	30 years
Below market rent terms	over the length of the lease

Business combinations and acquisition of property

At the time of acquisition of property, whether through a controlling share investment or directly, the Company considers whether the acquisition represents the acquisition of a business. The Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired. If no significant processes, or only insignificant processes, are acquired, the acquisition is treated as an asset acquisition rather than a business combination.

The Company has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met and the acquisition can be treated as an asset acquisition, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. The difference between the purchase price and the Company's net fair value of the acquired identifiable net assets and liabilities is goodwill. Goodwill is not amortized and must be tested for impairment at least annually, or more frequently, if events or changes in circumstances indicate that impairment has occurred. The Company expenses transaction costs associated with business combinations in the period incurred.

When an acquisition does not meet the criteria for a business combination, it is accounted for as an acquisition of a group of assets and liabilities, the cost of which includes transaction costs that are allocated to the assets and liabilities acquired based upon their relative fair values. No goodwill is recognized for asset acquisitions.

Impairment of long-lived assets

The Company reviews long-lived assets such as property, plant and equipment and acquired intangible assets, for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable.

The Company assesses recoverability of these assets by comparing their carrying amount to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Where the carrying amount of an asset or a group of assets exceeds its recoverable amount, the asset is considered to be impaired, and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or group of assets' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Accounts payable, borrowings and other liabilities

Trade payables and other non-derivative financial liabilities are recognized initially at fair value and in the case of borrowings include attributable transaction costs.

For the years ended December 31, 2022 and 2021

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Deferred income taxes

The Company uses the balance sheet liability method of accounting for deferred income taxes. Temporary differences arising from the difference between the tax base of an asset or liability and its carrying amount on the consolidated balance sheets and unutilized tax losses are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities and assets are calculated using the substantively enacted tax rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in tax rates is included in earnings in the period, which includes the substantive enactment.

Foreign currency translation

(a) Functional currency and currency translation account

The functional currency of TWC and its subsidiaries is the local currency. The assets and liabilities of TWC's foreign operations where the functional currency is not the Canadian dollar are translated using the rate of exchange at the balance sheet date, whereas revenue and expenses are translated using average exchange rates during the respective periods. The resulting foreign currency translation adjustments are included in accumulated other comprehensive earnings or loss. The accumulated balance of the foreign currency translation reserve reflects the differences since January 1, 2010, the transition date to IFRS. When a foreign operation is disposed of, the foreign currency translation adjustment applicable to that entity is recognized in the consolidated statement of earnings.

(b) Local currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entity at the applicable exchange rate on the date of each transaction. Monetary assets and liabilities that are denominated in foreign currencies other than the functional local currency are translated at the year-end closing rate with the resulting gains and losses reflected in the consolidated statement of earnings.

(c) Cash flow statement

Operating, investing and financing cash flows are translated using average exchange rates during the respective periods. The effects on cash due to fluctuations in exchange rates are shown in a separate line in the consolidated statement of cash flows.

Financial instruments

Financial assets must be classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Initially, all financial assets and financial liabilities are recorded in the consolidated balance sheets at fair value. After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net income for the year in which they arise. At each consolidated balance sheet date, financial assets measured at amortized cost or at FVTOCI, except for investment in equity instruments, require an impairment analysis using the expected credit loss model ("ECL model") to determine the expected credit losses using judgment determined on a probability weighting basis.

The following is a summary of the accounting model the Company applies to each of its significant categories of financial instruments:

Balance Sheet Classification	Financial Instrument Designation
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Investments	FVTPL
Mortgages and loans receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Borrowings	Amortized cost

For the years ended December 31, 2022 and 2021

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Financial instruments (continued)

Transaction costs related to the Company's borrowings are netted against the related liability and are expensed using the effective interest method.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable market inputs. The valuation techniques used are discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuation with reference to other financial instruments that are substantially the same.

An item may only be designated in a hedging relationship if changes in fair value of the hedging item are expected to offset virtually all changes in fair value of the hedged item attributable to the hedged risk. This offsetting must be expected at inception of the hedge and throughout the hedging period.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents and assesses, both at hedge inception and on an ongoing basis, whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting expected changes in the hedged items.

Gains and losses on derivative financial instruments that are not designated in a hedging relationship and gains and losses related to the "ineffective" portion of effective hedges are recognized in other operating income and expenses.

Hedge accounting is discontinued prospectively if the hedging instrument or hedged item is terminated or sold, or if it is determined that the hedging instrument is no longer effective.

The Company has no hedges at either December 31, 2021 or December 31, 2022.

Share capital

Repurchased common shares are recorded at acquisition cost and are presented as a deduction from shareholders' equity. On retirement of treasury shares, any excess over the calculated average issue price is charged to retained earnings.

Revenue recognition

Golf club operations revenue includes annual dues (recognized on a daily basis as earned when the Company is allowed to operate) and sales to members and customers of green fees, cart rentals, food and beverage, merchandise and room rentals, which are all recognized when the service is provided. The Company recognizes its annual dues revenue on a straight-line basis throughout the year based on when its properties are open and services are provided. Membership fee revenue is amortized over the estimated weighted average remaining membership life by year joined. Subsequent to this amortization period, membership fees are recorded as revenue upon receipt.

Non-monetary transactions

The Company records non-monetary transactions at the fair value of the assets or services exchanged unless the exchange transaction lacks commercial substance or the fair value of neither the asset or service received nor the asset or service given up is reliably measurable.

The Company has recorded \$987,000 (2021 – \$934,000) of operating revenue relating to non-monetary transactions.

Lease payments

The Company is a lessee of property, plant and equipment, mainly leased golf clubs, under leases that do not transfer the substantive risks and rewards of ownership.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right-of-use to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Earnings per share

Basic earnings per share is calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method.

For the years ended December 31, 2022 and 2021

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. The consolidated statement of income reflects the Company's share of the results of operations of the joint venture. Any change in other comprehensive income of the joint venture is presented as part of the Company's consolidated statement of comprehensive earnings.

When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

When the Company transacts with a joint venture, profits and losses resulting from the transactions are recognized in the Company's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Company.

Subsidies

As per IAS 20, Government Grants, the Company recognizes government assistance, in the form of grants or forgivable loans, when there is reasonable assurance that the Company will be able to comply with the conditions attached to the assistance and that the assistance will be received. Government assistance that compensates the Company for expenses incurred is recognized in the Consolidated Statements of Earnings and Comprehensive Earnings, as a reduction of the related expense, in the periods in which the expenses are recognized.

On April 11, 2020, the Government of Canada passed the Canada Emergency Wage Subsidy ("CEWS") to support employers experiencing certain revenue declines as a result of the COVID-19 pandemic. The Company applied from March 15, 2020, and continued to apply as long as it was eligible. For the year ended December 31, 2022, the Company recognized a recovery of labour and employee benefit expenses of nil (December 31, 2021 - \$9,283,000).

3. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable consist of the following:

(thousands of Canadian dollars)	2022	2021
Vendor take-back mortgages	\$ 2,466	\$ 2,997
Related party receivable (Note 21)	5,000	-
	7,466	2,997
Less: current portion	7,024	1,465
	\$ 442	\$ 1,532

The vendor take-back mortgages have maturity dates to November 2024 and have an average fixed interest rate of 6.60% (2021 – 6.05%).

4. INVENTORIES AND PREPAID EXPENSES

Inventories and prepaid expenses consist of the following:

(thousands of Canadian dollars)	2022	2021
Merchandise and supplies	\$ 3,472	\$ 2,716
Food and beverage	782	668
Other	899	827
	\$ 5,153	\$ 4,211

For the years ended December 31, 2022 and 2021

5. OTHER ASSETS

Other assets consist of the following:

(thousands of Canadian dollars)	2022	2021
Investment in joint ventures	\$ 5,454	\$ 5,422
Investment in Automotive Properties REIT (9,480,712 units; December 31, 2021 - 7,564,650 units)	122,965	113,092
Investment in Mount Auburn (US\$1,656,000; December 31, 2021 - US\$10,362,000)	2,243	13,137
Investment in Real Estate Investment Fund IV (US\$6,381,000; December 31, 2021 - US\$4,841,000)	8,642	6,137
Other	564	559
	139,868	138,347
Less: current portion	125,208	113,092
	\$ 14,660	\$ 25,255

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

(thousands of Canadian dollars)	2022	2021
Balance, beginning of year	\$ 5,422	\$ 22,996
Equity income	457	1,270
Dividend	(500)	-
Transfer resulting from acquisition	-	(18,828)
Cash calls (return of capital)	75	(16)
Balance, end of year	\$ 5,454	\$ 5,422

TWC has committed US\$10,000,000 towards a real estate fund based out of Florida. As at December 31, 2022, there has been US\$7,500,000 (CDN\$10,158,000) in capital calls paid towards this commitment. Outside of the fund, the Company had also previously made an investment in Mount Auburn (comprising of garden style real estate in the southern United States). This investment has now been mostly liquidated.

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

			2022	2021
(thousands of Canadian dollars)	Real Estate Management Company	Real Estate Housing Investments	Total	Total
Current assets	\$ 5,547	\$ 4,816	\$ 10,363	\$ 8,649
Related party	-	(2)	(2)	(58)
Land and other long-term assets	1,054	53,950	55,004	51,527
Secured project debt	-	(18,947)	(18,947)	(11,997)
Liabilities	(1,971)	(18,124)	(20,095)	(20,701)
Net assets at 100%	4,630	21,693	26,323	27,420
Net assets at Company's share	2,315	3,060	5,375	5,419
Return of capital investments to date	-	79	79	3
Net assets attributable to TWC	\$ 2,315	\$ 3,139	\$ 5,454	\$ 5,422
Net assets attributable to partners	\$ 2,315	\$ 18,554	\$ 20,869	\$ 21,998
Equity income (loss)	\$ 579	\$ (122)	\$ 457	\$ 1,270

For the years ended December 31, 2022 and 2021

5. OTHER ASSETS (continued)

	2022		2021	
(thousands of dollars)	Investment in Mount Auburn	Investment in Real Estate Investment Fund IV	Investment in Mount Auburn	Investment in Real Estate Investment Fund IV
Balance, beginning of year (US dollars)	\$ 10,362	\$ 4,841	\$ -	\$ -
Cash call	-	4,075	4,500	3,425
Valuation adjustment	3,591	1,280	5,862	1,416
Return of capital/liquidation	(12,297)	(3,815)	-	-
Balance, end of year (US dollars)	1,656	6,381	10,362	4,841
Exchange	587	2,261	2,775	1,296
Balance, end of year (Cdn dollars)	\$ 2,243	\$ 8,642	\$ 13,137	\$ 6,137

6. RESIDENTIAL INVENTORY

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

(thousands of Canadian dollars)	Total
At January 1, 2021	\$ -
Amount arising on consolidation	84,070
Additions	30,362
Operating cost of goods sold	(25,941)
Amortization of cost of goods sold	(2,397)
At December 31, 2021	86,094
Additions	31,493
Operating cost of goods sold	(14,984)
Amortization of cost of goods sold	(1,410)
At December 31, 2022	\$ 101,193

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

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

7. RIGHT-OF-USE ASSETS

Right-of-use assets consists of the following:

(thousands of Canadian dollars)	Land and Buildings	Equipment	Total
At January 1, 2021	\$ 11,016	\$ 343	\$ 11,359
Additions	-	11	11
Depreciation	(4,947)	(160)	(5,107)
Foreign exchange difference	-	(1)	(1)
At December 31, 2021	6,069	193	6,262
Disposals	-	(103)	(103)
Depreciation	(3,967)	(88)	(4,055)
Foreign exchange difference	-	(2)	(2)
At December 31, 2022	\$ 2,102	\$ -	\$ 2,102

For the years ended December 31, 2022 and 2021

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(thousands of Canadian dollars)	Land	Buildings and Land Improvements	Bunkers, Cart Paths and Irrigation	Equipment	Total
Cost					
At January 1, 2021	\$ 290,443	\$ 159,638	\$ 105,744	\$ 89,276	\$ 645,101
Additions	2,290	272	1,516	6,744	10,822
Disposals	(11,211)	(897)	(1,750)	(3,841)	(17,699)
Impairment reversal	1,426	897	1,738	971	5,032
Foreign exchange difference	(41)	(39)	(34)	(37)	(151)
At December 31, 2021	282,907	159,871	107,214	93,113	643,105
Additions	1,949	2,613	3,110	5,428	13,100
Disposals	(55)	(373)	(68)	(2,066)	(2,562)
Foreign exchange difference	738	653	597	548	2,536
At December 31, 2022	\$ 285,539	\$ 162,764	\$ 110,853	\$ 97,023	\$ 656,179
Accumulated Depreciation					
At January 1, 2021	\$ -	\$ 82,166	\$ 82,377	\$ 70,154	\$ 234,697
Depreciation	-	4,039	3,679	4,942	12,660
Disposals	-	(276)	(1,169)	(3,630)	(5,075)
Impairment reversal	-	276	1,163	951	2,390
Foreign exchange difference	-	(11)	(13)	(25)	(49)
At December 31, 2021	-	86,194	86,037	72,392	244,623
Depreciation	-	4,524	3,404	4,478	12,406
Disposals	-	(373)	(68)	(2,014)	(2,455)
Foreign exchange difference	-	263	369	404	1,036
At December 31, 2022	\$ -	\$ 90,608	\$ 89,742	\$ 75,260	\$ 255,610
Net book value at December 31, 2021	\$ 282,907	\$ 73,677	\$ 21,177	\$ 20,721	\$ 398,482
Net book value at December 31, 2022	\$ 285,539	\$ 72,156	\$ 21,111	\$ 21,763	\$ 400,569

Certain property, plant and equipment have been assigned as collateral for borrowings (Note 12).

Proceeds collected on the sale of various pieces of miscellaneous equipment amounted to \$483,000 (2021 - \$1,023,000).

In 2021, due to the withdrawal of the Glen Abbey redevelopment appeals, \$9,785,000 in capitalized development costs in relation to Glen Abbey were expensed to Other Items (Note 20).

On October 8, 2021, the Company sold Heron Bay Golf Club in Florida for net proceeds of \$40,235,000 (US\$31,736,000). A gain of \$39,425,000 (US\$31,661,000) was recorded on this sale.

For the years ended December 31, 2022 and 2021

9. INTANGIBLE ASSETS

Intangible assets consist of the following:

(thousands of Canadian dollars)	Membership Base	Brand	Other	Total Intangible Assets
Cost				
At January 1, 2021	\$ 12,131	\$ 13,477	\$ 2,433	\$ 28,041
Foreign exchange difference	(9)	-	(1)	(10)
At December 31, 2021	12,122	13,477	2,432	28,031
Foreign exchange difference	135	-	13	148
At December 31, 2022	\$ 12,257	\$ 13,477	\$ 2,445	\$ 28,179
Accumulated amortization				
At January 1, 2021	\$ 5,587	\$ 5,533	\$ 2,312	\$ 13,432
Amortization	677	875	121	1,673
Foreign exchange difference	(4)	-	(1)	(5)
At December 31, 2021	6,260	6,408	2,432	15,100
Amortization	637	758	-	1,395
Foreign exchange difference	82	-	13	95
At December 31, 2022	\$ 6,979	\$ 7,166	\$ 2,445	\$ 16,590
Net book value at December 31, 2021	\$ 5,862	\$ 7,069	\$ -	\$ 12,931
Net book value at December 31, 2022	\$ 5,278	\$ 6,311	\$ -	\$ 11,589

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

(thousands of Canadian dollars)	2022	2021
Trade payables	\$ 9,907	\$ 8,848
Accrued payroll costs	3,094	3,269
Accrued interest	151	492
Income taxes payable	3,591	12,425
Accrued liabilities and other	12,226	11,294
	\$ 28,969	\$ 36,328

For the years ended December 31, 2022 and 2021

11. LEASE LIABILITIES

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

(thousands of Canadian dollars)	Land and Buildings	Equipment	Total
At January 1, 2021	\$ 11,875	\$ 484	\$ 12,359
Additions	-	11	11
Interest expense	557	24	581
Lease payments	(5,615)	(308)	(5,923)
Foreign exchange	-	(1)	(1)
At December 31, 2021	6,817	210	7,027
Disposals	-	(105)	(105)
Interest expense	268	6	274
Lease payments	(4,633)	(111)	(4,744)
At December 31, 2022	2,452	-	2,452
Less: current portion	1,129	-	1,129
	\$ 1,323	\$ -	\$ 1,323

Future minimum payments of lease liabilities are as follows:

(thousands of Canadian dollars)	Lease Liabilities	Interest	Total Minimum Lease Payments
Balance of 2023	\$ 1,129	\$ 112	\$ 1,241
2024	1,234	41	1,275
2025	10	5	15
2026	11	4	15
2027	12	4	16
2028 and thereafter	56	8	64
	\$ 2,452	\$ 174	\$ 2,626

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

Land Lease Rent

TWC operates the National Pines Golf Club which is subject to a land lease that expires on November 15, 2024.

During 2022, the Company paid \$338,000 (2021 - \$483,000) in percentage rent primarily in relation to the Country Club lease which expired December 31, 2022.

For the years ended December 31, 2022 and 2021

12. BORROWINGS

Borrowings consist of the following:

(thousands of Canadian dollars)	December 31, 2022	December 31, 2021
Secured revolving operating line of credit to a maximum of \$50,000,000 due September 11, 2024 (a)	\$ 18,804	\$ -
	18,804	-
Highland Gate syndicated credit facilities to a maximum of \$108,000,000		
Servicing facility - due on demand - maturing October 31, 2025		
Prime rate loan (Prime + 1.00%)	773	434
BA loan (Stamping fees @ 2.50% or 7.45%)	31,500	16,000
Servicing facility - Phase 2: due on demand - maturing June 30, 2023		
Prime rate loan (Prime + 1.25%)	-	76
BA loan (Stamping fees @ 2.50% or 7.45%)	-	8,300
Construction facility - due on demand - maturing October 31, 2023		
Prime rate loan (Prime + 1.00%)	13	-
BA loan (Stamping fees @ 2.50% or 7.45%)	7,900	-
	40,186	24,810
Mortgages with blended monthly payments of principal and interest		
8.345% Mortgages due July 1, 2022	-	1,577
7.550% Mortgage due July 1, 2022	-	187
7.416% Mortgages due September 1, 2023	-	5,973
7.268% Mortgage due July 1, 2024	-	3,346
8.060% Mortgage due July 1, 2024	11,468	18,047
6.194% Mortgage due March 1, 2026	-	21,161
6.315% Mortgage due December 1, 2027	-	22,408
8.000% Mortgage due October 1, 2029		
(US\$8,578,000; December 31, 2021 - US\$9,486,000)	11,618	12,026
Other - maturing August 16, 2024	2,265	3,316
	25,351	88,041
Gross borrowings	84,341	112,851
Less: deferred financing costs	190	290
Borrowings	84,151	112,561
Less: current portion	17,433	39,182
	\$ 66,718	\$ 73,379

Note a: As at December 31, 2022, there are \$1,018,000 (2021 – \$1,018,000) in letters of credit issued, representing unavailable funds and there is availability of \$30,178,000 (2021 – \$48,982,000) under this facility. This is a revolving operating line of credit with a two-year term and provisions for annual one-year extensions. This facility bears interest at bankers' acceptance rates plus 1.60% or 6.41% (2021 – 2.15%).

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

Borrowings are collateralized by certain property, plant and equipment assets (Note 8).

Minimum principal debt repayments for the next five years and thereafter are as follows:

(thousands of Canadian dollars)	Highland Gate	Corporate Borrowings	Total Borrowings
2023	\$ 7,913	\$ 9,520	\$ 17,433
2024	-	25,789	25,789
2025	32,273	1,562	33,835
2026	-	1,692	1,692
2027	-	1,831	1,831
2028 and thereafter	-	3,761	3,761
	\$ 40,186	\$ 44,155	\$ 84,341

For the years ended December 31, 2022 and 2021

13. PREPAID ANNUAL DUES AND DEPOSITS

Prepaid annual dues and deposits consist of the following:

(thousands of Canadian dollars)	December 31, 2022	December 31, 2021
Member deposits	\$ 10,781	\$ 10,369
Prepaid cart plan deposits	497	479
Highland Gate real estate deposits	18,414	16,445
Event deposits	3,239	4,209
Other	1,816	1,517
	\$ 34,747	\$ 33,019

14. DEFERRED MEMBERSHIP FEES

Deferred membership fees consist of the following:

(thousands of Canadian dollars)	2022	2021
Unamortized membership fees (Note 14A)	\$ 38,223	\$ 37,258
Future membership fee instalments (Note 14B)	(34,897)	(33,282)
Deferred membership fees	\$ 3,326	\$ 3,976

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

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

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

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

(thousands of Canadian dollars)	2022	2021
Balance, beginning of year	\$ 37,258	\$ 30,479
Sales to new members	7,021	11,398
Transfer and reinstatement fees	2,519	3,076
Resignations and terminations	(3,742)	(3,289)
Country Club resignations and terminations	(603)	-
Amortization of membership fees to revenue	(4,294)	(4,404)
Foreign exchange difference	64	(2)
Balance, end of year	\$ 38,223	\$ 37,258

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

(thousands of Canadian dollars)	2022	2021
Balance, beginning of year	\$ 33,282	\$ 25,250
Sales to new members	7,021	11,398
Transfer and reinstatement fees	2,519	3,076
Resignations and terminations	(3,742)	(3,289)
Country Club resignations and terminations	(603)	-
Instalments received in cash	(3,646)	(3,151)
Foreign exchange difference	66	(2)
Balance, end of year	\$ 34,897	\$ 33,282

For the years ended December 31, 2022 and 2021

15. REVENUE

Revenue consists of the following:

	Year ended December 31, 2022				Year ended December 31, 2021			
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Other (Highland Gate)	Total	Canadian Golf Club Operations	US Golf Club Operations	Other (Highland Gate)	Total
Annual dues	\$ 61,521	\$ 6,584	\$ -	\$ 68,105	\$ 56,508	\$ 5,952	\$ -	\$ 62,460
Golf	32,354	12,240	-	44,594	35,574	10,025	-	45,599
Corporate events	7,549	301	-	7,850	3,315	227	-	3,542
Membership fees	4,081	213	-	4,294	4,115	289	-	4,404
Food and beverage	28,608	2,449	-	31,057	17,637	1,763	-	19,400
Merchandise	12,767	780	-	13,547	10,932	715	-	11,647
Real estate	-	-	15,811	15,811	-	-	26,572	26,572
Rooms and other	5,716	(183)	15	5,548	4,825	(32)	-	4,793
	\$ 152,596	\$ 22,384	\$ 15,826	\$ 190,806	\$ 132,906	\$ 18,939	\$ 26,572	\$ 178,417

16. INCOME TAXES

(A) Income tax provision

The provision for income taxes differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate income tax rates to earnings before income taxes. The major components of these differences are explained as follows:

(thousands of Canadian dollars)	2022	2021
Earnings before income taxes	\$ 27,822	\$110,935
Expected corporate tax rate	26.50%	26.50%
Calculated income tax provision	7,372	29,398
Difference in statutory tax rates	(108)	(1,199)
Capital items	1,603	(4,513)
Foreign exchange	75	420
Permanent differences	247	310
Previously unrecognized tax losses	-	(2,888)
Other	(33)	(240)
Total tax expense	\$ 9,156	\$ 21,288

The tax rate used for the 2022 and 2021 reconciliations above is the corporate rate of 26.50% payable by corporate entities in Ontario, Canada.

(B) Deferred income tax liabilities

The tax effects of temporary differences that give rise to the deferred income tax assets and liabilities are summarized as below:

(thousands of Canadian dollars)	Capital/ Intangible Assets and Other	Investments	Foreign Exchange	Total
Balance, January 1, 2021	\$ 43,530	\$ 2,247	\$ (425)	\$ 45,352
Recognized in earnings	486	4,626	54	5,166
Recognized in equity through comprehensive earnings	(11)	-	-	(11)
As at December 31, 2021	44,005	6,873	(371)	50,507
Recognized in earnings	621	(1,154)	(565)	(1,098)
Recognized in equity through comprehensive earnings	240	-	-	240
As at December 31, 2022	\$ 44,866	\$ 5,719	\$ (936)	\$ 49,649

For the years ended December 31, 2022 and 2021

16. INCOME TAXES (continued)

(B) Deferred income tax liabilities (continued)

There are no unused tax losses on which the deferred tax assets have been recognized as at December 31, 2022 (2021 - nil).

As at December 31, 2022, the Company had temporary differences of \$1,973,000 (2021 - \$1,394,000) associated with investments in joint ventures for which no deferred tax liabilities have been recognized, as the Company is able to control the timing of the reversal of these temporary differences and it is not probable that these differences will reverse in the foreseeable future.

17. SHARE CAPITAL

(A) Authorized and issued share capital

The authorized share capital is an unlimited number of common shares and preferred shares. As at December 31, 2022, there are 24,609,280 common shares outstanding (December 31, 2021 - 24,547,924). As at December 31, 2022 and 2021, no preferred shares have been issued. Please refer to the consolidated statements of changes in shareholders' equity for details.

(B) Dividends

Dividends consist of the following:

Date of declaration	Record date	Distribution date	Amount per share	Payment amount	Share amount	Total amount
March 3, 2021	March 15, 2021	March 31, 2021	0.02	\$ 501,000	\$ -	\$ 501,000
April 29, 2021	May 31, 2021	June 15, 2021	0.02	492,000	-	492,000
August 5, 2021	August 31, 2021	September 15, 2021	0.02	491,000	-	491,000
November 1, 2021	November 30, 2021	December 15, 2021	0.02	491,000	-	491,000
				\$ 1,975,000	\$ -	\$ 1,975,000
March 9, 2022	March 15, 2022	March 31, 2022	0.02	\$ 491,000	\$ -	\$ 491,000
May 2, 2022	May 31, 2022	June 15, 2022	0.02	491,000	-	491,000
August 4, 2022	August 31, 2022	September 15, 2022	0.05	212,000	1,013,000	1,225,000
October 31, 2022	November 30, 2022	December 15, 2022	0.05	216,000	1,011,000	1,227,000
				\$ 1,410,000	\$ 2,024,000	\$ 3,434,000

(C) Shares repurchased and cancelled

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

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,225,000 of its common shares which expires on September 19, 2023. From September 20, 2022 to December 31, 2022, the Company repurchased for cancellation 5,100 common shares for a total purchase price of \$89,000 or \$17.48 per share, including commissions.

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

(D) Earnings per share

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

For the years ended December 31, 2022 and 2021

18. NON-CONTROLLING INTEREST

On April 14, 2021, ClubLink purchased a 25% profit participation interest in the Highland Gate project from one of its project partners for \$12,000,000 cash excluding transaction costs. Transaction costs (primarily land transfer tax) amounted to \$444,000 and were capitalized to residential inventory. The partner had \$8,464,000 equity into the project. Including previous profit participation positions, ClubLink is now entitled to 83.33% of the project's profits. The difference between the purchase price and the net equity position in the project has been allocated to residential inventory.

This transaction was accounted for as an asset acquisition. The Company's investment in Highland Gate was previously accounted for as an equity method investment from December 16, 2014 to April 13, 2021 as the Company had determined that it had joint control during that period. During that period the Company could only nominate one of the two directors for this asset, and decisions needed to be unanimous. Therefore, Highland Gate was considered to be jointly controlled and was accounted for as a joint venture until the most recent acquisition through which the Company obtained effective control.

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

(thousands of Canadian dollars)	2022	2021
Cash and cash equivalents	\$ 796	\$ 160
Restricted cash	2,239	944
Accounts receivable	695	108
Residential inventory (Note 6)	101,193	86,094
Inventories and prepaid expenses	5	5
Total assets	\$ 104,928	\$ 87,311
Accounts payable and accrued liabilities	\$ 8,332	\$ 7,492
Prepaid annual dues and deposits	18,414	16,445
Borrowings	40,186	24,810
Total liabilities	66,932	48,747
Partner capital	31,352	31,352
Retained earnings (deficit)	(1,944)	(1,471)
Non-controlling interest	8,588	8,683
Total shareholders' equity	37,996	38,564
Total liabilities and shareholders' equity	\$ 104,928	\$ 87,311

(thousands of Canadian dollars)	2022	2021
Revenue	\$ 15,826	\$ 26,572
Operating cost of goods sold	(14,984)	(25,941)
Cost of goods sold - amortization (Note 6)	(1,410)	(2,397)
Loss for the year	\$ (568)	\$ (1,766)
Loss attributable to shareholders	\$ (473)	\$ (1,471)
Loss attributable to non-controlling interests	(95)	(295)
Loss for the year	\$ (568)	\$ (1,766)

(thousands of Canadian dollars)	2022	2021
Balance, beginning of year	\$ 8,683	\$ -
Non-controlling interest arising on consolidation	-	8,978
Share of loss for the year	(95)	(295)
Balance, end of year	\$ 8,588	\$ 8,683

For the years ended December 31, 2022 and 2021

19. INTEREST, NET AND INVESTMENT INCOME

Interest, net and investment income consists of the following:

(thousands of Canadian dollars)	2022	2021
Revolving line of credit	\$ 248	\$ 76
Non-revolving mortgages	4,295	6,819
Non-revolving mortgages (prepayment penalty)	2,604	-
Construction line of credit (Highland Gate)	1,471	885
Lease liabilities (Note 11)	274	581
Line of credit to related party	(112)	(390)
Amortization of deferred financing costs	243	179
Other	220	205
Interest revenue and investment income	(8,578)	(6,266)
Capitalized interest (Highland Gate)	(1,471)	(885)
	\$ (806)	\$ 1,204

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

20. OTHER ITEMS

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

(thousands of Canadian dollars)	2022	2021
Gain on sale of property, plant and equipment	\$ (376)	\$(40,304)
Unrealized loss (gain) on investment in marketable securities	15,754	(30,360)
Gain on real estate fund investments	(6,356)	(9,311)
Insurance proceeds	(580)	(3,812)
Equity income from investments in joint ventures	(457)	(1,270)
Foreign exchange loss (gain)	(247)	207
Glen Abbey redevelopment charge	-	9,785
Other	260	302
Other items	\$ 7,998	\$(74,763)

Net gain on property, plant and equipment consists of the following:

(thousands of Canadian dollars)	2022	2021
Gain on sale of Heron Bay property (Florida)	\$ -	\$(39,425)
Gain on disposal of miscellaneous equipment	(376)	(879)
	\$ (376)	\$(40,304)

At December 31, 2022, the Company recorded unrealized losses of \$15,754,000 on investment in marketable securities (December 31, 2021 - gain of \$30,360,000). This loss is attributable to the Company's investment in Automotive Properties REIT. The Company also recorded realized gains of \$6,356,000 (December 31, 2021 - \$9,311,000) on real estate fund investments in relation to Florida and southeastern US real estate.

The exchange rate used for translating US denominated assets has changed from 1.2678 at December 31, 2021 to 1.3544 at December 31, 2022. This has resulted in a foreign exchange gain of \$247,000 for the year ended December 31, 2022 on the translation of the Company's US denominated financial instruments.

For the years ended December 31, 2022 and 2021

21. 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 \$50,000,000 with no fixed maturity date. Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of \$50,000,000 with no fixed maturity date. These facilities bear interest on a basis which is consistent with the entity's borrowing costs.

Summarized information regarding these facilities is as follows:

(thousands of Canadian dollars)	For the year ended December 31, 2022	December 31, 2021
Loan receivable from Morguard	5,000	-
Net interest receivable	51	-
Net interest earned	112	390

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

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

The Company has provided an unsecured revolving demand credit facility to an investment in joint venture in the amount of \$3,000,000, with no fixed maturity date. This facility bears interest at prime plus 1.25%. As at December 31, 2022, the amount receivable on this facility was \$600,000 (December 31, 2021 - nil). Interest receivable at December 31, 2022 was \$2,000 (December 31, 2021 - nil), and interest earned was \$2,000 for the year ended December 31, 2022 (December 31, 2021 - \$4,000).

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of \$695,000 for the year ended December 31, 2022 (December 31, 2021 - \$695,000), under a contractual agreement, which is included in operating expenses. Morguard also provides back-office services to ClubLink US LLC. The Company paid a management fee of US\$460,000 (CDN\$599,000) for the year ended December 31, 2022 (December 31, 2021 - US\$460,000; CDN\$577,000) under a contractual agreement, which is included in direct operating expenses.

The Highland Gate project receives managerial services from Geranium management companies. The project paid management fees of \$1,707,000 for the year ended December 31, 2022 (December 31, 2021 - \$1,748,000) under a contractual agreement, which is capitalized to residential inventory.

The Company provides landscaping services for certain Morguard assets. The Company received a fee of \$156,000 for the year ended December 31, 2022 (December 31, 2021 - \$96,000) under a contractual agreement.

A total of US\$53,000 of rental revenue was earned by TWC for the year ended December 31, 2022 (December 31, 2021 - US\$53,000) from Morguard relating to a shared office facility in Florida.

During 2022, the Company earned \$730,000 (2021 - \$482,000) in operating revenue (primarily food and beverage and corporate events) from related parties controlled by the Chairman, President and Chief Executive Officer of the Company.

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.

For the years ended December 31, 2022 and 2021

22. SEGMENTED INFORMATION

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

TWC is engaged in golf club operations under the trademark "ClubLink One Membership More Golf". TWC is Canada's largest owner, operator and manager of golf clubs with 47½, 18-hole equivalent championship and 2½, 18-hole equivalent academy courses (including two managed properties), at 36 locations in two separate geographic Regions throughout 2022: (a) Canada and (b) United States. ClubLink's lease of the Country Club property in Woodbridge, Ontario (36 holes) concluded as of December 31, 2022 and as such the above totals will be reduced for the 2023 operating season.

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

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

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

For the Year Ended December 31, 2022				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	Total
Operating revenue	\$ 148,515	\$ 22,171	\$ 15,826	\$ 186,512
Direct operating expenses	(99,994)	(18,429)	(19,513)	(137,936)
Net operating income (loss)	48,521	3,742	(3,687)	48,576
Amortization of membership fees	4,081	213	-	4,294
Depreciation and amortization	(16,441)	(1,415)	-	(17,856)
Other items	393	(30)	(8,361)	(7,998)
Segment earnings (loss) before interest and income taxes	\$ 36,554	\$ 2,510	\$ (12,048)	27,016
Interest, net (unallocated)				806
Provision for income taxes (unallocated)				(9,156)
Net earnings				\$ 18,666
Capital expenditures	\$ 11,590	\$ 1,510	\$ -	\$ 13,100

For the years ended December 31, 2022 and 2021

22. SEGMENTED INFORMATION (continued)

For the Year Ended December 31, 2021				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	Total
Operating revenue	\$ 128,791	\$ 18,650	\$ 26,572	\$ 174,013
Direct operating expenses	(74,131)	(16,296)	(31,174)	(121,601)
Net operating income (loss)	54,660	2,354	(4,602)	52,412
Amortization of membership fees	4,115	289	-	4,404
Depreciation and amortization	(18,070)	(1,370)	-	(19,440)
Other items	(5,074)	39,328	40,509	74,763
Segment earnings before interest and income taxes	\$ 35,631	\$ 40,601	\$ 35,907	112,139
Interest, net (unallocated)				(1,204)
Provision for income taxes (unallocated)				(21,288)
Net earnings				\$ 89,647
Capital expenditures	\$ 9,845	\$ 977	\$ -	\$ 10,822

December 31, 2022				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	Total
Segment assets	\$ 440,491	\$ 73,140	\$ 213,712	\$ 727,343
Segment liabilities	\$ 70,080	\$ 6,051	\$ 127,163	\$ 203,294

December 31, 2021				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations and Other	Total
Segment assets	\$ 442,857	\$ 71,737	\$ 232,212	\$ 746,806
Segment liabilities	\$ 139,518	\$ 15,613	\$ 88,287	\$ 243,418

For the years ended December 31, 2022 and 2021

23. CAPITAL MANAGEMENT

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 these opportunities arise.

Certain secured debt obligations of the Company have restrictive covenants that require maintenance of certain financial ratios. These covenants include debt service ratios, borrowings to adjusted equity/asset ratios and a minimum total equity requirement. For all of 2022 and 2021, the Company was in compliance with these borrowings covenants.

The Company sets its capital structure in proportion to risk. It manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, purchase and cancel shares pursuant to issuer bids, issue new shares, or sell assets to reduce borrowings.

TWC has a revolving credit arrangement, which is used to fund operations. This allows the flexibility to manage its highly seasonal cash inflows and regular year round disbursements while providing appropriate returns to the shareholders. Cash flows considered surplus to the long-term needs of the business segment are generally utilized in corporate operations.

TWC may access financing from related party companies such as Morguard and Paros, as needed.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

Pursuant to IFRS, financial instruments are classified into one of the following three categories: amortized cost, FVTOCI, FVTPL. The carrying values of the Company's financial instruments on the consolidated balance sheets are classified into the following categories:

(thousands of Canadian dollars)	2022	2021
Assets - Amortized cost ⁽¹⁾	\$ 66,869	\$100,479
Assets - FVTPL - Automotive Properties REIT units and Florida real estate investments	133,850	132,366
Liabilities - Amortized cost ⁽²⁾	115,572	152,073

(1) Includes cash and cash equivalents, accounts receivable and mortgages and loans receivable.

(2) Includes accounts payable and accrued liabilities and borrowings.

A portion of the accounts receivable balance has been pledged in conjunction with the assignment of certain property, plant and equipment as collateral for borrowings.

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values

The Company has determined, using considerable judgment, the estimated fair values of its financial instruments based on the valuation methodologies which are described below. The fair values of TWC's financial instruments approximate their carrying values for financial statement purposes.

The methods and assumptions used to estimate the fair value of each type of financial instrument are as follows:

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and revolving lines of credit approximate their carrying values given their short-term maturities.

The carrying value of mortgages and loans receivable is assumed to approximate fair value as they bear interest at current market rates.

The fair value of non-revolving borrowings was estimated based on the discounted cash flows of the borrowings at the Company's estimated incremental interest rates for borrowings of the same remaining maturities.

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – valuation techniques with inputs not based on observable market inputs.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is the responsibility of the corporate finance department whose function is to identify, evaluate and, where appropriate, hedge financial risks. The Company's overall risk management program focuses on establishing policies to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined control environment in which all employees understand their roles and obligations. Risks are monitored and are regularly discussed with the board of directors.

Foreign exchange risk

As discussed in Note 1, the United States golf club operations have a reporting currency in US dollars. Therefore, fluctuations in the US dollar exchange rate will impact the earnings of TWC.

For the year ended December 31, 2022, if the Canadian dollar had weakened (strengthened) 10% against the US dollar, all other variables held constant, the after tax earnings would have increased (declined) by \$728,000 (2021 - \$4,050,000).

For the years ended December 31, 2022 and 2021

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The following debt instruments have variable interest rates:

(thousands of Canadian dollars)	2022	2021
Revolving line of credit - corporate (December 31, 2022 - BA's plus 160 basis points or 6.41%; prime plus 47.5 basis points or 6.93%) December 31, 2021 - BA's plus 160 basis points or 2.15%; prime plus 47.5 basis points or 2.93%)	\$ 18,804	\$ -
Revolving facility - Highland Gate (December 31, 2022 - BA's plus 2.50%; prime plus 125 basis points or 7.45% December 31, 2021 - BA's plus 2.50%; prime plus 125 basis points or 3.70%)	40,186	24,810
Operating line of credit from related party (cost of funds plus 10 basis points)	-	-
	\$ 58,990	\$ 24,810

The objective of the Company's interest rate management activities is to minimize the volatility of the Company's earnings.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to trade accounts receivable and mortgages and loans receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The objective of managing credit risk is to prevent losses in financial assets. It is TWC's experience that the credit worthiness of its member accounts receivable balances is very good because it has the ability to suspend the playing and charging privileges of members who have overdue accounts in order to manage credit risk exposure to its members.

Further, the Company collects deposits on group functions such as corporate events, banquets and resort stays to help reduce this risk.

The credit risk associated with mortgages and loans receivable is considered minimal as they are adequately secured. Collateral for mortgages and loans receivable include a charge on the underlying asset for vendor take-back mortgages and loans and the underlying security for share purchase loans.

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of earnings within operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts receivable. Subsequent recoveries of amounts previously written off are credited to the allowance account.

The following table describes the changes in the allowance for doubtful accounts receivable:

(thousands of Canadian dollars)	2022	2021
Balance, beginning of year	\$ 112	\$ 102
Increase in allowance through bad debt expense	104	110
Bad debt write-offs	(10)	(100)
Balance, end of year	\$ 206	\$ 112

For the years ended December 31, 2022 and 2021

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

The following table sets forth details of the age of receivables that are not overdue, as well as an analysis of overdue amounts and related allowance for doubtful accounts:

(thousands of Canadian dollars)	2022	2021
Accounts receivable		
Current - including accruals	\$ 12,428	\$ 4,636
Past due for more than one day but not more than 60 days	300	308
Past due for more than 60 days	493	311
Less: allowance for doubtful accounts	(206)	(112)
Subtotal	13,015	5,143
Mortgages and loans receivable		
Current	7,166	2,997
Past due	300	-
Less: allowance for doubtful accounts	-	-
Subtotal	7,466	2,997
Total loans and receivables	\$ 20,481	\$ 8,140

Liquidity risk

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and through the availability of funding from committed credit facilities.

The Company and its subsidiaries are subject to risks associated with borrowings, including the possibility that existing mortgages may not be refinanced or may not be refinanced on as favorable terms or with interest rates as favourable as those of the existing facilities. The Company and its subsidiaries reduce these risks by its continued efforts to stagger and to extend the maturity profile of its borrowings, enhance the value of its real estate properties and foster excellent relations with its lenders.

The Company believes that cash on hand, future free cash flows generated by operations and availability under its revolving operating facility will be adequate to meet its financial obligations.

The Company has financial liabilities with varying contractual maturity dates. Total financial liabilities at December 31, 2022, based on contractual undiscounted payments are as follows:

(thousands of Canadian dollars)	2023	2024	2025	2026	2027	2028 and beyond	Total
Accounts payable and accrued liabilities	\$ 28,969	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,969
Revolving lines of credit	-	18,804	-	-	-	-	18,804
Revolving lines of credit - Highland Gate	7,913	-	32,273	-	-	-	40,186
Non-revolving mortgages - principal	9,520	6,985	1,562	1,692	1,831	3,761	25,351
Non-revolving mortgages - interest	1,538	888	651	522	381	295	4,275
Lease liabilities - principal	1,129	1,234	10	11	12	56	2,452
Lease liabilities - interest	112	41	5	4	4	8	174
	\$ 49,181	\$ 27,952	\$ 34,501	\$ 2,229	\$ 2,228	\$ 4,120	\$120,211

For the years ended December 31, 2022 and 2021

24. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Total financial liabilities at December 31, 2021, based on contractual undiscounted payments are as follows:

(thousands of Canadian dollars)	2022	2023	2024	2025	2026	2027 and beyond	Total
Accounts payable and accrued liabilities	\$ 36,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,328
Revolving lines of credit - Highland Gate	16,434	8,376	-	-	-	-	24,810
Non-revolving mortgages - principal	21,697	20,456	15,223	10,700	7,068	9,581	84,725
Non-revolving mortgages - interest	5,210	3,691	2,351	1,544	918	784	14,498
Lease liabilities - principal	4,507	1,183	1,248	10	11	68	7,027
Lease liabilities - interest	279	114	41	5	4	12	455
Other	1,051	1,104	1,161	-	-	-	3,316
	\$ 85,506	\$ 34,924	\$ 20,024	\$ 12,259	\$ 8,001	\$ 10,445	\$ 171,159

25. CONTINGENCIES

TWC has committed US\$10,000,000 towards a real estate investment fund based out of Florida. As at December 31, 2022 there has been US\$7,500,000 (CDN\$10,158,000) in capital calls towards this commitment (see Note 5).

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

As at December 31, 2021 and December 31, 2022, TWC has \$2,000,000 outstanding in letters of credit issued in its name with a Morguard credit facility.

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

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

26. SUBSEQUENT EVENTS

In February 2023, the Company committed a further US\$10,000,000 to the next real estate fund being launched by 13th Floor (Fund V).

On March 2, 2023, the Company declared a 5 cents per common share cash dividend, payable March 31, 2023 to shareholders of record on March 15, 2023.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

FRASER BERRILL (c)
PATRICK S. BRIGHAM (b, c)
PAUL CAMPBELL (b, c)
SAMUEL J.B. POLLOCK (a, b)
ANGELA SAHI
K. (RAI) SAHI
DONALD TURPLE (a, d)
JACK D. WINBERG (a, b, c)

(a) Audit Committee
(b) Corporate Governance and Compensation Committee
(c) Environmental, Health and Safety Committee
(d) Lead director

OFFICERS

TWC ENTERPRISES LIMITED

K. (RAI) SAHI
Chairman, President and Chief Executive Officer

ANDREW TAMLIN
Chief Financial Officer

JOHN A. FINLAYSON
Chief Operations Officer, Canadian Golf Operations
Vice President, Florida Golf Operations

JAMIE KING
Vice President, Sales, Canadian Golf Operations

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

CORPORATE INFORMATION

EXECUTIVE OFFICE

15675 Dufferin Street
King City, Ontario L7B 1K5
TEL: (905) 841-3730
FAX: (905) 841-1134

WEB SITES

twcenterprises.ca
clublink.ca

INVESTOR RELATIONS

Contact: Andrew Tamlin
Tel: 905-841-5372
Email: atamlin@clublink.ca

BANKERS

HSBC Bank Canada
HSBC Bank USA

AUDITORS

Deloitte LLP

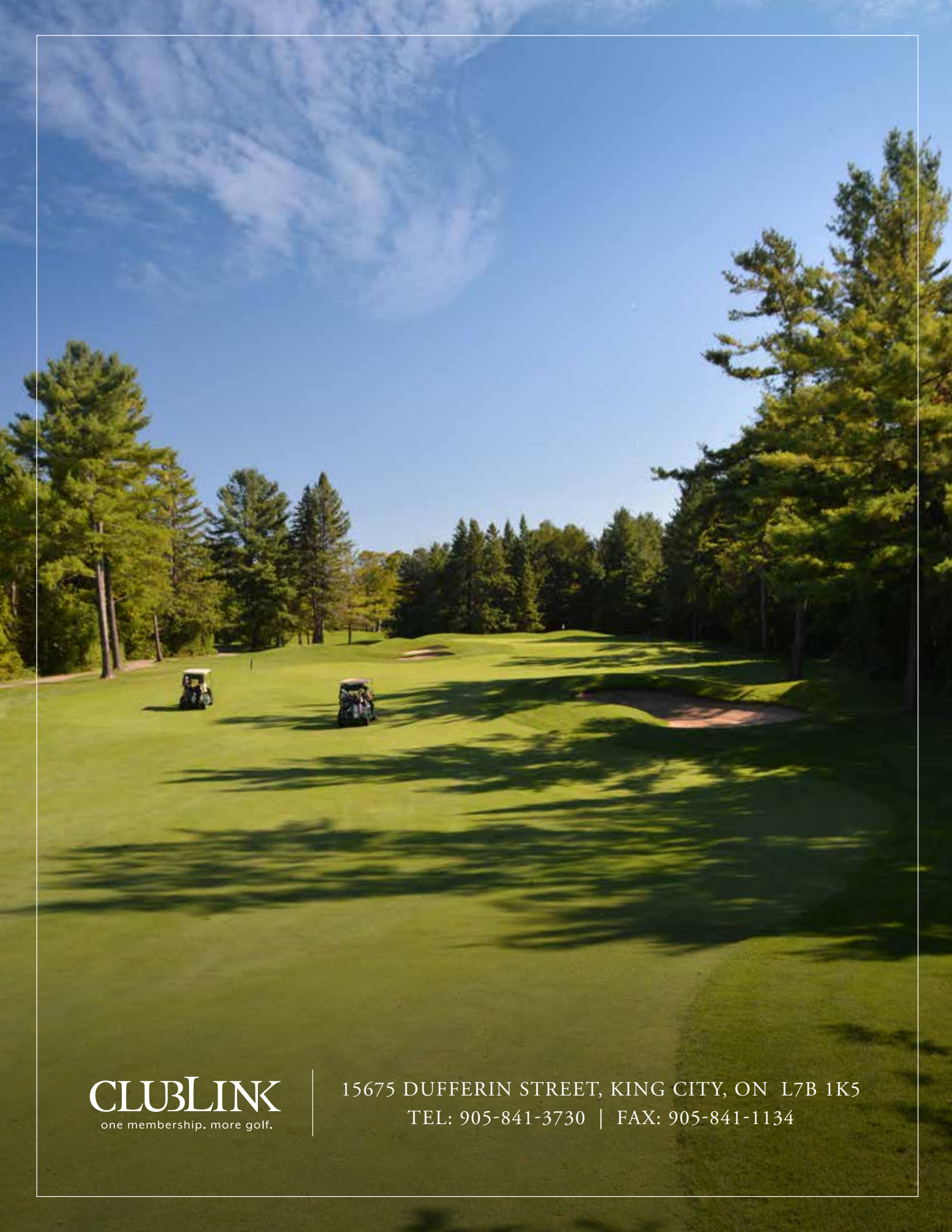
STOCK EXCHANGE LISTING

Common shares: TSX: TWC

TRANSFER AGENT

TSX Trust Company
P.O. Box 700, Postal Station B, Montreal, QC H3B 3K3
Tel: 416-682-3860
Tel: 1-800-387-0825 (toll free North America)
Fax: 1-888-249-6189
Email: shareholderinquiries@tmx.com

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



CLUBLINK
one membership. more golf.

15675 DUFFERIN STREET, KING CITY, ON L7B 1K5
TEL: 905-841-3730 | FAX: 905-841-1134