

## Management's Discussion & Analysis

### **Clarke Inc.**

June 30, 2023 and 2022

# MANAGEMENT'S DISCUSSION & ANALYSIS

Management's Discussion & Analysis ("MD&A") presents management's view of the financial position and performance of Clarke Inc. ("Clarke" or the "Company") for the three and six months ended June 30, 2023 compared with the three and six months ended June 30, 2022. The following information is derived from the Company's unaudited interim condensed consolidated financial statements which are prepared in accordance with IAS 34, *Interim Financial Reporting* under International Financial Reporting Standards ("IFRS"). This interim MD&A should be read in conjunction with the information disclosed within the interim condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2023, available on SEDAR at [www.sedar.com](http://www.sedar.com). This MD&A provides an overall discussion and analysis of the Company's performance. The MD&A is prepared as at August 11, 2023 (unless otherwise stated). All dollar amounts are shown in millions of Canadian dollars except for per common share amounts or unless otherwise indicated.

## OVERVIEW & STRATEGY

Clarke was incorporated on December 9, 1997 pursuant to the Canada Business Corporations Act and its head office is located at 145 Hobsons Lake Drive, Halifax, Nova Scotia.

The Company is an investment and real estate company with holdings in a diversified group of businesses and across real estate sectors. The Company operates primarily in Canada. The Company continually evaluates the acquisition, retention, and disposition of its holdings and changes in its asset mix should be expected. Our objective is to maximize shareholder value. While not the perfect metric, we believe that Clarke's book value per share<sup>1</sup>, together with the dividends paid to shareholders, is an appropriate measure of our success in maximizing shareholder value over time.

We attempt to maximize shareholder value by allocating capital to investments that we believe will generate high returns and reallocating capital over time as needed. In doing this, Clarke's goal is to identify investments that are either undervalued or are underperforming and may be in need of positive change. These investments may be real estate, companies, securities or other assets. Clarke has a diverse and significant portfolio of direct real estate holdings across the hospitality, commercial, industrial, and residential sectors. We do not believe in limiting ourselves to specific types of investments. Clarke generally invests in industries that have hard assets, in particular, hospitality and real estate businesses.

## SECOND QUARTER REVIEW AND OUTLOOK<sup>1</sup>

During the second quarter of 2023, the Company's book value per common share decreased by \$0.04, or 0.3%. The change can be attributed primarily to (i) hotel net operating income of \$5.6 million or \$0.40 per share offset by (ii) depreciation and amortization of \$2.6 million or \$0.18 per share, and (iii) interest and accretion of \$1.9 million or \$0.14 per share.

The Company's book value per common share at the end of the quarter was \$15.31 while our common share price was \$12.93.

### Hotel Operations

Hotel operations improved significantly in the three and six months ended June 30, 2023, compared to the same periods in 2022, primarily due to the continued recovery of the hospitality industry from the COVID-19 pandemic (the "Pandemic"). Hotel revenue in the three and six months ended June 30, 2023 was \$15.7 million and \$30.7 million, respectively compared to \$12.6 million and \$22.2 in 2022.

### Real Estate and Corporate

Construction continues on the first phase of the redevelopment of our excess land on Carling Avenue in Ottawa, ON (the "Carling Avenue Development"). While the first phase of construction is underway, pre-construction activities are also ongoing for its second phase. The two phases will consist of a multi-building residential apartment complex including ground-floor retail space. Phase one of the Carling Avenue Development consists of two residential towers with 404 rental units. Phase two of the Carling Avenue Development is expected to consist of three residential towers with 612 rental units. Phase two will be constructed where the Company's Travelodge® Ottawa West is currently located. We expect to both complete the construction of phase one and break ground on phase two in 2024.

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<sup>1</sup> This MD&A refers to "book value per share" and "net operating income". These are non-IFRS measures and ratios. Refer to the "Cautionary Statement Regarding Use of Non-IFRS Accounting Measures and Ratios" section of this MD&A for more information.

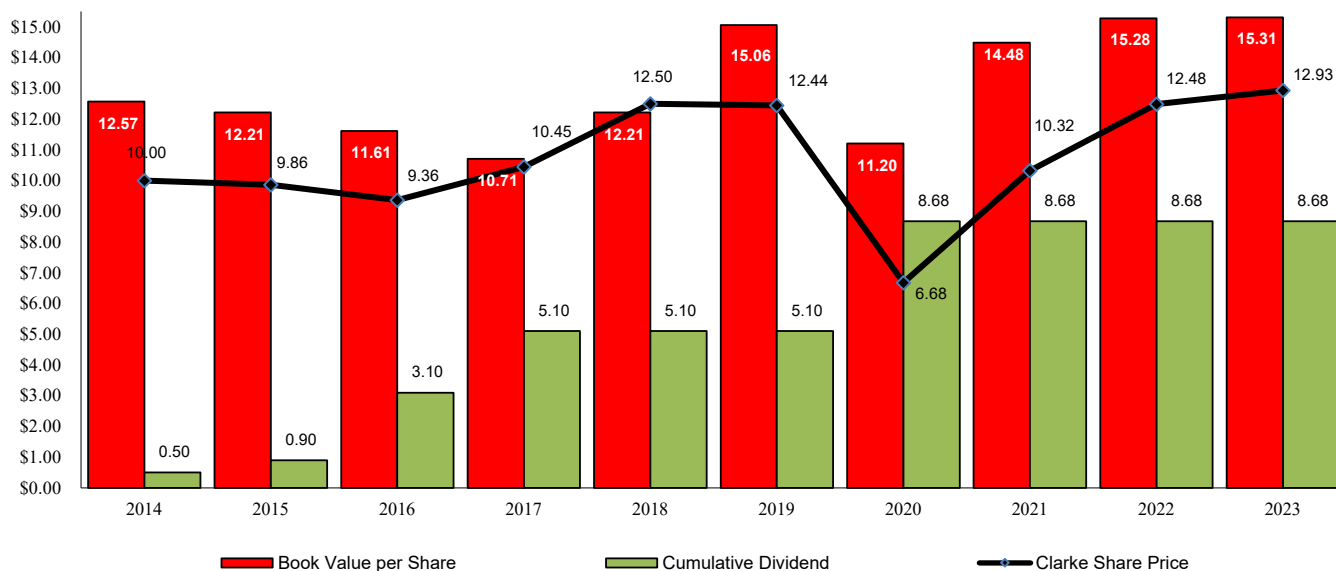
On June 28, 2023, the Company announced that it would fully redeem its \$34.9 million, 5.50% Series B Convertible Unsecured Subordinated Debentures due January 1, 2028 (the “Debentures”). The Debentures were subsequently redeemed on July 28, 2023, for a cash outlay of \$35.4 million which included \$0.5 million of accrued interest. The redemption of the Debentures was financed using funds drawn on a recently secured credit facility obtained from a related party. Refer to the “Liquidity and Capital Resources” section of this MD&A for more information on this credit facility. Subsequent to June 30, 2023, upon redemption, the Company recorded a non-cash loss of approximately \$0.8 million, representing the difference between the carrying value and principal amount of the Debentures.

During the second quarter, the Clarke Inc. Master Trust purchased a group buy-out annuity for the members of one of the Company’s defined benefit plans.

The Company has \$183.4 million of debt as of June 30, 2023 and has access to two secured, revolving credit facilities and one unsecured revolving credit facility with a related party.

## BOOK VALUE PER SHARE

The Company’s book value per share at June 30, 2023 was \$15.31, an increase of \$0.03 since December 31, 2022. The following graph illustrates Clarke’s book value per share, share price and cumulative dividends paid over the past ten years.



*\*All years as of December 31 except for current year as at June 30, 2023.*

## RESULTS OF OPERATIONS

Highlights of the interim condensed consolidated financial statements for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022 are as follows:

|                                                | <b>Three months<br/>ended<br/>June 30, 2023</b> | Three months<br>ended<br>June 30, 2022 | <b>Six months<br/>ended<br/>June 30, 2023</b> | Six months<br>ended<br>June 30, 2022 |
|------------------------------------------------|-------------------------------------------------|----------------------------------------|-----------------------------------------------|--------------------------------------|
| <i>(in millions, except per share amounts)</i> | \$                                              | \$                                     | \$                                            | \$                                   |
| Hotel revenue                                  | 15.7                                            | 12.6                                   | 30.7                                          | 22.2                                 |
| Provision of services revenue                  | 2.4                                             | 2.0                                    | 2.7                                           | 2.3                                  |
| Investment and other income (loss)*            | (0.3)                                           | 0.4                                    | (0.1)                                         | 0.8                                  |
| Net loss                                       | (0.5)                                           | (0.5)                                  | (2.2)                                         | (2.0)                                |
| Comprehensive income (loss)                    | (0.8)                                           | (20.5)                                 | 0.2                                           | (14.8)                               |
| Basic and diluted loss per share ("EPS")       | (0.03)                                          | (0.04)                                 | (0.16)                                        | (0.14)                               |
| Total assets                                   | 444.5                                           | 379.7                                  | 444.5                                         | 379.7                                |
| Total liabilities                              | 230.4                                           | 187.9                                  | 230.4                                         | 187.9                                |
| Long-term financial liabilities                | 54.4                                            | 125.7                                  | 54.4                                          | 125.7                                |
| Book value per share                           | 15.31                                           | 13.49                                  | 15.31                                         | 13.49                                |

\* Investment and other income (loss) includes unrealized and realized gains and losses on assets and liabilities, interest income and pension expense/recovery.

The Company's net loss for the three and six months ended June 30, 2023 and the same periods in 2022 were consistent. Net loss was \$0.5 million and \$2.2 million, for the three and six months ended June 30, 2023, respectively, compared to \$0.5 million and \$2.0 million for the same periods in 2022.

Hotel operations produced strong second quarter results and achieved net operating income of \$5.6 million for the quarter and \$10.0 million year to date, compared to \$4.8 million and \$8.0 million respectively in 2022. Hotel revenue was \$15.7 million for the three months ended June 30, 2023, compared to the \$12.6 million in 2022. In addition to the continued Pandemic recovery, this increase is primarily due to two factors. During the second quarter of 2022, the Sternwheeler Hotel and Conference Center in Whitehorse, YT was still undergoing renovations and was not operating at full capacity. The Company also acquired the Stanford Inn & Suites in Grande Prairie, AB in June 2022, increasing the Company's total hotel room count by approximately 10%.

Comprehensive loss was \$0.8 million and \$20.5 million for the three months ended June 30, 2023 and 2022, respectively. Comprehensive income was \$0.2 million for the six months ended June 30, 2023, compared to a comprehensive loss of \$14.8 million for the six months ended June 30, 2022. The comprehensive loss for the three and six months ended June 30, 2022 was attributable primarily to the accounting treatment of the asset ceiling on the Company's accrued pension benefit asset – primarily due to an increase in the estimated discount rate.

## SEGMENT REPORTING

The table below summarizes the Company's assets by segment. The Other category is not a segment and is disclosed for reconciliation purposes. It consists of the Company's treasury and executive functions, pension plans and Debentures.

|                | <b>June 30, 2023</b> |       | <b>December 31, 2022</b> |       |
|----------------|----------------------|-------|--------------------------|-------|
| <b>Segment</b> | \$                   | %     | \$                       | %     |
| Investment     | 184.5                | 41.5  | 157.6                    | 37.8  |
| Hospitality    | 227.3                | 51.1  | 227.4                    | 54.7  |
| Other          | 32.8                 | 7.4   | 31.1                     | 7.5   |
| Total          | 444.5                | 100.0 | 416.1                    | 100.0 |

## Investment segment

The Investment segment is comprised of the Company's ferry business, investment properties and real estate inventory under development.

The Company is a one-third partner in a real estate development that is currently under construction in downtown Montreal ("1111 Atwater Development"). During the second quarter, the Company and its partners ended negotiations to potentially amend and extend the co-ownership agreement ("COA") of the 1111 Atwater Development and we have elected to exit the COA. The Company expects to receive a preferred return on its aggregate investment of 6.0% up to February 28, 2023, and a preferred return of 12.0% on its aggregate investment from March 1, 2023 until the expected closing date of November 1, 2023.

The Carling Avenue Development and the 1111 Atwater Development are the drivers of the segment's \$32.6 million of capital expenditures to date in 2023.

The Company owns a passenger/car ferry operating on the St. Lawrence River under contract with the Government of Québec since 1973. The ferry does not operate during the first quarter of the year and completes its annual maintenance and repairs during this off-season period. The ferry commenced service for the season on April 6, 2023 and had a relatively strong quarter due to the temporary closure of several other ferries in the region.

## Hospitality segment

The Company owns and operates hotels across Canada. Results for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022 are as follows:

|                                                        | <b>Three months<br/>ended<br/>June 30, 2023</b> | Three months<br>ended<br>June 30, 2022 | <b>Six months<br/>ended<br/>June 30, 2023</b> | Six months<br>ended<br>June 30, 2022 |
|--------------------------------------------------------|-------------------------------------------------|----------------------------------------|-----------------------------------------------|--------------------------------------|
|                                                        | \$                                              | \$                                     | \$                                            | \$                                   |
| Hotel revenue                                          | <b>15.7</b>                                     | 12.6                                   | <b>30.7</b>                                   | 22.2                                 |
| Investment and other income                            | —                                               | —                                      | —                                             | 0.1                                  |
| Total revenue and other income                         | <b>15.7</b>                                     | 12.6                                   | <b>30.7</b>                                   | 22.3                                 |
| Less:                                                  |                                                 |                                        |                                               |                                      |
| Hotel operating expenses, property taxes and insurance | <b>10.4</b>                                     | 8.0                                    | <b>21.1</b>                                   | 14.5                                 |
| Depreciation and amortization                          | <b>2.5</b>                                      | 2.3                                    | <b>4.8</b>                                    | 4.7                                  |
| Interest and accretion                                 | <b>0.8</b>                                      | 0.7                                    | <b>1.7</b>                                    | 1.3                                  |
| Income before income taxes                             | <b>2.0</b>                                      | 1.7                                    | <b>3.1</b>                                    | 1.9                                  |

Hotel revenue for the three and six months ended June 30, 2023 was \$15.7 million and \$30.7 million, respectively, compared to \$12.6 million and \$22.2 million in 2022. Income before taxes was \$2.0 million and \$3.1 million for the three and six months ended June 30, 2023, respectively, compared to \$1.7 million and \$1.9 million in 2022.

In the three and six months ended June 30, 2022, the Company recognized non-recurring government grants in this segment totaling \$1.1 million and \$2.6 million, respectively as a direct reduction of hotel operating expenses, property taxes and insurance. These grants were not available in 2023, and is a key driver – in addition to increased business levels – of the increased hospitality expenses in 2023.

## **OUTSTANDING SHARE DATA**

At August 11, 2023, the Company had:

- An unlimited number of common shares authorized and 13,985,157 common shares outstanding; and
- An unlimited number of First and Second Preferred Shares authorized and none outstanding.

## **LIQUIDITY AND CAPITAL RESOURCES**

The Company monitors and forecasts its cash balances and cashflows to meet its required obligations. The aggregate availability of the Company's three revolving credit facilities is \$90.0 million and at June 30, 2023, the Company had drawn \$37.8 million on these credit facilities and had unused availability of \$52.2 million. \$35.0 million of this availability was drawn subsequent to June 30, 2023, to finance the Debenture redemption.

The Company has recently had significant capital expenditures, including those related to the construction of the Carling Avenue Development. In late 2022, the Company obtained an \$85.0 million construction loan to finance the Carling Avenue Development. Funds are advanced from the loan periodically as construction costs are incurred. The loan bears interest at the lender's prime rate and has a three-year term. In May 2023, the Company began drawing on the loan and as of June 30, 2023, \$18.8 million had been drawn. The Company does not expect to use its two chartered bank credit facilities for the Carling Avenue Development going forward, other than for short-term working capital requirements. The Company believes it has access to sufficient capital through cash on hand, operating cash flows and existing borrowing facilities to meet its obligations as they come due.

During the three months ended June 30, 2023, the Company secured a credit facility with an entity owned by the Company's Chairman and his immediate family member. This facility has a maximum borrowing capacity of \$35.0 million, bears interest at 6.00% and is interest-only until January 1, 2028. Afterwards the facility will continue as a revolving line of credit on demand.

At June 30, 2023, current liabilities exceeded current assets by \$83.1 million, compared to \$50.0 million at December 31, 2022. The change is driven primarily by an increase to short-term indebtedness attributable to spending on the Company's various capital projects and the reclassification of the Debentures as current due to their pending redemption as of June 30, 2023. Subsequent to June 30, 2023, upon being drawn, the aforementioned related party credit facility used to finance the redemption of the Debentures is presented as non-current based on the repayment terms of the facility.

### **Cash flow from operating activities**

Cash used in operating activities was \$3.3 million for the six months ended June 30, 2023, compared to \$2.0 million in 2022. The cash used was primarily attributable to additions to real estate inventory under development for the 1111 Atwater Development offset by cashflows from hospitality operations.

### **Cash flow from investing activities**

Cash used in investing activities was \$18.1 million for the six months ended June 30, 2023, compared to \$22.0 million in 2022. The cash used was primarily attributable to progress on the Carling Avenue Development and capital expenditures for the hotel portfolio. In 2022, the use of cash was due to capital expenditures and our hotel acquisition.

### **Cash flow from financing activities**

Cash provided by financing activities was \$21.7 million for the six months ended June 30, 2023, compared to \$8.9 million in 2022. This was primarily the result of net proceeds of long-term debt of \$23.6 million and proceeds of short-term indebtedness of \$11.7 million, offset by the repayment of long-term debt of \$12.5 million and the repurchase of common shares of \$1.1 million. Cash provided in 2022 was primarily related to net proceeds of long-term debt of \$5.1 million and proceeds of short-term indebtedness of \$8.0 million, offset by the repayment of long-term debt of \$2.0 million and the repurchase of common shares of \$2.1 million.

## SUMMARY OF QUARTERLY RESULTS

Key financial information for the current and preceding seven quarters is as follows:

| <i>Three months ended</i>                 | <b>Jun.<br/>2023<br/>\$</b> | <b>Mar.<br/>2023<br/>\$</b> | <b>Dec.<br/>2022<br/>\$</b> | <b>Sept.<br/>2022<br/>\$</b> | <b>Jun.<br/>2022<br/>\$</b> | <b>Mar.<br/>2022<br/>\$</b> | <b>Dec.<br/>2021<br/>\$</b> | <b>Sep.<br/>2021<br/>\$</b> |
|-------------------------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenue and other income                  | 17.8                        | 15.4                        | 19.6                        | 22.2                         | 15.1                        | 10.2                        | 20.5                        | 18.0                        |
| Net income (loss)                         | (0.5)                       | (1.7)                       | 1.3                         | 3.9                          | (0.5)                       | (1.4)                       | 5.8                         | 3.5                         |
| Other comprehensive income (loss) (“OCI”) | (0.3)                       | 2.8                         | 19.1                        | 0.6                          | (20.0)                      | 7.2                         | 1.6                         | 1.9                         |
| Comprehensive income (loss)               | (0.8)                       | 1.0                         | 20.4                        | 4.5                          | (20.5)                      | 5.7                         | 7.4                         | 5.4                         |
| Basic EPS                                 | (0.03)                      | (0.12)                      | 0.10                        | 0.27                         | (0.04)                      | (0.10)                      | 0.40                        | 0.24                        |
| Diluted EPS                               | (0.03)                      | (0.12)                      | 0.10                        | 0.25                         | (0.04)                      | (0.10)                      | 0.36                        | 0.16                        |

As demonstrated above, our results can fluctuate significantly from quarter to quarter. The Company’s hotel and ferry businesses are seasonal in nature and their results tend to fluctuate throughout the year. Revenue is generally highest in the third quarter due to increased leisure travel during the summer months. While certain expenses fluctuate according to revenue and operating levels, other expenses such as property taxes, insurance and interest are generally fixed and are incurred evenly throughout the year. In addition, the accounting for the accrued pension benefit asset can cause significant volatility to OCI and comprehensive income (loss) due to changes in assumptions and the impact of the accounting requirements of the asset ceiling under IFRS. Further volatility in net income, OCI and comprehensive income (loss) can be caused by the timing of various required fair value adjustments of the Company’s property and equipment and investment properties.

## FINANCIAL INSTRUMENTS

In the normal course of operations, the Company uses the following financial and other instruments:

- To generate investment returns, the Company may invest in equity, debt and other securities. These instruments may have interest rate, market, credit and foreign exchange risk associated with them.
- To manage foreign exchange, interest rate and general market risk, the Company may enter into futures and forward exchange contracts. These instruments may have interest, market, credit and foreign exchange risk associated with them. Clarke may hedge its foreign currency exposure on U.S. dollar denominated investments. The Company does not currently have any futures or foreign exchange contracts in place.

The Company has a significant number of financial instruments. Notes 1, 2, 3, 4, 5, 11, 12, 13, 14 and 24 to the audited consolidated financial statements for the year ended December 31, 2022 and the Company’s 2022 Annual information Form, provide further information on classifications in the financial statements, and risks, pertaining to the use of financial instruments by the Company.

## DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with Canadian Securities Administrators National Instrument 52-109 - Certification of Disclosure in Issuers’ Annual and Interim Filings, the Company has filed certificates signed by the President & Chief Executive Officer and the Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures and the design and effectiveness of internal controls over financial reporting.

Management has also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President & Chief Executive Officer and the Chief Financial Officer have supervised the Company’s management in the evaluation of the design and effectiveness of the Company’s internal controls over financial reporting as of the end of the period covered by the quarterly filings and believe the design and effectiveness to be adequate to provide such reasonable assurance using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013).

There have been no changes in the Company’s disclosure controls and procedures or internal controls over financial reporting during the three months ended June 30, 2023 that have materially affected, or are reasonably likely to materially affect, the effectiveness of the internal controls over financial reporting.

## RELATED PARTY TRANSACTIONS

The Company may, from time to time, participate in related party transactions. During the second quarter of 2023, the Company secured a credit facility with a related party. Refer to the “Liquidity and Capital Resources” section of this MD&A for more information.

All other related party transactions during the current period were in the normal course of operations and occurred at fair value. For full details of the Company’s related party transactions, please refer to our consolidated financial statements for the year ended December 31, 2022.

## ENVIRONMENTAL MATTERS

The Company’s businesses are exposed to the following environmental risks in conducting regular operations: (i) contamination of owned or leased property; and (ii) contamination of the environment relating to spills or leaks originating from the Company’s ferry.

The Company’s businesses regularly review their operations and facilities to identify any potential environmental contamination or liability. Limited internal reviews, which may include third party environmental assessments, have been conducted at all the Company’s wholly-owned real estate. These limited reviews identified no material remediation issues or potential risks and there have been no material events arising subsequently that would indicate additional obligations.

The Company believes it and its businesses comply in all material respects with all relevant environmental laws and regulations. The Company is not aware of any material uninsured pending or proceeding actions against it or any of its businesses relating to environmental issues.

## CAUTIONARY STATEMENT REGARDING USE OF NON-IFRS ACCOUNTING MEASURES AND RATIOS

This MD&A makes reference to “book value per share” and “net operating income” (or “hotel net operating income”). Book value per share and net operating income are not financial measures or ratios calculated and presented in accordance with IFRS and should not be considered in isolation or as a substitute for any financial measures or ratios of performance calculated and presented in accordance with IFRS. These non-IFRS financial measures and ratios are presented in this MD&A because management of Clarke believes that such measures and ratios enhance the user’s understanding of our historical and current financial performance.

Book value per share is measured by dividing shareholders’ equity of the Company at the date of the statement of financial position by the number of common shares outstanding at that date. Net operating income is defined as revenue less expenses. Net operating income measures operating results before interest, depreciation, and amortization.

The following table reconciles hotel net operating income to income before taxes of the Company’s hospitality segment as disclosed in the interim condensed consolidated financial statements for the three and six months ended June 30, 2023.

|                                  | <b>Three months<br/>ended<br/>June 30, 2023</b> | Three months<br>ended<br>June 30, 2022 | <b>Six months<br/>ended<br/>June 30, 2023</b> | Six months<br>ended<br>June 30, 2022 |
|----------------------------------|-------------------------------------------------|----------------------------------------|-----------------------------------------------|--------------------------------------|
|                                  | \$                                              | \$                                     | \$                                            | \$                                   |
| Income before income taxes       | <b>2.0</b>                                      | 1.7                                    | <b>3.1</b>                                    | 1.9                                  |
| Deduct:                          |                                                 |                                        |                                               |                                      |
| Investment and other loss        | —                                               | —                                      | —                                             | (0.1)                                |
| Add:                             |                                                 |                                        |                                               |                                      |
| Non-operating corporate expenses | <b>0.2</b>                                      | 0.2                                    | <b>0.4</b>                                    | 0.3                                  |
| Depreciation and amortization    | <b>2.5</b>                                      | 2.3                                    | <b>4.8</b>                                    | 4.7                                  |
| Interest expense                 | <b>0.8</b>                                      | 0.7                                    | <b>1.7</b>                                    | 1.3                                  |
| Hotel net operating income       | <b>5.6</b>                                      | 4.8                                    | <b>10.0</b>                                   | 8.0                                  |

Clarke’s method of determining these amounts may differ from other companies’ methods and, accordingly, these amounts may not be comparable to measures used by other companies.

Due to rounding, numbers presented throughout this document may not sum precisely to the totals provided.

## FORWARD-LOOKING STATEMENTS

This MD&A may contain or refer to certain forward-looking statements relating, but not limited, to the Company's expectations, intentions, plans and beliefs with respect to the Company. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "budgets", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or equivalents or variations of such words and phrases, or state that certain actions, events or results, "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved. Forward-looking statements include, without limitation, those with respect to the future or expected performance of the Company's investee companies, changes in these securities holdings, the future price of oil, changes to the Company's hedging practices, currency fluctuations and requirements for additional capital. Forward-looking statements rely on certain underlying assumptions that, if not realized, can result in such forward-looking statements not being achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to be materially different from the historical results or from any future results expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others, the Company's investment strategy, legal and regulatory risks, general market risk, potential lack of diversification in the Company's investments, interest rates, foreign currency fluctuations, the sale of Company investments, the fact that dividends from investee companies are not guaranteed, reliance on key executives, commodity market risk, risks associated with investment in derivative instruments and other factors. With respect to the Company's investment in hotel and ferry operations, such risks and uncertainties include, among others, weather conditions, safety, claims and insurance, uninsured losses, changes in levels of business and commercial travel and tourism, increases in the supply of accommodations in local markets, the recurring need for renovation and improvement of hotel properties, labour relations, and other factors.

Although the Company has attempted to identify important factors that could cause actions, events or results not to be as estimated or intended, there can be no assurance that forward-looking statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Other than as required by applicable Canadian securities laws, the Company does not update or revise any such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. Accordingly, readers should not place undue reliance on forward-looking statements.