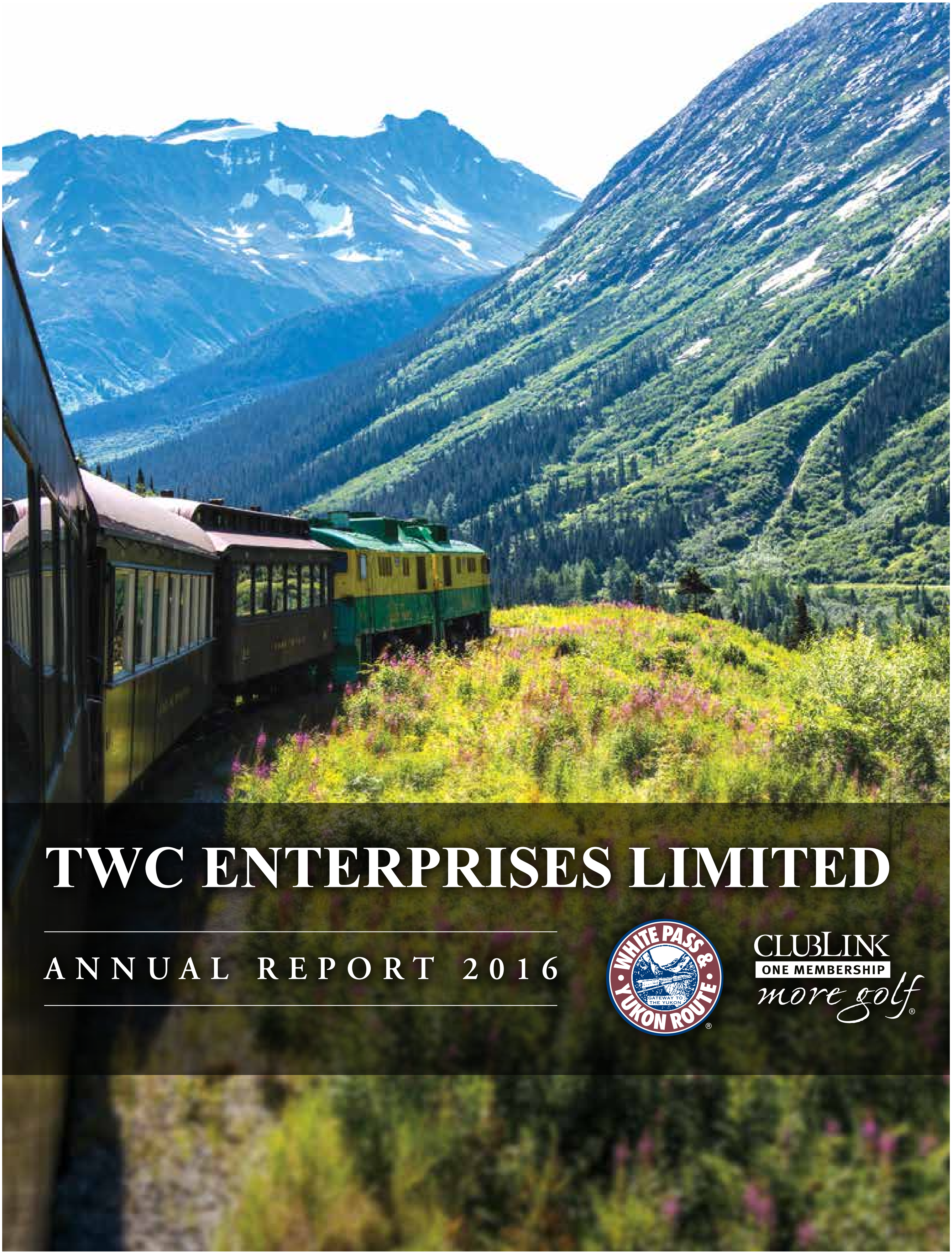

TWC ENTERPRISES LIMITED

ANNUAL REPORT 2016

WHITE PASS & YUKON ROUTE
GATEWAY TO THE YUKON

CLUBLINK
ONE MEMBERSHIP
more golf

TWC ENTERPRISES LIMITED

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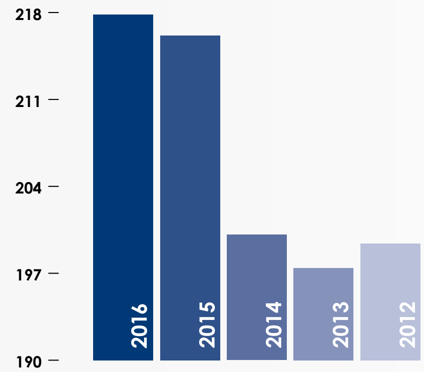
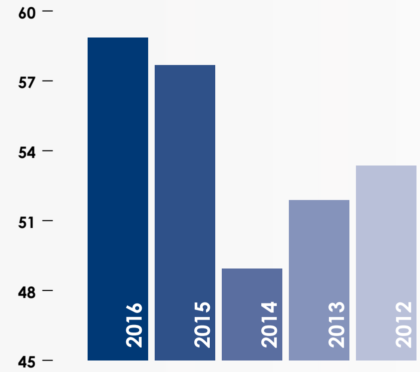
TWC is engaged in golf club operations under the trade-mark “ClubLink One Membership More Golf”. ClubLink is Canada’s largest owner and operator of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses at 41 locations, primarily in Ontario, Quebec and Florida.

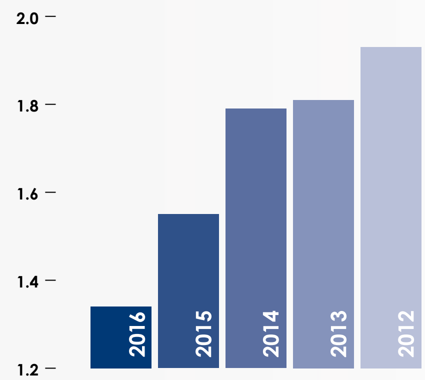
TWC is also engaged in rail and port operations based in Skagway, Alaska, which operate under the trade name “White Pass & Yukon Route.” The railway stretches approximately 110 kilometres (67.5 miles) from Skagway, Alaska to Carcross, Yukon. In addition, White Pass operates three docks, primarily for cruise ships.



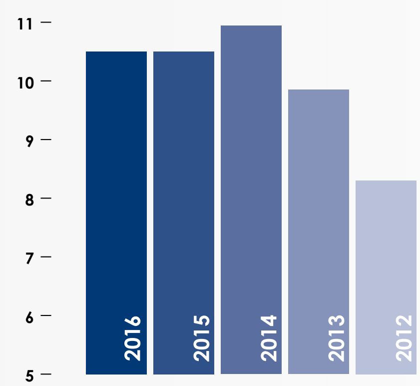
OPERATING REVENUE (millions of dollars)



NET OPERATING INCOME (millions of dollars)



GROSS BORROWINGS TO SHAREHOLDERS’ EQUITY RATIO



CLOSING PRICE PER SHARE ON TSX ($)

FRONT COVER PHOTO: BRADLEY WITTKE
BACK COVER PHOTO: BRENT LONG
BACKGROUND ILLUSTRATION: VEREMEYA

FINANCIAL HIGHLIGHTS

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

For the Years Ended December 31	**2016**	2015	2014	2013	2012
OPERATIONS					
Operating revenue ($000)	**217,835**	216,147	200,104	197,425	199,404
Net operating income ($000)[1]	**58,863**	57,673	48,938	51,886	53,372
Operating margin (%)[1]	**27.0**	26.7	24.5	26.3	26.8
Net earnings ($000)	**16,558**	4,259	3,465	13,154	14,551
Funds from operations ($000)[1]	**39,820**	34,514	25,878	34,339	34,083
OPERATING DATA					
CLUBLINK ONE MEMBERSHIP MORE GOLF					
Canadian Full Privilege Golf Members	**15,077**	15,015	15,177	15,583	16,396
Championship rounds - Canada[2]	**1,063,000**	1,040,000	950,000	957,000	1,021,000
18-hole equivalent championship golf courses - Canada[2,3]	**42.5**	42.5	43.5	41.5	41.5
Championship rounds - US[2]	**373,000**	395,000	373,000	358,000	347,000
18-hole equivalent championship golf courses - US[2,3]	**11.0**	12.0	12.0	11.0	12.0
WHITE PASS & YUKON ROUTE					
Rail passengers	**408,000**	402,000	410,000	395,000	385,000
Port passengers from cruise ships	**816,000**	816,000	820,000	822,000	757,000
Cruise ship dockings	**363**	378	396	388	355
COMMON SHARE DATA (000)					
Shares outstanding at year end	**27,346**	27,136	26,419	26,104	26,081
Weighted average shares outstanding	**27,345**	27,359	27,264	27,220	27,632
PER COMMON SHARE DATA ($)					
Basic and diluted earnings	**0.61**	0.16	0.13	0.48	0.53
Eligible cash dividend	**0.06**	-	0.225	0.30	0.30
Eligible stock dividend	**0.075**	0.30	0.075	-	-
FINANCIAL POSITION					
Total assets ($000)	**679,116**	712,065	673,335	658,679	652,589
Gross borrowings ($000)	**318,531**	350,134	358,216	350,702	352,401
Shareholders' equity ($000)	**237,759**	225,190	200,556	193,293	182,272
Gross borrowings to shareholders' equity ratio	**1.34**	1.55	1.79	1.81	1.93
Net book value per share[1]	**8.69**	8.30	7.59	7.40	6.99

(1) Net operating income, operating margin, funds from operations 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 or to cash flows from operating, investing and financing activities, as a measure of liquidity and cash flows. 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.

CHAIRMAN'S MESSAGE

Fellow Shareholder:

TWC is engaged in golf club operations in both Canada and Florida under the ClubLink business name.

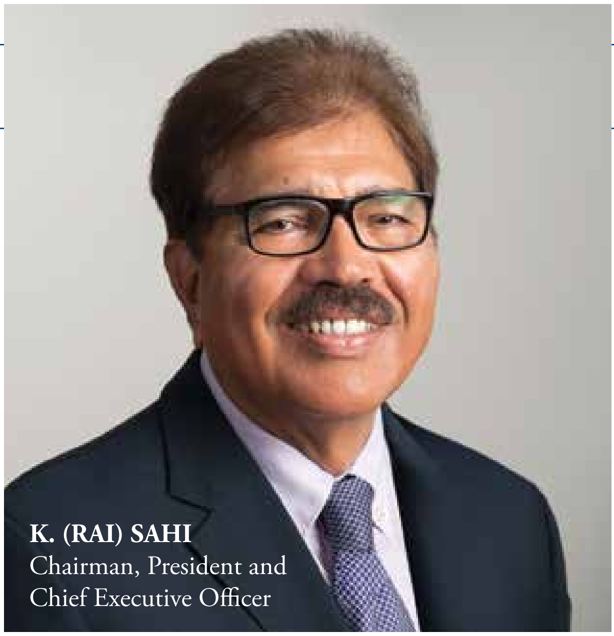
TWC is also engaged in rail and port operations based in Skagway, Alaska, which operates under the trade name White Pass & Yukon Route.

Rail and Port Operations

A key metric for White Pass & Yukon Route is the passengers to port (or potential customers). While this metric remained flat year over year, the amount of additional train passengers increased by 6,000, resulting in a 2.4% increase in net operating income to US$21.8M.

White Pass & Yukon Route continues to be the premier tourist excursion for tourists taking an Alaskan cruise and is committed to ensuring the experience is best in class. The experience is truly one-of-a-kind.

The cruise ship industry is committed to bringing more ships with higher capacities to Skagway. With the extra passengers to port in the coming years, this will allow ample opportunity to grow the White Pass business even further in the coming years.



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

Golf Club Operations

Canadian golf operations achieved a small increase in net operating income by way of a focus on cost control.

Despite an increase in wage rates and regular inflationary increases – our direct operating expenses remained flat year over year.

Photo: Pete Di Bartolomeo

The Canadian and Florida golf markets continue to be challenging as a result of an oversupply of golf courses which has put downward pressure on revenue per round across the industry. Notwithstanding this environment, our member counts have stabilized. However, this trend has put downward pressure on membership fee prices earned.

Competition for corporate events has increased in recent years. Traditional private clubs are now accepting this business and have emerged as a strong competitor in this Canadian market. This increased competition has put downwards pressure on the volume and pricing of corporate events.

Returns in the Muskoka market continue to be diminished due to an oversupply of golf courses in this region.

Overall

We are pleased to report that the 2016 net operating income has increased to $58.9M from $57.8M in 2015. This was driven primarily by further growth in the White Pass & Yukon Route operations.

Earnings per share in 2016 was 61 cents per share compared to 16 cents and 13 cents in the last two years respectively. One-time items in each of the last two years have impacted these results.

Our nearly 5,000 employees are very talented and we strive to ensure that they are motivated and engaged. The Company's success is dependent upon their satisfaction. Sincere thanks to them for their valued contributions to our company. It is also a pleasure to work alongside our hard-working and engaged senior management team.

Our members continue to be a key component to the success of our Canadian golf operations and we thank them for their support and patronage.

I would also like to thank our directors for their guidance and direction, in addition to our valued shareholders for their support.

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


PHOTO: GRANT FRASER

In July, Venezuelan Jhonatthan Vegas won the RBC Canadian Open, the only PGA TOUR event in Canada, at Glen Abbey Golf Club in Oakville, Ont. The 107th playing of our national Open championship was particularly exciting for Canadians as amateur Jared du Toit of Kimberley, B.C., entered the final round tied for second with reigning U.S. Open champion Dustin Johnson. Du Toit, a senior at Arizona State University, carded a final-round 71, good for a share of ninth place. Glen Abbey will once again play host to the RBC Canadian Open this July 24-30, 2017.

PHOTO: KEVAN ASHWORTH

10 YEAR

LOYALTY BENEFIT

To reward long-standing Members, ClubLink introduced a Loyalty Benefit in 2016. Members with at least 10 years of active full golf status quality for a "reward" of up to $10,000 in membership-fee value which can be applied to a new membership for a friend, family member, new nominee at their company or toward a transfer to another Home Club.

ACADEMIES of CLUBLINK

For two decades, the PGA of Canada certified instructors at the Academies of ClubLink have offered world-class golf instruction, club fitting, and other areas of expertise for golfers of all skill levels and ages. Offering these services, which include private and group lessons, clinics, junior camps, and other programs, serves to encourage Members interested in improving their games to invest more time at their Home Club, rather than access third-party instruction. Many of our instructors have received awards and accolades from the industry, including multiple Provincial and National Teacher of the Year honours.

PHOTO: CHRIS GALLOW

GOLF 365 DAYS A YEAR

CLUBLINK IN FLORIDA

PHOTOS: MINTO, THE GREG WILSON GROUP

One of the unique advantages offered by a ClubLink membership is the opportunity for Members to golf 365 days a year, thanks to our presence in Southeast Florida and Sun City Center near Tampa. Our TravelLink option provides reciprocal access for Canadian Members to all of our outstanding courses including TPC Eagle Trace and Heron Bay Golf Club, both of which played host in the past to the PGA TOUR. Other courses include the 36-hole Woodlands Country Club and the 54-hole Palm Aire Country Club where we have restored the historic Palms course among many other upgrades. More than 5,000 rounds were played at our Florida courses by our Canadian Members in 2016.

PHOTO: PETE DI BARTOLOMEO

CLUBLINK® PLAYERS CLUB

In 2016, the ClubLink Players Club continued to generate more loyalty and present great value to daily fee golfers in the GTA. Players Club cardholders receive various discounts and preferred access to our daily-fee Clubs including Glen Abbey, Cherry Downs, The Club at Bond Head, Rolling Hills and Hidden Lake.

COMMUNICATIONS

Continually improving our communications with existing Members and with avid golfers who represent potential Members is always a priority. To that end, in 2016, we introduced new online initiatives: The Loop and ClubLink Life Weekly. The Loop is a weekly publication that includes golf headlines, opinions, instruction tips and golf-related lifestyle content. Building on the foundation of our Member magazine, ClubLink Life, ClubLink Life Weekly offers Members an ever-changing array of timely golf news and opinions from around the globe, plus the latest news about the value and benefits associated with ClubLink membership.

PHOTO: KEVAN ASHWORTH

ENVIRONMENTAL STEWARDSHIP

ClubLink recognizes that our business is intrinsically linked to environmentally sound and responsible golf course operations and management. To this end, we are committed to environmental stewardship in all aspects of our business. We endeavor to be on the forefront of best practices ranging from reducing our use of paper by offering Members online statements and dues invoices to optimizing water usage and fertility/pest control inputs for our courses. Our Manager of Corporate Environmental Policy and Operations is recognized as an industry leader and our Environmental Subcommittee reports regularly to our Board of Directors. Through our involvement in industry associations, we have established strong and trustworthy relationships with local conservation authorities, health units and related governmental ministries.

PHOTO: GEORGE A. FORERO JR.

NEW CRUISE SHIPS TO PORT

In 2016 we were fortunate enough to welcome four new vessels to port, each representing the varied aspects of the cruise market. The Holland America Nieuw Amsterdam made her inaugural visit to Skagway and helped to grow the traffic of an already established line to the north. The Crystal Serenity of Crystal Cruises came to town with some fanfare at the close of the 2016 season as it became the first large scale cruise ship to complete the Northwest Passage. The Le Soleal docked as a replacement to last years' sister ship L'Austral renewing the voyages of Compagnie du Ponant to Skagway. The most exciting new addition to our list was Royal Caribbean's Explorer of the Seas. This is the largest cruise ship to sail in Alaskan waters and represents the projected expansion in years to come.

FIRST CLASS SERVICE

2016 proved to be another strong year for the Alaska Cruise Market as more passengers arrived in Skagway craving a variety of White Pass products to take part in. The railroad saw an uptick in ridership as we completed the second full season of the White Pass Luxury Car Service. Revenue increased by 25% over prior year with an additional 1,100 passengers taking part in the service. Guests enjoyed the attentive, personal service of their guide, local appetizers and comfortable accommodations as they traveled on the Summit Excursion.

PHOTO: ELISE GIORDANO

HEALTH AND SAFETY ADVANCEMENTS

Fostering the continued growth of our health and safety culture we saw two great advancements in 2016. Firstly, the completion of our new Safety Management System will allow for greater oversight in areas of training, risk management and mitigation, and systems of accountability. Through consultation with Transport Canada and the FRA we have constructed a new system that can supply updated metrics and functions towards safer and standardized operations.

The infrastructural component to safety is sound engineering and construction, and our bridge maintenance program serves to support this foundation. Our improvements and plans for the next three years will serve to improve our bridges through an aggressive maintenance cycle and elimination of unnecessary bridges where geotechnical advantage will allow us to fill spans and reinforce with retaining structures.

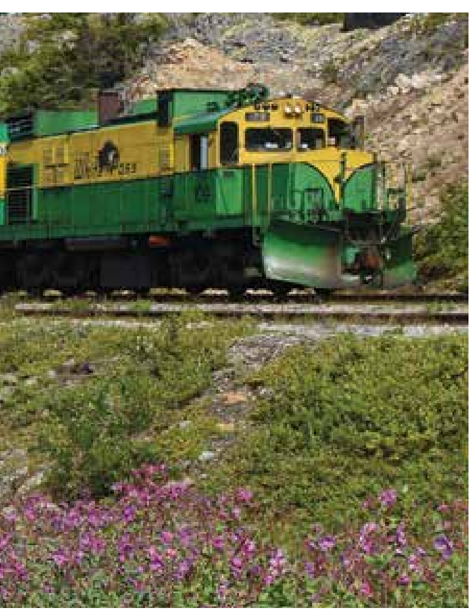
RAILROAD IN THE MEDIA

2016 proved to be an extraordinary year for the White Pass & Yukon Route as we were featured in various avenues of media coverage. Three television programs featured the railroad, taking on our history, natural beauty and what it takes to make our operation run from spring start up through the beginning of our season.

The biggest media response was to the Royal Visit as the Duke and Duchess of Cambridge made their way to the end of the rail line in Carcross, Yukon Territory during the 2016 Royal Canadian visit. Over 70 worldwide news outlets descended on the small First Nations village as William and Kate strolled through town, toured the surrounding mountains and ended their day in the cab of the White Pass engine #73. The couple couldn't resist a test of the whistle before they ended their unexpected visit aboard. As their helicopter took off, they watched the steam engine traveling down the shores of Lake Bennett before their return to Whitehorse and Vancouver. It made for an unforgettable and historic day for the company.

PHOTO: GEORGE A. FORERO JR.


PHOTO: JACQUI TAYLOR



LOOKING AHEAD TO 2017

15 additional rail cars will be outfitted with the Foreign Language Audio system as we move forward into 2017. Anticipation of increased foreign markets to Alaska is expected in the coming year. The Ruby Princess has already committed a full ship charter of 2500 Mandarin speaking passengers. White Pass is just one of a few operators in Alaska cruise ports that can provide a foreign language option to its international clientele.

The outlook for 2017 is strong and continues our current growth trend. We are projecting increases for railroad passengers, retail revenue, and port revenue based on several positive factors. The largest of these is the cruise forecast. Alaska will see record numbers of cruise visitors to our shores, resulting from a historically safe, stable, and profitable operation for cruise lines. 40,000 additional passengers to the port with an expected additional 25,000 passengers on the rail will be the result of this additional capacity added to the region. White Pass also expects increased regional exposure from the 150th Anniversary of Canada, the 75th Anniversary of the Alcan Highway and the return on the prior year's increased media presence.

TWC ENTERPRISES LIMITED

CLUBLINK
ONE MEMBERSHIP
more golf®

GOLF COURSE LOCATIONS (41)

National Capital Region (Ottawa) (4)
- Club de golf Hautes Plaines
- Eagle Creek Golf Club
- GreyHawk Golf Club
- Kanata Golf and Country Club

Montreal/Tremblant (4)
- Club de golf Islesmere
- Club de golf Le Fontainebleau
- Club de golf Val des Lacs
- Le Maître de Mont-Tremblant

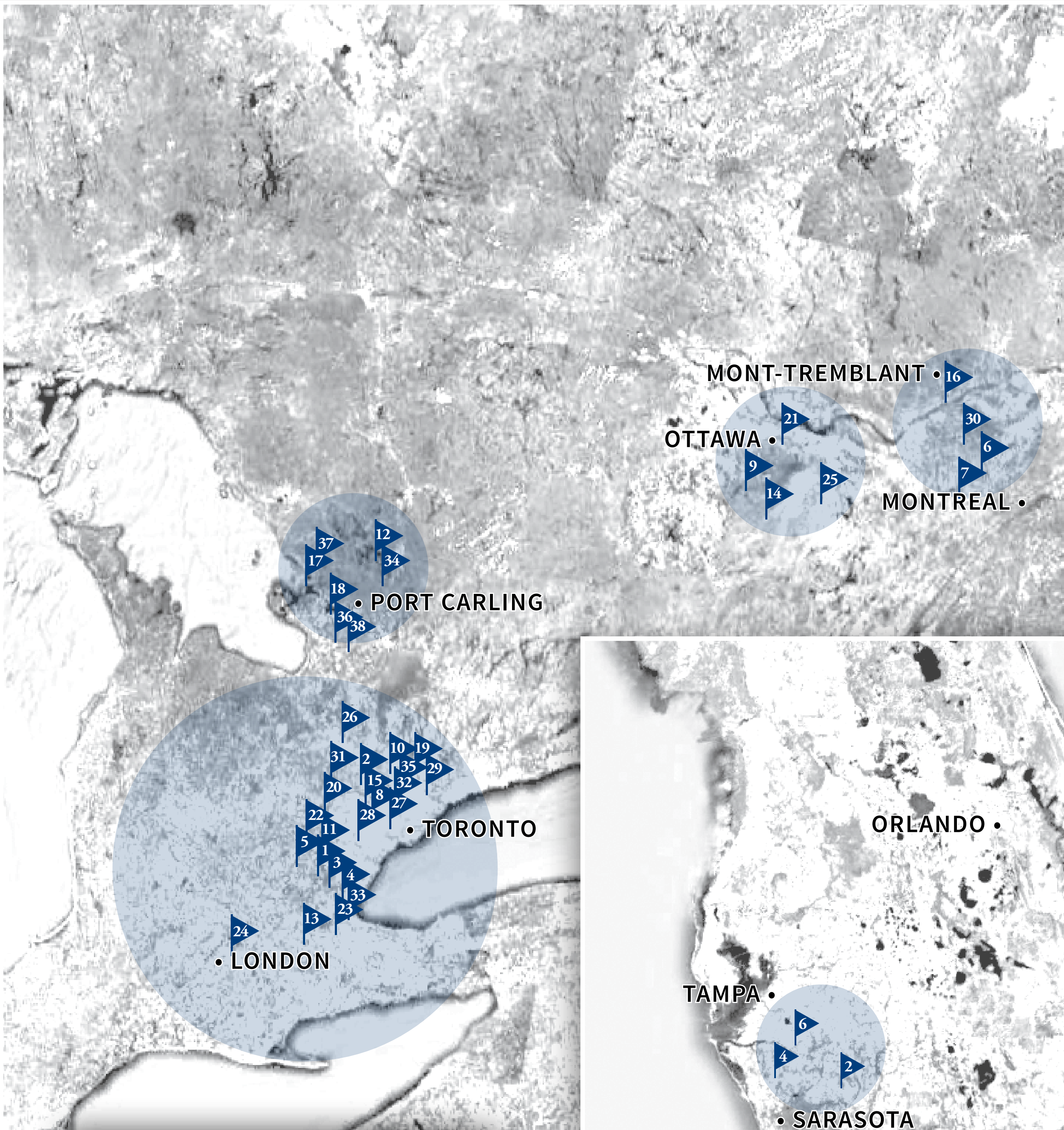
Muskoka (3)
- Grandview Golf Club
- Rocky Crest Golf Club
- The Lake Joseph Club

Northeast Greater Toronto Area (10)
- Bethesda Grange/Rolling Hills Golf Clubs
- Cherry Downs Golf and Country Club
- DiamondBack Golf Club
- Emerald Hills Golf Club
- King Valley Golf Club
- King's Riding Golf Club
- National Pines Golf Club
- Station Creek Golf Club
- The Club at Bond Head
- Wyndance Golf Club

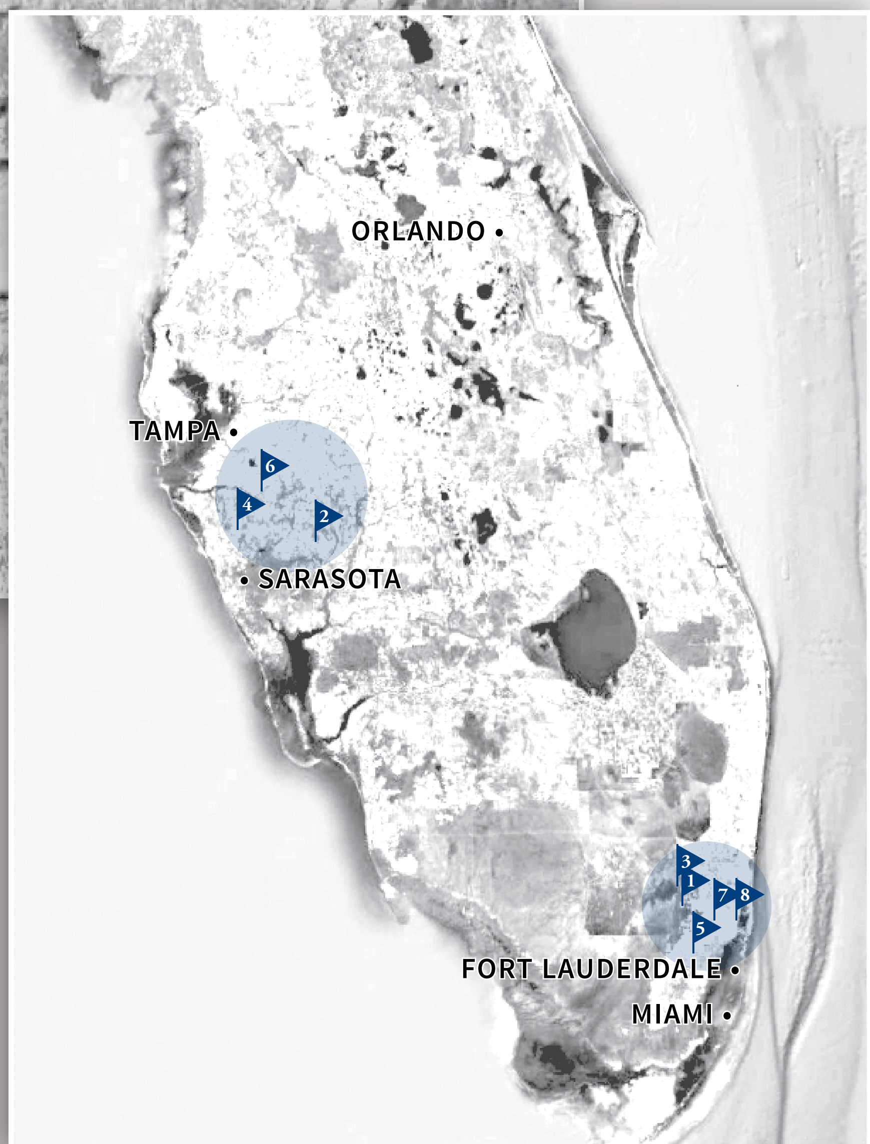
West Greater Toronto Area (12)
- Blue Springs Golf Club
- Caledon Woods Golf Club
- Eagle Ridge Golf Club
- Glen Abbey Golf Club
- Glencairn Golf Club
- Glendale Golf and Country Club
- Greenhills Golf Club
- Greystone Golf Club
- Heron Point Golf Links
- Hidden Lake Golf Club
- RattleSnake Point Golf Club
- The Country Club

Central Florida (3)
- Club Renaissance
- Sandpiper Golf Club
- Scepter Golf Course

Southeast Florida (5)
- Heron Bay Golf Club
- Palm Aire Country Club (Oaks, Cypress)
- Palm Aire Country Club (Palms)
- TPC Eagle Trace
- Woodlands Country Club



ONTARIO/QUEBEC REGION



FLORIDA REGION

GOLF CLUB AND RESORT PROPERTY LISTING

(see map on page 15)

	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 Le Fontainebleau, Blainville, Quebec	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	18	–	–	–	–
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. Eagle Ridge Golf Club, Georgetown, Ontario	18	–	–	–	–
23. Glendale Golf and Country Club, Hamilton, Ontario	18	–	–	–	–
24. Greenhills Golf Club, London, Ontario (a)	18	–	–	–	–
25. GreyHawk Golf Club, Ottawa, Ontario	36	–	–	–	–
26. National Pines Golf Club, Innisfil, Ontario (a)	18	–	–	–	–
27. Station Creek Golf Club, Whitchurch-Stouffville, Ontario	36	–	–	–	–
28. The Country Club, Woodbridge, Ontario (a)	36	9	–	–	–
Hybrid – Gold					
29. Cherry Downs Golf & Country Club, Pickering, Ontario	18	9	18	–	–
30. Club de Golf Val des Lacs, Ste. Sophie, Quebec	18	–	–	–	–
31. The Club at Bond Head, Bond Head, Ontario (a)	36	–	–	–	–
Hybrid – Silver					
32. Bethesda Grange, Whitchurch-Stouffville, Ontario	18	–	–	–	–
33. Hidden Lake Golf Club, Burlington, Ontario	36	–	–	–	–
Daily Fee					
34. Grandview Inn Course, Huntsville, Ontario	–	9	–	–	–
35. Rolling Hills Golf Club, Whitchurch-Stouffville, Ontario	36	–	–	–	–
Muskoka, Ontario Resorts					
36. The Lake Joseph Club, Port Carling, Ontario	–	–	–	25	–
37. Rocky Crest Resort/Lakeside at Rocky Crest, Mactier, Ontario (b)	–	–	–	84	–
38. 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	–	–	–	–
3. Heron Bay Golf Club, Coral Springs, Florida	18	–	–	–	–
Gold					
4. Scepter Golf Club, Sun City Center, Florida	27	–	–	–	–
Hybrid – Gold					
5. Woodlands Country Club, Tamarac, Florida	36	–	–	–	–
Hybrid – Silver					
6. Sandpiper Golf Club, Sun City Center, Florida	27	–	–	–	–
Daily Fee					
7. Palm Aire Country Club (Oaks, Cypress), Pompano Beach, Florida	36	–	–	–	–
8. Palm Aire Country Club (Palms), Pompano Beach, Florida	18	–	–	–	–
OTHER					
Kings Point Golf Club, Sun City Center, Florida (c)	–	–	–	–	51
Caloosa Greens Golf Club, Sun City Center, Florida (c)	–	–	–	–	72
Highland Gate, Aurora, Ontario (50%)	–	–	–	–	101
Falcon Watch Golf Club, Sun City Center, Florida (c)	–	–	–	–	116
North Lakes Golf Club, Sun City Center, Florida (c)	–	–	–	–	174
King Haven, The Township of King, Ontario	–	–	–	–	278
Harwood, Montreal, Quebec	–	–	–	–	400
Total 18-hole Equivalent Courses, Rooms, Acres	53.5	3.5	3.0	158	1,192

Notes: (a) Operated by ClubLink under long-term leases.
(b) Rocky Crest Resort consists of 65 units and Lakeside at Rocky Crest consists of 19 units.
(c) North Lakes, Falcon Watch, Caloosa Greens and Kings Point Golf Clubs are closed.

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, 2016. This MD&A has been prepared as at March 28, 2017 and all amounts are in Canadian dollars unless otherwise indicated.

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

FORWARD-LOOKING STATEMENTS

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

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

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

NON-IFRS MEASURES

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

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

The glossary of financial terms is as follows:

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

Net operating income = operating revenue - direct operating expenses

Operating margin = net operating income/operating revenue

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

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

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

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

NON-IFRS MEASURES (continued)

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

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

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

BUSINESS STRATEGY AND CORPORATE OVERVIEW

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

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

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

OVERVIEW OF BUSINESS SEGMENTS

Golf Club Operations Segment

TWC is engaged in golf club operations under the trademark "ClubLink One Membership More Golf" ("ClubLink"). ClubLink is Canada's largest owner and operator of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses, at 41 locations in two separate geographical Regions: (a) Ontario/Quebec and (b) Florida.

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

Revenue at all golf club properties is enhanced by cross-marketing, as the demographics of target markets for each are substantially similar. Revenue is further improved by TravelLink, corporate golf events, business meetings and social events that utilize golf capacity and related facilities at times that are not in high demand by ClubLink's members.

Member and Hybrid Golf Club revenue is maximized by the sale of flexible personal and corporate memberships that offer reciprocal playing privileges at ClubLink golf clubs and, on payment of an additional fee, inter-regional play within ClubLink through the TravelLink program and ClubCorp Holdings Inc. golf clubs.

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

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

OVERVIEW OF BUSINESS SEGMENTS (continued)

Golf Club Operations Segment (continued)

In recent years, ClubLink has been focusing on providing enhanced value for its memberships as well as cultivating a family-type atmosphere at its golf clubs.

ClubLink also has annual membership programs, which are unique to each Region. These product offerings include Players Card and Players Club in the Ontario/Quebec Region; as well as the ClubLink Card in the Florida Region. While traditional full privilege golf members have been declining, ClubLink has been focusing on these supplemental categories to replace annual dues revenue.

(a) Ontario/Quebec

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

In 2017, ClubLink will operate 27 Ontario/Quebec Region Member Golf Clubs in three categories as follows:

Prestige:	Greystone, King Valley, RattleSnake Point
Platinum:	Blue Springs, DiamondBack, Eagle Creek, Emerald Hills, Fontainebleau, Glencairn, Grandview, Heron Point, Islesmere, Kanata, King's Riding, Lake Joseph, Le Maître, Rocky Crest, Wyndance
Gold:	Caledon Woods, Country Club, Eagle Ridge, Glendale, Greenhills, GreyHawk, Hautes Plaines, National Pines, Station Creek

In 2017, ClubLink will operate six Ontario/Quebec Region Hybrid Golf Clubs in three categories as follows:

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

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

In 2017, ClubLink will operate two Ontario/Quebec Region Daily Fee Golf Clubs as follows:

Daily Fee:	Grandview Inn, Rolling Hills

Going in to 2017, ClubLink will have approximately 500 Players Card memberships. Players Card annual memberships allow golfers unlimited access to Rolling Hills during spring and fall shoulder seasons in addition to twilight golf during the summer season. A fixed number of rounds certificates are also included with each Players Card.

Going in to 2017, ClubLink will have approximately 2,500 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. Harwood, a 400 acre land holding in the Greater Montreal area, has been listed for sale.

OVERVIEW OF BUSINESS SEGMENTS (continued)

Golf Club Operations Segment (continued)

(a) Ontario/Quebec (continued)

In 2017, ClubLink will operate The Lake Joseph Club, Rocky Crest Resort and Sherwood Inn.

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

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

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

(b) United States

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

In 2017, ClubLink is operating eight Florida Region Golf Clubs in six categories as follows:

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

In order to increase efficiency, the ClubLink office in Fort Lauderdale, Florida has combined with the Morguard office located in the same building. Effective January 1, 2016, ClubLink is paying Morguard a management fee in exchange for back-office services.

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

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

Rail and Port Operations Segment

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

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

OVERVIEW OF BUSINESS SEGMENTS (continued)

Rail and Port Operations Segment (continued)

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

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

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

Corporate Operations Segment

TWC's objective at the corporate level is to identify opportunities to generate incremental returns and cash flow. Historically, the nature of these investments included debt and equity instruments in both public and private organizations. Currently, management is focused on improving the returns of the existing operating business segments.

SELECTED FINANCIAL INFORMATION

The table below sets forth selected financial data relating to the Company's fiscal years ended December 31, 2016, December 31, 2015 and December 31, 2014. 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)	**2016**	2015	2014	**% Change 2016/2015**	% Change 2015/2014
OPERATING REVENUE	**$ 217,835**	$ 216,147	$ 200,104	**0.8%**	8.0%
DIRECT OPERATING EXPENSES	**158,972**	158,474	151,166	**0.3%**	4.8%
NET OPERATING INCOME	**58,863**	57,673	48,938	**2.1%**	17.8%
Operating margin (%)	**27.0%**	26.7%	24.5%	**1.1%**	9.0%
Amortization of membership fees	**11,210**	11,162	12,946	**0.4%**	(13.8%)
Depreciation and amortization	**(26,414)**	(26,387)	(24,898)	**0.1%**	6.0%
Land lease rent	**(5,303)**	(5,489)	(5,455)	**(3.4%)**	0.6%
Interest, net	**(18,151)**	(19,362)	(20,257)	**(6.3%)**	(4.4%)
Other expenses	**(795)**	(1,688)	(4,255)	**(52.9%)**	(60.3%)
Impairment expense	**-**	(5,381)	(804)	**N/A**	N/A
Unrealized foreign exchange loss	**-**	(3,188)	(1,438)	**N/A**	N/A
Income taxes	**(2,852)**	(3,081)	(1,312)	**(7.4%)**	134.8%
NET EARNINGS	**$ 16,558**	$ 4,259	$ 3,465	**288.8%**	22.9%
BASIC AND DILUTED EARNINGS PER SHARE	**$ 0.61**	$ 0.16	$ 0.13	**281.3%**	23.1%
FUNDS FROM OPERATIONS	**$ 39,820**	$ 34,514	$ 25,878	**15.4%**	33.4%
TOTAL ASSETS	**$ 679,116**	$ 712,065	$ 673,335	**(4.6%)**	5.8%
GROSS BORROWINGS	**$ 318,531**	$ 350,134	$ 358,216	**(9.0%)**	(2.3%)
SHAREHOLDERS' EQUITY	**$ 237,759**	$ 225,190	$ 200,556	**5.6%**	12.3%

Summary of Canadian/US Exchange Rates Used for Translation Purposes

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

	2016	2015	2014
Balance Sheet, at December 31	**1.3427**	1.3840	1.1601
Statement of Earnings, average for the year	**1.3256**	1.2788	1.1048

2016 CONSOLIDATED OPERATING HIGHLIGHTS

Consolidated net earnings increased to $16,558,000 in 2016 from $4,259,000 in 2015. Consolidated net earnings in 2015 were subject to an impairment charge of property, plant and equipment and intangibles in the amount of $5,381,000, and a foreign exchange translation loss recorded on the USD mortgage facility in the amount of $3,188,000. In 2016, this translation gain or loss is now being reflected in accumulated other comprehensive income. Consolidated net earnings were $3,465,000 in 2014 which was subject to $6,497,000 in non cash or one-time expenses.

Basic and diluted earnings per share increased to 61 cents per share in 2016, compared to 16 cents per share in 2015 and 13 cents per share in 2014.

The exchange rate used for translating US denominated earnings has changed 3.7% to a yearly average of 1.3256 in 2016 from 1.2788 in 2015 due to the declining Canadian dollar and has changed from 1.1048 in 2014.

Net operating income for the Canadian golf club operations segment increased 1.3% to $31,763,000 in 2016 from $31,361,000 in 2015, primarily due to higher guest and green fee revenue associated with an increase of 2.2% in championship golf rounds. This compares to $27,258,000 in 2014.

Net operating income for the US golf club operations segment decreased to US$1,330,000 in 2016 from US$1,477,000 in 2015 primarily due to a decrease of 5.6% in championship golf rounds. The foreign exchange rate served as a deterrent to Canadian golfers visiting Florida in the 2016 winter season, and was further impacted by the poor weather in that market. This compares to US $813,000 in 2014.

Net operating income for the rail and port operations increased 2.4% to US$21,829,000 from US$21,318,000 in 2015 due to an increase of approximately 6,000 rail passengers. This compares to $21,295,000 in 2014.

Interest, net decreased 6.3% to $18,151,000 in 2016 from $19,362,000 in 2015 primarily due to a lower debt level in 2016 and compares to $20,257,000 in 2014.

The overall effective tax rate for 2016 was 14.7% as compared to 42.0% in 2015 and 27.5% in 2014 due to a change in mix of earnings.

Where there are indicators of impairment, the Company is required to perform impairment testing of a cash generating unit (CGU) combining all cash flows from each property within a CGU. As at December 31, 2015, the Company performed impairment testing on the assets within the Montreal CGU and concluded an impairment adjustment was warranted. The Company also concluded that the assets of a separate property were impaired. Reasons for impairment included declining operating performance and a decline in members at these properties. A total impairment in the amount of $5,381,000 was recorded in 2015 to both property, plant and equipment and intangible assets.

Effective January 1, 2016, TWC has declared its 8.00% USD mortgage facility as a hedge against its net investment in White Pass. Accordingly, the foreign exchange translation gain or loss on this mortgage is now reflected in accumulated other comprehensive income effective January 1, 2016.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

The results of operations by business segment should be read in conjunction with the segmented information contained in note 17 of the audited consolidated financial statements for the year ended December 31, 2016.

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

(thousands of Canadian dollars)	**2016**	2015	2014
Operating revenue by segment			
Canadian golf club operations	**$ 140,085**	$ 139,620	$ 134,178
US golf club operations	**25,271**	26,124	22,819
Rail and port operations	**52,479**	50,403	43,107
Operating revenue	**$ 217,835**	$ 216,147	$ 200,104
Net operating income by segment			
Canadian golf club operations	**$ 31,763**	$ 31,361	$ 27,258
US golf club operations	**1,864**	1,841	941
Rail and port operations	**28,122**	27,281	23,001
Corporate operations	**(2,886)**	(2,810)	(2,262)
Net operating income	**$ 58,863**	$ 57,673	$ 48,938

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

(thousands of Canadian dollars)	**2016**	2015	2014
Operating capital			
Canadian golf club operations	**$ 5,566**	$ 4,756	$ 5,658
US golf club operations	**1,433**	1,082	648
Rail and port operations	**2,933**	3,927	2,475
	9,932	9,765	8,781
Expansion capital			
Canadian golf club operations	**5,582**	911	246
US golf club operations	**-**	80	1,121
Rail and port operations	**4,186**	1,326	1,857
	9,768	2,317	3,224
Total capital expenditures	**$ 19,700**	$ 12,082	$ 12,005

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2016

Summary of Canadian Golf Club Operations

(statistics)	2016	2015	% Change
18-hole equivalent championship golf courses	**42.5**	42.5	-
Championship golf rounds	**1,063,000**	1,040,000	2.2%
Full privilege golf members	**15,077**	15,015	0.4%
Total golf members	**21,573**	22,618	(4.6%)

(thousands of Canadian dollars)	2016	2015	% Change
Operating revenue	**$ 140,085**	$ 139,620	0.3%
Direct operating expenses	**(108,322)**	(108,259)	0.1%
Net operating income	**31,763**	31,361	1.3%
Amortization of membership fees	**10,936**	10,906	0.3%
Depreciation and amortization	**(14,485)**	(15,032)	(3.6%)
Land lease rent	**(5,049)**	(5,251)	(3.8%)
Other expenses	**(682)**	-	N/A
Segment earnings before interest and income taxes	**$ 22,483**	$ 21,984	2.3%
Operating margin %	**22.7%**	22.5%	0.9%

Canadian Golf Club Operating Revenue

Canadian golf club operating revenue is recorded as follows:

(thousands of Canadian dollars)	2016	2015	% Change
Annual dues	**$ 51,459**	$ 52,209	(1.4%)
Corporate events, guest fees and cart rentals	**33,370**	32,980	1.2%
Food and beverage	**41,289**	41,350	(0.1%)
Merchandise, rooms and other	**13,967**	13,081	6.8%
Total operating revenue	**$ 140,085**	$ 139,620	0.3%

Total operating revenue increased 0.3% to $140,085,000 from $139,620,000 in 2015 due to the 2.2% increase in championship golf rounds.

Canadian Golf Club Direct Operating Expenses

Canadian golf club direct operating expenses are recorded as follows:

(thousands of Canadian dollars)	2016	2015	% Change
Cost of sales	**$ 20,556**	$ 19,885	3.4%
Labour and employee benefits	**56,630**	55,674	1.7%
Utilities	**7,205**	7,161	0.6%
Selling, general and administrative	**3,542**	4,441	(20.2%)
Property taxes	**2,879**	3,047	(5.5%)
Insurance	**1,572**	1,733	(9.3%)
Repairs and maintenance	**3,108**	3,290	(5.5%)
Fertilizers and pest control products	**1,863**	2,241	(16.9%)
Fuel and oil	**870**	1,077	(19.2%)
Other operating expenses	**10,097**	9,710	4.0%
Total direct operating expenses	**$ 108,322**	$ 108,259	0.1%

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2016 (continued)

Canadian Golf Club Direct Operating Expenses (continued)

Direct operating expenses have increased 0.1% to $108,322,000 from $108,259,000.

Gross margin on food and beverage sales decreased to 68.6% in 2016 compared to 69.1% in 2015 due to increases in food costs year over year.

Gross margin on merchandise sales decreased to 25.1% in 2016 compared to 26.1% in 2015, due to a change in mix of merchandise sales in 2016.

Canadian Membership Fees

Full privilege golf members increased 0.4% to 15,077 on December 31, 2016 from 15,015 on December 31, 2015.

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

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

(thousands of Canadian dollars)	**2016** Golf Members	**2016** Future Membership Fee Instalments	2015 Golf Members	2015 Future Membership Fee Instalments
Balance, beginning of year	**15,015**	**$ 26,818**	15,177	$ 26,600
Sales to new members	**1,154**	**6,919**	762	7,012
Reinstated members	**215**	**523**	311	670
Transfer and upgrade fees from existing members	**-**	**561**	-	1,262
Resignations and terminations	**(1,307)**	**(3,975)**	(1,235)	(3,093)
Instalments received in cash	**-**	**(4,641)**	-	(5,633)
Balance, end of year (Full Privilege)	**15,077**	**$ 26,205**	15,015	$ 26,818
Other golf member categories	**6,496**		7,603	
Total golf members	**21,573**		22,618	

ClubLink has three additional greenfield sites (in Canada) on which a 18-hole equivalent championship golf course could be built if demand warrants. The development of a greenfield site requires an investment of approximately $15 to $18 million to open, on a turn-key basis, an 18-championship hole golf club for play including a clubhouse and furniture, fixtures and equipment where required. Management currently has no plans to proceed with development at any of the properties within its budgeting horizons. Acquisitions, including long-term leasing opportunities, will be considered if the opportunity arises on terms acceptable to ClubLink.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2016 (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 2016 increased 0.3% to $10,936,000 from $10,906,000 in 2015. 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) 2016**	Amortization Period (yrs) 2015	**Amortization of Membership Fees ($000) 2016**	Amortization of Membership Fees ($000) 2015	**Members at year end 2016**	Members at year end 2015	% Change
1994-2002	**Cash**	Cash	**$ 303**	$ 500	**4,961**	5,224	(5.0%)
2003	**1**	2	**1,267**	1,241	**656**	698	(6.0%)
2004	**2**	3	**1,177**	1,169	**593**	635	(6.6%)
2005	**1**	2	**2,130**	2,094	**1,447**	1,546	(6.4%)
2006	**4**	5	**866**	862	**574**	604	(5.0%)
2007	**3**	4	**1,506**	1,496	**1,054**	1,139	(7.5%)
2008	**5**	6	**745**	746	**589**	622	(5.3%)
2009	**6**	7	**654**	664	**675**	732	(7.8%)
2010	**6**	7	**482**	494	**797**	861	(7.4%)
2011	**9**	10	**422**	441	**594**	657	(9.6%)
2012	**11**	12	**226**	244	**381**	421	(9.5%)
2013	**11**	12	**256**	285	**365**	428	(14.7%)
2014	**12**	13	**293**	331	**605**	686	(11.8%)
2015	**13**	14	**268**	339	**632**	762	(17.1%)
2016	**14**	-	**341**	-	**1,154**	-	N/A
Canadian subtotals			**10,936**	10,906	**15,077**	15,015	0.4%
US golf members			**274**	256	**1,087**	1,316	
Totals			**$ 11,210**	$ 11,162	**16,164**	16,331	

Management is expecting 2017 revenue from the amortization of membership fees to be $8.3 million compared to approximately $11.2 million in 2016. This decline is primarily the result of the members that joined in 2003 and 2005 completing their amortization period in 2016. Commencing in 2017, these two groups of members will continue to generate revenue on a cash received basis.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2016 (continued)

Canadian Membership Fees (continued)

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

	2016	2015	% Change
Under 30 years	**1,340**	1,231	8.9%
31 - 40 years	**826**	810	2.0%
41 - 50 years	**2,413**	2,680	(10.0%)
51 - 60 years	**5,164**	5,164	-
61 - 70 years	**3,449**	3,263	5.7%
71 and over	**1,275**	1,166	9.3%
Not available	**610**	701	(13.0%)
	15,077	15,015	0.4%

The average age of a Canadian full privilege golf member as at December 31, 2016 is 53.9 years as compared to 56.4 years as at December 31, 2015.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of US Golf Club Operations for the Year Ended December 31, 2016

Summary of US Golf Club Operations

(statistics)	2016	2015	% Change
18-hole equivalent championship golf courses	**11.0**	12.0	(8.3%)
Championship golf rounds	**373,000**	395,000	(5.6%)
Full privilege golf members	**1,087**	1,316	(17.4%)

(thousands of dollars)	2016	2015	% Change
Operating revenue	**$ 18,924**	$ 20,500	(7.7%)
Direct operating expenses	**(17,594)**	(19,023)	(7.5%)
Net operating income	**1,330**	1,477	(10.0%)
Amortization of membership fees	**206**	199	3.5%
Depreciation and amortization	**(2,009)**	(1,986)	1.2%
Other expenses	**(25)**	-	N/A
Segment loss before interest and income taxes (US dollars)	**(498)**	(310)	(60.6%)
Exchange	**(56)**	(136)	58.8%
Segment loss before interest and income taxes (Cdn dollars)	**$ (554)**	$ (446)	(24.2%)
Operating margin	**7.0%**	7.2%	(2.8%)

US Golf Club Operating Revenue

US golf club operating revenue is recorded as follows:

(thousands of dollars)	2016	2015	% Change
Annual dues	**$ 5,678**	$ 6,614	(14.2%)
Corporate events, guest fees and cart rentals	**9,569**	9,688	(1.2%)
Food and beverage	**2,828**	3,275	(13.6%)
Merchandise and other	**849**	923	(8.0%)
Subtotal (US dollars)	**18,924**	20,500	(7.7%)
Exchange	**6,347**	5,624	12.9%
Total (Cdn dollars)	**$ 25,271**	$ 26,124	(3.3%)

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of US Golf Club Operations for the Year Ended December 31, 2016 (continued)

US Golf Club Direct Operating Expenses

US golf club direct operating expenses are recorded as follows:

(thousands of dollars)	2016	2015	% Change
Cost of sales	**$ 1,610**	$ 1,781	(9.6%)
Labour and employee benefits	**8,518**	9,596	(11.2%)
Utilities	**1,377**	1,545	(10.9%)
Selling, general and administrative	**104**	285	(63.5%)
Property taxes	**906**	945	(4.1%)
Insurance	**495**	496	(0.2%)
Repairs and maintenance	**700**	833	(16.0%)
Fertilizers and pest control products	**783**	927	(15.5%)
Fuel and oil	**194**	272	(28.7%)
Management fee	**652**	-	N/A
Other operating expenses	**2,255**	2,343	(3.8%)
Subtotal (US dollars)	**17,594**	19,023	(7.5%)
Exchange	**5,813**	5,260	10.5%
Total (Cdn dollars)	**$ 23,407**	$ 24,283	(3.6%)

Gross margin on food and beverage sales was 64.3% in 2016 compared to 66.6% in 2015.

Gross margin on merchandise sales was 27.7% in 2016 compared to 28.6% in 2015.

Review of Rail and Port Operations for the Year Ended December 31, 2016

Summary of Rail and Port Operations

(statistics)	2016	2015	% Change
Rail passengers	**408,000**	402,000	1.5%
Port passengers	**816,000**	816,000	-

(thousands of dollars)	2016	2015	% Change
Operating revenue	**$ 40,391**	$ 39,464	2.3%
Direct operating expenses	**(18,562)**	(18,146)	2.3%
Net operating income	**21,829**	21,318	2.4%
Depreciation and amortization	**(6,987)**	(6,889)	1.4%
Land lease rent	**(191)**	(186)	2.7%
Other expenses	**25**	-	N/A
Segment earnings before interest and income taxes (US dollars)	**14,676**	14,243	3.0%
Exchange	**3,959**	3,988	(0.7%)
Segment earnings before interest and income taxes (Cdn dollars)	**$ 18,635**	$ 18,231	2.2%
Operating margin	**54.0%**	54.0%	-

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Rail and Port Operations for the Year Ended December 31, 2016 (continued)

Rail and Port Operating Revenue

Rail and port operating revenue is recorded as follows:

(thousands of dollars)	2016	2015	% Change
Railroad	**$ 30,000**	$ 29,331	2.3%
Port	**8,128**	8,007	1.5%
Gift shop and other	**2,263**	2,126	6.4%
Subtotal (US dollars)	**40,391**	39,464	2.3%
Exchange	**12,088**	10,939	10.5%
Total (Cdn dollars)	**$ 52,479**	$ 50,403	4.1%

The number of rail passengers has increased 1.5% to 408,000 in 2016 as compared to 402,000 in 2015 resulting in a 2.3% increase in railroad revenue.

The number of port passengers stayed flat in 2016 as compared to 816,000 in 2015.

Rail and Port Direct Operating Expenses

Rail and port direct operating expenses are recorded as follows:

(thousands of dollars)	2016	2015	% Change
Cost of sales	**$ 827**	$ 762	8.5%
Labour and employee benefits	**9,410**	9,547	(1.4%)
Utilities	**332**	384	(13.5%)
Selling, general and administrative	**1,503**	1,351	11.3%
Property taxes	**561**	561	-
Insurance	**1,643**	1,668	(1.5%)
Repairs and maintenance	**569**	393	44.8%
Fuel and oil	**805**	990	(18.7%)
Other operating expenses	**2,912**	2,490	16.9%
Subtotal (US dollars)	**18,562**	18,146	2.3%
Exchange	**5,795**	4,976	16.5%
Total (Cdn dollars)	**$ 24,357**	$ 23,122	5.3%

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Corporate Operations and Unallocated Amounts for the Year Ended December 31, 2016

For the year ended December 31, 2016, the corporate operations segment incurred costs of $2,886,000 as compared to $2,810,000 in 2015. There is no operating revenue earned by the corporate operations segment.

Corporate operations operating costs are recorded as follows:

(thousands of Canadian dollars)	**2016**	2015	% Change
Labour and employee benefits	**$ 1,795**	$ 1,762	1.9%
Insurance	**162**	163	(0.6%)
Selling, general and administrative expenses	**929**	885	5.0%
	$ 2,886	$ 2,810	2.7%

CRITICAL ACCOUNTING ESTIMATES

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

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

FINANCIAL CONDITION

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

(thousands of Canadian dollars)	**2016**	2015	Net Change	Ref
Assets				
Cash	**$ 2,382**	$ 2,251	$ 131	
Accounts receivable	**5,547**	10,636	(5,089)	
Mortgages and loans receivable	**1,457**	15,303	(13,846)	1
Inventories and prepaid expenses	**4,996**	6,486	(1,490)	
Other assets	**11,822**	11,819	3	
Property, plant and equipment and intangibles	**621,307**	633,965	(12,658)	2
Goodwill	**31,605**	31,605	-	
	$ 679,116	$ 712,065	$ (32,949)	
Liabilities				
Accounts payable and accrued liabilities	**$ 21,655**	$ 26,448	$ (4,793)	
Borrowings	**317,211**	348,563	(31,352)	3
Prepaid annual dues and deposits	**18,905**	24,140	(5,235)	
Deferred membership fees	**18,329**	24,457	(6,128)	4
Deferred income tax liabilities	**65,257**	63,267	1,990	
	441,357	486,875	(45,518)	
Shareholders' Equity				
Share capital	**111,987**	109,953	2,034	
Retained earnings	**96,775**	83,892	12,883	5
Accumulated other comprehensive income	**28,997**	31,345	(2,348)	6
	237,759	225,190	12,569	
	$ 679,116	$ 712,065	$ (32,949)	

Please see reference notes on page 34.

FINANCIAL CONDITION (continued)

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

1. Loans receivable have decreased by $13,846,000 due to a US$10,000,000 loan to an affiliate company outstanding at December 31, 2015, which was collected in 2016.

2. Property, plant and equipment and intangibles decreased $12,658,000 primarily due to a stronger Canadian dollar than at December 31,2015, resulting in a lower net book value for US denominated property, plant and equipment.

3. Borrowings have decreased $31,352,000 due to the changes as follows:

(thousands of dollars)	**2016**	2015	Change
Borrowings, beginning of year	**$ 350,134**	$ 358,216	$ (8,082)
Amortization payments	**(20,388)**	(18,820)	(1,568)
Revolving payments	**(6,331)**	(802)	(5,529)
Finance leases	**(1,863)**	(2,232)	369
Unrealized foreign exchange	**(3,021)**	13,772	(16,793)
Gross borrowings, end of year	**318,531**	350,134	(31,603)
Deferred financing costs	**(1,320)**	(1,571)	251
Borrowings, end of year	**$ 317,211**	$ 348,563	$ (31,352)

4. Deferred membership fees have decreased $6,128,000 due to the changes as follows:

(thousands of dollars)	**2016**	2015	Change
Deferred membership fees, beginning of year	**$ 24,457**	$ 29,540	$ (5,083)
Membership fee instalments received in cash	**5,094**	6,011	(917)
Amortization of membership fees to revenue	**(11,210)**	(11,162)	(48)
Exchange	**(12)**	68	(80)
Deferred membership fees, end of year	**$ 18,329**	$ 24,457	$ (6,128)

5. Retained earnings have increased $12,883,000 due to net earnings of $16,558,000 from 2016 offset by dividends paid from 2015.

6. The Company has recorded a negative adjustment to its accumulated other comprehensive gain account of $2,348,000 due to a change in the Canadian/US exchange rate to 1.3427 at December 31, 2016 from 1.3840 at December 31, 2015. This change has a corresponding impact on the US dollar assets and liabilities of the Company.

FINANCIAL CONDITION (continued)

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

(thousands of Canadian dollars)	**2016**	2015
Current assets	**$ 12,925**	$ 33,418
Current liabilities	**108,067**	108,480
Working capital deficiency	**$ (95,142)**	$ (75,062)

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

i) Year-end is at the end of the operating season for both of its major business segments (rail and port operations as well as Canadian golf operations) which causes the working capital deficiency to be particularly acute;

ii) The minimum principal debt amortization repayments get funded monthly from the following year's operations which has not yet been reflected in the working capital balances.

iii) The Company is typically a net borrower- any excess cash gets applied against its lines of credit;

iv) Revenue is collected in advance for the Canadian and US golf operations in the form of event deposits and annual dues collected in advance which gets reflected as a current liability;

v) Neither of the Company's two major lines of credit are current obligations and are part of $65,600,000 in available lines of credit at December 31, 2016 compared to $53,600,000 at December 31, 2015.

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

Shareholders' Equity

Consolidated shareholders' equity at December 31, 2016 totaled $237,759,000 or $8.69 per share, compared to $225,190,000 or $8.30 per share at December 31, 2015. The number of common shares outstanding increased to 27,345,540 shares as at December 31, 2016 from 27,135,545 as at December 31, 2015 as reflected in the chart below.

The following is a summary of the common share activity:

(number of shares)	**2016**	2015
Balance, beginning of year	**27,135,545**	26,419,342
Shares issued pursuant to stock dividend	**209,048**	742,183
Shares cancelled through sunset clause	**947**	(25,980)
Balance, end of year	**27,345,540**	27,135,545

The following is a summary of dividends declared in 2015 and 2016:

Date of declaration	Record date	Distribution date	Cash/stock	Amount per share
March 4, 2015	March 18, 2015	March 27, 2015	Stock	0.075
May 7, 2015	May 29, 2015	June 15, 2015	Stock	0.075
August 6, 2015	August 31, 2015	September 15, 2015	Stock	0.075
November 5, 2015	November 30, 2015	December 15, 2015	Stock	0.075
March 3, 2016	March 18, 2016	March 28, 2016	Stock	0.075
May 5, 2016	May 31, 2016	June 15, 2016	Cash	0.02
August 4, 2016	August 31, 2016	September 15, 2016	Cash	0.02
November 3, 2016	November 30, 2016	December 15, 2016	Cash	0.02

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)		2016		2015
Cash provided by operating activities		**36,912**		47,183
Operating property, plant and equipment expenditures		**(9,932)**		(9,765)
Expansion property, plant and equipment expenditures		**(9,768)**		(2,317)
Mortgages and loans receivable		**13,754**		(13,188)
Revolving borrowings		**(6,331)**		1,460
Non-revolving borrowings – amortization payments		**(20,388)**		(18,820)
Finance lease obligations, net		**(1,863)**		(2,232)
Dividends paid		**(1,641)**		-
Other		**(612)**		(1,854)
Net change in cash during the year		**131**		467
Cash, beginning of year		**2,251**		1,784
Cash, end of year	**$**	**2,382**	$	2,251

Funds and adjusted funds from operations are calculated as follows:

(thousands of Canadian dollars)		2016		2015
Net earnings	**$**	**16,558**	$	4,259
Depreciation of property, plant and equipment		**25,214**		25,270
Amortization of intangible assets		**1,200**		1,117
Deferred income tax expense		**2,964**		450
Amortization of membership fees		**(11,210)**		(11,162)
Collection of membership fee instalments		**5,094**		6,011
Unrealized foreign exchange loss		**-**		3,188
Impairment		**-**		5,381
Funds from operations		**39,820**		34,514
Operating capital expenditures		**(9,932)**		(9,765)
Adjusted funds from operations	**$**	**29,888**	$	24,749

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

The adjusted funds from operations have increased due to an increase in net operating income and a $2,743,000 decrease in current income tax expense.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The analysis of TWC's liquidity is as follows:

(thousands of Canadian dollars)	**Availability on December 31, 2016** Maximum	Available	Availability on December 31, 2015 Maximum	Available
Cash	**$ 2,382**	**$ 2,382**	$ 2,251	$ 2,251
Revolving line of credit (US golf)	**13,427**	**13,427**	13,840	-
Revolving line of credit (corporate)	**70,000**	**9,821**	70,000	14,026
Revolving line of credit (rail)	**37,569**	**37,087**	41,963	22,335
Related party revolving line of credit	**50,000**	**2,916**	50,000	15,000
	$ 173,378	**$ 65,633**	$ 178,054	$ 53,612

Funds will be used during 2017 for operating capital expenditures, expansion capital expenditures and to pay debt obligations as they become due.

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

Based on TWC's financial position at December 31, 2016, and projected future earnings, management expects to be able to fund its working capital requirements, and meet its other obligations including debt repayments.

The following is an analysis of the Company's net borrowings and their characteristics on December 31, 2016 compared to December 31, 2015:

(thousands of Canadian dollars)	**Interest Rate 2016**	Interest Rate 2015	**Total Indebtedness 2016**	Total Indebtedness 2015	**Average Term to Maturity (Yrs) 2016**	Average Term to Maturity (Yrs) 2015
Revolving (US golf)	**2.28%**	1.99%	**$ -**	$ 10,000	**1.50**	1.50
Revolving (rail)	**2.49%**	1.99%	**359**	14,182	**1.92**	2.92
Revolving (related party)	**2.14%**	-	**9,000**	-	**N/A**	N/A
Non-revolving	**8.00%**	8.00%	**13,081**	13,644	**12.75**	13.75
Term loan	**3.64%**	3.24%	**22,138**	23,998	**3.67**	4.67
Exchange	**-**	-	**15,277**	23,740	**-**	-
Subtotal US borrowings	**4.61%**	3.81%	**59,855**	85,564		
Revolving (corporate)	**2.65%**	2.64%	**58,561**	45,325	**1.50**	1.50
Revolving (related party)	**2.09%**	2.03%	**35,000**	35,000	**N/A**	N/A
Non-revolving	**7.11%**	7.13%	**161,490**	178,668	**8.39**	9.23
Finance lease obligations	**3.75%**	3.59%	**3,625**	5,577	**1.78**	1.69
Subtotal CDN borrowings	**5.38%**	5.61%	**258,676**	264,570		
Gross borrowings	**5.24%**	5.17%	**318,531**	350,134		
Cash			**(2,382)**	(2,251)		
Related party receivable			**-**	(13,840)		
Net borrowings			**$ 316,149**	$ 334,043		

LIQUIDITY AND CAPITAL RESOURCES (continued)

TWC's consolidated borrowings include revolving lines of credit, non-revolving mortgages, term loan and finance lease obligations. The following table illustrates future maturities and amortization payments of consolidated borrowings for the next five years and thereafter as at December 31, 2016:

(thousands of Canadian dollars)	Revolving Maturities	Mortgage and Term Loan Amortization Payments	Mortgage and Term Loan Maturities	Finance Lease Obligations	**Total Borrowings**
2017	$ 47,084	$ 18,649	$ -	$ 1,774	**$ 67,507**
2018	59,043	19,843	-	984	**79,870**
2019	-	21,125	-	528	**21,653**
2020	-	21,670	20,568	224	**42,462**
2021	-	21,486	-	115	**21,601**
2022 and thereafter	-	85,438	-	-	**85,438**
	$ 106,127	$ 188,211	$ 20,568	$ 3,625	**$ 318,531**

TWC expects to meet its 2017 obligations by way of funds from operations, and using unutilized lines of credit if necessary.

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

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

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

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

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

(thousands of Canadian dollars)	Golf Club Operations	Rail and Port Operations	**Total**
2017	$ 4,948	$ 250	**$ 5,198**
2018	5,352	250	**5,602**
2019	5,459	250	**5,709**
2020	5,569	250	**5,819**
2021	5,683	250	**5,933**
2022 and thereafter	30,860	2,507	**33,367**
	$ 57,871	$ 3,757	**$ 61,628**

Operating Activities

Cash provided by operating activities has decreased 21.8% to $36,912,000 in 2016 from $47,183,000 in 2015 primarily due to the changes in working capital from the timing of collecting Canadian annual dues which has resulted in a one time increase in 2015. Cash provided by operating activities in 2016 is consistent with $36,112,000 earned in 2014.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Investing Activities

Cash used in investing activities increased 26.3% to $19,948,000 in 2016 from $15,794,000 in 2015 primarily due to an increase in expansion capital expenditures on property, plant and equipment.

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

(thousands of Canadian dollars)	**2016**	2015
Operating property, plant and equipment expenditures		
Canadian golf club operations		
Golf carts	**$ 1,400**	$ 1,100
Turf improvements	**1,550**	991
Turf equipment	**936**	657
Facilities, administrative and other	**1,680**	2,008
US golf club operations		
Golf carts	**352**	183
Turf improvements	**540**	107
Turf equipment	**246**	427
Other	**295**	365
Rail and port operations		
Track improvements	**873**	1,025
Bridge upgrades	**189**	443
Rolling stock upgrades	**1,474**	1,372
Dock upgrades	**73**	339
Facilities, administrative and other	**324**	748
	9,932	9,765
Expansion property, plant and equipment expenditures		
Canadian golf club operations		
Land and buildings	**5,582**	911
US golf club operations		
Golf course and clubhouse upgrades	**-**	80
Rail and port operations		
Locomotive upgrades	**1,684**	978
Railroad dock mooring fender	**1,284**	-
Main track rail replacement	**1,218**	-
Rolling stock	**-**	348
	9,768	2,317
Total	**$ 19,700**	$ 12,082

LIQUIDITY AND CAPITAL RESOURCES (continued)

Financing Activities

Cash flows used in financing activities were $16,645,000 in 2016 compared to $32,874,000 in 2015 primarily due to the collection of an outstanding loan receivable from a related party in 2016.

The Company's $70,000,000 secured revolving operating line of credit due June 30, 2017 was renewed to June 30, 2018. The Company's US$10,000,000 revolving operating line of credit was renewed to June 30, 2018 as well. These facilities have a two year term and provisions for annual one year extensions.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,338,000 of its common shares which expired on September 19, 2016. During 2016, no shares were repurchased for cancellation under the normal course issuer bid

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,367,000 of its common shares, which will expire on September 19, 2017. During 2016, no shares were repurchased for cancellation under the normal course issuer bid.

During 2016, TWC declared and issued one quarterly stock dividend of 7.5 cents per common share. There were 209,048 shares issued in relation to this dividend.

During 2016, TWC declared and paid three quarterly dividends of 2 cents per common share for a total of 6 cents per common share or $1,641,000 for the year.

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

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

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

OFF-BALANCE SHEET FINANCING AND GUARANTEES

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

From time to time, TWC enters into agreements to provide financial or performance assurances to third parties of which letters of credit of $1,018,000 (2015 - $1,049,000) and unsecured surety bonds of $1,601,000 (2015 - $1,601,000) were outstanding as at December 31, 2016.

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

RELATED PARTY TRANSACTIONS

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

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

The Company has provided an unsecured revolving demand credit facility to Morguard in the amount of $30,000,000, with no fixed maturity date. The facility bears interest at TWC's short-term borrowing rate plus 10 basis points. As at December 31, 2015, there was US$10,000,000 (CDN$13,840,000) outstanding on this facility. Interest earned for the year ended December 31, 2015, amounted to CDN$71,000. As at December 31, 2016, there was no amount outstanding on the facility, and interest earned for the year amounted to CDN$63,000.

Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of $50,000,000 with no fixed maturity date. This facility has been utilized for short-term borrowing needs from time to time in 2015 and 2016. This facility bears interest at Morguard's short-term borrowing rate plus 10 basis points. Interest incurred for the year ended December 31, 2016 amounted to $186,000 (2015 - $479,000).

The Company has provided an unsecured revolving demand credit facility to Paros in the amount of $5,000,000, with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2016 and 2015, there were no advances or repayments under this facility.

Paros has provided an unsecured revolving demand credit facility to TWC in the amount of $5,000,000 with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2016 and 2015, there were no advances or repayments under this facility.

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

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of $240,000 for the year ended December 31, 2016 (2015 - $240,000), under a contractual agreement, which is included in operating expenses. Morguard provides back-office services to ClubLink US Corporation. The Company paid a management fee of $652,000 (CDN$866,000) for the period ended December 31, 2016 (December 31, 2015 - nil) under a contractual agreement, which is included in operating expenses.

During 2016, the Company earned $479,000 (2015 - $476,000) in golf revenue (primarily food and beverage and corporate events) from related parties controlled by the Chairman, President and Chief Executive Officer of the Company.

A total of US$53,000 of rental revenue was earned by TWC for the year ended December 31, 2016 (2015 - US$53,000) from Morguard relating to a shared office facility in Florida.

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

ENVIRONMENTAL AND HEALTH AND SAFETY OBLIGATIONS

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

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

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

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

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

FINANCIAL INSTRUMENTS

TWC has a number of financial instruments which are described in Note 20 to the audited consolidated financial statements for the year ending December 31, 2016. These financial instruments do not include any hedging or complicated derivatives.

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

SUMMARY OF FINANCIAL RESULTS BY QUARTER

The table below sets forth selected financial data for the most recent eight quarters ending December 31, 2016. 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)	2016 Dec. 31	2016 Sep. 30	2016 Jun. 30	2016 Mar. 31	2015 Dec. 31	2015 Sep. 30	2015 Jun. 30	2015 Mar. 31
Total assets	**$ 679,116**	**$ 690,478**	**$ 699,487**	**$ 687,861**	$ 712,065	$ 719,933	$ 708,983	$ 697,916
Operating revenue	**28,766**	**94,448**	**69,999**	**24,622**	31,052	96,352	65,598	23,145
Net operating income	**1,427**	**37,334**	**18,973**	**1,129**	1,695	38,076	16,849	1,053
Operating margin (%)	**5.0**	**39.5**	**27.1**	**4.6**	5.5	39.8	26.7	5.3
Net earnings (loss)	**(1,457)**	**17,869**	**5,866**	**(5,720)**	(10,772)	17,749	4,666	(7,384)
Basic earnings (loss) per share	**(0.05)**	**0.65**	**0.21**	**(0.21)**	(0.39)	0.66	0.17	(0.28)
Eligible stock dividends per share	**-**	**-**	**-**	**0.075**	0.075	0.075	0.075	0.075
Eligible cash dividends per share	**0.02**	**0.02**	**0.02**	**-**	-	-	-	-

FOURTH QUARTER RESULTS

For the Fourth Quarter ended December 31, (thousands of Canadian dollars, except per share amounts)	2016	2015	Change
Operating revenue	**$ 28,766**	$ 31,052	(7.4%)
Cost of sales and operating expenses	**27,339**	29,357	(6.9%)
Net operating income	**1,427**	1,695	(15.8%)
Operating margin (%)	**5.0%**	5.5%	(9.1%)
Amortization of membership fees	**2,715**	2,710	0.2%
Depreciation and amortization	**(6,766)**	(6,768)	0.0%
Land lease rent	**(1,326)**	(1,372)	(3.4%)
Interest, net	**(4,561)**	(4,865)	(6.2%)
Other expense, net	**(420)**	(7,348)	(94.3%)
Income tax recovery	**7,474**	5,176	44.4%
Net loss	**$ (1,457)**	$ (10,772)	86.5%
Weighted average shares outstanding (000)	**27,345**	27,344	0.0%
Basic and diluted loss per share	**$ (0.05)**	$ (0.39)	87.2%

The following exchange rates translate one US dollar into the Canadian dollar equivalent:		
Statement of earnings, average for the fourth quarter	**1.3339**	1.3353

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

Net operating income for the fourth quarter of 2016 has decreased 15.8% to $1,427,000 from $1,695,000 in 2015. Net loss for the fourth quarter of 2016 has decreased to $1,457,000 from $10,772,000 in 2015 due primarily to the $5,381,000 impairment charge recorded in the fourth quarter of 2015.

SEASONALITY

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

RISKS AND UNCERTAINTIES

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

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

Economic & Business Risk

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

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

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

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

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

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

Economic Dependency

Rail and port operations are economically dependent upon the Alaska cruise line industry. For the year ended December 31, 2016, Carnival Cruises and its subsidiaries, Princess Cruises and Holland America Cruises, made up approximately 53.2% of White Pass port passengers (2015 – 54.3%). The loss of this customer could have a material impact on the operations of the Company.

Foreign Currency Risk

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

RISKS AND UNCERTAINTIES (continued)

Availability of Credit/Liquidity

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

Renewal Risk

TWC is exposed to renewal risk on its maturing borrowings. A total of 72% (December 31, 2015 – 68%) of TWC's consolidated borrowings is fully amortizing over the remaining term to maturity and 28% (December 31, 2015 – 32%) of TWC's borrowings is subject to this risk.

Interest Rate Risk

TWC is exposed to market risk related to interest rate fluctuations. The majority of TWC's borrowings has fixed interest rates over its remaining term to maturity, with 43% (December 31, 2015 – 42%) of its debt subject to this risk.

Risks Associated with Information Systems

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

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

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

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

Competition

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

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

Key Management

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

Litigation

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

Regulatory Environment

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

RISKS AND UNCERTAINTIES (continued)

Loss of Reputation

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

Environment

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

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

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

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

Terrain

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

Weather

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

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

Real Estate

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

Unions and Collective Bargaining

White Pass has three separate unions which represent employees in the rail and port operations segment. All three unions are under contract for 2017.

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

RISKS AND UNCERTAINTIES (continued)

Exchange of Confidential Information

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

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

Income and Commodity Tax Amounts

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

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

Risk of Loss Not Covered by Insurance

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

Integration of Acquisitions

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

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

Land Leases

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

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

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

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

RISKS AND UNCERTAINTIES (continued)

Land Leases (continued)

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

Data, Security and Privacy Breaches

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

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

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

DISCLOSURE CONTROLS AND PROCEDURES

TWC's Chairman, President and Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures. Our disclosure controls are designed to provide reasonable assurance that information required to be disclosed by TWC is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure. The CEO and CFO, after evaluating the effectiveness of the Company's disclosure controls and procedures as at December 31, 2016, 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, 2016, the Company's internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes is in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

OUTLOOK

Canadian Golf Club Operations

Management is expecting 2017 revenue from the amortization of membership fees to be $8.3 million compared to approximately $11.2 million in 2016. This decline is primarily the result of the members that joined in 2003 and 2005 completing their amortization period in 2016. Commencing in 2017, these two groups of members will continue to generate revenue on a cash received basis.

Highland Gate Development

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

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

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

The negotiated plan of subdivision includes 159 single family homes and a 7 storey residential building with 114 units.

Management is working on a plan for servicing and homebuilding activities at this site. The sales office is expected to open in July 2017.

Glen Abbey Development

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

On December 8, 2016, Oakville issued a letter stating that the application is incomplete.

During an eight day process with the OMB which ended February 15, 2017, ClubLink appealed an interim control by-law which was passed by the Town of Oakville which restricted the use of Glen Abbey to its existing use until January 2018. The decision of this appeal is not known at this time.

OUTLOOK (continued)

Glen Abbey Development (continued)

On March 28, 2017, there is an OMB hearing scheduled on the completeness of ClubLink's application filed on November 10, 2016.

The development approval process at Glen Abbey may take several years and consequently it's business as usual for the next several years and of course, ClubLink looks forward to hosting the RBC Canadian Open once again in 2017.

US Golf Club Operations

Effective July 1, 2016, Falcon Watch Golf Club has been closed and will not re-open. Nine holes will remain in use as part of the Scepter Golf Club.

Rail and Port Operations

Based on data provided by Cruise Line Agencies of Alaska, we are expecting approximately 852,000 cruise ship passengers in 2017, an increase of 36,000 passengers compared to 2016.

Based on data provided by Cruise Line Agencies of Alaska, we are expecting approximately 944,000 cruise ship passengers in 2018, an increase of 128,000 passengers compared to 2016.

Corporate Operations

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

ADDITIONAL INFORMATION

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

March 28, 2017

Andrew Tamlin
Chief Financial Officer

TO THE SHAREHOLDERS OF TWC ENTERPRISES LIMITED

We have audited the accompanying consolidated financial statements of TWC Enterprises Limited (the "Company"), which comprise the consolidated balance sheets as at December 31, 2016 and December 31, 2015, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of TWC Enterprises Limited as at December 31, 2016 and December 31, 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario

March 28, 2017

(thousands of Canadian dollars)	Notes	**December 31, 2016**	December 31, 2015
ASSETS			
Current			
Cash		**$ 2,382**	$ 2,251
Accounts receivable	20	**5,547**	10,636
Mortgages and loans receivable	3, 20	**6**	14,045
Inventories and prepaid expenses	4	**4,996**	6,486
		12,931	33,418
Mortgages and loans receivable	3, 20	**1,451**	1,258
Other assets	5	**11,822**	11,819
Property, plant and equipment	6	**602,180**	613,583
Intangible assets	7	**19,127**	20,382
Goodwill	8	**31,605**	31,605
Total assets		**$ 679,116**	$712,065
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	9	**$ 21,655**	$ 26,448
Borrowings	10	**67,507**	57,892
Prepaid annual dues and deposits		**18,905**	24,140
		108,067	108,480
Borrowings	10	**249,704**	290,671
Deferred membership fees	11	**18,329**	24,457
Deferred income tax liabilities	12	**65,257**	63,267
Total liabilities		**441,357**	486,875
Share capital	13	**111,987**	109,953
Retained earnings		**96,775**	83,892
Accumulated other comprehensive income		**28,997**	31,345
Total shareholders' equity		**237,759**	225,190
Total liabilities and shareholders' equity		**$ 679,116**	$712,065

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, 2016 and 2015

(thousands of Canadian dollars, except per share amounts)	Notes	**2016**	2015
REVENUE			
Operating revenue		**$ 217,835**	$216,147
Amortization of membership fees	11	**11,210**	11,162
		229,045	227,309
EXPENSES			
Cost of sales		**23,778**	23,131
Labour and employee benefits		**82,056**	81,888
Utilities		**9,464**	9,621
Selling, general and administrative expenses		**6,601**	7,418
Property taxes		**4,898**	4,916
Repairs and maintenance		**4,780**	4,853
Insurance		**4,569**	4,666
Fertilizers and pest control products		**2,901**	3,430
Fuel and oil		**2,174**	2,686
Other expenses		**18,546**	20,741
Impairment	6, 7	**-**	5,381
Depreciation of property, plant and equipment	6	**25,214**	25,270
Amortization of intangible assets	7	**1,200**	1,117
Land lease rent		**5,303**	5,489
Interest, net	14	**18,151**	19,362
		209,635	219,969
Earnings before income taxes		**19,410**	7,340
Provision for (recovery of) income taxes	12		
Current		**(112)**	2,631
Deferred		**2,964**	450
		2,852	3,081
Net earnings		**16,558**	4,259
Unrealized foreign currency translation earnings (losses)		**(2,348)**	20,375
Total comprehensive earnings		**$ 14,210**	$ 24,634
Weighted average shares outstanding	13	**27,345,000**	27,359,000
Earnings per share basic and diluted	13	**$ 0.61**	$ 0.16

See Accompanying Notes

For the years ended December 31, 2016 and 2015

(thousands of Canadian dollars, except common shares)	Notes	Common Shares	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, January 1, 2015		**26,419,342**	**$ 101,952**	**$ 87,634**	**$ 10,970**	**$ 200,556**
Activity during 2015						
Comprehensive earnings		-	-	4,259	20,375	24,634
Shares issued pursuant to stock dividend	13B	742,183	8,001	(8,001)	-	-
Shares cancelled pursuant to sunset clause	13C	(25,980)	-	-	-	-
Balance, December 31, 2015		**27,135,545**	**109,953**	**83,892**	**31,345**	**225,190**
Activity during 2016						
Comprehensive earnings		-	-	16,558	(2,348)	14,210
Cash dividend	13B	-	-	(1,641)	-	(1,641)
Shares issued pursuant to stock dividend	13B	209,048	2,034	(2,034)	-	-
Other		947	-	-	-	-
Balance, December 31, 2016		**27,345,540**	**$ 111,987**	**$ 96,775**	**$ 28,997**	**$ 237,759**

See Accompanying Notes

For the years ended December 31, 2016 and 2015

(thousands of Canadian dollars)	Notes	**2016**	2015
OPERATING ACTIVITIES			
Net earnings		**$ 16,558**	$ 4,259
Items not affecting cash:			
Amortization of membership fees	11	**(11,210)**	(11,162)
Depreciation of property, plant and equipment	6	**25,214**	25,270
Amortization of intangible assets	7	**1,200**	1,117
Land lease rent expense		**5,303**	5,489
Interest, net	14	**18,151**	19,362
Unrealized foreign exchange loss		**-**	3,188
Impairment of capital and intangible assets	6, 7	**-**	5,381
Income tax expense	12	**2,852**	3,081
Collection of membership fee instalments	11	**5,094**	6,011
Land lease rent paid		**(5,269)**	(5,365)
Interest paid		**(17,947)**	(18,789)
Income taxes paid		**(2,158)**	(1,730)
Accounts receivable		**6,006**	(6,777)
Inventories and prepaid expenses		**1,490**	(7)
Accounts payable and accrued liabilities		**(3,137)**	6,125
Prepaid annual dues and deposits		**(5,235)**	11,730
Cash provided by operating activities		**36,912**	47,183
INVESTING ACTIVITIES			
Operating property, plant and equipment expenditures	6	**(9,932)**	(9,765)
Expansion property, plant and equipment expenditures	6	**(9,768)**	(2,317)
Other long-term assets		**(248)**	(3,712)
Cash used in investing activities		**(19,948)**	(15,794)
FINANCING ACTIVITIES			
Deferred financing costs		**(176)**	(94)
Revolving borrowings		**(6,331)**	1,460
Non-revolving borrowings - amortization payments		**(20,388)**	(18,820)
Finance lease obligations - advances		**676**	684
Finance lease obligations - repayments		**(2,539)**	(2,916)
Mortgages and loans receivable		**13,754**	(13,188)
Dividends paid		**(1,641)**	-
Cash used in financing activities		**(16,645)**	(32,874)
Net effect of currency translation adjustment on cash		**(188)**	1,952
Net increase in cash during the year		**131**	467
Cash, beginning of year		**2,251**	1,784
Cash, end of year		**$ 2,382**	$ 2,251

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." TWC is Canada's largest owner and operator of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses at 41 locations in Ontario, Quebec and Florida.

TWC is also engaged in rail and port operations based in Skagway, Alaska which operate under the trade name White Pass & Yukon Route ("White Pass"). The railway stretches approximately 110 kilometres (67.5 miles) from Skagway, Alaska to Carcross, Yukon. In addition, White Pass operates three docks, primarily for cruise ships.

Both White Pass and 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").

These financial statements were authorized for issuance by the Board of Directors on February 24, 2017.

(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.

Effective January 1, 2016, TWC has declared its 8.00% USD mortgage facility as a hedge against its net investment in White Pass. Accordingly, the foreign exchange translation gain or loss on this mortgage is now reflected in accumulated other comprehensive income effective January 1, 2016.

Amortization of membership fees

One of the most critical accounting estimates used by TWC is the weighted average remaining life of memberships sold by join year, which is used to recognize membership fee revenue. The membership fee revenue is amortized over the weighted average remaining membership life by year joined. 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. 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. To date, there have been no significant variances in the average ages.

2. BASIS OF PRESENTATION (continued)

(C) Significant accounting judgments and estimates (continued)

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.

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, intangible assets and goodwill are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill is also tested on an annual basis at the end of each fiscal year. 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. Assumptions must also be made about future sales, margins and market conditions over the long-term life of the assets or cash-generating unit.

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.

2. BASIS OF PRESENTATION (continued)

(C) Significant accounting judgments and estimates (continued)

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.

Other

Property shutdowns, sales of business units or other corporate restructuring trigger incremental costs to the Company (i.e., expenses for employee termination, contract termination and other exit costs). These activities are complex processes that can take several months to complete and involve making and reassessing estimates.

(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, ClubLink US Corporation and White Pass & Yukon Canada, Inc. and their respective subsidiaries. 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 charged 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.

(a) Golf club operations

Cost of sales are determined on a weighted-average basis.

(b) Rail and port operations

Cost of sales are determined on a first-in, first-out basis.

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
Docks	40 years
Bunkers, cart paths and irrigation	20 years
Rolling stock and equipment	5 - 30 years

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Property, plant and equipment (continued)

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. TWC currently does not have any properties under construction.

Materials and supplies related to the rail operations are recorded at cost, determined on a first-in, first-out basis, and are charged to expense or added to the cost of property, plant and equipment when used.

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, with the exception of goodwill, 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 goodwill

The Company accounts for all business combinations using the acquisition method. As at the date of acquisition, the purchase price is allocated to the fair values of the assets acquired and liabilities assumed. Goodwill represents the excess of the cost of acquired net assets over the fair values assigned to the tangible and intangible assets acquired and to the fair value of liabilities assumed.

Goodwill is the excess of the cost of the business combination over the fair value of TWC's share in the net assets acquired on the acquisition date. Goodwill is tested for impairment, at a minimum, annually and recorded at cost less any recognized impairment losses. The reversal of any recorded impairment to goodwill is not allowed.

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.

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

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.

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 income or loss. This is the only component in this category. 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

All financial instruments are classified into one of the following five categories: fair value through profit or loss ("FVTPL"), held to maturity, loans and receivables, available for sale financial assets or other financial liabilities. Subsequent measurement and recognition of changes in the value of financial instruments depend on their initial classification.

(i) Cash, held to maturity investments, loans and receivables, and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Premiums or discounts and transaction costs are amortized into net earnings, using the effective interest method.

(ii) Available for sale financial assets are measured at fair value, with unrealized gains and losses recorded in accumulated other comprehensive earnings until the asset is realized, at which time they will be recorded in net earnings.

(iii) FVTPL financial instruments are measured at fair value. All gains and losses resulting from changes in fair value are included in net earnings in the period in which they arise.

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Financial instruments (continued)

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	Loans and receivables
Accounts receivable	Loans and receivables
Mortgages and loans receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Borrowings	Other financial liabilities

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

All financial assets are tested for impairment. At each balance sheet date, the Company assesses whether there is objective evidence that financial assets not carried at FVTPL are impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset, and if that event will have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

An impairment loss is reported as a write off if it is deemed unlikely to either collect the contractual amounts owing and/or to recover the acquisition cost by selling any collateral provided.

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 designates a certain long-term debt as a hedge of net investments in foreign currencies. Effective January 1, 2016, TWC has declared its 8.00% USD mortgage facility as a hedge against its net investment in White Pass. In this type of hedging relationship, the change in value of the "effective" portion of the derivative instrument is recognized in other comprehensive income and the change in value of the "ineffective" portion is recognized in profit or loss. Accordingly, the foreign exchange translation gain or loss on this mortgage is now reflected in accumulated other comprehensive income effective January 1, 2016. The amounts recognized in other comprehensive income are reclassified to profit or loss when the corresponding exchange gains or losses arising from the translation of foreign operations are recognized in profit or loss.

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.

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Share-based compensation

Share-based compensation represents equity-settled awards. Equity-settled awards are measured at grant-date fair value and are not subsequently remeasured. The grant-date fair value is recognized over the period in which the employees become unconditionally entitled to the options with a corresponding increase in share-based reserves included in shareholders' equity. The fair values are determined by using a Black-Scholes option-pricing model. In the periods presented, no stock options have been issued nor has any share-based compensation expense been recorded. On November 20, 2014, the Company's stock option plan was cancelled.

Revenue recognition

Golf club operations revenue includes annual dues (recognized on a daily basis as earned) 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. 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. An allowance for future resignations is considered as part of this model.

Rail and port operations revenue is recognized as earned when these services are provided.

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 $863,000 (2015 – $943,000) of operating revenue relating to non-monetary transactions.

Multi-employer pension plan

The rail and port operations participate in various multi-employer benefit plans, on a contributory and non-contributory basis, depending on the plan.

Multi-employer plans can be classified as either defined contribution or defined benefit plans, depending on the terms and conditions applicable to the plan. In the absence of any regulations governing the calculation of the share of the underlying financial position and the performance attributable to each participating employer, and in the absence of a contractual agreement between the plan and the participants of the financing of any shortfall (or distribution of any surplus), these multi-employer plans are treated by the Company as defined contribution plans in accordance with International Accounting Standard ("IAS") 19 Employee Benefits.

Lease payments

The Company is a lessee of property, plant and equipment, mainly leased golf clubs and tidelands, under operating leases that do not transfer the substantive risks and rewards of ownership. Rent expense on operating leases is recognized on a straight-line basis over the life of the lease including renewal terms, if at inception of the lease, renewal is reasonably assured.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the consolidated balance sheet under borrowings.

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. Under this method, proceeds that could be obtained upon exercise of options, if dilutive, are assumed to be used to purchase common shares at the average market price during the period. On November 20, 2014, the Company's stock option plan was cancelled.

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.

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Joint ventures (continued)

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.

(E) Accounting changes

Accounting Standards Effective for 2016

The Company has adopted the following new and revised IFRS standards, as issued by the International Accounting Standards Board ("IASB") along with any amendments, effective January 1, 2016. This change was made in accordance with the applicable transitional provisions.

IFRS 11, Joint Arrangements

In May 2014, the IASB issued Amendments to IFRS 11, "Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations" ("IFRS 11"). The objective of the amendments is to add new guidance to IFRS 11 on accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in IFRS 3, "Business Combinations." Acquirers of such interests are to apply the relevant principles on business combination accounting in IFRS 3 and other standards, as well as disclosing the relevant information specified in these standards for business combinations. This amendment to IFRS 11 is effective for annual periods beginning on or after January 1, 2016, and should be applied prospectively. The implementation of this section had no impact on the Company's financial statements

IAS 16 and IAS 38 – Property, Plant and Equipment and Intangible Assets

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the event that the intangible asset is expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible assets are highly correlated. This standard must be applied for accounting periods beginning on or after January 1, 2016. The Company amortizes property, plant and equipment and intangible assets using the straight-line method and, therefore, the application of these amendments to IAS 16 and IAS 38 did not have any impact on its consolidated financial statements.

Future Accounting Pronouncements

The following standards have been released by the IASB but have not yet been adopted.

IFRS 15, Revenue from Contracts and Customers

IFRS 15, Revenue from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue, which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

2. BASIS OF PRESENTATION (continued)

(E) Accounting changes (continued)

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on July 24, 2014, and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9; fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held for trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. The effective date for this standard is for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 16, Leases

IFRS 16, Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15 has also been applied. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

3. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable consist of the following:

(thousands of Canadian dollars)	**2016**	2015
Loan receivable from affiliated company	**$ -**	$ 13,840
Officer loan	**1,258**	1,258
Vendor take-back mortgages	**199**	205
	1,457	15,303
Less: current portion	**6**	14,045
	$ 1,451	$ 1,258

The loan receivable from affiliated company represents a US$10,000,000 amount from an affiliated company that was repaid on February 3, 2016 and described in Note 16.

The officer loan bears interest at a market rate determined by the Compensation Committee of the Board of Directors of the Company which is 2.70% per annum (2015 – 2.85%), has maturities from December 31, 2018 to January 29, 2019, and was incurred to purchase common shares of a subsidiary that have subsequently been exchanged for common shares of the Company. The Company has indicated its intention to enforce the payment terms of these loans in the event of a decline in market value of the shares. The common shares financed by these loans, which are being held by the Company as collateral, had a market value of $1,791,000 at December 31, 2016 (2015 – $1,791,000).

The vendor take-back mortgages mature in November 2020 and have an average fixed interest rate of 8.44% (2015 – 8.44%).

4. INVENTORIES AND PREPAID EXPENSES

Inventories and prepaid expenses consist of the following:

(thousands of Canadian dollars)	2016	2015
Golf merchandise and supplies	$ 2,129	$ 2,618
Golf food and beverage	1,104	1,138
Rail gift shop	495	576
Other	1,268	2,154
	$ 4,996	$ 6,486

5. OTHER ASSETS

Other assets consist of the following:

(thousands of Canadian dollars)	2016	2015
Investment in joint venture	$ 5,847	$ 4,803
Rail inventory and supplies	4,846	5,701
Other	1,129	1,315
	$ 11,822	$ 11,819

On December 16, 2014, TWC and a land developer entered into a joint venture agreement to develop the Highland Gate Golf Club property into residential development. In order to effect the joint venture arrangement, TWC sold a 50% interest in the Highland Gate Golf Club including land, buildings, intangible assets and goodwill for proceeds of $3,750,000. TWC and the land developer each own an equal interest in the entity, which will undertake the residential development. All key decisions respecting the joint venture require the agreement and consent of both TWC and the developer.

As part of the joint venture arrangement, TWC and the developer share joint control of the Highland Gate land. Given that the land is held with intentions of development, in connection with the joint venture described above, under IFRS 11, Joint Arrangement (“IFRS 11”) this arrangement has been accounted for as part of the development joint venture using the equity basis of accounting. To date, the joint venture has no earnings as the development is in its early stages.

Summarized financial information for the Highland Gate joint venture at 100% and TWC’s ownership interest is provided below:

(thousands of Canadian dollars)	2016	2015
Current assets	$ 351	$ 115
Development costs	5,647	3,614
Land	7,500	7,500
Liabilities and deferred profit	(1,804)	(1,624)
Net assets of Highland Gate joint venture at 100%	$ 11,694	$ 9,605
Net assets of Highland Gate joint venture at Company’s share (50%)	$ 5,847	$ 4,803

The deferred profit represents 50% of the gain that was not recognized when the Company sold the land to the joint venture.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(thousands of Canadian dollars)	Land	Buildings and Land Improvements	Docks	Bunkers, Cart Paths and Irrigation	Rolling Stock and Equipment	**Total**
Cost						
At January 1, 2015	$ 303,884	$ 200,204	$ 72,024	$ 103,905	$ 149,023	**$ 829,040**
Additions	684	3,247	337	1,219	6,595	**12,082**
Impairment (Note 8)	(636)	(1,880)	-	(1,330)	(578)	**(4,424)**
Foreign exchange difference	5,557	9,343	13,942	1,797	14,210	**44,849**
At December 31, 2015	309,489	210,914	86,303	105,591	169,250	**881,547**
Additions	2,883	4,608	1,406	2,209	8,594	**19,700**
Disposals	-	-	-	-	(1,622)	**(1,622)**
Foreign exchange difference	(1,030)	(1,711)	(2,519)	(320)	(2,617)	**(8,197)**
At December 31, 2016	$ 311,342	$ 213,811	$ 85,190	$ 107,480	$ 173,605	**$ 891,428**
Accumulated Depreciation						
At January 1, 2015	$ -	$ 69,355	$ 19,366	$ 57,215	$ 84,490	**$ 230,426**
Depreciation	-	6,374	4,386	5,682	8,862	**25,270**
Foreign exchange difference	-	2,259	4,104	423	5,482	**12,268**
At December 31, 2015	-	77,954	27,856	63,320	98,834	**267,964**
Depreciation	-	6,805	4,382	5,429	8,598	**25,214**
Disposals	-	-	-	-	(1,622)	**(1,622)**
Foreign exchange difference	-	(421)	(773)	(81)	(1,033)	**(2,308)**
At December 31, 2016	$ -	$ 84,338	$ 31,465	$ 68,668	$ 104,777	**$ 289,248**
Net book value at December 31, 2015	$ 309,489	$ 132,960	$ 58,447	$ 42,271	$ 70,416	**$ 613,583**
Net book value at December 31, 2016	$ 311,342	$ 129,473	$ 53,725	$ 38,812	$ 68,828	**$ 602,180**

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

As at December 31, 2016, ClubLink had equipment under finance lease with a net book value of $6,690,000 (2015 - $8,576,000).

7. INTANGIBLE ASSETS

Intangible assets consist of the following:

(thousands of Canadian dollars)	Membership Base	Brand	Other	**Total**
Cost				
At January 1, 2015	$ 12,512	$ 13,873	$ 2,534	**$ 28,919**
Impairment (Note 8)	(343)	(396)	(218)	**(957)**
Foreign exchange difference	348	-	34	**382**
At December 31, 2015	12,517	13,477	2,350	**28,344**
Foreign exchange difference	(64)	-	(7)	**(71)**
At December 31, 2016	$ 12,453	$ 13,477	$ 2,343	**$ 28,273**
Accumulated Amortization				
At January 1, 2015	$ 2,648	$ 2,737	$ 1,382	**$ 6,767**
Amortization	435	482	200	**1,117**
Foreign exchange difference	49	-	29	**78**
At December 31, 2015	3,132	3,219	1,611	**7,962**
Amortization	615	449	136	**1,200**
Foreign exchange difference	(9)	-	(7)	**(16)**
At December 31, 2016	$ 3,738	$ 3,668	$ 1,740	**$ 9,146**
Net book value at December 31, 2015	$ 9,385	$ 10,258	$ 739	**$ 20,382**
Net book value at December 31, 2016	$ 8,715	$ 9,809	$ 603	**$ 19,127**

8. GOODWILL AND IMPAIRMENT

Goodwill consists of the following:

(thousands of Canadian dollars)	**Total**
At January 1, 2015	**$ 31,605**
Additions	**-**
At December 31, 2015	**31,605**
Additions	**-**
At December 31, 2016	**$ 31,605**

Goodwill relates to the acquisition of the Canadian golf club operations by the Company. The Canadian golf club operations has three cash-generating units: Eastern Ontario, Montreal and Muskoka/Southern Ontario. All of the goodwill has been allocated to the Muskoka/Southern Ontario cash-generating unit as this unit is expected to gain an economic advantage from the business combination that generated the goodwill. A cash-generating unit ("CGU") was defined by management to represent a group of golf clubs due to the reciprocal playing privileges that members have at other golf clubs within a geographic area.

8. GOODWILL AND IMPAIRMENT (continued)

Goodwill is not amortized, but tested annually for impairment in the fourth quarter in conjunction with the Company's planning for the following year. The recoverable amount of a CGU is the greater of (a) its fair value less costs to dispose and (b) value in use. In determining the recoverable amounts of the Company's CGU in 2016, the Company utilized the fair value less costs to dispose methodology. When there is no binding sales agreement, fair value less costs to dispose is estimated as the discounted future after-tax cash flows expected to be derived from selling the golf clubs within the CGU as a group to a market participant in consideration of each golf club's highest and best use, less an amount for costs to dispose. When discounting estimated future cash flows, the Company uses an after-tax discount rate that would approximate what market participants would assign. Estimated cash flows are based on expected future selling prices, operating costs and capital costs, as appropriate depending on the highest and best use determination by management. If the recoverable amount of the CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. The carrying amount of the CGU includes the carrying amounts of golf club properties, plant and equipment, and goodwill and intangible assets. Impairment losses are recognized in the period they are incurred.

As at December 31, 2016 and December 31, 2015, the Company performed impairment testing on goodwill and identified no impairment.

Where there are indicators of impairment, the Company is required to perform impairment testing of a cash generating unit (CGU) combining all cash flows from each property within a CGU. As at December 31, 2015, the Company performed impairment testing on the assets within the Montreal CGU and concluded an impairment adjustment was warranted. The Company also concluded that the assets of a separate property were impaired. Reasons for impairment included declining operating performance and a decline in members at these properties. A total impairment in the amount of $5,381,000 was recorded to both property, plant and equipment and intangible assets. Impairment expense in 2016 is nil.

Expected future cash flows used in the impairment testing of goodwill are inherently uncertain and could materially change over time. Cash flows are significantly affected by a number of factors including estimates of growth rates, capital expenditures and resignation rates of members. Should management's estimates of the future not reflect actual events, impairments may be identified.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

(thousands of Canadian dollars)	**2016**	2015
Trade payables	**$ 5,565**	$ 5,744
Accrued payroll costs	**4,171**	5,055
Accrued land lease rent	**5,366**	5,331
Accrued interest	**1,243**	1,426
Income taxes payable	**872**	2,363
Accrued liabilities and other	**4,438**	6,529
	$ 21,655	$ 26,448

10. BORROWINGS

Borrowings consist of the following:

(thousands of Canadian dollars)	**2016**	2015
Revolving:		
Secured revolving operating line of credit to a maximum of US $10,000,000 due June 30, 2018 (nil; 2015 - US $10,000,000) (a)	**$ -**	$ 13,840
Secured revolving operating line of credit to a maximum of $70,000,000 due June 30, 2018 (b)	**58,561**	45,325
Secured revolving operating line of credit to a maximum of US $27,980,000 due December 16, 2018 (US $359; 2015 - US $14,182,000) (c)	**482**	19,628
Unsecured revolving operating line of credit from a related party to a maximum of $50,000,000 due on demand (Note 16)	**47,084**	35,000
	106,127	113,793
Non-revolving:		
Mortgages with blended monthly payments of principal and interest		
7.540% Mortgage due January 1, 2017	**-**	2,891
8.345% Mortgages due July 1, 2022	**12,375**	14,045
7.550% Mortgage due July 1, 2022	**1,491**	1,698
7.416% Mortgages due September 1, 2023	**19,337**	21,468
7.268% Mortgage due July 1, 2024	**8,287**	9,077
8.060% Mortgage due July 1, 2024	**44,521**	48,736
6.194% Mortgage due March 1, 2026	**39,889**	42,989
6.315% Mortgage due December 1, 2027	**35,590**	37,764
8.000% Mortgage due October 1, 2029 (US $13,081,000; 2015 - US $13,644,000)	**17,564**	18,883
	179,054	197,551
Term Loan:		
Term loan due September 1, 2020 (US $22,138,000; 2015 - US $23,998,000) (d)	**29,725**	33,213
Finance Lease Obligations:		
Canadian denominated	**2,700**	3,413
US denominated (US $689,000; 2015 - US $1,564,000)	**925**	2,164
	3,625	5,577
Gross borrowings	**318,531**	350,134
Less: deferred financing costs	**1,320**	1,571
Borrowings	**317,211**	348,563
Less: current portion	**67,507**	57,892
	$ 249,704	$ 290,671

Note a: As at December 31, 2016, there is US$10,000,000 availability (2015 – nil) 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 LIBOR plus 175 basis points or 2.28% (2015 – 1.99%).

Note b: As at December 31, 2016, there are $1,018,000 (2015 – $1,049,000) in letters of credit issued, representing unavailable funds reserved for government withdrawals, and there is availability of $9,821,000 (2015 – $14,026,000) 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 2.65% (2015 – 2.58%).

Note c: The rail and port operations maintain a secured revolving operating line of credit with a US financial institution. This loan bears interest at 2.49% (2015 – 1.99%).

Note d: The term loan is due to a US financial institution and is denominated in US dollars. It bears interest at LIBOR plus 300 basis points or 3.64% (2015 – 3.24%). It is repayable by fixed monthly principal payments in the amount of US$155,000 plus interest.

10. BORROWINGS (continued)

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

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

(thousands of Canadian dollars)	Revolving Maturities	Term Loan Amortization Payments	Mortgage and Term Loan Maturities	Finance Lease Obligations	**Total Borrowings**
2017	$ 47,084	$ 18,649	$ -	$ 1,774	**$ 67,507**
2018	59,043	19,843	-	984	**79,870**
2019	-	21,125	-	528	**21,653**
2020	-	21,670	20,568	224	**42,462**
2021	-	21,486	-	115	**21,601**
2022 and thereafter	-	85,438	-	-	**85,438**
	$ 106,127	$ 188,211	$ 20,568	$ 3,625	**$ 318,531**

Future minimum finance lease obligation payments are as follows:

(thousands of Canadian dollars)	Maturities	Amortization Payments	Finance Lease Obligations	Interest	**Total Minimum Lease Payments**
2017	$ -	$ 1,774	$ 1,774	$ 104	**$ 1,878**
2018	1	983	984	53	**1,037**
2019	-	528	528	26	**554**
2020	1	223	224	10	**234**
2021	-	115	115	3	**118**
	$ 2	$ 3,623	$ 3,625	$ 196	**$ 3,821**

The above finance lease obligations have a weighted average interest rate of 3.75% (2015 – 3.58%).

11. DEFERRED MEMBERSHIP FEES

Deferred membership fees consist of the following:

(thousands of Canadian dollars)	**2016**	2015
Unamortized membership fees (note 11A)	**$ 40,485**	$ 47,624
Future membership fee instalments (note 11B)	**(22,156)**	(23,167)
Deferred membership fees	**$ 18,329**	$ 24,457

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)	**2016**	2015
Balance, beginning of year	**$ 52,031**	$ 56,714
Sales to new members	**7,078**	7,192
Transfer and reinstatement fees	**1,500**	2,275
Resignations and terminations	**(4,053)**	(3,169)
Amortization of membership fees to revenue	**(11,210)**	(11,162)
Exchange difference	**(35)**	181
Balance, end of year	**45,311**	52,031
Allowance for future resignations and terminations	**(4,826)**	(4,407)
Unamortized membership fees	**$ 40,485**	$ 47,624

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

(thousands of Canadian dollars)	**2016**	2015
Balance, beginning of year	**$ 27,574**	$ 27,174
Sales to new members	**7,078**	7,192
Transfer and reinstatement fees	**1,500**	2,275
Resignations and terminations	**(4,053)**	(3,169)
Instalments received in cash	**(5,094)**	(6,011)
Exchange difference	**(23)**	113
Balance, end of year	**26,982**	27,574
Allowance for future resignations and terminations	**(4,826)**	(4,407)
Future membership fee instalments	**$ 22,156**	$ 23,167

11. DEFERRED MEMBERSHIP FEES (continued)

The following table estimates future cash flows and revenue recognition based on the collection of future membership fee instalments outstanding on December 31, 2016, net of an allowance for resignations and terminations. The estimated collection of future membership fee instalments, amortization of unamortized membership fees and the estimated deferred membership fees, assuming no further memberships sold is as follows:

(thousands of Canadian dollars)	Estimated collection of future membership fee instalments	Estimated amortization of deferred membership fees	Estimated deferred membership fees, at year-end
Balance, December 31, 2016			$ 18,329
2017	$ 3,148	$ 7,698	13,779
2018	2,800	6,523	10,056
2019	2,471	5,025	7,502
2020	2,159	4,124	5,537
2021	1,820	3,289	4,068
2022 and thereafter	9,758	13,826	-
	$ 22,156	$ 40,485	

Membership fees are amortized over the estimated weighted average remaining life of memberships purchased by join year. The amortization period is reviewed annually and any adjustments are made prospectively.

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

Member Join Year	**Amortization Period (yrs) 2016**	Amortization Period (yrs) 2015	**Amortization of Membership Fees ($000) 2016**	Amortization of Membership Fees ($000) 2015
1994-2002	**Cash**	Cash	**$ 303**	$ 500
2003	**1**	2	**1,267**	1,241
2004	**2**	3	**1,177**	1,169
2005	**1**	2	**2,130**	2,094
2006	**4**	5	**866**	862
2007	**3**	4	**1,506**	1,496
2008	**5**	6	**745**	746
2009	**6**	7	**654**	664
2010	**6**	7	**482**	494
2011	**9**	10	**422**	441
2012	**11**	12	**226**	244
2013	**11**	12	**256**	285
2014	**12**	13	**293**	331
2015	**13**	14	**268**	339
2016	**14**	-	**341**	-
Canadian subtotals			**$ 10,936**	$ 10,906
US revenue			**274**	256
Totals			**$ 11,210**	$ 11,162

12. 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)	2016	2015
Earnings before income taxes	**$ 19,410**	$ 7,340
Expected corporate tax rate	**26.50%**	26.50%
Calculated income tax provision	**5,144**	1,945
Difference in statutory tax rates	**1,005**	460
Capital items	**126**	651
Foreign currency translation of temporary differences	**(230)**	332
Intercompany financing	**(1,612)**	-
Adjustment to prior year amounts	**(1,554)**	(559)
Permanent differences and other	**(27)**	252
	$ 2,852	$ 3,081

The tax rate used for the 2016 and 2015 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 and Intangible Assets	Loss Carry Forwards and Other	Total
Balance, January 1, 2015	$ 57,966	$ (2,766)	**$ 55,200**
Recognized in earnings	(379)	829	**450**
Recognized in equity through comprehensive earnings	8,700	(1,083)	**7,617**
As at December 31, 2015	66,287	(3,020)	**63,267**
Recognized in earnings	(697)	3,661	**2,964**
Recognized in equity through comprehensive earnings	(1,637)	663	**(974)**
As at December 31, 2016	$ 63,953	$ 1,304	**$ 65,257**

For the year ended December 31, 2016, there were unused tax losses of US$9,350,000 (2015 - US$9,350,000) on which no deferred tax assets have been recognized. The unrecognized tax losses will expire from 2022 to 2033.

As at December 31, 2016, TWC and its subsidiaries, have the following non-capital income tax losses available to reduce future years' income for income tax purposes, the benefit of which have been recognized.

(thousands of Canadian dollars)	US Jurisdiction Losses	Expiry Date
	$ 6,529	2033

13. 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, 2016 and 2015, there are 27,345,540 and 27,135,545 common shares outstanding, respectively. As at December 31, 2016, no preferred shares have been issued. Please refer to the consolidated statements of changes in shareholders' equity for details.

(B) Dividends

During 2015, ClubLink declared and issued four quarterly stock dividends of 7.5 cents per common share on March 27, 2015, June 15, 2015, September 15, 2015 and December 15, 2015. There were 742,183 shares issued under these stock dividends.

During the first quarter of 2016, TWC declared and issued one stock dividend of 7.5 cents per common share on March 28, 2016. There were 209,048 shares issued under this stock dividend.

During 2016, ClubLink declared and paid three quarterly cash dividends of 2 cents per common share for a total of 6 cents per common share or $1,641,000 for the year.

(C) Shares repurchased and cancelled

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,338,000 of its common shares which expired on September 19, 2016. No shares were repurchased for cancellation under the normal course issuer bid.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,367,000 of its common shares which will expire on September 19, 2017. The Company did not make any purchases under this bid.

On July 22, 2015, a sunset clause for holders of unexchanged shares of ClubLink Corporation ULC resulted in the cancellation of 25,980 TWC shares.

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

The Company has completed five stock dividends since January 1, 2015, totalling 951,231 shares. After giving effect to retroactive application of the issuance of these shares, the weighted average number of shares for the year ended December 31, 2015 amounted to 27,359,000. The revised earnings per share for the year ended December 31, 2015 amounted to $0.16.

(thousands of Canadian dollars)	December 31, 2015	Restated December 31, 2015
Net earnings	$ 4,259	$ 4,259
Weighted average common shares outstanding (000)	27,150,000	27,359,000
Basic and diluted earnings per share	$ 0.16	$ 0.16

The dilutive effect of outstanding stock options per share is based on the application of the treasury stock method. Under this method, the proceeds from the exercise of such securities are assumed to be used to purchase common shares of TWC. Effective November 20, 2014, the stock option plan was cancelled. Diluted earnings per share is the same as basic earnings per share.

14. INTEREST, NET

Interest expense consists of the following:

(thousands of Canadian dollars)	**2016**	2015
Revolving lines of credit	**$ 3,402**	$ 2,765
Non-revolving mortgages	**13,441**	14,654
Term loan	**987**	1,023
Finance lease obligations	**153**	239
Line of credit from related party	**186**	479
Line of credit to related party	**(63)**	(71)
Amortization of deferred financing costs	**423**	570
Gross interest expense	**18,529**	19,659
Interest revenue	**(378)**	(297)
Interest, net	**$ 18,151**	$ 19,362

15. EMPLOYEE BENEFIT PLANS

The rail and port operations are required to participate in a multi-employer benefit plan sponsored by the Railroad Retirement Board for employees in the US. The Company contributed 20.75% (2015 – 20.75%) of eligible compensation for the year ended December 31, 2016. The amounts contributed to the plan by the Company for the years ended December 31, 2016 and 2015, were US$1,308,000 in each year.

The rail and port operations also participate in two benefit plans covering substantially all of its employees covered by collective bargaining agreements. These plans are both contributory and non-contributory multi-employer plans. The plans provide health care and other welfare benefits during the employees' working lives and, for a monthly premium, benefits after retirement. Amounts charged to benefit costs and contributed to the plans for the years ended December 31, 2016 and 2015, totaled US$1,049,000 and US$979,000, respectively. The Company makes monthly contributions to the plans based on hours worked by employees and based on monthly premiums.

16. RELATED PARTY TRANSACTIONS

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

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

The Company has provided an unsecured revolving demand credit facility to Morguard in the amount of $30,000,000, with no fixed maturity date. The facility bears interest at TWC's short-term borrowing rate plus 10 basis points. As at December 31, 2015, there was US$10,000,000 (CDN$13,840,000) outstanding on this facility. Interest earned for the year ended December 31, 2015, amounted to CDN$71,000. As at December 31, 2016, there was no amount outstanding on the facility, and interest earned for the year amounted to CDN$63,000.

Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of $50,000,000 with no fixed maturity date. This facility has been utilized for short-term borrowing needs from time to time in 2015 and 2016. This facility bears interest at Morguard's short-term borrowing rate plus 10 basis points. Interest incurred for the year ended December 31, 2016 amounted to $186,000 (2015 - $479,000).

The Company has provided an unsecured revolving demand credit facility to Paros in the amount of $5,000,000, with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2016 and 2015, there were no advances or repayments under this facility.

Paros has provided an unsecured revolving demand credit facility to TWC in the amount of $5,000,000 with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2016 and 2015, there were no advances or repayments under this facility.

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

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of $240,000 for the year ended December 31, 2016 (2015 - $240,000), under a contractual agreement, which is included in operating expenses. Morguard provides back-office services to ClubLink US Corporation. The Company paid a management fee of $652,000 (CDN$866,000) for the period ended December 31, 2016 (December 31, 2015 - nil) under a contractual agreement, which is included in operating expenses.

During 2016, the Company earned $479,000 (2015 - $476,000) in golf revenue (primarily food and beverage and corporate events) from related parties controlled by the Chairman, President and Chief Executive Officer of the Company.

A total of US$53,000 of rental revenue was earned by TWC for the year ended December 31, 2016 (2015 - US$53,000) from Morguard relating to a shared office facility in Florida.

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

The remuneration of key management personnel of TWC as determined in its two most latest Management Information Circulars are as follows:

(thousands of Canadian dollars)	**2016**	2015
Salaries, incentives and short-term benefits (1)	**$ 1,514**	$ 1,489
Termination benefits	**-**	-
Share-based payments	**-**	-
	$ 1,514	$ 1,489

(1) Includes annual salary, incentives and short-term benefits earned in the year

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

TWC is engaged in golf club operations under the trademark "ClubLink One Membership More Golf". TWC is Canada's largest owner and operator of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses, at 41 locations in two separate geographic Regions: (a) Canada and (b) United States.

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

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

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

Rail and port operations are economically dependent upon the Alaska cruise line industry. For the year ended December 31, 2016, Carnival Cruises and its subsidiaries, Princess Cruises and Holland America Cruises, made up approximately 53.2% of White Pass port passengers (2015 – 54.3%). The loss of this customer could have a material impact on the operations of the Company.

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, 2016				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Rail and Port Operations	Corporate Operations	**Total**
Operating revenue	$ 140,085	$ 25,271	$ 52,479	$ -	**$ 217,835**
Direct operating expenses	(108,322)	(23,407)	(24,357)	(2,886)	**(158,972)**
Net operating income (loss)	31,763	1,864	28,122	(2,886)	**58,863**
Amortization of membership fees	10,936	274	-	-	**11,210**
Depreciation and amortization	(14,485)	(2,667)	(9,262)	-	**(26,414)**
Land lease rent	(5,049)	-	(254)	-	**(5,303)**
Other expenses, net	(682)	(25)	29	(117)	**(795)**
Segment earnings (loss) before interest and income taxes	$ 22,483	$ (554)	$ 18,635	$ (3,003)	**37,561**
Interest, net (unallocated)					**(18,151)**
Provision for income taxes (unallocated)					**(2,852)**
Net earnings					**$ 16,558**
Capital expenditures	$ 11,148	$ 1,433	$ 7,119	$ -	**$ 19,700**

17. SEGMENTED INFORMATION (continued)

	For the Year Ended December 31, 2015				
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Rail and Port Operations	Corporate Operations	**Total**
Operating revenue	$ 139,620	$ 26,124	$ 50,403	$ -	**$ 216,147**
Direct operating expenses	(108,259)	(24,283)	(23,122)	(2,810)	**(158,474)**
Net operating income (loss)	31,361	1,841	27,281	(2,810)	**57,673**
Amortization of membership fees	10,906	256	-	-	**11,162**
Depreciation and amortization	(15,032)	(2,543)	(8,812)	-	**(26,387)**
Land lease rent	(5,251)	-	(238)	-	**(5,489)**
Segment earnings (loss) before interest and income taxes	$ 21,984	$ (446)	$ 18,231	$ (2,810)	**36,959**
Interest, net (unallocated)					**(19,362)**
Other expenses, net (unallocated)					**(10,257)**
Provision for income taxes (unallocated)					**(3,081)**
Net earnings					**$ 4,259**
Capital expenditures	$ 5,667	$ 1,162	$ 5,253	$ -	**$ 12,082**

Where there are indicators of impairment, the Company is required to perform impairment testing of a cash generating unit (CGU) combining all cash flows from each property within a CGU. As at December 31, 2015, the Company performed impairment testing on the assets within the Montreal CGU and concluded an impairment adjustment was warranted. The Company also concluded that the assets of a separate property were impaired. Reasons for impairment included declining operating performance and a decline in members at these properties. A total impairment in the amount of $5,381,000 was recorded to both property, plant and equipment and intangible assets within the Company's Canadian Golf Club Operations. This was recorded as other expense.

					December 31, 2016
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Rail and Port Operations	Corporate Operations	**Total**
Segment assets	$ 477,290	$ 40,598	$ 160,601	$ 627	**$679,116**
Segment liabilities	$ 239,611	$ 11,080	$ 93,184	$ 97,482	**$441,357**

					December 31, 2015
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Rail and Port Operations	Corporate Operations	**Total**
Segment assets	$ 485,590	$ 43,314	$ 182,835	$ 326	**$712,065**
Segment liabilities	$ 268,709	$ 21,372	$ 109,447	$ 87,347	**$486,875**

18. OPERATING LEASE COMMITMENTS

Land Lease Rent

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

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

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

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

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

(thousands of Canadian dollars)	Golf Club Operations	Rail and Port Operations	**Total**
2017	$ 4,948	$ 250	**$ 5,198**
2018	5,352	250	**5,602**
2019	5,459	250	**5,709**
2020	5,569	250	**5,819**
2021	5,683	250	**5,933**
2022 and thereafter	30,860	2,507	**33,367**
	$ 57,871	$ 3,757	**$ 61,628**

During 2016, the Company paid $64,000 (2015 - $63,000) in percentage rent in addition to the golf club operations land lease commitments described above.

Guarantees

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.

19. 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 golf club operations segment 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 2015 and 2016, the Company was in compliance with these borrowings covenants.

The rail and port operations segment also has certain restrictive covenants on its secured borrowings. These covenants include a minimum net worth ratio and a debt service ratio. White Pass was in compliance with its covenants for all of 2016 and 2015.

TWC monitors capital on the basis of the net borrowings-to-adjusted equity ratio. This ratio is calculated as net borrowings divided by adjusted equity. Net borrowings is calculated as gross borrowings less cash. Adjusted equity is comprised of all components of shareholders' equity (i.e., share capital, retained earnings and accumulated other comprehensive gain or loss) and deferred membership fees less a related statutory tax provision.

19. CAPITAL MANAGEMENT (continued)

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's objective is to maintain a net borrowings-to-adjusted equity ratio of less than 2.50, in order to maintain access to financing at a reasonable cost. The net borrowings-to-adjusted equity ratios at December 31, 2016 and December 31, 2015, are as follows:

(thousands of Canadian dollars)	2016	2015
Gross borrowings	$ 318,531	$ 350,134
Cash	(2,382)	(2,251)
Loan receivable from affiliated company	-	(13,840)
Net borrowings (A)	$ 316,149	$ 334,043
Share capital	$ 111,987	$ 109,953
Retained earnings	96,775	83,892
Accumulated other comprehensive gain	28,997	31,345
Deferred membership fees	18,329	24,457
Less: tax provision at statutory income tax rates	(4,857)	(6,481)
Adjusted equity (B)	$ 251,231	$ 243,166
Net borrowings-to-adjusted equity ratio (A/B)	1.26	1.37

Both operating segments have revolving credit arrangements, which are used to fund operations. This allows each segment 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.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

Pursuant to IFRS, financial instruments are classified into one of the following five categories: FVTPL, held to maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. The carrying values of the Company's financial instruments on the consolidated balance sheets are classified into the following categories:

(thousands of Canadian dollars)	2016	2015
Loans and receivables (1)	$ 9,386	$ 28,190
Other financial liabilities (2)	338,866	375,011

(1) Includes cash, 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.

20. 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, 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 rail and port operations and 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.

To help manage this risk, the Company has sought a certain amount of its financing to be in a US dollar base currency.

For the year ended December 31, 2016, 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 $998,000 (2015 - $1,208,000).

From time to time, the Company may enter into foreign exchange contracts to fix the exchange exposure on certain of its borrowings.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The following debt instruments have variable interest rates:

(thousands of Canadian dollars)	**2016**	2015
Revolving line of credit - US golf (December 31, 2016 - LIBOR plus 175 basis points or 2.28% December 31, 2015 - LIBOR plus 175 basis points or 1.99%)	**$ -**	$ 13,840
Revolving line of credit - corporate (December 31, 2016 - BA's plus 160 basis points or 2.65%; prime plus 47.5 basis points or 3.18% December 31, 2015 - BA's plus 160 basis points or 2.58%; prime plus 47.5 basis points or 3.18%)	**58,561**	45,325
Revolving line of credit - rail (December 31, 2016 - LIBOR plus 187.5 basis points or 2.49% December 31, 2015 - LIBOR plus 175 basis points or 1.99%)	**482**	19,628
Operating line of credit from related party (cost of funds plus 10 basis points)	**47,084**	35,000
Term loan (December 31, 2016 - LIBOR plus 300 basis points or 3.64% December 31, 2015 - LIBOR plus 300 basis points or 3.24%)	**29,725**	33,213
	$ 135,852	$147,006

For the year ended December 31, 2016, an increase (decrease) of 100 basis points of each the Canadian and US variable interest rate borrowings would have increased (decreased) interest expense by $1,328,000 (2015 - $1,349,000).

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 rail and port operations have historically had very few bad debts because of its strong relationships with the cruise lines and related travel groups.

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.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

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

(thousands of Canadian dollars)	**2016**	2015
Balance, beginning of year	**$ 505**	$ 471
Increase in allowance through bad debt expense	**-**	69
Bad debt write-offs	**(144)**	(35)
Balance, end of year	**$ 361**	$ 505

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)	**2016**	2015
Accounts receivable		
Current	**$ 5,024**	$ 10,100
Past due for more than one day but not more than 60 days	**281**	225
Past due for more than 60 days	**603**	816
Less: allowance for doubtful accounts	**(361)**	(505)
Subtotal	**5,547**	10,636
Mortgages and loans receivable		
Current	**1,457**	15,303
Past due	**-**	-
Less: allowance for doubtful accounts	**-**	-
Subtotal	**1,457**	15,303
Total loans and receivables	**$ 7,004**	$ 25,939

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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, 2016, based on contractual undiscounted payments are as follows:

(thousands of Canadian dollars)	2017	2018	2019	2020	2021	2022 and beyond	Total
Accounts payable and accrued liabilities	$ 21,655	$ -	$ -	$ -	$ -	$ -	$ 21,655
Revolving lines of credit	47,084	59,043	-	-	-	-	106,127
Non-revolving mortgages - principal	16,152	17,346	18,628	20,004	21,486	85,438	179,054
Non revolving mortgages - interest	12,309	11,093	9,785	8,380	6,870	14,745	63,182
Term loan - principal	2,497	2,497	2,497	22,234	-	-	29,725
Term loan - interest	1,035	944	854	453	-	-	3,286
Finance lease obligations - principal	1,774	984	528	224	115	-	3,625
Finance lease obligations - interest	104	53	26	10	3	-	196
	$102,610	$ 91,960	$ 32,318	$ 51,305	$ 28,474	$ 100,183	$406,850

Total financial liabilities at December 31, 2015, based on contractual undiscounted payments are as follows:

(thousands of Canadian dollars)	2016	2017	2018	2019	2020	2021 and beyond	Total
Accounts payable and accrued liabilities	$ 26,448	$ -	$ -	$ -	$ -	$ -	$ 26,448
Revolving lines of credit	35,000	59,165	19,628	-	-	-	113,793
Non-revolving mortgages - principal	17,727	16,409	17,373	18,657	20,037	107,348	197,551
Non revolving mortgages - interest	13,612	12,353	11,133	9,823	8,416	21,785	77,122
Term loan - principal	2,574	2,574	2,574	2,574	22,917	-	33,213
Term loan - interest	1,036	952	869	785	418	-	4,060
Finance lease obligations - principal	2,591	1,667	852	384	83	-	5,577
Finance lease obligations - interest	154	75	29	10	1	-	269
	$ 99,142	$ 93,195	$ 52,458	$ 32,233	$ 51,872	$ 129,133	$458,033

21. CONTINGENCIES

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.

The Company leases a portion of the Skagway harbour and related tidelands from the Municipality under a lease that expires in March 2023. Leasehold improvements to the tidelands include two docks and ore handling equipment.

The ore handling equipment has historically been used for the handling and transporting of ore concentrates onto freight ships for transportation to international ports. White Pass participated in these ore handling activities until 1990 since it owned the ore handling equipment at which point the equipment was sold to a third party. The practice of handling ore has continued from 1990 to today by a third party.

Prior to the sale of the ore handling equipment in 1990, environmental assessments demonstrated that there were pollutants in the harbour relating to the historic handling and transporting of ore concentrates.

The Alaska Department of Environmental Conservation (ADEC) lists the Skagway harbour as "impaired," but has not previously attempted any corrective measures to remediate the harbour due to the fact that there has been a natural sedimentary cap which has covered the foreign matter.

In 2016, ADEC started to hold meetings with the stakeholders involved - including (a) the owner of the tidelands (Municipality of Skagway), (b) the current owner of equipment, (c) the current lessee, (d) the historic lessee and (e) the operators of the equipment over time. ADEC has asked the remediation be addressed, but has not directed any formal orders at any one party.

White Pass has engaged an environmental consultant to review the situation in the harbour.

Currently, the outcome and corrective measures (if any) of the remediation is not known and the Company has not made any accruals for future costs (if any).

22. COMPARATIVE AMOUNTS

To conform with the financial statement presentation for 2016, $1,477,000 in direct costs of originating membership fees in 2015 have been reclassified to labour and employee benefits and other operating expenses for better presentation and comparability.

To conform with the financial statement presentation for 2016, $7,418,000 in other operating expenses in 2015 have been reclassified to selling, general and administrative expenses for better presentation and comparability.

23. SUBSEQUENT EVENTS

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

On February 28, 2017, the Company declared a 2 cents per common share cash dividend, payable March 31, 2017 to shareholders of record on March 15, 2017.

TWC ENTERPRISES LIMITED

CORPORATE DIRECTORY

BOARD OF DIRECTORS

PATRICK S. BRIGHAM (b, c)
PAUL CAMPBELL (b, c)
DAVID A. KING (a)
JOHN LOKKER (a)
SAMUEL J.B. POLLOCK (a, b)
K. (RAI) SAHI
DONALD TURPLE (a, c)
JACK D. WINBERG (b, c)

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

OFFICERS

TWC ENTERPRISES LIMITED

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

ANDREW TAMLIN
Chief Financial Officer

ROBERT VISENTIN
Senior Vice President, Investments

ROBERT WRIGHT
Vice President

JOHN A. FINLAYSON
Chief Operations Officer, Canadian Golf Operations
Vice President, Florida Golf Operations
President, White Pass and Yukon Route

JAMIE KING
Vice President, Sales, Canadian Golf Operations

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

ANNUAL MEETING OF SHAREHOLDERS
of TWC Enterprises Limited will be held at RattleSnake Point
5407 Regional Road 25 Milton, ON L9T 2X5
at 11:30 a.m. on Wednesday, May 10, 2017.

CORPORATE INFORMATION

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HSBC Bank USA
Wells Fargo Bank Alaska

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Deloitte LLP

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

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