

TWC ENTERPRISES LIMITED

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CLUBLINK
ONE MEMBERSHIP
more golf[®]



FINANCIAL HIGHLIGHTS

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

(thousands of Canadian dollars - except as indicated)	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
OPERATIONS				
Operating revenue - continuing operations	65,351	63,818	136,906	135,782
Net operating income - continuing operations ⁽¹⁾	14,763	15,981	25,553	27,005
Operating margin (%) ⁽¹⁾	22.6	25.0	18.7	19.9
Net earnings from continuing operations	8,846	6,936	5,770	6,662
Net earnings from discontinued operations	211,587	12,530	214,434	14,937
Net earnings	220,433	19,466	220,204	21,599
OPERATING DATA				
ClubLink One Membership More Golf				
Canadian full privilege golf members			15,588	15,517
Championship rounds - Canada ⁽²⁾	558,000	574,000	926,000	935,000
18-hole equivalent championship golf courses - Canada ^(2,3)			42.5	42.5
Championship rounds - U.S. ⁽²⁾	44,000	43,000	252,000	261,000
18-hole equivalent championship golf courses - U.S. ^(2,3,4)			11.0	11.0
White Pass & Yukon Route				
Rail passengers	117,000	267,000	279,000	429,000
Port passengers from cruise ships	230,000	525,000	590,000	846,000
Cruise ship dockings	94	228	245	370
COMMON SHARE DATA (000)				
Shares outstanding			27,316	27,346
Weighted average shares outstanding	27,334	27,346	27,342	27,346
PER COMMON SHARE DATA (\$)				
Basic and diluted earnings from continuing operations	0.32	0.25	0.21	0.24
Basic and diluted earnings from discontinued operations	7.74	0.46	7.84	0.55
Basic and diluted earnings	8.06	0.71	8.05	0.79
Eligible cash dividends	0.02	0.02	0.06	0.06
FINANCIAL POSITION				
Total assets			706,172	680,979
Gross borrowings			152,061	288,597
Shareholders' equity			433,009	252,987
Gross borrowings to shareholders' equity ratio			0.35	1.14
Net book value per share			15.85	9.25

(1) Net operating income, operating margin 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 period ended September 30.

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

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with TWC Enterprises Limited's ("TWC" or the "Company") unaudited consolidated financial statements and accompanying notes for the three month and nine month periods ended September 30, 2018. This MD&A has been prepared as at November 5, 2018 and all amounts are in Canadian dollars unless otherwise indicated.

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

FORWARD-LOOKING STATEMENTS

This quarterly 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

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

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

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

NON-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 the golf operations business segment. Effective July 31, 2018, the rail and port operating business segment was sold. In addition, the corporate operations segment oversees the business segments. Due to the fact that the rail and port operations were divested on July 31, 2018, it is being presented as discontinued operations.

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 considering golf club acquisition opportunities in Ontario, Quebec and Florida.

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

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

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).

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

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

(a) Ontario/Quebec

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

In 2018, ClubLink is operating 27 Ontario/Quebec Region Member Golf Clubs in three categories as follows:

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

In 2018, ClubLink is operating 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

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

OVERVIEW OF BUSINESS SEGMENTS (continued)

Golf Club Operations Segment (continued)

(a) Ontario/Quebec (continued)

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

In 2018, ClubLink is operating two Ontario/Quebec Region Daily Fee Golf Clubs as follows:

Daily Fee: Grandview Inn, Rolling Hills

In 2018, ClubLink has approximately 400 Players Card memberships. Players Card annual memberships allow golfers unlimited access to Rolling Hills during spring and fall shoulder seasons in addition to twilight golf during the summer season. A fixed number of rounds certificates are also included with each Players Card.

In 2018, ClubLink has approximately 2,000 Players Club memberships. The Players Club memberships have varying degrees of access to ClubLink's daily fee golf clubs at different price points.

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

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

In 2018, ClubLink is operating 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 had been closed since February 2012.

(b) United States

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

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

Hybrid – Prestige: TPC Eagle Trace

Hybrid – Platinum: Club Renaissance, Heron Bay

Gold: Scepter

Hybrid – Gold: Woodlands

Hybrid – Silver: Sandpiper

Daily Fee: Palm Aire (Cypress/Oaks), Palm Aire (Palms)

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

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

OVERVIEW OF BUSINESS SEGMENTS (continued)

Rail and Port Operations Segment

TWC was previously 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. White Pass was divested on July 31, 2018.

On June 6, 2018, TWC announced that it entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of US\$290,000,000. Closing on July 31, 2018, the transaction represented a sale of the complete operations of White Pass. Consequently, this segment is being presented as discontinued operations in the financial statements.

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.

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

SUMMARY OF EXCHANGE RATES USED FOR TRANSLATION PURPOSES

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

	September 30, 2018	December 31, 2017	September 30, 2017
Balance Sheet	1.2945	1.2545	1.2480
Statement of Earnings – First Quarter	1.2648	N/A	1.3230
Statement of Earnings – Second Quarter	1.2912	N/A	1.3450
Statement of Earnings – Third Quarter	1.3069	N/A	1.2526

THREE MONTH CONSOLIDATED OPERATING HIGHLIGHTS

The table below sets forth selected financial data relating to the Company's three month periods ended September 30, 2018 and September 30, 2017. This financial data is derived from the Company's unaudited interim consolidated financial statements, which are prepared in accordance with IFRS.

(thousands of Canadian dollars - except as indicated)	For the three months ended		% Change
	September 30, 2018	September 30, 2017	
OPERATING REVENUE	\$ 65,351	\$ 63,818	2.4%
DIRECT OPERATING EXPENSES	50,588	47,837	5.8%
NET OPERATING INCOME	14,763	15,981	(7.6%)
Operating margin (%)	22.6%	25.0%	(9.6%)
Amortization of membership fees	1,807	2,184	(17.3%)
Depreciation and amortization	(4,040)	(4,121)	(2.0%)
Land lease rent	(1,097)	(1,165)	(5.8%)
Interest, net and investment income	(2,522)	(3,810)	(33.8%)
Other items	3,169	(239)	N/A
Income tax provision	(3,234)	(1,894)	70.7%
NET EARNINGS FROM CONTINUING OPERATIONS	8,846	6,936	27.5%
NET EARNINGS FROM DISCONTINUED OPERATIONS	211,587	12,530	N/A
NET EARNINGS	\$ 220,433	\$ 19,466	N/A
BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	\$ 0.32	\$ 0.25	28.0%
BASIC AND DILUTED EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS	7.74	0.46	N/A
BASIC AND DILUTED EARNINGS PER SHARE	\$ 8.06	\$ 0.71	N/A

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

THREE MONTH CONSOLIDATED OPERATING HIGHLIGHTS (continued)

The table below sets forth selected financial data relating to the Company's three month periods ended September 30, 2018 and September 30, 2017. This financial data is derived from the Company's unaudited interim consolidated financial statements, which are prepared in accordance with IFRS.

(thousands of Canadian dollars)	For the three months ended		% Change
	September 30, 2018	September 30, 2017	
Operating revenue by segment			
<i>Canadian golf club operations</i>	\$ 61,927	\$ 60,612	2.2%
<i>US golf club operations</i>	3,424	3,206	6.8%
Operating revenue from continuing operations	65,351	63,818	2.4%
Operating revenue from discontinued operations	15,005	33,553	(55.3%)
Operating revenue	\$ 80,356	\$ 97,371	(17.5%)
Net operating income by segment			
<i>Canadian golf club operations</i>	\$ 16,913	\$ 18,055	(6.3%)
<i>US golf club operations</i>	(1,210)	(1,298)	(6.8%)
<i>Corporate operations</i>	(940)	(776)	21.1%
Net operating income from continuing operations	14,763	15,981	(7.6%)
Net operating income from discontinued operations	10,765	23,486	(54.2%)
Net operating income	\$ 25,528	\$ 39,467	(35.3%)

On June 6, 2018, TWC announced that it entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of US\$290,000,000. Closing on July 31, 2018, the transaction represented a sale of the complete operations of White Pass. Consequently, this segment is being presented as discontinued operations in the financial statements.

Net earnings from continuing operations increased to \$8,846,000 for the three month period ended September 30, 2018 from \$6,936,000 in 2017 due to a positive change in other items in the amount of \$3,408,000 representing primarily insurance proceeds and a fair value increase in the Carnival shares received as part of the White Pass sale. Basic and diluted earnings from continuing operations per share was 32 cents per share for the three month period ended September 30, 2018, compared to 25 cents in 2017.

Net earnings from discontinued operations increased to \$211,587,000 for the three month period ended September 30, 2018 from \$12,530,000 in 2017. This increase was due to the gain on the sale of White Pass. Basic and diluted earnings from discontinued operations per share increased to \$7.74 per share for the three month period ended September 30, 2018, compared to 46 cents in 2017.

Net earnings increased to \$220,433,000 for the three month period ended September 30, 2018 from \$19,466,000 in 2017. Basic and diluted earnings per share increased to \$8.06 per share for the three month period ended September 30, 2018, compared to 71 cents in 2017.

The exchange rate used for translating US denominated earnings has changed to a quarterly average of 1.3069 for the three months ended September 30, 2018 from 1.2526 for the three month period ended September 30, 2017 due to the declining Canadian dollar over the one year period.

Consolidated operating revenue from continuing operations increased 2.4% to \$65,351,000 for the three month period ended September 30, 2018 from \$63,818,000 in 2017 due to a 3.3% increase in Canadian annual dues.

Direct operating expenses from continuing operations increased 5.8% to \$50,588,000 for the three month period ended September 30, 2018 from \$47,837,000 in 2017 due to a 7.4% increase in labour and employee benefits resulting from the Ontario minimum wage increase in 2018.

Net operating income for the Canadian golf club operations segment decreased 6.3% to \$16,913,000 in 2018 from \$18,055,000 in 2017 due to less championship golf rounds for the quarter in addition to the increase in labour from the Ontario minimum wage increase.

Net operating loss for US golf club operations segment decreased to US\$926,000 in 2018 from US\$1,038,000 in 2017.

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

THREE MONTH CONSOLIDATED OPERATING HIGHLIGHTS (continued)

Net operating income for the rail and port operations decreased 56.1% to US\$8,198,000 from US\$18,674,000 in 2017. On July 31, 2018, the Company divested the rail and port operations and consequently the amounts reflected for the three month period ended September 30, 2018 are one month of operations.

Amortization of membership fees decreased 17.3% to \$1,807,000 from \$2,184,000 in 2017 due to the completion of the amortization period of revenue for members that joined in 2004. This was completed in 2017.

Interest, net and investment income for continuing operations decreased 33.8% to \$2,522,000 for the three month period ended September 30, 2018 from \$3,810,000 in 2017 due to less borrowings outstanding.

In June 2018, the Company committed to sell White Pass which closed on July 31, 2018 for proceeds of US\$290,000,000. This segment was not a discontinued operation or classified as held for sale at September 30, 2017, so the comparative Consolidated Statement of Earnings has been amended to show the discontinued operations separately from continuing operations.

The following is a calculation of the gain on the divestiture of White Pass which closed on July 31, 2018:

(thousands of Canadian dollars)

Cash proceeds	\$ 359,041
Proceeds in Carnival plc shares	25,890
Book value of assets sold	(134,418)
Indemnification reserve	(6,508)
Transaction costs and other	(3,357)
Realized foreign exchange upon divestiture of White Pass	21,663
Net gain on sale of White Pass	\$ 262,311

NINE MONTH CONSOLIDATED OPERATING HIGHLIGHTS

The table below sets forth selected financial data relating to the Company's nine month periods ended September 30, 2018 and September 30, 2017. This financial data is derived from the Company's unaudited interim consolidated financial statements, which are prepared in accordance with IFRS.

(thousands of Canadian dollars - except as indicated)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
OPERATING REVENUE	\$ 136,906	\$ 135,782	0.8%
DIRECT OPERATING EXPENSES	111,353	108,777	2.4%
NET OPERATING INCOME	25,553	27,005	(5.4%)
Operating margin (%)	18.6%	19.9%	(6.5%)
Amortization of membership fees	5,145	6,093	(15.6%)
Depreciation and amortization	(12,153)	(12,471)	(2.5%)
Land lease rent	(3,292)	(3,641)	(9.6%)
Interest, net and investment income	(10,030)	(11,342)	(11.6%)
Other items	3,105	1,725	80.0%
Income tax provision	(2,558)	(707)	N/A
NET EARNINGS FROM CONTINUING OPERATIONS	5,770	6,662	(13.4%)
NET EARNINGS FROM DISCONTINUED OPERATIONS	214,434	14,937	N/A
NET EARNINGS	\$ 220,204	\$ 21,599	N/A
BASIC AND DILUTED EARNINGS PER SHARE			
FROM CONTINUING OPERATIONS	\$ 0.21	\$ 0.24	(12.5%)
BASIC AND DILUTED EARNINGS PER SHARE			
FROM DISCONTINUED OPERATIONS	7.84	0.55	N/A
BASIC AND DILUTED EARNINGS PER SHARE	\$ 8.05	\$ 0.79	N/A

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

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

The results of operations by business segment should be read in conjunction with the segmented information contained in note 15 of the unaudited interim consolidated financial statements for the period ended September 30, 2018.

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Operating revenue by segment			
<i>Canadian golf club operations</i>	\$ 120,390	\$ 117,540	2.4%
<i>US golf club operations</i>	16,516	18,242	(9.5%)
Operating revenue from continuing operations	136,906	135,782	0.8%
Operating revenue from discontinued operations	36,555	55,430	(34.1%)
Operating revenue	\$ 173,461	\$ 191,212	(9.3%)
Net operating income by segment			
<i>Canadian golf club operations</i>	\$ 27,878	\$ 28,189	(1.1%)
<i>US golf club operations</i>	147	1,081	(86.4%)
<i>Corporate operations</i>	(2,472)	(2,265)	9.1%
Net operating income from continuing operations	25,553	27,005	(5.4%)
Net operating income from discontinued operations	19,360	32,704	(40.8%)
Net operating income	\$ 44,913	\$ 59,709	(24.8%)

Capital expenditures are summarized as follows:

(thousands of Canadian dollars)	For the nine months ended	
	September 30, 2018	September 30, 2017
Operating capital		
<i>Canadian golf club operations</i>	\$ 4,752	\$ 4,442
<i>US golf club operations</i>	604	389
<i>Rail and port operations</i>	2,892	4,220
	8,248	9,051
Expansion capital		
<i>Canadian golf club operations</i>	1,329	1,406
<i>Rail and port operations</i>	6,826	2,146
	8,155	3,552
Total capital expenditures	\$ 16,403	\$ 12,603

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

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Period Ended September 30, 2018

Summary of Canadian Golf Club Operations

(statistics)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
18-hole equivalent championship courses	42.5	42.5	0.0%
Championship golf rounds	926,000	935,000	(1.0%)
Full privilege golf members	15,588	15,517	0.5%

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Operating revenue	\$ 120,390	\$ 117,540	2.4%
Direct operating expenses	92,512	89,351	3.5%
Net operating income	27,878	28,189	(1.1%)
Amortization of membership fees	4,906	5,872	(16.5%)
Depreciation and amortization	(10,373)	(10,687)	(2.9%)
Land lease rent	(3,292)	(3,641)	(9.6%)
Other items	2,045	2,188	(6.5%)
Segment earnings before interest and income taxes	\$ 21,164	\$ 21,921	(3.5%)
Operating margin	23.2%	24.0%	(3.3%)

Canadian Golf Club Operating Revenue

Canadian golf club operating revenue is recorded as follows:

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Annual dues	\$ 38,792	\$ 37,559	3.3%
Corporate events, guest fees, cart rentals and services	32,389	31,363	3.3%
Food and beverage	35,987	35,927	0.2%
Merchandise, rooms and other	13,222	12,691	4.2%
Total	\$ 120,390	\$ 117,540	2.4%

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

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Period Ended September 30, 2018 (continued)

Canadian Golf Club Direct Operating Expenses

Canadian golf club direct operating expenses are recorded as follows:

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Cost of sales	\$ 18,238	\$ 18,189	0.3%
Labour and employee benefits	48,843	46,364	5.3%
Utilities	5,048	5,155	(2.1%)
Selling, general and administrative	2,823	2,954	(4.4%)
Property taxes	2,162	2,178	(0.7%)
Insurance	1,296	1,126	15.1%
Repairs and maintenance	2,852	2,709	5.3%
Fertilizers and pest control products	1,578	1,501	5.1%
Fuel and oil	1,011	861	17.4%
Other operating expenses	8,661	8,314	4.2%
Total direct operating expenses	\$ 92,512	\$ 89,351	3.5%

Labour and employee benefits increased 5.3% for the nine months ended September 30, 2018 in part due to the increase in Ontario's minimum wage rate in 2018 and other benefits enacted by Ontario Bill 148.

Canadian Membership Fees

Full privilege golf members increased slightly to 15,588 on September 30, 2018 from 15,517 on September 30, 2017.

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

(thousands of Canadian dollars)	Nine months ended September 30, 2018		Year ended December 31, 2017		Nine months ended September 30, 2017	
	Golf Members	Future Membership Fee Instalments	Golf Members	Future Membership Fee Instalments	Golf Members	Future Membership Fee Instalments
Balance, beginning of period	14,991	\$ 24,100	15,077	\$ 26,205	15,077	\$ 26,205
Sales to new members	1,389	4,226	1,228	5,044	1,235	5,495
Reinstated members	182	294	208	315	179	299
Transfer and upgrade fees from existing members	-	259	-	635	-	547
Resignations and terminations	(974)	(2,361)	(1,522)	(4,129)	(974)	(2,533)
Instalments received in cash	-	(3,123)	-	(3,970)	-	(3,578)
Balance, end of period (Full Privilege)	15,588	\$ 23,395	14,991	\$ 24,100	15,517	\$ 26,435

Management is expecting 2018 revenue from the amortization of membership fees to be approximately \$6.6 million compared to \$7.7 million in 2017. This decline is primarily the result of the members that joined in 2004 completing their amortization period in 2017. Commencing in 2018, this group of members will continue to generate revenue on a cash received basis.

The average membership fee contract per new member has declined to \$3,042 for the nine month period ended September 30, 2018 as compared to \$4,449 for the same period in 2017 due to membership reward programs in place for 2018 to help facilitate referral of new members.

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

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of US Golf Club Operations for the Period Ended September 30, 2018

Summary of US Golf Club Operations

(statistics)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
18-hole equivalent championship golf courses	11.0	11.0	0.0%
Championship golf rounds	252,000	261,000	(3.4%)
Full privilege golf members	992	1,090	(9.0%)

(thousands of dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Operating revenue	\$ 12,906	\$ 13,863	(6.9%)
Direct operating expenses	12,748	13,099	(2.7%)
Net operating income	158	764	(79.3%)
Amortization of membership fees	186	169	10.1%
Depreciation and amortization	(1,383)	(1,365)	1.3%
Other items	76	10	660.0%
Segment earnings before interest and income taxes (US dollars)	(963)	(422)	128.2%
Exchange	(353)	(56)	N/A
Segment earnings before interest and income taxes (Cdn dollars)	\$ (1,316)	\$ (478)	175.3%
Operating margin (%)	1.2%	5.5%	(78.2%)

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

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of US Golf Club Operations for the Period Ended September 30, 2018 (continued)

US Golf Club Operating Revenue

US golf club operating revenue is recorded as follows:

(thousands of dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Annual dues	\$ 3,842	\$ 3,958	(2.9%)
Corporate events, guest fees, cart rentals and services	6,669	7,266	(8.2%)
Food and beverage	1,718	1,943	(11.6%)
Merchandise and other	677	696	(2.7%)
Subtotal (US dollars)	12,906	13,863	(6.9%)
Exchange	3,610	4,379	(17.6%)
Total (Cdn dollars)	\$ 16,516	\$ 18,242	(9.5%)

US Golf Club Direct Operating Expenses

US golf club direct operating expenses are recorded as follows:

(thousands of dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Cost of sales	\$ 1,124	\$ 1,172	(4.1%)
Labour and employee benefits	6,033	6,223	(3.1%)
Utilities	908	1,007	(9.8%)
Property taxes	924	902	2.4%
Selling, general and administrative	116	95	22.1%
Insurance	389	343	13.4%
Repairs and maintenance	617	551	12.0%
Fertilizers and pest control products	453	434	4.4%
Fuel and oil	189	159	18.9%
Management fee	345	345	0.0%
Other operating expenses	1,650	1,868	(11.7%)
Subtotal (US dollars)	12,748	13,099	(2.7%)
Exchange	3,621	4,062	(10.9%)
Total direct operating expenses (Cdn dollars)	\$ 16,369	\$ 17,161	(4.6%)

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

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Rail and Port Operations for the Period Ended September 30, 2018

Summary of Rail and Port Operations (Discontinued Operations)

On July 31, 2018, the Company divested the rail and port operations and consequently the amounts reflected for 2018 are seven months of operations.

(statistics)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Rail passengers	279,000	429,000	(35.0%)
Port passengers	590,000	846,000	(30.3%)
Cruise ship dockings	245	370	(33.8%)

(thousands of dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Operating revenue	\$ 27,969	\$ 43,014	(35.0%)
Direct operating expenses	13,296	17,490	(24.0%)
Net operating loss (US dollars)	14,673	25,524	(42.5%)
Depreciation and amortization	(2,988)	(5,322)	(43.9%)
Land lease rent	(116)	(183)	(36.6%)
Other items	218	(519)	N/A
Segment earnings before interest and income taxes (US dollars)	11,787	19,500	(39.6%)
Exchange	3,935	5,328	(26.1%)
Segment earnings before interest and income taxes (Cdn dollars)	\$ 15,722	\$ 24,828	(36.7%)
Operating margin (%)	52.5%	59.3%	(11.5%)

Rail and Port Operating Revenue

Rail and port operating revenue is recorded as follows:

(thousands of dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Railroad	\$ 20,584	\$ 32,306	(36.3%)
Port	5,762	8,424	(31.6%)
Merchandise	1,448	2,092	(30.8%)
Other	175	192	(8.9%)
Subtotal (US dollars)	27,969	43,014	(35.0%)
Exchange	8,586	12,416	(30.8%)
Total (Cdn dollars)	\$ 36,555	\$ 55,430	(34.1%)

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

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Rail and Port Direct Operating Expenses

Rail and port direct operating expenses are recorded as follows:

(thousands of dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Cost of sales	\$ 611	\$ 819	(25.4%)
Labour and employee benefits	6,590	9,146	(27.9%)
Utilities	300	329	(8.8%)
Selling, general and administrative	918	1,157	(20.7%)
Property taxes	333	562	(40.8%)
Insurance	989	1,169	(15.4%)
Repairs and maintenance	450	449	(0.0%)
Fuel and oil	690	916	(24.7%)
Other operating expenses	2,415	2,943	(17.9%)
Subtotal (US dollars)	13,296	17,490	(24.0%)
Exchange	3,899	5,236	(25.5%)
Total direct operating expenses (Cdn dollars)	\$ 17,195	\$ 22,726	(24.3%)

Review of Corporate Operations for the Period Ended September 30, 2018

Corporate operations direct operating expenses are recorded as follows:

(thousands of Canadian dollars)	For the nine months ended		% Change
	September 30, 2018	September 30, 2017	
Labour and employee benefits	\$ 1,359	\$ 1,427	(4.8%)
Insurance	143	108	32.4%
Selling, general and administrative expenses	970	730	32.9%
	\$ 2,472	\$ 2,265	9.1%

FINANCIAL CONDITION

The assets and liabilities of White Pass were divested as part of the sale transaction that closed on July 31, 2018.

Assets

Total assets increased 12.1% to \$706,172,000 at September 30, 2018 from \$630,054,000 at December 31, 2017 due to the receipt of cash as part of the White Pass divestiture. This compares to \$680,979,000 at September 30, 2017.

Liabilities

Total liabilities decreased 31.2% to \$273,163,000 at September 30, 2018 from \$396,896,000 at December 31, 2017 due to the reduction in borrowings as a result of the divestiture of White Pass and the paydown of revolving debt. This compares to \$427,992,000 at September 30, 2017.

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

FINANCIAL CONDITION (continued)

Shareholders' Equity

Consolidated shareholders' equity at September 30, 2018 totaled \$433,009,000 or \$15.85 per share, compared to \$233,158,000 or \$8.53 per share at December 31, 2017 and \$252,987,000 or \$9.25 per share at September 30, 2017. The number of common shares outstanding changed to 27,315,739 shares as at September 30, 2018 compared to 27,345,540 as at December 31, 2017 and September 30, 2017.

The following is a summary of the common share activity:

(number of shares)	For the nine months ended	
	September 30, 2018	September 30, 2017
Balance, beginning of period	27,345,540	27,345,540
Other	(1)	-
Shares cancelled subject to normal course issuer bid	(29,800)	-
Balance, end of period	27,315,739	27,345,540

LIQUIDITY AND CAPITAL RESOURCES

TWC's objective is to ensure that capital resources are readily available to meet obligations as they become due, to complete its approved capital expenditure program and to take advantage of attractive acquisitions as they arise. TWC's capital availability and demonstrated ability to execute transactions give it a competitive advantage in corporate development opportunities.

A summarized statement of cash flows is as follows:

(thousands of Canadian dollars)	For the nine months ended	
	September 30, 2018	September 30, 2017
Cash provided by (used in) operating activities	\$ (24,157)	\$ 42,085
Operating property, plant and equipment expenditures	(8,248)	(9,051)
Expansion property, plant and equipment expenditures	(8,155)	(3,552)
Proceeds from divestiture of White Pass	351,236	-
Proceeds from sale of property, plant and equipment	307	5,074
Revolving borrowings	(112,869)	(9,489)
Non-revolving borrowings – amortization payments	(14,254)	(13,818)
Term debt – maturities	(24,935)	-
Finance lease obligations, net	(799)	(1,406)
Mortgages and loans receivable	(8,737)	5
Cash dividends	(1,640)	(1,641)
Other long term assets	1,376	(7,210)
Other	2,803	(1,161)
Net change in cash during the period	151,928	(164)
Cash, beginning of period	848	2,382
Cash, end of period	\$ 152,776	\$ 2,218

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

LIQUIDITY AND CAPITAL RESOURCES (continued)

The analysis of TWC's liquidity is as follows:

(thousands of Canadian dollars)	Availability as at September 30, 2018		Availability as at December 31, 2017		Availability as at September 30, 2017	
	Maximum	Available	Maximum	Available	Maximum	Available
Cash	\$ 152,776	\$ 152,776	\$ 848	\$ 848	\$ 2,218	\$ 2,218
Related party receivable	8,272	8,272	-	-	-	-
Revolving line of credit (US Golf)	9,709	9,709	12,545	-	12,480	-
Revolving line of credit (corporate)	50,000	47,397	70,000	5,315	70,000	3,050
Revolving line of credit (rail)	-	-	32,165	7,331	32,729	18,388
Related party revolving line of credit	50,000	50,000	50,000	38,233	50,000	48,077
	\$ 270,757	\$ 268,154	\$ 165,558	\$ 51,727	\$ 167,427	\$ 71,733

Funds will be used during 2018 for operating capital expenditures, expansion capital expenditures and to pay debt obligations as they become due.

Based on TWC's financial position at September 30, 2018, and projected future earnings, management expects to be able to fund its working capital requirements, and meet its other obligations including debt repayments.

The following is an analysis of the Company's net borrowings and their characteristics on September 30, 2018 compared to December 31, 2017:

(thousands of Canadian dollars)	Interest Rate September 30, 2018	Interest Rate December 31, 2017	Total Indebtedness September 30, 2018	Total Indebtedness December 31, 2017	Average Term to Maturity (Yrs) September 30, 2018	Average Term to Maturity (Yrs) December 31, 2017
Revolving (US golf)	3.85%	3.11%	\$ -	\$ 10,000	1.25	2.00
Revolving (rail)	N/A	3.12%	-	19,796	-	0.92
Revolving (related party)	3.74%	2.99%	-	-	N/A	N/A
Non-revolving	8.00%	8.00%	11,982	12,472	11.00	11.75
Term loan	N/A	4.38%	-	20,278	-	2.67
Exchange	-	-	3,529	15,918	-	-
Subtotal US borrowings	8.00%	4.50%	15,511	78,464		
Revolving (corporate)	4.18%	3.12%	1,585	63,667	1.00	1.50
Revolving (related party)	3.74%	2.99%	-	11,767	N/A	N/A
Non-revolving	7.08%	7.10%	133,920	146,155	6.73	7.44
Finance lease obligations	3.92%	3.86%	1,045	1,840	1.51	1.67
Subtotal CDN borrowings	7.02%	5.72%	136,550	223,429		
Gross borrowings	7.12%	5.41%	152,061	301,893		
Cash and cash equivalents			(152,776)	(848)		
Net borrowings			\$ (715)	\$ 301,045		

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

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 September 30, 2018:

(thousands of Canadian dollars)	Revolving Maturities	Mortgage and Term Loan Payments	Finance Lease Obligations	Total Borrowings
Balance of 2018	\$ -	\$ 4,445	\$ 179	\$ 4,624
2019	1,585	18,592	528	20,705
2020	-	19,968	223	20,191
2021	-	21,446	115	21,561
2022	-	21,721	-	21,721
2023 and thereafter	-	63,259	-	63,259
	\$ 1,585	\$ 149,431	\$ 1,045	\$ 152,061

TWC expects to meet its 2018 mortgage and term loan debt obligations by way of funds from operations, and using cash deposits if necessary.

Operating Activities

Cash used in operating activities is \$24,157,000 in 2018 compared to cash provided by operating activities of \$42,085,000 in 2017 due to income taxes remitted as part of the White Pass divestiture.

Investing Activities

Cash provided by investing activities were \$339,007,000 in 2018 compared to cash used in investing activities of \$14,839,000 in 2017 due to the divestiture of White Pass.

Financing Activities

Financing activities repayments were \$163,684,000 in 2018 compared to \$26,525,000 in 2017 due to the revolving debt that was repaid.

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

RELATED PARTY TRANSACTIONS

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

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

The Company has provided an unsecured revolving demand credit facility to Morguard in the amount of \$50,000,000 (September 30, 2017 – \$30,000,000), with no fixed maturity date. Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of \$50,000,000 with no fixed maturity date. These facilities bear interest on a basis which is consistent with the entity's borrowing costs. As at December 31, 2017, the total loan payable to Morguard outstanding on this facility was \$11,767,000, and interest incurred amounted to \$400,000. Net interest payable at December 31, 2017 was \$28,000. As at September 30, 2018, the total loan receivable from Morguard outstanding on this facility was \$8,272,000 (September 30, 2017 – \$1,923,000 loan payable), and net interest incurred amounted to \$543,000 (September 30, 2017 – \$375,000) for the nine month period. Net interest payable at September 30, 2018 was \$13,000 (September 30, 2017 – \$5,000 receivable). For the three months ended September 30, 2018, interest incurred amounted to \$13,000 (three months ended September 30, 2017 – \$17,000).

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 2018 and 2017, 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 2018 and 2017, 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 \$255,000 for the nine month period ended September 30, 2018 (September 30, 2017 - \$180,000), under a contractual agreement, which is included in operating expenses. For the three months ended September 30, 2018, the Company paid a management fee of \$135,000 (three months ended September 30, 2017 – \$60,000). Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$345,000 (CDN\$444,000) for the nine month period ended September 30, 2018 (September 30, 2017 - US\$345,000; CDN\$451,000) under a contractual agreement, which is included in direct operating expenses. For the three months ended September 30, 2018, the Company paid US\$115,000 (CDN\$151,000) in management fees (three months ended September 30, 2017 – US\$115,000; CDN\$144,000).

A total of US\$39,000 of rental revenue was earned by TWC for the nine month period ended September 30, 2018 (September 30, 2017 - US\$39,000) from Morguard relating to a shared office facility in Florida. For the three months ended September 30, 2018, rental revenue earned was US\$13,000 (for the three months ended September 30, 2017 – US\$13,000).

The Company has an officer loan outstanding in the amount of \$1,258,000 (December 31, 2017 – \$1,258,000; September 30, 2017 – \$1,258,000). The officer loan bears interest at a market rate determined by the Compensation Committee of the Board of Directors of the Company which is 3.20% per annum (2017 – 2.85%), matures September 30, 2020, 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 \$2,133,000 at September 30, 2018 (December 31, 2017 – \$2,049,000; September 30, 2017 – \$2,066,000).

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

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

SUMMARY OF FINANCIAL RESULTS BY QUARTER

The table below sets forth selected financial data for the most recent eight quarters ending September 30, 2018. 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)	2018			Dec. 31	2017			2016 Dec. 31
	Sep. 30	Jun. 30	Mar. 31		Sep. 30	Jun. 30	Mar. 31	
Total assets	\$ 706,172	\$ 665,514	\$ 649,279	\$ 630,054	\$ 680,979	\$ 702,854	\$ 685,578	\$ 679,116
Operating revenue (a)	65,351	48,203	23,352	28,478	63,508	47,815	24,149	28,470
Net operating income (a)	14,763	6,935	3,855	3,055	15,981	6,824	4,200	3,749
Operating margin (%)	22.6	14.4	16.5	10.7	25.2	14.3	17.4	13.2
Net earnings (loss)	220,433	7,072	(7,301)	(19,581)	19,466	5,748	(3,615)	(1,158)
Basic earnings (loss) per share	8.06	0.26	(0.27)	(0.72)	0.71	0.21	(0.13)	(0.04)
Eligible cash dividends per share	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02

(a) net of discontinued operations

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 or have occurred during the second and third quarters of the year. Accordingly, the quarterly reported net earnings of the Company will fluctuate with those of the underlying business segments.

DISCLOSURE CONTROLS AND PROCEDURES

TWC's Chairman, President and Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures. Our disclosure controls are designed to provide reasonable assurance that information required to be disclosed by TWC is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting.

The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of TWC's assets; (ii) provide reasonable assurance that transactions are recorded appropriately to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

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

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

OUTLOOK

Canadian Golf Club Operations

Management is expecting 2018 revenue from the amortization of membership fees to be approximately \$6.6 million compared to \$7.7 million in 2017. This decline is primarily the result of the members that joined in 2004 completing their amortization period in 2017. Commencing in 2018, this group of members will continue to generate revenue on a cash received basis.

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

The Company has accepted a letter of intent from the shareholders of Club de Golf Rosemère to purchase Club de Golf Le Fontainebleau. ClubLink will retain a management fee arrangement of Fontainebleau with this transaction. This transaction is scheduled to close in December 2018.

Highland Gate Development

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

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

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

The sales office opened on July 24, 2017 and servicing of the 45 lots in Phase 1a commenced on October 23, 2017. Construction of homes is now underway, along with two model homes, with the first closings expected in summer of 2019.

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 (approximately 124 acres) of the privately-owned site to the public as permanent, publicly accessible green space by filing three development applications on November 10, 2016 with the Town of Oakville. The mixed-use development on the remainder of the site will deliver approximately 107,000 sf office and 69,000 sf retail space, along with a housing development consisting of 3,222 units compatible with the current character of the Oakville community and consistent with the provincial directive to focus growth within Oakville's built boundary. The proposal's tree canopy plan achieves 42 per cent, which is above the Town of Oakville's 40 per cent target.

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

ClubLink's 3 development applications, Official Plan and zoning by-law amendments and the Draft Plan of Subdivision, have been deemed complete on November 10, 2016, the date they were received by the Town. Each of these applications have been appealed to the Local Planning Appeal Tribunal ("LPAT"), under the pre-Bill 139 regime and a second pre-hearing conference is scheduled for November 29, 2018.

On December 20, 2017, Oakville Council Designated the Glen Abbey property as a significant cultural heritage landscape under by-law 2017-138.

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

OUTLOOK (continued)

Glen Abbey Development (continued)

On September 25, 2017, ClubLink requested the Town to schedule a Ontario Heritage Act (OHA) section 34 pre-consultation meeting to demolish and remove 16 buildings and the golf course. The Town responded by conveying that our request was beyond the scope of a section 34 application and made an application to Ontario's Superior Court asking for confirmation of the Town's interpretation. ClubLink filed a section 34 application on November 21, 2017, and also made an application to Ontario's Superior Court asking for confirmation that ClubLink had filed a valid section 34 application. The two Superior Court applications were heard together on July 16 and 17, 2018 by Justice Morgan, who reserved a decision. In accordance with the court's scheduling order, Oakville Council reviewed our section 34 application on February 12, 2018 and refused it. On October 25, 2018, Justice Morgan ruled that the Glen Abbey golf course is both composed of structures and overall is a structure for the purposes of section 34 of the OHA. Our appeal of Council's decision to LPAT will be held in abeyance until a final decision on the court applications is made.

On January 30, 2018, Oakville Council passed a Town-wide cultural heritage landscape conservation plan by-law and a site specific conservation plan for Glen Abbey. Council also passed conforming amendments to several other by-laws. On February 6, 2018, ClubLink filed an application to Ontario's Superior Court to quash the by-laws approved on January 30, 2018. The Building Industry and Land Development Association filed a similar application on March 21, 2018. Justice Morgan of the Superior Court heard both applications on October 22 and 23, 2018, he reserved his decision.

On January 30, 2018, Oakville Council passed OPA 24 and a Glen Abbey specific zoning by-law amendment 2018-016. Three LPAT members held a Case Management Conference October 17-19, 2018, under the post Bill 139 regime. The LPAT members scheduled an 8 day oral hearing from June 17 to 26, 2019.

On September 21, 2018, LPAT accepted ClubLink's appeal of OPA 15 (Urban Structure) and OPA 16 (Cultural Heritage Policy Updates). The next step is for LPAT to schedule a Case Management Conference(s) for these appeals.

The development approval process at Glen Abbey may take several years and accordingly will be operated as a golf course by the Company.

US Golf Club Operations

ClubLink is working with a local developer to explore development options at Woodlands Country Club in Tamarac, Florida.

Rail and Port Operations

On June 6, 2018, TWC announced that it had entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of US\$290,000,000. Closing on July 31, 2018, the transaction represented a sale of the complete rail, port and merchandise operations of White Pass. This segment is being presented as discontinued operations in the financial statements.

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 DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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



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



Andrew Tamlin
Chief Financial Officer

November 5, 2018