

Management's Discussion and Analysis

Of Financial Condition and Results of Operations
For the Quarter ended December 31, 2021

This management's discussion and analysis ("MD&A"), dated February 24, 2022, should be read in conjunction with the Land Title and Survey Authority of British Columbia ("LTSA") unaudited consolidated interim financial statements and related notes for the quarter ended December 31, 2021, (the "consolidated financial statements"). Unless otherwise noted, the results reported herein have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are presented in thousands of Canadian dollars.

For purposes of this discussion, the LTSA refers to the Land Title and Survey Authority of British Columbia and its wholly-owned subsidiaries, LandSure Systems Limited ("LandSure") and Autoprop Software Limited ("Autoprop").

This report contains forward-looking statements, including statements regarding LTSA business and anticipated financial performance. Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and represent management's best judgement based on facts and assumptions that management considers reasonable. These statements are subject to a number of risks and uncertainties that may cause actual results to differ materially from those contemplated in the forward-looking statements.

Business Overview

The LTSA was formed in 2005 as a publicly accountable, statutory corporation responsible for operating the land title and survey systems in BC. These systems provide the foundation for all real property business and ownership in the province. The LTSA's services are primarily accessed electronically by legal professionals, land surveyors, certain statutory officers, realtors and other professionals who provide property-related services to their clients.

The Province of BC establishes the mandate, responsibilities and performance standards of the LTSA in the *Land Title and Survey Authority Act*, through an Operating Agreement with the Ministry of Forests, Lands, Natural Resource Operations and Rural Development and through a Master Services Agreement with the Ministry of Finance.

LTSA operations are funded through regulated fee revenue from land title and survey services, myLTSA services, and property information services provided to customers. Regulated fees are established in compliance with the requirements set out in the Operating Agreement. Administrative fees are set by the LTSA's Board of Directors. Fees for Land Owner Transparency Registry filings and searches and Condo and Strata Assignment

Integrity Register fees are set by the Board of Directors in consultation with the Ministry of Finance. Product fees for Autoprop, Tax Certificates Online, Identity Verification and eStrataHub are market based.

Highlights

Total revenue for the quarter was \$14.2 million, \$1.4 million or 11% higher than the prior year. Revenue increased primarily due to 11% higher land title transaction volumes in the quarter, increased new business revenue, as well as our 1% fee increase which was effective April 1, 2021. Revenue from the Land Owner Transparency Registry ("LOTR") filings which launched November 30, 2020 and LOTR search which launched April 30, 2021 contributed \$0.6 million of the revenue growth in the quarter.

Cost of revenue was \$7.9 million which was \$1.6 million or 26% higher than the prior year driven by higher product sustainment costs as well as cost realignment adjustments made in the prior year. Our operating margin for the quarter was 44.5%, lower than the prior year margin of 51.3% driven mainly by higher year over year cost of revenue.

Total operating expenses for the quarter were \$4.6 million, \$0.3 million or 8% higher than in the prior year. Operating expenses increased as a result of tax credits and the resolution of an assurance fund claim which lowered operating expenses in the prior year. We will continue to focus on controlling operating expenses to ensure that their growth is in line with our revenues.

Net income and comprehensive income was \$2.2 million, a decrease of \$1.0 million or 31% from the same period last year. This decrease was due to higher expenses, as well as \$0.4 million lower investment income.

We spent \$0.9 million on capital projects in the quarter, including \$0.3 million on the Automated Survey and Title Registration Application ("ASTRA") modernization project which will allow for more timely and faster system upgrades, reduced maintenance costs, increased automation efforts, and the ability to quickly implement new services for stakeholders and \$0.4 million on facilities improvements as we prepare our new Kamloops office, which we relocated to subsequent to quarter end.

Results

The following table sets forth certain consolidated statement of operations data, as well as consolidated statement of financial position data, expressed in thousands of dollars, for the three months ended December 31, 2021 and 2020.

Quarter ended December 31	2021	2020
Revenue:		
Examination services	\$7,313	\$6,591
Information products and subscriptions	4,629	4,275
Service fees	2,221	1,934
	14,163	12,800
Cost of revenue:		
Cost of examination services	5,580	4,385
Cost of information products and subscriptions	1,360	1,114
Cost of service fees	916	740
	7,856	6,239
Gross income	6,307	6,561
Operating expenses:		
Research and development	1,372	964
Policy and regulation	1,114	944
General and administrative	2,085	2,333
	4,571	4,241
Operating income	1,736	2,320
Other income (expenses):		
Lease interest	(101)	(122)
Bank charges and investment fees	(59)	(51)
Investment income	827	1,216
Loss on disposal of property and equipment	(1)	(2)
	666	1,041
Income and comprehensive income before income taxes	2,402	3,361
Income tax expense	215	185
Net income and comprehensive income	\$2,187	\$3,176
	December 31, 2021	March 31, 2021
Total assets	\$131,396	\$121,362
Total liabilities	\$21,843	\$22,664
Total non-current liabilities	\$8,515	\$10,052
Total equity	\$109,553	\$98,698

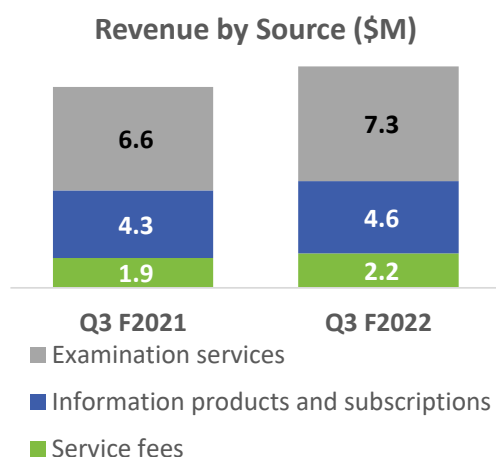
The following table sets forth certain consolidated statement of operations data expressed as a percentage of revenue for the same fiscal periods.

Quarter ended December 31	2021	2020
Revenue:		
Examination services	51.6%	51.5%
Information products and subscriptions	32.7%	33.4%
Service fees	15.7%	15.1%
	100.0%	100.0%
Cost of revenue:		
Cost of examination services	39.4%	34.3%
Cost of information products and subscriptions	9.6%	8.7%
Cost of service fees	6.5%	5.8%
	55.5%	48.8%
Gross income	44.5%	51.2%
Operating expenses:		
Research and development	9.7%	7.5%
Policy and regulation	7.9%	7.4%
General and administrative	14.7%	18.2%
	32.3%	33.1%
Operating income	12.2%	18.1%
Other income (expenses):		
Lease interest	(0.7%)	(1.0%)
Bank charges and investment fees	(0.4%)	(0.4%)
Investment income	5.8%	9.5%
Loss on disposal of property and equipment	(0.0%)	(0.0%)
	4.7%	8.1%
Income and comprehensive income before income taxes	16.9%	26.2%
Income tax expense	1.5%	1.4%
Net income and comprehensive income	15.4%	24.8%

Revenue

LTSA revenue sources consist of examination services to ensure that applications and plans are submitted in accordance with the rules and regulations of various provincial statutes and acts; information products which include title, document and plan images, certifications, document scanning, LOTR filing and search fees, and property information subscription services and service fees which are for electronic processing of land title and survey transactions through the myLTSA electronic portal.

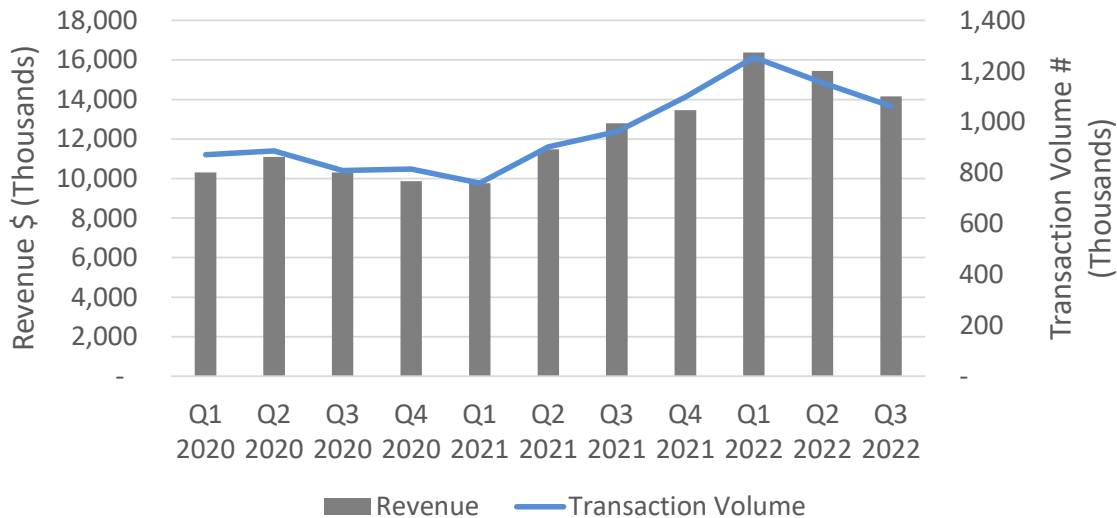
Revenue by Source



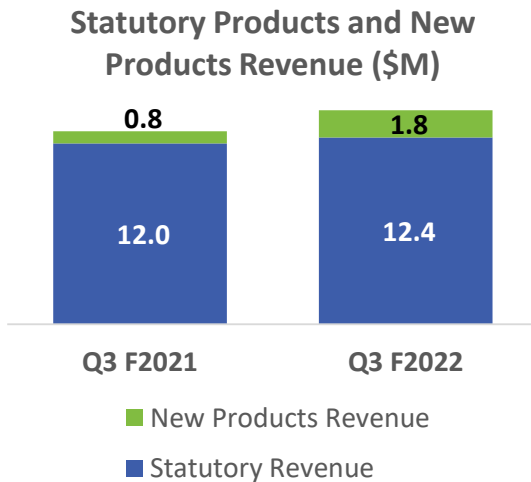
Total consolidated revenue for the quarter was \$14.2 million, \$1.4 million or 11% higher than the same period last year due to strong transaction volumes, the 1% fee increase effective April 1, 2021, and revenue from new products and services. Transaction volumes were 11% higher than last year with the year over year increase occurring primarily in the first half of the quarter.

Our third quarter revenue is our third highest quarterly revenue recorded since inception. Despite record volumes in the last year, we have managed to maintain processing time targets outlined in the Operating Agreement with the province. Our investments in the ASTRA modernization project in the last year has allowed us to scale our web filing and other processing systems to manage these record volumes, resulting in 99.94% system availability for the year to date. Prior to moving our systems to the cloud, the load caused by these record volumes often could have caused systems interruptions.

The chart below shows revenue and transaction volumes since April 2019. On a historical basis, the impact of seasonality can be seen with the June and September quarters normally being much busier than the fall and winter, up until the 2020-2021 fiscal year. Prior to the 2020-2021 fiscal year and the market impacts from COVID-19, we had experienced a continued decline in transaction volumes since 2016. While the current market conditions continue to show strong transaction volumes, we do expect volumes to return to a long-term declining pattern.



The LTSA’s strategy of developing new sources of revenue to support customers with interests in land information continues to be successful with six new products launched over the last 36 months.

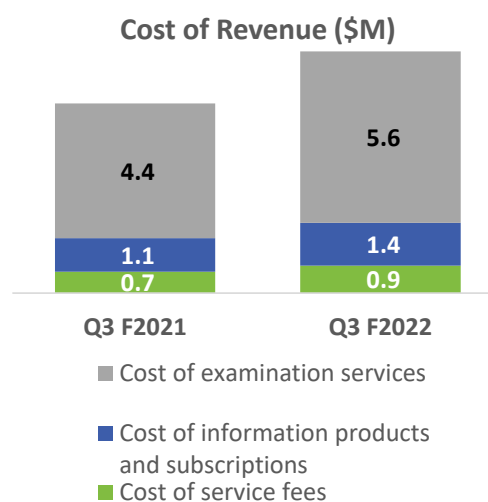


The filing module of LOTR launched in November 2020, the search module launched in April 2021. LOTR filing and search revenue as well as associated fees earned \$0.9 million of revenue in the quarter. Autoprop, acquired in October 2018, earned \$0.4 million of revenue this quarter. The Condo and Strata Assignment Integrity Register (“CSAIR”), released in February 2019, earned revenue of \$0.3 million, the Property Tax Deferral service launched in May 2020 had revenue of \$0.1 million and Identity Verification and eStrataHub which launched in June 2021 also generated revenue in the quarter.

Total new product revenue for the quarter was \$1.8 million, 129% higher than the prior year and exceeding 12% of total revenues in the quarter.

Cost of Revenue

Cost of revenue for the quarter was \$7.9 million, \$1.6 million or 26% higher than the prior year. The increase is driven by higher product sustainment costs as well as cost realignment adjustments made in the prior year. Excluding the realignment adjustments in the prior year, cost of revenue would have grown 13%.



Gross Income

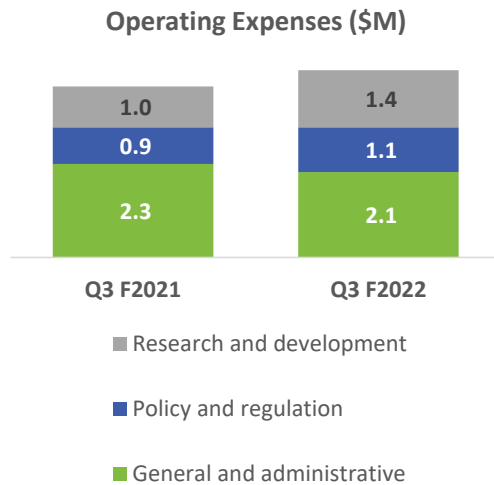
LTSA's gross income for the quarter was \$6.3 million representing a 44.5% operating margin, lower than the prior year margin of 51.3%. The gross margin by revenue category was as follows:

Gross Margins by Revenue Type

Quarter ended December 31	2021	2020
Total LTSA	44.5%	51.3%
Examination services	23.7%	33.5%
Information products and subscriptions	70.6%	73.9%
Service fees	58.8%	61.7%

Examination services margin decreased due to higher sustainment costs, higher salaries and benefits costs as well as higher amortization expense relating to LOTR. Information products and subscriptions margin decreased due to higher product sustainment costs and higher information technology costs. Service fees margin decreased due to higher information technology costs. Automation in the quarter was 58.0%, compared to 57.9% in the third quarter of fiscal 2021.

Operating Expenses



Operating expenses for the quarter were \$4.6 million, \$0.3 million or 8% greater than the prior year. This was due to tax credits and an assurance fund claim release in the prior year which reduced operating expenses. We also incurred costs in the quarter for developing the First Nations Land Registry as well as digitizing historical records and moving costs incurred in advance of moving our Kamloops office.

Research and development costs were \$1.4 million, \$0.4 million or 42% higher than the same period last year. The increase was due to tax credits in the prior year as well as higher personnel costs in the current year.

Policy and regulation costs were \$1.1 million, \$0.2 million or 18% higher than the prior year. The increase was primarily due to the resolution of an assurance fund claim in the prior year as well as moving costs incurred in the current year relating to relocating the historical records of our Kamloops office to Victoria. We completed the new Kamloops office and moved locations in January 2022.

General and administrative expenses were \$2.1 million, \$0.2 million or 11% lower than the same period last year. The decrease is due to a one time reclassification of technology costs in the prior year which were previously recorded as cost of revenue.

Operating Expenses as a % of Revenue	2021	2020
Total Operating Expenses	32.3%	33.1%
Research and development	9.7%	7.5%
Policy and regulation	7.9%	7.4%
General and administrative	14.7%	18.2%

Other Income (Expenses)

Investment income was \$0.8 million, \$0.4 million or 32% lower than prior year. The decrease is due to the strong portfolio performance in the prior year. Our investment portfolio is conservative with 78% of our investments held in fixed income securities and money market funds at December 31, 2021 and earned a rate of return of 1.2% in the quarter compared to 2.2% in the prior year.

Net Income and Comprehensive Income

Overall, net income and comprehensive income totalled \$2.2 million or 15.4% of revenue, \$1.0 million or 31% lower than the prior year. The decrease was due to \$0.6 million lower operating income as a result of higher costs and \$0.4 million lower investment income.

Liquidity and Capital Resources

Sources and Uses of Cash

Cash, cash equivalents, and short-term investments balances were \$85.7 million on December 31, 2021 (March 31, 2021: \$74.0 million), of which \$0.1 million (March 31, 2021: \$0.3 million) consisted of cash collected on behalf of the Province of BC and other parties. The cash owing to these parties was remitted the following business day.

The remaining \$85.6 million (March 31, 2021: \$73.7 million) represents cash, cash equivalents, and short-term investments readily available to the LTSA. Net LTSA current liabilities (total current liabilities less funds held for customers, trade and other receivables and prepaid expenses) totalled \$7.6 million (March 31, 2021: \$7.3 million), which, when combined with the \$6.0 million (March 31, 2021: \$6.0 million) allocated to the Assurance Fund, leaves \$72.0 million (March 31, 2021: \$60.4 million) of cash available for reinvestment in LTSA's business.

Cash Flow from Operating Activities

The LTSA's primary source of cash derives from operating activities. Cash from operations for the quarter totalled \$5.3 million, \$0.4 million lower as a result of higher cost of revenue and operating expenses in the quarter.

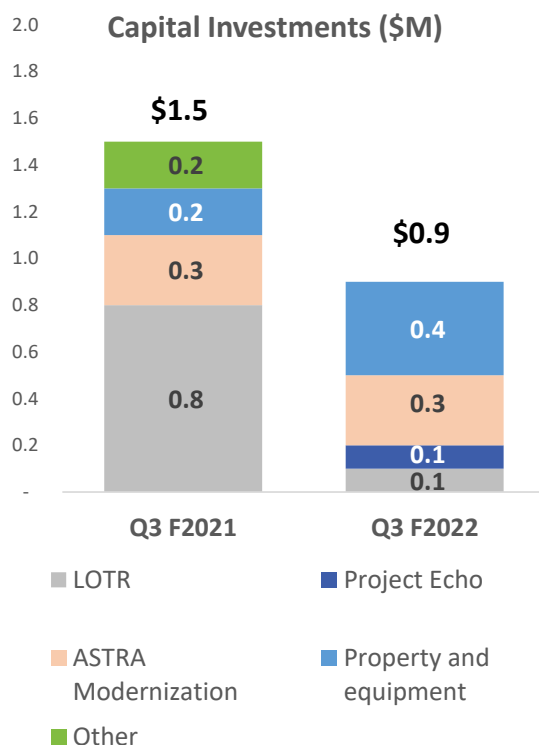
Cash Flow from Financing Activities

LTSA repaid \$0.5 million for lease obligations and incurred \$0.1 million of related lease interest in the quarter. The repayment of lease obligations and lease interest are consistent with the prior year.

Cash Flow from Investing Activities

LTSA transfers excess cash into an investment portfolio that is governed by our investment policy. We invested net \$5.3 million of cash in marketable securities during the quarter. Cash was also used to purchase property and equipment and invest in software systems that will either enhance operations or provide additional service offerings to our customers. \$0.7 million of cash was invested in capital projects during the quarter.

Capital Investments



The first phase of LOTR, which provides filing services to the registry went live on November 30, 2020, and the second phase of LOTR, which provides for a search function to the registry went live April 30, 2021. Project Echo is an internal project to increase automation and reduce defects. The project is expected to total \$1.9 million in costs over the next year. Facilities costs in the quarter relate to design and construction costs for our new Kamloops office.

Business Combination

On July 30, 2021, LandSure Systems Ltd. acquired certain assets that constitute the land administration business of MDA Systems Ltd. for \$1.91 million cash pursuant to an agreement dated July 21, 2021. The purchase price has been assigned to goodwill, which is attributed to the assembled workforce. No other tangible or intangible assets or liabilities have been identified. This acquisition enhances LandSure's expertise in software systems development. Acquisition related costs were expensed as incurred.

Assurance Fund

The Assurance Fund has remained at \$6.0 million since March 31, 2013 by resolution of the Board of Directors. The result of an independent actuarial analysis of the program in 2017 and the small number of Assurance Fund claims supports the LTSA's belief that this continues to be an appropriate fund balance. The fund is assessed on an annual basis and adjusted to reflect changing market conditions as well as transaction volumes.

Off-Balance Sheet Arrangements

The LTSA has no off-balance sheet arrangements.

Outlook

We continue to execute on our strategy of developing new products and services for our customers with interests in land information and as a result we have launched two new products in the year: the LOTR search module which provides transparency through information to stakeholders and eStrataHub, an online strata document ordering platform serving thousands of real estate agents, lawyers and notaries. We also intend to improve the Autoprop service for increasing numbers of real estate professionals in British Columbia and will continue to develop additional new lines of business.

In the last 12 months we have experienced unprecedented transaction volumes, resulting in record revenues in our fourth quarter of 2021 and again in the first half of fiscal 2022, however we have noted that activity has gradually slowed. We recorded a year over year revenue decline in the month of December and have noted a continued declining pattern subsequent to quarter end as we lap record revenue volumes from the prior year. We are expecting to experience a significant year over year decline in transaction volumes and revenue in fiscal year 2023 as the real estate market exits from the economic impacts and government incentives brought on by the COVID-19 pandemic.

Risk and Uncertainty

Critical Accounting Estimates

LTSA's financial statements are prepared in accordance with IFRS. These accounting principles require management to make certain estimates, assumptions and judgements. Management believes that these estimates, assumptions and judgements upon which we rely are reasonable based upon information available to us at the time. The estimates, assumptions and judgements made can affect the reported amounts of assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the periods presented. To the extent there are material differences between these estimates and actual results, the financial statements of the LTSA would be affected.

Public Service Pension Plan

LTSA employees are members of the Public Service Pension Plan (the “Plan”), a defined benefit, multi-employer pension plan. The most recent Plan valuation, as at March 31, 2020, indicated a funding surplus of \$2.7 billion in the Basic Account. The next plan valuation will be assessed at March 31, 2023 with results available in early 2024.

LandSure Systems and Autoprop employees are members of a group registered retirement savings plan to which the company contributes.

Impairment of Long Lived Assets

The LTSA regularly reviews the carrying value of property, equipment, intangible assets and goodwill, and continually makes estimates regarding future cash flows and other factors to determine the fair value of the respective assets. If these estimates or their related assumptions change in the future, the LTSA may be required to record impairment charges for these assets. There are no impairment adjustments at this time.

Please refer to the consolidated financial statements which contain additional information regarding our accounting policies and other disclosures required under IFRS.