

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIODS ENDED
September 30, 2015
and 2014
(UNAUDITED)**



DESTINATION COMMUNITIES

**SKYLINE INTERNATIONAL DEVELOPMENT INC.
CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 & 2014

(UNAUDITED)

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SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian Dollars)

	As at		
	September 30, 2015 <i>(Unaudited)</i>	September 30, 2014 <i>(Unaudited)</i>	December 31, 2014 <i>(Audited)</i>
ASSETS			
Current			
Cash and cash equivalents	6,085	12,711	14,942
Trade receivables	3,880	4,732	4,319
Other receivables	6,453	3,829	4,760
Prepayments	1,539	1,943	827
Inventories	1,588	1,163	1,329
Real estate inventory	49,158	47,314	41,320
Property held for sale	34,891	-	-
Available for Sale Investments, at fair market value	5,164	-	-
Restricted bank deposits	4,662	-	-
Total current assets	113,420	71,692	67,497
Non-current			
Restricted bank deposits	2,303	4,649	4,574
Real estate inventory	8,804	-	8,804
Investment properties	92,563	103,754	105,944
Property, plant and equipment, at cost	110,860	95,163	104,451
Property, plant and equipment, at fair value	--	28,230	28,206
Other assets	682	335	366
Deferred tax	11,087	11,088	10,908
Available for Sale Investments, at fair market value	--	4,310	4,614
Total non-current assets	226,299	247,529	267,867
Total Assets	339,719	319,221	335,364
LIABILITIES AND EQUITY			
Current			
Loans payable	42,704	10,579	7,684
Loans payable on property held for sale	12,511	--	--
Loans payable to related parties	6,673	11,819	11,616
Trade payables	6,751	6,133	5,458
Other payables and credit balances	9,754	10,226	10,055
Deferred revenue	4,745	6,599	5,598
Income taxes payable	39	274	36
Purchasers Deposits	5,471	64	3,902
Total current liabilities	88,648	45,694	44,349
Non-current			
Loans payable	50,468	79,755	91,813
Loans payable to related parties	--	6,363	6,359
Other liabilities	3,627	233	3,177
Deferred tax	34,109	31,104	31,691
Total non-current liabilities	88,204	117,455	133,040
Total liabilities	176,852	163,149	177,389
Shareholders' Equity			
Share capital	77,900	77,032	77,182
Warrant Certificates	519	519	519
Revaluation surplus	2,804	4,173	4,155
Available for Sale Investment Revaluation	477	--	--
Related Party Surplus	125	125	125
Equity settled service reserve	862	1,495	1,538
Foreign exchange translation	4,212	1,218	1,859
Retained earnings	67,691	64,086	65,009
Equity attributable to Shareholders of the Company	154,590	148,648	150,387
Non-controlling interest	8,277	7,424	7,588
Total Liabilities and Equity	339,719	319,221	335,364

The accompanying notes are an integral part of these interim consolidated financial statements.

On Behalf of the Board of Directors:

Gil Blutrach
Chairman
November 12, 2015
Date

Michael Sneyd
CEO

Vadim Shub
CFO

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF INCOME

(in thousands of Canadian dollars, except per share amounts)

	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED		FOR THE YEAR
	September 30,	September 30,	September 30,	September 30,	ENDED
	2015	2014	2015	2014	December 31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
REVENUE					
Sale of condominiums	--	66	--	185	185
Sale of residential condos and lots	97	860	97	3,908	3,914
Income from investment properties	874	818	2,577	2,363	3,183
Hospitality income	24,019	22,026	64,207	53,922	71,101
Property management fees	--	20	93	63	343
Timeshare income	63	367	629	1,152	1,474
Other revenue	--	89	--	90	125
	25,053	24,246	67,603	61,683	80,325
EXPENSES AND COSTS					
Cost of sale of condominiums	--	49	--	207	207
Operating expenses of investment properties	456	390	1,174	1,048	1,256
Hospitality operating expenses	18,734	16,793	53,984	46,692	62,211
Timeshare expenses	150	375	614	999	1,364
Cost of sale of residential condos and lots	3	848	16	3,859	3,998
Development periodic costs	289	215	844	1,042	1,047
Depreciation	1,318	1,694	3,824	4,643	5,410
	20,950	20,364	60,456	58,490	75,493
GROSS PROFIT	4,103	3,882	7,147	3,193	4,832
Gain (Loss) from fair value adjustments	(165)	6,642	1,987	11,729	13,891
Selling and marketing expenses	384	785	1,321	2,403	3,212
Administrative and general expenses	783	1,558	2,640	3,398	3,390
PROFIT FROM OPERATIONS	2,771	8,181	5,173	9,121	12,121
Financial expense	1,713	1,463	5,354	4,839	6,555
Financial income	(13)	(29)	(30)	(67)	(180)
Loss (gain) on sale of investment	(3,219)	--	(3,219)	--	--
PROFIT BEFORE INCOME TAXES	4,290	6,747	3,068	4,349	5,746
Income tax expense	1,195	1,926	1,139	1,240	1,550
PROFIT FOR THE PERIOD	3,095	4,821	1,929	3,109	4,196
Attributable to:					
Shareholders of the Company	3,057	2,500	1,240	766	1,689
Non-controlling interest	38	2,321	689	2,343	2,507
	3,095	4,821	1,929	3,109	4,196
BASIC EARNINGS PER SHARE	0.18	0.15	0.07	0.05	0.10
DILUTED EARNINGS PER SHARE	0.18	0.15	0.07	0.05	0.10

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands of Canadian Dollars)

	FOR THE THREE MONTHS ENDED		FOR NINE MONTHS ENDED		FOR THE
	September 30,		September 30,		YEAR ENDED
	2015	2014	2015	2014	Dec 31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2014
					(Audited)
PROFIT FOR THE PERIOD	3,095	4,821	1,929	3,109	4,196
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Revaluation surplus of property, plant and equipment, before income taxes	--	(1)	123	(26)	(53)
Income taxes	--	1	(32)	7	16
Items that will or may be reclassified subsequently to profit or loss:					
Available for Sale Investment Revaluation, net of tax	477	--	477	--	--
Exchange differences on translation of foreign operations	1,032	452	2,353	365	1,006
OTHER COMPREHENSIVE INCOME FOR THE PERIOD net of taxes	1,509	452	2,921	346	969
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, net of taxes	4,604	5,273	4,850	3,455	5,165
Attributable to:					
Non-controlling interest	38	2,321	689	2,343	2,507
Shareholders of the Company	4,566	2,952	4,161	1,112	2,658
	4,604	5,273	4,850	3,455	5,165

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian Dollars)

	Share Capital and Premium	Warrant Certificates	Re-valuation Surplus	Available for Sale Investment Revaluation	Equity Settled Service Reserve	Related Party Surplus	Foreign Exchange translation	Retained Earnings	Total shareholders' equity	Non-controlling Interest	Total
FOR THREE MONTHS ENDED September 30, 2015											
<i>(Unaudited)</i>											
Balance at the beginning of the period	77,565	519	4,246	--	1,184	125	3,180	63,192	150,011	8,239	158,250
Issuance of new shares	335	--	--	--	(335)	--	--	--	--	--	--
Profit for the period	--	--	--	--	--	--	--	3,057	3,057	38	3,095
Other comprehensive income (loss) for the period	--	--	--	477	--	--	1,032	--	1,509	--	1,509
Total comprehensive Income (loss) for the period	--	--	--	477	--	--	1,032	3,057	4,566	38	4,604
Revaluation surplus, recognized net of taxes	--	--	(1,442)	--	--	--	--	1,442	--	--	--
Recognition of Share-based payment	--	--	--	--	13	--	--	--	13	--	13
Balance at the end of the period	77,900	519	2,804	477	862	125	4,212	67,691	154,590	8,277	162,867
FOR THREE MONTHS ENDED September 30, 2014											
<i>(Unaudited)</i>											
Balance at the beginning of the period	76,988	519	4,173	--	1,452	125	766	61,586	145,609	5,103	150,712
Issuance of new shares	44	--	--	--	--	--	--	--	44	--	44
Profit for the period	--	--	--	--	--	--	--	2,500	2,500	2,321	4,821
Other comprehensive (loss) for the period	--	--	--	--	--	--	452	--	452	--	452
Total comprehensive Income (loss) for the period	--	--	--	--	--	--	452	2,500	2,952	2,321	5,273
Recognition of Share-based payment	--	--	--	--	43	--	--	--	43	--	43
Balance at the end of the period	77,032	519	4,173	--	1,495	125	1,218	64,086	148,648	7,424	156,072

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Canadian Dollars)

	Share Capital and Premium	Warrant Certificates	Re-valuation Surplus	Available for Sale Investment Revaluation	Equity Settled Service Reserve	Related Party Surplus	Foreign Exchange translation	Retained Earnings	Total shareholders' equity	Non-controlling Interest	Total
FOR NINE MONTHS ENDED September 30, 2015											
<i>(Unaudited)</i>											
Balance at the beginning of the period	77,182	519	4,155	--	1,538	125	1,859	65,009	150,387	7,588	157,975
Issuance of new shares	718	--	--	--	(718)	--	--	--	--	--	--
Profit for the period	--	--	--	--	--	--	--	1,240	1,240	689	1,929
Other comprehensive income for the year	--	--	91	477	--	--	2,353	--	2,921	--	2,921
Total comprehensive Income for the year	--	--	91	477	--	--	2,353	1,240	4,161	689	4,850
Revaluation surplus, recognized net of taxes	--	--	(1,442)	--	--	--	--	1,442	--	--	--
Recognition of Share-based payment	--	--	--	--	42	--	--	--	42	--	42
Balance at the end of the period	77,900	519	2,804	477	862	125	4,212	67,691	154,590	8,277	162,867
FOR NINE MONTHS ENDED September 30, 2014											
<i>(Unaudited)</i>											
Balance at the beginning of the period	57,988	581	4,192	--	1,703	125	853	63,320	128,762	5,081	133,843
Cancellation of warrants	581	(581)	--	--	--	--	--	--	--	--	--
Issuance of new shares	18,463	519	--	--	--	--	--	--	18,982	--	18,982
Profit for the period	--	--	--	--	--	--	--	766	766	2,343	3,109
Other comprehensive income for the year	--	--	(19)	--	--	--	365	--	346	--	346
Total comprehensive income for the period	--	--	(19)	--	--	--	365	766	1,112	2,343	3,455
Recognition of Share-based payment	--	--	--	--	(208)	--	--	--	(208)	--	(208)
Balance at the end of the period	77,032	519	4,173	--	1,495	125	1,218	64,086	148,648	7,424	156,072

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands of Canadian Dollars)

	Share Capital and Premium	Warrant Certificates	Re- valuation Surplus	Avaiable for Sale Investment Revaluation	Equity Settled Service Reserve	Related Party Surplus	Foreign Exchange translation	Retained Earnings	Total shareholders' equity	Non- controlling Interest	Total
FOR THE YEAR ENDED December 31, 2014											
<i>(Audited)</i>											
Balance at the beginning of the period	57,988	581	4,192	--	1,703	125	853	63,320	128,762	5,081	133,843
Cancellation of warrants	581	(581)	--	--	--	--	--	--	--	--	--
Issuance of new shares	18,613	519	--	--	--	--	--	--	19,132	--	19,132
Profit for the period	--	--	--	--	--	--	--	1,689	1,689	2,507	4,196
Other comprehensive income for the year	--	--	(37)	--	--	--	1,006	--	969	--	969
Total comprehensive income for the year	--	--	(37)	--	--	--	1,006	1,689	2,658	2,507	5,165
Recognition of Share-based payment	--	--	--	--	(165)	--	--	--	(165)	--	(165)
Balance at the end of the period	<u>77,182</u>	<u>519</u>	<u>4,155</u>	<u>--</u>	<u>1,538</u>	<u>125</u>	<u>1,859</u>	<u>65,009</u>	<u>150,387</u>	<u>7,588</u>	<u>157,975</u>

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian Dollars)

	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED		FOR THE
	September 30,		September 30,	September 30,	YEAR ENDED
	2015	2014	2015	2014	December 31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES					
Operating					
Profit for the year	3,095	4,821	1,929	3,109	4,196
Add (deduct) items not involving cash:					
Depreciation and amortization	1,406	1,765	4,019	5,007	5,819
Loss (Gain) from fair value adjustments	165	(6,642)	(1,987)	(11,729)	(13,891)
Gain on sale of investment and other property	(3,661)	--	(3,661)	--	--
Deferred tax	1,482	1,877	1,123	1,302	2,707
Equity settled service reserve	13	43	42	(208)	(165)
Changes in non-cash working capital					
Trade receivables	(342)	279	439	(1,000)	(596)
Other receivables and prepayments	867	(709)	(2,405)	(292)	(107)
Restricted bank deposits	(696)	(1,609)	(2,391)	1,445	1,520
Inventories	73	123	(259)	758	756
Real Estate Inventory	(3,242)	(103)	(7,838)	1,171	(1,639)
Trade and other payables and credit balances	107	1,255	437	743	1,514
Income taxes payable	(37)	341	3	(548)	(786)
Purchasers Deposits	(1,068)	(86)	1,569	(271)	562
	(1,838)	1,355	(8,980)	(513)	(110)
Investing					
Investment in available for sale assets	--	(641)	--	(853)	(1,157)
Dispositions (Additions) to investment properties	(167)	(295)	(423)	(353)	(316)
Additions to property, plant and equipment	(2,455)	(1,005)	(4,080)	(6,456)	(8,279)
Proceeds from sale of property, plant and equipment	12,943	--	12,962	--	--
Proceeds of loans given to purchasers	--	318	--	318	318
Net cash used in a business acquisition (Schedule A)	--	--	--	--	(2,672)
	10,321	(1,623)	8,459	(7,344)	(12,106)
Financing					
Bank credit and other short-term loans	3,292	(1,597)	6,786	(1,024)	(1,024)
Proceeds on loans payable	--	2,203	13,543	2,698	10,701
Repayments of loans payable	(13,954)	(1,974)	(16,884)	(5,011)	(4,443)
Repayments of loans payable to related parties	(3,002)	--	(11,600)	(203)	(531)
Change in other liabilities	226	(52)	450	67	151
Deferred financing costs paid	(206)	(69)	(536)	(519)	(586)
Common shares issued	--	44	--	18,982	19,132
	(13,644)	(1,445)	(8,241)	14,990	23,400
Foreign Exchange translation of foreign operations	(148)	--	(95)	--	(1,820)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(5,309)	(1,713)	(8,857)	7,133	9,364
Cash and cash equivalents, beginning of the year	11,394	14,424	14,942	5,578	5,578
CASH AND CASH EQUIVALENTS, END OF PERIOD	6,085	12,711	6,085	12,711	14,942
SUPPLEMENTAL CASH FLOW INFORMATION					
Interest paid	1,646	1,341	5,056	4,477	6,071
Interest received	13	29	30	67	180
Income taxes paid	22	16	435	905	909

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian Dollars)

Schedule A - Net cash used in the acquisition of the assets and liabilities of the Bear Valley Resort

	FOR THREE MONTHS ENDED		FOR NINE MONTHS ENDED		FOR THE
	September 30,		September 30,	September 30,	YEAR ENDED
	2015	2014	2015	2014	December 31,
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Working Capital, net of cash and cash equivalents	--	--	--	--	292
Inventory	--	--	--	--	(164)
Property, plant and equipment	--	--	--	--	(7,198)
Deferred revenue	--	--	--	--	1,538
Other Long term Liabilities	--	--	--	--	2,860
Net assets consolidated	--	--	--	--	(2,672)
Net cash used in acquisition of Bear Valley Resort	--	--	--	--	(2,672)

The accompanying notes are an integral part of these interim consolidated financial statements.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 & 2014

(Unaudited) (in thousands of Canadian Dollars)

1 NATURE OF OPERATIONS

Skyline International Development Inc. ("Skyline" or the "Company") was incorporated on December 4, 1998 under the *Business Corporations Act (Ontario)*.

The Company and its subsidiaries are involved in the acquisition, ownership and development of hospitality and destination communities in Ontario and the United States. The Company's normal operating cycle is twelve months except for the development activities, which are in excess of twelve months and typically range between three to four years.

The Company is 66.15% owned by Skyline Canada-Israel Ltd, a majority of shares of which are owned by Mishorim Development Corporation Ltd., a public company whose shares are traded on the Tel-Aviv Stock Exchange.

On March 13, 2014 the Company listed its shares on the Tel Aviv Stock Exchange.

On May 14, 2014, following the filing of the prospectus, the Company obtained a Receipt from the Ontario Securities Commission, and it became a reporting issuer in Canada.

On February 24, 2015, following the filing of the Shelf Prospectus, the Company received a receipt from the Israeli Securities Authority to publish a shelf prospectus and offer bonds on the Tel Aviv Stock Exchange.

In Company's management opinion, it is typical that a real estate development company like Skyline, with an operating cycle of longer than one year, which funds most of its investments and real estate projects through credit from financial institutions, to incur a net cash outflow from operations.

The Company's current liabilities include \$42,704 of current maturities of long term loans and short-term loans, including \$34,009 loan for the Company's resorts in Ontario, maturing in May 2016, \$12,511 loans related to properties held for sale, and \$6,673 loans payable to related parties. There is a net cash outflow from operations of \$8,980 as per the interim consolidated statements of cash flow for nine months ended September 30, 2015. This net cash outflow from operations, when applicable, is not expected to adversely affect the Company's business operations, since according to its past experience, financial institutions refinance the loans in addition to the fact that there are a substantial number of potential lenders.

2 SIGNIFICANT ACCOUNTING POLICIES

(ε) Basis of preparation of the interim condensed consolidated financial statements:

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", and in accordance with the disclosure requirements of Chapter D of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970.

(κ) New standards, interpretations and amendments initially adopted by the Company:

The significant accounting policies and methods of computation adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the annual financial statements.

(c) Non-current asset and / or a group of assets held for sale

Non-current asset and / or a group of assets held for sale, as well as the liabilities related to these assets must be available for immediate sale in its present condition, the management must be committed to a plan to sell the asset, and an active program to locate a buyer and complete the plan must have been initiated. The sale should be expected to qualify for recognition as completed in one year from the date of classification and must be highly probable. These assets cease to be amortized from the date of such classification and presented separately as current assets at the lower of their carrying amount or fair value less costs to sell, except investment properties, which are measured at fair value and financial liabilities measured at amortized cost.

3 SEASONALITY AND CHANGES IN FOREIGN EXCHANGE

The Company's hospitality segment operations are seasonal due to its nature. The results of operations and the revenue are substantially better during winter and summer seasons.

The Company has a foreign exchange impact from the US dollar. Since January 1, 2015 until September 30, 2015 the foreign exchange rate of the U.S. dollar compared to the Canadian dollar increased by approximately 13%. From October 1, 2015 until the date those financial statements were published the foreign exchange difference on the U.S. dollar compared to the Canadian dollar decreased by approximately 1%.

4 FAIR VALUE MEASUREMENT

Categories of assets and liabilities subject to fair value measurement

The estimated fair values of loans payable are as follows:

	Fair value		Carrying amount	
	As at September 30, 2015	As at September 30, 2014	As at September 30, 2015	As at September 30, 2014
Loans payable	105,276	89,988	105,683	90,334
Loans payable to related parties	6,673	18,182	6,673	18,182
	111,949	108,170	112,356	108,516

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 & 2014

(Unaudited) (in thousands of Canadian Dollars)

5 SIGNIFICANT EVENTS DURING THE PERIOD

Purchase remaining 40% of Blue Mountain Village, Collingwood Ontario

On February 26, 2014, the Company reached an agreement with a third unrelated party to acquire the third party's 40% share in Blue Mountain Village assets for \$15,400 net of \$6,000 obligations to a financial institution and become a 100% owner of the asset. The parties agreed to complete the transaction within 90 days, subject to conditions precedent customary to this type of transaction including securing by the Company the required financing and release of the vendor from its obligations. Since the original agreement, reached on February 26, 2014, the Company continued negotiations with the third party, and on October 2014 the parties agreed on the amending term sheet. This term sheet was canceled in June, 2015.

Exercise of Options

On January 23, 2015 one of the Company's employees exercised 3,100 options and was issued 3,100 common shares (The price of the Company's share on the exercise date was \$6.89 dollars per share). On March 1, 2015 one of the Company's employees exercised 2,320 options and was issued 2,320 common shares (The price of the Company's share on the exercise date was \$7.13 dollars per share). On April 16, 2015 one of the Company's employees exercised 2,320 options and was issued 2,320 common shares (The price of the Company's share on the exercise date was \$7.01 dollars per share). As for September 30, 2015 the amount of outstanding options is 373,040.

Expiration of Options

On March 19, 2015 an amount of 102,460 options, that were held by Company's former director, expired.
On May 18, 2015 an amount of 163,320 options, that were held by Company's former employee, expired.

Sale of assets

During the first nine months of 2015, following the Board of Directors decisions, the Management of the company commenced an execution of the plans to dispose of some of the Company's real estate properties, including hotels and developable lands, locating buyers and actively marketing for sale. The Management believes the transactions will be completed within one year. As a result of this, the following assets and their corresponding liabilities were reclassified as held for sale and have been excluded from the property, plant and equipment and investment properties in accordance with IFRS 5:

The book value of the assets that were classified from investment property is: \$16,157

The book value of the hotel that was classified property, plant and equipment, at fair value is: \$18,734

'On May 7, 2015, the Company, entered into irrevocable agreement of purchase and sale to sell its real estate holdings at one of its hospitality properties, to an unrelated third party for a total consideration of \$12,950. On July 8, 2015 the sale was closed. The company recognized \$3,219 in the statements of income in addition to the revaluation income, of \$1,920 (before taxes) that was recorded in the past in the revaluation surplus.

During May 2015 a Company's subsidiary (60%) signed on agreements of purchase and sale with third, unrelated, parties ("the Buyers) to sale lands at the Blue Mountain Resort. On June 17, 2015 the Buyers waived the conditions and the sales became firm. The sales are yet to be closed.

Asset acquisition

On June 25, 2015, a Company's subsidiary signed a purchase and sale agreement with a third, unrelated party, to acquire a hotel in downtown Cleveland, Ohio US. The acquired hotel building is 873,000 sqf (approximately 81,000 square meters), includes 491 rooms, 34 meeting rooms and 304 parking stalls. On October 20, 2015 the Company entered into an agreement with a third party ("Partner") that joined the Company at 50% of the purchase of the property. The acquisition was concluded on October 28, 2015. The total acquisition cost of the Hotel approximated US \$20.5 million. The transaction was funded by the way of shareholders loan by the Company (US \$6.5 million) and the Partner (US \$14.5 million). As part of the transaction, the Partner paid the Company a fee of US \$3.5 million. The property is expected to undergo substantial renovation over the next three to four years, which is projected to be financed by a third party debt and shareholders loan. The Company will fund 25% of those shareholders loans. The Company will asset manage the Hotel. The Company and the Partner agreed on an indemnification mechanism, whereby if any losses arising out from the hotel operation, including non-repayment of shareholder loans, each party shall bear 50% of those losses.

The Company holds 50% of the New Corporation equity and its nominees comprise the majority of the board of directors. The Hotel is operated through a Marriott Renaissance 20 year franchise agreement with other Company subsidiary as a franchisee. Ambridge Hospitality LLC will be the hotel manager. The acquisition will be accounted as business combination in accordance with IFRS 3.

SKYLINE INTERNATIONAL DEVELOPMENT INC.
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(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION

The Company operates within the commercial investment property business, land development business, and hospitality business. The following summary presents segmented financial information for the Company's principal areas of business by industry. All the Company's operating segments are in Canada and the United States.

(a) General business segments

- | | |
|----------------------------|---|
| 1. Investment properties - | Includes acquisition, ownership, management and sale of commercial investment properties. |
| 2. Development - | Includes the development, purchase and sale of properties. |
| 3. Hospitality - | Includes the acquisition, ownership, management and sale of hotels, portion of hotels and extended stay operations. |
| 4. Other - | other |

(b) The following presents financial information for these segments:

	For the three months ended September 30, 2015 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of residential condos and lots	--	97	--	--	97
Income from investment properties	873	--	--	--	873
Hospitality income	--	--	24,020	--	24,020
Timeshare income	--	--	--	63	63
	873	97	24,020	63	25,053
EXPENSES AND COSTS					
Operating expenses of investment properties	456	--	--	--	456
Hospitality operating expenses	--	--	18,734	--	18,734
Timeshare expenses	--	--	--	150	150
Cost of sale of residential condos and lots	--	3	--	--	3
Development periodic costs	--	289	--	--	289
Depreciation	--	16	1,234	68	1,318
	456	308	19,968	218	20,950
SEGMENTED RESULTS					
	417	(211)	4,052	(155)	4,103
Gain (Loss) from fair value adjustments	(165)	--	--	--	(165)
Selling and marketing expenses					384
Administrative and general expenses					783
Financial expense					1,713
Financial income					(13)
Loss (gain) on sale of investment					(3,219)
PROFIT BEFORE INCOME TAXES					4,290

SKYLINE INTERNATIONAL DEVELOPMENT INC.
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(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	For the three months ended September 30, 2014 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	66	--	--	66
Sale of residential condos and lots	--	860	--	--	860
Income from investment properties	818	--	--	--	818
Hospitality income	--	--	22,026	--	22,026
Property management fees	--	--	19	--	19
Timeshare income	--	--	--	367	367
Other revenue	--	89	--	--	89
	<u>818</u>	<u>1,015</u>	<u>22,045</u>	<u>367</u>	<u>24,245</u>
EXPENSES AND COSTS					
Cost of sale of condominiums	--	49	--	--	49
Operating expenses of investment properties	390	--	--	--	390
Hospitality operating expenses	--	--	16,793	--	16,793
Timeshare expenses	--	--	--	375	375
Cost of sale of residential condos and lots	--	848	--	--	848
Development periodic costs	--	215	--	--	215
Depreciation	--	155	1,426	113	1,694
	<u>390</u>	<u>1,267</u>	<u>18,219</u>	<u>488</u>	<u>20,364</u>
SEGMENTED RESULTS	428	(252)	3,826	(121)	3,881
Gain (Loss) from fair value adjustments	6,642	--	--	--	6,642
Selling and marketing expenses					785
Administrative and general expenses					1,558
Financial expense					1,463
Financial income					(29)
PROFIT BEFORE INCOME TAXES					<u>6,746</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
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(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

		For the nine months ended September 30, 2015 (unaudited)				
		Investment				Total
		properties	Development	Hospitality	Other	
REVENUE						
	Sale of residential condos and lots	--	97	--	--	97
	Income from investment properties	2,576	--	--	--	2,576
	Hospitality income	--	--	64,208	--	64,208
	Property management fees	--	--	93	--	93
	Timeshare income	--	--	--	629	629
		<u>2,576</u>	<u>97</u>	<u>64,301</u>	<u>629</u>	<u>67,603</u>
EXPENSES AND COSTS						
	Operating expenses of investment properties	1,174	--	--	--	1,174
	Hospitality operating expenses	--	--	53,984	--	53,984
	Timeshare expenses	--	--	--	614	614
	Cost of sale of residential condos and lots	--	16	--	--	16
	Development periodic costs	--	844	--	--	844
	Depreciation	--	50	3,651	123	3,824
		<u>1,174</u>	<u>910</u>	<u>57,635</u>	<u>737</u>	<u>60,456</u>
		<u>1,402</u>	<u>(813)</u>	<u>6,666</u>	<u>(108)</u>	<u>7,147</u>
SEGMENTED RESULTS						
	Gain (Loss) from fair value adjustments	1,987	--	--	--	1,987
	Selling and marketing expenses	--	--	--	--	1,321
	Administrative and general expenses	--	--	--	--	2,640
	Financial expense	--	--	--	--	5,354
	Financial income	--	--	--	--	(30)
	Loss (gain) on sale of investment	--	--	--	--	(3,219)
PROFIT BEFORE INCOME TAXES						<u>3,068</u>

		As at September 30, 2015				
		(Unaudited)				
		Investment				Total
		properties	Development	Hospitality	Other	
	Assets	106,933	71,261	160,636	889	339,719
	Liabilities	47,577	71,337	52,297	5,641	176,852
		<u>59,356</u>	<u>(76)</u>	<u>108,339</u>	<u>(4,752)</u>	<u>162,867</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 & 2014

(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2014 (unaudited)					
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	185	--	--	185
Sale of residential condos and lots	--	3,908	--	--	3,908
Income from investment properties	2,363	--	--	--	2,363
Hospitality income	--	--	53,922	--	53,922
Property management fees	--	--	63	--	63
Timeshare income	--	--	--	1,152	1,152
Other revenue	--	90	--	--	90
	<u>2,363</u>	<u>4,183</u>	<u>53,985</u>	<u>1,152</u>	<u>61,683</u>
EXPENSES AND COSTS					
Cost of sale of condominiums	--	207	--	--	207
Operating expenses of investment properties	1,048	--	--	--	1,048
Hospitality operating expenses	--	--	46,692	--	46,692
Timeshare expenses	--	--	--	999	999
Cost of sale of residential condos and lots	--	3,859	--	--	3,859
Development periodic costs	--	1,042	--	--	1,042
Depreciation	--	258	4,151	234	4,643
	<u>1,048</u>	<u>5,366</u>	<u>50,843</u>	<u>1,233</u>	<u>58,490</u>
SEGMENTED RESULTS					
	<u>1,315</u>	<u>(1,183)</u>	<u>3,142</u>	<u>(81)</u>	<u>3,193</u>
Gain (Loss) from fair value adjustments	11,729	--	--	--	11,729
Selling and marketing expenses	--	--	--	--	2,403
Administrative and general expenses	--	--	--	--	3,398
Financial expense	--	--	--	--	4,839
Financial income	--	--	--	--	(67)
PROFIT BEFORE INCOME TAXES					<u>4,349</u>

As at September 30, 2014

(Unaudited)

	Investment properties	Development	Hospitality	Other	Total
Assets	101,730	58,773	155,929	2,789	319,221
Liabilities	39,018	56,474	62,126	5,531	163,149
	<u>62,712</u>	<u>2,299</u>	<u>93,803</u>	<u>(2,742)</u>	<u>156,072</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
SELECTED NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

	For the year ended December 31, 2014 (Audited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	185	--	--	185
Sale of residential condos and lots	--	3,914	--	--	3,914
Income from investment properties	3,183	--	--	--	3,183
Hospitality income	--	--	71,101	--	71,101
Property management fees	42	--	301	--	343
Timeshare income	--	--	--	1,474	1,474
Other revenue	125	--	--	--	125
	<u>3,350</u>	<u>4,099</u>	<u>71,402</u>	<u>1,474</u>	<u>80,325</u>
EXPENSES AND COSTS					
Cost of sale of condominiums	--	207	--	--	207
Operating expenses of investment properties	1,256	--	--	--	1,256
Hospitality operating expenses	--	--	62,211	--	62,211
Timeshare expenses	--	--	--	1,364	1,364
Cost of sale of residential condos and lots	--	3,998	--	--	3,998
Development periodic costs	--	1,047	--	--	1,047
Depreciation	--	157	5,104	149	5,410
	<u>1,256</u>	<u>5,409</u>	<u>67,315</u>	<u>1,513</u>	<u>75,493</u>
SEGMENTED RESULTS	2,094	(1,310)	4,087	(39)	4,832
Gain (Loss) from fair value adjustments	13,891	--	--	--	13,891
Selling and marketing expenses					3,212
Administrative and general expenses					3,390
Financial expense					6,555
Financial income					(180)
PROFIT BEFORE INCOME TAXES					5,746

	As at December 31, 2014 (Audited)				
	Investment properties	Development	Hospitality	Other	Total
Assets	104,217	61,542	166,714	2,891	335,364
Liabilities	46,631	60,170	64,697	5,891	177,389
	<u>57,586</u>	<u>1,372</u>	<u>102,017</u>	<u>(3,000)</u>	<u>157,975</u>

SKYLINE INTERNATIONAL DEVELOPMENT INC.
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(Unaudited) (in thousands of Canadian Dollars)

6 SEGMENTED INFORMATION (continued)

(c) Timeshare Operations

During late 2013, the Company began developing a “time-share” operation so as to optimize the usage of the resort and hotel properties and services within the Group to the public.

This operation is being marketed as Skyline Vacation Club (“SVC”) through a newly incorporated subsidiary – Skyline Vacation Ownership Corporation (“SVOC”), in addition SVC Members’ Association (“SVCMA”) was established as a not-for-profit association.

SVOC sells Club Points out of the inventory of the points issued by the trustee of SVCMA (see below) to third parties. The placing of real estate to the trustee and issuance of points are intended to mirror actual sales.

As of September 30, 2015, SVOC sold 604,339 points and had an inventory of 500,661 points available. Prospective club members have 10 days from the date of signing an agreement to withdraw from the agreement. Any deposit not withdrawn after the 10 days is forfeited or can be refunded at the discretion of management. Remaining balances not paid are recorded as deferred revenue until the transaction closes.

All costs incurred in marketing, operating, and promoting the timeshare business as well as administration, set up and sales costs are expensed as incurred.

7 PROPERTY PLANT AND EQUIPMENT

The Company and its subsidiaries are required, from time to time, to provide appraisals of its various properties as part of compliance with the terms of loans with various financial institutions. These properties are reported under item “Property, plant and equipment, at cost” are not measured at fair value in the company’s consolidated financial statements. In its annual financial statements for the year ended December 31, 2014 the Company disclosed the appraised value of the following assets:

Property	Appraised value	Reported net book value as for September 30, 2015	Appraisal date	Input Level	Basis of Valuation	Major inputs/projections used in fair value measurement
Horseshoe Valley Resort, Barrie, Ontario, Canada	\$ 52,400	\$ 37,532	December, 2014	Level 3	Discounted Cash Flow using the Income Capitalization Approach	The stabilized annual NOI* is 5.2 million CAD Discount rate of 10.5% Stabilized occupancy rate: 53% Number of stabilized room inventory: 101 Capitalization rate: 8.00%
Deerhurst Resort, Huntsville, Ontario, Canada	\$ 65,900	\$ 22,435	December, 2014	Level 3	Discounted Cash Flow using the Income Capitalization Approach	The stabilized annual NOI* is 6.8 million CAD Discount rate of 10.5% Stabilized occupancy rate: 50% Number of stabilized room inventory: 445 Capitalization rate: 8.25% Increase in the number of managed rooms by 80 to 445.
Hyatt Regency Arcade Hotel, Cleveland, Ohio, USA	\$ 50,711	\$ 35,693	March, 2015	Level 3	Discounted Cash Flow using the Income Capitalization Approach	The stabilized annual NOI* is 4.5 million CAD Discount rate of: 10% Stabilized occupancy rate: 66% Capitalization rate: 8.00% Number of stabilized room inventory after completion of renovation: 293

* NOI is defined as Profit from Operations before Depreciation

SKYLINE INTERNATIONAL DEVELOPMENT INC.
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8 SUBSEQUENT EVENTS

1. Regarding the acquisition of a Hotel in Cleveland, Ohio, USA see note 5.
2. On October 21, 2009, a legal claim was delivered to the offices of the Company's parent company. See note 21 of December 31, 2014 financial statements for additional details. The claim that totaled to \$1,861 on October 28, 2015 was dismissed without costs.
3. On October 29, 2015 the Company sold all its stake (9.07%) in King Edward Realty Inc., which owns the King Edward Hotel in downtown Toronto, for a total consideration of \$5,164. There is no mortgage or loan associated with that investment. The Company is expected to recognize \$550 profit (before tax). As for September 30, 2015, the revaluation of the investment, net of tax, in the amount of \$477 was recognized in the other comprehensive income.