SKYLINE

Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 23, 2014

Introduction

The following discussion summarizes significant factors affecting the consolidated operating results and financial condition of Skyline International Development Inc. for the three months ended March 31, 2014 compared to the three months ended March 31, 2013 and twelve months ended in December 31, 2013. References to "the Company", "we", "us" or "our" are to be taken as reference to Skyline International Development Inc.

Our interim condensed consolidated financial statements for the three months ended March 31, 2014 have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting on the basis of all available information up to May 23, 2014, the date of this discussion. Amounts discussed below are based on our interim condensed consolidated financial statements and are presented in Thousands Canadian dollars, unless otherwise stated.

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the following:

- our interim condensed consolidated financial statements for the three months ended March 31, 2014;
- our most recent audited consolidated financial statements for the year ended December 31, 2013; and
- our (final) non-offering long form prospectus dated May 14, 2014 (the "**Long Form Prospectus**") and, specifically, the management's discussion and analysis of the Company's financial condition and results of operations for the year ended December 31, 2013 contained therein;

The documents outlined above, and additional information relating to us, are all available under our SEDAR profile at www.sedar.com.

Except as expressly provided herein, none of the information on the SEDAR website is incorporated by reference into this document by this or any other reference.

Overview

The Company plans to become the leading operator and developer of hotel and resort communities in Canada. Over the past five years, the Company has focused on hotels and resorts management and the development of residential and retail centers within hotel and resort communities. Currently, the assets are concentrated in southern Ontario except for one hotel in Cleveland, Ohio. In December 2013, the Company was recognized within the Canadian hotel industry with a Pinnacle Award for "Regional Company of the Year" and was named one of Canada's Best Managed Companies by Canadian Imperial Bank of Commerce and Deloitte LLP. The Company owns and/or asset manages 1,250 hotel rooms and 13,470 m^2 of retail area. The Company also holds land reserves with master plans for the development of 5,500 residential units, 76,000 m^2 of commercial space, and over 400 marina slips. Management's business strategy is as follows:

1. short term identification of hotel and resort acquisition opportunities that provide an acceptable investment risk adjusted rate of return from hotel and retail operations while offering development lands for long term value creation and cash flow upside;
2. medium term development of real estate segments with minimal investment and risk utilizing existing assets at the hotel or resort; and
3. long term focus on operating margin improvements that improve the return on investment, improve the value of landholdings through resort master planning and regulatory approval processes, and unlock real estate value through development of the land inventory.

On February 28, 2014, the Company received a receipt from the Israeli Securities Authority to publish its prospectus and offer its Common Shares on the Stock Exchange. The Company completed its IPO on March 13, 2014 and raised approximately $22,450 (before fees) by issuing 1,759,250 Common Shares, representing 10.65% of the outstanding shareholdings, and an aggregate of 703,700 Series 1 Warrants and Series 2 Warrants.

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

Business Highlights

- In April 2013, the Company acquired Intrawest's interest in Blue Mountain Village consisting of retail space in the village, development lands within the village and surrounding the golf course together with the management of the remaining 50% of the commercial retail space in the village for $20 million. The Company was responsible for 60% of the investment equity with 40% coming from an unrelated third party investor.
- On February 26, 2014, the Company reached an agreement with the above noted third party to purchase their ownership (40%) in the assets of Blue Mountain Village for $15,400 and become the owner of 100% of the property. The parties agreed to complete the transaction within 90 days, subject to conditions normal for transactions of this type, including the receipt of financing by the Company's lender and release of the seller from its financial obligations.
- On May 14, 2014, following the filing of the prospectus, the Company obtained a Receipt from the Ontario Securities Commission, and became a public issuer in Ontario, Canada.

Balance Sheet Highlights

- Shareholders' equity as of March 31, 2014 was $154,623 (approximately 48.3% of total assets) compared to $113,884 as at March 31, 2013 (approximately 39.6% of the total assets), an increase of 35.8%. The equity as at December 31, 2013 was $133,843. The equity was increased between the first quarter end of 2014 and the year end of 2013 by 15.5%. The equity increase between the 2013 year end and the first quarter end of 2014 was mainly due to IPO, in which the company raised approximately $19,218 (net from fees).
- The consolidated balance sheet assets of the company as of March 31, 2014 totaled $319,832 compared to $287,844 as of March 31, 2013 (11.1% increase) and compared to $296,382 as of December 31, 2013 (an increase of 7.9%). The increase compared to December 31, 2013 is mainly due to: an increase in cash and cash equivalents of $15,736, investment property increase of $5,237 mainly due to gain from fair value adjustments, resulting from the revaluation of an investment property (Deerhurst Resort) and acquisition and improvement of Company's existing assets in the amount of $2,249 (of which $1,937 was invested in the Hyatt Regency Arcade renovation).

Income Statement Highlights

- Revenue during the period ended in March 31, 2014 totaled $18,507 compared to $26,188 in the period ended in March 31, 2013.
- The gross profit for the period ended in March 31, 2014 was $617 (3.3% of revenue), compared with $1,937 (7.4%) in the period ended in March 31, 2013.
- In the period ended in March, 31 2014, revenue from the Development segment was $294 compared to $7,194 in the period ended in March 31, 2013.
- In the period ended in March, 31 2014, revenue from the Hospitality segment was $17,205 compared to $18,762 in the period ended in March 31, 2013.
- The Investment Property Segment's revenue in the period ended in March, 31 2014 was $760 compared to $232 in the period ended in March 31, 2013.
- This quarter the company recognized a fair value adjustment income of $5,090 (compared to a loss of $133 in the comparable quarter of last year). On March 20, 2014 the Company received a letter from the Township's Planning Department's head advising Skyline that the application was considered "complete" so there are still some minor outstanding issues that need to be resolved. The Township and the Region see the project favorably and the application conforms to the Official Plan. Therefore, the future development is considered to be in the nearing the approval stage and the fair value of the site was appraised at $6,950 resulting in fair value adjustment of $5,090 in the quarter. It is envisioned for a mixed-use residential and commercial development of 51.3 acres for 791 residential units and approximately 186,540 square feet of commercial gross floor area.
- For further information see segmental analysis.

Cash Flow Statement Highlights

As its business development strategy, the Company acquires investment properties. Those investments result in negative cash flows from investing activities.

- In the period ended in March 31, 2014 the decrease in net cash from operations was $450 compared a decrease of $1,386 in the period ended in March 31, 2013.
- In the period ended in March 31, 2014 the decrease in net cash used in investing activities was $2,587 versus $803 in the period ended in March 31, 2013.
- In the period ended in March 31, 2014 the increase in net cash used in financing activities was $18,773 compared to $2,370 in the period ended in March 31, 2013
- For further information see cash flow analysis.

Factors Affecting Performance

Real Estate Development for Sale segment (Development)

Competitive Conditions

The Company has extensive real estate holdings at their resorts in Muskoka and Oro-Medonte, Ontario and in Port McNicoll and Blue Mountain, Ontario. Real estate operations, through Skyline Resort Communities, a wholly-owned subsidiary, include the planning, oversight, infrastructure improvement, development, marketing and sale of the real estate holdings. In addition to the cash flow generated from real estate development sales, these development activities benefit the Company's Hotels and Resorts segment through (1) the creation of additional resort lodging and other resort related facilities and venues (primarily restaurants, spas, commercial space, private clubs and parking structures) that provide the opportunity to create new sources of recurring revenue, enhance the guest experience at the resorts and expand the destination bed base; (2)the ability to control the architectural themes of the resorts; and (3) the expansion of the Company's property management and commercial leasing operations.

Currently, Skyline Resort Communities' principal activities include the marketing and selling of remaining condominium units and lots that are available for sale, which primarily relate to Copeland House, Swan Island Estates, Golf Cottages and Sanctuary; planning for future real estate development projects, including zoning and acquisition of applicable permits; and the purchase of selected strategic land parcels for future development.

In this segment, competition revolves around a number of parameters, with the main ones being the geographic location of the projects and level of demand in the same area, the construction and development quality and the purchase prices and maintenance expenses collected by the applicable condominium corporation. The Company is exposed to competition by a small number of directly competitive companies in the development of condominium units, single family homes, subdivisions, townhomes and retail villages.

Seasonality

Since the Port McNicoll project is located on a lake which is frozen during winter and autumn, it is typically marketed during summer and spring.

Seasonality has no impact on the activities of the Company's other projects in this segment.

Hotel and Resorts segment (Hospitality)

Competitive Conditions

Competition in the hotel industry is generally based on quality and consistency of rooms, restaurant and meeting facilities and services, attractiveness of locations, availability of a global distribution system, price and other factors. The Company's properties compete within their geographic markets with hotels and resorts that include locally owned independent hotels, as well as facilities owned or managed by national and international chains, including such brands as Four Seasons, Hilton, Hyatt, Marriott, Ritz-Carlton, Starwood and Westin. Properties also compete for convention and conference business across the national market. The Company is highly competitive for the following reasons:

Major competitive advantages enhancements during 2014:

- The Company has a central reservations system and is in process of enhancing its online planning and booking platform, offering guests a seamless and useful way to make reservations at hotels. The Company is also in the process of implementing an online booking platform for resort activities, which will streamline guests' trip planning experience.
- The Company actively upgrades the quality of the accommodations and amenities available at the hotels through capital improvements. Projects completed over the last year include extensive upgrades to the majority of guestrooms and meeting and conference space at Horseshoe Resort; guestroom renovations at Deerhurst Resort; renovated lobby at Pantages Hotel;
- Renovation of approximately 200 guestrooms at The King Edward Hotel and 113 guestrooms Hyatt Regency Arcade in Cleveland.

Accessibility from major metropolitan areas

Ontario Properties – The Company's hotels and resorts are mostly located within the Greater Golden Horseshoe and within driving distance of the fast growing Greater Toronto Area (GTA), Canada's largest city. The Greater Golden Horseshoe, with a population of approximately 8.8 million, encompasses the GTA and is expected to grow to more than 13 million by 2041. The Company's resort properties are located only one hour (Horseshoe) and two hours (Deerhurst) from the GTA, with access via a major highway. Additionally, all properties are proximate to Toronto's Pearson International Airport.

Seasonality

Resort operations are highly seasonal in nature, with a typical winter/ski season beginning early December and running through end of March and typical summer seasons beginning late June and ending early September. In an effort to partially counterbalance the concentration of revenue in the winter months at Horseshoe and summer months at Deerhurst, the Company offers counter-seasonal attractions such as mountain biking, hiking, guided ATV, Segway and adventure buggy tours, golf and an Adventure Park (at Horseshoe) and guided snowmobiling tours, dog sledding, skating, snowshoeing and winter hiking (at Deerhurst). These activities also help attract destination conference and group business to the resorts. The Company also recently introduced a timeshare product, Skyline Vacation Club, to help drive off-season revenue through pre-purchased vacation points that the member is required to spend annually at the properties.

Real Estate for Investment segment (Investment properties)

Seasonality

The Real Estate for Investment segment is impacted by seasonality, with each project being impacted differently. For the commercial and retail components of the Real Estate for Investment segment, the Horseshoe and Deerhurst resorts have complimentary high seasons, with the Horseshoe resort having its high season in the winter season and the Deerhurst resort having its high season during summer and early fall. As lands in the Real Estate for Investment segment are held for long periods, seasonality is not a factor.

Selected Annual Information

Revenue is generated by two broad business units: hospitality and real estate development. Hospitality includes: hotel operations, alpine and Nordic ski facilities, golf courses, adventure park operations, as well as other businesses, including food and beverage, spa, retail and rental operations, and other related or ancillary activities. Hospitality represented 92.9%, 71.6% and 79.9% of total company's revenue for the periods ending March 2014, March 2013 and December 2013, respectively. Development revenue includes the sale of serviced lots, semi-custom single family cottages, and condominiums.

Both the hospitality and development revenue are driven by the volume of guests and competitive pricing. Volume is impacted by a number of factors including the guest experience, economic conditions, geo-political factors, weather and accessibility of the resorts.

Income Statements and Segmental Analysis:

	FOR THE THREE MONTHS ENDED in March 31,		YEAR ENDED Dec 31,
	2014	**2013**	**2013**
	(Unaudited)	*(Unaudited)*	*(Audited)*
REVENUE			
Sale of condominiums	119	5,828	9,269
Sale of residential condos and lots	175	1,366	6,657
Income from investment properties	760	232	2,362
Hospitality income	17,188	18,384	72,176
Property management fees	17	378	1,032
Timeshare income	248	--	45
Other revenue	--	--	41
	18,507	26,188	91,582
EXPENSES AND COSTS			
Cost of sale of condominiums	158	4,486	7,221
Operating expenses of investment properties	310	185	1,005
Hospitality operating expenses	15,574	16,368	67,304
Property management costs	--	93	--
Timeshare expenses	92	--	33
Cost of sale of residential condos and lots	134	1,387	7,472
Development periodic costs	133	404	1,706
Depreciation	1,489	1,328	5,303
	17,890	24,251	90,044
GROSS PROFIT	**617**	**1,937**	**1,538**
Gain (loss) from fair value adjustments	5,090	(133)	21,567
Selling and marketing expenses	1,206	294	1,459
Administrative and general expenses	1,025	1,164	6,053
PROFIT FROM OPERATIONS	**3,476**	**346**	**15,593**
Financial expense	1,831	1,666	7,178
Financial income	(3)	(22)	(566)
Other expense	--	--	95
Loss (gain) on sale of investment	--	--	(1,155)
PROFIT BEFORE INCOME TAXES	**1,648**	**(1,298)**	**10,041**
Income tax expense (recovery)	318	(303)	2,102
PROFIT (LOSS) FOR THE PERIOD	**1,330**	**(995)**	**7,939**
Attributable to:			
Shareholders of the Company	1,325	(995)	2,858
Non-controlling interest	5	-	5,081
	1,330	(995)	7,939
BASIC EARNINGS PER SHARE	**0.09**	**(0.07)**	**0.20**
DILUTED EARNINGS PER SHARE	**0.09**	**(0.07)**	**0.20**

	For the three months ended March 31, 2014 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	119	--	--	119
Sale of residential condos and lots	--	175	--	--	175
Income from investment properties	760	--	--	--	760
Hospitality income	--	--	17,188	--	17,188
Property management fees	--	--	17	--	17
Timeshare income	--	--	--	248	248
	760	294	17,205	248	18,507
EXPENSES AND COSTS					
Cost of sale of condominiums	--	158	--	--	158
Operating expenses of investment properties	310	--	--	915	1,225
Hospitality operating expenses	--	--	15,574	--	15,574
Timeshare expenses	--	--	--	92	92
Cost of sale of residential condos and lots	--	134	--	--	134
Development periodic costs	--	133	--	--	133
Depreciation	--	52	1,414	23	1,489
	310	477	16,988	1,030	18,805
SEGMENTED RESULTS	**450**	**(183)**	**217**	**(782)**	**(298)**
Gain (loss) from fair value adjustments					**5,090**
Selling and marketing expenses					**1,206**
Administrative and general expenses					**1,025**
Financial expense					**1,831**
Financial income					**(3)**
PROFIT BEFORE INCOME TAXES					**733**

	For the three months ended March 31, 2013 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	5,828	--	--	5,828
Sale of residential condos and lots	--	1,366	--	--	1,366
Income from investment properties	232	--	--	--	232
Hospitality income	--	--	18,384	--	18,384
Property management fees	--	--	378	--	378
	232	7,194	18,762	--	26,188
EXPENSES AND COSTS					
Cost of sale of condominiums	--	4,486	--	--	4,486
Operating expenses of investment properties	185	--	--	--	185
Hospitality operating expenses	--	--	16,368	--	16,368
Property management costs	--	--	93	--	93
Cost of sale of residential condos and lots	--	1,387	--	--	1,387
Development periodic costs	--	404	--	--	404
Depreciation	--	2	1,326	--	1,328
	185	6,279	17,787	--	24,251
SEGMENTED RESULTS	**47**	**915**	**975**	**--**	**1,937**
Gain (loss) from fair value adjustments					**(133)**
Selling and marketing expenses					**294**
Administrative and general expenses					**1,164**
Financial expense					**1,666**
Financial income					**(22)**
LOSS BEFORE INCOME TAXES					**(1,298)**

	For the three months ended December 31, 2013 (Audited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	9,269	--	--	9,269
Sale of residential condos and lots	--	6,657	--	--	6,657
Income from investment properties	2,362	--		--	2,362
Hospitality income	--	--	72,176	--	72,176
Property management fees	--	--	1,032	--	1,032
Timeshare income	--	--	--	45	45
Other revenue	39	2	--	--	41
	2,401	15,928	73,208	45	91,582
EXPENSES AND COSTS					
Cost of sale of condominiums	--	7,221	--	--	7,221
Operating expenses of investment properties	1,005	--	--	--	1,005
Hospitality operating expenses	--	--	67,304	--	67,304
Timeshare expenses	--	--	--	33	33
Cost of sale of residential condos and lots	--	7,472	--	--	7,472
Development periodic costs	--	1,706	--	--	1,706
Depreciation	--	276	4,983	44	5,303
	1,005	16,675	72,287	77	90,044
SEGMENTED RESULTS	**1,396**	**(747)**	**921**	**(32)**	**1,538**
Gain (loss) from fair value adjustments					**21,567**
Selling and marketing expenses					**1,459**
Administrative and general expenses					**6,053**
Financial expense					**7,178**
Financial income					**(566)**
Other expense					**95**
Loss (gain) on sale of investment					**(1,155)**
PROFIT BEFORE INCOME TAXES					**10,041**

Revenue:

Revenue in the period ended in March 31, 2014 totaled $18,507 compared with $26,188 in the period ended in March 31, 2013 (a decrease of $7,681 or 29.3%). The decrease in the period ended in March 31, 2014 in the revenue is attributable mainly to the Development segment $6,900, a decrease in Hospitality segment of $1,557 and an increase of $528 in the Investment Properties segment. For further comparison between quarters revenue see below:

Development Segment Revenue:

In the current quarter, the Company recognized an income from the delivery of one lot at the Deerhurst Resort and a condo at King Edward (Company's share of 9.07%) compared to the previous quarter last year in which the

Company recognized 17% of revenues from the sale of 90 units that were sold and delivered at the King Edward and a revenue from the sale of seven lots at the Deerhurst Resort. The King Edward condos contributed $1,340 to gross profit in Q1-2013.

Hospitality Segment Revenue:

The change in revenue and expenses in this quarter resulted mainly from the discontinuance of a proportionate consolidation of the Hotel King Edward since August, 2013, which contributed $682 to the group's revenue in the prior, a reduction of $482 in Hyatt Regency Arcade revenue following the closure and renovation of 113 rooms at the property (completed in April, 2014).

Gross profit in the reporting period was 1.26% (compared to 5.19% for the first quarter of 2013).

Investment Property Segment:

The increase in both the revenue and expenses is mostly due to inclusion of Blue Mountain Retail in this quarter. This quarter the company recognized a fair value adjustment income of $5,090 (compared to a loss of $133 in Q1-2013). On March 20, 2014 the Company received a letter from the Township's Planning Department's head advising Skyline that the application was considered "complete" so there are still some minor outstanding issues that need to be resolved. The Township and the Region see the project favorably and the application conforms to the Official Plan. Therefore, the future development is considered to be in the nearing the approval stage and the fair value of the site was appraised at $6,950 resulting in fair value adjustment of $5,090 in the quarter. It is envisioned for a mixed-use residential and commercial development of 51.3 acres for 791 residential units and approximately 186,540 square feet of commercial gross floor area.

Other (Vacation Ownership):

In late October 2013 the Company launched a "Vacation Ownership" operation so as to optimize the usage of the resort and hotel properties and services within the Group to the public.

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

Gross Profit

The gross profit for the period ended in March 31, 2014 is $617, compared to $ 1,937 in the quarter ended in March 31, 2013.

In the period ended in March 2014, the gross profit rate was 3.3% compared to 7.4% in the parallel quarter in 2013. This difference in profitability is attributable to the following two matters:

During the reporting period the company recognized a gross loss of $183 from lot in the Deerhurst Resort and a condo delivery in the King Eduard Hotel. In the parallel quarter in 2013, the company recognized a gross profit of $1,342 from delivery of 90 condos in the King Eduard Hotel. During the reporting period there was a decrease in the Hospitality segment, mainly due to reduction of $482 in Hyatt Regency Arcade revenue following the closure and renovation of 113 rooms at the property.

Sales and Marketing Expenses

Sales and marketing expenses in the period ended in March 31, 2014 are $1,206, compared to $294 in the period ended in March 31, 2013.

The increase in Selling and marketing expenses, compared to a first quarter of 2013, is mainly due to extensive marketing and sales of vacation ownership operation ($1,100) since the Company launched it on October 2013.

General and administrative expenses

General and administrative expenses in the period ended in March 31, 2014 totaled to $1,025 compared to $1,164 in the period ended in March 31, 2013, an improvement of $139. The decrease in the quarter's results of 2014 is due to a certain expenses reduction including a $150 decrease in salary expenses followed a reduction in the head office staffing level, compensated by a $118 provision to the President's bonus that was not included in the first quarter of 2013 and $130 reduction in stock based compensation expense.

Fair Value Adjustment

See Income statements highlights above.

Financing Expenses, net

Financing expenses, net in the period ended in March 31, 2014 were $1,828, compared to $1,644 in the period ended in March 31, 2013. The increase in Financial expenses compared to the same period last year is mainly due financing costs of the Blue-Mountain retail, which was acquired in April 2013.

Income Taxes

In the period ended in March 31, 2014 the tax expense was $318, compared to tax recovery of $303 in the period ended in March 31, 2013. Tax expenses which were recorded during the reporting period is mainly due to Gain from fair value adjustments, resulting from the revaluation of an investment property in Deerhurst Resort.

Profit for the year

In the period ended in March 31, 2014, the profit of the Company was $1,330, compared to a loss of $995 in the period ended in March 31, 2013.

Income Statements by quarters:

The table below provides selected quarterly financial information for our eight most recently completed fiscal quarters. This information is unaudited, but reflects all adjustments of a normal, recurring nature w hich are, in our opinion, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of our financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

(in thousands of Canadian Dollars)	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013	Q4-2012	Q3-2012	Q2-2012	Q1-2012
REVENUE	**18,507**	**18,164**	**26,571**	**20,659**	**26,188**	**17,811**	**25,422**	**15,623**	**30,927**
EXPENSES AND COSTS	**17,890**	**19,893**	**24,281**	**21,619**	**24,251**	**20,118**	**20,872**	**16,642**	**25,756**
GROSS PROFIT (LOSS)	**617**	**(1,729)**	**2,290**	**(960)**	**1,937**	**(2,307)**	**4,550**	**(1,019)**	**5,171**
Gain (Loss) from fair value adjustments	5,090	4,461	11	17,228	(133)	1,920	(51)	(296)	(65)
Selling and marketing expenses	1,206	956	108	101	294	(87)	440	250	844
Administrative and general expenses	1,025	1,840	1,312	1,737	1,164	1,645	1,051	1,293	2,077
PROFIT (LOSS) FROM OPERATIONS	**3,476**	**(64)**	**881**	**14,430**	**346**	**(1,945)**	**3,008**	**(2,858)**	**2,185**
Financial expense	1,831	1,911	1,991	1,610	1,666	1,962	1,573	1,579	1,619
Financial income	(3)	(222)	(36)	(286)	(22)	(12)	(21)	(38)	(53)
Other (income) expense	--	99	(4)	--	--	29	30	--	--
Gain on bargain purchase	--	--	--	--	--	--	--	--	(16,967)
Loss (Gain) on sale of investment	--	--	(1,155)	--	--	184	(21)	--	--
PROFIT (LOSS) BEFORE INCOME TAXES	**1,648**	**(1,852)**	**85**	**13,106**	**(1,298)**	**(4,108)**	**1,447**	**(4,399)**	**17,586**
Current income tax expense (recovery)	--	155	276	(78)	78	(409)	(116)	(178)	650
Deferred tax expense (recovery)	318	(968)	(751)	3,771	(381)	(568)	723	(897)	5,670
PROFIT (LOSS) FOR THE PERIOD	**1,330**	**(1,039)**	**560**	**9,413**	**(995)**	**(3,131)**	**840**	**(3,324)**	**11,266**

Additional Financial Information

The Company's total Balance Sheet as of the end of the reporting period totalled $318,206 compared to $296,382 in December 2013.

The total non-current consolidated financial liabilities were $124,767 in the period ended in March 31, 2014 compared to $124,798 in December 31, 2013.

Outlook

The Company's strategy is to continue focusing on investments in hospitality and real estate, mostly in regions benefiting from economic stability. The Canadian economy provides a favorable business environment for the Company. The Company continues to look for investment opportunities in markets similar to its current portfolio.

Liquidity and Cash Flow Analysis

The following table summarizes the statement of cash flows of the Company:

CASH FLOW	March 31, 2014 **(Unaudited)**	March 31, 2013 **(Unaudited)**	December 31, 2013 **(Audited)**
Profit for the Period	1,330	(995)	7,939
Net cash provided by operations	(450)	(1,386)	2,526
Net cash used in investing activities	(2,587)	(803)	(2,802)
Net cash used in financing activities	18,773	2,370	1,575
Increase in cash and cash equivalents	15,736	181	1,299
Cash and cash equivalents, beginning of the period	5,578	4,279	4,279
Cash and cash equivalents, end of the period	21,314	4,460	5,578

Cash Flows from Operations

During the period ended in March 2014 the Company's negative cash flow from operations was $450 compared to a negative cash flow from operations $1,386 in first quarter of 2013 (in the first quarter of 2013 due to additions to property, plant and equipment $652 and additions to investments properties $151).

Cash Flows Used in Investment Activities

During the reporting period, the Company reported a negative cash flow from investing activities of $2,587 mainly due to investments in its property, plant and equipment of $2,249 (including $1,937 spent in the Hyatt Regency Arcade renovation).

Cash Flows Used in Financing Activities

In the period ended in March 2014 the Company had positive cash flow from financing activities of $15,736 mainly due to the proceeds of $19,218 (net of costs) of the initial public offering (IPO) in March 2014. During that period, the Company repaid $248 of loans payable (net) and $203 to related parties (in the first quarter of 2013 mainly due to proceeds on loan payable in the amount of $2,500.

Financial Instruments and Off Balance Sheet Arrangements

As at March 31, 2014, the Company has not entered into any derivative or other off balance sheet arrangements.

Company's Distributions

There is no dividend distribution policy to shareholders.

Critical Accounting Policies and Estimates

The presentation of the consolidated financial statements involves estimates and assumptions that may affect the data presented. Changes in the estimates may affect the reported amounts.

The Company believes these estimates to be critical:

1. Investment property and fixed assets

The estimates include investment property and buildings within fixed assets at fair value, determined by external independent appraisers. Valuations involve the use of discount rates and assumptions about occupancy rates, room rates and other critical metrics which involve uncertainty.

During the reporting period, no significant change in the value of investment property and fixed assets exists, except for the Deerhurst Resort Village lands valuation (see also Segmental Analysis – Investment Properties above).

2. Contingencies and lawsuits

When estimating the lawsuits filed against the company and its subsidiaries, the company relied on the opinion of its legal advisors. The opinions of legal counsel are based on best professional judgment, taking into account the stage of the proceedings and legal experience gained in various matters. The outcome of the claims adjudged by the courts, could differ from these estimates.

During the reporting period there has been no change in the provisions in respect of claims (For more information see Note 21 to the consolidated annual financial statements).

Exposure to market risks and ways of managing them

The company has appointed Mr. Vadim Shub who is a Certified Public Accountant in Israel, the U.S. and Canada, and has served as CFO of Skyline Canada since 2007, to assess the company's exposure to risks.

1. Exchange rates: During the first quarter of 2014, the Canadian Dollar weakened by 3.92% compared to the U.S. Dollar and in the first quarter of 2013 the US Dollar appreciated against the Canadian Dollar by 2.07%. For more information regarding the influence of the foreign exchange rate on company's equity read note 33 d in the annual consolidated financial statements. From the 2014 first quarter end to the day the consolidated financial statements were signed, the Canadian Dollar appreciated against the U.S Dollar by 1.47%

   The Company's management holds regular discussions on the exposure to various market risks, including changes in exchange rates. The Company's policy is to maintain a correlation between the currency in which the assets are acquired and the currency of the loans the company takes to finance those assets, in order to maintain equity in that currency. The change in U.S. Dollar exchange has a limited impact on the company given that its US holdings are relatively few with the following balance sheet proportions: assets 11%, liabilities 14% and equity 8%. The company does not purchase financial instruments that hedge the equity currency rate risk.

2. Market Risks: The company is subject to a number of risks and uncertainty, primarily risks associated with: the development of future assets, competition, real estate markets, general and regional economic conditions, the availability and cost of financing, and changes in interest rates due to uncertainty in the world markets including Israel, United States and Canada. The Company does not hold or issue derivative financial instruments for trading purposes.

Risk Factors

We are exposed to a number of risks and uncertainties in the normal course of business that could have a negative effect on our financial condition or results of operation. A detailed discussion of these risk factors impacting our business and financial results is included in our most recent Long Form Prospectus, under the heading "Risk Factors", which is available on our SEDAR profile at www.sedar.com. All such risk factors are specifically incorporated by reference into this MD&A.

Cautionary Note Regarding Forward Looking Statements

This MD&A may contain forward looking statements or information, within the meaning of applicable Canadian securities laws, which reflect our current view of future events and financial performance. Forward looking statements can often be identified by the use of forward looking terminology such as "may", "will", "would", "could", "should", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe" or "continue" or the negatives of such terms or variations of them or similar terminology. All forward looking statements that we make are based on the opinions and estimates of our management as of the date such statements are made and represent management's best judgment based on facts and assumptions that we consider reasonable. The forward looking statements and information contained in this MD&A include statements with respect to the sufficiency of liquidity and capital resources to maintain our operations, expected growth of our business, payment of interest on borrowings under the new credit facility, the split between current and deferred income taxes in future periods and other information or statements about future events or conditions which may prove to be incorrect.

The forward looking statements and information contained in this MD&A are subject to a number of significant risks and uncertainties that could cause actual results to differ materially from those anticipated including, but not limited to, risks relating to unfavorable weather conditions, the seasonality of our operations, availability of capital, competition from other ski and four season resorts, changes in laws, regulations and policies and failure to comply with any legal requirements, the impact of any occurring natural disasters, insufficient insurance against material claims or losses, risks relating to Company's access to and use of debt financing, and negative economic, business and market conditions. A more detailed description of these risks is available in our most recently filed annual information form and management's discussion and analysis, which is available on our website and at www.sedar.com under our SEDAR profile. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements or information prove incorrect, actual results may vary materially from those described herein. Although we believe that the expectations reflected in such forward looking statements and information are reasonable, undue reliance should not be placed on forward looking statements or information because we give no assurance that such expectations will prove to be correct.

These forward looking statements and information are made as of the date of this MD&A, and we have no intention and assume no obligation to update or revise any forward looking statements or information to reflect new events or circumstances, except as required by applicable Canadian securities laws.

Gil Blutrich **Chairman**	**Michael Sneyd** **CEO**	**Vadim Shub** **CFO**