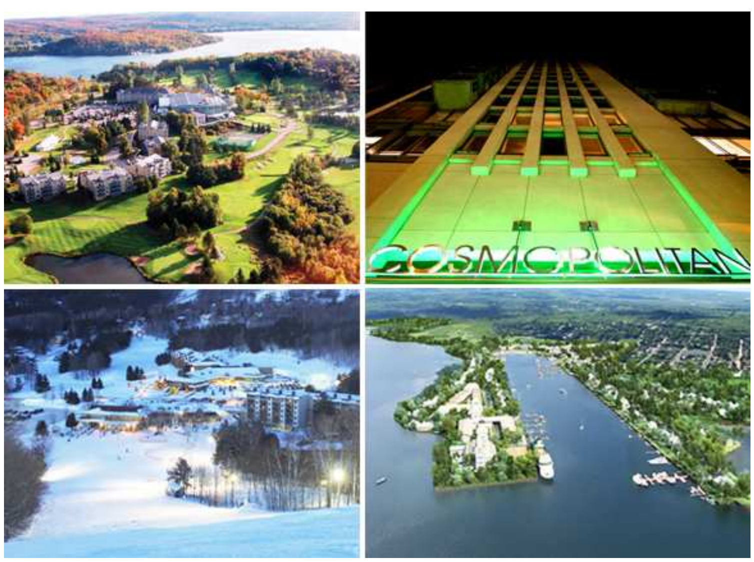
SKYLINE

Management's Discussion and Analysis

For the period ended September 30, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS

November 13, 2014

Introduction

The following discussion summarizes significant factors affecting the consolidated operating results and financial condition of Skyline International Development Inc. for the nine months ended September 30, 2014 compared to the nine months ended September 30, 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 nine months ended September 30, 2014 have been prepared in accordance with International Accounting Standard 34: Interim Financial Reporting on the basis of all available information up to November 13, 2014, the date of this discussion. Amounts discussed below are based on our interim condensed consolidated financial statements and are presented in thousands of Canadian dollars, unless otherwise stated.

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

- our interim condensed consolidated financial statements for the nine months ended September 30, 2014 (the "**Interim Financial Statements**");
- our most recent audited consolidated financial statements for the year ended December 31, 2013;
- 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.

NON – GAAP FINANCIAL MEASURES

Certain terms, such as "Net Operating Income" ("NOI"), used in this document are not recognized terms under Canadian GAAP and IFRS, and therefore should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS.
Management believes that these terms are relevant measures in comparing the Company's performance to industry data. These terms are defined in this document, they do not have a standardized meaning prescribed by International Financial Reporting Standards (Canadian GAAP) and may not be comparable to similarly titled measures presented by other entities.

NOI is a non GAAP measure of a Company's operating performance, defined as property and property related revenue less operating expenses, not including amortization or reserves for replacement.
The Company uses NOI to assess its property operating performance on an unleveraged basis.
Earnings Before Interest, Taxes, Depreciation and Amortization ("NOI")

I. 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 and a new ski resort in the US that the Company acquired in August, 2014 (see Business Highlights below (paragraph II)). 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 a prospectus and offer common shares in the capital of the Company (the "**Common Shares**") on the Tel Aviv Stock Exchange. The Company completed an initial public offering in Israel 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 Long Form Prospectus, the Company obtained a receipt from the Ontario Securities Commission, and became a public issuer in Ontario, Canada.

II. Business Highlights

- On February 26, 2014, the Company reached an agreement with unrelated third party to purchase its 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 customary closing conditions, including the receipt of financing by the Company's lender and release of the seller from its financial obligations. In May 2014, the Company and the third party both agreed to extend the closing date of transaction to the end of August 2014. The acquisition will be completed though the issuance of common shares of the Company.
- On May 14, 2014, following the filing of the Long Form Prospectus, the Company obtained a receipt from the Ontario Securities Commission, and became a public issuer in Ontario, Canada.
- On July 22, 2014, the Company launched a new 162 unit condominium development project known as "Lakeside Lodge" at Deerhurst Resort (100 units with a water front view). For more information see Development For Sale Segment analysis below (paragraph VIII).
- In July 2014, the Company accepted an offer to sell all of the nine (9) lots that had been offered for sale; the sales program commenced in May 2014. On September 24, 2014 the company closed the sale of the nine 9 lots in the Blue Mountain Village for $860 .
- On August 5, 2014, the Company entered into an agreement with a vendor for the acquisition of the operation and certain assets of a ski resort and village centre offering approximately 1,700 acres and 75 runs of skiable area, located in California, United States. The assets acquired include primarily nine lifts, a mountain based 40,000 sq. ft. lodge, equipment area, 2,000 stall parking lot, as well as all of the snowmaking and other equipment, and ancillary maintenance and equipment buildings for a total consideration of USD$2,000. The transaction includes a ten-year lease of 53 guest room lodge and 17,000 sq. ft. commercial center, and a two year option to purchase substantial development lands surrounding the resort, suitable for a development of more than 350 residential unit at the exercise price of $3,000 USD. Mr. Mark Goodman, a director of the Company, announced on his personal interest in the transaction, given that one of the affiliates of Dundee Realty Inc. (DREAM), a company owned by Mr. Goodman family, is affiliate to the vendor. The closing of the transaction is expected take place before the year end after receiving a permit by the U.S. Department of Agriculture-Forest Service and approval by the Company under the provisions of the Israeli Companies Act, 1999. See also note 5 to the Interim Financial Statements.
- In July 2014, the Company received rezoning approval from the Township of Oro-Medonte for the Copeland House condominium and in September started construction of phase 1 of the Copeland House project.

- During the reporting period ended in September 30, 2014, the Company invested $6,456 in renovations and upgrades of its hospitality assets, primarily at the Cleveland Hyatt Regency Hotel where 114 guest rooms (40% of the hotel) have been fully renovated and at Horseshoe resort .
- During the reporting period, the Company continued its efforts to improve hospitality operations. As a result, the Company’s largest properties (Deerhurst and Horseshoe Resorts) improved operational results compared to the same period last year. The Company is focused on improvements of its downtown Toronto and Cleveland properties.
- As part of the company's capital management, on November 13, 2014 the company's Board of Directors authorized the management to file a shelf prospectus in Israel. This shelf prospectus will enable the company fast-tracked access to the capital market in Israel, responding to its frequently changing conditions, and achieving best possible terms of capital funding. The shelf prospectus will be based on September 2014 financial statements. It has two (or possibly three) year life and can be utilized by the company starting March 2015. Since shelf prospectus addresses better the Company's capital funding needs, the Board of directors decided to pursue its filing instead of the regular bond-raising prospectus as previously reported on September 7, 2014. The deadline to file the shelf prospectus is February 27, 2015

- On October 15, 2014, the Company signed a binding term sheet with a third party which replaces the original agreement signed on February 26, 2014 regarding the acquisition of the investment lands at Blue Mountain Resorts. As part of the binding term sheet, it was agreed that the building will be constructed by the Company at "cost" with no entrepreneurial profit. In addition, the third party will receive lands valued at $600 such that the total proceeds in the transaction are approximately $2,170 in the aggregate. The determination of the sale value is based on the valuation published in the financial statements as of September 30, 2013. On the closing date, the seller, which is an affiliate of the Company (holds 60% of the common shares) **[**will be liable for $1,800 to the Canada Revenue Agency. For the principal terms, see notes 5 and 8 to the Interim Financial Statements.
- On November 13, 2014 the Company's Board of Directors approved calling for a special meeting of shareholders. The agenda following topics:
  1. Approval of the Company's compensation policy.
  2. Approval of the terms of employment for Mr. Gil Blutrich, Chairman of the Board of Directors and the President of the Company.
  3. Approval of payment of compensation to Mr. Gil Blutrich, for his services as Chairman of the Board of Directors of the Company for years 2012, 2013 and 2014 until the date of approval of the general assembly as well as bonuses for the years 2012 and 2013.
  4. The approval of the updated terms of employment of Mr. Michael Sneyd, CEO.
  5. Approval of the annual bonus to Mr. Michael Sneyd, CEO for the year 2013.
  6. Approval of the amendment to Company’s by-laws concerning its commitment to indemnify directors and officers of the Company.
  7. Approval of an amendment and / or granting the amended indemnification letter to all officers, including the CEO, the officers of the Company and / or their relatives who are controlling shareholders and officers of the controlling shareholders who have a personal interest in the conditions of service and employment, as shall serve the Company from time to time.
  8. Approval to acquire insurance policies for directors and officers, including the CEO of the Company that they and / or their relatives who are controlling shareholders and officers of the controlling shareholders who have a personal interest in the conditions of service and employment, as shall serve the Company from time to time.

<u>III. Balance Sheet Highlights</u>

- Shareholders' equity as of September 30, 2014 was $156,072 (approximately 48.89% of total assets) compared to $133,049 as at September 30, 2013 (approximately 43.5% of the total assets), an increase of 17.3%. The equity as at December 31, 2013 was $133,843. The equity was increased between the reporting period ended in September 30, 2014 and the fiscal year ended December 31, 2013 by 16.6%. The equity increase between the fiscal year ended December 31, 2013 and the reporting period ended in June 30, 2014 was primarily due to the Company’s initial public offering, pursuant to which the Company raised approximately $18,982 (net of costs) and the net income of $3,109.

- The consolidated balance sheet assets of the Company as of September 30, 2014 totaled $319,221 compared to $306,138 as of September 30, 2013 (4.27% decrease) and compared to $296,382 as of December 31, 2013 (an increase of 7.7%). The increase compared to December 31, 2013 is primarily due to an increase in cash and cash equivalents of $7,133, investment property increase of $11,472 primarily due to gains from fair value adjustments resulting from the revaluation of the lands at Deerhurst Resort ($5,150) and at Blue Mountain ($8,120), a decrease in value of Port McNicoll lands ($1,340), a net increase in property, plant and equipment assets in the amount of $3,259 (net of amortization) due to acquisition and improvement to the Company's hospitality assets in the amount of $6,456, and other changes in the Company's assets such as an increase of $1,659 in deferred tax asset, a decrease of $1,445 in restricted bank deposits and a decrease of $1,000 in trade receivables accounts.

IV. Income Statement Highlights

- Revenue during the nine-month period ended September 30, 2014 totaled $61,683 compared to $73,418 in the nine-month period ended September 30, 2013.
- The gross profit for the nine-month period ended September 30, 2014 was $3,193 (5.18% of revenue), compared with $3,267 (4.45% of the revenue) in the nine-month period ended in September 30, 2013.
- In the nine-month period ended September 30, 2014, revenue from the Development (see paragraph VI below) segment was $4,183 compared to $14,884 in the nine-month period ended September 30, 2013.
- In the nine-month period ended September 30, 2014, revenue from the Hospitality (see paragraph VI below) segment was $53,985 compared to $57,018 in the nine-month period ended September 30, 2013.
- The Investment Property Segment's (see paragraph VI below) revenue in the nine-month period ended September 30, 2014 was $2,363 compared to $1,516 in the nine-month period ended September 30, 2013.
- During first nine months of 2014 the Company recognized a fair value adjustment income of $11,729 (compared to a gain of $17,106 in the same period last year). On March 20, 2014, the Company received a letter from the Huntsville Township's Planning Department's head advising the Company that the application was considered "complete", however there are still some outstanding issues that need to be resolved. The Township and the Muskoka Regional authority see the project favorably and the application conforms to the Official Plan Therefore, the future development is considered to be nearing the approval stage and the fair value of the site was appraised at $6,900 resulting in fair value adjustment of $5,150 in March 2014. The appraisal was performed by an independent real estate appraiser from one of the top reputable firms, knowledgeable of the area and experienced in this type of appraisal engagement. During the third quarter of 2014, the Company hired independent appraisers for the Blue Mountain Lands and the Retail section, due to market indications, which suggested that these properties` fair value should be adjusted. The appraisal reports concluded there was a place for an increase in fair value of the properties by $6,280 for the Blue Mountain Lands, and $1,840 for the Blue Mountain Retail and the reduction of $1,340 in value of the Company's Port McNicoll lands.
- For further information see the segmental analysis (paragraph VIII below).

V. 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 nine-month period ended in September 30, 2014 the decrease in net cash from operations was $513 compared to an increase of $4,367 in the nine-month period ended in September 30, 2013.
- In the nine-month period ended in September 30, 2014 the decrease in net cash used in investing activities was $7,344 versus $13,873 in the nine-month period ended in September 30, 2013.
- In the nine-month period ended in September 30, 2014 the increase in net cash used in financing activities was $14,990 compared to $9,842 in the nine-month period ended in September 30, 2013.
- For further information see cash flow analysis set forth on paragraph XII, below.

VI. Factors Affecting Performance

<u>Real Estate Development for Sale segment ("Development")</u>

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 Hospitality Segment (see in this page below) 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 Lakeside Lodge at Deerhurst Resort and Copeland House at Horseshoe Resort (see also "Overview - Business Highlights", paragraph II above), Swan Island Estates, Golf Cottages and Sanctuary; planning for future real estate development projects, including rezoning 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 as well as the Deerhurst Resort lands attract mostly clientele interested in summer activities, such properties are typically marketed during summer and spring, compared to the properties located at Horseshoe Resort and Blue Mountain, that benefit from the opposite seasonality and are typically marketed during the fall and winter seasons.

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

<u>Hotel and Resorts segment ("Hospitality")</u>

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 has a competitive advantage in the market due to:

- *Enhancements it has undertaken in 2014:* The Company has a central reservations system and is in the 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.
- *Skyline Hospitality rebranding project:* During 2014, the Company started a rebranding project of its

hotels and resorts, whereby the Company is actively upgrading the quality of 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 spaces at Horseshoe Resort; guestroom renovations at Deerhurst Resort; and 114 guestrooms at the Hyatt Regency Arcade in Cleveland, Ohio.

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 within 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 in early December and running through the end of March, and typical summer seasons beginning late in June and ending in 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.

With respect to the Hospitality segment, Horseshoe Resort operations are strong particularly during the winter, while the Deerhurst resort operations are strongest during the third quarter of a fiscal year.

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 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.

VII. Discussion of Operations

Revenue is generated by two broad business units: Hospitality and 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 87.5%, 77.7% and 79.9% of the Company's total revenue for the nine month periods ended September 30, 2014, September 30, 2013 and year ended December 31, 2013, respectively. Development revenue includes the sale of serviced lots, semi-custom single family cottages, and condominiums.

The revenue from the Hospitality and Development segments 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.

VIII. Income Statements and Segmental Analysis:

	FOR THE NINE MONTHS ENDED in September 30,		YEAR ENDED Dec 31,
	2014	**2013**	**2013**
	(Unaudited)	*(Unaudited)*	*(Audited)*
REVENUE			
Sale of condominiums	185	9,265	9,269
Sale of residential condos and lots	3,908	5,617	6,657
Income from investment properties	2,363	1,485	2,362
Hospitality income	53,922	56,324	72,176
Property management fees	63	711	1,032
Timeshare income	1,152	--	45
Other revenue	90	16	41
	61,683	73,418	91,582
EXPENSES AND COSTS			
Cost of sale of condominiums	207	7,153	7,221
Operating expenses of investment properties	1,048	468	1,005
Hospitality operating expenses	46,692	51,491	67,304
Timeshare expenses	999	--	33
Cost of sale of residential condos and lots	3,859	5,805	7,472
Development periodic costs	1,042	1,565	1,706
Depreciation	4,643	3,669	5,303
	58,490	70,151	90,044
GROSS PROFIT	**3,193**	**3,267**	**1,538**
Gain (loss) from fair value adjustments	11,729	17,106	21,567
Selling and marketing expenses	2,403	503	1,459
Administrative and general expenses	3,398	4,213	6,053
PROFIT FROM OPERATIONS	**9,121**	**15,657**	**15,593**
Financial expense	4,839	5,267	7,178
Financial income	(67)	(344)	(566)
Other expense	--	(4)	95
Loss (gain) on sale of investment	--	(1,155)	(1,155)
PROFIT BEFORE INCOME TAXES	**4,349**	**11,893**	**10,041**
Income tax expense (recovery)	1,240	2,915	2,102
PROFIT (LOSS) FOR THE PERIOD	**3,109**	**8,978**	**7,939**
Attributable to:			
Shareholders of the Company	766	3,873	2,858
Non-controlling interest	2,343	5,105	5,081
	3,109	8,978	7,939
BASIC EARNINGS PER SHARE	**0.05**	**0.27**	**0.20**
DILUTED EARNINGS PER SHARE	**0.05**	**0.27**	**0.20**

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
	2,363	4,183	53,985	1,152	61,683
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
	1,048	5,366	50,843	1,233	58,490
SEGMENTED RESULTS	**1,315**	**(1,183)**	**3,142**	**(81)**	**3,193**
Gain (loss) from fair value adjustments					**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					**4,349**

	For the nine months ended September 30, 2013 (unaudited)				
	Investment properties	**Development**	**Hospitality**	**Other**	**Total**
REVENUE					
Sale of condominiums	--	9,265	--	--	9,265
Sale of residential condos and lots	--	5,617	--	--	5,617
Income from investment properties	1,485	--	--	--	1,485
Hospitality income	--	--	56,324	--	56,324
Property management fees	17	--	694	--	711
Other Revenue	14	2	--	--	16
	1,516	14,884	57,018	--	73,418
EXPENSES AND COSTS					
Cost of sale of condominiums	--	7,153	--	--	7,153
Operating expenses of investment properties	468	--	--	--	468
Hospitality operating expenses	--	--	51,491	--	51,491
Cost of sale of residential condos and lots	--	5,805	--	--	5,805
Development periodic costs	--	1,325	240	--	1,565
Depreciation	--	57	3,612	--	3,669
	468	14,340	55,343	--	70,151
SEGMENTED RESULTS	**1,048**	**544**	**1,675**	**--**	**3,267**
Gain (loss) from fair value adjustments					**17,106**
Selling and marketing expenses					**503**
Administrative and general expenses					**4,213**
Financial expense					**5,267**
Financial income					**(344)**
Other expense					**(4)**
Loss (gain) on sale of investment					**(1,155)**
LOSS BEFORE INCOME TAXES					**11,808**

	For the year 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 nine month period ended September 30, 2014 totaled $61,683 compared with $73,418 in the nine month period ended in September 30, 2013 (a decrease of $11,735 or 16%). This decrease is primarily attributable to the decrease in the Development segment of $10,701, a decrease in Hospitality segment of $3,033 and an increase of $878 in the Investment Properties segment. For further comparison between quarters revenue see below:

Development Segment Revenue:

In the current reporting period, the Company recognized revenue of $4,183. A revenue of $860 was recognized from the delivery of nine lots at the Blue Mountain resort, one lot and four cottages at the Deerhurst resort resulted in revenue recognition of $3,048 and a condo at King Edward Hotel **[** (Company's share of 9.07%) compared to a revenue of $14,884 which was recognized during the parallel period last year in which the Company recognized 17% of revenues ($9,265) from the sale of 139 units that were sold and delivered at the King Edward and a revenue of $5,016 from the sale of 13 lots and 4 cottages at the Deerhurst Resort. During the first nine months last year the Company sold and delivered two lots at Port McNicoll which resulted in revenue recognition of $600. The King Edward condos contributed $2,112 to gross profit during the first nine months of 2013 ($1,346 to gross profit in the first quarter, $717 in the second and $49 in the third quarter of 2013).

In July 2014, the Company launched a new $51 million project known as Lakeside Lodge at Deerhurst resort. The project consists of 162 condos, of which 100 of the 162 units have a waterfront view. On November 13, 2014, the Company sold 41 condos in the project (sales materialized after cooling-off period of 10 days by law in Canada.) The Company is in the process of negotiation with banks to secure financing for the project.

Hospitality Segment Revenue:

The change in revenue and expenses in this reporting period resulted mainly from the discontinuance of a proportionate consolidation of King Edward Hotel results of operations in August, 2013, which contributed $1,754 to the group’s revenue in the prior period, a reduction of $80 in Hyatt Regency Arcade revenue following the closure and renovation of 114 rooms at the property (completed in April, 2014 and which resulted in $448 decrease in revenue of the hotel during the first quarter of 2014), an increase in revenue of $732 at the Horseshoe resort mainly due to an increase in rooms, food and beverage results as well as an increase in ski operations, a decrease in revenue of $521 from Deerhurst resort due to a decrease in revenue from rooms and golf operations and a decrease in revenue of $690 from Cosmopolitan Hotel in downtown Toronto, mainly due to reduction in available room inventory from 63 rooms as of September 30, 2013 to 49 as of September 30, 2014. Gross income in the reporting period was 5.8% (compared to a gross income of 2.9% for the parallel period last year). The NOI (excluding restructuring costs) for the Hospitality segment recorded $7,809, which represent 14.5% of the revenue during the reporting period compared to $5,287 during the parallel quarter in 2013.

Investment Property Segment::

The increase in both the revenue and expenses is mostly due to inclusion of Blue Mountain Retail in this reporting period. During this reporting period the Company recognized a fair value adjustment income of $11,729 f (compared to an income of $17,106 for Blue Mountain revaluation during the third quarter of 2013). The Deerhurst Village value adjustment portion was $5,150 due to the Township of Huntsville Planning Department Head’s confirmation in March, 2014 of the Company’s application, considering it “complete”, however there are still some minor outstanding issues that need to be resolved. The Township and the Muskoka Regional Authority 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 $6,900 resulting in fair value adjustment of $5,150 in March 2014 . 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. During the third quarter of 2014, the Company hired independent appraisers for the Blue Mountain Lands and the Retail section, due to market indications, which suggested that their fair value should be adjusted. The appraisal reports concluded there was a place for an increase in fair value of the properties by $6,280 for the Blue Mountain lands, and $1,840 for the Blue Mountain Retail and the reduction of $1,340 in value of the Company’s Port McNicoll lands.

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. The Company has made a number of operational changes, reduced staffing levels of this operation and is in process of relocating its sales and call centre to Horseshoe Resort. Since Vacation Ownership’s inception, the Company spent $2,672 under sales and marketing and $1,125 under general and administrative costs for the timeshare.

Gross Profit/Loss

The gross profit for the period ended September 30, 2014 is $3,193, compared to a gross profit of $3,267 in the reporting period ended in September 30, 2013.

In the period ended in September 30, 2014, the gross rate was 5.18% compared to 4.45% in the parallel reporting period in 2013. This difference in profitability is attributable to the following two matters:

(1) During the reporting period, the Company recognized a gross income of $1,183 from lots and houses sold in the Deerhurst Resort, nine lots that were sold at the Blue Mountain resort. In the same period of 2013, the Company recognized a gross profit of $544 from closing and delivery of 139 condos in the King Edward Hotel and 13 lots and four houses at the Deerhurst Resort.

(2) During the reporting period there was an increase in the gross profit of the Hospitality segment, although there was a reduction in revenue (for more information regarding the increase see segmental revenue, paragraph VIII above). During the reporting period of 2014 the Company commenced restructuring in the Hospitality segment to improve efficiency by reducing costs. The segment's expenses included a one-time expense of $516 from severance pay to employees caused by the restructuring process. Cost of sale for the lots sold at the Deerhurst resort and Blue Mountain included a fair value gain component of$1,138 which was recognized in prior years compared to $1,931 in prior period, which was recognized in prior years.Net of these non-cash cost components, the gross profit for the period ended in September 30, 2014 and September 30, 2013 is $213 and $2,532 correspondingly.

Sales and marketing expenses

Sales and marketing expenses in the period ended in September 30, 2014 are $2,403, compared to $503 in the period ended in September 30, 2013.

The increase in sales and marketing expenses, compared to the same period in 2013, is primarily due to extensive marketing and sales of the vacation ownership program following its launch in October 2013.

Administrative and general expenses

Administrative and general expenses in the period ended September 30, 2014 totaled $3,398, compared to $4,213 in the period ended September 30, 2013, an improvement of $815. The decrease in costs is due to payroll cost reduction of $1,014 compared to a parallel period last year, which also included a payroll expense of $220 that represented President's bonus allowance and from share based compensation to employees in the amount of $650. In addition there was an increase of other general and administrative costs, most of it due to legal expenses amounted to $325 in conjunction with the setup of Vacation Ownership. Since the beginning of 2012, the Company has accrued a provision for the President and Chairman of the Board of Directors compensation totalling approximately $2,427. Payment of this amount is conditional on the approval by special majority of the Company’s shareholders.

Fair Value Adjustment

See “Overview - Income Statement Highlights”, paragraph IV above.

Financing expenses

Financing expenses, net in the period ended in September 30, 2014 were $4,772, compared to $4,923 in the period ended in September 30, 2013. The increase in financial expenses compared to the same period last year is mainly due to the financing costs of the Blue-Mountain retail which was acquired in April 2013 (an increase of $346 in the period ended in September 30, 2014 compared to the parallel period last year). A portion of the decrease was also due to a decrease of $524 in loans from related parties and discontinue of consolidation of King Edward in the financial statements, which resulted a decrease of $258 in the financing expenses during the reporting period compared to the parallel period in 2013.

Income Taxes

In the nine month period ended September 30, 2014 the tax expenses were $1,240, compared to tax expense of $2,915 in the period ended September 30, 2013. Tax expenses which were recorded during the reporting period are due to a gain from fair value adjustments, resulting from the revaluation of an investment properties.

Profit for the period

In the period ended September 30, 2014, the profit of the Company was $3,109, compared to a gain of $8,978 in the period ended September 30, 2013.

A brief analysis by segments of 2014's third quarter results compared to the third quarter of 2013 shows that:

a. The Hospitality segment revenue was $22,046, compared to the third quarter last year in which revenue of $22,598 was generated. The gross profit for the current third quarter was $3,827, reflecting a gross margin of 17% compared to gross profit of $ 2,495 the same quarter of 2013, reflecting a gross margin of about 11%. Segment results benefited primarily as a result of cost containment actions that resulted in $1,908 cost reductions. . Since August 2013, the Company discontinued the consolidation of King Edward and stopped recognizing the revenue from management fees from the hotel, which impact on revenues in the third quarter 2013 amounted to $510. The NOI for the current quarter is $5,253, compared to 3,499 in the parallel period last year. The improvement in the current quarter reflects an increase of about 50% in NOI.

b. Investment Property segment revenues during the third quarter of 2014 are $818 compared to the third quarter last year, during which revenue of $698 was recorded. Gross profit in the current third quarter amounted to $428, reflecting gross margin of approximately 52% compared to gross profit of $409 in the same quarter last year, reflecting a gross margin of approximately 58%.

c. The Development segment revenues during the third quarter of 2014 are $1,015 compared to the third quarter last year, during which revenue of $3,275 was recorded. Gross loss in the current third quarter amounted to $252, reflecting gross loss rate of approximately 25% compared to gross loss of $614 in the same quarter last year, reflecting a gross loss of approximately 19%. Excluding the non-cash cost of $570 in the third quarter of 2014 and $681 in the third quarter of 2013 associated with the fair value gains recognized in prior years , the gross profit of the segment in the third quarter of 2014 is $473 compared to$114 in the third quarter of the last year.

IX. Summary of Quarterly Results:

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 which are, in our opinion, necessary to present a fair statement of the results of operations for the periods presented.

Qarter-by-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)	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013	Q2-2013	Q1-2013	Q4-2012
REVENUE	**24,246**	**18,930**	**18,507**	**18,164**	**26,571**	**20,659**	**26,188**	**17,811**
EXPENSES AND COSTS	**20,364**	**20,236**	**17,890**	**19,893**	**24,281**	**21,619**	**24,251**	**20,118**
GROSS PROFIT (LOSS)	**3,882**	**(1,306)**	**617**	**(1,729)**	**2,290**	**(960)**	**1,937**	**(2,307)**
Gain (Loss) from fair value adjustments	6,642	(3)	5,090	4,461	11	17,228	(133)	1,920
Selling and marketing expenses	785	412	1,206	956	108	101	294	(87)
Administrative and general expenses	1,558	815	1,025	1,840	1,312	1,737	1,164	1,645
PROFIT (LOSS) FROM OPERATIONS	**8,181**	**(2,536)**	**3,476**	**(64)**	**881**	**14,430**	**346**	**(1,945)**
Financial expense	1,463	1,545	1,831	1,911	1,991	1,610	1,666	1,962
Financial income	(29)	(35)	(3)	(222)	(36)	(286)	(22)	(12)
Other (income) expense	--	--	--	99	(4)	--	--	29
Loss (Gain) on sale of investment	--	--	--	--	(1,155)	--	--	184
PROFIT (LOSS) BEFORE INCOME TAXES	**6,747**	**(4,046)**	**1,648**	**(1,852)**	**85**	**13,106**	**(1,298)**	**(4,108)**
Current income tax expense (recovery)	357	--	--	155	276	(78)	78	(409)
Deferred tax expense (recovery)	1,569	(1,004)	318	(968)	(751)	3,771	(381)	(568)
PROFIT (LOSS) FOR THE PERIOD	**4,821**	**(3,042)**	**1,330**	**(1,039)**	**560**	**9,413**	**(995)**	**(3,131)**

X. Additional Financial Information

The Company's assets as of September 30, 2014 totaled $319,221 compared to $296,382 in December 2013.

The total non-current consolidated financial liabilities were $117,455 as of September 30, 2014 compared to $124,798 in December 31, 2013.

XI. 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 (Canada and US).

XII. Liquidity and Cash Flow Analysis

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

CASH FLOW	Nine months ended September 30, 2014 **(Unaudited)**	Nine months ended September 30, 2013 **(Unaudited)**	Year ended December 31, 2013 **(Audited)**
Profit (Loss) for the Period	3,109	8,978	7,939
Net cash provided by operations	(513)	4,367	2,526
Net cash used in investing activities	(7,344)	(13,873)	(2,535)
Net cash used in financing activities	14,990	9,842	1,308
Increase in cash and cash equivalents	7,133	336	1,299
Cash and cash equivalents, beginning of the period	5,578	4,279	4,279
Cash and cash equivalents, end of the period	12,711	4,615	5,578

Cash Flows from Operations

During the nine month period ended September 30, 2014, the Company's negative cash flow from operations was $513 compared to a positive cash flow from operations of $4,367 in the first nine months of 2013, primarily due to a reduction in real estate inventory balances in previous period associated with construction costs of King Edward project incurred in prior years of $7,775.

Cash Flows Used in Investment Activities

During the reporting period, the Company reported a negative cash flow from investing activities of $7,344 primarily due to investments in its property, plant and equipment of $6,456 (including $3,622 invested in the Hyatt Regency Arcade renovation, an amount of $1,860 was invested in the Horseshoe resort renovation and $635 which were invested in the Deerhurst resort, compared to the net investing of $13,873 in the same period of 2013. In April 2013 the Company completed the acquisition of Blue Mountain commercial and development assets for a total consideration of $21,139, during 2013 it invested in property, plant and equipment $3,454 and received $8,000 from loans given to purchasers and proceeds of $3,173 from the partial sale of King Edward.

Cash Flows Used in Financing Activities

In the period ended September 30, 2014, the Company had positive cash flow from financing activities of $14,990 primarily due to the net proceeds of $18,982 of the initial public offering in March 2014. During that period, the Company repaid $3,337 of loans payable (net) and $203 to related parties compared to a positive cash flow from financing activities of $9,842 in the same period last year primarily due to proceeds on loan payable in the amount of $31,412, which was mainly taken in order to finance the Blue Mountain asset acquisition, $9,000 raised as part of private placement of the Company's Common Shares, a repayment of $15,028 to financial institutions and a repayment of $13,301 to related parties.

XIII. Financial Instruments and Off Balance Sheet Arrangements

As at September 30, 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 property, plant and equipment 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 property, plant and equipment exists, except for the Deerhurst Resort Village and Mountain lands valuation (see also Segmental Analysis – Investment Property Segment, paragraph VIII 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.

XIV. 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 reporting period of 2014, the Canadian Dollar weakened by 5.3% compared to the U.S. Dollar and in the parallel period of 2013 the US Dollar appreciated against the Canadian Dollar by 4.6%. 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 Q3 end to the day the consolidated financial statements were signed, the U.S Dollar appreciated against the Canadian Dollar by 1.6%

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 12%, liabilities 14% and equity 9%. 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 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 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