SKYLINE
INTERNATIONAL

Management's Discussion and Analysis

For the period ended March 31, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

May 13, 2015

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, 2015 compared to the three months ended March 31, 2014 and twelve months ended in December 31, 2014 (when applicable). References to “the Company”, “we”, “us” or “our” are to be taken as reference to Skyline International Development Inc.

Our interim consolidated financial statements for the three months ended March 31, 2015 have been prepared in accordance with International Financial Reporting Standards, using accounting policies adopted by the Company. These accounting policies are based on the International Accounting Standards, International Financial Reporting Standards and IFRS Interpretations Committee interpretations (collectively, "**IFRS**") that are applicable to the Company, and are the same used in preparation of the December 31, 2014 audited consolidated financial statements. The financial statements for the three months ended in March 31, 2015 are prepared on the basis of all available information up to May 13, 2015. Amounts discussed below are based on our interim consolidated financial statements for three months ended March 31, 2015 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 most recent audited consolidated financial statements for the year ended December 31, 2014 (the “**Audited Financial Statements**”); and
- our annual information form for the year ended December 31, 2014 (the “**Annual Information Form**”).

The documents outlined above, and additional information relating the Company, 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 – IFRS MEASURES

All financial information has been prepared in accordance with IFRS. However, this MD&A also contains certain non-IFRS financial measures including net operating income (“**NOI**”). These measures are commonly used by entities in our industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

NOI is used by industry analysts, investors and management to measure operating performance of Canadian companies. NOI represents revenue from properties less property operating expenses as presented in the consolidated statements of income and comprehensive income prepared in accordance with IFRS, except for adjustments related to IFRS Interpretations Committee 21, Levies.

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.

I. Overview

The Company is recognized as a leading operator and developer of hotel and resort communities in Canada. Over the past six 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 on December 19, 2014. For additional information see Business Highlights below.

In December 2013, the Company was recognized within the Canadian hotel industry with a Pinnacle Award for “Regional Company of the Year” and in 2013 and 2014 was named one of Canada’s Best Managed Companies by Canadian Imperial Bank of Commerce and Deloitte LLP. The Company owns and/or 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 Company’s (final) non-offering long form prospectus dated May 14, 2014, the Company obtained a receipt from the Ontario Securities Commission, and became a public issuer in Ontario, Canada.

On February 24, 2015, following the filing of the shelf prospectus, the Company received a receipt from the Israeli Securities Authority to publish a shelf prospectus and offer bonds (the “**Bonds**”) on the Tel Aviv Stock Exchange. The Shelf Prospectus was filed with the Israel Securities Authority for the purpose of the sale of securities. The intention of the Shelf Prospectus is to allow the Company to more quickly access capital when market opportunities permit.

The Shelf Prospectus is valid for two years, and can thereafter be extended for an additional year, during which time the Company may offer and issue, from time to time, common shares , bonds or any other securities

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. On October 15, 2014, the Company signed a binding term sheet with the third party, which replaces the original agreement signed on February 26, 2014 regarding the acquisition of the assets of Blue Mountain village. The Company and the third party will acquire the developable lands from Blue Mountain Development Inc. The majority portion of lands which will be acquired by the third party, from Blue Mountain Development Inc., will be subsequently sold to the Company. As part of that transaction, the Company will issue to the third party Common Shares for approximately 1.43% of the outstanding shares of the Company, and also provide the third party with a one year option to purchase additional Common Shares at a nominal value for total consideration of approximately $2,900 The transaction is expected to close during the month of May 2015. For additional information, see note 39 to the Audited Financial Statements.
- During 2014 the company had bid on a few hospitality properties. Even though we believed the Company offered the best possible prices, we were outbid by a big margin. In our view this margin represents values much higher than those that can be offered using traditional income approach appraisals, and it

demonstrates that currently there is a sellers' market. Therefore, in April 2015 the board of directors decided that the company should take advantage of the current market conditions and look for potential buyers for some of its hospitality properties at prices significantly above book value. The proceeds from disposition of these hospitality assets will be used, in part, to look for new opportunities.

- During the reporting period ended March 31, 2015, the Company invested $590 in renovations and upgrades of its hospitality assets.
- 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 also achieved on improvements at its downtown Toronto and Cleveland properties.
- On May 7, 2015, the Company, entered into irrevocable agreement of purchase and sale to sell its real estate holdings at one of its hospitality properties, which is presented as "held for sale" , to an unrelated third party for a total consideration of $12,950. As of March 31, 2015 the balance of loan mortgaged on the property is $2,960, which is presented in the current liabilities. The closing is expected to occur during the third quarter of 2015, which will result in a positive cash flow of $9,500.
  As per the agreement, on May 11, 2015, the buyer paid an irrevocable advance of $1,000. The balance of the consideration will be paid upon closing of the transaction and is subject to receipt of all necessary approvals for the transfer of rights in the property, including the regulatory approvals for the transfer of rights and assignment of all rights in as set forth in the agreement.

III. Balance Sheet Highlights

- Shareholders' equity as of March 31, 2015 was $158,652 (approximately 47% of total assets) compared to the equity as at March 31, 2014, which was $154,623 (approximately 48.5% of total assets). The equity as at December 31, 2014 was $157,975. The equity increase between the current reporting period and the year ended December 31, 2014 was primarily due to an increase of $1,474 in foreign exchange translation and a decrease of $802 in retained earnings (Company's shareholders portion).
- The consolidated balance sheet assets of the Company as of March 31, 2015 totaled $334,044 compared to $318,206 as of March 31, 2014 (an increase of 5%) and $335,364 as of December 31, 2014. The decrease compared to December 31, 2014 is primarily due to a decrease in cash and cash equivalents of $5,764 (mainly due to repayment of loans to related parties in the amount of $5,674), an increase of $2,883 in property plant and equipment ($590 due to direct investment in property plant and equipment, an increase of $3,664 due to foreign exchange differences and a decrease of $1,227 represents the amortization expense during the reporting period) and an increase of $1,706 in the real estate inventory (mainly due to investments in the Copeland House project at Horseshoe resort). During the reporting period the Company classified one of its hotels from Property, plant and equipment, at fair value (Non-current asset) to Property held for sale (Current asset), as required according to IFRS 5. For more information see Business Highlights above and the notes of the consolidated financial statements for March 31, 2015.

IV. Income Statement Highlights

- Revenue during the period ended in March 31, 2015 totaled $24,518 compared to $18,507 revenue result during the first quarter ended in March 31, 2014.
- The gross profit for the three-month period ended March 31, 2015 was $2,684 (11% of revenue), compared with gross revenue of $617 (3.3% of the revenue) in the three-month period ended in March 31, 2014.
- In the first quarter ended March 31, 2015, the Company did not record a revenue from the Development segment (see paragraph VI below) compared to a revenue of $294 recorded in the parallel quarter last year.
- In the three-month period ended March 31, 2015, revenue from the Hospitality segment (see paragraph VI below) was $23,285 compared to $17,205 in the parallel period ended March 31, 2014.
- The Investment Property segment's (see paragraph VI below) revenue in the three-month period ended March 31, 2015 was $852 compared to $760 in the parallel period ended March 31, 2014.
- During the period ended March 31, 2015, the Company recognized a negative fair value adjustment of $59 (compared to a gain of $5,090 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. As a result, the Company recognized during the year a gain from fair value adjustment of $5,090. 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.

- For further information, see Income Statements and 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.

- During the three months March 31, 2015, the decrease in net cash from operations was $1,031 compared to a decrease of $450 in the three-month period ended in March 31, 2014.
- During the three months March 31, 2015, the decrease in net cash used in investing activities was $666 versus $2,325 in the period ended March 31, 2014.
- During the three months March 31, 2015, the decrease in net cash provided by financing activities was $3,993 compared to an increase of $18,511 in the three-month period ended March 31, 2014.
- For further information, see Liquidity and Cash Flow Analysis set forth on paragraph XII, below. **[**

VI. 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 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.

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 has a competitive advantage in the market due to:

- *Enhancements it has undertaken in 2015 and 2014:* The Company has a central reservations system, located at one of its properties, and is constantly improving 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.

A*ccessibility 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 Bear Valley Resorts vs 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. During the third quarter of 2013 the Company 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 in Ontario, Canada and Bear Valley Resort in California, USA operations are strong particularly during the winter, while the Deerhurst resort operations are strongest during the third quarter of our 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 three broad business units: Hospitality, Development and Investment Properties. 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 95%, 93% and 89% of the Company's total revenue for the periods ended March 31, 2015, March 31, 2014 and year ended December 31, 2014, respectively. Development revenue includes the sale of serviced lots, semi-custom single family cottages, and condominiums. The Investments Properties segment's revenue is mainly generated from Company's income producing properties at the Blue Mountain Resort, the Hyatt Regency Hotel in Cleveland and an investment property located at the Pantages Hotel in Downtown Toronto.

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 three months ended		For the year ended
	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014
	(Unaudited)	*(Unaudited)*	*(Audited)*
REVENUE			
Sale of condominiums	--	119	185
Sale of residential condos and lots	--	175	3,914
Income from investment properties	852	760	3,183
Hospitality income	23,224	17,188	71,101
Property management fees	61	17	343
Timeshare income	381	248	1,474
Other revenue	--	--	125
	24,518	18,507	80,325
EXPENSES AND COSTS			
Cost of sale of condominiums	--	158	207
Operating expenses of investment properties	368	310	1,256
Hospitality operating expenses	19,621	15,574	62,211
Timeshare expenses	306	92	1,364
Cost of sale of residential condos and lots	3	134	3,998
Development periodic costs	244	133	1,047
Depreciation	1,292	1,489	5,410
	21,834	17,890	75,493
GROSS PROFIT	**2,684**	**617**	**4,832**
Gain (loss) from fair value adjustments	(59)	5,090	13,891
Selling and marketing expenses	526	1,206	3,212
Administrative and general expenses	1,062	1,025	3,390
PROFIT FROM OPERATIONS	**1,037**	**3,476**	**12,121**
Financial expense	1,770	1,831	6,555
Financial income	(17)	(3)	(180)
PROFIT BEFORE INCOME TAXES	**(716)**	**1,648**	**5,746**
Income tax expense (recovery)	94	318	1,550
PROFIT (LOSS) FOR THE PERIOD	**(810)**	**1,330**	**4,196**
Attributable to:			
Shareholders of the Company	(802)	1,325	1,689
Non-controlling interest	(8)	5	2,507
	(810)	1,330	4,196
BASIC EARNINGS PER SHARE	**(0.05)**	**0.09**	**0.10**
DILUTED EARNINGS PER SHARE	**(0.05)**	**0.09**	**0.10**

	For the three months ended March 31, 2015 (Unaudited)				
	Investment Properties	Development	Hospitality	Other	Total
REVENUE					
Income from investment properties	852	--	--	--	852
Hospitality income	--	--	23,224	--	23,224
Property management fees	--	--	61	--	61
Timeshare income	--	--	--	381	381
	852	--	23,285	381	24,518
EXPENSES AND COSTS					
Operating expenses of investment properties	368	--	--	--	368
Hospitality operating expenses	--	--	19,621	--	19,621
Timeshare expenses	--	--	--	306	306
Cost of sale of residential condos and lots	--	3	--	--	3
Development periodic costs	--	244	--	--	244
Depreciation	--	17	1,220	55	1,292
	368	264	20,840	361	21,834
SEGMENTED RESULTS	**484**	**(264)**	**2,445**	**20**	**2,684**
Gain (loss) from fair value adjustments	(59)	--	--	--	**(59)**
Selling and marketing expenses					**526**
Administrative and general expenses					**1,062**
Financial expense					**1,770**
Financial income					**(17)**
PROFIT BEFORE INCOME TAXES					**(716)**

	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	--	--	--	310
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	115	90,044
SEGMENTED RESULTS	**450**	**(183)**	**217**	**133**	**617**
Gain (loss) from fair value adjustments	5,090	--	--	--	**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					**1,648**

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

Revenue:

Revenue in the three-month period ended March 31, 2015 totaled $24,518 compared with $18,507 in the three-month period ended in March 31, 2014 (an increase of $6,011 or 25%). This increase is primarily attributable to the increase in the Hospitality segment which increased by $6,080 compared to the parallel period last year. For further comparison between periodic revenue see below.

Development Segment Revenue:

In the current reporting period, the Company did not recognize a revenue from the development segment compared to a revenue of $294 which was recognized during the parallel period last year in which the Company recognized a revenue from sale of a lot at Deerhurst Resort in the amount of $175 and a revenue of $119 from selling a condo (Company's proportional portion from the total sale revenue) at King Edward Hotel.

In July 2014, the Company launched a new $52 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. As of May 13, 2015, the Company sold 41 condos in the project (firm sales after cooling-off period of 10 days by law in Ontario.) The Company is in the process of negotiation with banks to secure financing for the project. The Company will continue presale activities during the late spring of 2015.

During 2012, the Company launched the first phase of Horseshoe Village condos (Copeland House 1). As of March 31, 2015, the Company has sold 58 out of 67 units with an expected revenue of $18.6 million. Construction of Copeland House 1 started during October 2014 and the Company secured $12.3 million in construction funding. The project is expected to be completed by December 2015. As of March 31, 2015, the cost to date is $4.3 million.

Hospitality Segment Revenue:

The change in revenue and expenses in this reporting period resulted mainly from the consolidation of Bear Valley Resort, California, USA results, which contributed $4,571 to the Company's revenue, while there was an increase of $1,465 in revenue from existing properties. During the reporting period an increase of $1,029 in revenue from Hyatt Regency Arcade, Cleveland USA was recorded (of it $363 due to foreign exchange). Company's management believes that the real increase of $666 was due to the renovation conducted at the hotel during the first quarter of 2014. During the reporting period the Company promoted the Deerhurst Resort, whose low season is during the winter months, that promotion contributed an addition of $559 (an increase of 13% in the resort revenue compared to the parallel period last year) to the hospitality segment revenue. Gross income rate in the reporting period was 10.5% (compared to a gross income of 1.3% for the parallel period last year). The NOI (excluding restructuring costs and amortization) for the Hospitality segment recorded $3,664, which represent 15.7% of the Hospitality revenue segment during the reporting period compared to $1,631 recorded in the first quarter of 2014, which represent 9.5% of the hospitality revenue.

Investment Property Segment:

The increase in both the revenue and expenses is mostly due to increase in Blue Mountain occupancy rate. During the reporting period of 2015 the Company recognized a fair value negative adjustment of $59 (compared to a gain of $5,090 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. As a result the company recognized during the year a gain from fair value adjustment of $5,090. 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. It is envisioned for a mixed-use residential and commercial development of 47.13 acres for 640 residential units and approximately 46,758 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. The Company has made a number of operational changes and reduced staffing levels of this operation. Since Vacation Ownership's inception, the Company spent $3,439 under sales and marketing and $1,221 under general and administrative costs for the timeshare.

Gross Profit/Loss

The gross profit for the first quarter, ended March 31, 2015 is $2,684, which represents an increase of 435% compared to a gross profit of $617 in the parallel period last year.

In the first quarter ended in March 31, 2015, the gross rate was 11% compared to 3.3% in the parallel reporting period ended in March 31 2014. The difference in profitability between the first quarter of 2015 and the first quarter of 2014 is attributable to the following three matters:

(1) During the reporting period, the Company consolidated the operation of Bear Valley Resort, California, USA, which contributed $684 to the gross revenue.

(2) During 2014 the Company invested significant efforts to minimize the costs, mainly in the Hospitality segment. Those efforts started bearing fruit during the second quarter of 2014. In the first quarter of 2015 the company managed to increase its gross revenue from Hospitality segment by $691, which represents both special promotions the company conducted to increase revenue (i.e. Deerhurst Resort – see above) and costs reduction.

(3) The renovation at the Hyatt Regency at the Arcade, Cleveland occurred during the first quarter of 2014 bore fruit, and resulted in $565 contribution to the gross revenue. As a side note, the average US Dollar rate in the first quarter of 2015 is 1.2412 (CAD to USD), compared to the average US Dollar rate in the parallel quarter last year which was: 1.1033 (CAD to USD) – an increase of 12.5%. That increase contributed $20 to the gross revenue.

Sales and marketing expenses

Sales and marketing expenses in the period ended in March 31, 2015 were $526, compared to $1,206 recorded during the period ended in March 31, 2014.

The decrease in sales and marketing expenses, compared to the same period in 2014, is primarily due to extensive marketing and sales in the first quarter of 2014 attributed to the vacation ownership program following its launch in October 2013.

Administrative and general expenses

Administrative and general expenses during the period ended March 31, 2015 totaled $1,062, compared to $1,025 during the first quarter ended March 31, 2014. The increase in costs during the reporting period is due to increase of $159 in legal costs due to preparation of the shelf prospectus, due to a litigation costs in Israel and a payment of $30 participation fee to the OSC. Since the Company became a reporting issuer in Ontario, Canada, it recorded an increase in audit fees of $65 during the reporting period compared to the parallel period last year. In addition, compared to the parallel period last year, the Company recorded a decrease of $126 in payroll expenses, a decrease of $45 in office expenses and a decrease of $31 in insurance expenses.

Fair Value Adjustment

See "Overview - Income Statement Highlights", paragraph IV above.

Financing expenses, net

Financing expenses, net in the period ended in March 31, 2015 were $1,753, compared to $1,828 recorded during the period ended in March 31, 2014. The decrease in financial expenses, net compared to the same period last year is mainly due to a decrease of financial expenses due to loans repayment to related parties in the amount of $5,674 during the first quarter of 2015.

Income Taxes

Company's tax expenses in the first quarter ended March 31, 2015 were $94, compared to tax expense of $318 in the parallel quarter ended March 31, 2014.

Profit for the period

In the first quarter ended March 31, 2015, the loss of the Company was $810, compared to a gain of $1,330 in the parallel quarter ended March 31, 2014.

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.

Quarter-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)	Q1-2015	Q4-2014	Q3-2014	Q2-2014
REVENUE	**24,518**	**18,642**	**24,246**	**18,930**
EXPENSES AND COSTS	**21,834**	**17,003**	**20,364**	**20,236**
GROSS PROFIT (LOSS)	**2,684**	**1,639**	**3,882**	**(1,306)**
Gain (Loss) from fair value adjustments	(59)	2,162	6,642	(3)
Selling and marketing expenses	526	809	785	412
Administrative and general expenses	1,062	(8)	1,558	815
PROFIT (LOSS) FROM OPERATIONS	**1,037**	**3,000**	**8,181**	**(2,536)**
Financial expense	1,770	1,716	1,463	1,545
Financial income	(17)	(113)	(29)	(35)
PROFIT (LOSS) BEFORE INCOME TAXES	**(716)**	**1,397**	**6,747**	**(4,046)**
Income tax (expense) recovery	(94)	(310)	(1,926)	1,004
PROFIT (LOSS) FOR THE PERIOD	**(810)**	**1,087**	**4,821**	**(3,042)**
Basic and diluted earnings per share	**(0.05)**	**0.05**	**0.15**	**(0.19)**

(in thousands of Canadian Dollars)	Q1-2014	Q4-2013	Q3-2013	Q2-2013
REVENUE	**18,507**	**18,164**	**26,571**	**20,659**
EXPENSES AND COSTS	**17,890**	**19,893**	**24,281**	**21,619**
GROSS PROFIT (LOSS)	**617**	**(1,739)**	**2,290**	**(960)**
Gain (Loss) from fair value adjustments	5,090	4,461	11	17,228
Selling and marketing expenses	1,206	956	108	101
Administrative and general expenses	1,025	1,840	1,312	1,737
PROFIT (LOSS) FROM OPERATIONS	**3,476**	**(64)**	**881**	**14,430**
Financial expense	1,831	1,911	1,991	1,610
Financial income	(3)	(222)	(36)	(286)
Other (income) expense	--	99	(4)	--
Loss (Gain) on sale of investment	--	--	(1,155)	--
PROFIT (LOSS) BEFORE INCOME TAXES	**1,648**	**(1,852)**	**85**	**13,106**
Income tax (expense) recovery	(318)	(813)	(475)	3,693
PROFIT (LOSS) FOR THE PERIOD	**1,330**	**(1,039)**	**560**	**9,413**
Basic and diluted earnings per share	**0.09**	**(0.06)**	**0.04**	**0.29**

The Company's results of operation are driven by its segmented activity. The Hospitality segment is seasonal in nature, with the first and third quarters typically the strongest, and the second quarter the weakest. Compared to the Investment properties segment that has almost no seasonal effects, performance of which is mostly driven by leasing activities. The results of operation of the Development segment are driven by construction progress, timing of statutory approvals, and the pace of sales.

X. Additional Financial Information

The Company’s assets as of March 31, 2015 totaled $334,044 compared to $335,364 in December 2014.

The total non-current consolidated financial liabilities were $129,615 as of March 31, 2015 compared to $133,040 in December 31, 2014.

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.. For more information please see Business Highlights above.

XII. Liquidity and Cash Flow Analysis

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

CASH FLOW	Period ended March 31, 2015 **(Unaudited)**	Period ended March 31, 2014 **(Unaudited)**	Year ended December 31, 2014 **(Audited)**
Profit (Loss) for the period	(810)	1,330	4,196
Net cash provided (used) by operations	(1,031)	(450)	(110)
Net cash used in investing activities	(666)	(2,325)	(12,106)
Net cash used in financing activities	(3,993)	18,511	23,400
(1) Foreign Exchange translation of foreign operations	(74)	-	(1,820)
Increase (Decrease) in cash and cash equivalents	(5,764)	15,736	9,364
Cash and cash equivalents, beginning of the period	14,942	5,578	5,578
Cash and cash equivalents, end of the period	9,178	21,314	14,942

Cash Flows from Operations

During the period ended March 31, 2015, the Company’s negative cash flow from operations was $1,031 compared to a negative cash flow from operations of $2,325 in the parallel quarter ended March 31, 2014, primarily due to an investment of $1,390 in real estate inventory of Copeland House project at Horseshoe Resort.

Cash Flows Used in Investment Activities

During the reporting period, the Company reported a negative cash flow from investing activities of $666 primarily due to investments in its property, plant and equipment of $590 and some additions to investment properties resulted in cash outflow of $76. During the parallel period last year, the Company reported a negative cash flow from investing activities of $2,325 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 from Financing Activities

As for the first quarter ended in March 31, 2015, the Company had a negative cash flow from financing activities of $3,993 primarily due to repayment of loans to related parties in the amount of $5,674 while there was a positive inflow of cash due to net proceeds from loans in the amount of $1,410 and an increase in tenants deposits in the amount of $271. In the period ended March 2014 the Company had positive cash flow from financing activities of $18,511 mainly due to the proceeds of $19,218 (net of costs) of the initial public offering in March 2014. During that period, the Company repaid $248 of loans payable (net) and $203 to related parties.

XIII. Financial Instruments and Off-Balance Sheet Arrangements

As at March 31, 2015, 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.

XIV. 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 three months ended March 31, 2015, there has been no change in the provisions in respect of claims.

3. Sale of asset

During the first quarter of 2015, following the decsion made by the Board of Directors, the Company engaged with real estate brokerage to sell one of its hotels, and as such, the Company classified the asset as "held for sale" in accordance with IFRS 5. For more information see Business Highlights above.

XV. 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: As of March 31, 2015 (compared to December 31, 2014), the Canadian dollar weakened by 9.2% compared to the U.S. Dollar and in the parallel period of 2014 the US dollar appreciated against the Canadian dollar by 3.9%. For more information regarding the influence of the foreign exchange rate on

Company’s equity read note 34 in the annual consolidated financial statements. From March 31, 2015 to May 13, 2015, the Canadian dollar appreciated against the U.S dollar by 5%

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 15%, liabilities 20% and equity 10%. 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 such risk factors impacting our business and financial results is included in our Annual Information Form 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*"	"*Michael Sneyd*"	"*Vadim Shub*"
Gil Blutrich	**Michael Sneyd**	**Vadim Shub**
Chairman	CEO	CFO

May 13, 2015