SKYLINE
INTERNATIONAL

Management's Discussion and Analysis

For the period ended June 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 12, 2015

Introduction

The following discussion summarizes significant factors affecting the consolidated operating results and financial condition of Skyline International Development Inc. for the six and three months ended June 30, 2015 compared to the six and three months ended June 30, 2014 and twelve months ended 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 six and three months ended June 30, 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 six and three months ended June 30, 2015 are prepared on the basis of all available information up to August 12, 2015. Amounts discussed below are based on our interim consolidated financial statements for the six and three months ended June 30, 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 U.S. 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. As at June 30, 2015, 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 an arm's length third party to purchase its ownership interest (40%) in the assets of Blue Mountain village for \$15,400 and become the owner of 100% of the property. The parties agreed to complete the transaction within 90 days, subject to conditions precedent customary to this type of transaction including securing the required financing by the Company and release of the vendor from its obligations. On October 15, 2014, the parties entered into a binding term sheet. This term sheet was terminated in June, 2015.
- In April 2015, the Board decided that it would be in the best interest of the Company to take advantage of the current market conditions and look for potential buyers for some of its hospitality properties at prices significantly above book value. That decision was made after considering the Company's experience of bidding on a few hospitality properties in 2014. Even though management believes the Company offered the best possible prices, the Company was 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, following the Board's decision, management launched a sales program for the purpose of selling some of the Company's properties that are best positioned for disposition. These properties are classified as held for sale in the Company's financial statements. The proceeds from disposition of these properties will be used, in part, to look for new investment opportunities.

- During the six and three months ended June 30, 2015, the Company invested $1,625 and $1,035 respectively in renovations and upgrades of its hospitality assets.
- During the three months ended June 30, 2015, the Company continued its efforts to improve hospitality operations. As a result, the Company improved operational results at its largest properties (Deerhurst and Horseshoe Resorts) compared to the same period last year and also improved operational results at its downtown Toronto and Cleveland properties.
- In May 2015, Skyline Blue Mountain Village Inc, a subsidiary of the Company, entered into an agreement of purchase and sale with an arm's length third party to sell two parcels of land at the Blue Mountain Resort for a total consideration of $8,000. The transaction was successfully completed on June 17, 2015.
- On May 7, 2015, the Company entered into an irrevocable agreement of purchase and sale to sell its real estate holdings of Cosmopolitan Hotel located in downtown Toronto to an arm's length third party for a total consideration of $12,950. As of June 30, 2015 the balance of loan mortgaged on the property is $2,915, which is presented in the current liabilities. As per the agreement, on May 11, 2015, the buyer paid an irrevocable advance of $1,000. The transaction was successfully completed on July 8, 2015.
- On June 29, 2015, one of the Company's subsidiaries entered into a purchase and sale agreement with an arm's length third, unrelated party, to acquire a hotel in downtown Cleveland, Ohio, USA for a total consideration of $24,400 ($18,650 USD). On June 30, 2015, the Company paid a non-refundable deposit of $620 ($500 USD), on behalf of this subsidiary. On August 7, 2015 after waiving the due diligence conditions, Skyline paid an additional non-refundable deposit of $1,300 ($1,000 USD). Closing of this transaction is expected to conclude in October 2015.
  The acquired hotel building is 873,000 sq. ft. (approximately 81,000 square meters), includes 491 rooms, 65,000 sq. ft of event and meeting space including 34 meeting rooms, a number of restaurants, and 304 vehicle parking garage.

III. Balance Sheet Highlights

- Shareholders' equity as of June 30, 2015 was $158,250 (approximately 46% of total assets) compared to the equity as at June 30, 2014, which was $150,712 (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 $1,321 in foreign exchange translation, a decrease of $1,817 in retained earnings (Company's shareholders portion), an increase in non-controlling interest balance of $651 (attributable mainly to the increase in fair value of lands at Blue Mountain Resort) and an increase of $91 in revaluation surplus (attributable to revaluation of the Pantages Hotel)
- The consolidated balance sheet assets of the Company as of June 30, 2015 totaled $346,750 compared to $310,854 as of June 30, 2014 and $335,364 as of December 31, 2014. The increase compared to December 31, 2014 is primarily due to a decrease in cash and cash equivalents of $3,548 (mainly due to repayment of loans to related parties in the amount of $8,598, $4,596 due to the development of the Copeland House project at Horseshoe resort, $1,625 investment in property plant and equipment and cash inflow due to purchasers deposits of $2,637 and $14,107 inflow due to new loans and other activities. For more information see cash flow statements), an increase of $2,602 in property plant and equipment ($1,625 due to direct investment in property plant and equipment, an increase of $2,992 due to foreign exchange differences and a decrease of $2,506 represents the amortization expense during the reporting period) and an increase of $4,596 in the real estate inventory (mainly due to investments in the Copeland House project at Horseshoe resort). During the reporting period, the Company classified some of its hotels and developable land holdings with a cumulative value of $43,997 as "Property held for sale" (part of current assets) which were previously reported as "Property, Plant and Equipment", and "Investment property", (part of Non-current assets), in accordance with IFRS 5. For more information, see Section II - *Business Highlights* above and the notes of the consolidated financial statements for June 30, 2015.

IV. Income Statement Highlights

- Revenues during the six and three months ended June 30, 2015 totaled $42,550 and $18,032, respectively, compared with revenues of $37,437 and $18,930, respectively, for the corresponding 2014 periods.
- Gross profit (loss) during the six and three months ended June 30, 2015 were $3,044 (7.2% of revenue) and ($689), respectively, compared with gross profits of $360 (2% of the revenue) and ($1,306) respectively, for the corresponding 2014 periods. The improvement of the gross profit is attributed to the Hospitality segment, as each and every hospitality property achieved better results compared to 2014.
- In the six months ended June 30, 2015, the Company did not record a revenue from the Development segment (see Section VI - *Factors Affecting Performance* below) compared to a revenue of $3,167 recorded in the six months ended June 30, 2014 and $2,873 recorded in the three months ended June 30, 2014.
- In the six and three months ended June 30, 2015, revenue from the Hospitality segment (see Section VI - *Factors Affecting Performance* below) was $40,281 and $16,996, respectively compared to $31,940 and $14,735, respectively in the corresponding periods ended June 30, 2014.
- In the six and three months ended June 30, 2015, revenues from the Investment Property segment (see Section VI - *Factors Affecting Performance* below) were $1,703 and $851, respectively, compared to $1,545 and $785, respectively, in the corresponding periods ended June, 2014.
- During the six months ended June 30, 2015, the Company recognized a gain from fair value adjustment of $2,152 compared to a gain of $5,087 in the same period in 2014.
- For further information, see Section VIII - *Income Statements and Segmental Analysis*.

V. Cash Flow Statement Highlights

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

- During the six and three months ended June 30, 2015, the decrease in net cash from operations was $7,142 and $6,111, respectively compared to a decrease of $1,868 and $1,418, respectively in the corresponding periods ended in June 30, 2014, primarily due to the construction costs of a condominium building at Horseshoe resort, that is expected to be completed by December 2014.
- During the six and three months ended June 30, 2015, the decrease in net cash used in investing activities was $1,862 and $1,196, respectively compared to a decrease of $5,721 and 3,396, respectively, in the corresponding periods ended in June 30, 2014.
- During the six months ended June 30, 2015, the increase in net cash provided by financing activities was $5,403 compared to an increase of $16,435 in the six month period ended June 30, 2014. For the three months ended June 30, 2015, $9,396 of positive inflow was recorded compared to negative $2,076 outflow in the corresponding period ended June 30, 2014. The positive cash flow from financing activities is due to the refinancing of a number of land holdings in 2015 compared to the proceeds from the public raise of capital in 2014.
- For further information, see Section XII - *Liquidity and Cash Flow Analysis* below.

VI. Factors Affecting Performance

Real Estate Development for Sale segment ("Development")

Competitive Conditions

The Company has extensive real estate holdings at its resorts in Muskoka and Oro-Medonte, Ontario, Canada and in Port McNicoll and Blue Mountain, Ontario, Canada. Real estate operations, through Skyline Resort Communities, a wholly-owned subsidiary of the Company, 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 Section 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 Section I - *Overview* above), and 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, U.S.

Accessibility from major metropolitan areas

Ontario, Canada 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%, 85% and 89% of the Company’s total revenue for the periods ended June 30, 2015, June 30, 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 and the Hyatt Regency Hotel in Cleveland.

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 six months ended		For the year ended
	June 30,	June 30,	Dec 31,
	2015	2014	2014
	(Unaudited)	*(Unaudited)*	*(Audited)*
REVENUE			
Sale of condominiums	--	119	185
Sale of residential condos and lots	--	3,048	3,914
Income from investment properties	1,703	1,545	3,183
Hospitality income	40,188	31,896	71,101
Property management fees	93	43	343
Timeshare income	566	785	1,474
Other revenue	--	1	125
	42,550	37,437	80,325
EXPENSES AND COSTS			
Cost of sale of condominiums	--	158	207
Operating expenses of investment properties	718	658	1,256
Hospitality operating expenses	35,250	29,899	62,211
Timeshare expenses	464	624	1,364
Cost of sale of residential condos and lots	13	3,011	3,998
Development periodic costs	555	827	1,047
Depreciation	2,506	2,949	5,410
	39,506	38,126	75,493
GROSS PROFIT	**3,044**	**(689)**	**4,832**
Gain (loss) from fair value adjustments	2,152	5,087	13,891
Selling and marketing expenses	937	1,618	3,212
Administrative and general expenses	1,857	1,840	3,390
PROFIT FROM OPERATIONS	**2,402**	**940**	**12,121**
Financial expense	3,641	3,376	6,555
Financial income	(17)	(38)	(180)
PROFIT BEFORE INCOME TAXES	**(1,222)**	**(2,398)**	**5,746**
Income tax expense (recovery)	(56)	(686)	1,550
PROFIT (LOSS) FOR THE PERIOD	**(1,166)**	**(1,712)**	**4,196**
Attributable to:			
Shareholders of the Company	(1,807)	(1,734)	1,689
Non-controlling interest	651	22	2,507
	(1,166)	(1,712)	4,196
BASIC EARNINGS PER SHARE	**(0.11)**	**(0.10)**	**0.10**
DILUTED EARNINGS PER SHARE	**(0.11)**	**(0.10)**	**0.10**

	For the three months ended June 30, 2015 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE (PLEASE FIX THE FONT)					
Income from investment properties	851	--	--	--	851
Hospitality income	--	--	16,964	--	16,964
Property management fees	--	--	32	--	32
Timeshare income	--	--	--	185	185
	851	--	16,996	185	18,032
EXPENSES AND COSTS					
Operating expenses of investment properties	350	--	--	--	350
Hospitality operating expenses	--	--	15,629	--	15,629
Timeshare expenses	--	--	--	158	158
Cost of sale of residential condos and lots	--	10	--	--	10
Development periodic costs	--	311	--	--	311
Depreciation	--	17	1,197	--	1,214
	350	338	16,826	158	17,672
SEGMENTED RESULTS	**501**	**(338)**	**170**	**27**	**360**
Gain (loss) from fair value adjustments	2,211	--	--		**2,211**
Selling and marketing expenses					**411**
Administrative and general expenses					**795**
Financial expense					**1,871**
PROFIT BEFORE INCOME TAXES					**(506)**

	For the three months ended June 30, 2014 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of residential condos and lots	--	2,873	--	--	2,873
Income from investment properties	785	--	--	--	785
Hospitality income	--	--	14,708	--	14,708
Property management fees	--	--	27	--	27
Timeshare income	--	--	--	537	537
	785	2,873	14,735	537	18,930
EXPENSES AND COSTS					
Operating expenses of investment properties	348	--	--	--	348
Hospitality operating expenses	--	--	14,325	--	14,325
Timeshare expenses	--	--	--	532	532
Cost of sale of residential condos and lots	--	2,877	--	--	2,877
Development periodic costs	--	694	--	--	694
Depreciation	--	51	1,311	98	1,460
	348	3,622	15,636	630	20,236
SEGMENTED RESULTS	**437**	**(749)**	**(901)**	**(93)**	**(1,306)**
Gain (loss) from fair value adjustments	(3)	--	--		**(3)**
Selling and marketing expenses					**412**
Administrative and general expenses					**815**
Financial expense					**1,545**
Financial income					**(35)**
PROFIT BEFORE INCOME TAXES					**(4,046)**

	For the six months ended June 30, 2015 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Income from investment properties	1,703	--	--	--	1,703
Hospitality income	--	--	40,188	--	40,188
Property management fees	--	--	93	--	93
Timeshare income	--	--	--	566	566
	1,703	--	40,281	566	42,550
EXPENSES AND COSTS					
Operating expenses of investment properties	718	--	--	--	718
Hospitality operating expenses	--	--	35,250	--	35,250
Timeshare expenses	--	--	--	464	464
Cost of sale of residential condos and lots	--	13	--	--	13
Development periodic costs	--	555	--	--	555
Depreciation	--	34	2,417	55	2,506
	718	602	37,667	519	39,506
SEGMENTED RESULTS	**985**	**(602)**	**2,614**	**47**	**3,044**
Gain (loss) from fair value adjustments	2,152	--	--	--	**2,152**
Selling and marketing expenses					**937**
Administrative and general expenses					**1,857**
Financial expense					**3,641**
Financial income					**(17)**
PROFIT BEFORE INCOME TAXES					**(1,222)**

	As at June 30, 2015 *(Unaudited)*				
	Investment properties	Development	Hospitality	Other	Total
Assets	106,583	72,446	165,709	2,012	346,750
Liabilities	47,602	71,913	63,392	5,593	188,500
Shareholders' Equity	**58,981**	**533**	**102,317**	**(3,581)**	**158,250**

	For the six months ended June 30, 2014 (unaudited)				
	Investment properties	Development	Hospitality	Other	Total
REVENUE					
Sale of condominiums	--	119	--	--	119
Sale of residential condos and lots	--	3,048	--	--	3,048
Income from investment properties	1,545	--	--	--	1,545
Hospitality income	--	--	31,896	--	31,896
Property management fees	--	--	44	--	44
Timeshare income	--	--	--	785	785
	1,545	3,167	31,940	785	37,437
EXPENSES AND COSTS					
Cost of sale of condominiums	--	158	--	--	158
Operating expenses of investment properties	658	--	--	--	658
Hospitality operating expenses	--	--	29,899	--	29,899
Timeshare expenses	--	--	--	624	624
Cost of sale of residential condos and lots	--	3,011	--	--	3,011
Development periodic costs	--	827	--	--	827
Depreciation	--	103	2,725	121	2,949
	658	4,099	32,624	745	38,126
SEGMENTED RESULTS	**887**	**(932)**	**(684)**	**40**	**(689)**
Gain (loss) from fair value adjustments	5,087	--	--	--	**5,087**
Selling and marketing expenses					**1,618**
Administrative and general expenses					**1,840**
Financial expense					**3,376**
Financial income					**(38)**
LOSS BEFORE INCOME TAXES					**(2,398)**

	As at June 30, 2014 *(Unaudited)*				
	Investment properties	Development	Hospitality	Other	Total
Assets	76,000	62,914	169,537	2,403	310,854
Liabilities	176	59,197	96,019	4,750	160,142
Shareholders' Equity	**75,824**	**3,717**	**73,518**	**(2,347)**	**150,712**

	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**

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

Revenue:

Revenue in the six months ended June 30, 2015 totaled $42,550 compared with $37,437 in the six months ended in June 30, 2014 (an increase of $5,113 or 12%). This increase is primarily attributable to the increase in the Hospitality segment which increased by $8,341 compared to the corresponding period last year and a decrease of $3,167 of revenue in the Development segment.

Development Segment Revenue:

In the current reporting period, the Company did not recognize revenue from the development segment compared to revenues of $3,167 recognized during the corresponding period last year resulting from the sale of a lot and four units at Deerhurst Resort in the amount of $3,048 and revenues 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 development 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. When fully sold, it is expected to record estimated revenues of $50,000-52,000. As of August 12, 2015, the Company sold 46 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 rest of the year.

During late 2012, the Company launched the first phase of Horseshoe Village condos (Copeland House 1). As of August 12, 2015, the Company has sold 54 out of 67 units with an expected revenue of $14,800. 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. The cost to June 30, 2015 is $6,500.

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 $5,331 to the Company's revenue, while there was an increase of $2,961 in revenue from existing properties. Hyatt Regency Arcade, Cleveland, Ohio, USA was the major contributor the increase in the revenue, with an increase of $2,641 (of which $761 was due to foreign exchange USD/CAD). This property continues to have improving results, despite new competitors in and around Cleveland. Management attributes some of this to the renovation conducted at the hotel during the first six months of 2014. The second largest contributor to the improved results of operation was the Deerhurst Resort, contributing an addition of $707 (an increase of 7% in the resort revenue compared to the corresponding period last year) to the hospitality segment revenue. Gross income rate from the hospitality segment in the reporting period accounted to 6.5% (compared to a gross loss of 2.1% for the corresponding period last year).

The Net Operating Income ("NOI") (excluding amortization) for the Hospitality segment:

During the six months ended June 30, 2015, the Company recorded an NOI of $5,031 which represents 12.5% of the Hospitality revenue segment compared to $2,041 for the corresponding period of 2014, which represents 6.4% of the hospitality revenue.

Investment Property Segment:

The increase in both the revenue and expenses is mostly due to increase in the occupancy rate at Blue Mountain. During the reporting period, the Company recognized a gain from fair value adjustment of $2,152 compared to a gain of $5,087 in the corresponding period last year mainly due to the improvement in the value of its land bank in the Blue Mountain area, as evidenced by improved market conditions, and supported by a number of new agreements of purchase and sale the Company entered into with third parties to sell lands for future development.

On March 20, 2014, the Company received a letter from the head of the Huntsville Township's Planning Department (the "Department") advising the Company that the application for approval of the proposed project to develop 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 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 of the Department. Future development was considered to be nearing the approval stage resulting in the Company recognizing a gain from fair value adjustment of $5,087 in the six months ended June 30, 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.

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.

<u>Gross Profit/(Loss)</u>

The gross profit for the six months ended June 30, 2015 was $3,044, which represents an increase of $3,733 compared to a gross loss of ($689) in the corresponding period last year.

In the six months ended in June 30, 2015, the gross profit rate was 7.2% compared to a gross loss of (1.8%) in the corresponding period ended in June 30 2014. The difference in profitability between the six months ended June 30, 2015 and the six months ended June 30, 2014 is attributable to the following two reasons:

(1) During 2013-2014, the Company invested significant efforts to minimize the costs, mainly in the Hospitality segment. Those efforts contributed to the improved gross profit results since the second quarter of 2014. In the six months ended June 30, 2015 the Company increased its gross profit from the Hospitality segment by $2,990, which resulted from both special promotions the Company conducted to increase revenue (i.e. Deerhurst Resort – see above) and costs reduction.

(2) The renovation of the Hyatt Regency at the Arcade, Cleveland completed in the first quarter of 2014, and revenues from this property for the six months ended June 30, 2015 contributed $1,355 to the overall gross profit of the Company. In addition, the average U.S. Dollar exchange rate in the six months ended June 30, 2015 was 1.24 (CAD to USD), compared to the average U.S. Dollar rate in the corresponding quarter last year which was: 1.15 (CAD to USD) – an increase of 7.8%. That increase contributed $80 to the gross profit.

<u>Sales and marketing expenses</u>

Sales and marketing expenses in the period ended in June 30, 2015 were $937, compared to $1,618 recorded during the period ended in June 30, 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.

<u>Administrative and general expenses</u>

Administrative and general expenses during the period ended June 30, 2015 totaled $1,857, compared to $1,840 during the six months ended June 30, 2014. The increase during the reporting period is immaterial compared to the increase in revenue.

<u>Fair Value Adjustment</u>

See "Section IV - *Income Statement Highlights*", above.

Financing expenses, net

Financing expenses, net in the six months period ended in June 30, 2015 were $3,624, compared to $3,338 recorded during the period ended in June 30, 2014. The increase in financial expenses, net compared to the same period last year is mainly due to an increase in loans balances from financial institutions ($115,002 as at June 30, 2015 compared to $90,909 as ay June 30, 2014). It should be noted that there was a reduction in loans payable to related parties, in the amount of $8,452 since June 30, 2014.

Income Taxes

The Company’s tax recovery in the six months ended June 30, 2015 were $56, compared to its tax recovery of $686 in the corresponding period in 2014.

Profit for the period

During the six months ended June 30, 2015, the loss of the Company was $1,166, compared to a loss of $1,712 in the corresponding quarter ended June 30, 2014.

IX. Summary of Quarterly Results

A comparison of the three months ended June 30, 2015 and June 30, 2014:

During the three months ended June 30, 2015, the Company recorded revenues of $18,032 compared to the corresponding period last year, in which $18,930 were recorded. Expenses and costs during the three months ended June 30, 2015 accumulated to $16,458 before depreciation expenses, compared to $18,776 that the Company recognized in the corresponding period last year. The gross profit that was recorded during the three months ended June 30, 2015 was $360 compared to a gross loss of $1,306 in the corresponding period last year – an increase of $1,666.

Hospitality segment:

Revenues from the hospitality segment during the three months ended June 30, 2015 was $16,996 compared to $14,735 in the same period last year – an increase of $2,261 (15%). Gross profit during the three months ended June 30, 2015 was $170 (represents a gross revenue ratio of 1%) compared to a gross loss of $901 (which represents gross loss ratio of 6.1%) in the corresponding period last year. The improvement is attributable mainly to cost management procedures conducted by management to increase efficiency, in addition to sales and marketing initiatives to improve revenue, which resulted in an increase in revenue from the Hyatt Regency Cleveland Hotel and Deerhurst Resort.

Investment properties segment:

Revenues from investment properties during the three months ended June 30, 2015 was $851 (gross profit of $501), compared to the corresponding period last year, in which the Company recorded revenues of $785 (gross profit of 437). The gross profit ratio in the three months ended June 30, 2015 was 59%, compared to 56% last year.

Development segment:

During the three months ended on June 30, 2015, the Company did not recognize revenue from the development segment, compared to the corresponding period last year, in which $2,873 was recorded and a gross loss of $749 recognized, representing a gross loss rate of 26%. It should be noted that the accounting “cost of sales” of lands includes previously recognized gains in fair value adjustments of $570. Net of this cost component, the original “cost” is lower by $570 reducing the cost from $3,622 to $3,052. That reduction, could represent a gross loss of $179 instead of the $749 as indicated above.

Eight quarter comparison:

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)		Q2-2015	Q1-2015	Q4-2014	Q3-2014
REVENUE	(1)	**18,032**	**24,518**	**18,642**	**24,246**
EXPENSES AND COSTS		**17,672**	**21,834**	**17,003**	**20,364**
GROSS PROFIT (LOSS)	(2)	**360**	**2,684**	**1,639**	**3,882**
Gain (Loss) from fair value adjustments	(3)	2,211	(59)	2,162	6,642
Selling and marketing expenses	(4)	411	526	809	785
Administrative and general expenses	(5)	795	1,062	(8)	1,558
PROFIT (LOSS) FROM OPERATIONS	(6)	**1,365**	**1,037**	**3,000**	**8,181**
Financial expense	(7)	1,871	1,770	1,716	1,463
Financial income	(8)	--	(17)	(113)	(29)
PROFIT (LOSS) BEFORE INCOME TAXES		**(506)**	**(716)**	**1,397**	**6,747**
Income tax (expense) recovery	(9)	(150)	(94)	(310)	(1,926)
PROFIT (LOSS) FOR THE PERIOD		**(356)**	**(810)**	**1,087**	**4,821**
Basic and diluted earnings per share	(10)	**(0.06)**	**(0.05)**	**0.05**	**0.15**

(in thousands of Canadian Dollars)	**Q2-2014**	**Q1-2014**	**Q4-2013**	**Q3-2013**
REVENUE	**18,930**	**18,507**	**18,164**	**26,571**
EXPENSES AND COSTS	**20,236**	**17,890**	**19,893**	**24,281**
GROSS PROFIT (LOSS)	**(1,306)**	**617**	**(1,739)**	**2,290**
Gain (Loss) from fair value adjustments	(3)	5,090	4,461	11
Selling and marketing expenses	412	1,206	956	108
Administrative and general expenses	815	1,025	1,840	1,312
PROFIT (LOSS) FROM OPERATIONS	**(2,536)**	**3,476**	**(64)**	**881**
Financial expense	1,545	1,831	1,911	1,991
Financial income	(35)	(3)	(222)	(36)
Other (income) expense	--	--	99	(4)
Loss (Gain) on sale of investment	--	--	--	(1,155)
PROFIT (LOSS) BEFORE INCOME TAXES	**(4,046)**	**1,648**	**(1,852)**	**85**
Income tax (expense) recovery	(1,004)	(318)	(813)	(475)
PROFIT (LOSS) FOR THE PERIOD	**(3,042)**	**1,330**	**(1,039)**	**560**
Basic and diluted earnings per share	**(0.19)**	**0.09**	**(0.06)**	**0.04**

X. Additional Financial Information

The Company's assets as at June 30, 2015 totaled $346,750 compared to $310,854 in June 30, 2014 and $335,364 in December 2014.

The total non-current consolidated financial liabilities were $95,724 as at June 30, 2015 compared to $115,340 in June 30, 2014 and $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 Section II - *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 June 30, 2015 **(Unaudited)**	Period ended June 30, 2014 **(Unaudited)**	Year ended December 31, 2014 **(Audited)**
Profit (Loss) for the period	(11) (1,166)	(1,712)	4,196
Net cash provided (used) by operations	(12) (7,142)	(1,868)	(110)
Net cash used in investing activities	(13) (1,862)	(5,721)	(12,106)
Net cash used in financing activities	(14) 5,403	16,435	23,400
(15) Foreign Exchange translation of foreign operations	(16) 53	-	(1,820)
Increase (Decrease) in cash and cash equivalents	(17) (3,548)	8,846	9,364
Cash and cash equivalents, beginning of the period	(18) 14,942	5,578	5,578
Cash and cash equivalents, end of the period	(19) 11,394	14,424	14,942

Cash Flows from Operations

During the three months ended June 30, 2015, the Company's negative cash flow from operations was $7,142 compared to a negative cash flow from operations of $1,868 in the corresponding quarter ended June 30, 2014, primarily due to an investment of $4,596 in real estate inventory of Copeland House project at Horseshoe Resort, while in the corresponding quarter last year, there was an inflow from selling real estate inventory in an amount of $1,274.

Cash Flows Used in Investment Activities

During six months ended June 30 2015, the Company reported a negative cash flow from investing activities of $1,862 primarily due to investments in its property, plant and equipment of $1,625 and some additions to investment properties resulted in cash outflow of $256. During the corresponding period last year, the Company reported a negative cash flow from investing activities of $5,721 mainly due to investments in its property, plant and equipment of $5,451 (including $3,469 spent in the Hyatt Regency Arcade renovation, $639 that were invested in Timeshare activity, $508 and $475 that were invested in Deerhurst and Horseshoe Resorts respectively).

Cash Flows from Financing Activities

During the six months ended June 30, 2015, the Company had a positive cash flow from financing activities of $5,403 primarily due to new loans that were taken by the Company in the net amount of 14,107 and a repayment of loans to related parties in the amount of $8,598. In the six months ended June 30 2014, the Company had positive cash flow from financing activities of $16,435 mainly due to the proceeds of $18,938 (net of costs) of the initial public offering in March 2014. During that period, the Company repaid $1,969 of loans payable (net) and $203 to related parties.

XIII. Financial Instruments and Off-Balance Sheet Arrangements

As at June 30, 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 Section VII - *Investment Property Segment*).

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 six months ended June 30, 2015, there has been no change in the provisions in respect of claims.

XV. Exposure to market risks and ways of managing them

The Company 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 June 30, 2015 (compared to December 31, 2014), the Canadian dollar weakened by 7.5% compared to the U.S. Dollar and in the corresponding period of 2014 the U.S. dollar appreciated against the Canadian dollar by 17.3%. For more information regarding the influence of the foreign exchange rate on Company's equity, see note 34 in the annual consolidated financial statements for the year ended December 31, 2014. From June 30, 2015 to August 12, 2015, the US dollar appreciated against the Canadian dollar by 3.9%. In management's view, a weaker Canadian Dollar helps domestic hotels and resorts by encouraging travel to and within Canada and discouraging Canadians to travel to the United States. Exchange rate risk is minimized by borrowing in U.S. dollars for properties in the United States.

   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 U.S. holdings are relatively few with the following balance sheet proportions: assets 15%, liabilities 18% and equity 11%. 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 for the year ended December 31, 2014 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 our credit facilities, 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 Annual Information Form for the year ended December 31, 2014, 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

August 12, 2015