SKYLINE INTERNATIONAL

Management's Discussion and Analysis

For the period ended September 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

November 12, 2015

Introduction

The following discussion summarizes significant factors affecting the consolidated operating results and financial condition of Skyline International Development Inc. for the nine and three months ended September 30, 2015 compared to the nine and three months ended September 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 nine and three months ended September 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 nine and three months ended September 30, 2015 are prepared on the basis of all available information up to November 12, 2015. Amounts discussed below are based on our interim consolidated financial statements for the nine and three months ended September 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. On October 28, the Company completed the acquisition of the Renaissance Hotel in Cleveland, Ohio, US. 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 September 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 issuance 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

- During the nine and three months ended September 30, 2015, the Company invested $4,080 and $2,455 respectively in acquisition, renovations and upgrades of its hospitality assets, including the non-refundable deposit of US $1,500 for acquisition of the Renaissance Hotel in Cleveland, Ohio (see below).
- During the nine months ended September 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 April 2015, Management launched a sales program for the purpose of selling some of the Company’s properties that are best positioned for disposition and certain properties became classified as held for sale in the Company’s financial statements. Management intends to use the proceeds from disposition of these properties, in part, to look for new investment opportunities. Following this decision, 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 became firm on June 17, 2015. The transaction is expected to close in the near term.

- Similarly, on July 8, 2015, the Company successfully completed the agreement of purchase and sale to sell its real estate holdings of the Cosmopolitan Hotel located in downtown Toronto to an arm's length third party for a total consideration of $12,950. The Company recognized $3,219 in the statements of income in addition to the revaluation income, of $1,962 (before taxes) that were recorded in the revaluation surplus.
- On June 25, 2015, one of the Company's subsidiaries (the "Subsidiary") entered into a purchase and sale agreement to acquire the Renaissance Hotel in downtown Cleveland, Ohio (the "Hotel"). 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 a 304 vehicle parking garage. On October 20, 2015, the Company entered into an agreement with a third party ("Partner") and the Partner became a 50% equity shareholder in the Subsidiary. The acquisition of the Hotel was completed on October 28, 2015 for a total acquisition cost of approximately US $20.5 million. The transaction was funded by the way of shareholder loans provided by the Company (US $6.5 million) and the Partner (US $14.5 million). The Partner paid the Company a fee of US $3.5 million. The property is expected to undergo substantial renovation over the next three to four years, which is projected to be financed by third party debt and shareholder loans. The Company will asset manage the Hotel. The Company holds 50% of the equity in the Subsidiary and its nominees comprise the majority of the board of directors. The Hotel is operated through a Marriott Renaissance 20 year franchise agreement with the Subsidiary as the franchisee. Ambridge Hospitality LLC will be the hotel manager.
- On September 28, 2015, the Huntsville town council approved the "Zoning By-Law" with respect to the Company's lands at the Deerhurst Resort. In particular, the approval addresses the Village Centre Lands at the resort, with an area of approximately 15.9 hectares on which a maximum of 640 units, consisting of tourist commercial and resort–residential uses, are permitted in addition to 4,500 square metres of retail commercial uses.
- On October 29, 2015 the Company sold its stake (9.07%) in King Edward Realty Inc., which owns the King Edward Hotel in downtown Toronto, Ontario, Canada for a total consideration of $5,164. There is no mortgage or loan associated with that investment. The Company recognized an after tax revaluation profit of $477 in comprehensive income statement.

III. Balance Sheet Highlights

- Shareholders' equity as of September 30, 2015 was $162,867 (approximately 48.0% of total assets) compared to the equity as at September 30, 2014, which was $156,072 (approximately 48.9% of total assets). The equity as at December 31, 2014 was $157,975 (approximately 47.1% of total assets). The equity increase between the current reporting period and the year ended December 31, 2014 was primarily due to an increase of $2,353 in foreign exchange translation, an increase of $1,240 in retained earnings (Company's shareholders portion), an increase in non-controlling interest balance of $689 (attributable mainly to the increase in fair value of lands at Blue Mountain Resort) and an increase of $477 in available for sale investment revaluation (attributable to the sale of the Company's equity stake in the King Edward Hotel in downtown Toronto)
- The consolidated balance sheet assets of the Company as of September 30, 2015 totaled $339,719 compared to $319,221 as of September 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 $8,857 (for more information, see Section XII – *Liquidity and Cash Flow Analysis* below), an increase of $6,409 in property plant and equipment ($4,080 due to direct investment in property plant and equipment, an increase of $5,834 due to foreign exchange differences and a decrease of $4,019 represents the amortization expense during the reporting period) and an increase of $7,838 in the real estate inventory (mainly due to investments in the Copeland House project at Horseshoe resort). An increase in an amount of $2,391 was recorded in Restricted bank deposits. During the reporting period, the Company classified some of its hotels and developable land holdings with a cumulative value of $34,891 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. The Company also classified $5,164 of "Available for sale investment" from non-current to current assets. For more information, see Section II - *Business Highlights* above and the notes of the consolidated financial statements for September 30, 2015.

IV. Income Statement Highlights

- Revenues during the nine and three months ended September 30, 2015 totaled $67,603 and $25,053, respectively, compared with revenues of $61,683 and $24,246, respectively, for the corresponding 2014 periods.
- Gross profit (loss) during the nine and three months ended September 30, 2015 were $7,147 (10.5% of revenue) and $4,103, respectively, compared with gross profits of $3,193 (5.2% of the revenue) and $3,882 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 nine and three months ended September 30, 2015, the Company recorded a $97 revenue (in the nine and in the three months) from the Development segment (see Section VI - *Factors Affecting Performance* below) compared to a revenue of $4,183 recorded in the nine months ended September 30, 2014 and $1,015 recorded in the three months ended September 30, 2014.
- In the nine and three months ended September 30, 2015, revenue from the Hospitality segment (see Section VI - *Factors Affecting Performance* below) was $64,301 and $24,020, respectively compared to $53,985 and $22,045, respectively in the corresponding periods ended September 30, 2014.
- In the nine and three months ended September 30, 2015, revenues from the Investment Property segment (see Section VI - *Factors Affecting Performance* below) were $2,576 and $873, respectively, compared to $2,363 and $818, respectively, in the corresponding periods ended September, 2014.
- During the nine months ended September 30, 2015, the Company recognized a gain from fair value adjustment of $1,987 compared to a gain of $11,729 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 nine and three months ended September 30, 2015, the decrease in net cash from operations was $8,980 and $1,838, respectively compared to a decrease of $513 and an increase of $1,355, respectively in the corresponding periods ended September 30, 2014, primarily due to the construction costs of a condominium building at the Horseshoe Resort, that is expected to be completed by December 2015.
- During the nine and three months ended September 30, 2015, the increase in net cash used in investing activities was $8,459 and $10,321, respectively compared to a decrease of $7,344 and 1,623, respectively, in the corresponding periods ended September 30, 2014.
- During the nine months ended September 30, 2015, the decrease in net cash from financing activities was $8,241 compared to an increase of $14,990 in the nine month period ended September 30, 2014. For the three months ended September 30, 2015, $13,644 of outflow was recorded compared to negative $1,445 outflow in the corresponding period ended September 30, 2014. The negative cash flow from financing activities is due to the repayment of shareholder loans in the amount of $11,600 , repayment of long-term loans in the amount of $3,341 and receipt of $6,786 in construction loans from banking institutions that was used to fund the construction costs of a condominium building at the Horseshoe Resort.
- 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 the 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 the 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 the 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 the Horseshoe and Bear Valley Resorts in comparison to the summer months at the Deerhurst Resort, 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, the Horseshoe Resort in Ontario, Canada and the 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%, 88% and 89% of the Company's total revenue for the periods ended September 30, 2015, September 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 nine months ended		For the year ended
	Sep 30, 2015	Sep 30, 2014	Dec 31, 2014
	(Unaudited)	*(Unaudited)*	*(Audited)*
REVENUE			
Sale of condominiums	--	185	185
Sale of residential condos and lots	97	3,908	3,914
Income from investment properties	2,577	2,363	3,183
Hospitality income	64,207	53,922	71,101
Property management fees	93	63	343
Timeshare income	629	1,152	1,474
Other revenue	--	90	125
	7,603	61,683	80,325
EXPENSES AND COSTS			
Cost of sale of condominiums	--	207	207
Operating expenses of investment properties	1,174	1,048	1,256
Hospitality operating expenses	53,984	46,692	62,211
Timeshare expenses	614	999	1,364
Cost of sale of residential condos and lots	16	3,859	3,998
Development periodic costs	844	1,042	1,047
Depreciation	3,824	4,643	5,410
	60,456	58,490	75,493
GROSS PROFIT	**7,147**	**3,193**	**4,832**
Gain (loss) from fair value adjustments	1,987	11,729	13,891
Selling and marketing expenses	1,321	2,403	3,212
Administrative and general expenses	2,640	3,398	3,390
PROFIT FROM OPERATIONS	**5,173**	**9,121**	**12,121**
Financial expense	5,354	4,839	6,555
Financial income	(30)	(67)	(180)
Loss (gain) on sale of investment	(3,219)	--	--
PROFIT BEFORE INCOME TAXES	**3,068**	**4,349**	**5,746**
Income tax expense (recovery)	1,139	1,240	1,550
PROFIT (LOSS) FOR THE PERIOD	**1,929**	**3,109**	**4,196**
Attributable to:			
Shareholders of the Company	1,240	766	1,689
Non-controlling interest	689	2,343	2,507
	1,929	3,109	4,196
BASIC EARNINGS PER SHARE	**0.07**	**0.05**	**0.10**
DILUTED EARNINGS PER SHARE	**0.07**	**0.05**	**0.10**

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

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

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

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

	As at September 30, 2014 *(Unaudited)*				
	Investment properties	**Development**	**Hospitality**	**Other**	**Total**
Assets	101,730	58,773	155,929	2,789	319,221
Liabilities	39,018	56,474	62,126	5,531	163,149
Shareholders' Equity	**62,712**	**2,299**	**93,803**	**(2,742)**	**156,072**

	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 nine months ended September 30, 2015 totaled $67,603 compared with $61,683 in the nine months ended in September 30, 2014 (an increase of $5,920 or 9.6%). This increase is primarily attributable to the increase in the Hospitality segment which increased by $10,316 compared to the corresponding period last year and a decrease of $4,086 of revenue in the Development segment.

Development Segment Revenue:

In the current reporting period, the Company recognized $97 revenue from the development segment compared to revenues of $4,183 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, revenue of $860 from sale of 9 lots at Blue Mountain Resort and revenues of $185 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 the Deerhurst Resort. The project consists of 162 condos, of which 100 units have a waterfront view. When fully sold, it is expected to record estimated revenues of $50,000-52,000. As of November 12, 2015, the Company sold 62 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 the Horseshoe Village condos (Copeland House 1). As of November 12, 2015, the Company has sold 54 out of 67 units with an expected revenue of $15,018. 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 September 30, 2015 is $9,383.

Hospitality Segment:

The Hospitality Segment recorded an increase of $10,316 in revenue in the nine months ended September 30, 2015 compared to the corresponding period in 2014, with approximately half of it attributable to the better performance of the hotels on the same asset basis and the other half attributable to the $5,939 in revenue from the Bear Valley Resort, results of which have been consolidated since December 19, 2014.

During the reporting period, a $3,701 increase in revenue was recorded for the Hyatt Regency Arcade Hotel, Cleveland USA compared to the corresponding period last year. This increase is attributed to two major components: 1) an improvement in sales, which contributed $2,094, and 2) the foreign exchange difference, which contributed an additional $1,607. Management attributes the improvement in revenue to the renovation conducted at the Hyatt hotel during the first quarter of 2014.

During the reporting period, the Deerhurst Resort demonstrated an increase of $1,221 in revenue due to an increase in both the occupancy and daily room rates. On July 9, 2015 the Company closed the sale of the Cosmopolitan Hotel which resulted in a decrease in revenue of $924. The additional increase of $548 in revenue is attributable to other properties of the Company.

During the reporting period, the Hospitality Segment recorded $57,635 expenses and costs compared to $50,843 recorded in the corresponding period last year. The increase of is almost entirely due to the consolidation of the Bear Valley Resort that recorded $6,786 in expenses and costs during the reporting period (see "Same assets analysis" below).

On October 28, 2015 the Company closed an acquisition of the Renaissance Hotel in Cleveland, Ohio for a total consideration of approximately US $20,500 (approximately CAD $27,000).

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

During the nine months ended September 30, 2015, the Company recorded an NOI of $10,317 which represents 16% of the Hospitality revenue segment compared to $7,293 for the corresponding period of 2014, which represents

13.5% of the hospitality revenue, a 40% improvement The NOI for the Hospitality segment, excluding the negative results of operation of $657 from the Bear Valley Resort, is 10,974 (or 50%).

Same[1] assets analysis:

The revenue from Same assets in the Hospitality segment recorded during the reporting period were $58,362 compared to $53,079 in the corresponding period last year – an increase of $5,283 (approximately 10%). The expenses and costs during the reporting period were $50,849 compared to $49,781 recorded in the corresponding period last year – an increase of $1,068 (approximately 2%).

The expenses and costs before depreciation expense (NOI) for the current period were $10,974 (approximately 19% of the revenue) compared to the corresponding period last year (approximately 14% of the revenue) – an increase of $3,549 (approximately 48%).

Investment Property Segment:

The increase in both revenue and expenses is mostly due to an increase in the Blue Mountain Resort occupancy rate from 83% to 100%. During the nine-months ended September 30, 2015,the Company recognized a fair value positive adjustment of $1,987 (compared to a gain of $11,729 in the same reporting period in 2014) mainly due to the agreements of purchase and sale the Company signed with third parties to sell lands for future development. The signed agreements of purchase and sale support the value in the financial statements and provide an indication to an increase in value. Those agreements and the market conditions at the Blue Mountain Resort added value to the property. The fair value adjustment income of $11,729 for the nine months ended September 30, 2014 was attributable to a gain from fair value adjustment of approximately $5,100 in respect of the proposed project to develop mixed-use residential and commercial development in the Huntsville Township, a gain from fair value of adjustment of approximately $6,280 in respect of the Blue Mountain Lands and $1,840 in respect of the Blue Mountain Retail, and the depreciation of approximately $1,340 in respect of the Port McNicoll investment property.

In September 2015, the Company received a Zoning By-Law approval for the Deerhurst Village centre; however, as per the indication Management received from the independent appraiser, there is no significant value increase expected.

Other (Vacation Ownership):

In late October 2013, the Company launched a "Vacation Ownership" operation so as to optimize the usage of the Company’s hotels and resorts. 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 the Vacation Ownership operation.

Gross Profit/(Loss)

The gross profit for the nine months ended September 30, 2015 was $7,147, which represents an increase of $3,954 compared to a gross profit of $3,193 in the corresponding period last year.

In the nine months ended in September 30, 2015, the gross profit rate was 10.5% compared to a gross profit of 5.2% in the corresponding period ended in September 30 2014. The difference in profitability between the nine months ended September 30, 2015 and the nine months ended September 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 nine months ended September 30, 2015 the Company increased its gross profit from the Hospitality segment by $3,524,

[1] For the purposes of the analysis, the Bear Valley Resort results, that were consolidated from December 19, 2014, were excluded from the current reporting period and an adjustment in 2014 was made to reflect the Cosmopolitan Hotel’s holding period before its disposition in July 2015.

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 nine months ended September 30, 2015 contributed $1,520 to the overall gross profit of the Company. The increase in gross revenue includes $140 increase in revenue resulted from the foreign exchange rate.

Sales and marketing expenses

Sales and marketing expenses in the period ended in September 30, 2015 were $1,321, compared to $2,403 recorded during the period ended in September 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.

Administrative and general expenses

Administrative and general expenses during the period ended September 30, 2015 totaled $2,640, compared to $3,398 during the nine months ended September 30, 2014. The decrease during the reporting period is mainly due to a decrease of $205 in legal expenses, a decrease of $281 in office rent (which was partially charged to development segment and a real decrease due to reduction in office space) and a decrease of $272 in employee salaries office supplies and other office expenses.

Fair Value Adjustment

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

Financing expenses, net

Financing expenses, net in the nine months period ended in September 30, 2015 were $5,324, compared to $4,772 recorded during the period ended in September 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 ($105,683 in September 2015 compared to $99,497 in September 2014). During the reporting period there was a decrease of $11,300 in loans payable to related parties.

Income Taxes

The Company's tax expenses in the nine months ended September 30, 2015 were $1,139, compared to its tax expenses of $1,195 in the corresponding period in 2014.

Profit for the period

During the nine months ended September 30, 2015, the profit of the Company was $1,929, compared to a profit of $3,109 in the corresponding quarter ended September 30, 2014.

IX. Summary of Quarterly Results

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

During the three months ended September 30, 2015, the Company recorded revenues of $25,053 compared to the corresponding period last year, in which $24,245 were recorded. Expenses and costs during the three months ended September 30, 2015 accumulated to $19,632 before depreciation expenses, compared to $18,670 that the Company recognized in the corresponding period last year. The NOI (gross profit before depreciation expenses) that was recorded during the three months ended September 30, 2015 was $5,421 compared to NOI of $5,575 in the corresponding period last year – a decrease of $154. The decrease is explained by the results from the Bear Valley

Resort, which reduced the NOI by $736. Excluding the Bear Valley Resort, the increase in NOI would have been $582.

Hospitality segment:

Revenues from the hospitality segment during the three months ended September 30, 2015 was $24,020 compared to $22,045 in the same period last year – an increase of $1,975 (8%). Gross profit during the three months ended September 30, 2015 was $4,052 (represents a gross profit ratio of 17%) compared to a gross revenue of $3,826 (which represents gross profit ratio of 17%) in the corresponding period last year. Excluding the gross loss of $804 from the Bear Valley Resort (which could have resulted in an increase in gross profit of $2,779, representing a gross profit ratio of 20%), the improvement is mainly attributable 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 September 30, 2015 were $873 (gross profit of $417), compared to the corresponding period last year, in which the Company recorded revenues of $818 (gross profit of $428). The gross profit ratio in the three months ended September 30, 2015 was 47%, compared to 52% last year.

Development segment:

During the three months ended on September 30, 2015, the Company recognized revenues of $97 from the development segment and a gross loss of $211 was recognized, compared to the corresponding period last year, in which revenues of $1,015 were recorded and a gross loss of $252 recognized. It should be noted that the accounting "cost of sales" of Blue Mountain 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 $1,267 to $697. That reduction, could represent a gross profit of $318 instead of the $252 loss 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)	Q3-2015	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013
REVENUE	**25,053**	**18,032**	**24,518**	**18,642**	**24,246**	**18,930**	**18,507**	**18,164**
EXPENSES AND COSTS	**20,950**	**17,672**	**21,834**	**17,003**	**20,364**	**20,236**	**17,890**	**19,893**
GROSS PROFIT (LOSS)	**4,103**	**360**	**2,684**	**1,639**	**3,882**	**(1,306)**	**617**	**(1,739)**
Gain (Loss) from fair value adjustments	(165)	2,211	(59)	2,162	6,642	(3)	5,090	4,461
Selling and marketing expenses	384	411	526	809	785	412	1,206	956
Administrative and general expenses	783	795	1,062	(8)	1,558	815	1,025	1,840
PROFIT (LOSS) FROM OPERATIONS	**2,771**	**1,365**	**1,037**	**3,000**	**8,181**	**(2,536)**	**3,476**	**(64)**
Financial expense	1,713	1,871	1,770	1,716	1,463	1,545	1,831	1,911
Financial income	(13)	--	(17)	(113)	(29)	(35)	(3)	(222)
Loss (gain) on sale of investment	(3,219)	--	--	--	--	--	--	99
PROFIT (LOSS) BEFORE INCOME TAXES	**4,290**	**(506)**	**(716)**	**1,397**	**6,747**	**(4,046)**	**1,648**	**(1,852)**
Income tax (expense) recovery	(1,195)	(150)	(94)	(310)	(1,926)	(1,004)	(318)	(813)
PROFIT (LOSS) FOR THE PERIOD	**3,095**	**(356)**	**(810)**	**1,087**	**4,821**	**(3,042)**	**1,330**	**(1,039)**
Basic and diluted earnings per share	**0.18**	**(0.06)**	**(0.05)**	**0.05**	**0.15**	**(0.19)**	**0.09**	**(0.06)**

X. Additional Financial Information

The Company's assets as at September 30, 2015 totaled $339,719 compared to $319,221 in September 30, 2014 and $335,364 in December 2014.

The total non-current consolidated financial liabilities were $88,204 as at September 30, 2015 compared to $117,455 in September 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:

	Period ended September 30, 2015 **(Unaudited)**	Period ended September 30, 2014 **(Unaudited)**	Year ended December 31, 2014 **(Audited)**
Profit (Loss) for the period	1,929	3,109	4,196
Net cash provided (used) by operations	(8,980)	(513)	(110)
Net cash provided (used) in investing activities	8,459	(7,344)	(12,106)
Net cash provided (used) in financing activities	(8,241)	14,990	23,400
Foreign Exchange translation of foreign operations	(95)	-	(1,820)
Increase (Decrease) in cash and cash equivalents	(8,857)	7,133	9,364
Cash and cash equivalents, beginning of the period	14,942	5,578	5,578
Cash and cash equivalents, end of the period	6,085	12,711	14,942

Cash Flows from Operations

During the nine months ended September 30, 2015, the Company's negative cash flow from operations was $8,980 compared to a negative cash flow from operations of $513 in the corresponding period ended September 30, 2014, primarily due to an investment of $7,838 in real estate inventory of Copeland House project at the Horseshoe Resort, while in the corresponding period last year, there was an inflow from selling real estate inventory in an amount of $1,171.

Cash Flows Used in Investment Activities

During the nine months ended September 30 2015, the Company reported a positive cash inflow from investing activities of $8,459. This was primarily due to a sale of the Cosmopolitan Hotel in downtown Toronto, contributing $12,950, which was offset by $4,080 due to the Company's investment in its property, plant and equipment, inclusive of $2,018 paid as a non-refundable deposit in respect of the purchase of the Renaissance Hotel in downtown Cleveland. . During the corresponding period last year, the Company reported a negative cash flow from investing activities of $7,344 mainly due to investments in its property, plant and equipment of $6,456 (including $3,622 invested in the Hyatt Regency Arcade renovation, $1,860 invested in the Horseshoe Resort renovation and $635 invested in the Deerhurst Resort).

Cash Flows from Financing Activities

During the nine months ended September 30, 2015, the Company had a negative cash outflow from financing activities of $8,241 primarily due to new loans that were taken by the Company in the net amount of $3,445 and a repayment of loans to related parties in the amount of $11,600. In the nine months ended September 30, 2014, the Company had a positive cash flow from financing activities of $14,990 mainly due to the proceeds of $18,982 (net of costs) of the initial public offering in March 2014. During that period, the Company repaid $3,337 of loans payable (net) and $203 to related parties.

XIII. Financial Instruments and Off-Balance Sheet Arrangements

As at September 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 nine months ended September 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 who has served as CFO of Skyline Canada since 2007, to assess the Company's exposure to risks.

1. Exchange rates: As of September 30, 2015 (compared to December 31, 2014), the Canadian dollar weakened by approximately 13% compared to the corresponding period last year, where the Canadian Dollar weakened by approximately 5% compared to the U.S. 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 September 30, 2015 to November 12, 2015, the US dollar decreased against the Canadian dollar by approximately 1%. 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. From January 1, 2014 to November 12, 2015, the Canadian dollar weakened by approximately 24%.

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 19% and equity 12%. 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

November 12, 2015