



GLOBAL SUMMIT
REAL ESTATE INC.

Management's Discussion and Analysis

Six months ended November 30, 2011 and 2010

The information in this Management’s Discussion and Analysis (“MD&A”) is based on information available to management as of January 27, 2012.

This MD&A for Global Summit Real Estate Inc. and its subsidiaries (together referred to as the “Company”) should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the six months ended November 30, 2011 and 2010 and the audited consolidated financial statements and MD&A for the years ended May 31, 2011 and 2010.

The financial statements underlying this MD&A, including comparative information, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) unless otherwise noted and are reported in Canadian dollars. Details regarding the adoption of IFRS can be found in note 12 in the condensed consolidated interim financial statements of the Company for the six months ended November 30, 2011.

The Company’s Board of Directors, on the recommendation of the Audit Committee, approved the content of this MD&A on January 27, 2011.

OVERVIEW

Core Business and Vision

Global Summit Real Estate Inc. is a real estate investment company focusing on sales and development of residential towers in downtown Toronto, Ontario. In 2011, the Company expanded its business into management and development of commercial rental properties in Greater Vancouver Area, British Columbia.

The Company carries its business through its subsidiaries which include Pinnacle Centre Three Limited Partnership (“Pinnacle LP III”) and Pinnacle Centre Four Limited Partnership (“Pinnacle LP IV”), as well as through joint ventures which include Ritz Commercial Partnership (“Ritz”) and New Haven Industrial Lands Development Partnership (“New Haven”).

The Company’s vision is to build a diversified real estate portfolio through acquisition, development and management of properties in order to maximize the capital returns to shareholders.

Description of the Current Businesses

Pinnacle LP III

Pinnacle LP III has developed a 53-storey high-rise building (“Tower III”) in downtown Toronto, Ontario. The project contains a total of 492 residential condominium units with a total floor area of 475,411 square feet.

The residential condominium units are the following types:

1 Bedroom.....	174
2 Bedrooms.....	255
3 Bedrooms.....	<u>63</u>
Total Residential Condominium Units.....	492

Pinnacle LP IV

Pinnacle LP IV is developing a 52-storey high-rise building (“Tower IV”) in downtown Toronto, Ontario. The building is expected to contain a total of approximately 634 residential condominium units with a total floor area of approximately 457,606 square feet.

The residential condominium units will be approximately the following types:

Studio.....	3
1 Bedroom.....	431
2 Bedrooms.....	185
3 Bedrooms.....	<u>15</u>
Total Residential Condominium Units.....	634

Ritz

Ritz consists of a 3-storey concrete retail and office development attached to a luxury residential condo tower in downtown Vancouver, British Columbia. The development contains approximately 47,000 square feet of leasable space in which the retail space offers street exposure, while the office space is on the second and third floors. The property also includes 57 underground commercial parking stalls. As of November 30, 2011, the total occupied retail space is around 20,000 square feet.

New Haven

New Haven is expected to be a three phase multi-tenant industrial and office development, which is known as the “New Haven Business Park”, in Burnaby, British Columbia. The development is very well situated within proximity of Vancouver and New Westminster via Marine Way, which is a major arterial road providing good exposure and access.

Phase 1 is a completed multi-tenanted property consisting of three buildings operating as a flex light industrial and office business park. The total rentable space is approximately 161,000 square feet.

Phase 2 is a parcel of land consisting of 14.36 acres which has been pre-loaded and granted development permits. The site will consist of approximately 200,000 square feet of three multi-tenanted buildings used for flex light industrial and office space. Construction will commence after satisfactory pre-leasing is achieved and conventional construction financing is arranged.

Phase 3 is a parcel of land consisting of 7.83 acres. The site has not been pre-loaded and no permits are in place; however, the existing zoning does permit the development of multi-tenanted space to be operated as flex light industrial and office space. The rentable space is expected to be approximately 110,000 square feet.

OVERALL PERFORMANCE

For the six month period ended November 30, 2011, properties under development and sale is separated into two categories:

	Property under development	Land and property held for sale
Property assets	84,351,681	25,805,306
Revenue source	-	15,397,753

The Company continued construction of Tower IV which commenced in December 2009. The completion date of the development is expected to be in December 2011 when the Company will start to recognize the condominium sales revenue.

Development of Tower III was complete in October 2009. As of November 30, 2011, 415 out of 492 units have been sold and closed and the construction costs for unsold units were \$25,805,306. Operating income solely consists of Tower III condominium sales. While marketing is ongoing for the remaining units, future sales depend on various factors, including the supply and demand of local real estate listings, and general economic environment; thus, the condominium sales revenue will fluctuate over the time depending on the number of units sold.

RESULTS OF OPERATIONS

The following is a summary of the Company's financial information for the six months ended November 30, 2011, with comparative figures for the same period in 2010 and the annual results as at May 31, 2011:

	November 30, 2011	November 30, 2010	May 31, 2011
Revenue and earnings:			
Net condominium sales	\$ 7,389,496	\$ 2,413,348	\$ -
Net earnings (loss) and comprehensive income (loss)	7,611,805	1,152,305	(3,175,523)
Basic and diluted earnings (loss) per share	\$ 0.0032	\$ 0.0005	\$ (0.0013)
Balance sheet:			
Total assets	\$ 185,404,117	\$ 123,680,782	\$ 144,116,963
Total liabilities	115,612,283	74,072,927	81,936,934
Share capital	18,100,000	1,200,000	18,100,000
Cash dividends declared per share	\$ -	\$ -	\$ (0.0113)

The financial information for the six months ended November 30, 2011 represents the Company's second interim financial statements prepared in accordance with IFRS. Comparative results for the six months ended November 30, 2010 and for the year ended May 31, 2011 are also presented in accordance with IFRS. The Company has consistently applied the same accounting policies throughout all periods presented, using the same accounting policies and methods of application as described in note 2 of the Company's condensed consolidated interim financial statements for the second quarter ended November 30, 2011.

For the six months ended November 30, 2011, 19 condominium units (November 30, 2010 – 10 units) of Tower III were sold and closed. The Company recognized condominium sales revenue of \$15,397,753 (November 30, 2010 - \$6,036,529) for Tower III when the title to the units was transferred to purchasers and the full amount of sales proceeds were collected upon final closings. Accordingly, the Company recognized cost of condominiums sold of \$7,491,274 (November 30, 2010 - \$3,268,256) and commission and closing costs of \$516,983 (November 30, 2010 - \$354,925).

Operating expenses totalled \$1,002,693 (November 30, 2010 - \$1,273,972) including \$674,928 (November 30, 2010 - \$995,063) general and administrative expenses. The decrease of general and administrative costs was mainly due to a one-time catch-up adjustment resulting from a change in capitalization policy in the first comparative quarter.

As of November 30, 2011, the Company incurred and capitalized total construction costs of \$84,351,671 (May 31, 2011 - \$70,607,751) for Tower IV. The Company does not expect to receive any income from Pinnacle LP IV until the completion of Tower IV and the subsequent sales completion of the condominium units.

SELECTED QUARTERLY FINANCIAL DATA

The following sets forth certain financial information for the Company with respect to the eight quarterly periods ended November 30, 2011. This information should be read in conjunction with the applicable interim financial statements, notes to the financial statements, and MD&A.

	Q2 Nov 30, 2011	2012 Q1 Aug 31, 2011	Q4 May 31, 2011	Q3 Feb 28, 2011	Q2 Nov 30, 2010	2011 Q1 Aug 31, 2010	Q4* May 31, 2010	Q3* Feb 28, 2010
Properties held for development and sale	\$ 110,156,987	\$ 110,370,751	\$ 103,518,885	\$ 91,840,857	\$ 79,070,291	\$ 68,944,860	\$ -	\$ -
Properties under development	-	-	-	-	-	-	23,769,722	18,199,095
Properties held for sale	-	-	-	-	-	-	37,274,209	38,025,772
Total assets	185,404,117	154,394,154	144,116,963	156,684,890	123,680,782	113,372,858	112,267,226	82,842,049
Debt on properties	60,040,674	53,086,184	43,665,917	35,656,542	25,301,750	16,793,432	-	-
Sales deposits	43,648,152	26,394,774	22,527,995	19,393,203	17,070,902	14,638,420	11,761,894	6,267,624
Total liabilities	115,612,283	91,580,814	81,936,934	90,345,890	74,072,927	63,518,955	36,818,484	6,729,414

Quarterly operating results consisted primarily of:

	Q2 Nov 30, 2011	2012 Q1 Aug 31, 2011	Q4 May 31, 2011	Q3 Feb 28, 2011	Q2 Nov 30, 2010	2011 Q1 Aug 31, 2010	Q4* May 31, 2010	Q3* Feb 28, 2010
Condominium sales	\$ 12,564,135	\$ 2,833,618	\$ 2,562,376	\$ 875,617	\$ 1,011,900	\$ 5,024,629	\$ 6,245,619	\$ 15,251,544
Cost of condominiums sold	5,878,733	1,612,541	1,040,477	374,315	550,911	2,717,345	1,176,195	6,548,347
Commissions and closing costs	421,300	95,683	101,602	51,920	66,105	288,820	211,998	1,173,727
Earnings (loss) before income taxes	7,162,319	556,217	1,015,288	(168,855)	(246,048)	1,398,353	3,800,336	7,388,695
Net earnings (loss) **	6,977,911	633,240	(4,159,082)	(168,858)	(246,049)	1,398,209	6,336,107	20,188,695
Earnings (loss) per share	0.0029	0.0003	(0.0017)	(0.0001)	(0.0001)	0.0006	0.0027	0.0084

* Denotes figures in historical Canadian GAAP that have not been restated for IFRS.

** Net earnings (loss) pertain to net earnings (loss) and comprehensive income (loss) attributable to owners of the Company.

All other financial data above is prepared in accordance with IFRS, using the same accounting policies and methods of application as described in note 2 of the Company's condensed consolidated interim financial statements for the six months ended November 30, 2011 and 2010.

The result of condominium sales varies from period to period depending on the number of condominium units that are sold and closed as well as the unit price of sale. The sales revenue was not recognized until the completion of Tower III construction and the transfer of unit title to purchasers in October 2009. The sales revenue was significantly higher in the early stage of construction completion because those units that were pre-sold over the past three years eventually got closed. Since the fourth quarter of 2010, the sales are still ongoing with the market more active in the summer compared to the winter. The number of units sold and closed range from 1 to 19 each quarter depending on the market condition and the closing date.

For the second quarter ended November 30, 2011, the number of units sold increased to 13 compared to 1 in the same quarter of prior year. The Company anticipates ongoing condominium sales of Tower III.

For the second quarter ended November 30, 2011 there was no condominium sales revenue recognized for Tower IV as only occupancy and not closings has occurred. As of November 30, 2011 there were 490 committed contracts. As of

January 27, 2012, closing of the 490 presale units as of November 30, 2011, and an additional 6 units sold subsequent to that time, has occurred. As a result, the Company will recognize approximately \$180,000,000 of condominium sales revenue relating to the sale of these units in the quarter ending February 2012.

RELATED PARTY DISCLOSURES

Construction Management Agreement

During the construction and development phase, the Company is charged construction management fees by the general contractor Mondiale Development Ltd. (“Mondiale”), a corporation under common control. During the period ended November 30, 2011, the Company incurred construction management fees for the construction and development of Tower III and Tower IV of \$377,735 for a total of \$4,436,499. The Company has capitalized these construction management fees to properties held for development and sale.

As at November 30, 2011, included in amounts payable and accrued liabilities includes \$1,383,247 (May 31, 2011 - \$1,005,511) payable to Mondiale for construction management services rendered. The repayment term is set at earlier of demand or completion of the project.

These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the relevant parties. The management fee is calculated pursuant to an agreement between Mondiale and the Company as a percentage of qualifying construction costs.

LIQUIDITY AND CAPITAL RESOURCES

At November 30, 2011, the Company has unrestricted cash and cash equivalents of \$13,240,290 (May 31, 2011 - \$678,348). The Company will continue to develop and sell condominium units. Over the next fiscal year, the Company’s credit requirements are expected to consist primarily of construction financing for the development and construction of Tower IV, as well as land acquisition financing.

Land acquisition and construction financing

Pinnacle LP IV has secured syndicated financing with three lenders to provide construction financing for Tower IV. On May 28, 2010, a commitment letter was signed to confirm construction financing in the aggregate amount of \$85,000,000 (the “Tower IV Construction Loan”) that bears interest at prime plus 1.50% or bankers’ acceptance rate plus 3.00%, repayable on the earlier of demand or July 31, 2012. As at November 30, 2011, \$60,040,674 (May 31, 2011 - \$43,665,917) was funded under the Tower IV Construction Loan.

Lead lender has made available on their portion an overdraft account of up to \$1,000,000 to cover costs arising prior to the monthly progress draw. As at November 30, 2011, \$nil had been advanced. This lender has also made available on their portion an amount of up to \$3,000,000 to be used for issuance of letters of credit in favour of the City of Toronto as part of the construction requirement. As at November 30, 2011, \$323,111 (May 31, 2011 - \$323,111) had been advanced.

Security for the Tower IV Construction Loan is provided by way of a first charge on the property, general security agreements, and guarantee of a director and related companies to the indebtedness to the lenders

Deposit financing

Concurrent with the Tower IV Construction Loan, Pinnacle LP IV has arranged a deposit financing facility. It provides Pinnacle LP IV with the ability to utilize up to \$22,000,000 of purchaser deposits (“Tower IV Insured Deposits”) to be used as construction financing and is secured with a second mortgage on the property. The construction financing will be reduced by the amount by which the aggregate of the insured deposits exceeds the sum of \$15,000,000 to a maximum of \$22,000,000. As at November 30, 2011, Pinnacle LP IV received \$22,000,000 (May 31, 2011 - 19,990,701) in Insured Deposits.

Contractual Obligations

Pinnacle LP IV has entered into a ground lease with Pinnacle International (Bay St.) Ltd. (“PIB”) whereby Pinnacle LP IV has paid \$10 for an option to acquire PBSDP’s beneficial ownership in the land where Tower IV is being constructed on (excluding the portions of the Tower IV designated as retail, office and commercial parking facilities) attributable to the applicable Tower at a fixed purchase price of \$20,700,000.00.

In accordance with the terms of the ground lease agreement, the Company is committed to pay rent of 105% of the aggregate of (a) the total interest charges payable by PIB incurred in connection with its acquisition of the leased land and (b) the operating costs and taxes (as defined in the lease agreement) incurred by PIB during the lease term. Upon commencing construction of Development (as defined in the ground lease agreement), the rent on the leased land is reduced to \$120 per annum.

PIB and PBSDP are parties related to the Company by virtue of them being controlled by a party being related to the Company. These transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the relevant parties. In management’s opinion, the exchange amount approximates fair market value at the time the agreement was negotiated.

OFF-BALANCE SHEET ARRANGEMENTS

As at November 30, 2011, the Company has outstanding letters of credit totalling \$323,111 (May 31, 2011 - \$323,111) provided for development activities.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company periodically reviews its financial reporting and disclosure practices and accounting policies to ensure that they provide accurate and transparent information relative to the current economic and business environment. As part of this process, the Company has reviewed its selection, application and communication of critical accounting policies and financial disclosures. Management has discussed the development and selection of the critical accounting policies with the Audit Committee of the Board of Directors and the Audit Committee has reviewed the disclosure relating to critical accounting policies in this management’s discussion and analysis.

This management’s discussion and analysis is made with reference to the unaudited condensed consolidated interim financial statements of the Company for the six months ended November 30, 2011. The condensed consolidated interim financial statements of the Company were prepared in accordance with IFRS. The preparation of these condensed consolidated interim financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of our condensed consolidated interim financial statements, and the reported amount of revenues and expenses during the period. These estimates are based on our experience and various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported amounts of revenues and expenses, and the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The Company has identified accounting policies and estimates outlined below as critical to understanding of the Company’s business operations and our results of operations. Impact and associated risks related to these policies and estimates on the Company’s business operations are discussed throughout this management’s discussion and analysis.

The Audit Committee of the Board of Directors reviews the Company’s accounting policies and all annual and interim filings, and recommends adoption of our annual and interim financial statements to our Board of Directors.

The Company's critical accounting policies and estimates are as follows:

Properties under development and sale

Properties under development include properties being constructed or developed for resale.

The cost of properties under development includes direct development costs, realty taxes and borrowing costs directly attributable to the development. Borrowing costs associated with direct expenditures on properties under development or redevelopment are capitalized.

The amount of borrowing costs capitalized is determined first by reference to borrowings specific to the project, where relevant, and otherwise by applying a weighted average cost of borrowings to eligible expenditures after adjusting for borrowings associated with other specific developments. Where borrowings are associated with specific developments, the amount capitalized is the gross cost incurred on those borrowings, and is capitalized from the commencement of the development until the date of completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

The Company considers the date of completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this occurs upon completion of construction and receipt of all necessary occupancy and other material permits.

Properties held for sale are recorded at the lower of cost and net realizable value. Determination of net realizable value is based on management's best estimate regarding future selling prices. The Company makes an impairment provision where the carrying value of its properties exceeds its estimated net realizable value.

Revenue recognition

Revenue is generated from the sale of condominium units, and is recognized when purchasers are entitled to occupy their units, and when there is persuasive evidence of an arrangement, when the proceeds are fixed and determinable, when collection of the sale proceeds is reasonably assured, and when the purchaser has received an undertaking from the Company to assign legal title.

Cost of condominiums sold

Cost of condominiums sold is determined using the net yield method whereby the cost of condominiums sold for the period is a pro-rated amount of total estimated costs for the development based on revenue for the period versus development revenue for the entire development.

Income taxes

Income taxes for the period comprise of current and deferred tax. Current income taxes are expected amount of income taxes payable to the taxation authorities, using applicable income tax rates and any adjustment to income taxes payable in respect of previous years.

Deferred income taxes are recognized using the liability method based on temporary differences between the income tax bases of assets and liabilities and their carrying amounts in the condensed consolidated interim financial statements. Deferred income tax assets are the result of recognizing the benefit associated with deductible temporary differences, unused tax credits, and tax loss carry forwards. The carrying amount of deferred income tax liabilities and assets is determined on a non-discounted basis using income tax rates and laws that have been enacted, or substantively enacted, at the reporting date and are expected to apply when the deferred income tax asset or liability is settled. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

The Company has scientific research and development expenditures which are available to reduce future years' income for income tax purposes resulting in future income tax assets. In assessing the ability to realize the future income tax assets, management considers whether it is more likely than not that some or all of its future tax assets will be realized. The ultimate realization of the future tax assets is dependent on the generation of taxable income during the periods in which the temporary differences reverse.

As at May 31, 2009, sufficient evidence did not exist to support a conclusion that it is more likely than not that all of the future income tax assets would be realized, and therefore a valuation allowance of \$30,851,176 was recorded reducing the future income tax asset to nil. For the period ended November 30, 2011, Pinnacle LP III has completed sales closings on units sold and recognized profits; Pinnacle LP IV has resumed construction and pre-sales. Current facts indicate that it is more likely than not that the future tax assets will be realized and therefore the future income tax asset has been recorded with no valuation allowance.

These and other important accounting policies are described in note 2 to the condensed consolidated interim financial statements of the Company for the period ended November 30, 2011.

FUTURE CHANGES IN ACCOUNTING POLICIES

Financial instruments

IFRS 9 – Financial Instruments (IFRS 9) was issued by the IASB in October of 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is currently evaluating the impact of this policy.

Consolidated financial statements

IFRS 10 – Consolidated Financial Statements (IFRS 10) was issued by the IASB in June 2011 to replace Standing Interpretations Committee 12 – Consolidation – Special Purpose Entities and the new consolidation requirements of IAS 27 – Consolidated and Separate Financial Statements (IAS 27) (discussed below). IFRS 10 eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The standard provides guidance on how to apply the control principles in a number of situations, including agency relationships and holding or potential voting rights. This standard is required to be applied for accounting periods beginning on or after January 1, 2013. IAS 27 was revised in May 2011 to eliminate the principles of consolidation from IAS 27 (as they are now included in IFRS 10) and focus on requirements related to disclose requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Company is currently evaluating the impact of this policy.

Joint arrangements

IFRS 11 – Joint Arrangements (IFRS 11) was issued in June 2011 and is the result of the IASB's project to replace IAS 31 – Interest in Joint Ventures (IAS 31). The new standard redefines joint operations and joint ventures and requires joint operations to be proportionally consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately accounted. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted. IAS 28 – Investments in Associates and Joint Ventures (IAS 28) was revised in May 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted. The Company is currently evaluating the impact of this policy.

Disclosure of interests in other entities

IFRS 12 – Disclose of Interests in Other Entities (IFRS 12) was issued in June 2011 and outlines the required disclosures for interest in subsidiaries and joint arrangements. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted. The Company is currently evaluating the impact of this policy.

Fair value measures

IFRS 13 – Fair Value Measurements (IFRS 13) was issued in June 2011 and provides a common definition of fair value, establishes a framework for measuring fair value under IFRS and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted. The Company is currently evaluating the impact of this policy.

OUTSTANDING SHARE DATA

As at November 30, 2011, the Company has 2,410,299,401 common shares issued and outstanding, of which 20,230,378 are voting common shares and 2,390,069,023 are non-voting common shares.

FINANCIAL INSTRUMENTS

The Company classifies or designates its financial instruments as follows:

- Cash and cash equivalents and restricted cash – Held for trading
- Amounts receivable and due from related party – Loans and receivables
- Amounts payable and accrued liabilities, sales deposits, debt on properties and due to related party – Other financial liabilities

Fair values

The fair values of cash and cash equivalents and restricted cash were measured under Level 1 of the fair value hierarchy.

The fair value of the amount due to related party is carried on a cost basis and is not determinable due to the limited market information.

The carrying value of amounts receivable, due from related party, sales deposits, and amounts payable and accrued liabilities approximate their fair values due to relatively short periods to maturity of these items.

The carrying value of debt on properties approximates its fair value as the underlying rates are consistent with existing market conditions for development financing.

Interest rate risk

Debt on properties bear interest at floating rates of interest, which exposes the Company to interest rate cash flow risk. A 1% increase in the lenders' prime lending rate would increase the Company annual interest cost by \$530,862.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due, or can only do so at excessive cost. This risk is managed by maintaining adequate levels of cash from deposit financing, construction financing and advances from related parties. Monitoring of the cash reserves is undertaken by the Company in its monthly review of a detailed cash flow analysis. All amounts receivable were subsequently received within 60 days of November 30, 2011. Amounts payable and accrued liabilities include \$5,042,968 of holdbacks payable expected to fall due in 2012 when construction of completion of Tower IV is complete.

Credit risk exposures

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations. The credit risk associated with cash and cash equivalents and restricted cash is believed to be minimal as cash is on deposit with Canadian banks that are believed to be creditworthy. Amounts receivable is comprised of amounts due from the Government of Canada. The Company does not believe it is exposed to significant credit risk.

DISCLOSURE CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that material information relating to the Company is made known to the Chief Executive Officer and Chief Financial Officer of the Company in order to ensure timely reporting of such information, as appropriate.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the Company's disclosure controls and procedures as of November 30, 2011 and concluded that they provide reasonable assurance that material information relating to the Company was made known to them and reported as required.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with IFRS.

Internal controls over financial reporting can provide only reasonable, not absolute, assurance that they will prevent or detect all misstatements, due to error or fraud, from occurring in the financial statements due to the inherent limitations of any internal control system.

The Company's Chief Executive Officer and Chief Financial Officer have evaluated the design of the Company's internal controls over financial reporting as of November 30, 2011, and believe the design to be sufficient to provide reasonable assurance that the processes used for preparation of financial statements and financial reporting for external purposes are reliable and in accordance with IFRS.

There were no changes in the Company's internal controls over financial reporting that occurred during the period ended November 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This management's discussion and analysis may contain forward-looking statements within the meaning of Canadian securities laws. Such statements include, but are not limited to, statements relating to the Company's expectations regarding the progress and the successful and timely completion of the current and future development projects and the Company's plans, objectives, expectations and intentions and other statements including words such as "anticipate", "contemplate", "continue", "believe", "plan", "estimate", "expect", "intend", "will", "should", "may", and other similar expressions.

Such statements reflect the Company's current views with respect to future events and are subject to risks and uncertainties and are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

Such estimates and assumptions include: carrying the properties held for development and sale at the lower of cost and net realizable value which is based on the expected net future cash flows from sales and estimated total project costs; the expected construction completion dates for the developments which are based on estimated construction schedules; the expected final number of units and the type of units which are based on feasibility, expected market demand and any changes to existing development permits; the ability to proceed with any non-residential allocation within each project including the retail and hotel components which are based on estimated market demand and finalizing development approvals.

Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements, including, among others:

- fluctuations in real estate values may require the Company to write-down the book value of real estate assets.
- the business objectives of the Company are currently limited to pursuing real estate development opportunities pending favourable market conditions.
- the revenues from the sale of residential condominium units may be adversely affected if demand for housing declines as a result of changes in economic and business conditions.
- competition for real property investments.
- interest rates and the unavailability of mortgage financing can adversely affect demand for residential condominiums.
- the financial condition and results of operations of the Company maybe adversely affected by any decrease in the value of the Pinnacle Lands (as defined in the Company's annual information form dated August 29, 2007) that Pinnacle LP III and Pinnacle LP IV have agreed to purchase, as well as by the associated carrying costs.
- risks beyond the control of the Company may increase costs, cause project delays and reduce consumer demand for condominium units, all of which would adversely affect results of operations and prospects of the Company.
- the Company may not be able to compete effectively against its competitors in the residential condominium and homebuilding industry.
- the business of the Company is geographically concentrated, therefore sales, results of operations, financial condition and business may be negatively impacted by a decline in a regional economies.
- difficulty in obtaining financing could result in increased costs and delays of construction.
- governmental laws and regulations may increase expenses, or delay completion of any project that the Company, has directly or indirectly, undertaken or may undertake.

Should one or more of these risks or uncertainties materialize, or should the assumptions set out in the section entitled “Risk Factors” in the Company’s annual information form underlying those forward-looking statements prove incorrect, actual results may vary materially from those described herein. These forward-looking statements are made as of the date of this document and the Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by law. The Company cannot assure you that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Company’s 2011 annual information form and other disclosure documents, is available on SEDAR at www.sedar.com under the profile for Global Summit Real Estate Inc.