



**GLOBAL SUMMIT**  
REAL ESTATE INC.

**Management's Discussion and Analysis**

**Three months ended August 31, 2012**

The information in this Management’s Discussion and Analysis (“MD&A”) is based on information available to management as of October 30, 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 three months ended August 31, 2012 and the audited consolidated financial statements for the years ended May 31, 2012 and 2011.

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.

The Company’s Board of Directors, on the recommendation of the Audit Committee, approved the content of this MD&A on October 30, 2012.

## **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 and from time to time, securities trading. In 2011, the Company expanded its business into management and development of commercial rental properties in the Greater Vancouver Area, British Columbia.

The Company carries its business through its subsidiaries which include Global Summit Investments Inc., 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 returns to shareholders.

### ***Description of the Current Businesses***

#### ***Pinnacle LP III***

Pinnacle LP III has developed a 54-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 has developed a 52-storey high-rise building (“Tower IV”) in downtown Toronto, Ontario. The building contains a total of 634 residential condominium units with a total floor area of 457,606 square feet.

The residential condominium units are the following types:

1 Bedroom.....	434
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 48,000 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 August 31, 2012, the total occupied retail space is approximately 40,000 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 commenced in December 2011 and is expected to be completed in late 2012.

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 three months ended August 31, 2012 and 2011, properties held for development and sale and condominium sales are summarized below:

	August 31, 2012		August 31, 2011	
	Tower III	Tower IV	Tower III	Tower IV
Property held for development and sale	\$ 17,348,352	\$ 16,781,686	\$ 31,279,371	\$ 79,091,380
Condominium sales	\$ 4,268,017	\$ 13,521,752	\$ 2,833,618	\$ -

Development of Tower III was completed in October 2009. As of August 31, 2012, 443 out of 492 units have been sold and closed. Development of Tower IV was completed in December 2011. As of August 31, 2012, 544 out of 634 units have been sold and closed.

Operating income solely consists of condominium sales of Tower III and Tower IV. 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 the general economic environment; thus, condominium sales revenue will fluctuate over time depending on the number of units sold.

## RESULTS OF OPERATIONS

The following is a summary of the Company's financial information for the period ended August 31, 2012, with comparative figures for revenue and earnings for the period ended August 31, 2011, and with comparative figures for the statement of financial position as at May 31, 2012, all expressed in Canadian dollars:

	2012	2011
Revenue and earnings:		
Net condominium sales	\$ 9,742,167	\$ 1,125,394
Net earnings and comprehensive income	3,118,090	633,311
Basic and diluted earnings per share	\$ 0.0013	\$ 0.0003
Statement of financial position:		
Total assets	\$ 66,416,301	\$ 98,954,669
Total liabilities	40,171,015	40,827,473
Share capital	18,100,000	18,100,000
Cash dividends declared per share	\$ 0.0145	\$ 0.0376

For the three months ended August 31, 2012, 8 condominium units (August 31, 2011 – 6 units) of Tower III and 27 condominium units (August 31, 2011 – nil units) of Tower IV were sold and closed. During the period, the Company recognized total condominium sales revenue of \$17,789,769 (August 31, 2011 - \$2,833,618) when the title to the units was transferred to purchasers and the full amount of sales proceeds was collected. Accordingly, the Company recognized cost of condominiums sold of \$7,289,307 (August 31, 2011 - \$1,612,541) and commission and closing costs of \$758,295 (August 31, 2011 - \$95,683).

During the three months ended August 31, 2012, expenses totalled \$3,223,133 (August 31, 2011 - \$500,484) including \$2,261,209 (August 31, 2011 - \$nil) loss from trading securities and \$700,325 (August 31, 2011 - \$334,122) in general and administrative expenses. Upon completion of Tower IV in December 2011, Tower IV was reclassified to properties held for sale, thus, all operating expenses relating to Tower IV are now expensed rather than capitalized.

The Company paid a dividend of \$35,000,000 to all of the outstanding shareholders on August 31, 2012.

## SELECTED QUARTERLY FINANCIAL DATA

The following sets forth certain financial information for the Company with respect to the eight quarterly periods ended August 31, 2012. This information should be read in conjunction with the applicable interim financial statements, notes to the financial statements, and MD&A.

	2013		2012		2012		2012	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Aug 31,	May 31,	Feb 29,	Nov 30,	Aug 31,	May 31,	Feb 28,	Nov 30,
	2012	2012	2012	2011	2011	2011	2011	2010
Properties held for development and sale	\$ 34,130,038	\$ 40,722,454	\$ 46,828,494	\$ 110,156,987	\$ 110,370,751	\$ 103,518,885	\$ 91,840,857	\$ 79,070,291
Total assets	66,416,301	98,954,669	101,653,129	185,404,117	154,394,154	144,116,963	156,684,890	123,680,782
Debt on properties	-	-	-	60,040,674	53,086,184	43,665,917	35,656,542	25,301,750
Sales deposits	2,804,797	2,829,544	2,651,664	43,648,152	26,394,774	22,527,995	19,393,203	17,070,902
Total liabilities	40,171,015	40,827,473	24,245,038	115,612,283	91,580,814	81,936,934	90,345,890	74,072,927

Quarterly operating results consisted primarily of:

	2013		2012		2012		2012	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Aug 31,	May 31,	Feb 29,	Nov 30,	Aug 31,	May 31,	Feb 28,	Nov 30,
	2012	2012	2012	2011	2011	2011	2011	2010
Condominium sales	\$ 17,789,769	\$ 10,193,011	\$ 195,975,482	\$ 12,564,135	\$ 2,833,618	\$ 2,562,376	\$ 875,617	\$ 1,011,900
Cost of condominiums sold	7,289,307	6,327,990	87,267,235	5,878,733	1,612,541	1,040,477	374,315	550,911
Commissions and closing costs	758,295	679,437	4,931,271	421,300	95,683	101,602	51,920	66,105
Earnings (loss) before income taxes	6,607,159	4,902,020	102,600,516	7,162,319	556,217	1,015,288	(168,855)	(246,048)
Net earnings (loss) *	3,118,090	(19,281,201)	97,605,980	6,977,911	633,240	(4,159,082)	(168,858)	(246,049)
Earnings (loss) per share	0.0013	(0.0080)	0.0405	0.0029	0.0003	(0.0017)	(0.0001)	(0.0001)

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

All financial data above is prepared in accordance with IFRS, using the same accounting policies and methods of application as described in note 3 of the Company's condensed consolidated interim financial statements for the three months ended August 31, 2012 and 2011.

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 is usually significantly higher in the early stage of construction completion because the units that are pre-sold over the construction and development years eventually get closed. The large increase in condominium sales in the third quarter ended February 29, 2012 was mainly due to the completion of Tower IV resulting in 508 out of 634 condominium units being sold and closed and \$189,556,852 of condominium sales being recognized.

The sales of condominium units are still ongoing after Tower III and Tower IV started to recognize sales revenue in October 2009 and December 2011 respectively. In general, the market is more active in the summer compared to the winter. The total number of units sold and closed in Tower III and Tower IV range from 1 to 35 each quarter depending on the market conditions and the closing dates. For the first quarter ended August 31, 2012, there were 35 condominium units sold and closed which generated condominium sales revenue of \$17,789,769, compared to 6 condominium units sold and closed generating \$2,833,618 in condominium sales revenue for the same quarter of 2011.

The Company anticipates ongoing condominium sales of both Tower III and Tower IV, with estimated sales units of 23 and sales revenue of \$15,000,000 for the quarter ending November 30, 2012.

## **RELATED PARTY DISCLOSURES**

The amount due to related party, a corporation under common control, is non-interest-bearing, unsecured and has no fixed terms of repayment.

During the period ended August 31, 2012, the Company incurred construction management fees, based on 3% of construction costs incurred, of \$25,684 for a total of \$4,563,199 to a corporation controlled by a significant shareholder and director. The Company has capitalized these construction management fees to properties held for development and sale. Included in amounts payable and accrued liabilities at August 31, 2012 is \$58,035 (May 31, 2012 - \$32,351) due in respect of these construction management fees.

Key management personnel are those people having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The compensation paid or payable to key management for employee services is \$9,250 (August 31, 2011 - \$9,250).

## **LIQUIDITY AND CAPITAL RESOURCES**

At August 31, 2012, the Company has unrestricted cash and cash equivalents of \$2,680,801 (May 31, 2012 - \$26,518,971).

### ***Cash Flows***

#### **Cash Flows from Operating Activities**

During the three months ended August 31, 2012, the net cash flow from operating activities was \$13,671,353 (August 31, 2011 - \$(3,983,462)). The increase in cash flow from operating activities is primarily due to the sale of 8 (2011 - 6 units) condominium units of Tower III and 27 (2011 - nil) condominium units in Tower IV.

#### **Cash Flows from Investing Activities**

During the three months ended August 31, 2012, the net cash flow from investing activities was \$(25,288) (August 31, 2011 - \$71,105).

#### **Cash Flows from Financing Activities**

During the three months ended August 31, 2012, the net cash flow from financing activities was \$(37,484,235) (August 31, 2011 - \$5,349,225). The decrease in cash flow from financing activities is primarily due to the Company paying a \$35,000,000 dividend during the quarter.

## **OFF-BALANCE SHEET ARRANGEMENTS**

As at August 31, 2012, the Company has outstanding letters of credit of \$235,628 (May 31, 2012 - \$282,378) 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 three months ended August 31, 2012. 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:

### ***Property acquisition***

Where property is acquired, management considers the substance of the assets and/or activities of the acquired entity in determining whether the acquisition represents the acquisition of assets or a business combination. A transaction is considered to be a business combination if the acquired property meets the definition of a business, being an integrated set of activities and assets that are capable of being managed for the purpose of providing a return to the shareholders.

Whether the acquisition is accounted for as an asset acquisition or a business combination, the Company fair values assets acquired and liabilities assumed including land, buildings, intangibles such as above and below-market leases, in-place operating leases and customer relationship value. The Company expenses transaction costs on business combinations.

### ***Properties under development and sale***

Properties under development and sale are accounted for at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less costs to complete development and sale. Costs include all direct development costs and capitalized carrying costs related to holding the property under development, including borrowing costs. The Company makes an impairment provision where the carrying value of a property exceeds its net realizable value.

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 development until the date of completion. Capitalization of borrowing costs is suspended during prolonged periods when development activity is interrupted.

The Company considers the date of completion to have occurred when construction is complete and upon receipt of all necessary occupancy and other material permits.

The cost of sale of a property or unit is allocated on the basis of the estimated total cost of the project prorated by the anticipated selling price of the property or unit over the anticipated selling price of the entire project.

### ***Restricted cash***

Restricted cash consists of cash over which the Company has legal ownership, but which is restricted by law or contract as to its availability or intended use, including funds held on behalf of purchasers and construction contractors.

### ***Sales deposits***

The Company receives sales deposits, from purchasers of condominium units, in the ordinary course of business. Sales deposits are non-refundable to the purchaser, and are recognized as revenue upon completion of the sale.

### ***Revenue recognition***

Revenue from construction and sale of residential condominium units is recognized when the significant risks and rewards of ownership are transferred to the purchaser, when the Company no longer has any significant involvement with the unit, when it is probable that the economic benefits from sale will flow to the Company and when the revenue and related costs of sale can be reliably measured.

### ***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.

### ***Earnings per share***

Basic and diluted earnings (loss) per share is calculated by dividing the profit or loss attributable to the owners of the Company by the weighted average number of common shares outstanding during the period. Basic and diluted earnings (loss) per share are the same as the Company had no potentially dilutive securities outstanding during the three months ended August 31, 2012 and 2011.

### ***Income taxes***

Current income taxes are the expected amount of income taxes payable to the taxation authorities, 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.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are measured at the income tax rates that are expected to apply to the year when the asset is realized, based on the tax rates and laws that have been enacted or substantively enacted at the statement of financial position date.

Investment tax credits are receivable from the Government of Canada as an incentive to conduct research and development in Canada, and are recorded when their realization is believed to be reasonably assured.

### **Financial instruments**

Financial assets and financial liabilities are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument. The Company classified its financial assets as either fair value through profit or loss (“FVTPL”), loans and receivables, held-to-maturity or available-for-sale. The classification depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition. Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Held-to-maturity financial assets are non-derivative financial instruments that have fixed and determinable payments and the Company has the ability and intent to hold the asset until maturity. Available-for-sale financial assets are non-derivative financial instruments that are either designated in this category or not classified in the other categories. For financial instruments classified as other than held-for-trading, transaction costs are added to the initial fair value of the related financial instrument. Financial assets and financial liabilities classified as held-for-trading are measured at FVTPL. Financial assets classified as held to maturity, loans and receivables or other financial liabilities are measured at amortized cost using the effective interest method.

The Company has implemented the following classifications:

Cash	FVTPL
Restricted cash	FVTPL
Amounts receivable	Loans and receivables
Amounts payable and accrued liabilities	Other financial liabilities
Sales deposits	Other financial liabilities
Due to related party	Other financial liabilities

## **STANDARDS ISSUED BUT NOT YET EFFECTIVE**

### ***Financial instruments***

IFRS 9 – *Financial Instruments* (IFRS 9) was issued by the IASB in October 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 fiscal years beginning on or after January 1, 2015, 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* (SIC-12) 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 fiscal years 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 disclosure 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 consolidated. This standard is required to be applied for fiscal years 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 fiscal years 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 – *Disclosure 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 fiscal years beginning on or after January 1, 2013, with early adoption permitted. The Company is currently evaluating the impact of this policy.

### ***Fair value measurements***

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 fiscal years beginning on or after January 1, 2013, with early adoption permitted. The Company is currently evaluating the impact of this policy.

### ***Presentation of financial statements***

IAS 1 – *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income* (IAS 1) was issued in June 2011 and sets out the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. This standard is required to be applied for fiscal years 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 August 31, 2012, 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 AND RISK MANAGEMENT**

The Company classifies or designates its financial instruments as follows:

- Cash and cash equivalents and restricted cash – Fair value through profit or loss
- Amounts receivable – Loans and receivables
- Amounts payable and accrued liabilities, sales deposits and due to related party – Other financial liabilities

#### ***Liquidity risk***

Liquidity risk is the risk that the Company will not be 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 amounts of cash and other current assets and by having adequate access to credit facilities when needed. All amounts receivable were collected after August 31, 2012. Amounts payable and accrued liabilities includes \$465,419 of holdbacks payable.

#### ***Credit risk***

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 restricted cash is believed to be minimal as these balances are 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.

#### ***Fair values***

The carrying values of cash, restricted cash, amounts receivable, the amount due to related party, amounts payable and accrued liabilities, and sales deposits approximate their fair values due to the short-term nature of these financial assets and financial liabilities.

## 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.
- 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 economy.
- 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 2012 annual information form and other disclosure documents, is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the profile for Global Summit Real Estate Inc.