THE SUNCHASER VACATION VILLAS AT RIVERSIDE, HILLSIDE AND RIVERVIEW

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2012

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This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with The Sunchaser Vacation Villas at Riverside, Hillside and Riverview's ("SVV" or the "Resort") audited financial statements and accompanying notes for the year ended December 31, 2012.

This MD&A is presented as of February May 16, 2013. All financial information contained herein is expressed in Canadian dollars unless otherwise specified.

Forward-Looking Statements

Certain statements included in this MD&A constitute forward-looking statements. These statements relate to future events or the Resort's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as ''anticipate'', ''believe'', "continue", "could", ''estimate'', ''expect'', "intend", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "targeting", "will", and other similar expressions. All forward-looking statements are based on beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on expectations regarding future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those anticipated in such forward-looking statements. Although the forward-looking statements contained in the MD&A are based upon what the Resort believes to be reasonable assumptions, no assurance can be given that these expectations will prove to be accurate and such forward-looking statements included in this MD&A should not be unduly relied upon by leaseholders and owners. These forward-looking statements are made as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Resort does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

Factors which could cause future outcomes to differ materially from those set forth in the forward-looking statements include, but are not limited to: (i) the ability to collect sufficient maintenance fees from the leaseholders and owners to support operations, (ii) the financial viability of the developer, (iii) the state of the general economy and the Western Canadian vacation market, (iv) the cost and availability of labour, (v) the ability to maintain alliances with RCI and Interval International on acceptable terms, (vi) the ability to adjust operations of the Resort to reflect seasonality, delinquency and unsold or unutilized inventory; (vii) additional deficiencies at the Resort that could come to light as a result of the renovation project; (viii) the impact of competitive products and pricing and the ability to successfully compete in the marketplace; (ix) the ability to attract and retain key personnel and key collaborators; and (x) the ability to adequately protect proprietary information and technology from competitors. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

FORMATION OF THE CURRENT PROPERTY MANAGER

As a result of significant changes over the past several years, there is some confusion over the property management of the resort. The following details the changes that have occurred as a result of the failure of the original property manager, Fairmont Resort Properties Ltd. ("Fairmont").

On March 30, 2009, Fairmont sought *Companies' Creditors Arrangements Act* ("CCAA") protection as it was in default of its obligations to mortgage bondholders who had invested funds in FRPL Finance Ltd. ("FRPL"). At that time, Fairmont was the developer and property manager of the Resort and had subcontracted the property management services to Columbia Villa Management Ltd. ("CVM").

In June of 2009, Fairmont, as part of the CCAA process, repudiated (terminated) the contract with CVM and subcontracted Resort Villa Management Ltd. ("RVM") to perform the property management services to the Resort. At that time, the majority of the non-owner CVM staff was transferred to RVM to continue operation of the resort.

On March 4, 2010 Northwynd Properties Real Estate Investment Trust ("Northwynd") was formed by a Declaration of Trust. As a result of a Plan of Arrangement completed by FRPL pursuant to the Alberta Business Corporations Act on April 22, 2010, the holders of mortgage bonds issued by FRPL exchanged their bonds for units of the Trust. Concurrently, and as part of the Plan of Arrangement, the Trust acquired from FRPL certain loans and security interests in Fairmont and its subsidiary companies.

On April 27, 2010 Northwynd submitted a bid to purchase substantially all of the assets of Fairmont in exchange for the cancellation of $43.8 million of Fairmont debt and the assumption by Northwynd of certain liabilities of Fairmont. The Alberta Court of Queen's Bench granted final approval of Northwynd's acquisition of Fairmont's assets on June 22, 2010 and issued an order vesting title to Fairmont's assets with Northwynd LP, a limited partnership wholly owned by the Trust. The acquisition was completed on July 7, 2010 at which time certain acquired assets, including the property management contract and developer rights for the Resort and ownership of RVM, were transferred to Northmont LP, a limited partnership also wholly owned by the Trust. As a result, on July 7, 2010, Northmont became the property manager for the Resort overseeing the subcontracted work of RVM and Fairmont's property management ceased.

In addition to Northmont and RVM, Northwynd Resort Properties Ltd. ("NRPL"), the general partner of Northwynd LP, employs the corporate office staff, including accounting, customer service, and management staff, which is recharged to the Resort for the services provided for its operation.

As a result, effective July 7, 2010, the Resort has been "under new management." Northmont is the formal property manager contracted with each leaseholder and owner, while RVM performs the majority of services under subcontract. For the remainder of the MD&A, they will collectively be referred to as the "Property Manager."

TIMELINESS OF FINANCIAL INFORMATION

Section 11 of the current Vacation Interval Agreement states that the manager shall provide an audited statement to the leaseholders and owners for the previous year's receipts and expenditures by December 31st. Previous versions stated that the audit shall be completed by March 31st.

We recognize that many of our leaseholders and owners value the audited financial information for peace of mind, especially in light of the significant changes. It has been our objective to get the financial reporting accelerated in order to provide the information on a timelier basis. As we stated in the December 31, 2011 management's discussion and analysis, it was our objective to complete the 2012 audit by no later than June 30, 2013 and we have achieved that target.

The delay in completion of the 2012 statements ties back to the CCAA of Fairmont. We have been playing catch up with the Resort's financial statements since taking over the property management due to the substantial issues that were inherited from Fairmont. During Fairmont's CCAA proceedings, it did not perform either the 2008 or 2009 audit of the Resort. As a result, we were left to address the deficiency. Both audits took substantially longer than anticipated due to the state of the financial information acquired from Fairmont and staff continuity issues with the auditor. While both audits were contracted at the same time, the various issues resulted in the 2009 audit only reaching completion in September, 2011, nine months after completion of the 2008 audit.

The clean-up of the financial records during that period and work related to the audit resulted in significant delays in the creation of the 2010 and 2011 financial information. In addition, it was discovered that the past financial statements were not prepared in accordance with the vacation interval agreements. This created further issues and delays with the 2010 and 2011 statements and significant further work was required to adjust the closing 2009 financial information to the proper format.

The 2012 audit could not begin until the 2011 audit was completed and then within the scheduling limitations of the auditors. Getting the 2012 audit done three months after completion of the 2011 audit is a significant achievement.

While we cannot predict what future issues may occur, we believe that the completion of the 2012 audit has addressed the majority of the past issues and the financial information and audits should be completed on a much more timely and cost effective basis going forward.

OVERALL PERFORMANCE

2012 represented the first year that the Resort was managed by a true Northmont budget. While Northmont became the property manager on July 6, 2010, day-to-day management was substantially the same for the remainder of the year and for the preparation of the 2011 budget and corresponding maintenance fees. As such, our first real opportunity to improve the budgeting process and materially improve the operations was 2012.

In the last half of 2011, we began aggressively targeting cost reductions nearly across the board to reign in the operating deficit with the objective of eliminating it in 2012. Those efforts combined with stronger budgeting and continued vigilance throughout 2012 led to an operating surplus for the year excluding the extraordinary building monitoring costs.

During 2012, we engaged a third party geotechnical firm to begin a monitoring program for all of the buildings at the Resort. The foundation work on Building 7000 led to the discovery that improper infill (soil underneath the building) had been used which had exacerbated the settlement issue. Given the existence of this improper infill and the known geologic issues with the land the Resort is on, it was determined that we needed to assess the stability of the remaining buildings.

As at December 31, 2012, the first review of the building foundations has been completed to establish benchmarks and preliminary data for comparison to future reviews. The initial review has found one "watch" building where there has been substantial settlement. A subsequent survey is scheduled for June, 2013 to determine if observed settlement in the initial review is ongoing or occurred during or shortly after construction.

The results of the foundation monitoring will likely effect the decision making on which buildings to renovate in the renovation project and which to remove. If a building becomes a "bad building" that requires significant additional repair work to the foundation, we expect to remove it from the Resort.

Ancillary services declined in 2012 primarily due to a change in how the golf pass services were performed at the Resort. During 2012, visitors to the resort were able to get a discount directly from certain golf courses and we earned a commission on that process. In past years, we have purchased golf passes and resold them. As such, the reduced revenue is offset by a corresponding reduction in non-labour ancillary services costs.

Insurance costs decreased significantly during the year as a result of the ongoing efforts of our new insurance broker to provide appropriate insurance coverage for the Resort. In 2011, we replaced the previous insurance broker that had been in place from when Fairmont was property manager as the coverage they had in place and continued to recommend was excessive an inappropriate for the Resort.

Delinquency rates in 2012 increased to 9.4% from 6.1% at the end of 2011. During the budgeting process, a $505,137 provision for delinquency was set up to manage the delinquent level based on plans for a more robust developer program to sell delinquent inventory to offset the normal increase. When Northwynd was unable to achieve expected targets, primarily as a result of the needed repairs at the Resort and the general issues in the vacation ownership industry, the actual delinquency exceeded budget resulting in a further $302,806 of unrecovered bad debts.

During 2012, we also saw a substantial rise in attempted fraudulent transfers. There are numerous internet and other organizations that target timeshare owners who are trying to get out of their future obligation. When those transfers are rejected, it usually leads to default by the owner.

It is our belief that without the implementation of the resort realignment plan, delinquency will continue to grow at a minimum of 2-3% per year and provide a greater burden on the remaining vacation interval owners.

BUILDING 7000

Consistent with 2011, the absence of a material sales program by the developer meant that the costs of the Building 7000 repair were incurred out of the operating funds of the Resort to be recovered from those vacation interval owners who had not contributed to the repair already by purchasing an RCI conversion.

During 2012, $1,058,970 was incurred to complete the Building 7000 foundation repair of which only $112,800 was contributed from vacation interval sales at the Resort through the limited subsidy agreement with Northmont.

The recovery of the deficit attributed to Building 7000 formed part of the Renovation Project Maintenance Fee that was issued in April, 2013 to biennal odd and annual timeshare owners and will be issued to biennial even timeshare owners on their 2014 maintenance fee invoice.

REPLACEMENT RESERVE

Under the terms of the Vacation Interval Agreement, the Property Manager is authorized to set up a replacement reserve to enable furnishing and fixture replacements to be made when required. Historically, the Resort has not had a replacement reserve. In addition, to the best of our knowledge, the Resort has never had a replacement reserve study completed.

Leaseholders and owners should be cautioned that the financial statements of a property manager only present the receipts and disbursements related to capital replacement. As a result, they are not sufficient for the analysis of the health of a resort. The critical piece of information on resort health is the level of deferred maintenance in comparison to the size of the replacement reserve.

For years, maintenance fees were not at a level appropriate for the long-term sustainability of the resort. The resort maintained operations by avoiding deferred maintenance requirements and allowing the Resort to degrade. As a result, past financial statements that showed minor replacement reserve surpluses or deficits were not indicative of the Resort's true health.

Once the renovation project is complete, we intend to perform a complete replacement reserve study to enable a more effective forecasting and billing of refurbishment costs to sustain the resort into the future.

SUBSEQUENT EVENTS: RESORT REALIGNMENT

In December 2012, we announced that a renovation project was coming with an expected start sometime in 2013. Subsequent to year-end, we issued the Freedom to Choose, Reason to Stay communication outlining the resort realignment plan (the "Resort Realignment") to address the deferred maintenance issues and engaged a third party general contractor to perform the renovation.

A substantial amount of information on the Resort Realignment is available on the Resort website at http://www.sunchaservillas.ca.

We would specifically direct vacation interval owners to the Resort Realignment Benefit Discussion memo as it provides a detailed discussion of why we believe the Freedom to Choose, Reason to Stay program is a benefit to current and future vacation interval owners.

The renovation project maintenance fee also includes each timeshare owners share of the outstanding deficit at December 31, 2012 in order to bring the Resort's books back into balance.