Skyline Investments reports fourth quarter and 2017 results Operating EBITDA rose 18.4% to CAD $23M in 2017 2017 NOI from rental properties increased 6% to CAD $22M FFO grew 36% over the last year to about CAD $14.2M Following the acquisition of 13 Courtyard by Marriott hotels, the company's balance sheet increased 37.4% to approx. CAD $714M Skyline's equity increased to CAD $296M (approx. CAD $255M attributable to shareholders), constituting approx. 41.4% of total assets

Toronto, Ontario – (March 25, 2018) - **Skyline Investments Inc.** (TA: SKLN) is a Canadian company that specializes in hospitality real estate investments in the United States and Canada, published its fourth quarter and 2017 annual results.

Blake Lyon, CEO of Skyline, said: "It was a year of significant activity, growth and improvement in most parameters. During 2017, we acquired 13 Courtyard by Marriott hotels, received a Baa1 credit rating from Midroog, carried out a number of significant financing activities, and sold significant development lands of approximately CAD $50M. Alongside that, we continued to improve existing properties and our development projects produced significant profits.

Skyline improved it's EBITDA by 18% and FFO by 36%. We remain focused on the implementation of our business strategy which includes the continued expansion of our income-producing portfolio, the reduction of Skyline's land bank while demonstrating profits from select development projects, the improvement of existing assets; and an overall focus on improving cash flow.

In 2018 we anticipate a significant increase in revenue and cash flow as a result of the acquisition of 13 Courtyard by Marriott hotels, recent investments in existing properties and several development projects in advanced stages of sale with completion expected this year".

- Total revenues for the year 2017 amounted to CAD $152.6M (an increase of 3.1%) compared to CAD $148M in the corresponding period last year. The revenues from the sale of residential property rose by CAD $5M to CAD $30.7M, mainly due to the sale of the Port McNicoll project and land at Horseshoe Resort. The Canadian resorts showed an aggregate improvement of approximately CAD $4M led by Deerhurst with record high results since acquisition by Skyline in 2011. This increase was offset by the USD / CAD exchange rate, below seasonal snow fall at the start of the winter in the Bear Valley ski area, a decrease in the number of events and conferences and the absorption of new hotel room supply in Cleveland. In 2017, Skyline recognized revenue of CAD $5.8M from the 13 Courtyard by Marriott hotels acquired last November. Alongside this, a reduction in revenue of CAD $4M was recorded following the sale of the Pantages Hotel in August 2016.
- Total revenues for the fourth quarter of 2017 totaled CAD $36.7M, an increase of 14.8% over the CAD $32M in Q4 2016.

	2016	**2017**
	In CAD 000's	
NOI	20,821	22,006
NOI Margin	17%	18.1%
Same Property NOI	22,445	23,456
Same Property NOI Margin	19%	20.2%
EBITDA	19,391	22,968
EBITDA Margin	13.1%	15.1%

*All numbers based on March 23rd, 2017 CAD to NIS exchange rate of 2.7062

Change in EBITDA		18.4%
FFO	10,476	14,237
Change in FFO		35.9%

- NOI from rental properties in 2017 was CAD $22M, an increase of 5.7% over last year's CAD $20.8M.
- Same Property NOI in 2017 equaled CAD $23.5M, an increase of about 4.5% over the CAD $22.4M in the prior year, including improvement in NOI margin from 19% to 20.2%.
- Operating EBITDA in 2017 increased by 18.4% to CAD $23M compared with CAD $19.4M in 2016. Most of this increase was due to the sale of lands in Port McNicoll and Horseshoe.
- Net financing expenses in 2017 equaled CAD $8M compared to CAD $10.1M in 2016. The decrease was mainly due to the increase in fair value of the CAD/NIS hedging instrument by CAD $2.5M.
- Net profit for the year 2017 totaled CAD $8.6M, an increase of 7.3% over CAD $8m in 2016.
- Net profit for the fourth quarter of 2017 amounted to approx. CAD $4.7M, compared with a loss of approx. CAD $230K in the corresponding quarter last year.
- Total assets as of December 31, 2017 amounted to CAD $714M compared to CAD $520M at the end of 2016. This represents an increase of approx. 37.4% mainly due to the acquisition of 13 Courtyard by Marriott hotels.
- The Company's shareholders' equity at the end of 2017 was CAD $296M (CAD $255M attributed to the shareholders) representing 41.4% of the total balance sheet.
- Cash and cash equivalents as of December 31, 2017 equaled approx. CAD $25.9M versus approx. CAD $29.8M in the same period last year. Additionally, Skyline has an unutilized credit line of CAD $ 17M and assets without financial debt totaling CAD $95M, which provides the Company with financial flexibility.
- Net financial debt as of December 31, 2017 amounted to CAD $291M and constitutes 42% of the Total Net Assets.
- Following the US Tax Reform of December 2017 which decreased corporate tax to 21% from 35% previously, the Company recorded a decrease in its deferred tax liability in the amount of CAD $10M.

Important Events in the Reporting Period

- **In November 2017**, Skyline completed the acquisition of 13 business hotels in the US for USD $135M before transaction costs. In order to finance the acquisition of 13 Individual Courtyard by Marriott hotels, Skyline closed on a purchase loan in the amount of $89.5M USD from one of the world's largest banks and secured a capital credit line in the amount of approx. USD $31M
- **In September 2017**, Skyline issued its first unsecured corporate bond in Israel, linked to the USD exchange rate index (Series B). The Series B has a face-value of 164M NIS, a duration of approx. 5 years and bears an interest rate of 5.65%.
- **In August 2017**, Midroog issued Skyline a conditional* initial rating of Baa1 with a stable outlook before the issuance of a new series of debentures. With the completion of the acquisition of the 13 hotels by Courtyard by Marriott, the conditions have been met. The Baa1 rating was also confirmed for the Series A debentures.
- **In July 2017**, the Company completed the sale of Port McNicoll for CAD $42M and received the first payment of CAD $4.2M. The balance of CAD $25.2M (60% of the transaction) will be spread over 72 monthly payments (6 years) of CAD $350K, and the buyer will pay the remaining CAD $12.6M (30%

*All numbers based on March 23rd, 2017 CAD to NIS exchange rate of 2.7062

of transaction) at the end of the sixth year. In addition, the contract includes a mechanism of accelerated payments with the sale of housing units by the buyer to third parties.

- **In July 2017**, the Company signed a conditional agreement for the sale of land near Horseshoe Resort in Canada for CAD $6.25M. The transaction closed in November 2017 and Skyline recognized a capital gain of CAD $5.3M.
- **In June 2017**, a subsidiary (60%) of Skyline signed an agreement to sell land parcels at Blue Mountain for CAD $3.45M. The Company is expected to complete this transaction within six months and receive a cash flow of CAD $2.5M.
- **In April 2017**, Skyline distributed its first ever corporate dividend in the amount of CAD $1.8M.
- **In March 2017**, the Company signed a 5-year agreement for a credit line of CAD $20M baring an interest rate of prime + 2% (current interest rate is 4.7%), using Horseshoe Resort as collateral. This credit line enhances Skyline's financial flexibility.
- **In March 2017**, Skyline signed a refinancing agreement for the Hyatt Regency Arcade for USD $17M at 3.4% interest over 5 years. This loan refinanced a prior USD $11.7M loan with a higher interest rate of 4.76%.

About Skyline

Skyline Investments is a Canadian company that specializes in specializes in hospitality real estate investments in Canada and the US. The Company owns 19 assets in Canada and the US with 3,180 hotel rooms under management spread over 18 cities, and development lands for almost 3,000 residential units in three main areas north of Toronto, Canada.

The company is traded on the Tel Aviv Stock Exchange (ticker: SKLN) under the SME60 index. The current Market CAP is approx. CAD $203.3M ($12.15 per share)*, while the shareholders' equity as of December 31 2017 is approx. CAD $255M ($15.24 per share).

For more information, please go to our website at www.skylineinvestments.com, or call Ben Novo-Shalem, Head of M&A and IR, at 416 368-2565 ex.2222; or go to the websites of the Ontario Securities Commission www.sedar.com or the Israeli securities regulator www.magna.isa.gov.il.

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