Skyline Publishes First Quarter 2019 Results

First Quarter Revenue increased by 20.3% to CAD $56.9M compared to the same period last year.

First Quarter EBITDA increased by 34.6% to CAD $12.6M compared to the same period last year.

First Quarter NOI from income-producing assets is CAD $12.8M, an increase of 15.3% over last year.

Toronto, Ontario – May 15, 2019. Skyline Investments (the "**Company**") (TASE: SKLN), is a Canadian company that specializes in hospitality real estate investments in the United States and Canada, published its first quarter 2019 results.

Skyline CEO Blake Lyon said: "In Q1-2019, Skyline presented significant growth in same properties revenue and NOI mainly due to recent capital improvements and better weather conditions at our ski resorts. *Bear Valley's improvement was due to improved weather conditions compared to the previous years and the installation of a new high-speed ski lift which allowed us to increase ticket prices. Similarly, Horseshoe's NOI improved due to the increase in new room inventory for the Resort associated with the recently completed Slopeside building. Skyline continues to focus and improve its operation activities and during this quarter completed the renovation of Courtyard Ft. Myers and the HVAC replacement at the Renaissance Hotel. While these improvements impacted our Q1-2019 earnings due to rooms being out of service, these improvements are expected to improve the performance of these assets in the coming years. The Company also closed the sale of the Blue Mountain Retail asset at the end of the quarter for CAD 31.7M, which was purchased in 2013 for CAD 20M, realizing on the fair value gains recorded on the Company's balance sheet."*

	Q1/2019	**Q1/2018**
	in CAD 000's	
NOI	**12,767**	**11,072**
NOI Margin	25.1%	23.5%
Same Property NOI	**12,767**	**11,072**
Same Property NOI Margin	25.1%	23.5%
EBITDA	**12,569**	**9,335**
EBITDA Margin	22.1%	19.7%
FFO*	**7,108**	**5,366**

***Adjusted EBITDA was restated as a result of a change in definition by the Company. The new definition reconciles to the financial statements and reflects the operations of the Company. FFO was restated as a result of a change in definition to coincide with REAPAC's definition for Canadian real estate companies. Same property NOI was restated as a result of an error at the time of publishing.**

- **Total revenue for Q1 2019** was CAD $56.9M, an increase of 20.3% over last year's first quarter total revenue of CAD $47.3M. Revenue from income-producing assets has increased by approx. CAD $3.7M, mainly due to a combined improvement of CAD $2.9M at Horseshoe and Bear Valley due to better ski weather conditions and recent capital improvements. Revenue from sale of residential real estate was CAD $6M, well above CAD $0.2M last year. During Q1-2019, we provided occupancy to 14 units at Lakeside Lodge and recognized revenue of $5.5M.
- **NOI from income-producing assets in Q1 2019** amounted to CAD $12.8M, an increase of 15.3% compared to CAD $11.1M in the same period last year. Most of this improvement is attributed to Horseshoe and Bear Valley, while rest of the assets presented stable year over year results.
- **Same property income-producing asset NOI in Q1 2019** was similar to the total NOI from income producing assets.
- **Operating EBITDA in Q1 2019** increased by 34.6% to CAD $12.6M compared to CAD $9.3M in the same period last year. This improvement is mainly attributed to improvement in Same property NOI and higher profit from sale of residential real estate.
- **Derecognition of investment costs and other capital losses in Q1-2019** was CAD $1.4M due to the expiration of an agreement with an unrelated third party to assume the acquisition of the Bahamas project. The Company determined that the remaining costs that were to be reimbursed by the third party were to be written off in the current quarter.
- **Loss from early estinguishment of debt in Q1-2019** was CAD $2.7M. The majority of this amount is attributable to the sale of the Blue Mountain retail that had a high interest loan (6.75%) for which the Company had to pay an early loan repayment fee.
- **Financing expense in Q1 2019** totaled CAD $5.9M compared to CAD $4.9M in the corresponding period last year. This increase is mainly due to a higher variable interest rates and additional debt to finance improvements to our properties, including the Renaissance and Fort Myers renovations.
- **Net loss for Q1 2019** amounted to CAD $1.46M compared with a CAD $126K gain in the same period last year.
- **Total assets as of March 31, 2019** decreased to CAD $757M from CAD $784M at the end of 2018, mainly due to the sale of Blue Mountain retail.
- **The Company's shareholders' equity at the end of March 31, 2019** was CAD $296M (approx. CAD $257.7M attributable to the shareholders), representing 39.1% of the balance sheet. At March 31, 2019 the equity per share attributed to shareholders was NIS $41.22 (CAD $15.4) and the share price was NIS $29.95 (CAD $11.19).
- **Cash and cash equivalents as of March 31, 2019** amounted to CAD $33.6M compared with CAD $28M at the end of 2018. The increase in cash is mainly attributed to proceeds from the sale of the Blue Mountain retail.
- **Net financial debt as of March 31, 2019** totaled CAD $323M, constituting 44.7% of Total Assets (excluding cash).
- **The sale of Blue Mountain Retail** closed at the end of Q1 and allowed the Company to realize on the Fair Value recorded on the Company's balance sheet.

About Skyline

Skyline Investments is a Canadian company that specializes in hospitality real estate investments in Canada and the US. The Company owns 18 assets in Canada and the US with 3,219 hotel rooms under management spread over 18 cities, and development lands with rights for almost 2,315 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.

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Non-IFRS Measures

The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). However, the following measures: NOI, NOI Margin, FFO, FFO per share and Adjusted EBITDA are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS, and should not be compared to or construed as alternatives to profit/loss, cash flow from operating activities or other measures of financial performance determined in accordance with IFRS. NOI, NOI Margin, FFO, FFO per share and Adjusted EBITDA as computed by the Company, may differ from similar measures as reported by other companies in similar or different industries. However, these non-IFRS measures are recognized supplemental measures of performance for real estate issuers widely used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties, and the Company believes they provide useful supplemental information to both management and readers in measuring the financial performance of the Company. Further details on non-IFRS measures are set out in the Company's Management's Discussion and Analysis for the period ended September 30, 2018 and available on the Company's profile on SEDAR at www.sedar.com or MAGNA at www.magna.isa.gov.il

Forward Looking Statements

This release may contain forward-looking statements (within the meaning of applicable securities laws) relating to the business of the Company. In some cases, forward-looking statements can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Such statements involve a number of known and unknown risks and uncertainties, many of which are outside our control that could cause our future results, performance or achievements to differ significantly from the results, performance or achievements expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks detailed in our public filings with the Canadian Securities Administrators. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, we undertake no obligation to update any forward-looking or other statements herein whether as a result of new information, future events or otherwise.