

SKYLINE ANNOUNCES RECORD OPERATIONAL RESULTS IN 2019 AND PROVIDES COVID-19 UPDATE

- **2019 Adjusted EBITDA increased by 10% to C\$40.7 million compared to C\$37.0 million in 2018;**
- **2019 Revenue increased to C\$235.2 million;**
- **Same asset NOI increased by 6.5% to C\$41.6 million compared to C\$39.0 million in 2018;**
- **2019 FFO was C\$18.3 million;**
- **Reduced net debt to net assets ratio to 42.5% from 45.3%;**
- **Achieved final closing of Lakeside Lodge at Deerhurst in December 2019 with 98% occupancy;**
- **Total cash and available lines of credit as at December 31, 2019 totaled approximately C\$47 million;**
- **In October 2019, Midroog confirmed our Baa1 rating with stable outlook and removed the Company's bonds from credit watch; and**
- **Skyline is responding aggressively to the impact of COVID-19 and has significant cash resources to manage through this world-wide crisis.**

Toronto, Ontario – March 19, 2020. Skyline Investments Inc. (the “Company” or “Skyline”) (TASE: SKLN), a Canadian company that specializes in hospitality real estate investments in the United States and Canada, published its results for the year ended December 31, 2019.

“2019 was another record year for Skyline,” commented Blake Lyon, Skyline’s Chief Executive Officer. “Throughout the year the Company continued to improve operational and financial results, which are the strongest in the Company’s 20-year history. Both Revenue and EBITDA experienced strong growth, reflecting the execution of Skyline’s initiatives over the last two years that came together and were realized in the full year results. This growth was accomplished despite asset sales which have not yet been replaced. Our Courtyard hotels made a significant contribution to our results, which were further bolstered by the renovation of Courtyard Ft. Myers as well as previous investments across our other hotels and resorts. In addition, we completed and delivered two large development projects, Lakeside Lodge and Slopeside Lodge. To date, 126 3rd party owned rental units in these projects have joined our rental program. The Company also lowered its overall debt levels by C\$64.5 million, or 18% during 2019. Looking forward to 2020, we continue to execute against our stated strategic priorities of further diversifying our asset base and driving operational efficiency at our existing properties. Unfortunately, the COVID-19 pandemic is impacting our industry around the globe. Skyline is responding with significant cost reductions, and taking measures to further strengthen our liquidity. We now have approximately

\$45 million of unrestricted cash resources to help us meet this unprecedented challenge and will continue to manage our capital prudently.”

SUMMARY OF FINANCIAL RESULTS

<i>C\$000's</i>	2019	2018	2017
NOI from Hotels & Resorts	42,214	41,551	21,968
NOI from Hotels & Resorts Margin	21.8%	22.4%	18.0%
Same Asset NOI	41,565	39,039	N/A
Same Asset NOI Margin	21.6%	21.4%	N/A
Adjusted EBITDA	40,849	36,983	20,207
Adjusted EBITDA Margin	17.4%	15.9%	13.2%
FFO*	18,331	20,330	13,931

* 2018 and 2017 figures were restated to remove minority interests

INCOME STATEMENT HIGHLIGHTS

(All amounts in CAD millions unless otherwise stated)

- **Total revenue for 2019** was \$235.2, compared to \$232.3 in 2018. Revenue from hotels and resorts increased by 4.3% to \$193.6 due to revenue growth at all hotels, with particularly strong growth from the Courtyard portfolio, coupled with a strong winter season at the Company's ski resorts. Revenue from the sale of residential real estate was \$41.7. During 2019, the Company provided occupancy to all 147 units in Lakeside Lodge that were sold as of December 31, 2019. This allowed the Company to receive \$37.7 in cash and eliminate \$31.2 of construction debt in December 2019.
- **Same asset NOI for 2019** was \$41.6, an increase of 6.5%, compared to \$39.0 in 2018. The increase was primarily driven by a steady increase in performance throughout the year in the Courtyard portfolio (+4.6%), coupled with a strong winter season at our ski resorts. The recent installation of a new high-speed ski lift at Horseshoe and Bear Valley allowed ticket prices to increase.
- **Adjusted EBITDA for 2019** was \$40.8, an increase of 10.5% compared to \$37.0 in 2018. This improvement is attributable to the improvement in same asset NOI noted above, coupled with higher gross development profit from the sale of residential real estate, and lower administrative expenses, offset by the sale of the Blue Mountain retail asset in Q1 2019.
- **Loss on sale of investments and other non-operating expenses for 2019** totaled \$1.9, and was mainly attributable to the settlement of old legal claims as well as the expensing of certain investment due diligence costs on an investment the company did not complete. These costs were one-time in nature. This was offset by a gain on the sale of non-core lands.
- **Loss from early extinguishment of debt for 2019** was \$2.7. This one-time amount is attributable to the sale of the Blue Mountain retail asset in Q1 2019 that had a high interest loan (6.75%) for which the Company had to pay an early loan repayment fee.
- **Net financial expense** for 2019 totaled \$17.9, compared to \$19.0 in 2018. The decrease in net financial expense was driven by a positive change in the fair value of financial

derivatives. This was offset by higher interest expenses due to an increase in the amount of floating rate debt held by the Company relative to 2018, coupled with interest on development projects for condo units that had been delivered previously. Interest rates decreased during the latter part of 2019, and also in 2020 to-date.

- **FFO for 2019** was \$18.3, a slight reduction relative to 2018, due to asset sales that have not yet been replaced.
- **Net loss for 2019** amounted to \$1.4, compared to a net loss of \$7.7 in 2018. Excluding minority interests, the Company had a net loss of \$0.3 in 2019, compared to a net loss of \$6.9 in 2018.

BALANCE SHEET HIGHLIGHTS

- **Total assets** as at December 31, 2019 decreased to \$676 from \$777 as at December 31, 2018. The decrease was driven by the sale of Blue Mountain retail in Q1 2019, the closing of Slopeside, and delivery of Lakeside units.
- **Cash and cash equivalents** were \$26.9 as at December 31, 2019 compared to \$28.0 as at December 31, 2018. The decrease is primarily attributable to the Company using cash to reduce its net debt and invest in its properties.
- **Net debt** as at December 31, 2019 totaled \$275.9, a decrease of \$63.3 compared to net debt of \$339.3 as at December 31, 2018. As a result, the company's leverage ratio decreased to 42.5% as at December 31, 2019 from 45.3% as at December 31, 2018. As at December 31, 2019, approximately 62% of the Company's debt was issued at variable rates, which the Company expects to benefit from the recent reduction in benchmark interest rates globally. As well, in October 2019, Midroog confirmed the current Baa1 rating with stable outlook and removed the Company's bonds from credit watch. This has allowed the Company to once again consider new acquisitions.
- **Total Equity** was \$276.8 (\$252.4 attributable to shareholders), representing 41.0% of total assets. As at December 31, 2019 equity per share attributable to shareholders was 40.00 NIS (\$15.07), compared to the closing share price of 28.56 NIS (\$10.76), a discount of 29%.

COVID-19 Update

The COVID-19 virus is continuing to spread throughout the world, and is impacting the hotel industry. The situation is continually evolving, and we are now seeing a material impact at our properties. The majority of our properties are located in secondary markets and primarily service domestic business and transient travel, which are not directly impacted by international travel restrictions. However, as local, state, provincial and federal governments have begun to impose domestic travel and other restrictions, we are seeing a slowdown in our business, which will have a material financial impact on our first quarter 2020 net income in the range of approximately \$1.0 to \$2.0 million. Given the fluidity of the situation, we are unable to estimate a timeline for resolution of the COVID-19 outbreak and therefore cannot estimate the extent of the potential financial impact on our business beyond Q1 2020, however we currently expect a material

reduction in our Q2 net income as well. In response to the pandemic, the Company has implemented cost control-measures, including immediate staff reductions, implementing energy efficiency initiatives, reducing non-essential administrative expenses and capital expenditures, all aimed at protecting net operating income. We will be closing our Bear Valley ski operations approximately one month earlier than normal for the season, and may not re-open for the summer season this year. Horseshoe is closing its ski operations one week earlier than normal and is estimated to be temporally closed until the end of May. Both of these initiatives are forecast to be accretive to the Company's earnings, as the spring and summer months are traditionally slow periods for these resorts. Both resorts have just completed their busiest ski seasons on record. Deerhurst is closing this week and will remain closed on a temporary basis, but will be ready to re-open in time for its traditionally busier summer months. Skyline's two Cleveland hotels and the Company's 13 Courtyard hotels remain open but are operating with reduced staff and services. Skyline is also benefiting from the significant recent reduction in interest rates as it has approximately \$200 million of variable interest rate debt outstanding. Skyline has drawn upon the majority of its lines of credit and as such currently has approximately \$45 million of unrestricted cash resources on hand. Skyline has low leverage, at 42.5% net debt to net assets as of December 31, 2019, and as such has significant, liquid financial resources to meet the unique challenges posed by COVID-19.

About Skyline

Skyline Investments is a Canadian company that specializes in hospitality real estate investments in the United States (the "U.S.") and Canada. The Company currently owns 18 income-producing assets with 3,301 hotel rooms and 89,869 square feet of commercial space, and development lands with rights for approximately 2,315 residential units located in three main areas north of Toronto, Canada.

The Company is traded on the Tel Aviv Stock Exchange (ticker: SKLN) and is a reporting issuer in Canada.

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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 December 31, 2019 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 the material adverse impact of the COVID-19 virus on our business, as well as other 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.