SKYLINE ANNOUNCES OPERATIONAL RESULTS FOR Q1 2020 AND PROVIDES COVID-19 OPERATIONAL UPDATE

- **Q1 2020 adjusted EBITDA was C$9.1 million compared to C$12.6 million in Q1 2019;**
- **Q1 2020 revenue was C$71.7 million compared to C$56.9 million in Q1 2019, driven by completion of development projects;**
- **Same asset NOI decreased by C$5.3 million to C$7.5 million compared to C$12.3 million in Q1 2019, driven by the effects of COVID-19;**
- **The Company repurchased 219.7 thousand NIS (approximately C$87.9 thousand) worth of bonds at an average price of 79.56 NIS subsequent to quarter end;**
- **Total cash and available lines of credit as at March 31, 2020 totalled approximately C$40 million; and**
- **Skyline is responding aggressively to the impact of COVID-19 and has significant cash and other resources to reasonably manage through the pandemic.**

Toronto, Ontario – May 15, 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 three months ended March 31, 2020.

"*The first quarter of 2020 presented unprecedented challenges to the world economy, which Skyline continues to manage through*" commented Blake Lyon, Skyline's Chief Executive Officer. "*During the first two-and-a-half months of 2020, Skyline continued to improve on its operational and financial results, with strong performance from the Courtyard portfolio and near-record results at our ski resorts. We also completed the sale of a development project near Blue Mountain, which totalled $28.9 million in revenue. During the second half of March, Skyline began witnessing a slowdown related to the pandemic, which resulted in a year over year decline at each of our properties. Skyline responded with significant cost reductions, and we are taking measures to further strengthen our liquidity, which is in excess of $40 million, to help us meet this unprecedented challenge. Government relief programs are assisting Skyline in its efforts to reduce the effects of COVID-19.*"

COVID-19 UPDATE

At the end of 2019, the COVID-19 virus began spreading rapidly, and during Q1 2020, the virus was declared a global pandemic by the World Health Organization ("WHO"). This had wide-ranging implications, including international and domestic travel restrictions, temporary closure of businesses, and an immediate contraction in overall global economic activity. The North American hospitality industry has not been immune and has witnessed a slowdown in activity, beginning in the second half of March 2020. In response to the crisis, the Company implemented immediate countermeasures, including the early closure of Horseshoe Valley Resort ("Horseshoe") and Bear Valley Resort ("Bear Valley"), a temporary closure of Deerhurst Resort ("Deerhurst") (collectively, the "Resorts"), staff reductions, and other cost containment measures. Capital projects were also significantly reduced. Deerhurst and Horseshoe are preparing to re-open once government restrictions begin to ease.

The Company's hotels located in the United States (the "US Properties") are all open and are operating at limited occupancy, with appropriately reduced staff levels. Looking forward, there is significant uncertainty around the timing of a resolution to the crisis, however certain states are beginning to re-open. Given that the majority of the US Properties are primarily located in "drive-to" secondary markets that are not dependant on international air travel, and that a significant percentage of guests are travelling business people, the Company expects that as the recovery unfolds, its hotels will begin to see immediate increases in occupancy.

In response to the COVID-19 crisis, the Canadian and US Governments have unveiled multiple stimulus measures for which the Company qualifies or believes it qualifies. In the US, Skyline has qualified for loans under the Paycheque Protection Program ("PPP"). US$6.6 million in funds were confirmed or funded subsequent to quarter end. As part of this program, the portion of any of these loans spent in the first 60 days on payroll, utilities, interest and other specified costs may be forgiven by the US Government under certain circumstances. At this time, the Company is only able to disclose that it expects a portion of these loans to be forgivable but does not have sufficient information to estimate what portion of the loan proceeds will be forgiven. In addition, the Company believes that it will potentially qualify for the Mainstreet Loans Program ("MLP"), another US Government relief loan program, however at this time guidelines have not been finalized and the Company is therefore not able to estimate the amount of proceeds that will be made available. The MLP is expected to be a low interest, long-term loan that is fully repayable.

In Canada, the Company has applied for the Canada Employment Wage Benefit ("CEWB"), which covers up to 75% of the first $58.7 thousand normally paid to eligible employees, representing a benefit of up to $847 per week, per eligible employee, between March 15, 2020 and at least June 6, 2020. As a result, during Q1 2020, the Company recorded an offset to salaries and benefits in the amount of $227 thousand. In addition, the Company believes that it may potentially qualify for the Business Credit Availability Program ("BCAP"), which may allow the Company to receive up to a $6.25 million loan guaranteed by the Canadian Government. Details of the program are still being finalized, however current indications are that the fully repayable BCAP loans will be for 5 years, with no principal due during the first year of the loan.

The future effect of the COVID-19 virus on the economy and businesses, in general, remains uncertain. The path that North American governments will follow in easing restrictions on business operations is yet to be determined and could last many months. The foregoing update of the Company is based on Management's current assessment of the business and the North American hospitality industry as a whole, and may be considered forward-looking information for purposes of applicable Canadian and Israeli securities legislation. Readers are cautioned that actual results may vary. Refer to the section "Forward-Looking Statements" below.

SUMMARY OF FINANCIAL RESULTS

C$000's	**Q1 2020**	**Q1 2019**
NOI from Hotels & Resorts	**7,507**	**12,767**
NOI from Hotels & Resorts Margin	18.1%	25.1%
Same Asset NOI	7,507	12,306
Same Asset NOI Margin	18.1%	24.2%
Adjusted EBITDA	**9,091**	**12,569**
Adjusted EBITDA Margin	12.7%	22.1%
FFO	**2,752**	**$7,108**

INCOME STATEMENT HIGHLIGHTS

(All amounts in CAD millions unless otherwise stated)

- **Total revenue for Q1 2020** was $71.7, compared to $56.9 in Q1 2019. Revenue from hotels and resorts decreased by 18.2% to $41.6 due to the impact of COVID-19. Revenue from the sale of residential real estate was $30.1. During Q1 2020, the Company completed the sale of phases 2 and 3 of the Second Nature development project located near Blue Mountain. Upon final closing, the Company recorded revenue of $28.9, received net cash proceeds of $5.4, and repaid construction debt in the amount of $2.4. As part of the transaction, the Company gave the purchaser a 3-year vendor take back loan in the amount of $23.7.
- **Same asset NOI for Q1 2020** was $7.5, a decrease of 39.0% compared to $12.3 in Q1 2019. The decrease was driven mainly by the impact of COVID-19 as discussed above.
- **Adjusted EBITDA for Q1 2020** was $9.1, a decrease of 27.7% compared to $12.6 in Q1 2019. The decrease is attributable to the impact of COVID-19 on the Company's hotels and resorts, offset by an increase from the development business as a result of the sale of Second Nature.
- **Net financial expense for Q1 2020** totalled $10.4, compared to $4.7 in Q1 2019. Interest expense was $1.5 lower relative to Q1 2019 due to the repayment of construction debt and lower interest rates. Interest rates decreased during Q1 2020 due to stimulative measures taken by central banks in response to the COVID-19 pandemic. The decline in interest expense was offset by net foreign exchange movement of $6.5, which was the result of a 9.2% depreciation of the Canadian dollar relative to the US dollar. This impacted the valuation of the Company's bonds. $14.2 million of non-cash FX gains were also realized,

however these gains are included in the Company's other comprehensive income in accordance with IFRS.

- **FFO for Q1 2020** was $2.8 compared to $7.1 in Q1 2020. The decrease was due to the impact of COVID-19 on earnings at hotels and resorts coupled with non-cash foreign exchange movement.
- **Net loss for Q1 2020** amounted to $5.9, compared to a net loss of $1.5 in Q1 2019. Excluding minority interests, the Company had a net loss of $5.4 in Q1 2020, compared to net income of $0.2 in Q1 2019.
- **Total comprehensive income for Q1 2020** was $7.4 compared to a total comprehensive loss of $4.9 in Q1 2019 as net foreign exchange gains more than offset the impact of COVID-19.

BALANCE SHEET HIGHLIGHTS

- **Total assets** as at March 31, 2020 increased to $703 from $676 as at December 31, 2019. The increase was driven by a 9.2% depreciation of the Canadian dollar relative to the US dollar.
- **Cash and cash equivalents** were $37.7 as at March 31, 2020 compared to $26.9 as at December 31, 2019. The increase is primarily driven by the Company drawing on its available lines of credit.
- **Net debt** as at March 31, 2020 totalled $301.3, an increase of $25.4 compared to net debt of $275.9 as at December 31, 2019, driven by FX movement in the Company's US dollar-denominated debt.
- **Total Equity** was $284.3 ($259.5 attributable to shareholders), representing 40% of total assets. As at March 31, 2020 equity per share attributable to shareholders was 38.73 NIS ($15.49), compared to the closing share price of 15.02 NIS ($6.00), a discount of 61%. As of this date, the Company's shares were trading at 20.00 NIS, implying a discount of 48%.

2020 ANNUAL MEETING OF SHAREHOLDERS

After careful consideration, the Company has decided to postpone its annual meeting of shareholders to a later date in 2020. The Company intends to rely on the temporary blanket relief provided by the Canadian Securities Administrators, including the exemptive relief contained in Ontario Instrument 51-504 – "*Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials*" of the Ontario Securities Commission to postpone the public filing of its executive compensation disclosure until such time as it is filed and delivered to shareholders as part of the Company's information circular relating to its 2020 annual meeting of shareholders. The Company is considering an appropriate time and format for its annual meeting of shareholders and will provide further information on its annual meeting of shareholders when it has appropriately considered all applicable issues.

About Skyline

Skyline is a Canadian company that specializes in hospitality real estate investments in the United States 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.

For more information:

Rob Waxman, CPA CA, CFA
Chief Financial Officer
robw@skylineinvestments.com
1 (647) 207-5312

Ben Novo-Shalem
VP, Asset Management & Investor Relations
benn@skylineinvestments.com
1 (416) 368-2565 ext 2222

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 March 31, 2020 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 extent of the impact of the COVID-19 virus on our business, operations and financial performance, the imposition (or relaxation) of government restrictions (including the duration and terms of such restrictions), expected consumer and commercial behaviour, the anticipated timing of the Company's annual *shareholder meeting, as well as other risks detailed in our public filings with the Canadian and Israeli 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.*