SKYLINE
INVESTMENTS

Corporate Presentation

Financial Statements 31.12.2016



WWW.SKYLINEINVESTMENTS.COM

March, 2017

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Cautionary Statement

This presentation has been prepared by Skyline Investments Inc. (the "Company") as a general presentation about the Company.

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The information included in this presentation does not constitute any advice, recommendation, opinion or suggestion about the Company and does not replace an independent examination and independent advice in light of the specific data of each reader.

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Forward-looking information in this presentation is based on current estimates and assumptions made by the Company's management, including, without limitation, a reasonably stable North American economy, the strength of the U.S. lodging industry, and the competitive ability of the Company. Although the forward-looking information contained in this presentation is based on what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with such information. Forward-looking information involves risks and uncertainties, including factors that are not within the Company's control, each of which, or a combination of them, may materially affect the Company's operating results and cause the actual results to substantially differ from the forward-looking information.

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NOI is a non-GAAP defined as Profit from Operations, after rent payment to condo owners, before depreciation. Other non-GAAP terms are defined on pages 31 and 32.

Note: All amounts are in thousands of Canadian Dollars unless indicated otherwise. Exchange rate to NIS (as of December 31, 2016) is 2.8511CAD

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Corporate Overview

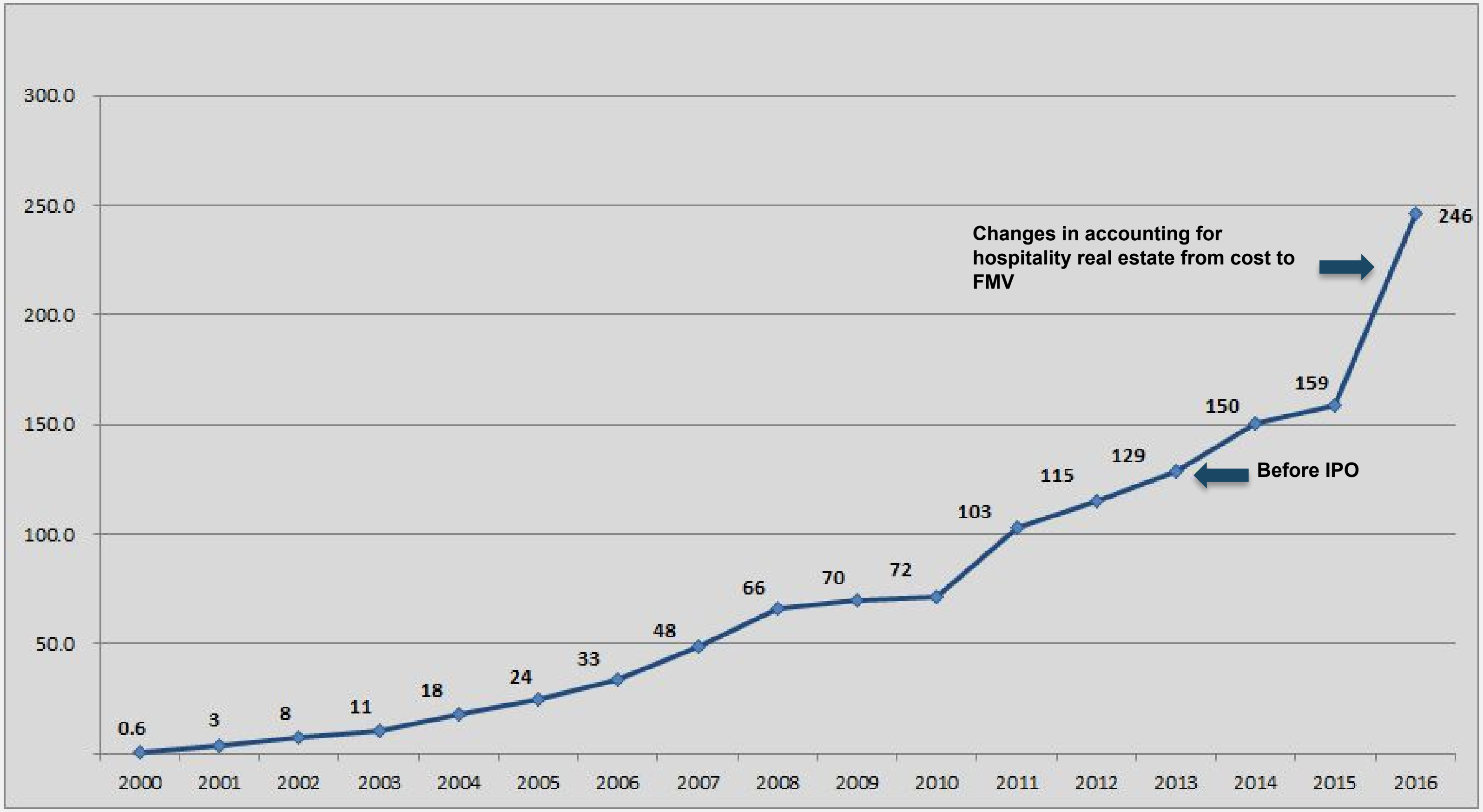



- Skyline specializes in hospitality real estate investments in Canada and the US, with a focus on income producing assets
- As of December 31, 2016 the Company’s assets totaled approx. $520M and the shareholders’ equity totaled approximately $278M ($246M attributed to the shareholders) with capital to balance ratio of 53.5%
- In 2016 the NOI from income producing assets is recorded at $20.8M, which is expected to increase due to capital investments and effective management execution.
- Ongoing development assets such as Deerhurst’s Lakeside Lodge, and Blue Mountain are expected to realize $75M in revenue and receive $22M in free cash flow by 2019. These projects have already been substantially sold and are in advanced stages of construction and development. Further land sales and development projects have commenced.
- Taken together, Skyline’s strong balance sheet, low leverage and cash flow allows us to acquire new properties and diversify our asset base

2016 Review Highlights – a Year of Realignment

- In 2016, total revenue from income producing assets showed an increase of 34% to $122.2M compared to $91M in 2015
- In 2016, the NOI from income producing assets showed an increase of 33.7% to approx. $20.8M compared to $15.6M in 2015.
- Pantages hotel sold resulting in a gain of $8.3M and free cash flow of $17.4M
- Investment to upgrade 170 rooms at Hyatt commenced
- Commenced construction of 162 unit condominium at Deerhurst Resort (60%+ presold)
- Several land sales announced throughout the year
- First public bond raise in Israel ($41.5M) completed
- Increased effective average loans duration from 2.2 to 4.9 years without Hyatt refinance completion and repayment of Copeland construction loan subsequent to the year end
- A liquidity created year end cash balance of of $29.8M; together with by a new low cost credit line of $21M with significant maturities over the next three years
- Announced Company’s first ever corporate dividend
- Established commitment to investor relations program
- M&A team established with a mandate to acquire new, income producing assets
- The Company changed its accounting method for hospitality properties from cost to FMV. This accounting change added $83.7M to Skyline’s equity. We believe FMV provides a better understanding of our assets.
- Established relationship with large US Lenders

Development of Equity
(attributed to the shareholders, in millions of CAD$)*



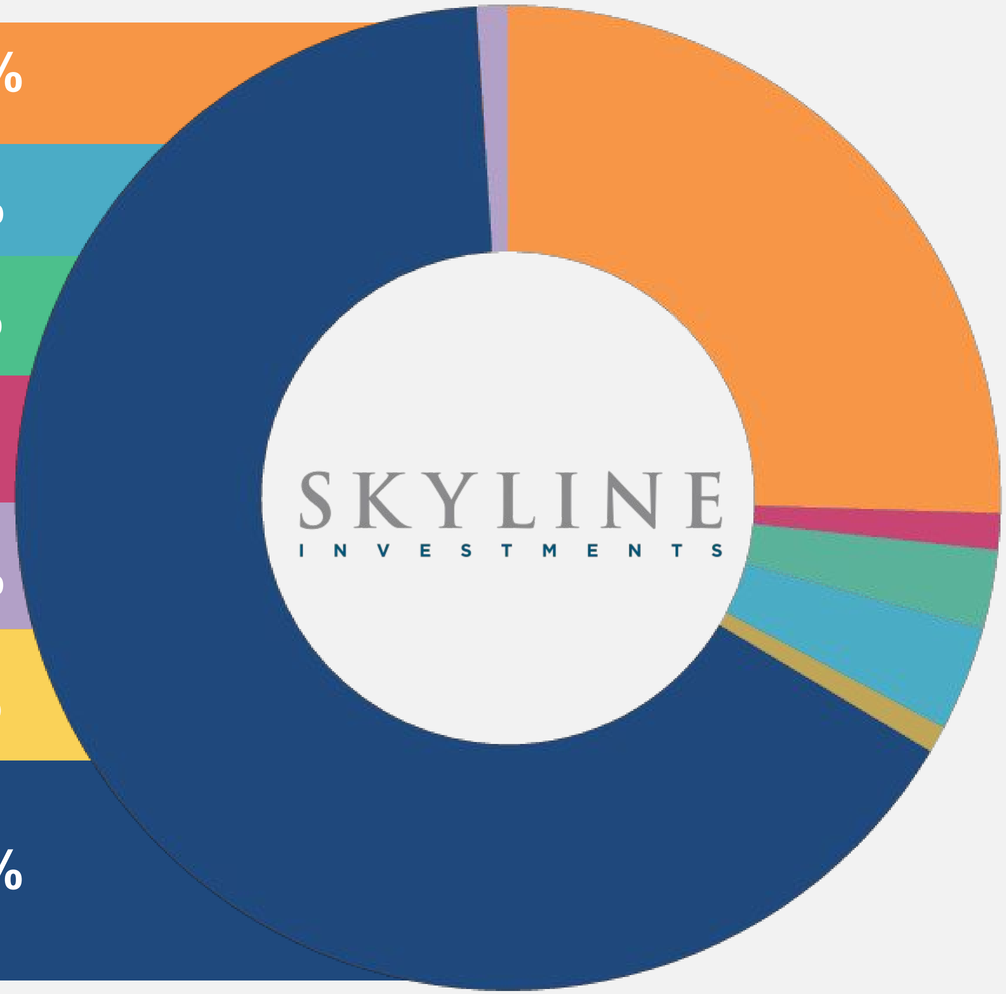
*   During last 15 years, the company raised approximately $70 mil CAD in private placements and IPO on Israeli stock exchange

** As a result of change in accounting policy for the Company's operating assets, equity increased by $83.7M

SKYLINE INVESTMENTS

Current Ownership Structure

Public	25.48%
MISHORIM INVESTMENTS	3.46%
Gil Blutrich	2.58%
Blake Lyon	1.20%
Alex Shnaider	1.02%
ILDC	0.86%
SKYLINE CANADA ISRAEL LTD. (70.31% MISHORIM INVESTMENTS; 29.69% ILDC)	65.36%



* 74% of Mishorim is owned by Alex Shnaider and Gil Blutrich through a joint voting arrangement
** Mishorim holds directly and indirectly 50% of Skyline INvestments Inc. shares.

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Senior Team

Gil Blutrich

Chairman and President

Founded Mishorim in 1990 and Skyline in 1998. Chairman, President and Main Business Development Officer. In 2004, he was awarded Ernst & Young's Entrepreneur of the Year in Ontario

Blake Lyon CA, CPA

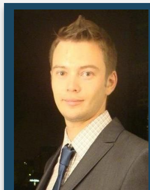
CEO

Blake Lyon has an extensive experience in hotel and resort asset management in Canada and Internationally. Before joining Skyline, Mr. Lyon served as the CEO of some of the largest family offices in Canada and was responsible for the management of assets totalling $9B, and was CFO at Brookfield.

Vadim Shub CA, CPA

CFO

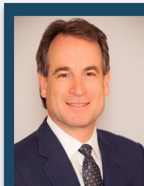
Over 20 years of experience in managing funds for public companies. CPA in Canada, Israel and the US



Ben Novo-Shalem

Head of M&A and IR

Before joining Skyline, Ben Non-Shalem served as the Head of Research for the Epsilon Investment House where he was responsible for investment management of real estate assets totalling $9B



Chris Lund

Senior VP Hotels and Resorts

Chris Lund has an extensive experience in managing hotels. Serving as the GM of the Deerhurst Resort for more than 4 years. Prior to joining the company served as regional vice president of the Delta hotels.

Paul Mondell

Senior VP Development

In the last 6 years, served as VP Business Development in two leading companies (Brookvalley Development and Management, and Walton Development)

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Business Strategy – Increased Acquisition Program Using Low Leveraged Balance Sheet

Skyline's Strategy:

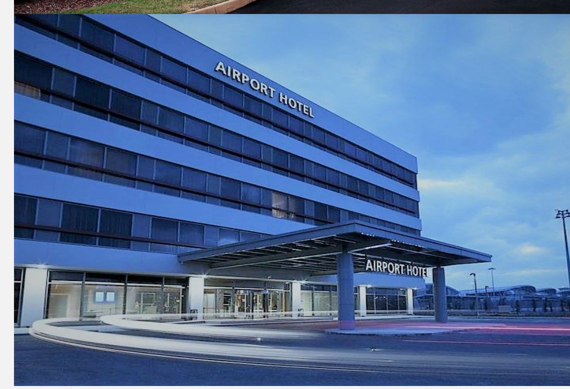
- Optimization of cash flow from existing assets through our experience in operations
- Acquisition of accommodation properties to decrease seasonality and diversify our geographic presence
- Decreasing our land bank holding to less than 10% of asset holdings
- Active asset management

Acquisition Targets:

- New markets in Canada and US, primarily the US east coast.
- Non-seasonal locations

Type of Acquisitions:

- Downtown full service hotels
- Suburban limited service hotels
- Focused service hotels (eg. airport hotels)



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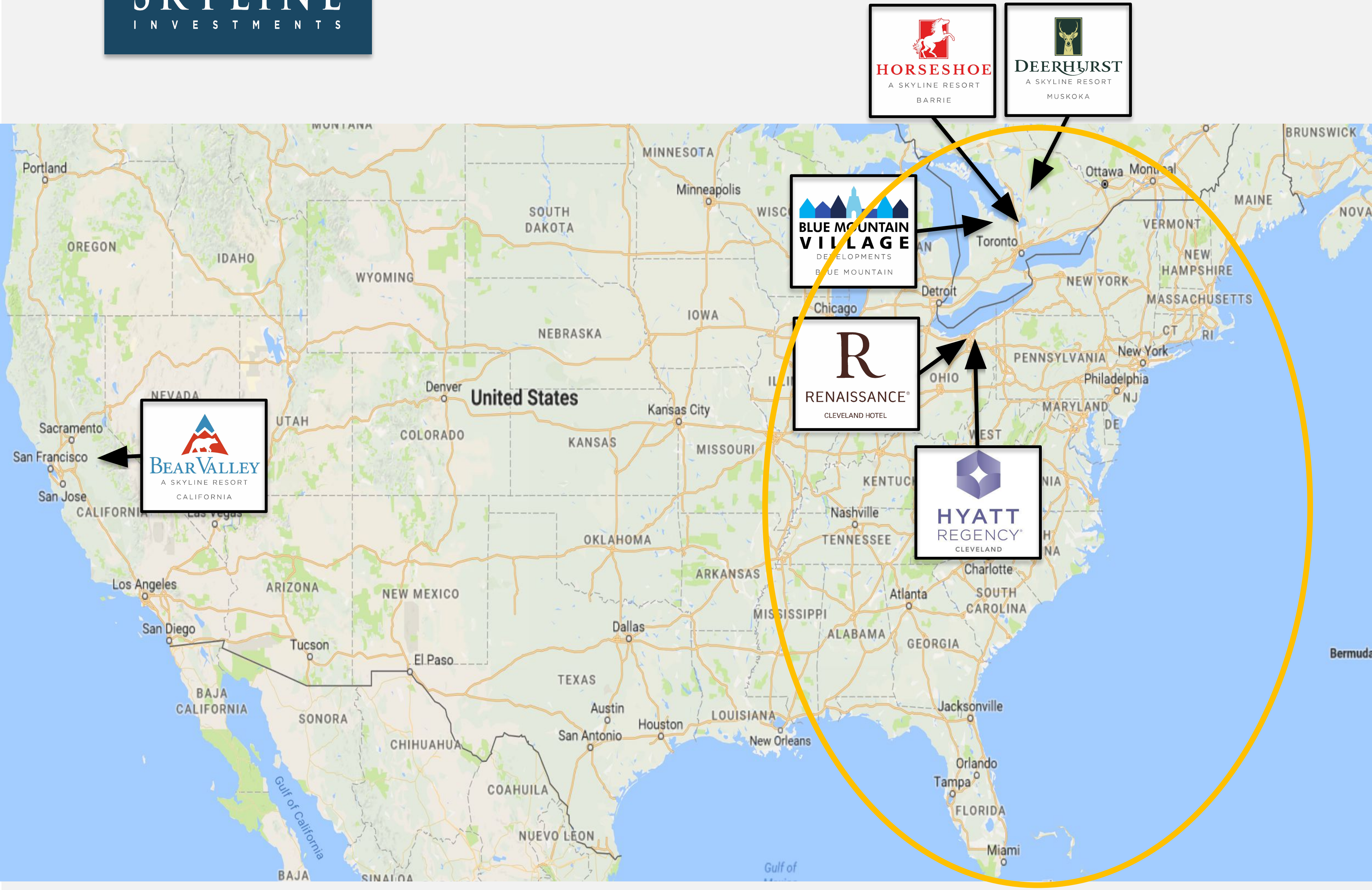
Business Markets



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Main Operating Assets in Canada

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Canada Overview

- Canada is the second largest country by land mass with a population of 35 million
- One of the top 10 largest economies of the world and a member of the Organisation for Economic Co-operation and Development (OECD)
- Considered a top country for quality of life with a specific focus on work-life balance
- (S&P) Rating: AAA
- Government support for immigration brings about 300,000 new middle class and above people per year, of which 100,000 settle in the Greater Toronto Area
- The capital of Ontario is Toronto, the economic, financial, and banking capital of Canada
- Ontario is the most populous province in canada with 13.7 million citizens, growing at 0.8% a year, and makes up close to 40% of Canada’s GDP primarily from manufacturing and financial services
- The population of the Greater Toronto Area is 6.4 million residents, making it the 4th largest megalopolis in North America after New York, Los Angeles, and Mexico City
- Toronto housing prices continue to rise while remaining significantly below other North American major cities such as New York, Vancouver, and San Francisco



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DEERHURST
A SKYLINE RESORT
MUSKOKA

Deerhurst Resort

Overview:

- Luxury year round resort in the district of Muskoka, two hours from Toronto
- The Resort includes approx. 315 rooms (101 rooms owned by Skyline, 214 managed), two golf courses, conference rooms, spa, swimming pools, restaurants, and a private airport.
- With approximately 800 acres owned, the site hosted the G-8 Summit
- The Resort is a collateral for bonds series A
- The resort is expanding with the construction of the new 162 room Lakeside condo/hotel
- Recently received approval of a secondary plan for 640 units & 4,500 sq.m. retail space (Zoning-by-law)

Future Potential:

- Increase NOI through improving operations efficiency and utilizing additional condominium inventory
- Focus on the off-peak traveler market with increased marketing to international traveller
- Continued sale and select development of adjacent land

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HORSESHOE
A SKYLINE RESORT
BARRIE

Horseshoe Resort

Overview:

- A ski, golf, adventure park and hospitality resort operating year round, located one hour drive from Toronto.
- The site includes a leading golf course in Canada, 25 alpine ski runs and 40km of cross-country trails, 163 hotel rooms (141 owned, 22 managed), and 5 restaurants.
- The resort sits on approximately 220 acres
- The company recently completed the $20M Copeland House condo/hotel adding a significant number of new rooms to the resort.
- Invested $5M in new high-speed chairlift

Future Potential:

- Increase NOI through improving operations efficiency and utilizing additional condominium inventory
- Enhanced summer business with the introduction of Horseshoe Lake
- Continued sale and select development of adjacent land

Blue Mountain Village

Overview:

- The Village includes Ontario's largest ski resort, retail shops, and restaurants operating throughout the four seasons
- The Village is located near Collingwood and Georgian Bay, two hours away from Toronto
- The Company, together with a partner (40%), holds half of the retail space in the village (but manages 100%) as well as 600* units with development rights for residential construction (including infrastructure)

Future Potential:

- Sale of lots and land parcels to local developers
- Sale and/or development of retail spaces.
- Hotel and condo development opportunities
- $21M lands sold and are to be delivered between 2017-19

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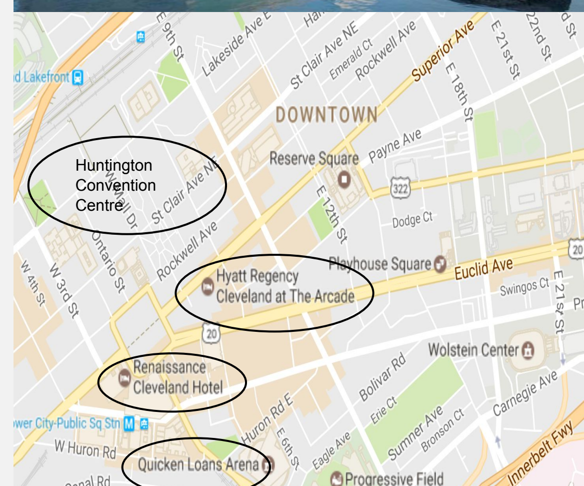
Main Operating Assets in the United States

Cleveland Overview

- Greater Cleveland is the 28th most populous metropolitan area (2.5 million people) and its GDP grew by 0.7% in 2016 and is projected to grow a further 4.1% in 2017.
- Home of seven Fortune 500 firms including Goodyear Tire, Progressive Insurance, and FirstEnergy.
- Cleveland's economic backbone is its healthcare sector, the fastest growing in the US. Highlights include the world-famous Cleveland Clinic.
- Home to three successful sports franchises that attract guests and attention throughout North America including the NBA Champions Cleveland Cavaliers.
- Recently completed Huntington Convention Center and Global Center for Health Innovation with 390,000 total sq. ft. attracts over 25,000 visitors a year.
- Local government invested $425M US to build the Center and is committed to Cleveland as a tourist destination.
- Altogether, Cleveland sees about 16.9 million visitors a year.
- S&P Rating: AA Moody’s Rating: Aa2 Fitch Rating: AA



Hyatt Regency Arcade

Overview:

- Historical heritage site built in 1890. Located in the central business district of Cleveland. The property includes a 293-room hotel,, an indoor mall of about 4,200 sq.m., and conference rooms, spa, fitness club and restaurants
- Hyatt is currently under a 10-year contract as the manager and brand of the property.
- The property was purchased by Skyline in February 2012 for $7.6M US (a net acquisition cost of $3.1M US, after deduction of cash available in the hotel's accounts at the time of purchase). Property appraised at $46.6M US on December 31, 2016
- Phase 2 of rooms renovation project has commenced during which the remaining 170 rooms will be renovated. The expected cost of the renovation project is $4.6M US most of which is funded from the Property Renovation Reserve (a restricted cash, not reported under cash and cash equivalent balances).
- In March 2017, the Company refinanced the property with a loan bearing a 3.4% interest rate
- Asset specializes in weddings

Future Potential:

- Increasing NOI from completion of room renovations, continued lease ups of its retail mall and Cleveland's continued growth

Renaissance Cleveland Hotel

Overview:

- Historical heritage asset built in 1918. The property is located in the business center of downtown Cleveland US, near the city's main square. (sized 860,000 sq.f)
- The property was purchased by Skyline for $19.1M US, for which Skyline received a $3.5M US from partner. The property was appraised at $55.5M US on December 31, 2016
- 491 room, 34 conference spaces (64,000 sq.f well positioned in the area) and more than 300 parking stalls
- Public square underwent a significant renovation of approx. $40M US
- A 20 year franchise agreement was signed with Marriott and the hotel is managed by Aimbridge which manages over 450 hotels in the United States.
- The hotel is co-owned 50% by Skyline
- The hotel is expected to undergo a significant renovation during the next 3 years

Future Potential:

- Increased NOI from a substantial renovation program, continued lease ups of its retail space, and Cleveland's continued growth

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BEAR VALLEY
A SKYLINE RESORT
CALIFORNIA

Bear Valley

Overview:

- Ski resort located in California
- The resort acquisition was purchased in 2014 for a total consideration of $3.7M US. The property was appraised at $11.5M US on December 31, 2016
- Skyline management invested significant efforts to reduce operational costs, invested close to $3M US in improvements, which along with a return to normal snowfall levels has resulted in an NOI of approx. $2.3M US

Future Potential:

- Additional NOI growth as skiing visits increase to historical levels
- Investment is new equipment will yield higher ticket pricing
- Opportunities to develop and sell adjacent lands

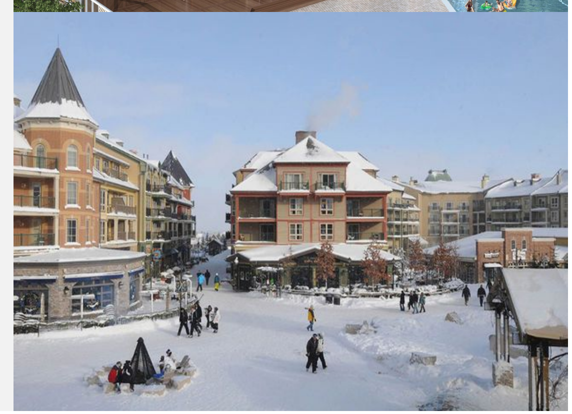
Land Sales and Development Assets

Lakeside Lodge (Deerhurst):

- 162-unit development on Deerhurst land to be used for sale and inventory for Deerhurst Resort.
- As of today, 100 units have been sold for a revenue of $35M
- Total revenue and gross profit are expected to be $53M and $13M respectively.
- Delivery is expected in Q3/2018.
- Closed a favorable construction loan agreement at a rate of 4.45%.

Slopeside Lodge (Horseshoe):

- The resort will be renovating the Slopeside Lodge to convert 44 rooms to condominium units which will be made available for sale and inventory for Horseshoe Resort
- By 2018, expected revenue from the project is 15M and profit of 5M+



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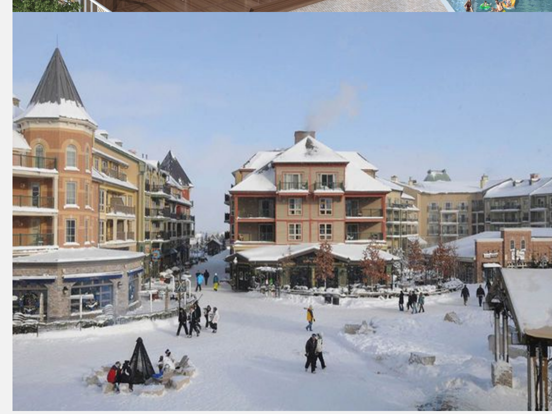
Land Sales and Development Assets



Blue Mountain:

- As of December 2016, the Company delivered 74 lots bringing in approx. $9M in revenue
- As of today, the Company has sold **124** units at $21M. The revenue and cash flow from these units will be recognized in financial statements over the next 3 years

Port McNicoll:

- As of January 2017, the Company signed an agreement to sell the Port McNicoll land reserves for approx. $41M in revenue, payable over 10 years with interest
- The Port McNicoll Project Sale Agreement - revenue and profit calculation:

The Port McNicoll Project Sale Agreement	
Purchase price and acquisitions	$7,070
Improvements and	$7,600
Total Investment in Port McNicoll	**$14,670**
New Agreement	$41,365
expected cash profit	$26,695
ROI	182%

*After the new sale agreement of Port McNicoll, several land parcels and the museum ship remain under the ownership of the Company. The total value of the remaining assets is $7.1M

**Since the acquisition of the Port McNicoll Project, The Company sold lands and received $20M in revenue and $6.5M in free cash flow

*** In 2016, $5M in value was recognized

Financial Information (CAD 000$)

Net Asset Value

	Ownership	BV	NOI 2015	NOI 2016	NoI 2016/ BV	Loan Balance 12/2016 (6)	LTV
Revenue generating assets							
Deerhurst Resort (1)	100%	72,600	4,390	3,885	5.4%	43,513	60%
Horseshoe Resort (2)	100%	54,000	4,078	2,747	5.1%	5,156	10%
Blue Mountain Retail	60%	28,980	1,671	1,750	6.0%	14,593	50%
Hyatt Regency Arcade (3)	100%	62,570	4,689	5,463	8.7%	20,481	33%
Renaissance Hotel (4)	50%	74,520	331	7,072	9.5%	16,582	22%
Bear Valley Resort	100%	15,441	(188)	2,771	17.9%	1,041	7%
Total Revenue generating assets		308,111	14,971	23,689	7.7%	101,368	33%
Adjustment to consolidated FS (5)			599	(2,868)			
Total Revenue generating assets consolidated FS		308,111	15,570	20,821		101,368	33%
Average Interest rate (6)						4.96%	
Lands							
Deerhurst lands	100%	30,005				9,692	
Horseshoe lands	100%	19,079					
Blue Mountain lands	60%	18,180					
Port McNicoll	100%	44,394					
Total lands		**111,658**				**9,692**	
Projects under construction and other		23,554				19,925	
Total Real Estate		**443,323**				**130,985**	30%
Cash and cash equivalents (7)		29,837					
Receivables & Other		40,225					
Deferred tax		6,368					
Total Assets per Financial Statements		**519,753**					
Debt, including bonds		(130,985)				4.98%	
Payables & Other		(41,362)					
Deferred tax		(69,417)					
Total liabilities		**(241,764)**					
Non-controlling interest		(32,021)					
Equity attributable to shareholders of the company		**245,968**					
Number of Shares, 000		16,737					
Equity per Share (CAD)		**14.70**					
Equity per Share (NIS)		**41.90**					

FX 1 CAD to NIS as of December 31, 2016 2.8511

(1) Loan balance: Series A bonds

(2) Horseshoe resort NOI for 2016 was negatively impacted by extremely poor weather conditions, resulting in 1,500 CAD loss of NOI

(3) The Loan was refinanced in March 2017, new amount is 17,000 CAD at variable 3.40%

(4) Renaissance was acquired on Oct 28, 2015, 2015 NOI was **XXX**

(5) Primarily severance payments due to restructuring

(6) Average Interest rate is calculated by multiplying the loan stated interest rate by loan balance and divided by total loan balances

(7) Not including available lines of Credit totaling 21,000 CAD

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Key Company Ratios

Section	2014	2015	2016	% Change
Revenue from revenue generating assets	74,627	91,073	122,197	34.2%
Revenue from sale of residential real estate and other	5,698	5,590	25,797	361.5%
Total Revenue	**80,325**	**96,663**	**147,994**	53.1%
NOI from revenue generating assets	11,160	15,570	20,821	33.7%
Total Operating EBITDA*	4,660	12,885	19,455	51.0%
FFO**	(1,545)	6,368	9,771	53.4%
Total Assets	**335,364**	**381,858**	**519,753**	36.1%
Gross financial debt	117,472	133,973	130,985	(2.2%)
Cash and equivalents	14,942	14,204	29,961	110.9%
Net Debt	**102,530**	**119,769**	**101,024**	(15.7%)
Shareholders equity	150,387	158,551	245,968	55.1%
Non-controlling interest	7,588	11,233	32,021	185.1%
Total equity	**157,975**	**169,784**	**277,989**	63.7%
Net Debt to Net Assets	32.0%	32.6%	20.6%	
Equity to balance ratio	47.1%	44.5%	53.5%	

* See pages 29-30 for calculation and reconciliation

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Summary

Hospitality company focused on income-producing hotels

Significant cash flow from income producing assets

Financial stability and conservative capital structure

Large land reserves provide supplemental income and cash flow

Supportive business environment

Experienced management team with a proven track record.

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Thank You!

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Questions? Please contact Ben NovoShalem, Head of M&A and IR at: **416-368-2565 ext: 2222** or by email: benn@skylineinvestments.com

Appendix

List of Assets with no Financial Debt

Name	FMV
	000 CAD
Bear Valley Resort	14,241
Horseshoe Resort (3)	49,000
Excluded Lands surrounding Deerhurst Resort (1)	15,480
Excluded Lands surrounding Horseshoe resort (2)	19,079
Lands at Blue Mountain (60%)	14,898
lands at and around Port McNicoll	46,557
Slopeside 40 condo building at Horseshoe resort	7,300
Total	**166,555**

(1) In accordance with the terms of the trust deed, a first-level technical lien will be registered on these lands in favor of the bondholders, which will be released in the future upon the completion of the parcellation process

(2) Similar terms and conditions

(3) Constitutes collateral for an unutilized credit facility of $20 million CAD

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Operating EBITDA ($CAD 000)

	FS Note	2014	2015	2016
PROFIT FROM OPERATIONS		**12,121**	**8,402**	**12,644**
Add back:				
Revaluation component included in cost of sale	24	1,145	114	4,074
Write-down of real estate inventory to net realisable value	8(a)	-	-	2,993
Depreciation	25	5,410	5,326	6,635
Depreciation in Admin costs	26	40	34	64
Recognition of Share-based payment	26	(165)	54	140
		6,430	**5,528**	**13,906**
Deduct:				
Gain from fair value adjustments	10	(13,891)	(1,045)	(7,095)
		(13,891)	**(1,045)**	**(7,095)**
Total Operating EBITDA		**4,660**	**12,885**	**19,455**

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FFO ($CAD 000)

	FS Note	2014	2015	2016
Profit for the year		**4,196**	**8,095**	**7,453**
Add back:				
Deferred income taxes	28	1,352	4,793	534
non cash financing costs	27	368	479	2,678
Revaluation component included in cost of sale	24	1,145	114	4,074
Other expense		-	560	869
Write-down of real estate inventory to net realisable value	8(a)	-	-	2,993
Depreciation	25	5,410	5,326	6,635
Depreciation in Admin costs	26	40	34	64
Recognition of Share-based payment	26	(165)	54	140
		8,150	**11,360**	**17,987**
Deduct:				
Gain from fair value adjustments	10	(13,891)	(1,045)	(7,095)
Gain on sale of investment	11(c) & 14	-	(3,768)	(8,574)
Gain on bargain purchase	11 (a)	-	(8,274)	-
		(13,891)	**(13,087)**	**(15,669)**
Funds From Operations (FFO)		**(1,545)**	**6,368**	**9,771**

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Non-IFRS Financial Measures

The Company's consolidated financial statements are prepared in accordance with IFRS. There are certain additional non-IFRS measures, which are measures of Skyline's historical or future financial performance that are not calculated and presented in accordance with IFRS. These measures are unlikely to be comparable to similar measures presented by other reporting issuers. Skyline uses these measures to better assess its underlying performance and provides these additional measures so that investors and analysts may do the same. The following discussion defines the measures used by Skyline and presents why management believes they are useful supplemental measures of Skyline's performance.

Revenue Producing Assets Net Operating Income ("NOI")

Measures which reflect the cash flow generating ability of real estate assets are commonly used by real estate owners which, when considered with IFRS measures, give management a more complete understanding of property level results before debt service. It also facilitates comparisons between Skyline and its competitors. Management believes that revenue producing assets NOI, is one of Skyline's key performance indicators since it helps management, lenders and investors evaluate its core business' ongoing profitability.Skyline's method of calculating NOI may be different from that of other organizations. Given the seasonality of its hospitality operations, NOI for a fiscal year, or trailing four quarter NOI is considered by the management as a more accurate measure of Skyline revenue producing assets performance.
Skyline calculates NOI by using Profit from Operations and adjusting for:

i) Gross profit from Development Segment
ii) Gross profit from Other
iii) Depreciation and Amortization
iv) Gain (loss) on fair value adjustments
v) Selling and Marketing expenses for Development and Timeshare
vi) Administrative and General expenses

Alternatively, the same result is arrived at by adding gross profit of the Hospitality and Investment properties segments adding back the depreciation.

EBITDA from Operations ("EBITDA")

Skyline's operations include revenue generating assets and revenue from sale of developed real estate. As such, the Management believes EBITDA from Operations is a useful supplemental measure of its operating performance for investors and debt holders.
Skyline calculates NOI by using Profit from Operations and adjusting for:

i) Depreciation and Amortization
ii) Gain (loss) on fair value adjustments
iii) Revaluation component included in cost of sale, that was previously recognized in gain (loss) on fair value adjustments of investment property prior its transfer to inventory
iv) Write-down of real estate inventory to net realizable value
v) Cost of share based compensation

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Non-IFRS Financial Measures

Funds From Operations (FFO)

Skyline calculates FFO in accordance with the recommendations of the Real Property Association of Canada (“REALpac”). The use of FFO has been included for the purpose of improving the understanding of the operating results of the Company. FFO is considered a meaningful additional financial measure of operating performance, as it excludes fair value gains and losses on investment properties as well as certain other items included in the Company's net income that may not be the most appropriate determinants of the long-term operating performance of the Company, such as property selling costs and deferred income taxes.

FFO provides a perspective on the financial performance of the Company that is not immediately apparent from net income determined in accordance with IFRS. Reconciliation from net income to FFO can be found below.

FFO is defined as Net Income (in accordance with IFRS) adjusted for:

i) Depreciation and Amortization
ii) Gain (loss) on fair value adjustments
iii) Revaluation component included in cost of sale, that was previously recognized in gain (loss) on fair value adjustments of investment property prior its transfer to inventory
iv) Write-down of real estate inventory to net realizable value
v) Cost of share based compensation
vi) Profit (loss) from sale of investments
vii) Bargain purchase gains
viii) Non-cash financial expense (income)
ix) Deferred income taxes

There is no standard industry- defined measure of FFO.
Skyline’s method of calculating FFO may be different from that of other organizations.

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