



Skyline Publishes First Quarter 2018 Results

First Quarter Revenue increased by 36% to CAD \$47.3M compared to Q1 2017

First quarter EBITDA increased by 45% to CAD \$9.8M

First Quarter NOI from income-producing assets is CAD \$11.1M, an increase of 48% over last year

Toronto, Ontario- (May 15, 2018) - Skyline Investments (TASE: SKLN), is a Canadian company that specializes in hospitality real estate investments in the United States and Canada, published its first quarter 2018 results.

Skyline CEO Blake Lyon said: “We are concluding the first quarter of the year with impressive growth in revenue, NOI, and EBITDA. We successfully integrated the 13 Courtyard by Marriott hotels purchased in the end of the last year and this is the first time the results are fully reflected in the financial statements. These new Select Service hotels will help Skyline reduce the Company’s dependence on weather conditions and build a stable year-round income producing asset portfolio. As part of our strategy of reducing the land component of our balance sheet and showing profits from our select development projects, over this year we will be completing the construction and delivery of condos for the Lakeside Lodge at Deerhurst and Slopeside Lodge at Horseshoe Resort. We continue to upgrade our existing assets with a focus on improving cash-flow. Since the beginning of this year, we strengthened our senior management team bringing in a new Chief Operating Officer, Bruce Riggins, and a new Chief Financial Officer, Robert Waxman. They both bring with them a wealth of knowledge and experience that will help the company execute its strategic plan over the coming years.

Total revenue for Q1 2018 was CAD \$47.3M, an increase of 36.2% over last year’s first quarter total revenue of CAD 34.7M. Most of this increase was due to the addition of 13 Courtyard by Marriott hotels, which contributed CAD \$15.6M this quarter. In addition, the results from the Hyatt Regency improved by CAD \$400K as a result of room renovations in 2017. This improvement was offset by the strengthening of the CAD/USD exchange rate which negatively affected revenue by CAD \$0.7M, the impact of weather conditions at Bear Valley Ski Resort which negatively affected revenue by CAD \$1.3M, and a decrease of CAD \$1.1M due to a decrease in the number of events at the Renaissance Hotel compared to the same period last year.

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I N V E S T M E N T S

	Q1/2018	Q1/2017
	in CAD 000's	
NOI	11,099	7,516
NOI Margin	23.6%	22.3%
Same Property NOI	6,047	7,516
Same Property NOI Margin	19.4%	22.3%
EBITDA	9,800	6,751
EBITDA Margin	20.7%	19.4%
FFO	5,377	5,056

- **NOI from income-producing assets in Q1 2018** amounted to CAD \$11.1M, an increase of 47.7% compared to CAD \$7.5M in the same period last year. This improvement resulted primarily from the addition of the 13 Courtyard by Marriott hotels.
- **Same property income-producing asset NOI in Q1 2018** amounted to CAD \$6M compared to CAD \$7.5M in the corresponding period last year. The decrease in NOI was due mainly to external events such as changes in the USD/CAD exchange rate and lower snowfall at the Bear Valley ski area. Additionally, the decline in the results for the Renaissance Hotel is specifically from a decrease in the number of events compared to the same period last year. Skyline has started upgrading the Renaissance hotel which it believes will improve its performance. After completing room renovations at the Hyatt Regency Cleveland at The Arcade, revenue increased by about CAD \$400K. In addition, despite the Province of Ontario's minimum wage increase, the Canadian resorts have shown a 2% growth in results due to recent improvement and management efforts to improve efficiency.
- **Operating EBITDA in Q1 2018** increased by 45.2% to CAD \$9.8M compared to CAD \$6.8M in the same period last year. Most of this increase can be attributed to the integration of the 13 Courtyard by Marriott hotels and the completion of room renovations at the Hyatt Regency Cleveland at The Arcade.
- **Financing expense in Q1 2018** totaled CAD \$4.9M compared to CAD \$1.9M in the corresponding period last year. Most of this increase derived from the Series B bonds issued in the third quarter of 2017, the expansion of Series A bonds, and the expenses associated with the 13 Courtyard by Marriott hotels acquisition loan.
- **Net income for Q1 2018** amounted to CAD \$126K compared with CAD \$1.7M in the same period last year.
- **Total assets as of March 31, 2018** increased to CAD \$728M from CAD \$714M at the end of 2017.

*All numbers based on March 31, 2018 CAD to NIS exchange rate of 2.7099

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I N V E S T M E N T S

- **The Company's shareholders' equity at the end of March 31, 2018** was CAD \$299M (approx. CAD \$258M attributable to the shareholders), representing 41% of the balance sheet. At March 31, 2018 the equity per share attributed to shareholders was NIS \$41.74 (CAD \$15.40) and the share price was NIS \$31.17 (CAD \$11.44).
- **Cash and cash equivalents as of March 31, 2018** amounted to CAD \$23.1M compared with CAD \$25.9M at the end of the corresponding period last year. Furthermore, Skyline has an undrawn credit facility of CAD \$16.5M and unencumbered assets of CAD \$95M.
- **Net financial debt as of March 31, 2018** totaled CAD \$306M, constituting 43.4% of Assets (excluding cash).

About Skyline

Skyline Investments is a Canadian company that 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 with rights 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.

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