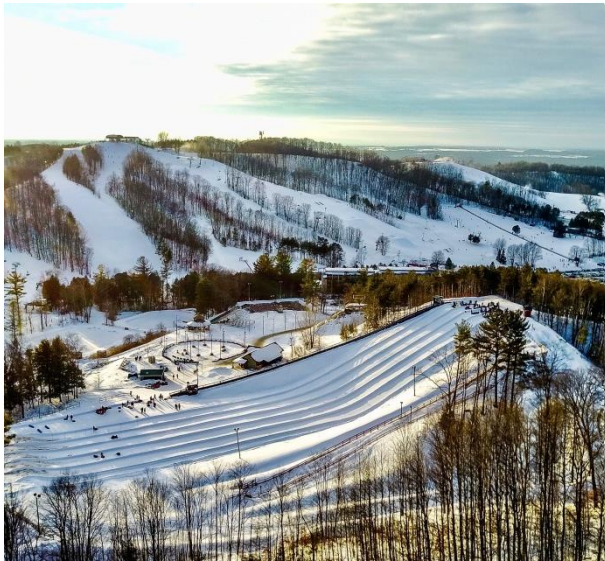




# Corporate Presentation

Financial Statements  
30.06.2018

SKYLINE  
I N V E S T M E N T S





# Cautionary Statement

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

This presentation is not intended to replace the need to review the formal reports published by the Company to the public on the Tel-Aviv Stock Exchange. In the event of a conflict between this presentation and the contents of the reports of the Company as required by law, the provisions of said reports shall prevail. Additional information about the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

This presentation does not constitute or embody any offer or invitation to purchase securities of the Company and does not constitute or is a part of an invitation to receive such offers. This presentation is for information purposes only and shall not be construed as a prospectus, an offering memorandum, an advertisement, an offer, an invitation or a solicitation to enter into a transaction with the Company.

This presentation may include forward-looking information within the meaning of applicable Canadian and Israeli securities legislation, including forecasts, evaluations, estimates and other information regarding future events and issues. In some cases, forward-looking information can be identified by using terms such as "expects", "thinks", "believes", "may", "estimates", "expects", "intends", "continues", "could", "plans", "predicts" and similar terms and phrases.

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.

All forward-looking information set forth herein reflects the Company's expectations as at the date of this presentation and is subject to change after such date. Except for the obligation to disclose information as required by the securities laws applicable to the Company, the Company has no obligation and does not undertake to update or revise any information contained in this presentation, whether as a result of new information, future events or for other reasons. For greater certainty, the Company's strategy and plans contained in this presentation as of the date of publication may change depending on the resolutions of the Board of Directors of the Company, as may be held from time to time.

Except for Company-owned trademarks, the trademarks mentioned in this presentation are the property of their owners and are solely used in this presentation in order to understand the context. Use of the trademarks should not be interpreted as an approval or corroboration in relation to the Company's programs, the Company's services or the Company's securities.

NOI (EBITDA) is a non-GAAP defined as Profit from Operations, after rent payment to condo owners, before depreciation.

Note: All amounts are in thousands of Canadian Dollars unless indicated otherwise.

Exchange rate CAD/NIS (as of June 30, 2018) is 2.7476

Exchange rate USD/CAD (as of June 30, 2018) is 1.317

# Skyline's Vision & Mission

SKYLINE  
INVESTMENTS

**We're creating one of North America's leading hospitality real estate investment companies, with a focus on income producing properties.**

Skyline seeks to create shareholder value and deliver superior risk adjusted returns through the acquisition of income producing properties and select development projects within the hospitality sector, with a focus on active asset management and creativity.





# Corporate Profile

SKYLINE  
INVESTMENTS

**19**

Income Producing Assets

**3,199**

Guestrooms

**\$748M/\$299M**

Total Assets/Equity

**40%**

Equity to Total Assets  
Ratio

**Baa1.il**

Bond Rating With  
Positive Outlook

**3,000**

Units for Development



## Highlights for the 2nd Quarter of 2018:

- NOI from income-producing assets increased by 269% to approx. CAD \$10.7M
- Same property NOI increased by 52.3% to approx. CAD \$4.4M mainly as a result of improved operating performance at the Cleveland hotels
- Recognized \$16.7M in development revenue following the delivery of the first 18 units at Slopeside Lodge in Horseshoe Resort and two land parcels at Blue Mountain

## Highlights for the first 6 months of 2018:

- Revenue increased by 80.6% to CAD \$110M
- NOI from income-producing assets increased by 109% to approx. CAD \$21.8M
- Adjusted EBITDA increased by 195.7% to CAD \$23.2M

Midroog (Israeli subsidiary of Moody's) approved Skyline's **Baa1.il** bond rating and changed the **rating outlook** from **Stable** to **Positive**.

Strengthened our senior management team with a new **Chief Operating Officer, Bruce Riggins**, and a new **Chief Financial Officer, Robert Waxman**

The largest acquisition in Skyline history of **13 Courtyard** by Marriott hotels for **USD \$135M**

The largest purchase loan of **USD \$89.5M** and capital credit line of **USD \$31M** for potential properties improvements

First unsecured corporate bond (Series B) of **NIS 164M** linked to USD (approx. **CAD \$59.5M\***)

Sale of Port McNicoll lands for **CAD \$42M** and additional land sales in Horseshoe and Blue Mountain of approx. CAD \$10M. **All the sales were at or above their book values**

\*Exchange rate CAD to NIS (as of June 30, 2018) is 2.7476



## INCREASED ACQUISITION PROGRAM OF INCOME PRODUCING ASSETS

### Skyline's Strategy

Acquisition of hospitality properties to further decrease seasonality and diversify our geographic presence.

Continued monetization of land assets to less than 10% of total asset.

Active asset management and optimization of cash flow from existing hotel assets:

- Continual analysis of properties performance
- Research of the operation markets
- Implementations of properties upgrades
- Intensive site visits

### Acquisition Targets

Focus on the US and Canada

Stabilized in-place income

Strong potential growth

Strong demand generators

Limited new supply

Low seasonality

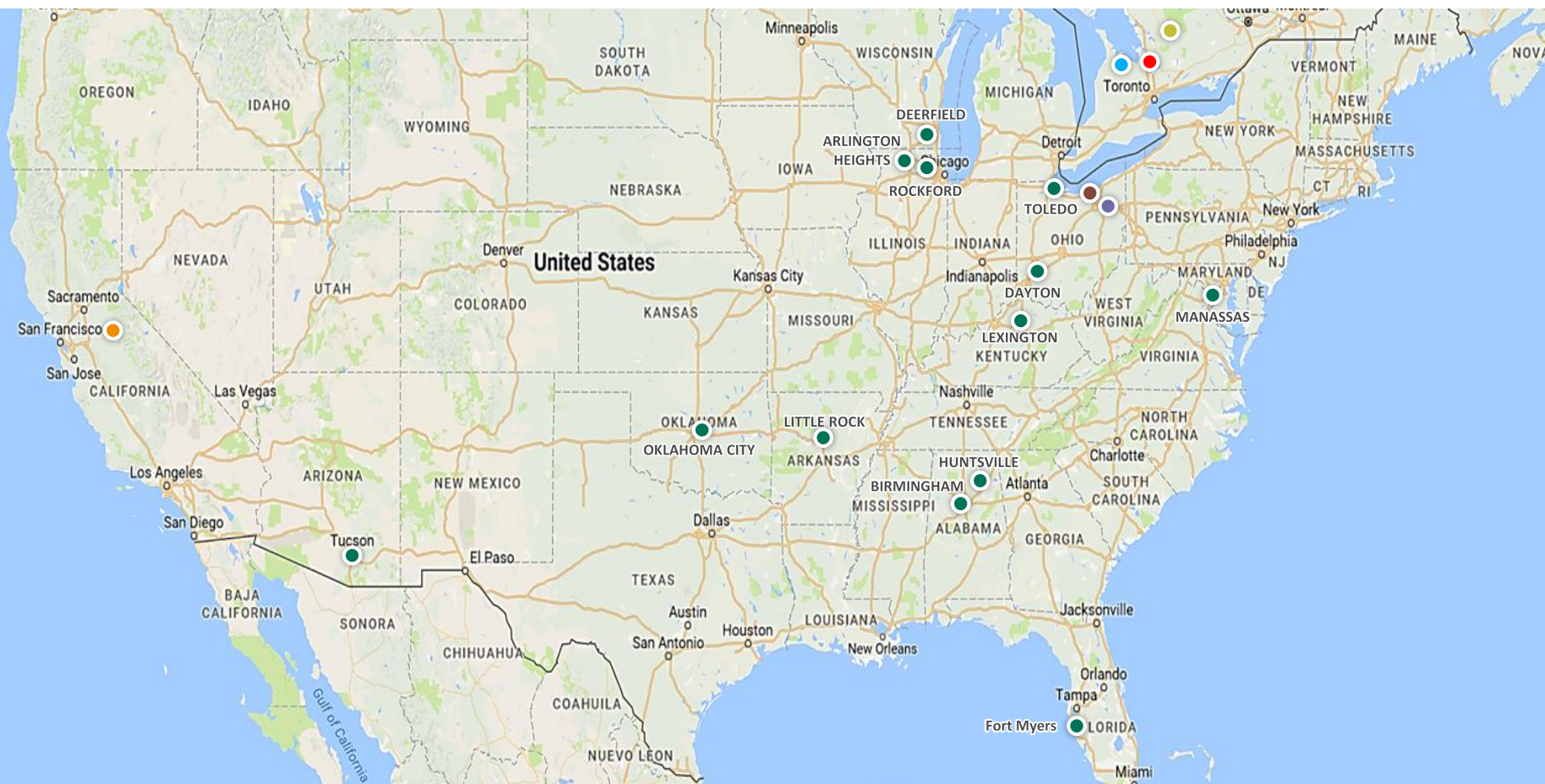
Acquisition cost below replacement cost





# Portfolio Map

SKYLINE  
INVESTMENTS



18 CITIES IN THE US AND CANADA | 19 INCOME PRODUCING ASSETS | 3,199 HOTEL ROOMS



# 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 real estate assets totaling \$9B, and was CFO at Brookfield.

## **Robert Waxman**

CFO



Robert Waxman has over 20 years of experience in accounting, finance, and real estate. Prior to this appointment, Mr. Waxman led Deloitte's Real Estate Practice's Finance Modernization & Effectiveness advisory group.

## **Bruce Riggins**

COO



Mr. Riggins was the Chief Financial Officer for LaSalle Hotel Properties, a leading public hotel REIT. Prior to joining LaSalle, Mr. Riggins served as Chief Financial Officer at Interstate Hotels & Resorts, one of the leading global third-party hotel management companies.

## **Ben Novo-Shalem**

Head of M&A and IR



In his previous position, Ben Novo-Shalem served as the head of the research department and was in charge of the income-producing real estate sector at Epsilon Investment.

## **Paul Mondell**

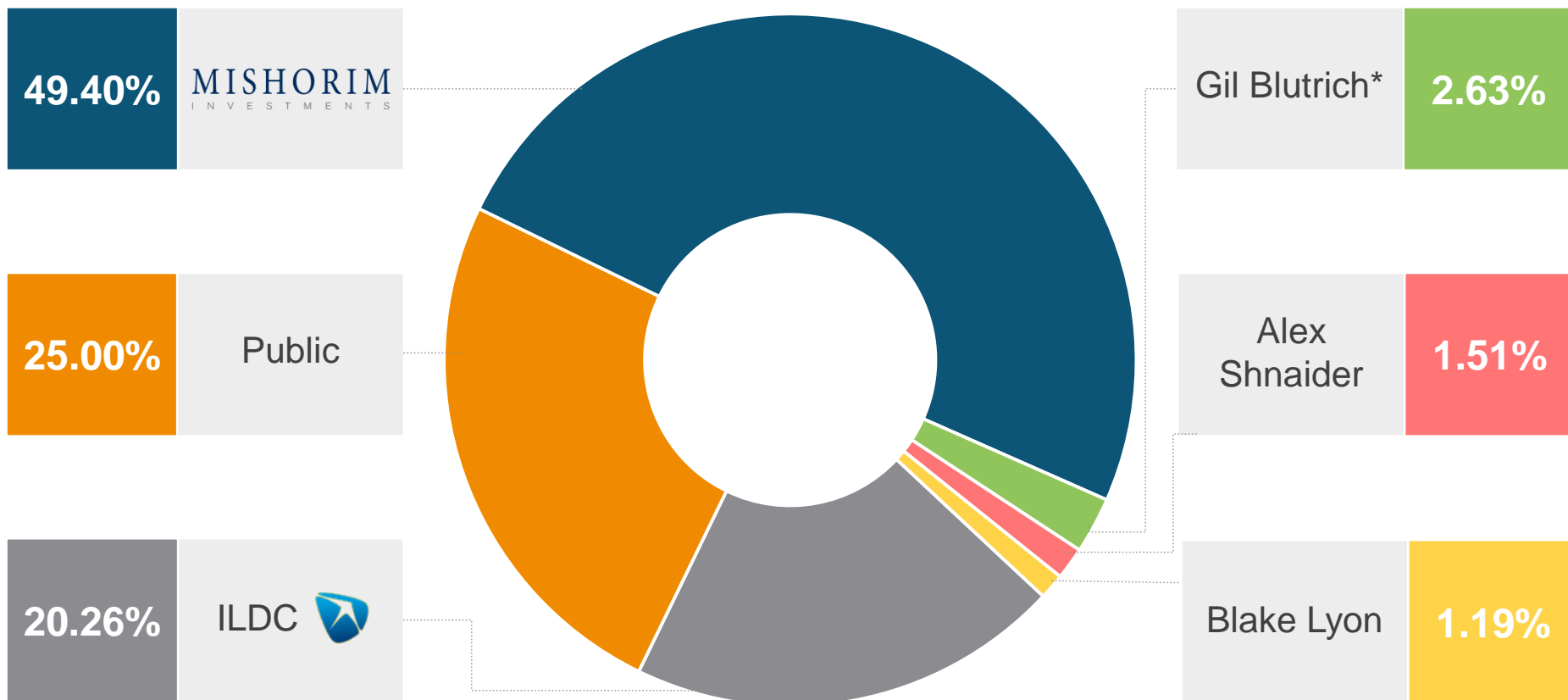
Senior VP Development



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



# Current Ownership Structure



\* 74% of Mishorim is owned by Alex Shnaider and Gil Blutrich through a joint voting arrangement.

\*\* Mishorim holds directly and indirectly 49.40% of Skyline Investments Inc. shares.

# Summary of Periodic Results (in 000's CAD)

Section	H1-18	H1-17	2017
Revenue from revenue generating assets	92,811	59,405	121,794
Revenue from sale of residential real estate and other	16,959	1,420	30,769
<b>Total Revenue</b>	<b>109,770</b>	<b>60,825</b>	<b>152,563</b>
NOI from revenue generating assets	21,807	10,418	22,006
<b>Total Adjusted EBITDA*</b>	<b>23,219</b>	<b>7,851</b>	<b>22,968</b>
<b>FFO*</b>	<b>13,840</b>	<b>3,728</b>	<b>14,237</b>
Same Property Revenue*	58,515	59,405	
Same Property NOI*	10,529	10,418	



\*See explanation for calculation in the MDA



# Main Balance Sheet Parameters (in 000's CAD)

Section	30.06.2018	31.12.2017
<b>Total Assets</b>	<b>748,322</b>	<b>714,139</b>
Gross Debt	343,149	316,462
Cash and Equivalents	28,433	25,897
<b>Net Debt</b>	<b>314,716</b>	<b>290,565</b>
Shareholders Equity	257,870	255,020
Non-Controlling Interest	40,979	40,977
<b>Total Equity</b>	<b>298,849</b>	<b>295,997</b>
<b>Net Debt to Net Assets</b>	<b>43.7%</b>	<b>42.2%</b>
Equity to Balance Ratio	39.9%	41.4%



# Net Asset Value (in 000's CAD)

	Ownership	BV	2017 NOI	TTM 6/18	Proforma 2017 NOI <sup>(6)</sup>	Proforma NOI/BV	Loan Balance 6.30.2018 <sup>(5)</sup>	LTV	Equity
<b>Revenue generating assets</b>									
Deerhurst Resort <sup>(1)</sup>	100%	73,517	5,566	5,731	5,566	7.6%	50,124	68%	23,393
Horseshoe Resort	100%	54,190	4,219	3,344	4,219	7.8%	-	0%	54,190
Blue Mountain Retail	60%	32,750	1,850	1,872	1,850	5.6%	15,111	46%	17,639
Hyatt Regency Arcade <sup>(2)</sup>	100%	69,063	3,918	4,508	3,918	5.7%	26,626	39%	42,437
Renaissance Hotel <sup>(2)</sup>	50%	73,900	5,671	6,139	5,671	7.7%	18,824	25%	55,076
Courtyard Hotels	100%	175,983	755	11,357	20,311	11.5%	118,661	67%	57,322
Bear Valley Resort	100%	22,624	2,092	590	2,092	9.2%	-	0%	22,624
<b>Total Revenue generating assets</b>		<b>502,027</b>	<b>24,071</b>	<b>33,542</b>	<b>43,627</b>	<b>8.7%</b>	<b>229,346</b>	<b>46%</b>	<b>272,681</b>
Adjustment to consolidated FS <sup>(3)</sup>		2,792	(2,065)	(147)			18,312		
<b>Total Revenue generating assets consolidated FS</b>		<b>504,819</b>	<b>22,006</b>	<b>33,395</b>			<b>247,658</b>	<b>49%</b>	<b>272,681</b>
Average Interest rate <sup>(4)</sup>							5.14%		
<b>Lands</b>									
Deerhurst lands	100%	29,540					8,544	29%	20,996
Horseshoe lands	100%	18,422							18,422
Blue Mountain lands	60%	21,409							21,409
Port McNicoll	100%	5,899							5,899
<b>Total lands</b>		<b>75,270</b>					<b>8,544</b>	<b>11%</b>	<b>66,726</b>
Projects under construction and other		43,913					27,170		
<b>Total Real Estate</b>		<b>624,002</b>					<b>283,372</b>	<b>45%</b>	<b>339,407</b>
Cash and cash equivalents <sup>(5)</sup>		28,433							
Vendor's take back against Port McNicoll lands		33,922							
Receivables & Other		54,529							
Deferred tax		7,436							
<b>Total Assets per Financial Statements</b>		<b>748,322</b>					<b>283,372</b>	<b>38%</b>	<b>339,407</b>
Debt, including bonds		343,149	→ Including unsecured series B Bonds				59,777		
Payables & Other		55,628					5.65%		
Deferred tax		50,696							
Total liabilities		<b>449,473</b>							
Non-controlling interest		40,979							
<b>Equity attributable to shareholders of the company</b>		<b>257,870</b>					<b>343,149</b>	<b>Equity</b>	<b>257,870</b>
Number of Shares, 000		16,737					5.25% <sup>(4)</sup>		
<b>Equity per Share (CAD)</b>		<b>15.41</b>							
<b>Equity per Share (NIS)</b>		<b>42.33</b>							

FX 1 CAD to NIS as of June 30, 2018 2.7476

(1) Loan balance: Series A bonds .

(2) NOI for 2017 was negatively affected by a decrease in the number of events and conferences and the absorption of new hotel room supply in Cleveland. Hyatt Regency Arcade was further affected by displacement during room renovations.

(3) Primarily severance payments due to restructuring, prior year prop taxes, third party non operational costs (3a) Debt consists of equipment lease obligations

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

(5) Not including available lines of credit totaling \$16,500.

(6) All the numbers are based on actual 2017 NOI (except the Courtyard Hotels ). The Courtyard Hotels were purchased on November 14 2017 and the Proforma NOI represents ownership throughout all of year 2017 based on numbers presented by the seller.



## Strong Balance Sheet

- Equity to Total Assets ratio of 40%
- Net Debt to Net CAP ratio of 51.3%

## Flexibility

- A cash balance of CAD \$28M
- Undrawn low cost credit lines of CAD \$15.5M
- Effective average loan duration of 4 years, and an average interest rate of 5.25%
- Low LTV (46% for income producing assets and less than 11% for lands)
- Total value of assets without debt is CAD ~\$91M

## Expected Increase in Cash Flow

- Expected increase in revenues and cash flow due to the acquisition of 13 Courtyard by Marriott hotels in November 2017.
- Development projects in advanced stage of sale are expected to contribute CAD \$41.5M\* cash flow over the coming years
- Skyline completed the sale of land reserves in Port McNicoll for CAD \$42M and will receive approx. CAD \$4.2M per year over the next several years
- Increased efficiency, renovations, upgrades and expansions of existing properties is expected to improve NOI

\*Expected net cash proceeds including equity invested in development projects, before tax

# Unencumbered Assets

Name	Book Value (000's CAD)
Bear Valley Resort	14,884
Excluded Lands surrounding Deerhurst Resort (1)	15,480
Excluded Lands surrounding Horseshoe resort (2)	12,422
Lands at Blue Mountain (60%)	8,397
Vendor's take back against Port McNicoll lands	33,922
Remaining Port McNicoll lands	5,899
<b>Total</b>	<b>91,004</b>



(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 percolation process.

(2) Similar terms and conditions.



SKYLINE  
INVESTMENTS

# Main Operating Assets in the United States

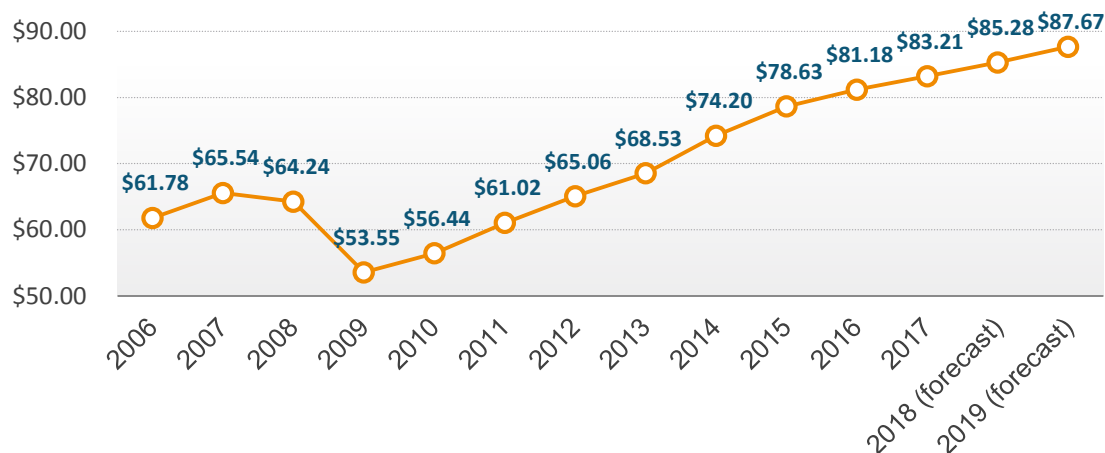


The Hyatt Regency Arcade,  
Cleveland, OH



- In 2017, **GDP grew by 2.3%**, the highest growth rate since 2014. 2018 **GDP is expected to grow by an additional 2.6%**.
- In 2017, the U.S. **hotel industry recorded record growth** according to STR.
- In 2017, **Occupancy increased 0.9% to 65.9%**, and a **2.1% ADR increase to \$126.72** drove **RevPAR up 3% to \$83.57** over 2016 numbers.
- Based on percentage growth for the year, **demand (+2.7%) significantly outpaced supply (+1.8%)**. This trend is expected to continue into 2018.
- 18 of the Top 25 Hotel Markets recorded **year-over-year RevPAR growth in 2017**.
- 2018 is expected to increase **Occupancy by 0.3%, ADR by 2.4%, and RevPAR by 2.7%** over 2017.

## United States RevPAR



## 2018 Growth Forecast

	CBRE	PwC	STR
ADR	2.5%	2.4%	2.4%
Occupancy	0.0%	0.2%	0.3%
RevPAR	2.5%	2.7%	2.7%



SKYLINE  
INVESTMENTS

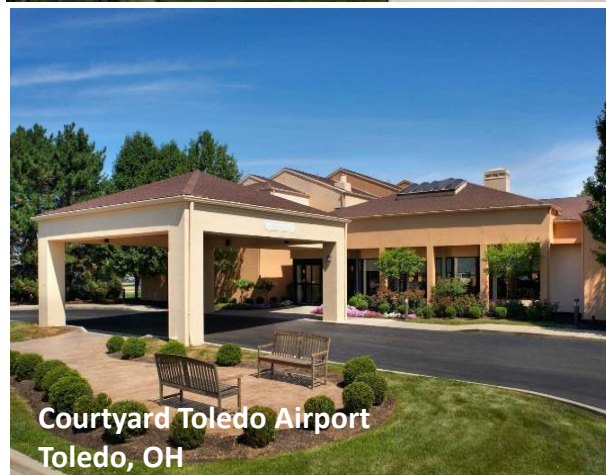
# 13 Courtyard by Marriott Hotels



Courtyard Birmingham Hoover,  
Hoover, AL



Courtyard Manassas Battlefield Park  
Manassas, Virginia



Courtyard Toledo Airport  
Toledo, OH



Courtyard Tucson Airport  
Tucson, AZ



Courtyard Deerfield  
Deerfield, IL

# Courtyard by Marriott Hotels

SKYLINE  
INVESTMENTS

## PROPERTIES OVERVIEW (USD)

### Location

9 States

### Brand

Courtyard by  
Marriott

### Management

Aimbridge

### Service Level

Select Service

### Date of Acquisition

November  
14<sup>th</sup>, 2017

### Number of Hotels

13

### Number of Rooms

1,913

### Acquisition Price

\$135,000,000

### Price Per Room

\$70,500

### Five Year Mortgage

\$89,500,000

### Capital Credit Line

\$31,000,000



2015

2016

2017

### Revenue

49,236 51,127 52,937

### NOI

13,121 14,508 15,641

### NOI/Revenue

27% 28% 30%

HISTORICAL  
PERFORMANCE  
(000's USD)\*

\*As presented by sellers

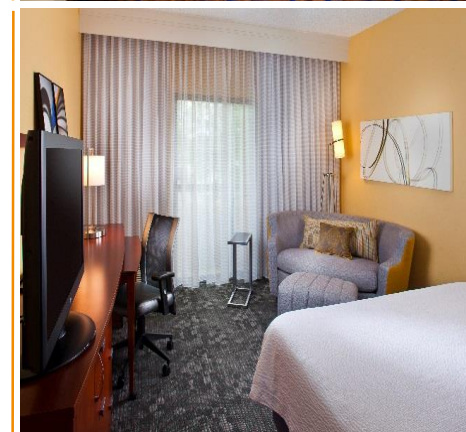


## Acquisition Rationale

- The 13 almost identical hotels totaling 1,913 rooms are spread over 9 US states and are geographically diverse with strong locations in key Midwest, Southeast and Southwest markets.
- Previous owner invested USD \$40M in renovations between 2012-2014.
- In the last three years the hotels maintained a stable occupancy and showed stable increases in ADR (Average Daily Rate).
- More than 90% of revenue comes from room operations.
- The Courtyard hotels were chosen based on risk/rewards factors, simplicity in management, location, liquidity of the assets and the readiness of banks to provide attractive financing.

## Skyline Changes

- Skyline signed a new 20-years franchise agreement for the Courtyard by Marriott brand with Marriott International.
- Received a new USD \$89.5M acquisition loan and secured USD \$31M capital credit line for potential improvements and upgrades from one of the biggest banks in the world.
- Transitioned all the 13 assets from the previous Marriott brand management to Aimbridge Hospitality\* a third-party management.



\*Aimbridge currently manages Skyline's Renaissance Hotel and is the largest third party manager of Marriott hotels in the US, and, in particular, the largest third party manager of Courtyard hotels.

All 13 Courtyard by Marriott Hotels are nearly identical

SKYLINE  
INVESTMENTS

Huntsville



Tucson



Chicago-Arlington Heights





# Hyatt Regency Arcade

SKYLINE  
INVESTMENTS



HYATT  
REGENCY®  
CLEVELAND





## Overview

The historical Cleveland Arcade was built by John D. Rockefeller in 1890.

The hotel is an attractive event destination and hosts 60 to 70 weddings and other event a year.

## Details

**Location** | Cleveland, USA

**Number of Rooms** | 293

**Meeting Space** | 7,000 Sf

**Franchise** | Hyatt Regency

**Management Company** | Hyatt

## Financial Information 2017 (in 000's CAD)

**Book Value** | \$64,391

**NOI** | \$3,918

## Improvements

- Recently completed renovations of all rooms. The renovation is expected to improve the hotel's competitive advantage.
- The renovation was mostly funded by the property renovation reserve\*.

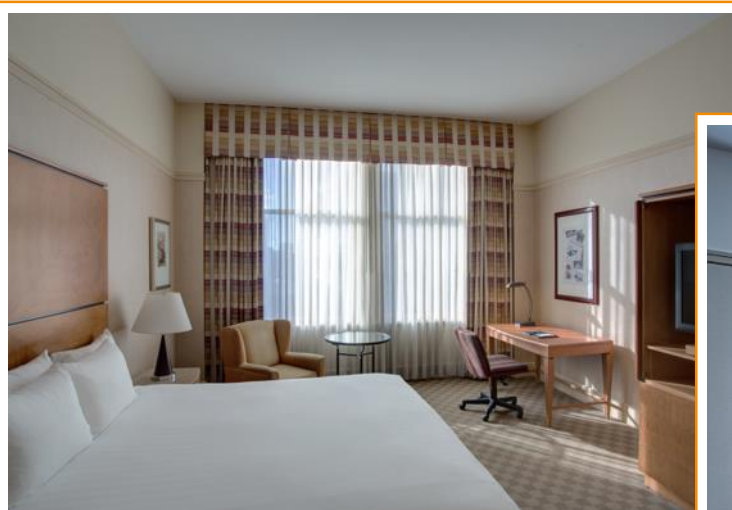
## Future Potential

- Increasing NOI as the USD \$465M Cleveland Convention Center is expected to grow in popularity.
- Continued rental of the commercial areas.
- Expectation of growth in the Cleveland economy leading to an increased number of visitors.

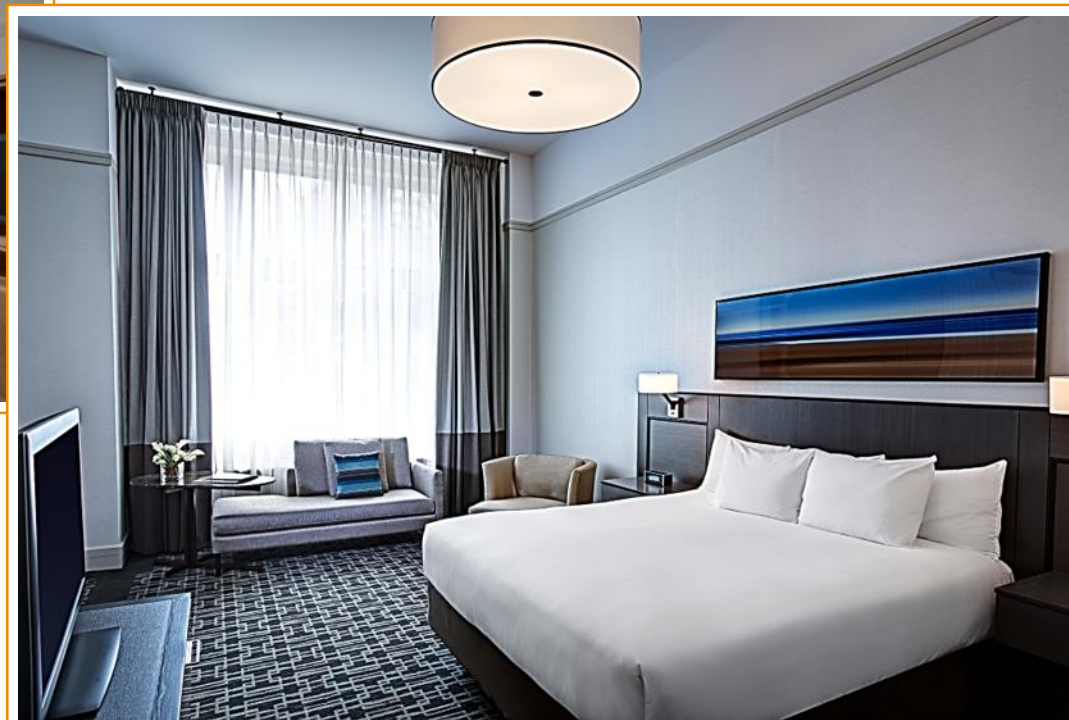


\* Property Renovation Reserve: Restricted cash reported separately from cash and cash equivalents balances

## Active Asset Management – Hyatt Room Renovations



Before Renovation



After Renovation



# Renaissance Cleveland Hotel

SKYLINE  
INVESTMENTS



R  
RENAISSANCE®  
CLEVELAND HOTEL





# Renaissance Cleveland Hotel

SKYLINE  
INVESTMENTS

## Overview

Historical Heritage asset established in 1918 as The Cleveland Hotel.

Notable visitors in the hotel's history: Dwight D. Eisenhower, Gerald Ford, Martin Luther King and The Beatles.

The hotel is located in the City's CBD near the main square.

The city invested about USD \$40M in the renovations of the public square as part of an urban renewal strategy.

## Details

Location	Cleveland, USA
Number of Rooms	491
Meeting Space	34 conference rooms, about 65,000 Sf
Owned Parking Spaces	300 Spaces
Franchise	Renaissance
Management Company	Aimbridge
Ownership	50%

## Financial Information 2017 (in 000's CAD)\*

Book Value | \$67,321

NOI | \$5,671

## Improvements

- Skyline has begun the 1st phase of significant renovations which will continue for the next 3 years. The renovation will upgrade the hotel and is expected to improve performance.
- Renovation will be mostly financed by the in-place USD \$17M line of credit and partner loan.

## Future Potential

- Increasing NOI as the USD \$465M Cleveland Convention Center is expected to grow in popularity.
- Continued rental of the commercial areas.
- Expectation of growth in the Cleveland economy leading to an increased number of visitors.

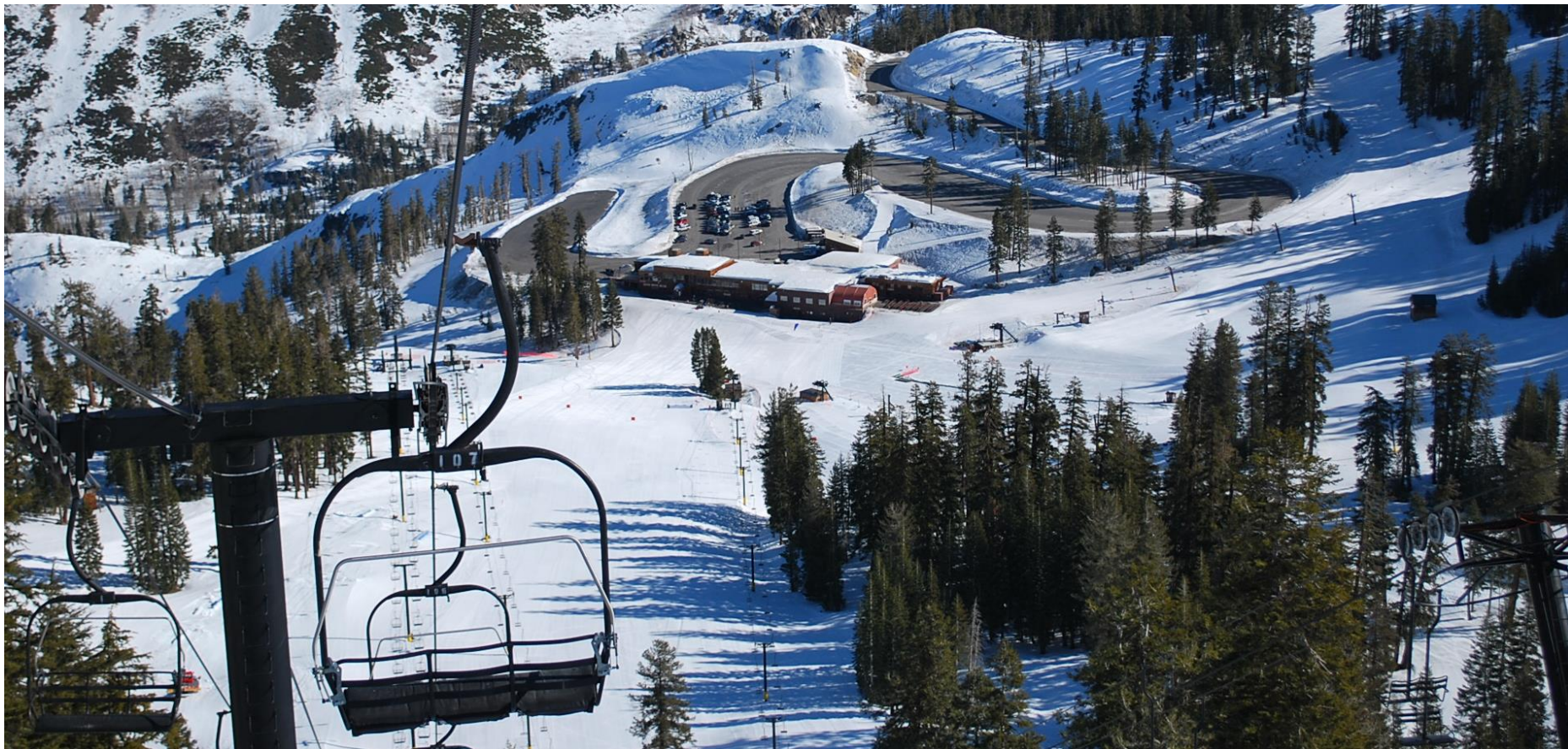


\*Skyline owns 50% while financial information is representative of 100% of the asset



# Bear Valley

SKYLINE  
INVESTMENTS





## Overview

A ski resort in Southern California, three and a half hours from San Francisco.

Acquired on December 2014 for USD \$3.7M from the Company's own resources.

## Details

**Location** | 3.5 hours from San Francisco

**Asset Type** | Ski Resort

**Numbers of Rooms** | 53

**Land Area** | Approx. 1700 Acres

**Amenities** | 75+ Ski Trails

## Financial Information 2017 (in 000's CAD)

**Book Value** | \$21,927

**NOI** | \$2,092

## Improvements

- In 2017, a new modern ski lift was added for USD \$5.5M.
- Since the acquisition invested USD \$3.2M in equipment and improvements

## Future Potential

- Continued growth of NOI by returning the number of visitors to historical levels.
- The new ski lift will support higher prices for tickets.
- Opportunity to develop land near the property.





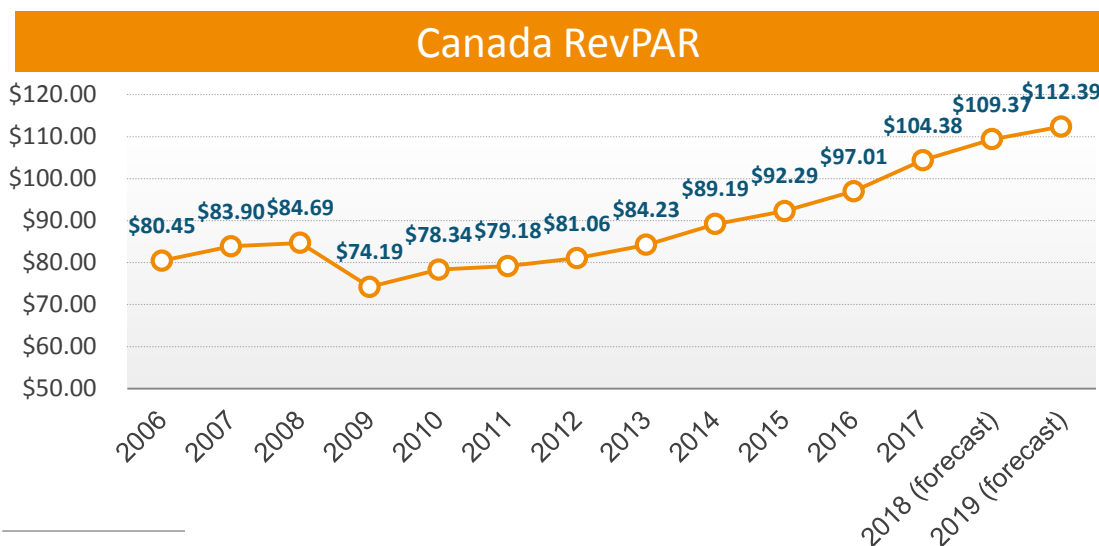
SKYLINE  
INVESTMENTS

# Main Operating Assets in Canada





- Canada's **GDP grew by 3% in 2017**, the fastest pace since 2011.
- Hotel **occupancy reached 65.9%**, the most since 1999.
- The weak Canadian dollar and rising occupancy rates are giving hoteliers **more latitude to push for ADR increases**
- According to HVS, **2018 RevPAR is forecast to reach \$109.4**.
- 2017 demand growth was double the supply growth**, and demand is expected to continue growing faster than supply in 2018
- An October report from Destination Canada showed **total international arrivals to the country were up 4.4%** year-to-date



Hotel Metric Growth			
	2016	2017	2018 Forecast
Occupancy	64.5%	65.9%	67.8%
ADR	\$149.19	\$156.73	\$161
RevPAR	\$96.25	\$103.31	\$109.4



# Deerhurst

SKYLINE  
INVESTMENTS



DEERHURST  
A SKYLINE RESORT  
MUSKOKA





## Overview

World-class four-season resort located in Muskoka near Toronto, Canada.

The new 150-room\* Lakeside Lodge is currently under construction.

## Details

**Location** | Muskoka (2 Hours from Toronto)

**Number of Rooms** | 313 (102 Owned / 211 Managed)

**Meeting Space** | 40,000 Sf

**Land Area** | 790 Acres

**Amenities** | Golf Courses, 10 Event Halls, Spa, 5 Restaurant, Private Airport

## Financial Information 2017 (in 000's CAD)

**Book Value** | \$74,326

**NOI** | \$5,566

## Future Potential

- Increasing NOI by streamlining operations.
- Construction of a new 150-room\* lodge will increase room inventory.
- Improving occupancy during off-season by marketing to new audiences.
- Existing approved zoning plan for 640 housing units and 48,500 sq.f of retail space for development.



\*During Q1, 2018 some one-bedroom units at Deerhurst were consolidated into larger units and, as a result, the total number of units in the project decreased from 162 to 150 units.



# Horseshoe Resort

SKYLINE  
INVESTMENTS



**HORSESHOE**

A SKYLINE RESORT

BARRIE





## Overview

An all-season resort based around the Horseshoe Ski Mountain, one of the closest Ski Resort to Toronto, Canada.

The Horseshoe Adventure Park and Horseshoe Lake are at the center of summer activities.

## Details

<b>Location</b>	Barrie (1.5 hours from Toronto)
<b>Numbers of Rooms</b>	117 (101 Owned / 16 Managed)
<b>Meeting Spaces</b>	14,500 Sf
<b>Land Area</b>	220 Acres
<b>Amenities</b>	25 Ski Trails, 2 Golf Courses, Spa, 5 restaurants

## Financial Information 2017 (in 000's CAD)

<b>Book Value</b>	\$54,237
<b>NOI</b>	\$4,219

## Improvements

- In 2016, a new modern ski lift was added for CAD \$5M.
- The Company began renovating the 44-unit Slopeside Lodge in July 2017.
- Recently completed the 68-room Copeland House residential building.
- Officially opened the new Horseshoe Lake in August 2017. The Lake doubles Horseshoe's snowmaking capacity.

## Future Potential

- Increasing NOI by adding rental units (Slopeside Lodge and Copeland House).
- The new lake will improve off-season amenities.
- The lake will also serve as a significant water reservoir for artificial snow.
- Continued sale and development of land within Horseshoe.





# Blue Mountain Village

SKYLINE  
INVESTMENTS



  
**BLUE MOUNTAIN  
VILLAGE**  
DEVELOPMENTS  
BLUE MOUNTAIN





## Overview

A ski resort, hotel and leisure destination near Toronto, Canada; continuously active throughout the year; Blue Mountain is the 3rd busiest ski resort in Canada.

Blue Mountain Village is a pedestrian village that allows ski-in accommodations for food and beverage, shopping, and lodging.

The Company is partner in an entity which controls 50%\*\* of the Village commercial area and all of the development land.

## Details

Location	Collingwood (2 Hours from Toronto)
Commercial Area	26 Commercial Units on about 62,000 Sf
Land	Building Rights to About 730* Housing Units
Ownership	60%**

## Financial Information 2017 (in 000's CAD)

Book Value of Retail	\$32,750
Book Value of Land	\$28,903
NOI of Retail	\$1,850

## Future Potential

- Selling land to local developers.
- Sale and/or development of commercial space.
- Construction of residential buildings or hotels
- The Company sold land for a total amount of CAD \$32M with an expected cash flow of CAD \$13.8M.
- Revenue from sold land is expected to be received over the next 3 years.



\*194 units were sold but not yet delivered to purchasers

\*\* Skyline is a 60% partner in a private entity which controls 50% of the Village commercial area and all the development land. Additionally, the Company manages all retail in the Blue Mountain Village and benefits from management fees.



SKYLINE  
INVESTMENTS

# Land Sales and Development





# Projects in Advanced Stage of Sale<sup>(1)</sup>

## Main Projects Under Development (CAD 000's)

Project	Location	Type	Number of Units	Ownership	Number of Units Sold <sup>(2)</sup>	Sales Rate	Expected Revenue	Expected Gross Profit	Revaluation Gains <sup>(3)</sup>	Gross Profit Including Revaluation <sup>(3)</sup>	Gross Profit Rate Including Revaluation	Expected Net Cash Proceeds upon completion of Project <sup>(4)</sup>	Date of Completion
Lakeside	Deerhurst	Residential Building	150 <sup>(5)</sup>	100%	130	87%	57,722	13,112	-	13,112	22.7%	16,266	March 2019 <sup>(6)</sup>
Slopeside	Horseshoe	Residential Building	44	100%	28	64%	17,949	5,036	-	5,036	28.1%	8,245	July 2018
Second Nature 1	Blue Mountain	Land	37	60%	37	100%	6,480	(540)	1,850	1,310	20.2%	3,104	Apr 2018
Second Nature 2	Blue Mountain	Land	54	60%	54	100%	8,910	141	2,700	2,841	31.9%	2,940	Dec 2018
Second Nature 4	Blue Mountain	Land	70	60%	70	100%	3,450	827	1,350	2,177	63.1%	2,148	Apr 2018
Monterra Phase 2	Blue Mountain	Land	33	60%	33	100%	5,610	442	1,980	2,422	43.2%	2,206	Dec 2019
<b>Total</b>			<b>388</b>		<b>352</b>	<b>91%</b>	<b>100,121</b>	<b>19,018</b>	<b>7,880</b>	<b>26,898</b>	<b>26.9%</b>	<b>34,909</b>	

## Main Sold and Delivered Projects, Currently Under VTB Loan Terms (CAD 000's)

Project	Location	Type	Ownership	Sales Rate	Recognized Revenue	Recognized Gross Profit	Recognized Gross Profit Including Revaluation <sup>(3)</sup>	Gross Profit Rate Including Revaluation <sup>(3)</sup>	Remained Net Cash Proceeds upon full repayment of VTB <sup>(4)</sup>	Year of full VTB payment
Port McNicoll	Port McNicoll	Land	100%	100%	39,690	-	25,013	63.0%	33,915	2023
Horseshoe Golf 1	Horseshoe	Land	100%	100%	6,250	5,341	5,341	85.5%	3,250	2019
Plateau East	Blue Mountain	Land	60%	100%	5,528	239	2,239	40.5%	1,857	2018
Snowbridge	Blue Mountain	Land	60%	100%	2,168	113	2,063	95.2%	1,500	2018
<b>Total</b>				<b>100%</b>	<b>53,636</b>	<b>5,693</b>	<b>34,656</b>	<b>64.6%</b>	<b>40,522</b>	

(1) All the numbers are as of December 31, 2017 unless stated otherwise.

(2) Units sold as of June 30, 2018

(3) Skyline recognizes lands assets based on a revaluation method before reclassification of these assets from investment properties to inventory. Gross profit including the revaluation gains represents the gross profit based on the cost method.

(4) Including Equity Invested in the Project, before income tax

(5) During Q1, 2018 some one-bedroom units at Deerhurst were consolidated into larger units and, as a result, the total number of units in the project decreased from 162 to 150 units.

(6) The building will be delivered in stages to buyers over several months starting in October 2018



# Lakeside Lodge

SKYLINE  
INVESTMENTS





# Slopeside Lodge

SKYLINE  
INVESTMENTS





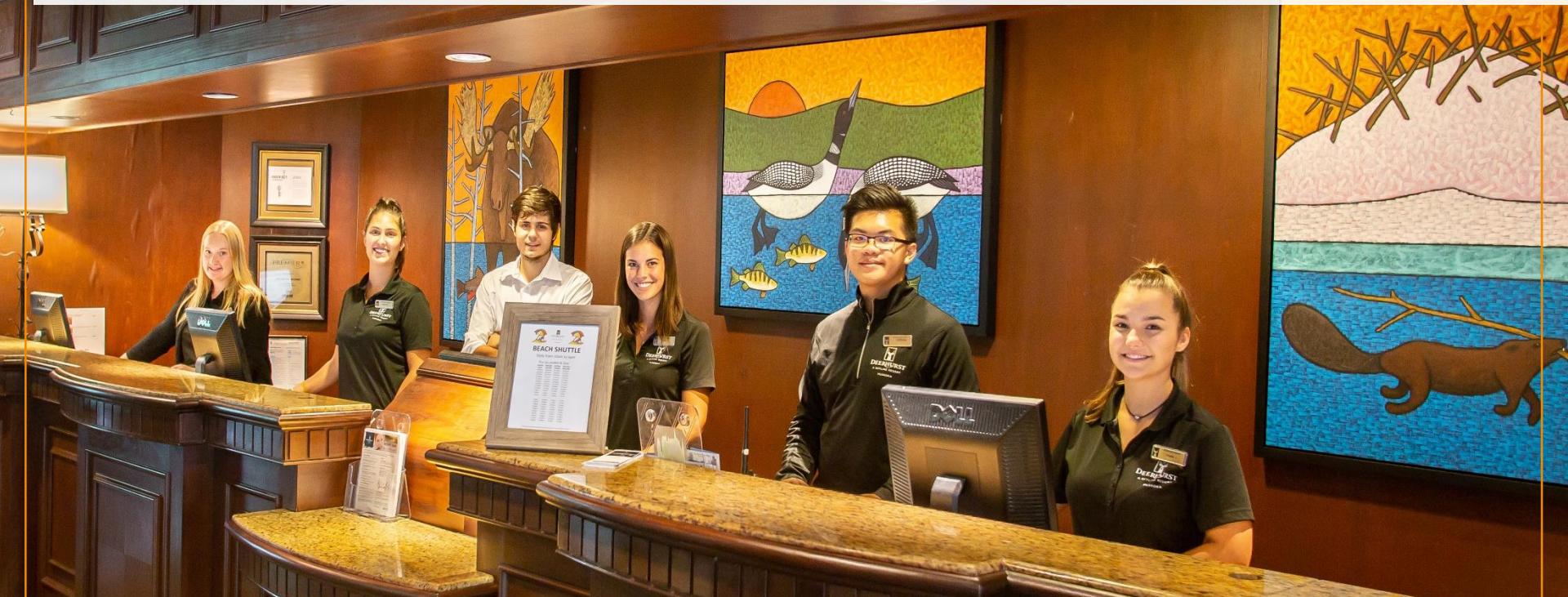
# Blue Mountain Development Lands

SKYLINE  
INVESTMENTS





# Thank You!



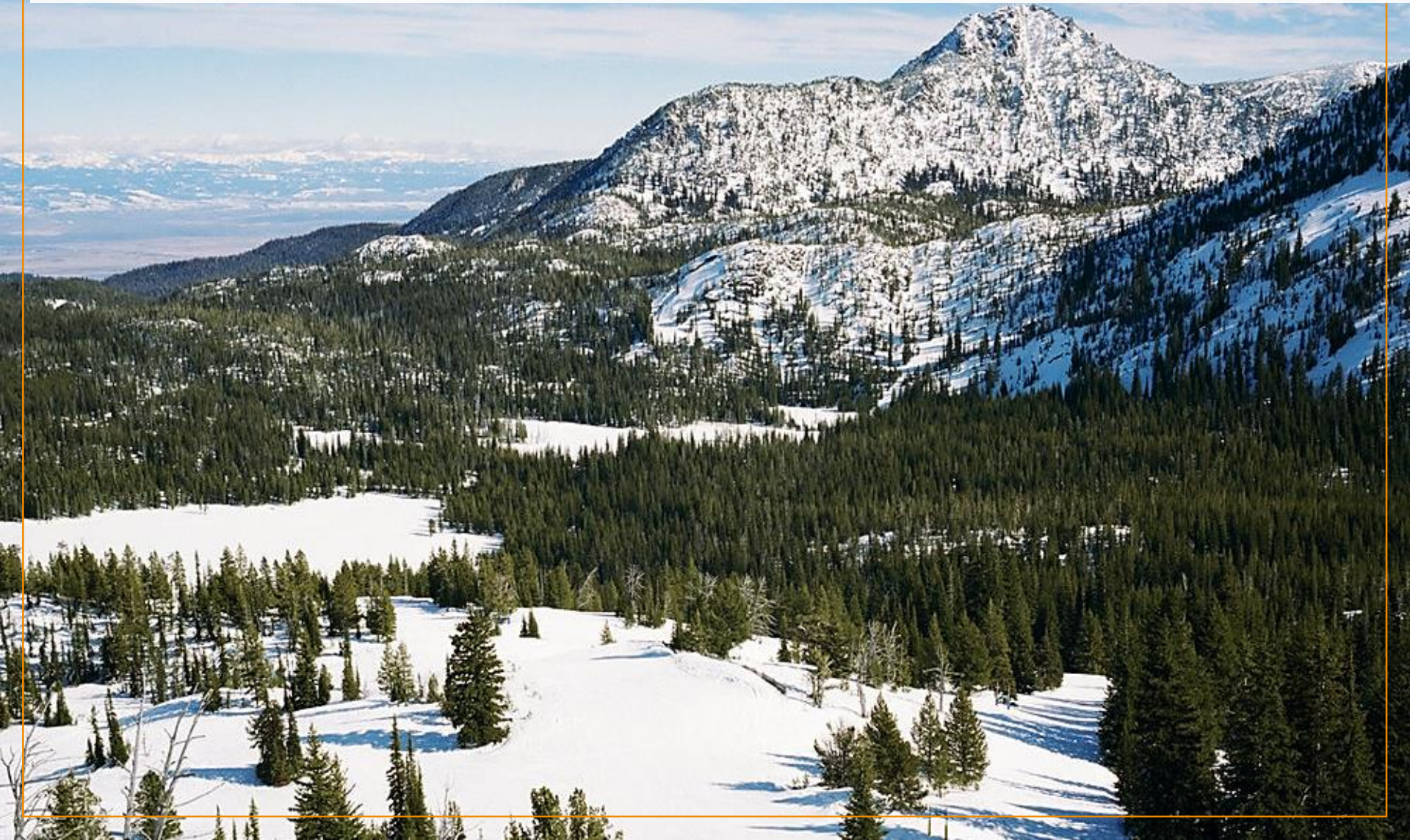
## Questions?

Please contact Ben Novo-Shalem | Head of M&A and IR  
416-368-2565 ext: 2222 | [benn@skylineinvestments.com](mailto:benn@skylineinvestments.com)

[WWW.SKYLINEINVESTMENTS.COM](http://WWW.SKYLINEINVESTMENTS.COM)

SKYLINE  
INVESTMENTS







# Asset Ownership Breakdown

Property	Property Owner	Manager	Brand/Franchise	Leased
<b>Deerhurst</b>	Skyline	Skyline	Independent	None
<b>Horseshoe Valley</b>	Skyline	Skyline	Independent	None
<b>Bear Valley</b>	Skyline	Skyline	Independent	None
<b>Hyatt Regency Cleveland</b>	Skyline	Hyatt	Hyatt Regency	None
<b>Marriott Renaissance Cleveland</b>	Skyline	Aimbridge	Marriott Renaissance	None
<b>Marriott Courtyard Hotels</b>	Skyline	Aimbridge	Courtyard by Marriott	None

	Owned	Managed	Franchised	Leased
<b>Description</b>	Owned and operated by an owner who bears all the costs associated with the hotel but also benefits from all of the income	Owner of a hotel uses a third-party manager to operate the hotel on its behalf and pays the manager management fees	Owned and operated by an owner under a third-party brand name, and the owner pays a brand licensing fee to the brand owner	Owner-operator of a hotel does not have outright ownership of the hotel but pays rental fees to the ultimate owner of the property
<b>Owner's Income</b>	All revenues and profits after management and franchise fees	Fee % of revenue plus success fee	Fee % of room revenue	Rental Fee to Property Owner