

Skyline Publishes Record Results For First Nine Months of 2019

- **Nine Months 2019 Revenue increased by 16.5% to \$189.8M CAD compared to the same period last year.**
- **Nine Months 2019 Adjusted EBITDA increased by 20.4% to \$36.2M CAD compared to the same period last year.**
- **Nine Months 2019 Same Property income-producing asset NOI was \$34.7M CAD, an increase of 5.2% over last year.**
- **Nine Months 2019 FFO increased by 8.0% over the last year to \$20.0M CAD.**
- **In October 2019, Midroog confirmed the current Baa1 rating with stable outlook and removed the Company's bonds from credit watch.**
- **To date, 98% of condominium units at Lakeside Lodge have been sold.**

Toronto, Ontario – November 18, 2019. Skyline Investments (the “Company”) (TASE: SKLN), is a Canadian company that specializes in hospitality real estate investments in the United States and Canada, published its nine months and third quarter 2019 results.

Skyline's CEO Blake Lyon said: *“During the nine months and third quarter of 2019, Skyline has continued to improve our financial results, which are the strongest in the Company's 20-year history. Both EBITDA and FFO experienced strong growth, reflecting the execution of Skyline's initiatives over the last two years that came together and were realized in the 2019 results. The transition of the Courtyard hotels from the Marriott to Aimbridge management began to come into fruition and made a significant contribution to our strong results in the third quarter. The improved results were bolstered by previous investments in our ski resorts, coupled with a good winter season at our Horseshoe and Bear Valley Resorts. In addition, we completed and delivered two large development projects, Lakeside Lodge and Slopeside Lodge, and a significant number of 3rd party owned units joined our rental program.”*

	9M/2019	9M/2018	Q3/2019	Q3/2018	2018
	in CAD 000's				
NOI	35,271	34,391	13,264	12,608	41,551
NOI Margin	23.5%	24.0%	24.9%	24.9%	22.4%
Same Property NOI	34,662	32,948	13,158	12,105	
Same Property NOI Margin	23.2%	23.4%	24.7%	24.3%	
Adjusted EBITDA	36,239	30,106	12,481	9,189	36,983
Adjusted EBITDA Margin	19.1%	18.5%	21.1%	17.3%	15.9%
FFO	20,002	18,518	7,008	4,638	20,330

First Nine Months 2019 Results

- **Total revenue for 9M 2019** was \$189.8M CAD, an increase of 16.5% over corresponding period total revenue of \$162.8M CAD. Revenue from income-producing assets increased by approx. \$6.5M CAD, due to improvement 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 \$39.8M CAD, well above \$19.4M CAD last year. During 9M 2019, the Company provided occupancy to 145 units at Lakeside Lodge and recognized revenue of \$35.6M CAD.
- **Same property NOI for 9M 2019** amounted to \$34.7M CAD, an increase of 5.2%, compared to \$32.9M CAD in the previous period. Horseshoe and Bear Valley presented the most significant NOI growth due to improved ski weather conditions, compared to the previous years and the installation of a new high-speed ski lift at each property allowed ticket prices to increase.
- **Adjusted EBITDA for 9M 2019** increased by 20.4% to \$36.2M CAD, compared to \$30.1M CAD in the same period last year. This improvement is primarily attributable to an improvement in same property NOI, coupled with higher gross development profit from the sale of residential real estate.
- **Derecognition of investment costs and other capital gains/losses for 9M 2019** of \$0.6M CAD was mainly attributable to the expiration of an agreement with an unrelated third party to assume the acquisition of the Bahamas project. The Company determined that the remaining costs that were to be reimbursed by the third party were to be written off in Q1 2019. These costs were one-time in nature. This was offset by a gain on the sale of noncore land.
- **Loss from early extinguishment of debt for 9M 2019** was \$2.7M CAD. 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 9M 2019** totaled \$13.9M CAD, compared to \$14.0M CAD in the corresponding period last year. The decrease in net financial expense is due to the increase in the amount of floating rate debt, offset by the change in fair value of financial derivatives. In addition, results for the second and third quarter of 2019 include interest from development projects for condo units that had been delivered previously. Interest rates have recently begun to decrease.
- **Net income for 9M 2019** amounted to \$4.2M CAD, compared to a net loss of \$1.7M CAD in the same period last year. Excluding minority interests the Company had net income of \$4.7M CAD for the nine months ended September 30, 2019, compared to a net loss of \$0.8M CAD in the same period of 2018.

Third Quarter Results

- **Total revenue for Q3 2019** was \$59.2M CAD, compared to \$53M CAD recorded last year, representing an increase of 11.5%. Revenue from hotels and resorts increased by \$2.7M CAD, mainly due to an improvement of \$1.3M CAD at the Courtyard portfolio and \$1.3M CAD at Deerhurst, while other assets presented a relatively stable results. Revenue from the sale of residential real estate increased by \$3.4M CAD, primarily as a result of providing occupancy to 12 additional units at Lakeside Lodge, bringing the total units occupied to 145.
- **Same property income-producing asset NOI for Q3 2019** was \$13.2M CAD, compared to \$12.1M CAD last year. NOI for the Courtyard portfolio increased by \$0.9M CAD and the Canadian Resorts delivered a combined improvement of \$0.5M CAD.
- **Adjusted EBITDA for Q3 2019** was \$12.5M CAD, compared to \$9.2M CAD for the comparative period in 2018. The improvement is mainly attributable to the increase in same property NOI and higher development profits.
- **Net income for Q3 2019** was \$2.6M CAD, compared to a profit of \$45 thousand CAD in the same period last year. Excluding minority interests the Company had a profit of \$2.2M CAD in the third quarter compared to a profit of \$9 thousand CAD in the same period of 2018.

Balance Sheet Highlights as at September 30, 2019

- **Total assets as at September 30, 2019** decreased to \$712M CAD from \$777M CAD at the end of 2018, primarily due to the sale of Blue Mountain retail in Q1 2019, the closing of Slopeside, and delivery of Lakeside units.
- **Cash and cash equivalents as at September 30, 2019** amounted to \$19M CAD, compared to \$28M CAD as at December 31, 2018. The decrease is primarily attributable to the Company using cash to reduce its debt and invest in its properties.
- **Net financial debt as at September 30, 2019** totaled \$321M CAD, constituting 46.3% of Total Assets (excluding cash).

- **The Company's shareholders' equity as at September 30, 2019** was \$283.2M CAD (\$256.5M CAD attributable to the shareholders), representing 39.8% of total assets. As at September 30, 2019 the equity per share attributable to shareholders was 40.24 NIS (\$15.31 CAD) and the share price was 28.75 NIS (\$10.96 CAD).

About Skyline

Skyline Investments is a Canadian company that specializes in hospitality real estate investments in Canada and the US. The Company owns 18 assets in Canada and the US with 3,297 hotel rooms under management spread over 18 cities, and development lands with rights for almost 2,315 residential units in three main areas north of Toronto, Canada.

The Company is traded on the Tel Aviv Stock Exchange (ticker: SKLN).

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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 September 30, 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 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.