SKYLINE ANNOUNCES OPERATIONAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

- **2020 revenue from Skyline's hotels and resorts was $91.5 million compared to $193.6 million in 2019, a decline of 53% due to the impact of COVID-19;**
- **Skyline's operating expenses from hotels and resorts also declined by 47%, including the effect of subsidies received in response to the pandemic;**
- **2020 EBITDA remained positive at $7.9 million versus $40.8 million in 2019;**
- **Unrestricted cash and available lines of credit as at December 31, 2020 totalled approximately $27 million;**
- **Occupancy of all of the Company's US hotels and Canadian resorts show a steady seasonally-adjusted improvement from their lows in April;**
- **The Company received all required debt waivers and extensions needed during 2020, with Midroog reconfirming the Company's debt rating at Baa1 (with Negative Outlook);**
- **During 2020, the Company achieved final closing of its Second Nature Phase 2 and 3 development projects and completed the sale of certain investment properties, both located near Blue Mountain, recording revenue of $29.1 million and $4.1 million on the transactions, respectively;**
- **During 2020, the Company achieved 100% of sales at its Slopeside development at Horseshoe Valley Resort and launched its new, 68-unit Edge Condo development. Subsequent to year end, the Company also achieved 100% of sales at its Lakeside development at Deerhurst Resort, and pre-sold 55% of the Edge Condo development.**

Toronto, Ontario – March 12, 2021. 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 year ended December 31, 2020.

"*COVID-19 presented new and unprecedented challenges in 2020 to the world economy, which directly affected Skyline's properties. Nonetheless, Skyline was able to achieve positive EBITDA in fiscal 2020*" commented Blake Lyon, Skyline's Chief Executive Officer. "*During 2020, Skyline, along with the entire hospitality industry, experienced a material downturn in occupancy at all of our hotels and resort. Management responded with significant cost reductions and managed its* *cash very closely. Skyline participated in certain Canadian and US government relief programs that assisted the Company's cash flow. Our balance sheet strength, combined with Government relief programs helped Skyline in its efforts to reduce the effects of COVID-19 and the Company is making all required interest and principal payments."*

SUMMARY OF FINANCIAL RESULTS

C$000's	**2020**	**2019**	**2018**
NOI from Hotels & Resorts	11,359	42,214	41,551
NOI from Hotels & Resorts Margin	12%	22%	22%
Same Asset NOI	11,342	41,565	39,039
Same Asset NOI Margin	12%	22%	21%
Adjusted EBITDA	7,884	40,849	36,983
Adjusted EBITDA Margin	6%	17%	16%
FFO	(3,761)	18,331	20,330

INCOME STATEMENT HIGHLIGHTS

All amounts in millions of Canadian dollars unless otherwise stated

- **Total revenue for 2020** was $129.4, compared to $235.2 in 2019 (Q4 2020 revenue was $22.5 compared to $45.5 in Q4 2019). Revenue from hotels and resorts decreased by 53% to $91.5 due to the impact of COVID-19. Revenue from the sale of residential real estate was $37.9. 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 of the transaction, 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. During Q4 2020, the Company completed the sale of an investment property and vacant land adjacent to the investment property located near Blue Mountain for $4.1 and took back a 75% VTB for 4 months.
- **Same asset NOI for 2020** was $11.3, a decrease of 73% compared to $41.6 in 2019 (Q4 2020 same asset NOI was $2.0 compared to $6.8 in Q4 2019). The decrease was driven mainly by the impact of COVID-19 as discussed above.
- **Adjusted EBITDA for 2020** was $7.9, a decrease of 81% compared to $40.8 in 2019 (Q4 2020 adjusted EBITDA was $1.1 compared to $4.6 in Q4 2019). The decrease is attributable to the impact of COVID-19 on the Company's hotels and resorts as discussed above.
- **Net financial expense for 2020** totalled $17.4, compared to $17.9 in 2019(Q4 2020 net financial expense was $2.3 compared to $4.0 in Q4 2019). Interest expense was $3.4 lower relative to 2019 due to the repayment of construction debt and lower interest rates. Interest rates decreased during 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 $3.7, which was the result of depreciation of the Canadian dollar relative to the US dollar. This impacted the valuation of the Company's bonds.

- **FFO for 2020** was negative $3.8 compared to $18.3 in 2019 (Q4 2020 FFO was negative $0.3 compared to negative $1.7 in Q4 2019). The full year decrease was due to the impact of COVID-19 on earnings at hotels and resorts.
- **Net loss for 2020** amounted to $18.6, compared to net loss of $1.4 in 2019 (Q4 2020 net loss was $2.9 compared to net loss of $5.6 in Q4 2019). Excluding minority interests, the Company had a net loss of $18.0 in 2020, compared to net loss of $0.3 in 2019.
- **Total comprehensive loss for 2020** was $20.5 compared to total comprehensive loss of $21.2 in 2019 (Q4 2020 comprehensive income was $11.0 compared to a comprehensive loss of $4.6 in Q4 2019).

BALANCE SHEET HIGHLIGHTS

- **Total assets** as at December 31, 2020 were $637.9 compared to $675.8 as at December 31, 2019. The decrease was a result of a revaluation of the Company's property, plant and equipment that resulted in a decline in value, coupled with lower inventory and receivable balances as a result of the completion of significant development projects in 2019.
- **Cash and cash equivalents** were $22.4 as at December 31, 2020 compared to $26.9 as at December 31, 2019. The decrease was driven by the lower cash flow from operating activities as a result of COVID-19, property capital improvements and repayment of bond and loan principal, offset by the Company accessing its available credit facilities and government assistance. The Company had $6 million of undrawn lines of credit at December 31, 2020.
- **Net debt** as at December 31, 2020 totalled $283.7, an increase of $7.7 compared to net debt of $275.9 as at December 31, 2019. The increase was primarily driven by accessing the Company's available credit facilities and cash outflows from operating activities, offset by favourable foreign exchange movement. In addition, the Company has received property-level covenant relief from its lenders for at least 2021, where required. On December 31, 2020, the Company reached an extension agreement with its lender on the Renaissance hotel, effective until March 2022.
- **Total Equity** was $256.4 ($226.0 attributable to shareholders), representing 40% of total assets. As at December 31, 2020 equity per share attributable to shareholders was 34.04 NIS ($13.50), compared to the closing share price of 17.18 NIS ($6.81), a discount of 50%. As of this date, the Company's shares were trading at 13.08 NIS ($4.92(, implying a discount of 62%.

A breakdown of the change in fair value described above is summarized in the table below:

C$000's	YTD Fair Value Change	Tax Impact	Net Change – OCI	Net Change – Net Income
Property, Plant & Equipment				
Courtyard by Marriott hotels	(16,668)	3,703	(12,965)	-
Renaissance[1]	13,315	(1,475)	11,840	-
Hyatt Arcade	(1,576)	333	(1,243)	-
Bear Valley	(243)	68	(175)	-
Deerhurst	393	(104)	289	-
Horseshoe	1,965	(520)	1,445	-
Total – PP&E	**(2,814)**	**2,005**	**(809)**	-
Investment Properties	4,569	(1,211)	-	3,358
Total Change	**1,755**	**794**	**(809)**	**3,358**

Notes:

(1) During Q4 2020, the Company received an independent, external appraisal for the Renaissance, and, as a result, the Company adjusted the value of the Renaissance from USD $40.0 million as at September 30, 2020 to USD $50.8 million as at December 31 2020. The value as at September 30, 2020, was made with reference to an offer to purchase the property at a price that management is no longer considering.

COVID-19 RECAP AND UPDATE

At the end of 2019, the COVID-19 virus began spreading rapidly, and in March 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. 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.

In December 2020, the local jurisdictions where Horseshoe and Bear Valley are located re-implemented restrictions, causing partial closure of certain operations at the ski resorts. These restrictions were subsequently removed, and as of the date of this report, both resorts are open and operating in accordance with public health guidelines. Deerhurst was not subject to these same restrictions, and as of the date of this report is also open and operating in accordance with local health guidelines.

The Company's hotels located in the United States (the "US Properties") are all open and are seeing relatively steady seasonally-adjusted occupancies, which have significantly improved from the lows in April 2020. Looking forward, there is significant uncertainty around the timing of a full resolution of the COVID-19 crisis. Given that the majority of the US Properties are primarily located in "drive-to" secondary markets that are not dependant on international air travel, the Company expects that as the recovery unfolds, its US Properties will see continued 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 qualified for and received loans under the Paycheque Protection Program ("PPP"). US$6.7 million ($9.3 million) was received during the second quarter of 2020. As part of this program, the portion of any of these loans spent on payroll, utilities, interest and other specified costs may be forgiven by the US Government under certain circumstances. For the year ended December 31, 2020, the Company recorded an offset to operating expenses from hotels and resorts in the amount of $8.9, respectively, to account for this government assistance on the basis that it will be forgiven. The Company is not yet in a position to determine the exact amount of eventual forgiveness; however, any unforgiven portion will be repayable over 5 years, with interest payable based on an annual rate of 1% based on current legislation. In addition, the Company believes that it qualifies for the Employee Retention Credit ("ERC"), which was enacted as part of the US Government's stimulus measures. The Company has recorded a reduction in operating expenses from hotels and resorts in the amount of $0.6 related to this credit. Subsequent to year end, the Company received an additional US$1.5 million in funding under the PPP.

In Canada, the Company has applied for and received the Canada Employment Wage Subsidy, which covers up to 75% of the first CAD $58.7 thousand normally paid to eligible employees, representing a benefit of up to CAD $847 per week, per eligible employee, between March 15, 2020 and at least June 30, 2021. For the year ended December 31, 2020, the Company recorded an offset to operating expenses from hotels and resorts in the amount of $5.1, and to administrative and general expenses of $0.8.

The effect of the COVID-19 virus had a materially negative impact on the economy and businesses, in general, and on the Company's operating and financial results during the second, third, and fourth quarters of 2020. Should there be no further relief in the restrictions and/or should government restrictions be renewed, the financial and operating results of the Company could be materially affected. 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.

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 3,282 hotel rooms and 85,238 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 December 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, 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.