<u>SKYLINE ANNOUNCES IMPROVING OPERATIONAL RESULTS FOR Q1 2021</u>

- **Q1 2021 net operating income ("NOI") from hotels and resorts was $8.3 million compared to $7.5 million in Q1 2020, an increase of 10%;**
- **Q1 2021 funds from operations ("FFO") was $3.3, or $0.20 per share, a 21% increase over Q1 2020 FFO of $2.7, or $0.17 per share;**
- **Q1 2021 revenue from Skyline's hotels and resorts was $28.2 million compared to $41.6 million in Q1 2020, a decline of 32% due to lower demand resulting from COVID-19;**
- **Skyline's operating expenses from hotels and resorts also declined by 41%, driven by Skyline's expense management measures and the effect of government subsidies received in response to the pandemic;**
- **Q1 2021 Adjusted EBITDA was positive at $6.7 million versus $9.1 million in Q1 2020, which included the impact of $3.2 million in development NOI;**
- **The Canadian and US Governments continue to provide support to the travel industry, and Skyline received additional benefits during 2021;**
- **Unrestricted cash and available lines of credit as at March 31, 2021 totalled approximately $29 million, an increase of $2 million compared to December 31, 2020. The increase was driven by positive cash flow from operating activities and receipt of funds under the Paycheck Protection Program ("PPP"), offset by capital expenditures and bond principal repayments during the quarter;**
- **The Company's US hotels show steadily improving occupancy, with the Courtyard portfolio experiencing 49% occupancy for the month of March and 54% occupancy for the month of April; and**
- **The Company has pre-sold 73% of its new 66-unit Edge Condo development at Horseshoe.**

Toronto, Ontario – May 14, 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 three months ended March 31, 2021.

"As a large percentage of the US population has begun receiving COVID-19 vaccines, we are starting to see the most significant increase in travel demand since the beginning of the pandemic.

Our Courtyard Portfolio is leading Skyline's recovery, with occupancy of 49% in March 2021 and 54% in April 2021. While still lagging behind the US, Canada is also accelerating its vaccination campaign and is expected to provide vaccines to all Canadians 18 and older who wish to receive one by the end of June. The majority of our properties are located in leisure and drive-to destinations and are therefore well-positioned to benefit from the recovery in travel demand" commented Blake Lyon, Skyline's Chief Executive Officer. *"During Q1 2021, Skyline was able to grow NOI and FFO relative to Q1 and Q4 2020 and improve its liquidity position, despite lower revenue and the challenges presented by COVID-19 during the quarter. Management's focus on significant cost reductions, cash management, and accessing Canadian and US Government relief programs drove these positive results. Our balance sheet continues to be strong, and Skyline continues to make all required interest and principal payments on its debt."*

SUMMARY OF FINANCIAL RESULTS

C$000's	**Q1 2021**	**Q1 2020**
NOI from Hotels & Resorts	**8,254**	**7,507**
NOI from Hotels & Resorts Margin	29%	18%
Same Asset NOI	8,254	7,507
Same Asset NOI Margin	29%	18%
Adjusted EBITDA	**6,714**	**9,091**
Adjusted EBITDA Margin	22%	13%
FFO	**3,332**	**2,752**

INCOME STATEMENT HIGHLIGHTS

All amounts in millions of Canadian dollars unless otherwise stated

- **Total revenue for Q1 2021** was $31.1, compared to $71.7 in Q1 2020. Revenue from hotels and resorts decreased by 32% to $28.2 due to timing of the impact of COVID-19, which did not have a material impact during the prior year quarter until the second half of March. During Q1 2021, local government restrictions impacted ski operations during the first half of the quarter, however both of the Company's ski resorts experienced strong demand upon reopening. Revenue from the sale of residential real estate was $2.9 during Q1 2021, compared to $30.1 during Q1 2020, when the Company completed the sale of phases 2 and 3 of the Second Nature development project located near Blue Mountain.
- **Same asset NOI for Q1 2021** was $8.3, an increase of 10% compared to $7.5 in Q1 2020. The increase was driven mainly by expense management measures taken, combined with assistance from the Canadian and US governments, as discussed above.
- **Adjusted EBITDA for Q1 2021** was $6.7, a decrease of 26% compared to $9.1 in Q1 2020. The decrease is attributable to the timing of development revenue, as discussed above.
- **Net financial expense for Q1 2021** totalled $3.3, compared to $10.4 in Q1 2020. The difference was primarily driven by changes in foreign exchange, which spiked during Q1

2020 at the outset of the COVID-19 pandemic and impacted the valuation of the Company's bonds. Q1 2021 interest expense of $3.6 was $0.4 lower than Q1 2020 interest expense of $4.0 due to lower interest rates. Interest rates decreased over the past 12 months due to stimulative measures taken by central banks in response to the COVID-19 pandemic.

- **FFO for Q1 2021** was $3.3 compared to $2.8 in Q1 2020. The increase was primarily driven by the improvement in NOI as described above.
- **Net loss for Q1 2021** amounted to $0.2, compared to net loss of $5.9 in Q1 2020. Excluding minority interests the Company had net income of $0.2 in Q1 2021, compared to net loss of $5.4 in Q1 2020.
- **Total comprehensive loss for Q1 2021** was $1.9 compared to total comprehensive income of $7.4 in Q1 2020.

BALANCE SHEET HIGHLIGHTS

- **Total assets** as at March 31, 2021 were $630.1 compared to $637.9 as at December 31, 2020. The decrease was driven by depreciation on the Company's property, plant and equipment, as well as movement in foreign exchange.
- **Cash and cash equivalents** were $24.1 as at March 31, 2021 compared to $22.4 as at December 31, 2020. The increase was driven by positive cash flow from operations as well as PPP funds received from the US government during the quarter. The Company had $5.0 in undrawn lines of credit at March 31, 2021.
- **Net debt** as at March 31, 2021 totalled $278.0, a decrease of $5.7 compared to net debt of $283.7 as at December 31, 2020. The decrease was primarily driven by positive cash flow from operations and foreign exchange. In addition, the Company has received property-level covenant relief from its lenders for at least 2021, where required.
- **Total Equity** as at March 31, 2021 was $254.6 ($224.8 attributable to shareholders), representing 40% of total assets. Equity per share attributable to shareholders was 35.51 NIS ($13.42), compared to the closing share price of 14.49 NIS ($5.48), a discount of 59%. As of this date, the Company's shares were trading at 17.12 NIS ($6.37), implying a discount of 52%.

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 the partial closure of certain operations at the ski resorts. These restrictions were subsequently removed in February 2021 for the remainder of the ski season. On April 3rd, Horseshoe temporarily closed operations due to the stay-at-home order issued for the Province of Ontario, and expects to fully reopen for the summer season after the lifting of the current stay-at-home order. Deerhurst was not subject to these same restrictions, and as of the date of this report, both Deerhurst and Bear Valley are open and are operating in accordance with public health guidelines.

The Company's hotels located in the United States (the "US Properties") are all open and are seeing steadily improving 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 ($9.3) was received during the second quarter of 2020, US$5.5 ($7.0) during Q1 2021, and a further US$2.0 ($2.5) was received in May 2021. 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 three months ended March 31, 2021, the Company recorded an offset to operating expenses from hotels and resorts in the amount of $0.8, 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. No amounts were recorded as government assistance related to the ERC during the three months ended March 31, 2021.

In Canada, the Company has applied for and received the Canada Employment Wage Subsidy ("CEWS"), 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, as well as the Canada Emergency Rent Subsidy ("CERS"), which covers certain rental and building operating expenses. For the three months ended March 31, 2021, the Company recorded an offset to operating expenses from hotels and resorts in the amount of $2.3, and to administrative and general expenses of $0.3 related to CEWS and CERS.

Included in the Series B Deed is a trailing 4-quarter non defaulting Bond Operating EBITDA Calculation Provision (the "Provision"). The Provision's limit is $18 of Operating EBITDA (as defined in Section 1.5.31 of the Series B Deed). Based on the Company's condensed consolidated financial statements as of March 31, 2021, published by the Company on May 14, 2021 (the "Deviation Date"), the Operating EBITDA for the last four quarters preceding the date of the last financial statements was $9.6. Pursuant to Section 5.4 of the Series B Deed, in such case the stated interest rate will increase by 0.25% per year for the period that the Company does not meet the Provision. The exact annual interest rate borne by the principal of the Series B Bonds for the current interest period, from January 16, 2021 and until the Deviation Date, is 5.65% (the "Original Interest"). The annual interest rate to be paid for the balance of the principal of the Series B Bonds for the period commencing on the Deviation Date and ending on the next interest payment date (July 15, 2021) (the "Next Interest Date") is 5.90%. The weighted interest rate to be paid on the Next Interest Date is 2.89929%. The annual interest rate reflected by the weighted interest rate to be paid on the Next Interest Date is 5.79858%. The annual and semi-annual interest rates to be paid for the Debentures for periods from and after July 16, 2021, until the Company meets the Provision will be 5.9% and 2.95%, respectively.

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 over the past four quarters. 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 3,279 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.

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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 March 31, 2021 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.