



# Corporate Presentation

September 30, 2021

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



# Cautionary Statement

## General

This presentation has been prepared by Skyline Investments Inc. (the "Company" or "Skyline") 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. This presentation is qualified in its entirety by reference to, and must be read in conjunction with, the information contained in the said reports. 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.

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This presentation may include forward-looking information within the meaning of applicable Canadian and Israeli securities legislation relating to the business of the Company, 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 "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts.

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.

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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.

## Non-IFRS Measures

In this presentation, the Company uses certain non-IFRS financial measures, which include net operating income ("NOI"), funds from operations ("FFO"), adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and NOI (EBITDA) which are not measures recognized under International Financial Reporting Standards ("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, FFO, Adjusted EBITDA and NOI (EBITDA), as computed by the Company, may differ from similar measures as reported by other companies in similar or different industries. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. 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, 2021 and available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or MAGNA at [www.magna.isa.gov.il](http://www.magna.isa.gov.il)



# Majority Sale of Canadian Resort and Development Assets

On September 19, 2021, Skyline announced that it entered into two agreements of purchase and sale for a 100% interest in the resort assets and surrounding development lands at Deerhurst Resort and Horseshoe Resort as well as the remaining development lands at Blue Mountain Resort<sup>1</sup> (collectively, the “Assets”) for CAD \$210M with Freed Corp. (the “Freed Transaction”), which is expected to close during Q4 2021. The Transaction is approximately CAD \$30M in excess of Skyline’s IFRS book value as at June 30, 2021, prior to the Freed Transaction. Upon closing of the Freed Transaction, Skyline will repay its Series A bonds in full. While the Freed Transaction is expected to close during Q4 2021, during Q3 2021, under IFRS Skyline recognized a CAD \$23.2M gain, net of tax, in the income statement and a CAD \$3.8M gain, net of tax, in other comprehensive income related to the Freed Transaction. During Q4 2021, Skyline expects to record a further CAD \$14.8M gain in the income statement.

As part of the transaction, Freed Corp., through a newly formed subsidiary, Resort Communities LP, will combine the Assets with Muskoka Bay Resort. Skyline will become a 29% partner in Resort Communities LP along with Freed, who will now own an expanded portfolio of premier resorts in Ontario.

**The closing of the Freed Transaction is expected after the balance sheet date, and as a result, this presentation reflects the Company’s full ownership of Deerhurst and Horseshoe for the entirety of the three and nine months ended September 30, 2021. All information is presented as of September 30, 2021. For further details about the Freed Transaction, refer to pages 35-38 of this presentation, the Company’s Management’s Discussion and Analysis and the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) or MAGNA at [www.magna.isa.gov.il](http://www.magna.isa.gov.il)**



(1) The Company holds a 60% joint venture interest in Blue Mountain Resort. The information in this presentation is presented on a 100% basis. The Blue Mountain agreement provisions will apply proportionally to Skyline’s joint venture partner.

**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.





**18**

Income Producing Assets

**3,261**

Guestrooms

**\$662m/\$297m**

Total Assets/Equity

**45%**

Equity to Total Assets Ratio

**Baa1.il**

(Negative Outlook)

Bond Rating

**2,315**

Units Available for  
Development

- The COVID-19 pandemic, which began at the end of 2019, continues to have wide-ranging implications for the global economy and the hotel industry in particular
- In December 2020, the local jurisdictions where Deerhurst, Horseshoe, and Bear Valley are located implemented capacity and other business restrictions, causing the partial closure of certain operations. These restrictions were subsequently removed in February 2021 for the remainder of the ski season
- On April 3<sup>rd</sup>, 2021 the Province of Ontario issued a subsequent stay-at-home order, resulting in the temporary closure of certain operations at Horseshoe and Deerhurst (Bear Valley was not subject to these restrictions). These restrictions began easing on June 11<sup>th</sup>, 2021 and the Canadian resorts were able to benefit from the strong summer season
- On September 22<sup>nd</sup>, 2021, the Province of Ontario implemented a plan whereby businesses that require proof of vaccination against COVID-19 can have certain capacity and operating restrictions lifted. The Province of Ontario also outlined a framework for the removal of nearly all COVID-19 related restrictions by the end of March 2022
- Furthermore, on November 8<sup>th</sup>, the United States reopened its borders for fully-vaccinated travelers from dozens of countries, including Canada and Mexico, ending more than 18 months of restrictions on international travel
- As of the date of this presentation, all of the resorts are open and operating in accordance with public health guidelines. All 15 hotels in the US never closed and remain open with significantly reduced staff and adjusted operating models
- Skyline continues to focus on making all necessary adjustments to operations, while maintaining sufficient liquidity to successfully manage the pandemic
- In response to the COVID-19 crisis, the Canadian and US governments unveiled multiple stimulus measures. During 2020, Skyline received approximately CAD \$15M in government financial support and further CAD \$15.8M in the first 9 months of 2021
- In the US, over 68% of the eligible population has been fully vaccinated and more than 79% has received at least one dose of vaccine. In Canada, over 84% of the eligible population has been fully vaccinated and more than 88% has received at least one dose<sup>1</sup>
- The improving trajectory witnessed during the first half of 2021 continued to improve throughout Q3, as North American vaccination rates continued to increase and the population began travelling more frequently. We are continuing to see the most significant increase in travel demand since the beginning of the pandemic. 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

(1) As of November 11, 2021.



**Revenue from hotels and resorts** increased by **79%** to **CAD \$45.1M** compared to CAD \$25.3M in Q3 2020

Q3 2021 **Adjusted EBITDA** was **CAD \$11.7M** compared to CAD \$4.5M in Q3 2020 and YTD Adjusted EBITDA was **236%** higher than the same period in 2020

Q3 2021 **FFO** improved by **131%** to **CAD \$3.5M** compared to CAD \$1.5M in Q3 2020

**Unrestricted cash and available lines of credit** were **CAD \$39.6M**, an increase of **CAD \$12.1M** or **45%** compared to December 31, 2020

The Canadian and US Governments continue to provide support to the travel industry, and Skyline received additional benefits during 9M 2021 in the amount of **CAD \$15.8M**

Our US Hotels continue to show occupancy that is approaching pre-pandemic levels. In Q3 2021, the Courtyard portfolio achieved average occupancy of **60%** and the improving trend continued with **61%** occupancy in October

In September Skyline announced the largest corporate transaction in its 20-year history with the sale of Deerhurst, Horseshoe, and the remaining development lands at Blue Mountain for **CAD \$210M**. This transformational transaction is expected to close in Q4, and will provide Skyline with significant new liquidity to acquire additional hotels

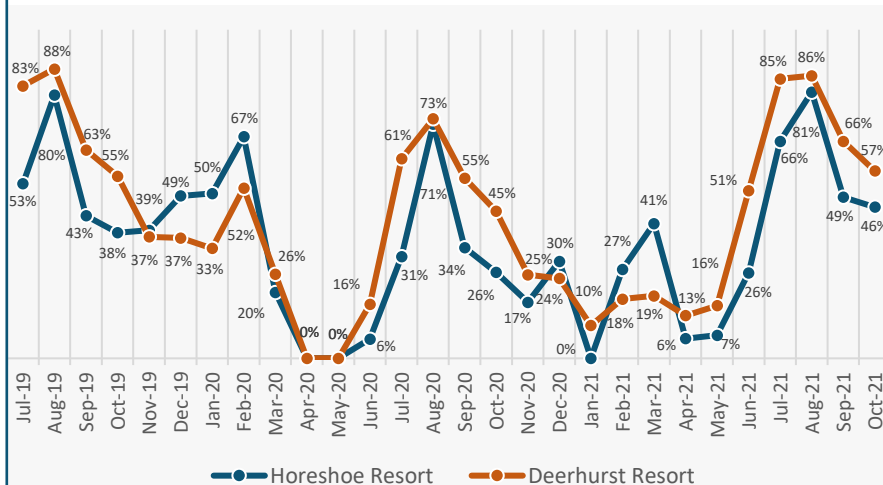


# Occupancy Levels Before and During COVID-19

## Canadian Resorts

### Deerhurst and Horseshoe Resorts

- In late December 2020, local public health restrictions necessitated the closure of certain activities at Horseshoe, which fully reopened in mid-February 2021 to very strong demand
- In April 2021, Horseshoe and Deerhurst temporarily closed certain operations due to the province-wide stay-at-home order. The restrictions began easing in June for the summer season
- In Q3 2021, the Canadian Resorts achieved average occupancy of 75% compared to 58% in Q3 2020 and 73% in Q3 2019
- The Canadian Resorts delivered record Q3 2021 NOI and Revenue



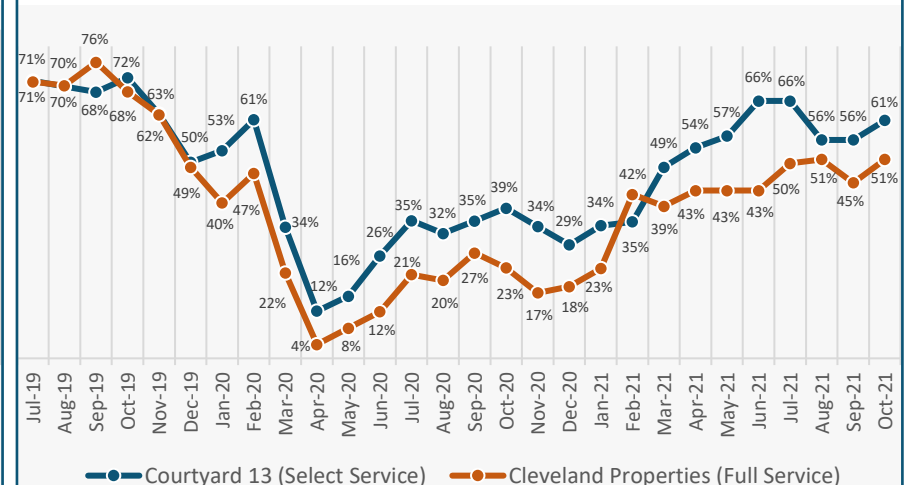
## US Hotels

### Select-Service Courtyard 13 Portfolio

- Steady recovery in occupancy since April 2020 low due to increase in domestic leisure travel, rebound in air travel and shift of travel patterns in favor of drive-to destinations
- During Q3 2021, average occupancy was significantly above the Q3 2020 levels

### Full-Service Cleveland Hotels

- Due to their reliance on group meetings and weddings, they show a slower occupancy recovery than the Courtyard Portfolio
- During Q3 2021, the Cleveland hotels achieved combined occupancy of 49%, their highest level since the beginning of the pandemic





## US

### **Paycheque Protection Program (“PPP”)**

- CAD \$9.3M (US \$6.7M) in cash was received during Q2 2020, and a further CAD \$9.5M (US \$7.5M) was received during 1H 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. Any unforgiven portion will have a maturity of 5 years with annual fixed interest of 1%
- During 9M 2021, the Company recorded an offset to hotel operating expenses in the amount of CAD \$7.6M related to the PPP and to finance expenses of CAD \$0.4M

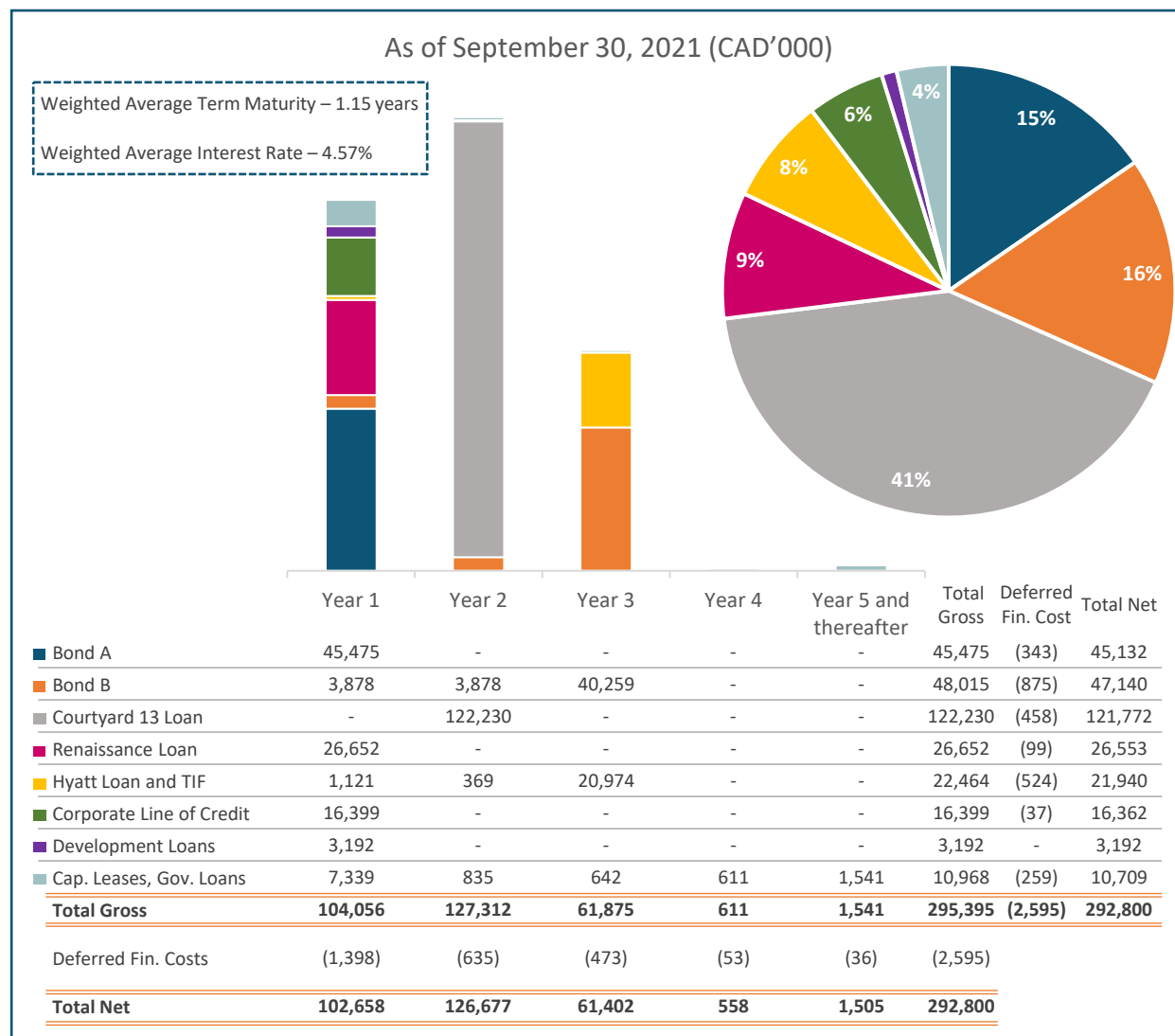
## Canada

### **Canada Employment Wage Subsidy (“CEWS”) and Canada Emergency Rent Subsidy (“CERS”)**

- Depending on a company's decrease in revenues in a given month, CEWS covers up to 75% of the first CAD \$58.7K 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 September 25, 2021, as well as the Canada Emergency Rent Subsidy (“CERS”), which covers certain rental and building operating expenses
- During 9M 2021, the Company recorded an offset to operating expenses from hotels and resorts in the amount of CAD \$5.5M and to administrative and general expenses of CAD \$0.8M related to CEWS and CERS

# Debt Composition and Maturities

- **Bond A and B** – Payments are current
- **Bond A** – Matures January 2023, can be repaid through obtaining a new property level mortgage or sale of the asset in advance of maturity; onside with all covenants, LTV covenant 0.618 at September 30. On October 6 2021, the Board of Directors approved a full early redemption of (Series A) Bond, conditional upon the closing of the Freed Transaction. Please refer to immediate reports for further details
- **Renaissance Loan** – The Company reached an extension agreement with its lender. The extension is effective until March 16, 2022
- **Hyatt Loan** – Not due until Q1 2024
- **Courtyard Portfolio Loan** – Interest only. The Company has agreed with its lender on the 2nd extension option effective for one year until December 9, 2021. The Company's intention is to exercise the 3rd extension option or perform an early refinance
- **Corporate Line of Credit** – Perpetual loan with annual renewals. The Company expects to fully repay the loan upon the closing of the Freed Transaction in Q4 2021
- **Development loans** – Multi-year revolvers tied to a project and classified as short-term because the development cycle is greater than 1 year
- **Property level mortgage debt** can be refinanced or sold at maturity





## Expected Net Cash Flow from Vendor Take-Back Loans (VTB)

VTB Loans (CAD'000) <sup>1</sup>	Q4 2021	2022	2023	2024 and thereafter	Total
Second Nature	(313)	(2,439)	3,288	-	536
Port McNicoll	3,600	2,400	2,400	27,168	35,568
Blue Mountain Retail	-	-	-	3,800	3,800
Vetta Spa	-	-	-	804	804
<b>Total</b>	<b>3,287</b>	<b>(39)</b>	<b>5,688</b>	<b>31,772</b>	<b>40,708</b>

(1) A portion of proceeds may be received earlier based on completion of construction. Net cash flows represent gross cash flows less costs to complete construction and debt repayments.

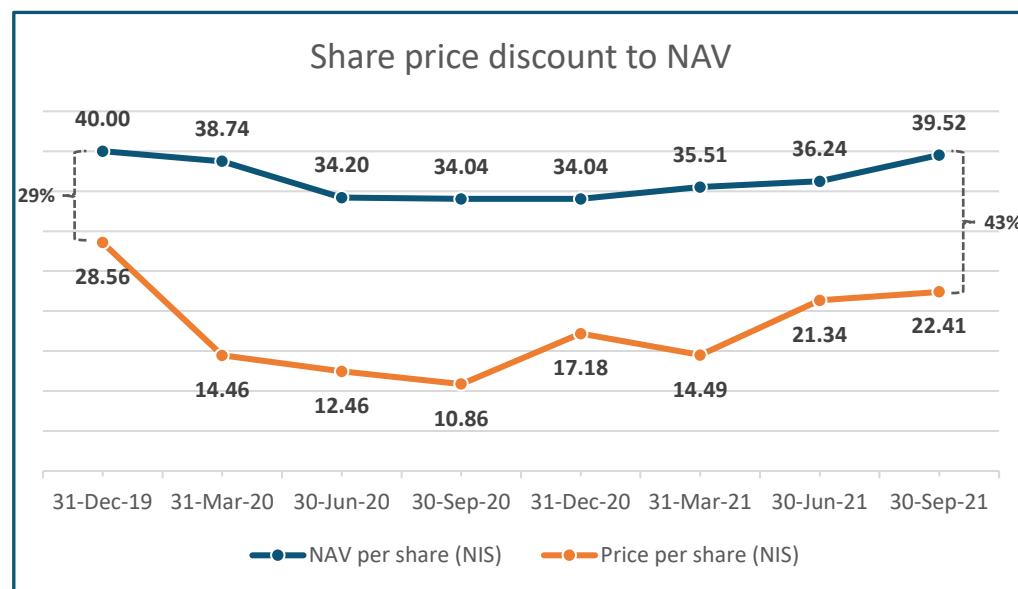
## 9M 2021 Cash Movement Summary (CAD'000)

<b>Opening Cash Balance</b>	<b>22,436</b>
Operating Cash Flow	33,769
Proceeds from Loans, Net of Repayments	(3,131)
Restricted Long Term Deposit	(4,931)
Capital Improvements, Net of Disposal Proceeds	(4,979)
Repayment of Bonds	(6,453)
Distribution to Non-Controlling Shareholders	(2,127)
Foreign Exchange	399
<b>Ending Cash Balance</b>	<b>34,983</b>

- CAD \$35M in unrestricted cash as at September 30, 2021; approximately CAD \$19M in additional restricted bank and other deposits that can be accessed in certain circumstances
- Approximately CAD \$4.6M of available lines of credit



- NAV was 39.52 NIS per share<sup>1</sup> compared to the share price on September 30, 2021 of 22.41 NIS
- Skyline's share price was trading at a 43% discount to its NAV as of September 30, 2021 (Skyline uses fair value accounting, therefore its NAV is equal to its Book Value at September 30, 2021)



(1) Excluding non-controlling interest.

- Total equity to total assets ratio of 45%
- Low LTV (55% for hotels and resorts, 3% for lands)<sup>1</sup>
- Cash balance of CAD \$35M; approximately CAD \$19M in additional restricted bank and other deposits that can be accessed in certain circumstances
- Additional net cash flow of CAD \$40.7M during the next 5 years from development projects
- In September, Skyline announced the largest corporate transaction in its 20-year history with the sale of Deerhurst, Horseshoe, and the remaining development lands at Blue Mountain for CAD \$210M, which was approximately CAD \$30M in excess of the IFRS book value<sup>2</sup>, demonstrating the true value of the assets. This transformational transaction is expected to close in Q4, and will provide Skyline with significant new liquidity to acquire additional hotels
- Upon closing of the Freed Transaction, annual cash flow from the VTB and corporate overhead cost savings will be similar to normalized adjusted cash flow previously being received from the resorts being sold
- Reinvestment of the proceeds from the Freed transaction is expected to increase Skyline's cash flow
- Skyline expects good opportunities in 2022-2023 to redeploy cash from the Freed Transaction and other VTBs
- Sale is a significant, game-changing event for Skyline and will lower the company's risk profile substantially

(1) Includes disposal group held for sale

(2) As of June 30, 2021.

## 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 assets

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

- Continual analysis of property performance
- Research of the operational markets
- Implementation of property 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

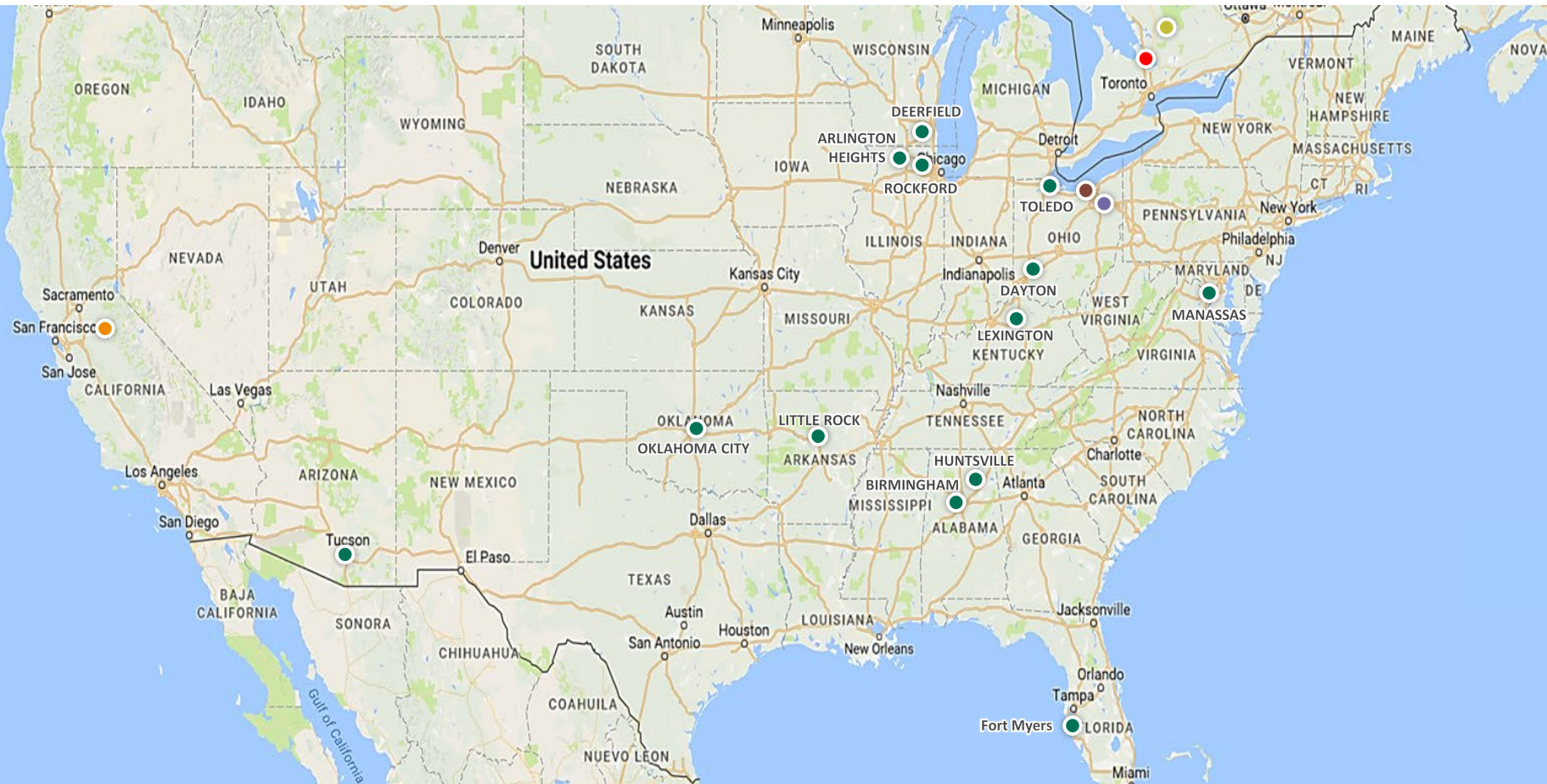
Acquisition cost below replacement cost





# Portfolio Map

SKYLINE  
INVESTMENTS



18 INCOME PRODUCING ASSETS | 3,261 HOTEL ROOMS | 18 CITIES IN THE US AND CANADA

# Select Senior Management

**Blake Lyon CA, CPA**  
CEO



Blake Lyon has 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 CAD \$9B, and was VP Finance and CFO at Brookfield.

**Robert Waxman**  
CFO



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

**Paul Mondell**  
Senior VP Development



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

**Ben Novo-Shalem**  
VP, Asset Management &  
Investor Relations

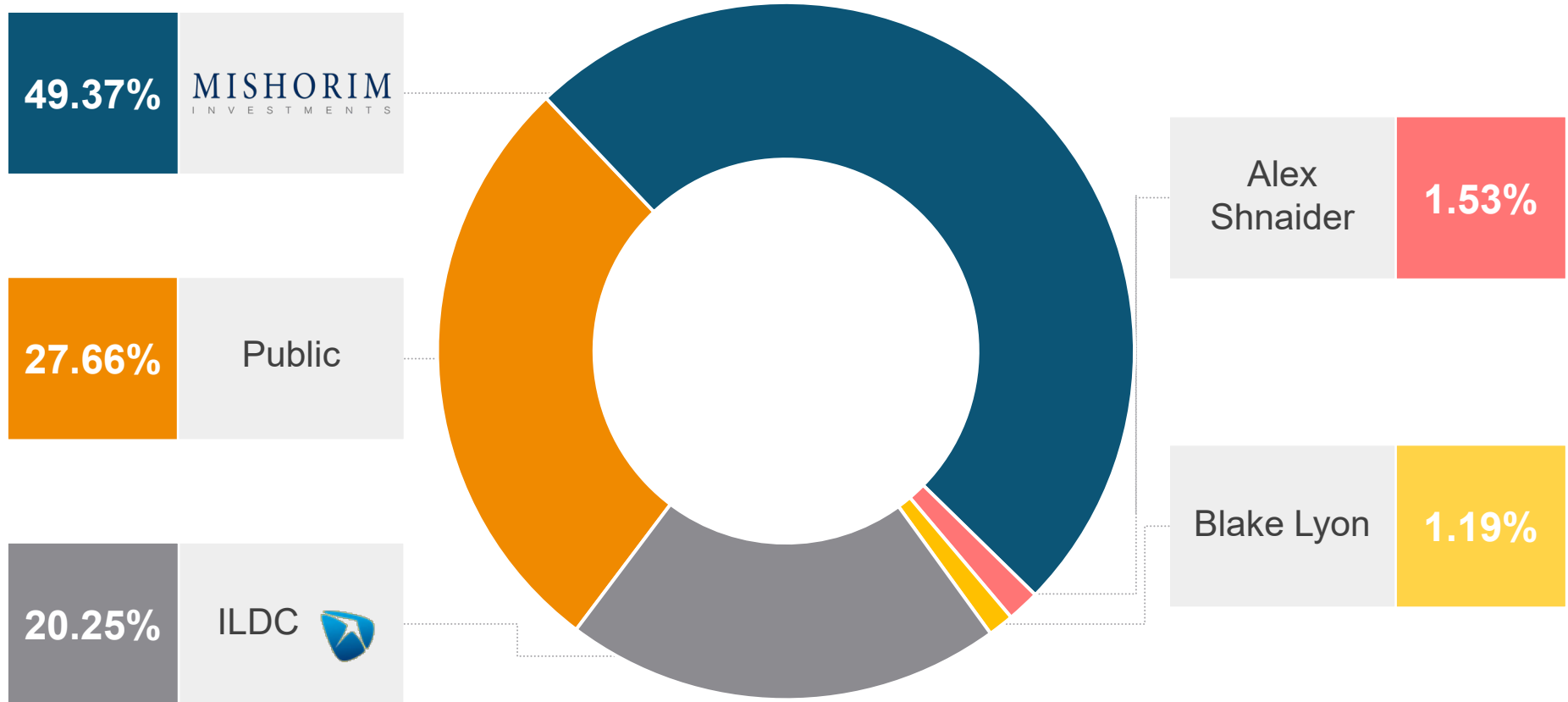


In his previous position, Ben Novo-Shalem served as the head of the research department and was in charge of the income-producing real estate sector at Epsilon Investment.

**Adam Cohen**  
VP, Finance



Adam has extensive, global experience in finance and real estate. Prior to joining Skyline, Adam held progressively senior positions at European Commercial REIT, AGF Investments, Goldman Sachs, and Deloitte. In these roles, Adam focused on FP&A, system integrations, corporate strategy, deal execution and IR.





# Summary of Periodic Results

<i>CAD '000</i>	9M 2021	9M 2020	YE 2020
Revenue from Hotels and Resorts	98,226	73,814	91,484
Sale of Residential Real Estate	4,897	33,024	37,878
<b>Total Revenue</b>	<b>103,123</b>	<b>106,838</b>	<b>129,362</b>
NOI from Hotels and Resorts	28,566	9,299	11,359
<b>Total Adjusted EBITDA</b>	<b>22,926</b>	<b>6,814</b>	<b>7,884</b>
<b>FFO</b>	<b>8,226</b>	<b>(3,444)</b>	<b>(3,761)</b>
Same Asset Revenue	98,226	73,814	91,494
Same Asset NOI	28,566	9,299	11,342



# Balance Sheet Highlights

<i>CAD '000, except where noted</i>	September 30, 2021	December 31, 2020
<b>Total Assets</b>	<b>662,360</b>	<b>637,863</b>
Gross Debt <sup>1</sup>	294,629	306,105
Cash and Equivalents	34,983	22,436
<b>Net Debt</b>	<b>259,646</b>	<b>283,669</b>
Shareholders' Equity	261,016	226,044
Non-Controlling Interest	35,699	30,385
<b>Total Equity</b>	<b>296,715</b>	<b>256,429</b>
Shareholders' Equity Per Share	\$15.59	\$13.50
<b>Net Debt to Net Assets Ratio<sup>2</sup></b>	<b>41%</b>	<b>46%</b>
<b>Total Equity to Total Assets Ratio</b>	<b>45%</b>	<b>40%</b>



(1) Gross debt is defined as total current and non-current loans payable and bonds, net of unamortized deferred financing costs as presented on the Company's balance sheet. Gross debt includes amounts classified as held for sale and a provision for the early repayment fee on Bond A, which is expected to be fully repaid after the completion of the Freed Transaction.

(2) Net assets represents total assets per the Company's balance sheet, less cash and cash equivalents.

# Net Asset Value (in 000's CAD)

	Ownership	BV	NOI 2020	TTM Q3 2021 NOI	Loan Balance September 30, 2021	LTV	Equity
<b>Hotels and Resorts</b>							
Hyatt Regency Arcade	100%	64,852	(1,517)	3,267	21,939	34%	42,913
Renaissance Hotel	50%	64,724	(1,895)	4,660	26,552	41%	38,172
Courtyard Hotels	100%	179,470	3,985	8,429	121,772	68%	57,698
Bear Valley Resort	100%	19,242	2,545	4,089	-	0%	19,242
<b>Total Hotels and Resorts</b>		<b>328,288</b>	<b>3,118</b>	<b>20,445</b>	<b>170,263</b>	<b>52%</b>	<b>158,025</b>
Other <sup>(2)</sup>		258	1,601	1,209	3,969	1538%	(3,711)
<b>Total Hotels and Resorts per Consolidated FS</b>		<b>328,546</b>	<b>4,719</b>	<b>21,654</b>	<b>174,232</b>	<b>53%</b>	<b>154,314</b>
Average Interest Rate <sup>(3)</sup>					4.14%		
<b>Lands</b>							
Deerhurst Lands	100%	8,187			1,617	20%	6,570
Port McNicoll	100%	4,899					4,899
<b>Total Lands</b>		<b>13,086</b>			<b>1,617</b>	<b>12%</b>	<b>11,469</b>
Projects Under Construction and Other		740			-	0%	740
<b>Total Projects Under Construction and Other</b>		<b>740</b>			<b>-</b>	<b>0%</b>	<b>740</b>
<b>Disposal group classified as held for sale</b>							
Deerhurst Resort <sup>(1)</sup>	100%	75,792	3,804	5,229	48,710	64%	27,082
Horseshoe Resort	100%	35,587	2,836	3,735	21,068	59%	14,519
Deerhurst Lands	100%	29,719			1,575	5%	28,144
Horseshoe Lands	100%	22,150					22,150
Blue Mountain Lands	60%	34,809					34,809
<b>Total Disposal group classified as held for sale</b>		<b>198,057</b>	<b>6,640</b>	<b>8,964</b>	<b>71,353</b>	<b>36%</b>	<b>126,704</b>
Average Interest Rate <sup>(3)</sup>					4.84%		
<b>Total Real Estate</b>		<b>540,429</b>	<b>11,359</b>	<b>30,618</b>	<b>247,202</b>	<b>46%</b>	<b>293,227</b>
Cash and Cash Equivalents		34,983					
Vendor Take Back Loans		40,282					
Receivables & Other		46,666					
<b>Total Assets per Financial Statements</b>		<b>662,360</b>			<b>247,202</b>		
Debt (incl. Bonds)		289,087	Including Unsecured Series B Bonds		47,245		
PPP loans		182			182		
Payables & Other		49,317			5.90%		
Deferred Tax		21,699					
Disposal group classified as held for sale		5,360					
<b>Total Liabilities</b>		<b>365,645</b>					
Non-Controlling Interest		35,699					
Equity Attributable to Shareholders of the Company		261,016					
<b>Total Equity</b>		<b>296,715</b>	<b>Total Debt, incl. bonds</b>		<b>294,629</b>		<b>296,715</b>
Number of Shares, 000		16,745			4.57%		
<b>Equity per Share (CAD)</b>		<b>15.59</b>					
<b>Equity per Share (NIS)</b>		<b>39.52</b>					

Exchange rate NIS/CAD (as of September 30, 2021) is 0.394

(1) Loan balance: Series A bonds.

(2) Debt consists of equipment lease obligations; book value and NOI relate to Skyline Utility Services.

(3) Average interest rate is calculated by multiplying the loan stated interest rate by loan balance and dividing by total loan balance.



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

## Main Operating Assets in the United States



The Hyatt Regency Arcade,  
Cleveland, OH



## 13 Courtyard by Marriott Hotels



Courtyard Birmingham Hoover,  
Hoover, AL



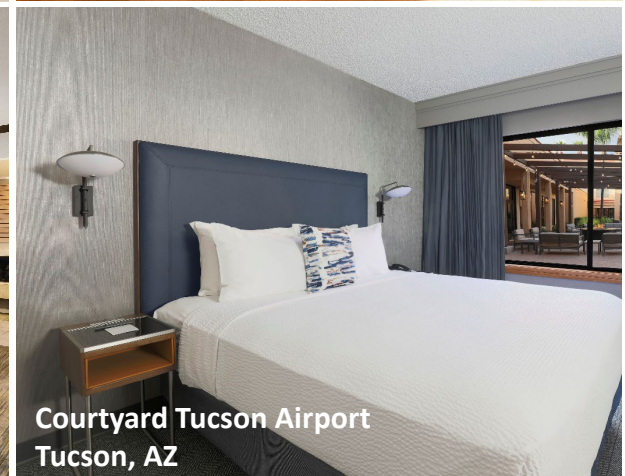
Courtyard Manassas Battlefield Park  
Manassas, VA



Courtyard Toledo Airport  
Toledo, OH



Courtyard Fort Myers Cape Coral  
Fort Myers, FL



Courtyard Tucson Airport  
Tucson, AZ

## PROPERTIES OVERVIEW (USD)

### Location

9 States

### Brand

Courtyard by  
Marriott

### Management

Aimbridge,  
Urgo

### 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



2018

2019

2020

### Revenue

50,628 52,098 22,347

### NOI

13,744<sup>1</sup> 14,085 3,052

### NOI/Revenue

27%<sup>1</sup> 27% 14%

HISTORICAL  
PERFORMANCE  
(000's USD)

(1) Figure updated due to a transcription error in the 2018 presentation.



- The Company completed a full interior renovation of Courtyard Tucson, Arizona at the end of Q4 2020, using a low occupancy period to upgrade our asset and prepare for the post-pandemic rebound in demand
- After the successful completion of the renovations at Courtyard Fort Myers and Tucson, the Company decided to begin renovations at its Courtyard Dayton property
- Renovations at the Tucson and Dayton Courtyards are expected to have an even greater impact than at Courtyard Fort Myers due to a greater scope of planned renovations
- The Company will continue to evaluate its renovation schedule and its cash obligations under the property improvement plans relative to the current operating environment. The Company expects that the renovations will contribute to enhanced earnings at its properties as they are completed, which will further drive EBITDA growth coming out of the pandemic and over the medium to long term

# Courtyard Tucson Renovation – Significant Hotel Upgrade





# Courtyard Tucson Renovation – Significant Hotel Upgrade

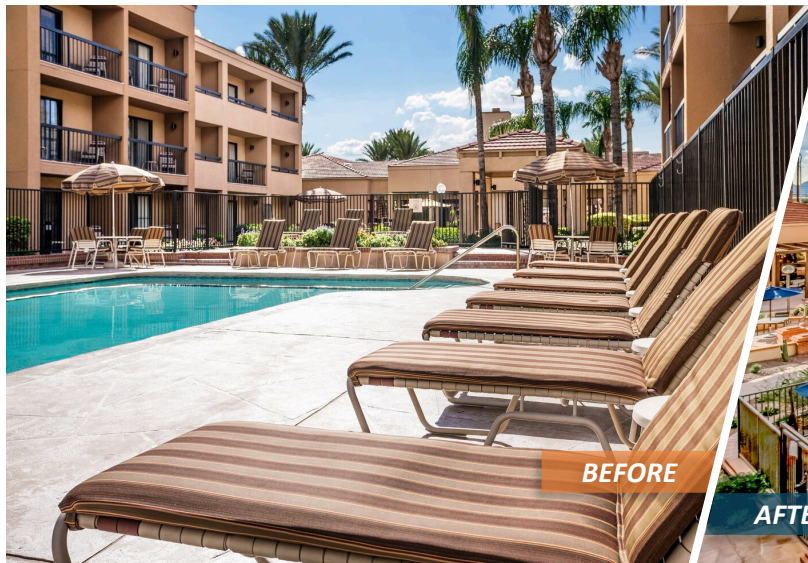
SKYLINE  
INVESTMENTS





# Courtyard Tucson Renovation – Significant Hotel Upgrade

SKYLINE  
INVESTMENTS



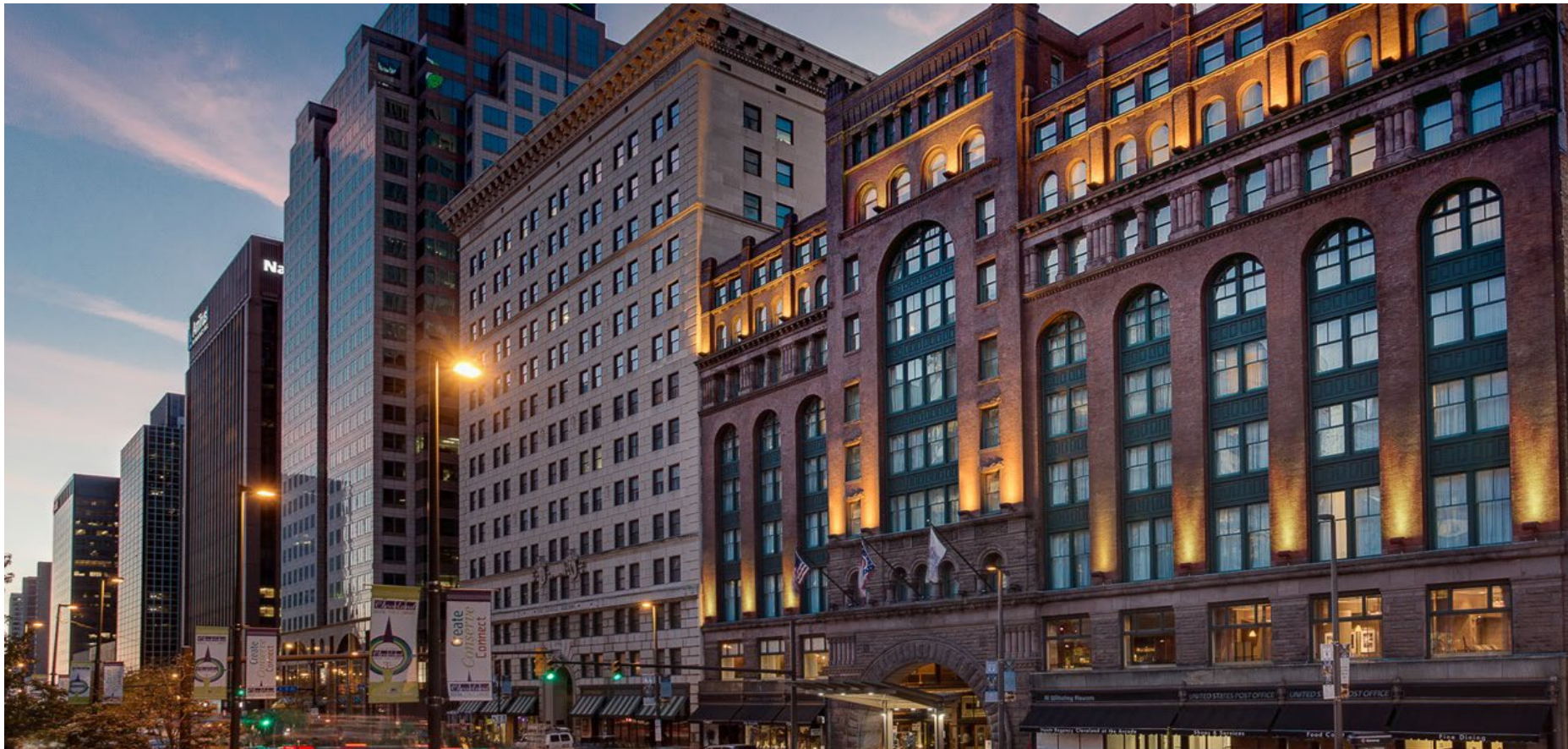


# Hyatt Regency Arcade

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 80 weddings and other events a year

## Details

**Location** | Cleveland, USA

**Number of Rooms** | 293

**Meeting Space** | 7,000 Sf

**Franchise** | Hyatt Regency

**Management Company** | Hyatt

## Improvements

- Recently completed renovations of all rooms and meeting spaces. The renovation has improved the hotel's competitive advantage
- The renovation was mostly funded by the property renovation reserve<sup>1</sup>

## 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



(1) Property renovation reserve: restricted cash reported separately from cash and cash equivalents balances

# Renaissance Cleveland Hotel

SKYLINE  
INVESTMENTS



R  
RENAISSANCE®  
CLEVELAND HOTEL





## 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%

## Improvements

- Skyline completed the full HVAC replacement. This was the top complaint from hotel guests and is also expected to contribute to energy savings
- Skyline is planning the next two phases of hotel renovations which will include updates to the meeting space and rooms
- 1st phase renovations were mostly financed by the in-place USD \$17M credit line

## 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



(1) Skyline owns 50% while financial information is representative of 100% of the asset.



# Bear Valley

SKYLINE  
INVESTMENTS



  
**BEAR VALLEY**  
A SKYLINE RESORT  
CALIFORNIA





## Overview

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

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

## Details

**Location** | 3.5 hours from San Francisco

**Asset Type** | Ski Resort

**Numbers of Rooms** | 52

**Land Area** | Approx. 1700 Acres

**Amenities** | 75+ Ski Trails

## Improvements

- Since the acquisition invested USD \$3.2M in equipment and improvements
- In 2017 Skyline invested USD \$5.5M on a new ski lift which allowed the Company to increase day-use lift tickets from USD \$79 in 2017 to USD \$99 at the end of 2018

## Future Potential

- Continued growth of NOI by returning the number of visitors to historical levels





# SKYLINE

I N V E S T M E N T S

## The Freed Transaction



Deerhurst Resort  
Huntsville, ON



Blue Mountain Lands  
The Blue Mountains, ON



Muskoka Bay Resort  
Gravenhurst, ON



Horseshoe Resort  
Barrie, ON



Horseshoe Resort  
Barrie, ON



**Skyline will become a 29%<sup>1</sup> partner in Resort LP along with Freed, who will now own an expanded portfolio of premier resorts in Ontario**



Embracing Peninsula Lake, Deerhurst Resort is year-round retreat for a Muskoka vacation or getaway to Ontario's famous "cottage country", one of National Geographic Traveler Magazine's "Best of the World" recommended places to visit.

The resort has substantial conference and event facilities, 369 rooms, 4 food and beverage outlets, swimming pools, 2 golf courses, significant amenities, and beach and tennis courts.



Horseshoe Resort is a family friendly Ontario ski and golf resort offering four seasons of fun, conveniently located just over an hour north of Toronto. New Horseshoe Lake opened in August 2017 enhances summer activities and snow making capacity.

The resort includes a 101-room hotel, 13 Copeland condominium units, 29 Slopeside condominium units, 25 ski trails, 2 Golf courses, spa and 5 restaurants.



The area is generously endowed with natural features and scenic attributes, which have created substantial opportunity for recreational, residential and resort development.

Based on the prominence of the natural features of the Niagara Escarpment, Nipissing Ridge and Nottawasaga Bay, the Town serves as a four season recreational destination, with year-round appeal for skiing, hiking, golf and other outdoor activities.



Muskoka Bay is an 869-acre four-season luxury resort community located in Gravenhurst, Ontario, which is strategically located between Horseshoe and Deerhurst approximately 2 hours north of Toronto.

Muskoka Bay has 65 hotel rooms and villas owned or managed by Freed and one of Canada's 10 best golf courses, as ranked by ScoreGolf.

(1) Includes amount held by Skyline's 40% joint venture partner at Blue Mountain.



- Sale of Skyline's Canadian resorts, and all adjacent land for CAD \$210M to a limited partnership (Resort LP) controlled by Freed Corp., a Toronto-based real estate developer and hotelier
  - I. Deerhurst: CAD \$106.15M (51% of total)
  - II. Horseshoe: CAD \$59.025M (28% of total)
  - III. Blue Mountain: CAD \$44.825M (21% of total)
- Sale is approximately CAD \$30M in excess of Skyline's IFRS book value as at June 30, 2021, prior to the Freed Transaction
- Represents approximately 28% of Skyline's total assets as of June 30, 2021
- Sale is in conformance with the Company's stated strategy to monetize resorts/development lands
- CAD \$7M of non-refundable deposits are in our lawyer's trust account
- The transaction is expected to close during Q4 2021

- CAD \$210M transaction will be composed of the following:
- CAD \$109M in cash (52%) due on Closing
- CAD \$60M VTB (29%) due over four years at a 5% annual interest rate
  - I. CAD \$10M due February 29, 2024 (month 28)
  - II. CAD \$25M due April 30, 2025 (month 42)
  - III. CAD \$25M due October 31, 2025 (month 48)
  - IV. 49% of interest to be paid quarterly, 51% to be accrued and paid in month 28 and paid quarterly thereafter
  - V. Total interest of approximately CAD \$12M to be earned over 48 months including bridge loan
  - VI. VTB is secured by a second mortgage of the property and general security agreement at Resort LP level
  - VII. Overall leverage of all the assets is 75%
- CAD \$33M (16%) non-cash equity investment in Resort LP (29% of combined entity)
  - I. Resort LP will own 100% of Blue Mountain, Horseshoe, Deerhurst and Muskoka Bay. As part of the Transaction, Freed will roll its interest in Muskoka Bay into Resort LP at a CAD \$90M valuation
  - II. Buyer will have call option at CAD \$33M plus 12%, option expires on December 31, 2022
  - III. If option expires then Buyer will have a call option and Skyline will have a put option for 50% of its interest in year 4 and 50% in year 5, allowing for a full 100% exit by year 5 if desired
- CAD \$8M (4%) by way of up to two-year bridge loan with 12% annual interest rate
  - I. Guaranteed and secured by Resort LP and Freed

(1) All dates are presented assuming that the transaction closed on or about October 31, 2021. The transaction is expected to close during Q4 2021







# Asset Ownership Breakdown

Property	Property Owner	Manager	Brand/Franchise	Leased
Deerhurst	Skyline	Skyline	Independent	None
Horseshoe Valley	Skyline	Skyline	Independent	None
Bear Valley	Skyline	Skyline	Independent	None
Hyatt Regency Cleveland	Skyline	Hyatt	Hyatt Regency	None
Marriott Renaissance Cleveland	Skyline	Aimbridge	Marriott Renaissance	None
Marriott Courtyard Hotels	Skyline	Aimbridge, Urgo	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

# Thank You!



## Questions?

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