SKYLINE ANNOUNCES SIGNIFICANT IMPROVEMENT IN OPERATIONAL RESULTS FOR Q3 2021

- **Q3 2021 revenue from Skyline's hotels and resorts increased by 79% to $45.1 million compared to $25.3 million in Q3 2020, due to continued improvement in demand and a relaxation in operating restrictions related to COVID-19;**
- **Q3 2021 Adjusted EBITDA strongly improved to positive $11.7 million versus $4.5 million in Q3 2020 and YTD Adjusted EBITDA was 236% higher than the same period in 2020, demonstrating a significant recovery in operations;**
- **Q3 2021 Funds From Operations ("FFO") grew by 131% to $3.5 million, or $0.21 per share compared to Q3 2020 FFO of $1.5 million, or $0.09 per share;**
- **Same Property NOI for Q3 2021 was $13.8 million compared to $6.6 million in Q3 2020. The increase was driven mainly by improved occupancy at our hotels and resorts;**
- **The Canadian and US governments continue to provide support to the travel industry, and Skyline received additional benefits during 2021;**
- **On September 20, 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 ("Deerhurst") and Horseshoe Resort ("Horseshoe") as well as the remaining development lands at Blue Mountain Resort ("Blue Mountain") (collectively, the "Assets") for $210 million with Freed Corp. ("Freed") (the "Freed Transaction"), which is approximately $30 million 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 $23.2 million gain, net of tax, in the income statement and a $3.8 million gain, net of tax, in other comprehensive income related to the Freed Transaction. During Q4 2021, Skyline expects to record a further $14.8 million gain in the income statement;**
- **Total equity attributable to shareholders as at September 30, 2021 was $261.0 million, representing 39% of total assets. Equity per share attributable to shareholders was 39.52 NIS ($15.59), compared to the closing share price of 22.41 NIS ($8.84) as at September 30, 2021; and**
- **Skyline's US hotels continue to show occupancy percentages that are approaching pre-pandemic levels, with the Courtyard portfolio experiencing 66% occupancy for the month of June, 66% occupancy for the month of July, and 56% for the months of September and August.**

Toronto, Ontario – November 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 three and nine months ended September 30, 2021.

Blake Lyon, Skyline's Chief Executive Officer commented *"Skyline's earnings continue to rebound from the low levels brought on by the COVID-19 pandemic in 2020, resulting in a significant improvement in our year over year revenue and earnings. Also, 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 $210 million, which was approximately $30 million in excess of our IFRS book value as at June 30, 2021, demonstrating the true value of our assets. This transformational transaction is expected to close in Q4, and will provide Skyline with significant new liquidity to acquire additional hotels. The sale represents one of the largest resort sales in Canada in the last 15 years, and we are excited to be a 29% partner in the continuing, expanded entity, Resort Communities LP, which will be managed by Freed. Skyline grew its cash reserves during 2021 by 56% over December 31, 2020 levels to $35 million and our net asset value at September 30, 2021 was 76% above our traded share price."*

SUMMARY OF FINANCIAL RESULTS

C$000's	**For the Three Months Ended September 30,**		**For the Nine Months Ended September 30,**	
	2021	**2020**	**2021**	**2020**
Revenue from Hotels & Resorts	**45,116**	**25,275**	**98,226**	**73,814**
NOI from Hotels & Resorts (Same Asset)	**13,814**	**6,567**	**28,566**	**9,299**
NOI from Hotels & Resorts Margin (Same Asset)	31%	26%	29%	13%
Adjusted EBITDA	**11,666**	**4,531**	**22,926**	**6,814**
Adjusted EBITDA Margin	26%	16%	22%	6%
FFO	**3,544**	**1,531**	**8,226**	**(3,444)**

INCOME STATEMENT HIGHLIGHTS

All amounts in millions of Canadian dollars unless otherwise stated

Q3 2021 Results

- **Total revenue for Q3 2021** was $45.7, compared to $27.9 in Q3 2020. Revenue from hotels and resorts increased by 79% to $45.1 due to increased demand and the relaxation of operating restrictions related to COVID-19. Revenue from the sale of residential real estate was $0.6 during Q3 2021, compared to $2.6 during Q3 2020.
- **Same asset NOI for Q3 2021** was $13.8 compared to $6.6 in Q3 2020. The increase was driven mainly by improved occupancy at our hotels and resorts.

- **Adjusted EBITDA for Q3 2021** was $11.7, compared to $4.5 in Q3 2020. The increase is attributable to improved demand at hotels and resorts.
- **Net financial expense for Q3 2021** totalled $7.1, compared to $3.1 in Q3 2020. The difference was primarily driven by changes in foreign exchange related to the Company's bonds. As well, during Q3 the Company recognized a $1.8 expense related to the anticipated early repayment of the Company's Series A bonds, which are secured by Deerhurst. Q3 2021 interest expense of $3.4 was $0.3 lower than Q3 2020 interest expense of $3.8.
- **FFO for Q3 2021** was $3.5 compared to $1.5 in Q3 2020. The increase was primarily driven by the improvement in NOI as described above.
- **Net income for Q3 2021** amounted to $26.4, compared to net loss of $2.5 in Q3 2020. The increase was driven by a gain from fair value adjustments of investment properties related to the Freed Transaction, reflecting the premium to our previous book value to be paid by the purchaser. Excluding non-controlling interest, the Company had net income of $21.3 in Q3 2021, compared to a net loss of $2.0 in Q3 2020.
- **Total comprehensive income for Q3 2021** was $36.3 compared to total comprehensive loss of $5.3 in Q3 2020. Total comprehensive income also includes the impact of deferred tax recovery related to the Canadian resorts as a result of the Freed Transaction.

Q3 Year to Date ("Q3 YTD") 2021 Results

- **Total revenue for Q3 YTD 2021** was $103.1, compared to $106.8 in Q3 YTD 2020. Revenue from hotels and resorts increased by 33% to $98.2 due to increased demand and the relaxation of operating restrictions related to COVID-19. Revenue from the sale of residential real estate was $4.9, compared to $33.0 during Q3 YTD 2020. 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. On August 12, 2021, Skyline received early repayment of the VTB related to phase 3 of Second Nature in the amount of $16.3.
- **Same asset NOI for Q3 YTD 2021** was $28.6, a 207% increase compared to $9.3 in Q3 YTD 2020. The increase was driven mainly by the strong recovery in hotel demand and assistance from the Canadian and US governments, as discussed above.
- **Adjusted EBITDA for Q3 YTD 2021** was $22.9, an increase of 236% compared to $6.8 in Q3 YTD 2020. The increase is attributable to the strong recovery in hotel demand and assistance from the Canadian and US governments, as discussed above.
- **Net financial expense for Q3 YTD 2021** totalled $12.7, compared to $15.2 in Q3 YTD 2020. Interest expense was $1.2 lower relative to Q3 YTD 2020 due to lower debt balances coupled with lower interest rates on the Company's variable rate debt. As well, during Q3 YTD 2020, the Company recorded a net foreign exchange loss of $3.1 compared to $0.8 gain during Q3 YTD 2021. As noted above, Skyline recognized a $1.8 expense related to the anticipated early repayment of the Company's Series A bonds, which are secured by Deerhurst, during Q3 2021.

- **FFO for Q3 YTD 2021** was $8.3 compared to negative $3.4 in Q3 YTD 2020. The improvement was due to the strong recovery in hotel demand and assistance from the Canadian and US governments, as discussed above, which positively impacted earnings at hotels and resorts.
- **Net income for Q3 YTD 2021** amounted to $28.5, compared to net loss of $15.7 in Q3 YTD 2020, primarily driven by fair value gains related to the Freed Transaction coupled with the improvement in Adjusted EBITDA noted above. Excluding minority interest, the Company had net income of $22.2 compared to net loss of $14.8 in Q3 YTD 2020.
- **Other comprehensive income for Q3 YTD 2021** was $13.9 compared to total comprehensive loss of $15.8 in Q3 YTD 2020, driven by changes in valuation, net of tax of the Company's property, plant and equipment.
- **Total comprehensive income for Q3 YTD 2021** was $42.4 compared to total comprehensive loss of $31.5 in Q3 YTD 2020, driven by the changes noted above.

BALANCE SHEET HIGHLIGHTS

- **Total assets** as at September 30, 2021 were $662.4 compared to $637.9 as at December 31, 2020. The increase was primarily driven by fair value gains on the Company's real estate assets due to the Freed Transaction.
- **Cash and cash equivalents** were $35.0 as at September 30, 2021 compared to $22.4 as at December 31, 2020. The increase was driven by positive cash flow from operations. The Company had $4.6 in undrawn lines of credit as at September 30, 2021 for total liquidity amount of $39.6.
- **Net debt** as at September 30, 2021 totalled $259.6, a decrease of $24.0 compared to net debt of $283.7 as at December 31, 2020. The decrease was primarily driven by positive cash flow from operations and principal repayments. In addition, the Company has received property-level covenant relief from its lenders, where required.
- **Total Equity attributable to shareholders** as at September 30, 2021 was $261.0 ($296.7 including non-controlling interest), representing 39% of total assets. Equity per share attributable to shareholders was 39.52 NIS ($15.59), compared to the closing share price of 22.41 NIS ($8.84), a discount of 43%.

THE FREED TRANSACTION

On September 19, 2021, Skyline announced that it had entered into the Freed Transaction with Freed for the sale of a 100% interest in the Assets for an aggregate purchase price of $210. Freed, through a newly formed subsidiary, Resort Communities LP ("Resort LP") will combine the Assets with Muskoka Bay Resort ("Muskoka Bay"), an asset currently owned by Freed and its partners, at an agreed value of $90. The transaction is expected to close during the 4th quarter of 2021 (the "Closing Date"). On the Closing Date, Skyline is expected to receive approximately $109.3 in cash and provide a vendor-take back mortgage loan ("VTB") in the amount of $59.984, bearing annual interest at 5%. Interest will accrue and be paid quarterly, with the exception of interest related to Deerhurst, which will accrue quarterly and be paid in early 2024 on the 28th month after the

Closing Date in conjunction with the first scheduled principal repayment, and will paid monthly thereafter. The principal portion of the VTB is expected to be repaid over four years based on the following schedule (assuming a Closing Date of November 1, 2021 for illustrative purposes):

- $10.0 due on February 29, 2024;
- $25.0 on April 30, 2025; and
- $24.984 on October 31, 2025.

Skyline will also provide a two-year bridge loan (the "Bridge Loan") to Freed in the amount of $8, which will have a guarantee from both Freed and Freed's Resort LP holding entity (the 71% owner of Resort LP), which will accrue interest at 12% until it is repaid. Both the VTB and the Bridge Loan are prepayable by Freed at any time prior to maturity without penalty.

Resort LP will have an option until December 31, 2022 to purchase Skyline's 29% interest in Resort LP along with a 12% annualized return on this amount in cash (the "Purchase Option"). If Freed does not exercise the Purchase Option, Skyline will have a put option and Freed will have a call option at the end of years four and five (from the Closing Date) to sell/buy up to 50% of Skyline's equity holding in Resort LP based on the fair market value at that time. Skyline will have minority rights in Resort LP, including the right to approve certain major decisions such as acquisitions and the issuance of equity or debt.

After the Closing Date, Skyline will repay its Series A bond, which is secured by Deerhurst, in full. The estimated repayment will be approximately NIS 122 million of principal and accrued interest, as well as an early repayment penalty in the amount of NIS 4.5 million. Upon repayment of the Series A bond, Skyline will unwind the associated CAD/NIS financial derivative (the "Swap"), and receive approximately $5.0. In addition, $0.8 of collateral held related to Swap will be released to Skyline. During Q3 2021, Skyline recognized a $23.2 gain, net of tax, in the income statement and a $3.8 gain, net of tax in other comprehensive income related to the Freed Transaction. During Q4 2021, Skyline expects to record a further $14.8 gain in the income statement.

COVID-19 RECAP AND UPDATE

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 Resort ("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 3rd, 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, 2021 for the summer season, when demand for domestic travel was strong. On September 22, 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, assuming that there is not a major increase in the number or severity of cases reported. Should the crisis worsen and/or extend for a prolonged period where operating restrictions cannot be removed, there could be an adverse impact on the operations and financial results of the Company.

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 has qualified for and received loans under the PPP. US$6.7 million ($9.3 million) was received during the Q2 2020, US$5.5 million ($7.0 million) was received during Q1 2021, and US$2.0 million ($2.5 million) was received during Q2 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 be repayable over 5 years, with interest payable based on an annual rate of 1% based on current legislation. During the three and nine months ended September 30, 2021, the Company recorded an offset to hotel operating expenses in the amount of $2.4 and $7.6 related to the PPP, respectively (three and nine months ended September 30, 2020: $3.5 and $4.8, respectively), and to finance expenses in the amount of $0.2 and $0.4, respectively (three and nine months ended September 30, 2020: $0.1 and $0.8, respectively).

In Canada, the Company has applied for and received the 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 September 25, 2021, as well as the Canada Emergency Rent Subsidy ("CERS"), which covers certain rental and building operating expenses. For the three and nine months ended September 30, 2021, the Company recorded an offset to operating expenses from hotels and resorts in the amount of $1.1 and $5.5, respectively, (three and nine months ended September 30, 2020: $2.3 and $3.7, respectively) and to administrative and general expenses of $0.2 and $0.8, respectively (three and nine months ended September 30, 2020 $0.1 and $0.3, respectively) related to CEWS and CERS.

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 3,261 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 September 30, 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, the failure to complete the Freed Transaction as expected, 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.*