SKYLINE INVESTMENTS INC.
Consolidated financial statements
for the years ended
December 31, 2022 and 2021

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Independent Auditor’s Report

To the Shareholders and the Board of Directors of
SKYLINE INVESTMENTS INC.

Opinion

We have audited the consolidated financial statements of SKYLINE INVESTMENTS INC. (the “Company”), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the three years ended at 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the three years ended at December 31, 2022 in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Property, Plant and Equipment – Refer to notes 2(f), 3 and 10 to the consolidated financial satements

Key Audit Matter Description

The Company’s evaluation of property plant and equipment is measured using the revaluation model. Revaluation model is supported by external valuations with recognized valuation techniques. These techniques include estimating the operating profit of the property for a period of up to 10 years, capitalization rates, required amount of investment in the property improvement plans, estimations of average occupancy rates and other factors.

Changes in these assumptions could have a significant impact on the fair value. The Company's property, plant, and equipment as of 31 of December 2022 is $401 million and during the year ended December 31, 2022, the company recognized a revaluation through revaluation surplus at the sum of $5.4 million.

Given the significant judgments made by management to estimate the fair value of the property, plant and equipment relating to the determination of the capitalization rate specifically, required a high degree of significant auditor judgments as these estimates are subject to a high degree of estimation uncertainty. We also considered the nature and extent of audit effort needed to address the matter and included the use of fair value specialists with a specialized skill or knowledge needed to apply audit procedures to address the matter.

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the forementioned assumptions used by management to estimate the fair value of the property, plant and equipment included the following, among others:

- Evaluated the effectiveness of controls over management's assumptions over the determination of the fair value of the property, plant, and equipment.
- Reviewed and evaluated the fair value of sample of the property, plant, and equipment valuations, especially the external valuations that were held by management valuators, based on a quantitative and qualitative considerations.
- Evaluated the reasonableness of the assumptions used in the valuations, especially the capitalization rates, the operating profit and reviewed market data.
- With the assistance of fair value specialists, evaluated the reasonableness of the sampled valuations' capitalization rates.
- Direct communication with the Company's external valuators.
- Significant involvement of the senior staff of the engagement team.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are

responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine this matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Marina Kaplun.

Brightman Almagor Zohar & Co

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Certified Public Accountants

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Tel Aviv, Israel

23 March 2023

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SKYLINE INVESTMENTS INC.

Consolidated statements of financial position

(in thousands of Canadian Dollars)

	Note	As at December 31, 2022	2021
Assets			
Current assets			
Cash and cash equivalents		19,503	61,489
Trade receivables, other receivables and prepayments	5	20,695	13,136
Inventories	7	1,102	980
Real estate inventory	8	6,694	7,034
Loans to purchasers	12	1,848	2,022
Restricted bank deposits	6	1,618	4,727
		51,460	89,388
Non-current assets			
Financial derivative	15(d)	4,160	—
Investment properties	9	13,046	11,971
Property, plant and equipment	10	401,506	328,390
Loans to purchasers	12	89,084	95,951
Other non-current assets	4, 19(b)	3,238	12,452
Other investments measured at fair value through profit or loss	4	36,880	28,808
Restricted bank deposits	6	9,973	12,744
		557,887	490,316
Total assets		609,347	579,704
Liabilities and equity			
Current liabilities			
Loans and leases payable	15	26,786	152,450
Bonds	13	3,828	3,569
Trade payables		5,832	10,889
Other payables and accruals	14	22,427	22,961
Deferred revenue		4,626	4,568
Income taxes payable		—	5,155
		63,499	199,592
Non-current liabilities			
Loans and leases payable	15	167,402	24,105
Bonds	13	42,474	43,478
Other liabilities	15(g)	2,648	89
Deferred tax	11	17,358	15,364
		229,882	83,036
Total liabilities		293,381	282,628
Equity			
Equity attributable to shareholders of the Company	18	280,458	266,249
Non-controlling interest	18	35,508	30,827
		315,966	297,076
Total liabilities and equity		609,347	579,704

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the board of directors:

"Shimshon Marfogel"	"Blake Lyon"	"Robert Waxman"	March 23, 2023
Shimshon Marfogel Chairman	Blake Lyon CEO	Robert Waxman CFO	Date

SKYLINE INVESTMENTS INC.

Consolidated statements of income (loss)

(in thousands of Canadian Dollars, except for per share amounts)

	Note	For the year ended December 31, 2022	2021	2020
Revenue				
Income from hotels and resorts	20	132,130	129,293	91,484
Sale of residential real estate		1,570	7,453	37,878
		133,700	**136,746**	**129,362**
Expenses and costs				
Operating expenses from hotels and resorts	21	(104,595)	(96,212)	(80,125)
Cost of sales of residential real estate	22	(1,033)	(7,677)	(34,820)
		(105,628)	**(103,889)**	**(114,945)**
		28,072	**32,857**	**14,417**
Real estate selling and marketing expenses		(80)	(266)	(933)
Administrative and general expenses	23	(8,265)	(8,090)	(5,600)
Operating income before depreciation, valuation adjustments and other income		**19,727**	**24,501**	**7,884**
Impairment of real estate properties	8	—	(2,491)	(1,180)
Depreciation	10	(14,409)	(17,992)	(20,250)
Gain from fair value adjustments of investment properties	9	497	30,976	4,569
Gain from fair value adjustments of financial instruments, net	4	8,261	14	—
Gain (loss) on sale and other capital gains (losses), net	10	(4)	7,220	—
Other expenses		(522)	(656)	(69)
Net income (loss) from operations		**13,550**	**41,572**	**(9,046)**
Financial expense	24	(18,583)	* (18,913)	* (18,656)
Financial income		4,963	* 1,413	* 1,222
Net income (loss) before income taxes		**(70)**	**24,072**	**(26,480)**
Income tax recovery (expense)	25 & 11	(1,955)	5,506	7,843
Net income (loss) for the year		**(2,025)**	**29,578**	**(18,637)**
Attributable to:				
Shareholders of the Company		(1,549)	22,926	(18,000)
Non-controlling interest	18	(476)	6,652	(637)
		(2,025)	**29,578**	**(18,637)**
Net income (loss) per share:				
Basic	18	(0.09)	1.39	(1.09)
Diluted		(0.09)	1.39	(1.09)

* See note 2(o).

The accompanying notes are an integral part of these consolidated financial statements.

SKYLINE INVESTMENTS INC.
Consolidated statements of comprehensive income (loss)
(in thousands of Canadian Dollars)

	For the year ended December 31,		
	2022	**2021**	**2020**
Net income (loss) for the year	**(2,025)**	**29,578**	**(18,637)**
Other comprehensive income (loss)			
Items that will not be reclassified subsequently to net income (loss):			
Revaluation of property, plant and equipment, before income taxes	5,487	15,411	(2,814)
Income taxes	(1,345)	3,234	2,005
	4,142	**18,645**	**(809)**
Items that will or may be reclassified subsequently to net income (loss):			
Foreign exchange differences on translation of foreign operations	13,005	(206)	(1,033)
Other comprehensive income (loss) for the year net of income tax	17,147	18,439	(1,842)
Total comprehensive income (loss) for the year, net of income tax	**15,122**	**48,017**	**(20,479)**
Attributable to:			
Shareholders of the Company	14,610	40,122	(26,397)
Non-controlling interest	512	7,895	5,918
	15,122	**48,017**	**(20,479)**

The accompanying notes are an integral part of these consolidated financial statements.

SKYLINE INVESTMENTS INC.

Consolidated statements of changes in equity

(in thousands of Canadian Dollars)

	Attributable to shareholders of the Company									
	Share capital and premium	Related party surplus	Treasury shares	Revaluation surplus	Share based compensation surplus	Foreign exchange translation	Retained earnings	Attributable to shareholders of the Company	Non-controlling interest	Total Equity
For the year ended December 31, 2022										
Balance at the beginning of the year	79,867	125	—	42,189	674	713	142,681	266,249	30,827	297,076
Net income for the year	—	—	—	—	—	—	(1,549)	(1,549)	(476)	(2,025)
Other comprehensive income for the year	—	—	—	4,419	—	11,740	—	16,159	988	17,147
Total comprehensive income for the year	—	—	—	4,419	—	11,740	(1,549)	14,610	512	15,122
Transfer upon recognition of depreciation	—	—	—	(1,442)	—	—	1,442	—	—	—
Contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	4,169	4,169
Recognition of share-based payment	—	—	—	—	32	—	—	32	—	32
Repurchase of shares (see note 18(a))	—	—	(433)	—	—	—	—	(433)	—	(433)
Balance at the end of the year	79,867	125	(433)	45,166	706	12,453	142,574	280,458	35,508	315,966
For the year ended December 31, 2021										
Balance at the beginning of the year	79,686	125	—	78,553	772	854	66,054	226,044	30,385	256,429
Net loss for the year	—	—	—	—	—	—	22,926	22,926	6,652	29,578
Other comprehensive income (loss) for the year	—	—	—	17,337	—	(141)	—	17,196	1,243	18,439
Total comprehensive income (loss) for the year	—	—	—	17,337	—	(141)	22,926	40,122	7,895	48,017
Transfer upon recognition of depreciation	—	—	—	(2,385)	—	—	2,385	—	—	—
Distribution to non-controlling shareholders	—	—	—	—	—	—	—	—	(7,453)	(7,453)
Recognition of share-based payment	—	—	—	—	83	—	—	83	—	83
Transfer upon sale	—	—	—	(51,316)	—	—	51,316	—	—	—
Transfer upon expiration	181	—	—	—	(181)	—	—	—	—	—
Balance at the end of the year	79,867	125	—	42,189	674	713	142,681	266,249	30,827	297,076
For the year ended December 31, 2020										
Balance at the beginning of the year	79,686	125	—	88,730	705	1,785	81,343	252,374	24,467	276,841
Net loss for the year	—	—	—	—	—	—	(18,000)	(18,000)	(637)	(18,637)
Other comprehensive income (loss) for the year	—	—	—	(7,466)	—	(931)	—	(8,397)	6,555	(1,842)
Total comprehensive income (loss) for the year	—	—	—	(7,466)	—	(931)	(18,000)	(26,397)	5,918	(20,479)
Transfer upon recognition of depreciation	—	—	—	(2,711)	—	—	2,711	—	—	—
Recognition of share-based payment	—	—	—	—	67	—	—	67	—	67
Balance at the end of the year	79,686	125	—	78,553	772	854	66,054	226,044	30,385	256,429

The accompanying notes are an integral part of these consolidated financial statements.

SKYLINE INVESTMENTS INC.

Consolidated statements of cash flows

(in thousands of Canadian Dollars)

	For the year ended December 31,		
	2022	**2021**	**2020**
Operating activities			
Net income (loss) for the year	(2,025)	29,578	(18,637)
Adjustments for:			
Depreciation and amortization	15,353	21,983	23,136
Gain from fair value adjustments on investment properties and financial instruments	(8,758)	(30,990)	(4,569)
Loss (gain) on sale of investment and other property	4	(7,220)	—
Financing costs from bonds including foreign exchange	3,083	523	2,154
Financing expense on (income from) financial derivative	396	(536)	(847)
Deferred tax, net	(353)	(12,901)	(8,561)
Share based compensation	137	83	67
Changes in non-cash working capital			
Trade receivables, other receivables, prepayments and others	6,455	24,920	8,990
Inventories	(65)	(259)	267
Real estate inventory	340	1,722	5,145
Trade and other payables and credit balances	(4,137)	(4,670)	(13,604)
Income taxes	1,713	6,141	367
Purchasers' deposits	1	4,073	(3,153)
Cash provided by (used in) operating activities	12,144	* 32,447	* (9,245)
Investing activities			
Additions to investment properties	(4)	(127)	(397)
Release from (Investment in) restricted deposit	7,699	* (12,538)	* 2,277
Additions to property, plant and equipment	(56,066)	(7,400)	(7,111)
Income taxes	(7,762)	(1,365)	(1,472)
Proceeds of loans given to purchasers	3,167	—	—
Net proceeds from sale of disposal group	—	103,975	—
Disposition (Purchase) of financial derivative	(4,568)	6,200	—
Proceeds from sale of property, plant and equipment, net of income tax	13	8	86
Cash provided by (used in) investing activities	(57,521)	88,753	(6,617)
Financing activities			
Bank credit and other short-term loans	3,539	(22,890)	12,279
Repayment of bonds	(3,897)	(53,646)	(7,005)
Proceeds from long term loans	132,063	12,511	12,329
Repayments of long term loans and capital leases	(132,949)	(10,993)	(5,933)
Contribution from (Distribution to) non-controlling shareholders	4,169	(7,453)	—
Repurchase of shares	(433)	—	—
Cash provided by (used in) financing activities	2,492	(82,471)	11,670
Foreign exchange translation of cash balances	899	324	(246)
Net increase (decrease) in cash and cash equivalents	(41,986)	39,053	(4,438)
Cash and cash equivalents at beginning of year	61,489	22,436	26,874
Cash and cash equivalents at end of year	19,503	61,489	22,436

* See note 2(o).

The accompanying notes are an integral part of these consolidated financial statements.

SKYLINE INVESTMENTS INC.

Consolidated statements of cash flows

(in thousands of Canadian Dollars)

	For the year ended December 31,		
	2022	**2021**	**2020**
Supplemental cash flow information			
Interest paid *	12,990	14,168	14,910
Interest received	2,815	431	132
Income taxes paid	8,347	2,598	1,790

* Interest paid for the year ended December 31, 2022 includes $0 (year ended December 31, 2021: $426; year ended December 31, 2020: $115) related to the receipt of PPP grants.

Significant non-cash investing and financing activities			
Right-of-use assets and lease liabilities	1,447	—	—
Loans to purchasers	—	61,112	27,123
Other investments measured at fair value through profit or loss	—	28,808	—
Other non-current assets	—	8,000	—
Share capital and premium increase	—	181	—

The accompanying notes are an integral part of these consolidated financial statements.

1 - Nature of operations

(a) Nature of operations

Skyline Investments Inc. (the "Company", the "Group" or "Skyline") was incorporated on December 4, 1998 under the Ontario Business Corporations Act, and its registered office is located at 36 King Street East, Suite 700, Toronto, Ontario, Canada.

Skyline is a Canadian company that specializes in hospitality real estate investments in the United States and Canada.

As at December 31, 2022, the Company is 49.50% owned by its controlling shareholder, Mishorim Real Estate Investments Ltd (“Mishorim”) and 20.30% owned by The Israel Land Development Co. Ltd (“ILDC”). Both are public companies whose shares are traded on the Tel-Aviv Stock Exchange ("TASE").

The Company's shares and bonds trade on the Tel Aviv Stock Exchange (the "TASE"), and the Company is a reporting issuer in Canada.

(b) Loan extension

In March 2023, the Company and the lender of a loan which maturity date was March 16, 2023 (see note 15(b)) signed a binding letter where the lender will defer the repayment date to June 13, 2023 subject to company paying extension fee, which fee was paid. Interest during the extension period will be BSBY plus 4.5%, no other terms or conditions of the loan have changed, the loan has recourse of 50% to the Company, the LTV is 30%. The Company is working with another lender to refinance the loan and believes that the closing will occur before the end of the extension period. If the loan is not refinanced or further extended before the end of the extension period, the loan will be in default which could potentially cause a default in other loan agreements. Given the current economic environment, management considered potential alternatives should the closing not happen on time. Despite the progress of the current refinancing negotiations, management continues to work on the alternatives and considers them to be achievable.

2 - Significant accounting policies

(a) Statement of compliance

The Company has prepared these consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) and their interpretations, as issued by the International Accounting Standards Board (“IASB”) and in accordance with the Israeli Securities Regulations (Annual Financial Statements), 2010. These policies have been consistently applied to all periods presented, unless stated otherwise.

(b) Basis of presentation

These consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is the functional currency of the Company. These consolidated financial statements have been prepared on a historical cost basis except for investment properties, and certain financial instruments (which are measured at fair value), property, plant and equipment (which is measured based on the revaluation model) and real estate inventory (which has been measured at the lower of cost and net realizable value).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

(c) Principles of consolidation

These consolidated financial statements comprise the assets and liabilities of all subsidiaries and the results of all subsidiaries for the financial period. The Company and its subsidiaries are collectively referred to as “Skyline” or “the Company” in these consolidated financial statements. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(in thousands of Canadian Dollars)

Subsidiaries are fully consolidated from the date control commences and deconsolidated from the date control ceases. All inter-entity balances, income and expenses, and unrealized gains and losses resulting from inter-entity transactions are eliminated in full. Where the Company consolidates a subsidiary in which it does not have 100% ownership, the non-controlling interest is presented separately within the Company's equity. Net income (loss) and each component of other comprehensive income (loss) are attributed to the shareholders of the Company and to the non-controlling interests. Total comprehensive income (loss) of the subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Foreign currency

Functional and presentation currency
Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional currency of the Company's U.S. subsidiaries is the U.S. dollar. The functional currency of the Company's Canadian subsidiaries is the Canadian dollar. The functional and presentation currency of the Company is the Canadian dollar.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated into the functional currency using the prevailing rate of exchange at the statement of financial position date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated statements of income and comprehensive income. Foreign exchange gains and losses are presented in the consolidated statements of income and comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in a foreign exchange translation reserve (attributed to non-controlling interests as appropriate).

See further detail on the foreign currency exchange rates used during the period :

	For the year ended December 31,		
	2022	**2021**	**2020**
Exchange rates - At balance sheet date:			
CAD / USD	1.354	1.268	1.273
CAD / NIS	2.597	2.442	2.522
Exchange rates - Average during the period then ended:			
CAD / NIS	2.581	2.577	2.565
CAD / USD	1.301	1.254	1.342
Change in rate - during the year ended:			
CAD / USD	6.8%	(0.4%)	(2.0%)
CAD / NIS	6.3%	(3.1%)	(5.0%)

(e) Operating cycle

The Company's normal operating cycle is twelve months except for development activities of real estate inventory, which are in excess of twelve months and typically range between one to four years.

(in thousands of Canadian Dollars)

(f) Property, plant and equipment

Recognition and measurement

The company has selected the revaluation model to account for its property, plant and equipment ("PP&E") under IAS 16, "Property, Plant and Equipment" ("IAS 16"). Under the revaluation model, the company's hotel assets that are classified as PP&E, are presented in the statement of financial position at their revalued amounts, which is the fair value at the most recent date of revaluation, less any accumulated depreciation and accumulated impairment losses.

Revaluations are performed with sufficient regularity by qualified, independent third-party appraisers who hold recognized relevant professional qualifications and have recent experience in the location and category of similar properties. The Company discusses the valuation process and verifies all major inputs to the valuations and reviews the results with the external appraisers for all independent valuations. The Company received independent third-party valuations on 16 of its 17 hotels and resorts during the year ended December 31, 2022; the value of the 17th property was based on transaction price, as it was acquired within the fiscal year. For periods when an independent third-party valuation is not performed, the Company undertakes specific actions to determine if there is any change in the value of its PP&E, including discussions with independent, third-party experts, referencing market transactions and any non-binding offers received on its hotels, and review of updated internal forecasts. The Company then uses these inputs in a discounted cash flow analysis over ten years to determine if there is any required revaluation at each reporting date.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties' revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and buildings is charged as an expense to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

Changes in the carrying value of such PP&E as a result of a revaluation is reflected in other comprehensive income (loss), except to the extent that a revaluation of an item of PP&E results in a negative cumulative revaluation reserve for that item. In this case, the resulting change (and any subsequent reversal) is recognized in net income (loss).

Depreciation on revalued PP&E is recognized in net income (loss). On sale or retirement of revalued PP&E, the attributable revaluation surplus remaining in accumulated other comprehensive income is transferred directly to retained earnings.

An item of PP&E is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use.

Depreciation

Depreciation is calculated on a straight-line basis based on the useful lives of each component of PP&E as follows:

Freehold buildings	25-60 years
Furniture and equipment	3 to 5 years
Computers and monitors	3 to 5 years
Resort equipment	10 to 32 years
Appliances in buildings	10 years
Leasehold improvements	Lesser of lease term or useful life of improvements

A write down or impairment charge is made against the carrying value of PP&E where an impairment in value is deemed to have occurred.
Depreciation methods, useful lives and residual values are reviewed periodically and adjusted, if appropriate.

(g) Investment property

The Company considers its non-hotel income producing properties to be investment properties under IAS 40, Investment Property ("IAS 40"), and has chosen the fair value method to account for investment properties in its consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investment property is valued on a highest and best use basis and does not include any portfolio premium that may be derived from economies of scale associated with owning a large portfolio, or the consolidation value from having compiled a large portfolio over a long period of time primarily through individual acquisitions.

Investment properties comprise investment interests held in land and buildings (including integral equipment) held for the purpose of producing rental income, capital appreciation, or both. All investment properties are recorded at cost, including transaction costs, at their respective acquisition dates, and are subsequently remeasured at fair value at each statement of financial position date, with any gain or loss arising from the change in fair value recognized within the consolidated statement of income for the period.

The fair value of the Company's investment properties are appraised by qualified external appraisers with sufficient regularity such that the fair value does not differ materially from the carrying amount at each reporting date. Management regularly undertakes a review of the valuation of its investment properties between external appraisal dates to assess the continuing validity of the underlying assumptions used, such as cash flows, capitalization rates and discount rates. These assumptions are then tested against market information obtained from independent appraisal firms. Where increases or decreases are warranted, the Company adjusts the carrying value of its investment properties. See notes 3 and 9 for a detailed discussion on the significant assumptions, estimates and valuation methods used.

(h) Real estate inventory

Real estate inventory includes serviced parcels of land, and land held for development on which the Company expects to earn a return via future sale. Inventory is measured at the lower of cost, including pre-development expenditures and capitalized borrowing costs, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs and estimated development costs to complete.

Real estate inventory is reviewed for impairment at each statement of financial position date. An impairment loss is recognized in net income when the carrying value of the asset exceeds its net realizable value.

Transfers into real estate inventory are based on a change in use evidenced by the commencement of development activities with a view to sell, at which point an investment property is transferred to real estate inventory.

(i) Revenue recognition

IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15")

The Company recognizes revenue using a uniform, five-step model in accordance with IFRS 15. The five steps are as follows:

1) Identify the contract(s) with the customer
2) Identify the performance obligation(s)
3) Determine the transaction price
4) Allocate the transaction price to the performance obligation(s)
5) Recognize revenue as the performance obligations are satisfied

The Company's principal sources of revenues under IFRS 15 and their method of recognition are as follows:

Hotel and Resort Revenue
Revenue from hotel and resort operations is recognized when services are provided, the amount is earned, and collectability is reasonably assured.

The Company may collect advance deposits prior to the use of a hotel or resort facility. These deposits are recorded as deferred revenue until such time as the related facility is utilized, at which time the customer deposit is recognized in revenue.

Sale of Real Estate Inventory
Revenue from contracts with customers for the sale of real estate is recognized at the point in time when control over the property is ready for transfer, which is generally when possession passes to the customer, as the customer then has the ability to direct the use and obtain substantially all of the benefits of the respective property. Revenue is measured at the transaction price agreed to under the contract.

Deposits received from the customer prior to the customer taking possession are recognized as purchasers' deposits (a liability account) until such time as the property is ready for transfer to the customer, at which time the deposit is recognized in revenue.

Season Pass Revenue
Revenue from membership and season passes is initially recognized as deferred revenue. As the Company performs its performance obligations over a set period of time, the Company recognizes this prepayment in revenue over the length of the contract.

IFRS 16, "Leases" ("IFRS 16")

The Company recognizes rental revenue using the straight-line method, whereby the fixed lease payments, less any lease incentives (such as cash, rent-free periods and move-in allowances provided to lessees), in-substance fixed payments and any variable lease payments that depend on an index or a rate to be received are accounted from as rental revenue on a straight-line over the term of the related leases.

Variable payments allocated to a lease component (such as certain operating cost recoveries), that do not depend on an index or a rate are accounted for as revenue in the period in which the corresponding operating expense occurs.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the Company's incremental borrowing rate. Lease payments included in the measurement of lease liabilities comprise future fixed lease payments. Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The Company may remeasure lease liabilities (and make a corresponding adjustment to related right-of-use assets) whenever certain lease terms have changed (no such adjustments have been made during the periods presented).

(j) Interest and other financing costs

Interest and other financing costs include interest on credit facilities, mortgages and bonds, which are expensed at the effective interest rate, and amortization of transaction costs incurred in connection with revolving credit facilities, which are capitalized and amortized over the term of the facility to which they relate.

The Company capitalizes interest and other financing costs related to development properties using the Company's weighted average cost of borrowing after adjusting for borrowing associated with specific developments. Where borrowing is associated with specific developments, the amount capitalized is the gross interest incurred on such borrowing less any investment income arising on temporary investment of such borrowing.

If any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that the Company borrows generally when calculating the capitalization rate on general borrowings.

(k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income, except to the extent that it relates to a business combination, or items recognized directly in equity or other comprehensive income.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the period using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized using the asset and liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date, and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized only to the extent that it is probably that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

(l) Earnings per share

Basic earnings per share is calculated by dividing net income or loss attributable to shareholders of the company by the weighted average number of common shares outstanding during the respective reporting period. Diluted earnings per share is calculated in the same manner, after adjusting for the dilutive effects of unexercised, in-the-money stock options outstanding using the treasury method.

(m) Financial instruments

Determination of fair value

Financial assets and financial liabilities

Under IFRS 9, Financial Instruments (“IFRS 9”), financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company’s designation of such instruments. The standard requires that all financial assets and financial liabilities be classified as fair value through profit or loss (“FVTPL”), amortized cost, or fair value through other comprehensive income (“FVOCI”). Amortized cost is determined using the effective interest method.

Classification of financial instruments

The following table summarizes the type and measurement the Company has applied to each of its significant categories of financial instruments:

Type	Measurement Base
Financial assets	
Cash and cash equivalents	Amortized cost
Restricted bank deposits	Amortized cost
Trade and other receivables	Amortized cost
Loans to purchasers	Amortized cost
Financial derivative	FVTPL
Other investments measured at fair value through profit or loss	FVTPL

Type	Measurement Base
Financial liabilities	
Loans and leases payable	Amortized cost
Bonds	Amortized cost
Trade payables	Amortized cost
Other payables and credit balances	Amortized cost
Purchasers' deposits	Amortized cost
Derivative financial liability	FVTPL

Cash and cash equivalents

In the Consolidated Statements of Financial Position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes. Bank balances for which use by the Company is subject to third party contractual restrictions are included as part of Restricted Bank Deposits. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

Trade and other receivables

Such receivables arise when the Company provides services to a third party, and are included in current assets, except for those with maturities in excess of 12 months after the statement of financial position date, which are classified as non-current assets.

Loans to purchasers

Loans to purchasers include vendor-take-back mortgages ("VTB") associated with the sale of development properties and the Freed Transaction (as defined in note 4). These amounts are typically classified as non-current assets as they are long-term in nature, with the portion of the VTB due within 12 months after the statement of financial position date included in current assets.

Expected losses for trade receivables and other receivables ("receivables")

A provision for impairment is established based on the simplified expected credit loss ("ECL") model. Under the simplified ECL model, the Company estimates lifetime expected losses for its receivables at each statement of financial position date based on available information. To measure the expected losses, receivables are grouped based on the days past due. The results of the simplified ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized in the consolidated statement of income within operating expenses from hotels and resorts and cost of sales of residential real estate. Bad debt write-offs occur when the Company determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against operating expenses from hotels and resorts and cost of sales of residential real estate.

Derivatives (assets and liabilities)

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivatives not designated as a hedging relationship are measured at fair value with changes recognized directly in the consolidated statement of income. The Company does not currently have any derivatives that are designated as a hedging relationship.

Other investments measured at fair value through profit or loss

Other investments include investments in entities in which Skyline does not have significant influence. Other investments are initially recognized at fair value on the date the investment is made and are subsequently remeasured at fair value.

Financial liabilities

All financial liabilities are recorded initially at fair value, and subsequently at amortized cost, with the exception of derivative financial liabilities.

(in thousands of Canadian Dollars)

Loans and leases payable and bonds

Loans and leases payable and bonds are recognized at amortized cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs and discounts directly related to the loan or bond are recognized in interest and other financing costs in the consolidated statement of income within net income over the expected term of the loan or bond. Loan and bond maturities and repayments due more than 12 months after the consolidated statement of financial position date are classified as non-current.

(n) Government assistance

Under IAS 20, Accounting for Government Grants and Disclosure of Government Assistance ("IAS 20"), government grants are recognized in the consolidated statements of income on a systematic basis over the periods in which the entity recognizes expenses for the related costs for which the grants are intended to compensate, and when there is reasonable assurance that the grants will be received. In addition, regarding short-term loans from the government, to the extent that the interest rate paid by the borrower and other terms of the debt instruments reflect market conditions, the borrowing does not include a government grant that requires recognition in the financial statements. For information regarding the impact of COVID-19 on IAS 20, please refer to note 15(h).

(o) Immaterial adjustment

The comparative figures as for the year ended on December 31, 2021, as well as for the year ended December 31, 2020 as presented in the current financial statements, include an immaterial adjustment due to reclassification of foreign exchange gains from financial income to financial expense, and reclassification of changes in restricted bank deposits from Operating activities to Investing activities:

Consolidated statements of income (loss)

	For the year ended December 31, 2021		
	As reported in the past	Effect of the change	As currently reported
Financial expense	(19,454)	541	(18,913)
Financial income	1,954	(541)	1,413

	For the year ended December 31, 2020		
	As reported in the past	Effect of the change	As currently reported
Financial expense	(19,627)	971	(18,656)
Financial income	2,193	(971)	1,222

Consolidated statements of cash flows

	For the year ended December 31, 2021		
	As reported in the past	Effect of the change	As currently reported
Cash provided by operating activities	27,518	4,929	32,447
Cash provided by investing activities	93,682	(4,929)	88,753

(in thousands of Canadian Dollars)

	For the year ended December 31, 2020		
	As reported in the past	Effect of the change	As currently reported
Cash used in operating activities	(7,818)	(1,427)	(9,245)
Cash used in investing activities	(8,044)	1,427	(6,617)

(p) Future accounting policy changes

IAS 1 – Presentation of Financial Statements ("IAS 1")

Classification of Liabilities as Current or Non-Current

The amendments clarify that the classification of liabilities as current or non-current is based on rights as opposed to the expectations about whether an entity will exercise its right to defer settlement of a liability. In addition, IAS 1 introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. In October 2022, the IASB issued amendments that clarify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The Company does not expect the amendments to have a material impact on the Company.

Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2, "Making Materiality Judgements," provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies and add guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are applicable January 1, 2023, with early adoption permitted. The Company does not expect the amendments to have a material impact on the Company.

IAS 8 – Definition of Accounting Estimates ("IAS 8")

The amendments to IAS 8 introduce a definition of "accounting estimates." The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective January 1, 2023, with early adoption permitted. The Company does not expect the amendments to have a material impact on the Company.

3 - Critical accounting estimates, assumptions, and judgements

The preparation of consolidated financial statements in accordance with IFRS requires the use of estimates, assumptions and judgements that in some cases relate to matters that are inherently uncertain, and which affect the amounts reported in the consolidated financial statements and accompanying notes. Areas of such estimation include, but are not limited to: valuation of investment properties; valuation of PP&E, remeasurement at fair value of financial instruments, valuation of accounts receivable, capitalization of costs, accounting accruals, the amortization of certain assets, and account of deferred income taxes. Changes to estimates and assumptions may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and conditions.

The estimates deemed to be more significant, due to subjectivity and the potential risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(in thousands of Canadian Dollars)

Valuation of PP&E

PP&E is measured at fair value as at the consolidated statement of financial position date using the revaluation model. Any changes in the value of PP&E due to revaluation are included in other comprehensive income. Revaluation is supported by independent external valuations, detailed internal valuations using market-based assumptions, each in accordance with recognized valuation techniques. The techniques used comprise comparable sales approach, the capitalized net operating income method and the discounted cash flow method. These techniques include estimating, among other things (all considered Level 3 inputs), future stabilized net operating income, capitalization rates, reversionary capitalization rates, discount rates and other future cash flows applicable to PP&E. PP&E under the revaluation model are classified as Level 3 in the fair value hierarchy. These valuations are subject to significant judgements, estimates and assumptions about market conditions in effect as at the consolidated statement of financial position date. See note 10 for further detail of the valuation methods and the significant assumptions and estimates used.

Fair Value of Other investments measured at fair value through profit or loss

The Company's other investment measured at fair value consist of its investment in Resort Communities LP. Please refer to note 4, regarding valuation of this investment.

4 - Freed Transaction

On December 6, 2021, Skyline closed agreements (the “Freed Transaction”) for the sale of a 100% interest in the resort assets and surrounding development lands at Deerhurst and Horseshoe, as well as the remaining development lands at Blue Mountain Resort (“Blue Mountain”) (collectively, the “Assets”), for an aggregate purchase price of $210 million, subject to standard working capital adjustments on closing, to Freed Corporation (“Freed”). Freed, through a newly formed subsidiary, Resort Communities LP ("RCLP") combined the Assets with Muskoka Bay Resort ("Muskoka Bay"), an asset previously owned by Freed and its partners, at an agreed value of $90 million. On closing in 2021, the Company recorded approximately $104 million in net cash inflows from investing activities in its statement of cash flows, as well as the VTB, the Bridge Loan, and the Equity Investment (all as defined below).

The value of real estate assets sold to RCLP on the closing date was as follows:

	Canadian hotels and resorts	Development	Total
Real estate inventory	—	7,518	7,518
Investment properties	—	80,225	80,225
Property, plant and equipment	111,630	—	111,630
	111,630	87,743	199,373

Vendor Take Back Mortgage

As part of the Freed Transaction, Skyline provided a secured vendor-take back mortgage loan (“VTB”) in the amount of $59.98 million, bearing annual interest at 5%. Interest is accrued and paid monthly, with the exception of interest related to Deerhurst, which is accrued monthly and will be paid in early 2024 on the 28th month after closing in conjunction with the first scheduled principal repayment, and will be paid monthly thereafter. The principal portion of the VTB will be repaid over four years based on the following schedule:

- $10.0 million due in April 2024;
- $25.0 million in June 2025; and
- $24.984 million in December 2025.

The VTB is prepayable by RCLP at any time prior to maturity without penalty.

(in thousands of Canadian Dollars)

Bridge Loan

Skyline provided a two-year bridge loan (the “Bridge Loan”) to RCLP in the amount of $8 million, which has a guarantee from both Freed and Freed’s RCLP holding entity (the 71% owner of RCLP) through a pledge of their interest in RCLP, which is accruing interest at 12% until it is repaid. The Bridge Loan is prepayable at any time prior to maturity without penalty.

Equity Investment and Purchase Option

Skyline holds 29% of the Limited Partnership units in RCLP (the “Equity Investment”), with a fair value at inception of $28.81 million, and certain protective rights laid out in the partnership agreement, including the right to approve certain decisions such as the issuance of additional equity, or issuance of debt above certain amounts. Freed or its affiliates operate and manage the RCLP assets as General Partner, in return for fees set out in the purchase and sale agreements.

Freed had an option until December 31, 2022, to purchase Skyline's Equity Investment for $32.717 million along with a 12% annualized return on this amount in cash (the “Purchase Option”). On December 31, 2022, the option expired without being exercised. Skyline has a put option, and Freed has a call option, for 50% of Skyline's 29% equity, at the end of each of years four and five after the closing of the transaction (i.e., December 10, 2025 and December 10, 2026), based on fair market value at that time, based on a valuation mechanism set out in the agreements (up to 50% of the 29% at the end of year four and up to an additional 50% of the 29% at the end of year five).

The Company’s Equity Investment is measured at fair value. The Company engaged an external business valuator to calculate the fair value. The Company and the business valuator determined the fair value to be $36.9 million, based on the most objective and reliable evidence as of the date of the valuation, which is the exercise price of Freed’s option (the original amount of $32.7m + agreed interest of 12%) (which was not exercised by Freed). The valuation included analysis of the fair value in conjunction with drafts of the valuation reports of RCLP's real estate properties, which were considered to be a supporting indication that the fair value of the investment is not lower than the exercise price of Freed’s option, which was not exercised.

5 - Trade receivables, other receivables and prepayments

	As at December 31,	
	2022	**2021**
Due from hospitality guests and clients	5,803	* 6,174
Other receivables [1], [2]	1,869	* 3,937
Prepayments	2,355	2,562
Government institutions	1,895	* 562
Current maturities of long term loans receivables (See Bridge Loan - note 4)	9,042	—
Allowance for doubtful accounts	(269)	(99)
	20,695	13,136

[1] 2022 mainly relates to the Keewatin, please refer to note 29(a) for details; 2021 also includes amounts from purchasers of various real estate projects of the Company.
[2] See note 16.
* Reclassified.

6 - Restricted bank deposits

Restricted bank deposits are amounts held with financial institutions that are subject to externally imposed restrictions with respect to the Company’s use of these funds, including deposits for the sale of real estate, letters of credit in favour of local authorities where development activities are taking place, and collateral and capital expenditures at hotels and resorts (which are classified as long-term).

(in thousands of Canadian Dollars)

7 - Inventories

	As at December 31, 2022	2021
Food & beverage	423	297
Retail	506	558
Other inventory	173	125
	1,102	980

8 - Real estate inventory

		As at December 31, 2022	2021
Serviced parcels of land	(b) (c)	6,694	7,034
		6,694	7,034

(a) Real estate inventory is summarized as follows:

		As at December 31, 2022	2021
Port McNicoll	(b)	—	963
Deerhurst	(c)	6,694	6,071
		6,694	7,034

(b) Port McNicoll, Ontario

The balance of $963 as at December 31, 2021 represents 5 serviced parcels of land, for which Skyline signed contracts to sell. These sales were all closed during 2022.

(c) Huntsville, Ontario

The balance primarily relates to the Golf Cottage lots.

9 - Investment properties

	As at December 31, 2022	2021
Balance as at the beginning of the year	11,971	61,278
Expenditures subsequent to acquisition	4	127
Net gain (loss) from fair value adjustments	497	30,976
Disposals (see note 4)	—	(80,221)
Transfer to real estate inventory	—	(153)
Foreign exchange translation and other	574	(36)
Balance as at the end of the year	13,046	11,971
Income producing retail components	9,493	8,418
Lands	3,553	3,553
	13,046	11,971

Valuation basis

The fair value of the Company's income producing retail properties is primarily determined using the discounted cash flow ("DCF") and the comparable sales methods. The fair value of these properties is measured in conjunction with the Company's Property, plant and equipment; please refer to note 10(a) for valuation basis and other relevant information.

(in thousands of Canadian Dollars)

10 - Property, plant and equipment

For the year ended December 31,	2022			2021		
	Lands, buildings & improvements	Furniture, equipment and other	Total	Lands, buildings & improvements	Furniture, equipment and other	Total
Gross carrying amount as at beginning of year	317,883	72,366	390,249	* 415,035	* 97,997	513,032
Accumulated depreciation as at beginning of year	(28,610)	(33,249)	(61,859)	* (35,508)	* (43,540)	(79,048)
	289,273	39,117	328,390	379,527	54,457	433,984
Acquisitions	16,037	244	16,281	—	—	—
Expenditures subsequent to acquisitions	36,050	3,735	39,785	4,040	3,360	7,400
Adjustment to fair value through revaluation surplus	5,487	—	5,487	15,411	—	15,411
Transfers from (to) real estate inventory and loans to purchasers	—	—	—	2,858	(8)	2,850
Right-of-use assets and lease liabilities	1,447	—	1,447	—	—	—
Depreciation	(8,552)	(5,857)	(14,409)	(7,564)	(10,428)	(17,992)
Impairment	—	—	—	(646)	—	(646)
Disposals (see note 4)	(16)	—	(16)	(103,353)	(8,026)	(111,379)
Foreign exchange translation	20,833	3,708	24,541	(1,000)	(238)	(1,238)
Balance as at the end of the year	360,559	40,947	401,506	289,273	39,117	328,390
Balance as at the end of year for items measured at:						
Fair value			398,065			325,039
Cost			3,441			3,351
			401,506			328,390
* Reclassified.						
Carrying amount under cost model			330,115			265,608

(a) Valuation basis

The value of the Company's PP&E is primarily determined using the DCF method. As a result, PP&E are classified as level 3 in the fair value hierarchy. Changes in level 3 fair values are analyzed at each reporting date as part of the discussion between the Company and its appraisers. Refer to notes 2(g) and 3.

Significant unobservable (level 3) inputs used to determine the fair value of PP&E as at December 31, 2022 are as follows:

(a) Forecast of the operating profit of the property for a period of up to 10 years;
(b) Specific terminal capitalization rate for each asset according to its condition, location and risks specific to the asset;
(c) Required timing and amount of investment in the property improvement plans;
(d) Estimations of the average occupancy as well as the average daily rate;
(e) Other factors such as building rights, planning and legal status.

Discount rates used in applying the DCF method ranged between 9.75%-12.75% (2021: 10.0%-13.0%), and terminal capitalization rates ranged between 8.25%-12.0% (2021: 8.5% - 12.5%).

As at December 31, 2022, a 25-basis point ("bps") decreases in both the discount and terminal capitalization rates would increase the fair value of the Company's PP&E by $10,456. As at December 31, 2022, a 25-bps increase in both the discount and terminal capitalization rates would decrease the estimated fair value of the Company's PP&E by $9,860.

(in thousands of Canadian Dollars)

(b) Acquisition

On July 11, 2022, the Company closed an agreement of purchase and sale with an unrelated third party for the purchase of the Courtyard by Marriott hotel in Ithaca, New York (the "Courtyard Ithaca") for a purchase price of US $11,250. The Courtyard Ithaca is a leasehold property with the land owned by Cornell University. As part of the Ithaca Acquisition and as a condition precedent, the Company entered into a new lease with Cornell University for a 49-year term, with an upfront payment of US $1,080. For more information about the financing of the acquisition see note 15(f) below.

11 - Deferred tax

(a) Taxation in Canada

The taxable income of the Canadian Group of companies is subject to effective corporate tax rate (combined Federal and Provincial) of 26.5%. A Canadian resident corporation is subject to tax on only one half of realized capital gains. Capital gains for this purpose is generally defined as a difference between the net proceeds and cost. In general, and subject to certain conditions, dividends received by a Canadian company from other Canadian companies and/or from foreign affiliate companies should not be subject to Canadian corporate income tax. Dividends between companies in the Canadian Group are not taxable to the recipient, and are not deductible to the payer. According to the FAPI (Foreign Accrual Property Income) rules, a Canadian resident company may be liable for tax in Canada on undistributed passive income of a foreign affiliate company, but can receive relief for foreign tax imposed on this income. Generally, dividends paid by a Canadian resident company to a foreign resident are subject to withholding tax of 25%. Reduced withholding tax rates may apply under the relevant tax treaty (if applicable). Effective January 1, 2017, under the new Canada-Israel Tax treaty, withholding tax on dividends and interest is limited to 15% and 10% for residents of the treaty country (or 5% for dividends paid to a company that holds directly (or indirectly) at least 25% of the capital of the company that paid the dividends).

Non capital losses can be carried forward 20 years or back 3 years to apply against taxable income earned in those years. Allowable capital losses (i.e. one half of actual capital losses) can be carried back three years, but forward indefinitely to apply against capital gains in those years.

(b) Taxation in the U.S.

On December 22, 2017, the United States enacted tax reform legislation through the Tax Cuts and Jobs Act (the Tax Act). This significantly changed US tax laws in a number of ways including but not limited to reducing the corporate tax rate from 35% to 21% and moving from a worldwide tax system to a territorial system.

(c) Some income and expenses for accounting purposes may be recognized in earlier or later years for tax purposes. These temporary differences result in deferred tax balances and reflect taxes that are expected to become payable, or recoverable, in future periods.
The composition and movement in deferred taxes are as follows:

	Investment Properties & Real estate Inventory	Property Plant and Equipment	Carry forward Losses	Investments measured at fair value through profit or loss	Other	Total
Year ended December 31, 2021						
Balance at beginning of year	(747)	(57,811)	27,062	—	—	(31,496)
Amounts carried to:						
Net income (loss)	(2,797)	24,386	(9,392)	* 704	* —	12,901
Other comprehensive income (loss)	—	3,234	—	—	—	3,234
Foreign currency translation reserve	—	1	(4)	—	—	(3)
	(3,544)	(30,190)	17,666	704	—	(15,364)

(in thousands of Canadian Dollars)

	Investment Properties & Real estate Inventory	Property Plant and Equipment	Carry forward Losses	Investments measured at fair value through profit or loss	Other	Total
Year ended December 31, 2022						
Amounts carried to:						
Net income (loss)	381	1,142	1,427	(2,705)	108	353
Other comprehensive income (loss)	—	(1,345)	—	—	—	(1,345)
Foreign currency translation reserve	—	(2,062)	1,060	—	—	(1,002)
	(3,163)	(32,455)	20,153	(2,001)	108	(17,358)

* Reclassified

The deferred taxes are calculated at tax rates ranging between 13.25% and 27.98% (2021 - 13.25% and 27.98%) - see note (d) below. The realization of deferred tax assets is dependent on the existence of sufficient taxable income in the subsequent years.

(d) Tax rates

Deferred Canadian and U.S. federal and provincial income tax is calculated based on the following combined rates:

	2022 and forward	2021
Non-capital gain (loss) tax rates:		
Ontario	26.50%	26.50%
Ohio, USA	22.98%	22.98%
California, USA	27.98%	27.98%
Other states (on average), USA	23.73%	23.73%
Capital gain (loss) tax rates:		
Ontario	13.25%	13.25%
Ohio, USA	22.98%	22.98%
California, USA	27.98%	27.98%
Other states (on average), USA	23.73%	23.73%

(e) Non-capital losses

The Company has non-capital losses carried forward for US and Canadian tax purposes of $82,023 as at December 31, 2022, which expire at various dates commencing December 31, 2032 (December 31, 2021: $71,342).

12 - Loans to purchasers

Port McNicoll VTB

In July 2017 the Company completed the sale of the Port McNicoll development lands for $41,967. The buyer paid $4,197 on closing, and the Company provided a VTB for the balance of the purchase price, secured by a first mortgage on the project lands. Due to a dispute between shareholders of the purchaser, the Original VTB was in default, and the Company initiated a power of sale process. On December 2, 2021, the Company announced the closing of an agreement with an unrelated third-party (the “New Buyer”) for the sale of the Port McNicoll site for a total amount of $32,500 (the “Port McNicoll Transaction”). Upon completion of the Port McNicoll Transaction, a total of $3,000 was paid to the Company. The balance of the consideration, totaling $29,500 was provided to the New Buyer as a first ranking VTB bearing an annual interest rate of 2.5% for a 5-year period (the “New VTB”). The New Buyer is and will be making monthly payments of $200 every month for the length of the New VTB, which will be applied against both interest and principal. As the New Buyer develops the land over the next five years, the New Buyer will require partial discharges of security from Skyline, and, as a result, additional principal payments are expected over the life of the New VTB. At the end of the New VTB, any remaining balance will be due in full. The balance of the VTB is $27.8 million as at December 31, 2022.

(in thousands of Canadian Dollars)

Blue Mountain VTBs

During the year ended December 31, 2019, the Company sold its commercial real estate assets at Blue Mountain to an unrelated party. As part of the sale, which closed in March 2019, a VTB of $3.2 million was given to the purchaser, bearing 4% interest per annum, and due April 2024. On October 31, 2022, the Company entered into an agreement with a third party to assign the Company's rights and obligations under property management contracts for Blue Mountain Retail. As part of the agreement, the existing VTB of $3.2 million and accrued interest of $380 thousand were fully discharged.

Freed Transaction VTB

Refer to note 4 for details related to the Freed Transaction VTB.

13 - Bonds

Series B Bonds

In September 2017, the Company issued its Series B Bonds and raised NIS 164,464 ($57,786), net of borrowing costs. The nominal annual interest rate is 5.65%, payable semi-annually (effective interest rate: 6.60%). Each semi-annual payment is denominated in NIS, and is equal to 3.25% of initial principal, with the exception of the final payment due July 2024, which is equal to 64.25% of the initial principal. The bonds are linked to the NIS/US dollar exchange rate such that the Company's obligations are substantially fixed in USD terms.

The deed of trust states that the Company is required to maintain minimum equity excluding non-controlling interests of $130,000, and a minimum equity to asset value ratio (excluding minority interests) of 26%. As at December 31, 2022, the Company complies with all covenants per the deed of trust.

a. Composition

	As at December 31,	
	2022	**2021**
Total liability:		
Series B	46,302	47,047
	46,302	47,047
Current liabilities:		
Series B	3,828	3,569
	3,828	3,569
Long term liability:		
Series B	42,474	43,478
	42,474	43,478

Maturity years subsequent to December 31, 2022:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and thereafter	Total
Series B	4,116	42,762	—	—	—	—	46,878
Total principal repayments	4,116	42,762	—	—	—	—	46,878
Deferred financing costs							(576)
Total bonds payable							46,302

b. Additional information

	Par value issued *	Nominal interest rate	Outstanding face value as at December 31, 2022 *	2021 *
Series B **	164,464	5.65%	121,477	132,148

* In thousands of NIS.
** Linked to the US Dollar.

c. Bond Repurchase

On February 5, 2020, the Board of Directors approved the buy-back of the Company's issued and outstanding bonds. The approval expired on February 5, 2021. The total buy-back authorized was 10 million NIS or approximately $3,951 CAD. During the year ended December 31, 2020, a subsidiary of the Company repurchased 219.7 thousand NIS (approximately $87.9 thousand CAD) worth of bonds under the buy-back at an average price of 0.797 NIS and were delisted due to the merger of the subsidiary with and into the Company. No further bonds were repurchased under the buy-back.

d. Financial Derivative

To mitigate exposure to foreign currency risk, on January 18, 2017 the Company entered into a financial derivative contract to hedge its exchange rate exposure to the New Israeli Shekel related to the Series A bonds (the “Swap”). As a result of this transaction, the Company settled its Series A Bond obligation as if they were borrowed in Canadian dollars at nominal fixed interest rates in the range of 5.5%-6.5% instead of settlement in New Israeli Shekels at the fixed rate of 5.2%. This financial derivative covered 100% of payments of the Company's Series A Bond principal and interest obligation for its Series A Bonds (excluding the Series A Bond extension).

As a result of the Freed Transaction (as described in note 4), the Company repaid its Series A Bonds on December 23, 2021, and also unwound the Swap. The Company received cash proceeds of NIS 15.3 million ($6.2 million).

14 - Other payables and accruals

	As at December 31, 2022	2021
Provision for completion costs	5,035	5,405
Sales and property taxes	1,399	1,278
Employees and payroll institutions (see note 16)	3,363	3,975
Other liabilities measured at fair value (see note 4)	—	189
Accrued interest on bonds	1,362	1,431
Purchasers deposits	1,076	325
Accrued expenses	10,192	10,358
	22,427	22,961

15 - Loans and leases payable

	As at December 31, 2022	2021
(a) I. Short term liabilities		
Short term loans	3,650	—
Current maturities of long term loans and leases	23,136	152,450
	26,786	152,450

(in thousands of Canadian Dollars)

II. Long term liabilities

	As at December 31, 2022	As at December 31, 2021
Loans and mortgages	190,760	173,259
Leases	6,053	4,165
	196,813	177,424
Deferred financing costs	(6,275)	(869)
	190,538	176,555
Less - Current maturities of long term loans and leases	(23,136)	(152,450)
	167,402	24,105

III. Additional information

	Weighted average interest rate 2022	Weighted average interest rate 2021	As at December 31, 2022	As at December 31, 2021
Loans from financing institutions denominated in:				
CAD	8.20%	4.76%	1,787	1,677
US dollar	8.57%	3.97%	192,623	171,582
Leases	7.02%	7.80%	6,053	4,165
			200,463	177,424
Deferred financing costs			(6,275)	(869)
			194,188	176,555
Less - short term loans and current maturities of long term loans and leases			(26,786)	(152,450)
			167,402	24,105

(b) Maturity years subsequent to December 31, 2022:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and thereafter	Total
Development loans	1,727	—	—	—	—	—	1,727
Other loans and leases	26,342	1,602	1,751	2,274	140,987	25,780	198,736
	28,069	1,602	1,751	2,274	140,987	25,780	200,463
Deferred financing costs							(6,275)
Total loans and leases payable							194,188

(c) Security

As of December 31, 2022 $194,034 (2021: $173,259) of the Company's loans payable and bonds (see note 13), excluding capital leases, are secured against the Company's assets. The total value of the Company's real estate assets that are pledged to any loan or bond, excluding capital leases was $385,976 as at December 31, 2022 (2021: $317,498).

(d) Marriott Courtyard loan

On April 21, 2022, the Company closed on a loan to finance 12 of its Courtyard by Marriott hotels for a period of 5 years in the amount of up to $129,625 USD (the “New Courtyard Loan”), including an earnout and a line of credit to fund the renovation of the secured Courtyard hotels according to the renovation program. The interest rate on any drawn portion of the New Courtyard Loan will be equal to the 30-day average Secured Overnight Financing Rate ("SOFR") plus 5.54%. The New Courtyard Loan is prepayable after 12 months. From months 13 to 24 the prepayment penalty is equal to the full interest from the time of prepayment through the 24th month plus 0.50% of the principal being repaid. From months 25-30 the prepayment penalty is 0.25% of the principal being repaid. After 30 months Skyline can repay the loan with no penalties. There are no defaulting financial covenants related to the New Courtyard loan.

$92,125 USD was drawn on closing, including a $3,000 USD interest reserve which will be released to Skyline if during the first 36 months of the New Courtyard Loan the debt yield is at least 10% for 2 consecutive quarters and no events of default then exist. If the debt yield test is not met in the first 36 months of the New Courtyard Loan term, the funds will remain as an interest rate reserve for the balance of the New Courtyard Loan term. $30,000 USD will be available as a line of credit during the first 4 years of the New Courtyard Loan term to fund up to 75% of future renovation funding, which will be drawn as renovations are completed. $7,500 USD of additional loan proceeds is available to be drawn once all renovations are completed and a debt yield of 11.0% is achieved for 2 consecutive quarters, among other conditions. As of December 31, 2022, the total outstanding value of the New Courtyard Loan was $98,718 USD, and is composed of an initial tranche of $92,125 USD, and a renovation loan of $6,593 USD.

In November 2022, the Company purchased a 2-year interest rate cap on the New Courtyard Loan. The rate cap sets a maximum benchmark rate at 3.25%, when the 30-day SOFR is over 3.25%, the Company benefits from a refund of the excess interest paid over this cap rate. A fair value decrease of $396 was recorded to financial expense.

(e) Lines of credit

The Company has other various secured credit facilities. As part of the regular course of business, the Company obtains and repays various loans to facilitate its operations. The unused balance as of December 31, 2022 and the date of approval of the report was $1,000.

(f) Courtyard Ithaca

In connection with the acquisition, the Company entered into a 5-year financing agreement with a US Bank for 40% of the total Acquisition costs. The rest of the Acquisition costs were financed out of the Company's equity. Interest on the loan is 2.25% over the Wall Street Journal Prime (“WSJP”) rate. The Bank has also provided the Company with a line of credit to complete the renovation of $4,075. The line of credit represents 100% of estimated costs of the renovation. For the first 24 months, the interest rate on the loan will be floating, and the payments will be interest only. For the last 36 months of the Loan, the interest rate will be fixed at the WSJP rate at such time, plus 2.25%. Payments made during the last 36 months of the loan will be a blend of interest and principal, based on a 20-year amortization schedule.

(g) Renaissance loan refinance

On October 7, 2022, the Company reached an extension agreement with its lender on the Renaissance hotel, as was first extended in 2020, for an additional period of 6 years and 9 months, until Jun 2029, at an average 30-day SOFR interest rate plus an annual interest rate of 2.75%. It was also agreed that the bank would provide the company with an additional loan in the amount of USD 16.6 million for the purpose of upgrading and improving the hotel. The interest rate on the renovation portion of the loan has an interest rate of SOFR plus an annual interest rate of 3.50%. The renovation loan will be drawn as needed during the renovation. As of the date of the report, the balance of liabilities is in the amount of USD 20 million. The remaining Loan terms will apply unchanged. The total outstanding value of the loan as at December 31, 2022 is $20,394 USD.

The company's subsidiary also entered into a transaction with a global industrial products company to sell the tax credits that will be generated as a result of the renovation in a consideration of approximately USD $11 million. In accordance with the transaction terms, 20% of the consideration was paid and the rest will be paid on renovation completion. To ensure that all costs of the renovation can be paid the bank has also provided the Company with a Bridge Loan for the 80% of the tax credits. Upon completion of the renovation, the tax credit buyer will provide the additional funds which will be used to immediately repay the bridge loan. The Bridge Loan will have the same interest rate terms as the renovation portion of the loan.

(in thousands of Canadian Dollars)

(h) COVID-19 Government Support Update

In response to the COVID-19 pandemic, the Canadian and US Governments unveiled multiple support measures for which the Company was eligible. In the US, Skyline qualified for US $14,247 in total loans under the Paycheck Protection Program ("PPP"), which were mainly booked as a reduction to Operating expenses from hotels and resorts, over the years 2021 and 2020. As part of this program, loan funds spent on payroll and other specified costs may be forgiven by the US Government under certain circumstances. The Company has received formal forgiveness of US $13,982 as at December 31, 2022, and is on schedule to repay the remaining US$ 265.

(i) Compliance with Covenants

The Company is in compliance with its covenants.

16 - Related parties

(a) Related parties:	As at December 31, 2022	2021
Current assets: Other current balances	113	113
Non-current assets: Other Non-current current balances	359	331
Current liabilities: Other payables and credit balances	(626)	(1,251)
Non-current liabilities: Other liabilities	(104)	—
Income statement: Interest revenue, net of foreign exchange impact, on CEO share purchase loan (see note 18 (a))	28	68

(b) Executive compensation expenses related to the Board, former Chairman, CEO and CFO are as follows:

	For the year ended December 31,		
	2022	2021	2020
Compensation, bonus and benefits	1,577	2,020	1,020
Employee stock option expense (see note 18 (c))	32	98	57
Directors' fees	365	380	472

(c) Related party transactions are measured at the fair value.

17 - Financial instruments

(a) Categories of financial assets and liabilities

The fair value of the Company's financial assets and liabilities, except as noted below and elsewhere in the consolidated financial statements, approximates their carrying amount due to the short-term and variable rate nature of these instruments.

The Company has classified and disclosed the fair value of each class of financial instrument based on the fair value hierarchy in accordance with IFRS 13, Fair Value Measurement ("IFRS 13"). The fair value hierarchy distinguishes between market value data obtained from independent sources and the Company's own assumptions about market value. The hierarchy levels are defined below:

Level 1: Inputs based on quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs based on factors other than quoted prices included in Level 1, which may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates and yield curves that are observable at commonly quoted intervals; and

(in thousands of Canadian Dollars)

Level 3: Inputs which are unobservable for the asset or liability, and are typically based on the Company's own assumptions as there is little, if any, related market activity.

The Company's assessment of the significance of a particular input into the fair value measurement in its entirety requires judgement and considers factors specific to the asset or liability.

The following table presents the Company's estimates of financial assets and liabilities measured at fair value on a recurring basis based on information available to management as at December 31, 2022, aggregated by the level in the fair value hierarchy within which those measurements fall. These estimates are not necessarily indicative of the amounts the Company could ultimately realize.

(b) Financial assets

		As at December 31,	
Financial assets at fair value through profit or loss	**Level**	**2022**	**2021**
Financial derivative	Level 2	4,160	—
Other investments measured at fair value through profit or loss	Level 3	36,880	28,808

The estimated fair values and carrying amounts of loans to purchasers are as follows:	**Fair value As at December 31,**		**Carrying amount As at December 31,**	
	2022	**2021**	**2022**	**2021**
Loans to purchasers	84,442	97,973	90,932	97,973

(c) Financial liabilities

The estimated fair values and carrying amounts of loans and leases payable and bonds are as follows:	**Fair value As at December 31,**		**Carrying amount As at December 31,**	
	2022	**2021**	**2022**	**2021**
Loans and leases payable	202,024	176,411	194,188	176,555
Bonds	46,418	50,156	47,664	48,478
	248,442	226,567	241,852	225,033

The carrying value of loans payable to related parties approximate their fair values, since they bear interest at rates which approximate market rates.

Fair values of long-term financial liabilities have been determined by calculating their present values at the reporting date, using fixed effective market interest rates available to the Company. The carrying amount of the loans maturing during the next year is assumed to approximate their fair values.

The carrying amount of the variable interest loans approximates the fair values of these loans.

18 - Share capital

(a) Authorized: unlimited common shares, without par value.

	For the year ended December 31,		
	2022	**2021**	**2020**
Number of issued and paid-in shares:			
Outstanding at beginning of year (i)	16,745,237	16,745,227	16,745,227
Shares issued (repurchased)	(44,747)	10	—
Outstanding at end of year	16,700,490	16,745,237	16,745,227
(i) Including shares issued to a company controlled by the CEO and held in trust	200,000	200,000	200,000

On March 23, 2016 the Board of Directors approved a private allotment of 200,000 shares to a company controlled by the CEO, for total consideration of 4,793 NIS (approximately $1,638) or 23.96 NIS (approximately $8.20) per share, reflective of the average share price during 30 days prior to the appointment against a loan bearing 3% interest, due in full in February, 2021. On January 10, 2021, the shareholders of the Company approved the extension of this loan for an additional period of three years, until February 18, 2024, or six months after termination of the CEO's employment, whichever is first. The net impact of these issued shares, and the associated loan, is reflected within the Company's share capital.

(in thousands of Canadian Dollars)

The issuance of those shares is accounted for as options-based compensation. Upon repayment of the loan, the corresponding number of shares issued or redeemed will be reported in Share Capital. The average value of this option-based compensation was determined by an independent valuator using a Binomial option pricing model to be NIS 4.23 (approximately $1.5) per share, assuming an average volatility of 26.4% and an expected option life of between 1 and 5 years. Refer to note (c) below.

On January 10, 2021 at the annual general meeting ("AGM"), the shareholders approved changes to the Company's remuneration policy, including changes to the CEO's compensation. Shareholders approved an allocation to the CEO of 100,000 stock options (the "Options") was approved, which were granted on February 11, 2021 (the "Grant Date"). The Options have a strike price of 24 NIS, have a vesting period of three years, and expire five years after the Grant Date.

On April 24, 2022, the Company commenced a share repurchase plan (the "Share Buyback"), which will be in effect until March 31, 2023, with a maximum total purchase amount of $5,000. During the second quarter of 2022, the Company repurchased 44,747 shares at an average price of 25.41 NIS.

(b) Income (loss) per share

The inputs used in calculating earnings per share are as follows:

	For the year ended December 31,		
	2022	**2021**	**2020**
Net income (loss) attributable to shareholders of the Company	(1,549)	22,926	(18,000)
Weighted average number of shares outstanding	16,519,365	16,545,228	16,545,227
Weighted average number of shares for the purposes of diluted earnings per share	16,519,365	16,545,228	16,545,227

(c) Employee stock options

Summary

Details	Nov 2016	Feb 2018	Apr 2018	Feb 2021
Grant date	Nov-16	Feb-18	Mar-18	Feb-21
Expiration date	Nov-21	Feb-23	Mar-23	Feb-26
Number of options	290,000	135,000	100,000	100,000
Exercise price	9.370	11.572	11.535	9.337
Exercise life to date	82,500	—	—	—
Cancelled	127,500	135,000	—	—
Expired	80,000	—	—	—
Net	—	—	100,000	100,000
Vested	—	—	100,000	33,333
Additional details	[2]	[3]	[3]	[6]

(in thousands of Canadian Dollars)

Changes in number of stock options	For the year ended December 31, 2022	2021
Outstanding at beginning of year	200,000	180,000
Granted	—	100,000
Expired	—	(80,000)
	200,000	200,000

Additional details

[1] The fair value of options at the grant date was determined using two methods: (1) The OPTIONS XL Binomial and Trinomial Lattice with Exercise Behavior model (for Directors and Employees), and (2) OPTIONS XL Trinomial Lattice with Exercise Behavior: Vesting Tranche Fair Value (for Executives).

Where relevant, the expected life used in the models has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. Expected volatility is based on the historical share price volatility of similar companies including the Company over the past 60 months, which management estimates to approximate the volatility in value of the Company's shares.

[2] On November 14, 2016 the Board of Directors approved granting 280,000 stock options, which was approved by the TASE in March 2017. The fair value of the options at the grant date was determined using the Binomial model. Where relevant, the expected life used in the models has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations. Expected volatility is based on the historical share price volatility of similar companies including the Company, which management estimates to approximate the volatility of the Company's shares.

In February 2017 the stock options that had been issued to certain executives in previous years, expired and the associated value of $879 was classified from "Share based compensation surplus" to "Share capital and premium". In April 2017, 10,000 options were cancelled, upon resignation of an employee. During 2018, an additional 107,500 options were cancelled. During 2021, an additional 80,000 options were cancelled.

[3] In February and April 2018 certain executives of the Company were granted 135,000 and 100,000 options, respectively. The options were issued in connection with the existing option plan. During 2019, 135,000 of these options were cancelled. On March 20, 2023 100,000 remaining options were expired.

	As at December 31, 2022	2021	2020
[4] Weighted average exercise price (CAD)	10.53	11.20	11.45

[5] The Company recognized $32 in stock compensation expense during the year ended December 31, 2022 (2021: $83). This amount has been included in administrative and general expenses.

[6] On November 26, 2020, the Company's Board of Directors approved the grant of 100,000 options to the Company's CEO. The grant was subsequently approved by shareholders on January 10, 2021. The Options have a strike price of 24 NIS, have a vesting period of three years, and expire five years after the Grant Date.

19 - Commitments and Contingencies

(a) Claims

1. In December 2019, the Company was served a claim for $2.4 million from the Company's former President and Chairman for employment related issues. In addition, the company has been served with several smaller claims. In agreement with the Company's legal counsel, Management concludes that it is not possible at this stage to estimate the Company's chances of success or the likely amount of settlement amount or recovery, if any.

2. The Company has been served with claims totaling $1.7 million in relation to certain construction projects. In agreement with the Company's legal counsel, Management concludes that it is not possible at this stage to estimate the Company's chances of success or the likely amount of settlement, if any.

(b) Material agreements

1. Franchise agreements with Marriott International Inc. ("Marriott")

   On November 14, 2017, one of the Company's subsidiaries entered into 13, 20-year franchise agreements with Marriott upon acquisition of 13 Courtyard by Marriott hotels in the United States. On July 11, 2022, one of the Company's subsidiaries entered into a 15-year franchise agreement with Marriott upon acquisition of Courtyard by Marriott hotel in Ithaca, New York (the “Courtyard Ithaca”). The agreements secure access to Marriott's reservation system, as well as its sales platforms. In the event of early termination of the agreements, Marriott is entitled for various termination fees. In addition, under the agreements, the Company is obligated to undertake a rotational property improvement plan, which involves mandated capital expenditures to ensure that the hotels are in compliance with brand standards.

2. Management agreements with Aimbridge Hospitality LLC ("Aimbridge")

   On November 14, 2017, one of the Company's subsidiaries entered into 13, 5-year property management agreements with Aimbridge to operate and provide property management services to its Courtyard by Marriott hotels, in consideration for property management fees and other payments, as customary for this type of agreement. The Company may terminate those agreements with 90 days of advanced notice. During the year ended December 31, 2020, the Company terminated the agreements with respect to two of the Courtyard properties.

3. Management agreements with Urgo Hotels Ltd. ("Urgo")

   On September 25th 2020, one of the Company's subsidiaries entered in to a 10 year property management agreement with Urgo to operate and provide property management services to 2 Courtyard by Marriott Hotels (previously managed by Aimbridge), in consideration for property management fees and other payments, as is customary for this type of agreement. The Company can terminate the agreement with Urgo upon 60 days advance notice given. On July 11 2022, one of the company’s subsidiaries entered in to a 10-year property management agreement with Urgo to operate and provide property management services to Courtyard by Marriott hotel in Ithaca in consideration for property management fees and other payments, as is customary for this type of agreement. After 1 year of anniversary, the Company can terminate the agreement with Urgo upon 60 days advance notice given.

4. Renaissance franchise agreement with Marriott

   The Renaissance hotel is subject to a franchise agreement with Marriott for a period of 20 years, which commenced on October 27, 2015 with no extension option. The agreement provides that the Marriott chain is entitled to franchise fees of 5% of gross room revenue as well as additional payments for marketing, sales and IT services. Under the terms of the agreement, the Company has agreed to complete renovations of the existing conference space, hotel rooms and common areas by the end of 2023. The renovation is well underway and expected to meet its timelines. The agreement provides terms regulating the relationship between the parties as is customary in agreements of this nature.

(in thousands of Canadian Dollars)

5. Management agreement with Hyatt Hotels Corporation ("Hyatt" and the "Hyatt Management Agreement")

   The Hyatt Arcade is managed by Hyatt in consideration for basic management fees equal to 3% of hotel revenue as well as payment for certain operating expenses, franchise fees, and IT services provided by Hyatt. The Hyatt Management Agreement commenced on August 20, 1999, and is effective until December 31, 2021, with a five-year extension option available to Hyatt on the same terms, which Hyatt has exercised. The Hyatt Management Agreement provides terms regulating the relationship between the parties as is customary in agreements of this nature.

20 - Income from hotels and resorts

	For the year ended December 31,		
	2022	2021	2020
Room revenue	95,595	82,811	52,199
Food & beverage revenue	16,471	15,863	11,751
Ski revenue	10,299	13,399	13,611
Other revenue	9,765	17,220	13,923
	132,130	129,293	91,484

21 - Operating expenses from hotels and resorts

	For the year ended December 31,		
	2022	* 2021	* 2020
Room department	25,346	21,405	15,323
Cost of food & beverage	13,376	12,582	10,946
Cost of ski services	3,679	5,715	6,365
Selling and marketing and administrative	26,108	18,323	14,716
Repairs and maintenance	9,152	9,570	6,329
Property tax and insurance	6,760	9,514	9,767
Management fees, cost of golf services and other expenses	20,174	19,103	16,679
	104,595	96,212	80,125

* Net of government assistance.

22 - Cost of sales of residential real estate

	For the year ended December 31,		
	2022	2021	2020
Cost of sales of condominiums	—	1,663	3,670
Cost of sales of land and development projects	1,250	2,763	19,911
Revaluation component included in cost of sales	—	488	9,373
Development periodic costs (recovery)	(217)	2,763	1,866
	1,033	7,677	34,820

23 - Administrative and general expenses

	For the year ended December 31,		
	2022	2021	2020
Compensation and benefits	4,059	3,737	2,419
Professional fees	2,594	3,145	2,102
Other expenses	1,612	1,208	1,079
	8,265	8,090	5,600

(in thousands of Canadian Dollars)

24 - Financial expense

	For the year ended December 31,		
	2022	2021	2020
Interest on loans and leases	11,517	* 8,210	* 8,781
Interest and foreign exchange revaluation of bonds, including early repayment fee	5,778	8,822	7,668
Amortization of deferred financing charges	944	1,500	1,705
Bank charges	344	381	502
	18,583	18,913	18,656

* See note 2(o).

25 - Income taxes

(a) Income tax recovery (expense) included in the consolidated statements of income (loss):

	For the year ended December 31,		
	2022	2021	2020
Current income tax expense	(28)	(7,370)	(580)
Prior year income tax expense	(2,280)	(25)	(139)
Deferred income tax recovery	353	12,901	8,562
	(1,955)	5,506	7,843

(b) Current Canadian and U.S. federal and provincial combined income tax was calculated based on the following tax rates (refer to note 11):

	For the year ended December 31,		
	2022	2021	2020
Ontario	26.50%	26.50%	26.50%
Ohio, USA	22.98%	22.98%	21.99%
California, USA	27.98%	27.98%	27.98%
Other states (on average), USA	23.73%	23.73%	22.17%

(c) Reconciliation between the statutory tax rate and the effective tax rate:

	For the year ended December 31,		
	2022	2021	2020
Net gain (loss) before income taxes	(70)	24,072	(26,480)
Ontario statutory tax rate	26.5%	26.5%	26.5%
Income tax expense calculated using statutory tax rate	19	(6,379)	7,017
Increase (decrease) resulting from:			
Prior year taxes	(2,280)	(25)	(139)
International Tax Rate Differentials	(182)	(252)	1,125
Tax attributable to Non-Controlling Interests	(339)	(8)	(630)
Difference in tax rates applicable to other gains	827	10,908	429
Non-deductible recovery (expenses)	—	1,385	(45)
Other	—	(123)	86
Income tax recovery (expense)	(1,955)	5,506	7,843

(in thousands of Canadian Dollars)

26 - Employee benefits

	For the year ended December 31,		
	2022	2021	2020
Compensation and benefits are included in the following categories in the consolidated statements of income (loss):			
Hospitality operating expenses	40,831	25,924	19,068
Development periodic costs	116	181	428
Administrative and general expenses	4,059	3,803	2,419
	45,006	29,908	21,915

27 - Risks and capital management objectives and policies

The Company's operations are subject to a number of risks and uncertainties, including, but not limited to, risks associated with the development of future properties, competition, the real estate markets and general economic conditions in which the Company competes, the availability and cost of financing and fluctuations in interest rates.

The Company is exposed to various risks in relation to financial instruments as described in note 17. The main risks arising from the Company's financial instruments are interest rate, credit, liquidity, and foreign exchange risks. The Company's approach to managing these risks is summarized as follows:

(a) Interest rate risk

The Company's policy is to minimize interest rate risk exposures on long-term financing. The Company's bonds all pay fixed interest rates, but commercial borrowing on its properties is largely at variable rates. In an attempt to combat recent inflation through cooling demand, the Federal Reserve began increasing the Federal Funds Effective Rate in the first quarter of 2022, with its most recent increase announced on March 22, 2023. A continued increase in interest rates may also result in an increase in the amount paid by the Company to service debt, which could in turn adversely affect the Company’s financial condition and results of operations. The Company has available a variety of financial strategies to protect against rising interest rates and inflationary pressures. Specifically, the Company may enter into interest rate swaps, interest rate caps and other hedging measures. In November 2022, the Company entered into a 2-year interest rate cap to set the benchmark rate on the Courtyard portfolio loan, and had benefited from monthly interest rate savings since December 2022 as a result. While the Company’s portfolio and strong and stable hospitality business base provide the Company with an ability to be flexible to navigate these volatile economic conditions, there can be no assurance regarding the impact of a significant economic contraction or recession on the business, results of operations and financial position of the Company.

At December 31, 2022, 23% (2021: 24%) of the Company's indebtedness was issued at fixed rates.

The following table illustrates the sensitivity of net income (loss) to a reasonably possible change in interest rates of +/- 1% at December 31, 2022 (2021: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Net Income (Loss)	
Year ended December 31,	1%	(1%)
2022	750	(1,329)
2021	1,323	(1,323)

(b) Credit risk

The Company operates as a hospitality manager and owner, as well as a developer of real estate. As a developer, the Company’s exposure is minimal as there are no projects at December 31, 2022 that have agreements of purchase and sale with uncollected balances.

The Company is also exposed to credit risk on certain financial assets recognized at the reporting date, as summarized below:

(in thousands of Canadian Dollars)

	As at December 31, 2022	As at December 31, 2021
Cash and cash equivalents	19,503	61,489
Trade receivables and other receivables	16,445	* 10,012
Restricted bank deposits	11,591	17,471
Loans to purchasers	90,932	97,973
Long-term receivables	359	* 8,396
	138,830	195,341

* Reclassified.

The Company continuously monitors defaults of customers and other counterparties. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties.

(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in accessing capital and refinancing its financial obligations as they come due. The Company manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group's remaining contractual maturities are as follows:

	Current	2 Years	3 Years	4 Years	5 Years	6 Years & Later
As at December 31, 2022						
Loans and leases payable (*)	43,356	16,253	17,277	17,663	148,604	32,017
Bonds (*)	6,707	45,120	—	—	—	—
Trade payables	5,832	—	—	—	—	—
Other payables and credit balances	19,666	—	—	—	—	—
	75,561	61,373	17,277	17,663	148,604	32,017
As at December 31, 2021						
Loans and leases payable (*)	159,037	3,108	20,558	755	1,347	—
Bonds (*)	6,508	6,290	42,419	—	—	—
Trade payables	10,889	—	—	—	—	—
Other payables and credit balances	20,063	—	—	—	—	—
	196,497	9,398	62,977	755	1,347	—

(*) Including cash flows for both principal and interest.

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

(d) Foreign Exchange currency risk

Foreign exchange risk is the financial risk exposure to unanticipated changes in the exchange rate between two currencies. The Company's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily Canadian Dollars and US Dollars) with the cash generated from their own operations in that currency.

On December 31, 2022 $238,703 or 99.26% (2021: $221,746 or 99.17%) of the Company's indebtedness for borrowed money was denominated in US dollars.

(in thousands of Canadian Dollars)

Assets and liabilities of the Company by currency category, at December 31:

	2022				2021			
	CAD	USD	NIS	Total	CAD	USD	NIS	Total
Assets:								
Cash and cash equivalents	9,876	8,939	688	19,503	51,940	9,666	(117)	61,489
Trade receivables and Other receivables	11,539	5,265	—	16,804	* 12,858	5,550	—	18,408
Restricted bank deposits	4,458	6,886	247	11,591	4,977	11,247	1,247	17,471
Financial derivative	—	4,160	—	4,160	—	—	—	—
Other investments measured at fair value through profit or loss	36,880	—	—	36,880	* 28,808	—	—	28,808
Loans to purchasers	90,932	—	—	90,932	97,973	—	—	97,973
Total financial assets	153,685	25,250	935	179,870	196,556	26,463	1,130	224,149
Non-financial assets	16,056	413,350	71	429,477	15,672	339,883	—	355,555
Total assets	169,741	438,600	1,006	609,347	212,228	366,346	1,130	579,704

	2022				2021			
	CAD	USD	NIS	Total	CAD	USD	NIS	Total
Liabilities:								
Trade payables	1,386	4,446	—	5,832	7,215	3,674	—	10,889
Other payables and credit balances	9,656	14,020	—	23,676	10,406	11,366	—	21,772
Loans and leases payable	1,787	192,401	—	194,188	1,856	174,699	—	176,555
Bonds	—	46,302	—	46,302	—	47,047	—	47,047
Total financial liabilities	12,829	257,169	—	269,998	19,477	236,786	—	256,263
Total non-financial liabilities	5,766	17,617	—	23,383	11,319	16,411	(1,365)	26,365
Total liabilities	18,595	274,786	—	293,381	30,796	253,197	(1,365)	282,628
Financial assets net of financial liabilities	140,856	(231,919)	935	(90,128)	177,079	(210,323)	1,130	(32,114)
Total assets, net of total liabilities	151,146	163,814	1,006	315,966	181,432	113,149	2,495	297,076
Revenue	3,496	130,204	—	133,700	47,159	89,587	—	136,746

* Reclassified.

The following table illustrates the sensitivity of net income and equity to a reasonably possible change in USD exchange rate of +/- 5% at balance sheet dates. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average foreign exchange rates for each period, and the financial assets and liabilities held at each reporting date that are sensitive to changes in exchange rates. All other variables are held constant.

(in thousands of Canadian Dollars)

	2022		2021	
	5%	(5%)	5%	(5%)
Impact on assets	1,263	(1,263)	1,323	(1,323)
Impact on liabilities	(12,858)	12,858	(11,839)	11,839
Impact on net income (loss) for the year	(124)	124	147	(147)

(e) Asset and liabilities of the Company by expected settlement or recovery period, at December 31:

	2022			2021		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
Assets:						
Cash and cash equivalents	19,503	—	19,503	61,489	—	61,489
Trade receivables, other receivables and prepayments	20,695	—	20,695	13,136	—	13,136
Inventories	1,102	6,694	7,796	980	7,034	8,014
Loans to purchasers	1,848	89,084	90,932	2,022	95,951	97,973
Restricted bank deposits	1,618	9,973	11,591	4,727	12,744	17,471
Other investments measured at fair value	—	36,880	36,880	—	28,808	28,808
Financial derivative	—	4,160	4,160	—	—	—
Investment properties	—	13,046	13,046	—	11,971	11,971
Property, plant and equipment	—	401,506	401,506	—	328,390	328,390
Other non-current assets	—	3,238	3,238	—	12,452	12,452
	44,766	564,581	609,347	82,354	497,350	579,704

	2022			2021		
	Within 12 months	More than 12 months	Total	Within 12 months	More than 12 months	Total
Liabilities:						
Loans and leases payable	25,059	1,727	26,786	150,833	1,617	152,450
Bonds - current maturities	3,828	—	3,828	3,569	—	3,569
Trade payables	5,832	—	5,832	10,889	—	10,889
Other payables and credit balances	16,316	6,111	22,427	* 17,231	* 5,730	22,961
Deferred revenue	4,626	—	4,626	4,568	—	4,568
Income taxes payable	—	—	—	5,155	—	5,155
Loans and leases payable	—	167,402	167,402	—	24,105	24,105
Bonds	—	42,474	42,474	—	43,478	43,478
Other liabilities	—	2,648	2,648	—	89	89
Deferred tax	—	17,358	17,358	—	15,364	15,364
	55,661	237,720	293,381	192,245	90,383	282,628
Total assets, net of total liabilities	(10,895)	326,861	315,966	(109,891)	406,967	297,076

* Reclassified.

(f) Capital Management Policies and Procedures

The Company' s capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

(in thousands of Canadian Dollars)

The Company defines capital as the aggregate of shareholders' equity, loans and leases payable, and bonds, less cash and cash equivalents.

The Company seeks to maintain a debt to capital ratio of 70%, in-line with bond rating obligations.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarized as follows:	**As at December 31,**	
	2022	**2021**
Shareholders' equity	280,458	266,249
Loans and leases payable	194,188	176,555
Bonds	46,302	47,047
Cash and cash equivalents	(19,503)	(61,489)
Total capital	501,445	428,362
Debt to total capital ratio	48%	52%

28 - Segmented information

Hospitality segments

The chief operating decision maker reviews and analyzes the US hospitality operations as a separate segment, which includes the Hyatt Regency Arcade and the Renaissance Hotels located in Cleveland, Ohio, the 14 Hotels branded Marriott Courtyard located in 10 different states and the Bear Valley Resort located in California. The Canadian hospitality operations include the Deerhurst and Horseshoe resorts located in Ontario, Canada. Deerhurst and Horseshoe were sold as part of the Freed Transaction during 2021 (see note 4). The chief operating decision maker will not review Deerhurst and Horseshoe as stand-alone entities going forward. The Company continues to review potential acquisitions for Canadian properties that meet its investment criteria.

Development segment

Management operates the development assets regardless of their accounting classification, as one operating segment. Therefore, the chief operating decision maker reviews and analyzes all land (both accounted for IAS 40 and IAS 2) under the development segment, together.

Business segments are classified as follows:

US hotels and resorts	Acquisition, ownership and management of hotels and resorts in the US
Canadian hotels and resorts	Acquisition, ownership and management of hotels and resorts in Canada
Development	Acquisition, development and sale of real estate properties and lands

The chief operating decision maker reviews the results of other investments measured at FV through profit or loss on an aggregated basis.

(in thousands of Canadian Dollars)

Segmented financial information is as follows:

	US hotels and resorts	Canadian hotels and resorts	Development	Total
For the year ended December 31, 2022				
Revenue	130,204	1,926	1,570	133,700
Costs and expenses	(105,083)	488	(1,033)	(105,628)
	25,121	2,414	537	28,072
Selling and marketing expenses				(80)
Administrative and general expenses				(8,265)
Depreciation				(14,409)
Gain from fair value adjustments of investment properties				497
Gain from fair value adjustments of financial instruments				8,261
Derecognition of investment costs and other capital losses, net				(4)
Other expense				(522)
Financial expense				(18,583)
Financial income				4,963
Loss before income taxes				(70)

	US hotels and resorts	Canadian hotels and resorts	Development	Total
For the year ended December 31, 2021				
Revenue	89,587	39,706	7,453	136,746
Costs and expenses	(67,687)	(28,525)	(7,677)	(103,889)
	21,900	11,181	(224)	32,857
Selling and marketing expenses				(266)
Administrative and general expenses				(8,090)
Impairment of real estate properties				(2,491)
Depreciation				(17,992)
Gain from fair value adjustments of investment properties				30,976
Gain from fair value adjustments of financial instruments				14
Derecognition of investment costs and other capital losses, net				7,220
Other expense				(656)
Financial expense				(18,913)
Financial income				1,413
Profit before income taxes				24,072
For the year ended December 31, 2020				
Revenue	54,702	36,782	37,878	129,362
Costs and expenses	(51,581)	(28,544)	(34,820)	(114,945)
	3,121	8,238	3,058	14,417
Selling and marketing expenses				(933)
Administrative and general expenses				(5,600)
Impairment of real estate properties				(1,180)
Depreciation				(20,250)
Gain from fair value adjustments of investment properties				4,569
Other expense				(69)
Financial expense				(18,656)
Financial income				1,222
Loss before income taxes				(26,480)

(in thousands of Canadian Dollars)

	US hotels and resorts	Canadian hotels and resorts	Development	Total
As at December 31, 2022				
Assets *	438,523	101,716	69,108	609,347
Liabilities	(274,628)	(4,269)	(14,484)	(293,381)
	163,895	97,447	54,624	315,966
As at December 31, 2021				
Assets *	366,275	117,999	95,430	579,704
Liabilities	(253,119)	(5,854)	(23,655)	(282,628)
	113,156	112,145	71,775	297,076
* As at December 31, 2022 Financial assets included within the assets:	25,173	99,231	55,466	179,870
* As at December 31, 2021 Financial assets included within the assets:	26,390	115,494	82,265	224,149

29 - Subsequent events

(a) On February 8, 2023, with Board approval, the Company completed the donation of the Keewatin passenger ship to a local charity under a special Canadian federal government gifting program. The resulting donation will allow Skyline to receive donation receipt for an amount yet to be determined by a Canadian government authority, that will provide the company with a deferred tax benefit. The carrying value of the Keewatin as at Dec 31, 2022, is approximately $3.9 million ($2.2 million in Property, Plant and Equipment; $1.7 million in Other Receivables). As part of the donation, the company may have to provide up to $1 million of cash donation on December 31, 2023.