

# Corporate Presentation

March 31, 2022

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



# Cautionary Statement

## General

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## Forward-Looking Information

This presentation may include forward-looking information within the meaning of applicable Canadian and Israeli securities legislation relating to the business of the Company, including forecasts, evaluations, estimates and other information regarding future events and issues. In some cases, forward-looking information can be identified by using terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts.

Forward-looking information in this presentation is based on current estimates and assumptions made by the Company's management, including, without limitation, a reasonably stable North American economy, the strength of the U.S. lodging industry, and the competitive ability of the Company. Although the forward-looking information contained in this presentation is based on what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with such information. Forward-looking information involves risks and uncertainties, including factors that are not within the Company's control, each of which, or a combination of them, may materially affect the Company's operating results and cause the actual results to substantially differ from the forward-looking information.

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For greater certainty, the Company's strategy and plans contained in this presentation as of the date of publication may change depending on the resolutions of the Board of Directors of the Company, as may be held from time to time.

## Non-IFRS Measures

In this presentation, the Company uses certain non-IFRS financial measures, which include net operating income ("NOI"), funds from operations ("FFO"), adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and NOI (EBITDA) which are not measures recognized under International Financial Reporting Standards ("IFRS") and do not have standardized meanings prescribed by IFRS, and should not be compared to or construed as alternatives to profit/loss, cash flow from operating activities or other measures of financial performance determined in accordance with IFRS. NOI, FFO, Adjusted EBITDA and NOI (EBITDA), as computed by the Company, may differ from similar measures as reported by other companies in similar or different industries. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. However, these non-IFRS measures are recognized supplemental measures of performance for real estate issuers widely used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties, and the Company believes they provide useful supplemental information to both management and readers in measuring the financial performance of the Company. Further details on non-IFRS measures are set out in the Company's Management's Discussion and Analysis for the period ended March 31, 2022 and available on the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or MAGNA at [www.magna.isa.gov.il](http://www.magna.isa.gov.il) and are incorporated by reference into this presentation.



**We're creating one of North America's leading hospitality real estate investment companies, with a focus on value-add income producing select-service hotels mainly in suburbs of major metropolitan areas.**

Skyline seeks to create shareholder value and deliver superior risk adjusted returns through the acquisition of income producing hotel properties and with some select repositioning investments, with a focus on active asset management and creativity.



- Select service is a segment of the hotel industry that focuses on mid-market business travelers during the week and family travel on the weekend, providing stable and predictable cash flow
- Select service hotels are typically smaller properties that are located in suburban markets and are not considered luxury services, resulting in less volatility during economic downturns
- Select service hotels include “extended stay” hotels, which are typically used by business travelers who travel to a particular location for multiple weeks or months, and feature the benefits of apartment-style living with the convenience of a hotel stay



16

Income Producing Assets

2,749

Guestrooms

\$561m/\$296m

Total Assets/Equity

53%

Equity to Total Assets Ratio

Baa1.il

(Stable Outlook)

Bond Rating

**Blake Lyon CA, CPA**  
CEO



Blake Lyon has extensive experience in hotel and resort asset management in Canada and internationally. Before joining Skyline, Mr. Lyon served as the CEO of some of the largest family offices in Canada and was responsible for the management of real estate assets totaling CAD \$9B, and was VP Finance and CFO at Brookfield.

**Robert Waxman, CPA**  
CFO



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

**Ben Novo-Shalem**  
VP, Asset Management

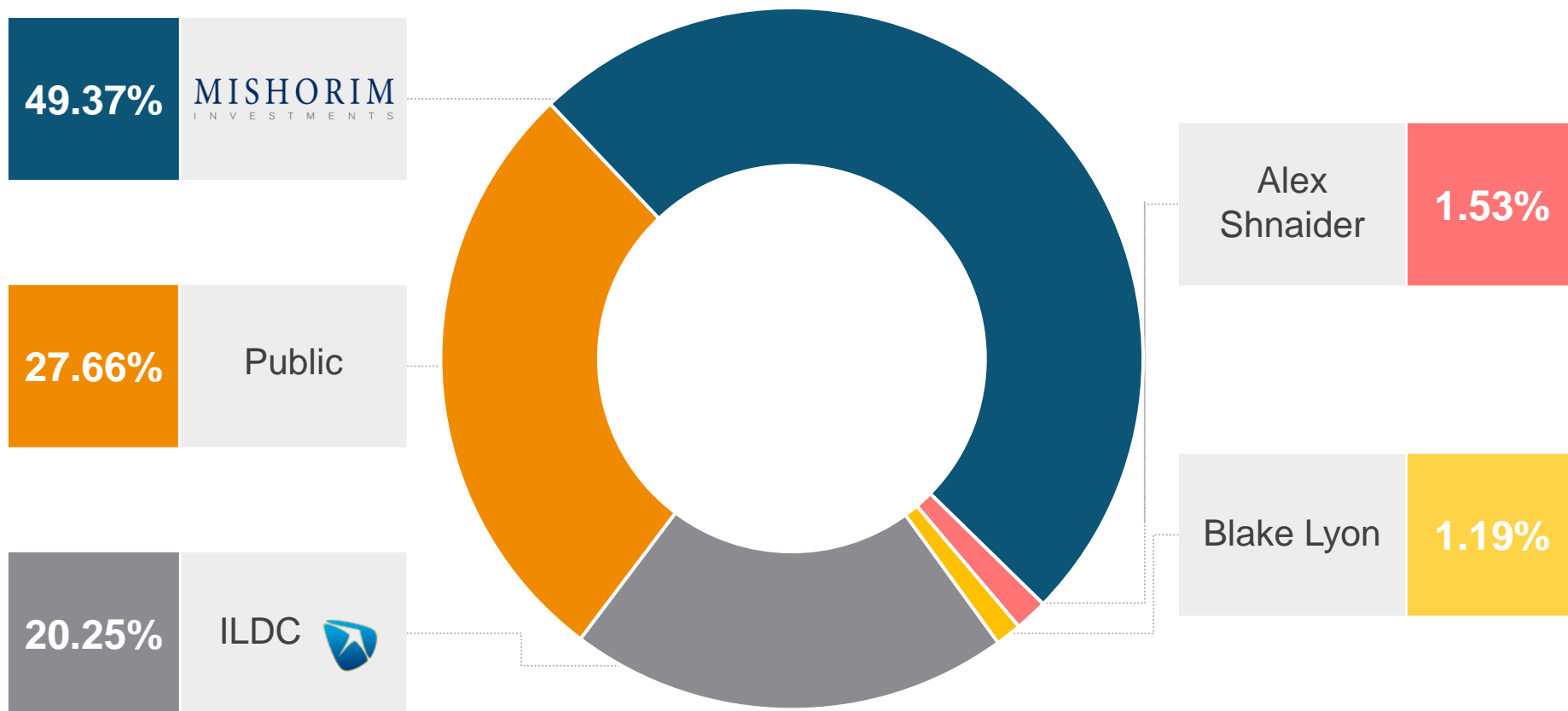


In his previous position, Ben Novo-Shalem served as the head of the research department and was in charge of the income-producing real estate sector at Epsilon Investment.

**Adam Cohen, CPA**  
VP, Finance



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





## Skyline's Strategy

Acquisition of value-add, income producing select-service hotel properties

Investment in hotel renovations to improve earnings, cash flow and value

Continued monetization of non-hotel assets as a source of equity to fuel growth

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

## Acquisition Targets

Focus on the US and Canada

Stabilized in-place income

Strong potential growth

Strong demand generators

Limited new supply

Low seasonality

Acquisition cost below replacement cost

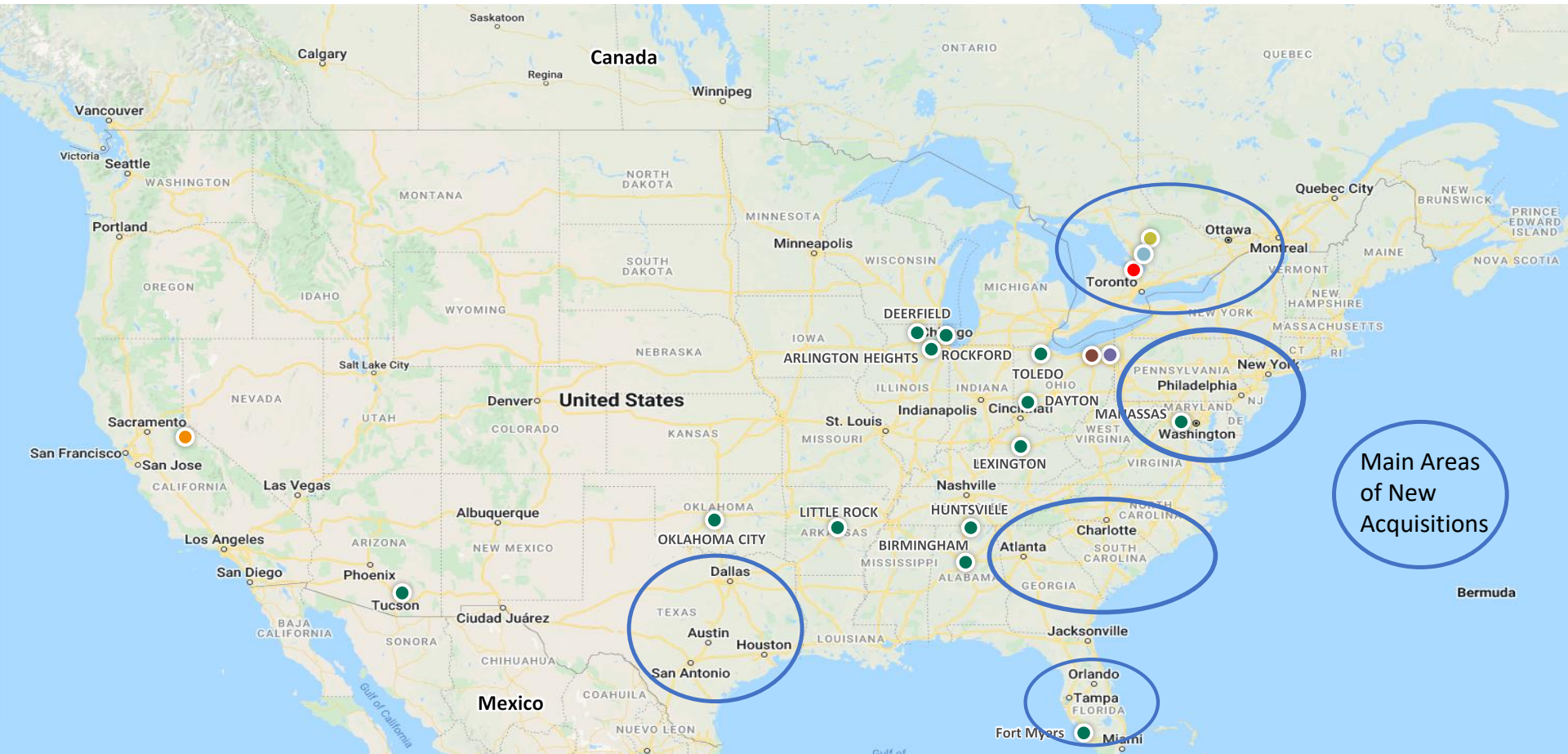
Value add repositioning with JV partners





# Portfolio Map and Acquisition Focus

SKYLINE  
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Main Areas  
of New  
Acquisitions

16 INCOME PRODUCING ASSETS | 2,749 HOTEL ROOMS | 15 CITIES IN THE US AND CANADA



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## Main Operating Assets in the United States



The Hyatt Regency Arcade,  
Cleveland, OH



# 13 Courtyard by Marriott Hotels

## PROPERTIES OVERVIEW (USD)

Location	Brand	Management	Service Level	Date of Acquisition
9 States	Courtyard by Marriott	Aimbridge, Urgo	Select Service	November 14 <sup>th</sup> , 2017
Number of Rooms	Acquisition Price	Price Per Room	New Mortgage – April 2022	Capital Credit Line
1,913	\$135,000,000	\$70,500	\$92,125,000	\$30,000,000



	2019	2020	2021
Revenue	52,098	22,347	36,464
NOI	14,085	3,052	7,979
NOI/Revenue	27%	14%	22%

## HISTORICAL PERFORMANCE (000's USD)



# Hyatt Regency Arcade

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HYATT  
REGENCY®  
CLEVELAND





## Overview

The historical Cleveland Arcade was built by John D. Rockefeller in 1890

The hotel is an attractive event destination and hosts 60 to 80 weddings and other events a year

## Details

**Location** | Cleveland, USA

**Number of Rooms** | 293

**Meeting Space** | 7,000 Sf

**Franchise** | Hyatt Regency

**Management Company** | Hyatt

## Improvements

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

## Future Potential

- Increasing NOI as the USD \$465M Cleveland Convention Center is expected to grow in popularity
- Continued rental of the commercial areas
- Expectation of growth in the Cleveland economy leading to an increased number of visitors



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

# Renaissance Cleveland Hotel

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R  
RENAISSANCE®  
CLEVELAND HOTEL





## Overview

Historical Heritage asset established in 1918 as The Cleveland Hotel

Notable visitors in the hotel's history: Dwight D. Eisenhower, Gerald Ford, Martin Luther King and The Beatles

The hotel is located in the City's CBD near the main square

The city invested about USD \$40M in the renovations of the public square as part of an urban renewal strategy

## Details

Location	Cleveland, USA
Number of Rooms	491
Meeting Space	34 conference rooms, about 65,000 Sf
Owned Parking Spaces	300 Spaces
Franchise	Renaissance
Management Company	Aimbridge
Ownership <sup>1</sup>	50%

## Improvements

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

## Future Potential

- Increasing NOI as the USD \$465M Cleveland Convention Center is expected to grow in popularity
- Continued rental of the commercial areas
- Expectation of growth in the Cleveland economy leading to an increased number of visitors



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

# Transformational Transaction – Sale of Canadian Resorts

- Skyline completed the majority sale of its Canadian resorts for an aggregate purchase price of CAD \$210M in December 2021
- Freed Corp, through a newly formed subsidiary, Resort Communities LP ("Resort LP") then combined these assets with Muskoka Bay Resort based on an agreed value of CAD \$90M
- Skyline received approximately CAD \$104M in net cash inflows on closing, as well as CAD \$68M in loans receivable and an equity investment of 29%
- The transaction represents a 20% premium to IFRS book value as of June 30, 2021



# Other Legacy Assets Totaling CAD \$165M

## **Bear Valley Resort, California – CAD \$20M gross book value**

- 3 hours from San Francisco; 1,700 acres, 52 room hotel, expansion options



## **Short-term equity and 29% interest in Resorts Communities LP – CAD \$36M book value**

### **Vendor Take Back Loans – CAD \$97M book value**

- CAD \$60M from Freed Corp for sale of Canadian resorts
- CAD \$30M from buyer of Port McNicoll land
- CAD \$7M from other legacy projects

## **Other assets - CAD \$11M book value**

Residual interest in Deerhurst, Horseshoe, Muskoka Bay resorts and Blue Mountain lands

Payable over four years at 5% interest rate

Payable over five years at 2.5% interest rate

Staggered repayment between 2022 and 2024

Residual land and Keewatin



- **Q1 2022 same asset revenue<sup>1</sup>** increased by **60%** to **CAD \$32.0M** compared to CAD \$20.0M in Q1 2021, due to improved demand at our US hotels
- **Q1 2022 same asset NOI<sup>1</sup>** increased by **83%** to **CAD \$8.2M** compared to **CAD \$4.5M** in Q1 2021, driven by improved demand and expense management at our US hotels
- **Q1 2022 adjusted EBITDA<sup>1</sup>** was **CAD \$6.2M** compared to CAD \$6.7M in Q1 2021. 2021 figures include approximately CAD \$3.9M of earnings from the Canadian resorts, which were sold in December 2021 and are not included in 2022 figures
- **Q1 2022 net income attributable to shareholders** was **CAD \$1.0M** compared to net income of CAD \$0.2M in Q1 2021
- **Q1 2022 FFO<sup>1</sup>** grew by **58%** to **CAD \$5.3M** compared to Q1 2021 FFO CAD \$3.3M
- **Unrestricted cash and cash equivalents** was **CAD \$44.5M**, a decrease of CAD \$17.0M compared to December 31, 2021 and an increase of \$20.3M relative to Q1 2021

(1) This is a non-IFRS measure. See "Non-IFRS Measures" for additional information.

- Skyline announced that it had entered into an agreement to purchase the Courtyard by Marriott hotel in Ithaca, New York for USD \$11.3M plus customary closing costs; closing is expected to occur during Q2 2022
- Completed the largest corporate transaction in its 20-year history with the sale of Deerhurst, Horseshoe, and the remaining development lands at Blue Mountain for **CAD \$210M** in Q4 2021
- Entered into two agreements for the conditional sale of 90% its interest in the Renaissance hotel and 100% of its interest in the Hyatt hotel to an unrelated third-party in the amount of **USD \$95.2M**. The transaction, if completed, is expected to close during the second quarter of 2022
- Closed a new 5-year term loan in April 2022 with a large financial company to refinance the mortgage on 12 of Skyline's Courtyard by Marriott hotels
- **In April 2022, Skyline announced a share repurchase plan, which will be in effect until March 31, 2023, and has a maximum purchase amount of CAD \$5 million**
- Midroog rating agency reconfirmed the Company's debt rating at Baa1, and upgraded their outlook for the Company from negative to stable

# Summary of Periodic Results

<i>CAD '000</i>	Q1 2022	Q1 2021	YE 2021
Revenue from Hotels and Resorts	32,023	28,191	129,293
Sale of Residential Real Estate	267	2,916	7,453
<b>Total Revenue</b>	<b>32,290</b>	<b>31,107</b>	<b>136,746</b>
NOI from Hotels and Resorts	8,211	8,254	33,081
<b>Total Adjusted EBITDA</b>	<b>6,188</b>	<b>6,714</b>	<b>24,501</b>
<b>FFO</b>	<b>5,254</b>	<b>3,332</b>	<b>12,312</b>
Same Asset Revenue	32,023	19,997	90,150
Same Asset NOI	8,211	4,491	22,260





# Balance Sheet Highlights

<i>CAD '000, except where noted</i>	March 31, 2022	December 31, 2021
<b>Total Assets</b>	<b>560,915</b>	<b>579,704</b>
Gross Debt <sup>1</sup>	220,384	223,602
Cash and Equivalents	44,445	61,489
<b>Net Debt</b>	<b>175,939</b>	<b>162,113</b>
Shareholders' Equity	265,379	266,249
Non-Controlling Interest	30,192	30,827
<b>Total Equity</b>	<b>295,571</b>	<b>297,076</b>
Shareholders' Equity Per Share	\$15.85	\$15.90
<b>Net Debt to Net Assets Ratio<sup>2</sup></b>	<b>34%</b>	<b>31%</b>
<b>Total Equity to Total Assets Ratio</b>	<b>53%</b>	<b>51%</b>



(1) Gross debt is defined as total current and non-current loans payable and bonds, net of unamortized deferred financing costs as presented on the Company's balance sheet.

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

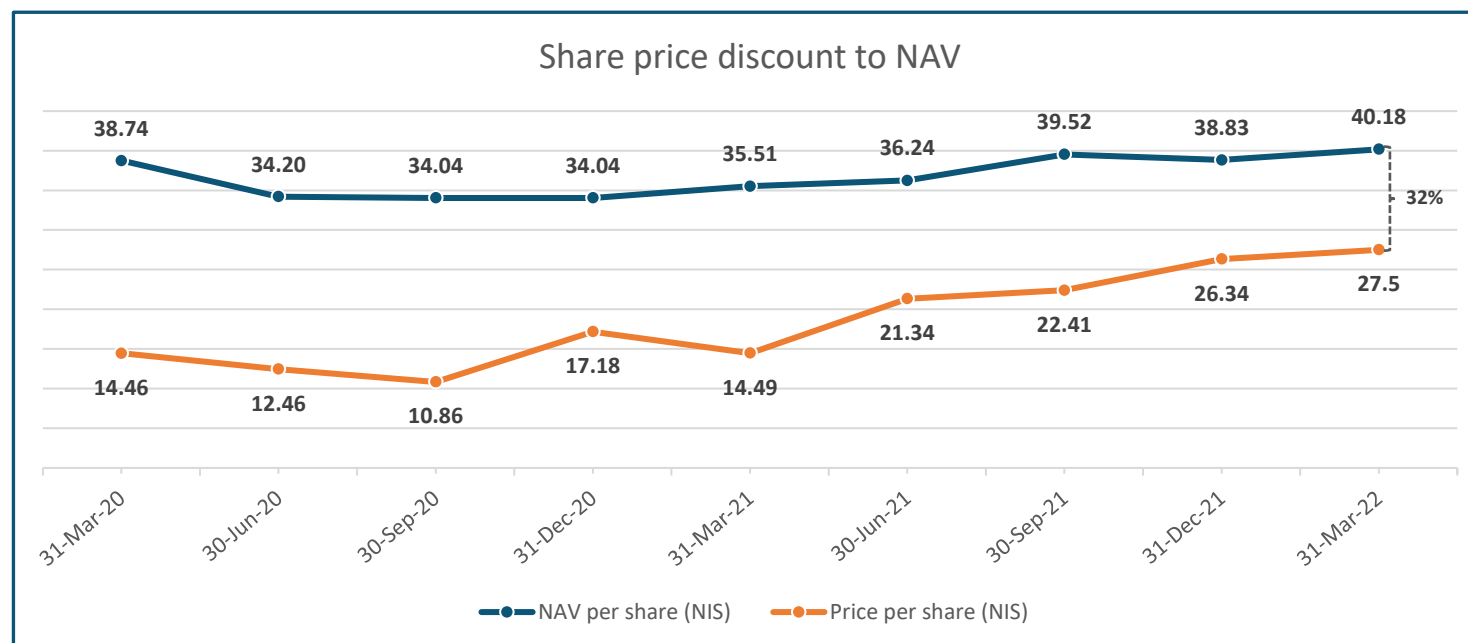
New capital focus in 2022/2023 and thereafter:

- Acquiring select-service hotels, which will provide more stable and predictable earnings and cash flow growth
- Select-service hotels are much more predictable due to their stable customer base of business travelers during the week, and family travel on the weekend
- Select-service hotels are not luxury services and therefore are less discretionary in difficult economic times
- Skyline will continue to examine opportunities in both Canada and the US, mainly in suburbs of select metropolitan areas
- Skyline will continue to support its other legacy assets while it continues to opportunistically monetize this asset base and rotate capital toward the select-service segment

Focus	New Capital Allocation	Existing Assets and Future Acquisitions
<b>Select-Service Hotels</b>	90%	<ul style="list-style-type: none"> <li>■ 13 Courtyard Hotels</li> <li>■ New Acquisitions in US and Canada</li> </ul>
<b>Other Assets</b>	10%	<ul style="list-style-type: none"> <li>■ VTB Collections</li> <li>■ 29% Interest in Freed Resort</li> <li>■ Bear Valley Resort</li> <li>■ Share buyback</li> <li>■ Special JV Hotel Acquisitions</li> </ul>



NAV was 40.18 NIS per share<sup>1</sup> compared to the share price on March 31, 2022 of 27.50 NIS, a discount of 32%



(1) Excluding non-controlling interest.

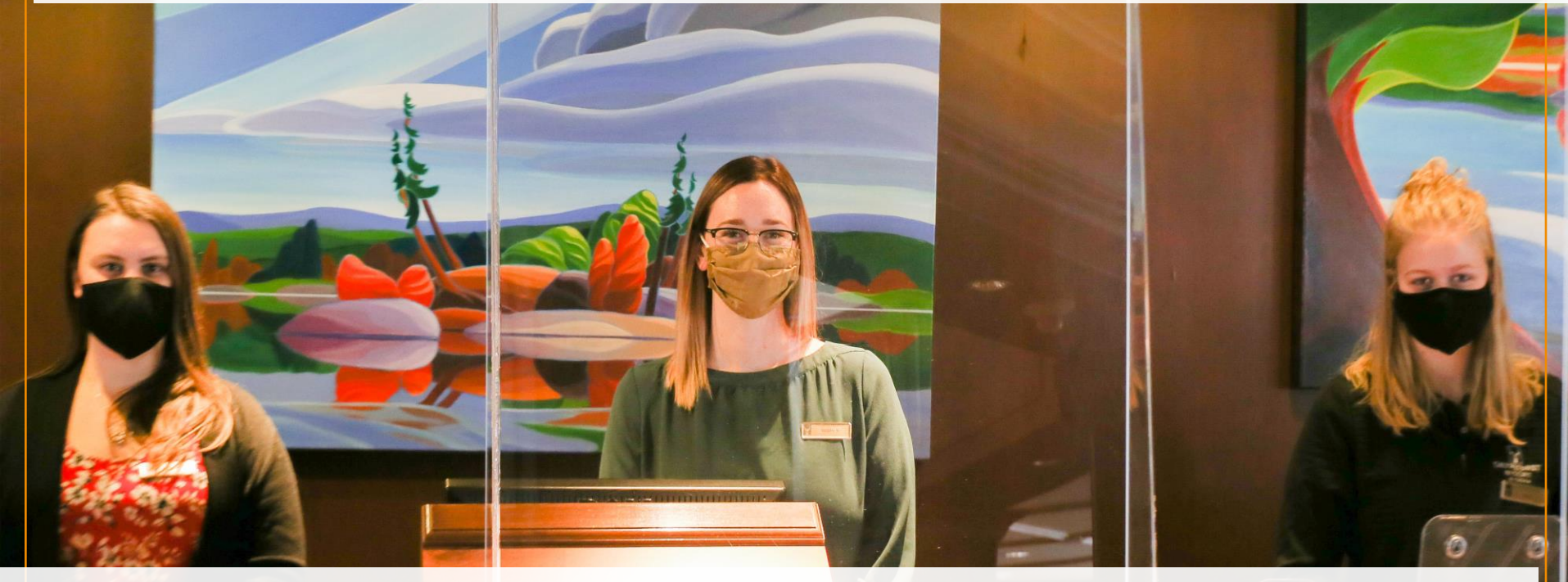
- Total equity to total assets ratio of 53%
- Low LTV (52% for hotels and resorts)
- Cash balance of CAD \$44.5M
- Additional net cash flow of CAD \$106M during the next 5 years from VTBs
- In December 2021, Skyline completed the largest corporate transaction in its 20-year history with the sale of Deerhurst, Horseshoe, and the remaining development lands at Blue Mountain for CAD \$210M, which was approximately CAD \$30M in excess of IFRS book value<sup>1</sup>, demonstrating the true value of the assets
- Annual cash flow from the Freed Transaction VTB and corporate overhead cost savings will be similar to normalized adjusted cash flow previously being received from the resorts being sold
- Reinvestment of the proceeds from the Freed transaction is expected to increase Skyline's cash flow
- Skyline expects good opportunities in 2022-2023 to redeploy cash from the Freed Transaction and other VTBs
- Sale is a significant, game-changing event for Skyline and will lower the company's risk profile substantially

(1) As of June 30, 2021.



- Select-service focus on properties in both Canada and US
- Proven and experienced internal management team
- Strong relationship with Marriott
- Strategic partnerships providing ability to renovate assets in any state or province
- Diversified third-party hotel management relationships
- Management's broad expertise in hospitality ownership
- Diversified lender relationships
- Israel bond market access and knowledge
- Dual TASE/TSX listing potential
- Management's ability to execute on corporate transactions

# Thank You!



## Questions?

Please contact Rob Waxman | Chief Financial Officer  
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[WWW.SKYLINEINVESTMENTS.COM](http://WWW.SKYLINEINVESTMENTS.COM)

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# Net Asset Value (in 000's CAD)

	Ownership	BV	2021 NOI	TTM NOI	NOI/BV	Loan Balance March 31, 2022	LTV	Equity
<b>Hotels and Resorts</b>								
Hyatt Regency Arcade	100%	63,605	4,556	4,752	7.5%	21,451	34%	42,154
Renaissance Hotel	50%	63,480	3,957	3,698	5.8%	25,721	41%	37,759
Courtyard Hotels	100%	182,717	9,938	13,087	7.2%	122,416	67%	60,301
Bear Valley Resort	100%	19,874	3,448	3,897	19.6%	-	0%	19,874
<b>Total Hotels and Resorts</b>		<b>329,676</b>	<b>21,899</b>	<b>25,434</b>	<b>7.7%</b>	<b>169,588</b>	<b>52%</b>	<b>160,088</b>
Other		258	1,487	1,353		4,497		(4,239)
<b>Total Hotels and Resorts per Consolidated FS</b>		<b>329,934</b>	<b>23,386</b>	<b>26,787</b>	<b>8.1%</b>	<b>174,085</b>	<b>53%</b>	<b>155,849</b>
Average Interest Rate <sup>(1)</sup>						4.27%		
<b>Lands</b>								
Deerhurst Lands	100%	6,019				1,670	28%	4,349
Port McNicoll	100%	4,383						4,383
<b>Total Lands</b>		<b>10,402</b>				<b>1,670</b>	<b>16%</b>	<b>8,732</b>
<b>Total Real Estate</b>		<b>340,336</b>	<b>23,386</b>	<b>26,787</b>	<b>7.9%</b>	<b>175,755</b>	<b>52%</b>	<b>164,581</b>
Cash and Cash Equivalents		44,445						
Vendor Take Back Loans		97,101						
Equity Investment		28,238						
Receivables & Other		50,795						
<b>Total Assets per Financial Statements</b>		<b>560,915</b>				<b>175,755</b>		
Debt (incl. Bonds)		220,326	Including Unsecured Series B Bonds			44,571		
PPP loans		58				58		
Payables & Other		29,276				5.90%		
Deferred Tax		15,684						
<b>Total Liabilities</b>		<b>265,344</b>						
Non-Controlling Interest		30,192						
Equity Attributable to Shareholders of the Company		265,379						
<b>Total Equity</b>		<b>295,571</b>	<b>Total Debt, incl. bonds</b>			<b>220,384</b>		<b>295,571</b>
Number of Shares, 000		16,745				4.56%		
<b>Equity per Share (CAD)</b>		<b>15.85</b>						
<b>Equity per Share (NIS)</b>		<b>40.19</b>						

Exchange rate NIS/CAD (as of March 31, 2022) is 0.394

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

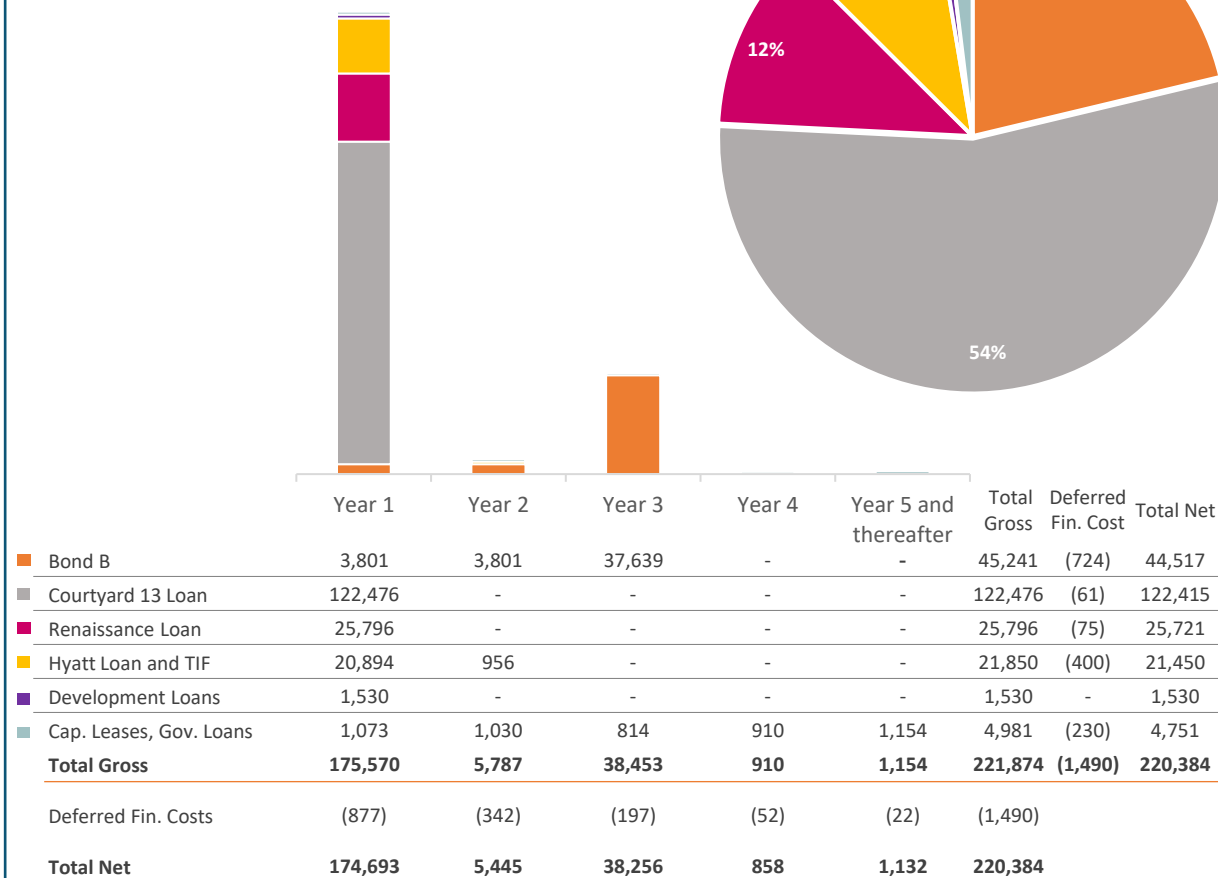


# Debt Composition and Maturities

- **Bond B** – Payments are current
- **Renaissance Loan** – due June 16, 2022. The Company is in the process of negotiating a long-term extension with its current lender, who has agreed to extend the existing term in order to allow the parties to finalize such extension
- **Hyatt Loan** – Due March 16, 2023. The Company is in the process of securing long-term financing for the Hyatt
- **Courtyard Portfolio Loan** – Closed on a new 5-year loan bearing interest at SOFR +5.54%. Proceeds on close were USD \$92.13M, with USD \$30.0M available as a line of credit to finance future renovations
- **Development loans** – Multi-year revolvers tied to a project and classified as short-term because the development cycle is greater than 1 year
- **Property level mortgage debt** can be refinanced or sold at maturity

As of March 31, 2022 (CAD'000)

Weighted Average Term Maturity – 0.72 years  
Weighted Average Interest Rate – 4.56%



# Asset Ownership Breakdown

Property	Property Owner	Manager	Brand/Franchise	Leased
<b>Bear Valley</b>	Skyline	Skyline	Independent	None
<b>Hyatt Regency Cleveland</b>	Skyline	Hyatt	Hyatt Regency	None
<b>Marriott Renaissance Cleveland</b>	Skyline	Aimbridge	Marriott Renaissance	None
<b>Marriott Courtyard Hotels</b>	Skyline	Aimbridge, Urgo	Courtyard by Marriott	None

	Owned	Managed	Franchised	Leased
<b>Description</b>	Owned and operated by an owner who bears all the costs associated with the hotel but also benefits from all of the income	Owner of a hotel uses a third-party manager to operate the hotel on its behalf and pays the manager management fees	Owned and operated by an owner under a third-party brand name, and the owner pays a brand licensing fee to the brand owner	Owner-operator of a hotel does not have outright ownership of the hotel but pays rental fees to the ultimate owner of the property
<b>Owner's Income</b>	All revenues and profits after management and franchise fees	Fee % of revenue plus success fee	Fee % of room revenue	Rental Fee to Property Owner

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

VTB Loans (CAD'000)	Q2 – Q4 2022	2023	2024 and thereafter	Total
Second Nature <sup>1</sup>	(2,127)	1,400	-	(727)
Port McNicoll <sup>1</sup>	1,800	2,400	27,768	31,968
Blue Mountain Retail	-	-	3,800	3,800
Vetta Spa	-	-	804	804
<b>Total - Development</b>	<b>327</b>	<b>3,800</b>	<b>32,372</b>	<b>35,845</b>
<b>Freed Transaction VTB</b>	<b>1,112</b>	<b>1,483</b>	<b>67,378</b>	<b>69,973</b>
<b>Total VTB Inflows</b>	<b>1,439</b>	<b>5,283</b>	<b>99,750</b>	<b>105,818</b>

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