

Skyline Investments Inc. (the "Company")

November 16, 2022

Hon.
Tel Aviv Stock Exchange Ltd.
Vila Magna

Hon.
Israel Securities Authority
Via Magna

Dear Madam /Sir,

Re: Immediate Report pursuant to the Companies Law, 5759-1999 ("Companies Law"), the Securities Regulations (Periodic and Immediate Reports), 5730-1970 ("Reporting Regulations"), the Companies Regulations (Notice and Announcement of a General Meeting and Class Meeting in a Public Company and the Addition of Items to the Agenda), 5760-2000 ("Notice and Announcement Regulations"), and the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 ("Written Vote Regulations") , regarding the Convening of an Annual and Special General Meeting of Shareholders of the Company (the "Report")

The Company hereby announces the convening of an annual and special general meeting of the Company's shareholders, whose agenda includes the following items (the "Meeting").

1 Place, Date and Time of the Meeting

The Meeting shall be held on Monday, December 26, 2022, at 3:00 p.m., at the registered address of the Company, *i.e.* the offices of Mishorim Real Estate Investments Ltd. ("Mishorim") at 7 Masada Street, Bnei Brak (B.S.R Building No. 4, 14th floor) ("Mishorim Offices"). If, within half an hour of the time appointed for the Meeting, the quorum specified below is not present, the Meeting shall be adjourned to Monday, January 2, 2023 at the same time and place.

2 Items on the Agenda and Proposed Resolutions

2.1 Presentation and Discussion of the Financial Statements and the Board of Directors' Report

Presentation and discussion on the Financial Statements and the Board of Directors' Report for the year ended December 31, 2021. The financial statements and the Board of Directors' Report, which are attached to the Company's periodic report for 2021 as published on March 13, 2022 (Reference No. 2022-01-024345) (the "2021 Periodic Report"). This item will not be voted on.

2.2 Appointment of Auditors for the Company

Reappointment of the accounting firm of Brightman Almagor Zohar and Co. (Deloitte) as the Company's auditor, and authorization of the Company's Board of Directors to fix their remuneration.

The Company's Financial Statements Review Committee, after holding a discussion on the work of the Auditor, recommended to the Board of Directors to reappoint the accounting firm of Brightman Almagor Zohar and Co. (Deloitte) as the Company's Auditor. During the discussion, the Financial Statements Review Committee addressed various aspects of the Auditor's work, and reviewed, *inter alia*, audits of companies operating in the same industry as the Company, the commitment to the audit quality, the inputs invested in the audit process, the use of experts' work (if relevant), and the Auditor's ability to identify and address the material risks and issues raised during the audit. The Committee received explanations on the rules of independence that apply to the Auditor and the audit strategy that the Auditor intends to implement. The Company's Financial Statements Review Committee was further satisfied that, based on the scope and complexity of the audit work and following negotiations between the Company and the Auditor, the fees paid to the Auditor for audit services in 2021 and 2022 are reasonable, proportionate, acceptable and appropriate for the scope of the Company's operations, and that the scope of the audit services rendered by the Auditor in 2021 and 2022 is reasonable, acceptable and adequate for proper audit work. The fee for 2023 shall be determined based on the expected number of audit hours, the scope and complexity of the audit work and following negotiations between the Company and the Auditor. The

Committee was also presented with a management overview regarding the ongoing interaction with the Auditor, work methods, nature of discussions, cooperation with other external experts and the Auditor's ability to identify and address the material risks and issues faced by the Auditor during the audit. According to the recommendation of the Financial Statements Review Committee, and after holding a discussion, the Board of Directors resolved to recommend to the Company's Shareholders to approve the reappointment of the Auditor.

The proposed resolution reads: "To re-appoint the accounting firm of Brightman Almagor Zohar & Co. (Deloitte) as auditors of the Company until the end of the next annual general meeting of shareholders and to authorize the Board of Directors of the Company to fix their remuneration."

2.3 **Amendment of By-Law No. 1 of the Company**

The *Business Corporations Act* (Ontario) ("OBCA") was amended effective July 2021, to remove the Canadian residency requirement for directors of a company incorporated pursuant to the OBCA. Accordingly, the Meeting is requested to approve the deletion of section 4.1 of the Company's By-Law No. 1 in order to remove the residency requirement in a manner consistent with the current legal status.

The proposed resolution reads: "To approve the deletion of section 4.1 of the Company's By-Law No. 1, in the form attached hereto as **Appendix A**."

2.4 **Reappointment of Incumbent Directors who are not External Directors**

Subject to approval of the amendment to By-Law No. 1 of the Company, the reappointment of Messrs. Shimshon Marfogel, Amir Tamari, Oded Setter and Alon Waxman as directors of the Company is proposed.¹

It should be noted that, in accordance with Sections 224 and 241 of the Companies Law, each of the directors has declared his competence to serve as a director, and that he has the necessary qualifications and ability to dedicate the appropriate time for the performance of his duties, and listed his qualifications as a director (the "**Directors' Declarations**"). The Directors' Declarations are attached as **Appendix B** to this Report.

For information about the directors, as required under Regulations 26 and 36b (a) (10) of the Reporting Regulations, see section 26 of Part D of the 2021 Periodic Report.

Mr. Alon Waxman has served as a director of the Company as of May 1, 2022.² Below are details about Mr. Alon Waxman, as required under Regulation 26 of the Reporting Regulations³:

Name:	Alon Waxman
Identity No.:	024861916
Date of Birth:	December 30, 1969
Address for Service of Court Documents:	7 Masada St., Bnei Brak
Citizenship:	Israeli
Membership of Board Committees:	No
External Director:	No
Accounting and Financial Expertise or Professional Qualification:	Yes
An employee of the Company or a subsidiary/affiliate of an interested party (specify the duties performed by him):	Chief Executive Officer of Mishorim Real Estate Investments Ltd., the controlling shareholder of the Company.
Date of commencement of term of office:	May 1, 2022

¹ On November 12, 2022, Mr. Neil J. Labatte resigned from the board of directors of the Company. For details, see immediate reports published by the Company on November 13, 2022 (reference: 2022-01-135985).

² See immediate report published by the Company on April 30, 2022 regarding the appointment of Mr. Alon Waxman as a director of the Company (reference number: 2022-01-052591).

³ It should be noted that the fee to which Mr. Waxman is entitled is assigned to Mishorim Real Estate Investments Ltd. For further information, see immediate report published by the Company on August 12, 2022 (Reference No. 2022-01-083196).

Education:	MBA in Economics and Management, the Open University; Certified Real Estate Appraiser, Real Estate Appraisal Faculty, Tel Aviv University.
Occupation during the past five years:	Head of Real Estate, Israel Post Office; VP Real Estate Division, Clal Insurance Company Ltd.
Names of the companies in which he serves as a director (other than the Company):	-
A family member of another interested party of the Company:	No

It is clarified that each candidate for reappointment as a director of the Company shall be voted on separately.

The members of the Board of Directors shall be entitled to compensation in the amounts set forth in the Addendums to the Companies Regulations (Rules Regarding Remuneration for an External Director), 5760-2000 (the "**Remuneration Regulations**"), based on the Company's equity level, as in effect from time to time. The directors are also entitled to an indemnification and insurance undertaking in the form of the Letter of Indemnification and Insurance approved at the Annual and Special General Meeting of Shareholders held on December 20, 2021⁴ as well as the Directors' and Officer's Liability Insurance owned by the Company in accordance with the approval of the Compensation Committee and the Board of Directors dated August 11, 2022⁵.

The proposed resolution reads:

"To approve the reappointment of Mr. Shimshon Marfogel for an additional term of office until the end of the next annual general meeting, subject to approval of the amendment to By-Law No. 1 of the Company"

"To approve the reappointment of Mr. Amir Tamari for an additional term of office until the end of the next annual general meeting, subject to approval of the amendment to By-Law No. of the Company"

"To approve the reappointment of Mr. Oded Setter for an additional term of office until the end of the next annual general meeting, subject to approval of the amendment to By-Law No. of the Company"

"To approve the reappointment of Mr. Alon Waxman for an additional term of office until the end of the next annual general meeting, subject to approval of the amendment to By-Law No. of the Company".

2.5 Reappointment of external directors⁶:

Appointment of Messrs. Mordechai (Modi) Keret, Ruhama Avraham, and Lana Sherman as external directors of the Company for a period beginning on the date of approval of the appointment by the General Meeting convened hereunder and ending in accordance with the Company's Articles of Association and subject to applicable law.

It should be noted that in accordance with sections 224B and 241 of the Companies Law, each of Messrs./Meses. Mordechai (Modi) Keret, Ruhama Avraham and Lana Sherman, declared that he/she is suitable to serve as an external director of the Company, and that he/she has the necessary skills and ability to devote the appropriate time to perform his/her duties, and accordingly described his/her aforesaid skills, declaring that the restrictions set forth in sections 226 and 227 of the Companies Law are not met. The statements of Messrs./Meses. Mordechai (Modi) Keret, Ruhama Avraham and Lana Sherman are attached in **Appendix B** to this Report and can also be read at the Mishorim offices.

⁴ See the Notice of General Meeting dated December 7, 2021 (reference number: 2021-01-052591).

⁵ See the Notice of General Meeting dated August 11, 2022 (reference number: 2022-01-083192).

⁶ It should be noted that the appointment of Mr. Mordechai (Modi) Keret, Mrs. Ruhama Avraham, and Mrs. Lana Sherman are submitted for approval to the meeting each year in accordance with the provisions of Canadian law applicable to the Company. For details regarding the company's exemption from the Securities Authority and the controlling shareholder's obligation in this matter, see Chapter 4 of the Company's prospectus dated February 25, 2021 (reference number: 2018-01-023355).

For details of the directors listed above, as required under Regulations 26 and 36b (a) (10) of the Reporting Regulations, see section 26 in Part D of the 2021 Periodic Report.

The details provided in the 2021 Periodic Report about Mrs. Lana Sherman are as follows: Mrs. Sherman holds a BA degree in Commerce from the University of Toronto - Rotman School of Business.

It is hereby clarified that each candidate for appointment as an external director of the Company shall be voted on separately

The remuneration payable to the external directors in respect of their office as external directors of the Company shall be a "fixed amount" paid to external directors in accordance with the Remuneration Regulations and in accordance with the Company's Remuneration of Directors Remuneration Procedure.

The said directors shall be entitled to indemnification and insurance in accordance with Section 2.3 above.

It should be clarified that the terms of office and employment of the external directors are not brought for approval by the General Meeting and are only provided for the sake of completeness of information only.

The proposed resolution reads:

"To approve the reappointment of Mr. Mordechai (Modi) Keret for an additional term of office until the end of the next annual general meeting of shareholders".

"To approve the reappointment of Mrs. Lana Sherman for an additional term of office until the end of the next annual general meeting of shareholders".

"To approve the reappointment of Mrs. Ruhama Avraham for an additional term of office until the end of the next annual general meeting of shareholders".

3 The Majority Required to Pass the Resolutions on the Agenda

- 3.1 The majority required at the Meeting for approval of the resolutions set forth in Sections 2.2-2.4 above, which are included in the agenda of the Meeting, is a simple majority of the votes of the shareholders present at the Meeting who are entitled to vote and have voted thereat, without taking abstentions into account.
- 3.2 The majority required at the Meeting for approval of the resolutions set forth in Section 2.5 above is as follows:
 - (1) The majority of the votes at the Meeting shall include the majority of the votes of shareholders who are not controlling shareholders of the Company or who do not have a personal interest in the reappointment, who participate in the vote, excluding abstaining votes. Shareholders who have such personal interest shall be subject to Section 276 of the Companies Law, mutatis mutandis; and
 - (2) The aggregate number of opposing votes among the shareholders referred to in subsection (1) above shall not exceed two percent (2%) of the total voting rights in the Company.

4 Place and Date of the Meeting; Quorum; Record Date; Voting Methods

4.1 Place and Date of the Meeting

The Meeting shall be held on Monday, December 26, 2022, at 3:00 p.m. the registered address of the Company, *i.e.*, Mishorim Offices.

4.2 Quorum

No discussion shall be held unless a quorum is present at the opening of the Meeting, *i.e.* at least two (2) shareholders who are present in person or by proxy, or who sent a voting paper to the Company indicating their vote, and who hold or represent at least one quarter (25%) of the voting rights in the Company, shall constitute a quorum (the "**Quorum**").

A shareholder or its legal representative, who also serves as a proxy of more other shareholders, shall be deemed to be two or more shareholders, according to the number of shareholders represented by him.

If within half an hour of the time set for the Meeting no Quorum is present, the Meeting will be adjourned to Monday, January 2, 2023, at the same time and place, and at the adjourned meeting, the matters for which the original Meeting was called will be discussed (the "**Adjourned Meeting**"). If within half an hour of the time appointed for the adjourned meeting no Quorum is present, the adjourned meeting shall be held with any number of participants.

4.3 **Eligibility for Voting**

The record date for determining the eligibility of a shareholder to vote at the Meeting, as provided for in section 182 (b) of the Companies Law and Regulation 3 of the Companies Regulations (Voting in Writing and Position Statements), 5766-2005 ("**Written Vote Regulations**") is Thursday, November 24, 2022 (the "**Record Date**").

Any person who, as of the Record Date, is a shareholder of the Company, whether the shares are registered in his name or held by a member of the Tel Aviv Stock Exchange Ltd. ("**TASE**"), may participate and vote at the Meeting in person or by proxy as well as by means of a voting paper or electronic voting paper (as defined below).

The letter of authorization for the appointment of the proxy shall be signed by the shareholder or the person authorized for this purpose, in writing, and if the appointer is a corporation, such letter shall be signed in a manner that binds the corporation. The original authorization letter or a copy thereof, provided it is approved by an attorney or notary, shall be deposited at Mishorim Offices at least forty eight (48) hours prior to the time fixed for the Meeting or the adjourned meeting for which the authorization letter was drawn up, subject to the right of the Chairman of the Meeting to waive such requirement with respect to all participants in connection with any Meeting, and to receive the letter of appointment or a copy thereof, to the satisfaction of the Chairman of the Meeting, upon commencement of the Meeting. A vote in accordance with the letter of authorization shall be valid even if the appointee passed away or has become incompetent, or has become bankrupt, or if it is a corporation - dissolved, canceled the authorization letter, or transferred the share in relation to the same, unless written notice of the occurrence of such event has been received at Mishorim Offices prior to the Meeting.

Pursuant to the Companies Regulations (Proof of Ownership of a Share for the Purpose of Voting at the General Meeting), 5760-2000 ("**Proof of Ownership Regulations**"), a shareholder of the Company who holds a share registered with a TASE member and such share is included among the shares registered in the register of shareholders in the name of the nominee company, shall be entitled to participate in the Meeting, in person or by proxy, only if prior to the Meeting, he provides the Company with a certificate from the relevant TASE member with which his right to the share is registered, attesting to his ownership of the Company's shares as of the Record Date (which should be received from that Tase member), in accordance with the form in the annex to said regulations to the said regulations ("**Certificate of Ownership**"). Alternatively, a non-registered shareholder may direct that his certificate of ownership be provided to the Company through the Electronic Voting System (as defined below).

A shareholder whose shares are registered with a TASE member is entitled to receive the Certificate of Ownership from the TASE member through which he holds his shares, at the branch of the TASE member or by mail to his address in return for postage fees only, if he so requests, provided that a request in this regard is delivered in advance to a particular securities account.

As noted, a shareholder may vote at the Meeting by means of a voting paper, as defined in Section 87 of the Companies Law, in the form attached hereto ("**Voting Paper**"). The Voting Paper and the Position Statements, as defined in Section 88 of the Companies Law, if any, are available for review on the ISA Distribution Site at <http://www.magna.isa.gov.il> ("**Distribution Site**") and the TASE website at <http://maya.tase.il> ("**TASE Website**"). Any shareholder may directly request the Company to receive, at

no charge, the text of the Voting Paper and of the Position Statements, if any. A shareholder will indicate his vote on any resolution on the agenda in the second part of the Voting Paper.

A TASE member will send, a link to the text of the Voting Paper and Position Statements, if published, on the distribution site, free of charge, by e-mail to any shareholder who is not registered in the register of shareholders and whose shares are registered with such TASE member, unless the shareholder announced that he is not interested, provided that the notice has been given in respect of a particular securities account, prior to the Record Date.

The Voting Paper and the documents attached thereto as set forth in the Voting Paper must be submitted to Mishorim Offices (including by registered mail) together with the Certificate of Ownership (and in the case of a registered shareholder – also a photocopy of his identity card, passport or certificate of incorporation, as the case may be) up to four (4) hours prior to the time of convening the Meeting. For this purpose, the "date of delivery" is the date on which the Voting Paper and the documents attached thereto are received at Mishorim Offices. The Voting Paper of a non-registered shareholder will only be valid if a certificate of ownership has been attached thereto (or alternatively, if the certificate of ownership has been delivered through the electronic voting system, as defined below) and the Voting Paper of a registered shareholder will only be valid if a photocopy of an identity card has been attached thereto, as the case may be.

In addition, a non-registered shareholder may also vote by means of an electronic voting paper delivered to the Company through the electronic voting system operating under Article Two of Chapter 2 of the Securities Law ("**Electronic Vote**", "**Electronic Voting System**" and "**Electronic Voting Paper**", respectively).

Voting through an Electronic Voting Paper will be possible from the end of the Record Date and up to six hours prior to the time of convening the Meeting.

It should be noted that pursuant to Section 83 (d) of the Companies Law, if a shareholder has voted in more than one way, his later vote will be taken into account, and in this regard, the vote of a shareholder voting in person or by proxy shall be deemed to be a vote made after voting by means of a Voting Paper or Electronic Voting Paper.

One or more shareholders holding shares equal to 5% or more of the total voting rights in the Company as of the Record Date, and any person holding such percentage of the total voting rights that are not held by a controlling shareholder, as defined in Section 268 of the Companies Law, may review the Voting Papers and voting lists received by the Company, in person or by a proxy on his behalf, after the Meeting is convened, at Mishorim offices (as specified in section 9 below), during regular working hours, through the Electronic Voting System, as set out in Regulation 10 of the Written Vote Regulations.

The number of shares constituting 5% of the total voting rights in the Company is 837,261 ordinary shares of the Company with no par value.

5 Date for Delivery of Position Statements and Inclusion of an Item on the Agenda by a Shareholder

The deadline for delivery of Position Statements to the Company by the Shareholders is up to ten (10) days prior to the date of the Meeting. The deadline for the Board of Directors to submit its response to Position Statements, insofar as Position Statements are submitted and the Board of Directors elects to submit its response thereto, is up to five (5) days prior to the date of the Meeting.

A shareholder's request under section 66 (b) of the Companies Law to include an item on the agenda of the Meeting shall be delivered to the Company no later than seven days after the convening notice of the Meeting ("**Shareholder's Request**"). If the Board of Directors finds that an item that a shareholder seeks to include on the agenda is suitable to be discussed at the Meeting, the Company shall prepare a revised

agenda and an amended Voting Paper and shall publish them no later than seven days from the deadline for the submission of a Shareholder's Request.

6 Notice of the Existence of a Personal Interest, Proximity to an Interested Party or Other Preventive Characteristic of a Shareholder

Prior to voting on the resolutions included in the agenda, each shareholder who participates in the voting at the Meeting, in person or by proxy (and if the vote is by means of a Voting Paper or Electronic Voting Paper, on the Voting Paper or Electronic Voting Paper, as the case may be), will notify the Company of the existence or absence of a personal interest, connection or other characteristic that the shareholder may have in connection with the resolution on the agenda, and shall describe them, all as set forth in the second part of the Voting Paper attached hereto or in the Electronic Voting Paper, as the case may be. If such shareholder fails to provide the Company with such notice, or fails to mark "yes" or provide the said description, such shareholder may not vote and his vote shall not be counted.

In addition, any shareholder wishing to participate in the vote will be required to notify the Company, including by way of marking in the place designated for this purpose in the Voting Paper, Electronic Voting Paper and/or power of attorney, whether or not he is an interested party of the Company, an officer and/or institutional investor.

7 Changes in the Agenda; Deadline for Submitting a Shareholder's Request to Include an Item on the Agenda

Changes to the agenda may be made following publication of this Report, including the addition of an item to the agenda, and additional Position Statements may be published. The updated agenda and Position Statements, if published, will be available in the Company's reports on the Distribution Site.

8 The Company's Representative for Handling the Immediate Report

The Company's representative for the purpose of handling this immediate report is Mr. Ben Novoshalem, the Company's Compliance Officer, who may be contacted at tel. 1-416-368-2565 (ext. 2222) or email: benn@skylineinvestments.com.

9 Inspection of documents

A shareholder may review the full text of the resolutions on the agenda and any document relating to the resolutions that are the subject of this report, at Mishorim offices, at 7 Masada Street, Bnei Brak, after prior coordination with the secretariat of Mishorim offices at 03-7217800, Sundays through Thursdays from 9:00 a.m. to 4:00 p.m., until the date of the Meeting. In addition, this Report and the Voting Paper are available for review on the Distribution Site and the TASE Website.

Sincerely,

Skyline Investments Inc.

The report was signed by Mr. Robert Waxman, CFO