SKYLINE INVESTMENTS INC.

Consolidated financial statements

for the years ended

December 31, 2023 and 2022

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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, 2023 and 2022, and the consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for the three years ended at December 31, 2023, and notes to the consolidated financial statements, including including material accounting policy information (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, 2023 and 2022, and its financial performance and its cash flows for the three years ended at December 31, 2023 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.

Emphasis of Matter

Without qualifying our conclusion above, we draw attention to Note 1b which details, among other, Company's obligation to repay bonds (series B) in July 2024 in the amount of 51.61 million Canadian Dollars, and managements and the Board of Directors' plans to repay its liabilities when they come due. Based on the analysis of cash needs and debt repayment dates made by the Company, and available sources including shareholders loans, the Company's Board of Directors and management are of the opinion that the Company will repay its liabilities when they come due. See also Key Audit Matter related to Company's financial postion below.

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Key Audit Matters
A key audit matters are matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were 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.

Company's financial position – Refer to note 1b

Key Audit Matter Description

As discussed in note 1b to the consolidated financial statements as of December 31, 2023, Company's liabilities include a current liability to pay principal and interest on bonds (series B) in July 2024 in the amount of 53.72 million Canadian Dollars. As discussed in note 1b to the consolidated financial statements, based on the analysis of cash needs and debt repayment dates made by the Company, and available sources including shareholders loans, the Company's Board of Directors and management are of the opinion that the Company will repay its liabilities when they come due. Auditing the judgments made by management required a high degree of auditor judgment and an increased extent of audit effort. See also the emphasis matter paragraph included in this audit report.

How the Key Audit Matter Was Addressed in the Audit

We have conducted the following audit procedures regarding the key judgments made by management around going concern assumption: (1) Gained an understanding and evaluated the internal controls related to the preparation of cash flow forecast, the assessment of available sources and management assessment of the going concern assumption; (2) Tested key assumptions underlying management's cash flow forecast; (3) Performed sensitivity analyzes on certain significant assumptions underlying management's cash flow forecast; (4) Performed procedures to reviewed events after the end of the reporting period (5) Assessed management's plans in the context of other audit evidence obtained during the audit to determine whether it supported or contradicted the conclusion reached by management (5) Assessed the adequacy of the disclosure in the consolidated financial statements regarding Company's financial position.

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

Key Audit Matter Description

As discussed in note 2(f), 3 and 10 of the consolidated financial statements as of 31 December 2023, the Company's Property, Plant and Equipment ("PP&E") is presented in the statements of financial position at revaluated amount. The Company's PP&E as of December 31, 2023 is 437 million Canadian Dollars.

As discussed in note 3, the Company has selected the revaluation model to account for hotels included in the PP&E under IAS 16, "Property, Plant and Equipment" ("IAS 16"). 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. These valuations are subject to judgements, valuations, and significant estimates regarding relevant market conditions to the date of the financial position statement.

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Because the fair value of property, plant and equipment is a significant accounting estimate, subject to uncertainties and based on valuations which include assumptions some of which are subjective, we have determined, by applying our professional judgement, that the fair value of property, plant, and equipment, with emphasis on discount rates, is a key audit matter.

How the Key Audit Matter Was Addressed in the Audit

As a response to uncertainties that underly the determination of the fair value of property, plant, and equipment, we have conducted the following audit procedures with emphasis on discount rates determined in the PP&E valuations: 1. Gained an understanding and evaluated the internal controls related to management determination of fair value of PP&E. 2.Reviewed and evaluated the PP&E valuations prepared by management and appraisers, on a sample basis based on a quantitative and qualitative considerations. 3. Evaluated the reasonableness of the key assumptions underlying the valuations of PP&E, especially the discount rates, and the operating profit. 4. With the assistance of fair value specialists, evaluated the reasonableness of the discount rates used in PP&E valuations, on a sample basis. 5. Conducted inquiries of the management and Company's external appraisers.

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.

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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 these matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about these matters 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.
Certified Public Accountants
A Firm in the Deloitte Global Network
Haifa, Israel
27 March 2024

SKYLINE INVESTMENTS INC.

Consolidated statements of financial position

(in thousands of Canadian Dollars)

Consolidated statements of financial position, as at December 31,	Note	2023	2022
Assets:			
Current assets			
Cash and cash equivalents		57,139	19,503
Trade receivables, other receivables and prepayments	5	8,633	20,695
Inventories	7	405	1,102
Real estate inventory	10	9,986	6,694
Loans to purchasers	12	2,120	1,848
Financial derivative	15(d)	2,435	-
Restricted bank deposits	6	9,959	1,618
		90,677	**51,460**
Non-current assets			
Financial derivative	15(d)	-	4,160
Investment properties	9	13,769	13,046
Property, plant and equipment	10	436,878	401,506
Loans to purchasers	12	80,863	89,084
Other non-current assets	19(b)	2,801	3,238
Other investments measured at fair value through profit or loss	4	-	36,880
Restricted bank deposits	6	15,909	9,973
		550,220	**557,887**
Total assets		**640,897**	**609,347**
Liabilities and equity:			
Current liabilities			
Loans and leases payable	15	10,092	26,786
Bonds	13	52,037	3,828
Trade payables		6,620	5,832
Other payables and accruals	14	38,030	22,427
Deferred revenue		1,206	4,626
Income taxes payable	25	1,793	-
		109,778	**63,499**
Non-current liabilities			
Loans and leases payable	15	248,699	167,402
Bonds	13	-	42,474
Other liabilities	15(f)	5,966	2,648
Deferred tax	11	9,759	17,358
		264,424	**229,882**
Total liabilities		**374,202**	**293,381**
Equity			
Equity attributable to shareholders of the Company	18	234,959	280,458
Non-controlling interest	18	31,736	35,508
Total equity		**266,695**	**315,966**
Total liabilities and equity		**640,897**	**609,347**

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

On behalf of the board of directors:

"Shimshon Marfogel"	*"Blake Lyon"*	*"Neha Kapelus"*	March 27, 2024
Shimshon Marfogel Chairman	Blake Lyon CEO	Neha Kapelus CFO	Date

SKYLINE INVESTMENTS INC.

Consolidated statements of income (loss)

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

Consolidated statements of income (loss) for the year ended December 31,	Note	2023	2022	2021
Revenue				
Income from hotels and resorts	20	121,335	132,130	129,293
Sale of residential real estate		4	1,570	7,453
Total revenue		**121,339**	**133,700**	**136,746**
Expenses and costs				
Operating expenses from hotels and resorts	21	(107,278)	(104,595)	(96,212)
Cost of sales of residential real estate	22	(28)	(1,033)	(7,677)
Total expenses and costs		**(107,306)**	**(105,628)**	**(103,889)**
Gross profit		**14,033**	**28,072**	**32,857**
Real estate selling and marketing expenses		-	(80)	(266)
Administrative and general expenses	23	(9,035)	(8,265)	(8,090)
Operating income before depreciation, valuation adjustments and other income		**4,998**	**19,727**	**24,501**
Impairment of real estate properties	10	(234)	-	(2,491)
Depreciation	10	(14,579)	(14,409)	(17,992)
Gain from fair value adjustments of investment properties	9	945	497	30,976
Gain (loss) from fair value adjustments of financial instruments, net	4	(6,880)	8,261	14
Gain (loss) on sale and other capital gains (losses), net	10	(282)	(4)	7,220
Other expenses	28	(3,141)	(522)	(656)
Net income (loss) from operations		**(19,173)**	**13,550**	**41,572**
Financial expense	24	(38,695)	(18,583)	(18,913)
Financial income		5,072	4,963	1,413
Net income (loss) before income taxes		**(52,796)**	**(70)**	**24,072**
Income tax recovery (expense)	11 & 25	4,502	(1,955)	5,506
Net income (loss) for the year		**(48,294)**	**(2,025)**	**29,578**
Attributable to:				
Shareholders of the Company	18	(40,303)	(1,549)	22,926
Non-controlling interest		(7,991)	(476)	6,652
Net income (loss) for the year		**(48,294)**	**(2,025)**	**29,578**
Net income (loss) per share:				
Basic	18	(2.44)	(0.09)	1.39
Diluted		(2.44)	(0.09)	1.39

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)

Consolidated statements of comprehensive income (loss) for the year ended December 31,	**2023**	**2022**	**2021**
Net income (loss) for the year	**(48,294)**	**(2,025)**	**29,578**
Other comprehensive income (loss):			
Items that will not be reclassified subsequently to net income (loss):			
Revaluation of property, plant and equipment, before income taxes	(8,927)	5,487	15,411
Income taxes	1,424	(1,345)	3,234
Net gain (loss) from revaluation of property, plant and equipment	**(7,503)**	**4,142**	**18,645**
Items that will or may be reclassified subsequently to net income (loss):			
Foreign exchange differences on translation of foreign operations	(3,832)	13,005	(206)
Other comprehensive income (loss) for the year net of income tax	**(11,335)**	**17,147**	**18,439**
Total comprehensive income (loss) for the year, net of income tax	**(59,629)**	**15,122**	**48,017**
Attributable to:			
Shareholders of the Company	(45,510)	14,610	40,122
Non-controlling interest	(14,119)	512	7,895
Total comprehensive income (loss) for the year, net of income tax	**(59,629)**	**15,122**	**48,017**

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)

Consolidated statements of changes in equity	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, 2023:										
Balance at the beginning of the year	79,867	125	(433)	45,166	706	12,453	142,574	280,458	35,508	315,966
Net loss for the year	-	-	-	-	-	-	(40,303)	(40,303)	(7,991)	(48,294)
Other comprehensive loss for the year	-	-	-	(1,992)	-	(3,215)	-	(5,207)	(6,128)	(11,335)
Total comprehensive loss for the year	-	-	-	(1,992)	-	(3,215)	(40,303)	(45,510)	(14,119)	(59,629)
Transfer upon recognition of depreciation	-	-	-	(1,100)	-	-	1,100	-	-	-
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	10,347	10,347
Recognition of share-based payment	-	-	-	-	11	-	-	11	-	11
Transfer upon expiration	321	-	-	-	(321)	-	-	-	-	-
Balance at the end of the year	**80,188**	**125**	**(433)**	**42,074**	**396**	**9,238**	**103,371**	**234,959**	**31,736**	**266,695**
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 loss 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 (loss) 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 income 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**

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)

Consolidated statements of cash flows for the year ended December 31,	**2023**	**2022**	**2021**
Operating activities:			
Net income (loss) for the year	(48,294)	(2,025)	29,578
Adjustments for:			
Depreciation and amortization	17,128	15,353	21,983
Gain from fair value adjustments on investment properties and financial instruments	5,935	(8,758)	(30,990)
Loss (gain) on sale of investment and other property	3,578	4	(7,220)
Financing costs from bonds including foreign exchange	(285)	3,083	523
Financing expense on (income from) financial derivative	1,649	396	(536)
Deferred tax, net	(5,962)	(353)	(12,901)
Share based compensation	11	31	83
Changes in non-cash working capital:			
Trade receivables, other receivables, prepayments and others	12,296	6,455	24,920
Inventories	420	(65)	(259)
Real estate inventory	(3,352)	340	1,722
Trade and other payables and credit balances	6,739	(4,030)	(4,670)
Income taxes	2,687	1,712	6,141
Purchasers' deposits	-	1	4,073
Cash provided by (used in) operating activities	**(7,450)**	**12,144**	**32,447**
Investing activities:			
Additions to investment properties	-	(4)	(127)
Release from (Investment in) restricted deposit	(14,511)	7,699	(12,538)
Additions to property, plant and equipment	(82,351)	(56,066)	(7,400)
Income taxes	-	(7,762)	(1,365)
Proceeds of loans given to purchasers	41,489	3,167	-
Net proceeds from sale of disposal group	10,027	-	103,975
Disposition (Purchase) of financial derivative	-	(4,568)	6,200
Proceeds from sale of property, plant and equipment, net of income tax	1,300	13	8
Cash provided by (used in) investing activities	**(44,046)**	**(57,521)**	**88,753**
Financing activities:			
Bank credit and other short-term loans	7,507	3,539	(22,890)
Repayment of bonds	(4,033)	(3,897)	(53,646)
Issuance of bonds	10,464	-	-
Proceeds from long term loans	88,593	132,063	12,511
Repayments of long-term loans and capital leases	(23,785)	(132,949)	(10,993)
Contribution from (Distribution to) non-controlling shareholders	10,347	4,169	(7,453)
Repurchase of shares	-	(433)	-
Cash provided by (used in) financing activities	**89,093**	**2,492**	**(82,471)**
Foreign exchange translation of cash balances	39	899	324
Net increase (decrease) in cash and cash equivalents	37,636	(41,986)	39,053
Cash and cash equivalents at beginning of year	19,503	61,489	22,436
Cash and cash equivalents at end of year	**57,139**	**19,503**	**61,489**

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

(in thousands of Canadian Dollars)

Supplemental cash flow information for the year ended December 31,	2023	2022	2021
Interest paid *	19,523	12,990	14,168
Interest received	6,928	2,815	431
Income taxes paid	(981)	8,347	2,598

* Interest paid for the year ended December 31, 2023 includes $0 (year ended December 31, 2022: $0; year ended December 31, 2021: $426) related to the receipt of PPP grants (refer to note 15(j)).

Significant non-cash investing and financing activities for the year ended December 31,	2023	2022	2021
Right-of-use assets and lease liabilities	149	1,447	-
Loans to purchasers	38,325	-	61,112
Other investments measured at fair value through profit or loss	-	-	28,808
Other non-current assets	-	-	8,000
Share capital and premium increase	321	-	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 43 Colborne Street, Suite 300, 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, 2023, the Company is 52.75% owned by its controlling shareholder, Mishorim Real Estate Investments Ltd (“Mishorim”) and 25.69% 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) The Company’s Financial Position

The Company has an upcoming maturity of its Debentures (Series B) in July 2024, estimated in the amount of US $39.01 million (approximately CAD 51.61 million and NIS 141.49 million based on the December 31, 2023 CAD/USD and NIS/USD exchange rates), (payable in NIS, but linked to the NIS/ USD exchange rate at the time of issuance), including accrued interest as at the maturity date, and also including the expansion of the Series that was completed in July 2023 (See Note 13(c) for details). Additionally, the Company has on going renovations in Renaissance and some of its Courtyards.

The company has negative working capital of $23.2 million as at December 31, 2023. It is noted that the Company is a guarantor under certain existing loan agreements and the related guarantor covenants set in under the guarantor agreements require the Company to maintain a minimum liquidity of CA$12.5 million.

After the reporting period the Company’s controlling shareholder, Mishorim Real Estate Investments Ltd. (“Mishorim”), has undertaken to provide an on-call loan to the Company of up to NIS 55 million. Similarly, Israel Land Development Corporation Ltd. (“ILDC”), a major shareholder of the Company, has undertaken to provide a loan of up to NIS 27 million on the same terms (so that the amounts from ILDC is provided pro rata to the loan from Mishorim). The loans provided to the Company are intended to bridge the cash flow gap created for the Company, inter alia due to the full and final repayment of the Series B Bonds expected in mid-July 2024. The Company will be able to call for loans (by decision of the Company's CEO and with the approval of the Company's external directors) as of May 15, 2024 and until and not later than July 15, 2024 upon request of the Company and within 7 business days (ILDC will provide its loan within 3 days from the date on which Mishorim makes its loan). The loans will be repaid (pro rata between Mishorim and ILDC) (principal, interest and indexation) in one payment until April 1, 2025 and not before final and full repayment of the Company's Series B debentures; any amount not requested by July 15, 2024 will not be granted and no longer be available to the Company. The Company has the option of making early repayment of some or all of the loans (by decision of the Company's CEO and with the approval of the Company's external directors) without any penalty. The repayment of the loans will precede any dividend distributions. The loans bear interest at 6% annually, are linked to the Israeli Consumer Price Index, and include customary events of default. Additionally, having a dividend distribution without first repaying the loan, having the Company’s shares no longer listed on the Tel Aviv Stock Exchange, or if there are changes in the controlling shareholders of the Company or of Mishorim, all constitute events of default.

In the event of default, the lenders shall, in addition to all other rights and remedies available, be entitled by written notice to the Company to terminate this agreement and to declare any outstanding principal amount and all accrued and unpaid interest and the Indexation Difference accrued thereon, to become immediately due and payable.

The Company is seeking and will continue to seek financing from third parties and/or to sell assets.

The Company remains engaged in negotiations for the sale of all of its Courtyard by Marriott hotels to third party buyers unrelated to the Company. Moreover, the Company is in discussions regarding the sale of the Company's full-service properties in Cleveland (the Renaissance and Hyatt hotels). There is no assurance that these negotiations will result in binding agreements.

Based on analyses of Management and the Company's Board of Directors of the cash needs and available sources, including the aforementioned shareholder loans, the Company expects to meet all of its financial obligations in the foreseeable future when they come due.

2 - Material accounting policies

(a) Statement of compliance

The Company has prepared these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS"), 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).

(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.

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.

In light of the sale of the Company's Canadian resorts in December 2021, and the sale of equity holdings in Resort Communities LP Partnership in November 2023 (See note 4 for details), the Company examined whether it is necessary to change its functional currency from Canadian dollars to US dollars. The Company's conclusion is that the functional and presentation currency for the Company on a consolidated basis remains Canadian dollars, supported by:

(1) The functional currency of the US subsidiaries is US dollars; the treatment of these operations in the Consolidated Financial Statements is that their functional currency is US dollars, and their presentation currency is Canadian dollars.
(2) The Company is incorporated in Canada, continues to hold significant financial assets in the form of Loans to Purchasers, its headquarters and all corporate employees are in Canada.
(3) The Company continues to examine investment opportunities in both Canada and the United States.

(in thousands of Canadian Dollars except where otherwise stated)

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 in the period in which they arise, except for exchange differences on monetary items receivable from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, which are recognized initially in other 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). These foreign exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

Exchange rates - At balance sheet date for the year ended December 31,	2023	2022	2021
CAD / USD	1.323	1.354	1.268
CAD / NIS	2.739	2.597	2.442

Exchange rates - Average during the year ended December 31,	2023	2022	2021
CAD / USD	1.350	1.301	1.254
CAD / NIS	2.733	2.581	2.577

Change in rate - during the year ended December 31,	2023	2022	2021
CAD / USD	(2.3%)	6.8%	(0.4%)
CAD / NIS	5.5%	6.3%	(3.1%)

(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.

(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 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 all 16 of its hotels during the year ended December 31, 2023. 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

(in thousands of Canadian Dollars except where otherwise stated)

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.

Property Plant & Equipment 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. Similarly, there is no discount considered for a portfolio sale which may be considered for business purposes, for the ease of crystallizing returns from the sale of multiple properties.

Any revaluation increase arising on the revaluation of such land and buildings is credited to the properties' revaluation reserve through other comprehensive income, 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:

Component	Useful life
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.

As mentioned in note 15(g) in the year of the report, a company held by the Company received from the relevant authorities in Ohio financing in the amount of 9.98 million US dollars. The financing was provided through TIF so that, as a general rule, if the value of the hotel increases, the Company will return the financing money it received from property tax money that should have been paid for the hotel. Benefits provided with reference to a specific property and which market participants would have taken into account when the property was acquired (for example TIF) are taken into account in determining the property's fair value insofar as it is measured at fair value. Also, when the Company is obligated to make principal and interest payments for the TIF, the Company recognizes a financial liability for the TIF amounts received.

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

The Company recognizes certain lease liabilities under the scope of IFRS 16. 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.

(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

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. Similarly, there is no discount considered for a portfolio sale which may be considered for business purposes, for the ease of crystallizing returns from the sale of multiple properties.

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 is assessed internally 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 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. Where increases or decreases are warranted, the Company adjusts the carrying value of its investment properties.

(h) Revenue recognition

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, 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 Ski 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.

(i) 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. Interest expense and other financing costs are presented collectively as financial expense as part of the profit and loss for the period, and as part of the cash flows from operating activities.

(j) 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.

(k) Financial instruments

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.

Changing conditions of financial assets
When a change in terms of financial assets occurs, the Company takes into account all the considerations in order to determine whether it is a material change of terms or whether it is an immaterial change of terms. These considerations include, among other things, a quantitative examination based on the provisions of IFRS9 regarding the change of conditions of financial obligations and a qualitative examination (for example, a change in collateral) while taking into account the circumstances under which the change of conditions took place (for example, whether the change of conditions occurred as a result of the borrower's difficulties in repaying the loans).

As mentioned in note 4 during the reporting period there was a change in the terms of the seller's loans that were part of the Freed transaction. The company came to the conclusion that it was a material change of conditions and therefore derecognized the old financial asset and recognized a new financial asset in accordance with its fair value. This determination is based, among other things, on the fact that the change of terms was carried out as part of one move that also included the realization of the Company's holdings in Freed, as well as in light of a change in the collateral provided to the Company for the seller's loan.

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:

Financial assets	Measurement Base
Cash and cash equivalents	Amortized cost
Restricted bank deposits	Amortized cost
Trade and other receivables	Amortized cost
Loans to purchasers	Amortized cost

Financial assets	Measurement Base
Financial derivative	FVTPL
Other investments measured at fair value through profit or loss (*)	FVTPL

(*) Realized during 2023, see note 4 for more details.

Financial liabilities	Measurement Base
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.

As mentioned in note 1(b), the Company is required to maintain minimum liquidity balances in the amount of $12.5 million dollars. These balances are included in the section of cash and cash equivalents within the current assets since the use of these funds is not subject to the supervision of any party and the Company has the option of using other means (such as unused credit lines) beyond maintaining minimal liquidity balances.

Expected losses for loans to purchasers, 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 financial expenses. Bad debt write-offs occur when the Company determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against financial expenses.

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.

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.

(l) 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(j).

(m) Non-current assets held for sale and discontinuing operation

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, including with all the required approvals, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

The company examined whether the realization of its assets in Canada (including the realization of the investment in RCLP during the year 2023) constitute a discontinued activity as defined in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. The company's conclusion is that it is not a discontinued operation, considering that the realization was carried out in stages and the company does not have a single and coordinated plan for the realization of the field of activity.

(n) New and amended IFRS Accounting Standards that are effective for the current year

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. The Company adjusted its accounting policy disclosure in order to reflect this amendment.

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. The Company does not have a material impact on the Company, due to this amendment.

(o) Future accounting policy changes

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.

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 expected credit losses for loans and receivables measured at amortized cost, capitalization of costs, accounting accruals, the depreciation 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:

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.

4 - Freed Transaction

On December 6, 2021, Skyline completed the sale of its 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", the "Freed Transaction"), 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).

Vendor Take Back Mortgage

As part of the Freed Transaction, Skyline provided a secured vendor-take back mortgage loan ("VTB") in the amount of $60 million, bearing annual interest at 5%.

On November 24, 2023, the Company signed an agreement with Freed (the "Freed Agreement") according to which VTB principal of $11 million was discounted, $30 million of principal has been received at the close of the transaction, and the remaining $19 million will be received on March 31, 2025, meaning a total principal of $49 million compared to the prior balance of $60 million. The Company accepted the $11 million discount, acknowledging the following benefits from the transaction:

- Earlier settlement of the VTB with $30 million cash received upfront on November 24, 2023 and $19 million to be received in February 2025, earlier than original contractual timelines. The offer price of $49 million is within the range of the present value of the VTB's discounted cash flows, assuming a cost of capital at 10%, which approximates the Company's current cost of borrowing;
- Interest rate on the remaining debt has increased from 5% to 9% (from the date of signing until February 28, 2025, and thereafter, the interest rate will be 15% until March 31, 2025), providing higher interest income from the VTB;
- Securities of the loan have increased, which includes a guarantee by each of Freed Corporation and Freed Resort Communities LP (FRCLP), and a pledge of 100% of the limited partnership units of RCLP which are held in escrow by the Company's legal counsel, in addition to the original second lien mortgage which remains registered to the title of the lands from the inception of the VTB in December 2021.
- The Company was able to crystallize the value of its 29% equity interest at a $30 million value, and with an earlier payout in February 2025, compared to the original transaction which contemplated for the recovery of equity value through put/ call options in December 2025 and December 2026.

The Company notes that the acceptance of this negotiated price is a business decision to take fair compensation for changes in the underlying contract that provide cash earlier than originally due, as well as improved returns and security. As a result of this transaction, the total principal balance outstanding for the Freed VTBs has been reduced to $19 million as at December 31, 2023, compared to $60 million prior to the transaction ($60 million was comprised of the $30 million received in November 2023, $19 million to be received in February 2025, and the $11 million discount provided on closing the Freed Agreement).

Bridge Loan

As part of the Freed Transaction from 2021, Skyline provided a two-year bridge loan (the "Bridge Loan") to RCLP in the amount of $8 million

As part of the Freed Agreement completed in November 2023, the Company received full repayment of the Bridge loan and all outstanding accrued interest accumulated as at the date of the transaction, for a total payment of $9.9 million, and with a corresponding release and discharge of the associated security.

Equity Investment and Purchase Option

As part of the Freed Transaction, Skyline held 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.

The Freed Agreement from November 2023 crystallized a value of $30 million for the Company's Equity Investment in RCLP. The $30 million value is a Note Receivable, to be paid on March 31, 2025, accruing interest at 9% (from the date of signing until February 28, 2025, and thereafter, the interest rate will be 15% until March 31, 2025), annually. The Company considers this to be a favorable value, acknowledging the benefits of transacting at fair value for the 29% equity interest, with earlier and better secured payout than the original transaction, which contemplated for the recovery of equity value through put/ call options in December 2025 and December 2026.

The VTB loans and Equity Loan related to RCLP are debt instruments carried on the balance sheet at amortized cost under IFRS 9. During the year 2023 the Company recorded expected credit losses related to the RCLP balances in the amount of $11 million within financial expenses, which was realized based on the agreement signed on November 24, 2023. As of December 31, 2023 the Company does not recognize a Provision for Credit Losses under IFRS 9 for the loans receivable from Freed, as the Company has no expectation of loss in the event of a default, supported by the following considerations. The underlying resort and development assets on the RCLP balance sheet. These assets constitute the collateral for all the debt arrangements of the Partnership. The fair value of the assets is well in excess of any liabilities, including any costs that may be incurred on disposition. This low loan to value ("LTV") combined with legal rights available to the Company both contractually and under Common Law in Ontario as second mortgagor (behind the senior lender as first mortgagor), support the position that even in the event of default, the Company would recover the value of its Exposure at Default ("EAD"), the total principal of $49 million. In addition to the direct liens on the underlying assets, the Company has guarantees and the pledges at various levels, protecting its investment. Further, the loans receivable by the Company are of short duration, and mature ahead of the senior debt of RCLP.

(in thousands of Canadian Dollars except where otherwise stated)

5 - Trade receivables, other receivables and prepayments

As at December 31,	2023	2022
Due from hospitality guests and clients	6,984	5,803
Other receivables [1], [2]	-	1,869
Prepayments	1,393	2,355
Government institutions	525	1,895
Current maturities of long-term loans receivables (See Bridge Loan – note 4)	-	9,042
Allowance for doubtful accounts	(269)	(269)
	8,633	**20,695**

[1] 2022 mainly relates to the Keewatin, please refer to note 10(c)(2) for details.

[2] See note 16.

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) .

7 - Inventories

As at December 31,	2023	2022
Food & beverage	308	423
Retail	34	506
Other inventory	63	173
	405	**1,102**

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8 Real estate inventory

As at December 31,	2023	2022
Serviced parcels of land – Golf Cottages	9,986	6,694
	9,986	**6,694**

9 - Investment properties

As at December 31,	2023	2022
Balance as at the beginning of the year	13,046	11,971
Expenditures subsequent to acquisition	-	4
Net gain (loss) from fair value adjustments	945	497
Foreign exchange translation and other	(222)	574
	13,769	**13,046**

As at December 31,	2023	2022
Income producing retail components	9,294	9,493
Lands	4,475	3,553
	13,769	**13,046**

(in thousands of Canadian Dollars except where otherwise stated)

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 0 for valuation basis and other relevant information.

10 - Property, plant and equipment

As at December 31,	Lands, buildings & improvements (2023)	Furniture, equipment and other (2023)	Total (2023)	Lands, buildings & improvements (2022)	Furniture, equipment and other (2022)	Total (2022)
Gross carrying amount as at beginning of year	391,693	79,675	471,368	317,883	72,366	390,249
Accumulated depreciation as at beginning of year	(31,134)	(38,728)	(69,862)	(28,610)	(33,249)	(61,859)
	360,559	**40,947**	**401,506**	**289,273**	**39,117**	**328,390**
Acquisitions (see note 10(b))	-	-	-	16,037	244	16,281
Expenditures subsequent to acquisitions, including payable amounts (see note 14)	93,144	5,344	98,488	36,050	3,735	39,785
Adjustment to fair value through revaluation surplus	(8,407)	(520)	(8,927)	5,487	-	5,487
Right-of-use assets and lease liabilities	149	-	149	1,447	-	1,447
Depreciation	(7,898)	(6,681)	(14,579)	(8,552)	(5,857)	(14,409)
Impairment	(234)	-	(234)	-	-	-
Disposals (see note 4)	(5,163)	(25,002)	(30,165)	(16)	-	(16)
Foreign exchange translation	(8,993)	(367)	(9,360)	20,833	3,708	24,541
Balance as at the end of the year	**423,157**	**13,721**	**436,878**	**360,559**	**40,947**	**401,506**

Balance as at the end of year for items measured at:	2023	2022
Fair value	435,860	398,065
Cost	1,018	3,441
Balance as at the end of the year	**436,878**	**401,506**

Carrying amount under cost model	2023	2022
Balance as at the end of the year	**376,837**	**330,115**

(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, 2023 are as follows:

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

Discount rates used in applying the DCF method ranged between 10.25%-12.25% (2022: 9.75%-12.75%), and terminal capitalization rates ranged between 8.50%-9.75% (2022: 8.25%-12.0%).

As at December 31, 2023, 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 $6,440. As at December 31, 2023, 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 $5,784.

(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 note15(d) below.

(c) Disposals

(1) On November 01, 2023, the Company signed an agreement with a third party unrelated to the Company (the "Purchaser") for the sale of the Bear Valley resort for a total of US $19.5 million, which will be paid as follows: US $13.5 million to be paid in cash (subject to various deductions relating to, inter alia, working capital, lease liabilities related to ski lifts and other equipment, income from ski passes sold in advance, restoration works of weather damages incurred during the ski season, which are the subject of an insurance claim, and other liabilities). The net cash receivable on closing, after such adjustments but before taxes, approximately US $4.3 million. Deferred consideration in the amount of US $6.0 million is receivable on November 2, 2026. This amount will bear interest at the short-term interest annual AFR (Applicable Federal Rate, which, as of December 31, 2023, is 5.3%), but not exceeding 5.0%, secured by a first lien on the real estate assets (if the EBITDA of the resort exceeds a threshold set in the agreement, principal repayments will be accelerated).

In addition, the Company expects to receive insurance proceeds for property damage as well as lost revenues due to multiple heavy snowstorms that occurred at the resort during the 2022- 2023 ski season. As at December 31, 2023, the Company recorded receivable balances of US $1.7 million related to these insurance claims that had been confirmed by insurance providers, and in the first quarter of 2024 has collected US $1.3 million of this amount.

(2) On February 8, 2023, 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 a donation receipt for an amount 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 December 31, 2022, was approximatively $3.9 million ($2.2 million in Property, Plant and Equipment; $1.7 million in Other Receivables), the asset was fully derecognized through other expenses as of March 31, 2023. As part of the donation, the Company had originally committed to provide up to $1 million of cash donation on December 31, 2023 in accordance with the transaction terms (if there will be no other donor), and this amount has been accrued as a contingent donation liability through other expenses. However, in October 2023, the Company received a determination from the Canadian government authority responsible for such determination. The amount was for a donation receipt of $1.4 million. The Company believes this amount to be very low, and that errors were made in such determination, and is in the process of appealing this decision to a Canadian tax court. As well, given that the Company's $1 million contingent cash donation was predicated on a much larger donation receipt determination, the Company has informed the charity that it is reconsidering this amount pending the appeal outcome to the Canadian tax court. As at December 31, 2023, the Company has not accrued any benefit for the donation receipt, no amounts have been paid to the charity as these are still under discussion, and the Company continues to have the donation payable liability of CA $1 million on its balance sheet.

(d) Potential sale

On February 20, 2024, the Company announced that the negotiations conducted by the Company with the potential buyer for the sale of all of the Company's hotel properties in the United States have not matured into a binding agreement as contemplated under the original non-binding letter of intent.

As of this date, the Company is now examining the possibility of selling all or some of the Courtyard Hotels to other buyers, who are third parties unrelated to the Company but are known to the potential buyer. In addition, the

(in thousands of Canadian Dollars except where otherwise stated)

Company is continuing negotiations and discussions with the same potential buyer for the sale of the Company's assets in Cleveland (Renaissance Hotel and Hyatt Hotel). There can be no assurance that these discussions and negotiations will result in definitive binding agreements.

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:

Year ended December 31, 2022	Investment Properties & Real estate Inventory	Property Plant and Equipment	Carry forward losses	Investments measured at fair value through profit or loss	Total
Balance at beginning of year	(3,544)	(30,190)	17,666	704	(15,364)
Amounts carried to:					
Net income (loss)	381	1,142	1,427	(2,597)	353
Other comprehensive income (loss)	-	(1,345)	-	-	(1,345)
Foreign currency translation reserve	-	(2,062)	1,060	-	(1,002)
Balance as at the end of the year	**(3,163)**	**(32,455)**	**20,153**	**(1,893)**	**(17,358)**

Year ended December 31,2023	Investment Properties & Real estate Inventory	Property Plant and Equipment	Carry forward losses	Investments measured at fair value through profit or loss	Total
Balance at beginning of year	**(3,163)**	**(32,455)**	**20,153**	**(1,893)**	(17,358)
Amounts carried to:					
Net income (loss)	2,477	4,102	(2,510)	1,893	5,962
Other comprehensive income (loss)	-	1,424	-	-	1,424
Foreign currency translation reserve	-	762	(549)	-	213
Balance as at the end of the year	**(686)**	**(26,167)**	**17,094**	**-**	**(9,759)**

(in thousands of Canadian Dollars except where otherwise stated)

The deferred taxes are calculated at tax rates ranging between 13.25% and 27.98% (2022 - 13.25% and 27.98%) - see note 11(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:

Non-capital gain (loss) tax rates:	2023 and forward	2022
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:	2023 and forward	2022
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 $75,942 as at December 31, 2023, which expire at various dates commencing December 31, 2032 (December 31, 2022: $82,023).

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 $26.3 million as at December 31, 2023, against which the Company has recognized a provision for credit losses under the requirements of IFRS 9, of $1.5 million.

Freed Transaction loans

On November 24, 2023, the Company has completed the sale of its equity holdings in Resorts Communities Limited Partnership, modified the terms of the VTB loans, and received full repayment on the Bridge loan. Please refer to note 4 for details related to the Freed Transaction.

Bear Valley VTB

Please refer to note 10(c)(1).

(in thousands of Canadian Dollars except where otherwise stated)

13 - Bonds

Series B Bonds

(a) 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 15, 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, 2023, the Company complies with all covenants per the deed of trust.

(b) On May 31, 2023, following discussions with the Debentures (Series B) Trustee, and pursuant to Section 5.4 of the Deed of Trust for the Debentures (Series B) of the Company dated September 24, 2017 (the "Deed of Trust"), the Company announced as follows: Based on the Company's reviewed financial statements as of March 31, 2023, published on May 14, 2023 (the "Deviation Date"), the Operating EBITDA (as defined in Section 1.5.31 of the Deed of Trust) for the last four quarters preceding the date of the last financial statements, was CA$ 13.58 million.

Pursuant to Section 5.4 of the Deed of Trust, if Operating EBITDA during the last four quarters preceding the review date falls below CA $18.0 million, the stated interest rate will increase by 0.25% per year. The exact annual interest rate borne by principal of the Debentures for the current interest period, from January 16, 2023 and until the Deviation Date, is 5.65% (the "Original Interest"). The annual interest rate to be paid for the balance of the principal of the Debentures for the period commencing on the Deviation Date and ending on the next interest payment date is 5.9%. The weighted interest rate paid on the next interest payment date was 2.87%. The annual interest rate reflected by the weighted interest rate is 5.74%. The annual and semi-annual interest rates to be paid for the Debentures for the next periods (from and after July 16, 2023) will be 5.9% and 2.95%, respectively. As at December 31, 2023, the total unpaid principal balance of the bonds is CA$ 52 million; the four-quarter trailing Operating EBITDA is $1.6 million – the Company remains non-compliant with this requirement under the Deed of Trust, and continues to pay interest at the increased rate until the Bond maturity date. The Company's also has a requirement to have Consolidated Equity (excluding minority interests) of not less than CA$130 million, as at December 31, 2023, the balance is CA $236 million and the Company is in compliance with this covenant.

(c) On July 16 2023, the Company completed a private bonds placement to institutional investors. The Company issued 29,600,000 bond units by extending the original debentures (Series B) with an effective interest rate of 8.96% and at a price of 0.98 New Israeli Shekels to each unit, and raised 29,008,000 New Israeli Shekels (raise with a discount), net of fees (approximately CA$ 10.4 million). The bonds issued are subject to the same covenants as the originally issued Series B and it will be repaid accordingly. In addition, an amendment to the Deed of Trust for the Series B Bonds was signed, in which the Company undertook not to make a Distribution (within the meaning of the Companies Law, 5759-1999), until the Series B Bonds have been fully repaid. Notwithstanding the foregoing, the Company may make a Distribution if, prior to the Distribution, it deposits an amount equal to the total amount necessary to repay the Bonds on the original due date, and provides the trustee with a confirmation of such deposit from the senior finance officer of the Company, together with the relevant calculation, subject to compliance with the terms set forth in Section 6.2(I) of the Deed of Trust.

(d) Composition

Total liability as at December 31,	2023	2022
Series B	52,037	46,302
	52,037	**46,302**

Current liabilities as at December 31,	2023	2022
Series B	52,037	3,828
	52,037	**3,828**

Long term liability as at December 31,	2023	2022
Series B	-	42,474

Long term liability as at December 31,	2023	2022
	-	**42,474**

Maturity years subsequent to December 31, 2023:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and thereafter	Total
Series B	52,639	-	-	-	-	-	52,639
Deferred financing costs							(602)
Total bonds payable	**52,639**	**-**	**-**	**-**	**-**	**-**	**52,037**

(e) Additional information

	Par value issued (i)	Nominal interest rate (iii)	Outstanding face value as at December 31, 2023 (ii)	Outstanding face value as at December 31, 2022 (ii)
Series B (ii)	194,064	5.65%	140,407	121,477

(i) In thousands of NIS; see also note 13(c) above.
(ii) Linked to the US Dollar.
(iii) See note 13(b) above.

14 - Other payables and accruals

As at December 31,	2023	2022
Provision for completion costs	3,132	5,035
Sales and property taxes	1,335	1,399
Employees and payroll institutions (see note 16)	4,348	3,363
Amounts due to Property, Plant and Equipment additions (*)	14,708	-
Accrued interest on bonds	1,750	1,362
Purchasers' deposits	1,055	1,076
Accrued expenses	11,702	10,192
	38,030	**22,427**

(*) These amounts related to accounts payable balances as at December 31, 2023, related to ongoing renovations at the Company's hotels. These balances have subsequently been paid in due course after December 31, 2023. Refer to note 10.

15 - Loans and leases payable

(a) Loans and leases payable

(1) Short term liabilities:

As at December 31,	2023	2022
Short term loans	11,138	3,650
Current maturities of long-term loans and leases	(1,046)	23,136
	10,092	**26,786**

(2) Long term liabilities:

As at December 31,	2023	2022
Loans and mortgages	254,520	190,760
Leases	1,565	6,053
	256,085	196,813
Deferred financing costs	(8,432)	(6,275)
	247,653	190,538
Less - Current maturities of long-term loans and leases	1,046	(23,136)
	248,699	**167,402**

(in thousands of Canadian Dollars except where otherwise stated)

(3) Additional information:

Loans from financing institutions denominated in:	Weighted average interest rate 2023	Weighted average interest rate 2022	As at December 31,2023	As at December 31, 2022
CAD	9.67%	8.20%	11,138	1,787
US dollar	9.22%	8.57%	254,520	192,623
Leases	7.81%	7.02%	1,565	6,053
			267,223	**200,463**
Deferred financing costs			(8,432)	(6,275)
			258,791	**194,188**
Less - Current maturities of long-term loans and leases			(10,092)	(26,786)
			248,699	**167,402**

(b) Maturity years subsequent to December 31, 2023:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 and thereafter	Total
Development loans*	4,488	-	-	-	-	-	4,488
Other loans and leases*	7,437	36,243	1,083	143,043	34,065	40,864	262,735
	11,925	**36,243**	**1,083**	**143,043**	**34,065**	**40,864**	**267,223**
Deferred financing costs							(8,432**)**
Total loans payable							**258,791**

* Includes only principal, without interest.

(c) Security

As of December 31, 2023 $270,965 (2022: $194,034) 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 $457,219 as at December 31, 2023 (2022: $385,976).

(d) Marriott Courtyard hotels

Marriott Courtyard Portfolio 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 US $129,625 (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.

US $92,125 was drawn on closing, including a US $3,000 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. US $30,000 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 may be drawn through the construction process. As at December 31, 2023, the loan required a debt yield of 9% in order to draw against the renovation line of credit, which the Company did not meet. Hence, as of December 31, 2023, the line of credit was not available to the Company for funding renovations, until the required debt threshold is met again. US $7,500 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, 2023, the total outstanding value of the New Courtyard Loan was US $102,587, and is composed of an initial tranche of US $92,125, and a renovation loan of US $10,462.

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 $1,649 was recorded to financial expense for the year ended December 31,2023 (2022: $396).

The balance of this loan as at December 31, 2023, was US $102.6 million, gross of any deferred financing charges.

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. The balance of this loan as at December 31, 2023, was US $5.01 million, gross of any deferred financing charges.

Courtyard Deerfield

On July 25, 2023, the Company opened a US $3 million line of credit with a banking corporation, secured directly by the Company’s Courtyard Deerfield hotel, and guaranteed by the Company. The line may be drawn as needed, and is intended for general working capital purposes. The loan term is 24 months when funded, with an interest rate of Wall Street Journal Prime rate + 1.00% (as at December 31, 2023, this rate was 8.50%+1.00% for a total rate of 9.50%), and a non-usage fee of 0.25% on the unadvanced portion of the line of credit, paid annually. The loan has a funded balance debt service covenant ratio (“DSCR”) of 1.30:1, to be tested annually commencing as of December 31, 2023. The drawn balance as of December 31, 2023 was US $2.8 million, gross of any deferred financing charges, and the undrawn balance was US $0.2 million.

(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, 2023 and the date of approval of the report was $325.

(f) Renaissance loans

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 June 2029, at an annual interest rate of 30-day SOFR (which as of December 31, 2023, was 5.35%), plus 2.75%. The original loan balance as at October 7, 2022, was US $20.5 million, and as at December 31, 2023 was US $19.9 million. The bank also provided the Company an additional loan in the amount of US $16.6 million for the purpose of upgrading and improving the hotel. The renovation portion of the loan has an interest rate of 30-day SOFR plus an annual interest rate of 3.50%. The renovation loan will be drawn as needed. The remaining Loan terms apply unchanged. This loan was further amended on August 15, 2023, as described below.

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 consideration of approximately US $11.0 million. In accordance with the transaction terms, US $2.2 million of the consideration was paid in October 2022, a further US $2.6 million was paid in November 2023, and the rest will be paid on renovation completion (these amounts are included under non-current other liabilities). The bank has also provided the Company with a Bridge Loan for US $7.5 million. 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 has the same interest rate terms as the renovation portion of the loan, i.e. an annual interest rate of 30-day SOFR plus 3.50%. As of December 31, 2023, the Bridge Loan was fully drawn.

On August 15, 2023, an amendment was signed to the loan agreement for the renovation and upgrade of the Renaissance Hotel. Under this amendment, the amount of the renovation loan was increased to US $27.4 million, comprising of the original amount of US $16.6 million and an additional US $10.8 million, to be drawn as needed. The interest rate for the renovation loan was set to be an annual interest rate of 30-day SOFR plus 4.30%, which could be reduced to an additional 3.50% if the borrower met a debt coverage ratio not less than 1.4%. Repayment terms for the existing loans remained unchanged, while the additional loan of US $10.75 million would commence amortization in November 2025 over a 10-year period. Additionally, as part of the amendment, the Company's subsidiary agreed to deposit US $5 million as a debt servicing reserve and US $1.5 million as an operating expense reserve. The Company has assessed this amendment in accordance with IFRS 9, based on this assessment management has concluded that the amendment does not represent a substantial modification and therefore the Company is not required to perform the derecognition of the previous instrument and recognition of a new one. Notably, since the Company owns half of the Renaissance Hotel, its 50% investment partner and Skyline each contributed 50% of these amounts. Furthermore, all previous Debt Service Coverage Ratio (“DSCR”) requirements were deleted and replaced by new requirements. The covenant test, starting on September 30, 2024, for the two quarters ending September 30, 2024, will assess compliance with the new requirements. As of December 31, 2023, US $16.4 million was drawn from the renovation loan of US $27.4 million.

On November 10, 2023, the Company’s subsidiary entered into a loan agreement with Ohio Water Development Authority (OWDA) in connection with the renovation of the Renaissance hotel for US $2.0 million. The loan term is 15 years with semi-annual payments on January 1 and July 1 of each year, with the first payment starting on January 01, 2024. The interest rate is 3.76%. The guarantor (i.e., the Company) is required to maintain a net equity in the aggregate of at least US $4.0 million and liquid assets in the aggregate of at least US $2.0 million. As of the date of the Report, the Company complies with all loan requirements. The loan is a construction facility that was not yet drawn in 2023; the loan balance as of December 31, 2023, was $0.

On December 20, 2023, the Company’s subsidiary entered into a loan agreement with Cuyahoga County in connection with the redevelopment of the Renaissance hotel for US $2.0 million. The loan term is 16 years, and the interest rate is 4.50%, with monthly interest payments for the first 12 months, and monthly principal and interest payments for the next 15 years. The loan can be prepaid in whole or in part, without penalty, at any time. The loan is a construction facility that was not yet drawn in 2023; the loan balance as of December 31, 2023, was $0. As of the date of the report, the Company complies with the terms of the loan agreement.

As of December 31, 2023, the balance of liabilities related to the loans above at the Renaissance hotel, gross of any deferred financing charges, is in the amount of US $43.8 million (comprising the original loan of US $19.9 million, bridge loan of US $7.5 million, renovation loan of US $16.4 million). Please refer also to note 15(g).

(g) Renaissance Tax Increment Financing

In September 2023, Skyline Cleveland Renaissance, LLC, a subsidiary of the Company (50%) closed a tax increment financing transaction to which the Cleveland-Cuyahoga County Port Authority and the Development Finance Authority issued an aggregate of US $13.19 million in taxable revenue bonds, and on September 14, 2023, received a net funding of US $9.980 million for the hotel renovation (where the difference is related to transaction expenses as well as interest reserves held in trust). The funding was provided through a Tax Increment Financing (TIF) transaction, wherein the authorities issued bonds bearing interest at a fixed rate of 6.50% per annum, maturing on May 15, 2048. The net proceeds of the bonds, amounting to US $9.980 million, were made available to Skyline Renaissance to finance the costs of restoring and rehabilitating the Cleveland Renaissance Hotel. The Tax Increment Financing (TIF) is recorded as a liability on the Company’s balance sheet, and although it is repaid through normal property taxes, this transaction represents a repayable obligation of the Company. The balance of this loan as at December 31, 2023, was US $13.19 million, gross of any deferred financing charges.

(h) Hyatt loan refinance

On April 20, 2023, a subsidiary of the Company entered into a new loan agreement with a banking corporation in connection with the financing and renovation of the Hyatt Regency Arcade Hotel in Cleveland. The new loan is a CMBS (commercial mortgage-backed security) loan that replaces a previous loan that was extended until June 13, 2023 and the balance of which is approximately US$ 15.8 million. The previous loan carried interest at BSBY plus

(in thousands of Canadian Dollars except where otherwise stated)

3.5% (i.e., an annual interest rate of approximately 8.44%), and for the extension period of approximately one month, an interest rate of BSBY plus 4.5% (i.e., an annual interest rate of approximately 9.44%). The new loan is in the amount of US$ 25.0 million for a period of 5 years at the end of which the loan principal will be repaid, at a fixed interest rate of 7.99%. A total of US $1.8 million of the new loan will be used to finance the Hotel's renovation, a total of US$ 15.8 million was used to repay the previous loan, US$ 2.3 million will be used for expenses of the transaction and tax and interest reserves related to the new loan, and the balance of approximately US$ 5.1 million will be used by the Company for general working capital purposes. The loan is paid in monthly interest payments. The principal will be paid at the end of the loan term.

There are no defaulting financial covenants, and no cross-default provisions. The subsidiary needs to perform a quarterly assessment of debt service coverage ratio ("DSCR"), to be not be less than 1.40 to 1.00 – at closing based on the 12 months ending February 2023 the debt service coverage ratio was 1.75; violations of this financial obligation would result in the lender controlling the cash from the Hotel's operation to ensure all operating costs are paid including debt service until the ratio was back above 1.45 to 1.00. The DSCR based on the 12 months ending December 31, 2023 was 1.79. The balance of this loan as at December 31, 2023, was US $25.0 million, gross of any deferred financing charges.

(i) Short term mortgage

On September 19, 2023, Skyline Investments Inc. and Skyline (Port McNicoll) Land Inc. signed a mortgage loan agreement for CAD $6 million. The loan term is 1 year from the interest adjustment date, which is October 01, 2023. The interest rate is floating at the greater of 10.15% per annum or the TD Canada Trust posted bank prime rate of interest plus 3.2% per annum (as of December 31, 2023 the rate applicable to the loan was 10.4%). The loan is secured by an assignment of an existing mortgage (the “VTB”), and a registered assignment of rents and leases.

(j) 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 $13,982, and is on schedule to repay the remaining US$ 65.

(k) Compliance with Covenants

The Company and its subsidiaries comply with the financial covenants undertaken towards financing parties and the debenture holders. Please refer to note 13(b) above regarding the EBITDA requirement in respect of the Series B Bonds.

16 - Related parties

(a) Related parties:

As at December 31,	2023	2022
Current assets: Other current balances	-	113
Non-current assets: Other Non-current balances	400	359
Current liabilities: Other payables and credit balances	(2,442)	(626)
Non-current liabilities: Other liabilities	-	(104)

For the year ended December 31,	2023	2022	2021
Income statement: Interest revenue, net of foreign exchange impact, on CEO share purchase loan (see note 18(a))	41	28	68

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

For the year ended December 31,	2023	2022	2021
Compensation, bonus and benefits	3,283	1,577	2,020
Employee stock option expense (see note 18(c))	11	32	98
Director’s' fees	336	365	380

(in thousands of Canadian Dollars except where otherwise stated)

For the year ended December 31,	2023	2022	2021
	3,540	**1,974**	**2,498**

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

(d) On June 5, 2023, the Company's General Meeting of Shareholders approved an amendment to the Company's Compensation Policy and an update to the terms of office and employment of the Company's CEO. The Company's CEO's base salary has been reduced, long-term compensation has been eliminated beginning in 2023 and it has been determined that the bonus to which the CEO will be entitled will be based on sales and asset purchases in respect of transactions signed from April 1, 2023 to March 31, 2024 (the "**End of the Commitment Period**") (provided that sales transactions are completed within 6 months from end of the period) ; With respect to a loan made available to a company controlled by the CEO of the Company in respect of the allocation of 200,000 shares of the Company in 2016 (and which was extended until February 18, 2024 or six months from the termination of the CEO's employment), it was agreed that if the loan for the allocation of the shares is not fully repaid (principal and interest) by the end of 6 months from the End of the Commitment Period, the Company will purchase the shares from the private company controlled by the CEO at a purchase price calculated according to the price on the stock exchange of the shares at the time of acquisition, and such company shall return to the Company the lower of the following: (a) the balance of the loan for the allocation of shares, or (b) the purchase price; It was further agreed that until the End of the Commitment Period, the CEO will be entitled to turn to other employment or consulting opportunities provided that they do not interfere with the performance of his duties to the Company or amount to a conflict of interest; If the Company terminates the employment of the CEO of the Company without cause or in the event that the CEO of the Company terminates his employment at the end of the commitment period, the Company shall pay the CEO vacation pay and any payment required by the 2000 Standards Employment Act and other employment/employment laws applicable to the employment of the CEO by the Company and in addition, payment exceeding a notice period of 12 months from the CEO's base salary, Plus a bonus equal to the average of the CEO's annual cash grant for 2021 and 2022. In addition, on the aforementioned date, the CEO will be paid the long-term grant accrued to him for the years 2021 and 2022. In the financial statements as of December 31, 2023, a provision was made in relation to the proportion of amounts due to the CEO at the End of the Commitment Period and which were recognized in 2023: a total of CAD $722 thousands in respect of the relative portion for 2023 of 12 months of annual salary and a bonus equal to the average in 2021 and 2022, and a total of CAD 602 thousands in respect of the long-term bonus (LTIP) accrued to the CEO for 2021 and 2022. The amounts that will be recognized in the first quarter of 2024 will be CAD $271 thousands for the proportion for 2024 of 12 months of annual pay and a bonus equal to the average for 2021 and ,2022 and a total of CAD $182 thousands for the long-term bonus (LTIP) accrued to the CEO for 2021 and .2022 On March 2024, 25 the Compensation Committee and the Company's Board of Directors approved a non-material amendment to the CEO Agreement pursuant to Section 272(d) of the Companies Law pursuant to which the agreement will be extended on the same terms indefinitely and each of the parties will have the option to terminate it with 60 days' notice (the "**Termination Date**"). All provisions of the employment agreement relating to the End of the Commitment Period shall apply in relation to the Termination Date (including, a bonus for the sale and purchase of assets executed up to the Termination Date (to the extent that the CEO is entitled to bonuses for future transactions, they will be paid on the date of completion of the transaction); and the repayment date of the loan for the share allocation). It was also determined that all payments that were supposed to be paid to the CEO at the End of the Commitment Period totaling approximately CAD $1.776 million, as well as a bonus for the sale of Bear Valley in the amount of approximately CAD $62.8 thousands (after tax withholding) would be held in trust in the name of and for the benefit of the CEO by the Company's Canadian lawyers and paid to him within 10 days from the date of notice of termination of the agreement.

(e) The Company's Compensation Committee approved on August 11, 2023 a transaction to purchase D&O insurance policy, including officers who are the controlling shareholder and/or their relatives, for a period of one year commencing on August 14, 2023. Such a policy is regularly purchased each year, and this transaction represents a renewal of the policy that expired at the end of its annual term. The terms of the policy are as follows: insurance coverage in the amount of up to US $20 million per case and for period; the annual premium amount paid by the Company is a total of approximately US $244,000 including Tax as will be required; and the Company's deductible for claims filed against it in all the world will be US $35,000, except claims filed against it in the US in which the deductible will be US $75,000. The deductibles in claims against the Company anywhere in the world, regarding violation of securities laws (except in the USA) will be US $100,000 and no coverage for USA. Officers will have no deductibles.

(in thousands of Canadian Dollars except where otherwise stated)

(f) See note 1(b) for the loans agreements signed with shareholders after the end of the reporting period.

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

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, 2023, 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

Financial assets at fair value through profit or loss	Level	As at December 31, 2023	As at December 31, 2022
Financial derivative	Level 2	2,435	4,160
Other investments measured at fair value through profit or loss	Level 3	-	36,880

The estimated fair values and carrying amounts of loans to purchasers are as follows:	Fair value as at December 31, 2023	Fair value as at December 31, 2022	Carrying amount as at December 31, 2023	Carrying amount as at December 31, 2022
Loans to purchasers	81,485	84,442	82,983	90,932

(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, 2023	Fair value as at December 31, 2022	Carrying amount as at December 31, 2023	Carrying amount as at December 31, 2022
Loans and leases payable	262,736	202,024	258,791	194,188
Bonds	53,536	46,418	53,787	47,664
	316,272	**248,442**	**312,578**	**241,852**

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.

(in thousands of Canadian Dollars except where otherwise stated)

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.

Number of issued and paid-in shares for the year ended December 31,	2023	2022	2021
Outstanding at beginning of year (i)	16,700,490	16,745,237	16,745,227
Shares issued (repurchased)	(10)	(44,747)	10
Outstanding at end of year	**16,700,480**	**16,700,490**	**16,745,237**

(i) Including 200,000 shares issued to a company controlled by the CEO and held in trust.

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. On April 20, 2023 the Board of Directors and the Compensation Committee approved the update to the terms of office and employment of the Company’s CEO. As part of the updated terms, if the Stock Issue Loan is not repaid in full (interest and principal) within 6 months from March 31, 2024 the Company will purchase the 200,000 shares underlying the Stock Issue Loan (the “Shares”) from the Private Company at a purchase price calculated based on the stock exchange price of the Shares as of the purchase date (“Purchase Price”), and the Private Company will refund to the Company the lesser of (a) the balance of the Stock Issue Loan; or (b) the Purchase Price.

The net impact of these issued shares, and the associated loan, is reflected within the Company's share capital.

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 was 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:	2023	2022	2021
Net income (loss) attributable to shareholders of the Company	(40,303)	(1,549)	22,926
Weighted average number of shares outstanding	16,500,485	16,519,365	16,545,228
Weighted average number of shares for the purposes of diluted earnings per share	16,500,485	16,519,365	16,545,228

(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

(in thousands of Canadian Dollars except where otherwise stated)

Details	Nov 2016	Feb 2018	Apr 2018	Feb 2021
Exercise price	9.37	11.57	11.54	9.34
Exercise life to date	82,500	-	-	-
Cancelled	127,500	135,000	100,000	-
Expired	80,000	-	-	-
Net	-	-	-	100,000
Vested	-	-	-	66,667
Additional details	18(c)(2)	18(c)(3)	18(c)(3)	18(c)(6)

Changes in number of stock options for the year ended December 31,	2023	2022
Outstanding at beginning of year	200,000	200,000
Cancelled (see note 18(c)(3) below)	(100,000)	-
	100,000	**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.

(4) Weighted average exercise price (CAD) as at December 31,

2023	2022	2021
8.76	10.53	11.20

(5) The Company recognized $11 in stock compensation expense during the year ended December 31, 2023 (2022: $32). 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, but remains on contract for the remaining 11 properties.

(3) Management agreements with Hersha Hospitality Management, L.P. ("HHM Hotels") (formerly Urgo Hotels L.P.)

On September 25th 2020, one of the Company's subsidiaries entered in to a 10-year property management agreement with HHM Hotels 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 HHM Hotels 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 HHM Hotels 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 HHM Hotels 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. The Company expects to complete renovations during the second quarter of 2024, and is in discussions with Marriott to provide a new 20-year franchise under the brand of “Autograph”. 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.

(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.

(in thousands of Canadian Dollars except where otherwise stated)

20 - Income from hotels and resorts

For the year ended December 31,	2023	2022	2021
Room revenue	93,077	95,595	82,811
Food & beverage revenue	13,546	16,471	15,863
Ski revenue	8,708	10,299	13,399
Other revenue	6,004	9,765	17,220
	121,335	**132,130**	**129,293**

21 - Operating expenses from hotels and resorts

For the year ended December 31,	2023	2022	* 2021
Room department	25,945	25,346	21,405
Cost of food & beverage	10,969	13,376	12,582
Cost of ski services	3,479	3,679	5,715
Selling and marketing and administrative	26,807	26,108	18,323
Repairs and maintenance	10,850	9,152	9,570
Property tax and insurance	8,565	6,760	9,514
Management fees, cost of golf services and other expenses	20,663	20,174	19,103
	107,278	**104,595**	**96,212**

* Net of government assistance.

22 - Cost of sales of residential real estate

For the year ended December 31,	2023	2022	2021
Cost of sales of condominiums	-	-	1,663
Cost of sales of land and development projects	-	1,250	2,763
Revaluation component included in cost of sales	-	-	488
Development periodic costs (recovery)	28	(217)	2,763
	28	**1,033**	**7,677**

23 - Administrative and general expenses

For the year ended December 31,	2023	2022	2021
Compensation and benefits	4,585	4,059	3,737
Professional fees	2,937	2,594	3,145
Other expenses	1,513	1,612	1,208
	9,035	**8,265**	**8,090**

24 - Financial expense

For the year ended December 31,	2023	2022	2021
Interest on loans and leases	21,239	11,517	8,210
Provision for credit losses (see note 12)	12,500	-	-
Interest and foreign exchange revaluation of bonds, including early repayment fee	2,322	5,778	8,822
Amortization of deferred financing charges	2,315	944	1,500
Bank charges	319	344	381
	38,695	**18,583**	**18,913**

25 - Income taxes

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

For the year ended December 31,	2023	2022	2021
Current income tax expense	(1,802)	(28)	(7,370)
Prior year income tax recovery (expense)	342	(2,280)	(25)
Deferred income tax recovery	5,962	353	12,901
Income tax recovery (expense)	**4,502**	**(1,955)**	**5,506**

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

(in thousands of Canadian Dollars except where otherwise stated)

For the year ended December 31,	2023	2022	2021
Ontario	26.50%	26.50%	26.50%
Ohio, USA	22.98%	22.98%	22.98%
California, USA	27.98%	27.98%	27.98%
Other states (on average), USA	23.73%	23.73%	23.73%

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

For the year ended December 31,	2023	2022	2021
Net gain (loss) before income taxes	(52,796)	(70)	24,072
Ontario statutory tax rate	26.50%	26.50%	26.50%
Income tax expense calculated using statutory tax rate	13,991	19	(6,379)
Increase (decrease) resulting from:			
Prior year taxes	342	(2,280)	(25)
International Tax Rate Differentials	(645)	(182)	(252)
Tax attributable to Non-Controlling Interests	(2,801)	(339)	(8)
Difference in tax rates applicable to other gains	(6,409)	827	10,908
Non-deductible recovery (expenses)	61	-	1,385
Other	(37)	-	(123)
Income tax recovery (expense)	**4,502**	**(1,955)**	**5,506**

26 - Employee benefits

Compensation and benefits are included in the following categories in the consolidated statements of income (loss):

For the year ended December 31,	2023	2022	2021
Hospitality operating expenses	41,840	40,831	25,924
Development periodic costs	-	116	181
Administrative and general expenses	4,585	4,059	3,803
	46,425	**45,006**	**29,908**

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 July 26, 2023, after which rates have been held steady. 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. There is 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, 2023, 34.1% (2022: 23%) of the Company's indebtedness was issued at fixed rates.

+/- 1% at December 31, 2023 (2022: +/- 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.

(in thousands of Canadian Dollars except where otherwise stated)

Year ended December 31,	Net Income (Loss) - 1%	Net Income (Loss) - (1%)
2023	365	(365)
2022	750	(1,329)

(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, 2023 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:

As at December 31,	2023	2022
Cash and cash equivalents	57,139	19,503
Trade receivables and other receivables	6,715	16,445
Restricted bank deposits	25,868	11,591
Loans to purchasers	82,983	90,932
Long-term receivables	400	359
	173,105	**138,830**

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:

As at December 31, 2023	Current	Year 2	Year 3	Year 4	Year 5	Year 6 and thereafter
Loans and leases payable (*)	38,757	55,354	22,421	155,511	38,701	59,137
Bonds (*)	55,671	-	-	-	-	-
Trade payables	6,620	-	-	-	-	-
Other payables and credit balances	34,945	-	-	-	-	-
	135,993	**55,354**	**22,421**	**155,511**	**38,701**	**59,137**

As at December 31, 2022	Current	Year 2	Year 3	Year 4	Year 5	Year 6 and thereafter
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**

(*) 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.

(in thousands of Canadian Dollars)

(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, 2023 $299,614 or 96.39% (2022: $238,703 or 99.26%) of the Company's indebtedness for borrowed money was denominated in US dollars.

Assets and liabilities of the Company by currency category, at December 31:	CAD (2023)	USD (2023)	NIS (2023)	Total (2023)	CAD (2022)	USD (2022)	NIS (2022)	Total (2022)
Assets:								
Cash and cash equivalents	48,743	8,058	338	57,139	9,876	8,939	688	19,503
Trade receivables and Other receivables	617	6,497	-	7,114	11,539	5,265	-	16,804
Restricted bank deposits	4,535	21,096	237	25,868	4,458	6,886	247	11,591
Financial derivative	-	2,435	-	2,435	-	4,160	-	4,160
Other investments measured at fair value through profit or loss	-	-	-	-	36,880	-	-	36,880
Loans to purchasers	75,047	7,936	-	82,983	90,932	-	-	90,932
Total financial assets	**128,942**	**46,022**	**575**	**175,539**	**153,685**	**25,250**	**935**	**179,870**
Non-financial assets	**16,240**	**449,118**	**-**	**465,358**	**16,056**	**413,350**	**71**	**429,477**
Total assets	**145,182**	**495,140**	**575**	**640,897**	**169,741**	**438,600**	**1,006**	**609,347**
Liabilities:								
Trade payables	370	6,250	-	6,620	1,386	4,446	-	5,832
Other payables and credit balances	10,149	33,847	-	43,996	9,656	14,020	-	23,676
Loans and leases payable	11,214	247,576	-	258,790	1,787	192,401	-	194,188
Bonds	-	52,037	-	52,037	-	46,302	-	46,302
Total financial liabilities	**21,733**	**339,710**	**-**	**361,443**	**12,829**	**257,169**	**-**	**269,998**
Non-financial liabilities	3,019	9,811	(71)	12,759	5,766	17,617	-	23,383
Total liabilities	**24,752**	**349,521**	**(71)**	**374,202**	**18,595**	**274,786**	**-**	**293,381**
Financial assets net of financial liabilities	**107,209**	**(293,688)**	**575**	**(185,904)**	**140,856**	**(231,919)**	**935**	**(90,128)**
Total assets, net of total liabilities	**120,430**	**145,619**	**646**	**266,695**	**151,146**	**163,814**	**1,006**	**315,966**
Revenue	**83**	**121,256**	**-**	**121,339**	**3,496**	**130,204**	**-**	**133,700**

(in thousands of Canadian Dollars)

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.

As at December 31,	2023 – 5%	2023 – (5%)	2022 – 5%	2022 – (5%)
Impact on assets	2,301	(2,301)	1,263	(1,263)
Impact on liabilities	(16,986)	16,986	(12,858)	12,858
Impact on net income (loss) for the year	(1,739)	1,739	(124)	124

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

	Within 12 months 2023	More than 12 months 2023	Total 2023	Within 12 months 2022	More than 12 months 2022	Total 2022
Assets:						
Cash and cash equivalents	57,139	-	57,139	19,503	-	19,503
Trade receivables, other receivables and prepayments	8,633	-	8,633	20,695	-	20,695
Inventories	405	9,986	10,391	1,102	6,694	7,796
Loans to purchasers	2,120	80,863	82,983	1,848	89,084	90,932
Restricted bank deposits	9,959	15,909	25,868	1,618	9,973	11,591
Other investments measured at fair value	-	-	-	-	36,880	36,880
Financial derivative	2,435	-	2,435	-	4,160	4,160
Investment properties	-	13,769	13,769	-	13,046	13,046
Property, plant and equipment	-	436,878	436,878	-	401,506	401,506
Other non-current assets	-	2,801	2,801	-	3,238	3,238
Total assets	**80,691**	**560,206**	**640,897**	**44,766**	**564,581**	**609,347**
Liabilities:						
Loans and leases payable	5,604	4,488	10,092	25,059	1,727	26,786
Bonds - current maturities	52,037	-	52,037	3,828	-	3,828
Trade payables	6,620	-	6,620	5,832	-	5,832
Other payables and credit balances	33,843	4,187	38,030	16,316	6,111	22,427
Deferred revenue	1,206	-	1,206	4,626	-	4,626
Income taxes payable	1,793	-	1,793	-	-	-
Loans and leases payable	-	248,699	248,699	-	167,402	167,402
Bonds	-	-	-	-	42,474	42,474
Other liabilities	-	5,966	5,966	-	2,648	2,648
Deferred tax	-	9,759	9,759	-	17,358	17,358
Total liabilities	**101,103**	**273,099**	**374,202**	**55,661**	**237,720**	**293,381**
Total assets, net of total liabilities	**(20,412)**	**287,107**	**266,695**	**(10,895)**	**326,861**	**315,966**

(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.

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

(in thousands of Canadian Dollars)

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 dividend 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,	2023	2022
Shareholders' equity	234,959	280,458
Loans and leases payable	258,791	194,188
Bonds	52,037	46,302
Cash and cash equivalents	(57,139)	(19,503)
Total capital	488,648	501,445
Debt to total capital ratio	**64%**	**48%**

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 until November 01, 2023, the Bear Valley Resort located in California (see details about the sale of Bear Valley in note 10(c)1). The Canadian hospitality operations included 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:

Business segment	Description
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. These were sold as part of the Freed Agreement in November 2023, in exchange for a Note Receivable (see Note 4 for detail). After this date there are no other investments measured at FV through profit and loss.

Segmented financial information is as follows:

For the year ended December 31, 2023	US hotels and resorts	Canadian hotels and resorts	Development	Total
Revenue	121,256	79	4	121,339
Costs and expenses	(107,264)	(14)	(28)	(107,306)
	13,992	**65**	**(24)**	**14,033**
Administrative and general expenses				(9,035)
Impairment of real estate properties				(234)
Depreciation				(14,579)

(in thousands of Canadian Dollars)

For the year ended December 31, 2023	US hotels and resorts	Canadian hotels and resorts	Development	Total
Gain from fair value adjustments of investment properties				945
loss from fair value adjustments of financial instruments				(6,880)
Derecognition of investment costs and other capital losses, net				(282)
Other expense, net (*)				(3,141)
Financial expense				(38,695)
Financial income				5,072
Loss before income taxes				**(52,796)**

(*) Other expense: $3.1 million other expense relates to the $3.9 million loss related to the donation of Keewatin; $1.0 million donation provision related to the Keewatin; partially offset by $1.8 million recapturing of reserves from several completed development projects.

For the year ended December 31, 2022	US hotels and resorts	Canadian hotels and resorts	Development	Total
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, net				(522)
Financial expense				(18,583)
Financial income				4,963
Loss before income taxes				**(70)**

For the year ended December 31, 2021	US hotels and resorts	Canadian hotels and resorts	Development	Total
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
Derecognition of investment costs and other capital losses, net				7,220
Gain from fair value adjustments of financial instruments				14
Other expense, net				(656)
Financial expense				(18,913)
Financial income				1,413
Profit before income taxes				**24,072**

(in thousands of Canadian Dollars)

As at December 31, 2023	US hotels and resorts	Canadian hotels and resorts	Development	Total
Assets *	494,899	96,080	49,918	640,897
Liabilities	(349,455)	(10,602)	(14,145)	(374,202)
	145,444	**85,478**	**35,773**	**266,695**

As at December 31, 2022	US hotels and resorts	Canadian hotels and resorts	Development	Total
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**

* Financial assets included within the assets:

As at December 31,	US hotels and resorts	Canadian hotels and resorts	Development	Total
2023	45,783	94,624	35,132	175,539
2022	25,173	99,231	55,466	179,870

29 - Subsequent events

(a) On February 20, 2024, the Company announced that its negotiations with the potential buyer for the sale of all of the Company's hotel properties in the US had not resulted in a binding agreement as provided for in the original non-binding Letter of Intent (LOI). As of the date of the Report, the Company is considering the possibility of selling all or some of the Courtyard hotels it owns to other third-party buyers unrelated to the Company but known to the potential buyer. Moreover, the Company conducts discussions and negotiations with the same potential buyer for the sale of the Company's properties in Cleveland (the Renaissance and Hyatt hotels). There is no assurance that these negotiations will result in binding agreements.

(b) On March 15, 2024, Mr. Shmuel Rosenblum, who served as the Internal Auditor of the Company, announced his resignation as the Company's Internal Auditor after 6.5 years in office, and in his place the Board of Directors, on recommendation of the Audit Committee, appointed Mr. Oren Grupi as the Company's Internal Auditor, effective March 25, 2024.

(c) On March 24, 2024, the Company signed two loan agreements with its shareholders, see details in note 1(b).

(d) On March 25, 2024 Ms. Neha Kapelus (who served as VP Finance) was appointed to Chief Financial Officer.