SKYLINE
INVESTMENTS

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Management's Discussion and Analysis

For the three months ended March 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 27, 2024

Introduction

This Management's Discussion and Analysis (this "MD&A") of the operating results and financial condition of Skyline Investments Inc. ("Skyline", "the Company", "we", "us" or "our") constitutes management's ("Management") review of the factors that affected the Company's operating performance for the three months ended March 31, 2024 and its financial position as at March 31, 2024. This MD&A is dated and has been prepared with information available as of March 31, 2024.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2024 and 2023 and accompanying notes (the "Financial Statements").

The Financial Statements have been prepared in accordance with International Financial Reporting Standards, using accounting policies adopted by the Company. These accounting policies are based on the International Accounting Standards, International Financial Reporting Standards and IFRS Interpretations Committee interpretations (collectively, "IFRS") that are applicable to the Company. Amounts discussed below are based on our consolidated financial statements for the three months ended March 31, 2024 and are presented in thousands of Canadian dollars, unless otherwise stated.

Additional information relating to the Company is available under our SEDAR+ profile at www.sedarplus.com.

Except as expressly provided herein, none of the information on the SEDAR+ website is incorporated by reference into this document by this or any other reference.

Forward-Looking Information

Certain statements contained in this MD&A constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to the Company's future outlook and anticipated events or results and may include statements regarding the future financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. In particular, statements regarding the Company's future operating results and economic performance are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not historical facts. Examples of such statements include the statements with respect to the Company's strategy, objectives and intentions disclosed in the section entitled "*Overview*",", "*Liquidity and Financial Position*" and "*The Company's Properties*", including: the Company's intention to complete future acquisitions and/or dispositions, and the expected benefits from any such acquisitions or dispositions; and the introduction of value-added leasing and operational revenue streams and increased management efficiencies.

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what the Company currently expects. These factors include the ability of the Company to complete future acquisitions, obtain necessary equity and debt financing and grow its business; overall indebtedness levels, which could be impacted by the level of acquisition activity Skyline is able to achieve and future financing opportunities; general economic and market conditions and factors; local real estate conditions; competition; interest rates; changes in government regulation; and reliance on key personnel. For more information on these risks and uncertainties readers should refer to the risks disclosed in the section entitled "*Risk Factors*", as well as the risks disclosed in Skyline's materials filed with Canadian securities regulatory authorities from time to time, including the Annual Information Form of the Company dated March 27, 2024, which are available under the Company's profile on SEDAR+ at www.sedarplus.com.

Forward-looking information contained in this MD&A is based on the Company's current estimates, expectations and projections, which the Company believes are reasonable as of the date hereof. Readers should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, it is under no obligation and does not undertake to update this information at any particular time except as may be required by applicable securities laws.

Under Israeli law the Company is obligated to disclose an unconsolidated stand-alone financial statement of the parent public entity. These statements are unconsolidated and as a result have none of the operating activity or cash flow that takes place in the Company's subsidiaries. The parent public entity has minimal revenue but does have head office expenses and interest from the unsecured debt (which is funded from operating activity in the Company's subsidiaries). This document contains references to certain Israeli securities laws and publications; all the Company's public filings are available both on the Israeli stock exchange site, and on SEDAR+. In section Cash Flows from Operating Activities a translation of this disclosure under Israeli law is presented, and if not for the dual reporting requirements would not be included in this MD&A.

Non-IFRS Performance Measures

All financial information has been prepared in accordance with IFRS. However, Skyline uses certain non-IFRS measures as key performance indicators, including net operating income ("NOI"), funds from operations ("FFO"), FFO per share, and adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"). Skyline believes these non-IFRS measures provide useful supplemental information to both Management and investors in measuring the financial performance of the Company.

These are key measures commonly used by entities in our industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and should not be construed as alternatives to net income/loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. NOI, FFO and Adjusted EBITDA may differ from similar measures as reported by other companies in similar or different industries. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. Please see "*Performance Measures that are not based on IFRS*" for the reconciliations of these non-IFRS performance measures.

Skyline also uses certain supplementary financial measures as key performance indicators, including same asset NOI. Supplementary financial measures are financial measures that are intended to be disclosed on a periodic basis to depict the historical or expected future financial performance, financial position, or cash flow, that are not disclosed directly in the financial statements and are not non-IFRS measures.

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Overview

Skyline is a Canadian investment company listed on the Tel-Aviv Stock Exchange under the symbol SKLN and is a reporting issuer in Canada.

The Company is a reporting issuer in the Province of Ontario, Canada (following the filing and receipt of a non-offering long form prospectus in 2014) but, as of March 31, 2024, does not have any of its securities listed or quoted on any marketplace in Canada.

Unless otherwise expressly stated, all data set forth herein is presented in thousands of Canadian dollars and refers to the Company's consolidated information.

1. General

The Company has three operating segments: (1) hotels and resorts in the United States; (2) hotels and resorts in Canada; (3) development.

As of the date of the Report, the Company does not own hotels or resorts in Canada[1], and only holds development real estate properties of insignificant value.

The geographical areas in which the Company operates are Canada and the United States.

2. The Company's Properties

As at March 31, 2024, Skyline owned 16 income producing properties that include 2,804 rooms and 7,919 sqm. of commercial space.

Property	Location	Number of Rooms	Commercial Space in Square Meters
Courtyard Marriott	Birmingham Hoover, AL	153	
Courtyard Marriott	Huntsville, AL	149	
Courtyard Marriott	Little Rock, AR	149	
Courtyard Marriott	Tucson, AZ	149	
Courtyard Marriott	Fort Myers, FL	149	
Courtyard Marriott	Arlington Heights, IL	147	
Courtyard Marriott	Deerfield, IL	131	
Courtyard Marriott	Rockford, IL	147	
Courtyard Marriott	Lexington, KY	146	
Courtyard Marriott	Miamisburg, OH	146	
Courtyard Marriott	Holland, OH	149	
Courtyard Marriott	Oklahoma City, OK	149	
Courtyard Marriott	Battlefield (Manassas), VA	149	
Courtyard Marriott	Ithaca, NY	107	
Total Select Service Hotels		***2,020***	
Hyatt Hotel	Cleveland, Ohio	293	5,054
Autograph Renaissance Hotel	Cleveland, Ohio	491	2,865
Total Full-Service Hotels		***784***	***7,919***
Total		***2,804***	***7,919***

In addition to the above, the Company owns development properties of insignificant value.

[1] As noted in Section 1.5 of Part A of the Annual Report for 2023, "The Company's Operations and Description of the Development of the Company's Business", as published by the Company on March 28, 2024 (Reference No. 2024-01-033483) (the "**Annual Report**"), on November 24, 2023, the Company completed a transaction for the sale of its interest in the partnership (which owns resorts in Canada and development land , including properties that were sold to the Partnership in December 2021) to affiliates of Freed Corp. ("Freed"), and for changing the terms of the VTB loans. For details, see Note 4 to the consolidated financial statements in the Company's Annual Report.

The following table summarizes the Company's expected net cash flows from its VTBs, and Note Receivable as of the date of the report:

VTB Loans	Q2-Q4 2024	2025	2026 and thereafter	Total
Port McNicoll VTB	2,500	2,400	23,012	27,912
Vetta Spa VTB	25	34	737	796
Total – Development VTBs	***2,525***	***2,434***	***23,749***	***28,708***
Freed VTBs	-	21,388	-	21,388
Equity Note Receivable (against the sale of the rights in the Partnership)	-	33,800	-	33,800
Total – Freed Transaction [2]	***-***	***55,188***	***-***	***55,188***
Bear Valley Notes Receivable	***-***	***-***	***9,369***	***9,369***
Total Inflows	***2,525***	***57,622***	***33,118***	***93,265***

The table below provides comparable data on the Company's operating segments for the three months ended March 31, 2024, and 2023:

TOTAL INFORMATION

Three Months Ended March 31,	2024	2023
Number of rooms	2,804	2,856
Number of hotel properties	16	17
Occupancy rate	43%	50%
Average daily room rate (in CAD dollars)	$172.0	$171.5
Revenue per available room (in CAD dollars)	$74.7	$85.18

HOSPITALITY

Three Months Ended March 31,	2024	2023
Revenue	$21,882	$34,477
Net Operating Income	$57	$5,829

DEVELOPMENT

Three Months Ended March 31,	2024	2023
Revenue	$-	$4
Net Operating Income (NOI) [5]	($10)	($8)

CONSOLIDATED

Three Months Ended March 31,	2024	2023
Same Asset NOI[3]	$7	$2,772
Adjusted EBITDA [4]	(1,897)	$3,819

[2] Out of the $55.19 million expected cash flows from Freed, $39.64 million pertains to the Company's share while the remaining amount of $11.78 million pertains to Skyline Blue Mountain Inc.'s (a subsidiary of the Company) share. Skyline Blue Mountain's partner will receive a share of $3.77 million out of the $11.78 million in accordance with the agreements.

[3] NOI, Adjusted EBITDA, FFO, and FFO per share are non-IFRS performance measures. See "Non-IFRS Performance Measures" for additional information.

FUNDS FROM OPERATIONS (FFO) [3]

Three Months Ended March 31,	2024	2023
Funds from operations [4]	($5,705)	$2,085
FFO per share (in CAD dollars) [4]	(0.35)	$0.13

CAPITALIZATION AND LEVERAGE

As at March 31,	2024	2023
Equity to Total Assets	40%	52%
Unrestricted Cash	$38,886	$14,612
Net Debt to Net Cap	53%	42%
Loan to Value (only Hospitality)	59%	47%
Weighted average debt face interest rate	8.66%	8.26%
Weighted average debt term to maturity (in years)	4.03	3.70

The Company is a reporting issuer in accordance with the securities laws of Ontario, Canada, and therefore its Management Discussion and Analysis (MD&A) Report, is prepared in accordance with the applicable laws of Ontario, Canada, and for convenience is also reported separately in Israel. The Company also publishes its financial statements on Canada's SEDAR + system. The Company's set of reports is available on www.sedarplus.com.

The Company examines, on a regular basis, business opportunities in its operating segments and conducts various negotiations relating thereto, according to its needs, inter alia in connection with the expansion or sale of its property portfolio. Within the framework of the negotiations for the sale and/or purchase of property, it is generally customary to sign letters of intent (LOI) that include, inter alia, customary provisions relating to confidentiality, due diligence, no-shop period, deposit of small amounts in trust (which, under certain circumstances, are non-recoverable), determination of the period for conducting negotiations and signing a binding agreement, the cases where the Company may withdraw from the transaction, conditions precedent, etc.

As of the date of this Report, the Company is considering its options and strategy, while examining the options for reducing existing debt.

3. Material Events that Occurred during the Period ended March 31, 2024, and After the Balance Sheet Date

Listed below are material events that occurred during the first quarter of 2024 and material events that occurred after the balance sheet date:

3.1 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). For details, see an immediate report of the same date (Reference No. 2024-01-017886). On April 18, 2024 (following an approval in principal of the Company's Board of Directors dated April 18, 2024), the Company signed 6 sales agreements and on May 21, 2024, the Company's Board of Directors and Audit Committee approved the signing of agreements for the sale of 2 additional CY hotels (a total of 8 hotels) out of 14 CY Hotels (the Company's hotels expected to be sold are: Chicago Arlington Heights, Chicago Deerfield, Chicago Rockford, Birmingham Hoover, Huntsville University Drive, Fort Myers Cape Coral, Courtyard Manassas Battlefield Park, Courtyard Lexington North) at an aggregate price of approximately USD $91.75 million (approximately USD $13 million lower than the total book value (in aggregate) of the Company's assets as of December 31, 2023 and approximately USD 97.7 million as of March 31, 2024 and a release of a reserve for deferred taxes is expected), with completion date expected to be in the third quarter of this year. The signed agreements are binding on the buyers, but the Company has the option not to complete the agreements under certain circumstances. It should be noted that 7 of the above 8 CY hotels, together with 5 other CY hotels, are pledged in favor of the bank (a total of 12 properties). Accordingly, the completion of the sale agreements of 8 CY Hotels is subject to the fulfillment of customary closing conditions in such agreements and to the repayment of the Bank loan currently in the amount of USD $102.6 million (bearing interest of 10.87%). To repay the existing loan, the company is examining the possibility of entering into a loan agreement with another financing entity, in the amount of US $20 million, and to pledge against the loan the remaining 5 CY assets that will not have been sold (the remaining 1 CY asset is already pledged to another lender). The Company updates that the signing of the sale agreements reflects an average discount of 12% of the value of the assets on the Company's books as of December 31, 2023 and an average discount of 6.49% as of March 31, 2024. The Company also updates regarding the Renaissance and Hyatt hotels, following the Previous Reports, that as of this date, the Company is in discussions with other potential buyers, but not in progressed negotiations with any of them.

3.2. 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 of KPMG firm as the Company's Internal Auditor, effective March 25, 2024.

3.3. On March 24, 2024, 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). On May 16, 2024, the Company announced that the loans have been received. See an immediate report of the same date (Reference No. 2024-01-050868). 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 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. See also Note 11 c) to the consolidated financial statements.

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

3.5. On April 10, 2024, the Renaissance Cleveland Hotel held by the Company's subsidiary successfully completed its rebranding to the Hotel Cleveland Autograph Collection. The Company entered into a renewed franchise agreement with the Marriott chain, for a period of 20 years from the brand opening date, i.e. until April 10, 2044, with no extension option. Similar to the period agreement, the new agreement provides that the Marriott chain is entitled to franchise fees of 5% of gross rooms revenue as well as additional payments mainly for marketing and sales services and use of computer systems. The Company has completed over 95% of the Property Improvement Plan ("PIP") renovation of all the conference space, common areas and rooms at the hotel. The agreement establishes conditions governing the relationship between the parties as is customary in such agreement, and similar to the terms in the previous franchise agreement with Marriott.

3.6. Further to Section 7.3.2 of the Company's Annual Report, Under the provisions of the loan agreement of the Company's subsidiary, related to 12 hotels under the Company's Courtyard hotel portfolio, the borrower obliged to maintain a Debt Yield (i.e., the ratio of Net Operating Income over the outstanding principal balance of the loan) of 8.0% during the period beginning on May 1, 2023, through April 30, 2024, tested each quarter. The Debt Yield for the April 1, 2024 test date was less than 8.0%. Failure to comply with the debt yield ratio does not constitute grounds for immediate repayment in accordance with the loan agreement, but the lender may, at its option, transfer the cash received from the hotels to a cash management account used only to pay the debt and to pay operating or capital expenses, in accordance with the terms and conditions of the Cash Management Agreement that was entered into as part of the loan. Moreover, pursuant to the loan agreement, the borrower can regain control of the cash by achieving a Debt Yield of at least 9.5% for two consecutive calendar quarters. See an immediate report dated May 16, 2024 (Reference No. 2024-01-050868).

3.7. On May 27, 2024 the Company reported its intention to make full early redemption of the Company's Series B debentures on June 13, 2024. For details, see the immediate report from that date (reference number: 2024-01-052528).

It should be emphasized that the information provided above is forward-looking information, as defined in the Securities Law, 5728-1968, which is based on information available to the Company at that time and includes data provided to the Company, as well as on the Company's forecasts and estimates. Such assessments may not be realized or materially different from what is expected, as a result of factors that are independent and not the Company's control and due to the risk factors, that the Company faces and which derive from its activities, as mentioned in Section 20 of part A to the annual report.

4. Attention in the review report of the external auditor

It should be noted that, without qualifying the Auditor's conclusion, attention was drawn in the Company's Auditor's Review Report as of the date of the report, to Note 1b of the condensed consolidated financial statements which details, among other, Company's obligation to repay bonds (series B) in July 2024 in the amount of approximately CAD 52.95 million, shareholder loans in the amount of approximately CAD 30.36 million which were obtained after the end of the reporting period, which were extended to the Company in order to fund the repayment of above bonds, and which are payable in April 2025, and the plans of the Management and Board of Directors, which include selling of properties, in order to repay Company's obligations on time. Based on the Management and the Boad of Directors analysis of debt repayment dates and available alternatives and sources, the company's Board of Directors and Management are of the opinion that the Company will repay its liabilities when they come due.

5. Operating Results

Key Performance Evaluation Indicators

The Company uses several key performance indicators ("**KPIs**") to measure its business activity. One of the key performance indicators in the hotel industry is Revenue Per Available Room ("**RevPAR**"). RevPAR is a function of both occupancy rate and average daily room rate ("**ADR**"). The Company monitors all three above indicators for all of its hotel properties.

The first quarter of 2024 saw a year over year decrease in occupancy rate across all of the Company's properties, particularly US full-service hotels, due to reducing the number of rooms at the Renaissance hotel during its extensive renovation. Select service hotels saw a year over year decline across all three key indicators, driven by lower occupancy due to ongoing renovations at two of its Courtyard hotels and the sale of Bear Valley resort in November 2023.

The Company has not experienced material impacts from inflation, but has recorded significant increases in interest expense resulting from rising interest rates. The Company has financial strategies to protect against rising interest rates and other inflationary pressures, if any, including entering into interest rate swaps, interest rate caps and other hedging measures. the Company entered into an interest rate cap on its largest USD denominated loan in November 2022.

While the Company's hospitality portfolio and business base allows it to be flexible in navigating these volatile economic conditions, there is no assurance regarding the impact of economic contraction or recession on the Company's business, results of operations and financial position.

US select service Hotels and a California Ski Resort in USD[4]	Q2-2023	Q2-2022	Q3-2023	Q3-2022	Q4-2023	Q4-2022	Q1-2024	Q1-2023
RevPAR	$77.95	$70.15	$72.51	$71.33	$55.54	$64.97	$60.34	$69.54
ADR	$117.33	$106.83	$114.58	$110.09	$109.71	$115.54	$118.75	$129.94
Occ.	66%	66%	63%	65%	51%	56%	51%	54%

US full-service Hotels in USD	Q2-2023	Q2-2022	Q3-2023	Q3-2022	Q4-2023	Q4-2022	Q1-2024	Q1-2023
RevPAR	$69.90	$82.13	$63.96	$107.00	$54.44	$76.81	$41.63	$48.60
ADR	$172	$153.10	$184.36	$173.24	$182.92	$169.24	$170.58	$157.64
Occ.	41%	54%	35%	62%	30%	45%	24%	31%

[4] Figures include the Ithaca hotel that was acquired in July 2022, and Bear Valley resort that was sold in November 2023

Non-IFRS Performance Indicators

The Company also uses certain performance indicators that are not defined in International Finance Reporting Standards (IFRS) as Key Performance Indicators (KPIs). These indicators include net operating income (NOI), adjusted EBITDA and funds from operations (FFO). For the definitions of these indicators and the tabular discloser, see hereinafter in this report.

Same Asset Analysis

Same Asset Revenue for Three Months Ended March 31,	2024	2023
USA	$21,100	$23,900
Canada	$20	$20
Total	**$21,120**	**$23,920**

Same Asset NOI for Three Months Ended March 31,	2024	2023
USA	($12)	$2,763
Canada	$19	$9
Total	**$7**	**$2,772**

The same asset analysis includes results of operations of assets owned by the Company for at least the two full years ending March 31, 2024.

Said analysis does not include results relating to the Ithaca hotel, which was purchased in July 2022, and the Bear Valley ski resort, which was sold in November 2023. The decrease in same-asset revenues is a result of the effect of extensive renovations at the Renaissance hotel.

The decrease in same asset NOI was mainly due to renovation of two Courtyard hotels and the Renaissance hotel.

6. Fair Value

The Company recognizes the fair value of certain real estate assets on its balance sheet. These assets represent 73% of the total assets of Skyline as at March 31, 2024. The Company receives independent, third-party appraisals of all its hotels and resorts on an annual basis. The appraisals include a comprehensive analysis of market conditions, including any impacts of changes in market interest rates, risk premiums, economic uncertainties and comparable transactions, among other factors. With regard to all of the Company's assets (including fixed assets), the Company takes certain actions on a quarterly basis, to determine if there was any change in value, including discussions with independent, third-party experts, referencing market transactions and non-binding purchase offers, as well as review of internal forecasts. The Company then uses these inputs for a 10-year discounted cash flow analysis to determine if a change in value is required, including discussions with independent third-party experts, relating to market transactions and non-binding purchase offers, as well as review of internal forecasts. The Company then uses these data to prepare a 10-year discounted cash flow analysis to determine if revaluation is required at each reporting date. With respect to the fair value decrease of the Company's assets in the current reporting period, please refer to the Note 6 to the consolidated financial statements for the period ended March 31, 2024. The following table summarizes the Company's investment properties and property, plant and equipment ("PP&E") for the year ended December 31, 2023, and the period ended March 31, 2024 (data in CAD thousand):

	Three Months Ended March 31, 2024	Twelve Months Ended December 31, 2023
Balance as at January 1	**$450,647**	**$414,552**

	Three Months Ended March 31, 2024	Twelve Months Ended December 31, 2023
Capital expenditures and acquisitions	$9,283	$98,488
Depreciation and value decrease	($3,412)	($14,813)
Dispositions	$-	($30,165)
Allocations of right of use asset and lease liability	$-	$149
Changes in fair value	($11,701)	($7,982)
Foreign exchange rates	$10,942	($9,582)
Balance, end of period	**$455,759**	**$450,647**

Net Asset Value

The Company, as most real estate companies do, measures value creation for its shareholders through growth in Net Asset Value ("NAV"), which is equivalent to Equity as presented in the Company's condensed consolidated statement of financial position). An increase in net asset value is primarily achieved by:

- Using strict acquisition criteria, with the intent of acquiring assets at or below replacement cost;
- Generating operational efficiencies; and
- Taking advantage of value-add opportunities

Each of these items may lead to valuation increases in its assets and, as a result, the Company's NAV. The Company calculates its NAV using fair values as disclosed on its balance sheet. Increases in the fair value of the Company's real estate assets is the primary driver of NAV growth.

The Company's NAV is summarized as follows (in thousands CAD):

As at March 31, 2024	Balance Sheet Value	Outstanding Secured Liabilities[5]	LTV[6]	Net Asset Value
US select service hotels	$222,003	$148,379	67%	$73,624
US full-service hotels	$228,304	$117,354	51%	$110,950
Development lands	$14,647	$9,742	67%	$4,905
Total real estate and other	**$464,954**	**$275,475**	**59%**	**$189,479**
Cash	$38,886			
Other assets	$123,015			
Total assets	**$626,855**			**$626,855**
Total debt	$327,603			
Other liabilities	$46,129			
Total liabilities	**$373,732**	**$275,475**	**74%**	**$373,732**
Non-controlling interest	$31,339			
Total NAV	**$253,123**			**$253,123**
NAV per share[7] (CAD)	$13.28			
NAV per share[7] (NIS)	$36.02			

[5] Includes secured capital leases.
[6] Loan to Value ratio.
[7] Excluding non-controlling interest.

7. The Company's Financial Position

For details regarding the financial position of the Company, see Note 1(b) to the consolidated financial statements.

8. Liquidity

The following table summarizes the Company's cash flow report (in CAD thousand):

Three Months Ended March 31,	2024	2023
Net income (loss) for the period	($10,059)	($7,034)
Net cash provided by (used for) operating activities	($8,200)	($1,437)
Net cash provided by (used for) investing activities	($20,117)	($3,680)
Net cash provided by (used by) financing activities	$9,900	$235
Impact of foreign activity balance translation on cash balances	$164	($9)
Increase (decrease) in cash and cash equivalents	**($18,253)**	**($4,891)**
Cash and cash equivalents, beginning of the period	$57,139	$19,503
Cash and cash equivalents, end of the period	**$38,886**	**$14,612**

The following table summarizes the Company's financing expenses and interest paid in cash (in CAD thousand):

Three Months Ended March 31,	2024	2023
Financing expenses	$8,635	$6,123
Cash Interest paid	$5,941	$5,473

Debts – The Company's long-term debts (loans, mortgages and debentures) principal repayments as of March 31, 2024 are as follows:

As at March 31, 2024	Principal Amount (loans and bonds) (In CAD thousands)	% of the total principal amount (excluding non-capitalized financing costs)
By March 31, 2025	$62,967	18.73%
By March 31, 2026	$44,429	13.21%
By March 31, 2027	$1,369	0.41%
By March 31, 2028 and thereafter	$227,437	67.65%
Deferred financing costs[8]	($8,599)	
Total	$327,603	100.00%

Loans, mortgages and bonds have fixed rates that range from 1% to 10.9%. The variable rate loans and mortgages range from 8.08% to 10.87%. Maturity dates range from July 2024 to May 2048.

[8] As at March 31, 2024, deferred financing costs related to bonds were $298.

Series B Bonds

The Series B Bonds are redeemable (principal) in payments that shall be made semi-annually on January 15 and July 15 from 2019 to 2024 (inclusive). Each payment shall redeem 3.25% of the par value of the principal of the Series B Bonds except the final payment, which is set for July 15, 2024, and includes the total balance of the principal to be redeemed, at the rate of 64.25% of the par value of the principal of the Series B Bonds.

The interest on the Series B Bonds is paid in semi-annual payments on January 15 and on July 15 of each of the years 2018 to 2024, with the first payment of interest to be made on January 15, 2018, and the last payment of interest to be made on July 15, 2024. For details regarding the Company's intention to preform an early full repayment of bonds (series B) on June 13, 2024, see section 3.7 above. For discussion on the Company's Financial Position and ability to pay all its obligations as they come due, please refer to Note 1 (b) to the consolidated financial statements.

The information contained herein is forward-looking information, as defined in the Securities Law, 5728-1968, which is beyond the full control of the Company and whose actual realization is uncertain. The information is based on information available to the Company as of the date of publication of the Report and includes the Company's estimates and plans that may not materialize or may differ materially from the Company's plans, as a result of various factors beyond the Company's control, including adverse changes in the economy and/or the real estate market in general, and particularly in the jurisdictions where the Company operates, as well as realization of all or part of the risk factors set out in Section 20 of Chapter A of the Annual Report.

9. Board of Directors' explanations for the state of the Company's affairs, operating results, equity and cash flows

Financial Position – in CAD thousands

Assets	03.31.2024	12.31.2023	Increase (Decrease)	%	Explanation
Cash and cash equivalents	38,886	57,139	(18,253)	(31.94)	The decrease is primarily attributable to capital expenditures, and net debt payments.
Trade receivables and other receivables	7,932	8,633	(701)	(8.12)	Decrease was due to the receipt of insurance claims for repairing property damage at Bear Valley resort during 2022 to 2023 ski season.
Real Estate Inventory and Inventories	10,630	10,391	239	2.30	The increase is mainly due to the increase in development inventory.
Loans to purchasers (short and long-term)	84,239	82,983	1,256	1.51	The increase is primarily due to accrued interests on the VTBs.
Bank deposits with limited use (short and long-term)	24,623	25,868	(1,245)	(4.81)	The change is primarily due to decrease of debt service reserve in connection with the Renaissance bank loan.
Financial derivative	1,921	2,435	(514)	(21.11)	The change is due to a decrease in the fair value of the 2-year interest rate cap on the Courtyards loan, purchased in November 2022, partially offset by foreign exchange.
Investment properties	13,997	13,769	228	1.66	The change is primarily due to fair value adjustments.
Property Plant and Equipment	441,762	436,878	4,884	1.12	The increase is due to additions to PP&E as a result of renovations at the Renaissance and Courtyard, partially offset by the increase in accumulated amortization.
Other non-current assets	2,865	2,801	$64	2.28	The increase is primarily due to the FX impact on long term deposits (CY Marriott franchises).
Total Assets	**626,855**	**640,897**	**($14,042)**	**(2.19)**	**The decrease in total assets is a result of the above changes.**

Liabilities and Equity	03.31.2024	12.31.2023	Increase (Decrease)	%	Explanation
Bonds	51,057	52,037	(980)	(1.88)	The decrease is mainly the result of principal payments made and the impact of foreign exchange differences.
Loans	276,546	258,791	17,755	6.86	The increase is primarily due to the additional Bank construction loan draw (US$ 5.1M), OWDA loan (US$ 1.7M), and the Cuyahoga County loan (US$ 2M), for the renovation of the Renaissance hotel, as well as an impact of CAD $7.8M from FX translation of US loan balances. This was partially offset by the loan payments made during the quarter.

Liabilities and Equity	03.31.2024	12.31.2023	Increase (Decrease)	%	Explanation
Suppliers, deferred income and other payables	39,413	51,822	(12,409)	(23.95)	The decrease is due to payment of liabilities in relation to the renovation costs at the Renaissance and Courtyard.
Income taxes payable	1,786	1,793	(7)	(0.39)	Immaterial variance
Deferred tax	4,930	9,759	(4,829)	(49.48)	The decrease is primarily due to taxes recognized on fair value changes of Property Plant and Equipment.
Equity	253,123	266,695	(13,572)	(5.09)	The decrease in equity is attributable mainly to the net loss attributable during the period.
Total Liabilities and Equity	**626,855**	**640,897**	**(14,042)**	**(2.19)**	**The decrease in total liabilities and equity is a result of the above changes.**

The Company's shareholders' equity, excluding minority interests was $221,784 or $13.28 per share (36.02 NIS based on the NIS/CAD exchange rate as at March 31, 2024). The Company's Common Shares closed on March 31, 2024 at 22.92 NIS per share, a discount per share of 36% to the Company's shareholders' equity.

Results of Operations for the Period Ended – in CAD thousands

The Company's revenue is generated by three operating segments: US hotels and resorts, Canadian hotels and resorts, and Development. Hospitality operations include hotel operations and other businesses including food and beverage, spa, retail and rental operations, and other related or ancillary activities. The US Hotels and resorts segment contributed approximately 100% of revenue to the Company's hospitality operations during the three months ended March 31, 2024. Development revenue includes the sale of serviced lots and condominiums.

Revenue from the hotels and resorts segments depends on the volume of customers and their spending, as well as competitive pricing. The volume of customers is impacted by a number of factors, including the customer experience, economic conditions, geo-political factors, weather and accessibility of the hotels and resorts. Revenue from the Development segment is variable. Project timing and revenue recognition can vary from quarter to quarter as a result of the circumstances surrounding individual projects. Skyline has a number of ongoing projects with various timelines that are expected to provide some regular revenue on an annual basis in an attempt to smooth revenue from this segment. The selected financial information set out below is based on and derived from the Financial Statements:

Income Statement	03.31.2024	03.31.2023	Increase (Decrease)	%	Explanation
Revenue	21,882	34,481	(12,599)	(36.54)	The decrease is a result of lower revenue from hotels and resorts due to overall lower RevPAR, occupancy rates, and ADR, which was primarily driven by the decline in US full-service hotels from the effect of extensive renovations at the Renaissance hotel where Skyline has reduced available rooms, as well as the sale of Bear Valley resort in Q4 2023. Select service hotels declined over prior year in all three key indicators, driven by lower occupancy due to ongoing renovations at two of its Courtyard hotels.

Income Statement	03.31.2024	03.31.2023	Increase (Decrease)	%	Explanation
Expense and Costs	(21,835)	(28,660)	6,825	(23.81)	Decrease in hotel operating costs is mainly due to the sale of Bear Valley and decrease in variable expenses such as hotel management fees and staff costs, in line with the decline in revenue from the hotels. This was partially offset by the increase in costs from the ongoing renovations at the Renaissance hotel and increase in property taxes.
Administrative and General and Marketing expenses	(1,944)	(2,002)	58	(2.90)	Decrease is primarily due to lower professional services costs, insurance costs, and office rent, partially offset by an increase in compensation costs.
Depreciation and Impairment	(3,412)	(4,731)	1,319	(27.88)	The decrease is primarily due to the decrease in PPE balances from the sale of the Bear Valley resort in Q4 2023.
Gain (loss) from change in fair value	-	30	(30)	(100.00)	The movement noted in prior year was due to change in value of Skyline's investment in RCLP. As part of the Freed transaction in Q4 2023, the company has sold its holdings in RCLP.
Capital losses, net, and other expenses, net	(144)	(2,630)	2,486	(94.52)	The capital losses incurred in Q1 2024 were due to the settlement losses. As compared to Q1 2023, the net loss was higher due to the derecognition of the Keewatin due to its donation
Net Financial Income (Expense)	(6,891)	(4,924)	(1,967)	39.95	The increase of expense was primarily due to higher interest rates, and more loans compared to prior year, and the foreign exchange revaluation of bonds - the non-cash foreign exchange impact of the Company's bonds was a loss of ($1.3) compared to a gain of 0.008 in Q1 2023. This was partially offset by an increase in interest income from Freed Notes Receivable and GIC.
Income Tax Recovery (Expense)	2,285	1,402	883	62.98	The current period income is due to increase in deferred taxes and increase in previous year taxes and current period taxes.
Profit (loss) for the year	**(10,059)**	**(7,034)**	**(3,025)**	**43.01**	**The change in the net results is due to the reasons mentioned above.**
Net income (loss) (after tax) per share (basic and diluted)	**(0.46)**	**(0.33)**			
Weighted avg. shares outstanding	**16,500,480**	**16,500,485**			

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Operating Segments – in CAD thousands

Hotels and Resorts in the United States

	03.31.2024	03.31.2023	Increase (Decrease)	%	Explanation
Revenue	$21,862	$34,457	($12,595)	(36.55)	The decrease is a result of lower revenue from hotels and resorts due to overall lower RevPAR, occupancy rates, and ADR, which was primarily driven by the decline in US full-service hotels from the effect of the extensive renovations at the Renaissance hotel where Skyline has reduced available rooms, as well as the sale of Bear Valley resort in Q4 2023. Select service hotels declined over prior year in all three key indicators, driven by lower occupancy due to ongoing renovations at two of its Courtyard hotels.
Cost of revenue (excluding depreciation)	($21,824)	($28,636)	$6,812	(23.79)	Decrease in hotel operating costs is mainly due to the sale of Bear Valley and decrease in variable expenses such as hotel management fees and staff costs, in line with the decline in revenue from the hotels. This was partially offset by the increase in costs from the ongoing renovations at the Renaissance hotel and increase in property taxes.
Segment Results	**$38**	**$5,821**	**($5,783)**	**(99.35)**	**Net segment results decreased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.**

Development Property

	03.31.2024	03.31.2023	Increase (Decrease)	%	Explanation
Revenue	$-	$4	($4)	(100.00)	The Company currently has only one active Development project with insignificant activity in current earnings, whereas the prior year included the sale of some development property.
Cost of revenue	($10)	($12)	$2	(16.67)	The Company currently has only one active Development project with insignificant activity in current earnings, whereas the prior year included the sale of some development property
Segment Results	**($10)**	**($8)**	**($2)**	**25.00**	**Net segment results increased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.**

Same Asset Analysis

	03.31.2024	03.31.2023	Increase (Decrease)	%	Explanation
Revenue	$21,120	$23,920	($2,800)	(11.71)	The decrease is a result of lower revenue from hotels and resorts due to overall lower RevPAR, ADR and occupancy rates mainly due to the hotel renovations.
Cost of revenue (excluding depreciation)	($21,113)	($21,148)	$35	(0.17)	immaterial variance.
NOI	**$7**	**$2,772**	**(2,765)**	**(99.75)**	**Net results decreased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.**
NOI Profitability rate	**0.03%**	**11.59%**	**(11.56%)**	**(99.71)**	**NOI Profitability has decreased as a result of the above.**

Same-asset analysis includes results of operations of assets owned by the Company for at least the two full years ending March 31, 2024. These assets include the Company’s hotels in the US (Renaissance and Hyatt) and 13 Courtyard hotels.

10. Performance Measures that are not based on IFRS

All financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). However, Skyline uses certain non-IFRS measures as key performance indicators including net operating income ("**NOI**"), funds from operations ("**FFO**"), and adjusted earnings before interest, taxes, depreciation and amortization ("**Adjusted EBITDA**"). Skyline believes these non-IFRS measures provide useful supplemental information to both Management and investors in measuring the financial performance of the Company.

Certain key measures are commonly used by entities in our industry as useful metrics for measuring performance. However, they do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other publicly traded real estate entities. These measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS.

NOI

Skyline defines NOI as property revenues less property operating expenses. Management believes that NOI is a useful key performance indicator on an unlevered basis as it represents a measure over which Management of property operations has control. NOI is also a key input in determining the value of the Properties. NOI is used by industry analysts, investors and Management to measure operating performance of Canadian companies. NOI represents revenue from cash generating properties less property operating expenses excluding depreciation as presented in the consolidated statements of income and comprehensive income prepared in accordance with IFRS.

Given the potential seasonality of its hospitality operations, NOI for a fiscal year (or trailing four quarters) is considered by Management as a more accurate measure of the Company's performance.

Skyline calculates NOI as operating income before depreciation, valuation adjustments and other income, adjusted for:

i) Segmented results from Development Segment;

ii) Selling and Marketing expenses;

iii) Administrative and General expenses.

Alternatively, the same result is arrived at by adding segmented results (per Note 13 in the consolidated financial statements) of the Company's hotels and resorts.

NOI for the Three Months Ended March 31,	2024	2023
Operating income before depreciation, valuation adjustments and other income	($1,897)	$3,819
Segmented results from Development Segment	$10	$8
Administrative and General Expenses	$1,944	$2,002
NOI from income producing assets	**$57**	**$5,829**
Income from hotels and resorts	$21,822	$34,477
Operating expenses of income producing assets	($21,825)	($28,648)
NOI from income producing assets	**$57**	**$5,829**
Change in % compared to corresponding period	**(99.02%)**	

FFO

FFO is a non-IFRS financial measure of operating performance widely used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties. FFO is not an alternative to net income determined in accordance with IFRS. Skyline calculates the financial measure in accordance with the Real Property Association of Canada White Paper issued in January 2022, except for (i) changes in the fair value of financial instruments which are economically effective hedges but do not qualify for hedge accounting, (ii) non-controlling interest, and (iii) operational revenue and expenses from right-of-use assets. The use of FFO, combined with the data required under IFRS, has been included for the purpose of improving the understanding of the operating results of Skyline.

Management believes that FFO provides an operating performance measure that, when compared period-over- period, reflects the impact on operations of trends in occupancy, room rates, operating costs and realty taxes and interest costs, and provides a perspective of the Company's financial performance that is not immediately apparent from net income determined in accordance with IFRS. FFO excludes from net income items that do not arise from operating activities, such as fair value adjustments, purchase transaction costs, and deferred income taxes, if any. FFO, however, still includes non-cash revenues related to accounting for straight-line rent and makes no deduction for recurring capital expenditures necessary to sustain the Company's existing earnings stream.

It should be emphasized that the method of calculation of this indicator by the Company may differ from the method of calculation applied by other companies.

FFO for the Three Months Ended March 31,	**2024**	**2023**
Net income (loss) attributable to shareholders of the Company	($7,658)	($5,456)
(Gain) loss from fair value adjustments	$1,068	$391
Depreciation and impairment	$3,048	$4,298
Deferred tax	($2,419)	($1,368)
Derecognition of investment costs and other capital losses (gains)	$-	$3,964
Revaluation component included in cost of sale, that was previously recognized in gain on fair value adjustments of investment property prior to its transfer to inventory	$256	$256
FFO per Real Property Association of Canada Guidance	**($5,705)**	**$2,085**
Adjustment for:		
Fair value component included in purchase costs, which was previously recognized to profit (loss) from changes in fair value of investment real estate before reclassified to inventory	($256)	($256)
FFO according to the ISA approach	**($5,961)**	**$1,829**

FFO for the three months ended March 31, 2024 was ($5,961) compared to $1,829, for the three months ended March 31, 2023. The decrease is mainly due to hotel renovations.

Adjusted EBITDA

The Company's operations include income from producing assets and revenue from the sale of developed real estate. As such, Management believes Adjusted EBITDA (as defined below) is a useful supplemental measure of its operating performance for investors and debt holders.

EBITDA is defined as Earnings Before Interest, Taxes, Depreciation, and Amortization. The Company calculates Adjusted EBITDA as follows:

- Income from hotels and resorts;
- Sale of residential real estate;

Less:

- Operating expenses from hotels and resorts;
- Cost of sales of residential real estate;
- Selling and marketing expenses;
- Administration and general expenses

Adjusted EBITDA does not include fair value gains, gains on sale or other expenses, and is presented in the Company's consolidated statement of profit and loss for the three months ended March 31, 2024 as operating income before depreciation, valuation adjustments and other income.

Adjusted EBITDA for the Three Months Ended March 31,	**2024**	**2023**
ADJUSTED EBITDA from operations	**($1,897)**	**$3,819**
Change in % compared to corresponding period	**(149.76%)**	

NOI, FFO, and Adjusted EBITDA are not measures defined by IFRS, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income/loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. NOI, FFO, and Adjusted EBITDA, as computed by the Company, may differ from similar measures as reported by other companies in similar or different industries.

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__Linkage Base Report as of March 31, 2024 (in CAD thousands)__

Assets	**Financial items CAD**	**Financial items USD**	**Financial items NIS**	**Non-financial items CAD**	**Non-financial items USD**	**Non-financial items NIS**	**Total**
Cash and cash equivalents	$32,964	$5,516	$406	$-	$-	$-	$38,886
Customers and receivables	$788	$5,270	$-	$373	$1,501	$-	$7,932
Loans to purchasers	$76,109	$8,130	$-	$-	$-	$-	$84,239
Inventory	$-	$-	$-	$10,171	$459	$-	$10,630
Financial derivative	$-	$1,921	$-	$-	$-	$-	$1,921
Investment real estate	$-	$-	$-	$4,475	$9,522	$-	$13,997
Fixed assets	$-	$-	$-	$980	$440,782	$-	$441,762
Other assets	$417	$-	$-	$214	$2,234	$-	$2,865
Restricted deposits	$4,542	$19,860	$221	$-	$-	$-	$24,623
Total	**$114,820**	**$40,697**	**$627**	**$16,213**	**$454,498**	**$-**	**$626,855**

Liabilities	**Financial items CAD**	**Financial items USD**	**Financial items NIS**	**Non-financial items CAD**	**Non-financial items USD**	**Non-financial items NIS**	**Total**
Loans	$10,741	$265,805	$-	$-	$-	$-	$276,546
Suppliers	$441	$6,584	$-	$-	$-	$-	$7,025
Payables and credit balances	$8,062	$22,466	$-	$1,813	$1,904	($71)	$34,174
Debentures	$-	$51,057	$-	$-	$-	$-	$51,057
Deferred tax	$-	$-	$-	$788	$4,142	$-	$4,930
Total	**$19,244**	**$345,912**	**$-**	**$2,601**	**$6,046**	**($71)**	**$373,732**

Excess (Shortage) of assets over liabilities	**CAD**	**USD**	**NIS**	**CAD**	**USD**	**NIS**	**Total**
Total	**$95,576**	**($305,215)**	**$627**	**$13,612**	**$448,452**	**$71**	**$253,123**

11. Cash Flows

Cash Flows from Operating Activities

During the three months ended March 31, 2024, the Company had a consolidated negative cash flow from operating activities of ($8,200). This compares to a negative cash flow from operating activities of ($1,437) for the corresponding periods of the previous year. For further details, see the statement of cash flow for the period ended March 31, 2024.

The Company presents in its solo statements a negative cash flow from operating activities of approximately ($4,894) for the three months ended March 31, 2024, compared to a negative cash flow from operating activities of approximately ($1,359) for the corresponding period of the previous year. The Company anticipates that in the future it could present a negative cash flow from operations in its solo reports as the majority of the Company's activity is carried out through its subsidiaries.

In light of the Company's upcoming debt maturities in the coming year, the Company performed an examination of its financial condition, operating results, liquidity, financial strength and flexibility, and its ability to meet its liabilities, including loans provided to it, and it believes that, as of the date of the Report, it has sufficient liquidity to meet its liabilities as they become due.

The foregoing constitutes forward-looking information. The Company's estimates and assumptions relating to the projected cash flow and sources for repayment of its current and expected liabilities are based on data and work plans available to the Company as of the date of publication of this Report, and assuming its continued operations in the ordinary course of business. There is no certainty that these assumptions and estimates will fully or partially materialize, as they are dependent on external macro-economic factors over which the Company has little or no influence.

Working Capital

As at March 31, 2024, the Company had a positive working capital of $25,104 in its consolidated statements, compared to a negative working capital of ($16,607) for the corresponding period of the previous year. The increase in working capital was due to increase of cash and cash equivalents as a result of Freed transactions pay out, reclassification of the remaining Freed VTB balance from long term to short term, reclassification of the equity investment in RCLP from financial instruments to short term note receivable, and repayment of a previous loan relating to the Hyatt hotel renovation in Q2 2023 (see Section 7.3.1 of Part A of the Annual Report), partially offset by the reclassification of the Series B bonds from long-term to short term payable. In addition, the Company has around $108 in available undrawn lines of credit. Management believes that it has sufficient working capital to meet its obligations as they come due.

In its solo statements, the Company had positive working capital of $43,597 as of March 31, 2024, compared to a positive working capital of $4,182 as of March 31, 2023. The increase was primarily due to increase of cash and cash equivalents as a result of Freed transactions pay out, reclassification of the remaining Freed VTB balance from long term to short term, reclassification of the equity investment in RCLP from financial instruments to short term note receivable, partially offset by the reclassification of Bonds B from long term to short term.

Cash Flows Used for Investment Activities

For the three months ended March 31, 2024, the Company had a negative cash flow from investing activities of approximately ($20,117), which is primarily due capital additions in line with the hotel renovations. In the corresponding period of last year, the Company recorded a negative cash flow of approximately ($3,680), primarily due to the additions of capital expenditures the Company's hotels and resorts.

Cash Flows Used for Financing Activities

During the three months ended March 31, 2024, the Company had a positive cash flow from financing activities of approximately $9,900. During the corresponding period of the previous year, the Company had a positive cash flow from financing activities of approximately $235. The cash inflow from financing activities for the three months ended March 31, 2024, was driven primarily by refinancing and increasing the bank construction loan, OWDA loan, and the Cuyahoga County loan for the renovation of the Renaissance hotel (see Section 7.3.2 of Part A of the Annual Report).

12. Financing Sources

12.1. For details of the loans within the operations segments of the Company, see section 9 above and Sections 7.3.1 through 7.3.5 of Part A of the Annual Report, as well as Note 7 to the consolidated financial statements.

12.2. On September 25, 2017, the Company issued to the public Series B Debentures of NIS 164,464,000 par value pursuant to a shelf offering prospectus dated September 24, 2017 (Reference No. 2017-01-036994).

12.3 On July 16, 2023, the Company closed a private bonds placement to classified investors of Series B Debentures of NIS 29,600,000 par value.

12.4. On September 19, 2023, the Company and Skyline (Port McNicoll) Land Inc. signed a one-year mortgage loan agreement for CAD $6 million.

12.5. Trade receivables, other receivables and prepaid expenses as of March 31, 2024, stood at approximately $7,932, compared to approximately $8,633 as of December 31, 2023.

12.6. Trade payables balance as of March 31, 2024 amounted to approximately $7,025, compared to approximately $6,620 as December 31, 2023. The increase is largely due to liabilities in relation to the renovation costs at the Renaissance and Courtyard.

12.7. As of March 31, 2024, the Company has unused credit facilities of approximately $108 million and has assets without financial liabilities of approximately $16.5 million.

12.8. For information on agreements for loans totaling NIS 82 million from Mishorim and ILDC, see Note 11 and Note 14 of the consolidated financial statements.

13. Report of Liabilities by Repayment Dates

For information about the Company's liabilities by repayment dates, see the Company's immediate report published simultaneously with this Quarterly Report.

14. Compliance with Financial Covenants

As of the date of publication of the Report, the Company and its subsidiaries comply with the financial covenants undertaken towards financing parties and the debenture holders, with the exception of the EBITDA covenant in respect of which the interest rate of the Series B Bonds was adjusted as set forth below.

Set out below is information regarding the Company's compliance with financial covenants undertaken by the Company and its subsidiaries under material loan agreements to which it is a party (which are valid as of the date of the report):

14.1. The terms of the loan provided to finance the 12 Courtyard by Marriott hotels have no defaulting covenants that trigger grounds for immediate repayment. See Section 7.3.4 of Part A of the Annual Report. For details of non-compliance with the Debt Yield Ratio covenant, see Section 3.6 “Material Events” above.

14.2. With respect to the loan related to the Renaissance hotel (see also Section 7.3.2 of part A of the Annual Report), the covenant compliance test will start on September 30, 2024 for the two quarters ending September 30, 2024.

14.2.1. The guarantor (the Company) must hold, in its own name, liquid assets with a value not less than $12,500 thousand. As of March 31, 2024, total liquid assets amounted to $38,994 thousand.

14.2.2. The guarantor (the Company) must have a net equity of not less than $100,000 thousand. As of March 31, 2024, the Company’s net equity amounted to $221,784 thousand.

14.2.3. With respect to the loan taken by a subsidiary of the Company on November in connection with financing and renovation of Renaissance hotel in Cleveland, Skyline shall maintain a net worth in the aggregate of at least USD 4,000 thousand and liquid assets in the aggregate of at least USD 2,000 thousand. As of March 31, 2024 Skyline net worth is CAD 221,784 thousand, and the liquid assets in the aggregate are CAD 38,994 thousand. The financial covenants calculation for this loan will commence on June 30, 2024.

14.3. With respect to the loan for the Courtyard Ithaca property in Ithaca, NY (see Section 7.3.5 of Part A of the Annual Report), Skyline shall maintain a tangible net worth of no lower than $100 million, as of March 31, 2024 the amount is $222 million. Beginning the first day of Borrower's fiscal year 2023, Borrower shall maintain a Debt Service Coverage Ratio of 1.30:1. This covenant is tested annually as of the last day of each fiscal year. The DSCR based on the 12 months ending December 31, 2023 was 1.53.

14.4. With respect to a loan taken by a subsidiary of the Company on April 20, 2023 in connection with the financing and renovation of the Hyatt Regency Arcade Hotel in Cleveland, as described in Section 7.3.1 of Part A of the Annual Report, the terms of the loan do not include defaulting financial covenants. The subsidiary needs to perform a quarterly assessment of debt service coverage ratio ("DSCR"), to not be less than 1.4:1 – 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 1.45:1. The DSCR based on the 12 months ending March 31, 2024 was 1.67.

15. Disclosure to Debenture Holders

15.1. For information about the Company's outstanding Debentures (Series B), see Section 15 of the Board of Directors' Report as of December 31, 2023 attached to the Annual Report and Note 13 to the audited consolidated financial statements as of December 31, 2023, which were attached to the Annual Report. For information regarding the Company's intention to perform early full repayment of bonds (series B), see section 3.7 above. Except as provided below, as of the date of publication of this Report, there have been no material changes in the data relating to the Company's outstanding Debentures.

15.2. Below are additional details of the Company's Debentures:

Debentures (Series B)

Below are details of financial covenants, the violation of which would result in adjustment of the interest rate on the Series B Bonds in accordance with Section 6.5 of the Deed of Trust of the Series B Bonds:

Financial Covenant	Calculation Results as of March 31, 2024
The Company's consolidated equity (excluding minority interests) shall not be less than $180 million (which will not be linked to any Linkage Base)	$222 million
The Company's Consolidated Equity (including minority interests) to Total Assets Ratio shall not be less than 28.5%	40%
The Company's Operating EBITDA (as defined in Section 1.5.31 of the Deed of Trust) for the trailing four quarters preceding the review date shall not fall below $18 million.	CA ($2.31 million)

Hereinafter are details regarding the financial obligations with which the Company has undertaken to comply, pursuant to Section 6.2 (Financial undertakings) of the Series B Deed of Trust.

Financial Covenant	Calculation Results as of March 31, 2024
The Company's consolidated equity (excluding minority interests) shall not be less than $130 million (which will not be linked to any linkage Base)	$222 million
The Company's Consolidated Equity (including minority interests) to Total Assets Ratio shall not be less than 26%	40%

Below are details of the obligations undertaken by the Company in connection with its main operations pursuant to Section 8.1.27 (Grounds for Calling for Immediate Repayment) of the Series B Debentures Deed of Trust:

Pursuant to Section 8.1.27 of the Series B Deed of Trust, the Company confirms that there has been no change to its principal activity, furthermore, the scope of the Company's entrepreneurial residential and real estate project, on a consolidated basis, does not exceed 30% of the Company's consolidated total assets.

Restrictions on Dividend Distribution pursuant to Section 6.2 of the Deed of Trust:

The Company shall be permitted to carry out distributions as this term is defined in the Companies Law (including by way of independent purchase of the Company's shares) (in this section: "Distribution"), subject to compliance with the provisions of the Companies Law for the purpose of Distribution and on condition that the following accumulated conditions are met:

a. The Company's total consolidated equity capital (not including minority rights), pursuant to the Company's consolidated financial reports, after Distribution as aforementioned, shall be no less than a total of 200 million Canadian dollars and, the ratio of the Company's consolidated capital (including minority rights) to the total balance sheet pursuant to the annual or quarterly financial reports that were published prior to the date of passing the resolution as to the Distribution, after execution of the Distribution, shall be no less than 28.5%;

b. The scope of the Distribution that the Company shall be permitted to make to its shareholders shall not exceed 50% of "the current net profit" for every calendar year, starting from January 1, 2016;

c. The Company is complying and shall comply after the Distribution with the financial criteria pursuant to Section 6.2a of the Series B Deed of Trust; and

d. The Company has transferred to the trustee approval by the senior officer in the field of finance in the Company pursuant to Section 6.2(i)(d) of the Series B Deed of Trust.

For this purpose, "**current net profit**" means profit for the period pursuant to the accepted rules of accounting pursuant to the Company's latest quarterly or annual consolidated financial reports, accordingly, less revenues and plus costs and expenses which are not cash flow based, which were recognized in the profit for the period. Without derogating from the generality of the aforementioned: revenues that are not cash flow based could include, for example, an increase in the fair value of real estate for investment and profit from purchase at an incidental price. Expenses and costs which are not cash flow based could include, for example: decreases in the fair value of real estate for investment, depreciation and deductions and expenses due to share-based payment. Notwithstanding the aforementioned, the Company shall be permitted to distribute a dividend during the realization of assets (including by way of adding a partner), at a scope of up to 50% of the cash flow profit derived from realization of the asset, and this due to the share of the cash flow profit, which was not included in the current net profit, as defined above.

For this purpose, "**cash flow profit**" means net consideration derived to the Company from sale of the asset, whether this sale was recognized as current net profit or whether its results were recognized as the other inclusive profit, less the following components: cost of the original purchase, capital investments (CAPEX) executed in the period in which the Company held the asset, transaction costs and taxes. Furthermore, the cash flow profit shall include any other sum which as a result of realization, pursuant to the accepted rules of accounting, shall be transferred from the capital fund to the accumulated losses. It shall be emphasized that if the sale of the asset was carried out in instalments, it shall be possible to distribute the dividend in instalments, subject to the aforementioned, relatively, pursuant to the payment table of the sale. It shall be stated that in the event that the Company did not distribute a dividend for a certain calendar year, the right to distribute shall accrue for it, and it shall be entitled to distribute it in the coming years, subject to the provisions of the law. See above, calculation of the current net profit as of March 31, 2024.

As noted above, on July 16, 2023, 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. See an immediate report of the same date (Reference No. 2023-01-067084).

As of the date of the report and during the reported period, the Company is compliant with all the terms and undertakings pursuant to the Series B Deed of Trust, including compliance with the financial covenants set forth in this section above, and including compliance with the negative pledge undertaking under Series B Deed of Trust, and no conditions establishing grounds for acceleration of the Series B bonds have been fulfilled.

16. Equity

Outstanding Share Data

The authorized capital of the Company consists of an unlimited number of common shares. A detailed description of the rights, privileges, restrictions and conditions attached to the common shares is included in our Annual Information Form. As of March 31, 2024 (and the date of this MD&A), the Company had 16,700,480 common shares issued and outstanding.

The Company's capital resources include amounts raised from the sale of its common shares. The Company's common shares are listed for trading on the Tel Aviv Stock Exchange.

	As at March 31, 2024
Total outstanding at the beginning of the period[1]	16,700,480
Shares issued (repurchased) during the period	-
Total outstanding at the end of the period	**16,700,480**

17. Factors Affecting Performance

The Company's performance is affected by a number of industry and economic factors as well as exposure to certain environmental factors, including those further discussed below. These factors represent opportunities but also challenges and risks that the Company must successfully address in order to continue to grow the business and improve its results of operations.

[1] Including 200,000 shares held in trust for the Company's CEO.

Canadian Hotels and Resorts segment

The Company continues to explore acquisition opportunities in the Canadian hotel space that align with its acquisition criteria.

Competitive Conditions

The Ontario marketplace relies significantly on inter-provincial travel, for both leisure and group business. Competitors for leisure guest visits include locally owned independent resorts in rural locations known for their natural beauty as well as larger hotel and resort experiences in Ontario's key tourism destinations. Competitors for group travel include all branded hotel chains with conference facilities or branded hotels in major cities within proximity to convention centers.

The Company will seek to gain a competitive advantage on future Canadian acquisitions by investing in quality properties located in geographic areas with multiple demand generators.

Accessibility from major metropolitan areas

The Greater Toronto Area (GTA) is the most populous metropolitan area in Canada. The Greater Golden Horseshoe, with a population of approximately 9 million, encompasses the GTA and is expected to grow to 13.5 million by 2041. Proximity to the GTA, including Pearson International Airport, is considered a key competitive advantage in the Canadian hotel marketplace.

Seasonality

The Hospitality segment in Canada is impacted by seasonality. Resort operations are highly seasonal in nature, with a typical winter/ski season beginning in early December and running through the end of March, and typical summer seasons beginning late in June and ending in early September. Traditional hotel operations with proximity to metropolitan centres are less impacted by seasonality. The Company will seek to position future investments in the Canadian hotel sector to be less susceptible to seasonality trends.

USA Hotels and Resorts segment

Competitive Conditions

Competition in the US hotel industry is generally based on quality and consistency of rooms, restaurant and meeting facilities and services, attractiveness of locations, availability of a global distribution system, and price among other factors. The Company's properties compete within their geographic markets with hotels and resorts that include locally owned independent hotels as well as facilities owned or managed by national and international chains, including such brands as Marriott, Hilton, IHG, and Hyatt. The Company's properties also compete for convention and conference business across the national market. The Company seeks to gain a competitive advantage in the market by upgrading the quality of accommodations and amenities available at the hotels through capital improvements.

In the US, the Company's hotels and resorts are well-positioned within the competitive marketplace. The Cleveland hotels maintain a competitive share of the leisure market due to their central downtown location and affiliation with leading international brands Marriott and Hyatt. The Bear Valley Resort in California is a well-known ski resort with proximity to significant population centers such as San Francisco and Sacramento. Skyline's Select-Service Courtyard by Marriott hotels offer geographical diversity with strong locations in key Midwest, Southeast and Southwest markets, and benefit from the industry-leading Marriott loyalty program and worldwide distribution system. The

Company seeks to gain a competitive advantage in the market by upgrading the quality of accommodations and amenities available at its hotels through capital improvements.

On November 14, 2017, the Company acquired 13 Marriott Courtyard hotels in the US for US $135 million. The 13 hotels acquired include, in aggregate, 1,913 rooms. The hotels are spread over 9 US states and are geographically diverse with strong locations in key Midwest, Southeast and Southwest markets. On July 11, 2022, the Company acquired the "Courtyard by Marriott" hotel in Ithaca, New York, for US $11.25 million. The hotel added New York state to the Company's portfolio.

Accessibility from major metropolitan areas – Cleveland, Ohio Properties

Northeast Ohio lies along the southern shores of Lake Erie. The major cities of this area are Cleveland and Akron. These two cities are roughly 39 miles apart and are highly interconnected. The region is also part of the Great Lakes Megalopolis, which contains an estimated 59.1 million people.

The Cleveland core-based statistical area (CSA) is one of the largest in Ohio with nearly 2.1 million residents. The region is served by two international airports. It is home to numerous fortune 500 firms and several of the area's largest employers are in the healthcare industry. The Cleveland Clinic is the area's largest employer and is a high-ranking hospital according to US News & World Report. University Hospitals, another well-recognized facility, is the second largest employer in the CSA. In 2019, approximately 19.6 million people visited Cleveland.

The Company's hotels in the CSA maintain excellent vehicular and pedestrian access that is considered superior to some of its nearby competitors within walking distance to the primary attractions like the Jack Cleveland Casino, professional sports arenas, the Rock and Roll Hall of Fame, playhouse district, and a new convention center and medical mart.

Seasonality

The Company's hotels are all-season operations, though stronger during June through October and slower during December through February, and therefore maintain a balanced level of income throughout the year. The second quarter is historically the strongest and the first quarter is historically the weakest for the 14 Marriott by Courtyard hotels.

Real Estate, Development segment ("Development")

As part of the Freed Transaction, the Company sold the majority of its development properties.

The development segment's remaining activities are insubstantial, comprising the completion of servicing land for sale at the Golf Cottages project at Deerhurst.

Seasonality

Seasonality has no impact on the activities of the Company's existing projects in this segment.

18. Financial Instruments and Off-Balance Sheet Arrangements

There are no financial instruments or off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Company Distributions

The Company does not currently have a dividend distribution policy.

19. Contingencies and lawsuits

When estimating the lawsuits filed against the Company and its subsidiaries, the Company relies on the opinion of its legal advisors. The opinions of legal counsel are based on best professional judgment, taking into account the stage of the proceedings and legal experience gained in various matters. The outcome of the claims adjudged by the courts, could differ from these estimates.

In December 2019, the Company was served a claim 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 advisors, Management concludes that it is not possible, at this stage to estimate the Company's chances of success or the likely amount of recovery, if any.

The Company has been served with legal claims totaling \$1.7 million in relation to certain construction projects. In agreement with the Company's legal advisors, 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.

20. Internal Control over Financial Reporting and Disclosure Controls and Procedures

Our Chief Executive Officer and CFO are responsible for establishing and maintaining the Company's internal control over financial reporting and other financial disclosure and our disclosure controls and procedures. The Company could be adversely impacted if there are deficiencies in disclosure controls and procedures or internal control over financial reporting.

The design and effectiveness of our disclosure controls and procedures and internal control over financial reporting may not prevent all errors, misstatements or misrepresentations. While Management continues to review the design and effectiveness of our disclosure controls and procedures and internal control over financial reporting, the Company cannot assure the reader that the disclosure controls and procedures or internal control over financial reporting will be effective in accomplishing all control objectives all of the time.

Deficiencies, particularly material weaknesses, in internal control over financial reporting which may occur in the future could result in misstatements of our results of operations, restatements of our financial statements, a decline in our share price, or otherwise materially adversely affect our business, reputation, results of operation, financial condition or liquidity.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Management and directors of the Company; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements. Internal control over other financial disclosure is a process designed to ensure that other financial information included in this MD&A, fairly represents in all material respects the financial condition, results of operations and cash flows of the Company for the periods presented in this MD&A.

The Company's disclosure controls and procedures are designed to provide reasonable assurance that material information relating to the Company is made known to Management by others, particularly during the period in which the filings are being prepared and that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Company's disclosure controls and procedures includes controls and procedures designed to ensure that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's Management, as appropriate to allow timely decisions regarding required disclosure.

Due to its inherent limitations, internal control over financial reporting and disclosure may not prevent or detect all misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may change.

For the three months ended March 31, 2024, there has been no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Management has concluded that there are no material weaknesses in the Company's internal controls over financial reporting as at March 31, 2024.

21. Risk Factors

Our hospitality operations, real estate development projects, vacation club, and financial results are subject to various risks and uncertainties that could adversely affect our prospects, financial results, financial condition and cash flow. In addition to the other information presented in this MD&A, the following risks should be given special consideration as part of any investment decision in the Company's securities.

Investors should carefully consider all of the information disclosed in this MD&A prior to investing in the securities of the Company. There are certain risks inherent in an investment in the securities of Skyline and in the activities of Skyline, including our hospitality operations, real estate development projects, vacation club, and those set out below and in Skyline's materials filed with Israeli and Canadian securities regulatory authorities from time to time, including Skyline's most recently filed Annual Information Form, which are available under the Company's profile on MAGNA at www.magna.isa.gov.il and/or SEDAR+ at www.sedarplus.com. Current and prospective holders of securities of Skyline should carefully consider such risk factors.

If any of the following or other risks occurs, Skyline's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the trading price of the securities of Skyline could decline and investors could lose all or part of their investment in such securities, and the future ability of Skyline to make distributions to shareholders could be adversely affected. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

Global Risks

We are subject to risks related to currency fluctuations.

We present our financial statements in Canadian dollars. To create a natural hedge, we have obtained financing in US dollars for the Hyatt Regency Cleveland hotel, the Renaissance Hotel in Cleveland Ohio, and the Marriot Hotels. However, a significant fluctuation in the Canada/US exchange rate could impact our net income after tax that is reported in Canadian dollars. Currency variations can also contribute to variations in sales at our hotels from Canadian residents travelling to the United States.

We borrowed through the capital market in Israel, denominated in Israeli Shekels, with a linkage on Series B Bonds to US dollars.

Certain circumstances may exist whereby our insurance coverage may not cover all possible losses and we may not be able to renew our insurance policies on favorable terms, or at all.

Although we maintain various property and casualty insurance policies and undertake safety and loss prevention programs to address certain risks, our insurance policies do not cover all types of losses and liabilities and in some cases may not be sufficient to cover the cost of claims which exceed policy limits. If we are held liable for amounts exceeding the limits of our insurance coverage or for claims outside the scope of our coverage, our business, prospects, financial condition, results of operations and cash flows could be materially adversely affected.

In addition, we may not be able to renew our current insurance policies on favorable terms, or at all. Our ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected if we or other companies within or outside our industry sustain significant losses or make significant insurance claims.

Fluctuations in interest rates could negatively affect our business.

Fluctuations to available interest rates as a result of changes to the inflation rate or other factors may negatively impact the business, results of operations and financial position of the Company, as interest expense represents a significant cost in the ownership of real estate properties. Additionally, in a rising interest rate environment, the cost of acquiring, financing, developing and renovating the Company's properties also increases. Upward pressure on capitalization rates impacts adversely impact the value of the Company's assets. 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 steady. A continued increase in interest rates may also result in a significant 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 – the Company entered into one such interest rate cap on its largest USD denominated loan in November 2022. 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.

Consumer privacy and data use and security.

Although we take steps to protect the security of our information systems and the data maintained in those systems, it is possible that their respective safety and security measures will not be able to prevent the systems' improper functioning or damage, or the improper access or disclosure of personally identifiable information such as in the event of cyber-attacks. The sophistication and effectiveness of cyber threats are increasing with time. Such threats can result from deliberate attacks or unintentional events. Security breaches, including physical or electronic break-ins, computer viruses, attacks by hackers and similar breaches can create system disruptions, shutdowns, deployment of ransomware, theft of data, corruption of data, misappropriation and unauthorized disclosure of confidential information. Any failure to maintain proper function, security and availability of our information systems could interrupt operations, damage reputations, expose us to liability claims or regulatory penalties which may not be covered by insurance, result in increased cybersecurity protection costs and increased regulatory scrutiny and could have a material adverse effect on our financial condition and results of operations. In addition, sophisticated hardware and operating system software and applications that we may procure from outside companies may contain defects in design or manufacture, including “bugs” and other problems that could unexpectedly interfere with our internal operations or the operations at our hotels. The costs to prevent or reduce cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential business at our hotels. In addition, the COVID-19 pandemic has increased cybersecurity risk as a result of global remote working dynamics for our customers, employees and third-party providers that present additional opportunities for threat actors to engage in social engineering and to exploit vulnerabilities in information systems. Any of these events could have a material adverse effect on our business, financial condition and results of operations and subject the Company to potential litigation and regulatory proceedings.

Industry Risks

Our industry is sensitive to weakness in general economic conditions and risks associated with the overall travel, leisure, and recreational community industries.

Weak economic conditions in n Canada and the United States, including high unemployment, erosion of consumer confidence, and the availability and cost of debt, may potentially have negative effects on the travel and leisure industry and on our results of operations. An economic downturn could negatively impact consumer spending on vacation real estate and at our hospitality outlets. We cannot predict how economic trends will worsen or improve our future operating results. The actual or perceived fear of weakness in the economy could also lead to decreased spending by our guests. We may not be able to increase the price of our offerings commensurate with our costs.

Variations in the timing of peak periods, holidays and weekends may affect the comparability of our results of operations.

Depending on how school breaks, holidays and weekends fall on the calendar year, in any given year we may have more or less peak periods, holidays and weekends in each fiscal quarter compared to prior years, with a corresponding difference in adjacent fiscal quarters. These differences can result in material differences in our quarterly results of operations and affect the comparability of our results of operations.

We are vulnerable to the risk of unfavorable weather conditions and the impact of natural disasters.

Unfavorable weather conditions may adversely affect the number of visitors and our revenue and profits. Unseasonably cold or warm weather may influence the momentum and success of the high seasons at our hotels. Unfavorable weather conditions can adversely affect our hotels as guests tend to delay or postpone vacations. There is no way for us to predict future weather patterns or the impact that weather patterns may have on our results of operations or the number of guests.

Climate change may adversely impact our results of operations.

There is a growing political and scientific consensus that emissions of greenhouse gases continue to alter the composition of the global atmosphere in a way that is affecting and is expected to continue affecting the global climate. The effects of climate change, including any impact of global warming, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Warmer overall temperatures and other effects of climate change may adversely affect visits and our revenue and profits.

We face significant competition.

The hotel, lodging, and real estate development industries are highly competitive. Our competitors may have access to greater financial, marketing and other resources and may have access to financing on more attractive terms than us. As a result, they may be able to devote more resources to improving and marketing their offerings or more readily take advantage of acquisitions or other opportunities.

Our real estate development projects require municipal approvals and adequate infrastructure.

Our real estate development projects require adequate municipal services for sewage treatment, potable water supply, fire flow, and road access. There are risks associated with insufficient capacities, particularly in rural areas, resulting in costly delays and expensive upgrades to sewage treatment plants, pumping stations, water wells, water storage towers, and road intersection improvements.

Timely municipal approvals for Official Plan Amendments, Zoning By-law Amendments, Plans of Subdivisions, Consents for Severance, Site Plan Approvals, Minor Variances to the Zoning By-law, and Building Permits not only depend on adequate municipal services but also on political support. There are considerable risks in being subjected to lengthy appeals procedures initiated either by us, in the absence of required approvals, or by existing residents opposed to our developments.

Our operations are subject to extensive laws, rules, regulations and policies administered by various federal, provincial, state, regional, municipal and other governmental authorities.

Our operations are subject to a variety of federal, state, provincial, regional and local laws and regulations, including those relating to lift operations, emissions to the air, discharges to water, storage, treatment and disposal of fuel and wastes, land use, remediation of contaminated sites and protection of the environment, natural resources and wildlife. We are also subject to worker health and safety laws and regulations. From time to time our operations are subject to inspections by environmental regulators and other regulatory agencies. While regulatory approvals provide a significant barrier to new entrants in our industry, such approvals may be time consuming and consume considerable capital and manpower resources. Our efforts to comply with applicable laws and regulations do not eliminate the risk that we may be held liable for breaches of these laws and regulations, which may result in fines and penalties or subject us to claims for damages. Liability for any fines, penalties, damages or remediation costs, or changes in applicable laws or regulations, could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

We are subject to environmental laws and regulations in the ordinary course of business.

Our operations are subject to a variety of federal, provincial, state and local environmental laws and regulations including those relating to emissions to the air, discharges to water, storage, treatment and disposal of wastes, land use, remediation of contaminated sites and protection of natural resources such as wetlands. Our facilities are subject to risks associated with mold and other indoor building contaminants. From time to time our operations are subject to inspections by environmental regulators and other regulatory agencies. We are also subject to worker health and safety requirements. We believe our operations are in substantial compliance with applicable material environmental, health and safety requirements. However, our efforts to comply do not eliminate the risk that we may be held liable, incur fines or be subject to claims for damages, and that the amount of any liability, fines, damages or remediation costs may be material for, among other things, the presence or release of regulated materials at, on or emanating from properties we now or formerly owned or operated, newly discovered environmental impacts or contamination at or from any of our properties, or changes in environmental laws and regulations or their enforcement.

We are subject to litigation in the ordinary course of business.

We are, from time to time, subject to various asserted or un-asserted legal proceedings and claims. Any such claims, regardless of merit, could be time consuming and expensive to defend and could divert Management's attention and resources. While we believe we have adequate insurance coverage and/or accrue for loss contingencies for all known matters that are probable and can be reasonably estimated, we cannot assure that the outcome of all current or future litigation will not have a material adverse effect on us and our results of operations.

Our acquisitions or future acquisitions might not be successful.

Acquisitions are complex to evaluate, execute and integrate. We cannot assure you that we will be able to accurately evaluate or successfully integrate and manage acquired properties and businesses and increase our profits from these operations. We continually evaluate potential acquisitions and intend to actively pursue acquisition opportunities, some of which could be significant. As a result, we face various risks from acquisitions, including: our evaluation of the synergies and/or long-term benefits of an acquired business; our inability to integrate acquired businesses into our operations as planned; diversion of our management's attention; potential increased debt leverage; litigation arising from acquisition activity; and unanticipated problems or liabilities.

In addition, we run the risk that any new acquisitions may fail to perform in accordance with expectations, and that estimates of the costs of improvements for such properties may prove inaccurate.

Our business is sensitive to rising travel costs.

Many of our guests travel by vehicle and higher gasoline prices may make travel more expensive and impact the number of guests that visit our properties. As a result, occupancy rates of our hotels may be negatively impacted, which would impact the Company's revenues.

Our business is sensitive to changes in the real estate industry.

Decreased demand for retail space, decreased rental fees, decreased ability for tenants to meet payment obligations, increased financing costs and improvements at competitive resorts may negatively impact the Company's operations.

The cost of contractors may impact our future projects.

The cost of employing contractors for the Company's projects impacts the Company's profitability. The Company could also be impacted by changes in the cost of raw materials and labour, shortages of raw materials and labour and strikes for unionized labour.

Risks unique to the company

The high fixed cost structure of our business can result in significantly lower profits if visitation to our hospitality properties declines.

Our profitability is highly dependent on visitation. However, the cost structure of our business has significant components that cannot be eliminated when demand declines, including costs related to utilities, information technology, insurance, year-round employees and equipment. The occurrence of other risk factors discussed herein could adversely affect the demand for our properties and we may not be able to reduce fixed costs at the same rate as declining revenues.

Our business is capital intensive and is dependent on the availability of cash flows and credit facilities.

We must regularly expend capital to construct, maintain and renovate our properties in order to remain competitive, maintain the value and brand standards of our properties and comply with applicable laws and regulations. We cannot always predict where an expenditure will need to be made in any fiscal year and expenditures can increase due to forces beyond our control. Further, we cannot be certain that we will have enough capital or that we will be able to raise capital by issuing equity or debt securities or through other financing methods on reasonable terms, if at all, to execute our business plan. A lack of available funds could have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Our ability to fund expenditures will depend on our ability to generate sufficient cash flow from operations and/or to borrow from third parties. We cannot provide assurances that our operations will be able to generate sufficient cash flow to fund such costs, or that we will be able to obtain sufficient financing on adequate terms, or at all. In addition, there can be no assurances that future real estate development projects can be self-funded with cash available on hand, through advance pre-sale deposits or through third party real estate financing. Any inability to generate sufficient cash flows from operations or to obtain adequate third-party financing could cause us to delay or abandon certain projects and/or plans.

Further, the ability to enter into a revolving corporate credit facility on reasonable economic terms, may adversely affect our ability to obtain the additional financing necessary to acquire additional vacation ownership inventory. The ability to provide consumer financing for vacation ownership customers may impact the results from operations and cash flow.

We rely on information technology to operate our businesses and maintain our competitiveness, and any failure to adapt to technological developments or industry trends could harm our business.

We depend on the use of sophisticated information technology and systems, including technology and systems used for central reservations, point of sale, procurement, administration and technologies we make available to our guests. We must continuously improve and upgrade our systems and infrastructure to offer enhanced products, services, features and functionality, while maintaining the reliability and integrity of our systems and infrastructure. Our future success also depends on our ability to adapt our infrastructure to meet rapidly evolving consumer trends and demands and to respond to competitive service and product offerings.

In addition, we will not be able to maintain our existing systems or replace or introduce new technologies and systems as quickly as we would like or in a cost-effective manner. Delays or difficulties in implementing new or enhanced systems may keep us from achieving the desired results in a timely manner, to the extent anticipated, or at all. Any interruptions, outages or delays in our systems, or deterioration in their performance, could impair our ability to process transactions and could decrease our quality of service that we offer to our guests. Also, we may be unable to devote financial resources to new technologies and systems in the future. If any of these events occur, our business and financial performance could suffer.

Our business depends on the quality and reputation of our brands, and any deterioration in the quality or reputation of these brands could have an adverse impact on our business.

A negative public image or other adverse events could affect the reputation of one or more of our hotel properties and other businesses or more generally impact the reputation of our brands. If the reputation or perceived quality of our brands declines, our market share, reputation, business, financial condition or results of operations could be adversely impacted. The unauthorized use of our trademarks could also diminish the value of our brands and their market acceptance, competitive advantages or goodwill, which could adversely affect our business.

If we do not retain our key personnel, our business may suffer.

The success of our business is heavily dependent on the leadership of key management personnel, including our senior executive officers. If any of these persons were to leave, it could be difficult to replace them, and our business could be harmed.

We are subject to risks associated with our workforce.

We are subject to various federal, state and provincial laws governing matters such as minimum wage requirements, overtime compensation and other working conditions, citizenship requirements, discrimination and family and medical leave. Our operations in Canada are also subject to laws that may require us to make severance or other payments to employees upon their termination.

From time to time, we have also experienced non-union employees attempting to unionize. While only a small portion of our employees are unionized at present, we may experience additional union activity in the future. In addition, future legislation could make it easier for unions to organize and obtain collectively bargained benefits, which could increase our operating expenses and negatively affect our business, prospects, financial condition, results of operations and cash flows.

We are subject to accounting regulations and use certain accounting estimates and judgments that may differ significantly from actual results.

Implementation of existing and future legislation, rulings, standards and interpretations from the International Accounting Standards Board or other regulatory bodies could affect the presentation of our financial statements and related disclosures. Future regulatory requirements could significantly change our current accounting practices and disclosures. Such changes in the presentation of our financial statements and related disclosures could change an investor's interpretation or perception of our financial position and results of operations.

We may not be able to fully utilize our tax loss carry-forwards.

The Company has non-capital loss carry-forwards for Canadian and US federal, provincial and state income tax purposes. To the extent available, we intend to use these net operating loss carry-forwards to offset future taxable income associated with our operations. There can be no assurance that we will generate sufficient taxable income in the carry-forward period to utilize any remaining loss carry-forwards before they expire.

Our stock price can be volatile.

The market price of our stock is highly volatile in response to factors such as quarterly variations in our operating results, which is beyond our control. We are listed on the Stock Exchange and are subject to the capital markets in the State of Israel. Events beyond our control that take place in the State of Israel may negatively affect our stock price.

An active trading market for our Common Shares may not be sustained.

Although our common shares are listed on the Stock Exchange, an active trading market for our common shares may not be sustained. Accordingly, if an active trading market for our common shares is not maintained, the liquidity of our common shares, the ability to sell common shares when desired and the prices they may be obtained for such shares will be adversely affected.

We cannot provide assurance that we will pay dividends.

Any declaration and payment of future dividends to holders of our shares will be at the discretion of our Board in accordance with applicable law after taking into account various factors, including our financial condition, our operating results, our current and anticipated cash needs, the impact on our effective tax rate, our indebtedness, legal requirements and other factors that our Board deems relevant. Our financing agreements and the Deed of Trust for the Series B Bonds limit our ability to pay dividends.

Because we are a holding company, our ability to pay cash dividends on our common shares will depend on the receipt of dividends or other distributions from our subsidiaries. Until such time that we pay a dividend, our investors must rely on sales of their common shares after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

Our indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations.

Our level of indebtedness could have important consequences. For example, it could: make it more difficult for us to satisfy such obligations; increase our vulnerability to general adverse economic and industry conditions; require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, real estate developments, marketing efforts and other general corporate purposes; limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; place us at a competitive disadvantage compared to our competitors that have less debt; and limit our ability to borrow additional funds.

We are subject to certain legal and regulatory matters in Israel that may affect the Company.

The Company is subject to the regulations and requirements of Israeli Securities Law and Israeli Companies Law. It is possible that the Company will be subject to any changes in Israeli law and regulatory requirements and the possible imposition of requirements from time to time by regulators and Stock Exchange authorities in Israel.

The Company is subject to maintaining certain financial conditions.

The Deed of Trust that governs the outstanding bonds (Series B) requires the Company to maintain certain financial conditions which may limit the Company's ability to incur additional liabilities or raise additional equity. These restrictions may limit the Company's ability to take advantage of business opportunities as they arise. More importantly, the Company's ability to comply with the covenants may be affected by changes in economic or business conditions or other events beyond its control. A breach of these covenants by the Company may result in the aggregate amount of the principal and interest on the Series B Bonds becoming due and payable by the Company. The

Company's ability to make accelerated payments will be dependent upon its cash resources at the time, its ability to generate sufficient revenue and its access to alternative sources of funds. Accordingly, the Company's inability to comply with the financial conditions could have a materially adverse effect on the Company's financial condition.

The Company has an upcoming maturity of its Debentures (Series B) in July 2024 and has several options for how it will pay the Debentures (Series B) debt when it is due (as detailed in Note 1(b) to the financial statements), and the Company is expected to meet all of its financial obligations in the foreseeable future when they come due.

Additional issuance of securities by the Company may dilute existing security holders, reduce some or all of the Company's financial measures on a per share basis, reduce the trading price of the Common Shares or other the Company securities or impede the Company's ability to raise future capital.

The Company may issue additional securities in the future in connection with acquisitions, strategic transactions, financings or for other purposes. To the extent additional securities are issued, the Company's existing security holders could be diluted and some or all of the Company's financial measures could be reduced on a per share basis. Additionally, the Company's securities issued in connection with a transaction may not be subject to resale restrictions and, as such, the market price of the Company's securities may decline if certain large holders of the Company's securities or recipients of the Company's securities in connection with an acquisition, sell all or a significant portion of such securities or are perceived by the market as intending to sell such securities. In addition, such issuances of securities may impede the Company's ability to raise capital through the sale of additional equity securities in the future.

The Company's business is subject to evolving corporate governance and public disclosure regulations that have increased both the Company's compliance costs and the risk of noncompliance, which could have an adverse effect on the price of the Company's securities.

The Company is subject to changing rules and regulations promulgated by a number of Israeli and Canadian governmental and self-regulated organizations, including the Stock Exchange and the Canadian Securities Administrators. These rules and regulations continue to evolve in scope and complexity, making compliance more difficult and uncertain. Further, the Company's efforts to comply with such rules and regulations, and other new rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of Management time and attention from revenue-generating activities to compliance activities.

The Company is subject to the risk of having unoccupied guestrooms during extended periods of renovations. During renovations, certain guestrooms and other facilities are unavailable for occupancy and do not generate income

Certain significant expenditures, including property taxes, ground lease payments, maintenance costs, interest payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing revenue. Delays in the renovation of a property or a portion thereof could delay the sale of room nights and event space at such property resulting in an increased period of time where the property is not producing revenue, or producing less revenue than a property not undergoing renovations. In addition, costs of renovations have been and may be greater than estimated (including but not limited due to inflation, interest rate increases, labour shortages and supply chain disruptions) resulting in cost overruns, which could adversely affect our cash flows, results of operations or financial condition and our ability to make interest and principal payments to holders of Debentures.

For further information about the Company, please visit the Company's website at www.skylineinvestments.com or SEDAR+ at www.sedarplus.com or Israeli Securities regulators www.magna.isa.gov.il.

May 27, 2024