SKYLINE
INVESTMENTS

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Management's Discussion and Analysis

For the three months ended March 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 22, 2025

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, 2025 and its financial position as at March 31, 2025. This MD&A is dated and has been prepared with information available as of March 31, 2025.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2025 and 2024 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, 2025 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 Annual Information Form of the Company dated March 13, 2025, 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, 2025, 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, 2025, Skyline owned 4 income producing properties that include 1,040 rooms and 7,919 sqm. of commercial space.

Property	Location	Number of Rooms	Commercial Space in Square Meters
Courtyard Marriott	Fort Myers, FL	149	
Courtyard Marriott	Ithaca, NY	107	
Total Select Service Hotels		***256***	
Hyatt Hotel	Cleveland, Ohio	293	5,054
Autograph Hotel	Cleveland, Ohio	491	2,865
Total Full-Service Hotels		***784***	***7,919***
Total		***1,040***	***7,919***

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

The following table summarizes the Company's expected net cash flows from its vendor take-back ("**VTB**") loans[2], and Equity Notes Receivable:

VTB Loans, and Notes Receivable	Q2-Q4 2025	2026	2027 and thereafter	Total
Port McNicoll VTB	-	27,912	-	27,912
Golf Cottages	306	-	7,469	7,775
Total – Development VTBs	**306**	**27,912**	**7,469**	**35,686**

[1] 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, and for changing the terms of the VTB loans. For details, see Note 1(b) to the consolidated financial statements in the Company's Annual Report.

[2] For details regarding expected credit losses (ECLs) related to Port McNicoll VTB and receivables from the Freed Transaction, see Note 11 (f) to the financial statements.

VTB Loans, and Notes Receivable	Q2-Q4 2025	2026	2027 and thereafter	Total
Freed Corp. ("**Freed**") VTBs	22,108	-	-	22,108
Debt Note Receivable (against the sale of the rights in the Partnership)	34,936	-	-	34,936
Total – Freed [3]	**57,044**	**-**	**-**	**57,044**
Bear Valley Notes Receivable	-	**9,940**	-	**9,940**
Total Inflows	**57,350**	**37,852**	**7,469**	**102,671**

The table below provides data on the Company's operating segments for the three months ended March 31, 2025, and 2024:

TOTAL INFORMATION

Three Months Ended March 31,	2025	2024
Number of rooms	1,040	2,804
Number of hotel properties	4	16
Occupancy rate	47%	43%
Average daily room rate (in CAD dollars)	$240.8	$172.0
Revenue per available room (in CAD dollars)	$114.2	$74.7

HOSPITALITY

Three Months Ended March 31,	2025	2024
Revenue	16,879	21,882
Net Operating Income	(991)	57

DEVELOPMENT

Three Months Ended March 31,	2025	2024
Revenue	-	-
Net Operating Income (NOI) [4]	(14)	(10)

CONSOLIDATED

Three Months Ended March 31,	2025	2024
Same Asset NOI[4]	55	(1,064)
Adjusted EBITDA [4]	(2,297)	(1,897)

[3] Out of the $57.04 million expected cash flows from Freed, $12.18 million pertains to Skyline Blue Mountain Inc.'s (a subsidiary of the Company) share. Skyline Blue Mountain's partner will receive a share of $3.90 million.

[4] 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) [4]

Three Months Ended March 31,	2025	2024
Funds from operations [4]	(2,606)	(5,961)
FFO per share (in CAD dollars) [4]	($0.16)	(0.36)

CAPITALIZATION AND LEVERAGE

As at March 31,	2025	2024
Equity to Total Assets	47%	40%
Unrestricted Cash	17,619	38,886
Net Debt to Net Cap[5]	46%	53%
Loan to Value (only Hospitality)	50%	59%
Weighted average debt face interest rate	7.38%	8.66%
Weighted average debt term to maturity (in years)	5.48	4.03

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.

3. Material Events that Occurred during the Period ended March 31, 2025, and After the Balance Sheet Date

Listed below are material events that occurred during the first quarter of 2025 and material events that occurred after the balance sheet date:

3.1. On January 15, 2025, the company announced that Mr. Blake Lyon, the Company's CEO, had submitted his resignation and his employment as the Company's CEO was terminated effective March 31, 2025 (Reference No. 2025-01-004626). Mrs. Neha Kapelus, who until then served as the Company's CFO, was appointed CEO effective April 1, 2025, and Mr. Binu Mathai was appointed VP Finance. For details of the Notice of General Meeting convened to approve the terms of office and employment of Mrs. Kapelus as the Company's CEO and the Company's amended compensation policy, and for the results of the meeting, see the Notice of General Meeting dated April 11, 2025 (Reference Nos. 2025-01-027173 and 2025-01-035083, respectively).

3.2. On January 22, 2025, the Company announced that further to the Company's immediate report dated November 7, 2024 (Reference No. 2024-01-614559), an agreement was completed for the sale of the Courtyard Tucson Airport Hotel to a third party for a total of approximately USD 14.9 million (Reference No. 2025-01-006332).

3.3. For details about Marriott's notice to the Company regarding a breach of the franchise agreement of Courtyard Ft. Myers Hotel which constitutes grounds for termination of the franchise agreement and consequently also grounds for immediate repayment of the loan related to the hotel, and about discussions between the Company and Marriott in order to reach an agreement on a

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

[5] Net Financial Debt to Net CAP is a financial ratio intended to measure the capital structure and level of leverage of the Company. The ratio presents the percentage of net loans and credit of the total surplus capital of the Company.

remedy of the default, see the Company's financial statements annotation. See Note 11 (c) to the Company's annual consolidated financial statements for further details).

3.4. On March 03, 2025, Mr. Shimshon Marfogel ceased to serve as the Chairman of the Board (he continues to serve as a director of the Company), and Mr. Amir Tamari (who served as Lead Director) was appointed as Chairman.

3.5. On March 13, 2025, the Company signed an addendum to the loan agreement with Mishorim Real Estate Investments Ltd. To extend the payment date of the loan from April 1, 2025 to January 5, 2026. On the same date, the Company signed an addendum to the loan agreement with Land Development of Nimrodi Group Ltd. ("LDNG"). To extend the payment date of the loan from April 1, 2025 to the earlier of: January 5, 2026 or 7 days after the Company receives the full principal and interest accrued in respect of the VTB loans in the Freed Transaction (see Note 1(b) to the financial statements). In case the Company receives partial payment from Freed before January 5, 2026, the Company will use the amounts received from Freed, after considering transaction fees and any amounts related to non-controlling interests, to repay the balance of LDNG loan (principal amount together with the interest and indexation accrued thereon) or part of it. The other terms of the loan remain the same (see Note 15 (j) to the Company's annual consolidated financial statements for further details).

3.6. On April 1, 2025 (Reference No. 2025-01-023640), the Company announced that Freed had failed to meet its obligation to pay the Company principal (CAD 49 million) and accrued interest (CAD 6 million) on the VTB and equity loans totaling CAD 55 million on March 31, 2025. Freed had requested the Company to extend the term of the loan for up to 90 days. On April 22, 2025, the Company announced that Freed and Freed's senior lender, who holds the senior debt and a first mortgage on Resorts Communities Limited Partnership (the "**Partnership**") had not reached agreement on an extension period or extension terms, and the parties continue to negotiate the extension terms, and any agreement will require the senior lender's approval. For details regarding continuation of the proceedings with Freed, see a report dated same (Reference No. 2025-01-028651). On May 8, 2025 (Reference No. 2025-01-032267), the Company announced that it was informed that Freed was negotiating a transaction that could provide Freed with the funds required to repay the loans that the Company had provided to Freed. Any transaction will require, *inter alia*, the approval of Freed's senior lender; no binding agreement has been signed with regard to such transaction, and neither the Company nor the senior lender has commenced enforcement proceedings for repayment of the loans. For details regarding Expected Credit Losses, see Note 1(b) to the financial statements.

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 Annual Information Form.

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 1(b) of the condensed interim consolidated financial statements regarding the Company's financial position including its obligations, developments related to VTB loans, and management and board's plans. Based on the analysis of debt repayment dates conducted by the Company, the alternatives and available 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 of the above indicators for all of its hotel properties.

The first quarter of 2025 saw a year-over-year increase in all three key indicators, across all of the Company's properties. The overall increase in US full-service hotels is primarily due to reopening and rebranding of the Autograph hotel (formerly Renaissance hotel) following its extensive renovations[6]. Select service hotels increase in Q1 2025 over prior year was driven by the sale of 12 of its Courtyard hotels, as Q1 2025 is showing the KPIs in only three Courtyard hotels, and Q1 2024 presented the KPIs for 14 Courtyard hotels

The Company has not experienced material impacts from inflation, but has experienced decreases in interest expense resulting from reductions in interest rates in both Canada and USA. 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.

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[7]	Q2-2024	Q2-2023	Q3-2024	Q3-2023	Q4-2024	Q4-2023	Q1-2025	Q1-2024
RevPAR	$70.33	$77.95	$67.27	$72.51	$87.08	$56.02	$103.04	$60.34
ADR	$117.21	$117.33	$114.15	$114.58	$120.65	$109.71	$157.03	$118.75
Occ.	60%	66%	59%	63%	72%	51%	66%	51%

US full-service Hotels in USD	Q2-2024	Q2-2023	Q3-2024	Q3-2023	Q4-2024	Q4-2023	Q1-2025	Q1-2024
RevPAR	$91.59	$69.90	$126.13	$63.96	$85.61	$54.44	$70.72	$41.63
ADR	$197.87	$172	$209.31	$184.36	$194.68	$182.92	$173.78	$170.58
Occ.	46%	41%	60%	35%	44%	30%	41%	24%

[6] It should be noted that the renovation of the Renaissance Hotel began in December 2022 and was completed in July 2024. The hotel was operating during the renovation, but at a significantly lower capacity. At the peak of the renovation process, the number of rooms declined from 491 to 88 rooms. Group and conference bookings decreased as conference facilities and meetings rooms were unavailable for the greater part of 2023, and only reopened around December 2023. The hotel underwent full renovation of all rooms, the meeting space, lobby and common areas. The Company invested approx. USD 82,000 thousand in the renovation.

[7] Figures Bear Valley resort that was sold in November 2023, 11 Courtyard hotels that were sold in September 2024 and Courtyard Tucson hotel sold in January 2025

Non-IFRS Performance Indicators

The Company also uses certain performance indicators that are not defined in International Finance Reporting Standards (“**IFRS”**) as KPIs. These indicators include net operating income (“**NOI”**), adjusted earnings before interest, taxes, depreciation and amortization (“**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,	2025	2024
USA	16,363	9,954
Canada	20	20
Total	**16,383**	**9,974**

Same Asset NOI for Three Months Ended March 31,	2025	2024
USA	36	(1,083)
Canada	19	19
Total	**55**	**(1,064)**

The same-asset analysis includes results of operations for assets owned by the Company for at least the two full years ending March 31, 2025.

Results related to the Bear Valley ski resort that was sold in November 2023, the 11 Courtyard hotels that were sold during the third quarter of 2024 and Courtyard Tucson hotel that was sold in January 2025, have not been included in said analysis. The increase in same-asset revenues and NOI resulted from the reopening of the Autograph hotel after its extensive renovations.

6. Fair Value

The Company recognizes the fair value of certain real estate assets on its balance sheet. These assets represent 68% of the total assets of Skyline as at March 31, 2025. 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. As for its total 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, and review of internal forecasts. The Company then uses these inputs in a discounted cash flow analysis over ten years to determine if there is any required revaluation at each reporting date. The following table summarizes the Company’s investment properties and property, plant and equipment (“**PP&E**”) for the year ended December 31, 2024, and the period ended March 31, 2025 (data in CAD thousand):

	Three Months Ended March 31, 2025	Twelve Months Ended December 31, 2024
Balance as at January 1	**291,248**	**450,647**
Capital expenditures and acquisitions	1,414	24,383
Depreciation and value decrease	(4,208)	(23,592)
Dispositions	(200)	(169,206)

	Three Months Ended March 31, 2025	Twelve Months Ended December 31, 2024
Allocations of right of use asset and lease liability	-	368
Changes in fair value	2,729	(20,604)
Foreign exchange rates	(40)	29,251
Balance, end of period	**290,943**	**291,248**

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, 2025	Balance Sheet Value	Outstanding Secured Liabilities[8]	LTV[9]	Net Asset Value
US select service hotels	41,403	20,839	50%	20,564
US full-service hotels	244,809	123,209	50%	121,600
Development lands	4,475	3,298	74%	1,177
Total real estate and other	**290,687**	**147,346**	**51%**	**143,341**
Cash	17,619			
Other assets	117,206			
Total assets	**425,512**			
Total debt	184,273			
Other liabilities	42,438			
Total liabilities	**226,711**			
Non-controlling interest	25,960			
Equity attributable to shareholders	172,841			
Total NAV	**198,801**			
NAV per share[10] (CAD)	10.35			
NAV per share[10](NIS)	26.79			

[8] Includes secured capital leases.
[9] Loan to Value ratio.
[10] Excluding non-controlling interest.

Real Estate Inventory. As of March 31, 2025, the Company had no development projects, and the balance of its real estate inventory was zero.

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,	2025	2024
Net income (loss) for the period	(11,324)	(10,059)
Net cash provided by (used for) operating activities	(7,404)	(8,200)
Net cash provided by (used for) investing activities	16,222	(20,117)
Net cash provided by (used by) financing activities	(15,605)	9,900
Impact of foreign activity balance translation on cash balances	(216)	164
Increase (decrease) in cash and cash equivalents	**(7,003)**	**(18,253)**
Cash and cash equivalents, beginning of the period	24,622	57,139
Cash and cash equivalents, end of the period	**17,619**	**38,886**

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

Three Months Ended March 31,	2025	2024
Financing expenses	8,627	8,635
Cash Interest paid	2,823	5,941

Debts – The Company's long-term debt (loans and mortgages) principal repayments as of March 31, 2025 are as follows:

As at March 31, 2025	Principal Amount (loans and bonds) (In CAD thousands)	% of the total principal amount (excluding non-capitalized financing costs)
By March 31, 2026	54,975	29.00
By March 31, 2027	3,189	1.68
By March 31, 2028	10,071	5.31
By March 31, 2029 and thereafter	121,342	64.01
Deferred financing costs	(5,304)	__
Total	184,273	100.00

Loans and mortgages have fixed rates that range from 1% to 10.75%. The variable rate loans and mortgages range from 6.45% to 9.90%. Maturity dates range from April 2025 to May 2048.

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 Annual Information Form.

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

9.1. Financial Position – in CAD thousands

Assets	03.31.2025	12.31.2024	Increase (Decrease)	%	Explanation
Cash and cash equivalents	17,619	24,622	(7,003)	(28.44)	The decrease is primarily attributable to capital expenditures, and net debt payments, and Keewatin and former CEO's settlements.
Trade receivables and other receivables	7,302	8,002	(700)	(8.75)	Decrease was mainly due to the receipt of receivables from the sold Courtyard properties
Real Estate Inventory and Inventories	454	491	(37)	(7.54)	The decrease is mainly due to the decrease in Courtyard inventory from the sale of Courtyard Tucson.
Loans to purchasers (short and long-term)	87,075	91,423	(4,348)	(4.76)	The decrease is primarily due to the additional provision for credit losses against the Freed equity notes and VTBs in the period, partially offset by the increase of the accrued interest on VTBs.
Bank deposits with limited use (short and long-term)	13,790	15,050	(1,260)	(8.37)	The change is primarily due to property tax payments and Capex invoices paid for Hyatt hotel.
Investment properties	14,600	14,609	(9)	(0.06)	Immaterial variance.
Property Plant and Equipment	276,343	276,639	(296)	(0.11)	The decrease is primarily due to increase in the accumulated amortization from office lease and the impact of foreign exchange differences from translation.
Disposal group classified as held for sale	-	20,755	(20,755)	(100.00)	The change was due to the sale of Courtyard Tucson in January 2025.
Other non-current assets	466	466	-	-	No change.
Deferred Tax Asset	7,863	6,718	1,145	17.04	The increase is due to the losses during the period.
Total Assets	**425,512**	**458,775**	**(33,263)**	**(7.25)**	**The decrease in total assets is a result of the above changes.**

Liabilities and Equity	03.31.2025	12.31.2024	Increase (Decrease)	%	Explanation
Loans	184,273	184,417	(144)	(0.08)	The decrease is primarily due to reduction of CPI index for shareholders loans, and FX translation of US loans balances. This was partially offset by the additional Bank construction loan draw of 1M USD for Autograph hotel, and the additional draw of 118k USD on Ithaca renovation loan
Suppliers, deferred income and other payables	42,431	46,997	(4,566)	(9.72)	The decrease is primarily due to payment of liabilities in relation to the renovation costs at the Autograph and the sale of Courtyard hotels, and Keewatin settlement at corporate. This was offset by the increase in accrued interest on shareholders loans.
Disposal group classified as held for sale	-	19,534	(19,534)	(100.00)	The change was due to the sale of Courtyard Tucson in January 2025.
Income taxes payable	7	7	-	-	No variance.
Equity	198,801	207,820	(9,019)	(4.34)	The decrease in equity is attributable mainly to the net loss attributable during the period.
Total Liabilities and Equity	**425,512**	**458,775**	**(33,263)**	**(7.25)**	**The decrease in total liabilities and equity is a result of the above changes.**

The Company’s shareholders’ equity, excluding minority interests was $172,841 or $10.35 per share (26.79 NIS based on the NIS/CAD exchange rate as at March 31, 2025). The closing price of the Company’s ordinary shares as of March 31, 2025 is 16.78 NIS per share, representing a discount of 37% on the equity attributable to the Company’s shareholders.

9.2. 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, 2025. 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 number 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. As of the date of this Report, the Company has no development projects, hence there was no revenue from development segment in Q1 2025. The selected financial information set out below is based on and derived from the Financial Statements:

Income Statement	03.31.2025	03.31.2024	Increase (Decrease)	%	Explanation
Revenue	16,879	21,882	(5,003)	(22.86)	The decrease is a result of the sale of 11 Courtyards in September 2024 and one Courtyard in January 2025. This was partially offset by the increase in revenue especially from the US full-service hotels as evidenced by the increase in all of its three revenue indicators.
Expense and Costs	(17,884)	(21,835)	3,951	(18.09)	Overall decrease in hotel operating costs is mainly due to the sale of the 12 Courtyards as mentioned above. This was partially offset by the increase in the variable operating expenses of the US full-service hotels, such as the salaries, Food & Beverage (“**F&B**”) costs, marketing, insurance, hotel management fees and property taxes.
Administrative and General and Marketing expenses	(1,292)	(1,944)	652	(33.54)	Decrease is primarily due to decrease in compensation costs as Q1 2024 included LTIP costs for former CEO and severance packages.
Depreciation and Impairment	(4,208)	(3,412)	(796)	23.33	The increase is primarily due to the increase in PPE balances following the renovations at the Autograph, partially offset by the decrease in PPE balances from the sale of the Courtyards.
Capital gain (losses), net, and other income (expenses), net	913	(144)	1,057	(734.03)	The gain is mostly due to the deferred revenue recognition to income. The increase is also attributable to the recapturing of reserves from a completed development project into income.
Net Financial Income (Expense)	(7,164)	(6,891)	(273)	3.96	The increase was primarily due to recognition of additional provision for credit losses for Freed VTBs and Note Receivable. This was partially offset by lower interest rates and less loans compared with prior year, including bonds.
Income Tax Recovery (Expense)	1,432	2,285	(853)	(37.33)	The decrease in deferred tax recovery is due to lower losses in the current period compared to the same period in the previous year.

Income Statement	03.31.2025	03.31.2024	Increase (Decrease)	%	Explanation
Profit (loss) for the year	(11,324)	(10,059)	(1,265)	12.58	The change in the net results is due to the reasons mentioned above.
Net income (loss) (after tax) per share (basic and diluted)	(0.50)	(0.46)			
Weighted avg. shares outstanding	16,500,480	16,500,480			

9.3. Operating Segments – in CAD thousands

9.3.1. Hotels and Resorts in the United States

	03.31.2025	03.31.2024	Increase (Decrease)	%	Explanation
Revenue	16,859	21,862	(5,003)	(22.88)	The decrease is a result of the sale of 11 Courtyards in September 2024 and one Courtyard in January 2025. This was partially offset by the increase in revenue especially from the US full-service hotels as evidenced by the increase in all of its three revenue indicators.
Cost of revenue (excluding depreciation)	(17,869)	(21,824)	3,955	(18.12)	The decrease in costs is attributable to the sale of 11 Courtyard hotels in September 2024 and one Courtyard in January 2025, partially offset by an increase in Autograph hotel operating expenses in line with the hotel's sales growth after its rebranding and reopening in 2024.
Segment Results	**(1,010)**	**38**	**(1,048)**	**(2,757.89)**	**Net segment results decreased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.**

9.3.2. Development Property

	03.31.2025	03.31.2024	Increase (Decrease)	%	Explanation
Revenue	-	-	-	-	The Company currently has no active development project.

	03.31.2025	03.31.2024	Increase (Decrease)	%	Explanation
Cost of revenue	(14)	(10)	(4)	(40.00)	This pertains to the minimal trailing expenses from the previous development projects.
Segment Results	**(14)**	**(10)**	**(4)**	**(40.00)**	**Net segment results decreased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.**

9.3.3. Same Asset Analysis

	03.31.2025	03.31.2024	Increase (Decrease)	%	Explanation
Revenue	16,383	9,974	6,409	64.26	The increase is a result of growth in revenue from hotels and resorts due to overall higher RevPAR, ADR and occupancy rates especially in the US full-service hotels. Notably, the reopening of the Autograph hotel after its extensive renovation has largely contributed to this increase.
Cost of revenue (excluding depreciation)	(16,328)	(11,038)	(5,290)	47.93	In line with the increase in revenue, the variable operating expenses of the hotels, such as the salaries, F&B costs, marketing, insurance, hotel management fees and property taxes has also increased during the quarter.
NOI	**55**	**(1,064)**	**1,119**	**(105.17)**	**Net results increased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.**
NOI Profitability rate	**0.34%**	**(10.67%)**	**11%**	**(103.15)**	**NOI Profitability has increased 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, 2025. These assets include the Company's hotels in the US (Autograph and Hyatt) and two Courtyard hotels (Ft. Myers and Ithaca).

10. Performance Measures that are not based on IFRS

The financial information is prepared in accordance with IFRS. However, the Company uses certain non-IFRS measures as key performance indicators including NOI, funds from operations ("**FFO**"), and 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.

10.1. *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,	2025	2024
Operating income before depreciation, valuation adjustments and other income	(2,297)	(1,897)
Segmented results from Development Segment	14	10
Administrative and General Expenses	1,292	1,944
NOI from income producing assets	**(991)**	**57**
Income from hotels and resorts	16,879	21,822

NOI for the Three Months Ended March 31,	2025	2024
Operating expenses of income producing assets	(17,870)	(21,825)
NOI from income producing assets	**(991)**	**57**
Change in % compared to corresponding period	**n/m**	

10.2. *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 guidelines of the Israel Security Authority. 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, 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 revenue 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,	2025	2024
Net income (loss)	(11,324)	(10,059)
Attributable to non-controlling interest	(3,055)	(2,401)
Net income (loss) net of minority interests	(8,269)	(7,658)
(Gain) loss from fair value adjustments	(644)	495
Depreciation and impairment	2,453	3,048
Deferred tax	(1,498)	(2,419)
Derecognition of investment costs and other capital losses (gains)	64	-
Provision for credit loss	5,288	573
FFO per ISA Guidance	**(2,606)**	**(5,961)**

FFO for the three months ended March 31, 2025 was ($2,606) compared to ($5,961), for the three months ended March 31, 2024. The increase is mainly due to rebranding and reopening of Autograph hotel, partially offset by an increase in provision for credit losses from Freed VTBs.

10.3. *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, 2025 as operating income before depreciation, valuation adjustments and other income.

Adjusted EBITDA for the Three Months Ended March 31,	2025	2024
ADJUSTED EBITDA from operations	(2,297)	(1,897)
Change in % compared to corresponding period	**21.09%**	

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.

10.4. ***Linkage Base Report as of March 31, 2025 (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	851	15,991	777	-	-	-	17,619
Customers and receivables	664	4,898	-	368	1,372	-	7,302
Loans to purchasers	78,449	8,626	-	-	-	-	87,075
Inventory	-	-	-	-	454	-	454
Investment real estate	-	-	-	4,475	10,125	-	14,600
Fixed assets	-	-	-	259	276,084	-	276,343
Other assets	-	-	-	214	252	-	466
Restricted deposits	3,219	10,571	-	-	-	-	13,790
Deferred tax assets	-	-	-	(787)	8,650		7,863
Total	**83,183**	**40,086**	**777**	**4,529**	**296,937**	**-**	**425,512**

Liabilities	Financial items CAD	Financial items USD	Financial items NIS	Non-financial items CAD	Non-financial items USD	Non-financial items NIS	Total
Loans	8,515	144,054	31,704	-	-	-	184,273
Suppliers	253	7,730	-	-	-	-	7,983
Payables and credit balances	5,007	20,958	1,645	7	6,838	-	34,455
Total	**13,775**	**172,742**	**33,349**	**7**	**6,838**	**-**	**226,711**

Excess (Shortage) of assets over liabilities	CAD	USD	NIS	CAD	USD	NIS	Total
Total	**69,408**	**(132,656)**	**(32,572)**	**4,522**	**290,099**	**-**	**198,801**

11. Cash Flows

11.1. Cash Flows from Operating Activities

During the three months ended March 31, 2025, the Company had a consolidated negative cash flow from operating activities of ($7,404). This compares to a negative cash flow from operating activities of ($8,200) for the corresponding period of the previous year. For further details, see the statement of cash flow for the period ended March 31, 2025.

11.2. Working Capital

As at March 31, 2025, the Company had a negative working capital of $5,958 in its consolidated statements, compared to a positive working capital of $25,104 for the corresponding period of the previous year. The decrease in working capital compared to prior period, was due to the sale of its real estate inventory in Golf Cottages in June 2024 and November 2024. The variance was also impacted by the increase of cash and cash equivalents in Q1 2024 as a result of Freed transactions pay out, the reclassification of the Port McNicoll VTB to non-current asset and the increase in the provision losses from the Freed VTB and equity notes receivable. In addition, the Company has around $25 in available undrawn lines of credit.

11.3. Cash Flows Used for Investment Activities

For the three months ended March 31, 2025, the Company had a positive cash flow from investing activities of approximately $16,222, mainly due to the proceeds from the sale of Courtyard Tucson hotel and release of restricted deposits. In the corresponding period of last year, the Company recorded a negative cash flow of approximately ($20,117), primarily due to the capital additions in line with hotels renovations.

11.4. Cash Flows Used for Financing Activities

During the three months ended March 31, 2025, the Company had a negative cash flow from financing activities of approximately ($15,605). During the corresponding period of the previous year, the Company had a positive cash flow from financing activities of approximately $9,900. The cash outflow from financing activities for the three months ended March 31, 2025, was driven primarily by the partially repayment of the American Bank loan which was secured against the Courtyard Tucson hotel and repaid from the proceeds of the completion of the sale. This was partially offset by increasing the Autograph bank construction loan.

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. Trade receivables, other receivables and prepaid expenses as of March 31, 2025, stood at approximately $7,302, compared to approximately $8,002 as of December 31, 2024.

12.3. Trade payables balance as of March 31, 2025 amounted to approximately $7,983, compared to approximately $7,779 as December 31, 2024.

12.4. As of March 31, 2025, the Company has unused credit facilities of approximately $25 and has no assets without financial liabilities.

12.5. For information on agreements for loans totaling NIS 82 million from Mishorim and LDNG, see Note 11 (e) 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 banking corporations.

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. With respect to the loan related to the Autograph Cleveland Hotel (see also Section 7.3.2 of part A of the Annual Report), the Company has received waivers from its lender for all covenant requirements under this loan for the periods ended September 30, 2024, December 31, 2024 and March 31, 2025, and a change in the method of calculating the DSCR for the quarter ending June 30, 2025, from a calculation based on a trailing 12-month period to a calculation based on a trailing 3-month period, annualized. The calculation to be made thereafter shall continue to be made on a trailing 12-month basis.

14.1.1. The guarantor (the Company) must hold, in its own name, liquid assets with a value not less than $12,500. As of March 31, 2025, total liquid assets amounted to $17,644.

14.1.2. The guarantor (the Company) must have a net equity of not less than $100,000. As of March 31, 2025, the Company's net equity amounted to $172,841.

14.1.3. With respect to the loan taken by a subsidiary of the Company in 2023 in connection with financing and renovation of the hotel (OWDA Loan), Skyline shall maintain a net worth in the aggregate of at least USD 4,000 and liquid assets in the aggregate of at least USD 2,000. As of March 31, 2025 Skyline net worth is CAD 172,841, and the liquid assets in the aggregate are CAD 17,644.

14.2. 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 $100,000 CAD, as of March 31, 2025 the amount is $172,841. 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, 2024 was 1.73.

14.3. 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 7.3.2 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. 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, 2025 was 1.76.

15. 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, 2025 (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, 2025
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**

16. 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 and risks.

Our hospitality operations and financial results are subject to various risks and uncertainties that could adversely affect our prospects, financial results, financial condition and cash flow. There are certain risks inherent in an investment in the securities of Skyline and in the activities of Skyline, including our hospitality operations, and those set out in Skyline's materials filed with Israeli and Canadian securities regulatory authorities from time to time, 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 risks presented in Annual Information Form 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 risks described in the Annual Information Form, or other unforeseen risks.

17. 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.

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

Company Distributions

The Company does not currently have a dividend distribution policy.

18. 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.

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.

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

Our Chief Executive Officer and VP Finance 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, 2025, 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, 2025.

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 22, 2025