

SKYLINE
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Management's Discussion and Analysis

For the three and nine months ended September 30, 2025



SKYLINE

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MANAGEMENT'S DISCUSSION AND ANALYSIS

November 21, 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 and nine months ended September 30, 2025 and its financial position as at September 30, 2025. This MD&A is dated and has been prepared with information available as of September 30, 2025.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three and nine months ended September 30, 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 and nine months ended September 30, 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.

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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 September 30, 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 Canada¹, 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 September 30, 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	
<i>Total Select Service Hotels</i>		<i>256</i>	
Hyatt Hotel	Cleveland, Ohio	293	5,054
Autograph Hotel	Cleveland, Ohio	491	2,865
<i>Total Full-Service Hotels</i>		<i>784</i>	<i>7,919</i>
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 contractual net cash flows from its vendor take-back ("VTBs") loans², and Note Receivable as of the date of the report:

VTB Loans, and Notes Receivable	Q4 2025	2026	2027 and thereafter	Total
Port McNicoll VTB	-	27,912	-	27,912
Golf Cottages	243	-	6,768	7,011

¹On November 24, 2023, the Company completed a transaction for the sale of its interest in Resort Communities LP "RCLP" (which owns resorts in Canada and development land, including properties that were sold to the RCLP in December 2021) to affiliates of Freed Corp. ("Freed"), and for changing the terms of the VTB loans.

²For details regarding expected credit losses (ECLs) related to VTB and receivables from the Freed Transaction, see Note 11 (g) to the financial statements. For details on Port McNicoll VTB, see Note 9 to the financial statements.

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VTB Loans, and Notes Receivable	Q4 2025	2026	2027 and thereafter	Total
Total – Development VTBs	243	27,912	6,768	34,923
Freed Corp. ("Freed") VTBs	-	22,826	-	22,826
Debt Note Receivable (against the sale of the rights in the Partnership)	-	36,071	-	36,071
Total – Freed³	-	58,896	-	58,896
Bear Valley Notes Receivable	6,612	-	-	6,612
Total Inflows	6,855	86,808	6,768	100,432

The table below provides comparable data on the Company's operating segments for the three and nine months ended September 30, 2025, and 2024:

TOTAL INFORMATION

Three Months Ended September 30,	2025	2024
Number of rooms	1,040	2,804
Number of hotel properties	4	16
Occupancy rate	68%	59%
Average daily room rate (in CA dollars)	\$276.73	\$190.59
Revenue per available room (in CA dollars)	\$187.81	\$113.02

Nine Months Ended September 30,	2025	2024
Number of rooms	1,040	2,804
Number of hotel properties	4	16
Occupancy rate	57%	53%
Average daily room rate (in CA dollars)	\$256.16	\$182.78
Revenue per available room (in CA dollars)	\$146.17	\$96.85

HOSPITALITY

Consolidated

Three Months Ended September 30,	2025	2024
Revenue	\$24,530	\$36,427
Net Operating Income (NOI) ⁴	\$5,622	\$5,747

Nine Months Ended September 30,	2025	2024
Revenue	\$60,483	\$91,721
Net Operating Income (NOI) ⁴	\$6,652	\$12,740

³ Out of the \$58.90 million expected cash flows from Freed, \$12.57 million pertains to Skyline Blue Mountain Inc.'s (a subsidiary of the Company) share. Skyline Blue Mountain's partner will receive a share of \$4.02 million.

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

DEVELOPMENT

Three Months Ended September 30,	2025	2024
Revenue	-	-
Net Operating Income (NOI) ⁵	(\$5)	(\$747)

Nine Months Ended September 30,	2025	2024
Revenue	\$1	\$4,281
Net Operating Income (NOI) ⁵	(\$24)	(\$1,911)

CONSOLIDATED

Three Months Ended September 30,	2025	2024
Same Asset NOI ⁵	\$5,731	\$4,742
Adjusted EBITDA ⁵	\$4,245	\$1,625

Nine Months Ended September 30,	2025	2024
Same Asset NOI ⁵	\$7,989	\$7,414
Adjusted EBITDA ⁵	\$2,742	\$3,946

FUNDS FROM OPERATIONS (FFO) ⁵

Three Months Ended September 30,	2025	2024
Funds from operations	(\$78)	(\$6,585)
FFO per share (in CA dollars) ⁵	-	(\$0.40)

Nine Months Ended September 30,	2025	2024
Funds from operations	(\$3,793)	(\$10,153)
FFO per share (in CA dollars) ⁵	(\$0.23)	(\$0.62)

CAPITALIZATION AND LEVERAGE

As at September,	2025	2024
Equity to Total Assets	40%	46%
Unrestricted Cash	\$12,572	\$16,507
Net Debt to Net Cap ⁶	52%	46%
Loan to Value (only Hospitality)	50%	52%
Weighted average debt face interest rate	7.24%	8.01%
Weighted average debt term to maturity (in years)	5.20	5.37

⁵ NOI, Adjusted EBITDA, FFO, and FFO per share are non-IFRS performance measures. See "Non-IFRS Performance Measures" for additional information.

⁶ 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.

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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 September 30, 2025, and After the Balance Sheet Date

For information about events that occurred prior to the date of the report for the first quarter of 2025, see the Company's report for the first quarter of 2025, as published on May 25, 2025 (Reference No.: 2025-01-036583) ("**Q1 2025 Report**") and for the second quarter of 2025, see the Company's report for the second quarter of 2025, as published on August 24, 2025 (Reference No.: 2025-01-062733) ("**Q2 2025 Report**"). Listed below are material events that occurred after the second quarter of 2025 and material events that occurred after the balance sheet date (see also Note 11 to the consolidated financial statements):

- 3.1. With respect to Courtyard Ft. Myers Cape Coral hotel, a subsidiary of the Company entered into a letter of undertaking with the existing lender to extend the current loan (a recourse loan), which was originally due on September 30, 2025. Pursuant to the letter of undertaking, the Company repaid approximately USD 0.5 million of the loan principal, which currently amounts to USD 8 million bearing an annual interest rate of 8.5%; and the loan maturity date will be 18 months from the loan renewal date. The Company's subsidiary is required to provide a capital expenditure reserve of USD 0.5 million, to be held by the lender for the purpose of completing the capital expenditure requirements under the franchise agreement.
- 3.2. In October 2025, the Company entered into an agreement with the lender of the Golf Cottages loan to extend the loan's maturity date from November 30, 2025 to November 30, 2027. Under the terms of the amendment, CAD 0.96 million is due by November 2026, an additional CAD 1.4 million is due and payable in June 2027, and the remaining balance is due by November 2027. The loan balance as at report date was CAD 3.5 million.
- 3.3. With respect to the agreement for the sale of the Company's property in Bear Valley for a total consideration of USD 19.5 million (CAD 27.15 million), under which it was agreed that a deferred consideration of USD 6 million (CAD 8.35 million), plus interest as stipulated in the agreement, would be payable on November 2, 2026: following discussions between the Company and the purchaser regarding the parties' respective claims concerning the purchase agreement, the parties entered into a settlement and release agreement, under which the deferred consideration of USD 6 million (CAD 8.35 million) was reduced to USD 4.75 million (CAD 6.61 million) retroactively effective as of November 1, 2023 (the "**Deferred Consideration**") and shall become fully due and payable on December 29, 2025 (the "**Final Maturity Date**"). An initial payment of USD 2 million (CAD 2.78 million) from the Deferred Consideration balance was made to the Company upon execution of the agreement in October 2025, and an additional payment of USD 2.75 million (CAD 3.83 million) will be made to the Company on the Final Maturity Date. It was further agreed that, if the purchaser makes the principal payments as required, the Company shall waive the interest on the Deferred Consideration. Considering that the loss from the settlement and release agreement it relates to buyer's claims, as at September 30, 2025, the USD 1.25 million difference was recorded in Other Income (Loss) and the VTB value was reduced in the same amount.

- 3.4. On November 13, 2025, the Company announced that according to information provided to the Company, the negotiations conducted by Freed regarding a transaction which, inter alia, was intended to provide it with the financing required for the repayment of its debt to the Company, have not materialized into a binding agreement, and Freed intends to conduct negotiations for a transaction under a different frame work. As of this date, the Company has not commenced enforcement proceedings for the repayment of the loans. The Company has increased the provision for expected losses related to the Freed loans to CAD 28.48 million as of September 30, 2025.
- 3.5. On November 20, 2025, the Company signed an amendment to the agreements with both shareholders to extend the maturity date of the loans to December 31, 2027; all other terms of the agreement remained the same.

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 the Company's 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 1b to the condensed interim consolidated financial statements and specifically to the negative working capital as of 30 September 2025, minimum equity loan covenant, developments related to Freed VTBs, cash needs for renovations of properties and the management's and Board's plans. Based on analysis of the cash needs and available sources, the Company expects to meet all of its financial obligations in the foreseeable future 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.

In the third quarter of 2025, the Company's U.S. select-service hotels experienced year-over-year increases in RevPAR and ADR; however, occupancy declined compared to the same period in the prior year. U.S. full-service hotels recorded improvements in both RevPAR, ADR, and occupancy in Q3 2025, primarily driven by the reopening and rebranding of the Autograph Hotel (formerly the Renaissance) following extensive renovations. The Autograph Hotel achieved a RevPAR of \$200.28 in Q3 2025, compared to \$130.74 in Q3 2024, with occupancy increasing to 68% from 50% over the same period.

The Company has not experienced material impacts from inflation. The Company has financial strategies available 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.

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US select service Hotels in USD⁷

	Q4-2024	Q4-2023	Q1-2025	Q1-2024	Q2-2025	Q2-2024	Q3-2025	Q3-2024
RevPAR	\$87.08	\$56.02	\$103.04	\$60.34	\$76.74	\$70.33	\$79.44	\$67.27
ADR	\$120.65	\$109.71	\$157.03	\$118.75	\$149.17	\$117.21	\$150.69	\$114.15
Occ.	72%	51%	66%	51%	51%	60%	53%	59%

US full-service Hotels in USD

	Q4-2024	Q4-2023	Q1-2025	Q1-2024	Q2-2025	Q2-2024	Q3-2025	Q3-2024
RevPAR	\$85.61	\$54.44	\$70.72	\$41.63	\$108.73	\$91.59	\$153.03	\$126.13
ADR	\$194.68	\$182.92	\$173.78	\$170.58	\$189.26	\$197.87	\$210.16	\$209.31
Occ.	44%	30%	41%	24%	57%	46%	73%	60%

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 September 30,	2025	2024
USA	25,017	21,210
Canada	(514)	20
Total	24,503	21,230

Same Asset Revenue for Nine Months Ended September 30,	2025	2024
USA	60,396	48,919
Canada	(472)	60
Total	59,924	48,979

Same Asset NOI for Three Months Ended September 30,	2025	2024
USA	6,245	4,723
Canada	(514)	19
Total	5,731	4,742

⁷Figures include 11 Courtyard hotels that were sold in September 2024 and Courtyard Tucson Hotel that was sold in January 2025.

Same Asset NOI for Nine Months Ended September 30,	2025	2024
USA	8,464	7,357
Canada	(475)	57
Total	7,989	7,414

The same asset analysis includes results of operations of assets owned by the Company for at least the two full years ending September 30, 2025.

Results related to 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.

During the three and nine months ended September 30, 2025, same asset NOI was \$5,731 and \$7,989 respectively, compared to \$4,742, and \$7,414 for the three and nine months ended September 30, 2024. The increase in same asset NOI was primarily attributable to improvement in Autograph performance as the hotel was fully operational in Q3 2025, whereas it was still in renovations until July 2024, this was partially offset by the lower performance at Hyatt hotel and Fort Myers 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 September 30, 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, as well as 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. For details regarding decreases in the fair value of the Company's properties, see Note 6 to the financial statements. 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 of nine months ended September 30, 2025 (data in CAD thousand):

	Nine months ended September 30, 2025	Twelve Months Ended December 31, 2024
Balance as at January 1	\$291,248	\$450,647
Capital expenditures and acquisitions	\$4,181	\$24,384
Depreciation and value decrease	(\$16,498)	(\$23,592)
Dispositions	(\$200)	(\$169,206)
Allocations of right of use of asset and lease liability	-	\$368
Changes in fair value	(\$4,788)	(\$20,604)
Foreign exchange rates	(\$9,543)	\$29,251
Balance, end of period	\$264,400	\$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:

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- 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 September 30, 2025	Balance Sheet Value	Outstanding Secured Liabilities ⁸	LTV ⁹	Net Asset Value
US select service hotels	\$33,550	\$19,502	58%	\$14,048
US full-service hotels	\$226,203	\$109,607	48%	\$116,596
Development lands	\$4,475	\$1,171	26%	\$3,304
Total real estate and other	\$264,228	\$130,280	49%	\$133,948
Cash	\$12,572			
Other assets	\$84,946			
Total assets	\$361,746			
Total debt	\$173,781			
Other liabilities	\$41,863			
Total liabilities	\$215,644			
Non-controlling interest	\$29,915			
Total NAV	\$146,102			
NAV per share ¹⁰ (CAD)	\$6.96			
NAV per share ¹⁰ (NIS)	\$16.52			

Real estate inventory: as of September 30, 2025, the Company had no development projects and 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 Interim Financial Statements for the nine months ended September 30, 2025.

8. Liquidity

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

Three Months Ended September 30,	2025	2024
Net income (loss) for the period	(\$29,582)	(\$33,371)
Net cash provided by (used for) operating activities	\$2,843	(\$4,994)

⁸ Includes secured capital leases.

⁹ Loan to Value ratio.

¹⁰ Excluding non-controlling interest.

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Three Months Ended September 30,	2025	2024
Net cash provided by (used for) investing activities	(\$43)	\$123,002
Net cash provided by (used by) financing activities	(\$6,133)	(\$114,212)
Impact of foreign activity balance translation on cash balances	(\$174)	(\$1,384)
Increase (decrease) in cash and cash equivalents	(\$3,507)	\$2,412
Cash and cash equivalents, beginning of the period	\$16,079	\$14,095
Cash and cash equivalents, end of the period	\$12,572	\$16,507

Nine Months ended September 30,	2025	2024
Net income (loss) for the period	(\$60,333)	(\$49,866)
Net cash provided by (used for) operating activities	(\$8,797)	(\$10,392)
Net cash provided by (used for) investing activities	\$15,835	\$97,032
Net cash provided by (used by) financing activities	(\$19,301)	(\$126,125)
Impact of foreign activity balance translation on cash balances	\$213	(\$1,147)
Increase (decrease) in cash and cash equivalents	(\$12,050)	(\$40,632)
Cash and cash equivalents, beginning of the period	\$24,622	\$57,139
Cash and cash equivalents, end of the period	\$12,572	\$16,507

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

Three Months Ended September 30,	2025	2024
Financing expenses	\$27,241	\$11,220
Cash Interest paid	\$2,484	\$4,569

Nine Months ended September 30,	2025	2024
Financing expenses	\$46,822	\$29,881
Cash Interest paid	\$8,300	\$17,054

Debts – The Company's long-term debts (loans, mortgages and debentures) principal repayments as of September 30, 2025 are as follows:

As at September 30, 2025	Principal Amount (loans) (In CAD thousands)	% of the total principal amount (excluding non-capitalized financing costs)
By September, 2026	\$100,824	56.53%
By September, 2027	\$18,672	10.47%
By September, 2028	\$35,458	19.88%
By September, 2029 and thereafter	\$23,390	13.12%

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As at September 30, 2025	Principal Amount (loans) (In CAD thousands)	% of the total principal amount (excluding non-capitalized financing costs)
Deferred financing costs	(\$4,563)	
Total	\$173,781	100.00%

Loans and mortgages have fixed rates that range from 3.76% to 10.75%. The variable rate loans and mortgages range from 6.20% to 9.90%. Maturity dates range from October 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 the Company's 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	09.30.2025	12.31.2024	Increase (Decrease)	%	Explanation
Cash and cash equivalents	\$12,572	\$24,622	(\$12,050)	(48.94%)	The decrease is primarily attributable to capital expenditures, net debt repayments, settlements related to Keewatin and payments to the former Chairman of the Board of Directors. This was partially offset by the receipt of funds from an increase in the shareholder loan.
Trade receivables and other receivables	\$7,467	\$8,002	(\$535)	(6.69%)	The decrease resulted from the write off of previously accrued interest on the executive loan. This was partially offset by an increase in trade receivables from the Autograph hotel, consistent with the increase in revenue during the period.
Real Estate Inventory and Inventories	\$404	\$491	(\$87)	(17.72%)	The decrease is mainly due to the decrease in food and beverage inventory from the sale of Courtyard Tucson.
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.
Loans to purchasers (short and long-term)	\$61,523	\$91,423	(\$29,900)	(32.71%)	The decrease is primarily due to the additional provision for credit losses against the Freed equity notes, Freed VTBs and the Port McNicoll VTB, partially offset by the increase in accrued interest on the VTBs. The Bear Valley VTB also decreased as result of an amendment to the VTB agreement.
Bank deposits with limited use (short and long-term)	\$11,567	\$15,050	(\$3,483)	(23.14%)	The change is primarily due to property tax payments, capital expenditures, loan repayments, and the release of cash security related to the Company's line of credit from prior development projects.
Investment properties	\$14,295	\$14,609	(\$314)	(2.15%)	Immaterial variance mainly due to foreign exchange translation.
Property Plant and Equipment	\$250,105	\$276,639	(\$26,534)	(9.59%)	The decrease is primarily due to increase in accumulated amortization, a decline in the fair value of the assets, and the impact of foreign exchange translation differences.
Other non-current assets	\$458	\$466	(\$8)	(1.72%)	Immaterial variance due to foreign exchange translation.
Deferred Tax Asset	\$3,355	\$6,718	(\$3,363)	(50.06%)	The decrease is due to the write down of deferred tax assets.
Total Assets	\$361,746	\$458,775	(\$97,029)	(21.15%)	The decrease in total assets is a result of the above changes.

Liabilities and Equity	09.30.2025	12.31.2024	Increase (Decrease)	%	Explanation
Loans	\$173,781	\$184,417	(\$10,636)	(5.77%)	The decrease is primarily due to loan repayments, mainly the partial repayment of 6.6M USD from one of Autograph 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, the further draw of 118k USD on Ithaca renovation loan, and a 4M CAD increase in the shareholder loans.
Suppliers, deferred income and other payables	\$41,859	\$46,997	(\$5,138)	(10.93%)	The decrease is primarily attributable to the settlement of liabilities related to renovation costs at the Autograph Hotel, the sale of Courtyard hotels, and Keewatin settlement at the corporate level, and the impact of foreign exchange translation. This was partially offset by an increase in accrued interest on shareholders loans as well as an increase in accrued salaries related to the Hyatt and the Autograph in comparison to prior period.
Disposal group classified as held for sale	-	\$19,534	(\$19,534)	(100.00%)	The change is due to the sale of Courtyard Tucson in January 2025.
Income taxes payable	\$4	\$7	(\$3)	(42.86%)	The decrease is due to the tax payments made during Q2 2025.
Equity	\$146,102	\$207,820	(\$61,718)	(29.70%)	The decrease in equity is attributable mainly to the net loss attributable during the period.
Total Liabilities and Equity	\$361,746	\$458,775	(\$97,029)	(21.15%)	The decrease in total liabilities and equity is a result of the above changes.

The Company's shareholders' equity, excluding minority interests was \$116,187 or \$6.96 per share (16.52 NIS based on the NIS/CAD exchange rate as at September 30, 2025). The Company's Common Shares closed on September 30, 2025 at 8.18 NIS per share, a discount per share of 50.5% to the Company's shareholders' equity.

9.2. Results of Operations for the Period— 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 and nine months ended September 30, 2025. Development revenue includes the sale of serviced lots and condominiums.

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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 several 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 Q3 2025. The selected financial information set out below is based on and derived from the Financial Statements:

Income Statement	09.30.2025	09.30.2024	Change	%	Explanation
Revenue	\$60,484	\$96,002	(\$35,518)	(37.00%)	The decrease is a result of the sale of 11 Courtyards in September 2024 and one Courtyard in January 2025, as well as lower operating performance at the Hyatt hotel and Fort Myers Courtyard hotel. This was partially offset by the higher revenue from the Autograph hotel, which reopened following the completions of renovations in Q2 2024.
Expense and Costs	(\$53,856)	(\$85,173)	\$31,317	(36.77%)	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	(\$3,886)	(\$6,883)	\$2,997	(43.54%)	Decrease is primarily due to the lower salaries, legal fees, audit and consulting expenses during the period.
Depreciation and Impairment	(\$16,498)	(\$16,118)	(\$380)	2.36%	No significant change noted.
Other income, net, and Capital losses, net	\$1,102	(\$17,270)	\$18,372	(106.38%)	The gain is mostly due to deferred revenue recognition to income. The increase in other gain is also attributable to the recapture of reserves from a completed development project. In prior period, a loss was recognized in connection with the sale of the Courtyards.
Net Financial Income (Expense)	(\$42,004)	(\$25,410)	(\$16,594)	65.3%	The increase in net financial expense is due to the recognition of additional provision for credit losses for Freed and Port McNicoll VTBs and Equity Note Receivable. This was offset by lower interest expenses from the repayment of debt and the amortization of deferred financing costs.
Income Tax Recovery (Expense)	(\$5,675)	\$4,986	(\$10,661)	(213.82%)	Income tax expense during the current period is due to the write down of the deferred tax asset.
Profit (loss) for the year	(\$60,333)	(\$49,866)	(\$10,467)	20.99%	The change in the net results is due to the reasons mentioned above.
Net income (loss) (after tax) per share (basic and diluted)	(3.25)	(2.66)	(0.59)	22.02%	
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

	09.30.2025	09.30.2024	Change	%	Explanation
Revenue	\$60,955	\$91,661	(\$30,706)	(33.50%)	The decrease is a result of the sale of 11 Courtyards in September 2024 and one Courtyard in January 2025, as well as lower operating performance at the Hyatt hotel and Fort Myers Courtyard hotel. This was partially offset by the increase in revenue especially from the US full-service hotels as evidenced by the increase in RevPAR and occupancy.
Cost of revenue (excluding depreciation)	(\$53,829)	(\$78,978)	\$25,149	(31.84%)	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	\$7,126	\$12,683	(\$5,557)	(43.81%)	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

	09.30.2025	09.30.2024	Change	%	Explanation
Revenue	\$1	\$4,281	(\$4,280)	(99.98%)	The Company has no active development projects during the period. Revenue recognized in 2024 was attributable to the sale of the Golf Cottages lots in Q2 2024.
Cost of revenue (excluding depreciation)	(\$25)	(\$6,192)	\$6,167	(99.60%)	The expenses in the current period pertain to minimal trailing expenses from the previous development projects.
Segment Results	(\$24)	(\$1,911)	\$1,887	(98.74%)	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

	09.30.2025	09.30.2024	Change	%	Explanation
Revenue	\$59,924	\$48,979	\$10,945	22.35%	The increase is a result of growth in revenue from hotels and resorts due to overall higher RevPAR, ADR and occupancy rates at the Autograph hotel, due to the completion of its extensive renovation.
Cost of revenue (excluding depreciation)	(\$51,935)	(\$41,565)	(\$10,370)	24.95%	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	\$7,989	\$7,414	\$575	7.76%	Net results decreased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.
NOI Profitability rate	13.33%	15.14%	(1.81%)	(11.93%)	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 September 30, 2025. These assets include the Company's full-service hotels in the US (Autograph and Hyatt) and the two Courtyard hotels (Ft. Myers and Ithaca).

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.

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 to the Consolidated Interim Financial Statements for the nine months ended September 30, 2025) of the Company’s hotels and resorts.

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NOI for the Three Months Ended September 30,	2025	2024
Operating income before depreciation, valuation adjustments and other income	4,245	1,625
Segmented results from Development Segment	5	747
Administrative and General Expenses	1,372	3,375
NOI from income producing assets	5,622	5,747
Income from hotels and resorts	24,530	36,427
Operating expenses of income producing assets	(18,908)	(30,680)
NOI from income producing assets	5,622	5,747
Change in % compared to corresponding period	(2.18%)	

NOI for the Nine months ended September 30,	2025	2024
Operating income before depreciation, valuation adjustments and other income	2,742	3,946
Segmented results from Development Segment	24	1,911
Administrative and General Expenses	3,886	6,883
NOI from income producing assets	6,652	12,740
Income from hotels and resorts	60,483	91,721
Operating expenses of income producing assets	(53,831)	(78,981)
NOI from income producing assets	6,652	12,740
Change in % compared to corresponding period	(47.79%)	

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 Israel Securities 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 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.

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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 September 30,	2025	2024
Net income (loss)	(29,582)	(33,371)
Attributable to non-controlling interest	(1,948)	(2,449)
Net income (loss) net of minority interests	(27,634)	(30,922)
(Gain) loss from fair value adjustments	1,102	1,315
Provision for credit losses	20,424	-
Depreciation and impairment	6,051	7,967
Deferred tax	(21)	(1,727)
Derecognition of investment costs and other capital losses (gains)	-	17,364
Tax on gain from disposal of property	-	(582)
FFO	(78)	(6,585)

FFO for the Nine months ended September 30,	2025	2024
Net income (loss)	(60,333)	(49,866)
Attributable to non-controlling interest	(6,750)	(5,952)
Net income (loss) net of minority interests	(53,583)	(43,914)
(Gain) loss from fair value adjustments	3,349	3,442
Provision for credit losses	29,927	1,011
Depreciation and impairment	11,453	16,501
Deferred tax	4,997	(5,507)
Derecognition of investment costs and other capital losses (gains)	64	17,364
Tax on gain from disposal of a property	-	950
FFO	(3,793)	(10,153)

FFO, according to the Israel Securities Authority's approach, for the three and nine months ended September 30, 2025 was (\$78) and (\$3,793) compared to (\$6,585) and (\$10,153), for the three and nine months ended September 30, 2024. The decrease in FFO for the three and nine months ended September 30, 2025, is due to the sale of the 11 Courtyard hotels, partially offset by the completion of hotel renovations, which in the prior period negatively impacted earnings.

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.

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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 and nine months ended September 30, 2025 as operating income before depreciation, valuation adjustments and other income.

Adjusted EBITDA for the Three Months Ended September 30,	2025	2024
ADJUSTED EBITDA from operations	4,245	1,625
Change in % compared to corresponding period	161.23%	

Adjusted EBITDA for the Nine months ended September 30,	2025	2024
ADJUSTED EBITDA from operations	2,742	3,946
Change in % compared to corresponding period	(30.51%)	

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 September 30, 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	\$2,230	\$9,920	\$422	-	-	-	\$12,572
Customers and receivables	\$70	\$5,322	-	\$297	\$1,778	-	\$7,467

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Assets	Financial items CAD	Financial items USD	Financial items NIS	Non- financial items CAD	Non- financial items USD	Non- financial items NIS	Total
Loans to purchasers	\$54,911	\$6,612	-	-	-	-	\$61,523
Inventory	-	-	-	-	\$404	-	\$404
Investment real estate	-	-	-	\$4,475	\$9,820	-	\$14,295
Fixed assets	-	-	-	\$172	\$249,933	-	\$250,105
Other assets	-	-	-	\$214	\$244	-	\$458
Restricted deposits	\$1,066	\$10,501	-	-	-	-	\$11,567
Deferred tax	-	-	-	(\$788)	\$4,143	-	\$3,355
Total	\$58,277	\$32,355	\$422	\$4,370	\$266,322	-	\$361,746

Liabilities	Financial items CAD	Financial items USD	Financial items NIS	Non- financial items CAD	Non- financial items USD	Non- financial items NIS	Total
Loans	\$5,870	\$129,109	\$38,802	-	-	-	\$173,781
Suppliers	\$183	\$8,074	-	-	-	-	\$8,257
Payables and credit balances	\$4,908	\$19,011	\$2,935	(41)	\$6,793	-	\$33,606
Total	\$10,961	\$156,194	\$41,737	(41)	\$6,793	-	\$215,644

Excess (Shortage) of assets over liabilities	CAD	USD	NIS	CAD	USD	NIS	Total
Total	\$47,316	(\$123,839)	(\$41,315)	\$4,411	\$259,529	-	\$146,102

11. Cash Flows

11.1. Cash Flows from Operating Activities

During the three and nine months ended September 30, 2025 the Company had a positive consolidated cash flow from operating activities of \$2,843 and a negative cash flow of (\$8,797), respectively. This compares to a negative cash flow from operating activities of (\$4,994) and (\$10,392), for the corresponding periods of the previous year. For further details, see the statement of cash flow for the period ended September 30, 2025.

11.2. Working Capital

As at September 30, 2025, the Company had a negative working capital of (\$99,383) in its consolidated statements, compared to a negative working capital (\$12,311) for the corresponding period of the previous year. The decrease in working capital compared to prior period, was due to the reclassification of the Autograph loan to current liabilities, the reclassification of the Port McNicoll and Freed VTBs to non-current asset and the increase in the provision losses from the Freed VTB and equity notes receivable, and releases of restricted deposits. In addition, the Company has around \$20 in available undrawn lines of credit.

11.3. Cash Flows Used for Investment Activities

For the three and nine months ended September 30, 2025, the Company had a negative cash flow from investing activities of approximately (\$43) and a positive cash flow from investing activities of \$15,835, respectively. The negative cash flow for the three months ended September 30, 2025 is primarily due to capital additions in line with the hotel renovations, partially offset by releases from restricted deposits. The positive cash flow for the nine months ended September 30, 2025 is primarily 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 positive cash flow of approximately 123,002 and 97,032 primarily due to the proceeds from the sale of the 11 Courtyard hotels partially offset by the capital additions in line with hotels renovations.

11.4. Cash Flows Used for Financing Activities

During the three and nine months ended September 30, 2024, the Company had a negative cash flow from financing activities of approximately (\$6,133) and (\$19,301). During the corresponding period of the previous year, the Company had a negative cash flow from financing activities of approximately (\$114,212) and (\$126,125). The negative cash outflow from financing activities for the three months ended September 30, 2025, was driven by the debt repayments, mainly the partial repayment of 6,600 USD of one of the Autograph loans. The negative cash outflow for the nine months ended September 30, 2025 was driven primarily by the repayment of American Bank loan which was secured against the Courtyard Tucson hotel and repaid from the proceeds of the completion of the sale, and partial repayment of 6,600 USD of one of the Autograph loans. This was partially offset by increasing the Autograph bank construction loan and the additional proceeds from shareholder's 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 Interim Financial Statements for the nine months ended September 30, 2025.

12.2. Trade receivables, other receivables and prepaid expenses as of September 30, 2025, stood at approximately \$7,467, compared to approximately \$8,002 as of December 31, 2024.

12.3. Trade payables balance as of September 30, 2025 amounted to approximately \$8,257, compared to approximately \$7,779 as December 31, 2024.

12.4. As of September 30, 2025, the Company has unused credit facilities of approximately \$20 and has no assets without financial liabilities.

12.5. For information on agreements for loans totaling NIS 92 million from Mishorim and LDNG, see Note 11 (f) 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 with the exception of the Hyatt loan.

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 credit facility that is backed by a lien on Ft. Myers Hotel do not include financial covenants. See Section 7.3.4 of Part A of the Annual report.

14.2. With respect to the loan related to the Autograph Cleveland Hotel (see also Section 7.3.2 of part A of the Annual Report), on August 13, 2025, the Company executed an amendment to the loan agreement with the Bank, which specifies the following: a) The Company was required to make a principal payment of USD 6.6 million by August 29, 2025; b) the Bank waived the DSCR requirements for June 30, 2025 and September 30, 2025; c) the DSCR for December 31, 2025 will be calculated based on a trailing 6 month period; d) the DSCR for March 31, 2026 will be calculated based on a trailing 9 month period (DSCR for June 30, 2026 onwards will be on a trailing 12 month basis); and (e) the Company, in its capacity as guarantor, will be required to hold, in its own name, liquid assets equal to CAD 7 million (in lieu of CAD 12.5 million, as was required prior to the amendment).

14.2.1 The guarantor (the Company) must hold, in its own name, liquid assets with a value not less than \$7,000. As of September 30, 2025, total liquid assets amounted to \$12,592.

14.2.2 The guarantor (the Company) must have a net equity of not less than \$100,000. As of September 30, 2025, the Company's net equity amounted to \$116,187.

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14.2.3 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 September 30, 2025 Skyline net worth is CAD 116,187, and the liquid assets in the aggregate are CAD 12,592.

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 \$100,000 CAD, as of September 30, 2025 the amount is \$116,187. 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.

14.4 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 7.3.2 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, which the hotel did not meet in Q2 2025 and in Q3 2025. Failure to maintain the required Debt Service Coverage Ratio does not constitute an Event of Default under the Loan Agreement, but, rather, initiates a Cash Trap Event Period, during which the cash management provisions of the Loan Agreement take effect. As long as the Company's hotel is managed by Hyatt, the Cash Trap provisions apply only to (i) revenue generated by the retail portion of the property, and (ii) distributions of excess cash, if any, made by Hyatt Regency Cleveland hotel to the Company. Accordingly, Skyline Cleveland Acquisitions does not expect the implementation of a Cash Trap Period to impair normal hotel operations. Reporting with respect to quarterly earnings will be provided to the lender in accordance with the regular schedule, after the issuance of the Company's quarterly results. See also Note 11(h) to the financial statements.

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 September 30, 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.

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As at September 30, 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.

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 several 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 settlement, if any.

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

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.

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I N V E S T M E N T S

For the three and nine months ended September 30, 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 September 30, 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.

November 21, 2025