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# SKYLINE

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## *Management's Discussion and Analysis*

*For the three months ended March 31, 2026*



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

May 30, 2026

### 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, 2026 and its financial position as at March 31, 2026. This MD&A is dated and has been prepared with information available as of March 31, 2026.

This MD&A should be read in conjunction with the Company's condensed interim consolidated financial statements for the three months ended March 31, 2026 and 2025 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, 2026 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](http://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, 2026, which are available under the Company's profile on SEDAR+ at [www.sedarplus.com](http://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 March 31, 2026, 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<sup>1</sup>, 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, 2026, 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	
<b>Total Select Service Hotels</b>		<b>256</b>	
Hyatt Hotel	Cleveland, Ohio	293	5,054
Autograph Hotel	Cleveland, Ohio	491	2,865
<b>Total Full-Service Hotels</b>		<b>784</b>	<b>7,919</b>
<b>Total</b>		<b>1,040</b>	<b>7,919</b>

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, and Equity Notes Receivable:

VTB Loans, and Notes Receivable	Q2-Q4 2026	2027	Total
Port McNicoll VTB	27,912	-	27,912
Golf Cottages	-	7,011	7,011
<b>Total – Development VTBs</b>	<b>27,912</b>	<b>7,011</b>	<b>34,923</b>
Freed Corp. ("Freed") VTBs	24,245	-	24,245
Debt Note Receivable (against the sale of the rights in the Partnership)	38,315	-	38,315

<sup>1</sup> 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.

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VTB Loans, and Notes Receivable	Q2-Q4 2026	2027	Total
Total – Freed <sup>12</sup>	62,560	-	62,560
<b>Total Inflows</b>	<b>90,472</b>	<b>7,011</b>	<b>97,483</b>

The table below provides data on the Company’s operating segments for the three months ended March 31, 2026, and 2025:

## TOTAL INFORMATION

Three Months Ended March 31,	2026	2025
Number of rooms	1,040	1,040
Number of hotel properties	4	4
Occupancy rate	56%	47%
Average daily room rate (in CA dollars)	240.8	240.8
Revenue per available room (in CA dollars)	134.4	114.2

## HOSPITALITY

Three Months Ended March 31,	2026	2025
Revenue	17,285	16,879
Net Operating Income <sup>3</sup>	591	(991)

## DEVELOPMENT

Three Months Ended March 31,	2026	2025
Revenue	-	-
Net Operating Income (NOI) <sup>3</sup>	(7)	(14)

## CONSOLIDATED

Three Months Ended March 31,	2026	2025
Same Asset NOI <sup>3</sup>	610	55
Adjusted EBITDA <sup>3</sup>	(559)	(2,297)

## FUNDS FROM OPERATIONS (FFO) <sup>4</sup>

Three Months Ended March 31,	2026	2025
Funds from operations <sup>3</sup>	(2,154)	(2,606)
FFO per share (in CA dollars) <sup>3</sup>	(0.13)	(0.16)

<sup>2</sup> Out of the \$62.56 million expected cash flows from Freed, \$13.35 million pertains to Skyline Blue Mountain Inc.’s (a subsidiary of the Company) share. Skyline Blue Mountain’s partner will receive a share of \$4.27 million.

<sup>3</sup> NOI, Adjusted EBITDA, FFO, and FFO per share are non-IFRS performance measures. See “Non-IFRS Performance Measures” for additional information.

## CAPITALIZATION AND LEVERAGE

As at March 31,	2026	2025
Equity to Total Assets	44%	46%
Unrestricted Cash	13,206	17,619
Net Debt to Net Cap <sup>4</sup>	48%	46%
Loan to Value (only Hospitality)	52%	50%
Weighted average debt face interest rate	7.18%	7.38%
Weighted average debt term to maturity (in years)	5.62	5.48

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](http://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, 2026, and After the Balance Sheet Date**

Listed below are material events that occurred during the first quarter of 2026 and material events that occurred after the balance sheet date:

- 3.1. In connection with Freed's VTB, on February 9, 2026, the Company provided a Standstill Notice to Freed's senior lender in accordance with the provisions of the agreement between the Company and the senior lender. Pursuant to the Standstill Notice, the Company reserves its right to call the entire indebtedness for immediate repayment as well as its right to initiate enforcement action upon the expiration of the standstill period up to 150 days. Given that Standstill Notice is valid as of the reporting date, the Company has not commenced enforcement proceedings for the repayment of the loans, the Company holds collaterals (subject to the senior lender's priority).
- 3.2. On February 6, 2026, the Company entered into separate and independent agreements for the sale of the following properties: the sale of Courtyard Ithaca for a consideration of USD 7.25 million, and the sale of Courtyard Ft. Myers for a consideration of USD 9.25 million. Each agreement includes non-refundable deposit of USD 0.165 million received on February 5, 2026. On April 23, 2026, the Company signed the second amendment to the purchase and sale agreement related to the Courtyard Ft. Myers and Ithaca properties. An additional deposit of USD 0.125 million per property was placed in escrow on April 1, 2026 to meet the obligation related to Marriott franchise application fee. USD 0.100 million was received on May 18, 2026 towards full settlement of the franchise application fee. The buyer has exercised the extension option set forth in the agreement, such that the closing date is deferred by an additional 45 days and an extension deposit of USD 0.075 million per property was received on May 18, 2026, with the remaining amount of USD 0.090 million per property received on May 19, 2026. Accordingly, the closing of the agreements is expected to occur during the third quarter of 2026. The estimated net cash proceeds will be finalized after consideration of transaction costs, debt repayment, and

<sup>4</sup> 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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working capital adjustments. As at March 31, 2026, the aggregate outstanding loan balance related to the properties is USD 13 million.

- 3.3. With respect to the Company's Courtyard hotel in Ithaca, Marriott delivered a Notice of Red Zone 3 Default dated February 27, 2026. Under Marriott's policies, consideration of a forbearance agreement preventing the franchise from being terminated, is not initiated until there is a Red Zone 5 Default or higher.
- 3.4. In February 2026, one of the Company's subsidiaries entered into an agreement with a bank to settle its existing revolving line of credit and replace it with a non-revolving term loan. The new loan has a principal amount of CAD 990, a term of 36 months, and bears fixed interest at 4.39% for the first year.
- 3.5. On April 1, 2026, the Company's subsidiary that holds the hotel entered into a management five-year management agreement with Coury Hospitality, LLC for the management of the Company's Hotel Cleveland Autograph hotel. After the initial term, the agreement is automatically extended for one additional 60-month period (another 5 years), unless either party gives written notice at least 60 days before the end of the initial term to terminate. Coury shall be entitled to a monthly management fee based on a percentage of gross receipts (ranging from 2% to 2.5%), subject to a minimum payment of USD 0.015 thousand per month, and an annual incentive fee contingent on achieving specified performance metrics. The terms of the agreement are not materially different from the prior hotel management agreement.
- 3.6. On May 30, 2026, the Company's subsidiary holding the Autograph Hotel in Cleveland received a waiver letter from the lender with respect to compliance with the DSCR required as of March 31, 2026 (after the subsidiary had been expected not to meet such ratio for the testing period). In consideration thereof, the subsidiary undertook to maintain an amount of USD 500,000 in a restricted account, and it was also agreed to increase Skyline's liquidity requirement as guarantor to CAD 10 million (instead of CAD 7 million). The Company is conducting negotiations with another bank for the refinancing of the loan related to the Autograph hotel. If the refinancing is not completed, the Company expects that the subsidiary will not meet the debt coverage ratio in the second quarter of 2026, and if the current bank does not agree to waive the ratio in the second quarter, the Company expects that an amount of up to USD 6 million may be required for partial repayment of the loan so that it may cure the breach (if any). The Company's controlling shareholder, Mishorim Real Estate Investments Ltd., undertook to provide the Company with an amount of up to USD 4 million (less any amount made available to the Company by the subsidiary's partner in the asset), solely for the purpose of curing the breach (if any). Any such amount made available by Mishorim, if needed, will be provided by way of a shareholders' loan on terms identical to those of Land Development of Nimrodi Group loan to the Company (namely: 6% interest, principal linked to the Consumer Price Index, and a maturity date no later than December 31, 2027). In addition, the Company currently has available funds of approximately USD 2 million that could be used for this purpose, if required.
- 3.7. The Canada Revenue Agency ("CRA") completed its audit of the Company and one of its subsidiaries' corporate income tax returns for the years 2021 to 2023 and, on April 13, 2026, issued proposed adjustments to previously reported income. On an estimated basis, these adjustments could result in additional taxes of approximately CAD 14 million, plus interest.

The Company disagrees with the proposed adjustments and intends to respond to the CRA. Based on advice from the Company's tax advisors, management believes it is more likely than not that the Company's tax treatment will be accepted and, accordingly, no provision has been recognized in these financial statements. for the Company's management position see Note 1(b)(4).

- 3.8. For details regarding commencement of a Cash Trap Event period at the Hyatt hotel due to noncompliance with the applicable DSCR covenant, see Note 1(b)(5) to the financial statements.
- 3.9. On May 6, 2026, the Company announced the change in the number of issued securities and in the register of the Company's securities (including rights to purchase) as a result of the cancellation of the of treasury shares. Following the cancellation, the Company's issued and paid-up capital decreased by 44,747 shares.

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

#### 4. Attention in the review report of the external auditor

It should be noted that, without qualifying the Auditor's conclusion, attention was drawn in the Company's Auditor's Review Report as of the date of the report, to Note 1(b) of the condensed consolidated financial statements, particularly with respect to the negative working capital as of March 31, 2026, breaches of financial covenants, the findings of the Canada Revenue Agency (CRA), the cash requirements for renovations to certain properties, and the plans of management and the Board of Directors. Based on an analysis of the Company's cash requirements and the alternatives available to it, management and the Board of Directors estimate that the Company will be able to meet all of its obligations in the foreseeable future as they fall 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.

In the first quarter of 2026, the Company's U.S. select-service hotels experienced year-over-year decreases in RevPAR which was driven by lower ADR, despite occupancy remaining consistent. Lower ADR reflected softer demand and strategic pricing adjustments in response to market conditions. U.S. full-service hotels recorded improvements in all key indicators RevPAR, ADR, and occupancy due growth in transient and group demand and improved rate positioning relative to the competitive set.

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 <sup>5</sup>	Q2-2025	Q2-2024	Q3-2025	Q3-2024	Q4-2025	Q4-2024	Q1-2026	Q1-2025
RevPAR	\$76.74	\$70.33	\$79.44	\$67.27	\$71.76	\$87.08	\$98.01	\$103.04
ADR	\$149.17	\$117.21	\$150.69	\$114.15	\$119.39	\$120.65	\$148.82	\$157.03
Occ.	51%	60%	53%	59%	60%	72%	66%	66%

  

US full-service Hotels in USD	Q2-2025	Q2-2024	Q3-2025	Q3-2024	Q4-2025	Q4-2024	Q1-2026	Q1-2025
RevPAR	\$108.73	\$91.59	\$153.03	\$126.13	\$102.46	\$85.61	\$95.88	\$70.72
ADR	\$189.26	\$197.87	\$210.16	\$209.31	\$186.47	\$194.68	\$182.50	\$173.78

<sup>5</sup> Figures include 11 Courtyard hotels that were sold in September 2024 and Courtyard Tucson hotel sold in January 2025.

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US full-service Hotels in USD	Q2-2025	Q2-2024	Q3-2025	Q3-2024	Q4-2025	Q4-2024	Q1-2026	Q1-2025
Occ.	57%	46%	73%	60%	55%	44%	53%	41%

## 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,	2026	2025
USA	17,278	16,363
Canada	7	20
<b>Total</b>	<b>17,285</b>	<b>16,383</b>

Same Asset NOI for Three Months Ended March 31,	2026	2025
USA	604	36
Canada	6	19
<b>Total</b>	<b>610</b>	<b>55</b>

The same-asset analysis includes results of operations for assets owned by the Company for at least the two full years ending March 31, 2026.

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. The increase in same-asset revenues and NOI resulted from the increased RevPAR, ADR and occupancy at the US full-service hotels.

## 6. Fair Value

The Company recognizes the fair value of certain real estate assets on its balance sheet. These assets represent 77% of the total assets of Skyline as at March 31, 2026. 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, 2025, and the period ended March 31, 2026 (data in CAD thousand):

	Three Months Ended March 31, 2026	Twelve Months Ended December 31, 2025
<b>Balance as at January 1</b>	249,056	291,248

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	Three Months Ended March 31, 2026	Twelve Months Ended December 31, 2025
Capital expenditures and acquisitions	563	5,197
Depreciation and value decrease	(3,917)	(25,037)
Allocations of right of use asset and lease liability	185	-
Changes in fair value	3,368	(8,798)
Foreign exchange rates	4,106	(13,554)
<b>Balance, end of period</b>	<b>253,361</b>	<b>249,056</b>

## 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, 2026	Balance Sheet Value	Outstanding Secured Liabilities <sup>6</sup>	LTV <sup>7</sup>	Net Asset Value
US select service hotels	\$22,999	\$19,569	85%	\$3,430
US full-service hotels	\$225,811	\$109,296	48%	\$116,515
Development lands	\$4,277	-	-	\$4,277
<b>Total real estate and other</b>	<b>\$253,087</b>	<b>\$128,865</b>	<b>51%</b>	<b>\$124,222</b>
Cash	\$13,206			
Other assets	\$62,553			
<b>Total assets</b>	<b>\$328,846</b>			
Total debt	\$147,218			
Other liabilities	\$38,570			
<b>Total liabilities</b>	<b>\$185,788</b>			
Non-controlling interest	\$28,148			
Equity attributable to shareholders	\$114,910			
<b>Total NAV</b>	<b>\$143,058</b>			
<b>NAV per share<sup>8</sup> (CAD)</b>	<b>5.07</b>			
<b>NAV per share<sup>8</sup>(NIS)</b>	<b>11.52</b>			

<sup>6</sup> Includes secured capital leases.

<sup>7</sup> Loan to Value ratio.

<sup>8</sup> Excluding non-controlling interest and shareholders loan equity.

Real Estate Inventory: As of March 31, 2026, 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,	2026	2025
Net income (loss) for the period	(6,772)	(11,324)
Net cash provided by (used for) operating activities	(675)	(7,404)
Net cash provided by (used for) investing activities	598	16,222
Net cash provided by (used by) financing activities	(508)	(15,605)
Impact of foreign activity balance translation on cash balances	75	(216)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(510)</b>	<b>(7,003)</b>
Cash and cash equivalents, beginning of the period	13,716	24,622
<b>Cash and cash equivalents, end of the period</b>	<b>13,206</b>	<b>17,619</b>

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

Three Months Ended March 31,	2026	2025
Financing expenses	3,280	8,627
Cash Interest paid	2,204	2,823

Debts – The Company's long-term debt (loans and mortgages) principal repayments as of March 31, 2026 are as follows:

As at March 31, 2026	Principal Amount (loans) (In CAD thousands)	% of the total principal amount (excluding non- capitalized financing costs)
By March 31, 2027	72,692	48.09%
By March 31, 2028	24,022	15.89%
By March 31, 2029	35,520	23.50%
By March 31, 2030 and thereafter	18,910	12.51%
<b>Deferred financing costs</b>	<b>(3,926)</b>	
<b>Total</b>	<b>147,218</b>	<b>100.00%</b>

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Loans and mortgages have fixed rates that range from 3.76% to 10.75%. The variable rate loans and mortgages range from 6.44% to 7.19%. Maturity dates range from March 2027 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 Section 20 of Chapter A of the Annual Report.

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

### 9.1. Financial Position – in CAD thousands

Assets	03.31.2026	12.31.2025	Increase (Decrease)	%	Explanation
Cash and cash equivalents	13,206	13,716	(510)	(3.72%)	The decrease in cash is primarily attributable to the seasonal decline in business and construction-related payments on previously sold development project.
Trade receivables and other receivables	5,567	4,856	711	14.64%	Increase is mainly due to the reclassification of net customer deposits to other payables in Autograph and increase in Hyatt's insurance prepayments.
Inventories	313	366	(53)	(14.48%)	The decrease is primarily attributable to lower food and beverage inventory at the Autograph hotel and a reduction in retail inventory at the Hyatt hotel.
Loans to purchasers (short and long-term)	40,728	40,435	293	0.72%	Increased due to accrued interests recorded on Freed and Port McNicoll VTB.
Bank deposits with limited use (short and long-term)	10,901	11,877	(976)	(8.22%)	The change is primarily driven by property tax payments and expenditures related to the property improvement plan at Courtyard Fort Myers.
Investment properties	14,128	13,943	185	1.33%	Immaterial variance due to foreign exchange differences.
Property Plant and Equipment	239,233	235,113	4,120	1.75%	Immaterial variance due to foreign exchange differences.
Other non-current assets	240	452	(212)	(46.90%)	Variance due to historical balance write off at corporate level.
Deferred Tax Asset	4,530	4,821	(291)	(6.04%)	Variance due to FX.
<b>Total Assets</b>	<b>328,846</b>	<b>325,579</b>	<b>3,267</b>	<b>1.00%</b>	<b>The increase in total assets is a result of the above changes.</b>

Liabilities and Equity	03.31.2026	12.31.2025	Increase (Decrease)	%	Explanation
Loans	147,218	144,750	2,468	1.71%	Increase due to capital lease amount change, accrued interest for Q1, and foreign exchange differences.
Suppliers, deferred income and other payables	38,570	35,881	2,689	7.49%	The increase primarily reflects higher accounts payable at the Autograph hotel and increased customer deposits, partially

Liabilities and Equity	03.31.2026	12.31.2025	Increase (Decrease)	%	Explanation
					offset by a reduction in payables at the other hotels, as well as provisions for completion costs and payroll-related accruals.
Equity	143,058	144,948	(1,890)	(1.30%)	The decrease in equity is attributable mainly to the net loss attributable during the period.
<b>Total Liabilities and Equity</b>	<b>328,846</b>	<b>325,579</b>	<b>3,267</b>	<b>1.00%</b>	<b>The increase in total liabilities and equity is a result of the above changes.</b>

The Company's shareholders' equity, excluding minority interests and equity related to shareholder loan, was \$5.07 per share (11.52 NIS based on the NIS/CAD exchange rate as at March 31, 2026). The closing price of the Company's ordinary shares as of March 31, 2026 is 3.42 NIS per share, representing a discount of 70% on the equity attributable to the Company's shareholders less equity related to shareholder loan.

## 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, 2026.

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

Income Statement	03.31.2026	03.31.2025	Change	%	Explanation
Revenue	17,285	16,879	406	2.41%	Revenue increased compared to the same quarter of the prior year, primarily driven by higher RevPAR and occupancy at the U.S. full-service hotels, partially offset by a shortfall in food and beverage revenue across all properties.
Expense and Costs	(16,701)	(17,884)	1,183	(6.61%)	The overall decrease is mainly due to elevated prior-year operating expenses, including late invoices related to previously sold Courtyard properties,

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Income Statement	03.31.2026	03.31.2025	Change	%	Explanation
					partially offset by increased operating expenses at the Autograph Q1 2026 in line with the revenue growth.
Administrative and General and Marketing expenses	(1,143)	(1,292)	149	(11.53%)	The overall decrease in expenses is due to lower travel, consulting, audit and salary expenses.
Depreciation and Impairment	(3,917)	(4,208)	291	(6.92%)	Depreciation expense remained largely consistent with the corresponding quarter in the prior year. The decrease in the current period is mainly due to foreign exchange translation effects.
Capital gain (losses), net, and other income (expenses), net	667	913	(246)	(26.94%)	This is mainly due to deferred revenue recognition to income.
Net Financial Income (Expense)	(2,984)	(7,164)	4,180	(58.35%)	The decrease in net financial expenses is primarily attributable to no additional provision for credit losses in the current quarter and reduced interest expense following the repayment of the Courtyard Tucson bank loans.
Income Tax Recovery (Expense)	21	1,432	(1,411)	(98.53%)	The decrease in deferred tax recovery is due to lower losses in the current period compared to the same period in the previous year.
<b>Profit (loss) for the year</b>	<b>(6,772)</b>	<b>(11,324)</b>	<b>4,552</b>	<b>(40.20%)</b>	<b>The change in the net results is due to the reasons mentioned above.</b>
<b>Net income (loss) (after tax) per share (basic and diluted)</b>	<b>(0.28)</b>	<b>(0.50)</b>			
<b>Weighted avg. shares outstanding</b>	<b>16,600,480</b>	<b>16,500,480</b>			

### 9.3. Operating Segments – in CAD thousands

#### 9.3.1. Hotels and Resorts in the United States

	03.31.2026	03.31.2025	Change	%	Explanation
Revenue	17,278	16,859	419	2.49%	Revenue increased compared to the same quarter of the prior year, primarily driven by higher RevPAR and occupancy at the U.S. full-service hotels. Performance at Courtyard Fort Myers

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	03.31.2026	03.31.2025	Change	%	Explanation
					also improved during its peak season, as evidenced by higher occupancy and RevPAR compared to the prior year. This was partially offset by a shortfall in food and beverage revenue across all properties.
Cost of revenue (excluding depreciation)	(16,693)	(17,869)	1,176	(6.58%)	The overall decrease is mainly due to elevated prior-year operating expenses, including late invoices related to previously sold Courtyard properties, partially offset by increased operating expenses at the Autograph Q1 2026 in line with the revenue growth.
<b>Segment Results</b>	<b>585</b>	<b>(1,010)</b>	<b>1,595</b>	<b>(157.92%)</b>	<b>Net segment results increased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.</b>

### 9.3.2. Development Property

	03.31.2026	03.31.2025	Change	%	Explanation
Revenue	-	-	-	-	The Company currently has no active development project.
Cost of revenue	(7)	(14)	7	(50%)	This pertains to the minimal trailing expenses from the previous development projects.
<b>Segment Results</b>	<b>(7)</b>	<b>(14)</b>	<b>7</b>	<b>(50%)</b>	<b>Net segment results increased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.</b>

### 9.3.3. Same Asset Analysis

	03.31.2026	03.31.2025	Increase (Decrease)	%	Explanation
Revenue	17,285	16,383	902	5.51%	Revenue increased compared to the same quarter of the prior year, primarily driven by higher RevPAR, ADR and occupancy at the U.S. full-service hotels. Performance at Courtyard Fort Myers also improved during its peak season, as evidenced by higher occupancy and RevPAR compared to the prior year. This was

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	03.31.2026	03.31.2025	Increase (Decrease)	%	Explanation
					partially offset by a shortfall in food and beverage revenue across all properties.
Cost of revenue (excluding depreciation)	(16,675)	(16,328)	(347)	2.13%	The increase in cost of revenue is in line with revenue growth and is primarily attributable to higher hotel operating costs, including salaries and utilities.
<b>NOI</b>	<b>610</b>	<b>55</b>	<b>555</b>		<b>Net results increased compared to the corresponding period of the previous year due to a combination of the changes mentioned above.</b>
<b>NOI Profitability rate</b>	<b>3.53%</b>	<b>0.34%</b>	<b>3.19%</b>		<b>NOI Profitability has increased as a result of the above.</b>

Same-asset analysis includes results of operations of assets owned by the Company for at least the two full years ending March 31, 2026. 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.

<b>NOI for the Three Months Ended March 31,</b>	<b>2026</b>	<b>2025</b>
Operating income before depreciation, valuation adjustments and other income	(559)	(2,297)
Segmented results from Development Segment	7	14
Administrative and General Expenses	1,143	1,292
<b>NOI from income producing assets</b>	<b>591</b>	<b>(991)</b>
Income from hotels and resorts	17,285	16,879
Operating expenses of income producing assets	(16,694)	(17,870)
<b>NOI from income producing assets</b>	<b>591</b>	<b>(991)</b>

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NOI for the Three Months Ended March 31,	2026	2025
Change in % compared to corresponding period*		

\* Not meaningful due to the negative base in the prior period.

## 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,	2026	2025
Net income (loss)	(6,772)	(11,324)
Attributable to non-controlling interest	(2,049)	(3,055)
Net income (loss) net of minority interests	(4,723)	(8,269)
(Gain) loss from fair value adjustments	330	(644)
Depreciation and impairment	2,257	2,453
Deferred tax	(18)	(1,498)
Derecognition of investment costs and other capital losses (gains)	-	64
Provision for credit loss	-	5,288
<b>FFO per ISA Guidance</b>	<b>(2,154)</b>	<b>(2,606)</b>

FFO for the three months ended March 31, 2026 was (\$2,154) compared to (\$2,606), for the three months ended March 31, 2025. The decrease is mainly due to increase in deferred tax and fair value adjustments, partially offset by increased NOI driven by higher RevPAR and occupancy at the U.S. full-service hotels.

## 10.3 Adjusted EBITDA

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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, 2026 as operating income before depreciation, valuation adjustments and other income.

Adjusted EBITDA for the Three Months Ended March 31,	2026	2025
<b>ADJUSTED EBITDA from operations</b>	(559)	(2,297)
<b>Change in % compared to corresponding period*</b>	-	

\*Not meaningful due to the negative base in the prior period.

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

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## 10.4 Linkage Base Report as of March 31, 2026 (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	260	12,506	440	-	-	-	13,206
Customers and receivables	67	3,445	-	480	1,575	-	5,567
Loans to purchasers	40,728	-	-	-	-	-	40,728
Inventory	-	-	-	-	313	-	313
Investment real estate	-	-	-	4,277	9,851	-	14,128
Fixed assets	-	-	-	270	238,963	-	239,233
Other assets	-	-	-	-	240	-	240
Restricted deposits	961	9,940	-	-	-	-	10,901
Deferred tax assets	-	-	-	(737)	5,267	-	4,530
<b>Total</b>	<b>42,016</b>	<b>25,891</b>	<b>440</b>	<b>4,290</b>	<b>256,594</b>	<b>-</b>	<b>328,846</b>

Liabilities	Financial items CAD	Financial items USD	Financial items NIS	Non-financial items CAD	Non-financial items USD	Non-financial items NIS	Total
Loans	4,520	128,864	13,834	-	-	-	147,218
Suppliers	426	8,122	-	-	-	-	8,548
Payables and credit balances	3,661	17,971	1,405	-	6,985	-	30,022
<b>Total</b>	<b>8,607</b>	<b>154,957</b>	<b>15,239</b>	<b>-</b>	<b>6,985</b>	<b>-</b>	<b>185,788</b>

Excess (Shortage) of assets over liabilities	CAD	USD	NIS	CAD	USD	NIS	Total
<b>Total</b>	<b>33,409</b>	<b>(129,066)</b>	<b>(14,799)</b>	<b>4,290</b>	<b>249,224</b>	<b>-</b>	<b>143,058</b>

## **11. Cash Flows**

### **11.1 Cash Flows from Operating Activities**

During the three months ended March 31, 2026, the Company had a consolidated negative cash flow from operating activities of (\$675). This compares to a negative cash flow from operating activities of (\$7,404) for the corresponding period of the previous year. For further details, see the statement of cash flow for the period ended March 31, 2026.

### **11.2 Working Capital**

As at March 31, 2026, the Company had a negative working capital of (\$77,066) in its consolidated statements, compared to a negative working capital of (\$7,219) for the corresponding period of the previous year. The decrease in working capital compared to prior period was due to the reclassification of the Port McNicoll and Freed VTBs to non-current assets, as well as the receipt of the current portion of the Golf Cottages VTBs, along with the release of restricted balances upon repayment of related loans.

### **11.3 Cash Flows Used for Investment Activities**

For the three months ended March 31, 2026, the Company had a positive cash flow from investing activities of approximately \$598 mainly driven by release of restricted deposits, partially offset by expenditures related to the property improvement plan at Courtyard Fort Myers. In the corresponding period of last year, the Company recorded a positive cash flow of approximately \$16,222, primarily due to the proceeds of the sale of Courtyard Tucson and release of restricted deposits.

### **11.4 Cash Flows Used for Financing Activities**

During the three months ended March 31, 2026, the Company had a negative cash flow from financing activities of approximately (\$508). During the corresponding period of the previous year, the Company had a negative cash flow from financing activities of approximately (\$15,605). The cash outflow from financing activities for the three months ended March 31, 2026, was driven primarily by the partial repayment of loans.

## **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, Note 7 to the consolidated financial statements as well as Note 1(b) to the financial statements.

12.2 Trade receivables, other receivables and prepaid expenses as of March 31, 2026, stood at approximately \$5,567, compared to approximately \$4,856 as of December 31, 2025.

12.3 Trade payables balance as of March 31, 2026 amounted to approximately \$8,548, compared to approximately \$6,426 as of December 31, 2025.

12.4 For information on agreements for loans totaling NIS 92 million from Mishorim Real Estate Investments Ltd. ("Mishorim") and Land Development of Nimrodi Group Ltd. ("ILDC"), see Note 12 (j) of the consolidated financial statements as of December 31, 2025.

## **13. Report of Liabilities by Repayment Dates**

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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 and one of the Autograph's loans.

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 liens 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 7.3.3 of part A of the Annual Report), as of March 31, 2026, the Hotel Cleveland Autograph loan required a DSCR of 1.40:1.00, calculated on a trailing nine-month annualized basis. The Company did not comply with this DSCR requirement. For more details on this covenant non compliance and a waiver received from the lender, see note 1 (b) (2) of the consolidated financial statements.
- 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 March 31, 2026, total liquid assets amounted to \$13,206.
- 14.2.2. The guarantor (the Company) must have a net equity of not less than \$100,000. As of March 31, 2026, the Company's net equity amounted to \$114,910.
- 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 March 31, 2026 Skyline net worth is CAD \$114,910, and the liquid assets in the aggregate are CAD\$13,206.
- 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 March 31, 2026 the amount is \$114,910. 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, 2025 was 1.41.
- 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. The Hotel did not comply with this requirement since the second quarter of 2025. Failure to maintain the required Debt Service Coverage Ratio does not constitute an Event of Default under the Loan Agreement, but rather results in the commencement of a lender cash management period. On April 24,

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2026, the Company was notified by its lender that a Cash Trap Event Period had commenced and requested, among other items, execution of documents to establish the required cash management account, submission of operating budget for the remainder of calendar 2026, and delivery of financial information. The Company is in the process of providing request information and completing the required documentation. During the Cash Trap Event Period, cash management provisions apply to revenue from the retail portion of the property and to excess cash distributions, if any, made by Hyatt under the hotel management agreement. Management does not expect these measures to impair normal hotel operation. Under the loan agreement, the Cash Trap Event Period ends after the borrower achieves a DSCR of at least 1.45:1.00 for one calendar quarter. Management's current projections indicate compliance may be achieved for the quarter ending June 30, 2026, but this outcome depends on operating performance.

## 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, 2026 (and the date of this MD&A), the Company had 16,500,480 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.

	<b>As at March 31, 2026</b>
Total outstanding at the beginning of the period <sup>1</sup>	16,700,480
Shares cancelled during the period	(200,000)
<b>Total outstanding at the end of the period</b>	<b>16,500,480</b>

## 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](http://www.magna.isa.gov.il) and/or SEDAR+ at [www.sedarplus.com](http://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

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<sup>1</sup> Including 200,000 shares held in trust for the Company's former CEO, repurchased and cancelled during Q1 2026.

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.

Included in the above is a claim for commissions owing under an agreement related to sale of properties with an exposure of CAD 0.5 million. The Company has filed a defence denying the allegations and the amount remains in dispute and the matter is at early stage and not yet proceeded to trial.

**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

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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 include 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, 2026, 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, 2026.

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

May 30, 2026