SKYLINE
APARTMENT REIT

It starts here.

INVESTING IN CANADA'S FUTURE

2024

ANNUAL REPORT

Merewood Apartments
411 & 423 Despard Avenue West &
377 & 385 Moilliet Street South
Parksville, British Columbia

SKYLINE APARTMENT REIT ANNUAL REPORT 2024

Contents

SKYLINE APARTMENT REIT
Highlights

$5.03 B
Fair Value of Investment Properties (As at December 31, 2024)

21,065
Residential Units across Canada (As at December 31, 2024)

98.70%
Normalized FFO Payout Ratio (As at December 31, 2024)

10.46%
Class A - Annualized Return 1 yr (As at April 30, 2025)

11.46%
Class A - Annualized Return 5 yr (As at April 30, 2025)

13.63%
Class A - Annualized Return Since Inception (As at April 30, 2025)

$29.50
Class A - Current Unit Value (As at April 30, 2025)

$1.11
Class A - Annual Distribution per Unit (As at April 30, 2025)

3.76%
Class A - Annual Distribution Yield (As at April 30, 2025)

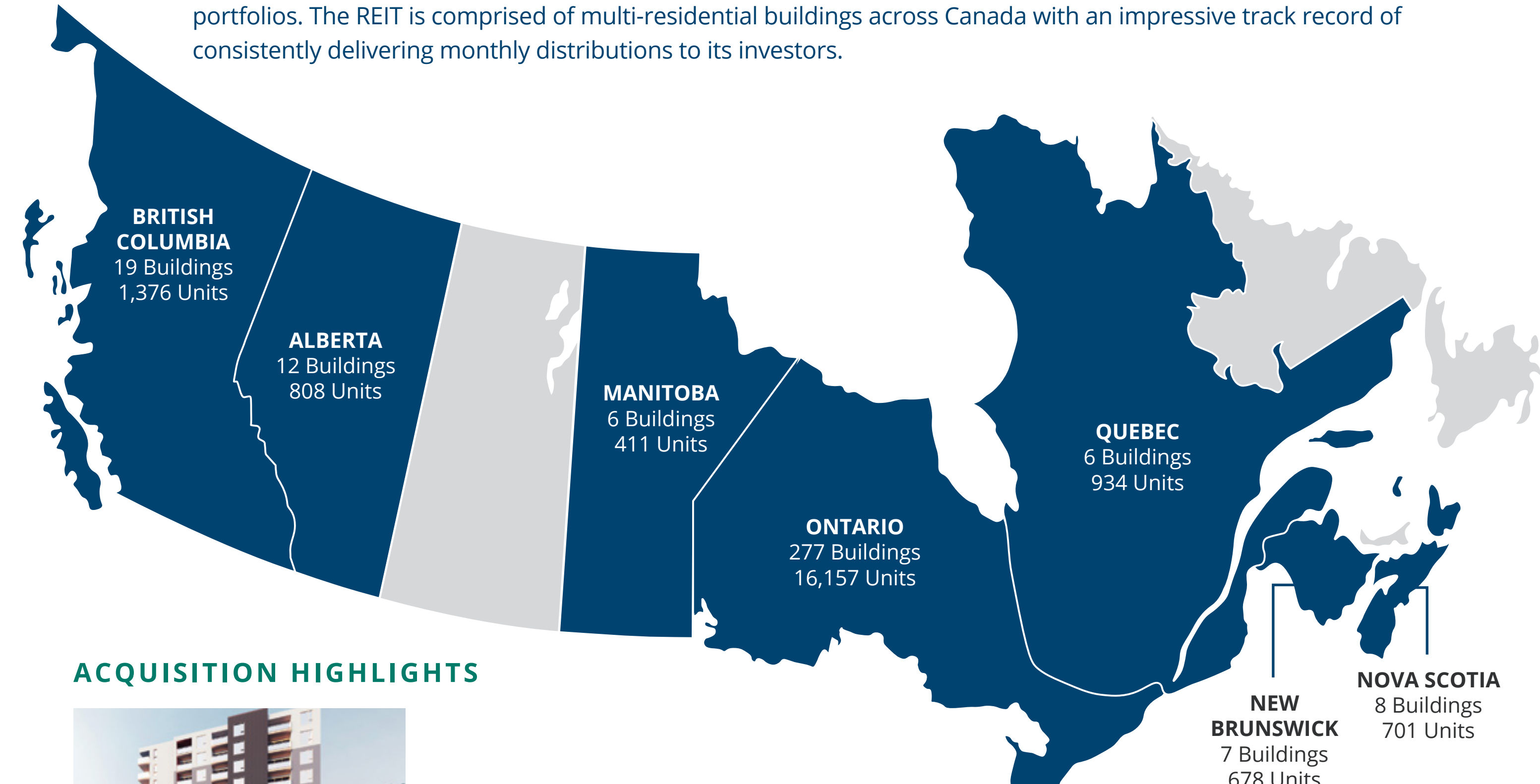
Class F Unit Information (As at April 30, 2025):
$29.50 Unit Value | $1.14 Distribution per Unit | 3.86% Yield

Creekview Heights
1693, 1695, 1697 & 1699 Deleenheer Road
Vernon, British Columbia

Riverview Apartments
49 Queen Street East
Cambridge, Ontario

DEVELOPMENT HIGHLIGHTS AND
Apartment portfolio overview

Skyline Apartment Real Estate Investment Trust (REIT) is one of Canada's leading private multi-residential real estate portfolios. The REIT is comprised of multi-residential buildings across Canada with an impressive track record of consistently delivering monthly distributions to its investors.

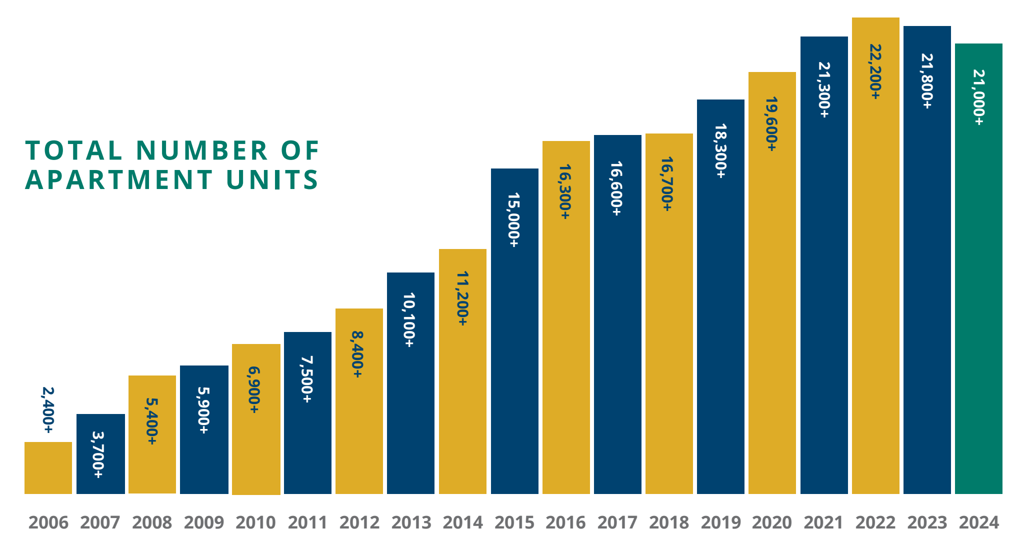


ACQUISITION HIGHLIGHTS

445 rue Sicard, Mascouche, Quebec (Quartier 7 | Q7-9)
106 Units

377 & 385 Moilliet Street South, Parksville, British Columbia (Merewood)
130 Units

TOTAL NUMBER OF APARTMENT UNITS



Carrington View
2200, 2210, 2220 Majoros Road
West Kelowna, British Columbia

Our Purpose

To provide meaningful value and an exceptional experience for each of our stakeholders, while developing strong, supportive, and sustainable communities.

Our Mission

We bring passion, energy, and determination to make a positive impact with every interaction.

Our P.R.I.D.E. Values

PROFESSIONALISM
We take pride in the quality of service we provide to our customers and peers.

RESPECT
We value and consider the opinions, feelings, needs, and ideas of others.

INTEGRITY
We are reliable and hold ourselves accountable for our decisions.

DRIVE
We strive for constant improvement and tackle our tasks with passion.

EFFICIENCY
We are results-oriented and look for practical solutions.

Looking back, moving forward

CEO ADDRESS TO UNITHOLDERS

You learn a lot when you build something brick by brick. You learn patience. You learn discipline. And you learn that the real wins come not from dramatic leaps and bounds, but from showing up every day and doing the right things, over and over again. That's how we've built Skyline over the past 26 years, and that's how we will continue to grow for the future.

This past year wasn't about bold pivots or headline-making moves. It was about staying the course, executing on the fundamentals, and doing what we've always done: delivering strong, stable returns through disciplined, real-world investing. In a market that offered no shortage of noise and distraction from the long game, we remained grounded in what works—and the results speak for themselves.

We're not just acquiring assets; we're shaping communities. We're not just offering apartment suites; we're providing homes. We're developing spaces where people and businesses can thrive, industries can expand, and where retailers can serve the needs of growing communities. Across eight provinces, we're building something that lasts and creates value beyond financial statements.

From residential neighborhoods to industrial hubs and vibrant retail centers, every asset we invest in strengthens the communities we serve and the economy that supports them.

RECONNECTING AND REINVENTING

If 2024 had a theme, it was "getting back to what works." And we know what works: meeting people face to face. We spent the year on the road, hosting over 20 investor events and connecting with nearly 3,000 investors across Canada—no screens, no emails, just honest conversations. We shook hands, answered questions, and reinforced the personal relationships that drive this business. At the end of the day, that is how trust is built – in person.

While we doubled down on in-person engagement, we also embraced technology. The launch of the Skyline GO! app marked a new era for us, giving investors, tenants, and business partners an easy way to explore our fund portfolios, access key information about our assets, and streamline leasing. It was ambitious, yes, but a strategic move to expand our reach and enhance the experience for everyone who interacts with Skyline.

Of course, we've also continued doing what we do best: creating opportunities. As we innovate new products and attract more capital, we're not just growing Skyline; we're also helping our investors build generational wealth. That's what truly drives us.

WHAT'S NEXT?

I've always believed that success isn't a matter of luck—it's a matter of choice. From day one, we've chosen to be disciplined, to execute with precision, and to stick to our principles. As a result, Skyline's investment strategy has remained strong across all our funds:the Apartment REIT, Industrial REIT, Retail REIT, and Clean Energy Fund. Growing a successful business is not about chance, but instead about discipline, execution, and a long-term vision. By carefully selecting assets, managing them with precision, and focusing on sustainable growth, we've built a track record of resilience and reliability—no matter the market cycle.

So, as we look ahead, don't expect us to reinvent the wheel. Our playbook remains simple: acquire and manage high-performing properties, recruit the best talent, and execute relentlessly with a constant focus on the fundamentals. There are no gimmicks or shortcuts, just a clear, sensible approach that delivers results.

Skyline has always been built for the long haul—resilient, dependable, and ready for whatever comes next. The future is full of opportunity, and we're stepping into it with the same confidence and conviction that brought us here.

So, stay tuned. Big things are on the horizon.

Jason Castellan
Co-Founder & CEO,
Skyline Group of Companies

"Skyline has always been built for the long haul—resilient, dependable, and ready for whatever comes next."

Our performance

CFO ADDRESS TO UNITHOLDERS

While 2024 presented ongoing challenges across Canada's real estate landscape—a reduced immigration target, rising interest rates, inflationary pressures, and softer housing prices—Skyline Apartment REIT delivered stability, growth, and outperformance of the market. In a year where many of the country's largest publicly traded REITs saw equity declines and individual property investors faced headwinds, our REIT continued to deliver consistent value to unitholders. This performance wasn't accidental—it resulted from disciplined execution, a strategic focus on quality rental housing, and a commitment to long-term fundamentals in a resilient asset class.

The REIT continued to benefit from strong rental demand, which was driven by demographic growth, limited housing supply and a shift away from ownership due to affordability. Amid this economic backdrop, Management executed its strategic vision and meticulously implemented its operating plan, delivering significant value to our unitholders. Some notable highlights for the year include:

- Unit value increased twice in 2024, for a total gain of 6.31%.
- Increased Portfolio Fair Value 1.05%, even after refining the portfolio – reducing our property count from 244 to 235 to modernize our asset base and redeploy capital into future accretive opportunities.

From a financial perspective, we saw healthy growth across our key performance indicators. Property revenues rose by 5.84% to $379.82 million, driven by a steady rise in prevailing in-place rents, which reached record highs in Q4. Net Operating Income (NOI) increased by 8.59% year-over-year, reaching $217.57 million, while NOI margin improved 250 basis points to 57.3%—a testament to our ability to operate efficiently and drive in-place rent growth. Funds from Operations (FFO), which measures our operating cash flow, reached $87.97 million, exceeding last year's total of $86.35 million.

On the lease side of the business, occupancy remained strong at 94.9% while average monthly in-place rent finished at a 2024 high of $1,505 per unit—an increase of over $110 year-over-year; however, a notable market-to-market rent gap of $352 still exists between current in-place rents and market levels. The gap at today's cap rate is equivalent to $1.48 billion of unrealized value. Therefore, should this gap be fully realized over time, we estimate an additional $18 per unit value—a 61.02% increase from the current $29.50 unit value.

Capital preservation remains a top priority, and the REIT's key leverage ratios remained in good shape in 2024. Mortgage Debt to Fair Value (MDFV) registered at 54.63% and Total Debt to Fair Value (TDFV) reached 58.21%, both below our conservative internal target of 60% based on fair value. Management continues to operate with discipline, aligning debt strategies with income-generating growth and ensuring long-term sustainability.

Looking ahead, we are optimistic about the REIT's continued performance. With a resilient asset class, strong tenant demand, and a disciplined approach to operations and capital deployment, Skyline Apartment REIT remains well-positioned for continued success in 2025 and beyond. While affordability challenges continue to impact prospective homeowners, the high cost of ownership supports demand for high-quality housing —an area in which Skyline Apartment REIT is well positioned.

Thank you for your continued confidence in Skyline Apartment REIT. As we move forward, our focus remains on delivering strong, stable returns while investing in the infrastructure that supports the demands of Canada's growing population. With a disciplined approach to assets management and enduring demand for quality rental housing, we are well-positioned to navigate market shifts and continue delivering long-term value to you, our unitholders.

Wayne Byrd
CFO, CPA, CMA,
Skyline Group of Companies

"With a resilient asset class, strong tenant demand, and a disciplined approach to operations and capital deployment, Skyline Apartment REIT remains well-positioned for continued success in 2025 and beyond."

SKYLINE APARTMENT REIT'S

President's address

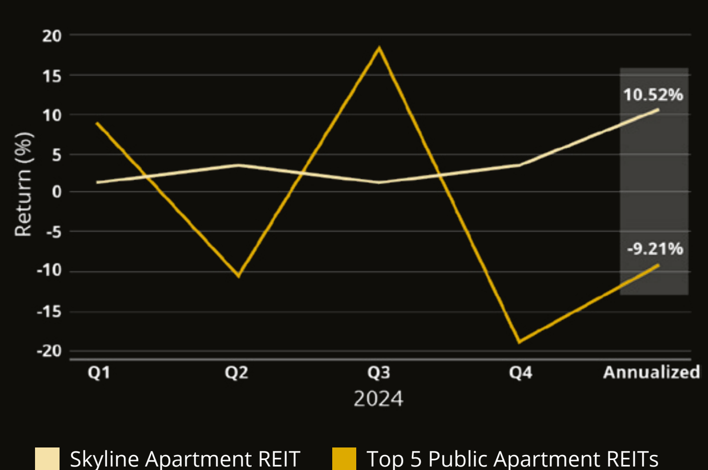
I am pleased to present the Skyline Apartment REIT President's address, outlining the REIT's activity in 2024 and providing an outlook for the remainder of 2025.

2024 YEAR IN REVIEW

Despite a challenging macroeconomic environment, Skyline Apartment REIT delivered exceptional results, both operationally and financially. Let's start with our overall return profile: we delivered a double-digit return in a highly challenging environment, which included a decrease in non-permanent resident admissions announced by the Government of Canada in October.

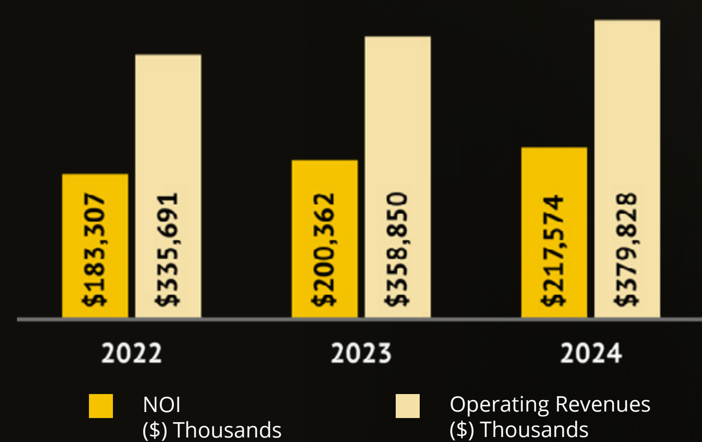
In 2024, Skyline Apartment REIT Class 'A' units produced a net **10.52%** annualized return. This outpaced the five largest publicly traded apartment REITs in Canada, which posted an average total return of **-9.21%**—a difference of almost 20 percentage points. While public and private REITs units are valued differently, this comparison underscores Skyline Apartment REIT's resilience and ability to deliver strong, stable returns in uncertain conditions.

2024 Quarterly Returns & Annualized Public Performance - Skyline Apartment REIT vs. Public Apartment REITs



Source data: Yahoo Finance (equities); Morningstar (dividends)

Operationally, we were on point in 2024 with all major financial performance metrics exceeding our annual budget forecasts. Our operating revenues and NOI rose considerably while our commitment to cost management remained intact, ensuring operational expenses remained well within budget. By increasing our revenue base and optimizing efficiencies, we maximized returns for the REIT. This approach allowed us to reinvest in growth opportunities, enhance portfolio value, and deliver strong results for our investors this past fiscal year.



On the asset management side, we streamlined our portfolio by divesting older, lower-ROI properties while strategically acquiring newer, higher-performing assets. Despite the net disposal of four properties, we still achieved 1.05% growth in portfolio fair value. Our NOI margin finished above our budget forecast by 3.7%, reflecting, in part, an upgraded portfolio with higher margin properties.

Skyline Apartment REIT 2024 ACQUISITIONS

445 rue Sicard (Quartier 7 | Q7-9)
Mascouche, Quebec
106 Residential Units
99,645 Net Rentable sq. ft.

377 & 385 Moilliet Street South
Parksville, British Columbia
130 Residential Units
86,603 Net Rentable sq. ft.

Skyline Apartment REIT 2024 DISPOSITIONS

625 & 645 Glengarry Boulevard
Cornwall, Ontario
150 Residential Units
121,190 Net Rentable sq. ft.

746, 750 & 754 Laflin Avenue
Cornwall, Ontario
118 Residential Units
69,799 Net Rentable sq. ft.

2, 4, 6, 8 &10 rue Radisson
Gatineau, Quebec
624 Residential Units
531,281 Net Rentable sq. ft.

RENTAL MARKET OUTLOOK

Rental demand within Canada remains robust overall, as the cost of home ownership and cost-of-living pressure continue to remain high across much of the country.

Coupled with persistent cost-of-living pressures due to elevated inflation and U.S. tariff policies, new home ownership remains unattainable for many Canadians. While the government's plan to slow immigration growth, announced last October[1] was expected to affect market dynamics in 2025, the plan is already off course.

A February report by Desjardins[2] concluded that the current number of non-permanent residents coming into the country won't allow Ottawa to meet its target of reducing temporary resident volumes to less than 5% of the general population. If this trend continues, strong immigration growth should continue to support our key occupancy and in-place rent metrics for the foreseeable future.

Our portfolio is also strategically positioned to benefit from the current market demands and act as a buffer against volatility. Skyline Apartment REIT primarily consists of purpose-built properties in Canada's secondary and tertiary markets, where rental prices have remained relatively stable compared to other segments of the residential market. In 2024, asking rent metrics for purpose-built rental apartments have held up much better than condo or house/townhouse rentals a national basis, according to rentals.ca.[3]

For the remainder of 2025, we anticipate some regional softening due to rate cuts and increased supply. However, we expect the rental market to remain solid in part due to:

- It could take up to 30 years for new housing supply to meaningfully improve affordability under current conditions, according to the Canada Mortgage and Housing Corporation (CMHC).[4]
- Pace of new construction: current housing starts are not closing the gap fast enough.
- Favourable demographic trends: continued population growth and affordability constraints favour rentals.

We further expect purpose-built rentals to outperform condos in both in-place rent and asset price growth again this year.

MORTGAGE RATES

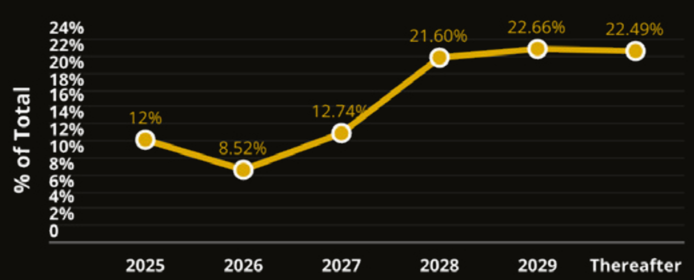
The Bank of Canada (BoC) reduced its policy rate from 5% in June 2024 to 2.75% —its lowest level since Q3 2022. Given the ongoing global tariff uncertainties and slowing inflation, we anticipate 2-3 more cuts to come from the BoC in the second half of 2025, with no increases expected before 2026.

In 2025, roughly 12% of our Apartment REIT portfolio is scheduled for refinancing upon maturity. While our mortgage maturity schedule is modest, it is by design. It aligns with our strategy of limiting annual mortgage renewals to no more than 20% of the REIT's portfolio in any given year.

[1] Source: https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/10/government-of-canada-reduces-immigration.html
[2] Source: https://globalnews.ca/news/11017994/canada-miss-immigration-targets-desjardins/
[3] Source: https://rentals.ca/national-rent-report#national-overview
[4] Source: https://www.mpamag.com/ca/mortgage-industry/market-updates/cmhc-provides-realistic-timeline-for-solving-housing-crisis/526700?utm_source

By staggering our refinancing durations, we mitigate interest rate risk and smooth out the return profile for our Unitholders.

Skyline Apartment REIT Mortgage Maturity



Source: Skyline

As rates continue to drop, we may consider increasing longer-term debt renewals to take advantage of positive refinancing conditions. In recent times, such as 2023 and 2024, we locked into shorter duration debt (2-5 years) to mitigate the impact on our weighted average mortgage interest rate. This caused our weighted average mortgage term to maturity (WAMTM) to decrease from 4.48 years to 3.87 years throughout the course of 2024. Given the current environment, investors can expect WAMTM to stabilize, and possibly improve, throughout the balance of the year.

UNITHOLDER OUTLOOK

Looking ahead to the second half of 2025, aside from ongoing tariff risks, we remain optimistic as several key headwinds from 2024 begin to ease.

Canada's persistent housing shortage, affordability challenges, and growing population have highlighted purpose-built rental properties as the most cost-effective housing option. Housing, like food, is a fundamental necessity where individuals prioritize their spending, and we are in a prime position to provide this essential need.

Our portfolio is resilient across interest rate environments, independent of the rate cycle's position. When rates decrease, we benefit from lower borrowing costs, reduced vacancy rates, and increased portfolio value. When rates eventually increase, homes become more expensive and rental demand expands. The ability to capitalize on both phases of the interest rate cycle is a distinct—and arguably underappreciated—advantage inherent in real estate investing.

As capital becomes more affordable, we anticipate new acquisition opportunities and continued portfolio growth. With our proven operating model and disciplined strategy, we remain committed to maximizing long-term value for our Unitholder.

I would like to thank you for your part in another prosperous year for Skyline Apartment REIT, and for your continued support. Your trust and partnership are the foundation of our success, and we look forward to building on that momentum together in the year ahead.

Matthew Organ
President,
Skyline Apartment REIT

The Hazelton
39 Seapoint Road
Dartmouth, Nova Scotia

"With our proven operating model and disciplined strategy, we remain committed to maximizing long-term value for our Unitholders."

At Skyline Apartment REIT, our goal has always been to produce a steady yield for our investors, while providing safe, clean, and affordable housing with exceptional service to our tens of thousands of tenants. We work hard to build long-lasting relationships with all of our stakeholders.

SENIOR MANAGEMENT

Back row from left to right: **Andy Coutts**, EVP; **Danny Cobban**, VP, Skyline Apartment REIT; **BJ Santavy**, VP, Skyline Living; **Mandi Sweiger**, EVP; **Krish Vadivale**, EVP.

Front row from left to right: **R. Jason Ashdown,** Co-Founder & CSO; **Jason Castellan,** Co-Founder & CEO; **Matthew Organ**, President, Skyline Apartment REIT; **Martin Castellan,** Co-Founder & CAO; **Wayne Byrd,** CFO.

Uplands Terrace
6117 Uplands Drive
Nanaimo, British Columbia

SKYLINE APARTMENT REIT'S

Board of Trustees

JASON CASTELLAN

Chief Executive Officer of Skyline. Since 1991, Mr. Castellan has been an owner and manager of investment real estate, starting out with a student rental portfolio and gradually moving to larger apartment buildings. Since 1999, Mr. Castellan has been an officer and director of 15 corporations which owned properties managed by Skyline Incorporated. He is active in the acquisition and finance portion of the portfolio. Mr. Castellan holds degrees from both the University of Guelph and York University.

JASON ASHDOWN

Chief Sustainability Officer of Skyline. Roy Jason Ashdown is co-founder and an executive officer of the group of companies operating under the Skyline Group banner. Mr. Ashdown has in-depth experience in operations, construction and building systems and a passion for driving efficiencies. Mr. Ashdown oversees the Skyline Portfolio Efficiency Plan and Capital Expenditures. Since 1996, Mr. Ashdown has been an owner and manager of residential and commercial real estate. Since 1999, Mr. Ashdown has been devoted to managing Skyline properties. He is a member of the asset management team and works to enhance the quality and profitability of the properties. Mr. Ashdown sits on the board of the Federation of Rental Housing Providers of Ontario (FRPO), the province's leading advocate for landlords and tenants, the board of Shelldale Better Beginnings, Better Futures, a community organization helping hundreds of families in Guelph, Ontario, and the Board of Trustees of Skyline Apartment REIT. Mr. Ashdown has a Bachelor of Arts degree from the University of Waterloo.

MARTIN CASTELLAN

Chief Administrative Officer of Skyline. Mr. Castellan has been investing and working in real estate for over 20 years. He holds an Honours Bachelor of Commerce Degree from the University of Guelph, majoring in Management Economics in Industry and Finance. With the significant growth of Skyline since its inception, to now over 900 employees, Mr. Castellan focuses on the commitment toward Skyline's guiding principles and instilling the grassroots culture that has been a part of Skyline from its beginning. He currently oversees Human Resources; Information Systems; and the Corporate Office while fostering an environment of teamwork, customer service, and respect.

INDEPENDENT TRUSTEE

JONATHAN HALPERN

Jonathan Halpern CPA, CA, is currently the President of Metropolitan Equities Limited, a privately owned family office and real estate investment company. Prior thereto, Mr. Halpern was a senior manager with an international accounting firm specializing in real estate and small business. Mr. Halpern has also served on the management committee of a national commercial flooring distributor. Mr. Halpern is a member of the Institutes of Chartered Professional Accountants of Manitoba and Ontario and holds a Bachelor of Commerce (Honours) Degree with Distinction from the University of Manitoba.

INDEPENDENT TRUSTEE

ROBERT BREADNER

Robert Breadner is President and Owner of Breadner Trailer Sales Amalgamated, a private holding and investment company which maintains equity positions in various private businesses. A 1977 Bachelor of Business Administration graduate of Wilfrid Laurier University, Robert was the former President and Owner of Breadner Trailer Sales Limited, North America's largest transport trailer distributor with dealerships across Canada, whose sales exceeded $250 million in 2000. After being awarded Ontario's Entrepreneur of the Year in 1996, as well as having Breadner Trailer Sales named one of Canada's 50 best companies four years in a row, Robert sold the business in 2001. Mr. Breadner continues to be the Chairman of family-owned R and S Trailer Leasing Ltd.; one of Canada's largest transport trailer leasing companies and trailer sales organizations.

INDEPENDENT TRUSTEE

EDWARD PERLMUTTER

Edward (Ted) Perlmutter is a seasoned commercial real estate lawyer and was a partner for 25 years at one of Canada's preeminent law firms, Blake, Cassels & Graydon LLP. Having an in-depth experience in leading highly complex transactions in the public and private sectors including development financing of infrastructure, Mr. Perlmutter built a reputation for developing and successfully executing innovative approaches. Mr. Perlmutter is a sought-after counsel on complex real estate issues. He holds a Master of Laws degree from the London School of Economics. He is also a director of Lighthouse Credit Union and serves on its Governance, Compensation and Nominating Committee.

INDEPENDENT TRUSTEE

JEFFREY NEUMANN

Jeffrey Neumann is the owner of Coldwell Banker Neumann Real Estate in Guelph, ON. Since 1996, Mr. Neumann has developed Coldwell Banker Neumann Real Estate into a national leader under the Coldwell Banker brand, averaging over $650 million in sales on an annual basis. Mr. Neumann also continues to be an active independent real estate investor in the apartment, hospitality, office and land development sectors. His experience and breadth of knowledge in a broad range of real estate matters—including acquisitions, financing, management, development, and dispersal—leaves him uniquely positioned to serve on the Skyline Apartment REIT Board of Trustees.

INDEPENDENT TRUSTEE

SUSAN TAVES

Susan Taves is a Chartered Professional Accountant, having spent 30 years in public practice primarily as a partner at BDO Canada LLP. Her expertise extends to the fields of finance, merger and acquisition transactions, leadership, and governance. She is a member of the Chartered Professional Accountants of Ontario (1987), holds the ICD.D designation from the Institute of Corporate Directors (2015), and is a graduate of the University of Waterloo (1984). In addition to serving as a Skyline Apartment REIT Trustee, Ms. Taves sits on the boards of Kindred Credit Union, TSX Trust Company, Plaza Retail REIT and Enova Energy Corporation.

SUSTAINABILITY AT SKYLINE

2024 Sustainability

1,705

hours volunteered by employees giving back to causes of their choice in our communities

$615,000

donated through our major fundraisers and charitable initiatives

181,522 GJ

of renewable natural gas (RNG) produced at our Lethbridge, Alberta biogas facility[1]

114,308,641 kWh

of renewable electricity produced at our Elmira, Ontario and Lethbridge, Alberta biogas facilities and Skyline Clean Energy Fund solar assets[2]

13

awards received from our peers, communities, and industries for operational and employee excellence

32

courses and workshops offered to support recognized observances such as Black History Month, International Women's Day, Pride Month, and the National Day for Truth and Reconciliation

183

residential tenancies saved through the R.I.S.E. program

3,256

trees planted across Canada in partnership with Tree Canada

104,000

lbs. of food collected for Food Banks Canada and food banks in our communities

[1] Gigajoule (GJ) is a metric energy measurement used for Renewable Natural Gas (RNG). One GJ of natural gas has the same amount of energy as 27 litres of fuel oil, 39 litres of propane, 26 litres of gasoline or 277 kilowatt hours of electricity. This figure is expressed in accordance with the fund's ownership percentage of the Lethbridge biogas facility (80%). Source: https://www.nrcan.gc.ca.

[2] A kWh (kilowatt hour) is equal to 1,000 kilowatts of electricity used continuously for one hour. This figure is expressed in accordance with the Fund's ownership percentage of the Lethbridge and Elmira biogas facilities (80%) and solar assets (85-100%).

SUSTAINABILITY AT SKYLINE

2025 Sustainability

1 NO POVERTY

- Continue to encourage employees to use their paid volunteer day to give back to causes of their choice.
- Facilitate youth financial literacy sessions by leveraging our in-house expertise and collaborating with youth development programs.
- Exceed our 2024 fundraising total for our community partners through the Coldest Night of the Year, Spring Food Drive, and Annual Charity Golf Classic fundraisers.
- Implement a donation program providing used IT equipment to community groups to support equitable access to technology.
- Continue to support our tenants in need with grocery gift cards, financial assistance, in-house payment plans, and resources outreach through our R.I.S.E. program, helping find long-term solutions to maintain housing.

3 GOOD HEALTH AND WELL-BEING

- Promote sustainable practices for employees to reduce strain and improve physical wellness while working at a desk.
- Organize activities for employees that promote physical and mental well-being, such as meditation and fitness classes and stress reduction workshops.
- Incorporate indoor and outdoor amenity spaces in new residential developments to support community well-being.

7 AFFORDABLE AND CLEAN ENERGY

- Implement rooftop solar panels at our Industrial REIT properties to reduce their energy use.

8 DECENT WORK AND ECONOMIC GROWTH

- Enhance our cybersecurity training to equip employees with practical knowledge of privacy and cybersecurity, ensuring they understand the critical role these topics play in their daily work.

SUSTAINABILITY AT SKYLINE

2025 Sustainability

10 REDUCED INEQUALITIES

- Enhance our field staff's work environment by establishing a dedicated Field Training Hub, designed to provide equitable access to essential training resources, professional development, and skill-building opportunities. This initiative ensures that all field employees, regardless of their location or prior experience, receive standardized, high-quality training that empowers them to perform their roles effectively and confidently.

11 SUSTAINABLE CITIES AND COMMUNITIES

- Continue to increase the number of community gardens at our apartment properties.
- Continue to design sustainable developments that include indoor and outdoor community spaces, provisions for solar panels, EV chargers, and compost disposal, e-waste and battery disposal space, and energy models.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

- Continue to promote sustainable procurement practices by increasing current vendor response to the sustainable procurement survey and mandating completion by new vendors.
- Reduce our office waste by ordering supplies and other items in bulk and prioritizing sustainable vendors for office lunches.

13 CLIMATE ACTION

- Increase our tree planting program's national presence by hosting one event in each province our apartment properties are in.
- Recognize lease renewal milestones for commercial tenants through honorary tree planting.
- Use social media platforms to advocate for sustainability issues, engaging followers with challenges and tips that promote eco-conscious behaviours and attract investment.

Merewood Apartments
411 & 423 Despard Avenue West & 377 & 385 Moilliet Street South
Parksville, British Columbia

SKYLINE

Awards

BEST MANAGED COMPANIES

Platinum Member — Skyline

Skyline has retained its Best Managed Companies status for 10 years. Platinum Member winners demonstrate exceptional leadership in strategy, capabilities and innovation, culture and commitment, and financials.

CANADIAN PROPERTY MANAGEMENT MAGAZINE 2024 "WHO'S WHO" RANKING

Top 10 Apartment Owners & Managers (#7)—Skyline Apartment REIT

Skyline Apartment REIT ranked among Canada's Top 10 owners and managers of apartment real estate, based on total square footage within its portfolio.

CANADIAN PROPERTY MANAGEMENT MAGAZINE 2024 "WHO'S WHO" RANKING

Top 10 Industrial Owners & Managers (#8)—Skyline Industrial REIT

Skyline Industrial REIT ranked among Canada's Top 10 owners and managers of industrial real estate, based on total square footage within its portfolio.

CONNECT CRE 2024 NEXT GENERATION AWARD

Winner—Fay Yachetti, Director, Sustainability

The Next Generation Award recognizes commercial real estate's most talented young professionals across Canada.

GUELPH CHAMBER OF COMMERCE 2024 AWARDS OF EXCELLENCE

Winner, Young Professional of the Year—Fay Yachetti, Director, Sustainability

The Young Professional of the Year recognizes individuals in the Guelph community who have tackled the challenges of entrepreneurship and/or have demonstrated leadership or professional growth in their field.

GUELPH CHAMBER OF COMMERCE 2024 AWARDS OF EXCELLENCE

Winner, Not-Profit of the Year—The Shelldale Partnership (Skyline, Kindle Communities, The Guelph Community Health Centre, and Stonehenge Therapeutic)

The Not-Profit of the Year Award celebrates a local not-for-profit that demonstrates thoughtful and innovative leadership. Skyline was recognized as part of the Shelldale Partnership for the 10 Shelldale Crescent Permanent Supportive Housing project.

IPOANS 2024 INNOVATION & EXCELLENCE AWARDS

Winner, Industry Leadership Award—BJ Santavy, Vice President, Skyline Living

The Industry Leadership Award celebrates industry professionals who exemplify outstanding leadership qualities within their organization and the larger community.

REPORT ON BUSINESS 2024 CANADA'S TOP GROWING COMPANIES

Winner (ranked #391)—Skyline

Canada's Top Growing Companies showcases the emerging leaders transforming business today, with winners selected for their ideas, accomplishments, and impact.

RHB MAGAZINE 2024 "THE ANNUAL" EDITION

Canada's Top 10 REITs List (#5)—Skyline Apartment REIT

Skyline Apartment REIT ranked #5 in Canada, based on the number of apartment suites owned and managed within its portfolio.

RHB MAGAZINE 2024 "THE ANNUAL" REGIONAL EDITIONS

Top 10 REITs in Kitchener-Cambridge-Waterloo (#10)—Skyline Apartment REIT

Skyline Apartment REIT ranked among Waterloo region's Top 10 owners, managers, and REITs, based on the number of apartment suites owned and managed within its portfolio.

RHB MAGAZINE 2024 "THE ANNUAL" REGIONAL EDITIONS

Top 10 REITs in London (#7)—Skyline Apartment REIT

Skyline Apartment REIT ranked among London's Top 10 owners, managers, and REITs, based on the number of apartment suites owned and managed within its portfolio.

SOUTHWESTERN ONTARIO TOP EMPLOYERS 2024

Skyline was recognized as a Southwestern Ontario Top employer for the second year in a row. Winners are evaluated on eight criteria, including performance management, training and skills development, communications and community involvement.

WEALTH PROFESSIONAL AWARDS

Winner, Franklin Templeton Award for Advisory Team of the Year (10 Staff or more), Skyline Wealth Management

The Franklin Templeton Award recognizes an advisory team or office that has displayed excellence over the last 12 months.

WEALTH PROFESSIONAL'S TOP 40 UNDER 40 RISING STARS

Winner (Mustafa Bukhari, National Team Lead, Skyline Wealth Management)

Wealth Professional's Top 40 Under 40 Rising Stars recognizes up-and-coming professionals who are making their mark in the Canadian financial services industry.

WATERLOO AREA TOP EMPLOYERS 2024

Skyline was recognized as one of Waterloo Area's Top Employers for the fourth year in a row. Winners are evaluated on eight criteria, including performance management, training and skills development, communications and community involvement.

SKYLINE
APARTMENT REIT

2024 Financial Reporting

FORWARD-LOOKING DISCLAIMER

The following Management's Discussion and Analysis ("**MD&A**") of the results of operations and conditions for the year ended December 31, 2024, should be read in conjunction with Skyline Apartment Real Estate Investment Trust's ("**Skyline Apartment REIT**" or the "**REIT**") audited consolidated financial statements. Certain statements in this MD&A could be considered forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the REIT's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions, the financial condition of tenants, our ability to refinance maturing debt, rental risks, including those associated with the ability to rent vacant suites, our ability to fund, source and complete accretive acquisitions, interest rates and changes in property value.

The information in this MD&A is based on information available to Management as of April 30, 2025, except where otherwise noted. Skyline Apartment REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Past performance is not indicative in future results.

In some instances, forward-looking information can be identified by the use of terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", or other similar expressions concerning matters that are not historical facts. Forward-looking statements in this MD&A include, but are not limited to, statements related to acquisitions or dispositions, development activities, future maintenance expenditures, financing and the availability of financing, tenant incentives, and occupancy levels.

NON-IFRS MEASURES

Skyline Apartment REIT releases audited consolidated annual financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). In this MD&A, as a complement to results provided in accordance with IFRS, Skyline Apartment REIT also discloses and discusses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS. These include net operating income ("**NOI**"), Funds from Operations ("**FFO**") and applicable per Unit amounts and payout ratios (collectively, the "**Non-IFRS Measures**").

These Non-IFRS Measures are further defined and discussed in the "Key Performance Indicators" and "Funds from Operations" sections of this MD&A. Since NOI and FFO are not measures recognized under IFRS, they may not be comparable to similarly titled measures reported by other issuers. Skyline Apartment REIT has presented the Non-IFRS measures because Management believes these Non-IFRS measures are relevant measures of the ability of Skyline Apartment REIT to earn revenue and to evaluate Skyline Apartment REIT's performance. A reconciliation of the Non-IFRS measures is provided in the "FFO Payout Ratio" section. The Non-IFRS measures should not be construed as alternatives to net income (loss) or cash flows from operating activities determined in accordance with IFRS as indicators of Skyline Apartment REIT's performance or the sustainability of our distributions.

MD&A OVERVIEW

This MD&A focuses on key areas from the consolidated financial statements and pertains to major known risks and uncertainties relating to the real estate industry, in general, and the Trust's business, in particular. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political, and environmental conditions. Additionally, other elements may or may not occur, which could affect the organization in the future. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with material contained in the audited consolidated financial statements for the years ended December 31, 2024, and 2023, along with all other information regarding Skyline Apartment REIT publicly posted by the REIT or its affiliates. It is not our intent to reproduce information that is located in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information.

BUSINESS OVERVIEW

Skyline Apartment REIT is an unincorporated, open-ended investment trust created by a declaration of trust made as of June 1, 2006 and amended and restated as of August 24, 2023 (the "**Declaration of Trust**" or "**DOT**") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Skyline Apartment REIT earns income from investments in a diversified portfolio of multi-unit residential properties and a complement of commercial properties located in Canada.

Monarch Apartments
3554-A Ryder Hesjedal Way
Colwood, British Columbia

MANAGEMENT STRATEGY

As managers of Skyline Apartment REIT; employees of Skyline Living (the "**Operations Manager**") and Skyline Wealth Management Inc. (the "**Wealth Manager**") implement their unique values and proprietary strategies as they fulfill their responsibilities. The REIT's mandate is clear and focused on the following strategies:

- **Customer Satisfaction:** Management strives to keep all customers satisfied and as long-term tenants by creating an environment that is clean and comfortable within each property. By developing a sense of community within the properties through various programs, turnover and vacancy should be reduced. This may in turn create demand for people wanting to live in Skyline Apartment REIT's buildings. Through the reduction of costs associated with tenant turnover and through higher demand that allows for increased rents, net income should grow accordingly.
- **Maintenance and Repair Programs:** Management is fundamentally driven by efficiencies and cost-effective programs that are accretive to Skyline Apartment REIT's short-term and long-term value proposition. Management has positioned Skyline Apartment REIT to take full advantage of efficiency programs and capital investments that will attract customers and enhance the overall value of the portfolio.
- **Quality On-Site Building Staff:** Management believes that the success of a property, from both financial and customer satisfaction standpoints, starts with the attitudes and work ethic of the on-site building staff. From being the first point of contact, to providing ongoing attention to each customer's needs, the building staff represents Skyline Apartment REIT at every touch point. As well as being attentive and dedicated, Management will also seek on-site staff that are skilled in many areas in order to reduce the requirement and added costs for outside trades for ordinary day-to-day repairs and maintenance.
- **Detailed Financial Reporting:** Management utilizes sophisticated financial tools to maximize Skyline Apartment REIT's income and to measure the effectiveness of cost control and other efficiency programs. Management distributes in-depth financial reporting to those involved and who have a direct impact on the financial success and control of those particular incomes and expenses.
- **Strategic Debt Management:** Management works diligently to seek out financing opportunities to optimize Skyline Apartment REIT's leveraged returns. Attention to staggered mortgage maturities and financing terms, within maximum leverage amounts set out in the DOT, ensures that Skyline Apartment REIT's exposure to fluctuating interest rates over the short and long term are both minimized and utilized to the greatest benefit. Management may also make use of operating lines of credit for capital expenditures and acquisitions to improve the overall returns of Skyline Apartment REIT.
- **Enhancement of Skyline Apartment REIT's Portfolio:** Management is always looking at opportunities to maximize Skyline Apartment REIT's portfolio value. Properties that are 'mature' and that are no longer adding value to Skyline Apartment REIT may be sold or repositioned, if there is a market for an enhanced property. Management will continue to diversify the portfolio by purchasing properties in what they believe to be thriving communities that will continue to strengthen Skyline Apartment REIT's broadened footprint that will reduce the risk of portfolio instability that may arise in any one particular community.
- **Communications:** The Wealth Manager delivers current and relevant information to prospective and existing Unitholders in order to keep them informed and engaged. Ongoing communications occur through regular mass email updates, online postings to the investor-only website portal and quarterly newsletters that are included with Unitholders' quarterly statements. Communications cover relevant topics as they relate to Skyline Apartment REIT, including; new acquisitions and dispositions, existing property repositioning, the launch of new Offering Memorandums, special investor events and general corporate news.

SKYLINE APARTMENT REIT

Key Performance Indicators

To meet its objectives and to evaluate the success of its strategies, Skyline Apartment REIT uses several key operating and performance indicators:

- **Distributions:** During 2024, Skyline Apartment REIT was paying monthly distributions to Class A Unitholders of $0.0925 per unit, or $1.11 per unit on an annual basis. At December 31, 2024, approximately 41.0% of the REIT's Units were enrolled in the Distribution Re-Investment Plan ("DRIP").
- **Occupancy:** Management is focused on achieving occupancy levels that exceed the overall averages for the geographic regions in which Skyline Apartment REIT operates, without sacrificing the maximization of rental income. At December 31, 2024, occupancy in the multi-residential suites was 94.9% and in the commercial units was 71.8%.
- **Average Monthly Rents:** Through ongoing and active management, the highest possible average monthly rents are targeted in each geographic region and at each individual property. At December 31, 2024, average monthly multi-residential rent was $1,505.02 per suite.
- **Loss to Lease:** Through the management of the key indicators of "occupancy" and "average monthly rents", Management also monitors "Loss to Lease" which is defined as the net positive or negative variance of actual rents against market rents. Management strives to minimize the Loss to Lease margin.
- **NOI:** This is defined as operating revenues less operating expenses and is a key measure of operating performance. It is a key non-IFRS financial measure of the operating performance of Skyline Apartment REIT. For the year 2024, Skyline Apartment REIT's NOI margin was 57.3%.
- **Same Property NOI:** This is defined as operating revenues less operating expenses for properties which were held for the same periods in 2021 through 2024. Management is focused on maintaining or increasing same property NOI year over year. For the year 2024, same property NOI was $212.9 million, an increase of 11.3% over the prior year.
- **FFO:** Is a measure of operating performance based on the funds generated by the business before Re-Investment or provision for other capital needs. As Skyline Apartment REIT's portfolio matures, Management is targeting long-term that its distributions will be fully funded from FFO. For the year 2024, Skyline Apartment REIT generated $87.9 million in FFO.
- **Payout Ratio:** To ensure that Skyline Apartment REIT retains sufficient cash to meet its capital improvement and leasing objectives, Management strives to maintain an appropriate FFO payout ratio over the year. Management is targeting a 100% FFO payout ratio. For the year 2024, Skyline Apartment REIT's FFO payout ratio was 98.7% .
- **Active Portfolio Management:** Insofar as good opportunities exist that are accretive, Management will continue to acquire income-producing, multi-unit residential real estate for the portfolio. Further active management in the identification of properties that are well positioned for successful accretive, repositioning strategies. The inverse is also true, where properties are deemed mature and non-accretive and where additional value-enhancing improvements will not further improve these properties, they will be positioned for sale.
- **Financing:** Management is continually managing and planning its financing strategies for the portfolio. This ensures that the portfolio is well-positioned to mitigate interest rate uncertainty as well as to responsibly ladder the maturities of the portfolio's mortgages over the long term.
- **Loan to Value ("LTV"):** The portfolio is regularly evaluated based upon key leverage ratios, comprised of mortgage debt, total indebtedness, historical cost and fair value in accordance with IFRS 13 – Fair Value ("IFRS 13"). Loan to value ratios are shown on both a historical cost and market value basis. The Declaration of Trust requires that the overall leverage ratio not exceed 70% Loan to IFRS Fair Value. However, it is Management's objective to keep the portfolio at a more conservative level of approximately 60% leverage based upon fair value. At the close of 2024, Skyline Apartment REIT's portfolio leverage ratio was 74.6% (against historical cost) and 58.2% (against IFRS 13 valuation)

SKYLINE APARTMENT REIT

Goals, Objectives and 2024 Highlights

In accordance with the DOT, the goals and objectives of Skyline Apartment REIT are:

1. to provide REIT Unitholders with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax-deferred, from investments in a diversified portfolio of income-producing, multi-unit residential properties located in Canada;
2. to maximize REIT Unit value through the ongoing management of Skyline Apartment REIT's assets, through the future acquisition, repositioning and disposition of properties; and
3. to maintain a REIT that satisfies the REIT exception under the Specified Investment Flow Through ("**SIFT**") legislation in order provide certainty to Unitholders with respect to taxation of distributions.

2024 HIGHLIGHTS

- The REIT grew its portfolio of investment properties from $4.992 billion to $5.034 billion (a 0.84% increase) over the course of 2024.
- As of November 19, 2024 the value of REIT units grew from $27.75 to $29.50 per unit (a 6.31% year-over-year increase).
- Average Monthly Rents as at December 31, 2024 increased from $1,394.07 to $1,505.02 per residential unit (a 7.96% increase year-over-year).
- Weighted Average mortgage interest rate was 3.34%, on $2.75 billion of outstanding mortgages as at December 31, 2024.

Financial Highlights **($ thousands, except where noted)**	**2024**	**2023**
Property revenues	$379,828	$358,850
Operating expenses	$(162,254)	$(158,488)
NOI	**$217,574**	**$200,362**
Net income	**$33,664**	**$33,022**
FFO	**$87,973**	**$86,349**
Total Distributions declared to REIT and LP unitholders	**$86,829**	**$86,580**
Normalized FFO payout ratio	**98.70%**	**100.27%**

PROPERTY PORTFOLIO

At December 31, 2024, through active portfolio management; the portfolio consisted of 21,065 residential suites and 170,820 sq. ft. of commercial space, geographically well-diversified across 54 communities and seven Canadian provinces.

The REIT continues to look at further expanding and enhancing the portfolio in markets across Canada.

Portfolio Average Monthly Base Rent & Occupancy (As at December 31, 2024)	**Average Occupied Monthly Rents ($)**	**Occupancy (%)**
Residential		
Alberta	1,543.45	94.5
British Columbia	1,879.27	93.6
Manitoba	1,931.07	97.2
New Brunswick	1,339.60	95.5
Nova Scotia	2,110.09	93.9
Ontario	1,426.85	94.4
Quebec	1,751.12	96.6
Residential Portfolio Weighted Average	**$1,505.02**	**94.5%**

Through its active property management strategies and proactive capital investment programs, Skyline Apartment REIT strives to achieve the highest possible average monthly rent in accordance with the local market conditions. Management also strives, through a focused, hands-on approach to its business, to achieve occupancies that are in line with, or higher than, market conditions in each of the geographical regions in which Skyline Apartment REIT operates while enhancing the overall qualitative profile of its resident base.

ACQUISITIONS AND DISPOSITIONS

Acquisitions Completed During the Year Ended December 31, 2024 **($ thousands, except where noted)**

Purchase Date	Number of Units	Region	Type	Acquisition Costs ($)	Mortgage Funding ($)
20-Jun-24	-	Chatham, ON	Land	230	-
7-Aug-24	106	Mascouche, QC	Residential	36,587	23,266
22-Aug-24	130	Parksville, BC	Residential	48,800	40,922
Total	**236 units**			**$85,617**	**$64,188**

Dispositions Completed During the Year Ended December 31, 2024 **($ thousands, except where noted)**

Disposition Date	Number of Units	Region	Type	Carrying Value ($)	Equity ($)	Mortgages Discharged ($)
17-Jan-24	1	Guelph, ON	Residential	380	380	-
19-Apr-24	48	Haileybury, ON	Residential	8,170	8,170	-
25-Apr-24	49	Timmins, ON	Residential	7,205	7,205	-
19-Jun-24	150	Cornwall, ON	Residential	30,700	19,602	11,098
19-Jun-24	118	Cornwall, ON	Residential	19,150	11,630	7,520
19-Jun-24	40	Cornwall, ON	Residential	5,650	-	-
6-Dec-24	48	Timmins, ON	Residential	7,955	4,979	2,976
11-Dec-24	624	Gatineau, QC	Residential	118,000	37,994	80,006
12-Dec-24	98	Gatineau, QC	Residential	23,000	7,879	15,121
16-Dec-24	22	Timmins, ON	Residential	3,205	1,123	2,082
16-Dec-24	69	Timmins, ON	Residential	12,055	5,698	6,357
19-Dec-24	21,378	Guelph, ON	Commercial	5,900	-	-
Total	**1,267**			**$241,370**	**$104,660**	**$125,160**

SKYLINE APARTMENT REIT

2024 Operating Highlights

Regional Highlights ($ thousands, except where noted)	2024		2023		Increase (Decrease)		
Portfolio	**NOI ($)**	**NOI Margin (%)**	**NOI ($)**	**NOI Margin ($)**	**Revenue Change (%)**	**Expense Change (%)**	**NOI Change (%)**
Eastern Ontario	**19,771**	**54.4**	19,651	54	0	0	1
Northern Ontario	**11,052**	**49.8**	13,397	49	(20)	(22)	(18)
South Western Ontario	**121,581**	**57.2**	98,811	52	12	0	23
Quebec	**15,790**	**57.6**	17,107	58	(7)	(5)	(8)
Eastern Canada	**17,086**	**60.3**	13,995	62	25	30	22
Western Canada	**32,295**	**64.0**	37,401	75	1	42	(14)
Total	**$217,574**	**57.7%**	**$200,362**	**56%**	**6%**	**3%**	**9%**

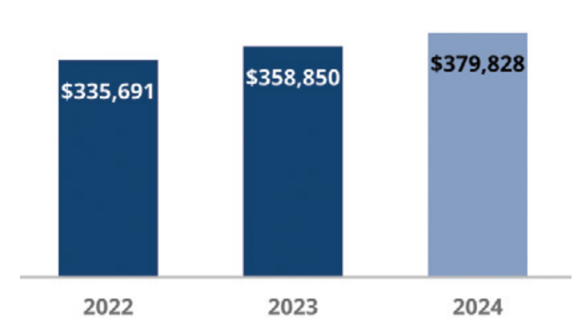
Merewood Apartments
411 & 423 Despard Avenue West &
377 & 385 Moilliet Street South
Parksville, British Columbia

2024 OPERATING HIGHLIGHTS CONT.

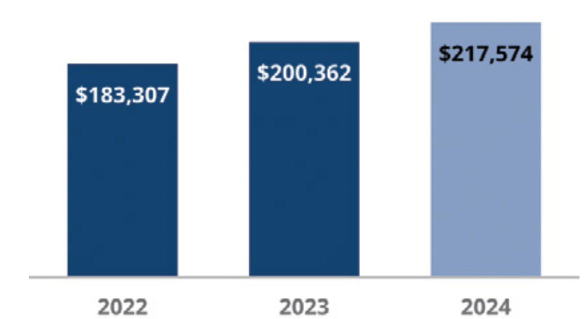
Operating Results ($ thousands, except where noted)	2024 ($)	%*	2023 ($)	%*
Property revenues				
Residential rent	373,467	98.3	351,767	98.0
Commercial rent	5,981	1.6	7,083	2.0
Condominium sales	380	0.1	-	0.0
Total property revenues	**$379,828**	**100%**	**$358,850**	**100%**
Direct property expenses				
Property taxes	43,571	26.9	42,678	26.9
Other direct property costs	86,700	53.4	82,828	52.3
Utilities	31,781	19.6	32,982	20.8
Condominium cost of sales	202	0.1	-	0.0
Total direct property expenses	**$162,254**	**42.7%**	**$158,488**	**44.2%**
Net operating income ("NOI")	**$217,574**	**57.3%**	**$200,362**	**55.8%**

*As a percentage of total property revenues

OPERATING REVENUES ($ Thousands)

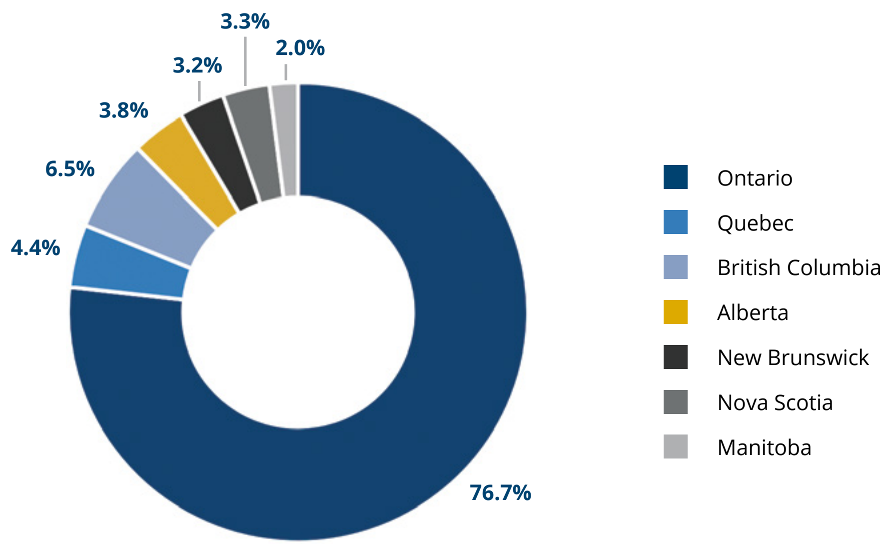


NOI ($ Thousands)

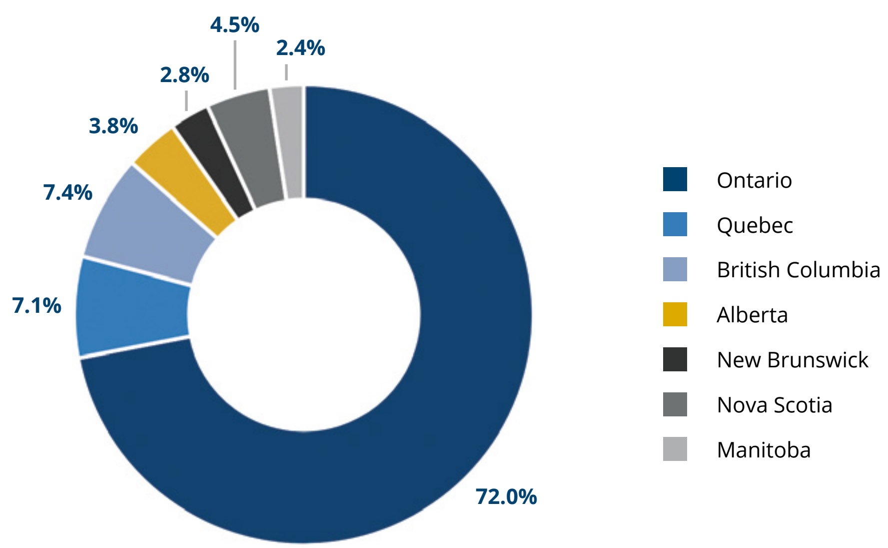


2024 OPERATING HIGHLIGHTS CONT.

UNIT BREAKDOWN BY PROVINCE

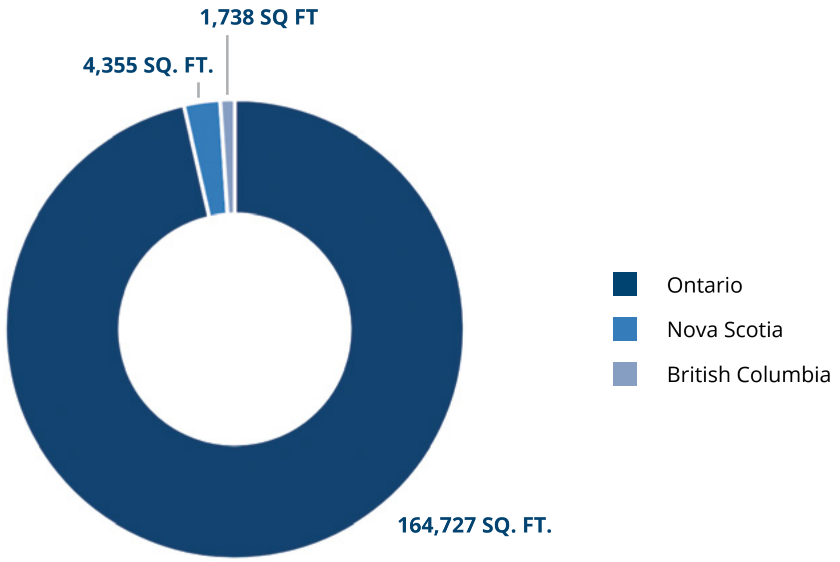


RENTAL REVENUE BREAKDOWN BY PROVINCE



2024 OPERATING HIGHLIGHTS CONT.

COMMERCIAL SQ. FT. BREAKDOWN BY PROVINCE



FUNDS FROM OPERATIONS

FFO is a measure of operating performance based on the funds generated by the business before investment or provision for other capital needs. This non-IFRS measure is a broadly-used performance measure for real estate investment trusts. However, it does not have a standardized industry definition and therefore, it may not be relied upon as a comparable indicator to other REITs that use a similar term. As Skyline Apartment REIT's portfolio matures, Management is targeting that its distributions will be fully funded from FFO; while recognizing that the un-stabilized properties in the portfolio have a short-term impact on performance and thus FFO available for distributions. During this period, it is considered a normal course of business for Management to be refinancing properties for operating cash flows and capital investment funds. Additionally, normal course of business includes the selling of mature assets for income and value crystallization.

Payout ratios compare total and normalized distributions declared to these non-IFRS measures. Management considers these ratios to also be important measures of the sustainability of distributions. Management continues to target reduced reliance on disposition proceeds or surplus equity realized through refinancings to supplement distribution flows.

The Vincent Coleman
3330 Barnstead Lane
Halifax, Nova Scotia

PAYOUT RATIOS

A reconciliation of IFRS net income to FFO is as follows:

FFO Payout Ratios **($ thousands, except where noted)**	**2024 ($)**	**2023 ($)**
Profit & loss		
Property revenues	379,828	358,850
Direct property expenses	(162,254)	(158,488)
NOI	**$217,574**	**$200,362**
Finance costs	(160,824)	(144,691)
REIT & other expenses	(16,702)	(16,774)
Interest income	-	-
Fair value gain in disposed properties	17,527	3,904
Fair value gain (loss)	(23,911)	100,221
Asset management internalization cost	-	(110,000)
Net income	**$33,664**	**$33,022**
Non-cash add-backs:		
Distributions on partnership units included in finance costs	47,925	47,452
Fair value gain on disposed properties	(17,527)	(3,904)
Fair value (gain) loss	23,911	(100,221)
Asset management internalization cost	-	110,000
FFO	**$87,973**	**$86,349**

(table continued on next page)

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	2024 ($)	2023 ($)
Total distributions declared	126,768	126,445
Less: General Partner sharing distributions on the sale of investment properties	(19,381)	(19,653)
Less: General Partner sharing distributions from income	(20,558)	(20,212)
Total distributions declared to REIT and LP unitholders	**$86,829**	**$86,580**
Normalized FFO payout ratio	**98.70%**	**100.27%**

Baypoint Villas
151 Marina Park Avenue
Midland, Ontario

PAYOUT RATIOS CONT.

Distributions to Unitholders/Shareholders and Payout Ratio

During 2024, Skyline Apartment REIT paid monthly distributions to Class A Unitholders of $0.0925 per unit, or $1.11 on an annual basis as of December 31, 2024.

Unit Price and Distribution Breakdown	Unit Price ($)	Monthly Rate ($)	Annual Rate ($)	Yield (%)
June 25, 2024	28.50	0.0925	1.11	3.89
November 19, 2024	29.50	0.0925	1.11	3.76

At December 31, 2024, approximately 41.0% of the REIT's Units were enrolled in the Distribution Re-Investment Plan. Distributions made to Unitholders during 2024, amounted to $86.8 million, of which $35.6 million was retained through the DRIP.

In order to maintain a consistent cycle of monthly distributions, the REIT may, from time to time, use proceeds from dispositions and refinancing's as well as funds from the operating line of credit. It is Management's long-term objective to continually reduce the use of disposition proceeds and refinancing proceeds for supplementing distribution cash flows.

Distribution Sources **($ thousands, except where noted)**	2024	2023
Total distributions declared to REIT and LP unitholders	**$86,829**	**$86,580**
Funded by:		
Income	100.0%	100.0%
Building dispositions	-	-
Refinance proceeds	-	-

INVESTMENT PROPERTIES

Since the adoption of IFRS reporting, this method of reporting impacts the consolidated financial statements of Skyline Apartment REIT and its subsidiary most significantly in the areas of investment properties and amortization.

Under IFRS, management considers its properties to be investment properties under International Accounting Standard ("**IAS**") 40-Investment Property ("**IAS 40**"). Investment properties are properties held to earn rental income or for capital appreciation, or both. Management has elected the Fair Value Model to measure its investment properties on the balance sheet and record any unrealized gain (or loss) on the income statement.

The following is Management's approach to the Fair Value of the portfolio's investment properties:

- Group the portfolio into segments that identify geographic locations as well to group the portfolio by property characteristics. This will allow Management to apply the same metrics to similar properties.
- Engage third party market appraisals for a portion of its portfolio which comprises at least 40% of the number of properties which make up at least 40% of the gross book value of the portfolio. The balance of the properties will undergo an internal valuation which will be verified by a comparative appraisal and audited by RLB LLP (the Apartment REIT's Auditor).
- Properties must be appraised by a third party at least once every three years.
- Properties will not be appraised by a third party within 18 months of acquisition (unless it is necessary for mortgage financing).
- Properties will not be required to be appraised in a year, if within the next 12 months it is scheduled for mortgage maturity.

2024 realized fair value gains on held investment properties of $6.2 million over 2023's carrying value.

Carrington Ridge
3605, 3615, 3625 & 3635 Carrington Road
West Kelowna, British Columbia

INVESTMENT PROPERTIES CONT.

Fair Value of Investment Properties (under IFRS 13) ($ thousands, except where noted)	2024 ($)	2023 ($)
Balance, beginning of year	**$4,991,814**	**$4,728,065**
Acquisitions through purchase of investment properties	88,172	235,019
Additions through capital expenditures on existing investment properties	195,171	150,448
Disposals through sale of investment properties	(223,622)	(226,741)
Change in Assets held for sale	(23,120)	(8,100)
Fair value gain on investment properties and disposed properties	6,204	113,123
Change in owner-occupied property	(1,036)	-
Balance, end of year	**$5,033,583**	**$4,991,814**

The following table reconciles the cost base of investment properties to their fair value:

Fair Value of Investment Properties (under IFRS 13) ($ thousands, except where noted)	2024 ($)	2023 ($)
Cost	3,924,273	3,829,143
Cumulative fair value adjustment	1,109,310	1,162,671
Fair Value	**$5,033,583**	**$4,991,814**

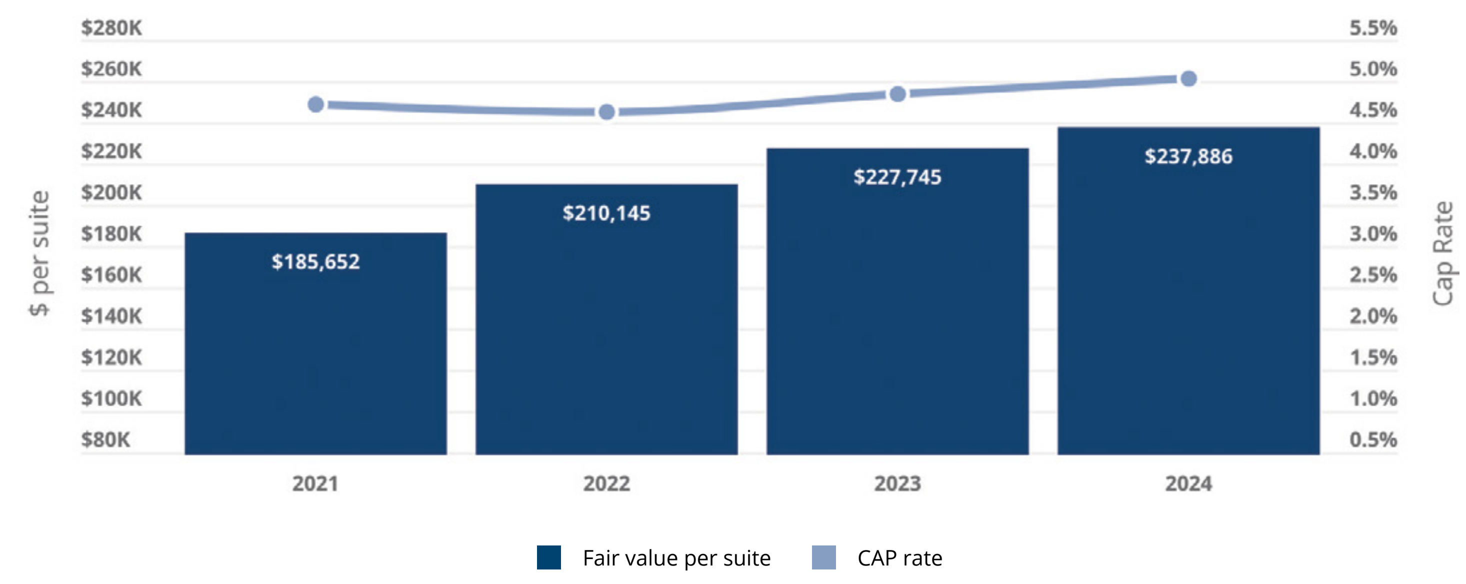
Fair Value of Investment Properties (under IFRS 13) ($ thousands, except where noted)	2024 ($)
2024 IFRS fair value	5,068,831
Less: 2023 IFRS fair value	(4,794,623)
Gain on IFRS value since December 2023	274,208
Less: 2024 acquisitions	(90,967)
Fair value gain on same property since December 2023	**183,241**
Development activity since December 2023	(117,804)
Interunit and capex since December 2023	(75,318)
Net change in fair value	**$(9,881)**

The following table and graph summarize the REIT's growth in asset value on a trending basis over the past three years, along with the impact that NOI growth and the capitalization rate ("**CAP Rate**") movement has had on that value.

Trending Fair Value Details ($ thousands, except where noted)	**2024**	**2023**	**2022**	**2021**
Fair value of investment properties	$5,033,583	$4,991,814	$4,728,065	$4,027,391
Less: fair value of commercial properties	$(22,515)	$(23,780)	$(50,454)	$(57,775)
Fair value of residential properties	$5,011,068	$4,968,034	$4,677,611	$3,969,616
Total residential suites at year end	21,065	21,814	22,259	21,382
Fair value per suite	**$237,886**	**$227,745**	**$210,145**	**$185,652**
Increase (decrease) in fair value per suite	**4.45%**	**8.38%**	**13.19%**	**10.37%**
Weighted average capitalization rate	5.01%	4.82%	4.64%	4.73%
Increase (decrease) in cap rate (year-over-year) (%)	3.93%	4.09%	(1.90%)	(7.98%)
NOI	$217,574	$200,362	$183,307	$164,527
Increase in NOI (year-over-year) (%)	8.59%	9.30%	11.41%	15.48%
NOI Margin (% of total revenue)	57.28%	55.83%	54.61%	54.25%

INVESTMENT PROPERTIES CONT.

TRENDING FAIR VALUE PER RESIDENTIAL SUITE



Merewood Apartments
411 & 423 Despard Avenue West & 377 & 385 Moilliet Street South
Parksville, British Columbia

CAPITAL EXPENDITURES

During 2024, Skyline Apartment REIT acquired 236 apartment units through the acquisition of three new properties for a total investment (inclusive of closing costs) of $88.2 million.

With the exception of new development properties acquired; in general, Skyline Apartment REIT is purchasing property at substantially less than current replacement costs and is committed to increasing the value of these assets by investing in capital expenditure initiatives and other programs in order to improve the overall quality of the portfolio and ultimately to sustain and expand the portfolio's future rental income-producing potential over its expected life span.

In correlation with industry peers, Skyline Apartment REIT has two types of capital expenditures: maintenance capital expenditures and stabilizing and value-enhancing capital expenditures. The main difference between these two types of capital expenditures is whether the costs incurred are to maintain existing cash flows, or to achieve the longer-term goal of producing enhanced cash flows and Unitholder distributions.

Maintenance capital expenditures vary with market conditions and are partially related to unit turnover. Management projects that its annual overall maintenance capital expenditures are approximately $300 per residential suite. These expenditures are in addition to normal repairs and maintenance expenditures which are typically in the range of $800 per residential suite annually.

Stabilizing and value-enhancing capital expenditures are made with the intention of increasing the productivity of the portfolio. They improve the economic life span and value of the properties and are mainly long-term in nature. The timing of these expenditures varies according to Management's capital plans and they are funded with credit facilities, mortgage advances, refinancing and equity issuances.

During the year, Management invested $195.2 million in structural improvements, common area improvements, improvements of existing suites, and portfolio efficiency programs ("PEP") throughout the portfolio. These capital initiatives are completed with the intention of increasing revenues, reducing expenses, maintaining occupancy levels, and increasing overall tenant satisfaction.

Management is committed to the ongoing future maintenance and enhancement of the portfolio.

CAPITAL STRUCTURE

"Capital" is defined as the aggregate of debt and Unitholders' equity. Management's objectives with respect to capital is to maintain its ongoing ability to fund its distributions to Unitholders, to meet its repayment obligations under mortgages and other credit facilities, and to ensure there are sufficient funds available to meet the capital requirements of the portfolio.

Skyline Apartment REIT's DOT permits the maximum amount of total debt to be 70% of the gross book value of the REIT's assets. Under IFRS reporting, Management still continues to evaluate LTV ratios on both a market value basis and a traditional historical cost basis, whereby historical cost is defined as the acquisition cost of the properties plus the capital improvements expended thereon.

CAPITAL STRUCTURE CONT.

The total capital of Skyline Apartment REIT as at December 31, 2024 is summarized in the following chart:

Mortgage Summary **($ thousands, except where noted)**	**2024**	**2023**
Mortgages payable	$2,749,902	$2,658,778
Line of credit	$180,000	$120,000
Total Debt	**$2,929,902**	**$2,778,778**
Limited partnership units	$212,154	$199,666
Unitholders' equity	$1,949,474	$2,006,688
Total Capital	**$5,091,530**	**$4,985,132**
Mortgage debt to historical cost	70.07%	69.44%
Mortgage debt to fair value	54.63%	53.26%
Total debt to historical cost	74.66%	72.57%
Total debt to fair value	58.21%	55.67%
Weighted average mortgage interest rate	3.34%	3.17%
Weighted average mortgage term to maturity (yrs.)	3.87	4.48

CAPITAL STRUCTURE CONT.

Mortgages Payable ($ thousands, except where noted)	Future minimum principal payments ($)	% of total mortgages
2025	383,280	13.9%
2026	232,371	8.5%
2027	350,334	12.7%
2028	597,333	21.7%
2029	628,582	22.9%
Thereafter	564,595	20.5%
Less: Mortgages related to assets held for sale	(6,593)	(0.24%)
Total mortgages payable as of December 31, 2024	**$2,749,902**	**100.0%**

Ridgeway Suites
105 & 107 Ridgeway Place
Belleville, Ontario

INVESTMENT SUMMARY

Investment Summary

During 2024, units of Skyline Apartment REIT were issued under the accredited investor exemption, through prospectus exemptions, and through the Employee Unit Purchase Plan ("EUPP") under the employee exemption.

During 2024, Management purchased for cancellation and/or redeemed units for $122.6 million at 100% of unit Market Value.

REIT Unitholders - Investment Activity Class A ($ thousands, except where noted)	2024		2023	
	Number of Units	Amount ($)	Number of Units	Amount ($)
Class A units outstanding, beginning of year	**68,299,431**	**$948,549**	**70,471,054**	**$985,228**
Proceeds from REIT units issued	1,747,292	49,139	2,921,425	79,713
Exchange of LP units	3,509	100	3,604	100
Units issued through DRIP	1,172,070	33,058	1,182,727	32,570
Units converted to Class F units	(314,681)	(5,947)	(2,814,412)	(53,828)
Redemptions - REIT units	(4,019,879)	(112,796)	(3,464,967)	(95,234)
Redemptions - REIT units (exchanged LP units)	-	-	-	-
REIT units outstanding, end of year	**66,887,742**	**$912,103**	**68,299,431**	**$948,549**
Weighted average Class A units outstanding	**67,450,504**		**68,806,002**	

INVESTMENT SUMMARY CONT.

REIT Unitholders - Investment Activity Class F ($ thousands, except where noted)	2024		2023	
	Number of Units	Amount ($)	Number of Units	Amount ($)
Class F units outstanding, beginning of year	**3,415,817**	**70,149**	**-**	**-**
Proceeds from REIT units issued	955,186	27,095	609,185	16,629
Units issued through DRIP	90,122	2,544	41,585	1,153
Units converted from Class A units	314,681	5,947	2,814,412	53,828
Redemptions - REIT units	(349,032)	(9,845)	(49,365)	(1,461)
REIT units oustanding, end of year	**4,426,774**	**95,890**	**3,415,817**	**70,149**
Weighted average Class F units outstanding	**3,804,367**		**1,679,804**	

LP Unitholders - Investment Activity ($ thousands, except where noted)	2024		2023	
	Number of Units	Amount ($)	Number of Units	Amount ($)
LP units outstanding, beginning of year	**7,195,177**	**199,666**	**3,047,838**	**80,768**
Proceeds from LP units issued	-	-	4,150,943	110,000
Units issued through DRIP	-	-	-	-
Redemptions - LP units (exchanged to REIT units)	(3,509)	(100)	(3,604)	(100)
Change in fair value	-	12,588	-	8,998
LP units oustanding, end of year	**7,191,668**	**212,154**	**7,195,177**	**199,666**
Weighted average LP units outstanding	**7,194,592**		**7,196,078**	

UNITHOLDER TAXATION

For taxable Canadian residents, Unitholder distributions were treated as follows for tax purposes:

Regular Distributions	2024 (%)
Dividends	0.00
Other Income	3.20
Capital Gains	81.60
Return of Capital	15.38
TOTAL	**100%**

RELATED PARTY TRANSACTIONS

The executive officers of Skyline Apartment REIT do not receive direct salary compensation from the REIT. Rather, Skyline Incorporated (the "**General Partner**") is General Partner of the REIT's subsidiary being the Limited Partnership, and has 20% deferred interest in the properties of such subsidiary ("**GP Sharing**"). Additionally, the executive officers receive compensation from the management companies to the REIT and Limited Partnership ("**Management Services**").

GP Sharing

Distributions under the GP Sharing commence once the equivalent of the total investors' equity has been effectively distributed on a property by property basis. Once triggered, any future income from operations is shared at a ratio of 20% to the GP: 80% to the LP (which indirectly means its investors). In addition, on any disposition, the GP is entitled to 20% of the equity growth of the property net of any outstanding amounts owing to investors. The GP Sharing calculation is done on a per property basis, which incentives management to ensure that each property is performing optimally.

GP Sharing ($ thousands, except where noted)	2024 ($)	2023 ($)
General Partner sharing on income	20,558	20,212
General Partner sharing on dispositions	19,381	19,653
Total General Partner sharing on distributions	**$39,939**	**$39,865**

RELATED PARTY TRANSACTIONS CONT.

Management Services

Fees paid during the past two years are as follows:

Management Fees ($ thousands, except where noted)	2024 ($)	2023 ($)
Wealth management fees	8,690	8,155
Legal service management fees	2,746	3,107
Develpoment service fees	2,686	1,042
Underwriting management fees	2,366	1,953
Administration management fees	786	919
CAPEX management fees	588	1,876
Solar Asset management fees	49	62
Total Management Fees	**$17,911**	**$17,114**

Pelham Junction Apartments
300 South Pelham Road
Welland, Ontario

SERVICES

Services of the Exempt Market Dealer

Skyline Apartment REIT has an exempt market dealer agreement with Skyline Wealth Management Inc. (the "Exempt Market Dealer"). Fees payable under the exempt market dealer agreement include wealth management fees of 0.3% of unitholders equity, and equity raise fees ranging from 0.5% to 1.5% (2023 – 0.5% to 1%) of proceeds from units issued during the year. For the year ended December 31, 2024, Skyline Apartment REIT paid to the Exempt Market Dealer $7.43 million in wealth management fees (2023 – $7.19 million), and $1.26 million in equity raise fees (2023 – $961 thousand)

Services of the Mortgage Underwriting Manager

Skyline Apartment REIT has an arrangement with Skyline Mortgage Finance Inc. (the "Underwriting Manager"), wherein the Underwriting Manager assists Skyline Apartment REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Apartment REIT pays the Underwriting Manager $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 35 bps on mortgage principal for all other mortgages. For the year ended December 31, 2024, Skyline Apartment REIT paid to the Underwriting Manager $2.69 million in mortgage underwriting fees (2023 – $1.95 million).

Legal Services Manager

Skyline Apartment REIT had an arrangement with Skyline Private Investment Capital Inc. (the "Legal Services Manager"), wherein the Legal Services Manager provides advice to Skyline Apartment REIT on the use of external legal counsel, and manages external legal counsel on behalf of Skyline Apartment REIT (the "Legal Services Arrangement"), the costs for which are approved annually by Skyline Apartment REIT's independent Trustees. For the year ended December 31, 2024, Skyline Apartment REIT paid to the Legal Services Manager $2.75 million in legal services (2023 – 3.12 million).

Services of the Solar Asset Manager

Skyline Apartment REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the "Solar Asset Manager"). The solar asset management fees payable under the arrangement are equal to $20 (not in thousands of Canadian dollars) per kilowatt of direct current per annum for each solar system managed by the Solar Asset Manager. For the year ended December 31, 2024, Skyline Apartment REIT paid to the Solar Asset Manager $49 thousand in solar asset management fees (2023 – $62 thousand).

Services of the CAPEX Provider

Skyline Apartment REIT has an arrangement with Skyline Capital Projects Management Inc (the "CAPEX Provider"), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Apartment REIT's independent Trustees. For the year ended December 31, 2024, Skyline Apartment REIT paid to the CAPEX Provider $588 thousand in CAPEX management fees (2023 – $1.88 million).

Services of the Development Manager

Skyline Apartment REIT has an arrangement with Skydevco Inc (the "Development Manager"), who provides development consulting services to SRELP, the costs for which are approved from time to time by Skyline Apartment REIT's independent Trustees. For the year ended December 31, 2024, Skyline Apartment REIT paid to the Development Manager $2.37 million in development service fees (2023 – $1.04 million).

Services of the Administration Manager

Skyline Apartment REIT has an arrangement with Skyline Enterprises Management Inc. (the "Administration Manager"), who provides administrative services and environmental, social, and governance ("ESG") management to Skyline Apartment REIT, the costs for which are approved annually by Skyline Apartment REIT's independent Trustees. For the year ended December 31, 2024, Skyline Apartment REIT paid to the Administration Manager $525 thousand in administration fees (2023 – 656 thousand) and $261 thousand in ESG management fees (2023 – $263 thousand).

RISKS AND UNCERTAINTIES

Skyline Apartment REIT must adhere to specific operating and investment guidelines as set out in the DOT. These guidelines are established to limit to the best extent possible the risks and uncertainties that exist.

Real Property Ownership

All real property investments are subject to elements of risk. Such investments are affected by general economic conditions, local real estate markets, demand for Apartment premises, competition from other Apartment premises and various other factors.

Certain significant expenditures, including property taxes, capital repair and replacement costs, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether the property is producing any income. If Skyline Apartment REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Skyline Apartment REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Skyline Apartment REIT were required to liquidate its real property investments, the proceeds to Skyline Apartment REIT might be significantly less than the aggregate value of its properties on a going concern basis.

Skyline Apartment REIT will be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the Properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness.

Tenant Terminations and Financial Stability

Skyline Apartment REIT's distributable income would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the existing properties and any additional properties in which Skyline Apartment REIT acquires an interest were not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed, or the tenant replaced. The terms of any subsequent lease may be less favourable to Skyline Apartment REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting Skyline Apartment REIT's investment may be incurred. Furthermore, at any time, a tenant of any of Skyline Apartment REIT's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to Skyline Apartment REIT. The ability to rent unleased space in the properties in which Skyline Apartment REIT will have an interest will be affected by many factors. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on Skyline Apartment REIT's financial condition.

Revenue Producing Properties

The properties generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed, or the tenant replaced. The terms of any subsequent lease may be less favourable to Skyline Apartment REIT than the existing lease.

Competition for Real Property Investments

Skyline Apartment REIT competes for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those desired by Skyline Apartment REIT. A number of these investors may have greater financial resources than those of Skyline Apartment REIT or operate without the investment or operating restrictions of Skyline Apartment REIT or according to more flexible conditions. An increase in the availability of investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

Competition for Tenants

The real estate business is competitive. Numerous other developers, managers and owners of properties compete with Skyline Apartment REIT in seeking tenants. The existence of competing developers, managers and owners and competition for Skyline Apartment REIT's tenants could have an adverse effect on Skyline Apartment REIT's ability to lease space in its properties and on the rents charged.

Interest Rates

It is anticipated that the market price for the REIT units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the market price of the REIT units. Changes in interest rates may also have effects on vacancy rates, rent levels, refurbishing costs and other factors affecting Skyline Apartment REIT's business and profitability.

General Economic Conditions

Skyline Apartment REIT is affected by general economic conditions, local real estate markets, competition from other available rental premises, including new developments, and various other factors. The existence of competing developers, managers and owners and competition for Skyline Apartment REIT's tenants could have an adverse effect on Skyline Apartment REIT's ability to lease space in its properties and on the rents charged, increased leasing and marketing costs and increased refurbishing costs necessary to lease and release space, all of which could adversely affect Skyline Apartment REIT's revenues and, consequently, its ability to meet its obligations. In addition, any increase in the supply of available space in the markets in which Skyline Apartment REIT operates or may operate could have an adverse effect on Skyline Apartment REIT.

General Uninsured Losses

Skyline Apartment REIT carries comprehensive general liability, fire, flood, extended coverage, rental loss and pollution insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars) which are either uninsurable or not insurable on an economically viable basis. Skyline Apartment REIT has insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if economical to do so. Should an uninsured or underinsured loss occur, Skyline Apartment REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but Skyline Apartment REIT would continue to be obligated to repay any recourse mortgage indebtedness on such properties.

Availability of Cash Flow

Distributable income may exceed actual cash available to Skyline Apartment REIT from time to time because of items such as principal repayments of debt, tenant inducements, leasing commissions and capital expenditures, if any. Skyline Apartment REIT may be required to use part of its debt capacity or reduce distributions in order to accommodate such items.

Access to Capital

The real estate industry is highly capital intensive. Skyline Apartment REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There is no assurance that capital will be available when needed or on favourable terms.

Environmental Matters

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive, in recent years. Under various laws, Skyline Apartment REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Where a property is purchased, and new financing is obtained, Phase I Environmental Assessments are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II Environmental Assessment that the Asset Manager will rely upon and/or determine whether an update is necessary.

Unitholder Liability

Because of uncertainties in the law relating to investment trusts, there is a risk, which is considered by counsel to Skyline Apartment REIT to be remote in the circumstance, that a REIT Unitholder could be held personally liable for obligations of Skyline Apartment REIT (to the extent that claims are not satisfied by Skyline Apartment REIT) in respect of contracts which Skyline Apartment REIT enters into and for certain liabilities arising other than out of contract including claims in tort, claims for taxes and possibly certain other statutory liabilities. The Trustees intend to cause Skyline Apartment REIT's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of Skyline Apartment REIT contain an express disavowal of liability against Unitholders.

Dependence on Key Personnel

The management of Skyline Apartment REIT depends on the services of certain key personnel. The end of employment of any of these key personnel could have a material adverse effect on Skyline Apartment REIT.

Potential Conflicts of Interest

Skyline Apartment REIT may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of Skyline Apartment REIT and the senior officers of the Asset Manager, the Operations Manager and the Wealth Manager are engaged in a wide range of real estate and other business activities. Skyline Apartment REIT may become involved in transactions which conflict with the interests of the foregoing.

The Trustees may from time to time deal with persons, firms, institutions or corporations with which Skyline Apartment REIT may be dealing, or which may be seeking investments similar to those desired by Skyline Apartment REIT. The interests of these persons could conflict with those of Skyline Apartment REIT. In addition, from time to time, these persons may be competing with Skyline Apartment REIT for available investment opportunities.

The Skyline Apartment REIT DOT contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and to refrain from voting thereon.

Tax Related Risks

There can be no assurance that income tax laws and the treatment of mutual fund trusts will not be changed in a manner which adversely affects Skyline Apartment REIT or the Unitholders.

In addition, REIT Unitholders may become subject to provincial taxes, such as Ontario Land Transfer Tax, in respect of their REIT units.

If Skyline Apartment REIT fails or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the tax consequences described under Item 6 "Income Tax Consequences and RRSP Eligibility" would in some respects be materially and adversely different. Such adverse differences would include that if Skyline Apartment REIT did not qualify as a mutual fund trust throughout a taxation year, it would be subject to a special tax under Part XII.2 of the Tax Act for such taxation year to the extent that its designated income (which includes income from real property) is distributed to a designated beneficiary (which includes non-resident persons and certain tax-exempt persons).

If investments in Skyline Apartment REIT become publicly listed or traded, there can be no assurances that Skyline Apartment REIT will not be subject to the SIFT Rules, as described under "Income Tax Consequences and RRSP Eligibility – SIFT Rules", at that time.

Skyline Apartment REIT or its subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect Skyline Apartment REIT.

Since the net income of Skyline Apartment REIT will be distributed on a monthly basis, a purchaser of a REIT unit may become taxable on a portion of the net income of Skyline Apartment REIT accrued or realized by Skyline Apartment REIT in a month before the time the REIT unit was purchased but which was not paid or made payable to Unitholders until the end of the month and after the time the REIT unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year

before the time the REIT unit was purchased, but which is paid or made payable to Unitholders at year-end and after the time the REIT unit was purchased.

The LRE Rules could potentially apply to Skyline Apartment REIT if a person (or group of persons) was to acquire more than 50% of the fair market value of the REIT Units, with the consequences described under Item 6 "Income Tax Consequences and Registered Retirement Savings Plan (RRSP) Eligibility – Taxation of Skyline Apartment REIT".

Dilution

The number of REIT units Skyline Apartment REIT is authorized to issue is unlimited. The Skyline Apartment REIT Trustees have the discretion to issue additional REIT units in other circumstances, pursuant to Skyline Apartment REIT's various incentive plans. Any issuance of additional REIT units may have a dilutive effect on the holders of REIT units.

Restrictions on Potential Growth and Reliance on Credit Facilities

The payout by Skyline Apartment REIT of a substantial part of its operating cash flow could adversely affect Skyline Apartment REIT's ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if current credit facilities were to be cancelled or could not be renewed at maturity on similar terms, Skyline Apartment REIT could be materially and adversely affected.

Financing

Skyline Apartment REIT is subject to the risks associated with debt financing, including the risk that Skyline Apartment REIT may be unable to make interest or principal payments or meet loan covenants, the risk that defaults under a loan could result in cross defaults or other lender rights or remedies under other loans, and the risk that existing indebtedness may not be able to be refinanced or that the terms of such refinancing may not be as favourable as the terms of existing indebtedness. A portion of Skyline's acquisition and operating facility is at floating interest rates, and accordingly, changes in short-term borrowing will affect Skyline Apartment REIT's costs of borrowing.

Liquidity

An investment in the units is an illiquid investment. There is currently no market through which the units may be sold, and redemptions are subject to restrictions imposed in the DOT and applicable securities regulation. The Trust is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the units. Accordingly, investors will be unable to sell the units, subject to some limited exceptions. Consequently, holders of units may not be able to liquidate their investment in a timely manner.

Nature of REIT Units

The REIT units are not the same as shares of a corporation. As a result, the Unitholders will not have the statutory rights and remedies normally associated with share ownership, such as the right to bring "oppression" or "derivative" actions.

Redemptions

The entitlement of Unitholders to receive cash in respect of units tendered for redemption is subject to a Monthly Limit. Where the monthly limit is exceeded, a portion of the redemption amount to which the Unitholder would otherwise be entitled shall be paid and satisfied in cash and, subject to receipt of all necessary regulatory approvals, the remainder shall be paid and satisfied by way of issuance to the Unitholder of a Trust Note in accordance with the DOT.

Unexpected Costs or Liabilities Related to Acquisitions

A risk associated with acquisitions is that there may be an undisclosed or unknown liability concerning the acquired property, and Skyline Apartment REIT may not be indemnified for some or all of these liabilities. Following an acquisition, Skyline Apartment REIT may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by the Asset Manager are designed to address this risk. The Asset Manager performs what it believes to be an appropriate level of investigation in connection with the acquisition of properties by Skyline Apartment REIT and seeks through contract to ensure that risks lie with the appropriate party.

RISKS AND UNCERTAINTIES CONT.

Litigation Risks

In the normal course of Skyline Apartment REIT's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending, or future proceedings cannot be predicted with certainty and may be determined in a manner that is materially adverse to Skyline Apartment REIT and as a result, could materially adversely affect the business, results of operations and financial condition of Skyline Apartment REIT. Even if Skyline Apartment REIT prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from Skyline Apartment REIT's business operations which could materially adversely affect the business, results of operations and financial condition of Skyline Apartment REIT and its ability to pay distributions on REIT Units.

Cybersecurity Risk

The efficient operation of Skyline Apartment REIT's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of Skyline Apartment REIT's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Skyline Apartment REIT's primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with tenants, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. Skyline Apartment REIT has cybersecurity insurance in place to mitigate cybersecurity risk. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

Geopolitical Risks

There are risks of geopolitical instability, for example, from factors such as political conflict, sanctions, tariffs, protectionist trade policies (such as the incentives for onshoring manufacturing in the U.S. and other countries), income inequality, refugee migration, terrorism, armed conflict, the potential break-up of countries or political-economic unions, and political corruption. For example, the U.S. has expressed its intention to implement significant tariff increases on imported goods and other trade restrictions, potentially straining international trade relations and prompting retaliatory tariffs from foreign governments. Certain inputs essential for constructing and/or operating infrastructure that affects Skyline Apartment REIT's performance may originate from jurisdictions subject to such tariffs. The imposition of these tariffs or the inability to obtain such inputs from an alternative source may have an adverse effect on Skyline Apartment REIT's business, properties, investments, operations and/or its financial results.

SUBSEQUENT EVENTS

Subsequent to year end, the following investment activity occurred:

Subsequent to year end, Skyline Apartment REIT acquired one property in Guelph, Ontario with an aggregate cost of $40.1 million. Skyline Apartment REIT will be assuming mortgages of $24.6 million on this acquisition.

Subsequent to year end, Skyline Apartment REIT sold one property in Dawson Creek, British Columbia for proceeds of $10.1 million. The aggregate loss on this disposition is $3.8 million, from which $0 is expected to be paid to the general partner, Skyline Incorporated.

REIT Unitholders - Investment Activity Class A ($ thousands, except where noted)	**Number of Units**	**Amount ($)**
Class A units outstanding, January 1, 2025	**66,887,742**	**$912,103**
Proceeds from REIT units issued	962,201	28,385
Exchange of LP units	7,877	232
Units issued through DRIP	351,353	10,381
Units converted to Class F units	(58,813)	(1,735)
Redemptions - REIT units	(929,137)	(27,410)
Redemptions - REIT units (exchanged LP units)	(7,877)	(232)
REIT units outstanding, April 30 ,2025	**67,213,346**	**$921,724**
Weighted average Class A units outstanding	**66,957,815**	

SUBSEQUENT EVENTS CONT.

REIT Unitholders - Investment Activity Class F ($ thousands, except where noted)	Number of Units	Amount ($)
Class F units outstanding, January 1, 2025	**4,426,774**	**95,890**
Proceeds from REIT units issued	485,697	14,328
Units issued through DRIP	33,293	982
Units converted from Class A units	58,813	1,735
Redemptions - REIT units	(153,528)	(4,529)
REIT units oustanding, April 30, 2025	**4,851,049**	**108,406**
Weighted average Class F units outstanding	**4,495,931**	

LP Unitholders - Investment Activity ($ thousands, except where noted)	Number of Units	Amount ($)
LP units outstanding, January 1, 2025	**7,191,668**	**212,154**
Proceeds from LP units issued	-	-
Units issued through DRIP	-	-
Redemptions - LP units (exchanged to REIT units)	(7,877)	(232)
Change in fair value	-	-
LP units oustanding, April 30, 2025	**7,183,791**	**211,922**
Weighted average LP units outstanding	**7,190,355**	

The Two Hundred On Broad Apartments
200 Broad Street Bedford
Bedford, Nova Scotia

SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of: Skyline Apartment Real Estate Investment Trust

Opinion

We have audited the accompanying financial statements of Skyline Apartment Real Estate Investment Trust, which comprise the consolidated statement of financial position as at December 31, 2024 and December 31, 2023 and the consolidated statements of income and comprehensive income, changes in unitholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Skyline Apartment Real Estate Investment Trust as at December 31, 2024 and December 31, 2023 and the results of its operations and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Skyline Apartment Real Estate Investment Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Skyline Apartment Real Estate Investment Trust's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate Skyline Apartment Real Estate Investment Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Skyline Apartment Real Estate Investment Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

GUELPH OFFICE 103-197 HANLON CREEK BLVD, GUELPH, ON • TEL: 519-822-9933 • FAX: 519-822-9212 • RLB.CA

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skyline Apartment Real Estate Investment Trust's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Skyline Apartment Real Estate Investment Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Skyline Apartment Real Estate Investment Trust to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RLB LLP

Guelph, Ontario
March 19, 2025

Chartered Professional Accountants
Licensed Public Accountants

SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023
ASSETS		
Investment properties (note 6)	$ 5,033,583	$ 4,991,814
Investment properties held for sale (note 7)	23,757	8,115
Property, plant and equipment (note 9)	6,585	5,330
Inventories (note 3 (h))	2,686	2,888
Other assets (note 10)	26,649	19,953
Accounts receivable (note 15)	15,823	15,082
Cash	60,704	20,854
	$ 5,169,787	$ 5,064,036
LIABILITIES AND UNITHOLDERS' EQUITY		
Mortgages payable (notes 11, 15)	$ 2,749,902	$ 2,658,778
Limited partnership units (notes 15, 18)	212,154	199,666
Due to related parties (notes 12, 15)	7,997	21,772
Liabilities related to investment properties held for sale (note 7)	7,080	353
Tenant deposits	25,739	24,949
Accounts payable and accrued liabilities (note 15)	37,441	31,830
Revolving credit facilities (note 15)	180,000	120,000
	3,220,313	3,057,348
Unitholders' equity (page 6)	1,949,474	2,006,688
	$ 5,169,787	$ 5,064,036

_______________________________ Trustee   _______________________________ Trustee

See notes to the consolidated financial statements

SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023
OPENING BALANCE	$ 2,006,688	$ 2,020,209
Proceeds from units issued (note 17)	76,234	96,342
Units issued through distribution reinvestment plan (note 17)	35,602	33,723
Exchange of Class C limited partnership units (note 17)	100	100
Income and comprehensive income for the year (page 7)	33,664	33,022
Issuance costs (note 12)	(1,330)	(1,020)
Redemptions (note 17)	(122,641)	(96,695)
Distributions paid	(78,843)	(78,993)
CLOSING BALANCE	$ 1,949,474	$ 2,006,688

See notes to the consolidated financial statements

SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023 (note 21)
PROPERTY REVENUES		
Residential rent	$ 373,467	$ 351,767
Commercial rent	5,981	7,083
Condominium sales	380	0
	379,828	358,850
DIRECT PROPERTY EXPENSES		
Property taxes	43,571	42,678
Other direct property costs	86,700	82,828
Utilities	31,781	32,982
Condominium cost of sales	202	0
	162,254	158,488
NET PROPERTY INCOME	217,574	200,362
OTHER EXPENSES		
Financing costs (note 13)		
Interest paid on debt	112,899	97,239
Distributions on partnership units	47,925	47,452
Administrative expenses	8,494	8,498
Wealth management fees (note 12)	7,429	7,194
Amortization	779	1,082
	177,526	161,465
INCOME BEFORE THE UNDERNOTED	40,048	38,897
Fair value (loss) gain (note 21)	(11,323)	109,219
Fair value gain on disposed investment properties (note 21)	17,527	3,904
Fair value loss on limited partnership units	(12,588)	(8,998)
Asset management internalization cost (note 12)	0	(110,000)
	(6,384)	(5,875)
INCOME AND COMPREHENSIVE INCOME for the year	$ 33,664	$ 33,022

See notes to the consolidated financial statements

SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023 (note 21)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Income and comprehensive income for the year	$ 33,664	$ 33,022
Items not requiring an outlay of cash:		
Amortization (note 9)	779	1,082
Amortization of financing costs (note 13)	8,092	6,608
Financing costs in operations (note 13)	152,192	137,599
Fair value loss (gain) (note 21)	11,323	(109,219)
Fair value gain on disposed investment properties (note 21)	(17,527)	(3,904)
Fair value loss on limited partnership units	12,588	8,998
Asset management internalization cost (note 12)	0	110,000
Accumulated amortization on previous owner-occupied property (note 9)	(685)	0
	200,426	184,186
Changes in non-cash working capital		
Inventories	202	0
Other assets	(6,937)	(4,389)
Accounts receivable	(1,122)	(6,885)
Tenant deposits	931	2,832
Accounts payable and accrued liabilities	5,656	2,207
	199,156	177,951
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Net (repayments to) advances of amounts due to related parties (note 12)	(13,775)	8,469
Mortgages payable (net repayments and advances) (note 11)	204,858	293,539
Mortgages discharged due to disposal of investment properties (notes 6, 11)	(115,285)	(115,452)
Interest paid on mortgages payable (note 13)	(91,885)	(77,584)
Distributions paid on partnership units (notes 12, 13, 18)	(47,925)	(47,452)
Net revolving credit facility proceeds (repayment) (note 15)	60,000	(27,573)
Interest paid on revolving credit facility (note 13)	(12,382)	(12,563)
Proceeds from units issued (note 17)	76,234	96,342
Issuance costs (note 12)	(1,330)	(1,020)
Redemption of units (note 17)	(122,641)	(96,695)
Distributions paid (net of distribution reinvestment plan)	(43,241)	(45,270)
	(107,372)	(25,259)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to investment properties (note 6)	(283,343)	(385,467)
Proceeds on disposition of investment properties (note 6)	223,622	226,741
Proceeds on disposition of investment properties held for sale (note 6)	8,100	26,854
Additions to property, plant and equipment (note 9)	(313)	(383)
	(51,934)	(132,255)
INCREASE IN CASH for the year	39,850	20,437
CASH, beginning of year	20,854	417
CASH, end of year	$ 60,704	$ 20,854

See notes to the consolidated financial statements

1. NATURE OF BUSINESS

Skyline Apartment Real Estate Investment Trust ("Skyline Apt. REIT") is an unincorporated, open-ended private real estate investment trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated June 1, 2006.

Skyline Real Estate Limited Partnership ("RELP") was created on June 1, 2006 as a limited partnership under the laws of the Province of Ontario. The general partner is Skyline Incorporated and the majority limited partner is Skyline Operating Trust. Skyline Operating Trust has issued 100% of its units to Skyline Apt. REIT, and is 100% controlled by Skyline Apt. REIT.

As of December 31, 2024, RELP owned two hundred and thirty-three (2023 - two hundred and forty) multi-residential investment properties and two (2023 - three) commercial investment properties, all of which are located in Canada.

Skyline Apt. REIT is domiciled in Ontario, Canada. The address of Skyline Apt. REIT's registered office and its principal place of business is 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8.

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements of Skyline Apt. REIT for the year ended December 31, 2024 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the years presented, unless otherwise noted.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying Skyline Apt. REIT's accounting policies.

The consolidated financial statements are presented in accordance with IAS 1 - Presentation of consolidated financial statements ("IAS 1"). Skyline Apt. REIT has elected to present the Statement of Income and Comprehensive Income in one statement.

The consolidated financial statements for the year ended December 31, 2024 (including comparatives) were approved for issue by the Board of Trustees on March 19, 2025.

(b) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis modified to include the fair value measurement of investment properties and assets held for sale, as set out in the relevant accounting policies.

2. BASIS OF PRESENTATION (continued)

(c) FUNCTIONAL CURRENCY AND PRESENTATION

The consolidated financial statements are presented in Canadian dollars, which is also Skyline Apt. REIT's functional currency. All financial information presented in Canadian dollars is rounded to the nearest thousand.

Skyline Apt. REIT presents its consolidated statement of financial position based on the liquidity method, where all assets and liabilities are presented in the ascending order of liquidity.

(d) USE OF ESTIMATES

The preparation of these consolidated financial statements requires Skyline Apt. REIT to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and the revision affects both current and future periods.

Significant estimates and assumptions include the fair values assigned to investment properties, useful lives of property, plant and equipment to calculate amortization, and allowances for doubtful accounts. Valuation of investment properties is one of the principal estimates and uncertainties of these consolidated financial statements. Refer to note 6 for further information on estimates and assumptions made in the determination of the fair value of investment properties.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS and include the following material accounting policies:

Accounting standards implemented in 2024

On January 1, 2024, Skyline Apt. REIT adopted the following amendment to IAS 1 - Presentation of financial statements. The amendment standard updated the definition of a liability and the classification of liabilities between current and non-current. There is no material impact from the adoption of this amendment.

On January 1, 2024, Skyline Apt. REIT adopted the following amendment to IAS 1 - Presentation of financial statements. The amended standard updated the criteria for classifying liabilities with covenants as current or non-current. There is no material impact from the adoption of this amendment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

On January 1, 2024, Skyline Apt. REIT adopted the following amendment to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments. The amended standard requires the entity to disclose information about its supplier finance arrangements that enables users of the financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. Furthermore, the amended standard requires disclosures on concentrations of risk in relation to the amended IAS 7 - Statement of Cash Flows. There is no material impact from the adoption of this amendment.

Material accounting policies

(a) INVESTMENT PROPERTIES

Investment properties are properties held to earn rental income and are accounted for using the fair value model, in accordance with IFRS 13 - Fair Value Measurement ("IFRS 13"). Rental income and operating expenses from investment properties are reported within 'revenue' and 'expenses' respectively.

Properties that are held for long term rental yields or for capital appreciation or both, and that are not occupied by Skyline Apt. REIT, are classified as investment properties, in accordance with IAS 40 - Investment Properties ("IAS 40").

In accordance with IFRS 3 - Business Combinations, when Skyline Apt. REIT acquires properties or a portfolio of properties and does not take on or assume employees or does not acquire an operating platform, it classifies the acquisition as an asset acquisition.

In accordance with IAS 40, investment properties are measured initially at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value. Fair value is determined using a combination of external valuation processes and internal valuation techniques that are in accordance with IFRS 13. For properties purchased within one year of the reporting date, the purchase price is considered fair value, unless significant events or changes have occurred to the property that would significantly alter its fair value. Properties appraised by qualified third party appraisers within the past twelve months are not revalued, unless significant changes or events have occurred to the property since the appraisal date. A minimum of 20% of the total number of investment properties that account for at least 25% of the preceding year's total fair value of investment properties are appraised on an annual basis, such that each property is appraised by an independent third party at least once every five years. All other investment properties are valued internally, using market supported financial metrics that are in accordance with IFRS 13, in tandem with current property details including, among other things, rent rolls from current leases and assumptions about rental income from future leases in light of current market conditions, and, any cash outflows that could be expected in respect of the property except for those outflows that relate to liabilities recognized on the consolidated statement of financial position. Skyline Apt. REIT also uses extensive market comparable sales to support valuation capitalization rates for different types of assets in different markets. These valuations form the basis for the carrying amounts in the consolidated financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

The fair value of an investment property does not reflect future capital expenditures that will improve or enhance the property and does not reflect the related future benefits from the future expenditures other than those a rational market participant would take into account when determining the value of the property.

Investment properties that are being redeveloped for continuing use as investment property or for which the market has become less active continue to be measured at fair value.

Subsequent expenditures are capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to Skyline Apt. REIT and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Skyline Apt. REIT uses the concept of stabilizing and value enhancing capital expenditures to understand when repairs and maintenance should be capitalized. A "stabilized property" is one that has been owned for a period of at least twenty-four months. All properties owned for a period of less than twenty-four months are referred to as "unstabilized".

While an investment property is classified as unstabilized, costs incurred for repairs and maintenance in excess of $425 (not in thousands of Canadian dollars) per annum per suite may be allocated from repairs and maintenance to be capitalized to the cost of the respective investment property as it is assumed that a future economic benefit will likely be realized from this level of expenditure. Once an investment property is classified as stabilized, costs incurred for repairs and maintenance in excess of $810 (not in thousands of Canadian dollars) per annum per suite may be allocated from repairs and maintenance to be capitalized to the cost of the respective investment property.

Included in the determination of repairs and maintenance are costs incurred in incremental administrative wages for resident managers or on-site staff. Amounts in excess of $30 (not in thousands of Canadian dollars) per month per suite are allocated from resident manager's wages to repairs and maintenance.

Changes in fair values are recognized in the consolidated statement of income and comprehensive income. Investment properties are derecognized when they have been disposed.

Where Skyline Apt. REIT disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income within the fair value adjustment on investment property.

Investment properties are reclassified to "Assets Held for Sale" when the criteria set out in IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations ("IFRS 5") are met (see note 3(b)).

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

As investment properties are measured at fair value, they are implicitly tested for impairment annually. There is no specific impairment test relating to investment properties other than the fair value methodology.

The initial cost of properties under development includes the acquisition cost of the property, direct development costs, realty taxes and borrowing costs attributable to the development. Borrowing costs associated with direct expenditures on properties under development are capitalized. The amount of capitalized borrowing costs is determined by reference to borrowings specific to the project. Borrowing costs are capitalized from the commencement of the development until the date of practical completion where the property is substantially ready for its intended use. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. Practical completion is when the property is capable of operating in the manner intended by Management. Generally, this occurs upon completion of construction and receipt of all necessary occupancy and other material permits. If Skyline Apt. REIT has pre-leased space at or prior to the property being substantially ready for its intended use, and the lease requires tenant improvements which enhance the value of the property, practical completion is considered to occur when such improvements are completed.

(b) ASSETS HELD FOR SALE

In accordance with IFRS 5, non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. For this purpose, a sale is highly probable if Management is committed to a plan to achieve the sale; there is an active program to find a buyer; the non-current asset is being actively marketed at a reasonable price; the sale is anticipated to be completed within one year from the date of classification; and it is unlikely there will be changes to the plan.

At the date when an investment property ceases to be classified as held for sale, it is measured at the lower of its carrying amount before it was classified as held for sale, adjusted for any amortization or revaluations that would have been recognized had the investment property not been classified as held for sale, and its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the present value of estimated future cash flows expected to arise from the continuing use and eventual disposal of the investment property. Current assets or disposal groups held for sale are measured at the lower of the carrying amount and fair value less costs to sell.

(c) REVENUE RECOGNITION

Rental revenue includes rents from tenants under leases, property tax and operating cost recoveries, parking income and incidental income. Skyline Apt. REIT has retained substantially all the risks and rewards of ownership of its investment properties and accounts for its rents from tenants as operating leases. The performance obligations on the investment properties are satisfied over time as services are provided to tenants over the period that they occupy the premises. Revenue from operating leases is recognized on a straight line basis over the term of the lease.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) REVENUE RECOGNITION (continued)

Tenant inducements are recognized at fair value at the inception of the lease and are amortized through revenue on a straight line basis over the life of the lease.

Sales of condominium units are recognized as revenue as of the date that the sale of the unit is closed.

(d) FINANCIAL INSTRUMENTS

Skyline Apt. REIT's financial instruments and their respective classification and measurement characteristics, are as follows:

Asset/Liability	Classification/Measurement
Cash	Amortized cost
Accounts receivable	Amortized cost
Mortgages and notes receivable	Amortized cost
Mortgages payable	Amortized cost
Due to related parties	Amortized cost
Limited partnership units	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost
Revolving credit facilities	Amortized cost

Financial Assets

Financial assets are classified at initial recognition, as either financial assets at fair value through profit or loss ("FVTPL"), or amortized cost. Financial assets that give rise to specified payments of principal and interest are carried at amortized cost when they are held to collect contractual cash flows. All other financial assets are carried at fair value through profit or loss. When financial assets are recognized initially, they are measured at fair value, plus directly attributable transaction costs for those financial assets not subsequently measured at fair value.

Skyline Apt. REIT’s financial assets are derecognized only when the contractual rights to the cash flows from the financial asset expire or substantially the entity loses control of all or part of the assets.

Skyline Apt. REIT’s financial assets are all classified as amortized cost and include cash, accounts receivable and mortgage and notes receivable. They are initially recognized at fair value and subsequently measured at amortized cost less provision for impairment.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS (continued)

Provision for impairment is made based on the simplified expected credit loss ("ECL") model. Under the simplified ECL model, Skyline Apt. REIT estimates lifetime expected losses for its receivables at each statement of financial position date based on available information. To measure the expected losses, amounts receivable are grouped based on days past due. The results of the simplified ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized through income. Bad debt write-offs occur when Skyline Apt. REIT determines collection is not possible. If, in a subsequent period, the impairment loss decreases and the decrease can be related objectively to an event occurring in the subsequent period, the impairment loss is reversed to no more than its previous carrying amount by adjusting the allowance. The reversal is recognized through income. Impaired receivables are derecognized when they become uncollectible.

Financial Liabilities
Financial liabilities are classified at initial recognition as either financial liabilities at FVTPL, or amortized cost, as appropriate. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Skyline Apt. REIT’s financial liabilities are all classified as amortized cost and include mortgages payable, due to related parties, revolving credit facilities and accounts payable and accrued liabilities. These financial liabilities are measured initially at fair value and subsequently at amortized cost. The fair value of a non-interest bearing liability is its discounted payment amount. If the due date of the liability is less than one year, discounting is omitted.

Skyline Apt. REIT's mortgages payable consists of the legal liabilities owing pursuant to loans secured by mortgages and premiums and discounts recognized on loans assumed on acquisition of properties, netted against the transaction costs, and the effective interest method of amortization is applied to the premiums, discounts and transaction costs.

Skyline Apt. REIT's financial liabilities classified as financial liabilities at FVTPL include the limited partnership units. These financial liabilities are measured initially and subsequently at fair value and any gains or losses arising on remeasurement are recognized in consolidated income.

(e) INCOME TAXES

Skyline Apt. REIT qualifies as a mutual fund trust and real estate investment trust pursuant to the Income Tax Act. Under current legislation, a real estate investment trust is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided its taxable income is fully distributed to unitholders. Skyline Apt. REIT intends to continue to qualify as a real estate investment trust and to make distributions not less than the amount necessary to ensure Skyline Apt. REIT will not be liable to pay income taxes. Accordingly, no provision for income taxes has been made.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost and amortized on the basis of its estimated useful life using the following methods and rates:

Computer equipment	- 55% declining balance basis
Equipment	- 20% declining balance basis
Owner-occupied property - building	- 4% declining balance basis

Amortization is recorded at 50% of the above rates in the year of addition.

(g) JOINT OPERATIONS

Skyline Apt. REIT considers investments in joint arrangements to be a joint operation when it jointly makes operating, financial and strategic decisions over one or more investment properties with another party, and has direct rights to the assets and obligations for the liabilities relating to the arrangement. When the arrangement is considered to be a joint operation, Skyline Apt. REIT will include its share of the underlying assets, liabilities, revenue and expenses in its consolidated financial results.

(h) INVENTORIES

Inventories include condominium units that are held for sale by Skyline Apt. REIT and are carried at the lesser of cost and net realizable value. Properties that were initially purchased as investment property for leasing and capital appreciation purposes are held as investment property on the consolidated statement of financial position until such time that Management develops the property into a condominium building where the units will be individually sold. At the time of development, the units are transferred from investment property to inventories at their deemed cost, being the fair market value at the time of transfer. Subsequent holding costs related to the property including maintenance, property tax and utilities, are not included in the cost of the inventories. Any income or expenses related to these condominium units are included in the consolidated statement of income and comprehensive income in the year they are received or incurred. The deemed cost of the property is allocated to the individual units that are held for sale and expensed at the time of sale of each unit.

(i) DISTRIBUTION REINVESTMENT PLAN (DRIP)

Skyline Apt. REIT has instituted a DRIP whereby unitholders may elect to have their distributions automatically reinvested in additional units. There are no special terms, such as premiums on distribution rates, for plan participants.

(j) FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. In estimating the fair value of an asset or a liability, Skyline Apt. REIT considers the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(j) FAIR VALUE MEASUREMENT (continued)

Assets and liabilities that are measured at fair value in the consolidated statement of financial position are categorized by level according to the significance of the inputs used in making the measurements. The levels of inputs are defined as follows:

Level 1 inputs
Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs
Inputs other than quoted prices (included in Level 1) that are observable for the asset or the liability, either directly or indirectly.

Level 3 inputs
Unobservable inputs for the asset or liability.

Skyline Apt. REIT’s policy is to recognize transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

(k) PROVISIONS

Provisions are recognized when Skyline Apt. REIT has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date. Provisions are measured at their present value by discounting the future cash flows from the expected date the obligation is to be settled. The discount rate used reflects current market assessments of the time value of money adjusted by the risk factor specific to the obligation. The unwinding of the discount due to the passage of time is recognized as interest expense.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of Skyline Apt. REIT's consolidated financial statements are disclosed below. Skyline Apt. REIT intends to adopt these standards, if applicable, when they become effective.

IFRS 9 and 7 - In May 2024, the IASB issued amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures. The amendments clarify the timing of recognition and derecognition for a financial asset or financial liability, including clarifying that a financial liability is derecognized on the settlement date. Further, the amendments introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date, if specific conditions are met. The amendments also require additional disclosures for financial instruments with contingent features and investments in equity instruments classified at fair value through other comprehensive income. These amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, with an option to early adopt only the amendments related to the classification of financial assets.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 9 and 7 - In December 2024, the IASB issued amendments to IFRS 9: Financial Instruments and IFRS 7 - Financial Instruments: Disclosures. The amendments have updated the disclosure for purchasers of electricity under power purchase agreements ("PPAs") and hedge accounting requirements for entities that hedge their purchases or sales of electricity using PPAs. These amendments are effective for annual reporting periods beginning on or after January 1, 2026.

IFRS 18 - In April 2024, the IASB issued a new standard, IFRS 18 - Presentation and Disclosure in Financial Statements which will be effective for years beginning on or after January 1, 2027. This new standard will replace IAS 1 - Presentation of Financial Statements, introducing new requirements that are intended to help achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. The recognition and measurement of items in the financial statements will not be impacted by this new standard, but its impact on presentation and disclosure could be pervasive.

IAS 28 - In May 2014, the IASB issued an amendment to IAS 28 - Investments in Associates and Joint Ventures. The amended standard will update the equity method procedures for recognizing the sale or contribution of assets between an investor and its associate or joint venture. The effective date has been deferred indefinitely.

Skyline Apt. REIT does not expect any significant impact as a result of these amendments.

5. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Skyline Apt. REIT and its subsidiaries, Skyline Operating Trust and RELP.

Subsidiaries are entities over which Skyline Apt. REIT has control, where control is defined as the power to govern financial and operating policies of an entity so as to obtain benefit from its activities. Subsidiaries are fully consolidated from the date control is transferred to Skyline Apt. REIT, and are de-consolidated from the date control ceases. Intercompany transactions between subsidiaries are eliminated on consolidation. All subsidiaries have a reporting date of December 31.

Skyline Apt. REIT carries out a portion of its activities through joint operations and records its proportionate share of assets, liabilities, revenues, expenses and cash flows of all joint operations in which it participates.

(in thousands of Canadian dollars, except per unit amounts)

6. INVESTMENT PROPERTIES

Changes to the carrying amounts of investment properties presented in the consolidated statement of financial position can be summarized as follows:

	2024	2023
Balance at beginning of the year	$ 4,991,814	$ 4,728,065
Acquisitions through purchase of investment properties	88,172	235,019
Additions through capital expenditure on existing investment properties	195,171	150,448
Disposals through sale of investment properties	(223,622)	(226,741)
Change in assets held for sale (note 7)	(23,120)	(8,100)
Fair value gain on investment properties and disposed properties	6,204	113,123
Change in owner-occupied property	(1,036)	0
Balance at end of the year	$ 5,033,583	$ 4,991,814

Included in investment properties are properties under development with a balance at December 31, 2024 of $89,679 (2023 - $142,633).

The following table reconciles the cost base of investment properties to their fair value:

	2024	2023
Cost	$ 3,924,273	$ 3,829,143
Cumulative fair value adjustment	1,109,310	1,162,671
Fair value	$ 5,033,583	$ 4,991,814

Asset acquisitions:

During the year ended December 31, 2024, Skyline Apt. REIT acquired two investment properties (2023 - seven) through purchase of assets. The results of these acquisitions are included in these consolidated financial statements from the date of acquisition. The following table outlines the cost, which includes the transaction costs of the assets acquired and the associated liabilities entered into as a result of these acquisitions:

	2024	2023
Acquisition cost of investment properties	$ 88,172	$ 235,019
Mortgages payable	(65,575)	(184,202)
Total identifiable net assets settled by cash	$ 22,597	$ 50,817

(in thousands of Canadian dollars, except per unit amounts)

6. INVESTMENT PROPERTIES (continued)

Asset dispositions:

During the year ended December 31, 2024, Skyline Apt. REIT disposed of ten (2023 - fourteen) investment properties. The following table outlines the mortgages discharged due to the sale of investment properties:

	2024	2023
Mortgages	115,285	115,452

Future rental income:

Investment properties are subject to operating leases with tenants. Lease contracts are all typically non-cancelable for periods ranging from one year for residential tenants, and one to fifteen years for commercial tenants, from the commencement of the lease. Future minimum rental income from these agreements is as follows:

	2024	2023
Less than one year	$ 344,225	$ 339,183
Between one and three years	6,671	6,278
More than three years	791	811
	$ 351,687	$ 346,272

Fair value disclosure:

Skyline Apt. REIT uses an income approach to perform internal valuation calculations for the purposes of determining the fair market value of investment properties. The same approach is used for those properties with independent third party appraisals. Significant assumptions used for the valuation of the properties include the capitalization rate and the revenue and expenses for each property. As at December 31, 2024, all of Skyline Apt REIT's investment properties were measured using Level 3 inputs. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2024 and December 31, 2023.

Skyline Apt. REIT categorizes its investment properties by region, and each region has a different range of capitalization rates, depending on the specific risk factors for each property in that region. The weighted average capitalization rates for commercial properties is 6.08% (2023 - 7.26%) and for residential properties is 5.01% (2023 - 4.82%). The overall weighted average capitalization rates for Skyline Apt. REIT's investment properties is 5.02% (2023 - 4.83%).

(in thousands of Canadian dollars, except per unit amounts)

6. INVESTMENT PROPERTIES (continued)

Overall, the capitalization rates for residential properties and commercial properties fall between:

	Residential		Commercial	
	2024	**2023**	**2024**	**2023**
Minimum	4.10%	4.25%	6.08%	6.04%
Maximum	6.50%	6.75%	6.08%	10.36%

Assumptions related to property revenues and expenses are based on the most recent annual results of each property, and where necessary, industry benchmarks.

In 2024, Skyline Apt. REIT valued $2,233,036 of its investment properties (including properties held for sale) internally (2023 - $2,244,091). The remainder of the investment property fair value was obtained through third party appraisals, not including those properties acquired during the year. In the year, this amounted to $2,732,700 (2023 - $2,478,900). In 2024, 44.2% (2023 - 48.8%) of the cost base of the investment properties was valued internally and 55.8% (2023 - 51.2%) was valued externally. The acquisitions during 2024 were valued at $90,967 (2023 - $276,923). Actual results may differ from these estimates and may be subject to material adjustment within the next fiscal year.

Fair value sensitivity:

Skyline Apt. REIT's investment properties are classified as Level 3 under the fair value hierarchy, as the inputs in the valuations of these investment properties are not based on observable market data. The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at December 31, 2024:

As of December 31, 2024

Capitalization Rate Sensitivity Increase (Decrease)	Overall Capitalization Rate	Fair Value of Investment Properties	Fair Value Variance	% Change
(1.00)%	4.02%	$ 6,285,718	$ 1,252,135	24.88%
December 31, 2024	5.02%	$ 5,033,583	$ 0	0.00%
1.00%	6.02%	$ 4,197,440	$ (836,143)	(16.61)%

(in thousands of Canadian dollars, except per unit amounts)

7. ASSETS HELD FOR SALE

As at December 31, 2024, there were two properties held for sale (2023 - one property held for sale). The assets and liabilities associated with investment properties held for sale as at December 31 are as follows:

	2024	2023
ASSETS		
Investment properties	$ 23,120	$ 8,100
Other assets	254	13
Accounts receivable	383	2
	23,757	8,115
LIABILITIES		
Mortgages payable	6,593	52
Tenant deposits	219	78
Accounts payable and accrued liabilities	268	223
	7,080	353
NET ASSETS HELD FOR SALE	$ 16,677	$ 7,762

8. JOINT OPERATIONS

Skyline Apt. REIT's interests in co-owned investment properties are accounted for based on Skyline Apt. REIT's share of interest in the assets, liabilities, revenues and expenses of the investment properties. As of December 31, 2024, Skyline Apt. REIT is in a co-ownership agreement with Upper Montney Limited Partnership where Skyline Apt. REIT has a 50% ownership interest (2023 - 50%) in an investment property in Dawson Creek, British Columbia. As of December 31, 2024, this investment property is held for sale. Subsequent to year end, this investment property was sold.

9. PROPERTY, PLANT AND EQUIPMENT

December 31, 2024	Cost	Accumulated Amortization	Carrying Amount
Computer equipment	$ 4,297	$ 3,728	$ 569
Equipment	648	473	175
Owner-occupied property by RELP - building	5,173	202	4,971
Owner-occupied property by RELP - land	870	0	870
	$ 10,988	$ 4,403	$ 6,585

December 31, 2023	Cost	Accumulated Amortization	Carrying Amount
Computer equipment	$ 4,068	$ 3,211	$ 857
Equipment	588	436	152
Owner-occupied property by RELP - building	4,503	685	3,818
Owner-occupied property by RELP - land	503	0	503
	$ 9,662	$ 4,332	$ 5,330

(in thousands of Canadian dollars, except per unit amounts)

10. OTHER ASSETS

The components of other assets are as follows:

	2024	2023
Lender holdback	$ 30	$ 30
Note receivable	28	32
Mortgage receivable	14,000	7,000
Prepaid expenses	2,131	9,809
Deposits on investment properties	10,460	3,082
	$ 26,649	$ 19,953

The note receivable of $28 (2023 - $32) bears interest at a fixed rate of 6% per annum and matures in 2031.

The mortgage receivable of $7,000 (2023 - $7,000) bears interest at a fixed rate of 4% per annum. Interest only is receivable monthly. Principal is due September 1, 2026. The mortgage receivable is secured by a general assignment of rents and leases, environmental indemnity and a security agreement. The second mortgage of $7,000 (2023 - $0) bears interest at a fixed rate of 7.5% per annum. Interest only is receivable monthly. Principal is due December 2026. The mortgage receivable is secured by a general assignment of rents and leases, environmental indemnity and a security agreement.

11. MORTGAGES PAYABLE

The mortgages payable are secured by investment properties and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 3.30% (2023 - 3.15%) are $2,635,584 (2023 - $2,542,117). Mortgages bearing variable interest rates with an average variable rate of 5.83% (2023 - 7.44%) are $120,909 (2023 - $116,712). Included in mortgages payable are second mortgages of $40,226 (2023 - $41,842), which bear fixed interest rates. Also included in mortgages payable are interest rate swap agreements of $45,950 (2023 - $57,500), which bear fixed interest rates, construction credit facilities of $74,959 (2023 - $100,612) which bear variable interest rates, and a vendor takeback loan of $15,000 (2023 - $15,000) which bears a fixed interest rate. See note 15. Mortgages have maturity dates ranging between 2025 and 2034. All mortgages are denominated in Canadian dollars.

Future minimum principal payments on mortgages payable are as follows:

	2025	$ 383,280
	2026	232,371
	2027	350,334
	2028	597,333
	2029	628,582
	Thereafter	564,595
		2,756,495
Less: Mortgages related to assets held for sale:		(6,593)
		$ 2,749,902

(in thousands of Canadian dollars, except per unit amounts)

11. MORTGAGES PAYABLE (continued)

A reconciliation of movements in mortgages payable to cash flows arising from financing activities is as follows:

	2024	2023
Mortgages payable, beginning of year	$ 2,658,778	$ 2,460,764
Proceeds from new mortgages	657,359	515,436
Repayment of existing mortgages	(547,628)	(318,417)
Transaction costs related to mortgages	(20,158)	(18,932)
Total changes from financing cash flows	89,573	178,087
Change in mortgages payable on assets held for sale	(6,541)	13,319
Amortization of financing costs	8,092	6,608
Financing costs included in operations	91,998	77,584
Interest paid	(91,998)	(77,584)
Total liability-related changes	1,551	19,927
Mortgages payable, end of year	$ 2,749,902	$ 2,658,778

12. RELATED PARTY TRANSACTIONS

The following entities transact with Skyline Apt. REIT, and are all controlled by the same shareholders, of which is a person or persons that qualify as a related person under IAS 24 – Related Party Disclosures: Skyline Transfer Funds Inc., Skyline Inc., Skyline Asset Management Inc., Skyline Apartment Asset Management Inc., and Skyline Clean Energy Asset Management Inc.; Skyline Wealth Management Inc., Skyline Mortgage Finance Inc., Skyline Private Investment Capital Inc., Skyline Capital Projects Management Inc., and Skydevco Inc.

Distributions to partners

Skyline Incorporated is the general partner ("GP") of RELP and is entitled to distributions under the limited partnership agreement which commences once the equivalent of the total investors' equity has been effectively distributed on a property by property basis. Once triggered, any future income from operations for the specific property is shared at a ratio of 20% to the general partner and 80% to the LP. In addition, on any disposition, the general partner is entitled to 20% of the equity growth on the property net of any outstanding amounts owing to investors. A provision for the future distributions payable to Skyline Incorporated has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at December 31, 2024, a distribution would be payable if the investment properties were sold. At December 31, 2024, there were distributions payable of $7,997 (2023 - $21,772) which is included in due to related parties.

Distributions paid

Skyline Apt. REIT paid the following distributions to related parties:

	2024	2023
Skyline Management Inc. (limited partner)	$ 2,756	$ 2,747
Skyline Apartment Asset Management Inc. (limited partner)	4,608	4,217
Skyline Incorporated (GP)	39,939	39,865
	$ 47,303	$ 46,829

12. RELATED PARTY TRANSACTIONS (continued)

Services of the Exempt Market Dealer
Skyline Apt. REIT has an exempt market dealer agreement with Skyline Wealth Management Inc. (the “Exempt Market Dealer”). Fees payable under the exempt market dealer agreement include wealth management fees of 0.3% of unitholders equity, and equity raise fees ranging from 0.5% to 1.5% (2023 - 0.5% to 1%) of proceeds from units issued during the year. For the year ended December 31, 2024, Skyline Apt. REIT paid to the Exempt Market Dealer $7,429 in wealth management fees (2023 - $7,194), and $1,261 in equity raise fees (2023 - $961)

Services of the Mortgage Underwriting Manager
Skyline Apt. REIT has an arrangement with Skyline Mortgage Finance Inc. (the “Underwriting Manager”), wherein the Underwriting Manager assists Skyline Apt. REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Apt. REIT pays the Underwriting Manager $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 35 bps on mortgage principal for all other mortgages. For the year ended December 31, 2024, Skyline Apt. REIT paid to the Underwriting Manager $2,366 in mortgage underwriting fees (2023 - $1,953).

Legal Services Manager
Skyline Apt. REIT had an arrangement with Skyline Private Investment Capital Inc. (the "Legal Services Manager"), wherein the Legal Services Manager provides advice to Skyline Apt. REIT on the use of external legal counsel, and manages external legal counsel on behalf of Skyline Apt. REIT (the “Legal Services Arrangement”), the costs for which are approved annually by Skyline Apartment REIT’s independent Trustees. For the year ended December 31, 2024, Skyline Apt. REIT paid to the Legal Services Manager $2,746 in legal services (2023 - $3,107).

Services of the Solar Asset Manager
Skyline Apt. REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the “Solar Asset Manager”). The solar asset management fees payable under the arrangement are equal to $20 (not in thousands of Canadian dollars) per kilowatt of direct current per annum for each solar system managed by the Solar Asset Manager. For the year ended December 31, 2024, Skyline Apt. REIT paid to the Solar Asset Manager $49 in solar asset management fees (2023 – $62).

Services of the CAPEX Provider
Skyline Apt. REIT has an arrangement with Skyline Capital Projects Management Inc (the “CAPEX Provider”), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi-year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Apartment REIT’s independent Trustees. For the year ended December 31, 2024, Skyline Apt. REIT paid to the CAPEX Provider $588 in CAPEX management fees (2023 – $1,876).

Services of the Development Manager
Skyline Apt. REIT has an arrangement with Skydevco Inc (the “Development Manager”), who provides development consulting services to RELP, the costs for which are approved from time to time by Skyline Apartment REIT’s independent Trustees. For the year ended December 31, 2024, Skyline Apt. REIT paid to the Development Manager $2,686 in development service fees (2023 – $1,042).

(in thousands of Canadian dollars, except per unit amounts)

12. RELATED PARTY TRANSACTIONS (continued)

Services of the Administration Manager
Skyline Apt. REIT has an arrangement with Skyline Enterprises Management Inc. (the "Administration Manager"), who provides administrative services and environmental, social, and governance ("ESG") management to Skyline Apt. REIT, the costs for which are approved annually by Skyline Apartment REIT's independent Trustees. For the year ended December 31, 2024, Skyline Apt. REIT paid to the Administration Manager $525 in administration fees (2023 - $656) and $261 in ESG management fees (2023 - $263).

Due to related parties
Amounts due to related parties are unsecured, non-interest bearing and have no set terms of repayment. The balance consists of the following:

	2024	2023
Skyline Incorporated	$ 7,997	$ 21,772

Subsequent to year end, substantially all of these balances were repaid.

Asset management internalization cost
In January 2023, RELP and Skyline Apt. REIT completed an agreement with SAAMI to internalize the asset management function effective January 1, 2023. On closing, RELP acquired SAAMI's asset management business in return for 4,150,943.4 convertible Class E limited partnership units of RELP with a market value of $110,000. These units are exchangeable for Skyline Apt. REIT units and have a current market value of $115,189. The purchase price associated with the internalization did not utilize existing cash resources of RELP, and SAAMI is required to hold 90% of the exchangeable units (or REIT upon exchange) until January 2028, subject to limited exceptions.

Class E, F, G, H, I, J and K LP Units
Skyline Management Inc. ("SMI") holds 633,073 (2023 - 633,073) Class F limited partnership units which have a market value of $18,676 at December 31, 2024 (2023 - $17,568), 633,073 (2023 - 633,073) Class G limited partnership units which have a market value of $18,676 at December 31, 2024 (2023 - $17,568), 633,073 (2023 - 633,073) Class H limited partnership units which have a market value of $18,676 at December 31, 2024 (2023 - $17,568), 221,024 (2023 - 211,024) Class I limited partnership units which have a market value of $6,225 at December 31, 2024 (2023 - $5,856) and 372,396 (2023 - 372,396) Class J limited partnership units which have a market value of $10,986 at December 31, 2024 (2022 - $10,334).

Skyline Apartment Asset Management Inc. ("SAAMI") holds 1,022,201 (2023 - 1,022,201) Class F limited partnership units which have a market value of $30,155 at December 31, 2024 (2023 - $28,366), 1,022,201 (2023 - 1,022,201) Class G limited partnership units which have a market value of $30,155 at December 31, 2024 (2023 - $28,366), 1,022,201 (2023 - 1,022,201) Class H limited partnership units which have a market value of $30,155 at December 31, 2024 (2023 - $28,366), 340,659 (2023 - 340,659) Class I limited partnership units which have a market value of $10,049 at December 31, 2024 (2023 - $9,453), 403,022 (2023 - 403,022) Class J limited partnership units which have a market value of $11,889 at December 31, 2024 (2023 - $11,184), and 340,659 (2023 - 340,659) Class K limited partnership units which have a market value of $10,049 at December 31, 2024 (2023 - $9,453). SAAMI is controlled by Skyline Incorporated.

(in thousands of Canadian dollars, except per unit amounts)

13. FINANCING COSTS

During the year, Skyline Apt. REIT paid the following financing costs:

	2024	2023
Mortgage interest	$ 91,885	$ 77,584
Deferred financing costs	8,092	6,608
Interest expense on revolving credit facility	12,382	12,563
Distribution paid on LP Units	7,986	7,587
Distribution paid to GP on the sale of investment properties	19,381	19,653
Distribution paid to GP	20,558	20,212
Interest on tenant deposits	540	484
	$ 160,824	$ 144,691

14. FAIR VALUE MEASUREMENT

Skyline Apt. REIT's financial assets and financial liabilities are carried at amortized costs, which approximate fair value, or FVTPL as applicable. Such fair value estimates are not necessarily indicative of the amounts Skyline Apt. REIT might pay or receive in actual market transactions.

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position or disclosed in the notes to the consolidated financial statements is as follows:

As at	December 31, 2024			December 31, 2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	$ 0	$ 0	$ 5,033,583	$ 0	$ 0	$ 4,991,814
Assets held for sale	0	0	23,120	0	0	8,100
	$ 0	$ 0	$ 5,056,703	$ 0	$ 0	$ 4,999,914
Liabilities						
Mortgages payable	$ 0	$ 2,822,162	$ 0	$ 0	$ 2,529,024	$ 0
Limited partnership units	0	0	212,154	0	0	199,666
	$ 0	$ 2,822,162	$ 212,154	$ 0	$ 2,529,024	$ 199,666

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For investment properties and liabilities measured at fair value as at December 31, 2024 and December 31, 2023, there were no transfers between Level 1, Level 2 and Level 3 assets.

The fair value of the mortgages payable has been determined by discounting the cash flows of these financial obligations using year end market rates for debt of similar terms and credit risks.

15. FINANCIAL RISK MANAGEMENT

Financial risks are risks arising from the financial instruments to which Skyline Apt. REIT is exposed during or at the end of the reporting period. Financial risk comprises market risk, credit risk, and liquidity risk. Skyline Apt. REIT considers real estate risk as a financial risk as well, even though investment property is not classified as a financial instrument.

(in thousands of Canadian dollars, except per unit amounts)

15. FINANCIAL RISK MANAGEMENT (continued)

Risk management is carried out by Management and the Board of Trustees of Skyline Apt. REIT. Management identifies and evaluates financial risks and the Board provides oversight on overall risk management, including specific areas such as interest rate risk, liquidity, and investing policies.

Key financial risk management reports are produced on a monthly basis and key indicators are reviewed by Management and the Board of Trustees of Skyline Apartment REIT.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Skyline Apt. REIT's market risks arise from open positions in interest bearing assets and liabilities, to the extent that these are exposed to market fluctuations.

a. Interest rate risk

Skyline Apt. REIT is exposed to interest rate risk arising from its fixed and floating rate mortgages payable. Bank overdraft is at floating interest rates and is exposed to changes in interest rates. Bank loan payable is at floating interest rates and is exposed to changes in interest rates. As fixed rate debt matures and as Skyline Apt. REIT uses additional floating rate debt under revolving credit facilities, Skyline Apt. REIT will be further exposed to cash flow risk.

As part of its risk management policies, Skyline Apt. REIT uses fixed and floating rate mortgages for the majority of its borrowings to allow for better cash flow planning. Skyline Apt. REIT attempts to stagger mortgage renewals at appropriate intervals to mitigate significant interest rate shocks in a given year.

The following table illustrates the sensitivity of income and equity to a reasonably possible change in interest rates of +/- 1%.

December 31, 2024

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	$ 180,000	$ 1,800	$ 1,800	$ (1,800)	$ (1,800)
Mortgages payable, maturing within one year	339,296	3,393	3,393	(3,393)	(3,393)
	$ 519,296	$ 5,193	$ 5,193	$ (5,193)	$ (5,193)

December 31, 2023

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	$ 120,000	$ 1,200	$ 1,200	$ (1,200)	$ (1,200)
Mortgages payable, maturing within one year	277,551	2,776	2,776	(2,776)	(2,776)
	$ 397,551	$ 3,976	$ 3,976	$ (3,976)	$ (3,976)

(in thousands of Canadian dollars, except per unit amounts)

15. FINANCIAL RISK MANAGEMENT (continued)

i) Market risk (continued)

b. Price risk
Skyline Apt. REIT has no significant exposure to price risk with respect to financial instruments as it does not hold any equity securities or commodities.

c. Foreign exchange risk
Skyline Apt. REIT is not subject to foreign exchange risk. All of its financial instruments are denominated in Canadian dollars.

ii) Credit risk
Credit risk is a risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Skyline Apt. REIT has no significant concentrations of credit risk. Credit risk arises from trade receivables, including rental receivables from lessees, mortgage and notes receivable.

An allowance for doubtful accounts is recognized for estimated losses resulting from tenant default on lease obligations. Skyline Apt. REIT actively reviews receivables and determines the potentially uncollectible accounts on a per-tenant basis. An accounts receivable is written down to its estimated recoverable value when there is reason to believe that the tenant will not be able to fulfil their obligations under the lease agreement. Management reviews tenant receivables on a regular basis and reduces carrying amounts through the use of allowance for doubtful accounts and the amount of any loss is recognized in the statement of income and comprehensive income.

The movement in the allowance for doubtful accounts is reconciled as follows:

	2024	2023
Allowance for doubtful accounts beginning of year	$ 1,609	$ 1,449
Provision for impairment of trade receivables	0	248
Reversal of provision for impairment	(177)	(88)
Allowance for doubtful accounts end of year	$ 1,432	$ 1,609

Credit risk is managed by reviewing the credit quality of the tenant through credit ratings and references. The maximum exposure to credit risk at the reporting date is equal to the carrying value of each class of financial asset.

iii) Liquidity risk
Liquidity risk management entails maintaining sufficient cash and credit facilities available to close out market positions. Skyline Apt. REIT ensures flexibility in funding by keeping committed credit lines available, and raising capital from partners when needed.

Skyline Apt. REIT's liquidity position is monitored on a regular basis by Management. A summary table with obligations of financial liabilities presented below is used by key management personnel to manage liquidity risks and is derived from managerial reports at company level. The amounts disclosed in the tables below are the contractual undiscounted cash flows. Undiscounted cash flows in respect of the balances due within twelve months generally equal their carrying amounts in the statement of financial position as the impact of discounting is not significant.

15. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

The bank overdraft is secured by a general security agreement over some of the investment properties of Skyline Apt. REIT.

RELP and Skyline Apt. REIT have entered into the following financing agreements:

a. Operating line of credit of $25,000 (2023 - $25,000) available for use to finance the ongoing working capital requirements of the combined group, which is maintained by Skyline Apt. REIT. Under the financing agreement, the combined group of RELP and Skyline Apt. REIT are required to maintain a debt service ratio of 1.20 or higher, a funds from operations effective pay-out ratio not exceeding 100%, an interest coverage ratio of at least 2.00 or higher, and a total debt to unitholders' equity ratio no greater than 2.00. At December 31, 2024, the total drawn on the operating line of credit by Skyline Apt. REIT was $0 (2023 - $0). The operating line of credit bears interest at prime plus 1.25%.

b. Revolving credit facility of $180,000 (2023 - $180,000) and swingline facility of $10,000 (2023 - $10,000) available for use to finance the ongoing working capital requirements of the combined group, which is maintained by Skyline Apt. REIT. Under the financing agreement, the combined group of RELP and Skyline Apt. REIT are required to maintain a debt service ratio of 1.20 or higher, a total debt to gross book value ratio not exceeding 65%, and a mortgage-ability debt service coverage ratio of 1.20 or higher. At December 31, 2024, the total drawn on the revolving credit facility by Skyline Apt. REIT was $180,000 (2023 - $120,000). The revolving credit facility bears interest at prime plus 1.35% or, at the option of the borrower, a fixed rate equal to the adjusted term CORRA rate plus 2.35%.

c. Construction credit facility of $0 (2023 - $34,312) to assist with the financing of the servicing, construction and related soft costs for the 1200 and 1250 Southfield Drive development project and a letter of credit facility of $0 (2023 - $3,000) available for use to finance the municipal and sundry requirements for the 1200 and 1250 Southfield Drive development project. The facilities bear interest at prime plus 0.5%. At December 31, 2024, the total drawn on the non-revolving credit facility is $0 (2023 - $32,411) and the total drawn on the letter of credit facility is $0 (2023 - $0).

d. Construction credit facility of $32,225 (2023 - $32,225) to assist with the financing of the servicing, construction and related soft costs for the 53 and 57 Riverview Drive development project and a letter of credit facility of $3,000 (2023 - $3,000) available for use to finance the municipal and sundry requirements for the 53 and 57 Riverview Drive development project. The facilities bear interest at prime plus 0.5%. At December 31, 2024, the total drawn on the non-revolving credit facility is $30,851 (2023 - $26,427) and the total drawn on the letter of credit facility is $0 (2023 - $0).

15. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

e. Construction credit facility of $0 (2023 - $30,080) to assist with the financing of the servicing, construction and related soft costs for the 351-431 Talisman Drive development project and a letter of credit facility of $0 (2023 - $2,500) available for use to finance the municipal and sundry requirements for the 351-431 Talisman Drive development project. The facilities bear interest at prime plus 0.5%. At December 31, 2024, the total drawn on the non-revolving credit facility is $0 (2023 - $23,089) and the total drawn on the letter of credit facility is $0 (2023 - $0).

f. Construction credit facility of $0 (2023 - $23,249) to assist with the financing of the servicing, construction and related soft costs for the 300 South Pelham Road development project and a letter of credit facility of $0 (2023 - $2,000) available for use to finance the municipal and sundry requirements for the 300 South Pelham Road development project. The non-revolving credit facility bears interest at a rate of prime plus 0.5%, or at the option of the borrower, a fixed rate equal to the floating bankers acceptance rate plus 2.15%. The letter of credit facility bears interest at 1.0% per annum. At December 31, 2024, the total drawn on the non-revolving credit facility is $0 (2023 - $18,686) and the total drawn on the letter of credit facility is $0 (2023 - $0).

g. Construction credit facility of $38,221 (2023 - $0) to assist with the financing of the servicing, construction and related soft costs for the 220 & 224 Mitton Street North and 205 Mackenzie Street development project. The non-revolving credit facility bears interest at the prime rate. At December 31, 2024, the total drawn on the non-revolving credit facility is $20,473 (2023 - $0).

h. Construction credit facility of $22,227 (2023 - $0) to assist with the financing of the servicing, construction and related soft costs for the 125 South Carriage Road development project. The non-revolving credit facility bears interest at the prime rate. At December 31, 2024, the total drawn on the non-revolving credit facility is $11,355 (2023 - $0).

i. Construction credit facility of $79,909 (2023 - $0) to assist with the financing of the servicing, construction and related soft costs for the 1, 17, & 33 Prince of Wales Drive development project. The non-revolving credit facility bears interest at the Cost of Funds Rate plus 1.65%. At December 31, 2024, the total drawn on the non-revolving credit facility is $12,280 (2023 - $0).

(in thousands of Canadian dollars, except per unit amounts)

15. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

A reconciliation of movements in revolving credit facility to cash flows arising from financing activities is as follows:

	2024	2023
Revolving credit facility, beginning of year	$ 120,000	$ 147,573
Net proceeds from (repayments to) revolving credit facility	60,000	(27,573)
	180,000	120,000
Financing costs included in operations (note 13)	12,382	12,563
Interest paid (note 13)	(12,382)	(12,563)
Total liability-related changes	0	0
Revolving credit facility, end of year	$ 180,000	$ 120,000

Skyline Apt. REIT's long term debt consists of first mortgages payable bearing interest rates ranging from 1.6% to 5.5% per annum, payable in monthly instalments of principal and interest of approximately $10,940 (2023 - 1.6% to 7.7%, instalments of $10,171), maturing from 2025 to 2034 and are secured by specific charges against specific investment properties.

Skyline Apt. REIT's long term debt also includes second mortgages payable bearing interest at rates ranging from 1.6% to 7.0%, payable in monthly instalments of principal and interest of approximately $224 (2023 - 1.6% to 5.8%, instalments of $230), maturing from 2025 to 2031, and are secured by specific charges against specific investment properties.

Financial liabilities and their obligations are as follows:

December 31, 2024	On demand	Less than one year	One to five years	More than five years	**Total**
Mortgages payable	$ 0	$ 339,296	$ 1,815,436	$ 595,170	$ 2,749,902
Limited partnership units	101,946	0	110,208	0	212,154
Due to related parties	0	7,997	0	0	7,997
Revolving credit facilities	0	180,000	0	0	180,000
Accounts payable and accrued liabilities	0	37,441	0	0	37,441
	$ 101,946	$ 564,734	$ 1,925,644	$ 595,170	$ 3,187,494

(in thousands of Canadian dollars, except per unit amounts)

15. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

December 31, 2023	On demand	Less than one year	One to five years	More than five years	**Total**
Mortgages payable	$ 0	$ 277,551	$ 1,492,239	$ 888,988	$ 2,658,778
Limited partnership units	95,996	0	103,670	0	199,666
Due to related parties	0	21,772	0	0	21,772
Revolving credit facility	0	120,000	0	0	120,000
Accounts payable and accrued liabilities	0	31,830	0	0	31,830
	$ 95,996	$ 451,153	$ 1,595,909	$ 888,988	$ 3,032,046

iv) Real estate risk

Skyline Apt. REIT has identified risks associated with the real estate portfolio. The greatest risk is with respect to the fair values of the portfolio due to changes in real estate market conditions, the economic climate, and overall financial health of its tenants.

Skyline Apt. REIT mitigates its exposure to any one tenant as a majority of its investment properties are multi-suite residential which results in a large number of tenants with minimal financial exposure to each. In 2024 and 2023, no single residential tenant accounts for 10% or more of Skyline Apt. REIT's residential rental revenue or commercial revenue.

16. CAPITAL RISK MANAGEMENT

Skyline Apt. REIT’s objectives when managing capital are to safeguard the entity’s ability to continue as a going concern in order to provide returns for unitholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, Skyline Apt. REIT has the ability to adjust the amount of distributions paid to partners, return capital to partners, issue additional units, refinance existing debt, or sell investment property to reduce debt.

Skyline Apt. REIT monitors capital primarily using a loan to value ratio, which is quotient of mortgages payable to investment properties. As of December 31, 2024, the loan to value ratio was 55% (2023 - 53%), which is within Skyline Apt. REIT’s stated policy of 70% or less. Subsequent to December 31, 2024, Skyline Apt. REIT is in compliance with the policy.

During the year, Skyline Apt. REIT did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

(in thousands of Canadian dollars, except per unit amounts)

17. UNITHOLDERS' EQUITY

Skyline Apt. REIT is authorized to issue an unlimited number of Class A and Class F REIT units. Both classes of REIT units are entitled to distributions as and when declared by the Board of Trustees. On June 25, 2024 Skyline Apt. REIT increased the price per unit for newly issued units and units to be redeemed to $28.50 from $27.75. On November 19, 2024 Skyline Apt. REIT increased the price per unit for newly issued units and units to be redeemed to $29.50 from $28.50. On March 15, 2023, Skyline Apt. REIT increased the annual distribution rate to $1.11 from $1.09 for Class A REIT units and to $1.13 from $1.1165 for Class F REIT units. There were no changes to the distribution rate during 2024. The units issued and outstanding are as follows:

Class A Units	**2024 Units**	**2023 Units**
Units outstanding, beginning of year	68,299,431	70,471,054
Exchange of limited partnership units	3,509	3,604
Units issued	1,747,292	2,921,425
Distribution reinvestment plan	1,172,070	1,182,727
Units converted to Class F units	(314,681)	(2,814,412)
Redemptions during the year	(4,019,879)	(3,464,967)
Units outstanding, end of year	66,887,742	68,299,431

Class F Units	**2024 Units**	**2023 Units**
Units outstanding, beginning of year	3,415,817	0
Units issued	955,186	609,185
Distribution reinvestment plan	90,122	41,585
Units converted from Class A units	314,681	2,814,412
Redemptions during the year	(349,032)	(49,365)
Units outstanding, end of year	4,426,774	3,415,817

18. LIMITED PARTNERSHIP UNITS

RELP is authorized to issue an unlimited number of non-voting Class B, C, D, E, F, G, H , I, J and K limited partnership units. These units are exchangeable on a one-for-one basis into Skyline Apt. REIT units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Skyline Apt. REIT units. These units are entitled to a pro rata share of the residual net assets remaining after the preferential claims, thereon, of debt holders.

(in thousands of Canadian dollars, except per unit amounts)

18. LIMITED PARTNERSHIP UNITS (continued)

The limited partnership units outstanding and their aggregate fair values are as follows:

	2024			2023		
Unit Class	**Units Issued**		**Fair Value**	**Units Issued**		**Fair Value**
Class B	37,500	$	1,106	37,500	$	1,041
Class C	170,137	$	5,019	173,646	$	4,819
Class D	350,419	$	10,337	350,419	$	9,724
Class F	1,655,274	$	48,831	1,655,274	$	45,934
Class G	1,655,274	$	48,831	1,655,274	$	45,934
Class H	1,655,274	$	48,831	1,655,274	$	45,934
Class I	551,684	$	16,275	551,684	$	15,309
Class J	775,417	$	22,875	775,417	$	21,518
Class K	340,659	$	10,049	340,659	$	9,453

A reconciliation of movements in limited partnership units to cash flows arising from financing activities is as follows:

	2024	**2023**
Limited partnership units, beginning of year	$ 199,666	$ 80,768
Proceeds from issue of LP Units	0	110,000
Redemptions of limited partnership units	(100)	(100)
	(100)	109,900
Financing costs included in operations (note 13)	7,986	7,587
Distribution interest paid (note 13)	(7,986)	(7,587)
Total liability-related changes	0	0
Changes in fair value	12,588	8,998
Limited partnership units, end of year	$ 212,154	$ 199,666

19. SEGMENTED DISCLOSURE

All of Skyline Apt. REIT's assets and liabilities are in, and its revenues are derived from, multi-suite residential and commercial Canadian real estate. Skyline Apt. REIT's investment properties are, therefore, considered by Management to have similar economic characteristics. Thus, Skyline Apt. REIT has one reportable segment for disclosure purposes.

20. SUBSEQUENT EVENTS

Subsequent to year end, Skyline Apt. REIT acquired one property in Guelph, Ontario with an aggregate cost of $40,100. Skyline Apt. REIT will be assuming mortgages of $24,568 on this acquisition.

Subsequent to year end, Skyline Apt. REIT sold one property in Dawson Creek, British Columbia for proceeds of $10,100. The aggregate loss on this disposition is $3,767, from which $0 is expected to be paid to the general partner, Skyline Incorporated.

21. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

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