SKYLINE
INDUSTRIAL REIT

It starts here.

INVESTING IN CANADA'S FUTURE

2024

ANNUAL REPORT

Congebec
3601 Avenue de la Gare
Mascouche, Quebec

SKYLINE INDUSTRIAL REIT ANNUAL REPORT 2024

Contents

SKYLINE INDUSTRIAL REIT

Highlights

$1.80 B	Fair Value of Investment Properties (As at December 31, 2024)
10.04 MM	Gross Leasable Area (SQ FT) (As at December 31, 2024)
87.28%	Normalized FFO Payout Ratio (As at December 31, 2024)
$22.75	Class A - Current Unit Value (As at April 30, 2025)
$1.025	Class A - Annual Distribution per Unit (As at April 30, 2025)
4.51%	Class A - Annual Distribution Yield (As at April 30, 2025)
5.71%	Class A - Annualized Return 1 yr (As at April 30, 2025)
16.42%	Class A - Annualized Return 5 yr (As at April 30, 2025)
14.34%	Class A - Annualized Return Since Inception (As at April 30, 2025)

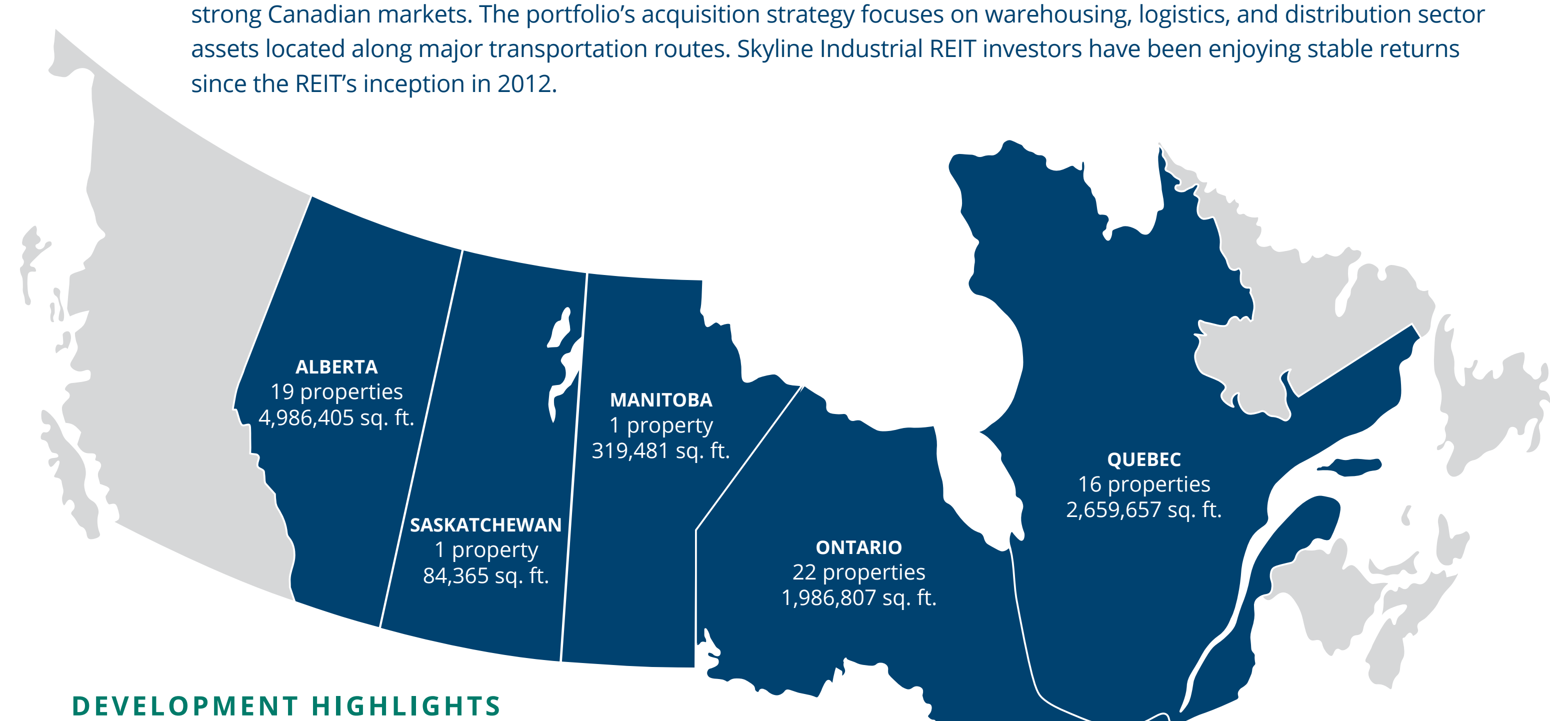
Class F Unit Information (As at April 30, 2025):
$22.75 Unit Value | $1.048 Distribution per Unit | 4.61% Yield

555 & 565 Victor Davis
Pointe-Claire, Quebec

Congebec
3601 Avenue de la Gare
Mascouche, Quebec

DEVELOPMENT HIGHLIGHTS AND
Industrial portfolio overview

Skyline Industrial Real Estate Investment Trust's (REIT) portfolio is comprised of industrial real estate assets located in strong Canadian markets. The portfolio's acquisition strategy focuses on warehousing, logistics, and distribution sector assets located along major transportation routes. Skyline Industrial REIT investors have been enjoying stable returns since the REIT's inception in 2012.

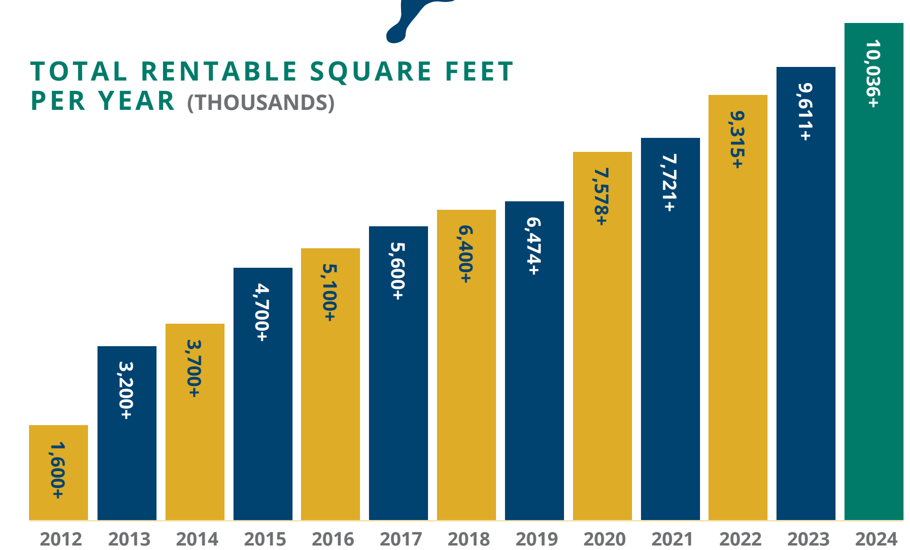


DEVELOPMENT HIGHLIGHTS

555 & 565 Avenue Victor Davis, Pointe-Claire, Quebec
274,000 sq. ft.

6100 Rue Notre-Dame Est, Montreal, Quebec
98,954 sq. ft.

TOTAL RENTABLE SQUARE FEET PER YEAR (THOUSANDS)



Congebec
3601 Avenue de la Gare
Mascouche, Quebec

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

In a year that tested resilience across Canada's real estate market, Skyline Industrial REIT once again demonstrated the strength of its strategy, portfolio quality, and operational execution. Despite inflationary pressure, trade volatility, and tariff risk, the REIT delivered record income, strong leasing performance, and distribution growth—reinforcing its leadership position within the industrial space.

Our results were driven by a focused investment strategy, centered around logistics, distribution, and light manufacturing tenants—businesses essential to Canada's supply chain and economic backbone. This tenant mix, paired with well-located assets and proactive lease management, supported both stability and growth through 2024.

For the year, we are pleased to report several notable highlights for Skyline Industrial REIT:

- Unit value increased by 1.11%
- Annual distribution increases in all Class units
- Portfolio Fair Value increased by 6.71%

From a financial perspective, we saw noticeable growth across key metrics in 2024. Total income rose to $141.14 million, representing a 27.6% increase from 2023. This gain was driven largely by the stabilization of assets acquired in late 2023 and a meaningful increase in average in-place rents throughout 2024. Net Operating Income (NOI) also saw an increase of 27.68% year-over-year, reaching $95.67 million, while NOI margin dipped slightly by 10 basis points to 67.8%. This modest change reflects the natural balance between revenue growth and the rising operating costs of a larger portfolio.

The REIT also continued to demonstrate strong cost control. Operating expenses rose in line with revenue growth, with Funds from Operations (FFO) amounting to $44.07 million, up from $35.39 million in 2023.

On the leasing side of the portfolio, occupancy remained exceptionally strong at 98.4% while average monthly in-place rent finished at a 2024 high of $9.35 per square foot—an increase of nearly 12% year-over-year. This allowed base rental revenue to reach all-time highs in Q4 at $7.82 million, up 14.45% year-over-year. While the weighted average lease term stood at 7.4 years, down from 7.6 at the beginning of 2024, the lease structure continues to provide reliable cash flow and long-term occupancy stability.

Additionally, key leverage ratios remain in good shape at year's end. Mortgage Debt to Fair Value (MDFV) stood at 51.3%, while Total Debt to Fair Value (TDFV) reached 52.2%—both well below our conservative 60% internal debt target. Mortgage Debt to Historic Cost (MDHC) stood at 58.0% to end 2024, continuing to reflect prudent capital management and a strong balance sheet.

Looking ahead, we believe the demand for functional, well-located industrial space will remain strong. With the robust absorption of new supply—especially those like ours, with strong tenant covenants and embedded rent growth—are poised to continue outperforming. We will continue to invest in property enhancements, optimize lease terms, and selectively pursue acquisitions that align with our long-term vision.

Thank you for your continued confidence in Skyline Industrial REIT. As we look ahead, we're not only focused on delivering strong, stable returns—we're investing in the infrastructure that powers industry, drives economic resilience, and supports Canadian communities. With a high-performing portfolio, disciplined strategy, and strong tenant base, we are well-positioned to capture future opportunities and deliver lasting value to you, our unitholders.

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

"With a high-performing portfolio, disciplined strategy, and strong tenant base, we are well-positioned to capture future opportunities and deliver lasting value to you, our unitholders."

SKYLINE INDUSTRIAL REIT'S

President's address

In 2024, Skyline Industrial REIT demonstrated resilience and strength in a shifting economic landscape. Despite broader market volatility and macroeconomic headwinds, our focus on quality assets, strategic execution, and tenant alignment enabled us to thrive. Management continued to see demand for well-located, logistics-focused industrial properties, and our portfolio remained highly occupied throughout the year. With strong fundamentals and prudent capital management, we positioned the REIT to outperform in a competitive market environment and deliver solid returns to our investors.

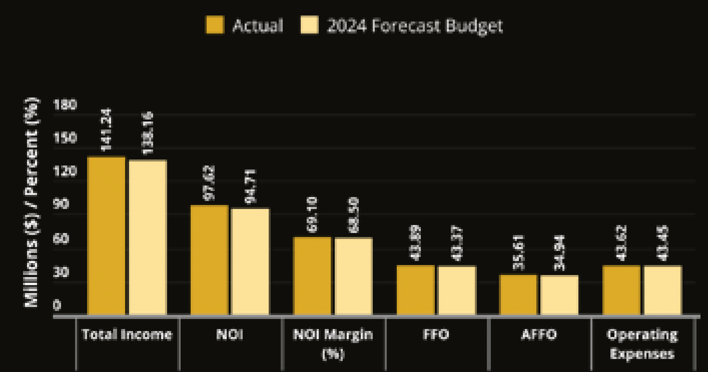
Despite challenging economic conditions, we rose to the occasion and delivered returns that outperformed public REITs within our peer group. For the year, Skyline Industrial REIT's Class 'A' units delivered a net annualized return of 6.61%. In contrast, the four largest publicly traded industrial-focused REITs by market capitalization produced an average non-market cap-weighted return of 1.88%.

INDUSTRIAL REIT KEY STATS AS OF DECEMBER 31, 2024

Metric	Amount	YoY Change
Total Gross Leasable Area	10,036,715 sq. ft.	4.43%
Number of Investment Properties	51	2.00%
Number of Tenants	176	-0.56%
Avg. Net Rent in place	$9.35 per sq. ft.	11.84%
Total Debt to Fair Value	52.2%	1.75%
Weighted Avg. Interest Rate	4.58%	1.31%

Overall, the REIT successfully executed on most key operational metrics we consider important to our investors. The strength of our assets was reflected in a 6.71% increase in portfolio fair value, achieved despite minimal growth in gross leasable area. The REIT delivered solid year-over-year FFO per unit growth through portfolio optimization and strategic value creation. This steady growth in FFO per unit enabled us to maintain steadily increasing distributions since inception.

Industrial REIT Actual vs. 2024 Forecast Budget



On the asset management side, despite elevated interest rates, a surge in construction completions (particularly late in 2024), and tariff uncertainty, we remained disciplined. Given the conditions, we were selective with new acquisitions and opportunistically disposed of a single non-core asset in Cambridge to an existing tenant to fortify our balance sheet.

SKYLINE INDUSTRIAL REIT 2024 PROPERTY TRANSACTIONS

Property	City	Net Rentable (sq. ft.)	Closing
Acquisitions			
555 & 565 Ave. Victor-Davis	Montreal, QC	274,716	Q1-2024
6100 Rue Notre Dame Est	Montreal, QC	98,956	Q1-2024
555 Conestoga Blvd. (infill sliver)	Cambridge, ON	n/a	Q4 2024
Dispositions			
549 Conestoga Blvd.	Cambridge, ON	96,495	Q4-2024
*17711, 17371 & 17101 Rte. Transcanadienne	Kirkland, QC	588,000	Q4 2024

* The REIT sold its 30% interest in this development project (RF Fund) to one of its equity partners and Rosefellow

In the first half of 2024, the REIT purchased two newly constructed industrial logistics and warehousing assets in Montreal. The REIT acquired its partner's interests from the Rosefellow Fund 1 to become the sole owner of both properties, which total 373,360 sq. ft. of purpose-built space. Additionally, the Cambridge asset disposition generated full market value and contributed to reducing our line of credit.

LEASE MARKET OUTLOOK

According to CBRE's Year-End Market Report for 2024[1], Canada's industrial market absorbed a significant amount of the new supply, with completions hitting 35.6 million sq. ft.—the second highest on record. This caused the national availability rate to rise 4.8% in 2024 as new supply outpaced total leasing demand in most major markets. Despite this, Skyline Industrial REIT ended 2024 with a 3.3% availability rate—down from 4.4% in the third quarter.

Following thirty-six consecutive quarters of exceptional growth since 2015, average national rent growth declined by 4.6% in 2024. Amid this downdraft, our portfolio demonstrated resilience, achieving double-digit growth in new average net rent. Looking ahead, trade policy uncertainty is expected to weigh on leasing decisions in some sectors into the second half of 2025. However, with a 98.4% portfolio lease rate and a strategic focus on warehousing and logistics space, the REIT is well-positioned to grow alongside Canada's domestic supply chain and build-out economy.

We are making strong progress on 2025 lease renewals, with approximately 50% already secured at an average double-digit percentage increase over previous in-place rents. We estimate this could generate approximately $2 million in top-line rental growth to the REIT by the end of 2025. Furthermore, the REIT is anticipating several development projects to be stabilized and acquired in third and fourth quarter of 2025 onward that will contribute to gross leasable area and base rent increases to the portfolio.

[1]https://www.cbre.ca/insights/figures/canada-industrial-figures-q4-2024

SKYLINE INDUSTRIAL REIT 2025 STABILIZATIONS (ESTIMATED)

Project	City	GLA (sq. ft.)	Target for Stabilization
137 Boulevard Bellerose Ouest	Laval, QC	295,000	Q4-25
450 Rue Paul-Gaugion / 425 Avenue Fouquet	Candiac, QC	126,000	Q3-25
131 Boulevard Montcalm	Candiac, QC	491,000	Q4-25
405 Huntmar Drive	Ottawa (Kanata West), ON	480,000	Q1-26
Rue Leon-Malouin-Coteau Du Lac	Coteau Du Lac, QC	300,000	Q2-26
125 & 265 Julius Boulevard	(Bayers Lake), Halifax, NS	401,000	Q2-26
575 Dealership Drive	Ottawa, ON	322,000	2027
Total		**2,415,000**	

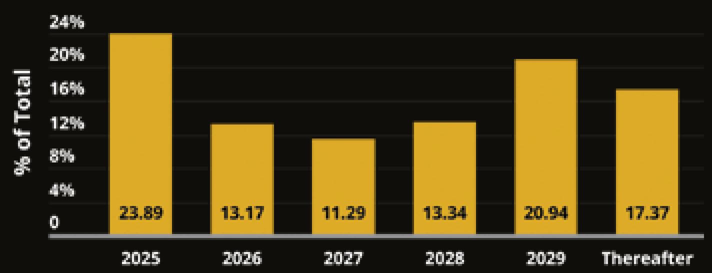
MORTGAGE RATES

2024 marked a significant shift in Bank of Canada (BoC) policy from tightening to easing. As inflation moderated and growth slowed, the BoC began cutting rates. As of the end of March 2025, benchmark five-year fixed mortgage rates at major Canadian lenders have edged below 4%, well under our weighted average mortgage rate (WAMR) of 4.58%. Given these favourable refinancing conditions as existing mortgages mature, we expect to lock more of our debt into longer-term commitments.

454 Innovation Way
Woodstock, Ontario

With approximately 24% of Industrial REIT mortgages set to mature in 2025, carrying a weighted average interest rate of 4.93%, we see a compelling opportunity to refinance right-rate debt at lower rates. We expect these advantageous refinancing conditions to reduce financing costs (WAMR), improve cash flow stability, and enhance the REITs' ability to pursue accretive growth opportunities with a decreasing cost of capital.

Skyline Industrial REIT Mortgage Maturity



Source: Skyline

We further anticipate using upward financing to facilitate capital projects and acquire third-party assets and development projects as they mature—particularly once U.S.-Canada trade friction has passed.

OUTLOOK FOR 2025

Skyline Industrial REIT is proud of its unit value reliability over the past 12 months while navigating one of the most turbulent economic environments since our inception in 2012. We not only increased portfolio value but also significantly outperformed our public peers. As I enter my fourth year as REIT President, I am optimistic about our exceptional portfolio. While some near-term challenges remain regarding new supply absorption and tariff risk, the market is poised for robust growth once these transitory bottlenecks clear the system. In the end, we estimate about 30 to 40 sq. ft. of industrial space is needed for every permanent resident in Canada, supporting steady sector growth as the population races toward 50 million and beyond.

As a result of prudent capital allocation and leverage ratios, our liquidity and balance sheet strength remain high, enabling us to fund active development projects and selectively pursue accretive growth opportunities in target markets as they arise. It has been a rewarding year, and I want to thank all our investors for your support, which has been instrumental to our continued success.

Mike Bonneveld

President,
Skyline Industrial REIT

8300 Place Marien & 11235 Metropolitain Boulevard East
Montreal-East, Quebec

"With strong fundamentals and prudent capital management, we positioned the REIT to outperform in a competitive market environment and deliver solid returns to our investors."

Skyline Industrial REIT has strategically positioned itself within the industrial real estate market to capitalize on the growing needs of Canada's expanding and evolving supply chain. By focusing on acquiring and developing modern, well-located industrial assets within the warehousing and logistics sector, the REIT aims to provide its tenants with best-in-class facilities, and provide its investors with stable and growing distributions.

SENIOR MANAGEMENT

Back row from left to right: **Andy Coutts**, EVP; **Maria Duckett**, VP, Skyline Commercial Management Inc.; **Mandi Sweiger**, EVP; **Krish Vadivale**, EVP.

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

SKYLINE INDUSTRIAL REIT'S

Board of Trustees

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

RONALD MARTIN

Ronald (Ron) Martin is currently the President of Bridgeland Terminals Limited, a tank truck carrier located in Elmira, Ontario. Mr. Martin is also a board member of the Ontario Trucking Association and a Community Advisory Committee for a local chemical company. From 1994 through 2006, Mr. Martin was also a partner in a dehydrating company that specializes in the drying of agricultural products. Mr. Martin is a life-time resident of Elmira, Ontario.

INDEPENDENT TRUSTEE

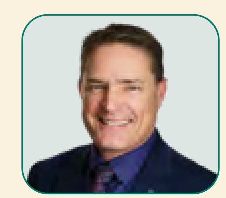
FRANCIS VALERIOTE

Francis (Frank) Valeriote is currently a lawyer and community leader who served for seven years as the Member of Parliament for Guelph, Ontario. He graduated with Honours from the University of Western Ontario with a Bachelor's Degree in Canadian History and Economics. He went on to earn a Law degree from the University of Ottawa and was called to the Bar in 1981. Mr. Valeriote co-founded the law firm of SmithValeriote LLP, where he served as a senior partner until his election. Mr. Valeriote has worked hard, both through the many Boards on which he has served and through his law practice, to mentor new entrepreneurs start their business and promote investment in Guelph. Among the many Boards on which he has served he is a former board member and Chair of the Guelph Wellington Business Enterprise Centre, and former board member of Boundless Accelerator (formerly Innovation Guelph) mentoring the creators of small business and has been actively engaged in numerous fundraising efforts for various Guelph philanthropic and other charitable organizations.

INDEPENDENT TRUSTEE

MICHAEL MACKENZIE

Michael Mackenzie is a Trustee of Skyline Industrial REIT. From 2014 until his retirement on June 30, 2022, Mr. Mackenzie was the President of Skyline Industrial REIT and Skyline Commercial Asset Management Inc.. Mr. Mackenzie has over 30 years of industry expertise. He was responsible for the strategic growth and performance of Skyline Industrial REIT for over eight years. Mr. Mackenzie's strong background in commercial real estate ownership and his years of experience growing real estate businesses makes him a significant asset to Skyline Industrial REIT.



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.

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.

555 & 565 Victor Davis
Pointe-Claire, Quebec

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.

2024 Financial Reporting

FORWARD-LOOKING DISCLAIMER

The following Management's Discussion and Analysis ("**MD&A**") of the results of operations and financial conditions for the year ended December 31, 2024 should be read in conjunction with Skyline Industrial Real Estate Investment Trust's ("**Skyline Industrial REIT**" or the "**REIT**") consolidated audited 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; leasing risks, including those associated with the ability to lease vacant space; our ability to fund, source and complete accretive acquisitions; and interest rates and changes in property value.

The forward-looking statements made herein are based on information available to management as of April 30, 2025, except where otherwise noted. Skyline Industrial 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 if future results. Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

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 Industrial 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 Industrial 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 Industrial REIT has presented the Non-IFRS measures because Management believes these Non-IFRS measures are relevant measures of the ability of Skyline Industrial REIT to earn revenue and to evaluate Skyline Industrial 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 Industrial 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 comprehensive 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 Industrial REIT posted publicly 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 Industrial REIT is an unincorporated open-ended investment trust created by a Declaration of Trust effective as of January 10, 2012 and amended and restated as of December 5, 2022 (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 Industrial REIT earns income from investments in a diversified portfolio of commercial properties located in Ontario, Quebec, Alberta, Manitoba and Saskatchewan.

1 High Plains Trail
Rocky View County, Alberta

MANAGEMENT STRATEGY

As managers to Skyline Industrial REIT; Skyline Commercial Asset Management Inc. (the "**Asset Manager**"), Skyline Wealth Management Inc. (the "**Exempt Market Dealer**") and Skyline Commercial Management Inc. (the "**Property Manager**") will implement their values and strategies as they fulfill their responsibilities. The REIT's mandate is clear and focused on the following strategies:

- **Maximize Revenues:** The ability to maximize revenues for Skyline Industrial REIT is dependent upon four factors:
  a. Increases to base rental rates upon lease expiries and at lease renewal based on regularly updated, localized, competitive market data;
  b. Improvements in occupancy rates;
  c. Reductions in operating expenses as it relates to overall tenant occupancy cost; and
  d. Development or expansion of rentable space.

- **Reduce Expenses:** Prudently managing expenses at the property level is critical for improving the profitability of each property and of the portfolio as a whole. The Property Manager has developed strategies to reduce and control expenses through a variety of programs, capital projects, and diligent consumption monitoring:
  a. Manage consumption through tenant education and implementation of energy-saving initiatives (including through capital investment);
  b. Reduce maintenance costs through competitive bidding and tendering requirements;
  c. Competitive negotiation and re-negotiation of critical service contracts with constant consideration for economies of scale, along with diligent and responsible tracking of billing;
  d. Ensuring that only costs related to shared services are charged to common area costs ("CAM") versus costs that are tenant-specific and should be charged back directly to a tenant according to lease provisions;
  e. Preventative and proactive maintenance and capital expenditure planning;
  f. Future planning – Bulk purchasing, internalization of current supplier services, etc;
  g. Ensuring that standard leases clearly delineate Landlord versus Tenant responsibilities for repair and replacement, including recovery via amortization of major repairs, and moving tenants onto the current lease format at renewal; and
  h. Ongoing training of Portfolio Managers and Building Operators in an effort to educate them on available cost saving measures, as well as on general maintenance.

It is the Property Manager's strategy to aggressively work toward expense reduction and control. In the competitive marketplace of Canadian commercial real estate, the Property Manager has committed to regularly review expenses and reduce them wherever possible without sacrificing service levels and tenant satisfaction. Striving to reach this goal also begins the progress towards the third goal of improving portfolio quality and improving the overall asset base.

- **Improve Portfolio Quality:** To be a leader in the light industrial commercial property sector in Canada, simply owning a large number of buildings is not enough. The industry has become more sophisticated and there is more competition to attract the pool of available tenants. Real estate brokers maintain lists of detailed tenant expiries and contact them regularly to influence their location choices. Tenants are therefore better educated as to market conditions, rates, and availability. Our product attracts small new businesses as well as multi-national corporations. We vet our opportunities to avoid unnecessary risk, but also rely upon the growth and incubation of small start-up businesses. Our efforts are directed at attracting the most desirable tenants possible to the REIT.

SKYLINE INDUSTRIAL REIT

Key Performance Indicators

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

- **Distributions:** Skyline Industrial REIT is currently paying monthly distributions to class A Unitholders of $0.08542 per unit, or $1.025 on an annual basis. At December 31, 2024, approximately 48.1% 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 Industrial REIT exists, without sacrificing the maximization of rental income. At December 31, 2024, overall occupancy was 98.4%.
- **In-Place Rental Rates:** Through ongoing and active management, the portfolio's in-place base rents will always be evaluated against market rents for similar assets, in order to achieve the most accretive gain (or least impactful loss, in the case of softer markets) when space is renewed or newly leased.
- **Leasing and Tenant Profile:** Through the management of the key indicators of 'occupancy' and 'in place rental rates'; Management will evaluate and optimize the overall average remaining lease term in order to spread vacancy risk over a longer term. Additionally, Management will continue to balance the income across a broad base of tenancies in order to minimize the revenue exposure to any single tenant.
- **NOI:** This is defined as operating revenues less operating expenses, and is a key measure of operating performance. It is a key non-International Financial Reporting Standards ("IFRS") financial measure of the operating performance of Skyline Industrial REIT. For the year 2024, Skyline Industrial REIT's NOI margin was 67.8%.
- **Same Property NOI:** This is defined as operating revenues less operating expenses for properties which were owned for the full years of 2022, 2023 and 2024. Management was focused on maintaining or increasing same property NOI year over year.
- **FFO:** FFO is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs. For the year 2024, Skyline Industrial REIT generated $44.1 million in FFO.
- **Payout Ratio:** To ensure that Skyline Industrial REIT retains sufficient cash to meet its capital improvement and leasing objectives, Management strives to maintain appropriate FFO payout ratios over the year. For the year 2024, Skyline Industrial REIT's FFO payout ratio was 87.28%.
- **Financing:** Management is continually reviewing 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 between 50-60% leverage based upon fair value. At the close of 2024, Skyline Industrial REIT's portfolio leverage ratio was 58.62% (against historical cost) and 51.36% (against fair value in accordance with IFRS 13).

SKYLINE INDUSTRIAL REIT

Goals, Objectives and 2024 Highlights

In accordance with the Declaration of Trust, the goals and objectives of Skyline Industrial 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 commercial properties located in Canada;
2. to maximize REIT unit value through the ongoing management of Skyline Industrial REIT's assets and through the acquisition of additional properties; and
3. to maintain a REIT that satisfies the REIT exception under the Specified Investment Flow Through ("**SIFT**") legislation in order to provide certainty to Unitholders with respect to taxation of distributions.

2024 HIGHLIGHTS

- The REIT's Assets under Management increased from $1.669 billion to $1.798 billion (9.76%) during 2024 from a combination of dispositions, strategic acquisitions and value enhancement to the existing portfolio.
- The REIT's average in-place base rent increased from $8.36 per sq.ft. to $9.35 per sq.ft. by year end.
- Weighted Average mortgage interest rate was 4.58% on $908 million of outstanding mortgages as at December 31, 2024.

Financial Highlights **($ thousands, except where noted)**	**2024**	**2023**
Property revenues	$141,139	$110,605
Operating expenses	$(45,469)	$(35,670)
Net operating income ("NOI")	**$95,670**	**$74,935**
Net income	**$63,479**	**$67,516**
Funds from operations ("FFO")	**$44,077**	**$35,390**
Normalized distributions declared to REIT and LP unitholders	**$38,470**	**$35,513**
Normalized FFO payout ratio	**87.28%**	**100.35%**

PROPERTY PORTFOLIO

At December 31, 2024, through active portfolio management; the portfolio consisted of 10,036,715 rentable sq. ft. across 51 industrial properties geographically across Ontario, Quebec, Alberta, Saskatchewan and Manitoba.

Skyline Industrial REIT's property portfolio is a balanced mix of industrial real estate located along high volume logistic routes across Ontario, Quebec, Alberta, Saskatchewan and Manitoba. The REIT continues to look at further expanding and enhancing the portfolio in existing and new urban markets across Canada.

Portfolio Average Monthly Base Rent & Occupancy **As at December 31, 2024**	**GLA (sq. ft.)**	**%**	**Occupancy Rate (%)**	**Base Rent ($)**
Industrial	10,036,715	100.0	98.4	9.35

ACQUISITIONS AND DISPOSITIONS

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

Purchase Date	**GLA (sq. ft.)**	**Region**	**Type**	**Acquisition Costs ($)**	**Mortgage Funding ($)**
16-Jan-24	274,716	Quebec	Industrial	72,400	42,000
20-Feb-24	98,956	Quebec	Industrial	28,000	18,000
Total	**373,672 sq. ft.**			**$100,400**	**$60,000**

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

Disposition Date	**GLA (sq. ft.)**	**Region**	**Type**	**Sale Price ($)**	**Equity ($)**	**Mortgages Discharged ($)**
11-Sep-24	96,495	Ontario	Industrial	20,000	15,802	4,198
Total	**96,495 sq. ft.**			**$20,000**	**$15,802**	**$4,198**

SKYLINE INDUSTRIAL REIT

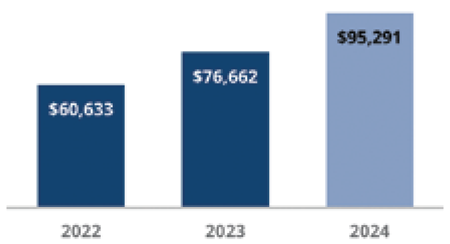
2024 Operating Highlights

Operating Results **($ thousands, except where noted)**	**2024 ($)**	**%***	**2023 ($)**	**%***
Property revenues				
Minimum rent	95,291	69.3	76,662	69.3
Cost recoveries	45,848	30.7	33,943	30.7
Total property revenues	**$141,139**	**100.0%**	**$110,605**	**100.0%**
Direct property expenses				
Realty taxes	31,255	21.5	23,801	21.5
Other direct property costs	10,562	7.9	8,792	7.9
Utilities	725	0.6	714	0.6
Property Management fees	2,927	2.1	2,363	2.1
Total direct property expenses	**$45,469**	**32.2%**	**$35,670**	**32.2%**
NOI	**$95,670**	**67.8%**	**$74,935**	**67.8%**

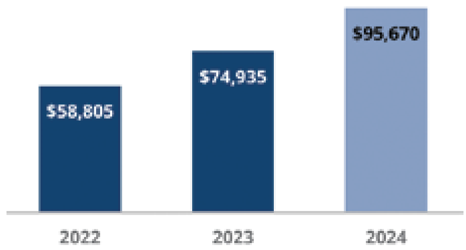
* As a percentage of property revenues

Other operational metrics				
Total occupancy %		98.4%		98.6%
In-place base rent (per sq. ft.)		$9.35		$8.36

MINIMUM RENT ($ Thousands)



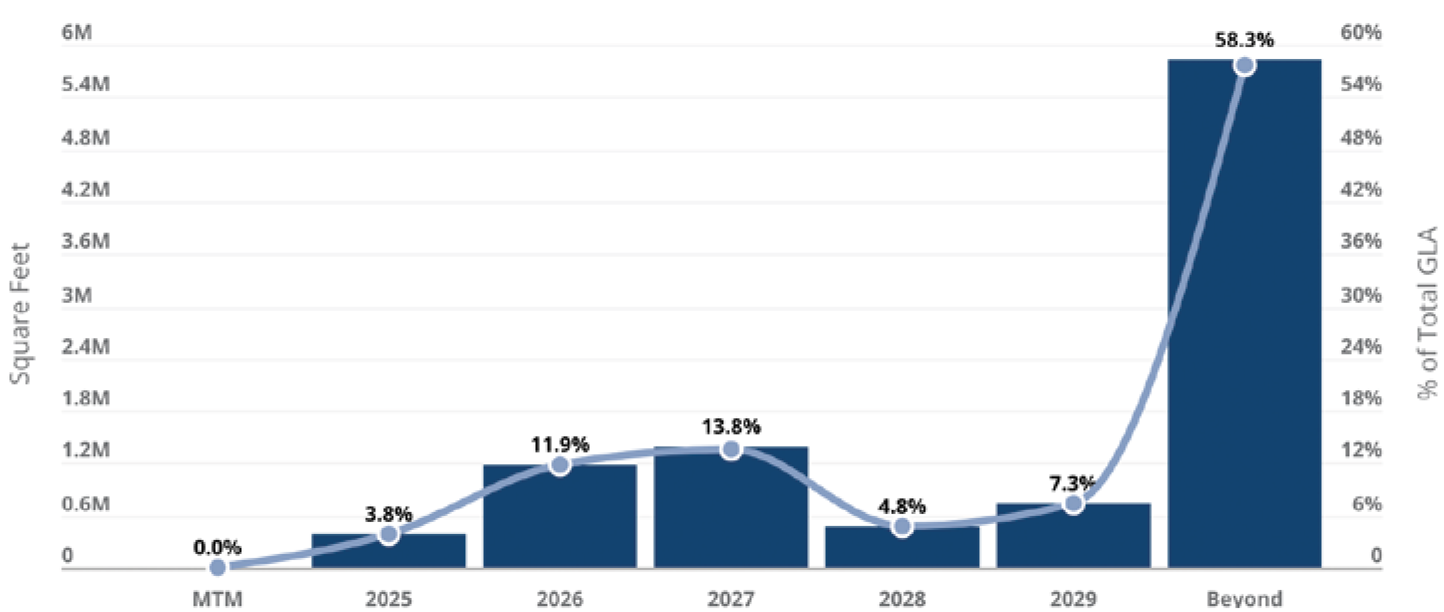
NOI ($ Thousands)



Regional Highlights **($ thousands, except where noted)**	**2024**		**2023**		**Increase (Decrease)**		
Portfolio	**NOI ($)**	**NOI Margin (%)**	**NOI ($)**	**NOI Margin (%)**	**Revenue Change (%)**	**Expense Change (%)**	**NOI Change (%)**
Ontario	**20,431**	**75.0**	13,994	68.9	34.1	7.4	46.0
Quebec	**29,035**	**66.3**	18,695	66.2	55.0	56.1	55.3
Western Canada	**46,204**	**66.6**	42,246	68.4	12.4	16.3	9.4
Total	**$95,670**	**68.1%**	$74,935	67.9%	27.3%	25.3%	27.7%

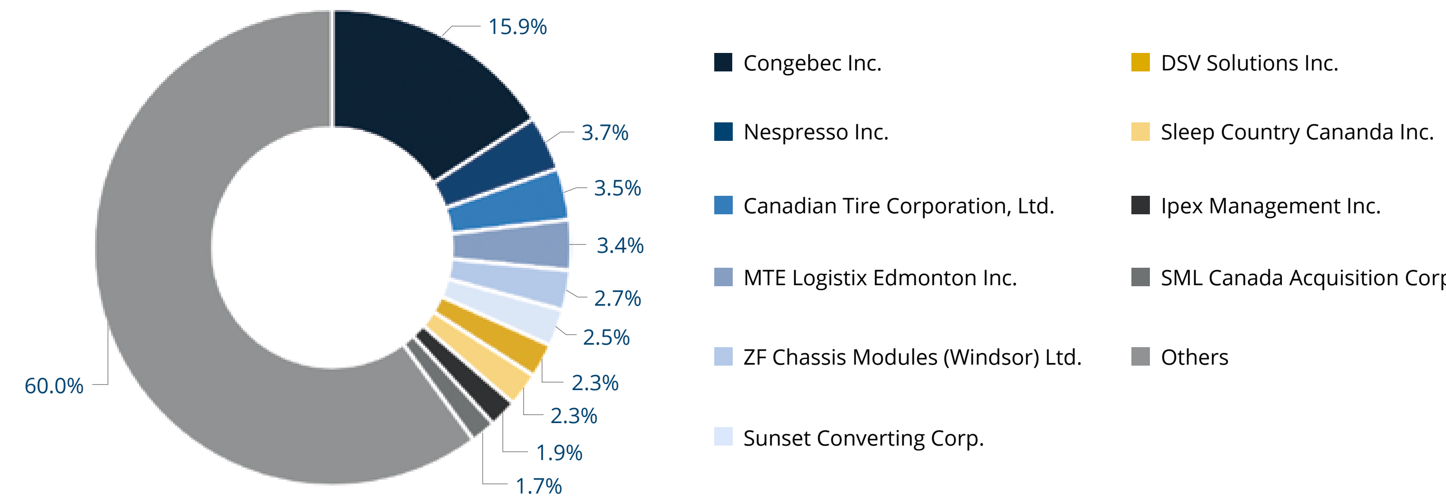
Occupancy/Vacancy Schedule

At the close of 2024, the portfolio had 164,529 sq. ft. of vacant space, of which 47,377 sq. ft. is committed for future occupancy. With respect to future expiries, Management has already renewed or leased 535,302 sq. ft. The following bar graph shows the percentage of lease expiries over the next five years and beyond, 58.3% of maturities are over five years. Over the course of 2025 Management plans to commence early renewal discussions with larger tenants to proactively manage the expiries occurring in the next five years.



Leasing and Tenant Profile

The REIT's tenant profile consists of a diversified base of quality tenants. At December 31, 2024, with 176 tenants, risk exposure to any single tenant was 15.9%. The following chart shows the top ten tenant mix for the Properties on the basis of the percentage of base rent.

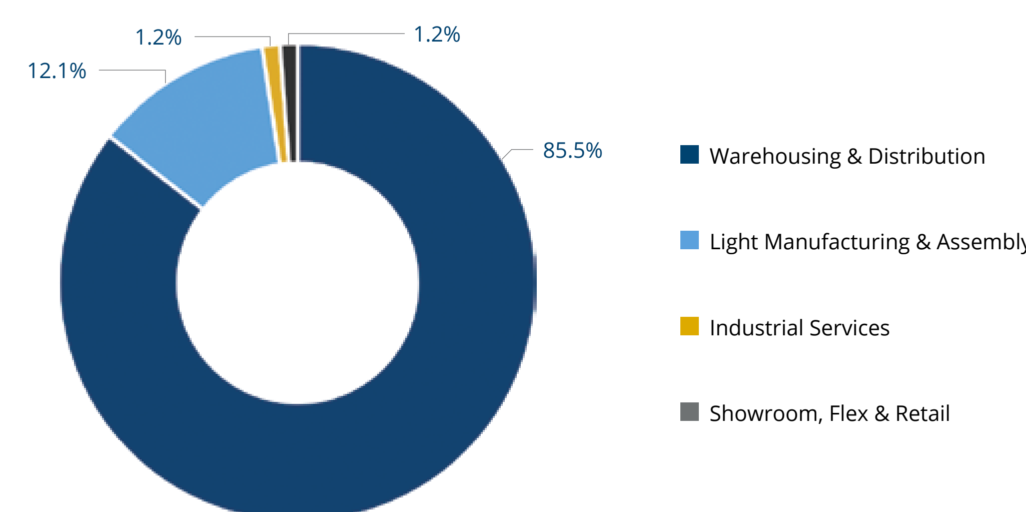


Portfolio Composition

Skyline Industrial REIT specializes in modern industrial real estate focused on warehousing, distribution, and logistics. The REIT is well-positioned for growth amid rising demand for these spaces from business such as those centered on e-commerce and cold storage.

Each property is professionally management by Skyline Commercial Management Inc. a commercial real estate property management company housed within Skyline Group of Companies.

Skyline Industrial REIT has approximately 85.50% of its tenants in the warehousing and distribution sector. This weighting anchors the REIT's long-term strategy to a strong and growing industrial real estate asset class.



FUNDS FROM OPERATIONS

FFO is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs. This non-IFRS measure is a commonly used performance measure for assessing real estate operations. However, it does not represent cash flow from operating activities, and is not necessarily indicative of cash available to fund Skyline Industrial REIT's needs. It also does not have a standardized industry definition; therefore, it may not be relied upon as a comparable indicator to other REITs that use a similar term.

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Rocky View County, Alberta

FFO PAYOUT RATIOS

The FFO payout ratio compares total and net distributions declared to non-IFRS measures. Management considers these ratios to also be important measures of the sustainability of distributions.

A reconciliation of net income to FFO and AFFO is shown in the following chart:

FFO Payout Ratios **($ thousands, except where noted)**	**2024 ($)**	**2023 ($)**
Profit & loss		
Property revenues	**$141,139**	**$110,605**
Operating expenses	**$(45,469)**	**$(35,670)**
NOI	**$95,670**	**$74,935**
Finance costs	(59,164)	(49,375)
REIT & other expenses	(6,482)	(6,348)
Interest income	-	109
Fair value loss on partnership units	(128)	-
Share of net earnings from investments in joint ventures	20,677	36,801
Fair value (loss) gain on disposed properties	4,643	(4,517)
Fair value (loss) gain on investment poperties	8,263	15,911
Net income	**$63,479**	**$67,516**
Non-cash add-backs:		
Distributions paid on partnership units	11,397	14,470
Fair value loss on partnership units	128	-
Share of net earnings from investments in joint ventures	(20,677)	(36,801)
Fair value (loss) gain on disposed properties	(4,643)	4,517
Fair value (loss) gain on investment poperties	(8,263)	(15,911)
Amortization of leasing costs	1,905	1,132
Amortization of tenant inducements	751	467
FFO	**$44,077**	**$35,390**

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	2024 ($)	2023 ($)
Total distributions declared	54,988	49,476
Less: General Partner sharing distributions	(10,631)	(13,963)
Total distributions declared to REIT and LP Unitholders	**$44,357**	**$35,513**
Less: special distributions	**$(5,887)**	-
Normalized distributions declard to REIT and LP Unitholders	**$38,470**	**$35,513**
Normalized FFO payout ratio	**87.28%**	**100.35%**

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3601 Avenue de la Gare
Mascouche, Quebec

Distributions to Unitholders

During 2024, Skyline Industrial REIT paid monthly distributions to Class A Unitholders of $0.0833 per unit, or $1.00 per unit on an annual basis. On December 1, 2024, Skyline Industrial REIT increased the monthly distributions to Unitholders to $0.0854 per unit, or $1.25 per unit on an annual basis. On March 28, 2024 a Special Distribution of $0.20 was issued to eligible Unitholders.

Unit Price and Distribution Breakdown	Unit Price ($)	Monthly Rate ($)	Annual Rate ($)	Yield (%)
March 28, 2024 - *Special Distribution Issued*	22.50	-	0.200	-
July 11, 2024 - *Unit Price Increase*	22.75	0.0833	1.000	4.40
December 1, 2024 - *Distribution Rate Increase*	22.75	0.0854	1.025	4.51

In order to maintain a consistent cycle of monthly distributions, the REIT may, from time to time, use proceeds from dispositions and refinancings as well as funds from the operating line of credit. It is Management's long-term objective to continually reduce on 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	**$38,470**	**$35,513**
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 Industrial 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 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 Market 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 Market Value of the portfolio's investment properties:

- Group the portfolio into segments that identify geographic locations and 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 Industrial 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.

For the year ended December 31, 2024, 95.4% of the investment properties, by cost base, were valued externally (2023 – 40%).

2024 saw the cumulative fair value adjustment on investment properties increase $1.798 billion from $1.669 billion at December 31, 2024.

INVESTMENT PROPERTIES CONT.

Fair Value of Investment Properties (under IFRS 13) **($ thousands, except where noted)**	**2024 ($)**	**2023 ($)**
Balance, beginning of year	**$1,669,990**	**$1,516,075**
Acquisitions through purchase of assets	-	106,021
Acquisitions through purchase of limited partnerships	100,400	98,000
Additions through capital expenditures on existing investment properties	31,064	19,917
Disposals through sale of investment properties	(19,643)	(82,678)
Investment properties held for sale but added back to portfolio	-	-
Changes in assets held for sale	-	-
Amortization of leasing costs and straight-line rent	3,533	1,261
Fair value gain on investment properties and disposed properties	12,906	11,394
Balance, end of year	**$1,798,250**	**$1,669,990**

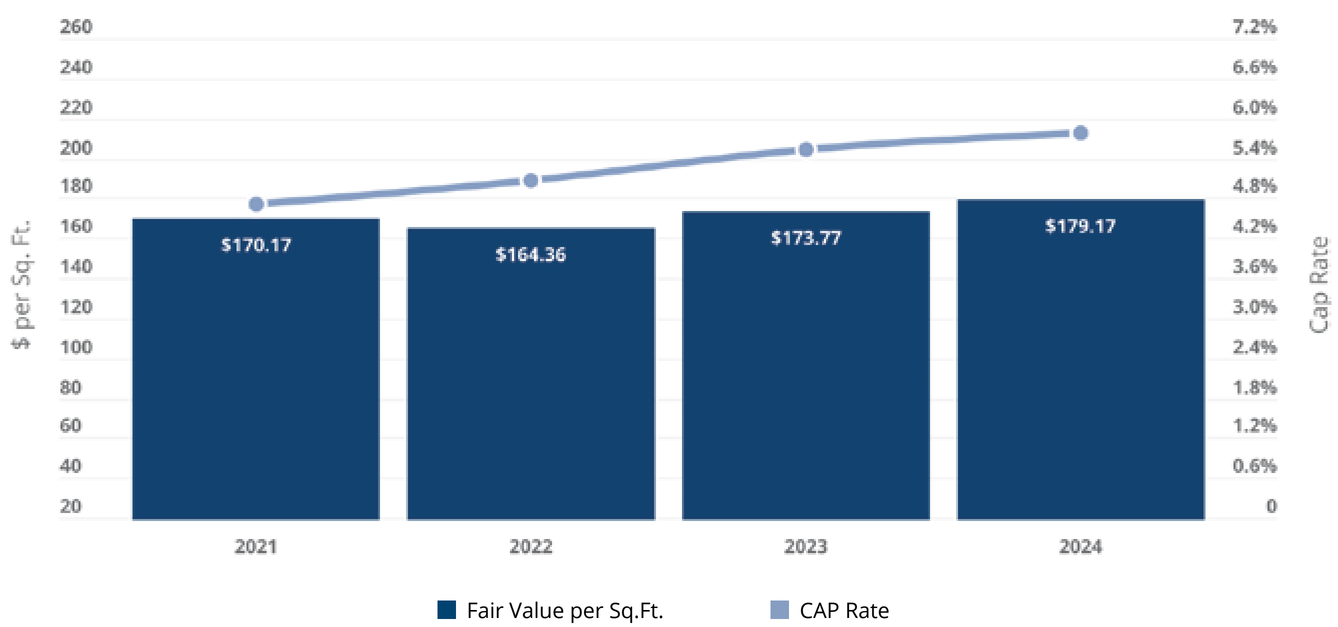
The following table reconciles the cost base of investment properties to their fair value:

Fair Value of Investment Properties (under IFRS 13) **($ thousands, except where noted)**	**2024 ($)**	**2023 ($)**
Cost	1,575,470	1,447,917
Cumulative fair value adjustment	222,780	222,073
Fair Value	**$1,798,250**	**$1,669,990**

INVESTMENT PROPERTIES CONT.

The following table and graph summarize the REIT's growth in asset value on a trending basis over the past four 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	$1,798,250	$1,669,990	$1,530,914	$1,313,990
Total rentable sq.ft. at year end	10,036,715	9,610,563	9,314,597	7,721,570
Fair value per sq.ft	**$179.17**	**$173.77**	**$164.36**	**$170.17**
Increase (decrease) in fair value per sq.ft. (%)	**3.11%**	**5.73%**	**(3.42%)**	**26.69%**
Weighted average Cap rate	5.77%	5.53%	5.05%	4.69%
Increase (decrease) in cap rate (year-over-year) (%)	4.34%	9.50%	7.68%	(18.43%)
Net operating income ("NOI")	$95,670	$74,935	$58,805	$59,508
Increase in NOI (year-over-year) (%)	27.67%	27.43%	(1.18%)	8.60%
NOI (% of revenue)	67.78%	67.75%	70.50%	67.83%



CAPITAL EXPENDITURES

During 2024, Skyline Industrial REIT acquired 373,672 rentable square feet of industrial space through the acquisition of two properties for a total investment of $100.4 million.

In general, Skyline Industrial REIT is purchasing income producing industrial properties on an accretive basis; 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 properties and ultimately to sustain and expand the overall portfolio's future rental income-producing potential over its expected life span.

During the year, Management invested $31.0 million in structural improvements, common area improvements, and utility efficiency programs 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 Industrial REIT's DOT permits the maximum amount of total debt to 70% of the gross book value of the REIT's assets. Despite the REIT reporting under IFRS methods, Management continues to evaluate LTV ratios on both a fair 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 Industrial REIT as at December 31, 2024 is in the following chart:

Mortgage Summary **($ thousands, except where noted)**	**2024**	**2023**
Mortgages payable	$907,752	$801,166
Line of credit	$15,817	$53,771
Total Debt	**$923,569**	**$854,937**
Class B LP Units	$11,683	$11,302
Unitholders' Equity	$930,630	$891,613
Total Capital	**$1,865,882**	**$1,757,852**
Mortgage debt to historical cost	57.61%	55.33%
Mortgage debt to fair value	50.48%	47.97%
Total debt to historical cost	58.62%	59.05%
Total debt to fair value	51.36%	51.19%
Weighted average mortgage interest rate	4.58%	4.64%
Weighted average mortgage term to maturity (yrs.)	3.01	2.95

CAPITAL STRUCTURE CONT.

Mortgages Payable **($ thousands, except where noted)**	**Future minimum principal payments ($)**	**% of total mortgages**
2025	215,656	23.8
2026	119,284	13.1
2027	102,300	11.3
2028	121,297	13.4
2029	190,896	21.0
Thereafter	158,319	17.4
Total mortgages payable as at December 31, 2024	**$907,752**	**100.0%**

555 & 565 Victor Davis
Pointe-Claire, Quebec

Investment Summary

During 2024, units of Skyline Industrial REIT were issued under the accredited investor exemption and through the Employee Unit Purchase Plan (“EUPP”) under the employee exemption. During the year, the REIT received net proceeds of $19.9 million through new REIT and LP unit issuances and DRIP enrolment, net of redemptions.

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	**33,956,694**	**$400,437**	**33,977,109**	**$392,380**
Proceeds from REIT units issued	1,419,923	32,079	2,152,762	48,437
Units issued through DRIP	735,723	16,646	696,162	15,664
Units issued through 'Special' DRIP	238,826	5,374	-	-
Unit converted to Class F units	(179,127)	(2,316)	(1,044,478)	(14,985)
Redemptions - REIT units	(2,388,164)	(53,932)	(1,824,861)	(41,059)
Class A units outstanding, end of year	**33,783,875**	**$398,288**	**33,956,694**	**$400,437**
Weighted average REIT units outstanding	**32,412,820**		**32,776,608**	

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	**2,024,848**	**$37,044**	**-**	**$ -**
Proceeds from REIT units issued	833,709	18,924	945,784	21,280
Units issued through DRIP	87,329	1,974	35,919	808
Units issued through ‘Special’ DRIP	18,256	411	-	-
Units converted from Class A units	179,127	2,316	1,044,478	14,985
Redemptions - REIT units	(67,694)	(1,532)	(1,333)	(29)
Class F units outstanding, end of year	**3,075,575**	**$59,137**	**2,024,848**	**$37,044**
Weighted average REIT units outstanding	**2,455,441**		**1,116,080**	

LP Unitholders - Investment Activity ($ thousands, except where noted)	**2024**		**2023**	
	Number of Units	**Amount ($)**	**Number of Units**	**Amount ($)**
LP units outstanding, beginning of year	**502,326**	**$11,302**	**502,326**	**$11,302**
Proceeds from LP units issued	-	-	-	-
Units issued through DRIP	-	-	-	-
Units issued through ‘Special’ DRIP	11,222	253	-	-
Redemptions - LP units	-	-	-	-
Change in fair value	-	128	-	-
LP units outstanding, end of year	**513,548**	**$11,683**	**502,326**	**$11,302**
Weighted average LP units outstanding	**512,794**		**502,326**	

UNITHOLDER TAXATION

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

For Skyline Industrial REIT Unit Holders	2024 (%)
Other Income	0.00
Capital Gains	15.33
Return of Capital	84.67
TOTAL	**100.00%**

RELATED PARTY TRANSACTIONS

The Executive Officers of Skyline Industrial REIT do not receive direct salary compensation from the REIT. Rather, Skyline Commercial Real Estate GP Inc. (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 cash-flows are 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	6,785	2,146
General Partner sharing on dispositions	3,846	11,817
Total General Partner sharing on distributions	**$10,631**	**$13,963**

RELATED PARTY TRANSACTIONS CONT.

Management Services

Related party fees paid are as follows:

Management Fees ($ thousands, except where noted)	2024 ($)	2023 ($)
Asset management fees	4,117	3,557
Wealth management fees	3,529	3,476
Leasing service fees	3,200	1,568
Property management fees	2,927	2,363
Legal service management fees	1,208	1,597
Underwriting management fees	1,077	493
CAPEX management fees	193	84
Lease documentation fees	54	42
Solar asset management fees	44	2
Develpoment service fees	-	23
Total Management Fees	**$16,349**	**$13,205**

Maglin
454 Innovation Way
Woodstock, Ontario

SERVICES

Services of the Asset Manager

Skyline Industrial REIT has an asset management agreement with Skyline Asset Management Inc. and Skyline Commercial Asset Management Inc (the "Asset Manager"). The asset management fees payable under the asset management agreement are 2% of adjusted gross revenue. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Asset Manager $2.74 million in asset management fees (2023 - $2.13 million).

Skyline Industrial REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Industrial REIT shall pay the Asset Manager: (i) 50% of market brokerage fees if an external broker is used, or (b) 100% of market brokerage fees if no external broker is used. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Asset Manager $3.20 million in leasing services fees (2023 – $1.57 million).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Industrial REIT. In providing these services, Skyline Industrial REIT pays the Asset Manager a fee equal to 1% of the development costs of each project. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Asset Manager $1.38 million in development management fees (2023 - $1.43 million).

Services of the Property Manager

Skyline Industrial REIT has a property management agreement with Skyline Commercial Management Inc (the "Property Manager"). Property management fees payable under the property management agreement for single tenant managed properties are paid at a fixed rate ranging from 15 to 25 cents per square foot (not in thousands of Canadian dollars). For multi tenant properties or single tenant properties managed by a property manager, the fee is 2.5% of base rental income. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Property Manager $2.93 million in property management fees (2023 - $2.36 million).

As part of the property management agreement, Skyline Industrial REIT also pays for lease documentation services, which are payable at a fixed rate ranging from $200 to $1,000 (not in thousands of Canadian dollars) per lease. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Property Manager $54 thousand in lease documentation fees (2023 - $42 thousand).

Services of the Exempt Market Dealer

Skyline Industrial 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 Industrial REIT paid to the Exempt Market Dealer $2.76 million in wealth management fees (2023 - $2.67 million) and $773 thousand equity raise fees (2023 - $803 thousand).

Services of the Mortgage Underwriting Manager

Skyline Industrial REIT has an arrangement with Skyline Mortgage Financing Inc. (the "Underwriting Manager"), wherein the Underwriting Manager assists Skyline Industrial REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Industrial REIT pays the Underwriting Manager $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and effective November 2023, 35 bps (January to November 2023 - 50 bps) on mortgage principal for all other mortgages. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Underwriting Manager $1.08 million in mortgage underwriting fees (2023 - $493 thousand).

Legal Services Manager

Skyline Industrial REIT has an arrangement with Skyline Private Investment Capital Inc. (the "Legal Services Manager"), wherein the Legal Services Manager. provides advice to Skyline Industrial REIT on the use of external legal counsel, and manages external legal counsel on behalf of Skyline Industrial REIT (the "Legal Services Arrangement"), the costs for which are approved annually by Skyline Industrial REIT's independent Trustees. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Legal Services Manager $1.21 million in legal and administrative fees (2023 - $1.60 million).

SERVICES CONT.

Services of the Solar Asset Manager

Skyline Industrial 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 Industrial REIT paid to the Solar Asset Manager $44 thousand in solar asset management fees (2023 – $2 thousand).

Services of the CAPEX Provider

Skyline Industrial 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 Industrial REIT's Independent Trustees. For the year ended December 31, 2024, Skyline Industrial REIT paid to the CAPEX Provider $193 thousand in CAPEX management fees (2023 – $84 thousand).

Services of the Development Manager

Skyline Industrial REIT has an arrangement with Skydevco Inc (the "Development Manager"), who provides development consulting services to Skyline Industrial REIT, the costs for which are approved from time to time by Skyline Industrial REIT's Independent Trustees. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Development Manager $0 in development service fees (2023 – $23 thousand).

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Calgary, Alberta

Skyline Industrial 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 commercial and industrial premises, competition from other commercial and industrial 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 Industrial 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 Industrial REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If Skyline Industrial REIT were required to liquidate its real property investments, the proceeds to Skyline Industrial REIT might be significantly less than the aggregate value of its properties on a going concern basis.

Skyline Industrial 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 Industrial 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 Industrial 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 Industrial 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 Industrial REIT's investment may be incurred. Furthermore, at any time, a tenant of any of Skyline Industrial 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 Industrial REIT. The ability to rent unleased space in the properties in which Skyline Industrial REIT will have an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on Skyline Industrial 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 Industrial REIT than the existing lease.

Competition for Real Property Investments

Skyline Industrial 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 Industrial REIT. A number of these investors may have greater

financial resources than those of Skyline Industrial REIT, or operate without the investment or operating restrictions of Skyline Industrial 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 Industrial REIT in seeking tenants. The existence of competing developers, managers and owners and competition for Skyline Industrial REIT's tenants could have an adverse effect on Skyline Industrial 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 Industrial REIT's business and profitability.

General Economic Conditions

Skyline Industrial 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 Industrial REIT's tenants could have an adverse effect on Skyline Industrial 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 Industrial 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 Industrial REIT operates or may operate could have an adverse effect on Skyline Industrial REIT.

General Uninsured Losses

Skyline Industrial 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 Industrial 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 Industrial REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its properties, but Skyline Industrial 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 Industrial REIT from time to time because of items such as principal repayments of debt, tenant inducements, leasing commissions and capital expenditures, if any. Skyline Industrial 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 Industrial 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 Industrial 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 Industrial REIT to be remote in the circumstance, that a REIT Unitholder could be held personally liable for obligations of Skyline Industrial REIT (to the extent that claims are not satisfied by Skyline Industrial REIT) in respect of contracts which Skyline Industrial 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 Industrial 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 Industrial REIT contain an express disavowal of liability against Unitholders.

Dependence on Key Personnel

The management of Skyline Industrial 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 Industrial REIT.

Potential Conflicts of Interest

Skyline Industrial REIT may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of Skyline Industrial REIT and the senior officers of the Asset Manager, the Property Manager and the Wealth Manager are engaged in a wide range of real estate and other business activities. Skyline Industrial 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 Industrial REIT may be dealing, or which may be seeking investments similar to those desired by Skyline Industrial REIT. The interests of these persons could conflict with those of Skyline Industrial REIT. In addition, from time to time, these persons may be competing with Skyline Industrial REIT for available investment opportunities.

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

Skyline Industrial 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 Industrial REIT.

Since the net income of Skyline Industrial 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 Industrial REIT accrued or realized by Skyline Industrial 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 Industrial 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 RRSP Eligibility – Taxation of Skyline Industrial REIT".

Dilution

The number of units Skyline Industrial REIT is authorized to issue is unlimited. The Skyline Industrial REIT Trustees have the discretion to issue additional REIT units in other circumstances, pursuant to Skyline Industrial 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 Industrial REIT of a substantial part of its operating cash flow could adversely affect Skyline Industrial 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 Industrial REIT could be materially and adversely affected.

Financing

Skyline Industrial REIT is subject to the risks associated with debt financing, including the risk that Skyline Industrial 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 Industrial 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 Industrial REIT may not be indemnified for some or all of these liabilities. Following an acquisition, Skyline Industrial 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 Industrial REIT and seeks through contract to ensure that risks lie with the appropriate party.

Joint Venture Development Projects

Skyline Industrial REIT is engaged in joint venture development projects which are exposed to the risk of decline in the industrial real estate leasing market. Industrial lease rates directly affect the valuation of industrial rental property and a significant decline in lease rates could result in proforma rental estimates being inaccurate. A significant decline in industrial lease rates could result in the total cost of completing the joint venture development project exceeding the value of the property upon completion of development. If project objectives are not achieved, cash calls under the joint venture partnership agreements could result in Skyline Industrial REIT being required to provide additional equity to the development projects in accordance with Skyline Industrial REIT's proportionate share of ownership in each of the projects. Each of the development projects represents less than five percent of the assets under management by Skyline Industrial REIT and Skyline Industrial REIT's proportionate share in the projects is limited. Individual purchasers of REIT units are not parties to the joint venture partnership agreements and cannot be called on to provide equity for these projects i.e. cash calls may be required of Skyline Industrial REIT but cannot be required from individual Unitholders.

Litigation Risks

In the normal course of Skyline Industrial 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 Industrial REIT and as a result, could materially adversely affect the business, results of operations and financial condition of Skyline Industrial REIT. Even if Skyline Industrial 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 Industrial REIT's business operations which could materially adversely affect the business, results of operations and financial condition of Skyline Industrial REIT and its ability to pay distributions on REIT units.

Cybersecurity Risk

The efficient operation of Skyline Industrial 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 Industrial 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 Industrial 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 Industrial 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 Industrial 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 Industrial REIT's business, properties, investments, operations and/or its financial results.

353 Griffin Way
Woodstock, Ontario

SUBSEQUENT EVENTS

Subsequent to year end, the following investment activity occurred:

REIT Unitholders - 2025 Investment Activity Class A **($ thousands, except where noted)**	**Number of Units**	**Amount ($)**
Class A units outstanding, January 1, 2025	**33,783,875**	**$398,288**
Proceeds from REIT units issued	10,990	250
Units issued through DRIP	253,985	5,778
Units issued through ' Special' DRIP	-	-
Units converted to Class F units	(9,017)	(144)
Redemptions - REIT units	(546,977)	(12,444)
Class A units outstanding, April 30, 2025	**33,492,856**	**$391,728**
Weighted average REIT units outstanding	**32,312,383**	

REIT Unitholders - 2025 Investment Activity Class F **($ thousands, except where noted)**	**Number of Units**	**Amount ($)**
Class F units outstanding, January 1, 2025	**3,075,575**	**$59,137**
Proceeds from REIT units issued	485,941	11,055
Units issued through DRIP	33,792	767
Units issued through ' Special' DRIP	-	-
Units converted from Class A units	9,017	144
Redemptions - REIT units	(13,362)	(304)
Class F units outstanding, April 30, 2025	**3,590,963**	**$70,799**
Weighted average REIT units outstanding	**3,175,465**	

SUBSEQUENT EVENTS CONT.

LP Unitholders - 2025 Investment Activity **($ thousands, except where noted)**	**Number of Units**	**Amount ($)**
LP units outstanding, January 1, 2025	**513,548**	**$11,683**
Proceeds from LP units issued	-	-
Units issued through DRIP	-	-
Redemptions - LP units	-	-
Change in fair value	-	-
LP units outstanding, April 30, 2025	**513,548**	**$11,683**
Weighted average LP units outstanding	**513,548**	

CHEP
261085 High Plains Way
Rocky View County, Alberta

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of: Skyline Industrial Real Estate Investment Trust

Opinion

We have audited the accompanying consolidated financial statements of Skyline Industrial 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 consolidated financial position of Skyline Industrial Real Estate Investment Trust as at December 31, 2024 and December 31, 2023 and the consolidated 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 Consolidated Financial Statements section of our report. We are independent of Skyline Industrial 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 Industrial 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 Industrial 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 Industrial 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.

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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 Industrial 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 Industrial 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 Industrial 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

Chartered Professional Accountants
Licensed Public Accountants

Guelph, Ontario
April 1, 2025

SKYLINE INDUSTRIAL 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)	$ 1,798,250	$ 1,669,990
Investment in joint ventures (note 7)	99,738	113,944
Other assets (note 8)	6,382	8,243
Accounts receivable (note 14)	2,349	1,210
Cash	6,653	4,247
	$ 1,913,372	$ 1,797,634
LIABILITIES AND UNITHOLDERS' EQUITY		
Mortgages payable (notes 9, 14)	$ 907,752	$ 801,166
Land lease (note 10)	20,001	20,060
Limited partnership units (notes 14, 18)	11,683	11,302
Due to related party (notes 11, 14)	2,266	64
Tenant deposits	12,270	10,226
Accounts payable and accrued liabilities (note 14)	12,953	9,432
Revolving credit facility (note 14)	15,817	53,771
	982,742	906,021
Unitholders' equity (page 6)	930,630	891,613
	$ 1,913,372	$ 1,797,634

Trustee

Trustee

See notes to the consolidated financial statements

SKYLINE INDUSTRIAL 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	$ 891,613	$ 814,868
Proceeds from units issued (note 17)	51,003	69,717
Units issued by way of distribution (note 17)	24,405	16,472
Issuance costs	(815)	(866)
Redemptions (note 17)	(55,464)	(41,088)
Income and comprehensive income for the year	63,479	67,516
Distributions paid	(43,591)	(35,006)
CLOSING BALANCE	$ 930,630	$ 891,613

See notes to the consolidated financial statements

SKYLINE INDUSTRIAL 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 19)
PROPERTY REVENUES		
Minimum rent	$ 95,291	$ 76,662
Cost recoveries from tenants	45,848	33,943
	141,139	110,605
DIRECT PROPERTY EXPENSES		
Property taxes	31,255	23,801
Other direct property costs	10,562	8,792
Utilities	725	714
Property management fees (note 11)	2,927	2,363
	45,469	35,670
NET PROPERTY INCOME	95,670	74,935
OTHER INCOME AND EXPENSES		
Financing costs (note 12)		
Interest paid on debt	47,767	34,905
Distributions paid on partnership units	11,397	14,470
Administrative expenses	931	1,502
Asset management fees (note 11)	2,741	2,131
Wealth management fees (note 11)	2,756	2,673
Lease documentation fees (note 11)	54	42
Interest income	0	(109)
	65,646	55,614
INCOME BEFORE UNDERNOTED	30,024	19,321
Fair value loss on limited partnership units (note 18)	(128)	0
Share of net earnings from investments in joint ventures (note 7)	20,677	36,801
Fair value gain (loss) on disposed properties	4,643	(4,517)
Fair value gain on investment properties	8,263	15,911
	33,455	48,195
INCOME AND COMPREHENSIVE INCOME for the year	$ 63,479	$ 67,516

See notes to the consolidated financial statements

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023 (note 19)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Income and comprehensive income for the year	$ 63,479	$ 67,516
Items not requiring an outlay of cash		
Amortization of leasing costs and straight-line rent (note 6)	(3,533)	(1,261)
Amortization of financing costs (notes 9, 12)	1,413	950
Financing costs included in operations (note 12)	57,717	48,364
Fair value loss on limited partnership units	128	0
Share of net earnings from investments in joint ventures	(20,677)	(36,801)
Fair value (gain) loss on disposed properties	(4,643)	4,517
Fair value gain on investment properties	(8,263)	(15,911)
	85,621	67,374
Changes in non-cash working capital		
Accounts receivable	(1,139)	499
Other assets	1,861	(5,206)
Accounts payable and accrued liabilities	3,521	2,965
Tenant deposits	2,044	560
	91,908	66,192
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Mortgages payable (net repayments and advances) (note 9)	109,508	121,287
Mortgages discharged due to sale of investment properties (note 9)	(4,335)	(36,873)
Interest on mortgages payable (notes 9, 10, 12)	(42,083)	(32,582)
Lease payments made on land lease (note 10)	(59)	(339)
Revolving credit facility (repayments) advances	(37,954)	20,908
Interest on revolving credit facility (note 12)	(4,237)	(1,312)
Proceeds on issuance of Class B LP units (note 18)	253	0
Distribution paid on partnership units (notes 11, 12, 18)	(11,397)	(14,470)
Proceeds from units issued (page 6)	51,003	69,717
Distributions paid (net of distribution reinvestment plan)	(19,186)	(18,534)
Redemptions of units (page 6)	(55,464)	(41,088)
Issuance costs (page 6)	(815)	(866)
	(14,766)	65,848
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to investment properties (notes 6, 7)	(41,850)	(125,557)
Investments in joint ventures (note 7)	(54,731)	(83,530)
Advances from (to) related parties (note 11)	2,202	(18,473)
Proceeds on disposition of investment properties (note 6)	19,643	82,678
Proceeds on disposition of investment properties held for sale (note 6)	0	14,830
	(74,736)	(130,052)
INCREASE IN CASH for the year	2,406	1,988
CASH, beginning of year	4,247	2,259
CASH, end of year	$ 6,653	$ 4,247

See notes to the consolidated financial statements

1. NATURE OF BUSINESS

Skyline Industrial Real Estate Investment Trust (“Skyline Industrial 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 January 10, 2012.

Skyline Commercial Real Estate Limited Partnership ("CRELP") was created on January 10, 2012 as a limited partnership under the laws of the Province of Ontario. The general partner is Skyline Commercial Real Estate GP Inc. and the majority limited partner is Skyline Industrial REIT.

As at December 31, 2024, CRELP owned fifty-six (2023 - fifty-five) commercial investment properties, all of which are located in Canada.

Skyline Industrial REIT is domiciled in Ontario, Canada. The address of Skyline Industrial 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 Industrial REIT for the year ended December 31, 2024 (including comparatives) are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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 Industrial REIT's accounting policies.

The consolidated financial statements are presented in accordance with International Accountant Standard ("IAS") 1 - Presentation of Financial Statements ("IAS 1"). Skyline Industrial 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 April 1, 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 (including assets held for sale) and certain financial instruments, as set out in the relevant accounting policies.

(c) FUNCTIONAL CURRENCY AND PRESENTATION

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

Skyline Industrial 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.

2. BASIS OF PRESENTATION (continued)

(d) USE OF ESTIMATES

The preparation of these consolidated financial statements requires Skyline Industrial 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 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 (and any changes thereto):

Accounting standards implemented in 2024

On January 1, 2024, Skyline Industrial REIT adopted the following amendment to IAS 1 - Presentation of financial statements. The amended 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 Industrial 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.

On January 1, 2024, Skyline Industrial REIT adopted the following amendment 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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 Industrial REIT, are classified as investment properties, in accordance with IAS 40 - Investment Properties ("IAS 40").

In accordance with IFRS 3 - Business Combinations, when Skyline Industrial 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. All other 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 Industrial 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.

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 Industrial 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

Costs incurred for repairs and maintenance in excess of $10,000 (not in thousands of Canadian dollars) per annum per building may be allocated from repairs and maintenance to be capitalized to the cost of the respective building as it is assumed that a future economic benefit will likely be realized from this level of expenditure.

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 Industrial 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 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.

As investments 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. 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 Industrial 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. Current assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) ASSETS HELD FOR SALE (continued)

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.

(c) REVENUE RECOGNITION

Rental revenue includes rents from tenants under leases, property tax and operating cost recoveries excluding those costs paid directly by tenants, parking income and incidental income. Skyline Industrial 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.

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 excluding those directly paid by tenants.

(d) FINANCIAL INSTRUMENTS

Skyline Industrial 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
Tenant loan receivable	Amortized cost
Mortgages payable	Amortized cost
Due to related party	Amortized cost
Limited partnership units	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost
Revolving credit facility	Amortized cost

Financial Assets

Financial assets are classified at initial recognition, as either financial assets at fair value through profit and 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 FVTPL. 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

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

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

Provision for impairment is made based on the simplified expected credit loss ("ECL") model. Under the simplified ECL model, Skyline Industrial REIT estimates lifetime expected losses for its receivables at each consolidated 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 the profit and loss. Bad debt write-offs occur when Skyline Industrial 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 profit and loss. Impaired receivables are derecognized when they become uncollectable.

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 Industrial REIT’s financial liabilities classified as amortized cost include mortgages payable, due to related party, accounts payable and accrued liabilities and revolving credit facility. 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 Industrial 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 Industrial REIT's financial liabilities classified as financial liabilities at FVTPL include 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 net income.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(e) LIMITED PARTNERSHIP UNITS

The limited partnership units are exchangeable into Trust Units at the option of the holder. The ability to exchange limited partnership units for Trust Units implies that a liability element exists as it imposes an unavoidable obligation to deliver units of the Trust (i.e. financial instrument of another entity). Therefore, limited partnership units are classified as financial liabilities on the consolidated statement of financial position.

(f) DISTRIBUTIONS TO LIMITED PARTNERSHIP UNITHOLDERS

Distributions declared to limited partnership unitholders are classified as financing costs for reporting purposes because the units are treated as financial liabilities.

(g) INCOME TAXES

Skyline Industrial 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 Industrial 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 Industrial REIT will not be liable to pay income taxes. Accordingly, no provision for income taxes has been made.

(h) LEASES

Under IFRS 16 - Leases, leases are recognized as a right-of-use ("ROU") asset with a corresponding liability at the date of which the leased asset is available for use by Skyline Industrial REIT. At inception, the ROU assets are recognized at the present value of the future minimum lease payments, and an equivalent amount is recognized as a lease obligation. Subsequent to initial recognition, ROU assets for property leases are carried at fair value and included in investment properties.

At initial recognition, the lease liability is measured at the present value of the lease payments in the lease. These payments are discounted using the rate implicit in the lease or, where the rate is not determinable, at the weighted average cost of capital. Subsequently, the lease liability is measured at amortized cost using the effective interest rate method. The lease liability is remeasured when the lease agreement is modified or if there are changes to variable payments dependent on an index or rate.

(i) DISTRIBUTION REINVESTMENT PLAN

Unitholders may elect to participate in a distribution reinvestment plan whereby distribution payments are invested in additional units of Skyline Industrial REIT. There are no special terms such as premiums on distribution rates for plan participants.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(j) JOINT VENTURES

In accordance with IFRS 11 – Joint Arrangements ("IFRS 11"), Skyline Industrial REIT has investments over which it has joint control and whereby the parties that share joint control have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint ventures are accounted using the equity method. Under the equity method, the investment is initially recorded at cost and adjusted by Skyline Industrial REIT's share of the post-acquisition net earnings and changes in the net assets of the joint venture.

(k) 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 Industrial 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.

Assets and liabilities 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:

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

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

<u>Level 3 inputs</u>
Unobservable inputs for the asset or liability.

Skyline Industrial 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(l) PROVISIONS

Provisions are recognized when Skyline Industrial 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 Industrial REIT's consolidated financial statements, are disclosed below. Skyline Industrial 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.

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

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

5. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Skyline Industrial REIT and its subsidiary, CRELP.

Subsidiaries are entities over which Skyline Industrial 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 Industrial 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.

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 years	$ 1,669,990	$ 1,516,075
Acquisitions through purchase of investment properties	0	106,021
Acquisitions through purchase of limited partnerships	100,400	98,000
Acquisitions through capital expenditure on existing investment properties	31,064	19,917
Disposals through sale of investment properties	(19,643)	(82,678)
Amortization of leasing costs and straight-line rents	3,533	1,261
Fair value gain on investment properties and disposed properties	12,906	11,394
Balance at end of the years	$ 1,798,250	$ 1,669,990

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

	2024	2023
Cost	$ 1,575,470	$ 1,447,917
Cumulative fair value adjustment	222,780	222,073
Fair value	$ 1,798,250	$ 1,669,990

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

6. INVESTMENT PROPERTIES (continued)

Asset acquisitions:

During the year ended December 31, 2024, Skyline Industrial REIT acquired two investment properties (2023 - three). The results of these acquisitions are included in these consolidated financial statements from the date of acquisition. The following table outlines the cost, plus 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	$ 100,400	$ 204,021
Mortgages	0	(65,365)
Acquisition of RF West Island Limited Partnership III	(63,003)	0
Acquisition of RF Notre-Dame Limited Partnership I	(26,611)	0
Acquisition of RF Mascouche Limited Partnership I	0	(98,381)
Total identifiable net assets settled by cash	$ 10,786	$ 40,275

Asset dispositions:

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

	2024	2023
Mortgages	$ 4,335	$ 36,873

Acquisition of RF West Island Limited Partnership III and RF Notre-Dame Limited Partnership I:

On January 16, 2024, Skyline Industrial REIT entered into an agreement to buy the 100% interest held in RF West Island Limited Partnership III ("RFWILP III") from RF Limited Partnership I ("RF LP I"). On February 20, 2024, Skyline Industrial REIT entered into an agreement to buy the 100% interest held in RF Notre-Dame Limited Partnership I ("RFNDLP I") from RF LP I. Skyline Industrial REIT purchased 100% of the units of RFWILP III and 100% of the units of RFNDLP I for total consideration of $16,011.

Skyline Industrial REIT has elected to apply the "concentration test" in accordance with IFRS 3. As the fair value of the gross assets acquired is substantially concentrated in the RFWILP III and RFNDLP I properties and no substantive processes were acquired, the transactions have been recognized as acquisitions of assets.

Skyline Industrial REIT has elected to remeasure its previously held interests in the acquired assets and liabilities to their acquisition-date-fair values, resulting in a loss on remeasurement of $5,225.

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

6. INVESTMENT PROPERTIES (continued)

Purchase price allocation:

Recognized amounts of identifiable assets acquired and liabilities assumed

Investment properties	$ 100,400
Total liabilities assumed	0
Net assets acquired	$ 100,400

Consideration transferred for the acquisition consists of the following:

Cash transferred for equity interest	$ 16,011
Equity method investment derecognized	89,614
Loss on remeasurement of RFWILP and RFIELP	(5,225)
Total	$ 100,400

Acquisition of RF Mascouche Limited Partnership I:

On October 24, 2023, Skyline Industrial REIT entered into an agreement with its joint venture partner to buy the remaining 20.5% interest held in RF Mascouche Limited Partnership I ("RFMLP I") by its joint venture partner. Skyline Industrial REIT purchased 20.5% of the units of RFMLP I for total consideration of $871.

Skyline Industrial REIT has elected to apply the "concentration test" in accordance with IFRS 3. As the fair value of the gross assets acquired is substantially concentrated in the RFMLP I property and no substantive processes were acquired, the transaction has been recognized as an acquisition of assets.

Skyline Industrial REIT has elected to remeasure its previously held interests in the acquired assets and liabilities to their acquisition-date-fair values, resulting in a loss on remeasurement of $1,252.

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

6. INVESTMENT PROPERTIES (continued)

Purchase price allocation:

Recognized amounts of identifiable assets acquired and liabilities assumed

Investment properties	$ 98,000
Total liabilities assumed	0
Net asset acquired	$ 98,000

Consideration transferred for the acquisition consists of the following:

Cash transferred for equity interest	$ 871
Equity method investment derecognized	98,381
Loss on remeasurement of RFWILP and RFIELP	(1,252)
Total	$ 98,000

Future rental income:

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

	2024	2023
Less than one year	$ 92,535	$ 81,157
Between one and three years	168,698	152,184
More than three years	507,595	485,153
	$ 768,828	$ 718,494

Fair value disclosure:

Skyline Industrial 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 Industrial REIT's investment properties were valued 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.

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

6. INVESTMENT PROPERTIES (continued)

Skyline Industrial 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 5.77% (2023 - 5.53%). Overall, the capitalization rates for commercial properties fall between:

	2024	**2023**
Minimum	4.10%	3.85%
Maximum	7.60%	7.36%

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 Industrial REIT valued $82,590 of its investment properties internally (2023 - $1,002,090). 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 $1,615,260 (2023 - $472,650). In 2024, 4.6% (2023 - 60.0%) of the cost base of investment properties were valued internally and 95.4% (2023 - 40.0%) were valued externally. The acquisitions during 2024 were valued at $100,400 (2023 - $195,250). Actual results may differ from these estimates and may be subject to material adjustment within the next year.

Fair value sensitivity:

Skyline Industrial 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)%	4.77%	$ 2,175,242	$ 376,992	20.96%
December 31, 2024	5.77%	$ 1,798,250	$ 0	0.00%
1.00%	6.77%	$ 1,532,630	$ (265,620)	(14.77)%

7. INVESTMENT IN JOINT VENTURES

On February 24, 2021, Skyline Industrial REIT entered into a limited partnership agreement with F.I.T. RF Limited Partnership and Rosefellow Holdings Incorporated, to form the RF Limited Partnership I (“RF LP I”). Pursuant to the aforementioned limited partnership agreement, Skyline Industrial REIT owns 47.5% of RF LP I and shares joint control with third parties who own 47.5% and 5.0% of RF LP I, respectively. Skyline Industrial REIT has classified its investment as a joint venture as decisions about relevant activities require unanimous consent of all parties. On January 16, 2024, Skyline Industrial REIT acquired the 100% interest in RFWILP III held by RF LP I and on February 20, 2024, Skyline Industrial REIT acquired the 100% interest of RFNDLP I held by RF LP I. The results of these acquisitions are included in these consolidated financial statements from the dates of acquisition under investment properties. Previous to the acquisition date, Skyline Industrial REIT had classified its investment as a joint venture as decisions about relevant activities require unanimous consent of both parties and accounted for the investments using the equity method.

On June 24, 2021, Skyline Industrial REIT entered into a limited partnership agreement with 1307823 Canada Incorporated and Rosefellow Holdings Incorporated, to form the RF Mascouche Limited Partnership I (“RFMLP I”). Pursuant to the aforementioned limited partnership agreement, Skyline Industrial REIT owns 79.5% of RFMLP I and shares joint control with a third party who owns the remaining 20.5% of RFMLP I. Skyline Industrial REIT has classified its investment as a joint venture as decisions about relevant activities require unanimous consent of all parties. On October 24, 2023, Skyline Industrial REIT acquired the remaining 20.5% interest of RFMLP I. The results of these acquisitions are included in these consolidated financial statements from the dates of acquisition under investment properties. Previous to the acquisition dates, Skyline Industrial REIT had classified its investment as a joint venture as decisions about relevant activities require unanimous consent of both parties and accounted for the investments using the equity method.

On August 15, 2022, Skyline Industrial REIT acquired units in RF Limited Partnership II ("RF LP II"). Skyline Industrial REIT holds a 47% ownership in RF LP II and shares joint control with a third party who owns the remaining 53% of RF LP II. Skyline Industrial REIT has classified its investments in RF LP II as a joint venture as decisions about relevant activities require unanimous consent of both parties.

On August 26, 2022, Skyline Industrial REIT entered into a limited partnership agreement with HPB Bayers GP Inc. ("HPB LP"), Secure Capital Bayers Limited Partnership and 4439790 Nova Scotia Limited to form the HPB Bayers Limited Partnership ("HPB LP"). Pursuant to the aforementioned limited partnership agreement, Skyline Industrial REIT owns 85% of HPB LP and shares joint control with third parties who own the remaining 15% of HPB LP. Skyline Industrial REIT has classified its investment as a joint venture as decisions about relevant activities require unanimous consent of all parties.

All joint ventures listed above are in the business of acquiring lands and developing light industrial real estate in Ontario and Quebec for future leasing opportunities. The results of these acquisitions are included in these consolidated financial statements from the date of acquisition. Skyline Industrial REIT has accounted for its investments in joint ventures under the equity method.

The acquisitions were funded by cash during the year.

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

7. INVESTMENT IN JOINT VENTURES (continued)

The components of investment in joint ventures is as follows:

	2024	2023
RF LP I	$ 59,078	$ 59,175
RF LP II	23,130	37,477
HPB LP	17,530	17,292
Balance at end of the year	$ 99,738	$ 113,944

As at December 31, 2024:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Balance at the beginning of the year	$ 59,175	$ 0	$ 37,477	$ 17,292	$ 113,944
Contributions	74,226	0	4,267	238	78,731
Distributions	0	0	(24,000)	0	(24,000)
Share of net earnings	15,291	0	5,386	0	20,677
Acquisition of control	(89,614)	0	0	0	(89,614)
Balance at end of the year	$ 59,078	$ 0	$ 23,130	$ 17,530	$ 99,738

As at December 31, 2023:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Balance at the beginning of the year	$ 34,891	$ 32,369	$ 17,438	$ 7,296	$ 91,994
Contributions	19,812	56,713	20,039	9,996	106,560
Distributions	(23,030)	0	0	0	(23,030)
Share of net earnings	27,502	9,299	0	0	36,801
Acquisition of control	0	(98,381)	0	0	(98,381)
Balance at end of the year	$ 59,175	$ 0	$ 37,477	$ 17,292	$ 113,944

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

7. INVESTMENT IN JOINT VENTURES (continued)

The following details Skyline Industrial REIT's share of the limited partnership's aggregated assets, liabilities, and results of operations accounted for under the equity method.

As at December 31, 2024:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Real estate property under development	$ 44,810	$ 0	$ 19,637	$ 72,397	$ 136,844
Loan receivable	14,278	0	3,497	0	17,775
Current assets	680	0	6	8	694
Total assets	59,768	0	23,140	72,405	155,313
Non-current liabilities	0	0	0	0	0
Current liabilities	690	0	10	54,875	55,575
Net equity	$ 59,078	$ 0	$ 23,130	$ 17,530	$ 99,738

For the year ended December 31, 2024:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Rental revenue	$ 0	$ 0	$ 0	$ 0	$ 0
Operating expenses	(582)	0	0	0	(582)
Net operating income (expense)	(582)	0	0	0	(582)
Other income	0	0	0	0	0
Gain on sale	6,322	0	5,386	0	11,708
Fair value gain	9,551	0	0	0	9,551
Net income	$ 15,291	$ 0	$ 5,386	$ 0	$ 20,677

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

7. INVESTMENT IN JOINT VENTURES (continued)

As at December 31, 2023:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Real estate property under development	$ 82,699	$ 0	$ 34,342	$ 36,230	$ 153,271
Loan receivable	4,770	0	3,087	0	7,857
Current assets	551	0	53	933	1,537
Total assets	88,020	0	37,482	37,163	162,665
Non-current liabilities	28,332	0	0	0	28,332
Current liabilities	513	0	5	19,871	20,389
Net equity	$ 59,175	$ 0	$ 37,477	$ 17,292	$ 113,944

For the year ended December 31, 2023:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Rental revenue	$ 0	$ 0	$ 0	$ 0	$ 0
Operating expenses	(238)	0	0	0	(238)
Net operating income (expense)	(238)	0	0	0	(238)
Other income	195	0	0	0	195
Gain on sale	27,545	0	0	0	27,545
Fair value gain	0	9,299	0	0	9,299
Net income	$ 27,502	$ 9,299	$ 0	$ 0	$ 36,801

8. OTHER ASSETS

The components of other assets are as follows:

	2024	**2023**
Funds held in trust	$ 2,849	$ 5,037
Prepaid expenses	3,062	2,596
Tenant loan receivable	471	610
	$ 6,382	$ 8,243

The tenant loan is receivable in blended monthly instalments of $15 (2023 - $15) with interest charged at 7.5% (2023 - 7.5%). The loan is due in 2027. The portion receivable within one year is $150 (2023 - $139). See note 14 for financial risk management.

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

9. MORTGAGES PAYABLE

The mortgages payable are secured by investment properties, assets held for sale and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 4.58% (2023 - 4.39%) per annum are $899,080 (2023 - $736,788). Interest-only mortgages bearing variable interest rates with an average variable rate of 6.20% (2023 - 7.70%) per annum are $8,672 (2023 - $64,378). Included in mortgages payable are mortgages under interest rate swap agreements of $122,045 (2023 - $123,925) with a weighted average fixed interest rate of 5.23% (2023 - 5.23%) per annum. Also included in mortgages payable is a second mortgage of $1,767 (2023 - $1,825) which bears a fixed interest rate of 2.45% (2023 - 2.45%). Mortgages have maturity dates ranging between 2025 and 2030. All mortgages are denominated in Canadian dollars.

Future minimum principal payments on mortgages payable are as follows:

2025	$ 215,656
2026	119,284
2027	102,300
2028	121,297
2029	190,896
Thereafter	158,319
	$ 907,752

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

	2024	2023
Mortgages payable, beginning of year	$ 801,166	$ 715,802
Proceeds from new mortgages	216,902	154,678
Repayment of existing mortgages	(110,618)	(70,250)
Transaction costs related to mortgages	(1,111)	(14)
Total changes from financing cash flows	105,173	84,414
Amortization of financing costs	1,413	950
Financing costs included in operations	40,568	31,059
Interest paid	(40,568)	(31,059)
Total liability-related changes	1,413	950
Mortgages payable, end of year	$ 907,752	$ 801,166

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

10. LAND LEASE

Skyline Industrial REIT has entered into two (2023 - two) land leases. The land leases are payable in monthly instalments of $131 (2023 - $131) and mature in 2029. The portion payable within one year is $64 (2023 - $59).

The following table details the undiscounted cash flows and contractual maturities of Skyline Industrial REIT's land lease as at December 31, 2024

2025	$	1,574
2026		1,617
2027		1,652
2028		1,652
2029		1,652
Thereafter		40,713
	$	48,860

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

	2024	2023
Land lease, beginning of year	$ 20,060	$ 20,115
Land lease payments	(59)	(339)
Total changes from financing cash flows	(59)	(339)
Change in land lease on assets held for sale	0	284
Financing costs included in operations	1,515	1,523
Interest paid	(1,515)	(1,523)
Total liability-related changes	0	284
Land lease, end of year	$ 20,001	$ 20,060

11. RELATED PARTY TRANSACTIONS

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

11. RELATED PARTY TRANSACTIONS (continued)

Distributions to partners
Skyline Commercial Real Estate GP Inc. is the general partner of CRELP and is entitled to 20% of distributions after the limited partners have received returns equivalent to their adjusted contribution value. Related party transactions are measured at fair value. A provision for the future distributions payable to Skyline Commercial Real Estate GP Inc. 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 to Skyline Commercial Real Estate GP Inc. in the amount of $2,266 (2023 - $64) which is included in due to related party.

	2024	2023
Distributions paid to general partner on sale of investment properties	$ 3,846	$ 11,817
Distributions paid to general partner from distributable income	6,785	2,146
	$ 10,631	$ 13,963

Services of the Asset Manager
Skyline Industrial REIT has an asset management agreement with Skyline Asset Management Inc. and Skyline Commercial Asset Management Inc (the “Asset Manager”). The asset management fees payable under the asset management agreement are 2% of adjusted gross revenue. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Asset Manager $2,741 in asset management fees (2023 – $2,131).

Skyline Industrial REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Industrial REIT shall pay the Asset Manager: (i) 50% of market brokerage fees if an external broker is used, or (b) 100% of market brokerage fees if no external broker is used. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Asset Manager $3,200 in leasing services fees (2023 – $1,568).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Industrial REIT. In providing these services, Skyline Industrial REIT pays the Asset Manager a fee equal to 1% of the development costs of each project. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Asset Manager $1,376 in development management fees (2023 – $1,426).

Services of the Property Manager
Skyline Industrial REIT has a property management agreement with Skyline Commercial Management Inc (the “Property Manager”). Property management fees payable under the property management agreement for single tenant managed properties are paid at a fixed rate ranging from 15 to 25 cents per square foot (not in thousands of Canadian dollars). For multi-tenant properties or single tenant properties managed by a property manager, the fee is 2.5% of base rental income. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Property Manager $2,927 in property management fees (2023 – $2,363).

As part of the property management agreement, Skyline Industrial REIT also pays for lease documentation services, which are payable at a fixed rate ranging from $200 to $1,000 (not in thousands of Canadian dollars) per lease. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Property Manager $54 in lease documentation fees (2023 - $42).

11. RELATED PARTY TRANSACTIONS (continued)

Services of the Exempt Market Dealer
Skyline Industrial 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 Industrial REIT paid to the Exempt Market Dealer $2,756 in wealth management fees (2023– $2,673) and $773 equity raise fees (2023 - $803).

Services of the Mortgage Underwriting Manager
Skyline Industrial REIT has an arrangement with Skyline Mortgage Financing Inc. (the "Underwriting Manager"), wherein the Underwriting Manager assists Skyline Industrial REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Industrial REIT pays the Underwriting Manager $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and effective November 2023, 35 bps (January to November 2023 - 50 bps) on mortgage principal for all other mortgages. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Underwriting Manager $1,077 in mortgage underwriting fees (2023 - $493).

Legal Services Manager
Skyline Industrial REIT has an arrangement with Skyline Private Investment Capital Inc. (the "Legal Services Manager"), wherein the Legal Services Manager. provides advice to Skyline Industrial REIT on the use of external legal counsel, and manages external legal counsel on behalf of Skyline Industrial REIT (the "Legal Services Arrangement"), the costs for which are approved annually by Skyline Industrial REIT's independent Trustees. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Legal Services Manager $1,208 in legal and administrative fees (2023 - $1,597).

Services of the Solar Asset Manager
Skyline Industrial 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 Industrial REIT paid to the Solar Asset Manager $44 in solar asset management fees (2023 – $2).

Services of the CAPEX Provider
Skyline Industrial 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 Industrial REIT's independent Trustees. For the year ended December 31, 2024, Skyline Industrial REIT paid to the CAPEX Provider $193 in CAPEX management fees (2023 – $84).

Services of the Development Manager
Skyline Industrial REIT has an arrangement with Skydevco Inc (the "Development Manager"), who provides development consulting services to Skyline Industrial REIT, the costs for which are approved from time to time by Skyline Industrial REIT's independent Trustees. For the year ended December 31, 2024, Skyline Industrial REIT paid to the Development Manager $0 in development service fees (2023 – $23).

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

11. RELATED PARTY TRANSACTIONS (continued)

Due to related party

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

	2024	2023
Skyline Commercial Real Estate GP Inc.	$ 2,266	$ 64

Investment in related companies

Included in other assets is the investment in related companies which consists of shares held in Skyline Commercial Real Estate Holdings Inc. and Skyline Commercial Real Estate Holdings (II) Inc. Both companies are the nominee title holders of the investment properties owned by Skyline Industrial REIT.

12. FINANCING COSTS

During the year, Skyline Industrial REIT paid the following financing costs:

	2024	2023
Mortgage interest	$ 40,568	$ 31,059
Deferred financing costs	1,413	950
Bank charges	34	61
Interest expense on lease liability	1,515	1,523
Interest expense on revolving credit facility	4,237	1,312
Distribution interest paid on Class B Limited Partnership Units	766	507
Distribution interest paid to general partner	6,785	2,146
Distribution interest paid to general partner on sale of investment properties	3,846	11,817
	$ 59,164	$ 49,375

13. FAIR VALUE MEASUREMENT

Assets and liabilities measured at fair value

The fair value hierarchy of assets and liabilities measured at fair value on a recurring basis in the consolidated statement of financial position 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	$1,798,250	$ 0	$ 0	$1,669,990
Liabilities						
Mortgages payable	$ 0	$ 906,820	$ 0	$ 0	$ 782,577	$ 0
Limited partnership units	0	0	11,683	0	0	11,302
	$ 0	$ 906,820	$ 11,683	$ 0	$ 782,577	$ 11,302

13. FAIR VALUE MEASUREMENT (continued)

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 assets 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 and liabilities.

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.

Financial assets and liabilities carried at amortized cost

The fair values of Skyline Industrial REIT's cash, accounts receivable, tenant loan receivable, due to related party, accounts payable and accrued liabilities and revolving credit facility approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments.

14. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by Management and the Board of Trustees of Skyline Industrial 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 Industrial 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 Industrial 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 Industrial REIT is exposed to interest rate risk arising from its fixed and floating rate mortgages payable. As fixed rate debt matures and as Skyline Industrial REIT uses additional floating rate debt under revolving credit facilities, Skyline Industrial REIT will be further exposed to cash flow risk.

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

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

14. FINANCIAL RISK MANAGEMENT (continued)

i) Market risk (continued)

a. Interest rate risk (continued)

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

As of December 31, 2024

	Carrying Amount	Income -1%	Partners' Capital -1%	Income +1%	Partners' Capital +1%
Revolving credit facility	$ 15,817	$ 158	$ 158	$ (158)	$ (158)
Mortgages payable, maturing within one year	199,562	1,996	1,996	(1,996)	(1,996)
	$ 215,379	$ 2,154	$ 2,154	$ (2,154)	$ (2,154)

As of December 31, 2023

	Carrying Amount	Income -1%	Partners' Capital -1%	Income +1%	Partners' Capital +1%
Revolving credit facility	$ 53,771	$ 538	$ 538	$ (538)	$ (538)
Mortgages payable, maturing within one year	143,112	1,431	1,431	(1,431)	(1,431)
	$ 196,883	$ 1,969	$ 1,969	$ (1,969)	$ (1,969)

b. Price risk

Skyline Industrial 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 Industrial 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. Credit risk arises from trade receivables, including rental receivables from lessees, mortgage and notes receivable.

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

14. FINANCIAL RISK MANAGEMENT (continued)

ii) Credit risk (continued)

An allowance for doubtful accounts is recognized for estimated losses resulting from tenant default on lease obligations. Skyline Industrial REIT actively reviews receivables and determines the potentially uncollectable 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.

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

	2024	2023
Allowance for doubtful accounts beginning of year	$ 5	$ 5
Reversal of provision for impairment	(5)	0
Allowance for doubtful accounts end of year	$ 0	$ 5

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 Industrial REIT ensures flexibility in funding by keeping committed credit lines available, and raising capital from partners when needed.

Skyline Industrial REIT's liquidity position is monitored on a regular basis by Management. A summary table with maturity of financial assets and 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 consolidated statement of financial position as the impact of discounting is not significant.

Skyline Industrial REIT has access to an operating line of credit to a maximum of $4,100 (2023 - $4,100) interest charged at prime plus 1.75% (2023 - prime plus 1.75%), of which $0 is utilized at December 31, 2024 (2023 - $0). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Industrial REIT.

Under a second financing agreement, Skyline Industrial REIT has access to an operating line of credit to a maximum of $75,000 (2023 - $75,000) with interest at prime plus 1.50% (2023 - prime plus 1.35%) or, at the option of the borrower, a fixed rate equal to the adjusted term CORRA rate plus 2.5% for a 30 day or 90 day term. At December 31, 2024, the total drawn on the operating line of credit by Skyline Industrial REIT was $15,817 (2023 - $53,771). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Industrial REIT.

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

14. 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	$ 53,771	$ 32,863
Net (repayment) proceeds from revolving credit facility	(37,954)	20,908
Financing costs included in operations	4,237	1,312
Interest paid	(4,237)	(1,312)
Total liability-related changes	0	0
Revolving credit facility, end of year	$ 15,817	$ 53,771

Under the financing agreements, Skyline Industrial REIT is required to maintain a debt service ratio of 1.25 or higher, a mortgage-ability debt service coverage ratio of 1.35 or higher, an interest coverage ratio of at least 2.00 or higher, total debt to unitholders' equity of no greater than 2:1. The combined group is also required to maintain a funds from operations effective pay-out ratio not exceeding 100% and a total debt to gross book value ratio not exceeding 65%. At December 31, 2024, the combined group was in compliance with the financing agreements.

Skyline Industrial REIT's long term debt consists of mortgages payable bearing interest rates ranging from 2.31% to 6.20% per annum (2023 - 2.28% to 7.70%), payable in monthly instalments of principal and interest of approximately $4,902 (2023 - $6,162), maturing from 2025 to 2030, and are secured by specific charges against specific properties. All interest rates are fixed for the term of the respective mortgage.

Financial liabilities and their maturities are as follows:

December 31, 2024	On demand	Less than one year	One to five years	More than five years	Total
Mortgages payable	$ 0	$ 199,562	$ 534,603	$ 173,587	$ 907,752
Class B Limited Partnership units	11,683	0	0	0	11,683
Due to related party	0	2,266	0	0	2,266
Accounts payable and accrued liabilities	0	12,953	0	0	12,953
Revolving credit facility	15,817	0	0	0	15,817
	$ 27,500	$ 214,781	$ 534,603	$ 173,587	$ 950,471

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

14. 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	$ 143,112	$ 463,067	$ 194,987	$ 801,166
Class B Limited Partnership units	11,302	0	0	0	11,302
Due to related party	0	64	0	0	64
Accounts payable and accrued liabilities	0	9,432	0	0	9,432
Revolving credit facility	53,771	0	0	0	53,771
	$ 65,073	$ 152,608	$ 463,067	$ 194,987	$ 875,735

iv) Real estate risk

Skyline Industrial 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 macro economic climate and overall financial health of its tenants.

Skyline Industrial REIT mitigates its exposure to any one tenant as a majority of its investment properties are commercial which results in a large number of tenants with minimal financial exposure to each. Skyline Industrial REIT’s commercial portfolio has a concentration of risk with one tenant that represents more than 10% of property revenue. One tenant represents 15.9% (2023 - 18.3%) of Skyline Industrial REIT's property revenue.

15. CAPITAL RISK MANAGEMENT

Skyline Industrial 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 Industrial 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 Industrial 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 50% (2023 - 48%), which is within Skyline Industrial REIT’s stated policy of 70% or lower. Subsequent to December 31, 2024, Skyline Industrial REIT is in compliance with the policy.

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

16. SEGMENTED DISCLOSURE

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

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

17. UNITHOLDERS' EQUITY

Skyline Industrial REIT is authorized to issue an unlimited number of Class A, Class F, and Class I REIT units. All three classes of REIT units are entitled to distributions as and when declared by the Board of Trustees.

As at December 31, 2024 the price for newly issued units and units to be redeemed was $22.75 (2023 - $22.50). The units issued and outstanding are as follows:

Class A Units	**2024 Units**	**2023 Units**
Units outstanding, beginning of year	33,956,694	33,977,109
Units issued	1,419,923	2,152,762
Units issued (by way of distribution)	974,549	696,162
Units converted to Class F units	(179,127)	(1,044,478)
Redemptions during the year	(2,388,164)	(1,824,861)
Units outstanding, end of year	33,783,875	33,956,694

Class F Units	**2024 Units**	**2023 Units**
Units outstanding, beginning of year	2,024,848	0
Units issued	833,709	945,784
Units issued (by way of distribution)	105,585	35,919
Units converted from Class A units	179,127	1,044,478
Redemptions during the year	(67,694)	(1,333)
Units outstanding, end of year	3,075,575	2,024,848

18. LIMITED PARTNERSHIP UNITS

The non-voting Class B limited partnership units are units issued by CRELP as partial consideration of investment properties. The Class B limited partnership units can be exchanged for Trust 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 Industrial REIT units.

As at December 31, 2024, there were 513,548 (2023 - 502,326) Class B limited partnership units issued and outstanding. The Class B limited partnership units represented an aggregate fair value of $11,683 at December 31, 2024 (2023 - $11,302).

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

18. LIMITED PARTNERSHIP UNITS (continued)

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

	2024	2023
Limited partnership units, beginning of year	$ 11,302	$ 11,302
Proceeds from issue of limited partnership units	253	0
Financing costs included in operations	766	507
Distribution interest paid	(766)	(507)
Total liability-related changes	0	0
Changes in fair value	128	0
Limited partnership units, end of year	$ 11,683	$ 11,302

19. COMPARATIVE FIGURES

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

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