SKYLINE RETAIL REIT

It starts here.

INVESTING IN CANADA'S FUTURE

2024

ANNUAL REPORT

Canadian Tire
525-711 Grand Avenue West
Chatham, Ontario

SKYLINE RETAIL REIT ANNUAL REPORT 2024

Contents

SKYLINE RETAIL REIT

Highlights

$1.60 B
Fair Value of Investment Properties (As at December 31, 2024)

5.16 MM
Gross Leasable Area (sq. ft.) (As at December 31, 2024)

98.10%
Normalized FFO Payout Ratio (As at December 31, 2024)

$15.75
Class A - Current Unit Value (As at April 30, 2025)

$0.996
Class A - Annual Distribution per Unit (As at April 30, 2025)

6.32%
Class A - Annual Distribution Yield (As at April 30, 2025)

8.30%
Class A - Annualized Return 1 yr (As at April 30, 2025)

10.27%
Class A - Annualized Return 5 yr (As at April 30, 2025)

11.87%
Class A - Annualized Return Since Inception (As at April 30, 2025)

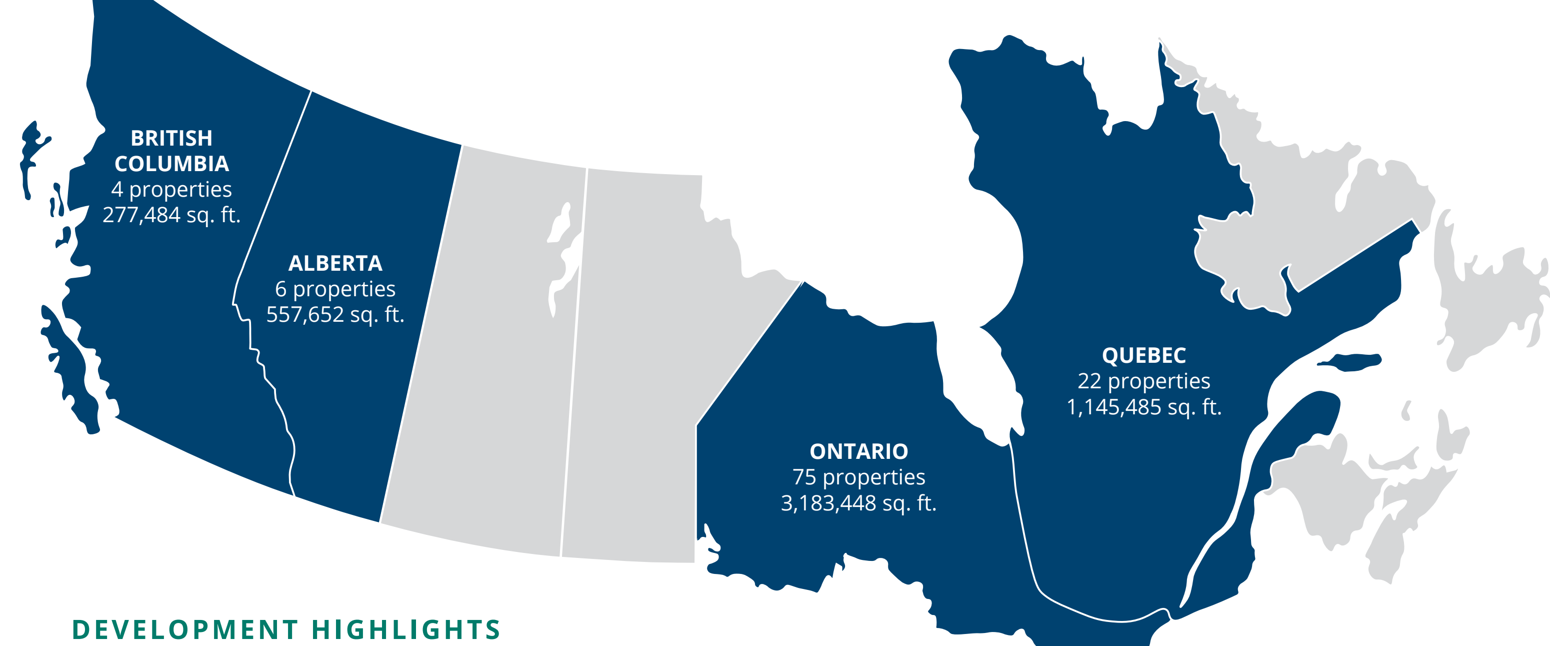
Class F Unit Information (As at April 30, 2025):
$15.75 Unit Value | $1.012 Distribution per Unit | 6.42% Yield

IGA
3080-3110 Rue Henri-L.-Chevrette and 5371 Chemin Saint-Jean, St-Felix-de-Valois, Quebec

160, 170 Kortright Road West, & 200, 210 Kortright Road West
Guelph, Ontario

Retail portfolio overview

Skyline Retail Real Estate Investment Trust (REIT) is a grocery and pharmacy dominant portfolio of retail properties, anchored by name-brand tenants that offer essential goods and services. Skyline Retail REIT is a private real estate investment trust that presents an exclusive opportunity to invest in income-producing, 100% Canadian retail real estate. Skyline Retail REIT has delivered stable returns to investors since its inception in 2013.

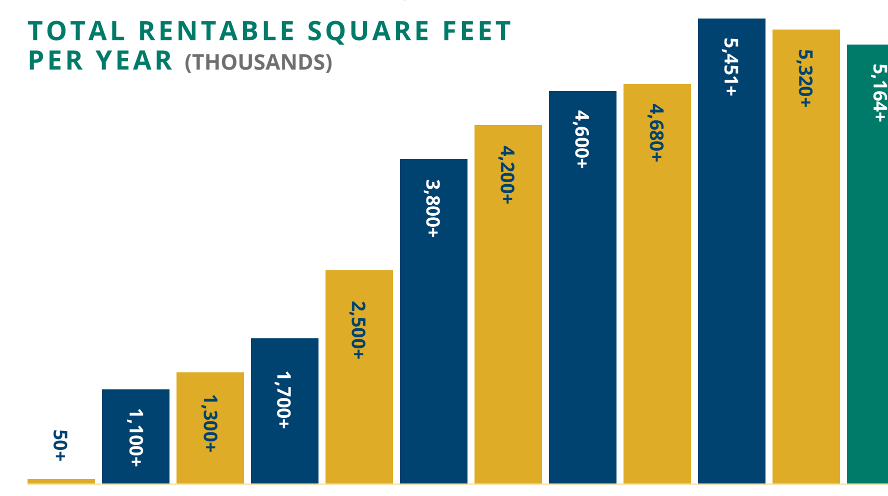


DEVELOPMENT HIGHLIGHTS

5,17, 19 & 21 Hanes Road Huntsville (Paisley Centre), Huntsville, Ontario
44,712 sq. ft.

315 Arthur Street South, Elmira Ontario
78,537 sq. ft.

TOTAL RENTABLE SQUARE FEET PER YEAR (THOUSANDS)



Zehrs
160, 170 Kortright Road West, & 200, 210 Kortright Road West
Guelph, Ontario

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

Our performance

CFO ADDRESS TO UNITHOLDERS

While 2024 brought challenges across the broader retail landscape, the essentials-based segment, anchored by grocery, pharmacy and necessity-driven retail, we continued to deliver strong performance. As value-conscious shoppers focused more on core needs, consumer demand for essential goods remained strong. True to form, Skyline Retail REIT's essentials-based portfolio demonstrated its stability, with its portfolio proving well insulated from the volatility seen in other retail markets.

Our results for 2024 were driven by the REIT's strategic approach to portfolio management, operational efficiency and disciplined capital stewardship. These dynamics further supported the REIT's 2024 leasing performance and income growth across the portfolio.

From a financial perspective, we saw modest but meaningful income growth. Total Income and Net Operating Income (NOI) rose 1.66% and 0.24%, respectively. NOI margin held firm, rising by 10 basis points, to 70.9% —making it the second consecutive year the REIT maintained this high-performance threshold.

Funds from Operations (FFO), the REIT's key indicator of cash flow, rose notably by 14.65% to $47.30 million. Adjusted Funds from Operations (FFO) increased 14.65%, driven in part by lower recurring capital expenditures on previously disposed assets. Operating expenses remained aligned with expectations at $57.12 million and were generally consistent with inflation, reflecting Management's disciplined approach to cost control.

On the leasing front, occupancy remained strong at 97.7%, an increase of 0.7% year-over-year. Average monthly in-place rent increased by $0.55 per square foot, ending the year at $19.78—a record high for the portfolio. This combination drove base rental revenue to $8.32 million in Q4 2024, despite net dispositions throughout the year. With sector-wide rent growth continuing, we expect new stabilizations in late 2025 and into 2026 to drive gross leasable area expansion and establish a new benchmark for base rental revenue.

On the balance sheet side, we continued to take a disciplined approach to debt, with our metrics remaining conformably within our targets. Mortgage Debt to Fair Value (MDFV) and Total Debt to Fair Value (TDFV) registered at 56.23% and 57.92%, respectively. Both figures are below our conservative internal target of 60%. Mortgage Debt to Historic Cost (MDHC) stood at 59.03% to end 2024.

Looking ahead, our essentials-based retail model is well-positioned for continued success. With limited new supply, rising replacement costs, and a focus on necessity-driven tenants, we expect sector tailwinds to support performance fundamentals in the REIT. Regardless of market conditions, our goal remains constant: to generate consistent, long-term value for unitholders through proactive management, prudent investing, and a commitment to operational excellence.

Thank you for your continued trust and partnership. Your support enables us to deliver on our strategy and invest in communities across Canada with confidence and clarity. As we look to the year ahead, we remain committed to delivering stable income, managing risk responsibly and unlocking new growth opportunities.

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

"Regardless of market conditions, our goal remains constant: to generate consistent, long-term value for unitholders through proactive management, prudent investing, and a commitment to operational excellence."

SKYLINE RETAIL REIT'S

President's address

As I reflect on the past year, I'm proud to share that Skyline Retail REIT continues to deliver consistent and stable performance for our investors, with the last 12 months representing a banner year for operational performance. Through 2024 and into 2025, we remained focused on investing in essential retail properties—those that provide everyday goods and services to communities across Canada.

What sets our portfolio apart is its resilience. Our assets are located in smaller secondary and tertiary markets and are anchored by tenants whose services people rely on—regardless of economic conditions. That's why, even in a year marked by uncertainty, our REIT maintained strong business fundamentals and delivered returns that meaningfully outpaced the broader retail REIT sector.

As of December 31, 2024, Skyline Retail REIT holds 107 properties across four provinces, with a total of approximately 5.16 million square feet of gross leasable area. These properties play a vital role in the daily lives of the communities they serve—and that's a responsibility we don't take lightly.

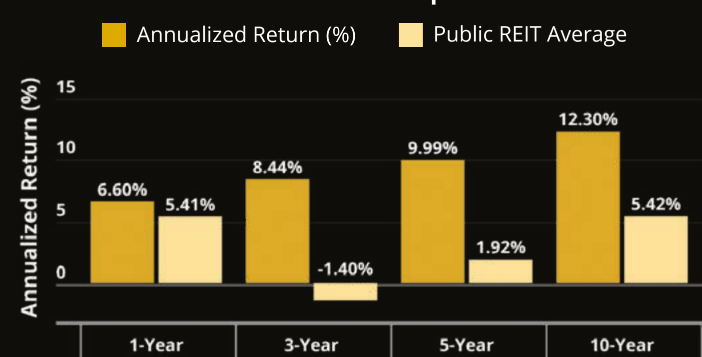
2024 YEAR IN REVIEW

2024 marked a pivotal leadership transition. After eight successful years as President, Gordon Driedger stepped down, and I had the honour of taking the reins. My goal was to build on our already strong and profitable foundation—and I believe we've made meaningful progress. Since joining Skyline Retail REIT, I've been consistently impressed by the strength of our platform, the caliber of our people, and our unwavering focus on creating long-term value for investors.

Overall, it was a year of strong return performance for our REIT, driven by solid operating fundamentals. Our results for the year meaningfully exceeded many of our public peers. Skyline Retail REIT Class 'A' units delivered a total return of 6.62% in the past year, outperforming the 5.41% non-market cap weighted average[1] of our seven closest publicly traded competitors on the Toronto Stock Exchange.

Our long-term performance further illustrates the strength of the REIT's strategy. Over 3-, 5-, and 10-year horizons, we have surpassed our public peers by a significant margin. We've done so with significantly less volatility, primarily due to historically reliable and stable appraisal-based valuations methods to reflect overall portfolio value. It is our value-add to investors seeking to avoid the roller coaster of public market sentiment.

Retail REIT Performance Comparison[2]



Operationally, 2024 was an excellent year. We exceeded our targets for revenue, profitability, and cash flow, driven by near-record occupancy and steady in-place rent growth, which increased nearly 3% in 2024. NOI growth marked our second-strongest year on record, once again outperforming many of our public peers. Additionally, our leasing spreads—measuring the difference between expiring rents and renewal or replacement rents—reached a record-breaking 10.4%, placing us among the top three performers in our peer group. This clearly demonstrates that strong growth isn't limited to major urban markets.

Our focus on strategic asset dispositions also yielded results. We successfully exited several non-core assets at pricing that, on average, exceeded International Financial Reporting Standards fair value, unlocking gains we can now reinvest into more accretive opportunities. We believe this highlights Management's ability to generate value that exceeds book value—a skill we will apply to future asset acquisitions as market conditions improve in 2025.

[1] Calculated by combining total equity gain or loss with the annual dividend for the year
[2] Internal calculation of the consolidated average of the seven largest publicly traded Retail REITs listed on the Toronto Stock Exchange: Choice Properties, CT REIT, Crombie REIT, Plaza Retail REIT, SmartCentres, First Capital, RioCan
[3] https://www.jll.ca/en/trends-and-insights/research/grocery-tracker

ASSET DISPOSITIONS IN 2024,SKYLINE RETAIL REIT

Property	City	GLA (sq. ft.)	Sale Price ($)	% Above IFRS
390 Main St.	Steinbach, MB	20,956	7.08 MM	(5.7)
202466 Highways 6 & 21 (1077 10th St. W)	Owen Sound, ON	25,000	3.69 MM	10.1
70 Carroll St. E	Strathroy, ON	19,734	6.00 MM	9.1
2655 Queensview Dr.	Ottawa, ON	30,123	7.60 MM	1.3
477 Main St E	North Bay, ON	21,432	4.45 MM	(1.1)
2424 Barton St. E	Hamilton, ON	18,972	4.72 MM	4.9
589 Second Ln. E	Sault Ste. Marie, ON	28,516	4.55 MM	1.1
95,97,109,117 & 129 Young St.	Alliston, ON	54,240	17.85 MM	7.5
Average % above IFRS				**3.4%**
Weighted average % above IFRS				**3.9%**

LEASE MARKET OUTLOOK

According to JLL's Grocery Report 2025[3], grocery-anchored retail center fundamentals remain strong, with tightening availabilities due to limited new supply and persistent demand, helping sustain higher levels of rent growth. We are seeing the same dynamics in the REIT's core secondary and tertiary communities across Canada, where prime retail locations typically capture the majority of local spending. The combination of tight supply and demand, which exceeds availability, should help maintain our REIT's occupancy rate at or near record levels. Our committed occupancy to close 2024 was 99.0%.

Even in tepid economic conditions, we are seeing major essential grocers move forward with expansion plans in 2025 and invest in expanding their store networks to enhance supply chain infrastructure. For example, Walmart Canada announced a C$6.5 billion investment to build new stores in January, including five supercenters in Ontario and Alberta by 2027, and to modernize distribution centers. Similarly, Loblaws is investing C$2.2 billion in 2025 to renovate stores and open new outlets.

Along with tight supply conditions in new builds, this positions us for continued strength in both occupancy and base rent growth throughout the remainder of 2025.

MORTGAGE RATES

Through 2024, the interest rate environment began to shift meaningfully. After an extended period of elevated rates not seen since the early 2000s, the Bank of Canada (BoC) initiated a long-awaited cutting cycle. While the REIT experienced minimal impact, with most of our debt locked in at lower rates as we were proactive securing favourable terms at the bottom of the rate cycle, the rising cost of capital reached prohibitive levels, constraining transaction activity across the sector. During this time, we stayed disciplined, choosing to refine our portfolio through targeted dispositions rather than pursue acquisitions at valuations that did not align with our long-term return objectives. Now, as conditions improve and borrowing costs begin to ease, we are actively evaluating new growth opportunities.

The decrease in fixed rates has come at an opportune time for our REIT. With approximately 29% of mortgages maturing this year, we are well-positioned to refinance at what are shaping up to be the most favourable rates since 2022. This presents the opportunity to further reduce our financing costs (WAMR), improve cash flow stability, and unlock capacity for accretive reinvestment.

Looking ahead to the remainder year, we anticipate the BoC will lower its interest rates to 2–2.5%, assuming no significant economic disruptions. This could push bond yields lower, potentially leading to an additional 10–30 basis point improvement in the benchmark 5-year fixed rate. This forecast assumes stable trade relations with the U.S., though visibility remains limited and is likely to stay that way throughout 2025. With a strong balance sheet and a well-structured debt profile, we are well positioned to capitalize on these favourable financing conditions, further enhancing both portfolio performance and long-term value for our investors.

OUTLOOK FOR 2025

Our focus in 2025 continues to be on maximizing the potential of nearly 5.2 million sq. ft. of essential retail anchored assets across Canada. More than just a stable source of income for our portfolio, these assets play an active role in supporting the communities they serve. These properties are integral to fostering local engagement, supporting local ecosystems, and driving economic vitality in the markets.

We are also actively evaluating new development opportunities and acquisitions to capitalize on favourable cost-of-capital conditions. With a disciplined investment approach and strong market intelligence, we are well-positioned toadd high-quality, accretive assets that align with our long-term strategy.

Looking ahead, we anticipate another year of steady growth, with the stability to navigate shifting consumer spending patterns, trade dynamics and supply chain development.

As always, I thank you, Skyline Retail REIT's Unitholders, for the trust that you have placed in us as we continue to provide a best-in-class investment product.

Craig Leslie

President,
Skyline Retail REIT

Metro
387-401 Wellington Road South
London, Ontario

"It was a year of strong return performance for our REIT, driven by solid operating fundamentals."

At Skyline Retail REIT, we set ourselves apart from our peers by maintaining sustainable relationships with our investors, our employees, the environment, and the communities in which we proudly do business.

SENIOR MANAGEMENT

Back row from left to right: **Wayne Byrd,** CFO; **Andy Coutts**, EVP; **Maria Duckett**, VP, Skyline Commercial Management Inc.; **Mandi Sweiger**, EVP; **Jason Ashdown,** Co-Founder & CSO.

Front row from left to right: **Krish Vadivale**, EVP; **Craig Leslie**, President, Skyline Retail REIT; **Martin Castellan,** Co-Founder & CAO; **Jason Castellan,** Co-Founder & CEO.

SKYLINE RETAIL REIT'S

Board of Trustees

INDEPENDENT TRUSTEE

GEORGE SCHOTT

George Schott has more than 35 years of experience in the Real Estate sector. In prior years, he was the President and COO of Morguard Investment Limited, the founder, President and CEO of Osmington Inc., and former Chairman and CEO of Redcliff Realty. He has held a variety of senior management positions with Bramalea as EVP, Markborough as SRVP and Oxford as VP Development. Mr. Schott has been a director of EllisDon since 2003, and was also a former director of Key REIT, as well as a former advisor to 20 Vic Management and former Chairman of the investment committee of Aurion Capital. George provides consulting services on specific real estate matters to clients.

INDEPENDENT TRUSTEE

PERRY KATZ

Perry Katz has more than 25 years of experience practicing law in the real estate sector in Canada. He is presently a senior partner at Miller Thomson LLP and is involved in high profile transactions focusing on the acquisition, disposition, development, leasing, and financing of commercial real estate. He has also acted for a number of REITs and income funds. He is called to the bar in Ontario, Quebec, New York and Massachusetts and is ranked in The Best Lawyers in Canada as a leading expert in Commercial Leasing and Real Estate Law. Mr. Katz's clients include some of Canada's leading retailers, investors and developers.

INDEPENDENT TRUSTEE

GARY FINKELSTEIN

Gary Finkelstein has more than 35 years of experience in the commercial real estate investment and development industry. He started his career as a corporate commercial lawyer before following his entrepreneurial spirit towards real estate development. Some of his previous roles include being the CIO and Senior Vice President of Acquisitions & Development at a Toronto based boutique development firm, Regional VP for one of Canada's preeminent commercial REIT's and President at a real estate development and consulting firm where he was responsible for strategic commercial growth initiatives and project management for some of Canada's prestigious retailers. He is also a member of the International Counsel of Shopping Centres and RealPAC (Real Property Association of Canada).

INDEPENDENT TRUSTEE

GORDON DRIEDGER

Gordon Driedger has more than 25 years of experience in Canadian and international real estate markets. Gordon was the prior President of Skyline Retail REIT (stepping down as of June 30, 2024). Prior to Skyline Retail REIT, Gordon was principal of GDREA Inc., which, with its predecessor organizations provided real estate advisory services to investors in all asset classes, specializing in the retail real estate development sector. GDREA Inc. provided counsel on real estate investment, development management of complex mixed-use projects, market intelligence, and transactional support. Gordon also held the role of Executive Vice President at First Capital Realty Inc. and led the firm's Central Canada group, representing over ten million square feet of retail properties and comprising over $3 billion in assets. Gordon was also Vice President, Real Estate for premier retail real estate owners, including Bank of Montreal, Canadian Tire, and Sobeys. Gordon holds a Bachelor of Environmental Studies in the School of Urban and Regional Planning from the University of Waterloo, and a Masters of Corporate Real Estate from the Corenet Global organization.

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.

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.

WAYNE BYRD

Chief Financial Officer of Skyline. Wayne Byrd has been involved in the accounting and finance field since 1995 and has been an executive officer of the group of companies that operate under the Skyline Group banner since 2005. From 1998 to 2005, Mr. Byrd held the position of Controller of All Treat Farms Limited where he was responsible for financial planning, accounting, reporting and management of organizational investment, expansion and acquisition decisions. Mr. Byrd is a Chartered Professional Accountant (formerly Certified Management Accountant) and graduated from Brock University with a Bachelor of Accounting Degree (Honours).

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] It 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%).

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.

387-401 Wellington Road South
London, Ontario

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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 Retail Real Estate Investment Trust's ("**Skyline Retail 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, interest rates and changes in property value.

The information in this MD&A is based on information available to management as of April 30, 2025, except where otherwise noted. Skyline Retail 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 Retail 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 Retail 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**"), Adjusted Funds from Operations ("**AFFO**") 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, FFO and AFFO are not measures recognized under IFRS, they may not be comparable to similarly titled measures reported by other issuers. Skyline Retail REIT has presented the Non-IFRS measures because Management believes these Non-IFRS measures are relevant measures of the ability of Skyline Retail REIT to earn revenue and to evaluate Skyline Retail REIT's performance. A reconciliation of the Non-IFRS measures is provided in the "Payout Ratios" 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 Retail 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 Retail REIT posted publicly by the REIT and 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 Retail Real Estate Investment Trust is an unincorporated open-ended investment trust created by a Declaration of Trust effective as of October 8, 2013, 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 Retail REIT earns income from investments in a diversified portfolio of retail properties.

BMO
1888, 1900, 1910, and 1920 North Parallel Road
Abbotsford, Ontario

MANAGEMENT STRATEGY

As managers to Skyline Retail REIT; Skyline Retail 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 Retail 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 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 retail 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:** The retail property sector is as competitive as the retail businesses which tenant the assets. It is imperative to maintain a superior location within which businesses can retain and attract customers to ensure tenant success. Especially in a competitive market, major tenants understand their strength and are often encouraged to relocate to other real estate opportunities in a given market. We vet acquisition opportunities to ensure that they represent good quality locations to support quality tenants over the very long-term. Healthy anchor tenants, in turn, attract smaller national, regional and independent tenants which serve to improve the overall attractiveness and financial strength of the assets. Capital expenditures are made to continually support this initiative.

SKYLINE RETAIL REIT

Key Performance Indicators

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

- **Distributions:** During 2024, Skyline Retail REIT was paying monthly distributions to Class A Unitholders of $0.083 per unit, or $0.996 on an annual basis. At December 31, 2024, approximately 40.1% of the Investment Units (REIT and LP) 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 Retail REIT exists, without sacrificing the maximization of rental income. At December 31, 2024, overall occupancy was 97.7%.
- **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, remerchandised and/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.
- **NOI:** This is defined as operating revenues less operating expenses, and is a key measure of operating performance. It is a key non-IFRS financial measure of the operating performance of Skyline Retail REIT. Management is focused on maintaining or increasing same-asset NOI year over year. For the year 2024, Skyline Retail REIT's NOI margin was 70.9%.
- **Same Property Net Operating Income:** 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:** 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 Retail REIT generated $47.3 million in FFO.
- **Payout Ratio:** To ensure that Skyline Retail REIT retains sufficient cash to meet its capital improvement and leasing objectives, Management strives to maintain appropriate FFO payout ratio over the year. For the year 2024, Skyline Retail REIT's FFO payout ratio was 98.1%.
- **Financing:** Management is continually overseeing 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 DOT requires that the overall leverage ratio not exceed 70% Loan to Fair Value. However, it is Management's objective to keep the portfolio at a more conservative level of approximately 65% leverage based upon fair value. At the close of 2024, Skyline Retail REIT's portfolio leverage ratio on total debt was 59.17% against historical cost and 57.53% against fair value.

SKYLINE RETAIL REIT

Goals, Objectives and 2024 Highlights

In accordance with the DOT, the goals and objectives of Skyline Retail 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 retail properties located in Canada;
2. to maximize REIT unit value through the ongoing management of Skyline Retail 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 as at December 31, 2024 was $1.60 billion which resulted from a combination of dispositions, strategic acquisitions and value enhancement to the existing portfolio.
- The REIT's average in-place rent increased from $19.23 per sq. ft. to $19.78 per sq. ft. by year end.
- During 2024, the increase in the value of the underlying real estate portfolio resulted in a unit price change from $15.25 to $15.75, a 1.64% increase.

Financial Highlights **($ thousands, except where noted)**	**2024**	**2023**
Property revenues	$149,680	$147,237
Operating expenses	$(57,121)	$(54,897)
NOI	**$92,559**	**$92,340**
Net income	**$52,824**	**$28,798**
FFO	**$47,261**	**$45,144**
Total Distributions declared to REIT and LP unitholders	**$46,352**	**$45,576**
Normalized FFO payout ratio	**98.1%**	**101.0%**

PROPERTY PORTFOLIO

At December 31, 2024, through active portfolio management; the portfolio consisted of 5,164,069 rentable sq. ft. across 107 retail properties geographically diversified through 65 communities in Alberta, British Columbia, Ontario and Quebec.

Skyline Retail REIT's property portfolio represents retail properties located in strategic locations that meet the investment strategy. The properties are currently well-maintained, close to full occupancy, with a market level of tenant leases that expire over the next 8 years. The in-place rents are believed to be at or near current market levels. 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 (psf)**
Retail	5,164,069	100.0	97.7	$19.78

ACQUISITIONS AND DISPOSITIONS

During 2024, Skyline Retail REIT did not aquire any new properties.

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

Disposition Date	**GLA (sq. ft.)**	**Region**	**Type**	**Sale Price ($)**	**Cash Proceeds ($)**	**Mortgages Discharged ($)**
18-Jan-24	20,956	Manitoba	Retail	7,075	2,798	4,277
01-Feb-24	25,000	Ontario	Retail	3,688	1,495	2,193
04-Jun-24	19,743	Ontario	Retail	6,000	2,948	3,052
17-Jun-24	21,432	Ontario	Retail	4,450	2,270	2,180
02-Aug-24	30,123	Ontario	Retail	7,600	4,312	3,288
24-Oct-24	18,972	Ontario	Retail	4,720	2,804	1,916
18-Nov-24	28,516	Ontario	Retail	4,550	2,496	2,054
16-Dec-24	56,527	Ontario	Retail	17,850	9,009	8,841
Total	**221,269**			**$55,933**	**$28,132**	**$27,801**

SKYLINE RETAIL REIT

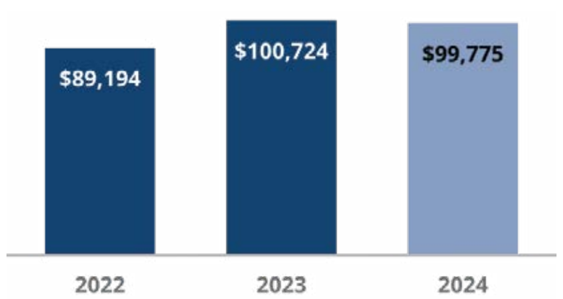
2024 Operating Highlights

Operating Results **($ thousands, except where noted)**	**2024 ($)**	**%***	**2023 ($)**	**%***
Property revenues				
Minimum rent	99,775	76.5	100,724	77.2
Cost recoveries	49,905	38.2	46,513	35.6
Total property revenues	**$149,680**	**114.7%**	**$147,237**	**112.8%**
Direct property expenses				
Realty taxes	32,551	24.9	31,134	23.9
Other direct property costs	16,936	13.0	16,308	12.5
Utilities	2,043	1.6	1,908	1.5
Management fees	5,591	4.3	5,547	4.3
Total direct property expenses	**$57,121**	**43.8%**	**$54,897**	**42.1%**
Net operating income ("NOI")	**$92,559**	**70.9%**	**$92,340**	**70.8%**

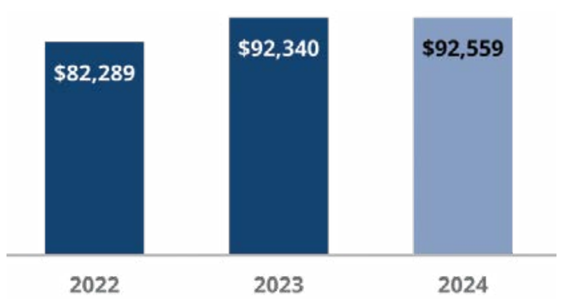
*As a percentage of total property revenues

Other operational metrics				
Total occupancy %		97.7%		97.0%
In place base rent (per sq.ft.)		$19.78		$19.23

MINIMUM RENT ($ Thousands)



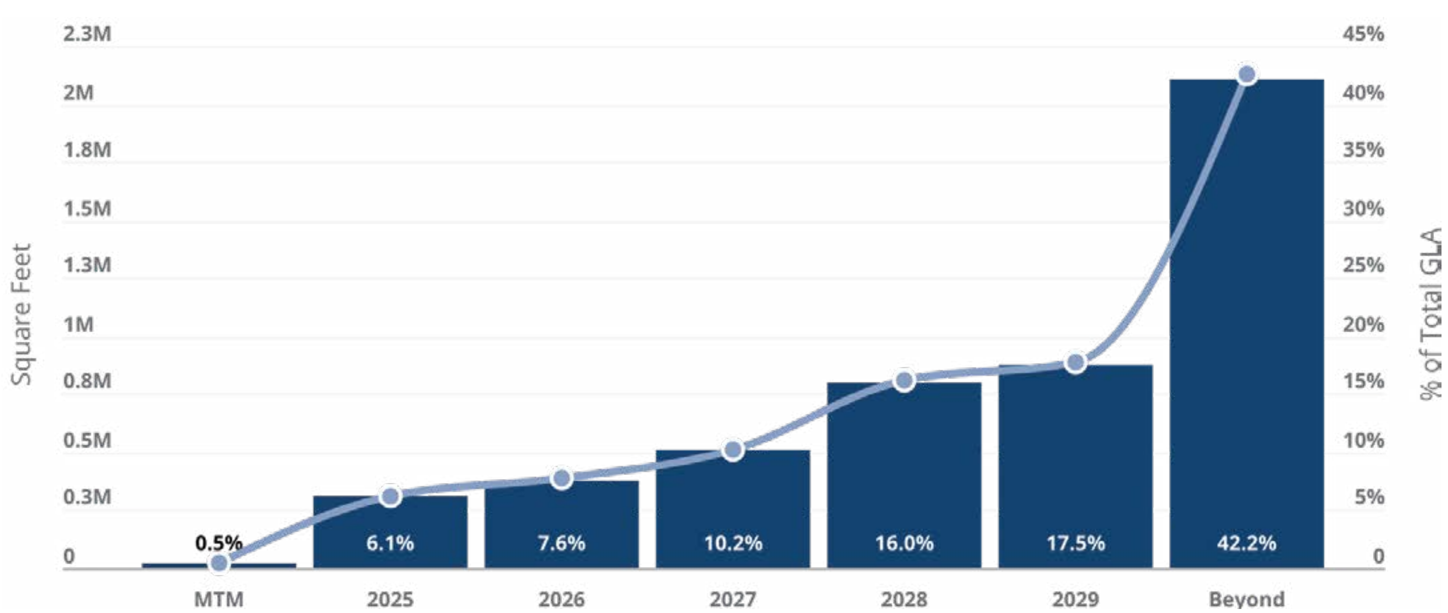
NOI ($ Thousands)



Regional Highlights ($ thousands, except where noted)	2024		2023		Increase (Decrease)		
Portfolio	NOI ($)	NOI Margin (%)	NOI ($)	NOI Margin (%)	Revenue Change (%)	Expense Change (%)	NOI Change (%)
Ontario	54,049	62.0	53,075	62.1	2.1	3.8	1.8
Quebec	20,115	60.4	20,373	61.7	0.9	4.3	(1.3)
Western Canada	18,395	64.4	18,892	66.2	0.1	5.1	(2.6)
Total	**$92,559**	**62.1%**	**$92,340**	**62.8%**	**1.5%**	**4.2%**	**0.2%**

Occupancy/Vacancy Schedule

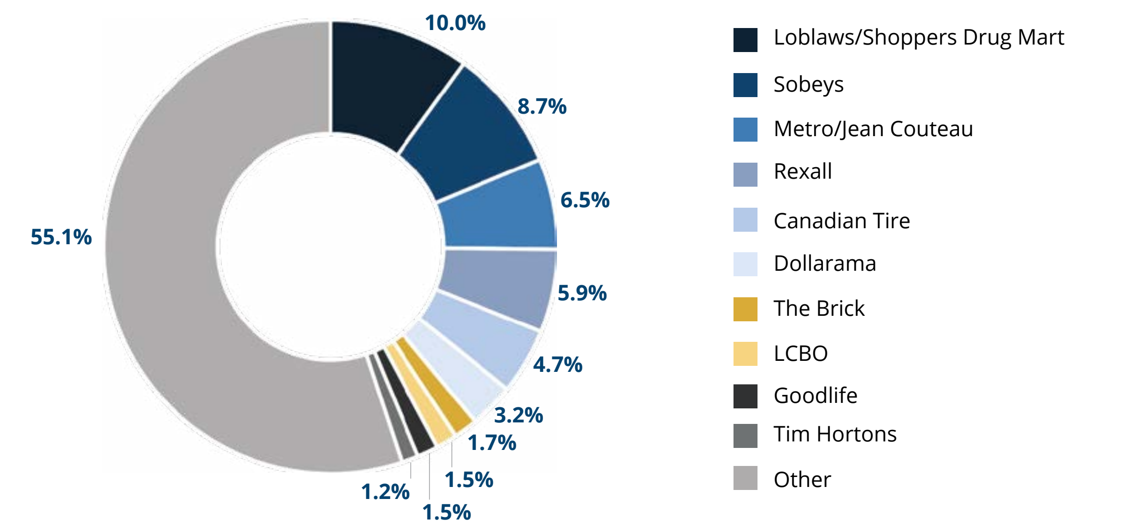
At the close of 2024, the portfolio had 117,852 sq. ft. of vacant space, of which 43,785 sq. ft. is committed for future occupancy. With respect to future expiries, Management has already renewed or leased 71,510 sq. ft.. The following bar graph shows the percentage of lease expiries over the next 5 years and beyond, 42.2% of maturities are over 5 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 5 years.



2024 OPERATING HIGHLIGHTS CONT.

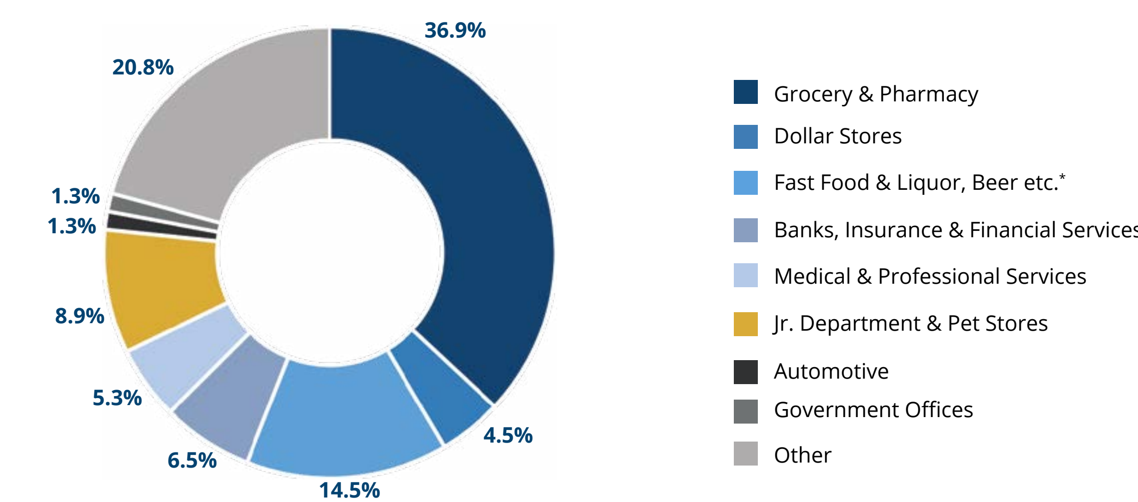
Leasing and Tenant Profile

The REIT's tenant profile consists of a diversified base of quality tenants. At December 31, 2024, with 823 tenants, risk exposure to any single tenant was 10.0%. The following chart shows the tenant mix for the properties on the basis of the percentage of base rent.



Portfolio Breakdown

80.2% of Skyline Retail REIT's base rent is from tenants whose goods and sercives are considered essential; this provides signifigant stability to the REIT's income.



*Includes Cannabis and vape.

FUNDS FROM OPERATIONS

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

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

ADJUSTED FUNDS FROM OPERATIONS

Management believes that AFFO is an important measure of the REIT's economic performance and is indicative of the ability to pay distributions. This non-IFRS measure is a commonly used performance measure for assessing real estate performance. However, it 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.

Shoppers Drug Mart
25 Broadway Street,
Orangeville, Ontario

PAYOUT RATIOS

Payout ratios compare total and net distributions declared to these 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 as follows:

FFO Payout Ratios **($ thousands, except where noted)**	**2024 ($)**	**2023 ($)**
Profit & Loss		
Property revenues	149,680	147,237
Operating expenses	(57,121)	(54,897)
NOI	**$92,559**	**$92,340**
Finance costs	(48,056)	(44,070)
REIT & other expenses	(7,562)	(8,432)
Interest income	-	-
Share of net earnings from investment in joint venture	1,800	-
Fair value gain (loss)	14,083	(11,040)
Net income	**$52,824**	**$28,798**
Non-cash add-backs:		
LP distributions included in finance costs	5,830	3,047
Fair value gain (loss)	(14,083)	11,040
Amortization of leasing costs	574	457
Amortization of tenant inducement	2,116	1,802
FFO	**$47,261**	**$45,144**

(table continued on next page)

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	2024 ($)	2023 ($)
Total distributions declared to REIT and LP unitholders	51,183	47,553
Less: General Partner sharing distributions	(4,831)	(1,977)
Total distributions declared to REIT and LP Unitholders	**$46,352**	**$45,576**
Normalized FFO payout ratio	**98.1%**	**101.0%**

Giant Tiger
455-485 Grand Avenue West
Chatham, Ontario

Dollarama
4115 Walker Road
Windsor, Ontario

Distributions to Unitholders

During 2024, Skyline Retail REIT paid monthly distributions to Class A Unitholders of $0.083 per unit, or $0.996 per unit on an annual basis. As at December 31, 2024, approximately 40.1% of the REIT units were enrolled in the Distribution Reinvestment Plan (DRIP). Distributions made to REIT and LP Unitholders during 2024 amounted to $46.4 million of which $18.6 million was retained through the DRIP.

In order to maintain a consistent cycle of monthly distributions, the REIT may, from time to time, use proceeds from dispositions and refinancings as well as funds from the operating line of credit. It is Management's long-term objective to continually reduce 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	**$46,352**	**$45,576**
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 Retail 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 as well to group the portfolio by property characteristics. This will allow Management to apply the same metrics to similar properties.
- Engage third party market appraisals for a portion of its Portfolio which comprises at least 40% of the number of properties, excluding acquisitions during the year, which makes up at least 40% of the gross book value of the portfolio. The balance of the properties not externally appraised will undergo an internal valuation which will be verified by a comparative appraisal and audited by RLB LLP (the Retail 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 12 months of acquisition (unless it is necessary for mortgage financing).

For the year ended December 31, 2024, 98.2% of the investment properties, by cost base, were valued externally (2023 – 71.8%)

FreshCo
5,17, 19 & 21 Hanes Road Huntsville
(Paisley Centre), Huntsville, Ontario

INVESTMENT PROPERTIES CONT.

Fair Value of Investment Properties (under IFRS 13) **($ thousands, except where noted)**	**2024 ($)**	**2023 ($)**
Balance, beginning of year	**1,620,431**	**1,644,172**
Acquisitions through purchase of assets	-	3,200
Additions through capital expenditures on existing investment properties	18,021	29,023
Disposals through sale of investment properties	(42,501)	(32,761)
Amortization of leasing costs and straight-line rents	(2,284)	(1,668)
Investment properties held for sale	(12,300)	(10,763)
Fair value adjustment on investment properties	14,083	(10,772)
Balance, end of year	**$1,595,450**	**$1,620,431**

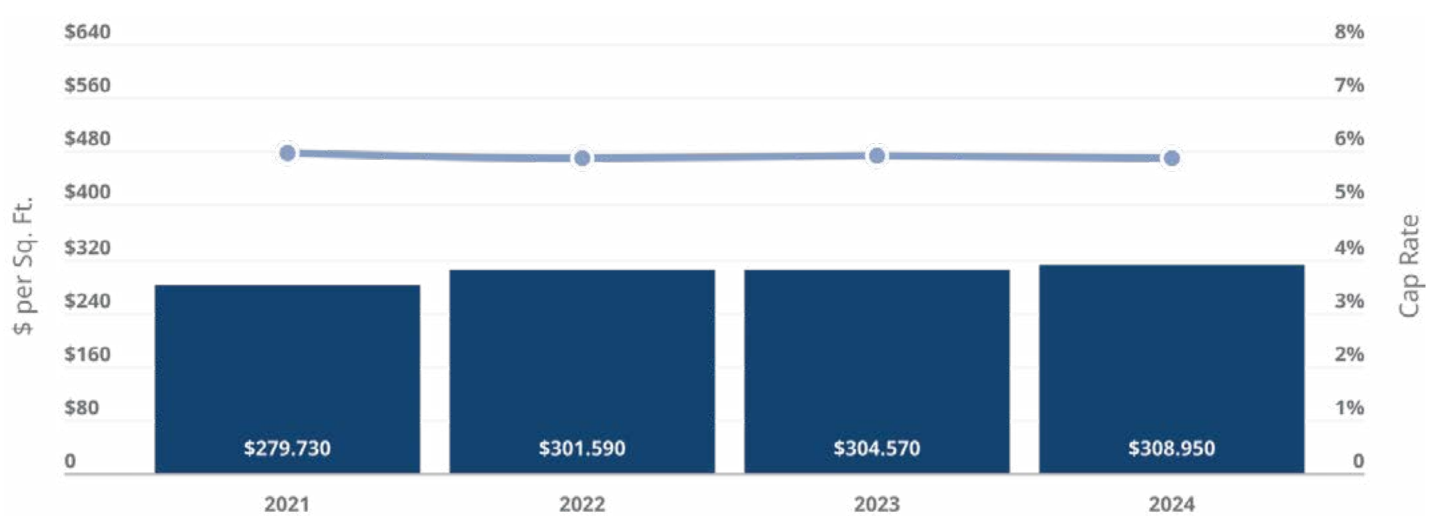
The following table reconciles the cost base of investment properties to their fair value:

Fair Value of Investment Properties (under IFRS 13) **($ thousands, except where noted)**	**2024 ($)**	**2023 ($)**
Cost	1,505,569	1,540,635
Cumulative fair value adjustment	89,881	79,796
Fair Value	**$1,595,450**	**$1,620,431**

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	$1,595,450	$1,620,431	$1,644,172	$1,309,240
Total rentable square footage at year end	5,164,069	5,320,378	5,451,706	4,680,315
Fair value per sq. ft.	**$308.95**	**$304.57**	$301.59	$279.73
Increase (decrease) in fair value per sq. ft. (%)	**1.44%**	**0.99%**	7.81%	9.85%
Weighted average capitalization rate	5.85%	5.91%	5.88%	5.98%
Increase (decrease) in cap rate (year-over-year) (%)	(1.02%)	0.51%	(1.67%)	(7.14%)
Net operating income ("NOI")	$92,559	$92,340	$82,289	$76,627
Increase in NOI (year-over-year) (%)	0.24%	12.21%	7.39%	5.57%
NOI (% of revenue)	61.84%	62.72%	63.06%	66.51%



CAPITAL EXPENDITURES

Skyline Retail REIT is purchasing quality, well tenanted income producing retail properties on an accretive basis. Skyline continues to increase the value of these assets by actively managing the tenant mix, and by investing in select capital expenditure initiatives and other programs to improve the overall quality and value of the properties. In doing so, high overall occupancy rates shall be maintained which also enhances income producing potential and superior tenant experiences across the portfolio.

During the year, Management invested $18.0 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 Retail 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 market value basis and a traditional historical cost basis, whereby historical cost is defined as the acquisition cost of the properties plus the capital improvements expended thereon.

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

Mortgage Summary ($ thousands, except where noted)	2024	2023
Mortgages payable	$890,898	$925,696
Line of credit	$26,995	$21,109
Total Debt	**$917,893**	**$946,805**
Unitholders' equity	$671,617	$660,379
Class B and C LP units	$15,375	$16,630
Total Capital	**$1,604,885**	**$1,623,814**
Mortgage debt to historical cost	60.97%	60.09%
Mortgage debt to fair value	55.84%	57.13%
Total debt to historical cost	59.17%	61.46%
Total debt to fair value	57.53%	58.43%
Weighted average mortgage interest rate	4.17%	4.09%
Weighted average mortgage term to maturity	2.28 yrs	3.11 yrs

CAPITAL STRUCTURE CONT.

Mortgages Payable ($ thousands, except where noted)	Future minimum principal payments ($)	% of total mortgages
2025	263,106	29.5
2026	177,294	19.9
2027	173,727	19.5
2028	172,193	19.3
2029	63,605	7.1
Thereafter	49,050	5.5
Less: Mortgages related to assets held for sale	(8,077)	(0.9)
Total Mortgages Payable	**$890,898**	**100.0%**

Sobeys
351-431 Talisman Drive & 155 & 225 Edward Street
Gravenhurst, Ontario

Investment Summary

During 2024, units of Skyline Retail REIT were issued under the accredited investor exemption, During the year, the REIT received net proceeds of $4.3 million through new REIT investments and DRIP enrolment, net of all 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	**45,857,142**	**$593,819**	**43,560,794**	**$558,279**
Proceeds from REIT units issued	2,352,505	36,464	3,474,585	53,501
Exchange of LP units	80,961	1,255	7,500	114
Units issued through DRIP	1,195,920	18,536	1,321,962	20,351
Units converted to Class F units	(76,037)	(1,111)	(60,567)	(856)
Redemptions - REIT units	(3,244,803)	(50,309)	(2,439,632)	(37,456)
Redemptions - REIT units (exchanged LP units)	(80,961)	(1,255)	(7,500)	(114)
Class A units outstanding, end of year	**46,084,727**	**$597,399**	**45,857,142**	**$593,819**
Weighted average REIT units outstanding	**45,681,976**		**44,869,592**	

CAPITAL STRUCTURE CONT.

REIT Unitholders - Investment Activity Class F ($ thousands, except where noted)	**2024**		**2023**	
	Number of Units	**Amount ($)**	**Number of Units**	**Amount ($)**
Class F units outstanding, beginning of year	**91,049**	**$1,323**	**0**	**$-**
Proceeds from REIT units issued	4,390	68	30,147	462
Units issued through DRIP	2,355	37	335	5
Units converted from Class A units	76,037	1,111	60,567	856
Redemptions - REIT units	(32,164)	(499)	-	-
Class F units outstanding, end of year	**141,667**	**$2,040**	**91,049**	**$1,323**
Weighted average REIT units outstanding	**114,192**		**42,572**	

LP Unitholders - Investment Activity ($ thousands, except where noted)	**2024**		**2023**	
	Number of Units	**Amount ($)**	**Number of Units**	**Amount ($)**
LP units outstanding, beginning of year	**1,072,868**	**$16,630**	**1,080,368**	**$16,476**
Proceeds from LP units issued	-	-	-	-
Units issued through DRIP	-	-	-	-
Redemptions - LP units (exchanged to REIT units)	(80,961)	(1,255)	(7,500)	(114)
Change in fair value	-	-	-	268
LP units outstanding, end of year	**991,907**	**$15,375**	**1,072,868**	**$16,630**
Weighted average LP units outstanding	**1,002,728**		**1,073,497**	

UNITHOLDER TAXATION

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

	2024
Other Income	---
Capital Gains	---
Return of Capital	100.0%
TOTAL	**100.0%**

RELATED PARTY TRANSACTIONS

The Executive Officers of Skyline Retail REIT do not receive direct salary compensation from the REIT. Rather, Skyline Retail 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**").

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 Limited Partnership (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	4,831	1,977
Total General Partner sharing on distributions	**$4,831**	**$1,977**

RELATED PARTY TRANSACTIONS CONT.

Management Services

Fees paid during the past two years are as follows:

Management Fees **($ thousands, except where noted)**	2024 ($)	2023 ($)
Property management fees	5,591	5,547
Asset management fees	3,728	4,246
Wealth management fees	2,897	2,843
Legal service management fees	756	1,124
CAPEX management fees	438	201
Leaseing Service Fees	246	159
Lease documentation fees	136	159
Solar asset management Fees	20	25
Development service fees	3	17
Underwriting management fees	-	401
Total Management Fees	**$13,815**	**$14,722**

LCBO
893-895 10th Street
Hanover, Ontario

Services of the Asset Manager

Skyline Retail REIT has an asset management agreement with Skyline Asset Management Inc. and Skyline Retail Asset Management Inc (the "Asset Manager"). The asset management fees payable under the asset management agreement are 2.5% of adjusted gross revenue. For the year ended December 31, 2024, Skyline Retail REIT paid to the Asset Manager $3.73 million in asset management fees (2023 – $3.67 million).

Skyline Retail REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Retail REIT shall pay the Asset Manager: (i) $3.00 per sq. ft. for leasing new development and existing vacancies where no external brokers are involved; (ii) $0.50 per sq. ft. for leasing new development and existing vacancies where an external broker is involved; and (iii) $0.25 per sq. ft. for renewals of existing tenants in existing space where the renewed rent is 7% higher than the previously prevailing rental rate. For the year ended December 31, 2024, Skyline Retail REIT paid to the Asset Manager $246 thousand in leasing services fees (2023 – $159 thousand).

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 Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT's independent Trustees. For the year ended December 31, 2024, Skyline Retail REIT paid to the Asset Manager $0 in development management fees (2023 – $574 thousand).

Services of the Property Manager

Skyline Retail REIT has a property management agreement with Skyline Commercial Management Inc (the "Property Manager"). Property management fees payable under the property management agreement are 3.75% of adjusted gross revenue. For the year ended December 31, 2024, Skyline Retail REIT paid to the Property Manager $5.59 million in property management fees (2023 – $5.55 million).

As part of the property management agreement, Skyline Retail 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 Retail REIT paid to the Property Manager $136 thousand in lease documentation fees (2023 – $159 thousand).

Services of the Exempt Market Dealer

Skyline Retail 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 Class A equity under management and 0.2% of Class F equity under management, and equity raise fees ranging from 0.5% to 1.5% (2023 – 0.5% to 1.0%) of proceeds from units issued during the year. For the year ended December 31, 2024, Skyline Retail REIT paid to the Exempt Market Dealer $2.45 million in wealth management fees (2023 – $2.37 million), and $446 thousand in equity raise fees (2023 – $469 thousand).

Services of the Mortgage Underwriting Manager

Skyline Retail REIT has an arrangement with Skyline Mortgage Finance Inc. (the "Underwriting Manager"), wherein the Underwriting Manager assists Skyline Retail REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Retail REIT pays the Underwriting Manger $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 50 bps on mortgage principal for all other mortgages. For the year ended December 31, 2024, Skyline Retail REIT paid to the Underwriting Manager $0 in mortgage underwriting fees (2023 – $401 thousand).

Legal Services Manager

Skyline Retail REIT had an arrangement with Skyline Asset Management Inc., wherein Skyline Asset Management Inc provided advice to Skyline Retail REIT on the use of external legal counsel, and managed external legal counsel on behalf of Skyline Retail

REIT (the "Legal Services Arrangement"), the costs for which are approved annually by Skyline Retail REIT's independent Trustees. Effective March 1, 2022, Skyline Asset Management Inc., transferred the Legal Services Arrangement to Skyline Private Investment Capital Inc. (the "Legal Services Manager"). Under the Legal Services Arrangement, Skyline Retail REIT paid to the Legal Services Manager $756 thousand for the year ended December 31, 2024 (2023 – $1.12 million).

Services of the Solar Asset Manager

Skyline Retail 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 Retail REIT paid to the Solar Asset Manager $20 thousand in solar asset management fees (2023 – $25 thousand).

Services of the CAPEX Provider

Skyline Retail 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 Retail REIT's independent Trustees. For the year ended December 31, 2024, Skyline Retail REIT paid to the CAPEX Provider $438 thousand in CAPEX management fees (2023 – $201 thousand).

Services of the Development Manager

Skyline Retail REIT has an arrangement with Skydevco Inc (the "Development Manager"), who provides development consulting services to Skyline Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT's independent Trustees. For the year ended December 31, 2024, Skyline Retail REIT paid to the Development Manager $3 thousand in development service fees (2023 – $17 thousand).

Tim Hortons
6660 Sooke Road
Sooke, British Columbia

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

Skyline Retail 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 Retail 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 Retail 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 Retail 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 Retail REIT's investment may be incurred. Furthermore, at any time, a tenant of any of Skyline Retail 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 Retail REIT. The ability to rent unleased space in the properties in which Skyline Retail 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 Retail 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 Retail REIT than the existing lease.

Competition for Real Property Investments

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

General Economic Conditions

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

General Uninsured Losses

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

Dependence on Key Personnel

The management of Skyline Retail 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 Retail REIT.

Potential Conflicts of Interest

Skyline Retail REIT may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of Skyline Retail 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 Retail 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 Retail REIT may be dealing, or which may be seeking investments similar to those desired by Skyline Retail REIT. The interests of these persons could conflict with those of Skyline Retail REIT. In addition, from time to time, these persons may be competing with Skyline Retail REIT for available investment opportunities. The Skyline Retail 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 Retail 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 Retail 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 Retail 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 Retail REIT become publicly listed or traded, there can be no assurances that Skyline Retail REIT will not be subject to the SIFT Rules, as described under "Income Tax Consequences and RRSP Eligibility – SIFT Rules", at that time. Skyline Retail 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 Retail REIT.

Since the net income of Skyline Retail 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 Retail REIT accrued or realized by Skyline Retail 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 Retail 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 Retail REIT".

Dilution

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

Financing

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

Litigation Risks

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

Cybersecurity Risks

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

SUBSEQUENT EVENTS

Subsequent to year end, the following investment activity occurred:

REIT Unitholders - 2025 Investment Activity (to date) **($ thousands, except where noted)**	Number of Units	Amount ($)
REIT units outstanding, January 1, 2025	**46,084,727**	**$597,399**
Proceeds from REIT units issued	986,183	15,495
Exchange of LP units	10,200	158
Units issued through DRIP	395,433	6,203
Units converted to Class F units	(62,093)	(797)
Redemptions - REIT units	(1,071,193)	(16,785)
Redemptions - REIT units (exchanged LP units)	(10,200)	(158)
REIT units outstanding, April 30, 2025	**46,333,057**	**$601,515**
Weighted average REIT units outstanding	**46,084,784**	

REIT Unitholders - Investment Activity Class F **($ thousands, except where noted)**	Number of Units	Amount ($)
REIT units outstanding, January 1, 2025	**141,667**	**$2,040**
Proceeds from REIT units issued	10,033	158
Units issued through DRIP	1,005	16
Units converted from Class A units	62,093	797
Redemptions - REIT units	(7,917)	(124)
Class F units outstanding, April 30, 2025	**206,881**	**$2,887**
Weighted average REIT units outstanding	**196,016**	

SUBSEQUENT EVENTS CONT.

LP Unitholders - 2025 Investment Activity (to date) ($ thousands, except where noted)	Number of Units	Amount ($)
LP units outstanding, January 1, 2025	**991,907**	**$15,375**
Proceeds from LP units issued	-	-
Units issued through DRIP	-	-
Redemptions - LP units	(10,200)	(158)
Change in fair value	-	-
LP units outstanding, April 30, 2025	**981,707**	**$15,217**
Weighted average LP units outstanding	**989,361**	

Save On Foods
1800 Strachan Road
Medicine Hat, Alberta

Rexall
315 Arthur Street South,
Elmira, Ontario

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

Chartered
Professional
Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of: Skyline Retail Real Estate Investment Trust

Opinion
We have audited the accompanying consolidated financial statements of Skyline Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 the Skyline Retail 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 Retail 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 Retail 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 Retail Real Estate Investment Trust to cease to continue as a going concern.

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

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

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

RLB LLP

Guelph, Ontario
March 19, 2025

Chartered Professional Accountants
Licensed Public Accountants

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023
A S S E T S		
Investment properties (note 6)	$ 1,595,450	$ 1,620,431
Investment in joint venture (note 8)	3,918	3,125
Assets held for sale (note 7)	12,300	10,763
Other assets (note 9)	3,513	3,363
Tenant loan receivable (note 10)	533	567
Accounts receivable (note 16)	10,748	8,091
Cash	10,149	3,998
	$ 1,636,611	$ 1,650,338
L I A B I L I T I E S A N D U N I T H O L D E R S' E Q U I T Y		
Mortgages payable (notes 11, 16)	$ 890,898	$ 925,696
Limited partnership units (note 20)	15,375	16,630
Tenant deposits	8,809	8,699
Liabilities related to assets held for sale (note 7)	8,077	6,554
Due to related party (note 12)	2,621	1,955
Accounts payable and accrued liabilities (note 16)	12,219	9,316
Revolving credit facility (note 16)	26,995	21,109
	964,994	989,959
Unitholders' equity (page 6)	671,617	660,379
	$ 1,636,611	$ 1,650,338

Trustee

Trustee

See notes to the consolidated financial statements

SKYLINE RETAIL 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	$ 660,379	$ 639,777
Proceeds from units issued (note 19)	36,532	53,963
Units issued through distribution reinvestment plan (note 19)	18,573	20,356
Issuance costs (note 12)	(530)	(553)
Redemptions (note 19)	(50,808)	(37,456)
Income and comprehensive income for the year	52,824	28,798
Distributions paid	(45,353)	(44,506)
CLOSING BALANCE	$ 671,617	$ 660,379

See notes to the consolidated financial statements

SKYLINE RETAIL 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
PROPERTY REVENUES		
Minimum rent	$ 99,775	$ 100,724
Cost recoveries from tenants	49,905	46,513
	149,680	147,237
DIRECT PROPERTY EXPENSES		
Property taxes	32,551	31,134
Other direct property costs	16,936	16,308
Utilities	2,043	1,908
Property management fees (note 12)	5,591	5,547
	57,121	54,897
NET PROPERTY INCOME	92,559	92,340
OTHER EXPENSES		
Financing costs (note 13)		
Interest paid on debt	42,226	41,023
Distributions paid on partnership units	5,830	3,047
Administrative expenses	1,247	2,227
Lease documentation fees (note 12)	136	159
Asset management fees (note 12)	3,728	3,672
Wealth management fees (note 12)	2,451	2,374
	55,618	52,502
INCOME BEFORE UNDERNOTED	36,941	39,838
Share of net earnings from investment in joint venture (note 8)	1,800	0
Fair value gain (loss) (note 14)	14,083	(11,040)
	15,883	(11,040)
INCOME AND COMPREHENSIVE INCOME for the year	$ 52,824	$ 28,798

See notes to the consolidated financial statements

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2024

(in thousands of Canadian dollars)

	2024	2023
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Income and comprehensive income for the year	$ 52,824	$ 28,798
Items not requiring an outlay of cash:		
Amortization of leasing commission and straight-line rents (note 6)	2,284	1,668
Amortization of financing costs (notes 11, 13)	1,327	1,201
Financing costs in operations (note 13)	46,729	42,869
Share of net earnings from investment in joint venture (note 8)	(1,800)	0
Fair value loss on limited partnership units (note 14)	0	268
Fair value (gain) loss on investment properties (note 14)	(14,431)	12,492
Fair value gain on disposal of properties (note 14)	348	(1,720)
	87,281	85,576
Changes in non-cash working capital		
Accounts receivable	(2,657)	(2,647)
Other assets	(150)	933
Accounts payable and accrued liabilities	2,838	(9,028)
Tenant deposits	91	715
	87,403	75,549
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Mortgages payable (net repayments and advances) (note 11)	(6,717)	(3,604)
Mortgages discharged due to the sale of investment properties (notes 6, 11)	(27,801)	(17,876)
Due to related party (note 12)	666	443
Interest on mortgages payable (note 11)	(37,952)	(37,394)
Distributions paid on partnership units (notes 13, 20)	(5,830)	(3,047)
Interest on revolving credit facilities (note 13)	(2,947)	(2,428)
Net revolving credit facility proceeds (repayments) (note 16)	5,886	571
Proceeds from units issued (note 19)	36,532	53,963
Distributions paid (net of distribution reinvestment plan) (page 6)	(26,780)	(24,150)
Redemptions of units (page 6)	(50,808)	(37,456)
Redemptions of limited partnership units (note 20)	(1,255)	(114)
Issuance costs (note 12)	(530)	(553)
	(117,536)	(71,645)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to investment properties (note 6)	(18,021)	(32,223)
Tenant loan receivable	34	143
Investment in joint venture (note 8)	1,007	(2,695)
Proceeds on disposition of investment properties (note 6)	42,501	32,761
Proceeds on disposition of investment properties held for sale (note 6)	10,763	0
	36,284	(2,014)
INCREASE IN CASH for the year	6,151	1,890
CASH, beginning of year	3,998	2,108
CASH, end of year	$ 10,149	$ 3,998

See notes to the consolidated financial statements

1. NATURE OF BUSINESS

Skyline Retail Real Estate Investment Trust (‘‘Skyline Retail 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 October 8, 2013.

Skyline Retail Real Estate Limited Partnership ("RRELP") was created on October 8, 2013 as a limited partnership under the laws of the Province of Ontario. The general partner is Skyline Retail Real Estate GP Inc. and the majority limited partner is Skyline Retail REIT.

As of December 31, 2024, RRELP owned one hundred and ten (2023 - one hundred and eighteen) retail investment properties, all of which are located in Canada.

Skyline Retail REIT is domiciled in Ontario, Canada. The address of Skyline Retail 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 Retail 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 Retail REIT's accounting policies.

The consolidated financial statements are presented in accordance with International Accounting Standard "IAS" 1 - Presentation of Financial Statements. Skyline Retail REIT has elected to present the Consolidated Statement of Income and Comprehensive Income in one statement.

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

(b) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis modified to include the fair value measurement of investment properties and 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 Retail REIT's functional currency.

Skyline Retail 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 Retail 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 year in which the estimates are revised and the revision affects both current and future years.

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

Material accounting policies

(a) INVESTMENT PROPERTIES

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

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

In accordance with IFRS 3 - Business Combinations, when Skyline Retail 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 their 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 Retail 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 Retail 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.

Costs incurred for repairs and maintenance in excess of $10,000 (not in thousands of 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

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

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

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 Retail 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.

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) REVENUE RECOGNITION

Rental revenue includes rents from tenants under leases, property tax and operating cost recoveries, parking income and incidental income. Skyline Retail 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.

(d) FINANCIAL INSTRUMENTS

Skyline Retail 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
Revolving credit facility	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

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

Skyline Retail 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 Retail 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS (continued)

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

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

Skyline Retail REIT’s financial liabilities classified as amortized cost include mortgages payable, accounts payable and accrued liabilities, due to related party and the 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 Retail 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 Retail REIT's financial liabilities classified as financial liabilities at fair value through profit or loss 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 consolidated income.

(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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(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 Retail 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 Retail REIT intends to continue to qualify as a real estate investment trust and to make distributions not less than the amount necessary to ensure the REIT will not be liable to pay income taxes. Accordingly, no provision for income taxes has been made.

(h) JOINT VENTURES

In accordance with IFRS 11 – Joint Arrangements ("IFRS 11"), Skyline Retail REIT has an investment over which they have 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 Retail REIT's share of the post-acquisition net earnings and changes in the net assets of the joint venture.

(i) 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 Retail 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, or disclosed in the notes to the consolidated financial statements 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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(i) FAIR VALUE MEASUREMENT (continued)

Skyline Retail 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.

(j) DISTRIBUTION REINVESTMENT PLAN

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

(k) PROVISIONS

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

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

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

5. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Skyline Retail REIT and its subsidiary, RRELP.

Subsidiaries are entities over which Skyline Retail 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 Retail 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 year	$ 1,620,431	$ 1,644,172
Acquisitions through purchase of investment properties	0	3,200
Additions through capital expenditures on existing investment properties	18,021	29,023
Disposals through sale of investment properties	(42,501)	(32,761)
Amortization of leasing cost and straight-line rents	(2,284)	(1,668)
Change in assets held for sale (note 7)	(12,300)	(10,763)
Fair value adjustment on investment properties (note 14)	14,083	(10,772)
Balance at end of the year	$ 1,595,450	$ 1,620,431

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

	2024	2023
Cost	$ 1,505,569	$ 1,540,635
Cumulative fair value adjustment	89,881	79,796
Fair value	$ 1,595,450	$ 1,620,431

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

6. INVESTMENT PROPERTIES (continued)

Asset acquisitions:

During the year ended December 31, 2024, Skyline Retail REIT acquired no (2023 - one) investment properties. 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 and units issued entered into as a result of these acquisitions:

	2024	2023
Acquisition cost of investment properties	$ 0	$ 3,200
Mortgages	0	(1,673)
Total identifiable net assets settled by cash	$ 0	$ 1,527

Asset dispositions:

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

	2024	2023
Mortgages	$ 27,801	$ 17,876

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 twenty years from the commencement of the lease. Future minimum rental income from these agreements is as follows:

	2024	2023
Less than one year	$ 97,711	$ 98,120
Between one and three years	172,298	174,074
More than three years	257,627	292,916
	$ 527,636	$ 565,110

Fair value disclosure:

Skyline Retail 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 Retail REIT's investment properties were measured using Level 3 inputs. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2024 and December 31, 2023.

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

6. INVESTMENT PROPERTIES (continued)

Fair value disclosure: (continued)

Skyline Retail 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 rate for the retail properties is 5.85% (2023 - 5.91%). Overall, the capitalization rates for the retail properties fall between:

	2024	2023
Minimum	5.07%	4.49%
Maximum	7.32%	10.25%

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

In 2024, Skyline Retail REIT valued $28,750 of its investment properties (including investment properties held for sale) internally (2023 - $459,459). 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 $1,579,000 (2023 - $1,168,535). In 2024, 1.8% (2023 - 28.2%) of the cost base of investment properties were valued internally and 98.2% (2023 - 71.8%) were valued externally. No acquisitions were made in the year. The acquisitions during 2024 were valued at $0 (2023 - $3,200). Actual results may differ from these estimates and may be subject to material adjustment within the next year.

Fair value sensitivity:

Skyline Retail 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)%	4.85%	$1,924,409	$ 328,959	20.62%
December 31, 2024	5.85%	$1,595,450	$ 0	0.00%
1.00%	6.85%	$1,362,538	$(232,912)	(14.60)%

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

7. ASSETS HELD FOR SALE

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

	2024	2023
ASSETS		
Investment properties	$ 12,300	$ 10,763
LIABILITIES		
Mortgages payable	8,077	6,470
Tenant deposits	0	19
Accounts payable and accrued liabilities	0	65
	8,077	6,554
NET ASSETS HELD FOR SALE	$ 4,223	$ 4,209

8. INVESTMENT IN JOINT VENTURE

On December 13, 2022, Skyline Retail REIT entered an agreement of assignment and assumption from New Urban Real Estate Inc. for 50% of the Class A units in Hanes Centre Limited Partnership ("Hanes Centre LP"). Pursuant to the limited partnership agreement, Skyline Retail REIT owns 50% of Hanes Centre LP and shares joint control with New Urban Real Estate Inc. who own the remaining 50%. Hanes Centre LP is in the business of acquiring a property to develop, construct, lease and manage a retail centre in Ontario. Skyline Retail REIT has classified its investment as a joint venture as decisions about relevant activities require unanimous consent of all parties.

The components of investment in joint venture is as follows:

Hanes Centre LP	2024	2023
Balance at the beginning of the year	$ 3,125	$ 430
Contributions	0	2,695
Distributions	(1,007)	0
Share of net earnings	1,800	0
Balance at end of the year	$ 3,918	$ 3,125

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

8. INVESTMENT IN JOINT VENTURE (continued)

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

As as December 31:

Hanes Centre LP	2024	2023
Investment property	$ 9,350	$ 0
Current assets	1,138	3,125
Total assets	10,488	3,125
Non-current liabilities	6,346	0
Current liabilities	224	0
Net equity	$ 3,918	$ 3,125

For the year ended December 31:

Hanes Centre LP	2024	2023
Rental revenue	$ 446	$ 0
Operating expenses	(477)	0
Net operating (loss) income	(31)	0
Fair value gain	1,831	0
Net income	$ 1,800	$ 0

9. OTHER ASSETS

The components of other assets are as follows:

	2024	2023
Funds held in trust	$ 954	$ 2,276
Prepaid expenses	2,559	1,087
	$ 3,513	$ 3,363

10. TENANT LOAN RECEIVABLE

The tenant loan is receivable in blended monthly instalments of $11 (2023 - $11) with interest charged at 6.62% (2023 - 6.62%). The loan is due in 2028. The portion receivable within one year is $102 (2023 - $95).

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

11. MORTGAGES PAYABLE

The mortgages payable are secured by real estate assets and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 4.16% (2023 - 4.08%) per annum are $896,148 (2023 - $932,166). Mortgages bearing variable interest rates with an average variable rate of 6.45% (2023 - 0.00%) per annum are $2,827 (2023 - $0). Mortgages have maturity dates ranging between 2025 and 2030. Included in mortgages payable are $4,429 (2023 - $6,368) of second mortgages which bear fixed interest rates and a construction credit facility of $2,827 (2023 - $0) which bears a variable interest rate. All mortgages are denominated in Canadian dollars.

Future minimum payments on mortgages payable are as follows:

2025	$	263,106
2026		177,294
2027		173,727
2028		172,193
2029		63,605
Thereafter		49,050
		898,975
Less: Mortgages related to assets held for sale (note 7)		(8,077)
	$	890,898

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

	2024	2023
Mortgages payable, beginning of year	$ 925,696	$ 952,445
Proceeds from new and refinanced mortgages	73,133	114,428
Repayment of existing mortgages	(106,275)	(134,739)
Transaction costs related to mortgages	(1,376)	(1,169)
Total changes from financing cash flows	(34,518)	(21,480)
Change in mortgages payable on assets held for sale	(1,607)	(6,470)
Amortization of financing costs	1,327	1,201
Financing costs in operations	37,952	37,394
Interest paid	(37,952)	(37,394)
Total liability-related changes	(280)	(5,269)
Mortgages payable, end of year	$ 890,898	$ 925,696

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

12. RELATED PARTY TRANSACTIONS

The following entities transact with Skyline Retail REIT, and are controlled by the same shareholders, of which is a person or persons that qualify as a related person under IAS 24 – Related Party Disclosures: Skyline Transfer Funds Inc., Skyline Retail Real Estate GP Inc.; Skyline Asset Management Inc., Skyline Retail Asset Management Inc., and 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.

Distributions to partners
Skyline Retail Real Estate GP Inc. is the general partner of RRELP and is entitled to 20% of distributions after the limited partners have received returns equivalent to their adjusted contribution value. Transactions are measured at fair value. A provision for the future distributions payable to Skyline Retail 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 of $2,621 (2023 - $1,955) which is included in due to related party.

	2024	2023
Distributions paid to general partner from distributable income	$ 4,831	$ 1,977

Services of the Asset Manager
Skyline Retail REIT has an asset management agreement with Skyline Asset Management Inc. and Skyline Retail Asset Management Inc (the “Asset Manager”). The asset management fees payable under the asset management agreement are 2.5% of adjusted gross revenue. For the year ended December 31, 2024, Skyline Retail REIT paid to the Asset Manager $3,728 in asset management fees (2022 – $3,672).

Skyline Retail REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Retail REIT shall pay the Asset Manager: (i) $3.00 per square foot for leasing new development and existing vacancies where no external brokers are involved; (ii) $0.50 per square foot for leasing new development and existing vacancies where an external broker is involved; and (iii) $0.25 per square foot for renewals of existing tenants in existing space where the renewed rent is 7% higher than the previously prevailing rental rate. For the year ended December 31, 2024, Skyline Retail REIT paid to the Asset Manager $246 in leasing services fees (2023 – $159).

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 Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT’s independent Trustees. For the year ended December 31, 2024, Skyline Retail REIT paid to the Asset Manager $0 in development management fees (2023 – $574).

Services of the Property Manager
Skyline Retail REIT has a property management agreement with Skyline Commercial Management Inc (the “Property Manager”). Property management fees payable under the property management agreement are 3.75% of adjusted gross revenue. For the year ended December 31, 2024, Skyline Retail REIT paid to the Property Manager $5,591 in property management fees (2023 – $5,547).

12. RELATED PARTY TRANSACTIONS (continued)

Services of the Property Manager (continued)
As part of the property management agreement, Skyline Retail 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 Retail REIT paid to the Property Manager $136 in lease documentation fees (2023 - $159).

Services of the Exempt Market Dealer
Skyline Retail 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 Class A equity under management and 0.2% of Class F equity under management, and equity raise fees ranging from 0.5% to 1.5% (2023 - 0.5% to 1.0%) of proceeds from units issued during the year. For the year ended December 31, 2024, Skyline Retail REIT paid to the Exempt Market Dealer $2,451 in wealth management fees (2023 – $2,374), and $446 in equity raise fees (2023 - $469).

Services of the Mortgage Underwriting Manager
Skyline Retail REIT has an arrangement with Skyline Mortgage Finance Inc. (the "Underwriting Manager"), wherein the Underwriting Manager assists Skyline Retail REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Retail REIT pays the Underwriting Manger $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 50 bps on mortgage principal for all other mortgages. For the year ended December 31, 2024, Skyline Retail REIT paid to the Underwriting Manager $0 in mortgage underwriting fees (2023 - $401).

Legal Services Manager
Skyline Retail REIT had an arrangement with Skyline Asset Management Inc., wherein Skyline Asset Management Inc provided advice to Skyline Retail REIT on the use of external legal counsel, and managed external legal counsel on behalf of Skyline Retail REIT (the "Legal Services Arrangement"), the costs for which are approved annually by Skyline Retail REIT's independent Trustees. Effective March 1, 2022, Skyline Asset Management Inc., transferred the Legal Services Arrangement to Skyline Private Investment Capital Inc. (the "Legal Services Manager"). Under the Legal Services Arrangement, Skyline Retail REIT paid to the Legal Services Manager $756 for the year ended December 31, 2024 (2023 - $1,124).

Services of the Solar Asset Manager
Skyline Retail 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 Retail REIT paid to the Solar Asset Manager $20 in solar asset management fees (2023 – $25).

Services of the CAPEX Provider
Skyline Retail 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 Retail REIT's independent Trustees. For the year ended December 31, 2024, Skyline Retail REIT paid to the CAPEX Provider $438 in CAPEX management fees (2023 – $201).

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

12. RELATED PARTY TRANSACTIONS (continued)

Services of the Development Manager

Skyline Retail REIT has an arrangement with Skydevco Inc (the “Development Manager”), who provides development consulting services to Skyline Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT’s independent Trustees. For the year ended December 31, 2024, Skyline Retail REIT paid to the Development Manager $3 in development service fees (2023 – $17).

13. FINANCING COSTS

During the year, Skyline Retail REIT incurred the following financing costs:

	2024	2023
Mortgage interest	$ 37,952	$ 37,394
Deferred financing costs	1,327	1,201
Interest expense on credit facilities	2,947	2,428
Distribution interest paid on limited partnership units	999	1,070
Distribution interest paid to general partner on sale of investment properties	4,831	1,977
	$ 48,056	$ 44,070

14. FAIR VALUE GAIN (LOSS)

The components of the fair value gain (loss) were as follows:

	2024	2023
Fair value gain (loss) on investment properties (note 6)	$ 14,431	$ (12,492)
Fair value (loss) gain on disposed properties (note 6)	(348)	1,720
Limited partnership units (note 20)	0	(268)
	$ 14,083	$ (11,040)

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

15. 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 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	$1,595,450	$ 0	$ 0	$1,620,431
Assets held for sale	0	0	12,300	0	0	10,763
	$ 0	$ 0	$1,607,750	$ 0	$ 0	$1,631,194
Liabilities						
Mortgages payable	$ 0	$ 889,557	$ 0	$ 0	$ 902,657	$ 0
Limited partnership units	0	0	15,375	0	0	16,630
	$ 0	$ 889,557	$ 15,375	$ 0	$ 902,657	$ 16,630

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 Retail REIT's cash, accounts receivable, tenant loan receivable, accounts payable and accrued liabilities, and due to related party approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments

16. FINANCIAL RISK MANAGEMENT

Financial risks are risks arising from the financial instruments to which Skyline Retail REIT is exposed during or at the end of the reporting period. Financial risk comprises market risk, credit risk and liquidity risk. Skyline Retail 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 Retail 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 Retail REIT.

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

16. FINANCIAL RISK MANAGEMENT (continued)

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 Retail 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 Retail REIT is exposed to interest rate risk arising from its fixed rate mortgages payable. As fixed rate debt matures and as Skyline Retail REIT uses additional floating rate debt under revolving credit facilities, Skyline Retail REIT will be further exposed to cash flow risk.

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

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

As of December 31, 2024

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	$ 26,995	$ 270	$ 270	$ (270)	$ (270)
Long term debt, maturing within 1 year	246,098	2,461	2,461	(2,461)	(2,461)
	$ 273,093	$ 2,731	$ 2,731	$ (2,731)	$ (2,731)

As of December 31, 2023

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	$ 21,109	$ 211	$ 211	$ (211)	$ (211)
Long term debt, maturing within 1 year	65,519	655	655	(655)	(655)
	$ 86,628	$ 866	$ 866	$ (866)	$ (866)

b. Price risk

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

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

16. FINANCIAL RISK MANAGEMENT (continued)

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 the possibility that Skyline Retail REIT's tenants may experience financial difficulty and be unable to meet their lease obligations. Currently, a significant portion (18.7%, 2023 - 20.5%) of Skyline Retail REIT's property revenue is derived from two major tenants. As a result, Skyline Retail REIT's revenues will be dependent on the ability of the tenants to meet their rent obligations and Skyline Retail REIT's ability to collect rent from these tenants.

An allowance for doubtful accounts is recognized for estimated losses resulting from tenant default on lease obligations. Skyline Retail REIT actively reviews receivables and determines the potentially uncollectible accounts on a per-tenant basis. An accounts receivable is written down to its estimated recoverable value when there is reason to believe that the tenant will not be able to fulfil their obligations under the lease agreement.

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

	2024	2023
Allowance for doubtful accounts beginning of year	$ 43	$ 175
Provision for impairment of accounts receivable	0	(132)
Allowance for doubtful accounts end of year	$ 43	$ 43

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

Skyline Retail 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 statement of financial position as the impact of discounting is not significant.

Under a financing agreement, Skyline Retail REIT has access to an operating line of credit to a maximum of $8,000 (2023 - $8,000) with interest charged at prime + 1.75% (2023 - prime + 1.75%). At December 31, 2024, the total drawn on the operating line of credit by Skyline Retail REIT was $22 (2023 - $16). The line of credit is secured by a general security agreement over some of the investment properties of RRELP.

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

16. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

Under another financing agreement, Skyline Retail REIT has access to an operating line of credit to a maximum of $50,000 (2023 - $50,000) with interest at prime + 1.35% or, at the option of the borrower, a fixed rate equal to the CORRA plus 2.50% for a 30 day or 90 day term. At December 31, 2024, the total drawn on the operating line of credit by Skyline Retail REIT was $26,973 (2023 - $21,093). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Retail REIT.

Under a construction credit facility, Skyline Retail REIT has access to a credit facility of $5,200 (2023 - $0) to finance the construction of an addition to the 77 Waterloo Road investment property. The facility bears interest at prime plus 1.00%. At December 31, 2024, the total drawn on the non-revolving credit facility is $2,827 (2023 - $0).

Under the financing agreements, Skyline Retail REIT is required to maintain a debt service ratio of 1.20 or higher, an interest coverage ratio of 2.00 or higher, a mortgage-ability debt service coverage ratio of 1.25 or higher and unitholder equity minimum of $75,000 plus 75% of contributions received during each subsequent fiscal year. 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 covenants.

Skyline Retail REIT's long term debt consists of mortgages payable bearing interest rates ranging from 2.04% to 6.45% per annum (2023 - 2.04% to 8.20%), payable in monthly instalments of principal and interest of approximately $5,320 (2023 - $5,272), 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	$ 246,098	$ 595,910	$ 56,967	$ 898,975
Due to related party	0	2,621	0	0	2,621
Accounts payable and accrued liabilities	0	12,219	0	0	12,219
Revolving credit facility	26,995	0	0	0	26,995
	$ 26,995	$ 260,938	$ 595,910	$ 56,967	$ 940,810

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

16. 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	$ 65,519	$ 740,732	$ 125,915	$ 932,166
Due to related party	0	1,955	0	0	1,955
Accounts payable and accrued liabilities	0	9,316	0	0	9,316
Revolving credit facility	21,109	0	0	0	21,109
	$ 21,109	$ 76,790	$ 740,732	$ 125,915	$ 964,546

iv) Real estate risk
Skyline Retail 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.

17. CAPITAL RISK MANAGEMENT

Skyline Retail 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 Retail 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 Retail REIT monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. As of December 31, 2024, the loan to value ratio was 56% (2023 - 57%), which is within Skyline Retail REIT’s stated policy of 70% or lower. Subsequent to December 31, 2024, Skyline Retail REIT is in compliance with the policy.

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

18. SEGMENTED DISCLOSURE

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

19. UNITHOLDERS' EQUITY

Skyline Retail REIT is authorized to issue unlimited number of trust units. Skyline Retail REIT units are entitled to distributions as and when declared by the Board of Trustees.

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

19. UNITHOLDERS' EQUITY (continued)

As at December 31, 2024 the issue price per unit for newly issued and units to be redeemed was $15.50 (2023 - $15.50). The units issued and outstanding are as follows:

	2024 Units	2023 Units
Units outstanding, beginning of year	45,948,191	43,560,794
Units issued	2,356,895	3,504,732
Units issued (Distribution reinvestment plan)	1,198,275	1,322,297
Redemptions during the year	(3,276,967)	(2,439,632)
Units outstanding, end of year	46,226,394	45,948,191

20. LIMITED PARTNERSHIP UNITS

The Class B and C Limited Partnership Units are units issued by RRELP as partial consideration of investment properties. The Class B and C 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 Retail REIT units. Each Class B and C Limited Partnership unit holder is entitled to vote at all meetings of Skyline Retail REIT.

As at December 31, 2024, there were 991,907 (2023 - 1,072,868) Class B Limited Partnership units, and nil (2023 - nil) Class C Limited Partnership units issued and outstanding.

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 the year	$ 16,630	$ 16,476
Redemptions of limited partnership units	(1,255)	(114)
Distribution interest expense	999	1,070
Distribution interest paid	(999)	(1,070)
Total liability-related changes	0	0
Changes in fair value	0	268
Limited partnership units, end of year	$ 15,375	$ 16,630

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