



# SKYLINE

APARTMENT REIT

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# 2025

ANNUAL REPORT





# It starts here.


TRUSTED MULTIFAMILY INVESTMENT OPPORTUNITIES



# SKYLINE APARTMENT REIT ANNUAL REPORT 2025

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The Two Hundred on Broad Apartments  
200 Broad St., Bedford, NS



# SKYLINE APARTMENT REIT Highlights

**\$5.21 B**

Fair Value of  
Investment Properties  
(As at December 31, 2025)

**20,491**

Residential Units  
across Canada  
(As at December 31, 2025)

**97.69%**

Normalized FFO  
Payout Ratio  
(As at December 31, 2025)

**\$29.50**

Current Unit Value  
(As at April 30, 2026)

**\$1.11**

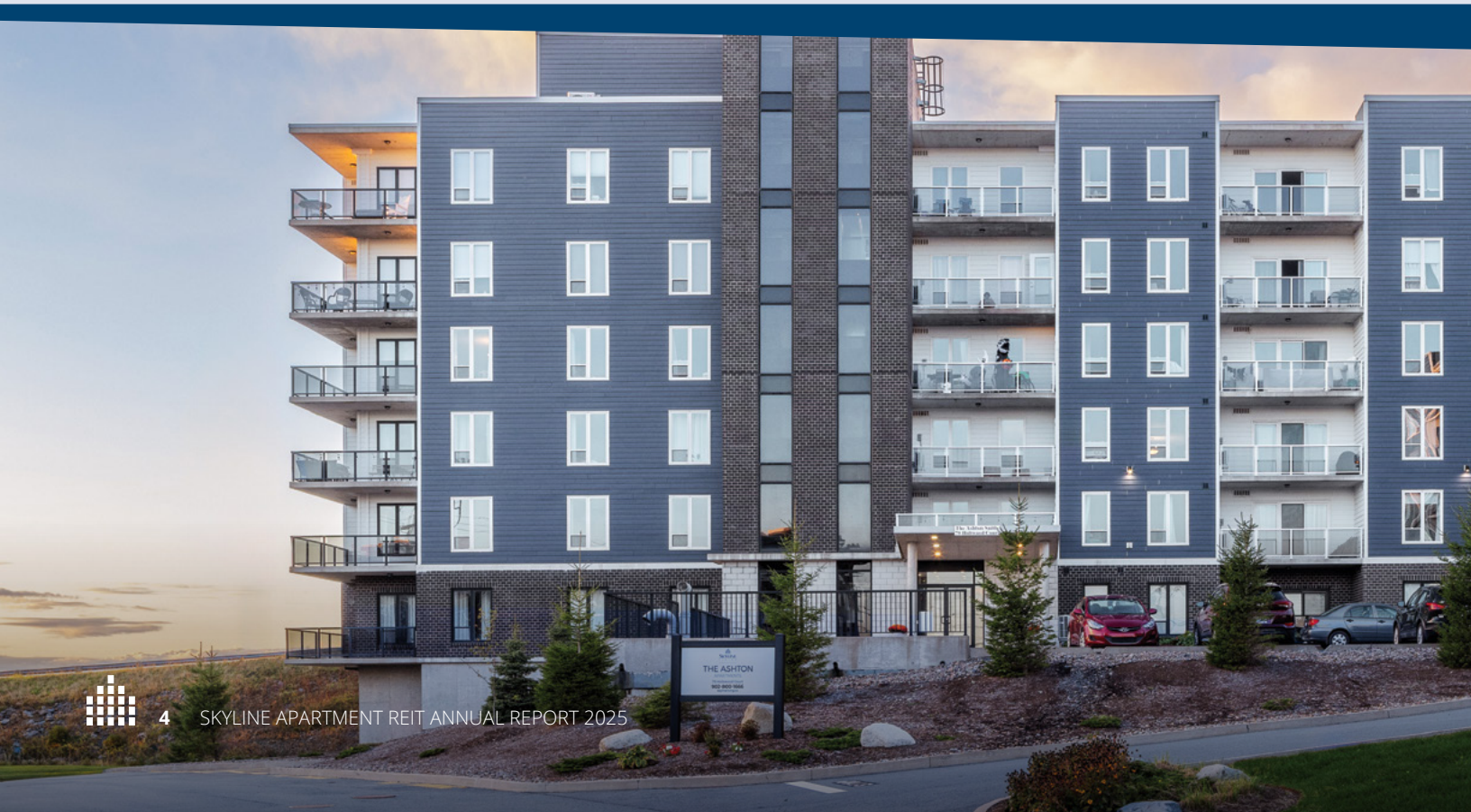
Class A -  
Annual Distribution per Unit  
(As at April 30, 2026)

**3.76%**

Class A -  
Annual Distribution Yield  
(As at April 30, 2026)

## Class F Unit Information (As at April 30, 2026):

\$29.50 Unit Value | \$1.14 Distribution per Unit | 3.86% Yield



4.24%

Class A -  
Annualized Return 1 yr  
(As at April 30, 2026)

6.21%

Class A -  
Annualized Return 3 yr  
(As at April 30, 2026)

8.69%

Class A -  
Annualized Return 5 yr  
(As at April 30, 2026)

13.38%

Class A -  
Annualized Return 10 yr  
(As at April 30, 2026)

13.13%

Class A - Annualized Return  
Since Inception  
(As at April 30, 2026)

**Class F Returns (As at April 30, 2026):**

4.35% 1-Year | 6.32% 3-Year | 7.47% Since Inception (2006)



The Ashton Apartments  
79 Holtwood Crt., Dartmouth, NS

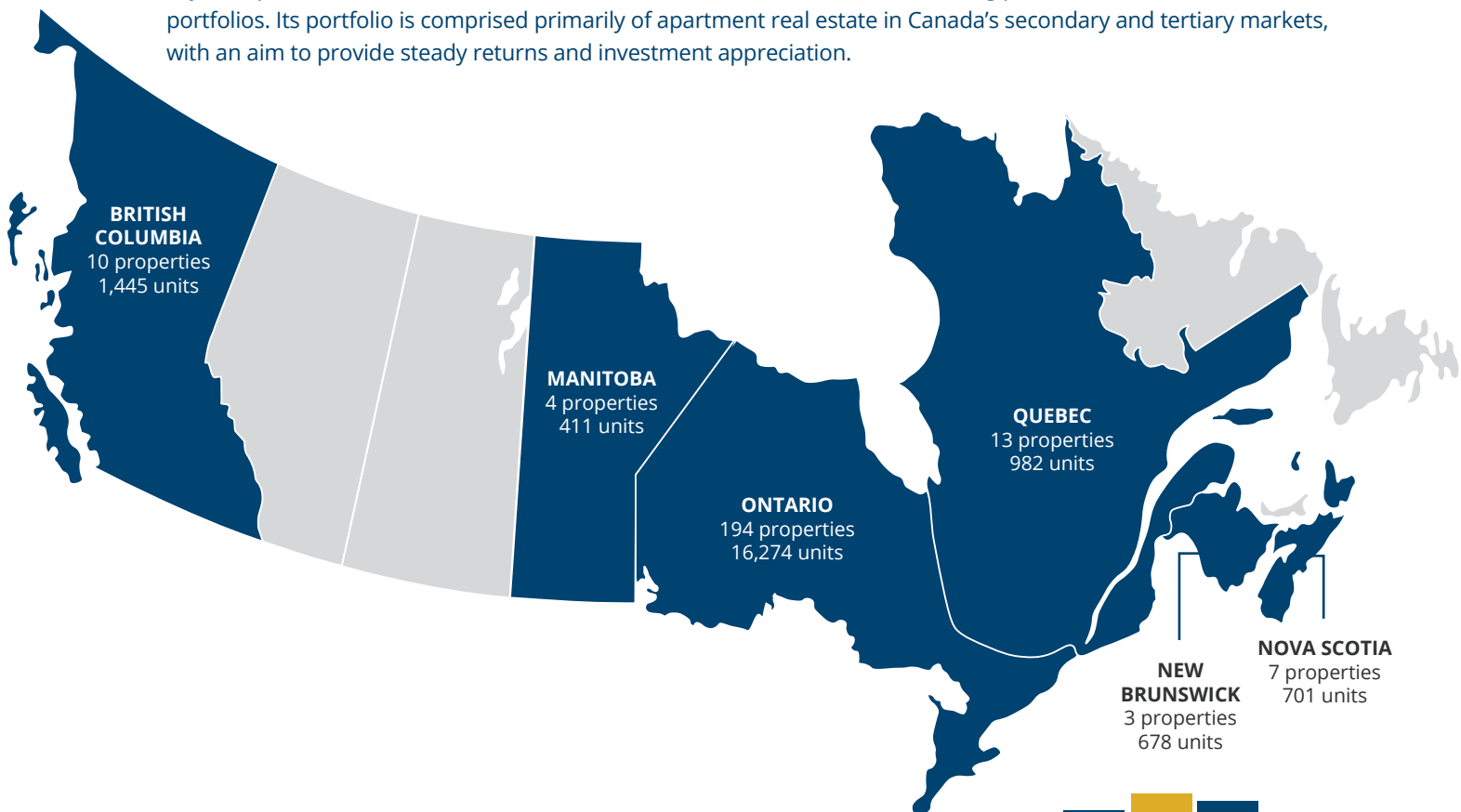




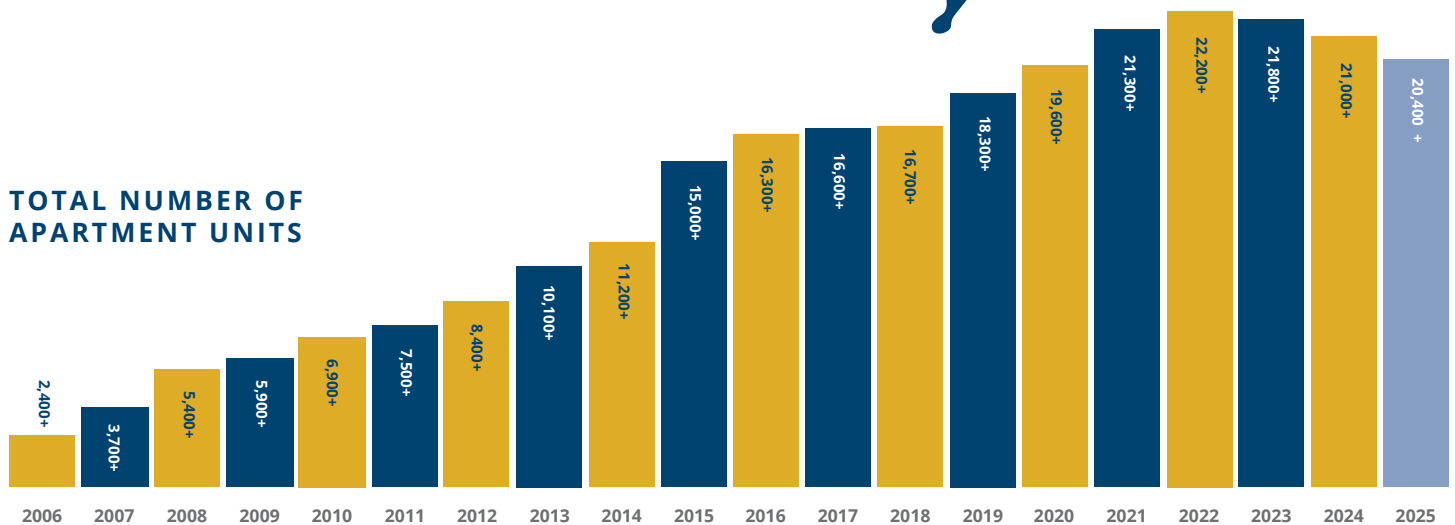
## ACQUISITION HIGHLIGHTS AND

# Apartment portfolio overview

Skyline Apartment Real Estate Investment Trust (“REIT”) is one of Canada’s leading private multi-residential real estate portfolios. Its portfolio is comprised primarily of apartment real estate in Canada’s secondary and tertiary markets, with an aim to provide steady returns and investment appreciation.



### TOTAL NUMBER OF APARTMENT UNITS



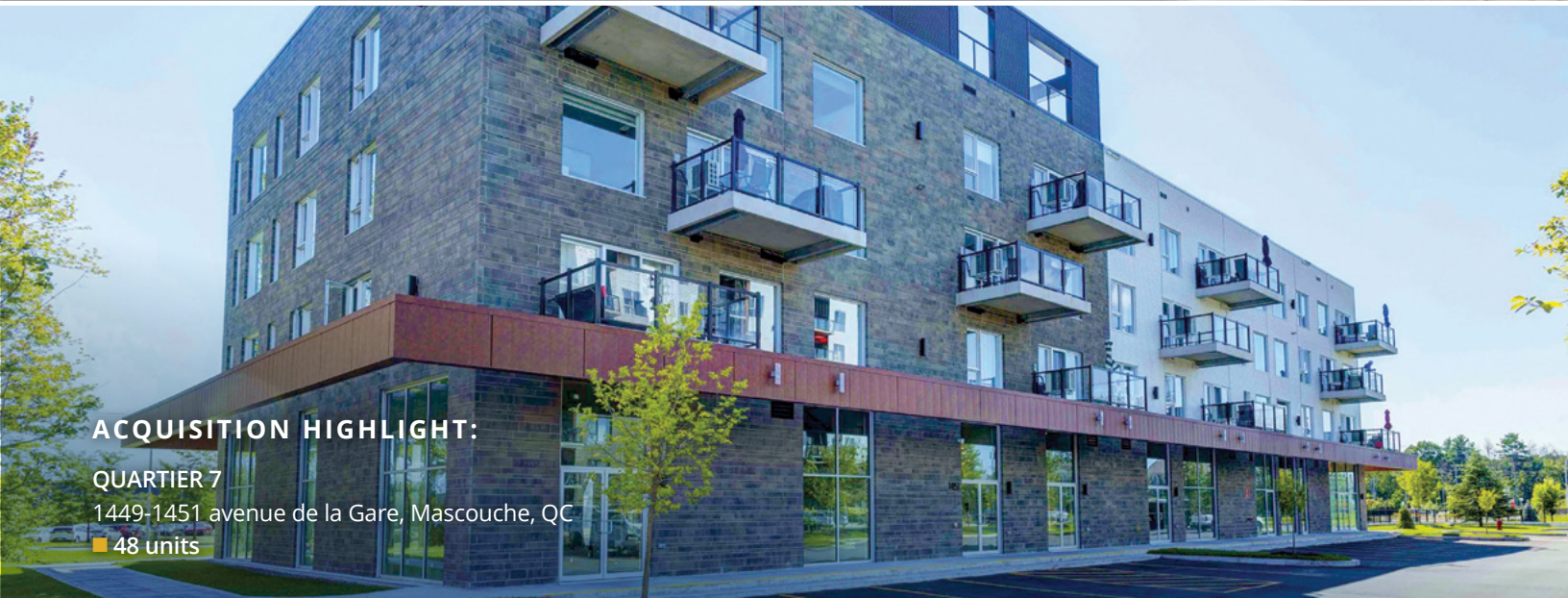


**ACQUISITION HIGHLIGHT:**

**NORTH POINT APARTMENTS (EXPANSION)**

6981 & 6985 Island Hwy N., Nanaimo, BC

■ 149 units



**ACQUISITION HIGHLIGHT:**

**QUARTIER 7**

1449-1451 avenue de la Gare, Mascouche, QC

■ 48 units



**ACQUISITION HIGHLIGHT:**

**THE KORTYARD**

171 Kortright Rd. W., Guelph, ON

■ 81 units





# 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.





*“For us, your trust is not assumed. It is earned.”*





## CEO ADDRESS TO UNITHOLDERS

# Building momentum with intention

Periods of uncertainty are one of the clearest ways to reveal an organization's strength.

The past year's shifting economic conditions reminded us of this. As we navigated those conditions, it reinforced the strength of the foundation we've built at Skyline, supported by you, our investors.

Capital markets have remained selective. Economic signals have shifted. Investors have been more deliberate in where they deploy capital and whom they trust to steward it.

For us, your trust is not assumed. It is earned.

For the past 27 years, Skyline has operated with a simple mandate: protect capital, grow it responsibly, and manage real assets with discipline through every cycle. That mandate has not changed. What has evolved is the scope required to deliver on it. Today, that includes supporting investor liquidity, understanding smaller-market nuances, and ensuring our people, including Relationship Managers, operational teams, and senior leadership, are accessible and equipped to answer your questions.

We have always viewed these parts of our business as equally important as the more traditional responsibilities involved in owning and operating institutional-quality assets. As these efforts continue, we have honed our focus on strengthening the infrastructure behind them.

This includes meaningful investment in the systems, data architecture, and governance processes that support our platform. Artificial intelligence and advanced analytics are now embedded within our operating model as practical tools. They enhance how we underwrite, how we allocate capital, and how we monitor risk, drawing on the robust data that we continue to build from decades of experience.

These tools enable us to move information faster and make more informed decisions. They also allow us to communicate more clearly, creating a distinct advantage in an environment where clarity is more valuable than ever.

Skyline is a fully integrated real asset platform. Our vertical structure, national footprint, and disciplined oversight give

us consistent visibility across asset classes, regions, and capital flows.

As we look ahead, we maintain a measured and deliberate approach. We are expanding thoughtfully, strengthening relationships, and positioning the organization to engage with you in broader and more sophisticated ways.

We have built our success on the principle that growth and resilience are not achieved through scale, expansion, or acceleration alone; they also require a balance of discipline and intentional structure.

Our fundamentals remain constant: conservative underwriting, active management, and long-term ownership. We invest in technology knowing that it is a critical tool that can strengthen those principles, but it cannot replace them.

Markets will continue to cycle. Capital will continue to move in waves. Our responsibility is to remain steady through both expansion and contraction.

We are prepared for what comes next because we have invested in the durability of our platform. We have built systems to support scale. We have strengthened governance. We have enhanced transparency.

We continually refine how we operate so that we remain in a position of strength.

The confidence you place in us, paired with clear goals backed by unwavering business fundamentals, creates a compounding strength. It enables us to withstand market volatility and positions us to pursue the opportunities that drive long-term investor value.

**Jason Castellan**  
Co-Founder & CEO





# A strong performance in 2025

Without question, 2025 placed greater demands on Canada's multi-residential sector than investors had experienced in previous years. Slowing population growth, increasing financial constraints on consumers, and subdued economic conditions contributed to a transitional period across the sector.

Even within this environment, Skyline Apartment REIT continued to generate solid relative performance, consistent with our long-standing track record of success. In a year marked by a greater share of sector headwinds, our results reflect the agility and discipline with which we navigated them.

For the year, we are pleased to report several notable highlights, including:

- Solid average annual in-place rent growth.
- A decrease in operating expenses over the year prior.
- Year-over-year growth in both Net Operating Income (NOI) and NOI margin.

Across key financial metrics, the REIT delivered top-line performance growth. Total income increased 0.94% to \$383.41 million, while NOI rose by 2.02% to \$221.97 million, led by an 1.06% increase in NOI margin to 57.89%. At year-end, the REIT's fair market value remained steady at \$5.21 billion, supported by a diversified portfolio of 20,491 suites across 49 communities in six provinces.

Core operational metrics also demonstrated resilience on the rental growth side. Average residential monthly in-place rent finishing 2025 at \$1,532 per unit—a 1.86% increase from the year prior. Notably, direct property expenses declined 0.50% over the same period as the REIT maintained a disciplined focus on cost control. Funds From Operations (FFO), a key measure

for evaluating recurring operating performance, increased by 1.14% to \$88.97 million.

Meanwhile, leverage ratios remain well below the limits set out in our Declaration of Trust (DOT). Mortgage Debt to Fair Value (MDFV) stood at 57.05%, while Total Debt to Fair Value (TDFV) registered 59.36% at the year-end—well below the maximum Loan to Value limit of 70%. We believe this reflects a prudent approach to balance sheet management, providing the REIT with a meaningful buffer to covenant thresholds while preserving financial flexibility in evolving market conditions.

In the broader context, the gap between where Canadians aspire to live and what they can afford to own has rarely been wider. Within that gap, Skyline Apartment REIT finds a strengthened sense of purpose. Our conviction remains rooted in the enduring need for quality rental housing in the communities we serve, and in the belief that providing well-managed homes represents both a sound investment and a meaningful social contribution. It is a responsibility we are proud to fulfill year after year.

Thank you for your continued support over the years. Your confidence in our vision enables us to pursue long-term growth and value creation.

**Wayne Byrd, CPA, CMA,**  
CFO



“Our conviction remains rooted in the enduring need for quality rental housing in the communities we serve, and in the belief that providing well-managed homes represents both a sound investment and a meaningful social contribution.”





# A clear path forward

I am pleased to present the Skyline Apartment REIT President's address, detailing our progress in 2025 and our forward-looking strategy for the rest of 2026.

## 2025 YEAR IN REVIEW

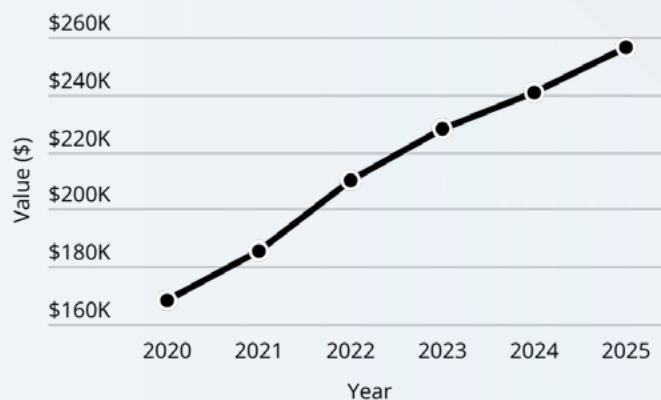
This year brought a multitude of headwinds to Canada's multi-residential market, yet Skyline Apartment REIT continued to perform with consistency. From slowing population growth to increasing affordability pressures among renters, the multi-residential sector experienced a more challenging operating environment than usual. Despite this, the REIT delivered growth in several key metrics, reinforcing once again that focused asset selection and operational discipline remain our distinct advantage.

Notably, economic occupancy levels remained stable, and our continued emphasis on cost control delivered meaningful results. While the net reduction of five properties contributed to some of the change, operating expenses declined year-over-year, reflecting continued cost management initiatives. Through the strategic modernization of the portfolio and disposing of older properties with elevated operating costs, we expect to realize further efficiency gains over time.

Our repositioning strategy has also enhanced the long-term value of the portfolio. As the assets within the portfolio becomes increasingly modern, per-property appraisal values have trended higher. This is reflected in our residential Fair Value Per Suite, which increased by 3.57% to \$253,282 per unit. We are proud to say that this represents a new record high for the portfolio, achieved amid a broader decline in multi-residential asset prices in Canada.

We also continued to enhance portfolio value by improving the overall living experience across our communities. Through our in-house property management company, Skyline Living, we leverage technology-enabled solutions and strategic partnerships to improve convenience, financial accessibility, and long-term tenant satisfaction.

## SKYLINE APARTMENT REIT FAIR VALUE PER SUITE



For example, enhancements to our split-payment option provide tenants with greater flexibility in managing monthly rent obligations.

This platform helps reduce financial pressure for tenants while also supporting reliable and timely rent collection.

In addition, we installed more than 75 electric vehicle chargers across properties in three provinces, with a further 100 planned for 2026.

By pairing high-quality assets with thoughtful tenant-focused solutions, we continue to enhance the community experience while strengthening the long-term value of the portfolio.



## LEASE MARKET OUTLOOK

Through the first half of 2026, leasing conditions have remained broadly consistent with those observed in 2025. The key variables continue to centre on population and labour market conditions, both of which are trending neutral to slightly more favourable in 2026.

Rental demand remains below pandemic-era peaks as reductions in temporary worker and international student permits have slowed new household formation. Following federal policy changes announced in 2024, additional reductions introduced in Canada's 2025 federal budget<sup>1</sup> have further contributed to this trend. As a result, some analysts are forecasting a potential increase of approximately 100 basis points in the national average vacancy rate in 2026<sup>2</sup>.

On the flipside, Canada's labour market has shown early signs of stabilization, with the unemployment rate easing to approximately 6.7%<sup>3</sup> (as of March 2026). This aligns with forecasts from major Canadian banks, which generally anticipate modest improvement in the national unemployment rate over the course of the year. While slower population growth moderates demand, a tighter labour supply is generally expected to support wage growth, which may contribute to rental growth over time.

We remain encouraged by the ongoing tenant migration from major urban centres toward secondary and tertiary

rental markets, a trend that gained momentum in 2025. Rents in primary markets such as Toronto and Vancouver softened, while smaller and more affordable cities experienced comparatively stronger growth<sup>4</sup>, reflecting broader affordability pressures among renters. Given Skyline Apartment REIT's exposure to these markets, the portfolio is well-positioned to benefit from this shift.

On balance, we expect leasing conditions to remain relatively stable until population growth resumes in 2027–2028<sup>5</sup>. In the meantime, the divergence between rents in affordable and high-cost urban markets is likely to persist, reinforcing the REIT's strategic focus on non-primary markets.

## OUTLOOK FOR 2026

2026 is shaping up to be a year of consolidation. Overall rental demand is expected to remain below peak levels as population growth slows, though this may be partially offset by gradual improvements in the broader Canadian economy. While a full recovery will take time, we anticipate measured improvement aligned with the 2027–2028 timeline referenced earlier.

Encouragingly, above-average in-place rent growth, and year-over-year margin expansion drove higher FFO. In what may be one of the most challenging operating environments in a generation, we believe this resilience positions the portfolio favourably for future market recovery.

<sup>1</sup> Canada, D. of F. (2025, November 4). Budget 2025. Canada.ca. <https://budget.canada.ca/2025/home-accueil-en.html>

<sup>2</sup> CBRE Canada. (n.d.-f). Canada real estate market outlook 2026. <https://www.cbre.ca/insights/books/canada-real-estate-market-outlook-2026>

<sup>3</sup> The daily — labour force survey, March 2026. (n.d.-g). <https://www150.statcan.gc.ca/n1/daily-quotidien/260410/dq260410a-eng.htm>

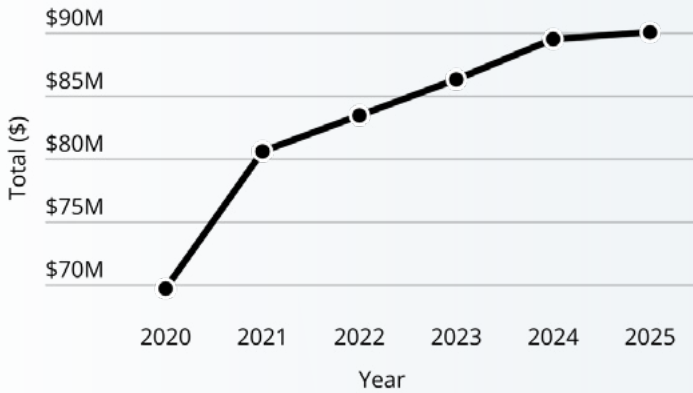
<sup>4</sup> Gerber, J. (2025, June 19). Where are rents still rising in Canada? rental hotspots hidden: Canadian real estate wealth.

<https://www.canadianrealestatemagazine.ca/news/rental-hotspots-hidden-national-average-06-2025/>

<sup>5</sup> McGoey, N. (2026, February 26). Demographic implications of the 2026–2028 immigration levels plan. Office of the Parliamentary Budget Officer. [https://www.pbo-dpb.ca/en/publications/RP-2526-025-S--demographic-implications-2026-2028-immigration-levels-plan--implications-demographiques-plan-niveaux-immigration-2026-2028?utm\\_source=chatgpt.com](https://www.pbo-dpb.ca/en/publications/RP-2526-025-S--demographic-implications-2026-2028-immigration-levels-plan--implications-demographiques-plan-niveaux-immigration-2026-2028?utm_source=chatgpt.com)



**SKYLINE APARTMENT REIT  
FUNDS FROM OPERATION (FFO)**



The longer-term outlook remains constructive. Population growth is expected to resume near the end of the decade, restoring the demand engine that has historically supported Canadian rental housing. At the same time, persistently high homeownership costs continue to make renting the more attainable option for many Canadians.

In our view, these 'Big Picture' dynamics will further strengthen the role of professionally managed rental communities. Combined with the strength of the secondary and tertiary markets we serve, these factors have historically provided a durable foundation for the sector and support stable operating performance over the long term. It is our expectation that it will continue doing so.

On behalf of the entire Skyline Apartment REIT team, we would like to thank our Unitholders for their continued confidence and support. Your partnership remains central to our progress, and we remain committed to managing the portfolio with discipline, transparency, and a long-term perspective.

**Matthew Organ**  
President,  
Skyline Apartment REIT

*“Focused asset selection and operational discipline remain our distinct advantage.”*



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

## Senior Management



**JASON CASTELLAN**  
Co-Founder & CEO



**JASON ASHDOWN**  
Co-Founder & CSO



**MARTIN CASTELLAN**  
Co-Founder & CAO



**WAYNE BYRD**  
CFO



**MATTHEW ORGAN**  
President, Skyline Apartment REIT



**DANNY COBBAN**  
VP, Skyline Apartment REIT



**BJ SANTAVY**  
VP, Skyline Living



**LAURIE CROCKER**  
EVP, Regulatory Affairs &  
General Counsel



**ANDY COUTTS**  
EVP, Operations



**KRISH VADIVALE**  
EVP, Finance & Strategy



**MANDI SWEIGER**  
EVP, Corporate Services



**TED WILLCOCKS**  
EVP, Capital Raising





# Board of Trustees

## Jonathan Halpern



Jonathan Halpern, CPA, CA, is the President of Metropolitan Equities Limited, a single family office and real estate investment company. He has served as an independent Board Member since 2006. Jonathan was previously a senior manager with an international accounting firm specializing in real estate and small business. He also serves on the advisory committees of several private real estate funds.

Jonathan is a member of CPA Ontario and CPA Manitoba, and holds a Bachelor of Commerce (Honours) Degree with Distinction from the University of Manitoba.

### INDUSTRY EXPERIENCE:

- ASSET MANAGEMENT
- BUSINESS LEADERSHIP
- PROPERTY MANAGEMENT
- BOARD GOVERNANCE
- FINANCE
- REAL ESTATE OPERATIONS

## Robert Breadner



Robert Breadner is President and Owner of Breadner Trailer Sales Amalgamated, a private holding and investment company which maintains equity positions in various private businesses. He has served as an independent Board Member since 2009.

A 1977 BBA graduate of Sir Wilfrid Laurier University, Robert was the former President and Owner of Breadner Trailer Sales Limited, North America's largest transport trailer distributor with dealerships across Canada, whose sales exceeded \$250 million in 2000.

After being awarded Ontario's Entrepreneur of the Year in 1996, as well as having Breadner Trailer Sales named one of Canada's 50 best companies four years in a row, Robert sold the business in 2001. Robert continues to be the Chairman of family-owned R and S Trailer Leasing Ltd.: one of Canada's largest transport trailer leasing companies and trailer sales organizations. He holds a Bachelor of Business Administration (Honours) degree from Wilfrid Laurier University.

### INDUSTRY EXPERIENCE:

- BUSINESS LEADERSHIP
- ENTREPRENEURSHIP
- FINANCE
- BUSINESS OPERATIONS

## Edward Perlmutter



Edward (Ted) Perlmutter is a seasoned commercial real estate lawyer and was a lawyer and partner for 25 years at one of Canada's preeminent law firms, Blake, Cassels & Graydon LLP. He has served as an independent Board Member since 2013.

Having an in-depth experience in leading highly complex transactions in the public and private sectors including development financing of infrastructure, Ted built a reputation for developing and successfully executing innovative approaches. Ted is a sought-after legal counsel on complex real estate issues.

He holds a Master of Laws degree from the London School of Economics and maintains an active admission to the bar / legal license.

### INDUSTRY EXPERIENCE:

- ASSET MANAGEMENT
- BUSINESS LEADERSHIP
- PLANNING/DEVELOPMENT
- PROPERTY MANAGEMENT
- CONSTRUCTION
- REAL ESTATE OPERATIONS
- LEGAL

## Jeffrey Neumann



Jeffrey Neumann is the owner of Coldwell Banker Neumann Real Estate in Guelph, ON. He has served as an independent Board Member since 2016.

Since 1996, Jeffrey has developed Coldwell Banker Neumann Real Estate into a national leader under the Coldwell Banker brand, averaging over \$650 million in sales on an annual basis. Jeffrey also continues to be an active independent real estate investor in the apartment, hospitality, office and land development sectors.

His experience and breadth of knowledge in a broad range of real estate matters—including acquisitions, financing, management, development, and dispersal—leaves him uniquely positioned to serve on the Skyline Apartment REIT Board of Trustees.

### INDUSTRY EXPERIENCE:

- ASSET MANAGEMENT
- BUSINESS LEADERSHIP
- CAPITAL MARKETS
- CONSTRUCTION
- PROPERTY MANAGEMENT
- REAL ESTATE OPERATIONS

## Susan Taves



Susan Taves is a Chartered Professional Accountant, having spent 30 years in public practice primarily as a partner at BDO Canada LLP. She has served as a non-independent Board Member since 2016.

Her expertise extends to the fields of finance, merger and acquisition transactions, leadership, and governance. She is a member of the Chartered Professional Accountants of Ontario (1987), holds the ICD.D designation from the Institute of Corporate Directors (2015), and is a graduate of the University of Waterloo (1984).

In addition to serving as a Skyline Apartment REIT Trustee, Susan sits on the boards of Kindred Credit Union, TSX Trust Company, Plaza Retail REIT and Enova Energy Corporation.

### INDUSTRY EXPERIENCE:

- BOARD GOVERNANCE
- BUSINESS LEADERSHIP
- FINANCE
- HUMAN RESOURCES
- LEGAL
- FINANCIAL INSTITUTIONS



### JASON CASTELLAN | CO-FOUNDER & CEO, SKYLINE

Jason leads Skyline's strategic direction, encompassing all funds and business units including asset acquisition, management, development, and investment. His visionary leadership ensures that Skyline continues to expand its national presence and maximize investor returns through expertly managed investments. Jason holds degrees from both the University of Guelph and York University.



### JASON ASHDOWN | CO-FOUNDER & CSO, SKYLINE

Jason oversees the corporate strategy and implementation of Skyline's sustainability and social responsibility efforts. He ensures that Skyline's Funds, as well as their service entities, find ways to incorporate sustainable practices into their operations to create efficiencies. This ultimately creates value for investors while minimizing our environmental impact and enrich our communities.



### MARTIN CASTELLAN | CO-FOUNDER & CAO, SKYLINE

Martin oversees Skyline's daily operations and administrative functions. He has been in the real estate business since the early 1990s and has developed a deep knowledge and understanding of real estate acquisitions, management, and investment. Martin holds an Honours Bachelor of Commerce degree in Management Economics in Industry and Finance from the University of Guelph and has been recognized with the distinction of Notable Alumni.



# SKYLINE

## AWARDS



Platinum member

### BEST MANAGED COMPANIES

#### Platinum Member: Skyline

Skyline has retained its Best Managed Companies status for 11 years. Platinum Member winners demonstrate exceptional leadership in strategy, capabilities and innovation, culture and commitment, and financials.



### APARTMENTBUILDINGS.COM TOP 100

#### BJ Santavy, Vice President, Skyline Living

This annual ranking by Connect CRE and ApartmentBuildings.com highlights Canadian and US real estate leaders driving advancement and achievement in the multi-family space.



### CANADIAN PROPERTY MANAGEMENT MAGAZINE 2025 "WHO'S WHO IN REAL ESTATE" RANKING

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

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



### CANADIAN PROPERTY MANAGEMENT MAGAZINE 2025 "WHO'S WHO IN REAL ESTATE" RANKING

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

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



### CONNECT CRE 2025 NEXT GENERATION AWARD

#### Sarah Yusyp, Vice President, Human Resources

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



### FRPO MAC AWARDS 2025

#### Environmental Excellence: Skyline Community Service: Skyline Company Culture: Skyline

The FRPO MAC awards bring together more than 1,500 professionals, sponsors, and suppliers to celebrate the Ontario rental housing industry's top performers.





#### RHB MAGAZINE 2025 “THE ANNUAL” EDITION

##### Canada’s Top 10 REITs List (#5): Skyline Apartment REIT

Skyline Apartment REIT ranked among Canada’s top REITs, based on the number of apartment suites owned and managed within its portfolio.

#### RHB MAGAZINE 2025 “THE ANNUAL” REGIONAL EDITIONS

##### Top 10 REITs in Kitchener-Cambridge-Waterloo (#9): Skyline Apartment REIT

##### Top 10 REITs in London (#9): Skyline Apartment REIT

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



#### HRD CANADA RISING STAR OF THE YEAR AWARD

##### Breanna Lemieux, Senior Manager, Human Resources

The Rising Star of the Year award spotlights talented and accomplished young professionals in the Canadian HR industry, recognizing those with five to 10 years of impactful experience and a demonstrated commitment to the profession.



#### RHPNS INNOVATION & EXCELLENCE AWARDS

##### Resident Manager of the Year: Karen Chase, Assistant Resident Manager, Skyline Living

The RHPNS Innovation & Excellence Awards showcase outstanding Nova Scotia rental housing professionals and organizations who go above and beyond to support their tenants and communities.



#### SOUTHWESTERN ONTARIO TOP EMPLOYERS 2025

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



#### WEALTH PROFESSIONAL AWARDS 2025

##### Real Estate Investment Provider of the Year: Skyline

##### Employer of Choice: Skyline

The Wealth Professional Awards recognize leaders in Canada’s wealth management and financial planning sectors, honouring dedicated and innovative professionals and companies in these fields.



#### WATERLOO AREA TOP EMPLOYERS 2025

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



#### WYNDHAM HOUSE

##### 2025 Housing Hero award: Skyline

Wyndham House operates youth shelters and supportive housing in Guelph, Ontario, and Skyline has proudly supported their work through donations and volunteerism. The Housing Hero award highlights our collaborative efforts to help end homelessness in communities across Canada.





# 2025 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, 2025 should be read in conjunction with Skyline Apartment Real Estate Investment Trust's ("**Skyline Apartment REIT**" or "**REIT**") consolidated audited financial statements. Certain statements herein could be considered forward-looking information within the meaning of applicable securities legislation. Forward-looking information reflects management's current beliefs and are based on information currently available to management. It 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. Forward-looking information are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties. 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, 2026, except where otherwise noted. Skyline Apartment REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Past performance is not indicative of 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", "indicators", "outlook", "objective", "plan", "aim", "would", "forecast", "project", "seek", or other similar expressions suggesting future outcomes or events. Forward-looking statements herein 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.

All forward-looking statements herein are qualified in their entirety by this forward-looking disclaimer. Information contained herein constituting a financial outlook is presented for information purposes only to indicate management's expectations with respect to specific projects and readers are cautioned that the information may not be appropriate for other purposes.

## NON-IFRS MEASURES

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

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

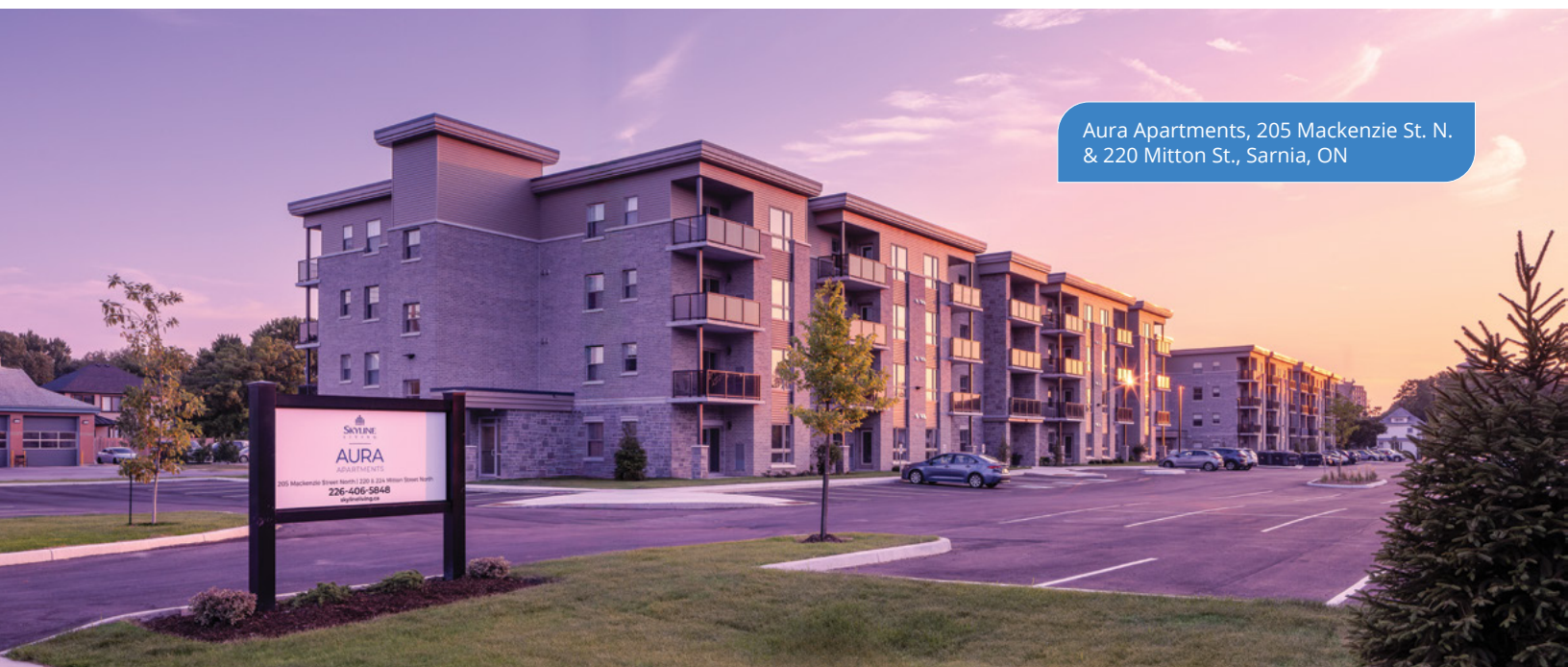


## MD&A OVERVIEW

This MD&A focuses on key areas from the consolidated financial statements and pertains to major known risks and uncertainties relating to the real estate industry, in general, and the REIT's business, in particular. This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political, and environmental conditions. Additionally, other elements may or may not occur, which could affect the organization in the future. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with material contained in the audited consolidated financial statements for the years ended December 31, 2025, and 2024, along with all other information regarding Skyline Apartment REIT publicly posted by the REIT or its affiliates. It is not our intent to reproduce information that is located in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information. **"Unit"** means any class of the REIT's Units excluding special voting Units. **"Unitholder"** means a holder of a class of the REIT's Unit.

## BUSINESS OVERVIEW

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



## MANAGEMENT STRATEGY

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

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



# Key Performance Indicators

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

- **Distributions:** During 2025, Skyline Apartment REIT was paying monthly distributions to Class A Unitholders of \$0.0925 per Unit, or \$1.11 per Unit on an annual basis. At December 31, 2025, approximately 40.9% of the REIT's Units were enrolled in the Distribution Re-Investment Plan ("DRIP").
  - **Occupancy:** Management is focused on achieving occupancy levels that exceed the overall averages for the geographic regions in which Skyline Apartment REIT operates, without sacrificing the maximization of rental income. At December 31, 2025, occupancy in the multi-residential suites was 94.2% and in the commercial units was 74.9%.
  - **Average Monthly Rents:** Through ongoing and active management, the highest possible average monthly rents are targeted in each geographic region and at each individual property. At December 31, 2025, average monthly multi-residential rent was \$1,583.00 per Unit.
  - **Mark-to-Market:** Through the management of the key indicators of "occupancy" and "average monthly rents", Management also monitors "Mark-to-Market", which represents the difference between estimated market rents and in-place rents for occupied units
  - **NOI:** This is defined as operating revenues less operating expenses and is a key measure of operating performance. It is a key non-IFRS financial measure of the operating performance of Skyline Apartment REIT. For the year 2025, Skyline Apartment REIT's NOI margin was 57.9%.
  - **Same Property NOI:** This is defined as operating revenues less operating expenses for properties which were held for the same periods in 2022 through 2025. Management is focused on maintaining or increasing same property NOI year-over-year. For the year 2025, same property NOI was \$161.6 million, an increase of 4.62% over the prior year.
  - **FFO:** Is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs.
- As Skyline Apartment REIT's portfolio matures, Management is targeting long-term that its distributions will be fully funded from FFO. For the year 2025, Skyline Apartment REIT generated \$88.9 million in FFO.
- **Payout Ratio:** To ensure that Skyline Apartment REIT retains sufficient cash to meet its capital improvement and leasing objectives, Management strives to maintain an appropriate FFO payout ratio over the year. Management is targeting a 100% FFO payout ratio. For the year 2025, Skyline Apartment REIT's FFO payout ratio was 97.7% .
  - **Active Portfolio Management:** Insofar as good opportunities exist that are accretive, Management will continue to acquire income-producing, multi-unit residential real estate for the portfolio. Further active management in the identification of properties that are well positioned for successful accretive, repositioning strategies. The inverse is also true, where properties are deemed mature and non-accretive and where additional value-enhancing improvements will not further improve these properties, they will be positioned for sale.
  - **Financing:** Management is continually managing and planning its financing strategies for the portfolio. This ensures that the portfolio is well-positioned to mitigate interest rate uncertainty as well as to responsibly ladder the maturities of the portfolio's mortgages over the long term.
  - **Loan to Value ("LTV"):** The portfolio is regularly evaluated based upon key leverage ratios, comprised of mortgage debt, total indebtedness, historical cost and fair value in accordance with IFRS 13 – Fair Value ("IFRS 13"). Loan to value ratios are shown on both a historical cost and market value basis. The DOT requires that the overall leverage ratio not exceed 70% Loan to IFRS Fair Value. However, it is Management's objective to keep the portfolio at a more conservative level of approximately 60% leverage based upon fair value. At the close of 2025, Skyline Apartment REIT's portfolio leverage ratio was 74.7% (against historical cost) and 59.4% (against IFRS 13 valuation).



# Goals, Objectives and 2025 Highlights

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

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

## 2025 HIGHLIGHTS

- The REIT grew its portfolio of investment properties from \$5.03 billion to \$5.21 billion (a 3.55% increase) over the course of 2025.
- Average Monthly Rents as at December 31, 2025 increased from \$1,505.02 to \$1,583.00 per residential unit (a 5.18% increase year-over-year).
- Weighted Average mortgage interest rate was 3.41%, on \$2.97 billion of outstanding mortgages as at December 31, 2025.

<b>Financial Highlights</b> (\$ thousands, except where noted)	<b>2025</b>	<b>2024</b>
Property revenues	\$383,407	\$379,828
Operating expenses	\$(161,435)	\$(162,254)
<b>NOI</b>	<b>\$221,972</b>	<b>\$217,574</b>
<b>Net income</b>	<b>\$7,556</b>	<b>\$33,664</b>
<b>FFO</b>	<b>\$88,976</b>	<b>\$87,973</b>
<b>Total Distributions declared to REIT and LP Unitholders</b>	<b>\$97,085</b>	<b>\$86,829</b>
<b>Normalized FFO payout ratio</b>	<b>97.69%</b>	<b>98.70%</b>



## PROPERTY PORTFOLIO

At December 31, 2025, through active portfolio management; the portfolio consisted of 20,491 residential suites and 166,074 sq. ft. of commercial space, geographically well-diversified across 49 communities and six Canadian provinces.

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

<b>Portfolio Average Monthly Base Rent &amp; Occupancy (As at December 31, 2025)</b>	<b>Average Occupied Monthly Rents (\$)</b>	<b>Occupancy (%)</b>
<b>Residential</b>		
British Columbia	1,955.33	86.7
Manitoba	1,729.94	96.8
New Brunswick	1,387.24	96.7
Nova Scotia	2,180.62	95.6
Ontario	1,517.67	94.4
Quebec	1,802.27	98.0
<b>Residential Portfolio Weighted Average</b>	<b>\$1,583.00</b>	<b>94.2%</b>
<b>Commercial</b>	<b>\$1.35</b>	<b>74.9%</b>

NOTE: This reporting format does not include the weighting of information by unit type.

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



## ACQUISITIONS AND DISPOSITIONS

### Acquisitions Completed During the Year Ended December 31, 2025 (\$ thousands, except where noted)

Purchase Date	Number of Units	Region	Type	Acquisition Costs (\$)	Mortgage Funding (\$)
February 20, 2025	81	Guelph, ON	Residential	40,100	24,639
April 14, 2025	n/a	Gravenhurst, ON	Land	1,140	-
May 29, 2025	58	Windsor, ON	Residential	26,975	17,536
May 29, 2025	58	Windsor, ON	Residential	26,975	17,579
May 29, 2025	58	Windsor, ON	Residential	26,975	18,722
May 29, 2025	58	Windsor, ON	Residential	26,975	18,984
May 29, 2025	48	Mascouche, QC	Residential	22,700	17,025
June 25, 2025	n/a	Goderich, ON	Land	3,668	-
September 2, 2025	149	Nanaimo, BC	Residential	63,430	49,443
<b>Total</b>	<b>510 units</b>			<b>\$238,938</b>	<b>\$163,927</b>

### Dispositions Completed During the Year Ended December 31, 2025 (\$ thousands, except where noted)

Disposition Date	Number of Units	Region	Type	Carrying Value (\$)	Equity (\$)	Mortgages Discharged (\$)
12-Feb-25	80	Dawson Creek, BC	Residential	10,100	10,100	-
27-Mar-25	94	Greater Sudbury, ON	Residential	14,150	7,406	6,744
20-May-25	160	Edmonton, AB	Residential	35,150	17,067	18,083
9-Jun-25	208	Sherwood Park, AB	Residential	48,950	21,532	27,418
12-Jun-25	45	Chatham, ON	Residential	7,783	5,158	2,625
12-Jun-25	58	Chatham, ON	Residential	10,583	5,929	4,654
12-Jun-25	49	Sarnia, ON	Residential	10,283	6,464	3,819
12-Jun-25	29	Sarnia, ON	Residential	5,058	3,275	1,783
20-Jun-25	50	Tilbury, ON	Residential	6,733	1,274	5,458
21-Aug-25	200	Edmonton, AB	Residential	44,400	21,408	22,992
16-Oct-25	240	Edmonton, AB	Residential	57,000	18,326	38,674
<b>Total</b>	<b>1,213</b>			<b>\$250,188</b>	<b>\$117,938</b>	<b>\$132,250</b>





# 2025 Operating Highlights

Regional Highlights (\$ thousands, except where noted)	2025		2024		Increase (Decrease)		
	NOI (\$)	NOI Margin (%)	NOI (\$)	NOI Margin (\$)	Revenue Change (%)	Expense Change (%)	NOI Change (%)
Eastern Ontario	19,736	56	19,771	54	(3)	(6)	-
Northern Ontario	10,499	53	11,052	50	(11)	(16)	(5)
South Western Ontario	130,827	57	121,581	57	8	8	8
Quebec	12,345	58	15,790	58	(23)	(24)	(22)
Eastern Canada	16,813	59	17,086	60	-	4	(2)
Western Canada	31,753	67	32,295	64	(7)	(16)	(2)
<b>Total</b>	<b>\$221,972</b>	<b>58%</b>	<b>\$217,574</b>	<b>58%</b>	<b>1%</b>	<b>-</b>	<b>2%</b>



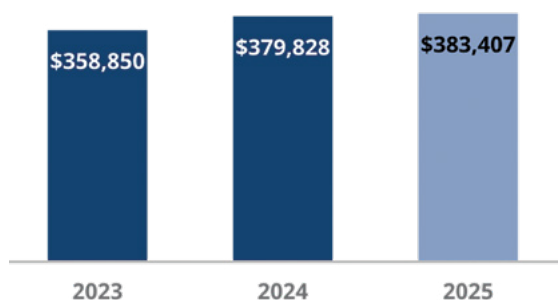
Queensland Apartments  
30 Queensland Rd., Stratford, ON

## 2025 OPERATING HIGHLIGHTS CONT.

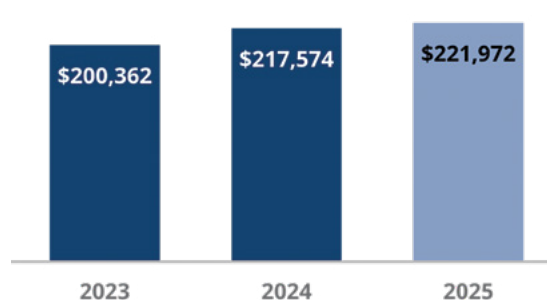
Operating Results (\$ thousands, except where noted)	2025 (\$)	%*	2024 (\$)	%*
<b>Property revenues</b>				
Residential rent	376,630	98.2	373,467	98.3
Commercial rent	6,777	1.8	5,981	1.6
Condominium sales	-	-	380	0.1
<b>Total property revenues</b>	<b>\$383,407</b>	<b>100%</b>	<b>\$379,828</b>	<b>100%</b>
<b>Direct property expenses</b>				
Property taxes	44,077	27.3	43,571	26.9
Other direct property costs	84,039	52.1	86,700	53.4
Utilities	33,319	20.6	31,781	19.6
Condominium cost of sales	-	-	202	0.1
<b>Total direct property expenses</b>	<b>\$161,435</b>	<b>42.1%</b>	<b>\$162,254</b>	<b>42.7%</b>
<b>NOI</b>	<b>\$221,972</b>	<b>57.9%</b>	<b>\$217,574</b>	<b>57.3%</b>

\*As a percentage of total property revenues

**OPERATING REVENUES** (\$ Thousands)

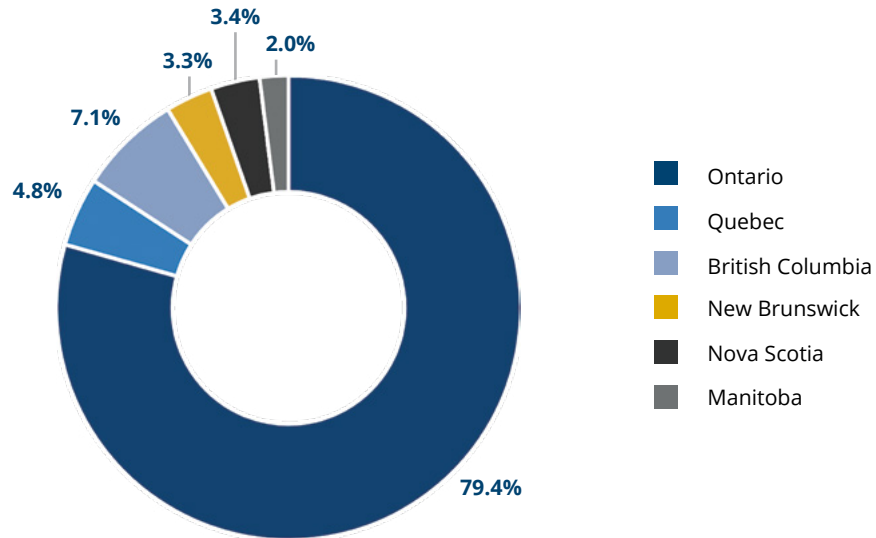


**NOI** (\$ Thousands)

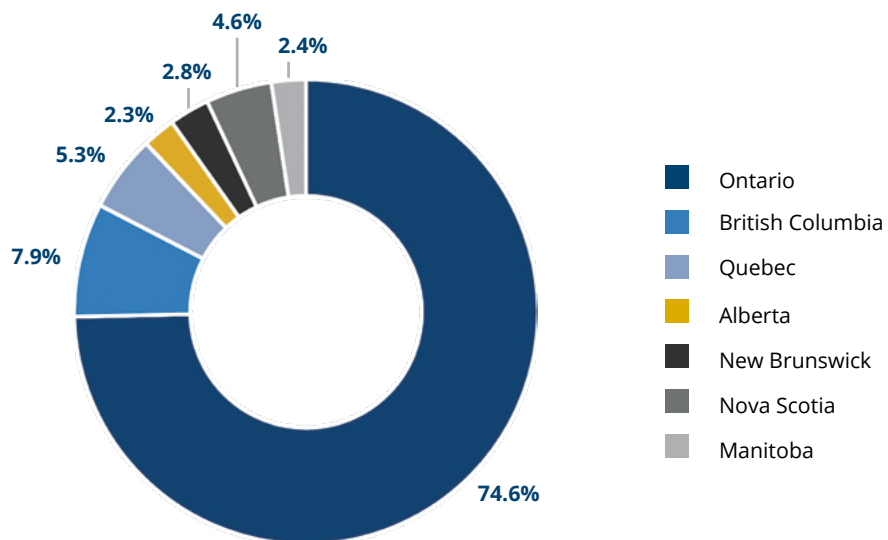


## 2025 OPERATING HIGHLIGHTS CONT.

### UNIT BREAKDOWN BY PROVINCE

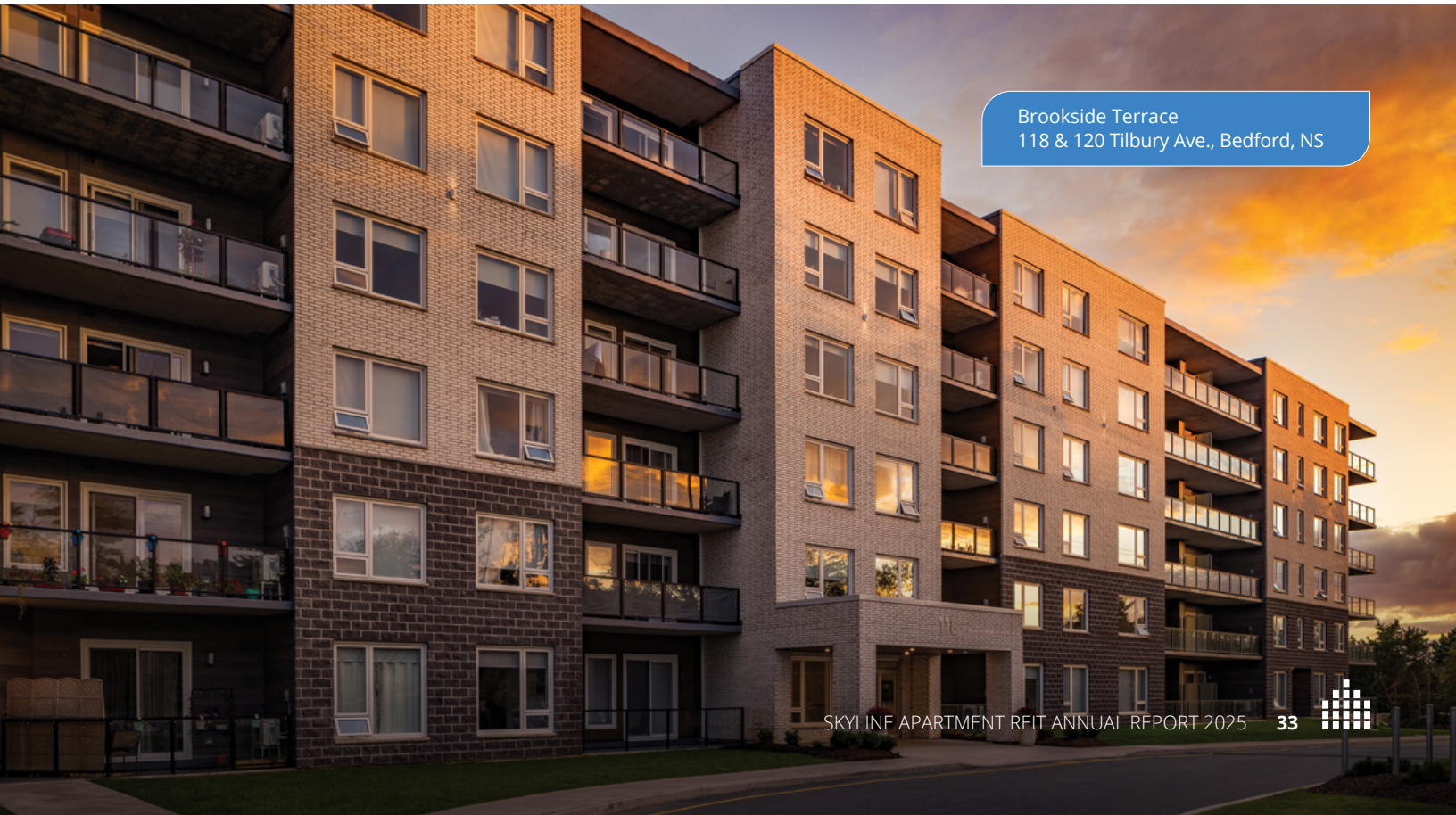
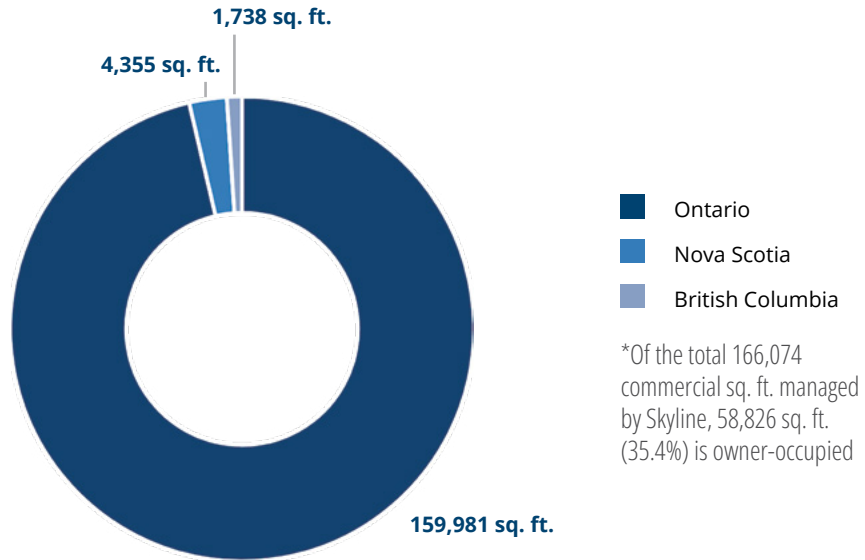


### RENTAL REVENUE BREAKDOWN BY PROVINCE



## 2025 OPERATING HIGHLIGHTS CONT.


### COMMERCIAL SQ. FT. BREAKDOWN BY PROVINCE



## FUNDS FROM OPERATIONS

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

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

A wide-angle photograph of a modern, multi-story apartment complex at dusk. The building features a mix of grey and white siding, large windows, and balconies with dark railings. The sky is a vibrant mix of purple, pink, and blue, with scattered clouds. A paved road leads towards the building, flanked by green lawns and young trees. A street sign is visible in the foreground on the left.

Merewood Apartments, 411 & 423 Despard Ave. W.  
& 377 & 385 Moilliet St. S., Parksville, BC

## PAYOUT RATIOS

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

FFO Payout Ratios (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
<b>Profit &amp; loss</b>		
Property revenues	383,407	379,828
Direct property expenses	(161,435)	(162,254)
<b>NOI</b>	<b>\$221,972</b>	<b>\$217,574</b>
Finance costs	(178,185)	(160,824)
REIT & other expenses	(16,486)	(16,702)
Interest income	-	-
Fair value gain in disposed properties	10,648	17,527
Fair value gain (loss)	(30,393)	(23,911)
Asset management internalization cost	-	-
<b>Net income</b>	<b>\$7,556</b>	<b>\$33,664</b>
Non-cash add-backs:		
Distributions on partnership Units included in finance costs	61,675	47,925
Fair value gain on disposed properties	(10,648)	(17,527)
Fair value (gain) loss	30,393	23,911
Asset management internalization cost	-	-
<b>FFO</b>	<b>\$88,976</b>	<b>\$87,973</b>

(table continued on next page)



## PAYOUT RATIOS CONT.

(table continued from previous page)

	2025 (\$)	2024 (\$)
Total distributions declared	149,963	126,768
Less: General Partner sharing distributions on the sale of investment properties	(14,173)	(19,381)
Less: General Partner sharing distributions from income	(38,705)	(20,558)
<b>Total distributions declared to REIT and LP Unitholders</b>	<b>\$97,085</b>	<b>\$86,829</b>
<b>Less: special distributions</b>	<b>(10,167)</b>	<b>-</b>
<b>Normalized FFO payout ratio</b>	<b>97.69%</b>	<b>98.70%</b>



## PAYOUT RATIOS CONT.

### Distributions to Unitholders/Shareholders and Payout Ratio

During 2025, Skyline Apartment REIT paid monthly distributions to Class A Unitholders of \$0.0925 per Unit, or \$1.11 on an annual basis as of December 31, 2025. A special distribution of \$0.1178 per Unit was declared and paid out in the form of additional Units on December 16th, 2025 amounting to 316,134 Units with a value of \$9.3 million.

At December 31, 2025, approximately 40.9% of the REIT's Units were enrolled in the Distribution Re-Investment Plan ("DRIP"). Distributions made to Unitholders during 2025, amounted to \$86.8 million, of which \$35.6 million was retained through the DRIP.

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

Distribution Sources (\$ thousands, except where noted)	2025	2024
<b>Distributions declared</b>	<b>\$97,085</b>	<b>\$86,829</b>
Funded by:		
Income	91.65%	100.00%
Building dispositions	8.35%	-
Refinance proceeds	-	-



## INVESTMENT PROPERTIES

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

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

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

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

In 2025, 41.0% (2024 44.2%) of the cost base of the investment properties was valued internally and 59.0% (2024 55.8%) was valued externally.



Creekview Heights, 1693, 1695, 1697,  
and 1699 Deleenheer Rd., Vernon, BC



## INVESTMENT PROPERTIES CONT.

Fair Value of Investment Properties (under IFRS 13) (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
<b>Balance, beginning of year</b>	<b>\$5,033,583</b>	<b>\$4,991,814</b>
Acquisitions through purchase of investment properties	238,793	88,172
Additions through capital expenditures on existing investment properties	184,893	195,171
Disposals through sale of investment properties	(219,859)	(223,622)
Change in Assets held for sale	(5,150)	(23,120)
Fair value gain on investment properties and disposed properties	(19,745)	6,204
Change in owner-occupied property	-	(1,036)
<b>Balance, end of year</b>	<b>\$5,212,515</b>	<b>\$5,033,583</b>

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)	2025 (\$)	2024 (\$)
Cost	4,143,144	3,924,273
Cumulative fair value adjustment	1,069,371	1,109,310
<b>Fair Value</b>	<b>\$5,212,515</b>	<b>\$5,033,583</b>



## INVESTMENT PROPERTIES CONT.

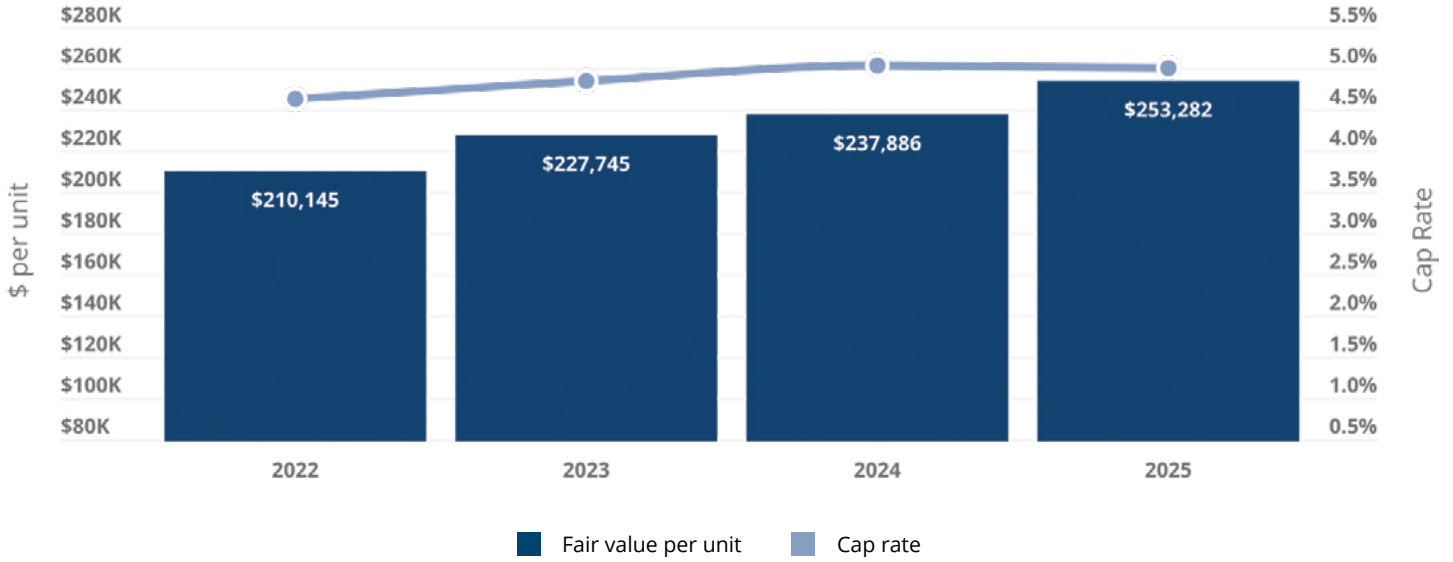
The following table and graph summarize the REIT's growth in asset value on a trending basis over the past three years, along with the impact that NOI growth and the capitalization rate ("Cap Rate") movement has had on that value.

<b>Trending Fair Value Details (\$ thousands, except where noted)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Fair value of investment properties	\$5,212,515	\$5,033,583	\$4,991,814	\$4,728,065
Less: fair value of commercial properties	\$(22,190)	\$(22,515)	\$(23,780)	\$(50,454)
Fair value of residential properties	\$5,190,325	\$5,011,068	\$4,968,034	\$4,677,611
Total residential units at year end	20,491	21,065	21,814	22,259
<b>Fair value per suite</b>	<b>\$253,298</b>	<b>\$237,886</b>	<b>\$227,745</b>	<b>\$210,145</b>
<b>Increase (decrease) in fair value per unit</b>	<b>6.48%</b>	<b>4.45%</b>	<b>8.38%</b>	<b>13.19%</b>
Weighted average capitalization rate	5.01%	5.02%	4.82%	4.64%
Increase (decrease) in cap rate (year-over-year) (%)	(0.20%)	3.93%	4.09%	(1.90%)
NOI	\$221,972	\$217,574	\$200,362	\$183,307
Increase in NOI (year-over-year) (%)	2.02%	8.59%	9.30%	11.41%
NOI Margin (% of total revenue)	57.89%	57.28%	55.83%	54.61%



# INVESTMENT PROPERTIES CONT.

## TRENDING FAIR VALUE PER RESIDENTIAL UNIT



The Kortyard Apartments  
171 Kortright Rd., W. Guelph, ON

## CAPITAL EXPENDITURES

During 2025, Skyline Apartment REIT acquired 510 apartment units through the acquisition of nine new properties for a total investment (inclusive of closing costs) of \$238.8 million.

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

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

Maintenance capital expenditures vary with market conditions and are partially related to unit turnover. Management projects that its annual overall maintenance capital expenditures are approximately \$425 per residential unit. These expenditures are in addition to normal repairs and maintenance expenditures which are typically in the range of \$810 per residential unit annually.

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

During the year, Management invested \$184.9 million in structural improvements, common area improvements, improvements of existing units, and portfolio efficiency programs ("**PEP**") throughout the portfolio. These capital initiatives are completed with the intention of increasing revenues, reducing expenses, maintaining occupancy levels, and increasing overall tenant satisfaction.

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



## CAPITAL STRUCTURE

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

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

The total capital of Skyline Apartment REIT as at December 31, 2025 is summarized in the following chart:

<b>Mortgage Summary</b> (\$ thousands, except where noted)	<b>2025</b>	<b>2024</b>
Mortgages payable	\$2,973,966	\$2,749,902
Line of credit	\$120,000	\$ 180,000
<b>Total Debt</b>	<b>\$3,093,966</b>	<b>\$2,929,902</b>
Limited partnership Units	\$210,486	\$212,154
Unitholders' equity	\$1,887,555	\$1,949,474
<b>Total Capital</b>	<b>\$5,192,007</b>	<b>\$5,091,530</b>
Mortgage debt to historical cost	71.78%	70.07%
Mortgage debt to fair value	57.05%	54.63%
Total debt to historical cost	74.68%	74.66%
Total debt to fair value	59.36%	58.21%
Weighted average mortgage interest rate	3.41%	3.34%
Weighted average mortgage term to maturity (yrs.)	3.59	3.87



## CAPITAL STRUCTURE CONT.

Mortgages Payable (\$ thousands, except where noted)	Future minimum principal payments (\$)	% of total mortgages
2026	212,827	7.2
2027	413,686	13.9
2028	638,092	21.5
2029	580,824	19.5
2030	722,512	24.3
Thereafter	409,022	13.8
Less: Mortgages related to assets held for sale	(2,997)	(0.10)
<b>Total mortgages payable as of December 31, 2025</b>	<b>\$2,973,966</b>	<b>100.0%</b>



## INVESTMENT SUMMARY

During 2025, Units of Skyline Apartment REIT were issued under the accredited investor exemption, through prospectus exemptions, and through the Employee Unit Purchase Plan (“EUPP”) under the employee exemption.

During 2025, Management purchased for cancellation and/or redeemed Units for \$133.4 million at 100% of Unit Market Value.

REIT Unitholders - Investment Activity Class A (\$ thousands, except where noted)	2025		2024	
	Number of Units	Amount (\$)	Number of Units	Amount (\$)
<b>Class A Units outstanding, beginning of year</b>	<b>66,887,742</b>	<b>\$912,103</b>	<b>68,299,431</b>	<b>\$948,549</b>
Proceeds from REIT Units issued	2,405,108	70,951	1,747,292	49,139
Exchange of LP Units	56,542	1,668	3,509	100
Units issued through DRIP	1,398,801	41,265	1,172,070	33,058
Units converted to Class F Units	(338,870)	(9,997)	(314,681)	(5,947)
Redemptions - REIT Units	(3,694,321)	(111,125)	(4,019,879)	(112,796)
Redemptions - REIT Units (exchanged LP Units)	-	-	-	-
<b>REIT Units outstanding, end of year</b>	<b>66,715,002</b>	<b>\$904,865</b>	<b>66,887,742</b>	<b>\$912,103</b>
<b>Weighted average Class A Units outstanding</b>	<b>67,043,371</b>	<b>-</b>	<b>67,450,504</b>	<b>-</b>



## INVESTMENT SUMMARY CONT.

REIT Unitholders - Investment Activity Class F (\$ thousands, except where noted)	2025		2024	
	Number of Units	Amount (\$)	Number of Units	Amount (\$)
<b>Class F Units outstanding, beginning of year</b>	<b>4,426,774</b>	<b>\$95,890</b>	<b>3,415,817</b>	<b>\$70,149</b>
Proceeds from REIT Units issued	1,236,358	36,472	955,186	27,095
Units issued through DRIP	124,337	3,668	90,122	2,544
Units converted from Class A Units	338,870	9,997	314,681	5,947
Redemptions - REIT Units	(699,272)	(20,629)	(349,032)	(9,845)
<b>REIT Units outstanding, end of year</b>	<b>5,427,067</b>	<b>\$125,398</b>	<b>4,426,774</b>	<b>\$95,890</b>
<b>Weighted average Class F Units outstanding</b>	<b>5,089,036</b>	-	<b>3,804,367</b>	-

LP Unitholders - Investment Activity (\$ thousands, except where noted)	2025		2024	
	Number of Units	Amount (\$)	Number of Units	Amount (\$)
<b>LP Units outstanding, beginning of year</b>	<b>7,191,668</b>	<b>\$212,154</b>	<b>7,195,177</b>	<b>\$199,666</b>
Proceeds from LP Units issued	-	-	-	-
Units issued through DRIP	-	-	-	-
Redemptions - LP Units (exchanged to REIT Units)	(56,542)	(1,668)	(3,509)	(100)
Change in fair value	-	-	-	12,588
<b>LP Units outstanding, end of year</b>	<b>7,135,126</b>	<b>\$210,486</b>	<b>7,191,668</b>	<b>\$212,154</b>
<b>Weighted average LP Units outstanding</b>	<b>7,168,810</b>	-	<b>7,194,592</b>	-



## UNITHOLDER TAXATION

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

Regular Distributions	2025 (%)
Dividends	-
Other Income	4.73
Capital Gains	30.07
Return of Capital	65.20
<b>TOTAL</b>	<b>100%</b>

## RELATED PARTY TRANSACTIONS

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

### GP Sharing

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

GP Sharing (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
General Partner sharing on income	38,705	20,558
General Partner sharing on dispositions	14,173	19,381
<b>Total GP sharing on distributions</b>	<b>\$52,878</b>	<b>\$39,939</b>



## RELATED PARTY TRANSACTIONS CONT.

### Management Services

Fees paid during the past two years are as follows:

Management Fees (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
Wealth management fees	9,542	8,690
Legal service management fees	3,424	2,746
Development service fees	4,188	2,686
Underwriting management fees	2,217	2,366
Administration management fees	707	786
CAPEX management fees	669	588
Asset Management services	115	-
Solar Asset management fees	48	49
<b>Total Management Fees</b>	<b>\$20,910</b>	<b>\$17,911</b>



## SERVICES

### Services of the Asset Manager

Skyline Apartment REIT made a one time payment of \$115 thousand to Skyline Asset Management Inc. (“**Asset Manager**”) for shared asset management services in 2025 (2024 - \$0) in connection with the termination of the asset management agreement.

### Services of the Exempt Market Dealer

Skyline Apartment REIT has two wealth management agreements with Skyline Wealth Management Inc. (“**Exempt Market Dealer**”). Fees payable under the wealth management agreements include monthly wealth management fees and equity raise fees as set out in the below table:

Length of Investment	Capital	Class A	Class F
Up to 2 years in the class	New capital	1.5%	1.5%
	DRIP	1.0%	1.0%
More than 2 years in the class	New capital	1.0%	1.5%
	DRIP	0.5%	1.0%
<b>All</b>	<b>Equity under management</b>	<b>1/12 of 0.3% monthly</b>	<b>1/12 of 0.2% monthly</b>

Under the wealth management agreement, the Exempt Market Dealer is responsible for employment expenses of its personnel, rent and other office expenses of the Exempt Market Dealer in connection with providing services to Skyline Apartment REIT under the wealth management agreement. For the year ended December 31, 2025, Skyline Apartment REIT paid the Exempt Market Dealer \$7.76 million in wealth management fees (2024 - \$7.4 million), and \$1.78 million in equity raise fees (2024 - \$1.26 million).

### Services of the Mortgage Underwriting Manager

Skyline Apartment REIT has an arrangement with Skyline Mortgage Finance Inc. (the “**Underwriting Manager**”),

wherein the Underwriting Manager assists Skyline Apartment REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Apartment REIT pays the Underwriting Manager \$5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 35 bps on mortgage principal for all other mortgages. For the year ended December 31, 2025, Skyline Apartment REIT paid to the Underwriting Manager \$2.22 million in mortgage underwriting fees (2024 - \$2.37 million).

### Professional Services Manager

Skyline Apartment REIT has an arrangement with Skyline Private Investment Capital Inc. (the “**Professional Services Manager**”), wherein the Professional Services Manager performs all required head-office administrative tasks, delivers all human resources services, delivers all marketing services, provides information technology services, provides sustainability initiatives services, provides accounting and financial management services, provides advice on the use of external legal counsel and manages external legal counsel, and makes available accounting and legal support staff (the “**Professional Services Arrangement**”), the costs for which are approved annually by Skyline Apartment REIT’s independent trustees. For the year ended December 31, 2025, Skyline Apartment REIT paid to the Professional Services Manager \$3.42 million in legal services (2024 - \$2.75 million).

### Services of the Solar Asset Manager

Skyline Apartment REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the “**Solar Asset Manager**”). The solar asset management fees payable under the arrangement are \$1,000 per annum for each rooftop solar asset, and 10% service charge on the cost of any work for dispatching service providers and project management, including removal and replacement of existing solar systems and unscheduled work. For the year ended December 31, 2025, Skyline Apartment REIT paid to the Solar Asset Manager \$48 thousand in solar asset management fees (2024 - \$49 thousand).



## SERVICES CONT.

### Services of the CAPEX Provider

Skyline Apartment REIT has an arrangement with Skyline Capital Projects Management Inc. (the “**CAPEX Provider**”), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Apartment REIT’s independent trustees. For the year ended December 31, 2025, Skyline Apartment REIT paid to the CAPEX Provider \$669 thousand in CAPEX management fees (2024 – \$588 thousand).

### Services of the Development Manager

Skyline Apartment REIT has an arrangement with Skydevco Inc. (the “**Development Manager**”), who provides development consulting services to Skyline Apartment REIT, the costs for which are approved from time to time by Skyline Apartment REIT’s independent trustees. For the year ended December 31, 2025, Skyline Apartment REIT paid to the Development Manager \$4.18 million in development service fees (2024 – \$2.69 million).

River’s Edge Apartments  
53 & 57 Riverview Dr., Chatham, ON



## RISKS AND UNCERTAINTIES

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

### Real Property Ownership

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

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

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

Skyline Apartment REIT will be subject to the risks associated with debt financing, including the risk that existing mortgage indebtedness secured by the properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness. Further, with respect to each mortgage secured by the properties, it is possible that either the mortgagor, or the mortgagee will elect not to renew such mortgage.

Any existing or future development investments in real property owned by Skyline Apartment REIT entail

certain risks, including the risk that encumbrances, conditions, or covenants on the property will slow or prevent completion of any development.

### Tenant Terminations and Financial Stability

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

### Revenue Producing Properties

The properties generate income through rental payments made by the tenants thereof. Upon the expiry of any lease, there can be no assurance that such lease will be renewed, or the



## RISKS AND UNCERTAINTIES CONT.

tenant replaced. The terms of any subsequent lease may be less favourable to Skyline Apartment REIT than the existing lease.

### Competition for Real Property Investments

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

### Competition for Tenants

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

### Interest Rates

The current economic environment continues to impact the real estate sector. 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. The continued or additional rise in interest rates may have a negative effect on the market price of the REIT Units. Changes in interest rates may also have effects on vacancy rates, rent levels, refurbishing costs and other factors affecting Skyline Apartment REIT's business and profitability.

### General Economic Conditions

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

### General Uninsured Losses

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

### Availability of Cash Flow

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



## RISKS AND UNCERTAINTIES CONT.

### Access to Capital

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

### Environmental and Climate Change Risk

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive, in recent years. Under various laws, Skyline Apartment REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Where a property is purchased, and new financing is obtained, Phase I environmental audits 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 audits that the Operations Manager will rely upon and/or determine whether an update is necessary. Skyline Apartment REIT is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any pending or threatened claims relating to environmental conditions at the properties.

Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the properties. The extent of Skyline Apartment REIT's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. Skyline Apartment REIT is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of Skyline Apartment REIT's buildings. In addition, climate change, to the extent it causes changes in weather

patterns, could have effects on Skyline Apartment REIT's business by increasing the cost of property insurance, and/or energy at the properties. As a result, the consequences of natural disasters, severe weather and climate change could increase Skyline Apartment REIT's costs and reduce Skyline Apartment REIT's cash flow.

### Unitholder Liability

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

### Dependence on Key Personnel

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

### Conflicts of Interest and Concentration of Control

Skyline Apartment REIT operates within a business structure that involves a number of existing and potential conflicts of interest. The Skyline Group of Companies and persons affiliated therewith play multiple roles in connection with Skyline Apartment REIT and its related parties. As a result, certain decisions affecting Skyline Apartment REIT may involve the consideration of interests other than, or in addition to, the interests of Unitholders.

In addition, the governance and strategic decision making of Skyline Apartment REIT is highly centralized.



## RISKS AND UNCERTAINTIES CONT.

In accordance with the DOT, the GP has the right to appoint trustees such that a majority of the trustees may be appointed by the GP. The trustees retain broad discretion with respect to the management and operation of Skyline Apartment REIT. Unitholders do not have the ability to direct or control the day-to-day operations of the Fund, and their ability to influence the affairs of Skyline Apartment REIT is limited to those matters requiring Unitholder approval under the DOT and applicable law.

While the DOT contains conflict of interest provisions intended to protect Unitholders, including disclosure requirements, abstention from voting by conflicted trustees and officers, and approval of certain matters by independent trustees, such safeguards do not eliminate all conflicts of interest.

There can be no assurance that conflicts of interest will be resolved in a manner that is favourable to all Unitholders, or that the exercise of discretion by the trustees or affiliated persons will not result in outcomes that differ from the expectations or preferences of individual Unitholders.

### Tax Related Risks

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

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

If Skyline Apartment REIT fails or ceases to qualify as a mutual fund trust for purposes of the Income Tax Act, the tax consequences would in some respects be materially and adversely different. Such adverse differences would include that if Skyline Apartment REIT did not qualify as a mutual fund trust throughout a taxation year, it would be subject to alternative minimum tax under section 127.5 of the Income Tax Act and tax under Part XII.2 of the *Income Tax Act* for such taxation year to the extent that its designated

income (which includes income from real property) is distributed to a designated beneficiary (which includes non-resident persons and certain tax-exempt persons).

If investments in Skyline Apartment REIT become listed or traded on a stock exchange or other public market, there can be no assurances that Skyline Apartment REIT will not be subject to the specified-investment flow-through rules ("SIFT Rules"). If this was to occur, the application of the SIFT Rules may reduce the amount of cash available for distribution to Unitholders and may adversely affect the after-tax return to certain investors on their REIT Units.

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

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

The loss-restriction event ("**LRE**") rules (as defined in the *Income Tax Act*) could potentially apply to Skyline Apartment REIT if a person (or group of persons) was to acquire more than 50% of the fair market value of the REIT Units, with the consequences of a deemed year-end for tax purposes prior to the LRE, subject to tax under part I of the *Income Tax Act* if net income and net realized capital gains are not distributed or made payable to Unitholders as required for Skyline Apartment REIT not to be liable for income taxes, and Skyline Apartment REIT will be restricted in its ability to use tax losses.



## RISKS AND UNCERTAINTIES CONT.

Skyline Apartment REIT may have due diligence and reporting obligations under the *U.S. Foreign Account Tax Compliance Act* and the OECD's Common Reporting Standard. Unitholders may be required to provide Skyline Apartment REIT and, if applicable, their foreign tax identification number, and Skyline Apartment REIT may be required to report the required information to the Canada Revenue Agency, who will provide that information to the U.S. Internal Revenue Service and the relevant foreign tax authority, as applicable

### **Dilution**

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

### **Restrictions on Potential Growth and Reliance on Credit Facilities**

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

### **Financing**

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

accordingly, changes in short-term borrowing will affect Skyline Apartment REIT's costs of borrowing.

### **Liquidity**

An investment in the Units is an illiquid investment. There is currently no market through which the Units may be sold, and redemptions are subject to restrictions imposed in the DOT and applicable securities regulation. The REIT 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, Unitholders may not be able to liquidate their investment in a timely manner.

### **Nature of REIT Units**

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

### **Redemptions**

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

### **Unexpected Costs or Liabilities Related to Acquisitions**

A risk associated with acquisitions is that there may be an undisclosed or unknown liability concerning the acquired property, and Skyline Apartment REIT may not be indemnified for some or all of these liabilities. Following an acquisition, Skyline Apartment REIT may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by the Operations Manager are designed to address this risk. The Operations Manager



## RISKS AND UNCERTAINTIES CONT.

performs what it believes to be an appropriate level of investigation in connection with the acquisition of properties by Skyline Apartment REIT and seeks through contract to ensure that risks lie with the appropriate party.

### Litigation Risks

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

### Cybersecurity Risk

The efficient operation of Skyline Apartment REIT's business is dependent on computer hardware and software systems. Information systems are vulnerable to cybersecurity incidents. A cybersecurity incident is considered to be any material adverse event that threatens the confidentiality, integrity or availability of Skyline Apartment REIT's information resources. A cybersecurity incident is an intentional attack or an unintentional event including, but not limited to, malicious software, attempts to gain unauthorized access to data or information systems, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Skyline Apartment REIT's primary

risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to its reputation, damage to its business relationships with tenants, the disclosure of confidential information including personally identifiable information, potential liability to third parties, loss of revenue, additional regulatory scrutiny and fines, as well as litigation and other costs and expenses. Skyline Apartment REIT has cybersecurity insurance in place to mitigate cybersecurity risk. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

### Geopolitical Risks

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

### Rental Income Risks

The short-term nature of residential tenant leases exposes Skyline Apartment REIT to the effects of a declining market rent, which could materially adversely affect Skyline Apartment REIT's results from operations and ability to make distributions to Unitholders. Most of Skyline Apartment REIT's residential tenant leases will be for a term of one year or less. Because Skyline Apartment REIT's residential tenant leases generally permit residents to leave at the end of their lease



## RISKS AND UNCERTAINTIES CONT.

term without any penalty, Skyline Apartment REIT's rental revenue may be materially adversely affected by declines in market rents more quickly than if such leases were for longer terms. Further, the operating costs of a suite or property may increase at a faster rate than the rental rate for such suite, which could negatively impact the financial condition of Skyline Apartment REIT.

### **No Guarantee that Investment will be Successful**

All investments in securities involve risk of the loss of all or part of the investor's original capital, including any investment in REIT Units. There is no guarantee that purchasers will not realize losses from an investment in REIT Units and there can be no assurance that Skyline Apartment REIT's objectives will be achieved. The purchaser may lose all of their investment. The success of Skyline Apartment REIT depends to a certain extent on the efforts and abilities of the management of Skyline Apartment REIT, and on external factors which are out of Skyline Apartment REIT's control. A return on investment for a purchaser of REIT Units depends upon the ability of the Operations Manager to pay distributions to Skyline Apartment REIT. As a result, there is no guarantee that Skyline Apartment REIT, and correspondingly, the Unitholders will earn a return on their investment.

### **No Independent Counsel for Unitholders**

Legal counsel that assisted in preparing the documentation in connection with the MD&A acted as legal counsel for the REIT. No independent counsel was retained on behalf of the Unitholders. There has been no review by independent counsel on behalf of the Unitholders of this MD&A, the DOT or any other documentation in relation to the MD&A. No due diligence has been conducted on behalf of Unitholders by counsel. Each prospective purchaser should consult his or her own legal, tax and financial advisors regarding the desirability of purchasing the Units and the suitability of investing in the REIT.

### **Acquisitions and Consolidation**

The success of the acquisition activities of Skyline Apartment REIT will be determined by numerous factors, including the ability of Skyline Apartment REIT to

identify suitable acquisition targets; to obtain adequate financing on reasonable terms, the level of competition for acquisition opportunities and the REIT's ability to obtain adequate purchase prices and terms; and, in turn, the ability to effectively integrate and operate the acquired properties and the financial performance of the properties after acquisition.

Acquired properties may not meet financial or operational expectations due to unexpected acquisition costs, as well as the general investment real estate investment risks inherent. Moreover, newly acquired properties may require significant management attention or capital expenditures that would otherwise be allocated to existing properties. Any failure by the REIT to identify suitable candidates for acquisition or operate the acquired properties effectively may have a material adverse effect on the business, results of operations and financial condition of the REIT.

Acquisition and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse effect on the business, results of operations and financial condition of the REIT. Representations and warranties given by such third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. In addition, transactions entered into with third parties to acquire or lease properties may not be completed. Failure to complete transactions after the REIT has entered into definitive agreements may result in significant expenses, which would materially adversely affect the business, results of operations and financial condition of the REIT.

### **Changes in Investment Strategy**

The REIT may change its investment strategies and restrictions, without prior approval of Unitholders, to adapt to changing circumstances and to help achieve the REIT's fundamental investment objectives; however, a change to the REIT's fundamental investment objectives itself requires prior Unitholder approval.



## RISKS AND UNCERTAINTIES CONT.

### Changes in Legislation

Skyline Apartment REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, construction, employment standards, environmental matters, taxes, and other matters. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting Skyline Apartment REIT (including with retroactive effect). Any changes in the laws to which Skyline Apartment REIT is subject could materially adversely affect Skyline Apartment REIT's rights and title to its assets or its ability to carry on its business in the ordinary course.

Skyline Apartment REIT may be affected by existing or future rent control legislation in certain jurisdictions, which restricts the right of landlords to increase rents charged to tenants. Consequently, the inability to adjust rents to address higher operating costs or to improve margins on certain properties may have an adverse effect on the returns available from such properties.

### Construction Costs and Builder Contract Risk

The real estate industry is significantly impacted by fluctuations in the costs of construction and servicing of land. Any material increase in construction and/or servicing costs may have a materially adverse effect on Skyline Apartment REIT and on the timing and costs of completion of any development projects undertaken. Skyline Apartment REIT attempts to mitigate this risk through the use of fixed price construction contracts for its development projects.

There can be no guarantee that Skyline Apartment REIT will find suitable builders on a timely basis or on terms that are advantageous to Skyline Apartment REIT, or that Skyline Apartment REIT will not be liable with respect to unpaid obligations to builders, contractors and tradespersons.

### Controls over Financial Reporting

Skyline Apartment REIT maintains information systems, procedures, and controls to ensure all information disclosed externally is as complete, reliable, and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Because of the inherent limitations in all control systems, including well-designed and operated systems, no control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

### Employee Errors or Misconduct

Notwithstanding the measures the REIT intends to take to deter and prevent employee error and misconduct, there remains a risk that such actions could occur. Employee misconduct may involve binding the REIT to transactions beyond authorized limits or present unacceptable risks, or concealing unauthorized or unsuccessful activities, potentially leading to unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory sanctions and serious



## RISKS AND UNCERTAINTIES CONT.

reputational harm. The REIT is also susceptible to loss as a result of employee error. It is not always possible to deter employee misconduct or prevent employee error and the precautions taken to prevent and detect this activity may not be effective in all cases, which could materially adversely affect the REIT.

### **Pandemic or Contagious Disease**

An outbreak of a contagious disease, including, but not limited to, COVID-19, SARS, H1N1 influenza virus, avian flu, or any other similar illness could result in a general or acute decline in economic activity in the regions that Skyline Apartment REIT operates in, a decrease in the willingness of the general population to travel, staff shortages, reduced tenant traffic, mobility restrictions and other quarantine measures, supply shortages, increased government regulation, and the quarantine or contamination of one or more of Skyline Apartment REIT's properties. Contagion in one of Skyline Apartment REIT's properties or a market in which the Skyline Apartment REIT operates could negatively impact such investment's occupancy, its reputation or the attractiveness of that market. All of these occurrences may have a material adverse effect on the business, financial condition and results of operations of Skyline Apartment REIT's investments.

### **Regulatory Approvals**

From time to time the development of properties will or may require re-zoning, subdivision or changes in land use, environmental and other approvals from provincial and local government agencies. The process of obtaining such approvals may take many months and there can be no assurance that the necessary approvals for the any development projects will be obtained. Holding costs accrue while regulatory approvals are being sought and delays can render real estate investments uneconomic at any given period.

### **REIT Units not Insured**

REIT Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not

insured under the provisions of that act or any other legislation. Furthermore, Skyline Apartment REIT is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

### **Risks Related to Insurance Renewals**

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for terrorism. Skyline Apartment REIT's current insurance policies expire annually and Skyline Apartment REIT may encounter difficulty in obtaining or renewing property or casualty insurance on its existing properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (for example, earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if Skyline Apartment REIT is able to renew its policies at levels and with limitations consistent with its current policies, Skyline Apartment REIT cannot be sure that it will be able to obtain such insurance at premium rates that are commercially reasonable. If Skyline Apartment REIT were unable to obtain adequate insurance on the existing properties for certain risks, it could cause Skyline Apartment REIT to be in default under specific covenants on certain of its indebtedness or other contractual commitments it has that require Skyline Apartment REIT to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur or if Skyline Apartment REIT were unable to obtain adequate insurance and the existing properties experience damage that would otherwise have been covered by insurance, it could adversely affect Skyline Apartment REIT's financial condition and the operations of the existing properties.

### **Utilities Risks**

The properties are exposed to fluctuating utility and energy costs such as electricity and natural gas (heating) prices.



## RISKS AND UNCERTAINTIES CONT.

### Disclosure of Personal Information

Unitholders' names and other specified information, including the number and aggregate value of the REIT Units owned: (a) will be disclosed to the relevant Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the investor consents to the disclosure of such information; (b) is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; (c) is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation; and (d) is disclosed to the Exempt Market Dealer.

### Potential Redemption Fees and Impact on Class F REIT Units and Class I REIT Units

Although Class F REIT Units and Class I REIT Units are not currently subject to early redemption fees, subject to the approval by Unitholders of the proposed

amendments to the DOT and the implementation of such amendments by the trustees, Class F REIT Units issued on or after July 1, 2026 and Class I REIT Units issued following such approval and implementation may become subject to locked-in periods and early redemption fees.

If such proposed amendments are approved and implemented, purchasers of Class F REIT Units and Class I REIT Units could experience reduced liquidity and, in the case of early redemption during an applicable locked-in period, may receive redemption proceeds that are reduced by an applicable early redemption fee calculated as a discount to the applicable redemption amount, which could materially affect the net amount ultimately realized by such purchasers, particularly where redemption timing does not align with an investor's liquidity needs.

There can be no assurance that the proposed amendments to the DOT will be approved or implemented. However, if approved and implemented, such amendments could result in differences in net realized value among classes of REIT Units.

Talisman Gate Apartments, 110 & 120  
Preston Wy., Gravenhurst, ON



## SUBSEQUENT EVENTS

Subsequent to year end, the following investment activity occurred:

Subsequent to year end, Skyline Apartment REIT sold one property in Windsor, Ontario for proceeds of \$5.5 million. The aggregated gain on this disposition is \$1.7 million from which \$423 is expected to be paid the GP, Skyline Incorporated.

Subsequent to December 31, 2025, Skyline disposed of four properties comprising 34 residential suites in Ontario and 678 residential suites in New Brunswick. Skyline also acquired two properties comprising 150 residential units in Ontario and 164 residential units in Quebec.

REIT Unitholders - Investment Activity Class A (\$ thousands, except where noted)	Number of Units	Amount (\$)
<b>Class A Units outstanding, January 1, 2026</b>	<b>66,715,002</b>	<b>\$904,865</b>
Proceeds from REIT Units issued	246,497	5,917
Exchange of LP Units	3,729	110
Units issued through DRIP	342,615	10,107
Units converted to Class F Units	(542,623)	(8,227)
Redemptions - REIT Units	(2,115,529)	(63,588)
Redemptions - REIT Units (exchanged LP Units)	(3,729)	(110)
<b>REIT Units outstanding, April 30, 2026</b>	<b>64,645,962</b>	<b>\$849,074</b>
<b>Weighted average Class A Units outstanding</b>	<b>66,356,868</b>	-



## SUBSEQUENT EVENTS CONT.

REIT Unitholders - Investment Activity Class F (\$ thousands, except where noted)	Number of Units	Amount (\$)
<b>Class F Units outstanding, January 1, 2026</b>	<b>5,427,067</b>	<b>\$125,398</b>
Proceeds from REIT Units issued	77,772	2,294
Units issued through DRIP	27,921	824
Units converted from Class A Units	542,623	8,227
Redemptions - REIT Units	(1,140,815)	(33,654)
<b>REIT Units outstanding, April 30, 2026</b>	<b>4,934,568</b>	<b>\$103,089</b>
<b>Weighted average Class F Units outstanding</b>	<b>5,439,841</b>	<b>-</b>

LP Unitholders - Investment Activity (\$ thousands, except where noted)	Number of Units	Amount (\$)
<b>LP Units outstanding, January 1, 2026</b>	<b>7,135,126</b>	<b>\$210,486</b>
Proceeds from LP Units issued	-	-
Units issued through DRIP	-	-
Redemptions - LP Units (exchanged to REIT Units)	(3,729)	(110)
Change in fair value	-	-
<b>LP Units outstanding, April 30, 2026</b>	<b>7,131,397</b>	<b>\$210,376</b>
<b>Weighted average LP Units outstanding</b>	<b>7,134,730</b>	<b>-</b>



Carrington View, 2200, 2210,  
2220 Majoros Rd., W. Kelowna, BC



**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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To the Unitholders of: Skyline Apartment Real Estate Investment Trust

### **Opinion**

We have audited the accompanying consolidated financial statements of Skyline Apartment Real Estate Investment Trust, which comprise the consolidated statement of financial position as at December 31, 2025 and December 31, 2024 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 Apartment Real Estate Investment Trust as at December 31, 2025 and December 31, 2024 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 Apartment Real Estate Investment Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skyline Apartment Real Estate Investment Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Skyline Apartment Real Estate Investment Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Skyline Apartment Real Estate Investment Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Guelph, Ontario  
March 18, 2026



Chartered Professional Accountants  
Licensed Public Accountants

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

(in thousands of Canadian dollars)

	2025	2024
<b>ASSETS</b>		
Investment properties (note 6)	\$ 5,212,515	\$ 5,033,583
Assets held for sale (note 7)	5,161	23,757
Property, plant and equipment (note 9)	6,682	6,585
Inventories (note 3 (h))	2,666	2,686
Other assets (note 10)	28,090	26,649
Accounts receivable (note 15)	8,763	15,823
Cash	<u>14,840</u>	<u>60,704</u>
	<u>\$ 5,278,717</u>	<u>\$ 5,169,787</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Mortgages payable (notes 11, 15)	\$ 2,973,966	\$ 2,749,902
Limited partnership units (notes 15, 18)	210,486	212,154
Due to related party (notes 12, 15)	21,800	7,997
Liabilities related to assets held for sale (note 7)	3,058	7,080
Tenant deposits	27,289	25,739
Accounts payable and accrued liabilities (note 15)	34,563	37,441
Revolving credit facilities (note 15)	<u>120,000</u>	<u>180,000</u>
	<u>3,391,162</u>	<u>3,220,313</u>
Unitholders' equity (page 6)	<u>1,887,555</u>	<u>1,949,474</u>
	<u>\$ 5,278,717</u>	<u>\$ 5,169,787</u>
_____ Trustee		_____ Trustee

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(in thousands of Canadian dollars)

	<b>2025</b>	<b>2024</b>
<b>OPENING BALANCE</b>	\$ 1,949,474	\$ 2,006,688
Proceeds from units issued (note 17)	107,423	76,234
Units issued through distribution reinvestment plan (note 17)	44,933	35,602
Exchange of Class C and D limited partnership units (note 17)	1,668	100
Income and comprehensive income for the year (page 7)	7,556	33,664
Issuance costs	(1,789)	(1,330)
Redemptions (note 17)	(133,422)	(122,641)
Distributions paid	<u>(88,288)</u>	<u>(78,843)</u>
<b>CLOSING BALANCE</b>	<u>\$ 1,887,555</u>	<u>\$ 1,949,474</u>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(in thousands of Canadian dollars)

	<b>2025</b>	<b>2024</b>
<b>PROPERTY REVENUES</b>		
Residential rent	\$ 376,630	\$ 373,467
Commercial rent	6,777	5,981
Condominium sales	0	380
	<u>383,407</u>	<u>379,828</u>
<b>DIRECT PROPERTY EXPENSES</b>		
Property taxes	44,077	43,571
Other direct property costs	84,039	86,700
Utilities	33,319	31,781
Condominium cost of sales	0	202
	<u>161,435</u>	<u>162,254</u>
<b>NET PROPERTY INCOME</b>	<u>221,972</u>	<u>217,574</u>
<b>OTHER EXPENSES</b>		
Financing costs (note 13)		
Interest paid on debt	116,510	112,899
Distributions on partnership units	61,675	47,925
Administrative expenses	7,993	8,494
Asset management fees (note 12)	115	0
Wealth management fees (note 12)	7,759	7,429
Amortization	619	779
	<u>194,671</u>	<u>177,526</u>
<b>INCOME BEFORE THE UNDERNOTED</b>	<u>27,301</u>	<u>40,048</u>
Fair value loss	(30,393)	(11,323)
Fair value gain on disposed investment properties	10,648	17,527
Fair value loss on limited partnership units	0	(12,588)
	<u>(19,745)</u>	<u>(6,384)</u>
<b>INCOME AND COMPREHENSIVE INCOME for the year</b>	<u>\$ 7,556</u>	<u>\$ 33,664</u>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**  
(in thousands of Canadian dollars)

	2025	2024
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Income and comprehensive income for the year	\$ 7,556	\$ 33,664
Items not requiring an outlay of cash:		
Amortization	619	779
Amortization of financing costs (note 13)	8,629	8,092
Financing costs in operations (note 13)	168,978	152,192
Fair value loss	30,393	11,323
Fair value gain on disposed investment properties	(10,648)	(17,527)
Fair value loss on limited partnership units	0	12,588
Accumulated amortization on previous owner-occupied property (note 9)	<u>0</u>	<u>(685)</u>
	205,527	200,426
Changes in non-cash working capital:		
Inventories	20	202
Other assets	(1,195)	(6,937)
Accounts receivable	7,440	(1,122)
Tenant deposits	1,371	931
Accounts payable and accrued liabilities	<u>(3,125)</u>	<u>5,656</u>
	<u>210,038</u>	<u>199,156</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Net advances of (repayments to) amounts due to related parties (note 12)	13,803	(13,775)
Mortgages payable (net repayments and advances) (note 11)	338,736	204,858
Mortgages discharged due to disposal of investment properties (notes 6, 11)	(126,897)	(115,285)
Interest paid on mortgages payable (note 13)	(99,195)	(91,885)
Distributions paid on partnership units (notes 12, 13, 18)	(61,675)	(47,925)
Net revolving credit facility (repayment) proceeds (note 15)	(60,000)	60,000
Interest paid on revolving credit facility (notes 13, 15)	(8,108)	(12,382)
Proceeds from units issued (page 6)	107,423	76,234
Issuance costs (page 6)	(1,789)	(1,330)
Redemption of units (page 6)	(133,422)	(122,641)
Distributions paid (net of distribution reinvestment plan)	<u>(43,355)</u>	<u>(43,241)</u>
	<u>(74,479)</u>	<u>(107,372)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Additions to investment properties (note 6)	(423,686)	(283,343)
Proceeds on disposition of investment properties (note 6)	219,859	223,622
Proceeds on disposition of investment properties held for sale (note 6)	23,120	8,100
Additions to property, plant and equipment	<u>(716)</u>	<u>(313)</u>
	<u>(181,423)</u>	<u>(51,934)</u>
<b>(DECREASE) INCREASE IN CASH for the year</b>	(45,864)	39,850
<b>CASH, beginning of year</b>	<u>60,704</u>	<u>20,854</u>
<b>CASH, end of year</b>	<u>\$ 14,840</u>	<u>\$ 60,704</u>

See notes to the consolidated financial statements

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
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**1. NATURE OF BUSINESS**

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

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

As of December 31, 2025, RELP owned two hundred and thirty-one (2024 - two hundred and thirty-three) multi-residential investment properties and two (2024 - two) commercial investment properties, all of which are located in Canada.

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

**2. BASIS OF PRESENTATION**

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements of Skyline Apt. REIT for the year ended December 31, 2025 (including comparatives) are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the years presented, unless otherwise noted.

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

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

The consolidated financial statements for the year ended December 31, 2025 (including comparatives) were approved for issue by the Board of Trustees on March 18, 2026.

(b) BASIS OF MEASUREMENT

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

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**2. BASIS OF PRESENTATION** (continued)

(c) **FUNCTIONAL CURRENCY AND PRESENTATION**

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

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

(d) **USE OF ESTIMATES**

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

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

**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with IFRS and include the following material accounting policies (and any changes thereto):

**Material accounting policies**

(a) **INVESTMENT PROPERTIES**

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

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

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

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(a) INVESTMENT PROPERTIES (continued)

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

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

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

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

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

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(a) INVESTMENT PROPERTIES (continued)

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

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

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

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

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

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

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

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

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

**(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. In accordance with IAS 40, investment properties held for sale are measured at fair value.

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

**(c) REVENUE RECOGNITION**

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

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

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

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(d) FINANCIAL INSTRUMENTS

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

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

Financial Assets

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

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

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

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

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(d) FINANCIAL INSTRUMENTS (continued)

Financial Liabilities

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

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

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

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

(e) INCOME TAXES

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

(f) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(g) JOINT OPERATIONS

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

(h) INVENTORIES

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

(i) DISTRIBUTION REINVESTMENT PLAN (DRIP)

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

(j) FAIR VALUE MEASUREMENT

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

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**3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

(j) FAIR VALUE MEASUREMENT (continued)

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

Level 1 inputs

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

Level 2 inputs

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

Level 3 inputs

Unobservable inputs for the asset or liability.

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

(k) PROVISIONS

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

**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

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

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

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**4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**

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

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

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

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

**5. PRINCIPLES OF CONSOLIDATION**

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

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

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

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**6. INVESTMENT PROPERTIES**

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

	<b>2025</b>	<b>2024</b>
Balance at beginning of the year	\$ 5,033,583	\$ 4,991,814
Acquisitions through purchase of investment properties	238,793	88,172
Additions through capital expenditure on existing investment properties	184,893	195,171
Disposals through sale of investment properties	(219,859)	(223,622)
Assets held for sale (note 7)	(5,150)	(23,120)
Fair value (loss) gain on investment properties and disposed properties	(19,745)	6,204
Change in owner-occupied property	<u>0</u>	<u>(1,036)</u>
Balance at end of the year	<u>\$ 5,212,515</u>	<u>\$ 5,033,583</u>

Included in investment properties are properties under development with a balance at December 31, 2025 of \$117,675 (2024 - \$89,679).

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

	<b>2025</b>	<b>2024</b>
Cost	\$ 4,143,144	\$ 3,924,273
Cumulative fair value adjustment	<u>1,069,371</u>	<u>1,109,310</u>
Fair value	<u>\$ 5,212,515</u>	<u>\$ 5,033,583</u>

**Asset acquisitions:**

During the year ended December 31, 2025, Skyline Apt. REIT acquired nine investment properties (2024 - two) through purchase of assets. The results of these acquisitions are included in these consolidated financial statements from the date of acquisition. The following table outlines the cost, which includes the transaction costs of the assets acquired and the associated liabilities entered into as a result of these acquisitions:

	<b>2025</b>	<b>2024</b>
Acquisition cost of investment properties	\$ 238,793	\$ 88,172
Mortgages payable	<u>(165,263)</u>	<u>(65,575)</u>
Total identifiable net assets settled by cash	<u>\$ 73,530</u>	<u>\$ 22,597</u>

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**6. INVESTMENT PROPERTIES (continued)**

**Asset dispositions:**

During the year ended December 31, 2025, Skyline Apt. REIT disposed of eleven (2024 - ten) investment properties. The following table outlines the mortgages discharged due to the sale of investment properties:

	<b>2025</b>	<b>2024</b>
Mortgages	126,897	115,285

**Future rental income:**

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

	<b>2025</b>	<b>2024</b>
Less than one year	\$ 360,252	\$ 344,225
Between one and three years	5,279	6,671
More than three years	<u>466</u>	<u>791</u>
	<u>\$ 365,997</u>	<u>\$ 351,687</u>

**Fair value disclosure:**

Skyline Apt. REIT uses an income approach to perform internal valuation calculations for the purposes of determining the fair market value of investment properties. The same approach is used for those properties with independent third party appraisals. Significant assumptions used for the valuation of the properties include the capitalization rate and the revenue and expenses for each property. As at December 31, 2025, all of Skyline Apt REIT's investment properties were measured using Level 3 inputs. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2025 and December 31, 2024.

Skyline Apt. REIT categorizes its investment properties by region, and each region has a different range of capitalization rates, depending on the specific risk factors for each property in that region. The weighted average capitalization rates for commercial properties is 6.15% (2024 - 6.08%) and for residential properties is 5.00% (2024 - 5.01%). The overall weighted average capitalization rates for Skyline Apt. REIT's investment properties is 5.01% (2024 - 5.02%).

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**6. INVESTMENT PROPERTIES (continued)**

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

	<b>Residential</b>		<b>Commercial</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Minimum	4.23%	4.10%	6.15%	6.08%
Maximum	6.50%	6.50%	6.15%	6.08%

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

In 2025, Skyline Apt. REIT valued \$1,890,607 of its investment properties internally (2024 - \$2,233,036). The remainder of the investment property fair value was obtained through third party appraisals (including properties held for sale), not including those properties acquired during the year. In the year, this amounted to \$3,079,880 (2024 - \$2,732,700). In 2025, 41.0% (2024 - 44.2%) of the cost base of the investment properties was valued internally and 59.0% (2024 - 55.8%) was valued externally. The acquisitions during 2025 were valued at \$247,178 (2024 - \$90,967). Actual results may differ from these estimates and may be subject to material adjustment within the next fiscal year.

**Fair value sensitivity:**

Skyline Apt. REIT's investment properties are classified as Level 3 under the fair value hierarchy, as the inputs in the valuations of these investment properties are not based on observable market data. The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at December 31, 2025:

**As of December 31, 2025**

Capitalization Rate Sensitivity Increase (Decrease)	Overall Capitalization Rate	Fair Value of Investment Properties	Fair Value Variance	% Change
(1.00)%	4.01%	\$ 6,512,394	\$ 1,299,879	24.94%
December 31, 2025	5.01%	\$ 5,212,515	\$ 0	0.00%
1.00%	6.01%	\$ 4,345,208	\$ (867,307)	(16.64)%

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**7. ASSETS HELD FOR SALE**

As at December 31, 2025, there was one property held for sale (2024 - two properties held for sale). The assets and liabilities associated with investment properties held for sale as at December 31 are as follows:

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Investment properties	\$ 5,150	\$ 23,120
Other assets	8	254
Accounts receivable	<u>3</u>	<u>383</u>
	<u>5,161</u>	<u>23,757</u>
<b>LIABILITIES</b>		
Mortgages payable	2,997	6,593
Tenant deposits	40	219
Accounts payable and accrued liabilities	<u>21</u>	<u>268</u>
	<u>3,058</u>	<u>7,080</u>
<b>NET ASSETS HELD FOR SALE</b>	<u>\$ 2,103</u>	<u>\$ 16,677</u>

**8. JOINT OPERATIONS**

Skyline Apt. REIT's interests in co-owned investment properties are accounted for based on Skyline Apt. REIT's share of interest in the assets, liabilities, revenues and expenses of the investment properties. During 2025, Skyline Apt. REIT was in a co-ownership agreement with Upper Montney Limited Partnership where Skyline Apt. REIT has a 50% ownership interest (2024 - 50%) in an investment property in Dawson Creek, British Columbia. As of December 31, 2025, this investment property was sold.

**9. PROPERTY, PLANT AND EQUIPMENT**

<b>December 31, 2025</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Carrying Amount</b>
Computer equipment	\$ 4,435	\$ 4,070	\$ 365
Equipment	717	514	203
Owner-occupied property by RELP - building	5,655	411	5,244
Owner-occupied property by RELP - land	<u>870</u>	<u>0</u>	<u>870</u>
	<u>\$ 11,677</u>	<u>\$ 4,995</u>	<u>\$ 6,682</u>
<b>December 31, 2024</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Carrying Amount</b>
Computer equipment	\$ 4,297	\$ 3,728	\$ 569
Equipment	648	473	175
Owner-occupied property by RELP - building	5,173	202	4,971
Owner-occupied property by RELP - land	<u>870</u>	<u>0</u>	<u>870</u>
	<u>\$ 10,988</u>	<u>\$ 4,403</u>	<u>\$ 6,585</u>

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**10. OTHER ASSETS**

The components of other assets are as follows:

	<b>2025</b>	<b>2024</b>
Lender holdback	\$ 30	\$ 30
Note receivable	26	28
Mortgage receivable	7,000	14,000
Prepaid expenses	9,167	2,131
Deposits on investment properties	<u>11,867</u>	<u>10,460</u>
	<u>\$ 28,090</u>	<u>\$ 26,649</u>

The note receivable of \$26 (2024 - \$28) bears interest at a fixed rate of 6% per annum and matures in 2031.

The mortgage receivable balance is comprised of one mortgage receivable (2024 - two mortgages receivable). One mortgage receivable was repaid in the year. The second mortgage receivable of \$7,000 (2024 - \$7,000) bears interest at a fixed rate of 7.5% per annum. Interest only is receivable monthly. Principal is due December 2026. The mortgage receivable is secured by a general assignment of rents and leases, environmental indemnity and a security agreement.

**11. MORTGAGES PAYABLE**

The mortgages payable are secured by investment properties and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 3.39% (2024 - 3.30%) are \$2,833,954 (2024 - \$2,635,584). Mortgages bearing variable interest rates with an average variable rate of 4.52% (2024 - 5.83%) are \$143,009 (2024 - \$120,909). Included in mortgages payable are second mortgages of \$94,811 (2024 - \$40,226), which bear fixed interest rates. Also included in mortgages payable are interest rate swap agreements of \$29,850 (2024 - \$45,950), which bear fixed interest rates, construction credit facilities of \$49,787 (2024 - \$74,959) which bear variable interest rates, and a vendor takeback loan of \$0 (2024 - \$15,000) which bears a fixed interest rate. See note 15. Mortgages have maturity dates ranging between 2026 and 2034. All mortgages are denominated in Canadian dollars.

Future minimum principal payments on mortgages payable are as follows:

	2026	\$ 212,827
	2027	413,686
	2028	638,092
	2029	580,824
	2030	722,512
	Thereafter	<u>409,022</u>
		2,976,963
Less: Mortgages related to assets held for sale:		<u>(2,997)</u>
		<u>\$ 2,973,966</u>

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**11. MORTGAGES PAYABLE (continued)**

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

	<b>2025</b>	<b>2024</b>
Mortgages payable, beginning of year	\$ 2,749,902	\$ 2,658,778
Proceeds from new mortgages	694,533	657,359
Repayment of existing mortgages	(458,022)	(547,628)
Transaction costs related to mortgages	(24,672)	(20,158)
Total changes from financing cash flows	<u>211,839</u>	<u>89,573</u>
Change in mortgages payable on assets held for sale	3,596	(6,541)
Amortization of financing costs	8,629	8,092
Financing costs included in operations	99,195	91,998
Interest paid	(99,195)	(91,998)
Total liability-related changes	<u>12,225</u>	<u>1,551</u>
Mortgages payable, end of year	<u>\$ 2,973,966</u>	<u>\$ 2,749,902</u>

**12. RELATED PARTY TRANSACTIONS**

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

Distributions to partners

Skyline Incorporated is the general partner ("GP") of RELP and is entitled to distributions under the limited partnership agreement which commences once the equivalent of the total investors' equity has been effectively distributed on a property by property basis. Once triggered, any future income from operations for the specific property is shared at a ratio of 20% to the general partner and 80% to the LP. In addition, on any disposition, the general partner is entitled to 20% of the equity growth on the property net of any outstanding amounts owing to investors. A provision for the future distributions payable to Skyline Incorporated has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at December 31, 2025, a distribution would be payable if the investment properties were sold. At December 31, 2025, there were distributions payable of \$21,800 (2024 - \$7,997) which is included in due to related parties.

Distributions paid

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

	<b>2025</b>	<b>2024</b>
Skyline Management Inc. (limited partner)	\$ 3,048	\$ 2,756
Skyline Apartment Asset Management Inc. (limited partner)	5,097	4,608
Skyline Incorporated (GP)	<u>52,878</u>	<u>39,939</u>
	<u>\$ 61,023</u>	<u>\$ 47,303</u>

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**12. RELATED PARTY TRANSACTIONS (continued)**

Services of the Asset Manager

Skyline Apt. REIT made a one time payment of \$115 to Skyline Asset Management Inc. for shared asset management services in 2025 (2024 - \$0) in connection with the termination of the asset management agreement.

Services of the Exempt Market Dealer

Skyline Apt. REIT has an exempt market dealer agreement with Skyline Wealth Management Inc. (the "Exempt Market Dealer"). Fees payable under the exempt market dealer agreement include wealth management fees of 0.3% of unitholders equity, and equity raise fees ranging from 0.5% to 1.5% of proceeds from units issued during the year. For the year ended December 31, 2025, Skyline Apt. REIT paid to the Exempt Market Dealer \$7,759 in wealth management fees (2024 - \$7,429), and \$1,783 in equity raise fees (2024 - \$1,261).

Services of the Mortgage Underwriting Manager

Skyline Apt. REIT has an arrangement with Skyline Mortgage Finance Inc. (the "Underwriting Manager"), wherein the Underwriting Manager assists Skyline Apt. REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Apt. REIT pays the Underwriting Manager \$5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 35 bps on mortgage principal for all other mortgages. For the year ended December 31, 2025, Skyline Apt. REIT paid to the Underwriting Manager \$2,217 in mortgage underwriting fees (2024 - \$2,366).

Legal Services Manager

Skyline Apt. REIT had an arrangement with Skyline Private Investment Capital Inc. (the "Legal Services Manager"), wherein the Legal Services Manager provides advice to Skyline Apt. REIT on the use of external legal counsel, and manages external legal counsel on behalf of Skyline Apt. REIT (the "Legal Services Arrangement"), the costs for which are approved annually by Skyline Apartment REIT's independent Trustees. For the year ended December 31, 2025, Skyline Apt. REIT paid to the Legal Services Manager \$3,424 in legal services (2024 - \$2,746).

Services of the Solar Asset Manager

Skyline Apt. REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the "Solar Asset Manager"). The solar asset management fees payable under the arrangement are equal to \$20 (not in thousands of Canadian dollars) per kilowatt of direct current per annum for each solar system managed by the Solar Asset Manager. For the year ended December 31, 2025, Skyline Apt. REIT paid to the Solar Asset Manager \$48 in solar asset management fees (2024 - \$49).

Services of the CAPEX Provider

Skyline Apt. REIT has an arrangement with Skyline Capital Projects Management Inc (the "CAPEX Provider"), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi-year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Apartment REIT's independent Trustees. For the year ended December 31, 2025, Skyline Apt. REIT paid to the CAPEX Provider \$669 in CAPEX management fees (2024 - \$588).

Services of the Development Manager

Skyline Apt. REIT has an arrangement with Skydevco Inc (the "Development Manager"), who provides development consulting services to Skyline Apt. REIT, the costs for which are approved from time to time by Skyline Apt. REIT's independent Trustees. For the year ended December 31, 2025, Skyline Apt. REIT paid to the Development Manager \$4,188 in development service fees (2024 - \$2,686).

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**12. RELATED PARTY TRANSACTIONS (continued)**

Services of the Administration Manager

Skyline Apt. REIT has an arrangement with Skyline Enterprises Management Inc. (the "Administration Manager"), who provides administrative services and environmental, social, and governance ("ESG") management to Skyline Apt. REIT, the costs for which are approved annually by Skyline Apartment REIT's independent Trustees. For the year ended December 31, 2025, Skyline Apt. REIT paid to the Administration Manager \$409 in administration fees (2024 - \$525) and \$298 in ESG management fees (2024 - \$261).

Due to related party

Amount due to related party is unsecured, non-interest bearing and has no set terms of repayment. The balance consists of the following:

	<b>2025</b>	<b>2024</b>
Skyline Incorporated	<u>\$ 21,800</u>	<u>\$ 7,997</u>

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

Class E, F, G, H, I, J and K LP Units

Skyline Management Inc. ("SMI") holds 633,073 (2024 - 633,073) Class F limited partnership units which have a market value of \$18,676 at December 31, 2025 (2024 - \$18,676), 633,073 (2024 - 633,073) Class G limited partnership units which have a market value of \$18,676 at December 31, 2025 (2024 - \$18,676), 633,073 (2024 - 633,073) Class H limited partnership units which have a market value of \$18,676 at December 31, 2025 (2024 - \$18,676), 221,024 (2024 - 211,024) Class I limited partnership units which have a market value of \$6,225 at December 31, 2025 (2024 - \$6,225) and 372,396 (2024 - 372,396) Class J limited partnership units which have a market value of \$10,986 at December 31, 2025 (2024 - \$10,986). SMI is controlled by Skyline Incorporated.

Skyline Apartment Asset Management Inc. ("SAAMI") holds 1,022,201 (2024 - 1,022,201) Class F limited partnership units which have a market value of \$30,155 at December 31, 2025 (2024 - \$30,155), 1,022,201 (2024 - 1,022,201) Class G limited partnership units which have a market value of \$30,155 at December 31, 2025 (2024 - \$30,155), 1,022,201 (2024 - 1,022,201) Class H limited partnership units which have a market value of \$30,155 at December 31, 2025 (2024 - \$30,155), 340,659 (2024 - 340,659) Class I limited partnership units which have a market value of \$10,049 at December 31, 2025 (2024 - \$10,049), 403,022 (2024 - 403,022) Class J limited partnership units which have a market value of \$11,889 at December 31, 2025 (2024 - \$11,889), and 340,659 (2024 - 340,659) Class K limited partnership units which have a market value of \$10,049 at December 31, 2025 (2024 - \$10,049). SAAMI is required to hold 90% of the exchangeable units (or REIT upon exchange) until January 2028, subject to limited exceptions. SAAMI is controlled by Skyline Incorporated.

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**13. FINANCING COSTS**

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

	<b>2025</b>	<b>2024</b>
Mortgage interest	\$ 99,195	\$ 91,885
Deferred financing costs	8,629	8,092
Interest expense on revolving credit facility	8,108	12,382
Distribution paid on LP Units	8,797	7,986
Distribution paid to GP on the sale of investment properties	14,173	19,381
Distribution paid to GP	38,705	20,558
Interest on tenant deposits	<u>578</u>	<u>540</u>
	<u>\$ 178,185</u>	<u>\$ 160,824</u>

**14. FAIR VALUE MEASUREMENT**

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

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

<b>As at</b>	<b>December 31, 2025</b>			<b>December 31, 2024</b>		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investment properties	\$ 0	\$ 0	\$ 5,212,515	\$ 0	\$ 0	\$ 5,033,583
Assets held for sale	<u>0</u>	<u>0</u>	<u>5,150</u>	<u>0</u>	<u>0</u>	<u>23,120</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,217,665</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,056,703</u>
<b>Liabilities</b>						
Mortgages payable	\$ 0	\$ 2,909,358	\$ 0	\$ 0	\$ 2,822,162	\$ 0
Limited partnership units	<u>0</u>	<u>0</u>	<u>210,486</u>	<u>0</u>	<u>0</u>	<u>212,154</u>
	<u>\$ 0</u>	<u>\$ 2,909,358</u>	<u>\$ 210,486</u>	<u>\$ 0</u>	<u>\$ 2,822,162</u>	<u>\$ 212,154</u>

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For investment properties and liabilities measured at fair value as at December 31, 2025 and December 31, 2024, there were no transfers between Level 1, Level 2 and Level 3 assets.

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**14. FAIR VALUE MEASUREMENT (continued)**

Financial assets and liabilities carried at amortized cost

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

The fair value of the mortgages and notes receivable have been determined by discounting the cash flows of these financial assets using year end market rates for debt of similar terms and credit risks. The fair values of the mortgages and notes receivable approximate their carrying amounts.

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

**15. FINANCIAL RISK MANAGEMENT**

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

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

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

i) Market risk

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

a. Interest rate risk

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

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

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**15. FINANCIAL RISK MANAGEMENT (continued)**

i) Market risk (continued)

a. Interest rate risk (continued)

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

**December 31, 2025**

	Carrying Amount	Income -1%	Unitholders' Equity -1%	Income +1%	Unitholders' Equity +1%
Revolving credit facilities	\$ 120,000	\$ 1,200	\$ 1,200	\$ (1,200)	\$ (1,200)
Mortgages payable, maturing within one year	<u>175,082</u>	<u>1,751</u>	<u>1,751</u>	<u>(1,751)</u>	<u>(1,751)</u>
	<u>\$ 295,082</u>	<u>\$ 2,951</u>	<u>\$ 2,951</u>	<u>\$ (2,951)</u>	<u>\$ (2,951)</u>

**December 31, 2024**

	Carrying Amount	Income -1%	Unitholders' Equity -1%	Income +1%	Unitholders' Equity +1%
Revolving credit facilities	\$ 180,000	\$ 1,800	\$ 1,800	\$ (1,800)	\$ (1,800)
Mortgages payable, maturing within one year	<u>339,296</u>	<u>3,393</u>	<u>3,393</u>	<u>(3,393)</u>	<u>(3,393)</u>
	<u>\$ 519,296</u>	<u>\$ 5,193</u>	<u>\$ 5,193</u>	<u>\$ (5,193)</u>	<u>\$ (5,193)</u>

b. Price risk

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

c. Foreign exchange risk

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

ii) Credit risk

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

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

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**15. FINANCIAL RISK MANAGEMENT (continued)**

ii) Credit risk (continued)

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

	<b>2025</b>	<b>2024</b>
Allowance for doubtful accounts beginning of year	\$ 1,432	\$ 1,609
Reversal of provision for impairment	<u>(65)</u>	<u>(177)</u>
Allowance for doubtful accounts end of year	<u>\$ 1,367</u>	<u>\$ 1,432</u>

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

iii) Liquidity risk

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

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

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

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

- a. Operating line of credit of \$25,000 (2024 - \$25,000) available for use to finance the ongoing working capital requirements of the combined group, which is maintained by Skyline Apt. REIT. Under the financing agreement, the combined group of RELP and Skyline Apt. REIT are required to maintain a debt service ratio of 1.20 or higher, a funds from operations effective pay-out ratio not exceeding 100%, an interest coverage ratio of at least 2.00 or higher, and a total debt to unitholders' equity ratio no greater than 2.00. At December 31, 2025, the total drawn on the operating line of credit by Skyline Apt. REIT was \$0 (2024 - \$0). The operating line of credit bears interest at prime plus 1.25%.

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**15. FINANCIAL RISK MANAGEMENT (continued)**

iii) Liquidity risk (continued)

- b. Revolving credit facility of \$180,000 (2024 - \$180,000) and swingline facility of \$10,000 (2024 - \$10,000) available for use to finance the ongoing working capital requirements of the combined group, which is maintained by Skyline Apt. REIT. Under the financing agreement, the combined group of RELP and Skyline Apt. REIT are required to maintain a debt service ratio of 1.20 or higher, a total debt to gross book value ratio not exceeding 65%, and a mortgage-ability debt service coverage ratio of 1.20 or higher. At December 31, 2025, the total drawn on the revolving credit facility by Skyline Apt. REIT was \$120,000 (2024 - \$180,000). The revolving credit facility bears interest at prime plus 1.35% or, at the option of the borrower, a fixed rate equal to the adjusted term CORRA rate plus 2.35%.
- c. Construction credit facility of \$0 (2024 - \$32,225) to assist with the financing of the servicing, construction and related soft costs for the 53 and 57 Riverview Drive development project and a letter of credit facility of \$0 (2024 - \$3,000) available for use to finance the municipal and sundry requirements for the 53 and 57 Riverview Drive development project. The facilities bear interest at prime plus 0.5%. At December 31, 2025, the total drawn on the non-revolving credit facility is \$0 (2024 - \$30,851) and the total drawn on the letter of credit facility is \$0 (2024 - \$0).
- d. Construction credit facility of \$0 (2024 - \$38,221) to assist with the financing of the servicing, construction and related soft costs for the 220 & 224 Mitton Street North and 205 Mackenzie Street development project. The non-revolving credit facility bears interest at the prime rate. At December 31, 2025, the total drawn on the non-revolving credit facility is \$0 (2024 - \$20,473).
- e. Construction credit facility of \$0 (2024 - \$22,227) to assist with the financing of the servicing, construction and related soft costs for the 125 South Carriage Road development project. The non-revolving credit facility bears interest at the prime rate. At December 31, 2025, the total drawn on the non-revolving credit facility is \$0 (2024 - \$11,355).

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**15. FINANCIAL RISK MANAGEMENT (continued)**

iii) Liquidity risk (continued)

- f. Construction credit facility of \$79,909 (2024 - \$79,909) to assist with the financing of the servicing, construction and related soft costs for the 1, 17, & 33 Prince of Wales Drive development project. The non-revolving credit facility bears interest at the Cost of Funds Rate plus 1.65%. At December 31, 2025, the total drawn on the non-revolving credit facility is \$49,787 (2024 - \$12,280).

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

	<b>2025</b>	<b>2024</b>
Revolving credit facilities, beginning of year	\$ 180,000	\$ 120,000
Net (repayments to) proceeds from revolving credit facility	<u>(60,000)</u>	<u>60,000</u>
	<u>120,000</u>	<u>180,000</u>
Financing costs included in operations (note 13)	8,108	12,382
Interest paid (note 13)	<u>(8,108)</u>	<u>(12,382)</u>
Total liability-related changes	<u>0</u>	<u>0</u>
Revolving credit facilities, end of year	<u>\$ 120,000</u>	<u>\$ 180,000</u>

Skyline Apt. REIT's long term debt consists of first mortgages payable bearing interest rates ranging from 1.7% to 5.4% per annum, payable in monthly instalments of principal and interest of approximately \$11,788 (2024 - 1.6% to 5.5%, instalments of \$10,940), maturing from 2026 to 2034 and are secured by specific charges against specific investment properties.

Skyline Apt. REIT's long term debt also includes second mortgages payable bearing interest at rates ranging from 2.8% to 5.1%, payable in monthly instalments of principal and interest of approximately \$467 (2024 - 1.6% to 7.0%, instalments of \$224), maturing from 2027 to 2034, and are secured by specific charges against specific investment properties.

Financial liabilities and their obligations are as follows:

<b>December 31, 2025</b>	On demand	Less than one year	One to five years	More than five years	<b>Total</b>
Mortgages payable	\$ 0	\$ 175,082	\$ 2,429,649	\$ 369,235	\$ 2,973,966
Limited partnership units	100,278	0	110,208	0	210,486
Due to related parties	0	21,800	0	0	21,800
Revolving credit facilities	0	120,000	0	0	120,000
Accounts payable and accrued liabilities	<u>0</u>	<u>34,563</u>	<u>0</u>	<u>0</u>	<u>34,563</u>
	<u>\$ 100,278</u>	<u>\$ 351,445</u>	<u>\$ 2,539,857</u>	<u>\$ 369,235</u>	<u>\$ 3,360,815</u>

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**15. FINANCIAL RISK MANAGEMENT (continued)**

iii) Liquidity risk (continued)

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

iv) Real estate risk

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

Skyline Apt. REIT mitigates its exposure to any one tenant as a majority of its investment properties are multi-suite residential which results in a large number of tenants with minimal financial exposure to each. In 2025 and 2024, no single residential tenant accounts for 10% or more of Skyline Apt. REIT's residential rental revenue. In 2025, one commercial tenant accounted for 12% (2024 - 12%) of Skyline Apt. REIT's commercial rental revenue.

**16. CAPITAL RISK MANAGEMENT**

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

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

Skyline Apt. REIT monitors capital primarily using a loan to value ratio, which is quotient of mortgages payable to investment properties. As of December 31, 2025, the loan to value ratio was 57% (2024 - 55%), which is within Skyline Apt. REIT's stated policy of 70% or less. Subsequent to December 31, 2025, Skyline Apt. REIT is in compliance with the policy.

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

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**17. UNITHOLDERS' EQUITY**

Skyline Apt. REIT is authorized to issue an unlimited number of Class A and Class F REIT units. Both classes of REIT units are entitled to distributions as and when declared by the Board of Trustees. On June 25, 2024 Skyline Apt. REIT increased the price per unit for newly issued units and units redeemed to \$28.50 from \$27.75. On November 19, 2024 Skyline Apt. REIT increased the price per unit for newly issued units and units to be redeemed to \$29.50 from \$28.50. There were no changes to the price per unit during 2025. During 2025 and 2024, the annual distribution rate is \$1.11 for Class A REIT units and \$1.14 for Class F REIT units. The units issued and outstanding are as follows:

<b>Class A Units</b>	<b>2025 Units</b>	<b>2024 Units</b>
Units outstanding, beginning of year	66,887,742	68,299,431
Exchange of limited partnership units	56,542	3,509
Units issued	2,405,108	1,747,292
Distribution reinvestment plan	1,398,801	1,172,070
Units converted to Class F units	(338,870)	(314,681)
Redemptions during the year	<u>(3,694,321)</u>	<u>(4,019,879)</u>
Units outstanding, end of year	<u>66,715,002</u>	<u>66,887,742</u>

<b>Class F Units</b>	<b>2025 Units</b>	<b>2024 Units</b>
Units outstanding, beginning of year	4,426,774	3,415,817
Units issued	1,236,358	955,186
Distribution reinvestment plan	124,337	90,122
Units converted from Class A units	338,870	314,681
Redemptions during the year	<u>(699,272)</u>	<u>(349,032)</u>
Units outstanding, end of year	<u>5,427,067</u>	<u>4,426,774</u>

**18. LIMITED PARTNERSHIP UNITS**

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

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**18. LIMITED PARTNERSHIP UNITS (continued)**

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

Unit Class	2025		2024	
	Units Issued	Fair Value	Units Issued	Fair Value
Class B	37,500	\$ 1,106	37,500	\$ 1,106
Class C	124,970	\$ 3,687	170,137	\$ 5,019
Class D	339,044	\$ 10,002	350,419	\$ 10,337
Class F	1,655,274	\$ 48,831	1,655,274	\$ 48,831
Class G	1,655,274	\$ 48,831	1,655,274	\$ 48,831
Class H	1,655,274	\$ 48,831	1,655,274	\$ 48,831
Class I	551,683	\$ 16,274	551,684	\$ 16,275
Class J	775,418	\$ 22,875	775,417	\$ 22,875
Class K	340,659	\$ 10,049	340,659	\$ 10,049

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

	2025	2024
Limited partnership units, beginning of year	\$ 212,154	\$ 199,666
Redemptions of limited partnership units	(1,668)	(100)
Financing costs included in operations (note 13)	8,797	7,986
Distribution interest paid (note 13)	(8,797)	(7,986)
Total liability-related changes	0	0
Changes in fair value	0	12,588
Limited partnership units, end of year	\$ 210,486	\$ 212,154

**19. SEGMENTED DISCLOSURE**

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

**20. SUBSEQUENT EVENT**

Subsequent to year end, Skyline Apt. REIT sold one property in Windsor, Ontario for proceeds of \$5,550. The aggregate gain on this disposition is \$1,692, from which \$423 is expected to be paid to the general partner, Skyline Incorporated.





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