SKYLINE INDUSTRIAL REIT

2025
ANNUAL REPORT

It starts here.

INVESTING IN LOGISTICS AND WAREHOUSING

SKYLINE INDUSTRIAL REIT ANNUAL REPORT 2025

Contents

3601 Av. de la Gare,
Mascouche, QC

SKYLINE INDUSTRIAL REIT
Highlights

$1.79 B Fair Value of Investment Properties (As at December 31, 2025)	**10.04 MM** Gross Leasable Area (SQ FT) (As at December 31, 2025)	**90.97%** Normalized FFO Payout Ratio (As at December 31, 2025)
$22.75 Current Unit Value (As at April 30, 2026)	**$1.050** Class A - Annual Distribution per Unit (As at April 30, 2026)	**4.62%** Class A - Annual Distribution Yield (As at April 30, 2026)

Class F Unit Information (As at April 30, 2026):
$22.75 Unit Value | $1.074 Distribution per Unit | 4.72% Yield

3601 Av. de la Gare,
Mascouche, QC

4.68%

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

5.28%

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

11.87%

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

14.95%

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

13.64%

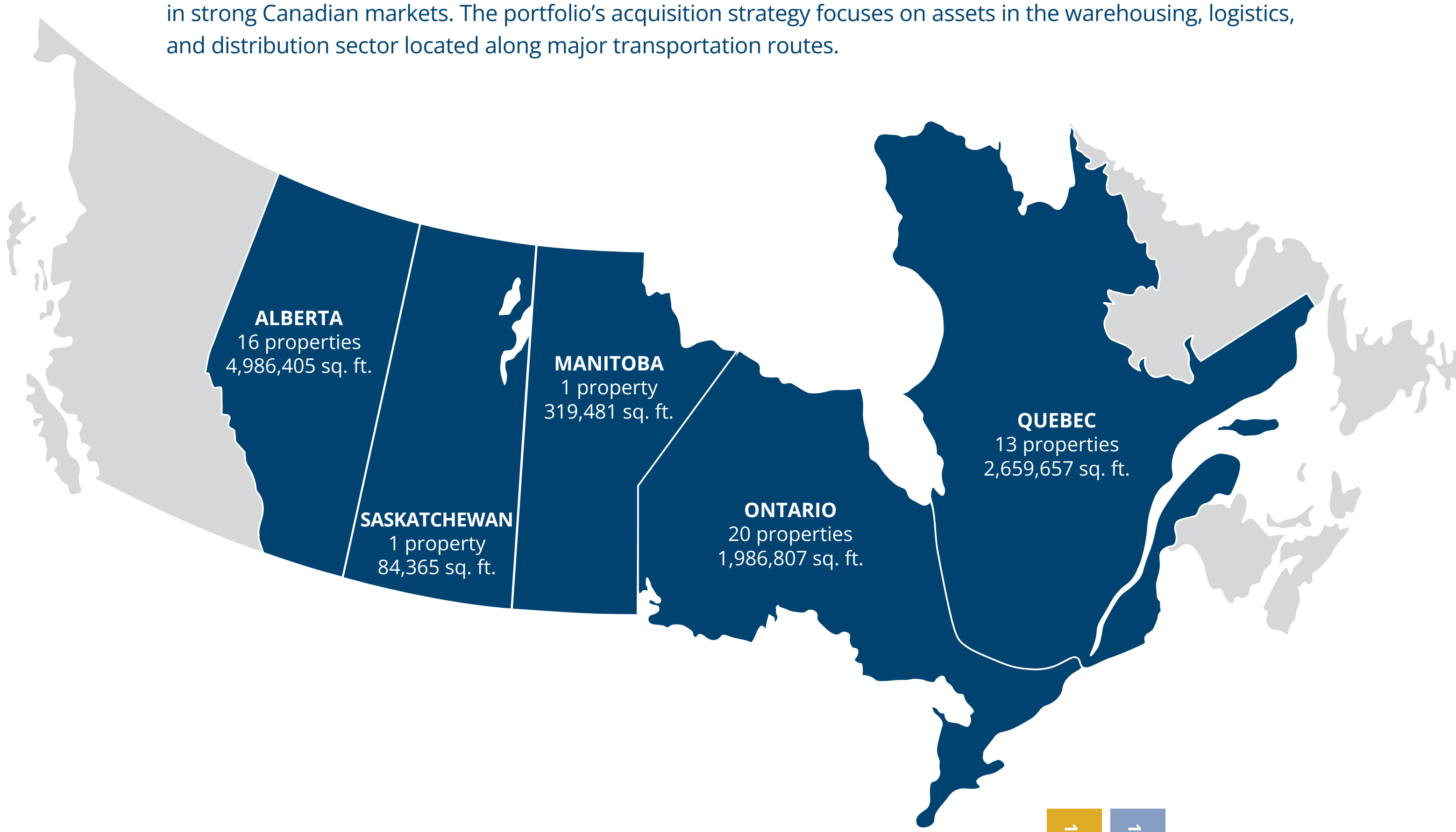
Class A - Annualized Return
Since Inception
(As at April 30, 2026)

Class F Annualized Returns (As at April 30, 2026):
4.78% 1-Year | 5.38% 3-Year | 5.22% Inception (2022)

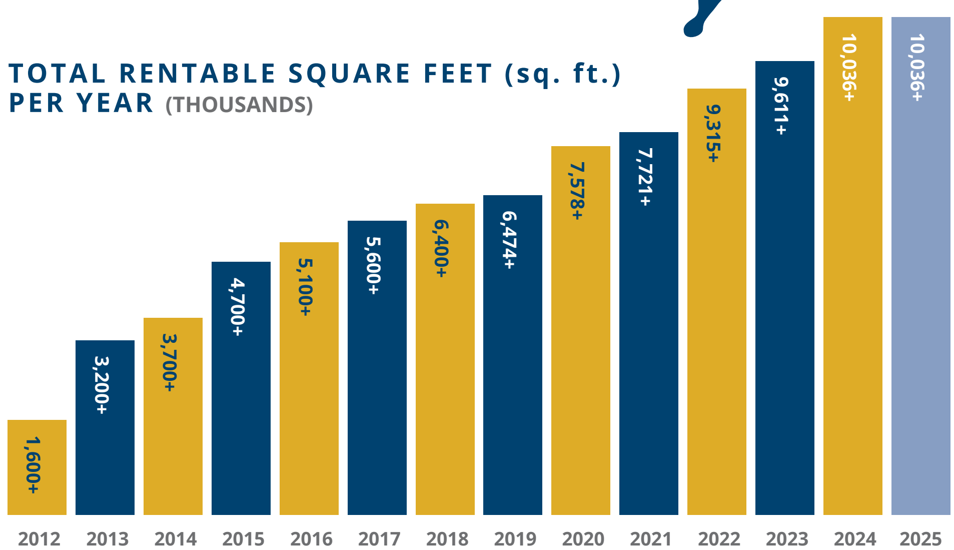
151 Avenue Reverchon
Pointe-Claire, QC

DEVELOPMENT HIGHLIGHTS AND
Industrial Portfolio Overview

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



TOTAL RENTABLE SQUARE FEET (sq. ft.) PER YEAR (THOUSANDS)

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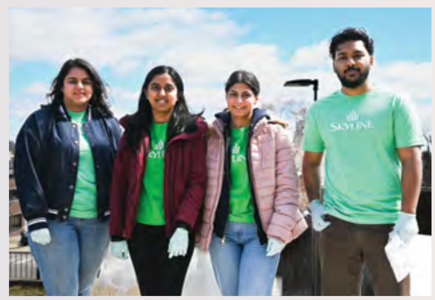


Our Purpose

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."

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

CFO ADDRESS TO UNITHOLDERS

A strong performance in 2025

In a year reflecting unique challenges and opportunities across Canada's industrial real estate landscape, Skyline Industrial REIT continued to demonstrate the strength of its strategy, asset quality, and disciplined execution. Amid trade and macroeconomic uncertainties that influenced leasing dynamics, the REIT delivered the strong portfolio metrics our investors have come to expect.

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

- Rental revenue increased 1.18% on an annual basis.
- Average annualized in-place rent grew by 3.10%.
- Occupancy remained well above the national sector average.

On the top line, growth in the REIT's core leasing business was evident, with rental revenue increasing 1.18% to $96.41 million. Total income rose more modestly by 0.13% to $141.32 million, reflecting lower non-core recoveries and other income. Net Operating Income ("**NOI**") decreased slightly by 2.76% to $93.03 million, as operating margins moderated slightly. At year-end, the REIT's fair market value remained steady at $1.79 billion, supported by a portfolio consisting of 51 investment properties across five provinces.

Operationally, a key highlight in 2025 was average annual in-place rent growth, which outperformed broader sector trends. For the year, average in-place rent increased 3.05% compared to an industry-wide average net rent decline[1] for a second consecutive year, underscoring the strength of our leasing strategy and the resilience of demand across our portfolio.

The REIT's occupancy rate ended the year at 97.70% and finished the year significantly above the national industrial average[2]. With the average market-to-market gap ranging from between 27.0% to 43.1% in the three largest provinces we serve, there remains meaningful embedded rental growth potential as leases roll over. Funds From Operations ("**FFO**") ended the year steady at $35.94 million, reinforcing the consistency of the REIT's underlying earnings.

From a leverage perspective, key ratios remain well within the REIT's Declaration of Trust mandates. Mortgage Debt to Fair Value ("**MDFV**") stood at 51.85%, while Total Debt to Fair Value ("**TDFV**") reached 53.65%—both well below the REIT's conservative 60.00% internal debt target. Mortgage Debt to Historic Cost ("**MDHC**") registered 60.72% at year-end, reflecting disciplined leverage utilization and a well-capitalized balance sheet.

Looking forward, we expect sustained interest in high-quality industrial assets to continue delivering value and stability to Unitholders. As market conditions stabilize and supply and demand move toward balance, properties supported by durable tenant relationships, creditworthy occupiers, and embedded leasing upside remain well positioned to capture long-term performance.

Thank you for your continued confidence and partnership over the years. Your trust is fundamental to our vision and enables us to pursue long-term growth and sustainable value creation.

Wayne Byrd, CPA, CMA
CFO

[1] Canada industrial figures Q4 2025 | CBRE Canada. (n.d.). www.cbre.ca/insights/figures/canada-industrial-figures-q4-2025

[2] Canada National Industrial marketbeat Q4 2025. (n.d.-a). https://assets.cushmanwakefield.com/-/media/cw/marketbeat-pdfs/2025/q4/canada/canada_industrial_marketbeat_q4-2025.pdf?rev=60fe6a609a0246b4988d6340bcaf8593&

"Looking forward, we expect sustained interest in high-quality industrial assets to continue delivering value and stability to Unitholders."

SKYLINE INDUSTRIAL REIT'S PRESIDENT'S ADDRESS

2025 YEAR IN REVIEW

As we look back on an eventful year for the industrial property sector in 2025, we're proud to have navigated an uncertain market with discipline and expertise. Amid shifting global trade dynamics and evolving tariff structures, demand for well-located logistics and warehousing space remained firm. As Canadian businesses recalibrate supply chains and inventory strategies, modern industrial facilities continue to play a vital role in the country's logistics and distribution networks.

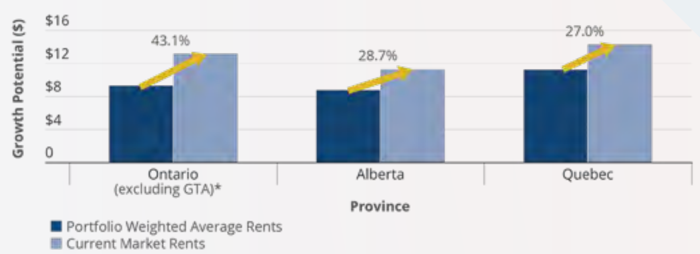
Within this fluid macroeconomic environment, our REIT remains resilient in supporting the evolving needs of Canadian businesses. While industry tenants adopted a more measured approach to leasing commitments, our portfolio continued to operate at near-capacity. This strength was reflected in our Q4 2025 results, where the REIT achieved 97.7% occupancy compared to an implied national industrial average of 94.5%[1].

Importantly, the broader business outlook showed signs of renewal. Government initiatives such as the Productivity Super Deduction were passed in Canada's 2025 federal budget[2] to stimulate capital investment, equipment modernization, and domestic production capacity. Near-record levels of industrial investment activity were observed in the Greater Toronto Area[3], signalling growing confidence in Canada's industrial base and long-term economic competitiveness. At the same time, business sentiment surveys point to stable inflation expectations[4].

Taken together, these and other factors contributed to gradually improving economic conditions for Canadian businesses as the year progressed.

Operationally, Skyline Industrial REIT maintained steady performance across key metrics. Base rents increased, outpacing inflation, while total income and FFO remained stable. Additionally, there remains meaningful upside within the portfolio, as many existing leases are below current market rental rates. This positions the REIT for future income growth as renewals occur.

Market to Market Base Rental Growth Potential



Source: Skyline
** Only 8.7% of the Industrial portfolio is in the GTA therefore excluded from this analysis to accurately represent achievable market rents for ON.*

[1] Canada National Industrial marketbeat Q4 2025. (n.d.-a). https://assets.cushmanwakefield.com/-/media/cw/marketbeat-pdfs/2025/q4/canada/canada_industrial_marketbeat_q4-2025.pdf?rev=60fe6a609a0246b4988d6340bcaf8593&
[2] Canada, D. of F. (2025, November 4). Budget 2025. Canada.ca. https://budget.canada.ca/2025/home-accueil-en.html
[3] The resilience of the GTA industrial investment market - cash flow is now king. RENX. (n.d.). https://renx.ca/the-resilience-of-the-gta-industrial-investment-market-cash-flow-is-now-king
[4] Business outlook survey-fourth quarter of 2025. Bank of Canada. (n.d.). https://www.bankofcanada.ca/2026/01/business-outlook-survey-fourth-quarter-of-2025

Regardless of the shifting sector trends in Canada, our mandate remains constant: to own and operate high-quality, well-located logistics and industrial properties that serve Canadian enterprises. It's the same successful roadmap that has allowed our REIT to grow from $143.5 million in Total Investment Property Fair Market Value since inception in 2012 to in excess of $1.79 billion today.

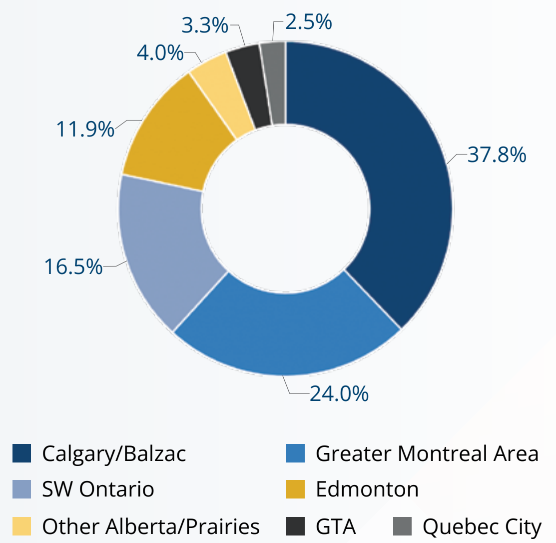
LEASE MARKET OUTLOOK

Canada's industrial real estate market entered 2026 on a trajectory toward stabilization. While new lease activity was subdued in the first half of 2025 amid tariff and business-related uncertainty, several of the markets where the REIT operates showed renewed momentum as the year progressed. This outlook is supported by early indicators such as rising tenant inquiries, increased requests for proposals, and stronger site visit activity at new developments.

From a data perspective, vacancy and availability trends suggest the market is moving toward balance. The national industrial availability rate rose modestly to approximately 5.6% in Q4 2025, but at a slower pace than in the prior two years, suggesting an early sign of stabilization[5].

In contrast to most regional markets experiencing higher supply, our core Calgary market maintained tightening conditions, with availability rates decreasing by 50 bps in Q4 2025—the only major Canadian market where availability rates declined year-over-year.

Portfolio Breakdown by Location *(as of Dec. 31/2025)*



The move toward supply balance is also supported by moderating net absorption trends, or the amount of industrial space being newly occupied by tenants. Some forecasts indicate net absorption could rebound further in 2026, potentially exceeding 20 million square feet[6], bringing activity more in line with historical pre-pandemic levels as new demand overtakes incoming supply.

Overall, we expect availability rates to plateau and rental prices to stabilize, supported by improving pre-leasing and a more modest development pipeline. Structural demand drivers remain intact, and quality industrial space continues to attract long-term tenancies. With a more balanced supply environment, moderating rent adjustments, and improving economic and trade conditions, industrial leasing fundamentals are positioned for sustained demand throughout 2026.

[5] Canada industrial figures Q4 2025 | CBRE Canada. (n.d.-b). https://www.cbre.ca/insights/figures/canada-industrial-figures-q4-2025
[6] CBRE. (n.d.-d). Canada real estate market outlook 2026 | CBRE Canada. https://www.cbre.ca/insights/books/canada-real-estate-market-outlook-2026

OUTLOOK FOR 2026

Looking forward, we maintain a positive structural view of the industrial real estate sector through 2026. Several key drivers support this outlook:

- Improving export visibility as tariff risks diminish for Canadian exporters following the favourable United States Supreme Court decision in February.
- Fewer industrial project deliveries in 2025 have constrained new prime space, helping restore supply-demand balance heading into 2026.
- Positive leasing activity across numerous key markets, combined with forecasts at several national brokerage houses, anticipate improved market conditions and stronger industrial leasing activity[7].
- Improving business confidence, particularly among companies with international supply chain exposure, leading to more decisive capital investment.
- Major markets such as Calgary, Montreal, and the GTA are forecast to see declining availability in 2026, which should place upward pressure on rental rates.

Taken together, we believe the Canadian industrial market has entered a period of equilibrium. Much of the uncertainty that tempered decision-making over the past year is beginning to subside, allowing both tenants and Unitholders to move forward with greater conviction.

For owners of high-quality industrial real estate, the sector continues to play a foundational role in Canada's economy. As visibility improves and confidence strengthens, 2026 is shaping up to be another year of measured growth that rewards quality and long-term commitment. While some macroeconomic uncertainty remains, we believe the underlying fundamentals continue to support a stable operating environment.

> *"Structural demand drivers remain intact, and quality industrial space continues to attract long-term tenancies."*

On behalf of Skyline Industrial REIT, I would like to express our appreciation to our unitholders, partners, and employees for their continued trust and support. The past year has demonstrated the strength of our strategy, the resilience of our portfolio, and the dedication of the team behind our operations. As we look ahead, we remain focused on disciplined execution and continuing to build long-term value through the operating approach that defines our REIT.

Mike Bonneveld
President, Skyline Industrial REIT

[7] Widespread return-to-office mandates expected to spur tight commercial market conditions in major Canadian cities this year. Royal LePage. (n.d.). https://www.royallepage.ca/en/realestate/news/widespread-return-to-office-mandates-expected-to-spur-tight-commercial-market-conditions-in-major-canadian-cities-this-year/

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

Senior Management

JASON CASTELLAN
Co-Founder & CEO

JASON ASHDOWN
Co-Founder & CSO

MARTIN CASTELLAN
Co-Founder & CAO

WAYNE BYRD
CFO

MIKE BONNEVELD
President, Skyline Industrial REIT

MARIA DUCKETT
VP, Skyline Commercial Management Inc.

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

SKYLINE INDUSTRIAL REIT

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 2026. 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
- BOARD GOVERNANCE
- BUSINESS LEADERSHIP
- FINANCE
- PROPERTY MANAGEMENT
- REAL ESTATE (RESIDENTIAL, COMMERCIAL, RETAIL, OFFICE)

Ronald Martin

Ronald Martin is currently the President of Bridgeland Terminals Limited, a tank truck carrier located in Elmira, Ontario. He has served as an Independent Board member since 2012.

Ronald is also a board member of the Ontario Trucking Association and a Community Advisory Committee for a local chemical company. From 1994 through 2006, Ronald was also a partner in a dehydrating company that specializes in the drying of agricultural products. Ronald is a life-time resident of Elmira, Ontario.

INDUSTRY EXPERIENCE:

- AGRICULTURE
- ASSET MANAGEMENT
- BOARD GOVERNANCE
- BUSINESS LEADERSHIP
- MARKETING / COMMUNICATIONS
- REAL ESTATE.

8300 Place Marien
Montreal-East, QC

Francis Valeriote

Francis Valeriote is currently a lawyer and community leader who served for seven years as the Member of Parliament for Guelph, Ontario. He has served as an Independent Board member since 2012. He graduated with Honours from the University of Western Ontario with a Bachelor's Degree in Canadian History and Economics. He went on to earn a Law degree from the University of Ottawa and was called to the Bar in 1981. Francis co-founded the law firm of SmithValeriote LLP, where he served as a senior partner until his election. Francis has worked hard to mentor new entrepreneurs start their business and promote investment in Guelph. He is a former board member and Chair of the Guelph Wellington Business Enterprise Centre, mentoring the creators of the small business and has been actively engaged in numerous fundraising efforts for various Guelph philanthropic and other charitable organizations.

INDUSTRY EXPERIENCE:

- LEGAL
- REAL ESTATE
- PROPERTY MANAGEMENT
- PLANNING AND DEVELOPMENT
- BUSINESS LEADERSHIP
- BOARD GOVERNANCE

Michael Mackenzie

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

INDUSTRY EXPERIENCE:

- ASSET MANAGEMENT
- BUSINESS LEADERSHIP
- PROPERTY MANAGEMENT
- REAL ESTATE OPERATIONS

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.

SKYLINE | AWARDS

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.

SKYLINE
INDUSTRIAL REIT

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 Industrial Real Estate Investment Trust's ("**Skyline Industrial REIT**" or "**REIT**") consolidated audited financial statements. Certain statements in this MD&A 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 Industrial REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Past performance is not indicative if future results.

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

In some instances, forward-looking information can be identified by the use of terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", "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 Industrial REIT releases audited consolidated annual financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). In this MD&A, as a complement to results provided in accordance with IFRS, Skyline Industrial REIT also discloses and discusses certain financial measures not recognized under IFRS and that do not have standard meanings prescribed by IFRS. These include net operating income ("**NOI**"), Funds from Operations ("**FFO**"), and applicable per Unit amounts and payout ratios (collectively, "**Non-IFRS Measures**").

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

MD&A OVERVIEW

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

BUSINESS OVERVIEW

Skyline Industrial REIT is an unincorporated open-ended investment trust created by a Declaration of Trust ("**Declaration of Trust**" or "**DOT**") effective as of January 10, 2012 and amended and restated as of December 5, 2022 and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Skyline Industrial REIT earns income from investments in a diversified portfolio of commercial properties located in Ontario, Quebec, Alberta, Manitoba and Saskatchewan.

MANAGEMENT STRATEGY

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

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

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

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

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

SKYLINE INDUSTRIAL REIT

Key Performance Indicators

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

- **Distributions:** Skyline Industrial REIT is currently paying monthly distributions to Class A Unitholders of $0.0875 per Unit, or $1.05 on an annual basis. At December 31, 2025, approximately 48.0% of the REIT's Units were enrolled in the Distribution Re-Investment Plan ("**DRIP**").
- **Occupancy:** Management is focused on achieving occupancy levels that exceed the overall averages for the geographic regions in which Skyline Industrial REIT exists, without sacrificing the maximization of rental income. At December 31, 2025, overall occupancy was 97.7%.
- **In-Place Rental Rates:** Through ongoing and active management, the portfolio's in-place base rents will always be evaluated against market rents for similar assets, in order to achieve the most accretive gain (or least impactful loss, in the case of softer markets) when space is renewed or newly leased.
- **Leasing and Tenant Profile:** Through the management of the key indicators of 'occupancy' and 'in-place rental rates', Management will evaluate and optimize the overall average remaining lease term in order to spread vacancy risk over a longer term. Additionally, Management will continue to balance the income across a broad base of tenancies in order to minimize the revenue exposure to any single tenant.
- **NOI:** This is defined as operating revenues less operating expenses, and is a key measure of operating performance. It is a key non-International Financial Reporting Standards ("IFRS") financial measure of the operating performance of Skyline Industrial REIT. For the year 2025, Skyline Industrial REIT's NOI margin was 65.8%.
- **Same Property NOI:** This is defined as operating revenues less operating expenses for properties which were owned for the full years of 2023, 2024 and 2025. Management was focused on maintaining or increasing same property NOI year-over-year.
- **FFO:** FFO is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs. For the year 2025, Skyline Industrial REIT generated $42.7 million in Normalized FFO.
- **Payout Ratio:** To ensure that Skyline Industrial REIT retains sufficient cash to meet its capital improvement and leasing objectives, Management strives to maintain appropriate FFO payout ratios over the year. For the year 2025, Skyline Industrial REIT's Normalized FFO payout ratio was 90.97%.
- **Financing:** Management is continually reviewing and planning its financing strategies for the portfolio. This ensures that the portfolio is well-positioned to mitigate interest rate uncertainty as well as to responsibly ladder the maturities of the portfolio's mortgages over the long-term.
- **Loan to Value ("LTV"):** The portfolio is regularly evaluated based upon key leverage ratios, comprised of mortgage debt, total indebtedness, historical cost and fair value in accordance with IFRS 13 – Fair Value ("**IFRS 13**"). LTV 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 between 50-60% leverage based upon fair value. At the close of 2025, Skyline Industrial REIT's portfolio leverage ratio was 60.72% (against historical cost) and 53.65% (against fair value in accordance with IFRS 13).

SKYLINE INDUSTRIAL REIT

Goals, Objectives and 2025 Highlights

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

1. to provide REIT Unitholders with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing commercial properties located in Canada;

2. to maximize REIT Unit value through the ongoing management of Skyline Industrial REIT's assets and through the acquisition of additional properties; and

3. to maintain a REIT that satisfies the REIT exception under the Specified Investment Flow Through ("**SIFT**") legislation in order to provide certainty to Unitholders with respect to taxation of distributions.

2025 HIGHLIGHTS

- The REIT's average in-place base rent increased from $9.35 per sq.ft. to $9.64 per sq.ft. by year-end.

- Weighted average mortgage interest rate was 4.55% on $928 million of outstanding mortgages as at December 31, 2025.

Financial Highlights **($ thousands, except where noted)**	**2025**	**2024**
Property revenues	$141,321	$141,139
Operating expenses	$(48,287)	$(45,469)
NOI	**$93,034**	**$95,670**
Net income	**$13,132**	**$57,133**
FFO	**$42,708**	**$44,077**
Normalized distributions declared to REIT and LP Unitholders	**$38,850**	**$38,470**
Normalized FFO payout ratio	**90.97%**	**87.28%**

PROPERTY PORTFOLIO

At December 31, 2025, through active portfolio management; the portfolio consisted of 10,036,654 rentable sq. ft. across 51 industrial properties geographically across Ontario, Quebec, Alberta, Saskatchewan and Manitoba.

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

Portfolio Average Monthly Base Rent & Occupancy **As at December 31, 2025**	**GLA (sq. ft.)**	**%**	**Occupancy Rate (%)**	**Base Rent ($)**
Industrial	10,036,654	100.0	97.7	9.64

SKYLINE INDUSTRIAL REIT

2025 Operating Highlights

Operating Results **($ thousands, except where noted)**	**2025 ($)**	**%***	**2024[1] ($)**	**%***
Property revenues				
Minimum rent	96,412	68.2	95,291	67.5
Cost recoveries	44,909	31.8	45,848	32.5
Total property revenues	**$141,321**	**100.0%**	**$141,139**	**100.0%**
Direct property expenses				
Realty taxes	32,874	23.3	31,255	22.1
Other direct property costs	11,522	8.2	10,562	7.5
Utilities	962	0.7	725	0.5
Property Management fees	2,929	2.1	2,927	2.1
Total direct property expenses	**$48,287**	**34.2%**	**$45,469**	**32.2%**
NOI	**$93,034**	**65.8%**	**$95,670**	**67.8%**

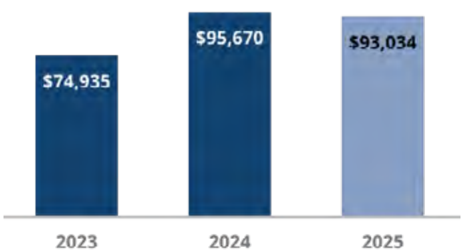
* As a percentage of property revenues

Other operational metrics				
Total occupancy %		97.7%		98.4%
In-place base rent (per sq. ft.)		$9.64		$9.35

1 Comparative information for 2024 has been restated in accordance with IAS 8 to correct a prior period error relating to the REIT's accounting for certain joint ventures. The restatement reflects a reduction in the carrying amount of investments in joint ventures and the related share of earnings previously recognized. Refer to Note 6 of the consolidated financial statements for further details.

MINIMUM RENT ($ Thousands)

NOI ($ Thousands)

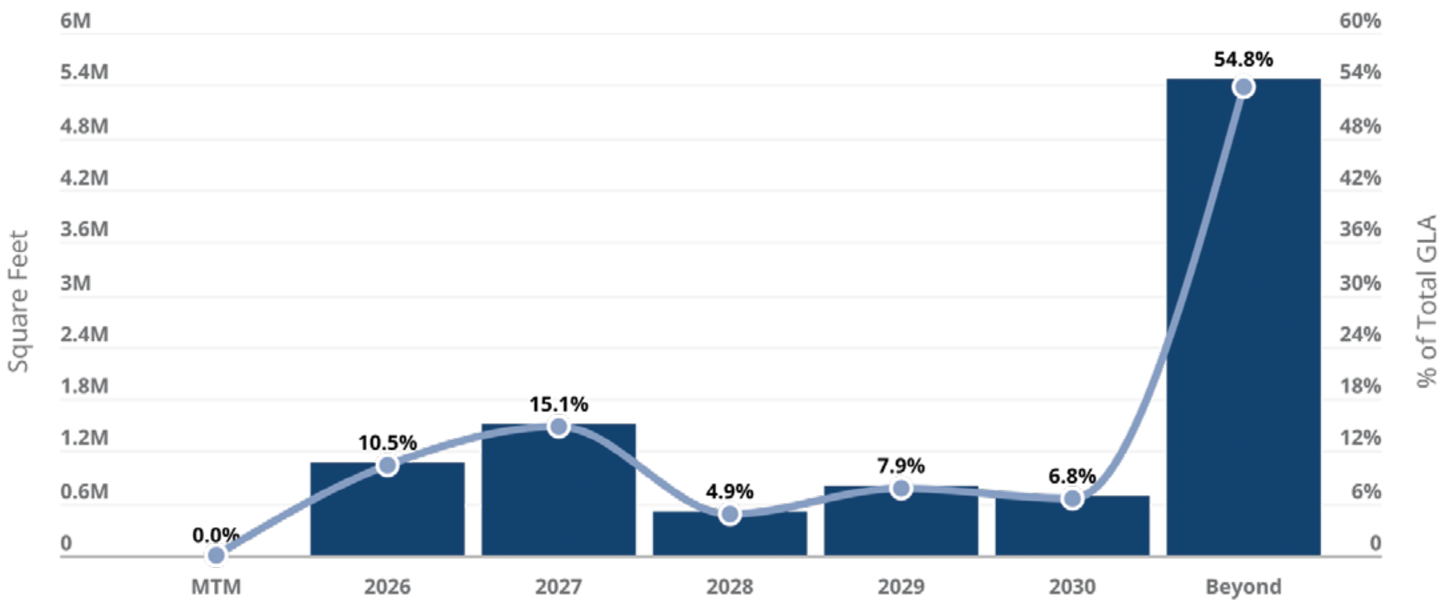


2025 OPERATING HIGHLIGHTS CONT.

Regional Highlights ($ thousands, except where noted)	2025		2024		Increase (Decrease)		
Portfolio	**NOI ($)**	**NOI Margin (%)**	**NOI ($)**	**NOI Margin (%)**	**Revenue Change (%)**	**Expense Change (%)**	**NOI Change (%)**
Ontario	**19,292**	**70.8**	19,469	71.5	0.0	6.3	-0.9
Quebec	**29,919**	**65.6**	29,516	67.4	4.1	6.3	1.4
Western Canada	**43,823**	**63.8**	46,685	67.3	-1.1	5.4	-6.1
Total	**$93,034**	**65.8%**	$95,670	67.8%	0.8%	5.8%	-2.8%

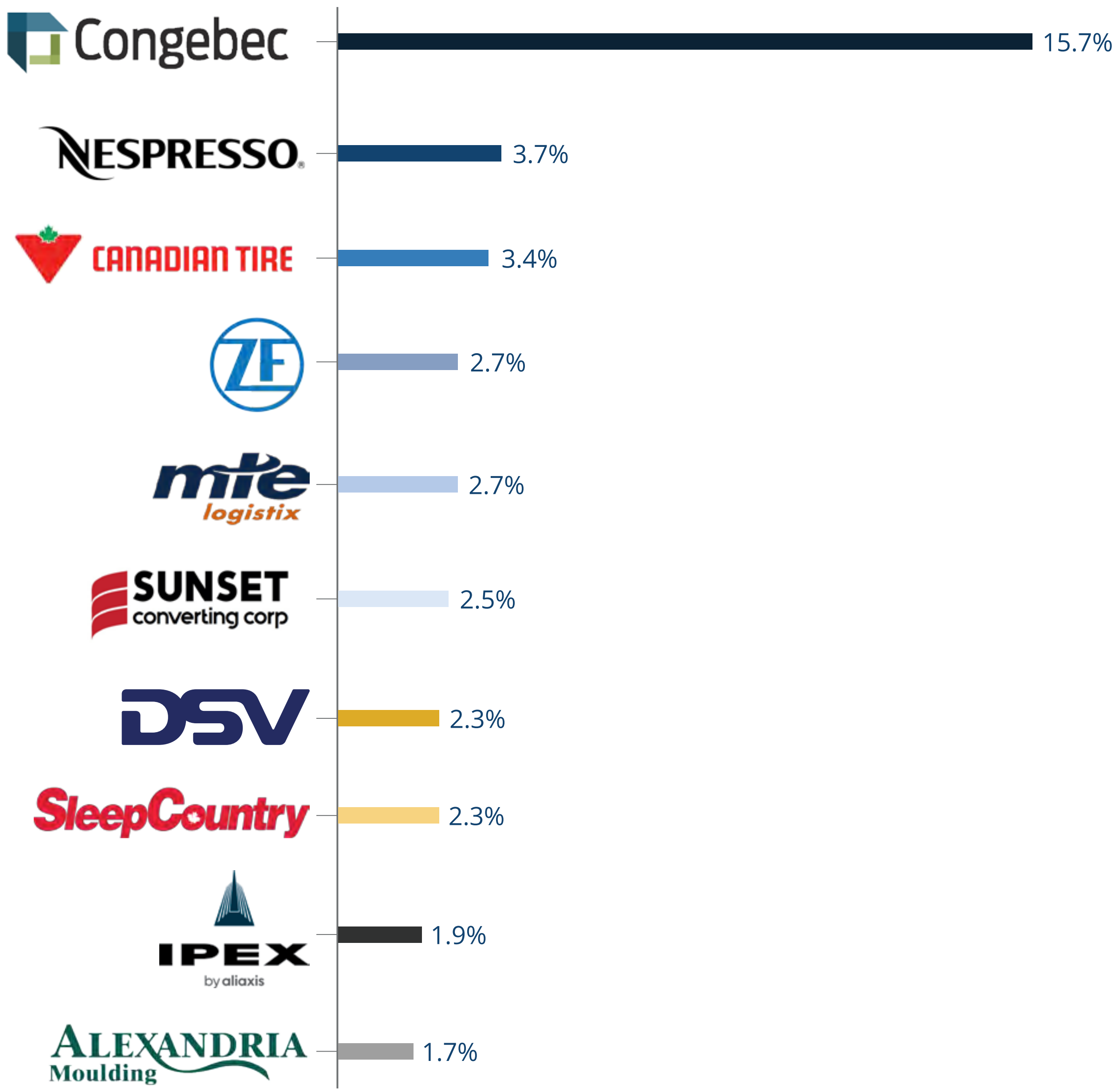
Occupancy/Vacancy Schedule

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



Leasing and Tenant Profile

The REIT's tenant profile consists of a diversified base of quality tenants. At December 31, 2025, with 174 tenants, risk exposure to any single tenant was 15.7%. The following chart shows the top ten tenant mix for the properties on the basis of the percentage of base rent.



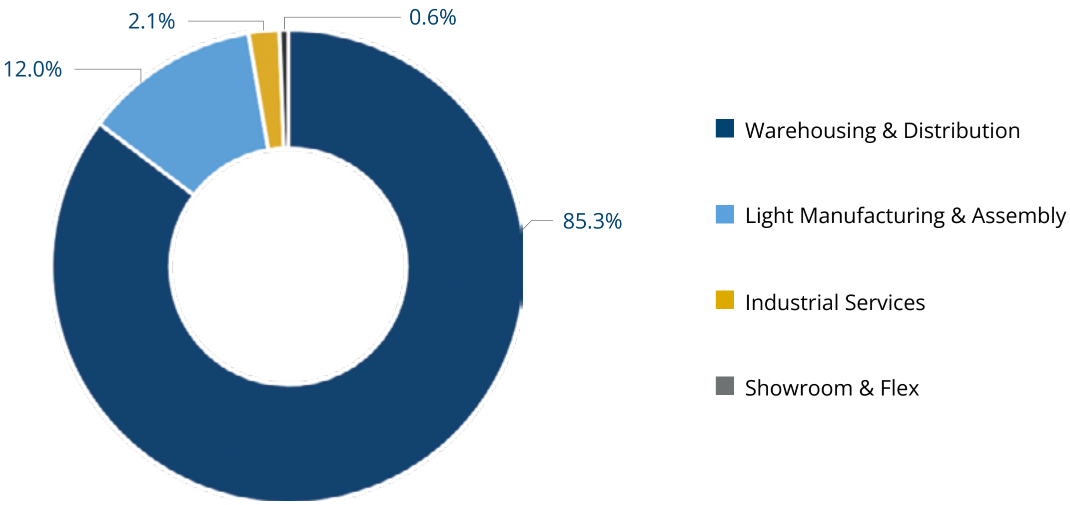
2025 OPERATING HIGHLIGHTS CONT.

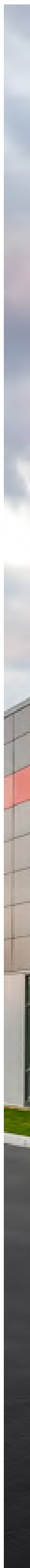
Portfolio Composition

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

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

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





FUNDS FROM OPERATIONS

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

555 & 565 Victor Davis, Pointe-Claire, QC

PAYOUT RATIOS

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

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

FFO Payout Ratios **($ thousands, except where noted)**	**2025 ($)**	**2024 ($)**
Profit & loss		
Property revenues	**$141,321**	**$141,139**
Operating expenses	**$(48,287)**	**$(45,469)**
NOI	**$93,034**	**$95,670**
Finance costs	(47,108)	(59,164)
REIT & other expenses	(6,551)	(6,482)
Interest income	9	-
Fair value loss on partnership units	-	(128)
Share of net (loss) earnings from investments in joint ventures	(13,351)	14,331
Fair value (loss) gain on disposed properties	-	4,643
Fair value (loss) gain on investment poperties	(12,901)	8,263
Net income	**$13,132**	**$57,133**
Non-cash add-backs:		
Distributions paid on partnership units	940	11,397
Fair value loss on partnership units	-	128
Share of net earnings from investments in joint ventures	13,351	(14,331)
Share of pre-stabilization finance costs from investments in joint ventures[1]	(6,814)	-
Fair value (loss) gain on disposed properties	-	(4,643)
Fair value (loss) gain on investment poperties	12,901	(8,263)
Amortization of leasing costs	2,026	1,905
Amortization of tenant inducements	358	751

(table continued on next page)

PAYOUT RATIOS CONT.

(table continued from previous page)

	2025 ($)	2024 ($)
Pre-stabilized FFO[2]	35,894	44,077
Add: share of pre-stabilization finance costs from investments in joint ventures	6,814	-
Normalized FFO[2]	**$42,708**	**$44,077**
Total distributions declared	39,257	54,988
Less: General Partner sharing distributions	(407)	(10,631)
Total distributions declared to REIT and LP Unitholders	**$38,850**	**$44,357**
Less: special distributions	**-**	**(5,887)**
Normalized distributions declared to REIT and LP Unitholders	**$38,850**	**$38,470**
Pre-stabilization FFO payout ratio	108.24%	-
Normalized FFO payout ratio	**90.97%**	**87.28%**

1 Includes the REIT's share of a pre-stabilization loss from the Rosefellow joint venture, reflecting the expensing of financing costs following substantial completion while the asset remains in lease-up.
2 To provide additional transparency, the REIT presents both (i) Pre Stabilized FFO, which includes the impact of equity-accounted results from joint ventures, and (ii) Normalized FFO, which excludes the effects of lease-up assets.

55 Fleming Dr
Cambridge, ON

PAYOUT RATIOS CONT.

Distributions to Unitholders

During 2025, Skyline Industrial REIT paid monthly distributions to Class A Unitholders of $0.0854 per Unit, or $1.025 per Unit on an annual basis. On September 1, 2025, Skyline Industrial REIT increased the monthly distributions to Unitholders to $0.0875 per Unit, or $1.05 per Unit on an annual basis.

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

Distribution Sources **($ thousands, except where noted)**	**2025**	**2024**
Total distributions declared to REIT and LP Unitholders	**$38,850**	**$44,357**
Funded by:		
Income	100.0%	100.0%
Building dispositions	-	-
Refinance proceeds	-	-

INVESTMENT PROPERTIES

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

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

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

- Group the portfolio into segments that identify geographic locations and group the portfolio by property characteristics. This will allow Management to apply the same metrics to similar properties.

- Engage third party market appraisals for a portion of its portfolio which comprises at least 40% of the number of properties which make up at least 40% of the gross book value of the portfolio. The balance of the properties will undergo an internal valuation which will be verified by a comparative appraisal and audited by RLB LLP (the Industrial REIT's auditor).

- Properties must be appraised by a third party at least once every three years.

- Properties will not be appraised by a third party within 18 months of acquisition (unless it is necessary for mortgage financing).

- Properties will not be required to be appraised in a year, if within the next 12 months it is scheduled for mortgage maturity.

For the year ended December 31, 2025, 96.5% of the investment properties, by cost base, were valued externally (2024 – 95.4%).

131 Savannah Oaks
Brantford, ON

INVESTMENT PROPERTIES CONT.

Fair Value of Investment Properties (under IFRS 13) **($ thousands, except where noted)**	**2025 ($)**	**2024 ($)**
Balance, beginning of year	**$1,798,250**	**$1,669,990**
Acquisitions through purchase of assets	-	-
Acquisitions through purchase of limited partnerships	-	100,400
Additions through capital expenditures on existing investment properties	8,281	31,064
Disposals through sale of investment properties	-	(19,643)
Assets held for sale	(3,800)	-
Amortization of leasing costs and straight-line rent	462	3,533
Fair value gain on investment properties and disposed properties	(12,901)	12,906
Balance, end of year	**$1,790,292**	**$1,798,250**

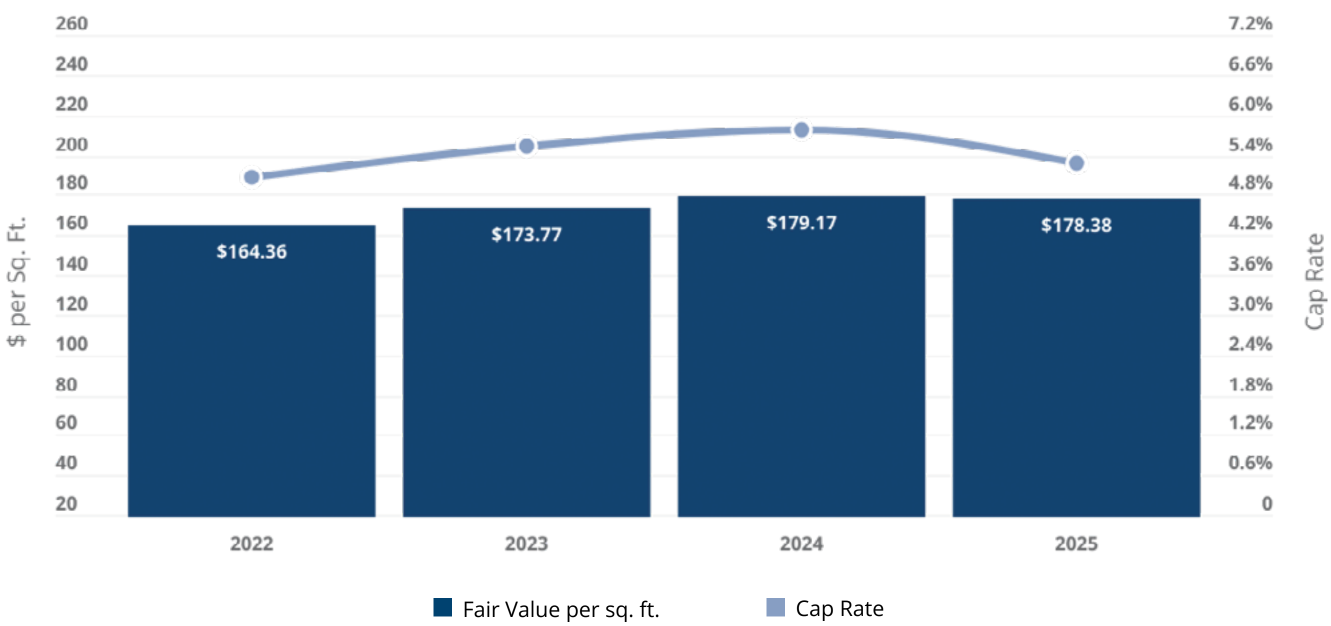
The following table reconciles the cost base of investment properties to their fair value:

Fair Value of Investment Properties (under IFRS 13) **($ thousands, except where noted)**	**2025 ($)**	**2024 ($)**
Cost	1,581,896	1,575,470
Cumulative fair value adjustment	208,396	222,780
Fair Value	**$1,790,292**	**$1,798,250**

INVESTMENT PROPERTIES CONT.

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

Trending Fair Value Details **($ thousands, except where noted)**	**2025**	**2024**	**2023**	**2022**
Fair value of investment properties	$1,790,292	$1,798,250	$1,669,990	$1,530,914
Total rentable sq.ft. at year end	10,036,654	10,036,715	9,610,563	9,314,597
Fair value per sq.ft	**$178.38**	**$179.17**	**$173.77**	**$164.36**
Increase (decrease) in fair value per sq.ft. (%)	**(0.44%)**	**3.11%**	**5.73%**	**(3.42%)**
Weighted average Cap Rate	5.62%	6.00%	5.50%	5.10%
Increase (decrease) in Cap Rate (year-over-year) (%)	(6.33%)	9.09%	7.84%	8.74%
NOI	$93,034	$95,670	$74,935	$58,805
Increase in NOI (year-over-year) (%)	(2.76%)	27.67%	27.43%	(1.18%)
NOI (% of revenue)	65.83%	67.78%	67.75%	70.50%



CAPITAL EXPENDITURES

Skyline Industrial REIT is purchasing income producing industrial properties on an accretive basis; and is committed to increasing the value of these assets by investing in capital expenditure initiatives and other programs in order to improve the overall quality of the properties and ultimately to sustain and expand the overall portfolio's future rental income-producing potential over its expected life span.

During the year, Management invested $8.3 million in structural improvements, common area improvements, and utility efficiency programs throughout the portfolio. These capital initiatives are completed with the intention of increasing revenues, reducing expenses, maintaining occupancy levels, and increasing overall tenant satisfaction.

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

CAPITAL STRUCTURE

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

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

CAPITAL STRUCTURE CONT.

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

Mortgage Summary **($ thousands, except where noted)**	**2025**	**2024**
Mortgages payable	$928,338	$907,752
Line of credit	$32,126	$15,817
Total Debt	**$960,464**	**$923,569**
Class B LP Units	$11,683	$11,683
Unitholders' equity	$870,650	$911,429
Total Capital	**$1,842,797**	**$1,846,681**
Mortgage debt to historical cost	58.69%	57.62%
Mortgage debt to fair value	51.85%	50.48%
Total debt to historical cost	60.72%	58.62%
Total debt to fair value	53.65%	51.36%
Weighted average mortgage interest rate	4.55%	4.58%
Weighted average mortgage term to maturity (yrs.)	2.88	3.01

CAPITAL STRUCTURE CONT.

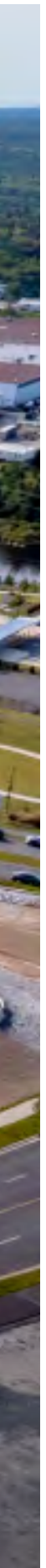
Mortgages Payable ($ thousands, except where noted)	Future minimum principal payments ($)	% of total mortgages
2026	132,622	14.3
2027	228,976	24.7
2028	122,811	13.2
2029	192,567	20.7
2030	178,926	19.3
Thereafter	72,436	7.8
Total mortgages payable as at December 31, 2025	**$928,338**	**100.0%**

CAPITAL STRUCTURE CONT.

Investment Summary

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

REIT Unitholders - Investment Activity Class A **($ thousands, except where noted)**	**2025**		**2024**	
	Number of Units	**Amount ($)**	**Number of Units**	**Amount ($)**
Class A Units outstanding, beginning of year	**33,783,875**	**$398,288**	**33,956,694**	**$400,437**
Proceeds from REIT Units issued	627,594	14,278	1,419,923	32,079
Units issued through DRIP	733,832	16,695	735,723	16,646
Units issued through 'Special' Distribution	-	-	238,826	5,374
Unit converted to Class F Units	(110,681)	(1,940)	(179,127)	(2,316)
Redemptions - REIT Units	(2,331,121)	(53,377)	(2,388,164)	(53,932)
Class A Units outstanding, end of year	**32,703,499**	**$373,944**	**33,783,875**	**$398,288**
Weighted average REIT Units outstanding	**33,205,733**	**-**	**32,412,820**	**-**



CAPITAL STRUCTURE CONT.

REIT Unitholders - Investment Activity Class F ($ thousands, except where noted)	2025		2024	
	Number of Units	Amount ($)	Number of Units	Amount ($)
Class F Units outstanding, beginning of year	**3,075,575**	**$59,137**	**2,024,848**	**$37,044**
Proceeds from REIT Units issued	665,855	15,148	833,709	18,924
Units issued through DRIP	86,259	1,962	87,329	1,974
Units issued through 'Special' Distribution	-	-	18,256	411
Units converted from Class A Units	110,681	1,940	179,127	2,316
Redemptions - REIT Units	(427,962)	(9,736)	(67,694)	(1,532)
Class F Units outstanding, end of year	**3,510,408**	**$68,451**	**3,075,575**	**$59,137**
Weighted average REIT Units outstanding	**3,514,650**	**-**	**2,455,441**	**-**

LP Unitholders - Investment Activity ($ thousands, except where noted)	2025		2024	
	Number of Units	Amount ($)	Number of Units	Amount ($)
LP units outstanding, beginning of year	**513,548**	**$11,683**	**502,326**	**$11,302**
Proceeds from LP Units issued	-	-	-	-
Units issued through DRIP	-	-	-	-
Units issued through 'Special' Distribution	-	-	11,222	253
Redemptions - LP Units	-	-	-	-
Change in fair value	-	-	-	128
LP Units outstanding, end of year	**513,548**	**$11,683**	**513,548**	**$11,683**
Weighted average LP Units outstanding	**513,548**	**-**	**512,794**	**-**

UNITHOLDER TAXATION

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

For Skyline Industrial REIT Unitholders	2025 (%)
Other Income	-
Capital Gains	-
Return of Capital	100.00
TOTAL	**100.00%**

RELATED PARTY TRANSACTIONS

The executive officers of Skyline Industrial REIT do not receive direct salary compensation from the REIT. Rather, Skyline Commercial Real Estate GP Inc. ("**General Partner**" or "**GP**") is General Partner of the REIT's subsidiary, being the Skylien Commercial 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 cash-flows are shared at a ratio of 20% to the GP: 80% to the LP (which indirectly means its Unitholders). 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 Unitholders. The GP sharing calculation is done on a per property basis, which incentives management to ensure that each property is performing optimally.

GP Sharing **($ thousands, except where noted)**	2025 ($)	2024 ($)
General Partner sharing on income	407	6,785
General Partner sharing on dispositions	-	3,846
Total General Partner sharing on distributions	**$407**	**$10,631**

RELATED PARTY TRANSACTIONS CONT.

Management Services

Related party fees paid are as follows:

Management Fees **($ thousands, except where noted)**	**2025 ($)**	**2024 ($)**
Asset management fees	3,011	4,117
Wealth management fees	3,337	3,529
Leasing service fees	1,030	3,200
Property management fees	2,929	2,927
Professional service management fees	905	1,208
Underwriting management fees	649	1,077
CAPEX management fees	297	193
Lease documentation fees	45	54
Solar asset management fees	-	44
Development service fees	9	-
Total Management Fees	**$12,212**	**$16,349**

SERVICES

Services of the Asset Manager

Skyline Industrial REIT has an asset management agreement with Skyline Commercial Real Estate LP. and Skyline Commercial Asset Management Inc. (the "**Asset Manager**"). The asset management fees payable under the asset management agreement are 2% of adjusted gross revenue. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Asset Manager $2.79 million in asset management fees (2024 - $2.74 million).

Skyline Industrial REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Industrial REIT shall pay the Asset Manager: (i) 50% of market brokerage fees if an external broker is used, or (b) 100% of market brokerage fees if no external broker is used. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Asset Manager $1.03 million in leasing services fees (2024 - $3.20 million).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Industrial REIT. In providing these services, Skyline Industrial REIT pays the Asset Manager a fee equal to 1% of the development costs of each project. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Asset Manager $222 thousand in development management fees (2024 - $1.38 million).

Services of the Property Manager

Skyline Industrial REIT has a property management agreement with Skyline Commercial Real Estate LP and Skyline Commercial Management Inc. (the "**Property Manager**"). Property management fees payable under the property management agreement for single tenant managed properties are paid at a fixed rate ranging from 15 to 25 cents per sq. ft. (not in thousands of Canadian dollars). For multi tenant properties or single tenant properties managed by a property manager, the fee is 2.5% of gross revenues. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Property Manager $2.93 million in property management fees (2024 - $2.93 million).

As part of the property management agreement, Skyline Industrial REIT also pays for lease documentation services, which are payable at a fixed rate ranging from $200 to $1,350 (not in thousands of Canadian dollars) per lease. For the year ended December 31, 2025, Skyline Industrial REIT paid the Property Manager $45 thousand in lease documentation fees (2024 - $54 thousand).

Services of the Exempt Market Dealer

Skyline Industrial 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 two years in the Class	New capital	1.5%	1.5%
	DRIP	1.0%	1.0%
More than two years in the Class	New capital	1.0%	1.5%
	DRIP	0.5%	1.0%
All	**Equity under management**	**1/12 of 0.3% monthly**	**1/12 of 0.2% monthly**

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 Industrial REIT under the wealth management agreement. For the year ended December 31, 2025 Skyline Industrial REIT paid to the Exempt Market Dealer $2.78 million in wealth management fees (2024 - $2.76 million) and $562 thousand equity raise fees (2024 - $773 thousand).

Services of the Mortgage Underwriting Manager

Skyline Industrial REIT has an arrangement with Skyline Mortgage Financing Inc. (the "**Underwriting Manager**"), wherein the Underwriting Manager assists Skyline Industrial REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Industrial REIT pays the Underwriting Manager $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 35 bps on mortgage principal for all other mortgages. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Underwriting Manager $649 thousand in mortgage underwriting fees (2024 - $1.08 million).

Professional Services Manager

Skyline Industrial 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 Industrial REIT's independent trustees. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Professional Services Manager $905 thousand in legal services fees (2024 - $1.21).

Services of the Solar Asset Manager

Skyline Industrial REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the "**Solar Asset Manager**"). The solar asset management fees payable under the arrangement are equal to $20 (not in thousands of Canadian dollars) per kilowatt of direct current per annum for each solar system managed by the Solar Asset Manager. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Solar Asset Manager $0 in solar asset management fees (2024 - $44 thousand).

Services of the CAPEX Provider

Skyline Industrial REIT has an arrangement with Skyline Capital Projects Management Inc. (the "**CAPEX Provider**"), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Industrial REIT's independent trustees. For the year ended December 31, 2025, Skyline Industrial REIT paid to the CAPEX Provider $297 thousand in CAPEX management fees (2024 - $193 thousand).

Services of the Development Manager

Skyline Industrial REIT has an arrangement with Skydevco Inc. (the "**Development Manager**") that was terminated in May 2025, who provided development consulting services to Skyline Industrial REIT, the costs for which were approved from time to time by Skyline Industrial REIT's independent trustees. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Development Manager $9 thousand in development service fees (2024 - $0).

RISKS AND UNCERTAINTIES

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

Real Property Ownership

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

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

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

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

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 Industrial 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 Industrial REIT's distributable income would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the existing properties and any additional properties in which Skyline Industrial REIT acquires an interest were not able to be leased on economically favourable lease terms. 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 Industrial REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting Skyline Industrial REIT's investment may be incurred. Furthermore, at any time, a tenant of any of Skyline Industrial REIT's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to Skyline Industrial REIT. The ability to rent unleased space in the properties in which Skyline Industrial REIT will have an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on Skyline Industrial REIT's financial condition.

Revenue Producing Properties

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

Competition for Real Property Investments

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

Competition for Tenants

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

General Economic Conditions

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

General Uninsured Losses

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

Availability of Cash Flow

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

Access to Capital

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

Environmental Climate Change Risk

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

Skyline Industrial 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 Industrial 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 Industrial REIT is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of Skyline Industrial REIT's buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on Skyline Industrial 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 Industrial REIT's costs and reduce Skyline Industrial 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 Industrial REIT to be remote in the circumstance, that a REIT Unitholder could be held personally liable for obligations of Skyline Industrial REIT (to the extent that claims are not satisfied by Skyline Industrial REIT) in respect of contracts which Skyline Industrial REIT enters into and for certain liabilities arising other than out of contract including claims in tort, claims for taxes and possibly certain other statutory liabilities. The trustees intend to cause Skyline Industrial REIT's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of Skyline Industrial REIT contain an express disavowal of liability against Unitholders.

Dependence on Key Personnel

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

Conflicts of Interest and Concentration of Control

Skyline Industrial 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 Industrial REIT and its related parties. As a result, certain decisions affecting Skyline Industrial 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 Industrial REIT is highly centralized. 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 Industrial REIT. Unitholders do not have the ability to direct or control the day-to-day operations of the REIT, and their ability to influence the affairs of Skyline Industrial 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 Industrial REIT or the Unitholders.

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

If Skyline Industrial REIT fails or ceases to qualify as a mutual fund trust for purposes of the *Income Tax Act*, the tax consequences would in some respects be materially and adversely different. Such adverse differences would include that if Skyline Industrial REIT did not qualify as a mutual fund trust throughout a taxation year, it would be subject to 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 Industrial REIT become listed or traded on a stock exchange or other public market, there can be no assurances that Skyline Industrial 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 Industrial REIT or its subsidiaries may be reassessed for taxes from time to time. Such reassessments together with associated interest and penalties could adversely affect Skyline Industrial REIT.

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

The loss-restriction event ("LRE") rules (as defined in the *Income Tax Act*) could potentially apply to Skyline Industrial REIT if a person (or group of persons) was to acquire more than 50% of the fair market value of the REIT Units, with the consequences 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 Industrial REIT not to be liable for income taxes, and Skyline Industrial REIT will be restricted in its ability to use tax losses.

Skyline Industrial 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 Industrial REIT and, if applicable, their foreign tax identification number, and Skyline Industrial 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 Units Skyline Industrial REIT is authorized to issue is unlimited. The Skyline Industrial REIT trustees have the discretion to issue additional REIT Units in other circumstances, pursuant to Skyline Industrial REIT's various incentive plans. Any issuance of additional REIT Units may have a dilutive effect on the holders of REIT Units.

Restrictions on Potential Growth and Reliance on Credit Facilities

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

Financing

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

Liquidity

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

Nature of REIT Units

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

Redemptions

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

Unexpected Costs or Liabilities Related to Acquisitions

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

Joint Venture Development Projects

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

Litigation Risks

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

Cybersecurity Risk

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

Geopolitical Risks

There are risks of geopolitical instability, for example, from factors such as political conflict, sanctions, tariffs, protectionist trade policies (such as the incentives for onshoring manufacturing in the U.S. and other countries), income inequality, refugee migration, terrorism, armed conflict, the potential break-up of countries or political-economic unions, and political corruption. For example, the U.S. 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 Industrial REIT's performance may originate from jurisdictions subject to such tariffs. The imposition of these tariffs or the inability to obtain such inputs from an alternative source may have an adverse effect on Skyline Industrial REIT's business, properties, investments, operations and/or its financial results.

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 REIT's objectives will be achieved. The purchaser may lose all of their investment. The success of the REIT depends to a certain extent on the efforts and abilities of the management of the REIT, and on external factors which are out of the REIT's control. A return on investment for a purchaser of REIT Units depends upon the ability of the LP to pay distributions to the REIT. As a result, there is no guarantee that the 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 Fund. 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 Industrial REIT will be determined by numerous factors, including the ability to identify suitable acquisition targets; to obtain adequate financing on reasonable terms, the level of competition for acquisition opportunities and Skyline Industrial 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 Skyline Industrial 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 Skyline Industrial 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 Skyline Industrial REIT. Representations and warranties given by such third parties to Skyline Industrial 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 Skyline Industrial 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 Skyline Industrial REIT.

Changes in Investment Strategy

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

Changes in Legislation

Skyline Industrial 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 Industrial REIT (including with retroactive effect). Any changes in the laws to which Skyline Industrial REIT is subject could materially adversely affect Skyline Industrial REIT's rights and title to its assets or its ability to carry on its business in the ordinary course.

Skyline Industrial 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 Industrial REIT and on the timing and costs of completion of any development projects undertaken.

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

Controls over Financial Reporting

Skyline Industrial 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 Skyline Industrial 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 Skyline Industrial 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 reputational harm. Skyline Industrial 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 Skyline Industrial 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 Industrial 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 Industrial REIT's properties. Contagion in one of Skyline Industrial REIT's properties or a market in which the Skyline Industrial 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 Industrial 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 Industrial 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 Industrial REIT's current insurance policies expire annually and Skyline Industrial 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 Industrial REIT is able to renew its policies at levels and with limitations consistent with its current policies, Skyline Industrial REIT cannot be sure that it will be able to obtain such insurance at premium rates that are commercially reasonable. If Skyline Industrial REIT were unable to obtain adequate insurance on the existing properties for certain risks, it could cause Skyline Industrial REIT to be in default under specific covenants on certain of its indebtedness or other contractual commitments it has that require Skyline

Industrial REIT to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur or if Skyline Industrial 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 Industrial 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.

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.

SUBSEQUENT EVENTS

Subsequent to year end, the following investment activity occurred:

REIT Unitholders - 2026 Investment Activity Class A **($ thousands, except where noted)**	**Number of Units**	**Amount ($)**
Class A Units outstanding, January 1, 2026	**32,703,499**	**$373,944**
Proceeds from REIT Units issued	195,451	4,447
Units issued through DRIP	226,995	5,164
Units converted to Class F Units	(175,600)	(2,754)
Redemptions - REIT Units	(796,304)	(18,116)
Class A Units outstanding, April 30, 2026	**32,154,041**	**$362,685**
Weighted average REIT Units outstanding	**32,913,342**	**-**

REIT Unitholders - 2026 Investment Activity Class F **($ thousands, except where noted)**	**Number of Units**	**Amount ($)**
Class F Units outstanding, January 1, 2026	**3,510,408**	**$46,358**
Proceeds from REIT Units issued	56,350	1,282
Units issued through DRIP	8,500	193
Units converted from Class A Units	175,600	2,754
Redemptions - REIT Units	(1,357,771)	(30,889)
Class F Units outstanding, April 30, 2026	**2,393,087**	**$19,698**
Weighted average REIT Units outstanding	**3,365,973**	**-**

SUBSEQUENT EVENTS CONT.

LP Unitholders - 2026 Investment Activity ($ thousands, except where noted)	Number of Units	Amount ($)
LP units outstanding, January 1, 2026	**513,548**	**$11,683**
Proceeds from LP Units issued	-	-
Units issued through DRIP	-	-
Redemptions - LP Units	-	-
Change in fair value	-	-
LP Units outstanding, April 30, 2026	**513,548**	**$11,683**
Weighted average LP Units outstanding	**513,548**	**-**

7007 54th St. SE
Calgary, AB

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2025

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of: Skyline Industrial Real Estate Investment Trust

Opinion
We have audited the accompanying consolidated financial statements of Skyline Industrial Real Estate Investment Trust, which comprise the consolidated statement of financial position and the consolidated statement of changes in unitholders' equity as at December 31, 2025, December 31, 2024, and December 31, 2023 and the consolidated statements of income and comprehensive income and cash flows for the years ended December 31, 2025 and December 31, 2024, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Skyline Industrial Real Estate Investment Trust as at December 31, 2025, December 31, 2024, and December 31, 2023 and the consolidated results of its operations and its cash flows for the years ended December 31, 2025 and December 31, 2024 in accordance with International Financial Reporting Standards.

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

Emphasis of Matter - Restated Comparative Information
We draw attention to note 6 to the consolidated financial statements, which explains that certain comparative information presented for the year ended December 31, 2024 has been restated. Our opinion is not modified in respect of this matter.

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

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

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

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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 Industrial Real Estate Investment Trust’s internal control.

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

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

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

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

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

RLB LLP

Guelph, Ontario
March 23, 2026

Chartered Professional Accountants
Licensed Public Accountants

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2025

(in thousands of Canadian dollars)

	2025	2024 (note 6)	2023 (note 6)
ASSETS			
Investment properties (note 7)	$ 1,790,292	$ 1,798,250	$ 1,669,990
Assets held for sale (note 8)	3,816	0	0
Investment in joint ventures (notes 6, 9)	77,128	80,537	101,089
Other assets (note 10)	5,952	6,382	8,243
Due from related party (note 13)	2,202	0	0
Accounts receivable (note 16)	959	2,349	1,210
Cash	6,730	6,653	4,247
	$ 1,887,079	$ 1,894,171	$ 1,784,779
LIABILITIES AND UNITHOLDERS' EQUITY			
Mortgages payable (notes 11, 16)	$ 928,338	$ 907,752	$ 801,166
Land lease (note 12)	19,937	20,001	20,060
Limited partnership units (notes 16, 20)	11,683	11,683	11,302
Due to related party (notes 13, 16)	0	2,266	64
Tenant deposits	12,163	12,270	10,226
Liabilities related to assets held for sale (note 8)	54	0	0
Accounts payable and accrued liabilities (note 16)	12,128	12,953	9,432
Revolving credit facility (note 16)	32,126	15,817	53,771
	1,016,429	982,742	906,021
Unitholders' equity (page 6)	870,650	911,429	878,758
	$ 1,887,079	$ 1,894,171	$ 1,784,779

Trustee

Trustee

See notes to the consolidated financial statements

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2025

(in thousands of Canadian dollars)

	2025 (note 6)	2024	2023 (note 6)
OPENING BALANCE	$ 911,429	$ 878,758	$ 811,004
Proceeds from units issued (note 19)	29,426	51,003	69,717
Units issued by way of distribution (note 19)	18,657	24,405	16,472
Issuance costs	(564)	(815)	(866)
Redemptions (note 19)	(63,113)	(55,464)	(41,088)
Income and comprehensive income for the year	13,132	57,133	58,525
Distributions paid	(38,317)	(43,591)	(35,006)
CLOSING BALANCE	$ 870,650	$ 911,429	$ 878,758

See notes to the consolidated financial statements

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2025

(in thousands of Canadian dollars)

	2025	**2024** (note 6)
PROPERTY REVENUES		
Minimum rent	$ 96,412	$ 95,291
Cost recoveries from tenants	44,909	45,848
	141,321	141,139
DIRECT PROPERTY EXPENSES		
Property taxes	32,874	31,255
Other direct property costs	11,522	10,562
Utilities	962	725
Property management fees (note 13)	2,929	2,927
	48,287	45,469
NET PROPERTY INCOME	93,034	95,670
OTHER INCOME AND EXPENSES		
Financing costs (note 14)		
Interest paid on debt	46,168	47,767
Distributions paid on partnership units	940	11,397
Administrative expenses	942	931
Asset management fees (note 13)	2,789	2,741
Wealth management fees (note 13)	2,775	2,756
Lease documentation fees (note 13)	45	54
Interest income	(9)	0
	53,650	65,646
INCOME BEFORE UNDERNOTED	39,384	30,024
Fair value loss on limited partnership units (note 20)	0	(128)
Share of net (loss) earnings from investments in joint ventures (note 9)	(13,351)	14,331
Fair value gain on disposed properties	0	4,643
Fair value (loss) gain on investment properties	(12,901)	8,263
	(26,252)	27,109
INCOME AND COMPREHENSIVE INCOME for the year	$ 13,132	$ 57,133

See notes to the consolidated financial statements

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

(in thousands of Canadian dollars)

	2025	2024 (note 6)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Income and comprehensive income for the year	$ 13,132	$ 57,133
Items not requiring an outlay of cash		
Amortization of leasing costs and straight-line rent (note 7)	(462)	(3,533)
Amortization of financing costs (notes 11, 14)	1,836	1,413
Financing costs included in operations (note 14)	45,229	57,717
Fair value loss on limited partnership units	0	128
Share of net loss (earnings) from investments in joint ventures	13,351	(14,331)
Fair value gain on disposed properties	0	(4,643)
Fair value loss (gain) on investment properties	12,901	(8,263)
	85,987	85,621
Changes in non-cash working capital		
Accounts receivable	1,389	(1,139)
Other assets	415	1,861
Accounts payable and accrued liabilities	(799)	3,521
Tenant deposits	(79)	2,044
	86,913	91,908
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Mortgages payable (net repayments and advances) (note 11)	18,750	109,508
Mortgages discharged due to sale of investment properties (note 11)	0	(4,335)
Interest on mortgages payable (notes 11, 12, 14)	(42,784)	(42,083)
Lease payments made on land lease (note 12)	(64)	(59)
Revolving credit facility repayments	16,309	(37,954)
Interest on revolving credit facility (note 14)	(1,505)	(4,237)
Proceeds on issuance of Class B LP units (note 20)	0	253
Distribution paid on partnership units (notes 13, 14, 20)	(940)	(11,397)
Proceeds from units issued (page 6)	29,426	51,003
Distributions paid (net of distribution reinvestment plan) (page 6)	(19,660)	(19,186)
Redemptions of units (page 6)	(63,113)	(55,464)
Issuance costs (page 6)	(564)	(815)
	(64,145)	(14,766)
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to investment properties (notes 7, 9)	(8,281)	(41,850)
Investments in joint ventures (note 9)	(9,942)	(54,731)
Advances (to) from related party (note 13)	(4,468)	2,202
Proceeds on disposition of investment properties (note 7)	0	19,643
	(22,691)	(74,736)
INCREASE IN CASH for the year	77	2,406
CASH, beginning of year	6,653	4,247
CASH, end of year	$ 6,730	$ 6,653

See notes to the consolidated financial statements

1. NATURE OF BUSINESS

Skyline Industrial Real Estate Investment Trust (“Skyline Industrial REIT”) is an unincorporated, open-ended private real estate investment trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated January 10, 2012.

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

As at December 31, 2025, CRELP owned fifty-six (2024 - fifty-six) commercial investment properties, all of which are located in Canada.

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

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements of Skyline Industrial REIT for the year ended December 31, 2025 (including comparatives) are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

The consolidated financial statements for the year ended December 31, 2025 (including comparatives) were approved for issue by the Board of Trustees on March 23, 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 (including assets held for sale) and certain financial instruments, as set out in the relevant accounting policies.

(c) FUNCTIONAL CURRENCY AND PRESENTATION

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

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

2. BASIS OF PRESENTATION (continued)

(d) USE OF ESTIMATES

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

Significant estimates and assumptions include the fair values assigned to investment properties and allowances for doubtful accounts. Valuation of investment properties is one of the principal estimates and uncertainties of these consolidated financial statements. Refer to note 7 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 Industrial REIT, are classified as investment properties, in accordance with IAS 40 - Investment Properties ("IAS 40").

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

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. All other properties are valued internally, using market supported financial metrics that are in accordance with IFRS 13, in tandem with current property details including, among other things, rent rolls from current leases and assumptions about rental income from future leases in light of current market conditions, and, any cash outflows that could be expected in respect of the property except for those outflows that relate to liabilities recognized on the consolidated statement of financial position. Skyline Industrial REIT also uses extensive market comparable sales to support valuation capitalization rates for different types of assets in different markets. These valuations form the basis for the carrying amounts in the consolidated financial statements.

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

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

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

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

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

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

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

(b) ASSETS HELD FOR SALE

In accordance with IFRS 5, non-current assets comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. For this purpose, a sale is highly probable if management is committed to a plan to achieve the sale; there is an active program to find a buyer; the non-current asset is being actively marketed at a reasonable price; the sale is anticipated to be completed within one year from the date of classification; and it is unlikely there will be changes to the plan. Current assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. In accordance with IAS 40, investment properties held for sale are measured at fair value.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(b) ASSETS HELD FOR SALE (continued)

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

(c) REVENUE RECOGNITION

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

Tenant inducements are recognized at fair value at the inception of the lease and are amortized through revenue on a straight line basis over the life of the lease excluding those directly paid by tenants.

(d) FINANCIAL INSTRUMENTS

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

Asset/Liability	Classification/Measurement
Cash	Amortized cost
Accounts receivable	Amortized cost
Tenant loan receivable	Amortized cost
Due from related party	Amortized cost
Mortgages payable	Amortized cost
Due to related party	Amortized cost
Limited partnership units	Fair value through profit or loss
Accounts payable and accrued liabilities	Amortized cost
Revolving credit facility	Amortized cost

Financial Assets

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

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

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

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

Financial Liabilities

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

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(e) LIMITED PARTNERSHIP UNITS

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

(f) DISTRIBUTIONS TO LIMITED PARTNERSHIP UNITHOLDERS

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

(g) INCOME TAXES

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

(h) LEASES

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

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

The ROU asset is measured at fair value and included with investment properties.

(i) DISTRIBUTION REINVESTMENT PLAN

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(j) JOINT VENTURES

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

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

(k) FAIR VALUE MEASUREMENT

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

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(l) PROVISIONS

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

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

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

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

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

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

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

5. PRINCIPLES OF CONSOLIDATION

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

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

6. RESTATEMENT OF PRIOR YEARS

During the year ended December 31, 2025, management performed a reconciliation of the financial information received from certain joint ventures to the amounts previously recognized under the equity method. As a result of this reconciliation, management identified that Skyline Industrial REIT's share of net earnings from certain joint ventures had been overstated in prior years due to a discrepancy in the calculation of Skyline Industrial REIT's proportionate share of net earnings.

Specifically, Skyline Industrial REIT had recognized its share of net earnings based on financial information received from the joint ventures. Subsequent review determined that adjustments recorded at the joint venture level had not been fully reflected in Skyline Industrial REIT's equity-accounted earnings in prior years. As a result, the carrying amount of investments in joint ventures and the related share of earnings had been overstated.

Management concluded that this represented a prior period error in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, the comparative financial statements for the years ended December 31, 2024 and December 31, 2023 have been restated to correct this error.

The impact of the restatement on the consolidated financial statements is summarized below.

<u>Impact on Consolidated Statement of Financial Position</u>

Financial statement line item	**2024**	**2023**
Investment in joint ventures	$(19,201) decrease	$(12,855) decrease
Unitholders' equity	$(19,201) decrease	$(12,855) decrease

<u>Impact on Consolidated Statement of Income and Comprehensive Income</u>

Financial statement line item	**2024**	**2023**
Share of net earnings from investments in joint ventures	$(6,346) decrease	$(8,991) decrease

The restatement did not impact cash flows in any year. The error did not affect Skyline Industrial REIT's compliance with any debt covenants, distributions paid to unitholders, or the fair value of investment properties.

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

7. INVESTMENT PROPERTIES

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

	2025	**2024**
Balance at beginning of the years	$ 1,798,250	$ 1,669,990
Acquisitions through purchase of limited partnerships	0	100,400
Acquisitions through capital expenditure on existing investment properties	8,281	31,064
Disposals through sale of investment properties	0	(19,643)
Assets held for sale	(3,800)	0
Amortization of leasing costs and straight-line rents	462	3,533
Fair value adjustment on investment properties and disposed properties	(12,901)	12,906
Balance at end of the years	$ 1,790,292	$ 1,798,250

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

	2025	**2024**
Cost	$ 1,581,896	$ 1,575,470
Cumulative fair value adjustment		208,396
222,780		
Fair value	$ 1,790,292	$ 1,798,250

Asset acquisitions:

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

	2025	**2024**
Acquisition cost of investment properties	$ 0	$ 100,400
Acquisition of RF West Island Limited Partnership III	0	(63,003)
Acquisition of RF Notre-Dame Limited Partnership I	0	(26,611)
Total identifiable net assets settled by cash	$ 0	$ 10,786

Asset dispositions:

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

	2025	**2024**
Mortgages	$ 0	$ 4,335

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

7. INVESTMENT PROPERTIES (continued)

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

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

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

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

Purchase price allocation:

Recognized amounts of identifiable assets acquired and liabilities assumed

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

Consideration transferred for the acquisition consists of the following:

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

Future rental income:

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

	2025	2024
Less than one year	$ 91,509	$ 92,535
Between one and three years	160,681	168,698
More than three years	451,312	507,595
	$ 703,502	$ 768,828

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

7. INVESTMENT PROPERTIES (continued)

Fair value disclosure:

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

Skyline Industrial REIT categorizes its investment properties by region, and each region has a different range of capitalization rates, depending on the specific risk factors for each property in that region. The weighted average capitalization rates for commercial properties is 5.28% (2024 - 5.77%). Overall, the capitalization rates for commercial properties fall between:

	2025	**2024**
Minimum	4.25%	4.10%
Maximum	7.00%	7.60%

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 Industrial REIT valued $44,392 of its investment properties internally (2024 - $82,590). The remainder of the investment property fair value (including investment properties held for sale) was obtained through third party appraisals. In the year, this amounted to $1,749,700 (2024 - $1,615,260). In 2025, 2.5% (2024 - 4.6%) of the cost base of investment properties were valued internally and 97.5% (2024 - 95.4%) were valued externally. There were zero acquisitions during 2025 and the acquisitions during 2024 were valued at $100,400. Actual results may differ from these estimates and may be subject to material adjustment within the next year.

Fair value sensitivity:

Skyline Industrial REIT's investment properties are classified as Level 3 under the fair value hierarchy, as the inputs in the valuations of these investment properties are not based on observable market data. The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at December 31, 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)%	4.28%	$ 2,208,585	$ 418,293	23.36%
December 31, 2025	5.28%	$ 1,790,292	$ 0	0.00%
1.00%	6.28%	$ 1,505,214	$ (285,078)	(15.92)%

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

8. ASSETS HELD FOR SALE

As at December 31, 2025, there was one property held for sale (December 31, 2024 - no properties held for sale). The assets and liabilities associated with investment properties held for sale are as follows:

	2025	2024
ASSETS		
Investment properties	$ 3,800	$ 0
Other assets	15	0
Accounts receivable	1	0
	3,816	0
LIABILITIES		
Tenant deposits	28	0
Accounts payable and accrued liabilities	26	0
	54	0
NET ASSETS HELD FOR SALE	$ 3,762	$ 0

9. INVESTMENT IN JOINT VENTURES

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

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

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

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

9. INVESTMENT IN JOINT VENTURES (continued)

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

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

The acquisitions were funded by cash during the year.

The components of investment in joint ventures is as follows:

	2025	2024	2023
		(note	6)
	(note 6)		
RF LP I	$ 33,653	$ 39,877	$ 46,320
RF LP II	24,322	23,130	37,477
HPB LP	19,153	17,530	17,292
Balance at end of the year	$ 77,128	$ 80,537	$ 101,089

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

9. INVESTMENT IN JOINT VENTURES (continued)

As at December 31, 2025:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Balance at the beginning of the year, as restated	$ 39,877	$ 0	$ 23,130	$ 17,530	$ 80,537
Contributions	4,375	0	3,944	1,623	9,942
Share of net loss	(10,599)	0	(2,752)	0	(13,351)
Balance at end of the year	$ 33,653	$ 0	$ 24,322	$ 19,153	$ 77,128

As at December 31, 2024 (note 6)**:**

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Balance at the beginning of the year, as restated	$ 46,320	$ 0	$ 37,477	$ 17,292	$ 101,089
Contributions	74,226	0	4,267	238	78,731
Distributions	0	0	(24,000)	0	(24,000)
Share of net earnings	8,945	0	5,386	0	14,331
Acquisition of control	(89,614)	0	0	0	(89,614)
Balance at end of the year	$ 39,877	$ 0	$ 23,130	$ 17,530	$ 80,537

As at December 31, 2023 (note 6)**:**

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Balance at the beginning of the year, as restated	$ 31,027	$ 32,369	$ 17,438	$ 7,296	$ 88,130
Contributions	19,812	56,713	20,039	9,996	106,560
Distributions	(23,030)	0	0	0	(23,030)
Share of net earnings	18,511	9,299	0	0	27,810
Acquisition of control	0	(98,381)	0	0	(98,381)
Balance at end of the year	$ 46,320	$ 0	$ 37,477	$ 17,292	$ 101,089

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

9. INVESTMENT IN JOINT VENTURES (continued)

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

As at December 31, 2025:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Real estate property under development	$ 32,972	$ 0	$ 20,106	$ 77,401	$ 130,479
Loan receivable	0	0	4,223	0	4,223
Current assets	686	0	6	333	1,025
Total assets	33,658	0	24,335	77,734	135,727
Non-current liabilities	0	0	0	0	0
Current liabilities	5	0	13	58,581	58,599
Net equity	$ 33,653	$ 0	$ 24,322	$ 19,153	$ 77,128

For the year ended December 31, 2025:

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Rental revenue	$ 0	$ 0	$ 0	$ 0	$ 0
Operating expenses	(10,967)	0	(3,245)	0	(14,212)
Net operating expense	(10,967)	0	(3,245)	0	(14,212)
Other income	368	0	493	0	861
Net loss	$ (10,599)	$ 0	$ (2,752)	$ 0	$ (13,351)

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

9. INVESTMENT IN JOINT VENTURES (continued)

As at December 31, 2024 (note 6)**:**

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Real estate property under development	$ 25,609	$ 0	$ 19,637	$ 72,397	$ 117,643
Loan receivable	14,278	0	3,497	0	17,775
Current assets	680	0	6	8	694
Total assets	40,567	0	23,140	72,405	136,112
Non-current liabilities	0	0	0	0	0
Current liabilities	690	0	10	54,875	55,575
Net equity	$ 39,877	$ 0	$ 23,130	$ 17,530	$ 80,537

For the year ended December 31, 2024 (note 6)**:**

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Rental revenue	$ 0	$ 0	$ 0	$ 0	$ 0
Operating expenses	(883)	0	0	0	(883)
Net operating expense	(883)	0	0	0	(883)
Other income	0	0	0	0	0
Gain on sale	277	0	5,386	0	5,663
Fair value gain	9,551	0	0	0	9,551
Net income, as restated	$ 8,945	$ 0	$ 5,386	$ 0	$ 14,331

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

9. INVESTMENT IN JOINT VENTURES (continued)

As at December 31, 2023 (note 6)**:**

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Real estate property under development	$ 69,844	$ 0	$ 34,342	$ 36,230	$ 140,416
Loan receivable	4,770	$ 0	3,087	0	7,857
Current assets	551	0	53	933	1,537
Total assets	75,165	0	37,482	37,163	149,810
Non-current liabilities	28,332	0	0	0	28,332
Current liabilities	513	0	5	19,871	20,389
Net equity	$ 46,320	$ 0	$ 37,477	$ 17,292	$ 101,089

For the year ended December 31, 2023 (note 6)**:**

	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Rental revenue	$ 0	$ 0	$ 0	$ 0	$ 0
Operating expenses	(1,989)	0	0	0	(1,989)
Net operating expense	(1,989)	0	0	0	(1,989)
Other income	195	0	0	0	195
Gain on sale	20,305	0	0	0	20,305
Fair value gain	0	9,299	0	0	9,299
Net income, as restated	$ 18,511	$ 9,299	$ 0	$ 0	$ 27,810

10. OTHER ASSETS

The components of other assets are as follows:

	2025	**2024**
Funds held in trust	$ 3,182	$ 2,849
Prepaid expenses	2,449	3,062
Tenant loan receivable	321	471
	$ 5,952	$ 6,382

The tenant loan is receivable in blended monthly instalments of $15 (2024 - $15) with interest charged at 7.5% (2024 - 7.5%). The loan is due in 2027. The portion receivable within one year is $162 (2024 - $150). See note 16 for financial risk management.

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

11. MORTGAGES PAYABLE

The mortgages payable are secured by investment properties, assets held for sale and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 4.55% (2024 - 4.58%) per annum are $919,666 (2024 - $899,080). Interest-only mortgages bearing variable interest rates with an average variable rate of 5.15% (2024 - 6.20%) per annum are $8,672 (2024 - $8,672). Included in mortgages payable are mortgages under interest rate swap agreements of $163,315 (2024 - $122,045) with a weighted average fixed interest rate of 5.00% (2024 - 5.23%) per annum. Also included in mortgages payable are second mortgages of $7,672 (2024 - $1,767) which bear a fixed interest rate of 3.78% (2024 - 2.45%). Mortgages have maturity dates ranging between 2026 and 2033. All mortgages are denominated in Canadian dollars.

Future minimum principal payments on mortgages payable are as follows:

2026	$ 132,622
2027	228,976
2028	122,811
2029	192,567
2030	178,926
Thereafter	72,436
	$ 928,338

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

	2025	2024
Mortgages payable, beginning of year	$ 907,752	$ 801,166
Proceeds from new mortgages	152,120	216,902
Repayment of existing mortgages	(133,502)	(110,618)
Transaction costs related to mortgages	132	(1,111)
Total changes from financing cash flows	18,750	105,173
Amortization of financing costs	1,836	1,413
Financing costs included in operations	41,274	40,568
Interest paid	(41,274)	(40,568)
Total liability-related changes	1,836	1,413
Mortgages payable, end of year	$ 928,338	$ 907,752

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

12. LAND LEASE

Skyline Industrial REIT has entered into two (2024 - two) land leases. The land leases are payable in monthly instalments of $131 (2024 - $131) with interest at 7.56% per annum (2024 - 7.56%) and mature in 2051. The principal portion payable within one year is $113 (2024 - $64).

The following table details the undiscounted cash flows and contractual maturities of Skyline Industrial REIT's land lease as at December 31, 2025:

2026	$ 1,617
2027	1,652
2028	1,652
2029	1,652
2030	1,652
Thereafter	39,061
	$ 47,286

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

	2025	2024
Land lease, beginning of year	$ 20,001	$ 20,060
Land lease payments	(64)	(59)
Total changes from financing cash flows	(64)	(59)
Financing costs included in operations	1,510	1,515
Interest paid	(1,510)	(1,515)
Total liability-related changes	0	0
Land lease, end of year	$ 19,937	$ 20,001

13. RELATED PARTY TRANSACTIONS

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

13. RELATED PARTY TRANSACTIONS (continued)

Distributions to partners
Skyline Commercial Real Estate GP Inc. is the general partner of CRELP and is entitled to 20% of distributions after the limited partners have received returns equivalent to their adjusted contribution value. Related party transactions are measured at fair value. A provision for the future distributions payable to Skyline Commercial Real Estate GP Inc. has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at December 31, 2025, a distribution would be payable if the investment properties were sold. At December 31, 2025, there were distributions payable to Skyline Commercial Real Estate GP Inc. in the amount of $0 (2024 - $2,266) which is included in due to related party.

	2025	2024
Distributions paid to general partner on sale of investment properties	$ 0	$ 3,846
Distributions paid to general partner from distributable income	407	6,785
	$ 407	$ 10,631

Services of the Asset Manager
Skyline Industrial REIT has an asset management agreement with Skyline Asset Management Inc. and Skyline Commercial Asset Management Inc (the “Asset Manager”). The asset management fees payable under the asset management agreement are 2% of adjusted gross revenue. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Asset Manager $2,789 in asset management fees (2024 - $2,741).

Skyline Industrial REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Industrial REIT shall pay the Asset Manager: (i) 50% of market brokerage fees if an external broker is used, or (b) 100% of market brokerage fees if no external broker is used. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Asset Manager $1,030 in leasing services fees (2024 - $3,200).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Industrial REIT. In providing these services, Skyline Industrial REIT pays the Asset Manager a fee equal to 1% of the development costs of each project. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Asset Manager $222 in development management fees (2024 - $1,376).

Services of the Property Manager
Skyline Industrial REIT has a property management agreement with Skyline Commercial Management Inc (the “Property Manager”). Property management fees payable under the property management agreement for single tenant managed properties are paid at a fixed rate ranging from 15 to 25 cents per square foot (not in thousands of Canadian dollars). For multi-tenant properties or single tenant properties managed by a property manager, the fee is 2.5% of base rental income. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Property Manager $2,929 in property management fees (2024 - $2,927).

As part of the property management agreement, Skyline Industrial REIT also pays for lease documentation services, which are payable at a fixed rate ranging from $200 to $1,000 (not in thousands of Canadian dollars) per lease. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Property Manager $45 in lease documentation fees (2024 - $54).

13. RELATED PARTY TRANSACTIONS (continued)

Services of the Exempt Market Dealer
Skyline Industrial REIT has an exempt market dealer agreement with Skyline Wealth Management Inc. (the “Exempt Market Dealer”). Fees payable under the exempt market dealer agreement include wealth management fees of 0.3% of unitholders equity, and equity raise fees ranging from 0.5% to 1.5% of proceeds from units issued during the year. For the year ended December 31, 2025 Skyline Industrial REIT paid to the Exempt Market Dealer $2,775 in wealth management fees (2024 - $2,756) and $562 equity raise fees (2024 - $773).

Services of the Mortgage Underwriting Manager
Skyline Industrial REIT has an arrangement with Skyline Mortgage Financing Inc. (the “Underwriting Manager”), wherein the Underwriting Manager assists Skyline Industrial REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Industrial REIT pays the Underwriting Manager $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 35 bps on mortgage principal for all other mortgages. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Underwriting Manager $649 in mortgage underwriting fees (2024 - $1,077).

Legal Services Manager
Skyline Industrial REIT has an arrangement with Skyline Private Investment Capital Inc. (the “Legal Services Manager”), wherein the Legal Services Manager provides advice to Skyline Industrial REIT on the use of external legal counsel, and manages external legal counsel on behalf of Skyline Industrial REIT (the “Legal Services Arrangement”), the costs for which are approved annually by Skyline Industrial REIT's independent Trustees. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Legal Services Manager $905 in legal and administrative fees (2024 - $1,208).

Services of the Solar Asset Manager
Skyline Industrial REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the “Solar Asset Manager”). The solar asset management fees payable under the arrangement are equal to $20 (not in thousands of Canadian dollars) per kilowatt of direct current per annum for each solar system managed by the Solar Asset Manager. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Solar Asset Manager $0 in solar asset management fees (2024 - $44).

Services of the CAPEX Provider
Skyline Industrial REIT has an arrangement with Skyline Capital Projects Management Inc (the “CAPEX Provider”), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi-year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Industrial REIT’s independent Trustees. For the year ended December 31, 2025, Skyline Industrial REIT paid to the CAPEX Provider $297 in CAPEX management fees (2024 - $193).

Services of the Development Manager
Skyline Industrial REIT has an arrangement with Skydevco Inc (the “Development Manager”), who provides development consulting services to Skyline Industrial REIT, the costs for which are approved from time to time by Skyline Industrial REIT’s independent Trustees. For the year ended December 31, 2025, Skyline Industrial REIT paid to the Development Manager $9 in development service fees (2024 - $0).

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

13. RELATED PARTY TRANSACTIONS (continued)

Due from related party

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

	2025	2024
Skyline Commercial Real Estate GP Inc.	$ 2,202	$ 0

This balance was repaid subsequent to year end.

Due to related party

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

	2025	2024
Skyline Commercial Real Estate GP Inc.	$ 0	$ 2,266

Investment in related companies

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

14. FINANCING COSTS

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

	2025	2024
Mortgage interest	$ 41,274	$ 40,568
Deferred financing costs	1,836	1,413
Bank charges	43	34
Interest expense on lease liability	1,510	1,515
Interest expense on revolving credit facility	1,505	4,237
Distribution interest paid on Class B Limited Partnership Units	533	766
Distribution interest paid to general partner	407	6,785
Distribution interest paid to general partner on sale of investment properties	0	3,846
	$ 47,108	$ 59,164

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

15. FAIR VALUE MEASUREMENT

Assets and liabilities measured at fair value

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

As at	December 31, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	$ 0	$ 0	$ 1,790,292	$ 0	$ 0	$ 1,798,250
Assets held for sale	0	0	3,800	0	0	0
	$ 0	$ 0	$ 1,794,092	$ 0	$ 0	$ 1,798,250
Liabilities						
Mortgages payable	$ 0	$ 928,019	$ 0	$ 0	$ 906,820	$ 0
Limited partnership units	0	0	11,683	0	0	11,683
	$ 0	$ 928,019	$ 11,683	$ 0	$ 906,820	$ 11,683

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

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

Financial assets and liabilities carried at amortized cost

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

16. FINANCIAL RISK MANAGEMENT

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

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

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

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

16. FINANCIAL RISK MANAGEMENT (continued)

i) Market risk

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

a. Interest rate risk

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

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

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

As of December 31, 2025

	Carrying Amount	Income -1%	Unitholders' Equity -1%	Income +1%	Unitholders' Equity +1%
Revolving credit facility	$ 32,126	$ 321	$ 321	$ (321)	$ (321)
Mortgages payable, maturing within one year	114,645	1,146	1,146	(1,146)	(1,146)
	$ 146,771	$ 1,467	$ 1,467	$ (1,467)	$ (1,467)

As of December 31, 2024

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

16. FINANCIAL RISK MANAGEMENT (continued)

i) Market risk (continued)

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

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

ii) Credit risk
Credit risk is a risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from trade receivables, including rental receivables from lessees, mortgage and notes receivable.

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

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

	2025	2024
Allowance for doubtful accounts beginning of year	$ 0	$ 5
Reversal of provision for impairment	0	(5)
Allowance for doubtful accounts end of year	$ 0	$ 0

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

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

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

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

16. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

Skyline Industrial REIT has access to an operating line of credit to a maximum of $4,100 (2024 - $4,100) interest charged at prime plus 1.75% (2024 - prime plus 1.75%), of which $0 is utilized at December 31, 2025 (2024 - $0). The line of credit is secured by a general security agreement.

Under a second financing agreement, Skyline Industrial REIT has access to an operating line of credit to a maximum of $75,000 (2024 - $75,000) with interest at prime plus 1.50% (2024 - prime plus 1.50%) or, at the option of the borrower, a fixed rate equal to the adjusted term CORRA rate plus 2.5% for a 30 day or 90 day term. At December 31, 2025, the total drawn on the operating line of credit by Skyline Industrial REIT was $32,126 (2024 - $15,817). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Industrial REIT.

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

	2025	2024
Revolving credit facility, beginning of year	$ 15,817	$ 53,771
Net (repayment) proceeds from revolving credit facility	16,309	(37,954)
Financing costs included in operations	1,505	4,237
Interest paid	(1,505)	(4,237)
Total liability-related changes	0	0
Revolving credit facility, end of year	$ 32,126	$ 15,817

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

Skyline Industrial REIT's long term debt consists of mortgages payable bearing interest rates ranging from 2.38% to 6.06% per annum (2024 - 2.31% to 6.20%), payable in monthly instalments of principal and interest of approximately $5,037 (2024 - $4,902), maturing from 2026 to 2033, and are secured by specific charges against specific properties.

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

16. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

Financial liabilities and their maturities are as follows:

December 31, 2025	On demand	Less than one year	One to five years	More than five years	**Total**
Mortgages payable	$ 0	$ 114,645	$ 734,335	$ 79,358	$ 928,338
Class B Limited Partnership units	11,683	0	0	0	11,683
Accounts payable and accrued liabilities	0	12,128	0	0	12,128
Revolving credit facility	32,126	0	0	0	32,126
	$ 43,809	$ 126,773	$ 734,335	$ 79,358	$ 984,275

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

iv) Real estate risk

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

Skyline Industrial REIT mitigates its exposure to any one tenant as a majority of its investment properties are commercial which results in a large number of tenants with minimal financial exposure to each. Skyline Industrial REIT's commercial portfolio has a concentration of risk with one tenant that represents more than 10% of property revenue. One tenant represents 15.7% (2024 - 15.9%) of Skyline Industrial REIT's property revenue.

17. CAPITAL RISK MANAGEMENT

Skyline Industrial REIT's objectives when managing capital are to safeguard 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 Industrial REIT has the ability to adjust the amount of distributions paid to partners, return capital to partners, issue additional units, refinance existing debt, or sell investment property to reduce debt.

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

17. CAPITAL RISK MANAGEMENT (continued)

Skyline Industrial REIT monitors capital primarily using a loan to value ratio, which is quotient of mortgages payable to investment properties. As of December 31, 2025, the loan to value ratio was 52% (2024 - 50%), which is within Skyline Industrial REIT's stated policy of 70% or lower. Subsequent to December 31, 2025, Skyline Industrial REIT is in compliance with the policy.

18. SEGMENTED DISCLOSURE

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

19. UNITHOLDERS' EQUITY

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

As at December 31, 2025 the price for newly issued units and units to be redeemed was $22.75 (2024 - $22.75). The units issued and outstanding are as follows:

Class A Units	**2025 Units**	**2024 Units**
Units outstanding, beginning of year	33,783,875	33,956,694
Units issued	627,594	1,419,923
Units issued (by way of distribution)	733,832	974,549
Units converted to Class F units	(110,681)	(179,127)
Redemptions during the year	(2,331,121)	(2,388,164)
Units outstanding, end of year	32,703,499	33,783,875

Class F Units	**2025 Units**	**2024 Units**
Units outstanding, beginning of year	3,075,575	2,024,848
Units issued	665,855	833,709
Units issued (by way of distribution)	86,259	105,585
Units converted from Class A units	110,681	179,127
Redemptions during the year	(427,962)	(67,694)
Units outstanding, end of year	3,510,408	3,075,575

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

20. LIMITED PARTNERSHIP UNITS

The non-voting Class B limited partnership units are units issued by CRELP as partial consideration of investment properties. The Class B limited partnership units can be exchanged for Trust Units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Skyline Industrial REIT units.

As at December 31, 2025, there were 513,548 (2024 - 513,548) Class B limited partnership units issued and outstanding. The Class B limited partnership units represented an aggregate fair value of $11,683 at December 31, 2025 (2024 - $11,683).

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

	2025	2024
Limited partnership units, beginning of year	$ 11,683	$ 11,302
Proceeds from issue of limited partnership units	0	253
Financing costs included in operations	533	766
Distribution interest paid	(533)	(766)
Total liability-related changes	0	0
Changes in fair value	0	128
Limited partnership units, end of year	$ 11,683	$ 11,683

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