



SKYLINE

RETAIL REIT

2025
ANNUAL REPORT





It starts **here.**

INVESTING IN WHAT CANADIANS RELY ON DAILY



SKYLINE RETAIL REIT ANNUAL REPORT 2025

Contents

4	Highlights	28	Property Portfolio & Acquisitions and Dispositions
7	Retail Portfolio Overview	29	2025 Operating Highlights
10	CEO Address to Unitholders	37	Investment Properties
12	CFO Address to Unitholders	40	Capital Expenditures & Capital Structure
14	President's Address	45	Unitholder Taxation & Related Party Transactions
17	Senior Management	47	Services
18	Board of Trustees	49	Risks and Uncertainties
20	Skyline Awards	59	Subsequent Events
23	Forward-Looking Disclaimer	62	Consolidated Audited Financial Statements
25	Management Strategy		
26	Key Performance Indicators		
27	Goals and Objectives & 2025 Highlights		



IGA

3080-3110 Rue Henri-L.-Chevrette & 5371 Chemin Saint-Jean
St-Felix-de-Valois, QC



SKYLINE RETAIL REIT

Highlights

\$1.65 B

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

5.21 MM

Gross Leasable Area
(SQ FT)
(As at December 31, 2025)

108.80%

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

\$15.75

Current
Unit Value
(As at April 30, 2026)

\$0.996

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

6.32%

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

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

\$1.012 Distribution per Unit | 6.42% Yield

1395-1467 Michele Bohec Blvd.
Blaineville, QC

No 900



6.51%

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

7.72%

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

10.04%

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

10.69%

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

11.44%

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

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

6.62% 1-Year | 7.83% 3-Year | 7.61% Inception (2022)



15-21 Hanes Rd.
Huntsville, ON

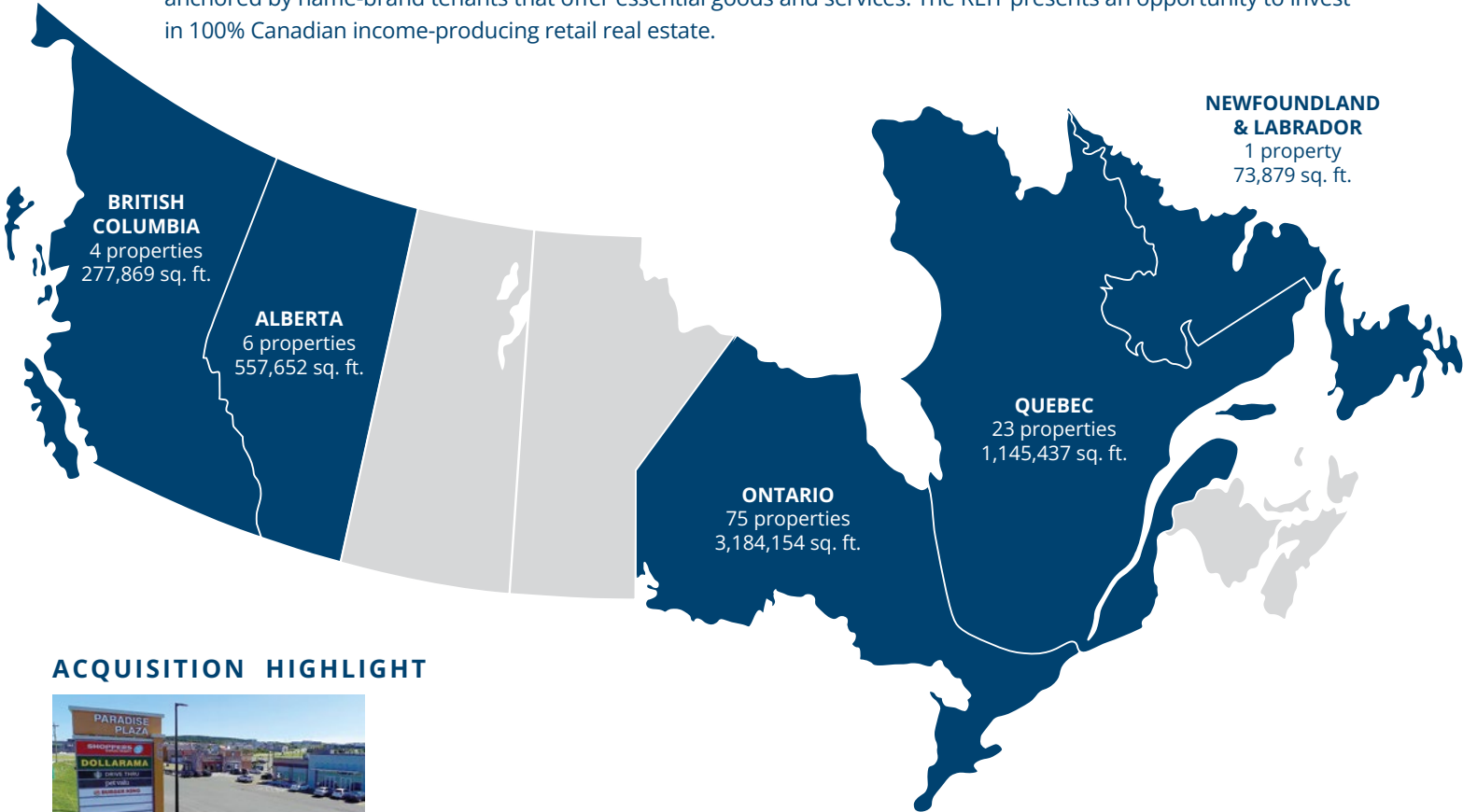




ACQUISITION HIGHLIGHTS AND

Retail Portfolio Overview

Skyline Retail Real Estate Investment Trust (“REIT”) is a grocery and pharmacy-dominant portfolio of retail properties anchored by name-brand tenants that offer essential goods and services. The REIT presents an opportunity to invest in 100% Canadian income-producing retail real estate.



ACQUISITION HIGHLIGHT



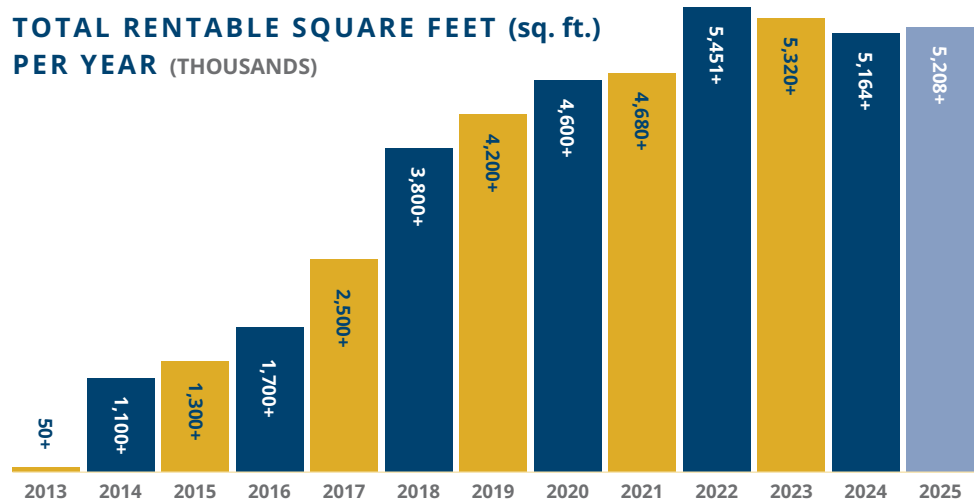
1641 Topsail Rd.

Paradise, NL

Dominant, grocery-anchored retail plaza; 100% leased to 10 tenants.

Construction of a new No Frills grocery store is currently underway, with the opening anticipated for September 2026.

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







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





Navigating 2025 with Resilience and Discipline

Against an evolving landscape shaped by shifting consumer behaviour and select macroeconomic pressures within the Canadian retail sector, Skyline Retail REIT delivered a stable operating performance in 2025. While the broader discretionary retail segment continued to face challenges that tested traditional operating models, the REIT's disciplined focus on essential-needs retail provided a resilient foundation, supporting consistent revenue generation and strong occupancy across the portfolio.

We are pleased to highlight several key achievements from the year, including:

- Year-over-year increase in net income.
- A 3.70% increase in total investment property fair market value.
- Occupancy remained strong at 97.2%, with committed occupancy levels trending higher.

Compared to the prior year, the REIT delivered stable topline performance. Total income rose to \$149.33 million, while Net Operating Income (NOI) eased modestly by 2.21% to \$90.51 million, reflecting normal variability in operating margins. Funds From Operations (FFO), a key measure for evaluating recurring operating performance, eased to \$44.24 million, reinforcing the stability of the REIT's underlying earnings stream. At year-end, the REIT's fair market value remained steady at \$1.65 billion, a diversified portfolio of 109 investment properties across 64 communities in five provinces.

Key operational metrics also demonstrated continued strength. Average annual in-place rent increased by 1.72% to a record \$20.12 per square foot. In correlation, occupancy remained strong at 97.20%, signalling a portfolio that is essentially fully leased. The committed occupancy rate, representing space that is either currently occupied or contractually committed to lease, finished 2025 at even higher levels.

Leverage ratios remain well within the REIT's conservative thresholds and below Declaration of Trust (DOT) covenants. Mortgage Debt to Fair Value (MDFV) was 55.70%, with Total Debt to Fair Value (TDFV) remaining at comparable levels, both comfortably below the REIT's conservative 60.00% internal leverage threshold. Mortgage Debt to Historic Cost (MDHC) came in at 59.54%, reflecting a disciplined leverage strategy and a well-capitalized balance sheet.

As shopping behaviours continue to evolve, properties anchored by strong tenants in fundamentally stable retail segments are expected to remain resilient. With nearly eighty percent of its portfolio occupied by essential businesses, Skyline Retail REIT is well positioned to continue delivering consistent operational performance across key metrics.

Thank you for your continued trust over the years. It remains fundamental to our ability to pursue long-term growth and sustainable value creation.

Wayne Byrd, CPA, CMA
CFO



“*The REIT’s disciplined focus on essential-needs retail proved resilient, driving performance that outpaced much of the broader sector.*”



A clear path forward

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

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

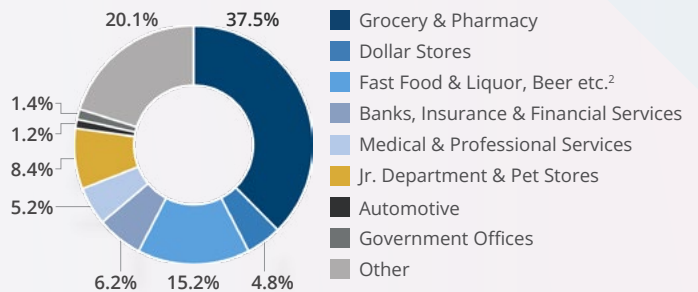
As of December 31, 2025, Skyline Retail REIT holds 109 properties across five provinces, with a total of approximately 5.21 million square feet of gross leasable area. These properties play a vital role in the daily lives of the communities they serve—and that's a responsibility we don't take lightly.

2025 YEAR IN REVIEW

Looking back on 2025, Skyline Retail REIT's performance reflected the durability and consistency that define our long-term strategy. While other real estate sectors faced cyclical headwinds, demand for well-located, high-quality essentials-based retail space remained strong and continued to exceed available supply. Against this backdrop, our REIT delivered another year of solid, dependable returns for our Unitholders.

While Canadian consumers continue to face pressure on discretionary spending, essential retail, including staples such as grocery and pharmacy, have remained exceptionally stable.

With approximately 80% of our tenants operating in the essential retail sector, these businesses continue to form the backbone of our portfolio.



Our strategy is grounded in the knowledge that essential tenants capture a significant share of local consumer spending, particularly in markets where limited new supply supports long-term occupancy stability. It is this steadfast focus on value that continues to set our portfolio apart.

This strategy was exemplified recently with our entry into Atlantic Canada in November 2025. Similar to other retail properties in our portfolio, we acquired a dominant retail centre in a growing secondary market within the region. The property is anchored by 10 national tenants including a grocery store under construction and pharmacy, spanning nearly 43,173 square feet of gross leasable area, aligned with the essential-driven assets that define our REIT.



SKYLINE RETAIL REIT PARADISE, NL ACQUISITION - KEY DETAILS

Metric	Value
Occupancy	100%
Gross Leasable Area (GLA)	73,913 sq. ft.
Weighted Average Lease Term (WALT)	12.7 years
Average Rent per sq. ft. (5 years)	\$26.65
Size Area	10.08 acres

Following this acquisition, Skyline Retail REIT now owns 109 properties across five provinces, totalling approximately 5.2 million square feet of gross leasable area. These properties are more than income-generating assets — they are embedded in the daily lives of the communities they serve. That fundamental need for the services our centres provide, continues to support stable occupancy and dependable base rental growth.

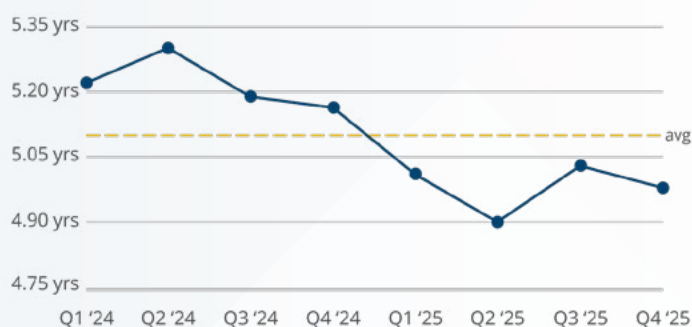
LEASE MARKET OUTLOOK

Through the first half of 2026, Canadian retail occupancy remains exceptionally tight. Discretionary-focused retail bankruptcies such as the failure of Hudson's Bay have been almost exclusively responsible for a rise in national vacancy rates, however they remain near historic lows at roughly 2.5%¹. This underscores the resilience of necessity-driven retail demand within the broader retail category.

We have experienced similar dynamics within our own portfolio, with occupancy sustained at elevated levels over the past two years. Our committed occupancy rate, or the percentage of our portfolio that is either currently occupied or contractually leased, ended 2025 at 97.2%. At these levels, our portfolio is functionally fully leased.

Our weighted average lease term (WALT) ended 2025 at a post-pandemic low of 4.98 years. In an environment defined by tight occupancy and rising rental rates, these shorter lease durations will allow us to unlock embedded mark-to-market opportunity. This allows us to capture rent increases more efficiently as existing leases renew.

SKYLINE RETAIL REIT WEIGHTED AVERAGE LEASE TERM (WALT)



OUTLOOK FOR 2026

As we move through 2026, consumer behaviour continues to reflect a strong focus on value, necessity, and convenience. While support for Canadian-made products remains a priority for certain consumers, purchasing decisions are increasingly shaped by affordability pressures, particularly among lower-to-middle income households where price sensitivity is most pronounced.

Reflective of this reality, discount retail formats are expected to maintain strong momentum as consumers across income segments adhere to cost-conscious spending habits.

¹ Canada retail sales. Real Estate Investment Services. (n.d.). <https://www.marcusmillichap.com/research/research-brief/2026/02/research-brief-february-canada-retail-sales>

² Includes cannabis and vape

Even higher-income households are demonstrating a greater willingness to seek value, often shopping across multiple locations to optimize spending.

We expect supply-side conditions to remain supportive of landlords. The development pipeline for high-quality retail space continues to be constrained by elevated construction costs. While labour cost growth has moderated, materials and specialized trades continue to drive project costs higher, limiting new supply and reinforcing occupancy strength in existing assets. This is a trend which became predominant during the pandemic and remains in place today.

Consumer shopping behaviour is also evolving in ways that benefit community-oriented retail centres, including those within our portfolio. Shoppers are increasing visit frequency, with many households visiting retail locations multiple times per week. This pattern supports sustained foot traffic and enhances performance for complementary tenants that rely on consistent customer presence.

Beyond income generation, our properties continue to play a meaningful role in the local economies they support. They are gathering places for daily needs, anchors for surrounding businesses, and stable contributors to employment and commercial activity in their respective markets. In parallel to the strong financial results our portfolio generates, our work contributes to helping communities thrive, fulfilling a broader purpose we can all take pride in.

While sector fundamentals remain consistent with 2025, we continue to take a proactive approach to growth. We are actively evaluating acquisition and development opportunities that meet our return thresholds and complement our portfolio. Our expansion into Atlantic Canada exemplifies our commitment to this approach, with research-driven capital deployment focused on enhancing portfolio quality and long-term income durability.

On behalf of the entire team, we thank our Unitholders for your continued confidence and loyalty. Your support allows us to remain disciplined and focused on delivering reliable performance through changing economic cycles in Canada. Ultimately, we believe our portfolio is uniquely positioned to deliver stability in uncertain environments while capturing upside as conditions improve.



Craig Leslie
President,
Skyline Retail REIT



“Beyond income generation, our properties continue to play a meaningful role in the local economies they support.”





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

Senior Management



JASON CASTELLAN
Co-Founder & CEO



JASON ASHDOWN
Co-Founder & CSO



MARTIN CASTELLAN
Co-Founder & CAO



WAYNE BYRD
CFO



CRAIG LESLIE
President, Skyline Retail 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 RETAIL REIT

Board of Trustees

Gordon Driedger



Gordon Driedger has more than 25 years of experience in Canadian and international real estate markets. He is the former President of Skyline Retail REIT (stepping down as of June 30, 2024). He has served as a non-Independent Board member since 2024.

Prior to Skyline Retail REIT, Gordon was principal of GDREA Inc., which, with its predecessor organizations, provided real estate advisory services to investors in all asset classes, specializing in the retail real estate development sector. GDREA Inc. provided counsel on real estate investment, development management of complex mixed-use projects, market intelligence, and transactional support.

Gordon also held the role of Executive Vice President at First Capital Realty Inc. and led the firm's Central Canada group, representing over ten million square feet of retail properties and comprising over \$3 billion in assets. He was also Vice President, Real Estate for premier retail real estate owners, including Bank of Montreal, Canadian Tire, and Sobeys.

Gordon holds a Bachelor of Environmental Studies from the University of Waterloo's School of Urban and Regional Planning and a Masters of Corporate Real Estate from the CoreNet Global organization. Gordon is a member of the Canadian Institute of Planners, the Ontario Professional Planners Institute, and the Lambda Alpha Society of Land Economists.

INDUSTRY EXPERIENCE:

- ASSET MANAGEMENT
- BOARD GOVERNANCE
- BUSINESS LEADERSHIP
- CAPITAL MARKETS
- CONSTRUCTION
- PLANNING & DEVELOPMENT
- PROPERTY MANAGEMENT
- REAL ESTATE OPERATIONS

Gary Finkelstein



Gary Finkelstein has more than 30 years of experience in the commercial real estate investment and development industry, including past positions as Vice President of Real Estate for the White Owl Family Office Group and Managing Director of The Coughlan Group. He has served as an Independent Board member since 2021. He started his career as a corporate commercial lawyer before following his entrepreneurial spirit toward real estate development.

Some of Gary's additional previous roles include CIO and Senior Vice President of Acquisitions & Development at a Toronto, ON-based boutique development firm; Regional Vice President for one of Canada's preeminent commercial real estate investment trusts; and President at a real estate development and consulting firm where he was responsible for strategic commercial growth initiatives and project management for some of Canada's prestigious retailers. He is also a member of the International Council of Shopping Centres and RealPAC (Real Property Association of Canada).

INDUSTRY EXPERIENCE:

- ASSET MANAGEMENT
- BOARD GOVERNANCE
- BUSINESS LEADERSHIP (PARTNER, EXECUTIVE, SENIOR LEADER)
- CAPITAL MARKETS
- CONSTRUCTION / ENGINEERING
- FINANCIAL SERVICES / ACCOUNTING
- HUMAN RESOURCES
- LEGAL
- PLANNING & DEVELOPMENT
- PROPERTY MANAGEMENT
- REAL ESTATE OPERATIONS (RESIDENTIAL, COMMERCIAL, RETAIL, OFFICE)



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 Chartered Professional Accountant (CPA) (Active) and a member of CPA Ontario and CPA Manitoba. He holds a Bachelor of Commerce (Honours) degree with Distinction from the University of Manitoba.

INDUSTRY EXPERIENCE:

- ASSET MANAGEMENT
- BOARD GOVERNANCE
- BUSINESS LEADERSHIP
- FINANCIAL SERVICES / ACCOUNTING
- PROPERTY MANAGEMENT
- REAL ESTATE OPERATIONS

George Schott



George Schott has more than 35 years of experience in the real estate sector. He has served as an Independent Board member since 2014.

In prior years, he was the President and COO of Morguard Investment Limited; the Founder, President, and CEO of Osmington Inc.; and former Chairman and CEO of Redcliff Realty. He has held a variety of senior management positions with Bramalea as EVP, Markborough as Senior VP, and Oxford as VP Development.

George retired from his Director position with EllisDon in 2025, which he had held since 2003. He is also a former director of KEYreit, as well as a former advisor to 20 Vic Management and former Chairman of Aurion Capital's investment committee.

INDUSTRY EXPERIENCE:

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



JASON CASTELLANO | 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



Platinum member

BEST MANAGED COMPANIES

Platinum Member: Skyline

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



APARTMENTBUILDINGS.COM TOP 100

BJ Santavy, Vice President, Skyline Living

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



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

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

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



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

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

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



CONNECT CRE 2025 NEXT GENERATION AWARD

Sarah Yusyp, Vice President, Human Resources

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



FRPO MAC AWARDS 2025

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

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





RHB MAGAZINE 2025 “THE ANNUAL” EDITION

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

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

RHB MAGAZINE 2025 “THE ANNUAL” REGIONAL EDITIONS

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

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

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



HRD CANADA RISING STAR OF THE YEAR AWARD

Breanna Lemieux, Senior Manager, Human Resources

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



RHPNS INNOVATION & EXCELLENCE AWARDS

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

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



SOUTHWESTERN ONTARIO TOP EMPLOYERS 2025

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



WEALTH PROFESSIONAL AWARDS 2025

Real Estate Investment Provider of the Year: Skyline

Employer of Choice: Skyline

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



WATERLOO AREA TOP EMPLOYERS 2025

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



WYNDHAM HOUSE

2025 Housing Hero award: Skyline

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





2025 Financial Reporting



FORWARD-LOOKING DISCLAIMER

The following Management's Discussion and Analysis ("**MD&A**") of the results of operations and financial conditions for the year ended December 31, 2025 should be read in conjunction with Skyline Retail Real Estate Investment Trust's ("**Skyline Retail REIT**" or "**REIT**") consolidated audited financial statements. Certain statements in 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 Retail REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. Past performance is not indicative of future results.

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

In some instances, forward-looking information can be identified by the use of terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", "indicators", "outlook", "objective", "plan", "aim", "would", "forecast", "project", "seek", or other similar expressions suggesting future outcomes or events. Forward-looking statements herein include, but are not limited to, statements related to acquisitions or dispositions, development activities, future maintenance expenditures, financing and the availability of financing, tenant incentives, and occupancy levels.

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

NON-IFRS MEASURES

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

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

MD&A OVERVIEW

This MD&A focuses on key areas from the consolidated financial statements and pertains to major known risks and uncertainties relating to the real estate industry in general, and the 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 Retail REIT posted publicly by the REIT and its affiliates. It is not our intent to reproduce information that is located in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information. "Unit" means any class of the REIT's units excluding special voting units. "Unitholder" means a holder of a class of the REIT's Unit.

BUSINESS OVERVIEW

Skyline Retail Real Estate Investment Trust is an unincorporated open-ended investment Trust created by a Declaration of Trust effective as of October 8, 2013, amended and restated as of December 5, 2022 (the "**Declaration of Trust**" or "**DOT**") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. Skyline Retail REIT earns income from investments in a diversified portfolio of retail properties.



MANAGEMENT STRATEGY

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

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

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

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



Key Performance Indicators

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

- **Distributions:** During 2025, Skyline Retail REIT was paying monthly distributions to Class A Unitholders of \$0.0830 per Unit, or \$0.996 on an annual basis. At December 31, 2025, approximately 41.7% of the Investment Units (REIT and LP) were enrolled in the Distribution Re-Investment Plan (“DRIP”).
- **Occupancy:** Management is focused on achieving occupancy levels that exceed the overall averages for the geographic regions in which Skyline Retail REIT exists, without sacrificing the maximization of rental income. At December 31, 2025, overall occupancy was 97.2%.
- **In-Place Rental Rates:** Through ongoing and active management, the portfolio’s in-place base rents will always be evaluated against market rents for similar assets, in order to achieve the most accretive gain (or least impactful loss, in the case of softer markets) when space is renewed, remerchandised and/or newly leased.
- **Leasing and Tenant Profile:** Through the management of the key indicators of ‘occupancy’ and ‘in place rental rates’, Management will evaluate and optimize the overall average remaining lease term in order to spread vacancy risk over a longer term.
- **NOI:** This is defined as operating revenues less operating expenses, and is a key measure of operating performance. It is a key non-IFRS financial measure of the operating performance of Skyline Retail REIT. Management is focused on maintaining or increasing same-asset NOI year-over-year. For the year 2025, Skyline Retail REIT’s NOI margin was 60.6%.
- **Same Property Net Operating Income:** 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:** 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 Retail REIT generated \$44.2 million in FFO.
- **Payout Ratio:** To ensure that Skyline Retail REIT retains sufficient cash to meet its capital improvement and leasing objectives, management strives to maintain appropriate FFO payout ratio over the year. For the year 2025, Skyline Retail REIT’s FFO payout ratio was 108.8%.
- **Financing:** Management is continually overseeing and planning its financing strategies for the portfolio. This ensures that the portfolio is well positioned to mitigate interest rate uncertainty as well as to responsibly ladder the maturities of the portfolio’s mortgages over the long-term.
- **Loan to Value (“LTV”):** The portfolio is regularly evaluated based upon key leverage ratios, comprised of mortgage debt, total indebtedness, historical cost and fair value in accordance with IFRS 13 – Fair Value (“IFRS 13”). 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 Fair Value. However, it is management’s objective to keep the portfolio at a more conservative level of approximately 65% leverage based upon fair value. At the close of 2025, Skyline Retail REIT’s portfolio leverage ratio on total debt was 59.57% against historical cost and 55.71% against fair value.



Goals, Objectives and 2025 Highlights

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

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

2025 HIGHLIGHTS

- The REIT's Assets Under Management as at December 31, 2025 was \$1.65 billion which resulted from a combination of strategic acquisitions and value enhancement to the existing portfolio.
- The REIT's average in-place rent increased from \$19.78 per sq. ft. to \$20.12 per sq. ft. by year end.
- Weighted average mortgage interest rate was 4.17% on \$921.6 million of outstanding mortgages as at December 31, 2025.

Financial Highlights (\$ thousands, except where noted)	2025	2024
Property revenues	\$149,329	\$149,680
Operating expenses	\$(58,819)	\$(57,121)
NOI	\$90,510	\$92,559
Net income	\$57,069	\$52,824
FFO	\$44,243	\$47,261
Total Distributions declared to REIT and LP unitholders	\$48,139	\$46,352
Normalized FFO payout ratio	108.8%	98.1%



PROPERTY PORTFOLIO

At December 31, 2025, through active portfolio management, the portfolio consisted of 5,208,284 rentable sq. ft. across 109 retail properties geographically diversified through 64 communities in Alberta, British Columbia, Newfoundland & Labrador, Ontario and Quebec.

Skyline Retail REIT's property portfolio represents retail properties located in strategic locations that meet the investment strategy. The properties are currently well-maintained, close to full occupancy, with a market level of tenant leases that expire over the next eight years. The in-place rents are believed to be at or near current market levels. The REIT continues to look at further expanding and enhancing the portfolio in existing and new urban markets across Canada.

Portfolio Average Monthly Base Rent & Occupancy (As at December 31, 2025)	GLA (sq. ft.)	%	Occupancy Rate (%)	Base Rent (psf)
Retail	5,208,284	100.0	97.2	\$20.12

ACQUISITIONS AND DISPOSITIONS

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

Acquisition Date	GLA (sq. ft.)	Region	Type	Acquisition Costs (\$)	Mortgage Funding (\$)
28-Nov-25	43,173	Atlantic Canada	Retail	29,500	20,650
Total	43,173			\$29,500	\$20,650

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

Disposition Date	GLA (sq. ft.)	Region	Type	Sale Price (\$)	Cash	Mortgages Discharged (\$)
14-Apr-25	Vacant Land	Ontario	Retail	1,140	1,140	-
Total				\$1,140	\$1,140	\$-

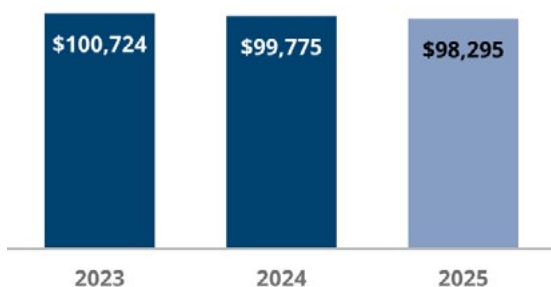




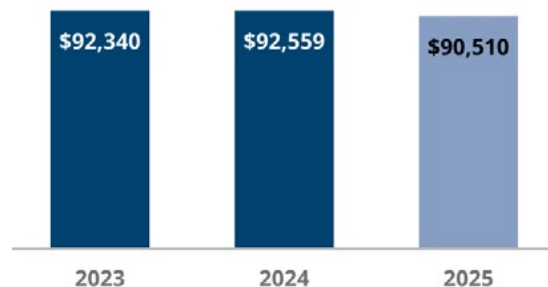
2025 Operating Highlights

Operating Results (\$ thousands, except where noted)	2025 (\$)	%*	2024 (\$)	%*
Property revenues				
Minimum rent	98,295	65.8	99,775	66.7
Cost recoveries	51,034	34.2	49,905	33.3
Total property revenues	\$149,329	100%	\$149,680	100%
Direct property expenses				
Realty taxes	33,522	22.4	32,551	21.7
Other direct property costs	17,828	11.9	16,936	11.3
Utilities	2,103	1.4	2,043	1.4
Management fees	5,366	3.6	5,591	3.7
Total direct property expenses	\$58,819	39.4%	\$57,121	38.2%
NOI	\$90,510	60.6%	\$92,559	61.8%
*As a percentage of total property revenues				
Other operational metrics				
Total occupancy %		97.2%		97.7%
In place base rent (per sq.ft.)		\$20.12		\$19.78

MINIMUM RENT (\$ Thousands)



NOI (\$ Thousands)

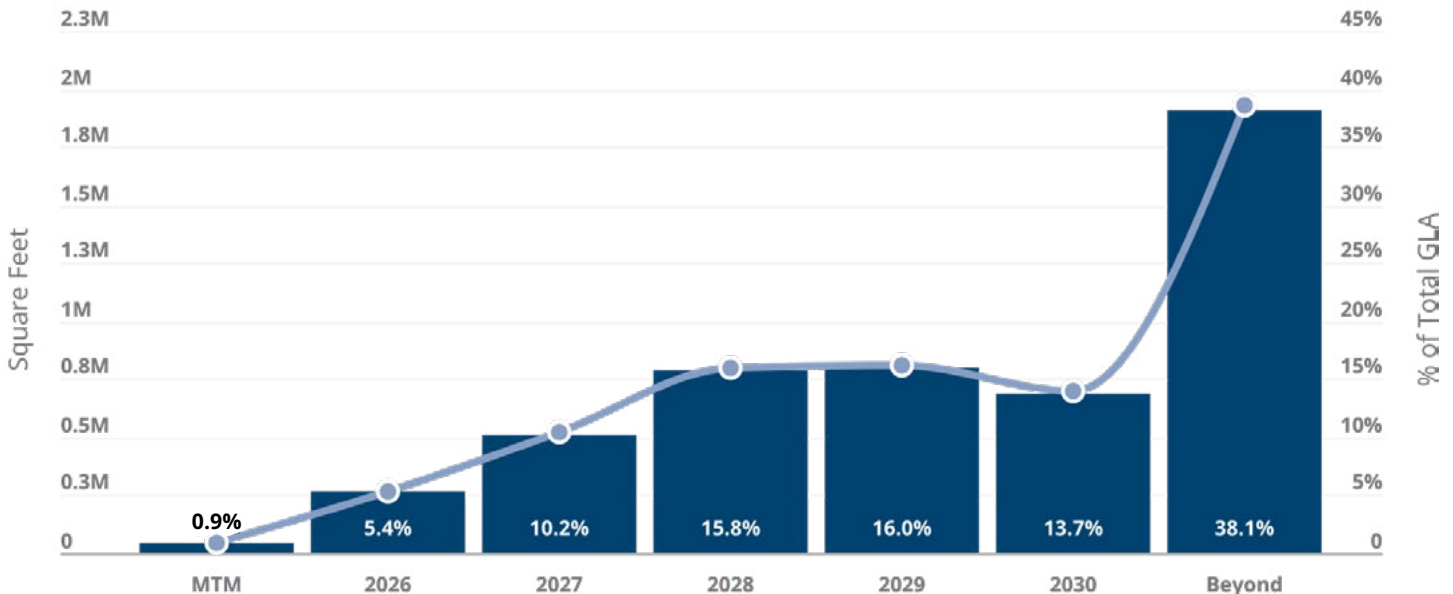


2025 OPERATING HIGHLIGHTS CONT.

Regional Highlights (\$ thousands, except where noted)	2025		2024		Increase (Decrease)		
Portfolio	NOI (\$)	NOI Margin (%)	NOI (\$)	NOI Margin (%)	Revenue Change (%)	Expense Change (%)	NOI Change (%)
Ontario	51,673	60.4	54,049	62.0	(1.9)	1.7	(4.4)
Quebec	19,782	59.0	20,115	60.4	0.7	4.1	(1.7)
Western Canada	18,887	64.0	18,395	64.4	3.5	4.8	2.7
Atlantic Canada	168	64.1	-	-	N/A	N/A	N/A
Total	\$90,510	60.6%	\$92,559	61.8%	(0.1%)	3.0%	(2.2%)

Occupancy/Vacancy Schedule

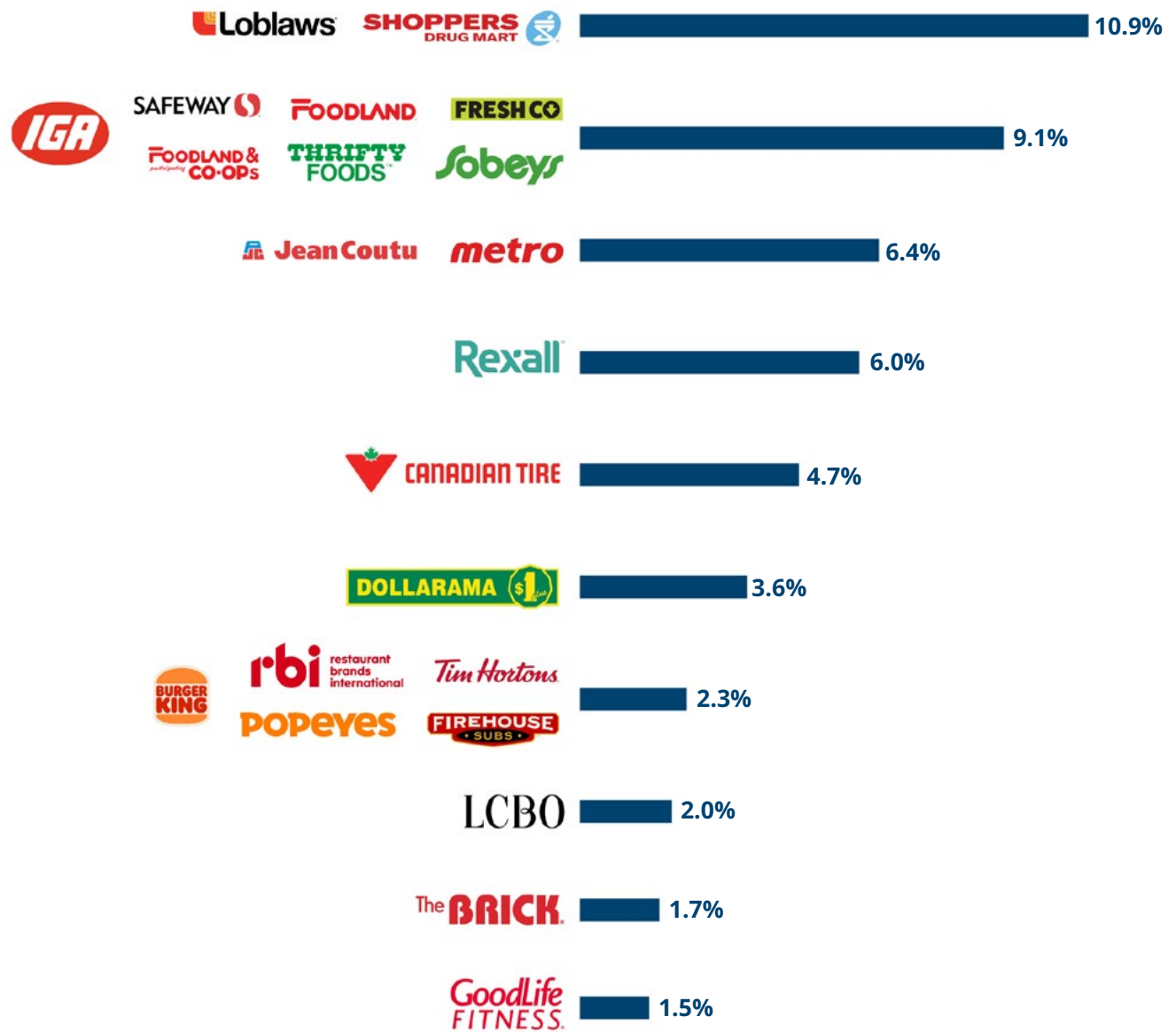
At the close of 2025, the portfolio had 147,240 sq. ft. of vacant space, of which 23,357 sq. ft. is committed for future occupancy. With respect to future expiries, the 2026 total is net of 91,561 sq. ft. which Management has already renewed. The following bar graph shows the percentage of lease expiries over the next five years and beyond, 38.1% of maturities are over five years. Over the course of 2026 Management plans to commence early renewal discussions with larger tenants to proactively manage the expiries occurring in the next five years.



2025 OPERATING HIGHLIGHTS CONT.

Leasing and Tenant Profile

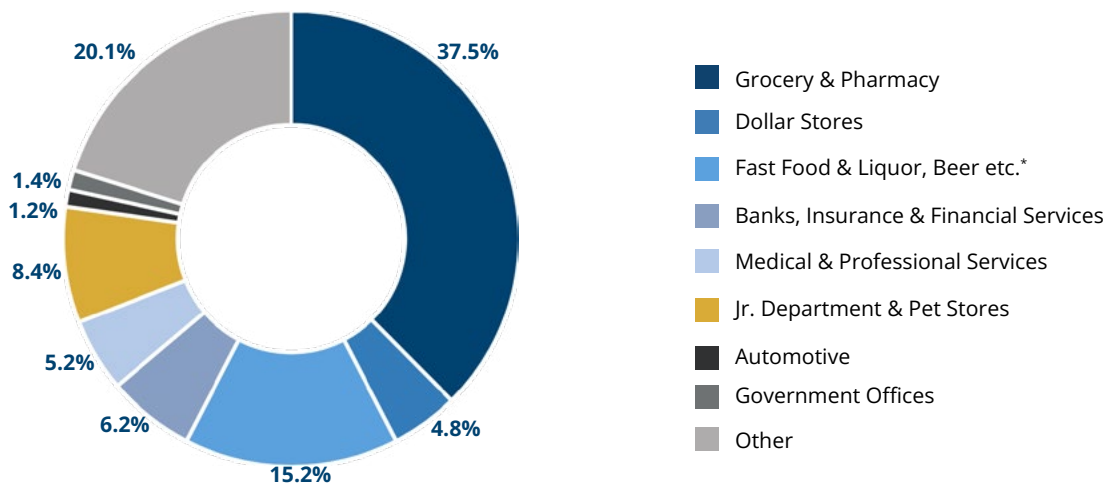
The REIT's tenant profile consists of a diversified base of quality tenants. At December 31, 2025, with 823 tenants, risk exposure to any single tenant was 10.9%. The following chart shows the tenant mix for the properties on the basis of the percentage of base rent.



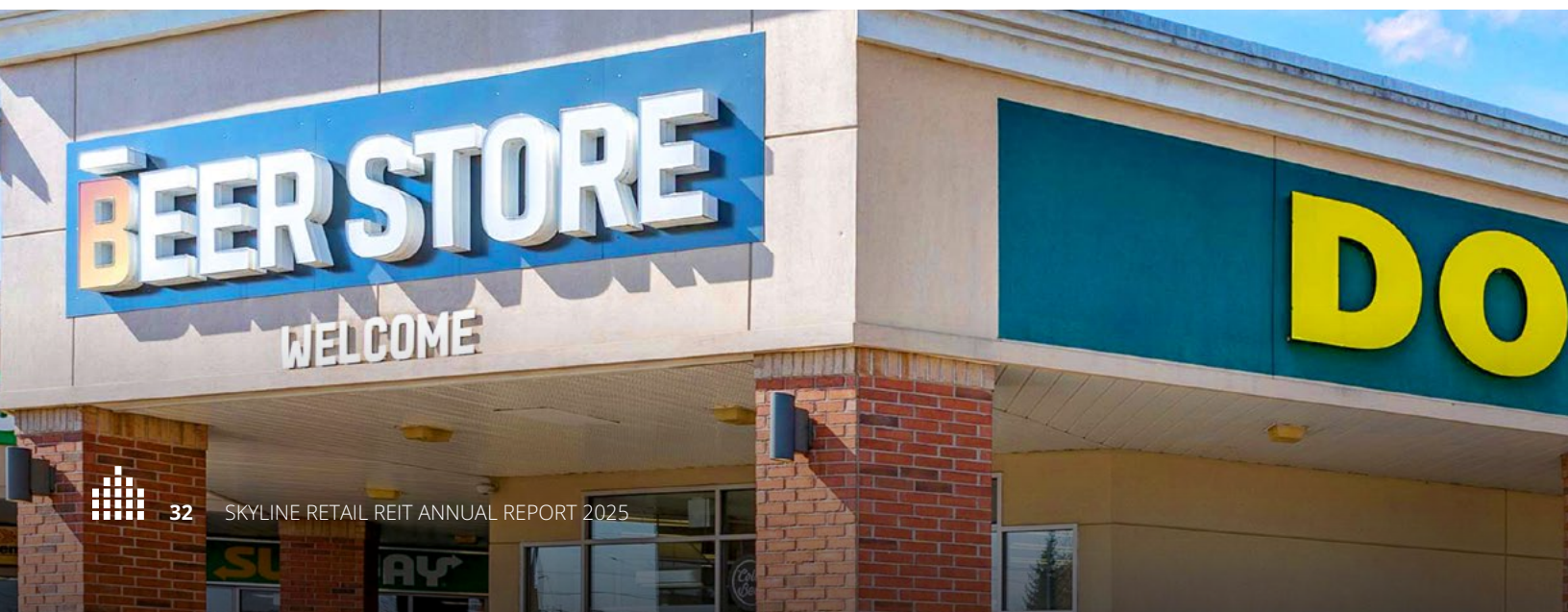
2025 OPERATING HIGHLIGHTS CONT.

Portfolio Breakdown

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




*Includes Cannabis and vape.



FUNDS FROM OPERATIONS

FFO is a measure of operating performance based on the funds generated by the business before investment or provision for other capital needs. This non-IFRS measure is widely used by real estate investment trusts; however, it does not have a standardized industry definition and therefore may not be directly comparable to similar measures used by other REITs. Skyline Retail REIT's portfolio remains fundamentally stable and in good overall health. As the portfolio continues to mature, management is focused on fully funding distributions through FFO, while recognizing that the current elevated payout ratio is influenced in part by the short-term impact of unstabilized properties within the portfolio. Management is actively addressing this through a combination of strong rental growth, which is driving improved rental income across the portfolio, and the selective recycling of certain mature assets where capital can be redeployed more accretive to FFO through new investment opportunities.

During this period, it is considered normal course of business for management to refinance properties to support operating cash flows and capital investment requirements. In addition, normal course activities may include the strategic disposition of mature assets to crystallize value and optimize capital allocation. Payout ratios compare total and normalized distributions declared to these non-IFRS measures, and management considers them important indicators of distribution sustainability. While the portfolio remains stable, management continues to prioritize reducing reliance on disposition proceeds or surplus equity generated through refinancings to supplement distributions over time, with the objective of strengthening payout coverage through enhanced operating performance and disciplined capital recycling.



470-484 Norfolk St, S.
Simcoe, ON



PAYOUT RATIOS

Payout ratios compare total and net distributions declared to these non-IFRS measures. Management considers these ratios to also be important measures of the sustainability of distributions.

A reconciliation of net income to FFO is as follows:

FFO Payout Ratios (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
Profit & Loss		
Property revenues	149,329	149,680
Operating expenses	(58,819)	(57,121)
NOI	\$90,510	\$92,559
Finance costs	(42,848)	(48,056)
REIT & other expenses	(7,410)	(7,562)
Interest income	-	-
Share of net earnings from investment in joint venture	171	1,800
Fair value gain (loss)	16,646	14,083
Net income	\$57,069	\$52,824
Non-cash add-backs:		
LP distributions included in finance costs	1,692	5,830
Fair value gain (loss)	(16,646)	(14,083)
Amortization of leasing costs	571	574
Amortization of tenant inducement	1,557	2,116
FFO	\$44,243	\$47,261

(table continued on next page)



PAYOUT RATIOS CONT.

(table continued from previous page)

	2025 (\$)	2024 (\$)
Total distributions declared to REIT and LP Unitholders	48,852	51,183
Less: General Partner sharing distributions	(713)	(4,831)
Total distributions declared to REIT and LP Unitholders	\$48,139	\$46,352
Normalized FFO payout ratio	108.8%	98.1%

351-431 Talisman Dr, 155-225 Edward St.
Gravenhurst, ON



PAYOUT RATIOS CONT.



315 Arthur St.
Elmira, ON

Distributions to Unitholders

During 2025, Skyline Retail REIT paid monthly distributions to Class A Unitholders of \$0.0830 per Unit, or \$0.996 per Unit on an annual basis. As at December 31, 2025, approximately 41.7% of the REIT Units were enrolled in the Distribution Reinvestment Plan (DRIP). Distributions made to REIT and LP Unitholders during 2025 amounted to \$48.1 million of which \$20.1 million was retained through the DRIP.

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

Distribution Sources (\$ thousands, except where noted)	2025	2024
Total distributions declared to REIT and LP Unitholders	\$48,139	\$46,352
Funded by:		
Income	91.9%	100.0%
Building dispositions	-	-
Refinance proceeds	8.1%	-



INVESTMENT PROPERTIES

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

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

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

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

For the year ended December 31, 2025, 100.0% of the investment properties, by cost base, were valued externally (2024 – 98.2%)



INVESTMENT PROPERTIES CONT.

Fair Value of Investment Properties (under IFRS 13) (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
Balance, beginning of year	\$1,595,450	\$1,620,431
Acquisitions through purchase of assets	29,500	-
Additions through capital expenditures on existing investment properties	4,580	18,021
Disposals through sale of investment properties	-	(42,501)
Amortization of leasing costs and straight-line rents	(3,466)	(2,284)
Investment properties held for sale	11,565	(12,300)
Fair value adjustment on investment properties	16,891	14,083
Balance, end of year	\$1,654,520	\$1,595,450

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

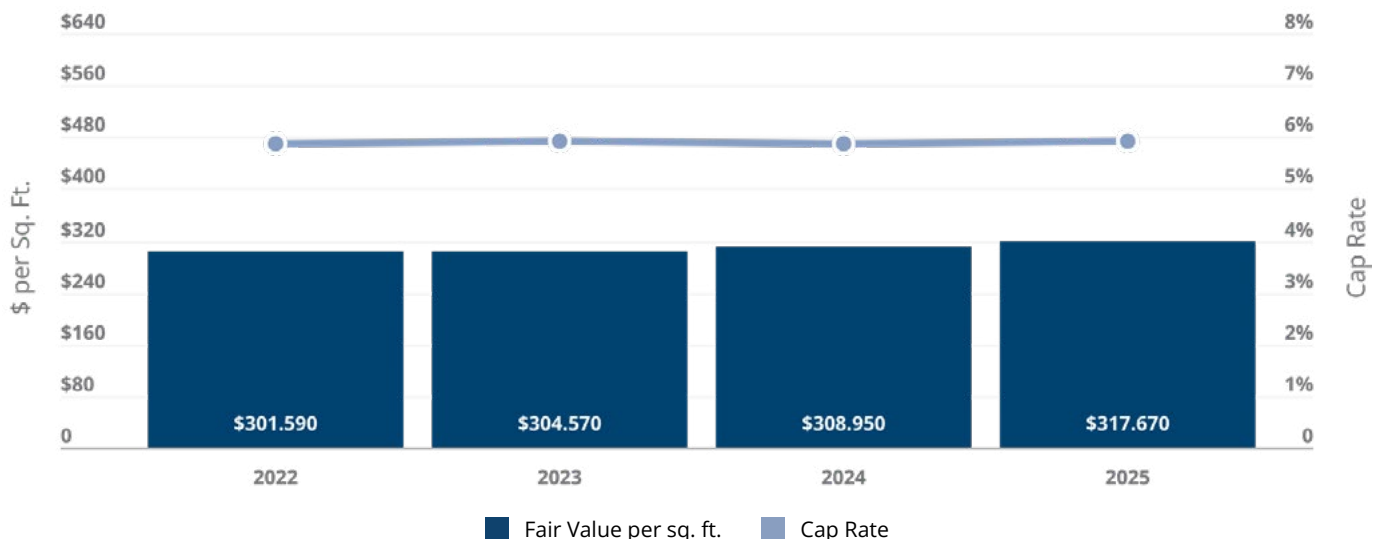
Fair Value of Investment Properties (under IFRS 13) (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
Cost	1,574,262	1,505,569
Cumulative fair value adjustment	107,258	89,881
Fair Value	\$1,654,520	\$1,595,450



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	\$1,654,520	\$1,595,450	\$1,620,431	\$1,644,172
Total rentable square footage at year end	5,208,284	5,164,069	5,320,378	5,451,706
Fair value per sq. ft.	\$317.67	\$308.95	\$304.57	\$301.59
Increase (decrease) in fair value per sq. ft. (%)	2.82%	1.44%	0.99%	7.81%
Weighted average cap rate	5.90%	5.85%	5.91%	5.88%
Increase (decrease) in cap rate (year-over-year) (%)	0.85%	(1.02%)	0.51%	(1.67%)
NOI	\$90,510	\$92,559	\$92,340	\$82,289
Increase in NOI (year-over-year) (%)	(2.21%)	0.24%	12.21%	7.39%
NOI (% of revenue)	60.61%	61.84%	62.72%	63.06%



CAPITAL EXPENDITURES

During 2025, Skyline Retail REIT acquired 43,173 sq.ft through the acquisition of one new property for a total investment (inclusive of closing costs) of \$20.7 million.

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

During the year, Management invested \$4.6 million in structural improvements, common area improvements, and utility efficiency programs throughout the portfolio. These capital initiatives are completed with the intention of increasing revenues, reducing expenses, maintaining occupancy levels, and increasing overall tenant satisfaction.

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

CAPITAL STRUCTURE

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

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



CAPITAL STRUCTURE CONT.

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

Mortgage Summary (\$ thousands, except where noted)	2025	2024
Mortgages payable	\$921,626	\$890,898
Line of credit	\$28	\$26,995
Total Debt	\$921,654	\$917,893
Unitholders' equity	\$740,090	\$671,617
Class B and C LP Units	\$15,462	\$15,375
Total Capital	\$1,677,206	\$1,604,885
Mortgage debt to historical cost	59.56%	59.17%
Mortgage debt to fair value	55.70%	55.84%
Total debt to historical cost	59.57%	60.97%
Total debt to fair value	55.71%	57.53%
Weighted average mortgage interest rate	4.17%	4.17%
Weighted average mortgage term to maturity	1.99 yrs	2.28 yrs



CAPITAL STRUCTURE CONT.

Mortgages Payable (\$ thousands, except where noted)	Future minimum principal payments (\$)	% of total mortgages
2026	305,605	33.2
2027	182,915	19.8
2028	264,941	28.7
2029	64,907	7.0
2030	84,600	9.2
Thereafter	18,658	2.0
Total Mortgages Payable	\$921,626	100.0%



CAPITAL STRUCTURE CONT.

Investment Summary

During 2025, Units of Skyline Retail REIT were issued under the accredited investor exemption. During the year, the REIT received net proceeds of \$59.8 million through new REIT investments and DRIP enrolment, net of all redemptions.

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	46,084,727	\$597,399	45,857,142	\$593,819
Proceeds from REIT Units issued	4,839,792	76,189	2,352,505	36,464
Exchange of LP Units	10,200	158	80,961	1,255
Units issued through DRIP	1,257,839	19,786	1,195,920	18,536
Units converted to Class F Units	(114,777)	(1,742)	(76,037)	(1,111)
Redemptions - REIT Units	(3,201,569)	(50,478)	(3,244,803)	(50,309)
Redemptions - REIT Units (exchanged LP Units)	(10,200)	(158)	(80,961)	(1,255)
Class A Units outstanding, end of year	48,866,012	\$641,154	46,084,727	\$597,399
Weighted average REIT Units outstanding	48,321,632	-	45,681,976	-



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	141,667	\$2,040	91,049	\$1,323
Proceeds from REIT Units issued	960,479	15,128	4,390	68
Units issued through DRIP	19,382	305	2,355	37
Units converted from Class A Units	114,777	1,742	76,037	1,111
Redemptions - REIT Units	(73,167)	(1,152)	(32,164)	(499)
Class F Units outstanding, end of year	1,163,138	\$18,063	141,667	\$2,040
Weighted average REIT Units outstanding	587,748	-	114,192	-

LP Unitholders - Investment Activity (\$ thousands, except where noted)	2025		2024	
	Number of Units	Amount (\$)	Number of Units	Amount (\$)
LP units outstanding, beginning of year	991,907	\$15,375	1,072,868	\$16,630
Proceeds from LP Units issued	-	-	-	-
Units issued through DRIP	-	-	-	-
Redemptions - LP Units (exchanged to REIT Units)	(10,200)	(158)	(80,961)	(1,255)
Change in fair value	-	245	-	-
LP Units outstanding, end of year	981,707	\$15,462	991,907	\$15,375
Weighted average LP Units outstanding	982,561	-	1,002,728	-



UNITHOLDER TAXATION

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

	2025
Other Income	-
Capital Gains	-
Return of Capital	100.0%
TOTAL	100.0%

RELATED PARTY TRANSACTIONS

The executive officers of Skyline Retail REIT do not receive direct salary compensation from the REIT. Rather, Skyline Retail Real Estate GP Inc. (the “**General Partner**” or “**GP**”) is General Partner of the REIT’s subsidiary being the Skyline Retail 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**”).

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

GP Sharing (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
GP sharing on income	713	4,831
Total GP sharing on distributions	\$713	\$4,831



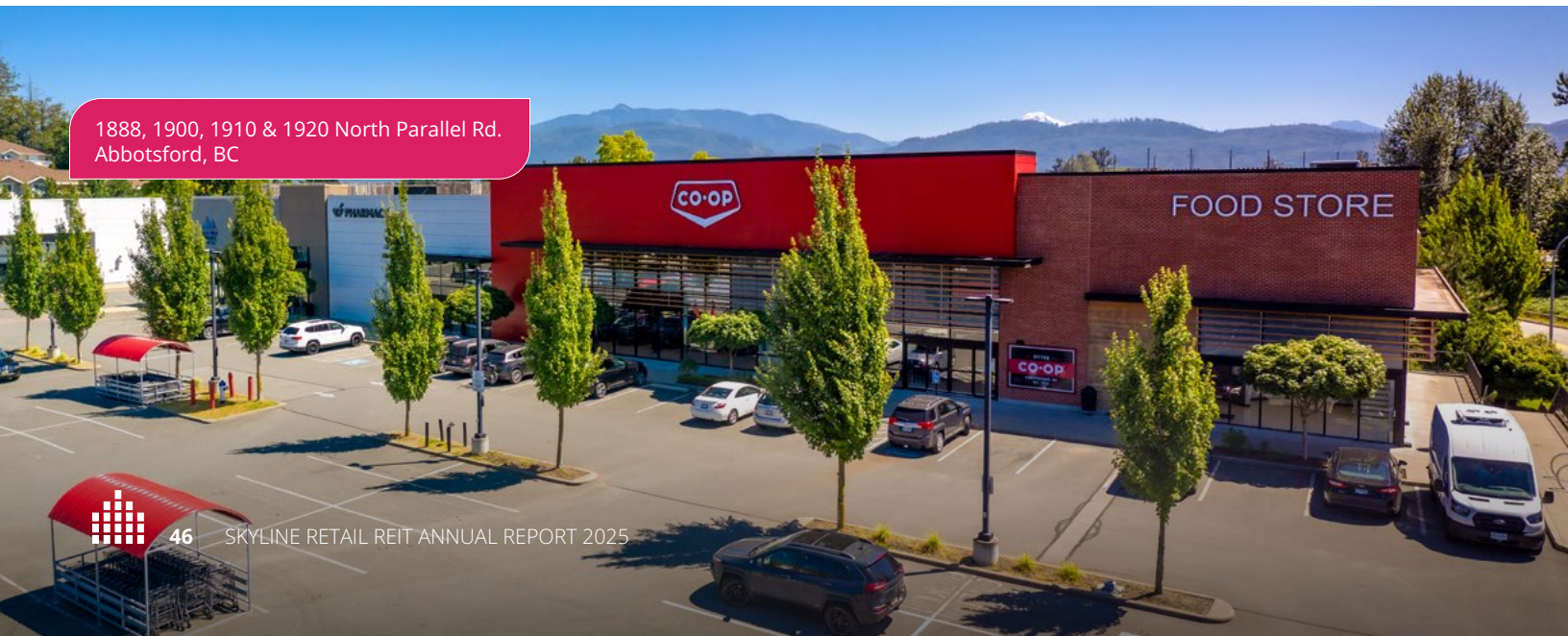
RELATED PARTY TRANSACTIONS CONT.

Management Services

Fees paid during the past two years are as follows:

Management Fees (\$ thousands, except where noted)	2025 (\$)	2024 (\$)
Property management fees	5,366	5,591
Asset management fees	3,829	3,728
Wealth management fees	3,807	2,897
Legal service management fees	1,159	756
CAPEX management fees	87	438
Leasing Service Fees	188	246
Lease documentation fees	140	136
Solar asset management Fees	18	20
Development service fees	-	3
Total Management Fees	\$14,594	\$13,815

1888, 1900, 1910 & 1920 North Parallel Rd.
Abbotsford, BC



SERVICES

Services of the Asset Manager

Skyline Retail REIT has an asset management agreement with Skyline Retail Real Estate LP and Skyline Retail Asset Management Inc. (the “**Asset Manager**”). The asset management fees payable under the asset management agreement are 2.5% of adjusted gross revenue. For the year ended December 31, 2025, Skyline Retail REIT paid to the Asset Manager \$3.83 million in asset management fees (2024 – \$3.73 million).

Skyline Retail REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Retail REIT shall pay the Asset Manager: (i) \$3.00 per sq. ft. for leasing new development and existing vacancies where no external brokers are involved; (ii) \$0.50 per sq. ft. for leasing new development and existing vacancies where an external broker is involved; and (iii) \$0.25 per sq. ft. for renewals of existing tenants in existing space where the renewed rent is 7% higher than the previously prevailing rental rate. For the year ended December 31, 2025, Skyline Retail REIT paid to the Asset Manager \$188 thousand in leasing services fees (2024 – \$246 thousand).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT’s independent Trustees.

Services of the Property Manager

Skyline Retail REIT has a property management agreement with Skyline Retail Real Estate LP and Skyline Commercial Management Inc. (the “**Property Manager**”). Property management fees payable under the property management agreement are 3.75% of gross rental income.. For the year ended December 31, 2025, Skyline Retail REIT paid to the Property Manager \$5.37 million in property management fees (2024 – \$5.59 million).

As part of the property management agreement, Skyline Retail REIT also pays for lease documentation services, which are payable at a fixed rate ranging from \$200 to \$1,350 (presented in whole dollars) per lease. For the year ended December 31, 2025, Skyline Retail REIT paid to the Property Manager \$140 thousand in lease documentation fees (2024 - \$136 thousand).

Services of the Exempt Market Dealer

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

Length of Investment	Capital	Class A	Class F
Up to 2 years in the Class	New capital	1.5%	1.5%
	DRIP	1.0%	1.0%
More than 2 years in the Class	New Capital	1.0%	1.5%
	DRIP	0.5%	1.0%
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 Retail REIT under the wealth management agreement. For the year ended December 31, 2025, Skyline Retail REIT paid to the Exempt Market Dealer \$2.60 million in wealth management fees (2024 – 2.45 million) and \$1.21 million in equity raise fees (2024 – \$446 thousand).



SERVICES CONT.

Services of the Mortgage Underwriting Manager

Skyline Retail REIT has an arrangement with Skyline Mortgage Finance Inc. (the “**Underwriting Manager**”), wherein the Underwriting Manager assists Skyline Retail REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Retail REIT pays the Underwriting Manager \$5,000 (presented in whole 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 Retail REIT paid to the Underwriting Manager \$901 thousand in mortgage underwriting fees (2024 - \$0).

Professional Services Manager

Skyline Retail REIT had an arrangement with Skyline Asset Management Inc., wherein Skyline Asset Management Inc. 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 Retail REIT’s independent trustees. Effective March 1, 2022, Skyline Asset Management Inc., transferred the Professional Services Arrangement to Skyline Private Investment Capital Inc. (the “**Professional Services Manager**”). Under the Professional Services Arrangement, Skyline Retail REIT paid to the Professional Services Manager \$1.16 million for the year ended December 31, 2025 (2024 - \$756 thousand).

Services of the Solar Asset Manager

Skyline Retail REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the “**Solar Asset Manager**”), who provides property management and maintenance services in respect of solar assets located in certain properties on behalf of Skyline Retail REIT or

the LP. The solar asset management costs are approved from time to time by Skyline Retail REIT’s independent trustees. For the year ended December 31, 2025, Skyline Retail REIT paid to the Solar Asset Manager \$18 thousand in solar asset management fees (2024 - \$20 thousand).

Services of the CAPEX Provider

Skyline Retail REIT has an arrangement with Skyline Capital Projects Management Inc. (the “**CAPEX Provider**”), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Retail REIT’s independent trustees. For the year ended December 31, 2025, Skyline Retail REIT paid to the CAPEX Provider \$87 thousand in CAPEX management fees (2024 - \$438 thousand).

Services of the Development Manager

Skyline Retail REIT has an arrangement with Skydevco Inc. (the “**Development Manager**”), who provides development consulting services to Skyline Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT’s independent trustees. For the year ended December 31, 2025, Skyline Retail REIT paid to the Development Manager \$0 in development service fees (2024 - \$3 thousand).



RISKS AND UNCERTAINTIES

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

Real Property Ownership

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

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

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

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

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



RISKS AND UNCERTAINTIES CONT.

Revenue Producing Properties

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

Competition for Real Property Investments

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

Competition for Tenants

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

Interest Rates

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 Retail REIT's business and profitability.

General Economic Conditions

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

General Uninsured Losses

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



RISKS AND UNCERTAINTIES CONT.

Availability of Cash Flow

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

Access to Capital

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

Environmental and Climate Change Risk

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive, in recent years. Under various laws, Skyline Retail REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Where a property is purchased and new financing is obtained, Phase I environmental audits are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II environmental audits that the Asset Manager will rely upon and/or determine whether an update is necessary. Skyline Retail 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 Retail 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 Retail REIT is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of Skyline Retail REIT's buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on Skyline Retail 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 Retail REIT's costs and reduce Skyline Retail 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 Retail REIT to be remote in the circumstance, that a REIT Unitholder could be held personally liable for obligations of Skyline Retail REIT (to the extent that claims are not satisfied by Skyline Retail REIT) in respect of contracts which Skyline Retail REIT enters into and for certain liabilities arising other than out of contract including claims in tort, claims for taxes and possibly certain other statutory liabilities. The trustees intend to cause Skyline Retail REIT's operations to be conducted in such a way as to minimize any such risk including by obtaining appropriate insurance and, where feasible, attempting to have every material written contract or commitment of Skyline Retail REIT contain an express disavowal of liability against Unitholders.

Dependence on Key Personnel

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



RISKS AND UNCERTAINTIES CONT.

Conflicts of Interest and Concentration of Control

Skyline Retail 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 Retail REIT and its related parties. As a result, certain decisions affecting Skyline Retail 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 Retail REIT is highly centralized. In accordance with the DOT, the General Partner has the right to appoint trustees such that a minority of the trustees may be appointed by the GP. The trustees retain broad discretion with respect to the management and operation of Skyline Retail REIT. Unitholders do not have the ability to direct or control the day-to-day operations of the Fund, and their ability to influence the affairs of Skyline Retail 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 Retail REIT or the Unitholders.

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

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

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



RISKS AND UNCERTAINTIES CONT.

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

Skyline Retail 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 Retail REIT and, if applicable, their foreign tax identification number, and Skyline Retail REIT may be required to report the required information to the Canada Revenue Agency, who will provide that information to the U.S. Internal Revenue Service and the relevant foreign tax authority, as applicable.

Dilution

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

Restrictions on Potential Growth and Reliance on Credit Facilities

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

cancelled or could not be renewed at maturity on similar terms, Skyline Retail REIT could be materially and adversely affected.

Financing

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

Liquidity

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

Nature of REIT Units

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

Redemptions

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

RISKS AND UNCERTAINTIES CONT.

Unexpected Costs or Liabilities Related to Acquisitions

A risk associated with acquisitions is that there may be an undisclosed or unknown liability concerning the acquired property, and Skyline Retail REIT may not be indemnified for some or all of these liabilities.

Following an acquisition, Skyline Retail REIT may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by the Asset Manager are designed to address this risk. The Asset Manager performs what it believes to be an appropriate level of investigation in connection with the acquisition of properties by Skyline Retail REIT and seeks through contract to ensure that risks lie with the appropriate party.

Litigation Risks

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

Cybersecurity Risks

The efficient operation of Skyline Retail REIT's business is dependent on computer hardware and software systems. Information systems are vulnerable to

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

Geopolitical Risks

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



RISKS AND UNCERTAINTIES CONT.

Skyline Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail REIT. Representations and warranties given by such third parties to Skyline Retail 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 Retail 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 Retail REIT.

Changes in Investment Strategy

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

Changes in Legislation

Skyline Retail REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant



RISKS AND UNCERTAINTIES CONT.

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

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

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

Controls over Financial Reporting

Skyline Retail 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 Retail 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 Retail 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 Retail 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 Retail REIT.



RISKS AND UNCERTAINTIES CONT.

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



RISKS AND UNCERTAINTIES CONT.

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.



110 North Front St, 21 College St, W.
Belleville ON

SUBSEQUENT EVENTS

Subsequent to year end, the following investment activity occurred:

REIT Unitholders - 2026 Investment Activity (to date) (\$ thousands, except where noted)	Number of Units	Amount (\$)
REIT Units outstanding, January 1, 2026	48,866,012	\$641,154
Proceeds from REIT Units issued	1,176,497	180,982
Exchange of LP Units	108,325	1,706
Units issued through DRIP	443,210	6,981
Units converted to Class F Units	(87,824)	(1,229)
Redemptions - REIT Units	(1,590,622)	(25,052)
Redemptions - REIT Units (exchanged LP Units)	(108,325)	(1,706)
REIT Units outstanding, April 30, 2026	48,807,273	\$802,836
Weighted average REIT Units outstanding	49,858,238	-
REIT Unitholders - Investment Activity Class F (\$ thousands, except where noted)	Number of Units	Amount (\$)
REIT Units outstanding, January 1, 2026	1,163,138	\$18,063
Proceeds from REIT Units issued	100,416	1,582
Units issued through DRIP	18,735	295
Units converted from Class A Units	87,824	1,229
Redemptions - REIT Units	(45,434)	(716)
Class F Units outstanding, April 30, 2026	1,324,679	\$20,453
Weighted average REIT Units outstanding	1,332,715	-

SUBSEQUENT EVENTS CONT.

LP Unitholders - 2026 Investment Activity (to date) (\$ thousands, except where noted)	Number of Units	Amount (\$)
LP Units outstanding, January 1, 2026	981,707	\$15,462
Proceeds from LP Units issued	-	-
Units issued through DRIP	-	-
Redemptions - LP Units	(108,325)	(1,706)
Change in fair value	-	-
LP Units outstanding, April 30, 2026	873,382	\$13,756
Weighted average LP Units outstanding	847,123	-

11 Base Line Rd, E.
London, ON



170 Bd Saint-Luc
Saint-Jean-sur-Richelieu, QC



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

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

	Page
INDEPENDENT AUDITOR'S REPORT	63 - 64
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	65
Consolidated Statement of Changes in Unitholders' Equity	66
Consolidated Statement of Income and Comprehensive Income	67
Consolidated Statement of Cash Flows	68
Notes to the Consolidated Financial Statements	69 - 91

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of: Skyline Retail Real Estate Investment Trust

Opinion

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

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

Basis of Opinion

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

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

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

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

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

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

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

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

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

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



Guelph, Ontario
March 18, 2026

Chartered Professional Accountants
Licensed Public Accountants

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

(in thousands of Canadian dollars)

	2025	2024
ASSETS		
Investment properties (note 6)	\$ 1,654,520	\$ 1,595,450
Investment in joint venture (note 8)	3,977	3,918
Assets held for sale (note 7)	735	12,300
Other assets (note 9)	10,321	3,513
Tenant loan receivable (note 10)	471	533
Accounts receivable (note 16)	10,374	10,748
Cash	<u>24,545</u>	<u>10,149</u>
	<u>\$ 1,704,943</u>	<u>\$ 1,636,611</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
Mortgages payable (notes 11, 16)	\$ 921,626	\$ 890,898
Limited partnership units (note 20)	15,462	15,375
Tenant deposits	9,678	8,809
Liabilities related to assets held for sale (note 7)	0	8,077
Due to related party (note 12)	1,081	2,621
Accounts payable and accrued liabilities (note 16)	16,978	12,219
Revolving credit facility (note 16)	<u>28</u>	<u>26,995</u>
	<u>964,853</u>	<u>964,994</u>
Unitholders' equity (page 6)	<u>740,090</u>	<u>671,617</u>
	<u>\$ 1,704,943</u>	<u>\$ 1,636,611</u>

Trustee

Trustee

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

	2025	2024
OPENING BALANCE	\$ 671,617	\$ 660,379
Proceeds from units issued (note 19)	91,317	36,532
Units issued through distribution reinvestment plan (note 19)	20,091	18,573
Issuance costs (note 12)	(1,214)	(530)
Redemptions (note 19)	(51,630)	(50,808)
Income and comprehensive income for the year	57,069	52,824
Distributions paid	<u>(47,160)</u>	<u>(45,353)</u>
CLOSING BALANCE	<u>\$ 740,090</u>	<u>\$ 671,617</u>

SKYLINE RETAIL 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
PROPERTY REVENUES		
Minimum rent	\$ 98,295	\$ 99,775
Cost recoveries from tenants	<u>51,034</u>	<u>49,905</u>
	<u>149,329</u>	<u>149,680</u>
DIRECT PROPERTY EXPENSES		
Property taxes	33,522	32,551
Other direct property costs	17,828	16,936
Utilities	2,103	2,043
Property management fees (note 12)	<u>5,366</u>	<u>5,591</u>
	<u>58,819</u>	<u>57,121</u>
NET PROPERTY INCOME	<u>90,510</u>	<u>92,559</u>
OTHER INCOME AND EXPENSES		
Financing costs (note 13)		
Interest paid on debt	41,156	42,226
Distributions paid on partnership units	1,692	5,830
Administrative expenses	846	1,247
Lease documentation fees (note 12)	140	136
Asset management fees (note 12)	3,829	3,728
Wealth management fees (note 12)	<u>2,595</u>	<u>2,451</u>
	<u>50,258</u>	<u>55,618</u>
INCOME BEFORE UNDERNOTED	<u>40,252</u>	<u>36,941</u>
Share of net earnings from investment in joint venture (note 8)	171	1,800
Fair value gain (note 14)	<u>16,646</u>	<u>14,083</u>
	<u>16,817</u>	<u>15,883</u>
INCOME AND COMPREHENSIVE INCOME for the year	<u>\$ 57,069</u>	<u>\$ 52,824</u>

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

	2025	2024
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Income and comprehensive income for the year	\$ 57,069	\$ 52,824
Items not requiring an outlay of cash:		
Amortization of leasing commission and straight-line rents (note 6)	3,466	2,284
Amortization of financing costs (notes 11, 13)	2,603	1,327
Financing costs in operations (note 13)	40,245	46,729
Share of net earnings from investment in joint venture (note 8)	(171)	(1,800)
Fair value loss on limited partnership units (note 14)	245	0
Fair value gain on investment properties (note 14)	(16,891)	(14,431)
Fair value (gain) loss on disposal of properties (note 14)	<u>0</u>	<u>348</u>
	86,566	87,281
Changes in non-cash working capital:		
Accounts receivable	374	(2,657)
Other assets	(6,808)	(150)
Accounts payable and accrued liabilities	4,759	2,838
Tenant deposits	<u>869</u>	<u>91</u>
	<u>85,760</u>	<u>87,403</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Mortgages payable (net repayments and advances) (note 11)	20,048	(6,717)
Mortgages discharged due to the sale of investment properties (note 6)	0	(27,801)
Due to related party (note 12)	(1,540)	666
Interest on mortgages payable (note 11)	(37,439)	(37,952)
Distributions paid on partnership units (note 13)	(1,692)	(5,830)
Interest on revolving credit facilities (note 13)	(1,114)	(2,947)
Net revolving credit facility (repayments) proceeds (note 16)	(26,967)	5,886
Proceeds from units issued (note 19)	91,317	36,532
Distributions paid (net of distribution reinvestment plan) (page 6)	(27,069)	(26,780)
Redemptions of units (page 6)	(51,630)	(50,808)
Redemptions of limited partnership units (note 20)	(158)	(1,255)
Issuance costs (note 12)	<u>(1,214)</u>	<u>(530)</u>
	<u>(37,458)</u>	<u>(117,536)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to investment properties (note 6)	(34,080)	(18,021)
Tenant loan receivable	62	34
Investment in joint venture (note 8)	112	1,007
Proceeds on disposition of investment properties (note 6)	0	42,501
Proceeds on disposition of investment properties held for sale	<u>0</u>	<u>10,763</u>
	<u>(33,906)</u>	<u>36,284</u>
INCREASE IN CASH for the year	14,396	6,151
CASH, beginning of year	<u>10,149</u>	<u>3,998</u>
CASH, end of year	<u>\$ 24,545</u>	<u>\$ 10,149</u>

See notes to the consolidated financial statements

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

1. NATURE OF BUSINESS

Skyline Retail Real Estate Investment Trust ("Skyline Retail REIT") is an unincorporated, open-ended private real estate investment trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated October 8, 2013.

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

As of December 31, 2025, RRELP owned one hundred and eleven (2024 - one hundred and ten) retail investment properties, all of which are located in Canada.

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

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements of Skyline Retail REIT for the year ended December 31, 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 Retail REIT's accounting policies.

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

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

(b) BASIS OF MEASUREMENT

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

(c) FUNCTIONAL CURRENCY AND PRESENTATION

The consolidated financial statements are presented in Canadian dollars, which is also Skyline Retail REIT's functional currency.

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

2. BASIS OF PRESENTATION (continued)

(d) USE OF ESTIMATES

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

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

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

Material accounting policies

(a) INVESTMENT PROPERTIES

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

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

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

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

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

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

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

Costs incurred for repairs and maintenance in excess of \$10,000 (presented in whole 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.

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

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

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

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

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

(b) ASSETS HELD FOR SALE

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

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) REVENUE RECOGNITION

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

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

(d) FINANCIAL INSTRUMENTS

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

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

Financial Assets

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

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

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

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

Financial Liabilities

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

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

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

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

(e) LIMITED PARTNERSHIP UNITS

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(f) DISTRIBUTIONS TO LIMITED PARTNERSHIP UNITHOLDERS

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

(g) INCOME TAXES

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

(h) JOINT VENTURES

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

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

(i) FAIR VALUE MEASUREMENT

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

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

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 RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(i) FAIR VALUE MEASUREMENT (continued)

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

(j) DISTRIBUTION REINVESTMENT PLAN

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

(k) PROVISIONS

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

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

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

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

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

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

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

5. PRINCIPLES OF CONSOLIDATION

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

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

6. INVESTMENT PROPERTIES

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

	2025	2024
Balance at beginning of the year	\$ 1,595,450	\$ 1,620,431
Acquisitions through purchase of investment properties	29,500	0
Additions through capital expenditures on existing investment properties	4,580	18,021
Disposals through sale of investment properties	0	(42,501)
Amortization of leasing cost and straight-line rents	(3,466)	(2,284)
Change in assets held for sale (note 7)	11,565	(12,300)
Fair value adjustment on investment properties (note 14)	<u>16,891</u>	<u>14,083</u>
Balance at end of the year	<u>\$ 1,654,520</u>	<u>\$ 1,595,450</u>

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

	2025	2024
Cost	\$ 1,547,262	\$ 1,505,569
Cumulative fair value adjustment		<u>107,258</u>
	<u>89,881</u>	
Fair value	<u>\$ 1,654,520</u>	<u>\$ 1,595,450</u>

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

6. INVESTMENT PROPERTIES (continued)

Asset acquisitions:

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

	2025	2024
Acquisition cost of investment properties	\$ 29,500	\$ 0
Mortgages	<u>(20,650)</u>	<u>0</u>
Total identifiable net assets settled by cash	<u>\$ 8,850</u>	<u>\$ 0</u>

Asset dispositions:

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

	2025	2024
Mortgages	\$ 0	\$ 27,801

Future rental income:

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

	2025	2024
Less than one year	\$ 98,839	\$ 97,711
Between one and three years	173,017	172,298
More than three years	<u>247,910</u>	<u>257,627</u>
	<u>\$ 519,766</u>	<u>\$ 527,636</u>

Fair value disclosure:

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

6. INVESTMENT PROPERTIES (continued)

Fair value disclosure: (continued)

Skyline Retail REIT categorizes its investment properties by region, and each region has a different range of capitalization rates, depending on the specific risk factors for each property in that region. The weighted average capitalization rate for the retail properties is 5.90% (2024 - 5.85%). Overall, the capitalization rates for the retail properties fall between:

	2025	2024
Minimum	5.07%	5.07%
Maximum	7.32%	7.32%

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

In 2025, Skyline RRELP valued \$0 of its investment properties (including investment properties held for sale) internally (2024 - \$28,750). The remainder of the investment property fair value was obtained through third party appraisals, not including those properties acquired during the year. In the year, this amounted to \$1,625,755 (2024 - \$1,579,000). In 2025, 0% (2024 - 1.8%) of the cost base of investment properties were valued internally and 100% (2024 - 98.2%) were valued externally. One acquisition was made in the year (2024 - zero). The acquisitions during 2025 were valued at \$29,500 (2024 - \$0). Actual results may differ from these estimates and may be subject to material adjustment within the next year.

Fair value sensitivity:

Skyline Retail REIT's investment properties are classified as Level 3 under the fair value hierarchy, as the inputs in the valuations of these investment properties are not based on observable market data. The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at December 31, 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)%	4.90%	\$1,992,177	\$ 337,657	20.41%
December 31, 2025	5.90%	\$1,654,520	\$ 0	0.00%
1.00%	6.90%	\$1,414,734	\$(239,786)	(14.49)%

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

7. ASSETS HELD FOR SALE

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

	2025	2024
ASSETS		
Investment properties	\$ 735	\$ 12,300
LIABILITIES		
Mortgages payable	0	8,077
NET ASSETS HELD FOR SALE	<u>\$ 735</u>	<u>\$ 4,223</u>

8. INVESTMENT IN JOINT VENTURE

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

The components of investment in joint venture is as follows:

Hanes Centre LP	2025	2024
Balance at the beginning of the year	\$ 3,918	\$ 3,125
Distributions	(112)	(1,007)
Share of net earnings	171	1,800
Balance at end of the year	<u>\$ 3,977</u>	<u>\$ 3,918</u>

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

8. INVESTMENT IN JOINT VENTURE (continued)

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

As at December 31:

Hanes Centre LP	2025	2024
Investment property	\$ 9,350	\$ 9,350
Current assets	970	1,138
Total assets	<u>10,320</u>	<u>10,488</u>
Non-current liabilities	6,273	6,346
Current liabilities	70	224
Net equity	<u>\$ 3,977</u>	<u>\$ 3,918</u>

For the year ended December 31:

Hanes Centre LP	2025	2024
Rental revenue	\$ 751	\$ 446
Operating expenses	(628)	(477)
Net operating income (loss)	<u>123</u>	<u>(31)</u>
Fair value gain	48	1,831
Net income	<u>\$ 171</u>	<u>\$ 1,800</u>

9. OTHER ASSETS

The components of other assets are as follows:

	2025	2024
Funds held in trust	\$ 7,852	\$ 954
Prepaid expenses	2,469	2,559
	<u>\$ 10,321</u>	<u>\$ 3,513</u>

10. TENANT LOAN RECEIVABLE

The tenant loan is receivable in blended monthly instalments of \$11 (2024 - \$11) with interest charged at 6.62% (2024 - 6.62%). The loan is due in 2028. The portion receivable within one year is \$117 (2024 - \$102).

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

11. MORTGAGES PAYABLE

The mortgages payable are secured by real estate assets and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 4.17% (2024 - 4.16%) per annum are \$921,626 (2024 - \$896,148). Mortgages bearing variable interest rates with an average variable rate of 0.00% (2024 - 6.45%) per annum are \$nil (2024 - \$2,827). Mortgages have maturity dates ranging between 2026 and 2031. Included in mortgages payable are \$1,668 (2024 - \$4,429) of second mortgages which bear fixed interest rates and a construction credit facility of \$nil (2024 - \$2,827) which bears a variable interest rate. All mortgages are denominated in Canadian dollars.

Future minimum payments on mortgages payable are as follows:

2026	\$	305,605
2027		182,915
2028		264,941
2029		64,907
2030		84,600
Thereafter		<u>18,658</u>
	\$	<u>921,626</u>

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

	2025	2024
Mortgages payable, beginning of year	\$ <u>890,898</u>	\$ <u>925,696</u>
Proceeds from new and refinanced mortgages	244,899	73,133
Repayment of existing mortgages	(222,350)	(106,275)
Transaction costs related to mortgages	<u>(2,501)</u>	<u>(1,376)</u>
Total changes from financing cash flows	<u>20,048</u>	<u>(34,518)</u>
Change in mortgages payable on assets held for sale	8,077	(1,607)
Amortization of financing costs	2,603	1,327
Financing costs in operations	37,439	37,952
Interest paid	<u>(37,439)</u>	<u>(37,952)</u>
Total liability-related changes	<u>10,680</u>	<u>(280)</u>
Mortgages payable, end of year	\$ <u>921,626</u>	\$ <u>890,898</u>

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

12. RELATED PARTY TRANSACTIONS

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

Distributions to partners

Skyline Retail Real Estate GP Inc. is the general partner of RREL and is entitled to 20% of distributions after the limited partners have received returns equivalent to their adjusted contribution value. Transactions are measured at fair value. A provision for the future distributions payable to Skyline Retail Real Estate GP Inc. has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at December 31, 2025 a distribution would be payable if the investment properties were sold. At December 31, 2025, there were distributions payable of \$1,081 (2024 - \$2,621) which is included in due to related party.

	2025	2024
Distributions paid to general partner from distributable income	<u>\$ 713</u>	<u>\$ 4,831</u>

Services of the Asset Manager

Skyline Retail REIT has an asset management agreement with Skyline Asset Management Inc. and Skyline Retail Asset Management Inc (the “Asset Manager”). The asset management fees payable under the asset management agreement are 2.5% of adjusted gross revenue. For the year ended December 31, 2025, Skyline Retail REIT paid to the Asset Manager \$3,829 in asset management fees (2024 – \$3,728).

Skyline Retail REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Retail REIT shall pay the Asset Manager: (i) \$3.00 per square foot for leasing new development and existing vacancies where no external brokers are involved; (ii) \$0.50 per square foot for leasing new development and existing vacancies where an external broker is involved; and (iii) \$0.25 per square foot for renewals of existing tenants in existing space where the renewed rent is 7% higher than the previously prevailing rental rate. For the year ended December 31, 2025, Skyline Retail REIT paid to the Asset Manager \$188 in leasing services fees (2024 – \$246).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT’s independent Trustees.

Services of the Property Manager

Skyline Retail REIT has a property management agreement with Skyline Commercial Management Inc (the “Property Manager”). Property management fees payable under the property management agreement are 3.75% of adjusted gross revenue. For the year ended December 31, 2025, Skyline Retail REIT paid to the Property Manager \$5,366 in property management fees (2024 – \$5,591).

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

12. RELATED PARTY TRANSACTIONS (continued)

Services of the Property Manager (continued)

As part of the property management agreement, Skyline Retail REIT also pays for lease documentation services, which are payable at a fixed rate ranging from \$200 to \$1,000 (presented in whole dollars) per lease. For the year ended December 31, 2025, Skyline Retail REIT paid to the Property Manager \$140 in lease documentation fees (2024 - \$136).

Services of the Exempt Market Dealer

Skyline Retail REIT has an exempt market dealer agreement with Skyline Wealth Management Inc. (the "Exempt Market Dealer"). Fees payable under the exempt market dealer agreement include wealth management fees of 0.3% of Class A equity under management and 0.2% of Class F equity under management, and equity raise fees ranging from 0.5% to 1.5% (2024 - 0.5% to 1.0%) of proceeds from units issued during the year. For the year ended December 31, 2025, Skyline Retail REIT paid to the Exempt Market Dealer \$2,595 in wealth management fees (2024 - \$2,451), and \$1,212 in equity raise fees (2024 - \$446).

Services of the Mortgage Underwriting Manager

Skyline Retail REIT has an arrangement with Skyline Mortgage Finance Inc. (the "Underwriting Manager"), wherein the Underwriting Manager assists Skyline Retail REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Retail REIT pays the Underwriting Manager \$5,000 (presented in whole dollars) for each mortgage assumed on acquisition, and 50 bps on mortgage principal for all other mortgages. For the year ended December 31, 2025, Skyline Retail REIT paid to the Underwriting Manager \$901 in mortgage underwriting fees (2024 - \$0).

Legal Services Manager

Skyline Retail REIT had an arrangement with Skyline Asset Management Inc., wherein Skyline Asset Management Inc provided advice to Skyline Retail REIT on the use of external legal counsel, and managed external legal counsel on behalf of Skyline Retail REIT (the "Legal Services Arrangement"), the costs for which are approved annually by Skyline Retail REIT's independent Trustees. Effective March 1, 2022, Skyline Asset Management Inc., transferred the Legal Services Arrangement to Skyline Private Investment Capital Inc. (the "Legal Services Manager"). Under the Legal Services Arrangement, Skyline Retail REIT paid to the Legal Services Manager \$1,159 for the year ended December 31, 2025 (2024 - \$756).

Services of the Solar Asset Manager

Skyline Retail REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the "Solar Asset Manager"). The solar asset management fees payable under the arrangement are equal to \$20 (presented in whole 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 Retail REIT paid to the Solar Asset Manager \$18 in solar asset management fees (2024 - \$20).

Services of the CAPEX Provider

Skyline Retail REIT has an arrangement with Skyline Capital Projects Management Inc (the "CAPEX Provider"), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi-year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Retail REIT's independent Trustees. For the year ended December 31, 2025, Skyline Retail REIT paid to the CAPEX Provider \$87 in CAPEX management fees (2024 - \$438).

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

12. RELATED PARTY TRANSACTIONS (continued)

Services of the Development Manager

Skyline Retail REIT has an arrangement with Skydevco Inc (the "Development Manager"), who provides development consulting services to Skyline Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT's independent Trustees. For the year ended December 31, 2025, Skyline Retail REIT paid to the Development Manager \$0 in development service fees (2024 – \$3).

13. FINANCING COSTS

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

	2025	2024
Mortgage interest	\$ 37,439	\$ 37,952
Deferred financing costs	2,603	1,327
Interest expense on credit facilities	1,114	2,947
Distribution interest paid on limited partnership units	979	999
Distribution interest paid to general partner on sale of investment properties	713	4,831
	<u>\$ 42,848</u>	<u>\$ 48,056</u>

14. FAIR VALUE GAIN

The components of the fair value gain were as follows:

	2025	2024
Fair value gain on investment properties (note 6)	\$ 16,891	\$ 14,431
Fair value gain (loss) on disposed properties (note 6)	0	(348)
Fair value loss on limited partnership units (note 20)	(245)	0
	<u>\$ 16,646</u>	<u>\$ 14,083</u>

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

15. FAIR VALUE MEASUREMENT

Assets and liabilities measured at fair value

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

As at	December 31, 2025			December 31, 2024		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	\$ 0	\$ 0	\$1,654,520	\$ 0	\$ 0	\$1,595,450
Assets held for sale	0	0	735	0	0	12,300
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,655,255</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,607,750</u>
Liabilities						
Mortgages payable	\$ 0	\$ 918,856	\$ 0	\$ 0	\$ 889,557	\$ 0
Limited partnership units	0	0	15,462	0	0	15,375
	<u>\$ 0</u>	<u>\$ 918,856</u>	<u>\$ 15,462</u>	<u>\$ 0</u>	<u>\$ 889,557</u>	<u>\$ 15,375</u>

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For 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 Retail REIT's cash, accounts receivable, tenant loan receivable, accounts payable and accrued liabilities, and due to related party approximate their carrying amounts due to the relatively short periods to maturity of these financial instruments

16. FINANCIAL RISK MANAGEMENT

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

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

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

16. FINANCIAL RISK MANAGEMENT (continued)

i) Market risk

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

a. Interest rate risk

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

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

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

As of December 31, 2025

	Carrying Amount	Income -1%	Unitholders' Equity -1%	Income +1%	Unitholders' Equity +1%
Revolving credit facility	\$ 28	\$ 0	\$ 0	\$ 0	\$ 0
Long term debt, maturing within 1 year	286,745	2,867	2,867	(2,867)	(2,867)
	<u>\$ 286,773</u>	<u>\$ 2,867</u>	<u>\$ 2,867</u>	<u>\$ (2,867)</u>	<u>\$ (2,867)</u>

As of December 31, 2024

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

b. Price risk

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

c. Foreign exchange risk

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

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

16. FINANCIAL RISK MANAGEMENT (continued)

ii) Credit risk

Credit risk is a risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from the possibility that Skyline Retail REIT's tenants may experience financial difficulty and be unable to meet their lease obligations. Currently, a significant portion (20.0%, 2024 - 18.7%) of Skyline Retail REIT's property revenue is derived from two major tenants (2024 - two). As a result, Skyline Retail REIT's revenues will be dependent on the ability of the tenants to meet their rent obligations and Skyline Retail REIT's ability to collect rent from these tenants.

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

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

	2025	2024
Allowance for doubtful accounts beginning of year	\$ 43	\$ 43
Provision for impairment of accounts receivable	<u>0</u>	<u>0</u>
Allowance for doubtful accounts end of year	<u>\$ 43</u>	<u>\$ 43</u>

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

iii) Liquidity risk

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

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

Under a financing agreement, Skyline Retail REIT has access to an operating line of credit to a maximum of \$8,000 (2024 - \$8,000) with interest charged at prime + 1.75% (2024 - prime + 1.75%). At December 31, 2025, the total drawn on the operating line of credit by Skyline Retail REIT was \$28 (2024 - \$22). The line of credit is secured by a general security agreement over some of the investment properties of RRELP.

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

16. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

Under another financing agreement, Skyline Retail REIT has access to an operating line of credit to a maximum of \$50,000 (2024 - \$50,000) with interest at prime + 1.35% or, at the option of the borrower, a fixed rate equal to the CORRA plus 2.50% for a 30 day or 90 day term. At December 31, 2025, the total drawn on the operating line of credit by Skyline Retail REIT was \$0 (2024 - \$26,973). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Retail REIT.

Under a construction credit facility, Skyline Retail REIT has access to a credit facility of \$5,200 (2024 - \$5,200) to finance the construction of an addition to the 77 Waterloo Road investment property. The facility bears interest at prime plus 1.00%. At December 31, 2025, the total drawn on the non-revolving credit facility is \$0 (2024 - \$2,827).

Under the financing agreements, Skyline Retail REIT is required to maintain a debt service ratio of 1.20 or higher, an interest coverage ratio of 2.00 or higher, a mortgage-ability debt service coverage ratio of 1.25 or higher and unitholder equity minimum of \$75,000 plus 75% of contributions received during each subsequent fiscal year. The combined group is also required to maintain a funds from operations effective pay-out ratio not exceeding 100% and a total debt to gross book value ratio not exceeding 65%. At December 31, 2025 the combined group was in compliance with the covenants.

Skyline Retail REIT's long term debt consists of mortgages payable bearing interest rates ranging from 2.49% to 6.02% per annum (2024 - 2.04% to 6.45%), payable in monthly instalments of principal and interest of approximately \$6,010 (2024 - \$5,320), maturing from 2026 to 2031, and are secured by specific charges against specific properties. All interest rates are fixed for the term of the respective mortgage.

Financial liabilities and their maturities are as follows:

December 31, 2025	On demand	Less than one year	One to five years	More than five years	Total
Mortgages payable	\$ 0	\$ 286,745	\$ 614,292	\$ 20,589	\$ 921,626
Due to related party	0	1,081	0	0	1,081
Accounts payable and accrued liabilities	0	16,978	0	0	16,978
Revolving credit facility	<u>28</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28</u>
	<u>\$ 28</u>	<u>\$ 304,804</u>	<u>\$ 614,292</u>	<u>\$ 20,589</u>	<u>\$ 939,713</u>
December 31, 2024	On demand	Less than one year	One to five years	More than five years	Total
Mortgages payable	\$ 0	\$ 246,098	\$ 595,910	\$ 56,967	\$ 898,975
Due to related party	0	2,621	0	0	2,621
Accounts payable and accrued liabilities	0	12,219	0	0	12,219
Revolving credit facility	<u>26,995</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,995</u>
	<u>\$ 26,995</u>	<u>\$ 260,938</u>	<u>\$ 595,910</u>	<u>\$ 56,967</u>	<u>\$ 940,810</u>

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

16. FINANCIAL RISK MANAGEMENT (continued)

iv) Real estate risk

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

17. CAPITAL RISK MANAGEMENT

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

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

Skyline Retail REIT monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. As of December 31, 2025, the loan to value ratio was 56% (2024 - 56%), which is within Skyline Retail REIT's stated policy of 70% or lower. Subsequent to December 31, 2025, Skyline Retail REIT is in compliance with the policy.

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

18. SEGMENTED DISCLOSURE

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

19. UNITHOLDERS' EQUITY

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

As at December 31, 2025 the issue price per unit for newly issued and units to be redeemed was \$15.75 (2024 - \$15.50). The units issued and outstanding are as follows:

	2025 Units	2024 Units
Units outstanding, beginning of year	46,226,394	45,948,191
Units issued	5,800,271	2,356,895
Units issued (Distribution reinvestment plan)	1,277,221	1,198,275
Redemptions during the year	<u>(3,274,736)</u>	<u>(3,276,967)</u>
Units outstanding, end of year	<u><u>50,029,150</u></u>	<u><u>46,226,394</u></u>

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(in thousands of Canadian dollars, except per unit amounts)

20. LIMITED PARTNERSHIP UNITS

The Class B and C Limited Partnership Units are units issued by RRELP as partial consideration of investment properties. The Class B and C Limited Partnership Units can be exchanged for Trust Units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Skyline Retail REIT units. Each Class B and C Limited Partnership unit holder is entitled to vote at all meetings of Skyline Retail REIT.

As at December 31, 2025, there were 981,707 (2024 - 991,907) Class B Limited Partnership units, and zero (2024 - zero) Class C Limited Partnership units issued and outstanding.

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

	2025	2024
Limited partnership units, beginning of the year	\$ 15,375	\$ 16,630
Redemptions of limited partnership units	(158)	(1,255)
Distribution interest expense	979	999
Distribution interest paid	(979)	(999)
Total liability-related changes	0	0
Changes in fair value	245	0
Limited partnership units, end of year	<u>\$ 15,462</u>	<u>\$ 15,375</u>



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