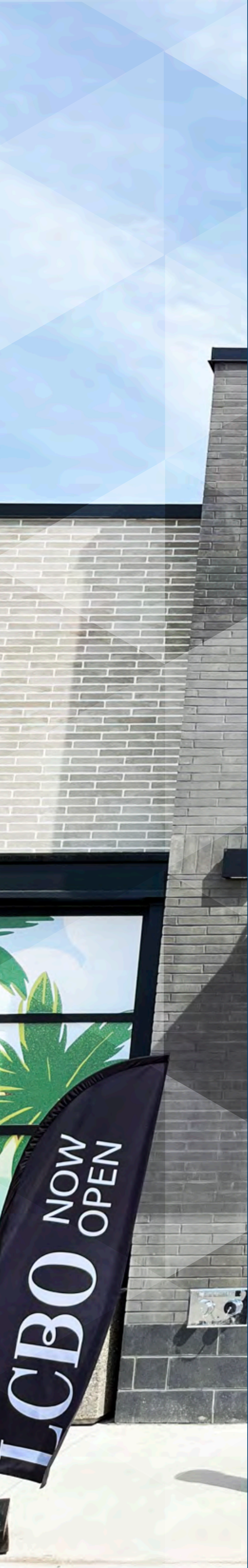


SKYLINE RETAIL REIT

2023

SKYLINE
RETAIL REIT

ANNUAL REPORT TO UNITHOLDERS - DECEMBER 31, 2023

CONTENTS

Grounded in real estate, **powered** by people, and **growing** for the future...

Dollarama
525-711 Grand Avenue West, Chatham, ON

HIGHLIGHTS

$1.62 B

Fair Value of
Investment Properties
(As at December 31, 2023)

5.32 MM

Gross Leasable Area
(SQ FT)
(As at December 31, 2023)

100.96%

Normalized FFO Payout Ratio
(As at December 31, 2023)

$15.50

Class A - Current Unit Value
(As at April 30, 2024)

$0.996

Class A - Annual Distribution per Unit
(As at April 30, 2024)

6.43%

Class A - Annual Distribution Yield
(As at April 30, 2024)

8.40%

Class A - Annualized Return 1 yr
(As at April 30, 2024)

11.73%

Class A - Annualized Return 5 yr
(As at April 30, 2024)

12.38%

Class A - Annualized Return
Since Inception
(As at April 30, 2024)

Metro
387-401 Wellington Road South, London, ON

Class F Unit Information (As at April 30, 2024):
$15.50 Unit Value | $1.012 Distribution per Unit | 6.53% Yield

SKYLINE GROUP OF COMPANIES AWARDS

Best Managed Companies

Platinum Member —
Skyline Group of Companies

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

Canadian Women in Real Estate (CWIRE) Award

Winner, National Category —
BJ Santavy, Vice President, Skyline Living

Recognizing visionary leadership and transformative impact in the real estate sector.

Report on Business 2023 Canada's Top Growing Companies

Winner (ranked #409) — Skyline Group of Companies

Showcasing the emerging leaders transforming business today, with winners selected for their ideas, accomplishments, and impact.

CFAA 2023 Rental Housing Awards

Winner, Rental Housing Provider of the Year — Skyline Living

Recognizing a rental housing provider who has demonstrated exceptional leadership in the rental housing industry through an action, exceptional practice, or a dedicated initiative.

RHB Magazine 2023 "The Annual" Edition

Canada's Top 10 REITs List (#5) —
Skyline Apartment REIT

Skyline Apartment REIT ranked #5 in Canada (number of apartment suites owned and managed within its portfolio). RHB's "The Annual" is "the complete market perspective for the Canadian rental housing industry.

Guelph Chamber of Commerce 2023 Awards of Excellence

Winner, Sustainability Award —
Skyline Group of Companies

Recognizing a business or organization in the city of Guelph that has showcased an outstanding commitment to sustainability through operations, development, or processes.

IPOANS 2023 Innovation & Excellence Awards

Winner, Community Service —
Skyline Group of Companies

Commemorating above-and-beyond achievement in community service over the previous year, awarding companies that go the extra mile in helping their surrounding communities.

Waterloo Area Top Employers 2023

Evaluating workplaces in the Kitchener-Waterloo area on eight criteria, including performance management, training and skills development, communications, community involvement, and more.

2023 Canadian HR Awards

Winner, Rising Star of the Year —
Sarah Yusyp, Director, Human Resources, Skyline Living

Recognizing HR leaders of the future with 5-10 years of human resources experience and a demonstrated commitment to the function.

Canadian Property Management Magazine 2023 "Who's Who" Ranking

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

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

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.

Canada's Clean50 Honouree

Winner — Rob Stein, President, Skyline Energy

Recognizing individuals who have done the most to advance climate action in Canada over the past two years.

SUSTAINABILITY AT SKYLINE GROUP OF COMPANIES

2023 SUSTAINABILITY HIGHLIGHTS

191,002 GJ[1] of Renewable Natural Gas (RNG) produced at our Lethbridge, Alberta biogas facility.

$316,600 donated to 41 charitable initiatives across Canada.

6.5 million square feet of Light-emitting Diode (LED) lighting installed at Skyline Industrial REIT properties.

9 sustainability-related awards won, and **3 funds successfully submitted** to GRESB.[2]

74,850,000 kWh[3] of electricity generated by Skyline-owned solar assets.

300 refugee families supported through the Skyline Refugee Program.

4,811 kgs of e-waste collected/diverted from landfill.

23,226,897 kWh[4] of renewable electricity produced at our Elmira, Ontario and Lethbridge, Alberta biogas facilities.

[1] Gigajoule (GJ) is a metric energy measurement used for Renewable Natural Gas (RNG). One GJ of natural gas has the same amount of energy as 27 litres of fuel oil, 39 litres of propane, 26 litres of gasoline or 277 kilowatt hours of electricity. This figure is expressed in accordance with the Fund's percentage ownership of the assets (80%). Source: https://www.nrcan.gc.ca

[2] GRESB: Formerly the Global Real Estate Sustainability Benchmark.

[3] This figure is expressed in accordance with the Fund's percentage ownership of the assets.

[4] This figure is expressed in accordance with the Fund's percentage ownership of the assets (80%).

[5] In 2023, Skyline developed a Climate Change Risk Analysis following ISO 31000 guidelines.

OUR FOCUS AREAS FOR 2024

Exceed 2023 fundraising total for our community partners through Coldest Night of the Year, Spring Hope Food Drive, and Annual Charity Golf Classic.

Continue to use in-house mediated agreements to keep our tenants housed and update Skyline Living's RISE application to make the process easier and more efficient for tenants. Continue working on creating awareness of our RISE program with tenants.

Support charitable organizations through volunteering and monetary donations that focus on eliminating homelessness, food insecurity and supporting mental health in our communities.

Develop a plan to encourage active, healthy living and wellness promotion by offering quarterly wellness activities to our employees and a corporate fitness center discount.

Retrofit exterior lights at Skyline Retail REIT & Skyline Industrial REIT properties to LEDs and work with tenants to do the same for interior lights.

Conduct feasibility studies to determine if solar panels can be installed at select industrial and retail properties.

Maintain our reputation as an equitable, progressive, and highly sought-after place to work by administering a comprehensive benefits and retirement savings plan, recognizing employee milestones, and offering training and development opportunities.

Continue to strive for an inclusive and fair workplace by reviewing internal processes to promote **diversity in leadership** and **equitable compensation**.

Engage residential tenants in environmental awareness by running an Earth Hour campaign focused on reducing utility consumption.

Promote sustainable procurement practices by improving the inventory of our vendor information related to sustainability.

Collaborate with Skyline Retail REIT and Skyline Industrial REIT tenants to promote waste separation and provide an area on each property to allow additional bins where possible.

Reduce contamination of recycling and organic streams by 15% across our residential portfolio.

Investigate the results of our Climate Risk Analysis.[5]

PERTAINS TO ALL SDGs

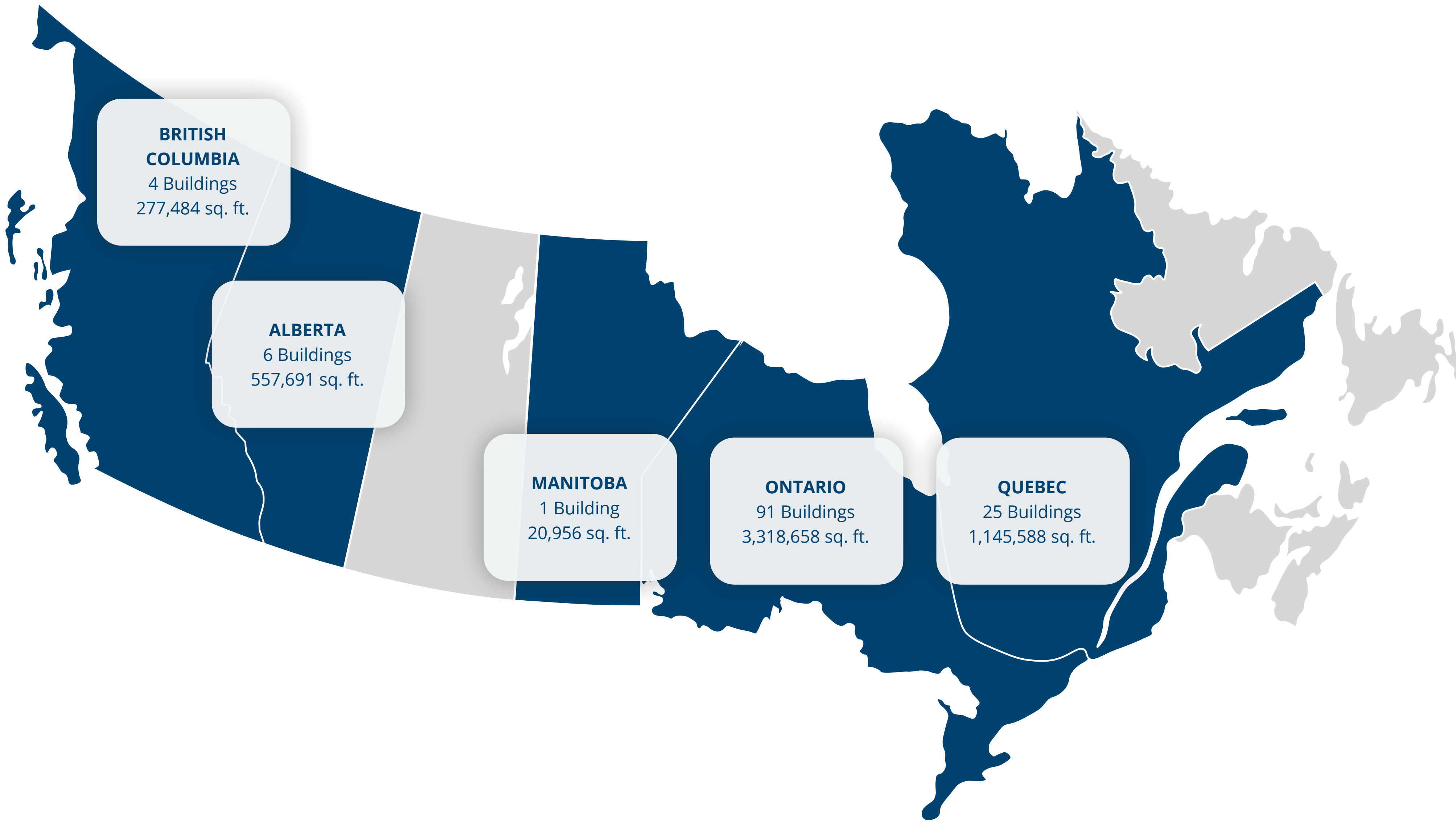
Submit to the GRESB Benchmark to assess our performance and inform our sustainability strategy across Skyline's REIT portfolios. We aim to increase our inaugural year score by 10% for each REIT.

View Skyline's 2024 Sustainability Report
SkylineGroupOfCompanies.ca/Sustainability

RETAIL PORTFOLIO OVERVIEW

Skyline Retail REIT focuses on national name-brand retail tenants with long-term leases.

The portfolio is comprised of properties in secondary and tertiary markets, occupied primarily by tenants that offer essential goods and services, such as grocery and pharmacy retailers.

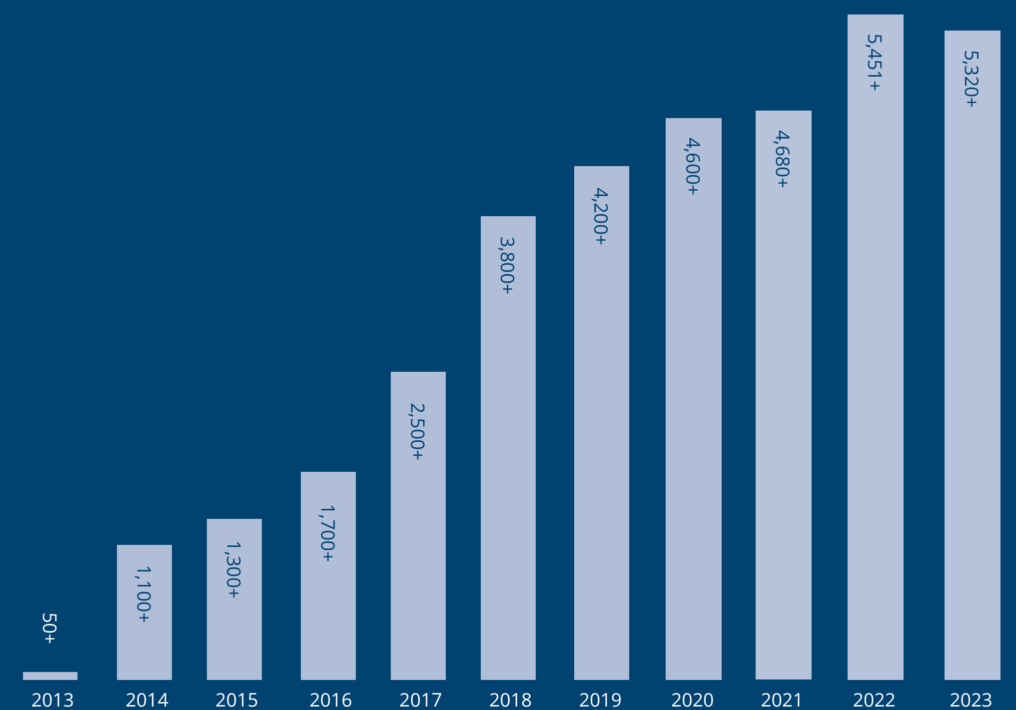


DEVELOPMENT HIGHLIGHTS

315 Arthur Street South, Elmira ON
13,200 sq. ft.

Huntsville, ON
44,000 sq. ft.

515-653 Grand Avenue West Chatham ON
Additional 6,400 sq. ft.



Total Rentable Square Feet 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
Respect
Integrity
Drive
Efficiency

Canadian Tire
525-711 Grand Avenue West, Chatham, ON

CEO ADDRESS TO UNITHOLDERS

Skyline's 25th anniversary: a look back—and a look forward

This past January, Skyline turned 25 years old. It was a great time to reflect on the past and remind ourselves of the trials and tribulations we experienced over the years. We shared this moment with our Skyliners, from those who have been there with us from the beginning to our most recent hire. We looked back at and shared with them the phases we went through while evolving this company—from a mere idea, through the student rental years, shifting into apartments, the development of our Funds, building the businesses to service them, and all the memories and learning experiences we had along the way, big and small.

As we reminisced about those years, it brought us to the present day. The momentous occasion of our 25th anniversary not only compelled us to share with all those who helped us get here, but more importantly, it also spurred us to paint a very clear picture as to what the next 25 years will look like. I have learned over the years to stop predicting precisely what we will or will not do. However, in this case, I can say with great certainty that my fellow owners and I will be a major part of Skyline's next 25 years and continue to have a guiding hand in what it will look like as we move forward from here.

These businesses that we operate to service the Funds we all invest in are integral to the successful relationship we have with you, our Unitholders. Time and time again, when we tried, tested, and brought to market a new Fund requiring investment capital, you always stepped up to answer the call so that we could all grow and benefit from these ideas together. We spent a lot of time and hard work developing processes and procedures to make these investments something that would outperform and make us all proud to be a part of—just as you worked hard to earn the capital that is the life blood to secure the assets that make up these investments.

It is obvious—sometimes painfully so— that we take our time to perfect our trade. But because of this, we have become very confident that the "sweat" component we bring to this business relationship with you is first class. We have endured many unexpected and sometimes random economic circumstances, and we learned from them, made adjustments, and came out stronger and better poised for growth every time.

So, what now? With the comfort of not always having to check the rear-view mirror thanks to excellent operations, we are able to focus on looking out the front window as we drive the bus. As for what the road ahead looks like: we aim to set our focus on you, our investors. Sometimes I felt like our work, which continues to perform well by way of returns, was enough. But we can do more for you. We will do more for you. We are more than an asset manager: we are your wealth manager. Starting this year, you will hear more often from us and be in contact more often with us, and we will be inviting you to help us understand what more we can do for you. By us asking, and you sharing that information with us, we will improve your experience and interaction with Skyline.

We have set up this company to hold assets that are multi-generational; that is the way we think and invest ourselves as owners. We also know that just as we want and need a holistic understanding of our own personal investment situation, so too must our investors. In a world where economic information is available at our fingertips, I won't be able to tell you anything macro-economic-related that you don't already know or can't easily find in the many media available to us all. But one thing we can do, that is unique to us, is have stronger personal relationships with each of you—and that is the foundation on which all parts of Skyline have been built.

I look forward to the next 25 years—albeit with the hope that they do not fly by as fast as the last 25—because I want Skyline to be an even more important part of your multi-generational investment plan that we can all share and benefit from together.

"...We have become very confident that the "sweat" component we bring to this business relationship with you is first class. We have endured many unexpected and sometimes random economic circumstances, and we learned from them, made adjustments, and came out stronger and better poised for growth every time."

Jason Castellan

Co-Founder & Chief Executive Officer,
Skyline Group of Companies

PRESIDENT'S REPORT

Not unlike any year in the last decade, 2023 revealed its own interesting array of macroeconomic, consumer, and real estate trends that have impacted the activities of Skyline Retail REIT. Notwithstanding this continuous evolution, the REIT's strategy, established at its inception in 2013, has continued to be validated. The REIT's strategic focus on essential retail, predominantly grocery, pharmacy, and everyday essentials, has proven to offer exceptionally stable and growing income from Canada's retail sector leaders.

The REIT has grown steadily since its launch just over a decade ago; in late 2013, it started with an initial portfolio of just over $100 million and, ten years later, closed out 2023 at $1.6 billion. This growth is a result of sourcing high-quality and well-anchored retail assets and, once acquired, carefully managing them to ensure tenant satisfaction, longevity, stability, and income growth. Incremental retail development has also been a part of our strategy, including the opening of a new-build, grocery-anchored centre in Huntsville, Ontario.

2023 was a considerably less active year from an acquisitions perspective owing to a much lower availability of quality assets in the marketplace; however, the REIT has capitalized on the dearth of opportunities by reintroducing a small number of assets back into the open market. These assets, due to their geographic location and/or tenant composition, no longer perfectly fit the REIT's intentional strategy. In this supply-constrained market, we have been pleased with the value creation from this modest number of dispositions, which is a testament to the exceptional quality of the overall portfolio.

In 2023, interest rates and inflation continued to be a big part of the story, and both stabilized significantly toward the end of the year. Our strategy to combat interest rate increases—initiated in 2021 and 2022—continued to pay dividends in 2023 and beyond.

To illustrate, the portfolio's weighted average interest rate increased to 4.09% in 2023, as compared to the Bank of Canada's interest rate increase of 5.54% over the last 24 months. In 2024, under 10% of the REIT's mortgages are at end of term, which positions us very well to capitalize on the anticipated interest rate cuts through the remainder of 2024 and 2025.

It is instructive to look back on the performance of the REIT at its 10-year milestone. The REIT has grown from 19 assets in one province to 115 assets in five provinces. More importantly, the value of your Skyline Retail REIT investments has also grown: $100,000 invested in the REIT at its inception in 2013 would be worth more than $330,000 at year-end 2023, representing a 12.38% growth rate, which surpasses the average of our industry peers by more than 3%.

Finally, having had the pleasure of working with the Skyline team and contributing to Skyline Retail REIT's performance during much of the last 10 years, I have elected to hand over my leadership role of the REIT as of June 2024, to be succeeded by Mr. Craig Leslie, our current Vice President. Craig has a wealth of knowledge and experience in the retail industry, having started his career in the UK, prior to holding senior positions with two publicly traded REITs and consulting roles at some of Canada's largest accounting and real estate firms. I have enjoyed working with Craig for the past year as we have prepared for this succession, and I am confident in the continuation of Skyline Retail REIT's growth trajectory under his leadership. I thank you, Skyline Retail REIT's Unitholders, for the opportunity to have worked in your interests. The trust you place in Skyline is highly valued.

"The REIT has grown steadily since its launch just over a decade ago. . .[this] is a result of sourcing high–quality and well-anchored retail assets and, once acquired, carefully managing them to ensure tenant satisfaction, longevity, stability, and income growth."

Gordon Driedger
President,
Skyline Retail REIT

SENIOR MANAGEMENT

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.

Back row from left to right: **Andy Coutts**, Vice President, Operations, Skyline Group of Companies; **Maria Duckett**, Vice President, Skyline Commercial Management Inc.; **Craig Leslie**, Vice President, Retail, Skyline Retail Asset Management Inc.; **Mandi Sweiger**, Vice President, Human Resources, Skyline Group of Companies; **Krish Vadivale**, Vice President, Finance, Skyline Group of Companies.

Front row from left to right: **R. Jason Ashdown,** Co-Founder & Chief Sustainability Officer, Skyline Group of Companies; **Jason Castellan,** Co-Founder & Chief Executive Officer, Skyline Group of Companies; **Gordon Driedger**, President, Skyline Retail REIT; **Martin Castellan,** Co-Founder & Chief Administrative Officer, Skyline Group of Companies; **Wayne Byrd,** Chief Financial Officer, Skyline Group of Companies.

INDEPENDENT TRUSTEES

George Schott

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

Perry Katz

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

Jonathan Halpern

Jonathan Halpern, CPA, CA, is currently the President of Metropolitan Equities Limited, a privately owned family office and real estate investment company. Prior thereto, Mr. Halpern was a senior manager with an international accounting firm specializing in real estate and small business. Mr. Halpern has also served on the management committee of a national commercial flooring distributor. Mr. Halpern is a member of Chartered Professional Accountants of Ontario and Manitoba, and holds a Bachelor of Commerce (Honours) degree with Distinction with the University of Manitoba. Mr. Halpern also sits on the Board of Trustees for Skyline Apartment REIT and Skyline Industrial REIT.

Gary Finkelstein

Gary Finkelstein has more than 30 years of experience in the commercial real estate investment and development industry and currently holds the position of Vice President of Real Estate for the White Owl Family Office Group. He started his career as a corporate commercial lawyer before following his entrepreneurial spirit towards real estate development. Some of his previous roles include being the CIO and Senior Vice President of Acquisitions & Development at a Toronto based boutique development firm, Regional VP for one of Canada's preeminent commercial REIT's, and President at a real estate development and consulting firm where he was responsible for strategic commercial growth initiatives and project management for some of Canada's prestigious retailers. He is also a member of the International Counsel of Shopping Centres and RealPAC (Real Property Association of Canada).

2023 FINANCIAL REPORTING

Rexall
315 Arthur Street South, Elmira, ON

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, 2023, should be read in conjunction with Skyline Retail Real Estate Investment Trust's ("**Skyline Retail REIT**" or the "**REIT**") consolidated audited financial statements. Certain statements in this MD&A could be considered forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the REIT's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions; the financial condition of tenants; our ability to refinance maturing debt; leasing risks, including those associated with the ability to lease vacant space; our ability to source and complete accretive acquisitions; and interest rates.

The information in this MD&A is based on information available to the Management as of April 30, 2024, 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. Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

In some instances, forward-looking information can be identified by the use of terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", or other similar expressions concerning matters that are not historical facts. Forward-looking statements in this MD&A include, but are not limited to, statements related to acquisitions or dispositions, development activities, future maintenance expenditures, financing and the availability of financing, tenant incentives, and occupancy levels.

Non-IFRS Measures

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

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

MD&A Overview

This MD&A focuses on key areas from the consolidated financial statements and pertains to major known risks and uncertainties relating to the real estate industry in general, and the Trust's business, in particular. This discussion should not be considered comprehensive as it excludes changes that may occur in general economic, political, and environmental conditions. Additionally, other elements may or may not occur, which could affect the organization in the future. To ensure that the reader is obtaining the best overall perspective, this discussion should be read in conjunction with the material contained in the audited consolidated financial statements for the years ended December 31, 2023, and 2022, along with all other information regarding Skyline Retail REIT posted publicly by the REIT and its affiliates. It is not our intent to reproduce information that is located in these other reported documents, but rather to highlight some of the key points and refer you to these documents for more detailed information.

Business Overview

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

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. Skyline Commercial Management Inc. 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 Skyline Commercial Management Inc.'s strategy to aggressively work toward expense reduction and control. In the competitive marketplace of Canadian retail real estate, Skyline Commercial Management Inc. 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 2023, Skyline Retail REIT was paying monthly distributions to Unitholders of $0.083 per unit, or $0.996 on an annual basis. At December 31, 2023, approximately 44.7% 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, 2023, overall occupancy was 97.0%.

- **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.

- **Net Operating Income ("NOI").** This is defined as operating revenues less operating expenses, and is a key measure of operating performance. It is a key non-International Financial Reporting Standards ("**IFRS**") financial measure of the operating performance of Skyline Retail REIT. Management is focused on maintaining or increasing same-asset NOI year over year. For the year 2023, Skyline Retail REIT's NOI margin was 70.8%.

- **Same Property Net Operating Income.** This is defined as operating revenues less operating expenses for properties, which were owned for the full years of 2021, 2022 and 2023. Management was focused on maintaining or increasing same property NOI year over year.

- **Funds from Operations ("FFO").** FFO is a measure of operating performance based on the funds generated by the business before reinvestment or provision for other capital needs. For the year 2023, Skyline Retail REIT generated $45.1 million in FFO.

- **Adjusted Funds From Operations ("AFFO").** AFFO is a measure of performance taking into consideration regular maintenance capital expenditures and regular leasing expenditures that a prudent owner must maintain from operating cash flows. For the year 2023, Skyline Retail REIT generated $36.4 million in AFFO.

- **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 and AFFO payout ratios over the year. For the year 2023, Skyline Retail REIT's FFO payout ratio was 101.0% and AFFO payout ratio was 125.3%.

- **Financing.** Management is continually managing and planning its financing strategies for the portfolio. This ensures that the portfolio is well positioned to mitigate interest rate uncertainty as well as to responsibly ladder the maturities of the portfolio's mortgages over the long term.

- **Loan to Value ("LTV").** The portfolio is regularly evaluated based upon key leverage ratios, comprised of mortgage debt, total indebtedness, historical cost, and fair value in accordance with IFRS 13 – Fair Value ("IFRS 13"). Loan to value ratios are shown on both a historical cost and market value basis. The Declaration of Trust 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 2023, Skyline Retail REIT's portfolio leverage ratio on total debt was 61.06% against historical cost and 58.43% against fair value.

Goals And Objectives Of Skyline Retail REIT

In accordance with the Declaration of Trust, 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.

2023 Highlights

- The REIT's Assets under Management as at December 31, 2023 was $1.62 billion which resulted from a combination of dispositions, strategic acquisitions and value enhancement to the existing portfolio.

- The REIT's average in-place rent increased from $18.96 to $19.23 by year end.

- During 2023, the increase in the value if the underlying real estate portfolio resulted in a unit price change from $15.25 to $15.50, a 1.64% increase.

Financial Highlights **($ thousands, except where noted)**	**2023**	**2022**
Property revenues	$147,237	$130,502
Operating expenses	(54,897)	(48,213)
Net operating income ("NOI")	**$92,340**	**$82,289**
Net income	**$28,798**	**$39,111**
Funds from operations ("FFO")	**$45,144**	**$42,861**
Adjusted funds from operations ("AFFO")	**$36,366**	**$35,332**
Total Distributions declared to REIT and LP unitholders	**$45,576**	**$39,992**
Normalized FFO payout ratio	**101.0%**	**93.3%**
Normalized AFFO payout ratio	**125.3%**	**113.2%**

Property Portfolio

At December 31, 2023, through active portfolio management; the portfolio consisted of 5,320,378 rentable square feet across 115 retail properties geographically diversified through 69 communities in Alberta, British Columbia, Manitoba, Ontario and Quebec.

Skyline Retail REIT's property portfolio represents retail properties which are tenanted by 'essentials' based and predominately grocery and pharmacy retailers in stable and growing secondary markets in Canada. The properties are currently well-maintained, close to full occupancy, with in-place rents representing an opportunity for future growth, as the REIT continues to look at further expanding and enhancing the portfolio in existing and new markets across Canada.

Portfolio Average Monthly Base Rent & Occupancy (As at December 31, 2023)	GLA (sq ft)	%	Occupancy Rate	Base Rent (psf)
Retail	5,320,378	100.0%	97.0%	$19.23

Acquisitions And Dispositions

Acquisitions Completed During the Year Ended December 31, 2023
($ thousands, except where noted)

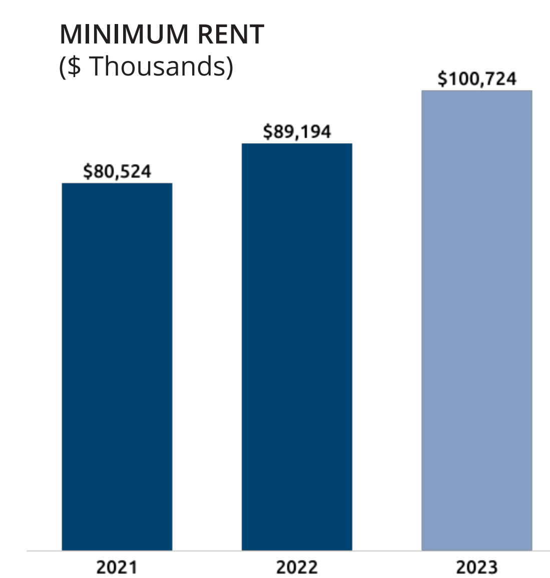
Purchase Date	GLA	Region	Type	Acquisition Costs	Mortgage Funding
12-Jun-23	19,310	Quebec	Retail	$3,200	$1,673
Total	**19,310**			**$3,200**	**$1,673**

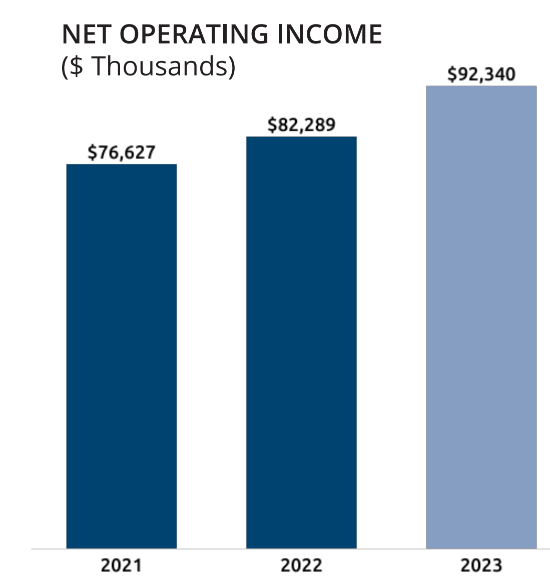
Dispositions Completed During the Year Ended December 31, 2023
($ thousands, except where noted)

Disposition Date	GLA	Region	Type	Carrying Value	Equity	Mortgages Discharged
17-Sep-23	112,746	Quebec	Retail	$14,375	$6,415	$7,960
21-Nov-23	16,884	Ontario	Retail	6,100	2,781	3,319
21-Aug-23	15,780	Western Canada	Retail	6,800	2,970	3,830
06-Jul-23	25,167	Ontario	Retail	6,350	3,953	2,397
Total	**170,577**			**$33,625**	**$16,119**	**$17,506**

2023 Operating Highlights

Operating Results ($ thousands, except where noted)	2023	%*	2022	%*
Property revenues				
Minimum rent	$100,724	77.2%	$89,194	68.3%
Cost recoveries	46,513	35.6%	41,308	31.7%
Total property revenues	**$147,237**	**112.8%**	**$130,502**	**100.0%**
Direct property expenses				
Realty taxes	31,134	23.9%	27,571	21.1%
Other direct property costs	16,308	12.5%	13,956	10.7%
Utilities	1,908	1.5%	1,774	1.4%
Management fees	5,547	4.3%	4,912	3.8%
Total direct property expenses	**$54,897**	**42.1%**	**$48,213**	**36.9%**
Net operating income ("NOI")	**$92,340**	**70.8%**	**$82,289**	**63.1%**
*As a percentage of total property revenues				
Other operational metrics				
Total occupancy %		97.0%		97.7%
In place base rent (per sq.ft)		$19.23		$18.96

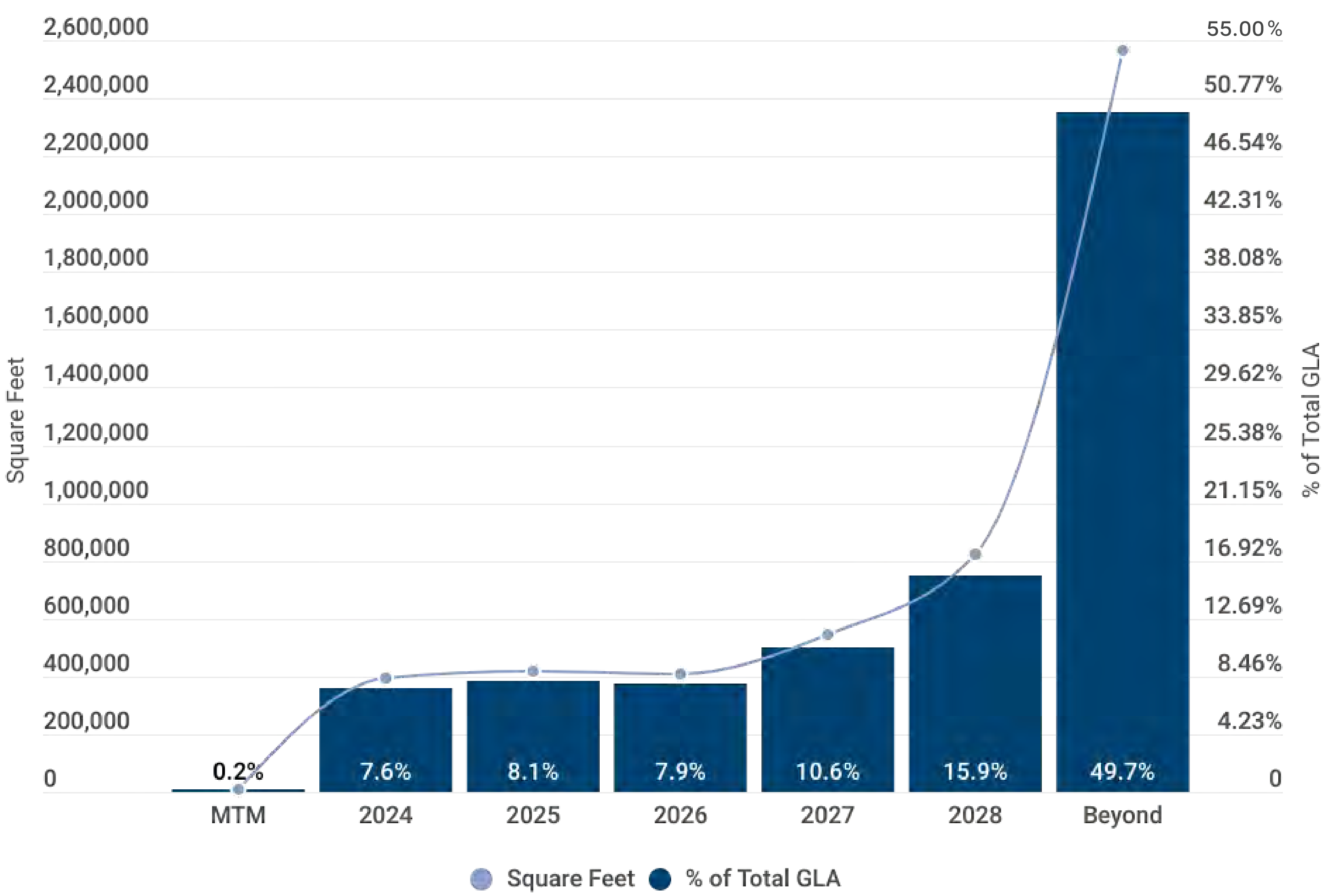




Regional Highlights ($ thousands, except where noted)	2023		2022		Increase (Decrease)		
Portfolio	**NOI**	**NOI Margin**	**NOI**	**NOI Margin**	**Revenue Change**	**Expense Change**	**NOI Change**
Ontario	$53,075	62.1%	$50,611	62.4%	5.3%	7.2%	4.9%
Quebec	20,373	61.7%	15,690	61.5%	29.4%	28.6%	29.8%
Western Canada	18,892	66.2%	15,988	67.2%	19.9%	24.4%	18.2%
Total	$92,340	62.8%	$82,289	63.1%	12.7%	14.3%	12.2%

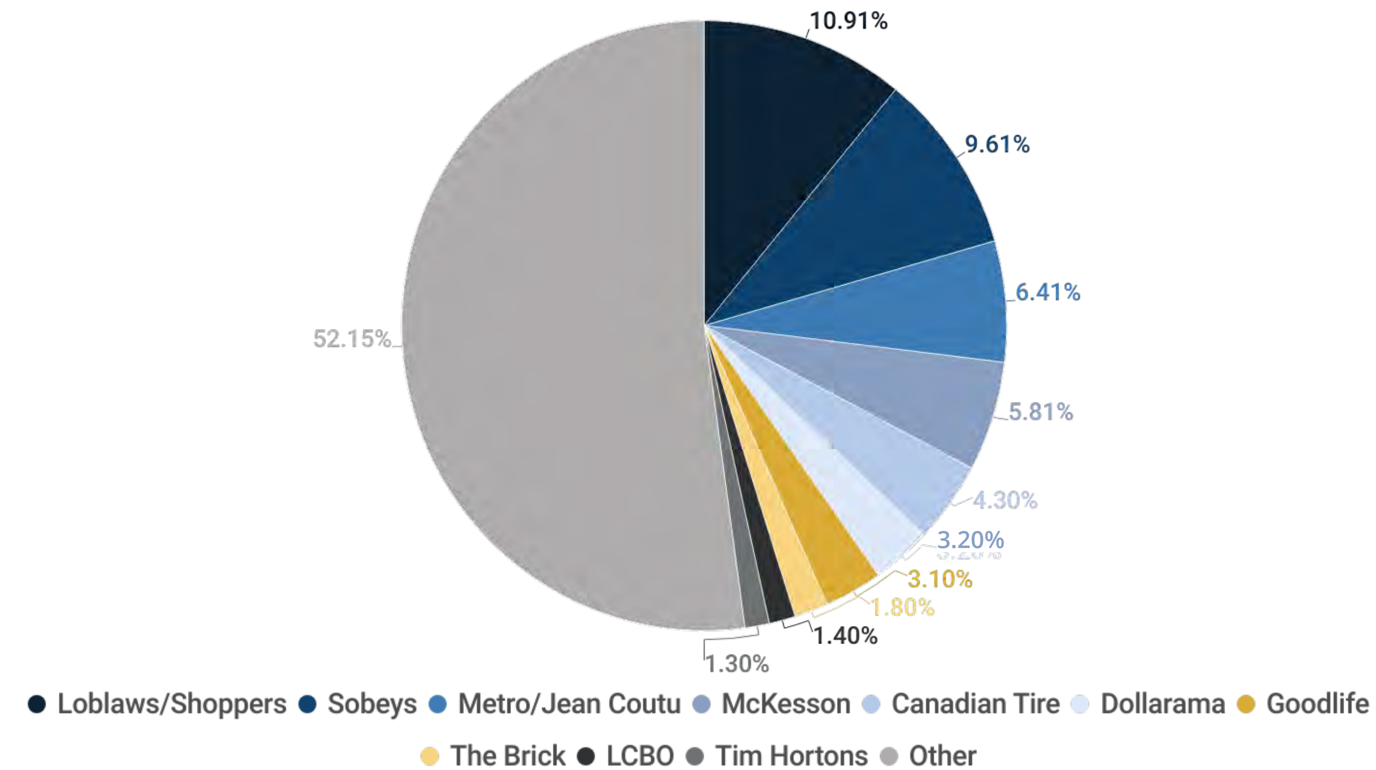
Occupancy/Vacancy Schedule

At the close of 2023, the portfolio had 159,790 square feet of vacant space, of which 45,125 square feet is committed for future occupancy. With respect to future expiries, Management has already renewed. The following bar graph shows the percentage of lease expiries over the next 5 years and beyond, 49.7% of maturities are over 5 years. Over the course of 2024 Management plans to commence early renewal discussions with larger tenants to proactively manage the expiries occurring in the next 5 years.



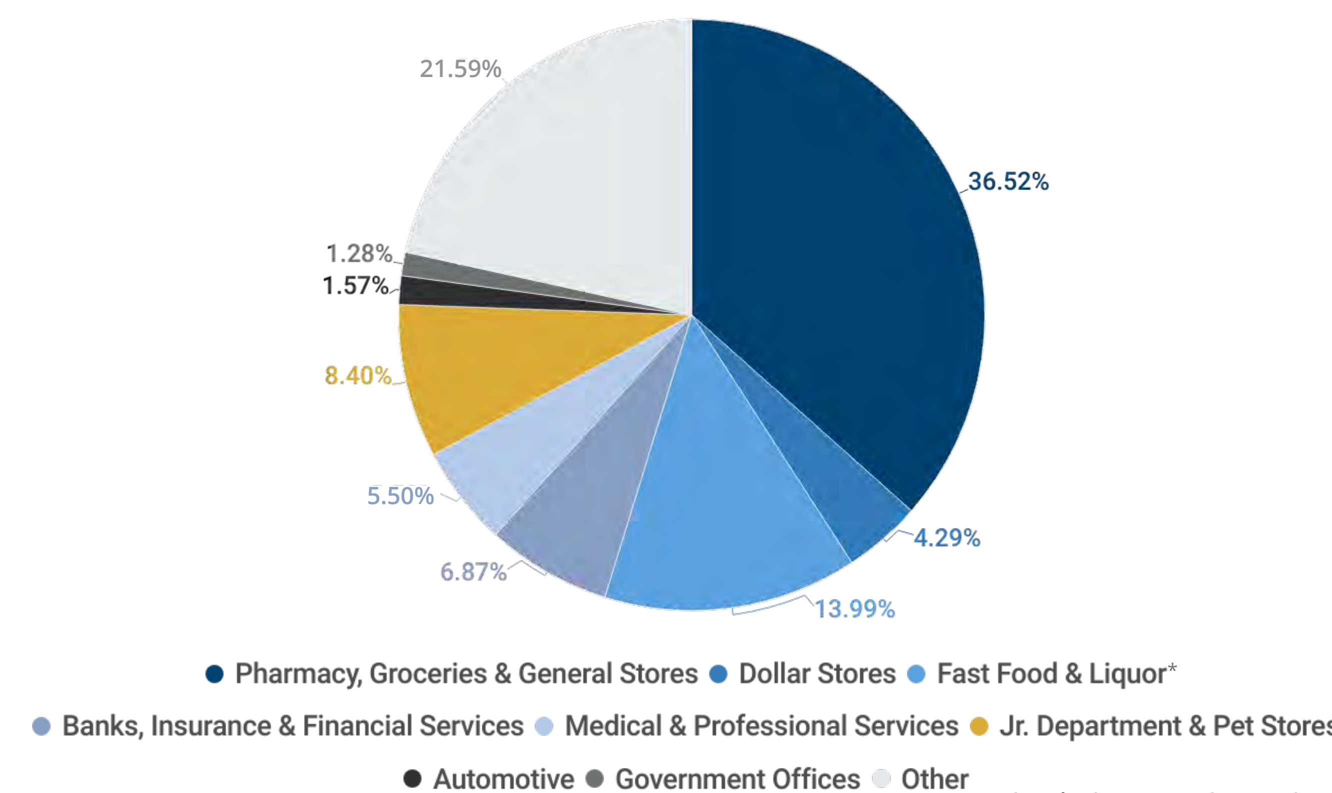
Leasing and Tenant Profile

The REIT's tenant profile consists of a diversified base of quality tenants. At December 31, 2023, with 882 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.



Portfolio Breakdown

78.41% 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 reinvestment or provision for other capital needs. This non-IFRS measure is a commonly used performance measure for assessing real estate operations. However, it does not have a standardized industry definition; therefore, it may not be relied upon as a comparable indicator to other REITs that use a similar term.

Adjusted Funds From Operations

Management believes that AFFO is an important measure of the REIT's economic performance and is indicative of the ability to pay distributions. This non-IFRS measure is a commonly used performance measure for assessing real estate performance. However, it does not have a standardized industry definition; therefore, it may not be relied upon as a comparable indicator to other REITs that use a similar term.

Payout Ratios

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

A reconciliation of net income to FFO and AFFO is as follows:

FFO & AFFO Payout Ratios **($ thousands, except where noted)**	**2023**	**2022**
Profit & loss		
Property revenues	$147,237	$130,502
Operating expenses	(54,897)	(48,213)
Net operating income ("NOI")	**$92,340**	**$82,289**
Finance costs	(44,070)	(37,419)
REIT & other expenses	(8,432)	(7,093)
Interest income	$-	4
Recovery (loss) on deposit	$-	160
Fair value (loss) gain	(11,040)	1,170
Net income	**$28,798**	**$39,111**
Non-cash add-backs:		
LP distributions included in finance costs	$3,047	$2,598
Recovery (loss) on deposit	$-	$(160)
Fair value (loss) gain	11,040	(1,170)
Amortization of leasing costs	457	595
Amortization of tenant inducement	1,802	1,887
Funds from operations ("FFO")	**$45,144**	**$42,861**

(table continued on next page)

	2023	**2022**
AFFO adjustments:		
Deferred maintenance	$(789)	$(191)
Other capital expenditures	(5,171)	(4,226)
Amortization of tenant inducement	(1,802)	(1,887)
Amortization of leasing costs	(457)	(595)
Amortization of straight-line rents	(559)	(630)
Adjusted funds from operations ("AFFO")	**$36,366**	**$35,332**
Total distributions declared to REIT and LP unitholders	$47,553	$41,504
Less: General Partner sharing distributions	$(1,977)	$(1,512)
Total distributions declared to REIT and LP Unitholders	**$45,576**	**$39,992**
Normalized FFO payout ratio	**101.0%**	**93.3%**
Normalized AFFO payout ratio	**125.3%**	**113.2%**

Distributions to Unitholders

During 2023, Skyline Retail REIT paid monthly distributions to unitholders of $0.083 per Unit, or $0.996 per Unit on an annual basis. As at December 31, 2023, approximately 44.7% of the REIT Units were enrolled in the Distribution Reinvestment Plan. Distributions made to REIT and LP Unitholders during 2023 amounted to $45.6 million of which $20.4 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 its reliance on disposition proceeds and to eliminate its reliance on refinancing proceeds for supplementing distribution cash flows.

Distribution Sources **($ thousands, except where noted)**	**2023**	**2022**
Total distributions declared to REIT and LP unitholders	**$45,576**	**$39,992**
Funded by:		
Income	100.00%	100.00%
Building dispositions	-	-
Refinance proceeds	-	-

Investment Properties

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

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

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

- Group the Portfolio into segments that identify geographic locations as well to group the portfolio by property characteristics. This will allow Management to apply the same metrics to similar properties.
- Engage third party market appraisals for a portion of its Portfolio which comprises at least 20% of the number of properties, excluding acquisitions during the year, which makes up at least 25% 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 five 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, 2023 71.8% of the investment properties, by cost base, were valued externally (2022-60.8%)

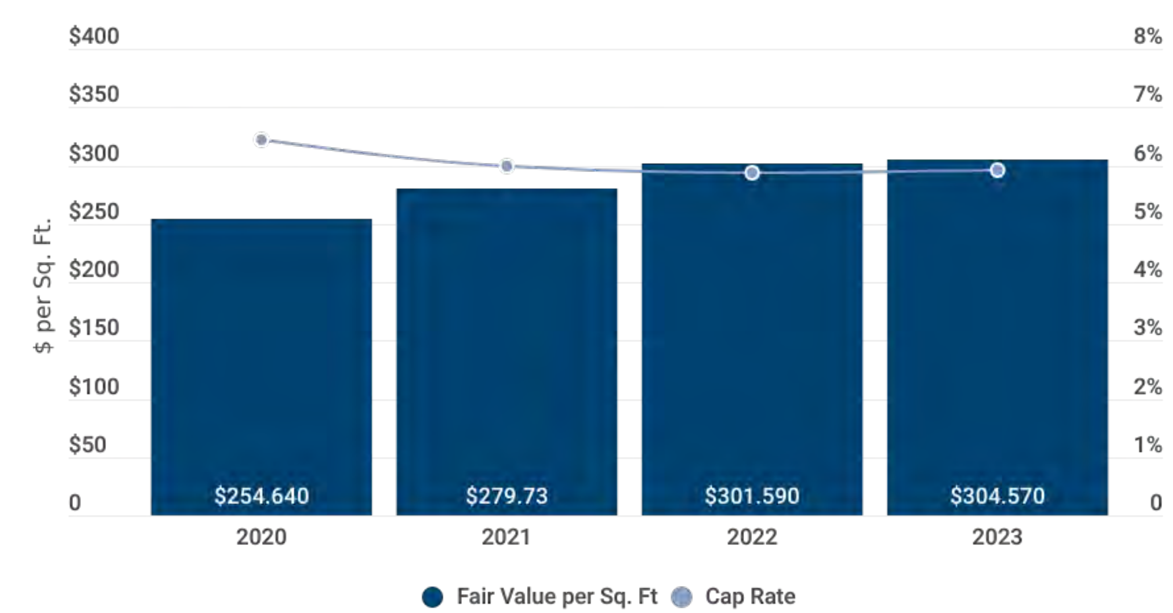
Fair Value of Investment Properties (under IFRS 13) **($ thousands, except where noted)**	**2023**	**2022**
Balance, beginning of year	**$1,644,172**	**$1,309,240**
Acquisitions through purchase of assets	3,200	310,451
Additions through capital expenditures on existing investment properties	29,023	22,046
Disposals through sale of investment properties	(32,761)	(696)
Amortization of leasing costs and straight-line rents	(1,668)	1,421
Investment properties held for sale	(10,763)	-
Fair value adjustment on investment properties	(10,772)	1,710
Balance, end of year	**$1,620,431**	**$1,644,172**

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)**	**2023**	**2022**
Cost	1,540,635	1,551,817
Cumulative fair value adjustment	$79,796	$92,355
Fair Value	**$1,620,431**	**$1,644,172**

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)**	**2023**	**2022**	**2021**	**2020**
Fair value of investment properties	**$1,620,431**	**$1,644,172**	**$1,309,240**	**$1,171,435**
Total rentable square footage at year end	**5,320,378**	**5,451,706**	**4,680,315**	**4,600,302**
Fair value per square foot	**$304.57**	**$301.59**	**$279.73**	**$254.64**
Increase (decrease) in fair value per square foot (%)	**0.99%**	**7.81%**	**9.85%**	**-1.54%**
Weighted average capitalization rate	**5.91%**	**5.88%**	**5.98%**	**6.44%**
Increase (decrease) in cap rate (year-over-year) (%)	0.51%	-1.67%	-7.14%	-0.77%
Net operating income ("NOI")	**$92,340**	**$82,289**	**$76,627**	**$72,582**
Increase in NOI (year-over-year) (%)	12.21%	7.39%	5.57%	10.87%
NOI (% of revenue)	62.72%	63.06%	66.51%	63.39%



Capital Expenditures

During 2023, Skyline Retail REIT acquired 19,310 rentable square feet of retail space through the acquisition of 1 property for a total investment of $3.2 million.

Skyline Retail REIT is purchasing quality income producing retail assets where the majority of income is derived from 'essentials' based retailers. 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 $29.0 million in structural improvements, common area improvements, and utility efficiency programs throughout the portfolio. These capital initiatives are completed with the intention of increasing revenues, reducing expenses, maintaining occupancy levels, and increasing overall tenant satisfaction.

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

Capital Structure

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

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

The total Capital of Skyline Retail REIT as at December 31, 2023 is summarized in the following chart.

Mortgage Summary **($ thousands, except where noted)**	**2023**	**2022**
Mortgages payable	$925,696	$761,051
Line of credit	21,109	1,647
Total Debt	**946,805**	**972,983**
Unitholders' equity	660,379	639,777
Class B and C LP units	16,630	16,476
Total Capital	**$1,623,814**	**$1,629,236**
Mortgage debt to historical cost	60.09%	61.38%
Mortgage debt to fair value	57.13%	57.93%
Total debt to historical cost	61.46%	62.70%
Total debt to fair value	58.43%	59.18%
Weighted average mortgage interest rate	4.09%	3.84%
Weighted average mortgage term to maturity	3.11 yrs	3.68 yrs

Mortgages Payable **($ thousands, except where noted)**	**Future minimum principal payments**	**% of total mortgages**
2024	$91,920	9.9%
2025	260,341	28.1%
2026	139,039	15.0%
2027	166,547	18.0%
2028	167,830	18.1%
Thereafter	106,489	11.5%
Less: Mortgages related to assets held for sale	(6,470)	
Total Mortgages Payable	**$925,696**	**100.0%**

Investment Summary

During 2023, Units of Skyline Retail REIT were issued under the accredited investor exemption, During the year, the REIT received net proceeds of $36.9 million through new REIT investments and DRIP enrolment, net of all redemptions.

REIT Unitholders - Investment Activity Class A **($ thousands, except where noted)**	**2023**		**2022**	
	Number of Units	**Amount ($)**	**Number of Units**	**Amount ($)**
Class A units outstanding, beginning of year	**43,560,794**	**$558,279**	**36,192,892**	**$445,979**
Proceeds from REIT units issued	3,474,585	53,501	4,974,350	67,623
Exchange of LP units	7,500	114	2,664,260	35,967
Units issued through DRIP	1,321,962	20,351	1,202,207	18,246
Units converted to Class F units	(60,567)	(856)	-	-
Redemptions - REIT units	(2,439,632)	(37,456)	(1,452,673)	(22,126)
Redemptions - REIT units (exchanged LP units)	(7,500)	(114)	-	-
Class A units outstanding, end of year	**45,857,142**	**$593,819**	**43,560,794**	**$558,279**
Weighted average REIT units outstanding	**44,869,592**		**39,310,212**	

(table continued on next page)

REIT Unitholders - Investment Activity Class F ($ thousands, except where noted)	2023		2022	
	Number of Units	Amount ($)	Number of Units	Amount ($)
Class F units outstanding, beginning of year	**0**	**$-**	**0**	**$-**
Proceeds from REIT units issued	30,147	462	-	-
Units issued through DRIP	335	5	-	-
Units converted from Class A units	60,567	856		
Redemptions - REIT units	-	-	-	-
Class F units outstanding, end of year	**91,049**	**$1,323**	**-**	
Weighted average REIT units outstanding	**42,572**		**-**	**$-**

LP Unitholders - Investment Activity ($ thousands, except where noted)	2023		2022	
	Number of Units	Amount ($)	Number of Units	Amount ($)
LP units outstanding, beginning of year	**1,080,368**	**$16,476**	**1,080,368**	**$15,936**
Proceeds from LP units issued	-	-	-	-
Units issued through DRIP	-	-	-	-
Redemptions - LP units (exchanged to REIT units)	(7,500)	(114)	-	-
Change in fair value	-	268	-	540
LP units outstanding, end of year	**1,072,868**	**$16,630**	**1,080,368**	**$16,476**
Weighted average LP units outstanding	**1,073,497**		**1,080,368**	

Unitholder Taxation

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

	2023
Other Income	---
Capital Gains	---
Return of Capital	100%
TOTAL	**100%**

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., as General Partner of the Trust, has a 20% deferred interest in the properties of the Trust's subsidiary ("**GP Sharing**"). Additionally, the executive officers receive compensation from the management companies to the REIT and Limited Partnership. ("**Management Services**").

GP Sharing

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

GP Sharing ($ thousands, except where noted)	2023	2022
General Partner sharing on income	$1,977	$1,512
Total General Partner sharing on distributions	**$1,977**	**$1,512**

Management Services

Fees paid during the past two years are as follows:

Management Fees ($ thousands, except where noted)	2023	2022
Property management fees	$5,547	$4,912
Asset management fees	4,405	3,919
Wealth management fees	2,843	3,182
Underwriting management fees	401	785
Legal service management fees	1,124	485
CAPEX Management Fees	201	135
Lease documentation fees	159	89
Development service fees	17	45
Solar Asset Management Fees	25	1
Total Management Fees	**$14,722**	**$13,553**

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, 2023, Skyline Retail REIT paid to the Asset Manager $3,672 in asset management fees (2022 – $3,252).

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, 2023, Skyline Retail REIT paid to the Asset Manager $159 in leasing services fees (2022 – $224).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT’s independent Trustees. For the year ended December 31, 2023, Skyline Retail REIT paid to the Asset Manager $574 in development management fees (2022 – $443).

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, 2023, Skyline Retail REIT paid to the Property Manager $5,547 in property management fees (2022 – $4,912).

As part of the property management agreement, Skyline Retail REIT also pays for lease documentation services, which are payable at a fixed rate ranging from $200 to $1,000 (not in thousands of Canadian dollars) per lease. For the year ended December 31, 2023, Skyline Retail REIT paid to the Property Manager $159 in lease documentation fees (2022 $89).

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 unitholders equity, and equity raise fees ranging from 0.5% to 1% of proceeds from units issued during the year. For the year ended December 31, 2023, Skyline Retail REIT paid to the Exempt Market Dealer $2,374 in wealth management fees (2022 – $2,107), and $469 in equity raise fees (2022 – $1,076).

Services of the Mortgage Underwriting Manager

Skyline Retail REIT has an arrangement with Skyline Mortgage Finance Inc. (the “Underwriting Manager”), wherein the Underwriting Manager assists Skyline Retail REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Retail REIT pays the Underwriting Manger $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 50 bps on mortgage principal for all other mortgages. For the year ended December 31, 2023, Skyline Retail REIT paid to the Underwriting Manager $401 in mortgage underwriting fees (2022 – $785).

Legal Services Manager

Skyline Retail REIT had an arrangement with Skyline Asset Management Inc., wherein Skyline Asset Management Inc provided advise 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 $1,124 for the year ended December 31, 2023 (2022 $404 for the period from March 1, 2022 to December 31, 2022). Under the Legal Services Arrangement, Skyline Retail REIT also paid to Skyline Asset Management Inc $0 for the year ended December 31, 2023 (2022 $81 for the period from January 1, 2022 to February 28, 2022).

Services of the Solar Asset Manager

Skyline Retail REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the “Solar Asset Manager”). The solar asset management fees payable under the arrangement are equal to $20 (not in thousands of Canadian dollars) per kilowatt of direct current per annum for each solar system managed by the Solar Asset Manager. For the year ended December 31, 2023, Skyline Retail REIT paid to the Solar Asset Manager $25 in solar asset management fees (2022 – $1).

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, 2023, Skyline Retail REIT paid to the CAPEX Provider $201 in CAPEX management fees (2022 – $135).

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, 2023, Skyline Retail REIT paid to the Development Manager $17 in development service fees (2022 – $45).

Risks And Uncertainties

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

Real Property Ownership

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

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

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

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

Tenant Terminations and Financial Stability

Skyline Retail REIT’s Distributable Income would be adversely affected if a significant number of tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the Existing Properties and any additional properties in which Skyline Retail REIT acquires an interest were not able to be leased on economically favourable lease terms. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to Skyline Retail REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting Skyline Retail REIT's investment may be incurred. Furthermore, at any time, a tenant of any of Skyline Retail REIT's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to Skyline Retail REIT. The ability to rent unleased space in the properties in which Skyline Retail REIT will have an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on Skyline Retail REIT's financial condition.

Revenue Producing Properties

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

Competition for Real Property Investments

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

Competition for Tenants

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

Interest Rates

It is anticipated that the market price for the REIT Units at any given time may be affected by the level of interest rates prevailing at that time. A rise in interest rates may have a negative effect on the market price of the REIT Units. Changes in interest rates may also have effects on vacancy rates, rent levels, refurbishing costs, and other factors affecting Skyline Retail REIT's business and profitability.

General Economic Conditions

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

General Uninsured Losses

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

Availability of Cash Flow

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

Access to Capital

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

Environmental Matters

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

Unitholder Liability

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

Dependence on Key Personnel

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

Potential Conflicts of Interest

Skyline Retail REIT may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of Skyline Retail REIT and the senior officers of the Managers are engaged in a wide range of real estate and other business activities. Skyline Retail REIT may become involved in transactions, which conflict with the interests of the foregoing.

The Trustees may, from time to time, deal with persons, firms, institutions or corporations with which Skyline Retail REIT may be dealing, or which may be seeking investments similar to those desired by Skyline Retail REIT. The interests of these persons could conflict with those of Skyline Retail REIT. In addition, from time to time, these persons may be competing with Skyline Retail REIT for available investment opportunities.
The Skyline Retail REIT Declaration of Trust contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and to refrain from voting thereon.

Tax Related Risks

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

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

If Skyline Retail REIT fails or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the tax consequences would in some respects be materially and adversely different. Such adverse differences would include that if Skyline Retail REIT did not qualify as a mutual fund trust throughout a taxation year, it would be subject to a special tax under Part XII.2 of the Tax Act for such taxation year to the extent that its designated income (which includes income from real property) is distributed to a designated beneficiary (which includes non-resident persons and certain tax-exempt persons).

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

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

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

The LRE Rules could potentially apply to Skyline Retail REIT if a person (or group of persons) was to acquire more than 50% of the fair market value of the REIT Units.

Dilution

The number of REIT Units that 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 the 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 Declaration of Trust and applicable securities regulation.

The Trust is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of the Units. Accordingly, investors will be unable to sell the Units, subject to some limited exceptions. Consequently, holders of Units may not be able to liquidate their investment in a timely manner.

Nature of REIT Units

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

Redemptions

The entitlement of Unitholders to receive cash in respect of Units tendered for redemption is subject to a Monthly Limit. Where the Monthly Limit is exceeded, a portion of the Redemption Amount to which the Unitholder would otherwise be entitled shall be paid and satisfied in cash and, subject to receipt of all necessary regulatory approvals, the remainder shall be paid and satisfied by way of issuance to the Unitholder of a Trust Note in accordance with the Declaration of Trust.

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.

Subsequent Events

Subsequent to year end, the following investment activity occurred:

REIT Unitholders - 2024 Investment Activity (to date) **($ thousands, except where noted)**	**Number of Units**	**Amount ($)**
REIT units outstanding, January 1, 2024	**45,857,142**	**$593,819**
Proceeds from REIT units issued	598,913	9,283
Exchange of LP units	79,000	1,225
Units issued through DRIP	393,317	6,096
Units converted to Class F units	(23,838)	(302)
Redemptions - REIT units	(1,369,340)	21,225
Redemptions - REIT units (exchanged LP units)	(79,000)	(1,225)
REIT units outstanding, April 30, 2024	**45,456,194**	**$630,121**
Weighted average REIT units outstanding	**45,794,930**	

REIT Unitholders - Investment Activity Class F **($ thousands, except where noted)**	**Number of Units**	**Amount ($)**
REIT units outstanding, January 1, 2024	**91,049**	**$1,323**
Proceeds from REIT units issued	274	4
Units issued through DRIP	606	9
Units converted from Class A units	23,838	302
Redemptions - REIT units	(4,927)	(76)
Class F units outstanding, April 30, 2024	**110,840**	**$1,562**
Weighted average REIT units outstanding	**95,438**	

LP Unitholders - 2024 Investment Activity (to date) **($ thousands, except where noted)**	**Number of Units**	**Amount ($)**
LP units outstanding, January 1, 2024	**1,072,868**	**$16,630**
Proceeds from LP Units issued	-	-
Units issued through DRIP	-	-
Redemptions - LP Units	(79,000)	(1,225)
Change in fair value	-	-
LP units outstanding, April 30, 2024	**993,868**	**$15,405**
Weighted average LP units outstanding	**1,056,539**	

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

rlb Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of: Skyline Retail Real Estate Investment Trust

Opinion
We have audited the accompanying consolidated financial statements of Skyline Retail Real Estate Investment Trust, which comprise the consolidated statement of financial position as at December 31, 2023 and December 31, 2022 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 financial position of Skyline Retail Real Estate Investment Trust as at December 31, 2023 and December 31, 2022 and the 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 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 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.

GUELPH OFFICE 103-197 HANLON CREEK BLVD, GUELPH, ON • TEL: 519-822-9933 • FAX: 519-822-9212 • RLB.CA

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Skyline Retail Real Estate Investment Trust's internal control.

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

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

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

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

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

RLB LLP

Guelph, Ontario
March 20, 2024

Chartered Professional Accountants
Licensed Public Accountants

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

(in thousands of Canadian dollars)

	2023	2022
ASSETS		
Investment properties (note 6)	$ 1,620,431	$ 1,644,172
Investment in joint venture (note 8)	3,125	430
Assets held for sale (note 7)	10,763	0
Other assets (note 9)	3,363	4,296
Tenant loan receivable (note 10)	567	710
Accounts receivable (note 16)	8,091	5,444
Cash	3,998	2,108
	$ 1,650,338	$ 1,657,160
LIABILITIES AND UNITHOLDERS' EQUITY		
Mortgages payable (notes 11, 16)	$ 925,696	$ 952,445
Limited partnership units (note 20)	16,630	16,476
Tenant deposits	8,699	8,003
Liabilities related to assets held for sale (note 7)	6,554	0
Due to related party (note 12)	1,955	1,512
Accounts payable and accrued liabilities (note 16)	9,316	18,409
Revolving credit facility (note 16)	21,109	20,538
	989,959	1,017,383
Unitholders' equity (page 6)	660,379	639,777
	$ 1,650,338	$ 1,657,160

Trustee

Trustee

See notes to the consolidated financial statements

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of Canadian dollars)

	2023	2022
OPENING BALANCE	$ 639,777	$ 528,281
Proceeds from units issued (note 19)	53,963	116,180
Units issued through distribution reinvestment plan (note 19)	20,356	18,246
Issuance costs (note 12)	(553)	(1,259)
Redemptions (note 19)	(37,456)	(21,876)
Income and comprehensive income for the year	28,798	39,111
Distributions paid	(44,506)	(38,906)
CLOSING BALANCE	$ 660,379	$ 639,777

See notes to the consolidated financial statements

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of Canadian dollars)

	2023	2022
PROPERTY REVENUES		
Minimum rent	$ 100,724	$ 89,194
Cost recoveries from tenants	46,513	41,308
	147,237	130,502
DIRECT PROPERTY EXPENSES		
Property taxes	31,134	27,571
Other direct property costs	16,308	13,956
Utilities	1,908	1,774
Property management fees (note 12)	5,547	4,912
	54,897	48,213
NET PROPERTY INCOME	92,340	82,289
OTHER INCOME AND EXPENSES		
Financing costs (note 13)		
Interest paid on debt	41,023	34,821
Distributions paid on partnership units	3,047	2,598
Administrative expenses	2,227	1,645
Lease documentation fees (note 12)	159	89
Asset management fees (note 12)	3,672	3,252
Wealth management fees (note 12)	2,374	2,107
Interest earned	0	(4)
	52,502	44,508
INCOME BEFORE UNDERNOTED	39,838	37,781
Recovery of deposit	0	160
Fair value (loss) gain (note 14)	(11,040)	1,170
	(11,040)	1,330
INCOME AND COMPREHENSIVE INCOME for the year	$ 28,798	$ 39,111

See notes to the consolidated financial statements

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

(in thousands of Canadian dollars)

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Income and comprehensive income for the year	$ 28,798	$ 39,111
Items not requiring an outlay of cash:		
Amortization of leasing commission and straight-line rents (note 6)	1,668	(1,421)
Amortization of financing costs (notes 11, 13)	1,201	1,718
Financing costs in operations (note 13)	42,869	35,701
Fair value loss on limited partnership units (note 14)	268	540
Fair value loss on investment properties (note 14)	12,492	270
Fair value gain on disposal of properties (note 14)	(1,720)	(1,980)
	85,576	73,939
Changes in non-cash working capital		
Accounts receivable	(2,647)	(1,833)
Other assets	933	(1,400)
Accounts payable and accrued liabilities	(9,028)	7,918
Tenant deposits	715	1,326
	75,549	79,950
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Mortgages payable (net repayments and advances) (note 11)	(3,604)	189,691
Mortgages discarded due to the sale of investment properties (note 11)	(17,876)	(4,308)
Due to related party (note 12)	443	674
Interest on mortgages payable (note 11)	(37,394)	(31,629)
Distributions paid on partnership units (notes 13, 20)	(3,047)	(2,598)
Interest on revolving credit facilities (note 13)	(2,428)	(1,474)
Net revolving credit facility proceeds (repayments) (note 16)	571	18,891
Proceeds from units issued (note 19)	53,963	116,180
Distributions paid (net of distribution reinvestment plan) (page 6)	(24,150)	(20,660)
Redemptions of units (page 6)	(37,456)	(21,876)
Redemptions of limited partnership units (note 20)	(114)	0
Issuance costs (note 12)	(553)	(1,259)
	(71,645)	241,632
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to investment properties (note 6)	(32,223)	(332,497)
Tenant loan receivable	143	11
Investment in joint venture (note 8)	(2,695)	(430)
Proceeds on disposition of investment properties (note 6)	32,761	696
Proceeds on disposition of investment properties held for sale (note 6)	0	10,250
	(2,014)	(321,970)
INCREASE (DECREASE) IN CASH for the year	1,890	(388)
CASH, beginning of year	2,108	2,496
CASH, end of year	$ 3,998	$ 2,108

See notes to the consolidated financial statements

1. NATURE OF BUSINESS

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

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

As of December 31, 2023, RRELP owned one hundred and eighteen (2022 - one hundred and twenty-two) 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 financial statements of Skyline Retail REIT for the year ended December 31, 2023 (including comparatives) are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

The financial statements for the year ended December 31, 2023 (including comparatives) were approved for issue by the Board of Trustees on March 20, 2024.

(b) BASIS OF MEASUREMENT

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

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

2. BASIS OF PRESENTATION (continued)

(d) USE OF ESTIMATES

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

Significant estimates and assumptions include the fair values assigned to investment properties and allowances for doubtful accounts. Valuation of investment properties is one of the principal estimates and uncertainties of these 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 financial statements have been prepared in accordance with IFRS and include the following material accounting policies (and any changes thereto):

Accounting standards implemented in 2023

On January 1, 2023, Skyline Retail REIT adopted the following amendment to IAS 1 - Presentation of financial statements. The amended standard updated the definition of accounting policy information. There is no material impact from the adoption of this amendment.

On January 1, 2023, Skyline Retail REIT adopted the following amendment to IAS 8 - Accounting policies, changes in accounting estimates and errors. The amended standard clarified the difference between an accounting estimate and an accounting policy. There is no material impact from the adoption of this amendment.

Material accounting policies

(a) INVESTMENT PROPERTIES

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

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

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

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 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 financial statements.

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

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

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

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

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

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

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

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

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

(b) ASSETS HELD FOR SALE

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

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

(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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(c) REVENUE RECOGNITION (continued)

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

(d) FINANCIAL INSTRUMENTS

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

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

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

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

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

Provision for impairment is made based on the simplified expected credit loss ("ECL") model. Under the simplified ECL model, Skyline Retail REIT estimates lifetime expected losses for its receivables at each statement of financial position date based on available information. To measure the expected losses, amounts receivables are grouped based on days past due. The results of the simplified ECL model are used to reduce the carrying amount of the financial asset through an allowance account, and the changes in the measurement of the allowance account are recognized through the profit and loss. 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 profit and loss. Impaired receivables are derecognized when they become uncollectible.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS (continued)

Financial Liabilities
Financial liabilities are classified at initial recognition as either financial liabilities at 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 net 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.

(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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(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 statement of financial position, or disclosed in the notes to the financial statements are categorized by level according to the significance of the inputs used in making the measurements. The levels of inputs are defined as follows:

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

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

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

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.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

(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.

IAS 1 - In January 2020, the IASB issued an amendment to IAS 1 - Presentation of financial statements which will be effective for years beginning on or after January 1, 2024. The amended standard will update the definition of a liability and the classification of liabilities between current and non-current.

IAS 1 - In October 2022, the IASB issued an amendment to IAS 1 - Presentation of financial statements which will be effective for years beginning on or after January 1, 2024. The amended standard will update the criteria for classifying liabilities with covenants as current or non-current.

IAS 7 - In May 2023, the IASB issued an amendment to IAS 7 - Statement of Cash Flows which will be effective for years beginning on or after January 1, 2024. The amended standard requires the entity to disclose information about its supplier finance arrangements that enables users of the financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. IFRS 7 - Financial Instruments: Disclosures has also been amended for the entity to include disclosures on concentrations of risk in relation to the amended IAS 7 - Statement of Cash Flows.

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.

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

5. PRINCIPLES OF CONSOLIDATION

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

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

6. INVESTMENT PROPERTIES

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

	2023	2022
Balance at beginning of the year	$ 1,644,172	$ 1,309,240
Acquisitions through purchase of assets	3,200	310,451
Additions through capital expenditures on existing investment properties	29,023	22,046
Disposals through sale of investment properties	(32,761)	(696)
Amortization of leasing cost and straight-line rents	(1,668)	1,421
Change in assets held for sale (note 7)	(10,763)	0
Fair value adjustment on investment properties (note 14)	(10,772)	1,710
Balance at end of the year	$ 1,620,431	$ 1,644,172

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

	2023	2022
Cost	$ 1,540,635	$ 1,551,817
Cumulative fair value adjustment	79,796	92,355
Fair value	$ 1,620,431	$ 1,644,172

Asset acquisitions:

During the year ended December 31, 2023, Skyline Retail REIT acquired one (2022 - eight) investment properties. The results of these acquisitions are included in these 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:

	2023	2022
Acquisition cost of investment properties	$ 3,200	$ 310,451
Mortgages	(1,673)	(200,061)
Total identifiable net assets settled by cash	$ 1,527	$ 110,390

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

6. INVESTMENT PROPERTIES (continued)

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:

	2023	2022
Less than one year	$ 98,120	$ 99,336
Between one and three years	174,074	173,202
More than three years	292,916	335,451
	$ 565,110	$ 607,989

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, 2023, 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, 2023 and December 31, 2022.

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 5.91% (2022 - 5.88%). Overall, the capitalization rates for the retail properties fall between:

	2023	2022
Minimum	4.49%	3.91%
Maximum	10.25%	9.83%

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

In 2023, Skyline Retail REIT valued $459,459 of its investment properties (including properties held for sale) internally (2022 - $644,842). 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 $1,168,535 (2022 - $693,030). In 2023, 28.2% (2022 - 39.2%) of the cost base of investment properties were valued internally and 71.8% (2022 - 60.8%) were valued externally. The acquisitions during 2023 were valued at $3,200 (2022 - $306,300). Actual results may differ from these estimates and may be subject to material adjustment within the next year.

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

6. INVESTMENT PROPERTIES (continued)

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, 2023:

As of December 31, 2023

Capitalization Rate Sensitivity Increase (Decrease)	Overall Capitalization Rate	Fair Value of Investment Properties	Fair Value Variance	% Change
(1.00)%	4.91%	$1,950,458	$ 330,027	20.37%
December 31, 2023	5.91%	$1,620,431	$ 0	0.00%
1.00%	6.91%	$1,385,926	$(234,505)	(14.47)%

7. ASSETS HELD FOR SALE

As at December 31, 2023, there are two properties held for sale (December 31, 2022 - none). The assets and liabilities associated with the investment property held for sale are as follows:

	2023	2022
ASSETS		
Investment properties	$ 10,763	$ 0
LIABILITIES		
Mortgages payable	6,470	0
Tenant deposits	19	0
Accounts payable and accrued liabilities	65	0
	6,554	0
NET ASSETS HELD FOR SALE	$ 4,209	$ 0

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.

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

8. INVESTMENT IN JOINT VENTURE (continued)

The components of investment in joint venture is as follows:

Hanes Centre LP	**2023**	**2022**
Balance at the beginning of the year	$ 430	$ 0
Contributions	2,695	430
Balance at end of the year	$ 3,125	$ 430

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

As as December 31:

Hanes Centre LP	**2023**	**2022**
Real estate property under development	$ 0	$ 0
Current assets	3,125	430
Total assets	3,125	430
Non-current liabilities	0	0
Current liabilities	0	0
Net equity	$ 3,125	$ 430

For the year ended December 31:

Hanes Centre LP	**2023**	**2022**
Rental revenue	$ 0	$ 0
Operating expenses	0	0
Net operating income	0	0
Fair value gain	0	0
Net income	$ 0	$ 0

9. OTHER ASSETS

The components of other assets are as follows:

	2023	**2022**
Funds held in trust	$ 2,276	$ 2,495
Deposits on investment properties	0	209
Prepaid expenses	1,087	1,592
	$ 3,363	$ 4,296

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

10. TENANT LOAN RECEIVABLE

The tenant loan is receivable in blended monthly instalments of $11 (2022 - $11) with interest charged at 6.62% (2022 - 6.62%). The loan is due in 2028. The portion receivable within one year is $95 (2022 - $89).

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 4.08% (2022 - 3.84%) per annum are $932,166 (2022 - $952,445). There are no variable interest rate mortgages. Mortgages have maturity dates ranging between 2024 and 2031. Included in mortgages payable is $6,368 (2022 - $12,467) of second mortgages. All mortgages are denominated in Canadian dollars.

Future minimum payments on mortgage obligations are as follows:

	2024	$ 91,920
	2025	260,341
	2026	139,039
	2027	166,547
	2028	167,830
	Thereafter	106,489
		932,166
Less: Mortgages related to assets held for sale		(6,470)
		$ 925,696

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

	2023	2022
Mortgages payable, beginning of year	$ 952,445	$ 761,051
Proceeds from new and refinanced mortgages	114,428	269,414
Repayment of existing mortgages	(134,739)	(81,563)
Transaction costs related to mortgages	(1,169)	(2,468)
Total changes from financing cash flows	(21,480)	185,383
Change in mortgages payable on assets held for sale	(6,470)	4,293
Amortization of financing costs	1,201	1,718
Financing costs in operations	37,394	31,629
Interest paid	(37,394)	(31,629)
Total liability-related changes	(5,269)	6,011
Mortgages payable, end of year	$ 925,696	$ 952,445

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

12. RELATED PARTY TRANSACTIONS

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

Distributions to partners

Skyline Retail Real Estate GP Inc. is the general partner of RRELP and is entitled to 20% of distributions after the limited partners have received returns equivalent to their adjusted contribution value. Transactions are measured at fair value. A provision for the future distributions payable to Skyline Retail Real Estate GP Inc. has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at December 31, 2023 a distribution would be payable if the investment properties were sold. At December 31, 2023, there were distributions payable of $1,955 (2022 - $1,512) which is included in due to related party.

	2023	**2022**
Distributions paid to general partner from distributable income	$ 1,977	$ 1,512

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, 2023, Skyline Retail REIT paid to the Asset Manager $3,672 in asset management fees (2022 – $3,252).

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, 2023, Skyline Retail REIT paid to the Asset Manager $159 in leasing services fees (2022 – $224).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Retail REIT, the costs for which are approved from time to time by Skyline Retail REIT's independent Trustees. For the year ended December 31, 2023, Skyline Retail REIT paid to the Asset Manager $574 in development management fees (2022 – $443).

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, 2023, Skyline Retail REIT paid to the Property Manager $5,547 in property management fees (2022 – $4,912).

12. RELATED PARTY TRANSACTIONS (continued)

Services of the Property Manager (continued)

As part of the property management agreement, Skyline Retail REIT also pays for lease documentation services, which are payable at a fixed rate ranging from $200 to $1,000 (not in thousands of Canadian dollars) per lease. For the year ended December 31, 2023, Skyline Retail REIT paid to the Property Manager $159 in lease documentation fees (2022 - $89).

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 unitholders equity, and equity raise fees ranging from 0.5% to 1% of proceeds from units issued during the year. For the year ended December 31, 2023, Skyline Retail REIT paid to the Exempt Market Dealer $2,374 in wealth management fees (2022 – $2,107), and $469 in equity raise fees (2022 - $1,076).

Services of the Mortgage Underwriting Manager
Skyline Retail REIT has an arrangement with Skyline Mortgage Finance Inc. (the “Underwriting Manager”), wherein the Underwriting Manager assists Skyline Retail REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Retail REIT pays the Underwriting Manger $5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 50 bps on mortgage principal for all other mortgages. For the year ended December 31, 2023, Skyline Retail REIT paid to the Underwriting Manager $401 in mortgage underwriting fees (2022 - $785).

Legal Services Manager
Skyline Retail REIT had an arrangement with Skyline Asset Management Inc., wherein Skyline Asset Management Inc provided advise 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 $1,124 for the year ended December 31, 2023 (2022 - $404 for the period from March 1, 2022 to December 31, 2022). Under the Legal Services Arrangement, Skyline Retail REIT also paid to Skyline Asset Management Inc $0 for the year ended December 31, 2023 (2022 - $81 for the period from January 1, 2022 to February 28, 2022).

Services of the Solar Asset Manager
Skyline Retail REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the “Solar Asset Manager”). The solar asset management fees payable under the arrangement are equal to $20 (not in thousands of Canadian dollars) per kilowatt of direct current per annum for each solar system managed by the Solar Asset Manager. For the year ended December 31, 2023, Skyline Retail REIT paid to the Solar Asset Manager $25 in solar asset management fees (2022 – $1).

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, 2023, Skyline Retail REIT paid to the CAPEX Provider $201 in CAPEX management fees (2022 – $135).

(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, 2023, Skyline Retail REIT paid to the Development Manager $17 in development service fees (2022 – $45).

13. FINANCING COSTS

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

	2023	2022
Mortgage interest	$ 37,394	$ 31,629
Deferred financing costs	1,201	1,718
Interest expense on credit facilities	2,428	1,474
Distribution interest paid on limited partnership units	1,070	1,076
Distribution interest paid to general partner on sale of investment properties	1,977	1,522
	$ 44,070	$ 37,419

14. FAIR VALUE (LOSS) GAIN

The components of the fair value gain were as follows:

	2023	2022
Fair value loss on investment properties (note 6)	$ (12,492)	$ (270)
Fair value gain on disposed properties (note 6)	1,720	1,980
Limited partnership units (note 20)	(268)	(540)
	$ (11,040)	$ 1,170

(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, 2023**			**December 31, 2022**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	$ 0	$ 0	$1,620,431	$ 0	$ 0	$1,644,172
Assets held for sale	0	0	10,763	0	0	0
	$ 0	$ 0	$1,631,194	$ 0	$ 0	$1,644,172
Liabilities						
Mortgages payable	$ 0	$ 902,657	$ 0	$ 0	$ 938,538	$ 0
Limited partnership units	0	0	16,630	0	0	16,476
	$ 0	$ 902,657	$ 16,630	$ 0	$ 938,538	$ 16,476

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, 2023 and December 31, 2022, 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.

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.

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.

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

16. FINANCIAL RISK MANAGEMENT (continued)

i) Market risk (continued)

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, 2023

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

As of December 31, 2022

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	$ 20,538	$ 205	$ 205	$ (205)	$ (205)
Long term debt, maturing within 1 year	110,338	1,103	1,103	(1,103)	(1,103)
	$ 130,876	$ 1,308	$ 1,308	$ (1,308)	$ (1,308)

b. Price risk

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

c. Foreign exchange risk

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

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

16. FINANCIAL RISK MANAGEMENT (continued)

ii) Credit risk

Credit risk is a risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from the possibility that Skyline Retail REIT's tenants may experience financial difficulty and be unable to meet their lease obligations. Currently, a significant portion (20.5%, 2022 - 19.4%) of Skyline Retail REIT's property revenue is derived from two major tenants. As a result, Skyline Retail REIT's revenues will be dependent on the ability of the tenants to meet their rent obligations and Skyline Retail REIT's ability to collect rent from these tenants.

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

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

	2023	2022
Allowance for doubtful accounts beginning of year	$ 175	$ 175
Provision for impairment of accounts receivable	(132)	0
Reversal of provision for impairment	0	0
Allowance for doubtful accounts end of year	$ 43	$ 175

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

iii) Liquidity risk

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

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

Under a financing agreement, Skyline Retail REIT has access to an operating line of credit to a maximum of $8,000 (2022 - $8,000) with interest charged at prime + 1.75%. At December 31, 2023, the total drawn on the operating line of credit by Skyline Retail REIT was $16 (2022 - $11). The line of credit is secured by a general security agreement over some of the investment properties of RRELP.

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

16. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

Under another financing agreement, Skyline Retail REIT has access to an operating line of credit to a maximum of $50,000 (2022 - $40,000) with interest at prime + 1.35% or, at the option of the borrower, a fixed rate equal to the floating bankers' acceptance rate plus 2.35% for a 30 day or 90 day term. At December 31, 2023, the total drawn on the operating line of credit by Skyline Retail REIT was $21,093 (2022 - $20,527). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Retail REIT.

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 1.30 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, 2023, the combined group was in compliance with the covenants.

Skyline Retail REIT's long term debt consists of mortgages payable bearing interest rates ranging from 2.04% to 8.20% per annum (2022 - 2.04% to 5.95%), payable in monthly instalments of principal and interest of approximately $5,272 (2022 - $5,131), maturing from 2024 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, 2023	On demand	Less than one year	One to five years	More than five years	**Total**
Mortgages payable	$ 0	$ 65,519	$ 740,732	$ 125,915	$ 932,166
Due to related party	0	1,955	0	0	1,955
Accounts payable and accrued liabilities	0	9,316	0	0	9,316
Revolving credit facility	21,109	0	0	0	21,109
	$ 21,109	$ 76,790	$ 740,732	$ 125,915	$ 964,546

December 31, 2022	On demand	Less than one year	One to five years	More than five years	**Total**
Mortgages payable	$ 0	$ 110,338	$ 538,303	$ 303,804	$ 952,445
Due to related party	0	1,512	0	0	1,512
Accounts payable and accrued liabilities	0	18,409	0	0	18,409
Revolving credit facility	20,538	0	0	0	20,538
	$ 20,538	$ 130,259	$ 538,303	$ 303,804	$ 992,904

(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 entity's ability to continue as a going concern in order to provide returns for unitholders, and to maintain an optimal capital structure to reduce the cost of capital.

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

Skyline Retail REIT monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. As of December 31, 2023, the loan to value ratio was 57% (2022 - 58%), which is within Skyline Retail REIT's stated policy of 70% or lower. Subsequent to December 31, 2023, 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. Effective May 9, 2023, the issue price per unit for newly issued and units to be redeemed changed to $15.50.

As at December 31, 2023 the issue price per unit for newly issued and units to be redeemed was $15.50 (2022 - $15.25). The units issued and outstanding are as follows:

	2023 Units	2022 Units
Units outstanding, beginning of years	43,560,794	36,192,892
Units issued	3,504,732	7,618,368
Units issued (Distribution reinvestment plan)	1,322,297	1,202,207
Redemptions during the year	(2,439,632)	(1,452,673)
Units outstanding, end of years	45,948,191	43,560,794

(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, 2023, there were 1,072,868 (2022 - 1,080,368) Class B Limited Partnership units, and 0 (2022 - 0) 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:

	2023	2022
Limited partnership units, beginning of the year	$ 16,476	$ 15,936
Redemptions of limited partnership units	(114)	0
Distribution interest expense	1,070	1,076
Distribution interest paid	(1,070)	(1,076)
Total liability-related changes	0	0
Changes in fair value	268	540
Limited partnership units, end of year	$ 16,630	$ 16,476

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