

CONFIDENTIAL OFFERING MEMORANDUM  
SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST



**Continuous Private Placement Offering**

DATE: March 15, 2023

THE ISSUER

Name: Skyline Apartment Real Estate Investment Trust  
("Skyline Apartment REIT")

Head office: Address: 5 Douglas Street, Suite 301  
Guelph, Ontario N1H 2S8

Phone #: 519.826.0439 / 1.888.977.7348

E-mail address: [invest@skylineonline.ca](mailto:invest@skylineonline.ca)

Fax #: 519.766.8474

Currently listed or quoted? **These securities do not trade on any exchange or market.**

Reporting issuer? No

THE OFFERING

Securities offered: An unlimited number of Class A REIT Units, Class F REIT Units, and Class I REIT Units of Skyline Apartment REIT (collectively, "REIT Units")

Price per security: The price per security is determined by the Trustees of Skyline Apartment REIT from time to time and will be set forth in the subscription agreement(s) entered into between a Subscriber and Skyline Apartment REIT.

Minimum/Maximum offering: **There is no minimum or maximum (amount for the "Offering") (as herein defined). Skyline Apartment REIT will offer an unlimited number of REIT Units on a continuous basis. You may be the only purchaser. Funds available under the Offering may not be sufficient to accomplish our proposed objectives.**

Minimum subscription amount: \$50,000. Skyline Apartment REIT reserves the right to waive the requirement to subscribe for this amount or change the minimum subscription amount at any time, in its absolute discretion.

Payment terms: Cheque, bank draft, wire or such other form of payment acceptable to Skyline Apartment REIT. Subscriptions are subject to acceptance or rejection as determined solely by Skyline Apartment REIT.

Proposed closing date(s): Closings will take place periodically.

Income tax consequences: There are important tax consequences to acquiring, holding and disposing of these securities. See Item 8 - Income Tax Consequences and RRSP Eligibility.

Insufficient Funds: **Funds available under this offering may not be sufficient to accomplish the proposed objectives. See Item 2.6 - Insufficient Funds**

Compensation Paid to Sellers and Finders: A person has received or will receive compensation for the sale of securities under this Offering. See Item 9 - Compensation Paid to Sellers and Finders.

Skyline Wealth Management Inc. will act as selling agent in connection with this Offering. Some directors and officers of Skyline Wealth Management Inc. are also Trustees and/or officers of Skyline Apartment REIT. These persons (as well as other shareholders of Skyline Wealth Management Inc.) are also directors, officers and/or shareholders of

Skyline Commercial Management Inc., Skyline Asset Management Inc., Skyline Mortgage Financing Inc., Skyline Clean Energy Asset Management Inc., Skyline Capital Projects Management Inc., and Skyline Private Investment Capital Inc. (collectively, the “**Managers**”), Skydevco Inc. (the “**Development Manager**”) and Skyline Incorporated. Each of the Managers and the Development Manager provide services to and receive fees from Skyline Apartment REIT. Skyline Incorporated receives distributions from Skyline Real Estate Limited Partnership. **Under applicable securities legislation, Skyline Apartment REIT may be considered a connected issuer of Skyline Wealth Management Inc.** See Item 2.2 – Our Business - Management of Skyline Apartment REIT – The Exempt Market Dealer.

Underwriters:	Not Applicable.
Resale Restrictions:	You will be restricted from selling your securities for an indefinite period. See Item 12 – Resale Restrictions.
Working Capital Deficiency:	Not Applicable.
Payments to Related Party:	Some of your investment will be paid to a related party of the issuer. See Item 1.2 – Use of Available Funds.
Certain Related Party Transactions:	Not Applicable.
Certain Dividends or Distributions:	Not Applicable.
Conditions on Repurchases:	<b>You will have a right to require Skyline Apartment REIT to repurchase securities from you but this right is qualified by certain restrictions. As a result, you might not receive the amount of proceeds that you want. See Item 5.1 – Terms of Securities – Redemption of REIT Units</b>
Purchaser's rights:	You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, or if applicable, any Marketing Materials, you have the right to sue either for damages or to cancel the agreement. See Item 11 – Purchasers' Rights.

**No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Items 10 – Risk Factors. The information disclosed in these pages is a summary only. Subscribers should read the entire Offering Memorandum for full details about this Offering. This Offering is not suitable for investors who cannot afford to assume risks in connection with their investments.**

## TABLE OF CONTENTS

	Page
GLOSSARY .....	1
CONFIDENTIALITY .....	8
FORWARD-LOOKING STATEMENTS .....	8
DOCUMENTS INCORPORATED BY REFERENCE .....	10
ITEM 1 USE OF AVAILABLE FUNDS .....	11
1.1 Funds .....	11
1.2 Use of Available Funds .....	11
1.3 Proceeds Transferred to Other Issuers .....	12
ITEM 2 BUSINESS OF SKYLINE APARTMENT REIT .....	12
2.1 Structure .....	12
2.2 Our Business .....	16
2.3 Development of Business .....	30
2.4 Long Term Objectives .....	32
2.5 Short Term Objectives and How We Intend to Achieve Them .....	33
2.6 Insufficient Funds .....	33
2.7 Additional Disclosure for Issuers Without Significant Revenue .....	33
2.8 Material Agreements .....	33
ITEM 3 COMPENSATION and securities holdings of certain parties .....	54
3.1 Compensation and Securities Held .....	54
3.2 Management Experience .....	58
3.3 Penalties, Sanctions, Bankruptcy Insolvency and Criminal and Quasi-Criminal Matters .....	59
3.4 Certain Loans .....	60
ITEM 4 CAPITAL STRUCTURE .....	60
4.1 Equity Securities .....	60
4.2 Long Term Debt .....	61
4.3 Prior Sales .....	63
ITEM 5 SECURITIES OFFERED .....	64
5.1 Terms of Securities .....	64
5.2 Subscription Procedure .....	69
ITEM 6 REPURCHASE REQUESTS .....	70
ITEM 7 CERTAIN DIVIDENDS OR DISTRIBUTIONS .....	70
ITEM 8 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY .....	70
8.1 Responsibility to Consult Professional Advisers .....	70
8.2 Income Tax Considerations .....	71
ITEM 9 COMPENSATION PAID TO SELLERS AND FINDERS .....	77
ITEM 10 RISK FACTORS .....	78
ITEM 11 REPORTING OBLIGATIONS .....	87
ITEM 12 RESALE RESTRICTIONS .....	87
12.1 General Statement .....	87
12.2 Restricted Period .....	88
12.3 Manitoba Resale Restrictions .....	88
ITEM 13 PURCHASERS' RIGHTS .....	88
ITEM 14 FINANCIAL STATEMENTS .....	91
ITEM 15 DATE AND CERTIFICATE .....	32

## GLOSSARY

“**Accountants**” means the firm of chartered accountants appointed as the accountants of Skyline Apartment REIT from time to time in accordance with the Declaration of Trust and currently means RLB LLP.

“**Acquisition and Operating Facilities**” means a revolving credit facility of up to \$25,000,000 and a second revolving credit facility of up to \$165,000,000 of committed funds, together to be utilized for the purpose of funding working capital and mortgage principal repayments.

“**Adjusted Gross Revenues**” means all gross revenues received from the operations of the Properties, not including any non-recurring items (including without limitation refinancing proceeds, sale proceeds, lease buy-outs or similar payments).

“**Adjusted Unitholders' Equity**” means, at any time, the aggregate of: (i) the amount of Unitholders' equity; and (ii) the amount of accumulated depreciation and amortization recorded on the books and records of each of Skyline Apartment REIT and its Subsidiaries in respect of their properties, in each case calculated in accordance with IFRS.

“**Asset Management Agreement**” means the amended and restated asset management agreement made effective March 10, 2023 among Skyline LP and Skyline Apartment REIT.

“**Asset Management Assets**” has the meaning given to that term in Item 2.1 – Structure – Skyline LP Agreement.

“**Asset Manager**” means the asset manager engaged by Skyline Apartment REIT for the purpose of managing the day-to-day operations of Skyline Apartment REIT pursuant to the Asset Management Agreement, which is currently Skyline LP.

“**Asset Purchase Agreement**” has the meaning given to that term in Item 2.3 – Development of the Business.

“**Business**” has the meaning given to that term in Item 2.3 – Development of the Business.

“**Business Day**” means a day, other than a Saturday or Sunday, on which Schedule I chartered banks are open for business in Toronto, Ontario.

“**Capex Provider**” means Skyline Capital Projects Management Inc., a corporation governed by the laws of the Province of Ontario.

“**Class A DRIP**” means the distribution reinvestment plan established by Skyline Apartment REIT for Class A REIT Units.

“**Class A Equity Under Management**” means, at any relevant time, the product obtained, expressed in dollars, determined by the following formula:

$$(A+B) \times C$$

with,

A being the number of outstanding Class A REIT Units

B being the number of outstanding exchangeable, non-voting limited partnership units of Skyline LP

C being the then current value of one REIT Unit (as determined by the Trustees from time to time).

“**Class A LP Units**” means Class A limited partnership units of Skyline LP.

“**Class A REIT Unit**” means a Class A REIT Unit of Skyline Apartment REIT.

“**Class B Exchange Agreement**” means the exchange agreement dated May 28, 2012 entered into among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class B LP Units.

“**Class B LP Units**” means Class B limited partnership units of Skyline LP.

“**Class C Exchange Agreement**” means the agreement dated December 15, 2015 among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class C LP Units.

“**Class C LP Units**” means Class C limited partnership units of Skyline LP.

“**Class D Exchange Agreement**” means the agreement dated December 15, 2015 among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class D LP Units.

“**Class D LP Units**” means Class D limited partnership units of Skyline LP.

“**Class E Exchange Agreement**” means the agreement dated August 24, 2020 among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class E LP Units.

“**Class E LP Units**” means Class E limited partnership units of Skyline LP.

“**Class F DRIP**” means the distribution reinvestment plan established by Skyline Apartment REIT for Class F REIT Units.

“**Class F Equity Under Management**” means, at any relevant time, the product obtained, expressed in dollars, determined by the following formula:

$$A \times B$$

with,

A being the number of outstanding Class F REIT Units

B being the then current value of one of the REIT Unit (as determined by the Trustees from time to time)

“**Class F Exchange Agreement**” means the agreement dated January 20, 2022 among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class F LP Units.

“**Class F LP Units**” means Class F limited partnership units of Skyline LP.

“**Class F REIT Unit**” means a Class F REIT Unit of Skyline Apartment REIT.

“**Class G Exchange Agreement**” means the agreement dated January 20, 2022 among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class G LP Units.

“**Class G LP Units**” means Class G limited partnership units of Skyline LP.

“**Class H Exchange Agreement**” means the agreement dated January 20, 2022 among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class H LP Units.

“**Class H LP Units**” means Class H limited partnership units of Skyline LP.

“**Class I Exchange Agreement**” means the agreement dated January 20, 2022 among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class I LP Units.

“**Class I LP Units**” means Class I limited partnership units of Skyline LP.

“**Class J Exchange Agreement**” means the agreement dated January 20, 2022 among Skyline Apartment REIT, the Operating Trust, Skyline LP and such persons who from time to time hold Class J LP Units.

“**Class J LP Units**” means Class J limited partnership units of Skyline LP.

“**Class Specific Expenses**” means any expenses (net of income tax effect, if any, associated with such expenses), commissions, trailers and other similar costs attributable to the sales channels and method of sale through which a particular class of REIT Units is sold, as determined by contracts or arrangements entered into by Skyline Apartment REIT and approved by the Trustees, acting reasonably, from time to time.

“**Closing**” means closings of sales of REIT Units pursuant to the Offering.

“**Declaration of Trust**” means the declaration of trust made as of June 1, 2006, and most recently amended and restated as of December 5, 2022, governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, pursuant to which Skyline Apartment REIT was created, as further amended, supplemented or amended and restated from time to time.

“**Development Manager**” means Skydevco Inc., a corporation governed by the laws of the Province of Ontario.

“**Dispositions Under Contract**” has the meaning given to that term in Item 2.2 – Our Business – Properties – Dispositions Under Contract.

“**Distributable Cash**” has the meaning given to that term in Item 2.1 – Structure – Skyline LP Agreement – GP Share Calculation.

“**Distribution Date**” means, with respect to a distribution by Skyline Apartment REIT, a Business Day determined by the Trustees for any calendar month to be on or about the 15<sup>th</sup> day of the following month.

“**Dispositions Under Contract**” has the meaning given to that term in Item 2.2 – Our Business – Properties – Dispositions Under Contract.

“**DPSP**” has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**Exchange Agreements**” means the Class B Exchange Agreement, the Class C Exchange Agreement, the Class D Exchange Agreement, the Class E Exchange Agreement, the Class F Exchange Agreement, the Class G Exchange Agreement, the Class H Exchange Agreement, the Class I Exchange Agreement and the Class J Exchange Agreement.

“**Exchangeable LP Units**” means Class B LP Units, Class C LP Units, Class D LP Units, Class E LP Units, Class G LP Units, Class H LP Units, Class I LP Units and Class J LP Units.

“**Exempt Market Dealer**” means Skyline Wealth Management Inc., a corporation governed by the laws of the Province of Ontario.

**“Exempt Market Dealer Agreement”** means the amended and restated exempt market dealer agreement dated November 12, 2022 between the Exempt Market Dealer and Skyline Apartment REIT, including any renewal thereof, as amended from time to time.

**“Existing Properties”** has the meaning given to that term in Item 2.2 – Our Business – Properties – Existing Properties.

**“Fee Based Account”** means an account in which the Subscriber would hold Class F REIT Units and which already has fees attached to the assets in such account or where the advisor or portfolio manager is already being paid fees for service.

**“Finance Committee”** means the finance committee created pursuant to the Declaration of Trust.

**“Focus Activities”**, each a **“Focus Activity”**, has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

**“Fund Administration Services Agreement”** means the fund administration services agreement dated December 12, 2022 between the Exempt Market Dealer and Skyline Apartment REIT, as amended from time to time;

**“General Partner”** means Skyline Incorporated, a corporation incorporated under the laws of the Province of Ontario to be the general partner of Skyline LP, or any successor general partner of Skyline LP.

**“GP Share”** has the meaning given to that term in Item 2.1 – Structure – GP Share Calculation.

**“Gross Book Value”** means, at any time, the book value of the assets of Skyline Apartment REIT, as shown on its most recent balance sheet plus the amount of accumulated depreciation and amortization thereon.

**“IFRS”** means International Financial Reporting Standards issued by the International Accounting Standards Board, and as adopted by the Chartered Professional Accountants of Canada, as amended from time to time.

**“Independent Trustee”** means a Trustee who is independent within the meaning of National Instrument 52-110 – *Audit Committees*.

**“Initial Unit”** means a unit of beneficial interest in Skyline Apartment REIT issued to Skyline Incorporated which was automatically redeemed by Skyline Apartment REIT upon the issuance of the first REIT Unit.

**“Investment Committee”** means the investment committee created pursuant to the Declaration of Trust.

**“Land Under Contract”** has the meaning given to that term in Item 2.2 – Our Business – Properties – Land Under Contract.

**“Land Under Development”** has the meaning given to that term in Item 2.2 – Our Business – Properties – Land Under Development.

**“Land Under Due Diligence”** has the meaning given to that term in Item 2.2 – Our Business – Properties – Land Under Due Diligence.

**“Leasing Services Manager”** means Skyline Commercial Management Inc., a corporation governed by the laws of the Province of Ontario.

**“LRE”** has the meaning given to that term in Item 8 – Income Tax Consequences and RRSP Eligibility – Taxation of Skyline Apartment REIT.

“**Managers**” means the Asset Manager, the Leasing Services Manager, the Underwriting Manager, the Solar Asset Manager, the Capex Provider, the Professional Services Provider, the Development Manager, and the Services Provider.

“**Market Value**” has the meaning given to that term in Item 5.1 – Terms of Securities – Redemption of REIT Units.

“**Marketing Materials**” means any marketing materials or other written communication, other than an “OM standard term sheet” (as defined in NI 45-106), intended for prospective Subscribers regarding the Offering that contains material facts relating to Skyline Apartment REIT, REIT Units or the Offering.

“**Material Transaction**” has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Conflict of Interest Restrictions and Provisions.

“**Monthly Limit**” has the meaning given to that term in Item 5.1 – Terms of Securities – Redemption of REIT Units.

“**MOU**” has the meaning given to that term in Item 2.3 – Development of the Business.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions*.

“**Notes**” means the promissory notes, bonds, debentures, debt securities or similar evidence of indebtedness issued by a Person.

“**Offering**” means the offering of REIT Units pursuant to this Offering Memorandum.

“**Offering Memorandum**” means this confidential offering memorandum.

“**Operating Trust**” means Skyline Operating Trust, the trust created under the laws of the Province of Ontario by declaration of trust dated June 1, 2006, as it may be further amended, supplemented or restated from time to time.

“**Operating Trust Notes**” means the Series 1 Notes and the Series 2 Notes issued by the Operating Trust.

“**Operating Trust Unit**” means a unit of interest in the Operating Trust.

“**Partnership Distributions**” has the meaning given to that term in Item 2.1 – Structure – Skyline LP Agreement – Partnership Distributions.

“**Payback Date**” has the meaning given to that term in Item 2.1 – Structure – Skyline LP Agreement – GP Share Calculation.

“**Person**” means an individual, partnership, limited partnership, corporation, unlimited liability company, trust, unincorporated organization, association, government, or any department or agency thereof and the successors and assigns thereof or the heirs, executors, administrators or other legal representatives of an individual, or any other entity recognized by law.

“**Prime Rate**” means at any time the rate of interest expressed as a rate per annum which the Canadian Imperial Bank of Commerce establishes from time to time as the reference rate of interest in order to determine the interest rate it will charge for loans in Canadian dollars to its Canadian customers and which it refers to as its prime rate.



**“Professional Services Provider”** means Skyline Private Investment Capital Inc., a corporation governed by the federal laws of Canada.

**“Properties”** means collectively, the Existing Properties, Recent Property Acquisitions, Properties Under Contract, Properties Under Due Diligence, Land Under Contract, Land Under Due Diligence and properties that may be acquired in the future.

**“Properties Under Contract”** has the meaning given to that term in Item 2.2 – Our Business – Properties – Properties Under Contract.

**“Properties Under Due Diligence”** has the meaning given to that term in Item 2.2 – Our Business – Properties – Properties Under Due Diligence.

**“Property Management Assets”** has the meaning given to that term in Item 2.1 – Structure – Skyline LP Agreement.

**“Real Property Equity Base”** has the meaning given to that term in Item 2.1 – Structure – Skyline LP Agreement – GP Share Calculation.

**“Recent Property Acquisitions”** has the meaning given to that term in Item 2.2 – Our Business – Properties – Recent Property Acquisitions.

**“Recent Property Dispositions”** has the meaning given to that term in Item 2.2 – Our Business – Properties – Recent Property Dispositions.

**“Redemption Amount”** has the meaning given to that term in Item 5.1 – Terms of Securities – Redemption of REIT Units.

**“Redemption Price”** has the meaning ascribed thereto in Item 5.1 – Terms of Securities – Redemption of REIT Units.

**“REIT Unit”** means a unit of beneficial interest in Skyline Apartment REIT (other than a Special Voting Unit and the Initial Unit) authorized and issued under the Declaration of Trust as such and for the time being outstanding and includes a fraction of a unit and any other classes of units authorized by the Trustees as such.

**“Related Party”** means, with respect to any Person, a Person who is a “related party” as that term is defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions, as amended from time to time (including any successor rule or policy thereto); and including (a) the Asset Manager; (b) Skyline Management Incorporated; (c) Skyline Equities Inc.; (d) Skyline Equities Limited Partnership; (e) the Services Provider; (f) the General Partner; (g) Skyline LP; (h) Skyline Apartment Asset Management Inc.; (i) the Exempt Market Dealer; (j) all Subsidiaries; (k) all nominee corporations; (l) Skyline Commercial Real Estate Investment Trust; (m) Skyline Commercial Real Estate GP Inc.; (n) Skyline Commercial Real Estate Limited Partnership; (o) Skyline Commercial Asset Management Inc.; (p) Skyline Retail Real Estate Investment Trust; (q) Skyline Retail Real Estate GP Inc.; (r) Skyline Retail Real Estate Limited Partnership; (s) Skyline Retail Asset Management Inc.; (t) Skyline Clean Energy Fund; (u) Skyline Clean Energy GP Inc.; (v) Skyline Clean Energy Limited Partnership; (w) the Solar Asset Manager; (x) Skydevco Inc.; (y) Skyline Private Investment Capital Inc.; (z) Skydev GP (I) Inc.; (aa) Skydev Grove Barrie Limited Partnership; (bb) Skydev GP (II) Inc.; (cc) Skydev Fuller Meaford Limited Partnership; (dd) Skydev GP (III) Inc.; (ee) Skyline Queensway Simcoe Limited Partnership; (ff) Skydev GP (IV) Inc. and (gg) Skydev Bayshore Owen Sound Limited Partnership.

**“RRIF”** has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**RRSP**” has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**securities dealers**” has the meaning given to that term in the notes to Item 1.1 Funds.

“**Services Provider**” means Skyline Asset Management Inc., a corporation governed by the laws of the Province of Ontario.

“**SIFT**” has the meaning given to that term in Item 2.1 – Structure.

“**SIFT Rules**” has the meaning given to that term in Item 8 – Income Tax Consequences and RRSP Eligibility – SIFT Rules.

“**Skyline**” means the Skyline Group of Companies, a registered trade name of Skyline Enterprises Management Inc.

“**Skyline Apartment REIT**” means Skyline Apartment Real Estate Investment Trust.

“**Skyline Appointees**” means the Trustees that Skyline Incorporated is entitled to appoint pursuant to the Declaration of Trust.

“**Skyline LP**” means Skyline Real Estate Limited Partnership, a limited partnership governed by the laws of the Province of Ontario.

“**Skyline LP Agreement**” means the amended and restated limited partnership agreement governing Skyline Real Estate Limited Partnership, made as of June 1, 2006, as amended and restated most recently effective March 6, 2023, as the same may be further amended, restated, replaced or superseded from time to time.

“**Solar Asset Manager**” means Skyline Clean Energy Asset Management Inc., a corporation governed by the laws of the Province of Ontario.

“**Special Voting Unit**” means a unit of interest in Skyline Apartment REIT issued only in connection with an Exchange Agreement to a holder of Class B LP Units, Class C LP Units, Class D LP Units, Class E LP Units, Class F LP Units, Class G LP Units, Class H LP Units, Class I LP Units or Class J LP Units.

“**Subscriber**” means a Person purchasing REIT Units pursuant to this Offering.

“**Subscription Agreements**” means collectively, the subscription agreements entered into between Skyline Apartment REIT and one or more Subscribers setting out the contractual relationship between Skyline Apartment REIT and the Subscribers of REIT Units pursuant to the Offering.

“**Subsidiary**” means, with respect to any Person (other than an individual), any other Person (other than an individual) the financial results of which would be required to be consolidated with those of the first Person's in the preparation of the first Person's consolidated financial statements if prepared in accordance with IFRS.

“**Tax Act**” means the *Income Tax Act*, R.S.C. 1985 (5th Supp.), c.1, as amended.

“**Tax Proposals**” has the meaning given to that term in Item 8 – Income Tax Consequences and RRSP Eligibility.

“**taxable capital gain**” has the meaning given to that term in Item 8 – Income Tax Consequences and RRSP Eligibility.

“**TFSA**” has the meaning given to that term in Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**Transaction**” has the meaning given to that term in Item 2.3 – Development of the Business.

“**Trust Note**” has the meaning given to that term in Item 5.1 Terms of Securities – Redemption of REIT Units.

“**Trustees**” means the trustees of Skyline Apartment REIT.

“**UCC**” means undepreciated capital cost.

“**Underwriting Manager**” means Skyline Mortgage Financing Inc., a corporation governed by the laws of the Province of Ontario.

“**Unitholder**” means a holder of one or more Units.

“**Units**” means, collectively, the REIT Units and the Special Voting Units.

“**Vendor**” has the meaning given to that term in Item 2.3 – Development of the Business.

## CONFIDENTIALITY

This Offering Memorandum is for the confidential use of only those Persons to whom it is transmitted in connection with this Offering. By their acceptance of this Offering Memorandum, recipients agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein. No Person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

## FORWARD-LOOKING STATEMENTS

Certain information contained in this Offering Memorandum (and, if applicable, any Marketing Materials) constitutes “forward-looking information” within the meaning of applicable securities laws, including, among other things, statements concerning future financial position, results of operations and forecasted future cash flows, statements concerning objectives and strategies to achieve those objectives, statements with respect to management's beliefs, plans, estimates and intentions and statements concerning anticipated future events, circumstances, expectations, results, operations or performance that are not statements of historical facts. Forward-looking statements can be identified generally by the use of forward-looking terminology, such as “indicators”, “outlook”, “objective”, “may”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “should”, “plan”, “continue”, “aim”, “would”, “forecast”, “project”, “seek” or similar expressions suggesting future outcomes or events. In particular, certain statements in Item 1 – Use of Available Funds and Item 2 – Business of Skyline Apartment REIT constitute forward-looking information. Some of the specific forward-looking statements include, but are not limited to: the use of the net proceeds of the Offering to be received by Skyline Apartment REIT; Skyline Apartment REIT's access to available sources of debt and/or equity financing; future legislative and regulatory developments which may affect Skyline Apartment REIT; the expected tax treatment of Skyline Apartment REIT; Skyline Apartment REIT's ability to meet its stated business objectives; and the expectations for the types of investments to be made, and the anticipated potential return on such investments.

Actual results may vary from the forward-looking information contained in this Offering Memorandum (and, if applicable, any Marketing Materials) as such information is subject to a variety of risks, uncertainties and other factors that could cause actual results to differ materially from expectations. Such forward-looking statements reflect management's current beliefs and are based on information currently available to management. The forward-looking statements in this Offering Memorandum (and, if applicable, any Marketing Materials) are not guarantees of future results, operations or performance and are based on estimates and assumptions that are subject to risks and uncertainties, including those described below under "Item 10 - Risks Factors", which could cause actual results, operations or performance to differ materially from the forward-looking statements expressed or implied in this Offering Memorandum (and, if applicable, any Marketing Materials).

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, risks associated with: the COVID-19 coronavirus pandemic; real property ownership; general economic conditions; local real estate markets; future property acquisitions and demand for apartment premises; competition for real property investments; revenue-producing properties; significant property expenditures; construction costs and regulatory approvals, fluctuating liquidity in relation to demand for, and the perceived desirability of, investments; ability to vary portfolio promptly in response to changing economic or investment conditions; tenant terminations and financial stability; competition for tenants; ability to lease space; ability to complete future property acquisitions; access to capital; interest rates; general uninsured losses; availability of cash flow; environmental and climate change risks; Unitholder liability; dependence on key personnel; potential conflicts of interest; tax related risks; dilution; restrictions on potential growth and reliance on credit facilities; debt financing, including the risk that Skyline Apartment REIT may be unable to make interest or principal payments or meet loan covenants, the risk of defaults and cross defaults, 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; cost of borrowing; risks associated with holding Units rather than shares; and cybersecurity risks.

The forward-looking statements in this Offering Memorandum (and, if applicable, any Marketing Materials) are based on numerous assumptions regarding Skyline Apartment REIT's present and future business strategies and the environment in which Skyline Apartment REIT will operate in the future, including assumptions regarding the stability of target markets, that acquisition capitalization rates remain reasonably constant, that the equity and debt markets continue to provide us with access to capital at a reasonable cost to fund our future growth and to refinance our mortgage debt as it matures and our ability to operate on a profitable basis.

Although the forward-looking statements contained in this Offering Memorandum (and, if applicable, any Marketing Materials) are based on what management believes are reasonable assumptions, there can be no assurance that actual results, operations or performance will be consistent with these statements.

All forward-looking statements in this Offering Memorandum (and, if applicable, any Marketing Materials) are qualified in their entirety by this forward-looking disclaimer. Without limiting the generality of the foregoing, the discussion in Item 1 - Use of Available Funds and Item 2 - Business of Skyline Apartment REIT is qualified in its entirety by this forward-looking disclaimer. These statements are made as of the date of this Offering Memorandum (or as of the date specified in such statements, as the case may be) and, except as required by applicable law, Skyline Apartment REIT undertakes no obligation to update publicly or revise any such statements to reflect new information, the occurrence of future events or circumstances, or otherwise. Information contained in this Offering Memorandum (and, if applicable, any Marketing Materials) constituting a financial outlook is presented for information purposes only to indicate management's expectations with respect to specific projects and readers are cautioned that the information may not be appropriate for other purposes. Investors are urged to read "Item 10 - Risks Factors" of this Offering Memorandum for a discussion of other factors that may impact Skyline Apartment REIT.

## DOCUMENTS INCORPORATED BY REFERENCE

In Alberta, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan, any Marketing Materials related to a distribution of REIT Units under this Offering Memorandum and Item 2.9 [Offering memorandum] of NI 45-106 delivered or made reasonably available to a prospective purchaser before the termination of the distribution are specifically incorporated by reference into this Offering Memorandum.

The following section of this Offering Memorandum contains forward-looking information, particularly statements related to amounts to be raised by this Offering and the intended uses of available funds, but not limited to those statements. The discussion in this section is qualified in its entirety by the cautionary language under the heading “Forward-Looking Statements” in this Offering Memorandum.

## ITEM 1 USE OF AVAILABLE FUNDS

### 1.1 Funds

The following table sets forth the funds available to Skyline Apartment REIT as a result of the Offering.

		Assuming minimum offering <sup>1</sup>	Assuming maximum offering
A	Amount to be raised by this Offering	N/A	N/A
B	Selling commissions and fees <sup>2</sup>	N/A	N/A
C	Estimated offering costs (e.g., legal, accounting, audit.)	N/A	N/A
D	Available funds: $D = A - (B+C)$	N/A	N/A
E	Additional sources of funding required	N/A	N/A
F	Working capital deficiency	N/A	N/A
G	Total: $G = (D+E) - F$	N/A	N/A

Notes:

(1) There is no minimum amount or maximum Offering. Skyline Apartment REIT will offer an unlimited number of REIT Units on a continuous basis.

(2) Class A REIT Units are distributed by the Exempt Market Dealer directly to Subscribers. Class F REIT Units are distributed by the Exempt Market Dealer through sub-agents or other selling agents (the “securities dealers”) to be held in Fee Based Accounts. Class I REIT Units are distributed to institutional investors. Skyline Apartment REIT will pay compensation to the Exempt Market Dealer in respect of REIT Units up to a maximum of 1% of the subscription proceeds. Skyline Apartment REIT may also pay trailing commissions/fees to the Exempt Market Dealer in respect of REIT Units sold by them or held in the client accounts of such securities dealers. Skyline Apartment REIT will not pay any compensation to other securities dealers. See Item 7 – Compensation Paid to Sellers and Finders.

### 1.2 Use of Available Funds

The following table sets forth a breakdown of how Skyline Apartment REIT will use the available funds.

Description of intended use of available funds listed in order of priority	Assuming min. offering <sup>(1)</sup>	Assuming max. offering <sup>(1)</sup>
The net proceeds from the sale of this Offering will be used to invest in accordance with the investment objectives of Skyline Apartment REIT. This includes property acquisitions and related expenses, property capital improvements and related expenses, development projects and related expenses, including those that may be part of a joint venture, redemptions and general working capital purposes. <sup>(2)</sup>	N/A	N/A

Notes:

(1) There is no minimum or maximum Offering. Skyline Apartment REIT will offer an unlimited number of REIT Units on an ongoing basis.

(2) A portion of the available funds may be used by Skyline Apartment REIT for payments to related Parties, including to the Asset Manager, the Leasing Services Manager, the Development Manager, the Exempt Market Dealer, the Underwriting Manager, the Solar Asset Manager, the Capex Provider and the Professional Services Provider.

### 1.3 Proceeds Transferred to Other Issuers

Skyline Apartment REIT will not use a significant amount of the proceeds of this Offering to invest in, loan to or otherwise transfer to another issuer that is not a subsidiary controlled by Skyline Apartment REIT. Skyline Apartment REIT intends to spend the available funds as stated. We will reallocate only for sound business reasons.

## ITEM 2 BUSINESS OF SKYLINE APARTMENT REIT

The following section of this Offering Memorandum contains forward-looking information, particularly statements related to the management and investment strategy of Skyline Apartment REIT, the objectives of Skyline Apartment REIT and the achievement of those objectives. However, such forward-looking information in this Offering Memorandum is not limited to those statements. Among other things, the discussion in this section is qualified in its entirety by the cautionary language under the heading “Forward-Looking Statements” in this Offering Memorandum.

### 2.1 Structure

Skyline Apartment REIT is an unincorporated open-end investment trust created by a declaration of trust made as of June 1, 2006 and most recently amended and restated as of December 5, 2022 (the “**Declaration of Trust**”) and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See Item 2.8 - Material Agreements - Declaration of Trust.

The objectives of Skyline Apartment REIT are: (i) to provide Unitholders with stable and growing cash distributions, payable monthly and tax-deferred to the extent REIT Units are held in tax deferred plans or accounts, from investments in a diversified portfolio of income-producing multi-unit residential and commercial properties located in Canada; (ii) to maximize REIT Unit value through the ongoing management of Skyline Apartment REIT’s assets, through the future acquisition, repositioning and disposition of properties; and (iii) to maintain a trust that satisfies the real estate investment trust exception under the Specified Investment Flow Through (“**SIFT**”) legislation (with the exception of the requirement that the trust be listed or traded on a stock exchange or other public market) in order to provide certainty to Unitholders with respect to the taxation of distributions.

The trustees of Skyline Apartment REIT (the “**Trustees**”) are responsible for the general control and direction of Skyline Apartment REIT. The day-to-day management of Skyline Apartment REIT is carried out by the Asset Manager, the Properties are managed internally under the direction of the Asset Manager, development projects may be managed by the Development Manager under the direction of the Asset Manager, and offerings of REIT Units are conducted by the Exempt Market Dealer. Lease documentation services and leasing services are also provided by the Leasing Services Manager. Mortgage underwriting services are provided by the Underwriting Manager, solar asset management services are provided by the Solar Asset Manager, legal management services are provided by the Professional Services Provider, and capital project expenditures management services are provided by the Capex Provider. See Item 2.2 - Our Business - Management of Skyline Apartment REIT.

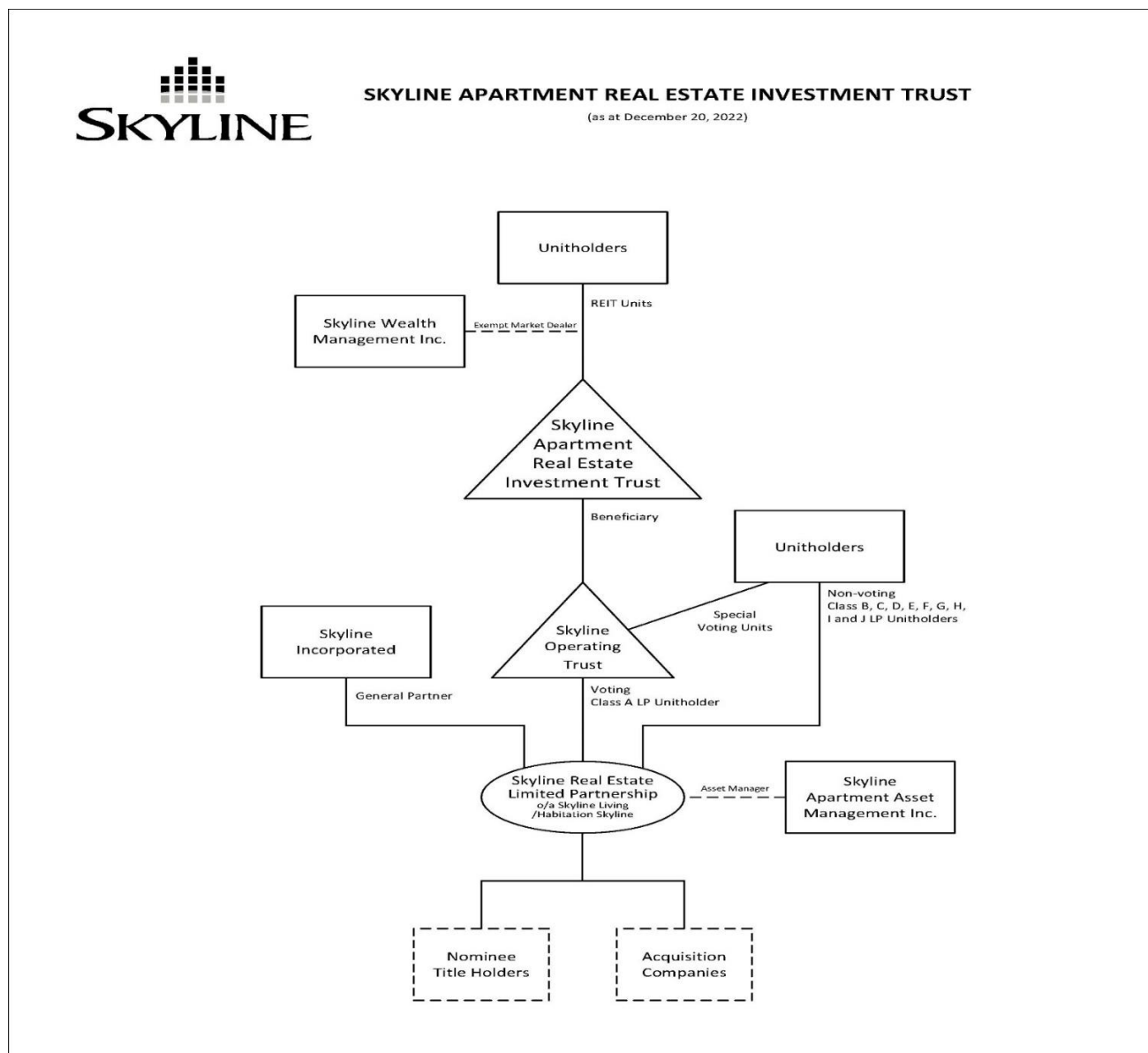
Skyline Apartment REIT owns, indirectly through its interest in Skyline Operating Trust (the “**Operating Trust**”), all of the Class A LP Units of Skyline Real Estate Limited Partnership (“**Skyline LP**”). Skyline Apartment REIT holds all of its interest in the Existing Properties, and will hold its interest in all future property acquisitions and joint venture interests, indirectly through its interest in Skyline LP, or in the name of other nominee corporations, all of the shares of which nominee corporations are owned, directly or

indirectly, by Skyline Apartment REIT. Skyline Incorporated (the “General Partner”), an Ontario corporation, is the general partner of Skyline LP.

The Existing Properties currently consist of 238 multi-unit residential properties and 4 commercial properties located across 7 Canadian provinces containing an aggregate of 22,259 suites and approximately 399,368 square feet of commercial space. See Item 2.2 – Our Business - Properties. Future acquisitions will be subject to specific investment restrictions and the operation of Skyline Apartment REIT will be subject to specific operating policies. See Item 2.8 – Material Agreements – Declaration of Trust - Investment Guidelines and Operating Policies.

The principal office of Skyline Apartment REIT, Skyline LP, the General Partner, the Exempt Market Dealer, and the Managers is located at: 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8.

The following page sets forth the principal operating structure of Skyline Apartment REIT:





### *Skyline LP Agreement*

Skyline LP was formed to carry on the Partnership Business, in accordance with the terms of the Skyline LP Agreement. The “**Partnership Business**” means principally, the business of owning and operating multi-unit residential revenue-producing real property, either directly or through affiliated entities, and any other business of Skyline LP that the General Partner determines shall be part of the Partnership Business, all in a manner consistent with the Declaration of Trust.

Subject to any limitation set out in the Skyline LP Agreement and to the limitations provided for in the *Limited Partnerships Act* (Ontario), the General Partner has full power and exclusive authority to administer, manage, control and operate the operations, affairs and business of Skyline LP.

Skyline Apartment REIT owns, indirectly through its interest in the Operating Trust, all the Class A LP Units of Skyline LP.

In connection with the internalization of the property management function in January 2014 by way of a purchase of the assets of Skyline Management Incorporated (the “**Property Management Assets**”), Class B LP Units of Skyline LP and a corresponding number of Special Voting Units of Skyline Apartment REIT were issued to Skyline Management Incorporated in partial payment of the purchase price of the Property Management Assets. On March 9, 2022, a re-organization occurred whereby all of the issued and outstanding Class B LP Units held by Skyline Management Incorporated were transferred back to Skyline LP in exchange for 633,072.90 Class F LP Units, 633,072.90 Class G Units, 633,072.90 Class H LP Units, 211,024.30 Class I LP Units and 372,395.83 Class J LP Units.

In connection with the internalization of the asset management function effective as of January 1, 2023 by way of a purchase of all of the assets, property and undertaking of and relating to the Business (as hereinafter defined) from Skyline Apartment Asset Management Inc. (the “**Asset Management Assets**”), 4,150,943.4 Class E LP Units of Skyline LP and a corresponding number of Special Voting Units of Skyline Apartment REIT were issued to Skyline Apartment Asset Management Inc. in payment of the purchase price of the Asset Management Assets.

As of March 10, 2023 there were 37,500.375 Class B LP Units, 167,432.821 Class C LP Units, 360,266.025 Class D LP Units, 4,150,943.4 Class E LP Units, 633,072.90 Class F LP Units, 633,072.90 Class G Units, 633,072.90 Class H LP Units, 211,024.30 Class I LP Units and 372,395.83 Class J LP Units, as well as a corresponding number of related Special Voting Units outstanding.

Pursuant to the Skyline LP Agreement, in the event that a holder of Class C LP Units, Class D LP Units, Class E LP Units, Class F LP Units, Class G LP Units, Class H LP Units, Class I LP Units or Class J LP Units wishes to exchange all or any part of its Class C LP Units, Class D LP Units, Class E LP Units, Class F LP Units, Class G LP Units, Class H LP Units, Class I LP Units or Class J LP Units and redeem the REIT Units received on exchange of such units, such redeeming Unitholder shall provide written notice to Skyline Apartment REIT of such intended exchange and redemption (an “**Advance Redemption Notice**”). Notwithstanding the foregoing, Skyline Apartment REIT is not obligated to accept an Advance Redemption Notice sent: (i) in respect of any Class C LP Unit, at any time prior to the first anniversary following issuance of the Class C LP Unit to which such Advance Redemption Notice relates; or (ii) in respect of any Class D LP Unit, at any time prior to the second anniversary following issuance of the Class D LP Unit to which such Advance Redemption Notice relates. The Skyline LP Agreement also contains certain restrictions on the aggregate value on redemption of the Class C LP Units and Class D LP Units of each series subsequent to such anniversary dates. In addition, notwithstanding any provision of the Skyline LP Agreement or the respective Exchange Agreements, in no event shall a holder of Class C LP Units or Class D LP Units be entitled to exchange such units if the Trustees of Skyline Apartment REIT, acting reasonably and in good faith, determine that the redemption of the REIT Units issuable upon such exchange would have a material adverse effect on the business and operations of Skyline Apartment REIT.

Skyline Apartment REIT generally provides guarantees of indebtedness of subsidiary entities. The guarantee is intended to ensure that lenders are treated equally in the event of significant default by various subsidiary entities.

### *Partnership Distributions*

Pursuant to the Skyline LP Agreement, on the date of any distribution by Skyline Apartment REIT to Unitholders, each holder of Exchangeable LP Units will receive from Skyline LP the amount that the holder would have received as a distribution by Skyline Apartment REIT had the Exchangeable LP Unit been exchanged for a Class A REIT Unit in accordance with the respective Exchange Agreement immediately prior to the date of such distribution, *pro rata* and in priority to all Partnership Distributions described below.

The General Partner shall determine on a monthly basis amounts of distributable cash ("**Partnership Distributions**") for the prior month, calculated in accordance with the Skyline LP Agreement. The amount of Partnership Distributions shall be determined by the General Partner in a manner that is analogous to the manner in which Skyline Apartment REIT calculates its Distributable Income. Partnership Distributions shall be distributed first to the General Partner to reimburse costs and expenses incurred by the General Partner in performing its duties as a General Partner, second to the General Partner, the GP Share, if any (see "GP Share Calculation" below), and third, the balance shall be distributed to the limited partners.

### *GP Share Calculation*

Pursuant to the Skyline LP Agreement, the General Partner is entitled to share in the income from each Property based on the financial performance of each Property. The "**GP Share**" on any distribution date means, with respect to each Property, after the Payback Date for such Property, 20% of the Distributable Cash on that date net of the Reimbursement Distribution Amount on that date, to the extent such net amount of Distributable Cash may reasonably be considered to be derived from that Property.

The "**Payback Date**" means, with respect to a Property, the date upon which cumulative distributions to limited partners of Skyline LP with respect to that Property equals the Real Property Equity Base of that Property.

The "**Real Property Equity Base**" means, with respect to a Property, the aggregate investor equity required for the acquisition of such Property, including all closing costs and expenses, any additional equity required for the ongoing capital maintenance of such Property and an allocation of Skyline Apartment REIT's overhead, which is made *pro rata* based on the Gross Book Value of the Properties and adjusted for Properties that were acquired or disposed of during the year.

"**Reimbursement Distribution Amount**" means all expenses incurred by the General Partner since the previous determination made by it of its expenses in performing its duties under the Skyline LP Agreement as General Partner (which, for greater certainty, shall be all its expenses for such period if its sole undertaking is the performance of its duties and obligations under the Skyline LP Agreement).

"**Distributable Cash**" means, in respect of any period, the amount, if any, in respect of such period which the General Partner determines to be the amount by which (a) the aggregate of the cash receipts of Skyline LP during such period from any source (other than receipt of any amounts upon the acceptance of any subscription for units of Skyline LP in accordance with the Skyline LP Agreement), including the proceeds of any financings and amounts set aside as reserves at the commencement of such period exceeds (b) the aggregate of (i) expenditures of Skyline LP during such period (including capital expenditures, maintenance expenditures, operating expenses but, for greater certainty, not including distributions of cash to partners of Skyline LP); (ii) payments during such period in respect of any financing; (iii) distributions of cash to Skyline LP's partners, except as otherwise provided in the Skyline LP Agreement; and (iv) amounts set aside as reserves at the end of such period, all as calculated without duplication and for such

purposes, “cash” includes credit balances in bank accounts and funds invested in marketable securities or other readily liquid assets.

The GP Share calculation is prepared on a per Property basis in order to incent the General Partner and its management companies to ensure that each Property is performing optimally.

On a trailing quarterly basis, the GP Share calculation is applied to each Property to determine if any of the GP Share is payable. For each Property where the Payback Date has been reached, the Property is further reviewed internally to ensure that major capital expenditure initiatives are not forthcoming or have been delayed. If it is determined that capital expenditures are forthcoming or were postponed for operational reasons, the GP Share payment will be deferred and the GP Share calculations will be reviewed on a monthly basis thereafter until the capital expenditures are completed and recouped through distributions. Further, capital expenditures have the effect of delaying or suspending payment of the GP Share until the Property pays additional Distributable Cash in the amount of the capital expenditures.

The GP Share calculation is subject to audit and adjustment upon completion of year end external audit by Skyline Apartment REIT's auditors. Fourth quarter calculations are not processed for payment until the external audit is complete and any required reconciliation of the GP Share calculation and/or payments have been completed.

## 2.2 Our Business

### Properties

#### *Existing Properties*

As of March 15, 2023, Skyline Apartment REIT owned 238 multi-unit residential properties, 4 commercial properties and 8 parcels of vacant land for development/under development (the “**Existing Properties**”) located in the Provinces of Alberta, British Columbia, Manitoba, Ontario, New Brunswick, Nova Scotia, and Quebec, consisting of 22,259 suites and approximately 399,368 square feet of commercial space.

#### *Recent Property Acquisitions*

From January 1, 2022 to March 15, 2023, Skyline Apartment REIT acquired 15 multi-unit residential properties and 3 parcels of vacant land for development (the “**Recent Property Acquisitions**”), located in the Provinces of Ontario, Quebec, British Columbia, and Nova Scotia, consisting of 1,302 suites and no commercial space.

#### *Recent Property Dispositions*

From January 1, 2022 to March 15, 2023, Skyline Apartment REIT disposed of 5 multi-unit residential properties, comprising 582 residential units, and 1 commercial property, comprising 81,531 square feet of commercial space.

#### *Dispositions Under Contract*

When the Skyline Apartment REIT enters in an agreement to sell a property and the agreement has become firm, the transaction is referred to as a Disposition Under Contract (“**Dispositions Under Contract**”). As of March 15, 2023, Skyline Apartment REIT is not party to any Dispositions Under Contract.

#### *Properties Under Contract*

As of March 15, 2023, Skyline Apartment REIT has entered into agreements to purchase 3 multi-unit residential properties (the “**Properties Under Contract**”), 1 in Quebec, comprised of 106 suites, for an aggregate purchase price of approximately \$36.1 million, 1 in Nova Scotia, comprised of 175 suites, for an

aggregate purchase price of approximately \$69.5 million and 1 in British Columbia, comprised of 130 suites, for an aggregate purchase price of approximately \$48.8 million. The acquisitions are currently expected to close in Q2 2023, Q4 2023 and Q3 2024, respectively. Skyline Apartment REIT expects that the purchase prices will be paid with the proceeds from this Offering, proceeds from refinancing of maturing debt on existing properties and through the assumption or placement of new mortgages on closing. Skyline Apartment REIT has waived all conditions to closing of the Properties Under Contract.

#### *Land Under Contract*

When Skyline Apartment REIT enters into an agreement to purchase a vacant parcel of future development land, and all conditions to closing have been waived, that is referred to Land Under Contract (the “**Land Under Contract**”). As of March 15, 2023, Skyline Apartment REIT is not party to any Land Under Contract.

#### *Properties Under Due Diligence*

Skyline Apartment REIT currently has 1 multi-unit residential property that is under a due diligence condition (the “**Properties Under Due Diligence**”), the property is located in British Columbia and is scheduled to close in Q3 2023. The Properties Under Due Diligence are still within due diligence conditional period, and as a result, there can be no assurance that the acquisition of the Properties Under Due Diligence will be completed as currently contemplated, or at all.

#### *Land Under Due Diligence*

Skyline Apartment REIT currently has 3 vacant land parcels of future development land in Ontario that are in various stages of due diligence (the “**Land Under Due Diligence**”). Currently, all of the transactions are scheduled to close in Q2 2023. Two of the parcels included in the Land Under Due Diligence are being acquired from 1964245 Ontario Ltd., a Related Party to Skyline Apartment REIT. The Land Under Due Diligence is still within the due diligence conditional period, and as a result, there can be no assurance that the acquisition of the Land Under Due Diligence will be completed as currently contemplated, or at all. An appraisal of the Land Under Due Diligence being acquired from 1964245 Ontario Ltd. will be obtained prior to approval and the terms of the acquisition, if it proceeds, will be approved by the Independent Trustees.

#### *Land Under Development*

Skyline Apartment REIT currently has 4 multi-unit residential properties comprised of 497 suites that are in various stages of new active development and construction (the “**Land Under Development**”). The projects have varying completion dates. Skyline Apartment REIT expects that the development and construction costs will be paid with the proceeds from this Offering, proceeds from refinancing of maturing debt on existing properties and through new construction financing registered against the subject properties.

The following table summarizes certain aspects of the Existing Properties, the Recent Property Acquisitions, the Properties Under Contract, the Land Under Contract, the Properties Under Due Diligence, the Land Under Due Diligence and the Land Under Development as of February 28, 2023:

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Existing Properties</b>						
145 & 155 Notre Dame Street West Azilda, ON			58		58	
550 Notre Dame Street West Azilda, ON		9	39		48	
560 & 570 Notre Dame Street West Azilda, ON			58		58	
105 & 107 Ridgeway Place Belleville, ON			102		102	
95, 97 & 99 Sidney Street Belleville, ON	2	185	146		333	
24, 26 & 28 Helen Ave. Brantford, ON		71	100	113	284	
335 Dunsdon Street Brantford, ON		62	89		151	
301 Fairview Drive Brantford, ON	1	24	25	6	56	
149 Henry Street Brantford, ON	1	17	53	15	86	
47 Memorial Drive Brantford, ON	8	55	56		119	
67 North Park Street Brantford, ON		29	33	6	68	
555 Park Road Brantford, ON		67	86		153	
575 Park Road Brantford, ON			44		44	
15 & 17 Sympatica Crescent Brantford, ON		99	81		180	
235 Bishop Street South Cambridge, ON		17	12	3	32	
310 Clyde Road Cambridge, ON		11	22	6	39	
392 Dolph Street South Cambridge, ON	1	4	24		29	
204 Hespeler Road Cambridge, ON		77	69		146	
202 Hespeler Road Cambridge, ON		23	36	3	62	
1510 Queenston Road Cambridge, ON		6	12		18	
53 & 57 Riverview Drive (Vacant Land) Chatham, ON					0	
343 Grand Avenue West Chatham, ON		31	45		76	
795 & 805 Grand Avenue West Chatham, ON		137	30	15	182	
150 Mary Street Chatham, ON		67	16	8	91	
100 McFarlane Avenue Chatham, ON	4	34	67		105	
50 Merritt Avenue Chatham, ON		11	46		57	
89 Riverview Drive Chatham, ON		1	55	19	75	
455 Sandys Street Chatham, ON	1	35	22		58	

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Existing Properties</b>						
130 Sheldon Avenue Chatham, ON		21	24		45	
45 Timmins Crescent Chatham, ON	2	19	29		50	
65 Timmins Crescent Chatham, ON	2	19	29		50	
528 Tenth Street Collingwood, ON		18	16	3	37	
610 Tenth Street Collingwood, ON		15	25		40	
625 & 645 Glengarry Boulevard Cornwall, ON			134	16	150	
746, 750 & 754 Laflin Avenue Cornwall, ON	10	70	38		118	
805 Marlborough Street North Cornwall, ON	16	12	12		40	
110 Oriole Parkway, 31 & 35 Flamingo Drive Elmira, ON		34	74		108	
15 Snyder Avenue North Elmira, ON		10	13	6	29	
255, 275, 325, 345 & 375 Belsyde Avenue East Fergus, ON		62	118		180	
380 Forfar Street East Fergus, ON	6	17	15	7	45	
250 Queen Street East Fergus, ON	15	17	15	20	67	
32 Dawson Road Guelph, ON	2	17	20		39	
38 Dawson Road Guelph, ON	4	11	24	3	42	
5 Douglas Street Guelph, ON		3	11	4	18	42,617
70 Fountain Street East, 75 Farquhar Street Guelph, ON					0	21,378
98 Macdonell Street Guelph, ON					0	36,431
128 - 130 Macdonell Street Guelph, ON					0	137,071
260, 268 & 270 Waterloo Avenue Guelph, ON		15	15	1	31	2,700
6 & 16 Willow Road Guelph, ON		64	71	1	136	
26 Willow Road Guelph, ON		48	22		70	
85 Willow Road Guelph, ON		22	45	1	68	
524 Woolwich Street Guelph, ON		14	52		66	
55 Yarmouth Street Guelph, ON		8	6		14	
115 Skyway Avenue, 110 & 120 Preston Way (Vacant Land) Gravenhurst, ON					0	
367 Sutherland Way Haileybury, ON		24	24		48	6,770
511 7th Avenue Hanover, ON		11	46		57	
158, 160, 162 & 164 11th Avenue Hanover, ON		34	80		114	
7 & 25 Briceland Street Kingston, ON			70		70	

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Existing Properties</b>						
810 & 820 Castell Road Kingston, ON	3	80		1	84	
87, 93 & 107 Compton Street Kingston, ON		69	198		267	
722, 730 & 766 John Counter Boulevard Kingston, ON		44	169		213	3,000
99 Thomas Street Kingston, ON		3	32		35	
47 & 67 Village Drive Kingston, ON		78	141		219	4,000
800 Castell Road Kingston, ON	15	55			70	
480 & 485 Canatara Court Kingston, ON		114	50		164	
234 Erie Street South Leamington, ON		33	25	13	71	
238 Erie Street South Leamington, ON	11	55		16	82	
300 & 304 Sherk Street Leamington, ON		25	58	3	86	
1000 Twamley Street West Listowel, ON		58	60		118	
297 & 302 Base Line Road West London, ON	42	206	84		332	
185 & 195 Berkshire Dr London, ON	4	56	62		122	
55, 67, 87 & 99 Cartier Road London, ON	8	40	48		96	
120 Grand Avenue London ON		18	11	18	47	
1203, 1205, 1207, 1209 1211 & 1223 Huron Street London, ON		40	105		145	
1420, 1422, 1424 & 1426 Huron Street London, ON		33	83		116	
1223 Richmond Street London, ON	1	33	26		60	
625, 635 & 645 Village Green Avenue London, ON	11	24	52		87	
151 Marina Park Avenue Midland, ON		27	28		55	
156 Egremont Street North Mount Forest, ON		18	22	5	45	
108, 116, 124, 132, 140 & 148 Hincks Street New Hamburg, ON	8	63	29	60	160	
7030 Casey Street Niagara Falls, ON		2	23	11	36	
6521 Drummond Road Niagara Falls, ON		7	74		81	
6563 Drummond Road Niagara Falls, ON		7	88		95	
5552 Heritage Drive Niagara Falls, ON		15	43	11	69	
6515 McLeod Road Niagara Falls, ON		2	56	6	64	
3915 Portage Road Niagara Falls, ON	1	26	30		57	
4613, 4615, 4617 & 4619 Portage Road Niagara Falls, ON	1	28	55		84	

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Existing Properties</b>						
105 Giroux Street & 2690 Trout Lake Road North Bay, ON	1	24	29		54	5,680
295 Lakeshore Road North Bay, ON	7	44	47		98	
2515 Trout Lake Road North Bay, ON		23	44		67	1,800
2475 Trout Lake Road North Bay, ON		69	1		70	1,100
2755 5th Avenue West Owen Sound, ON		19	12	12	43	
2760 5th Avenue West Owen Sound, ON		19	12	12	43	
2855 6 <sup>th</sup> Avenue West Owen Sound, ON		7	11	2	20	
2860 6 <sup>th</sup> Avenue West Owen Sound, ON	12	20	28	26	86	
955 10th Street East Owen Sound, ON		16	10		26	
995 16 <sup>th</sup> Street East Owen Sound, ON	3	4	29	49	85	
450 28th Street West Owen Sound, ON	3	19	20	14	56	
575 28th Street West Owen Sound, ON		19	12	12	43	
17 & 19 Barker Street Paris, ON		32	48		80	
380 Armour Road, 201-211 Hunter Street East Peterborough, ON	17	92	41	2	152	74,434
536, 550 & 554 Ivings Drive Port Elgin, ON		10	76	12	98	
764, 780 & 794 Waterloo Street Port Elgin, ON		18	51	27	96	
1045 Waterloo Street Port Elgin, ON			54		54	
1039, 1041 & 1043 Waterloo Street Port Elgin, ON		2	108		110	
620 Berkshire Road Sarnia, ON	1	35	25	1	62	
255 Capel Street Sarnia, ON	1	29	32		62	
225 & 233 Capel Street Sarnia, ON		42	28		70	
875 Colborne Road Sarnia, ON	1	15	33		49	
880 Colborne Road Sarnia, ON	1	26	34	15	76	
125 College Avenue South Sarnia, ON		31	32		63	
11 Derby Lane, Sarnia Sarnia, ON		36	48		84	
811 & 817 Devine Street Sarnia, ON		24	34	2	60	
835 Devine Street Sarnia, ON	1	38	54	1	94	
849 Devine Street Sarnia, ON		21	38		59	
368 Exmouth Street Sarnia, ON	1	18	14		33	
396 Exmouth Street Sarnia, ON		17	15		32	



Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Existing Properties</b>						
269 & 275 Finch Drive Sarnia, ON	2	78	82		162	
200 London Street Sarnia, ON		22	23	4	49	
351, 361 & 369 London Road Sarnia, ON	3	34	78	10	125	
131 Maxwell Street Sarnia, ON	7	61	44		112	
1100 Wellington Street Sarnia, ON		11	17	1	29	
325 Willowdale Crescent Sarnia, ON		12	42	3	57	
122 & 142 Allard Street Sault Ste. Marie, ON		12	8	2	22	
130 Allard Street Sault Ste. Marie ON		9	36		45	
352A & 352B Dacey Road Sault Ste. Marie ON		48	48		96	
365-379 Lake Street Sault Ste. Marie, ON	16	56	64		136	
621, 627 & 631 MacDonald Avenue Sault Ste. Marie, ON		105	162	4	271	
23, 26, 27 Terry Fox Place Sault Ste. Marie ON		75	69		144	
242 Linwell Road St. Catharines, ON	1	15	27	6	49	
568 Ontario Street St. Catharines, ON		3	21		24	
570 Ontario Street St. Catharines, ON		6	18	3	27	
576 Ontario Street St. Catharines, ON	4		44		48	
2 & 4 Avon Road St. Thomas, ON	8	50	47		105	
104 Confederation Drive St. Thomas, ON	4	38	76		118	
294, 300 & 330 Talbot Street St. Thomas, ON		91	167		258	30,019
42 Campbell Court Stratford, ON		7	52	19	78	
25 Oxford Street Stratford, ON		29	30		59	
45 & 65 Oxford Street Stratford, ON		29	30		59	
85 Oxford Street Stratford, ON		29	30		59	
105 Oxford Street Stratford, ON		29	30		59	
136 Ontario Street Stratford, ON		17	36		53	11,046
700 Cambrian Heights Drive Sudbury, ON		17	77		94	
1200 & 1250 Southfield Drive (Vacant Land) Tecumseh, ON					0	
11873 Tecumseh Road East Tecumseh, ON		48	95	6	149	
11886 Tecumseh Road Tecumseh, ON		21	30		51	7,695

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Existing Properties</b>						
11917 Tecumseh Road East Tecumseh, ON	2	26	71		99	
335 Adelaide Street Thunder Bay, ON		33	93	1	127	
355 Adelaide Street Thunder Bay, ON		8	78		86	
625 Beverly Street, Thunder Bay, ON		27	21		48	
625 Fulton Boulevard, Thunder Bay, ON		27	21		48	
777 Kingsway Avenue Thunder Bay, ON		41	47		88	
645 Sherrington Drive, Thunder Bay, ON		35	13		48	
650 Sherrington Drive, Thunder Bay, ON		26	22		48	
210 & 220 Leslie Avenue (Vacant Land) Thunder Bay, ON					0	
65 Fort Street Tilbury, ON			32	18	50	
148 Concession Street East Tillsonburg, ON		23	24		47	
182, 192 & 204 Lisgar Avenue Tillsonburg, ON	6	36	57		99	
641 Cedar Street Timmins, ON	3	28	17		48	
1214 Riverside Drive Timmins, ON	1	11	37		49	
820 Suzanne Street Timmins, ON	1	20		1	22	
860 Suzanne Street Timmins, ON		21	38	10	69	
100 Lancaster Drive Welland, ON		40	66	6	112	
160 Lancaster Drive Welland, ON		24	74		98	
255 & 265 Willson Road Welland, ON	2	18	56	36	112	
300 South Pelham Road (Vacant Land) Welland, ON					0	
275 Askin Avenue Windsor, ON	1	28	31		60	
211 Buckingham Drive Windsor, ON	2	1	31		34	
360 Caron Avenue Windsor, ON	1	15	31		47	
666 Chippawa Street Windsor, ON		31	27		58	
3150 Donnelly Street Windsor, ON		26	27		53	
3170 & 3190 Donnelly Street Windsor, ON	1	56	30		87	
5407-5411 Empress Street Windsor, ON		24	16		40	
3400 Erskine Street Windsor, ON		58	38		96	
274 Giles Boulevard West Windsor, ON	22	27	6		55	
1330 Lauzon Road Windsor, ON		64	120		184	

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Existing Properties</b>						
101 Langlois Avenue Windsor, ON		45	46		91	
1071 McDougall Street Windsor, ON	2	10	22		34	
737 Ouellette Avenue Windsor, ON	36	140	34		210	684
1519-1547 Ouellette Avenue Windsor, ON	16	73	33	11	133	5,574
3160 Peter Street Windsor, ON	1	31	15		47	
3410 Peter Street Windsor, ON	2	24	15		41	
3461 Peter Street Windsor, ON	6	53	7		66	
3540 Peter Street Windsor, ON		25	28		53	
3576 Peter Street Windsor, ON		11	22		33	
3590 Peter Street Windsor, ON	1	25	15		41	
260-262 Randolph Place Windsor, ON	8	31	8		47	
8325 Riverside Drive East & 8312-8332 Clairview Ave. Windsor, ON	37	82	24	9	152	
3165 Russell Street Windsor, ON		33	35		68	
3262 Sandwich Street Windsor, ON		19	16		35	
2255 University Avenue West Windsor, ON		32	18		50	
2930 Wildwood Drive Windsor, ON		30	103	2	135	
2932-2992 Wildwood Drive Windsor, ON				31	31	
6600 Wyandotte Street East Windsor, ON		74	1		75	
560, 562 & 564 Durham Cres Woodstock, ON		54	60		114	
400 & 405 Boulevard des Grives Gatineau, QC		8	90		98	
65-71 Boulevard Fournier & 15 Rue Beriault Gatineau, QC		32	144	72	248	
2,4,6,8 & 10 Rue Radison Gatineau, QC	29	251	308	35	623	2,948
405 rue Sicard Mascouche, QC		22	43	8	73	
415 rue Sicard Mascouche, QC		22	43	8	73	
425 rue Sicard Mascouche, QC		22	43	8	73	
435 rue Sicard Maschouche, QC		5	68		73	
17865, 17875 & 17885 boulevard de Versailles Mirabel, QC		6	42		48	
17895 boulevard de Versailles Mirabel, QC		18	37	7	62	
17905 boulevard de Versailles Mirabel, QC		22	42	8	72	

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Existing Properties</b>						
17915 boulevard de Versailles Mirabel, QC		22	43	8	73	
17925 boulevard de Versailles Mirabel, QC		22	41	8	71	
239 Boulevard Deguire Montreal, QC		29	156		185	
16255, 16265 & 16275 51st Street NW Edmonton, AB		11	149		160	
5000-5600 Clover Bar Road Sherwood Park, AB		76	132		208	
11440 & 11444 Ellerslie Road SW Edmonton, AB		23	217		240	
2703, 2707, 2711 & 2715 James Mowatt Trail SW Edmonton, AB		51	149		200	
20 Kingsland Close SE Airdrie, AB		3	189		192	
190 & 196 Carson Drive Moncton, NB		73	137		210	
22-35 Fairlane Drive & 150-260 & 230 Mapleton Road Moncton, NB	7	123	275		405	
25, 35 & 55 Primrose Lane, Dieppe, NB		5	58		63	
900, 901 & 904 - 100A Avenue (50% Owned) Dawson Creek, BC		18	63		80	
10650 Bottom Lake Lake Country, BC		9	62		71	
728 Meaford Avenue Langford, BC	7	35	58	6	106	
6971-6975 Island Highway North Nanaimo, BC	11	92	48		151	
3605, 3615, 3625 & 3635 Carrington Road West Kelowna, BC		75	165		240	
2200, 2210 & 2220 Majoros Road West Kelowna, BC	2	49	135		186	
1693, 1695, 1697 & 1699 Delenheer Road Vernon, BC		50	166		216	
3330 Barnstead Lane Halifax, NS	5	9	92	18	124	
39 Seapoint Road Dartmouth, NS		29	60		89	4,355
79 Holtwood Court Dartmouth, NS		15	50	21	86	
80 Holtwood Court Dartmouth, NS		8	94	12	114	
2390 McPhillips Street Winnipeg, MB		11	79		90	
10 & 20 El Tassi Drive Winnipeg, MB	8	34	61	36	139	
10 Highwater Path & 90 Waterford Green Common Winnipeg, MB	1	47	62	16	126	
11 El Tassi Drive Winnipeg, MB	1	19	36		56	
<b>Sub-total (Existing Properties)</b>	<b>496</b>	<b>7,549</b>	<b>11,872</b>	<b>1,041</b>	<b>20,957</b>	<b>399,302</b>
<b>Recent Property Acquisitions</b>						
200 Broad Street Bedford, NS		2	53		55	
245 Innovation Drive Bedford, NS	2	4	49	3	58	

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Recent Property Acquisitions</b>						
89 Willow Road Guelph, ON		22	46		68	
25 Westwood Court Lindsay, ON	1	44	63		108	
945 & 955 Huron Street London, ON		85	84		169	
909 Clonsilla Avenue Peterborough, ON	1	69	40		110	
325 Lakeview Drive Woodstock, ON	3	88	15		106	
176 Vidal Street South Sarnia, ON		29	30		59	
985 Maxwell Street Sarnia, ON		28	33		61	
125, 141 & 165 Appledene Drive (Vacant Land) Trenton, ON					0	
6117 Uplands Drive Nanaimo, BC		51	57		108	
220 Mitton Street North (Vacant Land) Sarnia, ON					0	
230 Forysth Street North Sarnia, ON		26	28		54	
411 & 423 Despard Avenue Parksville, BC	9	89	24		122	
455 rue Sicard Mascouche, QC		34	61	11	106	
76 Mary Street Chatham, ON		70	47		117	
646 John Counter Boulevard (Vacant Land) Kingston, ON					0	
891 Montreal Street Kingston, ON				1	1	
<b>Sub-total (Recent Property Acquisitions)</b>	<b>16</b>	<b>641</b>	<b>630</b>	<b>15</b>	<b>1,302</b>	<b>0</b>
<b>Properties under Contract (As at February 23, 2023)</b>						
465 rue Sicard Mascouche, QC		35	60	11	106	
118 & 120 Tilbury Avenue Bedford, NS		68	77	30	175	
377 Moilliet Street Parksville, BC	14	84	32		130	
<b>Sub-total (Properties Under Contract)</b>	<b>14</b>	<b>187</b>	<b>169</b>	<b>41</b>	<b>411</b>	<b>0</b>
<b>Properties under Due Diligence (As at February 28, 2023)</b>						
72 - unit Complex Colwood, BC					72	1,755
<b>Sub-total (Properties Under Due Diligence)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>1,755</b>
<b>Land under Due Diligence (As at February 28, 2023)</b>						
Vacant Land (Parcel 1) Collingwood, ON					0	
Vacant Land (Parcel 2) Collingwood, ON					0	
Vacant Land London, ON					0	
<b>Sub-total (Land Under Due Diligence)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Property	Bachelor	One Bedroom	Two Bedroom	Three or More Bedroom	Total	Commercial Square Feet
<b>Development Projects Underway (As at February 28, 2023)</b>						
1200 & 1250 Southfield Drive Tecumseh, ON			142		142	
53 & 57 Riverview Drive Chatham, ON			138		138	
115 Skyway Avenue, 110 & 120 Preston Way Gravenhurst, ON		18	96		114	
300 South Pelham Road Welland, ON		30	73		103	
<b>Sub-total (Development Projects Underway)</b>	<b>0</b>	<b>0</b>	<b>449</b>	<b>0</b>	<b>497</b>	<b>0</b>
<b>Total Properties</b>	<b>526</b>	<b>8,377</b>	<b>12,671</b>	<b>1,056</b>	<b>22,742</b>	<b>399,302</b>

### Multi-Unit Residential Real Estate Market

The real estate industry is divided into two segments: (i) residential – where people live, and (ii) commercial – where people work. Skyline Apartment REIT's focus is on multi-unit residential properties where large numbers of individuals live in either apartment buildings or townhouses. However, Skyline Apartment REIT may invest in commercial properties where attractive opportunities are presented, provided that after giving effect to such proposed investment, the aggregate value of all investments in multi-unit residential properties are still the primary focus. This approach offers Skyline Apartment REIT the ability to diversify the income generated by the portfolio, but, in addition, allows Skyline Apartment REIT the opportunity to acquire properties that are neither exclusively residential nor exclusively commercial.

With the portfolio consisting primarily of multi-unit residential real estate, Skyline Apartment REIT's portfolio consists primarily of a large number of individual tenants. This is even more evident when property is purchased in communities where the price per unit is much lower than in urban areas. For example:

- a 50-unit building in a large city may cost the same to purchase as a 100-unit building similar to buildings in Skyline Apartment REIT's portfolio;
- the same gross income generated by both properties is further diversified across more tenants in the 100-unit building; and
- economies of scale for items such as repairs and maintenance for common areas are much less per unit on the 100-unit building.

This is due to the fact that a larger number of units on one property allow for a larger budget to be spread across common area maintenance and repairs. Budgets are based on a per door allowance and, therefore, a 100-unit building will have more room in its budget than a 50-unit building although both have parking lots, hallways, lawns and common rooms to be maintained as part of that per door budget allowance.

Skyline Apartment REIT has had great success in acquiring older properties in secondary markets and injecting capital into them to achieve a greater return on investment. By injecting capital into its older buildings, Skyline Apartment REIT is not only working to increase the value of the properties, but also its ability to attract tenants who are willing to pay higher rents. As older tenants turnover and these new tenants move in at higher rents, Skyline Apartment REIT expects to generate higher rental revenues. In turn, this is expected to increase Skyline Apartment REIT's overall net operating income and return on investment. If there is new construction in secondary markets, it is a strong indicator that there is a high market demand for more rental accommodations. New construction demands higher rents in those

buildings, which translates into possible rental rate increases in Skyline Apartment REIT's buildings within that community.

As the population continues to grow, the demand for more rental accommodation has led to an increase in newly constructed apartment buildings. This increase is not only in major cities, but also secondary and tertiary markets. As financially viable opportunities present themselves, Skyline Apartment REIT has increased its percentage of newly constructed properties over the past few years. New buildings offer a means to attract a strong quality of tenant and offer protection from the capital expenditures that older properties require. The mix of new and older properties offers diversity with the opportunity to increase income and mitigate exposure of increased expenses and capital requirements.

According to Canada Mortgage and Housing Corporation (“CMHC”) reports released for February 2022, the vacancy rate in Canada was approximately 1.9%, while presently the vacancy rate across the Skyline Apartment REIT portfolio is approximately 4.9%. While CMHC does not track and report statistics for the smaller markets that Skyline Apartment REIT invests in, the Asset Manager does monitor CMHC statistical data and forecasts as a benchmark tool when developing its investment objectives for Skyline Apartment REIT. As the population in various markets continues to grow and the declining relative costs of renting versus owning increases overall rental demand, the Asset Manager has experienced a demand for multi-unit residential buildings due to new immigrants seeking long-term rental properties and an aging population moving from both rural and overpopulated urban centers. It is the experience of the Asset Manager that by purchasing or repositioning properties to be the 'best in class' in a community, they will attract a higher class of tenant that is respectful and will take pride living in the buildings held by Skyline Apartment REIT.

The Asset Manager believes that its smaller market strategy provides Unitholders with accretive property acquisitions in a value-added approach. The smaller market focus has the Asset Manager focusing on communities that show consistent low vacancy levels and strong population demographics that align with the class of properties that are acquired by Skyline Apartment REIT. Many properties that the Asset Manager is identifying as potential acquisitions are under-managed in terms of rental revenues, operating expenses and capital improvements. Previous or existing private owners may have had less leverage with vendors and utility companies for paring expenses and/or bulk purchasing, which typically results in an under-managed building below market rental rates from an income perspective. Many of these properties rely upon the cash flow of the building's operations to fund necessary capital improvements and expenditures. This under-management becomes a difficult loop to break without a larger, more stable base of income-producing properties and a strong infrastructure to improve an underperforming building. Skyline Apartment REIT provides this critical mass for economies of scale and the supportive infrastructure to drive added value from its properties.

The Asset Manager views these smaller market buildings as accretive opportunities to bring these niche markets into a stable and expanding Skyline Apartment REIT portfolio with the resulting benefit of collective competitive advantage for the Asset Manager to improve Unitholder returns. Unitholders are expected to benefit from the Asset Manager purchasing these buildings at higher cap rates than traditionally would be seen in larger urban centres.

## **Management of Skyline Apartment REIT**

### *Trustees*

The investment policies and operations of Skyline Apartment REIT are subject to the control and direction of the Trustees, a majority of whom must be resident Canadians and a majority of whom must be Independent Trustees. The Declaration of Trust provides for a minimum of seven (7) and a maximum of eleven (11) Trustees. The General Partner is entitled to appoint three (3) Trustees, provided that following such appointment a majority of the Trustees are Independent Trustees. The balance of the Trustees are to be elected annually by resolution passed by a majority of the votes cast at a meeting of the Unitholders.

Certain decisions respecting the affairs of Skyline Apartment REIT must be made by the Trustees (whether or not Independent Trustees) who have no interest in the subject matter of the approval. The Declaration of Trust provides for the appointment by the Trustees of a Finance Committee, consisting of at least three Trustees, all of whom must be Independent Trustees. The Trustees may also appoint an Investment Committee to consider, authorize and approve proposed acquisitions, dispositions, financings, refinancings and other such proposed transactions for and on behalf of Skyline Apartment REIT. In the absence of an appointed Investment Committee, all of the Trustees together will act as the Investment Committee. See Item 2.8 – Material Agreements – Declaration of Trust and Item 3.2 – Management Experience.

### *The Asset Manager*

Skyline LP (the “**Asset Manager**”) is a limited partnership governed by the laws of the Province of Ontario. Skyline LP acquired the asset management business related to Skyline Apartment REIT from Skyline Apartment Asset Management Inc. effective as of January 1, 2023. The Asset Manager is responsible for managing Skyline Apartment REIT and providing advice with respect to Skyline Apartment REIT's real property investment portfolio, subject to the control and direction of the Trustees.

The Asset Manager manages the day-to-day operations of Skyline Apartment REIT (other than property management) and receives fees pursuant to the Asset Management Agreement. The current term of the Asset Management Agreement is scheduled to expire in May 2026 but will automatically renew for successive five-year terms unless terminated by Skyline Apartment REIT or the Asset Manager in accordance with the Asset Management Agreement.

### *Management of the Properties*

Skyline LP manages the Properties and supervises third-party property managers where the Asset Manager believes it is in the best interest of Skyline LP to retain property managers with respect to certain properties.

Additional properties which may be acquired from time to time by Skyline Apartment REIT may, at Skyline Apartment REIT's option, be managed internally or by such other manager as Skyline Apartment REIT, in its discretion, may determine.

### *The Exempt Market Dealer*

Skyline Wealth Management Inc. (the “**Exempt Market Dealer**”) is a corporation governed by the laws of the Province of Ontario. Pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Class A REIT Units in each province and territory where the Exempt Market Dealer is registered to act as an exempt market dealer. Pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer provides certain administrative and related services with respect to offerings of Class F REIT Units. The Exempt Market Dealer receives fees pursuant to the Exempt Market Dealer Agreement for a current term, expiring in December 2026 and the Fund Administration Services Agreement for a current term expiring December 2027. The Exempt Market Dealer Agreement and the Fund Administration Services Agreement will automatically renew for successive five-year terms unless terminated by Skyline Apartment REIT or the Exempt Market Dealer. All of the directors and a majority of the senior officers of the Exempt Market Dealer and the Fund Administration Services Agreement have been involved in a broad range of real estate activities over at least the past ten years. See Item 2.8 – Material Agreements – Exempt Market Dealer Agreement.

Some directors and officers of the Exempt Market Dealer are also Trustees of Skyline Apartment REIT. These persons (as well as other shareholders of the Exempt Market Dealer) are also directors, officers and/or shareholders of the Managers and the General Partner. The Exempt Market Dealer and the Managers provide services to, and receive fees from, Skyline Apartment REIT. The General Partner



receives distributions, including the GP Share, from Skyline LP. Under applicable securities legislation, Skyline Apartment REIT may be considered a connected issuer of the Exempt Market Dealer.

The decision of Skyline Apartment REIT to distribute the REIT Units and the determination of the terms of the Offering were made independently of the Exempt Market Dealer, the Managers and the General Partner. The Asset Manager and the General Partner will not receive any benefit in connection with the Offering. The Exempt Market Dealer will not receive any benefit in connection with the Offering other than the fees payable to the Exempt Market Dealer under the Exempt Market Dealer Agreement and Fund Administration Services Agreement by Skyline Apartment REIT. See Item 2.8 – Material Agreements – Exempt Market Dealer Agreement – Exempt Market Dealer's Fees.

### *Management and Investment Strategy*

The personnel of the Asset Manager have significant experience in all aspects of the apartment leasing and management business, including acquisitions and dispositions, finance and administration, property management, construction and renovation, and marketing and sales. These skills are expected to permit Skyline Apartment REIT to capitalize upon many apartment real estate opportunities that may be unavailable to other real estate investors who lack the requisite diversity of real estate experience.

The Asset Manager aims to maintain and enhance the value of Skyline Apartment REIT's properties through a variety of strategies, including: a commitment to customer satisfaction; maintenance and repair programs; strategic debt management; energy reduction programs; enhancement of Skyline Apartment REIT's portfolio; and timely communications and disclosure. The Asset Manager focuses its acquisitions and development activities on good quality multi-unit residential properties in strong secondary and tertiary markets across Canada, and intends to use the strength of its extensive market relationships to obtain more competitive financing, property maintenance, construction and services. The Asset Manager's goal is to build a strong and stable apartment portfolio, enhancing overall portfolio incomes and by diversifying the tenant base and geographic diversity.

The Asset Manager believes that multi-unit residential properties offer an attractive investment opportunity with both stability of yield and growth potential. The ability to acquire and develop good quality, well located apartment assets should allow Skyline Apartment REIT to enhance the underlying portfolio cash flow and investor returns. Skyline Apartment REIT will also look to acquire and develop properties in markets where the Asset Manager has existing platforms to build off existing market relationships and capitalize on local economies of scale. Through future acquisitions of properties and development opportunities for properties, in compliance with its investment guidelines, Skyline Apartment REIT intends to geographically diversify its portfolio by purchasing properties in strong secondary and tertiary markets. As well, as Skyline Apartment REIT grows through the acquisition of new properties, development of new and existing properties and the issuance of additional REIT Units, Skyline Apartment REIT has the potential to increase the stability of its income stream.

Given current market conditions, the Asset Manager will continue to concentrate on communities that have low vacancy levels, strong tenant demand, good access to major highways and roadways, and overall good economic growth and drivers. See Item 2.2 – Our Business – Multi-Unit Residential Real Estate Market. The Asset Manager intends to create mass for Skyline Apartment REIT's portfolio through acquisitions and development projects in Canadian markets where the opportunity for value added properties exist.

### **2.3 Development of Business**

Since its creation on June 1, 2006, Skyline Apartment REIT has acquired multiple properties across Canada. Over the last 2 financial years, Skyline Apartment REIT has continued to acquire and dispose of properties in accordance with its overall strategy, despite the COVID-19 pandemic. Its current portfolio is comprised of 238 Properties across 7 Canadian provinces, which consist of 22,259 units and approximately 399,368 square feet of commercial space. Since January 1, 2022, Skyline Apartment REIT has acquired 15 properties,

consisting of 1,302 residential units, 3 parcels of vacant land for development and no square feet of commercial space and disposed of 5 properties, consisting of 582 residential units and 81,531 square feet of commercial space. In the view of Skyline Apartment REIT, these Properties represent a source of stable and secure cash flow to Skyline Apartment REIT and may provide opportunities for capital appreciation. In addition, these Properties are located in strategic geographic locations that meet the investment strategy of Skyline Apartment REIT.

#### *Internalization of Property Management Function*

Effective January 1, 2014, Skyline LP completed a transaction to internalize the property management function for Skyline Apartment REIT by way of the purchase of the Property Management Assets of Skyline Management Incorporated in exchange for Class B LP Units of Skyline LP and Special Voting Units of Skyline Apartment REIT. In 2022, Skyline Management Incorporated exchanged its Class B LP Units of Skyline LP for an aggregate equal number of Class F LP Units, Class G LP Units, Class H LP Units, Class I LP Units and Class J LP Units.

#### *Internalization of Asset Management Function*

As of March 6, 2023 (with a deemed effective date of January 1, 2023), Skyline LP, a subsidiary of Skyline Apartment REIT acquired the asset management business (the “**Business**”) of Skyline Apartment Asset Management Inc. (the “**Vendor**”).

Pursuant to Declaration of Trust, the Transaction (as hereinafter defined) was required to be considered and approved by the Independent Trustees of the Board of Trustees (the “**Board**”) given that certain trustees (namely, Jason Castellan, Martin Castellan and R. Jason Ashdown) are directors and officers and hold interests indirectly as shareholders of the Vendor.

On or about January 25, 2022, the Independent Trustees retained Trimaven Capital as their independent financial advisor. Following numerous discussions with the Vendor and its principals, and taking into account advice from its financial advisor, on December 12, 2022 the Independent Trustees entered into a non-binding memorandum of understanding (the “**MOU**”) among the General Partner (in its capacity as general partner of Skyline LP), Skyline Apartment REIT and the Vendor regarding the purchase of the Business (the “**Transaction**”). The MOU outlined the proposed terms of the acquisition from the Vendor of the Asset Management Assets. The Independent Trustees subsequently retained Goodmans LLP on or about January 18, 2023 to act as their independent legal advisor in connection with the Transaction.

Karyn Sales, General Counsel to the Skyline Group of Companies, acted as counsel to the Vendor and Aird & Berlis LLP acted as documentation counsel in connection with the Transaction.

The Board, following the approval by, and the recommendation of, the Independent Trustees, approved the Transaction as of March 6, 2023, including the execution of the definitive asset purchase agreement (the “**Asset Purchase Agreement**”) and all ancillary documentation, including an indemnity agreement, a non-competition agreement and an amendment to the limited partnership agreement of Skyline LP, together with the authorization and the issuance of Class E LP Units of Skyline LP and Special Voting Units of Skyline Apartment REIT issuable under the terms of the Asset Purchase Agreement. The Transaction closed as of March 6, 2023, however, pursuant to the Asset Purchase Agreement the transfer of the Purchased Assets was deemed to occur as of January 1, 2023 and all adjustments will, unless otherwise provided in the Asset Purchase Agreement, be made as of such date.

The purchase price for the Purchased Assets of C\$110,000,000.00 (excluding all taxes and subject to adjustment) was satisfied by the issuance to the Vendor of an aggregate of 4,150,943.4 Class E LP Units at a price of \$26.50 per Class E LP Unit and an equivalent number of Special Voting Units. The Class E LP Units may be substituted by Skyline LP on a post-closing basis for an alternative class of exchangeable LP units of Skyline LP, and are exchangeable for Class A REIT Units pursuant to the terms of the Class E Exchange Agreement.

In the Asset Purchase Agreement, the Vendor and the principals of the Vendor agreed that, notwithstanding any contrary provision in the Declaration of Trust of Skyline Apartment REIT and/or the Skyline LP Agreement, the Vendor shall not directly or indirectly sell, transfer, exchange, distribute, redeem, encumber or otherwise dispose of the Class E LP Units for a period of five (5) years from January 1, 2023 without the prior written consent of Skyline LP and Skyline Apartment REIT, provided that Skyline LP and Skyline Apartment REIT shall upon request of the Vendor or the principals provide written consent in certain limited circumstances. In accordance with the terms of the Asset Purchase Agreement and ancillary documentation, the Vendor and principals indemnify Skyline LP in respect of all claims made against Skyline LP in connection with pre-closing matters arising out of any breach of its representations, warranties and covenants and with respect to certain tax matters and Skyline LP indemnifies the Vendor and principals in respect of all claims made against the Vendor and principals in connection with pre-closing matters arising out of any breach of its representations, warranties and covenants and with respect to certain tax matters

The non-competition agreement entered into by the Vendor and the principals of the Vendor provides for non-competition, non-solicitation and confidentiality obligations and restrictions on the part of the Vendor and principals for a period of seven years from January 1, 2023. Subject to certain exceptions, the obligations generally prohibit the Vendor and the principals from creating or acting as asset manager, promoter or sponsor of, or invest in another real estate investment trust or widely held investment vehicle which has multi-residential assets as a majority of its assets. The prohibition does not apply to passive investments in listed stock of up to 10% of the issuer's equity securities, investments held by the parties as of today (with an acknowledgement that these vehicles will not be used indirectly in furtherance of acts that are otherwise in contravention of the non-competition obligations), or commercial involvements in entities where multi-residential assets don't comprise more than 10% of the asset base. The non-compete also does not apply in respect of assets that are offered to Skyline Apartment REIT or a Subsidiary for sale by the Vendor or principals under a customary right of first offer, and which Skyline Apartment REIT has chosen not to pursue, or an interest in a portfolio of multi-residential assets that has an aggregate value of less than 2% of the value of Skyline Apartment REIT provided that any asset that is valued at or above \$20 million is not introduced to such vehicle without first offering it to Skyline Apartment REIT in accordance with a right of first offer and Skyline Apartment REIT has determined not to pursue it.

The non-solicitation obligations generally prohibit the Vendor and principals from offering, soliciting or enticing away from Skyline Apartment REIT any of its employees or officers, but does permit the ongoing movement between Skyline Apartment REIT and other "Skyline" entities in a manner consistent with past practice provided appropriate notice is given to Skyline Apartment REIT and that a proposed move of any senior executive employee is not materially detrimental to Skyline Apartment REIT and its operations.

The confidentiality clause will continue to protect the use and disclosure of Skyline Apartment REIT's confidential information, save for customary exceptions, and will continue to permit the flow of information as between Skyline Apartment REIT and other "Skyline" entities in the ordinary course consistent with past practice that is not detrimental to Skyline Apartment REIT and its operations.

## **2.4 Long Term Objectives**

The goals and objectives of Skyline Apartment REIT are: (i) to provide Unitholders with stable and growing cash distributions, payable monthly and tax-deferred to the extent the REIT Units are held in a tax-deferred plan or account from investments in a diversified portfolio of income-producing multi-unit residential properties located in Canada; and (ii) to maximize REIT Unit value through the ongoing management of Skyline Apartment REIT's assets and through the future acquisition and development of properties. The costs associated with achieving Skyline Apartment REIT's long term objectives include customary costs incurred in connection with the acquisition, financing, development and management of real property such as the short term costs set out below, distributions payable to the General Partner and fees payable to the Managers, the Development Manager and the Exempt Market Dealer. These long-term objectives are continuing objectives of Skyline Apartment REIT, and as such, there are no specific time periods for

completion of any of the foregoing objectives. See Item 2.1 – Structure – Skyline LP Agreement – Partnership Distributions and Item 2.8 – Material Agreements.

**Skyline Apartment REIT cannot guarantee that its long-term objectives will be met. Results will vary and are subject to numerous risks. A Unitholder may experience a complete loss of its investment. See Item 10 – Risk Factors.**

## 2.5 Short Term Objectives and How We Intend to Achieve Them

The primary objectives of Skyline Apartment REIT in the ensuing 12 months are to raise sufficient funds through this continuous Offering in order to repay the Acquisition and Operating Facilities and to execute its strategy of growing its asset base as opportunities arise and maximizing Skyline Apartment REIT’s value while providing accretive returns to its Unitholders.

The following table discloses how Skyline Apartment REIT intends to meet these objectives:

What we must do and how we will do it	Target completion date or, if not known, number of months to complete	Our cost to complete
Raise sufficient funds through this continuous Offering in order to repay the Acquisition and Operating Facilities and execute the strategy of growing the asset base as opportunities arise and maximizing Skyline Apartment REIT’s value while providing accretive returns to its Unitholders	Periodically throughout the next 12 months	See “Use of Available Funds”

## 2.6 Insufficient Funds

The funds available as a result of this Offering may not be sufficient to accomplish all of the proposed objectives of Skyline Apartment REIT and there is no assurance that alternative financing will be available.

## 2.7 Additional Disclosure for Issuers Without Significant Revenue

Skyline Apartment REIT has had significant revenue in its two most recently completed financial years and no additional disclosure is required.

## 2.8 Material Agreements

The following is a list of all material contracts to which Skyline Apartment REIT is currently a party or with a related party, which that have been entered into by Skyline Apartment REIT.

### Declaration of Trust

Skyline Apartment REIT is an unincorporated open-end investment trust created by a declaration of trust made as of June 1, 2006 and amended and restated most recently on December 5, 2022 (the “**Declaration of Trust**”) and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

#### *Trustees*

The Declaration of Trust provides that the assets and operations of Skyline Apartment REIT will be subject to the control and authority of a minimum of seven (7) and maximum of eleven (11) Trustees. The number of Trustees may only be changed by the Unitholders or, if authorized by the Unitholders, by the Trustees,

provided that the Trustees may not, between meetings of the Unitholders, unless otherwise approved by a majority of the Independent Trustees, appoint an additional Trustee if, after such appointment, the total number of Trustees would be greater than one and one-third times the number of Trustees in office immediately following the last annual meeting of Unitholders. The General Partner is entitled to appoint three (3) Trustees (the “**Skyline Appointees**”) provided that following such appointment, a majority of the Trustees are Independent Trustees. The balance of the Trustees are to be elected by resolution passed by a majority of the votes cast at an annual meeting of Unitholders. A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of the Skyline Appointees) may be filled by resolution of the remaining Trustees so long as they constitute a quorum or by the Unitholders at a meeting of the Unitholders. A vacancy occurring among the Trustees resulting from the resignation or removal of the Skyline Appointees may be filled by an appointment by Skyline Incorporated. There are currently eight (8) Trustees, five (5) of whom are Independent Trustees.

The Declaration of Trust contains additional provisions for the following with respect to Trustees:

- a majority of the Trustees must be Independent Trustees; and
- a Trustee, other than a Skyline Appointee, may be removed at any time with or without cause by a majority of the votes cast at a meeting of Unitholders or by written consent of Unitholders holding in the aggregate not less than a majority of the outstanding REIT Units entitled to vote or with cause by a resolution passed by an affirmative vote of not less than two-thirds of the other Trustees.

The Trustees shall be paid such compensation for their services as the Trustees may from time to time unanimously determine. Each of the Trustees, either directly or indirectly, is also entitled to receive remuneration for services rendered to Skyline Apartment REIT in any other capacity. Such services may include legal, accounting or other professional services or services as a broker, transfer agent or underwriter, whether performed by a Trustee or any Person affiliated with a Trustee. Subject to the foregoing provisions, Trustees who are employees of, and who receive a salary from, Skyline Apartment REIT or any of its Subsidiaries shall not be entitled to receive any remuneration for their services as Trustees but shall be entitled to reimbursement from Skyline Apartment REIT of their out-of-pocket expenses incurred in acting as a Trustee.

#### *Trustees' Duties*

Pursuant to the Declaration of Trust, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith with a view to the best interests of Skyline Apartment REIT and the Unitholders and, in connection therewith, to exercise the care, diligence and skill that a reasonably prudent individual would exercise in comparable circumstances.

#### *Conflict of Interest Restrictions and Provisions*

The Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitation on Skyline Apartment REIT. Except for the Asset Management Agreement, the Exempt Market Dealer Agreement and the Exchange Agreements, if a Trustee or officer of Skyline Apartment REIT: (i) is a party to a material contract or transaction (a “**Material Transaction**”) or proposed Material Transaction with Skyline Apartment REIT or any of its Subsidiaries; or (ii) is a director, trustee or officer of, or otherwise has a material interest in, any Person or in any affiliate, Related Party or Subsidiary of any Person who is a party to a Material Transaction or proposed Material Transaction with Skyline Apartment REIT or its Subsidiaries, such Trustee or officer must disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees, the nature and extent of such interest. Such disclosure is required to be made: (i) at the meeting of Trustees at which a proposed Material Transaction is first considered; (ii) in the event that a Trustee was not then interested in a proposed Material Transaction or becomes interested after a Material Transaction is entered into,

forthwith after the Trustee becomes so interested; (iii) if the Trustee becomes interested after a Material Transaction is entered into, forthwith after he becomes so interested; or (iv) if any individual who is interested in a Material Transaction later becomes a Trustee, forthwith after he becomes a Trustee. A Trustee who has made the aforementioned disclosure is not entitled to vote on any resolution to approve the Material Transaction unless the Material Transaction is: (i) one relating primarily to his or her remuneration as a Trustee, officer, employee or agent of Skyline Apartment REIT; (ii) one for indemnity under the provisions of the Declaration of Trust or the purchase of liability insurance; or (iii) one relating to the acquisition of property from Skyline Apartment REIT of any affiliate, Related Party or Subsidiary thereof.

### *Independent Trustee Approval Matters*

In addition to any other approvals, the following matters require the approval of not less than a majority of the Independent Trustees who have no interest in the subject matter of the approval:

- to enter into any material agreement, other than the Asset Management Agreement, the Exempt Market Dealer Agreement and the Exchange Agreements, or transaction in which any Related Party has a material interest or make a material change to any such agreement or transaction;
- relating to a claim by or against any Related Party;
- relating to a claim in which the interests of a Related Party differ from the interests of Skyline Apartment REIT;
- to permit Skyline LP to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party;
- to permit Skyline LP to lend money to a Related Party, provided that, subject to the approval of the majority of the Trustees, including not less than a majority of the Independent Trustees holding office at such time, the Trustees may delegate to management on such terms and conditions as the Trustees may determine, the authority for Skyline LP to make short term loans from time to time of ninety (90) days or less to a Related Party, provided that the aggregate value of such loans outstanding at any time does not exceed five (5%) percent of Adjusted Unitholders' Equity;
- to permit Skyline Apartment REIT or Skyline LP to borrow money from a Related Party, provided that, subject to the approval of a majority of the Trustees, including not less than a majority of the Independent Trustees holding office at such time, the Trustees may delegate to management on such terms and conditions as the Trustees may determine, the authority for Skyline LP to borrow money from a Related Party from time to time for terms of ninety (90) days or less to a Related Party, provided that the aggregate value of such indebtedness outstanding at any time does not exceed five (5%) percent of Adjusted Unitholders' Equity;
- granting REIT Units under any unit incentive or unit compensation plan approved by the Trustees, and, if required, by the Unitholders or awarding any right to acquire or other right or interest in the REIT Units or securities convertible into or exchangeable for REIT Units under any plan approved by the Trustees and, if required, by the Unitholders;
- to approve or enforce any agreement entered into by Skyline Apartment REIT or its Subsidiaries or Related Parties with a Trustee who is not an Independent Trustee or an associate thereof, with another Subsidiary or Related Party;

- recommending to the Unitholders to increase the number of Trustees serving on the Board of Trustees or authorizing the Trustees to change the number of Trustees from time to time; and
- determining the compensation of any officer or employee of Skyline Apartment REIT.

In addition, Skyline Apartment REIT shall not permit Skyline LP to effect a transaction with a Related Party unless the transaction is determined to be on commercially reasonable terms by, and is approved by, a majority of the Independent Trustees who have no interest in such transaction in accordance with the foregoing. The Trustees shall obtain a valuation in respect of any real property that Skyline LP intends: (i) to purchase from or sell to a Related Party; or (ii) to provide financing in respect of a Related Party, prepared by a valuator engaged by, and prepared under the supervision of, all Trustees or a committee of two or more Independent Trustees holding office at such time who have no interest in such transaction.

#### *Finance Committee*

The Declaration of Trust requires the creation of a Finance Committee, consisting of at least three (3) Independent Trustees who are resident Canadians. The Finance Committee's duties are to: (i) review Skyline Apartment REIT's procedures for internal control with the Accountants and Chief Financial Officer; (ii) review the engagement of the Accountants; (iii) review and recommend to the Trustees for their approval annual and quarterly financial statements and management's discussion and analyses of financial condition and results of operation; (iv) assess Skyline Apartment REIT's financial and accounting personnel; and (v) review any significant transactions outside Skyline Apartment REIT's ordinary activities and all pending litigation involving Skyline Apartment REIT. The Trustees have appointed a Finance Committee consisting of five (5) Independent Trustees.

#### *Investment Committee*

The Declaration of Trust provides that the Trustees may, in their discretion, appoint from among their number an Investment Committee. If constituted, the Investment Committee will consider whether to approve or reject proposed transactions, including proposed acquisitions, dispositions, financings and refinancings for and on behalf of Skyline Apartment REIT. Currently, the Investment Committee consists of all of the Trustees of Skyline Apartment REIT.

#### *Governance and Compensation Committee*

The Declaration of Trust provides that the Trustees may, in their discretion, create such additional committees as they determine to be necessary or desirable for the purposes of properly governing the affairs of Skyline Apartment REIT, provided that the majority of the members of any additional committee must be resident Canadians.

The Trustees have appointed a Governance and Compensation Committee consisting of three (3) Independent Trustees. The mandate of the Governance and Compensation Committee is to review, oversee and evaluate the governance, compensation and nominating practices and policies of Skyline Apartment REIT. The Committee will act in an advisory role to the Board of Trustees with the Board of Trustees making the final decision.

#### *Investment Guidelines*

The Declaration of Trust provides for certain investment guidelines which may be made by Skyline Apartment REIT. Notwithstanding anything contained herein to the contrary, the assets of Skyline Apartment REIT may be invested only, and Skyline Apartment REIT shall not permit the assets of any Subsidiary to be invested otherwise than, in accordance with the following investment guidelines:

- (a) Skyline Apartment REIT shall focus its activities primarily on the acquisition, holding, maintaining, improving, leasing or managing of multi-unit residential revenue producing properties and ancillary real estate ventures and, through Skyline LP, on the development of such properties intended for Skyline LP's own use ("**Focus Activities**") in Canada and the United States;
- (b) notwithstanding anything herein contained to the contrary, no investment shall be made that would result in:
  - (i) Units of Skyline Apartment REIT being disqualified for investment by registered retirement savings plans ("**RRSP**"), registered retirement income funds ("**RRIF**"), registered education savings plans ("**RESP**"), deferred profit-sharing plans ("**DPSP**"), registered disability savings plans ("**RDSP**"), or tax-free savings accounts ("**TFSA**") at any time after the date on which Skyline Apartment REIT has over 150 Unitholders; or
  - (ii) Skyline Apartment REIT ceasing to qualify as a "mutual fund trust" or a "registered investment" for purposes of the Tax Act;
- (c) no single asset (other than the Operating Trust Units, Operating Trust Notes and units of interest in Skyline LP) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 15% of Gross Book Value, provided that where such asset is the securities of or an interest in an entity, the foregoing tests shall be applied individually to each asset of such entity;
- (d) investments may be made in a joint venture arrangement, partnership or co-ownership arrangement only if:
  - (i) the arrangement is in connection with a Focus Activity;
  - (ii) the arrangement is with others ("**joint venturers**") either directly or through the ownership of securities of or an interest in an entity ("**joint venture entity**");
  - (iii) Skyline Apartment REIT has the ability to provide input in the management decisions of the joint venture entity; and
  - (iv) without limitation, any joint venture arrangement with a Related Party for the purposes of the related party provisions of the Declaration of Trust has been entered into in accordance with such provisions;
- (e) unless otherwise permitted in section 4.1 of the Declaration of Trust and except for: (i) temporary investments held in cash; (ii) deposits with a Canadian or U.S. chartered bank or Trust company registered under the laws of a province of Canada; (iii) short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one year from the date of issue; Skyline Apartment REIT, directly or indirectly, may not hold securities other than: (i) currency or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the National Instrument 81-102 - *Investment Funds* or any successor instrument or rule; (ii) securities of a joint venture entity, or any entity formed and operated solely for the purpose of carrying on ancillary activities to any real estate owned, directly or indirectly, by Skyline Apartment REIT, or an entity wholly-owned, directly or indirectly, by Skyline Apartment REIT formed and operated solely for the purpose of holding a particular real property or real properties; and (iii) securities of another issuer provided either: (A) such securities derive their value, directly or indirectly, principally from real property; or (B) the principal business of the issuer of the securities is the



ownership or operation directly or indirectly, of real property, and provided in either case the entity whose securities are being acquired are engaged in a Focus Activity;

- (f) no investment will be made, directly or indirectly, in operating businesses unless such investment is incidental to a transaction:
  - (i) where revenue will be derived, directly or indirectly, principally from a Focus Activity; or
  - (ii) which principally involves the ownership, maintenance, improvement, leasing or management, directly or indirectly, of real property;
- (g) notwithstanding any other provisions of section 4.1 of the Declaration of Trust, the securities of a reporting issuer in Canada may be acquired provided that the activities of the issuer are focused on Focus Activities;
- (h) no investments will be made in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (i) no investments will be made in a mortgage, mortgage bonds, Notes or debentures (“**Debt Instruments**”) (including participating or convertible) unless:
  - (i) the real property which is security therefor is real property which otherwise meets any requirement contained in section 4.1 of the Declaration of Trust;
  - (ii) the security therefore includes a first mortgage registered on title to the real property which is security therefor; and
  - (iii) the aggregate value of the investments of Skyline Apartment REIT in Debt Instruments, after giving effect to the proposed investment, will not exceed 15% of the Adjusted Unitholders' Equity,

provided that, notwithstanding the foregoing, an investment may be made in a Debt Instrument if: (a) the sole intention is to use such investment as a method of acquiring control of a revenue producing real property which would otherwise be a permitted investment pursuant to Section 4.1 of the Declaration of Trust; (b) such investment is made in the form of a loan to a Related Party in respect of real property which would otherwise be a permitted investment pursuant to Section 4.1 of the Declaration of Trust; or (c) the investment is in the form of a vendor take-back mortgage in relation to real property being disposed of by Skyline LP; and provided that the aggregate value of the investments in such Debt Instruments will not exceed 15% of Adjusted Unitholders' Equity;

- (j) no direct or indirect investment shall be made in raw land (except for investment by Skyline LP in raw land where the total cost of all such investments, including both acquisition costs and estimated costs of any development proposed to be completed on such raw land, does not exceed 10% of Gross Book Value); and
- (k) notwithstanding any other provisions of the Declaration of Trust, investments may be made which do not comply with the provisions of Section 4.1 of the Declaration of Trust provided (i) the aggregate cost thereof (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any indebtedness assumed or incurred in connection with the acquisition and secured by a mortgage on such property) does not exceed 20% of the Adjusted Unitholders' Equity; and (ii) the making of such investment would not contravene subsection (b) above.

Notwithstanding any other provisions of the Declaration of Trust, no investment may be made pursuant to the exceptions to the investment guidelines contained in Sections 4.1(i), 4.1(j) and 4.1(k) of the Declaration of Trust if such investment would cause the aggregate value of investments held pursuant to such exceptions to the investment guidelines contained in Sections 4.1 (i), (j) and (k) above to exceed 20% of the Adjusted Unitholders' Equity of Skyline Apartment REIT.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a Person wholly or partially owned by Skyline LP will be deemed to be those of Skyline LP on a proportionate consolidated basis. In addition, any references in the foregoing to an investment in real property will be deemed to include an investment in a joint venture arrangement that holds real property.

### *Operating Policies*

The operations and affairs of Skyline Apartment REIT shall be conducted in accordance with the following operating policies and Skyline Apartment REIT shall not permit any Subsidiary to conduct its operations and affairs other than in accordance with the following policies:

- (a) the construction or development of real property may be engaged in order to maintain its real properties in good repair or to enhance the revenue-producing potential of real properties in which it has an interest, including development by Skyline LP on raw land of multi-unit residential revenue producing properties intended for Skyline LP's own use;
- (b) title to each real property shall be held by and registered in the name of (i) a corporation or other entity wholly-owned by Skyline LP, (ii) the General Partner, or (iii) a corporation or other entity wholly-owned indirectly by Skyline Apartment REIT or jointly owned indirectly by Skyline Apartment REIT with joint venturers;
- (c) no indebtedness shall be incurred or assumed if, after giving effect to the incurring or assumption thereof of the indebtedness, the total indebtedness including amounts drawn under an acquisition and operating facility, but not including mortgage insurance fees incurred in connection with the incurrence or assumption of such indebtedness as a percentage of Gross Book Value, would be more than 70%;
- (d) Skyline Apartment REIT will not directly or indirectly guarantee any indebtedness or liabilities of any Person unless such guarantee is given in connection with or incidental to an investment that is otherwise permitted under the foregoing investment guidelines or these operating policies, or in circumstances where the guarantee would result in Skyline Apartment REIT ceasing to qualify as a mutual fund trust pursuant to the Tax Act;
- (e) at all times insurance coverage will be obtained and maintained in respect of potential liabilities of Skyline Apartment REIT and the accidental loss of value of the assets of Skyline Apartment REIT from risks, in amounts and with such insurers, in each case as the Trustees consider appropriate, taking into account all relevant factors including the practices of owners of comparable properties and, for clarity, Skyline Apartment REIT is not required to title insure; and
- (f) a Phase I environmental audit shall be conducted or obtained for each real property to be acquired and, if the Phase I environmental audit report recommends that further environmental audits be conducted or obtained, such further environmental audits shall be conducted or obtained, in each case by or from an independent and experienced environmental consultant.

### *Amendments to Investment Guidelines and Operating Policies*

Subject to the Declaration of Trust, any of the investment guidelines set forth above may be amended only by the vote of a two-thirds majority of the votes cast at a meeting of the Unitholders called for that purpose and the operating policies set forth above may be amended by the vote of a majority of the votes cast at a meeting of the Unitholders called for that purpose.

Notwithstanding the foregoing, the Trustees may amend, or, with respect to any one transaction override, any of the investment guidelines set forth in Section 4.1 of the Declaration of Trust (other than those set out in subsections 4.1(a), 4.1(b) and 4.1(h)), provided that they unanimously agree that to do so is in the best interests of Skyline Apartment REIT, and provided that the Trustees forthwith notify all Unitholders of the amendment(s).

Notwithstanding any provisions of the Skyline LP Agreement, it shall not be mandatory that the shares of the General Partner be owned by Skyline Apartment REIT, nor shall it be mandatory that all of the Trustees be directors of the General Partner, provided, in each case, that under the Skyline LP Agreement, the limited partners of Skyline LP have the ability to remove the General Partner, at their sole discretion.

### *Amendments to Declaration of Trust*

A majority of all Trustees including a majority of the Independent Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust. In no event may the Trustees amend the Declaration of Trust if such amendment would: (i) amend the amending provisions of the Declaration of Trust; (ii) amend the Unitholders' voting rights; or (iii) cause Skyline Apartment REIT to fail or cease to qualify as a "mutual fund trust", or "registered investment" under the Tax Act or be subject to tax under Part XII.2 of the Tax Act.

Subject to certain exceptions in the Declaration of Trust, the Declaration of Trust may be amended only by the vote of at least a two-thirds majority of the votes cast at a meeting of the Unitholders called for that purpose. Without limiting the generality of the foregoing, the following amendments will require the approval of at least two-thirds of the votes cast by all the Unitholders at said meeting:

- (a) an exchange, reclassification or cancellation of all or part of the Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units, including, without limiting the generality of the foregoing,
  - (i) the removal or change of rights to distributions; or
  - (ii) the addition or removal of, or change to conversion privileges, redemption privileges, voting, transfer or pre-emptive rights;
- (c) the creation of new rights or privileges attaching to the Units; and
- (d) any change to the existing constraints on the issue, transfer or ownership of the Units.

### *Term of Skyline Apartment REIT*

Unless Skyline Apartment REIT is sooner terminated as otherwise provided by the Declaration of Trust, Skyline Apartment REIT shall continue in full force and effect so long as any property of Skyline Apartment REIT is held by the Trustees, and the Trustees shall have all the powers and discretions, expressed and implied, conferred upon them by law or by the Declaration of Trust. Notwithstanding the foregoing, Skyline Apartment REIT will terminate on the date that is 21 years after the date of the death of the last survivor of the issue alive at the date of the Declaration of Trust of Her Majesty Queen Elizabeth II. Skyline

Apartment REIT may be terminated by the vote of at least two-thirds of the votes cast at a meeting of the Unitholders called for that purpose.

Upon the termination of Skyline Apartment REIT, the liabilities of Skyline Apartment REIT shall be discharged with due speed, the net assets of Skyline Apartment REIT shall be liquidated and the proceeds distributed to the Unitholders in accordance with their entitlements as provided in the Declaration of Trust. Such distribution may be made in cash or in kind or partly in each, all as the Trustees in their sole discretion may determine.

### **Asset Management Agreement**

The Asset Management Agreement was entered into amongst Skyline Incorporated, Skyline Equities Limited Partnership and Skyline Apartment REIT on June 1, 2006, subsequently assigned to Skyline Apartment Asset Management Inc. who further assigned it to Skyline LP as part of the internalization of asset management services. Following completion of the transaction to internalize asset management services, the Asset Management Agreement was amended and restated between Skyline LP and Skyline REIT. Pursuant to the Asset Management Agreement, the Asset Manager has been engaged by Skyline Apartment REIT for the purpose of managing the day-to-day operations of Skyline Apartment REIT. See Item 2.2 – Our Business – Management of Skyline Apartment REIT – The Asset Manager. The main provisions of the Asset Management Agreement are summarized below:

The Asset Management Agreement had an initial term of five (5) years, which automatically renewed for further five-year terms and will continue to renew unless terminated by Skyline Apartment REIT or the Asset Manager. The current term will automatically renew in June 2026. The Asset Management Agreement may be terminated at any time by Skyline Apartment REIT (by a decision of a majority of the Independent Trustees) in the event of a material breach by the Asset Manager of its obligations under the Asset Management Agreement that is not cured, the commission by the Asset Manager or any of its agents or employees of any act constituting fraud, misconduct, breach of fiduciary duty, gross negligence or a wilful breach of applicable laws, or an event of insolvency occurring with respect to the Asset Manager. The Asset Management Agreement may be terminated by the Asset Manager on 60 days' notice to Skyline Apartment REIT as a result of a material breach by Skyline Apartment REIT of its obligations under the Asset Management Agreement that is not cured or an event of insolvency with respect to Skyline Apartment REIT.

All of the directors and senior officers of the Asset Manager which acts through its General Partner, Skyline Incorporated, have been involved in a broad range of real estate activities over at least the past twenty years. The name and municipality of residence, office held with the Asset Manager and principal occupation of each director and senior officer of the Asset Manager are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan – Centre Wellington	President and Director	Chief Executive Officer of Skyline
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Matthew Organ – Centre Wellington	Authorized Signing Office	President of the Skyline Apartment REIT

### *Asset Manager's Duties*

Among other duties, the Asset Manager is responsible for:

- providing and operating Skyline Apartment REIT's and Skyline LP's head offices, including providing the office space, equipment, support services and administrative, clerical and secretarial personnel incidental thereto;
- providing the services of the Asset Manager's executive team and real estate management team;
- managing day-to-day operations of Skyline Apartment REIT and Skyline LP, including making distributions to Unitholders and limited partners, as applicable;
- preparing or overseeing the preparation of annual budgets and business plans for presentation to the Trustees for approval and monitoring Skyline Apartment REIT's financial performance;
- maintaining the books and financial records of Skyline Apartment REIT and Skyline LP and preparing reports and other disclosure documents for Trustees and the Unitholders;
- advising the Trustees on strategic matters relating to the Properties, potential acquisitions, dispositions and development, and Unit value maximization;
- identifying, structuring and negotiating acquisitions, dispositions, financings and other transactions and managing due diligence in connection therewith;
- providing advice and assistance in connection with Skyline Apartment REIT's and Skyline LP's borrowings, raising of capital and issuance of securities, including representing Skyline Apartment REIT and Skyline LP in its dealings with banks and other lenders, investment dealers, institutions and investors;
- conducting day-to-day relations on behalf of Skyline Apartment REIT and Skyline LP with third parties, including property managers, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- preparing designations, allocations, elections and determinations to be made in connection with the income and capital gains of Skyline Apartment REIT and Skyline LP for tax and accounting purposes;
- managing Skyline Apartment REIT's investor relations activities;
- managing Skyline Apartment REIT's and Skyline LP's regulatory compliance, including making all required filings;
- managing and providing direction to Skyline Apartment REIT's property managers and negotiating arrangements for any new property managers or the renewal of the arrangements with existing property managers; and
- preparing all reports reasonably requested by Skyline Apartment REIT, including operational reporting, such as cash flow by property and by asset type; executive summaries by asset type outlining asset issues along with various other matters; and development reporting costs.

### *Asset Manager's Fees*

In consideration for the services to be provided by the Asset Manager to Skyline Apartment REIT, the Asset Manager will be entitled to an asset management fee, payable in cash, monthly, equal to \$41,666.67 and paid on the last Business Day of each month with respect to the prior monthly period.

If the Asset Manager is to provide any services in addition to those referred to in the Asset Management Agreement, then before the provision of such services, Skyline Apartment REIT and the Asset Manager will negotiate and agree upon the scope of any such services and the fees for any such services.

Under the Asset Management Agreement, the Asset Manager must pay all of its operating and administrative expenses and other costs, including without limitation:

- (1) employment expenses of its personnel, including, but not limited to, salaries, wages and the costs of employee benefit plans and temporary help;
- (2) rent, telephone, utilities, office furniture, equipment and machinery and other office expenses; and
- (3) miscellaneous administrative expenses related to the performance by the Asset Manager of its functions as Asset Manager.

Skyline Apartment REIT is responsible for all expenses not assumed by the Asset Manager, (as described above) including:

- interest and other costs of borrowed money;
- fees and expenses of lawyers, accountants, auditors, brokers, appraisers and other agents or consultants employed by or on behalf of Skyline Apartment REIT;
- fees and expenses of the Trustees;
- fees and expenses of any property managers;
- fees and expenses connected with the acquisition, disposition, financing and ownership of real property interests or mortgage loans or other property;
- insurance, as considered necessary by the Trustees, including directors' and officers' liability insurance;
- expenses in connection with payments or distributions on REIT Units;
- expenses in connection with the communications to Unitholders, including annual reports, and the other bookkeeping and clerical work necessary in maintaining relations with Unitholders;
- expenses in connection with any employees or independent contractors employed or retained by Skyline Apartment REIT, including all compensation costs, benefits and severance costs;
- expenses of changing or terminating Skyline Apartment REIT;
- fees and charges of transfer agents, registrars, indenture trustees and other trustees and custodians; and

- all fees, expenses, taxes and other costs incurred in connection with the issuance, distribution, transfer and qualification for distribution to the public of REIT Units and other required government filings.

### **Exempt Market Dealer Agreement and Fund Administration Services Agreement**

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and Skyline Apartment REIT on January 1, 2012 and amended and restated most recently on December 12, 2022. Pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Class A REIT Units in each province and territory where the Exempt Market Dealer is registered to act as an exempt market dealer, as described below. See Item 2.2 – Our Business – Management of Skyline Apartment REIT – The Exempt Market Dealer. The main provisions of the Exempt Market Dealer Agreement are summarized below.

The Exempt Market Dealer Agreement has a current term of five (5) years, expiring in January 2027. The Exempt Market Dealer Agreement will automatically renew for a further five-year term unless terminated by Skyline Apartment REIT or the Exempt Market Dealer. The Exempt Market Dealer Agreement may be terminated by either Skyline Apartment REIT or the Exempt Market Dealer with written notice to the other party at least 6 months before the end of the then current term terminating the Exempt Market Dealer Agreement as at the last day of the end of the term, or the Exempt Market Dealer Agreement otherwise terminates as set out below.

The Exempt Market Dealer Agreement may be terminated at any time by Skyline Apartment REIT (by a decision of a majority of the Independent Trustees) in the event of a material breach by the Exempt Market Dealer of its obligations under the Exempt Market Dealer Agreement that is not cured; a breach of certain representations made by the Exempt Market Dealer in the Exempt Market Dealer Agreement; the commission by the Exempt Market Dealer of any act constituting fraud, willful misconduct, breach of fiduciary duty, gross negligence or a willful breach of applicable laws; an event of insolvency occurring with respect to the Exempt Market Dealer; or the Exempt Market Dealer fails to obtain and keep in good standing any necessary registration, licence or other qualification in any jurisdiction required to effect the purpose of the Exempt Market Dealer Agreement. The Exempt Market Dealer Agreement may be terminated by the Exempt Market Dealer on 60 days' notice to Skyline Apartment REIT as a result of a material breach by Skyline Apartment REIT of its obligations under the Exempt Market Dealer Agreement that is not cured; a breach of the certain representations made by Skyline Apartment REIT in the Exempt Market Dealer Agreement; an event of insolvency with respect to Skyline Apartment REIT; or if a securities commission or administrator or other regulatory authority or individual having authority over Skyline Apartment REIT makes an order to cease trade any securities issued by Skyline Apartment REIT.

The Fund Administration Services Agreement was entered into between the Exempt Market Dealer and Skyline Apartment REIT on December 12, 2022. Pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer is responsible for acting as an administrative agent on all offerings of Class F REIT Units. See Item 2.2 – Our Business – Management of Skyline Apartment REIT – The Exempt Market Dealer. The main provisions of the Fund Administration Services Agreement are summarized below.

The Fund Administration Services Agreement has a current term of five years, expiring in December 2027. The Fund Administration Services Agreement will automatically renew for a further five-year term unless terminated by Skyline Apartment REIT or the Exempt Market Dealer. The Fund Administration Services Agreement may be terminated by either Skyline Apartment REIT or the Exempt Market Dealer with written notice to the other party at least 6 months before the end of the then current term, terminating the Fund Administration Services Agreement as at the last day of the end of the term, or the Fund Administration Services Agreement otherwise terminates as set out below.

The Fund Administration Services Agreement may be terminated at any time by Skyline Apartment REIT (by a decision of a majority of the Independent Trustees): in the event of a material breach by the Exempt

Market Dealer of its obligations under the Fund Administration Services Agreement that is not cured; a breach of certain representations made by the Exempt Market Dealer in the Fund Administration Services Agreement; the commission by the Exempt Market Dealer of any act constituting fraud, willful misconduct, breach of fiduciary duty, negligence or a breach of applicable laws; an event of insolvency occurring with respect to the Exempt Market Dealer; or the Exempt Market Dealer fails to obtain and keep in good standing any necessary registration, licence or other qualification in any jurisdiction required to effect the purpose of the Fund Administration Services Agreement. The Exempt Market Dealer Agreement may be terminated by the Exempt Market Dealer on 60 days' notice to Skyline Apartment REIT as a result of a material breach by Skyline Apartment REIT of its obligations under the Fund Administration Services Agreement that is not cured; a breach of the certain representations made by Skyline Apartment REIT in the Fund Administration Services Agreement; an event of insolvency with respect to Skyline Apartment REIT; or if a securities commission or other regulatory authority or individual having authority over Skyline Apartment REIT makes an order to cease trade any securities issued by Skyline Apartment REIT.

All of the directors and a majority of the senior officers of the Exempt Market Dealer have been involved in a broad range of real estate and/or business activities over the past ten years. The name and municipality of residence, office held with the Exempt Market Dealer and principal occupation of each director and senior officer of the Exempt Market Dealer are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan - Centre Wellington	Vice President and Director	Chief Executive Officer of Skyline
Martin Castellan - Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown - Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd - Centre Wellington	President and Director	Chief Financial Officer of Skyline
Rajinder (Ray) Punn - Oakville	Vice-President, Wealth Solutions	Vice-President, Wealth Solutions of the Exempt Market Dealer
Vivian Salonga - Town of Milton	Chief Compliance Officer	Chief Compliance Officer of the Exempt Market Dealer

### ***Exempt Market Dealer's Duties***

Among other duties, the Exempt Market Dealer is responsible pursuant to the Exempt Market Dealer Agreement for: (i) coordinating, managing and documenting (other than the preparation of an offering memorandum and subscription agreement) all aspects of each equity raise for Class A REIT Units, including managing third-party service providers retained by the Exempt Market Dealer in connection therewith; (ii) assuming responsibility for the distributing of Class A REIT Units on behalf of Skyline Apartment REIT in each of the provinces and territories of Canada where the Exempt Market Dealer is registered as an exempt market dealer; (iii) ensuring anti-money laundering and anti-terrorism compliance; (iv) assisting Skyline Apartment REIT in processing distributions to holders of Class A REIT Units; (v) maintaining all books and financial records with respect to holders of Class A REIT Units; (vi) calculating Equity Under Management from time to time; (vii) providing advice and assistance in connection with Skyline Apartment REIT's raising of capital and issuance of securities through offerings of Class A REIT Units, including advising and assisting Skyline Apartment REIT in its dealings with



institutions and investors; (viii) facilitating the entering into of offering contracts between Skyline Apartment REIT and investors and maintaining ongoing communication with Unitholders and potential investors about investing in Skyline Apartment REIT, including, but not limited to, holding information sessions, carrying out other investor relations activities and advertising and promoting Skyline Apartment REIT to stimulate investor interest in Skyline Apartment REIT; and (ix) assisting Skyline Apartment REIT in making all required filings under applicable law with respect to Class A REIT Units.

Among other duties, the Exempt Market Dealer is responsible pursuant to the Fund Administration Services Agreement for: (i) coordinating, managing and documenting (other than preparation of an offering memorandum and subscription agreement) all aspects of each equity raise of Class F REIT Units, including managing third-party service providers retained by the Exempt Market Dealer in connection therewith and issuing certificates as needed; (ii) reviewing all subscription agreements in connection with the issuance of Class F REIT Units; (iii) ensuring anti-money laundering and anti-terrorism compliance as it relates to offerings of Class F REIT Units, as required; (iv) assisting Skyline Apartment REIT in processing distributions to holders of Class F REIT Units; (v) maintaining all books and financial records with respect to holders of Class F REIT Units; (vi) calculating Class F Equity Under Management from time to time; (vii) providing business advice and relationship assistance in connection with the REIT's raising of capital and issuance of Class F REIT Units, including advising and assisting the REIT in its dealings with wholesale dealers and acting as a key point of contact for wholesale dealers inquiring about acquiring Class F REIT Units or representing holders of Class F REIT Units and vendors and firms involved in the distribution of Class F REIT Units; (viii) providing lead assistance with marketing, content creation and financial data distribution for offerings of Class F REIT Units, (iv) facilitating the entering into of contracts between Skyline Apartment REIT and third-party service providers; and (ix) assisting Skyline Apartment REIT in making all required filings under applicable law in respect of offerings of Class F REIT Units.

#### *Exempt Market Dealer's Fees*

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Apartment REIT, pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer will be entitled to a trailer fee, payable in cash, monthly, equal to 1/12 of 0.3% of Skyline Apartment REIT's Class A Equity Under Management.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Apartment REIT, pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer will be entitled to an administration fee, payable in cash, monthly, equal to 1/12 of 0.2% of Skyline Apartment REIT's Class F Equity Under Management.

Pursuant to the terms of the Exempt Market Dealer Agreement and the Fund Administration Services Agreement, the Exempt Market Dealer will also be entitled to fees of 1.0% on the capital raised in offerings of Class A REIT Units, (Exempt Market Dealer Agreement) and Class F REIT Units (Fund Administration Services Agreement) and through the DRIP in respect of Class A REIT Units. The Exempt Market Dealer may be required to repay all or a portion of the fees paid by Skyline Apartment REIT in respect of Class A REIT Units or Class F REIT Units tendered for redemption within two (2) years of the date of issuance.

#### **Arrangement with Underwriting Manager**

Pursuant to a longstanding arrangement that commenced in July 2013 and which has been confirmed by the Independent Trustees, Skyline Mortgage Financing Inc. (the "**Underwriting Manager**") provides certain services (described below) to Skyline Apartment REIT and Skyline LP. The Underwriting Manager is a related party to Skyline Apartment REIT.

All of the directors and senior officers of the Underwriting Manager have been involved in a broad range of real estate, mortgage and/or business activities over at least the past ten years. The name and

municipality of residence, office held with the Underwriting Manager and principal occupation of each director and senior officer of the Underwriting Manager are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan - Centre Wellington	President and Director	Chief Executive Officer of Skyline
Martin Castellan - Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown - Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd - Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Peter Roden - Elora	Vice President	Vice President of the Underwriting Manager

### ***Underwriting Manager's Duties***

The Underwriting Manager assists Skyline Apartment REIT, Skyline LP and its Subsidiaries to obtain mortgage financing for the Properties upon terms and at rates that are commercially competitive.

### ***Underwriting Manager's Fees***

Skyline LP pays the Underwriting Manager the following fees for providing services:

1. For assumptions of mortgages on acquisition: \$5,000.00.
2. For all other mortgages: 35bps on the mortgage principal.

Fees to the Underwriting Manager are paid in cash as invoiced.

From January 1, 2021 to December 31, 2021, Skyline LP paid the Underwriting Manager \$2,164,173, plus HST, for the above-described services.

From January 1, 2022 to December 31, 2022, Skyline LP paid the Underwriting Manager \$1,843,301, plus HST, for the above-described services.

The parties are in the process of putting a formal agreement in place that will substantially reflect the above terms.

### **Arrangement with Solar Asset Manager**

Pursuant to an arrangement that commenced in October 2018 and which has been confirmed by the Independent Trustees, the Solar Asset Manager provides certain services (described below) to Skyline Apartment REIT and Skyline LP. The Solar Asset Manager is a related party to Skyline Apartment REIT.

All of the directors and senior officers of the Solar Asset Manager have been involved in a broad range of solar asset management, real estate and/or business activities over at least the past ten years. The name and municipality of residence, office held with the Solar Asset Manager and principal occupation of each director and senior officer of the Solar Asset Manager are as follows:

Name and Municipality of Residence	Office	Principal Occupation
Jason Castellan – Centre Wellington	Vice President and Director	Chief Executive Officer of Skyline
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Robert Stein – Puslinch Township	President	President of the Solar Asset Manager
Mike Bonneveld – Centre Wellington	Vice President	Vice President of the Services Provider

***Solar Asset Manager's Duties***

The Solar Asset Manager provides the following services as are reasonably required by Skyline LP and its Subsidiaries:

- Creating annual operating budgets for each of the rooftop solar assets;
- Advising Skyline LP on the opportunity to build new solar assets and other energy opportunities;
- Visiting 20% of all solar sites for spot check on an annual basis (i.e. each solar asset will be spot checked at least once every 5 years);
- Providing monthly, quarterly and annual performance reports;
- Keeping maintenance logs;
- Real time monitoring of each solar asset;
- Spare parts management; and
- Dispatching and supervising service providers and managing projects, including removal and replacement of existing systems.

***Solar Asset Manager's Fees***

Skyline LP shall pay the Solar Asset Manager the following fees:

1. \$1,000 per annum for each solar system; and
2. 10% service charge on the cost of any work for dispatching service providers and project management, including removal and replacement of existing solar systems and unscheduled work.

Fees to the Solar Asset Manager are paid in cash as invoiced.

From January 1, 2021 to December 31, 2021, Skyline LP paid the Solar Asset Manager \$8,002 for the above-described services.

From January 1, 2022 to December 31, 2022, Skyline LP paid the Solar Asset Manager \$3,194 for the above-described services.

The parties are in the process of putting a formal agreement in place that will substantially reflect the above terms.

#### **Arrangement with Professional Services Provider**

Pursuant to an arrangement that commenced in October 2011, and which has been confirmed by the Independent Trustees, the Services Provider, on a cost recovery basis, made available its employees to Skyline Apartment REIT, Skyline LP and its Subsidiaries to provide the below-referenced legal management services. Effective March 1, 2022, the Services Provider assigned all of its rights, title and interest in the arrangement to the Professional Services Provider who has assumed the duties and obligations of the Services Provider under the original arrangement. Effective January 1, 2023, additional financial management services were added to the arrangement with approval of the Independent Trustees. Costs for this arrangement are recovered in cash in equal monthly installments calculated based on a budget approved annually by the Trustees. The Professional Services Provider is a related party to Skyline Apartment REIT.

The Professional Services Provider provides accounting and financial management services and advice to Skyline Apartment REIT, Skyline LP and its Subsidiaries on the use of external legal counsel and manages external legal counsel on behalf of Skyline Apartment REIT, Skyline LP and its Subsidiaries. The Professional Services Provider also makes available accounting and legal support staff to Skyline Apartment REIT, Skyline LP and its Subsidiaries.

The parties are in the process of putting a formal agreement in place that will substantially reflect the above terms.

All of the directors and senior officers of the Professional Services Provider have been involved in a broad range of real estate and/or related business activities over the past ten years. The name and municipality of residence, office held with the Professional Services Provider and principal occupation of each director and senior officer of the Professional Services Provider are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan – Centre Wellington	Vice President and Director	Chief Executive Officer of Skyline
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Krish Vadivale – Brampton	President	Vice-President, Finance and President of the Professional Services Provider
Karyn Sales – Guelph	Vice President	General Counsel and Vice-President of the Professional Services Provider

From January 1, 2021 to December 31, 2021, Skyline LP and/or Skyline Apartment REIT paid the Service Provider \$1,320,408, plus HST, for the above-described services.

From January 1, 2022 to February 28, 2022, Skyline LP and/or Skyline Apartment REIT paid the Service Provider \$237,398, plus HST, for the above-described services.

From March 1, 2022 to December 31, 2022, Skyline LP and/or Skyline Apartment REIT paid the newly assigned Professional Services Provider \$1,186,990, plus HST, for the above-described services.

The parties are in the process of putting a formal agreement in place that will substantially reflect the above terms.

### **Capex Provider Arrangement**

Pursuant to a longstanding arrangement that commenced in June 2017 and that has been confirmed by the Independent Trustees, the Services Provider, on a cost recovery basis, made available its employees to Skyline Apartment REIT, Skyline LP and its Subsidiaries to provide the below-referenced services. Effective January 1, 2020, the Services Provider assigned all of its rights, title and interest in the arrangement to Skyline Capital Projects Management Inc. (the “**Capex Provider**”) who has assumed the duties and obligations of the Services Provider under the arrangement. Costs for this arrangement are recovered in cash in equal monthly installments calculated based on a budget approved annually by the Trustees. The Capex Provider is a related party to Skyline Apartment REIT.

The Capex Provider provides the following services. References below to Skyline Apartment REIT include both Skyline LP and its Subsidiaries:

- conducting due diligence on the capital needs of proposed acquisitions, including providing a proposed budget and, if the proposed acquisition is completed, procuring contractors and managing the capital improvements;
- on an annual basis, proposing a 10-year capital plan for Skyline Apartment REIT's entire portfolio;
- once an annual capital budget is approved, procuring contractors and managing the capital improvements approved in such budget, as well as liaising with staff and tenants about capital improvements that will affect them; and
- responding to unplanned capital needs across the entire portfolio, including emergency situations.

From January 1, 2021 to December 31, 2021, Skyline LP paid the Capex Provider \$871,776, plus HST, for the above-described services.

From January 1, 2022 to December 31, 2022, Skyline LP paid the Capex Provider \$1,197,072, plus HST for the above-described services.

The parties are in the process of putting a formal agreement in place that will substantially reflect the above terms.

All of the directors and officers of the Capex Provider have been involved in a broad range of real estate and/or related business activities over at least the past ten years. The name and municipality of residence, office held with the Capex Provider and principal occupation of each director and officer of the Capex Provider are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan – Centre Wellington	President and Director	Chief Executive Officer of Skyline
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Mike Bonneveld – Center Wellington	Vice President	Vice President of the Services Provider
Gregory Jones – Toronto	Vice President	President of Skydevco Inc.
Andrew Coutts – Guelph	Vice President	Vice President of the Capex Provider

### **Commercial Property Management Arrangement, Lease Documentation Services Arrangement and Leasing Services Arrangement**

All of the directors and senior officers of the Leasing Services Manager have been involved in a broad range of business and real estate activities over at least the past ten years. The name and municipality of residence, office held with the Leasing Services Manager and principal occupation of each director and senior officer of the Leasing Services Manager are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan – Centre Wellington	President and Director	Chief Executive Officer of Skyline
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Maria Duckett – Guelph	Vice President	Vice President of the Leasing Services Manager

### **Lease Documentation Services Arrangement**

Pursuant to an arrangement that commenced in January 2019 and that has been confirmed by the Independent Trustees and amended by approval of the Independent Trustees in November 2021, the Leasing Services Manager provides certain services to Skyline Apartment REIT and Skyline LP. Upon receipt from Skyline Apartment REIT or Skyline LP or their respective representatives, as the context requires, of required details, the Leasing Services Manager provides drafting services in respect of leases and like documents entered into (or to be entered into) by or on behalf of Skyline Apartment REIT and/or Skyline LP and tenants (or prospective tenants), including drafting: (a) new leases; (b)

amendment/renewal/extension agreements; (c) surrender/termination agreements; and (d) estoppel certificates.

In consideration for providing such services, Skyline LP pays the Leasing Services Manager the following fees: (a) \$1,350 per lease for a new lease; (b) \$500 per lease for an amendment/renewal/extension to an existing lease; (c) \$250 per lease for a surrender or termination agreement; and (d) \$200 per estoppel certificate.

The parties are in the process of putting a formal agreement in place that will substantially reflect the above terms.

Lease documentation services fees are paid to the Leasing Services Manager in cash as invoiced.

### **Leasing Services and Commercial Property Management Arrangements**

Pursuant to arrangements that were confirmed by the Independent Trustees, the Leasing Services Manager also previously provided leasing services Skyline Apartment REIT and Skyline LP from May 2017 and commercial property management from January 2021. Both of the foregoing arrangements were terminated effective December 31, 2022.

From January 1, 2021 to December 31, 2021, Skyline LP paid the Leasing Services Manager \$27,650 for the above-described services being lease documentation, leasing services and commercial property management.

From January 1, 2022 to December 31, 2022, Skyline LP paid the Leasing Services Manager \$26,500 for the above-described services.

### **Arrangements with Other Related Entities**

From time-to-time Skyline Apartment REIT and/or Skyline LP may enter into agreements with various entities that are owned or controlled by one or more Trustees (as more fully described below).

### **Development Manager**

#### ***Skydevco Inc.***

All of the directors and senior officers of the Development Manager have been involved in a broad range of development, business and real estate activities over at least the past ten years. The name and municipality of residence, office held with the Development Manager and principal occupation of each director and senior officer of the Development Manager are as follows:

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
Jason Castellan – Centre Wellington	Vice-President and Director	Chief Executive Officer of Skyline
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline

Name and Municipality of Residence	Office	Principal Occupation
Wayne Byrd - Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Gregory Jones - Toronto	President and Director	President of the Development Manager

Skyline Apartment REIT Trustees Jason Castellan, R. Jason Ashdown and Martin Castellan are officers, directors and indirect shareholders of the Development Manager. The Development Manger from time to time provides development consulting services to Skyline LP. The terms of all services provided by the Development Manager to Skyline LP will be commercially reasonable and approved by the Independent Trustees as part of the project approval for a development project on which the Development Manager is engaged. If the Development Manager is engaged by the Asset Manager to perform duties under the Development Management Arrangement, all fees for the Development Manager shall be paid by the Asset Manager.

From January 1, 2021 to December 31, 2021, Skyline LP paid the Development Manager \$120,000 for a development project in Peterborough, Ontario.

From January 1, 2022 to December 31, 2022, Skyline LP paid the Development Manager \$95,000 for a development project in Peterborough, Ontario.

From January 1, 2021 to December 31, 2021, Skyline LP paid the Development Manager \$10,000 for a development project in Guelph, Ontario.

From January 1, 2022 to December 31, 2022, Skyline LP paid the Development Manager \$90,000 for a development project in Guelph, Ontario.

From January 1, 2021 to December 31, 2021, Skyline LP paid the Development Manager \$200,000 for a development project in Chatham, Ontario.

From January 1, 2022 to December 31, 2022, Skyline LP paid the Development Manager \$225,000 for a development project in Chatham, Ontario.

From January 1, 2021 to December 31, 2021, Skyline LP paid the Development Manager \$360,636 for a development project in Welland, Ontario.

From January 1, 2022 to December 31, 2022, Skyline LP paid the Development Manager \$90,159 for a development project in Welland, Ontario.

Fees to the Development Manager are paid in cash as invoiced.

#### ***Cambridge Hotel and Conference Centre Limited Partnership***

Cambridge Hotel and Conference Centre Limited (the “**Hotel GP**”) is the general partner of Cambridge Hotel and Conference Centre Holdings Limited Partnership (the “**Hotel LP**”). Skyline Apartment REIT Trustees Jason Castellan, R. Jason Ashdown and Martin Castellan are indirect shareholders, officers and directors of the Hotel GP. The Hotel LP may from time to time provide conference space, catering and/or hotel services to Skyline Apartment REIT and Skyline LP. The terms of any services provided by the Hotel LP to Skyline Apartment REIT and/or Skyline LP will be commercially reasonable and approved by the Independent Trustees. Fees to the Hotel GP and Hotel LP are paid in cash as invoiced.



From January 1, 2021 to December 31, 2021, Skyline Apartment REIT and/or Skyline LP paid no fees to the Hotel LP for the above-described services.

From January 1, 2022 to December 31, 2022, Skyline Apartment REIT and/or Skyline LP paid no fees to the Hotel LP for the above-described services.

***Caspri Ventures Inc. and Caspri Air Inc.***

Skyline Apartment REIT Trustee Jason Castellan is an officer, director and indirect shareholder of Caspri Ventures Inc. and Caspri Air Inc. (collectively, “**Caspri**”). Caspri may from time to time directly or indirectly provide chartered airline services to Skyline Apartment REIT and/or Skyline LP. The terms of any services provided by Caspri to Skyline Apartment REIT and/or Skyline LP will be commercially reasonable and approved by the Independent Trustees. Fees to Caspri are paid in cash as invoiced.

From December 1, 2021 to December 31, 2021, Skyline Apartment REIT and/or Skyline LP paid no fees to Caspri for the above-described services.

From January 1, 2022 to December 31, 2022, Skyline Apartment REIT and/or Skyline LP paid no fees to Caspri for the above-described services.

**Related Party Transactions**

The following is a list of all purchase and sale transactions between Skyline Apartment REIT or any Subsidiary and a related party that do not relate to real property:

Description of Asset	Date of Transfer	Legal Name of Seller	Legal Name of Buyer	Amount and Form of Consideration Exchanged in Connection with Transfer
Property Management Assets	January 1, 2014	Skyline Management Incorporated	Skyline LP	\$32,500,000 satisfied by 2,407,407 Class B LP Units
Asset Management Assets	January 1, 2023	Skyline Apartment Asset Management Inc.	Skyline LP	\$110,000,000.00 satisfied by 4,150,943.4 Class E LP Units

**ITEM 3 COMPENSATION AND SECURITIES HOLDINGS OF CERTAIN PARTIES**

**3.1 Compensation and Securities Held**

The following table sets out specified information about: (a) each Trustee, officer and promoter of Skyline Apartment REIT; (b) each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of Skyline Apartment REIT; and (c) any related party not specified in paragraph (a) or (b) that received compensation from Skyline Apartment REIT or a Subsidiary in the most recently completed financial year or is expected to receive compensation in the current financial year. A person who is employed by, and receives salary from, Skyline Apartment REIT, its Subsidiaries, the Managers or the Exempt Market Dealer will not receive any remuneration from Skyline Apartment REIT for serving as a Trustee or senior officer.

<b>Name and municipality of principal residence</b>	<b>Positions held (e.g., trustee, officer, promoter and/or principal holder) or relationship and the date of obtaining that position</b>	<b>Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year</b>	<b>Number, type and percentage of securities of the issuer held after completion of min. offering</b>	<b>Number, type and percentage of securities of the issuer held after completion of max. offering</b>
Jason Scott Castellan Centre Wellington	Chief Executive Officer and Trustee <sup>(2)</sup> (June 1, 2006)	\$100,000/\$100,000 <sup>(5)</sup>	15,153.47 REIT Units (0.021% of REIT Units)	15,153.47 REIT Units (0.021% of REIT Units)
Wayne Brian Byrd Centre Wellington	Chief Financial Officer (June 1, 2006)	\$100,000/\$100,000 <sup>(5)</sup>	37,772.33 REIT Units (0.053% of REIT Units)	37,772.33 REIT Units (0.053% of REIT Units)
Roy (Jason) Ashdown Centre Wellington	Chief Sustainability Officer and Trustee <sup>(2)(9)</sup> (June 1, 2006)	\$100,000/\$100,000 <sup>(5)</sup>	465,623.94 REIT Units (0.653% of REIT Units)	465,623.94 REIT Units (0.653% of REIT Units)
Martin Julian Castellan Township of Eramosa	Chief Administrative Officer and Trustee <sup>(2)</sup> (June 1, 2006)	\$100,000/\$100,000 <sup>(5)</sup>	209,426.45 REIT Units (0.294% of REIT Units)	209,426.45 REIT Units (0.294% of REIT Units)
Matthew Organ Centre Wellington	President (August 11, 2016)	\$250,000/\$250,000	410,202.55 REIT Units (0.575% of REIT Units)	410,202.55 REIT Units (0.575% of REIT Units)
Jonathan Aaron Halpern City of Vaughan	Trustee <sup>(1)(2)(4)</sup> (June 1, 2006)	\$77,970 / \$90,000	12,740.76 REIT Units (0.018% of REIT Units)	12,740.76 REIT Units (0.018% of REIT Units)
Robert Vernon Breadner City of Kitchener	Trustee <sup>(1)(2)(4)</sup> (July 15, 2009)	\$49,720/ \$55,000	722,945.81 REIT Units (1.014% of REIT Units)	722,945.81 REIT Units (1.014% of REIT Units)
Edward (Ted) Mark Perlmutter City of Toronto	Trustee <sup>(1)(2)(3)(4)</sup> (January 31, 2013)	\$56,392 / \$62,500	3,718.53 REIT Units (0.005% of REIT Units)	3,718.53 REIT Units (0.005% of REIT Units)
Jeffrey Bruce Neumann City of Guelph	Trustee <sup>(1)(2)(3)(4)</sup> (August 4, 2016)	\$49,720 /\$55,000	0 REIT Units (0.00% of REIT Units)	0 REIT Units (0.000% of REIT Units)

<b>Name and municipality of principal residence</b>	<b>Positions held (e.g., trustee, officer, promoter and/or principal holder) or relationship and the date of obtaining that position</b>	<b>Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year</b>	<b>Number, type and percentage of securities of the issuer held after completion of min. offering</b>	<b>Number, type and percentage of securities of the issuer held after completion of max. offering</b>
Susan Evelyn Taves Township of Wellesley	Trustee <sup>(1)(2)(3)(4)</sup> (November 3, 2016)	\$49,720/\$55,000	44,152.25 REIT Units (0.062% of REIT Units)	44,152.25 REIT Units (0.062% of REIT Units)
Skyline Apartment Asset Management Inc.	Former Asset Manager (January 31, 2017 - December 31, 2023) Principal Holder of Special Voting Units <sup>(6)</sup> (January 1, 2023)	\$7,160,000/\$4,400,000	4,150,943.4 Special Voting Units (57.662% of Special Voting Units)	4,150,943.4 Special Voting Units (57.662% of Special Voting Units)
Skyline Management Incorporated	Principal Holder of Special Voting Units <sup>(7)</sup> (January 1, 2014)	\$2,627,000/\$2,751,883	2,482,638.89 Special Voting Units <sup>(8)</sup> (34.487% of Special Voting Units)	2,482,638.89 Special Voting Units <sup>(8)</sup> (34.487% of Special Voting Units)
Skyline LP	Asset Manager (January 1, 2023)	\$0/\$500,000	Nil	Nil
Skyline Asset Management Inc.	Former Professional Services Provider (October 1, 2022 - February 28, 2022)	\$237,398/\$0	Nil	Nil
Skyline Private Investment Capital Inc.	Professional Services Provider March 1, 2022)	\$1,186,990/\$2,530,655	Nil	Nil
Skyline Mortgage Financing Inc.	Underwriting Manager (July 1, 2013)	\$1,843,301/\$1,829,431	Nil	Nil
Skyline Capital Projects Management Inc.	Capex Provider (January 1, 2020)	\$1,197,072/\$1,621,795	Nil	Nil
Skyline Clean Energy Asset Management Inc.	Solar Asset Manager (October 1, 2018)	\$3,194/\$511,200	Nil	Nil

Name and municipality of principal residence	Positions held (e.g., trustee, officer, promoter and/or principal holder) or relationship and the date of obtaining that position	Compensation paid by issuer or related party in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Skydevco Inc.	Development Manager (November 1, 2020)	\$500,159/\$550,175	Nil	Nil
Skyline Commercial Management Inc.	Leasing Services Manager (May 1, 2017)	\$26,500/\$18,150	Nil	Nil
Skyline Wealth Management Inc.	Exempt Market Dealer (January 1, 2012)	\$7,577,000/\$7,541,172	Nil	Nil
Skyline Incorporated	General Partner of Skyline LP (June 1, 2006)	\$21,029,000/\$9,495,000	Nil	Nil

Notes:

- (1) Member of Finance Committee.
- (2) Member of Investment Committee.
- (3) Member of Governance and Compensation Committee.
- (4) Independent Trustee.
- (5) The compensation paid to the Officers/Managers of Skyline Apartment REIT is not paid by Skyline Apartment REIT. The compensation is paid by the management companies external to Skyline Apartment REIT.
- (6) In connection with the internalization of the asset management function effective January 2023, by way of a purchase of the Asset Management Assets, Special Voting Units were issued by Skyline Apartment REIT to Skyline Apartment Asset Management Inc. contemporaneously with the issuance of a corresponding number of Class E LP Units by Skyline LP, as payment of the purchase price of the Asset Management Assets.. Trustees Jason Castellan, Martin Castellan and Roy Jason Ashdown are directors, officers and indirect shareholders of Skyline Apartment Asset Management Inc.
- (7) In connection with the internalization of the property management function in January 2014, by way of a purchase of the Property Management Assets, Special Voting Units were issued by Skyline Apartment REIT to Skyline Management Incorporated contemporaneously with the issuance of a corresponding number of Class B LP Units by Skyline LP, as partial payment of the purchase price of the Assets. On March 9, 2022, as part of a re-organization, these Class B LP Units were transferred back to Skyline LP and the related Special Voting Units were returned to Skyline Apartment REIT. As consideration, Skyline LP issued 633,072.90 Class F LP Units; 633,072.90 Class G LP Units; 633,072.90 Class H LP Units; 211,024.30 Class I LP Units and 372,395.83 Class J LP Units and equal numbers of Special Voting Units were issued by Skyline REIT contemporaneously with the Class F LP Units, Class G LP Units, Class H LP Units, Class I LP Units and Class J LP Units. Trustees Jason Castellan, Martin Castellan and Roy Jason Ashdown are directors, officers and indirect shareholders of Skyline Management Incorporated.
- (8) The total number of Special Voting Units shown are the current aggregate of the Special Voting Units associated with the Class F LP Units, Class G LP Units, Class H LP Units, Class I LP Units and Class J LP Units.
- (9) Mr. Ashdown has been an Officer of Skyline Apartment REIT since June 1, 2006. His initial title of “Chief Operating Officer” was changed to “Chief Sustainability Officer” in 2019.

### 3.2 Management Experience

The following table sets forth the principal occupations of the Trustees and executive officers of Skyline Apartment REIT during the past 5 years and the nature and extent of their related real estate experience.

Name	Principal occupation and related experience
Jason Castellan	Chief Executive Officer of Skyline <sup>(1)</sup>
Wayne Byrd	Chief Financial Officer of Skyline <sup>(2)</sup>
Roy (Jason) Ashdown	Chief Sustainability Officer of Skyline <sup>(3)</sup>
Martin Castellan	Chief Administrative Officer of Skyline <sup>(4)</sup>
Matthew Organ	President of Skyline Apartment REIT <sup>(5)</sup>
Jonathan Halpern	Chartered Professional Accountant; President, Metropolitan Equities Limited <sup>(6)</sup>
Robert Breadner	President of Breadner Trailer Sales Amalgamated <sup>(7)</sup>
Edward (Ted) Perlmutter	Commercial Real Estate Lawyer <sup>(8)</sup>
Jeffrey Neumann	Broker Owner of Coldwell Banker Neumann Real Estate <sup>(9)</sup>
Susan Taves	Corporate Director and Business Advisor <sup>(10)</sup>

Notes:

(1) Jason Castellan is co-founder and Chief Executive Officer of Skyline. Since 1991, Mr. Castellan has been an owner and manager of investment real estate, starting out with a student rental portfolio and gradually moving to larger apartment buildings. Since 1999, Mr. Castellan has been an officer and director of 15 corporations which owned properties managed by Skyline Incorporated. He is active in the acquisition and finance portion of the portfolio. Mr. Castellan holds degrees from both the University of Guelph and York University.

(2) Wayne Byrd has been involved in the accounting and finance field since 1995 and has been Chief Financial Officer of the Skyline Group of Companies since 2005. From 1998 to 2005, Mr. Byrd held the position of Controller of All Treat Farms Limited where he was responsible for financial planning, accounting, reporting and management of organizational investment, expansion and acquisition decisions. Mr. Byrd is a member of the Chartered Professional Accountants of Ontario and graduated with a Bachelor of Accounting Degree (Honours) from Brock University.

(3) Jason (Roy) Ashdown is Co-founder and Chief Sustainability Officer (CSO) of Skyline Group of Companies (Skyline). Mr. Ashdown has been in the business of real estate and asset management since the early 1990s. Prior to his appointment to CSO in 2020, he held the position of Chief Operating Officer at Skyline. As CSO, he oversees the corporate strategy and implementation of Skyline's Sustainability Plan, focused on Environmental, Social, and Governance (ESG) responsibilities. Mr. Ashdown currently holds the position of Vice Chair of the Federation of Rental Housing Providers of Ontario (FRPO) and is also an active resource and cabinet member to many charities and community support groups. He holds a Bachelor of Arts Degree from the University of Waterloo.

(4) Martin Castellan is co-founder and Chief Administrative Officer of Skyline. Mr. Castellan has been investing and working in real estate for over 20 years. He holds an Honours Bachelor of Commerce Degree from the University of Guelph, majoring in Management Economics in Industry and Finance. With the significant growth of Skyline since its inception, to now over 900 employees, Mr. Castellan focuses on the commitment toward Skyline's guiding principles and instilling the grassroots culture that has been a part of Skyline from its beginning. He currently oversees Human Resources; Information Systems; and the Corporate Office while fostering an environment of teamwork, customer service, and respect.

(5) Matthew Organ is the President of Skyline Apartment REIT. Matthew has been working in real estate and property management for more than 20 years. Matthew joined Skyline in 2006 as the Director of Operations for Skyline Management Incorporated (now Skyline Living), a multi-unit residential property management company, bringing 15 years of experience in real estate operations. Matthew is responsible for the operational and financial performance of

Skyline Apartment REIT's real estate portfolio and oversees all aspects of the portfolio including acquisitions and dispositions, financial budgeting, and implementing and monitoring capital expenditure projects.

(6) 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 also serves on the advisory committee of several private real estate funds. Mr. Halpern is a member of CPA Ontario and CPA Manitoba, and holds a Bachelor of Commerce (Honours) Degree with Distinction from the University of Manitoba..

(7) Robert Breadner is President and Owner of Breadner Trailer Sales Amalgamated, a private holding and investment company which maintains equity positions in various private businesses. A 1977 Bachelor of Business Administration graduate of Wilfrid Laurier University, Robert was the former President and Owner of Breadner Trailer Sales Limited, North America's largest transport trailer distributor with dealerships across Canada, whose sales exceeded \$250 million in 2000. After being awarded Ontario's Entrepreneur of the Year in 1996, as well as having Breadner Trailer Sales named one of Canada's 50 best companies four years in a row, Robert sold the business in 2001. Mr Breadner continues to be the Chairman of family owned R and S Trailer Leasing Ltd.; one of Canada's largest transport trailer leasing companies and trailer sales organizations.

(8) Edward (Ted) Perlmutter is a seasoned commercial real estate lawyer and was a partner for 25 years at one of Canada's preeminent law firms: Blake, Cassels & Graydon LLP. Having an in-depth experience in leading highly complex transactions in the public and private sectors including development financing of infrastructure, Mr. Perlmutter built a reputation for developing and successfully executing innovative approaches. Mr. Perlmutter is a sought-after counsel on complex real estate issues. He holds a Master of Laws degree from the London School of Economics. He is also a director of Lighthouse Credit Union and serves on its Governance, Compensation and Nominating Committee.

(9) Jeffrey Neumann is the broker and co-owner of Coldwell Banker Neumann Real Estate in Guelph, ON. Since 1996, Mr. Neumann has developed Coldwell Banker Neumann Real Estate into a local industry leader, with over 80 salespeople averaging over \$650 million in sales per year. Mr. Neumann has also been an active real estate investor in both the apartment and office sectors. His experience and breadth of knowledge in a broad range of real estate matters—including acquisitions, financing, management, development, and dispersal—leaves him uniquely positioned to serve on the Skyline Apartment REIT Board of Trustees.

(10) Susan Taves is a Chartered Professional Accountant, having spent years as a partner at BDO Canada LLP until 2016. Her expertise extends to the fields of finance, merger and acquisition transactions, leadership, and governance. She is a member of the Chartered Professional Accountants of Ontario (1987), holds the ICD.D designation from the Institute of Corporate Directors (2015), and is a graduate of the University of Waterloo (1984). In addition to serving as a Skyline Apartment REIT Trustee, Susan currently sits on the boards of Kindred Credit Union, where she is chairman of the board of directors, and TSX Trust Company, where she is Chair of the Audit Committee.

### **3.3 Penalties, Sanctions, Bankruptcy Insolvency and Criminal and Quasi-Criminal Matters**

To Skyline Apartment REIT's knowledge, there are no penalties, sanctions, declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation or proceedings, arrangements or compromises with creditors, appointments of a receiver, receiver manager or trustee to hold assets, that have been in effect during the last ten years against or in connection with:

- (a) any of the trustees, senior officers or control persons of Skyline Apartment REIT; or
- (b) any issuer of which any person referred to in sub-paragraph (a) above was a director, trustee, senior officer or control person at the time.

To Skyline Apartment REIT's knowledge, none of the trustees, senior officers or control persons of Skyline Apartment REIT has ever pled guilty to or been found guilty of any of the following:

- (a) a summary conviction or indictable offence under the *Criminal Code* (Canada);
- (b) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction;

- (c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America; or
- (d) an offence under the criminal legislation of any other foreign jurisdiction.

### 3.4 Certain Loans

As of the date of this Offering Memorandum, Skyline Apartment REIT does not have any debenture or loan due to or from the Trustees, management, promoters, principal holder or other Related Party of Skyline Apartment REIT.

## ITEM 4 CAPITAL STRUCTURE

### 4.1 Equity Securities

#### *REIT Units and Special Voting Units*

The following is a description of the equity securities of Skyline Apartment REIT (other than the Initial Unit).

The beneficial interests in Skyline Apartment REIT, other than the Initial Unit, are divided into 4 classes described as “Class A REIT Units”, “Class F REIT Units”, “Class I REIT Units” and “Special Voting Units”. The number of Units of any class which Skyline Apartment REIT may issue is unlimited. Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of a majority of the Unitholders, or as otherwise provided in the Declaration of Trust. Unitholders have the right to receive notice of, to attend and to vote at all meetings of Unitholders. Each Unit shall entitle the holder thereof to one vote at all meetings of Unitholders.

Description of security	Number authorized to be issued	Price per security	Number outstanding as at March 10, 2023	Number outstanding after minimum Offering	Number outstanding after giving effect to the maximum Offering
Class A REIT Units <sup>(1)</sup>	Unlimited	\$27.75	71,284,456	N/A	N/A
Class F REIT Units <sup>(1)</sup>	Unlimited	\$27.75	246,887 <sup>(2)</sup>	N/A	N/A
Class I REIT Units <sup>(1)</sup>	Unlimited	\$27.75	0 <sup>(3)</sup>	N/A	N/A
Special Voting Units <sup>(4)</sup>	Unlimited	\$0	7,198,781	7,198,781	7,198,781

Notes:

(1) Each REIT Unit represents an undivided beneficial interest in distributions by Skyline Apartment REIT, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of Skyline Apartment REIT, in the net assets of Skyline Apartment REIT remaining after satisfaction of all liabilities.

(2) Class F REIT Units were created by the Amended and Restated Declaration of Trust dated December 5, 2022.

(3) Class I REIT Units were created by the Amended and Restated Declaration of Trust dated December 5, 2022 and none have been issued as of the date of this Offering Memorandum.

(4) In connection with the internalization of the property management function in January 2014 by way of a purchase of the Property Management Assets and the internalization of the asset management function effective

January 2023 by way of a purchase of the Asset Management Assets, Special Voting Units were issued by Skyline Apartment REIT to Skyline Management Incorporated and Skyline Apartment Asset Management Inc. contemporaneously with the issuance of a corresponding number of Class B LP Units and Class E LP Units, respectively, by Skyline LP, as payment of the purchase price of the Property Management Assets and Asset Management Assets. Skyline Management Incorporated subsequently exchanged its Class B LP Units for an equivalent number of Class F LP Units, Class G LP Units, Class H LP Units, Class I LP units and Class J LP Units. Special Voting Units shall have no rights or entitlements in respect of distributions, whether of Distributable Income, or on a liquidation, dissolution or winding-up of Skyline Apartment REIT or otherwise. As Exchangeable LP Units are exchanged for Class A REIT Units in accordance with the respective Exchange Agreement, the corresponding Special Voting Units, if any, shall automatically be cancelled for no consideration and shall no longer be outstanding.

## 4.2 Long Term Debt

### *Mortgages*

The mortgages are secured by a combination of first, second and third registered charges over specific investment properties and a combination of first, second and third general assignments of leases, insurance and registered property-specific general security agreements. The following table summarizes certain aspects of debt obligations of such indebtedness as of February 28, 2023, (in thousands), of which mortgages totalling \$271,588,347 will mature within 12 months of that date:

	Scheduled Principal Payments	% of Total	Scheduled Maturities	% of Total	Total Mortgages	Percentage of Total Mortgages	Weighted Average Interest Rate
2023	76,471,943	3.08%	195,116,404	7.86%	271,588,347	10.94%	2.93%
2024	39,846,127	1.60%	219,568,828	8.84%	259,414,955	10.45%	2.91%
2025	34,781,261	1.40%	289,305,726	11.65%	324,086,987	13.05%	2.85%
2026	29,320,684	1.18%	147,657,538	5.95%	176,978,222	7.13%	2.81%
2027	27,233,740	1.10%	318,810,361	12.84%	346,044,101	13.94%	2.81%
2028	21,001,186	0.85%	215,253,563	8.67%	236,254,749	9.52%	2.57%
2029	18,147,705	0.73%	153,201,217	6.17%	171,348,922	6.90%	2.37%
2030	12,257,107	0.49%	319,754,011	12.88%	332,011,118	13.37%	2.30%
2031	5,157,742	0.21%	354,233,727	14.27%	359,391,469	14.47%	2.46%
2032	47,045	0.00%	5,709,140	0.23%	5,756,185	0.23%	4.22%
<b>Total</b>	<b>264,259,474</b>	<b>10.64%</b>	<b>2,218,610,515</b>	<b>89.36%</b>	<b>2,482,869,989</b>	<b>100.00%</b>	
<b>Estimated Weighted Average Interest Rate</b>							<b>2.93%</b>
<b>Estimated Weighted Average Years to Maturity</b>							<b>4.99 years</b>

### *Acquisition and Operating Facilities*

Skyline Apartment REIT has arranged acquisition and operating facilities to fund working capital and mortgage principal repayments in an amount of up to \$25,000,000 with a Canadian credit union and a second revolving credit facility of up to \$165,000,000 with a Canadian chartered bank. The Acquisition and Operating Facilities are each revolving credit facilities and amounts drawn thereunder will not, after giving effect to the incurring of such indebtedness, cause the total amount of indebtedness of Skyline Apartment REIT and the amount then advanced under the Acquisition and Operating Facilities, to exceed 70% of the Gross Book Value. Skyline Apartment REIT intends to the net proceeds of the Offering to pay down a portion of the Acquisition and Operating Facilities. See Item 2.5 – Short Term Objectives and How We Intend to Achieve Them. The Acquisition and Operating Facilities facilitates acquisitions by Skyline Apartment REIT by enabling it to enter into negotiations for the purchase of properties with the need for an equity financing condition. As at the date hereof, \$141,000,000 is currently outstanding under the Acquisition and Operating Facilities.



The following table summarizes amounts secured against Existing Properties under the Acquisition and Operating Facilities (in thousands).

Property	Secured Operating Facility	Line of Credit Interest Rate
201-211 Hunter St. East Peterborough, ON	\$ 14,742	Prime + 2.00%
75 Farquhar Street Guelph, ON	2,010	Prime + 2.00%
87, 93 & 107 Compton Street Kingston, ON	7,536	Prime + 1.35%
95, 97 & 99 Sidney St. Belleville, ON	15,237	Prime + 1.35%
15 & 17 Sympatica Cres. Brantford, ON	11,036	Prime + 1.35%
255 & 265 Wilson Road. Welland, ON	9,493	Prime + 1.35%
1541 & 1545 Ouellette Avenue. Windsor, ON	9,040	Prime + 1.35%
576 Ontario Street St.Catherine, ON	3,387	Prime + 1.35%
1223 Richmond Street London, ON	5,752	Prime + 1.35%
524 Woolwich Street Guelph, ON	5,338	Prime + 1.35%
777 Kingsway Drive Thunder Bay, ON	4,352	Prime + 1.35%
99 Thomas Street Kingston, ON	2,920	Prime + 1.35%
555 Park Rd N. Brantford, ON	17,644	Prime + 1.35%
450 28th Street Owen Sound, ON	1,191	Prime + 1.35%
5407 5411 Empress Street Windsor, ON	2,423	Prime + 1.35%
250 Queen Street Fergus, ON	4,457	Prime + 1.35%
625 Fulton Blvd, 625 Beverly Street Thunder Bay, ON	9,102	Prime + 1.35%
365 & 379 Lake Street Sault St.Marie, ON	5,754	Prime + 1.35%
1100 Wellington St & 200 London Street Sarnia, ON	3,712	Prime + 1.35%
355 Adelaide Street Thunder Bay, ON	4,903	Prime + 1.35%
47 Memorial Drive Brantford, ON	9,322	Prime + 1.35%

Property	Secured Operating Facility	Line of Credit Interest Rate
737 Ouellette Avenue Windsor, ON	14,659	Prime + 1.35%
8325 Riverside Drive East & 8312-8332 Clairview Ave. Windsor, ON	12,800	Prime + 1.35%
105-107 Ridgeway Place Belleville, ON	3,959	Prime + 1.35%
149 Henry Street Brantford, ON	5,185	Prime + 1.35%
50 Merritt Avenue Chatham, ON	2,752	Prime + 1.35%
100 McFarlane Avenue Chatham, ON	4,467	Prime + 1.35%
343 Grand Avenue East Chatham, ON	4,335	Prime + 1.35%
625 Glengarry Boulevard Cornwall, ON	7,363	Prime + 1.35%
80 Holtwood Court Dartmouth, ON	7,617	Prime + 1.35%
38 Dawson Road Guelph, ON	2,143	Prime + 1.35%
300-304 Sherk Street Leamington, ON	5,481	Prime + 1.35%
234 Erie Street South Leamington, ON	4,069	Prime + 1.35%
238 Erie Street South Leamington, ON	4,362	Prime + 1.35%
190 Carson Drive Moncton, ON	6,885	Prime + 1.35%
17-19 Barker Street Paris	3,985	Prime + 1.35%
764-794 Waterloo Street Port Elgin, ON	6,636	Prime + 1.35%
225-233 Capel Street Sarnia, ON	3,391	Prime + 1.35%
122&142 Allard Street Sault Ste. Marie	401	Prime + 1.35%
130 Allard Street Sault Ste. Marie	655	Prime + 1.35%
11873 Tecumseh Road East Tecumseh, ON	9,622	Prime + 1.35%
100 Lancaster Drive Welland, ON	7,425	Prime + 1.35%
6600 Wyandotte Street East Windsor, ON	4,223	Prime + 1.35%
<b>Total</b>	\$ 271,766	

### 4.3 Prior Sales

As of the date of this Offering Memorandum, there are 71,531,343 REIT Units and 7,198,781 Special Voting Units of Skyline Apartment REIT issued and outstanding.

The following table sets forth the REIT Units issued by Skyline Apartment REIT within the twelve months prior to the date of this Offering Memorandum.

Period of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
February 2022	REIT Units	59,899	\$26.25	\$1,572,349
March 2022	REIT Units	0	\$26.25	\$0
April 2022	REIT Units	838,266	\$26.25	\$22,004,483
May 2022	REIT Units	590,975	\$26.25	\$15,513,094
June 2022	REIT Units	152,949	\$26.25	\$4,014,911
July 2022	REIT Units	173,870	\$26.25	\$4,564,088
August 2022	REIT Units	111,078	\$26.25	\$2,915,798
September 2022	REIT Units	191,078	\$26.25	\$5,015,798
October 2022	REIT Units	320,508	\$26.25	\$8,413,335
November 2022	REIT Units	243,300	\$26.25	\$6,386,625
December 2022	REIT Units	98,604	\$26.50	\$2,613,006
January 2023	REIT Units	113,856	\$26.50	\$3,017,184
February 2023	REIT Units	969,361	\$26.50	\$25,688,067

## ITEM 5 SECURITIES OFFERED

### 5.1 Terms of Securities

The following is a description of the material terms of the REIT Units offered pursuant to this Offering.

The Declaration of Trust provides that the beneficial interests in Skyline Apartment REIT, other than the Initial Unit, are divided into 4 classes – “Class A REIT Units”, “Class F REIT Units”, “Class I REIT Units”, and “Special Voting Units”. The number of Units of any class which Skyline Apartment REIT may issue is unlimited. Units shall be issued only as fully paid and non-assessable. Each Unit when issued shall vest indefeasibly in the holder thereof. The issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees with the approval of the majority of the Unitholders, or as otherwise provided in the Declaration of Trust. Unitholders have the right to receive notice of, to attend and to vote at all meetings of Unitholders. Each Unit shall entitle the holder thereof to one vote at all meetings of Unitholders.

Each REIT Unit shall represent an undivided beneficial interest in Skyline Apartment REIT and distributions by Skyline Apartment REIT, whether of net income, net realized capital gains or other amounts, and, in the event of a liquidation, dissolution, winding-up or other termination of Skyline Apartment REIT, in the net assets of Skyline Apartment REIT remaining after satisfaction of all liabilities. The distribution entitlement of each REIT Unit is intended to and will be derived from the same sources.

Except as described below in respect of the Monthly Limit applicable to REIT Units tendered for redemption, no REIT Unit shall have preference or priority over any other REIT Unit.

#### *Purchase of REIT Units*

Skyline Apartment REIT shall be entitled to purchase for cancellation at any time the whole or from time to time any part of the outstanding REIT Units, at a price per REIT Unit and on a basis determined by the Trustees in compliance with all applicable securities laws.

### ***Redemption of REIT Units***

Pursuant to the Declaration of Trust, each Unitholder shall be entitled to require Skyline Apartment REIT to redeem at any time or from time to time, at the demand of the Unitholder, all or any part of the REIT Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions described below.

To exercise a Unitholder's right to require redemption, a duly completed and properly executed notice requiring Skyline Apartment REIT to redeem said REIT Units, in a form approved by the Trustees, specifying the number of REIT Units to be so redeemed, shall be sent to Skyline Apartment REIT at its head office.

Upon receipt by Skyline Apartment REIT of the notice to redeem REIT Units, the Unitholder shall thereafter cease to have any rights with respect to the REIT Units tendered for redemption (other than to receive the redemption payment therefor) including ceasing to have the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by Skyline Apartment REIT of such notice. REIT Units shall be considered to be tendered for redemption on the date that Skyline Apartment REIT has, to the satisfaction of the Trustees, received the notice, other documents and any evidence with respect to the identity, capacity or authority of the Person giving such notice as the Trustees may reasonably require.

Upon receipt by Skyline Apartment REIT of the notice to redeem REIT Units, in accordance with the Declaration of Trust, the holder of the REIT Units tendered for redemption shall be entitled to receive a price per REIT Unit (the "**Redemption Price**") equal to 100% of the most recent Market Value of the REIT Units. Subject to the provisions of the Declaration of Trust set out below, the Redemption Amount is payable by cheque to or to the order of the Unitholder who exercised the right of redemption, on or before the last day of the calendar month following the month in which the Unitholder tendered the REIT Units for redemption. For the purposes of the Declaration of Trust, "**Market Value**" means the market value of the REIT Units which shall be determined by the Trustees at least annually or more frequently as the Trustees may determine and "**Redemption Amount**" means the Redemption Price times the number of REIT Units that a Unitholder tenders for redemption.

The Trustees review the Market Value of the REIT Units at least quarterly using an IFRS/Net Asset Value (NAV) pricing model. This iterative calculation is driven by the IFRS values of the Properties; calculated as: (a) portfolio IFRS value less total debt obligations; (b) less a discounted net present value of future tax implications; (c) less a discounted net present value of future General Partner sharing; (d) divided by the total number of Units outstanding; and the result of which is a discounted IFRS/NAV value per Unit.

The foregoing payment terms shall not be applicable to REIT Units tendered for redemption by a Unitholder if the total amount payable by Skyline Apartment REIT in respect of such REIT Units and all other REIT Units tendered for redemption prior thereto in the same calendar month exceeds \$50,000 (the "**Monthly Limit**"); provided that the Trustees may, in their sole discretion, increase such Monthly Limit in respect of all REIT Units tendered for redemption in any calendar month and provided further that the Monthly Limit shall not apply to a redemption of a Class A REIT Unit by a person who acquired such Class A REIT Unit upon exchange of a Class C LP Unit or a Class D LP Unit. Where the Monthly Limit is exceeded, the Redemption Amount to which the Unitholder would otherwise be entitled shall be paid and satisfied as follows:

- (a) a portion of the Redemption Amount equal to the Monthly Limit divided by the total number of REIT Units tendered by all Unitholders for redemption in the month times the number of REIT Units tendered for redemption by a Unitholder shall be paid and satisfied in cash, in accordance with the Declaration of Trust; and

- (b) subject to receipt of all necessary regulatory approvals, the remainder of the Redemption Amount shall be paid and satisfied by way of issuance by Skyline Apartment REIT to the Unitholder of a promissory note (a “**Trust Note**”), in accordance with the Declaration of Trust, having a principal amount equal to the Redemption Amount minus the cash paid or payable to the Unitholder pursuant to subsection (a) above. Any such Trust Note shall mature and be payable not later than ten (10) years following the date of issue, shall be repayable at any time at the option of the Operating Trust and shall bear interest at the Prime Rate plus 2%.

Upon the payment by Skyline Apartment REIT of the Redemption Amount in accordance with the Declaration of Trust, Skyline Apartment REIT shall be discharged from all liability to the Unitholder or former Unitholder in respect of the REIT Units so redeemed.

All REIT Units which are redeemed pursuant to the Declaration of Trust shall be cancelled and such REIT Units shall no longer be outstanding and shall not be reissued.

Some or all of the income of Skyline Apartment REIT, the net realized capital gains of Skyline Apartment REIT and the net recapture income of Skyline Apartment REIT for a year may, for purposes of computing the net income of Skyline Apartment REIT and the net realized capital gains of Skyline Apartment REIT under the Tax Act or other tax legislation, be treated as having been paid in the year by Skyline Apartment REIT to the Unitholders redeeming REIT Units in such year and, to the extent of the amount thereof so treated has been designated as taxable capital gains or income to such Unitholders, the Unitholder's redemption proceeds shall be reduced accordingly. Any such amounts shall be determined at the discretion of a majority of the Trustees; however in all cases, a redeeming Unitholder will only be treated as having been paid an amount to which the Unitholders of the REIT Units redeemed would be entitled to receive. Any amount of income (including a taxable capital gain so designated) paid or payable must be included in the income of the redeeming Unitholder and may be deductible by Skyline Apartment REIT. However, Skyline Apartment REIT will generally not be entitled to a deduction in computing its income in respect of amounts allocated to redeeming Unitholders to the extent of (i) the portion of any such amount that would be paid out of the income (other than taxable capital gains) of Skyline Apartment REIT, and (ii) the portion of any such amount in respect of a taxable capital gain allocated to a redeeming Unitholder to the extent that the amount so allocated is greater than the taxable capital gain that would otherwise have been realized by the redeeming Unitholder from the redemption of the REIT Units. As a result, the taxable component of distributions by Skyline Apartment REIT to non-redeeming Unitholders may be adversely affected.

#### *Take-Over Bids*

If there is a take-over bid for all of the outstanding REIT Units and, within the time limit in a take-over bid for its acceptance, or 120 days after the date of such take-over bid, whichever period is the shorter, the take-over bid is accepted by the holders of not less than 90% of the REIT Units (including REIT Units issuable upon the surrender or exchange of any securities for REIT Units but not including any such securities held at the date of the take-over bid by or on behalf of the offeror or affiliates or associates of the offeror), other than REIT Units held at the date of the take-over bid by or on behalf of the offeror or an affiliate or an associate of the offeror, the offeror is entitled, on complying with the Declaration of Trust, to acquire the REIT Units held by the dissenting offerees.

#### *Meetings of Unitholders*

Unitholders have the right to receive notice of, to attend and to vote at all meetings of Unitholders. Each Unit entitles the holder thereof to one vote at all meetings of Unitholders. Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy, and a proxyholder need not be a Unitholder.

There shall be an annual meeting of the Unitholders, at such time and place in Canada as the Trustees shall prescribe, for the purpose of electing Trustees (except for the Skyline Appointee(s)), appointing or changing the accountants of Skyline Apartment REIT and Skyline LP and transacting such other business as the

Trustees may determine or as may properly be brought before the meeting. The annual meeting of the Unitholders shall be held after delivery to the Unitholders of the financial information referred to in the Declaration of Trust and, in any event, within 180 days after the end of each fiscal year of Skyline Apartment REIT.

The Trustees have the power at any time to call special meetings of the Unitholders at such time and place in Canada as the Trustees may determine. The Unitholders holding in the aggregate not less than 5% of the votes attaching to all outstanding Units (on a fully-diluted basis) may requisition the Trustees in writing to call a special meeting of the Unitholders for the purposes stated in the requisition. The requisition must state in reasonable detail the business proposed to be transacted at the meeting and shall be sent to each of the Trustees and to the principal office of Skyline Apartment REIT. The Unitholders have the right to obtain a list of the Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Business Corporations Act* (Ontario).

### *Issuance of REIT Units*

The Trustees may allot and issue REIT Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of Skyline Apartment REIT in REIT Units) and to such Person, Persons or class of Persons as the Trustees in their sole discretion shall determine. The price or the value of the consideration for which REIT Units may be issued and the terms and conditions of issuance of the REIT Units shall be determined by the Trustees in their sole discretion, generally (but not necessarily) in consultation with investment dealers or brokers who may act as underwriters in connection with offerings of REIT Units. In the event that REIT Units are issued in whole or in part for consideration other than money, the resolution of the Trustees allotting and issuing such REIT Units shall express the fair equivalent in money of the other consideration received. Effective the Trustees have enacted a policy outside the Declaration of Trust intended to limit the issuance of Class F REIT Units and Class I REIT Units such that no individual investment firm or institution may hold Class F REIT Units or Class I REIT Units that in the aggregate represent more than 9.9% of all issued REIT Units and the aggregate number of Class F REIT Units and Class I REIT Units issued shall not exceed 30% of all issued REIT Units. The Trustees reserve the right to amend or waive the application of this policy at any time in their sole discretion.

### *Limitation on Non-Resident Ownership*

Notwithstanding any provision of this Offering Memorandum or the Declaration of Trust to the contrary, at no time may more than 49% of the REIT Units or the Special Voting Units then outstanding be held by or for the benefit of Persons who are not resident in Canada for the purposes of the Tax Act or Partnerships, other than Canadian Partnerships, for the purposes of the Tax Act ("**Non-Resident Beneficiaries**"). The Trustees may require declarations as to the jurisdictions in which beneficial owners of REIT Units or Special Voting Units, as the case may be, are resident or declarations from holders of REIT Units or Special Voting Units, as the case may be, as to whether such REIT Units or Special Voting Units, as the case may be, are held for the benefit of Non-Resident Beneficiaries. If the Trustees become aware that more than 49% of the REIT Units or Special Voting Units then outstanding are, or may be, held by or for the benefit of Non-Resident Beneficiaries or that such a situation is imminent, the Trustees may make a public announcement thereof and shall not accept a subscription for such REIT Units or Special Voting Units, as the case may be, from or issue or register a transfer of such REIT Units or Special Voting Units, as the case may be, to a Person unless the Person provides a declaration that the Person is not a non-resident for the purposes of the Tax Act (or, in the discretion of the Trustees, that the Person is not a Non-Resident Beneficiary) and does not hold his REIT Units or Special Voting Units, as the case may be, for a Non-Resident Beneficiary. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the REIT Units or Special Voting Units then outstanding are held by or for the benefit of Non-Resident Beneficiaries, the Trustees may send a notice to non-resident holders of REIT Units or Special Voting Units, as the case may be, and holders of REIT Units or Special Voting Units, as the case may be, for Non-Resident Beneficiaries chosen in inverse order to the order of acquisition or registration or in such

other manner as the Trustees may consider equitable and practicable, requiring them to sell or redeem their REIT Units or Special Voting Units, as the case may be or a portion thereof within a specified period of not more than 60 days (unless the Canada Revenue Agency has confirmed in writing that a longer period is acceptable). If the Unitholders receiving such notice have not sold or redeemed the specified number of REIT Units or Special Voting Units, as the case may be, or provided the Trustees with satisfactory evidence that they are not non-residents for the purpose of the Tax Act and do not hold their REIT Units or Special Voting Units for the benefit of Non-Resident Beneficiaries within such period, the Trustees may sell or redeem such REIT Units or Special Voting Units, as the case may be, on behalf of such Unitholders (and the Trustees shall have the power of attorney of such Unitholders to do so) and, in the interim, the voting and distribution rights, if any, attached to such REIT Units or Special Voting Units, as the case may be, shall be suspended. Upon such sale the affected holders shall cease to be holders of REIT Units or Special Voting Units, as the case may be, and their rights shall be limited to receiving the net proceeds of sale upon surrender of such REIT Units or Special Voting Units, as the case may be. In any situation where it is unclear whether REIT Units or Special Voting Units are held for the benefit of Non-Resident Beneficiaries, the Trustees may exercise their discretion in determining whether such REIT Units or Special Voting Units, as the case may be, are or are not so held, and any such exercise by them of their discretion shall be binding for the purposes of the Declaration of Trust.

### ***Distribution Policy***

The Declaration of Trust provides that Skyline Apartment REIT may distribute to Unitholders on or about each Distribution Date such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of Skyline Apartment REIT, net realized capital gains of Skyline Apartment REIT, the net recapture income of Skyline Apartment REIT, the capital of Skyline Apartment REIT or otherwise, in any year, in such amount or amounts, and on such dates on or before December 31 of that year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Unitholders.

Distributions may be adjusted for amounts paid in prior periods if the actual Distributable Income for the prior periods is greater than or less than the Trustees' estimates for the prior periods. Distributions shall be made in cash or may be invested in similar REIT Units pursuant to any distribution reinvestment plan or unit purchase plan adopted by the Trustees.

Where the Trustees determine that Skyline Apartment REIT does not have available cash in an amount sufficient to make payment of the full amount of any distribution which has been declared to be payable on the due date for such payment, the payment may, at the option of the Trustees, include the issuance of additional REIT Units or fractions of such REIT Units, as the case may be, if necessary, having a fair market value as determined by the Trustees equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution in the case of REIT Units.

Notwithstanding anything to the contrary, for greater certainty, no amounts will be distributed to holders of Special Voting Units.

The Trustees may, in their discretion, allocate distributions among the classes of REIT Units to adjust for Class Specific Expenses relating to each Class of REIT Unit.

### ***Distribution Reinvestment Plan***

Skyline Apartment REIT has implemented a Class A DRIP and a Class F DRIP pursuant to which Unitholders may elect to convert cash distributions payable on Class A REIT Units and Class F REIT Units owned by the Unitholders into additional Class A REIT or Class F REIT Units, as applicable, in accordance

with the Class A DRIP and Class F DRIP. On each Distribution Date, Unitholders who so elect to participate will receive that number of additional Class A REIT Units or Class F REIT Units which is equal to the amount of the cash distribution to be reinvested divided by an amount equal to the Market Value of a REIT Unit on that date. No interest will be paid to plan participants on any funds held under the Class A DRIP and Class F DRIP. There are no commissions, service charges or brokerage fees payable by a Unitholder in connection with the issuance of REIT Units under the DRIP and all administrative costs will be borne by Skyline Apartment REIT. However, plan participants who enroll in the DRIP through a registered dealer or trust company may nevertheless be subject to the fees imposed under the terms governing their relationship with that dealer or trust company, as the case may be. Unitholders resident outside of Canada are not entitled to participate in the Class A DRIP. Upon ceasing to be a resident of Canada, a Unitholder must terminate the Unitholder's participation in the Class A DRIP.

## 5.2 Subscription Procedure

In order to subscribe for REIT Units, Subscribers must complete, execute and deliver the following to the Exempt Market Dealer at 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8:

1. one fully completed and signed copy of the Subscription Agreement, including the schedules and all other documentation contemplated by the Subscription Agreement; and
2. a cheque, bank draft or evidence of completed wire transfer in an amount equal to the aggregate subscription price payable for the REIT Units subscribed for by the Subscriber (as set forth in the Subscription Agreement).

Skyline Apartment REIT has the right to accept or reject the Subscriber's subscription in whole or in part. If the subscription is rejected in whole or in part, all or a portion of the purchase price, as the case may be, will be promptly delivered to the Subscriber, without interest.

The subscription funds will be held in trust, at minimum, until midnight of the second Business Day subsequent to the date that each Subscription Agreement is signed by a Subscriber.

### *Representations of Subscribers*

Each Subscriber of this Offering will be required to represent to Skyline Apartment REIT, the Exempt Market Dealer and any dealer who sells the REIT Units to such Subscriber that: (a) the offer and sale of REIT Units was made exclusively through the Offering Memorandum; (b) such Subscriber has reviewed and acknowledges the terms referred to below under the section entitled Item 10 – Resale Restrictions; and (c) such Subscriber is entitled under applicable Canadian securities laws to purchase such REIT Units without the benefit of a prospectus, because such Subscriber is an “accredited investor” as defined in NI 45-106 or the *Securities Act* (Ontario) or is purchasing the REIT Units in reliance on another exemption from the prospectus requirement in NI 45-106.

In addition, each Subscriber of this Offering will be required to represent to Skyline Apartment REIT, the Exempt Market Dealer and each dealer from whom a purchase confirmation was received, that such Subscriber: (a) has been notified by Skyline Apartment REIT (i) that Skyline Apartment REIT is required to provide certain personal information (“**personal information**”) pertaining to the Subscriber to the securities regulatory authority or regulator in each Canadian jurisdiction in which investors reside, or in circumstances where a subscription for securities is otherwise subject to such a reporting requirement under applicable securities law (including the name, residential address and telephone number of the Subscriber, the number and value of any REIT Units purchased and the prospectus exemption relied upon); (ii) that such personal information is collected by the securities regulatory authority or regulator under the authority granted to it under, and for the purposes of the administration and enforcement of, the securities legislation of the local jurisdiction; and (iii) of the title, business address and business telephone number of the public official in each jurisdiction of Canada who can answer questions about the securities regulatory authority or regulator's indirect collection of such information; and (b) by purchasing REIT Units, such



Subscriber has authorized the indirect collection of the personal information by securities regulatory authority or regulator. Each Subscriber will also acknowledge that while the information in the report described above is currently not expected to be placed on the public file of any Canadian securities regulatory authority or regulator, freedom of information legislation may require the securities regulatory authority or regulator to make this information available, if requested.

### *Proceeds of Crime (Money Laundering) Legislation*

In order to comply with Canadian legislation aimed at the prevention of money laundering and terrorism, the Exempt Market Dealer may require additional information concerning Canadian investors and by signing the Subscription Agreement, the Subscriber agrees to provide such information.

If, as a result of any information or other matter which comes to the attention of the Exempt Market Dealer, any director, officer or employee of the Exempt Market Dealer, or its professional advisers, such person knows or suspects that a Canadian investor is engaged in money laundering or terrorism, such person is required to report such information or other matter to applicable law enforcement and securities regulatory authorities, including the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by Canadian law or otherwise.

## **ITEM 6 REPURCHASE REQUESTS**

The following tables set forth information concerning redemption/repurchase requests received and REIT Units redeemed by Skyline Apartment REIT during the periods indicated:

Period	Opening Balance of Outstanding Redemption Requests		Redemption Requests Received During Period		Redemption Requests Fulfilled During Period		Closing Balance of Outstanding Redemption Requests	
	Number of Units	Value <sup>(1)</sup> (\$)	Number of Units	Value <sup>(1)</sup> (\$)	Number of Units	Value <sup>(1)</sup> (\$)	Number of Units	Value <sup>(1)</sup> (\$)
January 1, 2021 to December 31, 2021	Nil	Nil	1,808,307	\$ 43,558,448	1,808,307	\$ 43,558,448	Nil	Nil
January 1, 2022 to December 31, 2022	Nil	Nil	4,482,190	\$ 117,597,813	4,482,190	\$ 117,597,813	Nil	Nil
January 1, 2023 to February 28, 2023	Nil	Nil	655,234	\$ 17,363,691	655,234	\$ 17,363,691	Nil	Nil

(1) Represents the aggregate Redemption Price of the REIT Units tendered for redemption. See Item 5.1 – Terms of Securities – Redemption of REIT Units.

## **ITEM 7 CERTAIN DIVIDENDS OR DISTRIBUTIONS**

In the two most recently completed financial years and any subsequent interim period, Skyline Apartment REIT did not pay dividends or distributions that exceeded cash flow from operations.

## **ITEM 8 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

### **8.1 Responsibility to Consult Professional Advisers**

**You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.**

## 8.2 Income Tax Considerations

Miller Thomson LLP, counsel to Skyline Apartment REIT, is of the view that the following summary fairly presents the principal Canadian federal income tax considerations generally applicable as of the date hereof to prospective subscribers who acquire, as beneficial owners, REIT Units pursuant to this Offering Memorandum who, for the purposes of the Tax Act, are or are deemed to be resident in Canada, deal at arm's length with, and are not affiliated with, Skyline Apartment REIT and will hold their REIT Units as capital property. Generally, the REIT Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the REIT Units in the course of carrying on a business and has not acquired them in a transaction considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their REIT Units as capital property may, in certain circumstances, be entitled to have them and all other "Canadian securities" (as defined in the Tax Act) owned by them treated as capital property by making the irrevocable election under subsection 39(4) of the Tax Act. Such Unitholders should consult their own tax advisors regarding whether such election is desirable and available in their particular circumstances.

This summary is not applicable to a Unitholder: (i) that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules; (ii) that is a "specified financial institution" as defined in the Tax Act; (iii) where an interest in such Unitholder would be a "tax shelter" or a "tax shelter investment" as defined in the Tax Act; (iv) that is exempt from tax under Part I of the Tax Act; (v) who has elected to report its Canadian tax results in a currency other than the Canadian currency in accordance with the rules in the Tax Act; or (vi) who enters into, or has entered into, a "derivative forward agreement" or a "synthetic disposition arrangement" with respect to the REIT Units, as that term is defined in the Tax Act; or (vii) that is a partnership, nor does this summary address the tax consequences to (viii) a Unitholder who has borrowed funds in connection with the acquisition of REIT Units. Such Unitholders should consult their own tax advisor with respect to an investment in the REIT Units.

This summary is based upon the facts set out in this Offering Memorandum and a certificate of an officer of Skyline Apartment REIT provided to Miller Thomson LLP by Skyline Apartment REIT with respect to certain factual matters (the "Officer's Certificate"). This summary assumes that the representations in the Officer's Certificate are true and correct. This summary is based upon the current provisions of the Tax Act and the regulations thereunder, the specific proposals to amend the Tax Act and regulations thereunder, publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and counsel's understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency.

This summary assumes that Skyline Apartment REIT will at all times comply with the provisions of the Declaration of Trust, and that Skyline Apartment REIT currently qualifies as, and will at all times continue to qualify as, a mutual fund trust under the provisions of the Tax Act and will not be a SIFT trust (as defined below) for purposes of the Tax Act. This assumption is based on upon the Officer's Certificate. If Skyline Apartment REIT does not qualify as a mutual fund trust, the income tax considerations described below would in some respects be materially different.

**This summary is not exhaustive of all possible Canadian federal income tax consequences applicable to acquiring, holding or disposing of REIT Units pursuant to this Offering Memorandum and, except for the Tax Proposals, does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial, territorial or foreign tax considerations. Moreover, the income and other tax consequences of acquiring, holding or disposing of REIT Units pursuant to this Offering Memorandum will vary depending on the Unitholder's particular circumstances. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective Unitholder. Accordingly, prospective Unitholders should consult with their tax advisors for advice with respect to the tax consequences to them having regard to their own particular circumstances.**

**This summary does not address any Canadian federal income tax considerations applicable to non-residents and non-residents should consult their own tax advisors regarding the tax consequences of acquiring, holding, and disposing of REIT Units. All payments to non-residents of distributions on the REIT Units will be net of any applicable withholding taxes.**

### *SIFT Rules*

The Tax Act contains legislation relating to the federal income taxation of publicly listed or traded trusts (such as income trusts) and partnerships (the “**SIFT Rules**”).

The SIFT Rules apply to a publicly listed or traded trust that is a specified investment flow-through trust (a “**SIFT trust**”) and to its investors. Certain distributions attributable to a SIFT trust’s “non-portfolio earnings” are not deductible in computing the SIFT trust’s income and the SIFT trust is subject to tax on such distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to Canadian corporations. Provided that investments in Skyline Apartment REIT are not listed or traded on a stock exchange or other public market, Skyline Apartment REIT should not be subject to the SIFT Rules. If investments in Skyline Apartment REIT become publicly listed or traded, there can be no assurance that Skyline Apartment REIT will not be subject to the SIFT Rules at that time.

### *Taxation of Skyline Apartment REIT*

The taxation year of Skyline Apartment REIT is the calendar year. In each taxation year Skyline Apartment REIT will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains and its allocated share of income made by the Operating Trust for its fiscal period ending on or before the taxation year-end of Skyline Apartment REIT, less the portion thereof that it deducts in respect of amounts paid or payable or deemed to be paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by Skyline Apartment REIT or if the Unitholder is entitled in that year to enforce payment of the amount. Losses incurred by Skyline Apartment REIT cannot be allocated to Unitholders but may generally be carried forward and deducted by Skyline Apartment REIT in computing its taxable income in future years in accordance with the detailed rules in the Tax Act.

In computing its income for purposes of the Tax Act, Skyline Apartment REIT may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income, generally including a reasonable amount of interest on borrowed funds. Skyline Apartment REIT generally may also deduct in computing its income for the year, a portion of the reasonable expenses incurred by Skyline Apartment REIT to issue Units. The portion of the issue expenses deductible by Skyline Apartment REIT in a taxation year is 20% of the total issue expenses, pro-rated where Skyline Apartment REIT’s taxation year is less than 365 days.

Generally, Tax Proposals released on February 4, 2022 and revised on November 3, 2022 (the “**EIFEL Rules**”) may have the effect of limiting the deductibility of interest and other financing expenses in certain circumstances, including the computation of income or loss of a trust for purposes of the Tax Act. If EIFEL Rules are enacted as proposed, for taxation years beginning on or after October 1, 2023 the amount of interest and other financing expenses deductible by Skyline Apartment REIT may be reduced and the amount of taxable income allocated by Skyline Apartment REIT to Unitholders may increase.

The Declaration of Trust generally requires Skyline Apartment REIT to claim the maximum amount of deductions available to it as deductions under the relevant law in reporting its income for income tax purposes unless the Trustees determine otherwise. In addition, the Declaration of Trust generally requires Skyline Apartment REIT to deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to the Unitholders for the year as is necessary to ensure that the Trust is not liable for income tax under Part I of the Tax Act for that taxation year. Miller Thomson LLP has been advised that Skyline Apartment REIT intends to make distributions in each year to Unitholders in an amount sufficient to ensure that Skyline Apartment REIT will generally not be liable for tax under Part I of the Tax

Act in any year (after taking into account any applicable losses of Skyline Apartment REIT and any tax refunds to which Skyline Apartment REIT is entitled).

The Trustees intend to allocate and distribute or make payable to Unitholders of Skyline Apartment REIT all taxable income, including taxable capital gains and the net recapture income, of Skyline Apartment REIT for purposes of the Tax Act for each taxation year so that Skyline Apartment REIT will not have any liability for tax under Part I of the Tax Act in any taxation year.

The Declaration of Trust provides that some or all of the income of Skyline Apartment REIT, the net realized capital gains of Skyline Apartment REIT and the net recapture income of Skyline Apartment REIT for a year may, for purposes of computing the net income of Skyline Apartment REIT and the net realized capital gains of Skyline Apartment REIT under the Tax Act or other tax legislation, be treated as having been paid in the year by Skyline Apartment REIT to the Unitholders redeeming REIT Units in such year and, to the extent the amount thereof so treated has been designated as taxable capital gains or income to such Unitholders, the holder's redemption proceeds shall be reduced accordingly. Any amount of income (including a taxable capital gain so designated) paid or payable must be included in the income of the redeeming Unitholder and may be deductible by Skyline Apartment REIT. However, pursuant to recent amendments to the Tax Act, Skyline Apartment REIT will generally not be entitled to a deduction in computing its income in respect of amounts allocated to redeeming Unitholders to the extent of: (i) the portion of any such amount that would be paid out of the income (other than taxable capital gains) of Skyline Apartment REIT; and (ii) the portion of any such amount in respect of a taxable capital gain allocated to a redeeming Unitholder to the extent that the amount so allocated is greater than the taxable capital gain that would otherwise have been realized by the redeeming Unitholder from the redemption of the REIT Units. As a result, the taxable component of distributions by Skyline Apartment REIT to non-redeeming Unitholders may be adversely affected.

The Tax Act includes "loss restriction event" ("LRE") rules that could potentially apply to Skyline Apartment REIT. In general, a trust is subject to an LRE if a person (or group of persons) acquires more than 50% of the fair market value of the units of the trust. If an LRE occurs: (i) a trust will be deemed to have a year-end for tax purposes immediately before the LRE occurs; (ii) unless any net income and net realized capital gains of the trust at such year-end is distributed or otherwise made payable to unitholders of the trust to the extent required for the trust not to be liable for income taxes, the trust would be subject to tax under Part I of the Tax Act; and (iii) the trust will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE.

Part XII.2 of the Tax Act imposes a special 40% tax on the designated income (which includes income from real property in Canada) of certain trusts with respect to distributions to designated beneficiaries (which include non-resident persons and certain tax-exempt persons). Part XII.2 will not apply to Skyline Apartment REIT in a taxation year provided that Skyline Apartment REIT qualifies as a mutual fund trust throughout the taxation year.

#### *Taxation of Operating Trust*

The taxation year of the Operating Trust is the calendar year. In each taxation year the Operating Trust will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains and its allocated share of the income from Skyline LP for the fiscal period of Skyline LP ending in, or coinciding with the year-end of the Operating Trust, less the portion thereof that it deducts in respect of amounts paid or payable in the year to Skyline Apartment REIT. An amount will be considered payable to Skyline Apartment REIT in a taxation year if it is paid to Skyline Apartment REIT in the year by the Operating Trust or if Skyline Apartment REIT is entitled in that year to enforce payment of the amount.

The Declaration of Trust generally requires the Operating Trust to deduct in computing its income for purposes of the Tax Act such portion of the amounts paid or payable to Skyline Apartment REIT for the

year as is necessary to ensure that the Operating Trust is not liable for income tax under Part I of the Tax Act for that taxation year.

#### *Taxation of Skyline LP*

Skyline LP is not subject to tax under the Tax Act. Each partner of Skyline LP is required to include in computing the partner's income for a particular taxation year the partner's share of the income or, subject to the potential application of the "at-risk" rules (as discussed below), loss of Skyline LP for its year ending in, or coinciding with, the partner's taxation year, whether or not any of that income is distributed to the partner in the taxation year. For this purpose, the income or loss of Skyline LP will be computed for each year as if Skyline LP were a separate person resident in Canada. In computing the income or loss of Skyline LP, deductions may be claimed in respect of available capital cost allowances, reasonable administrative costs, interest and other expenses incurred by Skyline LP for the purpose of earning income, subject to the relevant provisions of the Tax Act.

EIFEL Rules may have the effect of limiting the deductibility of interest and other financing expenses expense in certain circumstances, including with respect to such expenses of a partnership that are allocated to a partner that is a corporation or a trust. If the EIFEL Rules are enacted as proposed, for taxation years beginning on or after October 1, 2023, the amount of interest or other financing expenses deductible by such partners of Skyline LP, including the Operating Trust, effectively may be reduced.

Certain properties have been acquired by Skyline LP on a tax deferred basis, whereby the tax cost of these properties is less than their fair market value. For the purposes of claiming capital cost allowances, the undepreciated capital cost ("UCC") of such property acquired by Skyline LP, will be equal to the UCC of the property to the transferors of Skyline LP immediately before the acquisition and not the fair market value of the property. In addition, if one or more of such properties are disposed of, the gain recognized by Skyline LP for tax purposes will be in excess of that which it would have realized if it had acquired the properties at a tax cost equal to their fair market values.

In computing its income for the purposes of the Tax Act for a particular taxation year, Skyline LP must include rents in respect of Skyline Apartment REIT's portfolio of properties, any taxable capital gains and any recapture of capital cost allowance arising on the disposition of properties owned by Skyline LP and any other income earned by Skyline LP in such taxation year.

The income or loss of Skyline LP for a year will be allocated to the partners of Skyline LP, including the Operating Trust, on the basis of their respective share of that income or loss as provided in Skyline Limited Partnership Agreement, subject to the detailed rules in the Tax Act in that regard. Generally, distributions to partners in excess of the income of Skyline LP for a year will result in a reduction of the adjusted cost base of the partner's units of Skyline LP by the amount of such excess. If, as a result, the adjusted cost base to the Operating Trust of its units of Skyline LP would otherwise be a negative amount, the Operating Trust will be deemed to realize a capital gain equal to such negative amount, and the Operating Trust's adjusted cost base of its units of Skyline LP will then be reset to zero.

#### *At-Risk Rules*

The Tax Act contains rules (the "at-risk rules") which, in general, limit the amount of the losses (other than capital losses) of a limited partnership (such as Skyline LP) for a fiscal period that a limited partner of the partnership may deduct to an amount not greater than the partner's "at-risk amount" in respect of the partnership at the end of the fiscal period. A limited partner's at-risk amount in respect of a limited partnership will generally be equal to the adjusted cost base to the partner of its interest in the partnership at the end of the partnership's fiscal period plus the partner's share of any income of the partnership for the fiscal period (including, for this purpose, the whole amount of any net capital gains), less any amount owing by the partner (or by a person or partnership that does not deal at arm's length with the partner for purposes of the Tax Act) to the partnership (or to a person or partnership not dealing at arm's length with the partnership for purposes of the Tax Act), and less the amount of the partner's investment in the

partnership that may reasonably be regarded as protected against loss. The share of any loss of the partnership that is not deductible by a partner (other than a partner that is itself a partnership) as a result of the application of the “at-risk” rules is considered to be a “limited partnership loss” in respect of the partnership for that year.

A limited partnership loss of the Operating Trust in respect of Skyline LP may generally be carried forward and deducted by the Operating Trust in a subsequent taxation year against income for that year to the extent that the Operating Trust’s at-risk amount at the end of Skyline LP’s last fiscal period ending in that year exceeds the Operating Trust’s share of any loss of Skyline LP for that fiscal period, subject to and in accordance with, the provisions of the Tax Act.

### *Taxation of Unitholders*

A Unitholder is required to include in computing income for tax purposes in each year the portion of the amount of net income and net taxable capital gains of Skyline Apartment REIT, determined for the purposes of the Tax Act, paid or payable or deemed to be paid or payable to such Unitholder in the year that Skyline Apartment REIT deducts in computing its income for tax purposes, whether such portion is received in cash, additional REIT Units or otherwise. Distributions which are made through the issuance of additional REIT Units may give rise to a taxable income inclusion for the Unitholders even though no cash has been distributed to Unitholders.

The Declaration of Trust provides that distributions payable to Unitholders shall be deemed to be distributions of income of Skyline Apartment REIT (including dividends), net realized taxable capital gains of Skyline Apartment REIT, capital or other items in such amounts as the Trustees in their absolute discretion determine, and shall be allocated to Unitholders in the same proportions as distributions received by Unitholders, subject to the discretion of the Trustees to adopt an allocation method which the Trustees consider to be more reasonable in the circumstances.

The amount distributed to Unitholders in a year may exceed the income of Skyline Apartment REIT for tax purposes for that year. Distributions in excess of Skyline Apartment REIT’s taxable income in a year will not be included in computing the income of the Unitholders from Skyline Apartment REIT for tax purposes. However, a Unitholder is required to reduce the adjusted cost base of such holder’s REIT Units by the portion of any amount paid or payable to such holder by Skyline Apartment REIT (other than the non-taxable portion of certain capital gains), including cash distributions reinvested in REIT Units under the DRIP, that was not included in computing such holder’s income. A Unitholder will realize a capital gain in the year to the extent the adjusted cost base of the holder’s REIT Units would otherwise be a negative amount. Skyline Apartment REIT will designate, to the extent permitted by the Tax Act, the portion of the taxable income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains of Skyline Apartment REIT. Any such designated amount will be deemed for tax purposes to be received by Unitholders in the year as a taxable capital gain.

To the extent that amounts are designated as having been paid to Unitholders out of taxable dividends received or deemed to have been received by Skyline Apartment REIT on shares of taxable Canadian corporations, the normal gross-up and dividend tax credit rules, including the enhanced gross-up and dividend tax credit rules in respect of dividends designated by the corporation as “eligible dividends” will apply to Unitholders who are individuals (other than certain trusts). A Unitholder that is a corporation is required to include amounts designated as taxable dividends in computing its income for tax purposes and will generally be entitled to deduct the amount of such dividends in computing its taxable income.

A Unitholder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) or a “substantive CCPC” (as contained in the Tax Proposals contained in the 2022 Canadian Federal Budget and as supplemented by Tax Proposals released on August 9, 2022) may be liable to pay an additional refundable tax on its aggregate investment income (as defined in the Tax Act) for the year, including taxable

capital gains. A REIT Unitholder that is a “Canadian-controlled private corporation” or a “substantive CCPC” should consult its own tax advisors regarding its particular circumstances.

#### *Disposition of REIT Units*

Upon the disposition or deemed disposition by a Unitholder of a REIT Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the REIT Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the Unitholder of the REIT Unit immediately before the disposition and any reasonable costs of the disposition. Generally, one-half of any capital gain (a “**taxable capital gain**”) realized by a Unitholder will be included in the Unitholder's income for the year of disposition. One-half of any capital loss so realized (an “**allowable capital loss**”) may generally be deducted against taxable capital gains of the Unitholder for the year of disposition. Any excess of allowable capital losses over taxable capital gains of the Unitholder for the year of disposition may be carried back up to 3 taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances prescribed in the Tax Act.

The adjusted cost base of a REIT Unit to a Unitholder generally will include all amounts paid by the Unitholder for the REIT Unit, with certain adjustments provided for under the Tax Act. The cost of REIT Units acquired on the reinvestment of cash distributions under the DRIP will be the amount of such reinvestment. There will generally be no net increase or decrease in the aggregate adjusted cost base of all of a Unitholder's REIT Units as a result of the receipt of the further cash distribution reinvested in REIT Units under the DRIP (except to the extent that such bonus distribution results in a deemed capital gain as described above); however, the adjusted cost base per REIT Unit will be reduced. REIT Units issued to a Unitholder as a non-cash distribution of income (including net capital gains) will have a cost amount equal to the amount of such income (including the applicable non-taxable portion of net capital gains). The adjusted cost base to a Unitholder of a REIT Unit will be determined by averaging the cost base of all REIT Units owned by a Unitholder as capital property at a particular time.

A redemption of REIT Units in consideration for cash or Trust Notes, as the case may be, will be a disposition of such REIT Units for proceeds of disposition equal to such cash or the fair market value of the Trust Notes so distributed, as the case may be, less any income or capital gain realized by Skyline Apartment REIT in connection with such redemption to the extent Skyline Apartment REIT designates such income or capital gain to the redeeming Unitholder. Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, to the extent that such proceeds of disposition exceed, or are exceeded by, the adjusted cost base (net of any reasonable costs of disposition) of the REIT Units redeemed. The cost of any Trust Notes distributed by Skyline Apartment REIT to a Unitholder upon the redemption of REIT Units will be equal to the fair market value of that property at the time of distribution. The Unitholder will thereafter be required to include in income interest or other income derived from the Trust Notes or other property in accordance with the provisions of the Tax Act.

Where a Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a REIT Unit, the Unitholder's capital loss from the disposition generally will be reduced by the amount of any dividends previously designated by Skyline Apartment REIT to the Unitholder, to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of REIT Units.

Capital gains realized by an individual or trust, (other than certain specified trusts), may give rise to alternative minimum tax under the Tax Act. A Unitholder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) or a “substantive CCPC” (as contained in the Tax Proposals contained in the 2022 Canadian Federal Budget) may be liable to pay an additional refundable tax on taxable capital gains. A REIT Unitholder that is a “Canadian-controlled private corporation” or a “substantive CCPC” should consult its own tax advisors regarding its particular circumstances.

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

### *Eligibility for Investment*

Miller Thomson LLP, counsel to Skyline Apartment REIT, is of the view that provided that Skyline Apartment REIT qualifies as a “mutual fund trust” for purposes of the Tax Act at a particular time, the REIT Units will be qualified investments for a trust governed by a RRSP, RRIF, RDSP, RESP, DPSP, TFSA or a first home savings account (“**FHSA**”) at such time.

Notwithstanding the foregoing, if the REIT Units are “prohibited investments” for a trust governed by an RRSP, RRIF, RDSP, RESP, TFSA, or FHSA that acquired REIT Units pursuant to this Offering Memorandum, the annuitant, holder or subscriber will be subject to a penalty tax in respect of such REIT Units. A REIT Unit will generally be a “prohibited investment” if the annuitant, holder or subscriber does not deal at arm's length with Skyline Apartment REIT for purposes of the Tax Act or has a significant interest (within the meaning of the Tax Act) in Skyline Apartment REIT. For these purposes, an annuitant, holder or subscriber will have a significant interest in Skyline Apartment REIT at a particular time if the annuitant, holder or subscriber, or the annuitant, holder or subscriber together with persons or partnerships with which the annuitant, holder or subscriber does not deal at arm's length, holds at the time interests as a beneficiary under Skyline Apartment REIT that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under Skyline Apartment REIT. The REIT Units will generally not be a “prohibited investment” if the REIT Units are “excluded property” (as defined in the Tax Act) for trusts governed by an RRSP, RRIF, RDSP, RESP, TFSA, or FHSA.

Holders, annuitants or subscribers should consult their own tax advisors with respect to whether REIT Units would be prohibited investments in their particular circumstances, including with respect to whether the REIT Units would be “excluded property”.

Trust Notes issued by Skyline Apartment REIT on a redemption of REIT Units may not be “qualified investments” for trusts governed by RRSP, RRIF, RDSP, RESP, a DPSP, TFSA, or FHSA Plans and such holder, annuitant or subscriber, as the case may be, should contact their own tax advisors with regard to their own particular circumstances prior to exercising any redemption rights with respect to the REIT Units.

## **ITEM 9 COMPENSATION PAID TO SELLERS AND FINDERS**

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and Skyline Apartment REIT on November 26, 2018 and amended and restated as December 12, 2022. Pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Class A REIT Units and providing other services to Skyline Apartment REIT in respect of Class A REIT Units. See Item 2.2 – Our Business – Management of Skyline Apartment REIT – The Exempt Market Dealer.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Apartment REIT pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer will be entitled to a trailer fee, payable monthly, equal to 1/12 of 0.3% of Skyline Apartment REIT's Class A Equity Under Management (calculated as the product of the outstanding REIT Units multiplied by the then market value of one REIT Unit).



The Exempt Market Dealer will also be entitled to an equity raise fee equal to a maximum of 1.0% on the capital raised in offerings of Class A REIT Units. The Exempt Market Dealer may be required to repay all or a portion of the equity raise fee paid by Skyline Apartment REIT in respect of REIT Units tendered for redemption within two (2) years of the date of issuance.

Under the Exempt Market Dealer Agreement, the Exempt Market Dealer is responsible for employment expenses of its personnel, rent and other office expenses of the Exempt Market Dealer in connection with providing services to Skyline Apartment REIT under the Exempt Market Dealer Agreement.

The Fund Administration Services Agreement was entered into between the Exempt Market Dealer and Skyline Apartment REIT on December 12, 2022. Pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer is responsible for acting as administrator on all offerings of Class F REIT Units and providing other services to Skyline Apartment REIT. See Item 2.2 – Our Business – Management of Skyline Apartment REIT – The Exempt Market Dealer.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Apartment REIT, pursuant to the Fund Administration Services Agreement, the Exempt Market Dealer will be entitled to a trailer fee, payable monthly, equal to 1/12 of 0.2% of Skyline Apartment REIT's Class F Equity Under Management calculated as the product of the outstanding Class F REIT Units multiplied by the then market value of one REIT Unit). The Exempt Market Dealer will also be entitled to an administration fee of 1.0% on the capital raised through the sale of Class F REIT Units.

Under the Fund Administration Services Agreement, the Exempt Market Dealer is responsible for employment expenses of its personnel, rent and other office expenses of the Exempt Market Dealer in connection with providing services to Skyline Apartment REIT under the Fund Administration Services Agreement.

## **ITEM 10 RISK FACTORS**

There are certain risk factors inherent in an investment in the REIT Units and in the activities of Skyline Apartment REIT, including without limitation the following.

Investors should carefully consider the risks described below and elsewhere in this Offering Memorandum before making an investment decision. The risks described below are not the only ones facing Skyline Apartment REIT and holders of REIT Units. Additional risks not currently known to Skyline Apartment REIT or that Skyline Apartment REIT currently deems immaterial may also impair Skyline Apartment REIT's business and operations. If any such risks actually occur, the financial condition and results of operations of Skyline Apartment REIT could be materially adversely affected and the financial performance of Skyline Apartment REIT and the ability of Skyline Apartment REIT to make cash distributions or satisfy requests for redemptions of Units could be materially adversely affected.

An investor should reach a decision to invest in Skyline Apartment REIT after careful consideration with his or her advisors as to the suitability of an investment in Skyline Apartment REIT in light of the information set out in this Offering Memorandum. All prospective Unitholders should consider an investment in Skyline Apartment REIT within the overall context of their investment objectives. Investment considerations include, but are not limited to setting objectives, defining risk/return constraints and considering time horizons.

This Offering Memorandum contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by Skyline Apartment REIT described below and elsewhere in this Offering Memorandum. See "Forward-Looking Statements" in this Offering Memorandum.

### ***COVID-19 Coronavirus Pandemic***

The ongoing effects of the COVID-19 coronavirus pandemic may adversely affect trade and local, national or global economies, and could result in a general or acute decline in economic activity in the markets in which Skyline Apartment REIT operates. In weak economic environments, Skyline Apartment REIT's tenants may be unable to meet their rental payments, which could have a material and adverse effect on Skyline Apartment REIT. An outbreak in one of Skyline Apartment REIT's properties, or a market in which it operates, could negatively impact Skyline Apartment REIT's business and results of operations. In addition, long term fluctuation in interest rates or other financial market volatility may adversely affect Skyline Apartment REIT's ability to refinance existing debt on its maturity or on terms that are as favourable as the terms of existing indebtedness, which may impact negatively on Skyline Apartment REIT's performance, or may adversely affect the ability of Skyline Apartment REIT to complete acquisitions on financially desirable terms. The extent to which COVID-19 impacts Skyline Apartment REIT will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 or its variants, any ongoing actions taken to contain COVID-19 and its variants or its impact, among others. If the outbreak of COVID-19 or a variant and related developments lead to a further prolonged or significant impact on global, national or local markets or economic growth, Skyline Apartment REIT's cash flows, financial condition or results of operations, its ability to raise additional financing and its ability to make cash distributions to Unitholders may be materially and adversely affected. Further, the COVID-19 coronavirus or an identified variant of same could cause disruptions to Skyline Apartment REIT's business and operational plans. These disruptions may severely impact Skyline Apartment REIT's ability to carry out its business plans for the remainder of 2023 and beyond, in accordance with Use of Available Funds and as may be stated elsewhere in this Offering Memorandum.

### ***Real Property Ownership***

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

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

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

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

### ***Tenant Terminations and Financial Stability***

Skyline Apartment REIT's Distributable Income could be adversely affected if a significant number of tenants become unable to meet their obligations under their leases or if a significant amount of available space in the Existing Properties and any additional properties in which Skyline Apartment REIT acquires an interest are 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 Apartment REIT than the existing lease. In the event

of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting Skyline Apartment REIT's investment may be incurred. Furthermore, at any time, a tenant of any of Skyline Apartment REIT's properties may seek the protection of bankruptcy, insolvency or similar laws that could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cash flow available to Skyline Apartment REIT. The ability to rent unleased space in the properties in which Skyline Apartment REIT will have an interest will be affected by many factors. Costs may be incurred in making improvements or repairs to property required by a new tenant. The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on Skyline Apartment REIT's financial condition.

### ***Future Property Acquisitions***

The acquisition by Skyline Apartment REIT of any Properties Under Due Diligence is not conditional upon completion of this Offering. There can be no assurance that Skyline Apartment REIT will acquire the Properties Under Due Diligence or Land Under Due Diligence, or be able to acquire other properties with the net proceeds to Skyline Apartment REIT of this Offering allocated for such purpose.

### ***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 Apartment REIT than an existing lease.

### ***Competition for Real Property Investments***

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

### ***Competition for Tenants***

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

### ***Rental Income Risks***

The short-term nature of residential tenant leases exposes Skyline Apartment REIT to the effects of a declining market rent, which could materially adversely affect Skyline Apartment REIT's results from operations and ability to make distributions to Unitholders. Most of Skyline Apartment REIT's residential tenant leases will be for a term of one year or less. Because Skyline Apartment REIT's residential tenant leases generally permit residents to leave at the end of their lease term without any penalty, Skyline Apartment REIT's rental revenue may be materially adversely affected by declines in market rents more quickly than if such leases were for longer terms. Further, the operating costs of a suite or property may increase at a faster rate than the rental rate for such suite, which could negatively impact the financial condition of Skyline Apartment REIT.

### ***Construction Costs***

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

### ***Regulatory Approvals***

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

### ***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. The continued or additional rise in interest rates may have a negative effect on the market price of the REIT Units. Changes in interest rates may also have effects on vacancy rates, rent levels, refurbishing costs and other factors affecting Skyline Apartment REIT's business and profitability.

### ***General Economic Conditions***

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

### ***General Uninsured Losses***

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

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

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for terrorism. Skyline Apartment REIT's current insurance policies expire annually and Skyline Apartment REIT may encounter difficulty in obtaining or renewing property or casualty insurance on its Properties at the same levels of coverage and under similar terms. Such insurance may be more

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

### *Availability of Cash Flow*

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

### *Access to Capital*

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

### *Environmental and Climate Change Risk*

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive, in recent years. Under various laws, Skyline Apartment REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Environmental laws and regulations may change and Skyline Apartment REIT may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have an adverse effect on Skyline Apartment REIT's business, financial condition or results of operation. It is the Asset Manager's policy that 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. Skyline Apartment REIT is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Properties or any pending or threatened claims relating to environmental conditions at the Properties.

Natural disasters and severe weather such as floods, blizzards and rising temperatures may result in damage to the Properties. The extent of Skyline Apartment REIT's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. Skyline Apartment REIT is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of Skyline Apartment REIT's buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on Skyline Apartment REIT's business by increasing the cost of property insurance, and/or energy at the Properties. As a result, the consequences of natural disasters, severe weather and climate change could increase Skyline Apartment REIT's costs and reduce Skyline Apartment REIT's cash flow.

### ***Unitholder Liability***

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

### ***Dependence on Key Personnel***

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

### ***Potential Conflicts of Interest***

Skyline Apartment REIT may be subject to various conflicts of interest because of the fact that the Trustees and senior officers of Skyline Apartment REIT and the senior officers of the Asset Manager and the Exempt Market Dealer are engaged in a wide range of real estate and other business activities. Skyline Apartment 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 Apartment REIT may be dealing, or which may be seeking investments similar to those desired by Skyline Apartment REIT. The interests of these persons could conflict with those of Skyline Apartment REIT. In addition, from time to time, these persons may be competing with Skyline Apartment REIT for available investment opportunities. Certain of the Trustees are also directors and/or officers of certain parties related to Skyline Apartment REIT, such as the Asset Manager, the Leasing Manager, the Exempt Market Dealer, the Underwriting Manager, the Solar Asset Manager, the Services Provider, the Capex Provider and the Development Manager, respectively. (See Item 2.8 -for the material agreements relating to the foregoing).

The Declaration of Trust of Skyline Apartment REIT contains "conflicts of interest" provisions requiring Trustees to disclose material interests in material contracts and transactions and to refrain from voting thereon.

### ***Litigation Risks***

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

### ***Tax Related Risks***

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

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

If Skyline Apartment REIT fails or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the tax consequences described under Item 8 – Income Tax Consequences and RRSP Eligibility would in some respects be materially and adversely different. Such adverse differences would include that if Skyline Apartment REIT did not qualify as a mutual fund trust throughout a taxation year, it would be subject to 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 Apartment REIT become publicly listed or traded, there can be no assurances that Skyline Apartment REIT will not be subject to the SIFT Rules, as described under Item 8 – Income Tax Consequences and RRSP Eligibility – SIFT Rules, at that time.

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

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

The LRE Rules could potentially apply to Skyline Apartment REIT if a person (or group of persons) was to acquire more than 50% of the fair market value of the REIT Units, with the consequences described under “Item 8 – Income Tax Consequences and RRSP Eligibility – Taxation of Skyline Apartment REIT”.

Tax Proposals released on February 4, 2022 and revised on November 3, 2022 relating to the EIFEL Rules are intended to limit the deductibility of certain interest and other financing expenses. Under the EIFEL Rules, for taxation years beginning on or after October 1, 2023, the amount of net interest and other financing expenses incurred by a corporation or trust, whether incurred directly or through a partnership (including Skyline Commercial LP), that may be deducted in computing its income for Canadian income tax purposes will generally be limited to no more than a fixed ratio of its “adjusted taxable income”, which is intended to reflect the earnings before interest, taxes, depreciation and amortization generated by its activities in Canada. If the EIFEL Rules are enacted as proposed, the income of Skyline Apartment REIT for Canadian income tax purposes may be increased which could have an adverse impact on the after tax return of a Unitholder and on the value of REIT Units. The EIFEL Rules may also apply to a corporation or trust held directly or indirectly by the REIT. Further, a Unitholder who makes a leveraged investment in REIT Units may be adversely affected. Unitholders and prospective unitholders should consult their own tax advisors in this regard.

### ***Dilution***

The number of REIT Units that Skyline Apartment REIT is authorized to issue is unlimited. The Skyline Apartment REIT Trustees have the discretion to issue additional REIT Units in other circumstances,

pursuant to Skyline Apartment REIT's various incentive plans. Any issuance of additional REIT Units may have a dilutive effect on the holders of REIT Units.

### ***Liquidity***

An investment in REIT Units is an illiquid investment. There is currently no market through which REIT Units may be sold and redemptions are subject to restrictions imposed in the Declaration of Trust and applicable securities regulation. Skyline Apartment REIT is not a "reporting issuer" in any jurisdiction, and a prospectus has not qualified the issuance of REIT Units. Accordingly, investors will be unable to sell their REIT Units, subject to some limited exceptions. See Item 10 – Resale Restrictions. Consequently, holders of REIT Units may not be able to liquidate their investment in a timely manner.

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

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

### ***Financing***

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

### ***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.

The REIT Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that act or any other legislation. Furthermore, Skyline Apartment REIT is not a trust company and, accordingly, it is not registered under any trust and loan company legislation as it does not carry on, or intend to carry on, the business of a trust company.

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

A risk associated with acquisitions is that there may be an undisclosed or unknown liability concerning the acquired property, and Skyline Apartment REIT may not be indemnified for some or all of these liabilities. Following an acquisition, Skyline Apartment REIT may discover that it has acquired undisclosed liabilities, which may be material. The due diligence procedures performed by the 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 Apartment REIT and seeks, through contract, to ensure that risks lie with the appropriate party.

### ***Acquisitions and Consolidation***

The success of the acquisition activities of Skyline Apartment REIT will be determined by numerous factors, including the ability of Skyline Apartment REIT to identify suitable acquisition targets; to obtain adequate



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

Acquired properties may not meet financial or operational expectations due to unexpected costs associated with acquiring the property, as well as the general investment risks inherent in any real estate investment or acquisition (see Item 10: "Risk Factors – Real Property Ownership"). Moreover, newly acquired properties may require significant management attention or capital expenditures that would otherwise be allocated to existing properties. Any failure by Skyline Apartment REIT to identify suitable candidates for acquisition or operate the acquired properties effectively may have a material adverse effect on the business, results of operations and financial condition of Skyline Apartment REIT.

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

### *Controls over Financial Reporting*

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

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

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

### *Cybersecurity Risk*

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

litigation and other costs and expenses. Skyline Apartment REIT has cybersecurity insurance in place to mitigate cybersecurity risk. These measures, as well as its increased awareness of a risk of a cyber incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

### *Changes in Investment Strategy*

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

### *Changes in Legislation*

Skyline Apartment REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, construction, employment standards, environmental matters, taxes and other matters, including laws and regulations imposing restrictions relating to or arising from the COVID-19 pandemic, which at times have included laws and regulations limiting rent increases and imposing a moratorium on the ability of landlords to evict tenants for the non-payment of rent a result of the economic disruption caused by the COVID-19 pandemic. It is possible that future changes in applicable federal, provincial, municipal or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting Skyline Apartment REIT (including with retroactive effect). Any changes in the laws to which Skyline Apartment REIT is subject could materially adversely affect Skyline Apartment REIT's rights and title to its assets or its ability to carry on its business in the ordinary course.

### *Rent Control Risk*

Rent control exists in some provinces in Canada, limiting the percentage of annual rental increases to existing tenants. Skyline Apartment REIT is exposed to the risk of the implementation of, or amendments to, existing legislative rent controls in the markets in which it operates, which may have an adverse impact on Skyline Apartment REIT's operations. For example, Ontario and Quebec, which are two jurisdictions in which Skyline Apartment REIT currently operates, have rent controls.

## **ITEM 11 REPORTING OBLIGATIONS**

Prior to each annual meeting of the Unitholders, Skyline Apartment REIT will deliver audited consolidated financial statements (along with notice of such meeting) to Unitholders. The annual financial statements shall be audited by Skyline Apartment REIT's auditors in accordance with IFRS.

On or before March 31 in each year, Skyline Apartment REIT will provide to Unitholders who received distributions (including amounts treated as having been paid) from Skyline Apartment REIT in either the prior calendar year or on or before January 15 of such year, such information regarding Skyline Apartment REIT required by Canadian law to be submitted to Unitholders for income tax purposes to enable Unitholders to complete their tax returns in respect of the prior calendar year.

## **ITEM 12 RESALE RESTRICTIONS**

### **12.1 General Statement**

*For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec and Saskatchewan.*

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

Persons into whose possession this Offering Memorandum may come are required by Skyline Apartment REIT to inform themselves about and to observe any such restrictions.

## **12.2 Restricted Period**

*For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Nova Scotia, Nunavut, Ontario, Prince Edward Island, Quebec and Saskatchewan*

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date Skyline Apartment REIT becomes a reporting issuer in any province or territory of Canada. As Skyline Apartment REIT is not currently a reporting issuer in any province or territory of Canada, and does not contemplate becoming a reporting issuer, the statutory hold period could be indefinite.

## **12.3 Manitoba Resale Restrictions**

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) Skyline Apartment REIT has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

## **ITEM 13 PURCHASERS' RIGHTS**

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

(1) **Two Day Cancellation Right** - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the second business day after you sign the agreement to buy the securities.

(2) **Statutory Rights of Action in the Event of a Misrepresentation**

Securities legislation in of the Canadian provinces and territories provides certain purchasers of securities pursuant to an offering memorandum with a right of action for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum and any amendment thereto contains a "misrepresentation", as defined in the applicable securities legislation. A "misrepresentation" is generally defined in the applicable securities legislation to mean an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. A "material fact" is a fact that would reasonably be expected to significantly affect the market price or value of the issuer's securities.

These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

An "offering memorandum" generally means a document, together with any amendments to that document, purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold pursuant to an exemption from the requirement to

prepare and file a prospectus contained in applicable securities law, but does not include a document setting out current information about an issuer for the benefit of a prospective purchaser familiar with the issuer through prior investment or business contacts.

These rights, or notice with respect to thereto, must be exercised or delivered by the purchaser within the time limits prescribed by applicable securities legislation. Each purchaser should refer to the complete text of the relevant provisions of the applicable securities legislation for the particulars of these rights or consult with a legal advisor.

The rights of action for rescission or damages described herein are in addition to and without derogation from any other right or remedy that a purchaser may have at law.

Set out below are descriptions outlining the rights of action available to purchasers resident in Ontario, Saskatchewan, New Brunswick and Nova Scotia which are required to be disclosed and are subject to the express provisions of the securities legislation of the applicable jurisdiction.

### *Rights for Purchasers in Ontario*

Under Ontario securities legislation, a purchaser resident in Ontario who purchases securities offered by an offering memorandum during the period of distribution will have, subject to certain limitations and statutory defences, a statutory right of action for damages or, while still the owner of the securities, for rescission against the issuer in the event that the offering memorandum contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation. An issuer is not liable for a misrepresentation in forward-looking information if certain requirements are satisfied. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first has knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. In the case of an action for damages, the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

### *Rights for Purchasers in Saskatchewan*

Under Saskatchewan securities legislation, in the event that an offering memorandum is sent or delivered to a purchaser of securities resident in Saskatchewan and contains a misrepresentation at the time of purchase, such purchaser will have, subject to certain limitations and statutory defences and without regard to whether the purchaser relied on the misrepresentation, a statutory right of action for rescission against the issuer or for damages against: (i) the issuer; (ii) every promoter or director of the issuer at the time the offering memorandum was sent or delivered to such purchaser; (iii) every person who, or company that, sells securities on behalf of the issuer under the offering memorandum; (iv) every person who signed the offering memorandum; and (v) every person whose consent was filed in connection therewith (only in connection with statements made by that person). Similar rights are provided in respect of advertising or sales literature and verbal statements. Saskatchewan securities legislation provides a right of action for rescission or damages to a purchaser of securities to whom an offering memorandum was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities and the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if such securities are sold in Saskatchewan in contravention of Saskatchewan securities legislation or a decision of the Financial and Consumer Affairs Authority of Saskatchewan. No action to enforce a right of rescission may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action and a purchaser must commence an action for

damages within the earlier of (i) one year after such purchaser first had knowledge of the facts giving rise to the cause of action or (ii) six years after the date of the transaction that gave rise to the cause of action.

#### *Rights for Purchasers in New Brunswick*

Under New Brunswick securities legislation, a purchaser resident in New Brunswick who purchases securities offered by an offering memorandum will have, subject to certain limitations and statutory defences, a statutory right of action for damages against (i) the issuer, (ii) every director of the issuer, and (iii) every person who signed the offering memorandum or, while still the owner of the securities, for rescission against the issuer in the event that the offering memorandum contains a misrepresentation at the time of purchase, without regard to whether the purchaser relied on the misrepresentation. Similar rights are provided in respect of advertising or sales literature and verbal misrepresentations. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the issuer. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. No action to enforce a right of rescission may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action and in the case of any action, other than an action for rescission, such action shall be commenced before the earlier of (i) one year after the purchaser first had knowledge of the facts giving rise to the cause of action and (ii) six years after the date of the transaction that gave rise to the cause of action.

#### *Rights for Purchasers in Nova Scotia*

Under Nova Scotia securities legislation, a purchaser resident in Nova Scotia who purchases securities offered by an offering memorandum that is sent or delivered to such purchaser resident in Nova Scotia will have, subject to certain limitations and statutory defences, a statutory right of action for damages against the issuer, every person who signed the offering memorandum and every director of the issuer or, while still the owner of the securities, for rescission against the issuer, in the event that the offering memorandum contains a misrepresentation at the time of purchase, without regard to whether the purchaser relied on the misrepresentation. A similar right is provided in respect of advertising or sales literature, on which a purchaser is deemed to have relied. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. No action to enforce a right of rescission may be commenced more than 180 days after the date of the transaction that gave rise to the cause of action; or in the case of any action other than an action for rescission, the earlier of (i) 180 days after the plaintiff first had knowledge of the facts giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. Notwithstanding the foregoing, no action to enforce the foregoing rights may be commenced more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made, where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

#### *Rights for Purchasers in Manitoba, Prince Edward Island, Nunavut and Newfoundland and Labrador*

Securities legislation in Manitoba, Prince Edward Island, Nunavut and Newfoundland and Labrador provides certain purchasers with rights of action similar to those described above, a detailed description and disclosure of which is not required to be disclosed.

#### *Contractual Rights for Purchasers in British Columbia, Alberta and Quebec*

In British Columbia, Alberta and Quebec, where there is reliance on the exemption from the prospectus requirements contained in section 2.3 of NI 45-106 (the "accredited investor exemption") or, in British Columbia and Quebec, in section 2.10 of NI 45-106 (the "minimum amount investment exemption"), securities legislation does not provide or require an issuer to provide to purchasers resident in these

jurisdictions any rights of action in circumstances where an offering memorandum contains a misrepresentation. Skyline Apartment REIT hereby grants to such purchasers rights of action equivalent to those set forth above available to purchasers resident in Ontario.

#### **ITEM 14 FINANCIAL STATEMENTS**

Included on the following pages are the audited comparative consolidated financial statements of Skyline Apartment REIT as at December 31, 2021. Also included are the unaudited comparative consolidated financial statements of Skyline Apartment REIT for the quarter ending September 30, 2022.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

# SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST

## INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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	Page
INDEPENDENT AUDITOR'S REPORT	3 - 4
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Changes in Unitholders' Equity	6
Consolidated Statement of Income and Comprehensive Income	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 31



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## INDEPENDENT AUDITOR'S REPORT

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To the Unitholders of: Skyline Apartment Real Estate Investment Trust

### Opinion

We have audited the accompanying financial statements of Skyline Apartment Real Estate Investment Trust, which comprise the consolidated statement of financial position as at December 31, 2021 and December 31, 2020 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 financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Skyline Apartment Real Estate Investment Trust as at December 31, 2021 and December 31, 2020 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 Apartment 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 Financial Statements

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

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

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

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

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

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

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

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

Guelph, Ontario  
March 23, 2022



Chartered Professional Accountants  
Licensed Public Accountants

SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

(in thousands of Canadian dollars)

	2021	2020
<b>ASSETS</b>		
Investment properties (note 6)	\$ 4,027,391	\$ 3,395,811
Assets held for sale (note 7)	121,070	26,881
Property, plant and equipment (note 9)	4,647	4,538
Inventory (note 3 (h))	2,888	2,888
Other assets (note 10)	8,486	4,736
Accounts receivable (note 15)	7,219	5,180
Cash (note 15)	<u>25,450</u>	<u>3,410</u>
	<u>\$ 4,197,151</u>	<u>\$ 3,443,444</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Mortgages payable (notes 11, 15)	\$ 2,116,429	\$ 1,847,842
Limited partnership units (notes 15, 18)	77,720	64,134
Due to related parties (note 12)	4,098	9,249
Liabilities related to assets held for sale (note 7)	79,378	18,773
Tenant deposits	20,631	18,147
Accounts payable and accrued liabilities (note 15)	36,765	19,895
Revolving credit facilities (note 15)	<u>99,390</u>	<u>58,491</u>
	<u>2,434,411</u>	<u>2,036,531</u>
Unitholders' equity (page 6)	<u>1,762,740</u>	<u>1,406,913</u>
	<u>\$ 4,197,151</u>	<u>\$ 3,443,444</u>
_____ Trustee		_____ Trustee

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars)

	<b>2021</b>	<b>2020</b>
<b>OPENING BALANCE</b>	\$ 1,406,913	\$ 1,269,114
Proceeds from units issued (note 17)	166,291	44,947
Units issued through distribution reinvestment plan (note 17)	24,678	23,033
Exchange of Class B, C and D limited partnership units (notes 12, 17)	146	0
Income and comprehensive income for the year	273,955	161,536
Issuance costs (note 12)	(1,739)	(560)
Redemptions (note 17)	(43,596)	(31,912)
Distributions paid	<u>(63,908)</u>	<u>(59,245)</u>
<b>CLOSING BALANCE</b>	<u>\$ 1,762,740</u>	<u>\$ 1,406,913</u>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars)

	2021	2020
<b>PROPERTY REVENUES</b>		
Residential rent	\$ 288,097	\$ 246,964
Commercial rent	15,184	16,948
Condominium sales	0	635
	<u>303,281</u>	<u>264,547</u>
<b>DIRECT PROPERTY EXPENSES</b>		
Property taxes	38,176	34,705
Other direct property costs	70,048	59,159
Utilities	30,530	27,792
Condominium cost of sales	0	418
	<u>138,754</u>	<u>122,074</u>
<b>NET PROPERTY INCOME</b>	<u>164,527</u>	<u>142,473</u>
<b>OTHER INCOME AND EXPENSES</b>		
Financing costs (note 13)		
Interest paid on debt	65,631	57,707
Distributions on partnership units	16,764	21,256
Administrative expenses	5,413	4,192
Asset management fees (note 12)	6,646	5,720
Wealth management fees (note 12)	5,601	4,597
Amortization	681	627
Interest and other income	0	(8)
	<u>100,736</u>	<u>94,091</u>
<b>INCOME BEFORE THE UNDERNOTED</b>	<u>63,791</u>	<u>48,382</u>
Fair value gain	212,199	124,607
Fair value gain on disposed properties	11,697	0
Fair value loss on limited partnership units	(13,732)	(11,453)
	<u>210,164</u>	<u>113,154</u>
<b>INCOME AND COMPREHENSIVE INCOME for the year</b>	<u>\$ 273,955</u>	<u>\$ 161,536</u>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars)

	2021	2020
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Income and comprehensive income for the year	\$ 273,955	\$ 161,536
Items not requiring an outlay of cash:		
Amortization (note 9)	681	627
Amortization of financing costs (note 13)	4,753	3,934
Financing costs in operations (note 13)	77,638	74,763
Fair value gain	(212,199)	(124,607)
Fair value gain on the disposal of assets	(11,697)	0
Fair value loss on limited partnership units	<u>13,732</u>	<u>11,453</u>
	146,863	127,706
Changes in non-cash working capital		
Inventory	0	405
Other assets	(3,814)	533
Accounts receivable	(1,978)	(1,978)
Tenant deposits	2,847	1,605
Accounts payable and accrued liabilities	<u>18,054</u>	<u>8,198</u>
	<u>161,972</u>	<u>136,469</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Advances to related parties (note 12)	(5,151)	(12,552)
Mortgages payable (net repayments and advances) (note 11)	362,850	363,253
Mortgages discharged due to sale of investment properties (note 11)	(39,958)	0
Interest paid on mortgages payable (note 13)	(57,055)	(51,705)
Distributions paid on partnership units (notes 12, 13, 18)	(16,764)	(21,256)
Net revolving credit facility proceeds (repayment) (note 15)	40,899	(12,599)
Interest paid on revolving credit facility (note 13)	(3,819)	(1,317)
Bank overdraft repayments (note 15)	0	(2,136)
Interest paid on short term loan (note 13)	0	(485)
Proceeds from units issued (net of distribution reinvestment plan) (note 17)	166,291	44,947
Issuance costs (note 12)	(1,739)	(560)
Redemption of units (note 17)	(43,596)	(31,912)
Distributions paid (net of distribution reinvestment plan)	<u>(39,230)</u>	<u>(36,212)</u>
	<u>362,728</u>	<u>237,466</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Additions to investment properties (note 6)	(571,639)	(369,773)
Proceeds on disposition of investment properties (note 6)	69,770	0
Additions to property, plant and equipment (note 9)	<u>(791)</u>	<u>(752)</u>
	<u>(502,660)</u>	<u>(370,525)</u>
<b>INCREASE IN CASH for the year</b>	22,040	3,410
<b>CASH, beginning of year</b>	<u>3,410</u>	<u>0</u>
<b>CASH, end of year</b>	<u>\$ 25,450</u>	<u>\$ 3,410</u>

See notes to the consolidated financial statements

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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**1. NATURE OF BUSINESS**

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

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

As of December 31, 2021, RELP owned two hundred and thirty-three (2020 - two hundred and nineteen) multi-residential investment properties and five (2020 - six) commercial investment properties, all of which are located in Canada.

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

**2. BASIS OF PRESENTATION**

**(a) STATEMENT OF COMPLIANCE**

The consolidated financial statements of Skyline Apt. REIT for the year ended December 31, 2021 are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The policies set out below were consistently applied to all the years presented, unless otherwise noted.

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

The consolidated financial statements are presented in accordance with IAS 1 - Presentation of consolidated financial statements (“IAS 1”). Skyline Apt. REIT has elected to present the Statement of Income and Comprehensive Income in one statement.

The consolidated financial statements for the year ended December 31, 2021 (including comparatives) were approved for issue by the Board of Trustees on March 23, 2022.

**(b) BASIS OF MEASUREMENT**

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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

(c) FUNCTIONAL CURRENCY AND PRESENTATION

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

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

(d) USE OF ESTIMATES

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with IFRS and include the following significant accounting policies:

(a) INVESTMENT PROPERTIES

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

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

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



**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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

(a) INVESTMENT PROPERTIES (continued)

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

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

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

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

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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

(a) INVESTMENT PROPERTIES (continued)

While a property is classified as unstabilized, costs incurred for repairs and maintenance in excess of \$425 (2020 - \$300) (not in thousands of Canadian dollars) per annum per suite may be allocated from repairs and maintenance to be capitalized to the cost of the respective building as it is assumed that a future economic benefit will likely be realized from this level of expenditure. Once a property is classified as stabilized, costs incurred for repairs and maintenance in excess of \$810 (2020 - \$800) (not in thousands of Canadian dollars) per annum per suite may be allocated from repairs and maintenance to be capitalized to the cost of the respective building.

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

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

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

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

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

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

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

(b) ASSETS HELD FOR SALE

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

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

(c) REVENUE RECOGNITION

Rental revenue includes rents from tenants under leases, property tax and operating cost recoveries, parking income and incidental income. Skyline Apt. REIT has retained substantially all the risks and rewards of ownership of its investment properties and accounts for its rents from tenants as operating leases. Revenue from operating leases is recognized on a straight line basis over the term of the lease.

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

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

(d) FINANCIAL INSTRUMENTS

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

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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

(d) **FINANCIAL INSTRUMENTS (continued)**

Financial Assets

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

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

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

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

Financial Liabilities

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

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

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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

(d) FINANCIAL INSTRUMENTS (continued)

Financial Liabilities (continued)

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

(e) INCOME TAXES

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

(f) PROPERTY, PLANT AND EQUIPMENT

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

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

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

(g) JOINT OPERATIONS

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

(h) INVENTORY

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

(i) **DISTRIBUTION REINVESTMENT PLAN (DRIP)**

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

(j) **FAIR VALUE MEASUREMENT**

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

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

Level 1 inputs

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

Level 2 inputs

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

Level 3 inputs

Unobservable inputs for the asset or liability.

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

(k) **PROVISIONS**

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

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

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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

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, 2023. The amended standard will update the definition of a liability and the classification of liabilities between current and non-current.

IAS 1 - In February 2021, the IASB issued an amendment to IAS 1 - Presentation of financial statements which will be effective for years beginning on or after January 1, 2023. The amended standard will update the definition of accounting policy information.

IAS 8 - In February 2021, the IASB issued an amendment to IAS 8 - Accounting policies, changes in accounting estimates and errors which will be effective for years beginning on or after January 1, 2023. The amended standard clarifies the difference between an accounting estimate and an accounting policy.

IAS 16 - In May 2020, the IASB issued an amendment to IAS 16 - Property, Plant and Equipment which will be effective for years beginning on or after January 1, 2022. The amended standard will update the elements of the cost of property, plant and equipment as it refers to the costs of testing whether the asset is functioning properly and disclosures surrounding this.

IAS 28 - In May 2020, 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.

IAS 37 - In May 2020, the IASB issued an amendment to IAS 37 - Provisions, contingent liabilities and contingent assets which will be effective for years beginning on or after January 1, 2022. The amended standard will be updated to include a definition of the costs associated with fulfilling the obligations of an onerous contract.

IFRS 9 - In May 2020, the IASB issued an amendment to IFRS 9 - Financial Instruments which will be effective for years beginning on or after January 1, 2022. The amended standard will update the definition of what constitutes substantially different when referring to the exchange of debt instruments.

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

**5. PRINCIPLES OF CONSOLIDATION**

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

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

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

**6. INVESTMENT PROPERTIES**

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

	<b>2021</b>	<b>2020</b>
Balance at beginning of the year	\$ 3,395,811	\$ 2,928,181
Acquisitions through purchase of investment properties	430,796	305,666
Additions through capital expenditure on existing investment properties	140,843	64,107
Disposals through sale of investment properties	(69,770)	0
Change in assets held for sale (note 7)	(94,185)	(26,750)
Fair value gain on investment properties and disposed properties	223,896	124,607
	<u>4,027,391</u>	<u>3,395,811</u>
Balance at end of the year	\$ <u>4,027,391</u>	\$ <u>3,395,811</u>

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

	<b>2021</b>	<b>2020</b>
Cost	3,156,367	2,736,986
Cumulative fair value adjustment	<u>871,024</u>	<u>658,825</u>
Fair value	\$ <u>4,027,391</u>	\$ <u>3,395,811</u>

**Asset acquisitions:**

During the year ended December 31, 2021, Skyline Apt. REIT acquired eighteen investment properties (2020 - sixteen) through purchase of assets. The results of these acquisitions are included in these consolidated financial statements from the date of acquisition. The following table outlines the cost, which includes the transaction costs of the assets acquired and the associated liabilities entered into as a result of these acquisitions:

	<b>2021</b>	<b>2020</b>
Acquisition cost of investment properties	\$ 430,796	\$ 305,666
Mortgages payable	<u>(268,142)</u>	<u>(203,841)</u>
Total identifiable net assets settled by cash	\$ <u>162,654</u>	\$ <u>101,825</u>

**Future rental income:**

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

	<b>2021</b>	<b>2020</b>
Less than one year	\$ 299,432	\$ 269,886
Between one and three years	6,234	14,307
More than three years	<u>1,074</u>	<u>775</u>
	\$ <u>306,740</u>	\$ <u>284,968</u>



**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

**6. INVESTMENT PROPERTIES (continued)**

**Fair value disclosure:**

Skyline Apt. REIT uses an income approach to perform internal valuation calculations for the purposes of determining the fair market value of investment properties. The same approach is used for those properties with independent third party appraisals. Significant assumptions used for the valuation of the properties include the capitalization rate and the revenue and expenses for each property. As at December 31, 2021, all of Skyline Apt REIT's investment properties were valued using Level 3 inputs. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2021 and December 31, 2020.

Skyline Apt. REIT categorizes its investment properties by region, and each region has a different range of capitalization rates, depending on the specific risk factors for each property in that region. The weighted average capitalization rates for commercial properties is 7.58% (2020 - 8.40%) and for residential properties is 4.69% (2020 - 5.06%). The overall weighted average capitalization rates for Skyline Apt. REIT's investment properties is 4.73% (2020 - 5.14%).

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

	<b>Residential</b>		<b>Commercial</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Minimum	3.47%	4.43%	5.80%	5.94%
Maximum	6.50%	6.50%	8.56%	9.15%

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

In 2021, Skyline Apt. REIT valued \$1,945,921 of its investment properties (including properties held for sale) internally (2020 - \$1,836,821). 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 \$1,780,170 (2020 - \$1,279,640). In 2021, 48.1% (2020 - 54.7%) of the cost base of the investment properties was valued internally and 51.9% (2020 - 45.3%) was valued externally. The acquisitions during 2021 were valued at \$422,235 (2020 - \$306,100). Actual results may differ from these estimates and may be subject to material adjustment within the next fiscal year.

**Fair value sensitivity:**

Skyline Apt. REIT's investment properties are classified as Level 3 under the fair value hierarchy, as the inputs in the valuations of these investment properties are not based on observable market data. The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at December 31, 2021:

**As of December 31, 2021**

Capitalization Rate Sensitivity Increase (Decrease)	Overall Capitalization Rate	Fair Value of Investment Properties	Fair Value Variance	% Change
(1.00)%	3.73%	\$ 5,107,120	\$ 1,079,729	26.81%
December 31, 2021	4.73%	\$ 4,027,391	\$ 0	0.00%
1.00%	5.73%	\$ 3,324,530	\$ (702,861)	(17.45)%

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

**7. ASSETS HELD FOR SALE**

As at December 31, 2021, there were five properties held for sale (2020 - one property held for sale). The assets and liabilities associated with this investment property held for sale are as follows:

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Investment properties	\$ 120,935	\$ 26,750
Other assets	115	51
Property, plant and equipment	1	0
Accounts receivable	<u>19</u>	<u>80</u>
	<u>121,070</u>	<u>26,881</u>
<b>LIABILITIES</b>		
Mortgages payable	75,712	16,654
Tenant deposits	363	0
Accounts payable and accrued liabilities	<u>3,303</u>	<u>2,119</u>
	<u>79,378</u>	<u>18,773</u>
<b>NET ASSETS HELD FOR SALE</b>	<u>\$ 41,692</u>	<u>\$ 8,108</u>

**8. JOINT OPERATIONS**

Skyline Apt. REIT's interests in co-owned investment properties are accounted for based on RELP's share of interest in the assets, liabilities, revenues and expenses of the investment properties. As of December 31, 2021, Skyline Apt. REIT is in a co-ownership agreement with Upper Montney Limited Partnership where Skyline Apt. REIT has a 50% ownership interest (2020 - 50%) in an investment property in Dawson Creek, British Columbia.

**9. PROPERTY, PLANT AND EQUIPMENT**

<b>December 31, 2021</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Carrying Amount</b>
Computer equipment	\$ 2,513	\$ 1,772	\$ 741
Equipment	515	360	155
Owner-occupied property by RELP - building	3,631	383	3,248
Owner-occupied property by RELP - land	<u>503</u>	<u>0</u>	<u>503</u>
	<u>\$ 7,162</u>	<u>\$ 2,515</u>	<u>\$ 4,647</u>
<b>December 31, 2020</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Carrying Amount</b>
Computer equipment	\$ 1,875	\$ 1,272	\$ 603
Equipment	504	322	182
Owner-occupied property by RELP - building	3,501	251	3,250
Owner-occupied property by RELP - land	<u>503</u>	<u>0</u>	<u>503</u>
	<u>\$ 6,383</u>	<u>\$ 1,845</u>	<u>\$ 4,538</u>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

**10. OTHER ASSETS**

The components of other assets are as follows:

	<b>2021</b>	<b>2020</b>
Lender holdback	\$ 81	\$ 65
Note receivable	38	41
Prepaid expenses	2,640	2,081
Deposits on investment properties	5,727	2,549
	<u>\$8,486</u>	<u>\$4,736</u>

The note receivable of \$38 (2020 - \$41) bears interest at a fixed rate of 6% per annum and matures in 2031.

**11. MORTGAGES PAYABLE**

The mortgages payable are secured by investment properties and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 2.68% (2020 - 2.85%) are \$2,100,311 (2020 - \$1,818,079). Mortgages bearing variable interest rates with an average variable rate of 2.95% (2020 - 3.82%) are \$16,118 (2020 - \$29,763). Included in mortgages payable are second mortgages of \$43,174 (2020 - \$23,535), which bear fixed interest rates. Also included in mortgages payable is an interest rate swap agreement of \$42,000 (2020 - \$nil), which bears a fixed interest rate as well as construction loans of \$16,118 (2020 - \$nil) which bear a variable interest rate. Mortgages have maturity dates ranging between 2022 and 2031. All mortgages are denominated in Canadian dollars.

Future minimum principal payments on mortgage obligations are as follows:

	2022	\$ 290,898
	2023	219,753
	2024	167,068
	2025	258,998
	2026	168,833
	Thereafter	<u>1,086,591</u>
		2,192,141
Less: Mortgages related to assets held for sale:		<u>(75,712)</u>
		<u>\$ 2,116,429</u>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

**11. MORTGAGES PAYABLE (continued)**

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

	<b>2021</b>	<b>2020</b>
Mortgages payable, beginning of year	\$ 1,847,842	\$ 1,497,309
Proceeds from new mortgages	543,446	644,073
Repayment of existing mortgages	(198,012)	(252,404)
Transaction costs related to mortgages	(22,542)	(28,416)
Total changes from financing cash flows	<u>322,892</u>	<u>363,253</u>
Change in mortgages payable on assets held for sale	(59,058)	(16,654)
Amortization of financing costs	4,753	3,934
Financing costs included in operations	57,055	51,705
Interest paid	(57,055)	(51,705)
Total liability-related changes	<u>(54,305)</u>	<u>(12,720)</u>
Mortgages payable, end of year	<u>\$ 2,116,429</u>	<u>\$ 1,847,842</u>

**12. RELATED PARTY TRANSACTIONS**

Related party transactions are measured at fair value.

Skyline Incorporated is the general partner (“GP”) of RELP and is entitled to distributions under the limited partnership agreement which commences once the equivalent of the total investors’ equity has been effectively distributed on a property by property basis. Once triggered, any future income from operations for the specific property is shared at a ratio of 20% to the general partner and 80% to the LP. In addition, on any disposition, the general partner is entitled to 20% of the equity growth on the property net of any outstanding amounts owing to investors. A provision for the future distributions payable to Skyline Incorporated has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at December 31, 2021, a distribution would be payable if the investment properties were sold. At December 31, 2021, there were distributions payable of \$4,098 (2020 - \$9,249) which is included in due to related parties.

Distributions paid

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

	<b>2021</b>	<b>2020</b>
Skyline Management Inc. (limited partner)	\$ 2,435	\$ 2,359
Skyline Incorporated (GP)	<u>13,772</u>	<u>18,355</u>
	<u>\$ 16,207</u>	<u>\$ 20,714</u>

Skyline Apt. REIT has an asset management agreement with Skyline Apartment Asset Management Inc., and an exempt market dealer agreement with Skyline Wealth Management Inc. Skyline Apartment Asset Management Inc. and Skyline Wealth Management Inc. are controlled by individuals who also control Skyline Incorporated.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

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

Fees payable under the asset management agreement are 2% of adjusted gross revenue. 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 and redeemed during the year. Equity raise fees of \$1,714 (2020 - \$560) were paid under the exempt market dealer agreement during the year and are included in issuance costs.

Fees paid during the year are as follows:

	<b>2021</b>	<b>2020</b>
Asset management fees	\$ 6,646	\$ 5,720
Wealth management fees	<u>5,601</u>	<u>4,597</u>
	<u>\$ 12,247</u>	<u>\$ 10,317</u>

Due to related parties

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

	<b>2021</b>	<b>2020</b>
Skyline Incorporated	<u>\$ 4,098</u>	<u>\$ 9,249</u>

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

Purchases from related parties

During 2021, RELP purchased land to develop an investment property from Skyline Retail Real Estate Limited Partnership for \$1,368.

<u>Class</u>	<u>B</u>	<u>LP</u>	<u>Units</u>
Skyline Management Inc. ("SMI") holds 2,482,639 (2020 - 2,482,639) Class B limited partnership units of RELP, that are exchangeable for Skyline Apt. REIT units and have a market value of \$63,307 at December 31, 2021 (2020 - \$52,135). SMI was required to hold 90% of the exchangeable units (or REIT upon exchange) until June 2021, subject to limited exceptions. As of June 2021, the requirement has expired but remains subject to limited exceptions. SMI is controlled by Skyline Incorporated.			

**13. FINANCING COSTS**

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

	<b>2021</b>	<b>2020</b>
Mortgage interest	\$ 57,055	\$ 51,705
Deferred financing costs	4,753	3,934
Interest expense on other loans	0	485
Interest expense on revolving credit facility	3,819	1,317
Distribution paid on LP Units	2,992	2,901
Distribution paid to GP on the sale of investment properties	2,747	0
Distribution paid to GP	11,025	18,355
Interest on tenant deposits	<u>4</u>	<u>266</u>
	<u>\$ 82,395</u>	<u>\$ 78,963</u>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

**14. FAIR VALUE MEASUREMENT**

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

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

As at	December 31, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investment properties	\$ 0	\$ 0	\$ 4,027,391	\$ 0	\$ 0	\$ 3,395,811
Assets held for sale	0	0	121,070	0	0	26,881
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,148,461</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,422,692</u>
<b>Liabilities</b>						
Mortgages payable	\$ 0	\$ 2,108,566	\$ 0	\$ 0	\$ 1,910,271	
Limited partnership units	0	0	77,720	0	0	64,134
	<u>\$ 0</u>	<u>\$ 2,108,566</u>	<u>\$ 77,720</u>	<u>\$ 0</u>	<u>\$ 1,910,271</u>	
	<u>\$ 64,134</u>					

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For investment properties and liabilities measured at fair value as at December 31, 2021 and December 31, 2020, there were no transfers between Level 1, Level 2 and Level 3 assets.

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

**15. FINANCIAL RISK MANAGEMENT**

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

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

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

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

i) Market risk

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

a. Interest rate risk

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

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

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

**December 31, 2021**

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	\$ 99,390	\$ 994	\$ 994	\$ (994)	\$ (994)
Mortgages payable, maturing within one year	<u>190,093</u>	<u>1,901</u>	<u>1,901</u>	<u>(1,901)</u>	<u>(1,901)</u>
	<u>\$ 289,483</u>	<u>\$ 2,895</u>	<u>\$ 2,895</u>	<u>\$ (2,895)</u>	<u>\$ (2,895)</u>

**December 31, 2020**

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	\$ 58,491	\$ 585	\$ 585	\$ (585)	\$ (585)
Mortgages payable, maturing within one year	<u>117,023</u>	<u>1,170</u>	<u>1,170</u>	<u>(1,170)</u>	<u>(1,170)</u>
	<u>\$ 175,514</u>	<u>\$ 1,755</u>	<u>\$ 1,755</u>	<u>\$ (1,755)</u>	<u>\$ (1,755)</u>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

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

i) Market risk (continued)

b. Price risk

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

c. Foreign exchange risk

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

ii) Credit risk

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

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

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

	<b>2021</b>	<b>2020</b>
Allowance for doubtful accounts beginning of year	\$ 986	\$ 229
Provision for impairment of trade receivables	458	846
Reversal of provision for impairment	<u>(391)</u>	<u>(89)</u>
Allowance for doubtful accounts end of year	<u>\$ 1,053</u>	<u>\$ 986</u>

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

iii) Liquidity risk

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

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



**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(in thousands of Canadian dollars, except per unit amounts)**

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

iii) Liquidity risk (continued)

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

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

- a. Operating line of credit of \$25,000 (2020 - \$35,000) available for use to finance the ongoing working capital requirements of the combined group, which is maintained by Skyline Apt. REIT. At December 31, 2021, the total drawn on the operating line of credit by Skyline Apt. REIT was \$19,390 (2020 - \$19,397). The operating line of credit bears interest at prime plus 1.25% (2020 - prime plus 1.5%).
- b. Revolving credit facility of \$100,000 (2020 - \$60,000) available for use to finance the ongoing working capital requirements of the combined group, which is maintained by Skyline Apt. REIT. At December 31, 2021, the total drawn on the revolving credit facility by Skyline Apt. REIT was \$80,000 (2020 - \$39,094). The revolving credit facility bears interest at prime plus 1.1% (2020 - prime plus 1.5%) or, at the option of the borrower, a fixed rate equal to the floating bankers acceptance rate plus 2.1% (2020 - floating bankers acceptance rate plus 2.3%) for a 30 day or 90 day term.
- c. Non-revolving credit facility of \$22,575 (2020 - \$nil) to assist with the financing of the servicing, construction and related soft costs for the 160 Lancaster development project and a letter of credit facility of \$3,000 (2020 - \$nil) available for use to finance the municipal and sundry requirements for the 160 Lancaster development project. The facilities bear interest at prime plus 0.5%. At December 31, 2021, the total drawn on the non-revolving credit facility is \$13,310 (2020 - \$nil) and the total drawn on the letter of credit facility is \$nil (2020 - \$nil).
- d. Non-revolving credit facility of \$34,312 (2020 - \$nil) to assist with the financing of the servicing, construction and related soft costs for the 1200 and 1250 Southfield Drive development project and a letter of credit facility of \$3,000 (2020 - \$nil) available for use to finance the municipal and sundry requirements for the 1200 and 1250 Southfield Drive development project. The facilities bear interest at prime plus 0.5%. At December 31, 2021, the total drawn on the non-revolving credit facility is \$2,808 (2020 - \$nil) and the total drawn on the letter of credit facility is \$nil (2020 - \$nil).

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

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

iii) Liquidity risk (continued)

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

	<b>2021</b>	<b>2020</b>
Revolving credit facility, beginning of year	\$ 58,491	\$ 71,090
Net proceeds (repayments) to revolving credit facility	<u>40,899</u>	<u>(12,599)</u>
	<u>99,390</u>	<u>58,491</u>
Financing costs included in operations	3,819	1,316
Interest paid	<u>(3,819)</u>	<u>(1,316)</u>
Total liability-related changes	<u>0</u>	<u>0</u>
Revolving credit facility, end of year	<u>\$ 99,390</u>	<u>\$ 58,491</u>

Under the financing agreements, the combined group of RELP and Skyline Apt. REIT are required to maintain a debt service ratio of 1.20 or higher, an interest coverage ratio of at least 2.00 or higher and unitholder equity of at least \$400,000 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 105%, a total debt to gross book value ratio not exceeding 65% and a mortgage-ability debt service coverage ratio of 1.2 or higher. At December 31, 2021, the combined group was in compliance with the financing agreements.

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

	<b>2021</b>	<b>2020</b>
Bank overdraft, beginning of year	<u>\$ 0</u>	<u>\$ 2,136</u>
Net (repayments) proceeds from bank overdraft	<u>0</u>	<u>(2,136)</u>
Bank overdraft, end of year	<u>\$ 0</u>	<u>\$ 0</u>

Skyline Apt. REIT's long term debt consists of first mortgages payable bearing interest rates ranging from 1.6% to 6.7% per annum, payable in monthly instalments of principal and interest of approximately \$8,659 (2020 - 1.6% to 6.7%, instalments of \$7,778), maturing from 2022 to 2031 and are secured by specific charges against specific investment properties.

Skyline Apt. REIT's long term debt also includes second mortgages payable bearing interest at rates ranging from 1.6 % to 6.1%, payable in monthly instalments of principal and interest of approximately \$186 (2020 - 2.8% to 6.1%, instalments of \$146), maturing from 2022 to 2028, and are secured by specific charges against specific investment properties.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

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

iii) Liquidity risk (continued)

Financial liabilities and their obligations are as follows:

<b>December 31, 2021</b>	On demand	Less than one year	One to five years	More than five years	<b>Total</b>
Mortgages payable	\$ 0	\$ 190,093	\$ 777,168	\$ 1,149,168	\$ 2,116,429
Limited partnership units	77,720	0	0	0	77,720
Due to related parties	0	4,098	0	0	4,098
Revolving credit facilities	19,390	80,000	0	0	99,390
Accounts payable and accrued liabilities	0	36,765	0	0	36,765
	<u>\$ 97,110</u>	<u>\$ 310,956</u>	<u>\$ 777,168</u>	<u>\$ 1,149,168</u>	<u>\$ 2,334,402</u>

<b>December 31, 2020</b>	On demand	Less than one year	One to five years	More than five years	<b>Total</b>
Mortgages payable	\$ 0	\$ 117,023	\$ 718,159	\$ 1,012,660	\$ 1,847,842
Limited partnership units	11,999	52,135	0	0	64,134
Due to related parties	0	9,249	0	0	9,249
Revolving credit facility	58,491	38,491	20,000	0	0
Accounts payable and accrued liabilities	0	19,895	0	0	19,895
	<u>\$ 50,490</u>	<u>\$ 218,302</u>	<u>\$ 718,159</u>	<u>\$ 1,012,660</u>	<u>\$ 1,999,611</u>

iv) Real estate risk

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

Skyline Apt. REIT mitigates its exposure to any one tenant as a majority of its investment properties are multi-suite residential which results in a large number of tenants with minimal financial exposure to each. No single residential tenant accounts for 10% or more of Skyline Apt. REIT's residential rental revenue. Skyline Apt. REIT's commercial portfolio has a concentration of risk with a single tenant that represents 17% (2020 - 31%) of commercial revenue. This tenant is under lease until 2023 with three five-year renewal options.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
(in thousands of Canadian dollars, except per unit amounts)

**16. CAPITAL RISK MANAGEMENT**

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

Skyline Apt. REIT monitors capital primarily using a loan to value ratio, which is quotient of mortgages payable to investment properties. As of December 31, 2021, the loan to value ratio was 53% (2020 - 54%), which is within Skyline Apt. REIT's stated policy of 70% or less. Subsequent to December 31, 2021, Skyline Apt. REIT is in compliance with the policy.

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

**17. UNITHOLDERS' EQUITY**

Skyline Apt. REIT is authorized to issue an unlimited number of REIT units. The REIT units are entitled to distributions as and when declared by the Board of Trustees. On February 12, 2021 Skyline Apt. REIT increased the price per unit for newly issued units and units to be redeemed to \$23.75 from \$21.00. On August 1, 2021 Skyline Apt. REIT increased the price per unit for newly issued units and units to be redeemed to \$25.50 from \$23.75. The units issued and outstanding are as follows:

	<b>2021 Units</b>	<b>2020 Units</b>
Units outstanding, beginning of year	63,213,674	61,478,733
Exchange of limited partnership units	6,154	0
Units issued	6,771,062	2,140,314
Distribution reinvestment plan	1,017,988	1,117,898
Redemptions during the year	<u>(1,815,054)</u>	<u>(1,523,271)</u>
Units outstanding, end of year	<u>69,193,824</u>	<u>63,213,674</u>

**18. LIMITED PARTNERSHIP UNITS**

At December 31, 2021 there are 2,520,139 (2020 - 2,520,139) Class B limited partnership units of RELP. RELP's Class B limited partnership units, representing an aggregate fair value of \$64,264 at December 31, 2021 (2020 - \$52,923), are exchangeable on a one-for-one basis into Skyline Apt. REIT units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for Skyline Apt. REIT units. Class B limited partnership units are entitled to a pro rata share of the residual net assets remaining after the preferential claims, thereon, of debt holders. RELP's Class C limited partnership units of 177,280 (2020 - 179,844), representing an aggregate fair value of \$4,521 at December 31, 2021 (2020 - \$3,777), and Class D limited partnership units of 350,419 (2020 - 354,009), representing an aggregate fair value of \$8,936 at December 31, 2021 (2020 - \$7,434) share the same characteristics of the Class B limited partnership units described above.

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

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

	<b>2021</b>	<b>2020</b>
Limited partnership units, beginning of year	\$ <u>64,134</u>	\$ <u>52,681</u>
Redemptions of limited partnership units	<u>(146)</u>	<u>0</u>
Financing costs included in operations	2,992	2,901
Distribution interest paid	<u>(2,992)</u>	<u>(2,901)</u>
Total liability-related changes	<u>0</u>	<u>0</u>
Changes in fair value	<u>13,732</u>	<u>11,453</u>
Limited partnership units, end of year	\$ <u><u>77,720</u></u>	\$ <u><u>64,134</u></u>

**19. SEGMENTED DISCLOSURE**

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

**20. IMPACT OF COVID-19**

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 was a global pandemic which has resulted in the federal and provincial governments enacting a series of public health and emergency measures to combat the spread of the virus thus impacting business operations both nationally and internationally. While some uncertainty still exists around the future impact of COVID-19 on the timing and amounts of realizable cash flows and assets, the impact of COVID-19 has largely been immaterial for the years ended December 31, 2021 and December 31, 2020.

**21. SUBSEQUENT EVENTS**

Subsequent to year end, RELP acquired two properties in Halifax, Nova Scotia, one property in Woodstock, Ontario, one property in Guelph, Ontario, one property in Lindsay, Ontario, one property in London, Ontario and one property in Peterborough, Ontario with an aggregate cost of \$190,000. RELP will be assuming a mortgage of \$58,083 on this acquisition.

Subsequent to year end, RELP sold one property in Guelph, Ontario for proceeds of \$13,725 and one property in Langford, British Columbia for proceeds of \$66,300. An additional property in Langford, British Columbia, and two properties in Vernon, British Columbia were also sold for proceeds of \$63,700. The aggregate gain on these dispositions is \$23,375, from which \$4,675 is expected to be paid to Skyline Incorporated (a related party).

Effective February 25, 2022, the price per unit for newly issued units and units to be redeemed increased to \$26.25 from \$25.50 and the distribution rate per unit increased to \$1.05 per unit from \$1.02 per unit.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**

**NOTICE TO READER**

These condensed consolidated interim financial statements of Skyline Apartment Real Estate Investment Trust (the "REIT" or "Skyline Apartment REIT") have been prepared by and are the responsibility of management and have not been reviewed by the REIT's auditors.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**INDEX TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**

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CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS	Page
Condensed Consolidated Interim Statements Of Financial Position	3
Condensed Consolidated Interim Statements Of Changes In Unitholders' Equity	4
Condensed Consolidated Interim Statements Of Income And Comprehensive Income	5
Condensed Consolidated Interim Statements Of Cash Flows	6
Notes To The Condensed Consolidated Interim Financial Statements	7 - 15

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(in thousands of Canadian dollars)  
**(UNAUDITED)**

	September 30, 2022	December 31, 2021
<b>A S S E T S</b>		
Investment properties (note 4)	\$ 4,449,223	\$ 4,027,391
Assets held for sale (note 5)	-	121,070
Property, plant and equipment	5,060	4,647
Inventory	2,888	2,888
Other assets (note 8)	15,920	8,486
Due from related parties (note 10)	16,666	-
Accounts receivable	3,841	7,219
Cash and short term deposits	9,247	25,450
	<b>\$ 4,502,845</b>	<b>\$ 4,197,151</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Mortgages payable (note 9)	\$ 2,416,144	\$ 2,116,429
Limited partnership units (note 14,15)	80,006	77,720
Due to related parties (note 10)	676	4,098
Liabilities related to assets held for sale (note 5)	-	79,378
Tenant deposits	22,750	20,631
Accounts payable and accrued liabilities	29,152	36,765
Bank overdraft	-	-
Revolving credit facility (note 7)	135,214	99,390
	<b>2,683,942</b>	<b>2,434,411</b>
Unitholders' equity (page 4)	<b>1,818,903</b>	<b>1,762,740</b>
	<b>\$ 4,502,845</b>	<b>\$ 4,197,151</b>



**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30**  
(in thousands of Canadian dollars, except per unit amounts)  
**(UNAUDITED)**

	<b>2022</b>	<b>2021</b>
<b>OPENING BALANCE</b>	<b>\$ 1,762,740</b>	<b>\$ 1,406,913</b>
Proceeds from units issued (note 14)	<b>102,433</b>	166,291
Units issued through distribution reinvestment plan (note 14)	<b>21,887</b>	24,678
Exchange of Class B, C, and D limited partnership units (notes 14,15)	-	146
Income and comprehensive income for the period	<b>87,024</b>	273,955
Issuance costs	<b>(945)</b>	(1,739)
Redemptions	<b>(98,440)</b>	(43,596)
Distributions paid	<b>(55,796)</b>	(63,908)
<b>CLOSING BALANCE</b>	<b>\$ 1,818,903</b>	<b>\$ 1,762,740</b>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

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

(UNAUDITED)

	Three months ended		Nine months ended	
	September 2022	September 2021	September 2022	September 2021
<b>PROPERTY REVENUES</b>				
Residential rent	\$ 81,481	\$ 72,753	\$ 238,283	\$ 210,399
Commercial rent	2,832	3,648	8,170	12,141
	<b>84,313</b>	<b>76,401</b>	<b>246,453</b>	<b>222,540</b>
<b>DIRECT PROPERTY EXPENSES</b>				
Property taxes	10,532	9,913	31,098	28,683
Other direct property costs	18,177	16,058	54,361	47,800
Utilities	6,717	6,441	24,234	22,669
	<b>35,426</b>	<b>32,412</b>	<b>109,693</b>	<b>99,152</b>
<b>NET PROPERTY INCOME</b>	<b>48,887</b>	<b>43,989</b>	<b>136,760</b>	<b>123,388</b>
Finance costs (note 11)				
Interest paid on debt	18,900	15,856	53,172	46,307
Distributions on partnership units	810	3,679	1,550	5,154
Administrative expenses	1,765	1,352	5,343	3,783
Asset management fees (note 10)	1,807	1,652	5,336	4,907
Wealth management fees (note 10)	1,618	1,472	4,955	4,103
Amortization	139	157	417	384
	<b>25,039</b>	<b>24,168</b>	<b>70,773</b>	<b>64,638</b>
<b>INCOME BEFORE THE UNDERNOTED</b>	<b>23,848</b>	<b>19,821</b>	<b>65,987</b>	<b>58,750</b>
Gain on sale of investment property	23,229	5,527	23,229	5,527
Gain (Loss) on sale of inventory of units	-	-	-	-
Fair value loss on LP units	-	-	(2,286)	(13,587)
Interest and other income	-	-	94	-
<b>INCOME and COMPREHENSIVE INCOME</b>	<b>\$ 47,077</b>	<b>\$ 25,348</b>	<b>\$ 87,024</b>	<b>\$ 50,690</b>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

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

FOR THE NINE MONTHS ENDED SEPTEMBER 30

(UNAUDITED)

	2022	2021
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Income and comprehensive income for the period	\$ 87,024	\$ 50,690
Items not requiring an outlay of cash:		
Amortization of property, plant and equipment	417	384
Amortization of financing costs (note 11)	4,025	3,395
Financing costs in operations (note 11)	50,697	48,063
Fair value gain on disposal of investment properties	(23,229)	-
Fair value loss on LP units	2,286	13,587
	<b>121,220</b>	<b>116,119</b>
Changes in non-cash working capital:		
Inventory	-	-
Other assets	(7,434)	(2,693)
Accounts receivable	3,378	117
Tenant deposits	2,119	1,212
Accounts payable and accrued liabilities	(7,613)	(5,539)
	<b>111,670</b>	<b>109,216</b>
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		
Advances (to) from related parties (note 10)	(20,088)	(21,174)
Mortgage payable (net repayments and advances) (note 9)	216,312	254,454
Interest on mortgages payable (note 11)	(47,212)	(38,131)
Distributions paid on exchangeable partnership units (note 11)	(1,550)	(7,916)
Net revolving credit facility (repayments) proceeds (note 7)	35,824	(43,339)
Interest paid on revolving credit facility (note 11)	(1,728)	(270)
Bank overdraft (repayment) proceeds	-	(2,136)
Interest paid on other loan (note 11)	(208)	(617)
Units issued on private ordering (net of distribution reinvestment plan)(note 14)	102,433	29,565
Issuance costs (note 10)	(945)	(382)
Redemptions (note 14)	(98,440)	(9,210)
Distributions paid (net of distribution reinvestment plan)	(33,909)	(27,750)
	<b>150,490</b>	<b>133,094</b>
<b>CASH USED IN INVESTING ACTIVITIES</b>		
Purchase of investment properties (note 4)	(350,202)	(163,313)
Capital additions to investment properties	(108,209)	(56,023)
Proceeds on disposition of investment properties (note 4)	180,878	-
Additions to property, plant and equipment	(830)	(391)
	<b>(278,363)</b>	<b>(219,727)</b>
<b>INCREASE IN CASH for the period</b>	<b>(16,203)</b>	<b>22,583</b>
<b>CASH, beginning of period</b>	<b>25,450</b>	<b>-</b>
<b>CASH, end of period</b>	<b>\$ 9,247</b>	<b>\$ 22,583</b>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
**(in thousands of Canadian dollars, except per unit amounts)**

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**1. NATURE OF BUSINESS**

Skyline Apartment Real Estate Investment Trust (the "REIT" or "Skyline Apartment REIT") is an unincorporated, open-ended private real estate investment trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated June 1, 2006. As of September 30, 2022, the REIT owned 239 (December 31, 2021 - 233) multi-residential investment properties and four (December 31, 2021 - five) commercial investment properties, all of which are located in Canada.

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

Skyline Apartment REIT is domiciled in Ontario, Canada. The address of Skyline Apartment 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

These condensed consolidated interim financial statements of the REIT have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the REIT since the last annual consolidated financial statement as at and for the year ended December 31, 2021. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and should be read in conjunction with the REIT's audited annual consolidated statements for the year ended December 31, 2021.

(b) BASIS OF MEASUREMENT

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

(c) FUNCTIONAL CURRENCY AND PRESENTATION

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

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

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
**(in thousands of Canadian dollars, except per unit amounts)**

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

(d) USE OF ESTIMATES

The preparation of these consolidated financial statements requires the REIT to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied by the REIT in these unaudited condensed consolidated interim financial statements are the same as those applied by the REIT in its consolidated financial statements for the year

**4. INVESTMENT PROPERTIES**

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

	<b>September 30, 2022</b>	December 31, 2021
Balance at the beginning of the periods	\$ 4,027,391	\$ 3,395,811
Acquisitions through purchase of assets	350,202	430,796
Additions through capital expenditures on existing investment properties	108,209	140,843
Disposals through sale of investment properties	(157,649)	(69,770)
Assets held for sale (note 5)	121,070	(94,185)
Fair value gain on investment properties and disposed properties	-	223,896
Balance at the end of the periods	<b>\$ 4,449,223</b>	<b>\$ 4,027,391</b>

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars, except per unit amounts)

**4. INVESTMENT PROPERTIES** (continued)

**Asset acquisitions:**

During the period ended September 30, 2022, the REIT acquired fifteen investment properties (December 31, 2021- 18) through purchase of assets. The results of these acquisitions are included in these condensed consolidated financial statements from the date of acquisition. The following table outlines the cost, plus the transaction costs of the assets acquired and the associated liabilities entered into as a result of these acquisitions:

	<b>September 30, 2022</b>	December 31, 2021
Acquisition cost of investment properties	\$ 350,202	\$ 430,796
Mortgages	(232,949)	(203,841)
Total identifiable net assets settled by cash	\$ 117,253	\$ 226,955

**Future rental income:**

Investment properties are subject to operating leases with tenants. Lease contracts are all typically non cancelable for periods ranging from one year for residential tenants, and one to 14 years for commercial tenants, from the commencement of the lease. Future minimum rental income from these agreements is as follows:

	<b>September 30, 2022</b>	December 31, 2021
Less than one year	\$ 314,911	\$ 299,342
Between one and three years	7,662	6,234
More than three years	1,994	1,074
	\$ 324,567	\$ 306,650

**Fair value disclosure:**

The REIT uses an income approach to perform internal valuation calculations for the purposes of determining the fair market value of investment properties. Based on observable market trends and the portfolio's current performance, no changes in fair value have been made for the nine month period ended September 30, 2022.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
**(in thousands of Canadian dollars, except per unit amounts)**

**5. ASSETS HELD FOR SALE**

As at September 30, 2022, there was no property held for sale (2021 - five). The assets and liabilities associated with this investment property held for sale are as follows:

	<b>September 30, 2022</b>	December 31, 2021
<b>ASSETS</b>		
Investment Properties	-	120,935
Other Assets	-	115
Property, plant and equipment	-	1
Accounts receivable	-	19
	-	121,070
<b>LIABILITIES</b>		
Mortgages Payable	-	75,712
Tenant deposits	-	363
Accounts payable and accrued liabilities	-	3,303
	-	79,378
<b>NET ASSETS HELD FOR SALE</b>	<b>\$ -</b>	<b>\$ 41,692</b>

**6. JOINT OPERATIONS**

The REIT's interests in co owned investment properties are accounted for based on RELP's share of interest in the assets, liabilities, revenues and expenses of the investment properties. As of September 30, 2022, the REIT is in a co ownership agreement with Upper Montney Limited Partnership where the REIT has a 50% ownership interest (2021 - 50%) in an investment property in Dawson Creek, British Columbia.

**7. REVOLVING CREDIT FACILITY**

The REIT has available to it an operating line of credit and revolving credit facility for a total amount of \$16,752 and \$120,000 respectively available for use to finance the ongoing working capital requirements of the combined group, which is maintained by the REIT. As at September 30, 2022, the total drawn on the operating line of credit by the REIT was \$16,775 (2021 - \$19,390) and total drawn on the revolving credit facility by the REIT was \$57,184(2021 - \$80,000).

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars, except per unit amounts)

**8. OTHER ASSETS**

The following table presents the details of other assets:

	<b>September 30, 2022</b>	December 31, 2021
Lender holdback	\$ 95	\$ 81
Note receivable	46	38
Prepaid expenses	11,215	2,640
Deposits on investment properties	4,565	5,727
	<b>\$ 15,920</b>	<b>\$ 8,486</b>

**9. MORTGAGES PAYABLE**

The mortgages payable are secured by investment properties, assets held for sale and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 2.84% (December 31, 2021 - 2.68%) are \$2,262,733 (December 31, 2021 - \$2,100,311). Mortgages bearing variable interest rates with an average variable rate of 3.46% (December 31, 2021 - 2.95%) are \$77,000 (December 31, 2021 - \$16,118). Included in mortgages payable are second mortgages of \$88,939 (December 31, 2021 - \$43,174), which bear fixed interest rates. Mortgages have maturity dates ranging between 2022 and 2030. All mortgages are denominated in Canadian dollars.

Future minimum payments on mortgage obligations are as follows:

2022	\$ 107,417
2023	271,163
2024	246,059
2025	306,983
2026	175,566
Thereafter	1,308,956
	<u>\$ 2,416,144</u>

**10. RELATED PARTY TRANSACTIONS**

Related party transactions are measured at fair value

Skyline Incorporated is the general partner of the REIT and is entitled to distributions under the general partnership agreement which commences once the equivalent of the total investors' equity has been effectively distributed on a property by property basis. Once triggered, any future income from operations for the specific property is shared at a ratio of 20% to the general partner and 80% to the LP. In addition, on any disposition, the general partner is entitled to 20% of the equity growth on the property net of any outstanding amounts owing to investors. A provision for the future distributions payable to Skyline Incorporated has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at September 30, 2022, a distribution would be payable if the investment properties were sold. At September 30, 2022, there were distributions payable of \$0 (December 31, 2021 - \$4,098).



**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars, except per unit amounts)

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

Distributions paid

During the periods ended September 30, the REIT paid the following distributions to related parties:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Skyline Management Inc. (limited partner)	\$ 660	\$ 602	\$ 1,951	\$ 1,200
	\$ 660	\$ 602	\$ 1,951	\$ 1,200

The REIT has an asset management agreement with Skyline Asset Management Inc., and a wealth management agreement with Skyline Wealth Management Inc. Skyline Asset Management Inc. and Skyline Wealth Management Inc. are controlled by Skyline Incorporated.

Fees payable under the asset management agreement are 2% of adjusted gross revenue. Fees payable under the wealth management agreement include wealth management fees of 0.3% of unitholders' equity, and equity raise fees ranging from 0.5% to 1% of contributions during the year.

During the period ended September 30, the REIT paid the following:

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Asset management fees	\$ 1,807	\$ 1,652	\$ 5,336	\$ 4,907
Wealth management fees	1,618	1,472	4,955	4,103
	\$ 3,425	\$ 3,124	\$ 10,291	\$ 9,010

Due from related parties

Amounts due from related parties, other than Skyline Incorporated, are unsecured, non-interest bearing and are due on demand. The balance consists of the following:

	September 30, 2022	December 31, 2021
Skyline Commercial REIT	\$ 13,309	\$ -
Skyline Asset Management Inc.	2,226	-
Skyline Retail REIT	857	-
Skyline Equities Management Inc.	20	-
Skyline Real Estate Holdings Inc.	254	-
	\$ 16,666	\$ -

Skyline Real Estate Holdings Inc. is the bare trustee for some of the income producing properties held in the REIT.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars, except per unit amounts)

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

Due to related parties

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

	<b>September 30, 2022</b>	December 31, 2021
Skyline Wealth Management Inc.	\$ 583	-
Skyline Incorporated	93	4,098
	<b>\$ 676</b>	<b>\$ 4,098</b>

Class B LP Units

Skyline Management Inc. ("SMI") holds 2,482,639 (December 31, 2021 - 2,482,639) Class B LP units of RELP, that are exchangeable for the REIT units and have a market value of \$65,169 at September 30, 2022 (December 31, 2021 - \$63,307). SMI was required to hold 90% of the exchangeable units (or REIT upon exchange) until June 2021, subject to limited exception. As of the June 2022, the requirement has expired but remains subject to limited exceptions. SMI is controlled by Skyline Incorporated.

**11. FINANCING COSTS**

The following table presents the details of the financing costs paid for periods ended:

	Three months ended		Nine months ended	
	<b>September 30, 2022</b>	September 30, 2021	<b>September 30, 2022</b>	September 30, 2021
Mortgage interest	\$ 16,463	\$ 14,204	47,212	\$ 41,668
Amortization of deferred financing costs	1,317	1,292	4,025	3,395
Interest expense on other loans	22	51	50	173
Interest expense on revolving credit facility	1,041	308	1,728	1,068
Distributions paid on LP units	810	3,679	1,550	5,154
Interest on tenant deposits	56	1	157	3
	<b>\$ 19,710</b>	<b>\$ 19,535</b>	<b>\$ 54,722</b>	<b>\$ 51,461</b>

**12. FINANCIAL RISK MANAGEMENT**

In the normal course of business, the REIT is exposed to a number of risks that can affect its operating performance. These risks and the actions taken to manage them are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2021.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars, except per unit amounts)

**13. CAPITAL RISK MANAGEMENT**

The REIT's capital management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended December 31, 2021.

The REIT was in compliance with all financial covenants as at September 30, 2022 and December 31, 2021.

**14. UNITHOLDERS' EQUITY**

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

	Nine months ended	
	September 30, 2022	September 30, 2021
	(Units)	(Units)
Units outstanding, beginning of period	69,193,824	63,213,674
Units issued	3,958,054	4,705,391
Units issued (Distribution reinvestment plan)	838,910	712,580
Exchange of Class B, C, and D limited partnership units	-	-
Redemptions during the period	(3,759,525)	(1,413,491)
Units outstanding, end of period	70,231,263	67,218,154

On February 25, 2022, the REIT increased the price per unit for newly issued units and units to be redeemed to \$26.25 from \$25.50 and the distribution rate per unit increased to \$1.05 per unit from \$1.02 per unit.

**15. LIMITED PARTNERSHIP UNITS**

At September 30, 2022, there are 2,520,139 (December 31, 2021 - 2,520,139) Class B exchangeable partnership units of RELP. RELP's Class B LP units, representing an aggregate fair value of \$66,153 at June 30, 2022 (December 31, 2021 - \$52,923), are exchangeable on a one for one basis into the REIT units at any time at the option of the holder. Prior to such exchange, distributions will be made on these exchangeable units in an amount equivalent to the distributions which would have been made had the units been exchanged for the REIT units. Class B LP units are entitled to a pro rata share of the residual net assets remaining after the preferential claims, thereon, of debt holders.

RELP's Class C LP units of 177,280 (December 31, 2021 - 179,844), representing an aggregate fair value of \$4,654 at September 30, 2022 (December 31, 2021 - \$3,777), and Class D LP units of 350,419 (December 31, 2021 - 354,009), representing an aggregate fair value of \$9,199 at September 30, 2022 (December 31, 2021 - \$7,434), share the same characteristics of the Class B LP units described above.

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022**  
(in thousands of Canadian dollars, except per unit amounts)

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

The following is a reconciliation of the movements in Class B, C and D LP Units to cash flows arising from financing activities:

	Nine months ended	
	September 30, 2022	September 30, 2021
Class B, C and D LP Units, beginning of year	\$ 77,720	\$ 64,133
Proceeds from issue of Class B, C and D LP Units	-	-
Redemption of Class B, C, and D LP Units	-	-
Financing costs included in operations	1,550	5,154
Distribution interest paid	(1,550)	(5,154)
Changes in fair value	2,286	13,587
Class B, C and D LP Units, end of period	\$ 80,006	\$ 77,720

**16. SEGMENTED DISCLOSURES**

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

**ITEM 15 DATE AND CERTIFICATE**

Dated March 15, 2023

**This offering memorandum does not contain a misrepresentation.**

**SKYLINE APARTMENT REAL ESTATE INVESTMENT TRUST**

*"Jason Castellan"*

*"Wayne Byrd"*

**JASON CASTELLAN**  
Chief Executive Officer

**WAYNE BYRD**  
Chief Financial Officer

*"Jason Castellan"*

*"R. Jason Ashdown"*

*"Martin Castellan"*

**JASON CASTELLAN**  
Trustee

**R. JASON ASHDOWN**  
Trustee

**MARTIN CASTELLAN**  
Trustee

*"Jonathan Halpern"*

*"Robert Breadner"*

*"Edward Perlmutter"*

**JONATHAN HALPERN**  
Trustee

**ROBERT BREADNER**  
Trustee

**EDWARD PERLMUTTER**  
Trustee

*"Jeffrey Neumann"*

*"Susan Taves"*

**JEFFREY NEUMANN**  
Trustee

**SUSAN TAVES**  
Trustee

**SKYLINE REAL ESTATE LIMITED PARTNERSHIP,  
ACTING BY ITS GENERAL PARTNER, SKYLINE INCORPORATED  
as Manager**

*"Jason Castellan"*

*"Wayne Byrd"*

**Jason Castellan**  
President  
Acting in the capacity of Chief  
Executive Officer

**WAYNE BYRD**  
Treasurer  
Acting in the capacity of Chief  
Financial Officer

**On behalf of the Board of Directors**

*"Martin Castellan"*

*"R. Jason Ashdown"*

**MARTIN CASTELLAN**  
Director

**R. JASON ASHDOWN**  
Director



**SKYLINE APARTMENT  
REAL ESTATE INVESTMENT TRUST**