

**CONFIDENTIAL OFFERING MEMORANDUM  
SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**



**Continuous Private Placement Offering**

DATE: January 15, 2023

THE ISSUER:  
Name: Skyline Retail Real Estate Investment Trust  
("Skyline Retail REIT")

Head office: Address: 5 Douglas Street, Suite 301  
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Currently listed or quoted? **These securities do not trade on any exchange or market.**

Reporting issuer? No

SEDAR filer? No

**THE OFFERING**

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

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

Minimum/Maximum offering: **There is no minimum or maximum amount for the Offering (as defined herein). Skyline Retail 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 Retail 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 Retail REIT. Subscriptions are subject to acceptance or rejection as determined solely by Skyline Retail 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 6 – Income Tax Consequences and RRSP Eligibility.

Selling Agent: Yes. Skyline Wealth Management Inc. will act as selling agent in connection with this Offering. See Item 7 – Compensation Paid to Sellers and Finders.

Some directors and officers of Skyline Wealth Management Inc. are also Trustees and/or officers of Skyline Retail REIT. These persons (as well as other shareholders of Skyline Wealth Management Inc.) are also directors, officers and shareholders of Skyline Retail Asset Management Inc., 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 Retail Real Estate GP Inc. Each of the Managers and Development Manager provide services to and receive fees from Skyline Retail REIT. Skyline Retail Real Estate GP Inc. receives distributions from Skyline Retail Real Estate Limited Partnership. **Under applicable securities legislation, Skyline Retail REIT may be considered a connected issuer of Skyline Wealth Management Inc.** See Item 2.2 – Our Business - Management of Skyline Retail REIT – The Exempt Market Dealer.

**Resale restrictions**

You will be restricted from selling your securities for an indefinite period. See Item 10 – Resale Restrictions.

**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. The information disclosed in these pages is a summary only. Subscribers should read the entire Offering Memorandum for full details about this Offering. This is a risky investment. This Offering is not suitable for investors who cannot afford to assume risks in connection with their investments. See Item 8 – Risk Factors.**

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## GLOSSARY

"**Accountants**" means the firm of chartered accountants appointed as the accountants of Skyline Retail 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 \$8,000,000 and a second revolving credit facility of up to \$40,000,000 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 (such as, 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 Retail REIT and its Subsidiaries in respect of their properties, in each case calculated in accordance with IFRS.

"**Asset Management Agreement**" means an asset management agreement dated October 8, 2013 among the Services Provider, Skyline Retail LP and Skyline Retail REIT, as assigned to the Asset Manager and amended effective January 1, 2020.

"**Asset Manager**" means the asset manager engaged by Skyline Retail REIT for the purpose of managing the day-to-day operations of Skyline Retail REIT pursuant to the Asset Management Agreement, which is currently Skyline Retail Asset Management Inc., a corporation governed by the laws of the Province of Ontario.

"**Business Day**" means a day, other than a Saturday, a Sunday or a statutory or civic holiday, 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.

"**Change of Control**" means: (i) any change, either: (a) through the issue, transfer, acquisition, conversion, exchange of securities or otherwise; or (b) through amalgamation, arrangement, merger or otherwise, as a result of which a person or group of persons acting jointly or in concert, and at arm's length to Skyline Retail REIT, either individually or together with its or their associates and affiliates, beneficially own greater than 50% of the outstanding Units of Skyline Retail REIT; and (ii) following such change, Jason Castellan and Wayne Byrd cease to be Trustees of Skyline Retail REIT, or cease to be executives provided by a Skyline entity to Skyline Retail REIT pursuant to the Asset Management Agreement.

"**Class A DRIP**" means the distribution reinvestment plan established by Skyline Retail 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 Commercial LP

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

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

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

**“Class B Exchange Agreement”** means the agreement dated October 8, 2013 among Skyline Retail REIT, the General Partner, Skyline Retail LP and any person holding Class B LP Units, which agreement provides for, among other things, the issuance of REIT Units in exchange for Class B LP Units.

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

**“Class C Exchange Agreement”** means the agreement dated December 1, 2014 among Skyline Retail REIT, the General Partner, Skyline Retail LP and any person holding Class C LP Units, which agreement provides for, among other things, the issuance of REIT Units in exchange for Class C LP Units.

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

**“Class F DRIP”** means the distribution reinvestment plan established by Skyline Retail 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 REIT Unit (as determined by the Trustees from time to time)

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

**“Class I REIT Unit”** means a Class I REIT Unit of Skyline Retail REIT.

**“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 Retail 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 October 8, 2013 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 Retail 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.

**“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 Retail LP during such period from any source (other than receipt of any amounts upon the acceptance of any subscription for Partnership Units), including the proceeds of any financing and amounts set aside as reserves at the commencement of such period exceeds (b) the aggregate of (i) expenditures of Skyline Retail LP during such period (including capital expenditures, maintenance expenditures, operating expenses but, for greater certainty, not including distributions of cash to Partners), (ii) payments during such period in

respect of any financing; (iii) distributions of cash to Partners including all distributions to holders of Class B Units and holders of Class C Units pursuant to the Skyline Retail LP Agreement, but not including distributions to the General Partner or the Class A Unitholder; 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.

“**Distributable Income**” means, for any period, the taxable net income of Skyline Retail REIT, including taxable income earned from its applicable consolidated Subsidiaries for such period set out in its consolidated financial statements as determined in accordance with generally accepted accounting principles in Canada, subject to certain adjustments, including: (a) adding back the following items: depreciation, amortization (except for amortization of deferred financing costs, future income tax expense, losses on dispositions of assets and amortization of any net discount on long-term debt assumed from vendors of properties at rates of interest less than fair value); and (b) deducting the following items: future income tax credits, interest on convertible debentures to the extent not already deducted in computing net income, gains on dispositions of assets and amortization of any net premium on long-term debt assumed from vendors of properties at rates of interest greater than fair value and any other adjustments determined by the Trustees in their discretion.

“**Distribution Date**” means, with respect to a distribution by Skyline Retail 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.

“**DPSP**” has the meaning given to that term in Item 2.7 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**Exchange Agreements**” means the Class B Exchange Agreement and the Class C Exchange Agreement.

“**Exchangeable LP Units**” means Class B LP Units and Class C 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 December 12, 2022 between the Exempt Market Dealer and Skyline Retail 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.

“**FHSA**” means a first home savings account.

“**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 2.7 – 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 Retail REIT, as amended from time to time.

“**General Partner**” means Skyline Retail Real Estate GP Inc., a corporation incorporated under the laws of the Province of Ontario to be the general partner of Skyline Retail LP, or any successor general partner of Skyline Retail 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 Retail REIT, as shown on its most recent balance sheet plus the amount of accumulated depreciation and amortization thereon.

“**Gross Leasable Area**” or “**GLA**” has the meaning given to that term in Item 2.1 – Structure.

“**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 Retail REIT issued to the General Partner, which was automatically redeemed by Skyline Retail REIT upon the issuance of the first REIT Unit.

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

“**joint venturers**” has the meaning given to that term in Item 2.7 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**Joint Venture Development Projects**” has the meaning given to that term in Item 2.2 Our Business – Joint Venture Development Projects.

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

“**LRE**” has the meaning given to that term in Item 6 – Income Tax Consequences and RRSP Eligibility – Taxation of Skyline Retail REIT.

“**Managers**” means the Asset Manager, the Property Manager, the Underwriting Manager, the Capex Provider, the Solar Asset Manager, the Legal Services Management Provider 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 Retail REIT, REIT Units or the Offering.

“**Material Transaction**” has the meaning given to that term in Item 2.7 – 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.

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

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

“**Offering Memorandum**” means this confidential offering memorandum, as it may be amended, supplemented and/or amended and restated from time to time.

“**Partners**” means partners in Skyline Retail LP.

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

**“Partnership Units”** means units of interest in Skyline Retail LP authorized, created and issued from time to time, including Class A LP Units, Class B LP Units and Class C LP Units.

**“Payback Date”** has the meaning given to that term in Item 2.1 – Structure – Skyline Commercial 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.

**“Properties”** means collectively, the Existing Properties, Properties Under Contract, Properties 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 Agreement”** means the agreement between the Property Manager and Skyline Retail REIT dated October 8, 2013, which was subsequently amended, as approved by the Skyline Retail REIT Board of Trustees on November 29, 2016 and further amended, as approved by the Skyline Retail REIT Board of Trustees on November 24, 2021.

**“Property Manager”** means Skyline Commercial Management Inc., a corporation governed by the laws of the Province of Ontario that has the general responsibility for the overall management of the Properties.

**“RDSP”** has the meaning given to that term in Item 2.7 – Material Agreements – Declaration of Trust – Investment Guidelines.

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

**“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 given to that term in Item 5.1 – Terms of Securities – Redemption of REIT Units.

**“REIT Units”** means, collectively, the Class A REIT Units, Class F REIT Units and Class I REIT Units and includes a fraction of a unit and any other classes of units authorized by the Trustees as such.

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

**“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 with respect to Skyline Retail REIT: (a) the Asset Manager; (b) Skyline Management Incorporated; (c) Skyline Equities Inc.; (d) Skyline Equities Limited Partnership; (e) Skyline Asset Management Inc.; (f) Skyline Incorporated; (g) Skyline Retail Real Estate Limited Partnership; (h) Skyline Retail Real Estate GP Inc.; (i) Skyline Retail Asset Management Inc.; (j) Skyline Wealth Management Inc.; (k) all Subsidiaries; (l) all nominee corporations; (m) Skyline Industrial Real Estate Investment Trust; (n) Skyline Commercial Real Estate GP Inc.; (o) Skyline Commercial Real Estate Limited Partnership; (p) Skyline Commercial Asset Management Inc.; (q) Skyline Apartment Real Estate Investment Trust; (r) Skyline Real Estate Limited Partnership; (s) Skyline Apartment Asset Management Inc.; (t) Skyline Clean Energy Fund; (u) Skyline Clean Energy GP Inc.; (v) Skyline Clean Energy Limited Partnership; (w) Skyline Clean Energy Asset Management Inc.; (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;

“**RESP**” has the meaning given to that term in Item 2.7 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**RRIF**” has the meaning given to that term in Item 2.7 – Material Agreements – Declaration of Trust – Investment Guidelines.

“**RRSP**” has the meaning given to that term in Item 2.7 – 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 6 – 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 Appointees**” means the Trustees that the General Partner is entitled to appoint pursuant to the Declaration of Trust.

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

“**Skyline Retail LP Agreement**” means the amended and restated limited partnership agreement governing Skyline Retail LP, made as of October 8, 2013, as amended and restated most recently on February 4, 2016, as the same may be amended, restated, replaced or superseded from time to time.

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

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

“**Special Appointees**” means any person nominated as a Trustee pursuant to a nomination right granted in the discretion of the Trustees to any person pursuant to the Declaration of Trust.

**“Special Voting Unit”** means a unit of interest in Skyline Retail REIT issued only in connection with an Exchange Agreement to a holder of Class B LP Units or Class C LP Units.

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

**“Subscription Agreements”** means collectively, the subscription agreements entered into between Skyline Retail REIT and one or more Subscribers setting out the contractual relationship between Skyline Retail 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 6 – Income Tax Consequences and RRSP Eligibility.

**“taxable capital gain”** has the meaning given to that term in Item 6 – Income Tax Consequences and RRSP Eligibility – Disposition of REIT Units.

**“TFSA”** has the meaning given to that term in Item 2.7 – Material Agreements – Declaration of Trust – Investment Guidelines.

**“Trust Note”** means a promissory note, bond, debenture, debt security or similar evidence of indebtedness issued by Skyline Retail REIT.

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

**“UCC”** has the meaning given to that term in Item 6 – Income Tax Consequences and RRSP Eligibility – Taxation of Skyline Retail LP.

**“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.

## 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 Retail 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 Retail REIT; Skyline Retail REIT’s access to available sources of debt and/or equity financing; future legislative and regulatory developments which may affect Skyline Retail REIT; the expected tax treatment of Skyline Retail REIT; Skyline Retail 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 8 – 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 retail 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 Retail 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 Retail REIT's present and future business strategies and the environment in which Skyline Retail 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 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 Retail 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 Retail 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 8 – Risks Factors" of this Offering Memorandum for a discussion of other factors that may impact Skyline Retail REIT.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

In Alberta, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan, any Marketing Materials related to a distribution of REIT Units under this Offering Memorandum and Section 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 Retail REIT as a result of the Offering.

		Assuming minimum Offering <sup>(1)</sup>	Assuming maximum Offering <sup>(1)</sup>
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 or maximum Offering. Skyline Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail REIT for payments to Related Parties, including to the Asset Manager, the Property Manager, the Leasing Services Provider, the Development Manager, the Exempt Market Dealer, the Underwriting Manager, the Solar Asset Manager, the Capex Provider and the Legal Services Management Provider.

### 1.3 Reallocation

Skyline Retail REIT intends to spend the available funds as stated. Skyline Retail REIT will reallocate funds only for sound business reasons.

The following section of this Offering Memorandum contains forward-looking information, particularly statements related to the management and investment strategy of Skyline Retail REIT, the objectives of Skyline Retail 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.

## ITEM 2 BUSINESS OF SKYLINE RETAIL REIT

### 2.1 Structure

Skyline Retail REIT is an unincorporated open-end investment trust created by a declaration of trust made as of October 8, 2013, 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 2.7 – Material Agreements – Declaration of Trust.

The objectives of Skyline Retail 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 retail properties located in Canada; (ii) to maximize REIT Unit value through the ongoing management of Skyline Retail 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.

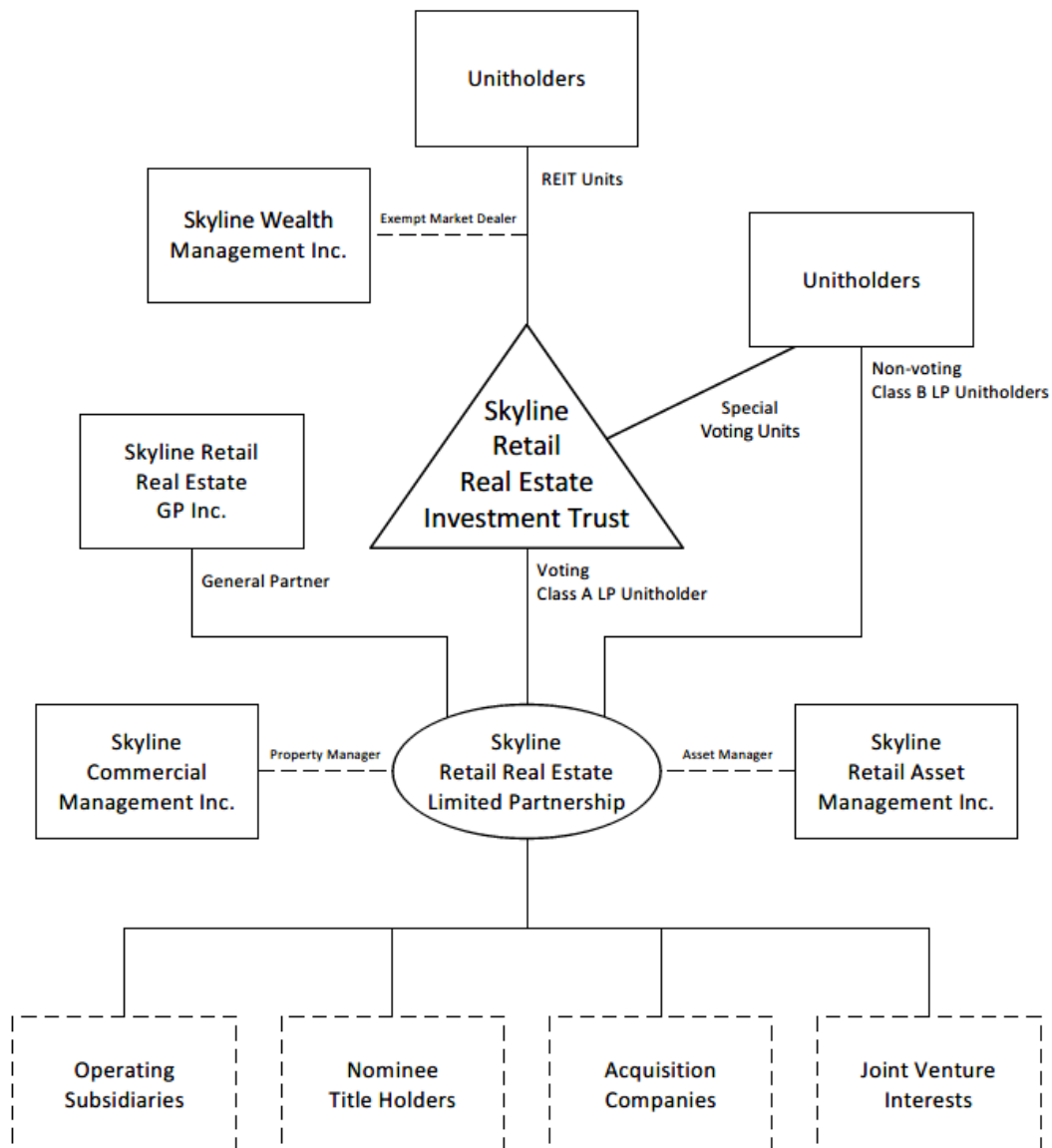
The trustees of Skyline Retail REIT (the “**Trustees**”) are responsible for the general control and direction of Skyline Retail REIT. The day-to-day management of Skyline Retail REIT is carried out by the Asset Manager, the Properties are managed by the Property Manager under the direction of the Asset 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. Development oversight and leasing services are also provided by the Asset Manager. Lease documentation services are also provided by the Property 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 Legal Services Management Provider and capital projects expenditures management services are provided by the Capex Provider. See Item 2.2 – Our Business – Management of Skyline Retail REIT.

Skyline Retail REIT owns all of the Class A LP Units of Skyline Retail Real Estate Limited Partnership (“**Skyline Retail LP**”). Skyline Retail REIT holds all of its interest in the Existing Properties and will hold all of its interest in all future property acquisitions and joint venture interests, indirectly through its interest in Skyline Retail LP, or in the name of other nominee title holder corporations, all of the shares of which nominee corporations are owned, directly or indirectly, by Skyline Retail LP or Subsidiaries of Skyline Retail LP. Skyline Retail Real Estate GP Inc. (the “**General Partner**”), an Ontario corporation, is the general partner of Skyline Retail LP. Skyline Retail REIT will derive its income from distributions from Skyline Retail LP. See “Skyline Retail LP Agreement – Partnership Distributions” below.

The Existing Properties currently consist of 120 properties located in 71 communities across Alberta, British Columbia, Manitoba, Ontario and Quebec containing an aggregate of 5,434,675 square feet of gross leasable area (“**Gross Leasable Area**” or “**GLA**”). See Item 2.2 – Our Business - Properties. Future acquisitions will be subject to specific investment restrictions and the operation of Skyline Retail REIT will be subject to specific operating policies. See Item 2.7 – Material Agreements – Declaration of Trust - Investment Guidelines and Operating Policies.

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

The following sets forth the principal operating structure of Skyline Retail REIT.



## Skyline Retail LP Agreement

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

Under the terms of the Skyline Retail LP Agreement, Skyline Retail LP may not undertake any activity, take any action, or make any investment that would result in Skyline Retail REIT breaching or being in default of the investment guidelines or operating policies of Skyline Retail REIT as set out in the Declaration of Trust.

Subject to any limitation set out in the Skyline Retail 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 Retail LP.

Skyline Retail REIT owns all of the Class A LP Units of Skyline Retail LP. As a result of the acquisition of certain properties, Class B LP Units of Skyline Retail LP and a corresponding number of Special Voting Units of Skyline Retail REIT were issued to certain vendors in partial payment of the purchase price and Class C LP Units of Skyline Retail LP and a corresponding number of Special Voting Units of Skyline Retail REIT were issued to certain vendors in partial payment of the purchase price. As at the current time, certain of the Class B LP Units and related Special Voting Units remain outstanding and all of the Class C LP Units and related Special Voting Units have been exchanged and redeemed or cancelled. See Item 2.2 – Our Business – Properties – Existing Properties. Class B LP Units and Class C LP Units (the “**Exchangeable LP Units**”) shall be exchangeable for Class A REIT Units pursuant to the respective Exchange Agreement, on the terms and subject to the Declaration of Trust, the respective Exchange Agreement and the Skyline Retail LP Agreement. 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.

Pursuant to the Skyline Retail LP Agreement, in the event that a holder of Class B LP Units wishes to exchange its Class B LP Units and immediately redeem all, but not less than all, of the Class A REIT Units received on exchange of such units (a “**Class B Redeeming Unitholder**”), such Class B Redeeming Unitholder shall provide not less than 30 days’ notice to Skyline Retail REIT of such intended exchange and redemption (a “**Class B Advance Redemption Notice**”). Skyline Retail REIT shall be entitled within 10 days from the receipt of such Class B Advance Redemption Notice to send a notice to the Class B Redeeming Unitholder that Skyline Retail REIT cannot complete the intended redemption of some or all of the Class B LP Units identified in the Class B Advance Redemption Notice due to the restrictions on redemption contained in the Declaration of Trust (a “**Class B Redemption Restriction Notice**”) which notice shall also identify the number of Class B LP Units which cannot be redeemed. If no Class B Redemption Restriction Notice is sent by Skyline Retail REIT, Skyline Retail REIT shall be deemed to have confirmed that there is no restriction on the redemption of the Class B LP Units identified in the Class B Redemption Restriction Notice. If Skyline Retail REIT sends a Class B Redemption Restriction Notice, the Class B Redeeming Unitholder shall be entitled to direct the General Partner to sell or dispose of one or more of the properties held by Skyline Retail LP necessary to generate the required funds to complete the proposed redemption specified in the Class B Advance Redemption Notice. The General Partner shall be obliged to select at its sole discretion a Property for sale, and upon completion of such sale, apply the net proceeds to the redemption of the Class B LP Units held by the Class B Redeeming Unitholder. The redemption price for each such Class B LP Unit shall be equal to the Class B Liquidation Amount. “**Class B Liquidation Amount**” means an amount per Class B LP Unit equal to the then fair value of the Class A REIT Units to which such holder is entitled to acquire upon exchange of such Class B LP Unit pursuant to the Class B Exchange Agreement.



Pursuant to the Skyline Retail LP Agreement, in the event that a holder of Class C LP Units wishes to exchange its Class C LP Units and immediately redeem all, but not less than all, of the Class A REIT Units received on exchange of such units (a “**Class C Redeeming Unitholder**”), such Class C Redeeming Unitholder shall provide not less than 30 days’ notice to Skyline Retail REIT of such intended exchange and redemption (a “**Class C Advance Redemption Notice**”). Skyline Retail REIT shall be entitled within 15 days from the receipt of such Class C Advance Redemption Notice to send a notice to the Class C Redeeming Unitholder that Skyline Retail REIT cannot complete the intended redemption of some or all of the Class C LP Units identified in the Class C Advance Redemption Notice due to the restrictions on redemption contained in the Declaration of Trust (a “**Class C Redemption Restriction Notice**”) which notice shall also identify the number of Class C LP Units which cannot be redeemed. If no Redemption Restriction Notice is sent by Skyline Retail REIT, Skyline Retail REIT shall be deemed to have confirmed that there is no restriction on the redemption of the Class C LP Units identified in the Class C Redemption Restriction Notice. The redemption price for each such Class C LP Unit shall be equal to the Liquidation Amount. “**Liquidation Amount**” means an amount per Class C LP Unit equal to the then fair value of the Class A REIT Units to which such holder is entitled to acquire upon exchange of such Class C LP Unit pursuant to the Class C Exchange Agreement.

Skyline Retail 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 Retail LP Agreement, on the date of any distribution by Skyline Retail REIT to REIT Unitholders, each holder of Exchangeable LP Units will receive from Skyline Retail LP the amount that the holder would have received as a distribution by Skyline Retail 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.

After the payment of any amounts to holders of Exchangeable LP Units as set out in the preceding paragraph, 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 Retail 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 Retail 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 Class A Unitholder (i.e. Skyline Retail REIT).

### ***GP Share Calculation***

Pursuant to the Skyline Retail 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**” is 20% of Distributable Cash net of the Reimbursement Distribution Amount, calculated on an individual Property basis from and after the Payback Date for each Property. The “**Payback Date**” means, with respect to a Property, the date upon which cumulative distributions to limited partners of Skyline Retail LP with respect to that property equal 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 Retail 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. The “**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 Retail 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 Retail LP Agreement).

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 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 by the Limited Partners 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 Retail 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 at December 1, 2022, Skyline Retail REIT owned 120 retail properties (the "**Existing Properties**"), of which 6 properties comprising 553,517 square feet of leasable space are located in the Province of Alberta, 4 properties comprising 277,484 square feet of leasable space are located in the Province of British Columbia, 2 properties comprising 36,736 square feet of leasable space are located in the Province of Manitoba, 84 properties comprising 3,336,227 square feet of leasable space are located in the Province of Ontario, and the remaining 24 properties comprising 1,230,711 square feet of leasable space located in the Province of Quebec.

#### *Recent Property Acquisitions*

From January 1, 2022 to December 1, 2022, Skyline Retail REIT acquired 9 retail properties (the "**Recent Property Acquisitions**"), of which 2 properties are located in the Province of Ontario, 1 property is located in the Province of British Columbia, 4 properties are located in the Province of Quebec, and 2 properties are located in Alberta, consisting of a total of 33 retail spaces and 777,063 square feet of retail space.

#### *Recent Property Dispositions*

From January 1, 2022 to December 1, 2022, Skyline Retail REIT disposed of 2 retail properties located in the Province of Ontario consisting of a total of 4 retail spaces and 42,699 square feet of retail space.

#### *Dispositions Under Contract*

When Skyline Retail REIT enters into 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 December 1, 2022, Skyline Retail REIT is not party to any Dispositions Under Contract.

#### *Properties Under Contract*

As of December 1, 2022, Skyline Retail REIT is party to one firm agreements to purchase retail property (the "**Properties Under Contract**"). The Property is located in the Province of Ontario and scheduled to close in mid-December, 2022.

### *Properties Under Due Diligence*

When Skyline Retail REIT enters into an agreement to purchase retail property and is still in the process of conducting due diligence on said property, and has not yet waived all conditions to proceed with a firm agreement, each property that is the subject of the agreement is referred to as a property under due diligence (the “**Properties Under Due Diligence**”). All transactions are subject to standard due diligence, including financial, physical, environmental, and legal review. Properties Under Due Diligence are still within a 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 at that time, or at all. As of December 1, 2022, Skyline Retail REIT has 2 Properties Under Due Diligence one located in Quebec and one located in British Columbia.

### *Joint Venture Development Projects*

Skyline Retail REIT has entered into its first strategic joint venture partnership with an arm’s length third party in to develop a retail plaza in a tertiary market (the “**Initial Joint Venture Project**”) to address the tenant demand in that market and contemplates the potential of future similar partnerships (“**Joint Venture Development Projects**”). Skyline Retail REIT has negotiated an option to acquire all the unowned interest in the Initial Joint Venture Development Project at market price in 5 years following completion and will be funding the required contributions of its partner in the Initial Joint Venture Project through a loan bearing interest at 6.53% per annum.

The following table summaries the fund allocated and contributed to the Joint Venture Development Projects as of December 1, 2022:

Project	Allocated <sup>1</sup>	Contributed <sup>2</sup>
Hanes Centre	\$7,279,999.00 <sup>3</sup>	\$1.00

1 “Allocated” refers to the value of funds that have been allocated towards Skyline Retail REIT’s commitment to each specific joint venture project.

2 “Contributed” refers to the value of funds that have been advanced by Skyline Retail REIT to the relevant joint venture project.

3 This figure does not include funds allocated for the loan to the partner in the Initial Joint Venture.

The following table summarizes certain aspects of the Existing Properties as of December 1, 2022:

Address	Area	Tenants	Occupancy	Office	Retail
1171-1183 16th Street East, Owen Sound, ON	32,099.0	4	100.0%	0.0%	100.0%
90-98 Lafleche Blvd, Casselman, ON	20,135.6	5	88.6%	0.0%	100.0%
76-80 Keil Drive, Chatham, ON	35,976.0	3	100.0%	0.0%	100.0%
825-855 Tenth Street, Hanover, ON	5,240.0	2	100.0%	0.0%	100.0%
618 Main Street, North, Mount Forest, ON	1,740.0	1	100.0%	0.0%	100.0%
40-46 Broadway Street, Orangeville, ON	25,483.0	6	94.8%	0.0%	100.0%
25 Broadway Street, Orangeville, ON	18,622.0	1	100.0%	0.0%	100.0%
273-281 Dundas Street, Trenton, ON	1,780.0	1	100.0%	0.0%	100.0%
132-140 Richmond Street, Chatham, ON	23,252.0	3	100.0%	0.0%	100.0%
150 Richmond Street, Chatham, ON	14,459.0	2	100.0%	0.0%	100.0%
417 The Queensway South, Keswick, ON	40,088.0	7	100.0%	27.4%	72.6%
77 Waterloo Road, Timmins, ON	74,079.0	3	64.9%	0.0%	100.0%
255 Weber Street North, Waterloo, ON	5,580.0	1	100.0%	0.0%	100.0%
175 Hanes Road, Huntsville, ON	5,533.0	2	100.0%	0.0%	100.0%
1077 10th Street West, Owen Sound, ON	25,000.0	2	100.0%	0.0%	100.0%
14721- 14729 Yonge Street, Aurora, ON	19,009.0	2	100.0%	0.0%	100.0%
395 King Street, Midland, ON	2,880.0	1	100.0%	0.0%	100.0%
270 Weber Street North, Waterloo, ON	64,214.0	2	100.0%	0.0%	100.0%

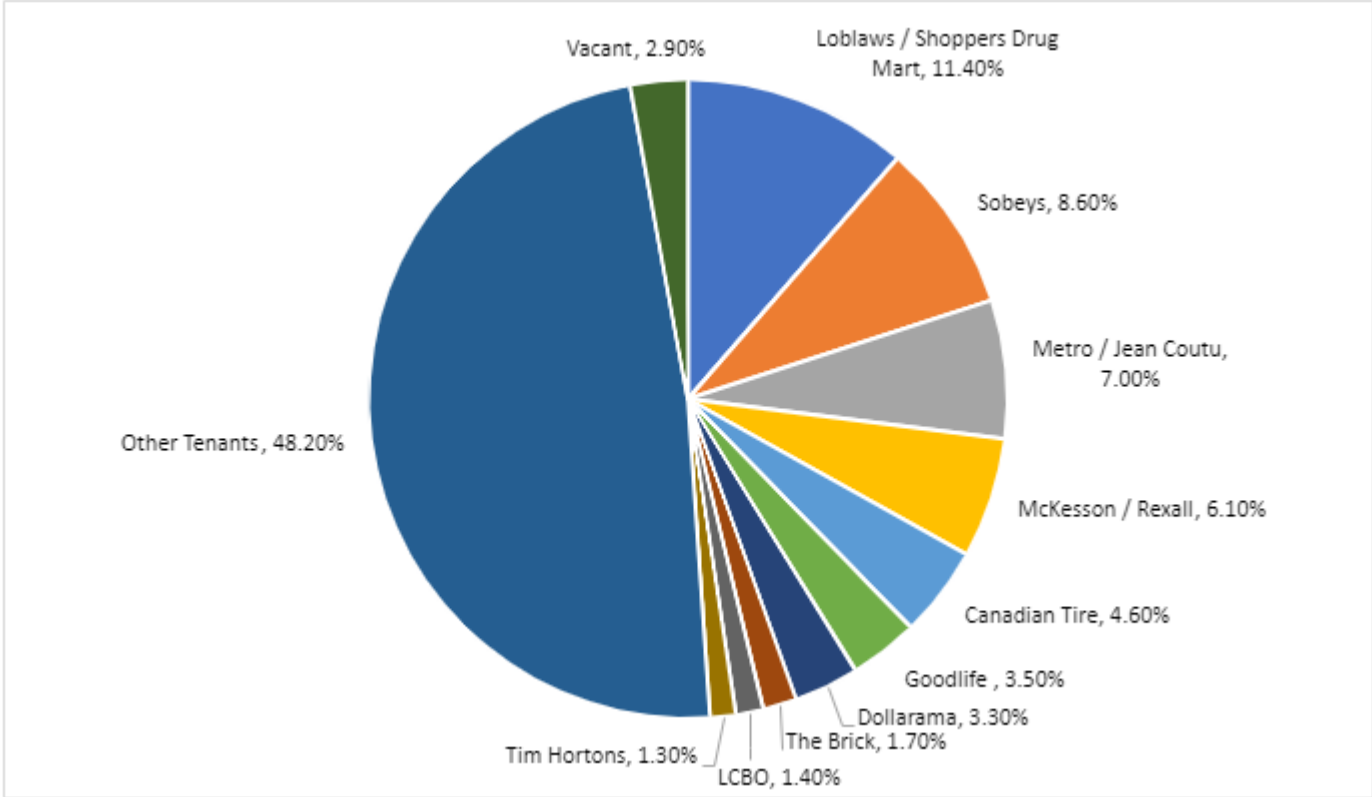
Address	Area	Tenants	Occupancy	Office	Retail
51,55 &57 King William Street, Huntsville, ON	15,951.2	1	100.0%	0.0%	100.0%
295 King Street, Midland, ON	10,140.0	2	100.0%	19.7%	80.3%
4115 Walker Road, Windsor, ON	111,712.6	12	82.0%	0.0%	100.0%
225 Centennial Road, Orangeville, ON	105,899.0	31	100.0%	0.0%	100.0%
224 Centennial Road, Orangeville, ON	51,142.0	13	100.0%	0.0%	100.0%
97-129 Young Street, Tecumseth (Alliston), ON	54,152.0	22	100.0%	0.0%	100.0%
84 Wellington Street South, St Marys, ON	34,877.0	4	100.0%	0.0%	100.0%
1199 Goderich Street, Saugeen Shores, ON	25,179.0	4	100.0%	0.0%	100.0%
893-895 10th Street, Hanover, ON	25,058.0	2	100.0%	0.0%	100.0%
24 Amanda Street, Coniston, ON	24,678.0	6	100.0%	0.0%	100.0%
792 Broadway Street, Kincardine, ON	16,884.0	3	100.0%	0.0%	100.0%
1600 Bruce Road 4, Walkerton, ON	19,015.5	1	100.0%	0.0%	100.0%
2425 Barton St, East, Hamilton, ON	18,972.0	1	100.0%	0.0%	100.0%
477 Main St East, North Bay, ON	21,432.0	1	100.0%	0.0%	100.0%
589 Second Line E, Sault Ste. Marie, ON	28,516.0	1	100.0%	0.0%	100.0%
9 Industrial Drive, Grimsby, ON	25,167.0	1	100.0%	0.0%	100.0%
2655 Queensview Drive, Ottawa, ON	30,123.0	1	100.0%	0.0%	100.0%
33 Josephine Street, Wingham, ON	3,030.0	1	100.0%	0.0%	100.0%
55 Josephine Street, Wingham, ON	35,233.5	4	100.0%	0.0%	100.0%
1380 Lasalle Boulevard, Sudbury, ON	25,060.0	7	100.0%	0.0%	100.0%
260 Goderich Street, Port Elgin, ON	14,601.0	3	100.0%	0.0%	100.0%
620 Government Street, Dryden, ON	85,493.0	1	100.0%	0.0%	100.0%
210 Wallace Ave North, Listowel, ON	13,514.0	1	100.0%	0.0%	100.0%
4140-4150 Walker Road, Windsor, ON	21,916.0	7	100.0%	0.0%	100.0%
500 Division Street, Cobourg, ON	62,425.0	9	100.0%	0.0%	100.0%
330 Notre Dame Street, Belle River, ON	25,356.0	4	100.0%	30.2%	69.8%
71 Main Street South, Bayfield, ON	20,008.4	2	100.0%	0.0%	100.0%
315 Arthur Street South, Elmira, ON	64,825.0	9	100.0%	0.0%	100.0%
525-711 Grand Avenue, Chatham, ON	179,367.0	13	98.9%	0.0%	100.0%
445-485 Grand Avenue, Chatham, ON	38,498.0	11	100.0%	0.0%	100.0%
5118 Old Hwy 69 N, Hanmer, ON	27,433.0	4	100.0%	0.0%	100.0%
70 Carroll Street East, Strathroy, ON	19,743.0	5	100.0%	0.0%	100.0%
500 Tecumseh East, Windsor, ON	20,870.0	1	100.0%	0.0%	100.0%
1553 Dundas Street East, London, ON	51,557.9	7	97.1%	0.0%	100.0%
4916-4930 boulevard Saint-Jean, Pierrefonds (Montreal), QC	20,092.0	6	100.0%	0.0%	100.0%
5510-5520 chemin de la Cote-des-Neiges, Montreal, QC	15,081.0	6	100.0%	40.6%	59.4%
8995 & 9021-9041 boulevard Saint-Michel, Montreal, QC	18,945.0	3	100.0%	0.0%	100.0%
6455-6461 avenue Christophe-Colomb, Montreal, QC	20,421.2	10	100.0%	51.8%	48.2%
405 Grand Boulevard, L'Ile-Perrot, QC	15,175.0	3	100.0%	0.0%	100.0%
2310 rue Saint-Louis, Gatineau, QC	43,256.0	9	95.4%	0.0%	100.0%
2722 boulevard Royal, Shawinigan, QC	16,741.0	3	100.0%	0.0%	100.0%
107 Dundas Street East, City of Quinte West (Formerly Trenton), ON	12,858.0	2	100.0%	0.0%	100.0%
399 Main Street, Thunder Bay, ON	167,533.3	22	82.4%	0.0%	100.0%
3840 Howard Avenue, Windsor, ON	16,240.0	1	100.0%	0.0%	100.0%
325 Greber Blvd, Gatineau, QC	73,412.6	14	97.3%	0.0%	100.0%
537-547 Frederick Street, Kitchener, ON	12,449.0	1	100.0%	0.0%	100.0%
1505 Highbury Avenue N, London, ON	11,087.0	1	100.0%	0.0%	100.0%
71 Sandwich Street South, Amherstburg, ON	15,463.0	1	100.0%	0.0%	100.0%
399 King Street, Welland, ON	10,612.0	1	100.0%	0.0%	100.0%

Address	Area	Tenants	Occupancy	Office	Retail
401 St. Clair Street, Chatham-Kent, ON	12,200.0	1	100.0%	0.0%	100.0%
1507 9th Avenue East, Owen Sound, ON	11,087.0	1	100.0%	0.0%	100.0%
466 Goderich Street, Port Elgin, ON	12,150.0	1	100.0%	0.0%	100.0%
1975 Bancroft Drive, Sudbury, ON	15,379.0	1	100.0%	0.0%	100.0%
848 LaSalle Boulevard, Sudbury, ON	11,746.0	1	100.0%	0.0%	100.0%
129 Trunk Road, Sault Ste. Marie, ON	11,180.0	1	100.0%	0.0%	100.0%
13 Second Line W., Sault Ste. Marie, ON	11,916.0	1	100.0%	0.0%	100.0%
470 Centre Street North, Napanee, ON	10,220.0	1	100.0%	0.0%	100.0%
25 Boulevard Des Entreprises & 355 Montee Sanche, Boisbriand, QC	43,630.0	2	100.0%	0.0%	100.0%
465 Avenue Bethany, Lachute, QC	33,121.0	1	100.0%	0.0%	100.0%
10240-10250 Chemin Sainte-Marguerite, Pointe-du-Lac, QC	23,173.0	2	100.0%	0.0%	100.0%
3751-3761 Boulevard du Royaume, Saguenay, QC	13,654.0	2	100.0%	0.0%	100.0%
2424 Rue Mathias & 2671-2683 Boulevard du Royaume, Saguenay, QC	13,062.0	3	100.0%	0.0%	100.0%
2139 Rue de l'Annonciation Sud, Riviere-Rouge, QC	2,497.0	1	100.0%	0.0%	100.0%
878-894, 900 Tower Street South, Fergus, ON	80,575.0	15	100.0%	0.0%	100.0%
600-850 Boulevard du Saint-Maurice, Trois-Rivieres, QC	112,746.0	10	92.1%	0.0%	100.0%
110 North Front Street, Belleville, ON	66,646.5	13	96.2%	0.0%	100.0%
21 College Street West, Belleville, ON	5,267.0	3	100.0%	0.0%	100.0%
150 Churchill Blvd and 31 Trunk Road, Sault Ste. Marie, ON	143,075.5	22	89.4%	0.0%	100.0%
448 St Clair Street, Chatham, ON	71,428.0	9	100.0%	0.0%	100.0%
160, 170 Kortright Road West, Guelph, ON	85,634.5	12	100.0%	0.0%	100.0%
200, 210 Kortright Road West, Guelph, ON	23,088.0	10	100.0%	0.0%	100.0%
509-511 Commissioners Road West, London, ON	94,180.0	18	100.0%	0.0%	100.0%
387-401 Wellington Rd South, London, ON	140,545.0	25	92.0%	11.5%	88.5%
760 Hyde Park Road, London, ON	34,066.0	15	100.0%	0.0%	100.0%
1-11 Baseline Road East, London, ON	60,757.0	9	100.0%	0.0%	100.0%
1030 Adelaide Street North, London, ON	80,916.0	14	100.0%	0.0%	100.0%
382 & 390 Main Street, Steinbach, MB	20,956.0	3	100.0%	0.0%	100.0%
2211 Pembina Hwy, Winnipeg, MB	15,780.0	1	100.0%	0.0%	100.0%
9910-9940 92 Street, Grande Prairie, AB	43,017.0	9	100.0%	0.0%	100.0%
13010 - 137th Avenue NW, Edmonton, AB	23,200.0	2	100.0%	0.0%	100.0%
100-420 Manning Crossing, Edmonton, AB	60,078.0	30	100.0%	0.0%	100.0%
6660 Sooke Road, Sooke, BC	73,817.0	18	99.8%	0.0%	100.0%
1131 Lawson Avenue, Kelowna, BC	32,532.0	4	100.0%	0.0%	100.0%
351-431 Talisman Drive & 155 & 225 Edward Street, Gravenhurst, ON	151,409.0	12	100.0%	0.0%	100.0%
859 Fort William Road, Thunder Bay, ON	44,566.0	3	100.0%	0.0%	100.0%
6320-6380 50 Ave, Red Deer, AB	243,480.5	22	91.6%	0.0%	100.0%
12285-12421 Boul Rodolphe-Forget, Montreal, QC	67,124.0	9	100.0%	0.0%	100.0%
2235-2261 Boulevard Roland-Therrien, Longueuil, QC	49,742.0	9	100.0%	0.0%	100.0%
1220 1300-1400 Saint-Jean-Baptiste, Pointe-aux-Trembles, QC	115,810.0	24	100.0%	0.0%	100.0%
3080-3106 Henri-L.-Chevrette and 5371 Saint-Jean, Saint-Felix-de-Valois, QC	55,567.0	5	100.0%	0.0%	100.0%
675-677 Boulevard des Seigneurs, Terrebonne, QC	39,286.0	1	100.0%	0.0%	100.0%
5661-5671 Boulevard Laurier, Terrebonne, QC	47,478.0	2	100.0%	0.0%	100.0%
1888-1920 North Parallel Road, Abbotsford, BC	72,659.0	14	98.8%	0.0%	100.0%
750-810 Saint-Paul Street, Saint-Remi, QC	62,347.0	7	100.0%	0.0%	100.0%
29-39 Macdonell Street & 26-40 Carden Street, Guelph, ON	2,459.0	2	86.1%	0.0%	100.0%
1010 Talbot Street, St. Thomas, ON	74,262.4	13	99.3%	0.0%	100.0%

Address	Area	Tenants	Occupancy	Office	Retail
1800 Strachan Rd SE, Medicine Hat, AB	109,935.0	21	94.5%	0.0%	100.0%
470-484 Norfolk Street South, Simcoe, ON	92,233.0	14	98.0%	0.0%	100.0%
2749-2763 Beverly Street, Duncan, BC	98,476.0	29	99.6%	0.0%	100.0%
5111 22nd Street, Red Deer, AB	73,807.0	6	94.7%	0.0%	100.0%
170-182 St-Luc Blvd & 1216-1250 Douglas Street, Saint-Jean-sur-Richelieu, QC	166,107.0	29	94.7%	27.6%	72.4%
1395-1471 Michele-Bohec Blvd, Blainville, QC	162,243.3	24	96.3%	0.0%	100.0%
<b>Total</b>	<b>5,434,675.4</b>	<b>833</b>	<b>96.8%</b>	<b>1.8%</b>	<b>98.2%</b>
<b>Occupancy</b>	<u><b>5,260,522.5</b></u>			<u><b>82,565.2</b></u>	<u><b>5,177,957.4</b></u>
	<u><b>96.8%</b></u>			<u><b>83.2%</b></u>	<u><b>97.0%</b></u>
<b>Tenants</b>	<u><b>833</b></u>			<u><b>25</b></u>	<u><b>808</b></u>
<b>In-Place Rent</b>	<u><b>\$ 18.82</b></u>			<u><b>\$ 18.04</b></u>	<u><b>\$ 18.83</b></u>
<b>Base Rent (000's)</b>	<u><b>\$ 99,011</b></u>			<u><b>\$ 1,489</b></u>	<u><b>\$ 97,522</b></u>

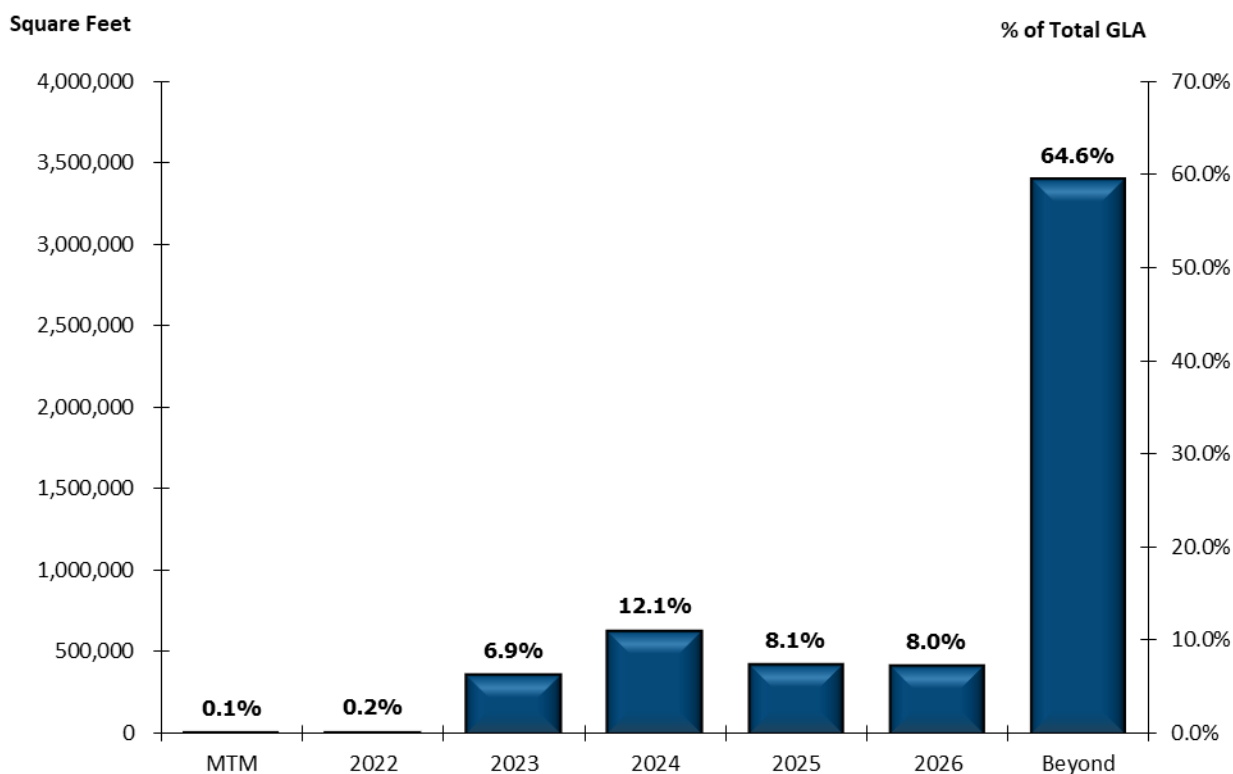
**Top Ten Tenants**

The Retail REIT’s tenant profile consists of a diversified base of quality tenants. At December 1, 2022, the Retail REIT consisted of 833 tenants. The following chart shows the tenant mix for the properties on the basis of percentage of gross leasable area.



## Schedule of Lease Maturities

As at December 1, 2022, 96.8% of the space in the Properties were leased. The following bar graph indicates the total occupied square footage of the Properties subject to lease maturities as at December 1, 2022 (assuming tenants do not exercise renewal options) and the percentage of the total Gross Leasable Area relating to the Properties represented by such maturities.<sup>(1)(2)</sup>



### Notes:

- (1) The above lease maturity schedule does not include area not currently under lease. In addition to the leased area there currently is 174,153 sq. ft which is vacant and represents 3.2% of the Gross Leasable Area.
- (2) 89 tenants, consisting of 955,634 square feet, have leases that are expiring after 2031. This represents 18.2% of the Leased Area. The average lease term is 5.66 years.

## Retail Real Estate Market

Skyline Retail REIT's principal focus will be on retail assets in stable and growing markets across Canada.

The Existing Properties consist of properties which are utilized primarily for retail and ancillary office uses and are located in 71 communities across Alberta, British Columbia, Manitoba, Ontario and Quebec. Skyline Retail REIT intends to focus on owning, acquiring and developing income-producing community-based retail properties with strong tenant covenants, stable yields, low vacancy levels and strong growth potential. Skyline Retail REIT's objective is to achieve with its investment focus a geographically diversified portfolio of properties in cities across Canada with stable and growing cash flows.

Skyline Retail REIT believes that the income-producing community-based retail property market segment represents a reasonable long-term risk/return investment environment with fewer national competitors than other segments of the commercial property market. By concentrating on the community-based segment, Skyline Retail REIT believes it will be afforded greater opportunities to make accretive acquisitions and complete development projects that will contribute to achieving attractive yields for REIT

Unitholders. Skyline Retail REIT believes that the geographic diversity of its properties, as well as their diverse tenant mix, decreases the likelihood that a single regional economic downturn will have a material adverse impact on its distributions.

## **Management of Skyline Retail REIT**

### *Trustees*

The investment policies and operations of Skyline Retail 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 3 and a maximum of 9 Trustees. The General Partner is entitled to appoint up to 4 Trustees, provided that following such appointment, a majority of the Trustees are Independent Trustees. The Trustees have the power, in their absolute discretion, to grant to any other Person the right to appoint one or more Trustees to serve on the Board of Trustees of Skyline Retail REIT upon such terms and conditions as the Trustees may determine, provided always that a majority of Trustees are Independent Trustees. Certain decisions respecting the affairs of Skyline Retail 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 (the “**Finance Committee**”) and an investment committee (the “**Investment Committee**”). The members of the Finance Committee must be Independent Trustees. See Item 2.7 – Material Agreements – Declaration of Trust and Item 3.2 – Management Experience.

### *The Asset Manager*

Skyline Retail Asset Management Inc. (the “**Asset Manager**”) is a corporation governed by the laws of the Province of Ontario. The Asset Manager is responsible for managing day to day operations for Skyline Retail REIT and its Subsidiaries and providing advice with respect to Skyline Retail REIT’s real property investment portfolio, subject to the control and direction of the Trustees. The Asset Manager performs these duties and receives fees pursuant to the Asset Management Agreement for a current term, expiring in September 2023. The Asset Management Agreement will automatically renew for successive five-year terms unless terminated by Skyline Retail REIT or the Asset Manager. The Asset Manager also receives fees pursuant to the Lease Documentation Services Arrangement. See Item 2.7 – Material Agreements – Asset Management Agreement, Development Services and Leasing Services Arrangement.

### *Management of the Properties*

Skyline Commercial Management Inc. (the “**Property Manager**”) is a corporation governed by the laws of the Province of Ontario. The Property Manager manages the Properties and receives fees pursuant to the Property Management Agreement for a current term, expiring in September 2023. The Property Management Agreement will automatically renew for successive five-year terms unless terminated by Skyline Retail REIT or the Property Manager. The Property Manager also receives fees pursuant to the Lease Documentation Services Arrangement. See Item 2.7 – Material Agreements – Property Management Agreement and Lease Documentation Services Agreement.

### *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 October 2023 and the Fund Administration Services Agreement for a current term expiring in 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 Retail REIT or the Exempt Market Dealer. 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 activities over the past ten years. See Item 2.7 – Material Agreements – Exempt Market Dealer Agreement.

Some directors and officers of the Exempt Market Dealer are also Trustees of Skyline Retail 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 Retail REIT. The General Partner receives distributions, including the GP Share, from Skyline Retail LP. Under applicable securities legislation, Skyline Retail REIT may be considered a connected issuer of the Exempt Market Dealer.

The decision of Skyline Retail 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 Managers 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 this Offering other than the fees payable to the Exempt Market Dealer under the Exempt Market Dealer Agreement and the Fund Administration Services Agreement by Skyline Retail REIT. See Item 2.7 – 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 retail leasing and management business, including acquisitions and dispositions, finance and administration, property management, construction and renovation, and marketing and sales. These skills will permit Skyline Retail REIT to capitalize upon many retail real estate opportunities that may be unavailable to other real estate investors who lack the requisite diversity of real estate experience.

The Asset Manager maintains and enhances the value of Skyline Retail 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 Retail REIT’s portfolio; and timely communications and disclosure. The Asset Manager focuses its acquisitions and development activities on good quality retail properties in strong secondary and tertiary markets across Canada, and will 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 retail portfolio. It will continue to enhance overall portfolio incomes through diversifying the tenant base and geographic diversity.

The Asset Manager believes that retail properties offer an attractive investment opportunity with both stability of yield and growth potential. The ability to acquire and develop good quality, well located retail assets, with a focus on longer term leases and stronger credit quality national tenants, will allow Skyline Retail REIT to enhance the underlying portfolio cash flow and investor returns. Skyline Retail REIT will also look to acquire and develop Properties in markets where the Asset Manager and the Property Manager have existing platforms to build off existing market relationships and capitalize on local economies of scale. Through future acquisitions of properties, in compliance with its investment guidelines, Skyline Retail REIT intends to geographically diversify its portfolio by purchasing properties in strong secondary and tertiary markets. As well, as Skyline Retail REIT grows through the acquisition of new properties, development of new and existing properties, and the issuance of additional REIT Units, Skyline Retail REIT has the potential to increase the stability of its income stream and provide Unitholders with increased liquidity.

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 - Retail Real Estate Market. The Asset Manager intends to create mass for Skyline Retail 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 October 8, 2013, Skyline Retail REIT has acquired multiple properties across Canada. Over the last 2 financial years, Skyline Retail REIT has continued to acquire, develop and dispose of properties in accordance with its overall strategy, despite the COVID-19 pandemic. Since most of Skyline Retail REIT's income is derived from large national, stable retailers offering essential services (grocery, drugstores, financial institutions, and drive-thru and take out restaurants), and despite smaller independent tenants, especially restaurateurs, being impacted significantly by various government mandates, the properties, overall, continued to be a source of stable and secure cash flow for Skyline Retail REIT.

Skyline Retail REIT's current portfolio is comprised of 120 Properties, which consist of an aggregate of 5,434,675 square feet of retail space. Since January 1, 2021, Skyline Retail REIT has purchased 9 Properties, which consist of an aggregate of 777,063 square feet, and has sold 2 Properties which consist of an aggregate of 42,699 square feet.

The Properties represent a source of stable and secure cash flow to Skyline Retail REIT and may provide opportunities for capital appreciation. The Properties are located in strategic geographic locations that meet the investment strategy of Skyline Retail REIT. In the view of Skyline Retail REIT, these Properties represent a significant base from which to launch the platform and to build upon the Asset Manager's knowledge base. In addition, the relative purchase prices attributable to each of the Properties are lower than its respective replacement cost. Skyline Retail REIT holds all of its interests in the Properties indirectly through its interest in Skyline Retail LP or in the name of nominee corporations or Subsidiaries, on behalf of Skyline Retail LP, all of the shares of which nominee corporations or Subsidiaries are owned, directly or indirectly, by Skyline Retail LP.

## 2.4 Long Term Objectives

The goals and long term objectives of Skyline Retail REIT are: (i) to provide REIT Unitholders with stable and growing cash distributions, payable monthly and, to the extent reasonably possible, tax deferred, from investments in a diversified portfolio of income-producing retail properties located in Canada; and (ii) to maximize REIT Unit value through the ongoing management of Skyline Retail REIT's assets and through the acquisition of additional properties. The costs associated with achieving Skyline Retail REIT's long term objectives include customary costs incurred in connection with the acquisition, financing 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 Retail REIT and as such, there are no specific timelines for completion of any of the foregoing objectives. See Item 2.1 - Structure - Skyline Retail LP Agreement - Partnership Distributions and Item 2.7 - Material Agreements.

**Skyline Retail 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 8 - Risk Factors.**

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

The primary objectives of Skyline Retail 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 Retail REIT's value while providing accretive returns to its Unitholders.

The following table discloses how Skyline Retail 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 Retail 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 Retail REIT and there is no assurance that alternative financings will be available.

## 2.7 Material Agreements

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

### Declaration of Trust

#### *General*

Skyline Retail REIT is an unincorporated open-end investment trust created by a declaration of trust made as of October 8, 2013, and amended and restated most recently 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.

#### *Trustees*

The Declaration of Trust provides that the assets and operations of Skyline Retail REIT will be subject to the control and authority of a minimum of three (3) and maximum of nine (9) 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 up to four (4) Trustees (each, a "**Skyline Appointee**"), provided that following such appointment a majority of the Trustees are Independent Trustees. A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of a Skyline Appointee) 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 a Skyline Appointee may only be filled by an appointment by the General Partner. The Trustees shall also have the power, in their absolute discretion, to grant to any other person the right to appoint 1 or more Trustees to serve on the board upon such terms and conditions as the Trustees may determine, provided always that a majority of Trustees are Independent Trustees. For the purposes of the Declaration of Trust, each person nominated pursuant to a nomination right granted pursuant to the foregoing provisions shall be known as a "**Special Appointee**". There are currently 6 Trustees, 4 of whom are Independent Trustees and none of whom are Special Appointees.

The Declaration of Trust also states that a Trustee, other than a Skyline Appointee or a Special 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 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail REIT. Except for the Asset Management Agreement, the Exempt Market Dealer Agreement, the Property Management Agreement and the Exchange Agreements, if a Trustee or officer of Skyline Retail REIT: (i) is a party to a material contract or transaction (a "**Material Transaction**") or proposed Material Transaction with Skyline Retail 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 Retail 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 at the meeting of Trustees at which a proposed Material Transaction is first considered or, 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. 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 Retail REIT; or (ii) one for indemnity under the provisions of the Declaration of Trust or the purchase of liability insurance.

### *Additional Approval Matters*

In addition to any other approvals, the following matters require the approval of the Trustees (whether or not 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, the Property Management Agreement and the Exchange Agreements, or transaction in which any Related Party has a material interest, or to 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 Retail REIT;

- to permit Skyline Retail 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 Retail LP to lend money to 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 Retail 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 5% of Adjusted Unitholders' Equity;
- to permit Skyline Retail REIT or Skyline Retail 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 Retail 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 5% of Adjusted Unitholders' Equity;
- to approve or enforce any agreement entered into by Skyline Retail REIT or its Subsidiaries with a Related Party or an associate thereof, or any amendment to such agreement;
- 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;
- 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 Retail REIT.

In addition, Skyline Retail REIT shall not permit Skyline Retail 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, the 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 Retail LP intends to purchase from, lend money with respect to, or sell to, a Related Party prepared by a valuator engaged by, and prepared under the supervision of, a committee of the 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 2 Independent Trustees who are resident Canadians to review Skyline Retail REIT's procedures for internal control with the Accountants and Chief Financial Officer, to review and recommend to the Trustees for their approval the financial statements of Skyline Retail REIT, to review the engagement of Skyline Retail REIT's Accountants, to assess Skyline Retail REIT's financial and accounting personnel and to review any significant transactions outside Skyline Retail REIT's ordinary activities and all pending litigation involving Skyline Retail REIT. Currently, the Finance Committee consists of all the 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 Retail REIT. Currently, the Investment Committee consists of all of the Trustees.

### *Investment Guidelines*

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

- (a) Skyline Retail REIT shall focus its activities primarily on the acquisition, holding, maintaining, improving, leasing or managing of retail commercial revenue-producing properties and ancillary real estate ventures and, through Skyline Retail LP, on the development of such properties intended for Skyline Retail 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 Retail REIT being disqualified for investment by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered education savings plans ("**RESPs**"), deferred profit-sharing plans ("**DPSP**"), registered disability savings plans ("**RDSPs**"), or tax-free savings accounts ("**TFSAs**") at any time after the date on which Skyline Retail REIT has over 150 Unitholders; or
  - (ii) Skyline Retail REIT ceasing to qualify as a "mutual fund trust" or a "registered investment" for purposes of the Tax Act;
- (c) from and after the date on which Skyline Retail REIT has a Gross Book Value of at least \$100,000,000, no single asset (other than Class A LP Units) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 20% 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 Retail 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 this section 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 1 year from the date of issue, Skyline Retail 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 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 Retail REIT, or an entity wholly-owned, directly or indirectly, by Skyline Retail 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 Retail REIT in Debt Instruments, after giving effect to the proposed investment, will not exceed 15% of the Adjusted Unitholders’ Equity of Skyline Retail REIT,

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 the real property being disposed of by Skyline Retail LP; and (i) provided that the aggregate value of the investments in such Debt Instruments will not exceed 15% of Adjusted Unitholders’ Equity of Skyline Retail REIT;

- (j) no direct or indirect investment shall be made in raw land (except investment by Skyline Retail LP in raw land where the total cost of all such investments, including both the

acquisition costs and estimated costs of any development proposed to be completed on such 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 of Skyline Retail REIT; 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 subsections 4.1 (i), (j) and (k) of the Declaration of Trust if such investment would cause the aggregate value of investments held pursuant to such exceptions to exceed 20% of Adjusted Unitholders' Equity of Skyline Retail REIT.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a Person wholly or partially owned by Skyline Retail LP will be deemed to be those of Skyline Retail 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 Retail REIT shall be conducted in accordance with the following operating policies and Skyline Retail 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 Retail LP on raw land of retail real estate revenue producing properties intended for Skyline Retail 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 Retail LP, (ii) the General Partner, or (iii) a corporation or other entity wholly-owned indirectly by Skyline Retail REIT or jointly owned indirectly by Skyline Retail 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 Retail 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 Retail 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 Retail REIT and the accidental loss of value of the assets of Skyline Retail 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 Retail 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 above (other than those set out in subsections (a), (b) and (h) of the above investment guidelines), provided that they unanimously agree that to do so is in the best interests of Skyline Retail REIT, and provided that the Trustees forthwith notify all Unitholders of the amendment(s), in the manner outlined within Section 14.2 of the Declaration of Trust.

#### *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 Retail 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 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 Retail REIT*

Unless Skyline Retail REIT is sooner terminated as otherwise provided by the Declaration of Trust, Skyline Retail REIT shall continue in full force and effect so long as any property of Skyline Retail 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 Retail 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 Retail 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 Retail REIT, the liabilities of Skyline Retail REIT shall be discharged with due speed, the net assets of Skyline Retail REIT shall be liquidated and the proceeds distributed to the REIT 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, Development Services and Leasing Services Arrangement**

The Asset Management Agreement was entered into between the Services Provider and Skyline Retail REIT on October 8, 2013, assigned to the Asset Manager on January 1, 2016 and was amended effective January 1, 2020. Pursuant to the Asset Management Agreement, the Asset Manager has been engaged by Skyline Retail REIT for the purpose of managing the day-to-day operations of Skyline Retail REIT. See Item 2.2 – Our Business – Management of Skyline Retail REIT – Asset Management. The main provisions of the Asset Management Agreement are summarized below. The Asset Manager is a related party to Skyline Retail REIT.

Pursuant to the Asset Management Agreement, the Asset Manager will manage the day-to-day operations of Skyline Retail REIT for a term of 5 years, expiring in September 2023. The Asset Management Agreement automatically renewed in September 2018 for a 5-year term and will continue to automatically renew for successive 5-year terms unless terminated by Skyline Retail REIT or the Asset Manager in accordance with the Asset Management Agreement. The Asset Management Agreement may be terminated at any time by Skyline Retail 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, 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, an event of insolvency occurring with respect to the Asset Manager or a Change of Control of Skyline Retail REIT. The Asset Management Agreement may be terminated by the Asset Manager on 60 days' notice to Skyline Retail REIT as a result of a material breach by Skyline Retail LP or Skyline Retail REIT of its obligations under the Asset Management Agreement or an event of insolvency with respect to Skyline Retail REIT or Skyline Retail LP.

All of the directors and senior officers of the Asset Manager have been involved in a broad range of real estate activities over at least the past ten 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	Vice President and Director	Chief Executive Officer of the Skyline Group of Companies
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of the Skyline Group of Companies
Gordon Driedger – Waterloo	President	President of the Asset Manager

### ***Asset Manager's Duties***

Among other duties, the Asset Manager is responsible for: (a) providing and operating Skyline Retail REIT's and Skyline Retail LP's head office, including providing the office space, equipment, support

services and administrative, clerical and secretarial personnel incidental thereto; (b) providing the services of certain executives of the Asset Manager and the Asset Manager's real estate management team; (c) managing day-to-day operations of Skyline Retail REIT and Skyline Retail LP, including making distributions to limited partners, as applicable; (d) preparing or overseeing the preparation of business plans for presentation to the Trustees for approval and monitoring Skyline Retail REIT's financial performance; (e) maintaining the books and financial records of Skyline Retail REIT and Skyline Retail LP and preparing reports and other disclosure documents for the Trustees; (f) advising the Trustees on strategic matters relating to Skyline Retail REIT's and Skyline Retail LP's properties, potential acquisitions, dispositions and development, and value maximization; (g) identifying, structuring and negotiating acquisitions, dispositions, financings and other transactions and managing due diligence in connection therewith; (h) providing advice and assistance in connection with Skyline Retail REIT's and Skyline Retail LP's borrowings, including representing Skyline Retail REIT and Skyline Retail LP in its dealings with banks and other lenders, investment dealers, and institutions; (i) conducting day-to-day relations on behalf of Skyline Retail REIT and Skyline Retail LP with third parties, including property managers, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers; (j) preparing designations, allocations, elections and determinations (with or without the help of qualified consultants) to be made in connection with the income and capital gains of Skyline Retail REIT and Skyline Retail LP for tax and accounting purposes; (k) managing and providing direction to the Property Manager and negotiating arrangements for any new property manager or the renewal of the arrangements with the existing Property Manager; (l) reviewing property taxes and assessments, and if prudent in the opinion of the Asset Manager, or if Skyline Retail LP or Skyline Retail REIT so require, taking steps to contest or appeal such taxes, at Skyline Retail REIT's or Skyline Retail LP's expense, as applicable; (m) managing all capital improvement and maintenance programs; and (n) preparing all reports reasonably requested by Skyline Retail REIT, including operational reporting such as cash flow by property and by asset type and 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 Retail REIT, the Asset Manager will be entitled to an asset management fee, payable in cash, monthly, equal to 2.5% of Adjusted Gross Revenues (the "**Asset Management Fee**"). The Asset Management Fee will be calculated and paid monthly no later than the fifteenth (15<sup>th</sup>) 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 Retail 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 is responsible for all of its operating and administrative expenses and other costs, including, without limitation: (a) employment expenses of its personnel including, but not limited to, salaries, wages and the costs of employee benefit plans and temporary help; (b) rent, telephone, utilities, office furniture, equipment and machinery and other office expenses of the Asset Manager; and (c) miscellaneous administrative expenses related to the performance by the Asset Manager of its functions under the Asset Management Agreement.

In addition to the fees and expenses to be paid to the Asset Manager, Skyline Retail REIT or Skyline Retail LP, as applicable is responsible for all of the expenses of Skyline Retail REIT and its Subsidiaries and Skyline Retail LP (other than expenses assumed by the Asset Manager), including the following:

- 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 Retail REIT or Skyline Retail LP;
- fees and expenses of the Trustees of Skyline Retail REIT;

- fees and expenses of the Property Manager;
- 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 of Skyline Retail REIT, including directors' and officers' liability insurance;
- expenses in connection with any employees or independent contractors employed or retained by Skyline Retail REIT or Skyline Retail LP, including all compensation costs, benefits and severance costs;
- expenses of changing or terminating Skyline Retail REIT or Skyline Retail LP; and
- all costs and expenses in connection with the incorporation, organization and maintenance of any corporation or partnership formed to hold real property or other property of Skyline Retail REIT or Skyline Retail LP.

### ***Development Services***

From time to time, the Asset Manager may also provide specialized development management services to Skyline Retail LP, whereby the Asset Manager will manage new development projects on the Properties. Prior to providing such services, the Asset Manager and Skyline Retail LP will enter into an agreement relating to each project, which will be on commercially reasonable terms and be approved by the Independent Trustees.

In May 2021, the Asset Manager received \$205,740 plus HST for a development project in Elmira, Ontario; and, in November 2021, the Asset Manager received \$205,480.21 plus HST for a development project in Longueuil, Quebec.

In April 2022, the Asset Manager received \$40,696.90 plus HST for a development project in Gravenhurst, Ontario and \$97,040.95 plus HST for a development project in Hanover, Ontario, in July 2022, the Asset Manager received \$40,479.85 plus HST for a development project in Sault Ste Marie and \$141,381.50 + HST for a development project in Chatham, Ontario and, in September 2022, the Asset Manager received \$123,100.00 plus HST for a development project in St. Remi, Quebec.

### **Leasing Services Arrangement**

Pursuant to an arrangement that commenced in January 2017 and which has been confirmed by the Independent Trustees, the Property Manager provided the below-referenced services to Skyline Retail REIT, Skyline Retail LP and its Subsidiaries. Effective January 1, 2020, the Property Manager assigned all of its rights, title and interest in the arrangement to the Asset Manager who has assumed the duties and obligations of the Property Manager under the arrangement.

The Asset Manager provides the following services: (a) building strong relationships within the brokerage community to ensure brokers introduce their clients to Skyline Retail REIT and Skyline Retail LP as prospective tenants; (ii) building strong relationships with prospective national and regional tenants; (iii) negotiating all renewals, extensions and new tenancies with current and prospective tenants; and (iv) building strong relationships with Skyline Retail REIT's and Skyline Retail LP's current large priority tenants.

In consideration for providing the above services, Skyline Retail REIT or Skyline Retail LP, as applicable, shall pay the Asset Manager the following fees: (a) \$3.00 per square foot for leasing new development and existing vacancies where no external brokers are involved; (b) \$0.50 per square foot for leasing new development and existing vacancies where an external broker is involved; and (c) \$0.25 per square foot

for renewals of existing tenants in existing space (but only if the renewal rents are not pre-set and where the renewal rents are at least 107% of existing rents (i.e. at least a 7% increase)).

From January 1, 2021 to December 31, 2021, Skyline Retail LP paid the Asset Manager \$123,149.18, plus HST, for the above-described services.

From January 1, 2022 to December 1, 2022 Skyline Retail LP paid the Asset Manager \$154,475.90, 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.

### **Property Management Agreement and Lease Documentation Services Agreement**

The Property Management Agreement was entered into between the Property Manager and Skyline Retail REIT on October 8, 2013 and subsequently amended on November 29, 2016 and November 24, 2021, as confirmed by the Board of Trustees of Skyline Retail REIT. Pursuant to the Property Management Agreement, the Property Manager will have general responsibility for the overall management and operation of the Properties. See Item 2.2 - Our Business - Management of Skyline Retail REIT - Property Management and Lease Documentation Services. The main provisions of the Property Management Agreement are summarized below. The Property Manager is a related party to Skyline Retail REIT.

The term of the Property Management Agreement is 5 years, expiring in October 2023. The Property Management Agreement automatically renewed in October 2018 for a 5-year term and will continue to automatically renew for successive 5-year terms unless terminated by Skyline Retail LP or the Property Manager. The Property Management Agreement may be terminated by Skyline Retail LP in the event of a material breach by the Property Manager of its obligations under the Property Management Agreement, the commission by the Property Manager or any of its agents or employees of any act constituting fraud, misconduct, breach of fiduciary duty, negligence or a wilful breach of applicable laws, upon any event of insolvency occurring with respect to the Property Manager or a Change of Control. The Property Management Agreement may be terminated by the Property Manager upon 60 days' prior notice to Skyline Retail REIT or Skyline Retail LP, as the context requires, in the event of a material breach by Skyline Retail REIT or Skyline Retail LP of its obligations or in an event of insolvency occurring with respect to Skyline Retail REIT or Skyline Retail LP.

All of the directors and senior officers of the Property Manager have been involved in a broad range of business and real estate activities over the past ten years. The name and municipality of residence, office held with the Property Manager and principal occupation of each director and senior officer of the Property 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 the Skyline Group of Companies
Martin Castellan - Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown - Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd - Centre Wellington	Treasurer and Director	Chief Financial Officer of the Skyline Group of Companies
Maria Duckett - Guelph	Vice President	Vice President of the Property Manager

The Property Management Agreement, as amended, provides for the payment of a monthly property management fee to the Property Manager equal to 3.75% of gross rent for all buildings. The property management fee will be calculated and paid monthly on or about the 18<sup>th</sup> day of each month with respect to the prior month. If the Property Manager is to provide any services in addition to those referred to in the Property Management Agreement, then before the provision of any such services, the applicable owner of the Property and the Property Manager shall negotiate and agree upon the scope of any such services and the fees for any such services.

Pursuant to the Property Management Agreement, the Property Manager will be responsible for and pay all of its own operating and administrative expense and other costs including, without limitation: (i) its own employment expenses of its personnel; (ii) rent, telephone, utilities, office furniture, equipment, machinery and other office expenses; and (iii) miscellaneous administrative expenses relating to its functions as Property Manager.

### **Lease Documentation Services Agreement**

The Lease Documentation Services Agreement was entered into effective January 1, 2019 between the Property Manager, on one hand, and Skyline Retail REIT and Skyline Retail LP, on the other hand and subsequently amended on November 24, 2021, as confirmed by the Board of Trustees of Skyline Retail REIT. The main provisions of the Lease Documentation Services Agreement are summarized below.

The term of the Lease Documentation Services Agreement expires in October 2023. The Lease Documentation Services Agreement will be automatically renewed for a further five (5) years unless terminated by Skyline Retail REIT or the Property Manager in accordance with the Lease Documentation Services Agreement. Skyline Retail REIT or Skyline Retail LP may terminate the Lease Documentation Services Agreement in the event of a material breach by the Property Manager of its obligations under the Lease Documentation Services Agreement, the commission by the Property Manager or its agents or employees of any act constituting fraud, misconduct, breach of fiduciary duty, negligence or wilful breach of applicable laws, an event of insolvency occurring with respect to the Property Manager or a Change of Control occurring. The Property Manager may terminate the Lease Documentation Services Agreement in the event of a material breach by Skyline Retail REIT or Skyline Retail LP of its obligations under the Lease Documentation Services Agreement or an event of insolvency occurring with respect to Skyline Retail REIT or Skyline Retail LP. Any party to the Lease Documentation Services Agreement may refer a dispute under the agreement to arbitration in accordance with its terms.

Amongst other duties, upon receipt from Skyline Retail REIT or Skyline Retail LP or their respective representatives, as the context requires, of required details, the Property Manager shall provide drafting services in respect of leases and like documents entered into (or to be entered into) by or on behalf of Skyline Retail REIT and/or Skyline Retail 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 Retail LP shall pay the Property 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) \$250 per estoppel certificate, waiver or offer to lease review.

From January 1, 2021 to December 31, 2021, Skyline Retail LP paid the Property Manager \$157,000, plus HST, for the above-described services.

From January 1, 2022 to December 1, 2022, Skyline Retail LP paid the Property Manager \$84,350, plus HST, for the above-described services.

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

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and Skyline Retail REIT effective October 8, 2013 and amended and restated mostly recently effective 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 or 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 Retail REIT – The Exempt Market Dealer. The main provisions of the Exempt Market Dealer Agreement are summarized below. The Exempt Market Dealer is a related party to Skyline Retail REIT.

The Exempt Market Dealer Agreement has a current term of five (5) years, expiring in October 2023. The Exempt Market Dealer Agreement will continue to automatically renew for successive 5-year terms unless terminated by Skyline Retail REIT or the Exempt Market Dealer in accordance with the Exempt Market Dealer Agreement. The Exempt Market Dealer Agreement may be terminated by either Skyline Retail 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 Retail 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, wilful 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 in the event 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 Retail REIT as a result of a material breach by Skyline Retail REIT of its obligations under the Exempt Market Dealer Agreement that is not cured; a breach of the certain representations made by Skyline Retail REIT in the Exempt Market Dealer Agreement; an event of insolvency with respect to Skyline Retail REIT; or if a securities commission or other regulatory authority or individual having authority over Skyline Retail REIT makes an order to cease trade any securities issued by Skyline Retail REIT.

The Fund Administration Services Agreement was entered into between the Exempt Market Dealer and Skyline Retail 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 Retail 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 Retail REIT or the Exempt Market Dealer. The Fund Administration Services Agreement may be terminated by either Skyline Retail 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 Retail 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 Retail REIT as a result of a material breach by Skyline Retail REIT of its obligations under the Fund Administration Services Agreement that is not cured; a breach of the certain representations made by Skyline Retail REIT in the Fund Administration Services Agreement; an event of insolvency with respect to Skyline Retail REIT; or if a securities commission or other regulatory authority or individual having authority over Skyline Retail REIT makes an order to cease trade any securities issued by Skyline Retail 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 the Skyline Group of Companies
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd – Centre Wellington	President and Director	Chief Financial Officer of the Skyline Group of Companies
Vivian Salonga – Town of Milton	Chief Compliance Officer	Chief Compliance Officer of the Exempt Market Dealer
Rajinder (Ray) Punn - Oakville	Vice President, Wealth Solutions	Vice President, Wealth Solutions 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 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 Retail REIT in each of the provinces or 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 Retail 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 Class A Equity Under Management from time to time; (vii) providing advice and assistance in connection with Skyline Retail REIT's raising of capital and issuance of securities through offerings of Class A REIT Units, including advising and assisting Skyline Retail REIT in its dealings with retail investors; (viii) facilitating the entering into of offering contracts between Skyline Retail REIT and retail investors and maintaining ongoing communication with holders of Class A REIT Units and potential retail investors about investing in Skyline Retail REIT including, but not limited to, holding information sessions, carrying out other investor relations activities and advertising and promoting Skyline Retail REIT to stimulate retail investor interest in Skyline Retail REIT and (ix) assisting Skyline Retail 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 Retail 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 Retail REIT and third-party service providers; and (ix) assisting Skyline Retail 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 Retail 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 Retail REIT's Class A Equity Under Management.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Retail 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 Retail 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 Retail 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 November 2013 and which has been confirmed by the Independent Trustees, Skyline Mortgage Financing Inc. (the "**Underwriting Manager**") provides certain services (described below) to Skyline Retail REIT and Skyline Retail LP. The Underwriting Manager is a related party to Skyline Retail 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 the Skyline Group of Companies

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

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

The Underwriting Manager assists Skyline Retail REIT, Skyline Retail 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 Retail LP pays the Underwriting Manager the following fees for providing services:

1. For assumptions of mortgages on acquisition: \$5,000.00; and
2. For all other mortgages: 50bps on the mortgage principal.

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

From January 1, 2021 to December 31, 2021, Skyline Retail LP paid the Underwriting Manager \$660,844.55, plus HST, for the above-described services.

From January 1, 2022 to December 1, 2022, Skyline Retail LP paid the Underwriting Manager \$718,446.30, 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 2019 and which has been confirmed by the Independent Trustees, the Solar Asset Manager provides certain services (described below) to Skyline Retail REIT and Skyline Retail LP. The Solar Asset Manager is a related party to Skyline Retail 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:

<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 the Skyline Group of Companies

Name and Municipality of Residence	Office	Principal Occupation
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of the Skyline Group of Companies
Robert Stein – Puslinch Township	President	President of the Solar Asset Manager
Mike Bonneveld – Center Wellington	Vice President	President of Skyline Commercial Real Estate Investment Trust

***Solar Asset Manager’s Duties***

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

- Creating annual operating budgets for each of the rooftop solar assets;
- Advising Skyline Retail 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 Retail LP shall pay the Solar Asset Manager the following fees:

1. \$20/KW DC 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 Retail LP paid the Solar Asset Manager \$10,419.00 for the above-described services.

From January 1, 2022 to December 1, 2022, Skyline Retail LP paid the Solar Asset Manager \$913.33 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 the Legal Services Management Provider**

Pursuant to an arrangement that commenced in October 2013 and which has been confirmed by the Independent Trustees, the Services Provider, on a cost recovery basis, made available its employees to Skyline Retail REIT, Skyline Retail LP and its Subsidiaries to provide the below-referenced services. Effective March 1, 2022, the Services Provider assigned all of its rights, title and interest in the arrangement to Skyline Private Investment Capital Inc. (the “**Legal Services Management 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 Legal Services Management Provider is a related party to Skyline Retail REIT.

The Legal Services Management Provider provides advice to Skyline Retail REIT, Skyline Retail LP and its Subsidiaries on the use of external legal counsel and manages external legal counsel on behalf of Skyline Retail REIT, Skyline Retail LP and its Subsidiaries. The Legal Services Management Provider also makes available its support staff to Skyline Retail REIT, Skyline Retail 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 Legal Services Management 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 Services Provider and principal occupation of each director and senior officer of the 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 the Skyline Group of Companies
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of the Skyline Group of Companies
Krish Vadivale – Brampton	President	Vice-President, Finance and President of the Legal Services Management Provider
Karyn Sales – Guelph	Vice President	General Counsel and Vice-President of the Legal Services Management Provider

From January 1, 2021 to December 31, 2021 Skyline Retail LP and/or Skyline Retail REIT paid the Services Provider \$1,236,072, plus HST, for the above-described services.

From January 1, 2022 to February 28, 2022 Skyline Retail LP and/or Skyline Retail REIT paid the Services Provider \$80,882, plus HST, for the above-described services.

From March 1, 2022 to December 1, 2022, Skyline Retail LP and/or Skyline Retail REIT paid the Legal Services Management Provider \$363,969.00, plus HST, for the above-described services.

### Capex Provider Arrangement

Pursuant to a longstanding arrangement that commenced in June 2017 and which has been confirmed by the Independent Trustees, the Services Provider, on a cost recovery basis, made available its employees to Skyline Retail REIT, Skyline Retail 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 Retail REIT.

The Capex Provider provides the following services. References below to Skyline Retail REIT include both Skyline Retail 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 Retail 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 Retail LP paid the Capex Provider \$106,248.00, plus HST for the above-described services.

From January 1, 2022 to December 1, 2022, Skyline Retail LP paid the Capex Provider \$123,970.00, 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:

Name and Municipality of Residence	Office	Principal Occupation
Jason Castellan – Centre Wellington	President and Director	Chief Executive Officer of the Skyline Group of Companies
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of the Skyline Group of Companies

<b>Name and Municipality of Residence</b>	<b>Office</b>	<b>Principal Occupation</b>
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

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

From time to time, Skyline Retail REIT and/or Skyline Retail LP may enter into agreements with various entities that are owned or controlled by one or more Trustee (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 the Skyline Group of Companies
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of the Skyline Group of Companies
Roy (Jason) Ashdown – Centre Wellington	Vice President and Director	Chief Sustainability Officer of the Skyline Group of Companies
Wayne Byrd – Centre Wellington	Treasurer and Director	Chief Financial Officer of the Skyline Group of Companies
Gregory Jones – Toronto	President and Director	President of the Development Manager

Skyline Retail REIT Trustees Jason Castellan and Wayne Byrd are officers, directors and indirect shareholders of the Development Manager. The Development Manager from time to time provides development consulting services to Skyline Retail LP. The terms of all services provided by the Development Manager to Skyline Retail LP will be commercially reasonable and approved by the Independent Trustees as part of the project approval for 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 Retail REIT and/or Skyline Retail LP paid the Development Manager \$186,428, plus HST, for the above-described services related to projects in Guelph and Gravenhurst.

From January 1, 2022 to December 1, 2022:

Skyline Retail REIT and/or Skyline Retail LP paid \$102,718, plus HST, to the Development Manager for the above-described services related to projects in Guelph and Gravenhurst.

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 Retail REIT Trustees Jason Castellan and Wayne Byrd are indirect shareholders, officers and/or directors of the Hotel GP. The Hotel LP may from time to time provide conference space, catering and/or hotel services to Skyline Retail REIT and Skyline Retail LP. The terms of any services provided by the Hotel LP to Skyline Retail REIT and/or Skyline Retail LP will be commercially reasonable and approved by the Independent Trustees. Fees to the Hotel LP are paid in cash as invoiced.

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

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

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

Skyline Retail 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 Retail REIT and/or Skyline Retail LP. The terms of any services provided by Caspri to Skyline Retail REIT and/or Skyline Retail LP will be commercially reasonable and approved by the Independent Trustees. Fees to Caspri are paid in cash as invoiced.

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

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

### **ITEM 3 INTERESTS OF TRUSTEES, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS**

#### **3.1 Compensation and Securities Held**

The following table sets out specified information about each Trustee, officer and promoter of Skyline Retail REIT and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of Skyline Retail REIT. A person who is employed by and receives salary from Skyline Retail REIT, its Subsidiaries, the Managers or the Exempt Market Dealer will not receive any remuneration from Skyline Retail REIT for serving as a Trustee or senior officer.

Name and municipality of principal residence	Positions held (e.g., trustee, officer, promoter and/or principal holder) 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 max. offering
Jason Scott Castellan Centre Wellington, Ontario	Chief Executive Officer and Trustee <sup>(2)</sup> (October 8, 2013)	\$100,000 / \$100,000 <sup>(4)</sup>	6,070.40 REIT Units (0.014% of REIT Units)
Wayne Brian Byrd Centre Wellington, Ontario	Chief Financial Officer (October 8, 2013) and Trustee <sup>(2)</sup> (March 26, 2014)	\$100,000/\$100,000 <sup>(4)</sup>	132,248.01 REIT Units (0.306% of REIT Units)
Roy (Jason) Ashdown Centre Wellington, Ontario	Chief Sustainability Officer <sup>(5)</sup> (November 26, 2019)	\$100,000/\$100,000 <sup>(4)</sup>	521,372.55 REIT Units (1.208% of REIT Units)
Martin Julian Castellan Township of Eramosa, Ontario	Chief Administrative Officer (October 8, 2013)	\$100,000/\$100,000 <sup>(4)</sup>	237,810.04 REIT Units (0.551% of REIT Units)
Gordon Driedger – Waterloo, Ontario	President (November 2, 2016)	\$250,000/\$250,000	6,006.38 REIT Units (0.0014% of REIT Units)
George S. Schott Town of Whitby, Ontario	Trustee <sup>(1)(2)(3)</sup> (March 26, 2014)	\$62,000/\$62,000	0 Units
Perry Howard Katz Ra’anana, Israel	Trustee <sup>(1)(2)(3)</sup> (June 6, 2017)	\$56,500/\$56,500	0 Units
Jonathan Halpern City of Vaughan, Ontario	Trustee <sup>(1)(2)(3)</sup> March 26, 2019	\$59,890/\$59,890	3,163.0 REIT Units (0.007% of REIT Units)
Gary Finkelstein Regional Municipality of York, Ontario	Trustee <sup>(1)(2)(3)</sup> June 13, 2019	\$50,850/\$50,850	0 Units
Stan Mitz	Principal holder of Special Voting Units (December 1, 2021)	\$0/\$0	178,919.40 Special Voting Units (16.561% of Special Voting Units)

Notes:

- (1) Member of Finance Committee
- (2) Member of Investment Committee
- (3) Independent Trustee
- (4) The compensation paid to the officers of Skyline Retail REIT is not paid by Skyline Retail REIT. The compensation is paid by the management companies external to Skyline Retail REIT.
- (5) Mr. Ashdown has been an Officer of the REIT since October 8, 2013. 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 Retail 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 the Skyline Group of Companies <sup>(1)</sup>
Wayne Byrd	Chief Financial Officer of the Skyline Group of Companies <sup>(2)</sup>
Roy (Jason) Ashdown	Chief Sustainability Officer of the Skyline Group of Companies <sup>(3)</sup>
Martin Castellan	Chief Administrative Officer of the Skyline Group of Companies <sup>(4)</sup>
Gordon Driedger	President, Skyline Retail REIT <sup>(5)</sup>
George Schott	Real Estate Executive <sup>(6)</sup>
Perry Katz	Senior Partner, Miller Thomson LLP <sup>(7)</sup>
Jonathan Halpern	President of Metropolitan Equities Limited <sup>(8)</sup>
Gary Finkelstein	Vice President Real Estate at White Owl Family Office Group <sup>(9)</sup>

Notes:

(1) Jason Castellan is co-founder and Chief Executive Officer of the Skyline Group of Companies. 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 the Skyline Group of Companies. Martin 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 the Skyline Group of Companies since its inception, to now over 900 employees, Martin focuses on the commitment toward the Skyline Group of Companies' guiding principles and instilling the grassroots culture that has been a part of the Skyline Group of Companies 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) Gordon Driedger is the President of Skyline Retail REIT. Gordon joined Skyline Retail REIT with more than 25 years of experience in Canadian and international real estate markets. Prior to Skyline Retail REIT, Gordon was principal of GDREA Inc., which, with its predecessor organizations provided real estate advisory services to investors in all asset classes, specializing in the retail real estate development sector. GDREA Inc. provided counsel on real estate investment, development management of complex mixed-use projects, market intelligence, and transactional support. Gordon also held the role of Executive Vice President at First Capital Realty Inc. and led the firm's Central Canada group, representing over ten million square feet of retail properties and comprising over \$3 billion in assets. Gordon was also Vice President, Real Estate for premier retail real estate owners, including Bank of Montreal, Canadian Tire,

and Sobeys. Gordon holds a Bachelor of Environmental Studies in the School of Urban and Regional Planning from the University of Waterloo, and a Masters of Corporate Real Estate from the Corenet Global organization.

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

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

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

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

### **3.3 Penalties, Sanctions and Bankruptcy**

To Skyline Retail 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 Retail 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.

### **3.4 Loans**

As of the date of this Offering Memorandum, Skyline Retail REIT does not have any debenture or loan due to or from the Trustees, management, promoters or principal holders of Skyline Retail 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 Retail REIT.

The beneficial interests in Skyline Retail 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 Retail 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 December 1, 2022	Number outstanding after max. Offering
Class A REIT Units <sup>(1)</sup>	Unlimited	\$15.25	43,156,355	N/A
Class F REIT Units <sup>(1)</sup>	Unlimited	\$15.25	0 <sup>(3)</sup>	N/A
Class I REIT Units <sup>(1)</sup>	Unlimited	\$15.25	0 <sup>(4)</sup>	N/A
Special Voting Units <sup>(2)</sup>	Unlimited	\$0	1,080,372	1,080,372

Notes:

- (1) Each REIT Unit represents an undivided beneficial interest in distributions by Skyline Retail 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 Retail REIT, in the net assets of Skyline Retail REIT remaining after satisfaction of all liabilities.
- (2) In connection with certain acquisitions, Special Voting Units were issued by Skyline Retail REIT to certain vendors of such portfolios contemporaneously with the issuance of a corresponding number of Exchangeable LP Units by Skyline Retail LP, as partial payment of the purchase price of the respective Portfolio. 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 Retail REIT or otherwise. As Exchangeable LP Units are surrendered 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.
- (3) Class F 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) 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.

## 4.2 Long Term Debt

### *Mortgages*

The mortgages are secured by a combination of first and second registered charges over specific investment properties and a combination of first and second general assignments of leases, insurance and registered property specific general security agreements.

The following table summarizes certain aspects of debt maturities of such indebtedness as of December 1, 2022, (in thousands), of which mortgages totaling \$32,515,812 will mature within 12 months of that date:

	<b>Scheduled Principal Payments</b>	<b>% of Total</b>	<b>Scheduled Maturities</b>	<b>% of Total</b>	<b>Total Mortgages</b>	<b>% of Total</b>	<b>Weighted Average Interest Rate</b>
2022	6,764,717	0.71%	10,554,681	1.11%	17,319,398	1.82%	3.82%
2023	25,751,095	2.71%	109,398,341	11.51%	135,149,436	14.22%	3.82%
2024	23,653,147	2.49%	49,380,690	5.20%	73,033,837	7.68%	3.82%
2025	18,872,885	1.99%	221,709,547	23.33%	240,582,432	25.32%	3.67%
2026	15,601,526	1.64%	110,955,828	11.68%	126,557,354	13.32%	3.85%
2027	12,369,613	1.30%	88,646,008	9.33%	101,015,621	10.63%	3.76%
2028	7,603,587	0.80%	142,393,969	14.98%	149,997,556	15.78%	3.71%
2029	2,844,749	0.30%	52,512,893	5.53%	55,357,642	5.82%	3.87%
2030	354,487	0.04%	47,695,600	5.02%	48,050,087	5.06%	3.24%
2031	60,076	0.01%	3,229,944	0.34%	3,290,020	0.35%	
2032	0	0.00%	0	0.00%	0	0.00%	
Thereafter	0	0.00%	0	0.00%	0	0.00%	
<b>Total</b>	<b>113,875,882</b>	<b>11.98%</b>	<b>836,477,501</b>	<b>88.02%</b>	<b>950,353,383</b>	<b>100.00%</b>	
<b>Estimated Weighted Average Interest Rate</b>			<b>3.82%</b>				
<b>Estimated Weighted Average Years to Maturity</b>			<b>3.92</b>				

### *Acquisition and Operating Facilities*

Skyline Retail REIT has arranged acquisition and operating facilities to fund working capital and mortgage principal repayments in an amount of up to \$8,000,000 with a Canadian credit union and a second revolving credit facility of up to \$40,000,000 with a Canadian chartered bank. The Acquisition and Operating Facilities are 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 Retail REIT and the amount then advanced under the Acquisition and Operating Facilities, to exceed 70% of the Gross Book Value. Skyline Retail REIT intends to use 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 Retail 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, there is currently \$28,217,272 outstanding under the Acquisition and Operating Facilities.

The following table summarizes the Acquisition and Operating Facilities (in thousands).

Property	Secured Operating Facility	Line of Credit Interest Rate
618 Main Street North Mount Forest, ON	\$834	Prime + 1.35%
825-855 10th Street Hanover, ON	\$600	Prime + 1.35%
273-281 Dundas Street Tranton, ON	\$863	Prime + 1.35%
417 The Queensway South Keswick, ON	\$1,811	Prime + 1.35%
255 Weber Street North Waterloo, ON	\$1,064	Prime + 1.35%
270 Weber Street North Waterloo, ON	\$2,097	Prime + 1.35%
224 & 225 Centennial Road Orangeville, ON	\$5,248	Prime + 1.35%
9 Industrial Drive Grimsby, ON	\$1,132	Prime + 1.35%
525-711 Grand Avenue Chatham, ON	\$4,278	Prime + 1.35%
1553 Dundas Street East London, ON	\$1,430	Prime + 1.35%
448 St Clair Street Chatham, ON	\$2,968	Prime + 1.35%
160, 170 Kortright Road West Guelph, ON	\$2,461	Prime + 1.35%
200, 210 Kortright Road West Guelph, ON	\$723	Prime + 1.35%
509-511 Commissioners Road West London, ON	\$1,918	Prime + 1.35%
387-401 Wellington Rd South London, ON	\$6,276	Prime + 1.35%
760 Hyde Park Road & 1201 Oxford Street West London, ON	\$1,402	Prime + 1.35%
1-11 Baseline Road East London, ON	\$2,666	Prime + 1.35%
1030 Adelaide Street North London, ON	\$3,663	Prime + 1.35%
<b>\$41,434</b>		

### 4.3 Prior Sales

As of the date of this Offering Memorandum, there are 43,156,355 Class A REIT Units, 0 Class F REIT Units, 0 Class I REIT Units and 1,080,372 Special Voting Units of Skyline Retail REIT issued and outstanding.

The following table sets forth REIT Units issued by Skyline Retail 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
November 2021	REIT Units	-	\$0.00	-
December 2021	REIT Units	-	\$0.00	-
January 2022	REIT Units	-	\$0.00	-
February 2022	REIT Units	-	\$0.00	-
March 2022	REIT Units	-	\$0.00	-
April 2022	REIT Units	1,325,573	\$15.25	20,214,988
May 2022	REIT Units	1,056,329	\$15.25	16,109,017
June 2022	REIT Units	962,539	\$15.25	14,678,720
July 2022	REIT Units	1,020,827	\$15.25	15,567,612
August 2022	REIT Units	1,157,887	\$15.25	17,657,777
September 2022	REIT Units	650,436	\$15.25	9,919,149
October 2022	REIT Units	671,426	\$15.25	10,239,247
November 2022	REIT Units	379,223	\$15.25	5,783,151

#### 4.4 Redemption History

The following table sets forth information concerning redemption requests received and REIT Units redeemed by Skyline Retail 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, 2020 to December 31, 2020	Nil	Nil	1,947,329	\$ 24,580,930.00	1,947,329	\$ 24,580,930	Nil	Nil
January 1, 2021 to December 31, 2021	Nil	Nil	1,672,541	\$ 21,119,094.00	1,672,541	\$ 21,119,094	Nil	Nil
January 1, 2022 to November 30, 2022	Nil	Nil	1,351,528	\$ 20,583,772.00	1,351,528	\$ 20,583,772	Nil	Nil

Note:

(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 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 Retail 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 Retail 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 distributions by Skyline Retail 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 Retail REIT, in the net assets of Skyline Retail REIT remaining after satisfaction of all liabilities. Save and except as provided in the Declaration of Trust, no REIT Unit shall have preference or priority over any other. 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 Retail 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 REIT Unitholder shall be entitled to require Skyline Retail REIT to redeem at any time or from time to time at the demand of the REIT Unitholder all or any part of the REIT Units registered in the name of the REIT Unitholder at the prices determined and payable in accordance with the following conditions.

To exercise a REIT Unitholder's right to require redemption, a duly completed and properly executed notice requiring Skyline Retail 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 Retail REIT at its head office.

Upon receipt by Skyline Retail REIT of the notice to redeem REIT Units, the REIT 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 REIT Unitholders of record on a date which is subsequent to the day of receipt by Skyline Retail REIT of such notice. REIT Units shall be considered to be tendered for redemption on the date that Skyline Retail 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 Retail 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 REIT Unitholder who exercised the right of redemption, on or before the last day of the calendar month following the month in which the REIT 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 REIT 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; and (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 REIT Unitholder, if the total amount payable by Skyline Retail 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 does not apply to a redemption of a REIT Unit by the Person who acquired such REIT Unit upon exchange of a Class B LP Unit or Class C LP Unit. Where the Monthly Limit is exceeded, the Redemption Amount to which the REIT 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 REIT Unitholders for redemption in the month times the number of REIT Units tendered for redemption by a REIT 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 to the REIT Unitholder of 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 REIT 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 Skyline Retail REIT and shall bear interest at the Prime Rate plus 2%.

Upon the payment by Skyline Retail REIT of the Redemption Amount in accordance with the Declaration of Trust, Skyline Retail REIT shall be discharged from all liability to the Unitholder or former Unitholder who redeemed the REIT Units 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 Retail REIT, the net realized capital gains of Skyline Retail REIT and the net recapture income of Skyline Retail REIT for a year may, for purposes of computing the net income of Skyline Retail REIT and the net realized capital gains of Skyline Retail REIT under the Tax Act or other tax legislation, be treated as having been paid in the year by Skyline Retail REIT to the REIT 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 REIT Unitholders, the holder’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 REIT Unitholder will only be treated as having been paid an amount to which the REIT 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. Skyline Retail 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 Retail 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 Retail 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 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 Retail REIT and Skyline Retail 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 information referred to in the Declaration of Trust and, in any event, within 180 days after the end of each fiscal year of Skyline Retail 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 Retail 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 REIT Unitholders of distributions of Skyline Retail 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 a 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. The Trustees have enacted a policy 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 the 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 Retail REIT may distribute to REIT 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 Retail REIT, net realized capital gains of Skyline Retail REIT, the net recapture income of Skyline Retail REIT, the capital of Skyline Retail 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 REIT 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 Retail 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 Retail 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 Units 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 or 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 Class A DRIP or Class F DRIP and all administrative costs will be borne by Skyline Retail REIT. However, plan participants who enroll in the Class A DRIP or Class F 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 Retail 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 for REIT Units under this Offering will be required to represent to Skyline Retail 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 Retail REIT, the Exempt Market Dealer and each dealer from whom a purchase confirmation was received, that such Subscriber: (a) has been notified by Skyline Retail REIT: (i) that Skyline Retail 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 its 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 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY**

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

In the opinion of Miller Thomson LLP, counsel to Skyline Retail REIT, 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 deemed to be resident in Canada, deal at arm’s length with, and are not affiliated with, Skyline Retail REIT and will hold their REIT Units as capital property. Generally, the REIT Units will be considered to be capital property to a REIT Unitholder provided that the REIT 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 REIT 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: (i) a REIT Unitholder that is a “financial institution”, as defined in the Tax Act for the purposes of the mark-to-market rules; (ii) a “specified financial institution” as defined in the Tax Act; (iii) a REIT Unitholder where an interest in such REIT Unitholder would be a “tax shelter” or a “tax shelter investment” as defined in the Tax Act; (iv) a REIT Unitholder that is exempt from tax under Part I of the Tax Act; (v) a REIT Unitholder 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) a REIT Unitholder who enters into, or has entered into, a “derivative forward agreement” or “synthetic disposition

arrangement” with respect to the REIT Units, as that term is defined in the Tax Act, or (vii) a REIT Unitholder that is a partnership, nor does this summary address the tax consequences to; or (viii) a REIT 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 Retail REIT provided to Miller Thomson LLP by Skyline Retail 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 Retail REIT will at all times comply with the provisions of the Declaration of Trust, and that Skyline Retail 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 Retail 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 Retail REIT are not listed or traded on a stock exchange or other public market, Skyline Retail REIT should not be subject to the SIFT Rules. If investments in Skyline Retail REIT become publicly-listed or traded, there can be no assurance that Skyline Retail REIT will not be subject to the SIFT Rules at that time.

### *Taxation of Skyline Retail REIT*

The taxation year of Skyline Retail REIT is the calendar year. In each taxation year Skyline Retail 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 from Skyline Retail LP for its fiscal period ending on or before the

taxation year-end of Skyline Retail 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 REIT Unitholders. An amount will be considered to be payable to a REIT Unitholder in a taxation year if it is paid to the REIT Unitholder in the year by Skyline Retail REIT or if the REIT Unitholder is entitled in that year to enforce payment of the amount. Losses incurred by Skyline Retail REIT cannot be allocated to REIT Unitholders but may generally be carried forward and deducted by Skyline Retail REIT in computing its taxable income in future years in accordance with the detailed rules in the Tax Act.

Skyline Retail REIT will generally not be subject to tax on any amounts received as distributions from Skyline Retail LP. Generally, distributions to Skyline Retail REIT by Skyline Retail LP in excess of Skyline Retail REIT's allocated share of the income of Skyline Retail LP for a fiscal year will result in a reduction of the adjusted cost base of Skyline Retail REIT's partnership interest in Skyline Retail LP by the amount of such excess. If, as a result, Skyline Retail REIT's adjusted cost base of its partnership interest in Skyline Retail LP at the end of a fiscal year of Skyline Retail LP would otherwise be a negative amount, Skyline Retail REIT would be deemed to realize a capital gain in such amount for its taxation year in which such fiscal year of Skyline Retail LP ends and Skyline Retail REIT's adjusted cost base of such partnership interest in Skyline Retail LP would then be nil.

In computing its income for purposes of the Tax Act, Skyline Retail 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 Retail REIT generally may also deduct in computing its income for the year a portion of the reasonable expenses incurred by Skyline Retail REIT to issue Units. The portion of the issue expenses deductible by Skyline Retail REIT in a taxation year is 20% of the total issue expenses, pro-rated where Skyline Retail 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 the 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 Retail REIT may be reduced and the amount of taxable income allocated by Skyline Retail REIT to REIT Unitholders may increase.

The Declaration of Trust generally requires Skyline Retail 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. Miller Thomson LLP has been advised that Skyline Retail REIT intends to make distributions in each year to REIT Unitholders in an amount sufficient to ensure that Skyline Retail 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 Retail REIT and any tax refunds to which Skyline Retail REIT is entitled).

The Declaration of Trust provides that some or all of the income or net realized capital gains of Skyline Retail REIT, and the net recapture income of Skyline Retail REIT for a year may, for purposes of computing the net income of Skyline Retail REIT and the net realized capital gains of Skyline Retail REIT under the Tax Act or other tax legislation, be treated as having been paid in the year by Skyline Retail REIT to the REIT 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 REIT 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 REIT Unitholder and may be deductible by Skyline Retail REIT. However, pursuant to recent amendments to the Tax Act, Skyline Retail REIT will generally not be entitled to a deduction in computing its income in respect of amounts allocated to redeeming REIT 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 Retail REIT; and (ii) the portion of any such amount in respect of a taxable capital gain allocated to a redeeming REIT 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 REIT Unitholder from the redemption of the REIT Units. As a result, the taxable component

of distributions by Skyline Retail REIT to non-redeeming REIT Unitholders may be adversely affected. The Tax Act includes "loss restriction event" ("LRE") rules that could potentially apply to Skyline Retail 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 Retail REIT in a taxation year provided that Skyline Retail REIT qualifies as a mutual fund trust throughout the taxation year.

### *Taxation of Skyline Retail LP*

Skyline Retail LP is not subject to tax under the Tax Act. Each partner of Skyline Retail 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 Retail 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 Retail LP will be computed for each year as if Skyline Retail LP were a separate person resident in Canada. In computing the income or loss of Skyline Retail LP, deductions may be claimed in respect of available capital cost allowances, reasonable administrative costs, interest and other expenses incurred by Skyline Retail LP for the purpose of earning income, subject to the relevant provisions of the Tax Act.

Generally, the EIFEL Rules may have the effect of limiting the deductibility of interest and other financing expenses 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 Retail LP, including Skyline Industrial REIT, effectively may be reduced.

Certain properties have been acquired by Skyline 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 Retail LP, will be equal to the UCC of the property to the transferors of Skyline Retail 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 Retail 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 Retail LP must include rents in respect of Skyline Retail 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 Retail LP and any other income earned by Skyline Retail LP in such taxation year.

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

### *Taxation of REIT Unitholders*

A REIT 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 Retail REIT, determined for the purposes of the Tax Act, paid or payable or deemed to be paid or payable to such REIT Unitholder in the year that Skyline Retail 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 REIT Unitholders even though no cash has been distributed to REIT Unitholders.

The Declaration of Trust provides that distributions payable to REIT Unitholders shall be deemed to be distributions of income of Skyline REIT Unitholders REIT (including dividends), net realized taxable capital gains of Skyline REIT Unitholders REIT, capital or other items in such amounts as the Trustees in their absolute discretion determine, and shall be allocated to REIT Unitholders in the same proportions as distributions received by REIT 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 REIT Unitholders in a year may exceed the income of Skyline Retail REIT for tax purposes for that year. Distributions in excess of Skyline Retail REIT’s taxable income in a year will not be included in computing the income of the REIT Unitholders from Skyline Retail REIT for tax purposes. However, a REIT 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 Retail 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 REIT 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 Retail REIT will designate to the extent permitted by the Tax Act the portion of the taxable income distributed to REIT Unitholders as may reasonably be considered to consist of net taxable capital gains of Skyline Retail REIT. Any such designated amount will be deemed for tax purposes to be received by REIT Unitholders in the year as a taxable capital gain.

To the extent that amounts are designated as having been paid to REIT Unitholders out of taxable dividends received or deemed to have been received by Skyline Retail 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 REIT Unitholders who are individuals (other than certain trusts). A REIT 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 REIT 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 REIT 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 REIT 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 REIT Unitholder will be included in the REIT 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 REIT Unitholder for the year of disposition. Any excess of allowable capital losses over taxable capital gains of the REIT 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 REIT Unitholder generally will include all amounts paid by the REIT 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 REIT 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 REIT 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 REIT Unitholder of a REIT Unit will be determined by averaging the cost base of all REIT Units owned by a REIT 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 Retail REIT in connection with such redemption to the extent Skyline Retail REIT designates such income or capital gain to the redeeming REIT Unitholder. REIT 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 Retail REIT to a REIT Unitholder upon the redemption of REIT Units will be equal to the fair market value of that property at the time of distribution. The REIT 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 REIT Unitholder that is a corporation or a trust (other than a mutual fund trust) disposes of a REIT Unit, the REIT Unitholder's capital loss from the disposition generally will be reduced by the amount of any dividends previously designated by Skyline Retail REIT to the REIT 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 REIT 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 Retail REIT will be distributed on a monthly basis, a purchaser of a REIT Unit may become taxable on a portion of the net income of Skyline Retail REIT accrued or realized by Skyline Retail REIT in a month before the time the REIT Unit was purchased but which was not paid or made payable to REIT 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 REIT Unitholders at year-end and after the time the REIT Unit was purchased.

### *Eligibility for Investment*

In the opinion of Miller Thomson LLP, counsel to Skyline Retail REIT, provided that Skyline Retail 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 an RRSP, RRIF, RDSP, RESP, deferred profit sharing plan (“DPSP”), TFSA or a 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, which 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 Retail REIT for purposes of the Tax Act or has a significant interest (within the meaning of the Tax Act) in Skyline Retail REIT. For these purposes, an annuitant, holder or subscriber will have a significant interest in Skyline Retail 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 Retail REIT that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under Skyline Retail 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 Retail 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 7 COMPENSATION PAID TO SELLERS AND FINDERS**

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and Skyline Retail REIT effective October 8, 2013, which was amended and restated effective 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 Retail REIT in respect of Class A REIT Units. See Item 2.2 – Our Business – Management of Skyline Retail REIT – The Exempt Market Dealer.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Retail REIT, the 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 Retail REIT’s Class A Equity Under Management calculated as the product of the outstanding Class A 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 Retail 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 Retail REIT under the Exempt Market Dealer Agreement.

The Fund Administration Services Agreement was entered into between the Exempt Market Dealer and Skyline Retail 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 Retail REIT. See Item 2.2 – Our Business – Management of Skyline Retail REIT – The Exempt Market Dealer.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Retail 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 Retail 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 Retail REIT under the Fund Administration Services Agreement.

## **ITEM 8 RISK FACTORS**

There are certain risk factors inherent in an investment in the REIT Units and in the activities of Skyline Retail 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 Retail REIT and holders of REIT Units. Additional risks not currently known to Skyline Retail REIT or that Skyline Retail REIT currently deems immaterial may also impair Skyline Retail REIT's business and operations. If any such risks actually occur, the financial condition and results of operations of Skyline Retail REIT could be materially adversely affected and the financial performance of Skyline Retail REIT and the ability of Skyline Retail 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 Retail REIT after careful consideration with his or her advisors as to the suitability of an investment in Skyline Retail REIT in light of the information set out in this Offering Memorandum. All prospective Unitholders should consider an investment in Skyline Retail 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 Retail REIT described below and elsewhere in this Offering Memorandum. See "Forward-Looking Statements" in this Offering Memorandum.

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

Another COVID-19 coronavirus outbreak causing national or regional mandatory lockdowns 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 Retail REIT operates.

While the majority of Skyline Retail REIT's income is derived from large national, stable retailers offering essential services (grocery, drugstores, financial institutions and drive-thru and take out restaurants), smaller independent tenants, especially restauranters, have been impacted significantly by government closure mandates.

In some cases, Skyline Retail REIT entered into deferral arrangements (not rent abatement) with vulnerable tenants to permit them to weather the closure and re-open strong. While Skyline Retail REIT enjoys a high occupancy, productivity on existing vacancy within the portfolio has been low owing to tenants re-focusing their business internally. As a result, leasing of new space is expected to be tempered in the next quarter.

Additionally, long term fluctuation and/or increasing in interest rates or other financial market volatility may adversely affect Skyline Retail REIT's ability to refinance existing debt on its maturity or on terms that are as favourable as the terms of the existing debt, which may negatively impact Skyline Retail REIT's performance, or may adversely affect the ability of Skyline Retail REIT to complete acquisitions on financially desirable terms.

Moving forward, the extent to which COVID-19 impacts Skyline Retail 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 and continued actions, if any, taken to contain COVID-19/or its variants or its impact, among others. If the continued effects 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 Retail 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, should there be another outbreak of COVID-19 or a variant of same, in which further governmental restrictions are put in place, this may cause disruptions to Skyline Retail REIT's business and operational plans. These disruptions may severely affect Skyline Retail REIT's ability to carry out its business plans for 2023 and beyond as described above in Item 1 - 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 retail premises, competition from other retail premises and various other factors.

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

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

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

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

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

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

The acquisition by Skyline Retail REIT of the Properties Under Due Diligence is not conditional upon completion of this Offering. There can be no assurance that Skyline Retail REIT will acquire the Properties Under Due Diligence or be able to acquire other properties with the net proceeds to Skyline Retail 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 Retail REIT than the existing lease.

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

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

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

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

### ***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 Retail REIT and on the timing and costs of completion of any development projects undertaken. Skyline Retail 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 the any development projects will be obtained. Holding costs accrue while regulatory approvals are being sought and delays can render real estate investments uneconomic at any given period.

### ***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 Retail REIT's business and profitability.

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

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

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

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

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

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for terrorism. Skyline Retail REIT's current insurance policies expire annually and Skyline Retail REIT may encounter difficulty in obtaining or renewing property or casualty insurance on its Properties at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (for example, earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. Even if Skyline Retail REIT is able to renew its policies at levels and with limitations consistent with its current policies, Skyline Retail REIT cannot be sure that it will be able

to obtain such insurance at premium rates that are commercially reasonable. If Skyline Retail REIT were unable to obtain adequate insurance on the Properties for certain risks, it could cause Skyline Retail REIT to be in default under specific covenants on certain of its indebtedness or other contractual commitments it has that require Skyline Retail REIT to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur or if Skyline Retail REIT were unable to obtain adequate insurance and the Properties experience damage that would otherwise have been covered by insurance, it could adversely affect Skyline Retail REIT's financial condition and the operations of the Properties.

#### *Credit Risk and Tenant Concentration*

Skyline Retail REIT is exposed to risk as tenants may be unable to pay their contracted rents. Management mitigates this risk by seeking to acquire properties with strong tenant covenants in place.

#### *Availability of Cash Flow*

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

#### *Access to Capital*

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

#### *Environmental and Climate Change Risk*

Environmental and ecological legislation and policies have become increasingly important, and generally restrictive, in recent years. Under various laws, Skyline Retail REIT could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in its Properties or disposed of at other locations. The failure to remove or remediate such substances, if any, may adversely affect an owner's ability to sell such real estate or to borrow using such real estate as collateral, and could potentially also result in claims against the owner by private plaintiffs. Environmental laws and regulations may change and Skyline Retail 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 Retail 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 use to determine whether an update is necessary. Skyline Retail REIT is also 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 Retail REIT's casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. Skyline Retail REIT is also exposed to risks associated with inclement winter weather, including increased need for maintenance and repair of Skyline Retail REIT's buildings. In addition, climate change, to the extent it causes changes in weather patterns, could have effects on Skyline Retail REIT's business by increasing the cost of property insurance, and/or energy at the Properties. As a result, the consequences of natural disasters, severe weather and climate change could increase Skyline Retail REIT's costs and reduce Skyline Retail REIT's cash flow.

### ***Unitholder Liability***

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

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

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

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

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

The Trustees may from time-to-time deal with persons, firms, institutions or corporations with which Skyline Retail REIT may be dealing, or which may be seeking investments similar to those desired by Skyline Retail REIT. The interests of these persons could conflict with those of Skyline Retail REIT. In addition, from time to time, these persons may be competing with Skyline Retail REIT for available investment opportunities. Certain of the Trustees are also directors and/or officers of certain parties related to Skyline Retail REIT, such as the Asset Manager, the Property 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 2.7 for the material agreements relating to the foregoing.)

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

### ***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 that adversely affects Skyline Retail REIT or the Unitholders.



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

If Skyline Retail REIT fails or ceases to qualify as a mutual fund trust for purposes of the Tax Act, the tax consequences described under Item 6 – Income Tax Consequences and RRSP Eligibility would in some respects be materially and adversely different. Such adverse differences would include that if Skyline Retail REIT did not qualify as a mutual fund trust throughout a taxation year, it would be subject to a special tax under Part XII.2 of the Tax Act for such taxation year to the extent that its designated income (which includes income from real property) is distributed to a designated beneficiary (which includes non-resident persons and certain tax-exempt persons).

If investments in Skyline Retail REIT become publicly listed or traded, there can be no assurances that Skyline Retail REIT will not be subject to the SIFT Rules, as described under Item 6 – Income Tax Consequences and RRSP Eligibility – SIFT Rules, at that time.

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

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

The LRE rules could potentially apply to Skyline Retail REIT if a person (or group of persons) was to acquire more than 50% of the fair market value of the REIT Units, with the consequences described under Item 6 – Income Tax Consequences and RRSP Eligibility – Taxation of Skyline Retail 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 Retail 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 Retail REIT for Canadian income tax purposes may be increased which could have an adverse impact on the after tax return of a REIT Unitholder and on the value of REIT Units. The EIFEL Rules may also apply to a corporation or trust held directly or indirectly by Skyline Retail REIT. Further, a REIT Unitholder who makes a leveraged investment in REIT Units may be adversely affected. REIT Unitholders and prospective unitholders should consult their own tax advisors in this regard. Dilution***

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

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

### ***Financing***

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

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

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

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

The success of the acquisition activities of Skyline Retail REIT will be determined by numerous factors, including the ability of Skyline Retail 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 Retail REIT's ability to obtain adequate purchase prices and terms; and, in turn, the ability to effectively integrate and operate the acquired properties and the financial performance of the properties after acquisition.

Acquired properties may not meet financial or operational expectations due to unexpected costs associated with acquiring the property, as well as the general investment risks inherent in any real estate investment or acquisition (see "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 Retail REIT to identify suitable candidates for acquisition or

operate the acquired properties effectively may have a material adverse effect on the business, results of operations and financial condition of Skyline Retail REIT.

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

### ***Controls over Financial Reporting***

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

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

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

### ***Cybersecurity Risk***

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

### ***Changes in Investment Strategy***

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

## *Changes in Legislation*

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

## **ITEM 9 REPORTING OBLIGATIONS**

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

On or before March 31st in each year, Skyline Retail REIT will provide to Unitholders who received distributions (including amounts treated as having been paid) from Skyline Retail REIT in either the prior calendar year or on or before January 15th of such year, such information regarding Skyline Retail 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 10 RESALE RESTRICTIONS**

### **10.1 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 Retail REIT to inform themselves about and to observe any such restrictions.

### **10.2 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 Retail REIT becomes a reporting issuer in any province or territory of Canada. As Skyline Retail 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.

### **10.3 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 Retail 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 11 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 2<sup>nd</sup> 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 certain of the Canadian provinces provides certain purchasers of securities pursuant to an offering memorandum with a remedy 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. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed by applicable securities legislation.

The following is a summary of the rights of action for damages or rescission, or both, available to certain purchasers resident in British Columbia, Saskatchewan, Manitoba, Ontario, Nova Scotia, New Brunswick, Alberta, Newfoundland and Labrador and Prince Edward Island. 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.

#### ***British Columbia***

In British Columbia, where there is reliance on the exemption from the prospectus requirements contained in section 2.9 of NI 45-106 (the "offering memorandum exemption"), if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Retail REIT to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Retail REIT, every Trustee of Skyline Retail REIT at the date of this Offering Memorandum; and every person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of 180

days after the plaintiff first had knowledge of the facts giving rise to the cause of action and 3 years after the date of the transaction that gave rise to the cause of action.

### ***Saskatchewan***

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Retail REIT to cancel your agreement to buy these securities, or
- (b) for damages against:
  - (i) Skyline Retail REIT;
  - (ii) every promoter and Trustee of Skyline Retail REIT at the time the Offering Memorandum or an amendment to the Offering Memorandum was sent or delivered;
  - (iii) every person or company whose consent has been filed in connection with the Offering Memorandum, but only with respect to reports, opinions or statements that have been made by them;
  - (iv) every person who or company that, in addition to the persons or companies mentioned in clauses (i) to (iii), signed the Offering Memorandum or the amendment to the Offering Memorandum; and
  - (v) every person who or company that sells securities on behalf of Skyline Retail REIT under the Offering Memorandum or amendment to the Offering Memorandum.

Similar rights are provided in respect of advertising or sales literature and verbal statements. This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of one year after you, the plaintiff, first had knowledge of the facts giving rise to the cause of action and 6 years after the date of the transaction that gave rise to the cause of action.

### ***Manitoba***

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Retail REIT to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Retail REIT, every Trustee of Skyline Retail REIT at the date of this Offering Memorandum; and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the day of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of 180

days after you, the plaintiff, first had knowledge of the facts giving rise to the cause of action and 2 years after the day of the transaction that gave rise to the cause of action.

### ***Ontario***

Under Ontario securities legislation, a purchaser resident in Ontario who purchases securities offered by this 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. Skyline Retail REIT 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 had knowledge of the facts giving rise to the cause of action and 3 years from the date which payment is made for of the transaction that gave rise to the cause of action. The right of action for rescission is exercisable not later than 180 days from the date of the transaction that gave rise to the cause of action. 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.

### ***Nova Scotia***

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Retail REIT to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Retail REIT, every Trustee of Skyline Retail REIT at the date of this Offering Memorandum; and every person who signed this Offering Memorandum.

Similar rights are provided in respect of advertising or sales literature, on which a purchaser is deemed to have relied. This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement or your action for damages within 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 of the transaction that gave rise to the cause of action.

### ***New Brunswick***

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Retail REIT to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Retail REIT, every Trustee of Skyline Retail REIT at the date of this Offering Memorandum; and every person who signed this Offering Memorandum.

Similar rights are provided in respect of advertising or sales literature and verbal statements. This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are

various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of one year after you, the plaintiff, first had knowledge of the facts giving rise to the cause of action and 6 years after the date of the transaction that gave rise to the cause of action.

#### *Numavut*

If there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Retail REIT to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Retail REIT, every Trustee of Skyline Retail REIT at the date of this Offering Memorandum; and every person who signed this Offering Memorandum.

Similar rights are provided in respect of advertising or sales literature and verbal statements. This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of one year after you, the plaintiff, first had knowledge of the facts giving rise to the cause of action and 6 years after the date of the transaction that gave rise to the cause of action.

#### *Alberta, Newfoundland and Labrador and Prince Edward Island*

In Alberta, where there is reliance on the exemption from the prospectus requirements contained in section 2.9 of NI 45-106 (the “offering memorandum exemption”) or section 2.10 of NI 45-106 (the “minimum amount investment exemption”), and in Newfoundland and Labrador and Prince Edward Island, if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) Skyline Retail REIT to cancel your agreement to buy these securities, or
- (b) for damages against Skyline Retail REIT, every Trustee of Skyline Retail REIT at the date of this Offering Memorandum; and every person or company who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of 180 days after you, the plaintiff, first had knowledge of the facts giving rise to the cause of action and 3 years after the date of the transaction that gave rise to the cause of action.



(3) **Contractual Rights of Action in the Event of a Misrepresentation**

*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 Retail REIT hereby grants to such purchasers in British Columbia, Alberta and Quebec the following rights of action.

If there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue Skyline Retail REIT:

- (a) to cancel your agreement to buy these securities, or
- (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that Skyline Retail REIT proves does not represent the depreciation in value of the securities resulting from the misrepresentation. Skyline Retail REIT has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities. The foregoing contractual rights of action are in addition to, and do not detract from, any other rights you may have.

**ITEM 12 FINANCIAL STATEMENTS**

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

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

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Unitholders of: Skyline Retail Real Estate Investment Trust

### Opinion

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

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

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

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

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

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

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

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

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

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



Guelph, Ontario  
March 23, 2022

Chartered Professional Accountants  
Licensed Public Accountants

**SKYLINE RETAIL 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)	\$ 1,309,240	\$ 1,171,435
Assets held for sale (note 7)	10,479	6,252
Other assets (note 8)	2,896	1,890
Tenant loans receivable (note 9)	492	546
Accounts receivable (note 15)	3,611	1,610
Cash	<u>2,496</u>	<u>7,959</u>
	<u>\$ 1,329,214</u>	<u>\$ 1,189,692</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Mortgages payable (notes 10, 15)	\$ 761,051	\$ 730,370
Limited partnership units (note 19)	15,936	50,553
Tenant deposits	6,644	5,518
Liabilities related to assets held for sale (note 7)	4,378	3,833
Due to related party (notes 11)	838	887
Accounts payable and accrued liabilities (note 15)	10,439	7,685
Revolving credit facility (note 15)	<u>1,647</u>	<u>0</u>
	<u>800,933</u>	<u>798,846</u>
Unitholders' equity (page 6)	<u>528,281</u>	<u>390,846</u>
	<u>\$ 1,329,214</u>	<u>\$ 1,189,692</u>

\_\_\_\_\_  
Trustee

\_\_\_\_\_  
Trustee

**SKYLINE RETAIL 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>	\$ 390,846	\$ 351,365
Proceeds from units issued (note 18)	67,623	58,296
Units issued through distribution reinvestment plan (note 18)	14,467	13,212
Issuance costs (note 11)	(622)	(575)
Redemptions (note 18)	(23,187)	(28,611)
Income and comprehensive income for the year	113,903	27,546
Distributions paid	<u>(34,749)</u>	<u>(30,387)</u>
<b>CLOSING BALANCE</b>	<u>\$ 528,281</u>	<u>\$ 390,846</u>

**SKYLINE RETAIL 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>		
Minimum rent	\$ 80,524	\$ 80,270
Cost recoveries from tenants	<u>34,684</u>	<u>34,236</u>
	<u>115,208</u>	<u>114,506</u>
<b>DIRECT PROPERTY EXPENSES</b>		
Property taxes	24,986	24,637
Other direct property costs (note 20)	8,941	13,203
Utilities	1,783	1,399
Property management fees (note 11)	<u>2,871</u>	<u>2,685</u>
	<u>38,581</u>	<u>41,924</u>
<b>NET PROPERTY INCOME</b>	<u>76,627</u>	<u>72,582</u>
<b>OTHER INCOME AND EXPENSES</b>		
Financing costs (note 12)		
Interest paid on debt	30,532	28,621
Distributions paid on partnership units	2,576	4,644
Administrative expenses	779	864
Lease documentation fees (note 11)	157	54
Asset management fees (note 11)	3,018	2,780
Wealth management fees (note 11)	1,764	1,544
Interest earned	<u>(540)</u>	<u>(15)</u>
	<u>38,286</u>	<u>38,492</u>
<b>INCOME BEFORE UNDERNOTED</b>	<u>38,341</u>	<u>34,090</u>
Loss on deposit	0	(3,460)
Fair value gain (loss) (note 13)	<u>75,562</u>	<u>(3,084)</u>
	<u>75,562</u>	<u>(6,544)</u>
<b>INCOME AND COMPREHENSIVE INCOME for the year</b>	<u>\$ 113,903</u>	<u>\$ 27,546</u>



**SKYLINE RETAIL 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	\$ 113,903	\$ 27,546
Items not requiring an outlay of cash:		
Amortization of leasing commission and straight-line rents (note 6)	(99)	(2,691)
Amortization of financing costs (notes 10, 12)	1,627	604
Financing costs in operations (note 12)	31,481	32,661
Fair value loss on limited partnership units (note 13)	1,350	0
Fair value (gain) loss on investment properties (notes 6, 13, 14)	(74,180)	5,035
Fair value gain on disposal of properties (note 13)	(2,732)	(1,951)
	<u>71,350</u>	<u>61,204</u>
Changes in non-cash working capital:		
Accounts receivable	(1,999)	482
Other assets	(1,006)	916
Accounts payable and accrued liabilities	2,774	(558)
Tenant deposits	1,152	350
	<u>72,271</u>	<u>62,394</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Mortgages payable (net repayments and advances) (note 10)	33,793	43,989
Mortgages discarded due to the sale of investment properties (note 10)	(4,240)	(7,292)
Due to related party (note 11)	(49)	887
Interest on mortgages payable (note 10)	(28,267)	(27,623)
Distributions paid on partnership units (notes 12, 19)	(2,576)	(4,644)
Interest on revolving credit facilities (note 12)	(638)	(394)
Net revolving credit facility proceeds (repayments) (note 15)	1,647	(8,505)
Proceeds from units issued (net of distribution reinvestment plan) (note 18)	67,623	58,296
Investor deposits	0	(1,000)
Distributions paid (net of distribution reinvestment plan) (page 6)	(20,282)	(17,175)
Redemptions of units (page 6)	(23,187)	(28,611)
Redemptions of limited partnership units (note 18)	(35,967)	(930)
Issuance costs (note 11)	(622)	(575)
	<u>(12,765)</u>	<u>6,423</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Additions to investment properties (note 6)	(74,039)	(88,709)
Tenant loans receivable	(175)	346
Proceeds on disposition of assets held for sale	6,250	3,250
Proceeds on disposition of investment properties (note 6)	2,995	17,991
	<u>(64,969)</u>	<u>(67,122)</u>
<b>(DECREASE) INCREASE IN CASH for the year</b>	(5,463)	1,695
<b>CASH, beginning of year</b>	<u>7,959</u>	<u>6,264</u>
<b>CASH, end of year</b>	<u>\$ 2,496</u>	<u>\$ 7,959</u>

See notes to the consolidated financial statements

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

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**1. NATURE OF BUSINESS**

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

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

As of December 31, 2021, RRELP owned one hundred and sixteen (2020 - one hundred and thirteen) retail investment properties, all of which are located in Canada.

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

**2. BASIS OF PRESENTATION**

**(a) STATEMENT OF COMPLIANCE**

The financial statements of Skyline Retail REIT for the year ended December 31, 2021 (including comparatives) are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

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

**(b) BASIS OF MEASUREMENT**

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

**(c) FUNCTIONAL CURRENCY AND PRESENTATION**

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

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

**SKYLINE RETAIL 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)

(d) USE OF ESTIMATES

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

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

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**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 Model ("IFRS 13"). Rental income and operating expenses from investment properties are reported within 'revenue' and 'expenses' respectively.

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

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

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

The fair value of investment property 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 Retail REIT and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

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

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

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

**SKYLINE RETAIL 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)**

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

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

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

**(b) ASSETS HELD FOR SALE**

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

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

**(c) REVENUE RECOGNITION**

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

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

(c) REVENUE RECOGNITION (continued)

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

Government subsidy income is recognized in the period the related expenditure occurs.

(d) FINANCIAL INSTRUMENTS

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

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

Financial Assets

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

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

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

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

(d) FINANCIAL INSTRUMENTS (continued)

Financial Assets (continued)

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

Financial Liabilities

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

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

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

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

(e) LIMITED PARTNERSHIP UNITS

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

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

(f) DISTRIBUTIONS TO LIMITED PARTNERSHIP UNITHOLDERS

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

(g) INCOME TAXES

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

(h) FAIR VALUE MEASUREMENT

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

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

Level 1 inputs

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

Level 2 inputs

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

Level 3 inputs

Unobservable inputs for the asset or liability.

Skyline Retail 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.

(i) DISTRIBUTION REINVESTMENT PLAN

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



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

(j) PROVISIONS

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

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

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

IAS 1 - In 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. The company does not expect any significant impact from the adoption of this amended standard.

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. The company does not expect any significant impact from the adoption of this amended standard.

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.

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

**5. PRINCIPLES OF CONSOLIDATION**

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

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

**6. INVESTMENT PROPERTIES**

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

	<b>2021</b>	<b>2020</b>
Balance at beginning of the year	\$ 1,171,435	\$ 1,107,360
Acquisitions through purchase of assets	56,029	81,412
Additions through capital expenditures on existing investment properties	18,010	7,297
Disposals through sale of investment properties	(2,995)	(17,991)
Amortization of leasing cost and straight-line rents	99	2,691
Investment properties held for sale (note 7)	(10,250)	(6,250)
Fair value adjustment on investment properties (note 13)	<u>76,912</u>	<u>(3,084)</u>
Balance at end of the year	<u>\$ 1,309,240</u>	<u>\$ 1,171,435</u>

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

	<b>2021</b>	<b>2020</b>
Cost	1,225,870	1,161,722
Cumulative fair value adjustment	<u>83,370</u>	<u>9,713</u>
Fair value	<u>\$ 1,309,240</u>	<u>\$ 1,171,435</u>

**Asset acquisitions:**

During the year ended December 31, 2021, Skyline Retail REIT acquired four (2020 - six) investment properties. The results of these acquisitions are included in these consolidated financial statements from the date of acquisition. The following table outlines the cost, plus the transaction costs of the assets acquired and the associated liabilities and units issued entered into as a result of these acquisitions:

	<b>2021</b>	<b>2020</b>
Acquisition cost of investment properties	\$ 56,029	\$ 81,412
Mortgages	<u>(34,761)</u>	<u>(57,060)</u>
Total identifiable net assets settled by cash	<u>\$ 21,268</u>	<u>\$ 24,352</u>

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**6. INVESTMENT PROPERTIES (continued)**

**Future rental income:**

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

	<b>2021</b>	<b>2020</b>
Less than one year	\$ 80,602	\$ 77,412
Between one and three years	140,601	136,355
More than three years	<u>274,161</u>	<u>262,508</u>
	<u>\$ 495,364</u>	<u>\$ 476,275</u>

**Fair value disclosure:**

Skyline Retail REIT uses an income approach to perform internal valuation calculations for the purposes of determining the fair market value of investment properties. The same approach is used for those properties with independent third party appraisals. Significant assumptions used for the valuation of the properties include the capitalization rate and the revenue and expenses for each property. As at December 31, 2021, all of Skyline Retail REIT's investment properties were 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 Retail REIT categorizes its investment properties by region, and each region has a different range of capitalization rates, depending on the specific risk factors for each property in that region. The weighted average capitalization rate for the retail properties is 5.98% (2020 - 6.44%). Overall, the capitalization rates for the retail properties fall between:

	<b>2021</b>	<b>2020</b>
Minimum	3.91%	5.47%
Maximum	7.46%	8.24%

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

In 2021, Skyline Retail REIT valued \$524,165 of its investment properties (including properties held for sale) internally (2020 - \$814,220). 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 \$739,820 (2020 - \$283,300). In 2021, 46.4% (2020 - 69.4%) of the cost base of investment properties were valued internally and 53.6% (2020 - 30.6%) were valued externally. The acquisitions during 2021 were valued at \$55,505 (2020 - \$80,165). Actual results may differ from these estimates and may be subject to material adjustment within the next year.

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**6. INVESTMENT PROPERTIES (continued)**

**Fair value sensitivity:**

Skyline Retail REIT's investment properties are classified as Level 3 under the fair value hierarchy, as the inputs in the valuations of these investment properties are not based on observable market data. The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at December 31, 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)%	4.98%	\$ 1,572,140	\$ 262,900	20.08%
December 31, 2021	5.98%	\$ 1,309,240	\$ 0	0.00%
1.00%	6.98%	\$ 1,121,670	\$ (187,570)	(14.33)%

**7. ASSETS HELD FOR SALE**

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

	2021	2020
<b>ASSETS</b>		
Investment properties	\$ 10,250	\$ 6,250
Tenant loans receivable	229	0
Accounts receivable	0	2
	<u>10,479</u>	<u>6,252</u>
<b>LIABILITIES</b>		
Mortgages payable	4,293	3,794
Tenant deposits	33	7
Accounts payable and accrued liabilities	52	32
	<u>4,378</u>	<u>3,833</u>
<b>NET ASSETS HELD FOR SALE</b>	<u>\$ 6,101</u>	<u>\$ 2,419</u>

**8. OTHER ASSETS**

The components of other assets are as follows:

	2021	2020
Funds held in trust	\$ 2,209	\$ 850
Deposits on investment properties	89	366
Prepaid expenses	598	674
	<u>\$ 2,896</u>	<u>\$ 1,890</u>

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**9. TENANT LOANS RECEIVABLE**

The tenant loans are receivable in blended monthly instalments of \$11 (2020 - \$11) with interest charged ranging from 4.00% to 6.62% (2020 - 4.00% to 6.62%). The loans are due between 2022 and 2028. The portion receivable within one year is \$86 (2020 - \$83).

**10. MORTGAGES PAYABLE**

The mortgages payable are secured by real estate assets and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 3.65% (2020 - 3.79%) per annum are \$765,344 (2020 - \$734,164). There are no variable interest rate mortgages. Mortgages have maturity dates ranging between 2022 and 2031. Included in mortgages payable is \$13,614 (2020 - \$16,625) of second mortgages. Also included in mortgages payable is \$399 (2020 - \$6,548) of vendor take-back mortgages. All mortgages are denominated in Canadian dollars.

Future minimum payments on mortgage obligations are as follows:

	2022	\$	70,894
	2023		130,880
	2024		66,821
	2025		63,819
	2026		120,346
	Thereafter		<u>312,584</u>
			765,344
Less: Mortgages related to assets held for sale			<u>(4,293)</u>
		\$	<u>761,051</u>

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

	2021	2020
Mortgages payable, beginning of year	\$ <u>730,370</u>	\$ <u>696,863</u>
Proceeds from new and refinanced mortgages	127,557	67,075
Repayment of existing mortgages	(96,125)	(30,753)
Transaction costs related to mortgages	<u>(1,879)</u>	<u>375</u>
Total changes from financing cash flows	<u>29,553</u>	<u>36,697</u>
Change in mortgages payable on assets held for sale	(499)	(3,794)
Amortization of financing costs	1,627	604
Financing costs in operations	28,267	27,623
Interest paid	<u>(28,267)</u>	<u>(27,623)</u>
Total liability-related changes	<u>1,128</u>	<u>(3,190)</u>
Mortgages payable, end of year	\$ <u>761,051</u>	\$ <u>730,370</u>

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**11. RELATED PARTY TRANSACTIONS**

Skyline Retail Real Estate GP Inc. is the general partner of RRELP and is entitled to 20% of distributions after the limited partners have received returns equivalent to their adjusted contribution value. Transactions are measured at fair value. A provision for the future distributions payable to Skyline Retail Real Estate GP Inc. has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at December 31, 2021, a distribution would be payable if the investment properties were sold. At December 31, 2021 there were distributions payable of \$838 (2020 - \$887) which is included in due to related party.

	<b>2021</b>	<b>2020</b>
Distributions paid to general partner	\$ <u>838</u>	\$ <u>887</u>

Skyline Retail REIT has an asset management agreement with Skyline Asset Management Inc. and its subsidiary, Skyline Retail Asset Management Inc. (which also includes leasing commissions), a property management agreement with Skyline Commercial Management Incorporated., and an exempt market dealer agreement with Skyline Wealth Management Inc. Skyline Retail Real Estate GP Inc., Skyline Asset Management Inc., Skyline Retail Asset Management Inc., Skyline Commercial Management Incorporated, Skyline Wealth Management Inc. and Skyline Real Estate Limited Partnership are controlled by the same shareholders.

Fees payable under the asset management agreement are 2.5% (2020 - 2.5%) of adjusted gross revenue. Fees payable under the property management agreement average 3.5% of base rental income. Fees payable under the lease documentation services agreement are payable at a fixed rate ranging from \$200 to \$1,000 (not in thousands of Canadian dollars) per lease. 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 \$620 (2020 - \$550) were paid during the year and are included in issuance costs. Fees paid during the years are as follows:

	<b>2021</b>	<b>2020</b>
Asset management fees	\$ 3,018	\$ 2,780
Property management fees	2,870	2,685
Lease documentation fees	157	54
Wealth management fees	<u>1,764</u>	<u>1,544</u>
	<u>\$ 7,809</u>	<u>\$ 7,063</u>

Sale of assets to related companies

During the year, land was sold to Skyline Real Estate Limited Partnership at the exchange amount for \$1,368. Included in fair value on disposed properties is a gain of \$1,345 related to this transaction.

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**12. FINANCING COSTS**

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

	<b>2021</b>	<b>2020</b>
Mortgage interest	\$ 28,267	\$ 27,623
Deferred financing costs	1,627	604
Interest expense on credit facilities	638	394
Distribution interest paid on limited partnership units	1,806	3,757
Distribution interest paid to general partner on sale of investment properties	<u>770</u>	<u>887</u>
	<u>\$ 33,108</u>	<u>\$ 33,265</u>

**13. FAIR VALUE GAIN (LOSS)**

The components of the fair value gain (loss) were as follows:

	<b>2021</b>	<b>2020</b>
Fair value gain (loss) on investment properties (note 6)	\$ 74,180	\$ (5,035)
Fair value gain on disposed properties (note 6)	2,732	1,951
Limited partnership units (note 19)	<u>(1,350)</u>	<u>0</u>
	<u>\$ 75,562</u>	<u>\$ (3,084)</u>

**14. FAIR VALUE MEASUREMENT**

Assets and liabilities measured at fair value

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

<b>As at</b>	<b>December 31, 2021</b>			<b>December 31, 2020</b>		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investment properties	\$ 0	\$ 0	\$1,309,240	\$ 0	\$ 0	\$1,171,435
Assets held for sale	<u>0</u>	<u>0</u>	<u>10,479</u>	<u>0</u>	<u>0</u>	<u>6,252</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,319,719</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,177,687</u>
<b>Liabilities</b>						
Mortgages payable	\$ 0	\$ 793,995	\$ 0	\$ 0	\$ 739,563	\$ 0
Limited partnership units	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 15,936</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,553</u>
	<u>\$ 0</u>	<u>\$ 793,995</u>	<u>\$ 15,936</u>	<u>\$ 0</u>	<u>\$ 739,563</u>	<u>\$ 50,553</u>

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

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For assets and liabilities measured at fair value as at December 31, 2021 and December 31, 2020, there were no transfers between Level 1, Level 2 and Level 3 assets and liabilities.

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

**15. FINANCIAL RISK MANAGEMENT**

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

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

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

i) Market risk

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

a. Interest rate risk

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

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



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

i) Market risk (continued)

a. Interest rate risk (continued)

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

**As of December 31, 2021**

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	\$ 1,647	\$ 16	\$ 16	\$ (16)	\$ (16)
Long term debt, maturing within 1 year	<u>49,429</u>	<u>494</u>	<u>494</u>	<u>(494)</u>	<u>(494)</u>
	<u>\$ 51,076</u>	<u>\$ 510</u>	<u>\$ 510</u>	<u>\$ (510)</u>	<u>\$ (510)</u>

**As of December 31, 2020**

	Carrying Amount	Income -1%	Partners' Equity -1%	Income +1%	Partners' Equity +1%
Revolving credit facility	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Long term debt, maturing within 1 year	<u>41,411</u>	<u>414</u>	<u>414</u>	<u>(414)</u>	<u>(414)</u>
	<u>\$ 41,411</u>	<u>\$ 414</u>	<u>\$ 414</u>	<u>\$ (414)</u>	<u>\$ (414)</u>

b. Price risk

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

c. Foreign exchange risk

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

ii) Credit risk

Credit risk is a risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from the possibility that Skyline Retail REIT's tenants may experience financial difficulty and be unable to meet their lease obligations. Currently, a significant portion (22.5%, 2020 - 23.9%) of Skyline Retail REIT's property revenue is derived from two major tenants. As a result, Skyline Retail REIT's revenues will be dependent on the ability of the tenants to meet their rent obligations and Skyline Retail REIT's ability to collect rent from these tenants.

An allowance for doubtful accounts is recognized for estimated losses resulting from tenant default on lease obligations. Skyline Retail REIT actively reviews receivables and determines the potentially uncollectible accounts on a per-tenant basis. An accounts

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**  
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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.

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

ii) Credit risk (continued)

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	\$ 203	\$ 131
Provision for impairment of accounts receivable	135	290
Reversal of provision for impairment	<u>(163)</u>	<u>(218)</u>
Allowance for doubtful accounts end of year	<u>\$ 175</u>	<u>\$ 203</u>

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

iii) Liquidity risk

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

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

Under a financing agreement, Skyline Retail REIT has access to an operating line of credit to a maximum of \$8,000 (2020 - \$18,000) with interest charged at prime + 1.75%, of which \$5 is utilized by Skyline Retail REIT at December 31, 2021 (2020 - \$nil). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Retail REIT.

Under another financing agreement, Skyline Retail REIT has access to an operating line of credit to a maximum of \$30,000 (2020 - \$25,000) with interest at prime + 1.35% or, at the option of the borrower, a fixed rate equal to the floating bankers' acceptance rate plus 2.35% for a 30 day or 90 day term, of which \$1,642 is utilized by Skyline Retail REIT at December 31, 2021 (2020 - \$nil). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Retail REIT.

Under the financing agreements, Skyline Retail REIT is required to maintain a debt service ratio of 1.20 or higher, an interest coverage ratio of 2.00 or higher, a mortgage-ability debt service coverage ratio of 1.30 or higher and unitholder equity minimum of \$75,000 plus 75% of contributions received during each subsequent fiscal year. The combined group is also required to maintain a funds from operations effective pay-out ratio not exceeding

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100% and a total debt to gross book value ratio not exceeding 65%. At December 31, 2021, the combined group was in compliance with the covenants.

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**  
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**15. FINANCIAL RISK MANAGEMENT (continued)**

iii) Liquidity risk (continued)

Skyline Retail REIT's long term debt consists of mortgages payable bearing interest rates ranging from 2.04% to 5.76% per annum (2020 - 2.04% to 5.76%), payable in monthly instalments of principal and interest of approximately \$4,225 (2020 - \$4,120), maturing from 2022 to 2031, and are secured by specific charges against specific properties. All interest rates are fixed for the term of the respective mortgage.

Financial liabilities and their maturities are as follows:

<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	\$ 49,429	\$ 344,429	\$ 367,193	\$ 761,051
Due to related party	0	838	0	0	838
Accounts payable and accrued liabilities	0	10,439	0	0	10,439
Revolving credit facility	<u>1,647</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,647</u>
	<u>\$ 1,647</u>	<u>\$ 60,706</u>	<u>\$ 344,429</u>	<u>\$ 367,193</u>	<u>\$ 773,975</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	\$ 41,411	\$ 319,035	\$ 369,924	\$ 730,370
Due to related party	0	887	0	0	887
Accounts payable and accrued liabilities	<u>0</u>	<u>7,685</u>	<u>0</u>	<u>0</u>	<u>7,685</u>
	<u>\$ 0</u>	<u>\$ 49,983</u>	<u>\$ 319,035</u>	<u>\$ 369,924</u>	<u>\$ 738,942</u>

iv) Real estate risk

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

**16. CAPITAL RISK MANAGEMENT**

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

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

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**16. CAPITAL RISK MANAGEMENT (continued)**

Skyline Retail REIT monitors capital primarily using a loan to value ratio, which is calculated as the amount of outstanding debt divided by the valuation of the investment property portfolio. As of December 31, 2021, the loan to value ratio was 58% (2020 - 62%), which is within Skyline Retail REIT's stated policy of 70% or lower. Subsequent to December 31, 2021, Skyline Retail REIT is in compliance with the policy.

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

**17. SEGMENTED DISCLOSURE**

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

**18. UNITHOLDERS' EQUITY**

Skyline Retail REIT is authorized to issue unlimited number of trust units. Skyline Retail REIT units are entitled to distributions as and when declared by the Board of Trustees. Effective June 1, 2021, the issue price per unit for newly issued and units to be redeemed changed to \$13.85. Effective August 16, 2021, the issue price per unit for newly issued and units to be redeemed changed to \$14.25 and effective November 10, 2021, the issue price per unit for newly issued and units to be redeemed changed to \$14.75.

As at December 31, 2021 the issue price per unit for newly issued and units to be redeemed was \$14.75 (2020 - \$13.50). The units issued and outstanding are as follows:

	<b>2021 Units</b>	<b>2020 Units</b>
Units outstanding, beginning of years	31,852,470	28,675,082
Units issued	4,974,350	4,318,204
Units issued (Distribution reinvestment plan)	1,038,613	978,682
Redemptions during the year	<u>(1,672,541)</u>	<u>(2,119,498)</u>
Units outstanding, end of years	<u><u>36,192,892</u></u>	<u><u>31,852,470</u></u>

**19. LIMITED PARTNERSHIP UNITS**

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

As at December 31, 2021, there were 1,080,368 (2020 - 2,896,255) Class B Limited Partnership units, and nil (2019 - 848,371) Class C Limited Partnership units issued and outstanding.

## 19. LIMITED PARTNERSHIP UNITS (continued)

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

	2021	2020
Limited partnership units, beginning of the year	\$ <u>50,553</u>	\$ <u>51,483</u>
Redemptions of limited partnership units	<u>(35,967)</u>	<u>(930)</u>
Distribution interest expense	1,806	3,757
Distribution interest paid	<u>(1,806)</u>	<u>(3,757)</u>
Total liability-related changes	<u>0</u>	<u>0</u>
Changes in fair value	<u>1,350</u>	<u>0</u>
Limited partnership units, end of year	\$ <u>15,936</u>	\$ <u>50,553</u>

## 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. Some uncertainty still exists around the future impact of COVID-19 on the timing and amounts of realizable cash flows and assets.

Through the duration of COVID-19, the Canadian federal and provincial governments enacted subsidies and other stimulus in an attempt to stabilize economic conditions. Since the pandemic was declared, certain tenants of Skyline Retail REIT have required financial assistance in the form of rental deferrals or participation in the Canada Emergency Commercial Rent Assistance ("CECRA") program.

For 2021, Skyline Retail REIT agreed to defer rental payments of approximately \$915 for certain tenants (2020 - \$2,716). The amount outstanding of these deferred rental payments is \$1,995 as of December 31, 2021 (December 31, 2020 - \$2,050). Included in the outstanding balance at December 31, 2021, \$nil is not expected to be collected (December 31, 2020 - \$1,420), and \$nil was written off in 2021 (2020 - \$1,420). Additionally, during 2021, Skyline Retail REIT agreed to the abatement of rent for nil tenants (2020 - one tenant) of \$nil (2020 - \$1,116). The costs of rent deferrals and rent abatement are recognized in other direct property costs.

Skyline Retail REIT's assessment of expected credit losses is subjective and is based upon forward looking assessments of collectability. As a result, any expected credit loss is uncertain and the assumptions upon which it is based may change due to ongoing uncertainty caused by COVID-19.

Skyline Retail REIT has recognized a \$nil expense (2020 - \$1,076) in other direct property costs representing its 25% rental contribution granted to tenants as part of the CECRA program for 2020.

## 21. SUBSEQUENT EVENTS

Effective February 25, 2022, the price per unit for newly issued units and units to be redeemed increased to \$15.25 from \$14.75.

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022**

**NOTICE TO READER**

These condensed consolidated interim financial statements of Skyline Retail Real Estate Investment Trust (the "REIT" or "Skyline Retail REIT") have been prepared by and are the responsibility of management and have not been reviewed by the REIT's auditors.

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**  
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**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

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

(UNAUDITED)

	SEP 30, 2022	DEC 31, 2021
<b>ASSETS</b>		
Investment properties (note 4)	\$ 1,625,292	\$ 1,309,240
Assets held for sale	-	10,479
Other assets	5,911	2,896
Tenant loans receivable	477	492
Accounts receivable	3,115	3,611
Cash	275	2,496
	<u>\$ 1,635,070</u>	<u>\$ 1,329,214</u>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Mortgages payable (note 7)	\$ 951,551	\$ 761,051
Limited partnership units (note 14)	16,476	15,936
Tenant deposits	6,617	6,644
Liabilities related to assets held for sale	-	4,378
Due to related parties (note 8)	7,367	838
Accounts payable and accrued liabilities	11,452	10,439
Revolving credit facility (note 6)	24,076	1,647
	<u>1,017,539</u>	<u>800,933</u>
Unitholders' equity (page 4)	<u>617,531</u>	<u>528,281</u>
	<u>\$ 1,635,070</u>	<u>\$ 1,329,214</u>

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY**

**NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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

**(UNAUDITED)**

	<b>2022</b>	2021
<b>OPENING BALANCE</b>	<b>\$ 528,281</b>	\$ 390,846
Proceeds from units issued (note 13)	<b>94,147</b>	67,124
Units issued through distribution reinvestment plan (note 13)	<b>13,125</b>	10,577
Issuance costs (note 8)	<b>(1,017)</b>	(605)
Redemptions (note 13)	<b>(17,189)</b>	(20,458)
Income and comprehensive income for the period	<b>28,463</b>	31,449
Distributions paid	<b>(28,279)</b>	(25,641)
<b>CLOSING BALANCE</b>	<b><u>\$ 617,531</u></b>	<b><u>\$ 453,292</u></b>

SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

CONDENSED CONSOLIDATED INTERIM STATEMENT OF INCOME AND COMPREHENSIVE INCOME

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

(UNAUDITED)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
<b>PROPERTY REVENUES</b>				
Minimum rent	\$ 22,834	\$ 20,199	\$ 63,682	\$ 60,216
Cost recoveries from tenants	10,140	7,990	29,906	25,929
	<b>32,974</b>	<b>28,189</b>	<b>93,588</b>	<b>86,145</b>
<b>DIRECT PROPERTY EXPENSES</b>				
Property taxes	7,028	6,254	20,745	19,013
Other direct property costs	2,765	879	9,952	6,513
Utilities	442	324	1,340	1,297
Property management (note 8)	1,257	558	3,491	1,701
	<b>11,492</b>	<b>8,015</b>	<b>35,528</b>	<b>28,524</b>
<b>NET PROPERTY INCOME</b>	<b>21,482</b>	<b>20,174</b>	<b>58,060</b>	<b>57,621</b>
<b>OTHER INCOME AND EXPENSES</b>				
Finance costs (note 9)				
Interest paid on debt	8,978	7,602	24,521	22,190
Distributions on partnership units	269	308	807	1,537
Administrative expenses	333	218	1,080	599
Lease documentation fees (note 8)	18	40	63	116
Asset management fees (note 8)	838	761	2,327	2,240
Wealth management fees (note 8)	547	446	1,537	1,313
Interest and other income	(40)	(15)	(80)	(54)
	<b>10,943</b>	<b>9,360</b>	<b>30,255</b>	<b>27,941</b>
<b>INCOME BEFORE UNDERNOTED</b>	<b>10,539</b>	<b>10,814</b>	<b>27,805</b>	<b>29,680</b>
Fair value gain (loss)	-	(522)	658	1,769
<b>INCOME AND COMPREHENSIVE INCOME</b>	<b>\$ 10,539</b>	<b>\$ 10,292</b>	<b>\$ 28,463</b>	<b>\$ 31,449</b>

See accompanying notes to the condensed consolidated interim financial statements

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**  
**NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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

(UNAUDITED)

	2022	2021
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
INCOME AND COMPREHENSIVE INCOME for the period	\$ 28,463	\$ 31,449
Items not requiring an outlay of cash:		
Amortization of leasing commission	514	149
Straight line rent revenue	(352)	(256)
Amortization of financing costs (note 9)	1,352	837
Financing costs in operations (note 9)	23,971	22,890
Fair value gain	(658)	(1,769)
	<u>53,290</u>	<u>53,300</u>
Changes in non-cash working capital:		
Accounts receivable	496	(122)
Other assets	(3,015)	(2,755)
Due to related parties	6,529	(20,986)
Accounts payable and accrued liabilities	1,021	6,526
Tenant deposits	(27)	(329)
	<u>58,294</u>	<u>35,634</u>
<b>CASH PROVIDED BY FINANCING ACTIVITIES</b>		
Mortgages payable (net repayments and advances) (note 7)	190,500	30,614
Interest on mortgages payable (note 9)	(22,523)	(21,766)
Distributions paid on partnership units (note 14)	(807)	(1,537)
Interest on revolving credit facilities (note 9)	(803)	(317)
Net revolving credit facility proceeds	22,429	21,680
Proceeds from units issued (net of DRIP) (note 13)	94,147	67,124
Distributions paid (net of DRIP) (page 4)	(15,154)	(15,064)
Redemptions of units (note 13)	(17,189)	(17,427)
Redemptions of limited partnership units (note 14)	-	(36,141)
Issuance costs (note 8)	(1,017)	(605)
	<u>249,583</u>	<u>26,561</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Acquired investment properties (note 4)	(297,080)	(49,886)
Additions to investment properties (note 4)	(19,134)	(10,389)
Tenant loans receivable	15	(1,695)
Net changes in assets and liabilities held for sale	6,101	(3,833)
	<u>(310,098)</u>	<u>(65,803)</u>
<b>DECREASE IN CASH for the period</b>	<b>(2,221)</b>	<b>(3,608)</b>
<b>CASH, beginning of period</b>	<b>2,496</b>	<b>7,959</b>
<b>CASH, end of period</b>	<b>\$ 275</b>	<b>\$ 4,351</b>

See accompanying notes to the condensed consolidated interim financial statements

## SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

#### NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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

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#### 1. NATURE OF BUSINESS

Skyline Retail Real Estate Investment Trust (the "REIT" or "Skyline Retail REIT") is an unincorporated, open ended private real estate investment trust established under the laws of the Province of Ontario that was created pursuant to a Declaration of Trust dated October 8, 2013. As of September 30, 2022, the REIT owned one hundred seventeen (December 31, 2021: one hundred twelve) retail investment properties, all of which are located in Canada.

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

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

#### 2. BASIS OF PRESENTATION

##### (a) STATEMENT OF COMPLIANCE

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 condensed consolidated interim financial statements have been prepared on a historical cost basis, as modified by the revaluation of investment properties.

##### (c) FUNCTIONAL CURRENCY AND PRESENTATION

The condensed consolidated interim financial statements are presented in Canadian dollars, which is also Skyline Retail REIT's functional currency. All financial information presented in Canadian dollars are rounded to the nearest thousand, except per unit amounts.

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

## SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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

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

##### (d) USE OF ESTIMATES

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

Significant estimates and assumptions include the fair values assigned to investment properties and allowances for doubtful accounts. Valuation of investment properties is one of the principal estimates and uncertainties of these consolidated financial statements. Refer to note 4 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 ended December 31, 2021.

#### 4. INVESTMENT PROPERTIES

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

	SEP 30, 2022	DEC 31, 2021
Balance at the beginning of the periods	\$ 1,309,240	\$ 1,171,435
Acquisitions through purchase of assets	297,080	56,029
Additions through capital expenditures on existing investment properties	19,134	18,010
Disposals through sale of investment properties	-	(2,995)
Amortization of leasing cost and straight-line rents	(162)	99
Investment properties held for sale	-	(10,250)
Fair value adjustment on investment properties	-	76,912
Balance at the end of the periods	<u>\$ 1,625,292</u>	<u>\$ 1,309,240</u>

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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

**4. INVESTMENT PROPERTIES (continued)**

**Asset acquisitions:**

During the nine months ended September 30, 2022, Skyline Retail REIT acquired seven (December 31, 2021 – three) investment properties. The results of these acquisitions are included in these consolidated financial statements from the date of acquisition. The following table outlines the cost, plus the transaction costs of the assets acquired and the associated liabilities entered into as a result of these acquisitions:

	<b>SEP 30, 2022</b>	DEC 31, 2021
Acquisition cost of investment properties	<b>\$ 297,080</b>	\$ 56,029
Mortgages	<b>(194,221)</b>	(34,761)
Total identifiable net assets settled by cash	<b><u>\$ 102,859</u></b>	<b><u>\$ 21,268</u></b>

**Future rental income:**

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

	<b>SEP 30, 2022</b>	DEC 31, 2021
Less than one year	<b>\$ 99,057</b>	\$ 80,602
Between one and three years	<b>175,181</b>	140,601
More than three years	<b>348,784</b>	274,161
	<b><u>\$ 623,022</u></b>	<b><u>\$ 495,364</u></b>

**Fair value disclosure:**

Skyline Retail REIT uses an income approach to perform internal valuation calculations for the purposes of determining the fair market value of investment properties. Based on observable market trends and the portfolio's current performance, no changes in fair value have been made for the nine months ended September 30, 2022.

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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

**5. ASSETS HELD FOR SALE**

As at September 30, 2022, there were nil properties held for sale (December 31, 2021 - two properties). The assets and liabilities associated with the investment properties held for sale are as follows:

	<b>SEP 30, 2022</b>	DEC 31, 2021
<b>ASSETS</b>		
Investment properties	\$ -	\$ 10,250
Other assets	-	229
	<u>-</u>	<u>10,479</u>
<b>LIABILITIES</b>		
Mortgages payable	-	(4,293)
Tenant deposits	-	(33)
Accounts payable and accrued liabilities	-	(52)
	<u>-</u>	<u>(4,378)</u>
<b>NET ASSETS HELD FOR SALE</b>	<u><u>\$ -</u></u>	<u><u>\$ 14,857</u></u>

**6. REVOLVING CREDIT FACILITY**

The REIT has available to it two operating lines of credit which total \$40,000 (December 31, 2021 - \$40,000) secured by general security agreements over some of the investment properties of Skyline Retail REIT.

**7. MORTGAGES PAYABLE**

The mortgages payable are secured by real estate assets and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 3.82% (December 31, 2021 - 3.65%) per annum are \$951,551 (December 31, 2021 - \$765,344). There are no variable interest rate mortgages. Mortgages have maturity dates ranging between 2022 and 2031. Included in mortgages payable is \$12,588 (December 31, 2021 - \$13,614) of second mortgages. All mortgages are denominated in Canadian Dollars.

Future minimum payments on mortgage obligations are as follows:

2022	\$ 17,319
2023	135,149
2024	73,034
2025	240,582
2026	126,557
Thereafter	358,910
	<u><u>\$ 951,551</u></u>



## SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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

#### 8. RELATED PARTY TRANSACTIONS

Skyline Retail REIT has an asset management agreement with Skyline Asset Management Inc., a property management agreement with Skyline Commercial Management Inc., and a wealth management agreement with Skyline Wealth Management Inc. The REIT enters into transaction specific agreements with Skyline Mortgage Financing Inc. to facilitate the financing of properties owned by the REIT. The REIT pays fees to Skyline Asset Management Inc. for the provision of shared administrative services to the REIT. The REIT also pays fees to Skyline Retail Asset Management Inc. for successful leasing activities and to Skyline Commercial Management Inc. for preparation of various lease documentation.

Skyline Retail Real Estate GP Inc., Skyline Asset Management Inc., Skyline Commercial Management Incorporated, Skyline Wealth Management Inc., and Skyline Mortgage Financing Inc. are controlled by the same shareholders.

Fees payable under the asset management agreement are 2.5% of adjusted gross revenue. Fees payable under the property management agreement average 3.75% of adjusted gross revenue. Fees payable under mortgage financing facilitation agreements are 0.50% of the final loan amount. 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 period. Equity raise fees of \$981 were paid during the nine months ended September 30, 2022 (nine months ended September 30, 2021 - \$603) and are included in issuance costs.

As at March 31, 2022 Skyline Retail REIT had \$15,000 outstanding as a short-term loan payable to Skyline Commercial REIT (a related party). The short-term loan bears interest at 7% per annum. Subsequent to March 31, 2022 Skyline Retail REIT repaid the short-term loan to Skyline Commercial REIT in full.

During the nine months ended September 30, Skyline Retail REIT paid the following fees:

	2022	2021
Asset management fees	\$ 2,327	\$ 2,240
Property management fees	3,491	1,701
Wealth management fees	1,537	1,313
Leasing fees	104	71
Lease documentation fees	63	116
Legal and administrative chargebacks	364	543
Capital asset management chargebacks	101	94
Mortgage brokerage fees	578	388
	<u>\$ 8,565</u>	<u>\$ 6,466</u>

## SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

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

#### 9. FINANCING COSTS

During the nine months ended September 30, Skyline Retail REIT paid the following financing costs:

	2022	2021
Mortgage interest	\$ 22,523	\$ 21,766
Amortization of financing costs	1,352	837
Interest expense on credit facilities	803	317
Distributions paid on exchangeable LP units	807	1,537
	<u>\$ 25,485</u>	<u>\$ 24,457</u>

#### 10. 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.

#### 11. 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.

#### 12. SEGMENTED DISCLOSURES

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

#### 13. TRUST UNITS

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

	SEP 30, 2022 Units	DEC 31, 2021 Units
Units outstanding, beginning of period	36,192,892	31,852,470
Units issued	6,173,591	4,974,350
Units issued (Distribution Reinvestment Plan)	872,279	1,038,613
Redemptions during the period	<u>(1,150,470)</u>	<u>(1,672,541)</u>
Units outstanding, end of period	<u>42,088,292</u>	<u>36,192,892</u>

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021**

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

**14. LIMITED PARTNERSHIP UNITS**

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

As at September 30, 2022, there were 1,080,368 (December 31, 2021 - 1,080,368) Class B exchangeable partnership units of SRREL P. The Class B LP units represented an aggregate fair value of \$16,476 at September 30, 2022 (December 31, 2021 - \$15,936).

A reconciliation of movements in Class B and C LP units to cash flows arising from financing activities is as follows:

	<b>SEP 30, 2022</b>	DEC 31, 2021
Class B and C LP units, beginning of period	<u>\$ 15,936</u>	<u>\$ 50,553</u>
Redemptions of Class B LP Units	<u>-</u>	<u>(35,967)</u>
Distribution interest expense	<b>807</b>	1,806
Distribution interest paid	<b>(807)</b>	(1,806)
Total liability-related changes	<u>-</u>	<u>-</u>
Changes in fair value	<u>541</u>	<u>1,350</u>
	<u><b>\$ 16,477</b></u>	<u>\$ 15,936</u>

**DATE AND CERTIFICATE**

Dated: January 15, 2023

**This offering memorandum does not contain a misrepresentation.**

**SKYLINE RETAIL REAL ESTATE INVESTMENT TRUST**

*"Jason Castellan"*

**JASON CASTELLAN**  
Chief Executive Officer

*"Wayne Byrd"*

**WAYNE BYRD**  
Chief Financial Officer

*"Jason Castellan"*

**JASON CASTELLAN**  
Trustee

*"Gary Finkelstein"*

**GARY FINKELSTEIN**  
Trustee

*"Wayne Byrd"*

**WAYNE BYRD**  
Trustee

*"George Schott"*

**GEORGE SCHOTT**  
Trustee

*"Perry Katz"*

**PERRY KATZ**  
Trustee

*"Jonathan Halpern"*

**JONATHAN HALPERN**  
Trustee

**SKYLINE RETAIL ASSET MANAGEMENT INC.  
as Manager**

*"Gordon Driedger"*

**Gordon Driedger**  
President  
Acting in the capacity of Chief  
Executive Officer

*"Wayne Byrd"*

**WAYNE BYRD**  
Treasurer  
Acting in the capacity of Chief  
Financial Officer

**On behalf of the Board of Directors**

*"Martin Castellan"*

**MARTIN CASTELLAN**  
Director

*"R. Jason Ashdown"*

**R. JASON ASHDOWN**  
Director



**SKYLINE RETAIL  
REAL ESTATE INVESTMENT TRUST**