

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



Continuous Private Placement Offering

DATE June 15, 2023

THE ISSUER

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

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

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

Reporting issuer? No

THE OFFERING

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

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

Minimum/Maximum offering: **There is no minimum** or maximum amount for the Offering (as defined herein). Skyline Industrial 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 Industrial 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 Industrial REIT. Subscriptions are subject to acceptance or rejection as determined solely by Skyline Industrial REIT.

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

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

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

Compensation Paid to Sellers and Finders	Skyline Wealth Management Inc., a related party of Skyline Industrial REIT, has received or will receive compensation for the sale of securities under this Offering. See Item 9 - Compensation Paid to Sellers and Finders.
Underwriter(s)	Not Applicable.
Resale Restrictions	You will be restricted from selling your securities for an indefinite period. See Item 12 - Resale Restrictions.
Working Capital Deficiency	Not Applicable.
Payments to Related Party	Some of your investment may be paid to a related party of the issuer. See Item 1.2 - Use of Available Funds - Use of Available Funds.
Certain Related Party Transactions	Not Applicable.
Certain Dividends or Distributions	Not Applicable.
Conditions on Repurchases	You will have a right to require the issuer to repurchase the securities from you but this right is qualified by certain restrictions. As a result, you might not receive the amount of proceeds that you want. See Item 5.1 - Securities Offered - Terms of Securities.
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, you have a right to damages or to cancel the agreement. See Item 13 - Purchasers' Rights.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See Item 10 - Risk Factors.

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GLOSSARY

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

“Acquisition and Operating Facilities” means revolving credit facilities of up to \$60,000,000 and \$3,500,000 of committed funds, together to be utilized for the purpose of funding working capital and mortgage principal repayments.

“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 Industrial 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 January 10, 2012 between the Services Provider, Skyline Industrial REIT and Skyline Commercial LP, as assigned to the Asset Manager.

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

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

“Class A DRIP” means the distribution reinvestment plan established by Skyline Industrial 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 Commercial LP.

“Class A REIT Unit” means a Class A REIT Unit of Skyline Industrial REIT.

“Class B Exchange Agreement” means the agreement dated August 25, 2017, among Skyline Commercial REIT, the General Partner, Skyline Commercial 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 Commercial LP.

“**Class F DRIP**” means the distribution reinvestment plan established by Skyline Industrial 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 Industrial REIT and Class F REIT Units means more than one Class F REIT Unit.

“**Class I REIT Unit**” means a Class I REIT Unit of Skyline Industrial REIT and Class F REIT Units means more than one Class I REIT Unit.

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

“**Declaration of Trust**” means the declaration of trust made as of January 10, 2012, 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 Industrial REIT (formerly Skyline Commercial Real Estate Investment Trust) was created as further amended, supplemented, or amended and restated from time to time.

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

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

“**Distributable Income**” means, for any period, the taxable net income of Skyline Industrial 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 Industrial REIT, a business day determined by the Trustees for any calendar month to be on or about the 15th day of the following month.

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

“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 Industrial REIT, as amended from time to time.

“Existing Properties” has the meaning given to that term in Item 2.1 – Business of Skyline Industrial REIT – Structure.

“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 2.8 - Business of Skyline Industrial REIT – 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 Industrial REIT, as amended from time to time.

“General Partner” means Skyline Commercial Real Estate GP Inc., a corporation incorporated under the laws of the Province of Ontario to be the general partner of Skyline Commercial LP, or any successor general partner of Skyline Commercial LP.

“GP Share” has the meaning given to that term in Item 2.1 – Business of Skyline Industrial REIT – Structure – GP Share Calculation.

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

“GLA” means gross leasable area.

“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*.

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

“Joint Venture Development Projects” has the meaning ascribed thereto in Item 2.2 – Business of Skyline Industrial REIT – Our Business – Joint Venture Development Projects.

“joint venturers” has the meaning given to that term in Item 2.8 – Business of Skyline Industrial REIT – Material Agreements – Declaration of Trust – Investment Guidelines.

“Legal Services Management Provider” means Skyline Private Investment Capital Inc., a corporation governed by the federal laws of Canada and a related party to the issuer.

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

“Managers” means the Asset Manager, the Property Manager, the Underwriting Manager, the Solar Asset Manager, the Capex Provider, the Legal Services Management Provider, the Development Manager, and the Services Provider; all related parties to the issuer.

“Market Value” has the meaning given to that term in Item 5.1 – Securities Offered – 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 Industrial REIT, REIT Units or the Offering.

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

“Monthly Limit” has the meaning given to that term in Item 5.1 – Securities Offered – 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.

“Partnership Distributions” has the meaning given to that term in Item 2.1 – Business of Skyline Industrial REIT – Structure – Skyline Commercial LP Agreement – Partnership Distributions.

“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.

“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 – Business of Skyline Industrial REIT – Our Business – Properties – Properties Under Contract.

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

“Property Management Agreement” means the agreement dated October 15, 2012, between the Property Manager, Skyline Industrial REIT and Skyline Commercial LP, as amended from time to time.

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

“RDSP” has the meaning given to that term in Item 2.8 – Business of Skyline Industrial REIT – Material Agreements – Declaration of Trust – Investment Guidelines.

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

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

“Redemption Price” has the meaning given to that term in Item 5.1 – Securities Offered – 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.

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

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

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

“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 – Business of Skyline Industrial REIT – Structure.

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

“Skyline Commercial LP Agreement” means the amended and restated limited partnership agreement governing Skyline Commercial LP, made as of January 10, 2012, as amended and restated most recently on September 20, 2017, as the same may be further amended, restated, replaced or superseded from time to time.

“Skyline Industrial REIT” means Skyline Industrial 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 Voting Unit” means a unit of interest in Skyline Industrial REIT issued only in connection with the Class B Exchange Agreement to a holder of Class B LP Units.

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

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

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

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

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

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

“TFSA” has the meaning given to that term in Item 2.8 – Business of Skyline Industrial REIT – 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 Industrial REIT.

“Trustees” means the trustees of Skyline Industrial REIT.

“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 Industrial 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 Industrial REIT; Skyline Industrial REIT’s access to available sources of debt and/or equity financing; future legislative and regulatory developments which may affect Skyline Industrial REIT; the expected tax treatment of Skyline Industrial REIT; Skyline Industrial REIT’s ability to meet its stated business objectives; and the expectations for the types of investments to be made, and the anticipated potential return on such investments.

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

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, risks associated with: the COVID-19 coronavirus pandemic; real property ownership; general economic conditions; local real estate markets; future property acquisitions demand for industrial 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

Industrial 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 Industrial REIT's present and future business strategies and the environment in which Skyline Industrial REIT will operate in the future, including assumptions regarding the stability of target markets, that acquisition capitalization rates remain reasonably constant, that the equity and debt markets continue to provide us with access to capital at a reasonable cost to fund our future growth and to refinance our mortgage debt as it matures and our ability to operate on a profitable basis.

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

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

ITEM 1 USE OF AVAILABLE FUNDS

The following section of this Offering Memorandum contains forward-looking information, particularly statements related to 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.

1.1 Funds

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

		Assuming minimum offering ⁽¹⁾	Assuming maximum offering ⁽¹⁾
A	Amount to be raised by this offering	\$0	N/A
B	Selling commissions and fees ⁽²⁾	\$0	N/A
C	Estimated offering costs (e.g., legal, accounting, audit.)	\$0	N/A
D	Available funds: D = A - (B+C)	\$0	N/A
E	Additional sources of funding required	\$0	N/A
F	Working capital deficiency	\$0	N/A
G	Total: G = (D+E) - F	\$0	N/A

Notes:

- (1) There is no minimum or maximum Offering. Skyline Industrial 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 Industrial 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 Industrial 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 Industrial REIT will not pay any compensation to other securities dealers. See Item 9 – Compensation Paid to Sellers and Finders.

1.2 Use of Available Funds

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

Description of intended use of available funds listed in order of priority	Assuming min. offering ⁽¹⁾	Assuming max. offering ⁽¹⁾
The net proceeds from the sale of this Offering will be used to invest in accordance with the investment objectives of Skyline Industrial REIT. This includes property acquisitions and related expenses, property capital improvements and related expenses, development projects (including those that may be part of a joint venture) and related expenses, redemptions, and general working capital purposes. ⁽²⁾	\$0	N/A

Notes:

- (1) There is no minimum or maximum Offering. Skyline Industrial 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 Industrial REIT for payments to Related Parties, including to the Asset Manager, the Property Manager, 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 Proceeds Transferred to Other Issuers

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

ITEM 2 BUSINESS OF SKYLINE INDUSTRIAL REIT

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

2.1 Structure

Skyline Industrial REIT is an unincorporated open-end investment trust created by a declaration of trust made as of January 10, 2012, and most recently amended and restated as of December 5, 2022 (the “**Declaration of Trust**”) and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. See Item 2.8 – Material Agreements – Declaration of Trust.

The objectives of Skyline Industrial 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 industrial properties located in Canada; (ii) to maximize REIT Unit value through the ongoing management of Skyline Industrial 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 Industrial REIT (the “**Trustees**”) are responsible for the general control and direction of Skyline Industrial REIT. The day-to-day management of Skyline Industrial 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. Lease execution and development oversight services are also provided by the Asset Manager. Lease documentation services are 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 Industrial REIT.

Skyline Industrial REIT owns all of the Class A LP Units of Skyline Commercial Real Estate Limited Partnership (“**Skyline Commercial LP**”). Skyline Industrial REIT holds all of its interest in the Existing Properties (as hereinafter defined), and will hold its interest in all future property acquisitions and joint venture interests, indirectly through its interest in Skyline Commercial 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 Commercial LP or other Subsidiaries of Skyline Commercial LP. Skyline Commercial Real Estate GP Inc. (the “**General Partner**”), an Ontario corporation, is the general partner of Skyline Commercial LP.

As of May 31, 2023, Skyline Industrial REIT owned fifty-nine (59) properties in Ontario, Quebec, Alberta, Saskatchewan, and Manitoba containing an aggregate of 9,208,204 square feet of gross leasable area (“GLA”) (the “**Existing Properties**”). As of May 31, 2022, approximately 98.4% (based on GLA) of Skyline Industrial REIT’s properties consist of industrial properties. See Item 2.2 – Our Business – Properties. Future acquisitions will be subject to specific investment restrictions and the operation of Skyline Industrial REIT will be subject to specific operating policies. See Item 2.8 – Material Agreements – Declaration of Trust – Investment Guidelines and Operating Policies.

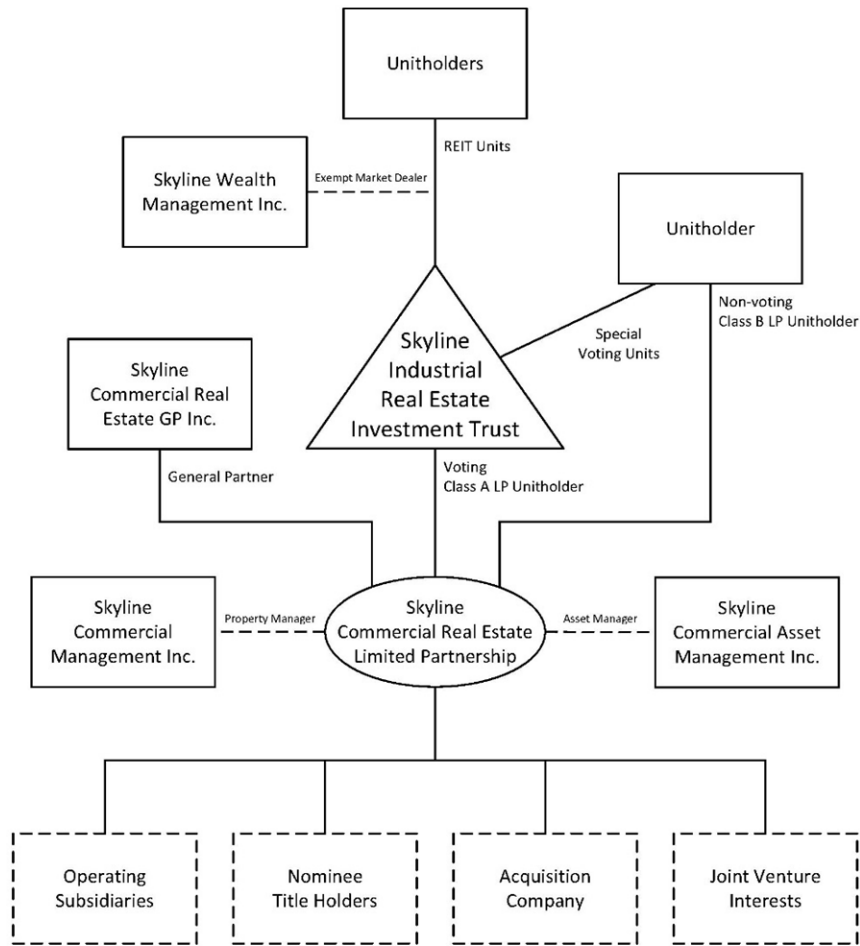
The principal office of Skyline Industrial REIT, Skyline Commercial LP, the General Partner, and the Managers is located at: 5 Douglas Street, Suite 301, Guelph, Ontario, N1H 2S8.

The chart on the following page sets forth the principal operating structure of Skyline Industrial REIT.



SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(as at May 31, 2023)



2.2 Our Business

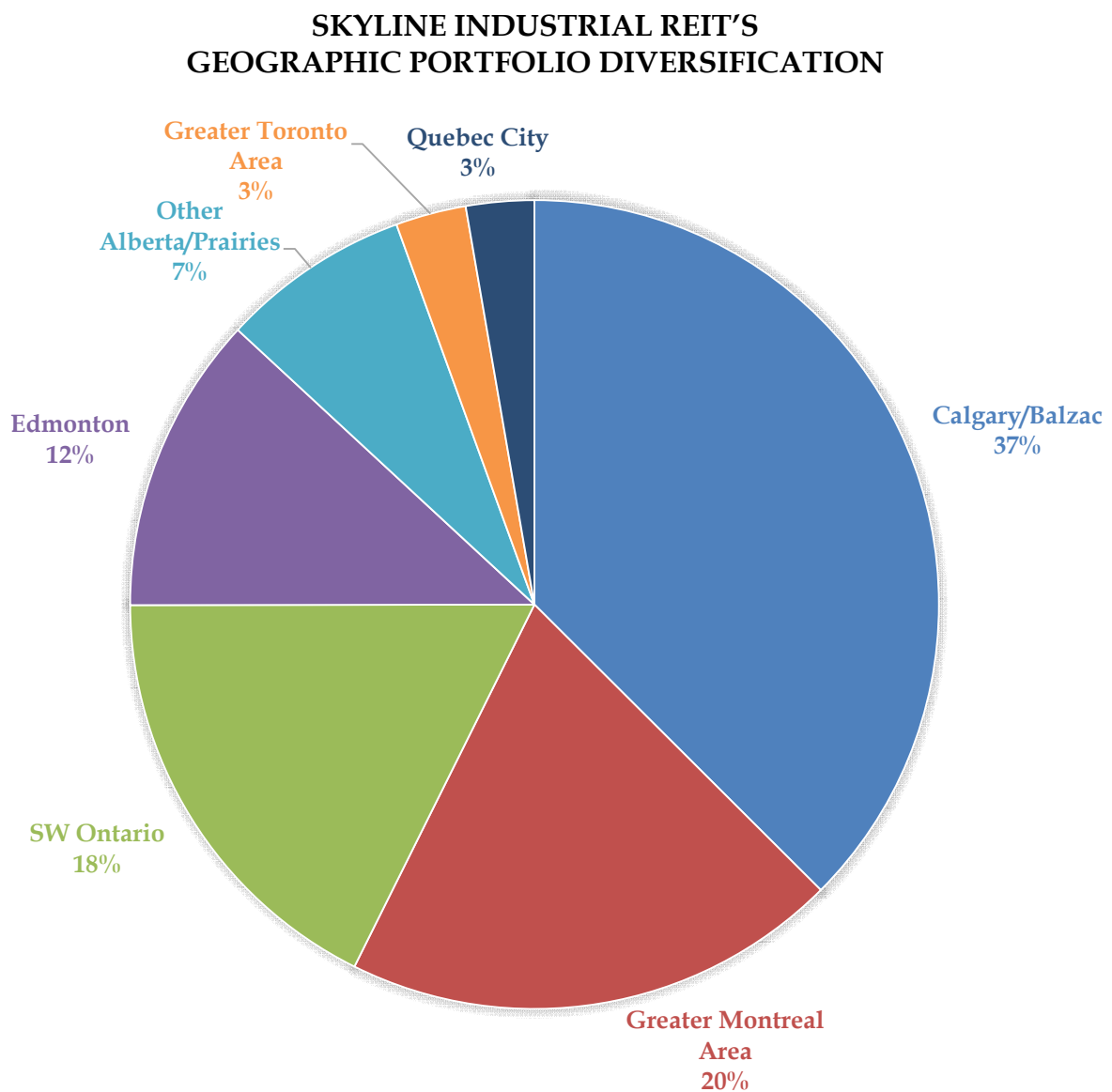
Properties

Existing Properties

As of May 31, 2023, the Existing Properties consist of fifty-nine (59) properties in Ontario, Quebec, Alberta, Saskatchewan, and Manitoba containing an aggregate of 9,208,204 square feet of GLA across five (5) provinces in Canada.

A listing and description of Skyline Industrial REIT's Existing Properties is found in Schedule "A".

The following chart shows Skyline Industrial REIT's geographic portfolio diversification at May 31, 2023.



Recent Property Acquisitions

From January 1, 2022 to May 31, 2023, Skyline Industrial REIT acquired eleven (11) industrial properties (the “**Recent Property Acquisitions**”), of which seven (7) properties were located in the Province of Alberta, two (2) properties were located in the Province of Ontario and two (2) in the Province of Quebec consisting of approximately 3,329,453 square feet of leasable space.

Recent Property Dispositions

From January 1, 2022 to May 31, 2023, Skyline Industrial REIT disposed of thirty-six (36) commercial or industrial properties.

Dispositions Under Contract

When Skyline Industrial 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 May 31, 2023, Skyline Industrial REIT is not party any Dispositions Under Contract.

Properties Under Contract

When Skyline Industrial REIT enters into an agreement to purchase industrial property and has waived all conditions to closing, each property that is the subject of the agreement is referred to as a property under contract (the “**Properties Under Contract**”). As of May 31, 2023, Skyline Industrial REIT is not party to any Properties Under Contract.

Properties Under Due Diligence

When Skyline Industrial REIT enters into an agreement to purchase industrial 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**”). 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 May 31, 2023, Skyline Industrial REIT has one (1) Property Under Due Diligence.

Joint Venture Development Projects

Skyline Industrial REIT has been entering into strategic joint venture partnerships with arm’s length third parties (“**Joint Venture Development Projects**”) in key markets to develop buildings in prime locations that are purpose-built to address the significant tenant demand in those markets. Skyline Industrial REIT has negotiated options to acquire all the unowned interests in each of these Joint Venture Development Projects at market prices following completion and stabilization of each of the properties being developed. In the last two years, Skyline Industrial REIT has exercised its option and completed the acquisition of the unowned interests in three (3) Joint Venture Development Projects, one (1) in Alberta and two (2) in Quebec.

As of May 31, 2023, there are eleven (11) active Joint Venture Development Projects, eight (8) in Quebec, one (1) in Nova Scotia and two (2) in Ontario.

The following table summarizes the funds committed, allocated and contributed to the Joint Venture Development Projects that have not yet been fully acquired by Skyline Industrial REIT as of May 31, 2023:

Project	Committed ⁽¹⁾	Allocated ⁽²⁾	Contributed ⁽³⁾
RF Mascouche		\$30,413,344	\$33,413,344
HPB Bayers, Halifax		\$20,548,046	\$9,460,457
RF Fund I	\$49,000,000		
RF Laval		\$8,820,029	\$5,295,472
RF Notre Dame		\$2,014,595	\$2,014,595
RF Candiac I		\$14,397,153	\$8,673,000
RF Candiac II		\$4,204,967	\$2,842,000
RF West Island III		\$6,233,249	\$6,233,246
RF Coteau-du-Lac I		\$7,634,567	\$3,381,000
RF Fund I Total		\$43,304,560	\$28,439,313
RF Fund I Remaining		\$0	\$14,865,247
RF Fund II	\$50,000,000		
RF West Island IV		\$13,898,403	\$10,140,000
RF Ottawa		\$10,971,978	\$3,800,000
RF Kanata LP I		\$18,706,483	\$5,874,950
RF Fund II Total		\$43,576,864	\$19,814,950
RF Fund II Remaining		\$6,423,136	\$30,185,050

Notes:

- (1) "Committed" refers to the value of funds Skyline Industrial REIT has committed to contribute to the relevant joint venture fund.
- (2) "Allocated" refers to the value of Committed funds that have been allocated towards each specific joint venture project.
- (3) "Contributed" refers to the value of Committed funds that have been advanced by Skyline Industrial REIT to the relevant joint venture project.

The following tables summarize certain aspects of the Existing Properties, Properties Under Due Diligence and Development Projects Underway as of May 31, 2023:

Existing Properties as of May 31, 2023						
#	Address	Area (sf)	Tenant(s)	Occupancy %	Office %	Clear Height
1	5500 72nd Avenue SE, Calgary, AB	200,122	1	100%	3%	28' - 40' 10"
2	10707 25th St NE Building A, Calgary, AB	122,493	6	100%	10%	28'
	10725 25th St NE Building B, Calgary, AB	95,788	3	100%	10%	28'
	10761 25th St NE Building C, Calgary, AB	90,551	4	100%	10%	28'
3	10710 25th St NE Building D, Calgary, AB	147,317	6	60%	10%	24' - 28'
	10720 25th St NE Building E, Calgary, AB	96,123	7	100%	10%	28'
4	10760 25th St NE Building F, Calgary, AB	96,123	3	100%	10%	28'
	10770 25th St NE Building G, Calgary, AB	144,129	4	100%	10%	28'
5	85 Freeport Boulevard, Calgary, AB	52,678	2	100%	10%	24'
	89 Freeport Boulevard, Calgary, AB	154,986	1	100%	10%	28'
6	7007 54th St SE Building C, Calgary, AB	85,789	5	100%	10%	28'
	7007 54th St SE Building D, Calgary, AB	91,894	2	100%	10%	28'

Existing Properties as of May 31, 2023 (continued)						
#	Address	Area (sf)	Tenant(s)	Occupancy %	Office %	Clear Height
7	6600 - 72nd Avenue South East, Calgary, AB	498,618	1	100%	3%	36'
8	7115 48 Street SE (Foothills VII), Calgary, AB	111,664	3	100%	0%	28'
9	4550 25 Avenue SE, 2634, 2726 & 2760 45 Avenue SE (Gateway A - D), Calgary, AB	348,850	15	100%	5%	24' - 28'
10	7139 & 7151 44 Street SE (Foothills VI-A & VI-B), Calgary, AB	296,636	5	85%	0%	28'
11	4920 72 Avenue SE Foothills III, Calgary, AB	293,761	4	96%	0%	28'
12	6575 68 Ave SE, Calgary, AB	301,400	2	100%	8%	26'
13	3049 Highway 10 East, Box 1330, Drumheller, AB	16,750	1	100%	14%	18'
14	14444 & 14530 157 Avenue NW & 15704 142 Avenue NW (Rampart I, II & IV), Edmonton, AB	357,667	6	91%	5%	28' - 32'
15	11010 178 Street NW & 17803 111 Avenue NW (Westpoint I - V), Edmonton, AB	739,091	17	100%	5%	28'
16	4310 - 50th Avenue, Olds, AB	35,041	1	100%	13%	18'
17	3600 Highway 2A, Ponoka, AB	37,950	1	100%	0%	22'
18	292177 Cross Pointe Drive, Rocky View County, AB	71,980	1	100%	26%	22'
19	261085 High Plains Drive, Rocky View County, AB	150,000	1	100%	3%	32'
20	5001 82 Street (4104 44 Avenue / Highway 12 West), Stettler, AB	26,500	1	100%	0%	18'
21	311 Service Road North, Vulcan, AB	17,330	1	100%	0%	14'
22	1555 Chevrier Boulevard, Winnipeg, MB	319,481	1	100%	7%	27' - 30'
23	303 Dunlop Street West, Barrie, ON	19,324	4	100%	50%	14'
24	275 Steelwell Road, Brampton, ON	82,235	1	100%	10%	28'
25	175 Nugget Court, Brampton, ON	54,184	1	100%	27%	26' 4"
26	97 Easton Road, Brantford, ON	102,995	1	100%	10%	30'
27	131 Savannah Oaks Drive, Brantford, ON	66,846	1	100%	10%	21'
	131B Savannah Oaks Drive, Brantford, ON	63,750	1	100%	10%	28'
28	46 Plant Farm Road, Brantford, ON	125,000	1	100%	13%	25'
29	549 Conestoga Boulevard, Cambridge, ON	96,495	1	100%	23%	29'
30	55 Fleming Drive, Cambridge, ON	75,334	17	100%	N/A	23' 8"
31	555 Conestoga Boulevard, Cambridge, ON	52,000	1	100%	10%	17' - 30'
32	233 & 239 Armstrong Avenue, Georgetown, ON	133,252	1	100%	13%	24'
33	41 Todd Road, Georgetown, ON	56,333	1	100%	50%	20'
34	425 Clair Road West, Guelph, ON	32,492	1	100%	10%	20'
35	780 Wilson Avenue & 45 Goodrich Drive, Kitchener, ON	131,344	5	100%	10%	32'
36	50 Washburn Drive, Kitchener, ON	71,090	1	100%	10%	24'
37	417 Advance Boulevard, Lakeshore, ON	97,312	1	100%	15%	30'
38	465 & 473 Jutras Drive South, Lakeshore, ON	95,000	1	100%	11%	29'
39	210 Lesmill Road, North York, ON	37,052	1	100%	44%	18'

Existing Properties as of May 31, 2023 (continued)						
#	Address	Area (sf)	Tenant(s)	Occupancy %	Office %	Clear Height
40	6365 Hawthorne Drive, Windsor, ON	144,700	1	100%	4%	24'
41	599 Sprucewood Avenue, Windsor, ON	145,974	4	100%	8%	28'
42	454 & 468 Innovation Way, Woodstock, ON	200,000	9	100%	5%	28' - 32'
43	130 Rue J.A. Bombardier, Boucherville (Montreal), QC	129,043	1	100%	6%	41' - 45'
44	70 Boulevard Hymus, Montreal (Pointe-Claire), QC	91,121	1	100%	12%	24'
45	151 Reverchon Avenue, Montreal (Pointe-Claire), QC	326,125	1	100%	5%	32'
46	555 Montée de Liesse, Montreal (Saint-Laurent), QC	68,215	1	100%	15%	24'
47	7801 Boulevard Henri-Bourassa Est, Montreal East, QC	116,166	1	100%	7%	27' 5"
48	8300 Place Marien & 11235 Boulevard Metropolitain Est, Montreal East, QC	259,198	4	100%	3%	32'
49	810 Avenue Godin, Quebec City, QC	98,386	1	100%	11%	30' - 35' 9"
50	800 Rue Fernand-Dufour, Quebec City, QC	53,787	1	100%	10%	25'
51	370 Rue Metivier, Quebec City, QC	99,197	1	100%	9%	25' - 35'
52	595 Boulevard Industriel, Saint-Jean-sur-Richelieu, QC	152,420	1	100%	2%	32' 8"
	597 Boulevard Industriel, Saint-Jean-sur-Richelieu, QC	149,140	1	100%	3%	32' 8"
	601 Boulevard Industriel, Saint-Jean-sur-Richelieu, QC	174,475	1	100%	1%	39'
	603 Boulevard Industriel, Saint-Jean-sur-Richelieu, QC	160,100	1	100%	1%	32' 8"
53	2050 Rue Bombardier, Saint-Julie (Montreal), QC	203,641	1	100%	4%	31' - 45'
54	5201-40th Avenue, Lloydminster, SK	31,000	1	100%	0%	22'
55	2320 Highway 6 South, Melfort, SK	24,900	1	100%	0%	18'
56	Highway 3 South, Prince Albert, SK	20,400	1	100%	0%	20'
57	1507 Ross Avenue, Regina, SK	16,500	1	100%	0%	22'
58	1125 North Service Road, HWY 16W, Saskatoon, SK	66,600	1	100%	12%	22'
59	810 60th Street East, Saskatoon, SK	84,365	1	100%	4%	39'
Total Existing Properties		9,208,204	183	98.4%		

Properties Under Due Diligence (as of May 31, 2023)

Region	Area (sf)	Tenant(s)	Occupancy %	Office %	Clear Height
South Western Ontario	148,050	1	100%	5%	28'
Total Properties Under Due Diligence	148,050	1			

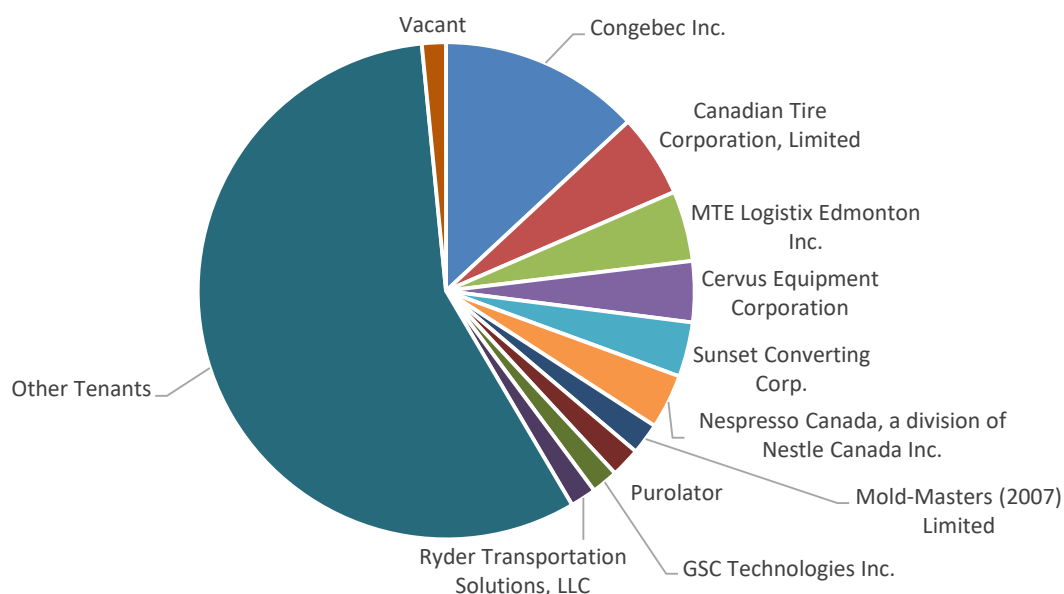
Development Projects Underway (as of May 31, 2023)

Address	Pro-forma GLA (sf)	Target Clear Height	Target Delivery Date
6010-6280 Notre Dame, Montreal QC	96,954	32'	Jun-23
555 & 565 Victor Davis; 6000 Trans Canada Hwy, Point Claire QC	270,479	32'	Jul-23
3601 Ave. de la Gare, Mascouche QC	321,386	50'; 32'	Aug-23
450 Rue Paul-Gaugion, Candiac, QC	125,750	32'	Feb-24
137 Bellerose Boulevard West, Laval QC	293,356	32'	Feb-24
Project Kirkland, Kirkland QC	587,977	36'	Feb-24
Bayers Lake Industrial Centre, Halifax NS	400,688	28'-32'	Jul-24
131 Montcalm Blvd N, Candiac QC	491,000	40'	Jul-24
Rue Leon-Malouin, Couteau-du-Lac QC	300,200	40'	Oct-24
405 Huntmar Drive, Kanata (Ottawa) ON	479,721	36'	Apr-25
575 Dealership Drive, Ottawa ON	322,711	36'	Jul-25
Total Development Projects Underway	3,690,222		

Top Ten Tenants

At May 31, 2023, Skyline Industrial REIT's tenant profile consists of a diversified base of quality tenants totalling 184 tenants. The following chart shows the tenant mix for the properties on the basis of percentage of GLA.

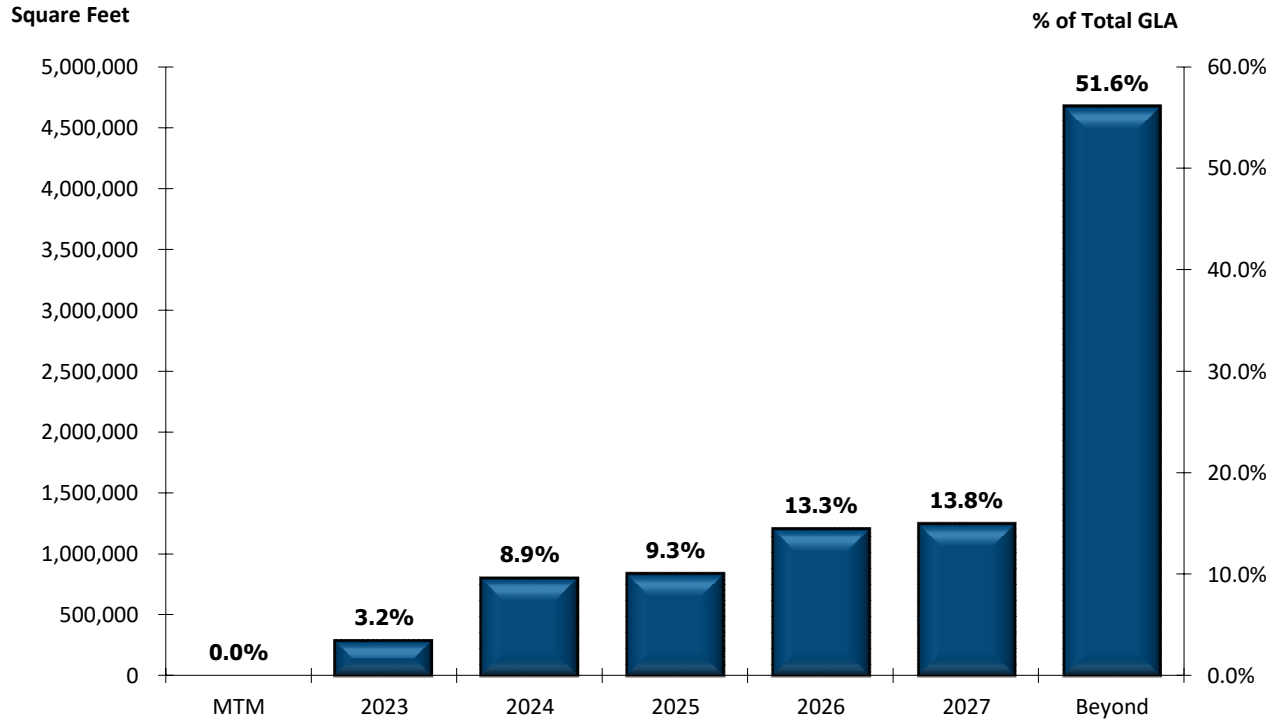
SKYLINE INDUSTRIAL REIT TOP TEN TENANTS



Tenant	Size (sf)	%
Congebec Inc.	1,204,991	13.1%
Canadian Tire Corporation, Limited	498,618	5.4%
MTE Logistix Edmonton Inc.	421,730	4.6%
Cervus Equipment Corporation	364,951	4.0%
Sunset Converting Corp.	326,895	3.6%
Nespresso Canada, a division of Nestle Canada Inc.	326,125	3.5%
Mold-Masters (2007) Limited	189,585	2.1%
Purolator	176,394	1.9%
GSC Technologies Inc.	160,100	1.7%
Ryder Transportation Solutions, LLC	154,986	1.7%
Other Tenants	5,239,008	56.9%
Vacant	144,663	1.6%
TOTAL	9,208,046	100%

Schedule of Lease Maturities

As at May 31, 2023, 98.4% of the space in the Properties is leased. The following bar graph indicates the total occupied square footage of the Properties subject to lease maturities as at May 31, 2023 (assuming tenants do not exercise renewal options) and the percentage of the total GLA relating to the Properties represented by such maturities.



Notes:

- (1) The above lease maturity schedule does not include area not currently under lease. In addition to the leased area there currently is 144,663 square feet which is vacant and represents 1.6% of the GLA.
- (2) 27 tenants, consisting of 2,572,016 square feet, have leases that are expiring after 2032. This represents 28.4% of the Leased Area. The average lease term is 7.50 years.

Industrial Real Estate Market

Canadian industrial real estate continues to perform well across most markets. Vacancy levels remain at historic lows and rental rates continue to rise, albeit at a slower pace than during 2022.

In most markets, the addition of new construction continues to provide options for existing and prospective tenants. However, with many developments being at least partially leased before construction has been completed, there is only moderate relief to the supply shortage.

The market continues to evolve towards larger, more modern, higher cube facilities, where tenants can mitigate increasing transportation costs and be in close proximity to an ample labor force as well as the end

destination for their product/ service. This is especially true in major transport hubs such as Calgary, Toronto, and Montreal.

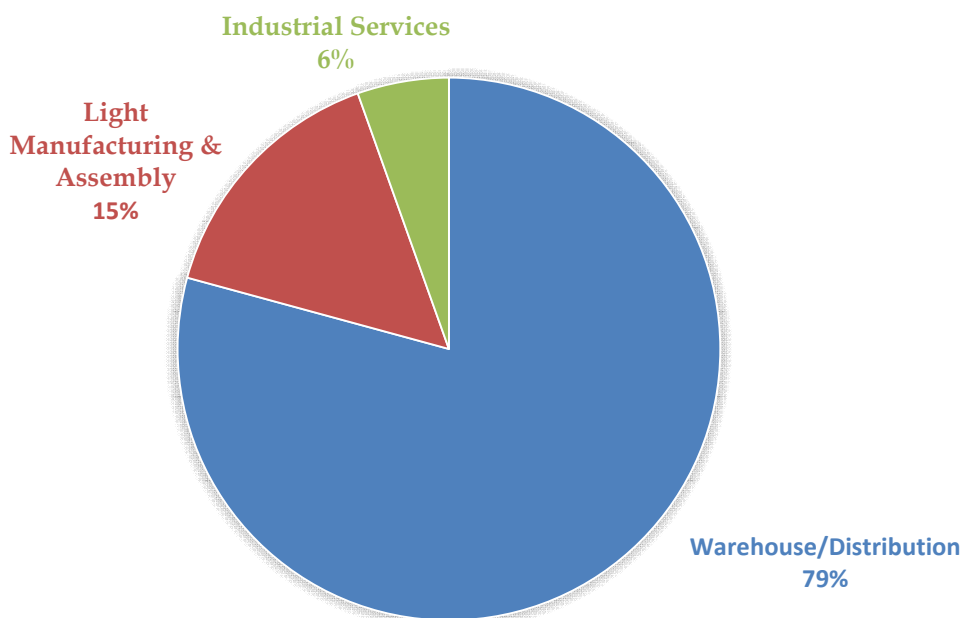
Over the past year, Skyline Industrial REIT has continued its strategy to focus on more modern warehousing, distribution, cold storage, and logistics assets in major Canadian markets and along primary transportation corridors. The Skyline Industrial REIT's senior management believes that the Canadian industrial sector offers a strong, long-term risk/return investment that will continue to benefit from evolving technology as well as logistical, and e-commerce changes that have significantly increased tenant demand for well-located and flexible industrial real estate.

The Skyline Industrial REIT's portfolio is geographically diverse with assets currently in five provinces (Alberta, Saskatchewan, Manitoba, Ontario, and Quebec) and a development project in a sixth (Nova Scotia). Given the penetration across numerous markets, the Skyline Industrial REIT has been able to successfully identify further opportunities to acquire superior properties in both primary and secondary industrial market nodes across Canada.

Due to the significant shortage of quality industrial options available, the Skyline Industrial REIT is well positioned to help fill this demand with its development partnerships and pipeline in multiple cities and provinces. The Skyline Industrial REIT has approximately 3,690,222 square feet at various stages of development which will be brought to market by the end of 2025. These developments are all part of joint ventures with reputable developers and local contractors.

The Skyline Industrial REIT looks forward to providing the market with new, purpose-built industrial space through our continued collaboration and development partnerships. We strive to fulfill tenant requirements and surface value for Skyline Industrial REIT and its investors.

SKYLINE INDUSTRIAL REIT PORTFOLIO DIVERSIFICATION BY INDUSTRY



Information presented above is reflective of the Skyline Industrial REIT as at May 31, 2023.

As the industrial real estate market continues to evolve with changes in online shopping, shorter and shorter delivery times, and the need for various levels of warehousing closer and closer to consumers, Skyline Industrial REIT looks to capitalize on its access not only to the core markets, but also the transportation hubs and shipping and cargo networks. Industrial space will continue to evolve and needs for various types will as well. The impact of deglobalization, and onshoring of manufacturing facilities and increased inventory levels all continue to push demand for spaces.

Management of Skyline Industrial REIT

Trustees

The investment policies and operations of Skyline Industrial 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 three (3) and a maximum of nine (9) Trustees. The General Partner is entitled to appoint up to four (4) Trustees, provided that following such appointment a majority of the trustees are Independent Trustees. The balance of the Trustees are to be elected annually by resolution passed by a majority of the votes cast at a meeting of the Unitholders. Certain decisions respecting the affairs of Skyline Industrial REIT must be made by the Independent Trustees who have no interest in the subject matter of the approval. The Declaration of Trust provides for the appointment by the Trustees of a Finance Committee consisting of at least three Trustees, all of whom must be Independent Trustees. The Trustees may also appoint an Investment Committee to consider, authorize and approve proposed acquisitions, dispositions, financings, refinancings and other such proposed transactions for and on behalf of Skyline Industrial REIT. In the absence of an appointed Investment Committee, all of the Trustees together will act as the Investment Committee. See Item 2.8 – Material Agreements – Declaration of Trust and Item 3.2 – Compensation and Security Holdings of Certain Parties – Management Experience.

The Asset Manager

The Asset Manager is a corporation governed by the laws of the Province of Ontario. The Asset Manager is responsible for managing Skyline Industrial REIT and providing advice with respect to Skyline Industrial REIT's real property investment portfolio, subject to the control and direction of the Trustees. See Item 2.8 – Material Agreements – Asset Management Agreement and Leasing Services and Development Management Arrangements.

Management of the Properties

The Property Manager is a corporation governed by the laws of the Province of Ontario. The Property Manager manages the Properties, or supervises third-party property managers where the Asset Manager believes it is in the best interest of Skyline Industrial REIT to retain property managers other than the Property Manager with respect to certain of the Properties. See Item 2.8 – Material Agreements – Property Management Agreement and Lease Documentation Services Arrangement.

The Exempt Market Dealer

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. See Item 2.8 – Material Agreements – Exempt Market Dealer Agreement and Fund Administration Services Agreement.

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

The decision of Skyline Industrial 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 Industrial REIT. See Item 2.8 – Material Agreements – Exempt Market Dealer Agreement and Fund Administration Services Agreement – Exempt Market Dealer’s Fees.

Management and Investment Strategy

Over the last couple of years, Skyline Industrial REIT has undergone a strategic shift with a series of significant acquisitions, new developments and the near completion of strategic a disposition program. This alteration in strategy marked the change in name to: Skyline Industrial REIT which more accurately reflects the evolution of the Portfolio.

The current industrial real estate market continues to experience high demand from both a tenancy and investment perspective. In most Canadian markets, the short supply of modern, well-designed, pre-existing industrial space has led to significant increased demand by tenants across a majority of markets, historically low vacancy rates and a rapid increase in rental rates over the last twelve (12) to twenty-four (24) months. Due to record demand, many new industrial developments are being pre-leased prior to completion of construction and there are few signs of this slowing down. This trend is only bolstered by the evolution in inventory management systems from ‘just-in-time’ to ‘just-in-case’ models where companies are eager to be located closer to their consumer which allows them to enhance fulfillment windows while giving them access to a sustainable labour force. Skyline Industrial REIT will continue to evolve to address these markets trends and supply chain dynamics and identified a two-part strategy to constructively position itself for growth in the competitive marketplace. The first component of the strategy started late 2020, answering the demand for industrial space in underserved major markets; a substantial pipeline of development projects was planned through joint venture partnerships and funds, with capital to be reallocated from older, smaller industrial assets into newer, more modern facilities. The reallocation of capital was facilitated through the second component of the strategy: Skyline Industrial REIT’s strategic disposition program which began early 2021 and which focused on disposing of non-core assets and redeploying the capital from the sale, allowing Skyline Industrial REIT to further enrich its portfolio.

Skyline Industrial REIT has demonstrated a steady track record of growth and income stability since its inception in 2012 and will continue to grow its asset base as opportunities are examined on a case-by-case basis. Acquisitions are measured based upon their ability to provide accretive returns to Unitholders, to prove additive to the stability of income and the ongoing ability of Skyline Industrial REIT to maximize its value. Due to its size and considerable transactional track record, Skyline Industrial REIT now benefits significantly by its market presence and market relationships, which often translates to the early identification of possible acquisitions. See Item 2.2 – Our Business – Industrial Real Estate Market.

2.3 Development of Business

Over the last two years, Skyline Industrial REIT has strategically altered its focus to warehousing, distribution, and logistics sectors as part of Skyline Industrial REITs continuous evolution to address the market's lack of supply and the rapid increase in rental rates over the last 12-24 months. Skyline Industrial REIT recognizes that today's service providers have evolved with a consumer-focused mindset, in which companies are eager to be located closer to their consumers decreasing fulfillment windows while maintaining a sustainable labour force. Skyline Industrial REIT's address this in its strategy of acquiring industrial properties along major transportation routes; positioning itself for growth, amid the rising demand by those businesses centered on e-commerce and cold storage. In 2022, Skyline Industrial REIT completed eight (8) strategic disposition transactions, which resulted in over three-hundred and eight-six million (\$386 million) in gross sales proceeds. Net proceeds from these sales were redeployed toward the established development pipeline and several institutional quality acquisitions.

Skyline Industrial REIT will continue its focus on developing and acquiring light industrial, logistics and warehousing properties along major highway corridors, transportation route and global shipping outlets across Canada, offering tenants best in-class industrial spaces to operate more efficiently. It is estimated by 2025 Skyline Industrial REIT's investment in its developments will have delivered approximately three million, six hundred thousand (3.6 million) square feet of new state-of-the-art industrial space to markets across Canada.

Skyline Industrial REIT should benefit from continued market rental growth and new developments in the pipeline as well as from built in rental increases within current leases in the portfolio and leases maturing. It is expected that the impact of rising borrowing costs will be proportional and gradual for the Skyline Industrial REIT is based on the laddered debt maturity profile and strong balance sheet.

As of May 31, 2023, Skyline Industrial REIT's portfolio comprises fifty-nine (59) Properties, which consist of an aggregate 9,208,204 square feet of industrial space. Since January 1, 2022, Skyline Industrial REIT has acquired eleven (11) properties.

2.4 Long Term Objectives

The goals and objectives of Skyline Industrial 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 a tax- deferred plan or account, from investments in a diversified portfolio of income-producing industrial properties located in Canada; and (ii) to maximize REIT Unit value through the ongoing management of Skyline Industrial REIT's assets and through the future acquisition, development, repositioning and disposition of properties. The costs associated with achieving Skyline Industrial REIT's long-term objectives include customary costs incurred in connection with the acquisition, financing, development and management of real property such as the short-term costs set out below, distributions payable to the General Partner and fees payable to the Managers and the Exempt Market Dealer. These long-term objectives are continuing objectives of Skyline Industrial REIT, and as such, there are no specific time periods for completion for any of the foregoing objectives. See Item 2.1 - Structure - Limited Partnership Agreement - Partnership Distributions and Item 2.8 - Material Agreements.

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

2.5 Short Term Objectives and How We Intend to Achieve Them

The primary objectives of Skyline Industrial REIT in the ensuing twelve (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 Industrial REIT's value while providing accretive returns to its Unitholders.

The following table discloses how Skyline Industrial 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 Industrial REIT's value while providing accretive returns to its Unitholders	Periodically throughout the next twelve (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 Industrial REIT and there is no assurance that alternative financing will be available.

2.7 Additional Disclosure for Issuers Without Significant Revenue

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

2.8 Material Agreements

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

Declaration of Trust

General

Skyline Industrial REIT is an unincorporated open-end investment trust created by a declaration of trust made as of January 10, 2012, and amended and restated most recently on December 5, 2022 (the "Declaration of Trust") and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Trustees

The Declaration of Trust provides that the assets and operations of Skyline Industrial 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 (the "Skyline Appointees"), provided that following such appointment a majority

of the Trustees are Independent Trustees. The balance of the Trustees are to be elected by resolution passed by a majority of the votes cast at an annual meeting of Unitholders. A vacancy occurring among the Trustees (other than a vacancy resulting from the resignation or removal of the Skyline Appointees) may be filled by resolution of the remaining Trustees so long as they constitute a quorum or by the Unitholders at a meeting of the Unitholders. A vacancy occurring among the Trustees resulting from the resignation or removal of the Skyline Appointees may be filled by an appointment by the General Partner. There are currently five (5) Trustees, three (3) of whom are Independent Trustees.

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

- a majority of the Trustees must be Independent Trustees; and
- a Trustee, other than a Skyline Appointee, may be removed at any time with or without cause by a majority of the votes cast at a meeting of Unitholders or by written consent of Unitholders holding in the aggregate not less than a majority of the outstanding 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 Industrial 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 Industrial 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 Industrial 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 Industrial 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 Industrial REIT. Except for the Asset Management Agreement, the Exempt Market Dealer Agreement, the Class B Exchange Agreement and the Property Management Agreement, if a Trustee or officer of Skyline Industrial REIT is: (i) a party to a material contract or transaction (a "**Material Transaction**") or proposed Material Transaction with Skyline Industrial 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 Industrial REIT or its Subsidiaries, such Trustee or officer must disclose in writing to the Trustees or request to have entered into the minutes of meetings of the Trustees, the nature and extent of such interest. Such disclosure is required to be made: (i) at the meeting of Trustees at which a proposed Material Transaction is first considered; (ii) in the event that a Trustee was not then interested in a proposed Material Transaction or becomes interested after a Material Transaction is entered into, forthwith after the Trustee becomes so interested; (iii) if the Trustee becomes interested after a Material Transaction is entered into, forthwith after he becomes so interested; or (iv) if any individual who is interested in a Material Transaction later

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

Independent Trustee Approval Matters

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

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

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

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

Finance Committee

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

Investment Guidelines

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

- (a) Skyline Industrial REIT shall focus its activities primarily on the acquisition, holding, maintaining, improving, leasing or managing of commercial revenue producing properties and ancillary real estate ventures and, through Skyline Commercial LP, in the development of such properties intended for Skyline Commercial 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 Industrial REIT being disqualified for investment by registered retirement savings ("**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 Industrial REIT has over 150 Unitholders; or

- (ii) Skyline Industrial REIT ceasing to qualify as a “mutual fund trust” or a “qualified investment” for purposes of the Tax Act;
- (c) from and after the date on which Skyline Industrial REIT has a Gross Book Value of at least \$100,000,000, no single asset (other than units of interest in Skyline Commercial LP) shall be acquired if the cost of such acquisition (net of the amount of debt secured by such asset) will exceed 15% of Gross Book Value, provided that where such asset is the securities of or an interest in an entity, the foregoing tests shall be applied individually to each asset of such entity;
- (d) investments may be made in a joint venture, arrangement, partnership or co-ownership arrangement (a “**joint venture 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 Industrial REIT has the ability to provide input in the management decisions of the joint venture entity; and
 - (iv) without limitation, any joint venture arrangement with a Related Party for the purposes of the related party provisions of the Declaration of Trust has been entered into in accordance with such provisions;
- (e) unless otherwise permitted in section 4.1 of the Declaration of Trust and except for (i) temporary investments held in cash, (ii) deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada, (iii) short-term government debt securities or money market instruments of, or guaranteed by, a Schedule I Canadian chartered bank maturing prior to one (1) year from the date of issue, Skyline Industrial REIT, directly or indirectly, may not hold securities other than (i) currency or interest rate futures contracts for hedging purposes to the extent that such hedging activity complies with the *National Instrument 81-102 - Investment Funds* or any successor instrument or rule; (ii) securities of a joint venture entity, or any entity formed and operated solely for the purpose of carrying on ancillary activities to any real estate owned, directly or indirectly, by Skyline Industrial REIT, or an entity wholly-owned, directly or indirectly, by Skyline Industrial 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 Industrial REIT in Debt Instruments, after giving effect to the proposed investment, will not exceed 15% of the Adjusted Unitholders' Equity of Skyline Industrial 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 real property being disposed of by Skyline Commercial LP; and provided that the aggregate value of the investments in such Debt Instruments will not exceed 15% of Adjusted Unitholders' Equity;

- (j) no direct or indirect investment shall be made in raw land (except for investment by Skyline Commercial LP in raw land where the total cost of all such investments, including both acquisition costs and estimated costs of any development proposed to be completed on such raw land, does not exceed 10% of Gross Book Value); and
- (k) notwithstanding any other provisions of section 4.1 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 Industrial REIT and (ii) the making of such investment would not contravene subsection (b) above.

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 if such investment would cause the aggregate value of investments held pursuant to the exceptions to the investment guidelines contained in sections 4.1 (i), (j) and (k) above to exceed 20% of the Adjusted Unitholders' Equity of Skyline Industrial REIT.

For the purpose of the foregoing restrictions, the assets, liabilities and transactions of a Person wholly or partially owned by Skyline Commercial LP will be deemed to be those of Skyline Commercial 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 Industrial REIT shall be conducted in accordance with the following operating policies and Skyline Industrial 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 Commercial LP on raw land of commercial revenue-producing properties intended for its 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 Commercial LP, (ii) the General Partner, or (iii) a corporation or other entity wholly-owned indirectly by Skyline Industrial REIT or jointly owned indirectly by Skyline Industrial 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 occurrence or assumption of such indebtedness as a percentage of Gross Book Value, would be more than 70%;
- (d) Skyline Industrial 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 Industrial 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 Industrial REIT and the accidental loss of value of the assets of Skyline Industrial 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 Industrial 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 section 4.1 (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 Industrial REIT, and provided that the Trustees forthwith notify all Unitholders of the amendment(s).

Notwithstanding any provisions of the Skyline Commercial LP Agreement, it shall not be mandatory that no director of the General Partner is a Trustee of Skyline Industrial REIT.

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 Industrial REIT to fail or cease to qualify as a "mutual fund trust" or "registered investment" under the Tax Act or be subject to tax under Part XII.2 of the Tax Act.

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

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

Term of Skyline Industrial REIT

Unless Skyline Industrial REIT is sooner terminated as otherwise provided by the Declaration of Trust, Skyline Industrial REIT shall continue in full force and effect so long as any property of Skyline Industrial 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 Industrial REIT will terminate on the date which 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

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

Skyline Commercial LP Agreement

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

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

Skyline Industrial REIT owns all of the Class A LP Units of Skyline Commercial LP. As of May 31, 2023, there are 502,326 Class B LP Units outstanding. The Class B LP Units shall be exchangeable for Class A REIT Units on a one-to-one basis pursuant to the Class B Exchange Agreement, on the terms and subject to the Declaration of Trust, the Class B Exchange Agreement and the Skyline Commercial LP Agreement. As exchangeable LP Units are exchanged for Class A REIT Units in accordance with the Class B 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 Commercial LP Agreement, in the event that a holder of Class B LP Units wishes to exchange its Class B LP Units and immediately redeem the Class A REIT Units received on exchange of such units (a “**Redeeming Unitholder**”), such Redeeming Unitholder must provide written notice to Skyline Industrial REIT of such intended exchange and redemption. The redemption of any Class A REIT Units received on exchange of Class B LP Units is subject to the provisions of the Declaration of Trust.

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

The General Partner shall determine on a monthly basis amounts from Distributable Cash (“**Partnership Distributions**”) for the prior month, calculated in accordance with the Skyline Commercial 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 Industrial REIT calculates its Distributable Income. Partnership

Distributions shall be distributed first to the General Partner to reimburse costs and expenses incurred by the General Partner in performing its duties as a General Partner, second to the General Partner, the GP Share, if any (see “GP Share Calculation” below), and third, the balance shall be distributed to the limited partners.

GP Share Calculation

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

The “Payback Date” means, with respect to each Real Property, the point in time when the cumulative distributions to the Limited Partners with respect to such Real Property equals the Real Property Equity Base of that Real 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 Industrial REIT’s overhead, which is made pro rata based on the Gross Book Value of the Properties and adjusted for Properties that were acquired or disposed of during the year.

“Reimbursement Distribution Amount” means all expenses incurred by the General Partner since the previous determination made by it of its expenses in performing its duties under the Skyline Commercial 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 Commercial LP Agreement).

“Distributable Cash” means, in respect of any period, the amount, if any, in respect of such period which the General Partner determines to be the amount by which: (a) the aggregate of the cash receipts of Skyline Commercial LP during such period from any source (other than receipt of any amounts upon the acceptance of any subscription for partnership units of Skyline Commercial LP in accordance with Skyline Commercial LP Agreement), including the proceeds of any financings and amounts set aside as reserves at the commencement of such period exceeds: (b) the aggregate of: (i) expenditures of Skyline Commercial LP during such period (including capital expenditures, maintenance expenditures, operating expenses but, for greater certainty, not including distributions of cash to partners of Skyline Commercial LP); (ii) payments during such period in respect of any financing; (iii) distributions of cash to partners of Skyline Commercial LP, except as otherwise provided for in the Skyline Commercial LP Agreement; and (iv) amounts set aside as reserves at the end of such period, all as calculated without duplication and for such purposes, “cash” includes credit balances in bank accounts and funds invested in marketable securities or other readily liquid assets.

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

On a trailing quarterly basis, the GP Share calculation is applied to each Property to determine if any the GP Share is payable. For each Property where the Payback Date has been reached, the Property is further reviewed internally to ensure that major capital expenditure initiatives are not forthcoming or have been delayed. If it is determined that capital expenditures are forthcoming or were postponed for operational reasons, the GP Share payment will be deferred and the GP Share calculations will be reviewed on a

monthly basis thereafter until the capital expenditures are completed and recouped through distributions. Further, capital expenditures have the effect of delaying or suspending payment of the GP Share until the Property pays additional Distributable Cash in the amount of the capital expenditures.

The GP Share calculation is subject to audit and adjustment upon completion of year end external audit by Skyline Industrial 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.

Asset Management Agreement and Leasing Services and Development Management Arrangements

Asset Management Agreement

The Asset Management Agreement was entered into between Skyline Asset Management Inc. (the “**Services Provider**”), Skyline Industrial REIT and Skyline Commercial LP on January 10, 2012, and subsequently assigned by the Services Provider to the Asset Manager. Pursuant to the Asset Management Agreement, the Asset Manager has been engaged by Skyline Industrial REIT for the purpose of managing the day-to-day operations of Skyline Industrial REIT. See Item 2.2 – Our Business – Management of Skyline Industrial REIT – The Asset Manager. The main provisions of the Asset Management Agreement are summarized below.

The Asset Management Agreement had an initial term of five (5) years, which automatically renewed for further five-year terms and will continue to renew unless terminated by Skyline Industrial REIT or the Asset Manager. The current term will automatically renew in January 2027. The Asset Management Agreement may be terminated at any time by Skyline Industrial 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. The Asset Management Agreement may be terminated by the Asset Manager on sixty (60) days’ notice to Skyline Industrial REIT as a result of a material breach by Skyline Industrial REIT or Skyline Commercial LP of its obligations under the Asset Management Agreement or an event of insolvency with respect to Skyline Industrial REIT or Skyline Commercial 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 twenty (20) 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:

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

Asset Manager's Duties

Among other duties, the Asset Manager is responsible for:

- providing and operating Skyline Industrial REIT's and Skyline Commercial LP's head office, including providing the office space, equipment, support services and administrative, clerical and secretarial personnel incidental thereto;
- providing the services of the Asset Manager's executive and real estate management teams;
- managing day-to-day operations of Skyline Industrial REIT and Skyline Commercial LP, including making distributions to limited partners, as applicable;
- preparing or overseeing the preparation of business plans for presentation to the Trustees for approval and monitoring Skyline Industrial REIT's financial performance;
- maintaining the books and financial records of Skyline Industrial REIT and Skyline Commercial LP and preparing reports and other disclosure documents for Trustees;
- advising the Trustees on strategic matters relating to Skyline Industrial REIT's and Skyline Commercial LP's properties, potential acquisitions, dispositions and development, and value maximization;
- identifying, structuring and negotiating acquisitions, dispositions, financings and other transactions and managing due diligence in connection therewith;
- providing advice and assistance in connection with Skyline Industrial REIT's and Skyline Commercial LP's borrowings, including representing Skyline Industrial REIT and Skyline Commercial LP in its dealings with banks and other lenders, investment dealers, and institutions;
- conducting day-to-day relations on behalf of Skyline Industrial REIT and Skyline Commercial LP with third parties, including property managers, suppliers, joint venturers, lenders, brokers, consultants, advisors, accountants, lawyers, insurers and appraisers;
- preparing designations, allocations, elections and determinations (with or without the help of qualified consultants) to be made in connection with the income and capital gains of Skyline Industrial REIT and Skyline Commercial LP for tax and accounting purposes;
- 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;
- reviewing property taxes and assessments, and if prudent in the opinion of the Asset Manager, or if Skyline Commercial LP or Skyline Industrial REIT so requires, taking steps to contest or appeal such taxes, at Skyline Industrial REIT's or Skyline Commercial LP's, as applicable, expense;
- managing all capital improvement and maintenance programs; and
- preparing all reports reasonably requested by Skyline Industrial REIT, including operational reporting such as cash flow by property and by asset type; executive summaries by asset type outlining asset issues along with various other matters; and development reporting costs.

Asset Manager's Fees

In consideration for the services to be provided by the Asset Manager to Skyline Industrial REIT, the Asset Manager will be entitled to an asset management fee, payable in cash, monthly, equal to 2% of Adjusted Gross Revenues calculated and paid on the last business day of each month with respect to the prior monthly period.

If the Asset Manager is to provide any services in addition to those referred to in the Asset Management Agreement, then before the provision of such services, Skyline Industrial 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 shall be responsible for and pay all of its operating and administrative expenses and other costs, including without limitation:

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

In addition to the fees and expenses to be paid to the Asset Manager, Skyline Industrial REIT and Skyline Commercial LP, as applicable, are responsible for all of the expenses of Skyline Industrial REIT and its Subsidiaries and Skyline Commercial 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 Industrial REIT;
- fees and expenses of the Trustees;
- 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 Industrial REIT, including directors' and officers' liability insurance;
- expenses in connection with any employees or independent contractors employed or retained by Skyline Industrial REIT or Skyline Commercial LP, including all compensation costs, benefits and severance costs;
- expenses of changing or terminating Skyline Industrial REIT or Skyline Commercial 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 Industrial REIT or Skyline Commercial LP.

Leasing Services Arrangement

Pursuant to an arrangement that commenced in January 2017, which has been confirmed by the Independent Trustees, the Property Manager provided the below referenced services to Skyline Industrial REIT and Skyline Commercial LP. 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 Industrial REIT and Skyline Commercial 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 Industrial REIT's and Skyline Commercial LP's current large priority tenants.

In consideration for providing the above services, Skyline Industrial REIT or Skyline Commercial LP, as applicable, shall pay the Asset Manager the following fees: (a) 50% of market brokerage fee if an external broker is used and (b) 100% of market brokerage fee if no external broker is used. Fees to the Leasing Services Manager are paid in cash as invoiced.

From January 1, 2022 to December 31, 2022 Skyline Commercial LP paid the Asset Manager \$965,000, including 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.

Development Management Arrangement

Pursuant to an arrangement that commenced in October 2020 and applies to development projects commenced on or following such date, and that has been confirmed by the Independent Trustees, the Asset Manager provides certain services (described below) to Skyline Industrial REIT and Skyline Commercial LP (the "**Development Management Arrangement**").

The Asset Manager provides oversight and management services in respect of development projects undertaken by, on behalf of or for the benefit of Skyline Industrial REIT or Skyline Commercial LP, including through joint ventures. The services include origination of development opportunities, technical oversight of projects, project management and project guidance. The Asset Manager may, at its own cost, subcontract all or some of its duties to the Development Manager.

In consideration for providing the above services, Skyline Industrial REIT or Skyline Commercial LP, as applicable, shall pay the Asset Manager a fee equal to 1% of the development costs for the project.

From January 1, 2022 to December 31, 2022 Skyline Commercial LP paid the Asset Manager \$1,201,000, including 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 Arrangement

The Property Management Agreement was entered into between the Property Manager, Skyline Industrial REIT and Skyline Commercial LP on October 15, 2012 and subsequently amended with the approval of the

Independent Trustees in November 2021. 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 Industrial REIT – Management of the Properties. The main provisions of the Property Management Agreement are summarized below.

The term of the Property Management Agreement is for a term of five (5) years, expiring in October 2027. Renewals for additional five (5) year terms are automatic unless the Property Management Agreement is terminated. The Property Management Agreement may be terminated by Skyline Industrial REIT or Skyline Commercial 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, wilful breach of fiduciary duty, negligence or a wilful breach of applicable laws, upon any event of insolvency occurring with respect to the Property Manager. The Property Management Agreement may be terminated by the Property Manager upon sixty (60) days’ prior notice to Skyline Industrial REIT or the Skyline Commercial LP, as the context requires, in the event of a material breach by Skyline Industrial REIT or Skyline Commercial LP, as applicable, of its obligations or in an event of insolvency occurring with respect to Skyline Industrial REIT or Skyline Commercial 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 (10) 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:

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

The Property Management Agreement, as amended provides for the payment of monthly property management fee to the Property Manager as follows: (i) on fully managed multi-tenant and single tenant properties, 2.5% of gross revenue; (ii) on self-managed single-tenant properties, \$0.25 per square foot for properties less than 100,000 square feet; \$0.20 per square foot for properties greater than or equal to 100,000 square feet and less than 250,000 square feet and \$0.15 per square foot for properties greater than or equal to 250,000 square feet. The property management fee will be calculated and paid monthly on or about the 18th 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 Arrangement

The Lease Documentation Services Arrangement was entered into effective January 1, 2019 between the Property Manager, Skyline Industrial REIT and Skyline Commercial LP. The main provisions of the Lease Documentation Services Arrangement are summarized below.

The term of the Lease Documentation Services Arrangement expires in January 2024. The Lease Documentation Services Arrangement will be automatically renewed for a further five (5) years unless terminated by Skyline Industrial REIT or the Property Manager in accordance with the Lease Documentation Services Arrangement. Skyline Industrial REIT or Skyline Commercial LP may terminate the Lease Documentation Services Arrangement in the event of a material breach by the Property Manager of its obligations under the Lease Documentation Services Arrangement, the commission by the Property Manager or its agents or employees of any act constituting fraud, misconduct, wilful 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 of Skyline Industrial REIT occurring. The Property Manager may terminate the Lease Documentation Services Arrangement in the event of a material breach by Skyline Industrial REIT or Skyline Commercial LP of its obligations under the Lease Documentation Services Arrangement or an event of insolvency occurring with respect to Skyline Industrial REIT or Skyline Commercial LP. Any party to the Lease Documentation Services Arrangement may refer a dispute under the arrangement to arbitration in accordance with its terms.

Amongst other duties, upon receipt from Skyline Industrial REIT or Skyline Commercial 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 Industrial REIT and/or Skyline Commercial 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 Commercial 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) \$200 per estoppel certificate, waivers and OTL review.

From January 1, 2022 to December 31, 2022 Skyline Commercial LP paid the Property Manager \$49,000, including 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 Industrial REIT on January 10, 2012 and amended and restated most 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 exempt market dealer as described below. See Item 2.2 – Our Business – Management of Skyline Industrial 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 the Skyline Industrial REIT.

The Exempt Market Dealer Agreement has a current term of five years, expiring in January 2027. The Exempt Market Dealer Agreement will automatically renew for a further five-year term unless terminated by Skyline Industrial 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 Industrial 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 Industrial 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 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 Industrial REIT as a result of a material breach by Skyline Industrial REIT of its obligations under the Exempt Market Dealer Agreement that is not cured; a breach of the certain representations made by Skyline Industrial REIT in the Exempt Market Dealer Agreement; an event of insolvency with respect to Skyline Industrial REIT; or if a securities commission or other regulatory authority or individual having authority over Skyline Industrial REIT makes an order to cease trading any securities issued by Skyline Industrial REIT.

The Fund Administration Services Agreement was entered into between the Exempt Market Dealer and Skyline Industrial 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 Industrial 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 Industrial REIT or the Exempt Market Dealer. The Fund Administration Services Agreement may be terminated by either Skyline Industrial 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 Industrial 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, 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 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 Industrial REIT as a result of a material breach by Skyline Industrial REIT of its obligations under the Fund Administration Services Agreement that is not cured; a breach of the certain representations made by Skyline Industrial REIT in the Fund Administration Services Agreement; an event of insolvency with respect to Skyline Industrial REIT; or if a securities commission or other regulatory authority or individual having authority over Skyline Industrial REIT makes an order to cease trading any securities issued by Skyline Industrial 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:

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

Exempt Market Dealer's Duties

Among other duties, the Exempt Market Dealer is responsible pursuant to the Exempt Market Dealer Agreement for: (i) coordinating, managing and documenting (other than 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 Industrial 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 Industrial 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 Industrial REIT's raising of capital and issuance of securities through offerings of Class A REIT Units, including advising and assisting Skyline Industrial REIT in its dealings with retail investors; (viii) facilitating the entering into of offering contracts between Skyline Industrial REIT and retail investors and maintaining ongoing communication with holders of Class A REIT Units and potential retail investors about investing in Skyline Industrial REIT including, but not limited to, holding information sessions, carrying out other investor relations activities and advertising and promoting Skyline Industrial REIT to stimulate retail investor interest in Skyline Industrial REIT and (ix) assisting Skyline Industrial 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 Industrial 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 Skyline Industrial REIT's raising

of capital and issuance of Class F REIT Units, including advising and assisting Skyline Industrial 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 Industrial REIT and third-party service providers; and (ix) assisting Skyline Industrial 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 Industrial REIT, pursuant to the Exempt Market Dealer Agreement, the Exempt Market Dealer will be entitled to a trailer fee, payable in cash, monthly, equal to 1/12 of 0.3% of Skyline Industrial REIT's Class A Equity Under Management.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Industrial 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 Industrial 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 Industrial 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.

From January 1, 2022 to December 31, 2022, Skyline Industrial REIT paid the Exempt Market Dealer \$2,791,000, including HST, for the above-described services.

Arrangement with Underwriting Manager

Pursuant to a longstanding arrangement that commenced in July 2013 and which has been confirmed by the Independent Trustees, Skyline Mortgage Financing Inc. (the “**Underwriting Manager**”) provides certain services (described below) to Skyline Industrial REIT and Skyline Commercial LP. The Underwriting Manager is a related party to the Skyline Industrial 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 (10) 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:

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

Name and Municipality of Residence	Office	Principal Occupation
Wayne Byrd - Township of Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Peter Roden - Township of Centre Wellington	Vice President	Vice President of the Underwriting Manager

Underwriting Manager's Duties

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

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

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

From January 1, 2022 to December 31, 2022, Skyline Commercial LP paid the Underwriting Manager \$1,814,000, including HST, for the above-described services.

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

Arrangement with Solar Asset Manager

Pursuant to an arrangement that commenced in October 2018 and which has been confirmed by the Independent Trustees, Solar Asset Manager provides certain services (described below) to Skyline Industrial REIT and Skyline Commercial LP. The Solar Manager is a related party to the Skyline Industrial 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 (10) years. The name and municipality of residence, office held with the Solar Asset Manager and principal occupation of each director and senior officer of the Solar Asset Manager are as follows:

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

Name and Municipality of Residence	Office	Principal Occupation
Robert Stein - Puslinch Township	President	President of the Solar Asset Manager
Mike Bonneveld - Township of Centre Wellington	Vice President	President of the Skyline Industrial REIT

Solar Asset Manager's Duties

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

- Creating annual operating budgets for each of the rooftop solar assets
- Advising the Skyline Commercial 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
- Dispatching and supervising service providers and managing projects, including removal and replacement of existing systems

Solar Asset Manager's Fees

Skyline Commercial 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, 2022 to December 31, 2022, Skyline Commercial LP paid the Solar Asset Manager \$0 inclusive HST, for the above-described services.

As of March 2022, Skyline Commercial LP had disposed of all solar assets.

Arrangement with Legal Services Management Provider

Pursuant to a long-standing arrangement that commenced in October 2011, and which has been confirmed by the Independent Trustees, the Services Provider, on a cost recovery basis, made available its employees to Skyline Industrial REIT, Skyline Commercial 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 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 provides advice to Skyline Industrial REIT, Skyline Commercial LP and its Subsidiaries on the use of external legal counsel and manages external legal counsel on behalf of Skyline Industrial REIT, Skyline Commercial LP and its Subsidiaries. The Legal Services Management Provider also makes available its support staff to Skyline Industrial REIT, Skyline Commercial LP and its Subsidiaries. The Legal Services Management Provider is a related party to Skyline Industrial REIT.

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 (10) years. The name and municipality of residence, office held with the Legal Services Management Provider and principal occupation of each director and senior officer of the Legal Services Management Provider are as follows:

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

From January 1, 2022 to February 28, 2022, Skyline Industrial REIT and/or Skyline Commercial LP paid the Services Provider \$84,000 including HST, for the above-described services.

From March 1, 2022 to December 31, 2022, Skyline Industrial REIT and/or Skyline Commercial LP paid the Legal Services Management Provider \$416,000 including HST, for the above-described services.

Arrangement with Capex Provider

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 Industrial REIT, Skyline Commercial 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 the Skyline Industrial REIT.

The Capex Provider provides the following services. references below to Skyline Industrial REIT include both Skyline Commercial 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 Industrial 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;
- Responding to unplanned capital needs across the entire portfolio, including emergency situations;

From January 1, 2022 to December 31, 2022, Skyline Commercial LP paid the Capex Provider \$151,000 including 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 (10) 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 – Township of Centre Wellington	President and Director	Chief Executive Officer of Skyline
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown – Township of Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd – Township of Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Mike Bonneveld – Township of Centre Wellington	Vice President	President of the Skyline Industrial REIT
Gregory Jones – City of Toronto	Vice President	President of Skydevco Inc.
Andrew Coutts – City of Guelph	Vice President	Vice President of the Capex Provider

Arrangements with Other Related Entities

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

The 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 (10) years. The Development Manager is a related party to the Skyline Industrial REIT. 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:

Name and Municipality of Residence	Office	Principal Occupation
Jason Castellan – Township of Centre Wellington	Vice-President and Director	Chief Executive Officer of Skyline
Martin Castellan – Township of Eramosa	Secretary and Director	Chief Administrative Officer of Skyline
Roy (Jason) Ashdown – Township of Centre Wellington	Vice President and Director	Chief Sustainability Officer of Skyline
Wayne Byrd – Township of Centre Wellington	Treasurer and Director	Chief Financial Officer of Skyline
Gregory Jones – City of Toronto	President and Director	President of the Development Manager

Skyline Industrial REIT Trustee, Jason Castellan, is an officer, director, and indirect shareholder of the Development Manager. The Development Manager from time to time provides development consulting services to Skyline Commercial LP. The terms of all services provided by the Development Manager to Skyline Commercial LP will be commercially reasonable and approved by the Independent Trustees as part of the project approval for a development project on which the Development Manager is engaged. If the Development Manager is engaged by the Asset Manager to perform duties under the Development Management Arrangement, all fees for the Development Manager shall be paid by the Asset Manager.

From January 1, 2022 to December 31, 2022:

Skyline Industrial REIT and/or Skyline Commercial LP paid the Development Manager: \$4,520 including HST, for the above-described services related to a project in Guelph, Ontario

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

Cambridge Hotel and Conference Centre Limited Partnership

Cambridge Hotel and Conference Centre Limited (the “**Hotel GP**”) is the general partner of Cambridge Hotel and Conference Centre Holdings Limited Partnership (the “**Hotel LP**”). Skyline Industrial REIT Trustee Jason Castellan is an indirect shareholder, officer and director of the Hotel GP. The Hotel LP may from time to time provide conference space, catering and/or hotel services to Skyline Industrial REIT and Skyline Commercial LP. The terms of any services provided by the Hotel LP to Skyline Industrial REIT and/or Skyline Commercial LP will be commercially reasonable and approved by the Independent

Trustees. Fees to the Hotel LP are paid in cash as invoiced. The Hotel GP is a related party to Skyline Industrial REIT.

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

Caspri Ventures Inc.

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

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

2.9 Related Party Transactions

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

Description of Asset	Date of Transfer	Legal Name of Seller	Legal Name of Buyer	Amount and Form of Consideration Exchanged in Connection with Transfer
All issued and outstanding Limited Partnership Units of SC&G LP 4 rooftop solar assets located at 1177 and 1195 Franklin Boulevard, 131 Sheldon Drive and 1425 Bishop Street North, Cambridge, Ontario	September 17, 2021	Skyline Commercial Real Estate Limited Partnership and Skyline Commercial Real Estate Holdings Inc.	Skyline Clean Energy LP	\$1,350,001 ⁽¹⁾

Notes:

- (1) The is no material difference between the amount of consideration paid by Skyline Industrial REIT for the assets and the consideration received from the related party to whom they were transferred.

ITEM 3 COMPENSATION AND SECURITY HOLDINGS OF CERTAIN PARTIES

3.1 Compensation and Securities Held

The following table sets out specified information about each Trustee, officer and promoter of Skyline Industrial REIT and each person who, directly or indirectly, beneficially owns or controls 10% or more of any class of voting securities of Skyline Industrial REIT. A person who is employed by and receives salary from Skyline Industrial REIT, its Subsidiaries, the Managers or the Exempt Market Dealer will not receive any remuneration from Skyline Industrial 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 the issuer held after completion of min offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Jason Scott Castellan - Township of Centre Wellington	Chief Executive Officer and Trustee ⁽²⁾ (January 10, 2012)	\$100,000/\$100,000 ⁽⁴⁾	663.337 REIT Units (0.002% of REIT Units)	663.337 REIT Units (0.002% of REIT Units)
Wayne Brian Byrd - Township of Centre Wellington	Chief Financial Officer (January 10, 2012)	\$100,000/\$100,000 ⁽⁴⁾	63,429.856 REIT Units (0.182% of REIT Units)	63,429.856 REIT Units (0.182% of REIT Units)
Roy (Jason) Ashdown - Township of Centre Wellington	Chief Sustainability Officer (November 26, 2019) ⁽⁶⁾	\$100,000/\$100,000 ⁽⁴⁾	555,751.772 REIT Units (1.596% of REIT Units)	555,751.772 REIT Units (1.596% of REIT Units)
Martin Julian Castellan - Township of Eramosa	Chief Administrative Officer (January 10, 2012)	\$100,000/\$100,000 ⁽⁴⁾	184,136.932 REIT Units (0.529% of REIT Units)	184,136.932 REIT Units (0.529% of REIT Units)
Michael Mackenzie - City of Toronto	Trustee (July 1, 2022)	\$250,000/43,000 ⁽⁴⁾	58,142.441 REIT Units (0.167% of REIT Units)	58,142.441 REIT Units (0.167% of REIT Units)
Mike Bonneveld - Township of Centre Wellington	President (July 1, 2022)	\$300,000/300,000 ⁽⁴⁾	29,228.020 REIT Units (0.084% of REIT Units)	29,228.020 REIT Units (0.084% of REIT Units)
Jonathan Aaron Halpern City of Vaughan	Trustee ⁽¹⁾⁽²⁾⁽³⁾ (January 10, 2012)	\$72,000/\$90,000	13,075.001 REIT Units (0.038% of REIT Units)	13,075.001 REIT Units (0.038% of REIT Units)

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 the issuer held after completion of min offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Ronald (Ron) Enos Martin Region of Waterloo	Trustee ⁽¹⁾⁽²⁾⁽³⁾ (January 10, 2012)	\$47,000/\$55,000	247,132.193 REIT Units (0.710% of REIT Units)	247,132.193 REIT Units (0.710% of REIT Units)
Francis (Frank) Mario Valeriotte City of Guelph	Trustee ⁽¹⁾⁽²⁾⁽³⁾ (November 4, 2015)	\$47,000/\$55,000	205,213.222 REIT Units (0.589% of REIT Units)	205,213.222 REIT Units (0.589% of REIT Units)
Karanda Properties Limited ⁽⁵⁾	Principal holder of Special Voting Units	\$0/\$0	502,326 Special Voting Units (100% of Special Voting Units)	502,326 Special Voting Units (100% of Special Voting Units)
Skyline Commercial Real Estate GP Inc.	General Partner	\$46,330,000/\$2,035,687	Nil	Nil
Skyline Commercial Asset Management Inc.	Asset Manager (January 10, 2012)	\$3,752,000/\$4,997,230	Nil	Nil
Skyline Commercial Management Inc.	Property Manager Leasing (October 15, 2012) Documentation Services Manager (January 1, 2019)	\$1,833,000/\$2,782,523	Nil	Nil
Skyline Wealth Management Inc.	Exempt Market Dealer (December 12, 2022)	\$2,791,000/\$3,168,537	Nil	Nil

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 the issuer held after completion of min offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Skyline Mortgage Financing Inc.	Underwriting Manager (July 2013)	\$1,814,000/\$527,000	Nil	Nil
Skyline Capital Projects Management Inc.	Capex Provider (January 1, 2020)	\$151,000/\$84,215	Nil	Nil
Skyline Asset Management Inc.	Services Provider (January 10, 2012-February 28, 2022)	\$84,000/\$0	Nil	Nil
Skyline Private Investment Capital Inc.	Professional Services Provider (March 1, 2022)	\$500,000/\$1,748,000	Nil	Nil
Skydevco Inc.	Development Manager	\$4,520/\$0	Nil	Nil
Skyline Clean Energy Asset Management Inc.	Solar Asset Manager (October 2018)	\$0/\$0	Nil	Nil

Notes:

- (1) Member of Finance Committee
- (2) Member of Investment Committee
- (3) Independent Trustee
- (4) The compensation paid to the Officers of Skyline Industrial REIT is not paid by Skyline Industrial REIT. The compensation is paid by the related party management companies external to Skyline Industrial REIT.
- (5) Karanda Properties Limited is an arm's length party. The name of any person that beneficially owns more than 50% of the voting rights Karanda Properties Limited has been omitted to protect the privacy of the individual(s).
- (6) Mr. Ashdown has been an Officer of Skyline Industrial REIT since January 10, 2012. 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 Industrial REIT during the past five (5) years and the nature and extent of their related real estate experience.

Name	Principal occupation and related experience
Jason Castellan	Chief Executive Officer of Skyline ⁽¹⁾
Wayne Byrd	Chief Financial Officer of Skyline ⁽²⁾
Roy (Jason) Ashdown	Chief Sustainability Officer of Skyline ⁽³⁾
Martin Castellan	Chief Administrative Officer of Skyline ⁽⁴⁾
Michael Mackenzie	Trustee ⁽⁵⁾
Jonathan Halpern	President of Metropolitan Equities Limited ⁽⁶⁾
Ronald (Ron) Martin	President of Bridgeland Terminals Limited ⁽⁷⁾
Francis (Frank) Valeriote	Senior Counsel, Smith Valeriote Law Firm LLP ⁽⁸⁾

Notes:

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

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

(3) Jason (Roy) Ashdown is Co-founder and Chief Sustainability Officer (CSO) of Skyline Group of Companies (Skyline). Mr. Ashdown has been in the business of real estate and asset management since the early 1990s. Prior to his appointment to CSO in 2019, he held the position of Chief Operating Officer at Skyline. As CSO, he oversees the corporate strategy and implementation of Skyline's Sustainability Plan, focused on Environmental, Social, and Governance (ESG) responsibilities. Mr. Ashdown currently holds the position of Vice Chair of the Federation of Rental Housing Providers of Ontario (FRPO) and is also an active resource and cabinet member to many charities and community support groups. He holds a Bachelor of Arts Degree from the University of Waterloo.

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

(5) Michael Mackenzie is a Trustee of Skyline Industrial REIT. Until his retirement on June 30, 2022, Mr. Mackenzie was the President of Skyline Industrial REIT and Skyline Commercial Asset Management Inc. since 2014. Mr. Mackenzie has over 30 years of industry expertise. He was responsible for the strategic growth and performance of Skyline Industrial REIT for over 7 years. Mr. Mackenzie's strong background in commercial real estate ownership and his years of experience growing real estate businesses makes him a significant asset to Skyline Industrial REIT.

(6) Jonathan Halpern CPA, CA, is currently the President of Metropolitan Equities Limited, a privately owned family office and real estate investment company. Prior thereto, Mr. Halpern was a senior manager with an international accounting firm specializing in real estate and small business. Mr. Halpern 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.

(7) Ronald (Ron) Martin is currently the President of Bridgeland Terminals Limited, a tank truck carrier located in Elmira, Ontario. Mr. Martin is also a board member of the Ontario Trucking Association and a Community Advisory Committee for a local chemical company. From 1994 through 2006, Mr. Martin was also a partner in a dehydrating company that specializes in the drying of agricultural products. Mr. Martin is a life-time resident of Elmira, Ontario.

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

3.3 Penalties, Sanctions and Bankruptcy

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

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

- (a) a summary conviction or indictable offence under the *Criminal Code* (Canada);
- (b) a quasi-criminal offence in any jurisdiction of Canada or a foreign jurisdiction;
- (c) a misdemeanour or felony under the criminal legislation of the United States of America, or any state or territory of the United States of America;

(d) an offence under the criminal legislation of any other foreign jurisdiction.

3.4 Loans

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

ITEM 4 CAPITAL STRUCTURE

4.1 Securities Except for Debt Securities Equity Securities

The following is a description of the equity securities of Skyline Industrial REIT.

The beneficial interests in Skyline Industrial REIT are divided into four (4) classes described as Class A REIT Units, Class F REIT Units and Class I REIT Units and “Special Voting Units”. The number of Units of any class which Skyline Industrial 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.

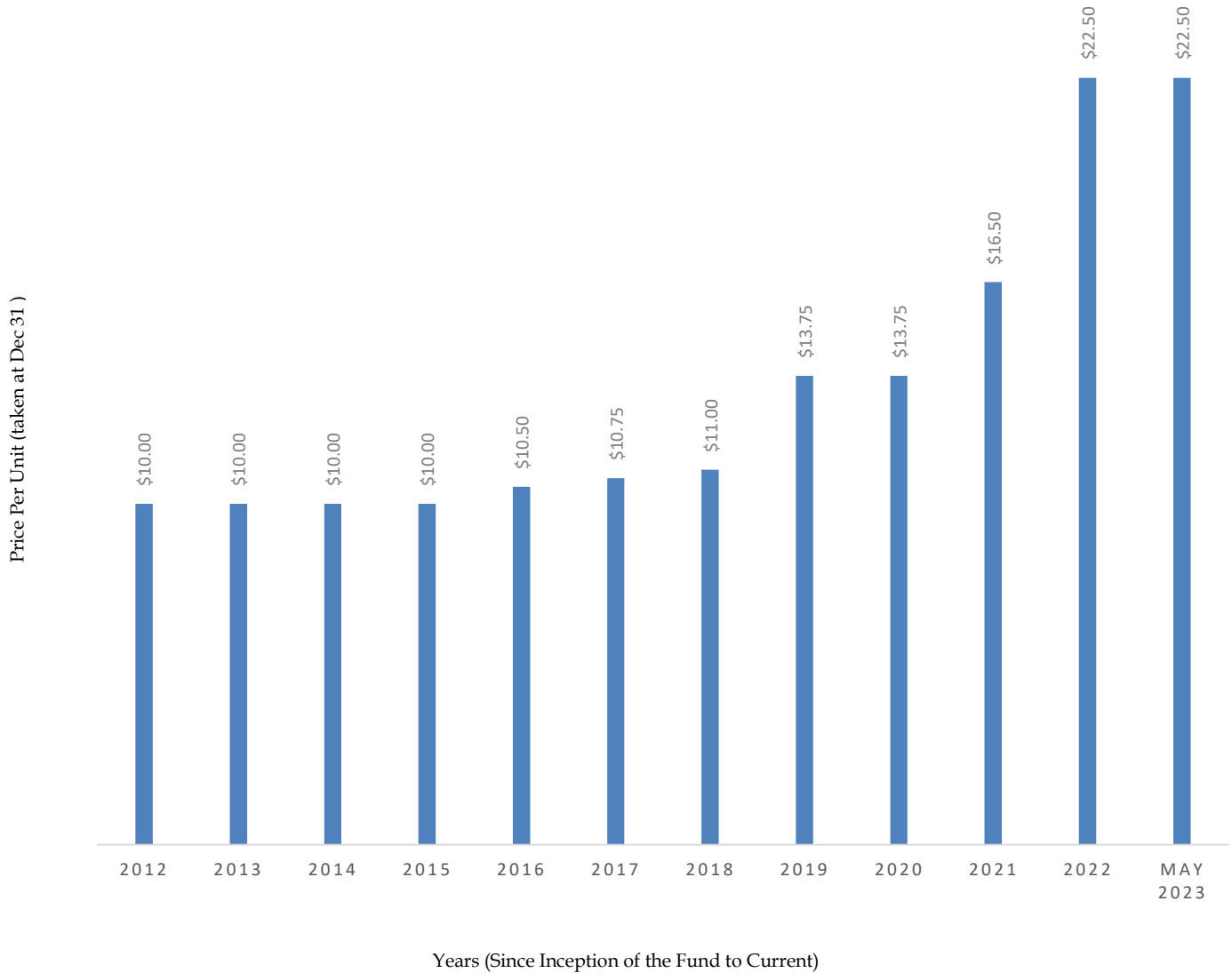
Description of security	Number authorized to be issued	Price per security	Number outstanding as at May 31, 2023	Number outstanding after minimum offering	Number outstanding after maximum offering
Class A REIT Units ⁽¹⁾	Unlimited	\$22.50	34,824,755	N/A	N/A
Class F REIT Units ⁽¹⁾	Unlimited	\$22.50	433,923	N/A	N/A
Class I REIT Units ⁽¹⁾	Unlimited	\$22.50	0 ⁽²⁾	N/A	N/A
Special Voting Units	Unlimited	\$0.00	502,326	502,326	502,326

Notes:

- (1) Each REIT Unit represents an undivided beneficial interest in distributions by Skyline Industrial 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 Industrial REIT, in the net assets of Skyline Industrial REIT remaining after satisfaction of all liabilities.
- (2) 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.

The chart below shows the Unit price per REIT Unit as at December 31st of every year since the inception of the Skyline Industrial REIT.

UNIT PRICE PER REIT UNIT SINCE INCEPTION



4.2 Long Term Debt

Mortgages

The mortgages are secured by a combination of first, second and third registered charges over specific investment properties and a combination of first and second and third general assignments of leases, insurance and registered property specific general security agreements. See Chart Summary on the following page.

The following table summarizes certain aspects of debt maturities of such indebtedness as of May 31, 2023, of which mortgages totaling \$17,408,006 will mature within twelve (12) months of that date:

Year	Scheduled Principal Payments	% of Total	Scheduled Maturities	% of Total	Total Mortgages	% of Total	Weighted Average Interest Rate
2023	10,170,383	1.40%	7,237,623	1.00%	17,408,006	2.40%	3.95%
2024	16,449,735	2.27%	79,285,458	10.93%	95,735,193	13.20%	4.70%
2025	14,018,599	1.93%	195,778,958	27.00%	209,797,557	28.93%	4.84%
2026	11,847,620	1.63%	38,193,581	5.27%	50,041,201	6.90%	3.41%
2027	9,562,085	1.32%	92,070,894	12.70%	101,632,979	14.02%	4.65%
2028	6,656,469	0.92%	107,439,459	14.82%	114,095,928	15.74%	3.08%
2029	964,639	0.13%	135,420,930	18.68%	136,385,569	18.81%	4.24%
2030	0	0.00%	0	0.00%	0	0.00%	0.00%
2031	0	0.00%	0	0.00%	0	0.00%	0.00%
2032	0	0.00%	0	0.00%	0	0.00%	0.00%
Thereafter	0	0.00%	0	0.00%	0	0.00%	0.00%
Total	69,669,530	9.61%	655,426,903	90.39%	725,096,433	100.00%	
Estimated Weighted Average Interest Rate			4.27%				
Estimated Weighted Average Years to Maturity			3.66				

Acquisition and Operating Facilities

Skyline Industrial REIT has arranged acquisition and operating facilities to fund working capital and mortgage principal repayments in an amount of up to \$60,000,000 with a Canadian chartered bank and \$3,500,000 with a Canadian credit union. The Acquisition and Operating Facilities are each revolving credit facilities and amounts drawn thereunder will not, after giving effect to the incurring of such indebtedness, cause the total amount of indebtedness of Skyline Industrial REIT and the amount then advanced under the Acquisition and Operating Facilities, to exceed 70% of the Gross Book Value. Skyline Industrial REIT may use part of the net proceeds of the Offering to pay down the Acquisition and Operating Facilities. See Item 2.5 - Short Term Objectives and How We Intend to Achieve Them. The Acquisition and Operating Facilities facilitate acquisitions by Skyline Industrial REIT by enabling it to enter into negotiations for the purchase of properties without the need for an equity financing condition. As at May 31, 2023, there is currently \$0 outstanding under the Acquisition and Operating Facilities.

The following table summarizes certain aspects of the Acquisition and Operating Facilities.

Property Address	City	Province	Secured Operating Facility	Line of Credit Interest Rate
10707-10761 25th St NE	Calgary	AB	\$0	Prime + 1.35%
10710 25th St NE	Calgary	AB	\$0	Prime + 1.35%
10720 25th St NE	Calgary	AB	\$256,632	Prime + 1.35%
10760 25th St NE	Calgary	AB	\$42,217	Prime + 1.35%
10770 25th St NE	Calgary	AB	\$216,581	Prime + 1.35%
85 Freeport Blvd NE	Calgary	AB	\$855,543	Prime + 1.35%
89 Freeport Blvd NE	Calgary	AB	\$3,267,716	Prime + 1.35%
7007 54th St SE Bldg C&D	Calgary	AB	\$1,549,914	Prime + 1.35%
4550 25 St SE & 2634-2760 45 Ave SE	Calgary	AB	\$2,284,158	Prime + 1.35%
4920-5280 72 Ave SE	Calgary	AB	\$1,582,514	Prime + 1.35%
7115 48 St SE	Calgary	AB	\$636,544	Prime + 1.35%
261085 High Plains Blvd	Rocky View County	AB	\$1,096,967	Prime + 1.35%
303 Dunlop St West	Barrie	ON	\$1,471,512	Prime + 1.35%
131 Savannah Oaks Dr	Brantford	ON	\$2,785,607	Prime + 1.35%
131 Savannah Oaks Dr Bldg B	Brantford	ON	\$2,532,370	Prime + 1.35%
46 Plant Farm Blvd	Brantford	ON	\$1,679,788	Prime + 1.35%
55 Fleming Dr	Cambridge	ON	\$2,225,723	Prime + 1.35%
555 Conestoga Blvd	Cambridge	ON	\$2,058,583	Prime + 1.35%
233 and 239 Armstrong Ave	Georgetown	ON	\$2,056,970	Prime + 1.35%
41 Todd Rd	Georgetown	ON	\$1,040,558	Prime + 1.35%
425 Clair Rd West	Guelph	ON	\$2,566,591	Prime + 1.35%
50 Washburn Dr	Kitchener	ON	\$1,745,919	Prime + 1.35%
210 Lesmill Rd	Toronto	ON	\$2,035,650	Prime + 1.35%
6365 Hawthorne Dr	Windsor	ON	\$6,707,358	Prime + 1.35%
70 Boul Hymus	Pointe-Claire	QC	\$7,152,234	Prime + 1.35%
595 Industriel Blvd	Saint-Jean-sur-Richelieu	QC	\$1,463,814	Prime + 1.35%
597 Industriel Blvd	Saint-Jean-sur-Richelieu	QC	\$2,739,623	Prime + 1.35%
601 Industriel Blvd	Saint-Jean-sur-Richelieu	QC	\$1,351,918	Prime + 1.35%
603 Industriel Blvd	Saint-Jean-sur-Richelieu	QC	\$1,463,814	Prime + 1.35%
555 Montee de Liesse	Saint-Laurent	QC	\$5,133,182	Prime + 1.35%
			\$60,000,000	

4.3 Prior Sales

As of the date of this Offering Memorandum, there are 34,824,755 Class A REIT Units, 433,923 Class F REIT Units, 0 Class I REIT Units and 502,326 Special Voting Units of Skyline Industrial REIT issued and outstanding.

The following table sets forth REIT Units issued by Skyline Industrial REIT within the twelve (12) 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
June 2022	REIT Units	-	\$ 20.00	\$ -
July 2022	REIT Units	-	\$ 20.00	\$ -
August 2022	REIT Units	-	\$ 22.50	\$ -
September 2022	REIT Units	624,033	\$ 22.50	\$ 14,040,743
October 2022	REIT Units	278,542	\$ 22.50	\$ 6,267,195
November 2022	REIT Units	165,885	\$ 22.50	\$ 3,732,413
December 2022	REIT Units	450,104	\$ 22.50	\$ 10,127,340
January 2023	REIT Units	604,383	\$ 22.50	\$ 13,598,618
February 2023	REIT Units	183,379	\$ 22.50	\$ 4,126,028
March 2023	REIT Units	170,078	\$ 22.50	\$ 3,826,755
April 2023	REIT Units	441,854	\$ 22.50	\$ 9,941,715
May 2023	REIT Units	219,432	\$ 22.50	\$ 4,937,220

SECURITIES OFFERED

4.4 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 Industrial REIT are divided into four (4) classes - Class A REIT Units, Class F REIT Units and Class I REIT Units and "Special Voting Units". The number of Units of any class which Skyline Industrial 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 Industrial 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 Industrial REIT, in the net assets of Skyline

Industrial 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.

The chart below shows the Unit price of REIT Units as of December 31 of every year since the inception of the Skyline Industrial REIT.

Purchase of REIT Units

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

Redemption of REIT Units

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

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

Upon receipt by Skyline Industrial REIT of the notice to redeem REIT Units, the Unitholder shall thereafter cease to have any rights with respect to the REIT Units tendered for redemption (other than to receive the redemption payment therefor) including ceasing to have the right to receive any distributions thereon which are declared payable to the Unitholders of record on a date which is subsequent to the day of receipt by Skyline Industrial REIT of such notice. REIT Units shall be considered to be tendered for redemption on the date that Skyline Industrial 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 Industrial REIT of the notice to redeem REIT Units, in accordance with the Declaration of Trust, the holder of the REIT Units tendered for redemption shall be entitled to receive a price per REIT Unit (the "**Redemption Price**") equal to 100% of the most recent Market Value of the REIT Units. Subject to the provisions of the Declaration of Trust set out below, the Redemption Amount is payable by cheque to or to the order of the Unitholder who exercised the right of redemption, on or before the last day of the calendar month following the month in which the Unitholder tendered the REIT Units for redemption. For the purposes of the Declaration of Trust, "**Market Value**" means the market value of the REIT Units which shall be determined by the Trustees at least annually or more frequently as the Trustees may determine and "**Redemption Amount**" means the Redemption Price times the number of REIT Units that a Unitholder tenders for redemption.

The Trustees review the Market Value of the REIT Units at least quarterly using an IFRS/ Net Asset Value (NAV) pricing model. This iterative calculation is driven by the IFRS values of the Properties; calculated as: (a) portfolio IFRS value less total debt obligations; (b) less a discounted net present value of future tax

implications; (c) less a discounted net present value of future General Partner sharing; and, (d) divided by the total number of Units outstanding; and the result of which is a discounted IFRS/NAV value per Unit.

The foregoing payment terms shall not be applicable to REIT Units tendered for redemption by a Unitholder, if the total amount payable by Skyline Industrial 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. Where the Monthly Limit is exceeded, the Redemption Amount to which the Unitholder would otherwise be entitled shall be paid and satisfied as follows:

- (a) a portion of the Redemption Amount equal to the Monthly Limit divided by the total number of REIT Units tendered by all Unitholders for redemption in the month times the number of REIT Units tendered for redemption by a Unitholder shall be paid and satisfied in cash, in accordance with the Declaration of Trust; and
- (b) subject to receipt of all necessary regulatory approvals, the remainder of the Redemption Amount shall be paid and satisfied by way of issuance to the 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 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 Industrial REIT. Skyline Industrial REIT shall pay interest on each Trust Note from time to time equal to the distribution paid or payable pursuant to the Declaration of Trust as if the Trust Note were the REIT Units redeemed as of the Redemption Date, and such interest shall be payable in cash to the holder of the Trust Note in the same manner as distributions under the Declaration of Trust.

Upon the payment by Skyline Industrial REIT of the Redemption Amount in accordance with the Declaration of Trust, Skyline Industrial 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 Industrial REIT, the net realized capital gains of Skyline Industrial REIT and the net recapture income of Skyline Industrial REIT for a year may, for purposes of computing the net income of Skyline Industrial REIT and the net realized capital gains of Skyline Industrial REIT under the Tax Act or other tax legislation, be treated as having been paid in the year by Skyline Industrial REIT to the Unitholders redeeming REIT Units in such year and, to the extent of the amount thereof so treated has been designated as taxable capital gains or income to such Unitholders, the 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 Unitholder will only be treated as having been paid an amount to which the Unitholders of the REIT Units redeemed would be entitled to receive. Any amount of income (including a taxable capital gain so designated) paid or payable must be included in the income of the redeeming Unitholder. Skyline Industrial 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 Industrial 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 Industrial REIT to non-redeeming Unitholders may be adversely affected.

Take-Over Bids

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

Meetings of Unitholders

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

There shall be an annual meeting of the Unitholders, at such time and place in Canada as the Trustees shall prescribe, for the purpose of electing Trustees (except for the Skyline Appointee(s)), appointing or changing the accountants of Skyline Industrial REIT and Skyline Commercial 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 Industrial 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 Industrial REIT. The Unitholders have the right to obtain a list of the Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the *Business Corporations Act* (Ontario).

Issuance of REIT Units

The Trustees may allot and issue REIT Units at such time or times and in such manner (including pursuant to any plan from time to time in effect relating to reinvestment by the Unitholders of distributions of Skyline Industrial 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 Industrial REIT may distribute to Unitholders on or about each Distribution Date such percentage of the Distributable Income for the calendar month then ended as the Trustees determine in their discretion.

In addition, the Trustees may declare to be payable and make distributions, from time to time, out of income of Skyline Industrial REIT, net realized capital gains of Skyline Industrial REIT, the net recapture income of Skyline Industrial REIT, the capital of Skyline Industrial REIT or otherwise, in any year, in such amount

or amounts, and on such dates on or before December 31 of that year as the Trustees may determine, to the extent such income, capital gains and capital has not already been paid, allocated or distributed to the Unitholders.

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

Where the Trustees determine that Skyline Industrial 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. Class specific expenses are 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 Industrial REIT and approved by the Trustees, acting reasonably, from time to time.

Distribution Reinvestment Plan

Skyline Industrial 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 Industrial 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.

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

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

Representations of Subscribers

Each Subscriber of this Offering will be required to represent to Skyline Industrial 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 12 – 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 Industrial REIT, the Exempt Market Dealer and each dealer from whom a purchase confirmation was received, that such Subscriber: (a) has been notified by Skyline Industrial REIT (i) that Skyline Industrial 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 5 REPURCHASE REQUESTS

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

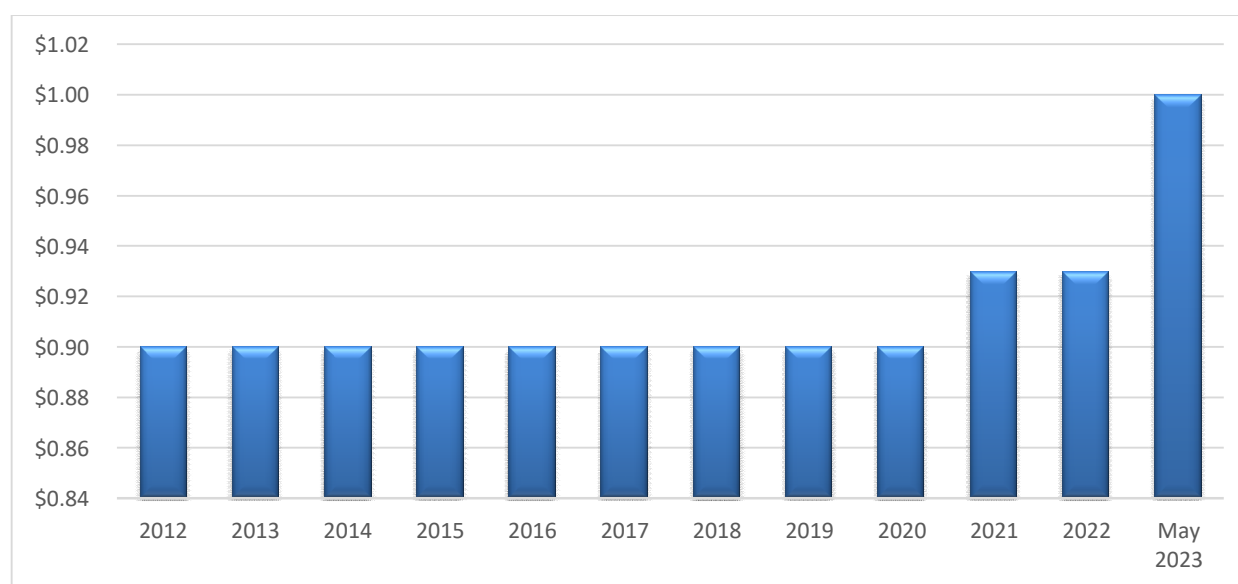
Period	Opening Balance of Outstanding Redemption Requests		Redemption Requests Received During Period		Redemption Requests Fulfilled During Period		Closing Balance of Outstanding Redemption Requests	
	Number of Units	Value ⁽¹⁾ (\$)	Number of Units	Value ⁽¹⁾ (\$)	Number of Units	Value ⁽¹⁾ (\$)	Number of Units	Value ⁽¹⁾ (\$)
January 1, 2021 to December 31, 2021	Nil	Nil	512,624	\$8,455,873	512,624	\$8,455,873	Nil	Nil
January 1, 2022 to December 31, 2022	Nil	Nil	1,477,079	\$31,900,687	1,477,079	\$31,900,687	Nil	Nil
January 1, 2022 to May 31, 2023	Nil	Nil	631,072	\$14,199,115	631,072	\$14,199,115	Nil	Nil

Note:

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

ITEM 6 CERTAIN DIVIDENDS AND DISTRIBUTIONS

The chart below shows the historic distribution rate as at December 31st of every year since the inception of the Skyline Industrial REIT.



The Distribution Rate of the Skyline Industrial REIT at the end of the following periods:

Period	Distribution Rate
2012	\$ 0.90
2013	\$ 0.90
2014	\$ 0.90
2015	\$ 0.90
2016	\$ 0.90
2017	\$ 0.90
2018	\$ 0.90
2019	\$ 0.90
2020	\$ 0.90
2021	\$ 0.93
2022	\$ 0.93
May 2023	\$ 1.00

In the two (2) most recently completed financial years and any subsequent interim period, Skyline Industrial REIT did not pay out regular dividends or distributions that exceeded cash flow from operations. Any special dividends or distributions made were made from the proceeds of strategic dispositions.

ITEM 7 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

7.1 Responsibility to Consult Professional Advisers

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

7.2 Income Tax Considerations

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

This summary is not applicable to a Unitholder: (i) that is a "financial institution", as defined in the Tax Act for the purposes of the mark-to-market rules, (ii) that is a "specified financial institution" as defined in the Tax Act, (iii) where an interest in such Unitholder would be a "tax shelter" or a "tax shelter investment" as defined in the Tax Act, (iv) that is exempt from tax under Part I of the Tax Act, (v) who has elected to report its Canadian tax results in a currency other than the Canadian currency in accordance with the rules

in the Tax Act, or (vi) who enters into, or has entered into, a "derivative forward agreement" or a "synthetic disposition arrangement" with respect to the REIT Units, as that term is defined in the Tax Act, or (vii) that is a partnership, nor does this summary address the tax consequences to; or (viii) a Unitholder who has borrowed funds in connection with the acquisition of REIT Units. Such Unitholders should consult their own tax advisor with respect to an investment in the REIT Units.

This summary is based upon the facts set out in this Offering Memorandum and a certificate of an officer of Skyline Industrial REIT provided to Miller Thomson LLP by Skyline Industrial 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 Industrial REIT will at all times comply with the provisions of the Declaration of Trust, and that Skyline Industrial 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 Industrial 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 Industrial REIT are not listed or traded on a stock exchange or other public market, Skyline Industrial REIT should not be subject to the SIFT Rules. If investments in Skyline Industrial REIT become publicly-listed or traded, there can be no assurance that Skyline Industrial REIT will not be subject to the SIFT Rules at that time.

Taxation of Skyline Industrial REIT

The taxation year of Skyline Industrial REIT is the calendar year. In each taxation year Skyline Industrial 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 Commercial LP for its fiscal period ending on or before the taxation year end of Skyline Industrial REIT, less the portion thereof that it deducts in respect of amounts paid or payable or deemed to be paid or payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by Skyline Industrial REIT or if the Unitholder is entitled in that year to enforce payment of the amount. Losses incurred by Skyline Industrial REIT cannot be allocated to Unitholders but may generally be carried forward and deducted by Skyline Industrial REIT in computing its taxable income in future years in accordance with the detailed rules in the Tax Act.

In computing its income for purposes of the Tax Act, Skyline Industrial 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 Industrial REIT generally may also deduct in computing its income for the year a portion of the reasonable expenses incurred by Skyline Industrial REIT to issue Units. The portion of the issue expenses deductible by Skyline Industrial REIT in a taxation year is 20% of the total issue expenses, pro-rated where Skyline Industrial 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, effective for taxation years beginning on or after October 1, 2023, the amount of interest and other financing expenses deductible by Skyline Industrial REIT may be reduced and the amount of taxable income allocated by Skyline Industrial REIT to Unitholders may increase.

The Declaration of Trust generally requires Skyline Industrial 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 Industrial REIT intends to make distributions in each year to Unitholders in an amount sufficient to ensure that Skyline Industrial 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 Industrial REIT and any tax refunds to which Skyline Industrial REIT is entitled).

The Trustees intend to allocate and distribute or make payable to Unitholders of Skyline Industrial REIT all taxable income, including taxable capital gains and the net recapture income, of Skyline Industrial REIT for purposes of the Tax Act for each taxation year so that Skyline Industrial REIT will not have any liability for tax under Part I of the Tax Act in any taxation year (after taking into account any applicable losses of Skyline Industrial REIT and any tax funds to which Skyline Industrial REIT is entitled).

The Declaration of Trust provides that some or all of the income or net realized capital gains of Skyline Industrial REIT and the net recapture income of Skyline Industrial REIT for a year may for purposes of computing the net income of Skyline Industrial REIT and the net realized capital gains of Skyline Industrial REIT under the Tax Act or other tax legislation, be treated as having been paid in the year by Skyline Industrial REIT to the Unitholders redeeming REIT Units in such year and, to the extent the amount thereof so treated has been designated as taxable capital gains or income to such Unitholders, the holder's redemption proceeds shall be reduced accordingly. Any amount of income (including a taxable capital gain so designated) paid or payable must be included in the income of the redeeming Unitholder and may be deductible by Skyline Industrial REIT. However, pursuant to recent amendments to the Tax Act, Skyline Industrial 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 Industrial 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 Industrial REIT to non-redeeming Unitholders may be adversely affected.

The Tax Act includes “loss restriction event” (“LRE”) rules that could potentially apply to Skyline Industrial REIT. In general, a trust will be subject to an LRE if a person becomes a “majority-interest beneficiary”, or a group of persons become a “majority-interest group of beneficiaries”, of the trust, as those terms are defined in the Tax Act. Generally, a majority-interest beneficiary of a trust is a beneficiary in the income or capital, as the case may be, of the trust whose beneficial interests, together with the beneficial interests of persons or partnerships with whom the beneficiary is affiliated, have a fair market value that is greater than 50% of the fair market value of all interests in the income or capital, as the case may be, 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 and income from businesses carried on 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 Industrial REIT in a taxation year provided that Skyline Industrial REIT qualifies as a mutual fund trust throughout the taxation year.

Taxation of Skyline Commercial LP

Skyline Commercial LP is not subject to tax under the Tax Act. Each partner of Skyline Commercial 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 Commercial 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 Commercial LP will be computed for each year as if Skyline Commercial LP were a separate person resident in Canada. In computing the income or loss of Skyline Commercial LP, deductions may be claimed in respect of available capital cost allowances, reasonable administrative costs, interest and other expenses incurred by Skyline Commercial 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, effective for taxation years beginning on or after October 1, 2023, the amount of interest or other financing expenses deductible by such partners of Skyline Commercial LP, including Skyline Industrial REIT, effectively may be reduced.

Certain properties have been acquired by Skyline Commercial LP on a tax deferred basis, whereby the tax cost of these properties is less than their fair market value. For the purposes of claiming capital cost allowances, the undepreciated capital cost (“UCC”) of such property acquired by Skyline Commercial LP, will be equal to the UCC of the property to the transferors of Skyline Commercial 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 Commercial 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 Commercial LP must include rents in respect of Skyline Industrial 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 Commercial LP and any other income earned by Skyline Commercial LP in such taxation year.

The income or loss of Skyline Commercial LP for a year will be allocated to the partners of Skyline Commercial LP, including Skyline Industrial REIT, on the basis of their respective share of that income or loss as provided in Skyline Commercial LP Agreement for Skyline Commercial LP, subject to the detailed rules in the Tax Act in that regard. Generally, distributions to partners in excess of the income of Skyline Commercial LP for a year will result in a reduction of the adjusted cost base of the partner's units of Skyline Commercial LP by the amount of such excess. If, as a result, the adjusted cost base to Skyline Industrial REIT of its units of Skyline Commercial LP would otherwise be a negative amount, Skyline Industrial REIT will be deemed to realize a capital gain equal to such negative amount, and Skyline Industrial REIT's adjusted cost base of its units of Skyline Commercial 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 Commercial LP) for a fiscal period that a limited partner of the partnership may deduct to an amount not greater than the partner's “at-risk amount” in respect of the partnership at the end of the fiscal period. A limited partner's at-risk amount in respect of a limited partnership will generally be equal to the adjusted cost base to the partner of its interest in the partnership at the end of the partnership's fiscal period plus the partner's share of any income of the partnership for the fiscal period (including, for this purpose, the whole amount of any net capital gains), less any amount owing by the partner (or by a person or partnership that does not deal at arm's length with the partner for purposes of the Tax Act) to the partnership (or to a person or partnership not dealing at arm's length with the partnership for purposes of the Tax Act), and less the amount of the partner's investment in the partnership that may reasonably be regarded as protected against loss. The share of any loss of the partnership that is not deductible by a partner (other than a partner that is itself a partnership) as a result of the application of the “at-risk” rules is considered to be a “limited partnership loss” in respect of the partnership for that year.

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

Taxation of Unitholders

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

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

The Trustees intend to make all designations under the Tax Act which are necessary to permit taxable dividends from taxable Canadian corporations, net taxable capital gains and foreign source income paid or payable to Unitholders and the amount of foreign taxes paid or deemed to be paid by Skyline Industrial REIT to retain their character in the hands of the Unitholders.

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

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

A Unitholder that is a "Canadian-controlled private corporation" (as defined in the Tax Act) or a "substantive CCPC" (as contained in the Tax Proposals contained in the 2022 Canadian Federal Budget and as supplemented by Tax Proposals released on August 9, 2022) may be liable to pay an additional refundable tax on its aggregate investment income (as defined in the Tax Act) for the year, including taxable capital gains. A REIT Unitholder that is a "Canadian-controlled private corporation" or a "substantive CCPC" should consult its own tax advisors regarding its particular circumstances.

Disposition of REIT Units

Upon the disposition or deemed disposition by a Unitholder of a REIT Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the REIT Unit exceed (or are exceeded by) the aggregate of the adjusted cost base to the Unitholder of the REIT Unit immediately before the disposition and any reasonable costs of the disposition. Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Unitholder from a disposition or deemed disposition of REIT Units, and the amount of any taxable capital gains designated by Skyline Industrial REIT in respect of a Unitholder, will be included in the Unitholder's income for the year of disposition or designation, as the case may be. One-half of any capital loss so realized (an "**allowable capital loss**") may generally be

deducted against taxable capital gains of the Unitholder for the year of disposition. Any excess of allowable capital losses over taxable capital gains of the Unitholder for the year of disposition may be carried back up to three (3) taxation years or forward indefinitely and deducted against net taxable capital gains in those other years to the extent and in the circumstances prescribed in the Tax Act.

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

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

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

Capital gains realized by an individual or trust, (other than certain specified trusts) may give rise to alternative minimum tax under the Tax Act. A Unitholder that is a Canadian-controlled private corporation (as defined in the Tax Act) or a "substantive CCPC" (as contained in the Tax Proposals contained in the 2022 Canadian Federal Budget and as supplemented by Tax Proposals released on August 9, 2022) 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 Industrial 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 Industrial REIT accrued or realized by Skyline Industrial REIT in a month before the time the REIT Unit was purchased but which was not paid or made payable to Unitholders until the end of the month and after the time the REIT Unit was purchased. A similar result may apply on an annual basis in respect of a portion of capital gains accrued or realized in a year before the time the REIT Unit was purchased, but which is paid or made payable to Unitholders at year-end and after the time the REIT Unit was purchased.

Tax Information Reporting

Skyline Industrial REIT may have due diligence and reporting obligations under the U.S. Foreign Account Tax Compliance Act (as implemented in Canada by the Canada-United States Enhanced Tax Information Exchange Agreement and Part XVIII of the Tax Act, collectively "FATCA") and the OECD's Common Reporting Standard (as implemented in Canada by Part XIX of the Tax Act, "CRS"). Unitholders (or in the case of certain Unitholders that are entities, the "controlling persons" thereof) may be required to provide Skyline Industrial REIT and/or their registered dealer with information related to their citizenship or tax residence and, if applicable, their foreign tax identification number, and Skyline Industrial REIT may be required to report the required information to the CRA. The CRA will provide that information to, in the case of FATCA, the U.S. Internal Revenue Service and in the case of CRS, the relevant tax authority of any country that is a signatory of the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information or that has otherwise agreed to a bilateral information exchange with Canada under CRS.

Eligibility for Investment

Miller Thomson LLP, counsel to Skyline Industrial REIT, is of the view that provided that Skyline Industrial REIT qualifies as a "mutual fund trust" for purposes of the Tax Act at a particular time, the REIT Units will be qualified investments for a trust governed by a registered retirement savings plan RRSP, RRIF, RDSP, RESP, 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 that acquired REIT Units pursuant to this Offering Memorandum, the annuitant, holder or subscriber will be subject to a penalty tax in respect of such REIT Units. A REIT Unit will generally be a "prohibited investment" if the annuitant, holder or subscriber does not deal at arm's length with Skyline Industrial REIT for purposes of the Tax Act or has a significant interest (within the meaning of the Tax Act) in Skyline Industrial REIT. For these purposes, an annuitant, holder or subscriber will have a significant interest in Skyline Industrial 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 Industrial REIT that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under Skyline Industrial 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 Industrial 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 8 COMPENSATION PAID TO SELLERS AND FINDERS

The Exempt Market Dealer Agreement was entered into between the Exempt Market Dealer and Skyline Industrial REIT on August 8, 2018 and amended and restated as December 12, 2022. Pursuant to the Exempt

Market Dealer Agreement, the Exempt Market Dealer is responsible for acting as exempt market dealer on all offerings of Class A REIT Units and providing other services to Skyline Industrial REIT in respect of Class A REIT Units. See Item 2.2 – Business of Skyline Industrial REIT – Our Business – Management of Skyline Industrial REIT – The Exempt Market Dealer.

In consideration for the services to be provided by the Exempt Market Dealer to Skyline Industrial 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 Industrial 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 is also entitled to an equity raise fee of 1.0% on the capital raised through the sale of Class A REIT Units.

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 Industrial REIT under the Exempt Market Dealer Agreement.

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

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

ITEM 9 RISK FACTORS

There are certain risk factors inherent in an investment in the REIT Units and in the activities of Skyline Industrial REIT, including without limitation to 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 Industrial REIT and holders of REIT Units. Additional risks not currently known to Skyline Industrial REIT or that Skyline Industrial REIT currently deems immaterial may also impair Skyline Industrial REIT's business and operations. If any such risks actually occur, the financial condition and results of operations of Skyline Industrial REIT could be materially adversely affected and the financial performance of Skyline Industrial REIT and the ability of Skyline Industrial 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 Industrial REIT after careful consideration with his or her advisors as to the suitability of an investment in Skyline Industrial REIT in light of the information

set out in this Offering Memorandum. All prospective Unitholders should consider an investment in Skyline Industrial 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 Industrial REIT described below and elsewhere in this Offering Memorandum. See “Forward-Looking Statements” in this Offering Memorandum.

COVID-19 Coronavirus Pandemic

The ongoing effects of the COVID-19 coronavirus pandemic may adversely affect trade and local, national or global economies, and could result in a general or acute decline in economic activity in the markets in which Skyline Industrial REIT operates. In weak economic environments, Skyline Industrial REIT’s tenants may be unable to meet their rental payments, which could have a material and adverse effect on Skyline Industrial REIT. An outbreak in one of Skyline Industrial REIT’s properties, or a market in which it operates, could negatively impact Skyline Industrial REIT’s business and results of operations. In addition, long term fluctuation and or increasing interest rates or other financial market volatility may adversely affect Skyline Industrial 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 impact negatively on Skyline Industrial REIT’s performance, or may adversely affect the ability of Skyline Industrial REIT to complete acquisitions on financially desirable terms. The extent to which COVID-19 impacts Skyline Industrial 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 actions taken to contain COVID-19 and its variants or its impact, among others. If the outbreak of COVID-19 or a variant and related developments lead to a further prolonged or significant impact on global, national or local markets or economic growth, Skyline Industrial REIT’s cash flows, financial condition or results of operations, its ability to raise additional financing and its ability to make cash distributions to Unitholders may be materially and adversely affected. Further, the COVID-19 coronavirus or an identified variant of same could cause disruptions to Skyline Industrial REIT’s business and operational plans. These disruptions may severely impact Skyline Industrial REIT’s ability to carry out its business plans for 2023 and beyond in accordance with the 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 industrial premises, competition from other industrial premises and various other factors.

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

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may tend to limit Skyline Industrial REIT’s ability to vary its portfolio promptly in response to changing economic or investment conditions. If Skyline Industrial REIT were required to liquidate its real property investments,

the proceeds to Skyline Industrial REIT might be significantly less than the aggregate value of its properties on a going concern basis.

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

Tenant Terminations and Financial Stability

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

Future Property Acquisitions

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

Competition for Real Property Investments

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

Competition for Tenants

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

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 Industrial REIT and on the timing and costs of completion of any development projects undertaken. Skyline Industrial 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 Industrial REIT's business and profitability.

General Economic Conditions

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

General Uninsured Losses

Skyline Industrial REIT carries comprehensive general liability, fire, flood, extended coverage, rental loss and pollution insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks (generally of a catastrophic nature such as from wars) which are either uninsurable or not insurable on an economically viable basis. Skyline Industrial REIT has insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if economical to do so. Should an uninsured or

underinsured loss occur, Skyline Industrial REIT could lose its investment in, and anticipated profits and cash flows from, one or more of its Properties, but Skyline Industrial REIT would continue to be obligated to repay any recourse mortgage indebtedness on such Properties.

Risks Related to Insurance Renewals

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

Credit Risk and Tenant Concentration

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

Access to Capital

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

Environmental and Climate Change Risk

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

Environmental Assessments are performed by an independent and experienced environmental consultant. In the case of mortgage assumption, the vendor will be asked to provide a satisfactory Phase I and/or Phase II Environmental Assessment that the Asset Manager will rely upon and/or determine whether an update is necessary. Skyline Industrial REIT is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Properties or any pending or threatened claims relating to environmental conditions at the Properties.

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

Unitholder Liability

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

Dependence on Key Personnel

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

Potential Conflicts of Interest

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

The Trustees may from time-to-time deal with persons, firms, institutions, or corporations with which Skyline Industrial REIT may be dealing, or which may be seeking investments similar to those desired by Skyline Industrial REIT. The interests of these persons could conflict with those of Skyline Industrial REIT. In addition, from time-to-time, these persons may be competing with Skyline Industrial REIT for available investment opportunities. Certain of the Trustees are also directors and/or officers of certain parties related to Skyline Industrial 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 2.8 - Business of Skyline Industrial REIT - Material Agreements, for the material agreements relating to the foregoing.)

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

Tax Related Risks

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

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

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

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

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

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

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

Dilution

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

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 Industrial 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 12 – 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 Industrial REIT of a substantial part of its operating cash flow could adversely affect Skyline Industrial REIT’s ability to grow unless it can obtain additional financing. Such financing may not be available, or renewable, on attractive terms or at all. In addition, if current credit facilities were to be cancelled or could not be renewed at maturity on similar terms, Skyline Industrial REIT could be materially and adversely affected.

Financing

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

Unexpected Costs or Liabilities Related to Acquisitions

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

Acquisitions and Consolidation

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

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

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

Controls over Financial Reporting

Skyline Industrial REIT maintains information systems, procedures, and controls to ensure all information disclosed externally is as complete, reliable, and timely as possible. Such internal controls over financial

reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

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

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

Cybersecurity Risk

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

Changes in Investment Strategy

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

Changes in Legislation

Skyline Industrial REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord/tenant relationships, construction, employment standards, environmental matters, taxes, and other matters, 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 Industrial REIT (including with retroactive effect). Any changes in the laws to which Skyline Industrial REIT is subject could materially adversely affect Skyline Industrial REIT's rights and title to its assets or its ability to carry on its business in the ordinary course.

ITEM 11 REPORTING OBLIGATIONS

As per the terms of the Declaration of Trust, prior to each annual meeting of the Unitholders, the Trustees are required to deliver unaudited annual financial statements (along with notice of such meeting) to Unitholders.

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

ITEM 12 RESALE RESTRICTIONS

12.1 General Statement

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

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

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

12.2 Restricted Period

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

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

12.3 Manitoba Resale Restrictions

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

- (a) Skyline Industrial 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 twelve (12) months.

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

ITEM 13 PURCHASERS' RIGHTS

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

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

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

Securities legislation in 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. A "material fact" is a fact that would reasonably be expected to significantly affect the market price or value of the issuer's securities.

These 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.

An "offering memorandum" generally means a document, together with any amendments to that document, purporting to describe the business and affairs of an issuer that has been prepared primarily for delivery to and review by a prospective purchaser so as to assist the prospective purchaser to make an investment decision in respect of securities being sold pursuant to an exemption from the requirement to prepare and file a prospectus contained in applicable securities law, but does not include a document setting out current information about an issuer for the benefit of a prospective purchaser familiar with the issuer through prior investment or business contacts.

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

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

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

Rights for Purchasers in Ontario

Under Ontario securities legislation, a purchaser resident in Ontario who purchases securities offered by an offering memorandum during the period of distribution will have, subject to certain limitations and statutory defences, a statutory right of action for damages or, while still the owner of the securities, for rescission against the issuer in the event that the offering memorandum contains a misrepresentation, without regard to whether the purchaser relied on the misrepresentation. An issuer is not liable for a misrepresentation in forward-looking information if certain requirements are satisfied. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first has

knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the securities. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the securities. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages. In no case will the amount recoverable in any action exceed the price at which the securities were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, no person will be liable. In the case of an action for damages, the issuer will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the securities as a result of the misrepresentation relied upon.

Rights for Purchasers in Saskatchewan

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

Rights for Purchasers in New Brunswick

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

Rights for Purchasers in Nova Scotia

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

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

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

Contractual Rights for Purchasers in British Columbia, Alberta and Quebec

In British Columbia, Alberta and Quebec, where there is reliance on the exemption from the prospectus requirements contained in section 2.3 of NI 45-106 (the “accredited investor exemption”) or, in British Columbia and Quebec, in section 2.10 of NI 45-106 (the “minimum amount investment exemption”), securities legislation does not provide or require an issuer to provide to purchasers resident in these jurisdictions any rights of action in circumstances where an offering memorandum contains a misrepresentation. Skyline Apartment REIT hereby grants to such purchasers rights of action equivalent to those set forth above available to purchasers resident in Ontario.

ITEM 14 FINANCIAL STATEMENTS

Included on the following pages are the audited consolidated financial statements of Skyline Industrial REIT (formerly Skyline Commercial REIT) as at December 31, 2022.

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of: Skyline Industrial Real Estate Investment Trust

Opinion

We have audited the accompanying consolidated financial statements of Skyline Industrial Real Estate Investment Trust, which comprise the consolidated statement of financial position as at December 31, 2022 and December 31, 2021 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 Industrial Real Estate Investment Trust as at December 31, 2022 and December 31, 2021 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 Industrial 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 Industrial Real Estate Investment Trust's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate Skyline Industrial Real Estate Investment Trust or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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



Guelph, Ontario
March 22, 2023

Chartered Professional Accountants
Licensed Public Accountants

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022
(in thousands of Canadian dollars)

	2022	2021
ASSETS		
Investment properties (note 6)	\$ 1,516,075	\$ 898,805
Investment in joint ventures (note 8)	91,994	35,749
Assets held for sale (note 7)	14,839	415,436
Other assets (note 9)	3,030	1,584
Accounts receivable (note 16)	1,707	1,475
Cash	<u>2,259</u>	<u>7,159</u>
	<u>\$ 1,629,904</u>	<u>\$ 1,360,208</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
Mortgages payable (notes 10, 16)	\$ 715,802	\$ 405,633
Land lease (note 12)	20,115	20,222
Liabilities related to assets held for sale (note 7)	645	103,213
Limited partnership units (notes 16, 20)	11,302	9,042
Due to related party (note 13)	18,537	5,879
Tenant deposits	9,451	7,098
Accounts payable and accrued liabilities (note 16)	6,321	3,834
Revolving credit facility (note 16)	<u>32,863</u>	<u>10,958</u>
	<u>815,036</u>	<u>565,879</u>
Unitholders' equity (page 6)	<u>814,868</u>	<u>794,329</u>
	<u>\$ 1,629,904</u>	<u>\$ 1,360,208</u>

Trustee

Trustee

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars)

	2022	2021
OPENING BALANCE	\$ 794,329	\$ 495,468
Proceeds from units issued (note 19)	34,168	33,814
Units issued by way of distribution (note 19)	106,146	29,403
Issuance costs	(449)	(422)
Redemptions (note 19)	(30,293)	(8,458)
Income and comprehensive income for the year	32,920	290,318
Distributions paid	<u>(121,953)</u>	<u>(45,794)</u>
CLOSING BALANCE	<u>\$ 814,868</u>	<u>\$ 794,329</u>

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars)

	2022	2021
PROPERTY REVENUES		
Minimum rent	\$ 60,633	\$ 60,988
Cost recoveries from tenants	<u>22,776</u>	<u>26,749</u>
	<u>83,409</u>	<u>87,737</u>
DIRECT PROPERTY EXPENSES		
Property taxes	14,808	15,690
Other direct property costs	7,343	9,814
Utilities	669	978
Property management fees (note 13)	<u>1,784</u>	<u>1,747</u>
	<u>24,604</u>	<u>28,229</u>
NET PROPERTY INCOME	<u>58,805</u>	<u>59,508</u>
OTHER INCOME AND EXPENSES		
Financing costs (note 14)		
Interest paid on debt	22,695	21,763
Distributions paid on partnership units	46,797	12,252
Administrative expenses	1,133	618
Asset management fees (note 13)	1,586	1,747
Wealth management fees (note 13)	2,362	1,791
Lease documentation fees (note 13)	49	188
Interest income	<u>(1,017)</u>	<u>(236)</u>
	<u>73,605</u>	<u>38,123</u>
(LOSS) INCOME FROM OPERATIONS	<u>(14,800)</u>	<u>21,385</u>
Fair value loss on limited partnership units	(2,260)	(2,135)
Share of net earnings from investments in joint ventures (note 8)	28,616	9,127
Fair value gain on disposed properties	177,149	43,618
Fair value (loss) gain on investment properties	<u>(155,785)</u>	<u>218,323</u>
	<u>47,720</u>	<u>268,933</u>
INCOME AND COMPREHENSIVE INCOME for the year	<u>\$ 32,920</u>	<u>\$ 290,318</u>

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars)

	2022	2021
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Income and comprehensive income for the year	\$ 32,920	\$ 290,318
Items not requiring an outlay of cash		
Amortization of leasing costs and straight-line rent (note 6)	(2,667)	(1,444)
Amortization of financing costs (notes 10, 14)	923	721
Financing costs included in operations (note 14)	68,465	32,949
Fair value loss on limited partnership units	2,260	2,135
Share of net earnings from investments in joint ventures	(28,616)	(9,127)
Fair value gain on disposed properties	(177,149)	(43,618)
Fair value loss (gain) on investment properties	155,785	(218,323)
	<u>51,921</u>	<u>53,611</u>
Changes in non-cash working capital		
Accounts receivable	(33)	(1,270)
Other assets	(1,404)	657
Accounts payable and accrued liabilities	(42)	(1,318)
Tenant deposits	350	1,820
	<u>50,792</u>	<u>53,500</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Mortgages payable (net repayments and advances) (note 10)	301,122	34,668
Mortgages discharged due to sale of investment properties (note 10)	(89,905)	(23,001)
Interest on mortgages payable (notes 10, 11, 12, 14)	(20,580)	(18,763)
Equipment loan payable (net repayments and advances) (note 11)	0	(1,625)
Lease payments made on land lease (note 12)	(114)	(104)
Advances from related parties (note 13)	12,658	5,708
Revolving credit facility advances (repayments) (note 16)	21,905	6,247
Interest on revolving credit facility (notes 14, 16)	(1,087)	(807)
Distribution paid on partnership units (notes 13, 14, 20)	(46,797)	(12,252)
Proceeds from units issued	34,168	33,814
Distributions paid (net of distribution reinvestment plan)	(15,807)	(16,391)
Redemptions of units (page 6)	(30,293)	(8,458)
Issuance costs (page 6)	(449)	(422)
	<u>164,821</u>	<u>(1,386)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to investment properties (notes 6, 8)	(457,867)	(104,421)
Investments in joint ventures (note 8)	(141,612)	(28,365)
Proceeds on disposition of investment properties (note 6)	4,281	85,172
Proceeds on disposition of investment properties held for sale (note 6)	374,685	0
	<u>(220,513)</u>	<u>(47,614)</u>
(DECREASE) INCREASE IN CASH for the year	(4,900)	4,500
CASH, beginning of year	<u>7,159</u>	<u>2,659</u>
CASH, end of year	<u>\$ 2,259</u>	<u>\$ 7,159</u>

See notes to the consolidated financial statements

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

1. NATURE OF BUSINESS

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

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

As at December 31, 2022, IRELP owned sixty-six (2021 - ninety-nine) commercial investment properties, all of which are located in Canada.

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

2. BASIS OF PRESENTATION

(a) STATEMENT OF COMPLIANCE

The consolidated financial statements of Skyline Industrial REIT for the year ended December 31, 2022 (including comparatives) are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

The consolidated financial statements for the year ended December 31, 2022 (including comparatives) were approved for issue by the Board of Trustees on March 22, 2023.

(b) BASIS OF MEASUREMENT

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

(c) FUNCTIONAL CURRENCY AND PRESENTATION

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

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

2. BASIS OF PRESENTATION (continued)

(d) USE OF ESTIMATES

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Accounting standards implemented in 2022

On January 1, 2022, Skyline Industrial REIT adopted the following amendment to IAS 16 - Property, plant and equipment. The amendment updated 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. There is no material impact from the adoption of this amendment.

On January 1, 2022, Skyline Industrial REIT adopted the following amendment to IAS 37 - Provisions, contingent liabilities and contingent assets. The amendment updated the definition of the costs associated with fulfilling the obligations of an onerous contract. There is no material impact from the adoption of this amendment.

On January 1, 2022, Skyline Industrial REIT adopted the following amendment to IFRS 9 - Financial Instruments. The amendment updated the definition of what constitutes substantially different when referring to the exchange of debt instruments. There is no material impact from the adoption of this amendment.

Significant accounting policies

(a) INVESTMENT PROPERTIES

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

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

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

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

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

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) INVESTMENT PROPERTIES (continued)

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

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

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

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

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

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

(b) ASSETS HELD FOR SALE

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) ASSETS HELD FOR SALE (continued)

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

(c) REVENUE RECOGNITION

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

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

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

(d) FINANCIAL INSTRUMENTS

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

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

Financial Assets

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Financial Assets (continued)

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

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

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

Financial Liabilities

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

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

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

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) LIMITED PARTNERSHIP UNITS

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

(f) DISTRIBUTIONS TO LIMITED PARTNERSHIP UNITHOLDERS

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

(g) INCOME TAXES

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

(h) LEASES

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

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

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

(i) DISTRIBUTION REINVESTMENT PLAN

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) JOINT VENTURES

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

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

(k) FAIR VALUE MEASUREMENT

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

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

Level 1 inputs

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

Level 2 inputs

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

Level 3 inputs

Unobservable inputs for the asset or liability.

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(I) PROVISIONS

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

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IAS 1 - In January 2020, the IASB issued an amendment to IAS 1 - Presentation of financial statements which will be effective for years beginning on or after January 1, 2023. The amended standard will update the definition of a liability and the classification of liabilities between current and non-current.

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

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

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

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

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

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(in thousands of Canadian dollars, except per unit amounts)

5. PRINCIPLES OF CONSOLIDATION

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

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

6. INVESTMENT PROPERTIES

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

	2022	2021
Balance at beginning of the years	\$ 898,805	\$ 1,018,029
Acquisitions through purchase of investment properties	418,220	110,840
Acquisitions through purchase of limited partnerships	147,759	0
Acquisitions through capital expenditure on existing investment properties	5,871	6,908
Disposals through sale of investment properties	(4,281)	(85,172)
Investment properties held for sale but added back to portfolio	36,420	0
Change in assets held for sale (note 7)	(10,750)	(415,185)
Amortization of leasing costs and straight-line rents	2,667	1,444
Fair value gain on investment properties and disposed properties	<u>21,364</u>	<u>261,941</u>
Balance at end of the years	<u>\$ 1,516,075</u>	<u>\$ 898,805</u>

The following table reconciles the cost base of investment properties to their fair value (including properties held for sale):

	2022	2021
Cost	\$ 1,296,272	\$ 942,823
Cumulative fair value adjustment	<u>219,803</u>	<u>371,167</u>
Fair value	<u>\$ 1,516,075</u>	<u>\$ 1,313,990</u>

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(in thousands of Canadian dollars, except per unit amounts)

6. INVESTMENT PROPERTIES (continued)

Asset acquisitions:

During the year ended December 31, 2022, Skyline Industrial REIT acquired eleven investment properties (2021 - three). 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:

	2022	2021
Acquisition cost of investment properties	\$ 418,220	\$ 110,840
Mortgages	(299,569)	(70,940)
Acquisition of High Plains LP	0	(13,327)
Acquisition of RF Industrial East Limited Partnership	(48,642)	0
Acquisition of RF West Island Limited Partnership	<u>(65,341)</u>	<u>0</u>
Total identifiable net assets settled by cash	<u>\$ 4,668</u>	<u>\$ 26,573</u>

Acquisition of RF West Island Limited Partnership and RF Industrial East Limited Partnership:

On March 16, 2022, Skyline Industrial REIT entered into an agreement with its joint venture partner to buy the remaining 50% interest held in RF West Island Limited Partnership ("RFWILP") by its joint venture partner and on September 13, 2022, Skyline Industrial REIT entered into an agreement with its joint venture partner to buy the remaining 50% interest held in RF Industrial East Limited Partnership ("RFIELP") by its joint venture partner. Skyline Industrial REIT purchased 50% of the units of RFWILP and 50% of the units of RFIELP for total consideration of \$43,973.

Skyline Industrial REIT has elected to apply the "concentration test" in accordance with IFRS 3. As the fair value of the gross assets acquired is substantially concentrated in the RFWILP and RFIELP properties, the transaction has been qualified as an acquisition of assets.

Skyline Industrial REIT has elected to remeasure its previously held interests in the acquired assets and liabilities to their acquisition-date-fair values, resulting in a loss on remeasurement of \$10,197.

Purchase price allocation:

Recognized amounts of identifiable assets acquired and liabilities assumed

Investment property	\$ <u>147,759</u>
Total liabilities assumed	<u>0</u>
Net asset acquired	<u>\$ 147,759</u>

Consideration transferred for the acquisition consists of the following:

Cash transferred for equity interest	\$ 43,973
Equity method investment derecognized	113,983
Loss on remeasurement of RFWILP and RFIELP	<u>(10,197)</u>
Total	<u>\$ 147,759</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 fifteen years from the commencement of the lease. Future minimum rental income from these agreements is as follows:

	2022	2021
Less than one year	\$ 74,792	\$ 62,870
Between one and three years	136,045	107,009
More than three years	<u>423,517</u>	<u>353,852</u>
	<u>\$ 634,354</u>	<u>\$ 523,731</u>

Fair value disclosure:

Skyline Industrial REIT uses an income approach to perform internal valuation calculations for the purposes of determining the fair market value of investment properties. The same approach is used for those properties with independent third party appraisals. Significant assumptions used for the valuation of the properties include the capitalization rate and the revenue and expenses for each property. As at December 31, 2022, all of Skyline Industrial REIT's investment properties were valued using Level 3 inputs. There were no transfers into or out of Level 3 fair value measurements for investment properties held as at December 31, 2022 and December 31, 2021.

Skyline Industrial REIT categorizes its investment properties by region, and each region has a different range of capitalization rates, depending on the specific risk factors for each property in that region. The weighted average capitalization rates for commercial properties is 5.05% (2021 - 4.69%). Overall, the capitalization rates for commercial properties fall between:

	2022	2021
Minimum	3.46%	2.31%
Maximum	13.90%	11.11%

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

In 2022, Skyline Industrial REIT valued \$721,496 of its investment properties internally (2021 - \$695,560). 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 \$256,200 (2021 - \$510,625) including properties held for sale that were sold subsequent to year end, see note 21. In 2022, 47.1% (2021 - 61.1%) of the cost base of investment properties were valued internally and 52.9% (2021 - 38.9%) were valued externally. The acquisitions during 2022 were valued at \$553,209 (2021 - \$107,805). 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 Industrial REIT's investment properties are classified as Level 3 under the fair value hierarchy, as the inputs in the valuations of these investment properties are not based on observable market data. The following table provides a sensitivity analysis for the weighted average capitalization rate applied as at December 31, 2022:

As of December 31, 2022

Capitalization Rate Sensitivity Increase (Decrease)	Overall Capitalization Rate	Fair Value of Investment Properties	Fair Value Variance	% Change
(1.00)%	4.05 %	\$ 1,890,415	\$ 374,340	24.69 %
December 31, 2022	5.05 %	\$ 1,516,075	\$ 0	0.00 %
1.00 %	6.05 %	\$ 1,265,484	\$ (250,591)	(16.53)%

7. ASSETS HELD FOR SALE

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

	2022	2021
ASSETS		
Investment properties	\$ 14,830	\$ 415,185
Other assets	7	49
Accounts receivable	2	202
	<u>14,839</u>	<u>415,436</u>
LIABILITIES		
Mortgages payable	0	98,029
Tenant deposits	215	2,218
Land lease	284	291
Accounts payable and accrued liabilities	146	2,675
	<u>645</u>	<u>103,213</u>
NET ASSETS HELD FOR SALE	<u>\$ 14,194</u>	<u>\$ 312,223</u>

8. INVESTMENT IN JOINT VENTURES

On July 14, 2020, Skyline Industrial REIT entered into a partnership in High Plains Building 6, LP ("High Plains"). High Plains owns land for development into commercial buildings available for future leasing opportunities. Skyline Industrial REIT holds a 75% partnership interest in High Plains and shares joint control with a third party that owns the remaining 25% interest of High Plains. On October 14, 2021, Skyline Industrial REIT acquired the remaining 25% interest of High Plains. The results of this acquisition are included in these financial statements from the date of acquisition under investment properties. Previous to the acquisition date, Skyline Industrial REIT had classified its investment as a joint venture as decisions about relevant activities require unanimous consent of both parties and accounted for the investment using the equity method.

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8. INVESTMENT IN JOINT VENTURES (continued)

On November 30, 2020, Skyline Industrial REIT acquired units in RFIELP and RFWILP. Skyline Industrial REIT holds a 50% ownership in RFIELP and RFWILP and shares joint control with a third party who owns the remaining 50% of RFIELP and of RFWILP, respectively. Skyline Industrial REIT has classified its investments in RFIELP and RFWILP as joint ventures as decisions about relevant activities require unanimous consent of both parties. On March 16, 2022, Skyline Industrial REIT acquired the remaining 50% interest of RFIELP and on September 13, 2022, Skyline Industrial REIT acquired the remaining 50% interest of RFWILP. The results of these acquisitions are included in these financial statements from the dates of acquisition under investment properties. Previous to the acquisition dates, Skyline Industrial REIT had classified its investment as a joint venture as decisions about relevant activities require unanimous consent of both parties and accounted for the investments using the equity method.

On February 24, 2021, Skyline Industrial REIT entered into a limited partnership agreement with F.I.T. RF Limited Partnership and Rosefellow Holdings Incorporated, to form the RF Limited Partnership I ("RF LP I"). Pursuant to the aforementioned limited partnership agreement, Skyline Industrial REIT owns 47.5% of RF LP I and shares joint control with third parties who own 47.5% and 5.0% of RF LP I respectively. Skyline Industrial REIT has classified its investment as a joint venture as decisions about relevant activities require unanimous consent of all parties.

On June 24, 2021, Skyline Industrial REIT entered into a limited partnership agreement with 1307823 Canada Incorporated and Rosefellow Holdings Incorporated, to form the RF Mascouche Limited Partnership I ("RFMLP I"). Pursuant to the aforementioned limited partnership agreement, Skyline Industrial REIT owns 79.5% of RFMLP I and shares joint control with a third party who owns the remaining 20.5% of RFMLP I. Skyline Industrial REIT has classified its investment as a joint venture as decisions about relevant activities require unanimous consent of all parties.

On August 15, 2022, IRELP acquired units in RF Limited Partnership II ("RF LP II"). IRELP holds a 47% ownership in RF LP II and shares joint control with a third party who owns the remaining 50% of RF LP II. IRELP has classified its investments in RF LP II as a joint venture as decisions about relevant activities require unanimous consent of both parties.

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

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

The acquisitions were funded by cash during the year.

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8. INVESTMENT IN JOINT VENTURES (continued)

The components of investment in joint ventures is as follows:

	2022	2021
High Plains	\$ 0	\$ 0
RFIELP	0	3,338
RFWILP	0	7,834
RF LP I	34,891	15,813
RFMLP I	32,369	8,764
RF LP II	17,438	0
HPB Bayer LP	<u>7,296</u>	<u>0</u>
Balance at end of the year	<u>\$ 91,994</u>	<u>\$ 35,749</u>

As at December 31, 2022:

	RFIELP	RFWILP	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Balance at the beginning of the year	\$ 3,338	\$ 7,834	\$ 15,813	\$ 8,764	\$ 0	\$ 0	\$ 35,749
Contributions	32,189	42,006	19,078	23,605	17,438	7,296	141,612
Share of net earnings	13,115	15,501	0	0	0	0	28,616
Acquisition of control	<u>(48,642)</u>	<u>(65,341)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(113,983)</u>
Balance at end of the year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,891</u>	<u>\$ 32,369</u>	<u>\$ 17,438</u>	<u>\$ 7,296</u>	<u>\$ 91,994</u>

As at December 31, 2021:

	High Plains	RFIELP	RFWILP	RF LP I	RFMLP I	Total
Balance at the beginning of the year	\$ 4,200	\$ 2,705	\$ 4,679	\$ 0	\$ 0	\$ 11,584
Contributions	0	633	3,155	15,813	8,764	28,365
Share of net earnings	9,127	0	0	0	0	9,127
Acquisition of control	<u>(13,327)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(13,327)</u>
Balance at end of the year	<u>\$ 0</u>	<u>\$ 3,338</u>	<u>\$ 7,834</u>	<u>\$ 15,813</u>	<u>\$ 8,764</u>	<u>\$ 35,749</u>

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8. INVESTMENT IN JOINT VENTURES (continued)

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

As at December 31, 2022:

	RFIELP	RFWILP	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Real estate property under development	\$ 0	\$ 0	\$ 34,856	\$ 64,497	\$ 17,400	\$ 14,935	\$ 131,688
Current assets	<u>0</u>	<u>0</u>	<u>40</u>	<u>4,160</u>	<u>41</u>	<u>765</u>	<u>5,006</u>
Total assets	0	0	34,896	68,657	17,441	15,700	136,694
Non-current liabilities	0	0	0	24,569	0	6,798	31,367
Current liabilities	<u>0</u>	<u>0</u>	<u>5</u>	<u>11,719</u>	<u>3</u>	<u>1,606</u>	<u>13,333</u>
Net equity	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,891</u>	<u>\$ 32,369</u>	<u>\$ 17,438</u>	<u>\$ 7,296</u>	<u>\$ 91,994</u>

For the year ended December 31, 2022:

	RFIELP	RFWILP	RF LP I	RFMLP I	RF LP II	HPB LP	Total
Rental revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Operating expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net operating income	0	0	0	0	0	0	0
Fair value gain	<u>13,115</u>	<u>15,501</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,616</u>
Net income	<u>\$ 13,115</u>	<u>\$ 15,501</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,616</u>

December 31, 2021:

	High Plains	RFIELP	RFWILP	RF LP I	RFMLP I	Total
Real estate property under development	\$ 0	\$ 14,120	\$ 24,875	\$ 15,757	\$ 14,325	\$ 69,077
Current assets	<u>0</u>	<u>2,725</u>	<u>2,321</u>	<u>64</u>	<u>1,859</u>	<u>6,969</u>
Total assets	0	16,845	27,196	15,821	16,184	76,046
Non-current liabilities	0	10,063	16,460	0	7,378	33,901
Current liabilities	<u>0</u>	<u>3,444</u>	<u>2,902</u>	<u>8</u>	<u>42</u>	<u>6,396</u>
Net equity	<u>\$ 0</u>	<u>\$ 3,338</u>	<u>\$ 7,834</u>	<u>\$ 15,813</u>	<u>\$ 8,764</u>	<u>\$ 35,749</u>

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8. INVESTMENT IN JOINT VENTURES (continued)

For the year ended December 31, 2021:

	High Plains	RFIELP	RFWILP	RF LP I	RFMLP I	Total
Rental revenue	\$ 778	\$ 0	\$ 0	\$ 0	\$ 0	\$ 778
Operating expenses	<u>(398)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(398)</u>
Net operating income	380	0	0	0	0	380
Fair value gain	<u>8,747</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,747</u>
Net income	<u>\$ 9,127</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,127</u>

9. OTHER ASSETS

The components of other assets are as follows:

	2022	2021
Funds held in trust	\$ 1,470	\$ 466
Escrow realty taxes	0	125
Prepaid expenses	558	691
Tenant loan receivable	740	0
Deposits on investment properties	269	351
Other assets held for sale	<u>(7)</u>	<u>(49)</u>
	<u>\$ 3,030</u>	<u>\$ 1,584</u>

The tenant loan is receivable in blended monthly instalments of \$15 (2021 - \$nil) with interest charged at 7.5% (2021 - 0.0%). The loan is due in 2027. The portion receivable within one year is \$129 (2021 - nil). See note 16 for financial risk management.

10. MORTGAGES PAYABLE

The mortgages payable are secured by investment properties, assets held for sale and letters of credit, in some cases. Mortgages bearing fixed interest with a contractual weighted average rate of 4.22% (2021 - 3.39%) per annum are \$715,802 (2021 - \$488,722). Mortgages bearing variable interest rates with an average variable rate of 0.00% (2021 - 3.95%) per annum are \$nil (2021 - \$14,940). Included in mortgages payable is a second mortgage of \$1,886 (2021 - \$nil) which bears a fixed interest rate of 2.45% (2021 - 0.00%). Mortgages have maturity dates ranging between 2023 and 2029. All mortgages are denominated in Canadian dollars.

Future minimum principal payments on mortgage obligations are as follows:

2023	\$ 27,068
2024	98,758
2025	122,933
2026	40,271
2027	176,414
Thereafter	<u>250,358</u>
	<u>\$ 715,802</u>

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10. MORTGAGES PAYABLE (continued)

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

	2022	2021
Mortgages payable, beginning of year	\$ <u>405,633</u>	\$ <u>491,274</u>
Proceeds from new mortgages	395,094	98,854
Repayment of existing mortgages	(181,925)	(87,106)
Transaction costs related to mortgages	<u>(1,952)</u>	<u>(81)</u>
Total changes from financing cash flows	<u>211,217</u>	<u>11,667</u>
Change in mortgages payable on assets held for sale	98,029	(98,029)
Amortization of financing costs	923	721
Financing costs included in operations	19,034	17,141
Interest paid	<u>(19,034)</u>	<u>(17,141)</u>
Total liability-related changes	<u>98,952</u>	<u>(97,308)</u>
Mortgages payable, end of year	\$ <u><u>715,802</u></u>	\$ <u><u>405,633</u></u>

11. EQUIPMENT LOAN PAYABLE

The equipment loan was repaid during 2021. The loan was payable in blended monthly instalments of \$21 with interest charged at 5.67%.

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

	2022	2021
Equipment loans payable, beginning of year	\$ <u>0</u>	\$ <u>1,625</u>
Proceeds from new equipment loans	0	0
Repayment of existing equipment loans	<u>0</u>	<u>(1,625)</u>
Total changes from financing cash flows	<u>0</u>	<u>(1,625)</u>
Financing costs included in operations	0	67
Interest paid	<u>0</u>	<u>(67)</u>
Total liability-related changes	<u>0</u>	<u>0</u>
Equipment loans payable, end of year	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

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12. LAND LEASE

Skyline Industrial REIT has entered into three land leases. The land leases are payable in monthly instalments of \$138 (2021 - \$138) and have maturity dates ranging between 2026 and 2029. The portion payable within one year is \$124 (2021 - \$114).

The following table details the undiscounted cash flows and contractual maturities of Skyline Industrial REIT's land lease as at December 31, 2022:

2023	\$	1,662
2024		1,664
2025		1,666
2026		1,671
2027		1,652
Thereafter		<u>44,018</u>
	\$	<u><u>52,333</u></u>

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

	2022	2021
Land lease, beginning of year	\$ <u>20,222</u>	\$ <u>19,490</u>
Land lease payments	<u>(114)</u>	<u>(104)</u>
Total changes from financing cash flows	<u>(114)</u>	<u>(104)</u>
Change in land lease on assets held for sale	7	(291)
Financing costs included in operations	1,546	2,682
Interest paid	<u>(1,546)</u>	<u>(1,555)</u>
Total liability-related changes	<u>7</u>	<u>836</u>
Land lease, end of year	\$ <u><u>20,115</u></u>	\$ <u><u>20,222</u></u>

13. RELATED PARTY TRANSACTIONS

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

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13. RELATED PARTY TRANSACTIONS (continued)

Distributions to partners

Skyline Commercial Real Estate GP Inc. is the general partner of IRELP and is entitled to 20% of distributions after the limited partners have received returns equivalent to their adjusted contribution value. Related party transactions are measured at fair value. A provision for the future distributions payable to Skyline Commercial Real Estate GP Inc. has not been recorded since the timing and amount of the distributions payable cannot be reasonably estimated. Based on the fair value of the investment properties as at December 31, 2022, a distribution would be payable if the investment properties were sold. At December 31, 2022, there were distributions payable to Skyline Commercial Real Estate GP Inc. in the amount of \$5,637 (2021 - \$5,879) which is included in due to related party.

	2022	2021
Distributions paid to general partner on sale of investment properties	\$ 44,895	\$ 11,181
Distributions paid to general partner from distributable income	<u>1,435</u>	<u>605</u>
	<u>\$ 46,330</u>	<u>\$ 11,786</u>

Services of the Asset Manager

Skyline Industrial REIT has an asset management agreement with Skyline Asset Management Inc. and Skyline Commercial Asset Management Inc (the "Asset Manager"). The asset management fees payable under the asset management agreement are 2% of adjusted gross revenue. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Asset Manager \$1,586 in asset management fees (2021 – \$1,747).

Skyline Industrial REIT also has a leasing services arrangement with the Asset Manager, wherein Skyline Industrial REIT shall pay the Asset Manager: (i) 50% of market brokerage fees if an external broker is used, or (b) 100% of market brokerage fees if no external broker is used. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Asset Manager \$965 in leasing services fees (2021 – \$799).

The Asset Manager also provides oversight and management services in respect of development projects undertaken by, on behalf of, or for the benefit of Skyline Industrial REIT. In providing these services, Skyline Industrial REIT pays the Asset Manager a fee equal to 1% of the development costs of each project. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Asset Manager \$1,201 in development management fees (2021 – \$528).

Services of the Property Manager

Skyline Industrial REIT has a property management agreement with Skyline Commercial Management Inc (the "Property Manager"). Property management fees payable under the property management agreement in 2022 for single tenant managed properties are paid at a fixed rate ranging from 15 to 25 cents per square foot (not in thousands of Canadian dollars). For multi-tenant properties or single tenant properties managed by a property manager, the fee is 2.5% of base rental income. In 2021, the property management fees ranged from 2.5 to 5% of base rental income for all properties. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Property Manager \$1,784 in property management fees (2021 – \$1,747).

As part of the property management agreement, Skyline Industrial REIT also pays for lease documentation services, which are payable at a fixed rate ranging from \$200 to \$1,000 (not in thousands of Canadian dollars) per lease. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Property Manager \$49 in lease documentation fees (2021 - \$188).

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13. RELATED PARTY TRANSACTIONS (continued)

Services of the Exempt Market Dealer

Skyline Industrial REIT has an exempt market dealer agreement with Skyline Wealth Management Inc. (the “Exempt Market Dealer”). Fees payable under the exempt market dealer agreement include wealth management fees of 0.3% of unitholders equity, and equity raise fees ranging from 0.5% to 1% of proceeds from units issued during the year. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Exempt Market Dealer \$2,362 in wealth management fees (2021 – \$1,791), and \$429 in equity raise fees (2021 - \$402).

Services of the Mortgage Underwriting Manager

Skyline Industrial REIT has an arrangement with Skyline Mortgage Finance Inc. (the “Underwriting Manager”), wherein the Underwriting Manager assists Skyline Industrial REIT in obtaining mortgage financing upon terms and rates that are commercially competitive. Skyline Industrial REIT pays the Underwriting Manager \$5,000 (not in thousands of Canadian dollars) for each mortgage assumed on acquisition, and 50 bps on mortgage principal for all other mortgages. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Underwriting Manager \$1,814 in mortgage underwriting fees (2021 - \$410).

Legal Services Manager

Skyline Industrial REIT had an arrangement with Skyline Asset Management Inc., wherein Skyline Asset Management Inc provided advise to Skyline Industrial REIT on the use of external legal counsel, and managed external legal counsel on behalf of the REIT (the “Legal Services Arrangement”), the costs for which are approved annually by Skyline Industrial REIT’s independent Trustees. Effective March 1, 2022, Skyline Asset Management Inc., transferred the Legal Services Arrangement to Skyline Private Investment Capital Inc. (the “Legal Services Manager”). Under the Legal Services Arrangement, Skyline Industrial REIT paid to the Legal Services Manager \$416 in legal and administrative fees for the period from March 1, 2022 to December 31, 2022. Under the Legal Services Arrangement, Skyline Industrial REIT also paid to Skyline Asset Management Inc \$84 in legal and administrative fees for the period from January 1, 2022 to February 28, 2022, and \$439 in legal and administrative fees for the period from January 1, 2021 to December 31, 2021.

Services of the Solar Asset Manager

Skyline Industrial REIT has an arrangement with Skyline Clean Energy Asset Management Inc. (the “Solar Asset Manager”). The solar asset management fees payable under the arrangement are equal to \$20 (not in thousands of Canadian dollars) per kilowatt of direct current per annum for each solar system managed by the Solar Asset Manager. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Solar Asset Manager \$nil in solar asset management fees (2021 – \$19).

Services of the CAPEX Provider

Skyline Industrial REIT has an arrangement with Skyline Capital Projects Management Inc (the “CAPEX Provider”), wherein the CAPEX Provider provides due diligence services on the capital needs of proposed acquisitions, compiles and proposes multi-year capital plans for the portfolio, and manages the execution of those capital plans, the costs for which are approved annually by Skyline Industrial REIT’s independent Trustees. For the year ended December 31, 2022, Skyline Industrial REIT paid to the CAPEX Provider \$151 in CAPEX management fees (2021 – \$136).

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13. RELATED PARTY TRANSACTIONS (continued)

Services of the Development Manager

Skyline Industrial REIT has an arrangement with Skydevco Inc (the “Development Manager”), who provides development consulting services to Skyline Industrial REIT, the costs for which are approved from time to time by Skyline Industrial REIT’s independent Trustees. For the year ended December 31, 2022, Skyline Industrial REIT paid to the Development Manager \$673 in development service fees (2021 – \$414).

Due to related party

Amounts due to related party are unsecured, non-interest bearing and have no set terms of repayment. Subsequent to year end, the balance due to Skyline Transfer Funds Inc. was repaid. The balance consists of the following:

	2022	2021
Skyline Transfer Funds Inc.	\$ 12,900	\$ 0
Skyline Commercial Real Estate GP Inc.	<u>5,637</u>	<u>5,879</u>
	<u>\$ 18,537</u>	<u>\$ 5,879</u>

Investment in related companies

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

Sale of assets to related companies

During 2021, solar assets were sold to Skyline Clean Energy Limited Partnership at the exchange amount for \$1,350. Included in fair value on disposed properties is a loss of \$659 related to this transaction.

14. FINANCING COSTS

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

	2022	2021
Mortgage interest	\$ 19,034	\$ 17,141
Equipment loan interest	0	67
Deferred financing costs	923	721
Bank charges	104	345
Interest expense on lease liability	1,547	2,682
Interest expense on revolving credit facility	1,087	807
Distribution interest paid on Class B Limited Partnership Units	467	466
Distribution interest paid to general partner	1,435	605
Distribution interest paid to general partner on sale of investment properties	<u>44,895</u>	<u>11,181</u>
	<u>\$ 69,492</u>	<u>\$ 34,015</u>

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15. FAIR VALUE MEASUREMENT

Assets and liabilities measured at fair value

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

As at	December 31, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Investment properties	\$ 0	\$ 0	\$ 1,516,075	\$ 0	\$ 0	\$ 898,805
Assets held for sale	<u>0</u>	<u>0</u>	<u>14,839</u>	<u>0</u>	<u>0</u>	<u>415,436</u>
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,530,914</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,314,241</u>
Liabilities						
Mortgages payable	\$ 0	\$ 683,325	\$ 0	\$ 0	\$ 507,860	\$ 0
Limited partnership units	<u>0</u>	<u>0</u>	<u>11,302</u>	<u>0</u>	<u>0</u>	<u>9,042</u>
	<u>\$ 0</u>	<u>\$ 683,325</u>	<u>\$ 11,302</u>	<u>\$ 0</u>	<u>\$ 507,860</u>	<u>\$ 9,042</u>

Transfers between levels in the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. For assets and liabilities measured at fair value as at December 31, 2022 and December 31, 2021 there were no transfers between Level 1, Level 2 and Level 3 assets and liabilities.

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

Financial assets and liabilities carried at amortized cost

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

16. FINANCIAL RISK MANAGEMENT

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

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

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

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16. FINANCIAL RISK MANAGEMENT (continued)

i) Market risk

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

a. Interest rate risk

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

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

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

As of December 31, 2022

	Carrying Amount	Income -1%	Partners' Capital -1%	Income +1%	Partners' Capital +1%
Revolving credit facility	\$ 32,863	\$ 329	\$ 329	\$ (329)	\$ (329)
Mortgages payable, maturing within one year	<u>15,128</u>	<u>151</u>	<u>151</u>	<u>(151)</u>	<u>(151)</u>
	<u>\$ 47,991</u>	<u>\$ 480</u>	<u>\$ 480</u>	<u>\$ (480)</u>	<u>\$ (480)</u>

As of December 31, 2021

	Carrying Amount	Income -1%	Partners' Capital -1%	Income +1%	Partners' Capital +1%
Revolving credit facility	\$ 10,958	\$ 110	\$ 110	\$ (110)	\$ (110)
Mortgages payable, maturing within one year	<u>55,430</u>	<u>554</u>	<u>554</u>	<u>(554)</u>	<u>(554)</u>
	<u>\$ 66,388</u>	<u>\$ 664</u>	<u>\$ 664</u>	<u>\$ (664)</u>	<u>\$ (664)</u>

b. Price risk

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

c. Foreign exchange risk

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

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16. FINANCIAL RISK MANAGEMENT (continued)

ii) Credit risk

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

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

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

	2022	2021
Allowance for doubtful accounts beginning of year	\$ 9	\$ 11
Provision for impairment of accounts receivable	0	4
Reversal of provision for impairment	<u>(4)</u>	<u>(6)</u>
Allowance for doubtful accounts end of year	<u>\$ 5</u>	<u>\$ 9</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 Industrial REIT ensures flexibility in funding by keeping committed credit lines available, and raising capital from partners when needed.

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

Skyline Industrial REIT has access to an operating line of credit to a maximum of \$3,500 (2021 - \$3,500) interest charged at prime + 1.75%, of which \$nil is utilized at December 31, 2022 (2021 - \$nil). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Industrial REIT.

Under a second financing agreement, Skyline Industrial REIT has access to an operating line of credit to a maximum of \$60,000 (2021 - \$45,000) with interest at prime + 1.35% or, at the option of the borrower, a fixed rate equal to the floating bankers acceptance rate plus 2.35% for a 30 day or 90 day term. At December 31, 2022, the total drawn on the operating line of credit was \$32,863 (2021 - \$10,958). The line of credit is secured by a general security agreement over some of the investment properties of Skyline Industrial REIT.

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16. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

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

	2022	2021
Revolving credit facility, beginning of year	\$ <u>10,958</u>	\$ <u>4,711</u>
Net proceeds (repayment) from revolving credit facility	<u>21,905</u>	<u>6,247</u>
Financing costs included in operations	1,087	807
Interest paid	<u>(1,087)</u>	<u>(807)</u>
Total liability-related changes	<u>0</u>	<u>0</u>
Revolving credit facility, end of year	\$ <u><u>32,863</u></u>	\$ <u><u>10,958</u></u>

Under the financing agreements, Skyline Industrial REIT is required to maintain a debt service ratio of 1.20 or higher, a mortgage-ability debt service coverage ratio of 1.35 or higher, an interest coverage ratio of at least 2.00 or higher and unitholder equity of at least \$140,000 plus 75% of contributions received during each subsequent fiscal year. Skyline Industrial REIT is also required to maintain a funds from operations effective pay-out ratio not exceeding 115% and a total debt to gross book value ratio not exceeding 65%. At December 31, 2022, Skyline Industrial REIT was in compliance with the financing agreements.

Skyline Industrial REIT's long term debt consists of mortgages payable bearing interest rates ranging from 2.28% to 5.34% per annum (2021 - 2.28% to 4.63%), payable in monthly instalments of principal and interest of approximately \$4,805 (2021 - \$2,649), maturing from 2023 to 2029, and are secured by specific charges against specific properties. All interest rates are fixed for the term of the respective mortgage.

Financial liabilities and their maturities are as follows:

December 31, 2022	On demand	Less than one year	One to five years	More than five years	Total
Mortgages payable Class B Limited	\$ 0	\$ 15,128	\$ 409,668	\$ 291,006	\$ 715,802
Partnership units	11,302	0	0	0	11,302
Due to related party	0	18,537	0	0	18,537
Accounts payable and accrued liabilities	0	6,321	0	0	6,321
Revolving credit facility	<u>32,863</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,863</u>
	<u>\$ 44,165</u>	<u>\$ 39,986</u>	<u>\$ 409,668</u>	<u>\$ 291,006</u>	<u>\$ 784,825</u>

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16. FINANCIAL RISK MANAGEMENT (continued)

iii) Liquidity risk (continued)

December 31, 2021	On demand	Less than one year	One to five years	More than five years	Total
Mortgages payable Class B Limited	\$ 0	\$ 55,430	\$ 87,910	\$ 262,293	\$ 405,633
Partnership units	9,042	0	0	0	9,042
Due to related party	0	5,879	0	0	5,879
Accounts payable and accrued liabilities	0	3,834	0	0	3,834
Revolving credit facility	<u>10,958</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,958</u>
	<u>\$ 20,000</u>	<u>\$ 65,143</u>	<u>\$ 87,910</u>	<u>\$ 262,293</u>	<u>\$ 435,346</u>

iv) Real estate risk

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

Skyline Industrial REIT mitigates its exposure to any one tenant as a majority of its investment properties are commercial which results in a large number of tenants with minimal financial exposure to each. Skyline Industrial REIT's commercial portfolio has a concentration of risk with one tenant that represents more than 10% of property revenue. One tenant represents 15.6% (2021 - 15.3%) of Skyline Industrial REIT's property revenue.

17. CAPITAL RISK MANAGEMENT

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

Skyline Industrial REIT monitors capital primarily using a loan to value ratio, which is quotient of mortgages payable to investment properties. As of December 31, 2022, the loan to value ratio was 47% (2021 - 45%), which is within Skyline Industrial REIT's stated policy of 70% or lower. Subsequent to December 31, 2022, Skyline Industrial REIT is in compliance with the policy.

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

18. SEGMENTED DISCLOSURE

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

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19. UNITHOLDERS' EQUITY

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

On July 31, 2022, the REIT issued a special distribution by way of units, equal to \$2.50 per unit (the "Special Distribution"). This resulted in the issuance of 0.125 units for every 1 unit outstanding.

On July 31, 2022, immediately following the Special Distribution, the REIT consolidated all REIT and LP units outstanding at a ratio of 1.125 units to 1, returning the outstanding unit count to the amount outstanding immediately prior to the Special Distribution (the "Unit Consolidation"). The Unit Consolidation resulted in an increase in the price per unit for newly issued units and units to be redeemed, from \$20.00 to \$22.50.

As at December 31, 2022 the price for newly issued units and units to be redeemed was \$22.50 (2021 - \$18.00). The units issued and outstanding are as follows:

	2022 Units	2021 Units
Units outstanding, beginning of year	32,742,816	30,395,309
Units issued	1,518,564	2,048,150
Units issued (by way of distribution)	5,221,503	1,747,291
Unit consolidation	(4,057,391)	(935,310)
Redemptions during the year	<u>(1,448,383)</u>	<u>(512,624)</u>
Units outstanding, end of year	<u><u>33,977,109</u></u>	<u><u>32,742,816</u></u>

20. LIMITED PARTNERSHIP UNITS

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

As at December 31, 2022, there were 502,326 (2021 - 502,326) Class B limited partnership units issued and outstanding. The Class B limited partnership units represented an aggregate fair value of \$11,302 at December 31, 2022 (2021 - \$9,042).

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20. CLASS B LIMITED PARTNERSHIP UNITS (continued)

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

	2022	2021
Limited partnership units, beginning of year	\$ <u>9,042</u>	\$ <u>6,907</u>
Proceeds from issue of limited partnership units	<u>0</u>	<u>0</u>
Financing costs included in operations	467	466
Distribution interest paid	<u>(467)</u>	<u>(466)</u>
Total liability-related changes	<u>0</u>	<u>0</u>
Changes in fair value	<u>2,260</u>	<u>2,135</u>
Limited partnership units, end of year	\$ <u><u>11,302</u></u>	\$ <u><u>9,042</u></u>

21. SUBSEQUENT EVENTS

Subsequent to December 31, 2022 Skyline Industrial REIT had the following dispositions:

On February 10, 2023, Skyline Industrial REIT disposed of one property in Quebec, for a total disposition value of \$10,750, which discharged mortgages payable of \$nil.

On February 27, 2023, Skyline Industrial REIT disposed of one property in Ottawa, for a total disposition value of \$4,080, which discharged mortgages payable of \$nil.

SCHEDULE "A"
DESCRIPTION OF EXISTING PROPERTIES AND DEVELOPMENTS

List of Properties



131B Savannah Oaks (Building B), Brantford, ON

GLA: 63,750 SF
 Year Built/Renovated: 2020
 Clear Height: 28'
 Major Tenant: Wacker Neuson Limited
 Occupancy Rate: 100%



7007 54th Street SE (Building D), Calgary, AB

GLA: 91,894 SF
 Year Built/Renovated: 2007
 Clear Height: 28'
 Major Tenant: eStructures
 Occupancy Rate: 100%



7007 54th Street SE (Building C), Calgary, AB

GLA: 85,789 SF
 Year Built/Renovated: 2007
 Clear Height: 28'
 Major Tenant: GES Canada Limited
 Occupancy Rate: 100%



10707, 10725, & 10761 25th Street NE, Calgary, AB

GLA: 308,832 SF
 Year Built/Renovated: 2007
 Clear Height: 28'
 Major Tenant: Canadian Linen and Uniform Service Co.
 Occupancy Rate: 100%



10710, 10720, 10760, & 10770 25th Street NE, Calgary, AB

GLA: 483,534 SF
 Year Built/Renovated: 2007
 Clear Height: 24'-28'
 Major Tenant: Direct Limited Partnership
 Occupancy Rate: 88%



4550 25th Avenue SE, 2634 45th Avenue SE, 2726 45th Avenue SE, 2760 45th Avenue SE, Calgary, AB

GLA: 348,850 SF
 Year Built/Renovated: 1998-1999
 Clear Height: 24'-28'
 Major Tenant: Kimpex Inc.
 Occupancy Rate: 100%



4920-5280 72nd Avenue SE, 7151 44th Street SE, 7115 48th Street SE, 7139 44th Street SE, Calgary, AB

GLA: 702,061 SF
 Year Built/Renovated: 1991/1997/1998/2007
 Clear Height: 28'
 Major Tenant: WTS Distribution 2000
 Occupancy Rate: 92%



11010-178 Street NW, 17803 111th Avenue NW, Edmonton, AB

GLA: 739,276 SF
 Year Built/Renovated: 2000-2009
 Clear Height: 28'
 Major Tenant: MTE Logistix
 Occupancy Rate: 100%



14210-14494 157 Avenue NW & 15804-15836 142 Street NW (Rampart I, II & IV), Edmonton, AB

GLA: 357,667 SF
 Year Built/Renovated: 2013/2018
 Clear Height: 28'-32'
 Major Tenant: MTE Logistix
 Occupancy Rate: 91%

List of Properties



555 Montée De Liesse, Montréal, QC

GLA: 68,215 SF
 Year Built/Renovated: 1987/2000
 Clear Height: 24'
 Major Tenant: DHL Global Forwarding (Canada) Inc.
 Occupancy Rate: 100%



8300 Place Marien & 11235 Métropolitain Boulevard East, Montréal-Est, QC

GLA: 259,198 SF
 Year Built/Renovated: 2022
 Clear Height: 32'
 Major Tenant: Balcan Innovations Inc.
 Occupancy Rate: 100%



151 Avenue Reverchon, Pointe-Claire, QC

GLA: 326,125 SF
 Year Built/Renovated: 2022
 Clear Height: 32'
 Major Tenant: Nespresso Canada
 Occupancy Rate: 100%



261085 High Plains Way, Rocky View County, AB

GLA: 150,000 SF
 Year Built/Renovated: 2021
 Clear Height: 32'
 Major Tenant: CHEP Canada Corp.
 Occupancy Rate: 100%



597 Industriel Boulevard, Saint-Jean-sur-Richelieu, QC

GLA: 149,140 SF
 Year Built/Renovated: 2007
 Clear Height: 32'
 Major Tenant: Bombardier Recreational Products Inc.
 Occupancy Rate: 100%



465 & 473 Jutras Drive South, Windsor, ON

GLA: 95,000 SF
 Year Built/Renovated: 2001/2003/2009
 Clear Height: 29'
 Major Tenant: Concours Technology Inc.
 Occupancy Rate: 100%



454 & 468 Innovation Way, Woodstock, ON

GLA: 200,000 SF
 Year Built/Renovated: 2019-2020
 Clear Height: 28' - 32'
 Major Tenant: Maglin
 Occupancy Rate: 100%



303 Dunlop Street West, Barrie, ON

GLA: 19,324 SF
 Year Built/Renovated: 1986
 Clear Height: 14'
 Major Tenant: Action Van & Truck World Ltd.
 Occupancy Rate: 100%



130 Rue J.A Bombardier, Boucherville, QC

GLA: 129,043 SF
 Year Built/Renovated: 2002/2006
 Clear Height: 41' - 45'
 Major Tenant: Congebec Inc.
 Occupancy Rate: 100%

List of Properties



175 Nugget Court, Brampton, ON

GLA: 54,184 SF
 Year Built/Renovated: 2005/2006
 Clear Height: 26'
 Major Tenant: Silcor Food Products
 Occupancy Rate: 100%



275 Steelwell Road, Brampton, ON

GLA: 82,235 SF
 Year Built/Renovated: 2003
 Clear Height: 28'
 Major Tenant: Dawn Food Products (Canada) Ltd.
 Occupancy Rate: 100%



131 Savannah Oaks Drive, Brantford, ON

GLA: 66,846 SF
 Year Built/Renovated: 2007/2010
 Clear Height: 21'
 Major Tenant: Rawlings Sporting Goods Company
 Occupancy Rate: 100%



46 Plant Farm Road, Brantford, ON

GLA: 125,000 SF
 Year Built/Renovated: 1988/2016
 Clear Height: 25'
 Major Tenant: Hematite Manufacturing Inc.
 Occupancy Rate: 100%



97 Easton Road, Brantford, ON

GLA: 102,995 SF
 Year Built/Renovated: 1984/1987/1989/1998/2000
 Clear Height: 16'-30'
 Major Tenant: Premier Tech Home & Garden Inc.
 Occupancy Rate: 100%



5500 72nd Avenue SE, Calgary, AB

GLA: 200,122 SF
 Year Built/Renovated: 2007
 Clear Height: 28'/38'/40'
 Major Tenant: Congebec Inc.
 Occupancy Rate: 100%



85 Freeport Boulevard NE, Calgary, AB

GLA: 52,678 SF
 Year Built/Renovated: 2006
 Clear Height: 24'
 Major Tenant: Four Seasons Transport
 Occupancy Rate: 100%



6600 72nd Avenue SE, Calgary, AB

GLA: 498,618 SF
 Year Built/Renovated: 2021
 Clear Height: 36'
 Major Tenant: Canadian Tire Corporation Ltd.
 Occupancy Rate: 100%



89 Freeport Boulevard SE, Calgary, AB

GLA: 154,986 SF
 Year Built/Renovated: 2006
 Clear Height: 28'
 Major Tenant: Ryder Truck Rentals Canada Inc.
 Occupancy Rate: 100%

List of Properties



292177 Cross Pointe Drive, Calgary, AB

GLA: 71,980 SF
 Year Built/Renovated: 2014
 Clear Height: 22'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



55 Fleming Drive, Cambridge, ON

GLA: 75,334 SF
 Year Built/Renovated: 2002
 Clear Height: 23'
 Major Tenant: JD Sign Group Inc.
 Occupancy Rate: 100%



555 Conestoga Boulevard, Cambridge, ON

GLA: 52,000 SF
 Year Built/Renovated: 1966/1999
 Clear Height: 17' & 30'
 Major Tenant: Process Group Inc.
 Occupancy Rate: 100%



549 Conestoga Boulevard, Cambridge, ON

GLA: 96,495 SF
 Year Built/Renovated: 2000
 Clear Height: 29'
 Major Tenant: Propak Systems Ltd.
 Occupancy Rate: 100%



3049 Highway 10 East, Drumheller, AB

GLA: 16,750 SF
 Year Built/Renovated: 1976/1998/2004-2013
 Clear Height: 18'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



41 Todd Road, Georgetown, ON

GLA: 56,333 SF
 Year Built/Renovated: 1999/2002
 Clear Height: 20'
 Major Tenant: Mold-Masters Ltd.
 Occupancy Rate: 100%



233 & 239 Armstrong Avenue, Georgetown, ON

GLA: 133,252 SF
 Year Built/Renovated: 1970/1990-1997
 Clear Height: 24'
 Major Tenant: Mold-Masters Ltd.
 Occupancy Rate: 100%



425 Clair Road West, Guelph, ON

GLA: 32,492 SF
 Year Built/Renovated: 2002/2004
 Clear Height: 20'
 Major Tenant: Viqua
 Occupancy Rate: 100%



50 Washburn Drive, Kitchener, ON

GLA: 71,090 SF
 Year Built/Renovated: 2005
 Clear Height: 24'
 Major Tenant: Staples
 Occupancy Rate: 100%

List of Properties



780 Wilson Avenue & 45 Goodrich Drive, Kitchener, ON

GLA: 131,344 SF
 Year Built/Renovated: 2015-2016
 Clear Height: 32'
 Major Tenant: Stance Health Care Inc.
 Occupancy Rate: 100%



5201-40th Avenue, Lloydminster, SK

GLA: 31,000 SF
 Year Built/Renovated: 1986/2007
 Clear Height: 22'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



2320 Highway 6 South, Melfort, SK

GLA: 24,900 SF
 Year Built/Renovated: 1979/1980/1995/1996
 Clear Height: 18'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



7801 Boulevard Henri-Bourassa East, Montréal, QC

GLA: 116,166 SF
 Year Built/Renovated: 1981/1984/1987/1989/1991
 Clear Height: 20' & 27'
 Major Tenant: Congebec Inc.
 Occupancy Rate: 100%



210 Lesmill Road, North York, ON

GLA: 37,052 SF
 Year Built/Renovated: 1968/1988
 Clear Height: 18'
 Major Tenant: Neuronics Inc.
 Occupancy Rate: 100%



4310-50th Avenue, Olds, AB

GLA: 35,041 SF
 Year Built/Renovated: 1977/1979/2005
 Clear Height: 18'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



3600 Highway 2A, Panoka, AB

GLA: 37,950 SF
 Year Built/Renovated: 2015
 Clear Height: 22'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



70 Hymus Boulevard, Pointe-Claire, QC

GLA: 91,121 SF
 Year Built/Renovated: 1967/2006
 Clear Height: 24'
 Major Tenant: Sika Canada
 Occupancy Rate: 100%



Highway 3 South, Prince Albert, SK

GLA: 20,400 SF
 Year Built/Renovated: 1988/1991/1992/2008
 Clear Height: 20'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%

List of Properties



370 Rue Métivier, Québec, QC

GLA: 99,197 SF
 Year Built/Renovated: 1973/1982/2002/2010
 Clear Height: 25'-35'
 Major Tenant: Metro Inc.
 Occupancy Rate: 100%



810 Avenue Godin, Québec City, QC

GLA: 98,386 SF
 Year Built/Renovated: 1976/1984/1987/2001
 Clear Height: 30' - 35'
 Major Tenant: Congebec Inc.
 Occupancy Rate: 100%



800 Rue Fernand-Dufour, Québec City, QC

GLA: 53,787 SF
 Year Built/Renovated: 1986/1994/1998
 Clear Height: 25'
 Major Tenant: Congebec Inc.
 Occupancy Rate: 100%



1507 Ross Avenue East, Regina, SK

GLA: 16,500 SF
 Year Built/Renovated: 1988/2000/2005
 Clear Height: 22'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



595 Boulevard Industriel, Saint-Jean-sur-Richelieu, QC

GLA: 152,420 SF
 Year Built/Renovated: 2003
 Clear Height: 32'
 Major Tenant: Sunset Converting Corp.
 Occupancy Rate: 100%



601 Boulevard Industriel, Saint-Jean-sur-Richelieu, QC

GLA: 174,475 SF
 Year Built/Renovated: 2011
 Clear Height: 39'
 Major Tenant: Sunset Converting Corp.
 Occupancy Rate: 100%



603 Boulevard Industriel, Saint-Jean-sur-Richelieu, QC

GLA: 160,100 SF
 Year Built/Renovated: 2012
 Clear Height: 32'
 Major Tenant: GSC Technologies Corp.
 Occupancy Rate: 100%



2050 Rue Bombardier, Montréal, QC

GLA: 203,641 SF
 Year Built/Renovated: 1997/1998/2000/2002
 Clear Height: 31'/33'/36'/40'-45'
 Major Tenant: Congebec Inc.
 Occupancy Rate: 100%



810 60th Street East, Saskatoon, SK

GLA: 84,365 SF
 Year Built/Renovated: 2003
 Clear Height: 39'
 Major Tenant: Congebec Inc.
 Occupancy Rate: 100%

List of Properties



1125 North Service Road, Hwy 16 West, Saskatoon, SK

GLA: 66,600 SF
 Year Built/Renovated: 2012
 Clear Height: 22'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



Highway 12 West, Stettler, AB

GLA: 26,500 SF
 Year Built/Renovated: 2005
 Clear Height: 18'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



417 Advance Boulevard, Tecumseh, ON

GLA: 97,312 SF
 Year Built/Renovated: 2003/2007
 Clear Height: 30'
 Major Tenant: Ground Effects Ltd.
 Occupancy Rate: 100%



311 Service Road North, Vulcan, AB

GLA: 17,330 SF
 Year Built/Renovated: 1976/1986
 Clear Height: 14'
 Major Tenant: Cervus Equipment Corporation
 Occupancy Rate: 100%



599 Sprucewood Avenue, Windsor, ON

GLA: 145,974 SF
 Year Built/Renovated: 2001
 Clear Height: 28'
 Major Tenant: STM-Logistics and Manufacturing ULC
 Occupancy Rate: 100%



6365 Hawthorne Drive, Windsor, ON

GLA: 144,700 SF
 Year Built/Renovated: 2015/2019
 Clear Height: 24'
 Major Tenant: TRW Canada Ltd.
 Occupancy Rate: 100%



1555 Chevrier Boulevard, Winnipeg, MB

GLA: 319,481 SF
 Year Built/Renovated: 1987/1996/2005/2008/2013
 Clear Height: 27'-30'
 Major Tenant: Congebee Inc.
 Occupancy Rate: 100%



6575 68th Avenue South East, Calgary, AB

GLA: 300,400 SF
 Year Built/Renovated: 2022
 Clear Height: 36'
 Major Tenant: Purolator
 Occupancy Rate: 100%

List of Developments



6000 Trans Canada Hwy, Pointe-Claire, QC

GLA: 270,479 SF
 Target Completion: Q3-2023
 Clear Height: 32'



6010 Rue Notre Dame Est, Notre Dame East, QC

GLA: 96,954 SF
 Target Completion: Q2-2023
 Clear Height: 32'



3601 Avenue De la Gare, Mascouche, QC

GLA: 321,386 SF
 Target Completion: Q3-2023
 Clear Height: 32' & 50'



137 Boulevard Bellerose, Laval, QC

GLA: 293,356 SF
 Target Completion: Q2-2024
 Clear Height: 32'



131 Montcalm Boulevard North, Candiac, QC

GLA: 491,000 SF
 Target Completion: Q3-2024
 Clear Height: 40'



450 Rue Paul-Gauguin, Candiac, QC

GLA: 125,750 SF
 Target Completion: Q4-2023
 Clear Height: 32'



Rue Leon-Malouin, Coteau-du-Lac, QC

GLA: 300,200 SF
 Target Completion: Q3-2024
 Clear Height: 40'



Kirkland, Montréal, QC

GLA: 587,977 SF
 Target Completion: Q3-2024
 Clear Height: 36'



575 Dealership Drive, Ottawa, ON

GLA: 322,711 SF
 Target Completion: Q2-2025
 Clear Height: 36'

List of Developments



405 Huntman Drive, Stittsville (Kanata West), ON

GLA: 479,721 SF
 Target Completion: Q4-2024
 Clear Height: 32'



Bayers Lake - Lot 1-2, Suisie Lake Crescent, Halifax, NS

GLA: 400,688 SF
 Target Completion: Q3-2024
 Clear Height: 28' & 40'

ITEM 15 DATE AND CERTIFICATE

Dated June 15, 2023.

This offering memorandum does not contain a misrepresentation.

SKYLINE INDUSTRIAL REAL ESTATE INVESTMENT TRUST

"Jason Castellan"

JASON CASTELLAN
Chief Executive Officer

"Wayne Byrd"

WAYNE BYRD
Chief Financial Officer

"Jason Castellan"

JASON CASTELLAN
Trustee

"Jonathan Halpern"

JONATHAN HALPERN
Trustee

"Michael Mackenzie"

MICHAEL MACKENZIE
Trustee

"Ronald Martin"

RONALD "RON" MARTIN
Trustee

"Francis Valeriotte"

FRANCIS "FRANK" VALERIOTE
Trustee

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

"Michael Bonneveld"

MICHAEL "MIKE" BONNEVELD
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 INDUSTRIAL
REAL ESTATE INVESTMENT TRUST**