



SKYLINE INDUSTRIAL REIT



Modern industrial real estate assets. Prime locations.
Warehousing & logistics focused.

Overview

- **Our Company & Strategy**
- **Financial Highlights**
- **Growth & Value Add**
- **Development Strategy**
- **Transactions & Development Highlights**
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- **Skyline Wealth Management Contacts**
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About Skyline Industrial REIT



CORPORATE SNAPSHOT

Established in 2012, the Skyline Industrial REIT (the "REIT") has grown from \$143.5M in Assets Under Management, as of Q4 2012, to approximately \$1.9B in AUM as of Q3 2024. The REIT owns and manages 10.0M square feet of industrial assets across Canada from Alberta to Nova Scotia.

In June 2020, the REIT shifted its focus towards development, acquiring a 75% interest in 261085 High Plains Drive, Rocky View County, Alberta, which is now a wholly-owned property. Subsequently, the REIT has established joint venture development partnerships in Quebec, Ontario, and Nova Scotia, creating the potential to acquire a further 3.0M square feet, as at Q3 2024, of best-in-class industrial product upon completion and stabilization of all developments, which is estimated to occur by Q4 2026.

By Q3 2024, the REIT had deployed approximately \$97M in development equity across all projects. Q3 2024 saw the completion of a 96,726 square foot modern industrial building on land owned by the REIT in Edmonton, Alberta. Furthermore, the REIT agreed to be bought out of its existing ownership interest of the Kirkland development project by two of its joint venture partners. The REIT has a 30% ownership interest in the Kirkland development project and this transaction will close in Q4 2024 and generate net proceeds of approximately \$6M.

10.0 M SF
Owned and Managed GLA*

98.9%
In-Place Occupancy Rate

47.8%
Secured Debt Over Investment Assets

4.40%
Distribution Yield

± 20%
Mark to Market on Base Rents

\$86.7 M
Unencumbered Investment Properties

Our Strategy



100% CANADIAN

Staying true to our Canadian roots, Skyline Industrial REIT owns assets or development interest in six provinces between Alberta and Nova Scotia, providing geographic diversity.



NEW GENERATION INDUSTRIAL PRODUCT

The average age of our portfolio is 15 years old, and the average clear height is 31 feet. Providing a plethora of modern industrial product that will remain in high tenant demand for years to come.



LOCAL JV DEVELOPMENT PARTNERS IN DIFFERENT MARKETS

We leverage the local expertise of various development partners in local markets to mitigate risks associated with development, reduce delays, and streamline our development projects.



FINANCIAL POLICY

We balance encumbered and unencumbered assets to keep overall debt levels manageable, allowing us to remain nimble and take advantage of the most cost-effective capital sources for acquisitions and capital projects.



ORGANIC NOI¹ GROWTH

Through acquiring high-quality, well-located industrial assets over the years, the REIT is well-positioned to take advantage of the approximate 21% current gap between in-place rents and market rents at lease maturity. Most leases have embedded contractual rental growth.



HISTORICAL NAV PER UNIT GROWTH²

Skyline Industrial REIT unit value has increased 128% since inception (2012), or an average of 11.1% per year, providing unit holders with strong equity appreciation in addition to reliable dividend distribution.



FFO³ PAYOUT RATIO TARGET

The REIT maintains a conservative FFO payout ratio target of 75-95%.

Well Located, Modern Industrial Assets Focused on Distribution



6575 68th Avenue SE, Calgary, AB
GLA: 301,400 square feet



**223 & 239 Armstrong Avenue,
Georgetown, ON**
GLA: 133,252 square feet

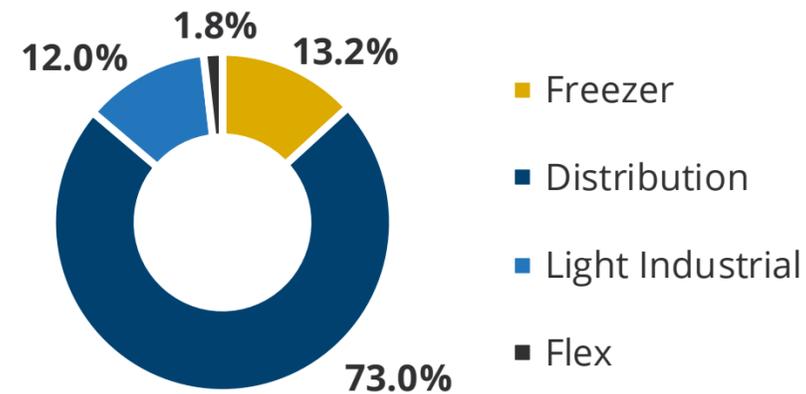


**555 & 565 Avenue Victor Davis,
Pointe-Claire (Montreal), QC**
GLA: 274,716 square feet



**Westpoint Corporate Centre
(Buildings I-V), Edmonton, AB**
GLA: 739,276 square feet

USE OF SPACE BY SQUARE FEET



86.2%
Of tenants are in the warehousing
& distribution sector

Solid Development Pipeline Across Canada

DEVELOPMENT PROJECTS IN THE PROVINCES OF ONTARIO, QUEBEC & NOVA SCOTIA



8

Total Current
Development Projects

*(8 joint venture projects, including 1 project
whereby the REIT's owned interest was acquired
by joint venture partners on November 12, 2024)*

\$97 M

Current Equity
Invested

3.0 M SF

Total GLA Under
Development

\$843.9 M

Estimated Completed
Project Value

(Value at 100% ownership interest)

Strong Balance Sheet



47.8%

Secured Debt Over Investment Assets

\$86.7 M

Unencumbered Assets

\$27.9 M

Line of Credit Available

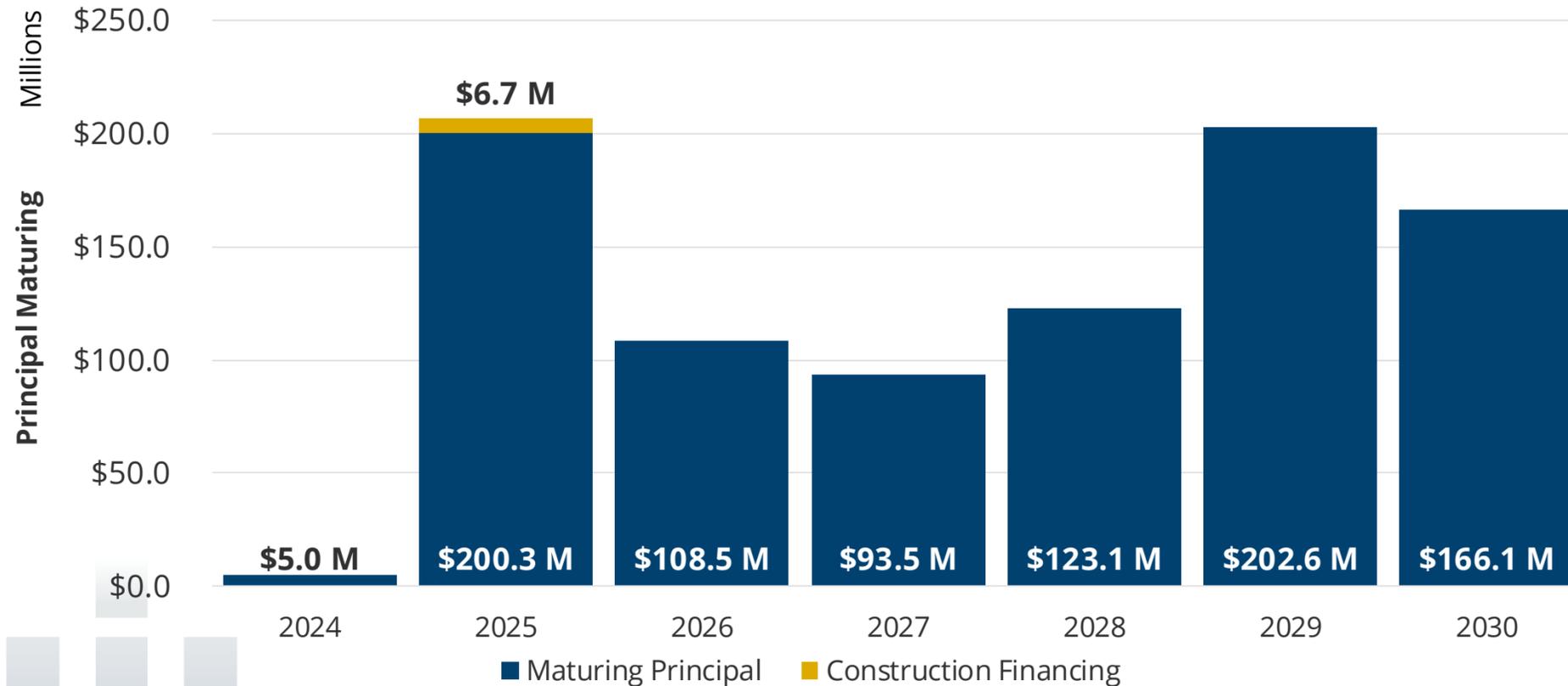
4.58%

Average Interest Rate on Term Debt

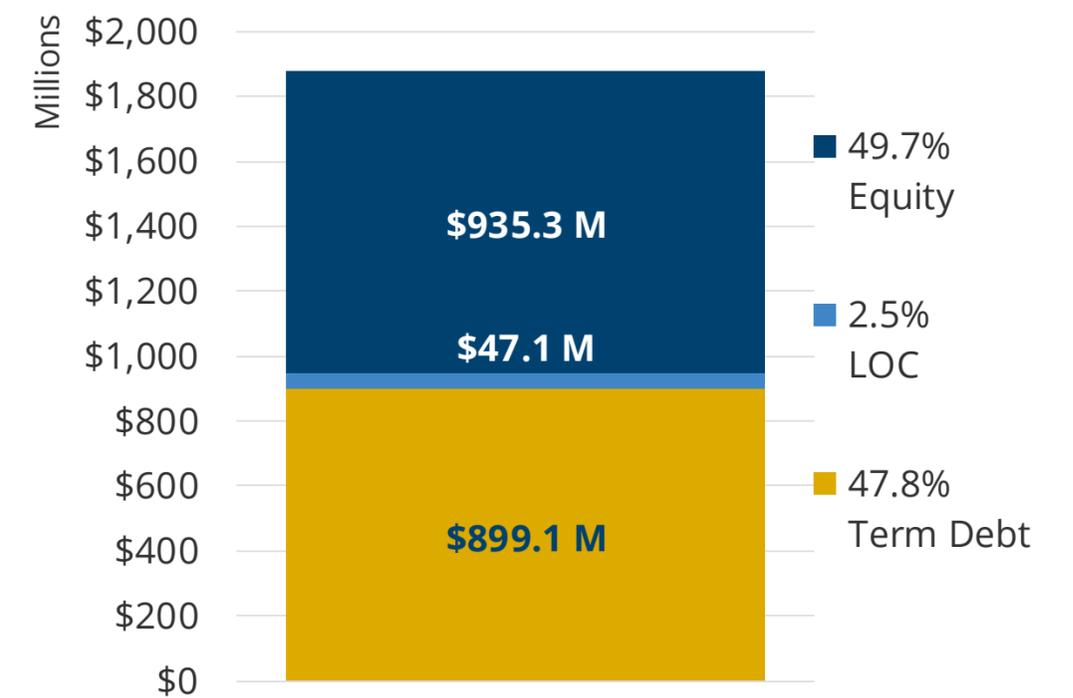
3.2 Years

Weighted Average Term to Maturity

PRINCIPAL MATURING OF TERM DEBT EXPIRIES



CAPITAL STACK Q3-2024



Capital Allocation

FUNDSERV CODE:
SKY2012



PORTFOLIO UPGRADE & MODERNIZATION

- Increased unit value by 106.8% ($\$22.75 / \$11.00 - 100\% = 106.8\%$) since the beginning of 2018.
- Over the past 10 years, REIT unitholders have experienced annualized returns of 16.30%, outperforming the S&P/TSX Capped REIT Index which experienced annualized returns of 0.44%* over the same time period.
- From 2018 to the end of Q3 2024, Skyline Industrial REIT has disposed of \$728.1M (4.1M square feet) of older, non-core assets and acquired \$1.3B (8.1M square feet) of modern industrial assets in-line with the REIT's investment strategy.
- The unit value is based on net asset value and is directly correlated to current modern industrial real estate values.

14.81%
Annualized Return Since Inception (2012)

6.60%
1-Year Annualized Returns

16.78%
3-Year Annualized Returns

19.93%
5-Year Annualized Returns

16.30%
10-Year Annualized Returns

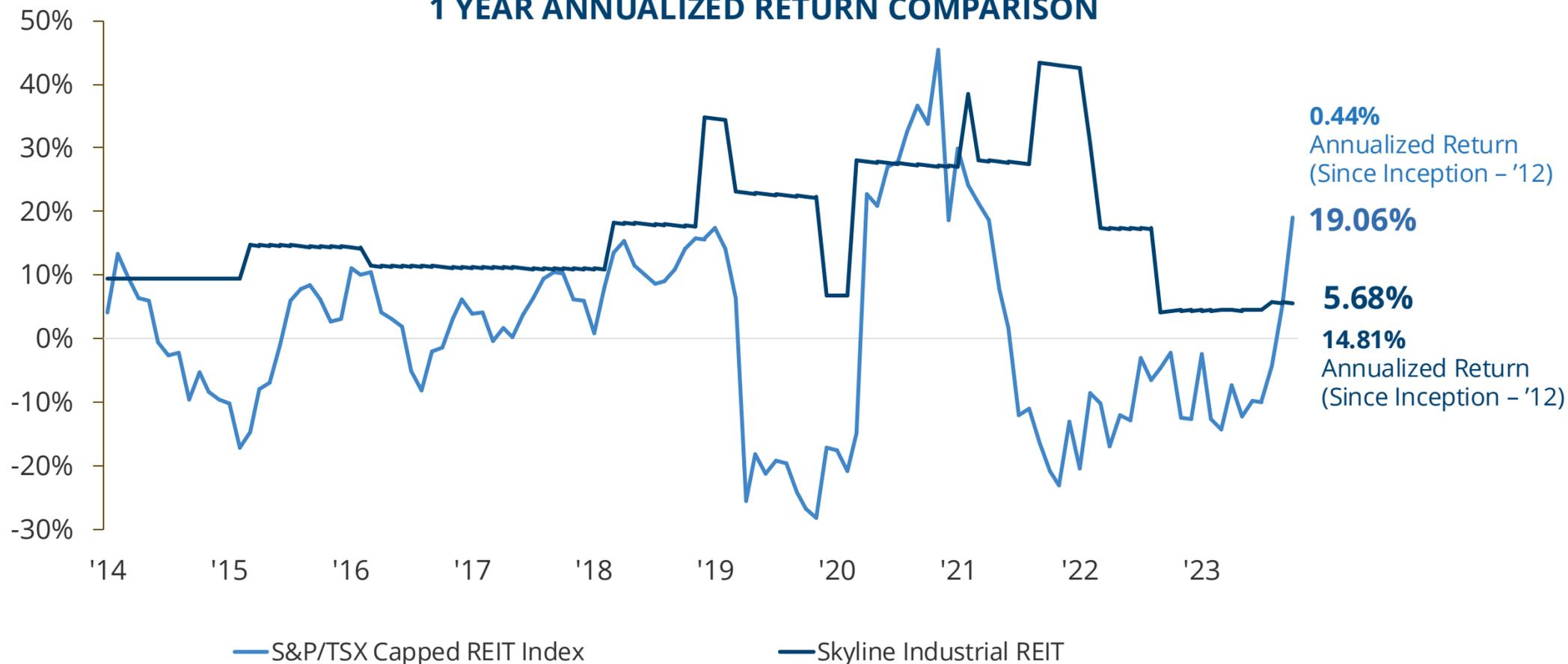
ESTABLISHED TRACK
RECORD & STRONG
PERFORMANCE

Index Comparison

ANNUALIZED RETURN



1 YEAR ANNUALIZED RETURN COMPARISON



Skyline Industrial REIT has achieved an annualized return of 14.81% since inception, providing strong returns versus the S&P/TSX Capped REIT Index. The REIT performed exceptionally well throughout the pandemic and is expected to continue to grow as under market leases mature and are rolled over to market rent.

ESTABLISHED TRACK
RECORD & STRONG
PERFORMANCE

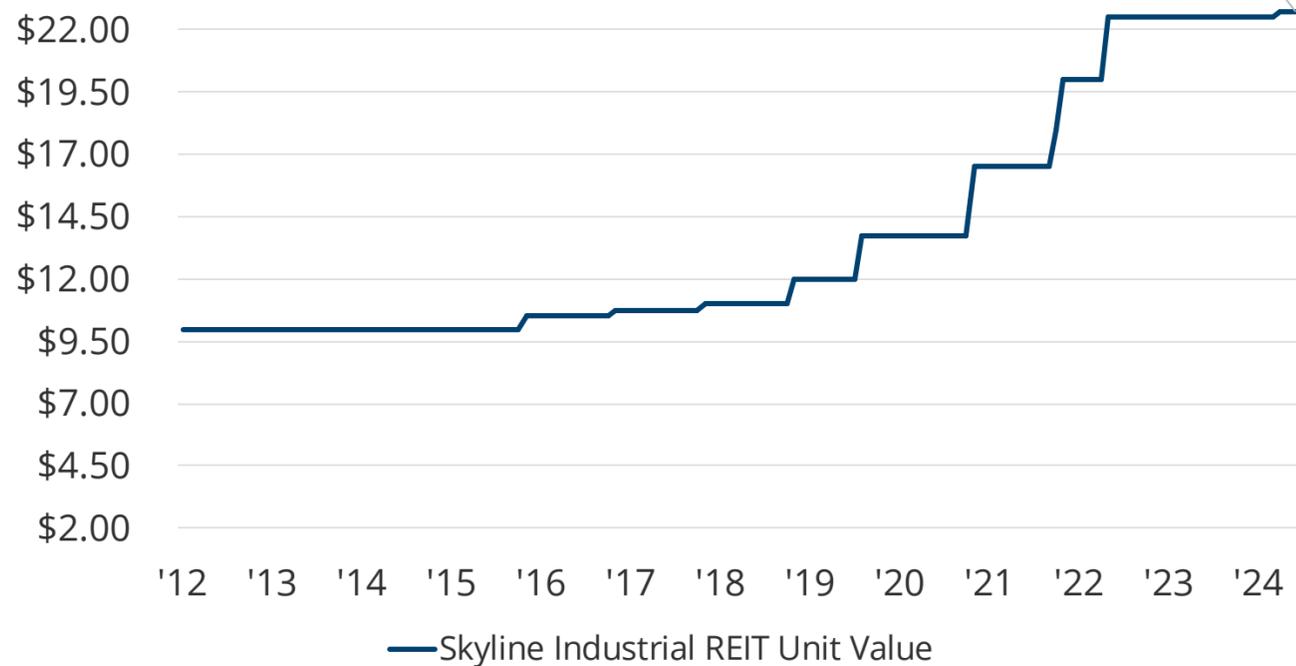
Index Comparison

UNIT VALUE & ANNUAL DISTRIBUTION

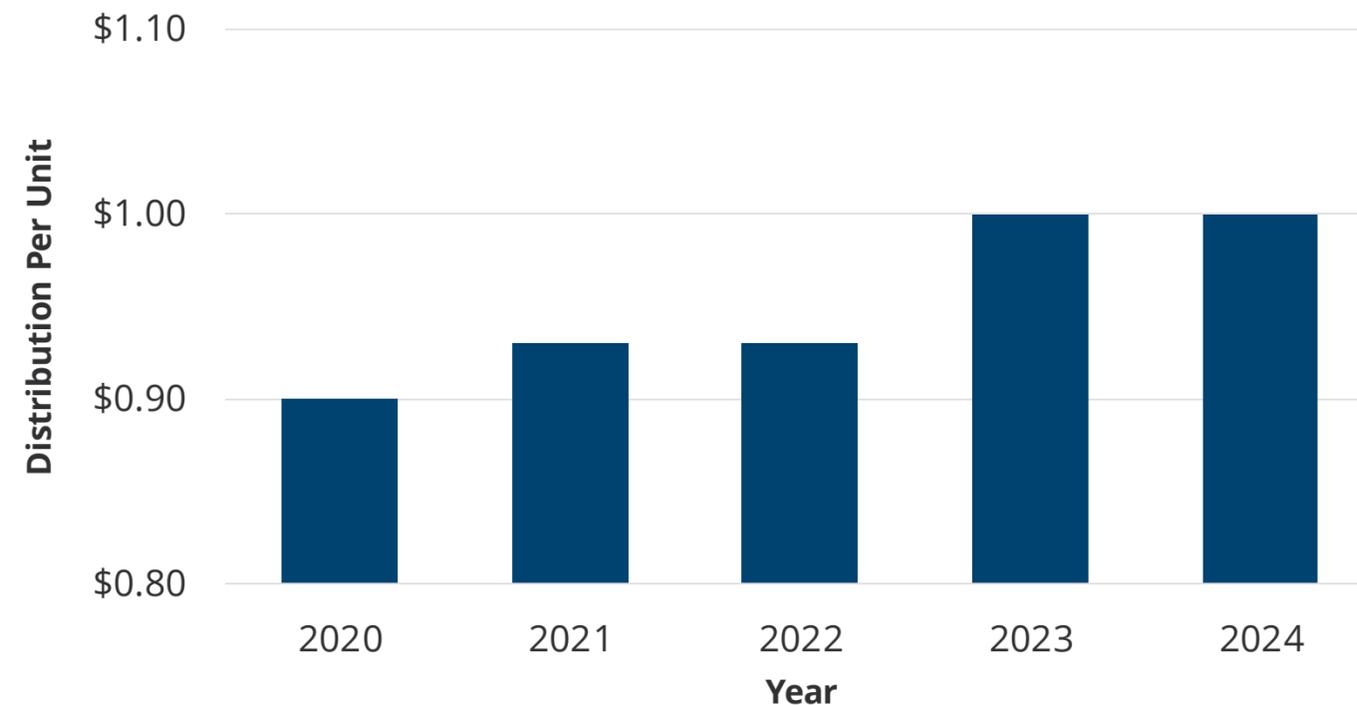


UNIT VALUE INCREASE SINCE INCEPTION

\$22.75



ANNUAL DISTRIBUTION – PAST 5 YEARS



Executives of Skyline Industrial REIT Management

ASSET MANAGEMENT



Mike Bonneveld
President,
Skyline Industrial REIT



Laurie Crocker
General Counsel,
Skyline Group of Companies



Alex LeLiever
National Director of Leasing,
Skyline Industrial REIT



Krish Vadivale
Executive Vice President,
Skyline Group of Companies



Executives of Skyline Industrial REIT Management

PROPERTY MANAGEMENT



James Goguen
Director, Finance,
Skyline Commercial
Management Inc.



Maria Duckett
Vice President,
Skyline Commercial
Management Inc.



Jennifer Patton
Director, Commercial Business
Operations, Skyline Commercial
Management Inc.



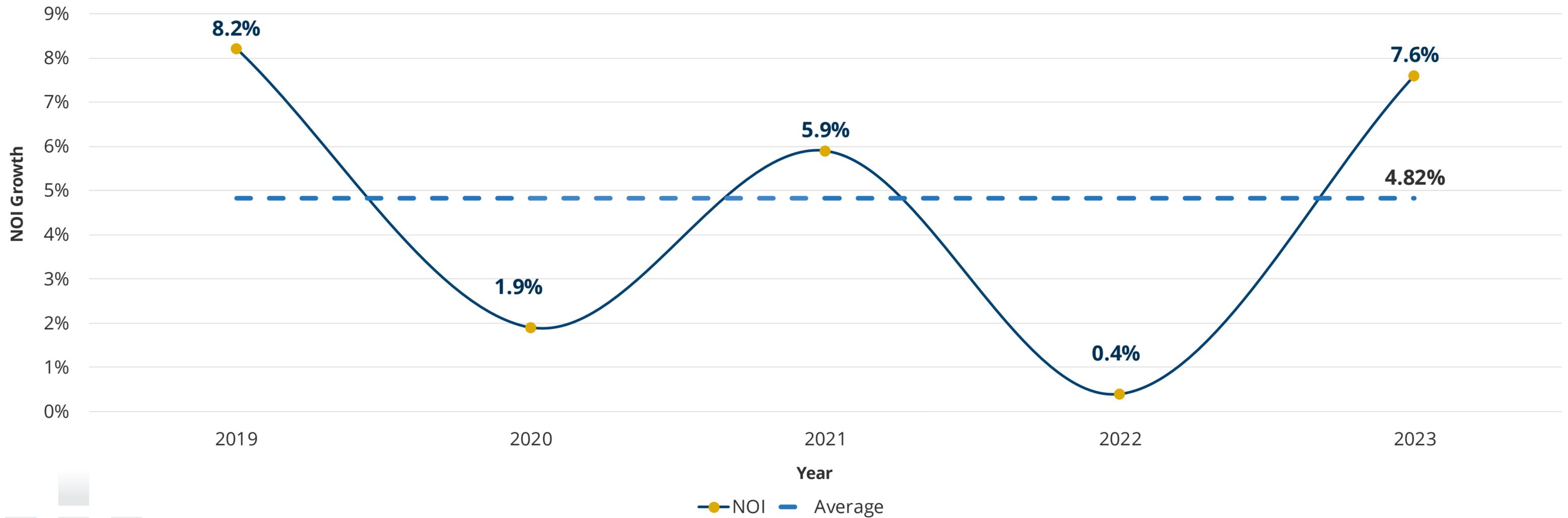
Chelsea Cattrysse
Manager, Commercial Business
Operations, Skyline Commercial
Management Inc.



Increase Pace of Growth Drives Strong Unit Growth



ANNUAL NOI GROWTH



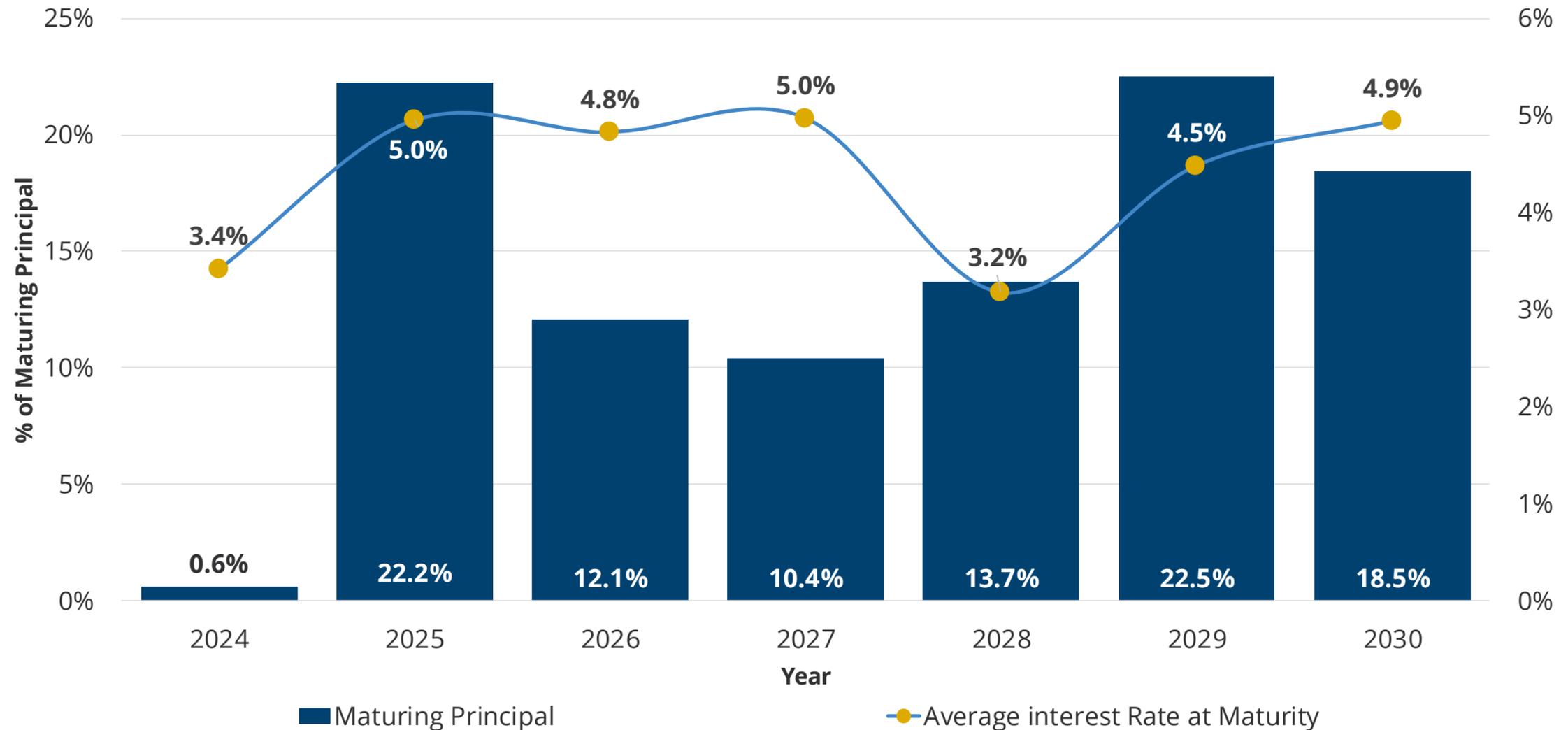
Near-Term Cash Obligations



3.2 years
Portfolio Weighted
Average Remaining
Term to Maturity

4.58%
Portfolio Weighted
Average Interest
of Debt

FUND DEBT EXPOSURE BY MATURITY 2024-2030



Top Ten Tenants

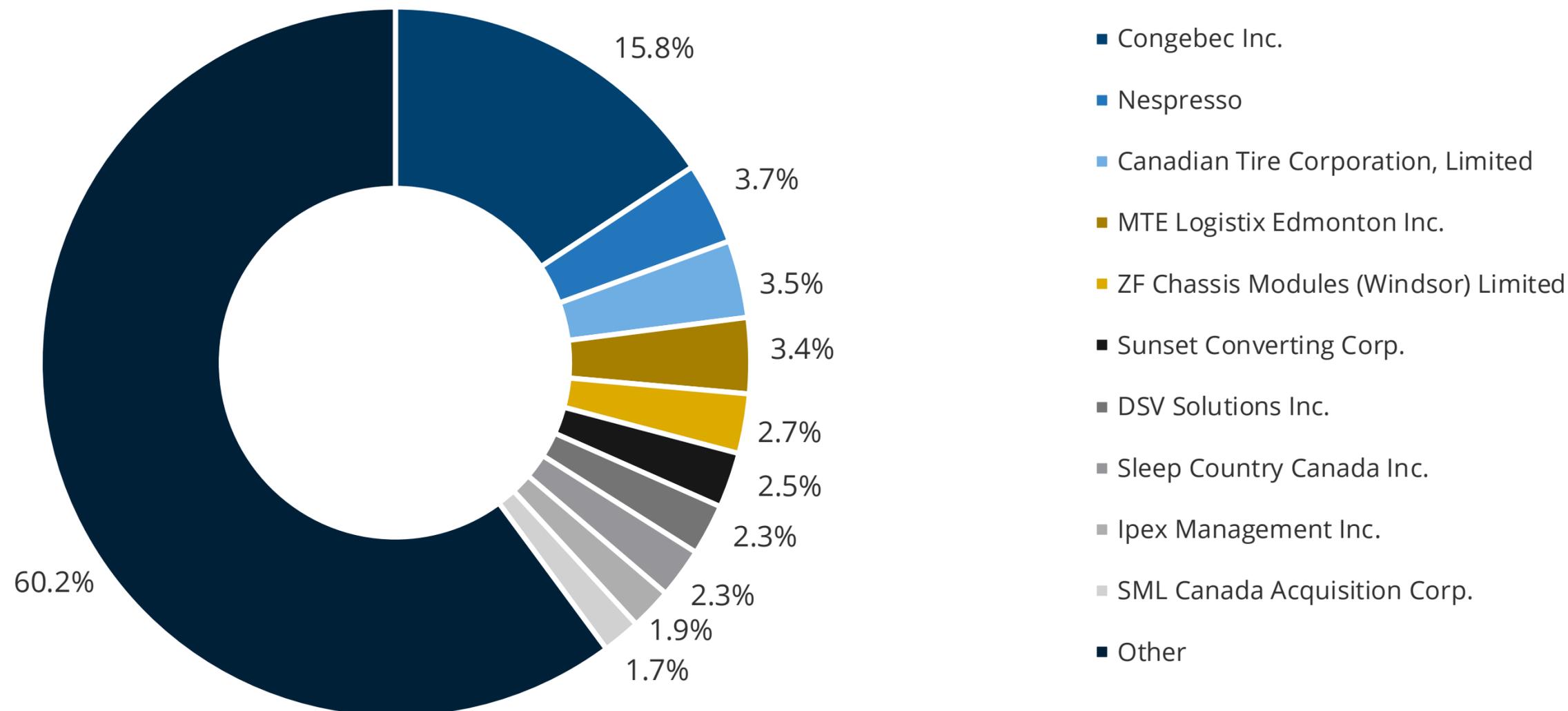


39.8%
Base Rent from Top Ten Tenants

\$9.31
Average Base Rent Per Square Foot

1.2%
Portfolio Wide Vacancy Rate

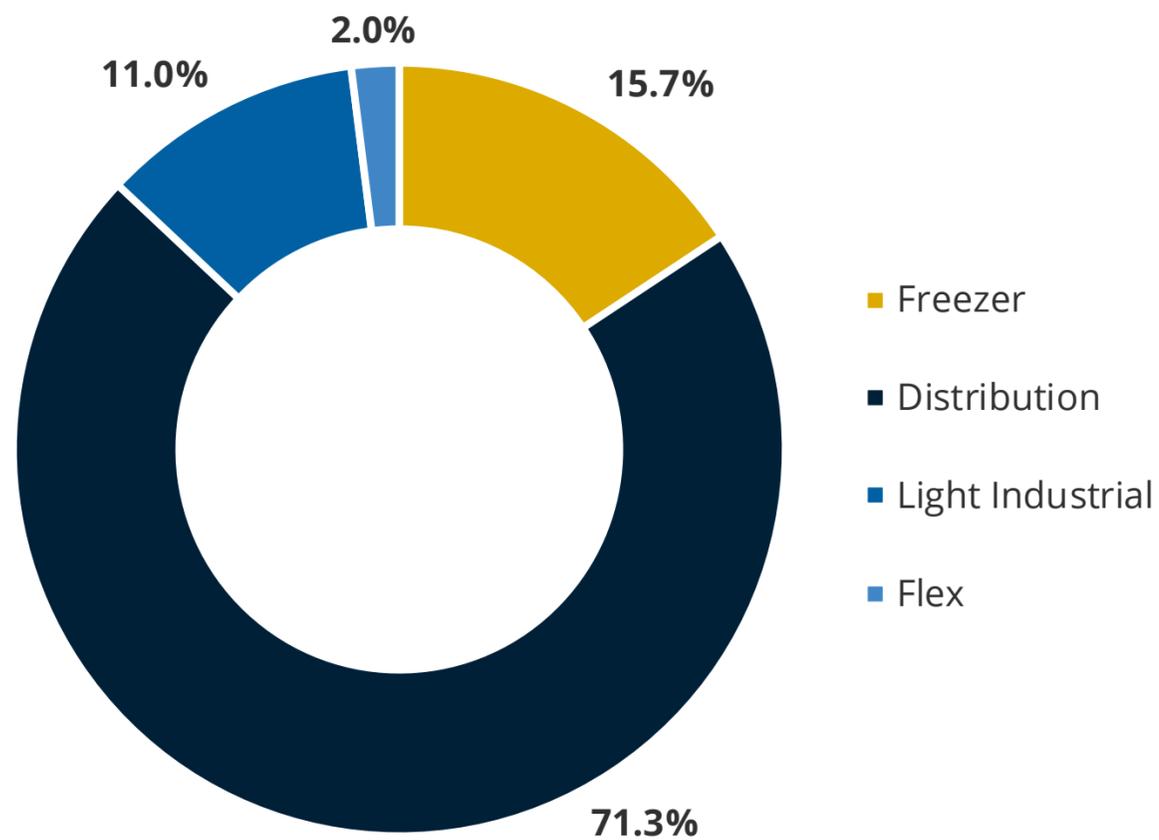
TOP 10 TENANT COMPOSITION % OF BASE RENT



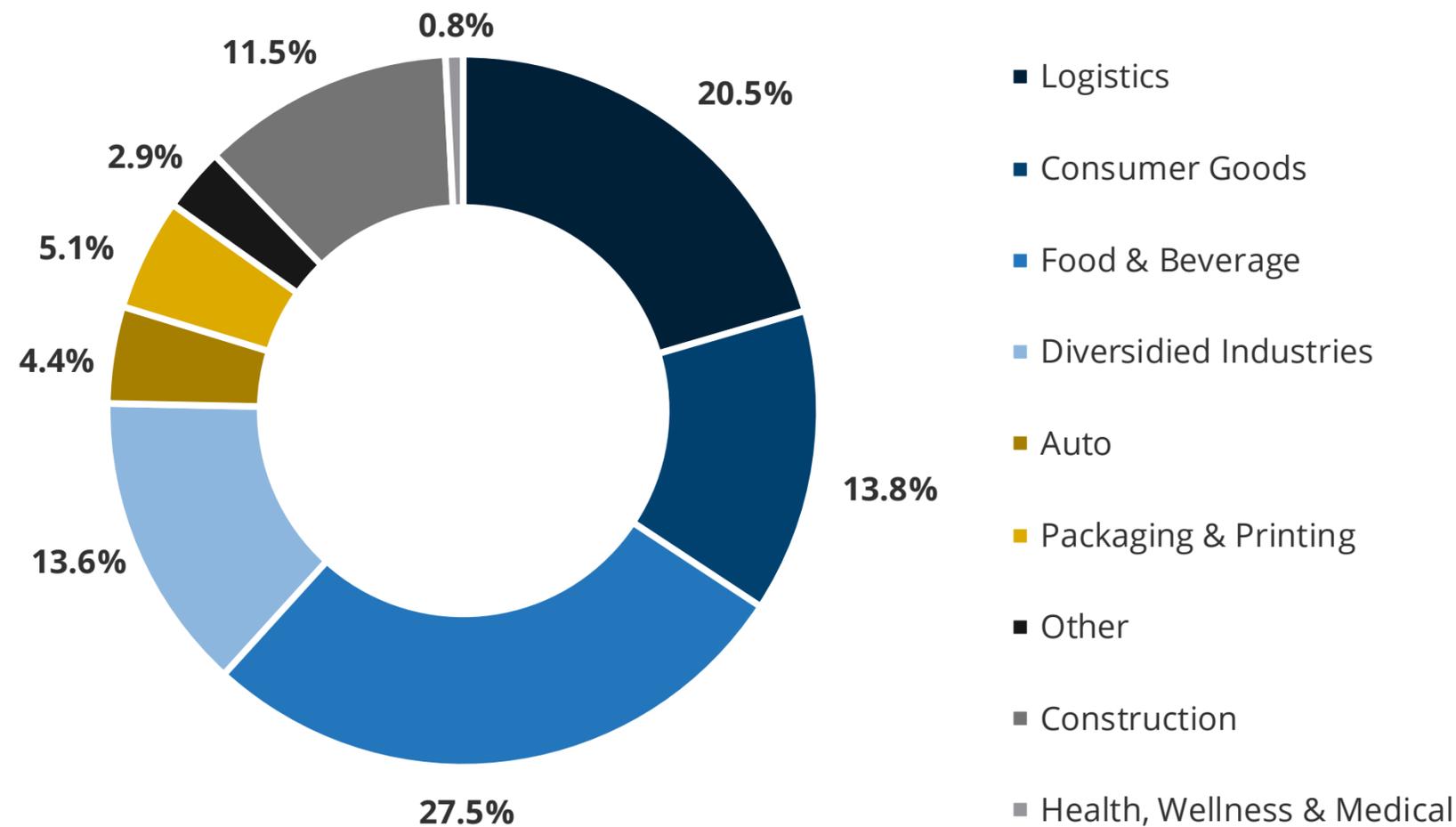
Portfolio Highlights



USE OF SPACE BY BASE RENT



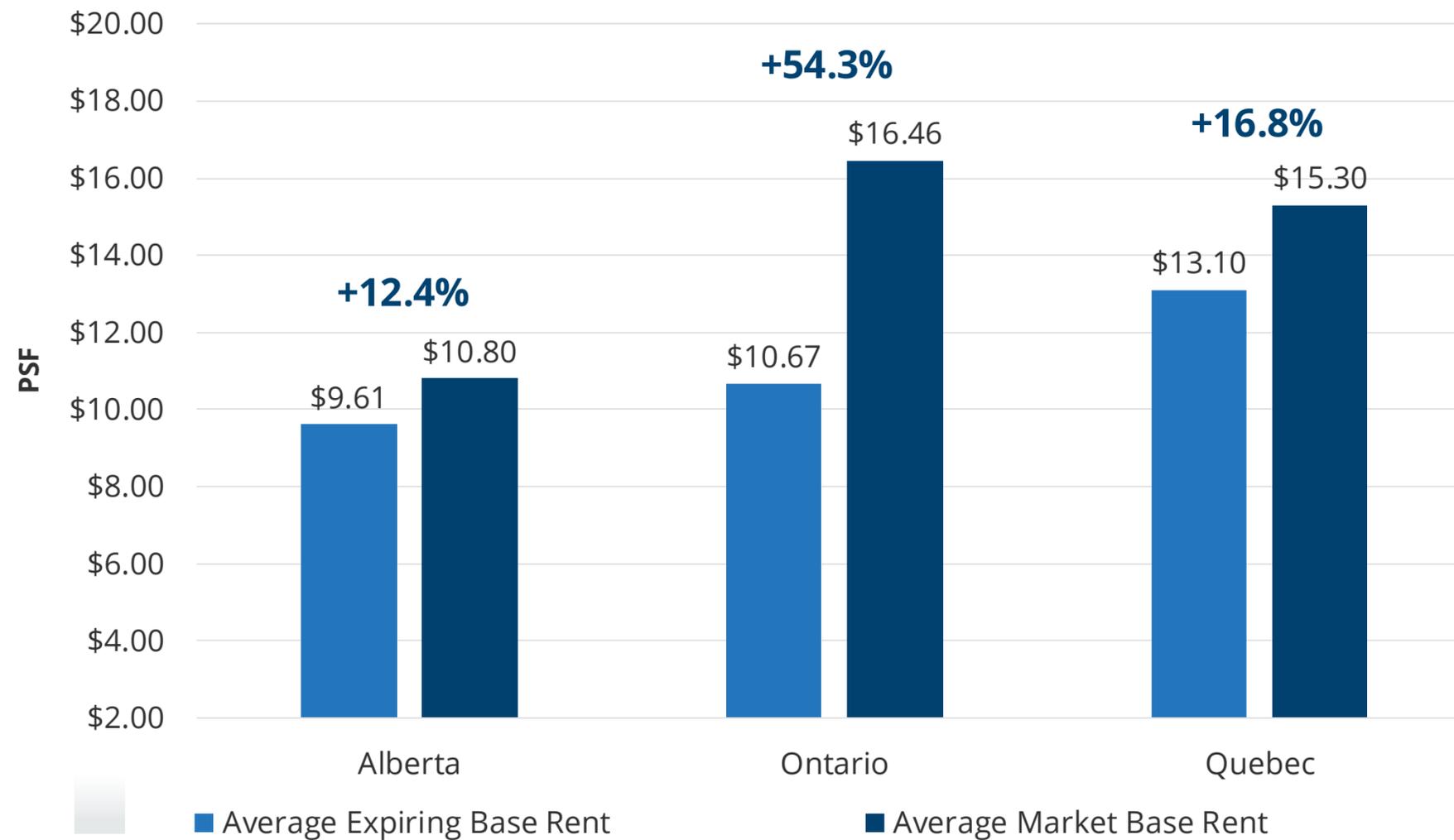
TENANT INDUSTRY EXPOSURE BY BASE RENT



Industrial Market Fundamentals



MARK TO MARKET BASE RENTAL GROWTH POTENTIAL



PRIME DRIVER OF MARKET RENTAL GROWTH

- The Canadian Industrial Market has experienced significant rental growth over the past 12–24 months. As a result, the REIT has experienced **7.6%** growth in NOI (*on retained assets only*) in 2023, leading to an increased bottom line for investors.
- Utilizing CBRE's Q3 2024 industrial market reports, the REIT's average in-place expiring base rent is materially under market led by 56.9% in Ontario, 16.8% in Quebec and 12.4% in Alberta, respectively.
- The weighted average lease term of the existing portfolio is 8.0 years.

With the portfolio, on average, ±20% below-prevailing market rent, there is potentially significant upside as management continues to roll these spaces and tenants to a market level base rental rate.

Significant Growth in Market Rent



LEASING HIGHLIGHTS NEGOTIATED IN 2024 (RETAINED ASSETS ONLY)



417 Advance Boulevard, Lakeshore, ON

66.7% Increase vs. Prior Rent

\$10.00 PSF vs. \$6.00 PSF

Expiry: Dec 2024



55 Fleming Drive, Cambridge, ON

35.1% Increase vs. Prior Rent

\$18.00 PSF vs. \$6.75 PSF

Expiry: May 2025



Rampart Park Building I, Edmonton, AB

23.3% Increase vs. Prior Rent

\$9.25 PSF vs. \$7.50 PSF

Expiry: April 2025



Foothills 3, Calgary, AB

22.2% Increase vs. Prior Rent

\$8.25 PSF vs. \$6.75 PSF

Expiry: June 2024



Foothills 6B, Calgary, AB

33.3% Increase vs. Prior Rent

\$10.00 PSF vs. \$7.50 PSF

Expiry: June 2024

- According to CBRE's industrial market outlooks, between Q3 2022 and Q4 2024, market rents have increased by approximately **7.5%**.
 - By **10.5%** in Ontario;
 - By **3.1%** in Quebec; and
 - By **6.6%** in Alberta.

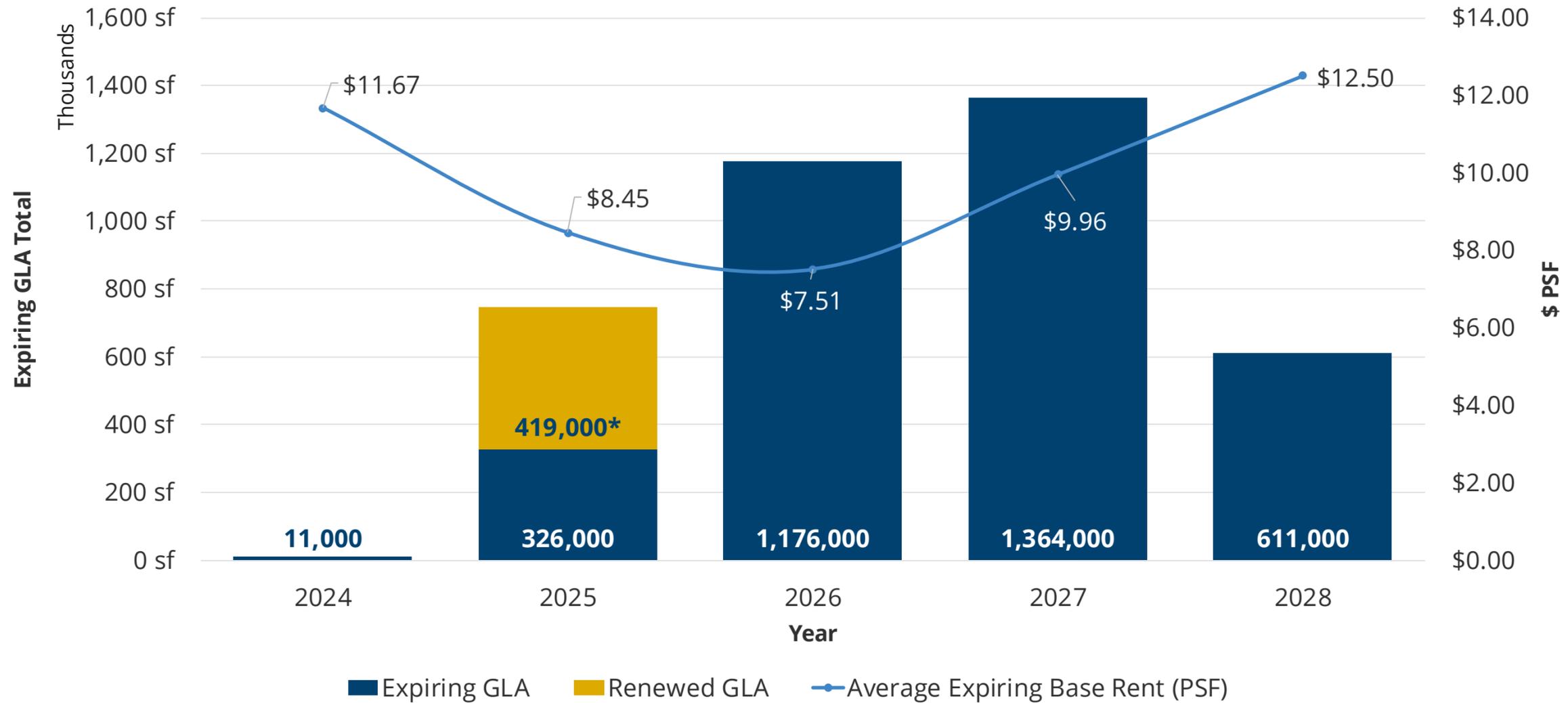
- The average in-place base rent for the REIT as of Q3 2024 was **\$9.31 PSF**, and the estimated delta between in-place base rents and market base rents was **±20%**.

- The REIT has:
 - 11,000 sf (0.1%) of space maturing for the balance of 2024 (**19%** in Ontario and **81%** in Alberta); and
 - 326,000 sf (3.2%) of space maturing in 2025, still to be completed (**12%** in Ontario, **88%** in Alberta).

Lease Expiry Profile



PORTFOLIO WIDE LEASE EXPIRES FROM 2024 TO 2028



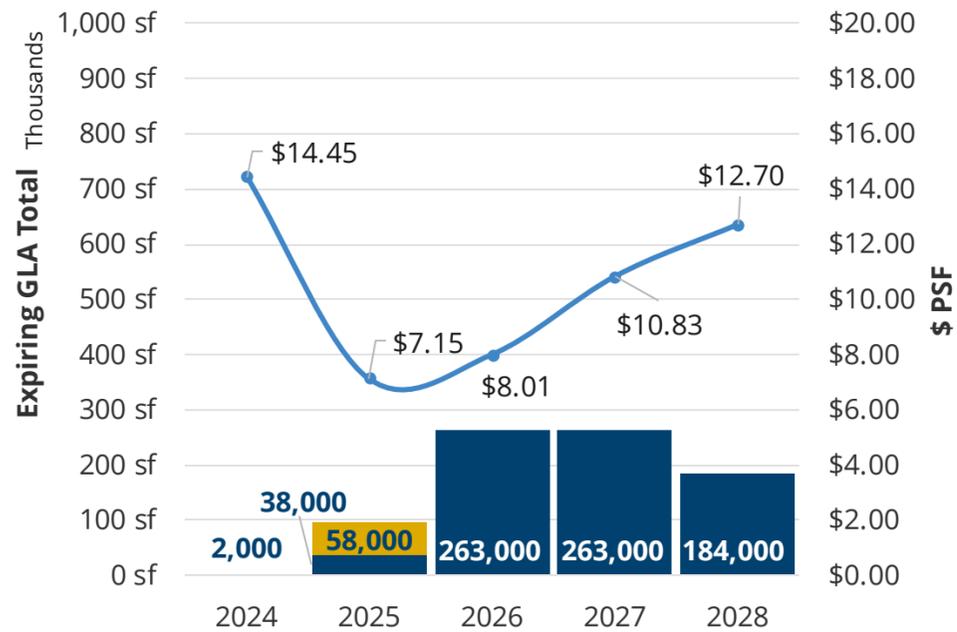
*2025 expiring space, already completed: Average \$8.94 psf (expiring) to \$9.55 psf (new) on average
All numbers are as at September 30, 2024, unless otherwise stated.

Lease Expiry Profile



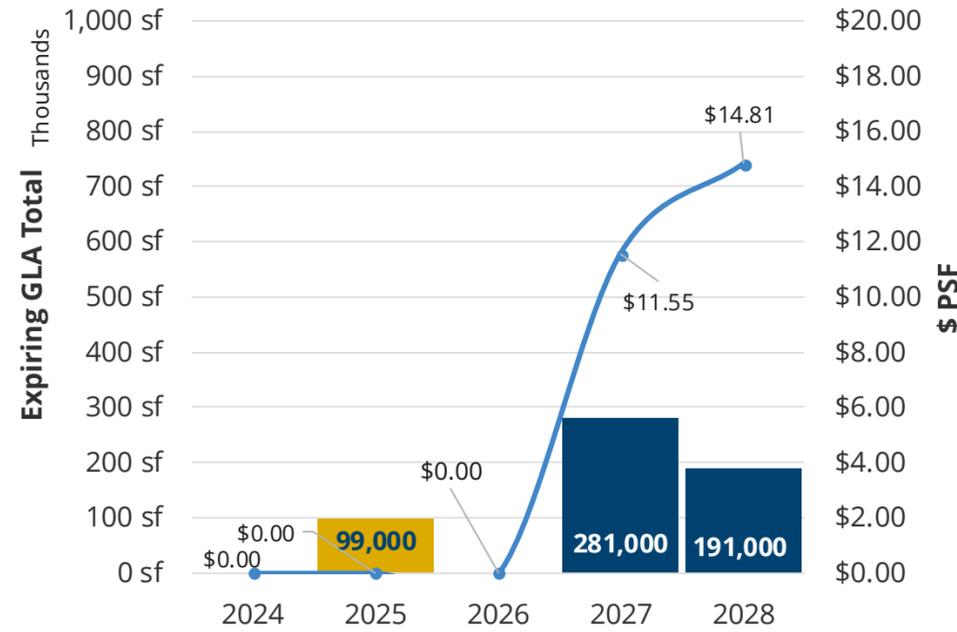
LEASE EXPIRES NEXT 5 YEARS, TOP 3 PROVINCES

ONTARIO



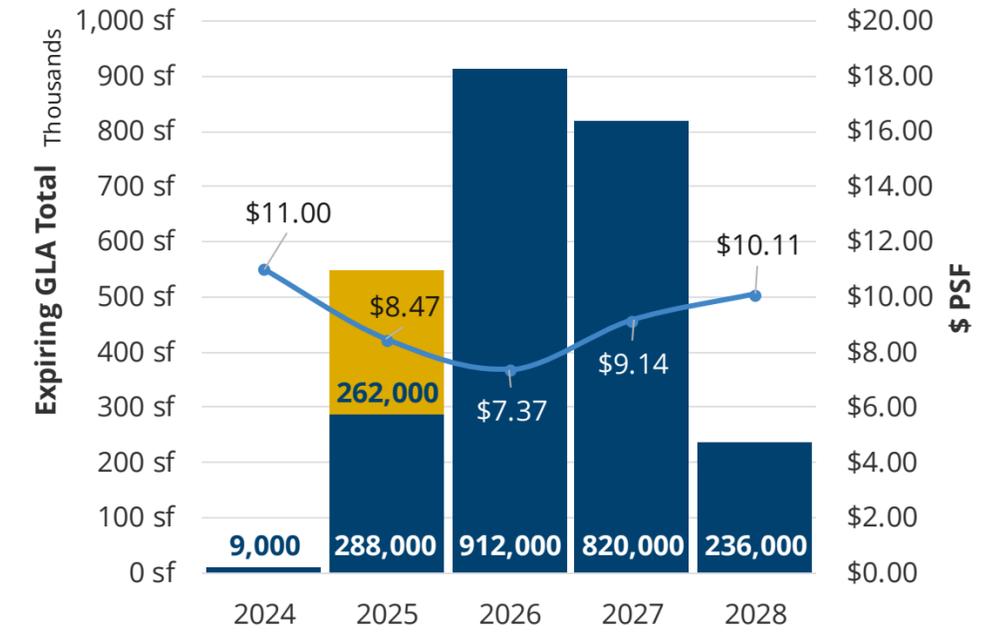
Expiring GLA Renewed GLA Average Expiring Base Rent (PSF)

QUEBEC



Expiring GLA Renewed GLA Average Expiring Base Rent (PSF)

ALBERTA



Expiring GLA Renewed GLA Average Expiring Base Rent (PSF)

The REIT expects to capitalize on the lease maturities over the next 5 years and bring these spaces to a market level base rental rate.



ROSEFELLOW FUNDS

- The REIT has invested in two industrial development funds, focused on the Montreal and Ottawa markets.
- There are seven projects, totaling 2.6M square feet at various stages of development remaining.
- The REIT has a Right of First Refusal on each development project; once completed and stabilized.
- The REIT expects to acquire the unowned interests of at least three projects from the funds in 2025 (approximately 900,000 sf).

INTENSIFICATION OF EXCESS LAND

- Construction completed in September 2024 on the REIT's first wholly-owned development project at the Rampart Business Park complex in Edmonton, AB.
- This completion adds an additional 96,726 sf of Class-A logistics space to the investment portfolio.
- Leasing interest for the building has been positive.
- The REIT owns an additional 25.1 acres of vacant, industrial zoned land in the same park.

JV DEVELOPMENT EXIT

- In Q3 2024 the REIT was approached by two of its development partners to acquire the REIT's ownership interest in the Kirkland project located along the northern elevation of the Trans Canada Highway in Kirkland, QC.
- Through this transaction, the REIT will receive gross proceeds of \$24M and achieve an Internal Rate of Return* of 20.5% over 25 months of invested equity.
- This transaction is scheduled to close in Q4 2024.**

HALIFAX

- Developing a two-building project in the Bayer's Lake node of Halifax, NS.
- Upon completion, this project will bring 400,688 sf of Zero Carbon industrial product to a market lacking modern industrial space.
- The target construction completion date for this project is Q4-2024.

Development Projects CURRENTLY UNDERWAY



125 & 265 Julius Boulevard, Halifax, NS

Estimated GLA Upon Completion: 400,000 sf

Target Completion of Construction: Q4-2024

Ownership Interest Through Development: 85%



Zero Carbon



137 Boulevard Bellerose Ouest, Laval, QC

Estimated GLA Upon Completion: 293,000 sf

Target Completion of Construction: Q4-2024

Ownership Interest Through Development: 49%



Zero Carbon



405 Huntmar Drive, Ottawa, ON

Estimated GLA Upon Completion: 480,000 sf

Target Completion of Construction: Q4-2024

Ownership Interest Through Development: 50%



575 Dealership Drive, Ottawa, ON

Estimated GLA Upon Completion: 320,000 sf

Target Completion of Construction: Q3-2026

Ownership Interest Through Development: 50%

Development Projects

CONSTRUCTION COMPLETED IN Q2 & Q3 2024



450 Rue Paul-Gaugion, Candiac, QC (Candiac 2.0)

Estimated GLA Upon Completion:

126,000 sf

Target Completion of Construction:

May 2024

Ownership Interest Through

Development: 49%



Trans Canada Highway, Kirkland, QC*

Estimated GLA Upon Completion:

588,000 sf

Target Completion of Construction:

July 2024

Ownership Interest Through

Development: 30%*



131 Boulevard Montcalm Nord, Candiac, QC (Candiac 1.0)

Estimated GLA Upon Completion:

491,000 sf

Target Completion of Construction:

August 2024

Ownership Interest Through

Development: 49%



Rue Leon-Malouin, Couteau Du Lac, QC

Estimated GLA Upon Completion:

300,000 sf

Target Completion of Construction:

August 2024

Ownership Interest Through

Development: 49%



15704 142 Street NW, Edmonton, AB (Rampart Park Building III)

Estimated GLA Upon Completion:

96,726 sf

Target Completion of Construction:

September 2024

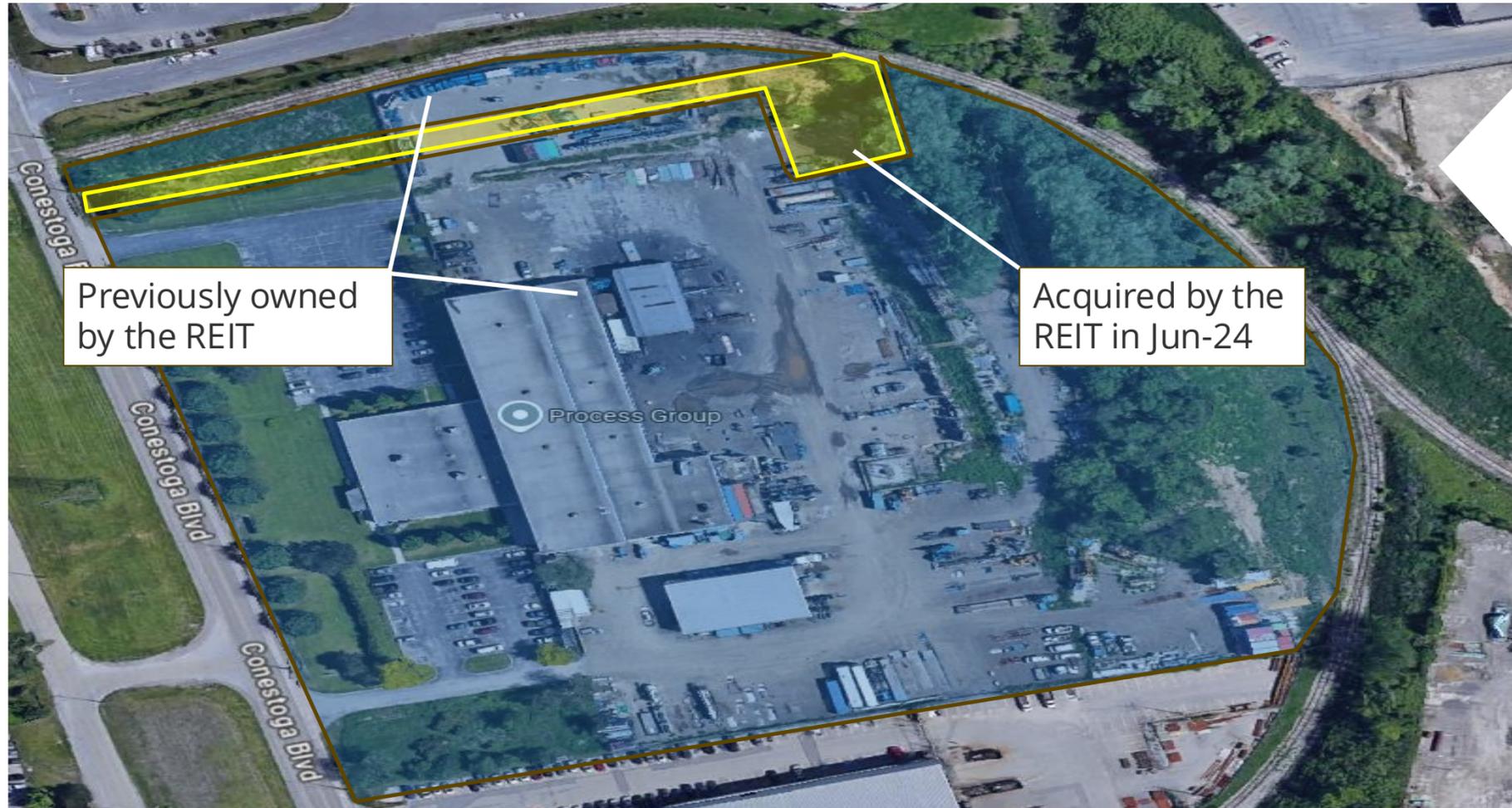
Ownership Interest Through

Development: 100%

*The REIT's investment interest in this project has been sold to two joint venture partners. This transaction closed November 12, 2024.

Completed Transactions in Q2 2024

ACQUISITION



555 Conestoga Boulevard, Cambridge, ON (Land Assembly)

Sale Price: \$50 K (\$122,000 per acre)

Transaction Date: 21-Jun-2024

Site Area: 0.41 Acres

Arms length acquisition of a land parcel deemed surplus by the City of Cambridge. Through this acquisition, the three contiguous land parcels that form part of 555 Conestoga Boulevard are now fully owned by the REIT.

Completed Transactions in Q2 2024

DISPOSITION



549 Conestoga Boulevard, Cambridge, ON

Sale Price: \$20.00 M (\$207 PSF)

Original Acquisition Price: \$7.65 M (\$79 PSF)

Transaction Date: 12-Sep-2024

GLA: 96,495 sf

Wholly Owned Development Project

COMPLETED IN Q3 2024



96,726 SF
GLA

*Completed
September 2024*

15704 142 Street NW (Rampart Building Park 3), Edmonton, AB

In September 2024, the Skyline Industrial REIT received the occupancy permit for the REIT's first development project completed on land 100% owned by the REIT without a development partner. The REIT acquired this land in September 2022 as part of a Western Canada portfolio acquisition. The completion of this building adds **96,726 square foot** to the greater Skyline Rampart Business Park complex. The Asset Manager is already fielding interest from a number of tenants for the building.

Skyline Industrial REIT Sustainability Highlights



ENVIRONMENTAL

- Over **7.3 million sf** of LED lighting upgrades, 73% of the Industrial REIT Portfolio¹
- Incorporated Zero Carbon and LEED into the design and construction of **five** new industrial developments, currently at various stages of construction, resulting in over **1.8 million sf** of new, Zero Carbon industrial space in Quebec and Nova Scotia²
- Over 70 EV chargers** installed at 16 properties³
- Addition of **Environmental Coordinator** to monitor tenants with high-risk operations, as well as develop standard practices and procedures in the event of an environmental emergency

SOCIAL

- Top Growing Company:** Skyline was recognized as one of **Canada's Top Growing Companies for 2024** with a remarkable three-year growth rate of 68%⁴
- Platinum Member** within Canada's Best Managed Companies for the third consecutive year and tenth year as one of Canada's Best Managed Companies⁵
- Paid annual volunteer day** to increase participation and influence positive change in the community
- 3,921 hours** of company-wide training completed, covering topics like Human Rights, Gender Inclusivity, Sustainability, Earth Month, Black History Month, Indigenous Reconciliation Awareness, PRIDE, Unconscious Bias and Anti Racism⁶

GOVERNANCE

- 100%** of properties assessed for climate change risk⁷
- Commitment to the UN SDGs** by critically reflecting where Skyline can have the most impact and creating overarching sustainability goals⁸
- Developed Asbestos Management Plan (AMP) to meet responsibilities as an employer and building owner, to manage operational issues respecting asbestos; Completed Asbestos Assessment Reports (AARs) for over 80% of the REIT's properties⁹
- Partnered with Carbonhound to implement a GHG Protocol certified and SOC2 Type 1 compliant Environmental Management System (EMS) tailored to the unique needs of Skyline's portfolio

Skyline Industrial REIT ESG Objectives



ENVIRONMENTAL

1. Promote energy efficiency and sustainable practices throughout portfolio
2. Collaborate with tenants to pursue sustainability projects including EV charger and solar installations, as well as LED retrofits
3. Develop GHG inventory for operations¹
4. Discuss waste management practices with tenants to find ways to reduce waste generation and divert waste from landfills
5. Continue to develop environmental policies and procedures to ensure timely response to environmental emergencies



GOVERNANCE

1. Communicate and report on the progress of our objectives with stakeholders
2. Incorporate energy management initiatives into capital expenditures
3. Improve policies to help sustainability partners exercise and improve Skyline's sustainability, such as Skyline's Sustainable Procurement Policy
4. Continue to introduce and implement sustainable/ethical policies and SOPs² to guide daily operations in alignment with corporate sustainability commitments



SOCIAL

1. Engage with our tenants, employees, shareholders, and property managers to drive objectives
2. Promote health and wellness in the workplace
3. Encourage employees to volunteer within the community
4. Annual employee engagement feedback survey
5. Enhance Diversity, Equity and Inclusion training for all employees and continue to improve accessibility accommodations according to AODA and equivalent accessibility guidelines³



RESILIENCE

1. Pursue green building certifications
2. Build EV infrastructure and invest in solar energy
3. Invest in and engage tenants on energy management
4. Develop Zero Carbon road maps and incorporate Zero Carbon into design and construction of new buildings
5. Begin to embed Zero Carbon consideration in capital programs and asset planning strategy for existing assets





Mustafa Bukhari

National Team Lead, Wealth Solutions

15+ Years of Experience

Responsible for leading Skyline Wealth Management's team of Relationship Managers, sourcing new business opportunities and expanding its investor base across Canada. Also, leading Skyline Group Capital's Institutional Sales team, growing new market share in the broker/dealer network.

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Christian Langman

Regional Vice President, Capital Raising,
Wealth Management

10+ Years of Experience

Responsible for managing relations with portfolio managers and investment professionals, as well as educating them on the benefits of alternative assets.

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Marie-Hélène Leye

Regional Vice President, Capital Raising,
Wealth Management

15+ Years of Experience

Responsible for managing relations with portfolio managers and investment professionals in Quebec and Atlantic Canada, as well as educating them on the benefits of alternative assets.

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Commissions, trailing commissions, management fees and expenses all may be associated with investments in exempt market products. Please read the confidential offering documents before investing. The indicated rate of return is the annualized return including changes in unit value and reinvestment of all distributions and does not consider sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. There is no active market through which the securities may be sold, and redemption requests may be subject to monthly redemption limits. The payment of distributions is not guaranteed and may fluctuate. The payment of distributions should not be confused with an exempt market product's performance. Distributions paid as a result of capital gains realized by an exempt market product, and income and dividends earned are taxable in your hands in the year they are paid. Your adjusted cost base will be reduced by the amount of any returns of capital. If your adjusted cost base goes below zero, you will have to pay capital gains tax on the amount below zero. Exempt market products are not guaranteed, their values change frequently, and past performance may not be repeated.

Certain statements contained within could be considered forward-looking information within the meaning of applicable securities legislation. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Skyline Industrial REIT's control, which could cause actual results to differ materially from those disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, general and local economic and business conditions, the financial condition of tenants, our ability to refinance maturing debt, rental risks, including those associated with the ability to rent vacant suites, our ability to source and complete accretive acquisitions, and interest rates. The information in this commentary is based on information available to Management as of September 30th, 2024. The Skyline Industrial REIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise. In some instances, forward-looking information can be identified by the use of terms such as "may", "should", "expect", "will", "anticipate", "believe", "intend", "estimate", "predict", "potentially", "starting", "beginning", "begun", "moving", "continue", or other similar expressions concerning matters that are not historical facts. Forward-looking statements in this commentary include, but are not limited to, statements related to acquisitions or dispositions, development activities, future maintenance expenditures, financing and the availability of financing, tenant incentives, and occupancy levels.