



2020

ANNUAL INFORMATION FORM

March 23, 2021

**AUTOMOTIVE PROPERTIES REAL ESTATE INVESTMENT TRUST
2020 ANNUAL INFORMATION FORM**

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1. GLOSSARY

“**2018 Equity Offering**” has the meaning given to that term under “General Development of the Business — Financing”.

“**Acquired Issuer**” has the meaning given to that term under “Investment Guidelines and Operating Policies — Investment Guidelines”.

“**Acquisition ROFO**” has the meaning given to that term under “Arrangements with Dilawri — Strategic Alliance Agreement”.

“**Administration Agreement**” means the administration agreement among the REIT, the Partnership, Dilawri and a Subsidiary of Dilawri dated July 22, 2015 pursuant to which Dilawri provided, or caused to be provided, certain services, which was terminated effective December 31, 2019.

“**Advance Notice Provision**” has the meaning given to that term under “Declaration of Trust and Description of Units — Nomination of Trustees”.

“**Affiliate**” has the meaning given to that term in National Instrument 45-106 — *Prospectus Exemptions*, subject to the term “issuer” in such instrument being ascribed the same meaning as the term “person” in such instrument.

“**AFFO**” is a non-IFRS measure of economic earnings operating performance widely used in the real estate industry to assess an entity’s distribution capacity from earnings. The REIT calculates AFFO in accordance with the Real Property Association of Canada’s *White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS* issued in February 2019. AFFO is calculated as FFO subject to certain adjustments, to remove the impact of: (i) any adjustments resulting from recognizing property rental revenues or expenses (including ground lease rental payments) on a straight-line basis; and (ii) capital expenditures. The REIT includes a capital expenditure reserve of 0.5% of base rent in the AFFO calculation. To date, the REIT has not incurred capital expenditure costs. The capital expenditure reserve is based on management’s best estimate of costs that the REIT may incur, related to the sustaining/maintaining of the existing leased area.

“**AIF**” means this Annual Information Form.

“**BA**” means bankers’ acceptance rate.

“**Board**” means the board of trustees of the REIT.

“**bps**” means basis points.

“**Capital Lease Obligation**” of any person means the obligation of such person, as lessee, to pay rent or other payment amounts under a lease of real or personal property which is required to be classified and accounted for as a finance lease or a liability on a consolidated balance sheet of such person in accordance with IFRS.

“**Cash NOI**” is a non-IFRS measure that means NOI prior to the effects of straight-line adjustments and deducts land lease payments.

“**CBCA**” means the *Canada Business Corporations Act*, as amended.

“**Class A LP Preferred Distribution**” has the meaning given to that term under “The Partnership and Description of Partnership Units — Distributions”.

“**Class A LP Units**” means, collectively, the Class A limited partnership units of the Partnership.

“**Class B LP Units**” means, collectively, the Class B limited partnership units of the Partnership, and “Class B LP Unit” means any one of them.

“**Confidential Information**” has the meaning given to that term under “Risk Factors — Risk Factors Related to the Real Estate Industry and the Business of the REIT — Cyber-Security Risk”.

“**Control**” means the possession by any person, of the ownership, control or direction, directly or indirectly, of 50% or more of the outstanding voting securities of a person, or in the case of a limited partnership, the possession by any person of the ownership, control or direction, directly or indirectly, of 50% or more of the outstanding voting securities of the general partner; and each of “**Controlled by**” or “**Controlling**” has a corresponding meaning.

“**Credit Facilities**” has the meaning given to that term under “General Development of the Business — Credit Facilities and Mortgages”.

“**December 2019 Equity Offering**” has the meaning given to that term under “General Development of the Business — Financing”.

“**Declaration of Trust**” means the amended and restated declaration of trust of the REIT dated as of July 22, 2015, as described under “Declaration of Trust and Description of Units”.

“**Deferred Units**” has the meaning given to that term under “General Development of the Business — Internalization of Management”.

“**Demand Distribution**” has the meaning given to that term under “Retained Interest — Exchange Agreement”.

“**Demand Registration Right**” has the meaning given to that term under “Retained Interest — Exchange Agreement”.

“**Dilawri**” means 893353 Alberta Inc., an entity formed pursuant to the *Business Corporations Act* (Alberta) on September 20, 2000.

“**Dilawri Group**” means Dilawri and its Affiliates, other than any shareholder of Dilawri or any other person that Controls Dilawri.

“**Dilawri Information**” has the meaning given to that term under “Forward-Looking Statements”.

“**Dilawri Leases**” and “**Dilawri Lease**” have the meanings given to them under “Description of the Business — The Dilawri Leases”.

“**Dilawri Organization**” means, collectively, (i) Dilawri, any person Controlled by Dilawri or under common Control with Dilawri or any other member of the Dilawri Organization; (ii) any persons who are beneficiaries of a discretionary trust that Controlled Dilawri on the IPO Closing Date or any of such beneficiaries’ respective spouses, sons, daughters, sons-in-law, daughters-in-law, parents and siblings, or their respective spouses, sons, daughters, sons-in-law and daughters-in-law; and (iii) any trust, the majority of the trustees or beneficiaries of which are any one or more members of the Dilawri Organization and/or any person Controlled by any one or more members of the Dilawri Organization.

“**Dilawri Properties**” has the meaning given to that term under “Description of the Business — The Dilawri Leases”.

“**Dilawri Tenant**” has the meaning given to that term under “Description of the Business — The Dilawri Leases”.

“**Distribution Date**” means, in respect of a calendar month, on or about the 15th day of the following calendar month or such other date as the Trustees so determine in their discretion.

“**DRIP**” means a distribution reinvestment plan of the REIT, if any.

“**Equity Incentive Plan**” means the amended and restated equity incentive plan of the REIT approved by the Voting Unitholders on June 12, 2019 as amended and restated on December 31, 2019 as described in the REIT’s management information circular dated May 14, 2020 which is available on SEDAR, as further amended or amended and restated from time to time.

“**Exchange Agreement**” means the exchange agreement dated July 22, 2015 pursuant to which the holders of Class B LP Units are granted, among other things, the right to require the REIT to exchange each Class B LP Unit held thereby for one Unit (subject to certain anti-dilution adjustments) as described under “Retained Interest — Exchange Agreement”.

“**Exempt Plans**” means trusts governed by “registered retirement savings plans”, “registered retirement income funds”, “registered disability savings plans”, “deferred profit sharing plans”, “tax-free savings accounts” and “registered education savings plans”, each within the meaning of the Tax Act.

“**FFO**” is a non-IFRS measure of operating performance widely used by the real estate industry, particularly by those publicly traded entities that own and operate income-producing properties. FFO should not be considered as an alternative to net income or cash flows provided by operating activities determined in accordance with IFRS. The REIT calculates FFO in accordance with the Real Property Association of Canada’s *White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS* issued in February 2019. FFO is calculated as net income in accordance with IFRS, adjusted by removing the impact of: (i) fair value adjustments on investment properties; (ii) other fair value adjustments including fair value adjustments on redeemable or exchangeable units; (iii) gains and losses on the sale of investment properties; (iv) amortization of tenant incentives; (v) distributions on redeemable or exchangeable units treated as interest expense; and (vi) operational revenue and expenses from the right-of-use assets.

“**GBV**” means, at any time, the greater of: (A) the book value of the assets of the REIT and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, less the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT; and (B) the historical cost of the investment properties, plus (i) the carrying value of cash and cash equivalents, (ii) the carrying value of mortgages receivable, and (iii) the historical cost of other assets and investments used in operations.

“**General Partner**” has the meaning given to that term under “The Partnership and Description of Partnership Units — General”.

“**GLA**” means gross leasable area.

“**GMA**” means the greater Montreal area.

“**GP Interest**” has the meaning given to that term under “The Partnership and Description of Partnership Units — Partnership Units”.

“**GP Unit**” means a unit representing the GP Interest in the Partnership.

“**GTA**” means the greater Toronto area.

“**GVA**” means the greater Vancouver area.

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by CPA Canada in Part I of the CPA Canada Handbook — Accounting, as amended from time to time.

“**Indebtedness**” of any person means (without duplication): (i) any obligation of such person for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under IFRS), (ii) any obligation of such person incurred in connection with the acquisition of property, assets or businesses, (iii) any obligation of such person issued or assumed as the deferred purchase price of property, (iv) any Capital Lease Obligation of such person, and (v) any obligations of the type referred to in clauses (i) through (iv) of another person, the payment of which such person has guaranteed or for which such person is responsible or liable; provided that, (A) for the purpose of clauses (i) through (v) (except in respect of convertible debt, as described above), an obligation will constitute Indebtedness of such person only to the extent that it would appear as a liability on the consolidated balance sheet of such person in accordance with IFRS, (B) obligations referred to in clauses (i) through (iii) exclude trade accounts payable, distributions payable to Unitholders or holders of other securities excluded from the definition of Indebtedness pursuant to clause (C) below, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith, deferred revenues, intangible liabilities, deferred income taxes, deferred financing costs, tenant deposits and indebtedness with respect to the unpaid balance of installment receipts where such indebtedness has a term not in excess of 12 months, and (C) Units, Class A LP Units, Class B LP Units, exchangeable securities and other equity securities that constitute debt under IFRS do not constitute Indebtedness.

“**Independent Trustee**” means a Trustee who is “independent” pursuant to National Instrument 58-101 — *Disclosure of Corporate Governance Practices*.

“**Initial Properties**” means the portfolio of 26 commercial properties located in Ontario, Saskatchewan, Alberta and British Columbia totaling approximately 958,000 square feet of GLA that the REIT indirectly acquired through the Partnership in conjunction with closing of the IPO, and “**Initial Property**” means any one of them.

“**IPO**” has the meaning given to that term under “General Development of the Business — Initial Public Offering and Acquisition of the Initial Properties”.

“**IPO Acquisition**” means the acquisition by the REIT of the Initial Properties.

“**IPO Closing Date**” means July 22, 2015.

“**IPO Prospectus**” means the prospectus dated July 10, 2015 relating to the IPO.

“**Issued Securities**” has the meaning given to that term under “Retained Interest — Exchange Agreement”, and “**Issued Security**” means any one of them.

“**June 2019 Equity Offering**” has the meaning given to that term under “General Development of the Business — Financing”.

“**KW**” means Kitchener-Waterloo.

“**Lead Independent Trustee**” refers to the Independent Trustee who is responsible for ensuring the appropriate leadership for the Independent Trustees, as further described under “Trustees and Management of the REIT”.

“**Limited Partners**” and “**Limited Partner**” have the meanings given to them under “The Partnership and Description of Partnership Units — General”.

“**Limited Partnership Agreement**” means the amended and restated limited partnership agreement governing the Partnership dated July 22, 2015.

“**Loan Facility 1**” has the meaning given to that term under “General Development of the Business — Credit Facilities and Mortgages”.

“**Loan Facility 2**” has the meaning given to that term under “General Development of the Business — Credit Facilities and Mortgages”.

“**Loan Facility 3**” has the meaning given to that term under “General Development of the Business — Credit Facilities and Mortgages”.

“**LRE**” has the meaning given to that term under “Risk Factors — Risk Factors Related to the Structure of the REIT — Tax-Related Risk Factors”.

“**Management General Partner**” means Automotive Properties Management GP Inc., a corporation formed under the laws of the Province of Ontario.

“**Management Partnership**” means Automotive Properties Management Limited Partnership, a limited partnership formed under the laws of the Province of Ontario.

“**MI 61-101**” means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*.

“**Monthly Limit**” means the monthly limit on the total amount payable in cash by the REIT in respect of Units tendered for redemption in a calendar month as described under “Declaration of Trust and Description of Units — Redemption Right”.

“**Mortgages**” has the meaning given to that term under “General Development of the Business — Credit Facilities and Mortgages”.

“**NOI**” is a non-IFRS measure that means rental revenue from properties less property operating expenses as presented in the statement of income prepared in accordance with IFRS. Accordingly, NOI excludes certain expenses included in the determination of net income such as interest, general and administrative expenses, fair value adjustments and amortization.

“**Nominating Unitholder**” has the meaning given to that term under “Declaration of Trust and Description of Units — Nomination of Trustees”.

“**Non-Residents**” means (i) “non-residents” of Canada, (ii) partnerships that are not “Canadian partnerships”, or (iii) a combination of “non-residents” and such partnerships (all within the meaning of the Tax Act).

“**Notice Date**” has the meaning given to that term under “Declaration of Trust and Description of Units — Nomination of Trustees”.

“**OEM**” means original equipment manufacturer.

“**Partnership**” means Automotive Properties Limited Partnership, a limited partnership formed under the *Limited Partnerships Act* (Ontario).

“**Piggy-Back Distribution**” has the meaning given to that term under “Retained Interest — Exchange Agreement”.

“**Piggy-Back Registration Right**” has the meaning given to that term under “Retained Interest — Exchange Agreement”.

“**Prime**” means the Canadian prime rate.

“**Properties**” has the meaning given to that term under “Description of the Business — Overview”.

“**Redemption Date**” has the meaning given to that term under “Declaration of Trust and Description of Units — Redemption Right”.

“**Redemption Price**” has the meaning given to that term under “Declaration of Trust and Description of Units — Redemption Right”.

“**Reimbursement Distribution Amount**” has the meaning given to that term under “The Partnership and Description of Partnership Units — Distributions”.

“**REIT**” means Automotive Properties Real Estate Investment Trust and its Subsidiaries, including the Partnership, on a consolidated basis, unless the context requires otherwise.

“**REIT Exception**” means the exclusion from the definition of “SIFT trust” in the Tax Act for a trust qualifying as a “real estate investment trust” under the Tax Act.

“**REIT-Suitable Property**” means any income-producing property in Canada or the United States which the REIT would be permitted to acquire or invest in within the terms set out in the “Investment Guidelines and Operating Policies” of the REIT’s Declaration of Trust and which property is ready for use on a long-term basis, or is being used on a long-term basis, primarily as an automotive dealership or automotive repair facility, or, in the case of a disposition of an income-producing property by a member of the Dilawri Group to which the Sale ROFO applies, is being “sold” for use on a long-term basis, primarily as an automotive dealership or automotive repair facility.

“**Related Party**” means, with respect to any person, a person who is a “related party” as that term is defined in MI 61-101, as amended from time to time.

“**Related Party Transaction Policy**” has the meaning given to that term under “Declaration of Trust and Description of Units — Conflicts of Interest”.

“**Report Package**” has the meaning given to that term under “Description of the Business — The Dilawri Leases”.

“**Sale ROFO**” has the meaning given to that term under “Arrangements with Dilawri — Strategic Alliance Agreement”.

“**Same Property Cash NOI**” is a non-IFRS measure which reports the period-over-period performance of the same asset base having consistent GLA during both periods of Cash NOI.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval at www.sedar.com.

“**SIFT Rules**” means the rules in the Tax Act applicable to “SIFT trusts” and “SIFT partnerships” (each within the meaning of the Tax Act).

“**Special Voting Units**” means, collectively, special voting units of the REIT, and “**Special Voting Unit**” means any one of them.

“**Strategic Alliance Agreement**” means the strategic alliance agreement between the REIT and Dilawri dated July 22, 2015, as described under “Arrangements with Dilawri — Strategic Alliance Agreement”.

“**Subsidiary**” has the meaning given to that term in National Instrument 45-106 — *Prospectus Exemptions*, subject to the term “issuer” in such instrument being ascribed the same meaning as the term “person” in such instrument, and, for greater certainty, includes the Partnership.

“**Subsidiary Notes**” means promissory notes of the Partnership, a trust all of the units of which, or a corporation all of the shares of which, are owned directly or indirectly by the REIT or another entity that would be consolidated with the REIT under IFRS, having a maturity date and interest rate determined by the Trustees at the time of issuance.

“**Substantial Completion**” means, in respect of any development, redevelopment, refurbishment or repositioning project, the completion of such project so that it is ready for use or is being used for the purposes intended, including receipt of necessary certificates of occupancy, but subject to the completion of “punch list” items, and in respect of which the tenant is in occupancy and paying rent.

“**Tangible Net Worth**” means the aggregate of stated capital and retained earnings, less goodwill, incorporation and prepaid expenses, deferred costs and other assets normally regarded as intangible under generally accepted accounting principles in Canada.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tenant Change of Control**” means the acquisition (directly or indirectly) of the Control of a Dilawri Tenant by any person other than any one or more members of the Dilawri Organization, the REIT or any Affiliate of the REIT, provided that a Tenant Change of Control will be deemed not to occur if such Tenant Change of Control results from a change in the ownership, control or direction of publicly held or traded securities.

“**Termination Notice**” has the meaning given to that term under “Description of the Business — The Dilawri Leases”.

“**Third Party Tenant Portfolio**” means those portions of the Initial Properties acquired by the REIT on closing of the IPO which were, at the time, leased by third party tenants and which are currently leased to the applicable member of the Dilawri Group and subleased by the applicable member of the Dilawri Group to such third party tenants.

“**Transferors**” means, collectively, Dilawri, any member of the Dilawri Group and other entities the interests in which are jointly owned by Dilawri and a third party that, prior to closing of the IPO, directly or indirectly owned the leasehold and freehold interests, as applicable, in the Initial Properties and which are parties to the agreement dated July 22, 2015 pursuant to which the REIT acquired the Initial Properties, and “**Transferor**” means any one of them.

“**Trustees**” means the trustees from time to time of the REIT, and “**Trustee**” means any one of them.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” means the United States as such term is defined in Regulation S under the U.S. Securities Act.

“**Unitholders**” means holders of Units, and “**Unitholder**” means any one of them.

“**Units**” means trust units in the capital of the REIT, other than Special Voting Units, and “**Unit**” means any one of them.

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

“**Vacant Premises**” has the meaning given to that term under “Description of the Business — The Dilawri Leases”.

“**Voting Trust Agreement**” has the meaning given to that term under “Retained Interest — General”.

“**Voting Unitholders**” means, collectively, holders of Voting Units, and “**Voting Unitholder**” means any one of them.

“**Voting Units**” means, collectively, the Units and the Special Voting Units, and “**Voting Unit**” means any one of them.

2. FORWARD-LOOKING STATEMENTS

Certain statements contained in this AIF constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to the REIT’s future outlook and anticipated events or results and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving the REIT. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the REIT or the real estate or automotive dealership industry are forward-looking statements. In some cases, forward-looking information can be identified by terms such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue”, “likely”, “schedule”, “objectives”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward-looking statements in this AIF include, but are not limited to, statements with respect to the following:

- the impact of the COVID-19 pandemic on the REIT and its investment properties, and its tenants, including with respect to payment of rents and deferrals thereof;
- the impact of government COVID-19 relief programs on the REIT and its tenants;
- the REIT’s relationship with the Dilawri Organization, including in respect of (i) the Dilawri Organization’s retained interest in the REIT and its current intention with respect thereto; and (ii) expected transactions to be entered into between Dilawri and the REIT (including pursuant to the Strategic Alliance Agreement);
- the REIT’s intention with respect to, and ability to execute, its external and internal growth strategies;
- the maintenance by the REIT of a strong balance sheet and prudent financial management and associated minimization of financial risk;
- the REIT representing a unique alternative for automotive dealership operators considering a sale or recapitalization of their business;

- the REIT’s capital expenditure requirements and capital expenditures to be made by the REIT and the Dilawri Group;
- the REIT’s distribution policy and the distributions to be paid to Unitholders;
- the distributions to be paid to holders of Partnership units;
- the REIT’s debt strategy;
- the REIT’s access to available sources of debt and/or equity financing;
- the expected tax treatment of the REIT and its distributions to Unitholders;
- the REIT’s ability to meet its stated objectives;
- the REIT’s ability to expand its asset base and make accretive acquisitions;
- the ability of the REIT to qualify as a “mutual fund trust”, as defined in the Tax Act, and as a “real estate investment trust”, as defined in the SIFT Rules; and
- the REIT’s ability to consolidate automotive dealership properties.

The REIT has based these forward-looking statements on factors and assumptions about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs, including that inflation will remain relatively low, that interest rates will remain stable or at lower levels for the near term, that tax laws remain unchanged, that conditions within the automotive dealership real estate industry and the automotive dealership industry generally, including competition for acquisitions, will be consistent with the current climate, that the Canadian capital markets will provide the REIT with access to equity and/or debt at reasonable rates when required and that the Dilawri Organization will continue its involvement with the REIT.

Although the forward-looking statements contained in this AIF are based upon assumptions that management believes are reasonable based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the REIT’s control, that may cause the REIT’s or the industry’s actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the factors contained in the REIT’s filings with securities regulators, including the factors discussed under “Risk Factors” in this AIF.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not, and at which times, such performance or results will be achieved. The forward-looking statements made in this AIF relate only to events or information as of the date on which the statements are made in this AIF. Except as required by law, the REIT undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The information in this AIF is current to December 31, 2020, unless otherwise noted. All amounts are in Canadian dollars.

3. MARKET AND INDUSTRY DATA

This AIF includes market and industry data that were obtained from third party sources, including industry publications and publicly available information, as well as industry data prepared by management on the basis of its knowledge of the automotive dealership industry in which the REIT operates (including management's estimates and assumptions relating to that industry based on that knowledge). Management's knowledge of the automotive dealership industry in Canada has been developed through its experience and participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third party sources, which include Statistics Canada, public company disclosure, and other publicly available information, generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes this information to be reliable, the REIT has not independently verified any of the data from third party sources referred to in this AIF, ascertained the underlying economic assumptions relied upon by such sources, or analyzed or verified the underlying studies or surveys relied upon or referred to by third party sources.

All information regarding Dilawri contained in this AIF (the "**Dilawri Information**") has been provided by, and is solely the responsibility of, Dilawri and not of the REIT, the REIT's management nor the Trustees. Although the REIT has no reason to believe that the Dilawri Information contains a misrepresentation, Dilawri is a private company that is independent of, and operates entirely independently from, the REIT and, consequently, neither the REIT, its management nor its Trustees (in their capacities as such) have been involved in the preparation of the Dilawri Information, nor has the REIT approved such information. Readers are cautioned, therefore, not to place undue reliance on the Dilawri Information.

4. LEGAL STRUCTURE OF THE REIT

Name and Establishment

The REIT is an internally managed, unincorporated, open-ended real estate investment trust existing pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. The principal, registered and head office of the REIT is located at 133 King Street East, Suite 300, Toronto, Ontario, M5C 1G6. The REIT was formed on June 1, 2015 to own primarily income-producing automotive dealership properties located in Canada.

The REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor does it intend to carry on the business of a trust company.

Organizational Structure

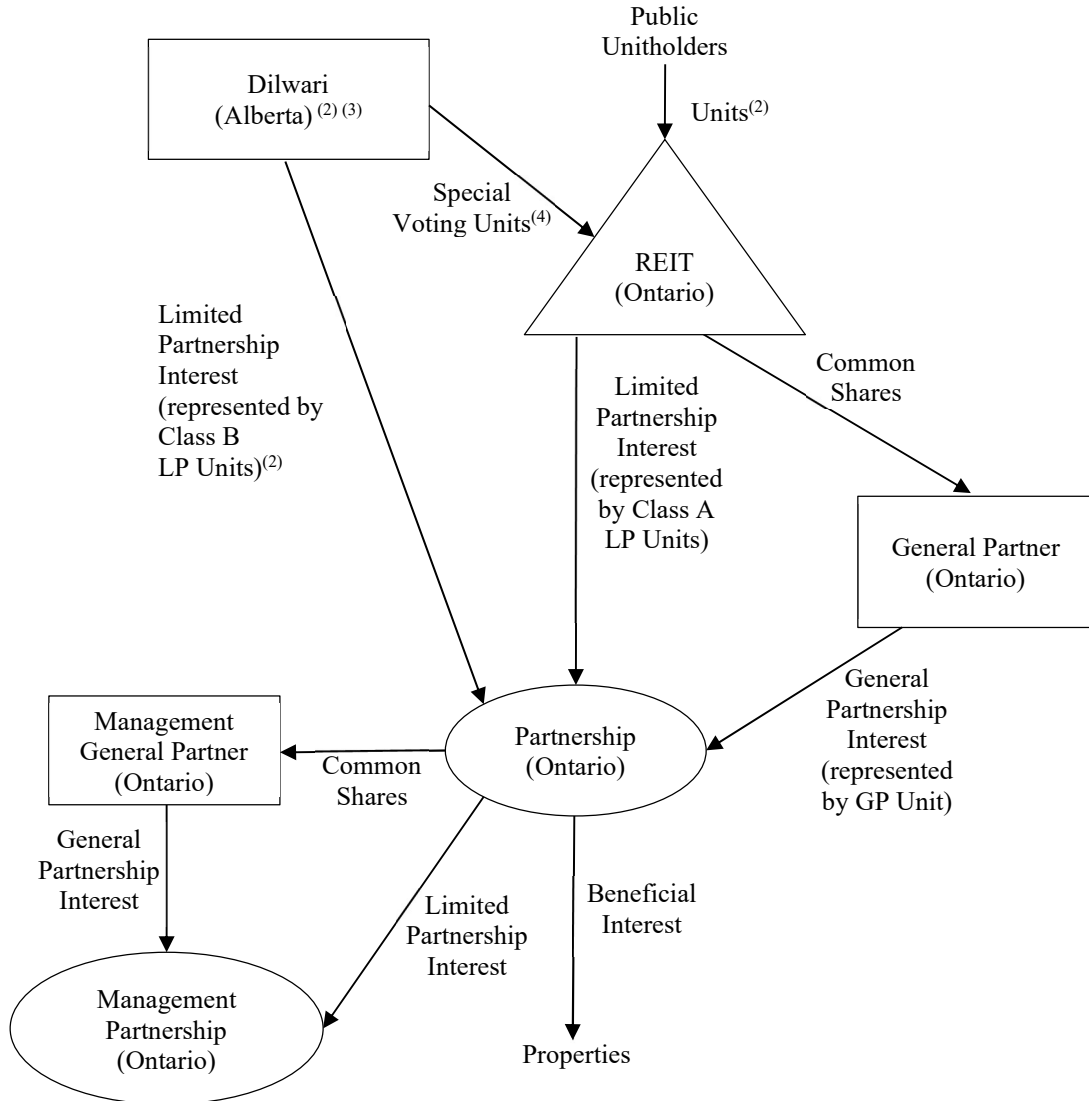
The following chart shows the organizational structure of the REIT, including the principal Subsidiaries, their respective jurisdiction of incorporation or formation, and the percentages of voting and non-voting securities owned by the REIT and the Dilawri Group as at the date hereof.

As at December 31, 2020, Dilawri's effective interest in the REIT was approximately 26.0% through ownership of 2,458,452 Units and all of the Class B LP Units, which are economically equivalent to, and exchangeable for, Units. As of the date hereof, Dilawri's effective interest in the REIT is approximately 28.1% through ownership of 3,827,554 Units and all of the Class B LP Units.

For the purposes of this AIF, all “effective interest” calculations have been based on the total number of Units that would be outstanding if all outstanding Class B LP Units were exchanged into Units on a one-for-one basis.

The REIT’s Units are listed and posted for trading on the TSX under the symbol “APR.UN”.

ORGANIZATIONAL STRUCTURE⁽¹⁾



Notes:

- (1) All ownership interests in the above organizational structure diagram are 100% unless otherwise indicated.
- (2) As of the date hereof, Dilwari holds an approximate 28.1% effective interest in the REIT on a fully-diluted basis through the ownership, direction or control of 3,827,554 Units and all of the Class B LP Units.
- (3) The Class B LP Units are owned by certain members of the Dilwari Group, each of whom has entered into the Voting Trust Agreement pursuant to which Dilwari has been granted sole voting control over the Class B LP Units, associated Special Voting Units and the Units into which the Class B LP Units may be exchanged.
- (4) Each Class B LP Unit is exchangeable at the option of Dilwari for one Unit of the REIT (subject to certain anti-dilution adjustments), will be accompanied by a Special Voting Unit of the REIT (which provides Dilwari with that number of votes at any meeting of Unitholders to which a holder of the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached would be entitled), and will receive distributions of cash from the Partnership equal to the distributions to which a holder of the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached would be entitled. See "Distribution Policy".

5. GENERAL DEVELOPMENT OF THE BUSINESS

Initial Public Offering and Acquisition of the Initial Properties

In July 2015, the REIT completed its initial public offering of 8,120,000 Units, (which included 620,000 Units issued in August 2015 pursuant to a partial exercise by the underwriters of the over-allotment option granted by the REIT) at a price of \$10.00 per Unit for aggregate gross proceeds of \$81.2 million (the “**IPO**”).

The REIT used the proceeds of the IPO, together with drawdowns under the Credit Facilities, to, among other things, indirectly acquire, through the Partnership, the Initial Properties from the Transferors, all but two of which were Subsidiaries of, or entities related to, Dilawri, for a total purchase price of approximately \$357.7 million (including closing costs).

The Initial Properties consisted of a portfolio of 26 commercial properties located in Ontario, Saskatchewan, Alberta and British Columbia totaling approximately 958,000 square feet of GLA. Out of the 26 Initial Properties, 24 are exclusively occupied by the Dilawri Group for use as automotive dealerships or, in one case, an automotive repair facility, while the other two properties are jointly occupied by the Dilawri Group (for use as automotive dealerships) and one or more third parties (for use as automotive dealerships or complementary uses, including restaurants). Interests in two of the 24 Initial Properties that are exclusively occupied by the Dilawri Group were jointly owned by the Dilawri Group and entities unrelated to the Dilawri Group.

Following completion of the IPO and the transactions described above (i) the REIT had 8,120,000 Units issued and outstanding and owned all of the Class A LP Units of the Partnership, and (ii) Dilawri had an approximate 55% effective interest in the REIT through the ownership, control or direction of all of the Class B LP Units and associated Special Voting Units.

Credit Facilities and Mortgages

As of the date of this AIF, the REIT has the following revolving and non-revolving credit facilities (collectively, the “**Credit Facilities**”):

- (i) a non-revolving loan facility and a revolving credit facility (“**Loan Facility 1**”) with a Canadian Schedule 1 bank, which is described in further detail in the chart below;
- (ii) a non-revolving loan facility and a revolving credit facility (“**Loan Facility 2**”) with a Canadian Schedule 1 bank, which is described in further detail in the chart below; and
- (iii) a non-revolving loan facility and a revolving credit facility (“**Loan Facility 3**”) with a Canadian Schedule 1 bank, which is described in further detail in the chart below.

The REIT has also entered into certain mortgages (the “**Mortgages**”) with certain Canadian Schedule 1 banks, also as described in further detail in the chart below.

	Term (years)	Hedged Term (years)	Interest Rate	Payments & Interest/ Amortization	Effective Interest Rate (Fixed)	Outstanding as at December 31, 2020 (in \$000's)⁽⁵⁾
Loan Facility 1	2.5	2.0 to 10.0	BA + 150 bps, Prime + 25 bps	(1)	3.73% ⁽⁶⁾	202,086
Loan Facility 2	3.5	2.5 to 8.5	BA + 150 bps, Prime + 25 bps	(2)	3.52%	95,403
Loan Facility 3	2.9	5.0 to 7.9	BA + 150 bps, Prime + 50 bps	(3)	4.05%	85,500
Mortgages	0.1 ⁽⁴⁾ to 6.5	N/A	Fixed 3.22% to 3.72%	P&I, 20 years and 25 years	3.52%	14,905
						397,894
Financing Fees						(1,864)
Weighted Average/ Total	2.9	5.9			3.76%	396,030

Notes:

- (1) Loan Facility 1 and the associated revolving facility matures in June 2023.
- (2) Loan Facility 2 and the associated revolving facility matures in June 2024.
- (3) Loan Facility 3 and the associated revolving facility matures in December 2023.
- (4) In January 2021, the REIT renewed a Mortgage in the amount of approximately \$5,791 for a term of 7 years at an interest rate of 2.21%.
- (5) As at December 31, 2020, the REIT had total revolving credit facilities of \$75,000, of which \$59,400 was undrawn (\$14,400 in Loan Facility 1, \$15,000 in Loan Facility 2, and \$30,000 in Loan Facility 3).
- (6) \$18,414 of the non-revolving balance of Facility 1 remains at floating interest rates.

The Credit Facilities and Mortgages are secured by all but ten of the Properties. As at December 31, 2020, nine Properties were unencumbered and able to be pledged as security for future financing requirements. As of the date hereof, ten Properties are unencumbered and able to be pledged as security for future financing requirements.

In the second quarter of 2020, the REIT proactively engaged in discussions with its key lenders regarding the easing of certain financial covenants contained in the Credit Facilities. In particular, two of the REIT's lenders have amended their respective Credit Facilities to remove the cap on the REIT's distributions at 100% AFFO payout ratio (calculated on a rolling four-quarter basis) so long as the REIT's Debt to GBV ratio is less than 55% (or, in one case, the REIT has at least \$17,000,000 in the aggregate of cash on hand and amounts available to be drawn under its revolving Credit Facilities). The third lender has increased the cap on distributions to 110% of AFFO (calculated on a rolling four-quarter basis) until September 30, 2021. At the time of engaging in these discussions, the REIT did not expect to exceed the original limits contained in the Credit Facilities; however, management worked with the REIT's lenders in order to manage any potential further risk associated from the impact of COVID-19.

For additional information regarding the REIT's Credit Facilities and Mortgages, refer to the "Liquidity and Capital Resources" section of the REIT's management's discussion and analysis for the year-ended December 31, 2020 which is available on SEDAR at www.sedar.com.

Financing

On October 16, 2018, the REIT completed a bought deal public offering of 5,100,000 Units at a price of \$10.80 per Unit to a syndicate of underwriters for gross proceeds of approximately \$55 million (the “**2018 Equity Offering**”). The REIT used the net proceeds from the 2018 Equity Offering to repay the debt incurred to fund the acquisition of Laval BMW and Sherwood Park VW and for general trust purposes.

On June 28, 2019, the REIT completed a bought deal public offering of 8,000,000 Units at a price of \$10.45 per Unit to a syndicate of underwriters for gross proceeds of approximately \$84 million (the “**June 2019 Equity Offering**”). The June 2019 Equity Offering included 1,000,000 Units issued as a result of the partial exercise of the underwriters’ over-allotment option. The REIT used the net proceeds from the June 2019 Equity Offering to repay the debt incurred to fund the acquisition of Abbotsford Volkswagen, Guelph Hyundai and Wellington Motors, to fund the acquisition of Audi Queensway and for general trust purposes, including the repayment of indebtedness.

On December 23, 2019, the REIT completed a bought deal public offering of 7,900,500 Units at a price of \$11.65 per Unit to a syndicate of underwriters for gross proceeds of approximately \$92 million (the “**December 2019 Equity Offering**”). The December 2019 Equity Offering included 1,030,500 Units issued as a result of the exercise in full of the underwriters’ over-allotment option. The REIT used the net proceeds from the December 2019 Equity Offering to fund the acquisition of Regina BMW and Acura North Vancouver, to repay the debt incurred to fund the acquisition of Straightline Kia and for general trust purposes, including the repayment of indebtedness and funding of certain committed capital investments. Dilawri, through certain of its Subsidiaries, acquired 1,800,000 Units in the December 2019 Equity Offering pursuant to the exercise of its contractual pre-emptive rights (see “Retained Interest — Exchange Agreement”).

Acquisition and Development Activity

Since the IPO, the REIT has continued to expand its asset base through acquisitions and development activity consistent with its ongoing business strategy. The following table outlines the property acquisitions and development activity completed by the REIT over the last three years.

2018

Operating Name	Address	City/ Province	Year Built /Renov.	GLA
1. Country Hills VW.....	11380 Stonehill Drive NE, Calgary	Calgary, AB	2018	34,650
2. BMW Laval.....	2440-2450 Boulevard Chomedey	Laval, QC	2000/2012	127,615
3. Sherwood Park VW.....	2365 Broadmoor Boulevard, Sherwood Park	Sherwood Park, AB	2015	70,277
4. Brimell Toyota.....	5060 Sheppard Avenue East, Toronto	Scarborough, ON	2002/2010	55,600
5. Elite BMW.....	1040 Ogilvie Road	Ottawa, ON	2007/2016	48,366
6. Civic Motors.....	1171 St. Laurent Boulevard	Ottawa, ON	2002/2012	30,000
7. Elite BMW Service.....	595 St. Laurent Boulevard	Ottawa, ON	1989	7,500
8. Camco Acura.....	1475 Carling Avenue	Ottawa, ON	2016	45,879
9. MINI Ottawa.....	1501 Carling Avenue	Ottawa, ON	2015	30,000
10. Mendes Toyota.....	1811 Bank Street	Ottawa, ON	2013	57,152

11. Ogilvie Subaru	1056 Parisien Street	Ottawa, ON	2014	13,533
12. Subaru Detailing Centre.....	1352 Gosset Street	Ottawa, ON	1969/2015	5,500
13. Orleans Honda.....	2055 Mer Bleue Road	Ottawa, ON	2015	24,531
14. Kingston Toyota.....	1911 Bath Road	Kingston, ON	2005	25,130
15. Lexus of Kingston.....	1917 Bath Road	Kingston, ON	2005	16,226

2019

Operating Name	Address	City/ Province	Year Built /Renov.	GLA
16. Tesla KW Service Centre.....	663 Victoria Street North	Kitchener, ON	2019	18,500
17. St. James Volkswagen.....	670 Century Street	Winnipeg, MB	2004	39,494
18. McNaught Cadillac Buick GMC.....	1000-1717 Waverley Street	Winnipeg, MB	2015	56,641
19. Wellington Motors.....	935 Woodlawn Road West	Guelph, ON	2003	40,793
20. Guelph Hyundai.....	765 Woodlawn Road West	Guelph, ON	2014	28,007
21. Abbotsford VW.....	30150 & 30195 Automall Drive	Abbotsford, BC	2018	22,921
22. Audi Queensway.....	1635 The Queensway	Etobicoke, ON	2018	65,547
23. Straightline Kia.....	100 Glendeer Circle SE	Calgary, AB	2018	21,808

2020

Operating Name	Address	City/ Province	Year Built /Renov.	GLA
24. Regina BMW.....	1001 Broad Street	Regina, SK	2019	19,619
25. Acura North Vancouver.....	828 Automall Drive	North Vancouver, BC	2010	22,373
26. Tesla Laval.....	3755 Autoroute des Laurentides	Laval, QC	2020	127,396

2021

Operating Name	Address	City/ Province	Year Built /Renov.	GLA
27. Lexus Laval.....	2000 Boulevard Chomedey	Laval, QC	2006/2013	30,015

Portfolio Total 1,085,073

See “Properties Held By The REIT” for a summary description of all of the REIT’s Properties.

Internalization of Management

On December 3, 2019, the REIT announced that the Independent Trustees had notified Dilawri of the REIT’s intention to terminate the Administration Agreement, which termination was effective as of December 31, 2019. Following termination, the REIT’s management, operating and administrative support personnel were employed directly by the REIT. As the termination of the Administration Agreement was completed in accordance with its terms, the REIT was not required to pay Dilawri any termination fees.

Following termination of the Administration Agreement, the Strategic Alliance Agreement continues in effect in accordance with its terms.

It had been the publicly stated intention of the REIT to have management functions performed on a full-time basis by individuals employed directly by the REIT once the market capitalization and size of the

REIT reached a point where such internalization of management could be achieved on an economic basis. The Independent Trustees determined that the REIT's current market capitalization and size was such that internalization of management and operations was in the best interests of Unitholders.

Following termination of the Administration Agreement, a \$1.48 million signing bonus in the form of deferred units of the REIT ("**Deferred Units**") at a grant price of \$11.65 per Deferred Unit was made to the REIT's management in order to enhance alignment with Unitholders. Approximately \$740,000 of such Deferred Units vested and was accounted for in the fourth quarter of 2019, with the balance vesting over a three- to five-year period from the date of grant and accounted for accordingly. The Deferred Units that vested in the fourth quarter of 2019 are subject to a two-year contractual hold period, subject to customary exceptions.

Pursuant to agreements with Dilawri entered into concurrently with the termination of the Administration Agreement, the Independent Trustees, the REIT's President & Chief Executive Officer, and Dilawri have agreed that the REIT's President and Chief Executive Officer will no longer source and develop properties for Dilawri, except for projects that existed as of December 31, 2019, the effective date of the internalization.

Impact of COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. COVID-19 has had a significant adverse impact on trade and on local, national and global economies. According to Statistics Canada, new automobile sales in Canada for the year ended December 31, 2020 were down approximately 20.0% compared to the corresponding period in 2019 mainly as a result of COVID-19.

Provincial governments across Canada enacted emergency measures, commencing in the second half of March 2020 to combat the spread of COVID-19, including the implementation of travel restrictions, self-imposed quarantine periods, temporary closures or restrictions of non-essential businesses, limitations on public gatherings, and social distancing guidelines, many of which continue in effect as of today. As a result of these measures, several of the REIT's tenants' automotive dealership businesses were either temporarily closed or operated on a limited basis. Further, heightened public concerns regarding COVID-19 resulted in delayed automotive purchasing or servicing decisions by consumers, which significantly impacted automotive dealership operators (including those that were permitted to remain open, or partially open, in line with their respective provincial government guidelines). By the end of May 2020, all of the REIT's tenants were fully open for business; however, partial closures were reinstated for automotive dealerships in some parts of Canada in November 2020 and continue to the date of this AIF. Since the onset of the COVID-19 pandemic, the REIT has engaged in regular discussions with its tenants regarding the impact that COVID-19 was and is having on their respective automotive dealership businesses. As provincial lockdowns eased in May 2020, pent-up consumer demand resulted in an increase in Canadian auto sales and service work performed by the automotive dealerships.

The REIT has collected approximately 97% of its fiscal 2020 contractual base rent due under its leases, with the remaining amount subject to rent deferral agreements with tenants (the "**Deferral Agreements**"). As at December 31, 2020, the remaining tenant deferral rent receivable was at \$2,301,000. Pursuant to the Deferral Agreements, the REIT agreed to defer, predominately interest-free, a portion of the applicable tenants' base rent primarily for a three-month period occurring between April and July 2020, but all rent ceased to be deferred as of the end of 2020. All amounts remaining deferred under the Deferral Agreements are due to be paid by no later than the end of 2021.

The REIT has collected 100% of its expected January to March 2021 contractual base rent under the leases and contractual base rent that is subject to the Deferral Agreements.

6. DESCRIPTION OF THE BUSINESS

Overview

The REIT's principal business is owning and acquiring well-located automotive dealership properties across Canada. Dilawri took the initiative in creating the REIT in order to establish a growth-oriented real estate entity.

The REIT expects to benefit from consolidation of the automotive dealership industry and its relationship with the Dilawri Group, who expects to retain a significant economic interest in the REIT. For a description of the Dilawri Group, see "Principal Tenant — The Dilawri Group".

As of the date of this AIF, the REIT owns a portfolio of 66 income-producing commercial properties, representing approximately 2.5 million square feet of GLA, in metropolitan markets across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec (collectively, the "**Properties**").

Business Strategy and Objectives of the REIT

The primary strategy of the REIT is to create Unitholder value over the long-term by generating sustainable tax-efficient cash flow and capital appreciation through the REIT's ability to execute on external and internal growth strategies. To achieve this objective, management will seek to expand the REIT's asset base while increasing AFFO per Unit through accretive acquisitions of properties from dealership groups as well as contractual rent escalations. The REIT will maintain a strong balance sheet and practice prudent financial management to minimize financial risk for Unitholders.

The primary objectives of the REIT are to: (a) provide Unitholders with stable, predictable and growing monthly cash distributions on a tax-efficient basis; (b) enhance the value of the REIT's assets in order to maximize long-term Unitholder value; and (c) expand the REIT's asset base while also increasing the REIT's AFFO per Unit, including through accretive acquisitions.

Growth Strategies of the REIT

The REIT has a well-defined, long-term growth strategy, supported by multiple sources of cash flow growth, including (i) accretive acquisitions of properties from dealership groups, and (ii) contractual rent escalations.

External Growth

Management believes that the REIT will be able to pursue numerous sources of accretive, external growth which will provide the REIT with attractive opportunities to increase its scale and AFFO per Unit. These sources include the acquisition of properties from the Dilawri Group pursuant to the Strategic Alliance Agreement as well as acquisitions from third party dealership groups. Management intends to utilize a disciplined approach in acquiring these properties, with a primary focus on acquiring strategically-located automotive dealership properties in key Canadian markets which will contribute to the REIT's ability to generate stable, predictable and growing monthly cash distributions. As of the date of this AIF, the REIT has successfully completed the acquisitions of twelve Properties pursuant to the Strategic Alliance Agreement and twenty-seven Properties from third party dealership groups, plus one development property (see "General Development of the Business — Acquisition and Development Activity").

- ***Accretive Acquisitions:*** Management believes that, due to the highly fragmented nature of the automotive dealership industry in Canada, the REIT will be well-positioned to capitalize on opportunities for accretive acquisitions from other dealership group vendors. Of the approximately 3,500 automotive dealerships in Canada as of November 2013, management estimates that the top 10 dealership groups represent less than 10% of total dealerships in operation. The REIT believes that it will be able to capitalize on the automotive dealership industry fragmentation, as succession planning issues make the sale of a dealership's underlying real estate an attractive liquidity alternative allowing dealers to monetize their real estate while retaining ownership and control of their operations and to redeploy capital to expand their business. For the majority of dealers, their dealership represents the single largest proportion of their family's wealth. Management believes that the REIT will represent a unique alternative for automotive dealership operators considering a sale or recapitalization of their business, as the REIT is currently the only public vehicle in Canada focused on consolidating automotive dealership real estate properties. The REIT seeks to acquire properties that meet its investment criteria in order to diversify its tenant base, while continuing to focus on tenant quality, stability of cash flow and brand and geographical diversification in strategic markets. The REIT will evaluate potential acquisition opportunities based on a number of factors, including valuation, expected financial performance, physical features, existing leases, functionality of design, geographic market, location, automotive brand diversification and opportunity for future value enhancement. See "Risk Factors".
- ***Right of First Offer to Acquire REIT-Suitable Properties from the Dilawri Group:*** The REIT will seek to leverage its relationship with the Dilawri Group to acquire REIT-Suitable Properties that are acquired, developed, redeveloped, refurbished or repositioned by the Dilawri Group. Pursuant to the Strategic Alliance Agreement, Dilawri is required to offer to sell to the REIT any property that is acquired, developed, redeveloped, refurbished or repositioned by a member of the Dilawri Group following the IPO Closing Date that is, in each case, determined by Dilawri, acting reasonably, to be a REIT-Suitable Property. The REIT will have a right of first offer in respect of REIT-Suitable Properties that may in the future be sold by the Dilawri Group. See "Arrangements with Dilawri — Strategic Alliance Agreement".

Internal Growth

Management believes the REIT is well-positioned to organically increase cash flow and the underlying value of the Properties as each of the Dilawri Leases contains annual contractual basic rent escalations in the amount of 1.5% per annum during the initial lease term and any renewal term. In addition, the leases entered into by the REIT with other dealership groups to date generally also contain contractual basic rent escalation clauses.

The Dilawri Leases and leases with other dealership groups are structured as triple-net leases under which the tenant is responsible for all costs relating to repair and maintenance, realty taxes, property insurance, utilities and non-structural capital improvements. As a result, the contractual rent escalations will provide the REIT with stable and predictable increases in rental revenues over the initial terms of the leases.

Environmental and Corporate Social Responsibility

The Board adopted a written Environmental and Corporate Social Responsibility Policy on April 23, 2019, which was updated on March 23, 2020. The REIT strives to be a model corporate citizen, guided by the fundamental principles of corporate social responsibility including respecting the environment, sourcing with integrity and offering a safe place to work. By considering sustainability and social responsibility in its decision making and investing activities, the REIT promotes a culture of improvement with regards to

sustainability and social responsibility for the benefit of all its stakeholders, including employees, tenants, suppliers, Unitholders and local communities. The REIT is committed to protecting Unitholders by managing sustainability-related risks; informing its tenants, suppliers and investment partners of sustainable options; and collaborating on sustainability initiatives with industry bodies.

As an owner of real estate in Canada, primarily automotive dealership properties, the REIT is subject to various Canadian federal, provincial, territorial and municipal laws relating to environmental matters. The REIT's operating policy is to obtain, or be able to rely on, a phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have phase II environmental site assessment work completed, where recommended in a phase I environmental site assessment. The REIT intends to make, or require the tenants to make, the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues. The REIT is committed to complying with environmental laws and reducing its impact on the environment. The REIT's officers must adhere to all of the REIT's policies and procedures regarding environmental sustainability and compliance with environmental legislation, and are required to report other personnel if they are not following the REIT's environmental policies or procedures.

Principal Tenant – The Dilawri Group

The Dilawri Group is the REIT's largest tenant. As of December 31, 2020, the Dilawri Group has leased approximately 1.4 million square feet of GLA from the REIT (2019: 1.4 million) representing 56.5% (2019: 58.8%) of total GLA and 61.9% (2019: 61.7%) of Cash NOI. As of the date hereof, the Dilawri Group has leased approximately 1.4 million square feet of GLA from the REIT representing 57.0% of total GLA and 61.5% of Cash NOI. See "The Dilawri Leases" below for a description of key terms of the Dilawri Leases.

About Dilawri

The Dilawri Group was formed over 30 years ago and has been in the business of owning and operating automotive dealerships in Canada since that time, growing to become the largest automotive dealership group in the country. The Dilawri Group owns 76 franchised automotive dealerships representing 34 automotive brands located in urban centres throughout Québec, Ontario, Saskatchewan, Alberta and British Columbia. The key features and terms of the automotive franchise agreements pertaining to the Dilawri Group are, in all material respects, consistent with the key features and terms of typical automotive franchise agreements.

Please refer to the REIT's management's discussion and analysis for the year-ended December 31, 2020 for additional financial information in respect of the Dilawri Group, which is incorporated by reference in this AIF.

The Dilawri Leases

Each of the Initial Properties, Toyota Woodland, Audi Barrie, St. Bruno Audi and Volkswagen, Mercedes-Benz West Island, Volkswagen Barrie, Heritage Honda, Mazda des Sources, Country Hills VW, Audi Queensway, Regina BMW, Acura North Vancouver and Lexus Laval (the "**Dilawri Properties**") are subject to leases (collectively, the "**Dilawri Leases**" or individually, a "**Dilawri Lease**") with a member of the Dilawri Group. With respect to the multi-tenanted component of the Dixie Auto Mall and Markham Honda and Ford, the applicable Dilawri Tenant leases such Dilawri Properties and, in turn, subleases the applicable portions thereof to the current third party tenants pursuant to their existing leases. For the purposes of this section, all references to the "Dilawri Tenant" shall mean the applicable member of the Dilawri Group, in its capacity as tenant under the applicable Dilawri Lease. The applicable Dilawri Tenants lease the entirety of the Dixie Auto Mall and Markham Honda and Ford and thereby bear occupancy, rental and other risks associated with the portions of those properties that are subleased to third party tenants.

Dilawri has indemnified the REIT in respect of any defaults by the Dilawri Tenants under the Dilawri Leases for the initial term of the applicable Dilawri Lease.

The following is a summary of the material terms of the Dilawri Leases. The terms of the individual Dilawri Leases may vary slightly from property to property depending on the nature and location of the premises being leased, but the differences are not considered by the REIT to be material.

Leased Premises

The Dilawri Tenants lease all building(s) and all associated lands in respect of the Dilawri Properties. All leasehold improvements situated at the leased premises remain the property of the Dilawri Tenants until the expiration or earlier termination of the applicable Dilawri Lease. The Dilawri Tenants are not required to remove any leasehold improvements at the expiration or earlier termination of the applicable Dilawri Lease but they are required to remove, decommission and dispose of all above-grade storage tanks and any below-grade storage tanks permitted by the REIT on the leased premises at the expiration or earlier termination of the applicable Dilawri Lease.

Use

The leased premises may be used for any lawful purpose, in compliance with all applicable laws and restrictions registered against title to the applicable lands as at the date of such Dilawri Lease, except that, without the REIT's consent, which may be withheld in the REIT's discretion (except in respect of paragraph (b) below, in which case the REIT may only withhold its consent, acting reasonably), the Dilawri Tenants are not permitted to use any part of the leased premises for any of the following uses: (a) heavy manufacturing; (b) any use which could materially adversely affect the useful life of the leased premises or cause environmental contamination that the REIT believes, acting reasonably, cannot be managed in a commercially reasonable manner; (c) a video game arcade and/or any other place of recreation or amusement, except as an ancillary use to an otherwise permitted use; (d) a night club; or (e) certain other prohibited uses specified in the applicable Dilawri Lease.

With respect to that portion of the leased premises that is used as an automobile dealership as at the date of such Dilawri Lease, the Dilawri Tenants may not make any changes to such use during the first five years of the initial term. Thereafter, the Dilawri Tenant must provide 90 days' prior written notice to the REIT of any proposed change in use.

Term

The initial term of the Dilawri Leases range from approximately 11 to 20 years from the first day of the first full calendar month following the date of the Dilawri Lease (being July 22, 2015 in respect of each of the Initial Properties), with remaining terms as at December 31, 2020 ranging from 5.5 to 19.1 years and a weighted average remaining lease term of approximately 11.3 years. As of the date hereof, the twelve month rolling average basic rent payable under the Dilawri Leases is approximately \$27.15 per square foot. The year of expiry of each Dilawri Lease is set forth under "Properties Held by the REIT". The leased premises have been leased to the Dilawri Tenants in an "as is" condition and the REIT was not required to perform any repairs or construct any improvements to the leased premises prior to entering into such Dilawri Lease.

Options to Extend

Provided the Dilawri Tenant is not in material default beyond any applicable cure period, the Dilawri Tenant has successive options to extend its Dilawri Lease for extension periods of 5 years each (or, in cases of certain properties located in British Columbia, 10 years each). The term of each Dilawri Lease (including all extension terms) vary, but can be up to a maximum of 50 years. The annual basic rent payable in respect

of the initial year of each extension term under the Dilawri Leases equals the greater of: (a) the annual basic rent payable during the final year of the initial term or preceding extension term, as the case may be; and (b) the lesser of: (i) the fair market rent for the leased premises having regard to its age, size, use and location, as agreed between the REIT and the applicable Dilawri Tenant, and failing agreement, as determined pursuant to arbitration procedures set forth in the applicable Dilawri Lease; and (ii) 110% of the annual basic rent payable during the final year of the initial term or preceding extension term, as the case may be.

Right of First Opportunity

So long as the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, control or direct, in the aggregate, at least a 10% effective interest in the REIT (on a fully-diluted basis), the Dilawri Leases provide the Dilawri Tenants thereunder with a right of first opportunity to enter into a new lease with the REIT on the same terms as the applicable Dilawri Lease (other than with respect to term, extension options and annual basic rent), if the REIT intends to lease, at any time after expiry of the applicable Dilawri Lease, all or any part of the applicable lands for use as an automobile dealership (or, in the case of the Dixie Auto Mall, all or substantially all of the buildings on such Dilawri Property), provided the applicable Dilawri Tenant has exercised all of its extension options in such Dilawri Lease.

Annual Basic Rent

The Dilawri Tenants are required to pay annual basic rent in equal monthly installments in advance on the first day of each month without set off or deduction. Annual basic rent under the Dilawri Leases will escalate annually at a rate of 1.5% during the initial term and any renewal term.

Additional Rent/Net Lease

In addition to annual basic rent, the Dilawri Tenants are required to pay (i) realty taxes attributable to the leased premises; and (ii) all charges for utilities supplied to or consumed in the leased premises.

Except as otherwise set out in the Dilawri Leases, each Dilawri Lease is net and carefree to the REIT and the REIT will not be responsible for any costs relating to the leased premises or the Dilawri Properties.

Repair and Maintenance Responsibilities

The REIT will maintain, repair and replace the structural components of the building (excluding the roof membrane and all windows in the leased premises) at its sole expense (unless such repairs are required as a result of the actions or default of the applicable Dilawri Tenant or are caused by perils against which the applicable Dilawri Tenant recovers under its insurance); provided, however, the REIT will not be required to make any material repairs or replacements to such structural components within the last two years of the initial term or any extension term unless the applicable Dilawri Tenant has exercised its next extension option, if any, subject to certain exceptions.

The Dilawri Tenants are responsible for all other maintenance, repairs and replacements required to the leased premises, including the building systems, high voltage transformers, all utility services up to the point of connection with the building, the roof membrane (including replacement) and the parking and driveway areas (including repaving).

Right to Cease Operation

The Dilawri Tenants are not obligated to operate any business or use the leased premises for any period of time or purpose.

In respect of all Dilawri Leases (other than the lease for the Dixie Auto Mall), if the applicable Dilawri Tenant ceases all of its business operations in the leased premises for a period of nine consecutive months or more, the REIT will have the option to give notice terminating the applicable Dilawri Lease (a “**Termination Notice**”). If within 30 days after receipt of a Termination Notice, the applicable Dilawri Tenant delivers a written notice stating that it will recommence its business operations within the applicable leased premises and does so within 120 days thereafter, the Termination Notice will be void and the Dilawri Lease for such leased premises will remain in force. The applicable Dilawri Tenant will not be entitled to nullify the Termination Notice if it has or will have ceased all business operations in such leased premises for a period of 18 consecutive months or longer having regard to the period of time occurring both before and after delivery of the Termination Notice.

In respect of the lease for the Dixie Auto Mall, if the applicable Dilawri Tenant ceases all of its business operations in any portion of the leased premises that consists of one or more stand-alone buildings for a period of nine consecutive months or more (the “**Vacant Premises**”), the REIT will have the option to give a Termination Notice terminating such Dilawri Lease only in respect of the Vacant Premises. If within 30 days after receipt of a Termination Notice, the applicable Dilawri Tenant delivers a written notice stating that it will recommence its business operations within the Vacant Premises and does so within 120 days thereafter, the Termination Notice will be void and the Dilawri Lease for the Vacant Premises will remain in force. The applicable Dilawri Tenant will not be entitled to nullify the Termination Notice if it has or will have ceased all business operations in the Vacant Premises for a period of 18 consecutive months or longer having regard to the period of time occurring both before and after delivery of the Termination Notice.

The applicable Dilawri Tenant is permitted to temporarily cease its business operations from any leased premises for the purposes of performing major repairs or renovations or store rebranding, provided such temporary cessation does not exceed 120 consecutive days.

With the exception of the REIT’s right to terminate as discussed above, neither the REIT nor the applicable Dilawri Tenant has any other rights to terminate the Dilawri Leases except as a result of damage or destruction and the right of the REIT to terminate a Dilawri Lease following an event of default by the applicable Dilawri Tenant.

Alterations

The Dilawri Tenant may install its usual trade fixtures in the leased premises and such items will remain the property of the Dilawri Tenant. The Dilawri Tenant may, without the REIT’s consent, make changes to the interior decoration, configuration and layout of the leased premises and any other alterations and additions it deems desirable, provided such changes, alterations or additions do not adversely affect the building structure or systems. The Dilawri Tenant may make changes, alterations or additions to the building structure or systems with the REIT’s prior written consent, which will not be unreasonably withheld, conditioned or delayed. All alterations and leasehold improvements will become the REIT’s property at the end of the term of the applicable Dilawri Lease.

Environmental Covenants

The Dilawri Tenant provided customary covenants with respect to compliance with applicable environmental laws from and after the date of entry into the Dilawri Lease and an indemnity in favour of the REIT in respect of costs it incurs if the Dilawri Tenant breaches such covenants or causes environmental contamination of the leased premises after the date of entry into the Dilawri Lease that the Dilawri Tenant is responsible to remediate and/or manage pursuant to the terms of the applicable Dilawri Lease.

If at any time the REIT, acting reasonably, has cause to be concerned that the applicable Dilawri Tenant may have caused environmental contamination on or about the leased premises and if requested by the REIT, on the date that is 6 months prior to the expiry date of the applicable Dilawri Lease, the REIT has the right to require that the applicable Dilawri Tenant commission a phase I environmental site assessment report and, if required, a phase II environmental site assessment report. If any such report discloses that the applicable Dilawri Tenant has caused environmental contamination at any leased premises, the applicable Dilawri Tenant will be required to remove, remediate or otherwise manage such environmental contamination so as to comply with environmental laws. At the expiry or earlier termination of the Dilawri Lease, the applicable Dilawri Tenant will have the choice to: (a) remediate such contamination to a concentration not expected to result in any adverse effect to humans or the environment; or (b) pay for the management of such contamination provided that the applicable Dilawri Tenant obtains a site specific risk assessment (or other jurisdictional equivalent) approved by the applicable governmental authorities and satisfies the REIT, acting reasonably, that it has the financial wherewithal to continue to manage, and pay for the management of, such contamination. Dilawri or another entity acceptable to the REIT will be obligated to indemnify the REIT during any such period of ongoing management by the applicable Dilawri Tenant.

Assignment and Subletting

Except for certain specific permitted transfers, the Dilawri Tenants may not assign the Dilawri Leases without the REIT's prior written consent, which will not be unreasonably withheld, conditioned or delayed. The Dilawri Tenants may, without consent but on prior notice to the REIT:

- (a) assign a Dilawri Lease, at any time during the term of such Dilawri Lease, either before or after default, in whole or in part, to Dilawri or any affiliate of the applicable Dilawri Tenant or Dilawri provided that a Tenant Change of Control has not occurred;
- (b) sublet the whole or any part of the leased premises, provided that, subject to paragraph (e) below: (i) there is not a history of defaults under commercial leases either by the proposed subtenant or by those persons holding indirect or direct Control of the proposed subtenant; (ii) the proposed subtenant or those persons holding indirect or direct Control of the proposed subtenant have a history of successful business operation in the business to be conducted on the leased premises; and (iii) neither the proposed subtenant nor those persons holding indirect or direct Control of the proposed subtenant have been bankrupt or convicted of a criminal offense punishable by imprisonment for a term of two years or more, in each case, in the 10 years preceding the date of the proposed sublease;
- (c) mortgage its interest in the leased premises to secure a bona fide financing;
- (d) grant a right to occupy any part of the leased premises, provided that, subject to paragraph (e) below: (i) there is not a history of defaults under commercial leases either by the proposed occupant or by those persons holding indirect or direct Control of the proposed occupant; (ii) the proposed occupant or those persons holding indirect or direct Control of the proposed occupant have a history of successful business operation in the business to be conducted on the leased premises; and (iii) neither the proposed occupant nor those persons holding indirect or direct Control of the proposed occupant have been bankrupt or convicted of a criminal offense punishable by imprisonment for a term of two years or more, in each case, in the 10 years preceding the date of the proposed right to occupy;
- (e) assign the Dilawri Lease, sublet the whole or any part of the leased premises, or grant any concession, licence or other right to occupy part of the leased premises in favour of a person

that (i) will carry on the business of an automobile dealership; (ii) is a party to a franchise agreement with an OEM that is in full force and effect, is in good standing and is in respect of the operation of an automobile dealership at the leased premises (or the person that Controls the proposed assignee, subtenant or occupant is a party to such an agreement) and a certified copy of such agreement has been provided to the REIT;

- (f) effect a Tenant Change of Control if the applicable Dilawri Tenant carries on the business of an automobile dealership and either the applicable Dilawri Tenant or the person that Controls such Dilawri Tenant is a party to a franchise agreement with an OEM that is in full force and effect and is in good standing in respect of the operation of an automobile dealership at the leased premises and a certified copy of such agreement has been provided to the REIT; and
- (g) assign the Dilawri Lease to any person or effect a Tenant Change of Control if the assignee or person acquiring Control of the applicable Dilawri Tenant has a Tangible Net Worth equal to or greater than that of the applicable Dilawri Tenant as of the date of entry into the applicable Dilawri Lease.

Neither the applicable Dilawri Tenant nor Dilawri will be released from its obligations under a Dilawri Lease or the applicable indemnity agreement in respect of the applicable Dilawri Lease in connection with a transfer of such Dilawri Lease. As of the date of this AIF, portions of the Dixie Auto Mall and Markham Honda and Ford are occupied by third parties who are sub-tenants of the applicable Dilawri Tenants.

Damage and Destruction

If all or any part of the leased premises is damaged or destroyed, subject to the applicable Dilawri Tenant having complied with its obligations under its Dilawri Lease (including to maintain the required insurance) and provided that the Dilawri Lease has not been terminated as discussed below, the REIT must, solely to the extent of available casualty insurance proceeds, repair the damage and reconstruct the premises and the applicable Dilawri Tenant will restore its leasehold improvements and trade fixtures. Rent will not abate in respect of any damage or destruction to a Dilawri Property. The Dilawri Tenants are required to maintain business interruption insurance for an indemnity period of not less than 12 months.

Either the REIT or the applicable Dilawri Tenant has the right to terminate a Dilawri Lease if the damage occurs to the leased premises in the last three years of the initial term or any extension term and would cost more than 50% of the replacement cost of the leased premises to repair and the applicable Dilawri Tenant is not at that time prepared to exercise its next extension option, if any. In the event of termination of a Dilawri Lease as aforesaid, the REIT shall be entitled to receive and retain all insurance proceeds in respect of the leased premises under all policies of insurance maintained by the applicable Dilawri Tenant (or required to be maintained under the applicable Dilawri Lease), excluding any proceeds in respect of business interruption insurance or business closure insurance and excluding any insurance proceeds in respect of inventory and equipment maintained by such Dilawri Tenant.

Tenant Expansion

Each Dilawri Tenant has the right at its cost, on notice to the REIT, to expand its leased premises, provided such expansion does not result in an increase to the GLA of more than 5% of the GLA of the building. If a Dilawri Tenant requires the leased premises to be expanded by more than 5% of the GLA of the building, the applicable Dilawri Tenant will provide notice to the REIT of such requirement along with its plans and specifications and preliminary budget therefor. The REIT shall then provide the applicable Dilawri Tenant with the terms, including the annual basic rent to be charged for the expansion premises, pursuant to which the REIT will undertake such expansion at its cost. If the applicable Dilawri Tenant and the REIT are unable

to agree on the terms pursuant to which the REIT will undertake such expansion, the applicable Dilawri Tenant, at its option, has the right to either (i) determine not to proceed with the expansion, or (ii) undertake the expansion itself at its direct cost, provided that the expansion plans and specifications are approved by the REIT, in which case no additional annual basic rent will be payable by the Dilawri Tenant for the expansion premises. If the REIT undertakes such expansion on the terms agreed with the applicable Dilawri Tenant, the construction costs will be factored into the annual basic rent payable by the applicable Dilawri Tenant for the expansion premises.

Events of Default

Events of default under the Dilawri Leases include:

- (a) the Dilawri Tenant's failure to pay rent or other amounts which is not remedied within 10 days after notice from the REIT;
- (b) any other default by the Dilawri Tenant that is not remedied within 30 days after notice from the REIT (unless the default cannot be remedied within 30 days in which case the applicable Dilawri Tenant will not be in default if it commences to remedy the default within such 30 day period and thereafter diligently continues to remedy the same);
- (c) the Dilawri Tenant files a proposal or voluntary assignment for the benefit of creditors or being declared bankrupt;
- (d) a petition is filed against the Dilawri Tenant to declare it bankrupt which is not cancelled or annulled within 60 days;
- (e) a trustee or receiver is appointed with respect to the Dilawri Tenant and such appointment is not cancelled or annulled within 60 days;
- (f) the term of the Dilawri Lease is seized or taken in execution by any creditor of the Dilawri Tenant and not released within 45 days;
- (g) the Dilawri Lease or any material part of the Dilawri Tenant's assets on the leased premises is seized or taken under a writ of execution or other security instrument and such writ is not stayed or vacated within 15 days after the date of such taking;
- (h) the Dilawri Tenant makes a sale in bulk of substantially all its goods out of the ordinary course of business (except in connection with an assignment or subletting permitted under the Dilawri Lease);
- (i) the Dilawri Tenant effects a transfer of the Dilawri Lease in contravention of the Dilawri Lease; or
- (j) the Dilawri Tenant fails to maintain any insurance which it is obligated to maintain under the Dilawri Lease or any insurance policy is cancelled by reason of any particular use or occupancy of the leased premises by the Dilawri Tenant and the Dilawri Tenant has not discontinued such use or occupancy and obtained similar insurance coverage in replacement thereof within 48 hours after notice from the REIT.

Financial Reporting

Each Dilawri Tenant will promptly advise the REIT in the event it receives written notice from the applicable OEM or any lender to the Dilawri Tenant of a breach of any financial covenant contained within

any applicable franchise agreement with the applicable OEM or lending agreement with the lender to such Dilawri Tenant. In the event that a Dilawri Tenant notifies the REIT of a breach of a financial covenant contained in a lending agreement as aforesaid, or the REIT otherwise becomes aware of such a breach, such Dilawri Tenant will promptly provide the REIT with a written notice signed by a senior financial officer of the Dilawri Tenant setting out, in reasonable detail (using actual numerical amounts and ratios, as applicable): (a) the nature of the financial covenant breached; (b) an explanation as to why such financial covenant was breached; and (c) the measures that the applicable Dilawri Tenant intends to take in order to cure such breach and its proposed timeline for effecting the cure (the “**Report Package**”). In the event that a Dilawri Tenant notifies the REIT of a breach of a financial covenant contained in a franchise agreement with the applicable OEM, or the REIT otherwise becomes aware of such a breach, such Dilawri Tenant will provide the REIT with a Report Package if such breach persists for a period of 30 days or longer (in which case the Report Package will be provided by the Dilawri Tenant promptly following such 30 day period).

Following delivery of the Report Package and the proposed cure period set out therein, if requested by the REIT, the applicable Dilawri Tenant will provide a further confirmation, signed by a senior financial officer of such Dilawri Tenant or other member of the Dilawri Group, as to whether it has cured the breach of financial covenant described in the Report Package.

In addition, each Dilawri Tenant will cooperate with the REIT in connection with any financing undertaken by the REIT as may be reasonably required by a lender to the REIT, including providing financial statements to such lender of the REIT in respect of (a) the applicable Dilawri Tenant; and (b) Dilawri, until the expiry of the indemnity agreement with respect to the applicable Dilawri Lease, on a combined or consolidated basis, as applicable.

Other Dealership Group Leases

All of the REIT’s other leases are tenanted by affiliates of other dealership groups and, except for one lease which the REIT assumed on acquisition, are substantially the same as the Dilawri Leases, except for changes in contractual rental rates. Terms for the changes in contractual rental rates for the REIT’s other leases are based on either a fixed amount, or on changes to consumer price indices (either national or provincial, with some caps and floors), with the exception of one lease. The timing of the changes in contractual rental rates vary lease by lease.

Typical Franchise Agreements

The following table summarizes the key features and terms of a typical automotive dealership franchise agreement based on management’s industry experience:

Geographic Exclusivity:	An automotive manufacturer typically grants a single dealer the right to sell its vehicles within a given regional/geographic area. The designation of such areas and the allocation of new vehicles among dealerships are generally subject to the discretion of the automotive manufacturer.
Floor Plan Financing:	Enables the dealer to finance new vehicle inventory at low interest rates. Automotive manufacturers often offer to cover interest costs for up to 60 days.
Manufacturer Rebates:	Franchised automotive dealerships can pass on manufacturer rebates and incentives to customers, effectively reducing vehicle sales prices without negatively impacting dealership margins.

Showrooms and Facilities:	Manufacturers often require dealers to maintain their facilities to meet certain image standards, and require the dealership to upgrade if specifications are not met, often at significant cost to the dealer.
Change of Control:	Automotive manufacturers typically place restrictions on a change of control of the dealership, and typically are able to approve or decline proposed new owners of a dealership.
Ownership Restrictions:	A typical franchise agreement will set forth the name of the person approved by the manufacturer to exercise full managerial authority over the operations of an automotive dealership and the names and ownership percentages of the approved owners. Automotive manufacturers typically limit the number of dealerships a dealership group can own (generally expressed as a percentage of volume) in a given region.
Reporting:	Automotive manufacturers generally require dealers to submit a financial statement of operations on a monthly basis.
Financial and Operating Conditions:	An automotive dealership must typically maintain certain minimum inventory levels, meet minimum annual, monthly or weekly sales targets, and must demonstrate that it is able to maintain minimum levels of equity and working capital. If a dealership is not performing to expectations or does not meet certain minimum financial or operating thresholds, a manufacturer typically has rights to require a sale of the dealership to another operator, or can assume the operations of an underperforming dealership operator to ensure the success and viability of the dealership location.

Competition

The REIT competes with other investors, managers and owners of properties in seeking tenants and for the purchase of desirable real estate properties. As the only public vehicle in Canada focused on consolidating automotive dealership real estate properties, with a market leading anchor as its principal tenant, well-located sites and a strong balance sheet, the REIT is well-positioned to compete in the Canadian automotive dealership real estate sector. See “Risk Factors”.

7. PROPERTIES HELD BY THE REIT

Overview

As of the date of this AIF, the REIT owns a portfolio of 66 income-producing commercial properties, representing approximately 2.5 million square feet of GLA, in metropolitan markets across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec. Out of the 66 commercial properties, 36 are exclusively occupied by the Dilawri Group for use as automotive dealerships or, in one case, an automotive repair facility, while two of the other 30 properties are jointly occupied by the Dilawri Group (for use as automotive dealerships) and one or more third parties (for use as automotive dealerships or complementary uses, including restaurants), and 28 are exclusively occupied by other dealership groups for use as automotive dealerships or for automotive dealership ancillary services, such as a vehicle service compound facility or a repair facility.

Collectively, the Properties contain 79 automotive dealership facilities and four ancillary retail buildings. The Dilawri Group is the tenant at 50 of the 79 automotive dealership facilities, with the 29 remaining automotive dealership facilities operated by other dealership groups.

List and Description of Properties

Properties (as at December 31, 2020)

<u>Operating Name</u>	<u>Address</u>	<u>City/Province</u>	<u>Year Built /Renov.</u>	<u>GLA</u>	<u>Acreage</u>	<u>Lease Maturity Year</u>
1. Dixie Auto Mall						
Dilawri-Owned Auto						
Volkswagen.....	5500 Ambler Drive	Mississauga, ON	1988/2011	39,209		2029
Nissan.....	5500 Dixie Road	Mississauga, ON	1988/2001	26,369		2030
Mazda.....	5500 Ambler Drive	Mississauga, ON	1987/2014	16,713		2030
Infiniti.....	5500 Ambler Drive	Mississauga, ON	1988/2014	14,592		2030
Mitsubishi.....	5525 Ambler Drive	Mississauga, ON	1998	8,000		2030
Harley-Davidson (formerly Toyota)	5500 Dixie Road	Mississauga, ON	1987	22,078		2030
Ancillary-other (formerly Hyundai).....	5515 Ambler Drive	Mississauga, ON	1998	9,345		2030
Ancillary-other (formerly Nissan Truck)	5515 Ambler Drive	Mississauga, ON	1998	13,890		2030
Third Party Auto						
Kia ⁽¹⁾	5500 Dixie Road	Mississauga, ON	1987	17,735		2030
Third Party Retail						
Montana's.....	1495 Aerowood Drive	Mississauga, ON	2001/2017	5,150		2030
Kelsey's.....	1485 Aerowood Drive	Mississauga, ON	2001/2017	5,000		2030
A&W	1465 Aerowood Drive	Mississauga, ON	1999/2016	4,000		2030
Subway/NY Fries	1475 Aerowood Drive	Mississauga, ON	1999/2011/2012	2,200		2030
Enterprise Rent-a-Car.	1475 Aerowood Drive	Mississauga, ON	1999/2011/2012	2,000		2030
3 Asians Express.....	1475 Aerowood Drive	Mississauga, ON	1999/2011/2012	1,875		2030
Dixie Auto Mall Total				188,156	26.05	2030
2. Markham Honda and Ford						
Dilawri-Owned Auto						
Markham Honda.....	8220 Kennedy Road	Markham, ON	2004	32,723		2027
Third Party Auto						
Markville Ford Lincoln	8210 Kennedy Road	Markham, ON	1988/2010	39,287		2027
Markham Honda and Ford Total				72,010	6.00	2027
3. Calgary BMW	34 Heritage Meadows Road S.E.	Calgary, AB	2007	87,724	3.51	2032
4. Calgary Honda.....	11700 Lake Fraser Dr S.E.	Calgary, AB	2005	43,511	4.12	2029
5. Triple 7 Chrysler.....	700 Broad Street	Regina, SK	1959/2011	40,957	2.92	2026
6. Porsche Centre Vancouver.....	688 Terminal Avenue	Vancouver, BC	2013	39,790	1.56	2034
7. Frost Chevrolet Buick GMC Cadillac	150 Bovaird Drive West	Brampton, ON	2013	43,210	2.86	2028

Operating Name	Address	City/Province	Year Built /Renov.	GLA	Acreage	Lease Maturity Year
8. Honda Used Car and Regina Collision Centre.....	815 Broad Street	Regina, SK	2012/2015	32,457	2.49	2031
9. Oakville Honda.....	500 Iroquois Shore Road	Oakville, ON	2003/2006	33,334	3.96	2031
10. Markham Acura.....	5201 Highway 7 E	Markham, ON	2002	32,025	3.00	2031
11. Regina Honda/Acura	789 Broad Street	Regina, SK	2003/2015	30,863	2.42	2031
12. Agincourt Mazda	5500 Finch Avenue E	Toronto, ON	2005	30,788	7.94	2029
13. Dilawri Nissan Infiniti	1775 5th Avenue	Regina, SK	1998/2015	30,864	2.11	2031
14. Audi Sales Downtown Vancouver.....	1788 West 2nd Avenue	Vancouver, BC	2013	29,300	0.25	2032
15. Meadowvale Honda	2210 Battleford Road	Mississauga, ON	2007	28,039	3.70	2029
16. Burrard Acura ⁽²⁾	730 Terminal Avenue	Vancouver, BC	2015	27,640	1.25	2033
17. Langley Acura ⁽²⁾	20257 Langley Bypass	Langley, BC	2015	26,448	2.27	2032
18. Distinctive Collection	150 Glendeer Circle S.E.	Calgary, AB	1988/2008	24,367	1.57	2027
19. Bolton Toyota.....	12050 Albion Vaughan Road	Bolton, ON	2004	22,741	3.00	2028
20. Hyundai Gallery	11770 Lake Fraser Dr S.E.	Calgary, AB	2006	22,185	2.21	2029
21. North Vancouver Nissan Infiniti.....	819 Automall Drive	N. Vancouver, BC	1992/2002	19,050	1.11	2033
22. Regina Hyundai	444 Broad Street	Regina, SK	2005	18,204	1.61	2028
23. Ancillary – other (formerly Dilawri BMW).....	1919 1st Avenue	Regina, SK	1997	12,456	0.80	2026
24. Ancillary-other (1921 1st Avenue, formerly Dilawri Acura).....	1921 1st Avenue	Regina, SK	1997	11,390	0.81	2026
25. Audi Service (formerly Infiniti Vancouver).....	1718 West 3rd Avenue	Vancouver, BC	1999	11,722	0.27	2026
26. Dilawri Mitsubishi....	1750 6th Avenue	Regina, SK	1993/2003	6,750	0.56	2031
27. Toyota Woodland	1000-1009 Woodland Avenue	Montreal, QC	2007/2008	49,737	0.59	2032
28. Porsche JLR Edmonton ⁽³⁾	17007 111th Avenue N.W.	Edmonton, AB	2014	44,779	5.16	2033
29. Audi Barrie	2482 Doral Drive	Innisfil, ON	2015	24,982	3.06	2035
30. Pfaff Audi ⁽³⁾	9088 Jane Street	Vaughan, ON	2006	68,874	2.98	2021
31. St. Bruno Audi and Volkswagen	1905 and 1917 Boulevard Sir Wilfrid Laurier	St. Bruno, QC	1987/2014	62,705	4.27	2034
32. Mercedes-Benz West Island	4525 Boulevard Saint-Jean	Montreal, QC	2016	60,850	3.68	2031
33. Go Mazda ⁽³⁾	9704 and 9710 35th Avenue N.W.	Edmonton, AB	2006/2017	17,150	2.27	2034
34. Volkswagen Barrie	50 Fairview Road and 5 Little Avenue	Barrie, ON	2017	20,102	1.75	2034
35. Heritage Honda.....	11609 40 Street S.E.	Calgary, AB	2016	58,913	4.20	2035

Operating Name	Address	City/Province	Year Built /Renov.	GLA	Acreage	Lease Maturity Year
36. Ericksen Infiniti ⁽³⁾	17616 111th Avenue N.W.	Edmonton, AB	2008	25,550	2.00	2028
37. Southtown Hyundai ⁽³⁾	3603 99th Street N.W.	Edmonton, AB	2004	12,554	2.38	2028
38. Kentwood Ford Compound ⁽³⁾	8603,8703,8735 and 8815 127th Avenue N.W.	Edmonton, AB	1969	4,040	4.10	2028
39. Mazda des Sources ..	2345 Place Transcanadienne	Dorval, QC	2017	16,701	1.72	2036
40. Country Hills VW....	11380 Stonehill Drive, NE	Calgary, AB	2018	34,650	4.73	2036
41. Laval BMW ⁽³⁾	2440 and 2450 Boulevard Chomedey	Laval, QC	2000/2012	127,615	8.43	2036
42. Sherwood Park VW ⁽³⁾	2365 Broadmoor Boulevard	Sherwood Park, AB	2015	70,277	4.50	2036
43. Brimell Toyota ⁽³⁾	5060 Sheppard Avenue East	Scarborough, ON	2002/2010	55,600	4.02	2033
44. Elite BMW ⁽³⁾	1040 Ogilvie Road	Ottawa, ON	2007/2016	48,366	2.85	2036
45. Civic Motors ⁽³⁾	1171 St. Laurent Boulevard	Ottawa, ON	2002/2012	30,000	1.76	2036
46. Elite BMW Service ⁽³⁾	595 St. Laurent Boulevard	Ottawa, ON	1989	7,500	0.63	2035
47. Camco Acura ⁽³⁾	1475 Carling Avenue	Ottawa, ON	2016	45,879	2.35	2037
48. MINI Ottawa ⁽³⁾	1501 Carling Avenue	Ottawa, ON	2015	30,000	1.54	2037
49. Mendes Toyota ⁽³⁾	1811 Bank Street	Ottawa, ON	2013	57,152	3.22	2035
50. Ogilvie Subaru ⁽³⁾	1056 Parisien Street	Ottawa, ON	2014	13,533	1.40	2037
51. Subaru Detailing Centre ⁽³⁾	1352 Gosset Street	Ottawa, ON	1969/2015	5,500	0.86	2037
52. Orleans Honda ⁽³⁾	2055 Mer Bleve Road	Ottawa, ON	2015	24,531	3.18	2038
53. Kingston Toyota ⁽³⁾ ...	1911 Bath Road	Kingston, ON	2005	25,130	2.71	2038
54. Kingston Lexus ⁽³⁾	1917 Bath Road	Kingston, ON	2005	16,226	1.75	2038
55. Tesla KW Service Centre ⁽³⁾	663 Victoria Street North	Kitchener, ON	2019	18,500	1.81	2029
56. St. James Volkswagen ⁽³⁾	670 Century Street	Winnipeg, MB	2004	39,494	3.93	2038
57. McNaught Cadillac Buick GMC ⁽³⁾	1000-1717 Waverly Street	Winnipeg, MB	2015	56,641	5.60	2038
58. Wellington Motors ⁽³⁾	935 Woodlawn Road West	Guelph, ON	2003	40,793	3.95	2038
59. Guelph Hyundai ⁽³⁾	765 Woodlawn Road West	Guelph, ON	2014	28,007	2.86	2038
60. Abbotsford VW ⁽³⁾	30150 & 30195 Automall Drive	Abbotsford, BC	2018	22,921	2.00	2038
61. Audi Queensway.....	1635 The Queensway	Etobicoke, ON	2018	65,547	2.52	2037
62. Straightline Kia ⁽³⁾	100 Glendeer Circle SE	Calgary, AB	2018	21,808	1.96	2034
63. Regina BMW.....	1001 Broad Street	Regina, SK	2019	19,619	3.04	2040
64. Acura North Vancouver.....	828 Automall Drive	North Vancouver, BC	2010	22,373	2.40	2038

<u>Operating Name</u>	<u>Address</u>	<u>City/Province</u>	<u>Year Built /Renov.</u>	<u>GLA</u>	<u>Acreage</u>	<u>Lease Maturity Year</u>
65. Tesla Laval	3755 Autoroute des Laurentides	Laval, QC	2005	127,396	5.80	2030
<i>Subsequent Acquisitions</i> ⁽⁴⁾						
66. Lexus Laval	2000 Boulevard Chomedey	Laval, QC	2006/2013	30,015	3.02	2038
Portfolio Total/Average ⁽⁵⁾				2,524,491	216.80	2033

Notes:

- (1) The applicable Dilawri Tenant is the lead tenant for Dixie Auto Mall until July 2030. A Dixie Auto Mall sub-tenant that formerly operated a Hyundai dealership moved from the premises at the end of the second quarter of 2019. In the third quarter of 2020, the Dilawri Tenant that operates the Harley Davidson dealership moved into the vacated Toyota dealership location. In addition, the Dilawri Tenant that operated the Nissan Truck dealership moved from the premises during the fourth quarter of 2020. As of the date of the AIF, the premises were leased but unoccupied; however, this change does not affect the terms of the applicable Dilawri Lease.
- (2) The REIT has a leasehold interest in this Property.
- (3) The REIT has leased this property to a tenant unrelated to the Dilawri Group.
- (4) Lexus Laval was acquired by the REIT on March 1, 2021.
- (5) Does not include 3 vehicle compound facilities/unimproved lands that were acquired as part of the portfolio of Properties acquired from Mierins Auto Group on December 12, 2018. Also does not include the vehicle compound facility that is adjoined to Abbotsford VW.

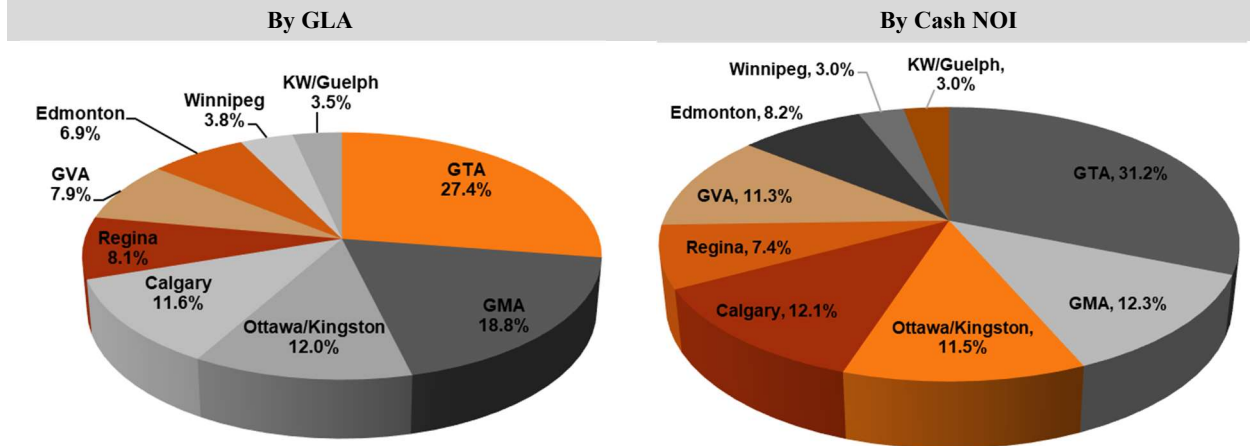
Composition of the Properties

All figures contained in this section are as at the date of this AIF. Accordingly, all such figures are inclusive of Lexus Laval, which was acquired by the REIT on March 1, 2021.

Geographic Breakdown

The Properties are well-diversified geographically, with approximately 27.4% of the GLA of the Properties located in the GTA, 18.8% in the GMA, 12.0% in Ottawa/Kingston, 11.6% in Calgary, 8.1% in Regina, 7.9% in the GVA, 6.9% in Edmonton, 3.8% in Winnipeg and 3.5% in KW/Guelph. Furthermore, approximately 31.2%, 12.3%, 12.1%, 11.5%, 11.3%, 8.2%, 7.4%, 3.0% and 3.0% of the Cash NOI was derived from Properties located in the GTA, the GMA, Calgary, Ottawa/Kingston, the GVA, Edmonton, Regina, Winnipeg and KW/Guelph, respectively. The following charts illustrate the geographic diversification of the Properties, measured by total GLA and Cash NOI.

Geographic Diversification

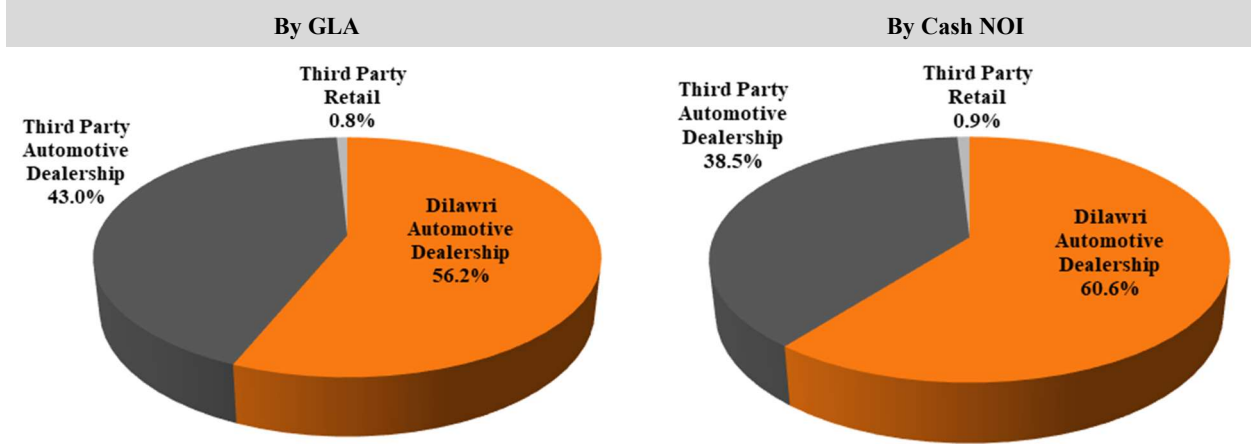


Property Use

The Properties are primarily comprised of automotive dealerships, ancillary dealership services facilities, an automotive repair facility and vehicle service compound facilities, which collectively represent approximately 99.2% of the total GLA of the Properties. The Properties also contain four buildings being used for retail uses complementary to automotive dealerships, all of which are occupied by third parties and located at the Dixie Auto Mall. Collectively, these retail properties represent approximately 0.8% of the REIT's GLA as of the date hereof. The automotive dealerships and automotive repair facility occupied by the Dilawri Group (including the former Dilawri Acura property at 1921 1st Avenue in Regina, which is being used for ancillary dealership purposes by Triple 7 Chrysler) and the Properties subleased to third parties by the Dilawri Group at the Dixie Auto Mall and Markham Honda and Ford currently represent approximately 56.2% of the REIT's total GLA.

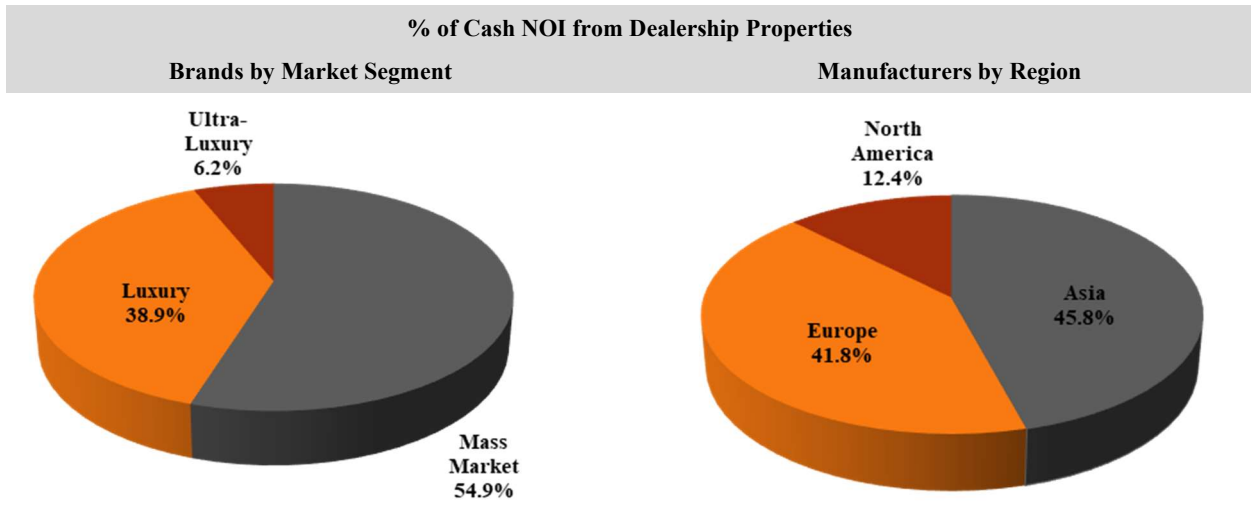
As at the date hereof, the Dilawri Group is the REIT's most significant tenant and will be for the foreseeable future, with members of the Dilawri Group occupying 57.0% of the REIT's GLA (including properties subleased to third parties by the Dilawri Group at the Dixie Auto Mall, Markham Honda and Ford and the retail properties) with the remaining 43.0% occupied by other dealership groups. Of this figure, approximately 99.1% pertains to automotive dealerships (including those occupied by the Dilawri Group, those subleased to third parties by the Dilawri Group at the Dixie Auto Mall, Markham Honda and Ford, and those leased to other dealership groups), with the remainder pertaining to the four buildings being used for retail uses at the Dixie Auto Mall that have been subleased to third parties by the Dilawri Group. Of the REIT's total Cash NOI, approximately 60.6% pertains to the automotive dealership properties and the automotive repair facility properties occupied by the Dilawri Group, while approximately 38.5% pertains to the automotive dealership properties, the ancillary dealership services facilities, the vehicle service compound facilities and retail properties leased by the REIT, or subleased by the Dilawri Group (in respect of the retail properties), to other dealership groups.

Property Use Summary



Manufacturer and Brand Diversification

The Properties are well diversified across a broad spectrum of automotive manufacturers and brands, representing some of the largest, most recognizable global brands targeting customers in the mass market segment (approximately 54.9% of automotive Cash NOI), the luxury segment (approximately 38.9% of automotive Cash NOI) and the ultra-luxury segment (approximately 6.2% of automotive Cash NOI) of the market. The manufacturers and brands are also diversified across geographic regions, with representation from Asia (approximately 45.8% of automotive Cash NOI), Europe (approximately 41.8% of automotive Cash NOI) and North America (approximately 12.4% of automotive Cash NOI). Management believes that the breadth, depth and diversity of the brands and markets provides a strong and stable portfolio.



Notes:

- (1) Mass Market segment includes: Chrysler, Ford, General Motors, Kia, Nissan (including Nissan Infiniti), Honda, Hyundai, Mazda, Mitsubishi, Subaru, Toyota and Volkswagen. Mass Market segment excludes the former Honda and Toyota dealerships located in the Dixie Auto Mall that have vacated their premises, however the third party tenants are expected to use the existing sites for ancillary dealership purposes.
- (2) Luxury segment includes: Acura, Audi, BMW, Infiniti, Lexus, Mercedes-Benz and Tesla.
- (3) Ultra-Luxury segment includes: Aston Martin, Bentley, Jaguar, Lamborghini, Land Rover, Lincoln, Porsche, Maserati and McLaren.

Manufacturer and Brand Diversification					
Manufacturer / Brand	REIT Auto Dealership GLA (Sq. Feet)	% of REIT Auto Dealership GLA	% of REIT Auto Property Rent ⁽¹⁾	No. of REIT Locations	Avg. Remaining Lease Term (Years)
BMW ⁽²⁾	320,824	13.0%	11.2%	7	14.7
Honda ⁽³⁾	313,155	12.6%	13.1%	9	12.0
Volkswagen	252,299	10.2%	11.1%	7	14.6
Audi ⁽⁴⁾	237,484	9.6%	11.1%	6	12.1
Toyota	210,360	8.5%	7.9%	5	12.6
Acura ⁽³⁾	162,081	6.5%	7.2%	6	13.0
Tesla ⁽⁵⁾	145,896	5.9%	1.2%	2	13.0
General Motors	99,851	4.0%	3.3%	2	14.7
Other ⁽⁶⁾	97,566	3.9%	5.1%	7	10.7
Porsche ⁽⁷⁾	84,569	3.4%	5.2%	2	12.5
Chrysler ⁽⁸⁾	81,750	3.3%	1.9%	2	11.3
Mazda	81,352	3.3%	4.1%	4	11.6
Hyundai	80,950	3.3%	3.6%	4	9.9
Nissan ⁽⁹⁾	71,521	2.9%	3.2%	3	10.6
Mercedes-Benz	60,850	2.5%	2.4%	1	12.8
Infiniti	44,905	1.8%	3.0%	4	7.3
Kia	39,543	1.6%	1.9%	2	11.6
Ford	39,287	1.6%	1.5%	1	6.9
Subaru	19,033	0.8%	0.7%	2	16.7
Lexus	16,226	0.7%	0.6%	1	17.3
Mitsubishi	14,750	0.6%	0.7%	2	9.8
Total	2,474,252	100.0%	100.0%	79	12.4

Notes:

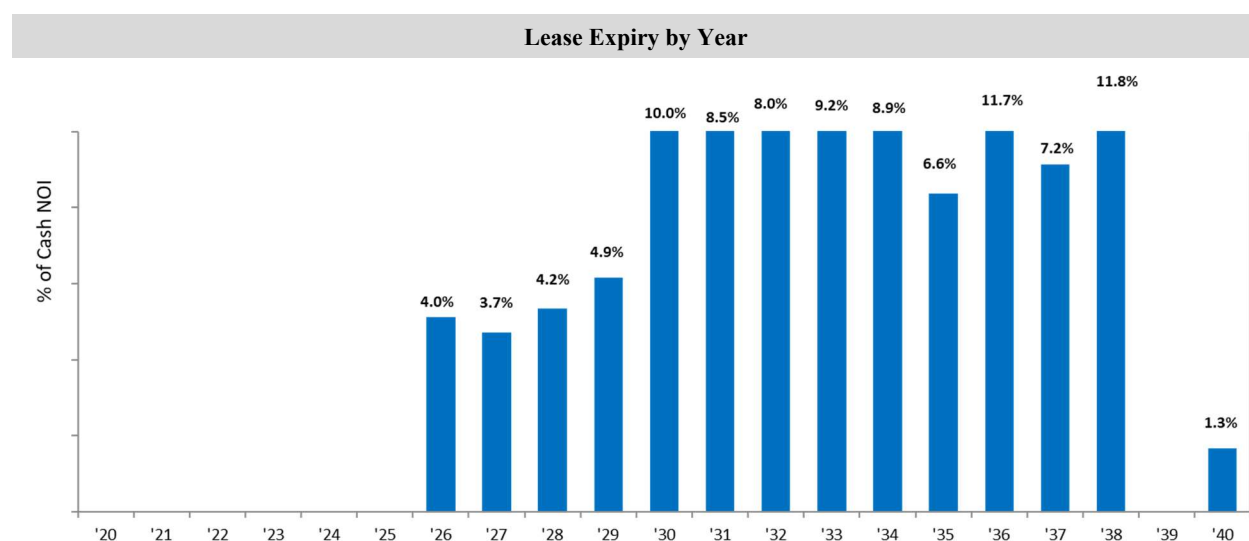
- (1) Based on 12-month period contractual rental revenue commencing January 1, 2020.
- (2) Includes MINI.
- (3) Includes Honda Used Car and Regina Collision Centre. Regina Honda/Acura split 75% and 25% of 30,863 square feet, respectively.
- (4) Includes the Audi service property (formerly Infiniti Vancouver).
- (5) Includes the Tesla KW service centre and Tesla Laval service centre.
- (6) Includes the Dilawri Distinctive Collection property in Calgary, which currently has franchise agreements with Aston Martin and Bentley. In addition, the Dilawri Distinctive Collection sells a variety of used vehicles, including Audi, BMW,

Lamborghini, Maserati, McLaren and Mercedes-Benz. Also includes the former Dilawri Acura and BMW property in Regina at 1921 1st Avenue, which is being used for ancillary dealership purposes by both the Dilawri Pre-Owned and the Triple 7 Chrysler dealerships. It continues to be leased by a Dilawri Tenant under the same lease as Dilawri BMW. Also includes the former Toyota and Hyundai dealerships which have vacated their premises located in the Dixie Auto Mall and a Harley Davidson dealership located in the Dixie Auto Mall. The applicable Dilawri Tenant will continue to be the lead tenant for the Dixie Auto Mall until July 2030. Also includes 3 vehicle service compound facilities and undeveloped land that were acquired as part of the Mierins Auto Group portfolio of Properties. Also includes the former Nissan Truck property in the Dixie Auto Mall which is being used for ancillary purposes.

- (7) Includes Porsche JLR Edmonton.
- (8) Includes Dodge, FIAT, Jeep and RAM.
- (9) No longer includes the former Nissan Truck property in the Dixie Auto Mall.

Lease Maturity

The remaining terms of the leases range from approximately 5.2 to 18.9 years, with a weighted average lease term as of the date hereof of approximately 12.4 years. The twelve month rolling average basic rent payable under the leases is approximately \$25.14 per square foot.



8. RETAINED INTEREST

General

As at December 31, 2020, Dilawri held an approximate 26.0% effective interest in the REIT on a fully-diluted basis through the ownership, direction or control of 2,458,452 Units and all of the Class B LP Units. As of the date hereof, Dilawri’s effective interest in the REIT is approximately 28.1% through ownership of 3,827,554 Units and all of the Class B LP Units.

Each Class B LP Unit is exchangeable at the option of the holder for one Unit of the REIT (subject to certain anti-dilution adjustments), is accompanied by a Special Voting Unit of the REIT (which provides the holder thereof with that number of votes at any meeting of Unitholders to which a holder of the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached would be entitled), and is entitled to receive distributions of cash from the Partnership equal to the distributions to which a holder of the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached would be entitled. The transfer of Class B LP Units is subject to a number of restrictions.

Dilawri, each member of the Dilawri Organization that owns Class B LP Units and each other Transferor that owns Class B LP Units have entered into a voting trust agreement (the “**Voting Trust Agreement**”) in conjunction with the closing of the IPO, pursuant to which Dilawri has been granted sole voting control over such Class B LP Units, the associated Special Voting Units and the Units into which the Class B LP Units may be exchanged, granting Dilawri sole control over the securities held by the Dilawri Organization and the Transferors. The Voting Trust Agreement does not contain any provisions requiring or directing Dilawri to vote such associated Special Voting Units for or against any matters brought to a vote by the REIT and Dilawri has the right to vote such securities in its discretion.

Dilawri has advised the REIT that the Dilawri Organization’s current intention is to retain a significant interest in the REIT for the foreseeable future.

Right to Nominate Trustees of the REIT

The Declaration of Trust provides Dilawri, so long as the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, control or direct, in the aggregate, an effective interest of 33% or higher in the REIT (on a fully-diluted basis), with the exclusive right to nominate two Trustees for election by Unitholders; provided that, so long as the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, control or direct, in the aggregate, at least a 10%, but less than 33%, effective interest in the REIT (on a fully-diluted basis) Dilawri shall have the right to nominate one Trustee. See “Declaration of Trust and Description of Units — Nomination of Trustees”. Should the size of the Board be increased or decreased, Dilawri’s nomination rights shall be increased or decreased proportionately. One of the nominees of Dilawri, if any and if he or she so wishes, shall have the right to be appointed the chair of the Board. Pursuant to the Declaration of Trust, the President and Chief Executive Officer of the REIT may be nominated to serve as a Trustee, so long as the majority of Trustees are Independent Trustees.

At present, Dilawri has the right to nominate one Trustee for election to the Board. Kapil Dilawri is Dilawri’s nominee.

Any amendment to the Declaration of Trust that adversely affects the nomination rights of Dilawri, or other rights specifically granted therein to the Dilawri Organization and the Transferors subject to the Voting Trust Agreement, will require the prior written consent of Dilawri, in its discretion, for so long as the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, control or direct, in the aggregate at least a 10% interest in the REIT (on a fully diluted basis).

Exchange Agreement

The REIT, the Partnership, Dilawri, the Transferors and the other persons that hold Class B LP Units have entered into the Exchange Agreement, pursuant to which the REIT has agreed with the Partnership and the holders of the Class B LP Units to, among other things, issue Units upon the exchange of Class B LP Units in accordance with their terms or upon the election of a holder of Class B LP Units to receive distributions on Class B LP Units in the form of Units on a basis equivalent to the rights of Unitholders participating in a DRIP, if any, or similar plan of the REIT or the Partnership. Upon an exchange of Class B LP Units for Units, the corresponding number of Special Voting Units will be cancelled. Collectively, the rights granted by the REIT that require the REIT to issue Units are referred to as the “exchange right”.

A holder of a Class B LP Unit will have the right to initiate the exchange procedure pursuant to the “exchange right” at any time so long as certain conditions have been satisfied.

The Exchange Agreement also provides for the right of the REIT to require the holders of all but not less than all of the Class B LP Units to exchange their Class B LP Units for Units if there occurs or is about to

occur any amalgamation, merger, arrangement, take-over bid, material transfer or sale of Units or rights or other securities of the REIT or interests therein or thereto, or sale of all or substantially all of the assets of the REIT, or similar transaction involving the REIT or a Subsidiary of the REIT or any proposal to do any of the foregoing (other than in connection with a transaction involving one or more of such entities pursuant to which all of the assets of such entity or entities are transferred to the REIT or another wholly owned direct or indirect Subsidiary of the REIT) and the Board determines that it is not reasonably practicable to substantially replicate the terms and conditions of the Class B LP Units in connection with such transaction and that the exchange of all but not less than all of the outstanding Class B LP Units is necessary to enable the completion of such transaction in accordance with its terms, provided, however, that in the case of a take-over bid, not less than 66⅔% of the Units (calculated on a fully-diluted, converted and exchanged basis) have been validly deposited and tendered under such take-over bid and not withdrawn at the expiry of such take-over bid. The Exchange Agreement also provides for the automatic exchange of Class B LP Units for Units in the event of a liquidation, dissolution or winding-up of the REIT.

Pre-Emptive Rights

In the event that the REIT or the Partnership or one of their Subsidiaries decides to issue equity securities of the REIT or the Partnership or securities convertible into or exchangeable or redeemable for equity securities of the REIT or the Partnership or an option or other right to acquire any such securities other than to an Affiliate thereof (“**Issued Securities**”), the Exchange Agreement provides the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement, for so long as the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, control or direct, in the aggregate, at least a 10% effective interest in the REIT (on a fully-diluted basis), with pre-emptive rights to purchase Units, Class B LP Units, Issued Securities or such other securities being contemplated for issuance by the REIT or the Partnership, to maintain their effective pro rata ownership interest (on a fully-diluted basis). Any such rights will only be exercisable by Dilawri, for itself and on behalf of the other members of the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement. The pre-emptive rights will not apply to the issuance of Issued Securities in certain circumstances.

Registration Rights

The Exchange Agreement provides the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement with the right (the “**Piggy-Back Registration Right**”) to require the REIT to include Units held by such securityholders, including Units issuable upon exchange of Class B LP Units, in any future offering undertaken by the REIT by way of a prospectus that it may file with applicable Canadian securities regulatory authorities (a “**Piggy-Back Distribution**”), subject to certain conditions.

In addition, the Exchange Agreement provides the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement with the right (the “**Demand Registration Right**”) to require the REIT to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities qualifying Units held by such securityholders, including Units issuable upon exchange of Class B LP Units, for distribution (a “**Demand Distribution**”). Any such rights will only be exercisable by Dilawri, for itself and on behalf of the other members of the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement. Dilawri (for itself and on behalf of the other members of the Dilawri Organization and the applicable Transferors) will be entitled to request not more than one Demand Distribution per calendar year, and each Demand Distribution must be comprised of such number of Units that would reasonably be expected to result in aggregate gross proceeds of at least \$10 million.

Each of the Piggy-Back Registration Right and the Demand Registration Right is exercisable at any time, provided that the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement

own, control or direct, in the aggregate, at least a 10% effective interest in the REIT (on a fully-diluted basis) at the time of exercise. The Piggy-Back Registration Right and the Demand Registration Right are subject to customary conditions and limitations, and the REIT is entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days.

Tag/Drag Rights

The Exchange Agreement provides that, in the event that a person offers or agrees to purchase Class A LP Units in the Partnership held by the REIT pursuant to an agreement with the REIT, then it will be a condition of any such agreement that the person will offer to purchase a *pro rata* portion of the Class B LP Units on the same terms and subject to the same conditions as are applicable to the purchase of the Class A LP Units held by the REIT. If the holders of the Class B LP Units own, direct or control, in the aggregate, less than a 10% effective interest in the REIT (on a fully-diluted basis), the REIT will be entitled in connection with the direct or indirect sale by the REIT of all of its interests in the Partnership to an unrelated third party, to require that the holders of the Class B LP Units or any permitted assignee sell their respective Class B LP Units on the same terms and subject to the same conditions as are applicable to the REIT's direct or indirect sale of all other interests in the Partnership, and upon the REIT making such request and completing such sale, the applicable transferors will have no further interest in the Partnership.

Assignment

Subject to certain limited exceptions, the Exchange Agreement is not assignable by Dilawri, any other Transferor or any other holder of Class B LP Units without the REIT's prior written consent other than to one or more Affiliates of Dilawri, such Transferor or such holder, as applicable, provided that such entity remains an Affiliate of Dilawri, such Transferor or such holder, as applicable.

9. ARRANGEMENTS WITH DILAWRI

In conjunction with the closing of the IPO, the REIT, the Partnership and Dilawri entered into certain agreements governing the relationships among such parties. As of the date of this AIF, the Strategic Alliance Agreement is the only material agreement remaining between the REIT and Dilawri, other than the Exchange Agreement described under "Retained Interest".

Strategic Alliance Agreement

The Strategic Alliance Agreement creates various rights and obligations between the REIT and the Dilawri Group intended to establish a preferential and mutually beneficial business and operating relationship.

Termination

So long as the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, control or direct, in the aggregate, an effective interest of at least 10% (on a fully-diluted basis) in the REIT, the Strategic Alliance Agreement shall remain in full force and effect.

Survival of Certain Rights

Pursuant to the Strategic Alliance Agreement, Dilawri's right of first offer on properties that the REIT wishes to sell (as described below) will survive termination of the Strategic Alliance Agreement and remain in effect for so long as the REIT owns the applicable property.

Rights Granted

The Strategic Alliance Agreement provides the REIT with important rights (and imposes important obligations on the Dilawri Group) that are expected to meaningfully contribute to the REIT's growth pipeline:

Rights with Respect to Acquired Properties and Owned Properties: The REIT has rights to purchase (i) any property in Canada or the United States acquired by a member of the Dilawri Group that Dilawri determines, acting reasonably, to be a REIT-Suitable Property, and (ii) any property owned by a member of the Dilawri Group that a member of the Dilawri Group develops, redevelops, refurbishes, or repositions into a property that Dilawri determines, acting reasonably, is a REIT-Suitable Property. If a member of the Dilawri Group acquires or develops, redevelops, refurbishes, or repositions a property and Dilawri determines, acting reasonably, such property to be a REIT-Suitable Property, it will provide the REIT with an offer to sell such property and information in respect of the property. Any such offer shall be made within 90 days of (i) the closing date of the acquisition of such REIT-Suitable Property by a member of the Dilawri Group, or (ii) Substantial Completion in the case of a property that a member of the Dilawri Group develops, redevelops, repositions or refurbishes into a REIT-Suitable Property, as the case may be (the "**Acquisition ROFO**"). In addition, the REIT has a right of first opportunity (the "**Sale ROFO**") to acquire any property owned by a member of the Dilawri Group that Dilawri determines, acting reasonably, to be a REIT-Suitable Property prior to disposition to any third party (other than properties subject to any pre-existing rights of first opportunity or similar rights). If a member of the Dilawri Group wishes to sell (directly or indirectly by way of the sale or acquisition of securities) any such REIT-Suitable Property, it will provide the REIT with an offer to sell the property and certain information in respect of the property. Any such offer will set out, in reasonable detail, its material terms and conditions and any material information relating to the property that is in the control or possession of the Dilawri Group, including the proposed sale price and any unusual terms, including any vendor obligations or restrictions. If the property is or will be subject to a lease with a member of the Dilawri Group, the property specific information will include the proposed terms of any new or amended lease with the applicable member of the Dilawri Group (including any terms proposed to differ from the standard terms described under "Description of the Business — The Dilawri Leases").

If the REIT accepts Dilawri's offer, it will have a 60-day due diligence period with respect to the property, including to obtain, as required, a phase I environmental site assessment, structural inspection report and an independent appraisal of the property. During such due diligence period, the REIT will arrange financing and the REIT and the applicable member of the Dilawri Group will enter into a binding purchase agreement, subject only to customary real estate conditions and the REIT being satisfied with its diligence investigations. The closing of the purchase of a property by the REIT pursuant to the Sale ROFO must be completed within 30 days of the expiry of the due diligence period. In the case of a REIT-Suitable Property being acquired by the REIT pursuant to the Acquisition ROFO, the closing of the purchase must be completed within 30 days of the later of (i) the expiry of the due diligence period, (ii) the closing date of the acquisition by a member of the Dilawri Group of such REIT-Suitable Property, or (iii) Substantial Completion of such property in the case of a property that a member of the Dilawri Group develops, redevelops, repositions or refurbishes into a REIT-Suitable Property, as the case may be.

If the REIT does not accept Dilawri's offer (or Dilawri does not accept the REIT's counter offer), or the applicable period for the REIT providing notice to Dilawri lapses, (i) in the case of a property offered to the REIT pursuant to the Acquisition ROFO, the applicable member of the Dilawri Group may sell the property within the following 180 days to any third party on terms not materially more favourable to the third party than those offered to the REIT or offered by the REIT in its counter offer, as applicable, without regard to the Sale ROFO, provided that any sale to a third party may only be for cash consideration, and (ii) in the case of a property offered to the REIT pursuant to the Sale ROFO, the applicable member of the

Dilawri Group will be free to complete the sale of the property within the following 180 days to any third party on terms not materially more favourable to the third party than those offered to the REIT or offered by the REIT in its counter offer, as applicable, provided that any sale to a third party may only be for cash consideration. The Dilawri Group will comply with the Sale ROFO in respect of any sale of the applicable property after such 180-day period or any proposed sale of the applicable property on terms that are materially more favourable to a purchaser than those offered to or by the REIT, as applicable.

Neither the Acquisition ROFO nor Sale ROFO will be binding upon any third party purchaser of the property (where the applicable right of first offer was complied with by the Dilawri Group and the REIT elected not to acquire the property).

These rights of first offer in favour of the REIT are subject to certain limited exceptions, including any prior-ranking pre-emptive right in respect of the property (such as rights of first offer or rights of first refusal) to which the property is subject at the relevant time (including rights that may be granted in the ordinary course of business or assumed in connection with acquisitions, including pre-existing rights to which future-acquired properties may be subject at the time of acquisition).

The Strategic Alliance Agreement provides Dilawri with certain important rights (and imposes important obligations on the REIT), with respect to certain activities of the REIT:

Right of First Offer on Properties that the REIT Wishes to Sell: Dilawri has the right of first offer to purchase any property owned by the REIT in which a member of the Dilawri Group is a tenant or which the REIT acquired from a member of the Dilawri Group or pursuant to the Strategic Alliance Agreement that the REIT seeks to sell or otherwise dispose of (directly or indirectly by way of the sale or acquisition of securities). If the REIT wishes to sell a property, it will provide Dilawri with an offer to sell the property and information in respect of the property. Any such offer will set out, in reasonable detail, its material terms and conditions and any material information relating to the property that is in the control or possession of the REIT or its Subsidiaries. The consideration payable by Dilawri must be cash.

If Dilawri accepts the REIT's offer, it will have a 60-day due diligence period with respect to the property, with closing to be completed within 30 days of the waiver or expiry of this period. During the due diligence period, the REIT and Dilawri will enter into a binding purchase agreement, subject only to customary real estate conditions and Dilawri being satisfied with its diligence investigations during such diligence period. If Dilawri notifies the REIT that it does not wish to acquire the property at the price offered to Dilawri, or the REIT does not accept Dilawri's counter offer, or the applicable period for Dilawri providing notice to the REIT lapses, the REIT will be free to complete the sale of the property within the following 180 days to any third party on terms not materially more favourable to the third party than those offered to Dilawri or offered by Dilawri to the REIT in its counter offer, as applicable, provided that any sale to a third party may only be for cash consideration. The REIT will comply with the foregoing in respect of any sale after such 180-day period or any proposed sale on terms that are materially more favourable to a purchaser than those offered to or by Dilawri, as applicable. The right of first offer is not binding upon any third party purchaser of the property (where the right of first offer was complied with by the REIT and Dilawri elected to not acquire the property, nor does it apply to the sale of all or substantially all of the assets of the REIT or Partnership and, for clarity, it shall not be triggered by virtue of a change of control of the REIT).

This right of first opportunity in favour of Dilawri is subject to certain limited exceptions, including any prior ranking pre-emptive right (such as a right of first offer or first refusal) in respect of the property to which the property is subject at the relevant time (including rights that may be granted in the ordinary course of business or assumed in connection with acquisitions, including pre-existing rights to which future-acquired properties may be subject at the time of acquisition).

Non-Compete

Pursuant to the Strategic Alliance Agreement, without prior written approval of a majority of the REIT's Independent Trustees, subject to certain exceptions, Dilawri and its directors and executive officers are not permitted during the term of the Strategic Alliance Agreement, directly or indirectly, to: (i) create another real estate investment trust or publicly-traded real estate business with investment criteria similar to that of the REIT; or (ii) materially engage (contractually or otherwise) with another real estate investment trust or publicly-traded real estate business with investment criteria similar to that of the REIT, except in the normal course of business to lease or acquire property for use by Dilawri or its directors or executive officers, as applicable.

Non-Solicit

The REIT and Dilawri, on its behalf and on behalf of the Dilawri Group, also agreed that, during the term of the Strategic Alliance Agreement, neither will intentionally solicit any specific tenant of a property that is owned by the other (other than their respective Subsidiaries or Affiliates other than, in the case of Dilawri, the REIT) to vacate that property in favour of a property in which it has an ownership or operating interest.

In addition, for as long as the Strategic Alliance Agreement remains in effect, the Dilawri Group is not permitted to intentionally solicit any employee of the REIT. This restriction does not prohibit any general advertisement or solicitation by Dilawri that is not specifically directed to such employee.

10. INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made directly or indirectly by the REIT. The assets of the REIT and its Subsidiaries may be invested only in accordance with the following restrictions:

- (a) the REIT will invest primarily, directly or indirectly, in interests (including fee ownership and leasehold interests) in income-producing real property (or a cluster or portfolio of income-producing properties) the primary purpose of which is for use as an automotive dealership, an automotive repair facility or related ancillary uses, in each case, located in Canada or the United States, and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of the REIT;
- (b) notwithstanding anything else contained in the Declaration of Trust, the REIT shall not make or hold any investment, take any action or omit to take any action or permit a Subsidiary to make or hold any investment or take any action or omit to take any action that would, at any time, result in the REIT:
 - (i) not qualifying as a "mutual fund trust" or "unit trust", both within the meaning of the Tax Act, or the Units not qualifying as "qualified investments", within the meaning of the Tax Act, for Exempt Plans;
 - (ii) not qualifying as a "real estate investment trust" within the meaning of the Tax Act if, as a consequence of the REIT not so qualifying, the REIT or any of its Subsidiaries would be liable to pay a tax imposed under either paragraph 122(1)(b) or subsection 197(2) of the Tax Act; or

- (iii) being liable to pay tax under Part XII.2 of the Tax Act;
- (c) other than the Initial Properties and other than leases with the Dilawri Group, the REIT shall not invest in any interest in a single real property (which, for greater certainty, shall not include a portfolio of properties) if, after giving effect to the proposed investment, the cost to the REIT of such investment (net of the amount of debt incurred or assumed in connection with such investment and excluding investment by any joint venture partner) will exceed 20% of GBV at the time the investment is made;
- (d) the REIT may make its investments and conduct its activities, directly or indirectly, through an investment in one or more persons on such terms as the Trustees may from time to time determine, including by way of joint ventures, partnerships (general or limited), unlimited liability companies and limited liability companies;
- (e) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province or territory of Canada, deposits with a savings institution, trust company, credit union or similar financial institution that is organized or chartered under the laws of a state of the United States, short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of the REIT, the REIT may not hold securities of a person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (b) above, the REIT may hold securities of a person: (i) acquired in connection with the carrying on, directly or indirectly, of the REIT's activities or the holding of its assets; or (ii) which focuses its activities primarily on the activities described in paragraph (a) above, provided in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding securities of an issuer (the "**Acquired Issuer**"), the investment is made for the purpose of pursuing the merger or combination of the business and assets of the REIT and the Acquired Issuer or for otherwise ensuring that the REIT will control the business and operations of the Acquired Issuer;
- (f) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (g) the REIT shall not invest in raw land for development, except (i) for existing properties with additional development or properties adjacent to existing properties of the REIT for the purpose of the renovation or expansion of existing properties, or (ii) the development of new properties which will be capital property of the REIT, provided that the aggregate value of the investments of the REIT in raw land, excluding raw land under development, after giving effect to the proposed investment, will not exceed 5% of GBV;
- (h) the REIT may invest in mortgages and mortgage bonds (including participating or convertible mortgages) and similar instruments where:
 - (i) the real property which is security for such mortgages and similar instruments is income producing real property which otherwise meets the other investment guidelines of the REIT; and
 - (ii) the aggregate book value of the investments of the REIT in mortgages, after giving effect to the proposed investment, will not exceed 15% of GBV, and

- (i) the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the GBV of the REIT in investments which do not comply with one or more of paragraphs (a), (e), (g) and (h).

For the purpose of the foregoing investment guidelines, the assets, liabilities and transactions of a corporation or other entity wholly or partially-owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing investment guidelines to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Operating Policies

The Declaration of Trust provides that operations and affairs of the REIT and its Subsidiaries are to be conducted in accordance with the following policies:

- (a) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term “hedging” has the meaning ascribed thereto by National Instrument 81-102 — *Investment Funds* adopted by the Canadian Securities Administrators, as replaced or amended from time to time;
- (b) (i) any written instrument creating or including an obligation on the REIT to grant a mortgage, and (ii) to the extent the Trustees determine it to be practicable and consistent with their fiduciary duties to act in the best interest of the Unitholders, any written instrument which, in the judgment of the Trustees, creates a material obligation of the REIT, shall, in each case, contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise, the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound; the REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;
- (c) the REIT may engage in construction or development of real property: (i) to maintain its real properties in good repair or to improve the income producing potential of properties in which the REIT has an interest; and (ii) to develop new properties that will be capital properties of the REIT on completion, provided that the aggregate value of the investments of the REIT in properties under development after giving effect to the proposed investment in the construction or development, will not exceed 15% of GBV;
- (d) title to each real property shall be held by and registered in the name of the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or by any other persons in such manner as the Trustees consider appropriate, taking into account the advice of legal counsel; provided, that where land tenure will not provide fee simple title, the REIT, the Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT or such person as the Trustees consider appropriate, shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;

- (e) the REIT shall not incur or assume any Indebtedness if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of the REIT would be more than 60% of GBV (or 65% of GBV including convertible Indebtedness);
- (f) the REIT shall not directly or indirectly guarantee any indebtedness or liabilities of any person unless such guarantee: (i) is given in connection with or incidental to an investment that is otherwise permitted by the REIT's investment guidelines; (ii) has been approved by the Trustees; and (iii) (A) would not disqualify the REIT as a "mutual fund trust" within the meaning of the Tax Act, and (B) would not result in the REIT losing any status under the Tax Act that is otherwise beneficial to the REIT and its Unitholders;
- (g) the REIT shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practice of owners of comparable properties;
- (h) the REIT shall have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case, by an independent and experienced consultant, unless the requirement for such an appraisal or engineering survey is waived by the Trustees (or, in the case of an acquisition from a related party of the REIT, the Independent Trustees); and
- (i) the REIT shall either (i) obtain a phase I environmental site assessment, or (ii) be entitled to rely on a phase I environmental site assessment dated no earlier than six months prior to receipt by the REIT, of each real property to be acquired by it and, if the phase I environmental site assessment report recommends that a further environmental site assessment be conducted, the REIT shall have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant.

For the purpose of the foregoing operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially-owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading "Investment Guidelines" and the operating policies contained in sub-paragraphs (a), (e), (f), (h), and (i) set out under the heading "Operating Policies" may be amended only with the approval of not less than two-thirds of the votes cast by Voting Unitholders of the REIT at a meeting of Voting Unitholders called for such purposes (or a written resolution signed by the Voting Unitholders representing at least two-thirds of the outstanding Voting Units). The remaining operating policies may be amended with the approval of a majority of the votes cast by the Voting Unitholders at a meeting of Voting Unitholders called for such purposes (or a written resolution signed by Voting Unitholders representing at least a majority of the outstanding Voting Units).

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of the REIT then in force (other than subparagraph (b) in "Investment Guidelines"), such investment guideline or operating policy in conflict

shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees shall not require the prior approval of Unitholders.

11. DECLARATION OF TRUST AND DESCRIPTION OF UNITS

General

The REIT is an unincorporated open-ended real estate investment trust existing pursuant to the Declaration of Trust under, and governed by, the laws of Ontario. Although the REIT qualifies as a “mutual fund trust” as defined in the Tax Act, the REIT is not a “mutual fund” as defined by applicable securities legislation. The REIT’s fiscal year end is December 31.

Authorized Capital and Outstanding Securities

The Declaration of Trust authorizes the issuance of an unlimited number of two classes of units, namely “trust units” and “special voting units”. Special Voting Units are only issued in tandem with the issuance of Class B LP Units and other securities exchangeable for trust units of the REIT. As at December 31, 2020, the REIT had a total of 37,697,052 Units outstanding and 9,933,253 Special Voting Units outstanding. As of the date hereof, the REIT has a total of 39,066,154 Units outstanding and 9,933,253 Special Voting Units outstanding.

The REIT is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on nor does it intend to carry on the business of a trust company.

Units

Each Unit is transferable and represents an equal, undivided beneficial interest in the REIT and any distributions from the REIT, whether of net income, net realized capital gains (other than such gains allocated and distributed to redeeming Unitholders) or other amounts and, in the event of the termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. All Units rank among themselves equally and ratably without discrimination, preference or priority. Each Unit entitles the holder thereof to receive notice of, to attend, and to one vote at, all meetings of Voting Unitholders or in respect of any written resolution of Voting Unitholders.

Unitholders are entitled to receive distributions from the REIT (whether of net income, net realized capital gains or other amounts) if, as and when declared by the Trustees. Upon the termination or winding-up of the REIT, Unitholders will participate equally with respect to the distribution of the remaining assets of the REIT after payment of all liabilities. Such distribution may be made in cash, as a distribution in kind, or both, all as the Trustees in their sole discretion may determine. Units have no associated conversion or retraction rights. No person is entitled, as a matter of right, to any pre-emptive right to subscribe for or acquire any Unit, except for Dilawri as set out in the Exchange Agreement, or as otherwise agreed to by the REIT pursuant to a binding written agreement.

Special Voting Units

Special Voting Units are only issued in tandem with Class B LP Units and other securities exchangeable for trust units of the REIT and are not transferable separately from the securities to which they relate and, upon any valid transfer of such securities, such Special Voting Units will automatically be transferred to the transferee of such securities. As Class B LP Units and other securities exchangeable for trust units of the REIT are exchanged for Units or redeemed or purchased for cancellation by the Partnership, the corresponding Special Voting Units will be cancelled for no consideration.

Each Special Voting Unit entitles the holder thereof to receive notice of, to attend, and to vote at, all meetings of Voting Unitholders or in respect of any resolution in writing of Voting Unitholders, with the number of votes being equal to the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached. Except for the right to attend and vote at meetings of Voting Unitholders or in respect of written resolutions of Voting Unitholders, Special Voting Units do not confer upon the holders thereof any other rights. A Special Voting Unit does not entitle its holder to any economic interest in the REIT, or to any interest or share in the REIT, any of its distributions (whether of net income, net realized capital gains or other amounts) or in any of its net assets in the event of the termination or winding-up of the REIT.

Issuance of Units

Subject to the pre-emptive rights of the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement contained in the Exchange Agreement and exercisable by Dilawri, Units or rights to acquire Units or other securities may be created, issued and sold at such times, to such persons, for such consideration and on such terms and conditions as the Trustees determine, including pursuant to a rights plan, distribution reinvestment plan, purchase plan or any incentive option or other compensation plan, including the Equity Incentive Plan. Units will be issued only when fully paid in money, property or past services, and they will not be subject to future calls or assessments, provided that Units may be issued and sold on an installment basis and the REIT may take security over any such Units so issued. Where the Trustees determine that the REIT does not have available cash in an amount sufficient to pay the full amount of any distribution, the payment may, at the option of the Trustees, include or consist entirely of the issuance of additional Units having a fair market value determined by the Trustees equal to the difference between the amount of the distribution and the amount of cash that has been determined by the Trustees to be available for the payment of such distribution. These additional Units will be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or a prospectus or similar filing. The Declaration of Trust also provides that unless the Trustees determine otherwise, and subject to all necessary regulatory approvals, immediately after any pro rata distribution of additional Units to all Unitholders as described above, the number of outstanding Units will automatically be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution of such additional Units. In such circumstances, each certificate representing a number of Units prior to the distribution of additional Units will be deemed to represent the same number of Units after the distribution of such additional Units and the consolidation. If tax is required to be withheld from a Unitholder's share of the distribution, the consolidation will not result in such Unitholder holding the same number of Units.

The Trustees may refuse to allow the issuance of or to register the transfer of Units where such issuance or transfer would, in their opinion, adversely affect the treatment of the REIT under applicable Canadian tax laws. See “— Limitations on Non-Resident Ownership of Units”.

Repurchase of Units

The REIT may, from time to time, purchase all or a portion of the Units for cancellation at a price per Unit and on a basis determined by the Trustees in accordance with applicable securities laws and stock exchange rules.

Limitations on Non-Resident Ownership of Units

For the REIT to maintain its status as a “mutual fund trust” under the Tax Act, it must not be established or maintained primarily for the benefit of non-resident persons. Accordingly, the Declaration of Trust provides that at no time may Non-Residents be the beneficial owners of more than 49% of the Units on either a basic

or fully-diluted basis and the REIT has informed its transfer agent and registrar of this restriction. The Trustees may require a registered holder of Units to provide them with a declaration as to the jurisdictions in which beneficial owners of Units registered in such holder's name are resident and as to whether any such beneficial owner is a Non-Resident (and, in the case of a partnership, whether the partnership is a Non-Resident). If the Trustees become aware, as a result of such declarations as to beneficial ownership or as a result of any other investigations, that the beneficial owners of more than 49% of the Units on either a basic or fully-diluted basis are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and will not accept a subscription for Units by, or issue or register a transfer of Units to, a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident and does not hold such Units for the benefit of Non-Residents. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units on either a basic or fully-diluted basis are held by Non-Residents, the Trustees may send or cause to be sent a notice to such Non-Resident Unitholders 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 their Units or a portion thereof within a specified period of not more than 30 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such persons sell or cause to be sold such Units and, in the interim, will suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders will cease to be holders of the relevant Units and their rights will be limited to receiving the net proceeds of sale upon surrender of the certificates, if any, representing such Units. Notwithstanding the foregoing, the Trustees may determine not to take any of the actions described above if the Trustees have been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the REIT as a "mutual fund trust" for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the REIT as a "mutual fund trust" for purposes of the Tax Act.

Nomination of Trustees

The Declaration of Trust includes certain advance notice provisions (the "**Advance Notice Provision**"), which are intended to: (i) facilitate orderly and efficient annual general or, where the need arises, special meetings; (ii) ensure that all Voting Unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Voting Unitholders to register an informed vote. Except as otherwise provided below with respect to Dilawri, only persons who are nominated by Voting Unitholders in accordance with the Advance Notice Provision will be eligible for election as Trustees. Nominations of persons for election to the Board may be made for any annual meeting of Voting Unitholders, or for any special meeting of Voting Unitholders if one of the purposes for which the special meeting was called was the election of Trustees: (a) by or at the direction of the Trustees, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more Voting Unitholders pursuant to a requisition of the Voting Unitholders made in accordance with the Declaration of Trust; or (c) by any person (a "**Nominating Unitholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the REIT's register as a holder of one or more Voting Units carrying the right to vote at such meeting or who beneficially owns Voting Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the Trustees. To be timely, a Nominating Unitholder's notice to the Trustees must be made: (a) in the case of an annual meeting of Voting Unitholders, not less than 30 days prior to the date of the annual meeting of Voting Unitholders; provided, however, that in the event that the annual meeting of Voting Unitholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") that is the earlier of the date that

a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the tenth day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Voting Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the 15th day following the day that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the special meeting of Voting Unitholders was made.

To be in proper written form, a Nominating Unitholder's notice to the Trustees must set forth the following information, all of which the REIT believes to be necessary information to be included in a dissident proxy circular, or is necessary to enable the Board and Voting Unitholders to determine trustee nominee qualifications, relevant experience, Unit holdings or voting interest in the REIT or independence, all in the same manner as would be required for management or Dilawri nominees: (a) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of Units or Special Voting Units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Voting Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable securities laws; and (b) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any Voting Units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable securities laws. The REIT may require any proposed nominee to furnish such other information as may reasonably be required by the REIT to determine the eligibility of such proposed nominee to serve as an Independent Trustee or that could be material to a reasonable Voting Unitholder's understanding of the independence, or lack thereof, of such proposed nominee. Such information, if received, will generally be summarized in the REIT's proxy circular.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding the foregoing, the Trustees may, in their sole discretion, waive any or all requirements in the Advance Notice Provision.

The Declaration of Trust provides Dilawri, so long as the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, direct, or control, in the aggregate, an effective interest of 33% or higher in the REIT (on a fully-diluted basis), with the exclusive right to nominate two Trustees for election by Voting Unitholders; provided that, so long as the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, control or direct, in the aggregate, at least a 10%, but less than 33%, effective interest in the REIT (on a fully-diluted basis), Dilawri shall have the right to nominate one Trustee. Should the size of the Board be increased or decreased, Dilawri's nomination rights shall be increased or decreased proportionately (rounding up or down to the nearest whole number, with 0.5 being rounded up). One of the nominees of Dilawri, if any and if he or she so wishes, shall have the right to be appointed the chair of the Board. Pursuant to the Declaration of Trust, the President and Chief Executive Officer of the REIT may be nominated to serve as a Trustee, so long as the majority of Trustees are Independent Trustees. The Advance Notice Provision does not apply to Dilawri in respect of its nomination of Trustees pursuant to the foregoing right.

Redemption Right

A Unitholder may at any time demand redemption of some or all of its Units by delivering to the REIT a duly completed and properly executed notice requiring redemption in a form satisfactory to the Trustees, together with written instructions as to the number of Units to be redeemed. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Unit (the “**Redemption Price**”) equal to the lesser of:

- (a) 90% of the Market Price (as defined in the Declaration of Trust) of a Unit calculated as of the date on which the Units were surrendered for redemption (the “**Redemption Date**”); and
- (b) 100% of the Closing Market Price (as defined in the Declaration of Trust) on the Redemption Date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion. The aggregate Redemption Price payable by the REIT in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment in Canadian dollars on or before the last day of the calendar month immediately following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (the “**Monthly Limit**”) (provided that such limitation may be waived at the discretion of the Trustees in respect of all Units tendered for redemption in such calendar month); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; and (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, in any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date.

To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the Monthly Limit, then the portion of the Redemption Price per Unit equal to the Monthly Limit divided by the number of Units tendered for redemption in the month shall be paid and satisfied by way of a cash payment in Canadian dollars and the remainder of the Redemption Price per Unit shall be paid and satisfied by way of a distribution in *specie* to such Unitholder of Subsidiary Notes having a fair market value equal to the product of (i) the remainder of the Redemption Price per Unit of the Units tendered for redemption and (ii) the number of Units tendered by such Unitholder for redemption. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of the limitations described at (ii) or (iii) of the foregoing paragraph, then the Redemption Price per Unit shall be paid and satisfied by way of a distribution in *specie* of Subsidiary Notes having a fair market value determined by the Trustees equal to the product of (i) the Redemption Price per Unit of the Units tendered for redemption and (ii) the number of Units tendered by such Unitholder for redemption. No Subsidiary Notes in integral multiples of less than \$100 will be distributed and, where Subsidiary Notes to be received by a Unitholder includes a multiple less than that number, the number of Subsidiary Notes shall be rounded to the next lowest integral multiple of \$100 and the balance shall be paid in cash. The Redemption Price payable as described in this paragraph in respect of Units tendered for redemption during any month shall be paid by the transfer to or to the order of the Unitholder who exercised the right of redemption, of the Subsidiary Notes, if any, and the cash payment, if any, on or before the last day of the calendar month immediately following the month in which the Units were tendered for redemption. Payments by the REIT as described in this paragraph are

conclusively deemed to have been made upon the mailing of certificates representing the Subsidiary Notes, if any, and a cheque, if any, by registered mail in a postage prepaid envelope addressed to the former Unitholder and/or any party having a security interest and, upon such payment, the REIT shall be discharged from all liability to such former Unitholder and any party having a security interest in respect of the Units so redeemed. The REIT shall be entitled to all accrued interest, paid or unpaid on the Subsidiary Notes, if any, on or before the date of distribution in *specie* as described in the foregoing paragraph. Any issuance of Subsidiary Notes will be subject to receipt of all necessary regulatory approvals, which the REIT shall use reasonable commercial efforts to obtain forthwith.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. Subsidiary Notes which may be distributed to Unitholders in connection with a redemption will not be listed on any exchange, no market is expected to develop in Subsidiary Notes and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Subsidiary Notes so distributed would not be “qualified investments” (as defined in the Tax Act) for Exempt Plans.

Trustees

The Declaration of Trust provides that the REIT will have a minimum of three and a maximum of twelve Trustees, the majority of whom must be resident Canadians. The number of Trustees may be increased or decreased within such limits from time to time by the Voting Unitholders by ordinary resolution or by the Trustees, provided that the Trustees may not, between meetings of the Voting Unitholders, 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 previous annual meeting of Voting Unitholders. Subject to Dilawri’s nomination right, a vacancy occurring among the Trustees may be filled by resolution of the remaining Trustees or by the Voting Unitholders at a meeting of the Voting Unitholders. If at any time a majority of Trustees are Non-Residents because of the death, resignation, adjudicated incompetence, removal or change in circumstances of any Trustee who was a resident Canadian, the remaining Trustees, whether or not they constitute a quorum, will appoint a sufficient number of resident Canadian Trustees to comply with the requirement that a majority of Trustees will be at all times resident Canadians.

In addition, a majority of the Trustees must at all times be Independent Trustees. If at any time a majority of Trustees are not Independent Trustees because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an Independent Trustee, this requirement will not be applicable for a period of 60 days after such occurrence, during which time, subject to Dilawri’s nomination right, the remaining Trustees shall appoint a sufficient number of Independent Trustees to comply with this requirement.

The Declaration of Trust provides that, subject to its terms and conditions, the Trustees have, without further authorization and free from any control or direction on the part of the Voting Unitholders, full, absolute and exclusive power, control and authority over the assets and affairs of the REIT to the same extent as if the Trustees were the sole and absolute beneficial owners of the assets of the REIT, to do all acts and things as in their sole and absolute judgment and discretion are necessary or incidental to, or desirable for, carrying out any of the purposes or conducting the affairs of the REIT. All meetings of the Trustees (and any committees) shall take place in Canada and a quorum for each such meeting shall be not less than 50% of the Trustees then in office (or on such committee, as applicable). The Chair of the Board (or committee) shall not have a casting vote.

Trustees are appointed at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting and are eligible for re-election. The Declaration of Trust provides that

a Trustee may resign at any time upon written notice to the Lead Independent Trustee or, if there is no Lead Independent Trustee, to the chair or, if there is no chair, to the President and Chief Executive Officer of the REIT or, if there is no President and Chief Executive Officer, to the Unitholders. A Trustee may be removed at any time with or without cause by an ordinary resolution of the Voting Unitholders at a meeting of Voting Unitholders or by the written consent of Voting Unitholders holding in the aggregate not less than a majority of the outstanding Voting Units or with cause by a resolution passed by at least two-thirds of the other Trustees.

The REIT has a majority voting policy, requiring that each Trustee nominee receive the support of a majority of the total number of votes cast by the Voting Unitholders or submit his or her resignation to the Board for consideration promptly after a meeting of the Unitholders. The Board will have 90 days to accept the resignation and the policy provides that absent exceptional circumstances, any such resignation shall be accepted. The Board's decision to accept or reject the resignation offer will be publicly disclosed. The policy does not apply in circumstances involving contested Trustee elections.

The Declaration of Trust provides that the Trustees will act honestly and in good faith with a view to the best interests of the REIT and the Voting Unitholders and, in connection with that duty, will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Committees

The Declaration of Trust requires that the Trustees appoint a Governance, Compensation and Nominating Committee and an Audit Committee. In addition, the Trustees may create such additional committees as they, in their discretion, determine to be necessary or desirable for the purposes of properly governing the affairs of the REIT.

Conflicts of Interest

The Declaration of Trust contains provisions, similar to those contained in the CBCA, that require each Trustee to disclose to the REIT any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction is one relating to: (i) his or her direct remuneration as a Trustee, officer, employee or agent of the REIT; or (ii) indemnity of himself or herself as a Trustee or the purchase or maintenance of liability insurance.

All decisions of the Board will require the approval of a majority of the Trustees, except for the following matters which shall also require the approval of a majority of the Independent Trustees who are disinterested Independent Trustees in accordance with the Declaration of Trust:

- (a) an acquisition of a property or an investment in a property, whether by co-investment or otherwise, in respect of a property under the terms of the Strategic Alliance Agreement or otherwise in which Dilawri or an Affiliate of Dilawri or any Related Party of the REIT has any direct or indirect interest;
- (b) a material change to any agreement with Dilawri or an Affiliate of Dilawri or a Related Party of the REIT or any approval, consent, waiver or other decision of Trustees

thereunder, or any renewal, extension or termination thereof or any increase in any fees or distributions payable thereunder;

- (c) the entering into of, or the waiver, exercise or enforcement of any rights or remedies under, any agreement entered into by the REIT, or the making, directly or indirectly, of any co-investment, in each case, with (i) any Trustee, (ii) any entity directly or indirectly controlled by any Trustee in which any Trustee holds a significant interest, or (iii) any entity for which any Trustee acts as a director or in another similar capacity;
- (d) the refinancing, increase or renewal of any indebtedness owed by or to (i) any Trustee, (ii) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (iii) any entity for which any Trustee acts as a director or in another similar capacity; or
- (e) decisions relating to any claims by or against one or more parties to any agreement with Dilawri or an Affiliate of Dilawri or any Related Party of the REIT.

As the Chair of the Board is not currently an Independent Trustee, an Independent Trustee, Mr. John Morrison, has been appointed as “Lead Independent Trustee” in order to ensure appropriate leadership for the Independent Trustees. The Lead Independent Trustee (i) ensures that appropriate structures and procedures are in place so that the Board may function independently of management of the REIT; and (ii) leads the process by which the Independent Trustees seek to ensure that the Board represents and protects the interests of all Unitholders.

The Independent Trustees regularly hold in-camera meetings, with members of management not in attendance, as part of regularly scheduled and other Board meetings. The Chair of the Board conducts the in-camera meetings without the presence of management and the Lead Independent Trustee conducts in-camera sessions without the presence of management or the non-Independent Trustees (including the Chair of the Board).

Dilawri’s continuing business may lead to conflicts of interest between Dilawri and the REIT. The role of the Board is to provide governance and stewardship to the REIT, and it has broad responsibilities in this regard, including, among other things, overseeing and appropriately managing potential conflicts of interest with Dilawri. As part of the Board’s responsibilities in this regard, the Board has adopted a related party transaction policy (the “**Related Party Transaction Policy**”) which sets forth the procedure to be followed by the REIT and its Independent Trustees in connection with the assessment, review, documentation and approval of transactions involving related parties, including Dilawri. See “Risk Factors — Risk Factors Related to the REIT’s Relationship with Dilawri — Potential Conflicts of Interest with Dilawri”.

Meetings of Voting Unitholders

The Declaration of Trust provides that meetings of Voting Unitholders be called and held annually for the election of Trustees and the appointment of auditors for the ensuing year, the presentation of the consolidated financial statements of the REIT for the immediately preceding fiscal year, and the transaction of such other business as the Trustees may determine or as may be properly brought before the meeting.

A meeting of Voting Unitholders may be convened by the Trustees at any time and for any purpose and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Voting Units then outstanding by a written requisition. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Voting Unitholders may attend and vote at all meetings of Voting Unitholders either in person or by proxy and a proxyholder need not be a Voting Unitholder. Two or more persons present in person or represented by proxy and representing in total at least 25% of the votes attached to all outstanding units constitute a quorum for the transaction of business at all meetings.

The Declaration of Trust contains provisions as to the notice required and other procedures with respect to the calling and holding of meetings of Voting Unitholders similar to those required under the CBCA.

Amendments to the Declaration of Trust and Other Extraordinary Matters

The Declaration of Trust, except where specifically provided otherwise, may be amended only with the approval of a majority of the votes cast by the Voting Unitholders at a meeting called for that purpose or the written approval of the Voting Unitholders holding a majority of the outstanding Voting Units. Notwithstanding the foregoing, certain amendments and certain extraordinary matters require the approval of at least two-thirds of the votes cast by the Voting Unitholders at a meeting of Voting Unitholders called for that purpose or the written approval of Voting Unitholders holding more than two-thirds of the outstanding Voting Units, including:

- (i) any amendments to the amendment provisions of the Declaration of Trust;
- (ii) an exchange, reclassification or cancellation of all or part of the Units or Special Voting Units;
- (iii) the change or removal of the rights, privileges, restrictions or conditions attached to the Units or Special Voting Units, including, without limitation,
 - the removal or change of rights to distributions;
 - the removal of or change to conversion privileges, redemption privileges, options, voting, transfer or pre-emptive rights; or
 - the reduction or removal of a distribution preference or liquidation preference;
- (iv) the creation of new rights or privileges attaching to certain of the Units or Special Voting Units;
- (v) any change to the existing constraints on the issue, transfer or ownership of the Units or Special Voting Units, except as provided in the Declaration of Trust;
- (vi) the sale of the REIT's property as an entirety or substantially as an entirety (other than as part of an internal reorganization approved by the Trustees);
- (vii) the combination, amalgamation or arrangement of the REIT or any of its Subsidiaries with any other entity that is not the REIT or a Subsidiary of the REIT (other than as part of an internal reorganization as approved by the Trustees);
- (viii) a material change to the Limited Partnership Agreement; and
- (ix) certain amendments to the investment guidelines and operating policies of the REIT.

A majority of the Trustees may, however, without the approval of the Voting Unitholders, make certain amendments to the Declaration of Trust as provided in the Declaration of Trust.

In no event will the Trustees amend the Declaration of Trust if such amendment would amend Voting Unitholders' voting rights, cause the REIT to fail to qualify as a "mutual fund trust", "real estate investment trust" or "unit trust" under the Tax Act or cause the REIT or a Subsidiary of the REIT to be subject to tax under paragraph 122(1)(b), subsection 197(2) or Part XII.2 of the Tax Act.

Notwithstanding the foregoing, provided that the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement own, direct or control at least 10% of the Units (on a fully-diluted basis), no amendment, waiver or modification to the Declaration of Trust that would adversely affect the nomination rights of Dilawri, or other rights specifically granted therein to the Dilawri Organization and the Transferors subject to the Voting Trust Agreement, shall be effective without the prior written consent of Dilawri, in its discretion.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for Units and not less than 90% of the Units (including Units issuable on the exchange of any exchangeable securities, including Class B LP Units, but excluding Units held at the date of the take-over bid by or on behalf of the offeror or associates or Affiliates of the offeror or those acting jointly or in concert with them) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by holders who did not accept the take-over bid on the terms on which the offeror acquired Units from holders who accepted the take-over bid.

Information and Reports

Prior to each meeting of Voting Unitholders, the Trustees will make available to the Voting Unitholders (along with notice of the meeting) information similar to that required to be provided to shareholders of a corporation governed by the CBCA and as required by applicable securities laws and stock exchange requirements. Voting Unitholders will only be entitled to information from Trustees similar to that required to be provided to shareholders of a corporation governed by the CBCA and as required by applicable securities laws and stock exchange rules. The Trustees are entitled to enter into confidentiality and non-disclosure agreements from time-to-time in respect of the affairs of the REIT which have the effect of constraining access to information in the possession or power of possession of the Trustees.

Rights of Unitholders

The Declaration of Trust establishes and governs the rights of the Unitholders and the attributes of the Units. Many of the provisions of the CBCA respecting the governance and management of a corporation are incorporated in the Declaration of Trust. However, Unitholders do not have statutory rights of shareholders of a corporation incorporated under the CBCA including, for example, the right to bring "oppression" or "derivative" actions or to exercise "dissent rights". The Declaration of Trust also includes provisions modeled after comparable provisions of the CBCA dealing with the calling and holding of meetings of Voting Unitholders and Trustees, the procedures at such meetings and the right of the Voting Unitholders to participate in the decision making process where certain fundamental actions are proposed to be undertaken.

12. THE PARTNERSHIP AND DESCRIPTION OF PARTNERSHIP UNITS

General

The Partnership is a limited partnership formed under the laws of the Province of Ontario and is governed by the Limited Partnership Agreement. The Partnership owns, operates and leases real estate assets and property and engages in all activities ancillary and incidental thereto. All investments by the REIT will be

made by the Partnership or a Subsidiary of the Partnership. The general partner of the Partnership is Automotive Properties REIT GP Inc., a corporation incorporated under the laws of the Province of Ontario that is wholly-owned by the REIT (the “**General Partner**”) and, as of the date of this AIF, the limited partners of the Partnership are the REIT (which owns all of the Class A LP Units) and members of the Dilawri Group (which own all of the Class B LP Units) (collectively, the “**Limited Partners**” and, individually, a “**Limited Partner**”). The board of directors of the General Partner is made up of the same members as the Board.

Partnership Units

As of December 31, 2020, the REIT owned all of the issued and outstanding Class A LP Units and members of the Dilawri Group owned all of the 9,933,253 issued and outstanding Class B LP Units. The General Partner has a general partner interest in the Partnership (the “**GP Interest**”). As of December 31, 2020, the Class B LP Units represented an approximate 20.9% effective interest in the REIT, assuming all of the Class B LP Units are exchanged for Units on a one-for-one basis. As of the date hereof, the 9,933,253 Class B LP Units represent an approximate 20.3% effective interest in the REIT, assuming all of the Class B LP Units are exchanged for Units on a one-for-one basis.

The Class B LP Units are, in all material respects, economically equivalent to the Units on a per unit basis, subject to certain anti-dilution adjustments. The Class B LP Units are exchangeable on a one-for-one basis (subject to certain anti-dilution adjustments) for Units at any time at the option of their holder, unless the exchange would jeopardize the REIT’s status as a “mutual fund trust” or “real estate investment trust” under the Tax Act or cause or create significant risk that the REIT would be subject to tax under paragraph 122(1)(b) of the Tax Act and subject to satisfaction of conditions set out therein.

Except as required by law or the Limited Partnership Agreement, and in certain specified circumstances in which the rights of holders of Class B LP Units are particularly affected, the holders of Class B LP Units are not entitled to vote at any meeting of the holders of units of the Partnership.

Operation

The business and affairs of the Partnership are managed and controlled by the General Partner which is bound by the investment guidelines and operating policies applicable to the REIT. The Limited Partners are not entitled to take part in the management or control of the business or affairs of the Partnership. Except as provided below, the Partnership will reimburse the General Partner for all direct costs and expenses incurred by the General Partner in the performance of its duties as the general partner of the Partnership.

The composition of the General Partner’s board of directors is identical to the Board. The Partnership will continue to operate in a manner to ensure, to the greatest extent possible, the limited liability of the Limited Partners. The Limited Partners may lose their limited liability in certain circumstances. If the limited liability of any Limited Partner is lost by reason of the negligence of the General Partner in performing its duties and obligations under the Limited Partnership Agreement, the General Partner will indemnify the applicable Limited Partner against all claims arising from assertions that its liabilities are not limited as intended by the Limited Partnership Agreement. The General Partner has no significant assets or financial resources other than its *de minimis* distribution entitlements from the Partnership. Accordingly, this indemnity may only be of nominal value.

Duties and Responsibilities of the General Partner

The General Partner is the general partner of the Partnership and manages and controls the operations and affairs of the Partnership and makes all decisions regarding the business and activities of the Partnership.

Distributions

The Partnership will continue to distribute to the General Partner and to the holders of its Class A LP Units and Class B LP Units their respective portions of distributable cash as set out below.

Distributions will be made forthwith after the General Partner determines the distributable cash of the Partnership and determines the amount of all costs and expenses incurred by it in the performance of its duties under the Limited Partnership Agreement as general partner (the “**Reimbursement Distribution Amount**”), which determination shall be made no later than the 10th day of each calendar month.

Distributable cash will represent, in general, all of the Partnership’s cash on hand that is derived from any source (other than amounts received in connection with the subscription for additional interests in the Partnership) and that is determined by the General Partner not to be required in connection with the business of the Partnership. The distributable cash of the Partnership will be distributed in the following order and priority: (a) the Reimbursement Distribution Amount to the General Partner; (b) an amount to the holder of Class A LP Units sufficient to allow the REIT to pay its expenses (including, without limitation, any fees or commissions payable to agents or underwriters in connection with the sale of securities by the REIT, listing fees of applicable stock exchanges and fees of the REIT’s auditors) on a timely basis (the “**Class A LP Preferred Distribution**”); (c) an amount to the General Partner equal to 0.001% of the balance of the distributable cash of the Partnership; and (d) an amount equal to the remaining balance of the distributable cash of the Partnership to the holders of Class A LP Units and Class B LP Units in accordance with their pro rata entitlements as holders of Class A LP Units and Class B LP Units. Holders of Class B LP Units will be entitled to receive distributions on each such unit equal to the amount of the distribution declared by the REIT on each Unit. The record date and, subject to the following paragraph, the payment date for any distribution declared on the Class B LP Units will be the same as those for the Units.

A holder of Class B LP Units will have the right to elect to reinvest all distributions payable on its Class B LP Units on the same economic terms as participants in the DRIP, if a DRIP is implemented by the REIT. In such event, a holder of Class B LP Units may reinvest distributions in Class B LP Units, Units or a combination thereof. If a holder of Class B LP Units elects to reinvest its distributions, such holder will receive a bonus distribution equal to any bonus distribution that may be payable pursuant to the DRIP, if any, which bonus distribution will be reinvested in the Class B LP Units or Units, as the case may be, that the holder elects to receive.

Allocation of Partnership Income for Tax Purposes

The income of the Partnership determined in accordance with the provisions of the Tax Act is generally allocated at the end of each fiscal year in the following manner:

- (a) first, to the holder of Class A LP Units in an amount equal to its Class A LP Preferred Distribution;
- (b) second, to the General Partner in an amount equal to the aggregate of (i) the Reimbursement Distribution Amount, and (ii) the distributions paid on the GP Unit; and
- (c) the balance, among the holders of Class A LP Units and Class B LP Units based on their proportionate share of distributions received or receivable for such fiscal year.

Transfer of LP Units

The transfer of Class A LP Units and Class B LP Units is subject to a number of restrictions, including: (i) the Class A LP Units and Class B LP Units may not be transferred to a transferee who is a Non-Resident;

(ii) no fractional Class A LP Units or Class B LP Units will be transferable; (iii) no transfer of Class B LP Units will be accepted by the General Partner if such transfer would cause the Partnership to be liable for tax under subsection 197(2) of the Tax Act; and (iv) no transfer of Class A LP Units or Class B LP Units will be accepted by the General Partner unless a transfer form, duly completed and signed by the registered holder of such Class A LP Units or Class B LP Units, as applicable, has been remitted to the registrar and transfer agent of the Partnership.

In addition to the above restrictions, the Limited Partnership Agreement also provides that no holder of Class B LP Units is permitted to transfer such Class B LP Units, other than for Units in accordance with the terms of the Exchange Agreement or the Limited Partnership Agreement without the consent of the General Partner, unless the transfer is to an Affiliate or, in the case of the Dilawri Organization, another member of the Dilawri Organization, or officers or employees of the Dilawri Group provided (a) the transfer contains similar restrictions on transfer, (b) no more than 3%, in the aggregate, of that number of Class B LP Units owned, controlled or directed by the Dilawri Organization and any Transferors that are subject to the Voting Trust Agreement may be transferred to officers or employees of the Dilawri Group in their capacity as such, and (c) transfers to officers or employees of the Dilawri Group in their capacity as such contain an obligation for such officers or employees to resell the Class B LP Units to the Dilawri Organization (or, if the Dilawri Organization is no longer a holder of Class B LP Units, the Partnership) at such time as they no longer provide services to the Dilawri Group.

Notwithstanding the above, no holder of Class B LP Units is permitted to transfer such Class B LP Units, other than for Units in accordance with the terms of the Exchange Agreement or the Limited Partnership Agreement unless: (i) such transfer would not require the transferee to make an offer to Unitholders to acquire Units on the same terms and conditions under applicable securities laws if such Class B LP Units, and all other outstanding Class B LP Units, were converted into Units at the then-current exchange ratio in effect under the Exchange Agreement immediately prior to such transfer or (ii) the offeror acquiring such Class B LP Units makes a contemporaneous identical offer for the Units (in terms of price, timing, proportion of securities sought to be acquired and conditions) and acquires such Class B LP Units along with a proportionate number of Units actually tendered to such identical offer.

Amendments to the Limited Partnership Agreement

The Limited Partnership Agreement may be amended with the prior consent of the holders of at least 66⅔% of the Class A LP Units voted on the amendment at a duly constituted meeting of holders of Class A LP Units or by a written resolution of partners holding at least 66⅔% of the Class A LP Units entitled to vote at a duly constituted meeting of holders of Class A LP Units, except for certain amendments which require unanimous approval of holders of limited partnership units, including: (i) changing the liability of any limited partner; (ii) changing the right of a limited partner to vote at any meeting of holders of partnership units; and (iii) changing the Partnership from a limited partnership to a general partnership. The General Partner may also make amendments to the Limited Partnership Agreement without the approval or consent of the Limited Partners as provided in the Limited Partnership Agreement. Notwithstanding the foregoing, no amendment, waiver or modification to the Limited Partnership Agreement that (i) would adversely affect the holders of Class B LP Units in a manner different than holders of Class A LP Units, or (ii) affect or alter the rights of the Dilawri Organization and the Transferors that are subject to the Voting Trust Agreement specifically granted in the Limited Partnership Agreement, shall be effective against them without the prior written consent of Dilawri, in its discretion.

In addition, the Declaration of Trust provides that the REIT will not agree to or approve any material amendment to the Limited Partnership Agreement without the approval of at least two-thirds of the votes cast at a meeting of the Voting Unitholders of the REIT called for such purpose (or by written resolution in lieu thereof).

13. MARKET FOR SECURITIES

Trading Price and Volume

The Units are listed for trading on the TSX under the symbol “APR.UN”. The following table sets forth the market price ranges and trading volumes of the Units on the TSX for the period commencing January 1, 2020 to December 31, 2020, as reported by the TSX:

	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
January.....	12.89	11.87	1,951,851
February.....	12.85	11.31	1,991,015
March.....	12.48	5.30	5,907,964
April.....	8.76	6.30	2,820,328
May.....	9.38	6.62	2,584,635
June.....	10.11	8.54	2,298,268
July	9.86	8.95	1,130,251
August	10.07	9.42	1,071,957
September	10.50	9.60	2,041,487
October	10.43	9.63	1,314,273
November	11.16	9.73	1,550,041
December.....	11.39	10.64	1,028,380

14. DISTRIBUTION POLICY

The following outlines the distribution policy of the REIT which has been adopted pursuant to the Declaration of Trust. Determinations as to the amounts distributable, however, have been and will continue to be made in the sole discretion of the Trustees from time to time.

Distribution Policy

The REIT has adopted a distribution policy, as permitted under the Declaration of Trust, pursuant to which it will make monthly cash distributions to Unitholders and, through the Partnership, holders of Class B LP Units. The declaration and payment of distributions on the Units and the amounts thereof are at the discretion of the Board. In approving the distributions, the Trustees take into account the REIT’s financial performance, internal funding needs, capital requirements, available cash flow, future prospects of the REIT’s business and other factors considered relevant from time to time. Over the long term, it is the REIT’s intention to increase the amount of the distributions while retaining appropriate free cash flow to finance future growth. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions, including the adoption, amendment or revocation of any distribution policy. It is the REIT’s current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. The REIT, subject to the discretion of the Board, targets to make

annual cash distributions to Unitholders initially equal to approximately 90% of its AFFO on an annual basis.

Unitholders of record as at the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is insufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units. See "Declaration of Trust and Description of Units — Issuance of Units".

The first distribution, for the period from the IPO Closing Date to August 31, 2015 was made on September 15, 2015 in the amount of \$0.089 per Unit. The REIT has subsequently made monthly distributions in the amount of \$0.067 per Unit each month to and including February 2021. The REIT intends to continue to make monthly cash distributions in the estimated amount of \$0.067 per Unit provided that the ability of the REIT to continue to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT and will be subject to various factors, including financial performance, obligations under applicable credit facilities and restrictions on payment of distributions thereunder on the occurrence of an event of default, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT's properties and any capital expenditure requirements. See "Risk Factors".

The General Partner, on behalf of the Partnership, has made, and will continue to make, monthly cash distributions to holders of Class A LP Units and holders of Class B LP Units by reference to the monthly cash distributions payable by the REIT to Unitholders. Distributions made on the Class B LP Units will be equal to the distributions that the holders of Class B LP Units would have received if they were holding Units instead of Class B LP Units. See "The Partnership and Description of Partnership Units — Distributions" and "Risk Factors".

15. RISK FACTORS

The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT and the tenants of its properties, many of which are beyond the control of the REIT. Described below are certain risks that could materially adversely affect the REIT, its operations, cash flows and ability to make cash distributions. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT's future financial condition and results of operations. The occurrence of any of the risks discussed below could materially and adversely affect the business, prospects, financial condition, results of operations or cash flow of the REIT. Prospective purchasers of Units should carefully consider these risks before investing in the REIT.

COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. COVID-19 has had a significant adverse impact on trade and on local, national and global economies. Provincial governments across Canada enacted emergency measures, commencing in the second half of March 2020, to combat the spread of COVID-19, including the implementation of travel restrictions, self-imposed quarantine periods, temporary closures or restrictions of non-essential businesses, limitations on public gatherings, and social distancing guidelines, many of which continue in effect as of today. As a result of these measures, a number of the REIT's tenants' automotive dealership businesses either temporarily closed or operated on a limited basis. Further, heightened public concerns regarding COVID-19 resulted in delayed automotive purchasing or servicing decisions by consumers, which significantly impacted automotive dealership operators (including those that were permitted to remain open, or partially open, in line with their respective provincial government guidelines). By the end of May 2020, all of the REIT's tenants were fully open for business. However, partial closures were reinstated for automotive dealerships in some parts of Canada in November 2020 and continue to the date hereof.

Given the rapidly evolving circumstances surrounding COVID-19, it is not possible to predict with certainty the nature, duration and extent of the COVID-19 pandemic and the impact it will have on the business and operations of the REIT and the REIT's tenants. The impact of the COVID-19 pandemic is highly dependent on ongoing and future developments, which include, among other things, the actions required to contain or manage COVID-19's impact and the success of COVID-19 vaccination programs. In the long term, aspects of the REIT's business and operations that may be impacted by COVID-19 include rental income, occupancy, tenant inducements, future demand for the REIT's properties and market rents. The impact of COVID-19 may materially and adversely affect the REIT's cash flows, financial condition or results of operations and its ability to make cash distributions to Unitholders.

Furthermore, COVID-19 may affect the REIT's automotive dealership tenants by disrupting supply chains and transactional activities. The REIT's automotive dealership tenants rely on third-party suppliers and manufacturers, many of which are located outside of Canada. COVID-19 has resulted in, and may result in additional, extended shutdowns of certain businesses, including automotive manufacturers, which may in turn result in disruptions, delays or reductions to the REIT's automotive dealership tenants' supply of motor vehicles or replacement parts. These may include disruptions from the temporary closure of third-party supplier and manufacturer facilities, interruptions in supply or restrictions on the export or shipment of key automobile components, including those sourced from China or Europe. COVID-19 may also negatively impact consumer demand for automobiles and motor vehicle consumer spending, which may negatively impact the business of the REIT's automotive dealership tenants. These factors may impact the REIT's automotive dealership tenants' ability to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

Risk Factors Related to the REIT's Relationship with Dilawri

Significant Ownership by the Dilawri Organization

As at December 31, 2020, Dilawri had an approximate 26.0% effective interest in the REIT on a fully-diluted basis through ownership, direction or control of 2,458,452 Units and all of the Class B LP Units. Each Class B LP Unit has attached to it, a Special Voting Unit of the REIT, providing for voting rights in the REIT. As of the date hereof, Dilawri's effective interest in the REIT is approximately 28.1% through ownership of 3,827,554 Units and all of the Class B LP Units.

In addition, the Declaration of Trust grants Dilawri the right to nominate certain Trustees of the REIT based on the Dilawri Organization's direct and indirect interest in the REIT. See "Declaration of Trust and

Description of Units — Nomination of Trustees”. For so long as the Dilawri Organization maintains a significant effective interest in the REIT, the Dilawri Organization will have the ability to exercise certain influence with respect to the affairs of the REIT and significantly affect the outcome of the votes of Voting Unitholders, and may have the ability to prevent certain fundamental transactions. As a result, the Dilawri Organization has the ability to influence many matters affecting the REIT.

Accordingly, the Units may be less liquid and trade at a relative discount compared to such Units in circumstances where the Dilawri Organization did not have the ability to influence or determine matters affecting the REIT. Additionally, the Dilawri Organization’s significant effective interest in the REIT may discourage transactions involving a change of control of the REIT, including transactions in which an investor, as a holder of the Units, might otherwise receive a premium for its Units over the then-current market price. Further, the Dilawri Organization’s significant effective interest in the REIT may discourage competing bids if Dilawri or another member of the Dilawri Organization bids for the REIT.

Pursuant to the Exchange Agreement, each Class B LP Unit is exchangeable at the option of the holder for one Unit (subject to customary anti-dilution adjustments). If the Dilawri Organization exchanges some or all of its Class B LP Units for Units and subsequently sells such Units in the public market, the market price of the Units may decrease. Moreover, despite the fact that Dilawri has advised the REIT that the Dilawri Organization’s current intention is to retain a significant interest in the REIT for the foreseeable future, the perception in the public market that these sales will occur could also produce such an effect.

The Dilawri Group as Key Tenant

As at December 31, 2020, the REIT derived approximately 61.9% of its annual base minimum rent from the Dilawri Group. Consequently, revenues will be dependent on the ability of the Dilawri Group to meet its rent obligations and the REIT’s ability to collect rent from the Dilawri Group. If the Dilawri Group were to terminate its tenancies, default on or cease to satisfy its payment obligations, it would have a material adverse effect on the REIT’s financial condition and results of operations and its ability to make cash distributions to Unitholders.

The REIT has entered into leases with the applicable members of the Dilawri Group in respect of each of the Dilawri Properties, including the Third Party Tenant Portfolio. Under such leases, Dilawri provided an indemnity for the lease obligations of each other member of the Dilawri Group for the initial term of the leases. Consequently, the Dilawri Group will be the REIT’s most significant tenant for the foreseeable future, with members of the Dilawri Group and sublease arrangements with the Dilawri Group occupying approximately 56.5% of the REIT’s GLA as of December 31, 2020 and other dealership groups occupying the remainder. The rent from the portions of the Dilawri Properties occupied by the Dilawri Group and sublease arrangements with the Dilawri Group represents approximately 61.9% of the REIT’s Cash NOI as of December 31, 2020, with the portions of the Properties occupied by other dealership group tenants accounting for the remainder. As of the date of this AIF, the remaining terms of the Dilawri Leases range from approximately 5.2 to 18.9 years, with a weighted average lease term as at December 31, 2020 of approximately 11.3 years. Therefore, the REIT’s net income could also be materially adversely affected in the event of a downturn in the business, or the bankruptcy or insolvency, of Dilawri or the Dilawri Group, as the REIT’s largest tenant.

Acquisition of Future Properties from the Dilawri Group

The REIT’s ability to expand its asset base and increase AFFO per Unit through acquisitions will be significantly affected by the REIT’s ability to leverage its relationship with the Dilawri Group to access opportunities to acquire additional properties that satisfy the REIT’s investment criteria, including pursuant to the Strategic Alliance Agreement. There can be no assurance that the right of first offer granted to the

REIT by Dilawri to acquire the Dilawri Group's interests in properties will be exercised or that the Dilawri Group will dispose of interests in its properties. The inability of the REIT to expand its asset base by virtue of its relationship with the Dilawri Group or pursuant to the rights of first offer may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make cash distributions to Unitholders.

Sale Provisions under the Strategic Alliance Agreement

Pursuant to the Strategic Alliance Agreement, the REIT has granted a right of first offer in favour of Dilawri in the event that the REIT intends to sell or otherwise to dispose of any of its properties in which a member of the Dilawri Group is a tenant or, where a member of the Dilawri Group is not a tenant, which the REIT acquired from a member of the Dilawri Group or pursuant to the Strategic Alliance Agreement. In the event that the REIT desires to sell or otherwise dispose of a property, the existence of this right of first offer in favour of Dilawri could limit the number of purchasers of such property, make it more difficult to sell such property and/or decrease the potential purchase price that could be obtained for such property, which, in turn, could have a material adverse effect on the REIT. This right survives termination of the Strategic Alliance Agreement.

Potential Conflicts of Interest with Dilawri

Other than pursuant to the Strategic Alliance Agreement, Dilawri is not limited or restricted in any way from owning, acquiring, constructing, developing or redeveloping properties, and may itself compete with the REIT in seeking tenants and for the purchase, development and operation of desirable properties to be used as automotive dealerships.

Dilawri's continuing business may lead to conflicts of interest between Dilawri and the REIT. In addition, the remaining development and other services to be performed by Mr. Lamb for Dilawri may lead to conflicts of interest between Mr. Lamb and Dilawri. The REIT may not be able to resolve any such conflicts and, even if it does, the resolution may be less favourable to the REIT than if it were dealing with a party that was not a holder of a significant interest in the REIT. The agreements that the REIT has entered into with the Dilawri Group to date may be amended upon agreement between the parties, subject to applicable law and approval of the Independent Trustees. Because of the Dilawri Organization's significant holdings in the REIT, the REIT may not have the leverage to negotiate any required amendments to these agreements on terms as favourable to the REIT as those the REIT could secure with a party that was not a significant effective Unitholder. There can be no assurance that actual or potential conflicts of interest will be resolved in favour of the REIT.

Assumption of Liabilities

The REIT will assume liabilities arising out of or related to the business, operations or assets acquired by the REIT and has agreed to indemnify the vendors of the Initial Properties for, among other matters, such liabilities. The REIT may assume unknown liabilities that could be significant. The allocation of value for assets and liabilities between the vendors of the Initial Properties and the REIT may not reflect the allocation that would have been reached between the REIT and a party that was not in a position to exercise significant influence over it. See "Arrangements with Dilawri".

Risk Factors Related to the Real Estate Industry and the Business of the REIT

Real Property Ownership and Tenant Risks

Real estate ownership is generally subject to numerous factors and risks, including changes in general economic conditions (such as the availability, terms and cost of mortgage financing and other types of

credit), local economic conditions (such as an oversupply of properties or a reduction in demand for real estate in the area), the attractiveness of properties to potential tenants or purchasers, competition with other landlords with similar available space, global health conditions and the ability of the owner to provide adequate maintenance at competitive costs.

There is no assurance that the operations of the REIT will be profitable or that cash from operations will be available to make distributions to Unitholders. Real estate, like many other types of long-term investments, experiences significant fluctuation in value and, as a result, specific market conditions may result in occasional or permanent reductions in the value of the REIT's portfolio. The marketability and value of the REIT's portfolio will depend on many factors, including, without limitation: (i) changes in general economic conditions (such as the availability, terms and cost of mortgage financing and other types of credit); (ii) local economic conditions (such as business layoffs, industry slowdowns, changing demographics and other factors); (iii) local real estate conditions (such as an oversupply of properties or a reduction in demand for real estate in the area); (iv) changes in occupancy rates; (v) the attractiveness of properties to potential tenants or purchasers; (vi) competition with other landlords with similar available space; (vii) the ability of the REIT to provide adequate maintenance at competitive costs; (viii) changes in exchange rates; (ix) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (x) the financial condition of borrowers and of tenants, buyers and sellers of real estate assets; (xi) changes in real estate tax rates and other operating expenses; (xii) the imposition of rent controls; (xiii) energy and supply shortages; (xiv) various uninsured or uninsurable risks; and (xv) natural disasters. There can be no assurance of profitable operations because the costs of operating the portfolio, including debt service, may exceed gross rental income therefrom, particularly since certain expenses related to real estate, such as property taxes, utility costs, maintenance costs and insurance, tend to increase even if there is a decrease in the REIT's income from such investments.

The Properties generate income through rent payments made by the Dilawri Group and third parties. The REIT depends on tenants who lease its properties to pay rent, maintain its properties and meet their other lease obligations. All of the Properties rely on the Dilawri Group and third parties under a triple-net lease, which subjects the REIT to additional risk related to the financial strength of the Dilawri Group and such third parties relative to multi-tenant properties. Furthermore, as the Dilawri Group will head lease all of the premises currently leased to third party tenants (with the exception of Properties which are leased by the REIT to other dealership groups), the Dilawri Group, not the REIT, will have control over the re-leasing of such premises. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease. In addition, historical occupancy rates and rents are not necessarily an accurate prediction of future occupancy rates for the Properties. The REIT's cash flows and financial position would be materially adversely affected if its tenants (and especially the Dilawri Group) were to become unable to meet their obligations under their leases or if a significant amount of available space in the REIT's properties was not able to be leased on economically favourable lease terms.

The REIT also depends on the tenant to keep the property adequately insured. If the tenant does not have enough insurance and there is a loss, the REIT could incur all or some of the cost to repair or replace the property. In addition, if the tenant fails to pay real estate taxes when due, the REIT may be required to pay these taxes. If a tenant fails to pay rent or perform any other obligation under the lease, the tenant could be in default under the lease. In the event of default by a tenant, the REIT may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. Any such process may be costly, time consuming and could divert the attention of management from the day-to-day-business of the REIT. Further, the REIT may be unsuccessful in collecting the money that is owed by a defaulting tenant. In addition, the Dilawri Leases may narrow the field of potential tenants at a property and could contribute to difficulties in leasing space to new tenants. Furthermore, at any time, a tenant may seek the

protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease of the tenant and thereby cause a reduction in the REIT's cash flows, financial condition or results of operations and its ability to make cash distributions to Unitholders.

The above list of ways in which the REIT depends on its tenants is not exhaustive. Other actions by the REIT's tenants could have an adverse effect on its cash flows, financial condition or results of operations and its ability to make cash distributions to Unitholders.

Asset Class and Manufacturer Diversification

The REIT's investments are not widely diversified by asset class. Substantially all of the REIT's investments are in automotive dealership properties. A lack of asset class diversification increases risk because automotive dealership properties are subject to their own set of risks, such as the risks associated with automotive manufacturers. See “— Risk Factors Related to the Automotive Dealership Industry”. Furthermore, Honda and Acura dealerships collectively represent approximately 20.3% of the gross automotive dealership rent paid to the REIT in 2020 and approximately 19.1% of the REIT's GLA as at December 31, 2020. Volkswagen and Audi dealerships collectively represent approximately 22.2% of the gross automotive dealership rent paid to the REIT in 2020 and approximately 19.8% of the REIT's GLA as at December 31, 2020. Because Acura is a division of Honda and Audi is a division of Volkswagen, any material adverse changes to the business of Honda and/or Volkswagen may adversely affect the ability of the Dilawri Group to meet its rent obligations, which in turn may have a material adverse effect on the REIT.

Geographic Concentration

The Properties are all located in Canada, in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec. As a result, the market value of the REIT's properties, the income generated by the REIT and the REIT's performance are particularly sensitive to changes in the economic condition and regulatory environments of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec. Adverse changes in the economic condition or regulatory environment of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario or Québec may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make cash distributions to Unitholders. See “Properties Held by the REIT — Composition of the Properties — Geographic Breakdown”.

Competition

The REIT competes with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable real estate properties. Some of the properties of the REIT's competitors may be newer or better located than the Properties. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the REIT. An increase in the availability of funds for investment or an increase in interest in real estate property investments may increase the competition for real estate property investments, thereby increasing purchase prices and reducing the yield on them. The existence of competing managers and owners could have a material adverse effect on the REIT's ability to lease space and on the rents the REIT is able to charge, and could materially adversely affect revenues and the REIT's ability to meet its obligations and its ability to make cash distributions to Unitholders.

Capital Expenditures and Fixed Costs

Certain significant expenditures, including property taxes, maintenance costs, debt service payments, insurance costs and related charges, must be made throughout the period of ownership of real property,

regardless of whether the property is producing sufficient income to pay such expenses. In order to retain desirable rentable space and to generate adequate revenue over the long-term, the REIT must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the REIT may not be able to recover from its tenants. In addition, property tax reassessments based on updated appraised values may occur, which the REIT may not be able to fully recover from its tenants. As a result, the REIT will bear the economic cost of such structural defects and/or taxes not recoverable from tenants which may adversely impact the REIT's financial condition and results from operations and decrease the amount of cash available for distribution to Unitholders. Numerous factors, including the age of the relevant building, the materials used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. In addition, the timing and amount of capital expenditures may indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed the REIT's estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if the REIT is not permitted to increase rents due to legal or other constraints, the REIT will incur additional and unexpected costs. If competing properties of a similar type are built in the area where one of the REIT's properties is located or similar properties located in the vicinity of one of the REIT's properties are substantially refurbished, the net operating income derived from, and the value of, the REIT's property could be reduced. Any failure by the REIT to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that the REIT earns from such properties. Any such event could have a material adverse effect on the REIT's cash flows, financial condition or results of operations and its ability to make cash distributions to Unitholders.

Liquidity

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and for making distributions to Unitholders.

Cyber-Security Risk

The REIT is in possession of certain confidential or sensitive information, including tenant and lease details, employee information, financial records and operational data ("**Confidential Information**"). Some of this Confidential Information is held and managed by third party service providers. The REIT has implemented processes, procedures and controls to prevent unauthorized access to Confidential Information and to build and sustain a reliable information technology infrastructure. However, these measures, and any similar measures implemented by the REIT's third party service providers, may not be sufficient to anticipate, timely identify or appropriately respond to the sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach the security of the REIT's information technology systems or those of its third party service providers. Additionally, employee errors, including with respect to ineffective password management, may result in a breach of the REIT's or its third party service providers' security measures, which could result in a breach of Confidential Information.

Any system vulnerability or failure of data security measures of the REIT or its third party service providers could result in, among other things, operational interruption, harm to the reputation or competitive position of the REIT, the loss of or unauthorized access to Confidential Information or other assets, remediation costs, litigation, regulatory enforcement proceedings, violation of privacy, security or other laws and regulations and damage to the REIT's business relationship with its tenants.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years. As an owner of real property in Canada, the REIT is subject to various Canadian federal, provincial, territorial and municipal laws relating to environmental matters. In the event that the REIT acquires properties in the United States, it will also be subject to various U.S. federal, state and other environmental laws. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. Further, liability may be incurred by the REIT with respect to the release of such substances from or to the REIT's properties. These laws often impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. Additional liability may be incurred by the REIT with respect to the release of such substances from the REIT's properties to properties owned by third parties, including properties adjacent to the REIT's properties or with respect to the exposure of persons to such substances. These laws also govern the maintenance and removal of materials containing asbestos in the event of damage, demolition or renovation of a property and also govern emissions of, and exposure to, asbestos fibres in the air. Certain of the Properties contain or might contain materials containing asbestos. The costs of investigation, removal and remediation of such substances, materials and/or contamination from the Properties may be substantial and could materially adversely affect the REIT's financial condition and results of operations. The presence of such substances, materials and/or contamination or the failure to remediate them may also materially adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in significant claims against the REIT by public or private parties.

The REIT is also exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible. Moreover, the existence or even the mere suspicion of the existence of hazardous materials or contamination can materially adversely affect the value of a property and the REIT's ability to lease or sell such property.

All of the Properties have, or have had, tenants that would or currently use hazardous, toxic or other regulated substances. For example, automotive repair and/or service operations are currently located at each of the Properties.

The REIT's operating policy is to obtain, or be able to rely on, a phase I environmental site assessment, conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have phase II environmental site assessment work completed where recommended in a phase I environmental site assessment. Although such environmental site assessments would provide the REIT with some level of assurance about the condition of such properties, the REIT may become subject to liability for undetected contamination or other environmental conditions at its properties, which could materially adversely affect the REIT's financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders.

The REIT intends to make, or require its tenants to make, the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters that may have a material adverse effect on the REIT's business, financial

condition or results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders. In addition, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have a material adverse effect on the REIT's financial condition and results of operations and may decrease or eliminate the amount of cash available for distribution to Unitholders.

Financing Risks

The REIT has outstanding Indebtedness of approximately \$396.0 million as of December 31, 2020. Although a portion of the cash flow generated by the Properties will be devoted to servicing such debt, there can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest payments and principal repayments upon an applicable maturity date. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could materially adversely affect the REIT's financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders.

The REIT is subject to the risks associated with debt financing, including the risk that any outstanding indebtedness 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, which may reduce AFFO. To the extent that the REIT incurs variable rate indebtedness (such as under the revolving credit facilities), this will result in fluctuations in the REIT's cost of borrowing as interest rates change. To the extent that interest rates rise, the REIT's operating results and financial condition could be materially adversely affected and decrease the amount of cash available for distribution to Unitholders. The Credit Facilities and Mortgages also contain covenants that require the REIT to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, the REIT's ability to make distributions to Unitholders may be limited or suspended. The AFFO payout ratio covenants could limit the amount of distributions payable by the REIT from time to time. In addition, the Credit Facilities contain restrictions concerning the change of control of the REIT and the Partnership (and/or requiring the REIT to remain publicly-traded) which may discourage transactions involving a change of control of the REIT, including transactions in which an investor, as a holder of the Units, might otherwise receive a premium for its Units over the then-current market price. Loan Facility 1 also contains a limit on the amount the REIT can spend in any year on capital improvements to its properties. Although the REIT does not anticipate spending significant sums on capital improvements given that the Dilawri Leases are "triple-net" leases, such a limit could impact the REIT's ability to expand or otherwise make substantial structural improvements to its properties.

Degree of Leverage

The REIT's ratio of Indebtedness to GBV was approximately 43.2% as of December 31, 2020. The REIT's degree of leverage could have important consequences to Unitholders, including: (i) the REIT's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general trust purposes, making the REIT more vulnerable to a downturn in business or the economy in general, and (ii) a portion of the REIT's cash flow is dedicated to the payment of the principal of and interest on its Indebtedness, thereby reducing the amount of funds available for distributions to Unitholders. Under the Declaration of Trust, the maximum amount of Indebtedness cannot exceed 60% of GBV (or 65% including convertible Indebtedness).

Interest Rate Risk

The REIT required extensive financial resources to complete the IPO Acquisition, and the acquisition of Properties completed subsequent to the IPO, and will require extensive financial resources to implement its future growth strategy. When concluding financing agreements or extending such agreements, the REIT will depend on its ability to agree on terms, including in respect of interest payments and, if applicable, amortization that will not impair the REIT's desired AFFO and that do not restrict its ability to make distributions to Unitholders. In addition to the revolving credit facilities, the REIT may enter into future financing agreements with variable interest rates if the current historical low level of interest rates continue. Given the historically low interest rates, there is a risk that interest rates will increase. An increase in interest rates could result in a significant increase in the amount paid by the REIT to service debt, resulting in a decrease in or the elimination of distributions to Unitholders, which could materially adversely affect the trading price of the Units. In addition, increasing interest rates may put competitive pressure on the levels of distributable income made by the REIT to Unitholders, increasing the level of competition for capital faced by the REIT, which could have a material adverse effect on the trading price of the Units.

The REIT has implemented interest rate swap arrangements in respect of each of the Credit Facilities in order to offset the risk of interest rate fluctuations and to provide more certainty regarding the payment of distributions to Unitholders. See "General Development of the Business — Credit Facilities and Mortgages". However, to the extent that the REIT fails to adequately manage its variable interest rate risks, its financial results, and its ability to pay distributions to Unitholders and interest payments under the Credit Facilities and any other variable rate financings, may be materially adversely affected. Increases in interest rates generally cause a decrease in demand for real property. Higher interest rates and more stringent borrowing requirements, whether mandated by law or required by lenders, could have a material adverse effect on the REIT's ability to sell any of its properties at fair value.

Land Leases

Two of the Properties are subject to land leases. To the extent that the properties in which the REIT has or will have an interest are located on leased land, including these Properties, the land leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments which could adversely impact the REIT's financial condition and operating results and decrease the amount of cash available for distribution to Unitholders. The land leases are also subject to renewal terms and may or may not be renewed by their respective third-party lessors.

Acquisitions and Associated Undisclosed Defects and Obligations

The REIT's business plan contemplates, among other things, growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and leasing the properties. The REIT has made and intends to continue to make acquisitions and dispositions of properties in accordance with its growth strategy. If the REIT is unable to manage its growth effectively, it could materially adversely impact the REIT's financial position and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will be maintained or increase in the future.

Acquired properties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. For example, the REIT could acquire a property that contains undisclosed defects in design or construction. Representations and warranties given by third parties to the 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. Furthermore, it is not always possible to obtain from the seller the records and documents that are required in order to fully verify that the buildings to be acquired are constructed in accordance, and that their use complies, with planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. These circumstances could lead to additional costs and could have a material adverse effect on rental income of the relevant properties or the sale prices of such properties upon a disposition of such properties.

The REIT's ability to acquire properties on satisfactory terms and successfully integrate them is subject to the following additional risks: (a) the REIT may be unable to acquire desired properties because of competition from other real estate investors with more capital, including other real estate operating companies, real estate investment trusts and investment funds; (b) the REIT may acquire properties that are not accretive to results upon acquisition, and the REIT may not successfully manage and lease those properties to meet its expectations; (c) competition from other potential acquirers may significantly increase the purchase price of a desired property; (d) the REIT may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; (e) the REIT may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; (f) agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and the REIT may spend significant time and money on potential acquisitions that the REIT does not consummate; (g) the process of acquiring or pursuing the acquisition of a new property may divert the attention of the REIT's management team from existing business operations; (h) the REIT may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into existing operations; (i) market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and (j) the REIT may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

In addition, after the acquisition of a property, the market in which the acquired property is located may experience unexpected changes that materially adversely affect the property's value. The occupancy of properties that are acquired may decline during the REIT's ownership, and rents that are in effect at the time a property is acquired may decline thereafter.

If the REIT cannot complete property acquisitions on favourable terms to meet the REIT's goals or expectations, the REIT's business, financial condition, results of operations and cash flow, the per Unit trading price and the REIT's ability to satisfy debt service obligations and to make cash distributions to Unitholders could be materially and adversely affected.

Operational Risk

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings. Management will endeavour to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls will be regularly reviewed and, if deemed necessary, improvements will be implemented.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties and refinance its indebtedness, as well as to fund its growth strategy and certain capital expenditures from time to time. Although the REIT has access to the revolving credit facilities, there can be no assurance that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, refinancing its indebtedness, financing or refinancing of properties, funding operating expenses or other purposes. Also, raising of capital will be impacted directly by the equity capital markets. Further, in certain circumstances, the REIT may not be able to borrow funds due to limitations set forth in the Declaration of Trust. Failure by the REIT to access required capital could have a material adverse effect on the REIT's financial condition or results of operations and its ability to make cash distributions to Unitholders.

Potential Conflicts of Interest

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interests of these persons could conflict with those of the REIT. Pursuant to the Declaration of Trust, all decisions to be made by the Board which involve the REIT are required to be made in accordance with the Trustees' duties and obligations to act honestly and in good faith with a view to the best interests of the REIT and the Voting Unitholders. In addition, the Declaration of Trust contains provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters and the Related Party Transaction Policy creates a specific process to be undertaken by the REIT and its Independent Trustees in connection with transactions involving related parties, including Dilawri. Conflicts may also exist as certain Trustees will be affiliated with the Dilawri Organization and may be nominated by Dilawri in certain circumstances in the future. There can be no assurance that the provisions of the Declaration of Trust or the Related Party Transaction Policy will adequately address potential conflicts of interest or that such actual or potential conflicts of interest will be resolved in favour of the REIT.

General Insured and Uninsured Risks

The Dilawri Leases require Dilawri (or the applicable member of the Dilawri Group) to carry general liability, umbrella liability and/or excess liability insurance with limits that are typically obtained for similar real estate properties and that are otherwise acceptable to the Board that names the REIT as an additional insured. For property risks, the Dilawri Leases require Dilawri (or the applicable member of the Dilawri Group) to carry "All Risks" property insurance, including but not limited to flood, earthquake and loss of rental income insurance (with at least a 12 month indemnity period) that names the REIT as an additional insured. The REIT also carries customary insurance covering its Trustees and officers as well as prospectus liability insurance. There are, however, certain types of risks (generally of a catastrophic nature, such as risks related to war or nuclear accident) which are uninsurable under any insurance policy. Furthermore, there are other risks that are not economically viable to insure at this time. The REIT does not carry title insurance on the Properties. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance, the REIT could lose all or part of its investment in, and anticipated profits and cash flows from, such property.

While the REIT, as an additional insured on Dilawri's policies, will have insurance to cover a substantial portion of the cost of natural disasters, such insurance includes customary deductible amounts and certain items may not be covered by insurance. Future natural disasters may materially adversely affect the REIT's operations and properties and, more specifically, may cause the REIT to experience reduced rental revenue (including from increased vacancy), incur clean-up costs or otherwise incur costs in connection with such

events. Any of these events may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make distributions to Unitholders.

Risk Related to Insurance Renewals

Certain events could make it more difficult and expensive to obtain property and casualty insurance, including coverage for catastrophic risks. When Dilawri's current insurance policies expire, it may encounter difficulty in obtaining or renewing property or casualty insurance at the same levels of coverage and under similar terms. Such insurance may be more limited and, for catastrophic risks (e.g., earthquake, hurricane, flood and terrorism), may not be generally available to fully cover potential losses. If Dilawri or the REIT is unable to obtain adequate insurance for certain risks, it could result in an event of default under the Dilawri Leases and/or could cause the REIT to be in default under specific covenants on certain of its indebtedness or other contractual commitments that it has which require the REIT to maintain adequate insurance on its properties to protect against the risk of loss. If this were to occur, or if Dilawri or the REIT were unable to obtain adequate insurance, and its properties experienced damages that would otherwise have been covered by insurance, it could have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and ability to make cash distributions to Unitholders.

Current Economic Environment

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of unemployment, volatile energy costs, geopolitical issues and the availability and cost of credit have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could materially adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have a material adverse effect on the ability of the REIT's operators to maintain occupancy rates in the REIT's properties, which could harm the REIT's financial condition. If these economic conditions continue, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

Furthermore, potential trade tariff policies may have a negative impact on future retail automotive sales through, among other things, increases to new automobile prices.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including certain executive officers and the Trustees. The REIT's inability to attract and retain qualified and experienced personnel or the loss of the services of any key personnel could have a material adverse effect on the REIT and materially adversely affect the REIT's financial condition and results of operations and decrease or eliminate the amount of cash available for distribution to Unitholders. The REIT does not have key person insurance on any of its executive officers.

New Markets

If the opportunity arises, the REIT may explore acquisitions of properties in new markets, such as the United States. Each of the risks applicable to the REIT's ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, the REIT may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could materially adversely affect its ability to expand into or operate in those markets. The REIT may be unable to achieve a desired return on its investments in new markets. If the REIT is unsuccessful in the expansion into new markets, it could materially adversely affect its business, financial condition, results of operations and cash flow, its

per Unit trading price and its ability to satisfy debt service obligations and to make distributions to Unitholders.

Property Development, Redevelopment and Renovation Risks

Although the REIT may engage in development, redevelopment or major renovation activities with respect to its properties, it does not expect to do so in any material way in the near term. However, if it does so, it will be subject to certain risks, including: (a) the availability and pricing of financing on satisfactory terms or at all; (b) the availability and timely receipt of zoning and other regulatory approvals; (c) the ability to achieve an acceptable level of occupancy upon completion; (d) the potential that the REIT may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (e) the potential that the REIT may expend funds on and devote management time to projects which it does not complete; (f) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (g) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the REIT's cash flow and liquidity; (h) the cost and timely completion of construction (including risks beyond the REIT's control, such as weather, labour conditions or material shortages); (i) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (j) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (k) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; (l) the REIT's ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and (m) the availability and pricing of financing to fund the REIT's development activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment activities or the completion of redevelopment activities once undertaken. In addition, redevelopment projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on the REIT's financial condition, results of operations, cash flow, the trading price of the Units, distributions to Unitholders and ability to satisfy the REIT's principal and interest obligations.

Derivative Risks

The REIT has swap facilities in place as part of Loan Facility 1, Loan Facility 2 and Loan Facility 3. See "General Development of the Business — Credit Facilities and Mortgages". The REIT may also use other derivative instruments, including futures, forwards, options and additional swaps to manage the interest rate risks inherent in its operations and Credit Facilities. There can be no assurance that any hedging activities of the REIT will be effective. Further, these activities, although intended to mitigate price volatility, would expose the REIT to other risks. For example, the REIT would be subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. In addition, there would be a risk of loss by the REIT of margin deposits in the event of the bankruptcy of the dealer with whom the REIT has an open position in an option or futures or forward contract. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these contracts involves judgment and use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts. The ability of the REIT to close out its positions may also be affected by exchange-imposed daily trading limits on options and futures contracts. If the REIT is unable to close out a position, it will be unable to realize its profit or limit

its losses until such time as the option becomes exercisable or expires or the futures or forward contract terminates, as the case may be. The inability to close out options, futures and forward positions could also have a material adverse effect on the REIT's ability to use derivative instruments to effectively hedge the interest rate risks inherent in its operations.

Joint Venture Arrangements

The REIT does not currently but may, directly or indirectly, invest in a joint venture arrangement, thereby acquiring a non-controlling interest in certain investments. Although the REIT may not have control over these investments and therefore may have a limited ability to protect its position therein, such joint venture arrangements are expected to contain terms and conditions which are commercially reasonable. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the REIT (including relating to the sale of properties held in the joint venture or the timing of the termination and liquidation of such joint venture) or may be in a position to take action contrary to the REIT's investment objectives. The REIT also may, in certain circumstances, be liable for the actions of its third party co-venturers.

Litigation Risks

In the normal course of the 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 adverse to the REIT and, as a result, could have a material adverse effect on the REIT's assets, liabilities, business, financial condition and results of operations. Even if the REIT prevails in any such legal proceeding, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT's business operations, which could have a material adverse effect on the REIT's cash flows, financial condition or results of operations and its ability to make cash distributions to Unitholders.

Investments in Debt Instruments

Under the Declaration of Trust, the REIT may hold direct or indirect investments in mortgages and mortgage bonds (including participating or convertible mortgages). Adverse changes to the financial condition of a mortgagor with respect to a mortgage held directly or indirectly by the REIT could have an adverse impact on the REIT's ability to collect principal and interest payments from such mortgagor and therefore, cause a reduction in the REIT's ability to make distributions to Unitholders and in the value of that investment.

Based upon applicable laws governing the REIT's investments in debt instruments and the loans underlying the REIT's debt securities, the REIT's investments in debt may also be adversely affected by: (i) the operation of applicable laws regarding the ability to foreclose mortgage loans or to exercise other creditors' rights provided in the underlying loan documents; (ii) lender liability with respect to the negotiation, administration, collection or foreclosure of mortgage loans; (iii) penalties for violations of applicable usury limitations; and (iv) the impact of bankruptcy or insolvency laws.

Further, the REIT will not know whether the values of the properties securing the mortgage loans will remain at the levels existing on the dates of origination of those mortgage loans. If the values of the underlying properties fall, the risk to the REIT will increase because of the lower value of the security associated with such loans.

Risk Factors Related to the Automotive Dealership Industry

Automotive Dealership Tenant Risks

All of the REIT's annual base minimum rent as of the date of this AIF will be received from the Dilawri Group and other dealer group operators of automotive dealerships. Further, the REIT's external growth strategy is intended to primarily target acquisitions of automotive dealership properties. Therefore, the REIT will be affected and may be harmed by changes in the automotive dealership industry and the automotive production market.

An automotive dealership tenant's ability to pay rent and perform its other obligations under a lease will be dependent to a significant extent on its relationship with the automotive manufacturer. The automotive dealership tenants or their related dealership groups generally operate dealerships that sell the products of more than one manufacturer. The sales mix of makes and models of motor vehicles tends to change periodically; therefore, current sales of the makes or models of one manufacturer may not reflect the level of future sales of that manufacturer's products. A reduction in supply, particularly of certain models, could lower motor vehicle sales, which in turn could negatively impact service and parts sales. Other factors which can affect sales include the manufacturer's financial condition, marketing and incentive programs and expenditures; ability and desire to finance the sale of vehicles or provide warranties to consumers on vehicles sold; vehicle design; production capabilities and management of the manufacturer; strikes and other labour actions by unions; negative publicity; product recalls; litigation; or potential trade tariff policies that may impact future retail automotive sales through, among other things, increases to new automobile prices. The automotive dealership tenant may be unable to pay rent or meet other lease obligations if a dealership's motor vehicle supply is reduced. Further, the REIT depends on its tenants to maintain good relationships with automotive manufacturers and to comply with their franchise agreements. Manufacturers exercise a certain degree of control over dealerships, and the franchise agreements between the dealership groups and the manufacturers provide for termination or non-renewal for a variety of causes. The REIT has no rights under the franchise agreements. If a manufacturer terminates or declines to renew one or more franchise agreements or negotiates terms for renewal that are better for the manufacturer, the tenant may be unable to pay rent and perform its other obligations under its lease with the REIT. These factors, as well as other events involving the automotive dealership tenant/manufacturer relationship, could adversely affect the REIT's cash flows, financial condition or results of operations and its ability to make cash distributions to Unitholders.

Furthermore, the business of the REIT's automotive dealership tenants is heavily dependent on consumer demand and preferences. Such tenants' revenues will be materially and adversely affected if there is a severe or sustained downturn in overall levels of consumer spending. Retail vehicle sales are cyclical and historically have experienced periodic downturns characterized by oversupply and weak demand. These cycles are often dependent on general economic conditions, unemployment and consumer confidence, as well as the level of discretionary personal income, credit availability and interest rates. A sustained downturn in the sale of vehicles could have a material adverse effect on the REIT's automotive dealership tenants which, in turn, could materially adversely affect the financial performance of the REIT and its ability to make cash distributions to Unitholders.

In addition, the automotive industry may experience significant change in the coming years, including as a result of increases in ride-sharing services, increased focus on electric vehicles and direct-to-consumer sales and financing channels. As these changes continue to evolve, the overall impact of these changes on the automotive dealership industry remains uncertain.

Competitive Environment

The automotive dealership industry in Canada is highly competitive. If Dilawri or another automotive dealership tenant is ineffective in responding to consumer trends or in executing its strategic plans, its financial performance could be negatively affected. The REIT's automotive dealership tenants are subject to competitive pressures from new brand entrants into the marketplace, from the expansion or renovation of existing competitors and from new sales channels such as the Internet. The inability of these tenants to effectively predict market activity or compete effectively with their current or future competitors or new sales channels could result in, among other things, reduced market share and lower pricing in response to competitors' pricing activities. Failure by any automotive dealership tenant, particularly the Dilawri Group, to sustain its competitive position could negatively affect its financial performance which, consequently, could materially adversely affect the financial performance of the REIT and its ability to make cash distributions to Unitholders.

Economic Environment

Economic factors that impact motor vehicle consumer spending patterns could deteriorate or remain unpredictable due to global, national or regional economic volatility. These factors include high levels of unemployment and household debt, increased interest rates, inflation, foreign exchange rates and commodity prices (including gasoline) and access to consumer credit. Any of these factors could negatively affect the automotive dealership tenants' revenue and margins. Inflationary trends are unpredictable and changes in the rate of inflation or deflation will affect consumer prices, which in turn could negatively affect the financial performance of the automotive dealership tenants, including the Dilawri Group, which, consequently, could materially adversely affect the financial performance of the REIT and its ability to make cash distributions to Unitholders.

Risk Factors Related to the Structure of the REIT

Reliance on the Partnership

The REIT is dependent on the business of the Partnership for NOI. The cash distributions made to Unitholders are dependent on the ability of the Partnership to make distributions in respect of the limited partnership units of the Partnership. The ability of the Partnership to make distributions or make other payments or advances to the REIT will depend on the Partnership's results of operations and may be restricted by, among other things, applicable tax and other laws and regulations and may be subject to contractual restrictions contained in any instruments governing the indebtedness of the Partnership, and any other agreements governing the Partnership. If the Partnership is unable to make distributions or other payments or advances to the REIT, such failure could have a material adverse effect on the REIT's financial condition or results of operations and its ability to make cash distributions to Unitholders.

Return on Investment and Cash Distributions are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, is entirely dependent on the operations and assets of the REIT, and is subject to various factors, including financial performance, obligations under the Credit Facilities, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT's properties and any capital expenditure requirements. The Units are equity securities of the REIT and are not traditional fixed income securities. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount and there is no promise to return the initial purchase price of a Unit on a certain date in the future, and reductions in, or suspensions of, cash distributions may occur at any time that would reduce the yield of a Unit. The market value of the Units

will deteriorate if the REIT is unable to meet its distribution and AFFO targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors. Therefore, the rate of return over a defined period for a Unitholder may not be comparable to the rate of return on a fixed income security that provides a “return on capital” over the same period.

Tax-Related Risk Factors

Mutual Fund Trust Status — The REIT intends to comply with the requirements under the Tax Act at all relevant times such that it maintains its status as a “unit trust” and a “mutual fund trust” for purposes of the Tax Act. Should the REIT cease to qualify as a “mutual fund trust” under the Tax Act, the consequences may be material and adverse.

Non-Resident Ownership — Under current law, a trust may lose its status under the Tax Act as a mutual fund trust if it can reasonably be considered that the trust was established or is maintained primarily for the benefit of non-resident persons, except in limited circumstances. Accordingly, the Declaration of Trust provides that Non-Residents may not be the beneficial owners of more than 49% of the Units (determined on a basic or a fully-diluted basis). The Trustees also have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of the Units. See “Declaration of Trust and Description of Units — Limitations on Non-Resident Ownership of Units”.

The restriction on the issuance of Units by the REIT to Non-Residents may adversely affect the REIT’s ability to raise financing for future acquisitions or operations. In addition, the Non-Resident ownership restriction may adversely impact the liquidity of the Units and the market price at which Units can be sold.

REIT Exception — Unless the REIT Exception applies to the REIT, the SIFT Rules may have an adverse impact on the taxation of the REIT. Although, as of the date hereof, management believes that the REIT will be able to meet the requirements of the REIT Exception throughout the current taxation year and each subsequent taxation year, there can be no assurance that the REIT will be able to qualify for the REIT Exception such that the REIT and the Unitholders will not be subject to the SIFT Rules in the current taxation year or in any subsequent taxation year.

In the event that the SIFT Rules apply to the REIT, the tax consequences to a Unitholder will depend on the status of the Unitholder and, in part, on the amount of income distributed which would not be deductible by the REIT in computing its income in a particular year and what portions of the REIT’s distributions constitute “non-portfolio earnings” (as defined in the Tax Act), other income and returns of capital. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distribution and the after-tax return to investors.

Tax Basis of the Initial Properties — The Initial Properties were acquired by the Partnership on a tax-deferred basis, such that the tax cost of these properties is less than their then fair market value. If one or more of such properties are disposed of, the gain realized by the Partnership for tax purposes (including any income inclusions arising from the recapture of previously claimed capital cost allowance on depreciable property) will be in excess of that which it would have realized if it had acquired the properties at their respective tax costs equal to their then fair market values. For the purpose of claiming capital cost allowance, the “undepreciated capital cost” (as defined in the Tax Act) of such properties acquired by the Partnership was equal to the amounts jointly elected by the Partnership and the applicable Transferor on the tax-deferred acquisition of such property. The undepreciated capital cost of such property was less than the fair market value of such properties. As a result, the capital cost allowance that the Partnership may claim in respect of such properties is less than it would have been if such properties had been acquired with a tax cost equal to their fair market values.

Loss Restriction Event — The Tax Act contains “loss restriction event” (“LRE”) rules that may apply to certain trusts, including the REIT. In general, the REIT will experience an LRE each time any person, together with all other persons with whom that person is affiliated within the meaning of the Tax Act, or any group of persons, acquires Units having a fair market value that is greater than 50% of the fair market value of all the outstanding Units. If an LRE occurs, then among other things (i) the REIT will be deemed to have a year-end for tax purposes, (ii) any undistributed net income and net realized capital gains of the REIT at such year-end will be distributed to Unitholders, and (iii) the REIT will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE.

Change in Law — There can be no assurance that federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency applicable to the REIT, including the treatment of real estate investment trusts and mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the REIT or the Unitholders. Any such changes may have a negative effect on the value of the Units.

Potential Volatility of Unit Prices

A publicly-traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by appraisals of the Properties.

The market price for Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT’s control, including the following: (i) actual or anticipated fluctuations in the REIT’s quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (iv) addition or departure of the REIT’s executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT’s industry or target markets. Another factor that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could materially adversely affect the market price of the Units.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of public entities and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such entities. Accordingly, the market price of the Units may decline even if the REIT’s operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT’s environmental, governance and social practices and performance against such institutions’ respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the Units by those institutions, which could materially adversely affect the trading price of the Units. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, the REIT’s operations could be materially adversely impacted and the trading price of the Units may be materially adversely affected.

Restrictions on Redemptions

It is anticipated that the redemption right attached to the Units will not be the primary mechanism by which Unitholders liquidate their investment. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on a stock exchange or market which the Trustees believe, in their sole discretion, provides fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are then listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units from the principal stock exchange on which the Units are then listed.

Subsidiary Notes which may be distributed to Unitholders in connection with a redemption will not be listed on any exchange, no market is expected to develop in Subsidiary Notes and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Subsidiary Notes so distributed do not currently qualify as “qualified investments” (as defined in the Tax Act) for Exempt Plans.

Nature of Investment

The Units represent a fractional interest in the REIT and do not represent a direct investment in the REIT’s assets and should not be viewed by investors as direct securities of the REIT’s assets. A holder of a Unit does not hold a share of a body corporate. As holders of Units, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors’ Arrangement Act* (Canada), and thus the treatment of Unitholders upon an insolvency of the REIT is uncertain.

Availability of Cash Flow

Although the REIT intends to make distributions of its available cash to Unitholders in accordance with its distribution policy, these cash distributions may be reduced or suspended. The actual amount distributed by the REIT will depend on various factors including capital market conditions, the financial performance of the Properties, debt covenants and obligations, working capital requirements, fluctuations in interest rates or any other business needs that the Trustees deem reasonable. The terms of the certain indebtedness of the REIT from time to time may prohibit payments or distributions from the REIT in certain circumstances. The REIT’s Trustees retain the right to re-evaluate the distribution policy from time to time as they consider appropriate.

Dilution

The number of Units that the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time (including pursuant to the Equity Incentive Plan or any employee incentive compensation plan that may be introduced in the future), and the interests of Unitholders may be diluted thereby. The issuance of additional Units may have a dilutive effect on the interests of Unitholders.

Structural Subordination of Units

In the event of a bankruptcy, liquidation or reorganization of the Partnership, holders of its indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of the Partnership before any assets are made available for distribution to the REIT or Unitholders. The Units are effectively subordinated to the debt and other obligations of the Partnership. The Partnership generates all of the REIT's cash available for distribution to Unitholders and holds substantially all of the REIT's assets.

Limited Control

Unitholders have limited control over changes in the REIT's policies and operations, which increases the uncertainty and risks of an investment in the REIT. The Board will determine major policies, including policies regarding financing, growth, debt capitalization, REIT qualification and distributions to Unitholders. The Board may amend or revise these and other policies without a vote of Voting Unitholders. Pursuant to the Declaration of Trust, Voting Unitholders have a right to vote only on limited matters. The Trustees' broad discretion in setting policies and Unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in the REIT.

Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide Unitholders in those provinces with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a Unitholder could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. It is intended that the affairs of the REIT will be conducted to seek to minimize such risk wherever possible.

Financial Reporting and Other Public Company Requirements

The REIT is subject to reporting and other obligations under applicable Canadian securities laws and rules of the stock exchange on which the Units are listed, including National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations place significant demands on the REIT's management, administrative, operational and accounting resources. In order to meet such requirements, the REIT has established systems, implemented financial and management controls, reporting systems and procedures and hired accounting and finance staff. However, any failure to maintain effective internal controls could cause the REIT to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the REIT cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the REIT's reported financial information, which could result in a reduction in the trading price of the Units.

Management does not expect that the REIT's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management

override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all.

16. TRUSTEES AND MANAGEMENT OF THE REIT

Trustees and Executive Officers

The Board consists of seven Trustees, the majority of whom are considered to be independent under Canadian securities laws and six of whom are resident Canadians. All Trustee meetings will be held in Canada. The Trustees will be elected by Voting Unitholders at each annual meeting of Voting Unitholders, and all Trustees will hold office for a term expiring at the close of the next annual meeting or until their respective successors are elected or appointed and will be eligible for re-election or re-appointment. The Declaration of Trust provides Dilawri with certain nomination rights in respect of the election of Trustees by Voting Unitholders to the Board. See “Declaration of Trust and Description of Units”. Subject to Dilawri’s Trustee nomination rights, the nominees for election as Trustees will be determined by the Governance, Compensation and Nominating Committee in accordance with the provisions of the Declaration of Trust and the charter of the Governance, Compensation and Nominating Committee. In respect of Trustee nominees submitted by Dilawri pursuant to its nomination rights, the Governance, Compensation and Nominating Committee will review such proposed nominations and, together with such Trustee nominations solely determined by the Governance, Compensation and Nominating Committee, information relating to such nominees will be included in the proxy-related materials to be made available to Voting Unitholders prior to each annual meeting. In the event that the Governance, Compensation and Nominating Committee does not approve of a proposed Trustee nominee submitted by Dilawri pursuant to its nomination rights, Dilawri will be entitled to submit an alternative proposed Trustee nominee that is acceptable to the Governance, Compensation and Nominating Committee.

The following table sets forth information regarding the Trustees and executive officers of the REIT as of the date of this AIF.

Name, Province or State and Country of Residence	Position/ Title	Trustee/Officer Since	Independent	Committees	Principal Occupation
Kapil Dilawri <i>Ontario, Canada</i>	Chair of the Board	June 1, 2015	No ⁽¹⁾	–	Co-Founder of the Dilawri Group and Vice President and Secretary of Dilawri
Louis Forbes <i>Ontario, Canada</i>	Trustee	June 20, 2017	Yes	Audit Committee (Chair) Governance, Compensation and Nominating Committee	Corporate Director
Patricia Kay <i>Massachusetts, United States</i>	Trustee	June 12, 2019	Yes	Audit Committee Governance, Compensation and Nominating Committee	Corporate Director
Milton Lamb <i>Ontario, Canada</i>	Trustee, President and Chief Executive Officer	Trustee since June 25, 2020 Officer since July 22, 2015	No ⁽³⁾	–	President and Chief Executive Officer of the REIT
Stuart Lazier <i>Ontario, Canada</i>	Trustee	July 22, 2015	Yes	Audit Committee Governance, Compensation and	Chairman of Northbridge Investment Management

Name, Province or State and Country of Residence	Position/ Title	Trustee/Officer Since	Independent	Committees	Principal Occupation
James Matthews <i>Ontario, Canada</i>	Trustee	June 1, 2015	No ⁽²⁾	Nominating Committee (Chair) –	Chief Financial Officer of Dilawri
John Morrison <i>Ontario, Canada</i>	Lead Independent Trustee	July 22, 2015	Yes	Audit Committee Governance, Compensation and Nominating Committee	Corporate Director
Andrew Kalra <i>Ontario, Canada</i>	Chief Financial Officer and Corporate Secretary	July 22, 2015	N/A	N/A	Chief Financial Officer and Corporate Secretary of the REIT

Notes:

- (1) Mr. Dilawri is considered a non-Independent Trustee as he is an executive officer of Dilawri. Mr. Dilawri is a Dilawri nominee.
- (2) Mr. Matthews is considered a non-Independent Trustee as he is an executive officer of Dilawri. Mr. Matthews was previously a Dilawri nominee.
- (3) Mr. Lamb is considered a non-Independent Trustee as he is the President and Chief Executive Officer of the REIT.

Kapil Dilawri — Mr. Dilawri is the Co-Founder of the Dilawri Group and Vice-President and Secretary of Dilawri. For more than 30 years, Mr. Dilawri has been instrumental in growing the Dilawri Group from a single dealership in Regina to the largest automotive dealership group in Canada. Mr. Dilawri remains active in strategic initiatives and business operations of the Dilawri Group. In 2002, Mr. Dilawri co-founded the Dilawri Foundation, a charitable organization committed to giving back to Canada by supporting medical research, hospitals, children and their families.

Louis Forbes — Mr. Forbes is a corporate director. Mr. Forbes is the former Senior Vice President and Chief Financial Officer of CT Real Estate Investment Trust, a retail-focused real estate investment trust, serving from the inception of CT Real Estate Investment Trust to December 31, 2018. Mr. Forbes is on the board of trustees of Flagship Communities REIT and has served as a trustee since the inception of Flagship Communities REIT in 2020. Mr. Forbes has over 30 years of real estate and finance experience. Prior to his appointment as Senior Vice President and Chief Financial Officer of CT Real Estate Investment Trust, Mr. Forbes was the Executive Vice President and Chief Financial Officer of Primaris Retail Real Estate Investment Trust from 2003 to 2013. Prior to serving in that role, Mr. Forbes was Vice President, Director and Senior Canadian Real Estate Equities Analyst of Merrill Lynch Canada, where he was responsible for covering North American real estate securities. Mr. Forbes also served as Vice President, Finance and Chief Financial Officer of Revenue Properties Company Limited. Mr. Forbes is a CPA, CA and holds a Bachelor of Science degree from McMaster University and a Master of Business Administration degree from Queen’s University. Mr. Forbes completed the Chartered Director Program at the Directors College, McMaster University.

Patricia Kay — Ms. Kay is a corporate director. Ms. Kay served as Senior Vice President, Dealer Finance – National Accounts at Bank of America Merrill Lynch from 1998 to 2019. She has over 40 years of banking experience in the commercial banking industry which includes 25 years focused on public and large private automotive retailers in the United States. Ms. Kay was instrumental in positioning Bank of America Merrill Lynch into its leading role serving the financial needs of the public auto retail sector. In the years preceding

her retirement in 2019, she accumulated extensive expertise in the financial operations and capital structures of auto retailers. Prior to 1998, Ms. Kay served as a Vice President in Dealer Finance between 1993 and 1998, and a Vice President in Corporate Banking between 1980 and 1993, also at Bank of America Merrill Lynch. Ms. Kay holds an MBA from Indiana University and a Bachelor of Arts degree from Syracuse University.

Milton Lamb — Mr. Lamb is the President and Chief Executive Officer of the REIT, a role he has served in since the IPO. Mr. Lamb has over 25 years of experience in the Canadian commercial real estate industry, with a track record of successful commercial real estate transactions, development projects and joint ventures totaling over \$2.5 billion. Mr. Lamb has worked with the largest global real estate service companies including CBRE, Jones Lang Wootton (now known as JLL) and, most recently, Colliers International as Senior Vice President, a position he held from 2007 until becoming the REIT's President and Chief Executive Officer in July 2015. Mr. Lamb became an employee of the REIT effective January 1, 2020 in conjunction with the internalization of the REIT's management. During his tenure at Colliers International, Mr. Lamb was Chair of the National Investment Services from 2008 to 2013, and represented Canada on Colliers Global Investment Services and Colliers Investment Services Group (USA) for seven years. Mr. Lamb was formerly a director of NAIOP Toronto and Big Brothers Big Sisters Toronto, and is currently a mentor for NAIOP Developing Leaders.

Stuart Lazier — Mr. Lazier is the Chairman of Northbridge Investment Management, a private equity real estate investment company located in Toronto, Ontario. Mr. Lazier has more than 39 years of experience as a leader in real estate management and investment. Prior to selling his interest in Fiera Properties to his public company partner, Fiera Capital, Mr. Lazier was a partner, co-founder and the Chief Executive Officer of Fiera Properties Limited, a Canadian real estate investment management company. As a partner at Fiera Properties, and a member of the Board of Directors, Mr. Lazier oversaw all corporate initiatives and operations for Fiera Properties. Between 2001 and 2009, Mr. Lazier co-founded and played a key role in building KingSett Capital, now one of Canada's leading real estate fund management firms. Prior to KingSett Capital, for 14 years, Mr. Lazier was the Managing Partner of Canada's leading independent real estate management services company, Enterprise Property Group. Mr. Lazier merged this company with O&Y Enterprise, managing over 110 million square feet of commercial real estate, and assets of more than \$20 billion. Mr. Lazier has served his community as a board member and Chair of Covenant House Toronto, Chair of the Real Estate Committee for the Toronto United Way, Vice Chair of the Board of Governors at Upper Canada College, and Chairman of the Build Toronto Board of Directors. Mr. Lazier is currently a director of a number of other private companies and non-profit organizations. Mr. Lazier holds an MBA from the Richard Ivey School of Business at the University of Western Ontario.

James Matthews — Mr. Matthews has served as Chief Financial Officer of the Dilawri Group since 2007 and has served in the capacity of Chief Financial Officer for other Dilawri Group companies, and as a member of the Management Board of the Dilawri Group. During his tenure with the Dilawri Group, Mr. Matthews has played a key role in acquisition transactions, business operations, developments and redevelopments, and financing activities. Previously, Mr. Matthews held senior positions with industry-leading companies including Chief Financial Officer of W.K. Buckley Limited, VP Finance with KIK Custom Products Inc. and Regional Controller for Rogers Communications Inc. (cablevision division). Mr. Matthews holds a Bachelor of Administration in Finance and Economics from the University of Western Ontario and a CPA, CA designation.

John R. Morrison — Mr. Morrison is a corporate director. Mr. Morrison is a past Trustee and Vice Chairman of Choice Properties Real Estate Investment Trust, a retail-focused real estate investment trust. Mr. Morrison has 40 years of experience in the commercial real estate industry, including as President and Chief Executive Officer of Choice Properties Real Estate Investment Trust from 2013 to 2018. Prior to his tenure at Choice Properties Real Estate Investment Trust, Mr. Morrison was President and Chief Executive

Officer of Primaris Retail Real Estate Investment Trust from 2009 to 2013. Prior to serving in that role, Mr. Morrison was President, Real Estate Management, at Oxford Properties Group. Mr. Morrison is a third term Trustee of the International Council of Shopping Centres, currently serves on its executive board as Chairman and is a Director of the ICSC Foundation and Chairman of the ICSC Foundation Canada. He is also former Vice Chairman of the Urban Land Institute Toronto District Council. Mr. Morrison is an Institute-certified Director of the Institute of Corporate Directors and is a past Chairman of the Ryerson University Real Estate Advisory Committee. Mr. Morrison currently serves on the Dean's Advisory Council for the Ted Rogers School of Business at Ryerson University and is a director of Bred Token Inc.

Andrew Kalra — Mr. Kalra is the Chief Financial Officer and Corporate Secretary of the REIT and has over two decades of experience in finance, 15 years of which have centered on the automotive industry. Mr. Kalra joined the Dilawri Group in 2014 to serve as the Vice President, Finance. Mr. Kalra became an employee of the REIT effective January 1, 2020 in conjunction with the internalization of the REIT's management. Prior to his tenure at the Dilawri Group, Mr. Kalra was with Mazda Canada as Senior Director of Finance and Business Strategy for 12 years. Previously Mr. Kalra held senior financial positions in public companies including Nortel Networks Inc. and Walt Disney Canada, as well as at a Canadian chartered accounting firm. Mr. Kalra holds a Bachelor of Commerce (Finance, Accounting and Economics) from the University of Toronto in Toronto, Ontario and a CPA, CA designation.

Penalties or Sanctions

None of the Trustees or executive officers of the REIT, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the Trustees or executive officers of the REIT, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, has, within the 10 years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

Except as described below, none of the Trustees or executive officers of the REIT, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the Trustee or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the Trustee or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee

appointed to hold its assets. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Mr. Forbes served as a director of CHC Student Housing Corp. (“CHC”) from 2014 to 2017. On May 8, 2017, the Ontario Securities Commission issued a management cease trade order restricting all trading in securities of CHC by management and insiders of CHC due to a failure to file its annual financial statements, management’s discussion and analysis and related certifications within the time period prescribed by securities legislation. The management cease trade order expired on July 4, 2017 following the filing of the annual financial statements, management’s discussion and analysis and related certifications.

Ownership of Securities

As of the date of this AIF, the Trustees and executive officers of the REIT, as a group, beneficially owned, or controlled or directed, directly or indirectly, 295,800 Units, representing approximately 0.76% of the issued and outstanding Units (on a fully-diluted basis). As Mr. Dilawri does not own, control or direct the Units or the Class B LP Units owned, controlled or directed by Dilawri, the foregoing does not include the 3,827,554 Units or the 9,933,253 Class B LP Units owned, controlled or directed by Dilawri as of the date hereof.

17. MATERIAL CONTRACTS

The following are the only material agreements of the REIT (other than certain agreements entered into in the ordinary course of business):

- (a) the Declaration of Trust;
- (b) the Exchange Agreement;
- (c) the Limited Partnership Agreement;
- (d) the Strategic Alliance Agreement;
- (e) Loan Facility 1; and
- (f) Loan Facility 2.

Copies of the foregoing documents are available on SEDAR.

18. PROMOTER

As Dilawri took the initiative in founding and organizing the REIT, it was a promoter of the REIT for the purposes of the IPO in accordance with applicable securities legislation. As of December 31, 2020, Dilawri and certain of its Subsidiaries held an approximate 26.0% effective interest in the REIT through ownership of 3,827,554 Units and all of the Class B LP Units of the Partnership that are economically equivalent to and exchangeable for Units. Dilawri also holds all of the outstanding Special Voting Units. As of the date hereof, Dilawri’s effective interest in the REIT is approximately 28.1% through ownership of 3,827,554 Units and all of the Class B LP Units.

The REIT reimbursed Dilawri for all reasonable expenses incurred by it in connection with the founding and organizing of the REIT, including financial, legal, accounting, tax, travel, filing and printing fees. Dilawri has not received any acquisition or other fee in connection with the founding and organization of

the REIT or the completion of the IPO Acquisition and related financings or any subsequent acquisition or financing by the REIT.

19. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The REIT is not aware of any material existing or contemplated legal proceedings to which it is or was a party, or to which any of the Properties is or was the subject, during 2020.

Regulatory Actions

The REIT is not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against the REIT, nor has the REIT entered into any settlement agreements before a court or with a securities regulatory authority.

20. INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described in this AIF and management's discussion and analysis of the REIT for the financial year ended December 31, 2020, there are no material interests, direct or indirect, of the Trustees or executive officers of the REIT, any person that beneficially owns or controls more than 10% of any class or series of outstanding securities of the REIT or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would reasonably be expected to materially affect the REIT or any of its Subsidiaries.

MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction does not exceed 25% of the market capitalization of the issuer. The REIT has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of the REIT's market capitalization, if exchangeable Class B LP Units of the Partnership are included in the calculation of the REIT's market capitalization. As a result, the 25% threshold, above which the minority approval and valuation requirements would apply, is increased to include the approximately 20.3% indirect exchangeable equity interest in the REIT held in the form of exchangeable Class B LP Units of the Partnership as of the date hereof.

Further information on related party transactions can be found in the REIT's management's discussion and analysis for the financial year ended December 31, 2020.

21. AUDITOR, TRANSFER AGENT AND REGISTRAR

The REIT's auditors are BDO Canada LLP, Chartered Professional Accountants, located in Toronto, Ontario, who prepared the Auditors' Report to Unitholders in respect of the REIT's audited annual consolidated financial statements for the financial years ended December 31, 2019 and December 31, 2020. BDO Canada LLP have confirmed that they are independent with respect to the REIT within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

22. AUDIT COMMITTEE INFORMATION

The Audit Committee Charter, as approved by the Board on March 23, 2020, is included in Appendix A to this AIF. The members of the Audit Committee are indicated above under “Trustees and Management of the REIT”. All members of the Audit Committee are independent and financially literate (as those terms are defined in National Instrument 52-110 — *Audit Committees* of the Canadian Securities Administrators) and have the education and experience which is relevant to their roles as Audit Committee members as set out in each of their biographies under “Trustees and Management of the REIT”.

23. EXTERNAL AUDIT FEES

The aggregate fees of BDO Canada LLP for professional services rendered for the audit of the REIT’s financial statements and other services for fiscal 2020 and 2019, respectively, are as follows:

	<u>2020</u>	<u>2019</u>
Audit Fees	\$360,000	\$466,000 ⁽¹⁾
Audit-Related Fees	\$10,000	\$10,000
All Other Fees	<u>\$52,000⁽²⁾</u>	<u>\$52,000⁽²⁾</u>
Total Fees	\$422,000	\$528,000

Notes:

- (1) The Audit Fees incurred in fiscal 2019 were \$221,000. The Audit Fees incurred in fiscal 2019 include the auditors’ involvement in the June 2019 Equity Offering and the December 2019 Equity Offering (June 2019 Equity Offering and December 2019 Equity Offering Audit Fees = \$200,000; all other Audit Fees = \$45,000).
- (2) All Other Fees incurred include tax advisory fees of \$52,000 for fiscal 2020 and \$52,000 for fiscal 2019.

The Audit Committee Charter provides that the Audit Committee must pre-approve the retaining of the auditors for any non-audit service. The Audit Committee may delegate to one or more members the authority to pre-approve the retaining of the auditors for any non-audit service to the extent permitted by law.

24. ADDITIONAL INFORMATION

Additional information, including trustees’ and officers’ remuneration and indebtedness, principal holders of the REIT’s securities and securities authorized for issuance under equity compensation plans is contained in the REIT’s Management Information Circular for the Annual Meeting of Unitholders held on June 25, 2020. Additional financial information is also provided in the REIT’s consolidated financial statements and management’s discussion and analysis for its most recently completed financial year.

Additional information relating to the REIT is available on SEDAR and at www.automotivepropertiesreit.ca.

APPENDIX A

AUDIT COMMITTEE CHARTER

The purpose of this Charter is to describe the principal duties and responsibilities of the Audit Committee of the Board of Trustees (the “**Board**”) of Automotive Properties Real Estate Investment Trust (the “**Trust**”).

1. RESPONSIBILITY

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to:

- the integrity of the Trust’s financial statements;
- the Trust’s compliance with legal and regulatory requirements as they relate to its financial statements;
- the qualifications, independence and performance of the Trust’s external auditor (the “**Auditor**”);
- the enterprise risk management process;
- internal control over financial reporting and disclosure controls and procedures;
- assessing conflicts of interest, including between the Trust and 893353 Alberta Inc. and its affiliates (“**Dilawri**”); and
- performing the additional duties set out in this Charter or otherwise delegated to the Audit Committee by the Board.

2. MEMBERS

The Board shall appoint a minimum of three trustees to be members of the Audit Committee, a majority of whom shall be residents of Canada within the meaning of the *Income Tax Act* (Canada). The members of the Audit Committee shall be selected by the Board on recommendation of the Governance, Compensation and Nominating Committee of the Trust, and shall be selected based upon the following:

- each member shall be an independent trustee; and
- each member shall be financially literate.

For the purpose of this Charter, the terms “independent” and “financially literate” shall have the respective meanings attributed thereto in Multilateral Instrument 52-110 — *Audit Committees*, as the same may be amended or replaced from time to time.

3. CHAIR

Each year, the Board shall appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair, the incumbent Chair shall continue in office until a successor

is appointed. The Board has adopted and approved a position description for the Chair which sets out his or her role and responsibilities. The Audit Committee and Board shall at least annually review the position description of the Chair of the Audit Committee and, if appropriate, approve changes thereto. The Chair shall not have a casting vote.

4. TENURE

Each member shall hold office until his or her term as a member of the Audit Committee expires or is terminated.

5. QUORUM, REMOVAL AND VACANCIES

A majority of the Audit Committee's members shall constitute a quorum. Any member may be removed and replaced at any time by the Board and any member may resign at any time. The Board shall fill vacancies in the Audit Committee by appointment from among the members of the Board. If a vacancy exists on the Audit Committee, the remaining members may exercise all powers so long as a quorum remains in office. The Audit Committee shall be responsible for its organization, including meeting procedures.

6. DUTIES

The Audit Committee shall have the duties set out below as well as any other duties that are specifically delegated to the Audit Committee by the Board.

(a) Appointment and Review of Auditor

The Auditor is ultimately accountable to the Audit Committee as representative of the Board. The Audit Committee has direct responsibility for overseeing the work of the Auditor. Accordingly, the Audit Committee shall evaluate and be responsible for the Trust's relationship with the Auditor. Specifically, the Audit Committee shall:

- select, evaluate and recommend to the Board the Auditor to be nominated for appointment or reappointment by the unitholders;
- ensure the Auditor reports directly to the Audit Committee;
- review the Auditor's engagement letters; and
- at least annually, obtain and review a report by the Auditor describing:
 - the Auditor's internal quality control procedures; and
 - any material issues raised by the most recent internal quality control review, peer review, review by any independent oversight body such as the Canadian Public Accountability Board or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the Auditor, and the steps taken to deal with any issues raised in these reviews.

(b) Confirmation of Independence of Auditor

At least annually, and before the Auditor issues its report on the annual financial statements, the Audit Committee shall:

- ensure that the Auditor submits a formal written statement describing all relationships between the Auditor and the Trust;
- discuss with the Auditor any disclosed relationships or services that may affect the objectivity and independence of the Auditor; and
- obtain written confirmation from the Auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs.

(c) Rotation of Engagement Partner/Lead Partners

The Audit Committee shall, after taking into account the opinions of senior management, evaluate the performance of the Auditor and the engagement partner/lead partners and shall rotate the engagement partner/lead partners when required, necessary or desirable.

(d) Pre-Approval of Non Audit Services

The Audit Committee shall pre approve the retaining of the Auditor for any non-audit service, provided that no approval shall be provided for any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before retaining the Auditor for any non-audit service, the Audit Committee shall consider the compatibility of the service with the Auditor's independence. The Audit Committee may pre approve retaining the Auditor for the engagement of any non-audit services by establishing policies and procedures to be followed prior to the appointment of the Auditor for the provision of such non audit services. In addition, the Audit Committee may delegate to the Chair the authority to pre approve retaining the Auditor for any non-audit service to the extent permitted by applicable law, provided, however, pre-approval by the Chair shall be presented to the Audit Committee at the first meeting following any such pre-approval.

(e) Communications with Auditor

The Audit Committee shall meet privately with the Auditor as frequently as the Audit Committee feels is appropriate for the Audit Committee to fulfill its responsibilities (which shall not be less frequently than four times per year) and to discuss any concerns of the Audit Committee or the Auditor, such as:

- matters that will be referred to in the Auditor's management letter;
- whether or not the Auditor is satisfied with the quality and effectiveness of the Trust's financial reporting procedures and systems; and
- the extent to which the Auditor is satisfied with the nature and scope of its examination and management's cooperation and responsiveness to matters arising from such examination.

(f) Review of Audit Plan

The Audit Committee shall review a summary of the Auditor’s audit plan in advance of each audit.

(g) Approval of Audit Fees

The Audit Committee has the responsibility for approving the Auditor’s fees. In approving the Auditor’s fees, the Audit Committee should consider, among other things, the number and nature of reports issued by the Auditors, the quality of the internal controls, the impact of the size, complexity and financial condition of the Trust on the audit work plan, and the extent of internal audit and other support provided by the Trust to the Auditor.

(h) Review of Annual Audited Financial Statements

The Audit Committee shall review the annual audited financial statements, together with the Auditor’s report thereon and the related management’s discussion and analysis (“**MD&A**”), before recommending them for approval by the Board, to assess whether or not they present fairly in all material respects in accordance with International Financial Reporting Standards (“**IFRS**”), the financial condition, results of operations and cash flows of the Trust.

In conducting their review, the Audit Committee will:

- discuss the annual audited financial statements and MD&A with senior management and the Auditor;
- consider the quality of, and not just the acceptability of, the accounting principles applied, the reasonableness of management’s judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;
- discuss with the Auditor its report which addresses:
 - all critical accounting policies and practices to be used;
 - all alternative treatments of financial information within IFRS that have been discussed with management, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the Auditors; and
 - other material written communication between the Auditor and management, such as any management letter or schedule of unadjusted differences;
- discuss any analyses prepared by management and the Auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS;
- discuss the effect of off balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Trust’s financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;

- consider any changes in accounting practices or policies and their impact on financial statements of the Trust;
- discuss with management, the Auditor and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Trust, and the manner in which these matters have been disclosed in the financial statements;
- discuss with management and the Auditor correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Trust's financial statements or accounting policies;
- discuss with the Auditor any special audit steps taken in light of any material weaknesses in internal control;
- discuss with the Auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the Auditor that were not applied (because they were immaterial or otherwise), and significant disagreements with management;
- consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements;
- satisfy itself that appropriate accounting policies and practices have been selected and applied consistently; and
- satisfy itself that management has established appropriate procedures to comply with applicable legislation for the remittance of taxes and employee remuneration.

(i) Review of Interim Financial Statements

The Audit Committee shall also engage the Auditor to review the interim financial statements prior to the Audit Committee's review of such financial statements. The Audit Committee will discuss the interim financial statements and related MD&A with management and the Auditor and, if satisfied that the interim financial statements present fairly in all material respects in accordance with IFRS, the financial condition, results of operations and cash flows of the Trust, recommend the interim financial statements and the related MD&A to the Board for approval.

(j) Other Financial Information

The Audit Committee shall review other financial related disclosure, as well as the nature of any financial information and earnings guidance provided to analysts and rating agencies (if any) in accordance with the Trust's disclosure policy. In addition, the Audit Committee shall satisfy itself that adequate procedures are in place for the review of the public disclosure of information extracted or derived from the Trust's financial statements and must assess the adequacy of those procedures at least annually.

(k) Review of Prospectuses and Other Regulatory Filings

The Audit Committee shall review all other financial statements of the Trust that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities. The Audit Committee shall review the Trust's annual information form prior to its filing.

(l) Oversight of Conflicts of Interest and Review of Related Party Transactions

The Audit Committee shall receive reports on all related party transactions as part of the quarterly financial reporting process and oversee any potential conflicts of interest, including between the Trust and Dilawri. Together with the Chief Financial Officer, develop a position description for the Chief Financial Officer setting out the Chief Financial Officer's authority and responsibility.

(m) Review of Internal Audit Services

The Audit Committee shall review the mandate of internal audit services, the budget, planned activities and organizational structure of internal audit services to ensure that it is independent of management and has sufficient resources to carry out its mandate.

The members shall meet privately with the senior officer in charge of internal audit as frequently as the Audit Committee feels is appropriate for the Audit Committee to fulfill its responsibilities, which shall not be less frequently than quarterly, to discuss any areas of concern to the Audit Committee or to the senior officer in charge of internal audit to confirm that:

- significant resolved and any unresolved issues between auditors and management have been brought to its attention;
- the principal risks of the Trust's business have been identified by management and appropriate policies and systems have been implemented to manage these risks; and
- the integrity of the internal control and management information systems are satisfactory.

(n) Relations with Management

The members shall meet privately with management as frequently as the Audit Committee feels is appropriate to fulfill its responsibilities, which shall not be less frequently than four times per year, to discuss any concerns of the Audit Committee or management.

(o) Oversight of Internal Control over Financial Reporting and Disclosure Controls and Procedures

The Audit Committee shall, with the assistance of management, review the design and operating effectiveness of (i) the internal control over financial reporting adopted by the Trust, and (ii) the disclosure controls and procedures that have been adopted by the Trust to ensure the timely disclosure of all material information about the Trust and its subsidiaries as required by applicable law or security exchange rules.

The Audit Committee shall receive regular reports from management with respect to the system of disclosure controls and procedures and internal control over financial reporting.

The Audit Committee shall also review no less than annually the Trust's Disclosure Policy.

(p) Legal Compliance

The Audit Committee shall review with legal counsel any legal matters that may have a significant effect on the Trust's financial statements. The Audit Committee shall review with legal counsel material inquiries received from regulators and governmental agencies. The Audit Committee shall review any material matters arising from any known or suspected violation of the Trust's Code of Conduct with respect to financial and accounting matters and any material concerns regarding questionable accounting or auditing matters raised under the Trust's Whistleblower Policy or otherwise.

(q) Enterprise Risk Management

The Audit Committee shall satisfy itself as to the effective risk management of the individual risks for which such oversight has been delegated to the Audit Committee by the Board, through the receipt of periodic reports from internal audit services and management. The Chair shall periodically report to the Board on any major issues arising with respect to the risk management for such risks.

(r) Taxation Matters

The Audit Committee shall review the status of taxation matters of the Trust.

(s) Hiring Policies

The Audit Committee shall review and approve the hiring policies with respect to partners and professional employees of present and former external auditors of the Trust.

7. COMPLAINTS PROCEDURE

The Audit Committee shall monitor the effectiveness of the procedures for the receipt, retention and follow up of complaints received by the Trust regarding accounting, internal controls, disclosure controls or auditing matters and for the confidential, anonymous submission of concerns by employees of the Trust regarding accounting, internal controls, or auditing matters. The Audit Committee shall review and not less than annually approve the Trust's Whistleblower Policy. The Audit Committee shall review with management periodic reports in this regard.

8. REPORTING

The Audit Committee shall report to the Board on:

- the Auditor's independence;
- any conflicts of interest involving Dilawri;
- the performance of the Auditor and the Audit Committee's recommendations regarding the reappointment or termination of the Auditor;
- the design and operating effectiveness of the Trust's internal control over financial reporting and disclosure controls and procedures;

- the Audit Committee’s review of the annual and interim financial statements of the Trust, including any issues with respect to the quality or integrity of the financial statements, along with the MD&A, and shall recommend whether or not the Board should approve the financial statements and the MD&A;
- the Audit Committee’s review of the Trust’s annual information form;
- the Trust’s compliance with legal and regulatory matters to the extent they may affect the financial statements of the Trust;
- the management of those risks for which oversight has been delegated by the Board to the Audit Committee pursuant to the enterprise risk management program; and
- all other material matters dealt with by the Audit Committee.

9. REVIEW AND DISCLOSURE

This Charter shall be reviewed by the Audit Committee at least annually and, if it is proposed by the Audit Committee to be amended, it shall be submitted to the Governance, Compensation and Nominating Committee for consideration of such amendments and, if such amendments are approved by the Governance, Compensation and Nominating Committee, to the Board for approval by the Board, with such further amendments as the Governance, Compensation and Nominating Committee proposes.

This Charter shall be posted on the Trust’s website.

10. FREQUENCY OF MEETINGS AND IN CAMERA SESSIONS

The Audit Committee shall meet at least four times annually. Following each meeting of the Audit Committee, the Committee members shall meet in a private session.

11. RETENTION OF EXPERTS

The Audit Committee may engage such special legal, accounting or other experts, without Board approval and at the expense of the Trust, as it considers necessary to perform its duties.

12. OVERSIGHT FUNCTION

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Trust’s financial statements are complete and accurate or comply with IFRS and other applicable requirements. These are the responsibilities of management (including the oversight functions) and the Auditor. The Audit Committee, the Chair and any members identified as having accounting or related financial expertise are members of the Board, appointed to the Audit Committee to provide broad oversight of the financial, risk and control related activities of the Trust, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member as having accounting or related financial expertise for disclosure purposes is based on that individual’s education and experience, which that individual will bring to bear in carrying out his or her duties on the Audit Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit Committee and Board in the absence of

such designation. Rather, the role of a member who is identified as having accounting or related financial expertise, like the role of all members, is to oversee the process, not to certify or guarantee the internal or external audit of the Trust's financial information or public disclosure.