Automotive Properties Real Estate Investment Trust

Management's Discussion and Analysis

December 31, 2020

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SECTION 1 – GENERAL INFORMATION AND CAUTIONARY STATEMENTS

Basis of Presentation

The following Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Automotive Properties Real Estate Investment Trust (the "REIT") is intended to provide readers with an assessment of the performance of the REIT for the years ended December 31, 2020 and December 31, 2019. This MD&A also outlines the REIT's capital structure, operating strategies and business outlook. All dollar amounts in this MD&A are presented in thousands of Canadian dollars, except unit and per unit amounts, unless otherwise noted. All comparisons of results for the three months ended December 31, 2020 ("Q4 2020") are against results for the three months ended December 31, 2019 ("Q4 2019"), and comparisons of results for the twelve months ended December 31, 2020 ("2020") are against results for the twelve months ended December 31, 2019 ("2019"), unless otherwise noted.

This MD&A should be read in conjunction with the audited consolidated financial statements of the REIT and accompanying notes for the years ended December 31, 2020 and December 31, 2019. Further information about the REIT can be found in the REIT's annual information form dated March 23, 2021 (the "AIF"). The AIF, along with other continuous disclosure documents required by the Canadian securities regulators, can be found on the REIT's SEDAR profile at www.sedar.com and on the REIT's website at www.automotivepropertiesreit.ca. This MD&A is dated March 23, 2021.

All information regarding Dilawri contained in this MD&A (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 of the REIT (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.

The REIT

The REIT is an unincorporated, open-ended real estate investment trust that was formed to own primarily income-producing automotive dealership properties in Canada. As at the date of this MD&A, the REIT owns a portfolio of 66 income-producing commercial properties. The properties are located in metropolitan areas across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec, totaling approximately 2.5 million square feet of gross leasable area ("GLA"). The REIT has been internally managed since January 1, 2020.

The REIT commenced operations on July 22, 2015 following completion of its initial public offering of trust units (the "IPO"). In connection with the IPO, the REIT indirectly acquired a portfolio of 26 commercial properties from certain members of the Dilawri Group (as defined below) (the "Initial Properties"), and leased the Initial Properties to the applicable member of the Dilawri Group (collectively, and including members of the Dilawri Group that became tenants of a property owned by the REIT subsequent to the IPO, the "Dilawri Tenants").

893353 Alberta Inc. ("Dilawri") is a privately held corporation which, together with certain of its affiliates, holds an approximate 26.0% effective interest in the REIT as at December 31, 2020, through the ownership, direction or control of all of the Class B limited partnership units ("Class B LP Units") of Automotive Properties Limited Partnership, the REIT's operating subsidiary (the "Partnership"), and 2,458,452 trust units of the REIT ("REIT Units"). As of the date hereof, Dilawri's effective interest in the REIT is approximately 28.1% through ownership of 3,827,554 REIT Units and all of the Class B LP Units. The Class B LP Units are economically equivalent to REIT Units and are exchangeable generally on a one-for-one basis for REIT Units. Dilawri and its affiliates, other than its shareholders and controlling persons, are referred to herein as the "Dilawri Group".

On August 25, 2020, the REIT acquired the real estate underlying a vacant property located in Laval, Quebec ("Tesla Laval") and leased it to Tesla Motors Canada ULC, a luxury, high-end car company that took occupancy of the premises as a service centre on November 1, 2020. The REIT acquired the property for approximately $12,300 plus acquisition costs of $478 and redevelopment costs of $1,200, which were funded through the Credit Facilities (as defined below) and cash on hand. Tesla Laval totals 127,396 square feet of GLA.

On February 5, 2020, the REIT acquired the real estate underlying the Regina BMW automotive dealership property ("Regina BMW"), located in Regina, Saskatchewan, and on February 6, 2020, the REIT acquired the real estate underlying the Acura North Vancouver automotive dealership property ("Acura North Vancouver"), located in North Vancouver, British Columbia, from the Dilawri Group for a combined purchase price of approximately $28,850 plus acquisition costs of $718, which was funded with proceeds from the REIT's public offering of trust units completed on December 23, 2019 (the "December 2019 Equity Offering"). The acquisitions consist of two full-service automotive dealership properties totaling 41,992 square feet of GLA.

The REIT provided funding for facility improvements to one of the tenants of the REIT's automotive dealership properties located in Winnipeg, Manitoba in accordance with the terms of the purchase agreement in respect of the acquisition. funding of $1,908 resulted in an annual rent increase effective March 6, 2020. Additional funding of $1,346 resulted in an annual rent increase effective July 7, 2020.

As at December 31, 2020, the total number of issued and outstanding REIT Units and Class B LP Units was 37,697,052 and 9,933,253, respectively, for a total of 47,630,305 Units (as defined below). The REIT Units are listed and posted for trading on the Toronto Stock Exchange under the symbol "APR.UN". REIT Units and Class B LP Units are collectively referred to in this MD&A as "Units".

The REIT announced monthly cash distributions of $0.067 per REIT Unit, resulting in total distributions declared and paid of $9,574 for Q4 2020 (Q4 2019 - declared $8,515 and paid $7,986). For the year ended December 31, 2020, the REIT declared and paid distributions of $38,296 (2019 - declared $29,794 and paid $28,729).

The REIT and Dilawri were previously parties to an Administration Agreement (the "Administration Agreement"), pursuant to which Dilawri provided, or caused to be provided, certain services to the REIT. The Administration Agreement was terminated effective December 31, 2019. 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 REIT's management, operating and administrative support personnel became employed directly by the REIT (the "Internalization").

The Strategic Alliance Agreement with Dilawri continues to allow the REIT to benefit from a preferential relationship with Dilawri as Dilawri develops and acquires automotive dealerships in the future. These agreements are described under Section 8 "Related Party Transactions" in this MD&A.

On March 1, 2021, the REIT acquired the real estate underlying the Lexus Laval automotive dealership located in Laval, Quebec ("Lexus Laval") from the Dilawri Group for approximately $14,800 plus acquisition costs of $550. The Lexus Laval property is a 30,015 square foot full-service automotive dealership property. On closing of the transaction, the applicable Dilawri Tenant entered into a 17-year triple-net lease with the REIT. The REIT funded the transaction through the issuance of 1,369,102 REIT Units to Dilawri valued at approximately $14,800. The REIT Units were issued at a price of $10.81 per unit which represents the volume-weighted average price for the first 20 days of 2021 pursuant to the Strategic Alliance Agreement. At the date of this MD&A, Dilawri holds an approximate 28.1% effective interest in the REIT.

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 MD&A. 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 a rebound in Canadian auto sales and an increase in service work performed by the automotive dealerships.

The REIT collected 100% of its Q4 2020 contractual base rent due under its leases (excluding 2% of contractual base rent that is subject to rent deferral agreements with tenants (the "Deferral Agreements")). The REIT has collected approximately 97% of its contractual base rent for 2020, with the remaining amount subject to the Deferral Agreements. As at December 31, 2020, the remaining tenant deferral rent receivable was $2,301. 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 plus contractual base rent that is subject to the Deferral Agreements.

The REIT made a fair value adjustment to its property portfolio for 2020 of $(5,684), in accordance with adjustments made to valuation inputs reflecting the impact of COVID-19 on all tenants and the additional economic impact of depressed commodity prices on its tenants in Alberta. For the first three quarters of 2020, due to the economic impact of the COVID-19 pandemic, the REIT increased the discount rates used to value its entire property portfolio by approximately 30 basis points to 6.9% at September 30, 2020. In the fourth quarter of 2020, the REIT decreased the discount rates by approximately 20 basis points to 6.7%, primarily due to the stability of the automotive dealership retail business during the COVID-19 global pandemic (December 31, 2019 – 6.6%).

As at December 31, 2020, the REIT is in a strong liquidity position with a Debt to GBV ratio (as defined below) of 43.2%, $59,400 of undrawn capacity under its Credit Facilities and nine unencumbered properties with an aggregate value of approximately $150,490. As at the date of this MD&A, the REIT has ten unencumbered properties with an aggregate value of $165,290 (see Section 7 "Liquidity and Capital Resources" in this MD&A for more details). 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 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.

Forward-Looking Statements

Certain statements contained in this MD&A 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 MD&A include, but are not limited to, statements with respect to the following:

- the impact of the COVID-19 pandemic on the REIT, its investment properties, its tenants, including with respect to payment of rents and deferrals thereof, and the pace of industry consolidation;
- the impact of government COVID-19 relief programs, on the REIT and its tenants;
- the REIT’s relationship with the Dilawri Group, Dilawri’s shareholders and certain other related persons and entities (collectively, 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 (as defined below);
- 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 *Income Tax Act* (Canada) (the “Tax Act”), and as a “Real Estate Investment Trust”, as defined in the SIFT Rules (as defined below); 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 MD&A 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 Section 12 “Risks & Uncertainties, Critical Judgments & Estimates” in this MD&A.

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 MD&A relate only to events or information as of the date of this MD&A. 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.

Non-IFRS Financial Measures

The REIT prepares its financial statements according to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). This MD&A contains certain financial measures which are not defined under IFRS and may not be comparable to similar measures presented by other real estate investment trusts or enterprises.

Funds from operations ("FFO"), adjusted funds from operations ("AFFO"), adjusted cash flow from operations ("ACFO"), FFO payout ratio, AFFO payout ratio, ACFO payout ratio, net operating income ("NOI"), cash net operating income ("Cash NOI"), Same Property cash net operating income ("Same Property Cash NOI"), and earnings before income tax, depreciation, and amortization ("EBITDA") are key measures of performance used by the REIT's management and real estate businesses.

Gross book value ("GBV"), indebtedness ("Indebtedness"), net asset value ("Net Asset Value"), debt to gross book value ("Debt to GBV"), debt service coverage ratio ("Debt Service Coverage Ratio"), interest coverage ratio ("Interest Coverage Ratio") and tangible net worth are measures of financial position defined by agreements to which the REIT is a party. These measures, as well as any associated "per Unit" amounts are not defined by IFRS and do not have standardized meanings prescribed by IFRS, and therefore should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS.

The REIT believes that AFFO is an important measure of economic earnings performance and is indicative of the REIT's ability to pay distributions from earnings, while FFO, NOI, Cash NOI, Same Property Cash NOI and EBITDA are important measures of operating performance of real estate businesses and properties. The IFRS measurement most directly comparable to FFO, AFFO, NOI, Cash NOI, Same Property Cash NOI and EBITDA is net income. ACFO is a supplementary measure used by management to improve the understanding of the operating cash flow of the REIT. The IFRS measurement most directly comparable to ACFO is cash flow from operating activities.

"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 (referred to as "ROU" assets).

"FFO payout ratio" is calculated as distributions paid per Unit divided by the FFO per Unit diluted.

"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.

"AFFO payout ratio" is a non-IFRS measure of the sustainability of the REIT's distribution payout capacity from earnings. The REIT uses this metric to provide clarity of the performance of earnings and the overall management of the current portfolio of assets. Management considers AFFO payout ratio as the key measure of the REIT's distribution capacity from earnings. AFFO payout ratio is calculated as distributions paid per Unit divided by AFFO per Unit diluted.

"ACFO" is a non-IFRS financial measure. The REIT calculates ACFO in accordance with the Real Property Association of Canada's White Paper on Adjusted Cash Flow from Operations for IFRS issued in February 2019. ACFO is calculated as cash flow from operating activities subject to certain adjustments, to (a) remove the impact of: (i) changes in non-cash working capital that are not sustainable in nature; (ii) amortization of financing costs and indemnity payable in respect of the third party tenant portfolio sublease structure; and (iii) capital expenditures and (b) deduct interest expense. The REIT includes a capital expenditure reserve of 0.5% of base rent in the ACFO 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.

"ACFO payout ratio" is calculated as distributions declared divided by ACFO.

"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.

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

"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. The REIT uses this measure to assess financial returns and changes in property value.

FFO, AFFO, FFO payout ratio, AFFO payout ratio, ACFO, ACFO payout ratio, NOI, Cash NOI and Same Property Cash NOI should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS as indicators of the REIT's performance. The REIT's method of calculating FFO, AFFO, FFO payout ratio, AFFO payout ratio, ACFO, ACFO payout ratio, NOI, Cash NOI and Same Property Cash NOI may differ from other issuers' methods and, accordingly, may not be comparable to measures used by other issuers. See Section 6 "Non-IFRS Financial Measures" in this MD&A for a reconciliation of these measures to net income or cash flow from operating activities, as applicable.

"EBITDA" is defined as earnings before income tax, depreciation, and amortization.

"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.

"Indebtedness" of the REIT means (without duplication): (i) any obligation for borrowed money (including, for greater certainty, the full principal amount of convertible debt, notwithstanding its presentation under IFRS), (ii) any obligation incurred in connection with the acquisition of property, assets or businesses, (iii) any obligation issued or assumed as the deferred purchase price of property, (iv) any capital lease obligation (as defined under IFRS and in the Declaration of Trust), and (v) any obligations of the type referred to in clauses (i) through (iv) of another entity, the payment of which the REIT has guaranteed or for which the REIT 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 the REIT only to the extent that it would appear as a liability on the consolidated balance sheet of the REIT 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) REIT Units, Class A LP Units, and Class B LP Units, exchangeable securities and other equity securities that constitute debt under IFRS do not constitute Indebtedness.

"Net Asset Value" means total assets less Indebtedness, accounts payable, accrued liabilities, credit facilities, mortgages and interest rate swaps.

"Debt to GBV" means the ratio of Indebtedness to GBV at a particular time.

"Debt Service" means the total payments of principal and interest on debt.

"Debt Service Coverage Ratio" means the ratio of EBITDA divided by Debt Service at a particular time.

"Interest Coverage Ratio" means the ratio of Cash NOI less general and administrative expenses divided by the total of the interest expense and other financing charges.

SECTION 2 – OVERVIEW, STRATEGY AND OBJECTIVES

Overview

According to Statistics Canada, Canadian new automotive sales declined by approximately 20.0% in 2020, compared to 2019, mainly due to the COVID-19 pandemic. Historically, Canada's automotive retail industry has been characterized by strong industry fundamentals. According to Statistics Canada, automotive retail industry sales totaled $151 billion in 2020 (down 9% from $165 billion in 2019), representing approximately 25% of Canada's overall retail sales of products and merchandise. Over the last 20 years, retail automotive sales grew at a compound annual rate of 3.6%. The tables below contain new automobile sales by units in Canada for the 2020 and 2019 calendar years:

	Twelve Months Ended December 31 (units)			
	2020	**YoY unit increase/ (decrease)**	**YoY % increase/ (decrease)**	**2019**
Alberta	183,540	(38,677)	(17.4%)	222,217
British Columbia and the Territories	171,322	(37,087)	(17.8%)	208,409
Manitoba	46,928	(10,491)	(18.3%)	57,419
New Brunswick	34,601	(6,356)	(15.5%)	40,957
Newfoundland and Labrador	27,309	(3,192)	(10.5%)	30,501
Nova Scotia	39,891	(11,258)	(22.0%)	51,149
Ontario	646,275	(197,274)	(23.4%)	843,549
Prince Edward Island	7,010	(1,100)	(13.6%)	8,110
Québec	371,124	(79,194)	(17.6%)	450,318
Saskatchewan	41,817	(6,852)	(14.1%)	48,669
Total Canada	**1,569,817**	**(391,481)**	**(20.0%)**	**1,961,298**

(Source: Statistics Canada)

New vehicle sales represent a portion of overall dealer profitability, with significant contribution of profit generated from used vehicle sales, service and parts, finance and insurance. The REIT's portfolio of diverse dealership properties, strong industry fundamentals and an attractive leasing profile support the stability of distributions to holders of REIT Units and Class B LP Units (collectively, "Unitholders").

Strategy and Objectives

The primary strategy of the REIT is to create long-term value for Unitholders by generating sustainable tax-efficient cash flow and capital appreciation, while maintaining a strong balance sheet and practicing prudent financial management. The objectives of the REIT are to:

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

Management intends to grow the value of the REIT's real estate portfolio while also increasing AFFO per Unit through accretive acquisitions and steady growth in rental rates. The REIT expects to be well-positioned to capitalize on acquisition opportunities presented by third parties due to the fragmented nature of the automotive dealership market. The REIT also expects to leverage its strategic arrangement with the Dilawri Group to acquire properties from the Dilawri Group that meet the REIT's investment criteria. Management intends to focus on obtaining new properties which have the potential to contribute to the REIT's ability to generate stable, predictable and growing monthly cash distributions to Unitholders.

The REIT has a well defined, long term growth strategy which includes both external and internal elements.

External Growth

Accretive Acquisitions

Management believes that the REIT is well-positioned to capitalize on opportunities for accretive acquisitions from third-party automotive dealership vendors due to certain features of the Canadian automotive dealership industry:

- *Fragmented ownership* – Management estimates that the top 10 automotive dealership groups in Canada own less than 10% of the approximately 3,500 automotive dealerships in Canada;
- *Capital redeployment needs* – Monetizing the real estate underlying automotive dealership properties allows dealers to retain control of their dealership while redeploying capital into other areas of their business; and
- *Succession planning issues* – Management believes that for the majority of independent dealers, the dealership and its underlying real estate together represent the single largest proportion of their wealth. Selling the underlying real estate to the REIT can help such dealers address succession planning issues, particularly if the transaction can be effected on a tax efficient basis.

Management believes that the REIT represents a unique alternative for automotive dealership operators considering a sale or recapitalization of their business, as the REIT is at present the only publicly listed entity in Canada exclusively focused on owning and acquiring automotive dealership properties.

The REIT evaluates acquisition opportunities based on a number of factors, including: valuation, expected financial performance, stability of cash flows, physical features, existing leases, functionality of design, geographic market, location, automotive brand representation and opportunity for future value enhancement.

Right of First Offer to Acquire REIT-Suitable Properties from the Dilawri Group

Management believes that its relationship with the Dilawri Group provides the REIT with additional opportunities to add quality automotive dealership properties to its portfolio in an accretive manner. Pursuant to the Strategic Alliance Agreement, the REIT has a right of first offer on properties that are suitable for use as an automotive dealership that are acquired, developed, redeveloped, refurbished, repositioned or held for sale by the Dilawri Group.

Since completion of the IPO, the REIT has acquired 12 automotive dealership properties from the Dilawri Group under the Strategic Alliance Agreement as of the date of this MD&A.

Internal Growth

Management believes that the REIT is well-positioned to achieve organic increases in cash flow and, as a result, increase the value of its properties over time. These increases are expected to come from the following sources:

- Each of the leases with a member of the Dilawri Group (each, a "Dilawri Lease") contains annual contractual basic rent escalators in the amount of 1.5% per annum. The Dilawri Leases 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 so that rent escalators are expected to flow directly to NOI; and
- Contractual fixed rent escalators or consumer price index adjustments are expected, wherever possible, to be negotiated into new leases entered into by the REIT.

SECTION 3 - PROPERTY PORTFOLIO

Portfolio Overview

At December 31, 2020, the REIT's portfolio consisted of 65 income-producing commercial properties. Out of the 65 income-producing commercial properties, 35 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 the remaining 28 properties 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. Consequently, the Dilawri Group is the REIT's most significant tenant and accounts for approximately 61.9% of the REIT's base rent in 2020, including rent from properties subleased to third parties (61.7% in 2019).

The applicable Dilawri Tenant is the lead tenant for Dixie Auto Mall until July 2030. In Q3 2020, the Dilawri Tenant that operates the Harley Davidson dealership moved into the vacated Toyota dealership location. The Dilawri Tenant that operated the Nissan Truck dealership moved from the premises during the fourth quarter of 2020. As of December 31, 2020, the premises were leased but unoccupied; however, this change does not affect the term of the applicable Dilawri Leases.

On October 22, 2020, the REIT renewed the lease with the tenant occupying the premises at 9088 Jane Street in Vaughan, Ontario, extending the term for an additional five-year period to 2026, with renewed lease payments based on current market rates for similar automotive properties.

On December 1, 2020, the lease for the premises at 1911, 1917, 1953 and 1969 Bath Road in Kingston, Ontario was assigned to and indemnified by a new tenant group, LaPointe Auto Group. The previous tenant occupying the premises paid all deferred rent outstanding. The terms of the lease remained unchanged.

On January 21, 2021, the lease for the premises at 17616 111 Avenue in Edmonton, Alberta was assigned to a new tenant operating a luxury, high-end car company. The previous tenant occupying the premises paid all deferred rent outstanding. The terms of the lease remained unchanged.

Overall, at December 31, 2020, the REIT's properties had a weighted average rental rate of $25.13 per square foot ($25.28 as at December 31, 2019). The decrease from 2019 is due to the addition of the Tesla Laval of 127,398 square feet.

Income Producing Property Portfolio Summary

As at December 31, 2020	Number of Properties	GLA (sq. ft.)	Average rental rate (per sq. ft.)[(1)]	Weighted Average Lease Term (yrs)
Greater Vancouver Area (GVA) [(2)]	8	199,244	$35.93	13.1
Calgary	7	293,158	$26.09	11.6
Edmonton	6	174,350	$29.92	12.6
Regina	9	203,560	$23.13	10.1
Winnipeg	2	96,135	$19.84	17.3
KW/Guelph	3	87,300	$21.51	15.5
Greater Toronto Area (GTA)	13	691,908	$28.68	10.4
Ottawa/Kingston	11	303,817	$24.08	16.5
Greater Montréal Area (GMA) [(3)]	6	445,004	$15.78	12.9
Total Portfolio	**65**	**2,494,476**	**$25.13**	**12.5**

As at December 31, 2019	Number of Properties	GLA (sq. ft.)	Average rental rate (per sq. ft.)[(4)]	Weighted Average Lease Term (yrs)
Greater Vancouver Area (GVA) [(2)]	7	176,871	$34.76	13.6
Calgary	7	293,158	$25.71	12.6
Edmonton	6	174,350	$29.80	13.6
Regina	8	183,941	$20.75	9.4
Winnipeg	2	96,135	$17.49	18.3
KW/Guelph	3	87,300	$21.42	16.5
Greater Toronto Area (GTA)	13	691,908	$27.98	10.9
Ottawa/Kingston	11	303,817	$23.84	17.5
Greater Montréal Area (GMA)	5	317,608	$18.65	15.1
Total Portfolio	**62**	**2,325,088**	**$25.28**	**13.4**

(1) Based on 12-month period contractual rental revenue commencing December 31, 2020.
(2) Excludes land leases, which expenses are passed on to the tenant.
(3) Includes Tesla Laval (operations commenced November 2020).
(4) Based on 12-month period contractual rental revenue commencing December 31, 2019.

Appendix "A" in this MD&A contains a list and description of the REIT's properties as at December 31, 2020.

Profile of the Dilawri Leases

As at December 31, 2020, the remaining terms of the Dilawri Leases range from 5.5 years to 19.1 years, with a weighted average lease term of approximately 11.3 years. As at December 31, 2020, the weighted average annual basic rent payable under the Dilawri Leases is approximately $27.17 per square foot ($26.32 in 2019). The basic annual rental rates of each of these leases increase by 1.5% each applicable lease year.

Material terms of the Dilawri Leases include the following:

- Requirements to obtain the REIT's consent for certain changes in use that might affect or impair the value of the properties;
- Options on the part of the applicable Dilawri Group tenant to extend the applicable Dilawri Lease for successive five-year periods as long as the Dilawri Group tenant meets certain conditions;
- The leases are triple-net to the REIT, with the Dilawri Group tenant responsible for costs relating to the properties, including property taxes, repairs and maintenance;

- Rights on the part of the applicable Dilawri Group tenant to cease operations under certain circumstances, provided it continues to comply with the other terms of its Dilawri Lease; and
- Other terms with respect to alterations, environmental covenants, assignment and subletting, damage and destruction and tenant expansion.

A full description of the material terms of the Dilawri Leases is contained in the REIT's AIF, which is available on SEDAR at www.sedar.com.

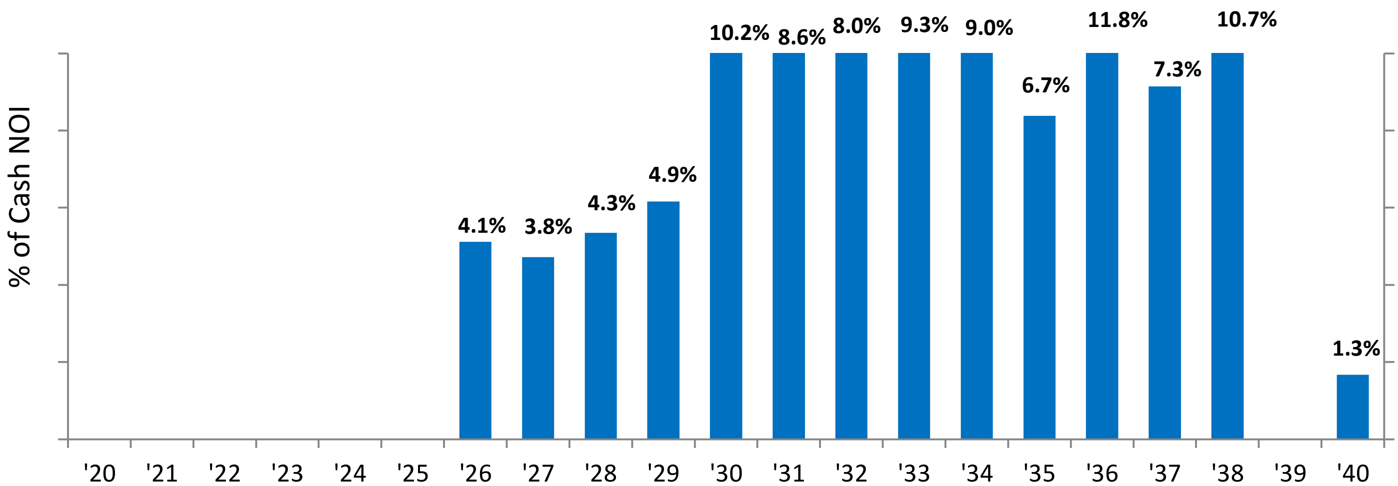
Profile of Other Leases

All of the REIT's other leases are tenanted by affiliates of other automotive dealership groups and, with the exception of one property whereby the lease was assumed by the REIT at the time of acquiring the property, 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). The timing of the changes in contractual rental rates vary lease by lease.

Profile of Overall Lease Maturity

The REIT's lease portfolio matures between 2026 and 2040 as set out in the chart below:

Lease Maturity Profile (*)



(*) Based on 12-month period contractual rental revenue commencing December 31, 2020.

Property Use and Brand Diversification

Sales for an individual automotive dealership are heavily influenced by the popularity of the automotive brands being marketed, and these, in turn, are often cyclical for each brand as new models are introduced and existing models are updated and refreshed. In addition, prospects for both mass market and luxury brands can vary with economic cycles. Management believes that the portfolio's broad automotive brand diversification contributes to the quality and stability of the REIT's cash flows. The following table sets out the breakdown of automotive brands that are marketed, retailed and serviced at the REIT's properties as of December 31, 2020:

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

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 sq. ft.*

(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 Dixie Auto Mall and a Harley Davidson dealership located in the Dixie Auto Mall; and the applicable Dilawri Tenant will continue to be the lead tenant for Dixie Auto Mall until July 2030. Includes 3 vehicle compound facilities and undeveloped land that were acquired as part of the Mierins Auto Group Portfolio. 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 Nissan Truck at the Dixie Auto Mall.

Description of the REIT's Key Tenant

The following chart summarizes certain relevant financial information of the Dilawri Group for the twelve months ended December 31, 2020 with comparative figures for the twelve months ended December 31, 2019 as provided to the REIT by Dilawri (all figures are approximations, not in thousands):

Dilawri Group's Financial Information (approximations, not in thousands)		
	December 31, 2020 LTM[(1)]	**December 31, 2019 LTM**[(1)]
Combined Revenues (not audited or reviewed)	$3.4 billion	$3.8 billion
EBITDA (not audited or reviewed)	$148.7 million	$123.7 million
Pro Forma Adjusted Rent Coverage Ratio (not audited or reviewed)	3.7[(2)]	3.5[(3)]
Term Debt (not audited or reviewed)	$484.0 million[(2)]	$440.1 million[(3)]
Term Debt to EBITDA Ratio (not audited or reviewed)	3.3[(2)]	3.6[(3)]

Notes:

(1) "LTM" means the last twelve months.
(2) As at December 31, 2020.
(3) As at December 31, 2019.

Although the REIT has no reason to believe that the above financial information of the Dilawri Group 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 this financial information. Readers are cautioned, therefore, not to place undue reliance on this financial information.

Dilawri Additional and Non-ASPE Measures

Dilawri uses "EBITDA" in its financial statements which is an additional ASPE (as defined below) measure. "EBITDA" is defined as the earnings of the Dilawri Group before interest, taxes, depreciation and amortization, all as reflected in the non-consolidated combined financial statements of the Dilawri Group prepared in accordance with the recognition, measurement and disclosure principles of ASPE. Dilawri believes that EBITDA is an important measure of operating performance as it shows Dilawri's earnings before interest, taxes, depreciation and amortization. Dilawri's method of calculating EBITDA and the Term Debt to EBITDA Ratio may differ from other issuers' calculations and, accordingly, may not be comparable to measures used by other issuers.

References to "Pro Forma Adjusted Rent Coverage Ratio", "Term Debt" and "Term Debt to EBITDA Ratio", which are key measures of performance used by automotive dealership businesses, refer to the Pro Forma Adjusted Rent Coverage Ratio, Term Debt and Term Debt to EBITDA Ratio of the Dilawri Group on a non-consolidated combined basis. Pro Forma Adjusted Rent Coverage Ratio, Term Debt and Term Debt to EBITDA Ratio are not defined by Canadian accounting standards for private enterprises ("ASPE") or IFRS and do not have standardized meanings prescribed by ASPE or IFRS.

“Pro Forma Adjusted Rent Coverage Ratio” is calculated by Dilawri as EBITDA for the LTM plus rent paid by the Dilawri Group for the LTM to third parties and the REIT, less rent received from third parties. The resultant figure is divided by rent paid by the Dilawri Group for the LTM to third parties and the REIT, less rent received from third parties.

“Term Debt” is calculated by Dilawri as the Dilawri Group’s total term debt reflected in its non-consolidated combined financial statements prepared in accordance with the recognition, measurement and disclosure principles of ASPE.

“Term Debt to EBITDA Ratio” is defined as the ratio of Term Debt to EBITDA.

SECTION 4 –KEY PERFORMANCE INDICATORS AND SELECTED FINANCIAL INFORMATION

Key Performance Indicators

The REIT’s performance is measured by management’s selection of certain key indicators including those set out in the table below. For further information on the REIT’s operating measures and non-IFRS measures, please refer to Sections 5 and 6 of this MD&A.

Operating Results	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	**2020**	2019
Rental Revenue	**$19,091**	$18,122	**$75,124**	$67,580
NOI	**16,471**	15,144	**64,019**	57,354
Cash NOI	**15,486**	14,301	**60,400**	53,844
Same Property Cash NOI	**13,964**	13,743	**50,582**	50,273
Same Property Cash NOI (excluding bad debt expense)	**13,913**	13,743	**50,842**	50,273
Net Income (Loss)	**30,180**	3,894	**26,965**	(4,499)
FFO	**11,237**	8,983	**43,789**	36,148
AFFO	**10,333**	8,227	**40,498**	32,906
Fair value adjustment to investment properties	**27,096**	1,266	**(5,684)**	3,150
Distributions per Unit	**$0.201**	$0.201	**$0.804**	$0.804
Net Income (Loss) per Unit – basic (1)	**0.634**	0.096	**0.566**	(0.125)
Net Income (Loss) per Unit – diluted (2)	**0.626**	0.096	**0.560**	(0.124)
FFO per Unit – basic (3)	**0.236**	0.222	**0.919**	1.003
FFO per Unit – diluted (4)	**0.233**	0.220	**0.910**	0.997
AFFO per Unit – basic (3)	**0.217**	0.203	**0.850**	0.913
AFFO per Unit – diluted (4)	**0.214**	0.202	**0.841**	0.908
Weighted average Units – basic (5)	**47,630,305**	40,502,680	**47,630,305**	36,023,242
Weighted average Units – diluted (6)	**48,203,686**	40,767,092	**48,135,920**	36,257,034
Payout ratio (%)				
FFO	**86.3%**	91.2%	**88.4%**	80.6%
AFFO	**93.9%**	99.6%	**95.6%**	88.6%

Balance Sheet and Other Metrics	**As at December 31, 2020**	As at December 31, 2019	As at December 31, 2018
Total assets	**$936,352**	$935,733	$766,239
Total liabilities (excluding Class B LP Units)	**$438,718**	$420,452	$424,664
Number of units outstanding (includes Class B LP Units)	**47,630,305**	47,630,305	31,729,805
Market price per REIT Unit – close (end of period)	**$10.71**	$12.15	$8.97
Market capitalization (includes Class B LP Units)	**$510,121**	$578,708	$284,616
Overall capitalization rate	**6.7%**	6.6%	6.6%

Fixed weighted average effective interest rate on debt (excludes revolving credit facilities) (7)	**3.76%**	3.77%	3.79%
Proportion of total debt at fixed interest rates through swaps and mortgages	**91%**	95%	91%
Weighted average interest rate swap term remaining (years)	**5.9**	6.0	6.7
Weighted average term to maturity of debt	**2.9**	3.9	4.3
Interest Coverage Ratio (8)	**3.6X**	2.9X	3.3X
Debt Service Coverage Ratio (8)	**1.8X**	1.6X	1.9X
Debt to GBV	**43.2%**	43.6%	54.7%

(1) Net Income (Loss) per Unit — basic is calculated in accordance with IFRS by dividing the Net Income (Loss) by the amount of the weighted average number of outstanding REIT Units and Class B LP Units.
(2) Net Income (Loss) per Unit — diluted is calculated in accordance with IFRS by dividing the Net Income (Loss) by the amount of the weighted average number of outstanding REIT Units, Class B LP Units, DUs and IDUs (each as defined below) granted to certain Trustees and management of the REIT.
(3) FFO per Unit and AFFO per Unit — basic is calculated by dividing the total FFO and AFFO by the amount of the total weighted average number of outstanding REIT Units and Class B LP Units.
(4) FFO per Unit and AFFO per Unit — diluted is calculated by dividing the total FFO and AFFO by the amount of the total weighted average number of outstanding REIT Units, Class B LP Units, DUs and IDUs granted to certain Trustees and management of the REIT.
(5) The weighted average number of outstanding Units — basic includes the Class B LP Units.
(6) The weighted average number of outstanding Units — diluted includes the Class B LP Units, DUs and IDUs granted to certain Trustees and management of the REIT.
(7) The fixed weighted average effective interest rate on debt is calculated on an annualized basis.
(8) For 2020 ratios, see Section 7 “Financing Metrics and Debt Covenants”.

SECTION 5 – RESULTS OF OPERATIONS

Net Income (Loss) and Comprehensive Income (Loss)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
Net Property Income						
Base rent	**$15,590**	$14,460	$1,130	**$61,312**	$54,384	$6,928
Property tax recoveries	**2,675**	2,978	(303)	**10,828**	10,226	602
Straight-line rent adjustment	**826**	684	142	**2,984**	2,970	14
Rental Revenue	**19,091**	18,122	969	**75,124**	67,580	7,544
Property tax expense	**(2,675)**	(2,978)	303	**(10,828)**	(10,226)	(602)
Bad debt recovery (expense)	**55**	-	55	**(277)**	-	(277)
Property Costs	**(2,620)**	(2,978)	358	**(11,105)**	(10,226)	(879)
NOI	**16,471**	15,144	1,327	**64,019**	57,354	6,665
Other Income (Expenses)						
General and administrative expenses	**(1,213)**	(1,887)	674	**(4,223)**	(4,090)	(133)
Interest expense and other financing charges	**(3,951)**	(4,207)	256	**(15,730)**	(16,948)	1,218
Fair value adjustment on interest rate swaps	**1,387**	6,395	(5,008)	**(17,832)**	(3,902)	(13,930)
Distribution expense on Class B LP Units	**(1,997)**	(1,997)	-	**(7,988)**	(7,988)	-
Fair value adjustment on Class B LP Units, DUs and IDUs	**(7,613)**	(10,820)	3,207	**14,403**	(32,075)	46,478
Fair value adjustment on investment properties	**27,096**	1,266	25,830	**(5,684)**	3,150	(8,834)
Net Income (Loss) and Comprehensive Income (Loss)	**$30,180**	$3,894	$26,286	**$26,965**	$(4,499)	$31,464

For Q4 2020, net income was $30,180 compared to $3,894 in Q4 2019. The positive variance was primarily due to an increase in NOI and fair value adjustments for Class B LP Units, DUs and IDUs, and investment properties, partially offset by fair value adjustments for interest rate swaps. For 2020, net income was $26,965 compared to a net loss of $4,499 in 2019. The positive variance was primarily due to an increase in NOI and fair value adjustments for Class B LP Units and DUs and IDUs, partially offset by fair value adjustments for interest rate swaps and investment properties. NOI was $16,471 in Q4 2020 as compared to $15,144 in Q4 2019, and for 2020 was $64,019 compared to $57,354 in

2019. The increase was primarily due to the properties acquired during and subsequent to Q4 2019 and contractual rent increases.

Rental Revenue and Property Costs

Rental revenue is based on triple net leases with tenants. As such, rental revenue also includes recoverable realty taxes and straight-line adjustments.

For Q4 2020, base rent was $15,590, an increase of $1,130, or 7.8%, compared to Q4 2019 and rental revenue was $19,091, an increase of $969, or 5.3%, compared to Q4 2019. The increase was attributable to the properties acquired during and subsequent to Q4 2019 and contractual rent increases.

For 2020, based rent was $61,312, an increase of $$6,928, 12.7%, compared to Q4 2019 and rental revenue was $75,124, an increase of $7,544, or 11.2%, compared to 2019. The increase was attributable to the properties acquired during and subsequent to 2019 and contractual rent increases.

Property costs for Q4 2020 and 2020 were $358 lower and $879 higher than Q4 2019 and 2019, respectively. The decrease in Q4 2020 is attributable to recovery of bad debt in the amount of $55 and lower property tax expense due to the timing of realty tax payments. The increase in 2020 is attributable to the properties acquired during and subsequent to 2019 and bad debt expense recognized in 2020. As a result of the credit risk related to the accounts receivable associated with the REIT's Deferral Agreements, the REIT recognized a bad debt recovery of $55 for Q4 2020 (Q4 2019 – $nil) and an expense of $277 for 2020 (2019 – $nil), which reflects the REIT's assessment of the credit risk relating to the collection of the tenant rent and other receivable balance under the Deferral Agreements totalling $2,301.

General and Administrative Expenses

The table below illustrates the breakdown of general and administrative expenses incurred in Q4 2020 and 2020 as compared to Q4 2019 and 2019:

	Q4 2020	Q4 2019	Variance	**2020**	2019	Variance
Human resource costs	**$619**	$1,226	$(607)	**$2,105**	$2,440	$(335)
Public entity and other costs	**489**	563	(74)	**1,701**	1,318	383
Independent Trustee fees	**105**	98	7	**417**	332	85
General and administrative expenses	**$1,213**	$1,887	$(674)	**$4,223**	$4,090	$133

Human resource costs reflect the expenses related to the management, operating and administrative support of the REIT. Human resource costs also include accruals for short-term incentive awards for management, Income Deferred Units ("IDUs") and the vesting of long-term Deferred Units ("DUs"). For Q4 2019, human resource costs of $227 and public entity and other costs of $39, totalling $266, and for 2019, human resource costs of $928 and public entity and other costs of $122, totalling $1,050, were paid by the REIT to Dilawri in respect of the cost of the services provided by Dilawri pursuant to the Administration Agreement.

The decrease in human resource costs in Q4 2020 and 2020 of approximately $607 and $335, respectively, resulted from $1,480 of DUs that were issued to the REIT's management in December 2019. Approximately $737 of such DUs vested and were accounted for in Q4 2019, with the balance vesting over a three to five-year period from the date of grant and accounted for accordingly. For Q4 2019 and 2019, the REIT incurred expenses of $933 and $1,338, respectively, related to the granting of DUs and IDUs, and the vesting of long-term DUs.

The public entity and other costs reflect the expenses related to ongoing operations of the REIT, including professional fees for legal and audit services and depreciation expense for an office lease ROU asset. The increase in 2020 of $383 in public entity and other costs is a result of the REIT's growth. Public entity costs will fluctuate from quarter to quarter depending on when such expenses are incurred.

As at December 31, 2020, all independent Trustees of the REIT ("Independent Trustees") elected to receive board and committee fees in the form of DUs. The non-cash unit-based compensation expense relates to DUs and IDUs granted in accordance with the REIT's Equity Incentive Plan (the "Plan"). The fair value of each DU granted is measured based on the volume-weighted average trading price of the REIT Units for the five trading days immediately preceding the grant date. For Q4 2020 and 2020, the REIT paid the Independent Trustees $105 and $417, respectively, related to the granting of DUs and IDUs, representing increases of $7 and $85, respectively, compared to the corresponding prior year periods, reflecting the appointment of an additional Independent Trustee in June 2019 and additional board of trustee meetings held during 2020 as compared to 2019 principally as a result of the COVID-19 pandemic.

Interest Expense and Other Financing Charges

Interest expense includes amounts payable to lenders under the REIT's Credit Facilities and Mortgages (each as defined in Section 7 "Liquidity and Capital Resources" below), as well as amortization of upfront costs and costs to hedge the applicable Credit Facilities and Mortgages at fixed rates. For Q4 2020 and 2020, the interest expense and other financing charges were $3,951 and $15,730, respectively, representing decreases of $256 and $1,218 from Q4 2019 and 2019, respectively. The decreases are primarily a result of the proceeds from the December 2019 Equity Offering which contributed to the repayment of the debt.

Changes in Fair Values of Investment Properties

The REIT valued the investment properties using a discounted cash flow approach whereby a current discount rate was applied to the projected net operating income which a property can reasonably be expected to produce in the future. Property under development is measured using both a comparable sales method and a discounted cash flow method, net of costs to complete. For Q4 2020 and 2020, the fair value adjustments in investment properties were $27,096 and $(5,684), respectively, compared to $1,266 for Q4 2019 and $3,150 for 2019.

For the first three quarters of 2020, due to the economic impact of the COVID-19 pandemic, the REIT increased the discount rates used to value its entire property portfolio by approximately 30 basis points to 6.9% at September 30, 2020. In the fourth quarter of 2020, the REIT decreased the discount rates by approximately 20 basis points to 6.7%, primarily due to the resilience of the automotive dealership retail business during the COVID-19 global pandemic. The decrease in discount rates and NOI increases generated from the investment properties resulted in a fair value increase in Q4 2020 of $27,096. The overall capitalization rate applicable to the REIT's entire portfolio was 6.7% as at December 31, 2020 (September 30, 2020 — 6.9%; December 31, 2019 — 6.6%).

The fair value adjustments for 2020 were a result of the following factors:

- The REIT increased the valuation inputs in 2020 for its entire property portfolio by approximately 10 basis points, primarily due to the economic impact of COVID-19. The increase in valuation inputs resulted in a fair value decrease in 2020.
- NOI increases from investment properties resulted in a fair value increase for 2020.
- The REIT adjusted the classification of one property from a vacant property to a fully leased facility, resulting in a decrease in the capitalization rate, which resulted in a fair value increase for Q4 2020 and 2020.
- On October 22, 2020, the REIT renewed the lease with the tenant occupying the premises at 9088 Jane Street in Vaughan, Ontario, extending the term for an additional five-year period to 2026, with renewed lease payments based on current market rates for similar automotive properties. The lease renewal resulted in a fair value increase for Q4 2020 and 2020.
- The transaction costs related to the Regina BMW, Acura North Vancouver and Tesla Laval acquisitions completed during 2020 resulted in a fair value decrease for 2020.

The REIT's valuation inputs are supported by quarterly market reports from an independent appraiser which has indicated changes in capitalization rates from December 31, 2020 for the markets in which the REIT operates. The historical book value of the investment properties owned by the REIT as at December 31, 2020 was $890,963 (December 31, 2019 – $845,828).

In accordance with the REIT's valuation policy, an independent appraiser is engaged to prepare valuations on a portion of the portfolio annually, such that the entire portfolio is appraised at least once every three years. In addition, any investment property which represents greater than 15% of the overall portfolio value will be appraised annually. In 2020, the REIT had 17 investment properties (2019 – 21) independently appraised, representing approximately $313,000 (2019 – $363,000) of the REIT's fair value of income producing properties.

A 25 basis point decrease or increase in capitalization rates or discount rates would result in an increase or decrease in the fair value of investment properties of approximately $35,900 or $(33,300), respectively.

A 50 basis point decrease or increase in capitalization rates or discount rates would result in an increase or decrease in the fair value of the investment properties of approximately $74,600 or $(64,200), respectively.

Changes in Fair Values of Class B LP Units, DUs, IDUs and Interest Rate Swaps

The Class B LP Units, DUs, IDUs and the interest rate hedges (see Section 7 "Liquidity and Capital Resources" in this MD&A) are required to be presented under relevant accounting standards at fair value on the balance sheet. The resulting changes in these items are recorded in net income (loss) and comprehensive income (loss).

Under IFRS, the Class B LP Units, DUs and IDUs are classified as financial liabilities and measured at fair value through profit and loss (FVTPL). The fair value of the Class B LP Units, DUs and IDUs will be measured every period by reference to the traded value of the REIT Units, with changes in measurement recorded in net income (loss) and comprehensive income (loss). Distributions on the Class B LP Units will be recorded in interest expense and other financing charges in the period in which they become payable.

The impact of the movement in the traded value of the REIT Units resulted in an increase in fair value adjustment for Class B LP Units in Q4 2020 of $7,613 (Q4 2019 – $10,820) and a decrease of $14,403 for 2020 (2019 – increase of $32,075).

The REIT enters into interest rate swaps to limit its exposure to fluctuations in the interest rates on variable rate financings for certain of its Credit Facilities. Gains or losses arising from the change in the fair value of the interest rate derivative contracts are recognized in the consolidated statements of income (loss) and comprehensive income (loss).

The fair value adjustments for interest rate swaps for Q4 2020 and 2020 were a gain of $1,387 (Q4 2019 – $6,395) and a loss of $17,832 (2019 – $3,902), respectively. The variances reflect a decline in interest rates in the derivative market as at December 31, 2020.

SECTION 6 – NON-IFRS FINANCIAL MEASURES

Reconciliation of NOI, Cash NOI, FFO and AFFO to Net Income (Loss) and Comprehensive Income (Loss)

The REIT uses the following non-IFRS key performance indicators: NOI, Cash NOI, FFO, AFFO, FFO payout ratio and AFFO payout ratio. The REIT believes these non-IFRS measures and ratios provide useful supplemental information to both management and investors in measuring the financial performance and financial condition of the REIT. These measures and ratios do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures and ratios presented by other publicly traded real estate investment trusts and should not be construed as an alternative to other financial measures determined in accordance with IFRS (see "Non-IFRS Financial Measures"). The calculations of these measures and the reconciliation to net income (loss) and comprehensive income (loss) are set out in the following table:

	Three Months Ended December 31,			Twelve Months Ended December 31,		
($000s, except per Unit amounts)	**2020**	2019	Variance	**2020**	2019	Variance
Calculation of NOI						
Property revenue	**$19,091**	$18,122	$969	**$75,124**	$67,580	$7,544
Property costs	**(2,620)**	(2,978)	358	**(11,105)**	(10,226)	(879)

NOI (including straight-line adjustments)	**$16,471**	$15,144	$1,327	**$64,019**	$57,354	$6,665
Adjustments:						
Land lease payments	**(159)**	(159)	—	**(635)**	(540)	(95)
Straight-line adjustment	**(826)**	(684)	(142)	**(2,984)**	(2,970)	(14)
Cash NOI	**$15,486**	$14,301	$1,185	**$60,400**	$53,844	$6,556
Reconciliation of net income (loss) to FFO and AFFO						
Net income (loss) and comprehensive income (loss)	**$30,180**	$3,894	$26,286	**$26,965**	$(4,499)	$31,464
Adjustments:						
Change in fair value – interest rate swaps	**(1,387)**	(6,395)	5,008	**17,832**	3,902	13,930
Distributions on Class B LP Units	**1,997**	1,997	—	**7,988**	7,988	—
Change in fair value – Class B LP Units, DUs and IDUs	**7,613**	10,820	(3,207)	**(14,403)**	32,075	(46,478)
Change in fair value – investment properties	**(27,096)**	(1,266)	(25,830)	**5,684**	(3,150)	8,834
ROU asset net balance of depreciation/interest and lease payments	**(70)**	(67)	(3)	**(277)**	(168)	(109)
FFO	**$11,237**	$8,983	$2,254	**$43,789**	$36,148	$7,641
Adjustments:						
Straight-line adjustment	**(826)**	(684)	(142)	**(2,984)**	(2,970)	(14)
Capital expenditure reserve	**(78)**	(72)	(6)	**(307)**	(272)	(35)
AFFO	**$10,333**	$8,227	$2,106	**$40,498**	$32,906	$7,592
Number of Units outstanding (including Class B LP Units)	**47,630,305**	47,630,305	—	**47,630,305**	47,630,305	—
Weighted average Units Outstanding – basic	**47,630,305**	40,502,680	7,127,625	**47,630,305**	36,023,242	11,607,063
Weighted average Units Outstanding – diluted	**48,203,686**	40,767,092	7,436,594	**48,135,920**	36,257,034	11,878,886
FFO per Unit – basic (1)	**$0.236**	$0.222	$0.014	**$0.919**	$1.003	$(0.084)
FFO per Unit – diluted (2)	**$0.233**	$0.220	$0.013	**$0.910**	$0.997	$(0.087)
AFFO per Unit – basic (1)	**$0.217**	$0.203	$0.014	**$0.850**	$0.913	$(0.063)
AFFO per Unit – diluted (2)	**$0.214**	$0.202	$0.012	**$0.841**	$0.908	$(0.067)
Distributions per Unit	**$0.201**	$0.201	—	**$0.804**	$0.804	—
FFO payout ratio	**86.3%**	91.2%	(4.9)%	**88.4%**	80.6%	7.8%
AFFO payout ratio	**93.9%**	99.6%	(5.7)%	**95.6%**	88.6%	7.0%

(1) The FFO and AFFO per Unit – basic is calculated by dividing the total FFO and AFFO by the amount of the total weighted-average number of outstanding REIT Units and Class B LP Units.

(2) The FFO and AFFO per Unit – diluted is calculated by dividing the total FFO and AFFO by the amount of the total weighted-average number of outstanding REIT Units, Class B LP Units, DUs and IDUs granted to certain independent Trustees and management of the REIT.

FFO, AFFO and Cash NOI

In Q4 2020, FFO increased 25.1% to $11,237, compared to $8,983 in Q4 2019. FFO per Unit (diluted) for Q4 2020 was $0.233, compared to $0.220 in Q4 2019. The increase in FFO and FFO per Unit was primarily due to the properties acquired during and subsequent to Q4 2019, together with contractual rent increases.

FFO for 2020 increased 21.1% to $43,789, compared to $36,148 in 2019. The increase was primarily due to the properties acquired during and subsequent to 2019, together with contractual rent increases. FFO per Unit (diluted) was $0.910 in 2020, compared to $0.997 in 2019. The decline in FFO per Unit (diluted) in 2020 was partially attributable to the deleveraging and enhancing of the REIT's liquidity position as a result of the December 2019 Equity Offering. A portion of the proceeds of the December 2019 Equity Offering were used to fund the acquisitions of Regina BMW and Acura North Vancouver, which closed on February 5 and February 6, 2020, respectively.

In Q4 2020, AFFO increased 25.6% to $10,333, compared to $8,227 in Q4 2019. AFFO per Unit (diluted) was $0.214 in Q4 2020, compared to $0.202 in Q4 2019. Cash NOI in Q4 2020 was $15,486 on $19,091 of revenue, compared to Cash NOI of $14,301 on revenue of $18,122 in Q4 2019. The increases were primarily due to the properties acquired during and subsequent to Q4 2019, together with contractual rent increases.

AFFO for 2020 increased 23.1% to $40,498, compared to $32,906 in 2019; and Cash NOI in 2020 was $60,400 on $75,124 of rental revenue, compared to Cash NOI of $53,844 on rental revenue of $67,580 in 2019. The increases were primarily due to the properties acquired during and subsequent to 2019, together with contractual rent increases partially offset by bad debt expense. AFFO per Unit (diluted) was $0.841 in 2020, compared to $0.908 in 2019. The decline in AFFO per Unit (diluted) in 2020 was partially attributable to the deleveraging and enhancing of the REIT's liquidity position as result of the December 2019 Equity Offering.

For Q4 2020, the REIT declared and paid distributions to Unitholders of $9,574, or $0.201 per Unit (Q4 2019 – declared $8,515 and paid $7,986), and for 2020 the REIT declared and paid distributions of $38,296, or $0.804 per Unit (2019 – declared $29,794 and $28,729 paid). This resulted in an AFFO payout ratio of 93.9% in Q4 2020 (Q4 2019 – 99.6%) and 95.6% in 2020 (2019 – 88.6%). The AFFO payout ratio was lower in Q4 2020 as a result of organic growth in NOI and acquisitions made during and subsequent to Q4 2019. The AFFO payout ratio was higher in 2020 due to the deleveraging and enhancing of the REIT's liquidity position as a result of the December 2019 Equity Offering. The higher payout ratio in 2020 also reflects the bad debt expense of $277 relating to a tenant receivable.

Same Property Cash Net Operating Income

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2020	2019	Variance	**2020**	2019	Variance
Same property base rental revenue	**$14,072**	$13,902	$170	**$51,477**	$50,813	$664
Bad debt recovery (expense)	**51**	—	51	**(260)**	—	(260)
Land lease payments	**(159)**	(159)	—	**(635)**	(540)	(95)
Same Property Cash NOI	**$13,964**	$13,743	$221	**$50,582**	$50,273	$309
Bad debt expense (recovery)	**(51)**	—	(51)	**260**	—	260
Same Property Cash NOI (excluding bad debt expense)	**$13,913**	$13,743	$170	**$50,842**	$50,273	$569

Excluding bad debt expense (recovery), Same Property Cash NOI increased 1.2% to $13,913 in Q4 2020 from $13,743 in Q4 2019, and 1.1% to $50,842 in 2020 from $50,273 in 2019. The increases are primarily a result of contractual rent increases.

Reconciliation of Cash Flow from Operating Activities to ACFO

The REIT calculates its ACFO in accordance with the Real Property Association of Canada's *White Paper on Adjusted Cash Flow from Operations* (ACFO) *for IFRS* issued in February 2019. The REIT believes that ACFO provides useful supplemental information to both management and investors in measuring the financial performance and financial condition of the REIT. ACFO does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures utilized by other publicly traded real estate investment trusts and should not be considered as an alternative to other financial measures determined in accordance with IFRS (see "Non-IFRS Financial Measures"). To date, the REIT has not incurred capital expenditure costs. The capital expenditure reserve of 0.5% of base rent is based on the lease terms, assumed renewal retention rates, triple-net lease structure and management's best estimate of cost on a per square foot basis related to sustaining/maintaining existing space that the REIT may incur. The calculation of ACFO and the reconciliation to cash flow from operating activities are set out in the table below:

	Three Months Ended December 31,			**Twelve Months Ended December 31,**		
($000s)	**2020**	2019	Variance	**2020**	2019	Variance
Cash flow from operating activities	**$17,180**	$9,668	$7,512	**$57,168**	$52,186	$4,982
Change in non-cash working capital	**350**	3,480	(3,130)	**(610)**	(762)	152
Interest paid	**(3,845)**	(3,995)	150	**(14,876)**	(15,969)	1,093
Amortization of financing fees	**(114)**	(128)	14	**(543)**	(642)	99
Amortization of indemnification fees	**(60)**	(41)	(19)	**(183)**	(154)	(29)
Net interest expense and other financing charges in excess of interest paid	**8**	(84)	92	**(311)**	(337)	26
Capital expenditure reserve	**(78)**	(72)	(6)	**(307)**	(272)	(35)
ACFO	**$13,441**	$8,828	$4,613	**$40,338**	$34,050	$6,288
ACFO payout ratio	**71.2%**	96.5%	(25.3)%	**94.9%**	87.5%	7.4%

ACFO increased to $13,441 in Q4 2020, from $8,828 in Q4 2019, primarily due to the collections of tenant rent deferrals pursuant to the Deferral Agreements in Q4 2020, properties acquired during and subsequent to Q4 2019 and contractual rent increases. This resulted in an ACFO payout ratio of 71.2% in Q4 2020 (Q4 2019 – 96.5%).

ACFO increased to $40,338 in 2020, compared to $34,050 in 2019, primarily due to properties acquired during and subsequent to 2019 and contractual rent increases. This resulted in an ACFO payout ratio of 94.9% in 2020 (2019 – 87.5%). The increased ACFO payout ratio for 2020 compared to 2019 was primarily due to $2,301 of rent deferrals pursuant to the Deferral Agreements in Q4 2020.

The REIT's 2020 distributions were funded from cash flows from operating activities as well as cash on hand. The REIT believes that future distributions will be funded through cash flows from operating activities. As at December 31, 2020, the REIT is in a strong liquidity position with a Debt to GBV ratio of 43.2%, $59,400 of undrawn capacity under its Credit Facilities and nine unencumbered properties with an aggregate value of approximately $150,490. As at the date of this MD&A, the REIT had 10 unencumbered properties with an aggregate value of approximately $165,290.

SECTION 7 – LIQUIDITY AND CAPITAL RESOURCES

Capital Structure

	Key Terms							
Debt	Term (yrs)	Hedged Term (yrs)	Interest Rate	Payments & Interest/Amortization	Effective Interest Rate (fixed)	**Outstanding as at December 31, 2020**	**Outstanding as at December 31, 2019**
Facility 1	2.5 (1)	2.0 to 10.0	BA + 150 bps, Prime +25 bps	(1)	3.73%	**$202,086**(5)	$194,665
Facility 2	3.5 (2)	2.5 to 8.5	BA + 150 bps, Prime +25 bps	(2)	3.52%	**95,403**	99,913
Facility 3	2.9 (3)	5.0 to 7.9	BA + 150 bps, Prime +50 bps	(3)	4.05%	**85,500**	90,250
Mortgages	0.1(4) to 6.5	n/a	Fixed 3.22% to 3.72 %	P&I, 20 yrs and 25yrs	3.52%	**14,905**	15,471
						$397,894	$400,299
Financing fees						**(1,864)**	(2,371)
Weighted Average /Total	**2.9**	**5.9**			**3.76%**	**$396,030**	$397,929
Class B LP Units, DUs and IDUs						**$110,848**	$123,935
Cash Balance						**$308**	$45,266

***Key Financing Metrics and Debt Covenants* (6)(7)**	Debt Covenant	Declaration of Trust (8)	**As at December 31, 2020**	**As at December 31, 2019**
Interest coverage	-	-	**3.6**	2.9
Debt to GBV	<60% (9)	<60% (9)	**43.2%**	43.6%
Unitholders' Equity (including Class B LP Units, DUs and IDUs)	>$120,000	-	**$502,097**	$518,527
Debt Service Coverage	>1.35	-	**1.8**	1.6
AFFO payout ratio	(10) (11) (12)	-	**95.6%**	88.6%

(1) Facility 1 and the associated revolving facility matures in June 2023.
(2) Facility 2 and the associated revolving facility matures in June 2024.
(3) 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) $18,414 of the non-revolving balance of Facility 1 remains at floating rates (2019 – $19,206).
(6) The calculations of these ratios, which are non-IFRS measures, are set out under “Financing Metrics and Debt Covenants” below.
(7) The debt agreements for Facility 1, Facility 2 and Facility 3 have other covenants that do not directly relate to the REIT’s consolidated financial position. Management believes that the REIT is in compliance with all such covenants and with the debt agreement covenants for Facility 1, Facility 2, Facility 3 and the Mortgages.
(8) The Declaration of Trust contains other operating covenants that do not relate to leverage or debt service/coverage. The Declaration of Trust is available on www.sedar.com and is described in the AIF. Management believes that the REIT is in compliance with these operating covenants.
(9) Including convertible debentures, the maximum ratio is 65%.
(10) The AFFO payout ratio in respect of Facility 1 may exceed 100% so long as (i) the REIT’s Debt to GBV ratio is less than 55% or (ii) the REIT’s 12 month retrospective rolling AFFO payout ratio is less than 100%.
(11) The AFFO payout ratio in respect of Facility 2 may exceed 100% (four quarter rolling) during the period from April 1, 2020 to September 30, 2021, subject to a maximum AFFO payout ratio of 110%.
(12) The AFFO payout ratio in respect of Facility 3 may exceed 100% (four quarter rolling) so long as (i) the REIT’s Debt to GBV ratio is less than 55% and (ii) the REIT’s cash on hand plus the cumulative amount available to be drawn under the revolving Credit Facilities exceeds $17,000.

Facility 1, Facility 2 and Facility 3 described above are collectively referred to as the “Credit Facilities” and the mortgages described above are referred to as the “Mortgages”.

The Credit Facilities’ AFFO payout ratio covenant was adjusted during 2020 to permit the REIT to exceed 100% to manage any potential further risk associated from the impact of COVID-19. The REIT would have been in compliance with the AFFO payout ratio throughout 2020 without the covenant modifications. The AFFO payout ratio debt covenant is based on the rolling average of the last four fiscal quarters. For the year ended December 31, 2020, the AFFO payout ratio was approximately 95.6%.

In order to maintain or adjust its capital structure, the REIT may increase or decrease the amount of distributions paid to Unitholders, issue new REIT Units and debt, or repay debt. Factors affecting such decisions include:

- complying with the guidelines set out in the REIT’s Declaration of Trust;
- complying with debt covenants;
- ensuring sufficient liquidity is available to support the REIT’s financial obligations and to execute its operating and strategic plans;
- maintaining financial capacity and flexibility through access to capital to support future development; and
- minimizing the REIT’s cost of capital while taking into consideration current and future industry, market and economic risks and conditions.

Principal repayments are as follows:

2021	$23,750
2022	18,156
2023	275,859
2024	72,205
2025	327
Thereafter	7,597
Total	$397,894

The REIT’s liquidity position as at December 31, 2020 includes approximately $59,400 of undrawn capacity under its revolving Credit Facilities, which management believes is sufficient to carry out its obligations, discharge liabilities as they come due and fund distributions to Unitholders. Capital requirements in the next two years are low and capital expenditure requirements are expected to be insignificant. Nonetheless, the current economic, operating and capital market environment resulting from the COVID-19 pandemic has led to an increased emphasis on liquidity. While the REIT has not changed its objectives in managing its capital structure, the current focus has been on ensuring that the REIT retains sufficient liquidity.

Capital required for investing activities will be addressed through additional borrowings or issuances of equity as acquisition and development opportunities arise. On January 11, 2021, The REIT renewed a Mortgage in the amount of approximately $5,791 for a term of seven years at an interest rate of 2.21%. As at December 31, 2020, nine of the REIT's properties are unencumbered and can be used as security in respect of future financing requirements, as and when needed. As at the date of this MD&A, the REIT had 10 unencumbered properties with an aggregate value of approximately $165,290.

Debt Financing

The REIT's overall borrowing policy is to obtain secured credit facilities, principally on a fixed rate or effectively fixed rate basis, which will allow the REIT to: (i) achieve and maintain staggered maturities to lessen exposure to re-financing risk in any particular period; (ii) achieve and maintain fixed rates to lessen exposure to interest rate fluctuations; and (iii) extend loan terms and fixed rate periods as long as possible when borrowing conditions are favourable. Subject to market conditions and the growth of the REIT, management currently intends to target Indebtedness of approximately 50%-55% of GBV. As at December 31, 2020, the REIT's Debt to GBV ratio was 43.2% (2019 – 43.6%). The reduction as compared to December 31, 2019 is attributable to the repayment of outstanding debt under the REIT's revolving Credit Facilities from the net proceeds of the REIT's June 2019 equity offering and the December 2019 Equity Offering (collectively, the "2019 Equity Offerings") and the increase in the REIT's assets through acquisitions funded by the 2019 Equity Offerings. Management expects that the ratio of Debt to GBV may increase, at least temporarily, following an acquisition by the REIT of one or more additional properties. Interest rates and loan maturities will be reviewed on a regular basis to ensure appropriate debt management strategies are implemented.

Pursuant to the Declaration of Trust, the REIT may not incur or assume any Indebtedness, if after giving effect to the incurring or assumption of such Indebtedness, the total Indebtedness of the REIT would exceed 60% of GBV (or 65% of GBV including convertible debentures).

Secured Credit Facilities, Mortgages and Interest Rate Swap Arrangements

All of the REIT's Credit Facilities and Mortgages are with Canadian Schedule 1 banks and are secured by all but nine of the REIT's investment properties (10 as of the date of this MD&A).

As at December 31, 2020, the REIT had total revolving Credit Facilities of $75,000, of which $59,400 was undrawn ($14,400 in Facility 1, $15,000 in Facility 2, and $30,000 in Facility 3).

Financing Fees

During 2020, the REIT incurred financing fees of $36 (2019 – $407). The amounts are accounted for using the effective interest method, $1,864 remains unamortized at December 31, 2020 (2019 – $2,371).

Interest Rate Swaps

The REIT enters into interest rate derivative contracts to limit its exposure to fluctuations in the interest rates payable on its variable rate financings under Facility 1, Facility 2 and Facility 3. Gains or losses arising from changes in the fair value of the interest rate derivative contracts are recognized in the consolidated statements of income (loss) and comprehensive income (loss). On December 17, 2020, the REIT blended and extended the maturity of two of its interest rate swaps under Facility 1 in the amount of approximately $26,418 for a term of 10 years and extended the maturity of one of its interest rate swaps under Facility 2 in the amount of approximately $10,431 for a term of 10 years.

As a result of the above, the REIT's weighted average interest rate swap term as of December 31, 2020 is 5.9 years.

The following table sets out the combined borrowings under Facility 1, Facility 2 and Facility 3 and the remaining expected term to maturity of the related interest rate swaps as at December 31, 2020.

Remaining Term (yrs)	Amount ($000s)	Total Swapped Fixed Rate Debt (%)
2.4	45,701	13.1
4.2	84,739	24.3
5.1	72,830	20.9
8.4	145,704	41.7
5.9	**348,974**	**100.0**

As at December 31, 2020, the notional principal amount of the interest rate swaps was $349,000 (December 31, 2019 – $365,600) and the fair value adjustment of the interest rate swaps was $(17,832) (December 31, 2019 – $(3,902)). This resulted in a liability balance of $22,847 (December 31, 2019 – $5,016).

Unitholders' Equity (including Class B LP Units)

Unitholders' equity consists of two classes of Units described below:

REIT Units

The REIT is authorized to issue an unlimited number of REIT Units.

Each REIT Unit is transferable and represents an equal, undivided beneficial interest in the REIT and any distributions from the REIT. All REIT Units rank equally among themselves without discrimination, preference or priority and entitle the holder thereof to receive notice of, to attend and to one vote at all meetings of holders of REIT Units and holders of Special Voting Units (as defined below) or in respect of any written resolution thereof.

Holders of REIT Units are entitled to receive distributions from the REIT if, as and when declared by the Board of Trustees (the "Board"). Upon the termination or winding up of the REIT, holders of REIT Units 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 Board in its sole discretion may determine. REIT 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 REIT Units, except for Dilawri as set out in the Exchange Agreement entered into on closing of the IPO between the REIT and certain members of the Dilawri Group, pursuant to which such members of the Dilawri Group have been granted, among other things, certain rights to participate in future offerings of the REIT.

As at December 31, 2020, the total number of REIT Units outstanding was 37,697,052 (39,066,154 as of the date of this MD&A).

Class B LP Units

In conjunction with the IPO, and as partial consideration for the Initial Properties, the REIT, through the Partnership, issued Class B LP Units to certain members of the Dilawri Group. The Class B LP Units are economically equivalent to REIT Units, and are exchangeable at the option of the holder for REIT Units on a one-for-one basis (subject to certain anti-dilution adjustments), are accompanied by a special voting unit (a "Special Voting Unit") (which provides the holder with that number of votes at any meeting of holders of REIT Units to which a holder of the number of REIT 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 REIT 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. Under IFRS, the Class B LP Units are classified as financial liabilities and measured at fair value through profit and loss (FVTPL). The fair value of the Class B LP Units will be measured every period by reference to the traded value of the REIT Units, with changes in measurement recorded in net income (loss) and comprehensive income (loss). Distributions on the Class B LP Units will be recorded in interest expense and other financing charges in the period in which they become payable.

As at December 31, 2020, the total number of Class B LP Units outstanding was 9,933,253.

Deferred Units

The REIT offers an Equity Incentive Plan, pursuant to which DUs may be granted to Trustees, officers and employees of the REIT on a discretionary basis by the Governance, Compensation and Nominating Committee of the Board. The maximum number of REIT Units available for issuance under the Plan is 1,000,000. Each DU is economically equivalent to one REIT Unit, however, under no circumstances shall DUs be considered REIT Units nor entitle a participant to any rights as a Unitholder, including, without limitation, voting rights or rights on liquidation. Each DU shall receive a distribution of additional IDUs equal to the amount of distributions paid per REIT Unit by the REIT on its REIT Units. Upon vesting of the DUs and IDUs, a participant may elect, prior to the expiry of such DU or IDU, to exchange such vested DUs and IDUs (subject to satisfaction of any applicable withholding taxes) whereby the REIT will issue to the participant an equal number of REIT Units in exchange for the DUs and IDUs. The holder of such DUs and IDUs cannot settle such DUs and IDUs for cash.

Following the Internalization, DUs awarded under the Equity Incentive Plan will vest over time and are subject to the achievement of performance vesting conditions, which may include but are not limited to, financial or operational performance of the REIT, total unitholder return or individual performance criteria, measured over a performance period.

During the year ended December 31, 2020, a total of 187,552 DUs, and IDUs were granted (2019 – 232,953), of which 53,781 DUs and IDUs will be accounted for in accordance with the vesting schedule (2019 – 100,999). As at December 31, 2020, a total of 586,123 DUs and IDUs have been granted (2019 – 398,571), of which 416,261 were accounted as outstanding and vested (2019 – 267,187).

Distributions

Holders of REIT Units 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 Board. Upon the termination or winding-up of the REIT, holders of REIT Units 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 Board in its sole discretion may determine. REIT Units have no associated conversion or retraction rights.

In determining the amount of the monthly cash distributions paid to holders of REIT Units, the Board applies discretionary judgment to forward-looking information, which includes forecasts, budgets and many other factors including provisions in the Declaration of Trust, the macro-economic and industry-specific environment, debt maturities and covenants and taxable income. The REIT is currently paying monthly cash distributions to Unitholders of $0.067 per Unit, representing $0.804 per Unit on an annualized basis.

The Board regularly reviews the REIT's rate of distributions to ensure an appropriate level of cash distributions.

Net income prepared in accordance with IFRS recognizes certain revenues and expenses at time intervals that do not match the receipt or payment of cash. Therefore, in applying judgment, consideration is given to AFFO (which is the product of the earnings performance) and other factors when establishing cash distributions to holders of REIT Units.

Financing Metrics and Debt Covenants

The calculations of financial metrics and debt covenants are set out in the table below:

Calculations of financial metrics and debt covenants	**As at December 31, 2020**	**As at December 31, 2019**
Net Asset Value		
Investment properties, IFRS value	$932,229	$888,129
Cash, accounts receivable and other assets	4,123	47,604
Accounts payable and accrued liabilities	(15,378)	(14,261)
Credit Facilities, Mortgages and interest rate swaps	(418,877)	(402,945)

Total Net Asset Value		**$502,097**	**$518,527**
Total Net Asset Value excluding interest rate swaps		**$524,944**	**$523,543**
REIT Units and Class B LP Units outstanding		47,630,305	47,630,305

Debt to GBV			
Indebtedness outstanding:			
Credit Facilities & Mortgages (excludes deferred financing costs)	**A**	$397,894	$400,300
Lease Liability	**A1**	6,990	7,356
Gross Book Value			
Total assets	**B**	936,352	935,733
Debt to GBV [1]	**((A+A1)/B) X 100**	**43.2%**	**43.6%**

Unitholders' Equity & Class B LP Units & DUs & IDUs		
Unitholders' Equity	$391,249	$394,592
Value of DUs & IDUs	4,463	3,246
Value of Class B LP Units	106,385	120,689
Total Unitholders' Equity & Class B LP Units & DUs & IDUs	**$502,097**	**$518,527**

Calculations of financial metrics and debt covenants

Interest coverage		**Q4 2020**	**Q4 2019**	**2020**	**2019**
Cash NOI		$15,486	$14,301	$60,400	$53,844
General and administrative expenses		(1,213)	(1,887)	(4,223)	(4,090)
Income before interest expense and fair value adjustments	**C**	14,273	12,414	56,177	49,754
Interest expense and other financing charges	**D**	3,951	4,207	15,730	16,948
Interest Coverage Ratio [2]	**C/D**	**3.6X**	**3.0X**	**3.6X**	**2.9X**
Debt Service Coverage					
Consolidated net income (loss)		$30,180	$3,894	$26,965	$(4,499)
Interest expense and other financing charges		3,951	4,207	15,730	16,948
Distribution expense on Class B LP Units		1,997	1,997	7,988	7,988
Amortization of other assets		60	41	183	154
Fair value adjustments, net		(20,870)	3,159	9,113	32,827
EBITDA	**E**	15,318	13,298	59,979	53,418
Principal payments on debt		4,420	4,512	18,005	17,483
Interest payments on debt (excludes bank charges)		3,845	3,953	14,876	15,927
Debt Service	**F**	8,265	8,465	32,881	33,410
Debt Service Ratio [3]	**E/F**	**1.9X**	**1.6X**	**1.8X**	**1.6X**
AFFO payout ratio					
AFFO		10,333	8,227	40,498	32,906
Distributions on REIT Units		7,577	5,989	30,308	20,741
Distributions on Class B LP Units		1,997	1,997	7,988	7,988
		9,574	7,986	38,296	28,729

AFFO payout ratio (4)	**93.9%**	**99.6%**	**95.6%**	**88.6%**

Notes:

(1) The Debt to GBV ratio as at December 31, 2020 decreased as compared to December 31, 2019, primarily attributable to the repayment of outstanding debt under the REIT's revolving Credit Facilities from the net proceeds of the 2019 Equity Offerings and the increase in the REIT's assets through acquisitions funded by the 2019 Equity Offerings.

(2) The Interest Coverage Ratio for Q4 2020 and 2020 increased compared to the same periods in the previous year, mainly due to the increase in Cash NOI resulting from the acquisitions of properties funded with the 2019 Equity Offerings.

(3) The Debt Service Ratio for Q4 2020 and 2020 increased compared to the same periods in the previous year, mainly due to the decrease in interest payments and an increase in EBITDA.

(4) The AFFO payout ratio is calculated as distributions per REIT Unit divided by the AFFO per Unit - diluted.

SECTION 8 – RELATED PARTY TRANSACTIONS

The REIT's largest Unitholder and lead tenant is the Dilawri Group, which as at December 31, 2020 held an approximate 26.0% (2019 –25.6%) effective interest in the REIT on a fully diluted basis, through its ownership of all of the issued and outstanding Class B LP Units and 2,458,452 REIT Units. As of the date of this MD&A, 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 the normal course of its operations, the REIT enters into various transactions with related parties and the REIT's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions and in accordance with the Related Party Transaction Policy adopted by the Board and the Declaration of Trust.

In consideration of the applicable Dilawri Tenants leasing the entirety of two of the Initial Properties with third-party tenants (and thereby bearing occupancy, rental and other risks associated with the portions of those properties to be subleased to third party tenants for the initial lease terms of 12 and 15 years for those properties), the REIT paid to such Dilawri Tenants an indemnity fee in the aggregate amount of $1,000 at the time of closing of the IPO (amortizable over the term of the leases).

In addition, on October 24, 2017, Dilawri paid the REIT $896 in respect of the recoverable land transfer tax associated with the acquisition of the Initial Properties. The REIT subsequently issued letters of credit to the land transfer tax authority in the amount of approximately $753 to defer the land transfer tax, on behalf of specific members of the Dilawri Group that sold certain of the Initial Properties to the REIT in connection with the IPO. The Dilawri Group held all of the 9,933,253 issued and outstanding Class B LP Units for three years subsequent to the IPO and, accordingly, the LCs are expected to be released. The REIT is working with the applicable tax authorities and Dilawri to secure the release of the LCs.

For additional information on related party agreements and arrangements with Dilawri, please refer to the REIT's AIF, which can be found on SEDAR at www.sedar.com and on the REIT's website www.automotivepropertiesreit.ca.

Administration Agreement

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.

Subject to certain exceptions, Dilawri provided administration services to the REIT under the Administration Agreement on a cost-recovery basis, reflecting Dilawri's actual costs in providing such services. The REIT was responsible for reimbursing Dilawri for costs incurred in connection with the provision of such services so long as such costs were identified in the then current annual budget of the REIT or were otherwise approved by the REIT.

Following termination of the Administration Agreement, limited transition services continued to be provided between the REIT and Dilawri on a reimbursement of cost basis for a limited period of time following termination, and the Strategic Alliance Agreement continues in effect in accordance with its terms (see "Strategic Alliance Agreement" below).

General and administrative expenses for Q4 2019 and 2019 include $266 and $1,050, respectively, paid by the REIT to Dilawri pursuant to the Administration Agreement (Q4 2020 and 2020 – $nil).

Strategic Alliance Agreement

In connection with the IPO, the REIT and Dilawri entered into the Strategic Alliance Agreement which establishes a preferential and mutually beneficial business and operating relationship between the REIT and the Dilawri Group. The Strategic Alliance agreement will be in effect so long as the Dilawri Organization and the applicable transferors of the Initial Properties own, control or direct, in the aggregate, an effective interest of at least 10% (on a fully-diluted basis) in the REIT. Among other things, the Strategic Alliance Agreement provides the REIT with the first right to purchase REIT-Suitable Properties (as defined in the Strategic Alliance Agreement) in Canada or the United States acquired or developed by the Dilawri Group. The purchase price in respect of a REIT-Suitable Property will be mutually agreed by the REIT and Dilawri at the applicable time and supported by an independent appraisal report. Pursuant to the Strategic Alliance Agreement, the REIT acquired the following investment properties in 2019, 2020 and 2021:

- On March 1, 2021, the REIT acquired the Lexus Laval automotive dealership property from a member of the Dilawri Group for $14,800 and leased it to a Dilawri Tenant.
- On February 6, 2020, the REIT acquired the Acura North Vancouver automotive dealership property from a member of the Dilawri Group for $17,500 and leased it to a Dilawri Tenant.
- On February 5, 2020, the REIT acquired the Regina BMW automotive dealership property from a member of the Dilawri Group for $11,350 and leased it to a Dilawri Tenant.
- On September 19, 2019, the REIT acquired the Audi Queensway automotive dealership property from a member of the Dilawri Group for approximately $36,500 and leased it to a Dilawri Tenant.

SECTION 9 − OUTLOOK

As a result of the COVID-19 pandemic, provinces across Canada began implementing emergency measures to combat the spread of COVID-19 in the second half of March 2020, resulting in the full or partial closure of automotive dealerships until the end of May 2020. 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 MD&A. According to Statistics Canada new automobile sales per unit in Canada for the year ended December 31, 2020 were down approximately 20.0% compared to the corresponding period in 2019. Industry analysts have stated that Canadian automobile retail sales were down by 13.4% in January and February 2021 when compared to January and February 2020, as a result of tight lockdowns which restricted activity across the country. The automotive dealerships have been provided with support from original equipment manufacturers, financial institutions, governments and rent deferral programs. The Canadian federal and provincial governments have reacted with significant intervention programs designed to stabilize economic conditions**.** As provincial COVID-19 related restrictions ease, the pent-up consumer demand is expected to result in an increase in Canadian auto sales and service work performed by the automotive dealerships. The length and severity of the pandemic, and the related impact on the financial performance and financial position of the REIT and its tenants in future periods, including as a result of additional restrictions implemented in Q4 2020, is unknown at this time.

The Canadian automotive retail industry is a large sector within the overall economy, with an historical track record of long-term stability. According to Statistics Canada, overall automotive retail industry sales totaled a record $151 billion in 2020 and represented approximately 25% of Canada's overall retail sales of products and merchandise. Over the last 20 years, Canadian automobile retail sales grew at a compound annual rate of 3.6%. The REIT believes that the long-term fundamentals of the automotive dealership business have not changed, and that the industry should continue to stabilize as the COVID-19 pandemic is brought under control. At the date of this MD&A, 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. No additional rent deferrals have been requested by the REIT's tenant.

The REIT intends to pursue acquisitions on a strategic basis and will generally fund any transactions through debt financing and available liquidity. In considering potential acquisitions, diversification of automobile brand and geographic location remain important criteria for the REIT, as some automotive brands continue to gain market share while other brands are experiencing sales deterioration, and certain markets present a more favourable economic outlook.

As the only publicly traded Canadian real estate entity focused on owning automotive dealership properties, the REIT provides a unique opportunity for automotive dealership owners to monetize the real estate underlying their dealerships while retaining ownership and control of their core automotive dealership businesses. This provides dealership owners with liquidity to advance their individual strategic objectives, whether it be succession planning, directly investing in upgrading their dealerships, or facilitating acquisitions in this period of industry consolidation. The Canadian automotive dealership industry is highly fragmented, and the REIT expects continued consolidation over the mid to long term due to increased industry sophistication and growing capital requirements for owner operators, which encourages them to pursue increased economies of scale. For 2021, the REIT currently expects that the pace of industry consolidation may decrease due to the COVID-19 pandemic and the related economic uncertainty. The REIT is focused on preserving its strong liquidity position in this current environment.

As at December 31, 2020, the REIT is in a strong liquidity position with a Debt to GBV ratio of 43.2%, $59,400 of undrawn capacity under its Credit Facilities and nine unencumbered properties with an aggregate value of approximately $150,490. As at the date of this MD&A, the REIT has 10 unencumbered properties with an aggregate value of approximately $165,290.

The past year has seen unusual volatility in the financial markets and it is premature for management to quantify the impact that COVID-19 will have on the cost and availability of debt and equity capital to the REIT. Management and the Trustees are closely monitoring the impact of the COVID-19 pandemic on the REIT's business and the business of the REIT's tenants and will continue to prudently manage the REIT's available resources during this period of economic uncertainty. Management has also proactively raised its level of preparedness planning to adapt more quickly should risk levels rise and will continue to monitor and adjust its business continuity and other plans as the COVID-19 pandemic continues to evolve.

SECTION 10 – OTHER DISCLOSURES

Commitments and Contingencies

The REIT, as lessee, is committed under long term land and other leases that are classified as a liability to make lease payments with minimum annual rental commitments as follows:

Within 1 year	$388
After 1 year, but not more than 5 years	2,038
More than 5 years	4,564
Total	$6,990

Disclosure Controls and Internal Controls over Financial Reporting

The REIT's certifying officers have designed a system of disclosure controls and procedures ("DC&P") to provide reasonable assurance that (i) material information relating to the REIT, including its consolidated subsidiaries, is made known to them by others; and (ii) information required to be disclosed by the REIT in its annual filings, interim filings and other reports filed or submitted by the REIT under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Also, the REIT's certifying officers have designed a system of internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS.

The REIT has used the Internal Control – Integrated Framework (2013) from The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in order to assess the effectiveness of the REIT's ICFR. Management has evaluated, or caused to be evaluated, the REIT's ICFR and DC&P and has determined that the design and operation of the REIT's ICFR and DC&P were effective as at December 31, 2020. There have been no changes to the REIT's ICFR during Q4 2020 and the year ended December 31, 2020, that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

Management does recognize that any controls and procedures no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives. In the unforeseen event that lapses in the disclosure or internal controls and procedures occur and/or mistakes happen, the REIT intends to take whatever steps are necessary to minimize the consequences thereof.

Consistent with National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, the REIT has filed certificates on Form 52-109F1.

SECTION 11 – QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected consolidated financial information for each of the eight most recently completed quarters:

($ thousands except where otherwise indicated)	**Fourth Quarter 2020**	Third Quarter 2020	Second Quarter 2020	First Quarter 2020	Fourth Quarter 2019	Third Quarter 2019	Second Quarter 2019	First Quarter 2019
Number of Properties	**65**	65[i]	64	64	62	61	60	57
GLA (sq. ft.)	**2,494,476**	2,494,476	2,367,080	2,367,080	2,325,088	2,296,780	2,231,233	2,139,512
Rental revenue	**19,091**	18,627	18,800	18,606	18,122	17,349	16,425	15,684
Net Operating Income	**16,471**	16,168	15,586	15,794	15,144	14,667	13,972	13,571
Net Income (Loss)	**30,180**	4,395	(23,356)	15,748	3,894	1,054	8,436	(17,882)
Net Income (Loss) per Unit — basic[ii]	**0.634**	0.092	(0.490)	0.331	0.096	0.027	0.264	(0.564)
Net Income (Loss) per Unit — diluted[iii]	**0.626**	0.091	(0.485)	0.328	0.096	0.026	0.262	(0.561)
FFO per Unit — basic[iv]	**0.236**	0.234	0.224	0.226	0.222	0.247	0.274	0.270
FFO per Unit — diluted[v]	**0.233**	0.231	0.222	0.224	0.220	0.246	0.272	0.269
AFFO per Unit — basic[iv]	**0.217**	0.217	0.207	0.209	0.203	0.226	0.248	0.245
AFFO per Unit — diluted[v]	**0.214**	0.215	0.205	0.208	0.202	0.224	0.247	0.243
AFFO payout ratio	**93.9%**	93.5%	98.0%	96.6%	99.6%	89.7%	81.4%	82.7%
Distribution declared per Unit	**0.201**	0.201	0.201	0.201	0.201	0.201	0.201	0.201
Weighted average Units — basic	**47,630,305**	47,630,305	47,630,305	47,630,305	40,502,680	39,729,805	31,993,541	31,729,805
Weighted average Units — diluted	**48,203,686**	48,167,267	48,129,963	48,032,420	40,767,092	39,981,885	32,238,171	31,898,661
Market price per REIT Unit — close (end of period)	**$10.71**	$9.97	$9.26	$7.38	$12.15	$11.09	$10.33	$10.78
Total assets	**936,352**	910,671	897,139	919,352	935,733	871,762	862,580	800,014
Debt to GBV	**43.2%**	44.8%	44.4%	44.9%	43.6%	49.6%	49.7%	56.3%
Debt service coverage	**1.8X**	1.8X	1.8X	1.8X	1.6X	1.6X	1.6X	1.6x

Notes:

(i) Includes one development property.

(ii) Net Income (Loss) per Unit – basic is calculated in accordance with IFRS by dividing the Net Income (Loss) by the amount of the weighted average number of outstanding REIT Units and Class B LP Units.

(iii) Net Income (Loss) per Unit **–** diluted is calculated in accordance with IFRS by dividing the Net Income (Loss) by the amount of the weighted average number of outstanding REIT Units, Class B LP Units, DUs and IDUs granted as at December 31, 2020, to certain Trustees and management of the REIT.

(iv) The FFO and AFFO per Unit – basic is calculated by using the weighted average number of outstanding REIT Units and Class B LP Units. The FFO and AFFO per Unit basic comparable numbers were adjusted 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.

(v) The FFO and AFFO per Unit – diluted is calculated by using the weighted average number of outstanding REIT Units, Class B LP Units, DUs and IDUs granted as at December 31, 2020 to certain Trustees and management of the REIT. The FFO and AFFO per Unit — diluted comparable numbers were adjusted 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.

The increase in rental revenue and NOI is primarily attributable to the thirty-nine property acquisitions completed since the REIT's IPO. The net income (loss) is also impacted by the fluctuations in fair value adjustments of Class B LP Units, investment properties and interest rate swaps.

SECTION 12 – RISKS & UNCERTAINTIES, CRITICAL JUDGMENTS & ESTIMATES

The following risks are a subset of the key risks that affect the REIT's business and operations. They should be read in conjunction with the full set of risks inherent in the REIT's business, as included in the REIT's Annual Information Form for the year ended December 31, 2020.

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 across Canada in November 2020 and continue to the date of this MD&A.

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 all of the Class B LP Units and 2,458,452 REIT 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 REIT 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. 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 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 REIT Units may be less liquid and trade at a relative discount compared to such REIT 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 REIT Units (a "REIT Unitholder"), might otherwise receive a premium for its REIT 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 REIT Unit (subject to customary anti-dilution adjustments). If the Dilawri Organization exchanges some or all of its Class B LP Units for REIT Units and subsequently sells such REIT Units in the public market, the market price of the REIT 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 of December 31, 2020, the REIT derives 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 REIT Unitholders.

The REIT has entered into leases with the applicable members of the Dilawri Group in respect of each of the Initial Properties, including the Third Party Tenant Portfolio, as well as the Toyota Woodland Property, the Audi Barrie Property, the St. Bruno Audi & VW Property, the MB West Island Property, the VW Barrie Property, the Heritage Honda Property, the Mazda Des Sources Property, the Country Hills VW Property, the Audi Queensway Property, the BMW Regina Property and the Acura North Vancouver Property (collectively, the "Dilawri Properties"). Under such leases, Dilawri provided an indemnity for the lease obligations of each other member of the Dilawri Group for the initial lease terms. 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 with the remaining 43.5% the REIT's GLA occupied by other dealership groups as at December 31, 2020.

The initial terms of the Dilawri Leases range from approximately 11 to 20 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 its 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 REIT 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 Trustees who are "independent" pursuant to National Instrument 58-101 — *Disclosure of Corporate Governance Practices*. 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 REIT 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.

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 REIT 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 other dealership groups. The REIT depends on tenants who lease its properties to pay rent, maintain its properties and meet their other lease obligations. All of the REIT's properties rely on the Dilawri Group and dealership groups under a triple-net lease, which subjects the REIT to additional risk related to the financial strength of the Dilawri Group and such dealership groups relative to multi-tenant properties. Furthermore, as the Dilawri Group will head lease all of the premises currently occupied by both the Dilawri Group and third party tenants at two properties, the Dilawri Group, not the REIT, will have control over the re-leasing of such premises at these two properties. 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 REIT's 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 REIT 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 REIT 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. 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 REIT's 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 REIT Unitholders.

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 REIT's 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 REIT 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 REIT 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 REIT 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 REIT 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 REIT Unitholders.

Cybersecurity 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 fibers in the air. Certain of the REIT's properties contain or might contain materials containing asbestos. The costs of investigation, removal and remediation of such substances, materials and/or contamination from the REIT's 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 REIT's 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 REIT's 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 REIT 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 REIT 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 REIT Unitholders.

Financing Risks

The REIT has outstanding Indebtedness of approximately $397.9 million as of December 31, 2020. Although a portion of the cash flow generated by the REIT's 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 REIT 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 REIT 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 REIT 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 REIT Units, might otherwise receive a premium for its REIT Units over the then-current market price. 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 REIT 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 REIT 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, the acquisition of the Initial Properties in conjunction to the IPO and 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 REIT 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 REIT Unitholders, which could materially adversely affect the trading price of the REIT Units. In addition, increasing interest rates may put competitive pressure on the levels of distributable income made by the REIT to REIT 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 REIT Units.

The REIT has implemented interest rate swap arrangements in respect of Facility 1, Facility 2 and Facility 3 in order to offset the risk of interest rate fluctuations and to provide more certainty regarding the payment of distributions to REIT Unitholders. 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 REIT 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 REIT's 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 REIT 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 REIT 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 REIT 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 REIT's 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 REIT Unitholders.

Potential Conflicts of Interest

The trustees of the REIT 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 REIT's Declaration of Trust, all decisions to be made by the board of trustees 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 REIT 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 REIT's 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 REIT's 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 REIT 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 REIT 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 REIT 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 REIT Unit trading price and its ability to satisfy debt service obligations and to make distributions to REIT 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 Facility 1, Facility 2 and Facility 3. See "Section 7 – Liquidity and Capital Resources". 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 REIT 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 REIT 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 MD&A 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 REIT 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 REIT 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 REIT 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 REIT 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 REIT 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 REIT 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 REIT 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 REIT Unitholders any fixed amount and there is no promise to return the initial purchase price of a REIT 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 REIT Unit. The market value of the REIT 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 REIT 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 *Income Tax Act* (Canada) (the "ITA") at all relevant times such that it maintains its status as a "unit trust" and a "mutual fund trust" for purposes of the ITA. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the Canada Revenue Agency respecting mutual fund trusts will not be changed in a manner that adversely affects REIT Unitholders. Should the REIT cease to qualify as a mutual fund trust under the ITA, the consequences may be material and adverse.

Non-Resident Ownership — Under current law, a trust may lose its status under the ITA 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 (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 ITA) ("Non-Residents") may not be the beneficial owners of more than 49% of the REIT 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 REIT Units.

The restriction on the issuance of REIT 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 REIT Units and the market price at which REIT Units can be sold.

REIT Exception — Unless the exclusion from the definition of “SIFT trust” in the ITA for a trust qualifying as a “real estate investment trust” under the ITA applies to the REIT (the “REIT “Exception”), the rules applicable to SIFT trusts and SIFT partnerships in the ITA (the “SIFT Rules”) may have an adverse impact on the taxation of the REIT and on the taxation of distributions to REIT Unitholders. 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 REIT 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 REIT Unitholders will depend on the status of the holder 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”, other income and returns of capital. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the REIT 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 of such properties acquired by the Partnership was equal to the amounts jointly elected by the Partnership and the applicable transferor of such Initial Property 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 basis equal to their fair market values.

Loss Restriction Event — The ITA 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 ITA, or any group of persons, acquires REIT Units having a fair market value that is greater than 50% of the fair market value of all the outstanding REIT 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 REIT 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 ITA, will not be changed in a manner which adversely affects the REIT or the REIT Unitholders. Any such changes may have a negative effect on the value of the REIT Units.

Potential Volatility of REIT 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 REIT Units may trade at a premium or a discount to values implied by appraisals of the REIT’s properties.

The market price for REIT 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 REIT Units; (vi) sales or perceived sales of additional REIT 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 REIT Units is the annual yield on the REIT Units. An increase in market interest rates may lead purchasers of REIT Units to demand a higher annual yield, which accordingly could materially adversely affect the market price of the REIT 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 REIT 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 REIT Units by those institutions, which could materially adversely affect the trading price of the REIT 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 REIT Units may be materially adversely affected.

Restrictions on Redemptions

It is anticipated that the redemption right attached to the REIT Units will not be the primary mechanism by which REIT Unitholders liquidate their investment. The entitlement of REIT Unitholders to receive cash upon the redemption of their REIT Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such REIT Units and all other REIT 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 REIT Units are tendered for redemption, the outstanding REIT 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 REIT Units; (iii) the normal trading of REIT Units is not suspended or halted on any stock exchange on which the REIT Units are then listed (or, if not listed on a stock exchange, on any market on which the REIT Units are quoted for trading) on the date on which the REIT Units were surrendered for redemption (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 REIT Units must not result in the delisting of the REIT Units from the principal stock exchange on which the REIT Units are then listed.

"Subsidiary Notes" (being 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) ("Subsidiary Notes") which may be distributed to REIT 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 for trusts governed by a registered retirement savings plan, registered retirement income fund, registered disability savings plan, deferred profit sharing plan, tax-free savings account and registered education savings plan, each within the meaning of the ITA.

Nature of Investment

The REIT 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 REIT Unit does not hold a share of a body corporate. As holders of REIT Units, the REIT 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 REIT Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the *Canada Business Corporations Act* 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 REIT 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 REIT Units that the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional REIT Units from time to time (including pursuant to the Plan or any employee incentive compensation plan that may be introduced in the future), and the interests of REIT Unitholders may be diluted thereby. The issuance of additional REIT Units may have a dilutive effect on the interests of REIT Unitholders.

Structural Subordination of REIT 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 REIT Unitholders. The REIT 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 REIT Unitholders and holds substantially all of the REIT's assets.

Limited Control

REIT 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 REIT Unitholders. The Board may amend or revise these and other policies without a vote of Unitholders. Pursuant to the Declaration of Trust, Unitholders have a right to vote only on limited matters. The Trustees' broad discretion in setting policies and REIT 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 REIT Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a REIT Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces that is intended to provide REIT 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 REIT 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 REIT 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 REIT 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.

Critical Accounting and Judgments and Estimates

The preparation of the consolidated financial statement requires management to make judgments and estimates in applying the REIT's accounting policies that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. Within the context of these consolidated financial statements, a judgment is a decision made by management in respect of the application of an accounting policy; a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in the consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgments it uses.

The following are the accounting policies subject to judgments and key sources of estimation uncertainty that the REIT believes could have the most significant impact on the amounts recognized in the consolidated financial statements.

Investment Properties

The REIT assesses whether the properties it acquires are considered to be asset acquisitions or business combinations. The REIT considers all the properties it has acquired to date to be asset acquisitions.

Investment properties are reviewed by management in conjunction with independent appraisers. Valuations are completed by undertaking a discounted cash flow approach whereby a current discount rate is applied to the projected net operating income which a property can reasonably be expected to produce in the future. The external valuators review of projected cash flows involves a review of assumptions relating to rental rates and residual values. These assumptions may not ultimately be achieved.

Leases

The REIT is required to make judgments in determining whether certain leases are operating or finance leases, in particular long-term leases. All tenant leases have been determined to be operating leases.

Income Taxes

The REIT is a mutual fund trust and a real estate investment trust as defined in the ITA. The REIT is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to Unitholders each year. The REIT is a real estate investment trust if it meets the prescribed conditions under the ITA relating to the nature of its assets and revenue.

The REIT uses judgment in reviewing these prescribed conditions and assessing its interpretation and application to the REIT's assets and revenue. It has determined that it qualifies as a real estate investment trust for the current period. The REIT expects to continue as a mutual fund trust and real estate investment trust under the ITA, however, should it no longer qualify, it would not be able to flow through its taxable income to Unitholders and would be subject to tax.

APPENDIX

Property List as at December 31, 2020

Operating Name	Address	City/ Province	Year Built /Renov.	GLA
Properties ***(as at December 31, 2020)***				
1. Dixie Auto Mall				
Dilawri-Owned Auto				
Volkswagen	5500 Ambler Drive	Mississauga, ON	1988/2011	39,209
Nissan	5500 Dixie Road	Mississauga, ON	1988/2001	26,369
Mazda	5500 Ambler Drive	Mississauga, ON	1987/2014	16,713
Infiniti	5500 Ambler Drive	Mississauga, ON	1988/2014	14,592
Mitsubishi	5525 Ambler Drive	Mississauga, ON	1998	8,000
Harley-Davidson (*formerly Toyota*)	5500 Dixie Road	Mississauga, ON	1987	22,078
Ancillary-other (*formerly Nissan Truck*)	5500 Dixie Road	Mississauga, ON	1998	13,890
Ancillary-other (*formerly Hyundai*)	5515 Ambler Drive	Mississauga, ON	1998	9,345
Third Party Auto				
Kia	5500 Dixie Road	Mississauga, ON	1987	17,735
Third Party Retail				
Montana's	1495 Aerowood Drive	Mississauga, ON	2001/2017	5,150
Kelsey's	1485 Aerowood Drive	Mississauga, ON	2001/2017	5,000
A&W	1465 Aerowood Drive	Mississauga, ON	1999/2016	4,000
Subway/NY Fries	1475 Aerowood Drive	Mississauga, ON	1999/2011/2012	2,200
Enterprise Rent-a-Car	1475 Aerowood Drive	Mississauga, ON	1999/2011/2012	2,000
3 Asians Express	1475 Aerowood Drive	Mississauga, ON	1999/2011/2012	1,875
Dixie Auto Mall Total				**188,156**
2. Markham Honda and Ford				
Dilawri-Owned Auto				
Markham Honda	8220 Kennedy Road	Markham, ON	2004	32,723
Third Party Auto				
Markville Ford Lincoln	8210 Kennedy Road	Markham, ON	1988/2010	39,287
Markham Honda and Ford Total				**72,010**
3. Calgary BMW	34 Heritage Meadows Road S.E.	Calgary, AB	2007	87,724
4. Calgary Honda	11700 Lake Fraser Dr S.E.	Calgary, AB	2005	43,511
5. Triple 7 Chrysler	700 Broad Street	Regina, SK	1959/2011	40,957
6. Porsche Centre Vancouver	688 Terminal Avenue	Vancouver, BC	2013	39,790
7. Frost Chevrolet Buick GMC Cadillac	150 Bovaird Drive West	Brampton, ON	2013	43,210
8. Honda Used Car and Regina Collision Centre	815 Broad Street	Regina, SK	2012/2015	32,457
9. Oakville Honda	500 Iroquois Shore Road	Oakville, ON	2003/2006	33,334
10. Markham Acura	5201 Highway 7 E	Markham, ON	2002	32,025
11. Regina Honda/Acura	789 Broad Street	Regina, SK	2003/2015	30,863
12. Agincourt Mazda	5500 Finch Avenue E	Toronto, ON	2005	30,788
13. Dilawri Nissan Infiniti	1775 5th Avenue	Regina, SK	1998/2015	30,864
14. Audi Sales Downtown Vancouver	1788 West 2nd Avenue	Vancouver, BC	2013	29,300
15. Meadowvale Honda	2210 Battleford Road	Mississauga, ON	2007	34,539

16. Burrard Acura(1)	730 Terminal Avenue	Vancouver, BC	2015	27,640
17. Langley Acura(1)	20257 Langley Bypass	Langley, BC	2015	26,448
18. Distinctive Collection	150 Glendeer Circle S.E.	Calgary, AB	1988/2008	24,367
19. Bolton Toyota	12050 Albion Vaughan Road	Bolton, ON	2004	22,741
20. Hyundai Gallery	11770 Lake Fraser Dr S.E.	Calgary, AB	2006	22,185
21. North Vancouver Nissan Infiniti	819 Automall Drive	N. Vancouver, BC	1992/2002	19,050
22. Regina Hyundai	444 Broad Street	Regina, SK	2005	18,204
23. Ancillary-other *(formerly Dilawri BMW)*	1919 1st Avenue	Regina, SK	1997	12,456
24. Ancillary-other (1921 1st Avenue, *formerly Dilawri Acura)*	1921 1st Avenue	Regina, SK	1997	11,390
25. Audi Service *(formerly Infiniti Vancouver)*	1718 West 3rd Avenue	Vancouver, BC	1999	11,722
26. Dilawri Mitsubishi	1750 6th Avenue	Regina, SK	1993/2003	6,750
27. Toyota Woodland	1000-1009 Woodland Avenue	Montreal, QC	2007/2008	49,737
28. Porsche Centre Edmonton and Jaguar Land Rover Edmonton(2)	17007 111th Avenue N.W.	Edmonton, AB	2014	44,779
29. Audi Barrie	2482 Doral Drive	Innisfil, ON	2015	24,982
30. Pfaff Audi (2)	9088 Jane Street	Vaughan, ON	2006	68,874
31. St. Bruno Audi and Volkswagen	1905&1917 Boulevard Sir Wilfrid Laurier	St. Bruno, QC	1987/2014	62,705
32. Mercedes Benz West Island	4525 Boulevard Saint-Jean	Montreal, QC	2016	60,850
33. Go Mazda(2)	9704 & 9710 35 Avenue N.W.	Edmonton, AB	2006/2017	17,150
34. Volkswagen Barrie	50 and 60 Fairview Road & 5 Little Avenue	Barrie, ON	2017	20,102
35. Heritage Honda	11609 40 Street S.E.	Calgary, AB	2016	58,913
36. Kentwood Ford Compound(2)	8603,8703,8735,8815 127th Avenue N.W.	Edmonton, AB	1969	4,040
37. Southtown Hyundai(2)	3603 99th Street N.W.	Edmonton, AB	2004	12,554
38. Ericksen Infiniti(2)(3)	17616 111th Avenue N.W.	Edmonton, AB	2008	25,550
39. Mazda des Sources	2345 Place Transcanadienne	Dorval, QC	2017	16,701
40. Country Hills VW	11380 Stonehill Drive NE, Calgary	Calgary, AB	2018	34,650
41. BMW Laval(2)	2440-2450 Boulevard Chomedey	Laval, QC	2000/2012	127,615
42. Sherwood Park VW(2)	2365 Broadmoor Boulevard, Sherwood Park	Sherwood Park, AB	2015	70,277
43. Brimell Toyota(2)	5060 Sheppard Avenue East, Toronto	Scarborough, ON	2002/2010	55,600
44. Elite BMW(2)	1040 Ogilvie Road	Ottawa, ON	2007/2016	48,366
45. Civic Motors(2)	1171 St. Laurent Boulevard	Ottawa, ON	2002/2012	30,000
46. Elite BMW Service(2)	595 St. Laurent Boulevard	Ottawa, ON	1989	7,500

47. Camco Acura[2]	1475 Carling Avenue	Ottawa, ON	2016	45,879
48. MINI Ottawa[2]	1501 Carling Avenue	Ottawa, ON	2015	30,000
49. Mendes Toyota[2]	1811 Bank Street	Ottawa, ON	2013	57,152
50. Ogilvie Subaru[2]	1056 Parisien Street	Ottawa, ON	2014	13,533
51. Subaru Detailing Centre[2]	1352 Gosset Street	Ottawa, ON	1969/2015	5,500
52. Orleans Honda[2]	2055 Mer Bleue Road	Ottawa, ON	2015	24,531
53. Kingston Toyota[2]	1911 Bath Road	Kingston, ON	2005	25,130
54. Lexus of Kingston[2]	1917 Bath Road	Kingston, ON	2005	16,226
55. Tesla KW Service Centre[2]	663 Victoria Street North	Kitchener, ON	2019	18,500
56. St. James Volkswagen[2]	670 Century Street	Winnipeg, MB	2004	39,494
57. McNaught Cadillac Buick GMC [2]	1000-1717 Waverly Street	Winnipeg, MB	2015	56,641
58. Wellington Motors[2]	935 Woodlawn Road West	Guelph, ON	2003	40,793
59. Guelph Hyundai[2]	765 Woodlawn Road West	Guelph, ON	2014	28,007
60. Abbotsford VW[2]	30150 & 30195 Automall Drive	Abbotsford, BC	2018	22,921
61. Audi Queensway	1635 The Queensway	Etobicoke, ON	2018	65,547
62. Straightline Kia[2]	100 Glendeer Circle SE	Calgary, AB	2018	21,808
63. Regina BMW	1001 Broad Street	Regina, SK	2019	19,619
64. Acura North Vancouver	828 Automall Drive	N. Vancouver, BC	2010	22,373
65. Tesla Laval[2]	3755 AutoRoute Des Laurentides	Laval, QC	2020	127,396
Portfolio Total				**2,494,476**
Subsequent Acquisitions				
66. Lexus Laval[4]	2000 Boulevard Chomedey	Laval, QC	2006/2013	30,015
Total as at date of the MD&A				**2,524,491**

Notes:

(1) The REIT has a leasehold interest in this property.

(2) The REIT has leased this property to other dealership group tenants unrelated to the Dilawri Group.

(3) In January 2021, the lease was assigned to a luxury, high-end car company.

(4) Lexus Laval was acquired by the REIT on March 1, 2021.