



Automotive Properties REIT ESG & Sustainability Plan

Automotive Properties REIT (“APR”) holds a portfolio of best-in-class Canadian automotive properties, tenanted by leading automotive dealership groups and leading automotive brands ranging from mass-market to ultra-luxury. As a net lease REIT, substantially all our properties are leased to tenants on a triple-net basis, whereby our tenants are directly responsible for the entire property including utilities, property management, capital expenditures and related property level environmental and sustainability strategies and practices. As a result, tenants are wholly and directly in control of energy use, energy tracking, and impact on the environment.

APR’s ESG & Sustainability Plan supports our commitments to carrying out ethical, environmental, and sustainable business activities and how we will aim to achieve our ESG goals for 2022 and beyond. To show our commitment and provide transparency to unitholders, APR is committed to providing periodic updates on our ESG progress through enhanced ESG reporting.

As a property owner, we recognize that our building operations have an impact on the environment, our communities, and the health and well-being of our tenants and their customers. We are committed to incorporating ESG and sustainability plans into our business strategy by making meaningful change in areas of our business that we influence or control. APR will continue to utilize ESG standards to enhance our strategies, objectives and to positively impact its stakeholders.

Commitment

APR will continue to utilize ESG to enhance its strategy, objectives and to positively impact its stakeholders. As we move forward as a net lease landlord, we will continue to identify and evaluate ESG opportunities within our existing portfolio and in evaluating new acquisitions. We intend to formalize our ESG objectives and increase disclosure moving forward.

Consistent with these objectives, APR has implemented the following practices:

Environmental

As a net lease landlord, we believe it is important to take a proactive approach throughout the acquisition process when we have the greatest opportunity to positively impact the operations of our properties through acquisition criteria, due diligence and/or lease agreements. During the due diligence period, APR engages environmental consultants to complete Phase 1 Environmental Assessments with follow-up Phase II Assessments where necessary to ensure the properties we acquire have met environmental standards before proceeding with acquisitions. Subsequent update assessments are completed throughout APR’s ownership as required, such as in the event of re-financing, or upon termination of an existing lease.

While we do not have the ability to unilaterally impact property level operations, as a responsible landlord, we commit to engaging with our tenants to provide support for initiatives that further their commitments to ESG.

In support of APR’s environmental efforts, we have implemented energy efficiencies and encourage sustainable practices at our corporate head office located within a BOMA Best Silver Certified Sustainable Building.



Tenant Emissions

- Encourage our tenants to undertake initiatives that reduce their impact on the environment when funding expansions or major capital projects such as white thermoplastic polyolefin (TPO), or white ballast EPDM membrane roofs to reduce heat gain (as completed at Tesla Laval)
- Support our tenants in pursuing other sustainable initiatives including EV technology
- As of December 31, 2021, approximately 47% of our portfolio has on-site EV charging stations
- Incorporate environmental considerations, compliance, and fees into our standard lease agreements where appropriate
- Enhance property acquisition due diligence criteria by:
 - Seeking out modern, energy-efficient buildings
 - Assessing current and future automotive manufacturer EV (electric vehicle) infrastructure requirements
 - Incorporating green lease language into our standard lease agreements
 - Conduct asset-level environmental risk assessments including floodplain
 - Including notes on environmental efficiencies in our Building Condition Assessments
- Support those tenants seeking green initiatives including dealer programs by OEMs
- Encourage, engage and monitor ESG initiatives among top tenants and OEMs at a corporate level

Corporate Head Office

- Use of light-emitting diode (LED) lighting and motion sensors to reduce electricity usage
- Maintain corporate head office presence in a Green-certified office building
- Centrally located corporate head office to encourage public transit commuting
- Increase video conferencing for regular meetings to reduce travel
- Encourage and financially contribute towards employee use of EV cars and trucks
- Installation of an EV charging station at head-office
- Eliminating plastic single-use utensils, stir sticks and coffee cups from our breakroom areas
- Reduce paper waste by leveraging Diligent technology to distribute Board materials, reduce investor mail outs by encouraging investors to view investor materials online
- Purchase carbon offsets to mitigate the CO2 emissions associated with air travel while supporting carbon reduction programs in developing countries and here in Canada.

Social

APR is proud to represent a diverse workforce with respect to gender, race, international background, age, and board tenure. Our commitment to social responsibility is reflected through our employee engagement and community outreach. We currently offer employees several opportunities to influence our engagement with local communities through the REITs ESG task force which votes on how and where our charitable donations will be spent. The task force also provides an avenue to propose employee well-being initiatives.

APR recognizes the importance of employee health, safety and well-being, and strives to support our employees by providing strong corporate culture, work-life balance, flexible work schedules, and healthcare coverage. In response to the COVID-19 pandemic, we purchased a medical-grade air purifier for the office, enhanced office cleaning and health screening protocols and reduced in-person interactions through remote work and virtual meetings. Through recommendations from the ESG task force, APR is excited to implement a new initiative to support employee health through an employee health and fitness contribution program.



Highlights from our Social Responsibility actions include:

Employee Engagement

- Provide employees with professional development and training opportunities
- Monitor inclusion and diversity through metrics including gender, race, international background, age and board tenure
- Offer robust employee remuneration including an Employee Unit Purchase Plan, matching employees' investment to facilitate greater alignment and retention

Community Engagement and Support

- Support non-partisan, non-profit organizations that work to transform global energy systems
 - APR is a proud member of the Solutions Council for the Rocky Mountain Institute, a non-profit organization that helps to address the world's urgent energy challenges by fueling cutting-edge research, breakthrough insights, and innovative solutions
- In 2021, APR focused its financial charitable donations on local charities that focused on food scarcity and social inequalities
 - Big Brother Big Sisters of Toronto empowers lives of kids most affected by societal inequalities through mentorship
 - Daily Bread Food Bank: like many societal challenges, covid-19 exacerbated food insecurity for many that already depended on food banks, while job loss resulted in a dramatic increase in new clients. APR is proud to help address the on-going food security issues faced by Torontonians by supporting and donating to Daily Bread Food Bank
- A member of REALPAC, a national industry association dedicated to advancing the long-term vitality of Canada's real property sector.
 - APR sits on the ESG Committee which establishes a broad industry framework to support the ESG needs of the Canadian real property community, drawing insight from a community of experts when trying to set priorities and influence policies, and is a forum at which to exchange ideas and promote best practices.

Moving into 2022, APR is proud to commit its continued support of existing charities and expanding to incorporate a diversity in the arts program by purchasing art from Canadian artists that portray our nation's diverse ethnic and racial backgrounds.



Governance

APR is governed by a diverse board representing different genders, ethnicities, and industry backgrounds, that governs with integrity and serves the fiduciary duty to unitholders by providing accurate, timely, and transparent disclosure of material information, and oversight of;

- Succession planning
- Board & employee diversity
- The Governance, Compensation and Nominating Committee oversees the REIT's ESG initiatives
- The REIT's ESG task force is led by the Director of Investments with support from the President and Chief Executive Officer
- ESG is incorporated into executive compensation
- Processes in place to implement policies, in addition to monitoring ESG-related issues, misconduct, or other violations against the REIT's Code of Conduct
- Perform governance risk assessments on a quarterly basis
- Policies related to bribery and corruption, cybersecurity, fiduciary duty, among others. Related policies can be found [here](#):
 - Environmental & Corporate Social Responsibility Policy
 - Diversity Policy
 - Whistleblower Policy



Appendix

APR continues to support and observe the influential efforts made by a number of OEMs and public dealer groups represented at our properties.

Tesla

As an industry leader in EV, Tesla strives to accelerate the world's transition to sustainable energy. In 2020, the global fleet of Tesla vehicles and solar panels enabled their customers to avoid emitting 5.0 million metric tons of CO₂e. Tesla's 2020 Impact Report outlines the ESG initiatives taken by the company and provides metrics on the company's impacts including emissions, waste generated by global manufacturing, work-place safety, and diversity, equity and inclusion.

Auto Canada

AutoCanada's ESG overview outlines their current ESG metrics and practices which includes community involvement, employee education, internal promotions, installation of 60 EV charging stations across 36 dealership locations, and energy efficient design elements in new and renovated facilities. Over time they intend to establish short and long-term ESG goals that will lead to integrating ESG practices into their operations throughout their organization.

Lithia (through Pfaff ownership)

In 2020, Lithia made measurable ESG efforts through sustainability education, expanding EV charging network, supporting facilities in applying LEED standards, and they recently calculated their Greenhouse Gas Emissions in an effort to better understand their carbon footprint and target areas for improvement. Since 2011, Lithia Motors has invested over \$12 million in LED lighting and solar projects, resulting in over 494,000 metric tons of CO₂e reduced greenhouse gas emissions (equivalent to the energy used by over 55,000 homes in one year). In 2020, 55% of their dealerships have interior LED lighting and 64% of stores have exterior LED lighting. All current and future dealership renovations will include LED lighting upgrades, and they plan to continue to invest an estimated \$1 million each year in energy efficient lighting projects.

Summary

The major OEM brands represented by our tenants, remain very active with initiative and targets related to sustainability and ESG overall. These OEM's directly engage with the dealers to provide design and system standards for the dealer facilities. As we continue to grow with our own sustainable actions, we also observe and support the conscious efforts and initiatives made by the OEM's and major brands representing by APR's tenants. By implementing new business areas and developing initiatives that will transform sustainability into success, we are confident our portfolio's OEM's and their partners will reduce their environmental impacts. Sustainability continues to be a recurring theme in the automotive world, driven by the noticeable consequences on the climate and customers' growing awareness of sustainable lifestyle choices. Highlighted below are OEM's representing 56% (December 31, 2021) of APR's portfolio by GLA, who continue to successfully pursue their sustainability goals and objectives.

BMW Group

The BMW Group has set itself a firm and verifiable interim goal for 2030 throughout its entire value chain: to reduce CO₂ emissions from its vehicles by at least 40 percent – starting with the raw material, through the supply chain, production and the use phase, all the way to recycling. The BMW Group is also a member of the Science-Based Targets Initiative (SBTI) and signed the "Business Ambition for 1.5C" pledge ahead of the UN Climate Change Conference. This is an important step, in line with the most ambitious objective of the Paris Climate Agreement and commits the company to the goal of total climate neutrality by 2050. *(For more information, please visit their website).*



Honda Motor Company (Honda & Acura)

Honda holds strong values in committing to reducing their environmental impact and works comprehensively to address challenges in the areas of the environment and safety. Specifically, concerning the environment, Honda will strive to realize carbon neutrality for all products and corporate activities Honda is involved in by 2050. Honda will aim to achieve these environmental and safety goals while at the same time making all-out efforts to lead advancements in the areas of mobility, power units, energy and robotics. What Honda wants to achieve through their initiatives is to offer value to their customers and society by empowering individuals to make their own initiatives. *(For more information, please visit their website).*

Volkswagen Group (VW, Audi & Porsche)

Volkswagen is driven by their commitment to the Paris climate goals and is aiming to be carbon neutral by 2050. The NEW AUTO strategy demonstrates Volkswagen's determination to advance electric mobility and establish new areas of business along the value chain. Volkswagen has positioned itself at the forefront of the transition from fossil-driven approaches of the polluting industrial age to smart and clean processes. Volkswagen believes sustainability should be practiced in all areas of the Group's business and aims to embed the concept of decarbonization and circular materials flows within their business and at suppliers, to accelerate the transformation to sustainability. *(For more information, please visit their website).*