2025 FIRST QUARTER REPORT

Consolidating Automotive Dealership and OEM Properties

Automotive Properties REIT™

Automotive Properties Real Estate Investment Trust

Management’s Discussion and Analysis

March 31, 2025

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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 three-month period ended March 31, 2025. 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 March 31, 2025 ("Q1 2025") are against results for the three months ended March 31, 2024 ("Q1 2024"), unless otherwise noted.

This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements of the REIT and accompanying notes for the three months ended March 31, 2025. Further information about the REIT can be found in the REIT's annual information form dated March 5, 2025 (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.sedarplus.ca and on the REIT's website at www.automotivepropertiesreit.ca. This MD&A is dated May 14, 2025.

All information regarding Dilawri (as defined below) 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 properties, including retail dealership and original equipment manufacturer properties, in Canada and the United States. As at the date of this MD&A, the REIT owns a portfolio of 80 income-producing commercial properties. The properties are located in metropolitan areas in Canada across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec and in the United States in the states of Florida and Ohio, totaling approximately 3.0 million square feet of gross leasable area ("GLA") on approximately 263 acres of land. 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 31.2% effective interest in the REIT on a fully diluted basis as at March 31, 2025 (December 31, 2024 – 31.3%), through the ownership, direction or control of 15,748,507 trust units of the REIT ("REIT Units"). On June 21, 2024, Dilawri converted all 9,327,487 outstanding Class B limited partnership units ("Class B LP Units") of Automotive Properties Limited Partnership, the REIT's operating subsidiary (the "Partnership"), into an equal number of REIT Units. As at the date of this MD&A, Dilawri holds an approximate 31.2% effective interest in the REIT on a fully diluted basis through the ownership, direction and control of 15,748,507 REIT Units. Dilawri and its affiliates, other than its shareholders and controlling persons, are referred to herein as the "Dilawri Group". See Section 7 "Liquidity and Capital Resources".

On March 11, 2025, the REIT acquired the real estate underlying a Tesla collision centre (the "Columbus Tesla Property") located in Dublin, Ohio, a suburb of Columbus, for a purchase price of US$17,800 plus acquisition costs of US$846, translated to a total of C$26,679. The Columbus Tesla Property consists of an approximately 94,000 square-foot Tesla collision service centre facility that is situated on 6.3 acres of land located along a commercial corridor at 5600 Britton Parkway in Dublin, Ohio, adjacent to a large retail shopping center. The Columbus Tesla Property is tenanted by Tesla under a mid-term net lease. The REIT funded the purchase price of the acquisition primarily by drawing on its revolving credit facilities. To mitigate the REIT's exposure to fluctuations in the Canadian to U.S. dollar exchange rate, on February 7, 2025, the REIT entered into a foreign exchange forward contract to purchase US$17,000 at a fixed rate of 1.43, which was fulfilled on March 11, 2025.

On April 11, 2025, the REIT acquired the real estate underlying a 25,000 square-foot automotive property situated on 2.7 acres of land located at 701 North Dale Mabry Highway in Tampa, Florida (the "Tampa Property") for approximately US$13,500 (approximately C$18,800). The Tampa Property is comprised of a sales, delivery and service facility tenanted by Rivian LLC, which recently completed a major renovation to the facility, under a long-term, that includes contractual fixed annual rent increases with renewal options. The REIT funded the purchase price of the Tampa Property by drawing on its revolving credit facilities. To mitigate the REIT's exposure to fluctuations in the Canadian to U.S. dollar exchange rate, on November 19, 2024, the REIT entered into a foreign exchange forward contract to purchase US$12,000 at a fixed rate of 1.394, which was fulfilled on April 11, 2025.

On February 6, 2025, the REIT entered into a floating-to-fixed interest rate swap within Facility 1 in the amount of $7,000 for a term of six years at an interest rate of 4.46%, and also entered into a floating-to-fixed interest rate swap in the amount of $8,000 for a term of eight years at an interest rate of 4.56%.

On March 3, 2025, the REIT entered into a floating-to-fixed interest rate swap within Facility 1 in the amount of $10,000 for a term of nine years at an interest rate of 4.53%.

On April 16, 2025, the REIT renewed a floating-to-fixed interest rate swap within Facility 1 in the amount of $8,681 for a term of six years at an interest rate of 4.5%, effective March 31, 2025.

On March 31, 2025, the maturity date of Facility 3 was extended from June 2026 to March 2028.

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.

As at March 31, 2025, the total number of issued and outstanding REIT Units and Class B LP Units was 49,117,113 and nil, respectively. 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 $9,867 for Q1 2025 (Q1 2024 — $9,867).

As at March 31, 2025, the REIT had a Debt to GBV (as defined below) of 43.8%, $55,421 of undrawn capacity under its Credit Facilities (as defined below), cash on hand of $96 and four unencumbered properties with an aggregate value of approximately $69,440 (see section 7 "Liquidity and Capital Resources" for additional details).

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 changes in economic conditions, including changes in interest rates, currency fluctuation and the rate of inflation, or the impact of tariffs or other trade restrictions;
- 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's expectations with respect to the proportion of leases containing CPI-related adjustments in 2025 and the impact of rent escalators on the REIT's Same Property Cash NOI;
- the REIT representing a unique alternative for automotive, OEM, dealership and service centre 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 REIT's tenants;
- the REIT's distribution policy and the distributions to be paid to Unitholders (as defined herein);
- 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 rules in the Tax Act applicable to "SIFT trusts" and "SIFT partnerships" (the "SIFT Rules"); and
- the REIT's ability to acquire automotive and OEM dealership and service centre 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 stable in the near term, that interest rates will remain elevated in the near term, that tax laws remain unchanged, that the geopolitical environment (including with respect to tariffs and other trade restrictions) will remain stable in the near term, that conditions within the automotive dealership, OEM, dealership and service centre operators real estate industry and the automotive dealership OEM dealership and service centre operators 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 on which the statements are made in 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.

The information in this MD&A is current to March 31, 2025, unless otherwise noted.

Non-IFRS Financial Measures

The REIT prepares its consolidated financial statements according to IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board. This MD&A contains certain financial measures and ratios 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 interest expense, 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"), debt to EBITDA ratio ("Debt to EBITDA Ratio") and tangible net worth are measures of financial position defined by agreements to which the REIT is a party. These measures and ratios, 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 January 2022. 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; (vi) operational revenue and expenses from the right-of-use assets (referred to as "ROU" assets); and (vii) foreign exchange translation adjustment.

"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

January 2022. 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.

"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 January 2022. 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.

"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.

Non-IFRS Ratios:

"FFO payout ratio" is calculated as distributions paid per Unit (excluding the Special Distribution (as defined below)) divided by the FFO per Unit diluted.

"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 (excluding the Special Distribution) divided by AFFO per Unit diluted.

"ACFO payout ratio" is calculated as distributions declared (excluding the Special Distribution) divided by ACFO.

Supplementary Financial Measures:

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

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.

"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 REIT's declaration of trust (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 EBITDA Ratio" means the ratio of total debt divided by 12 months of trailing EBITDA. Debt may increase as a result of acquisitions, however EBITDA will not include the full trailing 12 months of rental revenue associated with the recent acquisitions.

"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 — STRATEGY AND OBJECTIVES

Strategy and Objectives

The primary strategy of the REIT is to create Unitholder value over the long-term by generating sustainable tax-efficient cash flow and capital appreciation through the REIT's ability to execute on external and internal growth strategies.

The primary 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 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 and predictable monthly cash distributions to Unitholders. The REIT continually reviews its investment property portfolio and may consider, from time to time, potential strategic dispositions of investment properties in order to unlock value which is in line with the best interests of the REIT's long-term growth strategy. The REIT also, plans to continue to grow its portfolio of properties leased to original equipment manufacturers ("OEMs"), OEM dealers and other automotive related tenants in Canada and the United States.

Overall, 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 other automotive dealership and OEM properties due to certain features of the automotive dealership industry in Canada and the United States:

- *Fragmented ownership* – Management estimates that the top 10 automotive dealership groups in Canada and the United Sates own less than 20% of the approximately 3,500 automotive dealerships in Canada and approximately 18,000 automotive dealerships in the United States that are in operation;
- *Capital redeployment needs* – Monetizing the real estate underlying automotive dealership, OEM, dealership and service centre 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 will represent a unique alternative for automotive dealership operators considering a sale or recapitalization of their business, as the REIT is currently the only public vehicle in Canada focused on consolidating automotive and OEM dealership and service real estate properties.

The REIT seeks to acquire properties that meet its investment criteria in order to diversify its tenant base, while continuing to focus on tenant quality, stability of cash flow and brand and geographical diversification in strategic markets. The REIT will evaluate potential acquisition opportunities based on a number of factors, including valuation, expected financial performance, stability of cash flows, physical features, existing leases, functionality of design, geographic market, location, automotive brand representation and opportunity for future value enhancement. In addition, the REIT will continue to assess acquisitions of heavy equipment, trucking and other OEM dealership or service properties as opportunities arise.

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, Dilawri is required to offer to sell to the REIT any REIT suitable property that is acquired, developed, redeveloped, refurbished, or repositioned by a member of the Dilawri Group.

Since completion of the IPO, the REIT has acquired 13 automotive dealership properties from the Dilawri Group under the Strategic Alliance Agreement as of the date of this MD&A.

Internal Growth

Management believes the REIT is well-positioned to organically increase 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 existing 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 during the initial lease term and any renewal term. In addition, the leases entered into by the REIT with other dealership groups to date generally also contain contractual basic rent escalation clauses. The Dilawri Leases and nearly all of the leases with other tenants are structured as triple-net leases under which the tenant is responsible for all costs relating to repair and maintenance, realty taxes, property insurance, utilities and non-structural capital improvements. As a result, the contractual rent escalators will provide the REIT with stable and predictable increases in Same Property Cash NOI over the terms of the leases; and

- Contractual fixed rent escalators or consumer price index ("CPI") adjustments are expected, wherever possible, to be negotiated into new leases entered into by the REIT. Leases containing CPI-related adjustments represent approximately 28% of the REIT's portfolio by full year base rent in 2025 and an additional 10% of the REIT's existing leases are subject to capped CPI-related adjustments.

Overview of Automobile Retail Industry

According to DesRosiers Automotive Consultants Inc., based on OEM submissions, Canadian new, light vehicle unit sales for Q1 2025 increased by approximately 2.8% compared to Q1 2024. According to Bank of Nova Scotia, US new light vehicle unit sales for Q1 2025 increased by approximately 4.8% compared to Q1 2024. The increases may be a result of the uncertainty of tariff on future vehicle pricing and demand.

Historically, Canada's automotive retail industry has been characterized by strong industry fundamentals. According to Statistics Canada, automotive retail industry sales totaled approximately $219 billion in 2024 (up 3.6% from approximately $211 billion in 2023), representing approximately 27% 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 5.0%. The tables below contain new automobile sales by units in Canada for the 2024 and 2023 calendar years as provided by Statistics Canada:

	Twelve Months Ended December 31 (units)			
	2024	**YoY unit increase/ (decrease)**	**YoY % increase/ (decrease)**	**2023**
Alberta	223,441	15,818	7.1%	207,623
British Columbia and the Territories	214,515	10,601	4.9%	203,914
Manitoba	57,777	9,008	15.6%	48,769
New Brunswick	44,077	6,662	15.1%	37,415
Newfoundland and Labrador	33,277	6,492	19.5%	26,785
Nova Scotia	49,268	7,483	15.2%	41,785
Ontario	762,260	48,339	6.3%	713,921
Prince Edward Island	8,495	972	11.4%	7,523
Québec	470,727	63,029	13.4%	407,698
Saskatchewan	50,885	7,048	13.9%	43,837
Total Canada	**1,914,722**	**175,452**	**9.2%**	**1,739,270**

(Source: Statistics Canada)

New vehicle sales represent a portion of overall dealer profitability, as significant profit contributions are also generated from used vehicle sales, service and parts, finance and insurance. The REIT's portfolio of diverse dealership, service and OEM 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").

SECTION 3 — PROPERTY PORTFOLIO

Portfolio Overview

As at March 31, 2025, the REIT's portfolio consisted of 79 income-producing commercial properties, representing approximately 3.0 million square feet of GLA on approximately 261 acres of land, in metropolitan markets across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec in Canada, and Ohio in the United States.

The Dilawri Group occupies 36 of the REIT's properties for use as automotive dealerships or, in one case, an automotive repair facility. The Dilawri Group jointly occupies one of the REIT's properties (for use as an automotive dealership) with one or more third parties (for use as automotive dealerships or complementary uses, including restaurants). The remaining 42 properties are exclusively occupied by other dealership groups or OEMs for use as automotive dealerships, automotive service centres or for automotive ancillary services, such as a vehicle service compound facility or a repair facility. The REIT's Taschereau JLR and Volkswagen property is jointly owned by the REIT and StorageVault Canada Inc. pursuant to a 50/50 joint arrangement.

The Dilawri Group is the REIT's most significant tenant and accounted for approximately 51.7% of the REIT's Q1 2025 base rent, including rent from properties subleased to third parties (53.7% for Q1 2024). The REIT's overall portfolio continues to be 100% leased.

As at March 31, 2025, the REIT's properties had a weighted average rental rate of $28.16 per square foot does not include Columbus Tesla ($27.06 as at March 31, 2024). The year-over-year increase is due to contractual rent increases, lease renewals and properties acquired by the REIT subsequent to Q1 2024.

Except where otherwise expressly indicated, the information that follows as at and for the three months ended March 31, 2025 does not give effect to the acquisition of the Tampa Property, as the acquisition of this property had not closed by March 31, 2025.

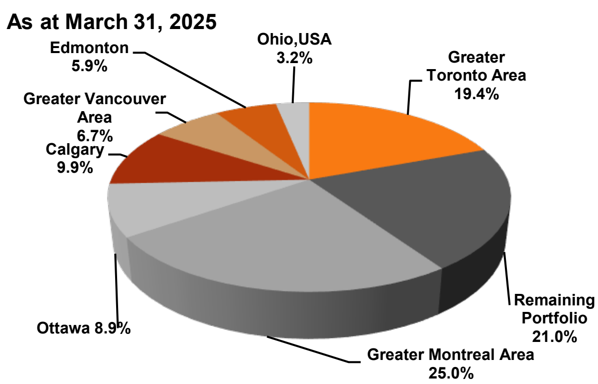
Income Producing Property Portfolio Summary

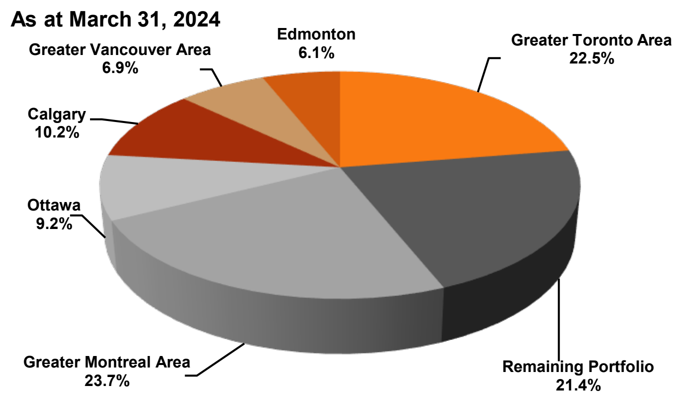
As at March 31, 2025	**Number of Properties**	**GLA (sq. ft.)**	**Average rental rate (per sq. ft.)[1]**	**Weighted Average Lease Term (yrs)**
British Columbia[2]	8	199,244	$42.40	8.9
Alberta	13	467,508	$29.88	7.9
Saskatchewan	9	203,560	$24.64	5.8
Manitoba	2	109,816	$25.80	16.2
Ontario	26	986,879	$29.84	8.5
Quebec	20	906,410	$23.39	9.4
Ohio, USA	1	94,000	-	-
Total Portfolio	**79**	**2,967,417**	**$28.16**	**8.8**

As at March 31, 2024	Number of Properties	GLA (sq. ft.)	Average rental rate (per sq. ft.)[3]	Weighted Average Lease Term (yrs)
British Columbia[2]	8	199,244	$41.52	9.9
Alberta	13	467,508	$29.49	8.9
Saskatchewan	9	203,560	$24.27	6.8
Manitoba	2	96,135	$23.85	14.0
Ontario	27	1,058,889	$29.05	9.0
Quebec	18	846,803	$22.65	10.7
Total Portfolio	**77**	**2,821,724**	**$27.59**	**9.6**

(1) Based on 12-month period contractual rental revenue commencing March 31, 2025.
(2) Excludes land leases, where expenses are passed on to the tenant.
(3) Based on 12-month period contractual rental revenue commencing March 31, 2024.

GLA by Major Metropolitan Area Across Canada and the United States



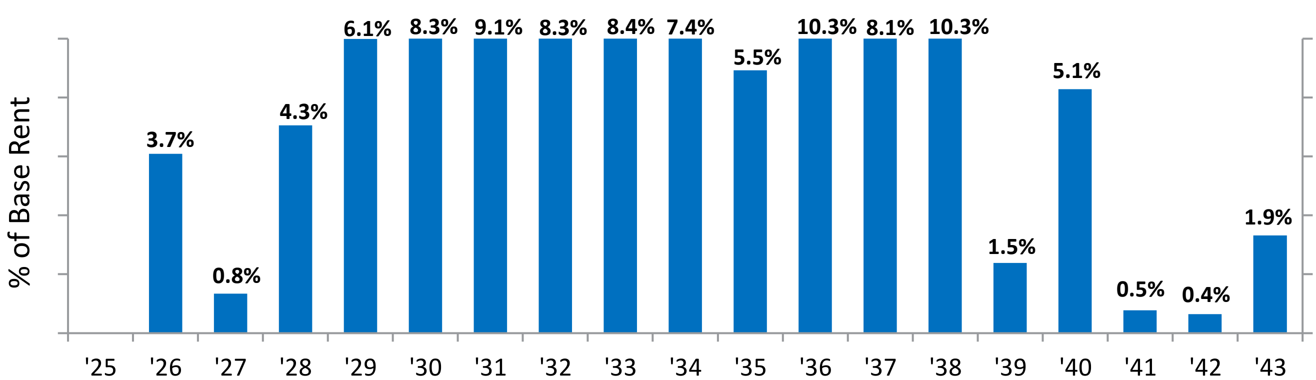


A significant majority of the REIT's properties are located within major metropolitan areas across Canada and the United States.

Profile of Overall Lease Maturity as at March 31, 2025

The REIT's lease portfolio matures between 2026 and 2043 as set out in the chart below:

Lease Maturity Profile (*)



(*) Based on 12-month period contractual rental revenue commencing March 31, 2025.

Property Use and Brand Diversification

Sales for an individual automotive dealership and OEM property 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 March 31, 2025:

Manufacturer / Brand	REIT Auto Property GLA (Sq. Feet)	% of REIT Auto Property GLA	% of REIT Base Rent(1)	No. of REIT Locations
Honda (2)	449,585	15.3%	15.8%	12
Tesla (3)	332,879	11.3%	5.7%	7

BMW (4)	320,824	10.9%	9.5%	7
Volkswagen (6) (7)	252,299	8.6%	9.5%	7
Toyota	229,495	7.8%	8.5%	5
Audi	196,462	6.7%	8.2%	4
Acura (2)	162,081	5.5%	6.8%	6
General Motors	113,532	3.9%	3.5%	2
Mazda	107,444	3.6%	4.9%	5
Hyundai	85,216	2.9%	3.5%	4
Chrysler (6)	81,750	2.8%	1.6%	2
Mercedes Benz	60,850	2.1%	1.9%	1
Nissan	57,233	1.9%	1.8%	2
Kia	53,819	1.8%	2.0%	3
Porsche	39,790	1.4%	4.1%	1
Lexus	30,015	1.0%	1.2%	1
Subaru	19,033	0.6%	0.5%	2
Infiniti	14,592	0.5%	0.8%	2
Mitsubishi	14,750	0.5%	0.6%	2
Other (5)	324,993	11.0%	9.1%	18
Total	**2,946,642**	**100.0%**	**100.0%**	**93**

Notes:

(1) *Based on 12-month period contractual base rent commencing April 1, 2025.*

(2) *Includes Honda Used Car and Regina Collision Centre. Regina Honda/Acura split 75% and 25% of 30,863 square feet, respectively. Also includes the former Markham Ford, which is being used for ancillary purposes by Markham Honda.*

(3) *Includes the following Tesla properties: Tesla KW, Tesla Laval, Tesla Edmonton, Tesla Barrie, Tesla Quebec City (two adjoining properties) and Columbus Tesla.*

(4) *Includes MINI.*

(5) *The Dilawri Group subleased a property in Calgary to Grand Touring Automobile which operates Aston Martin and Bentley. 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. Also includes: a Harley Davidson dealership, VinFast dealership and Ineos Grenadier dealership, located in the Dixie Auto Mall. Includes three vehicle compound facilities. The former Southtown Hyundai is operating as Go Auto service centre and Porsche/Jaguar Land Rover Centre in Edmonton is operating as Jaguar Land Rover Edmonton. Also, includes Premium Luxury Pre-owned (formerly Audi Services), Taschereau JLR and Volkswagen (formerly Taschereau Volvo and JLR) and two heavy construction equipment dealership properties located in the Greater Montreal Area. The former North Vancouver Nissan Infiniti is expected to be replaced by another branded OEM in the future.*

(6) *Includes Dodge, FIAT, Jeep and RAM.*

(7) *Part of Taschereau JLR and Volkswagen (formerly Taschereau Volvo and JLR).*

Description of the REIT's Key Tenant

At the time of the IPO, Dilawri agreed to provide certain financial information to the REIT pursuant to a financial information and confidentiality agreement for so long as the annual basic rent payable by the applicable members of the Dilawri Group, collectively, under their respective Dilawri Leases represented, in the aggregate, 60% or more of the REIT's Cash NOI during any rolling period of 12 consecutive calendar months, determined quarterly. As of December 31, 2022, the Dilawri Group's basic rent payable was below the 60% threshold however, Dilawri has agreed to continue to provide its Combined Revenues, EBITDA and Pro Forma Adjusted Rent Coverage Ratio on a trailing 12-month basis (with a comparative period for the prior 12-month period) until the REIT releases its financial results for the fiscal year ended December 31, 2024. In Q1 2025, the REIT and Dilawri amended the agreement such that Dilawri will continue to provide such financial information to the REIT for inclusion in the REIT's management's discussion and analysis for one quarter following the quarter in which notice of termination is provided to the REIT by Dilawri.

The following chart summarizes certain relevant financial information of the Dilawri Group for the 12 months ended March 31, 2025 with comparative figures for the 12 months ended March 31, 2024 as provided to the REIT by Dilawri:

Dilawri Group's Financial Information ***(all figures are approximations, not in thousands)***		
	March 31, 2025 LTM(1)	**March 31, 2024 LTM**(1)
Combined Revenues (not audited or reviewed)	\$5.2 billion	\$5.0 billion
EBITDA (not audited or reviewed)	\$241.4 million	\$255.1 million
Pro Forma Adjusted Rent Coverage Ratio (not audited or reviewed)	5.2(2)	5.3(2)

Notes:
(1) "LTM" means the last twelve months.
(2) As at March 31, 2025.
(3) As at March 31, 2024.

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.

Pursuant to an undertaking provided by Dilawri to the Canadian securities regulatory authorities in connection with the IPO, Dilawri provides to the REIT carve-out interim financial statements and the related management's discussion and analysis in respect of the members of the Dilawri Group subject to leases pertaining to the Initial Properties for the three-month period ended March 31, 2025. These documents, once provided by Dilawri to the REIT, will be available on the REIT's SEDAR+ profile at www.sedarplus.ca.

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 under Canadian accounting standards for private enterprises ("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 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", which is a key measure of performance used by automotive dealership businesses, refers to the Pro Forma Adjusted Rent Coverage Ratio of the Dilawri Group on a non-consolidated combined basis. Pro Forma Adjusted Rent Coverage Ratio is a non-ASPE financial ratio and is not defined by ASPE or IFRS and does not have a standardized meaning prescribed by ASPE or IFRS.

Non-ASPE financial ratio:

"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.

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		
For the three months ended March 31,	**2025**	2024
Rental Revenue	**$23,902**	$23,413
NOI (1)	**20,211**	19,843
Cash NOI (1)	**20,018**	19,509
Same Property Cash NOI (1)	**19,499**	19,073
Net Income and other comprehensive income/(loss)	**7,641**	20,901
FFO (1)	**12,622**	12,068
AFFO (1)	**12,427**	11,722
Fair value adjustment on investment properties	**(1,037)**	138
Distributions per Unit	**0.201**	0.201
Net Income per Unit – basic (2)	**0.156**	0.426
Net Income per Unit – diluted (3)	**0.152**	0.417
FFO per Unit – basic (1) (4)	**0.257**	0.246
FFO per Unit – diluted (1) (5)	**0.251**	0.241
AFFO per Unit – basic (1) (4)	**0.253**	0.239
AFFO per Unit – diluted (1) (5)	**0.247**	0.234
Weighted average Units — basic (6)	**49,094,337**	49,054,833
Weighted average Units — diluted (7)	**50,333,328**	50,113,221
Payout ratio (%)		
FFO (1)	**80.1%**	83.4%
AFFO (1)	**81.4%**	85.9%

Balance Sheet and Other Metrics	**As at March 31, 2025**	As at December 31, 2024	As at March 31, 2024
Total assets	**$1,215,487**	$1,190,733	$1,199,959
Total liabilities	**$554,030**	$527,331	$647,049
Number of units outstanding (includes Class B LP Units)	**49,117,113**	49,090,142	49,054,833
Market price per REIT Unit – close (end of period)	**$10.22**	$10.89	$10.30
Market capitalization (includes Class B LP Units)	**$501,977**	$534,592	$505,265
Overall capitalization rate	**6.70%**	6.69%	6.63%
Fixed weighted average effective interest rate on debt (excludes revolving Credit Facilities) (8) (9)	**4.35%**	4.34%	4.27%

Proportion of total debt at fixed interest rates through swaps and Mortgages (10)	**93%**	93%	95%
Weighted average interest rate swap term and Mortgage remaining (years) (9)	**4.2**	4.2	4.6
Weighted average term to maturity of debt	**2.4**	2.4	2.6
Interest Coverage Ratio (10)	**3.1X**	2.9X	2.9X
Debt Service Coverage Ratio (10)	**1.57X**	1.49X	1.48X
Debt to GBV (1)	**43.8%**	42.4%	4.6%
Debt to EBITDA (1)	**7.21**	**6.89**	7.25

(1) NOI, Cash NOI, Same Property Cash NOI, FFO, AFFO, FFO per Unit, AFFO per Unit, FFO payout ratio, AFFO payout ratio, Debt to GBV and Debt to EBITDA are non-IFRS measures or non-IFRS ratios, as applicable. See Section 1 “General Information and Cautionary Statements – Non-IFRS Financial Measures” and Section 6 “Non-IFRS Financial Measures” of this MD&A.

(2) Net Income per Unit — basic is calculated in accordance with IFRS by dividing Net Income by the amount of the weighted average number of outstanding REIT Units and Class B LP Units.
(3) Net Income per Unit — diluted is calculated in accordance with IFRS by dividing Net Income by the amount of the weighted average number of outstanding REIT Units, Class B LP Units, DUs, IDUs, RDUs and PDUs (each as defined below) granted to certain Trustees and management of the REIT.
(4) 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.
(5) 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, IDUs, RDUs and PDUs granted to certain Trustees and management of the REIT.
(6) The weighted average number of outstanding Units — basic includes the Class B LP Units.
(7) The weighted average number of outstanding Units — diluted includes the Class B LP Units, DUs, IDUs, RDUs and PDUs granted to certain Trustees and management of the REIT.
(8) The fixed weighted average effective interest rate on debt is calculated on an annualized basis.
(9) Includes the swap extension for $11,400 under Facility 1 for a six-year term at an interest rate of 4.60%, effective December 2024. On February 6, 2025, the REIT entered into a floating-to-fixed interest rate swap within Facility 1 in the amount of $7,000 for a term of six years at an interest rate of 4.46%, and also entered into a floating-to-fixed interest rate swap in the amount of $8,000 for term of eight years at an interest rate of 4.56%. On March 3, 2025, the REIT entered into a floating-to-fixed interest rate swap within Facility 1 in the amount of $10,000 for a term of nine years at an interest rate of 4.53%. In April 2025, effective March 31, 2025 the REIT renewed a floating to fixed interest rate swap for $8,681 for a term of six years at an interest rate of 4.50
(10) For 2025 ratios, see Section 7 “Liquidity and Capital Resources – Financing Metrics and Debt Covenants”.

SECTION 5 — RESULTS OF OPERATIONS

Net Income and Comprehensive Income

Three Months Ended March 31,	2025	2024	Variance
Net Property Income			
Base rent	**$20,117**	$19,595	$522
Property tax recoveries	**3,691**	3,570	121
Straight-line rent adjustment	**94**	248	(154)
Rental Revenue	**23,902**	23,413	489
Property tax expense	**(3,691)**	(3,570)	(121)
Property Costs	**(3,691)**	(3,570)	(121)
NOI(1)	**20,211**	19,843	368
Other Income (Expenses)			
General and administrative expenses	**(1,556)**	(1,385)	(171)
Interest expense and other financing charges	**(5,958)**	(6,325)	367
Fair value adjustment on interest rate swaps and foreign exchange forward contract	**(4,782)**	5,503	(10,285)
Distribution expense on Class B LP Units	**-**	(1,875)	1,875
Fair value adjustment on Class B LP Units and Unit-based compensation	**763**	5,002	(4,239)
Fair value adjustment on investment properties	**(1,037)**	138	(1,175)
Net Income and Comprehensive Income	**$7,695**	$20,901	($13,206)
Foreign exchange translation adjustment	**(54)**	-	(54)
Net Income and Comprehensive Income	**7,641**	$20,901	($13,260)

(1) NOI is a non-IFRS measure. See Section 1 “General Information and Cautionary Statements – Non-IFRS Financial Measures” and Section 6 “Non-IFRS Financial Measures” of this MD&A.

For Q1 2025, net income and other comprehensive income was $7,641 as compared to $20,901 in Q1 2024. The decrease was primarily due to the changes in fair value adjustments to interest rate swaps and a foreign exchange forward contract, investment properties and Unit-based compensation (which consists of Deferred Units ("DUs"), Income Deferred Units ("IDUs"), Performance Deferred Units ("PDUs") and Restricted Deferred Units ("RDUs")) in Q1 2025 compared to Q1 2024, as well as a fair value adjustment to Class B LP Units in Q1 2024. NOI was $20,211 in Q1 2025, an increase of 1.9% as compared to $19,843 in Q1 2024. The increase in NOI was primarily attributable to the properties acquired subsequent to Q1 2024 and contractual rent increases, partially offset by the reduction of rent from the sale of the Kennedy Lands (as defined below).

Rental Revenue and Property Costs

Rental revenue is primarily based on triple-net leases with tenants. As such, rental revenue also includes recoverable realty taxes and straight-line adjustments. For Q1 2025, rental revenue totaled $23,902, an increase of $489, or 2.1%, as compared to Q1 2024, reflecting the properties acquired subsequent to Q1 2024 and contractual rent increases, partially offset by the reduction of rent from the sale of the Kennedy Lands.

Property costs of $3,691 for Q1 2025 were $121 higher than Q1 2024. The increase is attributable to the properties acquired subsequent to Q1 2024. Straight-line adjustments decreased in Q1 2025, primarily due to the addition of leases in the property portfolio that contain CPI-related adjustments.

General and Administrative Expenses

The table below illustrates the breakdown of general and administrative expenses incurred in Q1 2025 as compared to Q1 2024:

	Q1 2025	Q1 2024	Variance
Human resource costs	**$1,059**	$964	$95
Public entity and other costs	**328**	261	67
Independent Trustee fees	**169**	160	9
General and administrative expenses	**$1,556**	$1,385	$171

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 and accruals for IDUs and the vesting of long-term DUs, PDUs and RDUs. The increase in human resource costs in Q1 2025 of approximately $95 is primarily a result of the vesting of long-term Unit-based compensation and the issuance of IDUs.

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 ROU assets. Public entity costs will fluctuate from quarter-to-quarter depending on when such expenses are incurred. The increase in public entity costs in Q1 2025 of $67 as compared to Q1 2024 resulted from the growth of the REIT and inflation.

During Q1 2025, 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 Q1 2025, the REIT paid the Independent Trustees $169 related to the granting of DUs and IDUs, representing an increase of $9 compared to Q1 2024.

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 Q1 2025, interest expense and other financing charges were $5,958, representing a decrease of $367 as compared to Q1 2024. The decrease is primarily due to the paydown of debt, together with a decrease in floating interest rates.

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 and residual value that 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 Q1 2025, the fair value adjustment to investment properties was ($1,037), as compared to $138 for Q1 2024.

The weighted average discount rate applicable to the entire portfolio as at March 31, 2025 was 7.54% (December 31, 2024 – 7.53%). The weighted average terminal capitalization rate applicable to the entire portfolio as at March 31, 2025 was 7.18% (December 31, 2024 – 7.16%).

The fair value adjustments for Q1 2025 were a result of the following factors:

- NOI increases from investment properties resulted in a fair value increase for Q1 2025
- As a result of market conditions, the REIT adjusted valuation inputs for Q1 2025; and
- The write-off of the transaction costs related to the property acquisitions completed during Q1 2025

The overall capitalization rate applicable to the REIT's entire investment property portfolio increased to 6.70% as at March 31, 2025 (December 31, 2024 – 6.69%). The REIT's valuation inputs are supported by quarterly market reports from an independent appraiser. The historical book value of the investment properties owned by the REIT as at March 31, 2025 was $1,147,479 (December 31, 2024 – $1,122,019).

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.

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 $46,200 or $(42,800), respectively, as of March 31, 2025.

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 $96,000 or $(82,700), respectively, as of March 31, 2025.

Other Changes in Fair Values

The Class B LP Units, Unit-based compensation, interest rate hedges and foreign exchange forward contracts (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 and comprehensive income.

Under IFRS, the Class B LP Units and Unit-based compensation are classified as financial liabilities and measured at fair value through profit and loss (FVTPL). The fair value of the Class B LP Units and Unit-based compensation will be measured every period by reference to the traded value of the REIT Units, with changes in measurement recorded in net income and comprehensive income. 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. On June 21, 2024, Dilawri converted all outstanding 9,327,487 Class B LP Units on a one-for-one basis into an equal number of REIT Units. As at March 31, 2025, there were nil Class B LP Units outstanding.

As a result of the impact of the movement in the traded value of the REIT Units, the fair value adjustment on Unit-based compensation resulted in a gain of $763 in Q1 2025 (Q1 2024 – fair value adjustment for Class B LP Units and Unit-based compensation resulted in a gain of $5,002).

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 and comprehensive income. To mitigate the REIT's exposure to fluctuations in the Canadian to U.S. dollar exchange rate, in connection with the closings of the acquisitions of the Tampa Property and the Columbus Tesla Property, the REIT entered into and fulfilled certain foreign exchange forward contracts. See Section 7 "Liquidity and Capital Resources" in this MD&A for further details.

The fair value adjustment of the interest rate swaps was a loss of $5,252 and the fair value adjustment of the foreign exchange forward contract was a gain of ($524), foreign exchange translation adjustment $54, totaling loss of $4,782 in Q1 2025 (Q1 2024 – gain of $5,503). This was primarily the result of a decrease in interest rates in the derivative market as at March 31, 2025.

SECTION 6 — NON-IFRS FINANCIAL MEASURES

Reconciliation of NOI, Cash NOI, FFO and AFFO to Net Income and Other Comprehensive Income

The REIT uses the following non-IFRS key performance indicators and ratios: 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 Section 1 "General Information and Cautionary Statements – Non-IFRS Financial Measures"). The calculations of these measures and the reconciliation to net income and comprehensive income are set out in the following table:

Three months ended March 31, ($000s, except per Unit amounts)	**Q1 2025**	**Q1 2024**	Variance
Calculation of NOI			
Property revenue	**$23,902**	$23,413	$489
Property costs	**(3,691)**	(3,570)	(121)
NOI (including straight-line adjustments)	**$20,211**	$19,843	$368
Adjustments:			
Land lease payments	**(99)**	(86)	(13)
Straight-line adjustment	**(94)**	(248)	154
Cash NOI	**20,018**	19,509	509
Reconciliation of net income to FFO and AFFO			
Net income and comprehensive income	**$7,641**	$20,901	($13,260)
Adjustments:			
Change in fair value – Interest rate swaps and foreign exchange translation adjustment	**4,782**	(5,503)	10,285
Distributions on Class B LP Units	**-**	1,875	($1,875)
Change in fair value – Class B LP Units and Unit-based compensation	**(763)**	(5,002)	4,239
Change in fair value – investment properties	**1,037**	(138)	1,175
ROU asset net balance of depreciation/interest and lease payments	**(75)**	(65)	(10)
FFO	**$12,622**	$12,068	$554
Adjustments:			
Straight-line adjustment	**$(94)**	$(248)	$154
Capital expenditure reserve	**(101)**	(98)	(3)
AFFO	**$12,427**	$11,722	$705

Number of Units outstanding (including Class B LP Units)	**49,117,113**	49,054,833	62,280
Weighted average Units Outstanding — basic	**49,094,337**	49,054,833	39,504
Weighted average Units Outstanding — diluted	**50,333,328**	50,113,221	220,107
FFO per Unit – basic(1)	**$0.257**	$0.246	$0.011
FFO per Unit – diluted(2)	**$0.251**	$0.241	$0.010
AFFO per Unit – basic(1)	**$0.253**	$0.239	$0.014
AFFO per Unit – diluted(2)	**$0.247**	$0.234	$0.013
Distributions per Unit	**$0.201**	$0.201	—
FFO payout ratio(3)	**80.1%**	83.4%	3.3%
AFFO payout ratio(3)	**81.4%**	85.9%	4.5%

(1) FFO and AFFO per Unit — basic is calculated by dividing total FFO and AFFO by the amount of the total weighted-average number of outstanding REIT Units and Class B LP Units.
(2) FFO and AFFO per Unit — diluted is calculated by dividing total FFO and AFFO by the amount of the total weighted-average number of outstanding REIT Units, Class B LP Units and Unit-based compensation granted to Independent Trustees and management of the REIT.
(3) FFO payout ratio and AFFO payout ratio excludes the cash portion of the Special Distribution

FFO, AFFO and Cash NOI

In Q1 2025, FFO increased by 4.6% to $12,622, or $0.251 per Unit (diluted), as compared to $12,068, or $0.241 per Unit (diluted), in Q1 2024. The increase was primarily attributable to higher rental revenue and lower interest expense, partially offset by the reduction of rent form the sale of the Kennedy Lands.

In Q1 2025, AFFO increased by 6.0% to $12,427, or $0.247 per Unit (diluted), as compared to $11,722, or $0.234 per Unit (diluted), in Q1 2024. Cash NOI in Q1 2025 was $20,018 on revenue of $23,902, compared to Cash NOI of $19,509 on revenue of $23,413 in Q1 2024. The increases were primarily due to the properties acquired subsequent to Q1 2024, contractual rent increases and lower interest costs, partially offset by the reduction of rent from the sale of the Kennedy Lands. Straight-line rent adjustment is excluded from the calculation of AFFO.

In Q1 2025, the REIT declared and paid distributions to Unitholders of $9,867, or $0.201 per Unit (Q1 2024 – declared and paid $9,860). This resulted in an AFFO payout ratio of 81.4% in Q1 2025 (Q1 2024 – 85.9%). The AFFO payout ratio was lower in Q1 2025 primarily due to the properties acquired subsequent to Q1 2024, contractual rent increases and lower interest costs, partially offset by the reduction of rent from the sale of the Kennedy Lands.

Same Property Cash Net Operating Income

Three months ended March 31,	2025	2024	Variance
Same property base rental revenue	**$19,598**	$19,159	$439
Land lease payments	**(99)**	(86)	(13)
Same Property Cash NOI	**$19,499**	$19,073	**$426**

Same Property Cash NOI increased by 2.2% to $19,499 in Q1 2025, compared to $19,073 in Q1 2024. The increase was primarily a result of contractual rent increases.

Reconciliation of Cash Flow from Operating Activities to ACFO

The REIT uses the following non-IFRS key performance indicator and ratio: ACFO and ACFO payout ratio. 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 January 2022. 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 Section 1 "General Information and

Cautionary Statements – 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, the primarily 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 March 31, ($000s)	**2025**	2024	Variance
Cash flow from operating activities	**$18,929**	$19,262	(333)
Change in non-cash working capital	**1,235**	(394)	1,629
Interest paid	**(5,669)**	(6,150)	481
Amortization of financing fees	**(277)**	(203)	(74)
Amortization of indemnification fees	**(25)**	(36)	11
Net interest expense and other charges in excess of interest paid	**(12)**	28	(40)
Capital expenditure reserve	**(101)**	(98)	(3)
ACFO	**$14,080**	$12,409	$1,671
ACFO payout ratio	**70.1%**	79.5%	(9.4%)

ACFO increased in Q1 2025 to $14,080, as compared to $12,409 in Q1 2024. This resulted in an ACFO payout ratio of 70.1% in Q1 2025 (Q1 2024 – 79.5%). The increase in ACFO in Q1 2025 was primarily attributable to properties acquired subsequent to Q1 2024 and contractual rent increases, partially offset by the reduction of rent from the sale of the Kennedy Lands. The REIT’s Q1 2025 distributions were funded from cash flows from operating activities as well as cash on hand. The REIT believes that future distributions, except for any special distributions, will be funded through cash flows from operating activities. As at March 31, 2025, the REIT had a Debt to GBV ratio of 43.8% and $55,421 of undrawn capacity under its Credit Facilities, cash on hand of $96 and four unencumbered properties with an aggregate value of approximately $69,440.

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 March 31, 2025**	**Outstanding as at December 31, 2024**
Facility 1	2.2 (1)	0.3 to 8.9	CORRA(12) + 150 bps, Prime +25 bps	(1)	4.56%	**$260,971**(4)	$237,117(4)
Facility 2	2.8 (2)	0.3 to 5.7	CORRA(12) + 150 bps, Prime +25 bps	(2)	3.90%	**76,039**	76,820
Facility 3	3.0 (3)	0.8 to 7.8	CORRA(12) + 150 bps, Prime +25 bps	(3)	4.34%	**158,315**(3)	153,821
Mortgages	2.0 to 6.1	n/a	Fixed 2.21% to 5.73 %	P&I, 20 yrs and 25yrs	3.89%	**33,549**	33,874
						$528,874	$501,632
Financing fees						**(2,832)**	(2,564)
Weighted Average /Total	**2.4**	**4.2**(7)			**4.35%**(7)	**$526,042**	$499,068

Unit-based compensation		**$11,972**	$11,942
Cash Balance	**$96**	**$96**	$336

Key Financing Metrics and Debt Covenants[11]	Debt Covenant[5]	Declaration of Trust[6]	**As at March 31, 2025**	As at December 31, 2024
Interest coverage	-	-	**3.1**	2.9
Debt to GBV	<60% [8]	<60% [8]	**43.8%[10]**	42.4%[10]
Unitholders' Equity (including Unit-based compensation)	>$120,000	-	**$673,429**	$674,853
Debt Service Coverage Ratio	>1.35[3]	-	**1.57**	1.49
AFFO payout ratio	[9] [10]	-	**81.4%**	86.6%

(1) Facility 1 and the associated revolving facility matures in June 2027.
(2) Facility 2 and the associated revolving facility matures in January 2028.
(3) On March 31, 2025, the maturity date of Facility 3 was extended from June 2026 to March 2028 and the REIT's Debt Service Coverage Ratio was reduced to 1.30.
(4) In December 2024, the REIT increased the amount of the non-revolving portion of Facility 1 by $15,000.
(5) 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. The debt service coverage ratio represents rolling four quarters.
(6) 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 SEDAR+ at www.sedarplus.ca and is described in the AIF. Management believes that the REIT is in compliance with these operating covenants.
(7) In June 2024, the REIT also amended and extended an interest rate swap for $9,452 under Facility 2, for a term of four years at an interest rate of 5.40%, effective July 2024. In December 2024, the REIT renewed a $11,400 swap for a term of six years at an interest rate of 4.60% within Facility 1. On February 6, 2025, the REIT entered into a floating-to-fixed interest rate swap within Facility 1 in the amount of $7,000 for a term of six years at an interest rate of 4.46%, and also entered into a floating-to-fixed interest rate swap in the amount of $8,000 for term of eight years at an interest rate of 4.56%. On March 3, 2025, the REIT entered into a floating-to-fixed interest rate swap within Facility 1 in the amount of $10,000 for a term of nine years at an interest rate of 4.53%. On April 16, 2025, the REIT renewed a floating to fixed interest rate swap in the amount of $8,681 for a term of six years at an interest rate of 4.50%, effective March 31, 2025.
(8) Including convertible debentures, the maximum ratio is 65%.
(9) 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%.
(10) 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.
(11) The calculations of these ratios, which are non-IFRS measures, are set out under "Financing Metrics and Debt Covenants" below. See also Section 1 – "General Information and Cautionary Statements – Non-IFRS Financial Measures".
(12) Effective July 1, 2024, Facility 1, 2 and 3 bearing interest at BA have been converted to Canadian Overnight Repo Rate Average ("CORRA").

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 AFFO payout ratio debt covenant is based on the rolling average of the last four fiscal quarters. For the trailing four quarters ended March 31, 2025, the AFFO payout ratio was approximately 85.3%.

To mitigate the REIT's exposure to fluctuations in the Canadian to U.S. dollar exchange rate, (i) in connection with the acquisition of the Columbus Tesla Property, the REIT entered into a foreign exchange forward contract on February 7, 2025 to purchase US$17,000 at a fixed rate of 1.430, which was fulfilled on March 11, 2025, and (ii) in connection with the acquisition of the Tampa Property, the REIT entered into a foreign exchange forward contract to purchase US$12,000 at a fixed rate of 1.394, which was fulfilled on April 11, 2025.

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.

As at March 31, 2025, principal repayments are as follows:

Remainder of 2025	$18,478
2026	24,685
2027	270,519
2028	207,395
Thereafter	7,797
Total	$528,874

The REIT's liquidity position as at March 31, 2025 includes approximately $55,421 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 of an uncertain inflation and elevated interest rate environment 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.

As at the date of this MD&A, the REIT has approximately $39,421 of undrawn capacity under its Credit Facilities and five unencumbered properties with an aggregate value of approximately $87,965. Capital required for investing activities will be addressed through additional borrowings or issuances of equity as acquisition and development opportunities arise.

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%-53% of GBV. As at March 31, 2025, the REIT's Debt to GBV ratio was 43.8% (December 31, 2024 – 42.4%; March 31, 2024 – 44.6%). The decrease as compared to December 31, 2024 is primarily attributable to property acquisitions in Q1 2025. Management expects that the ratio of Debt to GBV may increase, at least temporarily, following an acquisition by the REIT of 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 one life insurance company and are secured by all but four of the REIT's investment properties as at March 31, 2025 [and as of the date of this MD&A].

As at March 31, 2025, the REIT had total revolving Credit Facilities of $90,000 ($30,000 in Facility 1, $20,000 in Facility 2, and $40,000 in Facility 3), of which $55,421 was undrawn (approximately $39,421 as of the date of this MD&A).

Financing Fees

During Q1 2025, the REIT incurred financing fees of $545 (December 31, 2024 – $678). The amounts are accounted for using the effective interest method. As at March 31, 2025, $2,832 remains unamortized (December 31, 2024 – $2,564).

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 and comprehensive income.

The REIT's weighted average interest rate swap term as of March 31, 2025 was 4.2 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 March 31, 2025.

Remaining Term Range (yrs)	Amount ($000s)	Total Swapped Fixed Rate Debt (%)
Less than 1 Year	75,240	16.4
1-2 Years	10,120	2.2
2-5 Years	210,213	45.8
5-7 Years	90,444	19.7
Greater than 7 Years	72,859	15.9
4.2	**458,876**	**100.0**

As at March 31, 2025, the notional principal amount of the interest rate swaps was $458,876 (December 31, 2024 – $431,064) and the fair value adjustment of the interest rate swaps was ($5,252), the foreign exchange forward contract was $524, Foreign exchange translation adjustment ($54), totaling ($4,782) (March 31, 2024 – interest rate swaps: $5,502; foreign exchange contract: $nil). As at March 31, 2025, the net liability balance of interest rate swaps and the foreign exchange contract in the aggregate amount of ($3,150) was comprised of an asset balance of $524 in respect of the foreign exchange forward contract, offset by a net liability of ($3,274) related to interest rate swaps (March 31, 2024 – asset of $16,892).

The weighted average interest rate swap term and Mortgage term remaining was 4.2 years as at March 31, 2025.

Unitholders' Equity (including Class B LP Units and Unit-based compensation)

Unitholders' equity consists of the 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 of the REIT (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.

On March 17, 2025, 43,445 DUs and 12,305 IDUs were converted into an aggregate of 55,750 REIT Units by members of management in accordance with the terms of the Plan. On March 17, 2025, 28,779 REIT Units were surrendered and cancelled by the REIT in order to fulfill certain tax payment obligations in accordance with applicable tax rules.

As at March 31, 2025, the total number of REIT Units outstanding was 49,117,113.

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"), 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 and comprehensive income. 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.

On June 21, 2024, Dilawri converted all 9,327,487 previously outstanding Class B LP Units into an equal number of REIT Units. As at March 31, 2025, there are nil Class B LP Units outstanding.

Unit-based compensation

The REIT offers an Equity Incentive Plan whereby DUs, PDUs and RDUs may be granted to Trustees, officers and employees of the REIT and other eligible persons (collectively, "Participants") on a discretionary basis by the Governance, Compensation and Nominating Committee of the Board. The maximum number of REIT Units approved for issuance under the Plan is 1,750,000. Each DU, PDU and RDU is economically equivalent to one REIT Unit, however, under no circumstances shall they 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, PDU and RDU 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, PDUs, RDUs and IDUs, a Participant may elect, prior to their expiry, to exchange such vested DUs, PDUs, RDUs and IDUs (subject to satisfaction of any applicable withholding taxes) for an equal number of REIT Units. The holder of such DUs, PDUs, RDUs and IDUs cannot settle these instruments in cash. DUs, PDUs, RDUs and IDUs issued to management must be converted to REIT Units no later than seven years from the grant date.

Certain DUs and RDUs awarded under the Plan will vest over time. PDUs awarded under the Plan will vest upon the achievement of applicable 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.

On March 17, 2025, 43,445 DUs and 12,305 IDUs were converted into an aggregate of 55,750 REIT Units by members of management in accordance with the terms of the Plan.

During the three-month period ended March 31, 2025, a total of 137,859 DUs, PDUs, RDUs and IDUs were granted, of which 83,193 DUs, PDUs, RDUs and IDUs were accounted for in accordance with the vesting schedule. As at March 31, 2025, a total of 1,366,030 DUs, PDUs, RDUs and IDUs have been granted, of which 1,171,432 were accounted as outstanding and vested.

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.

Principally to distribute to Unitholders a portion of the taxable income generated by the sale of the automotive dealership property located at 8210 and 8220 Kennedy Road and 7 and 13/15 Main Street, in Markham, Ontario (collectively, the “Kennedy Lands”) in October 2024, the REIT paid a special distribution to Unitholders of $0.55 per Unit, which was comprised of $0.081 per Unit paid in cash on January 6, 2025 and $0.469 per Unit paid by the issuance of Units, to Unitholders of record as at December 31, 2024 (the “Special Distribution”). Immediately following payment of the Unit portion of the Special Distribution, the outstanding Units of the REIT were consolidated such that each Unitholder held, after the consolidation, the same number of Units as held immediately prior to the Special Distribution.

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 March 31, 2025**	**As at December 31, 2024**
Net Asset Value			
Investment properties, IFRS value		$1,213,100	$1,187,364
Cash, accounts receivable and other assets		2,387	3,369
Accounts payable and accrued liabilities		(12,866)	(16,321)
Credit Facilities, Mortgages and interest rate swaps		(529,192)	(499,068)
Total Net Asset Value		**$673,429**	**$675,344**
Total Net Asset Value excluding interest rate swaps and foreign exchange forward contracts		**$676,579**	**$673,765**
REIT Units and Class B LP Units outstanding		49,117,113	49,090,142
Debt to GBV			
Indebtedness outstanding:			
Credit Facilities & Mortgages (excludes deferred financing costs)	**A**	$528,874	$501,632
Lease Liability	**A1**	3,088	3,168

Gross Book Value			
Total assets	**B**	1,215,487	1,190,733
Debt to GBV (1)	**((A+A1)/B) X 100**	**43.8%**	**42.4%**

Unitholders' Equity & Unit-based compensation		
Unitholders' Equity	$661,457	$663,402
Value of Unit-based compensation	11,972	11,942
Total Unitholders' Equity & Unit-based compensation	**$673,429**	**$675,344**

Calculations of financial metrics and debt covenants

Interest Coverage Ratio		**Q1 2025**	**Q1 2024**
Cash NOI(2)		$20,018	$19,509
General and administrative expenses		(1,556)	(1,385)
Income before interest expense and fair value adjustments	**C**	18,462	18,124
Interest expense and other financing charges	**D**	5,958	6,325
Interest Coverage Ratio (3)	**C/D**	**3.1X**	**2.9X**
Debt Service Coverage Ratio			
Consolidated net income and other comprehensive income		$7,641	$20,901
Interest expense and other financing charges		5,958	6,325
Distribution expense on Class B LP Units		-	1,875
Amortization of other assets		25	47
Fair value adjustments, net		5,002	(10,643)
EBITDA(2)	**E**	18,626	18,505
Principal payments on debt		6,222	6,419
Interest payments on debt (excludes bank charges)		5,669	6,096
Debt Service	**F**	11,891	12,515
Debt Service Coverage Ratio (4)	**E/F**	**1.57X**	**1.48X**
AFFO payout ratio			
AFFO(2)		12,427	11,722
Distributions on REIT Units		9,867	7,985
Distributions on Class B LP Units		-	1,875
		9,867	9,860
AFFO payout ratio (2)(5)		**81.4%**	**85.9%**

Notes:

(1) The Debt to GBV ratio as at March 31, 2025 decreased as compared to December 31, 2024, due to the paydown of debt and property acquisitions completed subsequent to Q1 2024.

(2) Cash NOI, EBITDA, AFFO and AFFO payout ratio are non-IFRS measures or non-IFRS ratios, as applicable. See Section 1 "General Information and Cautionary Statements – Non-IFRS Financial Measures" and Section 6, "Non-IFRS Financial Measures" of this MD&A.

(3) The Interest Coverage Ratio for Q1 2025 has increased from Q1 2024 due to increased Cash NOI and lower interest cost.

(4) The Debt Service Coverage Ratio for Q1 2025 has increased as compared to Q1 2024 due to increased Cash NOI from contractual rent increases, property acquisitions completed subsequent to Q1 2024 and lower interest expense and other financing charges, partially offset by the reduction of rent from the sale of the Kennedy Lands.

(5) 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 March 31, 2025 held an approximate 31.2% (March 31, 2024 – 31.3%) effective interest in the REIT on a fully diluted basis, through its ownership of 15,748,507 REIT Units (March 31, 2024 – 6,421,020 Units and 9,327,487 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, of which $579 remains outstanding as at March 31, 2025 (the "LCs"). 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 outstanding 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.sedarplus.ca and on the REIT's website www.automotivepropertiesreit.ca.

Strategic Alliance Agreement

In connection with the IPO, the REIT and Dilawri entered into a strategic alliance agreement (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. The REIT did not acquire any investment properties pursuant to the Strategic Alliance Agreement in 2024 or Q1 2025.

SECTION 9 — OUTLOOK

The REIT is subject to risks associated with inflation, interest rates, currency fluctuations and availability of capital. The REIT is actively monitoring risks associated with trade tariffs and other trade restrictions, which could impact cross-border trade, material costs, and overall economic market conditions in Canada and the United States. While the full extent and impact of these trade tariffs and trade restrictions remains uncertain, the REIT is continuing to assess their potential effect on its business, property valuations and financial condition.

As at March 31, 2025, 93.1% of the REIT's debt was fixed with a weighted average interest rate of 4.35%, a weighted average interest swap term and mortgages remaining of 4.2 years and weighted average term to maturity of debt of 2.4 years. The REIT's overall borrowing policy is to obtain secured credit facilities, principally on a fixed rate or effectively fixed rate basis. This allows the REIT to achieve and maintain staggered maturities to lessen exposure to re-financing risk in any particular period and achieve and maintain fixed rates to lessen exposure to interest rate increases. The REIT also continues to extend loan terms (as was completed in respect of Facility 3) and fixed-rate periods when borrowing conditions are favourable.

As at the date of this MD&A, the REIT has approximately $39,421 of undrawn capacity under its Credit Facilities, cash on hand of $96 and five unencumbered properties valued at approximately $87,965.

The financial markets continually fluctuate, and it is therefore difficult for management to quantify the impact that the factors described above will have on the cost and availability of debt and equity capital to the REIT. Management and the Trustees are continuing to closely monitor the impact of inflation and interest rates on the REIT's business and will continue to prudently manage the REIT's available financial resources and strategically move its floating and short-term debt into fixed rate and/or long-term debt in an effort to minimize the impact of any potential future interest rate increases. Management will continue to prudently manage growth of the REIT while also focusing on liquidity and overall capital market and debt financing conditions.

Overall, the REIT believes that the fundamentals of the automotive and other OEM dealership and service businesses remain solid, and that the industry is resilient and essential. While the implementation or escalation of trade tariffs or other trade restrictions may lead to elevated interest rates and inflation and may have an adverse effect on consumer demand and the overall economy, the fluctuation in the interest rate environment, inflation and credit environment may impact rental growth and capitalization rates overall in the real estate industry, which, consequently, could provide attractive buying opportunities for the REIT.

As the only publicly traded Canadian real estate entity focused exclusively on owning automotive and other OEM dealership and service properties, the REIT provides a unique opportunity for owners of these operating businesses to monetize their real estate while retaining ownership and control of their core businesses. This provides dealership owner operators with liquidity to advance their individual strategic objectives, whether it be succession planning, directly investing in upgrading their facilities, or pursuing acquisitions. The Canadian and United States automotive and OEM dealership and service 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. The REIT plans to continue to grow its portfolio of properties leased to OEMs, OEM dealers and other automotive related uses.

SECTION 10 — OTHER DISCLOSURES

Environmental and Corporate Social Responsibility

The REIT primarily leases its properties using primarily a triple-net lease structure and the REIT adopted a written Environmental and Corporate Social Responsibility Policy in 2023, which was updated by the Board in early 2025 (the "ESG Policy") to formally recognize the REIT's approach to addressing its environmental and social responsibilities as a good corporate citizen. The ESG Policy acknowledges the nature of the REIT's business as an owner of automotive properties and OEM dealership and service located principally in Canada and the United States its efforts to promote a culture of improvement with regards to sustainability and social responsibility for the benefit of all its stakeholders, including employees, tenants, suppliers, Unitholders and local communities.

The ESG Policy articulates the REIT's commitment to: (i) protecting its investors by managing sustainability-related risks; (ii) sourcing with integrity; (iii) collaborating on sustainability with industry bodies; (iv) compliance with applicable environmental laws; (v) making or requiring its tenants to make, the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues; (vi) requiring its officers and other staff to adhere to the REIT's policies and procedures regarding the environment, sustainability and compliance with environmental legislation, and report any non-compliance with such policies and procedures; and (vii) offering a safe place to work.

Oversight of the ESG Policy is within the mandate of the Governance, Compensation and Nominating Committee (the "GCN Committee"). As part of that oversight, management reports to the GCN Committee at each quarterly meeting of the GCN Committee in respect of, among other things, compliance with the ESG Policy and any environmental and corporate social responsibility ("ESG") initiatives undertaken by management. Furthermore, commencing in 2022, the GCN Committee and the Board made ESG a stand-alone metric in the REIT's short-term incentive plan for named executive officers in recognition of the importance of ESG to the REIT. In 2022, the REIT also retained an outside consultant to assist management with the creation of an ESG and sustainability plan and related updates to the REIT's original ESG Policy, among other things. The REIT's ESG and sustainability plan was approved by the Board in 2023 and updated in early 2025 and is available on the REIT's website at www.automotivepropertiesreit.ca. The REIT has also established an ESG committee comprised of REIT management and employees that makes recommendations to management in respect of ESG initiatives and engagement.

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	$236
After 1 year, but not more than 5 years	1,575
More than 5 years	1,277
Total	$3,088

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.

There have been no changes to the REIT's ICFR during Q1 2025 that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

Management recognizes 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 52-109F2.

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)	**First Quarter 2025**	Fourth Quarter 2024	Third Quarter 2024	Second Quarter 2024	First Quarter 2024	Fourth Quarter 2023	Third Quarter 2023	Second Quarter 2023
Number of Properties	**79**(i)	78(i)	77(i)	77(i)	77(i)	77(i)	77(i)	77(i)
GLA (sq. ft.)	**2,967,417**(i)	2,873,417	2,872,139(i)	2,872,139(i)	2,872,139(i)	2,872,139(i)	2,872,139 (i)	2,872,139 (i)
Rental revenue	**23,902**	23,415	23,533	23,515	23,413	23,291	23,378	22,939
Net Operating Income	**20,211**	19,765	19,897	19,824	19,843	19,741	19,671	19,544
Net Income (loss)	**7,695**	12,046	1,766	37,288	20,901	(15,199)	28,332	20,866
Net Income per Unit — basic(ii)	**0.156**	0.245	0.036	0.760	0.426	(0.310)	0.578	0.425

Net Income per Unit — diluted(iii)	**0.152**	0.239	0.035	0.742	0.417	(0.303)	0.566	0.417
FFO per Unit — basic(iv)	**0.257**	0.242	0.243	0.245	0.246	0.243	0.244	0.246
FFO per Unit — diluted(v)	**0.251**	0.236	0.237	0.239	0.241	0.238	0.239	0.241
AFFO per Unit — basic(iv)	**0.253**	0.238	0.238	0.239	0.239	0.235	0.234	0.234
AFFO per Unit — diluted(v)	**0.247**	0.232	0.233	0.233	0.234	0.230	0.230	0.230
AFFO payout ratio	**81.4%**	86.60%	86.3%	86.3%	85.9%	87.4%	87.4%	87.4%
Distribution declared per Unit	**0.201**	0.201	0.201	0.201	0.201	0.201	0.201	0.201
Weighted average Units – basic	**49,094,337**	49,090,142	49,072,488	49,054,833	49,054,833	49,054,833	49,054,833	49,054,833
Weighted average Units – diluted	**50,333,328**	50,297,193	50,286,264	50,268,740	50,113,221	50,082,627	50,052,016	50,024,870
Market price per REIT Unit – close (end of period)	**$10.22**	$10.89	$12.28	$9.76	$10.30	$10.78	$10.45	$11.49
Total assets	**1,215,487**	1,190,733	1,212,514	1,220,323	1,199,959	1,193,907	1,215,242	1,209,897
Debt to GBV	**43.8%**	42.40%	43.7%	43.6%	44.6%	45.0%	44.5%	45.1%
Debt service coverage ratio	**1.57X**	78(i)	1.50X	1.47X	1.48X	1.46X	1.47X	1.50X

Notes:

(i) Includes 100% of the GLA of Taschereau JLR and Volkswagen.

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

(iii) Net Income per Unit – diluted is calculated in accordance with IFRS by dividing Net Income by the amount of the weighted average number of outstanding REIT Units, Class B LP Units, DUs, PDUs, RDUs and IDUs granted as at March 31, 2025, 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 January 2022. FFO and AFFO per Unit are non-IFRS ratios. See Section 1 "General Information and Cautionary Statements – Non-IFRS Financial Measures" of this MD&A.

(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, PDUs, RDUs and IDUs granted as at March 31, 2025 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 January 2022. FFO and AFFO per Unit are non-IFRS ratios. See Section 1 "General Information and Cautionary Statements – Non-IFRS Financial Measures" of this MD&A.

The increase in rental revenue and NOI is primarily attributable to property acquisitions subsequent to Q1 2024. Net income is also impacted by fluctuations in fair value adjustments of Class B LP Units, investment properties and interest rate swaps.

SECTION 12 — RISKS & UNCERTAINTIES, CRITICAL JUDGMENTS & ESTIMATES

The risks inherent in the REIT's business are identified in the REIT's Management's Discussion and Analysis for the year ended December 31, 2024 and in its AIF, all of which remain unchanged at the date of this MD&A and are available at www.sedarplus.ca.

Automotive Properties Real Estate Investment Trust
Unaudited Condensed Consolidated Interim Financial Statements
For the period ended March 31, 2025

Automotive Properties REIT
Condensed Consolidated Interim Balance Sheets (Unaudited)

(in thousands of Canadian dollars)	Note	As at March 31, 2025	As at December 31, 2024
ASSETS			
Cash and cash equivalents		**$96**	336
Accounts receivable and other assets	**5**	**2,291**	1,454
Interest rate swaps and foreign exchange forward contract	**6**	**-**	1,579
Investment properties	**4**	**1,213,100**	1,187,364
Total assets		**$1,215,487**	**$1,190,733**
LIABILITIES AND UNITHOLDERS' EQUITY			
Liabilities:			
Accounts payable and accrued liabilities	**7**	**$12,866**	$16,321
Credit facilities and mortgages payable	**6**	**526,042**	499,068
Interest rate swaps and foreign exchange forward contract	**6**	**3,150**	-
Unit-based compensation	**10**	**11,972**	11,942
Total liabilities		**554,030**	527,331
Unitholders' equity		**661,457**	663,402
Total liabilities and unitholders' equity		**$1,215,487**	**$1,190,733**

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Approved on behalf of the Board of Trustees

"Julie Morin"

Julie Morin
Trustee, Audit Committee Chair

"John Morrison"

John Morrison
Trustee, Lead Independent

Automotive Properties REIT
Condensed Consolidated Interim Statements of Income and Comprehensive Income (Unaudited)

(in thousands of Canadian dollars) For the three months ended March 31,	**Note**	**2025**	2024
Net Property Income			
Rental revenue from investment properties	**11**	**$23,902**	$23,413
Property costs	**11**	**(3,691)**	(3,570)
Net Operating Income		**$20,211**	$19,843
Other Income (Expenses)			
General and administrative expenses		**(1,556)**	(1,385)
Interest expense and other financing charges		**(5,958)**	(6,325)
Fair value adjustment on interest rate swaps and foreign exchange forward contract	**6**	**(4,728)**	5,503
Distribution expense on Class B LP Units	**8**	**-**	(1,875)
Fair value adjustment on Class B LP Units and Unit-based compensation	**9, 10**	**763**	5,002
Fair value adjustment on investment properties	**4**	**(1,037)**	138
Net Income		**$7,695**	$20,901
Foreign exchange translation adjustment		**(54)**	-
Net Income and Other Comprehensive Income		**$7,641**	$20,901

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Automotive Properties REIT
Condensed Consolidated Interim Statements of Changes in Unitholders' Equity (Unaudited)

For the three months ended March 31, 2025
(in thousands of Canadian dollars)

	Note	Trust Units	Cumulative Net Income	Cumulative Distributions to Unitholders	Accumulated Other Comprehensive Income	Total
Unitholders' Equity at December 31, 2024		**$496,419**	**$391,878**	**$(224,895)**	**-**	**$663,402**
Units issued, net of costs	**9**	281	-	-	-	281
Net Income		-	7,695	-	-	7,695
Distributions	**8**	-	-	(9,867)	-	(9,867)
Other Comprehensive Income/(Loss)		-	-	-	(54)	(54)
Unitholders' Equity at March 31, 2025		**$496,700**	**$399,573**	**$(234,762)**	**$(54)**	661,457

For the three months ended March 31, 2024
(in thousands of Canadian dollars)

	Note	Trust Units	Cumulative Net Income	Cumulative Distributions to Unitholders	Total
Unitholders' Equity at December 31, 2023		**$404,708**	**$319,877**	**$(184,591)**	**539,994**
Net Income		-	20,901	-	20,901
Distributions	**8**	-	-	(7,985)	(7,985)
Unitholders' Equity at March 31, 2024		**$404,708**	**$340,778**	**$(192,576)**	**552,910**

See accompanying notes to the unaudited condensed consolidated interim financial statements.

Automotive Properties REIT
Condensed Consolidated Interim Statements of Cash Flow (Unaudited)

(in thousands of Canadian dollars)

For the three months ended March 31,	**Note**	**2025**	2024
OPERATING ACTIVITIES			
Net income and Other Comprehensive Income		**$7,641**	$20,901
Straight-line rent		**(94)**	(248)
Non-cash compensation expense		**82**	978
Fair value adjustment on interest rate swaps and foreign exchange forward contract		**4,728**	(5,503)
Distribution expense on Class B LP Units		**-**	1,875
Fair value adjustment on Class B LP Units and Unit-based compensation		**(763)**	(5,002)
Fair value adjustment on investment properties		**1,037**	(138)
Interest expense and other charges		**5,681**	6,122
Financing fees		**277**	203
Amortization of other assets		**25**	36
Foreign exchange translation adjustment		**54**	-
Change in non-cash operating accounts	**16**	**261**	39
Cash Flow from operating activities		**18,929**	19,263
INVESTING ACTIVITIES			
Acquisitions of investment properties	**3**	**(26,169)**	-
Cash Flow from (used in) investing activities		**(26,169)**	-
FINANCING ACTIVITIES			
Proceeds from Credit Facilities and Mortgages		**33,400**	3,500
Principal repayment on Credit Facilities and Mortgages		**(6,222)**	(6,435)
Interest paid		**(5,669)**	(6,150)
Financing fees paid		**(545)**	(144)
Repayments on lease liabilities		**(121)**	(121)
Distributions to REIT unitholders and Class B LP unitholders	**8**	**(13,843)**	(9,860)
Cash Flow from (used in) financing activities		**7,000**	(19,210)
Net increase (decrease) in cash and cash equivalents during the period		**(240)**	53
Cash and cash equivalents, beginning of year		**336**	298
Cash and cash equivalents, end of period		**$96**	$351

See accompanying notes to the unaudited condensed consolidated interim financial statements.

1. NATURE OF OPERATIONS

Automotive Properties Real Estate Investment Trust (the "REIT") is an internally managed, unincorporated, open-ended real estate investment trust existing pursuant to a declaration of trust dated June 1, 2015, as amended and restated on July 22, 2015 (the "Declaration of Trust") under, and governed by, the laws of the Province of Ontario. The REIT was formed to own primarily income-producing automotive dealership properties located in Canada and the United States. The principal registered and head office of the REIT is located at 133 King Street East, Suite 300, Toronto, Ontario M5C 1G6. The REIT's trust units ("Units") are listed on the Toronto Stock Exchange and are traded under the symbol "APR.UN".

893353 Alberta Inc. ("Dilawri") is a privately held corporation, which, together with certain of its affiliates, held an approximate 31.2% effective interest in the REIT on a fully diluted basis as at March 31, 2025 (December 31, 2024 – 31.4%), through the ownership, direction or control of all of the 15,748,507 Units. On June 21, 2024, Dilawri converted all 9,327,487 previously outstanding Class B limited partnership units ("Class B LP Units") of Automotive Properties Limited Partnership, the REIT's operating subsidiary (the "Partnership"), into an equal number of Units.

The REIT commenced operations on July 22, 2015 following completion of an initial public offering of Units (the "IPO"). In connection with the completion of the IPO, the REIT indirectly acquired a portfolio of 26 commercial properties from certain members of the Dilawri Group (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 at a REIT property after the IPO, the "Dilawri Tenants").

As at March 31, 2025, the REIT owned a portfolio of 79 income-producing commercial properties. The properties are located in metropolitan areas across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Ohio, United States, totaling approximately 3.0 million square feet of gross leasable area ("GLA") on approximately 261 acres of land. The Dilawri Tenants are the REIT's major tenant, occupying 37 of the REIT's income-producing commercial properties and jointly occupying one of the REIT's 79 income-producing commercial properties as at March 31, 2025.

The subsidiaries of the REIT included in the REIT's consolidated financial statements include the Partnership, Automotive Properties REIT GP Inc, Automotive Properties US Holdco Inc. and APR (Britton Parkway) Limited Partnership.

2. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of Compliance

The unaudited condensed consolidated interim financial statements of the REIT are prepared in accordance with International Accounting Standard ("IAS") 34 — *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed consolidated interim financial statements should be read in conjunction with the REIT's audited annual consolidated financial statements as at and for the year ended December 31, 2024 and the accompanying notes thereto. These unaudited condensed consolidated interim financial statements do not include all the information required for full financial statements prepared in accordance with IFRS Accounting Standards ("IFRS").
These unaudited condensed consolidated interim financial statements were authorized for issuance by the Board of Trustees of the REIT (the "Board") on May 14, 2025.

(b) Basis of Presentation

The unaudited condensed consolidated interim financial statements of the REIT have been prepared using the historical cost basis except for the following items that were measured at fair value:

- investment properties as described in Note 4;
- interest rate swaps and foreign exchange forward contracts as described in Note 6;
- Class B LP Units which are exchangeable for Units at the option of the holder as described in Note 9; and
- Deferred Units ("DUs"), Income Deferred Units ("IDUs"), Restricted Deferred Units ("RDUs") and Performance Deferred Units ("PDUs", and together with DUs, IDUs and RDUs, "Unit-based compensation") which are exchangeable for Units in accordance with their terms as described in Note 10.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, the REIT's functional and reporting currency. Other Comprehensive Income includes the net foreign exchange impact of the REIT's US property, which has a USD functional currency.

(c) Basis of Consolidation

The unaudited condensed consolidated interim financial statements include the accounts of the REIT and the other entities including the newly created US entities, that the REIT controls in accordance with IFRS 10 — *Consolidated Financial Statements*. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. All intercompany transactions and balances have been eliminated on consolidation.

On June 2, 2023, the REIT entered into a 50/50 joint arrangement (the "Joint Arrangement") with StorageVault Canada Inc. ("StorageVault") to jointly acquire an automotive dealership property located in Brossard, Quebec, from a third party vendor. The Joint Arrangement is accounted for in accordance with IFRS 11 —*Joint arrangements* ("IFRS 11"). Under IFRS 11, the Joint Arrangement is considered to be joint operations. The accounting treatment for joint operations requires each venturer to recognize its share of assets, liabilities, revenues, and expenses related to the joint operation in proportion to their respective interest therein.

(d) Accounting policies

The accounting policies applied by the REIT in these unaudited condensed consolidated interim financial statements are the same as those applied by the REIT in its audited consolidated financial statements as at and for the year ended December 31, 2024.

(e) Critical accounting judgements and estimates

The REIT will continue to review its discounted cash flow projections, changes in capitalization rates and the impact on the fair value of its investment properties. Valuation inputs and assumptions relating to rental income, rent collection, reserves and discount rates may change over time.

3. ACQUISITIONS AND DISPOSITIONS

During the period ended March 31, 2025, the REIT completed the following acquisition:

Property	Location	Date of Acquisition	Total Investment Properties(1)
Columbus Tesla(i)	Dublin, OH	March 11, 2025	$26,679
Total Acquisitions			**$26,679**

(1) Includes acquisition costs.

(i) On March 11, 2025, the REIT acquired the real estate underlying a Tesla collision center property (the "Columbus Tesla") located in Dublin, Ohio, US a suburb of Columbus, for purchase price of US$17,800 plus acquisition costs of US$846, translated to a total of CDN $26,679. The Dublin Property is under lease with Tesla and consists of approximately 94,000 square feet of GLA on 6.3 acres of land.

During the year ended December 31, 2024, the REIT completed the following acquisitions:

Property	Location	Date of Acquisition	Total Investment Properties(2)
Strongco (Nors) (ii)	Boucherville, QC	November 25, 2024	$14,530
Brandt Tractor (ii)	Brossard, QC	November 25, 2024	$11,879
McNaught Expansion (iii)	Winnipeg, MB	October 15, 2024	$7,100
Total Acquisitions			**$33,509**

(2) Includes acquisition costs.

(ii) On November 25, 2024, the REIT acquired two heavy construction equipment dealership properties located in the Greater Montreal Area (the "Greater Montreal Properties") for a purchase price of $25,350, plus acquisition cost of $1,059. The Greater Montreal Properties consist of a 31,000 square-foot Brandt Tractor Ltd. facility with a John Deere heavy construction equipment dealership that is situated on 6.6 acres of land located at 3855 Boulevard Matte in Brossard, Québec, and a 28,611 square-foot Strongco (Nors) heavy construction equipment dealership (Volvo and other equipment brands) that is situated on 5.1 acres of land located at 72 Chemin du Tremblay in Boucherville, Québec. The REIT funded the purchase price of the Greater Montreal Properties with cash on hand and by drawing on its revolving credit facilities.

(iii) On October 15, 2024, the REIT funded the dealership facility expansion at its McNaught Cadillac Buick GMC dealership property located in Winnipeg, Manitoba (the "McNaught Expansion"). The McNaught Expansion added a new Cadillac building of approximately 13,681 square feet of GLA at an investment of approximately $7,100, resulting in an annual rent increase. The tenant has exercised an early lease renewal and extended the duration of the existing lease term to 2043. The REIT funded the McNaught Expansion with cash on hand.

During the year ended December 31, 2024, the REIT completed the following disposition:

Property	Location	Date of Disposition	Total Investment Properties(3)
Kennedy Lands(i)	Markham, ON	October 1, 2024	$53,800
Total Dispositions			**$53,800**

(3) Net of disposition costs.

(i) On October 1, 2024, the REIT completed the sale of the automotive dealership property located at 8210 and 8220 Kennedy Road and 7 and 13/15 Main Street, in Markham, Ontario (collectively, the "Kennedy Lands") to a member of the Dilawri Group for gross proceeds of $54,000, less disposition costs of $200.

4. INVESTMENT PROPERTIES

	Income producing properties	Right-of-use assets	March 31, 2025	December 31, 2024
Balance, beginning of period	$1,184,572	$2,792	$1,187,364	1,179,315
Acquisitions (1)	26,679	-	26,679	33,509
Disposition	-	-	-	(53,800)
Fair value adjustment on investment properties	(966)	(71)	(1,037)	27,664
Straight-line rent	94	-	94	676
Balance, end of period	**$1,210,379**	**$2,721**	**$1,213,100**	**$1,187,364**

(1) Includes acquisition costs of $1,219.

Valuation 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 that 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. The REIT's valuation inputs are supported by quarterly market reports from an independent appraiser. For the three months ended March 31, 2025, the REIT adjusted the discount rates for properties across all markets to reflect current market conditions. The overall capitalization rate applicable to the REIT's entire portfolio increased to 6.70% as at March 31, 2025 (December 31, 2024 – 6.69%). The following table highlights the significant valuation inputs used in determining the fair value of the REIT's income producing properties:

Significant Valuation Inputs

	March 31, 2025		December 31, 2024	
Total Income Producing Properties	**Range**	**Weighted average**	Range	Weighted average
Discount rate	**5.25% - 11.45%**	**7.54%**	5.25% - 11.45%	7.53%
Terminal capitalization rate	**5.00% - 11.20%**	**7.18%**	5.00% - 11.20%	7.16%

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 the investment properties of approximately $46,200 or $(42,800), respectively, as of March 31, 2025. 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 $96,000 or $(82,700), respectively, as of March 31, 2025.

Rental Commitments

Minimum rental commitments on non-cancellable tenant operating leases are as follows:

Within 1 year	$82,141
After 1 year, but not more than 5 years	317,196
More than 5 years	388,327
	$787,664

5. ACCOUNTS RECEIVABLE AND OTHER ASSETS

As at	March 31, 2025	December 31, 2024
Prepaid indemnity fee	**$205**	$218
Right-of-use assets, net of depreciation	**53**	47
Prepaid and other receivables	**2,033**	1,189
	$2,291	$1,454

6. CREDIT FACILITIES AND MORTGAGES PAYABLE

(a) Credit facilities and mortgages consist of:

As at	March 31, 2025	December 31, 2024
Facility 1(i)	**$260,971**	$237,117
Facility 2(ii)	**76,039**	76,820
Facility 3(iii)	**158,315**	153,821
Mortgages(iv)	**33,549**	33,874
Total	**528,874**	501,632
Financing fees(v)	**(2,832)**	(2,564)
	$526,042	$499,068

(i) Facility 1 includes:
A non-revolving loan in the amount of $233,571 (December 31, 2024 - $236,517) bearing interest at the Canadian Overnight Repo Rate Average (“CORRA”) rate plus 150 basis points (“bps”) or the Canadian Prime rate (“Prime”) plus 25 bps, maturing in June 2027. The principal is repayable in equal quarterly payments based on a 25 year amortization. In December 2024, the REIT increased the amount of the non-revolving portion of Facility 1 by $15,000. On February 6, 2025, the REIT entered into a floating-to-fixed interest rate swap within Facility 1 in the amount of $7,000 for a term of six years at an interest rate of 4.46%, and also entered into a floating-to-fixed interest rate swap in the amount of $8,000 for a term of eight years at an interest rate of 4.56%. In March 2025, the REIT renewed a $10,000 floating-to-fixed interest rate swap for a term of nine years at an interest rate of 4.53%. On April 16, 2025, with an effective date of March 31, 2025 the REIT renewed a $8,681 floating-to-fixed interest rate swap for a term of six years at an interest rate of 4.50%. The REIT entered into floating-to-fixed interest rate swaps, with remaining terms of 0.3 to 8.9 years as at March 31, 2025, which resulted in a weighted average effective interest rate of 4.56% (December 31, 2024 – 4.57%).

A revolving credit facility in the amount of $30,000 bearing interest at Prime plus 25 bps or CORRA rate plus 150 bps, maturing in June 2027, of which $27,400 was drawn as at March 31, 2025 (December 31, 2024 – $600) and $579 was secured for the issuance of irrevocable letters of credit (the “LCs”) on October 24, 2017.

(ii) Facility 2 includes:

A non-revolving loan in the amount of $76,039 (December 31, 2024 – $76,820) bearing interest at the CORRA rate plus 150 bps or Prime plus 25 bps, maturing in January 2028. The principal is repayable in monthly blended payments based on a 25-year amortization. The REIT entered into floating-to-fixed interest rate swaps with remaining terms of 0.3 to 5.6 years as at March 31, 2025, which resulted in a weighted average effective interest rate of 3.90% (December 31, 2024 – 3.90%).

A revolving credit facility in the amount of $20,000 bearing interest at Prime plus 25 bps or CORRA rate plus 150 bps, maturing in January 2028, of which $nil was drawn as at March 31, 2025 (December 31, 2024 – $nil).

(iii) Facility 3 includes:

A non-revolving loan in the amount of $151,715 (December 31, 2024 – $153,821) bearing interest at the CORRA rate plus 150 bps or Prime plus 50 bps, maturing in March 2028. On March 31, 2025, the maturity date was extended from June 2026 to March 2028. The principal is repayable in monthly blended payments based on a 20 year amortization. The REIT entered into floating-to-fixed interest rate swaps with remaining terms of 0.8 to 7.6 years as at March 31, 2025, which resulted in a weighted average effective interest rate of 4.34% (December 31, 2024 – 4.33%).
A revolving credit facility in the amount of $40,000 bearing interest at Prime plus 25 bps or the CORRA rate plus 150 bps, maturing in March 2028, of which $6,600 was drawn as at March 31, 2025 (December 31, 2024 - $nil).

(iv) Mortgages:

The REIT has entered into certain mortgages with Canadian Schedule 1 banks and a life insurance company that have interest rates that range from 2.21% to 5.73% and have maturity dates that range from March 2027 to April 2031 (the “Mortgages”). As at March 31, 2025, the weighted average interest rate of the Mortgages was 3.89% (December 31, 2024 - 3.89%).

(v) During the period ended March 31, 2025, the REIT incurred financing fees of $518 (December 31, 2024 - $678). The amounts are accounted for using the effective interest method, and $2,832 remains unamortized at March 31, 2025 (December 31, 2024 – $2,564).

The credit facilities described above (the “Credit Facilities”) and the Mortgages are secured by the REIT’s investment properties. As of March 31, 2025, the REIT had four unencumbered properties with an aggregate fair value of approximately $69,440 (December 31, 2024 – three unencumbered properties with an aggregate fair value of approximately $43,840).

Principal repayments are as follows:

2025	$18,478
2026	24,685
2027	270,519
2028	207,395
Thereafter	7,797
Total	$528,874

(b) Interest Rate Swaps and Foreign Exchange Forward Contracts

The REIT entered into interest rate derivative contracts to limit its exposure to fluctuations in the interest rates payable on variable rate financings for 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 unaudited condensed consolidated interim statements of income and comprehensive income (terms described in Note 6(a)(i), (ii) and (iii) above).

On November 19, 2024, the REIT entered into a foreign exchange forward contract to purchase US$12,000 at a fixed rate of 1.3936 which was executed on April 11, 2025. As at March 31, 2025, the fair value of the foreign exchange forward contract was an asset valued at $524.

As at March 31, 2025, the notional principal amount of the interest rate swaps was $458,876 (December 31, 2024 – $431,064) and the fair value adjustment of the interest rate swaps was ($5,252) and the foreign exchange forward contract was $524, totaling ($4,728) (December 31, 2024 - the fair value adjustment of the interest rate swaps and the foreign exchange forward contract was ($10,301) and $491, respectively, totaling ($9,810)).

As at March 31, 2025, the net liability balance of interest rate swaps and foreign exchange forward contracts in the aggregate amount of ($3,150) was comprised of an asset balance of $524 in respect of the foreign exchange forward contract, offset by a net liability of ($3,674) related to interest rate swaps (December 31, 2024 – the net asset balance of interest rate swaps and foreign exchange forward contracts in the aggregate amount of $1,579 was comprised of a net asset balance of $1,088 in respect of interest rate swaps and an asset balance of $491 in respect of the foreign exchange forward contract.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

As at	March 31, 2025	December 31, 2024
Accounts payable and accrued liabilities	**$5,857**	$5,199
Accrued interest	**632**	689
Distributions payable (Note 8)	**3,289**	7,265
Lease liabilities	**3,088**	3,168
	$12,866	$16,321

As at March 31, 2025, 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 (not including imputed interest costs):

Within 1 year	$236
After 1 year, but not more than 5 years	1,575
More than 5 years	1,277
Total	$3,088

8. DISTRIBUTIONS

	March 31, 2025			March 31, 2024		
	Units	**Class B LP Units**	**Total**	Units	Class B LP Units	Total
Paid in Cash (1)	**$13,843**	**-**	**$13,843**	$7,985	$1,875	$9,860
Declared	**9,867**	**-**	**9,867**	7,985	1,875	9,860
Payable as at period end	**3,289**	**-**	**3,289**	2,662	625	3,287

(1) On December 16, 2024, the REIT declared a special distribution to Unitholders for total cash value of $3,976 paid on January 6, 2025

9. UNITHOLDERS' EQUITY AND CLASS B LP UNITS

Units

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

Each Unit is transferable and represents an equal, undivided beneficial interest in the REIT and any distributions from the REIT, whether of net income, net realized capital gains (other than such gains allocated and distributed to redeeming Unitholders) or other amounts and, in the event of the termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. All Units rank 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 Unitholders and holders of Special Voting Units or in respect of any written resolution thereof.

Unitholders are entitled to receive distributions from the REIT (whether of net income, net realized capital gains or other amounts) if, as and when declared by the Board. Upon the termination or winding-up of the REIT, Unitholders will participate equally with respect to the distribution of the remaining assets of the REIT after payment of all liabilities. Such distribution may be made in cash, as a distribution in kind, or both, all as the Board in its sole discretion may determine.

Units have no associated conversion or retraction rights. No person is entitled, as a matter of right, to any pre-emptive right to subscribe for or acquire any Unit, except for Dilawri as set out in the Exchange Agreement 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.

On March 17, 2025, 55,750 DUs and IDUs were exchanged for Units, of which 28,779 Units were subsequently surrendered and cancelled in order to fulfill tax payment obligations in accordance with applicable tax regulations.

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. Each Class B LP Unit is exchangeable at the option of the holder for one Unit (subject to certain anti-dilution adjustments), is accompanied by a Special Voting Unit (which provides the holder with that number of votes at any meeting of Unitholders to which a holder of the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached would be entitled), and will receive distributions of cash from the Partnership equal to the distributions to which a holder of the number of Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached would be entitled. On June 21, 2024, Dilawri converted all 9,327,487 previously outstanding Class B LP Units into an equal number of Units. As at March 31, 2025, there are nil Class B LP Units issued and outstanding.

For the three months ended March 31, 2025

	Units	Amount
Units, beginning of period	49,090,142	$496,419
Units issued for vested Dus and IDUs	55,750	581
Units, surrendered and cancelled	(28,779)	(300)
Total Units, end of period	**49,117,113**	**$496,700**

For the year ended December 31, 2024

	Units	Amount
Units, beginning of year	39,727,346	$404,708
Units issued, net of costs	9,327,487	91,316
Units issued for vested Dus and IDUs	72,837	814
Units, surrendered and cancelled	(37,528)	(419)
Units issued for special distribution	2,096,173	23,023
Units consolidated (cancelled) for special distribution	(2,096,173)	(23,023)
Total Units, end of year	**49,090,142**	$496,419
Class B LP Units, beginning of year	9,327,487	$100,550
Class B LP Units converted to Units	(9,327,487)	(91,316)
Fair value adjustment on Class B LP Units	-	(9,234)
Total Class B LP Units, end of year	**-**	**-**
Total Units and Class B LP Units, end of year	**49,090,142**	**$496,419**

10. UNIT-BASED COMPENSATION

The REIT offers an Equity Incentive Plan (the “Plan”) whereby DUs, PDUs and RDUs may be granted to eligible Participants on a discretionary basis by the Governance, Compensation and Nominating Committee of the Board. The maximum number of Units approved for issuance under the Plan is 1,750,000. Each DU, PDU and RDU is economically equivalent to one Unit, however, under no circumstances shall they be considered Units nor entitle a Participant to any rights as a Unitholder, including, without limitation, voting rights or rights on liquidation. Each DU, PDU and RDU shall receive a distribution of additional IDUs equal to the amount of distributions paid per Unit by the REIT on its Units. Upon vesting of the DUs, PDUs, RDUs and IDUs, a Participant may elect, prior to their expiry, to exchange such vested DUs, PDUs, RDUs and IDUs (subject to satisfaction of any applicable withholding taxes) for an equal number of Units. The holder of such DUs, PDUs, RDUs and IDUs cannot settle them for cash. Under the Plan, the fair value of the DUs, PDUs, RDUs and IDUs is recognized as compensation expense over the vesting period. Fair value is determined with reference to the market price of the Units.

The Units are redeemable at the option of the holder and are considered puttable instruments in accordance with IAS 32 — *Financial Instruments: Presentation* ("IAS 32"). As the exemption under IAS 32 does not apply to IFRS 2 — *Share Based Payments*, Unit-based compensation is accounted for as a liability. The deferred unit liability is adjusted to reflect the change in their fair value at each reporting period with the changes in fair value recognized as compensation expense.

During the three months ended March 31, 2025, the REIT accrued short-term incentive awards in the amount of $164 which will be settled by the granting of DUs and/or cash (March 31, 2024 – $164).

All independent Trustees of the REIT elected to receive board and committee compensation in the form of DUs. The fair value of each DU granted is measured based on the volume-weighted average trading price of the Units for the five trading days immediately preceding the grant date. The amount of DUs, PDUs, RDUs and IDUs vested and outstanding under the Plan is outlined below:

As at March 31, 2025

	Units Granted(1)(2)	**Units Outstanding**	**Outstanding Unit-based compensation End of period(2)**
DUs	**725,736**	**719,485**	**7,353**
PDUs	**181,230**	**110,520**	**1,130**
RDUs	**155,072**	**89,301**	**912**
IDUs	**303,992**	**252,126**	**2,577**
Total	**1,366,030**	**1,171,432**	**$11,972**

As at December 31, 2024

	Units Granted	**Units Outstanding**	**Outstanding Unit-based compensation End of Year**
DUs	671,070	666,346	7,256
PDUs	142,515	97,722	1,064
RDUs	116,418	79,602	867
IDUs	298,168	252,974	2,755
Total	1,228,171	1,096,644	$11,942

(1) For the three-month period ended March 31, 2025, 137,859 DUs, PDUs, RDUs and IDUs were granted, of which 77,369 PDUs and RDUs and 5,824 IDUs were accounted for in accordance with the vesting schedule.

(2) Includes a fair value gain of $763 for the three months ended March 31, 2025 (March 31, 2024 - $525).

11. RENTAL REVENUE AND PROPERTY COSTS

(a) Rental Revenue

For the three months ended March 31,	**2025**	2024
Base rent	**20,117**	19,595
Property tax recoveries	**3,691**	3,570
Straight line rent adjustment	**94**	248
Rental revenue	**$23,902**	$23,413

(b) Property Costs

For the three months ended March 31,	**2025**	2024
Property tax expense	**$3,691**	$3,570

Property costs	**$3,691**	$3,570

12. SEGMENT INFORMATION

All of the REIT's assets and liabilities are in, and its revenues are derived from, the Canadian and United states real estate industry segment. The REIT's investment properties are, therefore, considered by management to have similar economic characteristics.

13. CAPITAL MANAGEMENT

The REIT defines its capital as the aggregate of Unitholders' equity, Credit Facilities and Mortgages which, as at March 31, 2025, totaled $1,187,499 (December 31, 2024 – $1,162,470). The REIT is free to determine the appropriate level of capital in the context of its cash flow requirements, overall business risks and potential business opportunities. The REIT will make adjustments to its capital based on its investment strategies and changes to economic conditions.

In order to maintain or adjust its capital structure, the REIT may increase or decrease the amount of distributions paid to Unitholders, issue new Units and debt, or repay debt. The REIT manages its capital structure with the objective of:

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

The REIT has certain key financial covenants in its Credit Facilities and Mortgages, including debt service ratios and leverage ratios, as defined in the respective agreements. These ratios are measured by the REIT on an ongoing basis to ensure compliance with the agreements. As at March 31, 2025, the REIT was in compliance with each of the covenants under these agreements.

14. FAIR VALUES AND FINANCIAL INSTRUMENT RISK MANAGEMENT

The fair value of the REIT's financial assets and financial liabilities, except as noted below, approximate their carrying values due to their short-term nature.

The following table provides the classification and measurement of non-current financial assets and liabilities as at March 31, 2025:

Financial Assets/(Liabilities)	**Classification/ Measurement**	**Carrying Value**	**Fair Value**
Credit Facilities and Mortgages payable	Amortized Cost	$(526,042)	$(528,874)
Interest Rate Swaps and Foreign Exchange Forward	FVTPL	(3,150)	(3,150)
Unit-based compensation	FVTPL	(11,972)	(11,972)
		$(541,164)	**$(543,996)**

The following table provides the classification and measurement of financial assets and liabilities as at December 31, 2024:

Financial Assets/(Liabilities)	Classification/ Measurement	Carrying Value	Fair Value
Credit Facilities and Mortgages payable	Amortized Cost	$(499,068)	$(501,632)
Interest Rate Swaps and Foreign Exchange Forward	FVTPL	1,579	1,579
Unit-based compensation	FVTPL	(11,942)	(11,942)
		$(509,431)	**$(511,995)**

The REIT uses various methods to estimate the fair values of assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition. The fair value hierarchy reflects the significance of inputs used in determining the fair values.

- Level 1 – quoted prices in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices in active markets or valuation techniques where significant inputs are based on observable market data; and
- Level 3 – valuation technique for which significant inputs are not based on observable market data.

The following summarizes the significant methods and assumptions used in estimating the fair value of the REIT's assets and liabilities measured at fair value:

(i) Investment Properties

The REIT assessed the valuation of 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. The fair value of investment properties as at March 31, 2025 is $1,213,100 (December 31, 2024 – $1,187,364) (Level 3).

(ii) Credit Facilities and Mortgages

The fair value of the REIT's Credit Facilities and Mortgages is determined based on the present value of future payments, discounted at the yield on Government of Canada bonds, plus an estimated credit spread at the reporting date for a comparable loan. The fair value of Credit Facilities and Mortgages as at March 31, 2025 is $528,874 (December 31, 2024 – $501,632) (Level 2).

(iii) Interest Rate Swaps and Foreign Exchange Forward Contracts

The fair value of the REIT's interest rate swaps which represents a net liability balance as at March 31, 2025 is $3,150 (December 31, 2024 – asset balance of $1,088). The fair value of the REIT's foreign exchange forward contract, which represents an asset balance as at March 31, 2025, is $524 (December 31, 2024 – $491). The fair value of an interest rate swap and foreign exchange forward contract is determined using rates observable in the market (Level 2).

(iv) Class B LP Units

The fair value of the Class B LP Units as at March 31, 2025 is $nil (December 31, 2024 – $nil). The fair value of the Class B LP Units is based on the traded value of the Units as at the reporting date (Level 1).

(v) Unit-based compensation

The fair value of Unit-based compensation as at March 31, 2025 is $11,972 (December 31, 2024 – $11,942). The fair value of Unit-based compensation is based on the traded value of the Units as at March 31, 2025 (Level 2).

(vi) Foreign exchange translation adjustment

Asset and debt held in U.S. dollar converted to Canadian dollar as March 31, 2025 (Level 1).

Financial Risk Management

The REIT's activities expose it to a variety of financial risks. The main risks arising from the REIT's financial instruments are market, liquidity and credit risks. Below is a description of those risks and how the exposures are managed.

Market Risk

The REIT is exposed to market risk as a result of changes in factors such as interest rates and the market price of the Units.

Interest Rate Risk - The majority of the REIT's debt is financed with floating rates. Interest rate swaps (with maturities staggered over 10 years) have been entered into to mitigate interest rate fluctuations, thereby mitigating the exposure to changes in interest rates.

Foreign Exchange Risk – The REIT has minimal exposure to foreign exchange risk. The REIT has entered into foreign exchange forward contracts to mitigate its exposure to such risk.

Tariff Risk – While the full extent and impact of the trade tariffs and trade restrictions remains uncertain, the REIT is continuing to assess the impact and exposure of this risk.

Unit Price Risk - The REIT is exposed to Unit price risk a result of the issuance of Unit-based compensation. Unit-based compensation negatively impacts net income when the Unit price rises and positively impacts net income when the Unit price declines.

Liquidity Risk

Liquidity risk arises from the possibility of an inability to renew maturing debt or not having sufficient capital available to the REIT. Mitigation of liquidity risk is discussed above in Note 13 – Capital Management. A significant portion of the REIT's assets have been pledged as security under the REIT's Credit Facilities and Mortgages. Certain of the Credit Facilities allow for an extension of the term in advance of expiration.

Credit Risk

The REIT is exposed to credit risk from the possibility that counterparties could default on their financial obligations to the REIT. Exposure to credit risk arises from the possibility that the REIT's counterparties may experience financial difficulty and be unable to meet their obligations. The REIT's revenues will be dependent on the ability of the tenants to meet their obligations and the REIT's ability to collect rent therefrom.

15. RELATED PARTY TRANSACTIONS

The REIT's largest Unitholder and lead tenant is the Dilawri Group, which as at March 31, 2025 held an approximate 31.2% (December 31, 2024 – 31.3%) interest in the REIT on a fully diluted basis, through its ownership of 15,748,507 REIT Units (December 31, 2024 – 15,748,507 REIT Units). The Dilawri Tenants are the REIT's major tenant and accounted for approximately 51.7% of the REIT's rental income for the period ended December 31, 2024 (March 31, 2024 – 53.5%).

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 the two 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).

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. To defer the land transfer tax, the REIT subsequently issued the LCs to the land transfer tax authority in the amount of $753, of which $579 remains outstanding as at March 31, 2025, 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 3 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 outstanding LCs.

In connection with the IPO, the REIT and Dilawri entered into the Strategic Alliance Agreement which established a preferential and mutually beneficial business and operating relationship between the REIT and Dilawri. The Strategic Alliance Agreement will be in effect so long as Dilawri and certain other entities related to Dilawri own, control or direct, in the aggregate, an effective interest of at least 10% (on a fully diluted basis) in the REIT. The Strategic Alliance Agreement 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. The REIT did not acquire any investment properties pursuant to the Strategic Alliance Agreement in 2024 or the three months ended March 31, 2025.

16. SUPPLEMENTARY INFORMATION

Changes in non-cash operating accounts *For the three months ended March 31,*	**2025**	2024
Accounts receivable and other assets	**$(856)**	$(144)
Accounts payable and accrued liabilities	**1,117**	183
Change in non-cash operating accounts	**$261**	$39

17. SUBSEQUENT EVENTS

On April 11, 2025, the REIT closed the real estate underlying an automotive dealership property located in Tampa Bay, Florida, USA (the "Tampa Property") from a third-party vendor for US $13,500. The Tampa Property is under lease with Rivian and totals approximately 25,000 square feet of GLA on 2.7 acres. As part of the closing, the REIT fulfilled the foreign exchange forward contract to purchase US$12,000 at a fixed rate of 1.394.