



2025 SECOND QUARTER REPORT



Consolidating  
Automotive Dealership  
and OEM Properties





# Automotive Properties Real Estate Investment Trust

## Management's Discussion and Analysis

June 30, 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- and six-month periods ended June 30, 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 June 30, 2025 ("Q2 2025") are against results for the three months ended June 30, 2024 ("Q2 2024"), and all comparisons of results for the six months ended June 30, 2025 ("YTD 2025") are against results for the six months ended June 30, 2024 ("YTD 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 and six months ended June 30, 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](http://www.sedarplus.ca) and on the REIT's website at [www.automotivepropertiesreit.ca](http://www.automotivepropertiesreit.ca). This MD&A is dated August 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 June 30, 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, for 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 Columbus Tesla Property 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 a purchase price of US\$13,075 plus acquisition costs of US\$345, for a total of C\$18,639. 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 lease 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 March 31, 2025, the maturity date of Facility 3 was extended from June 2026 to March 2028.

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.

In June 2025, the REIT increased the amount of the non-revolving portion of Facility 3 by \$35,000.

On July 2, 2025, the REIT renewed a \$9,875 floating-to-fixed interest rate swap within Facility 3 for a term of six years at an interest rate of 4.58%, effective June 30, 2025.

On July 4, 2025, the REIT renewed a \$9,287 floating-to-fixed interest rate swap within Facility 2 for a term of five years at an interest rate of 4.58%.

On August 14, 2025, the REIT waived conditions for the purchase of a portfolio of five automotive dealership properties and one collision centre property located in Île-Perrot, Québec (collectively, the “Île-Perrot Properties”), from a third party for an aggregate purchase price of approximately \$70,500, subject to customary adjustments. The Île-Perrot Properties consist of an aggregate of 177,932 square-feet of GLA (GM Île-Perrot, Île-Perrot Toyota, Mazda 2-20, Hyundai Île-Perrot, Ford Île-Perrot and a body shop) situated on approximately 28.0 acres of land. The respective operators of each of the Île-Perrot Properties are under long-term net leases with the REIT. The leases are subject to annual adjustments linked to the consumer price index in Québec. The leases with respective operators are related to and will be indemnified by Groupe AutoForce Inc. (“Groupe AutoForce”), a private entity that owns and operates several automotive dealerships in the Greater Montreal Area. The acquisition of the Île-Perrot Properties is expected to close in the third quarter of 2025, subject to customary closing conditions. The REIT expects to fund the acquisition of the Île-Perrot Properties through the issuance by the Partnership of \$10,000 of Class B LP Units at a price per Class B LP Unit equal to \$12.00, with the balance to be funded by the REIT by increasing and drawing on its existing credit facilities. Pursuant to the terms of the purchase agreement, in the event that the five day volume-weighted average trading price of the REIT Units on the Toronto Stock Exchange (the “VWAP”) is less than \$12.00 per REIT Unit on the date that is two years following closing of the acquisition (the “Reference Date”), the REIT has agreed to make a cash payment to Groupe AutoForce in an



amount equal to the difference between (i) \$12.00 and (ii) the VWAP as of the Reference Date, subject to a maximum cash payment of \$1,250.

On August 14, 2025, the REIT waived conditions for the purchase of the real estate underlying a 34,938 square-foot automotive property situated on 6.4 acres of land located at 4000 Shader Rd. in Orlando, Florida (the “Orlando Property”) for a purchase price of US\$16,800 (approximately C\$23,000). The Orlando Property is comprised of a sales, delivery and service facility tenanted by Rivian LLC under a long-term, net lease that includes contractual fixed annual rent increases. The REIT expects to close the Orlando Property acquisition in the third quarter of 2025, subject to customary closing conditions. The REIT expects to fund the Orlando Property acquisition by increasing and drawing on its existing credit facilities.

On August 14, 2025, the Trustees approved a \$0.018 per Unit, or 2.2%, increase to the REIT’s annual cash distribution, from \$0.804 per Unit to \$0.822 per Unit. The monthly distribution will be \$0.0685 per Unit, up from \$0.0670 per Unit. The increase will be effective for the REIT’s August 2025 cash distribution, to be paid on or about September 15, 2025 to Unitholders of record on August 29, 2025. The increase of the distribution reflects management’s and the Trustees’ confidence in the REIT’s stability and cash flow. See Section 1 “General Information and Cautionary Statements – Forward-Looking Statements” below.

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 June 30, 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 \$9,873 for Q2 2025 (Q2 2024 – \$9,867).

As at June 30, 2025, the REIT had a Debt to GBV (as defined below) ratio of 44.4%, \$68,521 of undrawn capacity under its Credit Facilities (as defined below), cash on hand of \$621 and five unencumbered properties with an aggregate value of approximately \$85,753. Assuming successful completion of the acquisitions of the Île-Perrot Properties and the Orlando Property (collectively, the “Property Acquisitions”), the REIT’s Debt to GBV ratio would increase to approximately 47.6%. See Section 7 “Liquidity and Capital Resources” for additional details. See also Section 1 “General Information and Cautionary Statements – Non-IFRS Financial Measures” and “General Information and Cautionary Statements – Forward-Looking Statements” below.

As at June 30, 2025, the REIT had a Debt to EBITDA Ratio of 7.36. Assuming successful completion of the Property Acquisitions, the REIT’s Debt to EBITDA Ratio would increase to approximately 8.58. The increase in the Debt to EBITDA Ratio results primarily from the fact that EBITDA does not include the full trailing 12 months of rental revenue generated from the Property Acquisitions. EBITDA will increase as a result of the Property Acquisitions following closing thereof, thereby reducing the REIT’s Debt to EBITDA Ratio in future periods. See Section 1 “General Information and Cautionary Statements – Non-IFRS Financial Measures” and “General Information and Cautionary Statements – Forward-Looking Statements” below.

## 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:

- completion of the Property Acquisitions, including the timing thereof, the method of funding the purchase price therefor, and the benefits anticipated to be derived therefrom;
- 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
- 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. The forward-looking statements relating to the Property Acquisitions are subject to the further risk that the closing conditions may not be satisfied or waived such that one or more of the Property Acquisitions do not close on current terms or at all.

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 June 30, 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 (net income) 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 of 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 States 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 owner operators 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 automotive dealership or OEM dealership or service centre owners, the dealership / service centre 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 (excluding leases expected to be entered into in connection with the Property Acquisitions) 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 Q2 2025 increased by approximately 7.8% compared to Q2 2024. According to Bank of Nova Scotia, US new light vehicle unit sales for Q2 2025 increased by approximately 5.5% compared to Q2 2024. The increases may be a result of the uncertainty regarding the impact of tariffs 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 five months ended May 31, 2025 and 2024 and 2024 and 2023 calendar years as provided by Statistics Canada:

|                                      | Five Months Ended May 31 (units) |                                     |                                  | 2024    |
|--------------------------------------|----------------------------------|-------------------------------------|----------------------------------|---------|
|                                      | 2025                             | YoY unit<br>increase/<br>(decrease) | YoY %<br>increase/<br>(decrease) |         |
| Alberta                              | 102,056                          | 10,767                              | 11.8%                            | 91,289  |
| British Columbia and the Territories | 91,724                           | 3,025                               | 3.4%                             | 88,699  |
| Manitoba                             | 27,030                           | 4,573                               | 20.4%                            | 22,457  |
| New Brunswick                        | 20,056                           | 2,274                               | 12.8%                            | 17,782  |
| Newfoundland and Labrador            | 15,735                           | 2,676                               | 20.5%                            | 13,059  |
| Nova Scotia                          | 23,646                           | 3,795                               | 19.1%                            | 19,851  |
| Ontario                              | 329,150                          | 11,799                              | 3.7%                             | 317,351 |
| Prince Edward Island                 | 3,805                            | 390                                 | 11.4%                            | 3,415   |
| Québec                               | 188,934                          | (1,990)                             | (1.0%)                           | 190,924 |
| Saskatchewan                         | 23,753                           | 3,674                               | 18.3%                            | 20,079  |
| Total Canada                         | 825,889                          | 40,983                              | 5.2%                             | 784,906 |

|                                      | Twelve Months Ended December 31 (units) |                                     |                                  | 2023             |
|--------------------------------------|---|-------------------------------------|----------------------------------|------------------|
|                                      | 2024                                    | YoY unit<br>increase/<br>(decrease) | YoY %<br>increase/<br>(decrease) |                  |
| 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           |
| <b>Total Canada</b>                  | <b>1,914,722</b>                        | <b>175,452</b>                      | <b>9.2%</b>                      | <b>1,739,270</b> |

(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 June 30, 2025, the REIT's portfolio consisted of 80 income-producing commercial properties, representing approximately 3.0 million square feet of GLA on approximately 263 acres of land, in metropolitan markets in Canada across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Québec and in the United States in the states of Florida and Ohio.

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 44 properties are exclusively occupied by other dealership groups or OEMs for use as automotive dealerships, service centres or for 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 48.5% of the REIT's Q2 2025 base rent, including rent from properties subleased to third parties (53.7% for Q2 2024). The REIT's overall portfolio continues to be 100% leased.

As at June 30, 2025, the REIT's properties had a weighted average rental rate of \$28.09 per square foot (\$27.77 as at June 30, 2024). The year-over-year increase is due to contractual rent increases, lease renewals and properties acquired by the REIT subsequent to Q2 2024.

The information that follows as at and for the three and six months ended June 30, 2025 does not give effect to the Property Acquisitions, as the acquisitions of these properties have not yet closed.



## Income Producing Property Portfolio Summary

| As at June 30, 2025             | Number of Properties | GLA (sq. ft.)    | Average rental rate (per sq. ft.) <sup>(1)</sup> | Weighted Average Lease Term (yrs) |
|---------------------------------|----------------------|------------------|--|-----------------------------------|
| British Columbia <sup>(2)</sup> | 8                    | 199,244          | \$42.54  | 8.6                               |
| Alberta                         | 13                   | 467,508          | \$29.99  | 7.6                               |
| Saskatchewan                    | 9                    | 203,560          | \$24.72  | 5.6                               |
| Manitoba                        | 2                    | 109,816          | \$25.81  | 16.0                              |
| Ontario                         | 26                   | 986,879          | \$29.99  | 8.2                               |
| Quebec                          | 20                   | 906,410          | \$23.49  | 9.1                               |
| USA                             | 2                    | 119,000          | \$23.60  | 7.5                               |
| <b>Total Portfolio</b>          | <b>80</b>            | <b>2,992,417</b> | <b>\$28.09</b>                                   | <b>8.5</b>                        |

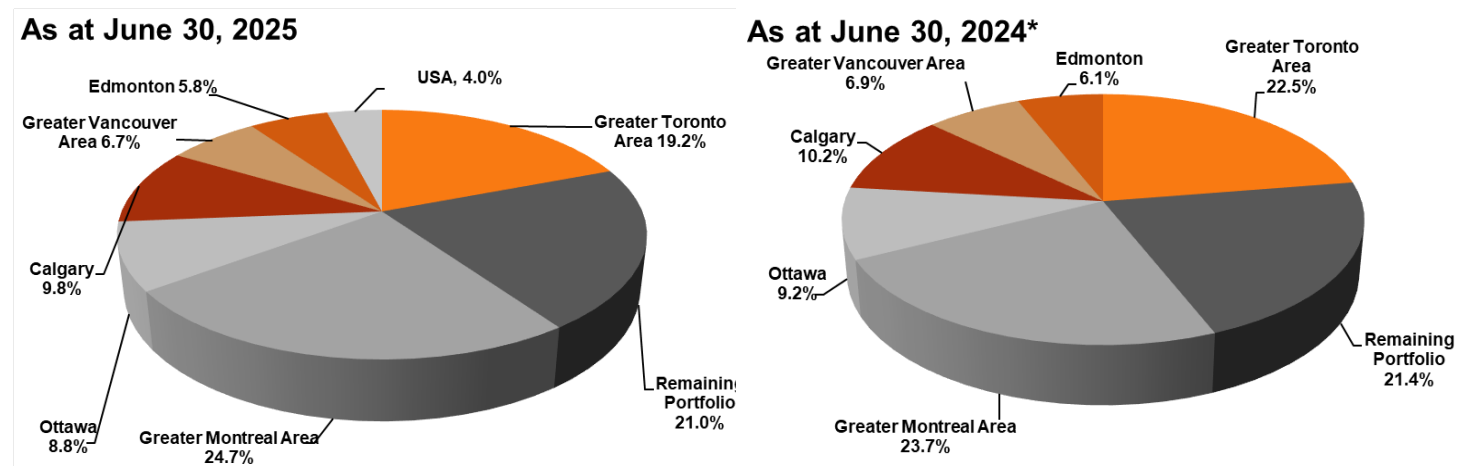
| As at June 30, 2024             | Number of Properties | GLA (sq. ft.)    | Average rental rate (per sq. ft.) <sup>(3)</sup> | Weighted Average Lease Term (yrs) |
|---------------------------------|----------------------|------------------|--|-----------------------------------|
| British Columbia <sup>(2)</sup> | 8                    | 199,244          | \$41.71  | 9.6                               |
| Alberta                         | 13                   | 467,508          | \$29.61  | 8.6                               |
| Saskatchewan                    | 9                    | 203,560          | \$24.36  | 6.6                               |
| Manitoba                        | 2                    | 96,135           | \$23.86  | 13.8                              |
| Ontario                         | 27                   | 1,058,889        | \$29.24  | 8.8                               |
| Quebec                          | 18                   | 846,803          | \$22.88  | 10.5                              |
| <b>Total Portfolio</b>          | <b>77</b>            | <b>2,872,139</b> | <b>\$27.77</b>                                   | <b>9.3</b>                        |

(1) Based on 12-month period contractual rental revenue commencing June 30, 2025.

(2) Excludes land leases, where expenses are passed on to the tenant.

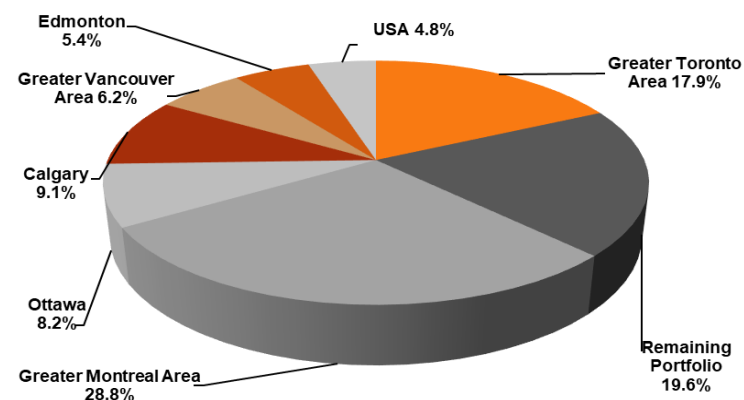
(3) Based on 12-month period contractual rental revenue commencing June 30, 2024.

## GLA by Major Metropolitan Area Across Canada and in the United States



(\*) Inclusive of the Kennedy Lands as at June 30, 2024.

### As at June 30, 2025\*\*



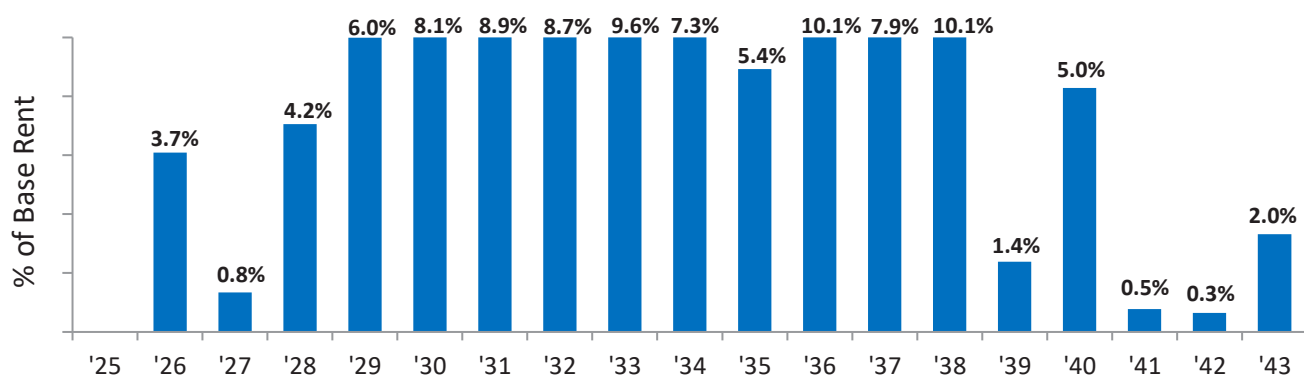
(\*\*) After giving effect to completion of the Property Acquisitions as at June 30, 2025

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

### Profile of Overall Lease Maturity as at June 30, 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 June 30, 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 and OEM 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 June 30, 2025:

| Manufacturer / Brand                 | REIT Auto Property GLA (Sq. Feet) | % of REIT Auto Property GLA | % of REIT Base Rent <sup>(1)</sup> | No. of REIT Locations |
|--------------------------------------|-----------------------------------|-----------------------------|------------------------------------|-----------------------|
| <b>Honda</b> <sup>(2)</sup>          | 449,585                           | 15.1%                       | 15.3%                              | 12                    |
| <b>Tesla</b> <sup>(3)</sup>          | 332,879                           | 11.2%                       | 7.4%                               | 7                     |
| <b>BMW</b> <sup>(4)</sup>            | 320,824                           | 10.8%                       | 9.2%                               | 7                     |
| <b>Volkswagen</b> <sup>(6) (7)</sup> | 252,299                           | 8.5%                        | 9.2%                               | 7                     |
| <b>Toyota</b>                        | 229,495                           | 7.7%                        | 8.2%                               | 5                     |
| <b>Audi</b>                          | 196,462                           | 6.6%                        | 7.9%                               | 4                     |
| <b>Acura</b> <sup>(2)</sup>          | 162,081                           | 5.5%                        | 6.6%                               | 6                     |
| <b>General Motors</b>                | 113,532                           | 3.8%                        | 3.4%                               | 2                     |
| <b>Mazda</b>                         | 107,444                           | 3.6%                        | 4.7%                               | 5                     |
| <b>Hyundai</b>                       | 85,216                            | 2.9%                        | 3.4%                               | 4                     |
| <b>Chrysler</b> <sup>(6)</sup>       | 81,750                            | 2.8%                        | 1.6%                               | 2                     |
| <b>Mercedes Benz</b>                 | 60,850                            | 2.0%                        | 1.9%                               | 1                     |
| <b>Nissan</b>                        | 57,233                            | 1.9%                        | 1.8%                               | 2                     |
| <b>Kia</b>                           | 53,819                            | 1.8%                        | 1.9%                               | 3                     |
| <b>Porsche</b>                       | 39,790                            | 1.3%                        | 4.0%                               | 1                     |
| <b>Lexus</b>                         | 30,015                            | 1.0%                        | 1.2%                               | 1                     |
| <b>Subaru</b>                        | 19,033                            | 0.6%                        | 0.5%                               | 2                     |
| <b>Infiniti</b>                      | 14,592                            | 0.5%                        | 0.8%                               | 2                     |
| <b>Mitsubishi</b>                    | 14,750                            | 0.5%                        | 0.5%                               | 2                     |
| <b>Other</b> <sup>(5)</sup>          | 324,993                           | 11.9%                       | 10.5%                              | 19                    |
| <b>Total</b>                         | <b>2,946,642</b>                  | <b>100.0%</b>               | <b>100.0%</b>                      | <b>94</b>             |

Notes:

- (1) Based on 12-month period contractual base rent commencing July 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 1<sup>st</sup> 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. 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. Includes Rivian Tampa in Florida.

(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 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 released 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 June 30, 2025 with comparative figures for the 12 months ended June 30, 2024 as provided to the REIT by Dilawri:

| <b>Dilawri Group's Financial Information</b><br><i>(all figures are approximations, not in thousands)</i> |  |  |
|---|--|--|
|   | <b>June 30, 2025 LTM<sup>(1)</sup></b> | <b>June 30, 2024 LTM<sup>(1)</sup></b> |
| Combined Revenues (not audited or reviewed)   | \$5.3 billion                          | \$5.0 billion                          |
| EBITDA (not audited or reviewed)  | \$258.2 million                        | \$238.7 million                        |
| Pro Forma Adjusted Rent Coverage Ratio (not audited or reviewed)  | 5.6 <sup>(2)</sup>                     | 4.7 <sup>(2)</sup>                     |

Notes:

(1) "LTM" means the last twelve months.

(2) As at June 30, 2025.

(3) As at June 30, 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 six-month period ended June 30, 2025. These documents, once provided by Dilawri to the REIT, will be available on the REIT's SEDAR+ profile at [www.sedarplus.ca](http://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. The information that follows as at and for the three and six months ended June 30, 2025 does not give effect to the Property Acquisitions, as the acquisitions of these properties have not yet closed, nor does it give effect to the 2.2% increase in the distribution approved by the Trustees on August 14, 2025 as that increase is not yet in effect.

| <b>Operating Results</b>   | Three Months Ended<br>June 30, |            | Six Months Ended<br>June 30, |            |
|--|--------------------------------|------------|------------------------------|------------|
|  | 2025                           | 2024       | 2025                         | 2024       |
| Rental Revenue   | <b>\$24,601</b>                | \$23,515   | <b>\$48,503</b>              | \$46,928   |
| NOI <sup>(1)</sup>   | <b>20,859</b>                  | 19,824     | <b>41,070</b>                | 39,667     |
| Cash NOI <sup>(1)</sup>  | <b>20,635</b>                  | 19,535     | <b>40,653</b>                | 39,044     |
| Same Property Cash NOI <sup>(1)</sup>  | <b>19,536</b>                  | 19,086     | <b>39,035</b>                | 38,159     |
| Net Income and other comprehensive income  | <b>11,240</b>                  | 37,288     | <b>18,881</b>                | 58,189     |
| FFO <sup>(1)</sup>   | <b>12,807</b>                  | 12,015     | <b>25,428</b>                | 24,084     |
| AFFO <sup>(1)</sup>  | <b>12,578</b>                  | 11,714     | <b>25,005</b>                | 23,437     |
| Fair value adjustment on investment properties and investment properties held for sale | <b>(219)</b>                   | 23,893     | <b>(1,256)</b>               | 24,031     |
| Distributions per Unit   | <b>0.201</b>                   | 0.201      | <b>0.402</b>                 | 0.402      |
| Net Income per Unit — basic <sup>(2)</sup>   | <b>0.265</b>                   | 0.760      | <b>0.421</b>                 | 1.186      |
| Net Income per Unit — diluted <sup>(3)</sup>   | <b>0.258</b>                   | 0.742      | <b>0.411</b>                 | 1.159      |
| FFO per Unit — basic <sup>(1) (4)</sup>  | <b>0.261</b>                   | 0.245      | <b>0.518</b>                 | 0.491      |
| FFO per Unit — diluted <sup>(1) (5)</sup>  | <b>0.254</b>                   | 0.239      | <b>0.504</b>                 | 0.480      |
| AFFO per Unit — basic <sup>(1) (4)</sup>   | <b>0.256</b>                   | 0.239      | <b>0.509</b>                 | 0.478      |
| AFFO per Unit — diluted <sup>(1) (5)</sup>   | <b>0.249</b>                   | 0.233      | <b>0.496</b>                 | 0.467      |
| Weighted average Units — basic <sup>(6)</sup>  | <b>49,117,113</b>              | 49,054,833 | <b>49,105,788</b>            | 49,054,833 |
| Weighted average Units — diluted <sup>(7)</sup>  | <b>50,496,712</b>              | 50,268,740 | <b>50,414,069</b>            | 50,191,972 |
| <b>Payout ratio (%)</b>  |                                |            |                              |            |
| FFO <sup>(1)</sup>   | <b>79.1%</b>                   | 84.1%      | <b>79.8%</b>                 | 83.8%      |
| AFFO <sup>(1)</sup>  | <b>80.7%</b>                   | 86.3%      | <b>81.0%</b>                 | 86.1%      |

| <b>Balance Sheet and Other Metrics</b>   | <b>As at June<br/>30, 2025</b> | <b>As at December<br/>31, 2024</b> | <b>As at June<br/>30, 2024</b> |
|--|--------------------------------|------------------------------------|--------------------------------|
| Total assets   | <b>\$1,231,857</b>             | \$1,190,733                        | \$1,199,959                    |
| Total liabilities  | <b>\$569,033</b>               | \$527,331                          | \$647,049                      |
| Number of Units outstanding  | <b>49,117,113</b>              | 49,090,142                         | 49,054,833                     |
| Market price per REIT Unit – close (end of period)   | <b>\$11.52</b>                 | \$10.89                            | \$10.30                        |
| Market capitalization  | <b>\$565,829</b>               | \$534,592                          | \$505,265                      |
| Overall capitalization rate  | <b>6.73%</b>                   | 6.69%                              | 6.63%                          |
| Fixed weighted average effective interest rate on debt (excludes revolving Credit Facilities) <sup>(8) (9)</sup> | <b>4.36%</b>                   | 4.34%                              | 4.27%                          |
| Proportion of total debt at fixed interest rates through swaps and Mortgages <sup>(10)</sup>                     | <b>91%</b>                     | 93%                                | 95%                            |
| Weighted average interest rate swap term and Mortgage remaining (years) <sup>(9)</sup>                           | <b>4.0</b>                     | 4.2                                | 4.6                            |
| Weighted average term to maturity of debt  | <b>2.4</b>                     | 2.4                                | 2.6                            |
| Interest Coverage Ratio <sup>(10)</sup>  | <b>3.0X</b>                    | 2.9X                               | 2.9X                           |
| Debt Service Coverage Ratio <sup>(10)</sup>  | <b>1.56X</b>                   | 1.49X                              | 1.48X                          |
| Debt to GBV <sup>(1)</sup>   | <b>44.4%</b>                   | 42.4%                              | 4.6%                           |
| Debt to EBITDA <sup>(1)</sup>  | <b>7.39</b>                    | 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%. 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 4.50%, effective March 31, 2025.. On July 2, 2025 (but effective June 30, 2025), the REIT renewed a \$9,875 floating-to-fixed interest rate swap within Facility 3 for a term of six years at an interest rate of 4.58%.

(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<br>Ended June 30, |         |          | Six Months Ended<br>June 30, |          |          |
|---|--------------------------------|---------|----------|------------------------------|----------|----------|
|   | 2025                           | 2024    | Variance | 2025                         | 2024     | Variance |
| Base rent   | <b>20,734</b>                  | 19,621  | \$1,113  | <b>40,851</b>                | 39,216   | \$1,635  |
| Property tax recoveries   | <b>3,742</b>                   | 3,691   | 51       | <b>7,433</b>                 | 7,261    | 172      |
| Straight-line rent adjustment   | <b>125</b>                     | 203     | (78)     | <b>219</b>                   | 451      | (232)    |
| <b>Rental Revenue</b>   | <b>24,601</b>                  | 23,515  | 1,086    | <b>48,503</b>                | 46,928   | 1,575    |
| Property tax expense  | <b>(3,742)</b>                 | (3,691) | (51)     | <b>(7,433)</b>               | (7,261)  | (172)    |
| <b>Property Costs</b>   | <b>(3,742)</b>                 | (3,691) | (51)     | <b>(7,433)</b>               | (7,261)  | (172)    |
| <b>NOI<sup>(1)</sup></b>  | <b>20,859</b>                  | 19,824  | \$1,035  | <b>41,070</b>                | 39,667   | \$1,403  |
| <b>Other Income (Expenses)</b>  |                                |         |          |                              |          |          |
| General and administrative expenses   | <b>(1,581)</b>                 | (1,397) | (184)    | <b>(3,137)</b>               | (2,782)  | (355)    |
| Interest expense and other financing charges  | <b>(6,397)</b>                 | (6,334) | (63)     | <b>(12,355)</b>              | (12,659) | 304      |
| Fair value adjustment on interest rate swaps and foreign exchange forward contracts | <b>1,868</b>                   | (2,781) | 4,649    | <b>(2,860)</b>               | 2,722    | (5,582)  |
| Distribution expense on Class B LP Units  | -                              | (1,250) | 1,250    | -                            | (3,125)  | 3,125    |



|   |               |               |                 |               |               |                 |
|---|---------------|---------------|-----------------|---------------|---------------|-----------------|
| Fair value adjustment on Class B LP Units and Unit-based compensation                                 | (1,527)       | 5,333         | (6,860)         | (764)         | 10,335        | (11,099)        |
| Fair value adjustment on investment properties and investment properties held for sale <sup>(2)</sup> | (219)         | 23,893        | (24,112)        | (1,256)       | 24,031        | (25,287)        |
| <b>Net Income</b>   | <b>13,003</b> | <b>37,288</b> | <b>(24,285)</b> | <b>20,698</b> | <b>58,189</b> | <b>(37,491)</b> |
| Exchange loss arising on translation of foreign operations  | (1,763)       | -             | (1,763)         | (1,817)       | -             | (1,817)         |
| <b>Net Income and Other Comprehensive Income</b>  | <b>11,240</b> | <b>37,288</b> | <b>(26,048)</b> | <b>18,881</b> | <b>58,189</b> | <b>(39,308)</b> |

(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.

(2) The fair value adjustment on investment properties in respect of the three and six months ended June 30, 2024 is inclusive of the \$23,760 fair value gain as a result of entering into the Sale Agreement (as defined herein) (but prior to completion of the Sale Transaction (as defined herein) on October 1, 2024), thereby classifying the Kennedy Lands (as defined herein) as an investment property held for sale during the three and six months ended June 30, 2024.

For Q2 2025, net income and other comprehensive income was \$11,240 as compared to \$37,288 in Q2 2024 and was \$18,881 in YTD 2025 as compared to \$58,189 in YTD 2024. The decreases were primarily due to the fair value adjustment on investment properties and investment properties held for sale, and the fair value adjustment on Class B LP Units and Unit-based compensation (which consists of Deferred Units ("DUs"), Income Deferred Units ("IDUs"), Performance Deferred Units ("PDUs") and Restricted Deferred Units ("RDUs")). NOI was \$20,859 in Q2 2025, an increase of 5.2% as compared to \$19,824 in Q2 2024 and was \$41,070 in YTD 2025, an increase of 3.5% as compared to \$39,667 in YTD 2024. The increases in NOI were primarily attributable to the properties acquired subsequent to Q2 2024 and contractual rent increases, partially offset by the reduction of rent from the sale of the Kennedy Lands (as defined on page 29).

## 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 Q2 2025, rental revenue totaled \$24,601, an increase of \$1,086, or 4.6%, as compared to Q2 2024, reflecting the properties acquired subsequent to Q2 2024 and contractual rent increases, partially offset by the reduction of rent from the sale of the Kennedy Lands.

For YTD 2025, rental revenue totaled \$48,503, an increase of \$1,575, or 3.4%, as compared to YTD 2024, reflecting the properties acquired subsequent to Q2 2024 and contractual rent increases, partially offset by the reduction of rent from the sale of the Kennedy Lands.

Property costs for Q2 2025 and YTD 2025 were \$51 and \$172 higher than Q2 2024 and YTD 2024, respectively. The increases are attributable to the properties acquired subsequent to Q2 2024. Straight-line adjustments decreased in Q2 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 Q2 2025 and YTD 2025 as compared to the corresponding periods in 2024:

|                                     | Q2 2025 | Q2 2024 | Variance | YTD 2025 | YTD 2024 | Variance |
|-------------------------------------|---------|---------|----------|----------|----------|----------|
| Human resource costs                | \$1,043 | \$885   | \$158    | \$2,102  | \$1,849  | \$253    |
| Public entity and other costs       | 364     | 349     | 15       | 692      | 610      | 82       |
| Independent Trustee fees            | 174     | 163     | 11       | 343      | 323      | 20       |
| General and administrative expenses | \$1,581 | \$1,397 | \$184    | \$3,137  | \$2,782  | \$355    |

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 Q2 2025 and YTD 2025 of approximately \$158 and \$253, respectively, are 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, depreciation expense for ROU assets and transaction costs associated to transactions not completed. Public entity costs will fluctuate from quarter-to-quarter depending on when such expenses are incurred. There was an increase in public entity costs of \$15 and \$82 in Q2 2025 and YTD 2025, respectively as compared to Q2 2024 and YTD 2024, respectively.

During Q2 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 Q2 2025 and YTD 2025, the REIT paid the Independent Trustees \$174 and \$343, respectively, related to the granting of DUs and IDUs, as compared to \$163 and \$323 in Q2 2024 and YTD 2024, respectively.

## **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 Q2 2025 and YTD 2025, interest expense and other financing charges were \$6,397 and \$12,355, respectively, representing an increase of \$63 and a decrease of \$304 as compared to Q2 2024 and YTD 2024, respectively. The increase in Q2 2025 is due to the additional debt incurred by the REIT, whereas the decrease in YTD 2025 is primarily due to the paydown of debt, and lower floating interest rates.

## **Changes in Fair Values of Investment Properties and Investment Properties Held for Sale**

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 Q2 2025 and YTD 2025, the fair value adjustment on investment properties was (\$219) and (\$1,256), respectively, as compared to \$23,893 for Q2 2024 and \$24,031 for YTD 2024.

On July 26, 2024, the REIT entered into an agreement (the "Sale Agreement") to sell the Kennedy Lands to a member of the Dilawri Group for \$54,000 (the "Sale Transaction"). Accordingly, the property was classified as an investment property held for sale during the three and six months ended June 30, 2024. The fair value adjustment on investment properties (including investment properties held for sale) for the three and six months ended June 30, 2024 included a fair value gain of \$23,760 as a result of entering into the Sale Agreement. The Sale Transaction was completed on October 1, 2024.

The weighted average discount rate applicable to the entire portfolio as at June 30, 2025 was 7.57% (December 31, 2024 – 7.53%). The weighted average terminal capitalization rate applicable to the entire portfolio as at June 30, 2025 was 7.21% (December 31, 2024 – 7.16%).

The fair value adjustments for Q2 2025 were a result of the following factors:

- NOI increases from investment properties resulted in a fair value increase for Q2 2025;
- As a result of market conditions, the REIT adjusted valuation inputs for Q2 2025; and
- The write-off of the transaction costs related to the property acquisition completed during Q2 2025.

The overall capitalization rate applicable to the REIT's entire investment property portfolio increased to 6.73% as at June 30, 2025 after giving effect to the foreign currency translation adjustment of (\$1,845) (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 June 30, 2025 was \$1,165,639 (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 \$47,300 or \$(44,000), respectively, as of June 30, 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 \$98,400 or \$(84,800), respectively, as of June 30, 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 June 30, 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 loss of \$(1,527) in Q2 2025 (Q2 2024 – fair value adjustment for Class B LP Units and Unit-based compensation resulted in a gain of \$5,333) and a loss of \$(764) in YTD 2025 (YTD 2024 – fair value adjustment for Class B LP Units and Unit-based compensation resulted in a gain of \$10,335).

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 gain of \$1,868 in Q2 2025 (Q2 2024 – loss of \$(2,781)) and the fair value adjustment of the interest rate swaps was \$2,369 and the foreign exchange translation adjustment was \$491, totaling a loss of \$(2,860) in YTD 2025 (YTD 2024 – gain of \$2,722) . This was primarily the result of a decrease in interest rates in the derivative market as at June 30, 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:

| (\$000s, except per Unit amounts)  | Three Months Ended<br>June 30, |            |            | Six Months Ended<br>June 30, |            |            |
|--|--------------------------------|------------|------------|------------------------------|------------|------------|
|  | 2025                           | 2024       | Variance   | 2025                         | 2024       | Variance   |
| <b>Calculation of NOI</b>  |                                |            |            |                              |            |            |
| Property revenue   | <b>\$24,601</b>                | \$23,515   | \$1,086    | <b>48,503</b>                | 46,928     | \$1,575    |
| Property costs   | <b>(3,742)</b>                 | (3,691)    | (51)       | <b>(7,433)</b>               | (7,261)    | (172)      |
| <b>NOI (including straight-line adjustments)</b>                                       | <b>\$20,859</b>                | \$19,824   | \$1,035    | <b>41,070</b>                | 39,667     | \$1,403    |
| Adjustments:   |                                |            |            |                              |            |            |
| Land lease payments  | <b>(99)</b>                    | (86)       | (13)       | <b>(198)</b>                 | (172)      | (26)       |
| Straight-line adjustment   | <b>(125)</b>                   | (203)      | 78         | <b>(219)</b>                 | (451)      | 232        |
| <b>Cash NOI</b>  | <b>\$20,635</b>                | \$19,535   | \$1,100    | <b>40,653</b>                | 39,044     | \$1,609    |
| <b>Reconciliation of net income to FFO and AFFO</b>                                    |                                |            |            |                              |            |            |
| Net income   | <b>\$13,003</b>                | \$37,288   | \$(24,285) | <b>20,698</b>                | 58,189     | \$(37,491) |
| Adjustments:   |                                |            |            |                              |            |            |
| Change in fair value – Interest rate swaps and foreign exchange translation adjustment | <b>(1,868)</b>                 | 2,781      | (4,649)    | <b>2,860</b>                 | (2,722)    | 5,582      |
| Distributions on Class B LP Units  | -                              | 1,250      | (1,250)    | -                            | 3,125      | (3,125)    |
| Change in fair value – Class B LP Units and Unit-based compensation                    | <b>1,527</b>                   | (5,333)    | 6,860      | <b>764</b>                   | (10,335)   | 11,099     |
| Change in fair value — investment properties and investment properties held for sale   | <b>219</b>                     | (23,893)   | 24,112     | <b>1,256</b>                 | (24,031)   | 25,287     |
| ROU asset net balance of depreciation/interest and lease payments                      | <b>(74)</b>                    | (78)       | 4          | <b>(150)</b>                 | (142)      | (8)        |
| <b>FFO</b>   | <b>\$12,807</b>                | \$12,015   | \$792      | <b>\$25,428</b>              | \$24,084   | \$1,344    |
| Adjustments:   |                                |            |            |                              |            |            |
| Straight-line adjustment   | <b>(125)</b>                   | (203)      | 78         | <b>(219)</b>                 | (451)      | 232        |
| Capital expenditure reserve  | <b>(104)</b>                   | (98)       | (6)        | <b>(204)</b>                 | (196)      | (8)        |
| <b>AFFO</b>  | <b>\$12,578</b>                | \$11,714   | \$864      | <b>\$25,005</b>              | \$23,437   | \$1,568    |
| Number of Units outstanding (including Class B LP Units)                               | <b>49,117,113</b>              | 49,054,833 | 62,280     | <b>49,117,113</b>            | 49,054,833 | 62,280     |
| Weighted average Units Outstanding — basic   | <b>49,117,113</b>              | 49,054,833 | 62,280     | <b>49,105,788</b>            | 49,054,833 | 50,955     |
| Weighted average Units Outstanding — diluted   | <b>50,496,712</b>              | 50,268,740 | 227,972    | <b>50,414,069</b>            | 50,191,972 | 222,097    |
| <b>FFO per Unit – basic<sup>(1)</sup></b>  | <b>\$0.261</b>                 | \$0.245    | \$0.016    | <b>\$0.518</b>               | \$0.491    | \$0.027    |
| <b>FFO per Unit – diluted<sup>(2)</sup></b>  | <b>\$0.254</b>                 | \$0.239    | \$0.015    | <b>\$0.504</b>               | \$0.480    | \$0.024    |
| <b>AFFO per Unit – basic<sup>(1)</sup></b>   | <b>\$0.256</b>                 | \$0.239    | \$0.017    | <b>\$0.509</b>               | \$0.478    | \$0.031    |
| <b>AFFO per Unit – diluted<sup>(2)</sup></b>   | <b>\$0.249</b>                 | \$0.233    | \$0.016    | <b>\$0.496</b>               | \$0.467    | \$0.029    |
| <b>Distributions per Unit</b>  | <b>\$0.201</b>                 | \$0.201    | -          | <b>\$0.402</b>               | \$0.402    | -          |
| <b>FFO payout ratio<sup>(3)</sup></b>  | <b>79.1%</b>                   | 84.1%      | 5.0%       | <b>79.8%</b>                 | 83.8%      | 4.0%       |
| <b>AFFO payout ratio<sup>(3)</sup></b>   | <b>80.7%</b>                   | 86.3%      | 5.6%       | <b>81.0%</b>                 | 86.1%      | 5.1%       |

(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 Q2 2025, FFO increased by 6.6% to \$12,807, or \$0.254 per Unit (diluted), as compared to \$12,015, or \$0.239 per Unit (diluted), in Q2 2024. The increase was primarily attributable to higher rental revenue from acquisitions subsequent to Q2 2024 and contractual rent increases, partially offset by the reduction of rent from the sale of the Kennedy Lands.

In YTD 2025, FFO increased by 5.6% to \$25,428, or \$0.504 per Unit (diluted), as compared to \$24,084, or \$0.480 per Unit (diluted), in YTD 2024. The increase was primarily attributable to higher rental revenue, partially offset by the reduction of rent from the sale of the Kennedy Lands, and lower interest expense.

In Q2 2025, AFFO increased by 7.4% to \$12,578, or \$0.249 per Unit (diluted), as compared to \$11,714, or \$0.233 per Unit (diluted), in Q2 2024. Cash NOI in Q2 2025 was \$20,635 on revenue of \$24,601, compared to Cash NOI of \$19,535 on revenue of \$23,515 in Q2 2024. The increases were primarily due to the properties acquired subsequent to Q2 2024

and contractual rent increases, 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 YTD 2025, AFFO increased by 6.7% to \$25,005, or \$0.496 per Unit (diluted), as compared to \$23,437, or \$0.467 per Unit (diluted), in YTD 2024. Cash NOI in YTD 2025 was \$40,653 on revenue of \$48,503, compared to Cash NOI of \$39,044 on revenue of 46,928 in YTD 2024. The increases were primarily due to the properties acquired subsequent to Q2 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 Q2 2025, the REIT declared and paid distributions to Unitholders of \$9,873, or \$0.201 per Unit (Q2 2024 – declared and paid \$9,860). For YTD 2025, the REIT declared and paid distributions to Unitholders of \$19,740, or \$0.402 per Unit (Q2 2024 – declared and paid \$19,720). This resulted in an AFFO payout ratio of 80.7% in Q2 2025 (Q2 2024 – 86.3%) and 81.0% in YTD 2025 (YTD 2024 – 86.1%). The AFFO payout ratio was lower in Q2 2025 and YTD 2025 primarily due to the properties acquired subsequent to Q2 2024 and contractual rent increases, partially offset by the reduction of rent from the sale of the Kennedy Lands.

## Same Property Cash Net Operating Income

|                                   | Three Months Ended<br>June 30, |                 |              | Six Months Ended<br>June 30, |                 |            |
|-----------------------------------|--------------------------------|-----------------|--------------|------------------------------|-----------------|------------|
|                                   | 2025                           | 2024            | Variance     | 2025                         | 2024            | Variance   |
| Same property base rental revenue | \$19,635                       | \$19,185        | \$450        | \$39,233                     | \$38,344        | \$889      |
| Land lease payments               | (99)                           | (99)            | -            | (198)                        | (185)           | (13)       |
| <b>Same Property Cash NOI</b>     | <b>\$19,536</b>                | <b>\$19,086</b> | <b>\$450</b> | <b>\$39,035</b>              | <b>\$38,159</b> | <b>876</b> |

Same Property Cash NOI increased by 2.4% to \$19,536 in Q2 2025, compared to \$19,086 in Q2 2024, and increased by 2.3% to \$39,035 in YTD 2025, from \$38,159 in YTD 2024. The increases were 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:

| (\$000s)  | Three Months Ended<br>June 30, |          |          | Six Months Ended<br>June 30, |          |          |
|---|--------------------------------|----------|----------|------------------------------|----------|----------|
|   | 2025                           | 2024     | Variance | 2025                         | 2024     | Variance |
| <b>Cash flow from operating activities</b>                                  | <b>\$19,595</b>                | \$19,205 | \$390    | <b>\$38,496</b>              | \$38,454 | \$42     |
| Change in non-cash working capital  | <b>866</b>                     | (293)    | 1,159    | <b>(502)</b>                 | (956)    | 454      |
| Interest paid   | <b>(6,088)</b>                 | (6,164)  | 76       | <b>(11,729)</b>              | (12,314) | 585      |
| Amortization of financing fees  | <b>(297)</b>                   | (198)    | (99)     | <b>(574)</b>                 | (401)    | (173)    |
| Amortization of indemnification fees  | <b>(7)</b>                     | (36)     | 29       | <b>(32)</b>                  | (72)     | 40       |
| Net interest expense and other financing charges in excess of interest paid | <b>(12)</b>                    | 28       | (40)     | <b>(52)</b>                  | 56       | (108)    |
| Capital expenditure reserve   | <b>(104)</b>                   | (98)     | (6)      | <b>(204)</b>                 | (196)    | (8)      |
| <b>ACFO</b>   | <b>\$13,953</b>                | \$12,444 | \$1,509  | <b>\$25,403</b>              | \$24,571 | \$832    |
| <b>ACFO payout ratio</b>  | <b>70.7%</b>                   | 79.2%    | 8.5%     | <b>77.7%</b>                 | 80.3%    | 2.59%    |

ACFO increased to \$13,953 in Q2 2025, as compared to \$12,444 in Q2 2024. In YTD 2025, ACFO increased to \$25,052, as compared to \$24,571 in YTD 2024. This resulted in an ACFO payout ratio of 70.7% in Q2 2025 (Q2 2024 – 79.2%) and 77.7% in YTD 2025 (YTD 2024 – 80.3%). The increases in ACFO in Q2 2025 and YTD 2025 were primarily attributable to properties acquired subsequent to Q2 2024 and contractual rent increases, partially offset from a reduction of rent from the sale of the Kennedy Lands. The REIT's Q2 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 June 30, 2025, the REIT had a Debt to GBV ratio of 44.4% and \$68,521 of undrawn capacity under its Credit Facilities, cash on hand of \$621 and five unencumbered properties with an aggregate value of approximately \$85,753.

## SECTION 7 — LIQUIDITY AND CAPITAL RESOURCES

### Capital Structure

| Key Terms               |                    |                    |  |                                  |                                 |                                 |                                     |
|-------------------------|--------------------|--------------------|--|----------------------------------|---------------------------------|---------------------------------|-------------------------------------|
| <i>Debt</i>             | Term (yrs)         | Hedged Term (yrs)  | Interest Rate                                  | Payments & Interest/Amortization | Effective Interest Rate (fixed) | Outstanding as at June 30, 2025 | Outstanding as at December 31, 2024 |
| Facility 1              | 2.0 <sup>(1)</sup> | 0.1 to 8.7         | CORRA <sup>(12)</sup> + 150 bps, Prime +25     | (1)                              | 4.56%                           | \$251,527 <sup>(4)</sup>        | \$237,117 <sup>(4)</sup>            |
| Facility 2              | 2.6 <sup>(2)</sup> | 0.1 to 5.3         | CORRA <sup>(12)</sup> + 150 bps, Prime +25 bps | (2)                              | 3.90%                           | 75,258                          | 76,820                              |
| Facility 3              | 2.8 <sup>(3)</sup> | 0.5 to 7.5         | CORRA <sup>(12)</sup> + 150 bps, Prime +25 bps | (3)                              | 4.35%                           | 184,381 <sup>(3)</sup>          | 153,821                             |
| Mortgages               | 1.7 to 5.8         | n/a                | Fixed 2.21% to 5.73 %                          | P&I, 20 yrs and 25yrs            | 3.90%                           | 33,224                          | 33,874                              |
|                         |                    |                    |  |                                  |                                 | \$544,390                       | \$501,632                           |
| Financing fees          |                    |                    |  |                                  |                                 | (2,878)                         | (2,564)                             |
| Weighted Average /Total | 2.4                | 4.0 <sup>(7)</sup> |  |                                  | 4.36% <sup>(7)</sup>            | \$541,512                       | \$499,068                           |
| Unit-based compensation |                    |                    |  |                                  |                                 | \$14,054                        | \$11,942                            |
| Cash Balance            |                    |                    |  |                                  |                                 | \$621                           | \$336                               |



| <b>Key Financing Metrics and Debt Covenants<sup>(11)</sup></b> | <b>Debt Covenant<sup>(5)</sup></b> | <b>Declaration of Trust<sup>(6)</sup></b> | <b>As at June 30, 2025</b>  | <b>As at December 31, 2024</b> |
|--|------------------------------------|---|-----------------------------|--------------------------------|
| Interest coverage  | -                                  | -   | <b>3.0</b>                  | 2.9                            |
| Debt to GBV  | <60% <sup>(8)</sup>                | <60% <sup>(8)</sup>                       | <b>44.4%<sup>(10)</sup></b> | 42.4% <sup>(10)</sup>          |
| Unitholders' Equity (including Unit-based compensation)        | >\$120,000                         | -   | <b>\$676,878</b>            | \$675,344                      |
| Debt Service Coverage Ratio                                    | >1.35 <sup>(3)</sup>               | -   | <b>1.56</b>                 | 1.49                           |
| AFFO payout ratio  | <sup>(9)</sup> <sup>(10)</sup>     | -   | <b>81.0%</b>                | 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 June 30, 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](http://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 within Facility 1 in the amount of \$8,681 for a term of six years at an interest rate of 4.50%, effective March 31, 2025. On July 2, 2025 (but effective June 30, 2025), the REIT renewed a \$9,875 floating-to-fixed interest rate swap within Facility 3 for a term of six years at an interest rate of 4.58%.

(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 June 30, 2025, the AFFO payout ratio was approximately 83.8%.

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 June 30, 2025, principal repayments are as follows:

|                         |                  |
|-------------------------|------------------|
| Remainder of 2025 ..... | \$12,777         |
| 2026 .....              | 25,596           |
| 2027 .....              | 258,299          |
| 2028 .....              | 239,922          |
| Thereafter.....         | <u>7,796</u>     |
| Total .....             | <u>\$544,390</u> |

The REIT's liquidity position as at June 30, 2025 includes approximately \$68,521 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, including an uncertain inflationary and 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 \$69,421 of undrawn capacity under its Credit Facilities and five unencumbered properties with an aggregate value of approximately \$85,594. 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 June 30, 2025, the REIT's Debt to GBV ratio was 44.4% (December 31, 2024 – 42.4%; June 30, 2024 – 43.6%). The increase as compared to December 31, 2024 is primarily attributable to property acquisitions in YTD 2025. Management expects that the ratio of Debt to GBV may increase, at least temporarily, following an acquisition by the REIT of additional properties. Assuming successful completion of the Property Acquisitions, the REIT's Debt to GBV ratio is expected to increase to approximately 47.6%. 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 five of the REIT's investment properties as at June 30, 2025 and as of the date of this MD&A.

As at June 30, 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 \$68,521 was undrawn (approximately \$69,421 as of the date of this MD&A).

## Financing Fees

During Q2 2025 and YTD 2025, the REIT incurred financing fees of \$343 and \$888, respectively (\$nil for Q2 2024 and \$159 for YTD 2024). The amounts are accounted for using the effective interest method. As at June 30, 2025, \$2,878 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 June 30, 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 June 30, 2025.

| Remaining Term<br>Range (yrs) | Amount<br>(\$000s) | Total Swapped<br>Fixed Rate Debt<br>(%) |
|-------------------------------|--------------------|---|
| Less than 1 Year              | 82,296             | 17.8                                    |
| 1-2 Years                     | 9,700              | 2.1                                     |
| 2-5 Years                     | 209,080            | 45.2                                    |
| 5-7 Years                     | 106,736            | 23.1                                    |
| Greater than 7 Years          | 54,573             | 11.8                                    |
| <b>4.0</b>                    | <b>462,384</b>     | <b>100.0</b>                            |

As at June 30, 2025, the notional principal amount of the interest rate swaps was \$462,384 (December 31, 2024 – \$431,064) and the fair value adjustment of the interest rate swaps was \$1,868 and \$(2,860) for Q2 2025 and YTD 2025, respectively, as compared to \$(2,781) and \$2,722 for Q2 2024 and YTD 2024, respectively. As at June 30, 2025, the net liability balance of interest rate swaps and foreign exchange forward contracts in the aggregate amount of \$(1,281) was comprised of an asset balance of \$794, offset by a net liability of \$(2,075) related to interest rate swaps (June 30, 2024 – asset of \$16,892).

The weighted average interest rate swap term and Mortgage term remaining was 4.0 years as at June 30, 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 June 30, 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. 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 June 30, 2025, there are nil Class B LP Units outstanding.

### ***Unit-based compensation***

The REIT offers a 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 six-month period ended June 30, 2025, a total of 174,114 DUs, PDUs, RDUs and IDUs were granted, of which 123,290 DUs, PDUs, RDUs and IDUs were accounted for in accordance with the vesting schedule. As at June 30, 2025, a total of 1,402,285 DUs, PDUs, RDUs and IDUs have been granted, of which 1,219,934 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.

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

On August 14, 2025, the Trustees approved a \$0.018 per Unit, or 2.2%, increase to the REIT's annual cash distribution, from \$0.804 per Unit to \$0.822 per Unit. The monthly distribution will be \$0.0685 per Unit, up from \$0.0670 per Unit. The increase will be effective for the REIT's August 2025 cash distribution, to be paid on or about September 15, 2025 to Unitholders of record on August 29, 2025. The increase of the distribution reflects management's and the Trustees' confidence in the REIT's stability and cash flow. See Section 1 "General Information and Cautionary Statements – Forward-Looking Statements". The Board regularly reviews the REIT's rate of distributions to ensure an appropriate level of cash distributions.

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.

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. The information that follows as at June 30, 2025 does not give effect to the Property Acquisitions, as the acquisitions of these properties have not yet closed, nor does it give effect to the 1.5% increase in the distribution approved by the Trustees on August 14, 2025 as that increase is not yet in effect.

| <i>Calculations of financial metrics and debt covenants</i> | <b>As at June 30,<br/>2025</b> | <b>As at December 31,<br/>2024</b> |
|---|--------------------------------|------------------------------------|
| <b><i>Net Asset Value</i></b>                               |                                |                                    |
| Investment properties, IFRS value                           | \$1,229,800                    | \$1,187,364                        |
| Cash, prepaid and other assets                              | 2,057                          | 3,369                              |
| Accounts payable and accrued liabilities                    | (12,186)                       | (16,321)                           |
| Credit Facilities, Mortgages and interest rate swaps        | <u>(542,793)</u>               | <u>(499,068)</u>                   |
| Total Net Asset Value                                       | <b>\$676,878</b>               | <b>\$675,344</b>                   |

|  |  |                  |                  |
|--|--|------------------|------------------|
| Total Net Asset Value excluding interest rate swaps and forward exchange forward contracts |  | <b>\$678,159</b> | <b>\$673,765</b> |
| REIT Units and Class B LP Units outstanding  |  | 49,117,113       | 49,090,142       |

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**Debt to GBV**


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*Indebtedness outstanding:*

|   |                         |              |              |
|---|-------------------------|--------------|--------------|
| Credit Facilities & Mortgages (excludes deferred financing costs) | <b>A</b>                | \$544,390    | \$501,632    |
| Lease Liability   | <b>A1</b>               | 3,009        | 3,168        |
| <i>Gross Book Value</i>   |                         |              |              |
| Total assets  | <b>B</b>                | 1,231,857    | 1,190,733    |
| <b>Debt to GBV <sup>(1)</sup></b>                                 | <b>((A+A1)/B) X 100</b> | <b>44.4%</b> | <b>42.4%</b> |

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**Unitholders' Equity & Unit-based compensation**


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|  |  |                  |                  |
|--|--|------------------|------------------|
| Unitholders' Equity  |  | \$662,824        | \$663,402        |
| Value of Unit-based compensation                               |  | <u>14,054</u>    | <u>11,942</u>    |
| <i>Total Unitholders' Equity &amp; Unit-based compensation</i> |  | <b>\$676,878</b> | <b>\$675,344</b> |

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**Calculations of financial metrics and debt covenants**


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| <b>Interest Coverage Ratio</b>                            |            | <b><u>Q2 2025</u></b> | <b><u>Q2 2024</u></b> | <b><u>YTD 2025</u></b> | <b><u>YTD 2024</u></b> |
|---|------------|-----------------------|-----------------------|------------------------|------------------------|
| Cash NOI <sup>(2)</sup>                                   |            | \$20,635              | \$19,535              | 40,653                 | 39,044                 |
| General and administrative expenses                       |            | <u>(1,581)</u>        | <u>(1,397)</u>        | <u>(3,137)</u>         | <u>(2,782)</u>         |
| Income before interest expense and fair value adjustments | <b>C</b>   | 19,054                | 18,138                | 37,516                 | 36,262                 |
| Interest expense and other financing charges              | <b>D</b>   | (6,397)               | (6,334)               | (12,355)               | (12,659)               |
| <b>Interest Coverage Ratio<sup>(3)</sup></b>              | <b>C/D</b> | <b>3.0X</b>           | <b>2.9X</b>           | <b>3.0X</b>            | <b>2.9X</b>            |

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**Debt Service Coverage Ratio**


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|  |            |              |                 |               |                 |
|--|------------|--------------|-----------------|---------------|-----------------|
| Net income   |            | \$13,003     | \$37,288        | \$20,698      | \$58,189        |
| Interest expense and other financing charges                 |            | 6,397        | 6,334           | 12,355        | 12,659          |
| Distribution expense on Class B LP Units                     |            | -            | 1,250           | -             | 3,125           |
| Amortization of other assets                                 |            | 20           | 47              | 40            | 94              |
| Fair value adjustments, net                                  |            | <u>(122)</u> | <u>(26,445)</u> | <u>4,880</u>  | <u>(37,088)</u> |
| EBITDA <sup>(2)</sup>  | <b>E</b>   | 19,298       | 18,474          | 37,973        | 36,979          |
| Principal payments on (pay down of) debt                     |            | 6,385        | 6,473           | 12,606        | 12,892          |
| Interest payments on debt (excludes other financing charges) |            | <u>6,088</u> | <u>6,164</u>    | <u>11,729</u> | <u>12,314</u>   |
| Debt Service   | <b>F</b>   | 12,473       | 12,637          | 24,335        | 25,206          |
| <b>Debt Service Coverage Ratio <sup>(4)</sup></b>            | <b>E/F</b> | <b>1.55X</b> | <b>1.46X</b>    | <b>1.56X</b>  | <b>1.47X</b>    |

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**AFFO payout ratio**


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|                                   |  |               |               |               |               |
|-----------------------------------|--|---------------|---------------|---------------|---------------|
| AFFO <sup>(2)</sup>               |  | <u>12,578</u> | <u>11,714</u> | <u>25,005</u> | <u>23,437</u> |
| Distributions on REIT Units       |  | 9,873         | 8,610         | 19,740        | 16,595        |
| Distributions on Class B LP Units |  | <u>-</u>      | <u>1,250</u>  | <u>-</u>      | <u>3,125</u>  |
|                                   |  | 9,873         | 9,860         | 19,740        | 19,720        |



## Notes:

- (1) The Debt to GBV ratio as at June 30, 2025 increased as compared to December 31, 2024, due to the increase in debt as a result of property acquisitions completed during 2025.
- (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 Q2 2025 has increased from Q2 2024 due to increased Cash NOI.
- (4) The Debt Service Coverage Ratio for Q2 2025 has increased as compared to Q2 2024 due to increased Cash NOI from contractual rent increases, property acquisitions completed subsequent to Q2 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 June 30, 2025 held an approximate 31.2% (June 30, 2024 – 31.3%) effective interest in the REIT on a fully diluted basis, through its ownership of 15,748,507 REIT Units (June 30, 2024 – 15,748,507 REIT 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 June 30, 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](http://www.sedarplus.ca) and on the REIT's website [www.automotivepropertiesreit.ca](http://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 YTD 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 June 30, 2025, 91.0% of the REIT's debt was fixed with a weighted average interest rate of 4.36%, a weighted average interest swap term and mortgages remaining of 4.0 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 and fixed-rate periods when borrowing conditions are favourable.

As at the date of this MD&A, the REIT has approximately \$69,421 of undrawn capacity under its Credit Facilities, cash on hand of \$621 and five unencumbered properties valued at approximately \$85,594.

As at June 30, 2025, the REIT had a Debt to GBV ratio of 44.4%, \$68,521 of undrawn capacity under its Credit Facilities, cash on hand of \$621 and five unencumbered properties with an aggregate value of approximately \$85,753. Assuming successful completion of the Property Acquisitions, the REIT's Debt to GBV ratio would increase to approximately 47.6%. The Property Acquisitions are expected to be accretive to the REIT's AFFO. Section 1 "General Information and Cautionary Statements – Non-IFRS Financial Measures".

On August 14, 2025, the Trustees approved a \$0.018 per Unit, or 2.2%, increase to the REIT's annual cash distribution, from \$0.804 per Unit to \$0.822 per Unit. The monthly distribution will be \$0.0685 per Unit, up from \$0.0670 per Unit. The increase will be effective for the REIT's August 2025 cash distribution, to be paid on or about September 15, 2025 to Unitholders of record on August 29, 2025. The increase of the distribution reflects management's and the Trustees' confidence in the REIT's stability and cash flow.

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 automotive 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 and other OEM dealership and service properties located principally in Canada and the United States and 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](http://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.....                           | \$319          |
| After 1 year, but not more than 5 years..... | 1,235          |
| More than 5 years.....                       | <u>1,455</u>   |
| Total.....                                   | <u>\$3,009</u> |

## 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 Q2 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)    | Second Quarter<br>2025   | First Quarter<br>2025    | Fourth Quarter<br>2024 | Third Quarter<br>2024    | Second Quarter<br>2024   | First Quarter<br>2024    | Fourth Quarter<br>2023   | Third Quarter<br>2023    |
|--|--------------------------|--------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Number of Properties                               | 80 <sup>(i)</sup>        | 79 <sup>(i)</sup>        | 78 <sup>(i)</sup>      | 77 <sup>(i)</sup>        | 77 <sup>(i)</sup>        | 77 <sup>(i)</sup>        | 77 <sup>(i)</sup>        | 77 <sup>(i)</sup>        |
| GLA (sq. ft.)                                      | 2,992,417 <sup>(i)</sup> | 2,967,417 <sup>(i)</sup> | 2,873,417              | 2,872,139 <sup>(i)</sup> | 2,872,139 <sup>(i)</sup> | 2,872,139 <sup>(i)</sup> | 2,872,139 <sup>(i)</sup> | 2,872,139 <sup>(i)</sup> |
| Rental revenue                                     | 24,601                   | 23,902                   | 23,415                 | 23,533                   | 23,515                   | 23,413                   | 23,291                   | 23,378                   |
| Net Operating Income                               | 20,859                   | 20,211                   | 19,765                 | 19,897                   | 19,824                   | 19,843                   | 19,741                   | 19,671                   |
| Net Income (loss)                                  | 13,003                   | 7,695                    | 12,046                 | 1,766                    | 37,288                   | 20,901                   | (15,199)                 | 28,332                   |
| Net Income per Unit — basic <sup>(ii)</sup>        | 0.265                    | 0.156                    | 0.245                  | 0.036                    | 0.760                    | 0.426                    | (0.310)                  | 0.578                    |
| Net Income per Unit — diluted <sup>(iii)</sup>     | 0.258                    | 0.152                    | 0.239                  | 0.035                    | 0.742                    | 0.417                    | (0.303)                  | 0.566                    |
| FFO per Unit — basic <sup>(iv)</sup>               | 0.261                    | 0.257                    | 0.242                  | 0.243                    | 0.245                    | 0.246                    | 0.243                    | 0.244                    |
| FFO per Unit — diluted <sup>(v)</sup>              | 0.254                    | 0.251                    | 0.236                  | 0.237                    | 0.239                    | 0.241                    | 0.238                    | 0.239                    |
| AFFO per Unit — basic <sup>(iv)</sup>              | 0.256                    | 0.253                    | 0.238                  | 0.238                    | 0.239                    | 0.239                    | 0.235                    | 0.234                    |
| AFFO per Unit — diluted <sup>(v)</sup>             | 0.249                    | 0.247                    | 0.232                  | 0.233                    | 0.233                    | 0.234                    | 0.230                    | 0.230                    |
| AFFO payout ratio                                  | 80.7%                    | 81.4%                    | 86.60%                 | 86.3%                    | 86.3%                    | 85.9%                    | 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                     | 49,117,113               | 49,094,337               | 49,090,142             | 49,072,488               | 49,054,833               | 49,054,833               | 49,054,833               | 49,054,833               |
| Weighted average Units — diluted                   | 50,496,712               | 50,333,328               | 50,297,193             | 50,286,264               | 50,268,740               | 50,113,221               | 50,082,627               | 50,052,016               |
| Market price per REIT Unit — close (end of period) | \$11.52                  | \$10.22                  | \$10.89                | \$12.28                  | \$9.76                   | \$10.30                  | \$10.78                  | \$10.45                  |
| Total assets                                       | 1,231,857                | 1,215,487                | 1,190,733              | 1,212,514                | 1,220,323                | 1,199,959                | 1,193,907                | 1,215,242                |
| Debt to GBV  | 44.4%                    | 43.8%                    | 42.40%                 | 43.7%                    | 43.6%                    | 44.6%                    | 45.0%                    | 44.5%                    |
| Debt service coverage ratio                        | 1.55X                    | 1.57X                    | 1.53X                  | 1.50X                    | 1.47X                    | 1.48X                    | 1.46X                    | 1.47X                    |

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 June 30, 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 June 30, 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

The increase in rental revenue and NOI is primarily attributable to property acquisitions subsequent to Q2 2024, partially offset by the reduction of rent from the sale of the Kennedy Lands. 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, except as described below, remain unchanged at the date of this MD&A and are available at [www.sedarplus.ca](http://www.sedarplus.ca).

### **Possible Failure to Complete the Property Acquisitions**

The REIT expects to complete the Property Acquisitions in the third quarter of 2025, in each case subject to customary closing conditions. The REIT, however, has no control over whether or not all of the conditions will be met and there can be no assurance that all conditions will be satisfied or waived or that the Property Acquisitions will be consummated on the specified timeframes or at all.

If one or more of the Property Acquisitions are not consummated, the REIT will not realize the benefits of the acquisition and could suffer adverse consequences. Furthermore, the price of the REIT Units may decline to the extent that the relevant current market price reflects a market assumption that the Property Acquisitions will be completed and certain costs related to the Property Acquisitions, such as legal, accounting and consulting fees, must be paid even if the Property Acquisitions are not completed. The REIT may be unable to identify other transactions offering financial returns and benefits comparable to those of the Property Acquisitions.



**Automotive Properties Real Estate Investment Trust**  
**Unaudited Condensed Consolidated Interim Financial Statements**  
For the period ended June 30, 2025



# Automotive Properties REIT

## Condensed Consolidated Interim Balance Sheets (Unaudited)

| <i>(in thousands of Canadian dollars)</i>                  | Note | As at<br>June 30, 2025 | As at<br>December 31, 2024 |
|--|------|------------------------|----------------------------|
| <b>ASSETS</b>  |      |                        |                            |
| Cash and cash equivalents                                  |      | \$621                  | 336                        |
| Accounts receivable and other assets                       | 5    | 1,436                  | 1,454                      |
| Interest rate swaps and foreign exchange forward contracts | 6    | -                      | 1,579                      |
| Investment properties                                      | 4    | 1,229,800              | 1,187,364                  |
| <b>Total assets</b>  |      | <b>\$1,231,857</b>     | <b>\$1,190,733</b>         |
| <b>LIABILITIES AND UNITHOLDERS' EQUITY</b>                 |      |                        |                            |
| <b>Liabilities:</b>  |      |                        |                            |
| Accounts payable and accrued liabilities                   | 7    | \$12,186               | \$16,321                   |
| Credit facilities and mortgages payable                    | 6    | 541,512                | 499,068                    |
| Interest rate swaps and foreign exchange forward contracts | 6    | 1,281                  | -                          |
| Unit-based compensation                                    | 10   | 14,054                 | 11,942                     |
| <b>Total liabilities</b>                                   |      | <b>569,033</b>         | <b>527,331</b>             |
| Unitholders' equity  |      | 662,824                | 663,402                    |
| <b>Total liabilities and unitholders' equity</b>           |      | <b>\$1,231,857</b>     | <b>\$1,190,733</b>         |

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)

|  |       | Three months ended June 30, |           | Six months ended June 30, |           |
|--|-------|-----------------------------|-----------|---------------------------|-----------|
| (in thousands of Canadian dollars)   | Note  | 2025                        | 2024      | 2025                      | 2024      |
| Net Property Income  |       |                             |           |                           |           |
| Rental revenue from investment properties and investment properties held for sale      | 11    | \$24,601                    | \$23,515  | \$48,503                  | \$46,928  |
| Property costs   | 11    | (3,742)                     | (3,691)   | (7,433)                   | (7,261)   |
| Net Operating Income   |       | \$20,859                    | \$19,824  | \$41,070                  | \$39,667  |
| Other Income (Expenses)  |       |                             |           |                           |           |
| General and administrative expenses  |       | \$(1,581)                   | \$(1,397) | \$(3,137)                 | \$(2,782) |
| Interest expense and other financing charges   |       | (6,397)                     | (6,334)   | (12,355)                  | (12,659)  |
| Fair value adjustment on interest rate swaps and foreign exchange forward contracts    | 6     | 1,868                       | (2,781)   | (2,860)                   | 2,722     |
| Distribution expense on Class B LP Units   | 8     | -                           | (1,250)   | -                         | (3,125)   |
| Fair value adjustment on Class B LP Units and Unit-based compensation                  | 9, 10 | (1,527)                     | 5,333     | (764)                     | 10,335    |
| Fair value adjustment on investment properties and investment properties held for sale | 4     | (219)                       | 23,893    | (1,256)                   | 24,031    |
| Net Income   |       | \$13,003                    | \$37,288  | \$20,698                  | \$58,189  |
| Exchange loss arising on translation of foreign operations                             |       | (1,763)                     | -         | (\$1,817)                 | -         |
| Net Income and Other Comprehensive Income  |       | \$11,240                    | \$37,288  | \$18,881                  | \$58,189  |

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 six months ended June 30, 2025  
(in thousands of Canadian dollars)

|  | Note | Trust Units      | Cumulative Net Income | Cumulative Distributions to Unitholders | Accumulated Other Comprehensive Income | Total            |
|--|------|------------------|-----------------------|---|--|------------------|
| <b>Unitholders' Equity at December 31, 2024</b>            |      | <b>\$496,419</b> | <b>\$391,878</b>      | <b>\$(224,895)</b>                      | <b>-</b>                               | <b>\$663,402</b> |
| Units issued, net of costs                                 | 9    | 281              | -                     | -                                       | -                                      | 281              |
| Net Income   |      | -                | 20,698                | -                                       | -                                      | 20,698           |
| Distributions  | 8    | -                | -                     | (19,740)                                | -                                      | (19,740)         |
| Exchange loss arising on translation of foreign operations |      | -                | -                     | -                                       | (1,817)                                | (1,817)          |
| <b>Unitholders' Equity at June 30, 2025</b>                |      | <b>\$496,700</b> | <b>\$412,576</b>      | <b>\$(244,635)</b>                      | <b>\$(1,817)</b>                       | <b>662,824</b>   |

For the six months ended June 30, 2024  
(in thousands of Canadian dollars)

|   | Note | Trust Units      | Cumulative Net Income | Cumulative Distributions to Unitholders | Total          |
|---|------|------------------|-----------------------|---|----------------|
| <b>Unitholders' Equity at December 31, 2023</b> |      | <b>\$404,708</b> | <b>\$319,877</b>      | <b>\$(184,591)</b>                      | <b>539,994</b> |
| Issuance of Units                               | 9    | 91,316           | -                     | -                                       | 91,316         |
| Net Income                                      |      | -                | 58,189                | -                                       | 58,189         |
| Distributions                                   | 8    | -                | -                     | (16,595)                                | (16,595)       |
| <b>Unitholders' Equity at June 30, 2024</b>     |      | <b>\$496,024</b> | <b>\$378,066</b>      | <b>\$(201,186)</b>                      | <b>672,904</b> |

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

# Automotive Properties REIT

## Condensed Consolidated Interim Statements of Cash Flow (Unaudited)

| <i>(in thousands of Canadian dollars)</i>  |      | Three months ended |                 | Six months ended |                 |
|--|------|--------------------|-----------------|------------------|-----------------|
|  |      |                    | June 30,        |                  | June 30,        |
|  | Note | 2025               | 2024            | 2025             | 2024            |
| <b>OPERATING ACTIVITIES</b>  |      |                    |                 |                  |                 |
| Net income   |      | \$13,003           | \$37,288        | \$20,698         | \$58,189        |
| Straight-line rent   |      | (125)              | (203)           | (219)            | (451)           |
| Non-cash compensation expense  |      | 555                | 609             | 1,152            | 1,289           |
| Fair value adjustment on interest rate swaps and foreign exchange forward contract     |      | (1,868)            | 2,781           | 2,860            | (2,722)         |
| Distribution expense on Class B LP Units   |      | -                  | 1,250           | -                | 3,125           |
| Fair value adjustment on Class B LP Units and Unit-based compensation                  |      | 1,527              | (5,333)         | 764              | (10,335)        |
| Fair value adjustment on investment properties and investment properties held for sale |      | 219                | (23,893)        | 1,256            | (24,031)        |
| Interest expense and other charges   |      | 6,100              | 6,136           | 11,781           | 12,258          |
| Financing fees   |      | 297                | 198             | 574              | 401             |
| Amortization of other assets   |      | 7                  | 36              | 32               | 72              |
| Change in non-cash operating accounts  | 16   | (120)              | 336             | (402)            | 659             |
| <b>Cash Flow from operating activities</b>   |      | <b>19,595</b>      | <b>19,205</b>   | <b>38,496</b>    | <b>38,454</b>   |
| <b>INVESTING ACTIVITIES</b>  |      |                    |                 |                  |                 |
| Acquisitions of investment properties  | 3    | (18,160)           | -               | (44,329)         | -               |
| <b>Cash Flow used in investing activities</b>  |      | <b>(18,160)</b>    | <b>-</b>        | <b>(44,329)</b>  | <b>-</b>        |
| <b>FINANCING ACTIVITIES</b>  |      |                    |                 |                  |                 |
| Net Proceeds from Credit Facilities and Mortgages                                      |      | 21,900             | 3,300           | 55,300           | 6,800           |
| Principal repayment on Credit Facilities and Mortgages                                 |      | (6,385)            | (6,473)         | (12,607)         | (12,892)        |
| Interest paid  |      | (6,088)            | (6,164)         | (11,729)         | (12,314)        |
| Financing fees paid  |      | (343)              | -               | (888)            | (159)           |
| Repayments on lease liabilities  |      | (121)              | (121)           | (242)            | (229)           |
| Distributions to REIT unitholders and Class B LP unitholders                           | 8    | (9,873)            | (9,860)         | (23,716)         | (19,720)        |
| <b>Cash Flow from (used in) financing activities</b>                                   |      | <b>(910)</b>       | <b>(19,318)</b> | <b>6,118</b>     | <b>(38,514)</b> |
| Net increase (decrease) in cash and cash equivalents during the period                 |      | 525                | (113)           | 285              | (60)            |
| Cash and cash equivalents, beginning of period   |      | 96                 | 351             | 336              | 298             |
| <b>Cash and cash equivalents, end of period</b>  |      | <b>\$621</b>       | <b>\$238</b>    | <b>\$621</b>     | <b>\$238</b>    |

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

# Notes to the Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(in thousands of Canadian dollars, except Unit and per Unit amounts)

## 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 June 30, 2025 (December 31, 2024 – 31.3%), through the ownership, direction or control of 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 June 30, 2025, the REIT owned 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 Quebec 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 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 80 income-producing commercial properties as at June 30, 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., APR (Britton Parkway) Limited Partnership and APR Dale Mabry 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 August 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 and investment properties held for sale 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 properties, 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 and investment properties held for sale. Valuation inputs and assumptions relating to rental income, rent collection, reserves and discount rates may change over time.

## 3. ACQUISITIONS AND DISPOSITIONS

During the six-month period ended June 30, 2025, the REIT completed the following acquisitions:

| Property                      | Location   | Date of Acquisition | Total Investment Properties <sup>(1)</sup> |
|-------------------------------|------------|---------------------|--|
| Columbus Tesla <sup>(i)</sup> | Dublin, OH | March 11, 2025      | \$26,679                                   |
| Tampa Rivian <sup>(ii)</sup>  | Tampa, FL  | April 11, 2025      | \$18,639                                   |
| <b>Total Acquisitions</b>     |            |                     | <b>\$45,318</b>                            |

(1) Includes acquisition costs.

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

(ii) On April 11, 2025, the REIT acquired the real estate underlying an automotive dealership property located in Tampa Bay, Florida, USA ("Tampa Rivian") for a purchase price of US\$13,075 plus acquisition costs of US\$345, translated to a total of CDN \$18,639. Tampa Rivian is under lease with Rivian and consists of approximately 25,000 square feet of GLA on 2.7 acres of land. The REIT funded the purchase price of Tampa Rivian primarily by drawing on its revolving credit facilities.

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

| Property                           | Location         | Date of Acquisition | Total Investment Properties <sup>(2)</sup> |
|------------------------------------|------------------|---------------------|--|
| Strongco (Nors) <sup>(iii)</sup>   | Boucherville, QC | November 25, 2024   | \$14,530                                   |
| Brandt Tractor <sup>(iii)</sup>    | Brossard, QC     | November 25, 2024   | \$11,879                                   |
| McNaught Expansion <sup>(iv)</sup> | Winnipeg, MB     | October 15, 2024    | \$7,100                                    |
| <b>Total Acquisitions</b>          |                  |                     | <b>\$33,509</b>                            |

(2) Includes acquisition costs.

(iii) 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.

- (iv) 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 <sup>(3)</sup> |
|------------------------------|-------------|---------------------|--|
| Kennedy Lands <sup>(i)</sup> | Markham, ON | October 1, 2024     | \$53,800                                   |
| <b>Total Dispositions</b>    |             |                     | <b>\$53,800</b>                            |

(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 AND INVESTMENT PROPERTIES HELD FOR SALE

|  | Income producing properties | Right-of-use assets | June 30, 2025      | December 31, 2024  |
|--|-----------------------------|---------------------|--------------------|--------------------|
| Balance, beginning of period                   | \$1,184,572                 | \$2,792             | \$1,187,364        | 1,179,315          |
| Acquisitions <sup>(1)</sup>                    | 45,318                      | -                   | 45,318             | 33,509             |
| Disposition <sup>(2)</sup>                     | -                           | -                   | -                  | (53,800)           |
| Fair value adjustment on investment properties | (1,114)                     | (142)               | (1,256)            | 27,664             |
| Straight-line rent                             | 219                         | -                   | 219                | 676                |
| Foreign currency translation                   | (1,845)                     | -                   | (1,845)            | -                  |
| <b>Balance, end of period</b>                  | <b>\$1,277,150</b>          | <b>\$2,650</b>      | <b>\$1,229,800</b> | <b>\$1,187,364</b> |

(1) Includes acquisition costs of \$1,698 (December 31, 2024 – \$1,059)

(2) Includes disposition costs of nil (December 31, 2024 – \$200)

#### 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 and six months ended June 30, 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 6.73% as at June 30, 2025 (March 31, 2025 – 6.70%). The following table highlights the significant valuation inputs used in determining the fair value of the REIT’s income producing properties:

#### Significant Valuation Inputs

| Total Income Producing Properties | June 30, 2025  |                  | December 31, 2024 |                  |
|-----------------------------------|----------------|------------------|-------------------|------------------|
|                                   | Range          | Weighted average | Range             | Weighted average |
| Discount rate                     | 5.30% - 11.50% | 7.57%            | 5.25% - 11.45%    | 7.53%            |

|                              |                       |              |                |       |
|------------------------------|-----------------------|--------------|----------------|-------|
| Terminal capitalization rate | <b>5.05% - 11.25%</b> | <b>7.21%</b> | 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 \$47,300 or \$(44,000), respectively, as of June 30, 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 \$98,400 or \$(84,800), respectively, as of June 30, 2025.

### Rental Commitments

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

|   |                  |
|---|------------------|
| Within 1 year .....                           | \$83,224         |
| After 1 year, but not more than 5 years ..... | 321,964          |
| More than 5 years .....                       | 392,328          |
|   | <u>\$797,516</u> |

## 5. ACCOUNTS RECEIVABLE AND OTHER ASSETS

| As at                                    | June 30, 2025  | December 31, 2024 |
|--|----------------|-------------------|
| Prepaid indemnity fee <sup>(1)</sup>     | <b>\$192</b>   | \$218             |
| Right-of-use assets, net of depreciation | <b>47</b>      | 47                |
| Prepaid and other receivables            | <b>1,197</b>   | 1,189             |
|  | <b>\$1,436</b> | \$1,454           |

(1) See Note 15 – Related Party Transactions.

## 6. CREDIT FACILITIES AND MORTGAGES PAYABLE

(a) Credit facilities and mortgages payable consist of:

| As at                         | June 30, 2025    | December 31, 2024 |
|-------------------------------|------------------|-------------------|
| Facility 1 <sup>(i)</sup>     | <b>\$251,527</b> | \$237,117         |
| Facility 2 <sup>(ii)</sup>    | <b>75,258</b>    | 76,820            |
| Facility 3 <sup>(iii)</sup>   | <b>184,381</b>   | 153,821           |
| Mortgages <sup>(iv)</sup>     | <b>33,224</b>    | 33,874            |
| Total                         | <b>544,390</b>   | 501,632           |
| Financing fees <sup>(v)</sup> | <b>(2,878)</b>   | (2,564)           |
|                               | <b>\$541,512</b> | \$499,068         |

(i) Facility 1 includes:

A non-revolving loan in the amount of \$230,627 (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. 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 0.1 to 8.7 years as at June 30, 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 \$20,900 was drawn as at June 30, 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 \$75,258 (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 0.1 to 5.3 years as at June 30, 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 June 30, 2025 (December 31, 2024 – \$nil).

(iii) Facility 3 includes:

A non-revolving loan in the amount of \$184,381 (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. In June 2025, the REIT increased the amount of the non-revolving portion of Facility 3 by \$35,000. On July 2, 2025, with an effective date of June 30, 2025 the REIT renewed a \$9,875 floating-to-fixed interest rate swap for a term of six years at an interest rate of 4.58%. The REIT entered into floating-to-fixed interest rate swaps with remaining terms of 0.5 to 7.5 years as at June 30, 2025, which resulted in a weighted average effective interest rate of 4.35% (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 \$nil was drawn as at June 30, 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 June 30, 2025, the weighted average interest rate of the Mortgages was 3.90% (December 31, 2024 - 3.89%).

(v) During the six-month period ended June 30, 2025, the REIT incurred financing fees of \$343 (June 30, 2024 - \$nil). The amounts are accounted for using the effective interest method, and \$2,878 remains unamortized at June 30, 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 June 30, 2025, the REIT had five unencumbered properties with an aggregate fair value of approximately \$85,594 (December 31, 2024 – four unencumbered properties with an aggregate fair value of approximately \$43,840).

Principal repayments are as follows:

|                 |                  |
|-----------------|------------------|
| 2025.....       | \$12,777         |
| 2026.....       | 25,596           |
| 2027.....       | 258,299          |
| 2028.....       | 239,922          |
| Thereafter..... | <u>7,796</u>     |
| Total .....     | <u>\$544,390</u> |

(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).

As at June 30, 2025, the notional principal amount of the interest rate swaps was \$462,384 (December 31, 2024 – \$431,064) and the fair value adjustment of the interest rate swaps and the foreign exchange contracts was \$2,392 and \$(524), totaling \$1,868 for the three months ended June 30, 2025 and the fair value adjustment of the interest rate swaps and the foreign exchange contracts was \$(2,369) and \$(491), totaling \$(2,860) for the six months ended June 30, 2025, compared to the fair value adjustment of the interest rate swaps of \$(2,781) and \$2,722 for the three- and six-month periods ended June 30, 2024, respectively.

As at June 30, 2025, the net liability balance of interest rate swaps and foreign exchange forward contracts in the aggregate amount of (\$1,281) was comprised of an asset balance of \$794, offset by a liability balance of (\$2,075) 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 an asset balance of \$1,882 in respect of interest rate swaps and an asset balance of \$491 in respect of the foreign exchange forward contracts, partially offset by a liability of \$794 related to interest rate swaps).

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of:

| As at                                    | June 30, 2025   | December 31, 2024 |
|--|-----------------|-------------------|
| Accounts payable and accrued liabilities | <b>\$5,285</b>  | \$5,199           |
| Accrued interest                         | <b>602</b>      | 689               |
| Distributions payable (Note 8)           | <b>3,290</b>    | 7,265             |
| Lease liabilities                        | <b>3,009</b>    | 3,168             |
|  | <b>\$12,186</b> | \$16,321          |

As at June 30, 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 .....                           | \$319          |
| After 1 year, but not more than 5 years ..... | 1,235          |
| More than 5 years .....                       | 1,455          |
| Total .....                                   | <u>\$3,009</u> |

## 8. DISTRIBUTIONS

|                             | Three months ended June 30, 2025 |                     |          | Three months ended June 30, 2024 |                     |          |
|-----------------------------|----------------------------------|---------------------|----------|----------------------------------|---------------------|----------|
|                             | Units                            | Class B<br>LP Units | Total    | Units                            | Class B<br>LP Units | Total    |
| Paid in Cash                | \$9,873                          | -                   | \$9,873  | \$8,610                          | \$1,250             | \$9,860  |
| Declared                    | 9,873                            | -                   | 9,873    | 8,610                            | 1,250               | 9,860    |
| Payable as at period end    | 3,290                            | -                   | 3,290    | 3,287                            | -                   | 3,287    |
|                             | Six months ended June 30, 2025   |                     |          | Six months ended June 30, 2024   |                     |          |
|                             | Units                            | Class B<br>LP Units | Total    | Units                            | Class B<br>LP Units | Total    |
| Paid in Cash <sup>(1)</sup> | \$23,716                         | -                   | \$23,716 | \$16,595                         | \$3,125             | \$19,720 |
| Declared                    | 19,740                           | -                   | 19,740   | 16,595                           | 3,125               | 19,720   |
| Payable as at period end    | 3,290                            | -                   | 3,290    | 3,287                            | -                   | 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 June 30, 2025, there are nil Class B LP Units issued and outstanding.

### For the six months ended June 30, 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)            |
| <b>Total Units, end of period</b>    | <b>49,117,113</b> | <b>\$496,700</b> |

**For the year ended December 31, 2024**

|   | <b>Units</b>      | <b>Amount</b>    |
|---|-------------------|------------------|
| 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)         |
| <b>Total Units, end of year</b>                         | <b>49,090,142</b> | <b>\$496,419</b> |
| 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)          |
| <b>Total Class B LP Units, end of year</b>              | <b>-</b>          | <b>-</b>         |
| <b>Total Units and Class B LP Units, end of year</b>    | <b>49,090,142</b> | <b>\$496,419</b> |

**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 six months ended June 30, 2025, the REIT accrued short-term incentive awards in the amount of \$336 which will be settled by the granting of DUs and/or cash (June 30, 2024 – \$336).

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:

|              | <b>Units<br/>Granted<sup>(2)(3)</sup></b> | <b>Units Outstanding<br/>and Vested<sup>(1)</sup></b> | <b>Outstanding Unit-based<br/>compensation End of Period<sup>(2)</sup></b> |
|--------------|---|---|--|
| DUs          | <b>735,819</b>                            | <b>729,479</b>  | <b>8,404</b>   |
| PDUs         | <b>181,230</b>                            | <b>120,495</b>  | <b>1,388</b>   |
| RDUs         | <b>155,072</b>                            | <b>98,573</b>   | <b>1,136</b>   |
| IDUs         | <b>330,164</b>                            | <b>271,387</b>  | <b>3,126</b>   |
| <b>Total</b> | <b>1,402,285</b>                          | <b>1,219,934</b>                                      | <b>\$14,054</b>  |



**As at December 31, 2024**

|              | <b>Units<br/>Granted</b> | <b>Units Outstanding<br/>and Vested<sup>(1)</sup></b> | <b>Outstanding Unit-based<br/>compensation End of Year</b> |
|--------------|--------------------------|---|--|
| DUs          | 671,070                  | 666,346   | 7,256  |
| PDUs         | 142,515                  | 97,722  | 1,064  |
| RDU          | 116,418                  | 79,602  | 867  |
| IDUs         | 298,168                  | 252,974   | 2,755  |
| <b>Total</b> | <b>1,228,171</b>         | <b>1,096,644</b>                                      | <b>\$11,942</b>  |

(1) Units Granted and Units Outstanding are net of redemption, surrendered and cancelled.

(2) For the six-month period ended June 30, 2025, 174,114 DUs, PDUs, RDUs and IDUs were granted, of which 77,369 PDUs and RDUs and 31,996 IDUs were accounted for in accordance with the vesting schedule.

(3) Includes a fair value loss of \$764 for the six months ended June 30, 2025 (June 30, 2024 – gain of \$1,101).

## 11. RENTAL REVENUE AND PROPERTY COSTS

### (a) Rental Revenue

| <i>For the three months ended June 30,</i> | <b>2025</b>     | <b>2024</b> |
|--|-----------------|-------------|
| Base rent                                  | <b>\$20,734</b> | \$19,621    |
| Property tax recoveries                    | <b>3,742</b>    | 3,691       |
| Straight line rent adjustment              | <b>125</b>      | 203         |
| <b>Rental revenue</b>                      | <b>\$24,601</b> | \$23,515    |

| <i>For the six months ended June 30,</i> | <b>2025</b>     | <b>2024</b> |
|--|-----------------|-------------|
| Base rent                                | <b>\$40,851</b> | \$39,216    |
| Property tax recoveries                  | <b>7,433</b>    | 7,261       |
| Straight line rent adjustment            | <b>219</b>      | 451         |
| <b>Rental revenue</b>                    | <b>\$48,503</b> | \$46,928    |

### (b) Property Costs

| <i>For the three months ended June 30,</i> | <b>2025</b>    | <b>2024</b> |
|--|----------------|-------------|
| Property tax expense                       | <b>\$3,742</b> | \$3,691     |
| <b>Property cost</b>                       | <b>\$3,742</b> | \$3,691     |

| <i>For the six months ended June 30,</i> | <b>2025</b>    | <b>2024</b> |
|--|----------------|-------------|
| Property tax expense                     | <b>\$7,433</b> | \$7,261     |
| <b>Property cost</b>                     | <b>\$7,433</b> | \$7,261     |

## 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 June 30, 2025, totaled \$1,204,336 (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 June 30, 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 June 30, 2025:

| Financial Assets/(Liabilities)                             | Classification/<br>Measurement | Carrying Value     | Fair Value         |
|--|--------------------------------|--------------------|--------------------|
| Credit Facilities and Mortgages payable                    | Amortized Cost                 | \$(541,512)        | \$(544,390)        |
| Interest Rate Swaps and Foreign Exchange Forward Contracts | FVTPL                          | (1,281)            | (1,281)            |
| Unit-based compensation                                    | FVTPL                          | (14,054)           | (14,054)           |
|  |                                | <b>\$(556,847)</b> | <b>\$(559,725)</b> |

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

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

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 June 30, 2025 is \$1,229,800 (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 June 30, 2025 is \$544,390 (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 June 30, 2025 is \$1,281 (December 31, 2024 – asset balance of \$1,088). The fair value of the REIT's foreign exchange forward contracts which represents an asset balance as at June 30, 2025, is \$nil (December 31, 2024 – \$491). The fair value of an interest rate swap and foreign exchange forward contracts 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 June 30, 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 June 30, 2025 is \$14,054 (December 31, 2024 – \$11,942). The fair value of Unit-based compensation is based on the traded value of the Units as at June 30, 2025 (Level 2).

## 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 reduce 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 as 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.

*Exchange loss arising on translation of foreign operations* – Assets and debt held in U.S. dollars converted to Canadian dollars as at June 30, 2025

### **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**

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The REIT's largest Unitholder and lead tenant is the Dilawri Group, which as at June 30, 2025 held an approximate 31.2% (December 31, 2024 – 31.3%) effective 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 48.5% and 49.3% of the REIT's rental income for the three- and six-month periods ended June 30, 2025, respectively (53.5% and 53.7% for the three- and six-month periods ended June 30, 2024, respectively).

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 June 30, 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 during the six months ended June 30, 2025.

## 16. SUPPLEMENTARY INFORMATION

### Changes in non-cash operating accounts

| <i>(in thousands of Canadian dollars)</i> | Three months ended<br>June 30, |       | Six months ended<br>June 30, |       |
|---|--------------------------------|-------|------------------------------|-------|
|   | 2025                           | 2024  | 2025                         | 2024  |
| Accounts receivable and other assets      | <b>\$(566)</b>                 | \$802 | <b>\$(1,469)</b>             | \$657 |
| Accounts payable and accrued liabilities  | <b>446</b>                     | (466) | <b>1,067</b>                 | 2     |
| Change in non-cash operating accounts     | <b>\$(120)</b>                 | \$336 | <b>\$(402)</b>               | \$659 |

## 17. SUBSEQUENT EVENTS

On July 4, 2025, the REIT renewed a floating-to-fixed interest rate swap within Facility 2 in the amount of \$9,287 for a term of five years at an interest rate of 4.58%.

On August 14, 2025, the REIT waived conditions for the purchase of a portfolio of five automotive dealership properties and one collision centre property located in Île-Perrot, Québec (collectively, the "Île-Perrot Properties"), indemnified by Groupe AutoForce Inc. for an aggregate purchase price of approximately \$70,500, subject to customary adjustments. The Île-Perrot Properties consist of an aggregate of 177,932 square-feet of GLA (GM Île-Perrot, Île-Perrot Toyota, Mazda 2-20, Hyundai Île-Perrot, Ford Île-Perrot and a body shop) situated on approximately 28.0 acres of land. The acquisition of the Île-Perrot Properties is expected to close in the third quarter of 2025, subject to customary closing conditions. The REIT expects to fund the acquisition of the Île-Perrot Properties through the issuance by the Partnership of \$10,000 of Class B LP Units at a price per Class B LP Unit equal to \$12.00 with the balance to be funded by the REIT by increasing and drawing on its existing credit facilities.

On August 14, 2025, the REIT waived conditions for the purchase of the automotive real estate underlying an 34,938 square-foot dealership property situated on 6.4 acres of land located in 4000 Shader Rd in Orlando, Florida (the "Orlando Property") for USD \$16,800. The Orlando Property is comprised of a sales, delivery and service facility tenanted by Rivian LLC. The REIT expects to close the Orlando Property acquisition in the third quarter of 2025, subject to customary closing conditions. The REIT expects to fund the Orlando Property with increasing and drawing on its existing credit facilities.

On August 14, 2025, the Trustees approved a \$0.018 per Unit, or 2.2%, increase to the REIT's annual cash distribution, from \$0.804 per Unit to \$0.822 per Unit. The monthly distribution will be \$0.0685 per Unit, up from \$0.0670 per Unit. The increase will be effective for the REIT's August 2025 cash distribution, to be paid on or about September 15, 2025 to Unitholders of record on August 29, 2025.