Automotive Properties Real Estate Investment Trust

Management's Discussion and Analysis

September 30, 2024

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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 nine-month periods ended September 30, 2024. 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 September 30, 2024 ("Q3 2024") are against results for the three months ended September 30, 2023 ("Q3 2023"), and all comparisons of results for the nine months ended September 30, 2024 ("YTD 2024") are against results for the nine months ended September 30, 2023 ("YTD 2023"), 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 nine months ended September 30, 2024. Further information about the REIT can be found in the REIT's annual information form dated March 7, 2024 (the "AIF"). The AIF, along with other continuous disclosure documents required by the Canadian securities regulators, can be found on the REIT's SEDAR+ profile at www.sedarplus.ca and on the REIT's website at www.automotivepropertiesreit.ca. This MD&A is dated November 13, 2024.

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 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 76 income-producing commercial properties. The properties are located in metropolitan areas across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec, totaling approximately 2.8 million square feet of gross leasable area ("GLA") on approximately 243 acres of land.

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 (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, held an approximate 31.3% effective interest in the REIT on a fully diluted basis as at September 30, 2024 (December 31, 2023 – 31.4%), 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 31.3% effective interest in the REIT on a fully diluted basis through the ownership, direction and control of 15,748,507 REIT Units and nil Class B LP 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".

In March 2024, the REIT and StorageVault Canada Inc. (“StorageVault”) entered into a new mortgage in the amount of approximately $8,000 for a term of three years at an interest rate of 5.73%. Pursuant to the Joint Arrangement, the REIT will account for $4,000 of the Mortgage.

In June 2024, the REIT entered into a floating-to-fixed interest rate swap in the amount of $9,452 under Facility 2, for a term of four years at an interest rate of 5.40%. See Section 7 “Liquidity and Capital Resources”.

On August 1, 2024, the maturity date of Facility 2 was amended and extended from January 2025 to January 2028 with no changes to the credit spread. The principal balance is repayable in equal monthly blended payments, changed from a 20-year amortization schedule to a 25 year amortization schedule. In addition, the capacity under the revolving portion of Facility 2 was increased from $15,000 to $20,000. See Section 7 “Liquidity and Capital Resources”.

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 (the “Sale Transaction”). The fair value adjustment on investment properties and investment properties held for sale for the nine months ended September 30, 2024 includes a gain of $23,760 as a result of entering into the sale agreement relating to the sale of the Kennedy Lands (the “Sale Agreement”). The REIT used the net proceeds from the sale of the Kennedy Lands primarily to repay indebtedness under its existing revolving credit facilities in full, which provided the REIT with additional acquisition capacity. This repayment lowered the REIT’s Debt to GBV (as defined below) ratio to 41.8% as at October 1, 2024 (as compared to 43.7% as at September 30, 2024) (See “Non-IFRS Financial Measures” below). In addition to the $54,000 initial sale price, the REIT has the potential to benefit from the successful rezoning of the Kennedy Lands through the payment of additional cash consideration should the Kennedy Lands be successfully rezoned with density in excess of an agreed threshold, without incurring any of the risks related to the redevelopment of the Kennedy Lands.

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 a 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.

On October 31, 2024, the REIT announced that it had entered into an agreement to acquire two heavy construction equipment dealership properties located in the Greater Montreal Area (the “Greater Montreal Properties”) for a purchase price of approximately $25,400. 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 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 triple-net lease on the Brandt Tractor Ltd. heavy construction equipment dealership property, is a mid-term lease, and includes contractual bi-annual fixed rent increases. The Strongco heavy construction equipment dealership property is tenanted pursuant to a mid-term lease, and includes contractual annual fixed rent increases. The REIT expects to close the acquisition of the Greater Montreal Properties by December 2024, subject to customary closing conditions. The REIT expects to fund the acquisition of the Greater Montreal Properties with cash on hand and draws on its revolving credit facilities which had been paid down in full using a portion of the net proceeds from the sale of the Kennedy Lands.

On October 31, 2024, the REIT also announced that it had entered into an agreement to acquire the real estate underlying a 25,000 square-foot automotive dealership property situated on 2.75 acres of land located at 701 North Dale Mabry Highway in Tampa, Florida (the “Tampa Property”) for approximately US $13,500 (approximately C$18,800). The Tampa Property is comprised of a sales, delivery and service facility tenanted by Rivian LLC, which recently completed a major renovation to the facility, under a long term, triple-net lease that includes contractual fixed annual rent increases with renewal options. The REIT expects to close the Tampa Property acquisition in the first quarter of 2025, subject to customary closing conditions. The REIT expects to fund the acquisition of the Tampa Property with draws on its revolving credit facilities.

On January 3, 2023, the REIT acquired the real estate underlying nine full-service automotive dealerships located in Quebec (the "2023 Quebec Properties") from separate third parties, for approximately $98,500, plus acquisition costs of $3,493. Four of the 2023 Quebec Properties are located in Laval and St. Eustache in the Greater Montreal Area (Hamel Honda, Honda Ste-Rose, Chomedey Toyota and Mazda de Laval), and two of the 2023 Quebec Properties are located in Sorel-Tracy, northeast of Montreal (Hyundai Sorel and Kia Sorel). The 2023 Quebec Properties total in aggregate 187,421 square feet of GLA. The REIT funded the acquisitions of the 2023 Quebec Properties through draws on its non-revolving and revolving credit facilities and cash on hand.

On June 2, 2023, the REIT entered into a 50/50 joint arrangement (the "Joint Arrangement") with StorageVault to jointly acquire the real estate underlying the Volvo and Jaguar Land Rover automotive dealership located in Brossard, Quebec from a third-party vendor. As of the date of this MD&A, the property is occupied by Jaguar Land Rover and Volvo was replaced by Volkswagen ("Taschereau JLR and Volkswagen"). Under the terms of the Joint Arrangement, the REIT and StorageVault each funded 50% of the $16,100 purchase price, plus acquisition costs of $382 each. Taschereau JLR and Volkswagen is a full-service automotive dealership, totaling 50,415 square feet of GLA situated on approximately 3.4 acres of land and is currently under a triple-net lease with Jaguar Land Rover, which is subject to annual rent adjustments linked to the consumer price index in Quebec. The REIT funded its portion of the acquisition by drawing on its revolving credit facilities and cash on hand.

As at September 30, 2024, the REIT had a Debt to GBV (as defined below) ratio of 43.7%, $55,121 of undrawn capacity under its Credit Facilities (as defined below), cash on hand of $201 and two unencumbered properties with an aggregate value of approximately $72,320 (which included the Kennedy Lands, which had an IFRS fair value of $54,000 as at September 30, 2024). See Section 7 "Liquidity and Capital Resources".

As at September 30, 2024, the total number of issued and outstanding REIT Units and Class B LP Units was 49,090,142 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 $9,865 for Q3 2024 (Q3 2023 – $9,859). For YTD 2024, the REIT declared and paid distributions of $29,585 or $0.603 per REIT Unit (YTD 2023 – $29,581 declared and paid).

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.

The REIT expects to declare a special distribution to holders of REIT Units in December 2024 as a result of the increase in taxable income generated by the sale of the Kennedy Lands. The amount of the special distribution will be determined closer to the end of 2024. The REIT expects that the special distribution to holders of REIT Units will be paid primarily by the issuance of REIT Units. Immediately following the special distribution, the outstanding REIT Units will be consolidated such that each holder of REIT Units will hold, after the consolidation, the same number of REIT Units as held immediately prior to the special distribution. A further update will be provided when the special distribution is declared, including confirmation of the precise amount and form of the special distribution. See "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 acquisition of the Greater Montreal Properties and the Tampa Property (collectively, the "Property Acquisitions"), including the timing thereof, and the benefits anticipated to be derived thereform;
- the payment of a special distribution primarily by the issuance of REIT Units as a result of the Sale Transaction;
- the impact of changes in economic conditions, including changes in interest rates and the rate of inflation;
- 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 2024;
- the REIT representing a unique alternative for automotive dealership operators considering a sale or recapitalization of their business;
- the REIT's capital expenditure requirements and capital expenditures to be made by the REIT and the REIT's tenants;
- the REIT's distribution policy and the distributions to be paid to Unitholders (as defined below);
- the REIT's debt strategy;
- the REIT's access to available sources of debt and/or equity financing;
- the expected tax treatment of the REIT and its distributions to Unitholders;
- the REIT's ability to meet its stated objectives;
- the REIT's ability to expand its asset base and make accretive acquisitions;
- the ability of the REIT to qualify as a "Mutual Fund Trust" as defined in the *Income Tax Act* (Canada) (the "Tax Act"), and as a "Real Estate Investment Trust" as defined in the rules in the Tax Act applicable to "SIFT trusts" and "SIFT partnerships" (the "SIFT Rules"); and
- the REIT's ability to acquire automotive dealership and other automotive 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 and interest rates will remain elevated in the near term, that tax laws remain unchanged, that conditions within the automotive dealership real estate industry and the automotive dealership industry generally, including competition for acquisitions, will be consistent with the current climate, that the Canadian capital markets will provide the REIT with access to equity and/or debt at reasonable rates when required and that the Dilawri Organization will continue its involvement with the REIT.

Although the forward-looking statements contained in this MD&A are based upon assumptions that management believes are reasonable based on information currently available to management, there can be no assurance that actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the REIT's control, that may cause the REIT's or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the factors contained in the REIT's filings with securities regulators, including the factors discussed under Section 12 "Risks & Uncertainties, Critical Judgments & Estimates" in this MD&A. The forward-looking statements relating to the Property Acquisitions is subject to the further risk that the customary 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 September 30, 2024, unless otherwise noted.

Non-IFRS Financial Measures

The REIT prepares its financial statements according to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. 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") 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 February 2019. FFO is calculated as net income in accordance with IFRS, adjusted by removing the impact of: (i) fair value adjustments on investment properties (which includes, for greater certainty, investment properties classified as investment properties held for sale); (ii) other fair value adjustments including fair value adjustments on redeemable or exchangeable units; (iii) gains and losses on the sale of investment properties (which includes, for greater certainty, investment properties classified as investment properties held for sale); (iv) amortization of tenant incentives; (v) distributions on redeemable or exchangeable units treated as interest expense; and (vi) operational revenue and expenses from the right-of-use assets (referred to as "ROU" assets).

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

“ACFO” is a non-IFRS financial measure. The REIT calculates ACFO in accordance with the Real Property Association of Canada’s White Paper on Adjusted Cash Flow from Operations for IFRS issued in February 2019. ACFO is calculated as cash flow from operating activities subject to certain adjustments, to (a) remove the impact of: (i) changes in non-cash working capital that are not sustainable in nature; (ii) amortization of financing costs and indemnity payable in respect of the third-party tenant portfolio sublease structure; and (iii) capital expenditures and (b) deduct interest expense. The REIT includes a capital expenditure reserve of 0.5% of base rent in the ACFO calculation. To date, the REIT has not incurred capital expenditure costs. The capital expenditure reserve is based on management’s best estimate of costs that the REIT may incur, related to the sustaining/maintaining of the existing leased area.

“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 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 divided by AFFO per Unit diluted.

“ACFO payout ratio” is calculated as distributions declared divided by ACFO.

Supplementary Financial Measures:

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

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

“GBV” means, at any time, the greater of: (A) the book value of the assets of the REIT and its consolidated subsidiaries, as shown on its then most recent consolidated balance sheet, less the amount of any receivable reflecting interest rate subsidies on any debt assumed by the REIT; and (B) the historical cost of the investment properties (including, for greater certainty, investment properties classified as investment properties held for sale), 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 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 long-term value for Unitholders by generating sustainable tax-efficient cash flow and capital appreciation, while maintaining a strong balance sheet and practicing prudent financial management. The objectives of the REIT are to:

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

Management intends to grow the value of the REIT's real estate portfolio while also increasing AFFO per Unit through accretive acquisitions and steady growth in rental rates. The REIT expects to be well-positioned to capitalize on acquisition opportunities presented by third parties due to the fragmented nature of the automotive 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 interest of the REIT's long-term growth strategy. The REIT plans to continue to grow its portfolio of properties leased to original equipment manufacturers (“OEMs”), OEM dealers and other automotive related uses in Canada and the United States.

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

External Growth

Accretive Acquisitions

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

- *Fragmented ownership* – Management estimates that the top 10 automotive dealership groups in Canada and the United Sates own less than 20% of the approximately 3,500 automotive dealerships in Canada and approximately 18,000 in the United States ;
- *Capital redeployment needs* – Monetizing the real estate underlying automotive dealership properties allows dealers to retain control of their dealership while redeploying capital into other areas of their business; and
- *Succession planning issues* – Management believes that for the majority of independent dealers, the dealership and its underlying real estate together represent the single largest proportion of their wealth. Selling the underlying real estate to the REIT can help such dealers address succession planning issues, particularly if the transaction can be effected on a tax efficient basis.

In addition, the REIT will continue to assess acquisitions in heavy equipment and trucking dealership properties.

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

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

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

Management believes that its relationship with the Dilawri Group provides the REIT with additional opportunities to add quality automotive dealership properties to its portfolio in an accretive manner.

Pursuant to the Strategic Alliance Agreement, the REIT has a right of first offer on properties that are suitable for use as an automotive dealership that are acquired, developed, redeveloped, refurbished, repositioned or held for sale by the Dilawri Group.

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

- Each of the 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. The Dilawri Leases are structured as triple-net leases under which the tenant is responsible for all costs relating to repair and maintenance, realty taxes, property insurance, utilities and non-structural capital improvements so that rent escalators are expected to flow directly to NOI; and

- All the remaining leases are primarily structed as trip-net leases, with 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 The leases containing CPI-related adjustments represented approximately 26% of the REIT's portfolio by full year base rent in 2023. For 2024, 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 YTD 2024 increased by approximately 8.1% compared to YTD 2023, reflecting continued consumer demand for new vehicles.

Historically, Canada's automotive retail industry has been characterized by strong industry fundamentals. According to Statistics Canada, automotive retail industry sales totaled approximately $211 billion in 2023 (up 12.3% from approximately $188 billion in 2022), 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 4.1%. The tables below contain new automobile sales by units in Canada for the eight months ended August 31, 2024 and August 31, 2023, and for the 2023 and 2022 calendar years as provided by Statistics Canada:

	Eight Months Ended August 31 (units)			
	2024	**YoY unit increase/ (decrease)**	**YoY % increase/ (decrease)**	**2023**
Alberta	150,228	11,522	8.3%	138,706
British Columbia and the Territories	144,921	8,189	6.0%	136,732
Manitoba	38,786	6,617	20.6%	32,169
New Brunswick	29,773	4,961	20.0%	24,812
Newfoundland and Labrador	22,634	4,519	24.9%	18,115
Nova Scotia	33,332	5,873	21.4%	27,459
Ontario	517,589	35,594	7.4%	481,995
Prince Edward Island	5,737	695	13.8%	5,042
Québec	311,864	39,111	14.3%	272,753
Saskatchewan	34,117	5,766	20.3%	28,351
Total Canada	1,288,981	122,847	10.5%	1,166,134

(Source: Statistics Canada)

	Twelve Months Ended December 31 (units)			
	2023	**YoY unit increase/ (decrease)**	**YoY % increase/ (decrease)**	**2022**
Alberta	207,623	25,657	14.1%	181,966
British Columbia and the Territories	203,914	22,982	12.7%	180,932
Manitoba	48,769	3,621	8.0%	45,148
New Brunswick	37,415	3,168	9.3%	34,247
Newfoundland and Labrador	26,785	2,294	9.4%	24,491
Nova Scotia	41,785	2,732	7.0%	39,053
Ontario	713,921	79,006	12.4%	634,915
Prince Edward Island	7,523	788	11.7%	6,735
Québec	407,698	38,301	10.4%	369,397
Saskatchewan	43,837	2,484	6.0%	41,353
Total Canada	**1,739,270**	**181,033**	**11.6%**	**1,558,237**

(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 and auto 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 September 30, 2024, the REIT's portfolio consisted of 77 income-producing commercial properties, representing approximately 2.9 million square feet of GLA on approximately 249 acres of land, in metropolitan markets across British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Quebec. As of the date of this MD&A, the REIT's portfolio consists of 76 income-producing commercial properties representing approximately 2.8 million square feet of GLA on approximately 243 acres of land. Does not include McNaught Funding expansion, Greater Montreal Properties and Tampa Property.

As of the date of this MD&A, 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 38 properties are exclusively occupied by other dealership groups or OEMs for use as automotive dealerships, automotive service centres or for automotive ancillary services, such as a vehicle service compound facility or a repair facility. Taschereau JLR and Volkswagen are jointly owned by the REIT and StorageVault pursuant to the Joint Arrangement.

The Dilawri Group is the REIT's most significant tenant and accounted for approximately 52.8% of the REIT's YTD 2024 base rent, including rent from properties subleased to third parties (53.7% for YTD 2023). The overall portfolio continues to be 100% leased.

Overall, at September 30, 2024, the REIT's properties had a weighted average rental rate of $27.39 per square foot ($27.08 as at September 30, 2023). The year-over-year increase is due to contractual rent increases, lease renewals and properties acquired by the REIT during YTD 2023.

Except where otherwise expressly indicated, the information that follows as at and for the three and nine months ended September 30, 2024 do not give effect to (i) the sale of the Kennedy Lands or the McNaught Expansion, as these transactions occurred subsequent to September 30, 2024, or (ii) the Property Acquisitions, as the acquisitions of these properties have not closed. See "Forward-Looking Statements" and Section 12 "Risks & Uncertainties, Critical Judgments & Estimates" in this MD&A.

Income Producing Property Portfolio Summary

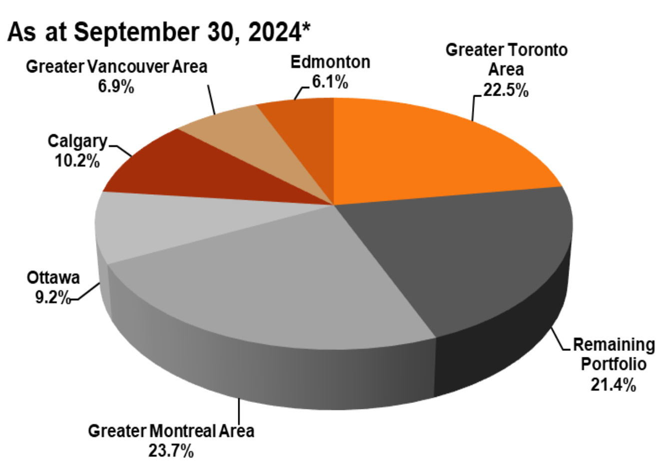
As at September 30, 2024	**Number of Properties**	**GLA (sq. ft.)**	**Average rental rate (per sq. ft.)(1)(3)**	**Weighted Average Lease Term (yrs) (3)**
British Columbia(2)	8	199.244	$41.90	9.4
Alberta	13	467,508	$29.70	8.4
Saskatchewan	9	203,560	$24.49	6.3
Manitoba	2	96,135	$29.34	13.5
Ontario4)	27	1,058,889	$27.56	8.5
Quebec	18	846,803	$22.95	10.2
Total Portfolio	**77**	**2,872,139**	**$27.39**	**9.1**

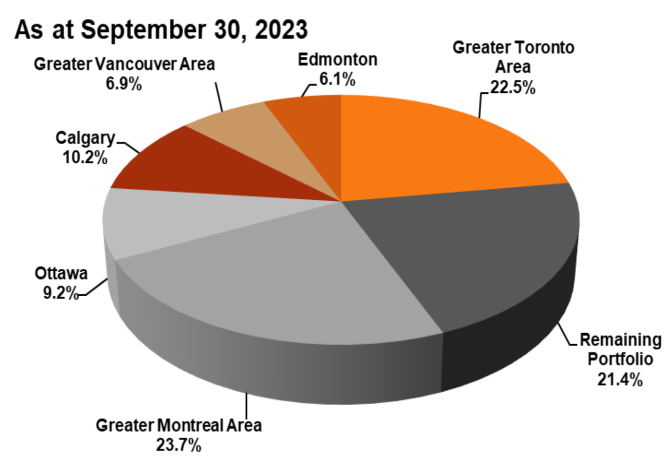
As at September 30, 2023	Number of Properties	GLA (sq. ft.)	Average rental rate (per sq. ft.)(4)	Weighted Average Lease Term (yrs)
British Columbia (2)	8	199,244	$39.42	10.4
Alberta	13	467,508	$29.23	9.4
Saskatchewan	9	203,560	$24.09	7.3
Manitoba	2	96,135	$23.36	14.5
Ontario (3)	27	1,058,889	$28.75	9.5
Quebec	18	846,803	$22.03	11.2
Total Portfolio	**77**	**2,872,139**	**$27.08**	**10.1**

(1) Based on 12-month period contractual rental revenue commencing September 30, 2024.
(2) Excludes land leases, which expenses are passed on to the tenant.
(3) Figures take into account the impact of the Sale Transaction and McNaught Funding .
(4) Based on 12-month period contractual rental revenue commencing September 30, 2023.

GLA by Major Metropolitan Areas Across Canada

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



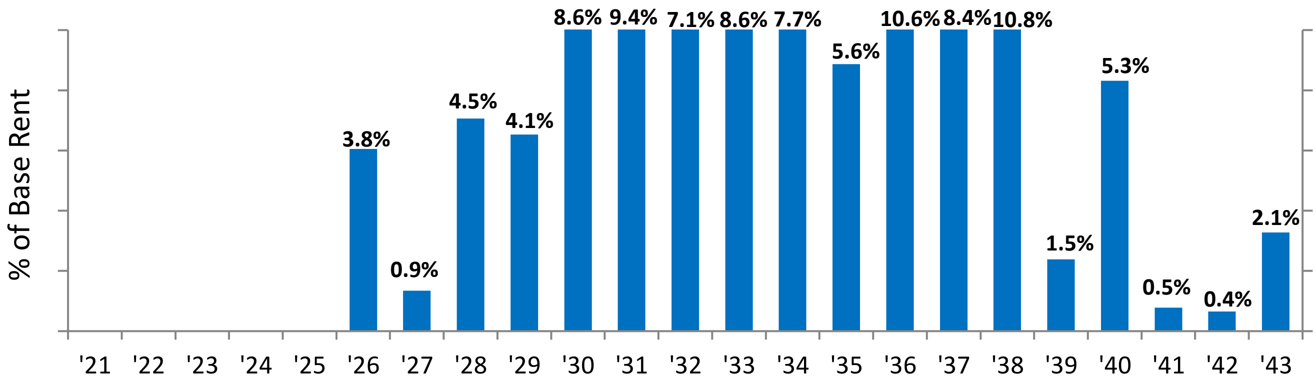


(*) Inclusive of the Kennedy Lands as at September 30, 2024.

Profile of Overall Lease Maturity

The REIT's lease portfolio matures between 2026 and 2042 as set out in the chart below:

Lease Maturity Profile *(*)*



(*) Based on 12-month period contractual rental revenue commencing September 30, 2024. Figures in this table include the impact of the annual rent increase and the lease term extension in connection with the McNaught Funding. The figures in this table exclude the lease relating to the Kennedy Lands.

Property Use and Brand Diversification

Sales for an individual automotive dealership and OEMs are heavily influenced by the popularity of the automotive brands being marketed, and these, in turn, are often cyclical for each brand as new models are introduced, and existing models are updated and refreshed. In addition, prospects for both mass market and luxury brands can vary with economic cycles. Management believes that the portfolio's broad automotive brand diversification contributes to the quality and stability of the REIT's cash flows. The following table sets out the breakdown of automotive brands that are marketed, retailed and serviced at the REIT's properties as of September 30, 2024

Manufacturer / Brand	REIT Auto Property GLA (Sq. Feet)	% of REIT Auto Property GLA	% of REIT Base Rent(1)	No. of REIT Locations
Honda (2)(8)	521,595	18.3%	18.2%	13
BMW (3)	320,824	11.3%	9.6%	7
Volkswagen (6) (7)	252,299	8.8%	9.6%	8
Tesla (4)	238,879	8.4%	5.7%	6
Toyota	229,495	8.0%	8.5%	5
Audi	196,462	6.9%	8.2%	4
Acura (2)	162,081	5.7%	6.8%	6
Mazda	107,444	3.8%	4.9%	5
General Motors	99,851	3.5%	2.9%	2
Hyundai	85,216	3.0%	3.5%	4
Chrysler (6)	81,750	2.9%	1.6%	2
Nissan	71,521	2.5%	2.6%	3
Mercedes Benz	60,850	2.1%	1.9%	1

Kia	53,819	1.9%	2.0%	3
Porsche	39,790	1.4%	4.3%	1
Lexus	30,015	1.1%	1.3%	1
Infiniti	19,355	0.7%	1.1%	3
Subaru	19,033	0.7%	0.5%	2
Mitsubishi	14,750	0.4%	0.6%	2
Other (5)	246,336	8.6%	6.2%	13
Total(8)	**2,851,365**	**100.0%**	**100.0%**	**91**

Notes:

(1) Based on 12-month period contractual base rent commencing October 1, 2024 excluding the impact of the Sale Transaction

(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 MINI.

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

(5) The Dilawri Group subleased a property in Calgary to Grand Touring Automobile which operates Aston Martin and Bentley. Also includes the former Dilawri Acura and BMW property in Regina at 1921 1st Avenue which is being used for ancillary dealership purposes by both the Dilawri Pre Owned and the Triple 7 Chrysler dealerships. Also includes: a Harley Davidson dealership, VinFast dealership and Ineos Grenadier dealership, located in the Dixie Auto Mall. Includes three vehicle compound facilities. The former Southtown Hyundai is operating as Go Auto service centre and Porsche/Jaguar Land Rover Centre in Edmonton is operating as Jaguar Land Rover Edmonton. Also, includes Premium Luxury Pre-owned (formerly Audi Services) and Taschereau JLR and Volkswagen(formerly Taschereau Volvo and JLR Property).

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

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

(8) Following the completion of the Sale Transaction on October 1, 2024, the total GLA was reduced to 2,800,129, resulting in a reduction of one Honda property, which is not reflected in the table above, resulting in a total of 90 REIT locations..

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, 2023, the Dilawri Group’s basic rent payable represented approximately 53.5% of the REIT’s Cash NOI during the 12-month period ended December 31, 2023 (and represented approximately 53.0% of the REIT’s Cash NOI during the 12-month period ended September 30, 2024), which is below the 60% threshold (see Section 1 “General Information and Cautionary Statements – Non-IFRS Financial Measures” and Section 6 “Non-IFRS Financial Measures” of this MD&A). As a result, the REIT and Dilawri have entered into an agreement pursuant to which Dilawri will continue to provide its Combined Revenues, EBITDA and Pro Forma Adjusted Rent Coverage Ratio on a trailing 12-month basis (with a comparative period for the prior 12-month period) until the REIT releases its financial results for the fiscal year ended December 31, 2024.

The following chart summarizes certain relevant financial information of the Dilawri Group for the 12 months ended September 30, 2024 with comparative figures for the 12 months ended September 30, 2023 as provided to the REIT by Dilawri:

Dilawri Group's Financial Information *(all figures are approximations, not in thousands)*		
	September 30, 2024 LTM[1]	**September 30, 2023 LTM[1]**
Combined Revenues (not audited or reviewed)	$5.0 billion	$4.8 billion
EBITDA (not audited or reviewed)	$231.6 million	$255.3 million
Pro Forma Adjusted Rent Coverage Ratio (not audited or reviewed)	5.0[2]	5.5[3]

Notes:
(1) "LTM" means the last twelve months.
(2) As at September 30, 2024.
(3) As at September 30, 2023. Calculation adjusted for a reclassification to be comparable to the September 30, 2024 LTM.

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 nine-month period ended September 30, 2024. These documents, once provided by Dilawri to the REIT, will be available on the REIT's SEDAR+ profile at www.sedarplus.ca.

Dilawri Additional and Non-ASPE Measures

Dilawri uses "EBITDA" in its financial statements which is an additional Non-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

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

Operating Results	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	**2024**	2023
Rental Revenue	**$23,533**	$23,378	**$70,461**	$69,193
NOI (1)	**19,897**	19,671	**59,564**	58,672
Cash NOI (1)	**19,680**	19,213	**58,724**	57,026
Same Property Cash NOI (1)	**19,643**	19,214	**56,247**	54,922
Net Income	**1,766**	28,332	**59,955**	66,190
FFO (1)	**11,920**	11,967	**36,004**	36,071
AFFO (1)	**11,690**	11,499	**35,127**	34,398
Fair value adjustment on investment properties and investment properties held for sale (11)	**5,074**	(779)	**29,105**	(3,345)
Distributions per Unit	**0.201**	0.201	**0.603**	0.603
Net Income per Unit – basic (2)	**0.036**	0.578	**1.222**	1.349
Net Income per Unit – diluted (3)	**0.035**	0.566	**1.194**	1.323
FFO per Unit – basic (1) (4)	**0.243**	0.244	**0.734**	0.735
FFO per Unit – diluted (1) (5)	**0.237**	0.239	**0.717**	0.721
AFFO per Unit – basic (1) (4)	**0.238**	0.234	**0.716**	0.701
AFFO per Unit – diluted (1) (5)	**0.233**	0.230	**0.699**	0.688
Weighted average Units — basic (6)	**49,072,488**	49,054,833	**49,060,783**	49,054,833
Weighted average Units — diluted (7)	**50,286,264**	50,052,016	**50,232,596**	50,036,392
Payout ratio (%)				
FFO (1)	**84.8%**	84.1%	**84.1%**	83.6%
AFFO (1)	**86.3%**	87.4%	**86.3%**	87.6%

Balance Sheet and Other Metrics	**As at September 30, 2024**	As at December 31, 2023	As at September 30, 2023
Total assets	**$1,212,514**	$1,193,907	$1,215,242
Total liabilities (excluding Class B LP Units and Unit-based compensation)	**$534,235**	$543,049	$554,591
Number of units outstanding (includes Class B LP Units)	**49,090,142**	49,054,833	49,054,833
Market price per REIT Unit – close (end of period)	**$12.38**	$10.78	$10.45
Market capitalization (includes Class B LP Units)	**$607,736**	$528,811	$512,623
Overall capitalization rate	**6.67%**	6.59%	6.56%
Fixed weighted average effective interest rate on debt (excludes revolving Credit Facilities) (8) (9)	**4.31%**	4.25%	4.18%
Proportion of total debt at fixed interest rates through swaps and Mortgages (10)	**94%**	95%	91%
Weighted average interest rate swap term and Mortgage remaining (years)	**4.1**	4.8	5.1
Weighted average term to maturity of debt	**2.6**	2.9	3.1
Interest Coverage Ratio (10)	**2.8X**	2.9X	2.8X
Debt Service Coverage Ratio (10)	**1.50X**	1.49X	1.50X
Debt to GBV	**43.7%**	45.0%	44.5%

(1) NOI, Cash NOI, Same Property Cash NOI, FFO, AFFO, FFO per Unit, AFFO per Unit, FFO payout ratio 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.

(2) Net Income per Unit — basic is calculated in accordance with IFRS by dividing the 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 the 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 a floating-to-fixed interest rate swap for $9,452 under Facility 2, for a term of four years at an interest rate of 5.40% entered into by the REIT in June 2024. Includes the extension of a swap for $20,614 under Facility 1, for a five-year term at an interest rate of 4.88%, effective July 2023. Includes the extension of a swap for $8,939 under Facility 2, for a four-year term at an interest rate of 4.83%, effective June 2023. In November 2023, the REIT entered into a floating-to-fixed interest rate swap within Facility 1 for $24,500 for a term of five years at an interest rate of 5.69%.
(10) For 2024 ratios, see Section 7 “Liquidity and Capital Resources – Financing Metrics and Debt Covenants”.
(11) The fair value adjustment on investment properties in respect of the three and nine months ended September 30, 2024 is inclusive of the $23,760 fair value gain as a result of entering into the Sale Agreement in respect of the Kennedy Lands, thereby classifying the Kennedy Lands as an investment property held for sale. The Sale Transaction was completed on October 1, 2024 (see Section 1 “General Information and Cautionary Statements – The REIT”).

SECTION 5 — RESULTS OF OPERATIONS

Net Income and Comprehensive Income

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Variance	**2024**	2023	Variance
Base rent	**19,766**	$19,299	$467	**58,982**	$57,285	$1,697
Property tax recoveries	**3,636**	3,707	(71)	**10,897**	10,521	376
Straight line rent adjustment	**131**	372	(241)	**582**	1,387	(805)
Rental Revenue	**23,533**	23,378	155	**70,461**	69,193	1,268
Property tax expense	**(3,636)**	(3,707)	71	**(10,897)**	(10,521)	(376)
Property Costs	**(3,636)**	(3,707)	71	**(10,897)**	(10,521)	(376)
NOI(1)	**19,897**	$19,671	$226	**59,564**	$58,672	$892
Other Income (Expenses)						
General and administrative expenses	**(1,402)**	(1,392)	(10)	**(4,184)**	(4,268)	84
Interest expense and other financing charges	**(6,497)**	(6,270)	(227)	**(19,156)**	(18,206)	(950)
Fair value adjustment on interest rate swaps	**(12,485)**	8,335	(20,820)	**(9,763)**	13,233	(22,996)
Distribution expense on Class B LP Units	**-**	(1,874)	1,874	**(3,125)**	(5,624)	2,499
Fair value adjustment on Class B LP Units and Unit-based compensation	**(2,821)**	10,641	(13,462)	**7,514**	25,728	(18,214)
Fair value adjustment on investment properties and investment properties held for sale (2)	**5,074**	(779)	5,853	**29,105**	(3,345)	32,450
Net Income and Comprehensive Income	**1,766**	$28,332	(26,566)	**59,955**	$66,190	(6,235)

(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 nine months ended September 30, 2024 is inclusive of the $23,760 fair value gain as a result of entering into the Sale Agreement, thereby classifying the Kennedy Lands as an investment property held for sale. The Sale Transaction was completed on October 1, 2024 (see Section 1 “General Information and Cautionary Statements – The REIT”).

For Q3 2024, net income was $1,766 as compared to $28,332 in Q3 2023 and was $59,955 in YTD 2024 as compared to $66,190 in YTD 2023. The decrease in net income was primarily due to the decreases in fair value adjustments 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”)) and interest rate swaps partially offset by increases in fair value adjustment on investment properties and investment properties held for sale (including the $23,760 fair value gain as a result of entering into the Sale Agreement). NOI was $19,897 in Q3 2024, an increase of 1.1% as compared to $19,671 in Q3 2023 and was $59,564 in YTD 2024, an increase of 1.5% as compared to $58,672 in YTD 2023. The increase in NOI for Q3 2024 and YTD 2024 were primarily attributable to the properties acquired during YTD 2023, and contractual rent increases.

Rental Revenue and Property Costs

Rental revenue is based on triple-net leases with tenants. As such, rental revenue also includes recoverable realty taxes and straight-line adjustments. For Q3 2024, rental revenue totaled $23,533 an increase of $155, or 0.7%, as compared to Q3 2023, reflecting the property acquired in Q2 2023 and contractual rent increases.

For YTD 2024, rental revenue was $70,461, representing an increase of $1,268, or 1.8%, as compared to YTD 2023. The increase was attributable to the properties acquired during YTD 2023, and contractual rent increases.

Property costs for Q3 2024 and YTD 2024 were $71 and $376 higher than Q3 2023 and YTD 2023, respectively. These increases are attributable to the properties acquired during YTD 2023. Straight-line adjustments decreased in Q3 2024 and YTD 2024, 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 Q3 2024 and YTD 2024 as compared to the corresponding periods in 2023:

	Q3 2024	Q3 2023	Variance	**YTD 2024**	YTD 2023	Variance
Human resource costs	**$907**	$927	$(20)	**$2,690**	$2,662	$28
Public entity and other costs	**332**	311	21	**1,008**	1,155	(147)
Independent Trustee fees	**163**	154	9	**486**	451	35
General and administrative expenses	**$1,402**	1,392	$10	**$4,184**	$4,268	$(84)

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 Unit-based compensation. The decrease in human resource costs for Q3 2024 of approximately $20 and the increase in human resource costs for YTD 2024 of approximately $28 were primarily the result of vesting of Unit-based compensation.

Public entity and other costs reflect the expenses related to ongoing operations of the REIT, including professional fees for legal and audit services, and depreciation expense for ROU assets. Public entity costs will fluctuate from quarter-to-quarter depending on when such expenses are incurred, which resulted in an increase of $21 for Q3 2024 and decrease of $147 in YTD 2024, respectively, as compared to Q3 2023 and YTD 2023.

During Q3 2024, 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 Q3 2024 and YTD 2024, the REIT paid the Independent Trustees $163 and $486, respectively, related to the granting of DUs and IDUs.

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 Q3 2024 and YTD 2024, interest expense and other financing charges were $6,497 and $19,156, respectively, representing increases of $227 and $950 as compared to Q3 2023 and YTD 2023, respectively. The increases were primarily due to additional debt incurred by the REIT to acquire properties during YTD 2023, together with an increase in interest rates.

Changes in Fair Values on 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 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 Q3 2024 and YTD 2024, the fair value adjustment on investment properties and investment properties held for sale was $5,074 and $29,105, respectively, as compared to $(779) for Q3 2023 and $(3,345) for YTD 2023. The REIT valued investment properties held for sale based on the Sale Transaction.

The fair value adjustments for Q3 2024 and YTD 2024 were a result of the following factors:

- The overall capitalization rate applicable to the REIT's entire portfolio, not including investment properties held for sale, remained consistent at 6.67% as at September 30, 2024 (June 30, 2024 – 6.68%) and increased compared to December 31, 2024 – 6.59%. As a result of market conditions, the REIT adjusted valuation inputs for YTD 2024, which resulted in fair value decreases for properties with fixed-rate rent escalators and fair value increases for properties with CPI-related rent adjustments;
- NOI increases from investment properties resulted in a fair value increase for Q3 2024 and YTD 2024; and
- For YTD 2024 the Sale Agreement entered into by the REIT in respect of the sale of the Kennedy Lands for an initial sale price of $54,000 (subject to customary adjustments), resulted in a fair value gain of $23,760;

The weighted average discount rate applicable to the entire portfolio as at September 30, 2024 was 7.55% (December 31, 2023 – 7.49%). The weighted average terminal capitalization rate applicable to the entire portfolio as at September 30, 2024 was 7.13% (December 31, 2023 – 7.10%).

The overall capitalization rate applicable to the REIT's entire investment property portfolio increased to 6.67% as at September 30, 2024 (December 31, 2023 – 6.59%), primarily due to the classification of the Kennedy Lands as "investment properties held for sale". The REIT's valuation inputs are supported by quarterly market reports from an independent appraiser. The historical book value of the investment properties and the investment properties held for sale owned by the REIT as at September 30, 2024 was $1,054,172 (December 31, 2023 – $1,054,172).

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 (and investment properties held for sale) of approximately $44,300 or $(41,100), respectively, as of September 30, 2024.

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 (and investment properties held for sale) of approximately $92,200 or $(79,400), respectively, as of September 30, 2024.

Changes in Fair Values of Class B LP Units, Unit-based compensation and Interest Rate Swaps

The Class B LP Units, Unit-based compensation and the interest rate hedges (see Section 7 "Liquidity and Capital Resources" in this MD&A) are required to be presented under relevant accounting standards at fair value on the balance sheet. The resulting changes in these items are recorded in net income 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 September 30, 2024, there are 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 the Unit-based compensation resulted in a loss of $2,821 in Q3 2024 (Q3 2023 – fair value for Class B LP Units and Unit-based compensation gain of $10,641) and in a gain for Class B LP Units and Unit-based compensation of $7,514 for YTD 2024 (YTD 2023 – gain of $25,728).

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.

The fair value adjustment for interest rate swaps for Q3 2024 was a loss of $12,485 (Q3 2023 – gain of $8,335) and a loss of $9,763 for YTD 2024 (YTD 2023 – gain of $13,233). The variances reflect a decrease in interest rates in the derivative market as at September 30, 2024, as compared to June 30, 2024 for Q3 2024 and as compared to December 31, 2023 for YTD 2024.

SECTION 6 — NON-IFRS FINANCIAL MEASURES

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

The REIT uses the following non-IFRS key performance indicators and ratios: NOI, Cash NOI, FFO, AFFO, FFO payout ratio and AFFO payout ratio. The REIT believes these non-IFRS measures and ratios provide useful supplemental information to both management and investors in measuring the financial performance and financial condition of the REIT. These measures and ratios do not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures and ratios presented by other publicly traded real estate investment trusts and should not be construed as an alternative to other financial measures determined in accordance with IFRS (see Section 1 "General Information and Cautionary Statements – Non-IFRS Financial Measures").. The calculations of these measures and the reconciliation to net income and comprehensive income are set out in the following table:

	Three Months Ended September 30,			Nine Months Ended September 30,		
($000s, except per Unit amounts)	**2024**	2023	Variance	**2024**	**2023**	Variance
Calculation of NOI						
Property revenue	**$23,533**	$23,378	$155	**70,461**	$69,193	$1,268
Property costs	**(3,636)**	(3,707)	71	**(10,897)**	(10,521)	(376)
NOI (including straight-line adjustments)	**$19,897**	$19,671	$226	**59,564**	58,672	$892
Adjustments:						
Land lease payments	**(86)**	(86)	-	**(259)**	(259)	-
Straight-line adjustment	**(131)**	(372)	241	**(582)**	(1,387)	806
Cash NOI	**$19,680**	$19,213	$467	**58,724**	$57,026	$1,698
Reconciliation of net income to FFO and AFFO						
Net income and comprehensive income	**$1,766**	$28,332	$(26,566)	**59,955**	$66,190	$(6,235)
Adjustments:						
Change in fair value — Interest rate swaps	**12,485**	(8,335)	20,820	**9,763**	(13,233)	22,996
Distributions on Class B LP Units	**-**	1,874	(1,874)	**3,125**	5,624	(2,499)
Change in fair value – Class B LP Units and Unit-based compensation	**2,821**	(10,641)	13,462	**(7,514)**	(25,728)	18,214
Change in fair value — investment properties and investment properties held for sale(1)	**(5,074)**	779	(5,853)	**(29,105)**	3,345	(32,450)
ROU asset net balance of depreciation/interest and lease payments	**(78)**	(42)	(36)	**(220)**	(127)	(93)
FFO	**$11,920**	$11,967	$(47)	**$36,004**	$36,071	$(67)
Adjustments:						
Straight-line adjustment	**(131)**	(372)	241	**(582)**	(1,387)	805
Capital expenditure reserve	**(99)**	(96)	(3)	**(295)**	(286)	(9)
AFFO	**$11,690**	$11,499	$191	**$35,127**	$34,398	$729
Number of Units outstanding (including Class B LP Units)	**49,090,142**	49,054,833	35,309	**49,090,142**	49,054,833	35,309
Weighted average Units Outstanding — basic	**49,072,488**	49,054,833	17,655	**49,060,783**	49,054,833	5,950
Weighted average Units Outstanding — diluted	**50,286,264**	50,052,016	234,248	**50,232,596**	50,036,392	196,204
FFO per Unit – **basic**(2)	**$0.243**	$0.244	$(0.001)	**$0.734**	$0.735	$(0.001)
FFO per Unit – **diluted**(3)	**$0.237**	$0.239	$(0.002)	**$0.717**	$0.721	$(0.004)
AFFO per Unit – **basic**(2)	**$0.238**	$0.234	$0.004	**$0.716**	$0.701	$0.015
AFFO per Unit – **diluted**(3)	**$0.233**	$0.230	$0.003	**$0.699**	$0.688	$0.011

Distributions per Unit	**$0.201**	$0.201	-	**$0.603**	$0.603	-
FFO payout ratio	**84.8%**	84.1%	0.7%	**84.1%**	83.6%	0.5%
AFFO payout ratio	**86.3%**	87.4%	(1.1%)	**86.3%**	87.6%	(1.3%)

(1) The Change in fair value — investment properties in respect of the three and nine months ended September 30, 2024 is inclusive of the $23,760 fair value gain as a result of entering into the Sale Agreement, thereby classifying the Kennedy Lands as an investment property held for sale. The Sale Transaction was completed on October 1, 2024 (see Section 1 "General Information and Cautionary Statements – The REIT").

(2) 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.

(3) 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 certain Trustees and management of the REIT.

FFO, AFFO and Cash NOI

In Q3 2024, FFO decreased nominally by 0.4% to $11,920, or $0.237 per Unit (diluted), as compared to $11,967, or $0.239 per Unit (diluted), in Q3 2023. The slight decrease was primarily attributable to higher interest expense and a reduction in straight-line rent adjustment, partially offset by higher rental revenue. Straight-line adjustment decreased by $241 due to the addition of leases to the investment property portfolio containing CPI-linked rent adjustments.

In YTD 2024, FFO decreased nominally by 0.2% to $36,004, or $0.717 per Unit (diluted), as compared to $36,071, or $0.721 per Unit (diluted), in YTD 2023. The minor decrease was primarily attributable to higher interest expense and a reduction in straight-line rent adjustment, partially offset by higher rental revenue. Straight-line adjustment decreased by $806 due to the addition of leases to the investment property portfolio containing CPI-linked rent adjustments.

In Q3 2024, AFFO increased by 1.7% to $11,690, or $0.233 per Unit (diluted), as compared to $11,499, or $0.230 per Unit (diluted), in Q3 2023. Cash NOI in Q3 2024 was $19,680 on revenue of $23,533, compared to Cash NOI of $19,213 on revenue of $23,378 in Q3 2023. The increases were primarily due to the property acquired during Q2 2023 and contractual rent increases. The increase to Q3 2024 AFFO was partially offset by higher interest costs. Straight-line rent adjustment is excluded from the calculation of AFFO.

In YTD 2024, AFFO increased by 2.1% to $35,127 or $0.699 per Unit (diluted), as compared to $34,398, or $0.688 per Unit (diluted), in YTD 2023. Cash NOI in YTD 2024 was $58,724 on revenue of $70,461, compared to Cash NOI of $57,026 on revenue of $69,193 in YTD 2023. The increases were primarily due to the properties acquired during YTD 2023, and contractual rent increases. The increase to YTD 2024 AFFO was partially offset by higher interest costs. Straight-line rent adjustment is excluded from the calculation of AFFO.

In Q3 2024, the REIT declared and paid distributions to Unitholders of $9,865, or $0.201 per Unit (Q3 2023 – declared and paid $9,859) and for YTD 2024, the REIT declared and paid distributions of $29,585 or $0.603 per Unit (YTD 2023 – $29,579 declared and paid). This resulted in an AFFO payout ratio of 86.3% in Q3 2024 (Q3 2023 – 87.4%) and 86.3% in YTD 2024 (YTD 2023 – 87.6%). The AFFO payout ratio was lower in Q3 2024 and YTD 2024 primarily due to the properties acquired during YTD 2023, contractual rent increases and partially offset by higher interest expense.

Same Property Cash Net Operating Income

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	Variance	**2024**	2023	Variance
Same property base rental revenue	**$19,742**	$19,300	$442	**$56,532**	$55,180	$1,352
Land lease payments	**(99)**	(86)	(13)	**(285)**	(259)	(26)
Same Property Cash NOI	**$19,643**	$19,214	$429	**$56,247**	$54,922	1,325

Same Property Cash NOI increased 2.2% to $19,643 in Q3 2024, from $19,214 in Q3 2023, and 2.4% to 56,247 in YTD 2024, from $54,922 in YTD 2023. 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 February 2019. The REIT believes that ACFO provides useful supplemental information to both management and investors in measuring the financial performance and financial condition of the REIT. ACFO does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures utilized by other publicly traded real estate investment trusts and should not be considered as an alternative to other financial measures determined in accordance with IFRS (see 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, 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 September 30, 2024**	2023	Variance	**Nine Months Ended September 30, 2024**	2023	Variance
Cash flow from operating activities	**$18,590**	$20,704	$(2,114)	**$57,029**	$54,207	$2,822
Change in non-cash working capital	**(242)**	(2,709)	2,467	**(1,065)**	787	(1,852)
Interest paid	**(6,290)**	(6,030)	(260)	**(18,604)**	(17,496)	(1,108)
Amortization of financing fees	**(235)**	(246)	11	**(636)**	(729)	93
Amortization of other assets	**(36)**	(72)	36	**(108)**	(172)	64
Net interest expense and other financing charges in excess of interest paid	**28**	(6)	34	**84**	(19)	103
Capital expenditure reserve	**(99)**	(96)	(3)	**(295)**	(286)	(9)
ACFO	**$11,717**	$11,545	$172	**$36,406**	$36,292	$114
ACFO payout ratio	**84.2%**	85.4%	(1.2%)	**81.3%**	81.5%	(0.2%)

ACFO increased nominally in Q3 2024 to $11,717, as compared to $11,545 in Q3 2023. In YTD 2024, ACFO decreased nominally to $36,406 as compared to $36,292 in YTD 2023. The increase was primarily attributable to the difference in timing of non-cash working capital payments, which resulted in an ACFO payout ratio of 84.2% in Q3 2024 (Q3 2023 – 85.4%) and YTD 2024 81.3% (YTD 2023 – 81.5%). The REIT's Q3 2024 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 September 30, 2024, the REIT had a Debt to GBV ratio of 43.7% and $55,121 of undrawn capacity under its Credit Facilities, cash on hand of $201 and two unencumbered properties with an aggregate value of approximately $72,320 (which includes the Kennedy Lands, which had an IFRS fair value of $54,000 as at September 30, 2024). The completion of the Sale Transaction occurred on October 1, 2024, with the net proceeds from the sale used primarily to repay indebtedness under the REIT's revolving credit facilities in full, which had the impact of lowering the REIT's Debt to GBV ratio to 41.8% as at October 1, 2024. As at the date of this MD&A, the REIT has approximately $90,000 of undrawn capacity under its Credit Facilities, cash on hand of $18,000 and one unencumbered property valued at approximately $18,320.

SECTION 7 — LIQUIDITY AND CAPITAL RESOURCES

Capital Structure

		Key Terms					
Debt	Term (yrs)	Hedged Term (yrs)	Interest Rate	Payments & Interest/Amortization	Effective Interest Rate (fixed)	**Outstanding as at September 30, 2024**	**Outstanding as at December 31, 2023**
Facility 1	2.7 [(1)]	0.2 to 8.1	CORRA[(13)] + 150 bps, Prime +25 bps	[(1)]	4.48%	**$247,811**	$259,896[(4)]
Facility 2	3.3 [(2)]	0.8 to 6.1	CORRA[(13)] + 150 bps, Prime +25 bps	[(2)]	3.90%	**77,601**	80,984
Facility 3	1.7 [(3)]	1.2 to 8.3	CORRA[(13)] + 150 bps, Prime +50 bps	[(3)]	4.33%	**166,727**[(3)]	162,246[(3)]
Mortgages	2.8 to 6.6	n/a	Fixed 2.21% to 5.73 %	P&I, 20 yrs and 25yrs	3.89%	**34,223**	31,145
						$526,362	$534,271
Financing fees						**(2,802)**	(2,760)
Weighted Average /Total	**2.6**	**4.1**[(7)]			**4.31%**[(7)]	**$523,560**	$531,511
Class B LP Units and Unit-based compensation [(11)]						**$13,080**	$110,864
Cash Balance						**$201**	$298

Key Financing Metrics and Debt Covenants [(12)]	Debt Covenant [(5)]	Declaration of Trust [(6)]	**As at September 30, 2024**	As at December 31, 2023
Interest coverage	-	-	**2.8**	2.9
Debt to GBV	<60% [(8)]	<60% [(8)]	**43.7%[(10)]**	45.0%
Unitholders' Equity (including Class B LP Units, and Unit-based compensation) [(11)]	>$120,000	-	**$678,280**	$650,858
Debt Service Coverage Ratio	>1.35	-	**1.50**	1.49
AFFO payout ratio	[(9) (10)]	-	**86.3%**	87.6%

(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) Facility 3 and the associated revolving facility matures in June 2026. In January 2023, the REIT increased the non-revolving portion of Facility 3 by $70,000 at the same credit spread.
(4) In May 2023, $25,000 of the revolving portion of Loan Facility 1 was converted from a revolving balance to a non-revolving balance.
(5) The debt agreements for Facility 1, Facility 2 and Facility 3 have other covenants that do not directly relate to the REIT's consolidated financial position. Management believes that the REIT is in compliance with all such covenants and with the debt agreement covenants for Facility 1, Facility 2, Facility 3 and the Mortgages. The debt service coverage ratio represents rolling four quarters.
(6) The Declaration of Trust contains other operating covenants that do not relate to leverage or debt service/coverage. The Declaration of Trust is available on SEDAR+ at www.sedarplus.ca and is described in the AIF. Management believes that the REIT is in compliance with these operating covenants.
(7) Includes the extension of a swap for $20,614 under Facility 1, for a five-year term at an interest rate of 4.88%, effective July 2023. Includes the extension of a swap for $8,939 under Facility 2, for a four-year term at an interest rate of 4.83%, effective June 2023. In November 2023, within Facility 1 the REIT entered into a floating-to-fixed interest rate swap for $24,500 for a term of five years at an interest rate of 5.69%. 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.
(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) On June 21, 2024, Dilawri converted 9,327,487 Class B LP Units on a one-for-one basis for an equivalent number of REIT Units.
(12) 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".
(13) 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 REIT's AFFO payout ratio debt covenant is based on the rolling average of the last four fiscal quarters. For the trailing four quarters ended September 30, 2024, the REIT's AFFO payout ratio was approximately 86.5%.

In March 2024, the REIT and StorageVault entered into a new mortgage in the amount of approximately $8,000 for a term of three years at an interest rate of 5.73%. Pursuant to the Joint Arrangement, the REIT has accounted for $4,000 of the Mortgage.

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 September 30, 2024 principal repayments are as follows: (1)

Remainder of 2024	$6,002
2025	24,036
2026	161,055
2027	248,594
Thereafter	86,675
Total	$526,362

The REIT's liquidity position as at September 30, 2024 included approximately $55,121 of undrawn capacity under its revolving Credit Facilities, which management believes is sufficient to carry out its obligations, discharge liabilities as they come due and fund distributions to Unitholders. Capital requirements in the next two years are low and capital expenditure requirements are expected to be insignificant. Nonetheless, the current economic, operating and capital market environment of elevated inflation and interest rates 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 $90,000 of undrawn capacity under its Credit Facilities, cash on hand of $18,000 and one unencumbered property valued at approximately $18,320. 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 September 30, 2024, the REIT's Debt to GBV ratio was 43.7% (December 31, 2023 – 45.0%; September 30, 2023 – 44.5%). The decrease as compared to December 31, 2023 is primarily attributable to the fair value adjustment on investment properties and investment properties held for sale of $23,760 as a result of entering into the Sale Agreement.

Following completion of the Sale Transaction on October 1, 2024, the net proceeds from the sale were used primarily to initially repay indebtedness under the REIT's revolving credit facilities in full, which lowered the REIT's Debt to GBV ratio to 41.8% as at October 1, 2024. Management expects that the ratio of Debt to GBV may increase, at least temporarily, following an acquisition by the REIT of additional properties (including the Greater Montreal Properties and the Tampa Property). 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 two of the REIT's investment properties (including the Kennedy Lands) as at September 30, 2024.

As at September 30, 2024, the REIT had total revolving Credit Facilities of $90,000 ($30,000 in Facility 1, $20,000 in Facility 2, and $40,000 in Facility 3), of which $55,121 was undrawn. As at the date of this MD&A, the REIT has approximately $90,000 of undrawn capacity under its Credit Facilities, cash on hand of $18,000 and one unencumbered property valued at approximately $18,320.

Financing Fees

During Q3 2024 and YTD 2024, the REIT incurred financing fees of $534 and $693, respectively ($23 for Q3 2023 and $1,011 for YTD 2023). The amounts are accounted for using the effective interest method. As at September 30, 2024, $2,802 remains unamortized (December 31, 2023 – $2,963).

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.

As at September 30, 2024, the net asset balance of interest rate swaps was $1,626, was comprised of an asset of $2,746 partially offset by a liability of $1,120.

The REIT's weighted average interest rate swap term as of September 30, 2024 was 4.1 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 September 30, 2024:

Remaining Term Range (yrs)	Amount ($000s)	Total Swapped Fixed Rate Debt (%)
Less than 1 Year	58,659	12.7
1-2 Years	66,775	14.5
2-5 Years	167,096	36.2
5-7 Years	102,785	22.3
Greater than 7 Years	66,230	14.3
4.1	**461,545**	**100.0**

As at September 30, 2024, the notional principal amount of the interest rate swaps was $461,545 (December 31, 2023 – $475,080) and the fair value adjustment of the interest rate swaps was $(12,485) and $(9,763) for the three- and nine-month periods ended September 30, 2024, respectively, as compared to $8,335 and $13,233 for the three- and nine-month periods ended September 30, 2023, respectively. This resulted in an asset balance of $1,626 as at September 30, 2024 (December 31, 2023 – $11,388).

The weighted average interest rate swap term and Mortgage term remaining is 4.1 years as at September 30, 2024.

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 August 20, 2024, 59,979 DUs and 12,858 IDUs were converted into an aggregate of 72,837 REIT Units by members of management in accordance with the terms of the Plan. On August 27, 2024, 37,528 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 September 30, 2024, the total number of REIT Units outstanding was 49,090,142.

Class B LP Units

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 September 30, 2024, there are nil Class B LP Units outstanding.

In conjunction with the IPO, and as partial consideration for the Initial Properties, the REIT, through the Partnership, issued Class B LP Units to certain members of the Dilawri Group. The Class B LP Units are economically equivalent to REIT Units, and are exchangeable at the option of the holder for REIT Units on a one-for-one basis (subject to certain anti-dilution adjustments), are accompanied by a special voting unit (a “Special Voting Unit”) (which provides the holder with that number of votes at any meeting of holders of REIT Units to which a holder of the number of REIT Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached would be entitled), and will receive distributions of cash from the Partnership equal to the distributions to which a holder of the number of REIT Units that may be obtained upon the exchange of the Class B LP Unit to which such Special Voting Unit is attached would be entitled. Under IFRS, the Class B LP Units are classified as financial liabilities and measured at fair value through profit and loss (FVTPL). The fair value of the Class B LP Units will be measured every period by reference to the traded value of the REIT Units, with changes in measurement recorded in net income 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.

Unit-based compensation

The REIT offers an Equity Incentive Plan whereby DUs, PDUs and RDUs may be granted to Trustees, officers and employees of the REIT and other eligible persons (collectively, "Participants") on a discretionary basis by the Governance, Compensation and Nominating Committee of the Board. The maximum number of REIT Units available 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 August 20, 2024, 59,979 DUs and 12,858 IDUs were converted into an aggregate of 72,837 REIT Units by members of management in accordance with the terms of the Plan.

During the nine-month period ended September 30, 2024, a total of 148,845 DUs, PDUs, RDUs and IDUs were granted, of which 96,552 PDUs, RDUs and IDUs were accounted for in accordance with the vesting schedule. As at September 30, 2024, a total of 1,196,994 DUs, PDUs, RDUs and IDUs have been granted, of which 1,056,515 were accounted as outstanding and vested.

Distributions

Holders of REIT Units are entitled to receive distributions from the REIT (whether of net income, net realized capital gains or other amounts) if, as and when declared by the Board. Upon the termination or winding up of the REIT, holders of REIT Units will participate equally with respect to the distribution of the remaining assets of the REIT after payment of all liabilities. Such distribution may be made in cash, as a distribution in kind, or both, all as the Board in its sole discretion may determine. REIT Units have no associated conversion or retraction rights.

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

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

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

Financing Metrics and Debt Covenants

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

Calculations of financial metrics and debt covenants		**As at September 30, 2024**	**As at December 31, 2023**
Net Asset Value			
Investment properties and investment properties held for sale, IFRS value		$1,209,003	$1,179,316
Cash, prepaid and other assets		3,511	14,591
Accounts payable and accrued liabilities		(10,674)	(11,538)
Credit Facilities, Mortgages and interest rate swaps		(523,560)	(531,511)
Total Net Asset Value		**$678,280**	**$650,858**
Total Net Asset Value excluding interest rate swaps		**$676,654**	**$639,470**
REIT Units and Class B LP Units outstanding		49,090,142	49,054,833
Debt to GBV			
Indebtedness outstanding:			
Credit Facilities & Mortgages (excludes deferred financing costs)	**A**	$526,362	$534,271
Lease Liability	**A1**	3,267	3,564
Gross Book Value			
Total assets	**B**	1,212,514	1,193,907
Debt to GBV (1)	**((A+A1)/B) X 100**	**43.7%**	**45.0%**
Unitholders' Equity & Unit-based compensation			
Unitholders' Equity		$665,200	$539,994
Value of Unit based compensation		13,080	10,314
Value of Class B LP Units		-	100,550
Total Unitholders' Equity & Unit-based compensation		**$678,280**	**$650,858**

Calculations of financial metrics and debt covenants					
Interest Coverage Ratio		**Q3 2024**	**Q3 2023**	**YTD 2024**	**YTD 2023**
Cash NOI(2)		$19,680	$19,213	58,724	57,026
General and administrative expenses		(1,402)	(1,392)	(4,184)	(4,268)
Income before interest expense and fair value adjustments	**C**	18,278	17,821	54,540	52,759
Interest expense and other financing charges	**D**	(6,497)	(6,270)	(19,156)	(18,206)
Interest Coverage Ratio(3)	**C/D**	**2.8X**	**2.8X**	**2.8X**	**2.9X**
Debt Service Coverage Ratio					
Consolidated net income		$1,766	$28,332	$59,955	$66,190
Interest expense and other financing charges		6,497	6,270	19,156	18,206
Distribution expense on Class B LP Units		-	1,874	3,125	5,624
Amortization of other assets		46	47	140	140
Fair value adjustments, net		10,232	(18,197)	(26,856)	(35,616)
EBITDA(2)	**E**	18,541	18,326	55,520	54,544

Principal payments on (pay down of) debt		6,118	6,417	19,010	18,954
Interest payments on debt (excludes other financing charges)		6,236	6,030	18,443	17,496
Debt Service	F	12,354	12,447	37,453	36,450
Debt Service Coverage Ratio (4)	**E/F**	**1.50X**	**1.47X**	**1.48X**	**1.50X**
AFFO payout ratio					
AFFO(2)		11,690	11,499	35,127	34,398
Distributions on REIT Units		9,865	7,985	26,460	23,955
Distributions on Class B LP Units		-	1,874	3,125	5,624
		9,865	9,859	29,585	29,581
AFFO payout ratio (2)(5)		**86.3%**	**87.4%**	**86.3%**	**87.6%**

Notes:

(1) The Debt to GBV ratio as at September 30, 2024 decreased as compared to December 31, 2023, due to the paydown of debt.

(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 See Section 6, "Non-IFRS Financial Measures" of this MD&A.

(3) The Interest Coverage Ratio for Q3 2024 has remained unchanged from Q3 2023 due to increased Cash NOI, offset by an increase in interest expense and other financing charges resulting from a property acquisition completed in Q3 2023 and higher interest rates. The Interest Coverage Ratio for YTD 2024 decreased due to higher interest expense and other financing charges.

(4) The Debt Service Coverage Ratio for Q3 2024 increased due to a decrease in principal payments. The Debt Service Coverage Ratio for YTD 2024 decreased due to higher interest expense and principal payments.

(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 September 30, 2024 held an approximate 31.3% (September 30, 2023 – 31.5%) effective interest in the REIT on a fully diluted basis, through its ownership of 15,748,507 REIT Units (September 30, 2023 – 6,421,020 Units and 9,327,487 Class B LP Units).

In the normal course of its operations, the REIT enters into various transactions with related parties and the REIT's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions and in accordance with the Related Party Transaction Policy adopted by the Board and the Declaration of Trust.

On July 26, 2024, the REIT entered into the Sale Agreement to sell the Kennedy Lands to a member of the Dilawri Group for an initial sale price of $54,000, subject to customary adjustments. In accordance with the REIT's Related Party Transaction Policy and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, the Sale Transaction was reviewed and ultimately unanimously approved by the Independent Trustees. The Independent Trustees met separately on a number of occasions to specifically consider the Sale Transaction and its impact on the REIT and its Unitholders other than Dilawri. As part of their process, among other things, the Independent Trustees reviewed appraisals from two leading independent real estate appraisers, and sought the advice of a Canadian investment bank in respect of the potential financial impact of the Sale Transaction on the REIT and its Unitholders other than Dilawri. Following extensive negotiations between management of the REIT and Dilawri, the Independent Trustees approved the sale of the Kennedy Lands to the purchaser, which sale was completed on October 1, 2024.

On October 1, 2024, the REIT successfully completed the sale of the Kennedy Lands for an initial sale price of $54,000.

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). As at September 30, 2024, the prepaid indemnity fee includes $84 relating to the Kennedy Lands investment properties held for sale, which balance will be written off in the fourth quarter of 2024 as a result of the completion of the Sale Transaction on October 1, 2024.

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 September 30, 2024 (the “LCs”). The Dilawri Group held all of the 9,933,253 issued and outstanding Class B LP Units for three years subsequent to the IPO and, accordingly, the LCs are expected to be released. The REIT is working with the applicable tax authorities and Dilawri to secure the release of the outstanding LCs.

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

Strategic Alliance Agreement

In connection with the IPO, the REIT and Dilawri entered into a strategic alliance agreement (the “Strategic Alliance Agreement”) which establishes a preferential and mutually beneficial business and operating relationship between the REIT and the Dilawri Group. The Strategic Alliance agreement will be in effect so long as the Dilawri Organization and the applicable transferors of the Initial Properties own, control or direct, in the aggregate, an effective interest of at least 10% (on a fully-diluted basis) in the REIT. Among other things, the Strategic Alliance Agreement provides the REIT with the first right to purchase REIT-Suitable Properties (as defined in the Strategic Alliance Agreement) in Canada or the United States acquired or developed by the Dilawri Group. The purchase price in respect of a REIT-Suitable Property will be mutually agreed by the REIT and Dilawri at the applicable time and supported by an independent appraisal report. The REIT did not acquire any investment properties pursuant to the Strategic Alliance Agreement in 2023 or YTD 2024.

SECTION 9 — OUTLOOK

The REIT is subject to risks associated with inflation, interest rates and availability of capital. Fluctuations in the interest rate, inflation and credit environments can impact rental growth and capitalization rates overall in the real estate industry and may also provide attractive buying opportunities for the REIT.

The REIT used a portion of the net proceeds from completion of the Sale Transaction that occurred on October 1, 2024, to pay down in full its indebtedness under its revolving Credit Facilities, which lowered the REIT’s Debt to GBV ratio to 41.8% as at October 1, 2024 (43.7% as at September 30, 2024), providing the REIT with additional acquisition capacity. The REIT expects to use a portion of the net proceeds of the Sale Transaction and draws on its revolving Credit Facilities to fund the respective purchase prices of the Property Acquisitions. Assuming closing occurs, the Property Acquisitions will enhance the tenant and geographic diversification within the REIT’s portfolio and are expected to be accretive to the REIT’s AFFO per Unit.

As at September 30, 2024, 94% of the REIT’s debt was fixed with a weighted average interest rate of 4.31%, a weighted average interest swap term and Mortgages remaining of 4.1 years and weighted average term to maturity of debt of 2.6 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.

As at the date of this MD&A, the REIT has approximately $90,000 of undrawn capacity under its Credit Facilities, cash on hand of $18,000 and one unencumbered property valued at approximately $18,320. The reduction in the number of unencumbered properties is a result of the exclusion of the Kennedy Lands, which were sold on October 1, 2024, and a second investment property that was added as security for Facility 2 in connection with the extension of the maturity date of Facility 2 subsequent to the end of Q3 2024.

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.

Overall, the REIT believes that the fundamentals of the automotive sales and service business remains solid, and that the industry is resilient and essential.

As the only publicly traded Canadian real estate entity focused exclusively on owning automotive and other OEM dealership and service properties, the REIT provides a unique opportunity for owners of these operating businesses to monetize their real estate while retaining ownership and control of their core businesses. This provides 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 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 in Canada and the United States.

SECTION 10 — OTHER DISCLOSURES

Environmental and Corporate Social Responsibility

The REIT has a triple-net lease structure and has adopted a written Environmental and Corporate Social Responsibility Policy (the "ESG Policy") to formally recognize the REIT's approach to addressing its environmental and social responsibilities as a good corporate citizen. The ESG Policy acknowledges the nature of the REIT's business as an owner of automotive properties in Canada 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) informing its tenants, suppliers and investment partners of sustainable options; (iii) sourcing with integrity; (iv) collaborating on sustainability with industry bodies; (v) compliance with applicable Canadian federal, provincial, territorial and municipal laws relating to environmental matters; (vi) making, or requiring its tenants to make, the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues; (vii) 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 (viii) 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 2023, 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 2023, the REIT also retained an outside consultant to assist management with the creation of an ESG and sustainability plan and related updates to the ESG Policy, among other things. The REIT's ESG and sustainability plan was approved by the Board in early 2024 and is available on the REIT's website at www.automotivepropertiesreit.ca. The REIT has also established an ESG committee comprised of REIT management and employees that makes recommendations to management in respect of ESG initiatives and engagement.

Commitments and Contingencies

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

Within 1 year	$166
After 1 year, but not more than 5 years	1,268
More than 5 years	1,833
Total	$3,267

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 Q3 2024 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)	**Third Quarter 2024**	Second Quarter 2024	First Quarter 2024	Fourth Quarter 2023	Third Quarter 2023	Second Quarter 2023	First Quarter 2023	Fourth Quarter 2022
Number of Properties	**77(i)**	77(i)	77(i)	77(i)	77(i)	77(i)	76	70
GLA (sq. ft.)	**2,872,139(i)**	2,872,139(i)	2,872,139(i)	2,872,139(i)	2,872,139 (i)	2,872,139 (i)	2,821,724	2,638,177
Rental revenue	**23,533**	23,515	23,413	23,291	23,378	22,939	22,876	20,901
Net Operating Income	**19,897**	19,824	19,843	19,741	19,671	19,544	19,457	17,629
Net Income (loss)	**1,766**	37,288	20,901	(15,199)	28,332	20,866	16,967	13,588
Net Income per Unit — basic(ii)	**0.036**	0.760	0.426	(0.310)	0.578	0.425	0.346	0.277
Net Income per Unit — diluted(iii)	**0.035**	0.742	0.417	(0.303)	0.566	0.417	0.340	0.273
FFO per Unit — basic(iv)	**0.243**	0.245	0.246	0.243	0.244	0.246	0.245	0.224
FFO per Unit — diluted(v)	**0.237**	0.239	0.241	0.238	0.239	0.241	0.241	0.221
AFFO per Unit — basic(iv)	**0.238**	0.239	0.239	0.235	0.234	0.234	0.233	0.217
AFFO per Unit — diluted(v)	**0.233**	0.233	0.234	0.230	0.230	0.230	0.229	0.213
AFFO payout ratio	**86.3%**	86.3%	85.9%	87.4%	87.4%	87.4%	87.8%	94.4%
Distribution declared per Unit	**0.201**	0.201	0.201	0.201	0.201	0.201	0.201	0.201
Weighted average Units – basic	**49,072,488**	49,054,833	49,054,833	49,054,833	49,054,833	49,054,833	49,054,833	49,054,833
Weighted average Units – diluted	**50,286,264**	50,268,740	50,113,221	50,082,627	50,052,016	50,024,870	49,889,062	49,847,669
Market price per REIT Unit – close (end of period)	**$12.38**	$9.76	$10.30	$10.78	$10.45	$11.49	$11.54	$12.97
Total assets	**1,212,514**	1,220,323	1,199,959	1,193,907	1,215,242	1,209,897	1,189,459	1,093,818
Debt to GBV	**43.7%**	43.6%	44.6%	45.0%	44.5%	45.1%	45.2%	40.0%
Debt service coverage ratio	**1.50X**	1.47X	1.48X	1.46X	1.47X	1.50X	1.53X	1.60X

Notes:

(i) Includes 100% of the GLA of Taschereau JLR and includes the Kennedy Lands.

(ii) Net Income per Unit – basic is calculated in accordance with IFRS by dividing the 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 the 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 September 30, 2024, to certain Trustees and management of the REIT.

(iv) The FFO and AFFO per Unit – basic is calculated by using the weighted average number of outstanding REIT Units and Class B LP Units. The FFO and AFFO per Unit basic comparable numbers were adjusted in accordance with the Real Property Association of Canada's White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS issued in February 2019. FFO and AFFO per Unit are non-IFRS ratios. 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 September 30, 2024 to certain Trustees and management of the REIT. The FFO and AFFO per Unit — diluted comparable numbers were adjusted in accordance with the Real Property Association of Canada's White Paper on Funds from Operations & Adjusted Funds from Operations for IFRS issued in February 2019. FFO and AFFO per Unit are non-IFRS ratios. Section 1 "General Information and Cautionary Statements – Non-IFRS Financial Measures" of this MD&A.

The increase in rental revenue and NOI is primarily attributable to property acquisitions during YTD 2023. Net income is also impacted by fluctuations in fair value adjustments of Class B LP Units, investment properties (including investment properties held for sale) 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, 2023 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.

Possible Failure to Complete the Property Acquisitions

The REIT expects to complete the acquisition of the Greater Montreal Properties by the end of December 2024 and the acquisition of the Tampa Property in the first quarter of 2025, in each case subject to satisfactory completion of 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.