

# Consolidating Automotive and OEM Properties

Investor Presentation

JANUARY 2025



## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this presentation constitute forward-looking information within the meaning of applicable securities legislation. 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, and the completion of the purchase of the Rivian property in Tampa, FL (the "Tampa Property"), the timing and the anticipated benefits from the purchase of the Tampa Property, and additional acquisition capacity. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the REIT or the real estate or automotive and OEM dealership and service industry are forward-looking statements. 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 the Canadian economy will remain stable over the next 12 months, that tax laws remain unchanged, that conditions within the automotive and OEM dealership and service 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 presentation 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. The forward-looking statements made in this presentation relate only to events or information as of the date of this presentation. Except as required by law, the REIT and Dilawri undertake 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. Please refer to "Forward-Looking Statements" in the REIT's regulatory filings.

## **NON-IFRS MEASURES**

This presentation makes reference to certain non-IFRS measures. Funds from operations ("FFO"), adjusted funds from operations ("AFFO"), net operating income ("NOI"), cash net operating income ("Cash NOI") and Same Property cash operating income ("Same Property Cash NOI") are key measures of performance used by management and real estate businesses. However, such measures are not defined by IFRS and do not have standardized meanings prescribed by IFRS. The REIT believes that AFFO is a key measure of economic earnings performance and is indicative of the REIT's ability to pay distributions from earnings, while FFO, NOI and Cash NOI are important measures of operating performance and the performance of real estate properties. The IFRS measurement most directly comparable to FFO, AFFO, NOI and Cash NOI is net income. Please refer to "Non-IFRS Measures" in the REIT's regulatory filings.

## Vision

To be the net lease real estate partner of choice for the automotive dealership and retail community

## Mission

Invest in premier properties in growing metropolitan markets to deliver durable and growing cash flow underpinned by long-term real estate appreciation

# Capital Market Profile (TSX: APR.UN)



Recent price: **\$10.99**<sup>1</sup>

Market capitalization:  
**540 million**<sup>1</sup>

**REIT Units: 49.09 million**

Investment properties:  
**\$1.21 billion**<sup>2,3</sup>

Total return:  
IPO to Nov. 25, 2024: **130.4%**<sup>4</sup>

Annualized distribution  
**\$0.804 / unit**

Yield<sup>1</sup>  
**~ 7.3%**

Debt to GBV<sup>2</sup>  
**43.7%**

LTM AFFO Payout Ratio<sup>2</sup>  
**86.5%**

2023 tax treatment  
**60%** Return of Capital  
**40%** Interest Income

**Internally  
Managed**

## Analyst coverage



1. As at January 3, 2025

2. As at September 30, 2024

3. Including investment properties held for sale

4. Including reinvested dividends

# Essential Retail on Prime Urban Land <sup>1</sup>



- Tripled assets from < \$400 million to ~\$1.2 billion since 2015 IPO
- Prime urban properties supported by GDP and population growth, intensification, and higher and better use scenarios



**78**  
income-producing properties

**255 acres**  
of commercially-zoned  
urban real estate

**2.9 million**  
square feet of Gross Leasable  
Area ("GLA")

**~ 80%**  
exposure to VECTOM  
markets

2021 CMA Population

Montreal	4,291,732
Ottawa	1,488,307
Toronto	6,202,225
Calgary	1,481,806
Edmonton	1,418,118
Vancouver	2,642,825

Source: Statistics Canada. 2023. Census Profile. 2021

1. Figures exclude the Tampa Property acquisition announced on October 31, 2024



# Quality Tenants <sup>1</sup>



- Long-term triple-net / net leases, indemnified by leading automotive groups and OEMs
- Defensive income (100% occupancy / no bad debt write-offs) supported by underlying land value appreciation
- Embedded growth with contractual annual set or CPI-linked escalations



- 82 automotive dealerships (80 in Canada), representing ~38 brands



- Leading global electric vehicle maker with largest market capitalization of any automotive company



- 82 automotive dealerships (64 in Canada), representing ~28 brands



- One of the largest automotive dealership groups in North America, with more than 300 locations (15 in Canada)



(Alpha Auto Group)

- 16 automotive dealerships, representing ~11 brands

Groupe Olivier Capital  
Operated by:



- 25 automotive dealerships, representing ~12 brands



- 67 automotive dealerships (65 in Canada), representing ~28 brands



- World's largest John Deere construction and forestry equipment dealer



(Strongco)

- Sells, rents and services heavy equipment in 16 countries on four continents

1. Data based on publicly available information (November 2024)  
2. Automotive Properties REIT has the first right to acquire from Dilawri's development and acquisition pipeline  
3. Lithia acquired Pfaff Automotive Partners in August 2021 to enter the Canadian market

# Essential Automotive Service & Retail

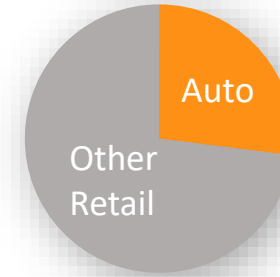
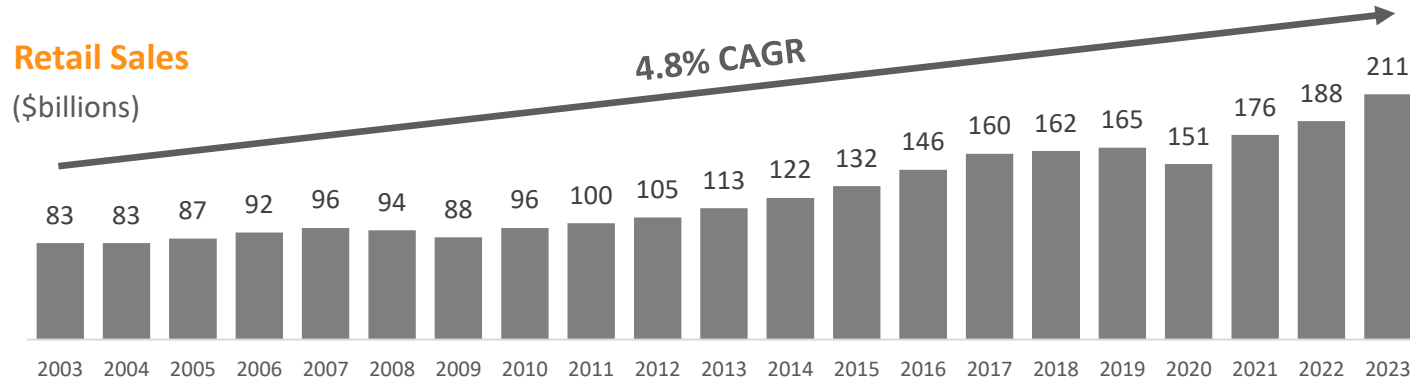


# Essential Retail - Automotive Dealership Industry



## Retail Sales

(\$billions)



~27%

Auto industry's proportion of Canada's overall retail sales of products and merchandise in 2023

Automotive dealership retail sales include 4 revenue / profit centres

- 1 Parts, service and repair
- 2 Finance and Insurance
- 3 New vehicle sales
- 4 Used vehicle sales

New vehicle unit sales in Canada in 2023

1.74 Million

~11.6% increase from 2022 levels

Canadian new light vehicle sales increased ~8.1% in the first nine months of 2024 compared to the same period in 2023, reflecting continued consumer demand for new vehicles (Source: DesRosiers Automotive Consultants Inc.)

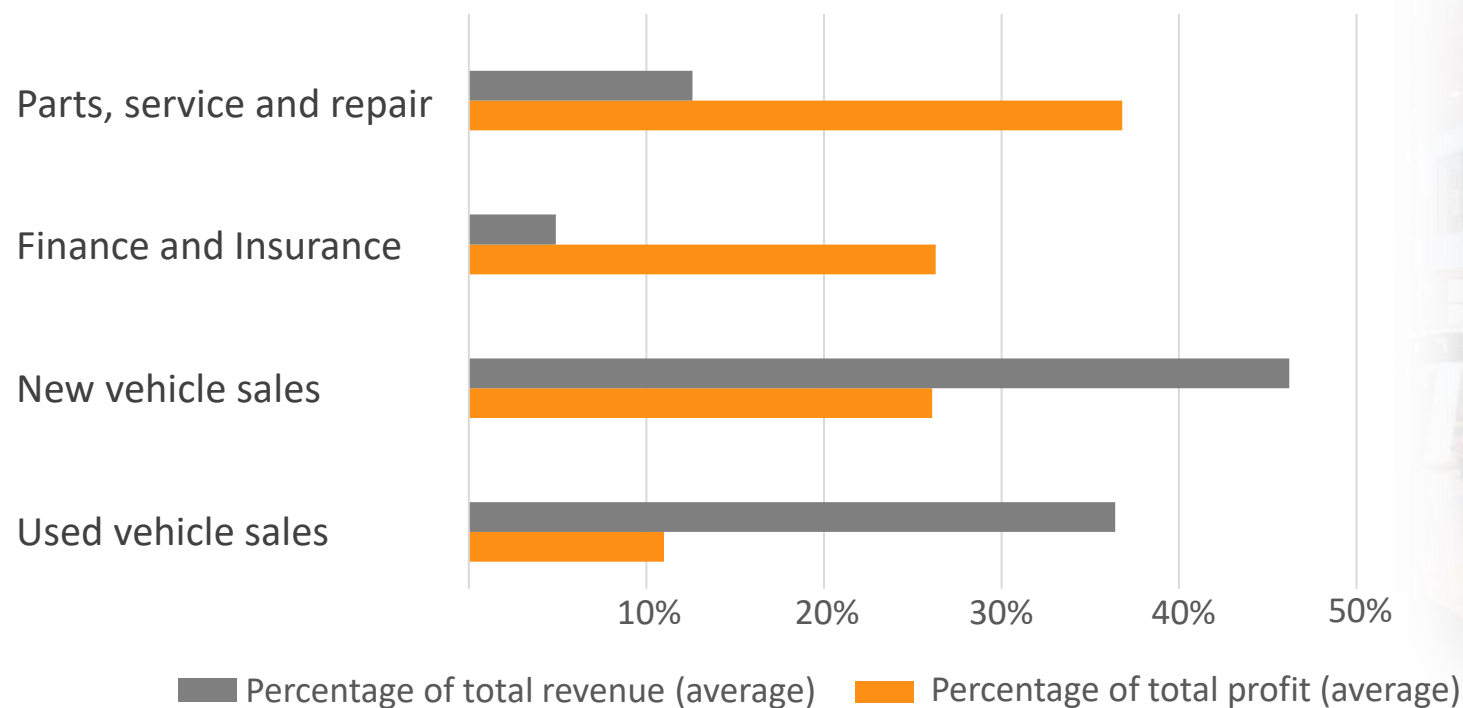
THE AUTOMOTIVE RETAIL SALES INDUSTRY IS CANADA'S LARGEST RETAIL SEGMENT



# Automotive Dealership Group Profit Centres



Average revenue / profit % contribution per business segment for major North American automotive dealership groups<sup>1</sup>



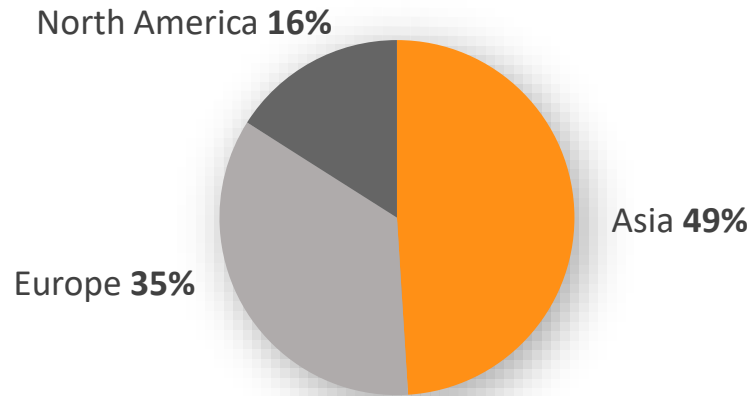
(1) Chart data is derived from the public disclosure of Asbury Automotive, AutoCanada, AutoNation, Group 1 Automotive, Lithia, Penske Automotive and Sonic Automotive. The data reflects the average revenue and profit contributions from 2022 and 2023

**SIGNIFICANT MAJORITY OF PROFITS ARE GENERATED FROM REVENUE SOURCES OTHER THAN NEW CAR SALES**

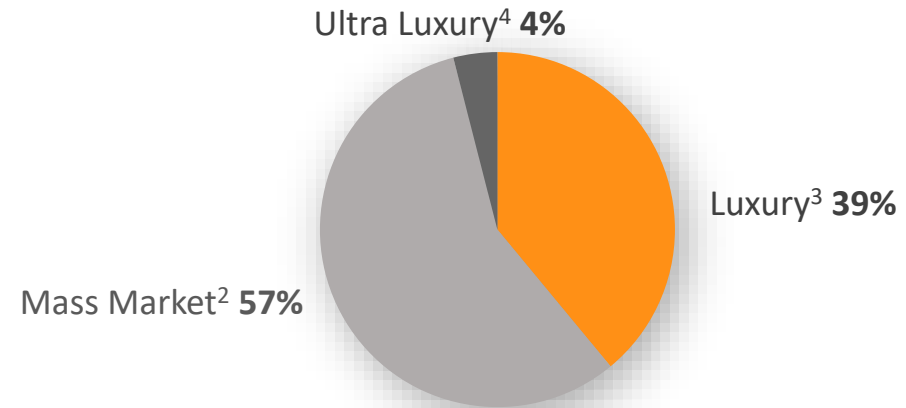
# Manufacturer / Brand Diversification



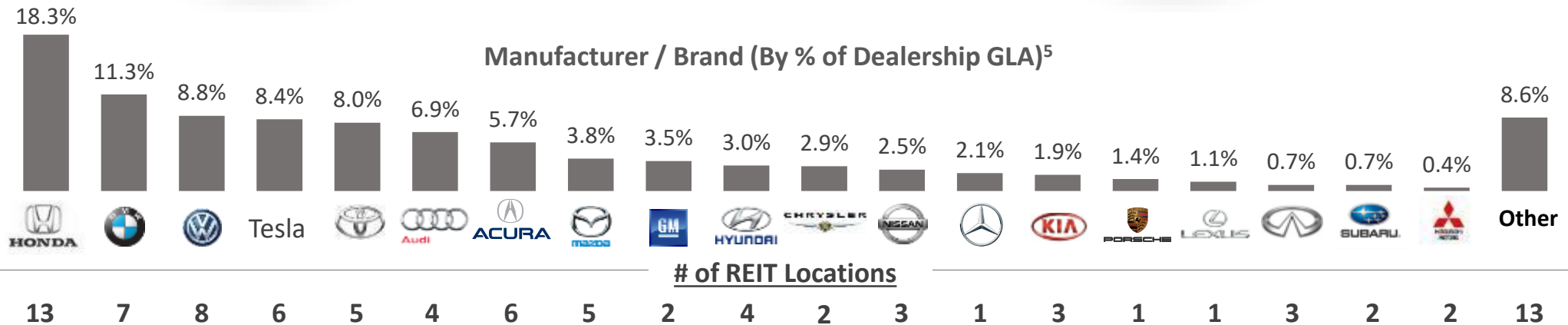
**Manufacturers by Region**  
(% of Base Rent from Dealership Properties)<sup>1</sup>



**Brands by Market Segment**  
(% of Base Rent from Dealership Properties)<sup>1</sup>



**Manufacturer / Brand (By % of Dealership GLA)<sup>5</sup>**



(1) As at December 31, 2023

(2) Mass Market segment includes: Chrysler, Ford (including Lincoln), General Motors, Kia, Nissan (including Nissan Infiniti), Honda, Hyundai, Mazda, Mitsubishi, Subaru, Toyota and Volkswagen

(3) Luxury segment includes: Acura, Audi, BMW, Infiniti, Lexus, Mercedes-Benz and Tesla

(4) Ultra-Luxury segment includes: Aston Martin, Bentley, Jaguar, Lamborghini, Land Rover, Porsche, Maserati and McLaren

(5) As at September 30, 2024

- New entrants from Asia entering NA market
- Consumer buying habits being met by enhanced dealership e-commerce offerings and curbside pick-up and service
- Electric vehicles – low penetration, but gradually increasing
  - EV registrations comprised 7.7% of new U.S. light vehicle registrations in 2023, compared to 5.7% in 2022 <sup>1</sup>
  - Implication on dealer infrastructure
- Automated vs. autonomous
  - Automated – safety / technology expected to be regulated
  - Autonomous – cultural shift
- Other influencers
  - Ride Sharing Platforms – Uber, Lyft



(1) Source: S&P Global Mobility

**INCREASING INDUSTRY DEMAND FOR LIMITED AUTOMOTIVE PROPERTIES SUPPLY**



# Stability & Performance





# Stable Growth Platform



**4.1 years**

Weighted average interest rate swap term and mortgage remaining<sup>1</sup>

**4.31%**

Weighted average fixed interest rate on debt<sup>1</sup>

**94%**

Portion of total debt at fixed interest rates<sup>1</sup>

**~ 80%**

exposure to VECTOM markets<sup>1</sup>

**9.1 years**

Weighted average lease term<sup>1</sup>

**2.2%**

Q3 2024 Same Property Cash NOI growth

**100%**

Effective occupancy

**43.7%**

Debt to GBV<sup>1</sup>

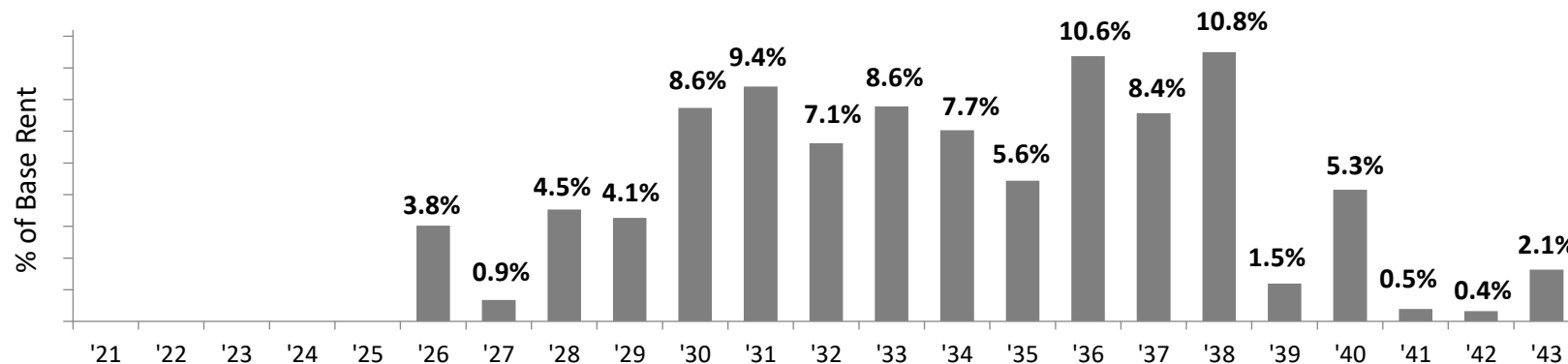
1) As at September 30, 2024

# Strong Leasing Profile<sup>1</sup>



- Long-term triple-net / net leases with weighted average term of 9.1 years
- Leases are indemnified by multi-brand, multi-location operators / OEM (e.g. AutoCanada, Dilawri Group, Go Auto, Lithia Motors, and Tesla)
- Fixed 1.5% annual rent escalator for the 36 Dilawri properties over the next 1.5 – 17.1 years
- For 2024, leases with uncapped CPI-related adjustments represent ~26% of base rent, and an additional 10% of leases are subject to capped CPI-related adjustments

## Lease Maturity Schedule<sup>2</sup>



(1) As at September 30, 2024

(2) Based on 12-month rolling average as at September 30, 2024

RELIABLE LONG-TERM CASH FLOW, WITH CONTRACTED, LONG-TERM RENTAL INCOME GROWTH

# Debt Profile



- 94% of debt fixed through swaps and mortgages
- Flexible financing structure (ability to expand, rotate assets and repay or renew)
- Strong support from diversified lender base

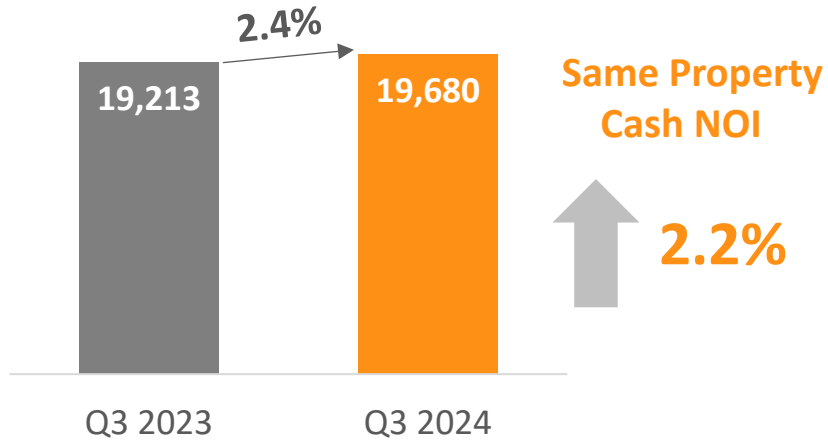
At Sept. 30, 2024 (\$000s)	Maturity	Principal Amount	Effective Fixed Rate of Interest	Amount withdrawn against Revolving Credit Facility	Repayment
Facility 1	June 2027	\$247,811	4.48%	\$23,500 of \$30,000	Open
Facility 2	January 2028	\$77,601	3.89%	\$0 of \$20,000	Open
Facility 3	June 2026	\$166,727	4.33%	\$10,800 of \$40,000	Open
Mortgages	Multiple	\$34,223	3.88%	n/a	Closed
<b>Total/Weighted Average:</b>		<b>\$526,362</b>	<b>4.31%</b>	<b>\$34,300 of \$90,000</b>	

- Subsequent to Q3 2024, the REIT's indebtedness under its revolving credit facilities was repaid in full using net proceeds from the Kennedy Lands sale, which closed on October 1, 2024
- Debt to GBV declined from 43.7% as at September 30, 2024 to 41.8% as at October 1, 2024 as a result of the Kennedy Lands sale and subsequent debt repayment
- As at November 13, 2024, the REIT had undrawn credit facilities of ~\$90.0 million, cash on hand of ~\$18.0 million, and one unencumbered property valued at ~18.3 million

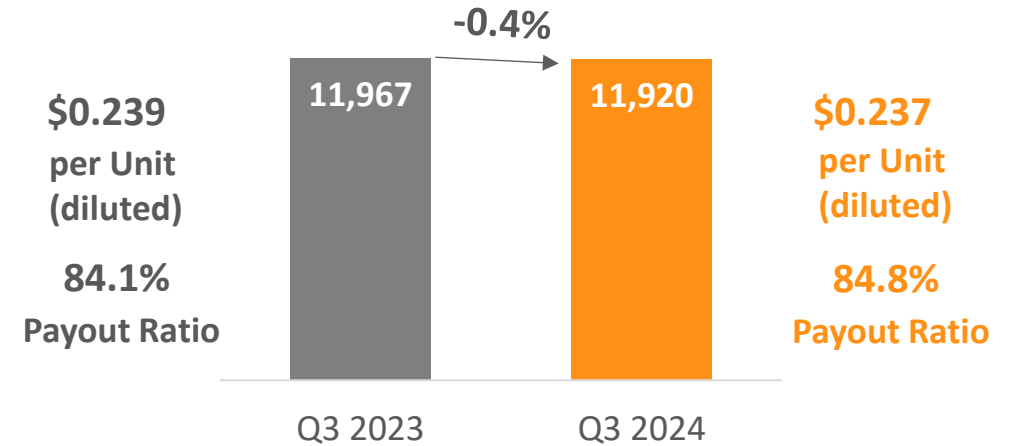
# Q3 2024 Financial Review



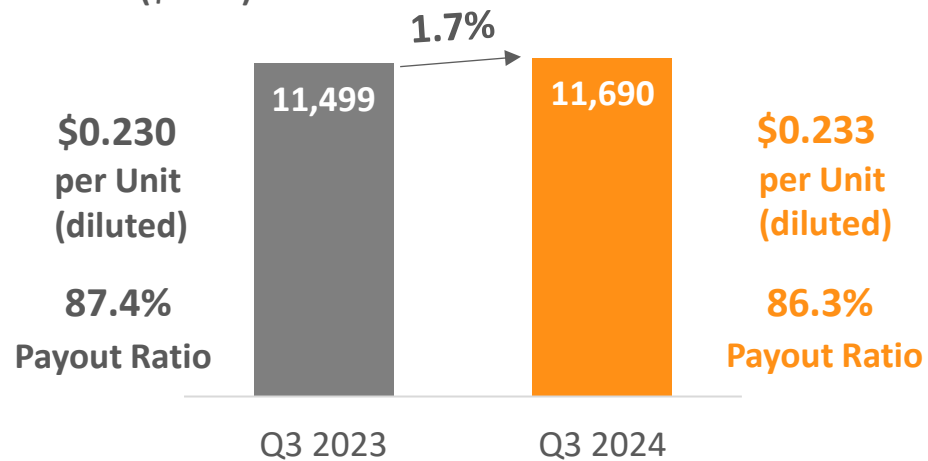
## Cash NOI (\$000s)



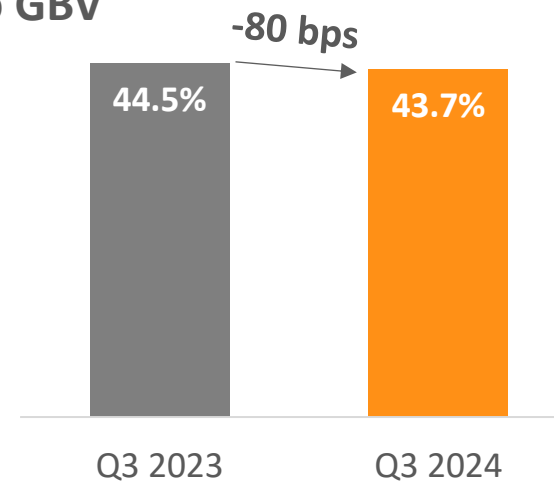
## FFO (\$000s) <sup>1</sup>



## AFFO (\$000s) <sup>1</sup>



## Debt to GBV



(1) The slight decline in FFO was partially attributable to a \$0.2 million reduction in straight-line rent adjustment due to the addition of leases to the investment property portfolio containing CPI-linked rent adjustments. Straight-line rent adjustment is excluded from the calculation of AFFO



# YTD 2024 Financial Review



(\$000s, except per unit amounts and payout ratios)	Nine months ended September 30, 2024	Nine months ended September 30, 2023	Variance
Revenue from investment properties	\$ 70,461	\$ 69,193	1.8%
Cash NOI	58,724	57,026	3.0%
Same property Cash NOI	56,247	54,922	2.4%
FFO <sup>1</sup>	36,004	36,071	-0.2%
AFFO <sup>1</sup>	35,127	34,398	2.1%
<b>Per Unit Amounts / Payout Ratios</b>			
Distributions	\$ 0.603	\$ 0.603	--
FFO (diluted)	0.717	0.721	-0.004
AFFO (diluted)	0.699	0.688	0.011
FFO payout ratio	84.1%	83.6%	0.5%
AFFO payout ratio	86.3%	87.6%	-1.3%

(1) The slight decline in FFO was partially attributable to a \$0.8 million reduction in straight-line rent adjustment due to the addition of leases to the investment property portfolio containing CPI-linked rent adjustments. Straight-line rent adjustment is excluded from the calculation of AFFO



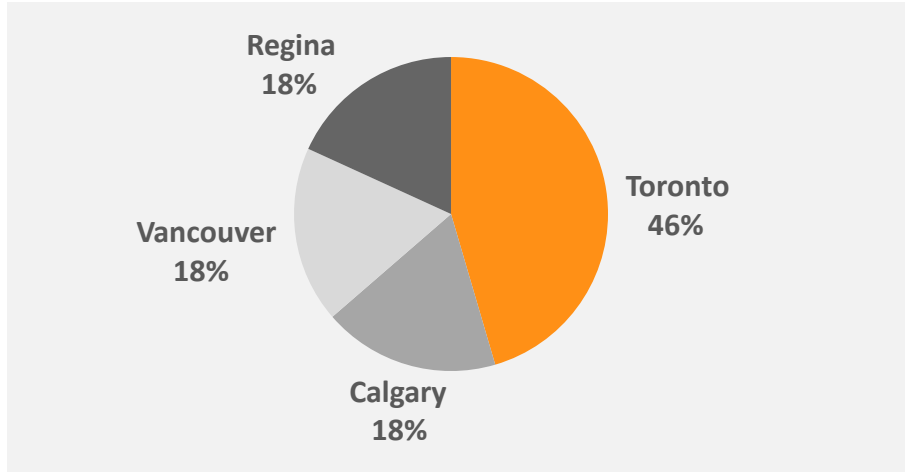
Growth



# Portfolio Diversification & Growth

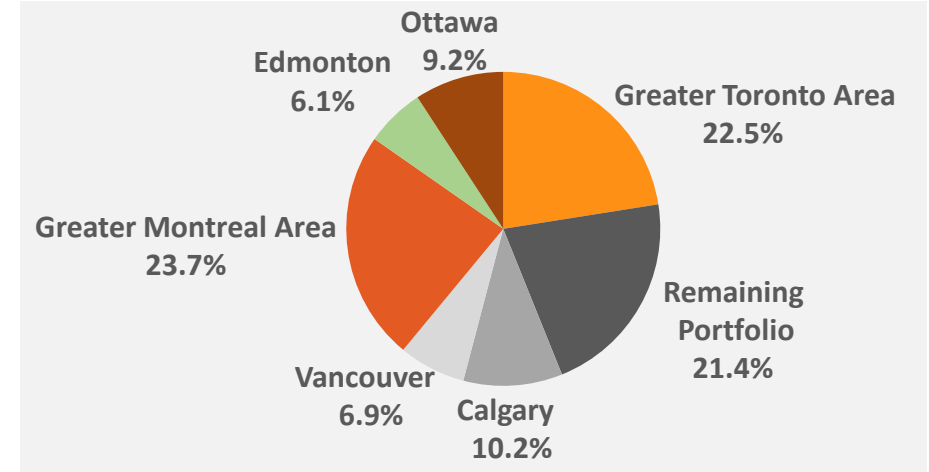


At July 2015 IPO



Markets >  
(By GLA)

At Sept. 30, 2024



Tenants >  
Base Rent

Dilawri 100%

Dilawri 52.8%

Investment Properties >

\$357.6 million

**\$1.21 billion**<sup>1</sup>

Market capitalization >

\$180.0 million

**\$540 million**<sup>2</sup>

(1) Including investment properties held for sale

(2) As at January 3, 2025

# Kennedy Lands Property Sale



## Sold Kennedy Lands in Markham, ON for **\$54 million** in October 2024

- Sold the automotive dealership property located at 8210 and 8220 Kennedy Road and 7 and 13/15 Main Street to an affiliate of Dilawri

## Significant benefits for the REIT

- Sale price was a **79% premium** above IFRS value at date of agreement
  - Representing a **~3.36% capitalization rate**
- Potential to benefit from rezoning of the property through the receipt of additional cash consideration equal to \$35 per square foot to the extent that approved rezoning exceeds 1.3 million square feet of density
- Net proceeds were deployed to reduce indebtedness, resulting in **reduction of Debt to GBV** to 41.8% (from 43.7% as at September 30, 2024), enabling **increased AFFO per Unit and NAV**
- **Expanded acquisition capacity** following debt repayment, supporting property acquisitions announced in October 2024
- Paid a **special distribution** of \$0.55 per Unit (\$0.469 in Units / \$0.081 in cash) due to increase in taxable income generated on closing



**Markham Honda**

**8220 Kennedy Road**

**KENNEDY LANDS SALE UNLOCKED SIGNIFICANT VALUE EMBEDDED IN PROPERTY PORTFOLIO**



# New Acquisitions

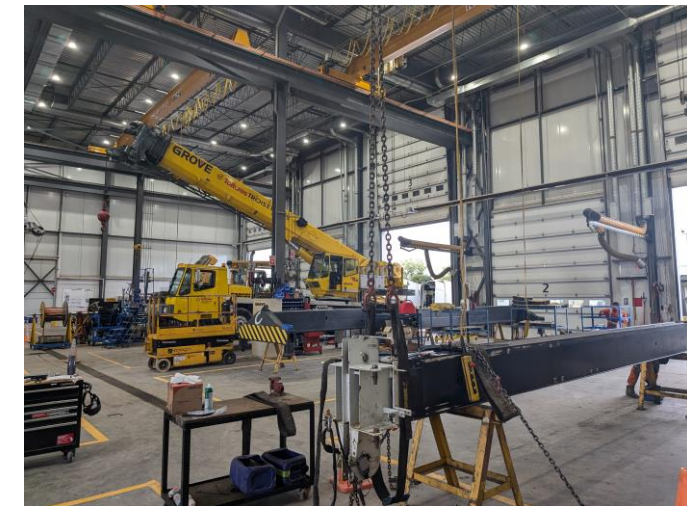


## Announced agreements to purchase a Rivian-tenanted property in Tampa, FL and two OEM dealership properties in the Greater Montreal Area

- Purchase price of **~US\$13.5 million** for the Tampa property and **~\$25.4 million** for the Greater Montreal properties
  - Greater Montreal property acquisitions closed in November 2024; Tampa property acquisition expected to close in Q1 2025
- Tampa property acquisition highlights:
  - Targeted entry into **U.S. market**
  - Increased exposure to **electric vehicle retail and service market** in North America
- Greater Montreal OEM dealership acquisition highlights:
  - Entry into a **new industrial vertical** with similar characteristics to automotive dealerships, including essential nature
  - **Strong OEM dealer tenants:** Brandt Tractor Ltd. and Strongco (Nors Group)
  - Represent **leading OEM brands** including John Deere and Volvo



**Rivian (Tampa)**



**Strongco (Nors Group) Dealership**

**ACQUISITIONS ENHANCE TENANT AND GEOGRAPHIC DIVERSIFICATION AND ARE EXPECTED TO DRIVE GROWTH IN AFFO**

## Acquisition Growth (July 2015 IPO to Present)



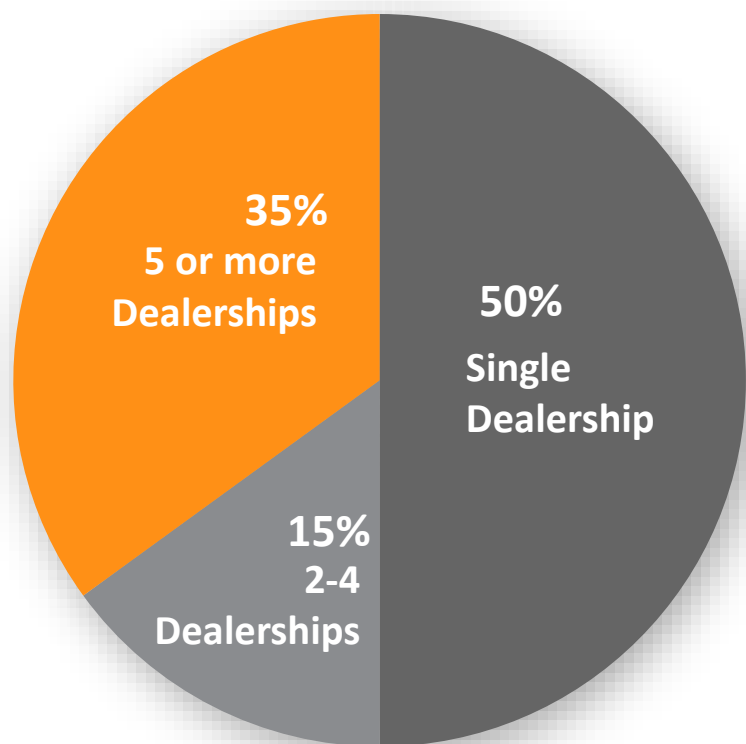
- **55** properties acquired / four property expansions / two property divestitures
- **~\$727 million** deployed
- Added **~2.0 million** square feet of **GLA** to portfolio
- Acquisitions indirectly funded by **six fully-subscribed equity offerings** totaling **~\$409.5 million**
- Increased **brand, geographic** and **tenant** diversification
- Enhanced **capital market liquidity**
- Focused on **AFFO per Unit growth**



# Opportunity to Consolidate Highly Fragmented Auto Dealer Industry



Proportion of Canada's ~ 3,500 Auto Dealerships by Size of Ownership Group <sup>1</sup>



10 Dealership Groups: Approximately 13.4% of the Canadian Market <sup>2</sup>

Company	Dealerships	% of Total
<b>Dilawri Group<sup>(3)</sup></b>	<b>80</b>	<b>2.3%</b>
<b>Go Auto<sup>(3)</sup></b>	<b>65</b>	<b>1.9%</b>
<b>AutoCanada<sup>(3)</sup></b>	<b>64</b>	<b>1.9%</b>
Steele Auto Group	54	1.6%
Groupe Gabriel	44	1.3%
Performance Auto Group	41	1.2%
Zanchin Automotive Group	35	1.0%
Murray Auto Group	31	0.9%
O'Regan's Automotive	30	0.9%
<b>Groupe Olivier<sup>(3)</sup></b>	<b>25</b>	<b>0.7%</b>
<b>Top 10 subtotal</b>	<b>469</b>	<b>13.4%</b>
Other	~ 3,031	86.6%
<b>Total</b>	<b>~ 3,500<sup>(1)</sup></b>	<b>100.0%</b>

(1) Source: DesRosiers Automotive Consultants Inc.

(2) Data based on publicly available information (November 2024)

(3) Denotes current tenants of the REIT

## REIT lease structure and strategy drive Same Property NOI

- Contractual set rent increases and CPI-linked adjustments
  - For 2024, leases with CPI adjustments represent ~26% of base rent
  - An additional 10% of existing leases are subject to capped CPI-related adjustments
- Triple-net leases: property-level cost inflation is the responsibility of tenant
  - Tenants pay for repairs and maintenance, realty taxes, property insurance, utilities and non-structural capital improvements
- Certain properties within the portfolio are net leases, which share many of the same characteristics as triple-net leases, but the REIT is responsible for certain structural improvements



**Same Property Cash NOI: +2.4%**

(Nine months ended September 30, 2024)

**THE REIT IS WELL POSITIONED DURING BOTH STABLE AND INFLATIONARY ENVIRONMENTS**

# Sample Urban Properties - 2022 Demographics Radius



## Average Household Income

Property (3 KM)	Average (2022)	5-Year Population Growth	10-Year Population Growth
Hyundai Honda, Gallery	\$136,498	11.33%	11.33%
Audi Vaughan	\$126,499	12.02%	12.02%
Markham Acura	\$118,524	10.79%	10.79%
JLR Volvo, Brossard	\$112,139	8.23%	8.23%
MB West Island	\$110,717	3.67%	3.67%
Audi Burrard, Van	\$105,534	1.30%	1.30%
Frost GMC, Brampton	\$98,699	2.50%	2.50%
Porsche Centre, Van.	\$94,780	1.30%	1.30%
Lexus Laval	\$81,693	7.00%	7.00%
Brimell Toyota, Scarb.	\$75,864	1.00%	1.00%



**230k** Average population density within a 5-km radius



**60** Average transit score = "Good Transit"



# Investment Highlights



- Canadian automotive and OEM service and retail are essential businesses
- High-quality portfolio of properties located in commercial corridors in growing metropolitan markets across Canada (~80% VECTOM)
- 100% leased / 100% rent collection
- Debt strategy / structure reduces exposure to interest rate increases
- Long-term, triple-net / net leases with fixed rent escalators or CPI-linked adjustments provide stable, growing cash flows
- Diversified lead tenants, representing major automotive and OEM dealership and service groups, well positioned to play a leading role in consolidation
- Pursuing acquisitions on a strategic basis



**ESSENTIAL RETAIL, QUALITY TENANTS AND PRIME METROPOLITAN LAND**



# Appendix



# APR.UN Price Performance



12 months ended January 6, 2025



January 2024

July 2024

January 2025

# Strong Majority Independent Board



Name & Domicile	Principal Occupation
<b>Kap Dilawri, <i>Chair</i></b> Ontario, Canada	Co-Founder and President of the Dilawri Group
<b>Patricia Kay</b> Massachusetts, United States	Former Senior Vice President, Dealer Finance – Bank of America Merrill Lynch
<b>Milton Lamb</b> Ontario, Canada	President & CEO of Automotive Properties REIT
<b>Stuart Lazier</b> Ontario, Canada	Chairman, Northbridge Investment Management Inc. and former CEO of Fiera Properties Ltd.
<b>James Matthews</b> Ontario, Canada	Executive Vice President of the Dilawri Group
<b>Julie Morin</b> Ontario, Canada	Chief Financial Officer of The Minto Group
<b>John Morrison, <i>Lead Trustee</i></b> Ontario, Canada	Former Vice Chairman and CEO of Choice Properties Real Estate Investment Trust

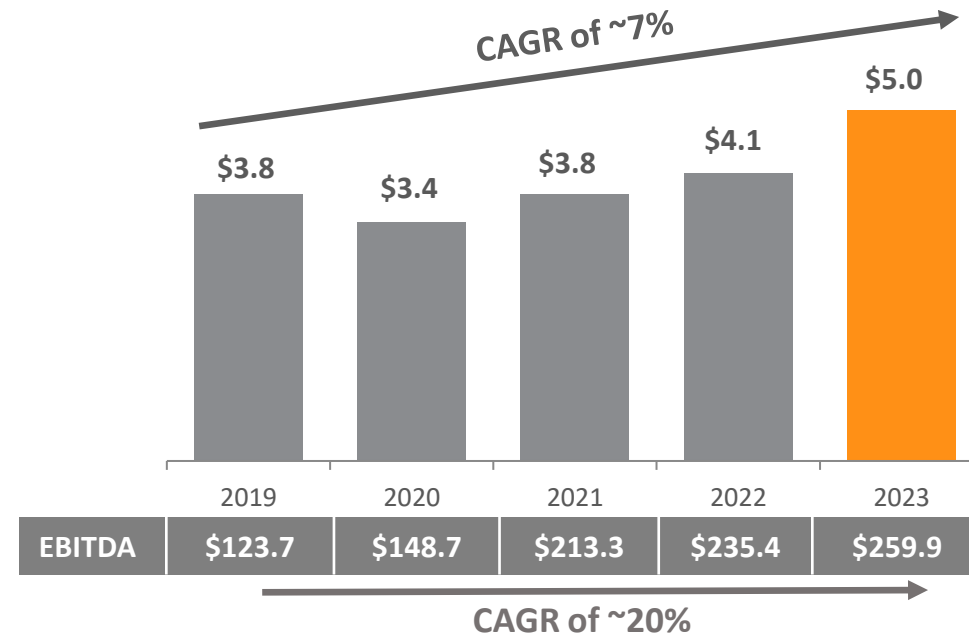
MANAGEMENT & TRUSTEES FOCUSED ON LONG-TERM AFFO PER UNIT GROWTH  
AND SOUND GOVERNANCE





- REIT has the first right to acquire from Dilawri development and acquisition pipeline
  - Historically, Dilawri has, on average, opened or acquired five new automotive dealerships per year, including two to three automotive dealership properties
- Pro forma adjusted rent coverage ratio of 5.0x as at September 30, 2024 (LTM)
- Pro forma adjusted rent coverage ratio of 5.5x as at September 30, 2023 (LTM)

Dilawri 5-Year Historical Revenues (\$billions)



\* Dilawri has agreed to provide the financial information above up to the year ending December 31, 2024

**ALIGNMENT OF INTERESTS THROUGH DILAWRI'S 31.3% EFFECTIVE OWNERSHIP INTEREST<sup>1</sup> IN THE REIT**

1) As at September 30, 2024