Automotive Properties REIT (APPTF)

Updated March 21st, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$10.00	**5 Year Annual Expected Total Return:**	1.3%	**Market Cap:**	$457 M
Fair Value Price:	$7.50	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	03/31/26
% Fair Value:	133%	**5 Year Valuation Multiple Estimate:**	-5.6%	**Dividend Payment Date:**	04/15/26
Dividend Yield:	6.0%	**5 Year Price Target**	$7.50	**Years Of Dividend Growth:**	1
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Automotive Properties REIT is a Canadian net-lease REIT focused on automotive dealership and service-center real estate. Its 92-property portfolio spans major Canadian metros and select U.S. markets, all leased under long-term triple-net contracts. Its largest tenant is the Dilawri Group, which accounts for 48.2% of annual base rent and holds a 30.7% effective ownership stake. Other key tenants include AutoCanada, Go Auto, Rivian, and Tesla. The portfolio is 100% occupied. Also, the REIT pays dividends on a monthly basis. Last year it recorded $74.2 million in revenues. It now trades at a market cap of $457 million. The company reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted.

On March 4th, 2026, Automotive Properties REIT posted its Q4 and full-year 2025 results for the period ended December 31st, 2025. Property revenue rose 19.3% year over year to about $20.3 million, while cash NOI increased 18.6% to about $16.9 million, supported by acquisitions and contractual rent growth across 92 properties. The REIT invested about $146 million in 13 acquisitions during 2025, including a four-asset dealership portfolio in Greater Montreal in Q4. Quarterly FFO reached about $10.4 million, or $0.19 per unit, up 20.4% from a year earlier. For FY2026, we expect FFO per share of $0.75.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO	$0.77	$0.77	$0.72	$0.77	$0.72	$0.74	$0.69	$0.72	$0.66	$0.74	***$0.75***	***$0.75***
DPS	$0.60	$0.64	$0.59	$0.62	$0.63	$0.64	$0.59	$0.61	$0.56	$0.59	***$0.60***	***$0.66***
Units[1]	12.0	16.2	21.8	37.7	37.7	39.1	39.7	39.7	49.1	55.1	***55.1***	***55.0***

Automotive Properties REIT's FFO per unit has remained remarkably stable over the past decade because the REIT's long-term, triple-net leases produce predictable rental income with minimal operating cost exposure. Still, after its IPO, in 2015, FFO/unit has failed to grow. While incremental acquisitions continued to lift total FFO during this period, these gains were offset by equity issuance-driven dilution.

During 2020–2021, the REIT's strong lease profile kept rent collection near 100%, allowing FFO/unit to hold firm through the pandemic. But again, in the years that followed, modest rent escalations and additional acquisitions were offset by higher interest costs and continued dilution, resulting in the slight stagnation seen in 2022–2025.

Moving forward we expect no growth in FFO/unit, as the REIT's acquisition strategy continues to rely heavily on equity issuance, causing ongoing dilution that offsets incremental rental income, while higher interest costs and modest rent escalations offer limited ability to expand per-unit profitability in a mature, fully leased portfolio. Also, we believe that the fact that the REIT's largest tenant is also a major shareholder, there could be some conflict of interest regarding rental rate hikes.

Note that the company has paid a monthly dividend that remained stable at C$0.067 per month from the IPO in 2015 to July of 2025. The REIT hiked its dividend for the first time this past August, which now stands at C$0.0685 per month. We

[1] Unit count is in millions.

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believe the dividend can grow at a CAGR of 2% over the medium term, especially if rates decline, but remain skeptical overall.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	---	---	---	---	---	---	---	10.4	11.4	10.4	***13.3***	***10.0***
Avg. Yld.	---	---	---	---	---	---	---	8.1%	7.5%	7.7%	***6.0%***	***8.8%***

Automotive Properties has been public since 2015 but has traded in the OTC market only since 2023. The stock's P/FFO has hovered in the low double-digits since. Today, the REIT trades at 13.3x our expected FFO/unit for the year. Still, due to the lack of projected growth, we believe that a lower P/FFO of 10 would be more appropriate, which implies potential multiple compression from here. The dividend yield now hovers at 6.0%. We believe a higher yield would be more appropriate given the lack of noteworthy growth, which again would justify a multiple compression.

Safety, Quality, Competitive Advantage, & Recession Resiliency

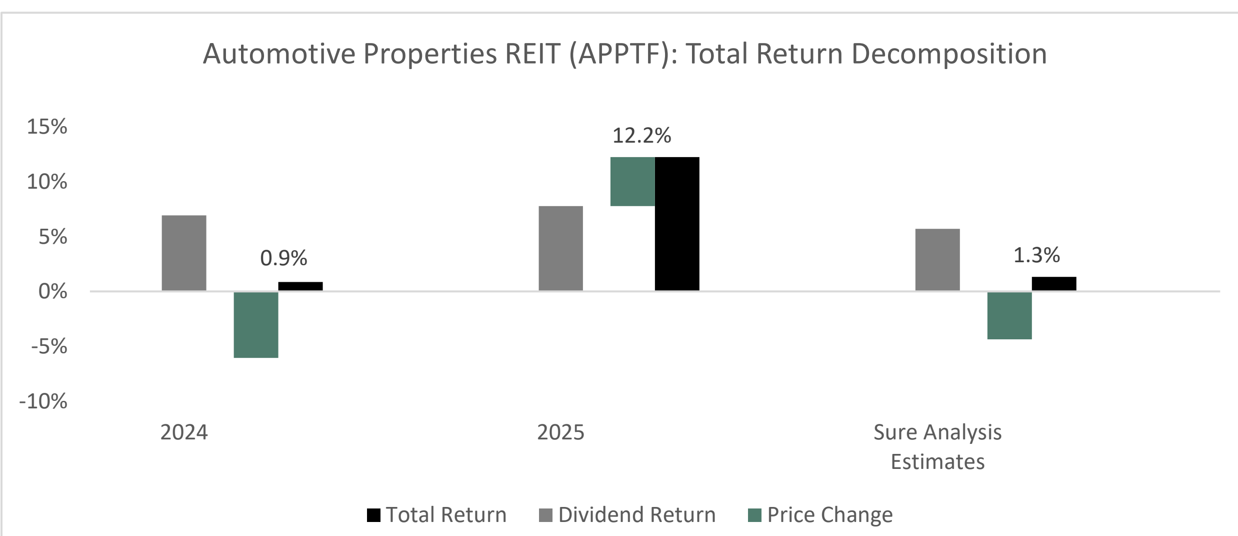
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	78%	83%	82%	81%	88%	86%	86%	85%	85%	80%	***80%***	***88%***

Automotive Properties REIT benefits from a highly stable cash-flow profile backed by long-term, triple-net leases, strong tenant covenants, and essential-service automotive dealerships that remain resilient across economic cycles. The REIT's quality is anchored by its relationship with Dilawri Group, Canada's largest dealer network, which involves a significant share of rental income and strategic alignment as a major unitholder (although in potential expense to rental growth). Also this is the only publicly traded consolidator of automotive retail real estate in Canada, giving it scale, relationships with tenants, and underwriting expertise that are difficult for new entrants to replicate. This niche focus, along with high occupancy and durable land value, provides meaningful recession resilience and reliable cash distributions.

Final Thoughts & Recommendation

Automotive Properties enjoys highly stable cash flows and pays predictable, monthly dividends, supported by essential-service dealership tenants. However, limited per-unit growth leaves the stock more of a steady income vehicle than a compounder. We forecast insignificant annualized returns over the medium-term, as returns from the dividend could be mostly offset by a valuation headwind. We rate the stock a hold only due to resumption in dividend growth.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	10	26	32	37	51	56	62	64	69	69
Gross Profit	9	22	27	31	43	48	54	54	58	58
Gross Margin	87.0%	86.0%	84.8%	84.4%	84.9%	85.2%	85.8%	85.0%	84.8%	84.5%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.										
Operating Profit	17	(2)	22	33	13	42	27	85	65	53
Operating Margin	159.9%	-7.9%	67.1%	89.2%	25.6%	75.0%	43.2%	134.0%	94.2%	77.0%
Net Profit	14	(4)	20	30	(3)	20	68	64	38	53
Net Margin	132.5%	-15.7%	62.8%	81.1%	-6.7%	35.9%	109.2%	100.6%	55.1%	76.7%
Free Cash Flow	7	13	17	19	27	32	37	36	37	37
Income Tax	-	-	-	-	-	-	-	-	-	-

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	284	346	437	561	722	735	833	807	905	828
Cash & Equivalents	1	0	0	0	35	0	0	0	0	0
Accounts Receivable										
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	162	183	215	311	324	344	351	334	420	367
Accounts Payable										
Long-Term Debt	155	178	211	305	313	316	333	321	406	349
Shareholder's Equity	63	84	136	185	304	307	364	384	410	461
LTD/E Ratio	2.47	2.12	1.55	1.65	1.03	1.03	0.91	0.83	0.99	0.76

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets		-1.3%	5.2%	6.1%	-0.5%	2.8%	8.7%	7.8%	4.4%	6.1%
Return on Equity		-5.5%	18.4%	18.8%	-1.4%	6.6%	20.3%	17.1%	9.5%	12.1%
ROIC		-1.7%	6.6%	7.2%	-0.6%	3.2%	10.3%	9.1%	5.0%	6.5%
Shares Out.	8.1	12.0	16.2	21.8	37.7	37.7	39.1	39.7	39.7	49.1
Revenue/Share	0.58	1.35	1.25	1.35	1.41	1.16	1.26	1.28	1.37	1.36
FCF/Share	0.38	0.67	0.67	0.69	0.75	0.65	0.75	0.71	0.74	0.74

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.