Automotive Properties REIT (APPTF)

Updated August 25th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$8.80	**5 Year Annual Expected Total Return:**	4.1%	**Market Cap:**	$490 M
Fair Value Price:	$7.50	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	08/31/26
% Fair Value:	117%	**5 Year Valuation Multiple Estimate:**	-3.1%	**Dividend Payment Date:**	09/15/26
Dividend Yield:	6.9%	**5 Year Price Target**	$7.50	**Years Of Dividend Growth:**	2
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 95-property portfolio spans major Canadian metros and select U.S. markets, primarily under long-term triple-net leasesIts largest tenant remains the Dilawri Group, which accounted for approximately 44.3% of Q2 2026 base rent and held a 30.7% effective ownership interest as of June 30th, 2026. Other key tenants include AutoCanada, Go Auto, Rivian, Tesla, and Penske Automotive Group. The REIT's 95-property portfolio is 100% leased. Also, the REIT pays monthly dividends. Last year it recorded $74.2 million in revenues. It now trades at a market cap of $490 million. The REIT reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted.

On August 13th, 2026, Automotive Properties REIT posted its Q2 results for the period ended June 30th, 2026. Rental revenue rose 22.8% year over year to $21.8 million, while cash NOI increased 20.0% to $17.9 million, driven by acquisitions and contractual rent increases. During the quarter, the REIT completed its $30.15 million acquisition of two Santa Ana dealership properties, bringing its portfolio to 95 properties. FFO rose 19.4% to $11.1 million, or $0.195 per diluted unit. It also agreed to sell a 50% interest in its Vaughan dealership property for $11.6 million while retaining the remaining half. For FY2026, we expect FFO per share of $0.75.

Also, the REIT also raised its monthly distribution by 2.0%, from C$0.0685 to C$0.0699 per unit ($0.61 annualized in USD).

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	***$0.61***	***$0.67***
Units[1]	12.0	16.2	21.8	37.7	37.7	39.1	39.7	39.7	49.1	55.1	***56.7***	***60.0***

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.

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[1] Unit count is in millions.

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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 believe the dividend can grow at a CAGR of 2% over the medium term, especially if rates decline, but we 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	***11.7***	***10.0***
Avg. Yld.	---	---	---	---	---	---	---	8.1%	7.5%	7.7%	***6.9%***	***9.0%***

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 11.7x 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 6.9%. 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

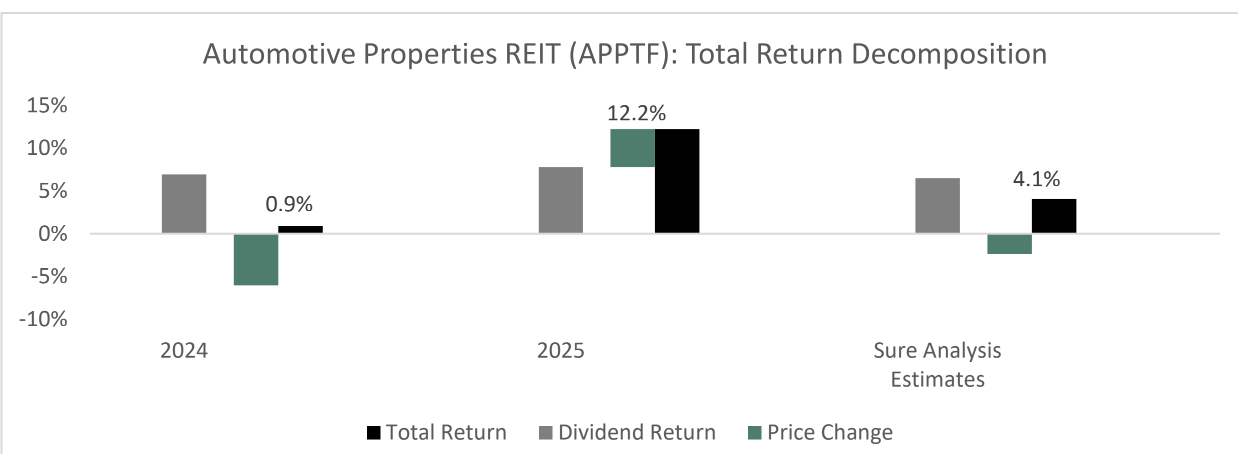
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	78%	83%	82%	81%	88%	86%	86%	85%	85%	80%	***81%***	***90%***

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 a 4.1% annualized return potential over the medium-term, as returns from the dividend could be mostly offset by a valuation headwind. We rate the stock as a hold only due to resumption in dividend growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	26	32	37	51	56	62	64	69	69	73
Gross Profit	22	27	31	43	48	54	54	58	58	61
Gross Margin	86.0%	84.8%	84.4%	84.9%	85.2%	85.8%	85.0%	84.8%	84.5%	83.6%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.	-	-	-	-	-	-	-	-	-	-
Operating Profit	(2)	22	33	13	42	27	85	65	53	56
Operating Margin	-7.9%	67.1%	89.2%	25.6%	75.0%	43.2%	134.0%	94.2%	77.0%	76.7%
Net Profit	(4)	20	30	(3)	20	68	64	38	53	32
Net Margin	-15.7%	62.8%	81.1%	-6.7%	35.9%	109.2%	100.6%	55.1%	76.7%	43.8%
Free Cash Flow	13	17	19	27	32	37	36	37	37	39
Income Tax	-	-	-	-	-	-	-	-	-	-

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	346	437	561	722	735	833	807	905	828	1,019
Cash & Equivalents	0	0	0	35	0	0	0	0	0	0.5
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	183	215	311	324	344	351	334	420	367	493
Accounts Payable	-	-	-	-	-	-	-	-	-	-
Long-Term Debt	178	211	305	313	316	333	321	406	349	465
Shareholder's Equity	84	136	185	304	307	364	384	410	461	526
LTD/E Ratio	2.12	1.55	1.65	1.03	1.03	0.91	0.83	0.99	0.76	0.89

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-1.3%	5.2%	6.1%	-0.5%	2.8%	8.7%	7.8%	4.4%	6.1%	3.5%
Return on Equity	-5.5%	18.4%	18.8%	-1.4%	6.6%	20.3%	17.1%	9.5%	12.1%	6.5%
ROIC	-1.7%	6.6%	7.2%	-0.6%	3.2%	10.3%	9.1%	5.0%	6.5%	3.5%
Shares Out.	12.0	16.2	21.8	37.7	37.7	39.1	39.7	39.7	49.1	51.7
Revenue/Share	1.35	1.25	1.35	1.41	1.16	1.26	1.28	1.37	1.36	1.41
FCF/Share	0.67	0.67	0.69	0.75	0.65	0.75	0.71	0.74	0.74	0.75

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