

84
Properties

\$250M
Adj. Inv. Properties⁽¹⁾

\$0.30
Annual Dist.

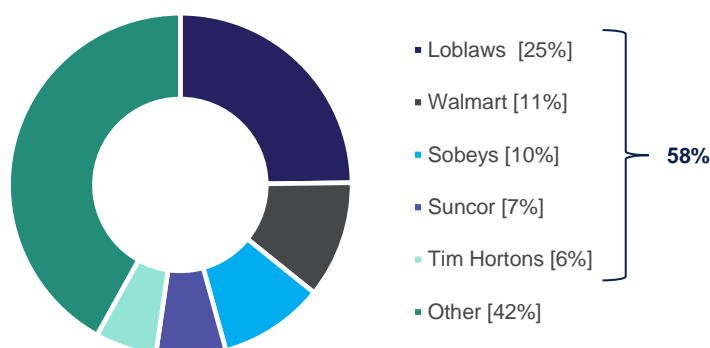
52%
Dist. / Recurring FFO

CORPORATE PROFILE

Canadian Net is an open-ended real estate investment trust that has a mission to acquire and retain high quality commercial real estate leased on a long-term, management-free, net basis.

- Holds interests in 84 properties in Eastern Canada;
- 99% occupancy rate;
- Tenants composed of (1) retailers, (2) national service-station and c-store chains, (3) quick service restaurants, (4) others;
- **Insiders own ~15% of the Trust.**

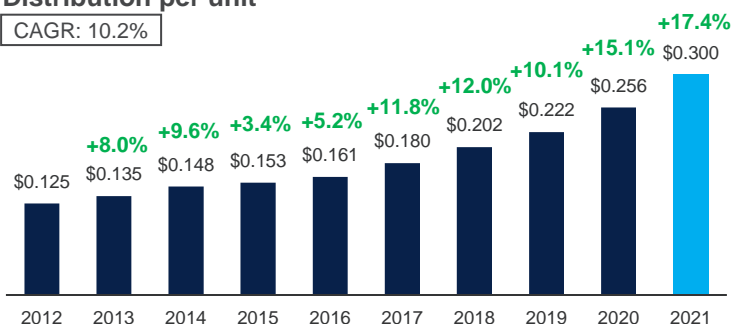
MAIN TENANTS (based on NOI) – 6-months 2021



PER UNIT HIGHLIGHTS

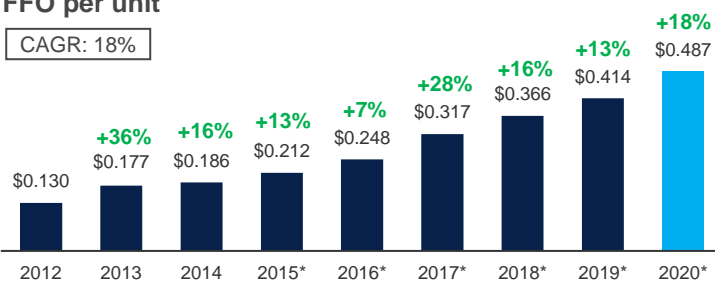
Distribution per unit

CAGR: 10.2%



FFO per unit

CAGR: 18%



*Recurring FFO

BUSINESS MODEL

1. TRIPLE NET AND MANAGEMENT-FREE LEASES

Triple Net

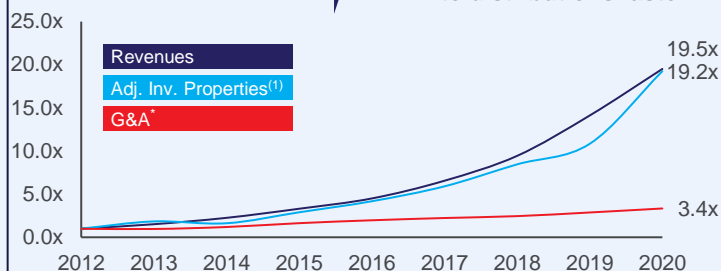
Variable costs (insurance, taxes, maintenance, etc.) are assumed by tenants

- **More stable & predictable cash flows for Canadian Net**

Management-free

Tenants are responsible for the management of the property (maintenance, minor renovations, etc.)

- **Overhead does not increase with new acquisitions**
- **New revenues translated into distributions faster**



*Excluding unit-based compensation

2. PROPERTY TYPE

- Leased to **credit rated national tenants**
- Choice of location for tenant is **revenue-driven** (need good access, visibility & high traffic) unlike other segments that are expense-driven (need to cut costs, not related to the success of the business)
- **Higher probabilities of renewal**
- **Less tenant improvements** needed to keep the tenant as location is crucial for the business, hence **smoother cash flow** for Canadian Net

3. ACQUISITION STRATEGY

- Properties are being acquired from various sources as well as retailers under sale and leaseback agreements
- Canadian Net also participates in select developments
- Typical transaction is too large for individual investors but not large enough for larger firms

SUMMARY OF FINANCIAL INFORMATION

Periods ended June 30	2021	2020	Δ	%
Financial info				
Property rental income	9,135,359	6,067,000	3,068,359	51%
Total revenue	9,135,359	6,067,000	3,068,359	51%
Net income (loss) and comprehensive income (loss)	6,444,443	6,633,788	(189,345)	(3%)
NOI ⁽¹⁾	6,691,671	4,649,167	2,042,504	44%
FFO ⁽¹⁾	5,029,936	3,293,605	1,736,331	53%
Recurring FFO ⁽¹⁾⁽²⁾	5,057,751	3,293,605	1,764,146	54%
AFFO ⁽¹⁾	4,632,317	3,046,411	1,585,906	52%
EBITDA ⁽¹⁾	9,265,266	7,376,512	1,888,754	26%
Adjusted EBITDA ⁽¹⁾	6,776,356	4,588,405	2,187,951	48%
Investment properties	209,636,216	142,107,148	67,529,068	48%
Adjusted investment properties ⁽³⁾	249,533,216	168,805,328	80,727,888	48%
Total assets	232,046,925	157,837,222	74,209,703	47%
Total mortgage/loans/long term debt ⁽⁴⁾	118,162,042	75,298,413	42,863,629	57%
(including revolving line of credit)	124,632,042	79,228,413	45,403,629	57%
Total convertible debentures	8,314,560	3,041,705	5,272,855	173%
Total equity	94,579,889	72,971,365	21,608,524	30%
Weighted average units o/s - basic	17,442,846	13,996,645	3,446,201	25%
Amounts on a per unit basis				
FFO	0.288	0.235	0.053	23%
Recurring FFO	0.290	0.235	0.055	23%
AFFO	0.266	0.218	0.048	22%
Distributions	0.150	0.128	0.022	17%
Financial ratios				
Weighted avg. interest rate - fixed loans/mortgages	3.4%	3.7%	(0.3%)	
Debt to total assets - including converts	57%	52%	5%	
Debt to total assets - excluding converts	54%	50%	4%	
Interest coverage ratio	3.3x	3.0x	0.3x	
Debt service coverage ratio	1.9x	1.9x	-	
Distributions as a % of FFO per unit	52%	54%	(2%)	
Distributions as a % of Recurring FFO per unit	52%	54%	(2%)	
Distributions as a % of AFFO per unit	56%	59%	(3%)	

⁽¹⁾ See appropriate sections for reconciliation to the closest IFRS measure and section "Explanation of non-IFRS financial measures"

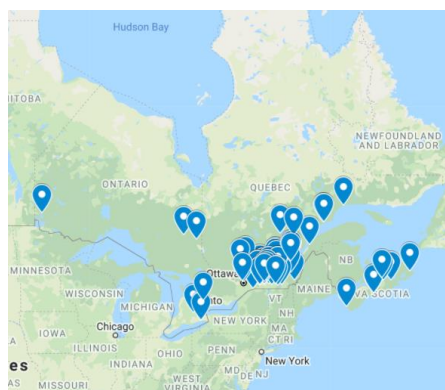
⁽²⁾ Recurring FFO excludes "Other income" items as presented on the Consolidated Financial Statements

⁽³⁾ Includes value of investment properties owned through joint ventures; Refer to Note 4 (Investment Properties) and Note 5 ([1] value of developed properties, [2] leased properties and [3] properties under development) in Fronsac's financial statements

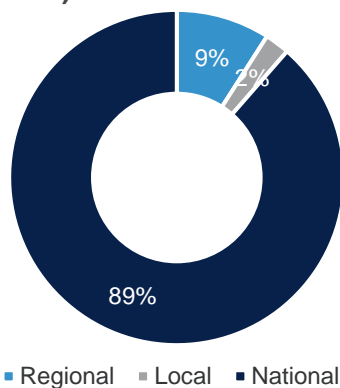
⁽⁴⁾ Excludes convertible debentures

PORTFOLIO OVERVIEW

Locations



6-months 2021 Tenants Mix (by NOI)



Adj. Investment Properties (\$M)

