

**100**  
Properties

**\$280 M**  
Inv. Properties

**\$332 M**  
Adj. Inv. Properties<sup>1</sup>

**\$0.345**  
Annual Dist.

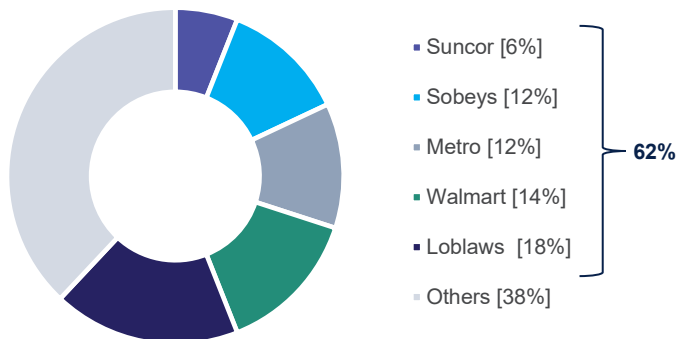
**54%**  
Distribution / FFO<sup>1</sup>

### 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 100 properties in Eastern Canada;
- 100% 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.**

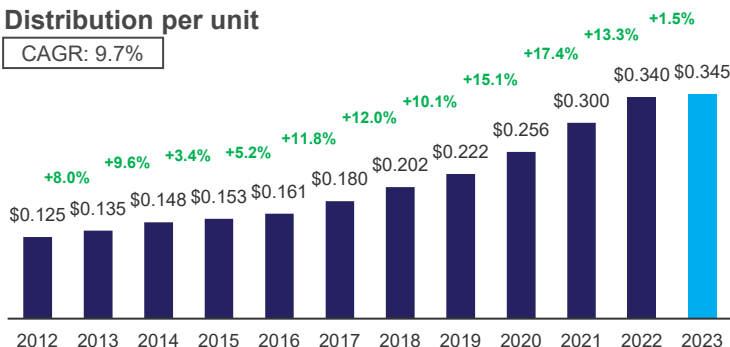
### TOP 5 TENANTS (based on NOI<sup>1</sup>) – Q2 2023



### PER UNIT HIGHLIGHTS

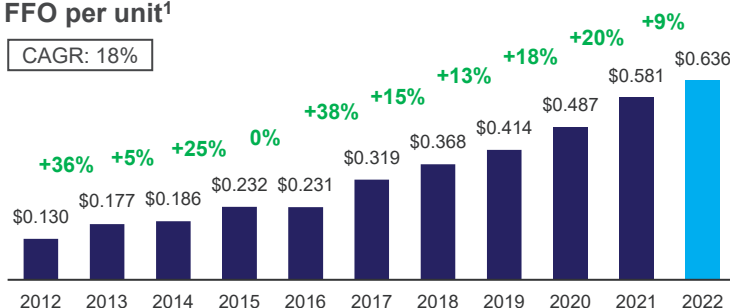
#### Distribution per unit

CAGR: 9.7%



#### FFO per unit<sup>1</sup>

CAGR: 18%



### BUSINESS MODEL

#### 1. TRIPLE NET AND MANAGEMENT-FREE LEASES

##### Triple Net

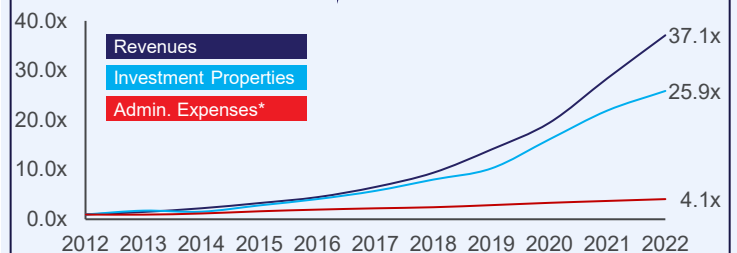
Variable costs (insurance, taxes, maintenance, etc.) are assumed by tenants

- **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

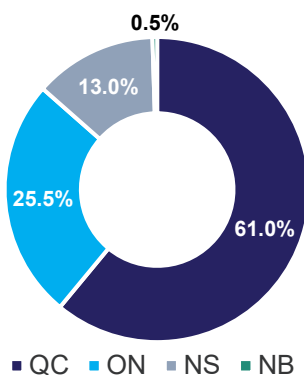
### SUMMARY OF FINANCIAL INFORMATION

Periods ended June 30	6 months		Δ	%
	2023	2022		
<b>Financial info</b>				
Property rental income	12,902,683	11,306,637	1,596,046	14%
Net income (loss) and comprehensive income (loss)	10,840,881	3,357,316	7,483,565	223%
NOI <sup>(1)</sup>	9,721,362	8,720,335	1,001,027	11%
FFO <sup>(1)</sup>	6,542,618	6,362,475	180,143	3%
AFFO <sup>(1)</sup>	5,829,421	6,035,544	(206,123)	(3%)
EBITDA <sup>(1)</sup>	14,407,325	6,146,534	8,260,791	134%
Adjusted EBITDA <sup>(1)</sup>	9,774,575	8,752,899	1,021,676	12%
Investment properties	280,075,876	284,910,061	(4,834,185)	(2%)
Adjusted investment properties <sup>(1)</sup>	331,912,328	331,777,459	134,869	-
Total assets	307,898,262	309,658,889	(1,760,627)	(1%)
Mortgages	132,966,915	139,116,692	(6,149,777)	(4%)
Long-term debt	30,000	45,000	(15,000)	(33%)
Current portion of mortgages and long term-debt	16,941,802	14,644,888	2,296,914	16%
Mortgages on investment properties held for sale	2,779,760	-	2,779,760	n/a
Credit facilities	16,385,362	11,605,000	4,780,362	41%
Total convertible debentures	8,752,985	8,523,401	229,584	3%
Total equity	125,774,305	132,067,830	(6,293,525)	(5%)
Weighted average units o/s - basic	20,603,235	20,549,534	53,701	-
<b>Amounts on a per unit basis</b>				
FFO <sup>(1)</sup>	0.318	0.310	0.008	3%
AFFO <sup>(1)</sup>	0.283	0.294	(0.011)	(4%)
Distributions	0.173	0.170	0.003	1%
<b>Financial ratios</b>				
Weighted avg. interest rate	3.73%	3.52%	0.21%	
Debt to total assets <sup>(1)</sup>	58%	56%	2%	
Debt to total assets - Excluding convertible debentures <sup>(1)</sup>	54%	53%	1%	
Interest coverage ratio based on adjusted EBITDA <sup>(1)</sup>	2.6x	3.0x	(0.4x)	
Debt service coverage ratio based on adjusted EBITDA <sup>(1)</sup>	1.6x	1.7x	(0.1x)	
Distributions as a % of FFO <sup>(1)</sup>	54%	55%	(1%)	
Distributions as a % of AFFO <sup>(1)</sup>	61%	58%	3%	

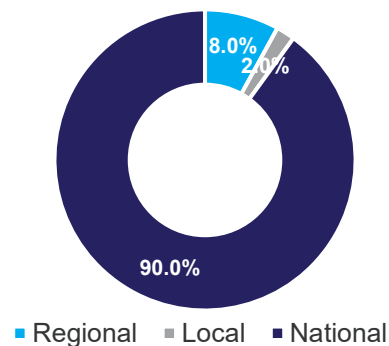
(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section "Non-IFRS financial measures".

### PORTFOLIO OVERVIEW

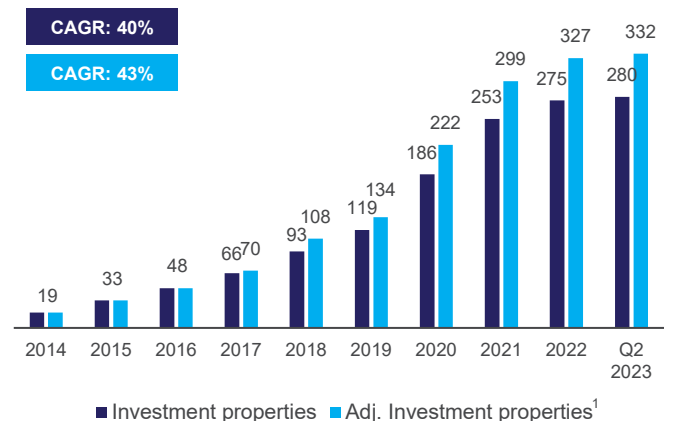
**Portfolio by GLA**



**Q2 2023 Tenant Mix by NOI<sup>1</sup>**



**Portfolio (\$M)**



## WHY INVEST?

**Canadian Net is the only REIT in Canada that allows investors to get exposure to the highly reliable NNN and management-free retail real estate sector**

### Strategy

- Consolidation strategy within an unexploited real estate niche in Canada
- Business model leads to lean overhead<sup>(1)</sup> with virtually no capex
- Deal size under the radar of large REITs & institutions but too large for individual investors
- Debt financing strategy which strives to create wealth for its unitholders<sup>(2)</sup>
- Significant insider ownership (currently ~15%)

### Properties

- Properties with exceptional locations leased to AAA tenants
- Built-in lease escalations provide stable and predictable cash flow
- 100% occupancy leads to practically no rental losses
- Average lease term remaining of 6.7 years

### Units

- Consistent distribution increases since its inception in 2011:
  - Annual distributions set at \$0.345 for 2023 (paid monthly)
- Distribution funded by existing cash flow and not debt

### Partners



(1) Internalized management (no fee structure)  
 (2) Annual reimbursements reduce the capital portion of the Trust's debt

## **NON-IFRS FINANCIAL MEASURES**

The Trust's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). In this fact sheet, as a complement to results provided in accordance with IFRS, the Trust discloses and discusses certain non-IFRS financial measures: FFO, FFO per unit, AFFO, AFFO per unit, NOI, and Adjusted Investment Properties. These non-IFRS measures are not defined by IFRS, do not have a standardized meaning, and may not be comparable with similar measures presented by other issuers. Canadian Net has presented such non-IFRS measures as management of the Trust believes they are relevant measures of Canadian Net's underlying operating performance and debt management. Non-IFRS measures should not be considered as alternatives to net income, cash generated from (utilized in) operating activities, or comparable metrics determined in accordance with IFRS as indicators of the Trust's performance, liquidity, cash flow, and profitability. Information appearing in this news release is a select summary of results. This document should be read in conjunction with the condensed consolidated financial statements and MD&A for the Trust. Please refer to the "Non IFRS Financial Measures" section in Canadian Net's management's discussion and analysis for the period ended **June 30, 2023**, available under Canadian Net's profile on SEDAR at [www.sedar.com](http://www.sedar.com) for a full description of these measures and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS. Such explanation is incorporated by reference herein.