

91
Properties

\$299 M
Adj. Inv. Properties⁽¹⁾

\$0.34
Annual Dist.

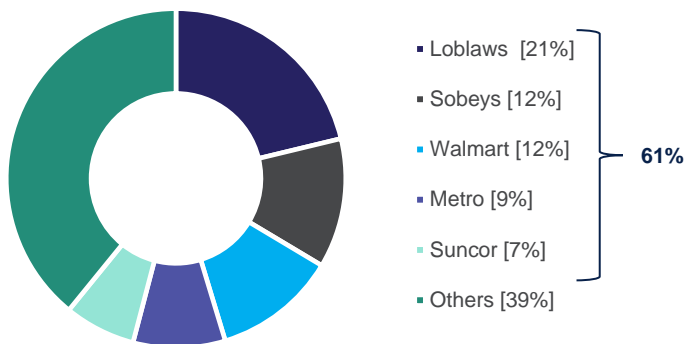
52%
Dist. / Recurring FFO

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 91 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) other;
- **Insiders own ~14% of the Trust.**

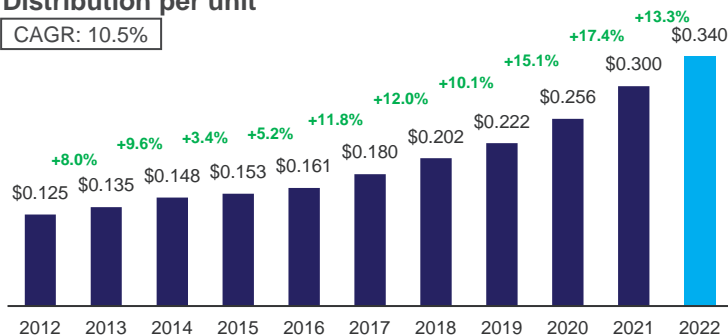
MAIN TENANTS (based on NOI) – Q4 2021



PER UNIT HIGHLIGHTS

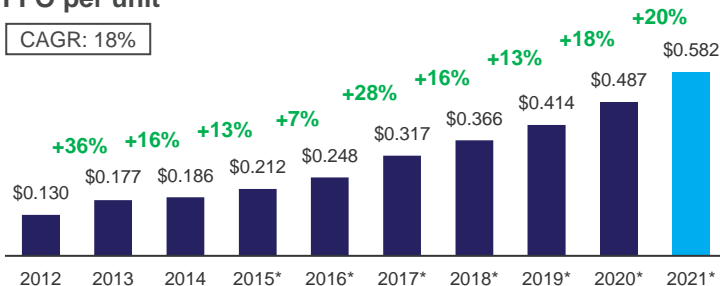
Distribution per unit

CAGR: 10.5%



FFO per unit

CAGR: 18%



*Recurring FFO

BUSINESS MODEL

1. TRIPLE NET AND MANAGEMENT-FREE LEASES

Triple Net

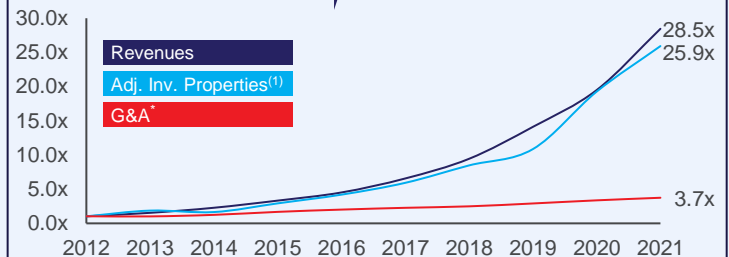
Variable costs (insurance, taxes, maintenance, etc.) are assumed by tenants

- **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 December 31	2021	2020	Δ	%
Financial info				
Property rental income	18,953,524	12,976,848	5,976,676	46%
Total revenue	18,953,524	12,987,262	5,966,262	46%
Net income (loss) and comprehensive income (loss)	25,090,167	9,621,177	15,468,990	161%
NOI ⁽¹⁾	14,321,735	9,869,068	4,452,667	45%
FFO ⁽¹⁾	10,791,751	7,127,856	3,663,895	51%
Recurring FFO ⁽¹⁾⁽²⁾	10,819,566	7,117,442	3,702,124	52%
AFFO ⁽¹⁾	10,033,624	6,562,370	3,471,254	53%
EBITDA ⁽¹⁾	29,646,790	12,641,196	17,005,594	135%
Adjusted EBITDA ⁽¹⁾	14,946,751	9,918,347	5,028,404	51%
Investment properties	252,947,654	185,991,100	66,956,554	36%
Adjusted investment properties ⁽³⁾	298,465,593	221,711,905	76,753,688	35%
Total assets	278,165,686	209,705,999	68,459,687	33%
Total mortgage/loans/long term debt ⁽⁴⁾	133,405,859	107,652,001	25,753,858	24%
(including revolving line of credit)	136,290,859	107,652,001	28,638,858	27%
Total convertible debentures	8,416,510	8,134,379	282,131	3%
Total equity	129,814,467	90,206,351	39,608,116	44%
Weighted average units o/s - basic	18,575,569	14,628,913	3,946,656	27%
Amounts on a per unit basis				
FFO	0.581	0.487	0.094	19%
Recurring FFO	0.582	0.487	0.096	20%
AFFO	0.540	0.449	0.092	20%
Distributions	0.300	0.256	0.045	17%
Financial ratios				
Weighted avg. interest rate - fixed loans/mortgages	3.5%	3.4%	0.1%	
Debt to total assets - including converts	52%	55%	(3%)	
Debt to total assets - excluding converts	49%	51%	(2%)	
Interest coverage ratio	3.4x	3.2x	0.2x	
Debt service coverage ratio	1.9x	1.9x	-	
Distributions as a % of FFO per unit	52%	52%	-	
Distributions as a % of Recurring FFO per unit	52%	53%	(1%)	
Distributions as a % of AFFO per unit	56%	57%	(1%)	

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

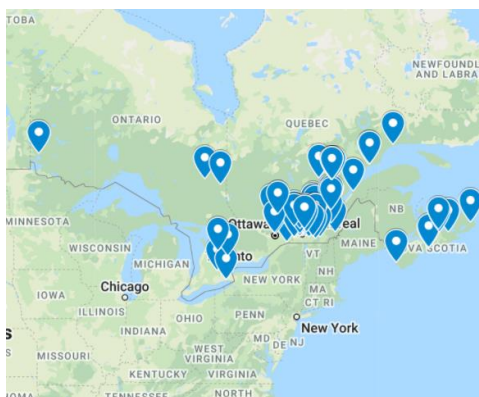
⁽²⁾ Recurring FFO excludes "Other income" items as presented on the Consolidated Financial Statements

⁽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

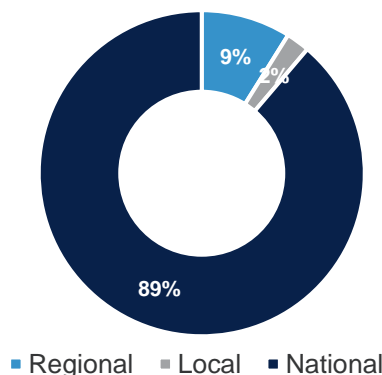
⁽⁴⁾ Excludes convertible debentures

PORTFOLIO OVERVIEW

Locations



Q4 2021 Tenants Mix (by NOI)



Adj. Investment Properties (\$M)

