

86
Properties

\$268M
Adj. Inv. Properties⁽¹⁾

\$0.34
Annual Dist.

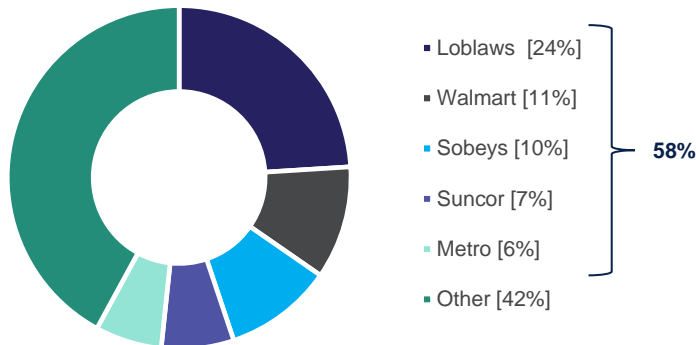
52%
Dist. / Recurring FFO

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 86 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 ~13% of the Trust.**

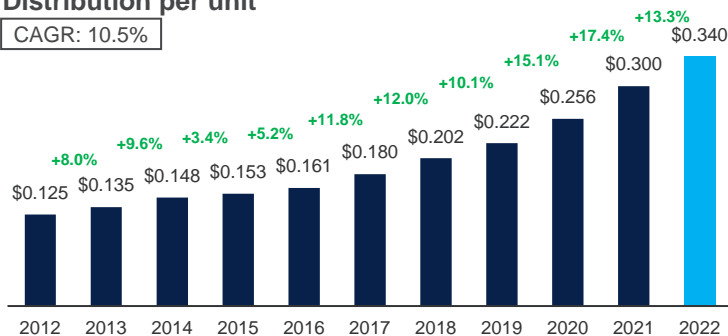
MAIN TENANTS (based on NOI) – 9-months 2021



PER UNIT HIGHLIGHTS

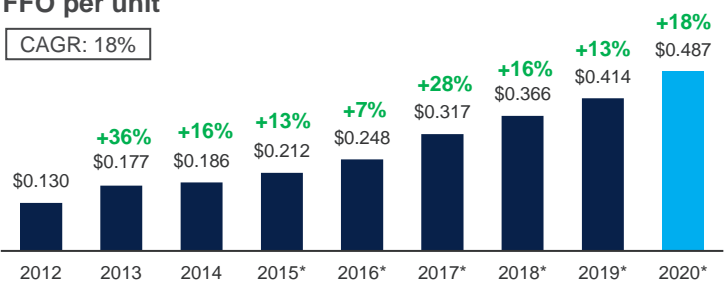
Distribution per unit

CAGR: 10.5%



FFO per unit

CAGR: 18%



*Recurring FFO

BUSINESS MODEL

1. TRIPLE NET AND MANAGEMENT-FREE LEASES

Triple Net

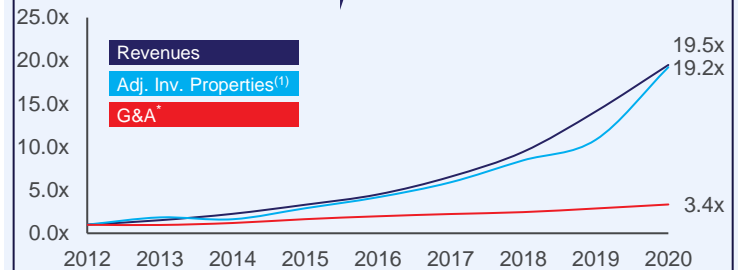
Variable costs (insurance, taxes, maintenance, etc.) are assumed by tenants

- **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 September 30	2021	2020	Δ	%
Financial info				
Property rental income	14,020,771	9,286,366	4,734,405	51%
Total revenue	14,020,771	9,296,656	4,724,115	51%
Net income (loss) and comprehensive income (loss)	17,636,921	8,773,525	8,863,396	101%
NOI ⁽¹⁾	10,417,458	7,126,776	3,290,682	46%
FFO ⁽¹⁾	7,820,191	5,149,863	2,670,328	52%
Recurring FFO ⁽¹⁾⁽²⁾	7,848,006	5,139,573	2,708,433	53%
AFFO ⁽¹⁾	7,234,005	4,747,684	2,486,321	52%
EBITDA ⁽¹⁾	21,336,069	10,334,813	11,001,256	106%
Adjusted EBITDA ⁽¹⁾	10,716,808	7,074,997	3,641,811	51%
Investment properties	225,342,146	140,230,496	85,111,650	61%
Adjusted investment properties ⁽³⁾	268,241,443	171,615,448	96,625,995	56%
Total assets	254,507,121	159,169,429	95,337,692	60%
Total mortgage/loans/long term debt ⁽⁴⁾ (including revolving line of credit)	118,970,214	73,912,110	45,058,104	61%
Total convertible debentures	8,228,420	3,004,263	5,224,157	174%
Total equity	123,207,391	74,303,173	48,904,218	66%
Weighted average units o/s - basic	18,030,472	14,239,993	3,790,479	27%
Amounts on a per unit basis				
FFO	0.434	0.362	0.072	20%
Recurring FFO	0.435	0.361	0.074	21%
AFFO	0.401	0.333	0.068	20%
Distributions	0.225	0.192	0.033	17%
Financial ratios				
Weighted avg. interest rate - fixed loans/mortgages	3.4%	3.7%	(0.3%)	
Debt to total assets - including converts	50%	52%	(2%)	
Debt to total assets - excluding converts	47%	50%	(3%)	
Interest coverage ratio	3.2x	3.0x	0.2x	
Debt service coverage ratio	1.9x	1.9x	-	
Distributions as a % of FFO per unit	52%	53%	(1%)	
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

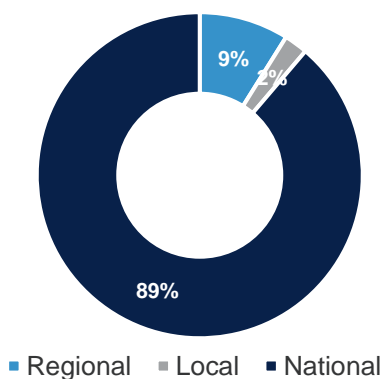
⁽⁴⁾ Excludes convertible debentures

PORTFOLIO OVERVIEW

Locations



9-months 2021 Tenants Mix (by NOI)



Adj. Investment Properties (\$M)

