Canadian Net Real Estate Investment Trust (CNNRF)

Updated August 26th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$5.00	**5 Year Annual Expected Total Return :**	6.8%	**Market Cap:**	$104 M
Fair Value Price:	$4.50	**5 Year Growth Estimate:**	4.0%	**Ex-Dividend Date:**	09/15/2026
% Fair Value:	111%	**5 Year Valuation Multiple Estimate:**	-2.1%	**Dividend Payment Date:**	09/29/2026
Dividend Yield:	5.2%	**5 Year Price Target**	$5.47	**Years Of Dividend Growth:**	2
Dividend Risk Score:	D	**Sector:**	Real Estate	**Rating:**	Hold

Overview & Current Events

Canadian Net Real Estate Investment Trust is a Canadian commercial REIT specializing in necessity-based, single-tenant and small-format retail properties that are mainly leased on a triple-net, management-free basis. As of June 30th, 2026, the Trust owned 98 investment properties totaling about 1.54 million square feet, predominantly located in Quebec, with additional exposure to Ontario, Nova Scotia, and New Brunswick. The portfolio is mainly leased to national and regional grocery, pharmacy, quick-service restaurant, gas station, and convenience-store tenants, supporting 100% occupancy and predictable cash flows under triple-net and management-free leases. The REIT generated $22.7 million in revenues last year and now trades at a market cap of $96 million. It reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted.

On May 21st, 2026, Canadian Net REIT raised its dividend by 2.7% to a monthly rate of C$0.03.

On August 18th, 2026, Canadian Net REIT reported its Q2 results for the period ended June 30th, 2026. Property rental income was $5.14 million, up 3.3% year over year, while net operating income rose 1.7% to $3.70 million, mainly reflecting higher rents at existing properties. Occupancy remained 100%, with all 2026 lease renewals completed. FFO increased 3% to $2.55 million, or $0.124 per unit, from $2.47 million, or $0.120 per unit, driven by acquisitions, rent increases and lower interest costs on credit facilities and debentures, partly offset by higher mortgage-renewal costs. A Bureau en Gros acquisition closed late in Q2 and will contribute beginning in Q3. For FY2026, we forecast FFO per share of $0.50.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO	$0.17	$0.25	$0.27	$0.31	$0.38	$0.46	$0.47	$0.48	$0.42	$0.48	***$0.50***	***$0.61***
DPS	$0.12	$0.14	$0.15	$0.17	$0.20	$0.24	$0.25	$0.26	$0.24	$0.26	***$0.26***	***$0.32***
Shares[1]	5.2	6.7	9.1	11.7	14.6	18.6	20.5	20.6	20.6	20.6	***20.6***	***22.0***

CNNRF has managed to grow its FFO per share at strong CAGR of 10.6% over the past decade. From 2015 through 2017, FFO per unit rose as the Trust executed its core strategy of acquiring single-tenant, triple-net, management-free retail properties, primarily in Québec. These acquisitions were immediately accretive, with minimal incremental overhead, no leasing risk, and long lease terms.

Between 2018 and 2021, FFO per unit continued to grow steadily, driven by ongoing accretive acquisitions, contractual rent escalations, and exceptionally low volatility during the pandemic. The trust's necessity-based tenants (grocery, gas, convenience, QSR) continued paying rent throughout COVID, with virtually no leasing costs or capital disruption. Low interest rates during this period further supported cash flow growth, allowing FFO per unit to rise consistently even as broader retail REITs faced pressure.

From 2022 through 2025, FFO per unit largely plateaued. This was mainly due to higher interest expense in a rising-rate environment, combined with slower acquisition activity, which reduced CNNRF ability to offset financing costs through external growth. While occupancy remained at or near 100% and rental income stayed stable, incremental FFO growth

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

became constrained once acquisition volumes slowed, resulting in softer per-unit results in 2024 despite continued portfolio stability.

Moving forward, we expect FFO growth of 4% to be driven by contractual rent escalations, a fully occupied triple-net portfolio, and incremental contributions from recent and pipeline acquisitions, partially offset by higher interest expense in the current rate environment. We have set the same growth to our dividend growth estimate. The REIT hasn't cut its dividend since 2013, when it was paying out semi-annually. It switched to quarterly payouts in 2015 and then to monthly payouts in 2018. In 2024, the REIT maintained a stable dividend, resetting its dividend growth streak.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	---	---	---	---	---	---	11.3	8.3	9.5	8.1	***10.0***	***9.0***
Avg. Yld.	---	---	---	---	---	---	4.7%	6.5%	6.0%	6.7%	***5.2%***	***5.8%***

CNNRF has only traded over the counter since 2022. Today, the REIT trades at 10x this year's expected FFO. We believe this modestly overvalues the stock, despite our modest growth estimates and noteworthy yield. We have set our fair P/FFO at 9x, which implies the possibility of a soft valuation headwind.

Safety, Quality, Competitive Advantage, & Recession Resiliency

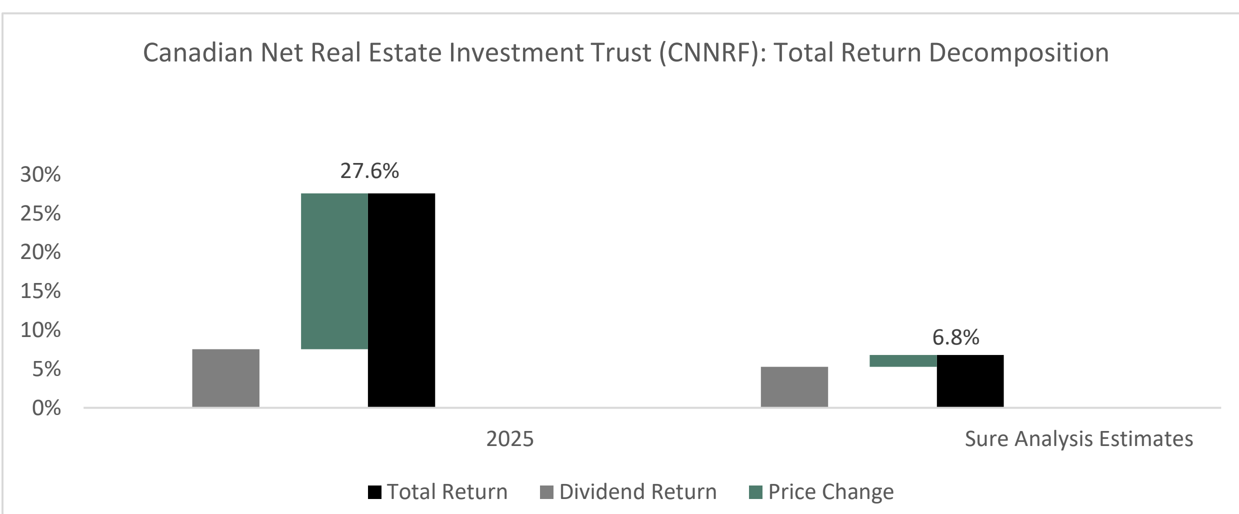
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	71%	56%	56%	55%	53%	52%	53%	54%	57%	54%	***52%***	***52%***

CNNRF benefits from a highly defensive, triple-net retail portfolio with 100% occupancy, long lease terms, and minimal operating complexity, which supports very stable and predictable cash flow. Its focus on necessity-based tenants and an internalized, management-free structure provides a durable competitive advantage and strong resilience in economic downturns. While growth is sensitive to financing conditions as a result of its acquisition-driven model, the Trust's low operating risk and tenant stability meaningfully mitigate downside risk, making it one of the more resilient small-cap Canadian retail REITs. The payout ratio also stands at a very healthy 52%.

Final Thoughts & Recommendation

CNNRF offers highly stable, necessity-based cash flows with strong downside protection, making it a defensive income vehicle with measured growth potential. We forecast annualized returns of 6.8% through 2031, to be powered by the starting dividend yield and our growth estimate, offset by soft valuation headwind. CNNRF earns a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

Canadian Net Real Estate Investment Trust (CNNRF)

Updated August 26th, 2026, by Nikolaos Sismanis

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	2	3	5	7	10	15	19	20	19	20
Gross Profit	2	3	4	5	7	11	14	14	14	14
Gross Margin	86.2%	79.8%	81.3%	76.1%	76.0%	75.6%	74.3%	73.1%	72.4%	70.0%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.	-	-	-	-	-	-	-	-	-	-
Operating Profit	1	2	3	4	7	11	13	13	12	13
Operating Margin	42.2%	48.3%	71.5%	54.9%	77.3%	70.1%	70.4%	68.1%	64.8%	65.0%
Net Profit	2	3	(1)	3	7	20	(5)	14	5	12
Net Margin	106.8%	104%	-30.0%	43.5%	74.1%	132%	-26.3%	68.6%	27.2%	60.0%
Free Cash Flow	1	2	3	3	5	8	11	9	8	10
Income Tax	0	0	(0)	(0)	0	0	(0)	0	(0)	0.2

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	36	56	72	100	165	220	224	234	210	233
Cash & Equivalents	0	0	0	0	4	0	0	1	1	1
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	20	27	42	60	94	117	136	136	120	131
Accounts Payable	-	-	-	-	-	-	-	-	-	-
Long-Term Debt	17	26	38	49	91	112	119	118	107	117
Shareholder's Equity	16	29	30	40	71	103	88	98	90	102
LTD/E Ratio	1.20	0.87	1.33	1.44	1.28	1.11	1.49	1.33	1.29	1.25

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.0%	7.6%	-2.3%	3.6%	5.4%	10.4%	-2.2%	5.9%	2.3%	5.4%
Return on Equity	18.5%	15.5%	-4.9%	8.8%	13.0%	23.1%	-5.2%	14.5%	5.5%	12.5%
ROIC	8.3%	7.8%	-2.3%	3.7%	5.6%	10.6%	-2.3%	6.0%	2.4%	5.5%
Shares Out.	5.2	6.7	9.1	11.7	14.6	18.6	20.5	20.6	20.6	20.6
Revenue/Share	0.40	0.50	0.53	0.63	0.64	0.76	0.93	-	-	-
FCF/Share	0.20	0.24	0.28	0.25	0.32	0.40	0.53	-	-	-

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