

CANADIAN NET REIT ANNOUNCES 2024 FIRST-QUARTER RESULTS

– REIT also announces monthly distributions for Q3 2024 –

Montréal (Québec), May 21, 2024 - Canadian Net Real Estate Investment Trust (“Canadian Net” or the “REIT”) (TSX-V: NET.UN) today reported its results for the quarter ended March 31st, 2024 (“Q1 2024”). The REIT also announced distributions for the months of July, August and September 2024.

“I’m pleased to share our Q1 2024 results, which highlight the strength of our portfolio with a solid 100% occupancy rate and a conservative 57% payout ratio,” said Kevin Henley, President and CEO. “Our portfolio has performed very well and has mostly offset the increased interest rate cost due to higher rates on our 2023 mortgage renewals, translating into a slight 3% decrease in FFO per unit. Looking forward, our portfolio is well-positioned and will absorb these costs through rent increases, capital paydown, and future acquisitions.”

RESULTS FOR Q1 2024

Canadian Net reported that Funds from operations¹ (“FFO”) decreased slightly to \$3.1 million, or \$0.152 per unit compared to \$3.2 million, or \$0.157 per unit for the three-month period ended March 31, 2023 (“Q1 2023”)

Rental income was \$6.5 million in Q1 2024, an increase of 2.0% from Q1 2023. Net Operating Income (“NOI”)¹ in Q1 2024 was \$4.8 million, a decrease of 1.0% from Q1 2023, primarily reflecting the year-over-year increase in rental income and offset by property dispositions.

The REIT generated net income attributable to unitholders of \$1.3 million in Q1 2024 compared to \$4.8 million in Q1 2023.

The change in FFO¹ is due to higher interest charges on mortgage renewals, variable-rate mortgages and credit facilities. The increase in rental income is due to increases in base rents and recoverable additional rents of certain existing properties, partially offset by property dispositions. The decrease in NOI¹ was mainly attributable to the sale of three properties during 2023. Finally, the variance in net income attributable to unitholders is primarily attributable to the change in the fair value of investment properties.

DISTRIBUTIONS

Canadian Net announced that it will make monthly cash distributions of \$0.02875 per unit, representing \$0.345 per unit on an annualized basis, on July 31st, August 30th and September 30th, 2024, to unitholders of record on July 15th, August 15th and September 13th, 2024, respectively.

The tables below represent other financial highlights and the reconciliations of certain non-IFRS measures for Q1 2024 and Q1 2023. This information should be read in conjunction with the Consolidated Financial Statements and Management’s Discussion & Analysis (“MD&A”) for the quarters ended March 31st, 2024 and March 31st, 2023.

¹ 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”.

SUMMARY OF SELECTED FINANCIAL INFORMATION

Periods ended March 31	3 months		Δ	%
	2024	2023		
Financial info				
Property rental income	6,539,597	6,416,383	123,214	2%
Net income (loss) and comprehensive income (loss)	1,261,106	4,829,960	(3,568,854)	(74%)
NOI ⁽¹⁾	4,818,187	4,855,944	(37,757)	(1%)
FFO ⁽¹⁾	3,126,921	3,232,775	(105,854)	-
AFFO ⁽¹⁾	3,082,021	3,117,818	(35,797)	(1%)
EBITDA ⁽¹⁾	3,090,121	6,632,421	(3,542,300)	n/a
Adjusted EBITDA ⁽¹⁾	4,710,759	4,817,755	(106,996)	(2%)
Investment properties	276,395,720	276,658,661	(262,941)	-
Adjusted investment properties ⁽¹⁾	329,720,701	329,171,181	549,520	-
Total assets	306,832,564	304,645,778	2,186,786	1%
Mortgages	129,866,744	137,007,105	(7,140,361)	(5%)
Long-term debt	30,000	45,000	(15,000)	(33%)
Current portion of mortgages, long term-debt and convertible debentures	19,256,906	14,050,748	5,206,158	37%
Mortgages on investment properties held for sale	2,762,860	3,481,200	(718,340)	(21%)
Credit facilities	16,115,000	15,390,362	724,638	5%
Total convertible debentures	5,646,673	8,557,022	(2,910,349)	(34%)
Total equity	129,136,416	121,876,171	7,260,245	6%
Weighted average units o/s - basic	20,532,438	20,602,732	(70,294)	-
Amounts on a per unit basis				
FFO ⁽¹⁾	0.152	0.157	(0.005)	(3%)
AFFO ⁽¹⁾	0.150	0.151	(0.001)	(1%)
Distributions	0.086	0.086	-	-

(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".

NON-IFRS FINANCIAL MEASURES

The Trust's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). In this press release, 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 news release 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 March 31, 2024, available under Canadian Net's profile on SEDAR+ at www.sedarplus.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.

In addition, below are the reconciling tables for the non-IFRS measures used in this press release.

Reconciliation of Investment Properties to Adjusted Investment Properties

As at March 31	2024	2023	Δ
Investment Properties			
Developed properties	276,395,720	276,658,661	-
Investment properties held for sale	5,078,232	6,118,209	(17%)
Joint Venture Ownership⁽¹⁾			
Developed properties	45,582,774	43,398,769	5%
Properties under development	2,663,975	2,995,542	(11%)
Adjusted Investment Properties⁽²⁾	329,720,701	329,171,181	-

(1) Represents Canadian Net's proportionate share

(2) 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"

Results of Operations

Periods ended March 31	3 months		Δ
	2024	2023	
Rental Income	6,539,597	6,416,383	123,214
Operating expenses	(1,721,410)	(1,560,439)	(160,971)
Net Operating Income ⁽¹⁾	4,818,187	4,855,944	(37,757)
Share of net income (loss) from investments in joint ventures	212,937	1,010,392	(797,455)
Increase/(decrease) in fair values of investment properties	(1,429,609)	1,121,818	(2,551,427)
Unit-based compensation	(245,177)	(217,481)	(27,696)
Administrative expenses	(270,697)	(272,722)	2,025
Financial expenses	(1,824,535)	(1,667,991)	(156,544)
Net income (loss) attributable to unitholders	1,261,106	4,829,960	(3,568,854)
FFO ⁽¹⁾	3,126,921	3,232,775	(3%)
FFO per unit ⁽¹⁾	0.152	0.157	(3%)
Weighted avg. units o/s			
Basic	20,532,438	20,602,732	(70,294)

(1) This is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. Refer to section "Non-IFRS financial measures"

Reconciliation of Net Income to Funds from Operations

Periods ended March 31	3 months		Δ
	2024	2023	
Net income (loss) attributable to unitholders	1,261,106	4,829,960	(3,568,854)
Δ in value of investment properties	1,429,609	(1,121,818)	2,551,427
Δ in value of investment properties in joint ventures	197,530	(555,174)	752,704
Unit-based compensation	245,177	217,481	27,696
Δ fair value adjustments on derivative financial instruments	(6,501)	(137,674)	131,173
FFO ⁽¹⁾	3,126,921	3,232,775	(3%)
FFO per unit ⁽¹⁾	0.152	0.157	(3%)
Distributions	1,770,629	1,777,031	(6,402)
Distributions per unit	0.086	0.086	-
FFO per unit ⁽¹⁾ - after distributions	0.066	0.071	(7%)
Distributions as a % of FFO ⁽¹⁾	57%	55%	2%
Weighted avg. units o/s			
Basic	20,532,438	20,602,732	(70,294)

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Adjusted Funds from Operations

Periods ended March 31	3 months		Δ
	2024	2023	
FFO ⁽¹⁾	3,126,921	3,232,775	(105,854)
Straight-line rent adjustment ⁽²⁾	(36,583)	(99,994)	63,411
Maintenance/cap-ex on existing properties	(8,317)	(14,963)	6,646
AFFO ⁽¹⁾	3,082,021	3,117,818	(1%)
AFFO per unit ⁽¹⁾	0.150	0.151	(1%)
Distributions per unit	0.086	0.086	-
AFFO per unit ⁽¹⁾ - after distributions	0.064	0.065	(2%)
Distributions as a % of AFFO ⁽¹⁾	57%	57%	-
Weighted avg. units o/s			
Basic	20,532,438	20,602,732	(70,294)

(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"

(2) Adjusted for the proportionate share of equity-accounted investments

Reconciliation of Net Income to EBITDA

Periods ended March 31	3 months		Δ
	2024	2023	
Net income attributable to unitholders	1,261,106	4,829,960	(3,568,854)
Net interest expense	1,829,015	1,802,461	26,554
EBITDA ⁽¹⁾	3,090,121	6,632,421	(3,542,300)
Δ in value of investment properties	1,429,609	(1,121,818)	2,551,427
Δ in value of investment properties in joint ventures	197,530	(555,174)	752,704
Δ in value of convertible debentures	(6,501)	(137,674)	131,173
Adjusted EBITDA ⁽¹⁾	4,710,759	4,817,755	(2%)
Interest expense	1,921,664	1,887,873	33,791
Principal repayments	1,120,044	1,156,744	(36,700)
Debt service requirements	3,041,708	3,044,617	-
Interest coverage ratio based on adjusted EBITDA ⁽¹⁾	2.5x	2.6x	(0.1x)
Debt service coverage based on adjusted EBITDA ⁽¹⁾	1.5x	1.6x	(0.1x)

(1) This is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. Refer to section "Non-IFRS financial measures"

EARNINGS WEBCAST

Canadian Net will host a webcast on May 22, 2024, at 9:00 a.m. (EST) to discuss the results.

The link to join the webcast is the following: <https://edge.media-server.com/mmc/p/cbq7xfet>

About Canadian Net – Canadian Net Real Estate Investment Trust is an open-ended trust that acquires and owns high-quality triple net and management-free commercial real estate properties.

Forward-Looking Statements - This press release contains forward-looking statements and information as defined by applicable securities laws. Canadian Net warns the reader that actual events may differ materially from current expectations due to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in such statements. Among these include the risks related to economic conditions, the risks associated with the local real estate market, the dependence on the financial condition of tenants, the uncertainties related to real estate activities, the changes in interest rates, the availability of financing in the form of debt or equity, the effects related to the adoption of new IFRS standards, as well as other risks and factors described from time to time in the documents filed by Canadian Net with securities regulators, including the management report. Canadian Net does not update or modify its forward-looking statements even if future events occur or for any other reason unless required by law or any regulatory authority.

Neither the TSX Venture Exchange Inc. nor its Regulatory Services Provider (as that term is defined in the Policy of the TSX Venture Exchange and its Regulatory Services Provider) accepts any responsibility for the adequacy or accuracy of this release.

The March 31st, 2024, financial statements and management discussion & analysis of Canadian Net may be viewed on SEDAR at www.sedar.com.

For further information please contact Kevin Henley at (450) 536-5328.