

PRESS RELEASE

FOR IMMEDIATE RELEASE

November 21, 2022

CANADIAN NET REIT ANNOUNCES ITS RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2022, AN INCREASE IN ITS PER UNIT DISTRIBUTIONS FOR 2023 AND Q1 2023 MONTHLY DISTRIBUTIONS

Montréal (Québec) - (TSX-V: NET.UN) Canadian Net Real Estate Investment Trust ("Canadian Net" or the "Trust") announces its results for the quarter ended September 30th, 2022, an increase in its per unit distributions for an 11th consecutive year, and monthly distributions for the months of January, February and March 2023.

Jason Parravano, President and CEO says: "I am pleased to share our results this quarter, which demonstrate the strength and resilience of our portfolio. Despite a challenging macro-environment, highlighted by higher interest rates and inflation, we continue to deliver per unit FFO accretion which has permitted us to once again, and for an 11th consecutive year, raise our distribution headed into 2023. This will mark a cumulative 176% increase in our per unit distribution rate since we began distributing in 2012."

RESULTS

For the quarter ended September 30th, 2022, Canadian Net reported funds from operations per unit¹ ("FFO per unit") of \$0.163 compared to \$0.145 per unit for the quarter ended September 30th, 2021, an increase of 12%. Funds from Operations¹ ("FFO") was \$3,347,120, an increase of 20% relative to \$2,790,255 in Q3 2021.

During Q3 2022, the Trust's property rental income was \$6,369,404 compared to \$4,885,412 in Q3 2021, an increase of 30%. Net Operating Income¹ ("NOI") was \$4,773,698 compared to \$3,725,787 in Q3 2021, an increase of 28%.

Canadian Net also recorded a loss attributable to unitholders of \$540,958 compared to a net income of \$11,192,478 in Q3 2021.

For the nine-month period ended September 30th, 2022, Canadian Net reported FFO per unit¹ of \$0.474 compared to \$0.434 per unit for the same period in 2021, an increase of 9%. FFO¹ was \$9,709,595, an increase of 24% relative to \$7,820,191 for the nine-month period ended September 30th, 2021.

During the period, the Trust's property rental income was \$17,676,041 compared to \$14,020,771 for the same period in 2021, an increase of 26%. NOI¹ was \$13,494,033 compared to \$10,417,458 for the same period in 2021, an increase of 30%.

Canadian Net also recorded a net income attributable to unitholders of \$2,816,358 compared to \$17,636,921 for the same period in 2021.

The FFO¹ increase was primarily due to the impact of the newly acquired properties, partially offset by interest on mortgages associated with said properties and higher interest rates on existing variable-rate mortgages and credit facilities. On the rental income and NOI¹ sides, the increases can be explained by the impact of the newly acquired properties. Finally, the net income variance can be attributed to the impact of NOI¹ from newly acquired properties, partially offset by interest on mortgages associated with said properties, as well as the change in fair value of investment properties.

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".

DISTRIBUTIONS

Starting in January 2023, the annual distribution will go from \$0.34 to \$0.345 per unit, representing an increase of 1.5%. With this increase, Canadian Net's distributions have increased 176% since its first distributions in 2012, representing a compounded annual growth rate of 9.7%.

Canadian Net announces that it will make monthly cash distributions of \$0.02875 per unit, representing \$0.345 per unit on an annualized basis, on January 31st, February 28th and March 31st, 2023, to unitholders of record on January 13th, February 15th and March 15th, 2023, respectively.

The tables below represent other financial highlights as well as the reconciliations of certain non-IFRS measures for the periods ended September 30th, 2022, and its comparative period. This information should be read in conjunction with the Consolidated Financial Statements and MD&A for the quarter ended September 30th, 2022, and the Consolidated Financial Statements and MD&A for the quarter ended September 30th, 2021.

SUMMARY OF SELECTED FINANCIAL INFORMATION

Periods ended September 30	9 months		Δ	%
	2022	2021		
Financial info				
Property rental income	17,676,041	14,020,771	3,655,270	26%
Net income and comprehensive income	2,816,358	17,636,921	(14,820,563)	(84%)
NOI ⁽¹⁾	13,494,033	10,417,458	3,076,575	30%
FFO ⁽¹⁾	9,709,595	7,820,191	1,889,404	24%
AFFO ⁽¹⁾	9,178,267	7,234,005	1,944,262	27%
EBITDA ⁽¹⁾	7,277,200	20,862,849	(13,585,649)	(65%)
Adjusted EBITDA ⁽¹⁾	13,658,110	10,716,808	2,941,302	27%
Investment properties	291,358,184	225,342,146	66,016,038	29%
Adjusted investment properties ⁽¹⁾	338,203,870	268,241,443	69,962,427	26%
Total assets	315,184,668	254,507,121	60,677,547	24%
Mortgages	135,331,955	108,234,779	27,097,176	25%
Long-term debt	45,000	60,000	(15,000)	(25%)
Current portion of mortgages and long term-debt	21,187,436	10,675,435	10,512,001	98%
Credit facilities	16,435,362	-	16,435,362	n/a
Total convertible debentures	8,442,262	8,228,420	213,842	3%
Total equity	129,746,124	123,207,391	6,538,733	5%
Weighted average units o/s - basic	20,488,429	18,030,472	2,457,957	14%
Amounts on a per unit basis				
FFO ⁽¹⁾	0.474	0.434	0.040	9%
AFFO ⁽¹⁾	0.448	0.401	0.047	12%
Distributions	0.255	0.225	0.030	13%

(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".

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 September 30, 2022, available under Canadian Net's profile on SEDAR at 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.

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 September 30	2022	2021	Δ
Investment Properties			
Developed properties	291,358,184	225,342,146	29%
Joint Venture Ownership⁽¹⁾			
Developed properties	43,999,121	39,222,865	12%
Properties under development	2,846,565	3,676,432	(23%)
Adjusted Investment Properties⁽²⁾	338,203,870	268,241,443	26%

(1) Represents Canadian Net's proportionate share

(2) 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"

Results of Operations

Periods ended September 30	3 months			9 months		
	2022	2021	Δ	2022	2021	Δ
Rental Income	6,369,404	4,885,412	1,483,992	17,676,041	14,020,771	3,655,270
Operating costs	(1,595,706)	(1,159,625)	(436,081)	(4,182,008)	(3,603,313)	(578,695)
Net Operating Income ⁽¹⁾	4,773,698	3,725,787	1,047,911	13,494,033	10,417,458	3,076,575
Share of net income (loss) from investments in joint ventures	(119,309)	1,760,905	(1,880,214)	935,231	1,866,328	(931,097)
Increase/(decrease) in fair values of investment properties	(3,295,446)	6,794,914	(10,090,360)	(6,353,047)	10,002,310	(16,355,357)
Financial expenses	1,561,826	885,608	676,218	4,079,981	3,721,491	358,490
Administrative expenses	222,210	205,425	16,785	672,702	619,138	53,564
Unit-based compensation	115,865	(1,905)	117,770	507,176	308,546	198,630
Net income and comprehensive income	(540,958)	11,192,478	(11,733,436)	2,816,358	17,636,921	(14,820,563)
FFO ⁽¹⁾	3,347,120	2,790,255	20%	9,709,595	7,820,191	24%
FFO per unit ⁽¹⁾	0.163	0.145	12%	0.474	0.434	9%
Weighted avg. units o/s						
Basic	20,592,733	19,186,564	1,406,169	20,488,429	18,030,472	2,457,957

(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 September 30	3 months			9 months		
	2022	2021	Δ	2022	2021	Δ
Net income attributable to unitholders	(540,958)	11,192,478	(11,733,436)	2,816,358	17,636,921	(14,820,563)
Δ in value of investment properties	3,295,446	(6,794,914)	10,090,360	6,353,047	(10,002,310)	16,355,357
Δ in value of investment properties in joint ventures	591,229	(1,335,437)	1,926,666	418,539	(616,951)	1,035,490
Unit based compensation	115,865	(1,905)	117,770	507,176	308,546	198,630
Δ fair value adjustments on derivative financial instruments	(112,130)	(277,250)	165,120	(390,676)	473,220	(863,896)
Interest on the lease liability	-	7,283	(7,283)	7,483	21,554	(14,071)
Income taxes	(2,332)	-	(2,332)	(2,332)	(789)	(1,543)
FFO ⁽¹⁾	3,347,120	2,790,255	20%	9,709,595	7,820,191	24%
FFO per unit ⁽¹⁾	0.163	0.145	12%	0.474	0.434	9%
Distributions	1,748,368	1,446,381	301,987	5,218,536	4,063,714	1,154,822
Distributions per unit	0.085	0.075	13%	0.255	0.225	13%
FFO per unit ⁽¹⁾ - after distributions	0.078	0.070	10%	0.219	0.209	5%
Distributions per unit as a % of FFO per unit ⁽¹⁾	52%	52%	-	54%	52%	2%
Weighted avg. units o/s						
Basic	20,592,733	19,186,564	1,406,169	20,488,429	18,030,472	2,457,957

(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"

Adjusted Funds from Operations

Periods ended September 30	3 months			9 months		
	2022	2021	Δ	2022	2021	Δ
FFO ⁽¹⁾	3,347,120	2,790,255	556,865	9,709,595	7,820,191	1,889,404
Amortization of finance charges included in interest expense	-	-	-	-	-	-
Straight-line rent adjustment ⁽²⁾	(119,325)	(142,009)	22,684	(362,280)	(447,320)	85,040
Maintenance/cap-ex on existing properties	(85,072)	(46,558)	(38,514)	(169,048)	(138,866)	(30,182)
Leasing costs on existing properties	-	-	-	-	-	-
Debt extinguishment penalties	-	-	-	-	-	-
AFFO ⁽¹⁾	3,142,723	2,601,688	21%	9,178,267	7,234,005	27%
AFFO per unit ⁽¹⁾	0.153	0.136	13%	0.448	0.401	12%
Distributions per unit	0.085	0.075	13%	0.255	0.225	13%
AFFO per unit ⁽¹⁾ - after distributions	0.068	0.061	12%	0.193	0.176	10%
Distributions per unit ⁽¹⁾ as a % of AFFO per unit ⁽¹⁾	56%	55%	1%	57%	56%	1%
Weighted avg. units o/s						
Basic	20,592,733	19,186,564	1,406,169	20,488,429	18,030,472	2,457,957

(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"

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

Reconciliation of Net Income to EBITDA

Periods ended September 30	3 months			9 months		
	2022	2021	Δ	2022	2021	Δ
Net income attributable to unitholders	(540,958)	11,192,478	(11,733,436)	2,816,358	17,636,921	(14,820,563)
Net interest expense	1,671,201	1,160,610	510,591	4,463,664	3,244,782	1,218,882
Interest on the lease liability	-	(7,283)	7,283	(7,483)	(21,554)	14,071
Income taxes	(2,332)	-	(2,332)	(2,332)	(789)	(1,543)
Other financial charges	2,755	2,248	507	6,993	3,489	3,504
EBITDA ⁽¹⁾	1,130,666	12,348,053	(11,217,387)	7,277,200	20,862,849	(13,585,649)
Δ in value of investment properties	3,295,446	(6,794,914)	10,090,360	6,353,047	(10,002,310)	16,355,357
Δ in value of investment properties in joint ventures	591,229	(1,335,437)	1,926,666	418,539	(616,951)	1,035,490
Δ in value of convertible debentures	(112,130)	(164,945)	52,815	(317,496)	272,848	(590,344)
Δ in value of warrants	-	(112,305)	112,305	(73,180)	200,372	(273,552)
Adjusted EBITDA ⁽¹⁾	4,905,211	3,940,452	24%	13,658,110	10,716,808	27%
Interest expense	1,751,404	1,301,854	449,550	4,694,763	3,332,560	1,362,203
Principal repayments	1,145,038	836,828	308,210	3,249,980	2,424,317	825,663
Debt service requirements	2,896,442	2,138,682	35%	7,944,743	5,756,877	38%
Interest coverage ratio based on adjusted EBITDA ⁽¹⁾	2.8x	3.0x	(0.2x)	2.9x	3.2x	(0.3x)
Debt service coverage based on adjusted EBITDA ⁽¹⁾	1.7x	1.8x	(0.1x)	1.7x	1.9x	(0.2x)

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EARNINGS WEBCAST

Canadian Net will host a webcast on November 22nd, 2022, at 10:00 am (EST) in order to discuss the results.

The link to join the webcast is the following: <https://edge.media-server.com/mmc/p/ma2akihb>

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 to 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 September 30th, 2022, financial statements and management discussion & analysis of Canadian Net may be viewed on SEDAR at www.sedar.com.

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