

## CANADIAN NET REIT ANNOUNCES 2023 SECOND-QUARTER RESULTS

– REIT also announces monthly distributions for Q4 2023 –

**Montréal (Québec), August 16, 2023** - Canadian Net Real Estate Investment Trust (“Canadian Net” or the “REIT”) (TSX-V: NET.UN) today reported its results for the quarter ended June 30<sup>th</sup>, 2023 (“Q2 2023”). The REIT also announced distributions for the months of October, November and December 2023.

“I am pleased to share the release of our Q2 results. Despite the challenging interest rate environment, I am delighted to share that our REIT has displayed resilience and steadiness, credited to our triple net and management-free strategy combined with our history of conservative financing.” said Kevin Henley, President and CEO. “Our FFO per unit<sup>1</sup> for consecutive quarters remained consistent, with a 3% increase over the 6-month period. Despite the various uncertainties prevalent in the market, our team has worked diligently to uphold stable performance. While the acquisition market remains quiet, our focus is on optimizing our capital structure, ensuring readiness to seize opportunities as market activity regains momentum. Throughout Q2, we enacted a range of measures set to positively impact us going forward starting in Q3 but most significantly in Q4. These encompass adjustments to our acquisition line of credit terms and the initiation of property refinancings, aimed at accessing additional liquidity for the benefit of our REIT.”

### RESULTS FOR Q2 2023

Canadian Net reported that Funds from operations<sup>1</sup> (“FFO”) increased 0.5% to \$3.3 million, or \$0.161 per unit<sup>1</sup> compared to \$3.3 million, or \$0.160 per unit for Q2 2023.

Rental income was \$6.5 million in Q2 2023, an increase of 10.4% from the three-month period ended June 30, 2022 (“Q2 2022”). Net Operating Income (“NOI”)<sup>1</sup> in Q2 2023 was \$4.9 million, an increase of 7.8% from Q2 2022, primarily reflecting the year-over-year increase in rental income.

The REIT generated net income attributable to unitholders of \$6.0 million in Q2 2023 compared to \$1.9 million in Q2 2022.

### RESULTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

Canadian Net reported that FFO<sup>1</sup> increased 2.8% to \$6.5 million, or \$0.318 per unit<sup>1</sup> compared to \$ 6.4 million, or \$0.310 per unit for Q2 2023.

Rental income was \$12.9 million for the six-month period ended June 30, 2023, an increase of 14.1% from the same period in 2022. NOI<sup>1</sup> for the six-month period ended June 30, 2023 was \$9.7 million, an increase of 11.5% from Q2 2022, primarily reflecting the year-over-year increase in rental income.

The REIT generated net income attributable to unitholders of \$10.8 million in Q2 2023 compared to \$3.4 million in Q2 2022.

The increase in FFO was primarily attributable to rental revenues of properties acquired subsequent to the second quarter a year ago, which was partially offset by the increase in financial expenses related to mortgages on the properties and higher interest rates on credit facilities, and the sale of the Timmins property in April 2023. The increases in rental income and NOI<sup>1</sup> were due to the addition of new properties and increases in rent from certain existing properties, partially offset by the sale of the Timmins property. Finally, the variance in net income attributable to unitholders is primarily attributable to the change in fair value of investment properties, in addition to the impact of NOI<sup>1</sup> from newly acquired properties, partially offset by interest on mortgages associated with said properties.

<sup>1</sup> 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”.

## 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 October 31<sup>st</sup>, November 30<sup>th</sup> and December 29<sup>th</sup>, 2023, to unitholders of record on October 16<sup>th</sup>, November 15<sup>th</sup> and December 15<sup>th</sup>, 2023, respectively.

The tables below represent other financial highlights and the reconciliations of certain non-IFRS measures for Q2 2023 and Q2 2022. This information should be read in conjunction with the Consolidated Financial Statements and Management's Discussion & Analysis ("MD&A") for the quarters ended June 30<sup>th</sup>, 2023 and June 30<sup>th</sup>, 2022.

## SUMMARY OF SELECTED FINANCIAL INFORMATION

Periods ended June 30	6 months		Δ	%
	2023	2022		
<b>Financial info</b>				
Property rental income	12,902,683	11,306,637	1,596,046	14%
Net income (loss) and comprehensive income (loss)	10,840,881	3,357,316	7,483,565	223%
NOI <sup>(1)</sup>	9,721,362	8,720,335	1,001,027	11%
FFO <sup>(1)</sup>	6,542,618	6,362,475	180,143	3%
AFFO <sup>(1)</sup>	5,829,421	6,035,544	(206,123)	(3%)
EBITDA <sup>(1)</sup>	14,407,325	6,146,534	8,260,791	134%
Adjusted EBITDA <sup>(1)</sup>	9,774,575	8,752,899	1,021,676	12%
Investment properties	280,075,876	284,910,061	(4,834,185)	(2%)
Adjusted investment properties <sup>(1)</sup>	331,912,328	331,777,459	134,869	-
Total assets	307,898,262	309,658,889	(1,760,627)	(1%)
Mortgages	132,966,915	139,116,692	(6,149,777)	(4%)
Long-term debt	30,000	45,000	(15,000)	(33%)
Current portion of mortgages and long term-debt	16,941,802	14,644,888	2,296,914	16%
Mortgages on investment properties held for sale	2,779,760	-	2,779,760	n/a
Credit facilities	16,385,362	11,605,000	4,780,362	41%
Total convertible debentures	8,752,985	8,523,401	229,584	3%
Total equity	125,774,305	132,067,830	(6,293,525)	(5%)
Weighted average units o/s - basic	20,603,235	20,549,534	53,701	-
<b>Amounts on a per unit basis</b>				
FFO <sup>(1)</sup>	0.318	0.310	0.008	3%
AFFO <sup>(1)</sup>	0.283	0.294	(0.011)	(4%)
Distributions	0.173	0.170	0.003	1%

(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 June 30, 2023, available under Canadian Net's profile on SEDAR at [www.sedar.com](http://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 June 30	2023	2022	Δ
<b>Investment Properties</b>			
Developed properties	280,075,876	284,910,061	(2%)
Investment properties held for sale	4,825,309	-	n/a
<b>Joint Venture Ownership<sup>(1)</sup></b>			
Developed properties	45,025,157	43,486,817	4%
Properties under development	1,985,986	3,380,581	(41%)
<b>Adjusted Investment Properties<sup>(2)</sup></b>	<b>331,912,328</b>	<b>331,777,459</b>	-

(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 June 30	3 months			6 months		
	2023	2022	Δ	2023	2022	Δ
Rental Income	6,486,300	5,874,942	611,358	12,902,683	11,306,637	1,596,046
Operating expenses	(1,620,882)	(1,362,366)	(258,516)	(3,181,321)	(2,586,302)	(595,019)
Net Operating Income <sup>(1)</sup>	4,865,418	4,512,576	352,842	9,721,362	8,720,335	1,001,027
Share of net income (loss) from investments in joint ventures	387,299	(1,560)	388,859	1,397,691	1,054,540	343,151
Increase/(decrease) in fair values of investment properties	2,859,847	(1,566,191)	4,426,038	3,981,665	(3,057,601)	7,039,266
Unit-based compensation	(112,567)	(6,063)	(106,504)	(330,048)	(391,311)	61,263
Administrative expenses	(256,101)	(213,213)	(42,888)	(528,823)	(450,492)	(78,331)
Financial expenses	(1,732,975)	(849,219)	(883,756)	(3,400,966)	(2,518,155)	(882,811)
Net income (loss) attributable to unitholders	6,010,921	1,876,330	4,134,591	10,840,881	3,357,316	7,483,565
FFO <sup>(1)</sup>	3,309,843	3,292,197	1%	6,542,618	6,362,475	3%
FFO per unit <sup>(1)</sup>	0.161	0.160	-	0.318	0.310	3%
Weighted avg. units o/s						
Basic	20,603,734	20,549,534	54,200	20,603,235	20,549,534	53,701

(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 the section "Non-IFRS financial measures"

## Reconciliation of Net Income to Funds from Operations

Periods ended June 30	3 months			6 months		
	2023	2022	Δ	2023	2022	Δ
Net income (loss) attributable to unitholders	6,010,921	1,876,330	4,134,591	10,840,881	3,357,316	7,483,565
Δ in value of investment properties	(2,859,847)	1,566,191	(4,426,038)	(3,981,665)	3,057,601	(7,039,266)
Δ in value of investment properties in joint ventures	72,969	461,165	(388,196)	(482,205)	(172,690)	(309,515)
Unit based compensation	112,567	6,063	106,504	330,048	391,311	(61,263)
Δ fair value adjustments on derivative financial instruments	(31,206)	(617,552)	586,346	(168,880)	(278,546)	109,666
Accretion of lease payments	-	-	-	-	7,483	(7,483)
Income taxes	4,439	-	4,439	4,439	-	4,439
FFO <sup>(1)</sup>	3,309,843	3,292,197	1%	6,542,618	6,362,475	3%
FFO per unit <sup>(1)</sup>	0.161	0.160	-	0.318	0.310	3%
Distributions	1,776,722	1,745,238	31,484	3,553,753	3,470,168	83,585
Distributions per unit	0.086	0.085	1%	0.173	0.170	1%
FFO per unit <sup>(1)</sup> - after distributions	0.074	0.075	(1%)	0.145	0.140	4%
Distributions as a % of FFO <sup>(1)</sup>	54%	53%	1%	54%	55%	(1%)
Weighted avg. units o/s						
Basic	20,603,734	20,549,534	54,200	20,603,235	20,549,534	53,701

(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"

### Adjusted Funds from Operations

Periods ended June 30	3 months			6 months		
	2023	2022	Δ	2023	2022	Δ
FFO <sup>(1)</sup>	3,309,843	3,292,197	17,646	6,542,618	6,362,475	180,143
Amortization of finance charges included in interest expense	-	-	-	-	-	-
Straight-line rent adjustment <sup>(2)</sup>	(109,943)	(125,135)	15,192	(209,937)	(242,955)	33,018
Maintenance/cap-ex on existing properties <sup>(3)</sup>	(488,297)	(55,264)	(433,033)	(503,260)	(83,976)	(419,284)
Leasing costs on existing properties	-	-	-	-	-	-
Debt extinguishment penalties	-	-	-	-	-	-
AFFO <sup>(1)</sup>	2,711,603	3,111,798	(13%)	5,829,421	6,035,544	(3%)
AFFO per unit <sup>(1)</sup>	0.132	0.151	(13%)	0.283	0.294	(4%)
Distributions per unit	0.086	0.085	1%	0.173	0.170	1%
AFFO per unit <sup>(1)</sup> - after distributions	0.045	0.066	(32%)	0.110	0.124	(11%)
Distributions as a % of AFFO <sup>(1)</sup>	66%	56%	10%	61%	58%	3%
Weighted avg. units o/s						
Basic	20,603,734	20,549,534	54,200	20,603,235	20,549,534	53,701

(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

(3) The maintenance/cap-ex on existing properties for 2023 includes a charge of \$489,000 that will generate additional income to the Trust

### Reconciliation of Net Income to EBITDA

Periods ended June 30	3 months			6 months		
	2023	2022	Δ	2023	2022	Δ
Net income attributable to unitholders	6,010,921	1,876,330	4,134,591	10,840,881	3,357,316	7,483,565
Net interest expense	1,759,544	1,467,821	291,723	3,562,005	2,792,463	769,542
Accretion of lease payments	-	-	-	-	(7,483)	7,483
Income taxes	4,439	-	4,439	4,439	-	4,439
Other financial charges	-	(1,050)	1,050	-	4,238	(4,238)
EBITDA <sup>(1)</sup>	7,774,904	3,343,101	4,431,803	14,407,325	6,146,534	8,260,791
Δ in value of investment properties	(2,859,847)	1,566,191	(4,426,038)	(3,981,665)	3,057,601	(7,039,266)
Δ in value of investment properties in joint ventures	72,969	461,165	(388,196)	(482,205)	(172,690)	(309,515)
Δ in value of convertible debentures	(31,206)	(524,026)	492,820	(168,880)	(205,366)	36,486
Δ in value of warrants	-	(93,526)	93,526	-	(73,180)	73,180
Adjusted EBITDA <sup>(1)</sup>	4,956,820	4,752,905	4%	9,774,575	8,752,899	12%
Interest expense	1,890,945	1,554,372	336,573	3,778,818	2,943,359	835,459
Principal repayments	1,163,742	1,082,045	81,697	2,320,486	2,104,942	215,544
Debt service requirements	3,054,687	2,636,417	16%	6,099,304	5,048,301	21%
Interest coverage ratio based on adjusted EBITDA <sup>(1)</sup>	2.6x	3.1x	(0.5x)	2.6x	3.0x	(0.4x)
Debt service coverage based on adjusted EBITDA <sup>(1)</sup>	1.6x	1.8x	(0.2x)	1.6x	1.7x	(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 August 17<sup>th</sup>, 2023, 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/qwwwcgsd>

**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 June 30<sup>th</sup>, 2023, financial statements and management discussion & analysis of Canadian Net may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

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