

## PRESS RELEASE

### FOR IMMEDIATE RELEASE

August 24, 2022

## CANADIAN NET REIT ANNOUNCES ITS RESULTS FOR THE QUARTER ENDED JUNE 30, 2022, AND Q4 2022 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 June 30<sup>th</sup>, 2022, and monthly distributions for the months of October, November and December 2022.

### RESULTS

**For the quarter ended June 30<sup>th</sup>, 2022**, Canadian Net reported funds from operations per unit<sup>1</sup> ("FFO per unit") of \$0.160 compared to \$0.149 per unit for the quarter ended June 30<sup>th</sup>, 2021, an increase of 7%. Funds from Operations<sup>1</sup> ("FFO") was \$3,292,197, an increase of 27% relative to \$2,596,669 in Q2 2021.

During Q2 2022, the Trust's property rental income was \$5,874,942 compared to \$4,681,568 in Q2 2021, an increase of 25%. Net Operating Income<sup>1</sup> ("NOI") was \$4,512,576 compared to \$3,412,257 in Q2 2021, an increase of 32%.

Canadian Net also recorded a net income attributable to unitholders of \$1,876,330 compared to \$6,220,770 in Q2 2021.

**For the six-month period ended June 30<sup>th</sup>, 2022**, Canadian Net reported FFO per unit<sup>1</sup> of \$0.311 compared to \$0.288 per unit for the same period in 2021, an increase of 8%. FFO<sup>1</sup> was \$6,362,475, an increase of 26% relative to \$5,029,936 for the six-month period ended June 30<sup>th</sup>, 2021.

During the period, the Trust's property rental income was \$11,306,637 compared to \$9,135,359 for the same period in 2021, an increase of 24%. NOI<sup>1</sup> was \$8,720,335 compared to \$6,691,671 for the same period in 2021, an increase of 30%.

Canadian Net also recorded a net income attributable to unitholders of \$3,357,316 compared to \$6,444,443 for the same period in 2021.

The FFO increase was primarily due to the impact of the newly acquired properties, partially offset by interest on mortgages associated with said properties. On the rental income and NOI 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 NOI<sup>1</sup> 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.

### DISTRIBUTIONS

Canadian Net announces that it will make monthly cash distributions of \$0.0283 per unit, representing \$0.34 per unit on an annualized basis, on October 31<sup>st</sup>, November 30<sup>th</sup>, and December 30<sup>th</sup>, 2022, to unitholders of record on October 14<sup>th</sup>, November 15<sup>th</sup>, and December 15<sup>th</sup>, 2022, respectively.

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<sup>1</sup> 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".

Jason Parravano, President and CEO says: “We are pleased to share another quarter of continued growth which was complemented by the acquisition of four properties at the end of May. As we head into the second half of the year, we continued to add some new names to the tenant roster, such as the most recent acquisitions of a Midas and Rona property in New Brunswick and Quebec, respectively.”

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

## SUMMARY OF SELECTED FINANCIAL INFORMATION

Periods ended June 30	6 months		Δ	%
	2022	2021		
<b>Financial info</b>				
Property rental income	11,306,637	9,135,359	2,171,278	24%
Net income and comprehensive income	3,357,316	6,444,443	(3,087,127)	(48%)
NOI <sup>(1)</sup>	8,720,335	6,691,671	2,028,664	30%
FFO <sup>(1)</sup>	6,362,475	5,029,936	1,332,539	26%
AFFO <sup>(1)</sup>	6,035,544	4,632,317	1,403,227	30%
EBITDA <sup>(1)</sup>	6,146,534	8,514,796	(2,368,262)	(28%)
Adjusted EBITDA <sup>(1)</sup>	8,752,899	6,776,356	1,976,543	29%
Investment properties	284,910,061	209,636,216	75,273,845	36%
Adjusted investment properties <sup>(1)</sup>	331,777,459	249,533,216	82,244,243	33%
Total assets	309,658,889	232,046,925	77,611,964	33%
Mortgages	139,116,692	109,085,985	30,030,707	28%
Long-term debt	45,000	60,000	(15,000)	(25%)
Current portion of mortgages and long term-debt	14,644,888	9,016,057	5,628,831	62%
Credit facilities	11,605,000	6,470,000	5,135,000	79%
Total convertible debentures	8,523,401	8,314,560	208,841	3%
Total equity	132,067,830	94,579,889	37,487,941	40%
Weighted average units o/s - basic	20,435,409	17,442,846	2,992,563	17%
<b>Amounts on a per unit basis</b>				
FFO <sup>(1)</sup>	0.311	0.288	0.023	8%
AFFO <sup>(1)</sup>	0.295	0.266	0.030	11%
Distributions	0.170	0.150	0.020	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 June 30, 2022, 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	2022	2021	Δ
<b>Investment Properties</b>			
Developed properties	284,910,061	209,636,216	36%
<b>Joint Venture Ownership<sup>(1)</sup></b>			
Developed properties	43,486,817	35,373,916	23%
Properties under development	3,380,581	4,523,084	(25%)
<b>Adjusted Investment Properties<sup>(2)</sup></b>	<b>331,777,459</b>	<b>249,533,216</b>	<b>33%</b>

(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 June 30	3 months			6 months		
	2022	2021	Δ	2022	2021	Δ
Rental Income	5,874,942	4,681,568	1,193,374	11,306,637	9,135,359	2,171,278
Operating costs	(1,362,366)	(1,269,311)	(93,055)	(2,586,302)	(2,443,688)	(142,614)
Net Operating Income <sup>(1)</sup>	4,512,576	3,412,257	1,100,319	8,720,335	6,691,671	2,028,664
Share of net income (loss) from investments in joint ventures	(1,560)	907,047	(908,607)	1,054,540	105,423	949,117
Increase/(decrease) in fair values of investment properties	(1,566,191)	4,658,162	(6,224,353)	(3,057,601)	3,207,396	(6,264,997)
Financial expenses	849,219	2,537,135	(1,687,916)	2,518,155	2,835,883	(317,728)
Administrative expenses	213,213	208,281	4,932	450,492	413,713	36,779
Unit-based compensation	6,063	11,280	(5,217)	391,311	310,451	80,860
Net income and comprehensive income	1,876,330	6,220,770	(4,344,440)	3,357,316	6,444,443	(3,087,127)
FFO <sup>(1)</sup>	3,292,197	2,596,669	27%	6,362,475	5,029,936	26%
FFO per unit <sup>(1)</sup>	0.160	0.149	7%	0.311	0.288	8%
Weighted avg. units o/s Basic	20,549,534	17,465,066	3,084,468	20,435,409	17,442,846	2,992,563

(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 June 30	3 months			6 months		
	2022	2021	Δ	2022	2021	Δ
Net income attributable to unitholders	1,876,330	6,220,770	(4,344,440)	3,357,316	6,444,443	(3,087,127)
Δ in value of investment properties	1,566,191	(4,658,162)	6,224,353	3,057,601	(3,207,396)	6,264,997
Δ in value of investment properties in joint ventures	461,165	(447,461)	908,626	(172,690)	718,486	(891,176)
Unit based compensation	6,063	11,280	(5,217)	391,311	310,451	80,860
Δ fair value adjustments on derivative financial instruments	(617,552)	1,463,847	(2,081,399)	(278,546)	750,470	(1,029,016)
Interest on the lease liability	-	7,184	(7,184)	7,483	14,271	(6,788)
Income taxes	-	(789)	789	-	(789)	789
FFO <sup>(1)</sup>	3,292,197	2,596,669	27%	6,362,475	5,029,936	26%
FFO per unit <sup>(1)</sup>	0.160	0.149	7%	0.311	0.288	8%
Distributions	1,745,238	1,310,183	435,055	3,470,168	2,617,333	852,835
Distributions per unit	0.085	0.075	13%	0.170	0.150	13%
FFO per unit <sup>(1)</sup> - after distributions	0.075	0.074	2%	0.141	0.138	2%
Distributions per unit as a % of FFO per unit <sup>(1)</sup>	53%	50%	3%	55%	52%	3%
Weighted avg. units o/s Basic	20,549,534	17,465,066	3,084,468	20,435,409	17,442,846	2,992,563

(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 June 30	3 months			6 months		
	2022	2021	Δ	2022	2021	Δ
FFO <sup>(1)</sup>	3,292,197	2,596,669	695,528	6,362,475	5,029,936	1,332,539
Amortization of finance charges included in interest expense	-	-	-	-	-	-
Straight-line rent adjustment <sup>(2)</sup>	(125,135)	(157,021)	31,886	(242,955)	(305,311)	62,356
Maintenance/cap-ex on existing properties	(55,264)	(43,875)	(11,389)	(83,976)	(92,308)	8,332
Leasing costs on existing properties	-	-	-	-	-	-
Debt extinguishment penalties	-	-	-	-	-	-
AFFO <sup>(1)</sup>	3,111,798	2,395,773	30%	6,035,544	4,632,317	30%
AFFO per unit <sup>(1)</sup>	0.151	0.137	10%	0.295	0.266	11%
Distributions per unit	0.085	0.075	13%	0.170	0.150	13%
AFFO per unit <sup>(1)</sup> - after distributions	0.066	0.062	7%	0.125	0.116	8%
Distributions per unit <sup>(1)</sup> as a % of AFFO per unit <sup>(1)</sup>	56%	55%	1%	58%	56%	2%
Weighted avg. units o/s Basic	20,549,534	17,465,066	3,084,468	20,435,409	17,442,846	2,992,563

(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 June 30	3 months			6 months		
	2022	2021	Δ	2022	2021	Δ
Net income attributable to unitholders	1,876,330	6,220,770	(4,344,440)	3,357,316	6,444,443	(3,087,127)
Net interest expense	1,467,821	1,074,761	393,060	2,792,463	2,084,172	708,291
Interest on the lease liability	-	(7,184)	7,184	(7,483)	(14,271)	6,788
Income taxes	-	(789)	789	-	(789)	789
Other financial charges	(1,050)	(1,473)	423	4,238	1,241	2,997
EBITDA <sup>(1)</sup>	3,343,101	7,286,085	(3,942,984)	6,146,534	8,514,796	(2,368,262)
Δ in value of investment properties	1,566,191	(4,658,162)	6,224,353	3,057,601	(3,207,396)	6,264,997
Δ in value of investment properties in joint ventures	461,165	(447,461)	908,626	(172,690)	718,486	(891,176)
Δ in value of convertible debentures	(524,026)	1,037,046	(1,561,072)	(205,366)	437,793	(643,159)
Δ in value of warrants	(93,526)	426,801	(520,327)	(73,180)	312,677	(385,857)
Adjusted EBITDA <sup>(1)</sup>	4,752,905	3,644,309	30%	8,752,899	6,776,356	29%
Interest expense	1,554,372	952,857	601,515	2,943,359	2,030,606	912,753
Principal repayments	1,082,045	794,980	287,065	2,104,942	1,587,490	517,452
Debt service requirements	2,636,417	1,747,837	51%	5,048,301	3,618,096	40%
Interest coverage ratio based on adjusted EBITDA <sup>(1)</sup>	3.1x	3.8x	(0.7x)	3.0x	3.3x	(0.3x)
Debt service coverage based on adjusted EBITDA <sup>(1)</sup>	1.8x	2.1x	(0.3x)	1.7x	1.9x	(0.2x)

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## EARNINGS WEBCAST

Canadian Net will host a webcast on August 25, 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/a8257gqe>

**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>, 2022, 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 Jason Parravano at (450) 536-5328.