

# Management Discussion & Analysis

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**Q4 2021**

Period ended December 31<sup>st</sup>, 2021

Form 51-102F1

## SUMMARY OF SELECTED FINANCIAL INFORMATION

Periods ended December 31	12 months		Δ	%
	2021	2020		
<b>Financial info</b>				
Property rental income	18,953,524	12,976,848	5,976,676	46%
Total revenue	18,953,524	12,987,262	5,966,262	46%
Net income and comprehensive income	25,090,167	9,621,177	15,468,990	161%
NOI <sup>(1)</sup>	14,321,735	9,869,068	4,452,667	45%
FFO <sup>(1)</sup>	10,791,751	7,127,856	3,663,895	51%
Recurring FFO <sup>(1)(2)</sup>	10,819,566	7,117,442	3,702,124	52%
AFFO <sup>(1)</sup>	10,033,624	6,562,370	3,471,254	53%
EBITDA	29,646,790	12,641,196	17,005,594	135%
Adjusted EBITDA <sup>(1)</sup>	14,946,751	9,918,347	5,028,404	51%
Investment properties	252,947,654	185,991,100	66,956,554	36%
Adjusted investment properties <sup>(3)</sup>	298,465,593	221,711,905	76,753,688	35%
Total assets	278,165,686	209,705,999	68,459,687	33%
Total mortgage/loans/long term debt <sup>(4)</sup> (including revolving line of credit)	133,405,859	107,652,001	25,753,858	24%
Total convertible debentures	8,416,510	8,134,379	282,131	3%
Total equity	129,814,467	90,206,351	39,608,116	44%
Weighted average units o/s - basic	18,575,569	14,628,913	3,946,656	27%
<b>Amounts on a per unit basis</b>				
FFO	0.581	0.487	0.094	19%
Recurring FFO	0.582	0.487	0.096	20%
AFFO	0.540	0.449	0.092	20%
Distributions	0.300	0.256	0.045	17%
<b>Financial ratios</b>				
Weighted avg. interest rate - fixed loans/mortgages	3.45%	3.35%	0.10%	
Debt to gross assets - including converts	52%	55%	(3%)	
Debt to gross assets - excluding converts	49%	51%	(2%)	
Interest coverage ratio	3.4x	3.2x	0.2x	
Debt service coverage ratio	1.9x	1.9x	-	
Distributions as a % of FFO per unit	52%	52%	-	
Distributions as a % of Recurring FFO per unit	52%	53%	(1%)	
Distributions as a % of AFFO per unit	56%	57%	(1%)	
<b>Leasing information</b>				
Occupancy	99%	99%	-	
<b>Mix of tenancy based on NOI<sup>(5)</sup></b>				
National	89%	86%	3%	
Regional	9%	12%	(3%)	
Local	2%	2%	-	
<b>Breakdown of NOI per property type<sup>(5)</sup></b>				
Retail	55%	34%	21%	
National service-station and c-store chains	27%	41%	(14%)	
Quick Service Restaurants	16%	22%	(6%)	
Other	2%	3%	(1%)	
	100%	100%	-	
Number of properties	91	74	17	
<b>Other</b>				
Average term to maturity – mortgages (years)	6.0	5.5	0.5	
Average term to maturity – leases (years)	7.4	7.9	(0.5)	
IFRS capitalization rate	5.99%	6.48%	(0.49%)	

(1) See appropriate sections for reconciliation to the closest IFRS measure and section "Explanation of non-IFRS financial measures"

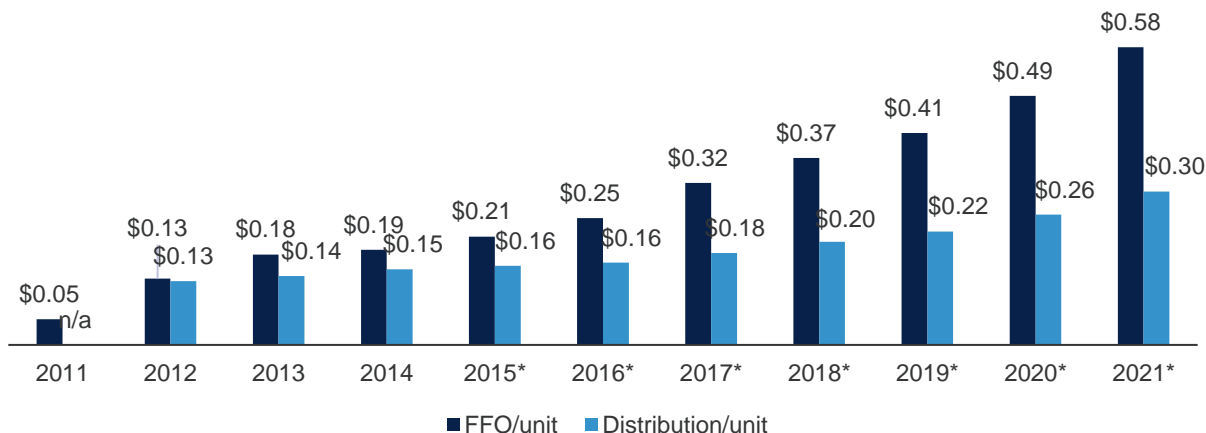
(2) Recurring FFO excludes "Other revenues" as presented on the Consolidated Financial Statements

(3) Adjusted Investment Properties includes the Trust's proportionate share of value of investment properties owned through joint ventures; Refer to Note 4 Properties and Note 5 ([1] value of developed properties, [2] leased properties and [3] properties under development) in Canadian Net's Consolidated Financial Statements

(4) Excludes convertible debentures

(5) Includes the Trust's proportionate share of NOI from properties held through joint ventures

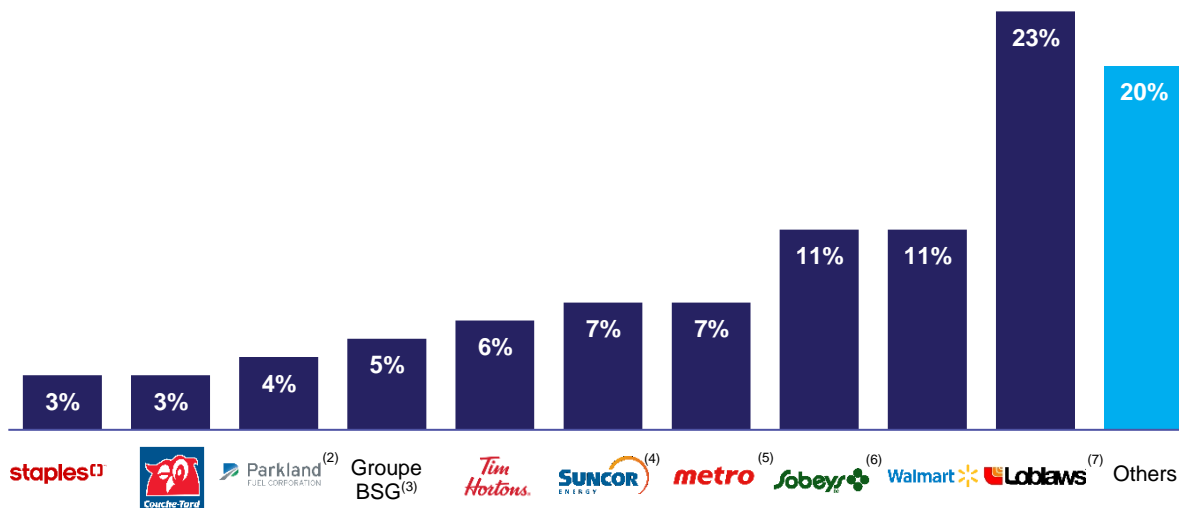
## HISTORICAL SELECTED FINANCIAL PERFORMANCE



\*Recurring FFO: See appropriate sections for reconciliation to the closest IFRS measure and section "Non-IFRS financial measures"

## TENANT OVERVIEW – PERIOD ENDED DECEMBER 31, 2021

### TOP 10 TENANTS (80%)<sup>(1)</sup>



Notes:

- (1) Based on Net Operating Income ("NOI"); Includes the Trust's proportionate share of NOI from properties held through joint ventures
- (2) Parkland Fuel Corporation operates service-stations under the Ultramar and Esso Banners
- (3) Groupe BSG is a large regional service-station operator operating under various banners
- (4) Suncor operates Petro-Canada service-stations
- (5) Metro operates grocery stores under the Metro, Super C and Food Basics banners
- (6) Sobey's operates IGA grocery stores, Shell service-stations and Sobey's Fast Fuel service-stations
- (7) Loblaw's operates the Pharmaprix pharmacies and the Provigo, Maxi, Independent's and Atlantic Superstore grocery banners

## KEY PERFORMANCE INDICATORS - 2021

### Recurring FFO<sup>(1)</sup> per unit

**+20%**

*From \$0.487 in 2020 to \$0.582 in 2021*

### Net Operating Income

**+45%**

*A \$4.45M increase over the past 12 months*

### Dist./Recurring FFO<sup>(1)</sup>

**52%**

*A **conservative ratio** that allows the Trust to **maintain its strong growth***

### Occupancy Rate

**99%**

*The **quality of our assets** allowed us to **maximize our occupancy rate***

### Adj. Investment Properties<sup>(2)</sup>

**+35%**

*From \$222M in 2020 to \$299M in 2021*

### Management expense ratio<sup>(3)</sup>

**0.27%**

*Down from 0.33% in 2020*

Notes:

- (1) Recurring FFO excludes "Other revenues" as presented on the Consolidated Statements of Income for the period; refer to section "Non-IFRS Financial Measures"
- (2) Adjusted Investment Properties includes the Trust's proportionate share of value of investment properties owned through joint ventures; Refer to Note 4 (Investment Properties) and Note 5 ([1] value of developed properties, [2] leased properties and [3] properties under development) in Canadian Net's financial statements
- (3) Ratio of administrative expenses on adjusted investment properties

## BREAKDOWN OF PROPERTIES & OPERATING SECTORS

#	Address	City/Province	Type	Ownership	Area (sf)			Status
					Land	Building	CNET %	
1	40-50 Brunet Street	Mont St-Hilaire, Qc	QSR, gas, c-store	100%	69 K	5,452	5,452	Income producing
2	230 St-Luc Blvd.	St-Jean-sur-Richelieu, Qc	Gas, c-store	100%	65 K	8,359	8,359	Income producing
3	196 Hôtel-de-Ville Blvd.	Rivière-du-Loup, Qc	Gas, c-store	100%	14 K	2,400	2,400	Income producing
4	1349-1351 Road 117	Val-David, Qc	QSR, gas, c-store	100%	36 K	4,748	4,748	Income producing
5	275 Barkoff Street	Trois-Rivières, Qc	Gas, c-store	65%	60 K	2,400	1,560	Income producing
6	530 Barkoff Street	Trois-Rivières, Qc	Gas, c-store	50%	30 K	2,641	1,321	Income producing
7	340-344 Montée du Comté	Les Coteaux, Qc	QSR, gas, c-store	100%	67 K	8,071	8,071	Income producing
8	1440-50 St-Laurent East Blvd.	Louiseville, Qc	QSR, gas, c-store	50%	115 K	6,132	3,066	Income producing
9	1460 St-Laurent East Blvd.	Louiseville, Qc	QSR	50%	37 K	4,841	2,421	Income producing
10	490-494 De L'Atrium Blvd.	Québec City, Qc	Gas, c-store	100%	34 K	6,574	6,574	Income producing
11	7335 Guillaume Couture Blvd.	Lévis, Qc	QSR	100%	30 K	2,860	2,860	Income producing
12	1319 Brookdale Avenue	Cornwall, On	QSR	100%	33 K	3,127	3,127	Income producing
13	4200 Bernard-Pilon Street	St-Mathieu de Beloeil, Qc	Gas, c-store	100%	20 K	1,200	1,200	Income producing
14	1901 Raymond Blais Street	Sainte-Julie, Qc	Gas, c-store	100%	27 K	1,392	1,392	Income producing
15	2000 Leonard de Vinci Street	Sainte-Julie, Qc	QSR	100%	39 K	4,575	4,575	Income producing
16	2050 Leonard de Vinci Street	Sainte-Julie, Qc	Gas	100%	86 K	1,255	1,255	Income producing
17	2051 Nobel Street	Sainte-Julie, Qc	QSR	100%	50 K	5,975	5,975	Income producing
18	16920-16930 St-Louis Ave.	St-Hyacinthe, Qc	QSR, gas, c-store	100%	70 K	6,290	6,290	Income producing
19	3726 Des Forges Blvd.	Trois-Rivières, Qc	QSR	100%	19 K	3,360	3,360	Income producing
20	2871-2885 Des Prairies Street	Trois-Rivières, Qc	QSR, gas, c-store	100%	60 K	6,662	6,662	Income producing
21	2350 Chemin des Patriotes	Richelieu, Qc	QSR, gas, c-store	100%	48 K	4,851	4,851	Income producing
22	4932 Des Sources Blvd.	Pierrefonds, Qc	QSR	100%	23 K	2,716	2,716	Income producing
23	314 De Montigny Street	St-Jérôme, Qc	QSR	100%	24 K	2,832	2,832	Income producing
24	288 Valmont Street	Repentigny, Qc	Gas, c-store	100%	22 K	2,400	2,400	Income producing
25	2439 Ste Sophie Blvd.	Sainte-Sophie, Qc	Gas, c-store	95%	58 K	4,856	4,613	Income producing
26	2429 Sainte-Sophie Blvd.	Sainte-Sophie, Qc	QSR	95%	45 K	3,710	3,525	Income producing
27	610 Saint-Joseph Blvd.	Gatineau, Qc	Other	100%	13 K	3,372	3,372	Income producing
28	513 Des Laurentides Blvd.	Laval, Qc	Other	100%	12 K	3,019	3,019	Income producing
29	123 St-Laurent East Blvd	St-Eustache, Qc	Gas, c-store	100%	22 K	3,846	3,846	Income producing
30	4 North Street	Waterloo, Qc	Gas, c-store	100%	14 K	2,845	2,845	Income producing
31	3355 de la Pérade Street	Quebec City, Qc	Retail	100%	142 K	28,894	28,894	Income producing
32	2555 Montmorency Blvd	Quebec City, Qc	Retail	100%	110 K	25,480	25,480	Income producing
33	3592 Laval Street	Lac Mégantic, Qc	Gas, c-store	100%	20 K	1,777	1,777	Income producing
34	536 Algonquin Blvd.	Timmins, On	QSR	100%	102 K	2,690	2,690	Income producing
35	1730 Jules Vernes Ave.	Cap Rouge, Qc	QSR	50%	38 K	4,100	2,050	Income producing
36	235 Montée Paiement	Gatineau, Qc	Retail	100%	149 K	25,706	25,706	Income producing
37	510 Bethany Ave.	Lachute, Qc	QSR, gas, c-store	50%	113 K	11,910	5,955	Income producing
38	1337 Iberville Blvd.	Repentigny, Qc	Retail	100%	57 K	17,050	17,050	Income producing
39	222 St-Jean-Baptiste Blvd.	Mercier, Qc	QSR, gas, c-store	82.5%	70 K	9,488	7,828	Income producing
40	230 St-Jean-Baptiste Boul.	Mercier, Qc	QSR	82.5%	33 K	4,165	3,436	Income producing
41	101 Hébert Street	Mont-Laurier, Qc	Retail	100%	350 K	37,530	37,530	Income producing
42	290 Mgr. Langlois Blvd.	Valleyfield, Qc	QSR, gas, c-store	50%	107 K	10,114	5,057	Income producing
43	510 Portland Street	Dartmouth, NS	QSR	100%	32 K	4,631	4,631	Income producing
44	20 Frontenac Ouest Blvd.	Thetford Mines, Qc	QSR	100%	30 K	2,400	2,400	Income producing
45	975 Wilkinson Ave.	Dartmouth, NS	QSR, gas, c-store	50%	85 K	7,975	3,988	Income producing
46	1501 Jacques Bedard Street	Quebec City, Qc	Retail	100%	152 K	24,652	24,652	Income producing
47	852 Laure Boulevard	Sept Îles, Qc	QSR	100%	28 K	3,239	3,239	Income producing

## Canadian Net Real Estate Investment Trust

#	Address	City/Province	Type	Ownership	Area (sf)			Status
					Land	Building	CNET %	
48	87-91 Starrs Road	Yarmouth, NS	Gas, c-store	100%	62 K	3,335	3,335	Income producing
49	4675 Shawinigan Sud Blvd.	Shawinigan, Qc	QSR, gas, c-store	50%	101 K	7,126	3,563	Income producing
50	480 Bethany Ave.	Lachute, Qc	Retail	100%	492 K	75,681	75,681	Income producing
51	484 Bethany Ave.	Lachute, Qc	QSR	100%	32 K	3,037	3,037	Income producing
52	2077 Laurentides Blvd.	Laval, Qc	Retail	100%	31 K	9,462	9,462	Income producing
53	111-117 Desjardins Blvd.	Maniwaki, Qc	Retail	100%	45 K	16,085	16,085	Income producing
54	550 Laffèche Boulevard	Baie Comeau, Qc	Retail	100%	102 K	19,676	19,676	Income producing
55	304 LaSalle Boulevard	Baie Comeau, Qc	QSR	100%	13 K	3,300	3,300	Income producing
56	35 route 201	Coteau-du-Lac, Qc	QSR, gas, c-store	50%	31 K	4,500	2,250	Income producing
57	835 Lucien Chenier	Farnham, Qc	QSR, gas, c-store	100%	89 K	7,000	7,000	Income producing
58	24 Miikana Way	Kenora, On	Retail	100%	534 K	80,881	80,881	Income producing
59	1410 Principale Street	St-Etienne-des-Grès, Qc	QSR, gas, c-store	75%	26 K	4,122	3,092	Income producing
60	2505 Saint-Louis Street	Gatineau, Qc	Retail	100%	88 K	25,389	25,389	Income producing
61	124 Beech Hill Road	Antigonish, NS	QSR, gas, c-store	50%	176 K	4,040	2,020	Income producing
62	16670 Des Acadiens Blvd.	Bécancour, Qc	QSR, gas, c-store	75%	14 K	3,600	2,700	Income producing
63	1875 Sainte-Marguerite Street	Trois-Rivières, Qc	Gas, c-store	75%	19 K	2,400	1,800	Income producing
64	5100 Wilfrid Hamel Blvd.	Quebec City, Qc	Gas, c-store	50%	26 K	3,077	1,539	Income producing
65	369 St-Charles Street West	Longueuil, Qc	Gas, c-store	50%	15 K	2,578	1,289	Income producing
66	1305-1375 Sherbrooke Street	Magog, Qc	QSR, gas, c-store	50%	38 K	8,900	4,450	Income producing
67	250 Saint-Antoine Nord Street	Lavaltrie, Qc	Retail	100%	87 K	22,794	22,794	Income producing
68	524-534 Saint-Joseph Blvd.	Drummondville, Qc	QSR	50%	26 K	7,684	3,842	Income producing
69	570 Saint-Joseph Blvd.	Drummondville, Qc	QSR	50%	52 K	3,855	1,928	Income producing
70	491 Seigneuriale Street	Quebec City, Qc	Retail	100%	103 K	21,303	21,303	Income producing
71	150 St-Alphonse Blvd.	Roberval, Qc	Retail	100%	207 K	43,378	43,378	Income producing
72	15 McChesney Ave.	Kirkland Lake, ON	Retail	100%	200 K	45,157	45,157	Income producing
73	394 Westville Road	New Glasgow, NS	Retail	100%	487 K	90,800	90,800	Income producing
74	1225 Kings Street	Sydney, NS	Retail	100%	155 K	47,189	47,189	Income producing
75	476-478 Ch. Knowlton	Lac Brome, Qc	QSR, gas, c-store	100%	51 K	4,500	4,500	Income producing
76	14 Sunset Road	Pictou, NS	QSR, gas, c-store	50%	129 K	5,460	2,730	Income producing
77	Laurier Boulevard	Terrebonne, Qc	QSR	40%	35 K	3,885	1,554	Under development
78	7751-7811 Roi-Rene Blvd.	Anjou, Qc	QSR	40%	33 K	5,800	2,320	Under development
79	10 700 Ch. Cote-de-Liesse	Lachine, Qc	Gas	100%	37 K	395	395	Income producing
80	860 rue d'Alma	Saguenay, Qc	QSR	40%	40 K	3,885	1,554	Income producing
81	135 Barton Street East	Hamilton, ON	Retail	100%	153 K	37,509	37,509	Income producing
82	95-103 Water Street North	Cambridge, ON	Retail	100%	122 K	38,500	38,500	Income producing
83	107 Bridge Street	Dunnville, ON	Retail	100%	91 K	27,651	27,651	Income producing
84	199 Simcoe Avenue	Keswick, ON	Retail	100%	106 K	27,838	27,838	Income producing
85	1035 Wilfrid-Hamel Blvd.	Quebec City, Qc	Retail	100%	98 K	27,400	27,400	Income producing
86	2 Saint-Martin Street	Bromont, Qc	QSR	100%	6 K	5,703	5,703	Income producing
87	Rue Serge Pepin	Beloeil, Qc	QSR	40%	25 K	3,885	1,554	Under development
88	Montée des Pionniers	Terrebonne, Qc	QSR	40%	24 K	3,885	1,554	Under development
89	160 Chem. Du Lac Millette	St-Sauveur, Qc	Retail	40%	4 K	4,376	1,750	Income producing
90	3718 Harvey Blvd.	Saguenay, Qc	QSR	40%	46 K	4,400	1,760	Under development
91	10 Cambridge Street	Collingwood, ON	Retail	100%	496 K	111,118	111,118	Income producing
92	617 -639 Duvernay Street*	Verchères, Qc	Retail	100%	105 K	29,904	29,904	Income producing
93	Albiny-Paquette Blvd.*	Mont-Laurier, Qc	QSR	40%	68 K	3,885	1,554	Under development
94	2085 Mellon Blvd.*	Saguenay, Qc	Retail	100%	159 K	38,064	38,064	Income producing
95	2095 Mellon Blvd.*	Saguenay, Qc	Other	100%	33 K	4,000	4,000	Income producing
<b>QSR: Quick Service Restaurant</b>					<b>7,971 K</b>	<b>1,302,954</b>	<b>1,228,899</b>	

\*Acquired after December 31, 2021

# MANAGEMENT'S DISCUSSION & ANALYSIS

## SCOPE OF ANALYSIS

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Canadian Net Real Estate Investment Trust ("Canadian Net" or the "Trust") is intended to provide readers with an assessment of performance and summarize the results of operations and financial condition for the 12-month period ended December 31, 2021. It should be read in conjunction with the Consolidated Audited Financial Statements for the period ended December 31, 2021 and the Consolidated Audited Financial Statements and MD&A for the period ended December 31, 2020. The financial data contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") and all amounts are in Canadian dollars. You can find all copies of Canadian Net's recent financial reports on Canadian Net's website [cnetreit.com](http://cnetreit.com) and on [sedar.com](http://sedar.com).

Dated March 23, 2022, this MD&A reflects all significant information available as of that date and should be read in conjunction with the Consolidated Financial Statements for the period ended December 31, 2021 and accompanying notes included in this report.

The audit committee reviewed the contents of this MD&A and the Financial Statements and the Trust's Board of Trustees has approved them.

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## CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Securities laws encourage companies to present forward-looking information to provide investors with a better understanding of the Trust's future prospects and help them make informed decisions. This MD&A contains forward-looking statements about the Trust's objectives, strategies, financial position, results of operations, cash flows and operations, which are based on management's current expectations, estimates and assumptions about the markets in which it operates.

Statements based on management's current expectations contain known and unknown inherent risks and uncertainties. Forward-looking statements may include verbs such as "believe," "anticipate," "estimate," "expect," "intend" and "assess" or related expressions, used in the affirmative and negative forms. These statements represent the Trust's intentions, plans, expectations or beliefs and are subject to risks, uncertainties and other factors, many of which are beyond the Trust's control. Actual results may vary from expectations. The reader is cautioned not to place undue reliance on any forward-looking statements.

The outbreak of COVID-19 has resulted in the federal and provincial governments enacting numerous measures such as the implementation of a travel ban, self imposed quarantine periods and social distancing. These measures have caused material disruption to businesses and has resulted in an economic slowdown. These measures have also resulted in material disruptions to global equity and capital markets.

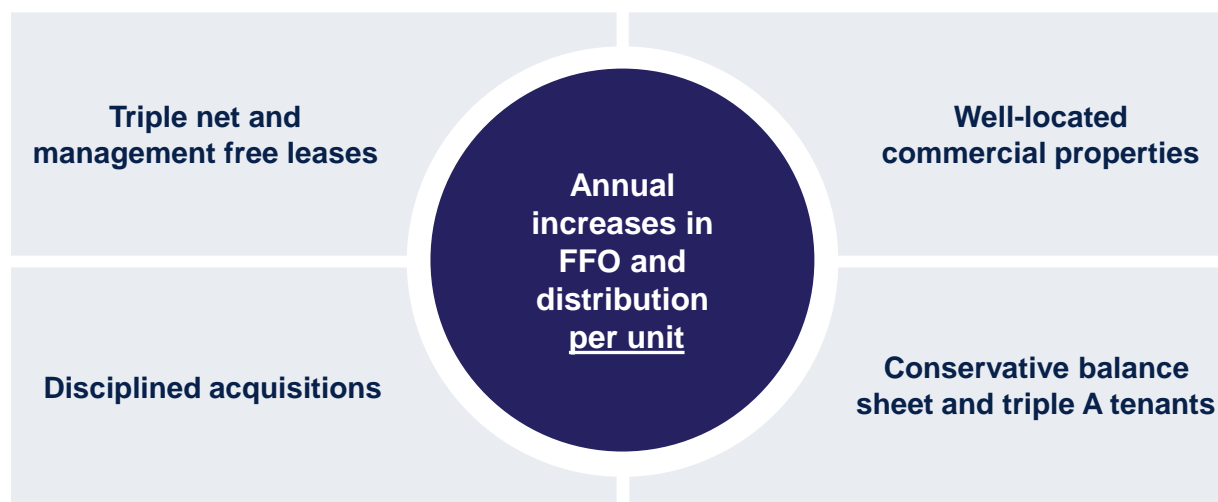
It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 and accordingly certain aspects of the Trust's operations could be affected, including rent collection, occupancy rates, demand for retail space, capitalization rates, and the resulting value of the Trust's properties. The full extent and duration of COVID-19 remain uncertain at this time.

Please note that the forward-looking statements contained in this MD&A describe our expectations as at March 23, 2022.

## DESCRIPTION OF THE ISSUER'S BUSINESS

Canadian Net is an active Trust operating in the Canadian commercial real estate market. The Trust currently trades on the TSX Venture using the ticker symbol NET.UN. The Trust owns and rents commercial real estate properties directly and through its wholly owned subsidiaries.

Prior to June 17, 2021, the Trust operated under the name of Fronsac Real Estate Investment Trust and ticker "FRO.UN".



The principal, registered and head office of the Trust is located at 106 Gun Avenue, Pointe Claire, QC, H9R 3X3.

On November 10, 2020, the Trust completed a consolidation of units on a basis of one (1) post-consolidation unit for every ten (10) pre-consolidation units. All per unit numbers in this MD&A are shown on a post-consolidation basis.

As at December 31, 2021 the Trust held 91 investment properties, 75 residing in the province of Quebec, 9 in the province of Ontario and 7 in the province of Nova Scotia. The properties are occupied by 4 distinct groups of tenants composed of: (1) retailers, (2) national service-station and convenience store chains, (3) quick service restaurant chains, and (4) others.

The quality of the properties in the portfolio allow Canadian Net to maintain a best in class occupancy level. As at December 31, 2021, the Trust's occupancy was at 99%.

The Trust management is entirely internalized and no service agreements or asset management agreements are in force between Canadian Net and its officers. The Trust therefore ensures that the interests of management and of its employees are aligned with those of the unitholders.

These properties are leased to tenants on a management free basis with triple net leases. Under this type of arrangement, the tenant is responsible for paying real estate taxes, insurance and any general maintenance required, in addition to the base rent already stipulated in the lease terms. These types of leases ensure stable recurring cash flows with an opportunity for growth.



## MAJOR EVENTS OF THE YEAR

**On January 29<sup>th</sup>, 2021** Canadian Net completed the acquisition of a property in Lac Brome, QC which is operated by a service-station under the Esso banner and a fast-food restaurant operated under the Tim Hortons banner. Total consideration paid for the property was \$2,840,000 (excluding transaction costs) and was settled in cash.

**On February 1<sup>st</sup>, 2021**, Canadian Net announced the development of a new standalone Benny&Co. restaurant in Chicoutimi, Qc in partnership with Odacité Immobilier and Benny&Co. This project will be done through the FBO Simple Limited Partnership in which Canadian Net holds a 40% interest. Total costs are expected to be \$2,100,000 and construction is set to begin in 2021.

**On March 1<sup>st</sup>, 2021**, Canadian Net closed on an acquisition of a 50% interest in a service station, fast food combo in Pictou, Nova Scotia. The 50% share was acquired for \$2,875,000 (excluding transaction costs).

**On March 26<sup>th</sup>, 2021**, Canadian Net announced that it will be acquiring a piece of land in April 2021 in Terrebonne, Quebec. In the summer 2021 the Trust will begin construction of a freestanding Benny&Co. This project will be done through the GMB Frondacite Limited Partnership in which the Trust holds a 40% interest. Total project costs are estimated to be \$2,200,000.

**On April 2<sup>nd</sup>, 2021**, the GMB Frondacite Limited Partnership, in which Canadian Net holds a 40% interest, closed on the previously announced land acquisition in Terrebonne, Qc. Total consideration paid for the land was \$700,000 (excluding transaction costs) and was settled in cash.

**On April 20<sup>th</sup>, 2021**, the FBO Simple Limited Partnership, in which Canadian Net holds a 40% interest, acquired a retail strip located on Roi-René Boulevard in Anjou, Qc. A portion of the property will be demolished, and a Benny&Co. restaurant will be added to the strip. Total costs are expected to be \$3,500,000 and construction is set to begin in 2022.

**On May 20<sup>th</sup>, 2021**, Canadian Net acquired a land leased to a Petro-Pass cardlock located in the Greater Montreal Area. Total consideration paid was \$1,550,000 (excluding transaction costs) and was settled in cash.

**On May 31<sup>st</sup>, 2021**, Canadian Net completed to acquisitions of 4 grocery store properties operated under the Food Basics banner located in Hamilton, Cambridge, Dunnville and Keswick, On. Total consideration paid was \$15,140,663 (excluding transaction costs) and was settled in cash.

**On June 1<sup>st</sup>, 2021**, Mr. Kevin Henley was appointed Chief Investment Officer of the Trust. Mr. Henley was previously Chief Financial Officer of the Trust since November 2017. Mr. Ben Gazith was appointed Chief Financial Officer of the Trust. Since January 2020, Mr. Gazith was Corporate Controller of the Trust.

**On June 17<sup>th</sup>, 2021**, Canadian Net (previously Fronsac REIT) announced that on that date, it began operating under the name of Canadian Net Real Estate Investment Trust. The Trust also announced that it would change its trading symbol from FRO.UN to NET.UN. The changes on the TSX Venture Exchange became effective on June 22, 2021.

**On July 2<sup>nd</sup>, 2021**, Canadian Net announced that it had received approval from the TSX Venture Exchange (“TSX”) for the annual renewal of its normal course issuer bid (“NCIB”).

Under the renewed NCIB, Canadian Net may purchase for cancellation, through the facilities of the TSX Venture Exchange, if in the best interest of the Trust, a maximum of 874,140 units, which represents approximately 5% of the units in circulation. As of July 2<sup>nd</sup>, 2021, the Trust had 17,482,814 units issued and outstanding. Over the course of any 30-day period the Trust will not purchase more than 349,656 units in total, which represents 2% of the units issued and outstanding as at July 2<sup>nd</sup>, 2021.

Under the previous NCIB expiring on July 31, 2021, the Trust sought and received approval from the TSX to repurchase up to 734,765 units of Canadian Net. The Trust did not purchase any units over the course of this NCIB.

**On July 15<sup>th</sup>, 2021**, the Trust announced that it had entered into an agreement with a syndicate of underwriters coled by Canaccord Genuity Corp. and Paradigm Capital Inc. (collectively, the “Underwriters”) to issue and sell, on a bought deal basis, 2,350,000 units at a price of \$7.45 per unit (the “Offering Price”) for gross proceeds to the Trust of approximately \$17,507,500 (the “Offering”).

The Underwriters had also been granted an option (the “Over-Allotment Option”), exercisable in whole or in part, at any time until 30 days after the closing of the Offering, to purchase from the Trust up to 352,500 additional units, representing 15% of the units to be issued and sold pursuant to the Offering, at the Offering Price for additional gross

proceeds to the Trust of up to \$2,625,125. If the Over-Allotment Option was to be exercised by the Underwriters in full, the aggregate gross proceeds of the Offering (including the Over-Allotment Option) would be \$20,133,625.

The Offering was expected to close on or about August 3, 2021 and was subject to certain conditions, including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange (the "TSX-V").

The Trust intended to use the net proceeds from the Offering to fund announced and future acquisitions, planned development projects, to repay certain indebtedness which may be subsequently redrawn, and for general business and working capital purposes.

Certain trustees of the Trust indicated an interest in purchasing Units as part of the Offering.

**On July 22<sup>nd</sup>, 2021**, the Trust closed on the acquisition of a single tenant grocery store property operated under the IGA banner in Quebec City, Québec, for total consideration (excluding transaction costs) of \$6,200,000.

**On August 3<sup>rd</sup>, 2021**, Canadian Net announced the closing of its previously announced Offering of an aggregate of 2,702,500 trust units at a price of \$7.45 per unit for gross proceeds of approximately \$20,133,625 with a syndicate of underwriters led by Canaccord Genuity Corp. and Paradigm Capital Inc., and including CIBC Capital Markets, iA Private Wealth, Laurentian Bank Securities Inc., Desjardins Securities Inc., and Echelon Wealth Partners Inc.

The Offering included units issued upon the full exercise by the Underwriters of the over-allotment option granted to them pursuant to the underwriting agreement dated July 21, 2021 between the Trust and the Underwriters.

The Trust intended to use the net proceeds from the Offering to fund announced and future acquisitions, to fund planned development projects, to repay certain indebtedness which may be subsequently redrawn, and for general business and working capital purposes.

Certain trustees of the Trust acquired an aggregate of 50,750 units under the Offering, for aggregate gross proceeds of \$378,087.50. Each of the trustee's participation in the Offering is considered a related party transaction within the meaning of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (in Québec, Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions) ("MI 61-101"). The trustees' participation in the Offering is exempt from minority approval and formal valuation requirements pursuant to the exemptions contained in Sections 5.5(a) and 5.7(1)(a) of MI 61-101, as neither the fair market value of the Units issued under the Offering nor the consideration paid by the trustees for the units exceeded 25% of the Trust's market capitalization. A material change report in respect of this related party transaction could not be filed earlier than 21 days prior to the closing of the Offering due to the Offering being launched on July 15, 2021 and the terms of the trustees' participation in the Offering being confirmed shortly before closing. The Offering has been unanimously approved by the board of trustees of Canadian Net, with each of the participating trustees abstaining from voting on their respective participation in the Offering.

**On August 12<sup>th</sup>, 2021**, the Trust acquired a restaurant property operated under the East Side Mario's banner in Bromont, QC. Total consideration paid for the property was \$2,350,000 (excluding transaction costs) and was settled in cash.

**On November 15<sup>th</sup>, 2021**, the Trust announced five new real estate developments in Quebec through a joint venture with Benny&Co. and Odacité Immobilier. These projects will house Benny&Co. restaurants and represent a total investment of approximately \$10,700,000. The Trust will hold a 40% interest in each property.

The following developments will begin construction in 2022:

- Benny&Co. of Lachenaie: This project will be strategically located on Montée des Pionniers at the entrance to Carrefour Lachenaie, a busy artery in the city.
- Benny&Co. of Beloeil: This project will benefit from high traffic and good visibility thanks to its location on Serge-Pepin Street, directly at exit 112 from Highway 20.
- Benny&Co. of Jonquière: This project will be located in the former Burger King building on Harvey Boulevard, a major commercial artery.
- Benny&Co. of Mont-Laurier: This project will be located on Albiny-Paquette Boulevard, the city's main commercial artery.

The fifth Benny&Co. restaurant, in Saint-Sauveur, will be located in an existing building that will be redeveloped at a future date. The subject property is located on Chemin du Lac-Millette and benefits from excellent visibility from Highway 15.

**On December 7<sup>th</sup>, 2021**, the Trust announced the acquisition of a 111,118 square foot standalone retail property leased to a Walmart in Collingwood, ON. Total consideration paid was \$23,400,000 (excluding transaction costs) and was settled in cash.

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### OUTLOOK 2022 & SUBSEQUENT EVENTS

Canadian Net is constantly looking for acquisitions of commercial real estate properties that have triple net leases and are management free. These types of acquisitions limit the overhead required to run the business and in turn allow management to focus on adding value through strategic acquisitions that are accretive to the Trust's FFO/AFFO per unit.

Canadian Net is looking for acquisitions that will sustain its growth. The Trust's capital and debt structure puts it in a selective position for other potential acquisitions.

**On February 1<sup>st</sup>, 2022**, the Trust announced the acquisition of a 29,904 square-foot retail property in Verchères, Qc. The property is leased to a Metro grocery store, a Brunet pharmacy, and to a National Bank of Canada branch. Total consideration paid was \$6,500,000 (excluding transaction costs) and was settled in cash.

**On February 2<sup>nd</sup>, 2022**, the Trust filed a preliminary short form base shelf prospectus with the securities regulatory authorities in each of the provinces of Canada. Once a receipt for the final short form base shelf prospectus (the "Shelf Prospectus") has been obtained from the applicable Canadian securities regulatory authorities, this will enable Canadian Net to offer for sale and issue up to \$125 million of (i) trust units of the Trust (the "Trust Units"), (ii) subscription receipts of the Trust (the "Subscription Receipts"), (iii) unsecured debt securities of the Trust (the "Debt Securities"), (iv) warrants exercisable to acquire Trust Units and/or other securities of the Trust (the "Warrants") and (v) units comprising a combination of more than one of Trust Units, Subscription Receipts, Warrants or Debt Securities (the "Units", and collectively with the Trust Units, the Subscription Receipts, the Debt Securities and the Warrants, the "Securities") from time to time during the 25-month period during which the Shelf Prospectus remains valid. The specific variable terms of any offering of Trust Units, Subscription Receipts, Debt Securities, Warrants or Units will be set forth in one or more prospectus supplements.

**On February 10<sup>th</sup>, 2022**, the Trust filed and obtained a receipt for a (final) short form base shelf prospectus (the "Shelf Prospectus"). The Shelf Prospectus was filed with the securities regulatory authorities in each of the provinces of Canada and enables Canadian Net to offer for sale and issue up to \$125 million of (i) trust units of the Trust (the "Trust Units"), (ii) subscription receipts of the Trust (the "Subscription Receipts"), (iii) unsecured debt securities of the Trust (the "Debt Securities"), (iv) warrants exercisable to acquire Trust Units and/or other securities of the Trust (the "Warrants") and (v) units comprising a combination of more than one of Trust Units, Subscription Receipts, Warrants or Debt Securities (the "Units", and collectively with the Trust Units, the Subscription Receipts, the Debt Securities and the Warrants, the "Securities") from time to time during the 25-month period during which the Shelf Prospectus remains valid. The specific variable terms of any offering of Trust Units, Subscription Receipts, Debt Securities, Warrants or Units will be set forth in one or more prospectus supplements.

The Shelf Prospectus will provide Canadian Net with increased financing flexibility as it pursues acquisition opportunities. The Trust has no current intention to offer Securities under the Shelf Prospectus.

**On March 21<sup>st</sup>, 2022**, Canadian Net announced the acquisition of two properties located on Mellon Boulevard in the Jonquière sector of Saguenay, Qc. The first one is occupied by a grocery store operated under the IGA banner. The second one is occupied by a National Bank of Canada branch. Total consideration paid was \$8,800,000 (excluding transaction costs) and was settled in cash.

**On March 23<sup>rd</sup>, 2022**, Canadian Net announced that it will make monthly cash distributions of \$0.0283 per unit, representing \$0.34 per unit on an annualized basis, on April 29<sup>th</sup>, May 31<sup>st</sup> and June 30<sup>th</sup>, 2022, to unitholders of record on April 14<sup>th</sup>, May 13<sup>th</sup> and June 15<sup>th</sup>, 2022, respectively.

The outbreak of COVID-19 has resulted in the federal and provincial governments enacting numerous measures such as the implementation of a travel ban, self-imposed quarantine periods and social distancing. These measures have caused material disruption to businesses and has resulted in an economic slowdown. These measures have also resulted in material disruptions to global equity and capital markets.

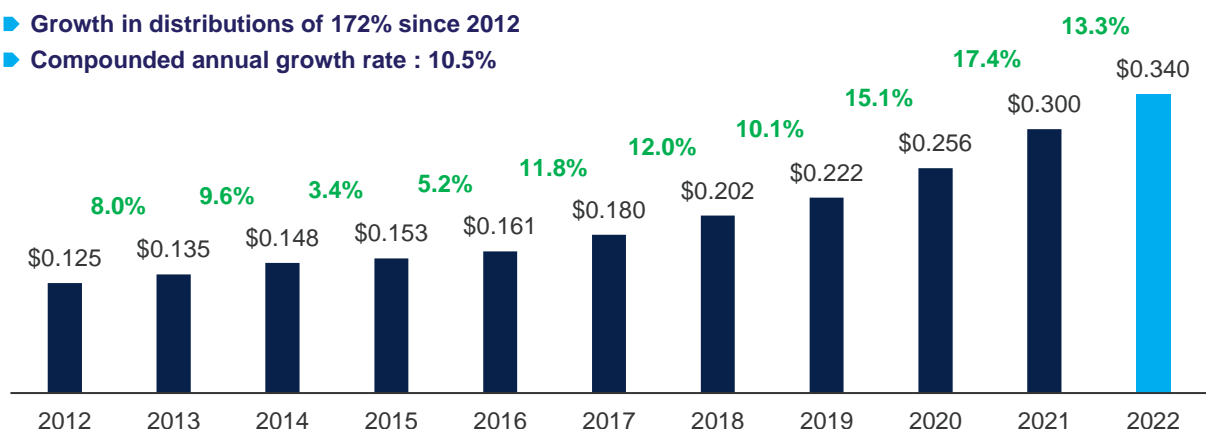
Canadian Net's portfolio is mostly comprised of retailers who provide essential services, such as grocery stores and pharmacies, service stations and quick service restaurants. As of today, the Trust's portfolio is comprised of 95 properties with more than 100 tenants. Throughout the COVID-19 crisis, our tenants have remained open to continue to provide these essential services to the communities in which they operate, with some exceptions. Depending on the type of tenant, some have experienced increased traffic, while others have been more susceptible to the governments stay at home initiatives.

It is not possible to forecast with certainty the duration and full scope of the economic impact of COVID-19 and accordingly certain aspects of the Trust's operations could be affected, including rent collection, occupancy rates, demand for retail space, capitalization rates, and the resulting value of the Trust's properties. The full extent and duration of COVID-19 remain uncertain at this time.

The Trust believes in a long-term growth strategy through acquiring properties that will increase its funds from operations per unit, distributions per unit and as a result increase total unitholders value.

### ANNUAL CASH DISTRIBUTION PER UNIT

- ▶ Growth in distributions of 172% since 2012
- ▶ Compounded annual growth rate : 10.5%



### NON-IFRS FINANCIAL MEASURES

This document contains various non-IFRS financial measures, which are used to explain the financial results of the Trust. The terms explained in this section do not have any standardized IFRS meaning and as such may not be comparable to other issuers.

**Funds From Operations (FFO)** is not an IFRS financial measure. FFO is an industry term and its calculation is prescribed in publications of the Real Property Association of Canada (REALpac). FFO as calculated by Canadian Net may not be comparable to similar titled measures reported by other entities. FFO is an industry standard widely used for measuring operating performance and is exclusive of unrealized changes in the fair value of investment properties, deferred income taxes and gains or losses on property dispositions (see reconciliation to profit for the period attributable to unitholders on page 14). Canadian Net considers FFO a meaningful additional measure as it adjusts for certain non-cash items that do not necessarily provide an appropriate picture of a Trust's recurring performance. It more reliably shows the impact on operations of trends in occupancy levels, rental rates, net property operating income and interest costs compared to profit determined in accordance with IFRS. As well, FFO allows some comparability amongst different real estate entities that have adopted different accounting with respect to investment properties (some entities use the cost model and whereas others use the fair value model to account for investment properties).

**FFO per unit** is not an IFRS financial measure. Canadian Net calculates FFO per unit as FFO divided by the weighted average number of units outstanding.

**Recurring Funds From Operations (FFO)** is not an IFRS financial measure. Canadian Net calculates recurring FFO by subtracting from the base FFO material non-recurring revenues, and adding material non-recurring charges such as write-off of transaction costs and proceeds from legal settlement.

**Recurring FFO per unit** is not an IFRS financial measure. Canadian Net calculates Recurring FFO per unit as recurring FFO divided by the weighted average number of units outstanding.

**Adjusted Funds From Operations (AFFO)** is an industry term used to help evaluate dividend or distribution capacity. AFFO as calculated by Canadian Net may not be comparable to similar titled measures reported by other entities. AFFO primarily adjusts FFO for other non-cash revenues and expenses and operating capital and leasing requirements that must be made merely to preserve the existing rental stream. Most of these expenditures would normally be considered investing activities in the statement of cash flows. Capital expenditures, which generate a new investment or revenue stream, such as the development of a new property or redevelopment of an existing property, would not be included in determining AFFO. AFFO excludes the impact of working capital changes as they are viewed as short-term cash requirements or surpluses. In addition, non-recurring costs that impact operating cash flow may be adjusted.

**AFFO per unit** is not an IFRS financial measure. Canadian Net calculates AFFO per unit as AFFO divided by the weighted average number of units outstanding.

**Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)** is not an IFRS financial measure. EBITDA, as calculated by Canadian Net, may not be comparable to similarly titled measures reported by other entities. EBITDA is used in calculations that measure the Trust's ability to service debt. Its calculation is profit before financial expenses, income tax expense, and amortization.

**Adjusted EBITDA** is a non-IFRS measure and is used by the Trust to monitor the its ability to satisfy and service its debt and to monitor requirements imposed by the Trust's lenders. Specifically, Adjusted EBITDA is used to monitor the Canadian Net's Interest Coverage Ratio and Debt Service Coverage Ratio. Adjusted EBITDA represents earnings before interest, income taxes and fair value gains (losses) on investment properties, while also excluding non-recurring items.

**The Interest Coverage Ratio** ("Interest Coverage Ratio") is a non-IFRS measure used by management in determining the Trust's ability to service the interest requirements of its outstanding debt. The Trust calculates its Interest Coverage Ratio by dividing Adjusted EBITDA by the Trust's interest obligations for the period. Management uses this ratio to measure and limit the Trust's leverage.

**The Debt Service Coverage Ratio** ("Debt Coverage Ratio") is a non-IFRS measure. It is determined by the Trust as Adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflect principal repayments and interest expensed during the period. Payments related to prepayment penalties or payments upon discharge of a mortgage are excluded from the calculation. The Debt Service Coverage Ratio is a useful measure and is used by the Trust's management to monitor the Trust's ability to meet annual interest and principal payments.

**Distributable Income** is not an IFRS measure. There is no standardized measure of distributable income. Distributable income is presented in this MD&A because Canadian Net believes this non-IFRS measure is a relevant measure of its ability to earn and distribute cash returns to unitholders. Distributable Income as computed by Canadian Net may differ from similar computations as reported by other similar entities and, accordingly, may not be comparable to distributable income as reported by such entities.

The Distributable Income of Canadian Net is calculated based on Canadian Net's income determined in accordance with the provisions of the Income Tax Act (as amended, subject to certain adjustments as set out in Canadian Net's contract of trust, including that capital gains and capital losses be excluded, net recapture income be excluded, no deduction be made for non capital losses, capital cost allowance, terminal losses, amortization of cumulative eligible capital or amortization of costs of issuing units or financing fees related to the instalment loan, and leasehold improvements be amortized. Distributable Income so calculated may reflect any other adjustments determined by the Trustees in their discretion and may be estimated whenever the actual amount has not been fully determined. Such estimates will be adjusted as of the subsequent distribution date when the amount of Distributable Income has been finally determined.

**Adjusted Investment Properties** is not an IFRS measures. Adjusted Investment Properties is a combination of the Trust's investment properties as shown on its balance sheet as well as its proportionate share of the value of the properties owned through joint ventures.

FFO, Recurring FFO, AFFO, EBITDA, Adjusted EBITDA, Interest Coverage Ratio, Debt Service Coverage Ratio, Distributable Income and Adjusted Investment Properties are not defined by IFRS, and therefore should not be considered as alternatives to profit or net income calculated in accordance with IFRS.

## ADDITIONAL IFRS FINANCIAL MEASURES USED IN THIS DOCUMENT

**Net Property Operating Income (NOI)** is an industry term in widespread use. The Trust includes NOI as an additional IFRS measure in its consolidated statement of income and comprehensive income. NOI as calculated by Canadian Net may not be comparable to similar titled measures reported by other entities. Canadian Net considers NOI a meaningful additional measure of operating performance of property assets, prior to financing considerations. Its calculation is total revenues less total operating expenses as shown in the consolidated statements of income and comprehensive income (property revenues less total property operating costs, including operating ground rents).

## FINANCIAL HIGHLIGHTS

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	4,932,753	4,885,412	4,681,568	4,453,791	3,690,482	3,219,366	3,203,394	2,863,606
Net income								
to unitholders	7,453,246	11,192,478	6,220,770	223,673	847,652	2,139,737	2,515,312	4,118,476
Net income per unit								
Basic	0.369	0.583	0.356	0.013	0.054	0.145	0.171	0.310
FFO <sup>(1)</sup>	2,971,560	2,790,255	2,596,669	2,433,267	1,977,993	1,874,971	1,830,892	1,462,713
FFO per unit	0.147	0.145	0.149	0.140	0.125	0.127	0.125	0.110
Value of adjusted investment								
properties (000's) <sup>(2)</sup>	298,466	268,241	249,533	225,562	221,712	171,615	168,805	160,829
Total assets (000's)	278,166	254,507	232,047	208,549	209,706	159,169	157,837	155,221
Mortgages, and other								
debts (000's)	133,406	118,970	118,162	106,859	107,652	73,912	75,298	71,064
Equity (000's)	129,814	123,207	94,580	89,408	90,206	74,303	72,971	71,359
Weighted avg. units o/s								
Basic (000's)	20,193	19,187	17,465	17,421	15,794	14,727	14,697	13,297

(1) See appropriate sections for reconciliation to the closest IFRS measure and section "Non-IFRS financial measures"

(2) Adjusted Investment Properties includes the Trust's proportionate share of value of investment properties owned through joint ventures; Refer to Note 4 (Investment Properties) and Note 5 ([1] value of developed properties, [2] leased properties and [3] properties under development) in Canadian Net's Consolidated Financial Statements



## INVESTMENT PROPERTIES

As at December 31	2021	2020	Δ
<b>Investment Properties</b>			
Developed properties	252,947,654	185,991,100	36%
Properties under development	-	-	-
Investment properties held for sale	-	-	-
	252,947,654	185,991,100	36%
<b>Joint Venture Ownership<sup>(1)</sup></b>			
Developed properties	42,374,347	32,941,070	29%
Properties under development	3,143,592	2,779,735	13%
<b>Adjusted Investment Properties<sup>(2)</sup></b>	<b>298,465,593</b>	<b>221,711,905</b>	<b>35%</b>

(1) Represents Canadian Net's proportionate share

(2) See appropriate sections for reconciliation to the closest IFRS measure and section "Explanation of non-IFRS financial measures"

## RECONCILIATION OF NET INCOME TO FFO

Periods ended December 31	3 months			12 months		
	2021	2020	Δ	2021	2020	Δ
Net income attributable to unitholders	7,453,246	847,652	6,605,594	25,090,167	9,621,177	15,468,990
Δ in value of investment properties	(3,354,091)	1,951,657	(5,305,748)	(13,356,401)	(309,372)	(13,047,029)
Δ in value of investment properties in joint ventures	(642,015)	(513,351)	(128,664)	(1,258,966)	(1,512,138)	253,172
Unit based compensation	49	(912)	961	308,595	37,492	271,103
Δ fair value adjustments on derivative financial instruments	(564,707)	(337,544)	(227,163)	(91,487)	(939,825)	848,338
Accretion of lease payments	7,383	6,991	392	28,936	27,405	1,531
Income taxes	154,868	23,500	131,368	154,080	23,117	130,963
Realized (gain) loss on sale of investment properties	(57,674)	-	(57,674)	(57,674)	180,000	(237,674)
Realized (gain) loss on sale of investment properties in joint ventures	(25,499)	-	(25,499)	(25,499)	-	(25,499)
FFO <sup>(1)</sup>	2,971,560	1,977,993	50%	10,791,751	7,127,856	51%
FFO per unit	0.147	0.125	18%	0.581	0.487	19%
Other (revenues) expenses	-	(124)	-	27,815	(10,414)	38,229
Recurring FFO <sup>(1)</sup>	2,971,560	1,977,869	50%	10,819,566	7,117,442	52%
Recurring FFO per unit	0.147	0.125	18%	0.582	0.487	20%
Distributions	1,513,944	998,731	515,213	5,577,658	3,754,484	1,823,174
Distributions per unit	0.075	0.064	17%	0.300	0.256	17%
FFO per unit - after distributions	0.072	0.061	18%	0.281	0.232	21%
Recurring FFO per unit - after distributions	0.072	0.061	18%	0.282	0.231	22%
Distributions per unit as a % of FFO per unit	51%	51%	-	52%	52%	-
Recurring FFO per unit	51%	51%	-	52%	53%	(1%)
Weighted avg. units o/s Basic	20,193,078	15,794,450	4,398,628	18,575,569	14,628,913	3,946,656

(1) See appropriate sections for reconciliation to the closest IFRS measure and section "Explanation of non-IFRS financial measures"

**ADJUSTED FUNDS FROM OPERATIONS (AFFO)**

Periods ended December 31	3 months			12 months		
	2021	2020	Δ	2021	2020	Δ
FFO <sup>(1)</sup>	2,971,560	1,977,993	993,567	10,791,751	7,127,856	3,663,895
Amortization of finance charges included in interest expense	-	-	-	-	-	-
Straight-line rent adjustment <sup>(2)</sup>	(152,640)	(142,312)	(10,328)	(599,960)	(493,116)	(106,844)
Maintenance/cap-ex on existing properties	(19,301)	(20,995)	1,694	(158,167)	(72,370)	(85,797)
Leasing costs on existing properties	-	-	-	-	-	-
Debt extinguishment penalties	-	-	-	-	-	-
AFFO <sup>(1)</sup>	2,799,619	1,814,686	54%	10,033,624	6,562,370	53%
AFFO per unit	0.139	0.115	21%	0.540	0.449	20%
Distributions per unit	0.075	0.064	17%	0.300	0.256	17%
AFFO per unit - after distributions	0.064	0.051	25%	0.240	0.193	24%
Distributions per unit as a % of AFFO per unit	54%	56%	(2%)	56%	57%	(1%)
Weighted avg. units o/s Basic	20,193,078	15,794,450	4,398,628	18,575,569	14,628,913	3,946,656

(1) See appropriate sections for reconciliation to the closest IFRS measure and section "Explanation of non-IFRS financial measures"

(2) Adjusted for proportionate share of equity accounted investments

**CASH FLOW AND LIQUIDITY**

Periods ended December 31	3 months			12 months		
	2021	2020	Δ	2021	2020	Δ
Cash flow from:						
Operating activities	3,443,613	2,364,173	1,079,440	9,262,727	6,187,599	3,075,128
Investing activities	(25,202,800)	(47,547,031)	22,344,231	(55,794,288)	(73,816,514)	18,022,226
Financing activities	16,331,613	49,375,418	(33,043,805)	42,678,594	71,788,283	(29,109,689)
Increase (decrease) in cash & cash equivalents	(5,427,574)	4,192,560	(9,620,134)	(3,852,967)	4,159,368	(8,012,335)
Cash & cash equivalents - Beginning of period	6,034,313	267,146	5,767,167	4,459,706	300,338	4,159,368
Cash & cash equivalents - End of period	606,739	4,459,706	(3,852,967)	606,739	4,459,706	(3,852,967)

The Trust's rental income revenues are used to pay down various working capital obligations. These funds are the primary source to fund mortgage/loan and other debt payments, with the residual used to fund distributions to unit holders.

For the 3-month and 12-month periods ended December 31, 2021, Canadian Net has increased its cash from operating activities. These were mostly impacted by the growth in rental revenues, which was partially offset by the increase in financial expenses related to mortgages on new acquisitions.

Cash spent on investing activities can mainly be attributed to the acquisitions of properties and participations in joint ventures that took place over the course of the period. For more details regarding these acquisitions over the 12-month period ended December 31, 2021, please refer to Note 4 "Investment Properties" and Note 5 "Joint Arrangements" in the Financial Statements.

For the 12-month period ended December 31, 2021, Canadian Net increased its cash derived from financing activities. These amounts are the result of the money raised through new mortgages used to fund our acquisitions, as well as public offerings of units of the Trust.

The Trust expects to be able to meet all of its obligations as they become due in the short-term and the long-term. Canadian Net expects to have sufficient liquidity as a result of cash on hand, cash flow from operating activities, operating facilities, the ability to refinance properties when required as well as the ability to raise equity and debt in the capital markets when deemed necessary.



## DISTRIBUTABLE INCOME AND DISTRIBUTIONS

Periods ended December 31	3 months			12 months		
	2021	2020	Δ	2021	2020	Δ
Cash flow provided from operating activities	3,443,613	2,364,173	1,079,440	9,262,727	6,187,599	3,075,128
Net change in non-cash asset and liability items	(806,522)	(633,361)	(173,161)	(278,757)	(347,120)	68,363
Income taxes	9,500	21,500	(12,000)	8,712	21,117	(12,405)
Accretion of lease payments	7,383	6,991	392	28,936	27,405	1,531
Straight line rent adjustment	152,640	142,312	10,328	599,960	493,116	106,844
Δ in accrued interest	(38,020)	(1,762)	(36,258)	(51,178)	(4,527)	(46,651)
Δ in value of investment properties in joint ventures	(642,015)	(513,351)	(128,664)	(1,258,966)	(1,512,138)	253,172
Income from investment in joint ventures <sup>(1)</sup>	1,058,570	731,606	326,964	2,787,947	2,383,456	404,491
Realized gain on sale of investment properties in joint ventures	(25,499)	-	(25,499)	(25,499)	-	(25,499)
Accretion of the non-derivative liability component of convertible debentures	(188,090)	(140,115)	(47,975)	(282,131)	(121,052)	(161,079)
FFO <sup>(2)</sup>	2,971,560	1,977,993	50%	10,791,751	7,127,856	51%
Accretion of lease payments	(7,383)	(6,991)	(392)	(28,936)	(27,405)	(1,531)
Straight line rent adjustment <sup>(3)</sup>	(152,640)	(142,312)	(10,328)	(599,960)	(493,116)	(106,844)
Distributions from joint ventures	503,000	92,500	410,500	709,500	196,000	513,500
Periodic mortgage principal repayments	(891,573)	(610,109)	(281,464)	(3,315,890)	(2,011,109)	(1,304,781)
Repayment of long-term-debt	-	-	-	(15,000)	(15,000)	-
Distributable income	2,422,964	1,311,081	85%	7,541,465	4,777,226	58%
Distributions to unitholders	(1,513,944)	(998,731)	52%	(5,577,658)	(3,754,484)	49%
Cash surplus after distributions	909,020	312,350	191%	1,963,807	1,022,742	92%

(1) Excludes straight line rent in equity accounted investments

(2) See appropriate sections for reconciliation to the closest IFRS measure and section "Explanation of non-IFRS financial measures"

(3) Including the proportionate share of equity accounted investments

## Financial position & COVID-19

Canadian Net benefits from a solid financial position. The Trust has sufficient liquidity, including cash on hand and undrawn credit facilities, to meet its current obligations, working capital requirements and distributions. As of December 31, 2021, Canadian Net had approximately \$15,500,000 of cash and availability on its credit facilities.

## RESULTS OF OPERATIONS

Periods ended December 31	3 months			12 months		
	2021	2020	Δ	2021	2020	Δ
Rental Income	4,932,753	3,690,482	1,242,271	18,953,524	12,976,848	5,976,676
Increase/(decrease) in fair values of investment properties	3,354,091	(1,951,657)	5,305,748	13,356,401	309,372	13,047,029
Financial expenses	625,316	540,883	84,433	4,346,807	2,122,968	2,223,839
Administrative expenses	192,252	198,228	(5,976)	811,390	728,562	82,828
Unit-based compensation	49	(912)	961	308,595	37,492	271,103
Net income attributable to unitholders	7,453,246	847,652	6,605,594	25,090,167	9,621,177	15,468,990
Net income per unit Basic	0.369	0.054	0.315	1.351	0.658	0.693
FFO <sup>(1)</sup>	2,971,560	1,977,993	50%	10,791,751	7,127,856	51%
FFO per unit	0.147	0.125	18%	0.581	0.487	19%
Recurring FFO <sup>(1)</sup>	2,971,560	1,977,869	50%	10,819,566	7,117,442	52%
Recurring FFO per unit	0.147	0.125	18%	0.582	0.487	20%
Weighted avg. units o/s Basic	20,193,078	15,794,450	4,398,628	18,575,569	14,628,913	3,946,656

(1) See appropriate sections for reconciliation to the closest IFRS measure and section "Explanation of non-IFRS financial measures"

## RECONCILIATION OF NET INCOME TO EBITDA

Periods ended December 31	3 months			12 months		
	2021	2020	Δ	2021	2020	Δ
Net income attributable to unitholders	7,453,246	847,652	6,605,594	25,090,167	9,621,177	15,468,990
Net interest expense	1,186,697	875,581	311,116	4,431,479	3,024,307	1,407,172
Accretion of lease payments	(7,383)	(6,991)	(392)	(28,936)	(27,405)	(1,531)
Income taxes	154,868	23,500	131,368	154,080	23,117	130,963
EBITDA:	8,787,428	1,739,742	7,047,686	29,646,790	12,641,196	17,005,594
Δ in value of investment properties	(3,354,091)	1,951,657	(5,305,748)	(13,356,401)	(309,372)	(13,047,029)
Δ in value of investment properties in joint ventures	(642,015)	(513,351)	(128,664)	(1,258,966)	(1,512,138)	253,172
Δ in value of convertible debentures	(649,916)	(304,519)	(345,397)	(377,068)	(575,143)	198,075
Δ in value of warrants	85,209	(33,025)	118,234	285,581	(364,682)	650,263
Other financial charges	3,326	2,846	480	6,815	38,486	(31,671)
Adjusted EBITDA <sup>(1)</sup>	4,229,941	2,843,350	49%	14,946,751	9,918,347	51%
Interest expense	1,061,279	792,742	268,537	4,393,839	3,131,527	1,262,312
Principal repayments	891,573	610,109	281,464	3,315,890	2,011,109	1,304,781
Debt service requirements	1,952,852	1,402,851	39%	7,709,729	5,142,636	50%
Interest coverage	4.0x	3.6x	0.4x	3.4x	3.2x	0.2x
Debt service coverage	2.2x	2.0x	0.2x	1.9x	1.9x	-

(1) See appropriate sections for reconciliation to the closest IFRS measure and section "Explanation of non-IFRS financial measures"

## RESULTS OF OPERATIONS FOR THE QUARTER ENDED DECEMBER 31, 2021

For the quarter ended December 31, 2021, the Trust had rental income of \$4,932,753 (\$3,690,482 in Q4 2020). This increase in rental income is due to the addition of new properties and the increases in rent of certain existing properties. These rents are composed primarily of fixed monthly rents as well as variable rents based on gross sales for certain tenants.

The change in fair value of investment properties is based on the change in capitalization rates applied to each property's adjusted net operating income as well as post-acquisition adjustments (see page 20 for more details). As at December 31, 2021, the Trust has estimated that a 0.25% decrease in the capitalization rate applied to the overall portfolio would increase the fair value of the investment properties by approximately \$11,147,550 (\$7,505,640 in Q4 2020) while an increase in the capitalization rate would decrease the fair value of the investment properties by approximately \$10,235,256 (\$6,940,558 in Q4 2020). The weighted average capitalization rate used in the calculation of the fair value of investment property is 5.99% (6.48% in Q4 2020) while the range of capitalization rates used is 4.50% to 6.75% (5.50% to 7.25% in Q4 2020). The capitalization rates used in the calculation of the change in fair value of investment properties are provided by a third party firm specializing in the appraisal of commercial properties. The adjusted rental income is adjusted to take into consideration provision for vacancies, administrative fees, structural reserves and discounts on variable income.

The Trust's main operating expenses were financial in nature and were almost entirely made up of interest on mortgages, bank loans, and convertible debentures, which amounted to \$625,316 in Q4 2021 compared to \$540,883 for the same period last year. For the quarter ended December 31, 2021, the change in fair value of convertible debentures and warrants reduced financial expenses by \$564,707 compared to a decrease of \$337,544 in 2020. Excluding this change in fair value, financial expenses for the quarter ended December 31, 2021 were \$1,190,023 compared to \$878,427 in 2020. This increase in financial expenses is because of an increase in interest expense, which is due to the increase in the number of mortgages and convertible debentures.

For the quarter ended December 31, 2021, the Trust recorded recurring FFO of \$2,971,560 in comparison to \$1,977,869 in Q4 2020. Recurring FFO per unit increased by 18% from \$0.125 to \$0.147 for the same period last year. The growth in FFO is mainly derived from rental revenues of newly acquired properties net of the increase in financial expenses related to new mortgages on the properties.

## RESULTS OF OPERATIONS FOR THE PERIOD ENDED DECEMBER 31, 2021

For the period ended December 31, 2021, the Trust had rental income of \$18,953,524 (\$12,976,848 in 2020). This increase in rental income is due to the addition of new properties and the increases in rent of certain existing properties. These rents are composed primarily of fixed monthly rents as well as variable rents based on gross sales for certain tenants.

The change in fair value of investment properties is based on the change in capitalization rates applied to each property's adjusted net operating income as well as post-acquisition adjustments (see page 20 for more details).

The Trust's main operating expenses were financial in nature and were almost entirely made up of interest on mortgages, bank loans, and convertible debentures, which amounted to \$4,346,807 in 2021 compared to \$2,122,968 for the same period last year. For the period ended December 31, 2021, the change in fair value of convertible debentures and warrants decreased financial expenses by \$91,487 compared to a decrease of \$939,825 in 2020. Excluding this change in fair value, financial expenses for the period ended December 31, 2021 were \$4,438,294 compared to \$3,062,793 in 2020. This increase in financial expenses is because of an increase in interest expense, which is due to the increase in the number of mortgages and convertible debentures.

For the period ended December 31, 2021, the Trust recorded recurring FFO of \$10,819,566 in comparison to \$7,117,442 in 2020. Recurring FFO per unit increased by 20% from \$0.487 to \$0.582 for the same period last year. The growth in FFO is mainly derived from rental revenues of newly acquired properties net of the increase in financial expenses related to new mortgages on the properties.

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## CAPITAL STRUCTURE

The real estate business requires capital in order to continue to fund acquisitions, which is a key part to growth and success. The Trust is authorized to issue an unlimited number of trust units. During the 12-month period ended December 31, 2021, the Trust issued units as follows:

**On February 15<sup>th</sup>, 2021**, announced the issuance of 43,200 units of Canadian Net REIT at a price of \$6.95 per unit, which equates to \$300,240 as partial compensation for the services rendered by certain members of management and the board of trustees during the fiscal year ended on December 31<sup>st</sup>, 2020.

**On July 2<sup>nd</sup>, 2021**, Canadian Net announced that it had received approval from the TSX Venture Exchange ("TSX") for the annual renewal of its normal course issuer bid ("NCIB").

Under the renewed NCIB, Canadian Net may purchase for cancellation, through the facilities of the TSX Venture Exchange, if in the best interest of the Trust, a maximum of 874,140 units, which represents approximately 5% of the units in circulation. As of July 2<sup>nd</sup>, 2021, the Trust had 17,482,814 units issued and outstanding. Over the course of any 30-day period the Trust will not purchase more than 349,656 units in total, which represents 2% of the units issued and outstanding as at July 2<sup>nd</sup>, 2021.

Under the previous NCIB expiring on July 31, 2021, the Trust sought and received approval from the TSX to repurchase up to 734,765 units of Canadian Net. The Trust did not purchase any units over the course of this NCIB.

**On July 15<sup>th</sup>, 2021**, the Trust announced that it had entered into an agreement with a syndicate of underwriters coled by Canaccord Genuity Corp. and Paradigm Capital Inc. (collectively, the "Underwriters") to issue and sell, on a bought deal basis, 2,350,000 units at a price of \$7.45 per unit (the "Offering Price") for gross proceeds to the Trust of approximately \$17,507,500 (the "Offering").

The Underwriters had also been granted an option (the "Over-Allotment Option"), exercisable in whole or in part, at any time until 30 days after the closing of the Offering, to purchase from the Trust up to 352,500 additional units, representing 15% of the units to be issued and sold pursuant to the Offering, at the Offering Price for additional gross proceeds to the Trust of up to \$2,625,125. If the Over-Allotment Option was to be exercised by the Underwriters in full, the aggregate gross proceeds of the Offering (including the Over-Allotment Option) would be \$20,133,625.

The Offering was expected to close on or about August 3, 2021 and was subject to certain conditions, including, but not limited to, the receipt of all necessary regulatory approvals, including the approval of the TSX Venture Exchange (the "TSX-V").

The Trust intended to use the net proceeds from the Offering to fund announced and future acquisitions, planned development projects, to repay certain indebtedness which may be subsequently redrawn, and for general business and working capital purposes.

Certain trustees of the Trust have indicated an interest in purchasing Units as part of the Offering.

On August 3<sup>rd</sup>, 2021, Canadian Net announced the closing of its previously announced Offering of an aggregate of 2,702,500 trust units at a price of \$7.45 per unit for gross proceeds of approximately \$20,133,625 with a syndicate of underwriters led by Canaccord Genuity Corp. and Paradigm Capital Inc., and including CIBC Capital Markets, iA Private Wealth, Laurentian Bank Securities Inc., Desjardins Securities Inc., and Echelon Wealth Partners Inc.

The Offering included units issued upon the full exercise by the Underwriters of the over-allotment option granted to them pursuant to the underwriting agreement dated July 21, 2021 between the Trust and the Underwriters.

The Trust intended to use the net proceeds from the Offering to fund announced and future acquisitions, to fund planned development projects, to repay certain indebtedness which may be subsequently redrawn, and for general business and working capital purposes.

## TRUST UNITS

Units issued (redeemed):	# of units	
<b>Units as at January 1, 2020</b>	<b>11,740,357</b>	
January 14, 2020 (warrants)	20,408	
February 13, 2020 (public offering)	2,900,000	
February 26, 2020 (warrants)	2,551	
March 9, 2020 (units)	32,200	
April 8, 2020 (NCIB)	(200)	
June 19, 2020 (options)	10,000	
July 21, 2020 (options)	15,000	
August 17, 2020 (option)	20,000	
October 16, 2020 (warrants)	5,102	
November 10, 2020 (adjustment for fractional units after consolidation)	(7)	
November 25, 2020 (public offering)	2,653,846	
<b>Units as at January 1, 2021</b>	<b>17,399,257</b>	
February 15, 2021 (units for services)	43,200	
April 1, 2021 (warrants)	2,551	
April 30, 2021 (warrants)	10,204	
May 17, 2021 (warrants)	22,500	
June 1, 2021 (warrants)	5,102	
August 3, 2021 (public offering)	2,702,500	
December 23, 2021 (warrants)	89,288	
<b>Units as at December 31, 2021</b>	<b>20,274,602</b>	
<b>Potential dilutive impact of financial instruments as at December 31, 2021</b>		<b>Exercise price</b>
Warrants outstanding	347,396	\$6.10 per unit
Options outstanding	10,000	\$3.80 per unit
Conversion of convertible debentures (in units)	1,167,596	\$7.30 to \$8.13 per unit

### Warrants

The Trust had 477,041 warrants outstanding at the beginning of the period. During the 12-month period ended December 31, 2021, 129,645 warrants were exercised. The total number of warrants outstanding as of December 31, 2021 is of 347,396.

### Convertible debentures

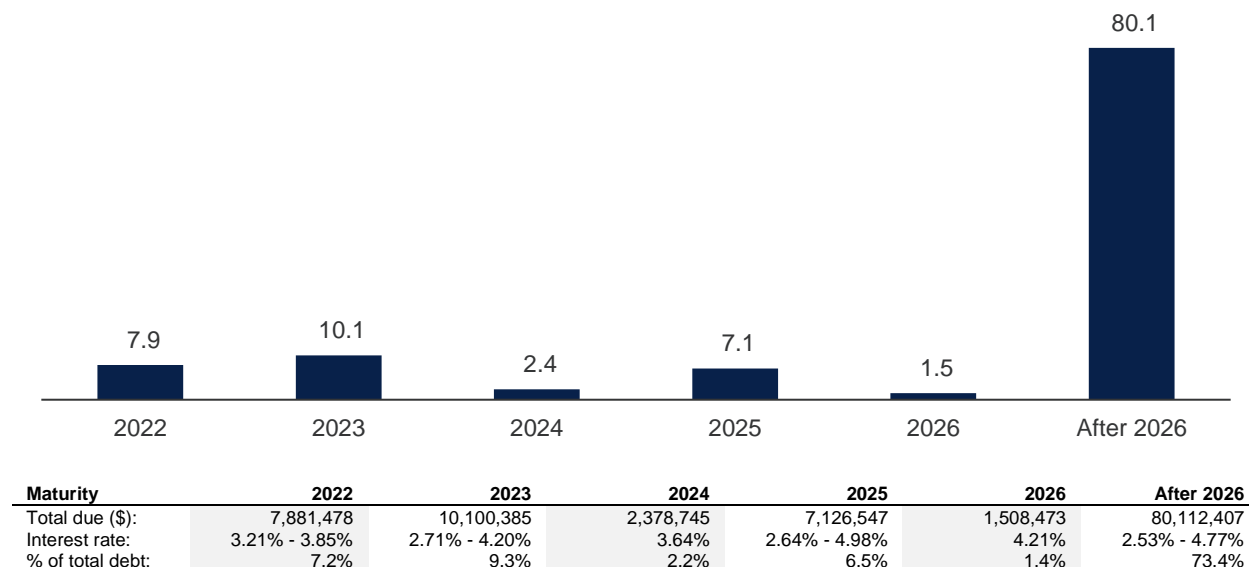
The nominal value of convertible debentures outstanding as of December 31, 2021 is of \$9,136,000 and their conversion price range from \$7.30 to \$8.13 per unit. There was no conversion over the 12-month period ended December 31, 2021.

### Options

Over the 12-months period ended December 31, 2021, no options were exercised. The total number of options outstanding as of December 31, 2021 is 10,000 with an exercise price of \$3.80.

The total amount of units outstanding as at December 31, 2021 was 20,274,602.

## MORTGAGE BALANCES DUE AT MATURITY (in \$M)



Debts are composed of mortgages, loans, convertible debentures and secured credit facilities. As at December 31, 2021, there are 35 mortgages (excluding Canadian Net's interest in mortgages held through joint ventures) with Canadian financial institutions with a total carrying value of \$133,330,859 (\$107,562,001 at December 31, 2020). These mortgages require the Trust to make principal payments of \$46,648,225 over the next 5 year and \$86,682,634 thereafter. The mortgages outstanding currently have an average term to maturity of 6.0 years (6.1 years at December 31, 2020). Convertible debentures in circulation as at December 31, 2021 have a carrying value of \$8,416,510 (\$8,134,379 at December 31, 2020). The Trust currently has 3 secured lines of credit with authorized limits of \$10,570,000, \$6,000,000 and \$1,200,000. These lines of credit have a balance of \$2,885,000 as at December 31, 2021 (Nil at December 31, 2020).

Management believes that Canadian Net's blend of debt and equity in its capital base provides stability and reduces risk, while generating an acceptable return on investment. This compliments the long-term business strategy of the Trust, which is to grow its presence in the commercial real estate market in Canada.

## SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Trust's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of certain assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. The significant estimates and judgments include assessing the nature of an acquisition and whether it represents a business combination or an acquisition of assets and liabilities, whether a joint arrangement structured through a separate vehicle is a joint operation or a joint venture, the assessment of the fair values of investment properties and the assessment of the unit-based compensation and derivative financial instruments where the fair value cannot be derived from active markets.

One significant judgment and key estimate that affects the reported amounts of assets at the date of the consolidated financial statements and the reported amounts of profit or loss during the period, relates to property valuations. Investment properties, which are carried on the consolidated statements of financial position at fair value, are valued by the Trust. The valuation of investment properties is one of the principal estimates and uncertainties of these financial statements. The valuations are based on a number of assumptions, such as appropriate discount rates and capitalization rates and estimates of future rental income, operating expenses and capital expenditures. These investment properties are sensitive to fluctuations in capitalization and discount rates. Investment properties are appraised primarily based on adjusted cash flows obtained from existing tenants, since market participants focus more on expected income. The fair value of investment properties indicated in the consolidated financial statements has

been calculated internally using the direct capitalization method based on rental income. This fair value has been calculated by using a capitalization rate, provided by qualified independent professional appraisers, and applied on adjusted rental income. Rental income is adjusted to take into consideration provision for vacancies, administrative fees, structural reserves and discounts on variable income. Inputs used in determining the fair value of investment properties have been considered in order to reflect the Trust's best estimates of the impacts related to COVID-19 based on information available to the Trust as of December 31, 2021.

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### RISKS AND UNCERTAINTIES

All property investments are subject to a degree of risk and uncertainty. Property investments are affected by various factors including general economic conditions and local market circumstances. Local business conditions such as oversupply of space or a reduction in demand for space particularly affect property investments. As at December 31, 2021 the Trust held interests in 91 properties in Quebec, Ontario and Nova Scotia, across 4 market segments. The Trust is exposed to credit risk, interest rate risk and liquidity risk. In order to limit the effects of changes in interest rates on its expenses and cash flows, the Trust constantly follows the evolution of the market interest rate risk and consequently determines the composition of its debts.

#### Credit Risk

Credit risk comes primarily from the potential inability of customers to discharge their rental obligations. Canadian Net strives to obtain rent payments on a monthly basis in order to limit this risk while maintaining a limited receivable balance (\$1,018,030 as at December 31, 2021 compared to \$688,113 as at December 31, 2020). The composition of this balance mostly includes major Canadian companies with a small credit risk.

The Trust has a portfolio of loans receivable from joint venture partners. This loans are secure by interests in said joint ventures. As at December 31, 2021, loans receivable amount to \$4,573,998 (Q4 2020: \$4,507,862).

#### Interest Rate Risk

Interest rate risk affects the Trust through its loans receivable, mortgages, long term debt and convertible debentures. These instruments bear fixed interest rates and as such expose the Trust to fair value risk. Lines of credit with a floating interest rate expose the Trust to a cash flow risk. If market conditions warrant, the Trust may attempt to renegotiate its existing debt to take advantage of lower interest rates. The Trust has an ongoing requirement to access debt makers and there is a risk that lenders will not refinance such maturing debt on terms and conditions acceptable to the Trust or on any terms at all. Each change of 1% of the interest rates would have an impact of \$1,227,038 on the financial expenses of the period.

#### Liquidity Risk

Liquidity risk is the risk of being unable to honour financial commitments by the deadlines set out under the terms of such commitments. Senior management manages the Trust's cash resources with respect to financial forecasts and anticipated cash flows.

The Trust has cash availability which allows it to control its current liquidity risks, mainly composed of accounts payable, current portion of mortgages and long-term debt.

#### Lease Roll-over Risk

Lease roll-over risk arises from the possibility that Canadian Net may experience difficulty renewing leases as they expire or in re-leasing space vacated by tenants. Canadian Net's principal management of occupancy risk is the skewing of tenancies towards national tenants, the signing of longer term leases and significant pre-leasing of development space.

#### Development and Acquisition Risk

The Trust's external growth prospects will depend in large part on identifying suitable acquisition opportunities and conducting necessary due diligence. If the Trust is unable to manage its growth and integrate its acquisitions and developments effectively, its business operating results and financial condition could be adversely affected. Developments and acquisitions may not meet operational or financial expectations due to unexpected costs or market conditions, which could impact the Trust's performance.

#### Environmental Risk

Canadian Net is subject to various laws relating to the environment which deal primarily with the costs of removal and remediation of hazardous substances such petroleum products. Environmental risk is relevant to Canadian Net's ability



to sell or finance affected assets and could potentially result in liabilities for the costs of removal and remediation of hazardous substances or claims against Canadian Net. Management is not aware of any material non-compliance with environmental laws or regulations with regard to Canadian Net's portfolio, or of any material pending or threatened actions, investigations or claims against Canadian Net relating to environmental matters. Canadian Net manages environmental exposures in a proactive manner by conducting thorough due diligence before the acquisition of each property and by taking environmental insurance coverage on properties that where risk could potentially arise.

### **Status of the REIT**

The Trust is required to comply with specific restrictions regarding its activities and the investments held by it in order to maintain its real estate investment trust status ("REIT"). Should the Trust cease to qualify as a REIT, the consequences could be material and adverse. As well, the Trust conducts its affairs in order to qualify as a REIT under applicable tax statutes so that it retains its status as a flowthrough vehicle for the particular year. Should the Trust not meet the conditions to qualify as a REIT in a particular year, it may be subject to tax similar to a corporation, which may have an adverse impact on it and its unitholders, on the value of the units and on its ability to undertake financings and acquisitions. This could also materially reduce its distributable cash. Management believes that it complies with the REIT rules.

### **Access to Capital**

The Trust's growth prospects depends on its ability to access capital, mainly debt and equity. Adverse market conditions could lead to a negative capital markets environment in which the Trust might not be able to issue units, debentures or any other financial instruments in order to raise capital. Access to debt, mainly through mortgages, is also crucial for financing purposes, and the unavailability of the debt market would make it harder for Canadian Net to acquire real estate assets that satisfy its investment criteria.

### **COVID-19 Risk**

A local, regional, national or international outbreak of a contagious disease, such as COVID-19, could have an adverse effect on local economies and potentially the global economy. The COVID-19 could affect the Trust's ability to collect rent in certain instances.

Management continues to assess the impact of COVID-19 and governments' responses to it on the Trust. Portions of the Trust's financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. Areas of increased estimation uncertainty in the Trust's consolidated financial statements include the fair value of its investment properties and the recoverability of amounts receivable.

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## **RELATED PARTY TRANSACTIONS**

The loans receivable include an amount of \$210,000 (Q4 2020: \$150,000) due from officers of the Trust. The loans were granted for a term of 5 years, and bears interest at a rate of prime plus 0.75% per annum. Interest income on the loans amount to \$6,424 (2020: \$5,476) for which no amount is receivable as at December 31, 2021 (Q4 2020: \$0).

On August 3, 2021, the Trust closed its public offering of trust units of the REIT. Certain trustees of the Trust acquired an aggregate of 50,750 units under the offering, for aggregate gross proceeds of \$378,087.

During the year ended December 31, 2021, \$5,000,000 of advances were made by certain trustees in order to facilitate an acquisition. The advances were repaid within the year and \$20,000 of financing fees were paid to the same trustees.

During the year ended December 31, 2020, the Trust repaid and cancelled a credit facility it had with a trustee. Since May 2020, this person is no longer a trustee.

All Related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

**Officers and Trustees Compensation**

Key management personnel are those individuals having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly. Key management personnel are comprised of the Company's executive officers and Trustees and their compensation is as follows:

	<b>2021</b>	<b>2020</b>
Salaries and benefits	352,769	253,838
Unit-based compensation	244,640	193,200
<b>Total</b>	<b>597,409</b>	<b>447,038</b>