CANADIANNET
REAL ESTATE INVESTMENT TRUST

Management Discussion & Analysis

Q4 2022
Period ended December 31st, 2022
Form 51-102F1

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, 2022. It should be read in conjunction with the Audited Consolidated Financial Statements for the period ended December 31, 2022 and the Audited Consolidated Financial Statements and MD&A for the period ended December 31, 2021. 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 and on sedar.com.

Dated March 22, 2023, this MD&A reflects all significant information available as of that date and should be read in conjunction with the Audited Consolidated Financial Statements for the period ended December 31, 2022 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.

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 have 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 22, 2023.

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 a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. FFO is an industry term and its calculation is prescribed in publications of the Real Property Association of Canada (REALpac). FFO is calculated largely in accordance with the REALpac publication. FFO, as calculated by Canadian Net, is net income (determined in accordance with IFRS) exclusive of unit-based compensation, interest on the lease liability and unrealized changes in the fair value of investment properties, financial instruments, deferred income taxes and gains or losses on property dispositions. However, under REALpac guidance, only the remeasurement component of unit-based compensation should be added back to profit or loss to arrive at FFO. Unit-based compensation and unrealized changes in fair value of investment properties, deferred income taxes and gains or losses on property dispositions are excluded from net income to arrive at FFO because they are volatile and have no impact on cash and accordingly provide a more meaningful additional measure of the Trust's recurring operating performance compared to profit determined in accordance with IFRS.

The Trust 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.

FFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure (refer to the *Reconciliation of Net Income to FFO* section).

FFO per unit is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. Canadian Net calculates FFO per unit as FFO divided by the weighted average number of units outstanding. Management believes that FFO per unit is a useful measure of operating performance similar to FFO.

Adjusted Funds From Operations (AFFO) is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. It is an industry term used to help evaluate dividend or distribution capacity. AFFO is calculated largely in accordance with the REALpac publication. AFFO primarily adjusts FFO (as calculated by Canadian Net) for capital expenditures that preserve the existing rental stream and straight-line rent. Under REALpac guidance, only the remeasurement component of unit-based compensation should be added back to profit or loss to arrive at FFO and AFFO. Capital expenditures are subtracted from FFO to arrive at AFFO because they are expenditures that relate to sustaining and maintaining existing properties. These expenditures would normally be considered investing activities in the statement of cash flows. Straight line rent is also included as an adjustment to AFFO to better represent rent on a contractual and receivable basis.

The Trust considers AFFO to be a useful measure of recurring economic earnings and relevant in understanding its ability to service its debt, fund capital expenditures and provide distributions to unitholders.

AFFO is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure (refer to the *Adjusted Funds From Operations* section).

AFFO per unit is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. Canadian Net calculates AFFO per unit as AFFO divided by the weighted average number of units outstanding. The Trust believes that AFFO per unit is a useful measure of operating performance similar to AFFO.

Net Operating Income (NOI) is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. NOI is an industry term in widespread use and is defined as total revenues less total operating expenses as shown in the consolidated statements of income and comprehensive income (property revenues less total property operating costs such as property taxes, utilities and insurance). The Trust includes NOI as a non-IFRS measure in its consolidated statement of income and comprehensive income.

The Trust considers NOI a meaningful additional measure of operating performance of property assets, prior to financing considerations.

NOI is reconciled to Rental income from investment properties, which is the most directly comparable IFRS measure (refer to the *Results of Operations* section).

Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. EBITDA is defined as profit before net interest expense, interest on the lease liability, income tax expense and other financial charges because these items are non-operating in nature.

EBITDA is used in calculations that measure the Trust's ability to service debt.

EBITDA is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure (refer to the *Reconciliation of Net Income to EBITDA* section).

Adjusted EBITDA is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. Adjusted EBITDA primarily adjusts EBITDA for change in fair value of investment properties, change in fair value of investment properties in joint ventures, change in fair value of convertible debentures, and change in fair value of warrants. The purpose is to allow the Trust to demonstrate how it services its debt by excluding the impacts of fair market gains and losses, which are volatile and have no impact on cash, and certain non-recurring items.

Adjusted EBITDA is used by the Trust to monitor 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 based on adjusted EBITDA and Debt Service Coverage Ratio based on adjusted EBITDA.

Adjusted EBITDA is reconciled to net income and comprehensive income, which is the most directly comparable IFRS measure (refer to *Reconciliation of Net Income to EBITDA* section).

Adjusted Investment Properties is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. Adjusted Investment Properties is defined as investment properties plus the Trust's proportionate share of developed properties and properties under development owned through joint ventures.

The Trust enters into joint arrangements via jointly controlled entities and/or through co-ownerships and accounts for its interest using the equity method of accounting. Accordingly, the Trust's share of investment properties held through these joint ventures are presented under investment in joint ventures on the balance sheet and not as part of investment properties. As such, the Trust believes that Adjusted Investment Properties is a useful measure as it provides a more accurate picture of the entire value of the Trust's portfolio.

Adjusted Investment Properties is reconciled to Investment Properties, which is the most directly comparable IFRS measure (refer to *Reconciliation of Investment Properties to Adjusted Investment Properties* section).

Distributable Income is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. Distributable income is defined as FFO adjusted for interest on the lease liability, straight-line rent, distributions from joint ventures, periodic mortgage principal repayments and repayment of long-term debt. The Trust adjusts for these items because it provides a better picture of its distribution capacity and adjusts for other items that affect cash.

The Trust believes distributable income is useful to investors because it is an important measure of the Trust's distribution capacity.

Distributable income is reconciled to FFO and Cash flow from operating activities, which is the most directly comparable IFRS measure (refer to *Reconciliation of Cash Flow Provided From Operating Activities to Distributable Income and Distributions* section).

Distribution as % of FFO is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. It is calculated by dividing the per unit distribution of the period by the FFO per unit of the period.

It is a ratio which measures the sustainability of the Trust's distribution payout. Management believes this IFRS ratio is useful to investors since it provides transparency on performance and the overall management of the existing portfolio.

The Trust considers this non-IFRS ratio to be an important measure of the Trust's distribution capacity expressed as a percentage of FFO.

Distribution as % of AFFO is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. It is calculated by dividing the per unit distribution of the period by the AFFO per unit of the period.

It is a ratio which measures the sustainability of the Trust's distribution payout. Management believes this IFRS ratio is useful to investors since it provides transparency on performance and the overall management of the existing portfolio.

The Trust considers this non-IFRS ratio to be an important measure of the Trust's distribution capacity expressed as a percentage of AFFO.

The Debt Service Coverage Ratio based on Adjusted EBITDA is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. 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 expenses 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.

The Interest Coverage Ratio based on Adjusted EBITDA is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. The Trust calculates its Interest Coverage Ratio by dividing Adjusted EBITDA by the Trust's interest obligations for the period.

It is used by management in determining the Trust's ability to service the interest requirements of its outstanding debt.

The Debt to Total Assets Ratio is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. It is determined by the Trust as the sum of mortgages, long-term debt, current portion of mortgages and long-term debt, balance owing on credit facilities and convertible debentures divided by the total assets of the Trust.

Management uses this ratio to evaluate the leverage of the Trust and the strength of its equity position.

The Debt to Total Assets Ratio – Excluding Convertible Debentures is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. It is determined by the Trust as the sum of mortgages, long-term debt, and balance owing on credit facilities divided by the total assets of the Trust.

Management uses this ratio to evaluate the leverage of the Trust and the strength of its equity position assuming all convertible debentures were converted into units of the Trust.

The Management Expense Ratio is a non-IFRS financial measure that does not have any standardized IFRS meaning and as such may not be comparable to other issuers. It is calculated by dividing the administrative charges of the Trust by the Adjusted Investment Properties of the Trust.

Management uses this ratio to evaluate the administrative charges required to manage and administer the Trust.

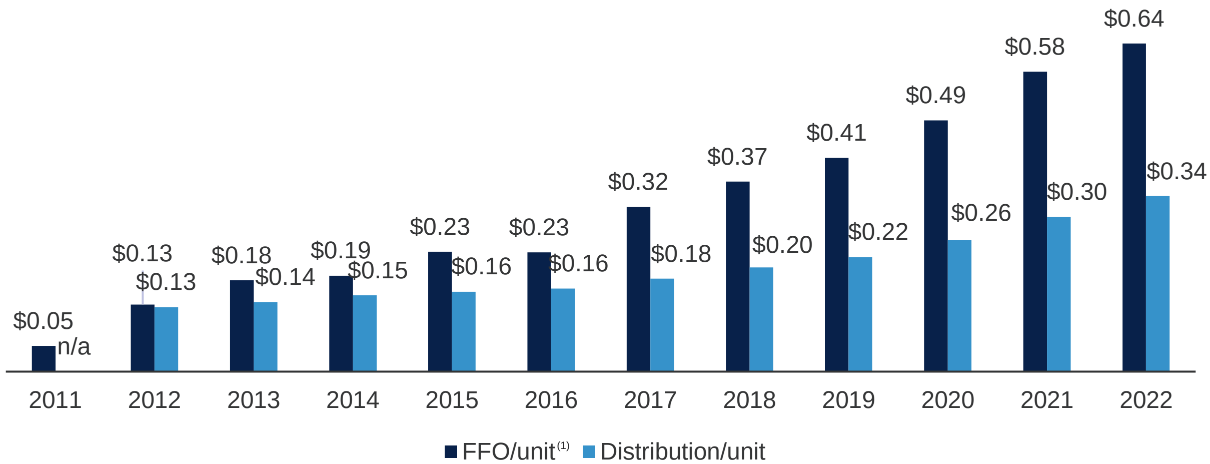
FFO, FFO per unit, AFFO, AFFO per unit, NOI, EBITDA, Adjusted EBITDA, Adjusted Investment Properties, Distributable Income, Distributions as % of FFO, Distributions as % of AFFO, the Debt Service Coverage Ratio based on Adjusted EBITDA, the Interest Coverage Ratio based on Adjusted EBITDA, the Debt to Total Assets Ratio, the Debt to Total Asset Ratio – Excluding Convertible Debentures and the Management Expense Ratio are not defined by IFRS, and therefore should not be considered as alternatives to profit or net income calculated in accordance with IFRS.

SUMMARY OF SELECTED FINANCIAL INFORMATION

	12 months			
Periods ended December 31	**2022**	**2021**	**Δ**	**%**
Financial info				
Property rental income	24,729,024	18,953,524	5,775,500	30%
Net income (loss) and comprehensive income (loss)	(6,493,632)	25,090,167	(31,583,799)	(126%)
NOI (1)	18,372,314	14,321,735	4,050,579	28%
FFO (1)	13,039,054	10,791,751	2,247,303	21%
AFFO (1)	12,152,784	10,033,624	2,119,160	21%
EBITDA (1)	(226,479)	29,653,605	(29,880,084)	(101%)
Adjusted EBITDA (1)	18,693,878	14,946,751	3,747,127	25%
Investment properties	275,425,158	252,947,654	22,477,504	9%
Adjusted investment properties (1)	326,897,963	298,465,593	28,432,370	10%
Total assets	303,059,853	278,165,686	24,894,167	9%
Mortgages	135,680,946	121,549,841	14,131,105	12%
Long-term debt	45,000	60,000	(15,000)	(25%)
Current portion of mortgages and long term-debt	16,516,785	11,796,018	4,720,767	40%
Mortgages on investment properties held for sale	3,498,066	-	3,498,066	n/a
Credit facilities	15,725,362	2,885,000	12,840,362	445%
Total convertible debentures	8,635,474	8,416,510	218,964	3%
Total equity	118,687,767	129,814,467	(11,126,700)	(9%)
Weighted average units o/s - basic	20,514,719	18,575,569	1,939,150	10%
Amounts on a per unit basis				
FFO(1)	0.636	0.581	0.055	9%
AFFO(1)	0.592	0.540	0.052	10%
Distributions	0.340	0.300	0.040	13%
Financial ratios				
Weighted avg. interest rate	3.69%	3.45%	0.24%	
Debt to total assets(1)	59%	52%	7%	
Debt to total assets - Excluding convertible debentures(1)	55%	49%	6%	
Interest coverage ratio based on adjusted EBITDA(1)	2.8x	3.4x	(0.6x)	
Debt service coverage ratio based on adjusted EBITDA(1)	1.7x	1.9x	(0.2x)	
Distributions as a % of FFO per unit(1)	53%	52%	1%	
Distributions as a % of AFFO per unit(1)	57%	56%	1%	
Leasing information				
Occupancy	100%	99%	1%	
Mix of tenancy based on NOI(1)				
National	90%	89%	1%	
Regional	8%	9%	(1%)	
Local	2%	2%	-	
Breakdown of NOI(1) per property type				
Retail	60%	55%	5%	
National service-station and c-store chains	23%	27%	(4%)	
Quick Service Restaurants	15%	16%	(1%)	
Other	2%	2%	-	
	100%	100%	-	
Number of properties	101	91	10	
Other				
Average term to maturity – mortgages (years)	5.0	6.0	(1.0)	
Average term to maturity – leases (years)	6.9	7.4	(0.5)	
IFRS capitalization rate	6.41%	5.99%	0.42%	

(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section “Non-IFRS financial measures”.

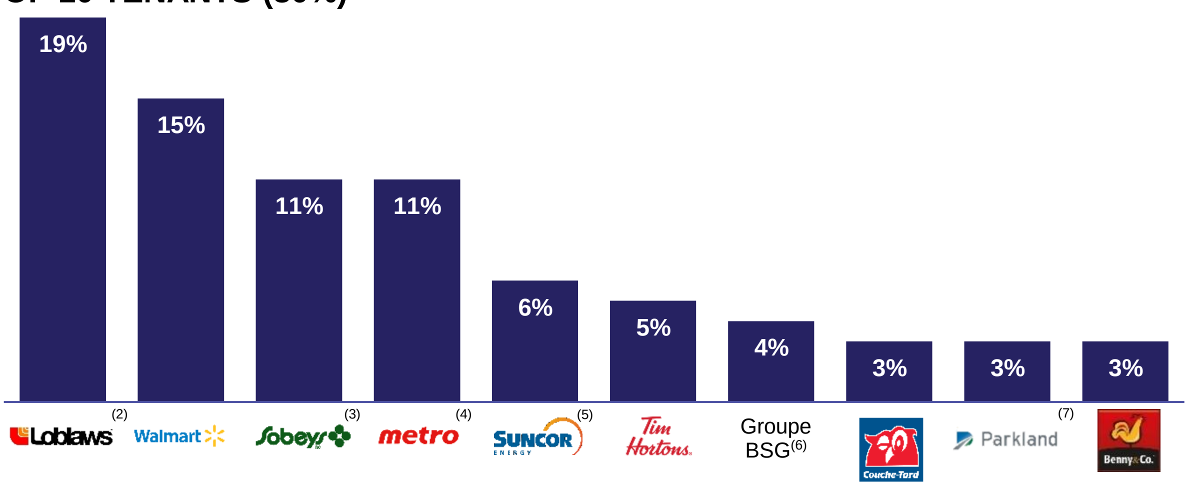
HISTORICAL SELECTED FINANCIAL PERFORMANCE



(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".

TENANT OVERVIEW – PERIOD ENDED DECEMBER 31, 2022

TOP 10 TENANTS (80%)[1]



Notes:

(1) Based on NOI; Includes the Trust's proportionate share of NOI from properties held through joint ventures. NOI is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section "Non-IFRS financial measures

(2) Loblaws operates Pharmaprix pharmacies and the Provigo, Maxi, Independent's and Atlantic Superstore grocery banners

(3) Sobeys operates IGA grocery stores, Shell service-stations and Sobeys Fast Fuel service-stations

(4) Metro operates grocery stores under the Metro, Super C and Food Basics banners and pharmacies under the Brunet banner

(5) Suncor operates Petro-Canada service-stations

(6) Groupe BSG is a large regional service-station operator operating under various banners

(7) Parkland Corporation operates service-stations under the Ultramar banner

KEY PERFORMANCE INDICATORS - 2022

FFO[(1)] per unit

+9%

From $0.581 in 2021 to $0.636 in 2022

Net Operating Income[(1)]

+28%

A $4.05M increase over the past 12 months

Distribution / FFO[(1)] per unit

53%

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

Occupancy Rate

100%

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

Total Assets

+9%

From $278M in 2021 to $303M in 2022

Management expense ratio[(1)]

0.27%

Consistent with 0.27% in 2021

Notes:

(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section “Non-IFRS financial measures”

BREAKDOWN OF PROPERTIES & OPERATING SECTORS

					Area (sf)			
#	Address	City/Province	Type	Ownership	Land	Building	CNET %	Status
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 Iles, QC	QSR	100%	28 K	3,239	3,239	Income producing

#	Address	City/Province	Type	Ownership	Area (sf) Land	Building	CNET %	Status
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 Bvld.	Maniwaki, QC	Retail	100%	45 K	16,085	16,085	Income producing
54	550 Laflèche 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	7301 Laurier Boulevard	Terrebonne, QC	QSR	40%	35 K	3,885	1,554	Income producing
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	Lachenaie, 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	Income producing
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	320 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	4,016	4,016	Income producing

#	Address	City/Province	Type	Ownership	Area (sf) Land	Building	CNET %	Status
96	46 Robie St.	Truro, NS	Retail	100%	163 K	30,500	30,500	Income producing
97	45 Albert Ferland St.	Chénéville, QC	Retail	100%	213 K	29,698	29,698	Income producing
98	110 Principale St.	St-André-Avellin, QC	Retail	100%	157 K	35,991	35,991	Income producing
99	1535 St-Antoine Blvd.	St-Jérôme, QC	Gas, c-store	100%	35 K	3,500	3,500	Income producing
100	1165 Smythe St.	Fredericton, NB	Other	100%	18 K	4,400	4,400	Income producing
101	41 St-Jean-Baptiste Blvd.	Chateauguay, QC	Retail	100%	217 K	53,151	53,151	Income producing
QSR: Quick Service Restaurant					**8,773 K**	**1,460,210**	**1,386,155**	

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, through its wholly owned subsidiaries and joint ventures.

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, 2021, 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, 2022 the Trust held 101 investment properties, 83 residing in the province of Quebec, 9 in the province of Ontario and 9 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 allows Canadian Net to maintain a best-in-class occupancy level. As at December 31, 2022, the Trust's occupancy was at 100%.

The Trust management is entirely internalized, and no service agreements or asset management agreements are in force between Canadian Net and its officers and trustees. 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.

[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

MAJOR EVENT OF THE YEAR

On February 1st, 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 2nd, 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 10th, 2022, the Trust filed and obtained a receipt for a final short form base shelf prospectus.

On March 21st, 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 April 14, 2022, the Trust announced a new equity incentive plan (the "Equity Incentive Plan") that further aligns executive management and unitholder interests.

At the annual and special meeting of unitholders held on May 25th, 2022, unitholders were asked, among other matters, to consider, and if deemed appropriate, to pass resolutions approving the Equity Incentive Plan as further described in the Management Information Circular. The Equity Incentive Plan consolidates, amends, and restates the existing unit compensation plan of the Trust, as approved on April 19, 2019, as amended on May 22, 2020, and as further amended on March 26, 2021, and the deferred trust unit plan of the Trust, as approved on March 26, 2021.

Those eligible to participate in the Equity Incentive Plan include trustees, officers, and employees (or any similar positions) of the Trust or any subsidiary of the Trust.

The Equity Incentive Plan provides for awards of compensation units, performance units, restricted units and deferred units as further described in the Management Information Circular.

The maximum number of units reserved for issuance at any time under the Equity Incentive Plan and any other security-based compensation plan of the Trust shall be 1,024,615. Any unit issued under the Equity Incentive Plan shall reduce the number of units reserved for issuance thereunder accordingly.

The Equity Incentive Plan is an "evergreen" plan. If and to the extent a performance unit, restricted unit or deferred unit is canceled or forfeited for any reason, the associated units subject to that performance unit, restricted unit or deferred unit will again become available for grant under the Equity Incentive Plan.

The Equity Incentive Plan was approved by the TSX Venture Exchange and disinterested unitholders.

For more details regarding the Equity Incentive Plan, please refer to the Management Information Circular for the year ended December 31, 2021, and available on Canadian Net's website and on SEDAR.

On May 24, 2022, the Trust announced the acquisition of four properties in Nova Scotia and Quebec. Total consideration paid was $18,800,000 (excluding transaction costs) and was settled in cash. The purchase price represents a capitalization rate of approximately 6.5% for the portfolio.

The acquisitions are as follows:

- The first acquisition is a 30,500 square foot retail store operated under the Giant Tiger banner in Truro, Nova Scotia, which closed on May 19, 2022.
- The second acquisition is a 29,698 square foot grocery store operated under the Metro banner located in Chénéville, Québec, which closed on May 24, 2022.

- The third acquisition is a 35,991 square foot grocery-anchored retail strip located in St-André-Avellin, Québec, which closed on May 24, 2022.
- The fourth property is a 3,500 square foot service-station operated under the Couche-Tard banner in St-Jérôme, Québec, which closed on May 24, 2022.

On August 2, 2022, the Trust announced the acquisition of two properties in New Brunswick and Quebec. They were the 100th and 101st properties of the Trust, respectively.

The first acquisition is a 4,400 square-foot auto service center operated under the Midas banner in Fredericton, New Brunswick. Total consideration paid was $975,000 (excluding transaction costs) and was settled in cash. The transaction closed on July 15th, 2022.

The second acquisition is a 53,151 square-foot hardware store operated under the Rona banner in Chateauguay, Quebec. Total consideration paid was $8,300,000 (excluding transaction costs) and was settled in cash. The transaction closed on August 3rd, 2022.

On November 21, 2022, the Trust announced that the annual distribution for 2023 will go from $0.34 to $0.345 per unit, representing an increase of 1.5%. With this increase, Canadian Net's distributions have increased 176% since its first distributions in 2012, representing a compounded annual growth rate of 9.7%.

OUTLOOK 2023

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 and AFFO per unit[1].

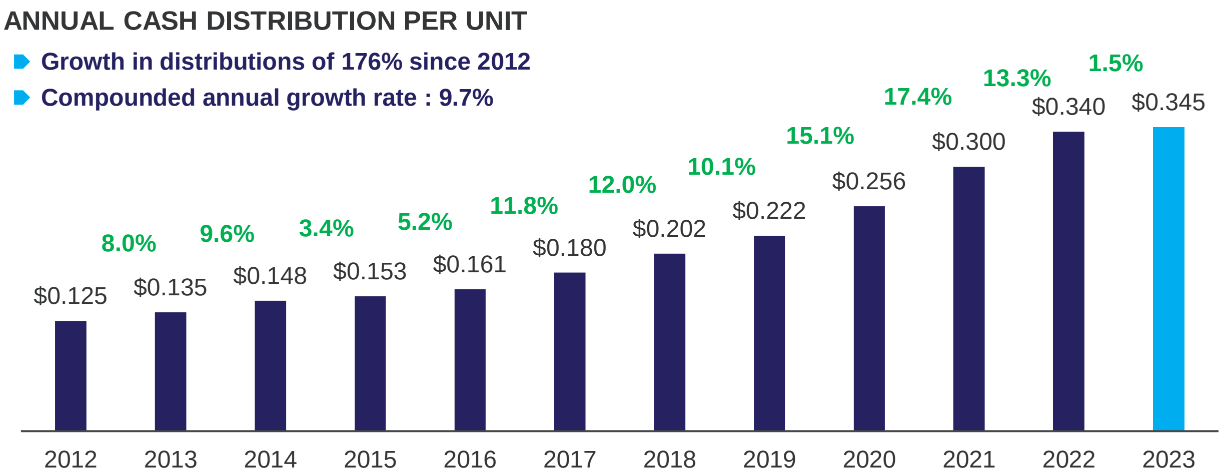
The outbreak of COVID-19 has resulted in the federal and provincial governments enacting numerous measures such as the implementation of a travel ban, self-imposed quarantine periods and social distancing. These measures have caused material disruption to businesses and has resulted in an economic slowdown. 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 101 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 government 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[1], distributions per unit and as a result increase total unitholders value.

[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



FINANCIAL HIGHLIGHTS

	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rental income	7,052,983	6,369,404	5,874,942	5,431,695	4,932,753	4,885,412	4,681,568	4,453,791
Net income (loss) to unitholders	(9,309,990)	(540,958)	1,876,330	1,480,986	7,453,246	11,192,478	6,220,770	223,673
FFO (1)	3,329,459	3,347,120	3,292,197	3,070,278	2,971,560	2,790,255	2,596,669	2,433,267
FFO per unit (1)	0.162	0.163	0.160	0.151	0.147	0.145	0.149	0.140
Value of investment properties (000's)	275,425	291,358	284,910	267,390	252,948	225,342	209,636	187,591
Value of adjusted investment properties (000's) (1)	326,898	338,204	331,777	314,071	298,466	268,241	249,533	225,562
Total assets (000's)	303,060	315,185	309,659	293,285	278,166	254,507	232,047	208,549
Total liabilities (000's)	184,372	185,439	177,591	162,154	148,351	131,300	137,467	119,141
Equity (000's)	118,688	129,746	132,068	131,131	129,814	123,207	94,580	89,408
Weighted avg. units o/s Basic (000's)	20,593	20,593	20,550	20,320	20,193	19,187	17,465	17,421

(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section "Non-IFRS financial measures

RECONCILIATION OF INVESTMENT PROPERTIES TO ADJUSTED INVESTMENT PROPERTIES

As at December 31	2022	2021	Δ
Investment Properties			
Developed properties	275,425,158	252,947,654	9%
Investment properties held for sale	5,868,069	-	n/a
Joint Venture Ownership(1)			
Developed properties	42,886,822	42,374,347	1%
Properties under development	2,717,914	3,143,592	(14%)
Adjusted Investment Properties(2)	**326,897,963**	**298,465,593**	**10%**

(1) Represents Canadian Net's proportionate share
(2) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section "Non-IFRS financial measures"

RECONCILIATION OF NET INCOME TO FFO

	3 months			12 months		
Periods ended December 31	**2022**	**2021**	**Δ**	**2022**	**2021**	**Δ**
Net income (loss) attributable to unitholders	(9,309,990)	7,453,246	(16,763,236)	(6,493,632)	25,090,167	(31,583,799)
Δ in value of investment properties	10,388,173	(3,354,091)	13,742,264	16,741,220	(13,356,401)	30,097,621
Δ in value of investment properties in joint ventures	2,299,667	(642,015)	2,941,682	2,718,206	(1,258,966)	3,977,172
Unit based compensation	95,441	49	95,392	602,617	308,595	294,022
Δ fair value adjustments on derivative financial instruments	(148,393)	(564,707)	416,314	(539,069)	(91,487)	(447,582)
Interest on the lease liability	-	7,383	(7,383)	7,483	28,936	(21,453)
Income taxes	4,561	154,868	(150,307)	2,229	154,080	(151,851)
Realized (gain) loss on sale of investment properties	-	(57,674)	57,674	-	(57,674)	57,674
Realized (gain) loss on sale of investment properties in joint ventures	-	(25,499)	25,499	-	(25,499)	25,499
FFO(1)	3,329,459	2,971,560	12%	13,039,054	10,791,751	21%
FFO per unit(1)	0.162	0.147	10%	0.636	0.581	9%
Distributions	1,748,368	1,513,944	234,424	6,966,904	5,577,658	1,389,246
Distributions per unit	0.085	0.075	13%	0.340	0.300	13%
FFO per unit(1) - after distributions	0.077	0.072	6%	0.296	0.281	5%
Distributions per unit as a % of FFO per unit(1)	53%	51%	2%	53%	52%	1%
Weighted avg. units o/s Basic	20,592,733	20,193,078	399,655	20,514,719	18,575,569	1,939,150

(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section "Non-IFRS financial measures"

ADJUSTED FUNDS FROM OPERATIONS

	3 months			12 months		
Periods ended December 31	**2022**	**2021**	**Δ**	**2022**	**2021**	**Δ**
FFO (1)	3,329,459	2,971,560	357,899	13,039,054	10,791,751	2,247,303
Amortization of finance charges included in interest expense	-	-	-	-	-	-
Straight-line rent adjustment(2)	(113,612)	(152,640)	39,028	(475,892)	(599,960)	124,068
Maintenance/cap-ex on existing properties(3)	(241,330)	(19,301)	(222,029)	- (410,378)	- (158,167)	- (252,211)
Leasing costs on existing properties	-	-	-	-	-	-
Debt extinguishment penalties	-	-	-	-	-	-
AFFO(1)	2,974,517	2,799,619	6%	12,152,784	10,033,624	21%
AFFO per unit(1)	0.144	0.139	4%	0.592	0.540	10%
Distributions per unit	0.085	0.075	13%	0.340	0.300	13%
AFFO per unit(1) - after distributions	0.059	0.064	(7%)	0.252	0.240	5%
Distributions per unit(1) as a % of AFFO per unit(1)	59%	54%	5%	57%	56%	1%
Weighted avg. units o/s Basic	20,592,733	20,193,078	399,655	20,514,719	18,575,569	1,939,150

(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section "Non-IFRS financial measures"
(2) Adjusted for the proportionate share of equity-accounted investments
(3) The maintenance/cap-ex on existing properties for 2022 includes a charge of approximately $188,000 for the expansion of a property, which will generate additional income

CASH FLOW AND LIQUIDITY

	3 months			12 months		
Periods ended December 31	**2022**	**2021**	**Δ**	**2022**	**2021**	**Δ**
Cash flow from:						
Operating activities	3,241,908	2,858,613	383,295	11,331,145	9,262,727	2,068,418
Investing activities	(394,471)	(24,617,800)	24,223,329	(41,564,885)	(55,794,288)	14,229,403
Financing activities	(3,281,962)	16,331,613	(19,613,575)	29,832,435	42,678,594	(12,846,159)
Increase (decrease) in cash & cash equivalents	(434,525)	(5,427,574)	4,993,049	(401,305)	(3,852,967)	3,451,662
Cash & cash equivalents - Beginning of period	639,959	6,034,313	(5,394,354)	606,739	4,459,706	(3,852,967)
Cash & cash equivalents - End of period	205,434	606,739	(401,305)	205,434	606,739	(401,305)

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 and 12 month periods ended December 31, 2022, 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 and higher interest rates on existing variable rate mortgages and credit facilities.

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, 2022, please refer to Note 3 “Investment Properties”, and Note 4 “Joint Arrangements” in the Financial Statements.

For the 12-month period ended December 31, 2022, there was a decrease in cash derived from financing activities due to a decrease in the number of mortgages on new acquisitions. These amounts are the result of the money raised through new mortgages used to fund our acquisitions and the public equity issuance of July 2021.

The Trust expects to be able to meet all 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, and 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.

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, 2022, Canadian Net had approximately $4,050,000 of cash and availability on its credit facilities.

RECONCILIATION OF CASH FLOW PROVIDED FROM OPERATING ACTIVITIES TO DISTRIBUTABLE INCOME AND DISTRIBUTIONS

	3 months			12 months		
Periods ended December 31	**2022**	**2021**	**Δ**	**2022**	**2021**	**Δ**
Cash flow provided from operating activities	3,241,908	2,858,613	383,295	11,331,145	9,262,727	2,068,418
Net change in non-cash asset and liability items	(264,953)	(221,522)	(43,431)	(213,231)	(278,757)	65,526
Income taxes	7,500	9,500	(2,000)	5,168	8,712	(3,544)
Interest on the lease liability	-	7,383	(7,383)	7,483	28,936	(21,453)
Straight line rent adjustment	113,612	152,640	(39,028)	475,892	599,960	(124,068)
Δ in accrued interest	(7,600)	(38,020)	30,420	(49,500)	(51,178)	1,678
Δ in value of investment properties in joint ventures	2,299,667	(642,015)	2,941,682	2,718,206	(1,258,966)	3,977,172
Share of net income (loss) from investments in joint ventures(2)	(1,867,461)	1,058,570	(2,926,031)	(1,017,143)	2,787,947	(3,805,090)
Realized (gain) loss on sale of investment properties in joint ventures	-	(25,499)	-	-	(25,499)	-
Accretion of the non-derivative liability component of convertible debentures	(193,214)	(188,090)	(5,124)	(218,966)	(282,131)	63,165
FFO(1)	3,329,459	2,971,560	12%	13,039,054	10,791,751	21%
Interest on the lease liability	-	(7,383)	7,383	(7,483)	(28,936)	21,453
Straight-line rent adjustment(3)	(113,612)	(152,640)	39,028	(475,892)	(599,960)	124,068
Distributions from joint ventures	98,000	503,000	(405,000)	2,827,500	709,500	2,118,000
Periodic mortgage principal repayments	(1,124,398)	(891,573)	(232,825)	(4,374,378)	(3,315,890)	(1,058,488)
Repayment of long-term debt	-	-	-	(15,000)	(15,000)	-
Distributable income(1)	2,189,449	2,422,964	(10%)	10,993,801	7,541,465	46%
Distributions to unitholders	(1,748,368)	(1,513,944)	15%	(6,966,904)	(5,577,658)	25%
Cash surplus after distributions	441,081	909,020	(51%)	4,026,897	1,963,807	105%

(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section “Non-IFRS financial measures”
(2) Excludes straight line rent in equity accounted investments
(3) Including the proportionate share of equity accounted investments

RESULTS OF OPERATIONS

	3 months			12 months		
Periods ended December 31	**2022**	**2021**	**Δ**	**2022**	**2021**	**Δ**
Rental Income	7,052,983	4,932,753	2,120,230	24,729,024	18,953,524	5,775,500
Operating costs	(2,174,702)	(1,028,476)	(1,146,226)	(6,356,710)	(4,631,789)	(1,724,921)
Net Operating Income(1)	4,878,281	3,904,277	974,004	18,372,314	14,321,735	4,050,579
Share of net income (loss) from investments in joint ventures	(1,835,735)	1,100,189	(2,935,924)	(900,504)	2,966,517	(3,867,021)
Increase/(decrease) in fair values of investment properties	(10,388,173)	3,354,091	(13,742,264)	(16,741,220)	13,356,401	(30,097,621)
Realized (gain) loss on sale of Investment properties in joint ventures	-	57,674	(57,674)	-	57,674	(57,674)
Unit-based compensation	(95,441)	(49)	(95,392)	(602,617)	(308,595)	(294,022)
Administrative expenses	(218,504)	(192,252)	(26,252)	(891,206)	(811,390)	(79,816)
Financial expenses	(1,653,357)	(625,316)	(1,028,041)	(5,733,338)	(4,346,807)	(1,386,531)
Deferred income taxes	2,939	(145,368)	148,307	2,939	(145,368)	148,307
Net income and comprehensive income	(9,309,990)	7,453,246	(16,763,236)	(6,493,632)	25,090,167	(31,583,799)
FFO(1)	3,329,459	2,971,560	12%	13,039,054	10,791,751	21%
FFO per unit(1)	0.162	0.147	10%	0.636	0.581	9%
Weighted avg. units o/s Basic	20,592,733	20,193,078	399,655	20,514,719	18,575,569	1,939,150

(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section “Non-IFRS financial measures”

RECONCILIATION OF NET INCOME TO EBITDA

	3 months			12 months		
Periods ended December 31	**2022**	**2021**	**Δ**	**2022**	**2021**	**Δ**
Net income attributable to unitholders	(9,309,990)	7,453,246	(16,763,236)	(6,493,632)	25,090,167	(31,583,799)
Net interest expense	1,798,956	1,186,697	612,259	6,262,620	4,431,479	1,831,141
Interest on the lease liability	-	(7,383)	7,383	(7,483)	(28,936)	21,453
Income taxes	4,561	154,868	(150,307)	2,229	154,080	(151,851)
Other financial charges	2,794	3,326	(532)	9,787	6,815	2,972
EBITDA(1)	(7,503,679)	8,790,754	(16,294,433)	(226,479)	29,653,605	(29,880,084)
Δ in value of investment properties	10,388,173	(3,354,091)	13,742,264	16,741,220	(13,356,401)	30,097,621
Δ in value of investment properties in joint ventures	2,299,667	(642,015)	2,941,682	2,718,206	(1,258,966)	3,977,172
Δ in value of convertible debentures	(148,393)	(649,916)	501,523	(465,889)	(377,068)	(88,821)
Δ in value of warrants	-	85,209	(85,209)	(73,180)	285,581	(358,761)
Adjusted EBITDA(1)	5,035,768	4,229,941	19%	18,693,878	14,946,751	25%
Interest expense	1,888,160	1,061,279	826,881	6,582,923	4,393,839	2,189,084
Principal repayments	1,124,398	891,573	232,825	4,374,378	3,315,890	1,058,488
Debt service requirements	3,012,558	1,952,852	54%	10,957,301	7,709,729	42%
Interest coverage ratio based on adjusted EBITDA(1)	2.7x	4.0x	(1.3x)	2.8x	3.4x	(0.6x)
Debt service coverage based on adjusted EBITDA(1)	1.7x	2.2x	(0.5x)	1.7x	1.9x	(0.2x)

(1) This is a non-IFRS financial measure with no standardized IFRS meaning and may not be comparable to other issuers. Refer to the section "Non-IFRS financial measures"

RESULTS OF OPERATIONS FOR THE QUARTER ENDED DECEMBER 31, 2022

For the quarter ended December 31, 2022, the Trust had rental income of $7,052,983 ($4,932,753 in Q4 2021). 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 *Significant Accounting Policies and Estimates* section for more details). As at December 31, 2022, 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 $9,479,125 ($11,147,550 in Q4 2021) while an increase in the capitalization rate would decrease the fair value of the investment properties by approximately $12,624,951 ($10,235,256 in Q4 2021). The weighted average capitalization rate used in the calculation of the fair value of investment property is 6.41% (5.99% in Q4 2021) while the range of capitalization rates used is 4.75% to 7.50% (4.50% to 6.75% in Q4 2021). 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, convertible debentures and change in fair value of convertible debentures and warrants, which amounted to $1,653,357 in Q4 2022 compared to $625,316 for the same quarter last year. For the quarter ended December 31, 2022, the change in fair value of convertible debentures and warrants decreased financial expenses by $148,393 compared to a decrease of $564,707 for the same quarter in 2021. Excluding this change in fair value, financial expenses for the quarter ended December 31, 2022 were $1,801,750 compared to $1,190,023 for the same quarter in 2021. This increase in financial expenses is because of an increase in interest expense, which is due to the increase in the number of mortgages as well as higher interest charges on credit facilities.

For the quarter ended December 31, 2022, the Trust recorded FFO[1] of $3,329,459 in comparison to $2,971,560 in Q4 2021. FFO per unit[1] increased by 10% from $0.147 to $0.162 for the same period last year. The growth in FFO[1] is mainly derived from rental revenues of newly acquired properties, which was partially offset by the increase in financial expenses related to mortgages on the properties and higher interest rates on existing variable-rate mortgages and credit facilities.

[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

RESULTS OF OPERATIONS FOR THE TWELVE-MONTH PERIOD ENDED DECEMBER 31, 2022

For the period ended December 31, 2022, the Trust had rental income of $24,729,024 ($18,953,524 in 2021). 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 *Significant Accounting Policies and Estimates* section 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, convertible debentures and change in fair value of convertible debentures and warrants, which amounted to $5,733,338 for the period ended December 31, 2022 compared to $4,346,807 for the same period last year. For the period ended December 31, 2022, the change in fair value of convertible debentures and warrants decreased financial expenses by $539,069 compared to a decrease of $91,487 for the same period in 2021. Excluding this change in fair value, financial expenses for the period ended December 31, 2022 were $6,272,407 compared to $4,438,294 for the same period in 2021. This increase in financial expenses is because of an increase in interest expense, which is due to the increase in the number of mortgages as well as higher interest charges on credit facilities.

For the period ended December 31, 2022, the Trust recorded FFO[1] of $13,039,054 in comparison to $10,791,751 for the same period in 2021. FFO per unit[1] increased by 9% from $0.581 to $0.636 for the same period last year. The growth in FFO[1] is mainly derived from rental revenues of newly acquired properties, which was partially offset by the increase in financial expenses related to mortgages on the properties and higher interest rates on existing variable-rate mortgages and credit facilities.

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, 2022, the Trust issued units as follows:

On February 28th, 2022, the Trust announced the issuance of 48,100 units of the Trust at a price of $7.71 per unit, which equates to $370,851 as partial compensation for the services rendered by certain members of management and the board of trustees during the fiscal year ended on December 31st, 2021. Of those 48,100 units, 29,750 units have been issued as Deferred Trust Units.

On July 21st, 2022, the Trust announced that it received the approval from the TSX Venture Exchange ("TSX") for the annual renewal of its normal course issuer bid ("NCIB").

For the NCIB that expired on July 31, 2022, the Trust sought and received approval from the TSX to repurchase up to 874,140 units of Canadian Net. The Trust did not purchase any Units over the course of this 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 1,029,636 units, which represents approximately 5% of the units in circulation as of July 21, 2022. Over the course of any 30-day period, the Trust will not purchase more than 411,854 units in total, which represents 2% of the units issued and outstanding at that date.

All purchases and settlements of said securities will be made by the facilities of the TSX Venture in accordance with its rules and regulations. All units redeemed by the Trust pursuant to the NCIB will be cancelled. National Bank Financial will be handling the offer on behalf of the Trust. The price paid by the Trust for the redemption of these units will be the price of the units at the time of acquisition. The renewed normal course issuer bid will begin on August 1, 2022 and will expire on July 31, 2023.

[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

TRUST UNITS

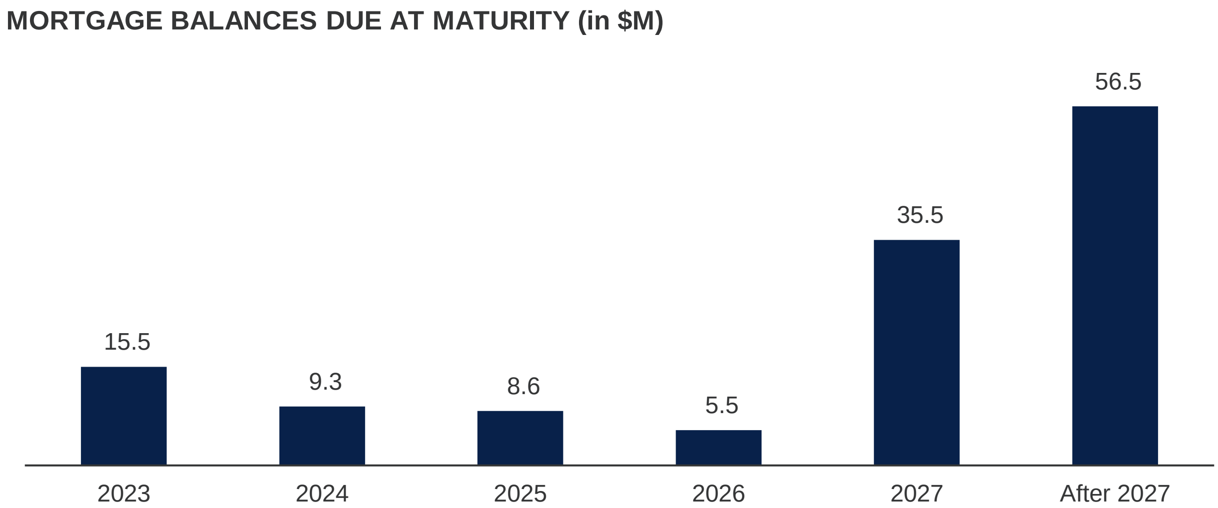
Units issued (redeemed):	# of units	
Units as at January 1, 2021	**17,399,257**	
February 15, 2021 (units for services)	43,200	
April 1, 2021 (warrants)	2,551	
April 30, 2021 (warrants)	10,204	
May 17, 2021 (warrants)	22,500	
June 1, 2021 (warrants)	5,102	
August 3, 2021 (public offering)	2,702,500	
December 23, 2021 (warrants)	89, 288	
Units as at December 31, 2021	**20,274,602**	
January 21, 2022 (warrants)	26,663	
January 25, 2022 (warrants)	5,102	
February 14, 2022 (warrants)	10,204	
February 15, 2022 (warrants)	6,850	
February 28, 2022 (units for services)	18,350	
March 4, 2022 (warrants)	10,204	
March 25, 2022 (warrants)	25,510	
March 28, 2022 (warrants)	35,714	
March 30, 2022 (warrants)	51,020	
March 31, 2022 (warrants)	22,959	
April 11, 2022 (warrants)	5,118	
April 28, 2022 (warrants)	30,612	
May 10, 2022 (warrants)	5,102	
May 13, 2022 (warrants)	54,520	
May 16, 2022 (warrants)	10,203	
Units as at December 31, 2022	**20,592,733**	
Potential dilutive impact of financial instruments as at December 31, 2022		**Exercise price**
Options outstanding	10,000	$3.80 per unit
Deferred Trust Units	30,999	N/A
Conversion of convertible debentures (in units)	1,167,596	$7.30 to $8.13 per unit

Warrants
The Trust had 347,396 warrants outstanding at the beginning of the period. During the 12-month period ended December 31, 2022, 299,781 warrants were exercised at a price of $6.10 per unit. The balance of the warrants expired on May 16, 2022. There are no outstanding warrants as at December 31, 2022.

Convertible debentures
The nominal value of convertible debentures outstanding as of December 31, 2022 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, 2022.

Options
Over the 12-month period ended December 31, 2022, no options were exercised. The total number of options outstanding as of December 31, 2022 is 10,000 with an exercise price of $3.80.

The total number of units outstanding as at December 31, 2022 was 20,592,733. After December 31, 2022, the Trust issued 10,000 units following the exercise of the remaining options outstanding.



Maturity	2023	2024	2025	2026	2027	After 2027
Total due ($):	15,521,081	9,271,271	8,556,058	5,536,766	35,524,834	56,540,319
Interest rate:	2.71% - 7.45%	2.86% - 3.74%	2.64% - 4.98%	3.70% - 4.21%	2.53% - 6.13%	2.31% - 4.77%
% of total debt:	11.9%	7.1%	6.5%	4.2%	27.1%	43.2%

Debts are composed of mortgages, loans, convertible debentures and secured credit facilities, and exclude Canadian Net's interest in mortgages and loans held through joint ventures.

As at December 31, 2022, the Trust had mortgages with Canadian financial institutions with a total carrying value of $155,680,797 ($133,330,859 at December 31, 2021). These mortgages require the Trust to make principal payments of $94,170,504 over the next 5 year and $61,510,293 thereafter. The mortgages outstanding currently have an average term to maturity of 5.0 years (6.0 years at December 31, 2021). Convertible debentures in circulation as at December 31, 2022 have a carrying value of $8,635,474 ($8,416,510 at December 31, 2021). The Trust currently has 3 secured lines of credit with authorized limits of $12,070,000, $6,000,000 and $1,500,000. These lines of credit have a balance of $15,725,362 as at December 31, 2022 ($2,885,000 at December 31, 2021).

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, 2022.

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, 2022 the Trust held interests in 101 properties in Quebec, Ontario, Nova Scotia and New Brunswick, 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 ($1,344,738 as at December 31, 2022 compared to $1,018,030 as at December 31, 2021). The composition of this balance mostly includes major Canadian companies with small credit risk.

The Trust has a portfolio of loans receivable from joint venture partners. These loans are secured by interest in said joint ventures. As at December 31, 2022, loans receivable amount to $4,274,895 ($4,573,998 as at December 31, 2021).

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 $1,556,784 on the financial expenses for the year.

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. An increase in interest rates could also adversely impact the Trust's ability to acquire and develop real estate that satisfies its investment criteria and as such, adversely impact the Trust's growth profile.

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 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 depend 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.

Market events and conditions, including disruptions that sometimes affect international and regional credit markets and other financial systems and global economic conditions, could impede the Trust's access to capital (including debt financing) or increase the cost of such capital. Failure to raise or access capital in a timely manner or under favourable terms could have a material adverse effect on the Trust's financial position and results of operations, including on its acquisition and development plan and growth strategy.

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.

RELATED PARTY TRANSACTIONS

The loans receivable include an amount of $210,000 (2021: $210,000) 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 $10,253 (2021: $6,424) for which no amount is receivable as at December 31, 2022 (2021: $0).

During the period ended December 31, 2022, certain trustees of the Trust exercised 40,832 warrants at an exercise price of $6.10 per unit for aggregate gross proceeds of $249,075.

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.

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 Trust's executive officers and Trustees and their compensation is as follows:

	3 months		12 months	
Period ended December 31	**2022**	**2021**	**2022**	**2021**
Salaries and benefits	108,147	108,077	441,300	352,769
Unit-based compensation	141,756	-	711,374	244,640
Total	**249,903**	**108,077**	**1,152,674**	**597,409**