

## PRESS RELEASE

### FOR IMMEDIATE RELEASE

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## FRONSAC ANNOUNCES PUBLIC OFFERING OF UNITS AND AGREEMENTS TO ACQUIRE THREE PROPERTIES IN QUÉBEC AND ONTARIO

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**Montreal (Québec) - (TSX-V: FRO.UN)** Fronsac Real Estate Investment Trust (the “REIT” or “Fronsac”) is pleased to announce that it has entered into acquisition agreements to purchase three commercial properties in Québec and Ontario (collectively, the “**Acquisition Properties**”), and its intention to undertake a public offering (the “**Offering**”) of units of Fronsac (the “**Units**”) at a price of \$0.62 per Unit for minimum gross proceeds of approximately \$15.0 million (the “**Minimum Offering**”) and maximum gross proceeds of approximately \$18.0 million (the “**Maximum Offering**”).

### The Offering

The Offering is being made on a best efforts basis through a syndicate of agents co-led by Paradigm Capital Inc. and Canaccord Genuity Corp., acting as joint bookrunners, and including Laurentian Bank Securities Inc., Echelon Wealth Partners Inc. and Desjardins Securities Inc. The Offering is expected to close on or about February 5, 2020 and is subject to customary conditions, including the entering into of a definitive agency agreement and receipt of all regulatory approvals, including the approval of the TSX Venture Exchange. The Units will be offered by way of a short form prospectus to be filed with the securities commissions and other similar regulatory authorities in each of the provinces Canada.

### Use of Proceeds

The REIT intends to use the net proceeds of the Offering as follows:

- (i) approximately \$3.6 million to partially fund the acquisition of a property located in Kenora, Ontario and leased to Walmart. The total consideration to be paid for the property will be approximately \$12.0 million (excluding any transaction costs) and will be paid in cash;
- (ii) approximately \$1.3 million to partially fund the acquisition of a property located in Farnham, Québec and leased to a gas station and restaurant operated by Petro-Canada, a convenience store operator and Tim Hortons. The total consideration to be paid for the property will be approximately \$4.0 million (excluding any transaction costs) and will be paid in cash;
- (iii) approximately \$1.0 million to partially fund the acquisition of a 75%-interest in property located in Saint-Étienne-des-Grès, Québec and leased to a gas station and restaurant operated by Parkland, a convenience store operator and Tim Hortons. The total consideration to be paid for the property will be \$3.0 million (excluding any transaction costs) and will be paid in cash;

- (iv) approximately \$7.5 million assuming the Minimum Offering is completed and approximately \$10.3 million assuming the Maximum Offering is completed to repay a portion of the outstanding indebtedness under certain of Fronsac's credit facilities, which may be subsequently redrawn in connection with the acquisition by the REIT of the Acquisition Properties;
- (v) approximately \$0.3 million for expenses incurred by the REIT in connection with the Offering; and
- (vi) approximately \$0.5 million for real estate transaction costs expected to be incurred in connection with the acquisition of the Acquisition Properties, primarily comprised of land transfer and other taxes, insurance, bank underwriting fees, legal fees and third-party consultant fees; and

The combined net operating income in respect of the Acquisition Properties is approximately \$1.5 million, representing a 7.9% weighted average capitalization rate based on the aggregate purchase price of approximately \$19.0 million (excluding transaction costs) in respect of the Acquisition Properties.

The Offering will be made on a "best efforts" agency basis and is subject to market conditions, and there can be no assurance as to whether or when the Offering may be completed, or as to the final size and terms of the Offering.

Certain trustees and members of management of the REIT have indicated an interest in purchasing Units as part of the Offering.

A copy of the preliminary short form prospectus of the REIT is available under the REIT's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or may be obtained by contacting a member of the syndicate of agents. The preliminary short form prospectus of the REIT is subject to completion or amendment. There will not be any sale or any acceptance of an offer to buy the Units until a receipt for the final short form prospectus has been issued and a copy thereof has been sent to the purchaser.

**About Fronsac** – Fronsac Real Estate Investment Trust is an open-ended trust that acquires and owns high quality triple net and management-free commercial real estate properties.

**Forward-Looking Statements** – This press release contains forward-looking statements and information as defined by applicable securities laws. Fronsac warns the reader that actual events may differ materially from current expectations due to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated in such statements. Such risks, uncertainties and other factors include the risk that the Offering may not be completed on favorable terms or at all, the risk that Fronsac may not be able to obtain all necessary regulatory and stock exchange approvals, including the approval of the TSX Venture Exchange, the risk that Fronsac may apply the net proceeds of the Offering differently than as stated herein depending on future circumstances, the risks related to economic conditions, the risks associated with the local real estate market and real estate activities generally, the risks related to the dependence on the financial condition of tenants, the changes in interest rates, the availability of financing in the form of debt or equity and the effects related to the adoption of new accounting standards, as well as other risks, uncertainties and factors to be described in the preliminary short form prospectus of Fronsac and described from time to time in the documents filed by Fronsac with the securities commissions and similar regulatory authorities, including Fronsac's annual information form and management's discussions and analysis. Fronsac does not intend or undertake to update or modify its forward-looking statements even if future events occur or for any other reason, unless required by law or any regulatory authority.

# FRONSAC

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