

PRESS RELEASE

FOR IMMEDIATE RELEASE

August 23, 2019

FRONSAC ANNOUNCES ITS RESULTS FOR THE QUARTER ENDED JUNE 30, 2019 AND MONTHLY DISTRIBUTIONS FOR THE MONTHS OF OCTOBER, NOVEMBER AND DECEMBER 2019

Montreal (Quebec) - (TSX-V: FRO.UN) Fronsac Real Estate Investment Trust ("Fronsac REIT" or "Fronsac") announces its results for the quarter ended June 30, 2019 and that it will make monthly cash distributions of 0.185¢ per unit, representing 2.220¢ per unit on an annualized basis, on October 31st, November 29th and December 31st, 2019 to unitholders of record on October 15th, November 15th and December 16th, 2019, respectively.

For the quarter ended June 30, 2019, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 1.03¢ compared to 0.89¢ per unit for the quarter ended June 30, 2018, an increase of 16%. Recurring FFO was \$1,121,743, an increase of 47% (\$764,867 in Q2 2018). During Q2 2019, the Trust's property rental income was \$2,192,484 compared to \$1,530,968 in Q2 2018, an increase of 43%. NOI (Net operating Income) was \$1,704,459 compared to \$1,209,474 in Q2 2018, an increase of 41%. Fronsac recorded a net income attributable to unitholders of \$145,694, or 0.13¢ per unit, compared to a net income of \$278,795, or 0.33¢ per unit, in Q2 2018.

For the 6-month period ended June 30, 2019, Fronsac reported Recurring FFO per unit of 2.01¢ compared to 1.80¢ per unit for the same period in 2018, an increase of 12%. Recurring FFO was \$2,122,227, an increase of 38% (\$1,541,916 for the same period in 2018). During the 6-month period ended June 30, 2019, the Trust's property rental income was \$4,191,579 compared to \$2,892,720 for the same period in 2018, an increase of 45%. Net operating Income was \$3,261,215 compared to \$2,298,367 for the same period in 2018, an increase of 42%. Fronsac recorded a net income attributable to unitholders of \$196,564, or 0.19¢ per unit, compared to a net income of \$1,652,149, or 1.93¢ per unit for the same period in 2018.

Jason Parravano President and CEO said: "I am pleased to share with you our results for the past 6 months. We once again have achieved growth in our per unit FFO and have continued to grow our portfolio. We had a busy second quarter with the closing of a \$9.9M private placement in May and subsequent capital deployment to add Walmart, Dollarama and Laurentian Bank to our tenant roster."

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended June 30th, 2019 and its comparative period. This information should be read in conjunction with the Consolidated Financials Statements and MD&A for the quarters ended June 30th, 2019 and June 30th, 2018.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended June 30	6 months			
	2019	2018	Δ	%
Financial info				
Property rental income	4,191,579	2,892,720	1,298,859	45%
Total revenue	4,191,579	2,907,720	1,283,859	44%
NOI ⁽¹⁾	3,261,215	2,298,367	962,848	42%
FFO ⁽¹⁾	2,122,227	1,556,916	565,311	36%
Recurring FFO ⁽¹⁾	2,122,227	1,541,916	580,311	38%
AFFO ⁽¹⁾	2,086,315	1,555,647	530,668	34%
EBITDA ⁽¹⁾	3,014,265	2,101,447	912,818	43%
Investment properties ⁽²⁾	123,749,775	88,701,506	35,048,269	40%
Total assets	117,063,470	83,966,065	33,097,405	39%
Total mortgage/loans/long term debt ⁽³⁾	61,397,626	44,861,860	16,535,766	37%
Total convertible debentures	3,237,582	251,333	2,986,249	1,188%
Total equity	49,508,119	37,537,332	11,970,787	32%
Weighted average units o/s - basic	105,464,238	85,665,355	19,798,883	23%
Amounts on a per unit basis				
FFO	0.0201	0.0182	0.0019	10%
Recurring FFO	0.0201	0.0180	0.0021	12%
AFFO	0.0198	0.0182	0.0016	9%
Distributions	0.0111	0.0101	0.0010	10%

⁽¹⁾ Non-IFRS financial measures

⁽²⁾ Includes value of investment properties owned through joint ventures

⁽³⁾ Excludes convertible debentures

RECONCILIATION OF NET INCOME TO FFO

Periods ended June 30	3 months			6 months		
	2019	2018	Δ	2019	2018	Δ
Net income (loss) attributable to unitholders	145,694	278,795	(133,101)	196,564	1,652,149	(1,455,585)
Debt issuance costs	30,660	-	30,660	30,660	-	30,660
Δ in value of investment properties	790,562	504,122	286,440	1,632,799	(170,705)	1,803,504
Δ in value of investment properties in joint ventures	975	(28,778)	29,753	77,126	31,711	45,415
Unit based compensation	118,400	21,830	96,570	181,580	62,910	118,670
Δ in liability component of convertible debentures	31,850	(3,381)	35,231	19,101	752	18,349
Δ in fair value of derivative financial instruments	5,550	(10,360)	15,910	(13,655)	(22,540)	8,885
Income taxes	(1,948)	2,639	(4,587)	(1,948)	2,639	(4,587)
FFO ⁽¹⁾ - basic	1,121,743	764,867	47%	2,122,227	1,556,916	36%
FFO per unit - basic	0.0103	0.0089	16%	0.0201	0.0182	10%
Interest paid on convertible debentures (if dilutive)	7,500	-	7,500	49,620	7,500	42,120
FFO - diluted	1,129,243	764,867	48%	2,171,847	1,564,416	39%
FFO per unit - diluted	0.0099	0.0089	11%	0.0197	0.0181	9%
Recurring FFO - basic	1,121,743	764,867	47%	2,122,227	1,541,916	38%
Recurring FFO per unit - basic	0.0103	0.0089	16%	0.0201	0.0180	12%
Distributions	592,324	431,785	160,540	1,156,149	863,569	292,580
Distributions per unit	0.0056	0.0050	12%	0.0111	0.0101	10%
FFO - basic after distributions	0.0047	0.0039	0.0008	0.0090	0.0081	0.0009
Recurring FFO - basic after distributions	0.0047	0.0039	0.0008	0.0090	0.0079	0.0011
Distributions as a % of FFO - basic	54%	56%	(2%)	55%	55%	-
Distributions as a % of Recurring FFO - basic	54%	56%	(2%)	55%	56%	(1%)
Weighted avg. units o/s						
Basic	109,279,842	85,671,543	23,608,299	105,464,238	85,665,355	19,798,883
Diluted	114,157,122	85,671,543	28,485,579	110,341,518	86,246,750	24,094,768

⁽¹⁾ FFO is a Non-IFRS financial measure

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. Among these include the risks related to economic conditions, the risks associated with the local real estate market, the dependence to the financial condition of tenants, the uncertainties related to real estate activities, the changes in interest rates, the availability of financing in the form of debt or equity, the effects related to the adoption of new IFRS standards, as well as other risks and factors described from time to time in the documents filed by Fronsac with securities regulators, including the management report. Fronsac does not update or modify its forward-looking statements even if future events occur or for any other reason, unless required by law or any regulatory authority.

Neither the TSX Venture Exchange Inc., nor its Regulatory Services Provider (as that term is defined in the Policy of the TSX Venture Exchange and its Regulatory Services Provide) accepts any responsibility for the adequacy or accuracy of this release.

The June 30th, 2019 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

For further information please contact Jason Parravano at (450) 536-5328.