

PRESS RELEASE

FOR IMMEDIATE RELEASE

March 20, 2020

FRONSAC ANNOUNCES STRONG RESULTS FOR THE YEAR ENDED DECEMBER 31, 2019 AND MONTHLY DISTRIBUTIONS FOR THE MONTHS OF APRIL, MAY AND JUNE 2020

Montreal (Quebec) - (TSX-V: FRO.UN) Fronsac Real Estate Investment Trust ("Fronsac REIT" or "Fronsac") announces its results for the year ended December 31st, 2019 and that it will make monthly cash distributions of 0.213¢ per unit, representing 2.555¢ per unit on an annualized basis, on April 30th, May 29th and June 30th, 2020 to unitholders of record on April 15th, May 15th and June 15th, 2020, respectively.

For the quarter ended December 31, 2019, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 1.10¢ compared to 0.91¢ per unit for the quarter ended December 31, 2018, an increase of 21%. Recurring FFO was \$1,295,716, an increase of 40% (\$923,414 in Q4 2018). During Q4 2019, the Trust's property rental income was \$2,738,295 compared to \$1,719,184 in Q4 2018, an increase of 59%. NOI (Net operating Income) was \$2,001,059 compared to \$1,489,661 in Q4 2018, an increase of 34%. Fronsac recorded a net loss attributable to unitholders of \$997,612, or (0.85¢) per unit, compared to a net loss of \$4,085,302, or (4.02¢) per unit, in Q4 2018.

For the 12-month period ended December 31, 2019, Fronsac reported Recurring FFO per unit of 4.14¢ compared to 3.66¢ per unit for the same period in 2018, an increase of 13%. Recurring FFO was \$4,615,394, an increase of 38% (\$3,336,550 for the same period in 2018). During the 12-month period ended December 31, 2019, the Trust's property rental income was \$9,388,326 compared to \$6,275,277 for the same period in 2018, an increase of 50%. Net operating Income was \$7,144,022 compared to \$5,112,675 for the same period in 2018, an increase of 40%. Fronsac recorded a net income attributable to unitholders of \$4,081,269, or 3.66¢ per unit, compared to a net loss of \$1,889,131, or (2.07¢) per unit for the same period in 2018.

Jason Parravano President and CEO said: "We are pleased to share with everyone our results for the year ended 2019. We have demonstrated our ability to continue to deliver accretive per unit results and this highlighted by a 13% increase to our per unit Recurring FFO. In addition, we recently closed our largest financing, a fully subscribed \$18M equity offering of Trust units which was made possible as a result of the confidence of new and existing unitholders alike."

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended December 31th, 2019 and its comparative period. This information should be read in conjunction with the Consolidated Financials Statements and MD&A for the quarters ended December 31th, 2019 and December 31th, 2018.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended December 31	12 months		Δ	%
	2019	2018		
Financial info				
Property rental income	9,388,326	6,275,277	3,113,049	50%
Total revenue	9,388,326	6,290,277	3,098,049	49%
Net income (loss) and comprehensive income (loss)	4,081,269	(1,889,131)	5,970,400	(316%)
NOI ⁽¹⁾	7,144,022	5,112,675	2,031,347	40%
FFO ⁽¹⁾	4,615,394	3,351,550	1,263,844	38%
Recurring FFO ⁽¹⁾⁽²⁾	4,615,394	3,336,550	1,278,844	38%
AFFO ⁽¹⁾	4,524,363	3,038,111	1,486,252	49%
EBITDA ⁽¹⁾	6,672,288	4,749,213	1,923,075	40%
Investment properties ⁽³⁾	134,376,091	107,174,824	27,201,267	25%
Total assets	129,118,708	98,890,349	30,228,359	31%
Total mortgage/loans/long term debt ⁽⁴⁾	60,382,953	50,895,481	9,487,472	19%
(including revolving line of credit)	70,828,653	53,365,481	17,463,172	33%
Total convertible debentures	3,023,326	1,593,481	1,429,845	90%
Total equity	51,342,040	41,302,149	10,039,891	24%
Weighted average units o/s - basic	111,384,880	91,163,634	20,221,246	22%
Amounts on a per unit basis				
FFO	0.0414	0.0368	0.0047	13%
Recurring FFO	0.0414	0.0366	0.0048	13%
AFFO	0.0406	0.0333	0.0073	22%
Distributions	0.0222	0.0202	0.0020	10%

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

⁽²⁾ Recurring FFO excludes "Other income" items as presented on the Consolidated Financial Statements for the period ended December 31, 2019

⁽³⁾ Includes 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 Fronsac's financial statements

⁽⁴⁾ Excludes convertible debentures

RECONCILIATION OF NET INCOME TO FFO

Periods ended December 31	3 months			12 months		
	2019	2018	Δ	2019	2018	Δ
Net income attributable to unitholders	(997,612)	(4,085,302)	3,087,690	4,081,269	(1,889,131)	5,970,400
Debt issuance costs	-	-	-	30,660	53,171	(22,511)
Δ in value of investment properties	501,678	5,008,010	(4,506,332)	(1,546,054)	4,862,229	(6,408,283)
Δ in value of investment properties in joint ventures	427,047	6,681	420,366	583,734	163,104	420,630
Unit based compensation	78,540	(1,485)	80,025	259,845	79,025	180,820
Δ in liability component of convertible debentures	55,828	17,068	38,760	54,845	27,950	26,895
Δ in fair value of derivative financial instruments	1,210,590	(26,615)	1,237,205	1,104,060	45,105	1,058,955
Accretion of lease payments	9,057	-	9,057	38,395	-	38,395
Income taxes	10,588	5,057	5,531	8,640	10,097	(1,457)
FFO ⁽¹⁾ - basic	1,295,716	923,414	40%	4,615,394	3,351,550	38%
FFO per unit - basic	0.0110	0.0091	21%	0.0414	0.0368	13%
Distributions paid on convertible debentures (if dilutive)	-	7,500	(7,500)	127,234	15,000	112,234
FFO - diluted	1,295,716	930,914	39%	4,742,628	3,366,550	41%
FFO per unit - diluted	0.0106	0.0089	19%	0.0413	0.0359	15%
Recurring FFO ⁽²⁾ - basic	1,295,716	923,414	40%	4,615,394	3,336,550	38%
Recurring FFO per unit - basic	0.0110	0.0091	21%	0.0414	0.0366	13%
Distributions	651,590	512,014	139,576	2,457,083	1,834,111	622,972
Distributions per unit	0.0056	0.0050	12%	0.0222	0.0202	10%
FFO - basic after distributions	0.0055	0.0040	0.0014	0.0192	0.0166	0.0026
Recurring FFO - basic after distributions	0.0055	0.0040	0.0014	0.0192	0.0164	0.0028
Distributions as a % of FFO - basic	50%	55%	(5%)	54%	55%	(1%)
Distributions as a % of Recurring FFO - basic	50%	55%	(5%)	54%	55%	(1%)
Weighted avg. units o/s						
Basic	117,403,566	101,590,060	15,813,506	111,384,880	91,163,634	20,221,246
Diluted	121,699,451	104,094,743	17,604,708	114,803,229	93,668,317	21,134,912

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

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

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.

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The December 31th, 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.