

PRESS RELEASE

FOR IMMEDIATE RELEASE

November 8, 2019

FRONSAC ANNOUNCES ITS RESULTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 AND AN INCREASE OF 15.1% IN ITS 2020 PER UNIT DISTRIBUTION

Montreal (Quebec) - (TSX-V: FRO.UN) Fronsac Real Estate Investment Trust ("Fronsac REIT" or "Fronsac") announces its results for the quarter ended September 30th, 2019 and, for an eight consecutive year, an increase in its annual distribution as well as distributions for the months of January, February and March 2020.

Distributions

Starting in January 2020, the annual distribution will go from 2.220¢ to 2.555¢ per unit, representing an increase of 15.1%. The monthly distributions will be of 0.213¢ per unit. This represents a 104% total growth since Fronsac's first distributions in 2012.

Fronsac also announces that it will make monthly cash distributions of 0.213¢ per unit, representing 2.555¢ per unit on an annualized basis, on January 31st, February 28th and March 31st, 2020 to unitholders of record on January 15th, February 14th and March 16th, 2020, respectively.

For the quarter ended September 30, 2019, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 1.02¢ compared to 0.95¢ per unit for the quarter ended September 30, 2018, an increase of 8%. Recurring FFO was \$1,197,449, an increase of 37% (\$871,219 in Q3 2018). During Q3 2019, the Trust's property rental income was \$2,458,451 compared to \$1,663,373 in Q3 2018, an increase of 48%. NOI (Net operating Income) was \$1,881,747 compared to \$1,324,647 in Q3 2018, an increase of 42%. Fronsac recorded a net income attributable to unitholders of \$3,891,506, or 3.33¢ per unit, compared to a net income of \$544,021, or 0.59¢ per unit, in Q3 2018.

For the 9-month period ended September 30, 2019, Fronsac reported Recurring FFO per unit of 3.04¢ compared to 2.76¢ per unit for the same period in 2018, an increase of 10%. Recurring FFO was \$3,319,677, an increase of 38% (\$2,413,136 for the same period in 2018). During the 9-month period ended September 30, 2019, the Trust's property rental income was \$6,650,030 compared to \$4,556,093 for the same period in 2018, an increase of 46%. Net operating Income was \$5,142,963 compared to \$3,623,014 for the same period in 2018, an increase of 42%. Fronsac recorded a net income attributable to unitholders of \$4,088,070, or 3.74¢ per unit, compared to a net income of \$2,196,171, or 2.51¢ per unit for the same period in 2018.

Jason Parravano President and CEO said: "We are pleased to share with everyone our results for Q3 2019. Our per unit growth has allowed us to increase once again our distributions for the following year, and this for the 8th year in a row. During the quarter, we also continued to add to our portfolio and to diversify our tenant base."

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended September 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 September 30th, 2019 and September 30th, 2018.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended September 30	9 months		Δ	%
	2019	2018		
Financial info				
Property rental income	6,650,030	4,556,093	2,093,937	46%
Total revenue	6,650,030	4,571,093	2,078,937	45%
NOI ⁽¹⁾	5,142,963	3,623,014	1,519,949	42%
FFO ⁽¹⁾	3,319,677	2,428,136	891,541	37%
Recurring FFO ⁽¹⁾	3,319,677	2,413,136	906,541	38%
AFFO ⁽¹⁾	3,276,191	2,115,047	1,161,144	55%
EBITDA ⁽¹⁾	4,887,851	3,372,480	1,515,371	45%
Investment properties ⁽²⁾	133,413,308	99,264,996	34,148,312	34%
Total assets	126,614,742	96,863,007	29,751,735	31%
Total mortgage/loans/long term debt ⁽³⁾	60,553,952	47,168,403	13,385,549	28%
(including revolving line of credit)	68,379,232	47,568,403	20,810,829	44%
Total convertible debentures	2,967,498	1,576,413	1,391,085	88%
Total equity	53,031,403	45,899,465	7,131,938	16%
Weighted average units o/s - basic	109,356,605	87,649,966	21,706,639	25%
Amounts on a per unit basis				
FFO	0.0304	0.0277	0.0027	10%
Recurring FFO	0.0304	0.0275	0.0028	10%
AFFO	0.0300	0.0241	0.0058	24%
Distributions	0.0167	0.0151	0.0015	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 September 30	3 months			6 months		
	2019	2018	Δ	2019	2018	Δ
Net income (loss) attributable to unitholders	3,891,506	544,021	3,347,485	4,088,070	2,196,171	1,891,899
Debt issuance costs	-	53,171	(53,171)	30,660	53,171	(22,511)
Δ in value of investment properties	(2,689,721)	24,924	(2,714,645)	(1,056,922)	(145,781)	(911,141)
Δ in value of investment properties in joint ventures	79,560	124,712	(45,152)	156,687	156,423	264
Unit based compensation	(275)	17,600	(17,875)	181,305	80,510	100,795
Δ in liability component of convertible debentures	(20,084)	10,130	(30,214)	(983)	10,882	(11,865)
Δ in fair value of derivative financial instruments	(92,875)	94,260	(187,135)	(106,530)	71,720	(178,250)
Accretion of lease payments	29,338	-	29,338	29,338	-	29,338
Income taxes	-	2,401	(2,401)	(1,948)	5,040	(6,988)
FFO ⁽¹⁾ - basic	1,197,449	871,219	37%	3,319,677	2,428,136	37%
FFO per unit - basic	0.0102	0.0095	8%	0.0304	0.0277	10%
Interest paid on convertible debentures (if dilutive)	-	-	-	-	-	-
FFO - diluted	1,197,449	871,219	37%	3,319,677	2,428,136	37%
FFO per unit - diluted	0.0102	0.0093	10%	0.0304	0.0269	13%
Recurring FFO - basic	1,197,449	871,219	37%	3,319,677	2,413,136	38%
Recurring FFO per unit - basic	0.0102	0.0095	8%	0.0304	0.0275	10%
Distributions	649,344	458,528	190,816	1,805,493	1,322,097	483,396
Distributions per unit	0.0056	0.0050	12%	0.0167	0.0151	10%
FFO - basic after distributions	0.0047	0.0045	0.0002	0.0137	0.0126	0.0011
Recurring FFO - basic after distributions	0.0047	0.0045	0.0002	0.0137	0.0124	0.0013
Distributions as a % of FFO - basic	54%	53%	1%	55%	55%	-
Distributions as a % of Recurring FFO - basic	54%	53%	1%	55%	55%	-
Weighted avg. units o/s						
Basic	117,014,413	91,554,473	25,459,940	109,356,605	87,649,966	21,706,639
Diluted	117,014,413	94,059,156	22,955,257	109,356,605	90,154,649	19,201,956

⁽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.

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

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