

PRESS RELEASE

FOR IMMEDIATE RELEASE

March 22, 2019

FRONSAC ANNOUNCES ITS RESULTS FOR THE YEAR ENDED DECEMBER 31, 2018 AND MONTHLY DISTRIBUTIONS FOR THE MONTHS OF APRIL, MAY AND JUNE 2019

Montreal (Quebec) - (TSX-V: FRO.UN) Fronsac Real Estate Investment Trust ("Fronsac REIT" or "Fronsac") announces its results for the year ended December 31, 2018 and that it will make monthly cash distributions of 0.185¢ per unit, representing 2.220¢ per unit on an annualized basis, on April 30th, May 31st and June 28th, 2019 to unitholders of record on April 15th, May 15th and June 14th, 2019, respectively.

For the quarter ended December 31st, 2018, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 0.91¢ compared to 0.72¢ per unit for the quarter ended December 31, 2017, an increase of 26%. Recurring FFO was \$923,414, an increase of 69% (\$548,042 in Q4 2017). During Q4 2018 the Trust's property rental income was \$1,719,184 compared to \$1,316,577 in Q4 2017, an increase of 31%. NOI (Net operating Income) was \$1,489,661 compared to \$1,021,095 in Q4 2017, an increase of 46%. Fronsac recorded a net income attributable to unitholders of \$(3,094,491), or (3.05¢ per unit, compared to a net income of \$1,839,189, or 2.41¢ per unit, in Q4 2017.

For the twelve months ended December 31st, 2018, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 3.66¢ compared to 3.17¢ per unit for the same period in 2017, an increase of 15%. Recurring FFO was \$3,336,550, an increase of 56% (\$2,137,217 for the same period in 2017). During the period ended December 31, 2018 the Trust's property rental income was \$6,275,277 compared to \$4,359,277 for the same period in 2017, an increase of 44%. NOI (Net operating Income) was \$5,112,675 compared to \$3,487,615 for the same period in 2017, an increase of 47%. Fronsac recorded a net loss attributable to unitholders of \$(898,320), or (0.99)¢ per unit, compared to net income of \$4,540,944, or 6.74¢ per unit, for the same period in 2017.

Jason Parravano President and CEO said: "2018 marked another year of double digit per unit growth for Fronsac. We added 12 properties to the portfolio while continuing to diversify our asset and tenant base alike. Our portfolio now consists of 47 properties with a value north of \$100M. Our balance sheet remains healthy, with a debt to gross book value ratio of 55% and from a cash flow perspective, we have maintained a conservative payout ratio of 55%. We continue to identify opportunities that fit into our business model and hope to continue this forward momentum in 2019."

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended December 31st, 2018 and its comparative period. This information should be read in conjunction with the Consolidated Financials Statements and MD&A for the quarters ended December 31st, 2018 and December 31st, 2017.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended December 31	12 months		Δ	%
	2018	2017		
Financial info				
Property rental income	6,275,277	4,359,277	1,916,000	44%
Total revenue	6,290,277	4,369,277	1,921,000	44%
NOI ⁽¹⁾	5,112,675	3,487,615	1,625,060	47%
FFO ⁽¹⁾	3,351,550	2,147,217	1,204,333	56%
Recurring FFO ⁽¹⁾	3,336,550	2,137,217	1,199,333	56%
AFFO ⁽¹⁾	3,038,111	2,014,775	1,023,336	51%
EBITDA ⁽¹⁾	4,749,213	3,013,742	1,735,471	58%
Investment properties ⁽²⁾	108,165,635	69,588,555	38,577,080	55%
Total assets	99,881,160	70,006,481	29,874,679	43%
Total mortgage/loans/long term debt ⁽³⁾	53,365,481	31,716,924	21,648,557	68%
Total convertible debentures	1,593,481	250,581	1,342,900	536%
Total equity	42,292,960	36,708,396	5,584,564	15%
Weighted average units o/s - basic	91,163,634	67,398,715	23,764,919	35%
Amounts on a per unit basis				
FFO	0.0368	0.0319	0.0049	15%
Recurring FFO	0.0366	0.0317	0.0049	15%
AFFO	0.0333	0.0299	0.0034	11%
Distributions	0.0202	0.0180	0.0022	12%

⁽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 December 31	3 months			12 months		
	2018	2017	Δ	2018	2017	Δ
Net income (loss) attributable to unitholders	(3,094,491)	1,839,189	(4,933,680)	(898,320)	4,540,944	(5,439,264)
Debt issuance costs	-	-	-	53,171	-	53,171
Δ in value of investment properties	4,017,199	(787,749)	4,804,948	3,871,418	(2,174,622)	6,046,040
Δ in value of investment properties in joint ventures	6,681	(7,260)	13,941	163,104	(148,900)	312,004
Unit based compensation	(1,485)	2,920	(4,405)	79,025	70,745	8,280
Δ in liability component of exch. preferred units & debentures	17,068	7,568	9,500	27,950	43,832	(15,882)
Δ in fair value of derivative financial instruments	(26,615)	(511,244)	484,629	45,105	(189,400)	234,505
Income taxes	5,057	4,618	439	10,097	4,618	5,479
FFO ⁽¹⁾ - basic	923,414	548,042	69%	3,351,550	2,147,217	56%
FFO per unit - basic	0.0091	0.0072	26%	0.0368	0.0319	15%
Distributions paid on exchangeable preferred units and convertible debentures (if dilutive)	7,500	-	7,500	15,000	15,000	-
FFO - diluted	930,914	548,042	70%	3,366,550	2,162,217	56%
FFO per unit - diluted	0.0089	0.0072	24%	0.0359	0.0318	13%
Recurring FFO - basic	923,414	548,042	69%	3,336,550	2,137,217	56%
Recurring FFO per unit - basic	0.0091	0.0072	26%	0.0366	0.0317	15%
Distributions	512,014	385,162	126,852	1,834,111	1,277,539	556,572
Distributions per unit	0.0050	0.0045	11%	0.0202	0.0180	12%
FFO - basic after distributions	0.0040	0.0027	0.0014	0.0166	0.0139	0.0027
Recurring FFO - basic after distributions	0.0040	0.0027	0.0014	0.0164	0.0137	0.0027
Distributions as a % of FFO - basic	55%	63%	(7%)	55%	56%	(1%)
Distributions as a % of Recurring FFO - basic	55%	63%	(7%)	55%	57%	(2%)
Weighted avg. units o/s						
Basic	101,590,060	76,378,013	25,212,047	91,163,634	67,398,715	23,764,919
Diluted	104,094,743	76,378,013	27,716,730	93,668,317	67,980,110	25,688,207

⁽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 December 31st, 2018 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.