

PRESS RELEASE

FOR IMMEDIATE RELEASE

August 21, 2020

FRONSAC ANNOUNCES ITS RESULTS FOR THE QUARTER ENDED JUNE 30, 2020, ITS MONTHLY DISTRIBUTIONS FOR Q4 2020 AND A BUSINESS UPDATE

Montreal (Quebec) - (TSX-V: FRO.UN) Fronsac Real Estate Investment Trust ("Fronsac") announces its results for the quarter ended June 30th, 2020 and that it will make monthly cash distributions of 0.213¢ per unit, representing 2.555¢ per unit on an annualized basis, on October 30th, November 30th and December 31st, 2020 to unitholders of record on October 15th, November 16th and December 15th, 2020, respectively.

For the quarter ended June 30st, 2020, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 1.25¢ compared to 1.03¢ per unit for the quarter ended June 30, 2019, an increase of 21%. Recurring FFO was \$1,830,892, an increase of 63% (\$1,121,743 in Q2 2019). During Q2 2020, the Trust's property rental income was \$3,203,394 compared to \$2,192,484 in Q2 2019, an increase of 46%. NOI (Net operating Income) was \$2,450,381 compared to \$1,704,459 in Q2 2019, an increase of 44%. Fronsac recorded a net income attributable to unitholders of \$2,515,312, or 1.71¢ per unit, compared to a net income of \$145,694, or 0.13¢ per unit in Q2 2019.

For the six-month period ended June 30st, 2020, Fronsac reported Recurring FFO per unit of 2.35¢ compared to 2.01¢ per unit for the comparable period in 2019, an increase of 17%. Recurring FFO was \$3,293,605, an increase of 55% (\$2,122,227 for the same period in 2019). During the 6-month period ended June 30, 2020, the Trust's property rental income was \$6,067,000 compared to \$4,191,579 for the same period in 2019, an increase of 45%. NOI (Net operating Income) was \$4,649,167 compared to \$3,261,215 for the same period in 2019, an increase of 43%. Fronsac recorded a net income attributable to unitholders of \$6,633,788, or 4.74¢ per unit, compared to a net income of \$196,564, or 0.19¢ per unit for the same period in 2019.

Jason Parravano, President and CEO declares: "In the midst of a challenging period, we are pleased to report another solid quarter. During the 2nd quarter we posted once again double digit per unit FFO growth driven by a healthy and growing real estate portfolio. The strength of this portfolio was put to the test at the beginning of the quarter and the end result was solid rent collections as well as a minimal impact to our bottom line. We are very fortunate to have built a portfolio which is comprised of well positioned real estate with a strong underlying tenancy."

Business Update:

The 2nd quarter was an active one for Fronsac. Not only did it prove the resilience of our portfolio with solid rent collections, but we managed to grow the portfolio with the following additions:

- On April 7th we purchased a Metro grocery store in Gatineau, QC;
- On June 1st we purchased an Ultramar service station in Trois-Rivières, QC;
- On June 1st we purchased an Ultramar service station in combo with a Subway restaurant in Bécancour, QC for redevelopment. Construction has since started and the site will be delivered to our tenants at the end of 2020;

- In early June we began construction of an Ultramar service station in combo with a Dic Ann's restaurant, as well as a stand-alone Benny & Co. in Valleyfield, QC. The site will be delivered to our tenants at the beginning of 2021;
- In mid-June, we began the construction of a new Ultramar service station and Subway restaurant in Coteau-Du-Lac, QC, which will be delivered to our tenants at the end of 2020. Fronsac had purchased the site in November 2019.
- After the third quarter, on July 16th, we purchased a vacant parcel on land on Boulevard Wilfrid Hamel in Quebec City, QC. On August 3rd we commenced construction of a Pétro-Canada service station and the site will be delivered to our tenants at the end 2020.

At the present time, virtually all our gross leasable area is open for business and our June, July and August collections have returned to a near 100%. Fronsac has elected to support our qualified small business tenants through the participation in the Canada Emergency Commercial Rent Assistance ("CECRA") program. Our Q2 results mentioned above take into consideration abatements that have been extended to our tenants as a result of the program. The Quebec provincial government also announced that it would participate in the program by reimbursing landlords for 50% of their write-off, thereby reducing the landlord's write-off for Quebec properties to 12.5%. In addition, we have also worked with larger and less affected tenants, in light of the COVID-19 pandemic, with rent deferral arrangements for the month of April, May and June. Fronsac's impact, in association with rental reductions under the CECRA program, will amount to roughly 1% of its monthly rent for April, May and June 2020.

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended June 30st, 2020 and its comparative period. This information should be read in conjunction with the Consolidated Financials Statements and MD&A for the quarters ended June 30st, 2020 and June 30st, 2019.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended June 30	6 months			
	2020	2019	Δ	%
Financial info				
Property rental income	6,067,000	4,191,579	1,875,421	45%
Total revenue	6,067,000	4,191,579	1,875,421	45%
Net income (loss) and comprehensive income (loss)	6,633,788	196,564	6,437,224	-
NOI ⁽¹⁾	4,649,167	3,261,215	1,387,952	43%
FFO ⁽¹⁾	3,293,605	2,122,227	1,171,378	55%
Recurring FFO ⁽¹⁾⁽²⁾	3,293,605	2,122,227	1,171,378	55%
AFFO ⁽¹⁾	3,046,411	2,086,315	960,096	46%
EBITDA ⁽¹⁾	4,588,405	3,014,265	1,574,140	52%
Investment properties ⁽³⁾	168,805,328	123,749,775	45,055,553	36%
Total assets	157,837,222	117,063,470	40,773,752	35%
Total mortgage/loans/long term debt ⁽⁴⁾	75,298,413	57,132,626	18,165,787	32%
(including revolving line of credit)	79,228,413	61,397,626	17,830,787	29%
Total convertible debentures	3,041,705	3,237,582	(195,877)	(6%)
Total equity	72,971,365	49,508,119	23,463,246	47%
Weighted average units o/s - basic	139,966,446	105,464,238	34,502,208	33%
Amounts on a per unit basis				
FFO	0.0235	0.0201	0.0034	17%
Recurring FFO	0.0235	0.0201	0.0034	17%
AFFO	0.0218	0.0198	0.0020	10%
Distributions	0.0128	0.0111	0.0017	15%

⁽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

⁽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 June 30	3 months			6 months		
	2020	2019	Δ	2020	2019	Δ
Net income (loss) attributable to unitholders	2,515,312	145,694	2,369,618	6,633,788	196,564	6,437,224
Debt issuance costs	-	30,660	(30,660)	-	30,660	(30,660)
Δ in value of investment properties	14,908	790,562	(775,654)	(2,362,973)	1,632,799	(3,995,772)
Δ in value of investment properties in joint ventures	(20,228)	975	(21,203)	(425,134)	77,126	(502,260)
Unit based compensation	(75,550)	118,400	(193,950)	104,450	181,580	(77,130)
Δ in liability component of convertible debentures	56,167	31,850	24,317	18,379	19,101	(722)
Δ in fair value of derivative financial instruments	(666,305)	5,550	(671,855)	(688,205)	(13,655)	(674,550)
Accretion of lease payments	6,804	-	6,804	13,516	-	13,516
Income taxes	(216)	(1,948)	1,732	(216)	(1,948)	1,732
FFO ⁽¹⁾	1,830,892	1,121,743	63%	3,293,605	2,122,227	55%
FFO per unit	0.0125	0.0103	21%	0.0235	0.0201	17%
Recurring FFO ⁽¹⁾	1,830,892	1,121,743	63%	3,293,605	2,122,227	55%
Recurring FFO per unit	0.0125	0.0103	21%	0.0235	0.0201	17%
Distributions	939,031	592,324	346,707	1,814,824	1,156,149	658,675
Distributions per unit	0.0064	0.0056	14%	0.0128	0.0111	15%
FFO - after distributions	0.0061	0.0047	29%	0.0108	0.0090	19%
Recurring FFO - after distributions	0.0061	0.0047	29%	0.0108	0.0090	19%
Distributions per unit as a % of						
FFO per unit	51%	54%	(3%)	54%	55%	(1%)
Recurring FFO per unit	51%	54%	(3%)	54%	55%	(1%)
Weighted avg. units o/s						
Basic	146,966,499	109,279,842	37,686,657	139,966,446	105,464,238	34,502,208
Diluted	151,262,384	114,157,122	37,105,262	144,262,331	110,341,518	33,920,813

⁽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 June 30th, 2020 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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