

67

Properties

\$172m*

Inv. Properties

2.55¢

Annual Dist.

52%*

FFO Payout Ratio

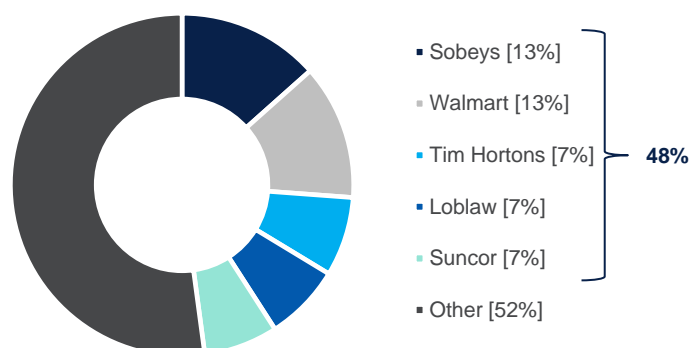
*As at September 30, 2020

CORPORATE PROFILE

Fronsac is an open-ended real estate investment trust that has a mission to acquire and retain high quality commercial real estate leased on a long-term, management-free, net basis.

- Holds interests in 67 properties in Eastern Canada;
- Nearly 100% occupancy rate;
- Tenants composed of (1) fast food chains, (2) major oil/gas companies, (3) convenience store chains, (4) major retailers and (5) others;
- **Insiders own ~18% of the Trust.**

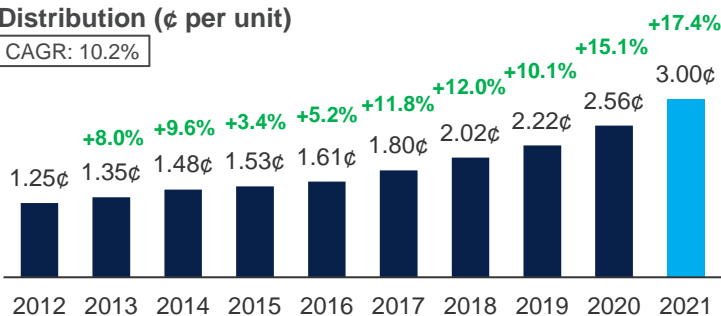
TOP 5 TENANTS (based on NOI) – 9 months 2020



PER UNIT HIGHLIGHTS

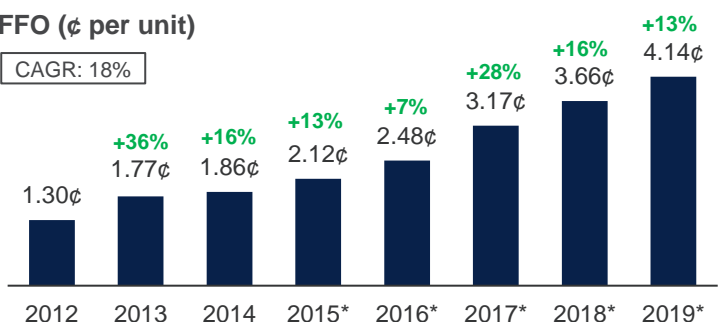
Distribution (¢ per unit)

CAGR: 10.2%



FFO (¢ per unit)

CAGR: 18%



*Recurring FFO

BUSINESS MODEL

1. TRIPLE NET AND MANAGEMENT-FREE LEASES

Triple Net

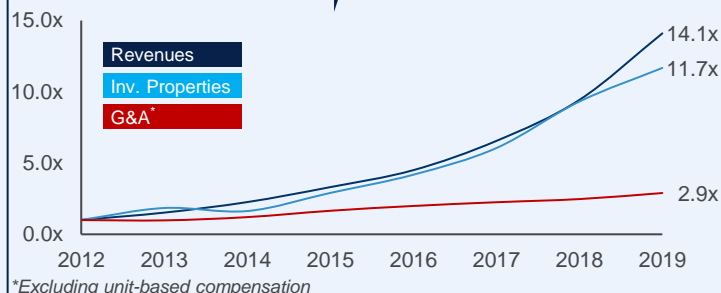
Variable costs (insurance, taxes, maintenance, etc.) are assumed by tenants

- **More stable & predictable cash flows for Fronsac**

Management-free

Tenants are responsible for the management of the property (maintenance, minor renovations, etc.)

- **Overhead does not increase with new acquisitions**
- **New revenues translated into distributions faster**



*Excluding unit-based compensation

2. PROPERTY TYPE

- Leased to **credit rated national tenants**
- Choice of location for tenant is **revenue-driven** (need good access, visibility & high traffic) unlike other segments that are expense-driven (need to cut costs, not related to the success of the business)
- **Higher probabilities of renewal**
- **Less tenant improvements** needed to keep the tenant as location is crucial for the business, hence **smoother cash flow** for Fronsac

3. ACQUISITION STRATEGY

- Properties are being acquired from various sources as well as retailers under sale and leaseback agreements
- Fronsac also participates in select developments
- Typical transaction is too large for individual investors but not large enough for larger firms

SUMMARY OF FINANCIAL INFORMATION

Periods ended September 30	2020	2019	Δ	%
Financial info				
Property rental income	9,286,366	6,650,030	2,636,336	40%
Net income (loss) and comprehensive income (loss)	8,773,525	5,078,881	3,694,644	73%
NOI ⁽¹⁾	7,126,776	5,142,963	1,983,813	39%
FFO ⁽¹⁾	5,149,863	3,319,677	1,830,186	55%
Recurring FFO ⁽¹⁾⁽²⁾	5,139,573	3,319,677	1,819,896	55%
AFFO ⁽¹⁾	4,747,684	3,276,191	1,471,493	45%
Investment properties ⁽³⁾	171,615,448	133,413,308	38,202,140	29%
Total assets	159,169,429	126,614,742	32,554,687	26%
Total equity	74,303,173	53,031,403	21,271,770	40%
Weighted average units o/s - basic	142,399,929	109,356,605	33,043,324	30%
Amounts on a per unit basis				
FFO	0.0362	0.0304	0.0058	19%
Recurring FFO	0.0361	0.0304	0.0057	19%
AFFO	0.0333	0.0300	0.0033	11%
Distributions	0.0192	0.0167	0.0025	15%
Financial ratios				
Weighted avg. interest rate - fixed mortgages	3.7%	3.9%	(0.2%)	
Debt to gross assets - excluding converts ⁽⁴⁾	50%	54%	(4%)	
Interest coverage ratio	3.0x	2.6x	0.4x	
Debt service coverage ratio	1.9x	1.7x	0.1x	
Distributions as a % of FFO	53%	55%	(2%)	
Other				
Average term to maturity - mortgages	5.4	4.4	1.0	
Average term to maturity - leases	7.9	8.9	(1.0)	

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

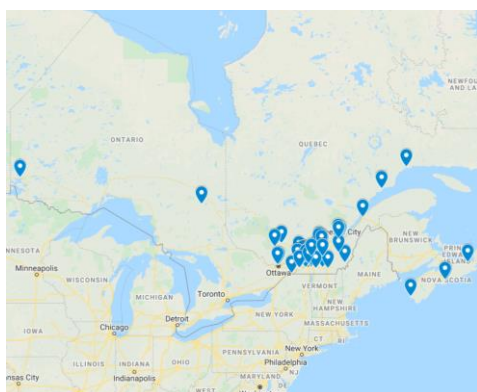
⁽²⁾ Recurring FFO excludes "Other income" items as presented on the Consolidated Financial Statements

⁽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

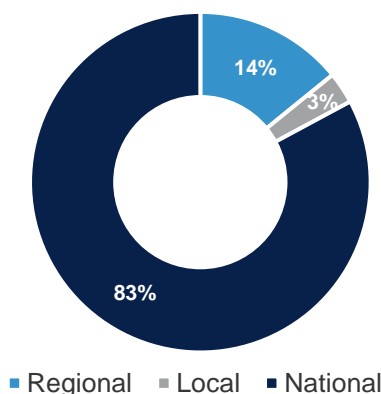
⁽⁴⁾ Excludes convertible debentures

PORTFOLIO OVERVIEW

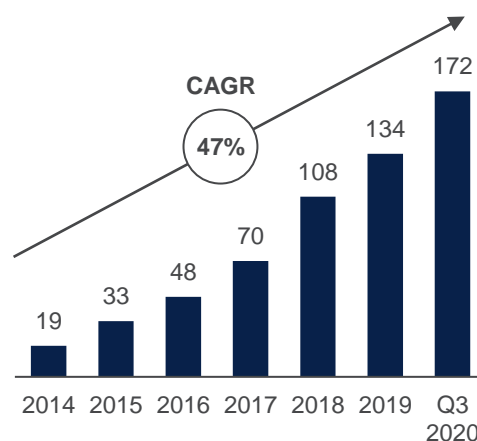
Locations



Tenants Mix⁽¹⁾



Investment Properties (in \$M)



(1) By NOI; for the 9 month period ended September 30, 2020

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