

## PRESS RELEASE

FOR IMMEDIATE RELEASE

May 20, 2021

### FRONSAC ANNOUNCES ITS RESULTS FOR THE QUARTER ENDED MARCH 31, 2021, MONTHLY DISTRIBUTIONS FOR Q3 2021 AND MANAGEMENT APPOINTMENTS

**Montreal (Quebec) - (TSX-V: FRO.UN)** Fronsac Real Estate Investment Trust ("Fronsac" or the "Trust") announces its results for the quarter ended March 31<sup>st</sup>, 2021, monthly distributions for the months of July, August and September 2021 and management appointments.

#### RESULTS

For the quarter ended March 31<sup>st</sup>, 2021, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of \$0.140 compared to \$0.110 per unit for the quarter ended March 31, 2020, an increase of 27%. Recurring FFO was \$2,433,267, an increase of 66% (\$1,462,713 in Q1 2020). During Q1 2021, the Trust's property rental income was \$4,453,791 compared to \$2,863,606 in Q1 2020, an increase of 56%. Net operating Income was \$3,279,414 compared to \$2,198,785 in Q1 2020, an increase of 49%. Fronsac recorded a net income attributable to unitholders of \$223,673, or \$0.013 per unit, compared to \$4,118,476, or \$0.310 per unit in Q1 2020.

#### DISTRIBUTIONS

Fronsac announces that it will make monthly cash distributions of \$0.025 per unit, representing \$0.30 per unit on an annualized basis, on July 30<sup>th</sup>, August 31<sup>st</sup> and September 30<sup>th</sup>, 2021 to unitholders of record on July 15<sup>th</sup>, August 13<sup>th</sup> and September 15<sup>th</sup>, 2021, respectively.

#### COLLECTIONS

During Q1 2021, Fronsac collected 100% of its rents.

#### MANAGEMENT APPOINTMENTS

It is with pleasure that we announce, effective June 1<sup>st</sup>, 2021, the nomination of Mr. Kevin Henley to the newly created role of Chief Investment Officer. Mr. Henley has been in his current role of Chief Financial Officer since November 7, 2017. With this new role, Mr. Henley will have an increased focus on the existing and new investments of Fronsac. With the nomination of Mr. Henley to Chief Investment Officer, Mr. Ben Gazith will assume the role of Chief Financial Officer. Mr. Gazith has been with Fronsac since January 1, 2020 and has assumed the responsibility of the financial reporting cycle.

Jason Parravano, President and CEO says: "On behalf of myself and the Board of Trustees, I want to first congratulate Mr. Gazith and Mr. Henley on their new roles. We are pleased to share our results, which once again demonstrate accretion in our per unit FFO as a result of recent acquisitions and developments. Furthermore, we continue to demonstrate the resilience of our portfolio as we continue demonstrate best in class collections."

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the period ended March 31<sup>st</sup>, 2021 and its comparative period. This information should be read in

conjunction with the Consolidated Financial Statements and MD&A for the quarter ended March 31<sup>st</sup>, 2021 and Consolidated Financial Statements and MD&A for the quarter ended March 31<sup>st</sup>, 2020.

## SUMMARY OF SELECTED FINANCIAL INFORMATION

Periods ended March 31	3 months		Δ	%
	2021	2020		
<b>Financial info</b>				
Property rental income	4,453,791	2,863,606	1,590,185	56%
Total revenue	4,453,791	2,863,606	1,590,185	56%
Net income (loss) and comprehensive income (loss)	223,673	4,118,476	(3,894,803)	(95%)
NOI <sup>(1)</sup>	3,279,414	2,198,785	1,080,629	49%
FFO <sup>(1)</sup>	2,433,267	1,462,713	970,554	66%
Recurring FFO <sup>(1)(2)</sup>	2,433,267	1,462,713	970,554	66%
AFFO <sup>(1)</sup>	2,236,544	1,349,626	886,918	66%
EBITDA	515,334	4,803,647	(4,288,313)	(89%)
Adjusted EBITDA <sup>(1)</sup>	3,132,047	2,020,860	1,111,187	55%
Investment properties	187,591,316	137,321,331	50,269,985	37%
Adjusted investment properties <sup>(3)</sup>	225,561,827	160,828,581	64,733,246	40%
Total assets	208,549,407	155,220,627	53,328,780	34%
Total mortgage/loans/long term debt <sup>(4)</sup> (including revolving line of credit)	106,859,491	71,064,054	35,795,437	50%
Total convertible debentures	8,128,852	2,985,538	5,143,314	172%
Total equity	89,408,345	71,358,784	18,049,561	25%
Weighted average units o/s - basic	17,420,614	13,296,639	4,123,975	31%
<b>Amounts on a per unit basis</b>				
FFO	0.140	0.110	0.030	27%
Recurring FFO	0.140	0.110	0.030	27%
AFFO	0.128	0.102	0.027	26%
Distributions	0.075	0.064	0.011	17%

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

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

(3) Adjusted Investment Properties includes the Trust's proportionate share of value of investment properties owned through joint ventures; Refer to Note 4 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 March 31	3 months		Δ
	2021	2020	
Net income (loss) attributable to unitholders	223,673	4,118,476	(3,894,803)
Debt issuance costs	-	-	-
Δ in value of investment properties	1,450,766	(2,377,881)	3,828,647
Δ in value of investment properties in joint ventures	1,165,947	(404,906)	1,570,853
Unit based compensation	299,171	180,000	119,171
Δ in liability component of convertible debentures	-	(37,788)	37,788
Δ fair value adjustments on derivative financial instruments	(713,377)	(21,900)	(691,477)
Accretion of lease payments	7,087	6,712	375
Income taxes	-	-	-
FFO <sup>(1)</sup>	2,433,267	1,462,713	66%
FFO per unit	0.140	0.110	27%
Other revenues	-	-	-
Recurring FFO <sup>(1)</sup>	2,433,267	1,462,713	66%
Recurring FFO per unit	0.140	0.110	27%
Distributions	1,307,150	875,793	431,357
Distributions per unit	0.075	0.064	17%
FFO per unit - after distributions	0.065	0.046	40%
Recurring FFO per unit - after distributions	0.065	0.046	40%
Distributions per unit as a % of			
FFO per unit	54%	58%	(4%)
Recurring FFO per unit	54%	58%	(4%)
Weighted avg. units o/s			
Basic	17,420,614	13,296,639	4,123,975

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

**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 March 31<sup>st</sup>, 2021 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

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