

64

Properties

\$169m\*

Inv. Properties

2.55¢

Annual Dist.

54%\*

FFO Payout Ratio

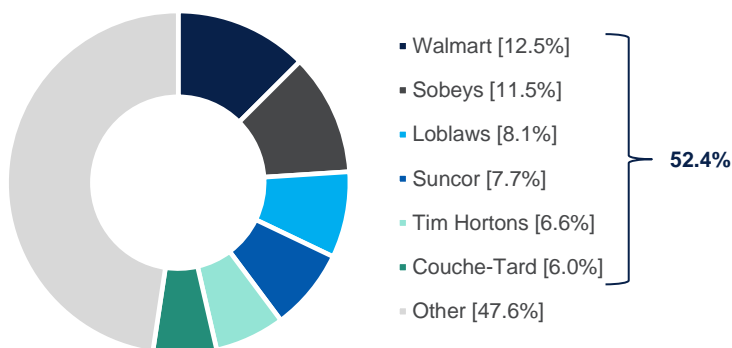
\*As at June 30, 2020

### 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 64 properties in Eastern Canada;
- Consistent 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.**

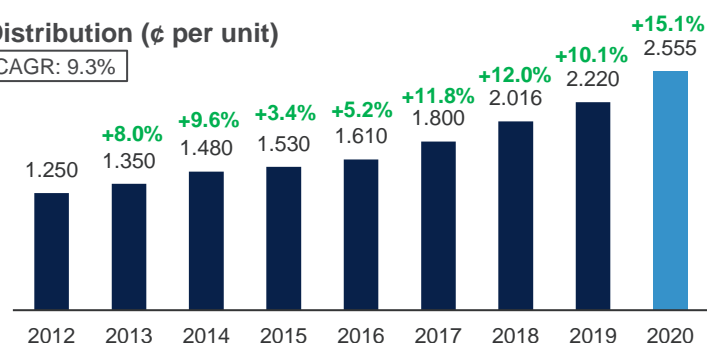
### MAIN TENANTS (based on NOI) – H1 2020



### PER UNIT HIGHLIGHTS

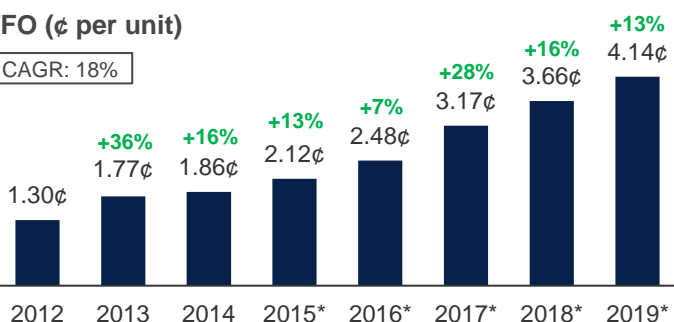
#### Distribution (¢ per unit)

CAGR: 9.3%



#### FFO (¢ per unit)

CAGR: 18%



\*Recurring FFO

### BUSINESS MODEL

#### 1. TRIPLE NET AND MANAGEMENT-FREE LEASES

##### Triple Net

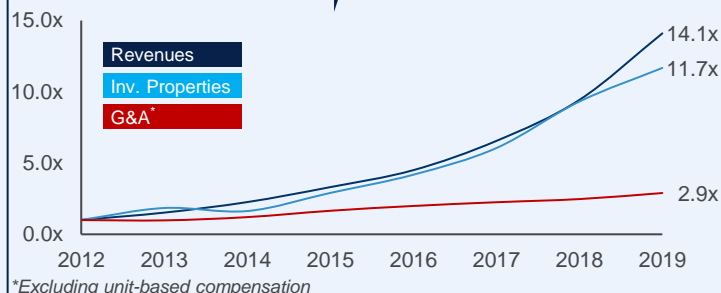
Variable costs (insurance, taxes, maintenance, etc.) are assumed by tenants

- **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**



#### 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 June 30	2020	2019	Δ	%
<b>Financial info</b>				
Property rental income	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 <sup>(1)</sup>	4,649,167	3,261,215	1,387,952	43%
FFO <sup>(1)</sup>	3,293,605	2,122,227	1,171,378	55%
Recurring FFO <sup>(1)(2)</sup>	3,293,605	2,122,227	1,171,378	55%
AFFO <sup>(1)</sup>	3,046,411	2,086,315	960,096	46%
Investment properties <sup>(3)</sup>	168,805,328	123,749,775	45,055,553	36%
Total assets	157,837,222	117,063,470	40,773,752	35%
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%
<b>Amounts on a per unit basis</b>				
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%
<b>Financial ratios</b>				
Weighted avg. interest rate - fixed mortgages	3.7%	4.0%	(0.3%)	
Debt to gross assets - excluding converts <sup>(4)</sup>	50%	52%	(2%)	
Interest coverage ratio	3.0	2.7	0.4	
Debt service coverage ratio	1.9	1.6	0.1	
Distributions as a % of FFO	54%	55%	(1%)	
<b>Other</b>				
Average term to maturity - mortgages	5.8	4.8	1.0	
Average term to maturity - leases	8.3	9.1	(0.8)	

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

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

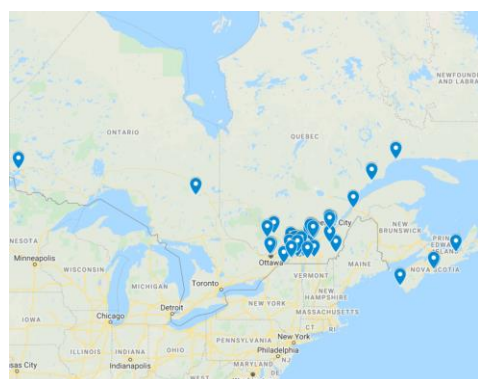
<sup>(3)</sup> Includes value of investment properties owned through joint ventures; Refer to Note 4 (Investment Properties) and Note 5 ([1] value of developed properties,

[2] leased properties and [3] properties under development) in Fronsac's financial statements

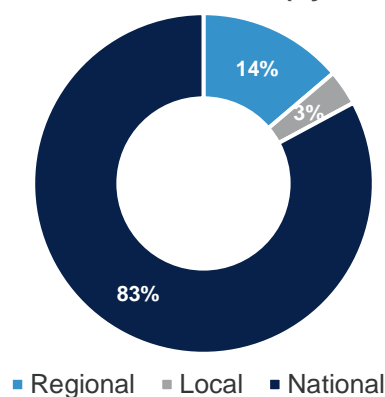
<sup>(4)</sup> Excludes convertible debentures

## PORTFOLIO OVERVIEW

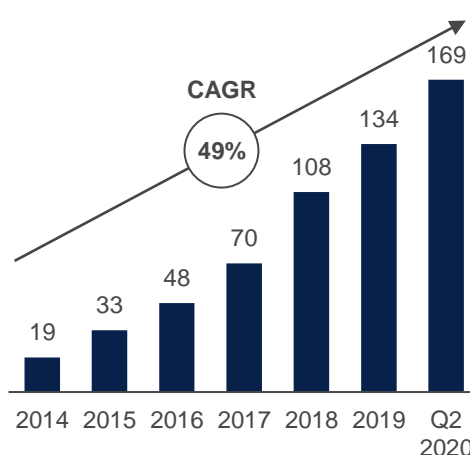
## Locations



## H1 2020 Tenants Mix (by NOI)



## Investment Properties (in \$M)



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