



FP Newspapers Inc. Announces Long Term Debt Renewal

Winnipeg, January 31, 2020 – FP Newspapers Inc. (“FPI”) today announced that FP Canadian Newspapers Limited Partnership (“FPLP”) has completed a long-term debt renewal agreement with HSBC Bank Canada. The loan has an authorized limit of \$13.5 million and FPLP will make a \$2.0 million repayment on or before the January 31 renewal date. The loan includes annual principal repayments of \$1.0 million due on June 1 along with a cash sweep to be paid no later than 90 days after the end of each fiscal year with the first sweep due on March 31, 2021 for the 2020 fiscal year. The cash sweep is equal to 20% of FPLP’s annual distributable cash as defined in the agreement. The new loan agreement matures on January 31, 2023. Similar to the original facility, the renewal facility includes negative covenants which must be observed in order to avoid an accelerated termination of the agreement. The maximum leverage ratio is 3.0 to 1 as long as the outstanding loan balance is at or above \$10.0 million and below this level there is no requirement to maintain a specified leverage ratio. The fixed charge coverage ratio cannot fall below 2.0 to 1 while the loan balance is at or above \$10.0 million and reduces to 1.5 to 1 when the outstanding loan balance falls below \$10.0 million. The ratio calculations are defined in the agreement and measured quarterly on a trailing 12 month basis. The loan is secured by all of the assets of the businesses and additionally a mortgage registered on FPLP’s Winnipeg land and buildings. The variable interest rate is based on a grid determined by the trailing 12 month leverage ratio and is currently at its lowest level at 4.05%.

“Our business relationship with HSBC Bank Canada started in 2009 when they provided a \$60.0 million loan facility and they have been a valued business partner ever since,” said Robert Silver Chairman and President of FPI. “Progress made to date on repaying our debt has been significant and achieved through the hard work of all our dedicated employees. We will continue to work hard and smart in this challenging business and have set a goal to have this debt fully repaid before the end of 2022 which marks the 150th anniversary of the first publication of the Winnipeg Free Press.”

About FPI

FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership (“FPLP”). FPLP owns the Winnipeg Free Press, the Brandon Sun, and their related businesses, as well as the Canstar Community News division, the publisher of six community newspapers in the Winnipeg region, and The Carillon in Steinbach with its related commercial printing operations. The businesses employ 364 full-time equivalent people in Winnipeg, Brandon, and Steinbach Manitoba. Further information can be found at www.fpnewspapers.com and in disclosure documents filed by FP Newspapers Inc. with the securities regulatory authorities, available at www.sedar.com.

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