

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

May 26th, 2017

FRONSAC REIT ANNOUNCES STRONG GROWTH IN THE RESULTS FOR THE QUARTER ENDED MARCH 31ST, 2017 AND THE JUNE 30TH, 2017 REGULAR QUARTERLY DISTRIBUTION

Montreal (Quebec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust (“Fronsac REIT” or “Fronsac”) today announced its results for the quarter ended March 31st, 2017 and a distribution of 0.45¢ per unit to unitholders of record on June 16th, 2017 and payable on June 30th, 2017.

For the quarter ended March 31st, 2017, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 0.86¢ compared to 0.58¢ per unit for the quarter ended March 31st, 2016, an increase of 49%. Recurring FFO was \$509,113, an increase of 90% (\$268,236 in Q1 2016). For Q1 2017, During Q1 2017 the Trust's property rental income was \$969,635 compared to \$601,740 in Q1 2016, an increase of 61%. NOI (Net operating Income) was \$781,131 compared to \$662,469 in Q1 2016, an increase of 18%. Fronsac recorded a net income attributable to unitholders of \$1,840,152, or 3.1¢ per unit, compared to net income of \$1,528,631, or 3.3¢ per unit, in Q1 2016.

Jason Parravano President and CEO said: “Q1 2017 was another great quarter for Fronsac. We continued our expansion plans with our first joint venture with Odacité Development. Subsequent to the end of the quarter we closed another \$5,000,000 round of financing which will allow us to further pursue our growth initiatives.”

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended March 31st, 2017 and its comparative period. This information should be read in conjunction with the Consolidated Financials Statements and MD&A for the quarters ended March 31st, 2017 and March 31st, 2016.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended March 31	3 months		Δ	%
	2017	2016		
Financial info				
Property rental income	969,635	601,740	367,895	61%
Total revenue	969,635	751,740	217,895	29%
NOI ⁽¹⁾	781,131	662,469	118,662	18%
FFO ⁽¹⁾	509,113	418,236	90,877	22%
Recurring FFO ⁽¹⁾	509,113	268,236	240,877	90%
AFFO ⁽¹⁾	500,268	384,397	115,871	30%
EBITDA ⁽¹⁾	690,074	591,702	98,372	17%
Investment properties ⁽²⁾	50,873,143	34,808,863	16,064,280	46%
Total assets	50,318,833	35,319,808	14,999,025	42%
Total mortgage/loans/long term debt ⁽³⁾	24,991,267	17,878,692	7,112,575	40%
Total exchangeable preferred units	956,072	916,457	39,615	4%
Total convertible debentures	253,259	251,895	1,364	1%
Total equity	23,022,113	15,490,110	7,532,003	49%
Weighted average units o/s - basic	59,269,263	46,378,751	12,890,512	28%
Amounts on a per unit basis				
FFO	0.0086	0.0090	(0.0004)	(5%)
Recurring FFO	0.0086	0.0058	0.0028	49%
AFFO	0.0084	0.0083	0.0002	2%
Distributions	0.0045	0.0039	0.0006	16%

⁽¹⁾ Non-IFRS financial measures

⁽²⁾ Includes value of investment properties owned through joint ventures

⁽³⁾ Excludes convertible debentures and exchangeable preferred units

RECONCILIATION OF NET INCOME TO FFO

Periods ended March 31	3 months		Δ
	2017	2016	
Net income (loss) attributable to unitholders	1,840,152	1,528,631	311,521
Δ in value of investment properties	(1,334,751)	(1,090,184)	(244,567)
Δ in value of investment properties in joint ventures	(31,140)	(27,984)	(3,156)
Unit based compensation	28,475	-	28,475
Δ in liability component of exchangeable preferred units	14,352	13,443	909
Δ in fair value of derivative financial instruments	(6,180)	(4,915)	(1,265)
Δ in fair value of other financial components	(1,795)	(755)	(1,040)
Income taxes	-	-	-
FFO ⁽¹⁾ - basic	509,113	418,236	22%
FFO per unit - basic	0.0086	0.0090	(5%)
Distributions paid on exchangeable units (if dilutive)	13,897	11,967	1,930
FFO - diluted	523,010	430,203	22%
FFO per unit - diluted	0.0084	0.0087	(4%)
Recurring FFO - basic	509,113	268,236	90%
Recurring FFO per unit - basic	0.0086	0.0058	49%
Distributions	266,847	179,718	87,129
Distributions per unit	0.0045	0.0039	16%
FFO - basic after distributions	0.0041	0.0051	(0.0011)
Recurring FFO - basic after distribution	0.0041	0.0019	0.0022
Distributions as a % of FFO - basic	52%	43%	9%
Distributions as a % of Recurring FFO - basic	52%	67%	(15%)
Weighted avg. units o/s			
Basic	59,269,263	46,378,751	12,890,512
Diluted	62,357,463	49,466,951	12,890,512

⁽¹⁾ FFO is a Non-IFRS financial measure

About Fronsac - Fronsac Real Estate Investment Trust is an open-ended trust that acquires and owns high quality commercial real estate properties situated along highways or frequently travelled routes, rented to strong tenants under long term, management free and net leases. These properties are typically occupied by tenants within the following sectors; (1) Fast food chains, (2) Major oil/gas companies and (3) Convenience store chains.

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 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.

Neither the TSX Venture Exchange Inc., nor its Regulatory Services Provider (as that term is defined in the Policy of the TSX Venture Exchange and its Regulatory Services Provide) accepts any responsibility for the adequacy or accuracy of this release.

The March 31st, 2017 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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