

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

March 16th, 2017

FRONSAC REIT ANNOUNCES STRONG GROWTH IN THE RESULTS FOR 2016 AND THE MARCH 31ST, 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 year ended 2016 and a distribution of 0.45¢ per unit to unitholders of record on March 17th, 2017 and payable on March 31st, 2017.

For the quarter ended December 31st, 2016, Fronsac reported recurring funds from operations ("Recurring FFO") of \$394,989, an increase of 82% (\$217,419 in Q4 2015). For Q4 2016, Recurring FFO per unit was 0.67¢ compared to 0.47¢ per unit for the quarter ended December 31st, 2015, an increase of 42%. During Q4 2016 the Trust's property rental income was \$874,879 compared to \$615,542 in Q4 2015, an increase of 42%. NOI (Net operating Income) was \$737,681 compared to \$487,005 in Q4 2015, an increase of 51%. Fronsac recorded a net income attributable to unitholders of \$678,913, or 1.15¢ per unit, compared to net income of \$45,020 or 0.10¢ per unit, in Q4 2015.

For the twelve months ended December 31st, 2016, Fronsac reported recurring funds from operations ("Recurring FFO") of \$1,297,438, an increase of 32% (\$982,246 in 2015). For 2016, Recurring FFO per unit was 2.48¢ compared to 2.12¢ per unit for the year ended December 31st, 2015, an increase of 17%. During the period the Trust's property rental income was \$2,837,021 compared to \$2,198,921 in 2015, an increase of 29%. NOI (Net operating Income) was \$2,580,709 compared to \$1,965,701 in 2015, an increase of 31%. Fronsac recorded a net income attributable to unitholders of \$3,196,819, or 6.10¢ per unit, compared to net income of \$1,261,435 or 2.73¢ per unit, for 2015.

Jason Parravano President and CEO said: “We are proud to share with you our results for 2016. We believe that these results speak truth to our commitment of focussing on per unit accretion from our new investments.”

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended December 31st, 2016 and its comparative period. This information should be read in conjunction with the Consolidated Financials Statements and MD&A for the years ended December 31st, 2016 and December 31st, 2015.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended December 31	12 months		Δ	%
	2016	2015		
Financial info				
Property rental income	2,837,021	2,198,921	638,100	29%
Total revenue	2,992,371	2,291,631	700,740	31%
NOI ⁽¹⁾	2,580,709	1,965,701	615,008	31%
FFO ⁽¹⁾	1,212,796	1,074,956	137,840	13%
Recurring FFO ⁽¹⁾	1,297,438	982,246	315,192	32%
AFFO ⁽¹⁾	1,371,167	1,066,031	305,136	29%
EBITDA ⁽¹⁾	1,934,812	1,653,718	281,094	17%
Investment properties ⁽²⁾	48,065,082	33,360,523	14,704,559	44%
Total assets	48,355,249	33,754,607	14,600,642	43%
Total mortgage/loans/long term debt ⁽³⁾	24,547,956	16,467,370	8,080,586	49%
Total exchangeable preferred units	945,830	907,101	38,729	4%
Total convertible debentures	249,149	247,808	1,341	1%
Total equity	21,419,308	14,141,197	7,278,111	51%
Weighted average units o/s - basic	52,403,772	46,290,395	6,113,377	13%
Amounts on a per unit basis				
FFO	0.0231	0.0232	(0.0001)	(0%)
Recurring FFO	0.0248	0.0212	0.0035	17%
AFFO	0.0262	0.0230	0.0031	14%
Distributions	0.0161	0.0153	0.0008	5%

⁽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 December 31	3 months			12 months		
	2016	2015	Δ	2016	2015	Δ
Net income (loss) attributable						
to unitholders	678,913	45,020	633,893	3,196,819	1,261,435	1,935,384
Δ in value of investment properties	(283,708)	147,487	(431,195)	(2,088,379)	(221,248)	(1,867,131)
Δ in value of investment properties in joint ventures	(19,771)	-	(19,771)	(47,755)	-	(47,755)
Unit based compensation	(200)	-	(200)	40,875	(18,699)	59,574
Δ in liability component of exchangeable preferred units	6,596	5,707	889	40,070	36,629	3,441
Δ in fair value of derivative financial instruments	(4,620)	(4,985)	365	48,515	(8,055)	56,570
Δ in fair value of other financial components	(1,045)	(810)	(235)	3,605	(870)	4,475
Income taxes	18,824	25,000	(6,176)	19,046	25,764	(6,718)
FFO ⁽¹⁾ - basic	394,989	217,419	82%	1,212,796	1,074,956	13%
FFO per unit - basic	0.0067	0.0047	42%	0.0231	0.0232	(0%)
Distributions paid on exchangeable units (if dilutive)	12,585	11,966	619	49,720	45,343	4,377
FFO - diluted	407,574	229,385	78%	1,262,516	1,120,299	13%
FFO per unit - diluted	0.0065	0.0046	41%	0.0228	0.0227	0%
Recurring FFO - basic	394,989	217,419	82%	1,297,438	982,246	32%
Recurring FFO per unit - basic	0.0067	0.0047	42%	0.0248	0.0212	17%
Distributions	241,441	179,718	61,723	790,073	709,618	80,455
Distributions per unit	0.0041	0.0039	5%	0.0161	0.0153	5%
FFO - basic after distributions	0.0026	0.0008	0.0018	0.0070	0.0079	(0.0009)
Recurring FFO - basic after distribution	0.0026	0.0008	0.0018	0.0087	0.0059	0.0028
Distributions as a % of FFO - basic	61%	83%	(22%)	70%	66%	4%
Distributions as a % of Recurring FFO - basic	61%	83%	(22%)	65%	72%	(7%)
Weighted avg. units o/s						
Basic	59,249,263	46,378,751	12,870,512	52,403,772	46,290,395	6,113,377
Diluted	62,337,463	49,466,951	12,870,512	55,491,972	49,378,595	6,113,377

⁽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 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 December 31st, 2016 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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