

# FRONSAC REAL ESTATE INVESTMENT TRUST

## PRESS RELEASE

### FOR IMMEDIATE RELEASE

May 25, 2018

## FRONSAC ANNOUNCES SOLID RESULTS FOR THE QUARTER ENDED MARCH 31, 2018 AND ITS DISTRIBUTIONS FOR THE MONTHS OF JULY, AUGUST AND SEPTEMBER 2018

**Montreal (Quebec) - (TSX-V: GAZ.UN)** Fronsac Real Estate Investment Trust (“Fronsac REIT” or “Fronsac”) today announced its results for the quarter ended March 31<sup>st</sup>, 2018, and that it will make monthly cash distributions of 0.168¢ per unit, representing 2.016¢ per unit on an annualized basis, on July 31<sup>st</sup>, August 31<sup>st</sup> and September 28<sup>th</sup>, 2018 to unitholders of record on July 16<sup>th</sup>, August 15<sup>th</sup> and September 14<sup>th</sup>, 2018, respectively.

**For the quarter ended March 31<sup>th</sup>, 2018**, Fronsac reported recurring funds from operations (“Recurring FFO”) per unit of 0.91¢ compared to 0.86¢ per unit for the quarter ended March 31<sup>th</sup>, 2017, an increase of 6%. Recurring FFO was \$777,049, an increase of 53% (\$509,113 in Q1 2017). During Q1 2018 the Trust’s property rental income was \$1,361,751 compared to \$969,635 in Q1 2017, an increase of 40%. NOI (Net operating Income) was \$1,088,893 compared to \$781,131 in Q1 2017, an increase of 39%. Fronsac recorded a net income attributable to unitholders of \$1,373,354, or 1.6¢ per unit, compared to a net income of \$1,840,152, or 3.1¢ per unit, in Q1 2017.

Jason Parravano President and CEO said: “2018 is off to a great start for Fronsac. We completed our Benny & Co. development in Cap Rouge, Quebec as well as our largest single property acquisition to date, the Bureau en Gros in Gatineau, Quebec. We continue to stay true to our business model and fuel our pipeline with acquisitions which are immediately accretive to our per unit results.”

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended March 31<sup>th</sup>, 2018 and its comparative period. This information should be read in conjunction with the Consolidated Financials Statements and MD&A for the quarters ended March 31<sup>th</sup>, 2018 and March 31<sup>th</sup>, 2017.

## SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended March 31	3 months		Δ	%
	2018	2017		
<b>Financial info</b>				
Property rental income	1,361,751	969,635	392,116	40%
Total revenue	1,376,751	969,635	407,116	42%
NOI <sup>(1)</sup>	1,088,893	781,131	307,762	39%
FFO <sup>(1)</sup>	792,049	509,113	282,936	56%
Recurring FFO <sup>(1)</sup>	777,049	509,113	267,936	53%
AFFO <sup>(1)</sup>	790,780	500,268	290,512	58%
EBITDA <sup>(1)</sup>	1,014,097	691,099	322,998	47%
Investment properties <sup>(2)</sup>	77,974,669	50,873,143	27,101,526	53%
Total assets	77,151,567	50,318,833	26,832,734	53%
Total mortgage/loans/long term debt <sup>(3)</sup>	37,809,315	24,991,267	12,818,048	51%
Total exchangeable preferred units	-	956,072	(956,072)	(100%)
Total convertible debentures	254,714	253,259	1,455	1%
Total equity	37,690,821	23,022,113	14,668,708	64%
Weighted average units o/s - basic	85,659,099	59,269,263	26,389,836	45%
<b>Amounts on a per unit basis</b>				
FFO	0.0092	0.0086	0.0008	9%
Recurring FFO	0.0091	0.0086	0.0005	6%
AFFO	0.0092	0.0084	0.0008	9%
Distributions	0.0050	0.0045	0.0005	10%

<sup>(1)</sup> Non-IFRS financial measures

<sup>(2)</sup> Includes value of investment properties owned through joint ventures

<sup>(3)</sup> Excludes convertible debentures and exchangeable preferred units

## RECONCILIATION OF NET INCOME TO FFO

Periods ended March 31	3 months		Δ
	2018	2017	
Net income attributable to unitholders	1,373,354	1,840,152	(466,798)
Δ in value of investment properties	(674,827)	(1,334,751)	659,924
Δ in value of investment properties in joint ventures	60,489	(31,140)	91,629
Unit based compensation	41,080	28,475	12,605
Δ in liability component of exch. preferred units & debentures	4,133	14,352	(10,219)
Δ in fair value of derivative financial instruments	(12,180)	(7,975)	(4,205)
Income taxes	-	-	-
FFO <sup>(1)</sup> - basic	792,049	509,113	56%
FFO per unit - basic	0.0092	0.0086	8%
Distributions paid on exchangeable units (if dilutive)	-	13,897	(13,897)
FFO - diluted	792,049	523,010	51%
FFO per unit - diluted	0.0092	0.0083	11%
Recurring FFO - basic	777,049	509,113	53%
Recurring FFO per unit - basic	0.0091	0.0086	6%
Distributions	431,785	266,847	164,938
Distributions per unit	0.0050	0.0045	12%
FFO - basic after distributions	0.0042	0.0041	0.0001
Recurring FFO - basic after distributions	0.0040	0.0041	(0.0001)
Distributions as a % of FFO - basic	55%	52%	3%
Distributions as a % of Recurring FFO - basic	56%	52%	4%
Weighted avg. units o/s			
Basic	85,659,099	59,269,263	26,389,836
Diluted	86,240,494	62,938,858	23,301,636

<sup>(1)</sup> 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 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 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 31<sup>th</sup>, 2018 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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