

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

November 10th, 2016

FRONSAC REIT ANNOUNCES VERY STRONG RESULTS FOR Q3 2016, THE DECEMBER 30TH, 2016 REGULAR QUARTERLY DISTRIBUTION AND A 10% INCREASE TO THE 2017 ANNUAL DISTRIBUTION

Montreal (Quebec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust ("Fronsac REIT" or "Fronsac") today announced its results for Q3 2016 and a distribution of 0.4075¢ per unit to unitholders of record on December 16th, 2016 and payable on December 30th, 2016.

In addition we are also pleased to announce an increase to the annual distribution rate for 2017 to 1.80¢ per unit from 1.63¢, an increase of 10%. This increase will be effective for the March 31st, 2017 distribution. This increase marks the sixth consecutive annual distribution increase.

For the quarter ended September 30th, 2016, Fronsac reported recurring funds from operations ("Recurring FFO") of \$369,586, an increase of 25% (\$295,023 in Q3 2015). For Q3 2016, Recurring FFO per unit was 0.643¢ compared to 0.637¢ per unit for the quarter ended September 30th, 2015, an increase of 1%. During Q3 2016 the Trust's property rental income was \$713,597 compared to \$596,269 in Q3 2015, an increase of 20%. NOI (Net operating Income) was \$623,255 compared to \$515,450 in Q3 2015, an increase of 21%. Fronsac recorded a net income attributable to unitholders of \$1,474,531, or 2.45¢ per unit, compared to net income of \$478,243 or 0.99¢ per unit, for Q3 2015.

For the nine months ended September 30th, 2016, Fronsac reported recurring funds from operations ("Recurring FFO") of \$902,450, an increase of 18% (\$767,537 in Q3 2015). For Q3 2016, Recurring FFO per unit was 1.80¢ compared to 1.66¢ per unit for the period ended September 30th, 2015, an increase of 9%. During the period the Trust's property rental income was \$1,962,143 compared to \$1,583,469 in Q3 2015, an increase of 24%. NOI (Net operating Income) was \$1,843,029 compared to \$1,478,696 in Q3 2015, an increase of 25%. Fronsac recorded a net income attributable to unitholders of \$2,517,907, or 5.03¢ per unit, compared to net income of \$1,216,415 or 2.63¢ per unit, for Q3 2015.

Michel Lassonde President and CEO said: "Q3 proved to be quite the busy quarter for Fronsac. Since our last equity issuance, we have managed to deploy just under \$12M of capital for new acquisitions that we believe stick true to our mission of increasing value for our unitholders."

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended September 30th, 2016 and its comparative period. This information should be read in conjunction with the Consolidated Financials Statements and MD&A for the quarters ended September 30th, 2016 and September 30th, 2015.

SUMMARY OF SELECTED QUARTERLY INFORMATION

Periods ended September 30	9 months		Δ	%
	2016	2015		
Financial info				
Property rental income	1,962,143	1,583,469	378,674	24%
Total revenue	2,117,493	1,673,469	444,024	27%
NOI ⁽¹⁾	1,843,029	1,478,696	364,333	25%
FFO ⁽¹⁾	817,808	857,537	(39,729)	(5%)
Recurring FFO ⁽¹⁾	902,450	767,537	134,913	18%
AFFO ⁽¹⁾	1,023,961	848,612	175,349	21%
EBITDA ⁽¹⁾	1,328,397	1,268,682	59,715	5%
Investment properties ⁽²⁾	43,419,703	31,823,651	11,596,052	36%
Total assets	43,883,680	32,143,057	11,740,623	37%
Total mortgage/loans/long term debt ⁽³⁾	20,896,070	15,974,631	4,921,439	31%
Total exchangeable preferred units	935,817	897,956	37,861	4%
Total convertible debentures	252,566	251,246	1,320	1%
Total equity	20,981,836	14,275,894	6,705,942	47%
Weighted average units o/s - basic	50,105,285	46,260,619	3,844,666	8%

⁽¹⁾ Non-IFRS financial measures

⁽²⁾ Includes value of investment properties owned through joint ventures (530 Barkoff)

⁽³⁾ Excludes exchangeable debentures and exchangeable preferred units

RECONCILIATION OF NET INCOME TO FFO

Periods ended September 30	3 months			9 months		
	2016	2015	Δ	2016	2015	Δ
Net income (loss) attributable to unitholders	1,474,531	478,243	996,288	2,517,907	1,216,415	1,301,492
Δ in value of investment properties	(1,327,506)	(170,660)	(1,156,846)	(1,804,671)	(368,735)	(1,435,936)
Δ in value of investment properties in joint ventures	(27,984)	-	(27,984)	(27,984)	-	(27,984)
Unit based compensation	-	(18,699)	18,699	41,075	(18,699)	59,774
Δ in liability component of exchangeable preferred units	13,888	13,017	871	33,474	30,922	2,552
Δ in fair value of derivative financial instruments	(3,100)	(6,150)	3,050	53,135	(3,070)	56,205
Δ in fair value of other financial components	(235)	(1,165)	930	4,650	(60)	4,710
Income taxes	-	437	(437)	222	764	(542)
FFO ⁽¹⁾ - basic	129,594	295,023	(56%)	817,808	857,537	(5%)
FFO per unit - basic	0.0023	0.0064	(65%)	0.0163	0.0185	(12%)
Distributions paid on exchangeable units (if dilutive)	-	9,982	(9,982)	44,635	40,877	3,758
FFO - diluted	129,594	305,005	(58%)	862,443	898,414	(4%)
FFO per unit - diluted	0.0023	0.0062	(63%)	0.0162	0.0182	(11%)
Recurring FFO - basic	369,586	295,023	25%	902,450	767,537	18%
Recurring FFO per unit - basic	0.00643	0.00637	1%	0.0180	0.0166	9%
Distributions	241,441	179,718	61,723	610,356	529,900	80,455
Distributions per unit	0.0041	0.0039	5%	0.0120	0.0115	5%
FFO - basic after distributions	(0.0018)	0.0025	(0.0043)	0.0043	0.0071	(0.0028)
Recurring FFO - basic after distribution	0.0024	0.0025	(0.0001)	0.0060	0.0051	0.0008
Distributions as a % of FFO - basic	181%	61%	120%	74%	62%	12%
Distributions as a % of Recurring FFO - basic	63%	61%	2%	67%	69%	(2%)
Weighted avg. units o/s						
Basic	57,437,669	46,323,316	11,114,353	50,105,285	46,260,619	3,844,666
Diluted	57,437,669	49,411,516	8,026,153	53,193,485	49,348,819	3,844,666

⁽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 September 30th, 2016 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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