

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

August 24th, 2016

FRONSAC REIT ANNOUNCES VERY STRONG RESULTS FOR Q2 2016 AND THE SEPTEMBER 30TH, 2016 REGULAR QUARTERLY DISTRIBUTION

Montreal (Quebec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust (“Fronsac REIT” or “Fronsac”) today announced its results for Q2 2016 and a distribution of 0.4075¢ per unit to unitholders of record on September 16th, 2016 and payable on September 30th, 2016.

For the quarter ended June 30th, 2016, Fronsac reported funds from operations ("FFO") of \$269,978, a decrease of 20% (\$335,658 in Q2 2015). For Q2 2016, FFO per unit was 0.58¢ compared to 0.73¢ per unit for the quarter ended June 30th, 2015, a decrease of 20%. It should be noted that Q2 2015 results include a \$90,000 non-recurring revenue for the negotiation of a lease. When taking this into consideration, Q2 2015 FFO amounts to \$245,658. When comparing 2016 to 2015 the Trust managed to increase its FFO by 10% on a nominal and per unit basis (0.58¢ for Q2 2016 versus 0.53¢ for Q2 2015). During Q2 2016 the Trust's property rental income was \$645,440 compared to \$539,430 in Q2 2015, an increase of 20%. NOI (Net operating Income) was \$557,306 compared to \$562,476 in Q2 2015, a decrease of 1%. Fronsac recorded a net loss attributable to unitholders of \$485,256, or 1.05¢ per unit, compared to net income of \$589,897, or 1.28¢ per unit, for Q2 2015.

For the six months ended June 30th, 2016, Fronsac reported funds from operations ("FFO") of \$688,215, an increase of 22% (\$562,514 in Q2 2015). For Q2 2016, FFO per unit was 1.48¢ compared to 1.22¢ per unit for the quarter ended June 30th, 2015, an increase of 22%. Included in 2016 results was a one-time payment received from a national tenant in the amount of \$150,000 for the renewal of a lease. Q2 2015 results include a \$90,000 non-recurring revenue for the negotiation of a lease. When both adjustments are taken into consideration and comparing 2016 to 2015, the Trust managed to increase its FFO by 14% on a nominal and per unit basis (1.16¢ for Q2 2016 versus 1.02¢ for Q2 2015). During Q2 2016 the Trust's property rental income was \$1,246,088 compared to \$987,200 in Q2 2015, an increase of 26%. NOI (Net operating Income) was \$1,219,775 compared to \$963,246 in Q2 2015, an increase of 27%. Fronsac recorded a net income attributable to unitholders of \$1,043,376, or 2.25¢ per unit, compared to \$738,172, or 1.6¢ per unit, for Q2 2015.

Michel Lassonde President and CEO said: “We are pleased with the growth we have been able to demonstrate in the first 6 months of 2016. With the recent equity raise and acquisitions in the month of August, we are confident that we can continue to deliver our promise of creating 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 June 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 June 30th, 2016 and June 30th, 2015.

SUMMARY OF SELECTED QUARTERLY INFORMATION

Periods ended June 30	6 months		Δ	%
	2016	2015		
Financial info				
Property rental income	1,246,088	987,200	258,888	26%
Total revenue	1,403,896	1,077,200	326,696	30%
NOI ⁽¹⁾	1,219,775	963,246	256,529	27%
FFO ⁽¹⁾	688,215	562,514	125,701	22%
AFFO ⁽¹⁾	654,376	553,589	100,787	18%
EBITDA ⁽¹⁾	1,004,929	815,476	189,453	23%
Investment properties ⁽²⁾	34,173,569	30,699,406	3,474,163	11%
Total assets	34,449,189	31,219,554	3,229,635	10%
Total mortgage/loans/long term debt ⁽³⁾	17,592,674	15,454,934	2,137,740	14%
Total exchangeable preferred units	926,027	889,015	37,012	4%
Total convertible debentures	248,468	247,170	1,298	1%
Total equity	14,837,658	13,939,869	897,789	6%
Weighted average units o/s - basic	46,398,806	46,228,751	170,055	0.4%
Amounts on a per unit basis				
FFO	0.0148	0.0122	0.0027	22%
AFFO	0.0141	0.0120	0.0021	18%
Distributions	0.0080	0.0076	0.0004	5%

⁽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 June 30	3 months			Δ	Periods ended June 30	6 months			Δ
	2016	2015				2016	2015		
Net income (loss) attributable to unitholders	(485,256)	589,897	(1,075,153)		Net income (loss) attributable to unitholders	1,043,376	738,172	305,204	
Δ in value of investment properties	613,020	(254,824)	867,844		Δ in value of investment properties	(477,164)	(198,075)	(279,089)	
Δ in value of investment properties in joint ventures	27,984	-	27,984		Δ in value of investment properties in joint ventures	-	-	-	
Unit based compensation	41,075	-	41,075		Unit based compensation	41,075	-	41,075	
Δ in liability component of exchangeable preferred units	6,143	5,293	850		Δ in liability component of exchangeable preferred units	19,586	17,905	1,681	
Δ in fair value of derivative financial instruments	61,150	(4,335)	65,485		Δ in fair value of derivative financial instruments	56,235	3,080	53,155	
Realized/unrealized gain on interest swaps	-	-	-		Realized/unrealized gain on interest swaps	-	-	-	
Δ in fair value of other financial components	5,640	(700)	6,340		Δ in fair value of other financial components	4,885	1,105	3,780	
Income taxes	222	327	(105)		Income taxes	222	327	(105)	
FFO ⁽¹⁾ - basic	269,978	335,658	(20%)		FFO ⁽¹⁾ - basic	688,215	562,514	22%	
FFO per unit - basic	0.0058	0.0073	(20%)		FFO per unit - basic	0.0148	0.0122	22%	
Distributions paid on exchangeable units (if dilutive)	12,584	11,966	618		Distributions paid on exchangeable units (if dilutive)	32,051	23,394	8,657.00	
FFO - diluted	282,562	347,624	(19%)		FFO - diluted	720,266	585,908	23%	
FFO per unit - diluted	0.0057	0.0070	(19%)		FFO per unit - diluted	0.0146	0.0119	23%	
Distributions	189,197	179,136	10,061		Distributions	368,915	350,183	18,732	
Distributions per unit	0.0041	0.0039	5%		Distributions per unit	0.0080	0.0076	5%	
FFO - basic after distributions	0.0017	0.0034	(0.0016)		FFO - basic after distributions	0.0069	0.0046	0.0023	
Distributions as a % of FFO - basic	70%	53%	17%		Distributions as a % of FFO - basic	54%	62%	(9%)	
Weighted avg. units o/s					Weighted avg. units o/s				
Basic	46,418,861	46,228,751	190,110		Basic	46,398,806	46,228,751	170,055	
Diluted	49,507,061	49,316,951	190,110		Diluted	49,487,006	49,316,951	170,055	

⁽¹⁾ FFO is a Non-IFRS financial measure

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

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