

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

March 23th, 2018

FRONSAC ANNOUNCES CONTINUOUS PER UNIT FFO GROWTH IN ITS YEAR END RESULTS AND ITS MONTHLY CASH DISTRIBUTIONS FOR THE MONTHS OF APRIL, MAY AND JUNE 2018

Montreal (Quebec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust ("Fronsac REIT" or "Fronsac") today announced its results for the year 2017, and that it will make monthly cash distributions of 0.168¢ per unit, representing 2.016¢ per unit on an annualized basis, on April 30st, May 31th and June 29th 2018 to unitholders of record on April 16th, May 15th and June 15th 2018, respectively.

For the quarter ended December 31th, 2017, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 0.72¢ compared to 0.67¢ per unit for the quarter ended December 31th, 2016, an increase of 8%. Recurring FFO was \$548,042, an increase of 39% (\$394,989 in Q4 2016). During Q4 2017 the Trust's property rental income was \$1,316,577 compared to \$874,879 in Q4 2016, an increase of 51%. NOI (Net operating Income) was \$1,021,095 compared to \$737,681 in Q4 2016, an increase of 38%. Fronsac recorded a net income attributable to unitholders of \$1,839,189, or 2.41¢ per unit, compared to a gain of \$678,913, or 1.15¢ per unit, in Q4 2016.

For the twelve months ended December 31th, 2017, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 3.17¢ compared to 2.48¢ per unit for the period ended December 31th, 2016, an increase of 28%. Recurring FFO was \$2,137,217, an increase of 65% (\$1,297,438 in 2016). During 2017 the Trust's property rental income was \$4,359,277 compared to \$2,837,021 in 2016, an increase of 54%. NOI (Net operating Income) was \$3,487,615 compared to \$2,580,709 in 2016, an increase of 35%. Fronsac recorded a net income attributable to unitholders of \$4,540,944, or 6.74¢ per unit, compared to net income of \$3,196,819, or 6.10¢ per unit, in 2016.

Jason Parravano President and CEO said: "2017 has been a very active year for Fronsac, having completed the purchase of 11 investment properties. In doing so we have continued to grow our per unit results as well as diversify our tenant base."

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

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended December 31	12 months		Δ	%
	2017	2016		
Financial info				
Property rental income	4,359,277	2,837,021	1,522,256	54%
Total revenue	4,369,277	2,992,371	1,376,906	46%
NOI ⁽¹⁾	3,487,615	2,580,709	906,906	35%
FFO ⁽¹⁾⁽⁴⁾	2,147,217	1,212,796	934,421	77%
Recurring FFO ⁽¹⁾⁽⁴⁾	2,137,217	1,297,438	839,779	65%
AFFO ⁽¹⁾	2,014,775	1,371,167	643,608	47%
EBITDA ⁽¹⁾	3,013,742	1,915,937	1,097,805	57%
Investment properties ⁽²⁾	69,588,555	48,065,082	21,523,473	45%
Total assets	70,006,481	48,355,249	21,651,232	45%
Total mortgage/loans/long term debt ⁽³⁾	31,716,924	24,547,956	7,168,968	29%
Total exchangeable preferred units	-	945,830	(945,830)	(100%)
Total convertible debentures	250,581	249,149	1,432	1%
Total equity	36,708,396	21,419,308	15,289,088	71%
Weighted average units o/s - basic	67,398,715	52,403,772	14,994,943	29%
Amounts on a per unit basis				
FFO	0.0319	0.0231	0.0088	38%
Recurring FFO	0.0317	0.0248	0.0070	28%
AFFO	0.0299	0.0262	0.0037	14%
Distributions	0.0180	0.0161	0.0018	11%

⁽¹⁾ Non-IFRS financial measures

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

⁽³⁾ Excludes convertible debentures and exchangeable preferred units

⁽⁴⁾ Q1 2016 included revenues of \$150K related to a one-time payment received for the renewal of a lease. This amount was subtracted from the Trust's FFO to arrive at the Recurring FFO for 2016

RECONCILIATION OF NET INCOME TO FFO

Periods ended December 31	3 months			12 months		
	2017	2016	Δ	2017	2016	Δ
Net income (loss) attributable to unitholders	1,839,189	678,913	1,160,276	4,540,944	3,196,819	1,344,125
Δ in value of investment properties	(787,749)	(283,708)	(504,041)	(2,174,622)	(2,088,379)	(86,243)
Δ in value of investment properties in joint ventures	(7,260)	(19,771)	12,511	(148,900)	(47,755)	(101,145)
Unit based compensation	2,920	(200)	3,120	70,745	40,875	29,870
Δ in liability component of exchangeable preferred units	7,568	6,596	972	43,832	40,070	3,762
Δ in fair value of derivative financial instruments	(524,994)	(4,620)	(520,374)	(230,380)	48,515	(278,895)
Δ in fair value of other financial components	13,750	(1,045)	14,795	40,980	3,605	37,375
Income taxes	4,618	18,824	(14,206)	4,618	19,046	(14,428)
FFO ⁽¹⁾ - basic	548,042	394,989	39%	2,147,217	1,212,796	77%
FFO per unit - basic	0.0072	0.0067	8%	0.0319	0.0231	38%
Distributions paid on exchangeable units (if dilutive)	-	12,585	(12,585)	15,000	49,720	(34,720)
FFO - diluted	548,042	407,574	34%	2,162,217	1,262,516	71%
FFO per unit - diluted	0.0072	0.0065	10%	0.0318	0.0228	40%
Recurring FFO - basic	548,042	394,989	39%	2,137,217	1,297,438	65%
Recurring FFO per unit - basic	0.0072	0.0067	8%	0.0317	0.0248	28%
Distributions	385,162	241,441	143,721	1,277,539	851,796	425,742
Distributions per unit	0.0045	0.0041	10%	0.0180	0.0161	12%
FFO - basic after distributions	0.0027	0.0026	0.0001	0.0139	0.0070	0.0068
Recurring FFO - basic after distributions	0.0027	0.0026	0.0001	0.0137	0.0087	0.0051
Distributions as a % of FFO - basic	63%	61%	2%	56%	70%	(13%)
Distributions as a % of Recurring FFO - basic	63%	61%	2%	57%	65%	(8%)
Weighted avg. units o/s						
Basic	76,378,013	59,249,263	17,128,750	67,398,715	52,403,772	14,994,943
Diluted	76,378,013	62,337,463	14,040,550	67,980,110	55,491,972	12,488,138

⁽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 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 December 31th, 2017 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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