

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

November 7th, 2017

FRONSAC ANNOUNCES VERY SOLID RESULTS FOR THE QUARTER ENDED SEPTEMBER 30TH, 2017 AND THE DECEMBER 29TH, 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 quarter ended September 30th, 2017 and a distribution of 0.45¢ per unit to unitholders of record on December 15th, 2017 and payable on December 29th, 2017.

For the quarter ended September 30th, 2017, Fronsac reported recurring funds from operations (“Recurring FFO”) per unit of 0.84¢ compared to 0.64¢ per unit for the quarter ended September 30th, 2016, an increase of 30%. Recurring FFO was \$581,433, an increase of 57% (\$369,586 in Q3 2016). During Q3 2017 the Trust’s property rental income was \$1,096,653 compared to \$713,597 in Q3 2016, an increase of 54%. NOI (Net operating Income) was \$882,492 compared to \$623,255 in Q3 2016, an increase of 42%. Fronsac recorded a net income attributable to unitholders of \$538,675, or 0.78¢ per unit, compared to a gain of \$1,474,531, or 2.57¢ per unit, in Q3 2016.

For the nine months ended September 30th, 2017, Fronsac reported recurring funds from operations (“Recurring FFO”) per unit of 2.47¢ compared to 1.80¢ per unit for the period ended September 30th, 2016, an increase of 37%. Recurring FFO was \$1,589,175, an increase of 76% (\$902,450 in Q3 2016). During Q3 2017 the Trust’s property rental income was \$3,042,700 compared to \$1,962,143 in Q3 2016, an increase of 55%. NOI (Net operating Income) was \$2,466,520 compared to \$1,843,029 in Q3 2016, an increase of 34%. Fronsac recorded a net income attributable to unitholders of \$2,701,756, or 4.2¢ per unit, compared to net income of \$2,517,907, or 5.03¢ per unit, in Q3 2016.

Jason Parravano President and CEO said: “2017 has been a very active year for Fronsac. 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 September 30th, 2017 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, 2017 and September 30th, 2016.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended September 30	9 months		Δ	%
	2017	2016		
Financial info				
Property rental income	3,042,700	1,962,143	1,080,557	55%
Total revenue	3,052,700	2,117,493	935,207	44%
NOI ⁽¹⁾	2,466,520	1,843,029	623,491	34%
FFO ⁽¹⁾⁽⁴⁾	1,599,175	817,808	781,367	96%
Recurring FFO ⁽¹⁾⁽⁴⁾	1,589,175	902,450	686,725	76%
AFFO ⁽¹⁾	1,484,966	1,023,961	461,005	45%
EBITDA ⁽¹⁾	2,185,929	1,309,322	876,607	67%
Investment properties ⁽²⁾	59,266,139	43,419,703	15,846,436	36%
Total assets	59,101,842	43,883,680	15,218,162	35%
Total mortgage/loans/long term debt ⁽³⁾	29,731,526	20,896,070	8,835,456	42%
Total exchangeable preferred units	977,268	935,817	41,451	4%
Total convertible debentures	253,975	252,566	1,409	1%
Total equity	27,864,885	20,981,836	6,883,049	33%
Weighted average units o/s - basic	64,372,724	50,105,285	14,267,439	28%
Amounts on a per unit basis				
FFO	0.0248	0.0163	0.0086	53%
Recurring FFO	0.0247	0.0180	0.0067	37%
AFFO	0.0231	0.0204	0.0026	13%
Distributions	0.0135	0.0120	0.0014	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 Q3 2016

RECONCILIATION OF NET INCOME TO FFO

Periods ended September 30	3 months			9 months		
	2017	2016	Δ	2017	2016	Δ
Net income (loss) attributable to unitholders	538,675	1,474,531	(935,856)	2,701,756	2,517,907	183,849
Δ in value of investment properties	37,050	(1,327,506)	1,364,556	(1,386,873)	(1,804,671)	417,798
Δ in value of investment properties in joint ventures	-	(27,984)	27,984	(141,641)	(27,984)	(113,657)
Unit based compensation	(200)	-	(200)	67,825	41,075	26,750
Δ in liability component of exchangeable preferred units	14,838	13,888	950	36,264	33,474	2,790
Δ in fair value of derivative financial instruments	-	(3,100)	3,100	294,614	53,135	241,479
Δ in fair value of other financial components	(8,930)	(235)	(8,695)	27,230	4,650	22,580
Income taxes	-	-	-	-	222	(222)
FFO ⁽¹⁾ - basic	581,433	129,594	349%	1,599,175	817,808	96%
FFO per unit - basic	0.0084	0.0023	271%	0.0248	0.0163	52%
Distributions paid on exchangeable units (if dilutive)	13,896	-	13,896	49,190	44,635	4,555
FFO - diluted	595,329	129,594	359%	1,648,365	862,443	91%
FFO per unit - diluted	0.0082	0.0023	263%	0.0244	0.0162	51%
Recurring FFO - basic	581,433	369,586	57%	1,589,175	902,450	76%
Recurring FFO per unit - basic	0.0084	0.0064	30%	0.0247	0.0180	37%
Distributions	312,765	241,441	71,324	892,377	610,356	282,021
Distributions per unit	0.0045	0.0041	10%	0.0135	0.0120	12%
FFO - basic after distributions	0.0039	(0.0018)	0.0057	0.0113	0.0043	0.0070
Recurring FFO - basic after distributions	0.0039	0.0024	0.0015	0.0112	0.0060	0.0052
Distributions as a % of FFO - basic	54%	181%	(127%)	54%	74%	(19%)
Distributions as a % of Recurring FFO - basic	54%	63%	(10%)	55%	67%	(12%)
Weighted avg. units o/s						
Basic	69,503,343	57,437,669	12,065,674	64,372,724	50,105,285	14,267,439
Diluted	72,591,543	57,437,669	15,153,874	67,460,924	53,193,485	14,267,439

⁽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 September 30th, 2017 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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