

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

August 24th, 2017

FRONSAC REIT ANNOUNCES CONTINUOUS GROWTH FOR THE QUARTER ENDED JUNE 30TH, 2017 AND THE SEPTEMBER 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 June 30th, 2017 and a distribution of 0.45¢ per unit to unitholders of record on September 15th, 2017 and payable on September 29th, 2017.

For the quarter ended June 30th, 2017, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 0.78¢ compared to 0.57¢ per unit for the quarter ended June 30th, 2016, an increase of 37%. Recurring FFO was \$498,628, an increase of 88% (\$264,628 in Q2 2016). During Q2 2017 the Trust's property rental income was \$976,412 compared to \$646,806 in Q2 2016, an increase of 51%. NOI (Net operating Income) was \$802,897 compared to \$557,306 in Q2 2016, an increase of 44%. Fronsac recorded a net income attributable to unitholders of \$322,928, or 0.5¢ per unit, compared to net loss of \$485,256, or 1.05¢ per unit, in Q2 2016.

For the six months ended June 30th, 2017, Fronsac reported recurring funds from operations ("Recurring FFO") per unit of 1.63¢ compared to 1.15¢ per unit for the period ended June 30th, 2016, an increase of 42%. Recurring FFO was \$1,007,743, an increase of 89% (\$532,865 in Q2 2016). During Q2 2017 the Trust's property rental income was \$1,946,047 compared to \$1,248,546 in Q2 2016, an increase of 56%. NOI (Net operating Income) was \$1,584,028 compared to \$1,219,775 in Q2 2016, an increase of 30%. Fronsac recorded a net income attributable to unitholders of \$2,163,081, or 3.5¢ per unit, compared to net income of \$1,043,376, or 2.25¢ per unit, in Q2 2016.

Jason Parravano President and CEO said: “Q2 was another quarter of continuous growth for Fronsac. We are extremely proud to have completed our 2nd \$5M round of financing in the last 12 months. We managed to put a portion of the money raised to work quickly with the acquisition of 2 properties in St-Eustache as well as the acquisition in Waterloo. In addition we are pleased to announce the construction of a joint venture development in Quebec City.”

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the periods ended June 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 June 30th, 2017 and June 30th, 2016.

SUMMARY OF SELECTED ANNUAL INFORMATION

Periods ended June 30	6 months		Δ	%
	2017	2016		
Financial info				
Property rental income	1,946,047	1,248,546	697,501	56%
Total revenue	1,956,047	1,403,896	552,151	39%
NOI ⁽¹⁾	1,584,028	1,219,775	364,253	30%
FFO ⁽¹⁾⁽⁴⁾	1,017,743	688,215	329,528	48%
Recurring FFO ⁽¹⁾⁽⁴⁾	1,007,743	532,865	474,878	89%
AFFO ⁽¹⁾	974,809	654,376	320,433	49%
EBITDA ⁽¹⁾	1,376,145	1,004,929	371,216	37%
Investment properties ⁽²⁾	53,416,627	34,173,569	19,243,058	56%
Total assets	53,493,834	34,449,189	19,044,645	55%
Total mortgage/loans/long term debt ⁽³⁾	23,114,063	17,592,674	5,521,389	31%
Total exchangeable preferred units	966,551	926,027	40,524	4%
Total convertible debentures	249,854	248,468	1,386	1%
Total equity	27,638,975	14,837,658	12,801,317	86%
Weighted average units o/s - basic	61,764,896	46,398,806	15,366,090	33%
Amounts on a per unit basis				
FFO	0.0165	0.0148	0.0017	12%
Recurring FFO	0.0163	0.0115	0.0048	42%
AFFO	0.0158	0.0141	0.0017	12%
Distributions	0.0090	0.0080	0.0010	12%

⁽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 includes 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 Q1 2016

RECONCILIATION OF NET INCOME TO FFO

Periods ended June 30	3 months			6 months		
	2017	2016	Δ	2017	2016	Δ
Net income (loss) attributable to unitholders	322,928	(485,256)	808,184	2,163,081	1,043,376	1,119,705
Δ in value of investment properties	(89,172)	613,020	(702,192)	(1,423,922)	(477,164)	(946,758)
Δ in value of investment properties in joint ventures	(110,501)	27,984	(138,485)	(141,641)	-	(141,641)
Unit based compensation	39,550	41,075	(1,525)	68,025	41,075	26,950
Δ in liability component of exchangeable preferred units	7,074	6,143	931	21,426	19,586	1,840
Δ in fair value of derivative financial instruments	300,794	61,150	239,644	294,614	56,235	238,379
Δ in fair value of other financial components	37,955	5,640	32,315	36,160	4,885	31,275
Income taxes	-	222	- 222	-	222	(222)
FFO ⁽¹⁾ - basic	508,628	269,978	88%	1,017,743	688,215	48%
FFO per unit - basic	0.0079	0.0058	36%	0.0165	0.0148	11%
Distributions paid on exchangeable units (if dilutive)	13,897	12,584	1,313	35,294	32,051	3,243
FFO - diluted	522,525	282,562	85%	1,053,037	720,266	46%
FFO per unit - diluted	0.0078	0.0057	36%	0.0162	0.0146	12%
Recurring FFO - basic	498,628	264,628	88%	1,007,743	532,865	89%
Recurring FFO per unit - basic	0.0078	0.0057	36%	0.0163	0.0115	42%
Distributions	312,765	189,197	123,568	579,612	368,915	210,697
Distributions per unit	0.0045	0.0041	10%	0.0090	0.0080	13%
FFO - basic after distributions	0.0034	0.0017	0.0017	0.0075	0.0069	0.0006
Recurring FFO - basic after distribution	0.0033	0.0016	0.0016	0.0073	0.0035	0.0038
Distributions as a % of FFO - basic	57%	70%	(13%)	55%	54%	1%
Distributions as a % of Recurring FFO - basic	58%	71%	(14%)	55%	69%	(14%)
Weighted avg. units o/s						
Basic	64,233,104	46,418,861	17,814,243	61,764,896	46,398,806	15,366,090
Diluted	67,321,304	49,507,061	17,814,243	64,853,096	49,487,006	15,366,090

⁽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.

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

For further information please contact Jason Parravano at (450) 536-5328.