

# FRONSAC

## PRESS RELEASE

**FOR IMMEDIATE RELEASE**

May 22<sup>nd</sup>, 2014

### **Fronsac REIT reports strong growth and announces its financial results for the quarter ended March 31<sup>st</sup>, 2014**

**Montreal (Quebec)** - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust ("Fronsac REIT" or "Fronsac") today released its consolidated financial statements for the quarter ended March 31<sup>st</sup>, 2014.

For the first quarter of 2014, Fronsac reported funds from operations ("FFO") of \$217,315, an increase of 65,53% over the comparable quarter of 2013 (\$128,946 in Q1-2013). For the quarter ended March 31<sup>st</sup>, 2014, FFO per unit was 0.63¢, compared to 0.40¢ per unit for the comparable period of 2013, an increase of 57,5%.

Michel Lassonde President and CEO said: "Fronsac has maintained its course and applied its business plan of acquiring or developing triple-net leased asset with national tenants. Our excellent Q1-2014 results reflect the acquisitions completed in 2013. "

The AFFO/FFO summary and the highlights for the years ended December 31, 2013 and 2012 as well as for the quarters ending on March 31<sup>st</sup> are presented in the tables below :

### **Financial results highlights**

#### **OPERATIONAL AND FINANCIAL HIGHLIGHTS**

For the periods ended	March 31, 2014 (3 months)	March 31, 2013 (3 months)	December 31, 2013 (12 months)	December 31, 2012 (12 months)
<b>OPERATIONAL DATA</b>				
Number of properties	9	6	9	5
Occupancy	100%	100%	100%	100%
Value of properties	19,670,243	13,744,144	20,398,786	11,521,954
<b>FINANCIAL PERFORMANCE</b>				
Property rental revenue	377,154	228,934	1,006,914	665,870
EBITDA	310,037	176,087	926,380	456,330
Funds from operations (FFO)	217,315	128,946	581,977	273,456
Adjusted funds from operations (AFFO)	217,315	128,946	581,977	273,456
Distributions	127,432	-	443,322	256,737

**PER UNIT FINANCIAL PERFORMANCE**

Weighted average units outstanding	34,429,853	32,616,083	32,817,956	20,985,587
FFO	0.0063	0.0040	0.0177	0.0130
AFFO	0.0063	0.0040	0.0177	0.0130
Distributions per unit	0.0037	n/a	0.0135	0.0125
AFFO payout ratio	58.73%	n/a	76.18%	93.89%

**FINANCING**

Leverage	47.46%	28.05%	45.04%	28.74%
Interest coverage ratio	2.1	3.9	2.8	2.7
Debt service coverage ratio	1.9	2.5	2.1	1.9

---

**About Fronsac** - Fronsac Real Estate Investment Trust is an open-ended trust that acquires and owns high quality commercial real estate properties, 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, including statements relating to Fronsac and expectations of the management regarding a proposed transaction and the expected benefits thereof. There is no assurance that the proposed transaction will be carried out and that the anticipated benefits will materialize. The proposed transaction is subject to approval and consent of stakeholders and there is no certainty that these will be achieved. 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) accept any responsibility for the adequacy or accuracy of this release.

The March 31<sup>st</sup>, 2014 financial statements of Fronsac REIT may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com)

For further information please contact Michel Lassonde, President at (450) 536-5328.