

**FRONSAC'S RECENT ACQUISITIONS
LEAD TO STRONG RESULTS IN THE 2ND QUARTER**

TSX VENTURE EXCHANGE: GAZ.UN

FOR IMMEDIATE RELEASE

MONTREAL, QUEBEC – August 20th, 2013 – Fronsac real estate investment trust (“Fronsac REIT” or “Fronsac”) today released its unaudited consolidated financial statements for its second quarter ended June 30, 2013.

For the six months ended June 30, 2013, Fronsac reported funds from operations (“FFO”) of 234 191\$, an increase of 49% over the same period in the prior year (157 216\$ in 2012). FFO per unit was 0.72¢ for the six months ended June 30, 2013 (0.70¢ per unit diluted) compared to 0.77¢ per unit for the six months ended June 30, 2012 (0.77¢ per unit diluted). The acquisition of the St-Hubert property in June 2012 and the three acquisitions completed during the six months ended June 30, 2013, i.e. one in Val-David and two in Trois-Rivières, mainly explain the strong growth in FFO.

Fronsac reported FFO of 105 245\$ for the three months ended June 30, 2013, an increase of 31% over the same period in the prior year. FFO per unit was 0.32¢ for the quarter ended June 30, 2013 (0.32¢ per unit diluted) compared to 0.39¢ per unit for the quarter ended June 30, 2012 (0.39¢ per unit diluted). The issuance of 12 102 083 units in the Q4 2012 and 110 000 units in the Q2 2013 mainly explain the decrease in FFO per unit.

Fronsac recorded a net profit attributable to unitholders for the six months ended June 30, 2013 of 598 831\$ or 1.80¢ per unit compared to a net loss of (9 210\$) or (0.00¢) per unit for the comparative quarter of 2012. Profit was mainly impacted by the same factors affecting FFO as well as non-cash gains of 395 807\$ [2012: nil] and 67 580\$ [2012: nil] related to the increase in value of the investment properties recorded in accounts “Investment properties” and “Investment in joint-ventures” respectively. These gains are explained by a decrease of 25 basis points in the global capitalization rates provided by an external firm expert in valuation.

The highlights for the period of three and six months ending June 30th, 2013 and June 30th, 2012 and a summary of AFFO/FFO are presented in the following tables :

Financial results highlights

	30-06-2013	30-06-2012	30-06-2013	30-06-2012
	<i>3 months</i>	<i>3 months</i>	<i>6 months</i>	<i>6 months</i>
AFFO/FFO – basic and diluted	105 245	80 230	234 191	157 216
AFFO/FFO per unit – basic	0.32¢	0.39¢	0.72¢	0.77¢
AFFO/FFO per unit – diluted	0.32¢	0.39¢	0.70¢	0.37¢
Weighted average number of units outstanding				
– basic	32 645 094	20 514 000	32 630 669	20 514 000
– diluted	33 240 094	20 514 000	33 225 669	20 514 000
Interest coverage ratio	2.4	3.9	2.9	2.9
Debt service ratio	1.9	2.7	2.1	2.0

Financial position

	30-06-2013	31-12-2012
Investment properties (at fair value)	17 736 462	11 521 954
Investments in joint ventures (at fair value)	729 495	-
Total assets	19 415 935	14 333 024
Total liabilities	9 509 978	4 832 944
Leverage Ratio	49.0%	33.7%
Weighted Average Cost of Debt	5.11%	5.49%

AFFO/FFO Reconciliation *

	30-06-2013	30-06-2012	30-06-2013	30-06-2012
	<i>3 months</i>	<i>3 months</i>	<i>6 months</i>	<i>6 months</i>
Net income and comprehensive income attributable to unitholders	414 122	(9 210)	598 831	85 304
(Increase) decrease of fair value of investment properties	(327 649)	-	(395 807)	-
(Increase) decrease of fair value of investments in joint ventures	(28 000)	-	(67 580)	-
Unit-based compensation	(5 000)	15 700	(550)	5 306
Increase of liability component of the convertible preferred units	(1 909)	489	774	910
Variation of fair value of derivative financial instrument	24 720	42 000	34 720	22 000
Unrealized (gains) losses on interest rates swaps	(2 600)	(700)	(4 100)	(8 000)

Variation of fair value of warrants	1 620	7 800	3 060	6 894
Amortization intangible assets	1 851	1 851	3 702	3 702
Deferred income taxes	28 090	22 300	61 141	41 100
AFFO/FFO - basic	105 245	80 230	234 191	157 216
Weighted average number of units outstanding - basic	32 645 094	20 514 000	32 630 669	20 514 000
Weighted average number of units outstanding - diluted	33 240 094	20 514 000	33 225 669	20 514 000
AFFO/FFO per unit - basic	0.0032	0.0039	0.0072	0.0077
AFFO/FFO per unit - diluted	0.0032	0.0039	0.0070	0.0077

* For the three and six months periods ending June 30, 2013 and June 30, 2012, FFO and AFFO were equal.

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 June 30, 2013 financial statements of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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