

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

August 18th, 2015

FRONSAC REIT ANNOUNCES EXCELLENT RESULTS FOR Q2 2015 AND THE SEPTEMBER 30, 2015 REGULAR QUARTERLY DISTRIBUTION

Montreal (Quebec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust (“Fronsac REIT” or “Fronsac”) today announced its results for Q2 2015 and a distribution of 0.3875¢ per unit to unitholders of record as at September 18th, 2015 and payable on September 30th, 2015.

For the six months ended June 30th, 2015, Fronsac reported funds from operations ("FFO") of \$562,841, an increase of 36% (\$415,345 in 2014). FFO per unit was 1.22¢ compared to 1.21¢ per unit, which equates to an increase of 1%. During the first 6 months of 2015 the Trust's property rental income was \$987,200 compared to \$749,672 in 2014, an increase of 32%. NOI (Net operating Income) was \$963,246 compared to \$707,655 in 2014, an increase of 36%. Fronsac recorded a net income attributable to unitholders of \$738,172 or 1.60¢ per unit compared to a net loss of (\$1,270,784) or (3.63¢) per unit for 2014. The main reason for the fluctuation in reported net income is due to the stabilization of the portfolios capitalization rates during the quarter. The main reason for the fluctuation in reported net income is due to the stabilization capitalizations rates of the Trust's portfolio as well as solid results as demonstrated by the increases noted above.

For the quarter ended June 30th, 2015, Fronsac reported funds from operations ("FFO") of \$335,985, an increase of 72% (\$195,645 in Q2 2014). A great deal of the increase is attributable to the increase in the Trust's portfolio by 8 properties since Q2 2014 as well as one time payments received for the execution of certain leases. For the Q2 2015, FFO per unit was 0.73¢ compared to 0.57¢ per unit for the quarter ended June 30, 2014, an increase of 28%. During Q2 2015 the Trust's property rental income was \$539,430 compared to \$372,517 in Q2 2014, an increase of 45%. NOI (Net operating Income) was \$562,476 compared to \$348,142 in Q2 2014, an increase of 62%. Fronsac recorded a net income attributable to unitholders of \$589,897 or 1.28¢ per unit compared to a net loss of (\$651,960) or (1.90¢) per unit for Q2 2014. The main reason for the fluctuation in reported net income is due to the stabilization capitalizations rates of the Trust's portfolio as well as solid results as demonstrated by the increases noted above.

Michel Lassonde President and CEO said: “Q2 was an excellent quarter for the Trust marked by solid increases in our results on a nominal, and more importantly, a per unit basis. Results were primarily driven by contributions from the eight recently acquired investment properties since January 1st, 2015.”

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the quarter and period ended June 30th, 2015 and its comparative period. This information should be read in conjunction with the Non-Audited Consolidated Financials Statements and MD&A for the quarter ended June 30th, 2015 and June 30th, 2014.

SUMMARY OF SELECTED QUARTERLY INFORMATION

	6 months		Δ	%
	Q2 2015	Q2 2014		
Financial info				
Property rental income	987,200	749,672	237,528	32%
Total revenue	1,077,200	749,672	327,528	44%
NOI ⁽¹⁾	963,246	707,655	255,591	36%
FFO ⁽¹⁾	562,841	415,345	147,496	36%
AFFO ⁽¹⁾	553,916	319,582	234,334	73%
EBITDA ⁽¹⁾	815,477	613,329	202,148	33%
Investment properties ⁽²⁾	30,699,406	20,128,310	10,571,096	53%
Total assets	31,219,554	20,507,231	10,712,323	52%
Total mortgage/loans/long term debt ⁽³⁾	15,454,934	9,056,453	6,398,481	71%
Total exchangeable preferred units	889,015	1,204,630	(315,615)	(26%)
Total debentures	247,170	-	247,170	100%
Total equity	13,939,869	9,354,393	4,585,476	49%
Weighted average units o/s - basic	46,228,751	34,435,439	11,793,312	34%
Amounts on a per unit basis				
FFO/unit	0.0122	0.0121	0.0001	1%
AFFO/unit	0.0120	0.0093	0.0027	29%
Distributions	0.0076	0.0074	0.0002	2%

⁽¹⁾ Non-IFRS financial measures

⁽²⁾ Includes value of investment properties owned through joint ventures (530 Barkoff)

⁽³⁾ Excludes exchangeable debentures and exchangeable preferred units

RECONCILIATION OF NET INCOME TO FFO

	3 months			Δ	6 months			Δ
	Q2 2015	Q2 2014			Q2 2015	Q2 2014		
Net income (loss) attributable to unitholders	589,897	(653,685)	1,243,582	Net income (loss) attributable to unitholders	738,172	(1,249,289)	1,987,461	
Δ in value of investment properties	(254,824)	778,910	(1,033,734)	Δ in value of investment properties	(198,075)	1,509,203	(1,707,278)	
Δ in value of investment properties in joint ventures	-	27,984	(27,984)	Δ in value of investment properties in joint ventures	-	58,300	(58,300)	
Unit based compensation	327	45	282	Unit based compensation	327	45	282	
Δ in liability component of exchangeable preferred units	5,293	24,516	(19,223)	Δ in liability component of exchangeable preferred units	17,905	33,261	(15,356)	
Δ in fair value of derivative financial instruments	(4,335)	(2,850)	(1,485)	Δ in fair value of derivative financial instruments	3,080	17,500	(14,420)	
Realized/unrealized gain on interest swaps	-	(2,020)	2,020	Realized/unrealized gain on interest swaps	-	(4,020)	4,020	
Δ in fair value of other financial components	(700)	-	(700)	Δ in fair value of other financial components	1,105	1,500	(395)	
Deferred income taxes	327	22,745	(22,418)	Deferred income taxes	327.00	48,845	(48,518)	
FFO ⁽¹⁾ - basic	335,985	195,645	72%	FFO ⁽¹⁾ - basic	562,841	415,345	36%	
FFO per unit - basic	0.0073	0.0057	28%	FFO per unit - basic	0.0122	0.0121	1%	
Distributions paid on exchangeable preferred units (if dilutive)	11,966	-	11,966	Distributions paid on exchangeable preferred units (if dilutive)	23,394	16,353	7,041	
FFO - diluted	347,951	195,645	78%	FFO - diluted	586,235	431,698	36%	
FFO per unit - diluted	0.0071	0.0050	40%	FFO per unit - diluted	0.0119	0.0111	7%	
Distributions	179,136	127,431	51,705	Distributions	350,183	254,863	95,320	
Distributions per unit	0.0039	0.0037	5%	Distributions per unit	0.0076	0.0074	2%	
FFO - basic after distributions	0.0034	0.0020	0.0014	FFO - basic after distributions	0.0046	0.0047	(0.0001)	
Distributions as a % of FFO - basic	53%	65%	(12%)	Distributions as a % of FFO - basic	62%	61%	1%	
Weighted avg. unit o/s				Weighted avg. unit o/s				
Basic	46,228,751	34,440,964	11,787,787	Basic	46,228,751	34,435,439	11,793,312	
Diluted	49,316,951	38,861,164	10,455,787	Diluted	49,316,951	38,855,639	10,461,312	

⁽¹⁾ FFO is a Non-IFRS financial measure

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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. These properties are occupied by tenants within the following sectors; (1) Fast food chains, (2) Major oil/gas companies and (3) Convenience store chains.

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) accepts any responsibility for the adequacy or accuracy of this release.

The June 30th, 2015 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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