

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

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FRONSAC REIT ANNOUNCES EXCELLENT FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31ST, 2014

Montreal (Quebec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust ("Fronsac REIT" or "Fronsac") today released its audited consolidated financial statements for the year ended December 31st, 2014.

For the financial year ended December 31, 2014, Fronsac reported funds from operations ("FFO") of \$693,768, an increase of 19% over 2013 (\$581,977 in 2013). For the year 2014, FFO per unit was 1.86¢ compared to 1.77¢ per unit for the year ended December 31, 2013, an increase of 5% over 2013. The acquisition completed in 2014 mainly explains the increase in the FFO as well as the full year results related to acquisitions that took place in 2013.

During 2014 the Trust property rental income was \$1,499,518, compared to 1,033,595 in 2013, an increase of 45%. NOI (Net operating Income) was \$1,414,515, compared to \$1,111,914 in 2013, an increase of 32%. The increases were due to the contributions to revenue from acquisitions, which took place in the later part of 2013, as well as the completion during Q3 of the development in Louiseville (McDonalds).

Michel Lassonde President and CEO said: "We are very pleased with our performance and growth for the year ended 2014. Fronsac's success is a confirmation of our business strategy and solid financial structure."

For its 2014 financial year, Fronsac recorded a net loss attributable to unitholders of (\$730,872) or 1.95¢ per unit compared to a net profit of \$1,250,170 or 3.81¢ per unit for 2013. The main factor affecting the net loss was a non-cash adjustment related to a decrease in the fair value of investment properties in the amount of (\$1,655,115), an increase of \$575,903 during 2013. The main reason for the fluctuation was due to a change in the weighted average capitalization rate from 6.23% in 2013 to 6.82% in 2014.

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the year ended December 31, 2014 and its comparative period. This information should be read in conjunction with the Audited Consolidated Financials Statements and MD&A for the year ended December 31, 2014 and December 31, 2013.

SUMMARY OF SELECTED ANNUAL INFORMATION

	2014	2013	Δ	%
Financial info				
Property rental income	1,499,518	1,033,595	465,923	45%
Total revenue	1,499,518	1,138,595	360,923	32%
NOI ⁽¹⁾	1,414,515	1,111,914	302,601	27%
FFO ⁽¹⁾	693,768	581,977	111,791	19%
AFFO ⁽¹⁾	693,768	581,977	111,791	19%
EBITDA ⁽¹⁾	1,128,616	926,380	202,236	22%
Investment properties ⁽²⁾	18,694,326	21,156,682	(2,462,356)	(12%)
Total assets	22,829,110	22,131,533	697,577	3%
Total mortgage/loans/long term debt ⁽³⁾	7,552,144	8,795,761	(1,243,617)	(14%)
Total exchangeable preferred units	871,728	1,171,369	(299,641)	(26%)
Total debentures	246,552	-	246,552	100%
Total equity	13,608,981	10,867,540	2,741,441	25%
Weighted average units o/s - basic	37,397,809	32,817,956	4,579,853	14%

⁽¹⁾ Refer to "Non-IFRS financial measures" & "Additional 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

	2014	2013	Δ
Net income (loss) attributable to unitholders	(730,872)	1,250,170	(1,981,042)
Δ in value of investment properties	1,655,115	(575,903)	2,231,018
Δ in value of investment properties in joint ventures	58,300	(97,896)	156,196
Unit based compensation	8,649	(22,950)	31,599
Δ in liability component of exchangeable preferred units	35,666	17,344	18,322
Δ in fair value of derivative financial instruments	7,620	(69,180)	76,800
Realized/unrealized gain on interest swaps	(4,700)	(7,900)	3,200
Δ in fair value of other financial components	2,405	(2,700)	5,105
Amortization of intangible assets	0	7,406	(7,406)
Current income taxes	13,085	7,776	5,309
Deferred income taxes	(351,500)	75,810	(427,310)
FFO ⁽¹⁾ - basic	693,768	581,977	111,791
FFO per unit - basic	0.0186	0.0177	0.0008
Distributions paid on exchangeable preferred units (if dilutive)	56,928	59,888	(2,960)
FFO - diluted	750,696	641,865	108,831
FFO per unit - diluted	0.0182	0.0175	0.0007
Distributions	558,824	443,322	115,502
Distributions per unit	0.0148	0.0135	0.0013
FFO - basic after distributions	0.0038	0.0042	(0.0005)
Distributions as a % of FFO - basic	80%	76%	4%
Weighted avg. unit o/s			
Basic	37,397,809	32,817,956	4,579,853
Diluted	41,274,261	36,723,456	4,550,805

⁽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. 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 December 31, 2014 financial statements and management discussion & analysis of Fronsac REIT may be viewed on SEDAR at www.sedar.com

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