

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

November 10th, 2015

FRONSAC REIT ANNOUNCES VERY STRONG RESULTS FOR Q3 2015 AND THE DECEMBER 31st, 2015 REGULAR QUARTERLY DISTRIBUTION

Montreal (Quebec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust (“Fronsac REIT” or “Fronsac”) today announced its results for Q3 2015 and a distribution of 0.3875¢ per unit to unitholders of record as at December 18th, 2015 and payable on December 31st, 2015.

For the nine months ended September 30th, 2015, Fronsac reported funds from operations ("FFO") of \$857,537, an increase of 46% (\$588,421 in 2014). FFO per unit was 1.85¢ compared to 1.69¢ per unit, which equates to an increase of 10%. During the first 9 months of 2015 the Trust's property rental income was \$1,583,469 compared to \$1,098,998 in 2014, an increase of 44%. NOI (Net operating Income) was \$1,478,696 compared to \$1,049,979 in 2014, an increase of 41%. Fronsac recorded a net income attributable to unitholders of \$1,216,415 or 2.63¢ per unit compared to a net loss of (\$583,741) or (1.68¢) per unit for 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.

For the quarter ended September 30th, 2015, Fronsac reported funds from operations ("FFO") of \$295,023, an increase of 68% (\$175,938 in Q3 2014). A great deal of the increase is attributable to the increase in the Trust's portfolio by 9 properties since Q3 2014. For the Q3 2015, FFO per unit was 0.64¢ compared to 0.50¢ per unit for the quarter ended September 30th, 2014, an increase of 28%. During Q3 2015 the Trust's property rental income was \$596,269 compared to \$349,327 in Q3 2014, an increase of 71%. NOI (Net operating Income) was \$515,450 compared to \$342,325 in Q3 2014, an increase of 51%. Fronsac recorded a net income attributable to unitholders of \$478,243 or 1.03¢ per unit compared to a net income of \$667,041 or 1.88¢ per unit for Q3 2014. The main reason for the fluctuation in reported net income is due to one time deferred tax charges during Q3 2014 as a result of corporate reorganization activities.

Michel Lassonde President and CEO said: “Q3 marked another quarter of solid results for the Trust, which demonstrates the stability of our business model. We have been able to capitalize on funds from newly acquired properties while maintaining an unchanged overhead structure. Our acquisition strategy of purchasing per unit accretive investments is evident in the increases we reported this quarter, all while maintaining a conservative 62% FFO payout ratio.”

The tables below represent other financial highlights as well as the reconciliation from net income to FFO for the quarter and period ended September 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 September 30th, 2015 and September 30th, 2014.

SUMMARY OF SELECTED QUARTERLY INFORMATION

Periods ended September 30, 2015	9 months		Δ	%
	2015	2014		
Financial info				
Property rental income	1,583,469	1,098,998	484,471	44%
Total revenue	1,673,469	1,098,998	574,471	52%
NOI ⁽¹⁾	1,478,696	1,049,979	428,717	41%
FFO ⁽¹⁾	857,537	588,421	269,116	46%
AFFO ⁽¹⁾	848,612	488,184	360,428	74%
EBITDA ⁽¹⁾	1,268,682	927,073	341,609	37%
Investment properties ⁽²⁾	31,823,651	20,789,863	11,033,788	53%
Total assets	32,143,057	21,217,321	10,925,736	51%
Total mortgage/loans/long term debt ⁽³⁾	15,974,631	9,759,724	6,214,907	64%
Total exchangeable preferred units	897,956	874,802	23,154	3%
Total debentures	251,246	-	251,246	100%
Total equity	14,275,894	10,254,619	4,021,275	39%
Weighted average units o/s - basic	46,260,619	34,761,565	11,499,054	33%
Amounts on a per unit basis				
FFO/unit	0.0185	0.0169	0.0016	10%
AFFO/unit	0.0183	0.0140	0.0043	31%
Distributions	0.0115	0.0111	0.0004	3%

⁽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

Periods ended September 30, 2015	3 months		Δ
	2015	2014	
Net income (loss) attributable to unitholders	478,243	665,548	(187,305)
Δ in value of investment properties	(170,660)	47,718	(218,378)
Δ in value of investment properties in joint ventures	-	-	-
Unit based compensation	(18,699)	(1,761)	(16,938)
Δ in liability component of exchangeable preferred units	13,017	3,173	9,844
Δ in fair value of derivative financial instruments	(6,150)	(126,800)	120,650
Realized/unrealized gain on interest swaps	-	(680)	680
Δ in fair value of other financial components	(1,165)	(12,000)	10,835
Deferred income taxes	437	(399,260)	399,697
FFO ⁽¹⁾ - basic	295,023	175,938	68%
FFO per unit - basic	0.0064	0.0050	28%
Distributions paid on exchangeable units (if dilutive)	9,982	17,721	(7,739)
FFO - diluted	305,005	193,659	57%
FFO per unit - diluted	0.0062	0.0050	24%
Distributions	179,718	132,915	46,803
Distributions per unit	0.0039	0.0037	5%
FFO - basic after distributions	0.0025	0.0013	0.0012
Distributions as a % of FFO - basic	61%	74%	(14%)
Weighted avg. units o/s			
Basic	46,323,316	35,403,181	10,920,135
Diluted	49,411,516	38,998,120	10,413,396

⁽¹⁾ FFO is a Non-IFRS financial measure

Periods ended September 30, 2015	9 months		Δ
	2015	2014	
Net income (loss) attributable to unitholders	1,216,415	(583,741)	1,800,156
Δ in value of investment properties	(368,735)	1,556,920	(1,925,655)
Δ in value of investment properties in joint ventures	-	58,300	(58,300)
Unit based compensation	(18,699)	(4,576)	(14,123)
Δ in liability component of exchangeable preferred units	30,922	36,433	(5,511)
Δ in fair value of derivative financial instruments	(3,070)	(109,300)	106,230
Realized/unrealized gain on interest swaps	-	(4,700)	4,700
Δ in fair value of other financial components	(60)	(10,500)	10,440
Deferred income taxes	764	(350,415)	351,179
FFO ⁽¹⁾ - basic	857,537	588,421	46%
FFO per unit - basic	0.0185	0.0169	10%
Distributions paid on exchangeable units (if dilutive)	40,877	34,075	6,802
FFO - diluted	898,414	622,496	44%
FFO per unit - diluted	0.0182	0.0160	14%
Distributions	529,900	387,778	142,122
Distributions per unit	0.0115	0.0111	3%
FFO - basic after distributions	0.0071	0.0058	0.0013
Distributions as a % of FFO - basic	62%	66%	(4%)
Weighted avg. units o/s			
Basic	46,260,619	34,761,565	11,499,054
Diluted	49,348,819	38,903,655	10,445,164

⁽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 and its Regulatory Services Provide) accepts any responsibility for the adequacy or accuracy of this release.

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

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