

FRONSAC REIT ANNOUNCES CLOSING OF PREVIOUSLY-ANNOUNCED PRIVATE PLACEMENT

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MONTREAL, Québec, May 16, 2019 (GLOBE NEWSWIRE) — (TSX-V: FRO.UN) Fronsac Real Estate Investment Trust (“Fronsac”) is pleased to announce the closing of its previously-announced private placement for aggregate gross proceeds of \$9,910,000 (the “Offering”). Pursuant to the Offering, Fronsac issued 14,869,091 units (“Units”) at a price of \$0.55 per Unit, for gross proceeds to Fronsac of \$8,178,000, and \$1,732,000 in principal amount of 6% unsecured convertible debentures (the “Debentures”).

The net proceeds of the Offering will be used to partially-fund acquisitions, to repay certain indebtedness, which may be subsequently redrawn, and for working capital and general trust purposes.

Insiders of Fronsac have subscribed to an aggregate of 4,185,715 Units under the Offering, for aggregate gross proceeds of \$2,302,143 to Fronsac. Such insiders’ participation in the Offering (the “Insider Participation”) is considered to be a “related party transaction” within the meaning of TSX Venture Exchange Policy 5.9 and *Regulation 61-101 respecting Protection of Minority Security Holders in Special Transactions* (“Regulation 61-101”). Pursuant to subsections 5.5(a) and 5.7(1)(a) of Regulation 61-101, Fronsac is exempt from obtaining a formal valuation and minority approval of its unitholders with respect to the Insider Participation as the fair market value of the gross proceeds of the Offering (including the Insider Participation) is below 25% of Fronsac’s market capitalization as determined in accordance with Regulation 61-101. Fronsac did not file a material change report 21 days prior to the closing of the Offering as the details of the Insider Participation had not been confirmed at that time. The Offering has been unanimously approved by the board of trustees of Fronsac, except that each trustee who is participating in the Offering has abstained from the approval of his respective portion of the Insider Participation.

The securities to be issued and sold under the Offering will be subject to a four-month hold period under Canadian securities laws. In connection with the Offering, Fronsac is paying an aggregate of **[\$89,940.00]** in finder’s fee to registered dealers in accordance with applicable laws.

The Debentures will mature on May 16, 2024, bear interest at a rate of 6% per annum, payable in equal semi-annual payments in arrears on August 28 and February 28 in each year, with the first such payment date falling on August 28, 2019, and are convertible to their holders’ option into Units at a price of \$0.73 per Unit, representing a conversion rate of 1,369.86 Units for each \$1,000 principal amount of Debentures. The Debentures will be redeemable at the option of Fronsac on or after May 16, 2022 if the closing price of the Units on the TSX Venture Exchange (the “TSX-V”) is higher than \$0.73 for a period of forty-five (45) consecutive business days.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any state in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the United States Securities Act of 1933, as amended, and applicable state securities laws.

About Fronsac - Fronsac Real Estate Investment Trust is an open-ended trust that acquires and owns high-quality triple net and management-free commercial real estate properties.

Forward-Looking Statements - This press release contains forward-looking statements and information as defined by applicable securities laws. Fronsac cautions 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 continuous disclosure documents filed by Fronsac with the Canadian securities authorities, including its management's discussion and analysis.

Although Fronsac has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Fronsac does not intend, and does not assume any obligation, to update any forward-looking statement or information, except as otherwise required by applicable law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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