

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

August 8, 2018

FRONSAC REIT ANNOUNCES A FINANCING

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Montreal (Québec) - (TSX-V: FRO.UN) Fronsac Real Estate Investment Trust (“**Fronsac REIT**” or “**Fronsac**”) is pleased to announce its intention to undertake a prospectus-exempted private placement raising up to a maximum offering amount of \$10,000,000 (the “**Offering**”). The Offering will be comprised of units (the “**Units**”) of Fronsac and of non-secured convertible debentures (the “**Convertible Debentures**”). The demand of the investors will, in the end, determine in which proportion those securities will ultimately be sold, but the amount of Convertible Debentures sold will not exceed \$3,000,000.

The Units will be offered at a price of \$0.54 each. The Convertible Debentures will mature 5 years after their issuance, bear an annual interest rate of 6 % payable semi-annually, and be convertible into units of Fronsac at a conversion price of \$0.73 per unit. Fronsac will have the right to redeem the Convertible Debentures three (3) years after their issuance should the closing price of the Units on the TSX Venture Exchange be higher than \$0.73 for a period of forty-five (45) consecutive working days.

The net proceeds of the Offering will be used for acquisitions and for working capital and general real estate investment trust purposes.

Insiders of Fronsac have indicated their intention to subscribe to Units and Convertible Debentures under the terms of the Offering. These subscriptions will benefit from the exemptions of the formal valuation and of the approval of the minority shareholders of sections 5.5 a) and 5.7 1) a) of *Regulation 61-101 Respecting Protection of Minority Security Holders in Special Transactions*, the amount to be subscribed by the insiders being less than 25 % of Fronsac’s market capitalization. The private placement is subject to compliance with applicable securities legislation and to the approval of the TSX Venture Exchange.

All Convertible Debentures, underlying Units and the Units which may be issued to purchasers under the Offering will be subject to a four-month plus one-day hold period from the closing date, pursuant to securities legislation and to the policies of the TSX Venture Exchange. A finder’s fee may be payable to qualified finders in accordance with applicable regulations. The Convertible Debentures, underlying Units and the Units offered in the Offering have not been nor will they be registered under the *United States Securities Act of 1933*, as amended, or state securities laws, and may not be offered or sold in the United States or to an account for the benefit of US persons, absent such registration or an exemption from registration. The Offering is expected to close on or about September 6, 2018.

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 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 intend or undertake to 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 Regulation 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.

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