

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

May 18, 2017

FRONSAC REIT ANNOUNCES THE CLOSING OF A FINANCING

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

Montreal (Québec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust (“**Fronsac REIT**” or “**Fronsac**”) is pleased to announce the closing as of May 18, 2017 (the “**Closing Date**”) of a private placement of units (the “**Placement Units**”) for a total proceed of \$4,999,999.20 (the “**Placement**”). The Placement Units were issued to investors pursuant to exemptions under *Regulation 45-106 respecting prospectus exemptions*.

Fronsac issued 10,204,080 Placement Units at a price of \$0.49 per Placement Unit for total proceeds of \$4,999,999.20. Each Placement Unit is comprised of one unit of Fronsac (a “**Fronsac Unit**”) and one-half of one purchase warrant (a “**Warrant**”). Each whole Warrant shall entitle the holder to purchase one additional Fronsac Unit at a price of \$0.61 for up to five years following May 15, 2017. The Placement Units are subject to a four-month plus one-day hold period from the Closing Date of the Placement, expiring on September 19, 2017, pursuant to securities legislation and the policies of the TSX Venture Exchange.

The proceeds of the Placement will be used for acquisitions and for working capital purposes.

Fronsac contracted the services of Paradigm Capital Inc. (“**Paradigm**”), a qualified finder, in the course of the Placement. In accordance with the agreement entered into between Fronsac and Paradigm as well as in accordance with applicable regulations, Paradigm shall receive a finder’s fee in the amount of \$100,000.00, plus applicable taxes.

Insiders of Fronsac participated in the Offering: Mr. Michael Zakuta through Z-Corp Financial 2007 Ltd. subscribed for 204,082 Placement Units; Mr. Guy Laframboise through Laframboise Holding Inc. subscribed for 204,082 Placement Units; Mr. Jacques Beaudry personally subscribed for 204,082 Placement Units; Mr. Jason Parravano personally subscribed for 102,370 Placement Units and Mr. François-Olivier Laplante personally subscribed for 204,082 Placement Units. The percentages of Fronsac Units now issued and outstanding held by Messrs. Zakuta, Laframboise, Beaudry, Parravano and Laplante have changed to 8.3%, 6.2%, 2.6%, 0.3% and 1.7% respectively.

The Placement Units 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.

About Fronsac - Fronsac REIT is an open-ended trust that acquires and owns commercial real estate properties situated along highways or frequently travelled routes, rented exclusively to tenants operating fast food chains, convenience stores and gas stations.

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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