

FRONSAC

PRESS RELEASE

FOR IMMEDIATE RELEASE

October 10th, 2014

FRONSAC CLOSSES A FINANCING

Montreal (Quebec) - (TSX-V: GAZ.UN) Fronsac Real Estate Investment Trust (“**Fronsac**”) is pleased to announce the closing today (the “**Closing Date**”) of a private placement of units (the “**Units**”) and of convertible debentures (the “**Debentures**”) for a total proceed of \$ 3,960,083.32 (the “**Offering**”). The Units and the Debenture were issued to investors pursuant to exemptions under *Regulation 45-106 respecting prospectus and registration exemptions*.

The Trust issued 10,305,787 Units at a price of \$ 0,36 each for a proceed of \$ 3,710,083.32. Debentures of an aggregate principal amount of \$250,000 were also issued. The Debentures are not specifically secured and are due on October 10, 2019. The Debentures bear an annual interest rate of 6% payable semi-annually and are convertible into units of Fronsac at a conversion price of \$ 0,43. Fronsac has the right to force the conversion, after January 1st 2017, should the closing price of the Units on the TSX Venture Exchange is higher than \$ 0,43 for a period of twenty consecutive days. The Units, the Debentures and all underlying units that may be issued upon conversion of the Debentures are subject to a four-month plus one-day hold period from the Closing Date, expiring on 11 February, 2015, pursuant to securities legislation and the policies of the TSX Venture Exchange.

The proceeds of the Offering will be used, as previously announced, for acquisitions and for working capital purposes.

Insiders of Fronsac participated in the Offering. Michael Zakuta through Z-Corp Financial 2007 Ltd. subscribed 1,388,888 Units, Guy Laframboise through Laframboise Holding Inc. subscribed 1,388,889 Units, Richard Chicoine through Gestion immobilière MSC Inc. subscribed 138,890 Units, Patrick Bazinet through Les placements Marceau et Bazinet s.e.n.c. subscribed 210,000 Units and Michel Lassonde subscribed to a Debenture of an amount of \$ 100,000, these subscriptions representing close to 30% of the total amount raised through the Offering. The percentage of units now held by Messrs Zakuta, Laframboise, Chicoine and Bazinet has respectively changed from 5% to 7%, 4.5% to 6.5%, 4.7% to 4% and 1.6% to 1.7%. If the Debenture held by Mr. Lassonde would be converted as of today, the percentage of units now held by him would increase from 5% to approximately 5.5%.

Commenting on the Offering, Mr. Lassonde, President of the Trust stated “this Offering is the most important financing done by the Trust so far and is a solid vote of confidence in our business model by a group of investors who are with us for the long term”.

The Convertible Debentures, underlying units and 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.

About Fronsac - Fronsac Real Estate Investment Trust is an open-ended trust that acquires and owns high quality commercial real estate properties, rented to strong tenants under long term, management free and net leases.

Forward-Looking Statements

This press release contains forward-looking statements and information as defined by applicable securities laws, including statements relating to Fronsac and expectations of the management regarding a proposed transaction and the expected benefits thereof. There is no assurance that the proposed transaction will be carried out and that the anticipated benefits will materialize. The proposed transaction is subject to approval and consent of stakeholders and there is no certainty that these will be achieved. 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.

The TSX Venture Exchange and its regulatory service provider (as that term is defined in the policies of the TSX Venture Exchange) decline all responsibility for the adequacy or accuracy of this release.

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