

FRONSAC REAL ESTATE INVESTMENT TRUST

PRESS RELEASE

FOR IMMEDIATE RELEASE

August 28, 2018

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: FRO.UN) Fronsac Real Estate Investment Trust (“**Fronsac REIT**” or “**Fronsac**”) is pleased to announce the closing as of August 28, 2018 (the “**Closing Date**”) of a private placement of units (the “**Units**”) for a total proceed of \$8,595,999.18 as well as non-secured convertible debentures (the “**Convertible Debentures**”) for a total proceed of \$1,404,000.00 (the Units and Convertible Debentures collectively referred to as the “**Placement**”). The Units were issued to investors pursuant to exemptions under *Regulation 45-106 respecting prospectus exemptions*.

Fronsac issued 15 918 517 Units at a price of \$0.54 each. The Convertible Debentures also issued 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. Fronsac has 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 days.

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 \$250,000.00, plus applicable taxes.

Insiders of Fronsac participated in the Offering: Mr. Michael Zakuta through Les Immeubles Plaza Z-Corp inc. subscribed for 204,626 Units, Mr. Guy Laframboise through Laframboise Holding Inc. subscribed for 204 626 Units, Mr. François-Olivier Laplante subscribed for 370 371 Units, Mr. Michel Trudeau subscribed for 740 741 Units and Ms. Katia Marquier subscribed for 37 038 Units. The percentages of Fronsac Units now issued and outstanding held by Mr. Michael Zakuta, Mr. Guy Laframboise, Mr. François-Olivier Laplante, Mr. Michel Trudeau and Ms. Katia Marquier have changed to 8.9%, 4.9%, 1.6%, 1.6% and 0.1% 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 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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