



FRONTENAC

MORTGAGE INVESTMENT CORPORATION

**Annual General Meeting
Virtual Meeting
Friday June 16, 2023
2:00p.m.-3:00p.m.**

MINUTES

Present

Shareholders

Board Directors: Jody Becker, Meghan Davis, Alex de Korte, Allison Martin, Ryan Wykes, Ryan Seeds, Eric Dinelle, and Robert Barnes

Management: Matthew Robinson-CEO, Daniel Komorowski – CFO, and Amber Kehoe-Corporate Secretary

Shareholders: Leigh Brown, Laticia Card, Amanda Fellows, Linda Hay, Kristina Hodges, Kymberly Jordan, Isabell Schmid, Cory Thompson, and Tara Wellman.

Guests

Gordon Wright, CPA, CA-MNP,

The meeting moderator, ComputerShare started the meeting:

“Hello and welcome to the Annual and General Meeting of Shareholders of Frontenac Mortgage Investment Corporation. Please note that today’s meeting is being recorded. During the meeting, you will have an opportunity to vote on the motions put forward to the shareholders. The polls are now open, and voting can be entered until the polls close. If you have previously provided your proxy, you will not need to vote again, unless you are wanting to change your previous vote.

There will be a question-and-answer session at the conclusion of the meeting. You can submit questions or comments at any time by clicking on the Q & A icon.

It is now my pleasure to turn today’s meeting over to the Chair of the Board, Jody Becker, the floor is yours.”

“Thank you. Good afternoon shareholders and guests, bonjour á tous! Thank you for joining us today for the Frontenac Mortgage Investment Corporation 2023 Annual General Meeting. While you may be joining us from many parts of Canada, we want to acknowledge that we are speaking to you from beautiful Kingston, Ontario, the traditional lands of the of the Anishinaabe, Haudenosaunee and the Huron-Wendat. We thank these nations for their care and stewardship over this shared land.

We plan to have a short business meeting of about 45 minutes, which will then be followed by an interactive Question & Answer period with members of the Management Team. The formal meeting will include:

- The Scrutineer’s Report
- Receipt of the Audited Financial Statements
- Appointment of the Auditor
- Approval of the Amendments to By-Law #1 of the Company



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- The Election of the Directors
- Speeches by the Management Team, and
- Any New Business Properly Brought Before the Meeting

I now ask for Reymer Espinas of Computershare, the Scrutineer for today's meeting, to please report the preliminary number of shareholders present in person and the total number of shares they represent, together with the number of shares represented by proxy."

1. Scrutineers Report

"Ms. Chair the Scrutineer's Report indicates that there are **7** Shareholders present at this Meeting in person holding **3976.6433** Common Shares.

There are **988419** Common Shares represented by proxy totalling **14.57%** of the total number of shares eligible to vote at today's meeting.

Total common shares present in person or represented by proxy is **992395** being **14.64%** of the total number of Common Shares issued & outstanding."

As the majority of shares present in person or by proxy have indicated support for all motions, all motions will pass. As such, we have recommended to Ms. Becker that she not call for a standard "show of hands" but only for those who are opposed to any particular motion.

Therefore, following the moving & seconding of each motion, the Chair will ask **ONLY THOSE WHO ARE OPPOSED** to the motion vote - at which point you may signify your opposition by selecting the "against" option in the poll.

"Noted from the final report provided by Computershare's scrutineer report:

Total Shareholders voted by proxy: 81

Total Shares Issued and Outstanding: 6,780,827.0100

Total Shares Voted: 988,420.0846

Total % Of Shares Voted: 14.58%"

2. Call to Order

I confirm there is a quorum present and proof of notice calling this Meeting has been given in accordance with the Corporation's By-laws and Canadian *Business Corporations Act*.

I now declare that the Meeting is regularly called and properly constituted for the transaction of business. The meeting is therefore called to order.

CTO(2:04p.m.)

As the first point of order to the meeting, it was noted there was an error in printing on the meeting's Proxy Document. Considering the recent changes with the Canadian Corporations Business Act, Director Election votes must be cast either 'For' or 'Against' their election.

This requirement was outlined within the Management Information Circular, which formed part of the materials for today's meeting. Keeping in line with the



Management Information Circular, all votes cast on the proxy which indicate 'Withheld', will be considered as a vote 'Against' election. We apologize for the error.

3. Chair's Remarks

As we gather today, I'm pleased to speak to you today as the Chair of the Board of Directors of Frontenac, and I extend greetings from each of my distinguished colleagues on the Board, to whom it is now my pleasure to introduce you (I'll ask each of the Directors to kindly raise their hand as I announce them):

Robert Barnes, Past Chair, Director since 2007

Alex De Korte, Chair of the Governance & Nominating Committee, Director since 2021

Ryan Seeds, Chair of the Audit Committee, Director since 2019

Eric Dinelle, Director since 2007

Meghan Davis, Director since 2021

Allison Martin, Director since 2022

Ryan Wykes, Director since 2022

Thank you again on behalf of the Board of Directors. It is our honour and privilege to serve at the pleasure of the shareholders.

This year, we celebrate the auspicious occasion of the 40th anniversary of the WA Robinson group of companies, of which Frontenac is a part. The company, which was founded by Wayne Robinson in 1983, was built upon the pillars of trust and integrity. Wayne had a real passion for helping members of the community fulfil their dream of home-ownership, while providing a safe and reliable vehicle for investment. That vision continues today through the leadership of our dedicated management team, led by our incomparable CEO, Mr. Matthew Robinson – from whom you will also hear today.

There is no question that the world has changed dramatically over the last 40 years. In 1983, the earliest versions of the internet were just being tested, the final episode of MASH aired (becoming the most watched television event in history), Sony released the first CD players (which cost approximately \$1000 each), US President Ronald Regan made the decision to make Global Positioning Systems public, Microsoft Word was first released, and nuclear proliferation was a concern on everyone's mind. Here are some more interesting facts for you: the price of a movie ticket was about \$3.50, a Honda Accord could be purchased for about \$8000, the average price of a home in Canada was \$100,000, the inflation rate was 5.86%, the Bank of Canada's interest rate was 9.55%, and the average 5-year fixed mortgage rate sat at 13.5% (down from 1982's peak at 19.25%). Certainly, the early 80s were an uncertain and turbulent time – it was the beginning of the tech era and geo-political tensions were extremely high.

Wayne Robinson's mission for his company was to provide security and confidence in turbulent and uncertain times. And while today we don't do anything without consulting the internet (including finding the stats for this speech), CDs are obsolete and no one under the age of 40 knows what MASH was. Wayne's mission for



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Frontenac has carried on through the company's commitment to the values of Competency, Consistency and Care.

Over the last several years, we have seen tremendous volatility in economic markets, perhaps only paralleled by those of the early 80s. The aftermath of the pandemic, global conflicts, including the war in Ukraine, the rise of nationalism and the impacts of climate change are all having an impact. The concept of a safe harbour for investment seems implausible for many.

However, if we consider the performance of the Frontenac Mortgage Investment Corporation, we can see that the promise of capital preservation and consistent returns is achievable, even in these uncertain times. Publicly offered since 2005, Frontenac takes a conservative approach to investment by focusing on first mortgages and by avoiding leverage. As a dependable investment, the FMIC team utilizes robust and technology-enabled underwriting processes and reasonable loan-to-value ratios. The results speak for themselves: consistent average returns between 5-6%, with an annual return in 2022 of 6.02% and first quarter return in 2023 of 6.25%.

What hasn't changed over the last 40 years is the character of our dedicated and knowledgeable team. In the words of our CEO, Matthew Robinson, "It's the story of a family business in a small town that has grown steadily, sustainably and without losing sight of its values." Those values come from the recognition of the trust that is placed in the FMIC team by all of our shareholders. Our team recognizes that our investors have entrusted us with the responsibility of protecting their hard-earned dollars, and for delivering a reasonable return. That trust is not taken lightly. Our team has extensive expertise in raising capital, underwriting and financial management. Their commitment to the values of the company are self-evident and demonstrated by the consistency of the financial results. On behalf of the Board of Directors, I would like to take this opportunity to extend my sincerest thanks to the FMIC Management Team and all of the staff for their ongoing dedication and for fully embracing those values.

I also want to thank you, our shareholders and the advisors who represent you, for placing your trust in our FMIC family. We recognize that our investors have choices and for that reason we truly appreciate your commitment and shared values.

There is no question that the next 40 years will present some unique challenges and opportunities. As I wrote this speech, I imagined our future Board Chair writing a speech about what was happening back in 2023. Perhaps he or she won't be writing it at all, but rather some AI bot will generate it for them. Perhaps they will have a good laugh recalling when we didn't have regular shuttles to the moon and when we were struggling to solve the climate crisis. I hope I'm around to see it. Because I imagine that Frontenac will still be helping people realize that dream of home-ownership and perhaps we will be enjoying the fruits of our investment as we board those lunar shuttles. In 1983, the movie Ghandi was awarded the Oscar for best picture.

So I will leave you with this thought from Mohatma Ghandi: "The Future depends on what we do in the Present". With the dedicated and hard-working team at the Frontenac Mortgage Investment Corporation, I am confident that our future is in good hands.

Thank you.



Now we will move to the Receipt of the Audited Financial Statements and Auditor's Report.

4. Receipt of the Audited Financial Statements

With the transition to Corporate Finance in 2020, Copies of the Audited Annual Financial Statements and the Auditor's Report for the year ending December 31, 2022, are available for review prior to the AGM online or in paper format by request. The audit was performed by MNP LLP. I am pleased to state that we received a clean Report.

If you have any questions related to the financial statements I will ask Dan Komorowski, our Chief Financial Officer, to respond to them.

Are there any questions? Please indicate to the moderator that you have a question by using the Q & A Function.

The 2022 Audited Annual Financial Statements and Auditor's Report are deemed to have been received.

5. Appointment of the Auditor: Approval of MNP LLP as Auditor and to authorize the Board of Directors to fix the remuneration of the Auditor.

The next item on our Agenda is the approval of the Frontenac's 2023 Auditor. I will read the motion. That MNP LLP be approved as Auditor, and furthermore, that the Board of Directors be authorized to fix the remuneration of the Auditor.

The motion has been moved by Amber Kehoe as Proxy Holder

The motion has been seconded by Meghan Davis

Are there any questions? Please indicate to the moderator that you have a question by using the Q & A function.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion Please indicate your opposition by selecting the "against" option in the open poll. Your opposition will be duly noted.

The motion is carried.

6. Approval of the Amendments to By-Law #1 of the Company

The next order of the business is the Approval of the Amendments to By-Law #1 of the Corporation. As noted in the Management Information Circular which accompanied the materials for this meeting, in order meet the August,2022 amendments to the Canadian Corporations Business Act, all Directors of the corporation will be elected for one year terms, requiring annual election at the General Meeting. As such, Section 3.6 of the By-Law will be updated to reflect these changes. I will now read the motion.

Be it resolved that Section 3.6 of By-Law #1 of the Company be amended as follows:



"Directors shall be elected for a term ending not later than the next annual meeting. To effect orderly changes in Board membership, Directors shall be elected at the first meeting of the shareholders, or at other times, for a term of one (1) year; unless their office is earlier vacated in accordance with the By-Laws of the Company."

The motion has been moved by Amber Kehoe as Proxy Holder

The motion has been seconded by Robert Barnes

Are there any questions? Please indicate to the moderator that you have a question by using the Q & A function.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion. Please indicate your opposition by selecting the "against" button in the poll. Your opposition will be duly noted.

The motion is carried.

7. The Election of the Directors

The next order of the business is the Election of Directors to the Board.

With the passing of the previous motion, Amendments to By-Law #1, each of the Directors will now stand for election.

I ask for Reymer Espinas of Computershare, the Scrutineer for today's meeting, to please report the preliminary number of shares voted for and shares voted against each of the Directors standing for election today.

a) For the election of Alex de Korte, the recommendation to vote 'For' election:

The motion has been moved by Amber Kehoe as Proxy Holder

The motion has been seconded by Ryan Wykes

There were **974,333.7318** votes for and **14,086.3528** votes against.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion. Please indicate your opposition by selecting the "against" button in the poll. Your opposition will be duly noted.

The motion is carried.

b) For the election of Meghan Davis, the recommendation to vote 'For' election:

The motion has been moved by Amber Kehoe as Proxy Holder

The motion has been seconded by Allison Martin

There were **976,000.3985** votes for and **12,419.6861** votes against.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion. Please indicate your opposition by selecting the "against" button in the poll. Your opposition will be duly noted.

The motion is carried.

c) For the election of Ryan Wykes, the recommendation to vote 'For' election:



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The motion has been moved by Amber Kehoe as Proxy Holder
The motion has been seconded by Ryan Seeds
There were **973,594.4594** votes for and **14,825.6252** votes against.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion.
Please indicate your opposition by selecting the "against" button in the poll. Your
opposition will be duly noted.
The motion is carried.

d) For the election of Allison Martin, the recommendation to vote 'For' election:
The motion has been moved by Amber Kehoe as Proxy Holder
The motion has been seconded by Eric Dinelle
There were **975,261.1261** votes for and **13,158.9585** votes against.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion.
Please indicate your opposition by selecting the "against" button in the poll. Your
opposition will be duly noted.
The motion is carried.

e) For the election of Robert Barnes, the recommendation to vote 'For' election:
The motion has been moved by Amber Kehoe as Proxy Holder
The motion has been seconded by Alex de Korte
There were **973,594.4594** votes for and **14,825.6252** votes against.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion.
Please indicate your opposition by selecting the "against" button in the poll. Your
opposition will be duly noted.
The motion is carried.

f) For the election of Jody Becker, the recommendation to vote 'For' election:
The motion has been moved by Amber Kehoe as Proxy Holder
The motion has been seconded by Meghan Davis
There were **976,000.3985** votes for and **12,419.6861** votes against.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion.
Please indicate your opposition by selecting the "against" button in the poll. Your
opposition will be duly noted.
The motion is carried.

g) For the election of Ryan Seeds, the recommendation to vote 'For' election:
The motion has been moved by Amber Kehoe as Proxy Holder
The motion has been seconded by Ryan Wykes
There were **973,594.4594** votes for and **14,825.6252** votes against.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion.
Please indicate your opposition by selecting the "against" button in the poll. Your
opposition will be duly noted.



The motion is carried.

h) For the election of Eric Dinelle, the recommendation to vote 'For' election:
The motion has been moved by Amber Kehoe as Proxy Holder
The motion has been seconded by Robert Barnes
There were **976,000.3985** votes for and **12,419.6861** votes against.

At this point I am going to ask the shareholders if anyone is OPPOSED to the motion. Please indicate your opposition by selecting the "against" button in the poll. Your opposition will be duly noted.
The motion is carried.

This concludes the voting portion of the meeting, and the polls will be formally closed.

I would now like to ask Matthew Robinson, the CEO for Frontenac and W.A. Robinson Asset Management to step forward and provide his thoughts on the performance of Frontenac over the last year and what he envisions for the future."

8. Speeches by the Management Team

Matthew Robinson, CEO

"Hello everyone and thank you for joining.

I am very proud to be speaking to you today, especially since we are celebrating our 40th anniversary in business. Looking back over the past four decades, I am reminded of the countless challenges we have faced, the triumphs we have celebrated and the lessons we have learned. Our journey began with a vision to create something meaningful and enduring. Through hard work and determination, we have transformed that vision into a reality.

We have witnessed dramatic changes in business over the past few years. Some obvious examples are changes in technology, economic fluctuations and shifting consumer preferences. Investors are making fear-based decisions on where they place their money rather than traditional long-term investment strategies that prove to be more successful in the end. Things that we used to take for granted are now up for debate and this has rattled the confidence of most people who are looking to create some financial certainty for their family's future. There has been a massive flight to safety as people have turned to GICs and Hi -Interest saving accounts to hunker down until this storm of uncertainty passes.

Our investment strategy has always been conservative, and we place high value in making sure we underwrite deals with capital preservation as our highest priority and getting a reasonable return on the risk we take for each deal. We believe that not losing money has much more value than market timing or complicated strategies for the extra upside.

Our success over the last 40 years can be attributed to several key components but most importantly it's the Trust we have built with our stakeholders. The vision of our organization is built around this desire to be trustworthy and do a great job for our



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clients, staff, shareholders, and business partners. Our vision consists of what we call the 3C's of Trust: Competency, Consistency and Care.

We have a very talented team of over 40 people who are constantly looking at doing things better. We believe in development and education throughout our careers and finding ways that technology and great systems can allow our people to build strong relationships internally, as well as with our partners. We want to build our circle of Competency within the context of what we set out to accomplish which strengthens the integrity of our organization and allows for a much greater customer experience. Our Senior Management team consists of our CFO - Dan Komorowski, Our Chief Sales Officer- Gord Ross, our Senior Vice President Pillar Financial- Agostino Tuzi, our Director of Human Resources- Michael Fisher and finally our Chief Compliance Officer -Amber Kehoe. This team of highly engaged and competent people brings a depth of industry experience and a new energy to our organization. I am very pleased with the results of our highly competent C-Suite and am confident that they will lead our organization with enthusiasm into the future.

One of our core tenants is to make sure that we deliver on what we promise. Having 40 years of positive returns is one thing but it comes down to the reliability and predictability that builds trust in relationships.

Consistency is integral when dealing with investments and allowing our investors to have that feeling of confidence in unstable times. We pride ourselves on being that investment you can count on when times are uncertain, and we continue to provide that consistent return on your investment.

Care is the cornerstone of our Vision. We take care of our investors' money as if it were our own and we are very careful in every decision we make on behalf of our stakeholders. All our staff take their jobs very seriously and we share stories internally about some of the great things that happen around us. We like working together and finding ways to build the strength of our relationships through storytelling and sharing examples of the impact we have on the lives of others. We appreciate the positive feedback from a job well done. We also take joy in knowing that we are allowing people to get access to money that they would not otherwise have access to from traditional institutions.

None of this could happen without the incredible individuals who make up our team. Your dedication, passion and talent that have propelled us forward and helped us achieve remarkable milestones. Together we have weathered storms, celebrated victories, and built a thriving community that extends far beyond our organization. It is this sense of unity and shared purpose that sets us apart and gives us the ability to overcome any obstacles.

I would like to Thank the Chair of the Board and all of the Directors for their dedication and insight as we work together toward our common goal. It really is a pleasure to work alongside such a fine group of people.

I would also like to acknowledge the Portfolio Managers who have supported us with your client's investment capital, we are pleased to have your support and are committed to build stronger relationships with you and provide the highest quality investment products and services to you and your teams.

Lastly, I would like to thank the mortgage brokers who continue to work with our team and provide us with quality deals across the province. We appreciate your hard work and trust in our organization to take care of your clients.



I want to express my deepest gratitude to each and every one of you for being part of this remarkable journey, for your unwavering support, for helping us reach this incredible milestone. Here's to 40 years of excellence and to the many more milestones that lie ahead.

Thank you.

Now, I would like to introduce Dan Komorowski our CFO."

Dan Komorowski, CFO

"Thank you, Matt.

Good afternoon everyone, and thank you for attending Frontenac's Annual General Meeting. Today I will review our financial results for the year ended December 31, 2022.

Let me begin by addressing the broader economic environment.

Financial markets entered 2022 dealing with some of the highest inflation rates in a generation, putting significant pressure on central banks and weighing on the purchasing power of consumers. At its peak, the annual inflation rate reached 8.1% in June 2022 according to Statistics Canada. As a result, we saw the Bank of Canada increase interest rates by 4% with the overnight lending rate finishing at 4.25%. Correspondingly, mortgage rates increased significantly as well.

With interest rates sharply on the rise, we saw a significant decline in home sales and home prices. For example according to RBC monthly housing report, year over year residential home resales decreased by 30% and the residential average home price decreased by 4.6% in the Ottawa area in 2022.

Given this economic backdrop, some of key achievements for 2022 include:

- The closure of a large loan residential development program without credit loss
- Record volumes for underwriting: \$220 million of new deals
- Record year for new capital: \$48 million

However, 2022 wasn't without its challenges.

We experienced a record year for redemptions: \$55 million.

Share capital was flat year over year at \$202 million.

Given the volatility and declines in both the bond and equity markets, we are very pleased with our 2022 financial results – a rate of return of 6.02%– which is an increase from 5.53% for the year ended December 2021 as well as a continued \$30 share value.

Interest income for the fiscal year ended December 2022 was \$19.6 million, an increase of \$3.5 million or 25% from the fiscal year ended 2021.

The increase in revenue is due primarily to an 18% growth of the mortgage portfolio, which rose from \$183 million as at December 31, 2021 to \$217 million as at December 31, 2022, higher interest rates from loans originated in 2022 and the Corporation carrying lower average cash balances.



Total expenses were \$7.3 million for the fiscal year ended December 2022, an increase of \$2 million or 40% from the fiscal year ended 2021.

Total expenses rose significantly year over due to increases in management and administration fees which are tied to total assets, interest expense, and the provision for mortgage impairment losses.

Management and administration fees increased by \$0.5 million as total assets increased from \$203.6 million to \$225.8 million. Interest expense on the bank line of credit increased by \$0.5 million year over year as the Corporation utilized its line of credit in the second half of the year to smooth out cashflows from share sales and mortgage payouts with share redemptions and mortgage advances.

For the year ended December 31, 2022, the provision for mortgage impairment losses increased to \$1.1 million from \$0.2 million in the year ended December 31, 2021, primarily due to a single large residential development project whereby four loans became impaired. In 2014, the Corporation strategically decided to exit the large loan residential development sector in order to de-risk the mortgage portfolio, and there is only one large residential development project left in the mortgage portfolio as at December 31, 2022.

Today, we continue to see higher interest rates, inflation that is declining, and volatility in markets. However, we believe that Frontenac Mortgage Investment Corporation continues to meet its primary objective of offering its shareholders capital preservation while providing a stable stream of monthly interest income.

This result is by design with a strategic focus on residential homes, 1st mortgages, reasonable loan-to-value, and short durations. This design has allowed Frontenac to provide steady, consistent, positive returns, while protecting capital, in good times and in bad for the last 40 years. Our goal here at Frontenac is to do the same for the next 40 years. Thank you.

With that, I will hand it back to Jody."

"Thank you, Dan.

9. Any New Business Properly Brought Before the Meeting

The final item on the agenda is New Business. No items of New Business have been brought forward prior to the meeting or any adjournment thereof.

10. Adjournment

Since there are no items of New Business, I declare the meeting adjourned. Thank you for your participation and thank you for the opportunity to serve as your Chair.

With the conclusion of the formal business meeting, I would like to open the virtual floor to questions. We will limit the question period to **15 minutes**. If you have a question please use the Q & A function or send them via Email to amber.kehoe@robninsonsgroup.com"

Pause and wait for any questions. There were no questions raised.



Thank you, the meeting is now concluded.
Adjournment **(2:36p.m)**.

I thank you for attending. Once again it was an honour to act as your Chair. Have a safe and enjoyable weekend. Thank you very much."

Computershare concluded the meeting and signaled for all virtual attendees to disconnect.