

Frontenac Mortgage Investment Corporation Provides an Update on the Mortgage Portfolio, Return of Stated Capital, and Repayment History

Ottawa, Ontario, September 25, 2026

Update on Mortgage Portfolio

The financial information presented below is given as of August 31, 2026, and is management prepared and presented on an unaudited and unreviewed basis.

The portfolio consists of 21 remaining mortgage files totaling approximately \$39.8M of principal outstanding, excluding any internally recorded provisions for loss and additional fees and interest that may or may not be collectible.

The 21 files are segmented as follows:

- 3 Residential mortgages totaling approximately \$3.8M of outstanding principal;
- 12 Construction mortgages totaling approximately \$19.2M of outstanding principal;
- 2 Vacant Land mortgages totaling approximately \$1M of outstanding principal;
- 4 Residential Development mortgages totaling approximately \$15.8M of outstanding principal, which are all related to the legacy large development property and are all currently in a court-appointed receivership.

File concentration is summarized as follows:

- Top 5 files by outstanding principal represent roughly 53% of the portfolio balance;
- Top 10 files by outstanding principal represent roughly 75% of the portfolio balance; and
- Top 15 files by outstanding principal represent roughly 92% of the portfolio balance

Current actions being taken on the remaining 21 files are broken down as follows:

- 17 files (\$24M) are in Power of Sale; however, we are awaiting possession of 8 properties, all of which may individually yield some full payouts, but are expected to incur losses overall; and
- 4 files (Residential Development loan - \$15.8M) are in Power of Sale but are in a court-appointed receivership process, and the secured properties are actively being marketed for sale, which are expected to incur losses.

Shareholder Return of Capital Payment

Frontenac Mortgage Investment Corporation (“**FMIC**” or the “**Company**”) is pleased to announce that it has approved a reduction of the stated capital of its common shares (the “**Common Shares**”) and pro rata distribution as a return of capital to shareholders in the aggregate amount of \$9,000,000.00, representing \$2.84 per Common Share. The return of capital will be paid on or before September 29, 2026 to shareholders of record as of September 25, 2026.

The return of capital was approved by the Board of Directors of the Company on September 25, 2026, as authorized by a special resolution authorizing a reduction of the stated capital of the Common Shares in respect of return of capital distributions, passed at the special meeting of shareholders held on December 8, 2025. For further information, see the management information circular of the Company dated October 29, 2025.

Shareholder Distributions Made Under the Orderly Wind-Up Plan

Date of Distribution	Opening Share Capital	Opening Shares Outstanding	Opening NAV	Distribution Amount	Shares Redeemed	Closing Share Capital	Closing Shares Outstanding	Closing NAV	% Cumulative Share Capital Returned
Q4 2024	\$190,046,730	6,334,891	\$ 30.00	-\$65,000,000	- 2,166,667	\$125,046,730	4,168,224	\$30.00	34.20%
Q1 2025	\$125,046,730	4,168,224	\$ 30.00	-\$30,000,000	- 1,000,000	\$95,046,730 ⁽¹⁾	3,168,224	\$30.00	49.99%
Q4 2025	\$94,590,719 ⁽¹⁾	3,168,224	\$ 29.86	-\$20,000,000	-	\$74,590,719	3,168,224	\$23.54	60.51%
Q1 2026	\$74,590,719	3,168,224	\$ 23.54	-\$7,000,000	-	\$67,590,719	3,168,224	\$21.33	64.19%
Q2 2026	\$67,590,719	3,168,224	\$ 21.33	-\$10,000,000	-	\$57,590,719	3,168,224	\$18.18	69.46%
Q3 2026	\$57,590,719	3,168,224	\$ 18.18	-\$9,000,000	-	\$48,590,719	3,168,224	\$15.34	74.19%

⁽¹⁾Q4 2025 opening value adjusted to reflect the retained earnings adjustment identified during 2025

*Note that values in the table have been rounded; minor variances may occur as a result.

Readers are cautioned that the principal amount of a mortgage does not reflect its current fair value for accounting purposes, and may not be indicative of the value that may be realized on the mortgage by the Company. There can be no assurance that the Company will recover any amounts owing under any mortgage in its portfolio, or that any amounts actually recovered will be equal to its outstanding principal amount.

Given the current status of the majority of the Company's mortgage loans, recovery of amounts owing is expected to be derived primarily through enforcement proceedings and the sale of the underlying secured properties, including through Power of Sale and the currently active court-appointed receivership process. Accordingly, the collectability of these mortgage loans is largely dependent on the estimated realizable value of the underlying secured properties, the timing of possession and sale, and the costs associated with enforcement and disposition.

Realizable value of a property is influenced by a number of factors, including prevailing real estate market conditions, property-specific considerations (such as location, condition, completion status for construction projects, and marketability), and broader economic conditions. In addition, delays in obtaining possession, carrying costs (including property taxes, insurance, utilities, and maintenance), legal and receivership costs, and further market softening may negatively impact net recovery. Where the estimated net proceeds from sale are less than the outstanding principal, interest, and enforcement costs, losses may be realized. As a result, there is inherent uncertainty regarding the ultimate recovery on these loans, and actual losses may differ, potentially materially, from current estimates.

Management has identified certain mortgages as likely to result in credit losses. In accordance with prudent accounting practices, the Company has recorded provisions and set aside reserves in respect of such expected credit losses. Such reserves have been excluded from amounts determined to be available for distribution to shareholders pursuant to share redemptions and other returns of capital made pursuant to the Company's orderly wind-up plan. To the extent expected credit loss reserves exceed the actual losses incurred by the Company in connection with the liquidation of its mortgage portfolio, excess reserve amounts are expected to be available for distribution to shareholders, subject to applicable corporate laws. Readers are cautioned that actual losses incurred in connection with the liquidation of the Company's portfolio may be substantial, and could materially exceed the expected credit losses.

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Forward-Looking Statements

This press release contains certain forward-looking statements and forward-looking information (collectively referred to herein as “forward-looking statements”) within the meaning of applicable Canadian securities laws, which may include, but are not limited to, information and statements in respect of the return of capital to shareholders of the Company; the filing of the Company’s outstanding annual and interim financial statements and related MD&A, together with the applicable CEO and CFO; revocation of the FFCTO; the status and anticipated recovery of amounts owing under the Company’s remaining mortgage files; actions the Company may take to realize on mortgages; the timing, process and expected outcomes of enforcement proceedings, including Power of Sale and receivership processes; the estimated realization of secured properties; the adequacy of provisions for expected credit losses; the availability of reserved amounts, net realized proceeds of mortgages, or other funds for distribution to shareholders; and the future business, operations, financial performance, prospects, and other plans, intentions, expectations, estimates, and beliefs of the Company. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “achieve”, “could”, “believe”, “plan”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “outlook”, “expect”, “may”, “will”, “project”, “should” or similar words, including negatives thereof, suggesting future outcomes.

Forward-looking statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors beyond the Company’s ability to predict or control, which may cause actual events, results, performance, or achievements of the Company to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking statements herein. Forward-looking statements are not a guarantee of future performance. Such risks include, without limitation: the Company may not succeed in recovering amounts due under mortgages or otherwise executing on its wind-up and liquidation strategy; enforcement, disposition, and recovery costs may exceed the Company’s expectations, and any amount ultimately received pursuant to the Company’s realization efforts; the Company will incur operating costs regardless of whether its realization efforts are successful; the Company’s expectations, assumptions and judgments may prove incorrect; distributions to shareholders may be limited by the prior claims of creditors to the Company; economic conditions; changes in law or regulation; the Company’s auditors may be unable to finalize their audit of the Company’s annual financial statements as anticipated; and other risk factors referred to by the Company in the documents it files from time to time on SEDAR+ at www.sedarplus.ca. Although the Company believes that any forward-looking statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such statements, there can be no assurance that any such forward-looking statements will prove to be accurate. Actual results may vary, and vary materially, from those expressed or implied by the forward-looking statements herein. Accordingly, readers are advised to rely on their own evaluation of the risks and uncertainties inherent in forward-looking statements herein and should not place undue reliance upon such forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Any forward-looking statements herein are made only as of the date hereof, and except as required by applicable laws, the Company assumes no obligation and disclaims any intention to update or revise any forward-looking statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward-looking statements herein, whether as a result of new information, future events or results, or otherwise.