



**NOTICE OF ANNUAL GENERAL MEETING**

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**MANAGEMENT INFORMATION CIRCULAR**

**April 28, 2015**

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## **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the “**Meeting**”) of the shareholders of Frontenac Mortgage Investment Corporation (the “**Company**” or “**FMIC**” or “**Frontenac**”) will be held on Saturday, June 27, 2015 at 4:30 p.m. EDT at

Canada Aviation and Space Museum  
11 Aviation Parkway, Ottawa, Ontario K1K 2X5

The Meeting is being held for the following purposes:

- 1) To approve the Minutes of the Annual General Meeting of June 21, 2014
- 2) To receive and consider the Audited Annual Financial Statements and the Auditor’s Report for the Company for the fiscal period January 1 through December 31, 2014
- 3) To approve Raymond Chabot Grant Thornton LLP as the Auditor for Frontenac and to authorize the Board of Directors to fix the remuneration of the Auditor
- 4) To transact such further and other business as may properly be brought before the meeting or any adjournment thereof

The Directors have fixed April 28, 2015 as the record date for the determination of the holders of common shares entitled to receive notice of the Meeting.

Dated: April 28, 2015

BY ORDER OF THE BOARD OF DIRECTORS

(S) William Calvert

William Calvert, Chair

## **MANAGEMENT INFORMATION CIRCULAR**

### **INTRODUCTION**

This Management Information Circular (the “**Circular**”) accompanies the Notice of Annual Meeting of the Shareholders (the “**Notice**”) of the Frontenac Mortgage Investment Corporation (the “**Company**” or “**FMIC**” or “**Frontenac**”).

The Circular is furnished in connection with the solicitation of proxies and has been prepared by Management of the Company for use at the Annual General Meeting (the “**Meeting**”) or at any adjournment of the Meeting for the purposes set forth in the Notice that accompanies this Circular. The Meeting will be held at the Canada Aviation and Space Museum, 11 Aviation Parkway, Ottawa, Ontario on Saturday, June 27, 2015 at 4:30 p.m. EDT.

The Circular provides background information not previously provided to you which might be useful in deciding how you want to vote on matters put before the shareholders. The cost of the solicitation of proxies herein will be borne by the Company, including the cost of preparing, assembling and mailing proxy materials and handling and tabulating the proxies returned.

An invitation has been mailed to you with this package. If you plan to attend, you can register online at [www.agm.robinsonsgroup.com](http://www.agm.robinsonsgroup.com) or you can complete the paper RSVP and mail it back to us in the stamped addressed envelope provided. **If you have received multiple invitations, please complete one invitation with your information and return that completed invitation together with all other blank RSVP cards in the same return envelope.**

In the event you are unable to attend the Meeting, we have provided a Form of Proxy which allows you to specify how you want your shares voted on the matters before the shareholders and who you authorize to vote your shares.

You can register your proxy online at [www.agm.robinsonsgroup.com](http://www.agm.robinsonsgroup.com) or return the paper form in the self-addressed return envelope provided by June 24, 2015. The use of Proxies **is only for those shareholders who cannot attend the Meeting.**

## **PROXIES AND VOTING RIGHTS**

### **MANAGEMENT SOLICITATION AND APPOINTMENT OF PROXIES**

The Corporate Secretary of Frontenac, Dawn Reiser, is named in the accompanying Form of Proxy as the nominee of the Company’s Management to exercise your voting rights in your absence from the meeting. The Corporate Secretary is therefore known as the Proxy holder for those that agree to have her vote on behalf of their shares. **A shareholder has the right to appoint a person (who need not be a shareholder) to attend and act on the shareholder’s behalf at the Meeting other than the person designated as Proxy holder in the accompanying form of proxy.** To exercise this right, the shareholder must either:

- a) On the enclosed Form of Proxy, strike out the printed name of the individual specified as Proxy holder and insert the name of the shareholder's nominee in the blank space provided; or
- b) Complete another proper Form of Proxy; or
- c) Register the proxy holder online at [www.agm.robinsonsgroup.com](http://www.agm.robinsonsgroup.com).

This year once again, shareholders have an online registration system available to them through the internet at [www.agm.robinsonsgroup.com](http://www.agm.robinsonsgroup.com). **Normally to be valid, a proxy must be dated and signed by the shareholder (or by the shareholder's attorney, authorized in writing); OR the shareholder can register their proxy online using their user ID and password, which has been sent under separate correspondence (in the invitation), at [www.agm.robinsonsgroup.com](http://www.agm.robinsonsgroup.com). If you have received multiple packages, this is because you have multiple accounts. With each package, you have received a unique user ID and password which is associated with the number of shares held in that account. It is very important that you keep your user ID and password for each account as you will need these to properly register your total share count for the AGM.**

**If a paper proxy is being returned**, signed by the shareholder or by an authorized person, then the completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarial certified copy of the power of attorney or other authority, must be delivered to:

T. O Corporate Services, 21 St. Clair Avenue East, Suite 802, Toronto, Ontario M4T 1L9

not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment of the Meeting. **You will need to complete a Form of Proxy for each account you own.** Late proxies may be deposited with the Chairperson of the Meeting (William Calvert), at the registered office of the Company, prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof. However, the Chairperson may accept or reject late proxies at his discretion.

**If you are registering your proxy online** you do not need to return the paper Form of Proxy. We ask that shareholders return their Form of Proxy or register their proxy online as soon as they can after receiving them so that we are assured of having the appropriate number of shares represented either in person or by proxy at the Meeting. At the very latest, we ask that the proxies be in our possession by close of business (5:00 p.m. EDT) on Wednesday, June 24, 2015.

### **Revocation of Proxies**

Pursuant to section 148 (4) of the *Canada Business Corporations Act*, a shareholder who has given a proxy may revoke it manually or online:

- a) By depositing an instrument in writing, including another completed Form of Proxy executed by that shareholder or shareholder's attorney authorized in writing either:

- i) At the registered office of the Company at any time up to and including the last business day preceding the date of the Meeting or any adjournment of the Meeting; or
- ii) With the Chairperson of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment of the Meeting; or
- b) By signing on at [www.agm.robinsonsgroup.com](http://www.agm.robinsonsgroup.com) and changing the appropriate field in the Form of Proxy; or
- c) In any other manner permitted by law.

### **Voting of Shares**

Voting at the Meeting generally will be by a show of hands, with each shareholder present in person or by proxy being entitled to one vote for each share held or represented by proxy.

### **Approval of Resolutions**

To approve an ordinary resolution, a simple majority of the votes cast in person or by proxy will be required. To approve a special resolution, at least two-thirds of the votes cast in person or by proxy will be required. All motions at the Meeting are expected to be ordinary resolutions.

### **Voting of Proxies and Exercise of Discretion by Proxy Holders**

A shareholder may indicate the manner in which the person named in the accompanying Form of Proxy is to vote with respect to a matter to be acted upon at the Meeting by ticking one of the options on the Form of Proxy. All common shares represented at the Meeting by properly executed proxies will be voted "For" or "Withheld" from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Form of Proxy, the common shares represented by the proxy will be voted in accordance with such specification.

If no choice is specified in the proxy with respect to a matter to be acted upon, the proxy confers discretionary authority with respect to that matter upon the Proxy holder named in the accompanying Form of Proxy. It is intended that the Proxy holder named by management in the accompanying Form of Proxy will vote the shares represented by the proxy in favour of each matter identified in the proxy.

The accompanying Form of Proxy also confers discretionary authority upon the named Proxy holder with respect to amendments or variations to the matters identified in the accompanying Notice and with respect to any other matters which may properly come before the Meeting. As of the date of this information circular, Management of the Company is not aware of any such amendments or variations, or any other matters, that will be presented for action at the Meeting other than those referred to in the accompanying Notice. If, however, other matters that are not now known to Management properly come before the Meeting, then the person named in the accompanying Form of Proxy will vote on them in accordance with her best judgment.

## **Solicitation of Proxies**

It is expected that solicitation of proxies will be made primarily by mail and possibly supplemented by telephone or other personal contact by Directors or Officers of the Company, without special compensation, or by employees of W. A. Robinson Asset Management Ltd., the Investment Fund Manager of the Company.

## **QUORUM**

The By-laws of the Company provide that a quorum for the transaction of business at any meeting of shareholders shall be 40 shareholders and 10% of the shares entitled to vote at a meeting of shareholders, whether present or represented by proxy.

## **VOTING SHARES AND PRINCIPAL HOLDERS**

Shareholders who appear in the shareholder list on the record date of April 28, 2015 (the “**Record Date**”) are entitled to receive notice of and to attend and vote at the Meeting or any adjournment of the Meeting (see “Voting of Shares and Proxies and Exercise of Discretion by Proxy Holders” above).

As of the Record Date, the Company had **4,990,069** common shares issued and outstanding which are entitled to be voted at the Meeting. The common shares carry the right to one vote per share held. The Company does not issue any other class of share.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Approval of the Minutes of the Annual General Meeting of June 21, 2014**

The shareholders will be asked to approve the Minutes of last year’s Annual General Meeting held at The Canadian Museum of History on June 21, 2014. The Minutes are included with the package containing this Notice of Meeting and Management Information Circular.

**Unless otherwise directed, it is the intention of management’s nominee as Proxy holder, Dawn Reiser, to vote for an ordinary resolution to approve the Minutes of the Annual General Meeting of June 21, 2014.**

### **Receipt of Financial Statements and Auditor’s Report**

The Audited Annual Financial Statements and the Auditor’s Report of the Company for the fiscal year January 1 through to December 31, 2014 are enclosed with this circular. The Audited Annual Financial Statements and the Auditor’s Report are posted on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Frontenac web site [www.fmic.ca](http://www.fmic.ca). The Company received an opinion that the

Audited Annual Financial Statements “present fairly, in all material aspects, the statement of investment portfolio as at December 31, 2014, the financial position of Frontenac Mortgage Investment Corporation as at December 31, 2014 and 2013 and the results of its operations, changes in net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.”

### **The Appointment and Remuneration of the Auditor**

The shareholders will be asked to vote in favour of the appointment of Raymond Chabot Grant Thornton LLP, as the auditor of Frontenac to hold office until the next Annual General Meeting. The resolution will also authorize the Board of Directors to fix any required remuneration of the auditor.

**Unless directed otherwise, it is the intention of Management’s nominee as Proxy holder, Dawn Reiser, to vote in favour of an ordinary resolution appointing Raymond Chabot Grant Thornton, LLP as auditor for Frontenac, and to authorize the Board of Directors to fix the remuneration of the auditor.**

### **Election of the Directors**

The Company’s Board of Directors is independent of the Manager and currently consists of seven Directors; William Calvert, Robert Barnes, Eric Dinelle, Margaret Kelk, Sheldon Jacobs, Brad Ross and Steve Tarasick.

Brad Ross and Steve Tarasick have given written notice that they will not be running for re-election at the Annual General Meeting. These notifications have resulted in the Board of Directors initiating the Director Recruitment and Selection Process.

Frontenac’s policies require that the Board initiate recruitment of new Directors when the number of Directors is reduced to fewer than seven. With the recent decision of Brad Ross and Steve Tarasick not to stand for re-election at the meeting, the Board has initiated a comprehensive and robust recruitment and selection process. When it is completed, the process will identify two or more suitable replacements to complement and enhance our Board team’s collective capabilities. Once the replacements have been presented, the Board will appoint the candidates to fill the vacancies. These candidates will serve until the next Annual General Meeting. At that time, they will stand for election by the shareholders, together with any of the other Directors who are standing for re-election in 2016.

Shareholders are entitled to nominate candidates for Directors. If a shareholder has a candidate who is willing to serve for a term of 3 years, we ask that you contact the Corporate Secretary, Dawn Reiser at 1-877-279-2116 extension 321 to obtain a nomination form. Directors should be shareholders of the Company, must have a good financial record (no bankruptcies), a clean police record and cannot be indebted to the Company.

All Directors serve on the Independent Review Committee.



<p><b>Margaret Kelk</b> Portland, Ontario</p> <p>Shareholdings: 17,733</p>	<p>Retired teacher, artist, owner and manager of farming and real property rental operations since the 1970s; Director since 2005.</p> <p>Margaret is a member of the Governance/Nominating Committee.</p> <p><b>Margaret has 2 years remaining in her term</b></p>
<p><b>Robert Barnes</b> Burlington, Ontario</p> <p>Shareholdings: 49,944</p>	<p>Director, Managed Services at Ellis Don since 2011. General Manager, Robinson Solutions Inc. (buildings systems solution provider) 2008 to 2011; Managing Director, Axis Database Marketing Inc. and Compliance Marketing Services Inc. (integrated marketing and technology services) from 1997 to 2008.</p> <p>Director since 2005.</p> <p>Robert is the Chair of the Audit Committee.</p> <p><b>Robert has 1 year remaining in his term</b></p>
<p><b>William Calvert</b> Huntsville, Ontario</p> <p>Chair of FMIC since July 11, 2012</p> <p>Shareholdings: 15,921</p>	<p>Retired senior municipal and provincial civil servant; consultant to various municipalities and provincial ministries. Director since 2007.</p> <p><b>Bill has 1 year remaining in his term</b></p>
<p><b>Eric Dinelle</b> Kingston, Ontario</p> <p>Shareholdings: 849</p>	<p>Owner of Environmental Contracting Services since 2010; Senior Project Manager with City of Kingston 2009; Senior Project Manager-Planning, Kingston General Hospital 2003-2009. Director since 2007.</p> <p>Eric is a member of the Governance/Nominating Committee.</p> <p><b>Eric has 2 years remaining in his term</b></p>
<p><b>Sheldon Jacobs</b> Brownsburg-Chatham, Quebec</p> <p>Shareholdings: 14,269</p>	<p>Retired teacher of business and economics</p> <p>Sheldon is a member of the Audit Committee.</p> <p><b>Sheldon has 1 year remaining in his term</b></p>
<p><b>Brad Ross</b> Toronto, Ontario</p> <p>Shareholdings: 37,442</p>	<p>Private investor and business consultant specializing in new venture creation. Former co-founder of Entrust and former President of Entrust Technologies Europe. Former chairman and interim CEO for Pathogen Detection Systems enabling the acquisition by Veolia Water Solutions &amp; Technologies. Currently serves as an advisor for MaxSold Inc. and on a number of corporate and non-profit boards</p>

	Brad is the Chair of the Governance/Nominating Committee. <b>Brad has given notice that he will not be running for re-election</b>
<b>Steve Tarasick</b> Parham, Ontario  Shareholdings: 76,310	Founder and owner of Tarasick Carpentry and Cabinets, specializing in the building of high-end custom homes in Eastern Ontario <b>Steve has given notice that he will not be running for re-election</b>

## STATEMENT OF EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table (presented in accordance with form 51-102F6 – Statement of Executive Compensation (“**Form 51-102F6**”) under National Instrument 51-102 – Continuous Disclosure Obligations, sets forth all direct and indirect compensation for, or in connection with, services provided to the Company and its subsidiaries for the financial years ended December 31, 2012, December 31, 2013 and December 31, 2014 in respect of the Chief Executive Officer and the Chief Financial Officer who comprise the only named executive officers of the Company.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total Compensation (\$)
					Annual Incentive plans	Long-term incentive plans			
Matt Robinson, CEO	2014	Nil	Nil	Nil	Annual Incentive plans	Long-term incentive plans	Nil	Nil	Nil
					Nil	Nil			
Wayne Robinson, CEO	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kevin Cruickshank, CFO	2014	\$36,000	Nil	Nil	Nil	Nil	Nil	Nil	\$36,000
	2013	\$36,000	Nil	Nil	Nil	Nil	Nil	Nil	\$36,000
	2012	\$26,139	Nil	Nil	Nil	Nil	Nil	Nil	\$26,139

### Discussion of Summary Compensation Table

The Chief Executive Officer (Matthew Robinson, CIM) is paid through the Manager (W. A. Robinson Asset Management Ltd.) and the Administrator (Pillar Financial Services Inc.). These

two firms are paid 1/12<sup>th</sup> of 1% of the assets of the Company per month respectively as per the Investment Advisory and Fund Management Agreement and the Revised and Restated Administration Agreement. The CEO is paid by these firms. There are no incentive plan awards or pension plan benefits.

The Chief Financial Officer (Kevin Cruickshank, CFA, CA) is paid through the Manager (W. A. Robinson Asset Management Ltd.) and the fund is billed \$3,000 per month in respect of his services.

### Director Compensation

The following table (presented in accordance with Form 51-102F6) sets forth all amounts of compensation provided to the Directors for the Company's most recently completed financial year.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
William Calvert, Chair	\$20,000	N/A	N/A	N/A	N/A	N/A	\$20,000
Robert Barnes	\$10,000	N/A	N/A	N/A	N/A	N/A	\$10,000
Colleen Allison **	\$ 5,000	N/A	N/A	N/A	N/A	N/A	\$ 5,000
Eric Dinelle	\$10,000	N/A	N/A	N/A	N/A	N/A	\$10,000
Margaret Kelk	\$10,000	N/A	N/A	N/A	N/A	N/A	\$10,000
Sheldon Jacobs	\$10,000	N/A	N/A	N/A	N/A	N/A	\$10,000
Brad Ross	\$10,000	N/A	N/A	N/A	N/A	N/A	\$10,000
Steve Tarasick	\$10,000	N/A	N/A	N/A	N/A	N/A	\$10,000

\*\* Colleen Allison resigned from the Board of Directors on June 21, 2014.

### Discussion of Director Compensation Table

The Directors' fees described above relate to the work that the Directors are asked to perform on the Board of Directors and on Committees. The Directors provide oversight for the Company over the Manager and Administrator. The Chair assumes a greater workload as he meets with the CEO on a regular basis to discuss the Company's business and with the staff of Pillar Financial Services Inc. on an as needed basis to review and approve mortgages. Detailed activities include: reviewing and approving mortgages, financial oversight (review of Financial Statements), reviewing materials for the Company at the various Board of Directors' meetings and providing advice and approval of the CEO's strategic direction.

### **Options, Stock Appreciation Rights and Other Rights to Purchase Securities**

The Company does not have any stock option plans nor has it issued other rights to purchase securities.

### **Long-Term Incentive Plans**

The Company does not have any long-term incentive plan.

### **Benefit and Actuarial Plans**

The Company does not have any benefit or actuarial plans payable to the named Executive Officers or Directors.

### **Employment and Services Contracts**

The Company has not entered into an employment contract with any executive officer or other individual.

## **INDEBTEDNESS OF DIRECTORS, EXECUTIVE AND SENIOR OFFICERS**

Other than routine indebtedness, no Director or Senior Officer of Frontenac, or any proposed nominee for election as a Director of the Company, or any associate or affiliate of any such Director, Senior Officer or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee or similar arrangement by the Company or any of its subsidiaries in connection with the indebtedness, at any time since the beginning of the most recently completed financial year of the Company.

## **MANAGEMENT CONTRACTS**

### **Amended and Restated Administration Agreement**

The Amended and Restated Administration Agreement is held between the Company and Pillar Financial Services Inc. (The “**Administrator**”). This agreement was approved in 2008. The Administrator has been appointed on an exclusive basis to source and administer the mortgage portfolio. In order to carry out this mandate, the Administrator is required to:

- 1) Underwrite the mortgages for the account of the Company, including setting the interest rates thereof;
- 2) Collect payments from borrowers and discharge mortgages upon payout;
- 3) Ensure the safe custody of mortgage deeds; and

- 4) Monitor and, where appropriate, pursue arrears and institute and pursue legal actions for the enforcement of the Corporation's rights as a mortgagee

The Amended and Restated Administration Agreement was signed on July 29, 2008 and had an initial term of five years which has since been automatically renewed. The Administrator is paid 1/12<sup>th</sup> of 1% of the value of the Company's assets each month for its services. It is expected that the contracts will be renegotiated with the amalgamated corporation in due course.

### **Investment Advisory and Fund Management Agreement**

The Investment Advisory and Fund Management Agreement is held between the Company and W. A. Robinson Asset Management Ltd. (the "**Manager**"). The Manager is responsible for the overall management of the Corporation's affairs, including the following tasks and duties:

- 1) Acting as Frontenac's registrar and transfer agent
- 2) Maintaining the books and records of the Company and performing administrative functions in connection with the issuance, registration and redemption of Common Shares; and
- 3) Supplying clerical, accounting and administrative staff and services as required for the efficient day-to-day function of the Company.

The Management Agreement was signed on July 29, 2008 and had an initial term of five years which has since been automatically renewed. The Manager is paid 1/12<sup>th</sup> of 1% of the value of the Company's assets each month for its services.

### **Custodian Agreement**

Frontenac has entered into a custodian agreement with Computershare Trust Company of Canada (the Custodian) and the Manager dated July 29, 2008. The Custodian's responsibilities include:

- 1) Appearing on the title of mortgages funded by Frontenac
- 2) Maintaining a list of mortgagees funded by Frontenac
- 3) Issuing an ownership certificate to Frontenac on mortgages funded by Frontenac

The contract has since been automatically renewed.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

To the knowledge of Management, no insider of the Company, no proposed nominee for election as a Director of the Company and no associate or affiliate of any such insider or proposed nominee has had any material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction that, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

No Director or Senior Officer of the Company at any time since the beginning of the company's most recently completed financial year, no proposed nominee for election as a Director of the Company and no associate or affiliate of any such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except for any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of shares in the capital of the Company.

## **OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice. If any other matter properly comes before the Meeting, it is the intention of the persons named in the Form of Proxy, to vote the shares represented thereby in accordance with their best judgment on such matter.