

**NOTICE OF ANNUAL GENERAL MEETING**

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**MANAGEMENT INFORMATION CIRCULAR**

**May 6, 2011**

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## Notice of Annual Meeting of Shareholders

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the "**Meeting**") of the shareholders of Frontenac Mortgage Investment Corporation (the "**Company**") will be held on June 18, 2011, at 5:00 p.m. EST at

THE AMBASSADOR HOTEL  
WEST CENTRAL BALLROOM  
1550 PRINCESS ST.  
KINGSTON, ONTARIO K7M 9E3

The Meeting is being held for the following purposes:

1. 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, 2010;
2. to approve the Minutes of the Annual General Meeting of June 19, 2010;
3. to appoint Raymond Chabot Grant Thornton LLP, as the auditors of the Company for the ensuing year and to authorize the directors to fix the auditor's remuneration;
4. to elect Colleen Allison and Margaret Kelk to terms of three years each as Directors of the Company;
5. to consider, and if thought appropriate, approve a resolution as more particularly set forth in the circular to approve and ratify the acts of the directors since June 19<sup>th</sup>, 2010 and
6. to transact such further and other business as may properly be brought before the meeting or any adjournment thereof.

The directors have fixed April 29, 2011 as the record date for the determination of the holders of common shares entitled to receive notice of the Meeting.

Dated this 6<sup>th</sup> day of May, 2011

BY ORDER OF THE BOARD OF DIRECTORS

(s) Colleen Allison  
Colleen Allison, Chair

## **MANAGEMENT INFORMATION CIRCULAR**

### **INTRODUCTION**

This management information circular (this "**Circular**"), accompanies the Notice of Annual Meeting of the Shareholders (the "**Notice**") of the Frontenac Mortgage Investment Corporation (the "**Company**" or "**FMIC**").

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 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 Ambassador Hotel, 1550 Princess St., Kingston, Ontario on June 18, 2011 at 5:00 p.m. EST.

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.

The invitation to the Annual General Meeting is included in the package containing this document. If you are going to attend the Meeting simply mark your name, your guest's name and your meal choices on the RSVP and return in the stamped, addressed envelope provided. If you are attending, you do not need to do anything with the Form of Proxy. If you **cannot** attend the meeting, please fill in the Form of Proxy and return it to:

FMIC  
The Simonett Building  
14216 Road 38, P.O. Box 208,  
Sharbot Lake, Ontario K0H 2P0

A self addressed return envelope is provided for this purpose. The use of Proxies **is only for those shareholders who can not attend the Meeting.**

The provided Form of Proxy allows you to specify how and by whom you want your shares voted in your absence on the matters before the shareholders.

## PROXIES AND VOTING RIGHTS

### Management Solicitation and Appointment of Proxies

The Corporate Secretary of FMIC, 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 Proxyholder 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 for and on the shareholder's behalf at the Meeting other than the person designated as Proxyholder 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 Proxyholder and insert the name of the shareholder's nominee in the blank space provided; or
- (b) complete another proper Form of Proxy.

**To be valid, a proxy must be dated and signed by the shareholder** or by the shareholder's attorney, authorized in writing. In the case of a shareholder that is a corporation, the proxy must be signed by an authorized officer of, or attorney for, the corporation, duly authorized.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to:

FMIC  
The Simonett Building,  
14216 Road 38, P.O. Box 208,  
Sharbot Lake, Ontario, K0H 2P0,

not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment of the Meeting. Late proxies may be deposited with the Chairperson of the Meeting (Colleen Allison), 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 in her discretion. We ask that shareholders return their Form of Proxy as soon as they can after receiving them in the mail so that we are assured of having a majority 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. EST) on Wednesday, June 15<sup>th</sup>, 2011.

### Revocation of Proxies

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

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

### **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 Proxyholder named in the accompanying Form of Proxy. It is intended that the Proxyholder 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 solicitations 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 & Associates Ltd., the transfer agent and registrar 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 the holders of at least 25% 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 29, 2011 (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 1,086,281 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

### Receipt of Financial Statements

The audited annual financial statements and the auditor's report of the Company for the fiscal year January 1 through to December 31, 2010 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 FMIC web site [www.fmic.ca](http://www.fmic.ca).

### Appointment and Remuneration of the Auditor

The shareholders will be asked to vote in favour of a resolution appointing Raymond Chabot Grant Thornton LLP, as the auditor of the Company to hold office until the next annual general meeting of shareholders of the Company. David Seeds has been the Company's auditor since inception. In 2008 he changed the name of his company from Seeds & Company, Professional Corporation to David Seeds, CA, Professional Corporation. It is management's view and David Seeds' view that this does not constitute a change in auditor.

The resolution will also authorize the Board of Directors to fix the remuneration of the auditor. **Unless directed otherwise, it is the intention of management's nominee, if named as proxy, to vote in favour of an ordinary resolution appointing Raymond Chabot Grant Thornton, LLP as auditor for the Company and to authorize the Board of Directors to fix the remuneration of the auditor.**

**Approval of the Minutes of the Annual General Meeting of June 19, 2010**

The shareholders will be asked to approve the Minutes of last year’s Annual General Meeting held at Brookstreet Hotel in Ottawa on June 19, 2010. 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, Dawn Reiser to vote for an ordinary resolution to approve the Minutes of the Annual General Meeting of June 19, 2010.**

**Election of the Directors**

The Company’s Board of Directors is independent of the Manager and currently consists of seven directors, being Colleen Allison, Robert Barnes, Rosemarie Bowick, William Calvert, Kevin Corcoran, Eric Dinelle, and Margaret Kelk. Two of the directors, Colleen Allison and Margaret Kelk are standing for re-election to another term of three years. None of these directors have been nominated by management. They were originally nominated by the Nomination/Governance Committee of the board of directors. If a shareholder has a candidate that is willing to serve for a term of three 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.

<p><b>Colleen Allison</b> Director since June 2005 Shareholdings: 2527</p>	<p>Colleen Allison received her Bachelor of Science (Honours) with a major in Mathematics from Queens University and a Bachelor of Education from McArthur College of Education. She retired as the Head of the Mathematics Department at Sharbot Lake High School in 2007 after teaching there for over 20 years. She and her husband Tom, have three children. Colleen has been active in another mortgage investment corporation (MICEO) since 1996. Colleen resides in Sharbot Lake, Ontario, Canada.</p> <p>Colleen is Chair of Frontenac Mortgage Investment Corporation. All directors serve on the Independent Review Committee.</p> <p><b>Colleen is running for a term of 3 years.</b></p>
<p><b>Margaret Kelk</b> Director since: 2005 Shareholdings: 6699</p>	<p>After graduating from teacher’s college in 1964, Margaret Kelk went on to receive a Bachelor of Arts (Honours) and a Master’s in Education from Queen’s University. She taught intermediate and senior level home economics in Eastern Ontario for 34 years. While teaching, Ms. Kelk operated two businesses, one being a small farm operation and the other being the management of rental properties. Ms. Kelk continues to operate both of these businesses today while also working as an artist, specializing in painting and crafts. She was elected as a director of the Corporation in December 2005. Margaret lives in Portland, Ontario, Canada.</p> <p>Margaret is a member of the Audit Committee. All directors serve on the Independent Review Committee.</p> <p><b>Margaret is running for a term of 3 years..</b></p>



If any additions occur in the slate of nominees listed above before the Meeting, then the Proxyholder named in the accompanying form of proxy intends to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as director.

Unless otherwise directed, it is the intention of management’s nominee, Dawn Reiser, Corporate Secretary, if named as the Proxyholder, to vote for the election of Colleen Allison and Margaret Kelk to the Board of Directors for terms of three years each.

Other members of the Board of Directors that will continue to serve out their terms are:

<p><b>Robert Barnes</b></p> <p>Director since December 10, 2005</p> <p>Shareholdings 1669</p>	<p>Robert Barnes is the General Manager, Robinson Solutions Inc. which specializes in building systems, manufacturing support and industrial facility support. He has held that position since February, 2008. Previously he was the Managing Director for Axis Database Marketing Group Inc. and Compliance Marketing Services Inc. Both companies, which are headquartered in Mississauga, Ontario, provide integrated marketing and technology services to organizations throughout North America. Mr. Barnes obtained a bachelor’s degree in Science from the University of Guelph. Robert lives in Burlington, Ontario, Canada, with his wife and two children.</p> <p>Robert has served as the Chair of the Audit Committee since 2005.</p> <p><b>Robert has one year remaining in his term.</b></p>
<p><b>Rosemarie Bowick</b></p> <p>Director since October 17, 2009</p> <p>Shareholdings: 1411</p>	<p>Rosemarie Bowick has been retired from Corporate Office Operations at Nortel Networks for the past five years. She is an active volunteer in her community. She created Villages Beautiful and the Festival of Trees in Sharbot Lake as well as volunteering at her Church as Secretary. Mrs. Bowick has served as Chair of the Board of Directors of the Mortgage Investment Corporation of Eastern Ontario (MICEO) from 2005 through 2010. MICEO also has W. A. Robinson &amp; Associates Ltd. as its Fund Manager.</p> <p>Rosemarie has been a member of the Nomination/Governance Committee. All directors serve on the Independent Review Committee.</p> <p>Rosemarie Bowick lives in Sharbot Lake, Ontario, Canada.</p> <p><b>Rosemarie has two years remaining in her term.</b></p>
<p><b>William Calvert</b></p> <p>Director since June 21, 2007</p> <p>Shareholdings: 1335</p>	<p>William “Bill” Calvert has been semi-retired for the past five years and is the President of Elgin Oram &amp; Associates Ltd specializing in management and natural resources consulting. Bill received his Master of Science in Wildlife Biology and Park Planning from Acadia University in 1969. Since then he has held several posts with the ministry of Natural Resources including Assistant Director of the Conservation Authorities Branch, Provincial Park Supervisor for Southern Ontario, District manager in Chapleau and Chief Naturalist of Algonquin Park. Bill has also held senior executive positions with the Government of Ontario including Assistant Deputy Minister with the Ministry of Government Services, Executive Director in the Cabinet Office and Regional Director for Northwestern Ontario with</p>

	<p>the Ministry of Northern Affairs. Bill has had a twenty year career as the Chief Administrative Officer of the District Municipality of Muskoka. In his retirement Bill has undertaken varied, part-time consulting assignments for provincial and municipal governments. Bill has served on the Governance/Nominating Committee since 2007. All directors serve on the Independent Review Committee. Bill Calvert lives in Huntsville, Ontario, Canada.</p> <p><b>Bill has two years remaining in his term</b></p>
<p><b>Kevin Corcoran</b> Director since: March, 2007 Shareholdings: 1272</p>	<p>Kevin Corcoran is a mortgage broker with The Mortgage Professionals, Kingston's largest Mortgage Brokerage firm for the past five years. Mr. Corcoran brings a wealth of experience as a mortgage broker – a certification he has held since 1991. Kevin is very active in the Kingston District Shrine Club, serving as president for 2008. In 1972 he earned his Bachelor of Arts degree in Economics from Brandon University. Kevin is married, has two children and lives in Kingston, Ontario, Canada. Kevin has served on the Audit Committee since July, 2007. All directors serve on the Independent Review Committee.</p> <p><b>Kevin has two years remaining in his term.</b></p>
<p><b>Eric Dinelle</b> Director since: March, 2007 Shareholdings: 669</p>	<p>Eric Dinelle is the owner of Environmental Contracting Services, a Construction, Project Management and Remediation company that specializes in sustainable construction Projects. Environmental Contracting Services started operations in 2010. Prior to that he was a senior project manager with the City of Kingston for Access Projects (September, 2009 to February, 2010. From 2003 to 2009 he was a Senior Project Manager for the Kingston General Hospital on capital projects. Eric graduated from the University of Ottawa in 1996 with a Bachelor of Arts degree in Geography and Urban Planning. While working for the Kingston General Hospital, Eric was the successful owner of the first Fabutan Tanning Studio franchise in Kingston. Prior to that he was Sales Manager and Estimator for Build-All Contractors from 2001 to 2003 and prior to that was Project Manager and Sales Representative for Taurus Contracting Ltd. Eric and his wife live in Kingston, Ontario, Canada. Eric has served as the Chair of the Governance/Nominating Committee since August, 2009. All directors serve on the Independent Review Committee.</p> <p><b>Eric has two years remaining in his term.</b></p>

## Acts of the Directors

In the period June 19, 2010 until April 29, 2011, the Board of Directors met 9 times. At quarterly Board Meetings the directors approve the financial statements for the previous period, approve the dividends earned in the previous period, review impaired mortgages

and review new mortgage deals of significant size. In addition, during the year's meetings the Directors:

- A) Reviewed and Approved the Revised Prospectus
- B) Formed the Audit Committee
- C) Formed the Governance/Nominating Committee
- D) Revised the Early Redemptions Policy

### **Reviewed and Approved the Revised Prospectus**

The process for approving the 2010 Prospectus was more straightforward this year than last year resulting in much lower legal fees. We were not required to make significant changes.

### **Form the Audit Committee**

At the first meeting after the Annual General Meeting held on July 13, 2010, the Board of Directors formed the Audit Committee which is composed of Robert Barnes (Chair), Kevin Corcoran and Margaret Kelk. The Chair, Colleen Allison is *de facto*, a member of this committee.

### **Form the Governance/Nominating Committee**

At the first meeting after the Annual General Meeting held on July 13, 2010, the Board of Directors formed the Governance/Nominating Committee which is composed of Eric Dinelle (Chair), Rosemarie Bowick and Bill Calvert. The Chair, Colleen Allison, is *de facto*, a member of this committee.

### **Revised the Early Redemptions Policy**

During the year a request was made by a shareholder to redeem shares for renovations on her daughter's home. She was terminally ill with cancer and the renovations were make the home accessible so that she could spend her last days at her daughter's home. It was decided that she could redeem her shares, however, it raised a question as to what was the definition of "hardship". The policy is "The Corporation may also, at its sole discretion, purchase Common Shares for redemption on a day other than the Redemption Date: (i) in the event of the death of the holder of Common Shares; or (ii) in situations of marital breakdown in order to facilitate compliance by the shareholder with the terms of a separation agreement or court order; or (iii) in situations of personal hardship where, in the opinion of the Board of Directors, early redemption is warranted." The Board of Directors decided that in the case of personal hardship, each case is individual and as such the

request should be made in writing and the decision will be made by the CEO or the Chair of the Board of Directors.

Unless otherwise directed it is the intention of management's nominee, Dawn Reiser, Corporate Secretary, as the Proxyholder, to vote in favour of the following resolution:

BE IT RESOLVED THAT:

1. The acts of the directors described in the Company's Circular under the heading "Acts of Directors" are hereby ratified and approved.

2. Any officer or director of the Company or its successor is hereby authorized and directed for and on behalf of the Company or its successor to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing as contemplated in this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

Approval of this resolution requires the affirmative vote of a majority of the total votes cast by shareholders present (in person or by proxy) and entitled to vote at the Meeting.

## 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, 2008, December 31, 2009 and December 31, 2010 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			
Wayne Robinson, CEO	2010	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2009	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2008	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Kevin Cruickshank, CFO	2010	\$23,689	Nil	Nil	Nil	Nil	Nil	Nil	\$23,689
	2009	\$16,294	Nil	Nil	Nil	Nil	Nil	Nil	\$16,294
	2008	\$17,359	Nil	Nil	Nil	Nil	Nil	Nil	\$17,359

### Discussion of Summary Compensation Table

- The Chief Executive Officer (Wayne Robinson, CFA) is paid through the Manager (W. A. Robinson & Associates Ltd.) and the Administrator (Pillar Financial Services Inc.). These two firms are paid one-twelfth 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, CA) is under contract to the Company and charges \$100 per hour. There are no incentive plan awards or pension plan benefits.

### 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 (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Colleen Allison, Chair	\$10,000	N/A	N/A	N/A	N/A	N/A	\$10,000
Robert Barnes	\$5,000	N/A	N/A	N/A	N/A	N/A	\$5,000
Rosemarie Bowick	\$5,000	N/A	N/A	N/A	N/A	N/A	\$5,000
William Calvert	\$5,000	N/A	N/A	N/A	N/A	N/A	\$5,000
Kevin Corcoran	\$5,000	N/A	N/A	N/A	N/A	N/A	\$5,000
Eric Dinelle	\$5,000	N/A	N/A	N/A	N/A	N/A	\$5,000
Margaret Kelk	\$5,000	N/A	N/A	N/A	N/A	N/A	\$5,000

### 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 Corporation over the Manager and Administrator. 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. The Chair assumes a greater workload as she 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.

### **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 plans.

### **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 FMIC, 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 and is now in the third year of its five year term. 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:

- i) underwrite the mortgages for the account of the Company, including setting the interest rates thereof;
- ii) collect payments from borrowers and discharge mortgages upon payout;

- iii) ensure the safe custody of mortgage deeds; and
- iv) monitor and, where appropriate, pursue arrears and institute and prosecute 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 has an initial term of five years and may be renewed for further five year terms. The Administrator is paid 1/12<sup>th</sup> of 1% of the value of the Company's assets each month for its services.

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

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

- i) acting as the FMIC's registrar and transfer agent
- ii) maintaining the books and records of the Company and performing administrative functions in connection with the issuance, registration and redemption of Common Shares; and
- iii) 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 has an initial term of five years. It may be renewed for further five year terms. 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**

FMIC 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:

- i) appearing on the title of mortgages funded by FMIC
- ii) maintaining a list of mortgages funded by FMIC
- iii) issuing an ownership certificate to FMIC on mortgages funded by FMIC.

## **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.