



FRONTENAC

MORTGAGE INVESTMENT CORPORATION

**2019 Annual General Meeting
The Four Points by Sheraton
285 King Street East, Kingston, Ontario
June 21, 2019
2:00 p.m. – 2:30 p.m.**

MINUTES

AGENDA

1. Call to Order
2. Opening Remarks and Introductions
3. Frontenac Business
 - a) Chair's Remarks
 - b) Confirmation of Agenda
 - c) Approval of Minutes of Previous Annual General Meeting (June 22, 2018)
 - d) Receipt of Audited Annual Financial Statements
 - e) Approval of MNP LLP as Auditor and to authorize the Board of Directors to fix the remuneration of the Auditor
 - f) Election of Directors – Robert Barnes
4. New Business
5. Adjournment

Present

Shareholders: Veronica Airth, Colleen Allison, Thomas Allison, Barbara Baranovsky, Robert Barnes, Andrew Blanchard, Carolyn Bond, Rosemarie Bowick, Ron Bruyns, Carolyn Burke, Walter Bylsma, Bob Caves, Joe Climie, Darlene Conboy, George Conboy, Manuel DaSilva, Eric Dinelle, Sandra Eastlake, Stephen Eastlake, Susan Graff, Sheldon Jacobs, Margaret Kelk, John Miller, Jan Montgomery, Marilyn Orser, Elvira Peterson, Reginald Peterson, Alison Robinson, Wayne Robinson, Sharon Rodden, Luc Salvador, Kenneth Smith, Ben Sutcliffe, Madeliene Tarasick, Steve Tarasick, Barbara Tomlinson, Clark Tomlinson, Brenda Travers, David Travers, Russell Watson, Betty Wemp, David Wemp.

Guests: Johnny Lam, Shawn Mincoff, Kelly Scriven, Dave Scott, Ryan Seeds, Bob Snowdon, Kim Watson, Gordon Wright.

Staff: Leigh Brown, Richard Colton, Kevin Cruickshank, Dana Freeman, Marcel Giroux, Katie Harris, Lindy Hay, Kristina Hodges, Jessica Hutchins, Kymberly Jordan, Amber Kehoe, Sharon MacMunn, Kimberley Morrow, Laurie Noonan, Malorie Paul, David Purdon, Dawn Reiser, Heather Rioux, Matthew Robinson, Debra Smith, Phillip Smith, Tanya Stone, Cory Thompson, Diane Whan, William Young.

1. Call to Order

The meeting was called to order at 2:01 p.m.

2. Opening Remarks and Introductions

Robert Barnes made the following remarks and introductions: “Good afternoon shareholders and guests. Thank you for joining us at the Annual General Meeting of the Frontenac Mortgage Investment Corporation. My name is Robert Barnes and I am the Chairman of the Board.

We plan to have a short business meeting of about an hour and then we will retire to the Old Stones Room and Patio for a cocktail reception. At this juncture, I would like to call the meeting to order. I would also ask that you quickly check to confirm you mobile phone is on silent.

3. Frontenac Business

a. Chair’s Remarks

To start the proceedings, I would like to introduce to you the Fund’s Management Team. To my near left are:

- Amber Kehoe | Corporate Secretary for Frontenac
- Matthew Robinson | Chief Executive Officer | Frontenac & W.A. Robinson Asset Management
- Kevin Cruickshank | Chief Financial Officer for Frontenac and Executive Vice President for W.A. Robinson Asset Management
- Richard Colton | Fund Manager for W.A. Robinson Asset Management
- Shawn Mincoff | Assurance Partner | MNP LLP | The Fund’s Auditor
- Debra Smith | Director of Culture & Talent | W.A. Robinson Asset Management
- Dawn Reiser | Director of Advisory Services | W.A. Robinson Asset Management

To my far left are my fellow Directors. They are as follows:

- Margaret Kelk – Margaret is the Chair of the Governance & Nominating Committee
- Eric Dinelle – Eric is the Chair of the Audit Committee
- Sheldon Jacobs
- Andrew Blanchard
- Ryan Seeds – Ryan was appointed to the Board on May 31, 2019, and will stand for election at the June, 2020, Annual General Meeting.

Ryan replaces Cara Chesney who had to resign from the Board in 2018 when the firm in which she was a partner, Collins Blay LLP, was acquired by MNP; the fund’s auditor. We were disappointed by Cara’s resignation but are very pleased by Ryan’s appointment.

Ryan earned his Chartered Professional Accountant designation in 2007. In 2008 he purchased the family public accounting firm from his father and successfully ran the business for the next 8 years. In 2016 he sold the firm and has been providing advisory services ever since. Ryan’s past Board experience includes serving as the Chair of the Frontenac Community Futures Development Corporation for over 4 years.

The Directors work very well both together and with the Management Team. There is a high level of mutual respect and meetings are productive and our governance goals are achieved.

This brings me to the point where I must share some very sad news with you. On March 9, 2019, our fellow Director and dear friend William Calvert died after a brief illness. Bill’s passing came as a shock to all of us. I had pleasure of knowing Bill for many years having served as a Director when he was the Chairman of the Fund. It was under Bill’s guidance and steady hand that the governance model we follow today was implemented. Bill had a rich history of Board experience and that experience proved invaluable to all of us over the years.

One of the things I will miss most about Bill, and there are many, are his stories of this country we call Canada and it's great natural beauty. I loved to sit down with Bill at our strategy retreats with a beer in hand and listen to his stories; whether they were about the management of Algonquin Park, fishing off Vancouver's west coast or hunting caribou in northern Labrador. I found them fascinating. I am Canadian but like many in this country I wasn't born here so I found it an honor to chat with Bill about his experiences and his deep love of the nature world.

I will miss you Bill and I will never forget your stories.

Before I proceed, I would like to check to see if there are any shareholders, or guests, that need to be seated. Kristina...?

The purpose of this meeting is to report to you, the shareholders, on the performance of the Corporation. For the fiscal year ending December 31, 2018, the fund delivered a rate of return of 5.88%. This represents a 166 basis point increase over the previous year.

As well, on November 30, 2018, the management team achieved a key objective which was to return the Fund to its historical unit price of \$30.00 a share.

Over the last several years we have experienced periods where we have either closed the Fund to investment or we have stopped our lending activities. This leads to uncertainty both within our investor community and our mortgage broker network. As such, a key focus for both the Board and the Management Team has been to balance the fund's investment activity with its lending activity. This is always an important objective, but it has been challenging as the Fund has followed its strategy of exiting from several large mortgage deals. The Management Team has been focusing on the use of advanced analytics to support this goal. As the Fund Manager, Richard Colton has led this initiative and we believe that we are making strong progress towards achieving this balance.

In my speech at the 2016 Annual General Meeting I told the audience a story about how we had used Frontenac as an investment vehicle for our son's University education. Well that story has now come full circle. This month Nicholas graduated from University with a Business Degree specializing in Accounting. He left University without any personal debt. The plan developed by Wayne Robinson where we would contribute a monthly amount to Frontenac for over 18 years worked perfectly! And this September my youngest child is leaving home to attend the University of Ottawa having followed the same investment strategy. We weren't looking to for *slam dunks* (please take note I just tied that into the Raptor's winning) but simply follow a disciplined approach to investing. The Fund's mandate of capital preservation with a reasonable rate of return remains true today as it did when the Fund was started.

Thank you.

b. Confirmation of Agenda

You have each been provided with a copy of today's Agenda. Are there any additions or changes to the Agenda? If there are none, the Agenda is confirmed as circulated.

c. Approval of Minutes of Previous Annual General Meeting (June 22, 2018)

Resolution: That the Minutes of the Annual General Meeting of June 22, 2018 be approved as presented.

The motion has been moved by: Elvira Peterson

The motion has been seconded by: Susan Graff

Are there any errors or omissions, questions or comments on the minutes as circulated?

All those in favour of the resolution please raise your hand.
All those not in favour of the resolution please raise your hand.
The motion is carried.

d. Receipt of Audited Annual Financial Statements and Auditor's Report

Copies of the Audited Annual Financial Statements and the Auditor's Report for the year ending December 31, 2018, were enclosed with the Management Information Circular. The audit was performed by MNP LLP. I am pleased to state that we received a *clean* Report.

If you have any questions, I will ask Kevin Cruickshank, our Chief Financial Officer, to respond to them.

Are there any questions?

If there are no questions, the 2018 Audited Annual Financial Statements and Auditor's Report are deemed to have been received.

e. Approval of MNP LLP as Auditor and to authorize the Board of Directors to fix the remuneration of the Auditor

Resolution: 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: Darlene Conboy

The motion has been seconded by: Sharon Rodden

Are there any questions or objections?

Shareholder questions regarding the increased cost of the Audit in 2018 and utilization of the credit line was responded to by Kevin Cruickshank, CFO.

All those in favour of the resolution please raise your hand.

All those not in favour of the resolution please raise your hand.

The motion is carried.

f. Election of Directors Robert Barnes:

The next order of business is the Election of Directors to the Board. The Director that is up for election this year, is myself. I will ask Kevin Cruickshank to conduct the election."

"Good afternoon everyone.

As you may remember from prior AGMs, Directors are elected with staggered lengths of terms. This is done to ensure some continuity in the Board from year to year. This year, one Director has reached the end of his term, so there will be a need to elect one person today to fill this seat. The Director will be elected for three-year term.

Robert Barnes is the Director whose term has ended. We are very pleased to announce that he has indicated his intention to run again this year.

The mail-out that announced this meeting contained the invitation to submit nominations for Director.

No nominations were received; however, further nominations may be made at this time. The nominator and seconder must be investors. The nominee must accept the nomination.

If there is an election called, all nominees may have up to two minutes to campaign. If you stand up to nominate, second, accept or decline, please state your name clearly for the record.

Even if elected, the candidate will have to go through a screening process before being confirmed by the Board. This process includes police and credit checks, ensuring the candidate has no indebtedness to the Corporation and acceptance of all the Board activities such as number, place of meetings, governance style etc.

Please be aware that the recommended slate of Directors appeared in the Notification letter sent to all investors and that the proxy allowed the non-attendees to vote. These votes have been recorded but not tabulated. If there is an election today, the votes here will be added to those contained in the proxies and then tabulated.

I must ask the question three times: for the first time; are there any nominations from the floor? Second call; are there any nominations from the floor? Third and final call; are there any nominations from the floor?

Since there are no nominations from the floor, I will turn the meeting back over to the Chair to call for the vote.”

Resolution: That the election of Robert Barnes for a three-year term, as set out in the Management Information Circular dated April 22, 2019 be approved as presented.

The motion has been moved by Barbara Baranovsky

The motion has been seconded by Manuel DaSilva

All those in favour of the resolution please raise your hand.

All those not in favour of the resolution please raise your hand.

The motion is carried.

Chair’s Introduction

I would now like to ask Matthew Robinson, the CEO of W.A. Robinson Asset Management Ltd. to step forward and address some notable events that occurred during the last year.”

4. Matthew Robinson, CEO

“Thank you Mr.Chair. Welcome Everyone.

It’s a pleasure to see everyone here today, on Frontenac’s 36th Anniversary. It is also my 5th anniversary as the CEO of this company, and I am very pleased to see everyone here today.

I am also very pleased with this years’ results. This time last year, I had to give some difficult news, saying the return was 4.22% and we had dropped off the \$30.00 mark of our Net Asset Value, for the first time in history. But what I said after that was “we will get back to it” – and we did. It is because of the great efforts of the management team, the strategy put together, the extraordinary efforts that all of our team put together to get to that place. I am pleased to say, today we are back to \$30.00 and the return is 5.88%.

My role as the CEO is two-fold; I am responsible to set the strategy and make sure it is executed through my team of very capable people, namely Kevin Cruickshank who runs the team as the Vice President; and the second part is to make sure that the culture of our organization is the way I want it to be. It is very important, certainly in this time right now, to have a strong culture, and I believe we do. If you come to our office, it doesn't take you very long to recognize that everyone in the place is happy, they know what they need to do, and they're doing it. I am very excited to tell you that I believe we have the best team we've ever had in the history of 36 years, today.

That being said, one of the things I have to make sure of, is that our environment is a place where people can be the best version of themselves. And I know that we have that today. When you first walk in, the first thing you see is three words behind Kim's desk. Competency. Consistency. Care. That is the vision of our organization. Every one of those words means something, and it is throughout everything we have in our organization, right down to the observable behaviours. It is the definition of trust. Without that, we would not have you in this room, nor would we have your very important assets, which you have given to us, and I take that very seriously.

We have worked very hard to build a strong team of very capable people, building systems around it, and certainly today, we have taken it to the next step by having Richard Colton on our team. We've brought him along to take a look at the data of what is happening. Probably the newest currency out there is data collection and what you do with it. I am pleased to say he is the newest member of our team, and that is now his main role, as an analyst; to take a look at what is going on in the world, and what does that mean for us.

Consistency, as I've said, is very important as well. We have to make sure, that when I'm here saying things, it actually gets done. And it has been. It has been before I was here, and it will continue to be. We are a conservative fund, we are a conservative group, but we are also challenged with the some of things we have to do every year. So to get to 5.88% was a challenge, but we got there, and we will continue to do that.

And Care. I would suggest this is probably the most important piece. Your money is considered our money. We are making long-term decisions on everything we do, not to make sure the next quarter is okay, but to ensure we are around here for the next 36 years. Every single person in the organization cares for the money as if it were their own, and that is one of the most important things, certainly in this business.

A couple of other things associated with this role; I am the lead philosopher, so there are a few things I make sure happen. It is a bit of a turbulent world right now, as we all know, certainly with the United States doing their things. Certainly, being conservative doesn't have the same cache as it used to. I believe it does. Capital preservation is important, and we have been in a low-yield environment for 12 years now. I looked yesterday to ensure I was onside, and mortgages have gone down now, they are creeping at 3.00%. You can get a 3-year fixed mortgage for 2.89%. That is unbelievable. I did not see that coming, I thought we were moving in the other direction. But that being said, it is difficult for us to get a high yield, it is compressing. That being said, we will not go out on a limb, chasing yield. It is what it is. We will work our hardest to be able to get a yield that is reasonable. So, my mandate is; capital preservation, with a reasonable return.

As Robert said earlier, balance is important as well. We are now at \$200 million dollars, so it is very easy to have swings, both in cash and then working the line. We are building our systems and our treasury to make sure we have a balance, so we stay near zero. We are in the process of getting there right now, we have had record months of underwriting, but we need to make sure that doesn't get away as well. We want to have a balance of money-in and money-out. We are looking for constant improvement; in our systems, in our personnel, in our communication; and we are doing that.

Frontenac Mortgage Investment Corporation, I believe, is more important now in the marketplace, than it has ever been; both on the investment side as an investment product; and also, on the mortgage side as a mortgage product. There are only two people in this equation; people who have money that want a return; and people who need money. We are just an intermediary. Being a fixed-income product, we certainly get a lot of feedback from Portfolio Managers, it is very hard finding a product that is not correlated with interest rates. Frontenac is not. It has a base of real assets – real estate debt – and I see this being an important thing moving forward, especially in this environment. Markets are going to go up and down; we're going to stay our course; and get a reasonable return, without losing your money, and I think that is important.

The banks haven't changed in the last little while. They have been tightening and tightening. We have had B-20 and B-21, and I believe this is a good thing for Canadians that we learn from the U.S. partners when it comes to mortgage products. I believe this is going to be a very health environment for alternative investments, but we are seeing competition. We have to work very hard to ensure we maintain this place, but I do believe right now is a good time to be in the investments that we are in.

It is a sad day today. Bill Calvert was an extraordinary man. He was my mentor, he was my friend, and he was an integral part to this organization, right from inception. He will be missed. I could go on a whole lot more, but I don't believe that I can. He was so integral to my succession as CEO, starting from where I was in the company and building the things that he did and the guidance that he gave all of us, is such a big hole today.

I had mentioned Richard a little bit before, and I'm pleased to say he is now part of our team. He brings so much depth to this management team and to the team as a whole. One of the newer things that we have had is the ability to collect data, but that is not the only part. It is what you do with that data, with that information that counts. I went to a conference a few years ago, and I got to listen to a bunch of CEOs, and one of the guys there was the Chief Talent Officer for General Motors, who used to be the Chief Information Officer. He got up and said "we are inundated in this day in age with information. That is the "what". More importantly, is what does the information say to you. What do the ones and zeros decode to; what is the language; what is it saying. That is absolutely important. Everyone would then go crazy over telling you what they have found out". That wasn't the most important part. The last part is the "so what". So now what do we do with this information that we know what is there. Do we stay the course? What changes do we make? What technology do we have to follow? What is this information saying? What is happening with the competition? I'm proud to say that our management team has that now because Richard is fully engaged on both sides of the equation in this organization and helping us decode and then allowing us to strategize around that information.

I would like to finish by saying Thank You very much to everyone who has trusted this organization for 36 years and beyond. Thank You Marcel, Wayne, and Alison, and everyone else that has helped me get to this place. I'm proud to say that is has been 5-years, and hopefully I get to be here for a lot longer. Thank You Mr. Chair, you've done an excellent job. And to the Board, new members and old, it has been a fantastic journey so far with you, I am looking forward to working with you. And to my Management team and staff, you are unbelievable. What an awesome year, to be able to come up here and be proud, and to say "we did it".

Thank you Very Much."

5. Richard Colton, Fund Manager

“Good afternoon everyone, thank you all for coming.

Again, my name is Richard Colton and my official title is Fund Manager for W.A. Robinson Asset Management and I am a member of the Senior Management team. I hold an Honours degree from Queen’s University in Economics as well as hold both the Chartered Financial Analyst and Chartered Investment Manager designations.

My work focuses on developing a deeper, quantitative understanding of Frontenac’s loan portfolio using data gathered from our lending history. This work has led to the development of several proprietary tools and research to help identify, measure and price risk more efficiently. I believe these advancements will have powerful benefits over time as they are refined and increasingly used to guide our decision making. Furthermore, I do believe strongly in the need for a conservative, thoughtfully managed investment Fund like Frontenac that aims to consistently preserve and grow investor wealth over time.

On a more personal note, since I joined the company 3 years ago, I’ve been absolutely inspired by the wonderful group of people I have the privilege of working with every day. Their dedication and care for everything we do is beyond admirable. Coming from a small town myself, I appreciate the sense of community and integrity that we as a team, all share. I’m excited for the future and I believe it is bright.

Thank you.”

The Chair returned to the podium and asked that Kevin Cruickshank, Chief Financial Officer of the Fund, and Executive Vice President of W.A. Robinson Asset Management to address the audience.

6. Kevin Cruickshank, CFO

“Good afternoon. I am the Executive Vice President of W.A. Robinson and Pillar Financial, which means I am responsible for the day-to-day operations of the business and helping to make sure that we reach the goals that we have. My leadership mantra is “Leadership Through Team”, and both Matthew and Robert have spoken about what we are trying to achieve, so I get to talk a little bit about the team.

Scattered amongst you in the crowd, is another group of shareholders, that work for us. All of our staff members are shareholders in the fund. We believe this creates good alignment between what you want to get, and what we want to get. We have created a pension fund for everyone approximately 3 years ago now, and since that time, everyone has been a shareholder.

I want to take a second to introduce the Senior Management Team. Richard has been a big addition to the team; the analytical skills that he brings, the ability to deal with the Advisor network and support the Advising Network has been huge for us. Debra has taken on a new role and challenge for her, as the Director of Culture and Talent. She maintains the role of Advisor, and some of you still know Debra as your Advisor. But in the day-to-day business, helping the people be the best that they can be, is what she does. Dawn has stepped up and taken on the role of Director of Investor Services. She is the top-dog in that department now. As most of you talk with Diane, she is Diane’s boss, through Amber. That is what she does, as we look to probably enhance that side of the business over the coming years.

I want to take a second, as we now have a more intimate group and an opportunity to catch up after the meeting, I wanted to allow you to put a face to the people that are here today that are staff. I will be asking each department to rise as we discuss their role in the company. It does start with Investor Services. It starts with the investor, and the trust that you the investor are giving us money to invest. These are the people that deal with that. Debra and Richard are standing as well in terms of their Advising capabilities in what they do. That’s where it starts. Once we have the funds in, now we are trying to get the money out the door. This goes to our Underwriting and Business Development Team. We have

a new Business Development person starting next week that is going to handle South-Western Ontario. These are the team that see the applications come in and generate the applications for mortgages, make sure we're pricing correctly for risk, and make the decision on whether we invest or not. From them, once they get the money out the door, then it goes into Mortgage Admin. These people are responsible for trying to get the money back. It is no small thing. This is Phillip's team. Whether it is people making their regular payments and paying us out, or whether they do not make their payments, and then we have to deal with that, that is Lindy's job. We have a unique competitive advantage, no one else has a Kristina, that helps people build their homes and walks them through the process and deals with the advances. That is a big competitive advantage for us over other construction products. These are the people that make sure we get our money back in. From there, the Finance and Admin Team are integral in making sure that we have the information as a management team, and that you have the information, as shareholders, make sure your dividends get paid, that falls on the Finance and Admin Team, which also falls under Dawn. Bill makes sure that the office looks absolutely spotless when we're there and that the buildings are in good repair. So this is the team, by all means find them during the reception, and ask them questions, they're happy to tell you what they do and how they fit in. That is how the dollar goes around from you giving us a dollar to us hopefully keeping that dollar and giving you a rate of return on your investment."

Robert Barnes concluded with "Thank you Kevin."

7. New Business

The Chair asked if there were any items of new business to be raised.

If there are no new 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.

8. Adjournment

The Chair adjourned the meeting at 2:34 p.m.

Chairs' closing remarks

The business portion of the afternoon is now over, and I would ask you to join us for a cocktail reception at the Old Stones Room & Patio. Please note that inside your name badge you will find a complimentary drink ticket.

Please feel free to join us.

Thank you.

An informal Question and Answer Period followed the 2019 Annual General Meeting.