

MATERIAL CHANGE REPORT
FORM 51-102F3
Section 7.1 of National Instrument 51-102

Item 1 — Name and Address of Company

Frontenac Mortgage Investment Corporation (the “**Company**”)
The Simonett Building,
14216 Road 38
Sharbot Lake, Ontario
K0H 2P0

Item 2 — Date of Material Change

May 29, 2020.

Item 3 — News Release

A news release describing the material change was disseminated by the Company on May 31, 2020 through Cision, a copy of which has been filed under the Company’s profile on SEDAR at www.sedar.com.

Item 4 — Summary of Material Change

On May 31, 2020 the Company announced that it had obtained a receipt for its initial long form prospectus on Form 41-101F1 (the “**Corporate Prospectus**”) relating to the continuous monthly offering of its common shares. The receipt for the Corporate Prospectus constitutes the completion of the Company’s transition (the “**Transition**”) from being an investment fund, as it had been since its initial investment fund prospectus in 2005, to being a corporate issuer. The Company will continue to offer its common shares on a continuous monthly basis at \$30.00 per share under the Corporate Prospectus in essentially the same manner as it has historically offered its common shares under its previous investment fund prospectuses.

Item 5 — Full Description of Material Change

5.1 Full Description of Material Change

On May 31, 2020 the Company announced that it had obtained a receipt for its initial long form prospectus on Form 41-101F1 (the “**Corporate Prospectus**”) relating to the continuous monthly offering of its common shares. The Corporate Prospectus qualifies the sale of Common Shares of the Company on a continuous monthly basis in Ontario, British Columbia, Alberta, Saskatchewan and Manitoba. The receipt for the Corporate Prospectus constitutes the completion of the Company’s transition from being an investment fund, as it had been since its initial investment fund prospectus in 2005, to being a corporate issuer (the “**Transition**”).

The Transition, including the reasons for it, is described in the Corporate Prospectus and the Company’s undertaking to complete the Transition has been disclosed in the Company’s prospectuses since 2014. In connection with the Transition the Company’s investment fund prospectus dated January 21, 2019, as amended, was allowed to lapse on May 15, 2020.

The Company will continue to offer its common shares on a non-underwritten continuous monthly basis pursuant to orders placed by registrants via the FundSERV platform at \$30.00 per

share under the Corporate Prospectus in essentially the same manner as it has historically offered its common shares under its previous investment fund prospectuses. There is no change to the Company's investment strategy and target loan portfolio as a consequence of the Transition. The Company's common shares will continue to remain unlisted and will continue to allow for annual redemption rights.

As a result of the Transition some of the Company's continuous disclosure obligations under securities legislation have changed including the requirement to prepare and file quarterly interim financial statements and Management's Discussion and Analysis (MD&A) reports in relation to annual and interim financial reporting. As the Company is no longer an investment fund it will no longer prepare and file management reports of fund performance. Further details in relation to changes in the Company's continuous disclosure obligations under securities legislation are described in the Corporate Prospectus.

Pursuant to undertakings given to securities regulators, in order to confirm the reasonableness of the \$30.00 calculation of FMIC's Share Value as calculated by the Manager, the Company has arranged for independent chartered business valuers to prepare an investment entity review report ("IERR") in accordance with Practice Standards No. 610, 620 and 630 of The Canadian Institute of Chartered Business Valuers in connection with each sale of common shares of the Company. Each IERR will be filed on SEDAR and the Company intends to file an amendment to its prospectus, corresponding with the publication of each IERR, to refer to the IERR.

Item 6 — Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 — Omitted Information

Not applicable.

Item 8 — Executive Officer

The following executive officer of the Company is knowledgeable about the material change and this report: Mr. Kevin Cruickshank, CFO, may be reached at 1-877-279-2116.

Item 9 — Date of Report

June 8, 2020