

Frontenac Mortgage Investment Corporation
Provides Dividend Update, including Announcement of July Dividend of \$0.0194930 Per Share, and Closure
of OSC Continuous Disclosure Review

Sharbot Lake, August 29, 2024

Dividends Update

Frontenac Mortgage Investment Corporation (“**FMIC**” or the “**Company**”) is pleased to confirm that its board of directors has approved and declared a dividend of \$0.0194930 per share, payable on August 29, 2024 to shareholders of record as of July 31, 2024. The dividend represents FMIC’s approximate net income calculated for July 2024. The dividend reinvestment program will not be available for this dividend so all shareholders will receive this dividend in cash.

The dividend amount payable in July was lower than historical averages primarily due to a net loss in June 2024 resulting from a requirement to take increased provisions for potential loan losses. The net loss resulted in no income payable, and accordingly no distribution, for June 2024 and a resulting decrease in FMIC’s net asset value (“**NAV**”) to \$29.93 per share as at June 30, 2024. A portion of the net income in July 2024 has been withheld to return the NAV to \$30.00 per share, and the balance of net income in July 2024 of \$0.0194930 will be distributed to shareholders of record as at July 31, 2024.

The Company has also considered providing an additional distribution to shareholders from cash on hand as a return of capital to shareholders. However, after consulting with its tax advisors, the Company determined that this is not in the best interest of shareholders from a tax perspective as the NAV of the shares would be eroded as a result, and FMIC, as a mortgage investment corporation, is not able to make a tax-free return of capital unless the payment is either (i) reasonably related to proceeds from a transaction outside the ordinary course of business, such as selling an asset, or (ii) occurs during the course of a corporation’s winding-up. Neither of these conditions hold true for FMIC at this time, and accordingly a return of capital would be taxable.

FMIC’s review of potential strategic alternatives intended to maximize shareholder value, including the sale of some or all assets, a wind down of the portfolio, as well as other strategic options, remains ongoing. It should be noted that the Company has not set a definitive schedule to complete its review and no decision on any particular transaction or alternative has been reached at this time. There can be no assurance that this process will lead to any specific outcome, or, if a transaction is undertaken, the terms or timing of such a transaction.

As previously announced, the Company has suspended quarterly redemption payments relating to its common shares while it continues to evaluate strategic alternatives available to the Company. FMIC expects that during the period of the strategic review, dividend payments will continue to be paid provided there is net income to distribute.

OSC Review

The Company has received confirmation that the Ontario Securities Commission Corporate Finance and Enforcement staff have concluded the regulatory review of the Company’s continuous disclosure in respect of certain accounting matters. As previously announced, as a result of this review, the Company amended and restated its audited annual financial statements for the year ended December 31, 2022, as well as unaudited interim financial statements for the quarters ended March 31, 2023, June 30, 2023 and September 30, 2023, along with Management’s Discussion and Analysis in respect thereof (the “**Restatements**”).

Further financial information is provided in the Company's unaudited interim financial statements for the six months ended June 30, 2024 and 2023 and the accompanying Management's Discussion and Analysis, which was filed on the company's profile on SEDAR+ (www.sedarplus.ca) and the Company's website on August 29, 2024.

More information about FMIC is available under FMIC's profile on SEDAR+ at www.sedarplus.ca.

For more information, please contact:

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Forward-Looking Statements

This press release contains certain forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws, which may include, but are not limited to, information and statements regarding or inferring the future business, operations, financial performance, prospects, and other plans, intentions, expectations, estimates, and beliefs of the Company. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes.

Forward-looking statements involve and are subject to assumptions and known and unknown risks, uncertainties, and other factors beyond FMIC's ability to predict or control which may cause actual events, results, performance, or achievements of FMIC to be materially different from future events, results, performance, and achievements expressed or implied by forward-looking statements herein. Forward-looking statements are not a guarantee of future performance. Although FMIC believes that any forward-looking statements herein are reasonable, in light of the use of assumptions and the significant risks and uncertainties inherent in such statements, there can be no assurance that any such forward-looking statements will prove to be accurate. Actual results may vary, and vary materially, from those expressed or implied by the forward-looking statements herein. Accordingly readers are advised to rely on their own evaluation of the risks and uncertainties inherent in forward-looking statements herein and should not place undue reliance upon such forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Any forward-looking statements herein are made only as of the date hereof, and except as required by applicable laws, FMIC assumes no obligation and disclaims any intention to update or revise any forward-looking statements herein or to update the reasons that actual events or results could or do differ from those projected in any forward-looking statements herein, whether as a result of new information, future events or results, or otherwise.