

Press Release

## Frontenac Mortgage Investment Corporation Announces Filing of Corrective 2018 Interim Financial Disclosure Pursuant to Ontario Securities Commission Staff Review

Sharbot Lake, Ontario, January 18, 2019 - Frontenac Mortgage Investment Corporation (the “Company” or “Frontenac”) wishes to announce that as a result of a review by staff of the Ontario Securities Commission (the “OSC”), the Company is issuing this news release in connection with the correction and enhancement of certain disclosures made in its Management Report on Fund Performance for the 6month period ended June 30, 2018 (the “2018 Q2 MRFP”) and Interim Financial Statements for the 6month period ended June 30, 2018 (the “2018 IFS”). Corrective disclosure was requested by staff of the Ontario Securities Commission in connection with its review of the Company’s prospectus. The corrections substantially relate to the Company’s financial disclosures related to the adoption and implementation of *International Financial Reporting Standard 9 – Financial Instruments* (“IFRS 9”).

IFRS 9 replaced *IAS 39 – Financial Instruments: Recognition and Measurement* effective January 1, 2018. IFRS 9 includes new requirements for the classification and measurement of financial assets and liabilities, as well as impairment of financial assets. IFRS 9 uses an expected-loss impairment model based upon forward looking information that results in earlier recognition of expected losses.

### Corrective Disclosure relating to MRFP and Interim Financial Statements

Frontenac is today re-filing its 2018 Q2 MRFP and 2018 IFS which now include additional and enhanced note disclosures by Frontenac to more fully comply with the requirements of IFRS 9. The 2018 IFS were amended to include enhanced disclosure contained in note 3(a)(i) Mortgage Investments of the 2018 IFS of the processes employed in calculating the allowance for credit losses on its mortgage loan portfolio. The disclosures now include additional information on the method used to estimate the allowance for expected credit losses and more detailed information on the criteria used by management to determine whether an individual loan is considered to be in Stage 1, 2, or 3 for purposes of calculating the allowance for credit losses. In addition, note 6 Mortgage Investments of the 2018 IFS was amended to include a detailed tabular breakdown of the components of the allowance for credit losses by mortgage type (commercial, residential, residential construction, residential development, and vacant land) and classification groupings of each type into Stage 1, 2, or 3 for purposes of the allowance.

The 2018 Q2 MRFP was amended to include related enhance disclosure under “Recent Developments / Accounting Changes” to include the enhanced disclosures contained in the amended 2018 IFS.

All other information contained in the 2018 Q2 MRFP and 2018 IFS which were filed on SEDAR on August 28, 2018, remain materially unchanged. There has been no change in the financial results reported in the 2018 Q2 MRFP and 2018 IFS which were filed on SEDAR on August 28, 2018.

The revised 2018 Q2 MRFP and 2018 IFS can be viewed on SEDAR at [www.sedar.com](http://www.sedar.com) (<http://www.sedar.com>).

### Corporate Website

Frontenac has updated its website to include the re-filed 2018 Q2 MRFP and 2018 IFS and remove the 2018 Q2 MRFP and 2018 IFS previously filed on August 28, 2018.

## About Frontenac Mortgage Investment Corporation

The Company is a Mortgage Investment Corporation as defined under section 130.1 of the Income Tax Act (Canada), managed by the W.A. Robinson Asset Management Ltd. with the mandate to provide investors capital preservation with a reasonable return. Income is generated from interest and principal payments through primarily short-term, residential 1<sup>st</sup> position mortgages secured by real property located in Canada but primarily in the province of Ontario. Shares of the Company do not trade on an exchange but may be purchased through Portfolio Managers and Investment Dealers in Canada.

Frontenac shareholders who have questions or require more information should contact the Corporate Secretary of the Company, Amber Kehoe at 1-877-279-2116

