Founders Advantage Capital Corp. Announces Letter of Intent to Acquire Full Ownership of Dominion Lending Centres; Announces Management Changes

Calgary, Alberta – September 27, 2018 – Founders Advantage Capital Corp. (TSX-V: FCF) (the "Corporation" or "FA Capital") is pleased to announce that it has entered into a letter of intent to acquire the remaining 40% interest (the "Proposed Transaction") in Dominion Lending Centres Limited Partnership ("DLC") from Gary Mauris and Chris Kayat (the "DLC Principals") and certain minority holders of DLC for $75.772 million (the "Purchase Price"). The Purchase Price will be funded through a combination of: (i) 41,012,571 class "A" common shares of the Corporation (the "Common Shares"), with each Common Share having a deemed price of $1.75 per share; and (ii) a subordinated 6% promissory note issued to the DLC Principals in the aggregate amount of $4.0 million. The Proposed Transaction, if completed, would be a related-party transaction for the purposes of MI 61-101 as both the DLC Principals are directors of the Corporation and are management of DLC. Completion of the Proposed Transaction is subject to a number of conditions, including approval by the TSX Venture Exchange (the "TSXV") and the negotiation of definitive agreements among the parties. If such conditions are met, FA Capital anticipates closing to occur during the fourth quarter.

The highlights and key terms for the Proposed Transaction (upon completion) are summarized as follows:

- FA Capital will acquire full ownership of DLC in exchange for 41,012,571 Common Shares of the Corporation and a $4.0 million promissory note;

- The Corporation will have an aggregate of 79,195,113 Common Shares issued and outstanding on completion of the Proposed Transaction, of which 22,073,923 Common Shares (27.9%) will be held or controlled by Mr. Mauris and 22,373,071 Common Shares (28.3%) will be held or controlled by Mr. Kayat;

- The Proposed Transaction significantly enhances the Corporation's financial profile, increasing the Corporation's anticipated annual proportionate EBITDA in its investee entities by more than $8.0 million (based on DLC's trailing twelve month financial results as at June 30, 2018) and would have increased free cash flow by more than $5.0 million;

- The Corporation's actions (both pre and post-transaction) are expected to reduce corporate G&A expense by ~$2.0 million annually;

- Gary Mauris to become President and Chief Executive Officer of FA Capital and Chris Kayat will become Executive Vice-Chairman of the Corporation as part of the Proposed Transaction;

- Stock options to acquire up to 3,000,000 Common Shares will be issued to the DLC Principals and stock options to acquire up to 1,000,000 Common Shares will be issued to the directors and other management and employees of DLC;

- It is anticipated that quarterly dividends of $0.0125 per share ($0.05 per share annually) will be maintained;

- It is anticipated that FA Capital's existing investments in Club16 Limited Partnership, Impact Communications and Astley Gilbert Limited to be retained upon completion of the Proposed Transaction;

- Directors (excluding the DLC Principals), insiders and certain additional shareholders holding an aggregate of 15,729,942 Common Shares (representing 48.1% of the Common Shares outstanding after excluding shares owned by the DLC Principals) have signed expressions of support in favour of the Proposed Transaction;

- The Proposed Transaction includes the acquisition of all DLC securities not otherwise owned by the Corporation (including all securities which entitle the DLC Principals to receive 70% of all annual cash distributions from DLC above the annual threshold of $14.6 million); and

- The letter of intent in respect of the Proposed Transaction will terminate on the earliest of the following to occur: (a) the written agreement of the parties; (b) the entering into of the definitive agreements; or (c) January 31, 2019, or such other dates as may be mutually agreed to in writing between the parties.

J.R. Kingsley Ward, Chairman of the Corporation commented: "The proposed acquisition of 100% of DLC is transformational for FA Capital. The Proposed Transaction gives FA Capital full ownership of a premium Canadian franchise system with #1 market share and repositions the Corporation in the public market as a financial services operating entity with an experienced management team. The Proposed Transaction adds financial strength and stability and allows for a reduction of corporate costs and leverage. As the DLC Principals have successfully operated a growing and resilient mortgage brokerage business for over 14 years, we are confident they will bring the same experience, work ethic and corporate discipline to FA Capital. We sincerely appreciate Gary and Chris allowing all shareholders to participate fully in DLC's future."

Gary Mauris, co-founder and President of DLC commented: "This is an exciting announcement not only for Chris and me, but the entire DLC family, including our dedicated employees, franchisees and over 5,000 mortgage brokers across the country. Since our initial transaction with FA Capital in June, 2016, we have grown our annual consolidated EBITDA from $14.6 million at the time of the transaction to more than $20.0 million for the trailing twelve month period ended June 30, 2018. We have faced regulatory hurdles and challenging housing markets but we continue to grow and show resilience in the face of this adversity and believe we are well positioned for further growth as conditions improve. Further, we have made significant investments in our franchisees and technology platforms throughout the last two years and expect these diversified investments to benefit all shareholders going forward. As fellow shareholders, you can expect Chris and me to operate FA Capital the same way we operate DLC, we keep a close eye on costs, we respect capital and we work tirelessly to ensure success."

The Corporation currently owns a 60% interest in DLC (which it acquired on June 3, 2016) and the Corporation's consolidated financial statements include the financial results for DLC along with the financial results for the Corporation's three other investments, being a 60% interest in Club16 Limited Partnership, a 52% interest in Impact Communications and a 50% interest in Astley Gilbert Limited (collectively referred to as the "Other Assets"). For further financial information on DLC and the Other Assets, please refer to the Corporation's consolidated financial statements available on www.sedar.com or the Corporation's website at www.advantagecapital.ca.

Shareholder Support for Proposed Transaction

The directors (excluding the DLC Principals) and certain additional shareholders (the "Supporting Shareholders") who, in aggregate, own or control 15,729,942 Common Shares (being 48.1% of the issued and outstanding Common Shares after excluding the 2,592,952 Common Shares currently held by Mr. Mauris and the 2,892,100 Common Shares currently held by Mr. Kayat) have signed expressions of support for the Proposed Transaction, including their commitment to vote in favour of the Proposed Transaction at any meeting of shareholders called to consider the Proposed Transaction, or to execute a written resolution if permitted under applicable securities laws and the policies of the TSXV. The Supporting Shareholders and the DLC Principals own or control an aggregate of 21,214,994 Common Shares (being 55.6% of the total issued and outstanding shares).

Management Changes Upon Completion of the Proposed Transaction

As part of the Proposed Transaction, the Corporation anticipates making changes to its executive team. In addition to managing DLC, the DLC Principals will be appointed to executive positions with the Corporation. Pursuant to the letter of intent, Mr. Mauris will become President and Chief Executive Officer of the Corporation and Chris Kayat will become Executive Vice-Chairman of the Corporation. Stephen Reid, the Corporation's current President and Chief Executive Officer, is expected to serve as Chief Investment Officer of the Corporation post-closing in identifying acquisition and investment opportunities within the financial services sector. James Bell, the Corporation's current Chief Operating Officer and General Counsel, is expected to continue providing legal services to the Corporation and its subsidiaries. Mr. Bell will also assume the role of Interim Chief Financial Officer effective September 30, 2018 while the Corporation conducts a search for a replacement for its former Chief Financial Officer.

In an effort to reduce costs, Messrs. Mauris and Kayat will not be taking any additional salary for serving as executives of the Corporation for at least the next twelve months. Further, Mr. Reid has also agreed that he will not be taking a salary for his efforts in supporting the Corporation over the next year and Mr. Bell will not be taking any additional salary for serving as Interim Chief Financial Officer. Additional cost saving measures, such as reducing staff and office space, will also be pursued. For fiscal 2019, the Corporation expects to reduce its corporate general and administrative expenses by at least $2.0 million when compared to fiscal 2018.

Stephen Reid, the current President and CEO of the Corporation noted: "While I am extremely proud of what we have built at FA Capital, I am also excited about the transformation of FA Capital into the sole owner of DLC and the transition of executive management to Gary and Chris. I am pleased to support Gary and Chris as they look to continue to grow DLC into other financial services areas in the future. I remain as committed today to building shareholder value as I was in 2016 and I fully support the proposed acquisition of DLC. I believe the real story has just begun."

Board of Directors and Governance Upon Completion of the Proposed Transaction

The Proposed Transaction will not result in any changes to the board of directors. Upon completion of the Proposed Transaction, the board will be comprised of the following nine individuals (five of whom are considered independent): Gary Mauris, Chris Kayat, Kingsley Ward, Peter McRae, Tony Lacavera, Ron Gratton, Dennis Sykora, Stephen Reid and James Bell. Following the completion of the Proposed Transaction, the Corporation intends to ask the Corporate Governance Committee to conduct a full review of the board composition in light of the Proposed Transaction.

Upon closing of the Proposed Transaction, the DLC Principals will have the right to be nominated to the FA Capital board and to appoint two additional non-independent directors to the board provided the DLC Principals maintain their management positions with the Corporation and continue to hold 30% or more of the Corporation's Common Shares. In the event the DLC Principals reduce their shareholdings to less than 30% but more than 10%, they will have the right to be nominated to the FA Capital board and to appoint one additional non-independent director to the board.

The Other Assets and Further Investments

Following completion of the Proposed Transaction, the Corporation will continue to hold its ownership interests in the Other Assets. The Corporation paid an aggregate of $56.7 million for the Other Assets (not including vendor loans) and the Other Assets have performed in line with management's expectations for 2018. Further, we note that the aggregate amount paid for the Other Assets exceeds the corporate borrowing outstanding on the Corporation's credit facility with Sagard Credit Partners ("Sagard") as at June 30, 2018 of approximately $55.3 million. The Corporation will continue to source and pursue additional investment opportunities going forward in the financial services sector which are additive to

DLC. The Corporation may also elect to make additional investments in the Other Assets if such investments are accretive to shareholders.

Stock Options

As part of the Proposed Transaction, the Corporation intends on issuing stock options to acquire an aggregate of 3,000,000 Common Shares to the DLC Principals and also intends on issuing stock options to acquire an aggregate of 1,000,000 Common Shares to board members and other key management and employees of DLC. The stock options will be issued at a market exercise price and will have a five (5) year term, subject to the requirements of the TSXV.

Credit Facility Amendments

In connection with the Proposed Transaction, the Corporation anticipates entering into an agreement to amend the corporate credit facility with Sagard to amend various covenants to reflect the acquisition of DLC and to reduce certain reporting requirements. In consideration for the amendments, the Corporation anticipates paying a cash fee of $200,000 USD to Sagard; repricing Sagard's existing 2,078,568 lender warrants to $2.25 per share (half of which were previously exercisable at $3.508 per share and half were exercisable at $3.965 per share); and issuing to Sagard an additional 1,881,188 lender warrants exercisable at $2.25 per share. The lender warrants will issued and repriced on closing and will have a remaining term until June 3, 2023 (being one year after the maturity date of the credit facility). Adam Vigna, Managing Partner and Chief Investment Officer of Sagard Holdings said, "Gary and Chris have done an excellent job running DLC in the face of a very challenging housing market in Canada. We are very excited about this transaction and look forward to working with them to build the business over the long-term."

Related Party Matters and Minority Approval

The Proposed Transaction is subject to certain approvals including the approval of the TSXV. Because the DLC Principals are related parties (within the meaning of MI 61-101 and pursuant to the policies of the TSXV) and, as such, the Proposed Transaction is a related party transaction (within the meaning of MI 61-101 and pursuant to the policies of the TSXV), and the Corporation is required to obtain a formal valuation for, and minority approval of, the Proposed Transaction, in the absence of any available exemptions.

The Corporation is exempt from the formal valuation requirement pursuant to section 5.5(b) of MI 61-101, given that it is listed on the TSXV. With respect to the minority approval requirement, because holding a shareholders' meeting is costly and time consuming, and given the significant support already obtained for the Proposed Transaction from certain shareholders, the Corporation may apply to the TSXV and the Ontario Securities Commission for an exemption to allow it to obtain minority shareholder approval of the Proposed Transaction pursuant to written approval rather than holding a shareholders' meeting.

Pro Forma Capitalization on Completion of the Proposed Transaction

The Corporation currently has 38,182,542 Common Shares issued and outstanding. Assuming the Proposed Transaction is completed on the terms set out above, the Corporation will have an aggregate of 79,195,113 Common Shares issued and outstanding, of which 22,073,923 Common Shares (27.9%) will be held or controlled by Mr. Mauris and 22,373,071 Common Shares (28.3%) will be held or controlled by Mr. Kayat.

Completion of Strategic Review Process

The signing of the letter of intent for the Proposed Transaction concludes the Strategic Review Process announced by the Corporation on August 8, 2018. As part of the Strategic Review Process, the Corporation's board of directors appointed a special committee of four independent directors (the "Special Committee") to consider the Proposed Transaction and any other alternative transactions that may be available to the Corporation to maximize its shareholder value. The Special Committee retained an independent financial advisor and independent legal counsel to assist the committee in fulfilling its mandate. Upon the recommendation of the Special Committee, the board of directors has approved the letter of intent for the Proposed Transaction.

The Corporation's Common Shares are listed on the TSXV under the symbol "FCF".

For further information please refer to the Corporation's website at www.advantagecapital.ca.

Contact information for the Corporation is as follows:

Stephen Reid	Amar Leekha
Chief Executive Officer	Senior Vice-President
403-540-5411	403-455-6671
sreid@advantagecapital.ca	aleekha@advantagecapital.ca

Media contact information for DLC is as follows:

Dave Teixeira
VP Operations, Public Relations & Communications
(604) 418-9177
dave@dlc.ca

Non-IFRS Financial Performance Measures

Management presents certain non-IFRS financial performance measures which we use as supplemental indicators of our operating performance. Non-IFRS financial performance measures include EBITDA, proportionate share of investee EBITDA and free cash flow. Readers are cautioned that these non-IFRS measures should not be construed as a substitute or an alternative to applicable generally accepted accounting principle measures as determined in accordance with IFRS. Please see the Corporation's MD&A for a description these measures and a reconciliation of these measures to their nearest IFRS measure.

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this news release constitute forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "estimate", "will", "expect", "plan", "schedule", "intend", "propose", or similar words suggesting future outcomes or an outlook. Forward-looking information in this news release includes, but is not limited to:

- completion of the Proposed Transaction on the terms set out herein;
- expected timing of closing of the Proposed Transaction;
- the expected benefits of the Proposed Transaction, including but not limited to reduced corporate general and administrative expense for fiscal 2019 and reduced leverage;
- the expected increase to the Corporation's annual proportionate share of investee EBITDA;

- the expected increase to cash distributions to the Corporation from its investees; and
- the expected continuation of the current quarterly dividend.

Such forward-looking information is based on a number of assumptions which may prove to be incorrect. Assumptions have been made with respect to the following matters, in addition to any other assumptions identified in this news release:

- that the future performance of DLC (and the Other Assets) will be consistent with past performance and projections;
- that all conditions to closing of the Proposed Transaction will be satisfied or waived;
- that the Corporation's lender will approve the Proposed Transaction; and
- that the parties will be able to successfully negotiate the definite agreements.

Although the Corporation believes that the expectations reflected in such forward-looking information are reasonable, undue reliance should not be placed on them as the Corporation can give no assurance that such expectations will prove to be correct. Forward-looking information is based on expectations, estimates and projections that involve a number of known and unknown risks and uncertainties which could cause actual results to differ materially from those anticipated by the Corporation and described in the forward-looking information. The material risks and uncertainties include, but are not limited to:

- the failure to obtain necessary approvals and consents to complete the Proposed Transaction;
- the satisfaction or waiver of all closing conditions;
- the Proposed Transaction will not yield the anticipated benefits to the Corporation; and
- the risks and uncertainties applicable to the operation of DLC's business other investees' businesses generally.

The foregoing list of risks is not exhaustive. For more information relating to risks, see the section titled "Risk Factors" in the Corporation's current annual information form. The forward-looking information contained in this news release is made as of the date hereof and, except as required by applicable securities law, the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.