



Dated: February 28, 2017

The Issuer

Name: **FIRST ISLAND MORTGAGE INVESTMENT CORPORATION – SERIES IV LTD. (“the Company”)**

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Currently listed or quoted? **No. These securities do not trade on any exchange or market.**

Reporting issuer? No.

SEDAR filer? No.

The Offering

Securities offered: 60,000,000 Class “A” Redeemable Preferred Shares with a par value of \$1.00 per share (“the “A” Preferred Shares”)

Price per security: \$1.00 per “A” Preferred Share

Minimum/Maximum Offering: \$0 / \$60,000,000 “A” Preferred Shares. **There is no minimum offering amount. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish our proposed objectives.**

Minimum subscription amount: \$15,000

Payment terms: The full subscription price will be payable by cheque, certified cheque or bank draft on closing.

Proposed closing date: Closing dates will be determined from time to time by the Company, as subscriptions are received.

Income tax consequences: There are important tax consequences to these securities. See ITEM 6 – Income Tax Consequences and RRSP Eligibility.

Selling agent: No. The Class “A” Preferred Shares are distributed by the Company and First Island Financial Services Ltd. (“the Manager”).

Resale Restrictions

You will be restricted from selling your securities for an indefinite period. See ITEM 10 – Resale Restrictions.

Purchaser's Rights

You have 2 business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this offering memorandum, you have the right to sue either for damages or to cancel the agreement. See ITEM 11 – Purchasers' Rights.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this offering memorandum. Any representation to the contrary is an offence. This is a risky investment. See ITEM 8 – Risk Factors.

ITEM 1 USE OF AVAILABLE FUNDS**1.1 Funds**

There is no minimum offering. The net proceeds of this offering and the funds which will be available to us under this offering are as follows:

		Assuming min. offering	Assuming max. offering
A	Amount to be raised by this Offering	\$0	\$60,000,000
B	Selling commissions and fees	\$0	\$500,000 ⁽¹⁾
C	Estimated offering costs (legal, accounting, audit, etc.)	\$0 ⁽²⁾	\$0 ⁽²⁾
D	Available funds: $D = A - (B+C)$	\$0	\$59,500,000
E	Additional sources of funding required	\$0	\$0
F	Working capital deficiency	\$0	\$0
G	Total: $G = (D+E) - F$	\$0	\$59,500,000

- (1) Neither the Company nor the Manager have retained, and neither intends to retain, an agent for this offering. This figure illustrates that should the Company, on the advice of the Manager, choose to pay referral fees, the Company estimates they would not exceed 1% of the maximum offering. No commissions are paid on the sale of MIC shares.
- (2) The Manager is responsible to pay all of the costs listed under Table item C. See ITEM 2, Paragraph 2.7, Management Agreement.

1.2 Use of Available Funds

We will use the available funds (the amount available will increase to the extent that no selling commissions or fees are paid as set out in Table item B, Paragraph 1.1) as follows:

Description of intended use of available funds listed in order of priority	Assuming min. offering	Assuming max. offering
Investments permitted of the Company as a Mortgage Investment Corporation under the <i>Income Tax Act (Canada)</i>	\$0	\$59,500,000
Total: Equal to G in the Funds table above	\$0	\$59,500,000

1.3 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

ITEM 2 BUSINESS OF THE COMPANY**2.1 Structure**

On April 4, 2001, the Company was incorporated as a non-reporting company under the *Company Act (British Columbia)* and is currently registered under the *Business Corporations Act (British Columbia)*. We are registered as a Mortgage Broker under the *Mortgage Brokers Act (British Columbia)*.

2.2 Our Business**(a) Overview**

Since April 12, 2001, and based on information available to the Company, we have carried on the business of a mortgage investment corporation (a "MIC") under the *Income Tax Act (Canada)* ("the Tax Act"). We invest alone or with other lenders in a portfolio of mortgages registered as first financial charges and granted as security for loans ("First Mortgages") to builders, developers or owners of commercial, industrial, residential or other real estate located

generally in urban or suburban centres in Alberta and British Columbia. The Company only invests in First Mortgages underwritten by its Manager. If and whenever our Board of Directors considers that it would be appropriate and in the interests of the Company to do so, then we will expand our operations to other provinces in Canada. We do not invest in mortgages against real property located outside Canada.

Our income comes primarily from interest charged on the First Mortgages along with commitment, standby, and renewal fees and other fees and bonuses for providing First Mortgage financing.

In order to maintain our status as a MIC, we intend to continue to pay out all of our net income and net realized capital gains as dividends within the periods required under the Tax Act. See ITEM 6 – Income Tax Consequences and RRSP Eligibility.

As at February 28, 2017, we have a total invested of \$44,526,486 in Royal Bank of Canada Deposit Accounts and in 25 First Mortgages at interest rates varying between 5.00% and 9.75%. Of the 25 First Mortgages, 22 are for residential properties and 3 are for commercial developments solely.

Please see our website www.firstisland.com for a current listing of the net interest rates (annualized) paid quarterly to investors in the MIC.

(b) Investment Practices and Restrictions

Responsibility for the Company's investment policies and decisions rests with the Company's Board of Directors. Subject to direction from our Board of Directors, the investment portfolio will change from time to time following advice based on the Manager's assessment of overall market conditions and outlook.

We manage our investments to provide a mixture of First Mortgages that secure commercial, industrial and residential construction financing and land development loans together with term First Mortgages for acquisition or refinancing of income-producing real property. A minimum of 50% of our investments are in residential First Mortgages or deposits ("Deposits") with a bank or other corporation whose deposits are insured by the Canada Deposit Insurance Corporation. We also invest in demand and term loans secured by income-producing real property. A First Mortgage may not meet the customary financing criteria of institutional lenders; as a result the First Mortgages are expected to earn a higher rate of return than those generally attained by institutional lenders.

Sometimes we may hold only part of a First Mortgage loan; the balance may be held by other lenders. By limiting our participation in large individual First Mortgages, we obtain the benefits of increased portfolio diversification. This also allows us to participate in the financing of larger real estate projects than our assets and investment guidelines would otherwise permit.

Based on information available to the Company, our investment guidelines are consistent with our position as a MIC under the Tax Act, the constating documents of the Company and with the other laws that apply to the Company. Subject to periodic review and direction by our Board of Directors to deal with changing circumstances, our investment activities will conform to the following practices:

- (a) We will only invest our funds in conformity with our status as a MIC;
- (b) We will invest only in First Mortgages of commercial, industrial and residential real properties offered to us by the Manager;
- (c) All of our mortgages will be registered as a first financial charge against the title of subject real property in the appropriate land title or land registry office in the name of the Company or in trust in the name of the Manager or its affiliates or a nominee bare trustee for the Company as to its interest and any other interested lenders;
- (d) We will not borrow funds to invest;
- (e) We will attempt to maintain at least 50% of our assets invested in First Mortgages charging residential real estate or in Deposits;
- (f) We will invest no more than 50% of our assets in First Mortgages charging commercial and industrial real estate;
- (g) We will only invest in First Mortgages on real property for which the Manager will have received, reviewed and evaluated an independent appraisal and generally for which we have received a satisfactory environmental assessment. An appraisal and assessment must be carried out by someone who is in the judgment of our Board of Directors qualified to do the appraisal or assessment, as the case may be;
- (h) We will not invest in a First Mortgage or lend any funds to be secured by a First Mortgage unless at the date that the First Mortgage is acquired or our funds are initially advanced the indebtedness secured by the First Mortgage generally does not exceed 75% of the appraised value of the real property securing the First Mortgage. The value may be based on stated conditions including, without limitation, completion, rehabilitation or lease-up of improvements located on the real property where those activities are monitored on our behalf by the Manager;
- (i) If the independent appraisal reports an appraised value for the real property that is dependent upon further action by the borrower, then we will advance funds by way of progress payments as recommended by the Manager;
- (j) We will not lend money to, borrow money from or invest in securities of the Manager or any of its affiliates

or other non-arm's length parties, other than in investments in First Mortgages underwritten by its Manager, under the Management Agreement. We do not make loans to anyone ("an Annuitant") who is an annuitant, beneficiary or employer under a registered retirement savings plan, deferred profit sharing plan or registered retired income fund as defined under the Tax Act which is a shareholder of the Company, or to any other person who is a relative of or otherwise does not deal at arm's length with the Annuitant, or to anyone else who would cause shares of the Company not to be a qualified investment under Regulation 4900(1)(c) of the *Income Tax Act (Canada)*;

- (k) We may also invest any funds not invested in First Mortgages in government treasury bills, or in the bonds, securities, notes, deposits or deposit instruments of any Canadian government, government agency or government corporation, or in deposits or deposit instruments of Canadian chartered banks, credit unions, registered investment dealers or other CDIC insured financial institutions, or in other investments as may be approved by the Company's Board of Directors (collectively "Authorized Interim Investments").

(c) Investment Management and Portfolio Administration

Under an agreement dated April 15, 2001, ("the Management Agreement") and subject to the ultimate supervision and decision of the Board of Directors and common shareholders of the Company, the Company has engaged the Manager to act as the general manager of the Company, to provide premises and administrative support for the day to day activities of the Company and to carry out the investment objectives and goals of the Company. The Management Agreement is discussed more fully under ITEM 2, Paragraph 2.7 Management Agreement.

Generally, the Company does not actively seek or originate First Mortgages for investment. We rely exclusively on the expertise of the Manager to analyze and present recommended investment opportunities to the Company that the Manager considers suitable and consistent with the Company's investment policies. The Manager is also responsible for carrying out all the investment transactions of the Company, supervising the investment and Mortgage portfolios of the Company and providing general manager services for the day-to-day administration of the Company. The Manager also provides office space and administrative support to the Company. As a result the Company does not have, and does not expect to have, any employees.

Under the Management Agreement the Manager also provides day-to-day administration and management of the company's investment portfolio. The Manager reviews requests for mortgage draws and ensures that all of the loan requirements have been met or reviewed prior to any advance of funds. The funds of the Company handled by the Manager are segregated from the Manager's own funds and any other funds handled by the Manager.

2.3 Development of the Business

We intend on increasing our business by following, and incrementally improving, the practices that we have followed since commencing business on April 12, 2001. Since that date, over \$489,615,000 in total loan commitments have been made directly and via co-lender partners. We will continue to lend primarily in Alberta and British Columbia although we will consider lending elsewhere in Canada as our capital permits, circumstances warrant and if our Investment Guidelines will be met.

Based on the advice of the Manager, the Company intends to invest the net proceeds of the Offering in First Mortgages as quickly as is commercially reasonable in the circumstances. However, each investment will depend upon a number of factors including the availability of suitable investments and market conditions. Until the Company makes an investment in First Mortgages, cash on hand will be invested only in Authorized Interim Investments. After each closing (a "Closing") of a subscription for Shares, the Manager may on behalf of the Company establish one or more interest-bearing accounts to hold cash of the Company until it is invested in First Mortgages.

2.4 Long Term Objectives

Our long term objectives are:

- by investing in First Mortgages, to provide sustainable income to the holders of our Preferred Shares that is superior to term deposits, GICs and money market funds while giving due consideration to preservation of our capital for distribution or re-investment;
- to maintain our status as a mortgage investment corporation under the Tax Act;
- to carry on lending activities throughout Canada but primarily in Alberta and British Columbia;
- to increase our share of the potential MIC business in Western Canada.

2.5 Short Term Objectives and How We Intend to Achieve Them

What we must do and how we will do it:	Target completion date:	Our cost to complete:
We intend to invest and reinvest our capital, to raise additional capital under this Offering and to invest our available capital under our investment program	As we have an ongoing lending program, there is no target completion date for our business plan. We will make loans as our available funds and market circumstances permit.	N/A (included in fee paid to Manager)

2.6 Insufficient Funds

Not applicable; our ongoing lending program takes into consideration expected mortgage cash flows.

2.7 Material Agreements

The following summarizes the material agreements to which we are currently a party and any material agreements with a related party:

Management Agreement

The Company and the Manager entered into the Management Agreement on April 15, 2001. There is no set term under the Management Agreement. The Management Agreement may be terminated on 12 months' prior notice of either party; by mutual agreement or by either party in the event of the insolvency or bankruptcy of the other party.

The Manager was incorporated under the *Company Act (British Columbia)* in 1973 and is currently registered under the *Business Corporations Act (British Columbia)*. The Manager is a mortgage investment and management company with its principal office in Victoria, British Columbia. The Manager is registered as a Mortgage Broker under the *Mortgage Brokers Act (British Columbia)*. The Manager has provided mortgage investment opportunities for over 700 investor clients; since 1989 the Manager has administered over \$500 million in First Mortgage investments while managing an average mortgage portfolio in the \$15-45 million range. During its 2016 fiscal year the Manager oversaw the distribution of over \$2,070,680 of mortgage interest income to investors. Since April 2001 the Manager has administered distributions of over \$23.2 million of mortgage interest income to its clients.

Under the Management Agreement and in addition to the investment management services of the Manager described in ITEM 2, the Manager organizes the Company's business operations, provides ongoing supervisory management services, provides office administration, facilities and equipment, retains the necessary professional advice, makes regulatory filings, reviews all organizational documentation, and facilitates the introduction to the Company of potential sources of investment capital. The Manager also reviews, evaluates and makes recommendations concerning the Company's policies and procedures, administration, accounting, legal and other professional representation, investment criteria and the like. At the request of the Company, the Manager will implement decisions of the Company's directors and officers.

As compensation for the services provided under the Management Agreement, the Company pays to the Manager monthly a fee ("the Administration Fee") of up to 3.75% per year, calculated on a monthly basis, on the active mortgage principal under administration by the Manager. The Administration Fee is paid from the interest payments received under the Company's Mortgage Portfolio.

From the Administration Fee the Manager pays on behalf of the Company all expenses related to origination, administration and investor reporting, the day to day expenses of the Company including, without limitation, any costs to acquire a mortgage, appraisal fees, commission and brokerage fees, taxes of all kinds to which the Company is subject, auditors' fees, legal fees, the cost of submitting financial reports and providing other information to shareholders and regulators; messenger services, photocopying, land title searches, credit bureau reports, printing costs, survey certificates, postage, telephone charges, accounting fees, rent for office space and expenses of the Company's directors, officers and employees, advertising, promotions and insurance premiums.

Under the Management Agreement the Company is responsible for the costs, including legal fees and disbursements, of collecting or attempting to collect any amounts owing or in arrears on any First Mortgage including foreclosure and other court proceedings.

Since all of the Directors and officers of the Company are also directors or officers of the Manager or its parent, the Manager is considered to be a party related to the Company.

Loan Agreements

The Company's investment portfolio complies with the investment guidelines discussed above. We report on the total amount of the investment portfolio from time to time in our financial statements.

ITEM 3 INTERESTS OF DIRECTORS, MANAGEMENT, PROMOTERS AND PRINCIPAL HOLDERS

3.1 Compensation and Securities Held

The following table sets out information about each director, officer and promoter of the Company and each person who directly or indirectly beneficially owns or controls 10% or more of any class of voting securities of the Company (a "principal holder").

Name and municipality of principal residence	Positions held (e.g. director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by the issuer in the most recently completed financial year and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the issuer held after completion of min. offering	Number, type and percentage of securities of the issuer held after completion of max. offering
Art Kool Victoria, B.C.	Director & President	NIL	1 Common Voting Share, 9.09% 766,994 Class "A" Preferred Shares with a par value of \$1.00 each, 1.723%	1 Common Voting Share, 9.09% 766,994 Class "A" Preferred Shares with a par value of \$1.00 each, 0.734%
Phil D. Wooster Sidney, B.C.	Director & Secretary	NIL	1 Common Voting Share, 9.09% 130,110 Class "A" Preferred Shares with a par value of \$1.00 each, 0.292%	1 Common Voting Share, 9.09% 130,110 Class "A" Preferred Shares with a par value of \$1.00 each, 0.124%
Darrell J. Morgan Victoria, BC	Director	NIL	1 Common Voting Share, 9.09% 1,319,826 Class "A" Preferred Shares with a par value of \$1.00 each, 2.964%	1 Common Voting Share, 9.09% 1,319,826 Class "A" Preferred Shares with a par value of \$1.00 each, 1.263%

See ITEM 2.7 - Material Agreements: Management Agreement for a description of the compensation paid to the Management entity of the MIC for its management operations. No commissions are paid on the sale of MIC shares.

3.2 Management Experience

The following table discloses the principal occupations of our directors and senior officers over the past five years.

Name	Principal occupations and related experience
Art Kool	Director, President and Shareholder of the Company and the Manager. Mr. Kool has more than five decades of experience in mortgage lending, construction, construction financing, real estate property development and highway maintenance. He is a Director, Officer and Owner of Aral Developments Ltd., a building and development company with holdings in apartments, warehouses, office buildings and shopping centres. He is also a Director, Officer and Owner of Aral Construction Ltd., a general contractor and full service construction company based in Victoria, B.C. Mr. Kool serves on the boards of a number of real estate development and construction industry trade organizations. He is a member of the Manager's Credit Committee.
Phil D. Wooster	Director and Shareholder of the Company and of the Manager. He is licensed as a Mortgage Broker in British Columbia. Mr. Wooster is a long-term member of the Real Estate Institute of British Columbia.
Darrell J. Morgan	Director and Shareholder of the Company and the Manager. He is Chartered Professional Accountant, CGA and the CFO of the Manager. Mr. Morgan is a member of the Manager's Credit Committee.
Rodney A. Bieller	Former Director and past Secretary of the Company and the Manager. He is a former Battalion Chief in the Victoria Fire Department. Mr. Bieller is long-time private investor in a number of real estate and development companies. He is a member of the Manager's Credit Committee.
Mark W. L. Lindholm	Former Director of the Company and the Manager. Former practicing lawyer who has dealt in the areas of land development, project financing, leasing and property management. Mr. Lindholm has an extensive private portfolio of real estate properties including the West Bay Marine Village in Victoria, B.C. He is a member of the Manager's Credit Committee.

3.3 Penalties, Sanctions and Bankruptcy

There has been no penalty or sanction that has been in effect, or a cease trade order that has been in effect for more than 30 consecutive days, during the last 10 years against a director, senior officer or control person of the Company or an issuer of which a person or the Company was a director, senior officer or control person at the time. There has been no declaration of bankruptcy, voluntary assignment in bankruptcy, proposal under any bankruptcy or insolvency legislation, proceedings, arrangement or compromise with creditors or appointment of a receiver, receiver manager or trustee to hold assets, that has been in effect during the last 10 years with regard to any director, senior officer or control person of the Company or issuer of which a person or the Company was a director, senior officer or control person at that time.

3.4 Loans

Not applicable; the Company does not loan funds to related individuals or companies.

ITEM 4 CAPITAL STRUCTURE

4.1 Share Capital

The following table summarizes information about our outstanding securities.

Description of security	Number authorized to be issued	Number outstanding as at Feb. 28, 2017	Number outstanding after min. offering	Number outstanding after max. offering
Common Voting Shares no par value ⁽¹⁾	100	11	11	11
Class "A" Preferred Shares par value \$1.00 each ⁽²⁾⁽³⁾	200,000,000	44,526,486	44,526,486	104,526,486
Class "B" Redeemable Preferred Shares with a par value \$10.00 each ⁽⁴⁾	2,000,000	0	0	0

Notes:

- (1) The 11 issued Common Voting Shares are owned by 11 non-related individuals.
- (2) The issued Class "A" Preferred Shares are owned by some 516 Preferred Shareholder accounts. Each Preferred Share was issued by the Company at a price of \$1.00 per share
- (3) If the maximum number of Class "A" Preferred Shares are issued under this Offering and assuming that there will be no redemptions by Preferred shareholders of any outstanding Class "A" Preferred Shares in accordance with the rights and restrictions attached to the Class "A" Preferred Shares.
- (4) The Company does not intend to issue "B" Preferred Shares.

4.2 Long Term Debt

Not applicable; the Company does not have any long term debt.

4.3 Prior Sales

During the last 12 months we have issued the following securities:

- (a) Under the Offering Memorandum of the Company dated February 28, 2016, the Company issued its Class "A" Preferred Shares on a continuous basis during the past 12 months as follows:

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
From March 1, 2016 to February 28, 2017	Class "A" Preferred Shares	6,837,466	\$1.00	6,837,466

ITEM 5 SECURITIES OFFERED

5.1 Terms of Securities

We are offering 60,000,000 Class "A" Redeemable Preferred Shares of the Company ("A Preferred Shares") which have a par value of \$1.00 per share. Together the Class "A" Preferred Shares and the Class "B" Redeemable Preferred Shares with a par value of \$10.00 each ("B Preferred Shares" none of which are issued) constitute the Preferred Shares of the Company.

The Class "A" Preferred Shares have the following material terms attached to them:

(a) Voting Rights

For each Common Share held, the holders of the Common shares of the Company are entitled to one vote at all general meetings of the Issuer's shareholders. Although the holders of Preferred Shares are generally not entitled to vote at general meetings of the Company they are entitled to attend in person or by proxy and to speak at those meetings.

(b) Dividends

The holder of a Preferred Share is entitled to receive quarterly or as determined by the Directors of the Company rateably according to the amount paid up on the Preferred Share a proportion of all of the profits of the Company determined in accordance with generally accepted accounting principles to be available for distribution as dividends. It is the policy of the Directors of the Company to exercise their discretion by declaring dividends in each calendar year on January 31st, April 30th, July 31st, and October 31st. We intend to continue with this policy and to pay the dividends normally within 7 business days after the applicable record date. Any capital gains realized by the Company on its investments will be distributed at the discretion of the Board of Directors. We will not distribute income or assets that would jeopardize or impair our ability to meet the Company's financial commitments or requirements. Where a shareholder holds a Preferred Share for less than a full 3-month period, the dividend payment is prorated according to the time that the person held the Preferred Shares.

When subscribing you may elect in your Subscription Agreement to receive your dividends in cash or to reinvest dividends in additional Class "A" Preferred Shares.

(c) Limited Redemption Rights

Subject to applicable laws, the Company may redeem all or any part of the Preferred Shares outstanding either by invitation for tenders addressed to all of the holders of the Preferred Shares or by private contract at the lowest price that the Directors resolve that the Company may obtain the Preferred Shares. If, in response, the Company receives more tenders for redemption of Preferred Shares than the Company is prepared to accept, then the Company will purchase Preferred Shares as nearly as may be on a *pro rata* basis.

(d) Limited Retraction Rights

Subject to applicable laws, holders of Preferred Shares held for more than 18 months may request the Issuer to redeem the Preferred Share by delivering 90 days advance written notice to the Company setting out the number of Preferred Shares to be redeemed ("the Retraction Notice"). Subject to the maximum retraction restriction discussed below and available cash flow, the Company may redeem the Preferred Shares set out in the Retraction Notice at a future date at a price ("the Redemption Price") equal to the book value of the Preferred Share.

The book value of an "A" Preferred Share equals the quotient obtained by dividing:

(a) the par value of the "A" Preferred Share multiplied by the number of "A" Preferred Shares issued and outstanding less the product obtained by multiplying any deficit of the Company by the quotient obtained by dividing;

(1) the par value of the "A" Preferred Shares multiplied by the number of "A" Preferred Shares issued and outstanding

by

(2) the par value of the "A" Preferred Shares multiplied by the number of "A" Preferred Shares outstanding plus the par value of any "B" Preferred Shares issued multiplied by the number of any "B" Preferred Shares issued and outstanding

by

(b) the number of "A" Preferred Shares issued and outstanding.

The Company is not required to redeem more than 25% of the issued and outstanding shares of any class in any one fiscal year. The Company is not required to redeem on a *pro rata* basis any Preferred Shares that are subject to a Retraction Notice. The Company can give no guarantee that any investor will be able to retract any or all of the investor's shares at any one time. Retraction and redemption of Preferred Shares is subject to the Company having sufficient cash resources or liquid assets available to fulfill its near term mortgage funding commitments.

(e) Conversion Rights

The "A" Preferred Shares are exchangeable for "B" Preferred Shares on the basis of 10 "A" Preferred Shares for one "B" Preferred Share. (The Company and the Manager do not intend to issue Class "B" Preferred Shares or convert any Class "A" shares to Class "B" shares at this time).

(f) Priority on Liquidation / Dissolution

In the event of the liquidation, dissolution or winding-up of the Company or other distribution of the Company's assets among its shareholders, the Company will distribute the assets as follows:

(1) first to the holders of the Preferred Shares *pro rata* to the number of Preferred Shares an amount equal to the book value of the Preferred Shares held by them;

(2) second to the holders of the Common Shares *pro rata* to the number of Common Shares an amount equal to the book value of the Common Shares determined by dividing the paid up capital of the Common Shares by the number of issued and outstanding Common Shares; and

- (3) the balance to the holders of the Common Shares and Preferred Shares, pro rata to the number of shares held.

5.2 Subscription Procedure

The Company will offer its Class "A" Preferred Shares for sale under this Offering Memorandum until the earlier of full subscription for the Maximum Offering and 24 months from the date of this Offering Memorandum. We may close the Offering on an earlier or later date as we may determine. Closings may occur from time to time, at our discretion, during the course of this Offering.

You may subscribe for Shares by returning to us at:

Suite #101, 727 Fisgard Street, Victoria, British Columbia, V8W 1R8, the following:

- (a) a completed subscription agreement and risk acknowledgement, which accompany this Offering Memorandum
- (b) any document required under the securities laws of the jurisdiction in which you are resident
- (c) a cheque, certified cheque or bank draft in the amount of your investment payable to "First Island Mortgage Investment Corporation - Series IV Ltd."

We reserve the right to accept or reject subscriptions in whole or in part at our discretion. In addition, under the laws of British Columbia, the shareholders of the Company at any time have a statutory pre-emptive right to acquire any shares allotted for sale by the Company ("Pre-emptive Right"). As shareholder you cannot waive the Pre-emptive Right generally but only in connection with a specific allotment. We believe that it is in the best interests of the Company and all of its shareholders that the Company be free to pursue its financing plans generally contemplated in this Offering Memorandum. Accordingly, the Company will not accept your subscription unless in your subscription agreement you appoint the President and Secretary of the Company as your attorneys for the purpose of waiving your Pre-emptive Rights in connection with each allotment and issuance of shares of the Company that the Company proposes to make from time to time after you become a shareholder.

If we do not accept your subscription, then we will promptly return your subscription funds to you.

If we accept your subscription, then we will deliver a certificate to you representing the fully paid and non-assessable Class "A" Preferred Shares that you subscribe for after you have paid the subscription price in full. The subscription price will be held in trust for a two day period following acceptance of the subscription.

RRSP/RRIF/DPSP/TFSA Subscriptions

Despite the foregoing and in order to accommodate their administrative procedures, we may accept subscription agreements from trustees for Registered Retirement Savings Plans (RRSPs), Registered Retirement Investment Funds (RRIFs), Deferred Profit Savings Plans (DDSPs) or Tax-Free Savings Accounts (TFSAs) under the Tax Act without the accompanying payment. Whenever we do so, we will deliver the share certificates representing the purchased Preferred Shares in exchange for payment of the subscription price. However, we will not accept a subscription unless each annuitant appoints the President and Secretary of the Company as the attorneys of the annuitant for the purpose of waiving the annuitant's Pre-emptive Rights.

ITEM 6 INCOME TAX CONSEQUENCES AND RRSP ELIGIBILITY

6.1 Independent Tax Advice

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

6.2 Status as a Mortgage Investment Corporation

For a corporation to qualify as a mortgage investment corporation (MIC) under the *Income Tax Act (Canada)* ("the Tax Act"), among other requirements, it must have a minimum of 20 shareholders and no shareholder (and any one not dealing at arms' length with the shareholder) can own more than 10% of the total issued shares of any class of shares of the corporation.

We intend to maintain our MIC status. As a qualified MIC we may deduct as if it is an expense of the Company any net income annually that we pay out in dividends during the year or within 90 days after the end of the year. These dividends will be taxable in the hands of the shareholders who are subject to tax as if they had received an interest payment rather than the usual income tax dividend treatment under the Tax Act. Shareholders will receive a T5 tax slip for the interest income paid to them during the calendar year. As a result, we anticipate that for each of our taxation years during which we qualify as a MIC the Company will receive "flow through" treatment and will not be required to pay income taxes on the net earnings from which the dividends are paid. Any Company income in excess of allowable deductible reserves under the Tax Act which is not distributed to our shareholders within 90 days after a year-end will be subject to ordinary corporate tax under the Tax Act.

6.3 RRSPs, RRIFs, DPSPs, TFSA

For so long as the Company is qualified as a MIC under the Tax Act and the Company does not hold any debt of an Annuitant or related party of an Annuitant, the "A" Preferred Shares will be qualified investments for trusts governed by the provisions of the Tax Act as registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), deferred profit sharing plans (DPSPs) and tax-free savings accounts (TFSA).

Not all securities are eligible for investment in a registered retirement savings plan (RRSP). You should consult your own professional advisers to obtain advice on the RRSP eligibility of these securities.

ITEM 7 COMPENSATION PAID TO SELLERS AND FINDERS

The Company has not retained, and does not intend to retain, an agent to obtain subscriptions for Shares. On the advice of the Manager and where permitted by law, the Company may, in its discretion, pay commissions or fees of not more than 1% of the aggregate subscription proceeds received under this Offering to persons authorized by the Manager who assist the Company or the Manager to sell Shares. The Company may pay in cash at the time of receiving payment for the "A" Preferred Shares or over time. Assuming the Maximum Offering, we do not expect that the Company would pay more than \$500,000 for these commissions and fees.

ITEM 8 RISK FACTORS

The purchase of "A" Preferred Shares involves a number of risk factors. You should buy them only if you can make a long term investment, have no need for immediate liquidity in your investment and are aware of the risk factors involved in your investment.

8.1 Risks Associated with Real Estate

Real estate lending contains elements of risk and is subject to uncertainties. The value of real property is affected by general economic conditions, local real estate markets, the attractiveness of the property to prospective tenants, purchasers and other lenders, demand for leased premises; fluctuations in occupancy rates, operating expenses, competition from other available properties, and other factors. The value of a real estate property may ultimately depend upon the credit worthiness and financial stability of the tenants of the property. Investments in First Mortgages for development or renovations may be riskier than in First Mortgages relating to property purchases or mortgage receivables.

8.2 Risks Associated with Mortgage Loans

You should consider the following in connection with our First Mortgages:

- (a) Our First Mortgages will not generally be insured by Canada Mortgage and Housing Corporation or any private mortgage insurer in whole or in part.
- (b) In the event of default under a First Mortgage, it may be necessary for us, in order to protect the investment, to engage in foreclosure or sale proceedings and to make further outlays to complete an unfinished project or to pay off or maintain prior encumbrances in good standing.
- (c) As with most mortgage investment corporations, our financing is made to borrowers who may not meet, or have time to meet, financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than institutional lenders may receive. Credit risk is the risk that the mortgagor will fail to discharge the obligation, causing the Company to incur a financial loss. To minimize our credit risk primarily we attempt to ensure that the collateral value of the security fully protects the advances, that there is a viable exit strategy for each investment and that First Mortgages are made to experienced developers and owners. In addition, we limit concentration risk by diversifying the Mortgage portfolio by location, property type, maximum size of loan on any one property and maximum advances to any one borrower or group of borrowers.
- (d) Investments in First Mortgages are relatively illiquid. Liquidity will tend to limit our ability to vary our Mortgage portfolio promptly in response to changing economic or investment conditions.
- (e) In order to protect our investment in a First Mortgage we may be required to incur significant expenditures including property taxes, capital repair and replacement costs, maintenance costs, insurance costs and other customary costs related to the ownership of real property.
- (f) We may commit to making investments in future First Mortgages in anticipation of the repayment of the principal owing under existing First Mortgages. If the principal is not repaid and if we are unable to sell our securities under this Offering then we may be unable to advance some or all of the funds required to be advanced under our commitments and we may face liability in connection with that failure.

- (g) Although we follow the environmental programs of the Manager that includes policies and procedures to review and monitor environmental matters associated with the real property that is subject to our First Mortgages, under various laws we could become liable for the costs of effecting remedial work resulting from the release, deposit or presence of certain materials including hazardous or toxic substances and wastes at or from a property subject to one of our First Mortgages or deposited at another location. The failure to effectuate the remedial work could adversely affect a borrower's capacity to sell the real property covered by the First Mortgage or to borrow using the real property as collateral and could result in claims against the borrower.

In addition, in recognition of the risks which may be involved in our loans, we may establish reserves against potential losses where deemed necessary in amounts that we anticipate being deductible for income tax purposes under the Tax Act as determined in consultation with the Company's auditors.

8.3 Competition for Mortgage Loans

Our earnings depend on the ability of the Manager to recommend suitable opportunities for the investment of our funds and on the yields available from time to time on mortgages as well as the cost of borrowings. A wide variety of competing lenders and investors are active in the areas of lending in which we operate. Our yields on real estate loans, including mortgages, depend on many factors including economic conditions, the level of risk assumed, conditions in the real estate industry, opportunities for other types of investments, legislation, governmental regulation and tax laws. We cannot predict the effect which those factors will have on our business.

8.4 Marketability

There is no market for resale of the "A" Preferred Shares and consequently, it may be difficult or even impossible for you to sell them. In addition, the "A" Preferred Shares may not be readily acceptable as collateral for loans.

There are restrictions on resale of the "A" Preferred Shares by you. These restrictions might never expire and you should consult your own professional advisors in respect of resale of the "A" Preferred Shares. See ITEM 10 below in this regard.

We do not intend presently to qualify our securities for sale to the public by way of a prospectus or to become a reporting issuer.

8.5 Appraisal Risk

While independent appraisals are required before we invest in a First Mortgage, the appraised values, even when reported on an "as is" basis do not necessarily reflect the market value of the underlying real property. That value may fluctuate. In addition, the appraisal value may depend upon meeting certain conditions including completion of construction, rehabilitation or leasing or selling of improvements on the real property. There can be no guarantee that those conditions will be met. To the extent that they are not met, the appraisal value may not be achieved. Even if the conditions are met, the appraisal value may not reflect the market value of the real property at the time the conditions are met.

8.6 Tax Designation

Under the Management Agreement, the Manager is responsible to ensure that our business operations are conducted in a way that will not jeopardize our designation as a mortgage investment corporation under the Tax Act. As a mortgage investment corporation, the normal income tax rules applicable to ordinary dividends will not apply to dividends paid on the "A" Preferred Shares. Rather, the dividends will be taxable in the hands of shareholders who are subject to tax as if they had received an interest payment. Shareholders will receive a T5 tax slip for reporting their annual interest income. If for any reason we fail to maintain our designation, dividends on the "A" Preferred Shares would cease to be deductible from the income of the Company. In addition, the "A" Preferred Shares might cease to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans or tax-free savings accounts, with the effect that a penalty tax of 1% per month of the value of the "A" Preferred Shares would be payable.

8.7 Reliance on Manager

We rely on the good faith, experience and judgment of the Manager to manage the business and affairs of the Company and for investment advisory and portfolio management services under the Management Agreement. An investor who is not willing to rely thereon should not purchase any of the "A" Preferred Shares under this Offering Memorandum. We expect that the directors and officers of the Company and the directors, officers and employees of the Manager will devote to our affairs only the time as may reasonably be necessary to conduct the Company's business. There is no representation that the individuals who are currently directors, officers and employees of the Manager and who provide services to the Company under Management Agreement will continue to do so for an indefinite period. Although the Manager will carefully choose the investments that we will make, there is no representation that the investments will have a guaranteed return to the Company or to its shareholders nor that losses will not be suffered by the Company from any of those investments.

8.8 Conflicts of Interest

The services of the Manager and its directors, officers and employees are not exclusive to the Company – the Manager is not in any way limited or affected in its ability to carry on business ventures for its own account or for the account of others and may be engaged in the ownership, acquisition and operation of businesses with the Corporation. Except when the Manager presents an investment opportunity to the Company, an investment in “A” Preferred Shares will not give the shareholder or the Company any right to invest in or earn any interests in any other property or venture of the Manager or its affiliates or to profit therefrom. The Manager is entitled to, and currently acts, and in the future may act in a similar capacity for other mortgage lenders which may have investment criteria similar to and may compete with ours. As a result, there is a risk that the Manager will not be able to originate sufficient suitable lending opportunities to keep our funds fully invested. The Directors and Officers of the Company are also employed by and are directors, officers and shareholders of the Manager. There may be instances where the Manager will be considering a lending opportunity that may be suitable for the Company as well as other mortgage lenders or investors with whom the Manager has business relationships. In these cases, the Manager or a director of the Manager will have the right to act as they see fit.

Transactions between the Company and the Manager or any of its affiliates will not benefit from arm’s length bargaining. The Directors of the Company may vary our Investment Guidelines. The Directors have the right to vote to terminate, change or replace the Management Agreement. It may be difficult for some of the Directors to exercise independent judgment about these and other matters.

ITEM 9 REPORTING OBLIGATIONS

9.1 Documents Provided to Shareholders Annually or on an Ongoing Basis

The Company is not a reporting issuer in British Columbia. On a quarterly basis we will provide reports to you on allocations and distributions to the Company’s shareholders and information on our First Mortgage investments. In addition, as a shareholder of the Company, you are entitled to receive, upon request, audited financial statements within 140 days after the fiscal year-end.

9.2 Information about the Company

You may obtain information about the Company’s incorporation, amendments to our constating documents, directors, officers, annual corporate filings and other corporate information from the British Columbia Registrar of Companies, 2nd Floor, Suite 200 – 940 Blanshard Street, Victoria, BC, V8W 3E6 (telephone number 1-877-526-1526). Information about the Company’s status and filing under the *Securities Act (British Columbia)* can be obtained from the British Columbia Securities Commission and under the *Securities Act (Alberta)* from the Alberta Securities Commission.

ITEM 10 RESALE RESTRICTIONS

10.1 General Statement – For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon:

These securities will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the securities unless you comply with an exemption from the prospectus and registration requirements under securities legislation.

10.2 Restricted Period – For trades in Alberta, British Columbia, New Brunswick, Newfoundland and Labrador, Northwest Territories, Nova Scotia, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon:

Unless permitted under securities legislation, you cannot trade the securities before the date that is 4 months and a day after the date the Company becomes a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions:

Unless permitted under securities legislation, you must not trade the securities without the prior written consent of the regulator in Manitoba unless:

- (a) the Company has filed a prospectus with the regulator in Manitoba with respect to the securities you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or
- (b) you have held the securities for at least 12 months.

The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest.

In addition, the Company’s Articles provide that for so long as the Company is not a reporting company or reporting issuer, the Board of Directors may prohibit the transfer of any shares. It is the policy of the Board of Directors to prohibit

any transfer as needed to maintain our status as a mortgage investment corporation under the Tax Act. Accordingly, no transfer will be permitted that would jeopardize the Company having to maintain a minimum of 20 shareholders or would allow any shareholder (and any one not dealing at arms' length with the shareholder) to own more than 10% of the total issued shares of any class of shares.

ITEM 11 PURCHASERS' RIGHTS

If you purchase these securities you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer.

- (1) Two Day Cancellation Right - You can cancel your agreement to purchase these securities. To do so, you must send a notice to us by midnight on the 2nd business day after you sign the agreement to buy the securities.
- (2) Contractual Rights of Action in the Event of a Misrepresentation
If there is a misrepresentation in this Offering Memorandum, you have a contractual right to sue the Company:
 - (a) to cancel your agreement to buy these securities, or
 - (b) for damages.

This contractual right to sue is available to you whether or not you relied on the misrepresentation. However, in an action for damages, the amount you may recover will not exceed the price that you paid for your securities and will not include any part of the damages that the Company proves does not represent the depreciation in value of the securities resulting from the misrepresentation. The Company and Manager has a defence if it proves that you knew of the misrepresentation when you purchased the securities.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after you signed the agreement to purchase the securities. You must commence your action for damages within the earlier of 180 days after learning of the misrepresentation and 3 years after you signed the agreement to purchase the securities.

ITEM 12 FINANCIAL STATEMENTS

Included in this Offering Memorandum are Audited Financial Statements for the year ended October 31, 2016.

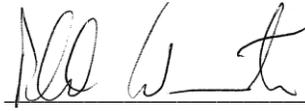
ITEM 13 DATE AND CERTIFICATE

Dated: February 28, 2017

This Offering Memorandum does not contain a misrepresentation.



Darrell J. Morgan, Director



Philippe D. Wooster, Director

**FIRST ISLAND MORTGAGE INVESTMENT
CORPORATION - SERIES IV LTD.**

FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

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YEAR ENDED OCTOBER 31, 2016

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Statement of Financial Position
Statement of Comprehensive Income
Statement of Changes in Shareholders' Equity
Statement of Cash Flows
Notes to Financial Statements

McAVOY RULE & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANTS

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Shiri Gershuni, CPA, CGA

INDEPENDENT AUDITORS' REPORT

* denotes professional corporation

To the Shareholders of First Island Mortgage Investment Corporation - Series IV Ltd.

We have audited the accompanying financial statements of First Island Mortgage Investment Corporation - Series IV Ltd., which comprise the statement of financial position as at October 31, 2016 and 2015, the statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Island Mortgage Investment Corporation - Series IV Ltd. as at October 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

February 8, 2017
Victoria, B.C.

McAvoy Rule & Company
McAvoy Rule & Company
Chartered Professional Accountants

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

STATEMENT OF FINANCIAL POSITION - OCTOBER 31, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 1,085,946	\$ 4,458,217
Interest receivable	202,656	166,076
Current portion of mortgage investments (Notes 3c, 4)	42,388,621	33,614,936
	43,677,223	38,239,229
MORTGAGE INVESTMENTS (Notes 3c, 4)	-	200,829
	\$ 43,677,223	\$ 38,440,058
LIABILITIES		
CURRENT		
Dividends payable	\$ 543,879	\$ 487,622
	543,879	487,622
REDEEMABLE PREFERRED SHARES (Note 6)	43,133,343	37,952,435
	43,677,222	38,440,057
SHAREHOLDERS' EQUITY		
COMMON SHARES (Note 7)	1	1
	\$ 43,677,223	\$ 38,440,058

COMMITMENTS (Note 8)

The financial statements were approved on February 8, 2017

Approved on behalf of the Board:


_____, Director


_____, Director

The accompanying notes form an integral part of these financial statements.

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED OCTOBER 31, 2016

	2016	2015
REVENUE		
Interest income	\$ 3,089,482	\$ 2,842,641
EXPENSES		
Administration fees (Notes 5, 8a)	1,018,802	942,002
EARNINGS BEFORE DIVIDENDS ON PREFERRED SHARES	2,070,680	1,900,639
DIVIDENDS ON REDEEMABLE PREFERRED SHARES	2,070,680	1,900,639
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ -	\$ -

The accompanying notes form an integral part of these financial statements.

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

YEAR ENDED OCTOBER 31, 2016

	Common Shares	Equity	Total Shareholders' Equity
Balance, October 31, 2014	\$ 1	\$ -	\$ 1
Profit and total comprehensive income for the year	-	-	-
Balance, October 31, 2015	1	-	1
Profit and total comprehensive income for the year	-	-	-
Balance, October 31, 2016	\$ 1	\$ -	\$ 1

The accompanying notes form an integral part of these financial statements.

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

STATEMENT OF CASH FLOWS

YEAR ENDED OCTOBER 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ -	\$ -
Non-cash items:		
Dividends paid with non-cash consideration	1,010,469	946,935
	1,010,469	946,935
Changes in non-cash working capital items:		
Decrease (increase) in interest receivable	(36,580)	(838)
Increase (decrease) in dividends payable	56,257	(13,957)
	1,030,146	932,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgage investment advances	(33,322,331)	(28,172,768)
Mortgage investment repayments	24,749,475	26,740,366
	(8,572,856)	(1,432,402)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Class A preferred shares	5,705,636	3,980,836
Redemption of Class A preferred shares	(1,535,197)	(2,161,213)
	4,170,439	1,819,623
NET INCREASE IN CASH	(3,372,271)	1,319,361
CASH, beginning of the year	4,458,217	3,138,856
CASH, end of the year	\$ 1,085,946	\$ 4,458,217

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash dividends paid on Class A preferred shares during the year	\$ 1,003,954	\$ 967,662
Interest received during the year	\$ 3,052,902	\$ 2,841,803

NON-CASH TRANSACTIONS

The Company issued \$1,010,469 (2015 - \$946,935) in redeemable preferred shares during the year at the value of \$1.00 per share in settlement of dividends payable.

The accompanying notes form an integral part of these financial statements.

FIRST ISLAND MORTGAGE INVESTMENT CORPORATION - SERIES IV LTD.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

1. REPORTING ENTITY

First Island Mortgage Investment Corporation - Series IV Ltd. (the "Corporation") was incorporated under the Company Act of the Province of British Columbia on April 4, 2001 and commenced operations as a mortgage investment corporation on April 12, 2001. The objective of the corporation is to originate and manage long-term income generation through a portfolio of interests in mortgages underwritten on real property developments.

The Corporation qualifies as a mortgage investment corporation ("MIC") under the Income Tax Act (Canada). A MIC does not pay corporate level taxes when all taxable income is distributed to shareholders as dividends during, or within 90 days of, its fiscal year. Taxable Canadian shareholders will have dividend payments subject to Canadian tax as interest income.

The Corporation is domiciled in Canada and its registered office is 101-727 Fisgard Street, Victoria, British Columbia.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on February 8, 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual reports may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which these estimates are revised and in any future periods affected.

The most significant estimates that the Corporation is required to make relate to the valuation of the mortgage investments (note 4). These estimates may include assumptions regarding local real estate market conditions, interest rates and the availability of credit, cost and terms of financing, the impact of present or future legislation or regulation, prior encumbrances and other factors affecting the investments and underlying security of the investments.

FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

(a) Financial instruments

(i) Financial assets

The Corporation initially recognizes loans and receivables on the date that they are originated. The Corporation's financial assets are comprised of mortgage investments, and cash and cash equivalents, both of which are classified as loans and receivables. Such financial assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

The Corporation derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset transferred), and the consideration received (including any new assets obtained less any new liability assumed) is recognized in profit or loss.

(ii) Financial liabilities

The Corporation initially recognizes financial liabilities on the date that they are originated. The Corporation derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

The Corporation has the following financial liabilities which it has classified as other financial liabilities: dividends payable and redeemable preferred shares. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized costs using the effective interest method.

(b) Cash and cash equivalents

Cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition, including cash and deposits with banks and cheques and other items in transit.

(c) Mortgage investments

Mortgages investments are recognized initially at fair value. Subsequent to initial recognition, the mortgage investments are measured at amortized cost using the effective interest method, less any impairment losses.

The mortgage investments are assessed at each reporting date to determine whether there is objective evidence of impairment.

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Mortgage investments (continued)

Mortgage credit quality is assessed at a specific and collective level for reasonable assurance of timely collection of the full amount of principal and interest. Impairment is assessed on a specific mortgage basis taking into account past experience, credit quality, payments in arrears, general economic conditions and real estate market conditions. When a mortgage is identified as impaired, the carrying amount becomes the lower of the recorded investment and the estimated realizable amount. Estimated realizable amounts are measured by discounting the expected future cash flows at the effective interest rate inherent in the mortgage. When the amount and timing of such cash flows cannot be estimated with reasonable reliability, estimated realizable amounts are based on the fair value of the security underlying the mortgages, net of expected costs of realization.

All individually significant mortgages found not to be specifically impaired are then collectively assessed for impairment that has occurred but not yet been identified. Mortgages that are not individually significant are collectively assessed for impairment by grouping together mortgages with similar risk characteristics. In assessing the collective impairment, the Corporation uses analysis of past performance and the level of allowance already in place, adjusted for management's judgment as to whether current economic and credit conditions are such that actual losses are likely to be greater or less than suggested by past performance.

Losses are recognized in the statement of comprehensive income and reflected in an allowance account against the mortgage investments. Interest on the impaired asset continues to be recognized through the unwinding of the discount if it is considered collectable and adjusted to the allowance account if not considered collectable. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(d) Revenue recognition

Interest income is recorded on the accrual basis using the effective interest rate method. When calculating the effective interest rate, the Corporation estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Loan application and origination fees of mortgage investments are recognized by First Island Financial Services Ltd., a related company, under its contract as the manager of the Company.

(e) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority or the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income taxes (continued)

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(f) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

(g) Share capital

Common shares are classified as equity, incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity.

Preference share capital is classified as a liability due to redemption options of the shareholders. Dividends are recognized in profit or loss as accrued.

(h) Dividends

Subject to the discretion of the Board of Directors, dividends on redeemable preferred shares are calculated and paid quarterly. Interest income from the mortgages in arrears by three months or more is not included in the dividend calculation until the mortgage is no longer in arrears.

(i) New standards not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended October 31, 2016, and have not been applied in preparing these financial statements.

IFRS 9 deals with classification and measurement of financial assets and financial liabilities. The requirements of the standard represent a significant change from the existing requirements in IAS 39 in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value.

The standard is effective for annual periods beginning on or after January 1, 2018. As the standard has not yet been adopted, the Company has made no attempt to quantify the impact of IFRS 9 as at the date of publication of these financial statements.

IFRS 15 deals with the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts, and contains both qualitative and quantitative disclosure requirements. The requirements of the standard represent a significant change from the existing requirements in IAS 18 in that an entity must disclose more information about its contracts with customers, including more disaggregated information about revenue, more information about its performance, and information about its obligations remaining at the reporting date.

FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) New standards not yet adopted (continued)

The standard is effective for annual periods beginning on or after January 1, 2018. As the standard has not yet been adopted, the Company has made no attempt to quantify the impact of IFRS 15 as at the date of publication of these financial statements.

4. MORTGAGE INVESTMENTS

	2016	2015
Mortgage investments	\$ 42,388,621	\$ 33,815,765
Less: Current portion of mortgage investments	42,388,621	33,614,936
	\$ -	\$ 200,829

The mortgage investments consist of short-term financing for residential construction projects in British Columbia and Alberta. The mortgages bear interest at rates from 7.50% to 9.75% and are generally due within one year. The weighted average interest rate of all mortgages on October 31, 2016 is 8.30%.

Management has determined that all mortgage investments are collectible and as such there has been no specified or general allowance for loss provision applied against any of the mortgage investments.

5. DUE TO RELATED PARTY

The Company is related to First Island Financial Services Ltd. ("FIFS") and invests exclusively in first mortgages managed by FIFS. In accordance to the provision of a management agreement with FIFS for administration fees (Note 8), administration fees were charged in the amount of \$1,018,802 (2015 - \$942,002).

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

6. REDEEMABLE PREFERRED SHARES

(a) Authorized:

200,000,000 Class A redeemable preferred shares with a par value of \$1 per share

2,000,000 Class B redeemable preferred shares with a par value of \$10 per share

(b) Issued:

	Number of shares	Amount
Balance, October 31, 2014	35,185,877	\$ 35,185,877
Class A Preferred Shares:		
Issued for:		
New cash investments	3,980,836	3,980,836
Dividends reinvested	946,935	946,935
Redeemed	(2,161,213)	(2,161,213)
Balance, October 31, 2015	37,952,435	37,952,435
Class A Preferred Shares:		
Issued for:		
New cash investments	5,705,636	5,705,636
Dividend reinvested	1,010,469	1,010,469
Redeemed	(1,535,197)	(1,535,197)
Balance, October 31, 2016	43,133,343	\$ 43,133,343

The preferred shares are redeemable at the option of the Company. The Company may redeem all or any part of the preferred shares outstanding either by invitation for tenders addressed to all the holders of record of outstanding preferred shares, or by private contract at the lowest obtainable price determined by the directors.

The preferred shares are retractable at the option of the holder after a minimum investment period of eighteen months. The holder must give written notice to the Company requesting that the Company retract the whole or any part of the preferred shares held by the holder. The notice period is three months. The retraction price for each preferred share will be book value per share for the preferred shares.

The Company is not required to retract more than 25% of the issued and outstanding shares of any class in any one fiscal year.

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

7. COMMON SHARES

- (a) Authorized:
100 Common shares without par value
- (b) Issued:

	Number of shares	Amount
Balance, October 31, 2015	11	\$ 1
Balance, October 31, 2016	11	\$ 1

8. COMMITMENTS

- (a) The Company has entered into a management contract, to procure all administrative services required in the operations of the Company, inclusive of all costs and overhead related thereto. Pursuant to the agreement, the Company is committed to pay fees up to 3.75% per annum, calculated monthly on the active mortgage principal under administration by the Manager. The fees are to be paid to the Manager monthly from payments received from the Borrowers. This agreement remains in effect until terminated.

In the year ended October 31, 2016, the Manager was paid fees on active mortgages under its administration of 2.77% (2015 - 2.93%).

- (b) As at October 31, 2016, there were commitments to fund mortgages and draws on existing mortgages in the amount of \$6,565,404 (2015 - \$7,146,674)

9. DIVIDENDS

During the year ended October 31, 2016, the Company paid quarterly dividends to Class A preferred shareholders. The average annualised quarterly dividend rate was 5.10% (2015 - 5.26%).

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, interest receivable, mortgage investments, dividends payable, and redeemable preferred shares. It is management's objective to engage in policies and processes for managing risks which controls the risk exposure associated with its financial instruments.

Unless otherwise noted, it is management's opinion that the Company has identified objectives, and implemented policies and processes for managing risks arising from financial instruments and as such the Company is not exposed to significant credit, interest rate, liquidity, loans payable, market risk or other price risk arising from these financial instruments. The fair values of financial assets and liabilities approximates their carrying values, unless otherwise noted.

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

10. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. As with most mortgage investment corporations, financing is made to borrowers who may not meet, or have time to meet, the financing criteria for conventional mortgages from institutional sources and, as a result, these investments generally earn a higher rate of return than institutional lenders may receive. Credit risk is the risk that the mortgagor will fail to discharge the obligation, causing the Company to incur a financial loss.

To minimize credit risk, the Company attempts to ensure that the collateral value of the security fully protects the advances, that there is a viable exit strategy for each investment and that the first mortgages are made to experienced developers and owners. The Company also ensures that no more than 75% of the underlying value of the security is advanced at any time. The Company limits the concentration risk by diversifying the mortgage portfolio by location, property type, maximum size of loan to any one property and maximum advances to any one borrower or group of borrowers.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Management controls liquidity risk through cash flow projections used to forecast funding requirements for mortgage investments and anticipated redemption of preferred shares. The Corporation also has the ability to manage liquidity risk through control of redeemable preferred share retractions and the payment of dividends on the redeemable preferred shares.

Market risk

Market risk is the risk that the value of future cash flows from mortgages investments will fluctuate because of changes in market prices. It represents the risk that real estate sales will begin to slow, effecting mortgager's profit and increasing risks to the lender. Management controls market risk through the loan selection process and ongoing monitoring activities.

Fair Value

The carrying amounts of cash and cash equivalents, accounts payable and accrued liabilities and due to related party approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand. The carrying value of impaired mortgages, after the allowance for impairment, approximates their fair value based on the process followed to estimate the realizable value. The fair value of performing mortgages and mortgages in arrears approximate their carrying value. Due to the uncertainty of the timing of retraction, the fair value of the redeemable preferred A shares is not readily determinable.

**FIRST ISLAND MORTGAGE INVESTMENT CORPORATION
- SERIES IV LTD.**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 2016

11. CAPITAL DISCLOSURES

The Corporation considers its capital to comprise its Class A shares, which are classified as a financial liability on the statement of financial position. In managing its capital, the Corporation's primary objective is to ensure its continued ability to provide a consistent return for its shareholders through investments in mortgages bearing an acceptable interest rate and level of risk. In order to achieve this objective, the Corporation seeks to balance risks and returns at an acceptable level by providing mortgage financing at an interest rate commensurate with the level of risk. In making decisions to adjust its capital structure to achieve these objectives, the Corporation considers both its short-term and its long-term strategic objectives.

The Corporation is subject to externally imposed provisions of the Income Tax Act in order to qualify as a mortgage investment corporation. There has been no change with respect to the overall capital management strategy during the year.

SUBSCRIPTION FORM

TO: FIRST ISLAND MORTGAGE INVESTMENT CORPORATION – SERIES IV LTD.
("the Company")

I hereby subscribe at \$1.00 per Share for the number of Class "A" Redeemable Preferred Shares with a par value of \$1.00 per share of the Company set out below ("my Shares") which have been offered to me under the Company's current Offering Memorandum dated February 28, 2017, for the aggregate subscription price set out below ("the Subscription Price"), upon and subject to the terms and conditions of this Subscription including the attached General Terms.

No. of Shares Subscribed for: _____

Total Subscription Price: _____

This is the Name in which my Shares must be registered and the name on the share certificates

In order to induce the Company to accept this Subscription and sell my Shares to me and in addition to the representations, warranties and covenants set out in the General Terms I acknowledge, represent, warrant and covenant to the Company (and if my Shares are being purchased by a partnership, each partner acknowledges, represents, warrants and covenants) as follows:

- a) if I am the Annuitant/Beneficiary under my Registered Retirement Savings Plan, Registered Retirement Investment Fund, Deferred Profit Sharing Plan or Tax-Free Savings Account Plan described below ("the Plan"), then I am the representative of the Plan with respect to my Shares and I hereby irrevocably authorize and direct the trustee of the Plan to subscribe for and purchase my Shares upon the terms and conditions of this Subscription and to tender the Total Subscription Price in full payment of the subscription price for my Shares and I hereby ratify and affirm the actions to be taken by the trustee of the Plan in furtherance of this Subscription;
- b) if I am the Annuitant under my Registered Retirement Savings Plan or Tax-Free Savings Account Plan then I am aware that it is my sole responsibility to ensure that the amount of Contributions are within the limits permitted under the Tax Act;
- c) if I am an individual, I have attained the age of majority and have the legal capacity and competence to execute this Subscription and to take all actions required under it;
- d) if I am a corporation, partnership or other legal entity, I have (and if my Shares are being purchased by a partnership, each partner has) the legal capacity and competence to execute this Subscription and to take all actions and all necessary approvals by directors, shareholders and members, or otherwise, have been given to authorize the execution and delivery of this Subscription;
- e) I am not a "non-resident" of Canada within the meaning of the *Income Tax Act (Canada)*;
- f) I am not a "non-Canadian" within the meaning of the *Investment Canada Act*;
- g) I have received the Offering memorandum before subscribing for my Shares;
- h) by initialing beside the appropriate subparagraph I confirm that I am (and if my Shares are being purchased by a partnership, I confirm for each partner that the partner is)

(1) resident in British Columbia and have received, read, understood and executed the Form 45-106F4 (Risk Acknowledgment) and BCI 32-517, attached as a schedules to this Subscription or

Initial

(2) resident in Alberta, Saskatchewan or Manitoba and have received, read, understood and executed the Form 45-106F4 (Risk Acknowledgment) and BCI 32-517, attached as a schedules to this Subscription and am an "eligible investor as defined in National Instrument 45-106F2 or the aggregate cost of my Shares being purchased under this Subscription is less than \$10,000

Initial

These are My Dividend Instructions:

By circling below I confirm my direction to be effective unless and until I otherwise direct the Company in writing that I want my dividends to be issued as to:

- (a) 100% A Preferred Shares at a price of \$1.00 per share (*reinvest dividends*)
- (b) 100% Cash (*by direct deposit to investor's bank account – details on file*)

(see reverse for signatures)

INDIVIDUAL(S)

in the presence of

Signature of Witness

Name of Witness

Occupation of Witness

Address of Witness

x

Signature of First Subscriber

Full Legal Name of First Subscriber

Address of First Subscriber

Telephone No. of First Subscriber

Email of First Subscriber

Social Insurance Number (to be used on T5)

Signature of Second Subscriber

Full Legal Name of Second Subscriber

Address of Second Subscriber

Telephone No. of Second Subscriber

Social Insurance Number (will not appear on T5)

Description of the Plan

Plan Identification or Account Number

INSTITUTION

Name of Institution

Address

City, Province and Postal Code

Telephone

Facsimile

Signature

Name of Individual signing on behalf of Institution

Position or Title

Number of Partners (If Applicable)

Address

Jurisdiction of Formation

Date of Formation

Tax ID#

ACCEPTANCE

By its authorized signatory the Company accepts this Subscription on _____, and represents, warrants and covenants to the subscriber that the representations and warranties made by the Company are true and correct in all material respects as of this date and that the subscriber will have the benefit of and be entitled to rely on the representations and warranties by its authorized signatory.

Form 45-106F4

WARNING

Risk Acknowledgement

- I acknowledge that this is a risky investment.
- I am investing entirely at my own risk.
- No securities regulatory authority or regulator has evaluated or endorsed the merits of these securities or the disclosure in the offering memorandum.
- The person selling me these securities is not registered with a securities regulatory authority or regulator and has no duty to tell me whether this investment is suitable for me.
- I will not be able to sell these securities except in very limited circumstances. I may never be able to sell these securities.
- The securities are redeemable, but I may only be able to redeem them in limited circumstances.
- I could lose all the money I invest.

I am investing \$ _____ in total; this includes any amount I am obliged to pay in future.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

_____ x _____
Date

Signature of Purchaser

Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

You have 2 business days to cancel your purchase

To do so, send a notice to **FIRST ISLAND FINANCIAL SERVICES LTD.** stating that you want to cancel your purchase. You must send the notice before midnight on the 2nd business day after you sign the agreement to purchase the securities. You can send the notice by fax or email or deliver it in person to **FIRST ISLAND FINANCIAL SERVICES LTD.** at its business address. Keep a copy of the notice for your records.

FIRST ISLAND FINANCIAL SERVICES LTD.

Suite #101, 727 Fisgard Street

Victoria, B.C. V8W 1R8

Tel: (250) 388-5441

Fax: (250) 361-9160

E-mail: first@firstisland.com

You are buying Exempt Market Securities.

They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and
- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority or regulator.

There are restrictions on your ability to resell *exempt market securities*. *Exempt market securities* are more risky than other securities.

You will receive an offering memorandum.

Read the offering memorandum carefully because it has important information about the issuer and its securities. Keep the offering memorandum because you have rights based on it. Talk to a lawyer for details about these rights.

You will not receive advice.

You will not get professional advice about whether the investment is suitable for you. But you can still seek that advice from a registered adviser or registered dealer. In Alberta, Manitoba, Northwest Territories, Nunavut, Prince Edward Island, Québec, Saskatchewan and Yukon to qualify as an eligible investor, you may be required to obtain that advice.

The securities you are buying are not listed.

The securities you are buying are not listed on any stock exchange, and they may never be listed. You may never be able to sell these securities.

The issuer of your securities is a non-reporting issuer.

A *non-reporting issuer* does not have to publish financial information or notify the public of changes in its business. You may not receive ongoing information about this issuer.

For more information on the exempt market, call your local securities regulatory authority.

- British Columbia Securities Commission:
telephone (604) 899-6500
website www.bcsc.bc.ca
- Alberta Securities Commission:
telephone (403) 297-6454
website www.albertasecurities.com

The purchaser must sign 2 copies of this form. The purchaser and the issuer must each receive a signed copy.

Appendix A to BCI 32-517

**Risk Acknowledgement under BCI 32-517 Exemption from Dealer Registration
Requirement for Trades in Securities of Mortgage Investment Entities**

Name of Issuer: FIRST ISLAND MORTGAGE INVESTMENT CORP. SERIES IV LTD.

Name of Seller: First Island Financial Services Ltd.

I acknowledge that

- the person selling me these securities is not registered with a securities regulatory authority and is prohibited from telling me that this investment is suitable for me;
- the person selling me these securities does not act for me;
- this is a risky investment and I could lose all of my money;
- I am investing entirely at my own risk

Date

Signature of Purchaser

Print Name of Purchaser

Name of salesperson
acting on behalf of the seller

Sign two copies of this document. Keep one for your records.

National Instrument 45-106 *Prospectus and Registration Exemptions* may require you to sign an additional risk acknowledgement form.

If you want advice about the merits of this investment and whether these securities are a suitable investment for you, contact a registered adviser or dealer.

**GENERAL TERMS
FOR SUBSCRIPTION OF SHARES OF
FIRST ISLAND MORTGAGE INVESTMENT CORPORATION – SERIES IV LTD.**

1. OFFERING

Under the offering memorandum of the Company certified February 28, 2017, (“the Offering Memorandum”), the Company is offering up to 60,000,000 Class “A” Redeemable Preferred Shares with a par value of \$1.00 per share (“the Shares”).

2. Funds in Trust

In accordance with the requirements of National Instrument 45-106F2 of the British Columbia and Alberta Securities Commissions, the Company will hold the subscription funds advanced by the person who signs and delivers this Subscription to the Company (“the Investor”) in trust for the Investor until midnight on the second business day after this signed Subscription is delivered to the Company.

3. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE COMPANY

The Company represents and warrants to the Investor that:

a) Incorporation

The Company is a corporation incorporated under the laws of the Province of British Columbia, with full power and authority to conduct its business as it is currently being conducted and to own its assets and has secured the authorizations, approvals, permits and orders required by law for the conduct by the Company of its business as it is currently being conducted.

b) Authorization

The Company has authorized the issuance and sale of the Shares under the Offering Memorandum. The Shares, once issued, will represent validly authorized and duly issued shares of the Company.

4. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE INVESTOR

The Investor hereby represents and warrants to and acknowledges, covenants and agrees with the Company that:

(a) No Prospectus

No prospectus has been filed by the Company with any of the securities regulatory authorities of the Provinces of Canada in connection with the issuance of the Shares, the issuance of the Shares is exempt from the prospectus requirements of the *Securities Acts* of Alberta and British Columbia and the rules promulgated thereunder, together with the prospectus requirements of any other applicable securities legislation (collectively, “**the Securities Laws**”) and, as a consequence:

- (1) the investor is restricted from using most of the civil remedies available under the Securities Laws;
- (2) the Investor may not receive information that would otherwise be required to be provided to him under the Securities Laws; and
- (3) the Company is relieved from certain obligations that would otherwise apply under the Securities Laws.

(b) Purchasing as Principal

The Investor is:

- (1) purchasing the subscribed Shares, and will acquire the subscribed Shares, when issued, as principal, for investment and not with a view to resale or distribution; or
- (2) not purchasing the Shares as principal and the Investor:
 - (i) confirms that it is duly authorized to enter into this Subscription and to execute all documentation in connection with the purchase of the subscribed Shares on behalf of each beneficial purchaser;
 - (ii) acknowledges that the Company may be required to disclose to certain regulatory authorities the identity of each beneficial purchaser of the subscribed Shares for whom the Investor may be acting; or

- (iii) confirms that it is a portfolio manager that carries on business in a Canadian province or territory and that it is registered or exempt from registration under the securities laws of that province or territory and that it is purchasing the subscribed Shares for accounts that are fully managed by it.

(c) Investor Has Benefit of Private Placement Exemption

The Investor, if a resident of any province of Canada other than Alberta or British Columbia, is purchasing as principal a sufficient number of the Shares so that the aggregate acquisition cost of the Investor or beneficial subscriber will not be less than the amount as required for the purchase of the subscribed Shares to be exempt from the prospectus and registration requirements under the applicable securities laws of the jurisdiction in which the Investor or beneficial Investor is resident.

(d) Investor is an Accredited Investor

The Investor, if a resident of Ontario (or British Columbia or Alberta if the Investor is relying on the accredited investor exemption in either of such provinces), is purchasing the subscribed Shares as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the subscribed Shares, and it is one of the following:

- (1) an individual who, either alone or together with a spouse, beneficially owns financial assets (cash and securities) that have an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$1 million;
- (2) an individual whose net income before taxes exceeded \$200,000 in each of the past two years (or whose net income with that of a spouse exceeded \$300,000 in each of those years) and who has a reasonable expectation of exceeding that net income level in the current year; and
- (3) corporations, trusts, estates, limited partnerships and limited liability partnerships (that have net assets of at least \$5 million).

(e) Resale Restrictions

The Investor has been independently advised as to and is aware of the applicable restrictions on the resale of the subscribed Shares imposed by securities laws in the jurisdiction in which the Investor resides and is aware of the risks and other characteristics of the Shares and of the fact that the Investor may not be able to resell the subscribed Shares except in accordance with applicable securities laws. The Company is not under any obligation to qualify the resale of the Shares under a prospectus or assist the Investor in complying with any exemption from the prospectus requirement or resale restrictions set out under applicable securities laws.

(f) Irrevocable Offer

The Investor's offer to subscribe for the subscribed Shares under this Subscription is unconditional, irrevocable and non-transferable and has not been induced by any warranties or representations with regard to the present or future value of the Shares, that any person will resell or repurchase the subscribed Shares, or that any person will refund the purchase price for the subscribed Shares except under the rights and restrictions attached to the Shares as set out in the constating documents of the Company.

(g) No Review

The Investor understands that no federal, provincial, state or other agency within the Investor's jurisdiction of residence or otherwise has reviewed or passed upon any of the Shares or made any finding or determination concerning the fairness or advisability of this investment.

(h) Consents and Approvals

No consent or approval of any person is required in connection with the execution and delivery of this Subscription by the Investor.

(i) Investment Risk

The subscribed Shares are not being purchased by the Investor as a result of any material information concerning the Company that has not been publicly disclosed and the Investor's decision to tender this offer to acquire the subscribed Shares has not been made as a result of any verbal or written representation as to fact or otherwise made by or on behalf of the Company or any other person. The Investor understands that the purchase of the subscribed Shares involves a high degree of risk and should only be considered by persons who can bear the loss of their entire investment.

(j) Status of Investor

The Investor has such knowledge, skill and experience in business, financial and investment matters so that the Investor is capable of evaluating the merits and risks of an investment in the Shares. To the extent necessary, the Investor has retained, at his, her or its own expense, and relied upon, appropriate professional advice regarding the investment, tax and legal merits and consequences of this Subscription and owning the subscribed Shares.

(k) Not a U.S. Person

The Investor is not a U.S. person (as such term is defined in Regulation S under the Securities Act of 1933 ("the 1933 Act")), which definition includes an individual resident in the United States and an estate or trust of which any executor, administrator or trustee is a U.S. person, and is not purchasing the Shares for the account or benefit of a U.S. person, and it was not offered the Shares in the United States, and did not execute or deliver this agreement or deliver payment for the Shares in the United States.

(l) No Intention to sell to U.S. Persons

The Investor has no intention to distribute either directly or indirectly any of the subscribed Shares in the United States or to U.S. persons.

5. FURTHER ASSURANCES

The Investor covenants and agrees to execute and deliver the further documents and to provide the further assurances as may be required by the Company to give effect to this Subscription.

6. POWER OF ATTORNEY

The Investor hereby irrevocably nominates, constitutes and appoints the President and Secretary of the Company, as the agents and true and lawful attorneys of the Investor to act on behalf of the Investor, whether in the best interest of the Investor or otherwise, with full power and authority in the name, place and stead of the Investor to execute, under seal or otherwise, swear to, acknowledge, deliver and file or record when, as and where required any waiver required under applicable legislation or the constating documents of the Company, waiving the Investor's right to subscribe for a *pro-rata* portion of any securities allotted by the Company after the Investor becomes a member of the Company.

This power of attorney is an irrevocable power coupled with an interest and it shall survive the death, disability, mental infirmity, or bankruptcy of the Investor or the assignment by the Investor of the whole or any part of the interest of the Investor in the Shares.

The Investor agrees to be bound by any representations made and actions taken by the attorneys under this power of attorney in accordance with its terms and hereby waives any and all defences which may be available to the Investor to contest, negate or disaffirm the action of the attorneys or the Company, or both, taken under this power of attorney.

The attorneys and the Company, its directors, officers, employees, advisors and agents shall not be liable for any act done or omitted under this power of attorney for the Investor. The Investor will indemnify the attorneys and the Company, its directors, officers, employees, advisors and agents and hold them harmless against any loss, liability or expense arising out of, or in connection with, any actions taken under this power of attorney.

7. RELIANCE UPON REPRESENTATIONS, WARRANTIES AND COVENANTS

The Investor acknowledges that the foregoing representations and warranties are made by it with the intent that they may be relied upon by the Company and its counsel in determining the eligibility of the Investor to purchase the Shares under the relevant securities laws. The Investor further agrees that by accepting the Shares subscribed for pursuant hereto, at the Closing, it shall be representing and warranting that the foregoing representations and warranties are true as at the Closing with the same force and effect as if they had been made by it as at the Closing and will survive the completion of the sale of such Shares. The Company and its counsel shall be entitled to rely on the representations and warranties of the Investor in this Subscription and the Investor will indemnify and hold harmless the Company for any losses, claims, costs, expenses, damages or liabilities they may suffer or incur which are caused by or arise from, directly or indirectly, their reliance thereon.

8. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND COVENANTS

All the representations, warranties and covenants set out in this Subscription will be true as at the date of this Subscription and on the Closing, as if the representations, warranties and covenants were made at that time and will survive the Closing.

9. CONTRACTUAL RIGHTS OF ACTION

By its acceptance and acknowledgment of this Subscription, the Company expressly awards the Investor the contractual rights of action described in the Offering Memorandum which are incorporated herein by reference.

10. AMENDMENT

Neither this Subscription nor any provisions hereof will be modified, changed, discharged or terminated except by an instrument in writing, signed by the party against whom any waiver, change, discharge or termination is sought.

11. ASSIGNABILITY

Neither this Subscription nor any right, remedy, obligation or liability arising hereunder or by reason hereof will be assignable by either the Company or the Investor without the prior written consent of the other party.

12. APPLICABLE LAW

This Subscription will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable thereto.

13. INTERPRETATION

The section and other headings contained in this Subscription are for reference purposes only and will not affect the meaning or interpretation of this Subscription. Words imparting the neuter gender include the masculine or feminine gender and words in the singular include the plural and vice versa.

14. NOTICES

All notices and other communications provided for herein will be in writing and will be deemed to have been duly given if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid or by facsimile or other electronic mails indicating the date of receipt and the signatures of the parties:

- a) If to the Company, at the following address:
Suite #101, 727 Fisgard Street
Victoria, B.C. V8W 1R8
Facsimile: (250) 361-9160
- b) If to the Investor, at the address set out on the signature page of this Subscription.

15. BINDING EFFECT

The provisions of this Subscription will be binding upon and accrue to the benefit of the parties and their respective heirs, legal representatives, successors and permitted assigns, as the case may be.

16. NOTIFICATION OF CHANGES

Each party will notify the other party(ies) upon the occurrence before the Closing of any event that would cause a party's representations, warranties or covenants in this Subscription to be false or incorrect.

17. ENTIRE AGREEMENT

This Subscription constitutes the entire agreement between the Investor and the Company with respect to the subscribed Shares, and there are no other agreements, warranties, representations, conditions or covenants, written or oral, express or implied, in respect of, or which affect, the purchase of the subscribed Shares.

18. COSTS

Except as may otherwise be provided for in this Subscription, the Investor will bear and pay all costs and expenses incurred by the Investor (including any fees and disbursements of any special counsel retained by the Investor) relating to the sale of the subscribed Shares to the Investor.

19. FURTHER ASSURANCES

The Investor and the Company will execute the further assurances and other documents and instruments and do the things as may be necessary to implement and carry out the intent of this Subscription.

20. COUNTERPARTS AND FACSIMILE

This Subscription may be executed in counterparts or by facsimile or both, each counterpart or facsimile of which will be deemed to be an original, but all of which, taken together, and delivered will constitute one Agreement. This Subscription will not be effective until this Subscription or a counterpart thereof has been executed and delivered, by facsimile or otherwise, by each party.

**[END OF GENERAL TERMS FOR SUBSCRIPTION OF SHARES OF
FIRST ISLAND MORTGAGE INVESTMENT CORPORATION – SERIES IV LTD.]**