

INDEPENDENT REVIEW COMMITTEE - REPORT TO SECURITYHOLDERS

January 27, 2016

We are pleased to publish the Independent Review Committee's ("IRC") Annual Report to Securityholders for the year ended December 31, 2015 of First National Mortgage Investment Fund and FN Mortgage Investment Trust (the "Funds").

The role of the IRC is to review and to provide approval or recommendation in respect of conflicts of interest that arise between Stone's own interests and Stone's duty to manage the Funds in the best interests of the Funds. Stone is responsible for referring to the IRC any matters in which a reasonable person could view Stone as having an interest that may conflict with its ability to act in the best interests of the Funds. The IRC reviews each matter and provides its approval or recommendation as to whether the proposed course of actions will achieve a fair and reasonable result for the Funds. The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions.

THE IRC

Members and Terms

Richard N. Matheson (Chair)	to December 31, 2017
Kevin W. Dalton	to December 30, 2016
Terry M. Whalen	to December 30, 2016

Each of the members of the IRC was appointed effective December 19, 2012 with successive term renewals to the periods outlined above.

Holding of Securities

As of December 31, 2015 the members of the IRC collectively beneficially owned, directly or indirectly, less than 10% of the securities of any of the Funds. As of December 31, 2015, no member of the IRC beneficially owned, directly or indirectly, any securities of Stone. As of December 31, 2015, the IRC, in aggregate, beneficially owned, directly or indirectly, 0.015% of the securities of First National Financial Corporation, a company listed on the Toronto Stock Exchange that provides services to the Funds.

IRC APPROVALS AND RECOMMENDATIONS

The IRC gave Stone positive recommendations regarding its Conflict of Interest Matters policies and procedures.

The IRC has approved certain Standing Instructions which permit Stone to proceed with the specific action set out in the Standing Instructions on an ongoing basis, without having to refer the Conflict of Interest Matters or its proposed action to the IRC, provided that Stone complies with its terms and conditions. Stone provided written reports to the IRC describing its reliance and compliance with any terms and conditions on any Standing Instructions.

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matter referred to the IRC for which the IRC did not give a positive recommendation or did not meet a condition imposed by the IRC in its recommendation.

ANNUAL ASSESSMENTS

The IRC conducted a self assessment review during the financial year. As a result of the self-assessment review, the IRC prepared a report to Stone which set out the results of the IRC's self-assessment review.

In accordance with the IRC's written charter, the IRC conducted an annual review of the following:

- the adequacy and effectiveness of Stone's written policies and procedures concerning conflicts of interest;
- the adequacy and effectiveness of the Standing Instructions provided to Stone; and
- compliance with any conditions imposed by the IRC in a recommendation or approval provided.

IRC COMPENSATION

The IRC reviewed its compensation giving consideration to the best interests of the Funds; the general and specific benefits accruing to the Funds and the number, nature and complexity of the Funds for which the IRC acts. The compensation paid to the IRC members for the year ended December 31, 2015, excluding HST was as follows.

Richard N. Matheson	\$ 15,000
Kevin W. Dalton	12,000
Terry M. Whalen	12,000
Total	\$ 39,000

The IRC compensation was allocated between the Funds in accordance with Stone's expense allocation policy, which has been reviewed by the IRC. No indemnities were paid to the IRC Members by the Funds or Stone during the financial year.

This report is available on Stone's website at www.stoneco.com or you may request a copy, at no cost to you, by contacting the Manager at 1-800-795-1142.