

This offering memorandum ("Offering Memorandum") has been prepared solely for the purpose of assisting prospective purchasers in making an investment decision with respect to units ("Units") of the Romspen Mortgage Investment Fund (the "Fund"). The Units are offered for sale only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale. This Offering Memorandum is not, and under no circumstances is to be construed as, a public offering or advertisement of Units. No securities commission or similar regulatory authority has passed on the merits of the Units or reviewed this Offering Memorandum and any representation to the contrary is an offence. The Units do not trade on any exchange or market. Subject to the availability of exemptions from the prospectus and registration requirements under applicable securities laws, holders of Units will be restricted from selling their Units for an indefinite period. Holders of Units will have certain redemption rights (see "Description of Units - Unitholder Redemption Rights")

The Units have not been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). Prospective purchasers of Units agree, for the benefit of the Fund, that Units may be offered, sold or otherwise transferred only (a) to the Fund; (b) outside the United States in accordance with Rule 904 of regulations under the U.S. Securities Act; (c) in accordance with the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in compliance with any applicable state securities laws; or (d) in a transaction that does not require registration under the U.S. Securities Act or any applicable state securities laws, and, in the case of paragraph (c) or (d), the Fund receives an opinion of counsel of recognized standing in form and substance satisfactory to the Fund to such effect.

OFFERING MEMORANDUM

Offering

November 24, 2009



Up to \$400,000,000 (40,000,000 Units)

PRICE: \$10.00 per Unit

Minimum Subscription: \$50,000 (5,000 Units)
subject to compliance with securities laws of the respective provinces

The Romspen Mortgage Investment Fund (the "Fund") is offering on a private placement basis a maximum of 40,000,000 Units at a price of \$10.00 per Unit (the "Offering"). Each Unit represents an undivided beneficial interest in the assets of the Fund, which will principally be comprised of indirect interests in Mortgage loans. See "The Fund".

The Offering is being made in reliance on certain exemptions to the prospectus requirements under the applicable securities laws of the Provinces of Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta and British Columbia (collectively, the "Offering Provinces") and of the United States of America (together with the Offering Provinces, the "Offering Jurisdictions"). **As a result, the Units will be subject to the applicable resale restrictions under the said laws.** As at the date of this Offering Memorandum, the Offering is also being made in reliance on certain exemptions to the registration requirements under the applicable securities laws of the Offering Jurisdictions. On September 28, 2009, *National Instrument 31-103 - Registration Requirements* ("NI 31-103") came into force in the Offering Provinces. To the extent the new registration requirements are found to be applicable to the Fund and/or its activities, the Fund will take the necessary steps to comply with such requirements. There are certain risk factors inherent in an investment in the Units and in the activities of the Fund. See "Risk Factors".

The Fund is an unincorporated closed-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of May 20, 2005 (the "Declaration of Trust"). The Fund commenced

operations on January 16, 2006. The Fund is the sole limited partner in the Romspen Mortgage Limited Partnership (the "Partnership"). The net proceeds of the Offering will be used by the Fund to subscribe for units in the Partnership thus providing the Partnership with capital to acquire and hold whole, partial, direct or indirect interest in Mortgages. The objectives of the Partnership are to provide its limited partner (and ultimately the Unitholders) with stable and secure cash distributions from the Partnership's investments in mortgage loans and related investments in market segments which are under-serviced by large financial service providers; and to obtain superior yields and maximize distributions through the efficient management of the Partnership's Mortgage investments in such market segments. The Partnership is a non-bank provider of real estate finance. The Fund makes monthly cash distributions to Unitholders from monies received from the Partnership and in the ordinary course distributes all of the Distributable Cash of the Fund calculated as described under "Distribution Policy". It is important for Subscribers to consider risk factors that may affect the commercial mortgage market generally and therefore the stability of distributions to Unitholders. Subscribers are urged to read the "Risk Factors" section of this Offering Memorandum for a more complete discussion of these risks and their potential consequences and to review these risks with their professional advisors.

The Fund is not a trust company and does not carry on business as a trust company and, accordingly, the Fund is not registered under applicable legislation governing trust companies in any jurisdiction. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under that Act or any other legislation.

The price of the Units offered hereby was established by the Trustees. There are certain risk factors inherent in an investment in the Units and in the activities of the Fund, including the possibility of Unitholder liability. See "Risk Factors".

Subscriptions will be received if, as and when accepted, subject to prior sale and satisfaction of the conditions set forth under "Subscription Procedure" and to the right of the Trustees to close the subscription books at any time without notice. Closings will be held from time to time as determined by the Trustees. **Subscribers will have two Business Days to cancel their agreement to purchase Units. If there is a misrepresentation in this Offering Memorandum, Subscribers will have the right to sue either for damages or to cancel their agreement to purchase Units.** See "Subscription Procedures" and "Rights of Action for Damages or Rescission".

DISCLAIMERS

This Offering Memorandum does not constitute, and may not be used for or in conjunction with, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized, or to any person to whom it is unlawful to make such an offer or solicitation. You are directed to inform yourself of and observe such restrictions and all legal requirements of your jurisdiction of residence in respect of the acquisition, holding and disposition of the Units offered hereby.

Subscribers should thoroughly review this Offering Memorandum and are advised to consult with their professional advisors to assess the business, legal, income tax and other aspects of this investment.

The Units will be issued only on the basis of information contained in this Offering Memorandum and provided by the Trustees in writing, and no other information or representation is authorized or may be relied upon as having been authorized by the Trustees and the Fund. Any subscription for the Units made by any person on the basis of statements or representations not contained in this Offering Memorandum or so provided, or inconsistent with the information contained herein or therein, shall be solely at the risk of such person. Neither the delivery of this Offering Memorandum at any time nor any sale to Subscribers of any of the Units shall, under any circumstances, constitute a representation or create any implication that there has been no change in the business and affairs of the Fund since the date of the sale to any Subscriber of the securities offered hereby or that the information contained herein is correct as of any time subsequent to that date.

This Offering Memorandum is Confidential. By their receipt hereof, prospective Subscribers agree that they will not transmit, reproduce or make available to anyone, other than their professional advisors, this Offering Memorandum or any information contained herein.

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SUMMARY OF THE OFFERING

This is a summary only and is qualified by the information appearing elsewhere in this Offering Memorandum. Capitalized terms appearing herein and not otherwise defined have the respective meanings ascribed thereto in the "Definitions" section or elsewhere in this Offering Memorandum. Unless otherwise indicated, all references to dollar amounts in this Offering Memorandum are to Canadian dollars.

Significant Parties

- Issuer** Romspen Mortgage Investment Fund is an unincorporated closed-end investment trust created by the Declaration of Trust. The Fund commenced operations on January 16, 2006. The Fund is the sole limited partner in the Partnership. The Partnership is a non-bank provider of real estate finance. In the ordinary course, the Fund makes monthly cash distributions to Unitholders from monies received from the Partnership. The head office of the Fund is located at: 162 Cumberland Street, Suite 300, Toronto, Ontario, M5R 3N5.
- Trustees** The Trustees of the Fund are Sheldon C. Esbin, Chairman of the Board of Trustees, Mark L. Hilson, Vice President, Arthur E. Resnick, Vice President and Wesley N. Roitman, Vice President. Each Trustee is an individual resident in the Province of Ontario.
- Partnership** Romspen Mortgage Limited Partnership is a limited partnership formed under the laws of the Province of Ontario as of May 20, 2005.
- General Partner** Romspen Fund GP Inc., an Ontario corporation, is the general partner ("General Partner") of the Partnership. All of the issued and outstanding shares of the General Partner are owned by Romspen Holdings Inc. (formerly 2049187 Ontario Ltd.), an affiliate of the Mortgage Manager. The sole officer and director of the General Partner is Blake Cassidy, an individual resident in the Province of Ontario and an employee of the Mortgage Manager. The General Partner is responsible for management of the business of the Partnership.
- Mortgage Manager** Romspen Investment Corporation, a company governed by the laws of Ontario, is the mortgage manager (the "Mortgage Manager"). The Mortgage Manager is a licensed mortgage brokerage and a mortgage administrator under the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario) ("MBLAA"). The Mortgage Manager performs mortgage brokerage services on behalf of the Partnership pursuant to the Mortgage Management Agreement. The Mortgage Manager also performs ongoing administrative services to the Fund pursuant to the Trust Management Agreement. On September 28, 2009, NI 31-103 came into force. NI 31-103, among other things, introduces a new "investment fund manager" registration requirement. If it is determined that the Mortgage Manager, by performing ongoing administrative services to the Fund under the Trust Management Agreement, is acting as an "investment fund manager", the Mortgage Manager intends to make application for registration as an investment fund manager in compliance with NI 31-103.

The Offering

Offering	Units in the Fund.
Offering Size	The minimum number of Units offered is 5,000. The maximum number of Units offered is 40,000,000.
Price	\$10.00 per Unit.
Attributes of Units	The Units represent the beneficial ownership interests of the holders thereof in the Fund. Each Unit carries one vote at meetings of Unitholders and a holder thereof is entitled to distributions as described under "Distribution Policy"
Use of Proceeds	All proceeds from the Offering (after deducting the costs of issue) will be used by the Partnership to acquire Authorized Investments.
Payment Terms	Subscribers may subscribe for Units in the Offering by delivering an executed subscription agreement in the form provided with this Offering Memorandum and a cheque or bank draft made payable to "Romspen Mortgage Investment Fund" in the amount of the subscription price for the Units or an irrevocable direction to a financial institution to deliver to the Fund full payment for the Units upon delivery of certificates representing such Units to the financial institution or to the Subscriber.

Investment and Operating Policies of the Partnership**Investment Policies**

The Partnership Agreement establishes certain policies and restrictions on investments that the Partnership may make as follows:

- 100% of the Partnership Capital may be invested in First Mortgages, Insured Mortgages, AAA Rated Mortgage Backed Securities and/or Related Investments;
- no more than 20% of the Partnership Capital may be invested in Subordinate Mortgages; collateral mortgages in second position will not be included in determining the Partnership's allowable investment in Subordinate Mortgages;
- the Partnership may assign all or a portion of a Mortgage or Mortgages held by it (the "Assigned Portion") to one or more arms length third party lenders (the "Assignee Lender(s)") for value provided that: (i) if a portion of such Mortgage or Mortgage(s) (the "Retained Portion") is retained by the Partnership, the Partnership may enter into an agreement with the Assignee Lender(s) as to relative ranking of the Assigned Portion and the Retained Portion; and (ii) if the Retained Portion is subordinate to the Assigned Portion, the Retained Portion will be considered a Subordinate Mortgage and therefore subject to the 20% threshold referenced above;
- no more than 30% of Partnership Capital may be invested in Commercial Mortgage Backed Securities that are not AAA Rated Mortgage Backed Securities;
- no more than 10% of the Partnership Capital may be invested in any single Mortgage;

- the Partnership may not make an investment in, or acquisition of, a Mortgage with a single borrower, if the aggregate of the book value of such investment and the book value of the Partnership's mortgages, loans or investments already provided to or with such single borrower would exceed 10% of the Partnership Capital;
- when not invested in other Authorized Investments the Partnership Capital will be placed in Authorized Interim Investments;
- the Partnership may participate in Authorized Investments on a syndicated basis with others, including affiliates and associates of the Mortgage Manager and their affiliates and associates, subject to the approvals otherwise required in connection with its investments; and
- notwithstanding any limits stated herein, for risk management purposes only, the Partnership may increase a given investment to more than 10% of the Partnership Capital in order to remedy the default by a borrower of its obligations in respect of a prior ranking security or satisfy the indebtedness secured by a prior ranking security or for any other reason if such action is required to protect the Partnership's investment and if such proposed increase in the Partnership's investment is approved by the General Partner.

The Fund will offer Units from time to time only if the receipt of the proceeds of such offering by the Partnership does not impair: (i) the investment policies specified above; (ii) the Partnership's investment objectives with respect to the Mortgages; or (iii) the Partnership's expected return from its investment in and management of the Mortgages.

Operating Policies

The Partnership Agreement provides that the operations and affairs of the Partnership are required to be conducted in accordance with the following operating policies:

- the Partnership may borrow funds on commercially reasonable terms subject to the limitation previously described, to acquire or invest in specific Authorized Investments;
- when making an investment in, or an acquisition of, a Mortgage or other Authorized Investment, the General Partner may, in its sole discretion, but will not be obliged to, obtain or review an independent appraisal from a Qualified Appraiser of, and/or a Phase I Environmental Audit on, the underlying Real Property which is the primary security for the Mortgage or other Authorized Investment, and may or may not obtain additional independent appraisals or audits of the underlying property or any additional collateral and other properties securing the Mortgage or other Authorized Investment;
- in addition, in its sole discretion and in satisfaction of the requirements of the immediately preceding paragraph, the General Partner may rely upon an independent appraisal from a Qualified Appraiser and/or a Phase I Environmental Audit in respect of the subject property that has been provided to the Partnership by the borrower;
- approval of an investment or acquisition must be in writing, may be signed in counterparts, in original form or by facsimile, and must be signed by the authorized persons required to approve such investment or acquisition in accordance with the Partnership Agreement;
- when deemed necessary by the General Partner, the Partnership will, where appropriate, establish and manage property tax escrow accounts in respect of the Real Property provided as security for the Partnership's Mortgage investments, if any;
- the legal title to each Authorized Investment may be held by and registered in the name of the General Partner or a corporation or other entity that is an affiliate, associate or subsidiary of the General Partner or its subsidiaries, associates or affiliates. Where the Partnership's interest is held in trust, the trust arrangements must be approved by the General Partner. Where the legal title to an Authorized Investment is held by and registered in the name of an entity wholly-owned by, or affiliated or associated with, the General Partner, or in the name of a person or persons in trust for the Partnership, such entity may hold

legal title to such Authorized Investment on behalf of other beneficial owners of such Authorized Investment; and

- the appraised value relied upon for purposes of making a Mortgage investment need not be on an "as is" basis and may be based on stated conditions, including without limitation, completion, rehabilitation, sale or lease-up of improvements located on the Real Property.

The Partnership, with the Fund as guarantor, maintains a funding facility with arms length third party financial institutions pursuant to which the Partnership has access, on a revolving basis, to funds in the maximum amount of \$70 million. The Partnership uses the revolving facility to take investment positions in Eligible Mortgages acquired by the Partnership directly or by participating beneficial interest at times when funds are not immediately available from other sources (such as subscription proceeds from the Fund).

The Mortgage Portfolio

The Mortgage Portfolio consists of Mortgages, or interests therein, secured by a range of properties and reflects, among other things, the following characteristics, some of which are included among the Partnership's investment policies:

- a majority of Mortgage investments are less than, or have a funding cap of less than, \$50 million, with a larger concentration of Mortgage investments being between \$2 million and \$10 million;
- payment schedules consist primarily of interest only;
- Mortgages are generally written for terms of two years or less;
- Mortgage investments are secured by Real Property located in Canada and are denominated in Canadian dollars; and
- Mortgages are syndicated where it is deemed appropriate.

The Mortgage Portfolio was initially sourced and underwritten by the Mortgage Manager.

As at September 30, 2009, the Mortgage Portfolio consisted of 107 Mortgage investments with a combined balance of approximately \$486 million. The mortgage portfolio had approximately \$462 million in First Mortgage and \$24 million in Subordinate Mortgages. The mortgages mature between 2009 and 2011, and bear interest at the weighted average rate of 12.25%.

See "Investment and Operating Policies of the Partnership".

Industry Overview

The Commercial Mortgage market in Canada is segmented into tiers that reflect the desirability of Commercial Mortgages as tier-one, mid-tier or other by the large lending institutions in Canada. Several business and project specific factors influence this segmentation. The business factors vary from time to time and by region amongst the large lending institutions and include geographical preferences and concentration issues, other business objectives, relationships with borrowers, risk tolerance, cost of funds, size of Mortgages, and other financial criteria inherent to each individual lender. Project specific factors include the stage of project development, borrower profile and experience, market factors, the amount of borrower equity, levels of presales and/or pre-leasing, existence of mortgage insurance and clarity of exit and repayment strategies. These factors when ranked by each lender determine the tiered structure of the industry and the pricing and availability of capital to borrowers throughout the market place. As such, it is quite common to have similar projects considered as either tier-one and/or mid-tier by different lenders and to have the same project evolve from a lower-tier to a tier-one ranking project and for it to attract new and different lenders as the project moves through the various development stages of land acquisition, predevelopment, infrastructure, construction, and finally the selling cycle. As a result, in Canada's most populated cities, major institutions, chartered banks and trust companies compete for the tier-one, high volume, secured or

insurable loan opportunities with an oversupply of capital to opportunities. In all other markets, there exists a near constant imbalance of capital to demand for Commercial Mortgage funds for mid-tier development and construction projects. In these markets, the Mortgage Manager and other private lenders compete for lower volume, development and construction loan opportunities with a usual oversupply of opportunities to appropriately priced capital. The segments between tiers are known as shoulder markets.

Other Matters

Risk Factors

An investment in Units involves significant material risks that prospective Subscribers should consider before making an investment decision or a decision to participate. Prospective Subscribers who are not willing to accept these risks should not proceed with an investment in Units. **Prospective Subscribers are urged to read the "Risk Factors" section of this Offering Memorandum and to review these risks with their professional advisors.**

Certain Canadian Income Tax Considerations

The income tax summary contained herein addresses the principal Canadian federal income tax considerations of an investment in Units ("Tax Commentary"). Subscribers are cautioned that the Tax Commentary is a general summary only and does not constitute tax advice to any particular Subscriber. The Tax Commentary identifies certain tax risks and contains assumptions, limitations, qualifications and caveats. Prospective Subscribers should review these risks, assumptions, limitations and caveats with their professional tax advisors and reach their own conclusion as to the merits and likely tax consequences of an investment in Units.

Rights of Action

Securities legislation in certain of the Provinces of Canada where the Units are being offered provide or require that Subscribers be provided with, in addition to any rights they may have at law or equity, statutory or contractual rights of rescission or rights to damages, or both. In general, these rights are available where an offering memorandum or any amendment to it (or advertising or sales literature in respect of Subscribers in the Provinces of Nova Scotia, or New Brunswick) contains an untrue statement of material fact or omits to state a material fact that is required to be stated or that is necessary to make any statement in it not misleading in light of the circumstances in which the statement was made. However, the Subscriber must exercise such rights within the prescribed time limits. (See "Rights of Action for Damages or Rescission")

Forward-Looking Statements

Prospective Subscribers should be aware that certain statements used herein, including, without limitation, sensitivity analyses, analyses of market trend, trends in revenue and anticipated expense levels as well as other statements about anticipated future events or results, are forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. **The forward-looking statements that are contained herein involve a number of risks and uncertainties. Should one or more of these risks materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual events or results might differ materially from events or results projected or suggested in these forward-looking statements.** Some of these risks and uncertainties are identified under the heading "Risk Factors". Additional information regarding these factors and other important factors that could cause actual events or results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements made by the Partnership are qualified in their entirety by reference to the important factors discussed in "Risk Factors" and to those that may be discussed as part of particular forward-looking statements. Neither the Partnership nor the General Partner intends, and do not assume any obligations, to update these forward-looking statements.

DEFINITIONS

The following terms used in this Offering Memorandum have the meanings set out below:

"AAA Rated Mortgage Backed Securities" means mortgage backed securities with a rating of AAA (or the equivalent), as determined by any one of Dominion Bond Rating Service Limited, Standard & Poor's Rating Group, Moody's Investor Service, Inc. or any of their successors.

"Affiliate" has the meaning ascribed thereto in the Ontario Act.

"Annuitant" means an annuitant under an Exempt Plan of which a Unitholder acts as a trustee or carrier.

"Associate" has the meaning ascribed thereto in the Ontario Act.

"Authorized Investments" means Mortgages, Authorized Interim Investments, Commercial Mortgage Backed Securities, Related Investments, Workout Investments or the acquiring, holding, maintaining, improving, leasing or managing of any Real Property or an interest in Real Property where determined necessary or desirable, in the General Partner's sole discretion, to preserve, protect or enhance the Partnership or its assets.

"Authorized Interim Investments" means investments guaranteed by the Government of Canada or of a province or territory of Canada, cash deposits in or receipts, deposit notes, certificates of deposits, acceptances and other similar instruments issued, endorsed or guaranteed by a Schedule I or Schedule II Bank, CMHC insured Residential Mortgages and AAA Rated Mortgage Backed Securities.

"Board of Trustees" means the board of Trustees of the Fund.

"Business Day" means a day other than a Saturday, Sunday or any day on which the Schedule I Banks located in Toronto, Ontario are not open for business during normal banking hours.

"Closing" means each closing of the Offering.

"CMHC" means the Canada Mortgage and Housing Corporation, a Canadian federal crown corporation providing mortgage insurance and federal social housing funding, housing information and support for the export of Canadian housing products.

"Commercial Mortgages" means Mortgages granted as security for loans given in respect of properties, land developments and construction projects which have retail, commercial, service, office and/or industrial uses,

"Commercial Mortgage Backed Securities" means bonds or other financial obligations secured by a pool of Mortgages, no less than two thirds of which are Conventional First Mortgages at the time of the investment.

"Construction Mortgages" means Mortgages granted as security for loans which are advanced against stipulated budgets for multi-family residential and commercial, retail, service, office and/or industrial use projects.

"Conventional First Mortgage" means a First Mortgage for which the principal amount, at the time of commitment, does not exceed the lower of 75% of the purchase price of the underlying Real Property securing the Mortgage and 75% of the value of the underlying Real Property securing the Mortgage.

"Conventional Mortgage" means a Conventional First Mortgage and/or a Conventional Second Mortgage.

"Conventional Second Mortgage" means a Second Mortgage for which the principal amount, at the time of commitment, together with the principal balance outstanding on the First Mortgage on the same Real Property secured by such Second Mortgage, does not exceed the lower of 75% of the purchase price of the underlying Real Property securing the Mortgage and 75% of the value of the underlying Real Property securing the Mortgage.

"Declaration of Trust" means the declaration of trust of the Fund dated as of May 20, 2005, governed by the laws of Ontario, pursuant to which the Fund was created, as amended, supplemented or amended and restated from time to time.

"Distributable Cash" means the amount of available cash collected to be distributed by the Fund, calculated as set out under "Distribution Policy".

"Distribution Date" means the date on or about the 15th day of each calendar month.

"Distribution Record Date" in respect of the Fund, means the last day of each calendar month, or such other date or dates as the Trustees may from time to time designate as a Distribution Record Date in accordance with the Declaration of Trust, provided that December 31 in each year will be a Distribution Record Date; and in respect of the Partnership means such date or dates as the General Partner may from time to time designate, provided that December 31 in each year will be a Distribution Record Date.

"Eligible Mortgages" means those Mortgages selected for investment and management in the Mortgage Portfolio by the Mortgage Manager.

"Exempt Plans" means trusts governed by a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF), deferred profit sharing plan (DPSP) or a registered education savings plan (RESP).

"Fair Market Value" in relation to a Unit means the fair market value of such Unit as determined by the Trustees from time to time, acting reasonably, but in their sole discretion, based upon the price at which the Units were offered for sale in the most recent offering of Units by the Fund less the net issue costs of such Unit, adjusted as determined by the Trustees including, without limitation, an adjustment for profits and losses up to the date of determination; provided however that such fair market value shall not exceed the proportionate share of the net asset value of the Fund represented by such Unit.

"First Mortgage" means a Mortgage having priority over all other Mortgage loan interests registered against the same Real Property used to secure such Mortgage.

"Fund" means Romspen Mortgage Investment Fund, an unincorporated investment trust established under the laws of Ontario pursuant to the Declaration of Trust.

"Fund General Security Agreement" means that general security agreement granted to the Mortgage Manager in respect of the assets of the Fund as security for the Guarantee given by the Fund to the Mortgage Manager.

"Fund Income", for any taxation year of the Fund, means the income for such year computed in accordance with the provisions of the Tax Act less, at the discretion of the Trustees, amounts of any non-capital losses of the Fund for the prior years that are deductible in computing the Fund's taxable income for the year under the Tax Act; provided, however, that capital gains and capital losses will be excluded from the computation of Fund Income. In addition, in computing the Fund Income of the Fund for any taxation year of the Fund, the Trustees will have the sole discretion to utilize or not utilize such deductions, provisions and alternate calculations available under the Tax Act, including without limitation, discretion as to timing and amount, in respect of offering expenses, operating expenses and discretionary deductions,

"Fund Manager" means such person as may from time to time be appointed by the Trustees to manage the day to day operation of the Fund and its successors as fund manager of the Fund, together with any agents duly appointed by the Fund Manager.

"Fund Reserves" means the amounts from time to time which the Trustees, acting reasonably, but in their sole discretion, determine are necessary or desirable: (i) to meet the current and future expenses, liabilities, commitments and obligations of the Fund; and (ii) for such other purposes as may be determined by the Trustees to be necessary or desirable for the conduct, promotion and protection of the purposes and activities of the Fund, its assets and Unitholders.

"General Partner" means Romspen Fund GP Inc. a company governed by the laws of Ontario and its successors as the general partner of the Partnership.

"Guarantee" means that guarantee of the obligations of the Partnership to the Mortgage Manager granted by the Fund.

"Insured Mortgages" means Mortgages, the principal repayment of which have been insured with CMHC or another commercially recognized mortgage insurer.

"Limited Partner" means the holder of a Partnership Unit in the Partnership.

"Material Agreements" means the contracts referred to under "Material Agreements".

"MBLAA" means the *Mortgage Brokerages, Lenders and Administrators Act, 2006* (Ontario).

"Mortgage" means a mortgage, hypothec, deed of trust, charge or other security interest of or in real property used to secure obligations to repay money by a charge upon the underlying Real Property, whether evidenced by notes, debentures, bonds, assignments of purchase and sale agreements or other evidences of indebtedness, whether negotiable or non-negotiable.

"Mortgage Manager" means Romspen Investment Corporation, a company governed by the laws of Ontario, and its successors as Mortgage Manager under the Mortgage Management Agreement.

"Mortgage Management Agreement" means the mortgage management agreement dated as of January 16, 2006 between the Partnership, the Fund and the Mortgage Manager, providing for, among other things, the retention of the Mortgage Manager to arrange and service the Partnership's Authorized Investments as the same may be amended, renewed, extended, supplemented or amended and restated from time to time. See "Mortgage Management Agreement".

"Mortgage Portfolio" means, at any time, the portfolio of Mortgages or interests therein held by the Partnership.

"NI 31-103" means *National Instrument 31-103 - Registration Requirements*, as amended, supplemented or replaced from time to time.

"NI 45-106" means *National Instrument 45-106 - Prospectus and Registration Exemptions*, as amended, supplemented or replaced from time to time.

"Notice" means the notice sent by a Unitholder to the Trustees requiring the Fund to redeem the Units so described in the Notice.

"OBCA" means the *Business Corporations Act* (Ontario), as amended, supplemented or replaced from time to time.

"Offering" means the offering on a private placement basis a maximum of 40,000,000 Units at a price of \$10.00 per Unit described in this Offering Memorandum.

"Ontario Act" means *Securities Act* (Ontario), and the regulations, rules, policies and other instruments promulgated thereunder, as amended, supplemented or replaced from time to time.

"Ordinary Resolution" means a resolution passed by a simple majority of the votes cast by those Unitholders who, being entitled to do so, vote in person or by proxy at a duly convened meeting of Unitholders, or, subject to applicable laws, regulations and regulatory policies, a written resolution, in one or more counterparts, consented to in writing by Unitholders holding not less than 50% plus one of the votes attached to Units held by all Unitholders entitled to vote at that time.

"Partnership" means Romspen Mortgage Limited Partnership, a limited partnership created and governed under the laws of Ontario pursuant to the Partnership Agreement.

"Partnership Agreement" means the limited partnership agreement dated as of May 20, 2005 that governs the Partnership, as amended, supplemented or amended and restated from time to time.

"Partnership Capital" at any time, means all of the monies, interests, properties and assets of the Partnership, including, without limitation, all monies realized from the sale of assets of the Partnership or borrowing by the Partnership.

"Partnership General Security Agreement" means that general security agreement granted to the Mortgage Manager by the Partnership in respect of the assets of the Partnership as security for the obligations of the Partnership to the Mortgage Manager.

"Partnership Reserves" means the amounts from time to time which the General Partner, acting reasonably, but in its sole discretion, determines are necessary or desirable: (i) to meet the current and future expenses, liabilities, commitments and obligations of the Partnership; and (ii) for such other purposes as may be determined by the General Partner to be necessary or desirable for the conduct, promotion and protection of the business and activities of the Partnership, its assets and the Limited Partner.

"Partnership Units" means units of the Partnership issued at a subscription price of \$10.00 per Partnership Unit.

"Person" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, land trusts, business trusts or other organizations, whether or not legal entities and governments and agencies and political subdivisions thereof.

"Phase I Environmental Audit" means an evaluation of Real Property for purposes of environmental analysis performed solely on the basis of historical records without invasive sampling or drillings from such property.

"Pre-Development Mortgages" means Mortgages granted as security for loans which are advanced for the purpose of assisting in the development of the mortgaged lands which may include, but not be limited to, Mortgages that are advanced against stipulated budgets for the acquisition of land, pre-development costs and installation and construction of roads, drainage, sewage, utilities, and similar improvements on such lands.

"Qualified Appraiser" means a person who is an appraiser accredited or licensed by the Appraisal Institute of Canada or any successor thereof.

"Real Property" means property which in law is real property and includes, whether or not the same would in law be real property, leaseholds, Mortgages, undivided joint interests in real property (whether by way of tenancy-in-common, joint tenancy, co-ownership, joint venture or otherwise) and any interests in and to any of the foregoing.

"Register" means that record of the names and addresses of Unitholders together with other pertinent information to be kept by, on behalf of, or under the direction of the Trustees.

"Related Investment" means bonds, debentures, notes or other evidence of indebtedness in, or shares, units or other evidence of ownership in the Partnership or any other entity, including specifically a joint venture or a mortgage investment corporation, engaged directly or indirectly in the funding, holding or investing in Mortgages granted as security for loans, or the sole or principal purpose and activity of which is to invest in, hold and deal in Mortgages.

"Residential Mortgages" means Mortgages that are registered on or against completed single family residences and multifamily residential properties.

"Schedule I Bank" means a bank listed in Schedule I of the *Bank Act* (Canada).

"Second Mortgage" means a Mortgage having priority over all other Mortgage loan interests registered against the same Real Property other than a First Mortgage on such Real Property.

"Special Resolution" means a resolution approved by not less than 66.67% of the votes cast by those Unitholders who, being entitled to do so, vote in person or by proxy at a duly convened meeting of Unitholders, or, subject to applicable laws, regulations and regulatory policies, a written resolution, in one or more counterparts, consented to in writing by Unitholders holding not less than 66.67% of the votes attached to Units held by all Unitholders entitled to vote at that time.

"Subordinate Mortgage" means a Mortgage other than a First Mortgage, including, without limitation a Second Mortgage.

"Subscriber" means a subscriber for Units hereunder, pursuant to the Offering, whose subscription has been accepted by the Trustees, and to whom Units have been issued and not revoked or transferred, and any other holder of Units from time to time (collectively "Subscribers").

"Subscription Agreement" means the agreement to be entered into between the Fund and Subscribers in furtherance of a subscription for Units under the Offering.

"Subsidiary" has the meaning ascribed thereto in the OBCA.

"Syndication" means the sharing of a Mortgage or other investment by more than one Person.

"Tax Act" means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended from time to time.

"Term Financing Mortgages" means Mortgages granted as security for a loan used to finance a completed or substantially completed income-producing or owner occupied property for a period of time.

"Trust Funds" at any time, means all of the monies, interests, properties and assets that are at such time held by the Trustees for the purposes of the trust established under the Declaration of Trust, including, without limitation, the initial contribution made by the settlor of the Fund and all monies realized from the sale of Units or borrowing by the Fund.

"Trust Management Agreement" means the trust management agreement dated as of January 16, 2006 between the Fund and the Mortgage Manager, providing for, among other things, the retention of the Mortgage Manager to perform ongoing administrative services to the Fund, as the same may be amended, renewed, extended, supplemented or amended and restated from time to time.

"Trustees" means the trustees of the Fund.

"Unitholder" means a holder of Units.

"Units" means each of the units of the Fund.

"Valuation Date" means the last Business Day of each calendar month upon which date the Trustees will determine the aggregate Fair Market Value of Units outstanding on the first Business Day of the said calendar month.

"Workout Investments" means any evidence of indebtedness, any evidence of ownership in any entity or any other investment made by or at the direction of the General Partner, in the General Partner's sole discretion, on behalf of the Partnership, to preserve or protect the Partnership or its assets, provided that such investments do not, directly or indirectly, cause the Fund to cease to be considered a "unit trust" (as such term is defined under the Tax Act).

THE FUND

The Fund is an unincorporated closed-end investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust that is intended to qualify as a "unit trust" and as a "mutual fund trust" under the provisions of the Tax Act. See "Declaration of Trust and Description of Units" and "Canadian Federal Income Tax Considerations". The head office of the Fund is located at: 162 Cumberland Street, Suite 300 Toronto, Ontario M5R 3N5. The Trustees are responsible for the general control and direction of the Fund. See "Trustees of the Fund".

The Fund is the sole limited partner of the Partnership, a limited partnership established under the laws of the Province of Ontario pursuant to the Partnership Agreement. The Fund intends to contribute the net proceeds of the Offering to the Partnership in exchange for Partnership Units to allow the Partnership to acquire and hold a whole or partial, direct or indirect interest in Authorized Investments arranged by the Mortgage Manager pursuant to the terms of the Mortgage Management Agreement. See "The Mortgage Manager".

The Fund was established for the principal purpose of issuing Units and investing its Trust Funds, directly or indirectly, primarily in Authorized Investments with the objective of providing its Unitholders with stable distributions while preserving capital. The Fund intends to continue to finance its activities by selling Units and investing the Trust Funds in Partnership Units to allow investment by the Partnership in Mortgage loans secured by Real Property principally situated in the Province of Ontario. The Fund derives its income from its investment as the sole limited partner in the Partnership. (See "Declaration of Trust and Description of Units"). The Fund's long-term objective is to provide Unitholders with stable and secure cash distributions from its indirect investments by way of the Partnership in Mortgage loans in its target market segments with the goal of obtaining favourable yields and maximizing distributions and Unit value through the efficient sourcing and management of a geographically diverse portfolio of Real Property Mortgage investments in Canada.

The Partnership conducts its investment activities under contract with the Mortgage Manager, which is currently licensed as a mortgage brokerage in the Province of Ontario. The Mortgage Manager has the exclusive right to arrange, underwrite, syndicate and service all investments on behalf of the Partnership in accordance with specific investment and operating policies established by the Partnership from time to time. See "The Mortgage Manager", "Mortgage Management Agreement" and "Investment and Operating Policies of the Partnership".

The objective of the Partnership is to generate income from its Mortgage loan investments. The Fund will receive its income from the Partnership as a cash distribution on the Partnership Units it owns. From this income, the Trustees calculate, allocate and pay the Fund's Distributable Cash to the Fund's Unitholders on a monthly or other scheduled basis as determined by the Trustees from time to time in accordance with the Declaration of Trust. Currently, the Trustees intend to allocate, distribute and make payments to Unitholders all of the income of the Fund, a sufficient amount of the net realized capital gains of the Fund and any other applicable amounts so that the Fund will not have any liability for tax under Part I of the Tax Act in any taxation year. To achieve these objectives, the Partnership will benefit from the Mortgage Manager's experience in originating, underwriting, syndicating and servicing Mortgage investments. Any Mortgage investments will be subject to specific investment policies and the operation of the Partnership will be subject to specific operating policies. These policies were established based on the historical practices of the Mortgage Manager, whose principals have been successfully operating in the mortgage investment industry since 1969. See "Investment Strategy" and "Investment and Operating Policies of the Fund".

The Partnership intends to continue to pursue a strategy of growth through additional investments in Commercial and Residential Mortgages that are currently underserved by Canadian banks and other lending institutions. The Partnership is well positioned to add to its portfolio by focusing on underserved market niches within the real estate lending market and intends to grow the Partnership's Mortgage assets by accessing capital through further capital contributions from the Fund. The Fund will finance such capital contributions by the issuance of additional Units. See "Investment Strategy" and "Investment and Operating Policies of the Partnership". Management of the Fund believes that controlled growth will be beneficial to Unitholders if such growth is achieved in a manner that is consistent with the Fund's objectives and investment strategy. The Fund intends to continue to finance its investment in the Partnership through the issuance of Units where such issuances are not considered by management of the Fund to be dilutive to existing Unitholders with respect to future distributions and where they support a level of

growth that enables the Fund to achieve sustainable increases in economies of scale relating to administrative and operating costs.

The Fund was established, essentially, for an indefinite term. Pursuant to the Declaration of Trust, termination of the Fund (other than by reason that no property of the Fund remains held by the Trustees) or the sale or transfer of all or substantially all of the Fund's assets (other than as part of an internal reorganization of the assets of the Fund as approved by the Trustees) requires approval by Special Resolution. See "Description of Trust Units".

INDUSTRY OVERVIEW

The Commercial Mortgage market in Canada is segmented into tiers that reflect the desirability of Commercial Mortgages as tier-one, mid-tier or other by the large lending institutions in Canada. Several business and project specific factors influence this segmentation. The business factors vary from time to time and by region amongst the large lending institutions and include geographical preferences and concentration issues, other business objectives, relationships with borrowers, risk tolerance, cost of funds, size of Mortgages, and other financial criteria inherent to each individual lender. Project specific factors include the stage of project development, borrower profile and experience, market factors, the amount of borrower equity, levels of presales and/or pre-leasing, existence of mortgage insurance and clarity of exit and repayment strategies. These factors, when ranked by each lender, determine the tiered structure of the industry and the pricing and availability of capital to borrowers throughout the market place. As such, it is quite common to have similar projects considered as either tier-one and/or mid-tier by different lenders and to have the same project evolve from a lower-tier to a tier-one ranking project and for it to attract new and different lenders as the project moves through the various development stages of land acquisition, pre-development, infrastructure, construction, and finally the selling cycle. As a result, in Canada's most populated cities, major institutions, chartered banks and trust companies compete for the tier-one, high volume, secured or insurable loan opportunities with an oversupply of capital to opportunities. In all other markets, there exists a near constant imbalance of capital to demand for Commercial Mortgage funds for mid-tier development and construction projects. In these markets, the Mortgage Manager and other private lenders compete for lower volume, development and construction loan opportunities with a usual oversupply of opportunities to appropriately priced capital. The segments between tiers are known as shoulder markets.

The Partnership intends to continue to focus its investments in the following market segments of Mortgages:

Pre-Development Mortgages

Land acquisition, pre-development and infrastructure Mortgages occur at an early stage in a project's development and are often characterized as Pre-Development Mortgages because of the use of funds to finance the acquisition of land, pre-development costs and installation and construction of roads, drainage, sewage, utilities, and similar improvements on such lands. Current interest rate pricing for tier-one borrowers and projects range from chartered bank prime plus 1% to 2%; 9% to 10% for the shoulder segment between the tier-one and mid-tier markets and 11% to 14% for mid-tier borrowers and projects. Mortgage terms in all segments average 12 to 18 months in duration. The Partnership will continue to focus on the shoulder and mid-tier markets with Pre-Development Mortgages underwritten to a 65% or lower loan to value.

Construction Mortgages

Construction Mortgages follow Pre-Development Mortgages as projects move through the development cycle. Construction Mortgages finance the construction of multi-family residential or commercial developments. Current interest pricing for tier-one borrowers and projects range from chartered bank prime plus 1% to 2%; 9% to 10% for the shoulder segment between the tier-one and mid-tier markets and 11% to 14% for mid-tier borrowers and projects. Mortgage terms in all segments average 12 to 24 months in duration. The Partnership will continue to focus on the shoulder and mid-tier markets with Construction Mortgages underwritten to a 65% or lower loan to value. The development and construction shoulder and mid-tier markets while large and in the hundreds of millions of dollars annually, are a relatively small segment of the total Canadian real estate lending market.

Term Financing Mortgages

Term financing Mortgages enable an owner of a completed or substantially completed income producing property to defer arranging longer-term financing until conditions warrant more favorable financing terms. Mortgage rates vary depending on the borrower, property location, property type and loan to value. These mortgages are usually short to mid-term as the borrower's need for funding is driven by a specific opportunity for use of the funds on an interim basis or as a method of bridging financing until the property qualifies for long-term, low cost institutional lender programs. Loans in this segment are expected to average 12 to 36 months in duration and will be underwritten to a maximum 65% loan to value. Occasionally changes in market conditions or institutional lender criteria will create the opportunity for longer-term Mortgages.

INVESTMENT STRATEGY

The investment goal of the Partnership is to make prudent investments in loans that are Conventional First Mortgages that provide financing for Real Property situated in Canada. The Partnership also intends to continue to invest in Subordinate Mortgages, subject to the limitation that no more than 20% of the fair market value of the Partnership's assets are invested in Subordinate Mortgages. Investments in Real Property may arise from the acquisition of Real Property through foreclosure of a Mortgage held by the Partnership or conveyed to the Partnership in full or partial satisfaction of indebtedness owed to the Partnership. The Mortgage Manager, on behalf of the Partnership, diligently reviews and selects Mortgage investment opportunities to present to the Partnership and manages and services the Mortgage Portfolio. In making its investment selections to present to the Partnership, the Mortgage Manager adheres to the investment and operating policies of the Partnership. As part of such approval process, if applicable to the investment being considered, the General Partner provides a full underwriting report consisting of a thorough credit assessment of the Mortgage investment and the security provided therefore and, where considered necessary, an appraisal prepared by a Qualified Appraiser, a Phase I Environmental Audit, and an evaluation of the prospective borrower and the proposed real estate collateral. See "Investment Policies and Operating Policies of the Partnership".

The investment strategy of the Partnership is to invest in Conventional First Mortgages and Subordinate Mortgages in the shoulder and mid-tier markets where borrower and financing needs are not being met by the larger financial institutions. To maintain a stable interest yield on the Mortgage Portfolio, the Partnership manages risk through the maintenance of a diversified mortgage portfolio, conservative underwriting and diligent and pro-active mortgage servicing. As a result of the Partnership's intended strategy of initiating a lending relationship in the early stages of a development and the restricted competition in the markets in which the Partnership invests, the Partnership anticipates that it will continue to have substantial influence over interest rate pricing and investment security exposure on its investments.

The Fund offers Units from time to time only if the receipt of the proceeds of such offering by the Partnership does not impair: (i) the investment goals and the investment strategy of the Partnership as described in this section; (ii) the investment and operating policies listed in the subsection entitled "Risk Management" below; (iii) the Partnership's investment objectives with respect to the Mortgages; or (iv) the Partnership's expected return from its investment in and management of the Mortgages.

As part of its growth strategy, the Partnership may develop and execute a strategy for consolidation within its target markets, which strategy may involve purchasing existing Mortgages or Mortgage portfolios from lenders currently competing in these markets. The Partnership may also make Authorized Investments depending on market conditions, available funds and attractive yields.

Borrowing Strategy

The Partnership and/or the Fund may from time to time borrow funds from arms length entities with a view to obtaining a spread between the interest rate payable to the Partnership on the Mortgage investments made with the proceeds of such borrowings and the interest rate paid by the Partnership in respect of such borrowings. Such borrowings are subject to the restriction that the total indebtedness from such entities may not exceed 35% of the book value of the Mortgages held by the Partnership as at the date of drawdown of the borrowed funds. The General

Partner believes that this borrowing strategy will further enhance the aggregate interest yield on the Partnership's Mortgage Portfolio. See "Investment and Operating Policies of the Partnership" and "Risk Factors".

The Partnership, with the Fund as guarantor, maintains a funding facility with arms length third party financial institutions pursuant to which the Partnership has access, on a revolving basis, to funds in the maximum amount of \$70 million. The Partnership uses the revolving facility to take investment positions in Eligible Mortgages acquired by the Partnership directly or by participating beneficial interest at times when funds are not immediately available from other sources (such as subscription proceeds from the Fund).

Syndication Strategy

To manage and diversify risk, the Mortgage Manager may syndicate Mortgage investments in which the Partnership participates with one or more lenders. All such syndicated mortgages may initially be funded by the Partnership with mortgagors at a specified interest rate and a portion of the Mortgage may then be syndicated to a financial institution or other lenders sourced by the Mortgage Manager. Syndication may be on a *pari passu* basis or on a subordinated basis. Syndicating Mortgages reduce the Partnership's exposure in respect of any one Mortgage investment.

Risk Management

In addition to the default management plan discussed under the heading "Collection Activities", the Partnership has implemented the following controls to limit and manage risk:

- investment and operating policies which include, among other things, the following:
 - a policy that up to 100% of the Partnership's capital may be invested in Conventional First Mortgages, Insured Mortgages, AAA Rated Mortgage Backed Securities and/or Related Investments;
 - a policy that no more than 20% of the Partnership's capital may be invested in Subordinate Mortgages;
 - a restriction limiting investment in Commercial Mortgage Backed Securities that are not AAA Rated Mortgage Backed Securities to a maximum of 30% of Partnership Capital in aggregate;
 - a restriction providing that the Partnership will not invest more than 10% of its capital in any single First Mortgage or a Commercial Mortgage Backed Securities pool class, unless it is required for risk management purposes only;
 - a restriction providing that the Partnership may not make an investment in, or acquisition of, a Mortgage with a single borrower if the aggregate of the book value of such investment and the book value of the Partnership's Mortgages, loans or investments already provided to or with such single borrower would exceed 10% of the Partnership's capital;
 - a policy requiring that, when not invested in other Authorized Investments, the Partnership's capital will be placed in Authorized Interim Investments; and
 - a restriction limiting borrowing exposure from entities who are not at arms length to the Partnership to amounts which do not exceed an amount equal to 25% of the book value of the Conventional First Mortgages investments held by the Partnership as at the date of drawdown of the borrowed funds;
- retention of the Mortgage Manager, which has substantial experience in originating, underwriting and servicing Mortgage investments in the markets in which the Partnership intends to invest;
- adopting a syndication strategy whereby the Partnership may syndicate Mortgage investments with other investors to diversify and share risks associated with a given Mortgage investment; and

- where determined necessary, arranging for or reviewing existing independent appraisals prepared by Qualified Appraisers for Mortgage investments.

Development and Maintenance of the Mortgage Portfolio

In the view of the Mortgage Manager, the three keys to developing and maintaining a successful Mortgage Portfolio are: (i) knowledgeable Mortgage underwriting; (ii) the ability to source a broad range of investment opportunities thereby allowing the General Partner to be selective and prudent in its choice of Mortgage investments; and (iii) disciplined monitoring, servicing and collection enforcement methods. In these respects, the Partnership benefits from the experience of the General Partner and the Mortgage Manager. The General Partner intends to continue to enhance interest rate yields through innovative sourcing practices that will be accomplished through the Mortgage Manager. The General Partner believes that, through the Mortgage Manager, the Partnership will be able to continue to source and fund Mortgage investments which satisfy the Fund's investment criteria based on: (i) the specialized lending structures offered to borrowers; (ii) the reputation, experience and marketing ability of the Mortgage Manager; (iii) the timely credit analysis and decision-making processes followed by the Mortgage Manager and the Partnership; and (iv) a lack of significant lenders in the market segments in which the Partnership invests, resulting from the consolidation in the financial services industry and the migration by the remaining participants in the industry away from the small and medium sized Mortgage market in which the Partnership invests.

The Mortgage Manager's sourcing of the Partnership's investments and servicing of the Mortgage Portfolio provide the following benefits to the Partnership and indirectly to the Fund:

Mortgage Investment Opportunity Sources

The Mortgage Manager currently manages and services approximately \$600 million of Mortgages on behalf of various investor clients and it sources Mortgages for these investors either directly or through intermediaries such as mortgage brokerages, banks, trust companies, lawyers and accountants. All of the Mortgage Manager's officers have extensive contacts in the mortgage and real estate industries which allow them to identify investment opportunities and submit them to the Partnership. In addition, the principals of the Mortgage Manager have collectively over 100 years experience in the business of sourcing and underwriting Mortgages and each of these individuals has a comprehensive knowledge and understanding of the mortgage and real estate industries that has enabled them to make prudent investment decisions and identify sound investment opportunities during this time. The Fund continues to take advantage of the Mortgage Manager's experience in these types of activities and therefore maintains access to a source of Mortgage investments for which there is limited competition.

Proven Industry Experience

Collectively, the officers of the Mortgage Manager have over 100 years of mortgage and real estate experience. Each officer has a comprehensive knowledge and understanding of the mortgage and real estate industries that has enabled him to make prudent investment decisions and identify sound investment opportunities. The name and municipality of residence, office held with the Mortgage Manager and principal occupation of each officer of the Mortgage Manager are described under the heading "Mortgage Manager". In addition, the principals of the Mortgage Manager hold a 60% interest in Esbin Property Management Inc. ("EPM"), a property management company experienced in the management of commercial and residential real estate. EPM presently manages in excess of two million square feet of real estate.

Problem Identification and Rectification Experience

The Partnership intends to continue to minimize risks associated with defaulting Mortgages through diligent monitoring of the Mortgage Portfolio, active communication with borrowers and the institution of aggressive enforcement procedures on defaulting Mortgages. The Partnership accomplishes this through the Mortgage Manager, which has substantial experience in servicing Mortgage loans, including the institution of enforcement proceedings, and has a history of very low losses on Mortgages which it has underwritten and serviced. The

Mortgage Manager's officers also have extensive experience in servicing high yield mortgage portfolios as a result of purchasing and restructuring distressed mortgage debt.

The Mortgage Manager has implemented a default management and recovery program for the benefit of the Partnership which includes the following:

- implementation of enforcement proceedings following default under the terms of a Mortgage;
- performance of a property inspection following default under the terms of a Mortgage and, if necessary, taking possession of the property secured by such Mortgage or establishing a property management program for the mortgaged property; and
- strict adherence to the Partnership's investment and operating policies.

The Mortgage Manager employs the services of EPM as well as other extensive industry contacts and relationships in order to assist in the rectification of Mortgages in default.

Focus on Greater Toronto Area and other Ontario Urban Centres

One of the keys to successful mortgage underwriting is knowing and understanding the real estate markets in which the properties are located. Together, the Greater Toronto Area and other Ontario urban centres contain a sizeable portion of Canada's population and a well diversified industry base. The Fund intends to continue to make its Mortgage investments on Real Property located primarily in the Greater Toronto Area and other Ontario urban centres, areas with which the officers of the Mortgage Manager are familiar due to their past lending experience. The Fund also intends to continue to diversify geographically by making Mortgage investments on Real Property located in other areas of Canada where prevailing economic conditions are favourable.

The Mortgage Portfolio

The Mortgage Portfolio consists of Mortgages, or interests therein, secured by a range of properties and reflect, among other things, the following characteristics, some of which are included among the Partnership's investment policies:

- a majority of Mortgage investments are less than, or have a funding cap of less than, \$50 million, with a larger concentration of Mortgage investments being between \$2 million and \$10 million;
- payment schedules consist primarily of interest only;
- Mortgages are generally written for terms of two years or less;
- Mortgage investments are secured by Real Property located in Canada and are denominated in Canadian dollars; and
- Mortgages are syndicated where it is deemed appropriate.

See "Investment Strategy" and "Investment and Operating Policies of the Partnership".

As at September 30, 2009, the Mortgage Portfolio consisted of 107 Mortgage investments with a combined balance of approximately \$486 million. The mortgage portfolio had approximately \$462 million in First Mortgage and \$24 million in Subordinate Mortgages. The mortgages mature between 2009 and 2011, and bear interest at the weighted average rate of 12.25%.

The following is a list of the Mortgages held in the Mortgage Portfolio as at September 30, 2009. A current list of Mortgages held in the Mortgage Portfolio is made available to Unitholders on the Fund's website: www.romspen.com.

Romspen Mortgage Investment Fund
Mortgage Portfolio as at September 30, 2009
(\$ in thousands)

Number	Property Address	Principal	Rate	Maturity*	Type
3092	51863 A Highway 24 , Shelbourne, ON	110	11.00%	On Demand	Term
5683	2418 Dufferin Street, Toronto, ON	838	11.00%	On Demand	Term
5697	3263 Derry Road East, Mississauga, ON	1,224	11.00%	On Demand	Term
6333	168 East Street South, Bobcaygeon, ON	308	10.25%	30-May-10	Term
6561	2810 Weston Road, Toronto, ON	353	10.50%	24-Jan-10	Term
6703	55 Dunlop St. W, Barrie, ON	2,598	10.00%	On Demand	Term
6720	17551 Woodbine Avenue, East Gwillimbury, ON	880	11.50%	30-Jan-10	Term
6812	2040 Camilla Road, Mississauga, ON	1,845	10.50%	On Demand	Term
7240	344-6 Adelaide St. West, Toronto, ON	5,940	12.00%	On Demand	Construction
7310	11 Polson Street, Toronto, ON	2,440	9.75%	19-Jun-10	Term
7345	1313 Bloor Street West, Toronto, ON	630	10.50%	11-Aug-10	Term
7348	Old Lakeshore Road, Collingwood, ON	625	11.00%	On Demand	Pre-development
7433	Grand Niagara Golf Club, Niagara Falls, ON	6,069	11.75%	20-Oct-09	Construction
7574	160 Brooks Road, RR#5, Cayuga, ON	4,794	12.75%	22-Sep-11	Construction
7591	1776 Elmwood Drive, Moncton, NB	3,328	11.50%	On Demand	Pre-development
7629	210 Water Street, Stratford, ON	800	10.75%	25-Oct-09	Term
7653	148 Thornridge Drive, Thornhill, ON	1,888	10.00%	On Demand	Term
7683	8860 Lundy's Lane, Niagara Falls, ON	776	11.50%	On Demand	Term
7697	701 & 445 Brook Rd, Cobourg, ON	15,950	11.00%	29-Dec-09	Term
7735	7805 & 7827 Lundy's Lane, Niagara Falls, ON	420	13.75%	On Demand	Term
7764	Woodland Heights Subdivison, Huntsville, ON	3,957	11.00%	On Demand	Pre-development
7767	171-179 Montreal Road, Vanier, ON	1,273	10.25%	15-Jan-10	Term
7769	The Falcon Golf Club, Hudson, QC	3,200	12.00%	On Demand	Term
7770	14.247 Acres, Shediac, NB	800	12.00%	On Demand	Pre-development
7772	1250 Weber Street East, Kitchener, ON	7,262	11.00%	On Demand	Term
7773	1999 Quilchena Avenue, Merritt, BC	1,635	11.50%	1-Mar-10	Term
7777	159 Pleasant Street, Miramichi, NB	867	11.00%	1-Mar-10	Term
7778	2363 Hwy.11B, Callander, ON	4,354	11.00%	On Demand	Construction

Number	Property Address	Principal	Rate	Maturity*	Type
7779	2&6 Creighton Street, Orillia, ON	302	10.50%	On Demand	Term
7788	1 Dunsford Lane, Wymbolwood Beach, ON	1,000	10.00%	On Demand	Pre-development
7789	335 Avenue du Parc, Saint-Jean-sur-Richelieu, QC	3,000	10.25%	1-May-11	Term
7791	430 Ottawa Street, Almonte, ON	9,935	11.38%	On Demand	Term
7793	1897 Nursery Road, Minesing, ON	5,355	11.00%	On Demand	Construction
7817	1897 Nursery Road, Minesing, ON	1,100	16.50%	On Demand	Construction
7794	1014 Bank Street, Ottawa, ON	7,076	11.00%	30-Nov-09	Construction
7795	1014 Bank Street, Ottawa, ON	5,598	18.00%	30-Nov-09	Construction
7797	398 Ferrier St, Units 36,120,125 & Car Wash Unit, Markham, ON	227	10.00%	15-Jul-10	Term
7800	9768 Hwy 4, Nova Scotia, NS	2,100	11.00%	On Demand	Term
7808	1285 Saint-Andre Street, Montreal, QC	2,183	11.50%	15-Jul-10	Term
7809	20 High St & 395 Raglan Street, Collingwood, ON	14,850	10.80%	On Demand	Term
7810	24 Harbourside Drive, Wolfville, NS	2,368	11.50%	On Demand	Construction
7812	40 Wilson Avenue, Belleville, ON	1,604	11.75%	On Demand	Term
7813	1455 North Service Road, Oakville, ON	2,114	14.00%	On Demand	Term
7814	1925 & 1933 18th Ave NE, Calgary, AB	25,748	14.00%	1-Dec-09	Construction
7827	8.44 acres, Windsor, ON	2,786	10.75%	On Demand	Pre-development
7829	539 Jarvis Street, Toronto, ON	6,835	11.00%	On Demand	Construction
7839	503 Railway Avenue, Langdon, AB	1,075	11.00%	30-Oct-09	Pre-development
7845	335-345 Bellevue Drive, Belleville, ON	2,600	10.50%	15-Nov-09	Term
7846	796 & 810 Technology Drive, Peterborough, ON	2,200	11.00%	On Demand	Pre-development
7847	2046 Muskoka Road #7, Muskoka Lakes, ON	2,360	11.50%	15-Dec-09	Pre-development
7849	280 Carlingview Drive, Rexdale, ON	1,150	11.50%	1-Jan-10	Term
7853	42 Chapparral Road, Waasis, NB	1,500	12.00%	1-Jan-10	Term
7856	919-5th Avenue SW, Calgary, AB	3,590	11.00%	On Demand	Pre-development
7860	Thompson Road – 19 Townhouses, Milton, ON	1,200	12.50%	1-Jan-10	Construction
7861	24 Crawford Crescent, Milton, ON	650	12.50%	1-May-10	Term
7862	36 & 44 Crawford Cres, Milton, ON	2,300	12.00%	1-Jan-10	Term
7867	916 Niagara St.N, & Woodland Road, Welland, ON	2,600	11.25%	1-Feb-10	Pre-development
7868	400 acres Revelstoke, BC (Revelstoke Mountain Resort)	38,131	12.00%	1-Apr-10	Pre-development

Number	Property Address	Principal	Rate	Maturity*	Type
7872	Val Des Monts Landfill & Quarry, Missiquoi, QC	4,500	12.00%	29-Dec-09	Term
7874	5677 Victoria Avenue, Niagara Falls, ON	1,600	10.50%	On Demand	Term
7875	6169 Garner Road, Niagara Falls, ON	3,305	11.50%	On Demand	Term
7882	16 lots, Promenade du Lac, Cowansville, QC	748	11.00%	On Demand	Pre-development
7884	160 acres, Hamlet of Balzac, AB	4,000	12.00%	On Demand	Pre-development
7894	106.55 acres, Dysart Township, Haliburton, ON	4,300	12.50%	1-Jul-10	Term
7896	264.4 acres – Town of Blackfalds, AB	15,597	12.00%	On Demand	Pre-development
7898	2011 Simcoe Street North, Oshawa, ON	1,320	12.00%	1-Mar-10	Pre-development
7899	14 acres, Lot 1 & 2, Westshore Parkway, Langford, BC	12,159	12.00%	1-Apr-10	Pre-development
7906	36400-26600 Lower Sumas Mountain Rd., Abbotsford, BC	21,998	11.50%	15-Nov-09	Pre-development
7910	9420- 51st Avenue, Edmonton, AB	7,171	20.00%	On Demand	Pre-development
79101	9420- 51st Avenue, Edmonton, AB	2,282	2.25%	1-May-10	Pre-development
7911	319 Carlaw Avenue, Toronto, ON	1,339	12.00%	1-Oct-09	Pre-development
7915	118.76 Acres, NW corner of 144th Ave NW & 69th St., Calgary, AB	4,000	14.00%	On Demand	Pre-development
7917	526 Acres (Hwy 37 & Hwy 28A), Edmonton, AB	6,500	12.00%	1-Dec-10	Pre-development
7921	24 Harbourside Drive, Wolfville, NS	2,000	30.00%	On Demand	Construction
7923	399 Adelaide Street West, Toronto, ON	7,800	12.00%	On Demand	Construction
7924	111 Blue Mountain Drive, Collingwood, ON	5,000	11.50%	15-Jan-10	Pre-development
7927	330 King Street East, Toronto, ON	7,384	13.00%	15-Jul-10	Pre-development
7928	Monterra on Cochrane Lakes Subdivision, Calgary, AB	16,065	12.50%	1-Dec-09	Pre-development
7929	Harbour Isle Halifax, Dartmouth, NS	8,316	12.00%	1-Mar-10	Construction
7932	1201 Dundas Street East, Toronto, ON	935	12.00%	15-Oct-09	Pre-development
7933	3498, 3520 & 3560 Drought Road, Peachland, BC	6,800	12.55%	On Demand	Pre-development
7936	570 acres, Lantzville, BC	3,857	12.00%	1-Feb-10	Pre-development
7939	263 Hurontario Street, Collingwood, ON	3,603	11.50%	1-Jul-10	Pre-development
7940	222, 226 & 230 Mara Lake Lane, Sicamous, BC	2,000	11.00%	31-Mar-10	Pre-development
7942	3022 Island Hwy, Quailcum Beach, Newcastle, BC	1,725	14.00%	15-Sep-10	Pre-development
7943	1549 Victoria St. East, Whitby, ON	3,900	11.50%	15-May-10	Term
7947	Bear Mountain Commercial Properties, Langford, BC	10,451	11.00%	1-Apr-10	Term

Number	Property Address	Principal	Rate	Maturity*	Type
7954	34.5 acres, Goldstream District, Langford, BC	14,776	15.00%	On Demand	Pre-development
7957	155-163 Dundas Street East, Toronto, ON	4,500	11.00%	15-Oct-09	Term
7960	35 properties in various Ontario cities, ON	3,700	14.00%	10-Aug-10	Term
7963	838 West Hastings Street, Vancouver, BC	4,500	12.00%	On Demand	Pre-development
7964	158 Sterling Road, Toronto, ON	3,000	11.00%	15-Sep-10	Pre-development
7965	6800 Columbia Lake Road, East Kootenay, BC	3,492	11.50%	20-Nov-09	Term
7966	12102 – 100 th Street, Grand Prairie, AB (Stonebridge Hotel)	22,500	12.00%	13-Apr-10	Term
7968	5 apartment buildings in Regina, SK	2,500	11.00%	1-Nov-09	Term
7969	121-129 Seventh Ave.SW, Calgary, AB	5,000	13.00%	9-Oct-09	Term
7972	Various Properties- Devon Business Park, Edmonton, AB	2,500	12.50%	15-Jul-11	Term
7976	279 Yonge Street, Barrie, ON	6,500	15.00%	15-Feb-10	Term
7980	14-1st Street, Wasaga Beach, ON	1,000	11.00%	20-Feb-10	Pre-development
7981	10032-62nd Street - 2nd mtg, Edmonton, AB	270	18.00%	1-Jun-10	Term
7982	254-200 Monterra Bay, Cochrane, AB	277	13.50%	1-Jul-10	Construction
7988	645 Dundas Street, Woodstock, ON	4,500	14.00%	15-Jul-10	Term
7990	375 Mapleview Drive West, Barrie, ON	1,950	12.00%	15-Aug-10	Term
9574	160 Brooks Road, Cayuga, ON	2,600	12.75%	22-Sep-11	Term
9813	1455 North Service Road, Oakville, ON	2,753	14.00%	On Demand	Term
9906	36400-26600 Lower Sumas Mountain Rd., Abbotsford, BC	425	24.00%	15-Nov-09	Pre-development
78091	20 High St & 395 Raglan Street, Collingwood, ON	70	12.00%	19-Jun-11	Term
	Total:	486,166			

* "On Demand" indicates Mortgages: (i) which have matured in accordance with their respective terms; (ii) which have not been renewed for any one of a number of reasons; and (iii) in respect of which demand for repayment may be made at any time in accordance with their respective terms.

The Fund offers Units from time to time only if the Partnership finds new Mortgages that meet its quality and risk tolerance criteria, and that can ensure that the weighted average interest yield remains within the target specified above.

The Mortgages listed in the chart above are representative of the types of Mortgages in which the Partnership will invest with the proceeds from the Offering. There can be no assurance that the interest yields on the Mortgages will be representative of interest yields to be obtained on future Mortgage investments of the Partnership; however, the General Partner anticipates that the aggregate un-leveraged interest yield on the Partnership's Mortgage investments will continue to be in excess of 500 basis points above the then current yield to maturity on Government of Canada

bonds, based on the historical performance of the Mortgage investments originated and serviced by the Mortgage Manager.

MANAGEMENT OF THE MORTGAGE PORTFOLIO

The Mortgage Manager is responsible for arranging, underwriting, servicing and syndicating the Partnership's Mortgage investments pursuant to the Mortgage Management Agreement. See "Mortgage Manager" and "Mortgage Management Agreement".

INVESTMENT AND OPERATING POLICIES OF THE PARTNERSHIP

Investment Policies

The Partnership Agreement establishes certain policies and restrictions on investments that the Partnership may make as follows:

- 100% of the Partnership Capital may be invested in First Mortgages, Insured Mortgages, AAA Rated Mortgage Backed Securities and/or Related Investments;
- no more than 20% of the Partnership Capital may be invested in Subordinate Mortgages; collateral Mortgages in second position will not be included in determining the Partnership's allowable investments in Subordinate Mortgages;
- the Partnership may assign all or a portion of a Mortgage or Mortgages held by it (the "Assigned Portion") to one or more arms length third party lenders (the "Assignee Lender(s)") for value provided that: (i) if a portion of such Mortgage or Mortgage(s) (the "Retained Portion") is retained by the Partnership, the Partnership may enter into an agreement with the Assignee Lender(s) as to relative ranking of the Assigned Portion and the Retained Portion; and (ii) if the Retained Portion is subordinate to the Assigned Portion, the Retained Portion will be considered a Subordinate Mortgage and therefore subject to the 20% threshold referenced above;
- no more than 30% of Partnership Capital may be invested in Commercial Mortgage Backed Securities that are not AAA Rated Mortgage Backed Securities;
- no more than 10% of the Partnership Capital may be invested in any single First Mortgage or a Commercial Mortgage Backed Securities pool class;
- the Partnership may not make an investment in, or acquisition of, a Mortgage with a single borrower, if the aggregate of the book value of such investment and the book value of the Partnership's Mortgages, loans or investments already provided to or with such single borrower would exceed 10% of the Partnership Capital;
- when not invested in other Authorized Investments the Partnership Capital will be placed in Authorized Interim Investments;
- the Partnership may participate in Authorized Investments on a syndicated basis with others, including affiliates and associates of the Mortgage Manager and their affiliates and associates, subject to the approvals otherwise required in connection with its investments; and
- notwithstanding any limits stated herein, for risk management purposes only, the Partnership may increase a given investment to more than 10% of the Partnership Capital in order to remedy the default by a borrower of its obligations in respect of a prior ranking security or satisfy the indebtedness secured by a prior ranking security or for any other reason if such action is required to protect the Partnership's investment and if such proposed increase in the Partnership's investment is approved by the General Partner.

The Fund offers Units from time to time only if the receipt of the proceeds of such offering by the Partnership does not impair the Partnership's investment policies as described in this section.

Operating Policies

The Partnership Agreement provides that the operations and affairs of the Partnership are required to be conducted in accordance with the following operating policies:

- the Partnership may borrow funds on commercially reasonable terms subject to the limitation previously described, to acquire or invest in specific Authorized Investments;
- when making an investment in, or an acquisition of, a Mortgage or other Authorized Investment, the General Partner may, in its sole discretion, but will not be obliged to, obtain or review an independent appraisal from a Qualified Appraiser of, and/or a Phase I Environmental Audit on, the underlying Real Property which is the primary security for the Mortgage or other Authorized Investment, and may or may not obtain additional independent appraisals or audits of the underlying property or any additional collateral and other properties securing the Mortgage or other Authorized Investment;
- in addition, in its sole discretion and in satisfaction of the requirements of the immediately preceding paragraph, the General Partner may rely upon an independent appraisal from a Qualified Appraiser and/or a Phase I Environmental Audit in respect of the subject property that has been provided to the Partnership by the borrower;
- approval of an investment or acquisition must be in writing, may be signed in counterparts, in original form or by facsimile, and must be signed by the authorized persons required to approve such investment or acquisition in accordance with the Partnership Agreement;
- when deemed necessary by the General Partner, the Partnership will, where appropriate, establish and manage property tax escrow accounts in respect of the Real Property provided as security for the Partnership's Mortgage investments, if any;
- the legal title to each Authorized Investment may be held by and registered in the name of the General Partner or a corporation or other entity that is an affiliate, associate or subsidiary of the General Partner or its subsidiaries, associates or affiliates. Where the Partnership's interest is held in trust, the trust arrangements must be approved by the General Partner. Where the legal title to an Authorized Investment is held by and registered in the name of an entity wholly-owned by, or affiliated or associated with, the General Partner, or in the name of a person or persons in trust for the Partnership, such entity may hold legal title to such Authorized Investment on behalf of other beneficial owners of such Authorized Investment; and
- the appraised value relied upon for purposes of making a Mortgage investment need not be on an "as is" basis and may be based on stated conditions, including with limitation, completion, rehabilitation, sale or lease-up of improvements located on the Real Property.

Amendments to Investment and Operating Policies

The investment and/or operating policies of the Partnership set out above may be amended, supplemented or replaced from time to time by the General Partner in its sole discretion without the consent, approval or ratification of the limited partners or any other person. In the alternative, the General Partner may elect, but will not be required, to submit any proposed amendments, supplements or replacements to the investment policies and/or operating policies to the limited partners for approval by Ordinary Resolution upon which approval, such amendments, supplements or replacements will be immediately effective without the approval, unanimous or otherwise, of the General Partner. Where the investment and/or operating policies of the Partnership are amended, supplemented or replaced by unanimous approval of the General Partner without the consent, approval or ratification of the limited partners, limited partners will be given written notice of material amendments to the investment policies 30 days prior to the implementation of any such amended investment policies. Notwithstanding anything else to the contrary

set out in the Partnership Agreement, if at any time a government or regulatory authority having jurisdiction over the Partnership or any property of the Partnership will enact any law, regulation or requirement which is in conflict with any investment or operating policy of the Partnership then in force, such policy in conflict will, if the General Partner so resolves, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary herein contained, any such resolution of the General Partner will not require the prior approval of limited partners or any other person.

Collection Activities

The Mortgage Manager monitors the performance of the Mortgage Portfolio, including tracking the status of outstanding payments due, grace periods and due dates, and the calculation and assessment of other applicable charges. The Mortgage Management Agreement requires the Mortgage Manager to make reasonable efforts to collect all payments on account of principal and interest payable on an Authorized Investment where applicable, to cause the borrower to perform its obligations under the Authorized Investment or other security documents relating thereto and to follow collection procedures that are consistent with the Servicing Standard. The Mortgage Manager is required to monitor any loan that is in default, evaluate whether the causes of the default will be corrected by the borrower over a 30 day period without significant impairment of the value of the related mortgaged property, initiate corrective action and take such other actions as are consistent with the Servicing Standard. See "Mortgage Management Agreement".

The time within which the Mortgage Manager may make the initial determination of appropriate action, evaluate the appropriate corrective action, if any, develop additional initiatives, or institute foreclosure, power of sale or other enforcement proceedings on behalf of the Partnership may vary considerably depending on the particular Mortgage loan, the mortgaged property, the borrower, the mortgagor's circumstances as perceived by the Mortgage Manager and the presence of an acceptable party to assume the Mortgage loan. If a borrower makes a proposal, an assignment or takes any other proceedings under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada), the *Winding-Up and Restructuring Act* (Canada) or other insolvency, arrangement or other legislation for the relief of debtors, the Mortgage Manager may not be permitted to accelerate the maturity of the related Mortgage loan, to foreclose the mortgaged property or to exercise power of sale or other mortgage enforcement proceedings for a considerable period of time.

LICENSING AND LEGISLATIVE REGIME

Mortgage brokerages in Ontario are currently regulated under the MBLAA. The MBLAA is administered by the Ontario Ministry of Finance through the Financial Services Commission of Ontario (the "FSCO") and regulates mortgage brokerages which must be licensed under the MBLAA. Under the MBLAA, a "mortgage brokerage" is a person who carries on the business of dealing in mortgages in Ontario. A person is considered to be "dealing in mortgages in Ontario" when such person engages in any of the following activities in Ontario, or holds itself out as doing so: (a) soliciting another person or entity to borrow or lend money on the security of real property; (b) providing information about a prospective borrower to a prospective mortgage lender, whether or not the MBLAA governs the lender; (c) assessing a prospective borrower on behalf of a prospective mortgage lender, whether or not the MBLAA governs the lender; (d) negotiating or arranging a mortgage on behalf of another person or entity, or attempting to do so; or (e) engaging in such other activities as may be prescribed under the MBLAA.

As neither the Fund nor the Partnership will be licensed under the MBLAA, neither the Fund nor the Partnership can engage directly in the business of dealing in mortgages in Ontario, and must therefore conduct its mortgage investment activities under contract with the Mortgage Manager, a licensed mortgage brokerage and mortgage administrator.

A mortgage brokerage must obtain a license issued by the Superintendent of Financial Services (the "Superintendent") who is the chief executive officer of the FSCO. These licenses are for a term of two years and are subject to a fee established by the Minister of Finance. The Mortgage Manager, which will perform mortgage brokerage services on behalf of the Partnership pursuant to the Mortgage Management Agreement, currently holds a valid license under the MBLAA sufficient to permit it to carry on the activities contemplated in the Mortgage Banking Agreement and operates in compliance with the requirements of the MBLAA. The Mortgage Manager's license under the MBLAA qualifies it to syndicate Mortgage loans.

The Superintendent has wide authoritative power over mortgage brokerages, including the power to grant or renew licenses, to revoke licenses, to attach conditions to a license, to investigate complaints made regarding the conduct of registered mortgage brokerages, and to accept or reject a prospectus submitted by a registered mortgage brokerage as required under the MBLAA when dealing in certain property located outside of Ontario.

Under the MBLAA and its regulation there are several requirements a mortgage brokerage must meet in order to obtain or renew a license. The MBLAA also imposes a continuing obligation on registered mortgage brokerages to remain in compliance with the MBLAA, failing which the Superintendent may revoke the license.

Generally, a mortgage brokerage will not be granted a license or a renewal of a license if, having regard to the financial position of the mortgage brokerage, it could not reasonably be expected that the mortgage brokerage would be financially responsible in the conduct of its business. In addition, a license will not be granted or renewed if the past conduct of the applicant is such that it provides reasonable grounds for the Superintendent to believe that the mortgage brokerage will not conduct business legally and with integrity and honesty. In the case of a corporate mortgage brokerage, the Superintendent will look to the past conduct of the directors and officers of the corporation.

Subject to certain exceptions, every individual mortgage broker and active officers and directors of a corporate mortgage brokerage must complete an education program approved by the Superintendent.

Mortgage brokerages are regulated provincially and as such the licensing and registration requirements vary by province. The Mortgage Manager has taken all necessary steps to see it is in compliance with all relevant licensing and registration requirements in all provinces where it conducts business.

The Mortgage Manager also performs ongoing administrative services to the Fund pursuant to the Trust Management Agreement. On September 28, 2009, NI 31-103 came into force. NI 31-103, among other things, introduces a new "investment fund manager" registration requirement. If it is determined that the Mortgage Manager, by performing ongoing administrative services to the Fund under the Trust Management Agreement, is acting as an "investment fund manager", the Mortgage Manager intends to make application for registration as an investment fund manager in compliance with NI 31-103.

MANAGEMENT OF THE PARTNERSHIP

The Partnership is under the general control and direction of the General Partner, including the day-to-day operations of the Partnership, but the provision and supervision of the Partnership's investments is carried out by the Mortgage Manager. The General Partner may appoint an advisory board from time to time to advise the Partnership in respect of its business and investments. See "Structure", "The General Partner" and "Mortgage Manager". The sole officer and director of the General Partner is Blake Cassidy, an employee of the Mortgage Manager having 18 years experience in commercial and residential financing.

The Mortgage Manager has entered into the Mortgage Management Agreement with the Partnership and is entitled to earn a fee for providing services to the Partnership. The Mortgage Manager must render its services under the Mortgage Management Agreement honestly, diligently and in good faith and must use reasonable commercial efforts to perform its duties and responsibilities under the Mortgage Management Agreement; however, the Mortgage Manager, its directors and officers, its affiliates, members of its credit committee and their affiliates may at any time and currently do engage in promoting or managing other entities or their investments including real property financing that may compete directly or indirectly with the Partnership. The Mortgage Manager intends to and has established other investment vehicles that may involve transactions which conflict with the interests of the Fund or the Partnership. See "Mortgage Management Agreement" and "Conflicts of Interest".

In addition, the Mortgage Manager has sole discretion in determining which Mortgages and investments it will make available to the Partnership for investment and will, at the same time and on an on-going basis, be sourcing investment opportunities for its own account or the account of others. The Mortgage Manager, in exercising its discretion, will use its best judgment and act in such manner as it sees fit, having regard to the relative sizes, investment objectives, portfolio composition and financial capabilities of all of the entities involved, including the Partnership. See "Mortgage Manager".

Although none of the directors or officers of the General Partner or the Mortgage Manager will devote all of his or her full time to the business and affairs of the General Partner and the Partnership, each will devote as much time as is necessary to supervise the management of, and to manage or to advise on the business and affairs of, the Partnership and its business. Whenever a conflict of interest arises between the Partnership, on the one hand, and the Mortgage Manager on the other hand, the parties involved in resolving that conflict or determining any action to be taken or not taken will be entitled to consider the relative interests of all of the parties involved in the conflict or that will be affected by such action, any customary or accepted industry practices, and such other matters as the parties deem appropriate in the circumstances. The Partnership Agreement contains conflicts of interest provisions requiring the General Partner to disclose material interests in material contracts and transactions. See "Conflicts of Interest".

The General Partner

The General Partner is a corporation incorporated under the laws of the Province of Ontario. The General Partner acts as the General Partner of the Partnership in accordance with the Partnership Agreement (see "Partnership Agreement") and performs the day-to-day management of the Partnership's business. The General Partner receives reimbursement of reasonable expenses incurred in connection with its duties as General Partner.

The Partnership reimburses the General Partner for all costs incurred by the General Partner in the performance of its duties as General Partner under the Partnership Agreement including, but not limited to, the costs of formation, organization and maintenance of the Partnership, fees and disbursements relating to the business of the Partnership, taxes, interest and all other costs or amounts, if any, incurred with respect to borrowing or the security provided therefore, and all other direct costs of the Partnership, excluding expenses of any action, suit or other proceeding in which or in relation to which the General Partner is adjudged to be in breach of any duty or responsibility imposed on it under the Partnership Agreement. The General Partner, at the expense of the Partnership, retains third parties, including related third parties, to provide assistance to it in providing its services to the Partnership. The General Partner may appoint an advisory board from time to time to advise the Partnership in respect of its business and investments. The sole shareholder of the General Partner is Romspen Holdings Inc.; (formerly 2049187 Ontario Ltd.), an Affiliate of the Mortgage Manager. See "Management of the Partnership".

DECLARATION OF TRUST

The Declaration of Trust provides that the assets and operations of the Fund are subject to the control and direction of a minimum of three and a maximum of five Trustees. The current number of Trustees is four. The number of Trustees within such range may be fixed by Ordinary Resolution of the Unitholders from time to time. Notwithstanding the foregoing, between annual meetings of Unitholders, the Trustees may appoint one or more additional Trustees to serve until the next annual meeting of Unitholders, but the number of additional Trustees will not at any time exceed 100% of the number of Trustees who held office at the later of the time immediately after the execution of the Declaration of Trust and the expiration of the last annual meeting of Unitholders. The Trustees may also fill any vacancies that occur during the year as set out in the Declaration of Trust. Provided that Romspen Investment Corporation remains the Mortgage Manager, Romspen Investment Corporation shall have the right to appoint three Trustees.

The Declaration of Trust provides that at least $2/3^{\text{rds}}$ of the Trustees, or if a Trustee is a corporation or other non-individual, $2/3^{\text{rds}}$ of the directors, officers or persons performing equivalent functions of the corporation or other non-individual, must have at least five years of relevant experience in the real estate, mortgage, banking, legal or investment industries relevant to the principal purpose of the Fund. Subject only to the specific limitations contained in the Declaration of Trust, the Trustees have, without further or other action or authorization and free from any control or direction on the part of the Unitholders, full, absolute and exclusive power, control and authority over the assets of the Fund and over the operations of the Fund to the same extent as if the Trustees were the sole and absolute beneficial owners of such assets in their own right, to do all such acts and things as in their sole judgment and discretion are necessary or incidental to, or desirable, for the carrying out of any of the purposes of the Fund or for conducting the operation of the Fund. To the maximum extent permitted by law, the Trustees, in carrying out investment activities, are not, and will not, be in any way restricted by the provisions of the laws of any jurisdiction limiting or purporting to limit investments which may be made by the Trustees. For further clarification, the

Trustees are not, and will not, be required to have regard to the criteria for investment for prudent trustees prescribed by the laws pertaining to trustees in any jurisdiction. In addition to the broad powers to manage the operations of the Fund solely in their discretion as described above, the Trustees have the authority to allow a Fund Manager, committee or other persons to administer and regulate the operation of the Fund, to act as agents for the Fund, to execute documents on behalf of the Fund and the Trustees and to make executive decisions which conform to the general policies and principles and the investment and operating policies established by the Trustees.

The Trustees also have the power to delegate to a committee or committees, which may be comprised of all or less than all of the Trustees or persons who are not Trustees, a Fund Manager or other advisors any of the powers of the Trustees, including the responsibility for administering the Fund on a day to day basis, performing the record keeping and reporting functions of the Fund and managing the investments of the Fund, subject to the overriding authority of the Trustees and the requirement for each Trustee to exercise the powers and discharge the duties of his or her office honestly, in good faith and with a view to the best interests of the Fund and the Unitholders. For greater certainty, to the extent that the Trustees contract or delegate the performance of all or a portion of their activities to a Fund Manager, a Trustee or other advisor, they are deemed to have satisfied the aforesaid standard of care. The paragraphs above set out generally the powers of the Trustees to administer the Fund. The Declaration of Trust contains a list of specific powers granted to the Trustees, which specific powers in no way limit the general powers and authority described above. Please refer to the Declaration of Trust for the specific powers granted to the Trustees.

Unless otherwise required by law, the Trustees will not be required to give bond, surety or security in any jurisdiction for the performance of any duties or obligations under the Declaration of Trust, nor will the Trustees be required to devote their entire time to the investments, purpose or affairs of the Fund. The Declaration of Trust limits the liability of the Trustees to the Fund and the Unitholders, restricting liability to gross negligence, willful misconduct or actual fraud by a Trustee. The Declaration of Trust further provides an indemnity for each Trustee and officer of the Fund by the Fund and states that, in the exercise of the powers, authorities or discretion conferred upon the Trustees by the Declaration of Trust or any other agreement, the Trustees are conclusively deemed to be acting as trustees of the assets of the Fund and will not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges, damages, penalties or expenses against or with respect to the Fund or the assets or property of the Fund and, without limiting the generality of the foregoing, the Fund will be solely liable therefore and resort will be had solely to the Fund assets for payment or performance thereof.

Trustees are entitled to receive such reasonable compensation, if any, as the Trustees may determine from time to time for their services as Trustees, including compensation for attending board or committee meetings. Trustees are also entitled to reimbursement of their reasonable out-of-pocket expenses incurred in acting as a Trustee and to receive remuneration, as determined by the Trustees, for services rendered to the Fund in any other capacity, either directly or indirectly. Such services may include, without limitation, services as an officer of the Fund, legal, accounting or other professional services or services as a broker or underwriter, whether performed by a Trustee or any person affiliated or associated with a Trustee.

Under the provisions of the Mortgage Management Agreement, a Trustee who is also a director, officer or employee of the Mortgage Manager will be paid such compensation, if any, by the Mortgage Manager. Currently all of the Trustees are directors and officers of the Mortgage Manager. See "Trustees of the Fund" and "Mortgage Manager".

Conflict of Interest Restrictions and Provisions for Trustees

The Declaration of Trust contains conflict of interest provisions that are intended to protect Unitholders without creating unreasonable limitations on the Fund. Given that the Trustees are engaged in a wide range of activities, the Declaration of Trust contains provisions that require each Trustee of the Fund to disclose to the Fund any material interest in a material contract or transaction or proposed material contract or transaction with the Fund or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Fund and, unless the result would be that no Trustee is available to vote on the contract or transaction, to refrain from voting thereon. Such disclosure is required to be made at the first meeting at which a proposed contract or transaction is considered. If all of the Trustees have a material interest in a material contract or transaction or proposed material contract or transaction, then, provided the required disclosure has been made by each of the Trustees, the Trustees may proceed

to consider and vote on any resolution to approve the contract or transaction or proposed contract or transaction which is the subject of the Declaration of Trust if they in good faith determine that it is commercially reasonable to do so. A Trustee complying with the conflicts of interest provisions set out in the Declaration of Trust will not be subject to any liability to the Fund, the Trustees or the Unitholders with respect to such contract, transaction or proposed contract or transaction as aforesaid.

In the event that a meeting of Unitholders is called to confirm or approve a contract or transaction or proposed contract or transaction in which a Trustee is interested as aforesaid, the extent of the interest in the contract or transaction or proposed contract or transaction of the Trustee will be disclosed in reasonable detail in the notice calling the said meeting of Unitholders or in any information circular to be provided in respect thereof.

Where a material contract is made or a material transaction is entered into between the Fund and a Trustee, or between the Fund and another person of which a Trustee is a director or officer or in which he has a material interest and such person disclosed his interest in accordance with the Declaration of Trust, and the contract or transaction was approved in good faith, then such person is not accountable to the Fund or to the Unitholders for any profit or gain realized from the contract or transaction and the contract or transaction is neither void nor voidable by reason only of that relationship or by reason only that such person is present at or is counted to determine the presence of a quorum at the meeting or voted at the meeting that authorized the contract or transaction.

Subject to the paragraph immediately above, and except in respect of the material agreements entered into on or before the Closing, where a Trustee fails to disclose his interest in a material agreement or transaction in accordance with the Declaration of Trust or otherwise fails to comply with those provisions, the Trustees or any Unitholder, in addition to exercising any other rights or remedies in connection with such failure exercisable at law or in equity, may apply to a court for an order setting aside the contract or transaction and directing that such person account to the Fund for any profit or gain realized therefrom. It is specifically acknowledged in the Declaration of Trust that the Fund or the Partnership have or will in the future enter into agreements or transactions with the Mortgage Manager or its affiliates or associates for the provision of products or services by the Mortgage Manager or its affiliates or associates to or for the Fund or the Partnership, that the Trustees are all directors or officers of the Mortgage Manager and that any amounts charged to the Fund or the Partnership for such products or services will be determined in a commercially reasonable manner. See "Management of the Fund" and "Risk Factors".

Trustees

The name and municipality of residence, office held with the Fund and the principal occupation of each Trustee of the Fund are as follows:

Name and Municipality of Residence	Position with the Fund	Principal Occupation
Sheldon C. Esbin Toronto, Ontario	Chairman and Trustee	Managing General Partner of the Mortgage Manager
Mark L. Hilson Toronto, Ontario	Vice President and Trustee	Managing General Partner of the Mortgage Manager
Arthur E. Resnick Toronto, Ontario	Vice President and Trustee	Managing Partner of the Mortgage Manager
Wesley N. Roitman Toronto, Ontario	Vice President and Trustee	Managing General Partner of the Mortgage Manager

The following are brief biographies of the Trustees and officers of the Fund, including the nature and extent of their experience in the mortgage and real estate industries and their principal occupations during the last five years.

Sheldon C. Esbin

Mr. Esbin is a Managing General Partner of the Mortgage Manager where he has been employed since 1992 and oversees all operations of the Fund. Mr. Esbin together with Arthur Resnick co-founded Romspen in the early 60's.

Prior to founding Romspen, Mr. Esbin practiced law for 26 years at Spencer Romberg during which time he also lectured, served on professional boards and authored numerous legal articles. Mr. Esbin graduated from Osgoode Hall Law School in 1964 and was called to the Ontario Bar in 1966, with Honours (Law Society prize).

Mr. Esbin is an active collector of Toronto archival material and is an avid supporter of many organizations involved in the preservation of Toronto's historical past.

Mark L. Hilson

Mr. Hilson is a Managing General Partner of the Mortgage Manager where he has been employed since 2008 and oversees the Fund's overall operation and performance.

Previously, he worked at Onex Corporation for 22 years where he was a Managing Director. Prior to joining Onex, he was an Associate in the Mergers and Acquisitions Group at Merrill Lynch and a Brand Manager at Procter & Gamble. Mr. Hilson has an MBA (George F. Baker Scholar) from the Harvard Graduate School of Business Administration and an Honours Bachelor of Business Administration (Gold Medalist) from Sir Wilfrid Laurier University.

Arthur E. Resnick

Mr. Resnick is a Managing Partner of the Mortgage Manager where he has been employed since 1992 and oversees investor relations for the Fund. Mr. Resnick was a co-founder of Romspen along with Sheldon Esbin in the early 60's.

Mr. Resnick practiced with the law firm of Spencer Romberg specializing in real estate and mortgage law from the time he was admitted to the Ontario bar in 1969. He has a Bachelor of Commerce degree from the University of Toronto and a Bachelor of Law degree from Osgoode Hall Law School.

Wesley N. Roitman

Mr. Roitman is a Managing General Partner of the Mortgage Manager where he has been employed since 2004 and oversees the Fund's overall operation and performance.

Previously, he was General Partner of St. Aubyn's Partnership and prior to this he was Executive Vice President and Chief Operating Officer of Northern Financial Corporation. From 1996 to 1999 Mr. Roitman was Chief Financial Officer of PSINet Limited, a large NASDAQ listed international internet service provider.

Mr. Roitman has a Bachelor of Science in Mathematics and Actuarial Science from the University of Toronto.

MORTGAGE MANAGER

The Partnership conducts its mortgage investment activities under contract with the Mortgage Manager. See "Licensing and Legislative Regime".

The Mortgage Manager is a corporation incorporated under the laws of the Province of Ontario and acts as the Partnership's loan originator, underwriter, servicer and syndicator. The Mortgage Manager has been in the business of originating, underwriting, servicing and syndicating mortgage loans since 1992 and is licensed by the Financial Services Commission of Ontario as a mortgage brokerage. The principals of the Mortgage Manager have been active in the industry since 1969. The Mortgage Manager was initially incorporated to acquire a pool of privately financed Mortgages. Since then, Mortgage Manager's principals have continuously provided a service-oriented mortgage and credit facility to Ontario real estate investors, developers and entrepreneurs. Currently, the Mortgage Manager manages what is believed to be one of Ontario's largest private funds of syndicated Mortgages.

The Mortgage Manager's expertise has been built through funding borrowers whose property or application is not appropriate for traditional lending institutions or where traditional lending institutions will take too long to process

the application. The Mortgage Manager views its structure and lending guidelines to provide it a competitive advantage which has enabled it to be a leader in the mortgage industry in terms of providing timely commitments to finance. Management believes that no mortgage lender is faster than the Mortgage Manager in assessing and responding to a request for funds. The Mortgage Manager has a reputation for completing transactions in a timely and flexible manner, which has earned it repeat business. The growth of the Mortgage Manager is dependent on its ability to source safe and secure loans. The Mortgage Manager currently has 23 full time employees.

The reluctance of large institutional lenders to enter into the niche markets in which the Fund invests has made available high quality investment opportunities in which the Mortgage Manager has specialized since 1992 and through its predecessors since 1966. The Mortgage Manager is well known in the non-bank real estate lending industry in Ontario and it sources potential transactions principally through a network of licensed mortgage brokerages, repeat borrowers and its reputation, which the Fund's management expects will continue to be enhanced through the activities of the Fund.

Since its inception, the Mortgage Manager has operated in the similar market niches targeted by the Partnership and in the first quarter of 2006 originated approximately \$57.7 million in funded transactions. As at March 31, 2006, the Mortgage Manager had approximately \$275 million in commercial mortgage investments under management, representing approximately 80 Mortgages.

The following table illustrates the dollar value of Mortgages under administration by the Mortgage Manager as of December 31 annually and annual growth rates in the size of the mortgage portfolio administered by the Mortgage Manager for the period from 1996 to 2005:

Year	Mortgage Portfolio (\$millions)	Annual Growth
1996	25.6	0.0%
1997	29.5	15%
1998	36.6	24%
1999	53.0	45%
2000	76.8	45%
2001	86.6	13%
2002	113.9	32%
2003	144.1	27%
2004	194.3	35%
2005	246.6	27%

For a table illustrating the dollar value of Mortgages held by the Fund as of December 31 annually and annual growth rates in the size of the Fund's mortgage portfolio since the Fund's inception, see "Fund Performance".

Past Performance

While focused exclusively in the mid-tier mortgage markets, the Mortgage Manager has returned highly attractive yields to its investor base. Specifically, the Mortgage Manager's approval, management and hands-on monitoring processes have resulted in minimal losses from defaults. Over the period from January 1, 1996 to December 31, 2005, only approximately \$1.5 million has been written off due to mortgage default on approximately \$514 million in Mortgage investments - a realized loss rate of 0.28%. See "Fund Performance" for write-off and loss rate information related to the Fund.

The following table illustrates the average annual compounded time-weighted rate of return calculated under cash basis accounting on the syndicated mortgage portfolio administered by the Mortgage Manager as of December 31, 2005.

1 Year	3 Years	5 Years	10 Years
9.9%	9.8%	10.0%	10.1%

Since the Fund commenced operations on January 16, 2006, the Fund represents the vast majority of the Mortgages administered by the Mortgage Manager. For a description of the actual performance of the Fund since it commenced operations on January 16, 2006. See "Fund Performance".

Management Team

The name and municipality of residence and the position held with the Mortgage Manager of the principal members of the management team of the Mortgage Manager are as follows:

Name and Municipality of Residence	Position with the Mortgage Manager
Blake A. Cassidy Toronto, Ontario	Managing Partner and Director
Sheldon C. Esbin Toronto, Ontario	Managing General Partner and Director
Mark L. Hilson Toronto, Ontario	Managing General Partner and Director
Arthur E. Resnick Toronto, Ontario	Managing Partner and Director
Wesley N. Roitman Toronto, Ontario	Managing General Partner and Director

MORTGAGE MANAGEMENT AGREEMENT

The statements in this Offering Memorandum concerning the Mortgage Management Agreement are intended to be only a summary of the provisions of such agreement and do not purport to be complete. A copy of the Mortgage Management Agreement will be provided to each prospective purchaser on request in writing to the Trustees. All capitalized terms in this section not otherwise defined herein shall have the meaning as set out in the Mortgage Management Agreement.

Services

Pursuant to the Mortgage Management Agreement, the Mortgage Manager is required, among other things, to:

- use its reasonable efforts to present to the Partnership investment opportunities consistent with the investment policies and objectives of the Partnership, which investments will mainly consist of whole or partial interests in Mortgages;
- provide the Partnership with information relating to proposed acquisitions, dispositions, financing and Mortgage investments;
- service and administer the Partnership's investments on behalf of the Partnership, including holding the Partnership's interest in an Authorized Investment as nominee and bare trustee for and on behalf of the Partnership, maintaining records and accounts in respect of each eligible investment, remitting to the

Partnership all amounts received by the Mortgage Manager on account of the Partnership's interest in an investment and on a monthly basis forwarding to the Partnership a monthly statement of account in respect of all Authorized Investments in which the Partnership has an interest;

- assist the General Partner to formulate and modify the Partnership's investment policies and investment objectives when appropriate, and to report to the Partnership in connection with or relative to the Partnership's investments as may be required from time to time by the Partnership acting reasonably;
- investigate, select and conduct relations with consultants, borrowers, lenders, mortgagors and other mortgage and investment participants, accountants, originators or brokers, correspondents and mortgage managers, technical advisors, lawyers, underwriters, brokers and dealers, corporate fiduciaries, escrow agents, depositories, custodians, agents for collection, insurers, insurance agents, banks, investors, builders and developers; to employ, retain and supervise such persons and the services performed or to be performed by such persons in connection with the Partnership's investments and to substitute any such party or itself for any other such party or for itself;
- provide those services as may be required in connection with the collection, handling, prosecuting and settling of any claims of the Partnership with respect to the Partnership's investments, including foreclosing and otherwise enforcing Mortgages and other liens and security interests securing the Partnership's investments;
- provide office space, office equipment and necessary executive, clerical and secretarial personnel for the performance of its services as Mortgage Manager;
- if required in accordance with the investment policies or operating policies, obtain an appraisal and/or a Phase I Environmental Audit of Real Property with respect to Mortgage interests which are being acquired or with respect to which a Mortgage loan or commitment is being made;
- act on behalf of the Partnership as its nominee or agent in connection with acquisitions or dispositions of the Partnership's investments, the execution of deeds, Mortgages or other instruments in writing for or on behalf of the Partnership and the handling, prosecuting and settling of any claims of the Partnership relating to the Partnership's investments including the foreclosure or other enforcement of any Mortgage, lien or other security interest securing the Partnership's investments;
- deliver to the Partnership portfolio reports from time to time with respect to the investments held by the Partnership and provide any other information or documentation relating to such Partnership's investments as maybe reasonably requested by the General Partner; and
- generally perform such other acts as a mortgage loan administrator would perform in the administration of the Partnership's investments and the related property. Under the Mortgage Management Agreement, the Mortgage Manager will have the exclusive right, during the term of the Agreement, to present, underwrite and syndicate all Authorized Investments for acquisition by the Partnership and to manage the Partnership's investments.

The Mortgage Manager has agreed to fulfill the role and provide the services set out in the Mortgage Management Agreement in an honest and diligent manner, in good faith and to the best of its ability. The Mortgage Manager has further agreed to service the Partnership's portfolio of Authorized Investments in the same manner, and with the same care, skill, prudence and diligence, with which it services and administers its current Mortgage loans, giving due consideration to customary and usual standards of practice employed by mortgage loan administrators and mortgage managers with respect to loans comparable to the Partnership's investments and to exercise reasonable business judgment in accordance with applicable law to maximize recovery under the Partnership's investments.

Mortgage Manager's Irrevocable Option to Purchase

Notwithstanding any other provision of the Mortgage Management Agreement, the Partnership has granted to the Mortgage Manager the irrevocable right at any time to purchase a Partnership investment for a purchase price equal to Partnership's percentage interest in the principal amount of such Mortgage plus any accrued interest payable thereon calculated as at the end of business on the day immediately preceding the purchase date, less all accrued costs and expenses relating to the Partnership.

Fees

In consideration of the performance of its services under the Mortgage Management Agreement, the Mortgage Manager is entitled to a fee (the "Fee") in an amount equal to 1.00% per annum of the outstanding principal balance of all of the Mortgage Portfolio plus 1.00% per annum of the fair market value of any other non-mortgage Partnership investments beneficially owned or held directly or indirectly by the Partnership. Such fee shall be calculated daily, aggregated and paid in monthly installments on the last day of each month. The fee may be paid to the Mortgage Manager by the Partnership or by way of deduction from payments received directly by the Mortgage Manager from borrowers pursuant to such Mortgage loans. For the period ending December 31, 2006 the Fee was approximately \$2.3 million; for the period ending December 31, 2007 the Fee was approximately \$3.8 million; for the period ending December 31, 2008 the Fee was approximately \$4.7 million; for the period ending September 30, 2009 the Fee was approximately \$3.4 million. The Fee for any partial month will be pro rated based upon the number of days in such month in respect of which the Fee is being paid. In addition, the Mortgage Manager will be entitled to all lender, broker, origination, commitment, renewal, extension, discharge, participation, NSF and administration fees ("Lender/Broker Fees") generated on the Authorized Investments it arranges and presents to the Partnership. For the period ending December 31, 2006 the Lender/Broker Fees totaled approximately \$6.0 million; for the period ending December 31, 2007 the Lender/Broker Fees totaled approximately \$6.4 million; for the period ending December 31, 2008 the Lender/Broker Fees totaled approximately \$7.0 million for the period ending September 30, 2009, the Lender/Broker Fees totaled approximately \$2.6 million.

The fees payable to the Mortgage Manager under the Mortgage Management Agreement are commensurate with fees paid to other entities providing similar services and to the fees charged by the Mortgage Manager for similar services provided to its other clients. The obligation of the Partnership to the Mortgage Manager are secured by the Partnership General Security Agreement. The Fund has agreed to guarantee payment of the amounts owing to the Mortgage Manager from time to time by the Partnership under the terms of the Mortgage Management Agreement. Under the terms of the Guarantee, the Mortgage Manager is required to take reasonable steps to exercise its remedies against the Partnership before exercising its rights under the Guarantee. The Guarantee is secured by the Fund General Security Agreement. See "Material Agreements".

Under the Mortgage Management Agreement, the Mortgage Manager is responsible for the employment expenses of its personnel, including but not limited to, salaries, wages and the cost of employee benefit plans and temporary help expenses, expenses of the Trustees who are directors, officers or employees of the Mortgage Manager or an affiliate of the Mortgage Manager (except expenses incurred in attending meetings of Trustees or a committee appointed by the Trustees), costs associated with the sourcing and arranging of eligible investments for presentation to the Partnership, rent, telephone, utilities, office furniture and supplies, equipment and machinery and other office expenses of the Mortgage Manager and miscellaneous administrative expenses relating to the performance by the Mortgage Manager of its functions under the Mortgage Management Agreement.

Liability and Indemnity

The Mortgage Manager will only be liable to the Partnership, the General Partner or the Fund, as the sole Limited Partner of the Partnership or anyone claiming by, through or under any of them, or to any successor or assign of the Partnership, the General Partner, the Fund or anyone claiming by, through or under any of them by reason of acts constituting bad faith, willful misconduct or gross negligence in respect of its duties under the Mortgage Management Agreement. The Partnership has agreed to indemnify and hold harmless the Mortgage Manager, as well as its directors, officers, shareholders, employees, affiliates and agents, from and against any and all liabilities, losses, claims, damages, penalties, actions, suits, demands, costs and expenses including, without limiting the

foregoing, reasonable legal fees and expenses, arising from or in connection with any actions or omissions which the Mortgage Manager takes as Mortgage Manager under the Mortgage Management Agreement, provided that such action or omission is taken, or not taken, in good faith and without willful misconduct or gross negligence or is taken pursuant to and is in compliance with that agreement. This indemnity will survive the removal or resignation of the Mortgage Manager in connection with any and all of its duties and obligations under the Mortgage Management Agreement.

Term and Termination

The Mortgage Management Agreement continues in force until terminated in accordance with its provisions. The Mortgage Management Agreement is terminable by the Partnership on 12 months notice or at any time upon the occurrence of an Event of Termination on the part of the Mortgage Manager as set out in the Mortgage Management Agreement. The Mortgage Management Agreement is terminable by the Mortgage Manager at any time upon the occurrence of an Event of Termination on the part of the Partnership or upon six months prior written notice to the General Partner. Upon termination and for a period of six months following the effective date of termination, the Mortgage Manager is entitled, upon at least five days written notice to the General Partner, to repurchase all or a portion of the Partnership's investments existing as at the effective date of termination, in its sole discretion, from the Partnership within 60 days of such notice for an amount, payable in cash or by way of set-off against amounts owing by the Partnership to the Mortgage Manager, equal to the outstanding principal balance of, or the Partnership's percentage interest in, such Partnership investments plus interest accrued thereon up to the date immediately preceding the purchase date in respect of such Partnership investments. Upon the termination of the Mortgage Management Agreement by the Partnership (other than for cause or following the notice period set out in the agreement) or upon termination by the Mortgage Manager upon the occurrence of an Event of Termination in respect of the Partnership, the Partnership will forthwith pay to the Mortgage Manager an amount equal to 2% of the fair market value of the Partnership's assets under administration on the date on which the Mortgage Manager receives a notice of termination under the Mortgage Management Agreement in addition to any other amounts which are due and owing to the Mortgage Manager by the Partnership up to and including the day immediately preceding the effective date of the termination of the Mortgage Management Agreement. These amounts will be satisfied by the payment of cash, in interests in Mortgages or in such combination thereof as determined by the Mortgage Manager.

Acknowledgements

The Partnership acknowledges that the Mortgage Manager, or its directors, officers, shareholders, employees and Affiliates, may purchase with their own funds and own as a co-lender, a percentage interest in an investment that the Mortgage Manager presents to the Partnership for acquisition and that the Mortgage Manager may also sell undivided percentage interests in such investments to other co-lenders. The Partnership also acknowledges that the Mortgage Manager may hold a subordinated portion in a Mortgage which is presented to the Partnership and the rate of return on such subordinated portion may vary from the Partnership's rate of return. The Partnership also consents to and acknowledges, among other things, that: (i) the directors, officers, employees, affiliates and associates of the Mortgage Manager are engaged in a wide range of investing and other business activities, which may include real property financing in direct competition with the Partnership, and the Mortgage Manager intends to and has established other investment vehicles which may involve transactions which conflict with the interests of the Partnership; (ii) the services of the Mortgage Manager and its directors, officers and employees are not exclusive to the Partnership and the Mortgage Manager, its directors, officers, employees and affiliates may at any time engage in promoting or managing any other entity or its investments including those which may compete directly or indirectly with the Partnership; (iii) the Mortgage Manager may, from time to time, charge brokers' fees, lenders' fees, commitment fees, renewal fees, NSF fees, administration fees, discharge fees and similar fees to borrowers with respect to the eligible investments and all of such fees will be and remain the sole property of the Mortgage Manager; and (iv) the Mortgage Manager is under no obligation to make payments to the Partnership under the Mortgage Management Agreement in respect of an eligible investment unless and until payments are received by the Mortgage Manager from the borrower or other applicable person in respect of the eligible investment in any particular month. See "Management of the Fund" and "Risk Factors".

FUND PERFORMANCE

The Fund's audited annual financial statements for the period ended December 31, 2008 and unaudited interim financial statements for the period ended September 30, 2009 are available on the Fund's website at: www.romspen.com.

The following table illustrates the dollar value of mortgages held by the Fund as of December 31 annually and annual growth rates in the size of the mortgage portfolio since the Fund's inception:

	2006*	2007	2008	2009**
Mortgages (\$millions)	301.6	427.8	500.8	486.2
Annual Growth	89%	42%	17%	(3%)

* From January 16, 2006, the date of inception, to December 31, 2006

** For the nine months ended September 30, 2009

For a table illustrating the dollar value of mortgages under administration by the Mortgage Manager as of December 31 annually and annual growth rates in the size of the mortgage portfolio since 1996, see "Mortgage Manager".

With respect to the Fund's Mortgage Portfolio, the Mortgage Manager's approval, management and hands-on monitoring processes have resulted in minimal losses from defaults. Since the Fund's inception, only approximately \$1.3 million has been written off due to mortgage default on approximately \$757 million in Mortgage investments; a loss rate of approximately 0.17%. The Fund had reserved approximately \$9.7 million (or approximately \$0.21 per Unit) for unrealized loan losses as of September, 2009. See "Mortgage Manager - Past Performance" for write-off and loss rate information related to the Mortgage Manager generally.

The following is the Fund distribution, return* and unit value history since its inception in early 2006.

2009 (to September 30th)

	Q1	Q2	Q3	Q4	Total
Distribution per Unit	\$0.21	\$0.21	\$0.21	n/a	n/a
Annual Return	9.5%	9.2%	8.8%	n/a	n/a
Unit Value, at Quarter End	\$9.98	\$9.97	\$9.96	n/a	n/a

2008

	Q1	Q2	Q3	Q4	Total
Distribution per Unit	\$0.25	\$0.24	\$0.24	\$0.22	\$0.95
Annual Return	10.5%	10.4%	10.3%	9.9%	9.9%
Unit Value, at Quarter End	\$9.99	\$9.98	\$9.98	\$9.97	\$9.97

2007

	Q1	Q2	Q3	Q4	Total
Distribution per Unit	\$0.25	\$0.25	\$0.25	\$0.25	\$1.00
Annual Return	10.4%	10.5%	10.5%	10.5%	10.5%
Unit Value, at Quarter End	\$9.99	\$10.00	\$9.99	\$9.98	\$9.98

2006

	Q1	Q2	Q3	Q4	Total
Distribution per Unit	\$0.20	\$0.24	\$0.25	\$0.26	\$0.95
Annual Return	10.0%	10.0%	10.1%	10.3%	10.3%
Unit Value, at Quarter End	\$9.99	\$10.00	\$10.01	\$9.99	\$9.99

*Annual return at each quarter end is the compounded rate of return to investors over the trailing twelve month period. As the Fund was established January 16, 2006, annual returns for the first three quarters of 2006 are based on annualizing year-to-date results at each quarter-end.

For a table illustrating the average annual compounded rate of return to investors calculated under cash basis accounting on the syndicated mortgage portfolio administered by the Mortgage Manager prior to 2006. See "Mortgage Manager - Past Performance".

MATERIAL AGREEMENTS

The following is a list of the material agreements, other than contracts entered into in the ordinary course of business, entered into by the Fund:

- Fund General Security Agreement;
- Guarantee;
- Mortgage Management Agreement;
- Partnership General Security Agreement; and
- Declaration of Trust.

DESCRIPTION OF UNITS**Description of Units**

Units are subject to the terms and conditions of the Declaration of Trust. The statements in this Offering Memorandum concerning the Declaration of Trust are intended to be only a summary of the provisions of the Declaration of Trust and do not purport to be complete. A copy of the Declaration of Trust will be provided to each prospective Subscriber on request in writing to the Trustees. Prior to executing a Subscription Agreement, each prospective Subscriber should review with his, her or its advisors the provisions of the Declaration of Trust for the complete details of these provisions and all other provisions thereof. All capitalized terms in this section not otherwise defined herein shall have the meaning as set out in the Declaration of Trust.

The Fund is an unincorporated closed-end investment trust created pursuant to the Declaration of Trust and governed by the laws of the Province of Ontario. See "Fund".

Units

The beneficial interests in the Fund are divided into one class of interests, described and designated as "Units", and which are entitled to the rights and subject to the limitations, restrictions and conditions set out in the Declaration of Trust. The Fund may issue an unlimited number of Units. Each Unitholder's interest in the Fund is determined by reference to the number of Units held. Each Unit ranks equally with all other outstanding Units without discrimination, preference or priority. Units may be issued by the Fund at the times, to the persons, for the consideration and on the terms and conditions that the Trustees determine in their sole discretion and, without limiting the generality of the foregoing, the Trustees may, subject to applicable securities laws, authorize the payment of a commission or other fee to any person, including, specifically, the Trustees, the Mortgage Manager and its directors, officers, employees, subsidiaries, Affiliates and Associates, in consideration of such person purchasing or agreeing to purchase Units from the Fund or for finding, procuring or agreeing to find or procure purchasers of Units. The Trustees may also, subject to applicable securities laws, authorize and allow commercially reasonable discounts to persons, including, specifically, the Mortgage Manager and its directors, officers, employees, subsidiaries, affiliates and associates, in consideration of their subscribing or agreeing to subscribe for Units, or agreeing to produce subscriptions therefore, whether absolute or conditional. The Trustees may also create and issue rights, warrants (including so-called "special warrants" which may be exercisable for no additional consideration), subscription receipts, installment receipts, exchangeable securities, options or other securities to purchase, convert, redeem or exchange into Units or other securities of the Fund (including, without limitation, debt convertible into Units or other securities of the Fund) on such terms and conditions, for such consideration or for no consideration, exercisable at such subscription price or prices and at such time or times as the Trustees in their sole discretion may determine. Such rights, warrants, options or other securities will not be a Unit and the holder thereof will not be a Unitholder. Upon any issue of Units, the name of the purchaser will promptly be recorded in the Unit register as the owner of the number of Units issued to such purchaser, or if the purchaser is already a Unitholder, the register will be amended to include such additional Units.

Fractions of Units will not be issued except pursuant to distributions of additional Units to all Unitholders and distributions of additional Units to those Unitholders exercising the right to purchase additional Units in accordance with the Declaration of Trust. In the event that Unit Certificates are issued, no certificates will be issued for fractional Units. Fractional Units will not entitle the holders thereof to a vote. The Trustees may in their sole discretion without Unitholder approval, create one or more additional classes of units of the Fund, as and when they see fit, with each such class of units being comprised of such number of units and having such rights and being subject to such limitations, restrictions and conditions as the Trustees deem advisable notwithstanding that such rights may be more favourable or rank in priority to any one or more classes of the units including, without limitation, the Units, then in existence or may have limitations, restrictions and conditions less onerous than those of any one or more classes of the units including, without limitation, the Units, then in existence.

Rights and Characteristics of the Units

Each Unit confers the right to one vote on any resolution of Unitholders, whether conducted at a meeting of Unitholders or in writing. All Units outstanding from time to time will participate pro rata in any distributions from the Fund and, in the event of a termination or winding-up of the Fund, in the net assets of the Fund remaining after satisfaction of, or provision for, all liabilities. No person is entitled, as a matter of right, to subscribe for or purchase any Unit. There are no conversion, retraction, redemption or pre-emptive rights attaching to the Units other than as specifically set out in the Declaration of Trust and described below in this Offering Memorandum.

The legal ownership of the assets of the Fund and the right to conduct the affairs of the Fund are vested exclusively in the Trustees and the Unitholders will have no interest therein other than as described above. Unitholders will have no right to compel any partition, division or distribution of the Fund or any of the assets of the Fund. The Units are personal property and confer upon the holders thereof only the interest and rights specifically set forth in the Declaration of Trust. A Unit may be transferred by a Unitholder or his agent duly authorized in writing, to any other person, to the transferor and one or more other persons jointly, or by two or more joint holders to one or some of them to the extent permitted under the Declaration of Trust and only in compliance with all applicable securities and

other laws unless, as a result of the transfer, the Fund will cease to qualify as a "mutual fund trust" or a "unit trust" as defined in the Tax Act. See "Resale Restrictions".

Distribution Reinvestment Right

Subject to all applicable securities and other laws and the right of the Trustees to suspend or terminate such right in accordance with the Declaration of Trust, a Unitholder has the right at any time and from time to time to purchase additional Units using the cash distributions allotted and payable to the Unitholder on account of the Units held by the Unitholder from time to time in accordance with the terms outlined in the Declaration of Trust.

Trustee Redemption Rights

The Trustees may in their sole discretion at any time, by providing a written redemption notice to a Unitholder, redeem all or any of the Units held by such Unitholder at a price per Unit to be redeemed equal to the Fair Market Value of the Unit(s) to be redeemed, calculated as at the Valuation Date immediately preceding the redemption date (the "Calculation Time"), plus the pro rata share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Calculation Time to the extent same are not otherwise included in the Fair Market Value of the Unit(s) to be redeemed. As set out in the Declaration of Trust, the redemption date is set by the Trustees and will be a date that is not less than one or more than 60 days from the date of the redemption notice, all in accordance with the conditions set out in the Declaration of Trust. From and after the date of the redemption notice, the holder of the Units to be redeemed will be entitled to exercise any of the rights of a Unitholder in respect thereof until the redemption price has been paid in full.

Unitholder Redemption Rights

Each Unitholder is entitled to require the Fund to redeem at any time and from time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable, and in accordance with the conditions, provided in the Declaration of Trust. There will be a redemption date ("Redemption Date") established each month pursuant to the terms of the Declaration of Trust. The monthly Redemption Date will be the 15th day of each and every month. If the 15th day of the month is not a Business Day, the Redemption Date for that month will be the next succeeding Business Day. In order to exercise this right, a Unitholder must send to the Trustees a duly completed and properly executed Notice in a form approved by the Trustees, requiring the Fund to redeem the Unit(s) and forwarding the Unit Certificate(s) representing the Unit(s) to be redeemed. The Notice must be received 30 days before the Redemption Date to be considered for that particular Redemption Date. If 30 days' notice is not given, the Trustees will not be required to consider redeeming the Unit(s) until the next subsequent Redemption Date. No form or manner of completion or execution is sufficient unless the same is in all respects satisfactory to the Trustees and is accompanied by any evidence that the Trustees may reasonably require with respect to the identity, capacity or authority of the person giving such Notice. The Trustees shall be entitled in their sole discretion to accelerate the Redemption Date specified by the Unitholder in the Notice.

As of the Redemption Date, the Unitholder will not cease to have any rights with respect to the Units tendered for redemption until the Unit Redemption Price therefore (as defined below), plus the pro rata share of any unpaid distributions declared thereon and paid prior to the Redemption Date has been paid in full. Units will be considered to be tendered for redemption on the Redemption Date, provided that the Trustees have, to their satisfaction, received the Notice, together with the Unit Certificate(s) representing the Units to be redeemed and other required documents or evidence as aforesaid; and subject to the following paragraph below, the holder of a Unit properly tendered for redemption will be entitled to receive a price per Unit equal to the Fair Market Value of the Unit to be redeemed calculated at the Valuation Date immediately preceding the Redemption Date, plus the pro rata share of any unpaid distributions thereon which have been declared payable to Unitholders but remain unpaid as at the Redemption Date to the extent same are not otherwise included in the Fair Market Value of the Unit(s) to be redeemed (the "Unit Redemption Price").

The Unit Redemption Price for Units tendered for redemption will be reduced by an amount equal to up to 2% of the original purchase price of the Units, if such Units are redeemed within the first year following the Closing at which such Units were subscribed for. Subject to the provisions set out in the following paragraphs, the Unit Redemption Price payable in respect of Unit(s) tendered for redemption will be paid in cash by direct deposit or cheque, drawn

on a Canadian chartered bank or trust company in lawful money of Canada, payable at par to, or deposited to the account of the registered Unitholder of the Unit tendered for redemption, or payable or deposited as otherwise instructed in writing by such registered Unitholder. Cash payments of the Unit Redemption Price made by the Fund are conclusively deemed to have been made when deposited by direct deposit or upon the mailing of a cheque in a postage pre-paid envelope addressed to the payee unless such cheque is dishonoured upon presentment. Upon such payment as set out herein or otherwise in accordance with the Declaration of Trust, the Trustees and the Fund will be discharged from all liability to the former registered Unitholder in respect of the Units so redeemed.

All Notices shall be time and date stamped on receipt by the Fund. The Fund will not pay the Unit Redemption Price in cash as set out above on a particular Redemption Date if the aggregate number of Units properly tendered for redemption (the "Tendered Units") by Unitholders (the "Tendering Unitholders") for which the Unit Redemption Price remains unpaid, exceeds 1% of the total number of Units outstanding on such Redemption Date. Cash payments being paid pursuant to Notices shall be paid in order of receipt of such Notices with the intent that Redemption Prices shall be paid out in order of receipt of Notices. Payments shall be made to a maximum of 1% of the aggregate Fair Market Value of Units outstanding on the Valuation Date immediately preceding any Redemption Date. Those Units for which Notices have been received but not paid out on any given Redemption Date shall maintain their order of priority until the Unit Redemption Price for such Unit(s) has been paid in full. Additionally, the Trustees shall be entitled in their sole discretion to extend the time for payment of any Unit Redemption Prices, if in the reasonable opinion of the Trustees such payment would be materially prejudicial to the interests of the remaining Unitholders in the Fund.

In the extraordinary circumstance where the number of Tendered Units on any given Redemption Date exceeds 3% of the total number of Units outstanding on such Redemption Date, the Trustees are entitled in their sole discretion to modify or suspend Unitholder redemption rights. Specifically, if the extraordinary circumstance referenced above occurs, the Trustees are entitled, in their sole discretion, to implement one of the following measures:

- Discounted Redemptions - The Trustees shall give notice to Tendering Unitholders that their Tendered Units shall be redeemed on the next Redemption Date at a redemption price discounted by a discount factor to be determined by the Trustees in their sole discretion, acting reasonably. In determining the discount factor, the Trustees may consider such factors as market prices for similar investments that are traded on a stock exchange in Canada, the variation inherent in any estimates used in the calculation of the Fair Market Value of the Units to be redeemed, the liquidity reasonably available to the Fund and general economic conditions in Canada. Unitholders may choose to retract their redemption request upon receiving notice from the Trustees of a discounted redemption, however, Unitholders who retract will be prohibited from redeeming the Tendered Units to which their retraction applies for a period of up to 12 months following the date the discounted redemptions are processed. This provision is meant to put the Fund on an equal footing with public companies and income trusts which are able to buyback their shares/units when the board of directors/trustees feel such shares/units are undervalued in the market.
- Temporary Suspension of Redemptions - The Trustees shall give notice to all Unitholders that normal course redemption rights are suspended for a period of up to six months. Issuance of a suspension notice by Trustees will have the effect of canceling all pending redemption requests. At the end of the suspension period, the Trustees may call a special meeting of Unitholders to approve an extension of the suspension period, failing which normal course redemptions will resume.

On May 22, 2009, Tendered Units represented approximately 5.8% of the total number of Units outstanding. In accordance with the Declaration of Trust, the Trustees exercised their discretion to issue a discount redemption notice to Tendering Unitholders citing a discount factor of 25%. All Tendering Unitholders at that time exercised their right to retract their redemption request. Other than as referenced above, the Trustees have not exercised their right to modify or suspend redemption rights.

Take-Over Bid Provisions

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for Units within the meaning of the Ontario Act and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or Associates or Affiliates of the offeror) are taken up and paid for by the offeror, the

offeror will be entitled to acquire the Units held by Unitholders who did not accept the offer on the original terms offered by the offeror.

Unitholder Liability

The Declaration of Trust provides that no Unitholder or Annuitant will be held to have any personal liability as such, and no resort will be had to, nor will recourse or satisfaction be sought from, the private property of any Unitholder or Annuitant for any liability whatsoever, in tort, contract or otherwise, to any Person in connection with the Fund property or the affairs of the Fund, including, without limitation, for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the Fund or of the Trustees or any obligation which a Unitholder or Annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such, but rather the assets of the Fund only are intended to be liable and subject to levy or execution for satisfaction of such liability. Each Unitholder and Annuitant under a plan of which a Unitholder acts as trustee or carrier will be entitled to be reimbursed out of the assets of the Fund in respect of any payment of a Fund obligation which such Unitholder or Annuitant is required to make. The Fund is the sole limited partner of the Partnership, with the goal of providing enhanced liability protection for Unitholders. As a result of this structure, no business operation will be conducted by the Fund with the intent that the liability of the Fund be limited to its capital contribution as a limited partner in the Partnership.

The Declaration of Trust further provides that certain written instruments signed by the Fund shall contain a provision or be subject to an acknowledgement to the effect that such obligation will not be binding personally upon Unitholders or upon any annuitants. No personal liability will attach under the laws of the Province of Ontario to Unitholders or annuitants for contract claims under any written instrument disclaiming personal liability.

Notwithstanding the above, to the extent that claims are not satisfied by the Fund, there is a risk that a Unitholder or Annuitant will be held personally liable for obligations of the Fund where the liability is not disclaimed in the contracts or arrangements entered into by the Fund with third parties. Personal liability may also arise in respect of claims against the Fund that do not arise under contracts, including claims in tort, claims for taxes and certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered by the Fund's management to be remote due to the nature of the Fund's activities. In the event that payment of a Fund obligation is required to be made by a Unitholder, such Unitholder is entitled to reimbursement from the available assets of the Fund.

Distribution Policy

It is the Fund's current intention to distribute 100% of the Distributable Cash on an on-going basis. With respect to each Distribution Record Date, the Trustees intend to declare payable to the persons who are Unitholders of record on that Distribution Record Date all of the Distributable Cash for the Distribution Period that includes such Distribution Record Date. Each Unit's proportionate share of the amount of such Distributable Cash will be determined by dividing such amount by the number of issued and outstanding Units on such Distribution Record Date. Each Unitholder's share of such Distributable Cash will be based upon the number of Units owned of record by each such Unitholder on such Distribution Record Date. Subject to certain specific provisions in the Declaration of Trust, such Distributable Cash will be paid to such Unitholders on the Distribution Date. Distributable Cash may be estimated whenever the actual amount has not been fully determined, which estimate will be adjusted as of the subsequent Distribution Date when the amount of Distributable Cash for the Distribution Period in question has been fully determined.

Calculation of Fund Income and Net Capital Gains

The income of the Fund ("Fund Income") for any taxation year of the Fund will be the income for such year computed in accordance with the provisions of the Tax Act less, at the discretion of the Trustees, amounts of any non-capital losses of the Fund for the prior years that are deductible in computing the Fund's taxable income for the year under the Tax Act; provided, however, that capital gains and capital losses will be excluded from the computation of Fund Income. In addition, in computing the Fund Income for any taxation year of the Fund, the Trustees will have the sole discretion to utilize or not utilize such deductions, provisions and alternate calculations

available under the Tax Act, including without limitation, discretion as to timing and amount, in respect of offering expenses, operating expenses and discretionary deductions.

The Net Capital Gains of the Fund for any taxation year of the Fund will be determined as the amount, if any, by which the aggregate of the capital gains of the Fund in the year exceeds: (i) the aggregate of the capital losses of the Fund in the year; (ii) any capital gains which are realized by the Fund as a result of a redemption of Units; (iii) the amount determined by the Trustees in respect of any net capital losses for prior taxation years which the Fund is permitted by the Tax Act to deduct in computing the taxable income of the Fund for the year; and (iv) any amount in respect of which the Fund is entitled to a capital gains refund under the Tax Act, as determined by the Trustees; provided that, at the discretion of the Trustees, the Net Capital Gain of the Fund for the year may be calculated without subtracting the full amount of the net capital losses for the year and/or without subtracting the full amount of the net capital losses of the Fund carried forward from previous years.

Additional Distributions

In addition to the distribution of Distributable Cash, the Trustees may declare to be payable and make distributions, from time to time, out of Fund Income, Net Capital Gains, the capital of the Fund or any other amounts received or held by the Fund in any year, in such amount or amounts, and on such dates as the Trustees may determine, and all such distributions payable to Unitholders pursuant to the Declaration of Trust will be deemed to be distributions of Fund Income, Net Capital Gains, trust capital or other items in such amounts as the Trustees, will, in their absolute discretion, determine.

Having regard to the present intention of the Trustees to allocate, distribute and make payable to Unitholders all of the Fund Income, a sufficient amount of the Net Capital Gains and any other applicable amounts so that the Fund will not have any liability for tax under Part I of the Tax Act in any taxation year (other than tax on Net Capital Gains that would be recoverable by it with respect to the relevant taxation year), the following amounts will, without any further actions on the part of the Trustees, be due and payable to Unitholders of record at the close of business on December 31 in each year: (i) an amount equal to the amount, if any, by which the Fund Income for such year exceeds the aggregate of the distributions made by the Fund out of Fund income pursuant to the Declaration of Trust in such year; (ii) an amount equal to the amount, if any, by which the Net Capital Gains for such year exceeds the aggregate of the distributions made by the Fund out of Net Capital Gains pursuant to the Declaration of Trust in such year; and (iii) provided that, to the extent that tax respecting Net Capital Gains will be recoverable by the Fund with respect to the relevant taxation year or other tax refunds or credits will be so recoverable, such deemed distribution amount will be reduced so as to cause the Fund to accrue Net Capital Gains or other Fund Income in the amount required to recover such tax or credits, and further provided that in the event any such amounts are uncertain as at December 31 of the relevant taxation year, the amount of such deemed distribution will be estimated by the Trustees in their sole discretion at that time to maximize the Fund's tax recoveries.

Such amounts will be paid to Unitholders on or before January 15 of the immediately following year, provided, however; that such amounts may be estimated whenever the actual amount has not been fully determined, which estimate will be adjusted as of the subsequent Distribution Date when such amount in question has been fully determined. As it is intended that the Fund Income of the Fund and the Net Capital Gains of the Fund for each taxation year of the Fund be distributed to Unitholders in respect of the taxation year so that the Fund will not be liable for income tax under Part I of the Tax Act for the taxation year (after taking into account any capital gains refunds or any other tax refunds or credits to which the Fund may be entitled), if there is any change in the treatment under the Tax Act of the Fund Income or the Net Capital Gains or other amount which would frustrate this intention, then, notwithstanding any provision of the Declaration of Trust and without notice to, or the vote or assent of the Unitholders, or any amendment to the Declaration of Trust, the Trustees may alter the method of calculation of the Fund Income and Net Capital Gains and the character, amount and method of distributions to Unitholders set out in the Declaration of Trust for the purpose of minimizing the taxes payable by the Fund and/or the Unitholders. In addition to the distributions which are made payable to Unitholders, the Trustees may designate any income or capital gain realized by the Fund as a result of the redemption of Units to the redeeming Unitholders in accordance with the Declaration of Trust.

In accordance with and to the extent permitted by the Tax Act, the Trustees in each year will make designations in respect of the amounts payable to Unitholders for such amounts that the Trustees consider to be reasonable in all of

the circumstances, including, without limitation, designations relating to taxable dividends received by the Fund in the year on shares of taxable Canadian corporations, net capital gains realized by the Fund in the year and foreign source income of the Fund for the year, as well as elections under subsections 104(13.1) and/or (13.2) of the Tax Act that income be taxed to the Fund, rather than to the Unitholders. For greater certainty, any distributions of Net Capital Gains will include the non-taxable portion of the capital gains of the Fund which are encompassed in such distribution.

Method of Payment of Distributions

Distributions will be made by direct deposit or by such other manner of payment approved by the Trustees from time to time. A payment will be conclusively deemed to have been made to a Unitholder upon the Fund receiving confirmation from the financial institution(s) it deals with from time to time that a direct deposit has been made to the order of such Unitholder in accordance with the bank account information provided to the Fund by such Unitholder.

If, in respect of any distribution or other payment to be made by the Fund to a Unitholder pursuant to the Declaration of Trust, the Trustees determine that the Fund does not have cash in an amount sufficient to pay some or all of such distribution or payment in cash, the Trustees may, subject to compliance with applicable laws and receipt of all required regulatory approvals, make such distribution or payment by way of Units or notes having a value equal to the cash shortfall, in which case the amount of cash to be distributed will be reduced by the amount of such cash shortfall, and which notes will be issued on such terms as are determined by the Trustees in their sole discretion at the time of issue of the notes.

The value of each Unit issued as set out above will be deemed to be equal to the Fair Market Value of the Units outstanding as of the last Business Day of the calendar month immediately preceding their issuance. Subject to the provisions of the Declaration of Trust, the number of Units calculated to be issued in accordance with this paragraph will be rounded down to the nearest whole Unit and the value of any fractional Units determined to be payable to a Unitholder hereunder will be paid in cash on the Distribution Date in question or the immediately following Distribution Date at the Trustees' discretion, provided that in any event, such amount will be paid to the Unitholder on or before December 31 in each year. In the Trustees' sole discretion, immediately after a *pro rata* distribution of such Units or notes to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units may be consolidated so that each Unitholder not subject to withholding tax will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution. Each such Unit Certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Each Unitholder has the legal right to enforce payment of any amount payable to such Unitholder as a result of any distribution which is declared payable to such Unitholder pursuant to the Declaration of Trust.

The Trustees may change any Distribution Date or Distribution Record Date at any time, subject to having given the Unitholders not less than 30 days prior written notice, and upon compliance with any requirements of applicable law.

Withholding Tax

The Trustees may deduct or withhold amounts required by law respecting a Unitholder's distributions or other payments under the Declaration of Trust. If withholding taxes are exigible on any distributions (including distributions of Units) or redemption or other amounts paid under the Declaration of Trust and the Trustees are, or were, unable to withhold taxes from a particular amount paid to a Unitholder or have not otherwise withheld taxes on past amounts paid to the Unitholder, the Trustees will be permitted to: (i) withhold such amounts from other amounts payable to such Unitholder; or (ii) sell such number of Units owned by, and on behalf of, such Unitholder at a price equal to the Fair Market Value of such Units calculated as at the end of business on the last Business Day of the month prior to the month in which the sale takes place as are necessary to satisfy the Trustees' withholding tax obligations in respect of such Unitholder and all of the Trustees' reasonable expenses with respect thereto. Upon such sale, the affected Unitholder will cease to be the holder of such Units.

Meetings of Unitholders

The Declaration of Trust provides that there will be an annual meeting of the Unitholders at such time and place as the Trustees prescribe for the purpose of electing Trustees, appointing auditors of the Fund and transacting such other business as the Trustees may determine or as may properly be brought before the meeting. The annual meeting of Unitholders will be held within 180 days after the end of each fiscal year of the Fund or such later date (not to exceed 15 months from the date of the most recently held annual meeting) as the Trustees may determine, subject to compliance with all applicable regulatory requirements, if any. The Fund has engaged Computershare Investor Services Inc. to provide annual general meeting services. A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 25% of the Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders may attend and vote at all meetings of the Unitholders either in person or by proxy and a proxy need not be a Unitholder.

Any action to be taken by the Unitholders will, except as otherwise required by the Declaration of Trust or by law, be authorized when approved by Ordinary Resolution. The chairperson of any such meeting will not have a second or casting vote. To the extent permitted by applicable law, the Trustees may from time to time make, vary or revoke such regulations as they think fit providing for and governing the depositing and tabulation of proxies by telephonic, electronic or other communication means. Other than as specifically provided for in the Declaration of Trust and subject to the limitations set out therein, Unitholders will be entitled to pass resolutions that will bind the Fund only with respect to the following matters: (a) the election or removal of a Trustee; (b) the appointment or removal of auditors of the Fund; (c) certain amendments to the Declaration of Trust; (d) those matters listed in the Declaration of Trust as requiring approval by Special Resolution; and (e) the termination of the Fund in accordance with the Declaration of Trust.

The Declaration of Trust further provides that, subject to all applicable legal and regulatory requirements, a resolution consented to in writing, by the required majority, whether by facsimile or any other method of transmission of legibly recorded messages or other means, is as valid and effectual as if the resolution had been passed at a meeting of Unitholders or Trustees, including committee meetings, duly called and held.

Limitation on Non-Resident Ownership

It is the intention of the Trustees to cause the Fund at all times to qualify as a "unit trust" and a "mutual fund trust" under the provisions of subsection 108(2) and subsection 132(6) of the Tax Act. If non-residents of Canada within the meaning of the Tax Act ("Non-Residents") become the beneficial owners of more than 49% of the Units in certain circumstances, this could cause the Fund to cease to qualify as a "unit trust" and "mutual fund trust". As a result, the Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware that the beneficial owners of 49% or more of the Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, and if its "unit trust" or "mutual fund trust" status is threatened by such Non-Resident ownership, the Trustees will not accept a subscription for Units from or issue or register a transfer of Units to a person unless the person provides a declaration in form and content satisfactory to the Trustees that the person is not a Non-Resident. If notwithstanding the foregoing, the Trustees determine that more than 49% of the Units are held by Non-Residents, subject to all applicable securities and other laws, the Trustees may send a notice to Non-Resident holders of Units (the "Affected Holders"), chosen in inverse order to the order of acquisition or registration or in such other manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof to the Fund or to a person who is not a Non-Resident, in the Trustees discretion, within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may on behalf of such Unitholders sell such Units and, in the interim, will suspend the voting and distribution rights attached to such Units.

Upon such sale, the Affected Holders will cease to be holders of Units and their rights will be limited to receiving the net proceeds of sale upon surrender of the certificates representing such Units. Unless and until the Trustees are required to do so under the terms of the Declaration of Trust, the Trustees are not bound to do or take any proceeding or action with respect to Non-Resident Unitholders by virtue of the powers conferred on them by the Declaration of Trust. The Trustees will not be deemed to have notice of any violation unless and until they have

been given actual notice of such violation and will act only as required by the Declaration of Trust once an indemnity is provided by the Fund. The Trustees are not required to actively monitor the foreign holdings of the Fund. It is acknowledged that the Trustees cannot monitor the Non-Resident holders of the Units where the Units are registered in the name of a broker or other similar intermediary. The Trustees will not be liable for any violation of the non-resident ownership restriction which may occur during the term of the Fund.

Register

The Register will be kept by, or on behalf of and under the direction of the Trustees, which Register will contain the names and addresses of Unitholders, the respective numbers of Units held by them, the certificate numbers of the certificates representing such Units, if applicable, and a record of all transfers thereof. The Trustees may appoint one or more persons, chartered banks or trust companies to act as transfer agents and to act as registrars for the Units and may provide for the transfer of Units in one or more places within Canada. The Trustees have entered into negotiations with Computershare Investor Services Inc. to act as the Fund's transfer agent. The Register will at all reasonable times be open for inspection by the Trustees.

Only persons whose Units are recorded on the Register are entitled to vote, receive distributions or otherwise exercise or enjoy the rights of Unitholders. The Trustees will have the right to treat the person registered as a Unitholder on the Register of the Fund as the owner of such Units for all purposes, including, without limitation, payment of any distribution, giving notice to Unitholders and determining the right to attend and vote at meetings of Unitholders and the Trustees will not be bound to recognize any transfer, pledge or other disposition of a Unit or any attempt to transfer, pledge or dispose of a Unit, or any beneficial interest or equitable or other right or claim with respect thereto, whether or not the Trustees will have actual or other notice thereof until such Unit has been transferred on the Register of the Fund as herein provided.

Unit Certificates

Each Unitholder or his duly authorized agent is entitled to a certificate bearing an identifying number in respect of the Units held by him and signed in the manner prescribed in the Declaration of Trust, but the Trustees are not bound to issue more than one certificate in respect of a Unit or Units held jointly or in common by two or more persons, and delivery of a certificate to one of them will be sufficient delivery to all. Notwithstanding the foregoing, it is the Fund's current administrative policy to issue a certificate to a Unitholder only upon receiving a written request for a certificate. The Trustees may establish a reasonable fee to be charged for every certificate issued or re-issued as the case may be. Notwithstanding the preceding paragraph, Units purchased by a Unitholder pursuant to the exercise of the Reinvestment Right will be recorded on the Register in respect of that Unitholder. Unless a Unit Certificate representing such Units is otherwise requested by a Unitholder, a Unit Certificate in respect of whole Units only will be issued annually or on termination of the Reinvestment Right or its exercise in accordance with the Declaration of Trust. In the event that any Unit Certificate is lost, stolen, destroyed or mutilated, the Trustees may authorize the issuance of a new Unit Certificate for the same number of Units in lieu thereof. The Trustees may, but need not, in their sole discretion, before the issuance of such new Unit Certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner, to make such affidavit or statutory declaration, setting forth such facts as to the loss, theft, destruction or mutilation as the Trustees deem necessary and may require the applicant to provide to the Fund a "lost certificate bond" or similar bond in such reasonable amount as the Trustees direct, indemnifying the Fund and its agents for so doing.

The Trustees have the power to acquire from an insurer or insurers a blanket lost security bond or bonds in respect of the replacement of lost, stolen, destroyed or mutilated Unit Certificates. The Trustees may establish a reasonable fee to be charged for every replacement Unit Certificate. Unit Certificates representing any number of Units may be exchanged, upon payment of any fees required at the time with respect thereof, for Unit Certificates representing an equivalent number of Units in the aggregate. Where any Certificate representing Units is registered in more than one name, the distributions (if any) in respect thereof may be paid to the order of all such holders failing written instructions from them to the contrary and such payment will be a valid discharge to the Trustees and any transfer agent of the Fund. In the case of the death of one or more joint holders, the distributions (if any) in respect of any Units may be paid to the survivor or survivors of such holders and such payment will be a valid discharge to the Trustees and any transfer agent of the Fund.

Information and Reports

By March 31st in each year, subject to compliance with applicable laws, the Trustees will forward to each Unitholder who was shown on the Register as a Unitholder at the end of the immediately preceding fiscal period such prescribed forms as are needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation. By June 30th in each year, subject to compliance with applicable laws, the Trustees will make available to each Unitholder who was shown on the Register as a Unitholder at the end of the immediately preceding fiscal period an annual report for the immediately preceding fiscal period containing: (i) audited financial statements of the Fund as at the end of and for the fiscal period, with comparative financial statements as at the end of and for the immediately preceding fiscal period, if any; and (ii) such other information as, in the opinion of the Trustees, is material to the activities of the Fund. A copy of such materials will be provided to a Unitholder upon request in writing to the Trustees.

Also, prior to each meeting of Unitholders, the Trustees will provide to each Unitholder, together with the notice of the meeting, a form of proxy which can be used by a Unitholder to appoint a proxy, who need not be a Unitholder, to attend and act at the meeting on behalf of the Unitholder, in the manner and to the extent authorized by the proxy and all information required by applicable law.

The Fund will maintain at its principal office or at any other place in Canada designated by the Trustees, records containing: (i) the Declaration of Trust; (ii) minutes of meetings and resolutions of Unitholders; (iii) the Trustees' regulations (if any); and (iv) a copy of the Register. The Fund will also prepare and maintain adequate accounting records and records containing minutes of meetings and resolutions of the Trustees and any committee thereof subject to all applicable privacy and access to information laws in effect from time to time, a Unitholder may examine the Declaration of Trust and any amendments thereto, any regulations adopted by the Trustees in accordance with the Declaration of Trust, the minutes of meetings and resolutions of Unitholders and any other documents or records which the Trustees, in their sole discretion, determine should be available for inspection by such persons, during normal business hours at the principal office of the Fund.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended by the Trustees in their sole discretion without the consent, approval or ratification of the Unitholders or any other Person:

- (a) as specifically set out in the Declaration of Trust; or
- (b) at any time for the purpose of:
 - (i) ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental or other authority having jurisdiction over the Trustees, the Fund or its assets, including, without limitation, maintaining its status as a "mutual fund trust" and a "unit trust" under the Tax Act;
 - (ii) complying with specific requests and requirements of any underwriter, sponsor, regulatory authority or stock exchange having jurisdiction over the Trustees, the Fund or its assets during the process of, and if required to facilitate, an initial public offering of securities of the Fund or its affiliates, or during the process of, and if required to facilitate, a listing of the securities of the Fund or its affiliates on a stock exchange or other trading market, provided that such amendments are determined by the Trustees in their sole discretion, having regard to their duties and standard of care hereunder, to be in the best interests of the Unitholders;
 - (iii) providing additional protection for Unitholders, as determined by the Trustees in their sole discretion;
 - (iv) removing any conflicts or inconsistencies in the Declaration of Trust or making minor corrections which are, in the opinion of the Trustees or counsel to the Fund, necessary or desirable and not prejudicial to the Unitholders;

- (v) making amendments which, in the opinion of the Trustees or counsel to the Fund, are necessary or desirable and in the interests of the Unitholders, as a result of changes in Canadian taxation laws;
- (vi) making amendments which are required or, in the opinion of the Trustees or counsel to the Fund, are necessary or desirable to facilitate the creation and existence or operation of an additional class or classes of Units of the Fund as contemplated in the Declaration of Trust;
- (vii) making amendments which are required or, in the opinion of the Trustees or counsel to the Fund, are necessary or desirable to facilitate a change of the Fund's name as contemplated in the Declaration of Trust; and
- (viii) making amendments for any purpose which, in the opinion of the Trustees, are necessary or desirable and not prejudicial to Unitholders (which, for greater certainty, exclude amendments in respect of which Unitholder approval is specifically otherwise required under the Declaration of Trust);

but notwithstanding the foregoing and subject to the Trustees ability to create additional classes of Units in accordance with the Declaration of Trust, no such amendment will: (i) modify the right to one vote per Unit; (ii) result in a Unit representing less than an equal undivided interest in any distributions from the Fund or in the net assets of the Fund in the event of a termination or winding up of the Fund without the consent of the holders of Units then outstanding by Special Resolution; or (iii) reduce the percentage of votes required to pass an Ordinary Resolution or a Special Resolution.

Matters Requiring Approval by Special Resolution

Other than as expressly stated in the Declaration of Trust, none of the following will occur unless the same has been approved by a Special Resolution of Unitholders:

- (a) any amendment to the items requiring approval by Special Resolution;
- (b) any amendment to the Declaration of Trust to reduce or remove a right with respect to any outstanding Units of the Fund;
- (c) any amendment to the term or termination provisions of the Fund;
- (d) any amendment relating to the powers, duties, rights, obligations, liabilities or indemnification of the Trustees; or
- (e) any merger of the Fund with another trust or other person (other than as part of an internal reorganization of the assets of the Fund approved by the Trustees).

As soon as is practicable after the making of any material amendment to the Declaration of Trust, the Trustees will notify each Unitholder in writing of the substance of such material amendment.

Term and Termination of the Fund

Unless sooner terminated as provided in the Declaration of Trust, the Fund will continue until no property of the Fund is held by the Trustees. Unitholders may terminate the Fund by Special Resolution, following which the Trustees will commence to wind up the affairs of the Fund. In the event of a termination of the Fund, after paying, retiring or discharging, or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees will distribute the cash forming part of the Fund assets together with, subject to obtaining all necessary regulatory approvals, the non-cash Fund assets *in specie* among the Unitholders in accordance with their *pro rata* interests.

Reporting Obligations of the Fund

The Fund is not a reporting issuer and is therefore not subject to most of the continuous reporting obligations imposed on reporting issuers by securities legislation in the jurisdiction in which this Offering is being made. Audited financial statements will be made available to Unitholders annually. In addition, Unitholders will be given a quarterly statement of account and will also be given notice of and be entitled to attend and vote at any meetings of the Unitholders of the Fund.

PARTNERSHIP AGREEMENT

Partnership units are subject to the terms and conditions of the Partnership Agreement. The statements in this Offering Memorandum concerning the Partnership Agreement are intended to be only a summary of the provisions of the Partnership Agreement and do not purport to be complete. A copy of the Partnership Agreement will be provided to each Unitholder upon a request in writing for same being made to the Trustees. All capitalized terms in this section not otherwise defined herein shall have the meaning as set out in the Partnership Agreement.

The Fund is the sole limited partner in the Partnership.

Management of the Partnership

Under the terms of the Partnership Agreement, the General Partner is authorized to carry on the business of the Partnership, with full power and authority to administer, manage, control and operate the business of the Partnership and, except as otherwise provided by the Partnership Agreement, the General Partner will have all power and authority, for and on behalf of and in the name of the Partnership, to do any act, take any proceeding, make any decision and execute and deliver any instrument, deed, agreement or document necessary for or incidental to carrying on the business of the Partnership.

Capitalization and Contributions

The capital of the Partnership consists of an unlimited number of Partnership Units. The Fund will subscribe for Partnership Units on the basis of one Partnership Unit for each \$10.00 of net proceeds from the Offering. The Fund will be entitled to the allocation of income, gain and loss, and to share in distributions in respect of each Partnership Unit held, all as set forth in the Partnership Agreement.

Liability of Partners

The General Partner and its officers, directors, employees, Affiliates and any person contracted by the General Partner in accordance with the Partnership Agreement will not be liable to a Limited Partner for any act, judgment, decision or omission that does not constitute actual fraud, gross negligence or willful misconduct. Subject to the provisions of the *Limited Partnership Act* (Ontario), the liability of a limited partner for the debts, liabilities and obligations of the Partnership will be limited to the amount of its capital account and, in respect of each Partnership Unit held by such limited partner, undistributed income, if any, any repayment of capital and any distributions of income to the extent capital is reduced, with interest, if any, and a limited partner will not as such otherwise be liable for any further claim, assessment or contribution to the Partnership. The limitation of the liability of a limited partner will be lost if the limited partner takes part in the management of the business of the Partnership. See "Risk Factors".

Fiscal Year

The fiscal year of the Partnership ends on December 31 of each year.

Voting Rights and General Meetings

The General Partner may at any time call a meeting of Limited Partners and will call such a meeting on receipt of a written request from Limited Partners holding in the aggregate twenty-five percent (25%) or more of all Partnership

Units outstanding, stating sufficiently for compliance with the notice provisions the purpose for which the meeting is to be held. Each Limited Partner will be entitled to one vote for each Partnership Unit held by such Limited Partner. The General Partner will not as such be entitled to vote at any meeting of Limited Partners, but if the General Partner or an Affiliate is the holder of a Partnership Unit then the General Partner or the Affiliate will be entitled to vote in respect of the Partnership Unit. A resolution consented to in writing by the required majority, whether by document, telegram, telex or any other method of transmission of legibly recorded messages or other means, is as valid and effectual as if the resolution had been passed at a meeting of the limited partners duly called and held. Such resolution may be in two or more counterparts which together will be deemed to constitute one resolution in writing.

In addition to all other powers conferred on them by the Partnership Agreement, the Limited Partners may by Extraordinary Resolution: (i) subject to other provisions of the Partnership Agreement, remove the General Partner; (ii) require the General Partner on behalf of the Partnership to enforce any obligation or covenant on the part of any Limited Partner; (iii) with the consent of the General Partner, subdivide or consolidate the Partnership Units; (iv) amend, modify, alter or repeal any Extraordinary Resolution; and (v) approve the dissolution of the Partnership.

Calculation of Distributable Cash and Taxable Income or Tax Loss

The General Partner may, in its sole discretion, make such determinations of distributable cash and/or taxable income or tax loss of the Partnership for any period or as at any date. Notwithstanding the preceding sentence; however, within 90 days after the end of each fiscal period of the Partnership the General Partner will determine the taxable income or tax loss for such fiscal period, which determination will be binding upon the Partnership. In computing the taxable income or tax loss of the Partnership for any period, the Partnership will have the sole discretion to utilize or not utilize such deductions, provisions and alternate calculations available under the Tax Act, including without limitation, discretion as to timing and amount, in respect of operating expenses and discretionary deductions.

Allocation of Profits and Losses

The distributable cash and taxable income or tax loss of the Partnership for financial and income tax purposes will be allocated, after eliminating any losses carried forward from past years: (i) 99.999% to the Limited Partners; and (ii) 0.001% to the General Partner to a maximum of \$100.00 per annum. Except where otherwise expressly provided in the Partnership Agreement, where any amount is to be allocated or distributed among Limited Partners holding Partnership Units without regard to class, such amount will be allocated or distributed among the Limited Partners holding Partnership Units in accordance with the total number of Partnership Units outstanding at the date of such allocation, distribution, payment or contribution, as the case may be, equally in respect of each Partnership Unit.

Distributions

In its discretion, the General Partner may from time to time cause the Partnership to distribute amounts to the Limited Partners either as returns of capital or otherwise. Distributions will be allocated to the Limited Partners as set out above. No distribution of funds of the Partnership will be made which would, in the opinion of the General Partner, result in the Partnership having insufficient working capital or reserves, and the General Partner is expressly authorized to deduct from the funds which might otherwise be available for distribution to the Limited Partners, amounts sufficient to maintain reasonable and adequate working capital and reserves for the Partnership. All distributions will be made by cheque or direct deposit.

Power of Attorney

To facilitate the administration of the Partnership, each Limited Partner is required to irrevocably nominate, constitute and appoint the General Partner as his agent and true and lawful attorney to act on his behalf with full power and authority in his name, place and stead to execute, under seal or otherwise, swear to, acknowledge, deliver and file or record when, as and where required certain documents and matters listed in the Partnership Agreement.

Amendment of Partnership Agreement

The Partnership Agreement may be amended by the General Partner if such amendment is authorized by Ordinary Resolution, but no amendment may be made which in any manner allows any Limited Partner to take part in the management of, or exercise control over, the business of the Partnership; which reduces the interest in the Partnership of any Limited Partner; which changes the right of a limited partner, so entitled, to vote at any meeting of Limited Partners; or which changes the Partnership from a limited partnership to a general partnership and, except for the removal of the General Partner, if the amendment adversely affects the rights or interests of the General Partner, the amendment is approved by the General Partner.

In addition to the above, the General Partner may amend the Partnership Agreement in certain circumstances enumerated in the Partnership Agreement without the consent or approval at the time of any Limited Partner (each Limited Partner, by acquiring a Partnership Unit, being deemed to consent to any amendment). All Limited Partners will be notified of the full details of any amendment to the Partnership Agreement by the General Partner within 30 days after the effective date of such amendment.

Resignation Bankruptcy or Dissolution and Removal of the General Partner

The General Partner may resign as such on not less than 30 days written notice to all Limited Partners, such resignation to be effective upon the earlier of: (i) 30 days after notice is so given; and (ii) the admission of a new General Partner by Ordinary Resolution, provided that the General Partner will not resign if the effect of the resignation would be to dissolve the Partnership. The General Partner, by agreeing to be bound by the Partnership Agreement, will be deemed to resign as a General Partner on the bankruptcy, dissolution, liquidation or winding-up of the General Partner, or the commencement of any act or proceeding in connection therewith which is not contested in good faith by the General Partner, or the appointment of a trustee, receiver or receiver-manager of the affairs of the General Partner, but, if the General Partner is the sole General Partner of the Partnership, such resignation will not be effective until, and the General Partner will not cease to be a General Partner until, the earlier of: (i) the admission of a new General Partner by Ordinary Resolution; and (ii) 180 days after notice of the occurrence of such event or appointment is given to the Limited Partners.

The Limited Partners by Extraordinary Resolution may remove the General Partner and substitute another as General Partner upon the happening of a material breach by the General Partner of any of its duties or obligations under the provisions of the Partnership Agreement, which breach remains un-remedied for a period in excess of 120 days from the date of receipt of notice to remedy such breach from any limited partner.

Dissolution of the Partnership

The Partnership will be dissolved on the earliest of: (i) December 31, 2055, unless extended with the approval of the Partners expressed by Extraordinary Resolution; (ii) a date determined and approved by the General Partner and authorized by Extraordinary Resolution; or (iii) the date, as confirmed by the General Partner, upon which the Partnership disposes of all of its assets, and otherwise ceases to carry on an active business.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

General

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable to a Unitholder who acquires Units pursuant to this Offering and who, for the purposes of the Tax Act, is resident in Canada, holds the Units as capital property and deals at arm's length with the Fund. Units will generally be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure in the nature of trade. Unitholders who would not otherwise hold Units as capital property may be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to treat all "Canadian Securities", as defined in the Tax Act, which includes the Units, as capital property.

This summary is not applicable to: (i) a Unitholder that is a "financial institution", as defined in the Tax Act for purposes of the "mark-to-market" rules; (ii) a Unitholder an interest in which is a "tax shelter" or "tax shelter investment" as defined in the Tax Act; or (iii) a Unitholder that is a "specified financial institution" as defined in the Tax Act. Any such Unitholder should consult its own tax advisor with respect to an investment in Units.

This summary is based upon the facts set out in this Offering Memorandum, the provisions of the Tax Act in force as of the date hereof, all specific proposals to amend the Tax Act that have been publicly announced prior to the date hereof and the Trustees' understanding, based on publicly available published materials as of the date hereof, of the current published administrative and assessing policies of the Canada Revenue Agency ("CRA"). This summary assumes that any proposed amendments will be enacted in the form proposed; however, no assurance can be given that any proposed amendments will be enacted in the form proposed, if at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations and does not take into account any changes in the law, whether by legislative, governmental or judicial action, or any changes in the administrative policies and assessing practices of the CRA or any changes in the administrative policies and assessing practices of the CRA. This summary does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

This summary is based upon the assumption that the Fund will, at all times, qualify as a "mutual fund trust" within the meaning of the Tax Act. Further, this summary is based on the assumption that the SIFT Proposals will not apply to the Fund or the Partnership.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PROSPECTIVE UNITHOLDER. ACCORDINGLY, PROSPECTIVE UNITHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS FOR ADVICE WITH RESPECT TO THE TAX CONSEQUENCES TO THEM HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES.

Mutual Fund Trust Status

It is intended that the Fund qualifies as a "unit trust" and as a "mutual fund trust" under the provisions of the Tax Act. This summary is based on the assumption that the Fund will qualify, at all times, as a "unit trust" and a "mutual fund trust" within the meaning of the Tax Act.

To qualify as a "mutual fund trust" at any particular time, a trust must meet the following conditions:

- (a) the trust must be a "unit trust" (as defined in the Tax Act) resident in Canada;
- (b) the only undertaking of the trust must be limited to the investing of funds in property (other than real property or an interest in real property), or the acquiring, holding, maintaining, improving, leasing or managing of real property (or an interest in real property) that is capital property of the trust, or any combination of such activities; and
- (c) the trust must comply with certain prescribed requirements (the "Distribution Requirements") including that the trust units be qualified for distribution to the public and that at all relevant times there must be no fewer than 150 beneficiaries of the trust, each of whom holds at least one block of trust units having an aggregate fair market value of not less than \$500.00 each (for these purposes, if the fair market value of a unit is more than \$100.00, a block of units means 10 units).

In addition, in order to maintain its status as a "mutual fund trust", the Fund cannot, and may not at any time, reasonably be considered to be established or maintained primarily for the benefit of non-resident persons unless, at all times, all or substantially all of its property consists of property other than certain taxable Canadian property. Proposed amendments released on September 16, 2004 would modify this provision. Under the proposed amendments, a trust would cease to qualify as a "mutual fund trust" if the fair market value of all Units held by non-residents or partnerships which are not "Canadian partnerships" is more than 50% of the fair market value of all issued and outstanding Units unless no more than 10% (based on fair market value) of the Fund's property is at any

time "taxable Canadian property" within the meaning of the Tax Act and certain other types of specified property. On December 6, 2004, the Minister of Finance (Canada) (the "Minister") suspended implementation of these Tax Proposals pending further discussion with the private sector. Taking into consideration the anticipated investors in the Fund and the restriction on ownership of Units by non-residents, the Trustees do not anticipate that these Tax Proposals (if enacted as proposed) would lead to a loss of "mutual fund trust" status for the Fund. See "Description of Units - Limitation on Non-Resident Ownership" for more information.

If the Fund does not qualify or ceases to qualify as a "mutual fund trust", the income tax considerations would, in some respects, be materially different from those described below. See "Risk Factors – Mutual Fund Trust Status".

SIFT Rules

With the Royal Assent of Bill C-52 on June 22, 2007, the Tax Act was amended to add rules (the "SIFT Rules") relating to the taxation of publicly-listed or traded trusts and partnerships. These rules are designed to ensure that those trusts and partnerships pay income tax at a rate that is equivalent to general corporate tax rates. The SIFT Rules apply to a SIFT trust and a SIFT partnership.

Certain distributions attributable to "non-portfolio earnings" (the "non-deductible distributions amount") of a SIFT trust will not be deductible in computing the trust's income. The SIFT trust will be subject to income tax on such distributions at a rate that is equivalent to the general tax rate applicable to Canadian corporations. For those purposes, "non-portfolio earnings" generally includes income (other than certain dividends) from, or capital gains realized on, "non-portfolio properties". The non-deductible distributions amount will also be included in computing income of the Unitholder for the purposes of the Tax Act as though it were a taxable dividend from a taxable Canadian corporation, subject to the detailed provisions of the Tax Act.

The "non-portfolio earnings" (as previously described for a SIFT trust) of a SIFT partnership will not be allocable for tax purposes to the members of the partnership and the SIFT partnership will be subject to income tax on such "taxable non-portfolio earnings" at a rate that is equivalent to the general tax rate applicable to Canadian corporations. Also, the SIFT partnership will be deemed to have received a taxable dividend from a taxable Canadian corporation equal to the taxable non-portfolio earnings less the applicable income taxes, and such taxable dividend will be allocated to the members of the SIFT partnership and included in computing their income for purposes of the Tax Act, as described above in respect of unitholders of a SIFT trust.

Generally, distributions paid by a SIFT trust or a SIFT partnership as returns of capital will not be subject to SIFT tax.

A trust or partnership will be a SIFT trust or a SIFT partnership, respectively, if, among other conditions, investments in the trust or partnership are listed on a stock exchange or other public market. The SIFT Rules will not apply to the Fund or the Partnership provided that no unit, security or other interest is listed on a stock exchange or other public market.

The Trustees do not intend to list Units of the Fund or any interest in the Partnership on a stock exchange or other public market. This summary assumes that the SIFT Rules will not apply to the Fund or the Partnership.

Taxation of the Fund

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for a taxation year, including the taxable portion of net realized capital gains. In computing its income for tax purposes, the Fund may deduct reasonable administrative expenses and 20% of its respective share of the total issue expenses of the Offering, prorated for any taxation year which is less than 365 days, to the extent that the expenses were not otherwise deductible in a preceding year. The taxation year of the Fund ends on December 31.

The Fund will be required to include or, subject to certain restrictions, will be entitled to deduct, in computing its income, its share of the net income or loss for tax purposes of the Partnership allocated to the Fund for the fiscal period of the Partnership ending in the Fund's taxation year or coinciding with the end of the Fund's taxation year,

whether or not a distribution is received. In general, the Fund's share of any income or loss of the Partnership from a particular source will be treated in its hands as if it were also income from that source and any provisions of the Tax Act applicable to that type of income will apply to the Fund. See "Taxation of the Partnership" below.

Upon the actual or deemed disposition of a security held by the Fund as capital property, the Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security. The Fund will be entitled for each taxation year throughout which it is a "mutual fund trust" to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of Units during the year ("capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the tax liability of the Fund for such taxation year which may arise upon the sale of securities in connection with redemptions of Units.

The Fund will also be entitled to deduct from its income for a taxation year otherwise determined, after taking into account the inclusions and deductions outlined above, the portion of such income that becomes payable in the year to Unitholders. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Fund or a Unitholder is entitled in the year to enforce payment of the amount. The Declaration of Trust requires that the Fund distribute or make payable its net income for tax purposes for each taxation year of the Fund to Unitholders to such an extent that the Fund will not be liable in any taxation year for income tax under Part I of the Tax Act on such net income (after taking into account any applicable losses of the Fund).

Taxation of the Partnership

The Partnership will not be subject to tax under the Tax Act. Each partner of the Partnership, including the Fund, will be required to include in computing the partner's income the partner's share of the income or loss (limited to its "at-risk amount") of the Partnership for its fiscal year end ending in or coincident with the partner's taxation year, whether or not such income is distributed to the partner in the taxation year. For this purpose, the income or loss of the Partnership will be computed for each fiscal year as if the Partnership were a separate person resident in Canada. In computing the income or loss of the Partnership, deductions may be claimed in respect of its reasonable administrative and other expenses incurred for the purpose of earning income from its business and investments and available capital cost allowances, generally including interest on borrowed funds used to purchase Mortgage investments.

Certain Tax Proposals released on October 31, 2003, if enacted in the form originally proposed, could limit the deduction of losses of the Partnership in a particular taxation year. Under these Tax Proposals, with effect for taxation years commencing after 2004, a taxpayer will have a loss for a taxation year from a particular source that is a business or property only if, in that year, it is reasonable to expect that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on the business or has held the property, and can reasonably be expected to carry on the business or hold the property. Profit in this sense will not include capital gains. If the deduction of losses of the Partnership is limited in a particular year, the taxable income of the Partnership would be increased along with the taxable amount allocated to the Fund. On February 23, 2005, the Minister announced that an alternative proposal to replace the Tax Proposals of October 31, 2003 would be released for comment. No such alternative proposal has been released to date.

The income (including taxable capital gains) or loss of the Partnership for a fiscal year will be allocated to the partners of the partnership, including the Fund, on the basis of their respective share of such income or loss, subject to the detailed rules in the Tax Act in that regard. If the adjusted cost base of a partner's unit is negative at the end of a fiscal period of the Partnership, the amount by which it is negative will be deemed to be a capital gain realized by the partner at that time and the partner's adjusted cost base of such unit will be increased by the amount of the deemed gain.

Taxation of Unitholders

A Unitholder will generally be required to include in income for a particular taxation year of the Unitholder such portion of the net income, including the taxable portion of the net realized capital gains, of the Fund for a taxation year as is paid or becomes payable to the Unitholder in that particular taxation year. Provided that appropriate

designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund, the foreign source income of the Fund and the taxable dividends received or deemed received by the Fund on shares of taxable Canadian corporations as is paid or becomes payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder. To the extent that the Fund so designates in accordance with the Tax Act, Unitholders will be entitled to treat their proportionate share of foreign taxes paid by the Fund as foreign taxes paid by the Unitholders for the purpose of computing their foreign tax credits. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply, including the enhanced gross-up and dividend tax credit rules in respect of eligible dividends paid by taxable Canadian corporations after 2005. Any loss of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders.

The non-taxable portion of net realized capital gains of the Fund that are paid or become payable to a Unitholder in a year will not be included in computing the Unitholder's income for the year. Any other amount in excess of a Unitholder's share of the net income of the Fund for a taxation year that is paid or becomes payable to the Unitholder in such year will not generally be included in computing the Unitholder's income for the year but will reduce the adjusted cost base of Units to the Unitholder. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed capital gain.

The cost to a Unitholder of a Unit acquired pursuant to the Offering will equal the purchase price of the Unit plus the amount of any reasonable costs incurred in connection therewith. The adjusted cost base of a particular Unit will be the average cost of all Units of the Fund held by the Unitholder as capital property at a particular time.

Upon the disposition or deemed disposition by a Unitholder of a Unit, including on the redemption of a Unit by the Fund, the Unitholder will generally realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the Fund which represents an amount that must otherwise be included in the Unitholder's income as described above) are greater (or less) than the aggregate of the Unitholder's adjusted cost base of the Unit and any reasonable costs associated with the disposition.

A Unitholder will be required to include one-half of the amount of any resulting capital gain (a "Taxable Capital Gain") in income and will be entitled to deduct one-half of the amount of any resulting capital loss (an "Allowable Capital Loss") against Taxable Capital Gains realized in the year of disposition. Allowable Capital Losses not deducted in the taxation year in which they are realized may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following years against Taxable Capital Gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

Taxable Capital Gains realized by a Unitholder that is an individual and certain trusts may give rise to alternative minimum tax depending on the Unitholder's circumstances. A Unitholder, which is throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) will be subject to a refundable tax of 26 2/3% in respect of its "aggregate investment income" for the year (as defined in the Tax Act). A Unitholder, which is subject to the 26 2/3% tax, will be entitled to a refund of the tax as taxable dividends are paid at the rate of \$1.00 for every \$3.00 of the dividends paid by the corporation, subject to certain limitations contained in the Tax Act.

Eligibility for Investment

Provided that the Fund qualifies as a "mutual fund trust" within the meaning of the Tax Act, the Units will be qualified investments for Exempt Plans.

OFFERING

The Offering

The Fund is offering on a private placement basis a maximum of 40,000,000 Units at a price of \$10.00 per Unit (the "Offering"). Each Unit represents an undivided beneficial interest in the assets of the Fund, which will principally be comprised of indirect interests in Conventional First Mortgage loans. See "Investment Strategy".

These securities are being offered in reliance on certain exemptions from the prospectus requirements available under the securities laws of the Provinces of Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, Alberta and British Columbia and the United States of America. As at the date of this Offering Memorandum, the Offering is also being made in reliance on certain exemptions to the registration requirements under the applicable securities laws of the Offering Jurisdictions. It is anticipated that on or about September 28, 2009, changes to the securities laws governing registration requirements will come into force in the Offering Provinces. To the extent the new registration requirements are found to be applicable to the Fund and/or its activities, the Fund will take the necessary steps to comply with such requirements.

The proceeds of the Offering may not be sufficient to accomplish all of the Fund's proposed objectives. In addition to alternate financing sources, the Fund may conduct future offerings of Units in order to raise additional funds, which will result in a dilution of the interests of Unitholders in the Fund. There is no assurance that the required financing will be available on terms acceptable to the Fund or at all.

All subscriptions are subject to acceptance by the Fund. See "Subscription Procedure". The Fund will not generally accept any subscription for less than \$50,000 or 5,000 Units. The Fund will not accept any subscription unless the sale of Securities to the subscriber would qualify as an exempt distribution under applicable securities laws. See "Subscription Qualification".

Additional Information

Prospective Subscribers are entitled to ask questions of the Fund or its representatives concerning the business and financial condition of the Fund and the terms and conditions of this Offering, and to request such data as may be necessary to enable the prospective Subscriber to make an informed investment decision. Furthermore, upon receipt of a written request, the Fund will provide copies of documents referred to in this Offering Memorandum to the extent such documents are in the Fund's possession or can be acquired by the Fund without unreasonable effort or expense.

Use of Proceeds

The expenses of this Offering are estimated at \$200,000, including advertising, legal and accounting costs and printing. The Fund intends to use the net proceeds of the Offering to subscribe for additional capital in the Partnership thereby allowing the Partnership to have the capital to make future Mortgage investments which are consistent with the Partnership's investment policies.

Subscription Qualification

The Fund is currently offering the Units in reliance on registration and prospectus exemptions available under the securities laws of the provinces of Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, Alberta and British Columbia and the United States of America. Such exemptions relieve the Fund from the provisions under such legislation requiring the Fund to utilize a registered dealer in most jurisdictions to sell the Units and file a prospectus. Accordingly, purchasers of the Units will not receive the benefits associated with the involvement of such registrants or the benefits associated with purchasing the Units pursuant to a filed prospectus, including the review of the material by the securities commissions or similar regulatory authority in such jurisdictions. As noted above, it is anticipated that on or about September 28, 2009, changes to the securities laws governing registration requirements will come into force in the Offering Provinces. To the extent the new registration requirements are found to be applicable to the Fund and/or its activities, the Fund will take the necessary steps to comply with such requirements.

Eligible Subscribers For the Units

Generally, any individual, corporation, partnership or other entity resident in Canada (other than the Provinces of Saskatchewan, Prince Edward Island, Newfoundland and Labrador and Territories of Canada) may subscribe for the Units or those states in the United States where the relevant exemptions from registration under the U.S. Securities

Act are available. (See "Offering - Ineligible Subscribers For Units" below). Each Subscriber will be required to execute a Subscription Agreement, which includes certain representations of the Subscriber including the following:

- (a) If the Subscriber is an individual, the Subscriber has attained the age of majority and has legal capacity and competence to execute the Subscription Agreement and such other forms as may be required under the securities laws of the jurisdiction of residence of a Subscriber to lawfully subscribe for the Units and to take all actions required pursuant thereto;
- (b) If the Subscriber is a corporation, partnership, syndicate or trust or unincorporated organization (each an "Entity"):
 - (i) the Entity has full power and authority to execute the Subscription Agreement and to take all actions required pursuant thereto and has obtained all necessary approvals of directors, shareholders, partners, members, or otherwise with respect thereto; and
 - (ii) the Entity was not created solely and is not being used primarily to permit the purchase of the Units without a prospectus, or if the Entity was created or is being used primarily for such a purpose, each shareholder of the corporation, member of the syndicate, partnership or other unincorporated organization or investment club or each beneficiary of the trust, as the case may be, is an individual who contributed to the Entity an amount of proceeds towards the purchase of the Units which is not less than the statutory minimum requirement for the purchase to have been made pursuant to a prospectus exemption (as to minimum contribution amount) contained in the applicable securities legislation of the province of Canada in which the individual is a resident;
 - (iii) in the case of a corporation, the Subscriber is duly incorporated and organized under the laws of its jurisdiction of incorporation.
- (c) The Subscriber made the subscription for the Units in compliance with applicable statutory exemptions from prospectus requirements for his, her or its own account for investment and not with a view to or for resale in connection with any distribution or trade within the meaning of applicable securities legislation;
- (d) The Subscriber deals at arm's length with any corporation that carries on an insurance business; and
- (e) The Subscriber is a person, corporation or other entity who, by virtue of their net worth and investment experience or by virtue of consultation with or advice from a person or company who is not a promoter of the Partnership and who is registered to provide financial advice, is able to evaluate the prospective investment on the basis of information respecting the investment provided for in this Offering Memorandum.

Ineligible Subscribers For the Units

No individual, corporation, partnership or other entity resident in any of the Territories of Canada, the Provinces of Prince Edward Island, Newfoundland and Labrador nor any person in whom there is an interest which is a "tax shelter investment" (as that term is defined in the Tax Act), may subscribe for Units. No person or partnership which is a non-resident of Canada (for purposes of the Tax Act) may subscribe for Units, other than those persons or partnerships resident in the United States of America where this Offering has satisfied the relevant exemptions from registration under the U.S. Securities Act.

Plan of Distribution

Subscriptions received are subject to rejection or allotment by the Trustees in whole or in part. The Trustees reserve the right to close the subscription books at any time without notice. If any subscription is not accepted, all applicable Subscription Agreements and subscription proceeds will be returned to the potential Subscribers, without interest or deduction.

There is no market through which the Units may be sold. The Trustees determined the Unit Subscription Price arbitrarily.

The minimum number of Units required to be subscribed for each Subscriber is 5,000 Units. The Trustees reserve the right to waive the minimum number of Units subscribed for, provided that it is in compliance with applicable securities laws.

Unless relying on an alternate exemption from the prospectus and, if necessary, registration requirements, Subscribers resident in or otherwise subject to the securities laws of any province where the Units may be sold are required to fall within the definition of "accredited investor" set out under applicable securities laws or be purchasing Units for aggregate consideration in excess of \$150,000 in order to purchase the Units.

The Units are currently being offered under the prospectus exemptions set out below by province of residence:

Province	Prospectus Exemption
British Columbia	Section 2.3 or 2.10 of NI 45-106
Alberta	Section 2.3 or 2.10 of NI 45-106
Manitoba	Section 2.3 or 2.10 of NI 45-106
Ontario	Section 2.3 or 2.10 of NI 45-106
Quebec	Section 2.3 or 2.10 of Regulation 45-106 respecting prospectus and registration exemptions
New Brunswick	Section 2.3 or 2.10 of NI 45-106
Nova Scotia	Section 2.3 or 2.10 of NI 45-106
Saskatchewan	Section 2.3 or 2.10 of NI 45-106

On September 28, 2009, changes to the securities laws governing registration requirements and related exemption from the registration requirements came into force in the Offering Provinces. To the extent the new registration requirements are found to be applicable to the Fund and/or its activities, the Fund will take the necessary steps to comply with such requirements.

SUBSCRIPTION PROCEDURE

Subscribers may subscribe for Units in the Offering by delivering the following documents to the Fund at the address shown in the Subscription Agreement:

- (a) an executed subscription agreement, in the form provided with this Offering Memorandum; and
- (b) a cheque or bank draft made payable to "Romspen Mortgage Investment Fund" in the amount of the subscription price for the Units or an irrevocable direction to a financial institution to deliver to the Fund full payment for the Units upon delivery of certificates representing such Units to the financial institution or to the Subscriber.

The Fund will hold subscription funds in trust until midnight on the second Business Day after the day on which it received a signed Subscription Agreement. After this, the Fund will hold the subscription funds in trust pending a Closing under this Offering. See "Purchaser's Rights".

The Fund may collect, use and disclose individual personal information in accordance with the privacy policy of the Fund and will obtain consent to such collection, use and disclosure from time to time as required by its policy and the law. A copy of its current privacy policy will be provided with the subscription agreement.

The Fund anticipates that there will be multiple Closings. The Fund may close any part of the Offering on any date as it may determine in its sole business judgment. The Fund reserves the right to accept or reject in whole or in part any subscription for Units and the right to close the subscription books at any time without notice. Any investment funds for subscription that are not accepted will be promptly returned after it has been determined not to accept the investment funds. At a Closing of the Offering, the Fund will deliver to Subscribers certified copies of or, if requested, original certificates representing fully paid and non-assessable Units, provided the subscription price has been paid in full.

Subscribers should carefully review the terms of the Subscription Agreement accompanying this Offering Memorandum for more detailed information concerning the rights and obligations of subscribers and the Fund. Execution and delivery of a Subscription Agreement will bind subscribers to the terms thereof, whether executed by Subscribers or by an agent on their behalf. Subscribers should consult with their own professional advisors. See "Risk Factors".

RESALE RESTRICTIONS

The Fund has not filed a prospectus in connection with the issuance of the Units. As a consequence of the Fund offering the Units in reliance upon exemptions from the prospectus and registration requirements under the laws of the Provinces of Ontario, Quebec, Nova Scotia, New Brunswick, Manitoba, Alberta and British Columbia and the United States of America, persons will be unable to sell, transfer or otherwise deal with the Units offered hereby without the appropriate registration/prospectus-filing with securities commissions of the relevant provinces or pursuant to available prospectus and registration exemptions.

Subscribers are advised to consult with their legal advisors concerning restrictions on the disposition of their Units and are advised against disposing of any Units until they ascertain that such disposition is in compliance with the requirements of the applicable legislation.

RIGHTS OF ACTION FOR DAMAGES OR RESCISSION

Securities legislation in certain of the Provinces of Canada provides Subscribers, or requires Subscribers to be provided with, a right of action for rescission or damages where an offering memorandum, any amendment to an offering memorandum, a record incorporated by reference into an offering memorandum, or advertising and sales literature contains a Misrepresentation. As used in this Offering Memorandum, except where otherwise specifically defined, "Misrepresentation" means an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. As summarized below, these statutory rights of action, or notice with respect thereto, must be exercised, or delivered, as the case may be, by a Subscriber within the time limit prescribed by the applicable securities legislation. Each prospective Subscriber should refer to provisions of the applicable securities legislation for the particulars of these rights or consult with a legal adviser.

To the extent securities legislation in certain Provinces of Canada does not provide Subscribers, or require Subscribers to be provided with, a right of action for damages or rescission where an offering memorandum, any amendment to an offering memorandum, a record incorporated by reference into an offering memorandum, or advertising and sales literature contains a Misrepresentation, the Fund has provided a contractual right of action for rescission or damage as more particularly described below.

Statutory Rights of Action

Rights for Subscribers in Manitoba

A Subscriber for Units to whom this Offering Memorandum is required to be sent may rescind the subscription for Units by sending written notice to the Fund not later than the 2nd day, exclusive of Saturdays and holidays, after the Subscriber signs the Subscription Agreement to purchase Units.

If this Offering Memorandum contains a Misrepresentation, a Subscriber who purchases Units offered by this Offering Memorandum has, without regard to whether the Subscriber relied on the Misrepresentation, a right of action:

- (a) for damages against: (i) the Fund; (ii) every director of the Fund at the date of this Offering Memorandum; and (iii) every person or company who signed this Offering Memorandum; or
- (b) for rescission against the Fund.

If a Subscriber elects to exercise a right of rescission against the Fund, the Subscriber shall have no right of action for damages against a person or company referred to in (a) above. All or any one or more of the persons or companies referred to in (a) above that are found to be liable or accept liability are jointly and severally liable.

Where a Misrepresentation is contained in this Offering Memorandum, no person or company, including the Fund, is liable in respect of an action for damages or rescission as described above

- (a) if the person or company proves that the Subscriber had knowledge of the Misrepresentation;
- (b) in respect of a Misrepresentation in forward-looking information, if the person or company proves all of the following:
 - (i) this Offering Memorandum contains, proximate to the forward-looking information:
 - (A) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
 - (B) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;
 - (ii) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

A person or company is not relieved of liability respecting forward-looking information in a financial statement.

Where a Misrepresentation is contained in this Offering Memorandum, no person or company, other than the Fund, is liable in respect of an action for damages or rescission as described above:

- (a) if the person or company proves that this Offering Memorandum was sent to the Subscriber without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Fund that it was sent without the knowledge and consent of the person or company;
- (b) if the person or company proves that the person or company, on becoming aware of the Misrepresentation in this Offering Memorandum, withdrew the person's or company's consent to the Offering Memorandum and gave reasonable notice to the Fund of the withdrawal and the reason for it;
- (c) if, with respect to any part of this Offering Memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that:
 - (i) there had been a Misrepresentation; or
 - (ii) the relevant part of this Offering Memorandum:
 - (A) did not fairly represent the report, opinion or statement of the expert; or

- (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (d) with respect to any part of this Offering Memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company:
 - (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no Misrepresentation; or
 - (ii) believed there had been a Misrepresentation.

The amount recoverable shall not exceed the price at which the Units were offered under this Offering Memorandum.

In an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the Units resulting from the Misrepresentation.

If a Misrepresentation is contained in a record incorporated by reference in, or deemed incorporated into, this Offering Memorandum, the Misrepresentation is deemed to be contained in the Offering Memorandum.

In the case of an action for rescission, no action may be commenced more than 180 days from the day of the transaction that gave rise to the cause of action. In the case of an action for damages, no action may be commenced more than the earlier of: (i) 180 days from the day that the Subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) two years from the day of the transaction that gave rise to the cause of action.

The right of actions for rescission or damages summarized herein is in addition to and do not derogate from any other right that the Subscriber may have at law.

Rights for Subscribers in New Brunswick

Where this Offering Memorandum provided to a prospective Subscriber contains a Misrepresentation, a Subscriber who purchases Units offered by this Offering Memorandum shall be deemed to have relied on the Misrepresentation if it was a Misrepresentation at the time of purchase, and:

- (a) the Subscriber has a right of action for damages against the Fund; or
- (b) the Subscriber may elect to exercise a right of rescission against the Fund, in which case the Subscriber shall have no right of action for damages against the Fund.

The Fund shall not be liable if the Fund proves that the Subscriber purchased the Units with knowledge of the Misrepresentation.

The Fund shall not be liable for a Misrepresentation in forward-looking information, if the Fund proves all of the following:

- (a) this Offering Memorandum contains, proximate to the forward-looking information:
 - (i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
 - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information; and

- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

A person or company is not relieved of liability respecting forward-looking information in a financial statement.

In an action for damages, the Fund shall not be liable for all or any portion of the damages that the Fund proves does not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

In no case shall the amount recoverable exceed the price at which the Units were offered.

In the case of an action for rescission, no action may be commenced more than 180 days from the day of the transaction that gave rise to the cause of action. In the case of an action for damages, no action may be commenced more than the earlier of: (i) one year from the day that the Subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) six years from the day of the transaction that gave rise to the cause of action.

The rights of action for rescission or damages summarized herein is in addition to and do not derogate from any other right that the Subscriber may have at law.

Rights for Subscribers in Nova Scotia

Section 138 of the *Securities Act* (Nova Scotia) provides that if this Offering Memorandum, together with any amendment thereto, or any record incorporated by reference in, or deemed incorporated into, this Offering Memorandum or any amendment thereto, or any advertising or sales literature (as defined in the *Securities Act* (Nova Scotia)) in respect of the Units, contains a Misrepresentation, any Subscriber to whom this Offering Memorandum is sent or delivered who purchases the Units referred to in this Offering Memorandum, or such amendment or record, and any Subscriber who purchases Units referred to in such advertising or sales literature, is deemed to have relied on that Misrepresentation if it was a Misrepresentation at the time of purchase and has, subject as hereinafter provided, a statutory right of action for damages against the Fund at the date of this Offering Memorandum, and subject to additional defences against the directors of the Fund and every person who signed this Offering Memorandum (and the liability of such persons and companies is joint and several with respect to the same cause of action), or the Subscriber may elect instead to exercise a statutory right of rescission against the Fund in which case the Subscriber has no right of action for damages against the Fund at the date of this Offering Memorandum, any director or any person who signed this Offering Memorandum, provided that:

- (a) no action shall be commenced to enforce the right of rescission or damages created under Section 138 of the *Securities Act* (Nova Scotia) more than 120 days after the date payment was made for the Units (or after the date on which initial payment was made for the Units where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment);
- (b) no person or company is liable under Section 138 of the *Securities Act* (Nova Scotia) if the person or company proves that the Subscriber purchased the Units with knowledge of the Misrepresentation;
- (c) no person or company, other than the Fund, is liable under Section 138 of the *Securities Act* (Nova Scotia) if the person or company proves that:
- (i) this Offering Memorandum, or the amendment to this Offering Memorandum, was sent or delivered to the Subscriber without the person's or company's knowledge or consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (ii) after delivery of this Offering Memorandum, or the amendment thereto and before the purchase of the Units by the Subscriber, on becoming aware of any Misrepresentation in this Offering Memorandum, or the amendment thereto, or any record incorporated or deemed incorporated by reference herein, the person or company withdrew the person's or company's consent to this

Offering Memorandum, or amendment to this Offering Memorandum, or such record, and gave reasonable general notice of the withdrawal and the reason for it; or

- (iii) with respect to any part of this Offering Memorandum, or amendment thereto, or any record incorporated or deemed to be incorporated by reference herein, purporting to be made on the authority of an expert, or to be a copy of, or an extract from a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that there had been a Misrepresentation, or that the relevant part of this Offering Memorandum, or amendment thereto, or such record, did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or extract from, the report, opinion or statement of the expert;
- (d) no person or company, other than the Fund, is liable under Section 138 of the *Securities Act* (Nova Scotia) with respect to any part of this Offering Memorandum, or amendment thereto or any record incorporated or deemed incorporated by reference therein, not purporting to be made on the authority of an expert, or to be a copy of or an extract from, a report, opinion or statement of an expert, unless the person or company failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no Misrepresentation, or believed that there had been a Misrepresentation;
- (e) in an action for damages under Section 138 of the *Securities Act* (Nova Scotia), the defendant is not liable for all or any part of the damages that the defendant proves does not represent the depreciation in value of the Units resulting from the Misrepresentation;
- (f) the amount recoverable by a plaintiff under Section 138 of the *Securities Act* (Nova Scotia) may not exceed the price at which the Units were offered under this Offering Memorandum or amendment thereto.

A person or company is not liable for a Misrepresentation in forward-looking information if the person or company proves all of the following:

- (a) this Offering Memorandum contains, proximate to the forward-looking information:
 - (i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
 - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

A person or company is not relieved of liability respecting forward-looking information in a financial statement.

Rights for Subscribers in Ontario

Where this Offering Memorandum contains a Misrepresentation, a Subscriber who purchases the Units offered by this Offering Memorandum during the period of distribution has, without regard to whether the Subscriber relied on the Misrepresentation, the following rights:

- (a) the Subscriber has a rights of action for damages against the Fund; or
- (b) the Subscriber may elect to exercise a right of rescission against the Fund.

If the Subscriber elects to exercise a right of rescission against the Fund, then the Subscriber shall have no right of action for damages against the Fund.

The Fund shall not be liable if the Fund proves that the Subscriber purchased the Units with knowledge of the Misrepresentation.

The Fund shall not be liable for a Misrepresentation in forward-looking information, if the Fund proves all of the following:

- (a) this Offering Memorandum contains, proximate to the forward-looking information:
 - (i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information; and
 - (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward-looking information;
- (b) the person or company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

A person or company is not relieved of liability respecting forward-looking information in a financial statement.

In an action for damages, the Fund shall not be liable for all or any portion of the damages that the Fund proves does not represent the depreciation in value of the Units as a result of the Misrepresentation relied on.

In no case shall the amount recoverable exceed the price at which the Units were offered.

In the case of an action for rescission, no action may be commenced more than 180 days from the day of the transaction that gave rise to the cause of action. In the case of an action for damages, no action may be commenced more than the earlier of: (i) 180 days from the day that the Subscriber first had knowledge of the facts giving rise to the cause of action; or (ii) three years from the day of the transaction that gave rise to the cause of action.

The rights of action for rescission or damages summarized herein is in addition to and do not derogate from any other right that the Subscriber may have at law.

Rights of Subscribers in Saskatchewan

If a Subscriber purchases Units, the Subscriber will have certain rights, some of which are described below. For information about such rights, a Subscriber should consult a lawyer.

A Subscriber is given certain statutory rights under the *Securities Act* (Saskatchewan). Those rights are:

- (a) Subsection 80.1(4) – the right to withdraw from an agreement to purchase securities by giving written notice to the Fund within two Business Days after receipt of any amendment to this Offering Memorandum;
- (b) Subsection 138(1) – a right of action for rescission or for damages where this Offering Memorandum and any amendment to this Offering Memorandum contains a Misrepresentation;
- (c) Subsection 138.1(1) – a right of action for rescission or for damages where advertising or sales literature used in connection with this Offering contains a Misrepresentation;
- (d) Subsection 138.2(1) – a right of action for damages where a verbal statement made in connection with this Offering contains a Misrepresentation;
- (e) Subsection 141(1) – a right to void the Subscription Agreement and recover the Subscription Price if the Units are sold in contravention of the *Securities Act* (Saskatchewan), the regulations to the Act or a decision of the Saskatchewan Financial Services Commission, Securities Division; and

- (f) Subsection 141(2) - a right of action for rescission or for damages if the Offering Memorandum is not delivered to a prospective purchaser before the Subscription Agreement, as required by section 80.1 of the *Securities Act* (Saskatchewan).

A prospective purchaser should refer to the provision of the *Securities Act* (Saskatchewan) for the particulars of these rights or consult with a lawyer.

These statutory rights given by the *Securities Act* (Saskatchewan) are in addition to and without derogation from any other right or remedy which a Subscriber might have at law.

This statutory right to sue is available to a Subscriber whether or not the Subscriber relied on the Misrepresentation. However, there are various defences available to the persons or companies that the Subscriber has a right to sue. In particular, they have a defence if the Subscriber knew of the Misrepresentation when the Subscriber purchased the Units.

Statutory rights of action must be exercised within certain time periods. Those time periods are:

- (a) an action for rescission must be started within 180 days of the purchase;
- (b) an action for damages must be started by the earlier of:
 - (i) one year after the Subscriber first had knowledge of the facts giving rise to the action; or
 - (ii) six years after the Units were purchased.

General

The foregoing summaries are subject to the express provisions of *The Securities Act* (Manitoba), the *Securities Act* (New Brunswick), the *Securities Act* (Nova Scotia), the *Securities Act* (Ontario), the *Securities Act* (Quebec) and the *Securities Act* (Saskatchewan) and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.

Contractual Rights of Action

Rights for Subscribers in Alberta, British Columbia

Subscribers in Alberta and British Columbia are granted the same rights of action for rescission or damages as residents of Ontario who purchase Units.

The contractual rights of action for rescission or damages granted to Subscribers in Alberta and British Columbia are in addition to and do not derogate from any other right that the Subscriber may have at law.

RISK FACTORS

In addition to factors set forth elsewhere in this Offering Memorandum, potential Subscribers should carefully consider the following factors, many of which are inherent to the ownership of the Units. The following is a summary only of the risk factors involved in an investment in the Units, prospective Subscribers should consult with their own professional advisors to assess the income tax, legal and other aspects of an investment in the Units.

No Market for the Units

As there is no developed market for the Units and the Units are subject to overall restrictions under securities laws, a Unitholder will not be able to liquidate his investment or withdraw his capital at will. Other than in accordance with the redemption rights attached to the Units, a Unitholder may never be able to sell his Units and recover any part of

his investment. Accordingly, an investment in Units should only be considered by investors who do not require liquidity.

The Units Are Not Insured

The Fund is not a member institution of the Canada Deposit Insurance Fund and the Units offered pursuant to this Offering Memorandum are not insured against loss through the Canada Deposit Insurance Fund. The Units are redeemable at the option of the holder, but only under certain circumstances. See "Rights and Characteristics of the Units".

"Mutual Fund Trust" Status

It is intended that the Fund continue to qualify as a "mutual fund trust" for the purposes of the Tax Act. However, there can be no assurance that the Canadian federal income tax laws and administrative policies of the CRA respecting the treatment of "mutual fund trust"s and unit trusts will not be changed in a manner which adversely affects the holders of Units. See "Certain Canadian Income Tax Considerations – "mutual fund trust" Status". If the Fund fails to meet one or more conditions to qualify as a "mutual fund trust", **the income tax considerations described under "Certain Canadian Income Tax Considerations", would, in some respects, be materially different.**

If the Fund ceases to qualify as a "mutual fund trust", the Units will cease to be a qualified investment for trusts governed by Exempt Plans. Where, at the end of a month, an Exempt Plan holds Units that are not qualified investments, the Exempt Plan, as the case may be must, in respect of that month, pay a tax under Part XI.1 of the Tax Act equal to 1% of the fair market value of the Units at the time such Units were acquired by the Exempt Plan. In addition, trusts governed by a RRSP or a RRIF may be subject to tax on the income attributable to the holding of non-qualified investments including tax on full capital gains, if any, realized on the disposition of Units. Where a trust governed by a RRSP or a RRIF acquires Units that are not qualified investments, the value of the investment will be included in the income of the Annuitant for the year of the acquisition. Trusts governed by RESPs that hold trust units that are not qualified investments can have their registration revoked by the CRA.

Additionally, if the Fund ceases to qualify as a "mutual fund trust", it may be required to pay a tax under Part XII.2 of the Tax Act. The payment of Part XII.2 tax by the Fund may have adverse income tax consequences for certain Unitholders, including non-resident persons and Exempt Plans that acquire an interest in the Units directly or indirectly from another Unitholder.

Unitholder Liability

The Declaration of Trust limits the liability of Unitholders in respect of the Fund and states that the assets of the Fund only are intended to be liable and subject to levy or execution for satisfaction of Fund liabilities and that no resort is to be had to, nor recourse or satisfaction sought from, the private property of any Unitholder in respect of such liabilities. The Fund is the sole limited partner of the Partnership, with the goal of providing enhanced liability protection for Unitholders. As a result of this structure, no business operation will be conducted by the Fund and the liability of the Fund is intended to be limited to its capital contribution as a limited partner in the Partnership.

Notwithstanding the above, to the extent that claims are not satisfied by the Fund, there is a risk that a Unitholder or annuitant will be held personally liable for obligations of the Fund where the liability is not disclaimed in the contracts or arrangements entered into by the Fund with third parties. Personal liability may also arise in respect of claims against the Fund that do not arise under contracts, including claims in tort, claims for taxes and certain other statutory liabilities. The possibility of any personal liability of this nature arising is considered by the Fund's management to be remote due to the nature of the Fund's activities as beneficiary and creditor. In the event that payment of a Fund obligation is required to be made by a Unitholder, such Unitholder is entitled to reimbursement from the available assets of the Fund.

Tax Treatment and Possible Changes in Tax Laws

There can be no assurance that income tax laws and the treatment of a "mutual fund trust" will not be changed in a manner which adversely affects Unitholders. See "Certain Canadian Federal Income Tax Considerations".

Prospective unitholders should consult with their tax advisors for advice with respect to the tax consequences to them having regard to their own particular circumstances.

Dilution

The number of Units the Fund is authorized to issue is unlimited and the Trustees have the sole discretion to issue additional Units. The proceeds of the Offering may not be sufficient to accomplish all of the Fund's proposed objectives. In addition to alternate financing sources, the Fund may conduct future offerings of Units in order to raise the funds required which will result in a dilution of the interests of the Unitholders in the Fund.

History of Operation

The Fund has only been operating since January 16, 2006 as an unincorporated closed-end investment trust and therefore does not have long-term return data available for review by Unitholders. However, each of the Trustees and the director and officer of the General Partner and the Mortgage Manager have substantial experience in the real estate and/or mortgage industries. Investors must rely on the ability, expertise, judgment, discretion, integrity and good faith of the Trustees and the director and officer of the General Partner and the Mortgage Manager. See "Management of the Partnership".

Reliance on Trustees

In assessing the risks and rewards of an investment in Units, potential investors should appreciate that they are relying on the good faith and judgment of the Trustees in administering and managing the Fund. Although approval of the Unitholders is required for certain matters, Unitholders have no right to take part in the management of, or the stated purpose of the Fund and the Fund will be bound by the decisions of the Trustees as provided in the Declaration of Trust. It would be inappropriate for investors who are unwilling to rely on the Trustees to this extent to subscribe for Units. There is no certainty that the persons who are currently Trustees will continue to be available to the Fund for the entire period during which it requires the provision of their services.

No Guaranteed Return

There is no guarantee that an investment in Units will earn any positive return in the short or long term. Moreover, the interest rates being charged for Mortgages reflect the general level of interest rates and, as interest rates fluctuate, management of the Fund expects that the aggregate yield on Mortgage investments will also change.

Changes in the Economy and Credit Markets

Historically, global financial markets have been subject to periods of volatility and uncertainty, driven by a wide range of factors at any given point in time. Currently, financial markets are slowly recovering from the unprecedented volatility caused by the impairment of financial assets held by lending institutions around the world. A number of major financial institutions have commenced bankruptcy proceedings or have sought and received significant financial assistance from governmental authorities. Access to financing has been negatively impacted by sub-prime mortgages, the liquidity crisis affecting the asset-backed commercial paper market and seriously compromised collateral in the derivatives markets, most notably, collateralized debt obligations (CDOs), credit default swaps (CDSs) and structured investment vehicles (SIVs). This has led to a severe reduction in financial liquidity and credit resulting in a widespread de-leveraging and repricing of all financial asset classes, resulting in the bankruptcy, liquidation, seizure and restructuring of many large global financial institutions outside Canada. These factors may impact the ability of the Partnership to maintain a funding facility with arms length third party institutions on terms favourable to the Partnership. Volatility in financial markets may also be reflected in volatility in the market value of the real property underlying the Mortgage Portfolio.

Nature of the Investments

Investments in Mortgages are affected by general economic conditions, local real estate markets, demand for housing or commercial premises, fluctuation in occupancy rates, operating expenses and various other factors. Investments in Mortgages are relatively illiquid. This will tend to limit the Fund's ability to vary its portfolio promptly in response to changing economic or investment conditions. The Partnership's investments in Mortgage loans will be secured by real estate. All Real Property investments are subject to elements of risk. While independent appraisals may be obtained before the Fund makes any Mortgage investments, the appraised values provided therein, even where reported on an "as is" basis are not necessarily reflective of the market value of the underlying Real Property, which may fluctuate. In addition, the appraised values reported in independent appraisals may be subject to certain conditions, including the completion, rehabilitation or lease-up improvements on the Real Property providing security for the investment. There can be no guarantee that these conditions will be satisfied and if, and to the extent, they are not satisfied, the appraised value may not be achieved. Even if such conditions are satisfied, the appraised value may not necessarily reflect the market value of the real property at the time the conditions are satisfied.

The Fund's income and funds available for distribution to Unitholders would be adversely affected if a significant number of borrowers were unable to pay their obligations to the Partnership or if the Partnership was unable to invest its funds in Mortgages on economically favourable terms. On default by a borrower, the Partnership may experience delays in enforcing its rights as lender and may incur substantial costs in protecting its investment.

Availability of Investments

Because the source of all of the Partnership's investments is through the Mortgage Manager, the Partnership, and therefore indirectly the Fund, is exposed to adverse developments in the business and affairs of the Mortgage Manager, to its management and financial strength, to its ability to operate its businesses profitably and to its ability to retain its mortgage brokerage licenses issued to it under applicable legislation. The ability of the Partnership to make investments in accordance with its objectives and investment policies depends upon the availability of suitable investments and the amount of funds available.

There can be no assurance that the yields on the Mortgages currently invested in by the Mortgage Manager will be representative of yields to be obtained on future Mortgage investments of the Partnership. The Mortgage Manager must render its services under the Mortgage Management Agreement honestly and in good faith and must use reasonable commercial efforts to perform its duties and responsibilities under the Mortgage Management Agreement in a conscientious, reasonable and competent manner. However, the services of the Mortgage Manager, the directors and officers of the Mortgage Manager and the members of its credit committee are not exclusive to the Partnership. The Mortgage Manager, its directors and officers, its affiliates, members of its credit committee and their affiliates may, at any time, engage in promoting or managing other entities or their investments including those that may compete directly or indirectly with the Partnership, and the Mortgage Manager has sole discretion in determining which Mortgages and investments it will make available to the Partnership for investment.

Reliance on the General Partner

In assessing the risk of an investment in Units, potential investors should be aware that they will be relying on the good faith, experience and judgment of management of the General Partner and those advisors appointed by the General Partner to assess the acquisition and disposition of the Partnership's investments. Although investments made by the Partnership will be carefully chosen, there can be no assurance that such investments will earn a positive return in the short or long term or that losses may not be suffered by the Partnership from such investments.

Limited Sources of Borrowing

The Canadian financial marketplace has a limited number of financial institutions that provide credit to entities such as the Partnership. The limited availability of sources of credit may limit the Partnership's ability to take advantage of leveraging opportunities to enhance the yield on its mortgage investments. This limited availability may be compounded by the fact that the Partnership with the Fund as guarantor, amended the terms of a loan agreement with arms length third party financial institutions pursuant to which the Partnership now has access, on a revolving

basis, to funds in the maximum amount of \$70 million. This revolving loan facility makes the Partnership and the Fund less attractive as potential borrowers to other sources of credit. The Partnership intends to limit its exposure to the potential scarcity of such funds by continuously seeking out new sources of credit.

Renewal of Mortgages

There can be no assurances that any of the Mortgages comprising the Mortgage Portfolio from time to time can or will be renewed at the same interest rates and terms, or in the same amounts as are currently in effect. With respect to each Mortgage comprising the Mortgage Portfolio, it is possible that the mortgagor, the mortgagee or both, will not elect to renew such Mortgage. In addition, if the Mortgages in the Mortgage Portfolio are renewed, the principal balance of such renewals, the interest rates and the other terms and conditions of such Mortgages will be subject to negotiations between the mortgagors, the mortgagee and the Mortgage Managers at the time of renewal.

Composition of the Mortgage Portfolio

The composition of the Mortgage Portfolio may vary widely from time to time and may be concentrated by type of security, industry or geography, resulting in the Mortgage Portfolio being less diversified than anticipated. A lack of diversification may result in the Partnership being exposed to economic downturns or other events that have an adverse and disproportionate effect on particular types of security, industry or geography.

Failure to Meet Commitments

The Partnership may commit to making future Mortgage investments in anticipation of repayment of principal outstanding under existing Mortgage investments. In the event that such repayments of principal are not made in contravention of the borrowers' obligations, the Partnership may be unable to advance some or all of the funds required to be advanced pursuant to the terms of its commitments and may face liability in connection with its failure to make such advances.

Competition

The Partnership will be competing for Mortgage loans with individuals, corporations and institutions (both Canadian and foreign) which are seeking or may seek Mortgage loan investments similar to those desired by the Partnership. Many of these investors will have greater financial resources than those of the Partnership, or operate without the investment or operating restrictions of the Partnership or according to more flexible conditions. An increase in the availability of investment funds and an increase in interest in Mortgage investments may increase competition for Real Property investments, thereby increasing purchase prices and reducing the yield on investments. While management of the Fund does not anticipate a significant increase in competition in the markets in which it intends to continue to invest, changing market conditions may increase the level of competition for profitable Mortgage investments and thus may reduce the number of suitable investment opportunities for the Partnership.

Environmental and Other Regulatory Matters

Although the Mortgage Manager generally obtains an evaluation of the property to be subject to the Mortgage in the form of a Phase I Environmental Audit, environmental legislation and policies have become an increasingly important feature of property ownership and management in recent years. Under various laws, the Partnership could become liable for the costs of effecting remedial work necessitated by the release, deposit or presence of certain materials, including hazardous or toxic substances and wastes at or from a property, or disposed of at another location. The failure to effect remedial work may adversely affect an owner's ability to sell real estate or to borrow using the real estate as collateral and could result in claims against the owner.

The Partnership follows the environmental program of the Mortgage Manager, which includes policies and procedures to review and monitor environmental matters associated with its properties. The Mortgage Manager's environmental policy usually includes a Phase I Environmental Audit when warranted, conducted by an independent and experienced environmental consultant, before advancing a loan or acquiring a Mortgage.

Knowledge and Expertise of the Mortgage Manager

The Partnership will be dependent on the knowledge and expertise of the Mortgage Manager for investment advisory and portfolio management services under the Mortgage Management Agreement. There is no certainty that the persons who are currently officers and directors of the Mortgage Manager or members of its credit committee will continue to be officers and directors of the Mortgage Manager or members of its credit committee for an indefinite period of time. See "Conflicts of Interest" and "The Mortgage Manager".

Conflicts of Interest

All of the Trustees are also directors or officers of the Mortgage Manager and its Affiliates and the sole officer and director of the General Partner is an employee of the Mortgage Manager and; accordingly, there may be conflicts of interest if the interests of these persons or entities are inconsistent. The Mortgage Manager has entered into the Mortgage Management Agreement with the Partnership and is entitled to earn a fee for providing services to the Partnership and to earn various fees from mortgagors on loans under its administration. The Mortgage Manager must render its services under the Mortgage Management Agreement honestly and in good faith and must use reasonable commercial efforts to perform its duties and responsibilities under the Mortgage Management Agreement in a conscientious, reasonable and competent manner. However, the Mortgage Manager, its directors and officers, its Affiliates, members of its credit committee and their Affiliates may at any time, and currently do, engage in promoting or managing other entities or their investments including real property financing that may compete directly or indirectly with the Partnership and hence with the Fund. The Mortgage Manager intends to and has established other investment vehicles which may involve transactions which conflict with the interests of the Partnership or the Fund. See "Mortgage Management Agreement".

In addition, the Mortgage Manager has sole discretion in determining which Mortgages and investments it will make available to the Partnership for investment and will, at the same time and on an on-going basis, be sourcing investment opportunities for its own account or the account of others. The Mortgage Manager, in exercising its discretion, will use its best judgment and act in such manner as it sees fit, having regard to the relative sizes, investment objectives, portfolio composition and financial capabilities of all of the entities involved, including, specifically the Partnership. See "Mortgage Manager".

Although none of the Trustees, the directors or officers of the General Partner or the Mortgage Manager will devote all of his or her full time to the business and affairs of the Partnership, each will devote as much time as is necessary to supervise the management of, to manage or to advise on the business and affairs of, the Partnership and its individual members and business. See "Management of the Partnership".

Whenever a conflict of interest arises between the Partnership, on the one hand, and the Mortgage Manager on the other hand, the parties involved, in resolving that conflict or determining any action to be taken or not taken, will be entitled to consider the relative interests of all of the parties involved in the conflict or that will be affected by such action, any customary or accepted industry practices, and such other matters as the parties deem appropriate in the circumstances. The Declaration of Trust contains conflicts of interest provisions requiring the Trustees to disclose material interests in material contracts and transactions. See "Conflict of Interest Restrictions and Provisions for Trustees".

CERTIFICATE

The foregoing contains no misrepresentation or untrue statement of a material fact, as such terms is defined in the Ontario Act, and does not omit to state a material fact that is necessary to make a statement not misleading in light of the circumstances in which it was made.

The preparation and contents of this Offering Memorandum have been approved by the Trustees of the Fund.

DATED this 24th day of November, 2009.

ROMSPEN MORTGAGE INVESTMENT FUND

(SIGNED) SHELDON C. ESBIN
Chairman of the Board of Trustees

(SIGNED) ARTHUR E. RESNICK
Trustee

(SIGNED) WESLEY N. ROITMAN
Trustee

(SIGNED) MARK L. HILSON
Trustee

