ROMSPEN
mortgage investment fund

2008 Annual Report

Contents

The cover illustrates a range of properties for which Romspen has provided mortgages, (clockwise, from top):

Yonge/Dundas Centre, Toronto, ON
Revelstoke Resort, Revelstoke, BC
Emmanuel Village Residences, Kitchener, ON
The Docks Nightclub & Venue, Toronto, ON
Bellevue Self Storage, Belleville, ON
Medallion Business Centre, Calgary, AB

Romspen Business & Principles

Romspen has a long-term track record of successful mortgage investing across Canada. With its origins in the mid-60's, Romspen is one of the largest non-bank commercial/industrial mortgage lenders in Canada. Our investors are high net-worth individuals, trusts and endowments. Through disciplined investing we have generated consistent returns of approximately 10% annually for our investors. Romspen's management is guided by the following operating principles in the conduct of its business.

investor value – Our primary objective is to protect unitholder capital while providing a safe and consistent cash return that targets an absolute yield of 10%.

commitment – Managers should be owners. As such, we have committed a significant portion of our net worth to the Fund and as a management group, are the largest investor in the Fund.

partnership – We work collaboratively with our borrowers and syndication partners to ensure mutual success, even during difficult and unforeseen circumstances.

long-term perspective – While we don't choose to own property, we make lending decisions on the assumption we would be comfortable owning a property for the value of the mortgage. Our intention is to achieve consistent long-term returns through mortgage lending by applying proven strategies for financial and real estate management.

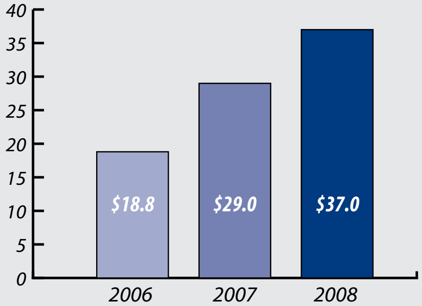
risk management – As managers, it is our responsibility to identify and manage the risk inherent with the mortgage portfolio. Rigorous property and borrower due diligence is fundamental to our lending decisions. Diversification by borrower, geography, property type and size is a deliberate strategy to smooth the effect of the business cycle over the long term.

responsibility – It is our responsibility to provide forthright reporting to our unitholders at all times. We will communicate fully and promptly about problems and opportunities facing the Fund.

Romspen Mortgage Investment Fund – 2008 Highlights

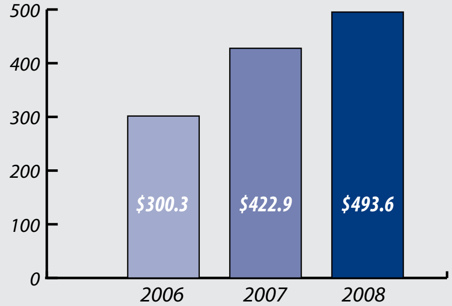
Key Metrics

Net Income
($ millions)



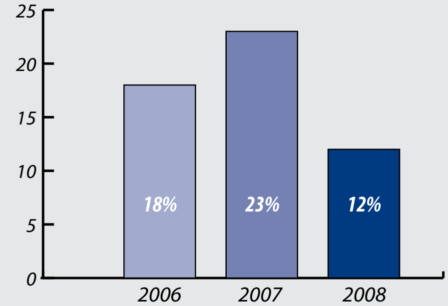
Strong net income growth

Mortgage Portfolio
($ millions)



Steady portfolio growth

Net Leverage
(% mortgage portfolio)

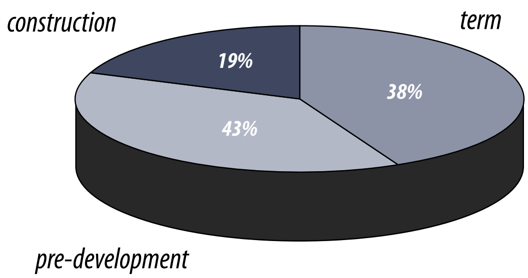


Low financial leverage

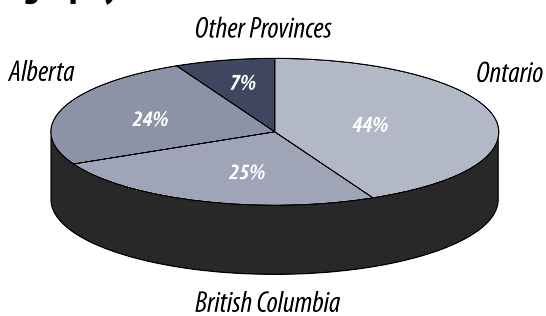
Mortgage Portfolio Profile

As of December 31, 2008

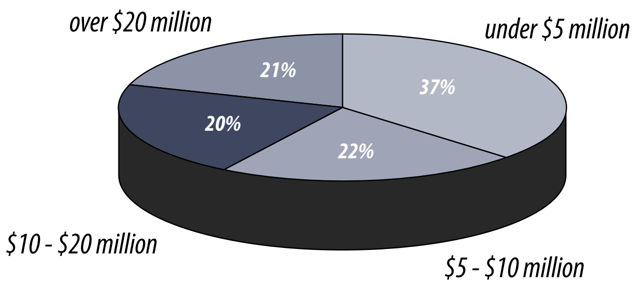
By Type



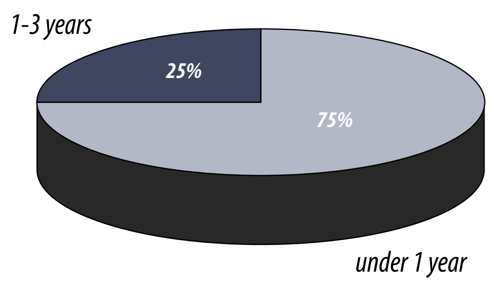
By Geography



By Amount

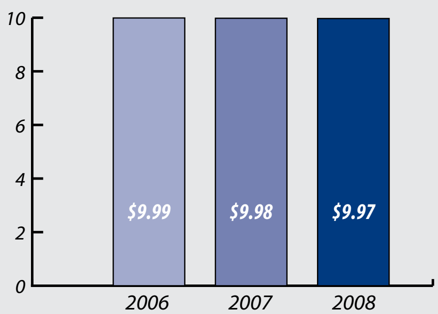


By Maturity



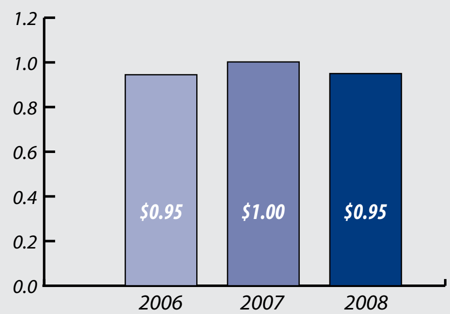
The mortgage portfolio remains well diversified.

Unitholder Value
($/unit)



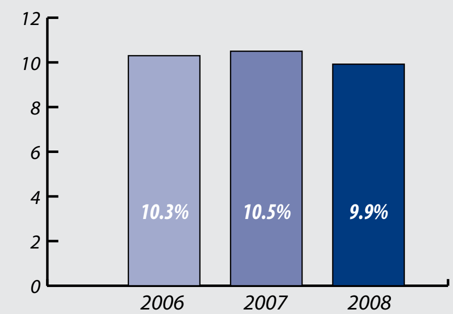
Stable unit value

Unitholder Distributions
($/unit)



Consistent distributions

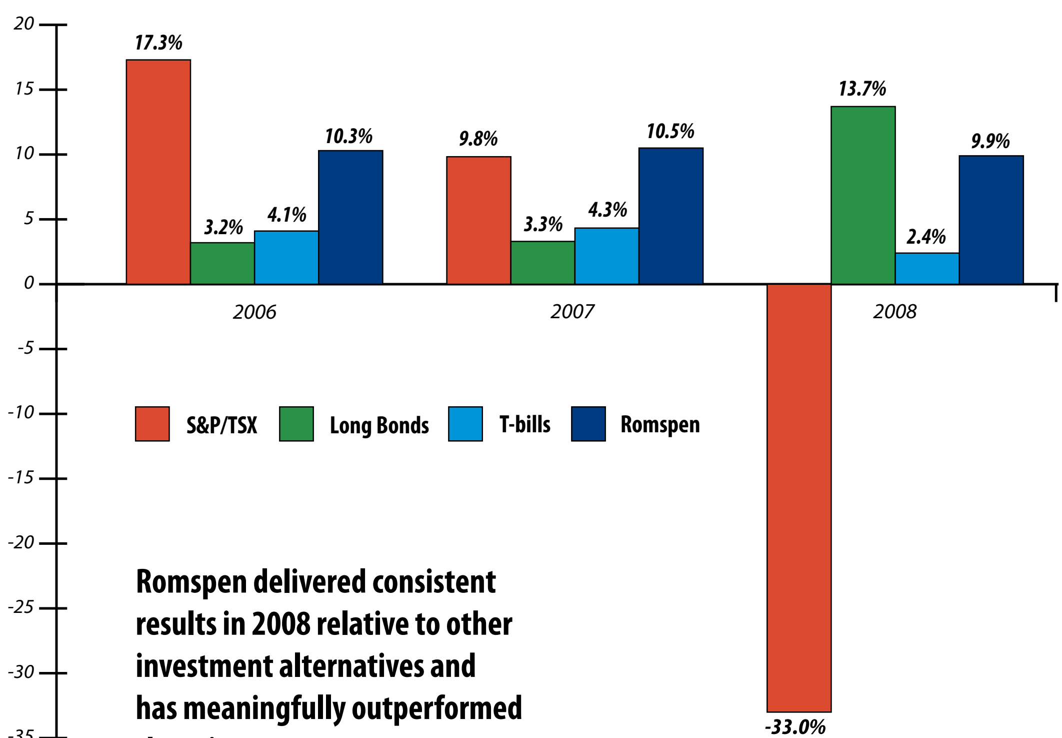
Unitholder Returns
(annual compounded %)



Consistent returns

Comparative Performance

Annual % Return



Romspen delivered consistent results in 2008 relative to other investment alternatives and has meaningfully outperformed these investments over the past 3 years.

3 Year Accumulated Compounded Return

Romspen	34%
Long Bonds	22%
T-bills	11%
S&P/TSX	-20%

Source: Statistics Canada, Bank of Canada, RMIF Annual Reports

Trustees' Report

Dear Fellow Investors:

By all important measures – investor distributions, portfolio growth, new investor funds, and the credit quality of new loans – 2008 was a great year for Romspen. Globally, an amalgam of years of loose credit standards; excessive financial leverage and flawed mathematical models to assess investment risks all collided in 2008 to produce one of the worst years investors have ever experienced. Our performance stood in stark contrast to this as Romspen delivered strong absolute returns which dramatically outperformed almost all other investment classes on a comparative basis.

Financial Highlights

For the year ending December 31, 2008, Romspen recorded net income of $37.0 million or $0.93 per unit compared to $29.0 million or $0.99 per unit in 2007. Unitholder distributions were $0.95 per unit compared to $1.00 per unit last year. This yielded a compounded net return to investors of 9.9% compared to 10.5% last year.

At December 31, 2008, the net mortgage portfolio had grown to $493.6 million, an increase of 17% compared to the same time last year. Investors held units totalling $444.1 million compared to $331.4 million last year, with the fund enjoying net inflows of investor capital each month during 2008. Net debt (debt less cash) at $59.5 million or 12% of net mortgages, was meaningfully reduced from last year's level of $95.7 million or 23%. The weighted average interest rate of the mortgage portfolio strengthened throughout the year to 11.9% compared to 11.6% in 2007.

Challenging Investment Markets

The year 2008 will go down as one of the worst performing periods for investments on record with over $30 trillion erased from global equity markets. The sub-prime mortgage problem that emerged in 2007 exposed a lack of transparency that hid serious credit problems amongst global financial institutions. These problems proved much larger than most investors expected. As the panic unfolded, there was a mass liquidation globally of all asset classes, either voluntary or forced. This resulted in collapsing stock and commodity markets; rapid interest rate declines; broad-based deleveraging and a massive contraction in liquidity. The bankruptcy of Lehman Brothers and the collapse of Bear Stearns and AIG, combined with the repeated government bailouts of major global banks, greatly exacerbated the crisis and destroyed investor confidence. The exposure of large-scale investor frauds, including Madoff, Stanford and others, caused further investor distress.

Canada experienced more muted effects of this crisis, being insulated in part by stronger financial institutions; lack of any significant sub-prime mortgage market; a lower Canadian dollar and large government surpluses. Nevertheless, the severity and speed of these adverse economic forces have negatively impacted almost all businesses and investments. In the Canadian commercial real estate market we have seen a marked slowdown in new initiatives; a softening in property values; delays in getting existing projects completed and a difficult market for refinancing.

Managing Risk

This year demonstrated the investment managers that best weathered the market turmoil were those who had better risk management practices. Our long-standing investment philosophies have served us well through many cycles and our 2008 results have reinforced our commitment to these principles. In summary they are: (i) a loan-to-value ratio under 65%; (ii) knowing every borrower and every property; (iii) diversification by size, borrower, geography and property type; (iv) limited use of financial leverage; (v) rigorous underwriting standards and (vi) a clear exit strategy for every loan. Further, we use old-fashioned common sense in making our lending decisions as opposed to relying on mathematical models or credit-scoring processes. Having said this, we are not immune from mistakes or the impact of the current economic challenges. Certain loans in our portfolio have not performed according to their terms and we are proactively addressing these issues to ensure the best possible outcome. Being prudent, we have increased our loss reserves over the year and continue to do so. Having adequate reserves provides a cushion against unforeseen exposures not addressed in the lending principles described above.

Superior Investment Track Record

In 2008, Romspen's 9.9% return outperformed most other investment classes, including the stock market (S&P/TSX), T-bills and every one of the 180 largest mutual funds in Canada. Excluding a short-lived technical rally in long bonds during the last two months of the year, which has since reversed, Romspen would have outperformed this asset class also.

Since inception of the Fund in 2006, reflecting a continuation of its previous syndicated mortgage business, Romspen has strongly outperformed all of these benchmarks as well. Specifically, for the three-year period ending December 31, 2008, Romspen has delivered accumulated compounded returns of 34% compared to 22%, 11% and -20% for long bonds, T-bills and the stock market respectively. Said another way, a $10.00 investment in January 2006 would have returned $3.40 to an investor in Romspen compared to only $2.20 in long bonds, $1.10 in T-bills, with the stock market losing $2.00. Again, Romspen has outperformed every one of the 180 largest mutual funds in Canada, which includes a broad range of equity, bond, balanced, dividend, mortgage, real estate, growth and money market funds.

Examining our performance over the past 15 years to December 31, 2008, which includes three years as a fund and 12 years as a syndicated mortgage business, Romspen meaningfully outperformed these benchmarks again with accumulated compounded returns of 320%, compared to 243% for long bonds; 81% for T-bills and 108% for the stock market.

As important, we have achieved these returns very consistently each year in contrast to other investment alternatives which have been highly volatile. This consistency is an important aspect of how we manage risk and is valued by our investors. Our performance, particularly in the past year, continues to validate our investment strategy in both good and bad market conditions.

Distributions

The single most important aspect of our investment strategy is capital preservation. In early December we announced a modest reduction in monthly distributions of $0.01 per unit to increase loss reserves and proceed cautiously in this difficult and volatile economic environment. We review this decision each month and currently believe this is the prudent approach until there is clear evidence of improving economic and credit conditions.

Outlook

We believe a recessionary economy will continue through 2009 and its ultimate severity is difficult to predict. On-going risks remain in the banking system with continued loan losses; higher unemployment and a retrenchment in consumer spending. We see little improvement until well into 2010 when global financial markets and banks are stabilized and bad loans have worked through the system. We expect the challenges we saw in the commercial real estate market in 2008 to persist throughout 2009. In this difficult economic environment we are seeing robust credit demand; stronger borrowers; higher interest rates and an absence of competition. Despite this, we continue to lend defensively and "cherry pick" the very best opportunities by carefully assessing all risks. Within the existing portfolio, we are monitoring all loans thoroughly and regularly; proactively managing non-performing loans; and maintaining high liquidity. In 2009, we expect our performance to be at the lower end of Romspen's long-term track record over the past 15 years, which has been between 8.6% and 10.8% annually.

Late in 2008, as stock markets crashed, the volume of redemption requests created a queue for unitholders seeking redemptions. This has created capital pressures on the Fund at a time when capital is most needed to seize attractive opportunities and address potential problem loans. Based on discussions with long-time unitholders, the trustees are proposing a modified unitholder redemption mechanism under circumstances that lead to a large redemption queue. Further background and details regarding this are discussed in the accompanying Trustee Circular.

As always, we thank you for your continuing confidence and support. We are very pleased with the Fund's performance during 2008, given the difficult economic and investment climate. The trustees of Romspen are the largest investors in the Fund and, while we are proceeding cautiously in this challenging economy, we remain fully committed to the Fund's ongoing success and are optimistic about its future performance.

Respectfully submitted,

Sheldon Esbin	Mark Hilson	Arthur Resnick	Wesley Roitman

Trustees of the Fund
April 14, 2009

Management's Discussion & Analysis

Responsibility Of Management

This Management's Discussion and Analysis ("MD&A") for Romspen Mortgage Investment Fund (the "Fund") should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2008 included herein and the audited financial statements and MD&A for the year ended December 31, 2007. Investment in the Fund is subject to certain risks and uncertainties described in the Fund's Offering Memorandum, which should be read in conjunction with this MD&A. These documents are available on our website at: www.romspen.com.

Management is responsible for the information disclosed in this MD&A. The Fund has in place appropriate procedures, systems and controls to ensure such information is materially complete and reliable. In addition, the Fund's trustees have reviewed and approved the MD&A and the financial statements for the years ended December 31, 2008 and December 31, 2007.

This MD&A contains certain forward-looking statements and non-GAAP financial measures, see "Forward-Looking Statements" and "Non-GAAP Financial Measures".

Forward-Looking Statements

From time to time the Fund makes written and verbal forward-looking statements. These are included in its quarterly Management's Discussion and Analysis ("MD&A"), Fund presentations and other Fund communications.

Forward-looking statements include, but are not limited to, business objectives and targets, Fund strategies, operations, anticipated financial results and the outlook for the Fund, its industry, and the Canadian economy. These statements regarding future performance are "financial outlooks" within the meaning of National Instrument 52-102. Forward-looking statements are typically identified by words such as "believe", "expect", "anticipate", "estimate", "plan", "may" and "could" or other similar expressions. By their very nature, these statements require us to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, global capital market activity, changes in government monetary and economic policies, changes in interest rates, inflation levels and general economic conditions, legislative and regulatory developments, competition and technological change. The preceding list is not exhaustive of possible factors. These and other factors should be considered carefully and readers are cautioned not to place undue reliance on these forward-looking statements. The Fund does not undertake to update any forward-looking statements, whether written or verbal, that may be made from time to time by it or on its behalf except as required by securities laws.

Non-GAAP Financial Measures

This MD&A contains certain non-GAAP financial measures. A non-GAAP financial measure is defined as a numerical measure of the Fund's historical or future financial performance, financial position, or cash flows that excludes amounts or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the financial statements or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Non-GAAP financial measures disclosed herein are meant to provide additional information and insight regarding the historical operating results and financial position of the Fund. These measures are not in accordance with, or a substitute for, GAAP and may be different from or inconsistent with non-GAAP financial measures used by others.

Introduction

The Fund is an unincorporated closed-end investment trust established under the laws of the Province of Ontario pursuant to a trust indenture dated as at May 20, 2005. The Fund is a non-bank lender providing and investing primarily in short-term and medium-term commercial mortgages. The Fund is the sole limited partner in the Romspen Mortgage Limited Partnership (the "Partnership") and conducts its lending activities primarily through the Partnership. The objective of the Fund is to provide stable and secure cash distributions of income while preserving equity.

Romspen Investment Corporation ("Romspen") is the Fund Manager and acts as the primary loan originator, underwriter, administrator and syndicator for the Partnership. Romspen also acts as administrator of the Fund's affairs. Romspen and its principals, through predecessor companies, have been in the business of mortgage origination, servicing and syndication since 1966.

The Fund commenced operations on January 16, 2006, and during the first quarter of 2006 raised $158.9 million pursuant to the Exchange Offering, whereby Romspen's investors exchanged their syndicated mortgage interests for units of the Fund, and $15.3 million pursuant to the Unit Offering described in its Offering Memorandum dated September 15, 2005.

On June 22, 2007, new federal legislation came into force that altered the taxation regime for specified investment flow-through trusts or partnerships ("SIFT") (the "SIFT Rules"). Under the SIFT Rules, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income and a SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general corporate tax rate. Distributions paid by a SIFT as returns of capital will not be subject to the tax. As its units are not listed on a stock exchange or other public market, the Fund is not subject to the SIFT tax regime.

The Offering Memorandum, financial statements and additional information on the Fund are available and updated regularly on the Fund's website at: www.romspen.com. Unitholders who would like further information may also contact the Investor Relations Department of the Fund at: 416-966-1100.

Mortgage Portfolio

On December 31, 2008, the Fund's mortgage portfolio (the "Portfolio"), net of fair value provisions, was $493.6 million compared with $422.9 million at December 31, 2007. This represents a growth of 17% or an increase of $73.1 million net of a $2.4 million addition to the fair value provision. The term "fair value provision" is the new terminology under Accounting Guideline AcG-18 for what in the prior year was referred to as "loan loss provision." The portfolio consisted of 116 mortgage investments at year end, compared with 120 at December 31, 2007.

Approximately 96% of the Portfolio as of December 31, 2008, was invested in first mortgages compared with 92% one year ago. The weighted average interest rate of the Portfolio was 11.9% per annum (2007 – 11.6%). The Fund Manager continued to lend defensively throughout 2008 and focused on selecting the safest mortgages by favouring stronger credit quality over higher rates.

The portfolio continues to be heavily concentrated in short-term mortgages. Approximately 75% of the portfolio's mortgage investments mature within one year (2007 - 77%) and 98% mature within two years (2007 - 94%). In addition, all of our mortgages are open for repayment prior to maturity. The short-term nature of the Fund's portfolio provides us with the opportunity to continually evolve the portfolio in response to changes in the real estate and credit markets. The Fund Manager believes this flexibility is far more important in our market niche than securing long-term fixed interest rates. As of December 31, 2008 the Fund held no floating rate loans.

As of December 31, 2008, approximately 44% of our mortgage investments were in Ontario, compared with 59% the previous year. The Fund Manager continues to cautiously expand geographically to increase the Fund's diversification and reduce overall portfolio risk. Approximately 49% of the Portfolio as of December 31, 2008 was invested in Western Canada, 3% in Quebec and 4% in Atlantic Canada. The Fund Manager believes this level of diversification adds stability to the Fund's performance by reducing dependency on the economic activity in any given geographic region.

Total fair value provisions as of December 31, 2008 were $7.3 million, which represented 1.5% of the original cost of the Fund's mortgage investments or $0.16 per unit outstanding as at December 31, 2008. The Fund made specific fair value provisions of $3.7 million of which $1.3 million were realized resulting in a net increase of $2.4 million in the provision during 2008. The Fund Manager believes this provision is prudent and conservative. The fair value provision is based on assumptions relating to the Fund's mortgage investments and only the passage of time will determine the actual performance of the mortgages. The fair value provision will continue to be reviewed by the Fund Manager and the Fund's trustees and, if appropriate, will be adjusted.

Income Statement Highlights

Total revenues for the year ended December 31, 2008 were $49.9 million compared to $42.2 million in the previous year. This 18% growth reflects a 17% increase in net mortgage investments during the same period as well as a small increase in the weighted average interest rate on the portfolio during the year.

Net earnings for the year ended December 31, 2008 increased to $37.0 million from $29.0 million for the year ended December 31 of last year. Basic weighted average earnings per unit for the year ended December 31, 2008 of $0.93 was lower than the comparable 2007 amount of $0.99 as the Fund reduced its use of financial leverage.

For the year ended December 31, 2008, the Fund distributed $37.6 million or $0.95 per unit versus $29.3 million or $1.00 per unit for the period ended December 31, 2007. The simple and compounded net yield to unitholders for the twelve-month period ended December 31, 2008 were 9.5%[1] and 9.9%[1] respectively.

Provisions for losses on mortgage value were $2.4 million in 2008 compared to $3.6 million in 2007 while realized losses were $1.3 million in 2008 compared to nil in the prior year.

Management fees payable to the Fund Manager and other general and administrative expenses of the Fund were $5.1 million for the year ended December 31, 2008 compared to $4.2 million in the prior year.

Total revenues for the quarter ended December 31, 2008 were $13.1 million compared with $12.6 million for the quarter ended December 31, 2007. This growth was largely a result of a higher level of mortgages outstanding during 2008.

Net earnings after all expenses for the fourth quarter were $9.2 million compared to $7.8 million for the quarter ended December 31, 2007. Basic weighted average earnings per unit for the three months ended December 31, 2008 of $0.21 was lower than the comparable 2007 amount of $0.24 per unit.

For the three-month period ended December 31, 2008, the Fund distributed $9.7 million or $0.22 per unit versus $8.1 million or $0.25 per unit for the three months ended December 31, 2007.

Detailed financial information by quarter for 2008 is outlined in the chart below:

Quarterly Financial Information 2008
($ in millions, except per unit amounts)

	Dec. 31	Sept. 30	Jun. 30	Mar. 31
Total revenue	$ 13.1	$ 12.4	$ 11.9	$ 12.5
Interest expense and deferred financing costs	1.0	0.6	0.8	1.7
Net interest income	12.1	11.8	11.1	10.8
Management fees and other expenses	1.5	1.3	1.1	1.2
Fair value provision on mortgage portfolio	1.4	0.6	1.0	0.7
Net earnings	9.2	9.9	9.0	8.9
Per unit – net earnings	$ 0.21	$ 0.24	$ 0.24	$ 0.25
– distributions	$ 0.22	$ 0.24	$ 0.24	$ 0.25
Trailing 12 month compounded return	9.9%	10.3%	10.4%	10.5%
Revolving loan net of cash as a percentage of net mortgages[2]	12%	6%	7%	16%

[1, 2] These are non-GAAP financial measures (see "Non-GAAP Financial Measures").

Balance Sheet Highlights

Total assets as of December 31, 2008 were $526.2 million compared with $432.7 million in 2007. Total assets are comprised primarily of mortgages recorded at fair market value, accrued interest receivable on those mortgages and income producing property. In addition, the Fund had excess cash at year end of $19.4 million.

Total liabilities excluding units submitted for redemption as of December 31, 2008 were $82.2 million compared with $101.3 million in 2007. Year-end liabilities were comprised of $78.9 million in outstanding indebtedness under the Fund's revolving loan facility and $3.3 million in accounts payable and distributions payable to unitholders. Drawings under the revolving loan facility together with net cash proceeds of the Unit Offering are used to increase the Fund's mortgage portfolio. The revolving loan facility bears interest at the floating rate of TD Bank prime plus 2% and is secured by all assets of the Partnership and a pledge of all Partnership units held by the Fund. Net debt (debt less cash) decreased significantly to $59.5 million at year end versus $95.7 million for the prior year end. Average net debt for the year was $58.7 million compared to $72.4 million for 2007.

Unitholders' equity plus units submitted for redemption as of December 31, 2008 were $444.1 million compared with $331.4 million as of December 31, 2007. The increase reflects proceeds of issuances in excess of redemptions throughout the year of $113.2 million. These amounts represented approximately ten dollars per unit outstanding at the end of each reporting period. There was a total of 44,519,786 units outstanding on December 31, 2008 compared to 33,195,610 on December 31, 2007. There are no options or other commitments to issue additional units.

Liquidity And Capital Resources

Pursuant to the trust indenture, 100% of the Fund's net earnings must be distributed to unitholders. This means that growth in the mortgage portfolio can only be achieved through the raising of additional unitholder equity and utilizing available borrowing capacity. Pursuant to the Fund's investment policies, the Fund may borrow up to 35% of the book value of mortgages held by the Fund. The Fund was not fully leveraged as of December 31, 2008 with borrowings net of cash totalling approximately 12%[3] of the book value of mortgages held by the Fund compared to 23%[3] as of December 31, 2007. The average monthly net leverage ratio based on the book value of mortgages for the year ended December 31, 2008 was 13%[3] compared to 20%[3] for the same period last year.

During the year ended December 31, 2008 proceeds from the issuance of units net of redemptions and costs were $113.2 million compared to $85.2 million for the period ended December 31, 2007. The Fund experienced net inflows of unitholder equity each month during 2008.

The Fund's mortgages are predominantly short term in nature with the result that continual repayment by borrowers of existing mortgage investments creates liquidity for ongoing mortgage investments. We believe that the Fund's combined borrowing capacity and expected short-term mortgage repayments are not sufficient to finance expected near-term growth in the mortgage portfolio. Consequently, we expect to raise additional equity in future periods and syndicate a portion of new loans to third parties.

Related Party Transactions

Romspen acts as mortgage manager for the Partnership and administrator for the Fund. The trustees of the Fund are all principals of Romspen. In consideration for its services, Romspen receives a fee equal to 1% per annum, calculated daily and paid monthly, of the total of all mortgage investments plus the fair value of any non-mortgage investments. Romspen also receives all lender, broker, origination, commitment, renewal, extension, discharge, participation, and other administrative fees charged to borrowers. In addition, the Partnership has granted to Romspen the option to purchase any mortgage investment held by the Partnership for a purchase price equal to the principal amount of such mortgage plus any accrued interest.

From time to time the Partnership may invest in mortgage loans made to borrowers who are related to Romspen or the trustees of the Fund. The Partnership may also invest in

[3] These are non-GAAP financial measures (see "Non-GAAP Financial Measures").

mortgages which are syndicated among Romspen, the Fund's trustees, or related parties. The Partnership's interests in such syndications rank either pari-passu with, or in priority to, the related party investors.

These related party transactions are further discussed in the notes to the accompanying audited consolidated financial statements.

Risk Management

The Fund is exposed to various financial instrument risks in the normal course of business. The Fund Manager and trustees have put in place various procedures and safeguards to mitigate these risks in order to ensure the preservation of capital as well as the achievement of acceptable and consistent rates of return. For details on financial instrument risks and management's response to these risks, see note 14 of the Financial Statements.

Outlook

The Fund's investment objective is to return a stable and secure cash yield to unitholders while preserving capital through prudent loan underwriting and management. The Fund Manager is confident this can be accomplished by holding to its historical prudent and comprehensive approach to mortgage lending.

The serious credit problems that first emerged in the summer of 2007 as a result of the problems in the U.S. sub-prime mortgage market have continued and in fact, worsened. The impact of this and related credit problems and large scale frauds, such as Madoff and Stanford, have severely disrupted credit markets, most investments and the economy as a whole. While significant government, regulatory and other actions have been directed toward stabilizing credit markets and stimulating the economy, we believe 2009 will continue to be characterized by recessionary conditions, globally.

We believe conditions in the Canadian economy are meaningfully better than that in most industrialized countries due to the strength of the major financial institutions as a result of their sounder credit practices; the absence of a sub-prime mortgage market; higher government surpluses and generally lower overall financial leverage levels throughout the economy. These factors will help mute the impact of these adverse economic forces on Canada generally although our expectation is the Canadian economy, credit markets and real estate will continue to feel the impact of these forces throughout 2009 and into 2010. Improvement will come when global financial markets and banks have stabilized and the inventory of bad loans in financial institutions has worked through the system.

The impact on Romspen is twofold. First, within the current mortgage portfolio, certain loans will not perform in accordance to their terms, experiencing delays in interest payments; requiring extensions for repayment and in severe cases, requiring foreclosure by the Fund for ultimate sale. We do not expect a significant number of foreclosure proceedings, but to be prudent we continue to increase our loss provisions. Second, within the mortgage market Romspen competes in for new mortgages, we are seeing an unprecedented demand for credit; a higher quality borrower; higher overall interest rates and a distinct lack of competition.

We expect 2009 will be a challenging year for all businesses and markets in Canada, including commercial real estate. At present, we believe Romspen will perform at the lower end of our long-standing track record, including that which predates the formation of the Fund, which has been in the range of 8.6% to 10.8%.

Consolidated Financial Statements

Romspen Mortgage Investment Fund

Year ended December 31, 2008

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AUDITORS' REPORT

To the Unitholders of Romspen Mortgage Investment Fund

We have audited the consolidated balance sheet of Romspen Mortgage Investment Fund as at December 31, 2008 and the consolidated statements of earnings, unitholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

March 16, 2009

Romspen Mortgage Investment Fund

Consolidated Balance Sheet
(In thousands of dollars, except per unit amounts, unless otherwise noted)

December 31, 2008, with comparative figures for 2007

	2008	2007
Assets		
Cash	$ 19,410	$ 2,144
Accrued interest receivable	13,240	7,694
Mortgage investments (note 4)	493,562	422,898
Sundry assets	21	–
	$ 526,233	$ 432,736
Liabilities and Unitholders' Equity		
Liabilities:		
Revolving loan facility (note 5)	$ 78,896	$ 82,884
Accounts payable and accrued liabilities	171	421
Promissory note payable (note 6)	–	15,000
Unitholders' distributions payable	3,116	3,037
	82,183	101,342
Units submitted for redemption (note 7)	38,927	–
Unitholders' equity (note 7)	405,123	331,394
Commitments and contingent liabilities (note 12)		
	$ 526,233	$ 432,736
Net asset value per unit (note 8)	$ 9.97	$ 9.98

See accompanying notes to consolidated financial statements.

Approved by the Trustees:

"Wesley Roitman" Trustee

"Mark Hilson" Trustee

Romspen Mortgage Investment Fund

Consolidated Statement of Earnings
(In thousands of dollars, except per unit amounts, unless otherwise noted)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Mortgage interest	$ 49,217	$ 41,314
Other income	715	837
	49,932	42,151
Expenses:		
Management fees (note 11)	4,742	3,818
Interest	4,105	5,440
Unrealized loss in value of mortgage investments	2,388	3,550
Realized loss on mortgage investments	1,322	–
Audit fees	92	60
Legal fees	92	50
Other	209	228
	12,950	13,146
Net earnings	$ 36,982	$ 29,005
Net earnings per unit (note 8)	$ 0.931	$ 0.990
Weighted average number of units issued and outstanding (note 8)	39,731,251	29,299,636

See accompanying notes to consolidated financial statements.

Romspen Mortgage Investment Fund

Consolidated Statement of Unitholders' Equity
(In thousands of dollars, except per unit amounts, unless otherwise noted)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Unit capital:		
Balance, beginning of year	$ 331,840	$ 246,691
Proceeds from issuance of units, net of redemptions (note 7)	113,241	85,168
Offering expenses (note 7)	–	(19)
Units submitted for redemption (note 7)	(38,927)	–
Balance, end of year	$ 406,154	$ 331,840
Cumulative earnings:		
Balance, beginning of year	$ 47,794	$ 18,789
Net earnings	36,982	29,005
Balance, end of year	$ 84,776	$ 47,794
Cumulative distributions to unitholders:		
Balance, beginning of year	$ (48,240)	$ (18,902)
Distributions to unitholders (note 9)	(37,567)	(29,338)
Balance, end of year	$ (85,807)	$ (48,240)
Unitholders' equity	$ 405,123	$ 331,394
Units issued and outstanding, excluding units submitted for redemption (note 7)	40,615,348	33,195,610

See accompanying notes to consolidated financial statements.

Romspen Mortgage Investment Fund

Consolidated Statement of Cash Flows
(In thousands of dollars, except per unit amounts, unless otherwise noted)

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Net earnings	$ 36,982	$ 29,005
Items not affecting cash:		
Amortization of revolving loan facility financing costs	262	468
Unrealized loss in value of mortgage investments	2,388	3,550
Realized loss on mortgage investments	1,322	–
Change in non-cash operating items:		
Accrued interest receivable and deferred financing costs	(5,796)	(4,580)
Sundry assets	(21)	–
Accounts payable and accrued liabilities and unitholders' distributions payable	(250)	1,054
	34,887	29,497
Financing:		
Proceeds from issuance of units, net of offering costs and redemptions	113,241	85,149
Reduction of revolving loan facility	(4,000)	26,400
Repayment of promissory note payable	(15,000)	15,000
Distributions to unitholders	(37,488)	(29,338)
	56,753	97,211
Investments:		
Funding of mortgages	(253,764)	(226,268)
Discharge of mortgages	179,390	100,094
	(74,374)	(126,174)
Increase in cash	17,266	534
Cash, beginning of year	2,144	1,610
Cash, end of year	$ 19,410	$ 2,144
Supplemental cash flow information:		
Interest paid	$ 3,846	$ 4,845

See accompanying notes to consolidated financial statements.

Romspen Mortgage Investment Fund (the "Fund") is an unincorporated closed-end investment trust established under the laws of the Province of Ontario pursuant to a trust indenture dated as at May 20, 2005. The Fund is the sole limited partner in the Romspen Mortgage Limited Partnership (the "Partnership") and conducts its lending activities primarily through the Partnership. The objective of the Fund is to provide stable and secure cash distributions of income while preserving unitholders' equity.

Romspen Investment Corporation ("Romspen") is the Fund's mortgage manager and acts as the primary loan originator, underwriter, administrator and syndicator for the Partnership. Romspen also acts as administrator for the Fund's affairs.

The Fund commenced operations on January 16, 2006. Under an exchange offering completed in January 2006, mortgages in the aggregate principal amount of $158,855 were exchanged for 15,885,461 units of the Fund.

1. Basis of presentation:

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles. The consolidated financial statements include the accounts of the Fund and the Partnership.

2. Significant accounting policies:

(a) Mortgage investments:

Mortgage investments are stated at their fair values. Certain of the Fund's mortgages are in arrears and realization by the Fund may result in a shortfall. In determining fair value of individual mortgages, management considers the length of time the mortgage has been in arrears, the overall financial strength of the borrowers and the residual value of the security pledged.

2. Significant accounting policies (continued):

(b) Revenue recognition:

Interest income is accounted for on the accrual basis.

(c) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. The most significant estimates that the Fund is required to make relate to the fair value of the mortgage investments in (a) above. The estimates may include: assumptions regarding local real estate market conditions; interest rates and the availability of credit; cost and terms of financing; the impact of present or future legislation or regulation; prior encumbrances and other factors affecting the mortgage and underlying security of the mortgage investments.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning future events. Illiquid credit markets, volatile equity markets and declines in consumer spending have combined to increase the uncertainty inherent in such estimates and assumptions. Accordingly, by their nature, estimates of fair value are subjective and do not necessarily result in precise determinations. Should the underlying assumptions change, the estimated fair value could change by a material amount.

(d) Net earnings per unit:

Net earnings per unit are computed by dividing net earnings for the year by the weighted average number of units outstanding during the year.

2. Significant accounting policies (continued):

(e) Financial instruments - recognition and measurement:

The Canadian Institute of Chartered Accountants' Handbook Section 3855, Financial Instruments - Recognition and Measurement, establishes standards for recognizing and measuring financial assets and financial liabilities, including non-financial derivatives. In accordance with this new standard, the Fund has classified its financial assets as one of the following: (i) held-to-maturity; (ii) loans and receivables; (iii) held-for-trading or (iv) available-for-sale. All financial liabilities must be classified as: (i) held-for-trading or (ii) other liabilities. The Fund's designations are as follows:

- Accrued interest receivable is classified as loans and receivables and is measured at amortized cost.

- The revolving loan facility, promissory note payable, accounts payable and accrued liabilities and unitholders' distribution payable are classified as other liabilities and are measured at amortized cost using the effective interest rate method.

3. New accounting policies:

New accounting standards issued in December 2006, Handbook Sections 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation, replace Section 3861, Financial Instruments - Disclosure and Presentation. The new standards require increased qualitative and quantitative disclosures regarding an entity's exposure to risks arising from financial instruments and how the entity manages those risks. These new standards are effective for the Fund commencing on January 1, 2008. The required note disclosure is set out in note 14 to these financial statements.

(In thousands of dollars, except per unit amounts, unless otherwise noted)

4. Mortgage investments:

The following is a summary of the 116 mortgages held as at December 31, 2008:

			2008	2007
	Number of mortgages making up balance	Original cost	Fair value	Fair value
First mortgages	107	$ 481,094	$ 474,088	$ 390,588
Second mortgages	9	19,731	19,474	26,423
Third mortgages	–	–	–	5,887
	116	$ 500,825	$ 493,562	$ 422,898

The following is a summary of the original cost of mortgages segmented by interest rate at December 31, 2008:

Interest rates	2008	2007
9.00% - 10.00%	$ 33,799	$ 42,170
10.01% - 11.00%	133,525	171,877
11.01% - 12.00%	268,493	178,836
12.01% - 20.00%	62,583	33,890
Over 20.00%	2,425	1,000
	$ 500,825	$ 427,773

The mortgages are secured by real property and other security, bear interest at a weighted average rate of 11.87% at December 31, 2008 (2007 - 11.63%) and mature between 2009 and 2011.

Credit risk arises from the possibility that mortgagors may be unable to fulfill their obligations. In accordance with the Fund's policies, the Fund mitigates this risk by ensuring that its mix of mortgages is diversified and by limited exposure to any one mortgagor or property.

Where appropriate, management makes specific provisions for loan losses.

(In thousands of dollars, except per unit amounts, unless otherwise noted)

4. Mortgage investments (continued):

Principal repayments based on contractual maturity dates are as follows:

2009	$ 376,360
2010	114,321
2011	10,144
	$ 500,825

Borrowers have the option to repay principal at any time prior to the maturity date.

In 2008, the Partnership subscribed for all of the outstanding shares of Splash Canyon Inc. ("SCI"), a newly incorporated company. Subsequently, SCI acquired a recreational trailer and water park facility, located in Barrie, Ontario. This project, which was under development, was acquired from a defaulted mortgagor in exchange for the assumption of the mortgage held by the Fund in the amount of $3,800. SCI has continued to develop the property with the investment of additional funds of $1,757, which has been advanced from the Fund. At December 31, 2008, a mortgage to SCI for $5,557 is included in the mortgage investments.

5. Revolving loan facility:

The Partnership has entered into a revolving loan facility in the maximum amount of $100,000 (2007 - $120,000), of which approximately $21,000 (2007 - $37,000) is available and $79,000 has been drawn as at December 31, 2008 (2007 - $83,000). Interest on the loan is charged at the TD Canada Trust Bank prime rate plus 2%. The minimum and maximum amounts drawn under the revolving loan facility during the year ended December 31, 2008 were $20,000 and $102,000 (2007 - $40,100 and $120,000), respectively. The loan is secured by all assets of the Partnership and a pledge of all Partnership units held by the Fund. The loan matures on June 1, 2009 and is subject to automatic renewal provisions and an annual renewal fee of 0.25% of the maximum facility. Either party may, on 60-day notice, elect not to renew the loan.

(In thousands of dollars, except per unit amounts, unless otherwise noted)

5. Revolving loan facility (continued):

	2008	2007
Carrying value of revolving loan facility	$ 79,000	$ 83,000
Revolving loan facility financing costs, net of accumulated amortization of $146 (2007 - $468)	(104)	(116)
	$ 78,896	$ 82,884

The costs associated with the establishment of the revolving loan facility are amortized over the one year initial term of the facility.

6. Promissory note payable:

The promissory note payable was due on demand and bore interest at 9% per annum with interest only payable monthly. The promissory note was secured by a general security agreement over the assets of the Fund. The note was paid in full during the year ended December 31, 2008.

7. Unitholders' equity:

The beneficial interests in the Fund are represented by a single class of units, which are unlimited in number. Each unit carries a single vote at any meeting of unitholders and carries the right to participate pro rata in any distributions. Unitholders have a limited right to redeem their units, on a monthly basis, upon a minimum of 30 days' notice. Partial or complete redemption of units is limited on a monthly basis to 1% of the aggregate fair market value of units outstanding on the valuation date immediately preceding the said redemption date. Redemption notices on any given redemption date shall maintain their order of priority until the unit redemption price for such units 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 thousands of dollars, except per unit amounts, unless otherwise noted)

7. Unitholders' equity (continued):

As at December 31, 2008, unitholders representing approximately 3,904,438 units have requested redemption of their units, the redemption of which is subject to the above restrictions. These units have been reclassed to liabilities from unitholders' equity in order to comply with applicable accounting rules. These units, however, continue to have the same rights and no priority over the remaining units.

(a) The following units are issued and outstanding:

	2008		2007	
	Units	Amount	Units	Amount
Balance, beginning of year	33,195,610	$ 331,840	24,678,904	$ 246,691
New units issued	12,244,375	122,444	9,171,408	91,714
New units issued under distribution reinvestment plan	1,198,125	11,981	771,353	7,714
Units redeemed	(2,118,324)	(21,184)	(1,426,055)	(14,260)
Offering expenses	–	–	–	(19)
Balance, end of year	44,519,786	$ 445,081	33,195,610	$ 331,840

During the normal course of business, the Fund receives unit issuance and redemption requests from the investors. In 2008, the Fund issued 13,442,500 units for $134,425 and received request for units redemption of 6,022,762 units and redeemed 2,118,324 units for $21,184 in accordance with its policies.

The Fund continues to issue new units and receive redemption requests which will be processed in accordance with the above mentioned policies.

(b) Distribution reinvestment plan and direct unit purchase plan:

The Fund has a distribution reinvestment plan and direct unit purchase plan for its unitholders which allows participants to reinvest their monthly cash distributions in additional units at a unit price equivalent to $10.00 per unit.

8. Net asset value per unit and net earnings per unit:

Net asset value per unit is calculated as unitholders' equity allocable to issued and outstanding units, excluding units submitted for redemption, of 40,615,348 as at December 31, 2008 (2007 - 33,195,610).

Net earnings per unit has been computed using the weighted average number of units issued and outstanding of 39,731,251 for the year ended December 31, 2008 (2007 - 29,299,636).

9. Distributions:

The Fund makes distributions to the unitholders monthly on or about the 15th day of each month. The Fund's trust indenture requires that the Fund will distribute 100% of the net earnings of the Fund, determined in accordance with the Income Tax Act (Canada), to the unitholders.

For the year ended December 31, 2008, the Fund declared distributions of $0.95 (2007 - $1.00) per unit and a total of $37,567 (2007 - $29,338) was distributed to the unitholders.

10. Income taxes:

The Fund is taxed as a mutual fund trust for income tax purposes. Pursuant to the trust indenture, the Fund is required to distribute 100% of its income for income tax purposes each period to such an extent that it will not be liable for income tax under the Income Tax Act (Canada). Therefore, no provision for income taxes is required on earnings of the Fund.

On June 22, 2007, new legislation relating to the federal income taxation of a specified investment flow-through trust or partnership ("SIFT") received royal assent (the "SIFT Rules").

Under the SIFT Rules, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income and a SIFT will be subject to income taxes on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Distributions paid by a SIFT as returns of capital will not be subject to the income taxes.

The Fund is not subject to the SIFT tax regime as its units are not listed on a stock exchange or other public market. Accordingly, the Fund has not recorded a provision for income taxes or future income tax assets or liabilities in respect of the SIFT Rules.

11. Related party transactions and balances:

Transactions with related parties are in the normal course of business and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties and which represents fair market value.

Other than the transactions disclosed elsewhere in these financial statements, the Fund had the following significant related party transactions:

(a) All the trustees of the Fund are owners of Romspen. Under various agreements, Romspen manages all the day-to-day affairs of the Fund and the Partnership. Romspen receives fees totalling 1% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments. For the year ended December 31, 2008, the amount was $4,742 (2007 - $3,818).

(b) Romspen and related entities also receive certain fees directly from the borrower generated from Fund mortgage investments as follows: all lender, broker, origination, commitment, renewal, extension, discharge, participation, non-sufficient funds and administration fees generated on the mortgages. For the year ended December 31, 2008, this amount was $7,036 (2007 - $6,424).

(c) Several of the Fund's mortgages are syndicated with other investors of Romspen, which may include Romspen, members of management of Romspen, and officers or trustees of the Fund. The Fund ranks equally with, or in priority to, other members of the syndicate as to receipt of principal and income.

(d) As at December 31, 2008, the Fund had four (2007 - three) mortgages outstanding with an original cost of $22,527 (2007 - $12,745) including accrued interest of $1,393 (2007 - $986) and fair value of $21,831 (2007 - $12,049) due from mortgagors in which members of management of Romspen own non-controlling equity interests.

12. Commitments and contingent liabilities:

(a) In the event that management agreements are terminated, the various management agreements between the Fund, the Partnership and Romspen contain provisions for the payment of termination fees of an amount equal to 2% of the fair market value of the Partnership's assets under administration on the date on which the termination notice is received, in addition to any other amounts owing by the Partnership. These amounts will be satisfied by the payment of cash, interests in mortgages or in such combination thereof as determined by the mortgage manager. These agreements continue in force until terminated in accordance with their provisions.

(b) The Partnership has granted an irrevocable option to Romspen to purchase, at any time, any or all Partnership mortgages at a purchase price equal to the principal amount of such mortgage plus accrued interest.

13. Fair values of financial instruments:

The fair values of accrued interest receivable, revolving loan facility, accounts payable and accrued liabilities and unitholders' distributions payable approximate their carrying values due to their short-term maturities.

14. Financial instrument risk management:

(a) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund achieves this mitigating strategy by investing primarily in short-term mortgages. The Fund's investment objective is to obtain an acceptable and consistent absolute rate of return that is not related to any market based interest rate benchmark.

As a result, the credit characteristics of the Fund's mortgages will evolve such that in periods of higher market interest rates, the Fund's mortgages will be those with narrower credit spreads, and vice-versa in periods of lower market interest rates compared to other benchmark interest rates.

14. Financial instrument risk management (continued):

The majority of the Fund's investments are in fixed rate, short-term mortgages. The Fund generally holds all of its mortgages to maturity. There is no secondary market for the Fund's mortgages and in syndication transactions these mortgages are generally traded at face value without regard to changes in market interest rates.

The Fund's debt under the revolving loan facility (note 5) bears interest based at the TD Canada Trust Bank prime rate plus 2%.

As at December 31, 2008, if interest rates on the revolving loan facility had been 100 basis points lower or higher, with all other variables held constant, net income for the year would be affected with a total increase or decrease of $789. The Fund monitors the financial markets and can adjust the pricing of renewals and new loans when it deems it appropriate.

(b) Credit risk:

Credit risk is the risk of loss due to borrowers under the Fund's mortgages failing to discharge their obligations. The Fund's sole activity is investing in mortgages and, therefore, generally all of its assets are exposed to credit risk. The Fund manages credit risk by adhering to the investment and operating policies as set out in its Offering Memorandum. This includes the following policies:

(i) no more than 20% of the Fund's capital may be invested in subordinate mortgages; and

(ii) no more than 10% of the Fund's capital may be invested in any single mortgage or to any single borrower.

The Fund focuses its investments in the commercial mortgage market segments described in its Offering Memorandum which includes Development Mortgages, Construction Mortgages, Term Financing Mortgages and Residential Mortgages. These mortgages generally have the following characteristics:

(i) initial terms of 12 to 24 months;

14. Financial instrument risk management (continued):

(ii) loan to value ratios of less than 65% at time of underwriting;

(iii) significant at-risk capital and/or additional collateral of property owner; and

(iv) full recourse to property owners supported by personal guarantees.

In addition, the Fund's trustees meet regularly to review and approve each mortgage investment and to review the overall portfolio to ensure it is adequately diversified.

As at December 31, 2008, the Fund has $3,867 of accrued interest past due on $182,602 of mortgages which the Fund does not consider impaired. The Fund has reviewed these loans and does not require fair value adjustments given the value of underlying collateral.

(c) Liquidity risk:

Liquidity risk is the risk that the Fund will not have sufficient cash to meet its obligations as they become due. The Fund mitigates this risk by monitoring its scheduled mortgage repayments and ensuring that sufficient funds are available in the near term to satisfy all of its obligations. The Fund's obligations are primarily those which arise under the revolving loan facility, the Mortgage Management Agreement and its Declaration of Trust. In the current economic climate and capital markets, the lenders may continue to tighten their lending standards which could make it challenging for the Fund to obtain financing on favourable terms, or to obtain financing at all.

The Fund's revolving loan facility (note 5) matured on May 31, 2008 and was renewed. The new facility matures June 1, 2009 and is subject to an automatic renewal provision that stipulates either party may, not less than 60 days prior to maturity of each year, provide written notice of its termination not to renew.

The Fund is not obliged to invest in any mortgages originated by the Fund manager and, therefore, the Fund has no future funding obligations in respect of the Fund manager's mortgage commitments. The Fund is obliged to pay management fees to the Fund manager which are funded out of interest income.

14. Financial instrument risk management (continued):

Unitholders in the Fund have the limited right to redeem their units in the Fund as described in its Offering Memorandum and paragraph 5.25 of the Fund's Declaration of Trust. The trustees are entitled, in their sole discretion, to extend the time for payment of any unitholder redemption if in their reasonable opinion such payment would be materially prejudicial to the interests of the remaining unitholders.

(d) Market risk:

Market risk is the risk that the fair value of the collateral securing any of the Fund's mortgage investments falls to a level approaching the loan amount. The Fund manager ensures that it is aware of real estate market conditions in the regions in which it operates. Real estate market trends are monitored on an ongoing basis and the Fund manager's lending practices and policies are adjusted when necessary.

(e) Currency risk:

Currency risk is the risk that the fair value or future cash flows the Fund's mortgages will fluctuate based on changes in foreign currency exchange rates. All of the Fund's mortgages are denominated in Canadian dollars and secured primarily by charges on real estate located in Canada, consequently the Fund is not subject to currency risk.

(f) Capital risk management:

The Fund manages capital to attain its objective of providing stable and secure cash distributions of income while preserving unitholders' equity. The Fund defines capital as being capital raised by issuing Fund units. It is the Fund's policy to distribute 100% of its taxable income to unitholders, with the result that growth in the mortgage portfolio can only be achieved through the raising of additional equity capital and by utilizing available borrowing capacity.

The Fund raises equity capital on a monthly basis during periods where the Fund manager projects a greater volume of mortgage investment opportunities than the Fund's near term capital would be sufficient to fund. In the event the Fund may have surplus equity capital, the trustees of the Fund have the right to redeem units held by unitholders or to declare a return of capital distribution.

14. Financial instrument risk management (continued):

Pursuant to the Fund's investment policies, the Fund may borrow up to 35% of the book value of its mortgages. The primary purpose of the Fund's borrowing strategy is to ensure that unitholders' capital is fully invested. The secondary purpose is to obtain a spread between the interest rates payable under its mortgage investments and its borrowings. As of December 31, 2008, the Fund's borrowings totalled 16% of the book value of its mortgages and the Fund was in compliance with all covenants under its revolving loan facility.

15. Exemption from filing:

The Fund is relying on the exemption obtained in National Instrument 81-106, Part 2.11 to not file their financial statements on SEDAR.

Trustees & Management

One contributor to the success of Romspen and its returns to unitholders is the collegiality and entrepreneurial style and culture of the trustees and management group. Each of us are closely aligned to the principles and objectives of Romspen's success.

Romspen Mortgage Investment Fund

Sheldon Esbin
Trustee

Mark Hilson
Trustee

Arthur Resnick
Trustee

Wesley Roitman
Trustee

Romspen Investment Corporation

Sheldon Esbin
Managing General Partner

Mark Hilson
Managing General Partner

Wesley Roitman
Managing General Partner

Blake Cassidy
Managing Partner

Arthur Resnick
Managing Partner

Arnie Bose
Vice President, Finance

Bonnie Bowerman
Vice President, Underwriting

Vitor Fonseca
Vice President

Mary Gianfriddo
Vice President, Mortgage Administration

Joel Mickelson
Corporate Counsel

Ann Ralston
Vice President, Investor Relations

Unitholder Information

Units

The Fund units represent a beneficial ownership interest in the Romspen Mortgage Investment Fund. The Fund is an unincorporated closed end investment trust and is the sole limited partner in the Romspen Mortgage Limited Partnership.

Distributions

The Fund makes distributions to unitholders on a periodic basis. This occurs on or about the 15th of each month. The Fund is required to distribute its net earnings each year to the unitholders.

Distribution Reinvestment Plan

The distribution reinvestment plan provides unitholders a means to reinvest cash distributions in new units of the Fund. To participate, registered unitholders should contact Romspen.

Investor Relations Contact

Requests for copies of this report, quarterly reports, and corporate communications should be directed to:

Investor Relations
Romspen Mortgage Investment Fund
162 Cumberland Street, Suite 300
Toronto, ON M5R 3N5
416-966-1100
www.romspen.com

Auditors

KPMG LLP
Chartered Accountants

Annual Meeting of Unitholders

Romspen Mortgage Investment Fund's Annual Meeting of unitholders will be held on Tuesday, May 19, 2009 at 10:00 a.m. in the Willard Room (mezzanine level) of the InterContinental Toronto Yorkville Hotel at 220 Bloor Street West, Toronto, Ontario.

Website

www.romspen.com

ROMSPEN
mortgage investment fund