ROMSPEN

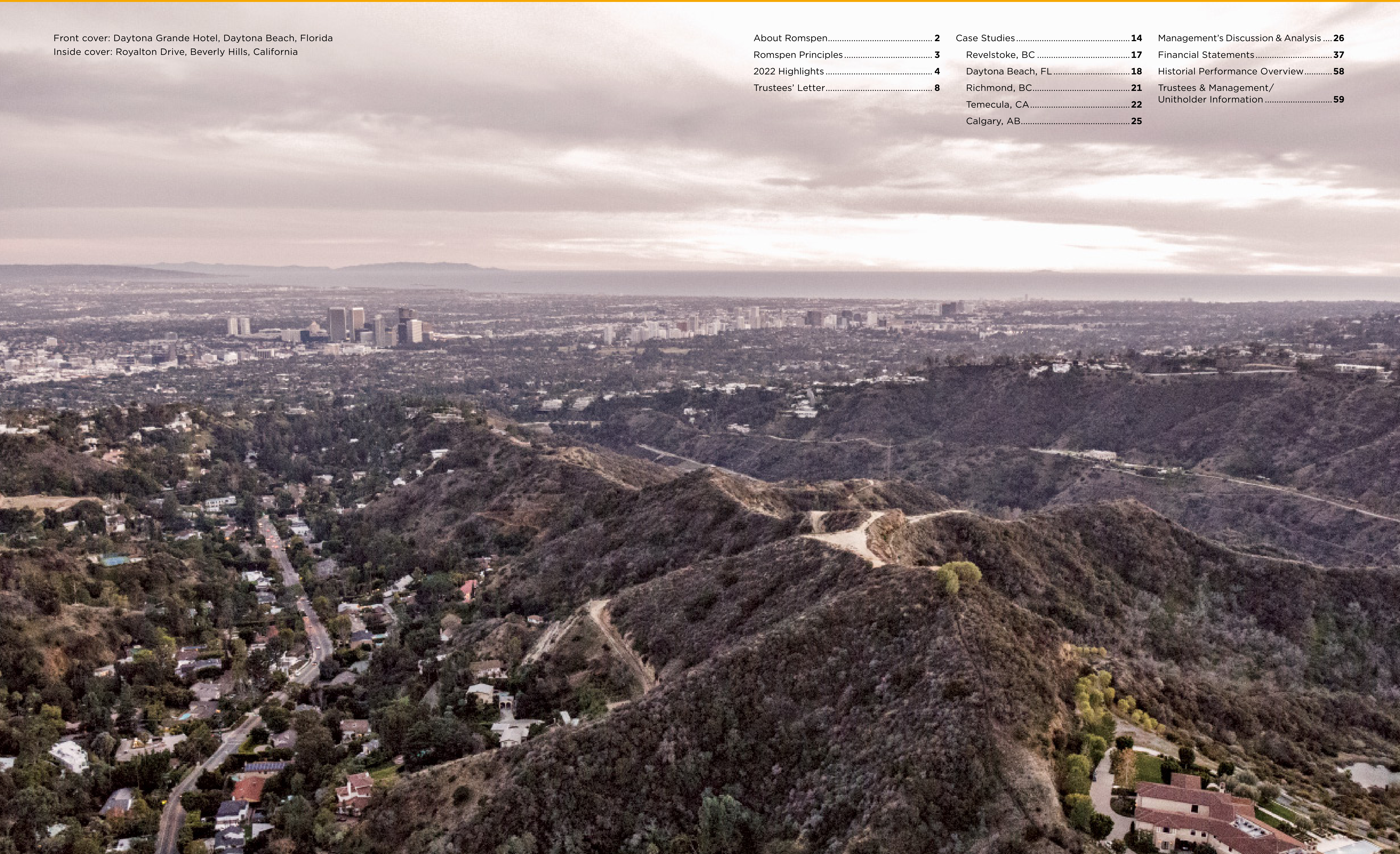
Romspen Mortgage Investment Fund
162 Cumberland Street, Suite 300
Toronto, Ontario M5R 3N5

romspen.com

Romspen Mortgage Investment Fund Annual Report 2022

Contents

Front cover: Daytona Grande Hotel, Daytona Beach, Florida
Inside cover: Royalton Drive, Beverly Hills, California



With roots stretching back almost 60 years, Romspen Investment Corporation is one of Canada's largest private commercial mortgage lenders. Romspen manages over $3 billion* of assets on behalf of retail and institutional investors globally, and oversees the Romspen Mortgage Investment Fund, one of Canada's largest private commercial mortgage funds.

Its dedicated team of over 40 professionals is guided by six core principles: investor value, commitment, partnership, long-term perspective, risk management, and responsibility.

With our prudential approach to commercial mortgage lending, Romspen's goal is to provide innovative, value-enhancing financing solutions to North American real estate sponsors, while delivering consistent returns and capital preservation to investors.

6	Managing Partners
180+	Years experience in finance and real estate
40+	Business dedicated professionals

* As of December 31, 2022

Investor Value

Our primary objective is to protect unitholder capital while providing safe and consistently strong absolute cash returns.

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 non-institutional investor in the Fund.

Partnership

We work collaboratively with our borrowers and syndication partners to ensure mutual success, even through 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 effects of the business cycles over the long term.

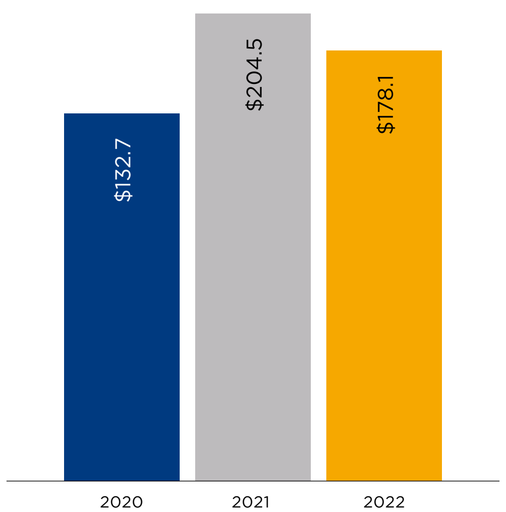
Responsibility

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 – 2022 Highlights

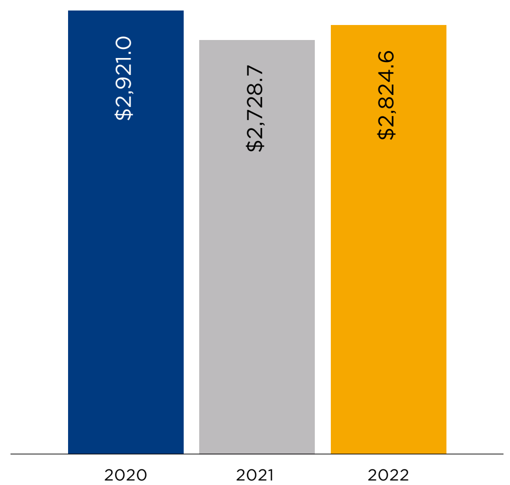
Key Metrics

Net Earnings ($ millions)



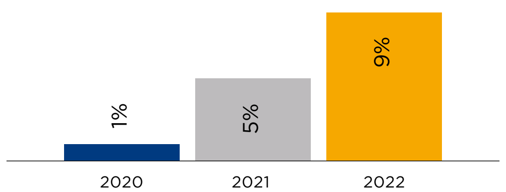
Solid net earnings

Net Investment Portfolio ($ millions)



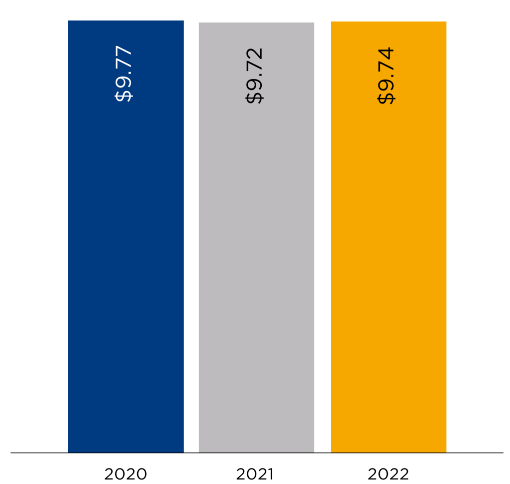
Stable portfolio

Net Leverage (% of investment portfolio)



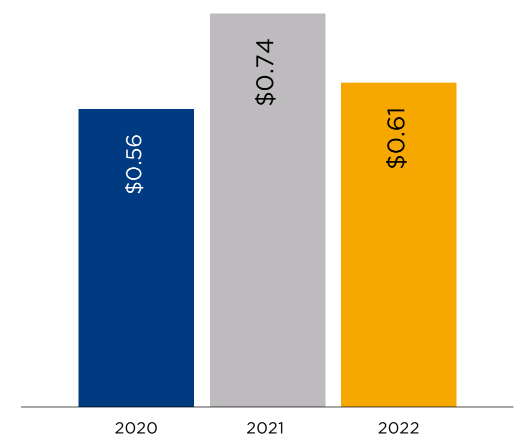
Low financial leverage

Net Asset Value ($/unit)



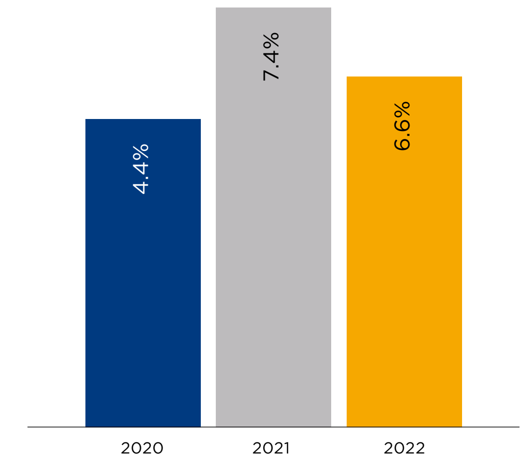
Steady NAV

Unitholder Distributions ($/unit)



Modestly lower distributions

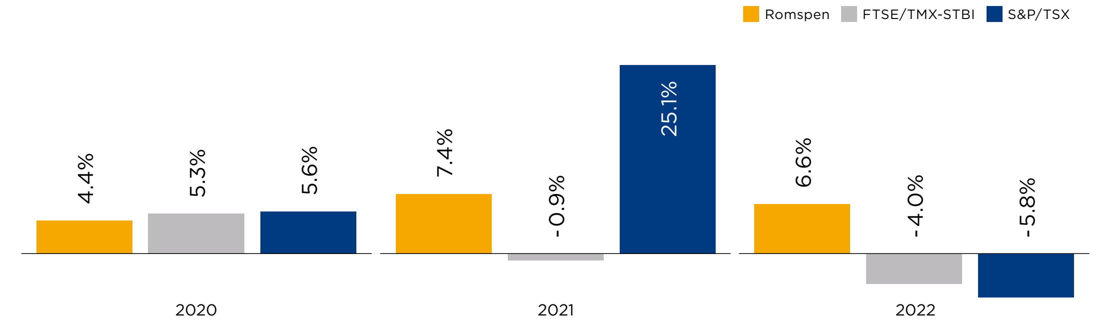
Unitholder Return[1]



Modestly lower, but strong absolute return

Comparative Performance

Annual % Return[1]



Continued strong results in 2022

3 Year Accumulated Compounded Return		
	Romspen	20%
	FTSE/TMX-STBI	0%
	S&P/TSX	24%

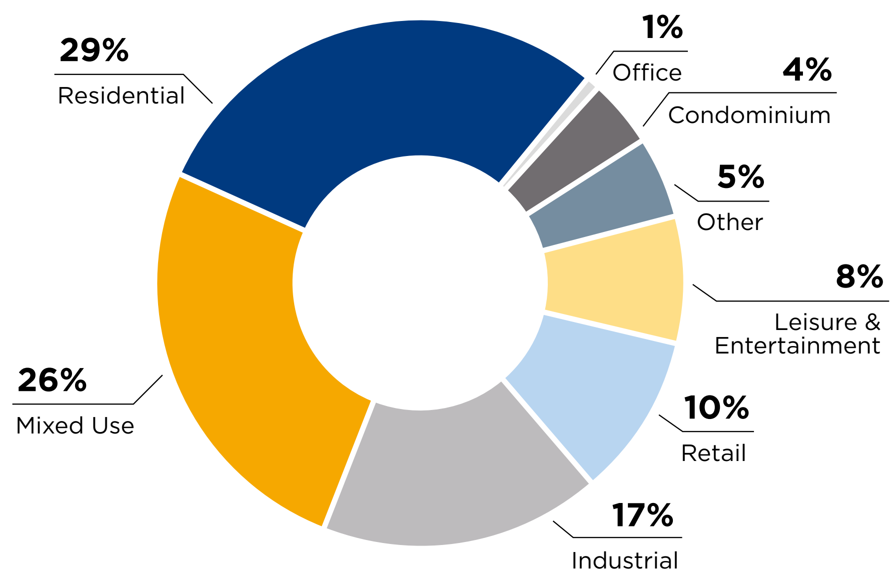
[1] The indicated rates of return are historical annual compounded returns, after deducting management fees and expenses payable by the Fund, and include changes in unit value and assume the reinvestment of all distributions. They do not take into account any applicable sales, redemption, or distribution charges, or income taxes payable by any unitholder, that would have reduced returns.

Romspen returns are net; comparative benchmarks are gross returns.

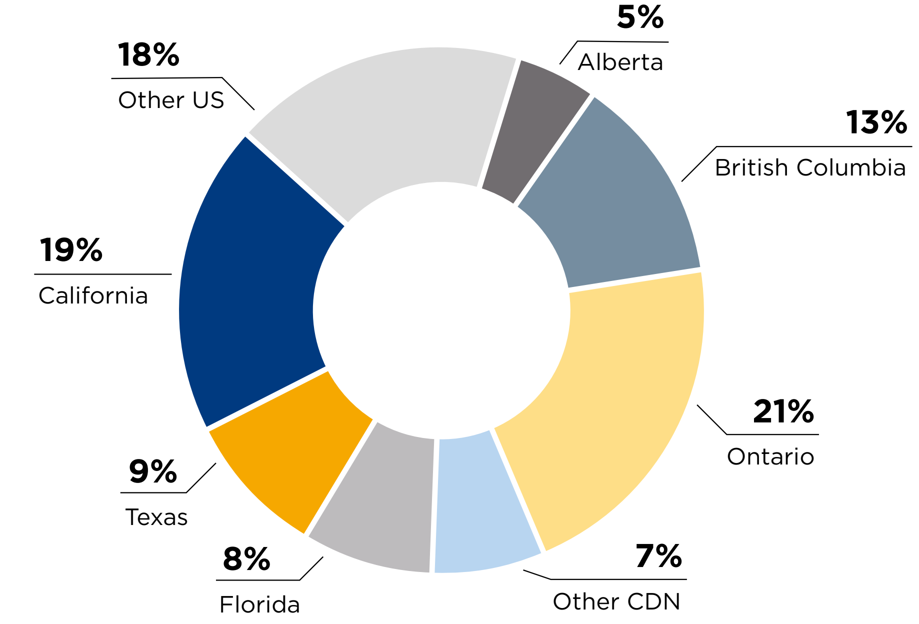
Investment Portfolio Profile

As of December 31, 2022

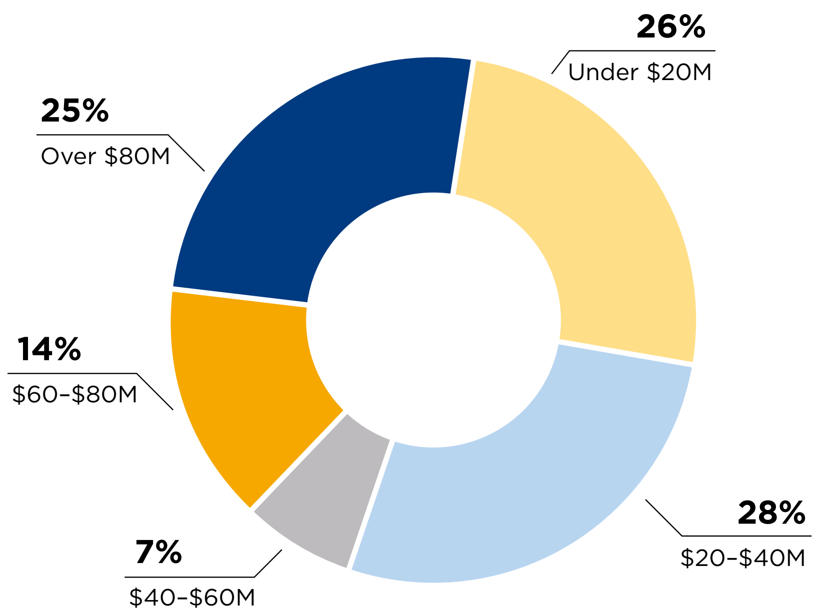
By Type



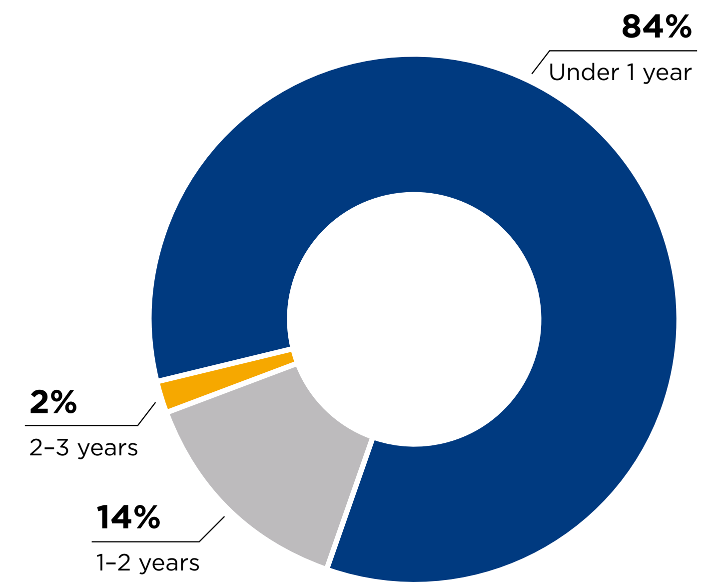
By Geography



By Amount



By Maturity



Well diversified portfolio

Trustees' Letter

Dear Fellow Unitholders:

In last year's letter, we noted that 2021 was a year of normalization for real estate and credit markets, and we were cautiously optimistic that the salutary conditions would continue into 2022. While we were hopeful that the rebounding North American economy would continue to support activity in the sectors in which we operate, we also highlighted the persistence of inflationary pressures, and the willingness of both the Federal Reserve and the Bank of Canada to aggressively raise overnight rates to combat inflation. As we now know, the fallout from the unprecedentedly rapid central bank interest rate hikes was felt throughout the economy in 2022, with almost every sector, including real estate markets, experiencing significant dislocations. Unless they held cash or commodities, most investors experienced painful drawdowns across all asset classes.

The Fund was a notable exception. Even though unitholder distributions for the year were slightly below our expectations, the Fund's 6.6% compounded net return for 2022 added to a long history of consistency, and outperformed other major investment asset classes by significant double-digit margins – a testament to our conservative mortgage investment strategies and our unrelenting focus on delivering long-term results to unitholders. In fact, the Fund has generated 207 consecutive months of positive returns with minimal volatility in its net asset value ("NAV"). A detailed profile of this performance is presented at the end of this report (pp.58).

While the Fund experienced some challenges, its results in 2022 validated the efficacy of our investment approach – to deliver positive returns to unitholders regardless of the geopolitical or economic climate or the performance of other asset classes. In one of the worst years for investing in recent memory and in a notably stressed North American real estate market, by adhering to its core values and investment thesis, the Fund performed as it was expected to, and was a bulwark for patient unitholders.

Financial Highlights

For the year ended December 31, 2022, the Fund's net income was $178.1 million ($0.63 per unit), compared to $204.5 million ($0.66 per unit) in 2021. The difference was primarily due to a prudential increase in the loan loss provision during the year from $117.9 million to $133.6 million ($0.48 per unit). Distributions were $173.0 million ($0.61 per unit), and the compounded net return to unitholders was 6.6% in 2022, compared to $226.0 million ($0.74 per unit) and 7.4% in 2021. Unitholders experienced positive performance for every month in both years. Actual losses of $6.4 million, across five mortgage loans, were realized during the year and were charged against the loss provisions already established.

For the year ended December 31, 2022, the net portfolio was $2.8 billion (141 mortgages and investments), an increase of 4% compared to 2021. Unitholders' capital totalled $2.7 billion compared to $2.8 billion last year. This decrease is attributable to unitholder redemptions honoured by the Fund in 2022. The Fund's portfolio and earnings remain well diversified by property type, geography, size and currency. Net bank debt (debt less cash) was $253.6 million, or 9% of the net portfolio value, compared to net debt of $131.0 million, or 5% of the net portfolio value in 2021. The weighted average interest rate of the portfolio was 8.8% in 2022 compared to 9.8% last year.

The Fund's NAV was $9.74 per unit compared to $9.72 per unit in 2021. NAV fluctuations arise as taxable income differs from accounting income due to differences in the treatment of loss reserves, non-accrued interest, foreign exchange hedging, and other tax considerations. Approximately 84% of the Fund's US dollar exposure is hedged by the borrowers directly, by the US line of credit, or by forward contracts.

Financial Presentation

In accordance with International Financial Reporting Standards, the Fund's financial statements are unconsolidated, which provides limited insight into the actual performance of the mortgage loan portfolio. To provide useful, transparent and comparable information, a set of combined financial statements has been included in the Management's Discussion and Analysis ("MD&A", pp. 26-35). We suggest that these financial statements in the MD&A be used as the primary reference point.

Economy, Markets & Portfolio

While the early part of the year saw a continuation of the 2021 strengthening in most North American real estate sectors, the balance of the year was another story altogether. Real estate transaction activity fell precipitously from 2021 levels, as persistent inflation and the resulting interest rate hikes imposed higher financing costs on market participants, impeded price discovery for real estate assets, increased cap rates in most sectors, and widened bid and ask spreads between buyers and sellers.

When the level of real estate market activity is stable, the Fund generally expects a steady flow of transactions, whether in the form of sales to consumer end users, asset transactions with investors or third-party refinancings of its loans by providers of longer-term real estate debt capital. In normal markets, these transactions provide the Fund with predictable sources of liquidity that allow it to make accretive new loans, honour existing commitments involving future loan advances, and satisfy unitholder redemption requests. However, when markets are as stressed as they are now, and when participants, including consumers, buyers, sellers and debt providers, choose to sit on the sidelines, the Fund must adapt to these changing liquidity circumstances. In the latter half of 2022, these adaptations included a reduction in the number of new loan originations, greater selectivity in the types of loans that are originated, extended timelines for sponsors to achieve loan milestones and the introduction of unitholder liquidity measures such as the Run-Off Pool and unit redemption deferral.

Canadian mortgage loans and investments totalled $1.4 billion, or 46% of the portfolio, compared to $1.3 billion and 48% in 2021. The Canadian portfolio includes 59 mortgage loans, with the largest concentration in Ontario (21%) and British Columbia (13%).

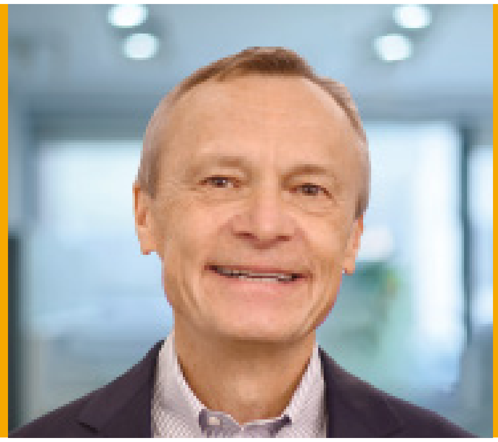
US mortgage loans and investments totalled $1.6 billion (US $1.2 billion), or 54% of the portfolio, in 2022, compared to $1.5 billion (US $1.2 billion) and 52% last year. The US portfolio includes 82 mortgage loans that are well diversified across 22 states, principally California, Texas and Florida.

As a percentage of the overall portfolio, non-performing loans increased to 33% in 2022, an uptick of 6% from the prior year. While higher than the Fund's historical range of 20-25%, this is a direct consequence of the overall slowdown in real estate transaction activity. As we have

SHELDON ESBIN
Trustee

ARTHUR RESNICK
Trustee

WESLEY ROITMAN
Trustee



MARK HILSON
Trustee

noted in prior letters, the rates at which the Fund provides loans are predicated on the expectation that a certain percentage of the loans will become non-compliant despite our rigorous underwriting process, especially in times of extreme economic stress. This is simply a feature of the financing niche in which we operate and does not necessarily lead to realized losses. In many cases, these loans require extended terms, foregone interest, and additional administrative attention, but typically do not involve losses of principal beyond the Fund's provisions for losses. Counterintuitively, non-performing loans can in some cases yield returns in excess of the interest rate had they remained in good standing, which occurs if a loan accrues default interest or if the property is foreclosed, stabilized and sold at an accretive price. In the past decade, the Fund's realized loan losses have amounted to $53.4 million on $7.5 billion of invested capital, or about 0.7%, a percentage that has remained relatively stable over time.

Managing non-compliant mortgage loans effectively is a critical component in preserving the Fund's capital and in generating consistent long-term results. Management's extensive experience in successfully resolving such loans is a significant competitive advantage and represents a core operational capability within its business model.

Strategy & Investment Approach

Especially in times of economic uncertainty, it is vitally important that the Fund and its management remain true to the principles on which Romspen was founded, and which remain the cornerstone of the Fund's mortgage investment strategy. The Fund focuses on first mortgage loans secured by a diversified pool of real estate assets across Canada and the US. Its mandate remains focused on capital preservation, strong absolute returns and consistent performance. It strives to deliver positive returns to unitholders regardless of the geopolitical or economic climate, or the performance of equity or fixed-income markets and other major asset classes. The Fund's mortgage loans are typically unconventional, complex, and by their very nature illiquid, but produce strong returns, both on an absolute basis and relative to traditional fixed-income investments. The Fund's balance sheet is managed conservatively, and it avoids structural leverage to enhance returns. The merits of the Fund's approach to mortgage investing in any market condition, girded by its adherence to risk management, long-term thinking, quality service and superior execution, are borne out by the Fund's unbroken positive track record since inception.

Outlook

Over the past year, the Fund has navigated a challenging market environment marked by volatility in interest rates, cap rate expansion and valuation uncertainty. Despite these challenges, we continued our focus on strict underwriting standards and risk management and achieved competitive returns for the Fund's unitholders. Looking to the second half of 2023, we expect real estate transaction volume to remain muted, though there will be variance by sector and submarket. The current overall pace of all commercial real estate transactions is down markedly from the prior year, primarily due to the constrained availability of debt and equity capital, and we expect this trend to continue through 2023. The disconnect in most asset classes between property cap rates and the cost of debt capital is a clear indicator of a real estate market in transition, which will continue to be characterized by lower transaction volumes, ongoing valuation uncertainty, and a slowdown in both lending and equity deployment until market participants settle on a tentative equilibrium.

While we believe the North American real estate and credit markets will eventually stabilize, we are expecting valuation uncertainty to continue. Thus, we are taking a cautious and highly selective approach when identifying and underwriting new loans in order to ensure that we preserve a healthy margin of safety as a buffer against possible asset repricing, and that we are not unduly exposed to any one asset class. A recession is expected in 2023 on both sides of the border, as the impact of higher interest rates and slowing economic activity spread throughout the North American economy, although its potential length and depth remain uncertain. Recent events involving certain US regional banks, which as a group is a systemically important provider of commercial real estate credit, may further hamper access to longer-term mortgage debt. The higher cost of capital will continue to impinge upon asset values in most sectors.

In both Canada and the US, multi-family transaction activity should remain steady, although at lower volumes, as home affordability is at one of its worst levels in 30 years. This leaves renting as the only viable option for many families, driving the demand for multi-family units, and keeps a floor on rental rates, which are moderating somewhat after their recent rise. The retail and hospitality sectors are generally expected to continue their slow upward return to their pre-COVID levels, as retail foot traffic improves and travel continues its rebound, although large-footprint malls are increasingly being repurposed to live-work-play environments, which presents its own opportunities. Prospects for the office sector remain clouded, with hybrid working arrangements taking root and the market becoming bifurcated between high-quality, adaptable space and older commodity-type office assets. Industrial assets remain solid performers, as manufacturing onshoring and third-party logistics and supply-chain outsourcing continue apace with increased demand, while specialty sectors like life-science and student housing should continue to provide compelling opportunities.

Despite the challenges presented by the economy, a tremendous amount of equity capital dry powder has been raised by investors over the past few years, which is now awaiting deployment. However, many asset owners are not over-leveraged and are not pressured to sell. For these reasons, the level of overall transaction activity will likely remain below historical norms, but asset re-pricing will likely not be as severe as during the 2008 financial crisis. In addition, the imposition by institutional lenders of more stringent underwriting requirements for borrowers may lead to attractive opportunities for niche lenders like the Fund in 2023 and beyond. Higher secular interest rates also improve the Fund's pricing power and bolster its competitiveness and access to a wider range of sponsors and potential loans, without sacrificing the credit quality of potential investments.

We continue to see a number of quality mortgage investment opportunities in select asset classes and markets with impressive sponsorship. In both Canada and the US, those geographic regions and submarkets that accommodate business formation and demographic growth will continue to attract capital and are where we will seek out the most compelling prospects for new loan originations. Most notably, in the burgeoning US Sun Belt, quality sponsors of residential developments recognize the demand for well-priced housing driven by internal population migration, along with the need for industrial space to meet demands for consumer goods, resulting in more land being purchased and developed to meet those needs.

Last year, we stated that one of our priorities was to reduce the size of the queue for unitholder redemptions. In 2021, the Fund paid out almost $500 million of redemption proceeds, and another $260 million in 2022, until the size of the redemption queue led the trustees to initiate liquidity management in the form of the Run-Off Pool mechanism. Since then, payment of redemption proceeds has been deferred. The size of the redemption queue, while not having a material effect on the Fund's performance, presents a unique challenge. The trustees must balance the legitimate needs of unitholders for a certain level of liquidity with the interests of those unitholders who remain invested in the Fund, and we must prudentially allocate the Fund's capital accordingly. While honouring redemption requests is a key priority for the year, a focus on using the Fund's finite cash resources solely to fund redemptions would not only limit the Fund's ability to provide consistent distributions by making fresh mortgage investments at accretive rates, it would also impede its obligation to fund future advances on construction and certain development loans.

Last year, we advised that the trustees had implemented a plan to reduce the redemption queue through a concerted effort to accelerate the monetization of assets, and a careful allocation of a portion of the resulting proceeds to meet unitholder liquidity needs. Unfortunately, the slowdown in transaction activity highlighted above has resulted in scheduled asset sales and refinancings taking measurably longer to reach fruition, hindering the Fund's ability to accomplish these objectives. While we remain confident that many planned transactions will be completed during 2023 that will help increase liquidity for the Fund, we simply must be patient in the interim. Real estate is a slow-moving asset class, and we believe patience will be rewarded in the fullness of time, with the strong returns our unitholders have come to expect.

25yrs

Consecutive years of positive net investor returns

< 0.7%

Historical realized loan losses as a percentage of total invested capital over the past decade

We recognize that we are stewards of your investment capital, and we take that responsibility very seriously. As always, our interests are aligned with yours – collectively, the trustees and management have over $108 million invested across Romspen's funds. By adhering to its long-standing core mortgage investment strategies and continuing to focus on strong underwriting, risk management and diversification, which has served unitholders well since the Fund's inception, we are confident that the Fund will be able to withstand these transitory economic and market disruptions.

Respectfully submitted,

Sheldon Esbin	Mark Hilson	Arthur Resnick	Wesley Roitman

Trustees of the Fund, May 1, 2023

Mandarin Oriental Hotel, Boca Raton, Florida

While early 2022 saw a continuation of the strengthening commercial real estate markets that characterized 2021, the rest of the year told a much different story. Persistent inflation and rapidly rising interest rates wreaked havoc with the plans of developers, investors, lenders and consumers.

Yet even in the midst of this most challenging of environments, loans were made, land was purchased and transformed, lots were sold, projects were built, retail spaces were fitted out for tenants, and townhouses and condo units were bought.

The following pages offer snapshots of the strengths and capabilities that Romspen's team of dedicated and experienced professionals displayed while sourcing, underwriting and funding innovative new financings solutions, and then shepherding each of those mortgage loans to a successful exit – all to the benefit of the Fund's unitholders.

With our track record of solid credit analysis and our experience managing complex projects, Romspen can help bring developers' visions to life. In 2021, we provided a $49 million construction loan for a residential development in the B.C. community of Revelstoke with four buildings and a total of 121 units. Mackenzie Village boarders the longest vertical descent of any ski resort in North America, and is adjacent to the world-renowned Cabot Pacific golf course. We had confidence in the sponsor, which had successfully brought the initial phase of the master-planned community to market.

To mitigate the risk of escalating construction costs, delays and supply-chain disruptions, Romspen insisted on fixed-price contracts with construction subtrades. Despite the challenges that arose during the ongoing pandemic, we were impressed by the healthy level of pre-sales and the sizable purchaser deposits that would be released to finance the project before our loan was advanced. The project was completed successfully, on time and on budget. Occupancy and closings are underway, and the Fund's loan should be fully repaid with proceeds from unit sales by July 2023.

Romspen's conservative underwriting helped preserve investor capital and generate returns during the pandemic and its dislocations. In this case, Romspen had provided a $41 million loan in 2019 for a hotel construction project in Daytona Beach, Florida, secured by the partially completed 459-room hotel and a six-story parking garage. The sponsor had already invested $80 million of equity in the project which, when combined with a solid personal guarantee and additional real estate collateral, provided an ample margin of safety.

As the pandemic disrupted supply chains and the availability of construction trades, the project was delayed and debt-service and loan repayment deadlines were missed. Romspen worked with the borrower to navigate these difficult conditions, and upsized the loan to put the project on a firmer footing. We then stepped up loan enforcement efforts, which prompted the borrower to seek out refinancing options, and in November 2022 the loan was repaid in full. Romspen not only preserved investor capital, we achieved a double-digit annualized return, which was higher than our initial projections.

In any commercial real estate project, delays and complexities are not uncommon. We are well equipped to handle modifications to a project by working closely with borrowers to ensure its smooth continuation, while proactively managing its evolving risk profile. A prime example is our involvement in a high-profile master-planned development on a prime 1.7-acre site in Vancouver.

After providing an initial $52 million construction loan for the project's first phase, which consisted of two commercial towers on a shared podium, Romspen accommodated loan increases in response to budget changes, with concurrent equity injections from the sponsor. In late 2017, the loan was amended to provide an additional $32 million in support of the construction of a third tower – a boutique hotel that had not been a part of the original funding program. Construction was completed on the office towers in June 2019 and on the hotel in spring 2021, and the Fund's loan was repaid in full with proceeds from unit sales and the refinancing of the hotel.

Because we focus on risk reduction, we establish exit strategies at the outset of every project, with contingency plans to address any unforeseen challenges. In 2019, Romspen provided a loan for the purchase of a site in French Valley, California, for a planned retail development with 130,000 square feet of floorspace in 17 buildings. The developer was in discussions with several potential national tenants, including an anchor grocery chain.

Construction was expected to be financed by a more conventional institutional lender, but pandemic-related complications derailed those plans. At that point, Romspen stepped in to finance the construction of the pre-leased retail space. The borrower secured a new equity partner, and with our intimate knowledge of the development and our willingness to work through its many challenges, successfully met all major project milestones. The Fund's loan was fully repaid in April 2022.

Romspen's ability to think outside the box and navigate complex transactions on tight timelines, while adhering to strict underwriting standards, has attracted a significant base of repeat borrowers. By 2021, the pandemic's impact on retail traffic had led to difficulties for the owner of a Calgary retail plaza and their existing lender. Having successfully dealt with Romspen before, the owner turned to us for a $28 million replacement bridge loan that would provide some breathing room while steps were taken to improve the plaza's prospects, complete tenant upgrades and ultimately secure financing.

The loan enabled the deployment of significant resources toward operational stabilization. Additional collateral and a quality personal guarantee hedged execution risk and provided a clear path to exit, even if the borrower's plans weren't fully realized. By February 2023, retail operations at the plaza had stabilized, the property was refinanced with a new institutional lender, and the Fund's loan was repaid.

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, 2022 included herein and the audited financial statements and MD&A for the year ended December 31, 2021. 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 year ended December 31, 2022.

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

Forward-Looking Statements

From time to time, the Fund makes written and verbal forward-looking statements. These are included in its quarterly and annual MD&A, Fund presentations and other Fund communications.

Forward-looking statements include, but are not limited to, business objectives and targets, 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 management 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 markets activity, changes in government monetary and economic policies, changes in interest rates, changes in foreign exchange rates, inflation levels and general economic conditions, legislative and regulatory developments, disruptions resulting from the outbreak of pandemics, competition and technological change.

The preceding list of possible factors is not exhaustive. 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-IFRS Financial Measures

This MD&A contains certain non-IFRS financial measures. A non-IFRS 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 IFRS 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-IFRS 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, IFRS and may be different from, or inconsistent with, non-IFRS 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 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 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 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.

$2.8B	Fair value, net of provisions
141	Mortgages & investments
96%	First mortgages
8.8%	Weighted average interest rate
84%	Mature within one year

The Fund commenced operations on January 16, 2006, and 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 March 15, 2005.

On June 22, 2007, federal legislation came into force that altered the tax regime for specified investment flow-through trusts or partnerships ("SIFT") (the "SIFT Rules"). Under the SIFT Rules, certain distributions from a SIFT are no longer deductible in computing a SIFT's taxable income and a SIFT is 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 are not 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.

Portfolio

As of December 31, 2022, the Fund's mortgage and investment portfolio (the "Portfolio"), net of fair value provisions, was $2.8 billion compared to $2.7 billion at December 31, 2021. This increase of $0.1 billion or 4% reflects a higher USD to CAD exchange rate. The Portfolio included 141 mortgages and investments compared to 148 at the same time last year.

Approximately 96% of the Portfolio was invested in first mortgages at December 31, 2022 (December 31, 2021 – 97%). The weighted average interest rate of the mortgage loans in the Portfolio was 8.8%, compared to 9.8% a year ago.

The Portfolio continues to consist mainly of short-term mortgage loans to third parties and mortgage loans to the Fund's subsidiaries. Approximately 84% of the Portfolio's investments mature within one year (December 31, 2021 – 92%) and 98% mature within two years (December 31, 2021 – 100%). In addition, all our mortgages are open for repayment prior to maturity. The short-term nature of its Portfolio permits the Fund to continually and rapidly evolve 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, 2022, approximately 21% of the Fund's investments were in Ontario, unchanged from a year ago. Approximately 18% of the Portfolio was invested in Western Canada, 7% in other provinces and 54% in the US. The Fund Manager believes this broad level of North American diversification brings greater stability to the Fund's performance by reducing dependency on the economic activity and cycles in any given geographic region.

Total fair value provisions as at December 31, 2022 were $133.6 million, which represented 4.5% of the original cost of the Fund's investments or $0.48 per unit outstanding as at year end. During 2022, the Fund realized $6.4 million of losses in the Portfolio for which provisions had been made. The establishment of the fair value provision is based on the relevant facts and an interpretation of the circumstances relating to the Fund's Portfolio. Thus, it is a complex and dynamic process influenced by many factors. The provision relies on the judgment and opinions of individuals regarding historical trends, prevailing legal, economic and regulatory trends, and expectations of future developments. The process of determining the provision involves risk that the actual outcome will deviate, perhaps substantially, from the best estimates made. The fair value provision will continue to be reviewed by the Fund Manager and the Fund's trustees on a regular basis and, if appropriate, will be adjusted.

Financial Presentation

In an effort to continue to provide valuable, transparent and comparable information, a set of non-IFRS combined financial statements is provided in the following pages, consistent with past reporting practices. It is highly recommended that the following unaudited financial statements in the MD&A continue to be used as the primary reference point.

Non-IFRS financial information

Combined Balance Sheet

December 31, 2022, with comparative information for 2021

Below is the combined balance sheet of the Fund and its wholly owned subsidiary, Romspen Mortgage Limited Partnership:

(In thousands of dollars, unless otherwise noted)		2022		2021
Assets				
Cash	$	2,586	$	44,338
Accrued interest receivable		213,486		193,181
Mortgage investments		1,850,150		1,689,135
Investment in subsidiaries		410,602		407,620
Investment in TIG Romspen US Master Mortgage LP		571,088		682,245
Other assets		26,719		15,247
	$	3,074,631	$	3,031,766
Liabilities and Unitholders' Equity				
Revolving loan facility	$	256,166	$	175,356
Accounts payable and accrued liabilities		7,129		7,775
Foreign exchange forward contracts		68,692		7,852
Prepaid unit capital		–		2,868
Unitholders' distributions payable		11,412		17,469
		343,399		211,320
Units submitted for redemption		228,562		202,113
Unitholders' equity		2,502,670		2,618,333
	$	3,074,631	$	3,031,766

Non-IFRS financial information

Combined Statement of Earnings

Year ended December 31, 2022, with comparative information for 2021

Below is the combined statement of earnings of the Fund and its wholly owned subsidiary, Romspen Mortgage Limited Partnership:

(In thousands of dollars, except per unit amounts, unless otherwise noted)		2022		2021
Revenue				
Mortgage interest	$	168,052	$	173,650
Income from Investment in TIG Romspen US Master Mortgage LP		53,272		41,569
Other		3,411		8,719
Gain on foreign exchange		15,211		732
		239,946		224,670
Expenses				
Management fees		22,736		22,556
Interest		12,412		2,749
Change in fair value of mortgage investments and investment in subsidiaries		15,651		(24,822)
Realized loss on mortgage investments		6,368		16,135
Other (gains) losses		1,191		(962)
Audit fees		494		438
Legal fees		188		92
Other		2,835		4,030
		61,875		20,216
Net earnings	$	178,071	$	204,454
Net earnings per unit	$	0.63	$	0.66
Weighted average number of units issued and outstanding		283,105,459		307,798,420

Non-IFRS financial information

Combined Statement of Changes in Unitholders' Equity

Year ended December 31, 2022, with comparative information for 2021

Below is the combined statement of changes in unitholders' equity of the Fund and its wholly owned subsidiary, Romspen Mortgage Limited Partnership:

(In thousands of dollars, except per unit amounts, unless otherwise noted)	2022	2021
Unit capital		
Balance, beginning of year	$ 2,707,995	$ 3,140,282
Issuance of units	167,372	213,087
Redemption of units	(261,613)	(482,961)
Increase in units submitted for redemption	(26,449)	(162,413)
Balance, end of year	$ 2,587,305	$ 2,707,995
Cumulative earnings		
Balance, beginning of year	$ 1,490,744	$ 1,286,290
Net earnings	178,071	204,454
Balance, end of year	$ 1,668,815	$ 1,490,744
Cumulative distributions to unitholders		
Balance, beginning of year	$ (1,580,406)	$ (1,354,388)
Distributions to unitholders	(173,044)	(226,018)
Balance, end of year	$ (1,753,450)	$ (1,580,406)
Unitholders' equity	$ 2,502,670	$ 2,618,333
Units issued and outstanding, excluding units submitted for redemption	256,901,756	269,265,076

Non-IFRS financial information

Combined Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

Below is the combined statement of cash flows of the Fund and its wholly owned subsidiary, Romspen Mortgage Limited Partnership:

(In thousands of dollars, unless otherwise noted)	2022	2021
Cash provided by (used in):		
Operations		
Net earnings	$ 178,071	$ 204,454
Items not affecting cash:		
Amortization of revolving loan facility financing costs	414	410
Change in fair value of mortgage investments and investment in subsidiaries	15,651	(24,822)
Income from investment in TIG Romspen US Master Mortgage LP	388	3,221
Realized loss on mortgage investments	6,368	16,135
Unrealized (gain) loss on foreign exchange	(28,715)	44,083
Amortization of discount	–	–
Other (gains) losses	1,191	(962)
Change in non-cash operating items:		
Accrued interest receivable	(19,648)	(24,416)
Other assets	(12,882)	(5,550)
Accounts payable and accrued liabilities	(631)	2,853
	140,207	215,406
Financing		
Proceeds from issuance of units	95,562	124,047
Distributions paid to unitholders	(107,291)	(135,500)
Redemption of units	(261,613)	(482,961)
Prepaid unit capital	(2,868)	2,868
Change in revolving loan facility	80,396	44,301
	(195,814)	(447,245)
Investments		
Funding of mortgage investments	(453,509)	(822,744)
Discharge of mortgage investments	321,479	1,065,166
Net funding (discharge) of investment in subsidiaries	(2,876)	69,493
Net divestment (funding) of investment in TIG Romspen US Master Mortgage LP	148,761	(120,789)
	13,855	191,126
Decrease in cash	(41,752)	(40,713)
Cash, beginning of year	44,338	85,051
Cash, end of year	$ 2,586	$ 44,338

Quarterly Financial Information 2022

Detailed financial information by quarter for 2022 is outlined in the table below:

(In millions of dollars, except per unit amounts)

	Dec. 31	Sept. 30	Jun. 30	Mar. 31
Total revenue excluding foreign exchange gain (loss)	$ 49.9	$ 49.5	$ 70.0	$ 55.3
Foreign exchange gain (loss)	(5.8)	15.6	8.6	(3.2)
Interest expense and deferred financing costs	4.7	3.2	2.3	2.2
Net interest income	39.4	61.9	76.3	49.9
Management fees and other expenses	6.9	6.5	6.5	6.3
Fair value provision (reversal) on investment portfolio and losses	14.8	3.0	1.2	(3.3)
Realized losses on investment portfolio	–	0.2	5.6	0.6
Other losses	0.4	0.3	0.4	–
Net earnings	17.3	51.9	62.6	46.3
Per unit – net earnings	$ 0.07	$ 0.18	$ 0.22	$ 0.16
– distributions	$ 0.12	$ 0.13	$ 0.18	$ 0.18
Trailing 12-month compounded return[1]	6.6%	8.3%	8.2%	7.8%
Revolving loan net of cash as a percentage of net mortgages[1]	9.0%	9.5%	2.6%	7.4%

1 These are non-IFRS financial measures (see "Non-IFRS Financial Measures").

Investment in Subsidiaries

The controlled subsidiaries acquire control of properties in order to complete development and dispose of the property with the goal of maximizing the return to investors, which may involve, but not specifically require, the advancement of additional funds. These subsidiaries are not consolidated by the Fund and are summarized as follows:

(In thousands of dollars)

Name	Ownership	Description	Location	Dec. 31, 2022
Guild	100%	Office complex	CA	$ 22,306
Aspen Lakes	100%	Residential development	CA	4,766
Almonte	50%	Retail plaza	CA	5,836
Bear Mountain	100%	Office complex	CA	329
Liberty Ridge	100%	Residential subdivision	CA	66,863
Planetwide	100%	Land for residential development	CA	4,808
Royal Oaks	100%	Residential subdivision	CA	12,708
Haldimand	100%	Landfill	CA	30,528
High Street	100%	Commercial/Residential	CA	24,807
Egreen	100%	Land for industrial development	CA	1,516
Carolina Golf	100%	Golf courses	US	18,424
LE Ranch	100%	Residential	US	17,964
Springville	100%	Land for commercial development	US	21,855
Big Nob	100%	Land for residential development	CA	4,552
Midland	100%	Land for residential development	CA	4,802
Kettle Creek	100%	Land for residential development	CA	36,966
Langford Lake	100%	Land for residential development	CA	41,797
Ponderosa	80%	Land for residential development	CA	31,814
Drought	100%	Land for residential development	CA	11,371
Northern Premier	100%	Land for industrial development	CA	10,448
Hampton Circle	100%	Residential construction	CA	4,141
Southpoint Landing	100%	Residential	CA	1,289
RIC Hampton Inc.	100%	Commercial	CA	6,899
Environmaster	100%	Environment and recycling	CA	33,676
Kawartha Downs	100%	Leisure and entertainment	CA	26,942
Nisku	100%	Industrial predevelopment	CA	16,360
				$ 463,767
		Fair value adjustment		(53,165)
				$ 410,602

Controlled subsidiaries that are owned by the General Partner of the Fund and not directly by the Partnership are classified as related party mortgage investments. Similar to investments in subsidiaries, these related party subsidiaries acquire control of properties in order to complete development and dispose of the property with the goal of maximizing the return to investors, which may involve, but not specifically require, the advancement of additional funds from the Fund. As of December 31, 2022, there are thirteen mortgage investments to related party subsidiaries with a fair value of $555,615 (2021 – $275,177). Further details regarding related party mortgage investments can be found in Note 8 of the audited Financial Statements.

Income Statement Highlights

Total revenues for the year ended December 31, 2022 were $239.9 million compared to $224.7 million in the previous year.

Net earnings for the year were $178.1 million compared to $204.5 million for the prior year. The basic weighted average earnings for the year were $0.63 per unit compared to $0.66 last year.

For the year ended December 31, 2022, the Fund distributed $173.0 million or $0.61 per unit compared to $226.0 million or $0.74 per unit in the prior year. The simple and compounded net return to unitholders for the year ended December 31, 2022 were 6.5% and 6.6%, respectively.

Fair value adjustments on the Portfolio increased expenses by $15.7 million during the year, while realized losses were $6.4 million compared to $16.1 million in the prior year. Management and other fees payable to the Fund Manager and other general and administrative expenses of the Fund were $26.3 million for the year ended December 31, 2022 compared to $27.1 million in the prior year. These expenses were marginally lower than the previous year and reflect the decrease in Portfolio value.

Total revenues for the quarter ended December 31, 2022, were $44.1 million compared to $59.2 million in the fourth quarter of 2021.

Net earnings after all expenses for the fourth quarter were $17.3 million compared to $60.5 million for the quarter ended December 31, 2021. Basic weighted average earnings per unit for the three months ended December 31, 2022 were $0.07 compared to $0.20 in the prior year.

Management fees payable to the Fund Manager and other general and administrative expenses of the Fund were $6.9 million for the quarter, compared to $6.3 million in the fourth quarter of 2021.

For the three-month period ended December 31, 2022, the Fund distributed $33.6 million or $0.12 per unit, compared to $55.3 million or $0.19 per unit for the three months ended December 31, 2021.

Balance Sheet Highlights

Total assets as at December 31, 2022 were $3.1 billion compared to $3.0 billion a year ago. In accordance with IFRS, mortgages that are provided to owned subsidiary companies holding foreclosed properties have been reclassified from mortgage investments to investment in subsidiaries. Total assets are comprised primarily of mortgages recorded at fair market value, investment in subsidiaries and accrued interest receivable. In addition, the Fund had $2.6 million of excess cash at year end.

Total liabilities excluding units submitted for redemption as at December 31, 2022 were $343.4 million compared to $211.3 million a year earlier. Liabilities at the end of the year were comprised mainly of a $256.2 million line of credit and $18.5 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 fund additions to the Portfolio. The revolving loan facility bears interest not exceeding prime plus 1.0% and is secured by all assets of the Partnership and a pledge of all Partnership units held by the Fund. Net bank debt (debt less unrestricted cash) stood at $253.6 million (9% of the net book value of the Portfolio) at year end compared to net bank debt of $131.0 million (5% of the net book value of the Portfolio) a year ago.

Unitholders' equity plus units submitted for redemption as at December 31, 2022 totalled $2.7 billion compared with $2.8 billion as at December 31, 2021. The decrease primarily reflects redemptions of $261.6 million, which were in excess of proceeds of issuance of $167.4 million during the previous twelve months. There was a total of 280,363,913 units outstanding on December 31, 2022 compared to 290,049,991 on December 31, 2021. 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 taxable earnings are intended to be distributed to unitholders. This means that growth in the Portfolio can only be achieved by raising additional unitholder equity and by 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. As at December 31, 2022, borrowings totalled approximately 9% of the book value of investments held by the Fund, compared to 6% as at December 31, 2021.

For the year ended December 31, 2022, the Fund's redemptions, net of proceeds from the issuance of units, were $94.2 million, compared to $269.9 million in 2021.

The Fund's mortgages are largely short-term in nature, with the result that continual repayment by borrowers of existing mortgages creates liquidity for new mortgage investments.

Related Party Transactions

Romspen acts as the mortgage manager for the Partnership and administrator for the Fund. The trustees of the Fund are all principals of Romspen. In return for its mortgage origination and capital raising 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 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 mortgages that are syndicated among Romspen, the Fund's trustees or other related parties. These related party transactions are further discussed in the notes to the accompanying financial statements.

Risk Management

The Fund is exposed to various risks related to its financial instruments 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.

Outlook

The real estate market has faced several challenges in the past year, including rising interest rates, cap rate expansion and valuation uncertainty. Despite these challenges, we managed to deliver competitive returns for unitholders by maintaining our strict underwriting standards and focus on risk management.

Looking ahead, management expects real estate transaction volume to remain muted in 2023, reflecting an overall reduction in liquidity in the market, although there will be variance by sector and submarket. The disconnect between property cap rates and the cost of debt capital is a clear indicator of a real estate market in transition, a market that will continue to be characterized by lower transaction volumes, value uncertainty, a slowdown in lending and more restrictive lending guidelines, dampening debt and equity deployment until market participants can settle on an equilibrium, which should lead to better price discovery and, in time, greater liquidity.

Management is taking a cautious and highly-selective approach when identifying and underwriting new loans in order to ensure a healthy margin of safety against possible asset repricing, and to guard against undue exposure to any single asset class. As a result, new mortgage origination activity will be subdued. We expect a recession in 2023 on both sides of the border, as the impact of higher interest rates spreads throughout the North American economy, although its potential length – and whether the ultimate landing will be "hard" or "soft" – remains uncertain. The higher cost of mortgage debt capital, exacerbated by liquidity issues at certain US regional banks, will continue to negatively impact asset values in most sectors.

Management continues to be presented with a number of quality mortgage investment opportunities in select asset classes and markets with impressive sponsorship. In both Canada and the US, those geographic regions and submarkets that accommodate business formation and demographic growth, such as the US Sun Belt, will persist in attracting capital, and is where we will seek out compelling prospects for new loan originations. Additionally, the imposition by institutional lenders of more stringent underwriting requirements for borrowers may lead to attractive prospects for niche lenders like the Fund in 2023 and beyond.

One of management's priorities is to reduce the size of the queue for unitholder redemptions. The size of the redemption queue presents a unique challenge, as we must balance the legitimate needs of unitholders for a certain level of liquidity with the interests of those unitholders who remain invested in the Fund, and prudentially allocate the Fund's capital accordingly. While honouring redemption requests is a key priority for the year, a focus on using the Fund's finite cash resources solely to fund redemptions would not only limit management's ability to provide consistent distributions by making fresh mortgage investments at accretive rates, it would also impede its obligation to fund future advances on construction and certain development loans.

Overall, the outlook for the North American real estate market remains uncertain, and we anticipate that new loan volumes will be below historical averages, loan repayments and refinancings will take longer to complete, delinquency levels may rise, and borrowers will increasingly require temporary accommodative measures. Nevertheless, we are confident that our continued adherence to the mortgage investment management principles and strategies that have guided our stewardship of investor capital for six decades will enable us to surmount these latest challenges.

Romspen Mortgage Investment Fund

And Independent Auditor's Report thereon

Year ended December 31, 2022

Independent Auditor's Report

To Romspen Investment Corporation

Opinion

We have audited the accompanying financial statements of the Romspen Mortgage Investment Fund (the "Fund"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in net assets attributable to unitholders for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2022 Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2022 Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we concluded that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
May 1, 2023

Statement of Financial Position

(In thousands of dollars, except per unit amounts, unless otherwise noted)
December 31, 2022, with comparative information for 2021

		2022		2021
Assets				
Cash	$	300	$	3,011
Investment in Romspen Mortgage Limited Partnership,				
at fair value through profit or loss (note 3)		2,743,106		2,838,495
Other assets		19		–
	$	2,743,425	$	2,841,506
Liabilities and Net Assets Attributable to Unitholders and Unitholders' Equity				
Liabilities:				
Accounts payable and accrued liabilities	$	781	$	723
Prepaid unit capital		–		2,868
Unitholders' distributions payable		11,412		17,469
		12,193		21,060
Units submitted for redemption (note 4(c))		–		202,113
Net assets attributable to unitholders		2,731,232		–
Unitholders' equity		–		2,618,333
	$	2,743,425	$	2,841,506
Net assets attributable to unitholders represented by:[1]				
Fund unitholders	$	2,502,670	$	–
Fund units submitted for redemption		113,217		–
Run-Off Pool unitholders		115,345		–
	$	2,731,232	$	–
Net asset value per Fund unit (note 5)	$	9.74	$	9.72
Net asset value per Run-Off Pool unit (note 5)		9.74		–
Commitments and contingent liabilities (note 9)				
Subsequent events (note 13)				

See accompanying notes to financial statements.

Approved by the Trustees:
"Wesley Roitman" Trustee
"Mark Hilson" Trustee

1 Due to the introduction of Run-off Pool units effective September 26, 2022, IFRS requires the Fund to classify the net asset balance as a liability. For fiscal year 2021 and prior, it was classified as equity.

Statement of Comprehensive Income

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022, with comparative information for 2021

		2022		2021
Income from investment in Romspen Mortgage Limited Partnership:				
Distributions from Romspen Mortgage Limited Partnership	$	101,234	$	136,978
Unrealized appreciation in net assets of				
Romspen Mortgage Limited Partnership (note 3)		86,167		76,875
		187,401		213,853
Expenses:				
Management fees (note 8(a))		7,503		7,443
Audit fees		482		438
Legal fees and other		1,345		1,518
		9,330		9,399
Net income and comprehensive income	$	178,071	$	204,454
Net income and comprehensive income per unit (note 5)	$	0.63	$	0.66
Weighted average number of units issued and outstanding (note 5)		283,105,459		307,798,420

See accompanying notes to financial statements.

Statement of Changes in Net Assets Attributable to Unitholders[1]

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

Year ended December 31, 2022, with comparative information for 2021

		2022		2021
Fund unit capital:				
Balance, beginning of year	$	2,707,995	$	3,140,282
Issuance of units (note 4)		167,372		213,087
Redemption of units (note 4)		(261,613)		(482,961)
Decrease (increase) in units submitted for redemption		88,896		(162,413)
Conversion to Run-Off Pool units (note 4(d))		(115,345)		–
Balance, end of year	$	2,587,305	$	2,707,995
Fund units submitted for redemption, end of year	$	113,217	$	202,113
Run-Off Pool unit capital:				
Balance, beginning of year	$	–	$	–
Conversion from units		115,345		–
Redemption of Run-Off Pool units		–		–
Balance, end of year	$	115,345	$	–
Cumulative earnings:				
Balance, beginning of year	$	1,490,744	$	1,286,290
Net income and comprehensive income		178,071		204,454
Balance, end of year	$	1,668,815	$	1,490,744
Cumulative distributions to unitholders:				
Balance, beginning of year	$	(1,580,406)	$	(1,354,388)
Distributions to unitholders (note 6)		(173,044)		(226,018)
Balance, end of year	$	(1,753,450)	$	(1,580,406)
Unitholders' equity (excluding units submitted for redemption)	$	–	$	2,618,333
Net assets attributable to unitholders		2,731,232		–
Units issued and outstanding:				
Fund units		256,901,756		269,265,076
Fund units submitted for redemption		11,614,581		20,784,915
Run-Off Pool units		11,847,576		–
Total units issued and outstanding		280,363,913		290,049,991

See accompanying notes to financial statements.

1 Due to the introduction of Run-off Pool units effective September 26, 2022, IFRS requires the Fund to classify the net asset balance as a liability. For fiscal year 2021 and prior, it was classified as equity and the statement was titled "Statement of Changes in Unitholders' Equity".

Statement of Cash Flows

(In thousands of dollars)

Year ended December 31, 2022, with comparative information for 2021

		2022		2021
Cash provided by (used in):				
Operations:				
Net income and comprehensive income	$	178,071	$	204,454
Item not affecting cash:				
Unrealized appreciation in net assets of Romspen Mortgage Limited Partnership (note 3)		(86,167)		(76,875)
Change in non-cash operating items:				
Accounts payable, accrued liabilities and other assets		39		(124)
		91,943		127,455
Financing:				
Proceeds from issuance of fund units (note 4)		95,562		124,047
Distributions paid to unitholders (note 6)		(107,291)		(135,500)
Redemption of fund units (note 4)		(261,613)		(482,961)
Prepaid fund unit capital		(2,868)		2,868
		(276,210)		(491,546)
Investments:				
Net redemption of investment in Romspen Mortgage Limited Partnership (note 3)		181,556		366,950
Increase (decrease) in cash		(2,711)		2,859
Cash, beginning of year		3,011		152
Cash, end of year	$	300	$	3,011

See accompanying notes to financial statements.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

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 Partnership's investments include mortgage investments, investment in subsidiaries and investment in TIG Romspen US Master Mortgage LP ("USMLP"). The objective of the Fund is to provide stable and secure cash distributions of income, while preserving net assets attributable to unitholders. The Fund's registered office is 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5.

As of December 31, 2022, the Partnership indirectly owns 75.15% (2021 – 80.77%) of USMLP. Romspen Investment Corporation ("Romspen") is the Fund's mortgage manager and acts as the primary loan originator, underwriter and syndicator for the Partnership.

The Fund commenced operations on January 16, 2006. These financial statements and accompanying notes have been authorized for issue by the trustees of the Fund (the "Trustees") on May 1, 2023.

1. Basis of presentation

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

The financial statements are measured and presented in Canadian dollars ("CAD"); amounts are rounded to the nearest thousand, unless otherwise stated. The financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL") which are presented at fair value.

The Fund accounts for its investment in the Partnership at FVTPL. The results of operations and the financial position of the Partnership are provided separately in note 3.

2. Significant accounting policies

A) Use of estimates

In preparing these financial statements management has made judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about assumptions and estimation uncertainties at December 31, 2022 that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year, is included in note 3.

B) Judgment

Judgment has been made in applying accounting policy regarding accounting for Fund's investment in the Partnership. Although the Fund owns 99.99% of the Partnership, management has determined that the Fund has no control over the Partnership, as there is no strong linkage between the power that the Fund has over the Partnership and the Fund's variability in returns from the Partnership. The Fund accounts for its investment in the Partnership at fair value.

C) Net income and comprehensive income per unit

Net income and comprehensive income per unit are computed by dividing net income and comprehensive income for the year by the weighted average number of units issued and outstanding during the year.

D) Prepaid unit capital

Prepaid unit capital consists of subscription amounts received in advance of the unit issuance date.

E) Units

Under IAS 32, Financial Instruments – Presentation ("IAS 32"), puttable instruments, such as the units, are generally classified as financial liabilities unless the exemption criteria are met for equity classification. In 2021, the fund units met the exemption criteria under IAS 32 for equity classification.

In 2022, the Fund introduced Run-off Pool units described in note 4(ii)(d), which results in the Fund not meeting the exemption criteria under IAS 32. Therefore, all classes of Fund's units are classified as financial liabilities and presented as net assets attributable to unitholders. This presentation does not alter the underlying economic interest of the unitholders in the net assets and net operating results attributable to unitholders.

F) Financial assets and financial liabilities

Financial assets and financial liabilities at FVTPL are initially measured at fair value, with transaction costs recognized in profit or loss. Financial assets and financial liabilities not at FVTPL are initially measured at fair value plus transaction costs that are directly attributable to their acquisition or issue. Other financial assets and financial liabilities are recognized on the date on which they are originated.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership are transferred or in which the Partnership neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. A liability is derecognized when its contractual obligations are discharged, cancelled, or expired.

Financial assets and liabilities	Classification
Cash	Amortized cost
Investment in the Partnership	FVTPL
Accounts payable	Amortized cost
Prepaid unit capital	Amortized cost
Unitholders' distributions payable	Amortized cost

3. Supplemental information regarding Partnership at FVTPL

The Fund owns 99.99% of the Partnership's non-voting units and accounts for its investment in the Partnership at fair value. The Partnership is not consolidated by the Fund.

Schedule of the Fund's investment in the Partnership:

	2022	2021
Investment balance, beginning of year	$ 2,838,495	$ 3,128,570
Net withdrawal of investment in the Partnership	(181,556)	(366,950)
Unrealized appreciation in net assets of the Partnership	86,167	76,875
Investment balance, end of year	$ 2,743,106	$ 2,838,495

The Partnership's statements of financial position and results of operations prepared on a fair value basis are provided below:

Statement of non-consolidated financial position on a fair value basis:

	2022	2021
Assets		
Cash	$ 2,286	$ 41,327
Accrued interest receivable	213,486	193,181
Mortgage investments (note 3(b))	1,850,150	1,689,135
Investment in subsidiaries (note 3(c))	410,602	407,620
Investment in USMLP (note 3(d))	571,088	682,245
Other assets	26,700	15,247
	$ 3,074,312	$ 3,028,755
Liabilities and Unitholders' Capital		
Liabilities:		
Revolving loan facility (note 3(e))	$ 256,166	$ 175,356
Accounts payable and accrued liabilities	6,348	7,052
Foreign exchange forward contracts (note 3(f))	68,692	7,852
	331,206	190,260
Fair value of net assets attributable to unitholders of the Partnership	2,743,106	2,838,495
	$ 3,074,312	$ 3,028,755

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

Statement of non-consolidated comprehensive income on a fair value basis:

	2022	2021
Revenue		
Mortgage interest	$ 146,761	$ 157,257
Income from subsidiaries	21,291	16,393
Income from investment in USMLP (note 3(d))	53,272	41,569
Other	3,411	8,719
Foreign exchange gain (note 3(f))	15,211	732
	239,946	224,670
Expenses		
Management fees (note 8(b))	15,233	15,113
Interest	12,412	2,749
Change in fair value of mortgage investments and investment in subsidiaries	15,651	(24,822)
Realized loss on mortgage investments	6,368	16,135
Other losses (gains)	1,191	(962)
Legal fees and other	1,690	2,604
	52,545	10,817
Comprehensive income	$ 187,401	$ 213,853

A) Basis of presentation and measurement for the Partnership

I) Mortgage investments All mortgages have been accounted at FVTPL. Mortgage investments are recorded at fair value reflected in the Partnership's statement of comprehensive income.

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. Any unrealized changes in the fair value of mortgage investments are recorded in the Partnership's statement of comprehensive income as an unrealized fair value adjustment.

II) Investment in subsidiaries Entities are formed by the Partnership to obtain legal title of the foreclosed underlying security of defaulted mortgage investments. The assets, liabilities, revenues and expenses of these entities are not reflected in the non-consolidated financial statements of the Partnership, but rather the Partnership chooses to account for such investment in subsidiaries at fair value. Upon foreclosure, the carrying value of the mortgage investment, which comprises principal, accrued interest, enforcement costs and a fair value adjustment that reflects the fair value of the underlying mortgage security, is derecognized from mortgage investments and an investment in subsidiary is recognized at fair value. At each reporting date, the Partnership uses management's best estimates to determine fair value of the subsidiaries (note 3(c)).

III) Investment in USMLP The Partnership indirectly owns 75.15% of USMLP as at December 31, 2022 (2021 – 80.77%) through Romspen Liberty LP ("Liberty LP"). The Partnership does not consolidate USMLP or Liberty LP and accounts for its investment in USMLP at FVTPL.

The fair value of the Partnership's investment in USMLP is the amount of net assets attributable to the unitholders of USMLP.

IV) Interest income Interest income, funding and participation fees are recognized separately from the fair value changes.

V) Use of estimates The mortgage investments are recorded in the Partnership's statement of financial position at fair value. 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. Actual results may differ from those estimates.

These assumptions are limited by the availability of reliable comparable data, economic uncertainty, ongoing geopolitical concerns and the uncertainty of predictions concerning future events. Credit markets, equity markets and consumer spending are factors in 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.

VI) Foreign currency translation Foreign exchange gains and losses on the receipts of payments on mortgage investments and unrealized foreign exchange gains and losses on each item within the statement of financial position are included in foreign exchange gain/loss on the Partnership's statement of comprehensive income.

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

VII) Financial assets and financial liabilities
The Partnership's designations are as follows:

a) Mortgage investments and accrued interest receivable are designated as FVTPL, categorized into Level 3 of the fair value hierarchy.

b) Investment in subsidiaries and USMLP are designated as FVTPL and categorized into Level 3 of the fair value hierarchy.

c) Other assets, revolving loan facility, accounts payable and accrued liabilities, prepaid unit capital, unitholders' distributions payable and units submitted for redemption are measured at fair value, which approximates amortized cost.

Financial assets classified as FVTPL are carried at fair value on the financial statement of financial position. The net realized and unrealized gains and losses from fair value changes and foreign exchange differences, excluding interest, are recorded in the Partnership's statement of comprehensive income and statement of cash flows.

B) Mortgage investments (excluding investment in subsidiaries)
The following is a summary of the mortgages:

			2022	2021
	Number of mortgages	Original cost	Fair value	Fair value
First mortgages	66	$ 1,865,908	$ 1,791,655	$ 1,630,640
Second mortgages	4	58,495	58,495	58,495
		$ 1,924,403	$ 1,850,150	$ 1,689,135

A reconciliation of the mortgage investments is as follows:

	2022	2021
Investments balance, beginning of year	$ 1,689,135	$ 1,909,989
Funding of mortgage investments[(i)]	453,509	822,744
Discharge of mortgage investments	(321,479)	(1,065,166)
Gain (loss) in the value of investments	(15,784)	5,252
Realized loss on investments	(6,368)	(123)
Foreign currency adjustment on investments	51,137	16,439
Investments balance, end of year	$ 1,850,150	$ 1,689,135

(i) Includes net funding of $16,080, equivalent of $12,353 USD (2021 – net funding of $37,611, equivalent of $30,000 USD) in mortgages which are syndicated with USMLP.

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

As part of the assessment of fair value, management of the Fund routinely reviews each mortgage for impairment to determine whether or not a mortgage should be recorded at its estimated realizable value.

Pursuant to certain lending agreements and subject to borrowers meeting certain funding conditions, the Partnership funded commitments of $27,694 (2021 – $26,260) during 2022 by capitalizing interest relating to existing mortgage investments.

The mortgage investments portfolio bears interest at a weighted average rate of 9.16% (2021 – 10.08%).

As at December 31, 2022, there are three mortgage investments that account for 15.4% (2021 – 16.6%) of Partnership's combined mortgage investment and accrued interest receivable balance (excluding investment in USMLP) issued to a single borrower (2021 – three).

Principal repayments based on contractual maturity dates are as follows:

Overhold	$ 928,037
2023	640,866
2024	298,592
2025	56,908
	$ 1,924,403

Included in the overhold category are loans which are past due (considered in default) or on a month-to-month arrangement. Borrowers have the option to repay principal at any time prior to the maturity date.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

C) Investment in subsidiaries

	2022	2021
Investment in subsidiaries at cost	$ 463,767	$ 460,918
Fair value adjustment	(53,165)	(53,298)
	$ 410,602	$ 407,620

The Fund's investment in subsidiaries is measured at fair value using Level 3 unobservable inputs. As a result, the investment in subsidiaries has been classified in Level 3 of the valuation hierarchy.

A reconciliation of investment in subsidiaries is as follows:

	2022	2021
Investment balance, beginning of year	$ 407,620	$ 481,131
Funding in investments	42,097	9,976
Sale of investments	(39,221)	(79,469)
Net unrealized gain in the fair value of investments	133	19,570
Realized loss on investments	–	(16,012)
Foreign currency adjustment on investments	(27)	(7,576)
Investment balance, end of year	$ 410,602	$ 407,620

The fair value of the Partnership's investment in subsidiaries is generally determined using a variety of methodologies, including comparable market property values, market research data, third-party and in-house appraisals, and discounted cash flow analysis, which would include inputs related to discount rates, capitalization rates, future cashflows and liquidity assumptions.

D) The Partnership's investment in USMLP at FVTPL

USMLP was formed on December 22, 2017 to conduct lending activities in the United States with the sole objective to provide stable and secure cash distributions of income, while preserving partners' equity. USMLP is managed by Romspen US Master Mortgage GP LLC and Romspen.

As at December 31, 2022, the Partnership indirectly owns 75.15% (2021 – 80.77%) of USMLP, through Liberty LP.

Schedule of investment in USMLP:

	2022	2021
Investment balance, beginning of year	$ 682,245	$ 559,754
Net funding (divestment) of investment in USMLP	(148,761)	120,789
Partnership's share in USMLP net income	53,272	41,569
Dividend received from USMLP	(53,660)	(44,790)
Foreign currency adjustment on investment	37,992	4,923
Investment balance, end of year	$ 571,088	$ 682,245

USMLP is not consolidated by the Partnership and its statements of financial position and results of operations at 100% are provided below:

Statement of non-consolidated financial position:

	2022	2021
Assets		
Cash and restricted cash	$ 10,990	$ 52,084
Accrued interest	18,464	32,189
Mortgage investments, at fair value	821,443	746,302
Real estate owned, at fair value	30,007	34,361
Other assets	2,830	5,563
	$ 883,734	$ 870,499
Liabilities and Unitholders' Capital		
Liabilities:		
Mortgage investment syndication[(i)]	$ 117,504	$ 39,302
Accounts payable and accrued liabilities	6,277	9,201
Due to the Partnership	–	95,086
Distributions payable	5,438	5,489
	129,219	149,078
Fair value of net assets attributable to unitholders of USMLP	754,515	721,421
	$ 883,734	$ 870,499

(i) Of this amount, $57,405, equivalent to $42,353 USD (2021 – $38,034, equivalent to $30,000 USD) is included in the Partnership's mortgage investments.

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

Statement of non-consolidated comprehensive income:

	2022	2021
Investment income:		
Mortgage interest	$ 79,616	$ 63,859
Other	509	1,046
	80,125	64,905
Expenses:		
Service fees	7,348	6,386
Interest	2,682	4,670
Change in fair value of mortgage investments	(795)	627
Accounting and legal fees	447	320
Other	796	553
	10,478	12,556
Net investment income	$ 69,647	$ 52,349

The Partnership provides temporary funding to assist in USMLP's ability to fund loans. These loans are in priority of equity and are arranged to be repaid by the next unit offering date of USMLP. These loans bear an interest rate of US prime plus 1.25% and are paid down within a year. As of December 31, 2022, a balance of nil (2021 – $95,086, equivalent of $75,000 USD) is outstanding and included in the investment balance. During the year ended December 31, 2022, the Partnership recognized $2,538, equivalent of $1,971 USD (2021 – $4,666, equivalent of $3,723 USD) towards interest income from these temporary loans.

The fair value of the mortgage investments portfolio is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties under no compulsion to act. As there is no quoted price in an active market for these mortgages, Romspen makes its determination of fair value based on the assessment of the current lending market for investments of same or similar terms. Typically, the fair value of mortgages approximates their carrying values given the mortgage and loan investments consist of short-term loans that are repayable at the option of the borrower without yield maintenance or penalties. When collection of the principal amount of a mortgage or loan is no longer reasonably assured, the fair value of the investment is adjusted to the fair value of the underlying security.

The fair value of the Partnership's total investments is as follows:

	2022	2021
Mortgage investments and investment in subsidiaries, at cost	$ 2,388,170	$ 2,208,522
Investment in USMLP	571,088	682,245
Unrealized fair value adjustment	(127,418)	(111,767)
	$ 2,831,840	$ 2,779,000
Mortgage investments	$ 1,850,150	$ 1,689,135
Investment in subsidiaries	410,602	407,620
Investment in USMLP	571,088	682,245
	$ 2,831,840	$ 2,779,000

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

Romspen regularly reviews significant unobservable inputs and valuation adjustments and will use market observable data when available. When third-party appraisals are used to measure fair values of its investment in subsidiaries, the Fund assesses the assumptions used to support the fair value in these appraisals.

E) Revolving loan facility

The Partnership entered into a revolving loan facility on July 16, 2012 and it was amended on February 14, 2022 to a maximum amount of $360,000 (2021 – $290,000) including borrowings of equivalent amount denominated in US dollars. $103,834 (2021 – $114,644) is available and $256,166 has been drawn as at December 31, 2022 (2021 – $175,356). Interest on the loan is charged at a maximum of prime rate plus 1.0%. The minimum and maximum amounts drawn under the revolving loan facility for the year ended December 31, 2022 were $125,000 and $303,260 (2021 – nil and $175,632), respectively. The loan is secured by all assets of the Partnership and a pledge of all Partnership units held by the Fund. The revolving loan facility matures on July 17, 2023.

The costs associated with the renewal of the revolving loan facility are amortized over the two-year term of the renewal and have been included in other assets for $234 (2021 – $459), net of accumulated amortization of $535 (2021 – $410).

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

F) Foreign exchange forward contracts

The foreign exchange forward contracts are used to hedge the Fund's exposure to loans denominated in USD and are classified at FVTPL. The following table sets out the fair values and the notional amount of foreign exchange forward contract derivative assets and liabilities held by the Partnership as at December 31, 2022 and 2021:

Foreign exchange gain (loss) on forward contracts as at year end:

	Currency received to be delivered in USD (CAD)	Fair value at foreign exchange	Unrealized loss
2022	**$ 1,216,905**	**$ 1,285,597**	**$ (68,692)**
2021	1,247,904	1,255,756	(7,852)

The Partnership's foreign exchange gain (loss) in the statement of comprehensive income includes an unrealized foreign exchange gain of $28,715 (2021 – loss of $44,083) and a realized foreign exchange loss of $13,504 (2021 – gain of $44,815).

The unrealized foreign exchange gains (losses) on forward contracts are included in the Partnership's unrealized foreign exchange gain.

The realized foreign exchange loss includes realized foreign exchange loss of $16,134 (2021 – gain of $62,485) on forward contracts, which are offset by gains in assets classified as FVTPL and revolving credit facility.

4. Net assets attributable to unitholders

I) The following table represents total units (Fund units and Run-Off Pool units) that are issued and outstanding

	2022 Units	2022 Amount	2021 Units	2021 Amount
Balance, beginning of year	**290,049,991**	**$ 2,909,903**	318,514,154	$ 3,179,777
New fund units issued	**9,816,529**	**95,562**	12,765,348	124,047
New fund units issued under distribution reinvestment plan	**7,373,196**	**71,810**	9,158,684	89,040
Fund units redeemed	**(26,875,803)**	**(261,613)**	(50,388,195)	(482,961)
Net redemptions of Fund units	**(9,686,078)**	**(94,241)**	(28,464,163)	(269,874)
Balance, end of year	**280,363,913**	**$ 2,815,662**	290,049,991	$ 2,909,903

Total units of 280,363,913 include 11,614,581 Fund units submitted for redemption and 11,847,576 Run-off Pool units as reconciled below:

	2022 Units	2022 Amount	2021 Units	2021 Amount
Balance, beginning of year	**20,784,915**	**$ 202,113**	4,063,470	$ 39,700
Net increase in units submitted for redemption	**2,677,242**	**26,449**	16,721,445	162,413
Transfer to Run-Off Pool units	**(11,847,576)**	**(116,106)**	(4,063,470)	(39,700)
Run-Off Pool units redeemed	**–**	**–**	4,063,470	39,500
Decrease in fair value of Run-Off Pool units	**–**	**761**	–	200
Balance in units submitted for redemption, end of year	**11,614,581**	**113,217**	20,784,915	202,113
Balance in Run-Off Pool units, end of year	**11,847,576**	**115,345**	–	–
Balance, end of year	**23,462,157**	**$ 228,562**	20,784,915	$ 202,113

During the normal course of business, the Fund receives unit issuance and redemption requests from the investors. In 2022, the Fund received requests for redemption of 29,553,045 units (2021 – 67,027,627) and redeemed 26,875,803 units (2021 – 50,388,195) for $261,613 (2021 – $489,752) in accordance with its policies.

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

II) 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 NAV per unit.

The beneficial interests in the Fund is represented by the Fund's regular class of units, which are unlimited in number ("Fund units"), and Run-off Pool units described in note 4(d). Each Fund 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 the extraordinary circumstance where the number of units properly tendered for redemption ("Tendered Units") by unitholders ("Tendering Unitholders") 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:

A) Discounted redemption

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 Tendered 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.

B) 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 cancelling 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.

C) Units submitted for redemption

As at December 31, 2022, unitholders representing approximately 11,614,581 (2021 – 20,784,915) units have requested redemptions of their units, the redemption of which is subject to the above restrictions. These units, however, continue to have the same rights and no priority over the remaining units. Units submitted for redemption are redeemed at the net asset value ("NAV").

D) Run-Off Pool redemption

On September 26, 2022, the Trustees, pursuant to Section 5.25(h)(ii) of the Fund's declaration of trust, elected to redeem units tendered for redemption by way of an in-kind distribution of a special class of units ("Run-Off Pool Units"), and provided notice to tendering unitholders that all or some their tendered units would, subject to confirmation by the unitholder, be so redeemed. The Run-Off-Pool Units represent a proportionate share of each asset and liability from which the Fund's net asset value is derived. As the assets attributable to the Run-Off Pool Units are converted to cash (e.g. from mortgage loan repayments, mortgage loan sales, or other proceeds of realization from underlying mortgage collateral), such proceeds, net of attributable liabilities and net of reasonable reserves, to the extent they are made available to the Fund, will be paid to holders of Run-Off Pool Units as a redemption of Run-Off Pool Units, on a quarterly basis. Assets attributable to the Run-Off Pool Units may periodically be purchased for the benefit of the main Fund at fair market value to the extent surplus capital is available. Holders of Run-Off Pool Units will be entitled to distributions of interest and any other income generated by the assets attributable to the Run-Off Pool Units in the same manner as unitholders are entitled to such

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

distributions generated on the balance of the Fund's assets. Additionally, if the net asset value of the Run-Off Pool Units in the aggregate is determined to be less than $100 million, the Trustees have the right to redeem all outstanding Run-Off Pool Units in cash, at a redemption discount of up to 12% of the net asset value of the Run-Off Pool Units.

5. NAV per unit and net income and comprehensive income per unit

As at December 31, 2021, NAV per unit is calculated as total assets less total liabilities, excluding units submitted for redemption, allocable to outstanding units of 290,049,991.

As at December 31, 2022, NAV per Fund unit is calculated as total assets less total liabilities, including units submitted for redemption, allocable to outstanding Fund units of 268,516,337. NAV per Run-off Pool unit is calculated total assets less total liabilities, including units submitted for redemption, allocable to outstanding Run-off Pool units of 11,847,576.

Net income and comprehensive income per unit have been computed using the weighted average number of total units (Fund units and Run-Off Pool units) issued and outstanding of 283,105,459 for the year ended December 31, 2022 (2021 – 307,798,420).

6. Distributions

The Fund makes distributions to the unitholders (Fund units and Run-off Pool Units) monthly on or about the 15th day of each month. The Fund's trust indenture indicates that the Fund intends to 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, 2022, the Fund declared distributions of $0.61 (2021 – $0.74) per unit and a total of $173,044 (2021 – $226,018) was distributed to the unitholders.

7. Income taxes

The Fund is taxed as a mutual fund trust for income tax purposes. Pursuant to the trust indenture, the Fund intends to distribute 100% of its income for income tax purposes each year 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, 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 income taxes.

The Fund is not subject to the SIFT tax regime as its units are not listed or traded 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.

8. 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 and the Partnership had the following significant related party transactions:

A) The majority of the Trustees of the Fund are owners of Romspen. Under the Mortgage Origination and Capital Raising Agreement, Romspen provides capital raising services to the Fund. Romspen receives fees totalling 0.33% 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 of the Partnership. For the year ended December 31, 2022, the total amount was $7,503 (2021 – $7,443).

B) Under the Mortgage Origination and Capital Raising Agreement, Romspen provides mortgage origination services to the Partnership. Romspen receives fees totalling 0.67% 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 of the Partnership. For the year ended December 31, 2022, this amount was $15,233 (2021 – $15,113).

C) Under the Mortgage Origination and Capital Raising Agreement, Romspen provides mortgage origination services to USMLP. 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 of USMLP. For the year ended December 31, 2022, this amount was $7,348 (2021 – $6,386).

D) Romspen and related entities also receive certain fees directly from the borrower, generated from the Partnership's mortgage investments as follows: all lender, broker, origination, commitment, renewal, extension, discharge, participation, insufficient funds and administration fees generated on the mortgages. For the year ended December 31, 2022, this amount was $33,534 (2021 – $42,210).

E) Several of the Partnership'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 Partnership ranks equally with, or in priority to, other members of the syndicate as to receipt of principal and income. Employees and directors of Romspen, along with related parties, are also permitted to invest in the Fund.

F) As at December 31, 2022, the Partnership had one (2021 – one) investment outstanding with an original cost of $45,156 (2021 – $49,222), including no accrued interest (2021 – nil) and fair value of $38,851 (2021 – $28,335) due from mortgagors and investments in which members of management of Romspen own non-controlling equity interests.

G) Included in the Fund and the Partnership's accounts payable and accrued liabilities is an amount of $264 (2021 – $141) payable to Romspen.

H) As at December 31, 2022, the Partnership has thirteen (2021 – nine) mortgage investments with entities that are owned by a subsidiary of Romspen ("Romspen Subsidiary") following the completion of the enforcement foreclosure on behalf of the Partnership. The weighted average rate for these mortgages is 4.60%.

During the year, Romspen Subsidiary foreclosed and assumed four mortgages (2021 – three) on behalf of the Partnership at a fair value of $166,471 (2021 – $91,013), which equaled the carrying value.

As at December 31, 2022, the cost of the mortgage investments with Romspen Subsidiary was $580,161 (2021 – $305,939), and the fair value was $555,615 (2021 – $275,177). For the year ended, the Partnership recognized interest income of $1,693 (2021 – nil) from these investments.

9. 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 management on the date on which the termination notice is received, in addition to any other amounts owing by the Partnership or the Fund. 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.

C) In certain situations, subsidiaries utilize financing from external sources. In such cases the Partnership will extend guarantees to the subsidiaries as support for these debts. As of December 31, 2022, there were $37,678 of guarantees outstanding (2021 – $77,125).

D) The Partnership has letters of guarantee outstanding at December 31, 2022 of $42,179 (2021 – $61,794).

10. Fair values of financial instruments

IFRS 13 – Fair Value Measurement, establishes enhanced disclosure requirements for fair value measurements of financial instruments and liquidity risks. A three-level valuation hierarchy is used for disclosure of financial instruments measured at fair value based upon the degree to which the inputs used to value an asset or liability as of the measurement date are observable:

- Level 1 – quoted (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fund

The Fund's investment in the Partnership has been classified in Level 2 of the hierarchy.

The fair value of the investment in the Partnership is the amount of net assets attributable to unitholders of the

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

Partnership. The Fund routinely redeems and issues the redeemable Partnership units at the amount equal to the proportionate share of net assets of the Partnership at the time of redemption. Accordingly, the carrying amount of net assets attributable to unitholders of the Partnership approximates their fair value.

The fair values of cash, other assets, accounts payable and accrued liabilities, units submitted for redemption, unitholders' distributions payable and prepaid unit capital approximate their carrying values due to their short-term maturities.

Partnership
The Partnership's mortgage investment and investment in subsidiaries are classified as Level 3 and investment in USLP is classified as Level 2 of the hierarchy.

11. Financial instrument risk management

The Fund is exposed in varying degrees to a variety of risks from its use of financial instruments. The Trustees and Romspen discuss the principal risks of the business on a day-to-day basis. The Trustees set the policy framework for the implementation of systems to manage, monitor and mitigate identifiable risks. The Fund's risk management objective in relation to these instruments is to protect and minimize volatility to net assets and mitigate financial risks, including credit risk, liquidity risk, market risk (including interest rate risk and currency risk) and capital management risk.

Romspen seeks to minimize potential adverse effects of risk by retaining experienced analysts and advisors, monitoring the Partnership's positions, market events and entering into hedge contracts. The types of risks the Fund is exposed to, the source of risk exposure and how each is managed is outlined hereafter:

A) Credit risk
Credit risk is the risk of loss due to a counterparty to a financial instrument failing to discharge their obligations.

Fund
The Fund is exposed to credit risk through its investment in the Partnership.

Partnership
Credit risk arises from mortgage investments held, from investment in subsidiaries, from investment in USMLP and also from foreign exchange forward contracts. The Partnership's sole activity is investing in mortgages (note 3) and, therefore, its assets are exposed to credit risk. Any instability in the real estate sector and adverse change in economic conditions in Canada and the US could result in declines in the value of real property securing its mortgage investments. Romspen manages credit risk by adhering to the investment and operating policies 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 Partnership 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;
- **II)** loan to value ratios of approximately 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 investments and to review the overall portfolio to ensure it is adequately diversified.

Romspen manages counterparty credit risk on foreign exchange forward contracts by dealing with counterparties with high credit ratings.

As at December 31, 2022, the Partnership has $142,087 (2021 – $124,098) of accrued interest past due on $234,314 (2021 – $374,866) of mortgages which the fund does not consider impaired. The Fund has reviewed those loans and has determined that fair value adjustments are not required given the value of underlying collateral.

B) Liquidity risk
Liquidity risk is the risk that the Fund or the Partnership will not have sufficient cash to meet its obligations as they become due.

Fund
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.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

The Fund is obliged to pay management fees to Romspen, which are funded out of interest income earned from the Partnership.

Partnership
The Partnership 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 Partnership'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 Partnership to obtain financing on favourable terms, or to obtain financing at all.

The Partnership's revolving loan facility (note 3(e)) was renewed in 2021 and now matures on July 17, 2023. If it is not extended at maturity, repayments under the Partnership's portfolio would be utilized to repay the revolving loan facility. The Partnership's mortgages are predominantly short-term in nature, and as such, the continual repayment by borrowers of existing mortgage investments creates liquidity for ongoing mortgage investments and funding commitments.

If the Partnership is unable to continue to have access to its revolving loan facility, the size of the Partnership's portfolio will decrease, and the income historically generated through holding a larger portfolio by utilizing leverage will not be earned.

As at December 31, 2022, the Partnership had not utilized its full leverage availability, being a maximum of 35% of its qualified mortgage investments.

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

C) Market risk
Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates, equity prices and credit spreads – will affect income or fair value of financial instruments.

Fund
The Fund is exposed to market risk through its investment in the Partnership.

Partnership
Market risk arises on the fair value of the collateral securing any of the Partnership's mortgage investments. Romspen monitors real estate market conditions in the regions in which it operates. Real estate market trends are monitored on an ongoing basis and Romspen's lending practices and policies are adjusted when necessary.

I) 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 manages this risk by investing primarily in short-term mortgages. The Partnership'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 mortgages will evolve such that in periods of higher market interest rates, the mortgages will be those with narrower credit spreads, and vice versa in periods of lower market interest rates compared to other benchmark interest rates.

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

The Partnership's debt under the revolving loan facility (note 3(e)) bears interest not exceeding the prime rate plus 1.0%.

As at December 31, 2022, if interest rates on the revolving loan facility had been 100 basis points lower or higher, with all other variables held constant, net earnings for the year would be affected with a total increase or decrease of $2,285 (2021 – $533). Romspen monitors the financial markets and can adjust the pricing of renewals and new loans when it deems it appropriate.

II) Currency risk Currency risk is the risk that the fair value or future cash flows of the Partnership's portfolio will fluctuate based on changes in foreign currency exchange rates. Approximately $1,529,396 (2021 – $1,408,197), or 52% (2021 – 49%) of the total Partnership's investments at year end, are denominated in USD and secured primarily by charges on real estate located in United States; consequently, the Fund is subject to currency fluctuations that may impact its financial position and results. Romspen reduces currency risk on mortgages

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2022

by having the Partnership enter into foreign exchange forward contracts; by including mortgage contract terms whereby the borrower is responsible for foreign exchange losses; and by funding part of the mortgages with a USD loan facility.

A weakening of the Canadian dollar against the US dollar by 5% would have resulted in an increase in NAV of $0.04 per unit (2021 – $0.05 per unit), assuming all other variables, including interest rates, remain constant. A strengthening would have resulted in an equal but opposite effect. The Partnership uses foreign exchange forward contracts to manage its exposure to foreign currency risks.

D) 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. The Fund intends to distribute its taxable income to unitholders, with the result that growth in the portfolio can only be achieved through the raising of additional equity capital and by utilizing the Partnership's available borrowing capacity.

The Fund raises equity capital on a monthly basis during periods where Romspen projects a greater volume of 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.

The Partnership may borrow up to 35% of the book value of its mortgages. The primary purpose of the borrowing strategy is to ensure that the Fund's 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, 2022, the Partnership's borrowings totalled 9% (2021 – 6%) of the book value of its total investments and the Fund was in compliance with all covenants under its revolving loan facility.

E) Other price risk

Other price risk is the risk that the fair value of investments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

Unexpected volatility or illiquidity could occur due to legal, political, regulatory, economic or other developments, such as public health emergencies, including an epidemic or pandemic, natural disasters, war and related geopolitical risks, and may impair the Romspen's ability to carry out the objectives of the Funds or cause the Funds to incur losses. Neither the duration nor ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted.

Romspen adheres to specified investment constraints in relation to asset class and diversification, thus minimizing exposure to other price risk.

Other assets and liabilities are monetary items that are short-term in nature and not subject to other price risk.

12. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

13. Subsequent events

On January 1, 2023, the Trustees, pursuant to section 3.3 of the Fund's declaration of trust, authorized the decision to permit the participation, reduction, and withdrawal of certain unitholder's units in the Run-Off Pool. As a result, a net total of 985,125 units in the amount of $9,597 were redeemed by way of an in-kind distribution of Run-Off Pool Units based on the December 31, 2022 NAV.

On April 11, 2023, Romspen, on behalf of the Partnership, applied to the Ontario Superior Court of Justice ("Court") for an Order appointing a receiver and manager over all the assets, undertakings and properties of members of a borrower group ("debtors"), whose collective indebtedness (including other fees) is approximately $335 million, in order to facilitate the orderly disposition of certain of the debtors' real estate assets, over which Romspen has mortgage security. The debtors have opposed the application, which is scheduled to be heard by the Court on May 2, 2023.

Landmark, White Rock, British Columbia

Performance – 25 Years by Month

Romspen has had 25 years of annual net investor returns ranging from 4.4% – 10.6%, with positive performance every month.

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Compound Net Return
1998	0.92	0.89	0.92	0.77	0.69	0.76	1.02	0.75	0.80	0.93	0.77	0.87	10.6
1999	0.77	0.74	0.77	0.84	0.88	0.79	0.89	0.71	0.96	0.74	0.84	0.72	10.1
2000	0.87	0.78	0.93	0.74	0.88	0.75	0.81	0.75	0.73	0.79	0.82	0.80	10.1
2001	0.91	0.67	0.83	0.69	0.82	0.76	0.82	0.87	0.73	0.92	0.83	0.73	10.0
2002	0.88	0.71	0.86	0.86	1.01	0.67	0.94	0.81	0.77	0.76	0.77	1.06	10.6
2003	0.84	0.78	0.76	0.70	0.71	0.77	0.83	0.72	0.87	0.76	0.68	0.90	9.7
2004	0.67	1.08	0.83	0.88	0.71	1.02	0.76	0.83	0.63	0.62	0.74	0.68	9.8
2005	0.65	0.06	0.86	0.58	0.88	1.91	0.57	1.08	0.74	0.74	0.57	0.88	9.9
2006	0.72	0.74	0.87	0.87	0.80	0.80	0.80	0.90	0.80	0.80	0.80	0.86	10.2
2007	0.86	0.80	0.89	0.84	0.78	0.87	0.83	0.79	0.88	0.79	0.83	0.81	10.4
2008	0.94	0.80	0.86	0.73	0.91	0.63	0.77	0.95	0.68	0.78	0.68	0.65	9.8
2009	0.69	0.72	0.71	0.70	0.70	0.65	0.70	0.66	0.69	0.67	0.66	0.60	8.4
2010	0.71	0.65	0.78	0.73	0.69	0.61	0.59	0.59	0.80	0.67	0.72	0.71	8.6
2011	0.68	0.60	0.82	0.68	0.62	0.67	0.65	0.70	0.60	0.61	0.63	0.61	8.2
2012	0.70	0.59	0.61	0.56	0.73	0.57	0.61	0.63	0.63	0.60	0.62	0.59	7.7
2013	0.60	0.61	0.61	0.64	0.58	1.11	0.33	0.81	0.39	0.61	0.60	0.56	7.7
2014	0.70	0.45	0.76	0.68	0.66	0.50	0.81	0.50	0.94	0.62	0.74	0.55	8.2
2015	0.69	0.73	0.60	0.70	0.57	0.63	0.90	0.61	0.56	0.64	0.42	0.68	8.0
2016	0.66	0.71	0.61	0.57	0.79	0.54	0.64	0.53	0.61	0.62	0.55	0.70	7.8
2017	0.63	0.70	0.73	0.66	0.62	0.45	0.57	0.53	0.46	0.71	0.57	0.33	7.2
2018	0.63	0.67	0.84	0.59	0.64	0.68	0.53	0.86	0.59	0.68	0.65	0.91	8.6
2019	0.36	0.60	0.60	0.57	0.60	0.42	0.59	0.63	0.56	0.58	0.76	0.55	7.0
2020	0.62	0.64	0.73	0.32	0.15	0.15	0.15	0.07	0.53	0.37	0.15	0.42	4.4
2021	0.44	0.27	0.58	0.52	0.59	0.75	0.57	0.80	0.47	0.45	0.73	0.96	7.4
2022	0.59	0.55	0.53	1.01	0.50	0.75	0.54	0.61	0.75	0.18	0.12	0.33	6.6

Source: PricewaterhouseCoopers report, Romspen annual reports, Romspen analysis.

3 Yrs	6.1%	5 Yrs	6.8%	10 Yrs	7.3%	20 Yrs	8.3%	25 Yrs	8.7%

Annualized as at December 31, 2022

Notes:
Romspen results from January 1998 to January 16, 2006 reflect the aggregated pool of individually syndicated mortgages. Results from January 16, 2006 to present reflect the Romspen Mortgage Investment Fund, the successor to the individually syndicated mortgages. Romspen rates of return are historical annual compounded returns after deducting management fees and expenses payable, and include changes in unit value and assume the reinvestment of all distributions. They do not take into account any applicable sales, redemption, or distribution charges, or income taxes payable by any unit holder, that would have reduced returns. The calculation assumes a fixed historical monthly starting and ending date at the Unit value at such date, and that Unit values are capped at $10.00. For that reason, they may not reflect an individual investor's actual return for purchases prior to 2018. The performance chart above reflects historical performance for the most recent 25-year period. Full historical performance dating back to January 1993 is available upon request.

Audited financial statements from RMIF are available upon request, performance from 1998 to 2006 is referenced from PWC analysis.

Past performance does not guarantee or indicate future results and no presentation is made that an investor will or is likely to achieve similar results.

Trustees & Management

Romspen is led by six managing partners, each with extensive finance and real estate experience, supported by over 40 professionals dedicated to all facets of our business. The trustees and the management team are collectively the largest non-institutional investor in the Fund. This alignment is essential to preserving capital and generating strong consistent returns for the Fund's unitholders.

Romspen Mortgage Investment Fund

Sheldon Esbin
Trustee

Mark Hilson*
Trustee

Arthur Resnick
Trustee

Wesley Roitman*
Trustee

Romspen Investment Corporation

Wesley Roitman
Managing General Partner

Blake Cassidy*
Managing Partner

Mary Gianfriddo
Managing Partner

Derek Jenkin
Managing Partner

Peter Oelbaum
Managing Partner

Richard Weldon
Managing Partner

Vanessa Ho
Senior Vice President, Finance

Joel Mickelson
Corporate Counsel

Sonia Mahadeo
Vice President, Marketing & Communications

*Denotes director of Romspen Investment Corporation.

Unitholder Information

Units

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

Distributions

Distributions on Fund units are payable on or about the 15th day of each month. The Fund intends to distribute its taxable earnings each year to unitholders.

Distribution Reinvestment Plan

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

Investor Relations Contact

Requests for the Fund's annual report, quarterly reports, or other corporate communications should be directed to:

Investor Relations
Romspen Mortgage Investment Fund
Suite 300, 162 Cumberland Street
Toronto, Ontario M5R 3N5
416-966-1100

Annual General Meeting of Unitholders

The Fund's Annual General Meeting of unitholders will be held on Tuesday, June 6, 2023, at 10 a.m. in the Willard Room (mezzanine level) of the Yorkville Royal Sonesta Hotel, located at 220 Bloor Street West in Toronto, Ontario.

Duplicate Communication

Registered holders of Fund units may receive more than one copy of unitholder mailings. Every effort is made to avoid duplication, but when units are registered under different names and/or addresses, multiple mailings may result. Unitholders who receive, but do not require, more than one mailing for the same ownership are requested to contact Investor Relations and arrangements will be made to combine their accounts for mailing purposes.

Auditors

KPMG LLP

Legal Counsel

Gardiner Roberts LLP

Website

www.romspen.com

Compass Logistics, Woodland, California