

Our Business

Romspen has a long-term track record of successful mortgage investing. With its origins in the mid-1960s, Romspen is one of the largest non-bank commercial/industrial mortgage lenders in Canada with a portfolio in excess of \$2.6 billion. Our investors are high net worth individuals, foundations, endowments and pension plans.

The Fund's investment mandate is focused on capital preservation, strong absolute returns and performance consistency.

We originate, own and service short-term first mortgages tailored to specific borrower requirements. Loans are conservatively underwritten and we keep to a limited, but diversified, pool of mortgages to maintain a “high-touch” approach to investing.

Romspen has had 25 consecutive years of positive net investor yields¹ (7.4% – 10.8%), with only a single month of negative performance.

¹ Yield is calculated based on net monthly compounded cash distributions to unitholders, based on a \$10.00/unit price without any adjustment for unit gains/losses.

Romspen Business & Principles

Investor Value

Our primary objective is to protect unitholder capital while providing a safe and consistent strong absolute cash return.

Commitment

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

Partnership

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

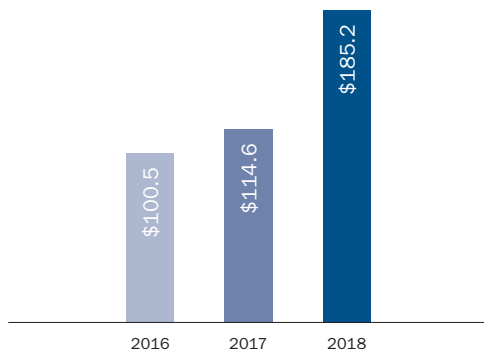
Responsibility

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

Romspen Mortgage Investment Fund – 2018 Highlights

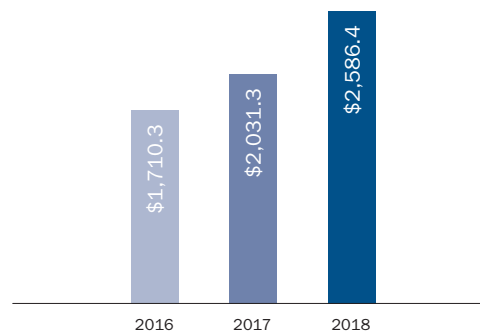
Key Metrics

Net Earnings (\$ millions)



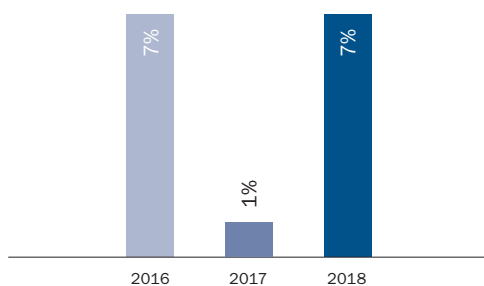
Solid net earnings

Net Investment Portfolio (\$ millions)



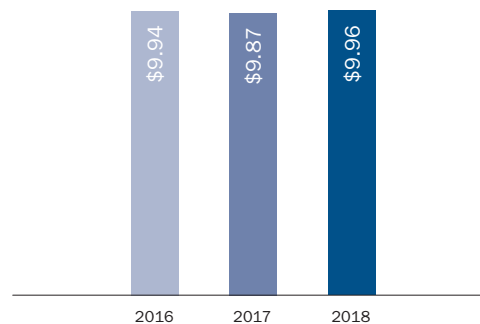
Strong portfolio growth

Net Leverage (% of investment portfolio)



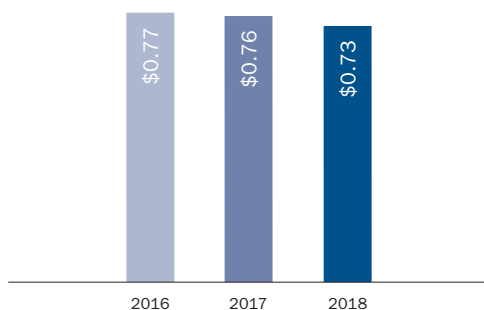
Low financial leverage

Fair Market Value (\$/unit)



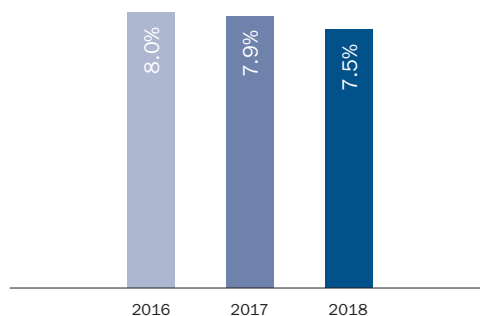
Slight FMV increase

Unitholder Distributions (\$/unit)



Modestly lower distributions

Unitholder Yield¹

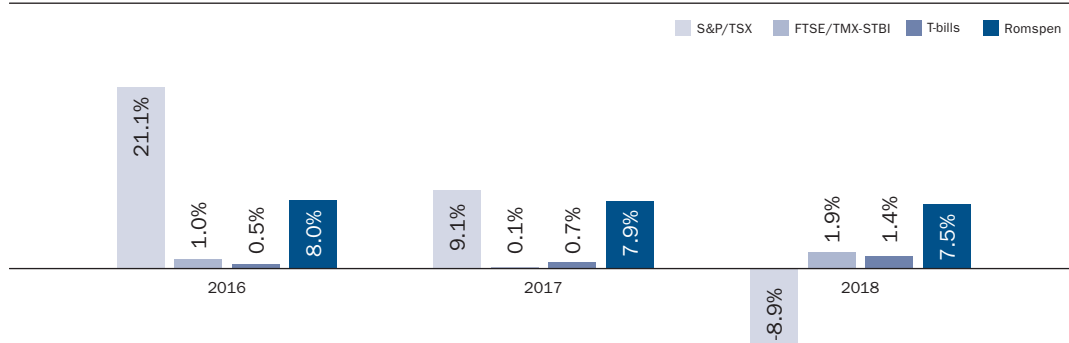


Modestly lower, but strong absolute yield

¹ Yield is calculated based on net monthly compounded cash distributions to unitholders, based on a \$10.00/unit price, without any adjustment for unit gains/losses

Comparative Performance

Annual % Yield



Solid outperformance

3 Year Accumulated Compounded Yield*

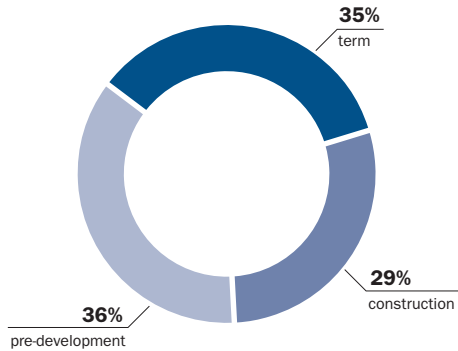
Romspen	25%
S&P/TSX	20%
FTSE/TMX-STBI	3%
T-bills	3%

* Romspen yields are net; comparative benchmarks are gross returns

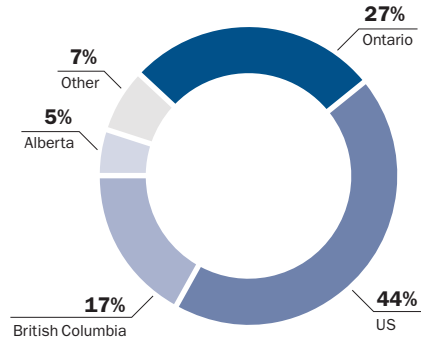
Investment Portfolio Profile

As of December 31, 2018

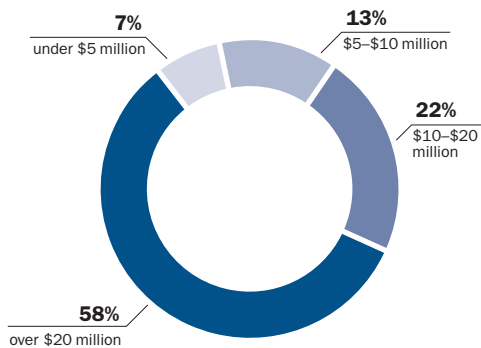
By Type



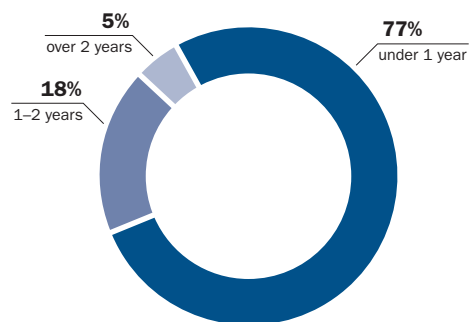
By Geography



By Amount



By Maturity



Well diversified portfolio

Trustees' Letter

Dear Fellow Investors:

By all measures – investor distributions, portfolio growth, new investor funds and the credit quality of new loans – 2018 was a solid year for Romspen. Years of low interest rates, accommodative monetary policies, economic growth and excessive leverage were key links that drove the success of most asset class returns over the past few years. As these elements began to shift, investors experienced poor returns in 2018, with most major asset classes posting negative results. In contrast, Romspen had a net yield of 7.5%, reflecting both a strong absolute return and significant comparative outperformance against all major fixed income and equity benchmarks.

Financial Highlights

For the year ending December 31, 2018, the Fund earned net income of \$185.2 million or \$0.81 per unit compared to \$114.6 million or \$0.61 per unit in 2017. Earnings were 62% higher than in 2017, reflecting growth in the overall mortgage portfolio and foreign exchange gains. Distributions were \$0.73 per unit for 2018 compared to \$0.76 per unit for 2017. The net yield to investors was 7.5% compared to 7.9% last year. Total provisions for credit losses were increased from \$63.2 million to \$70.0 million (\$0.28 per unit) in 2018 to maintain a solid margin of safety. Actual losses of \$5.0 million, across six mortgages, were realized during the year and charged against the provision previously established on these properties.

At December 31, 2018, the net portfolio (159 mortgages and investments) was \$2.6 billion, an increase of 27% compared to 2017. Investors held units totalling \$2.4 billion compared to \$2.1 billion last year. The Fund's portfolio and earnings remain well diversified by property type, geography, size and currency. Net bank debt (debt less cash) was \$178.7 million compared to net debt of \$10.1 million in 2017. The weighted average interest rate of the portfolio in 2018 was 10.6%, equal to the previous year.

Net Asset Value ("NAV") was \$9.96 per unit compared to \$9.87 per unit in 2017. Fluctuations arise as taxable income differs from accounting income due to differences in the treatment of loss reserves, non-accrued interest and other tax considerations. Approximately 93% of the Fund's foreign exchange exposure is hedged by the borrowers directly, by a US line of credit or through forward contracts.

Financial Presentation

Effective January 1, 2016, an amendment was made to the International Financial Reporting Standards, which results in an unconsolidated financial presentation of the Fund that provides limited insight into the true performance of the portfolio. To provide useful, transparent and comparable information, a set of combined financial statements, similar to previous reporting, have been included in the Management's Discussion and Analysis ("MD&A", pg. 22). It is highly recommended that

these financial statements in the MD&A be used as the primary reference point. We have established a US subsidiary, Romspen US Master Mortgage LP, to isolate holdings of new US mortgages going forward, which is now shown as a separate line item on the balance sheet.

Economy, Markets & Portfolio

Canadian mortgages and investments represented \$1.5 billion or 56% of the investment portfolio compared to \$1.3 billion or 61% in 2017, with the largest concentration in Ontario (27%).

Canadian Commercial Real Estate ("CRE"), supported by a strong economy, continues to see record highs despite an extended ten-year run and the outlook remains positive as demand from domestic and foreign investors for well-located "safe haven" assets, such as real estate, remains high.

While expectations for continued gains in CRE returns remain high among institutional and individual investors, we remain cautious regarding valuations in an environment fuelled by an oversupply of capital and low interest rates. We are usually skeptical regarding the valuations of projects that borrowers provide, especially in the current overheated environment, and routinely revise estimates downward in accordance with our risk management policies and years of experience.

US mortgages and investments represented \$1.1 billion (US\$867 million) or 44% of the portfolio in 2018 compared to \$815 million (US\$645 million) or 39% last year. The US portfolio includes 68 loans that are well diversified across 16 states, principally Florida, Texas and California. Prices for CRE across all categories in the US have increased during 2018, reflecting a strengthening economy. While we are seeing some increased competition for lending opportunities in the US, the sheer size of the market, our established national reputation for service and ability to deploy large loans quickly mean that the opportunity set remains both large and diverse by project type and geography.

Non-performing loans totalled 21% of the portfolio at year end, down from 23% last year. The rates at which we lend are predicated on the expectation that some percentage of the portfolio will become non-compliant despite our rigorous underwriting process. This is simply a feature of the unique niche in which we operate and does not necessarily lead to realized losses. Typically non-compliant loans result in extended terms, foregone interest and increased costs of administration to achieve successful outcomes, but not usually losses of principal beyond our normal provisions. In the past decade, realized loan losses have amounted to \$27.2 million on \$5.9 billion of invested capital, or about 0.5%, a percentage that has remained relatively stable over time. Managing non-compliant mortgages effectively is an important aspect in preserving capital and generating strong, consistent returns over the long term. Our ability to successfully resolve the challenges of these non-compliant loans is a significant competitive advantage in the industry and represents a core operational capability within our business model.

Strategy & Investment Approach

During 2018, investors experienced the simultaneous failure of virtually all investment strategies on a global scale. Of the ten major asset classes tracked by BofA Merrill Lynch, only cash and T-bills had a positive return. In a broader analysis, 90% of the 70 asset classes tracked by Deutsche Bank posted negative returns.

In contrast, Romspen achieved solid results in 2018, and indeed has done so each and every year for a quarter century. Over the years, we have developed and refined a risk management approach that we apply assiduously across all loans regardless of project type or geography. The Fund's mandate has always been, and continues to be, focused on capital preservation, strong absolute returns and consistent performance. Our objective is to make money for our investors on a constant basis, regardless of the prevailing economic or market conditions. The consistent stream of positive returns delivered to investors over more than 25 years is solid evidence of the success of this strategy and its effective execution. A detailed profile of the Fund's performance is presented at the end of this report (pg. 54). In the following section of this report, we provide some recent case studies from our portfolio to further illustrate how the investment process is applied to the actual properties we underwrite to provide more granular insight into our investment process.

Strong Investment Track Record Continues

The Fund's 7.5% net yield significantly outperformed T-bills (1.4%), the FTSE/TMX Short-Term Bond Index ("FTSE/TMX-STBI") (1.9%) and the S&P/TSX (-8.9%) during 2018. Looking at long-term performance over the past ten years to December 31, 2018, the Fund also significantly outperformed all benchmarks with a cumulative net yield of 116%, compared to gross returns of 8% for T-bills, 28% for the FTSE/TMX-STBI and 114% for the S&P/TSX. Viewed simplistically, a \$10.00 investment in January 2009 would have returned \$11.60 to an investor in the Fund compared to only \$0.80 in T-bills, \$2.80 in the FTSE/TMX-STBI and \$11.40 in the S&P/TSX.

More importantly, the Fund has achieved these results consistently with positive returns each month over the past ten years, highlighting its conservative investing strategy. We concentrate on making the correct decisions to ensure strong long-term performance of the portfolio over short-term yearly results.

Outlook

The delicate global expansion, fuelled by a decade of accommodative monetary policies, stumbled in the face of trade disputes between the US and other countries, particularly China, rising geopolitical tensions and signs of slowing global GDP growth. Worries over central banks' tightening of monetary policy and rising bond yields led to a quick and sharp global market correction which saw the return of market volatility, with most major global indices posting negative returns for the year. We are mindful that the success of many asset classes,

including real estate, over the past number of years is linked to low interest rates and other accommodative monetary policies, which are now moderating and reversing.

The Canadian economy was operating at capacity for most of 2018 but saw the most disappointing growth since 2016 in the fourth quarter, largely as a result of lower oil prices. The positive impact of the successful last-minute negotiation of the USMCA agreement was overshadowed by a slowdown in household consumption and housing and business investment. Canadian residential real estate activity slowed markedly in response to affordability issues stemming from higher interest rates, new mortgage rules and speculation taxes, all intended to cool the overheated housing market. Many homeowners are facing affordability pressures in a rising interest rate environment at a time when Canadian household debt as a percentage of GDP is higher than it was in the US in 2007. In this scenario, the Canadian economy will see a slow start to 2019 and the Bank of Canada is unlikely to increase rates in the near term.

Canadian CRE across real estate types continued to see cap rate compression as volatility in financial markets, economic uncertainty and increased liquidity have placed upward pressure on pricing. Canadian commercial lending continues to provide us with good-quality lending opportunities, particularly in BC, and to a certain extent in Ontario and Quebec. The lending environment is competitive, however our ability to deploy larger customized loans quickly provides us with an advantage.

The US market continues to provide lending opportunities that are well diversified by geography and project type. US residential real estate saw home ownership rise in late 2018 to levels not seen since 2014. Depleted inventory and low affordability no longer appear to be deterrents as many households shifted from renting to buying. US CRE saw the third-highest capital markets volume ever recorded, except for 2007 and 2015, fuelled largely by private capital and cross-border investment.

Late in 2018, we announced that TIG Advisors, a leading New York-based alternative asset manager, made a strategic minority investment in Romspen Investment Corporation, the Fund's manager. Its broad network of global institutional investor relationships will add an important capability in expanding our capital base to further increase our US presence.

We are pleased with the returns of the Fund in 2018, the continuation of the Fund's strong and lengthy track record and anticipate that 2019 will see results similar to those reported in recent years. We appreciate and sincerely value your continued trust and support.

Respectfully submitted,

Sheldon	Mark	Arthur	Wesley
Esbin	Hilson	Resnick	Roitman

Trustees of the Fund, May 3, 2019

PETERBOROUGH
MIAMI GEORGETOWN
DAYTONA BEACH
TON ARIZONA BRITISH
LLS OTTAWA COLUMBIA
IN IDA
BE C
DALLAS
TEXAS EDMONTON



Architectural detail: Arlington Downs Residential Complex, Arlington Heights, Illinois



FIRST MORTGAGE SECURITY

**UNDERSTANDING THE BORROWER
AND THE PROPERTY**

NO STRUCTURAL LEVERAGE

CONSERVATIVE LTV RATIOS

DIVERSIFICATION

RIGOROUS UNDERWRITING

Our loans are neither conventional nor routine. Rather, they are idiosyncratic and often characterized by challenges most lenders are unable to address, and require some careful study and customization. These challenges cover a broad spectrum – transitioning from one property use to another; addressing environmental problems; rezoning land; complex construction; multi-faceted collateral packages; timing constraints – among a host of similarly atypical circumstances. By applying a disciplined methodology, our firm is able to evaluate the related risks quickly and offer customized solutions that solve borrowers' problems and carefully manage risk for our investors. The end result is value creation for borrowers and strong, consistent returns for investors.

**ARLINGTON DOWNS
RESIDENTIAL COMPLEX
ARLINGTON HEIGHTS
ILLINOIS**

TORONTO
ROBBINSVILLE
VICTORIA
EL MONTE
MONTREAL
PETERBOROUGH
ILLINOIS
DENVER
MONTGOMERY
HILLS
AUSTIN
KUTZTOWN
BRITISH
COLUMBIA
DALLAS





Some years ago, we provided a US\$5 million loan to assist with the purchase of an inactive 426-room Sheraton hotel (inset-left) located just outside Chicago in Arlington Heights. The borrower's plans were to convert the structure – situated on almost 22 acres and encompassing 201,000 square feet with excellent transportation links – to a 214-unit apartment complex and ultimately redevelop the remainder of the site. Over the following two years, the loan was modified, extended and upsized to US\$16.5 million to address delays, as well as construction and financing issues. The project eventually reached a stage at which conventional bank financing became viable to repay Romspen and take the plan to full completion. Today, Arlington Downs is a premier residential complex surrounded by complementary retail, residential and commercial spaces.

Situated midway between Wilfrid Laurier University and the University of Waterloo, which together have a total enrolment of 50,000 students, the Lester Street student apartments are ideally positioned. Romspen lent \$7.2 million for construction costs to build a six-storey, 60-unit condominium apartment building on this 0.3-acre site. The combination of a prime location, a well-capitalized investor and an experienced multi-residential builder made this a low-risk mortgage.

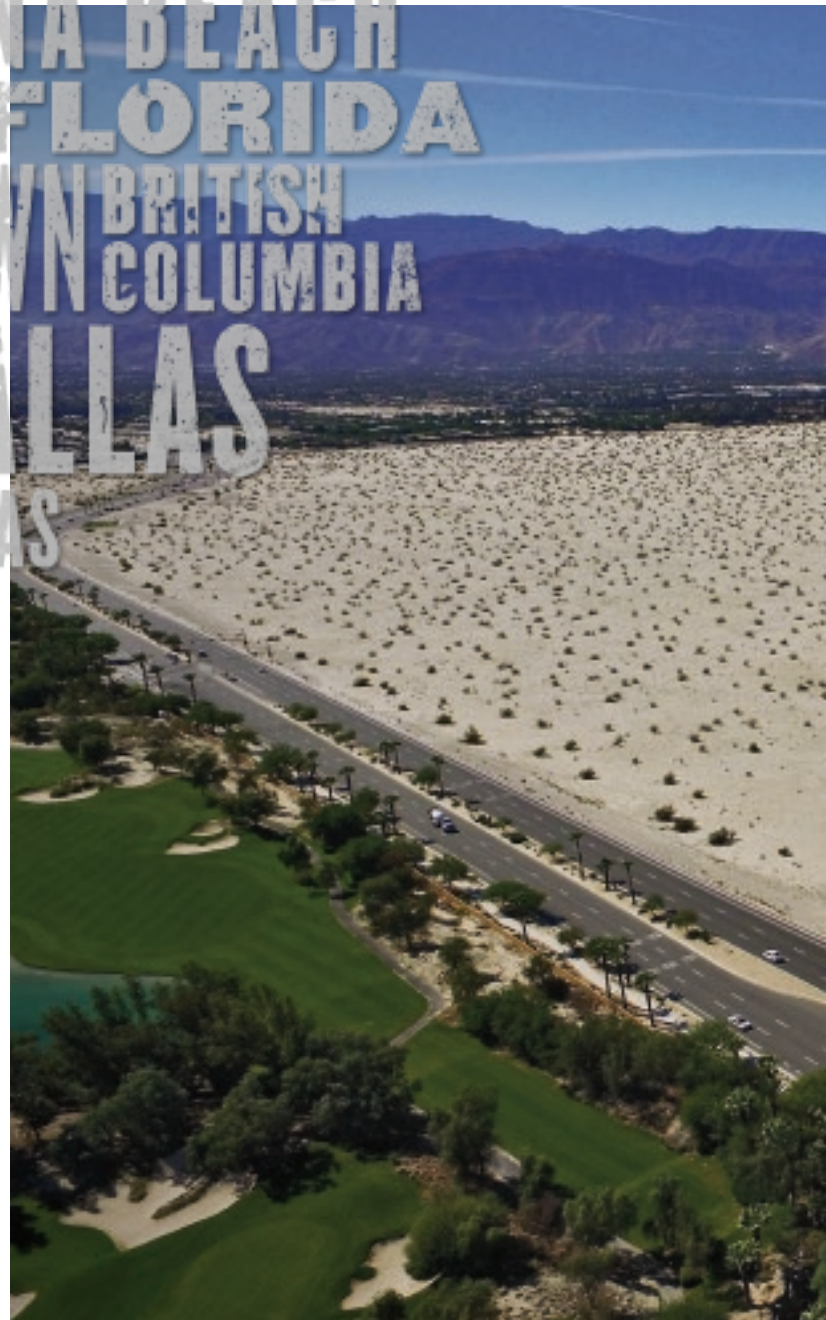




NORTH CAROLINA
SCOTTSDALE
ROBBINSVILLE
TORONTO
EDMONTON
BEVERLY HILLS
AUSTIN
FLORIDA
QUEBEC
RICHMOND
MONTREAL
NEW
WATERLOO
JERSEY
GEORGETOWN
MIAMI
MAUI
KUTZTOWN
BRITISH COLUMBIA
DALLAS
TEXAS
HAWAII

**LESTER STREET
STUDENT HOUSING
WATERLOO
ONTARIO**

EL MONTE ONTARIO
PETERBOROUGH
MIAMI GEORGETOWN
DAYTONA BEACH
SEY CALIFORNIA FLORIDA
MONTON KUTZTOWN BRITISH
ERLY HILLS COLUMBIA
AUSTIN OTTAWA
MAUI ILLINOIS
HAWAII TEXAS



THE EAGLE
RANCHO MIRAGE
CALIFORNIA

This massive 618-acre property in Rancho Mirage known as “The Eagle” is the only large undeveloped parcel of land in the affluent California community. Romspen provided a US\$66.7 million mortgage to fund the property purchase and entitlement process and to prepare the property for development that will include more than 1,000 residential units, as well as a hotel and supporting retail amenities. Experienced developer sponsorship and a significant cash equity investment materially mitigated the risks associated with this loan.





This older area of Denver, known as the Rino neighbourhood, is in the midst of a dramatic revitalization. Its light industrial buildings are being repurposed to serve as retail spaces, fashionable bistros and boutiques, shared-office workplaces and housing that will appeal to millennials and hipsters. The borrower is an experienced real estate investor who has slowly assembled many properties in the area over the past several decades and is now capitalizing on the resurgence of the neighbourhood. Romspen lent US\$7.8 million to assist with rehabilitation and modernization of the approximately two-acre site for retail tenant occupancy.

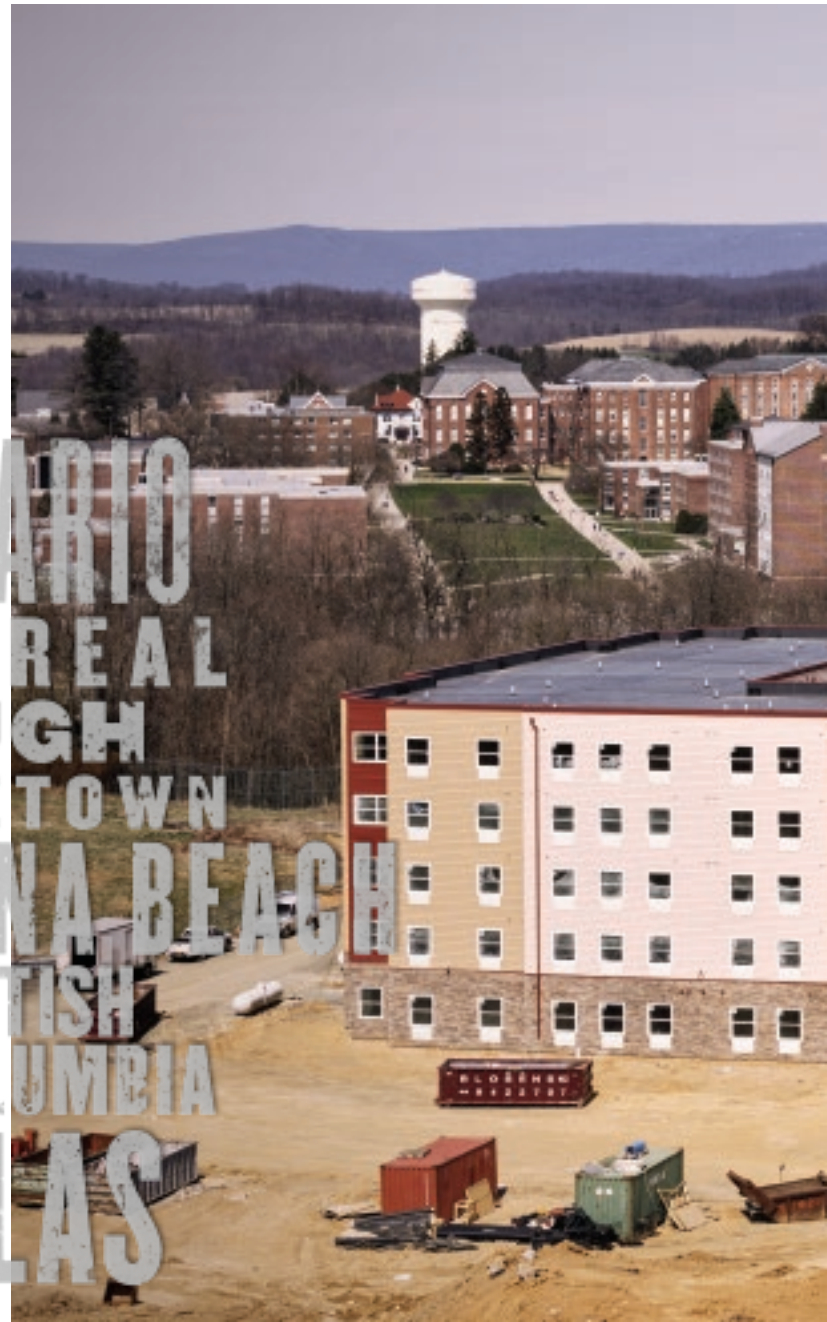
THE PULSE
DENVER
COLORADO



AUSTIN
MONTREAL
PETERBOROUGH
GEORGETOWN
MIAMI
DENVER
RICHMOND
EDMONTON
KUTZTOWN
BRITISH COLUMBIA
BEVERLY HILLS
MAUI
FLORIDA
QUEBEC
OTTAWA
DALLAS
TEXAS
NORTH CAROLINA

**KUTZTOWN UNIVERSITY
OF PENNSYLVANIA
STUDENT HOUSING
PENNSYLVANIA**

ONTARIO
MONTREAL
PETERBOROUGH
MIAMI
GEORGETOWN
DAYTONA BEACH
KUTZTOWN
BRITISH COLUMBIA
DALLAS
TEXAS
OTTAWA
HAWAII
FLORIDA





Romspen provided a US\$22 million construction loan to finance the first phase of this multi-phase, purpose-built student housing project. The borrower was an experienced developer, having previously built student housing projects, and this significantly reduced execution risks. This 110-unit, 157,000-square-foot facility is located on a 21-acre site adjacent to the university. With competitive product available more than a mile away, this project has a major locational advantage.

Facing challenges elsewhere in its real estate holdings, a long-standing Romspen client requested our assistance in refinancing an existing bank loan and obtaining additional working capital for improvements at Hamilton City Centre. This 426,000-square-foot enclosed mall is well located in downtown Hamilton and accommodates 52 retail and office tenants. Romspen provided a \$38 million mortgage to complete this refinancing, which is also secured by another property as collateral.





GREENFIELD
CALIFORNIA
PETERBOROUGH
GEORGETOWN
MIAMI
VICTORIA
EDMONTON
HAMILTON
MAUI
BEVERLY HILLS
AUSTIN
FLORIDA
OTTAWA
DALLAS
TEXAS
QUEBEC

HAMILTON
CITY CENTRE
ONTARIO



In 2007, Romspen extended a \$19.2 million development loan to service this 104-acre site for a residential subdivision near Blackfalds, Alberta (inset-right). As the credit crisis took hold, the project stalled and we foreclosed on the property, which remained dormant until 2010. As the market began to recover, we offered six different builders attractive financing terms for acquiring lots and beginning construction of homes over the following five years. Today, Aspen Lakes is a bustling residential neighbourhood of 239 homes, 48 townhomes and a 20,000-square-foot neighbourhood plaza. Romspen fully recovered all of its initial loan, as well as earning an effective return in excess of 10% on its capital over the workout period.

**ASPEN LAKES SUBDIVISION
ALBERTA**



ROBBINSVILLE
NORTH CAROLINA
MONTREAL
JERSEY
PETERBOROUGH
ASPEN LAKES
VICTORIA
EDMONTON
KUTZTOWN
BEVERLY HILLS
DALLAS
MONT



Management's Discussion & Analysis

Responsibility of Management

This Management's Discussion and Analysis ("MD&A") for Romspen Mortgage Investment Fund (the "Fund") should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2018 included herein and the audited financial statements and MD&A for the year ended December 31, 2017. 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, 2018.

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 us to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, global capital 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, 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 as at May 20, 2005. The Fund is a non-bank lender providing and investing primarily in short-term and medium-term commercial mortgages. The Fund is the sole limited partner in 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.

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, new federal legislation came into force that altered the taxation regime for specified investment flow-through trusts or partnerships ("SIFT") (the "SIFT Rules"). Under the SIFT

Rules, certain distributions from a SIFT 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, 2018, the Fund's mortgage and investment portfolio (the "Portfolio"), net of fair value provisions, was \$2.6 billion compared to \$2.0 billion at December 31, 2017. This increase of \$0.6 billion or 27% reflects the increased activity in mortgage markets supported by a strong inflow of investor capital. The Portfolio included 159 mortgages and investments compared to 167 at the same time last year.

Approximately 90% of the Portfolio was invested in first mortgages at December 31, 2018 (December 31, 2017 – 95%). The weighted average interest rate of the Portfolio remained at 10.6%, the same as a year ago.

The Portfolio continues to consist mainly of short-term mortgages to third parties and mortgages to the Fund's investment subsidiaries. Approximately 77% of the Portfolio's investments mature within one year (December 31, 2017 – 84%) and 96% mature within two years (December 31, 2017 – 98%). In addition, all of our mortgages are open for repayment prior to maturity. The short-term nature of the Fund's portfolio permits opportunities to continually and rapidly evolve the Portfolio in response to changes in the real estate and credit markets. The Fund Manager believes this flexibility is far more important in our market niche than securing long-term fixed interest rates.

As of December 31, 2018, approximately 27% of our investments were in Ontario, compared to 26% a year ago. Approximately 22% of the Portfolio was invested in Western Canada, 7% in other provinces and 44% in the US. The Fund Manager believes this broad level of North American diversification adds 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 of December 31, 2018 were \$70.0 million, which represented 3% of the original cost of the Fund's investments or \$0.28 per unit outstanding as at December 31, 2018. During 2018, the Fund realized \$5.0 million of losses in the Portfolio for which provisions had been made.

The establishment of the fair value provision is based on facts and interpretation of 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 on historical trends, prevailing legal, economic and regulatory trends, and expectations of future developments. The process of determining the provision necessarily 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 are 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.

Management's Discussion & Analysis

Non-IFRS financial information

Combined Balance Sheet

As at December 31, 2018, with comparative figures for 2017

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)

	2018	2017
Assets		
Cash	\$ 12,483	\$ 81,443
Accrued interest receivable	83,196	65,930
Mortgage investments	1,892,407	1,578,378
Investment in subsidiaries	381,893	316,551
Investment in Romspen US Mortgage LP	-	147,107
Investment in Romspen US Master Mortgage LP	324,069	-
Other assets	5,101	4,146
	\$ 2,699,149	\$ 2,193,555
Liabilities and Unitholders' Equity		
Revolving loan facility	\$ 191,136	\$ 91,579
Accounts payable and accrued liabilities	3,393	2,437
Foreign exchange forward contracts	35,211	(2,342)
Prepaid unit capital	3,175	6,165
Unitholders' distributions payable	17,214	14,759
	250,129	112,598
Units submitted for redemption	14,593	10,898
Unitholders' equity	2,434,427	2,070,059
	\$ 2,699,149	\$ 2,193,555

Combined Statement of Earnings

For the year ended December 31, 2018, with comparative figures for 2017

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)	2018	2017
Revenue		
Mortgage interest	\$ 195,712	\$ 157,450
Income from investment in Romspen US Mortgage LP	5,668	4,435
Income from investment in Romspen US Master Mortgage LP	11,069	–
Other	5,333	7,124
Realized gain (loss) on foreign exchange	(10,079)	13,168
Unrealized gain (loss) on foreign exchange	21,258	(21,359)
	228,961	160,818
Expenses		
Management fees	21,631	18,875
Interest	7,184	5,926
Change in fair value of mortgage investments and investment in subsidiaries	6,804	17,900
Realized loss on mortgage investments	5,001	2,045
Other (gains) losses	528	(710)
Audit fees	280	215
Legal fees	87	98
Other	2,253	1,831
	43,768	46,180
Net earnings	\$ 185,193	\$ 114,638
Net earnings per unit	\$ 0.81	\$ 0.61
Weighted average number of units issued and outstanding	227,485,196	186,611,520

Management's Discussion & Analysis

Non-IFRS financial information

Combined Statement of Unitholders' Equity

For the year ended December 31, 2018, with comparative figures for 2017

Below is the combined statement of 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)	2018	2017
Unit capital		
Balance, beginning of year	\$ 2,100,132	\$ 1,595,409
Issuance of units	449,584	562,494
Redemption of units	(100,557)	(89,322)
Penalties on redemptions	-	1
Decrease (increase) in units submitted for redemption	(3,695)	31,550
Balance, end of year	\$ 2,445,464	\$ 2,100,132
Cumulative earnings		
Balance, beginning of year	\$ 780,862	\$ 666,224
Net earnings	185,193	114,638
Balance, end of year	\$ 966,055	\$ 780,862
Cumulative distributions to unitholders		
Balance, beginning of year	\$ (810,935)	\$ (668,890)
Distributions to unitholders	(166,157)	(142,045)
Balance, end of year	\$ (977,092)	\$ (810,935)
Unitholders' equity	\$ 2,434,427	\$ 2,070,059
Units issued and outstanding, excluding units submitted for redemption	244,444,762	209,736,945

Combined Cash Flow Statement

For the year ended December 31, 2018, with comparative figures for 2017

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)	2018	2017
Cash provided by (used in):		
Operations		
Net earnings	\$ 185,193	\$ 114,638
Items not affecting cash:		
Amortization of revolving loan facility financing costs	352	747
Change in fair value of mortgage investments and investment in subsidiaries	6,804	17,900
Income from investment in Romspen US Mortgage LP	2,988	(2,988)
Income from investment in Romspen US Master Mortgage LP	(7,483)	–
Realized loss on mortgage investments	5,001	2,045
Unrealized (gain) loss on foreign exchange	16,295	21,359
Amortization of discount	(43)	(1,222)
Other (gains) losses	528	(710)
Change in non-cash operating items:		
Accrued interest receivable	(19,305)	(5,738)
Other assets	(1,475)	219
Accounts payable and accrued liabilities and unitholders' distributions payable	3,311	4,185
	192,166	150,435
Financing		
Proceeds from issuance of units	363,699	486,437
Distributions paid to unitholders	(80,272)	(65,988)
Penalties on redemptions	–	1
Redemption of units	(100,557)	(89,322)
Prepaid unit capital	(2,990)	(3,155)
Change in revolving loan facility	95,468	(52,054)
	275,348	275,919
Investments		
Funding of mortgage investments	(1,021,301)	(785,888)
Discharge of mortgage investments	683,654	452,030
Net funding of investment in subsidiaries	(44,187)	(7,037)
Net funding of investment in Romspen US Mortgage LP	(21,705)	(44,155)
Net funding of investment in Romspen US Master Mortgage LP	(132,935)	–
	(536,474)	(385,050)
Increase (decrease) in cash and restricted cash	(68,960)	41,304
Cash and restricted cash, beginning of year	81,443	40,139
Cash and restricted cash, end of year	\$ 12,483	\$ 81,443

Management's Discussion & Analysis

Non-IFRS financial information

Quarterly Financial Information 2018

Detailed financial information by quarter for 2018 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 gains (losses)	\$ 62.0	\$ 56.4	\$ 50.9	\$ 48.5
Unrealized foreign exchange gain (loss)	11.8	3.5	1.2	4.8
Realized foreign exchange gain (loss)	(4.9)	(2.2)	(0.3)	(2.7)
Interest expense and deferred financing costs	1.8	2.2	1.9	1.3
Net interest income	67.1	55.5	49.9	49.3
Management fees and other expenses	6.5	6.2	6.0	5.6
Fair value provision on investment portfolio and losses	1.7	4.1	1.7	(0.7)
Realized losses on investment portfolio	4.8	0.1	–	0.1
Other losses (gains)	0.3	–	0.2	–
Net earnings	53.8	45.1	42.0	44.3
Per unit – net earnings	\$ 0.22	\$ 0.20	\$ 0.19	\$ 0.20
– distributions	\$ 0.19	\$ 0.18	\$ 0.18	\$ 0.18
Trailing 12-month compounded return	7.5%	7.8%	7.8%	7.8%
Revolving loan net of cash as a percentage of net mortgages	7%	4%	6%	8%

Investment in Subsidiaries

The controlled subsidiaries acquire control of properties in order to finish development and divest of the properties with the goal of maximizing 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, 2018
Guild	100%	Office complex	CA	\$ 18,331
Camperdown	100%	Land for residential development	CA	1,196
Aspen Lakes	100%	Residential development	CA	14,297
Almonte	50%	Retail plaza	CA	5,651
Bear Mountain	100%	Office complex	CA	12,727
Liberty Ridge	100%	Residential subdivision	CA	47,407
Beach One	100%	Commercial development	CA	2,055
Planetwide	100%	Land for residential development	CA	4,808
Royal Oaks	100%	Residential subdivision	CA	11,298
Haldimand	100%	Landfill	CA	30,392
High Street	100%	Commercial/Residential	CA	21,833
Egreen	100%	Land for industrial development	CA	1,496
Carolina Golf	100%	Golf courses	US	56,812
LE Ranch	100%	Residential	US	1,877
Springville	100%	Land for commercial development	US	21,910
Big Nob	100%	Land for residential development	CA	12,992
RIC (Kash)	100%	Land for residential development	CA	2,593
Midland	100%	Land for residential development	CA	2,546
Kettle Creek	100%	Land for residential development	CA	37,878
Langford Lake	100%	Land for residential development	CA	24,314
Ponderosa	100%	Land for residential development	CA	32,830
Drought	100%	Land for residential development	CA	11,071
Northern Premier	100%	Land for industrial development	CA	10,463
Hampton Circle	100%	Residential construction	CA	4,976
Lincolnwood	100%	Commercial	US	14,208
Southpoint Landing	100%	Residential	CA	1,289
Cumberland Harbour	100%	Commercial	US	6,630
Robbinsville	100%	Commercial/Residential	US	5,338
RIC Hampton Inc.	100%	Commercial	CA	11,542
				\$ 430,760
Fair Value Adjustment				(48,867)
				\$ 381,893

Management's Discussion & Analysis

Income Statement Highlights

Total revenues for the year ended December 31, 2018 were \$229.0 million compared to \$160.8 million in the previous year, a 42% increase. Current year revenues are higher due to growth in the size of the mortgage portfolio and higher unrealized foreign exchange gains from strength in the US dollar.

Net earnings for the year ended December 31, 2018 were \$185.2 million compared to \$114.6 million for the prior year. The basic weighted average earnings per unit for the year were \$0.81 per unit compared to \$0.61 last year.

For the year ended December 31, 2018, the Fund distributed \$166.2 million or \$0.73 per unit versus \$142.0 million or \$0.76 per unit for the year ended December 31, 2017. The simple and compounded net yield to unitholders for the year ended December 31, 2018 were 7.3%² and 7.5%² respectively.

Provisions for losses on the Portfolio value reflected an increase of \$6.8 million in 2018 while realized losses were \$5.0 million in 2018 compared to \$2.0 million in the prior year. Management and other fees payable to the Fund Manager and other general and administrative expenses of the Fund were \$24.3 million for the year ended December 31, 2018 compared to \$21.0 million in the prior year. These expenses were marginally higher than the previous year and reflect the larger Portfolio value.

Total revenues for the quarter ended December 31, 2018 were \$68.9 million compared with \$45.6 million for the comparative period a year ago and are attributable to growth in the size of the mortgage portfolio and an increase in foreign exchange gains.

Net earnings after all expenses for the fourth quarter were \$53.8 million compared to \$31.0 million for the quarter ended December 31, 2017. Basic weighted average earnings per unit for the three months ended December 31, 2018 were \$0.22 compared to \$0.17 in the prior year.

Management fees payable to the Fund Manager and other general and administrative expenses of the Fund were \$6.5 million for the quarter compared to \$5.0 million in the fourth quarter of 2017.

For the three-month period ended December 31, 2018, the Fund distributed \$45.9 million or \$0.19 per unit versus \$43.0 million or \$0.21 per unit for the three months ended December 31, 2017.

Balance Sheet Highlights

Total assets as of December 31, 2018 were \$2.7 billion compared to \$2.2 billion a year ago. Under IFRS, mortgages that are owed from 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 \$12.5 million of excess cash at year end.

Total liabilities excluding units submitted for redemption as of December 31, 2018 were \$250.1 million compared to \$112.6 million a year earlier. Liabilities at the end of the year were comprised mainly of a \$191.1 million line of credit and \$20.6 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 add to the Portfolio. The revolving loan facility bears interest at a rate 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 \$178.7 million (7% of the net Portfolio) at year end versus \$10.1 million (1% of the net Portfolio) a year ago.

Unitholders' equity plus units submitted for redemption as of December 31, 2018 were \$2.4 billion compared to \$2.1 billion as of December 31, 2017. The increase is primarily from proceeds of issuances of \$449.6 million in excess of redemptions of \$100.6 million during the previous 12 months. There were a total of 245,910,544 units outstanding on December 31, 2018 compared to 210,841,104 on December 31, 2017. 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 through the raising of additional unitholder equity and utilizing available borrowing capacity. Pursuant to the Fund's investment policies, the Fund may borrow up to 35% of the book value of mortgages held by the Fund. As of December 31, 2018, borrowings totalled approximately 7%² of the book value of investments held by the Fund compared to 1%² as of December 31, 2017.

During the year ended December 31, 2018, proceeds from the issuance of units net of redemptions and costs were \$349.0 million compared to \$473.2 million in 2017.

² These are non-IFRS financial measures (see "Non-IFRS Financial Measures").

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. We expect next year's growth in the Portfolio to outstrip our funding capacity based on current resources. As such, we expect to raise additional equity in future periods and syndicate a portion of new loans to third parties.

Related Party Transactions

Romspen acts as mortgage manager for the Partnership and administrator for the Fund. The trustees of the Fund are all principals of Romspen. In consideration for its 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 purchase price equal to the principal amount of such mortgage plus any accrued interest.

From time to time, the Partnership may invest in mortgage loans made to borrowers who are related to Romspen or the trustees of the Fund. The Partnership may also invest in mortgages which are syndicated among Romspen, the Fund's trustees or related parties. These related party transactions are further discussed in the notes to the accompanying consolidated financial statements.

Risk Management

The Fund is exposed to various financial instrument risks in the normal course of business. The Fund Manager and trustees have put in place various procedures and safeguards to mitigate these risks in order to ensure the preservation of capital as well as the achievement of acceptable and consistent rates of return.

Outlook

Global economies have started to slow as the two largest economies, the US and China, have entered into a trade dispute and geopolitical tensions such as Brexit are on the rise. Markets have repriced most asset classes and are anticipating that central banks will withdraw less monetary stimulus than expected in 2019. Simultaneously, growth in global non-financial corporate debt has nearly matched the increase in government debt and household debt has risen significantly.

The Canadian economy operated at capacity for most of 2018 with strong job growth, an unemployment rate at a 40-year low and inflation within the Bank of Canada's target rate. In the face of a stronger economy, the Bank of Canada began to raise rates until December when developments in the oil markets caused GDP to slow significantly in the fourth quarter. The diversification of the economy away from a reliance on oil production could not counter the impact of lower oil prices that were driven by stronger supply and weaker global demand. The Canadian economy will experience a slow start in 2019. Interest rates are not likely to rise and may in fact be cut as the Canadian economy begins to feel the impact of a synchronized slowing of global economies.

For much of 2018, the US economy saw consumption growth bolstered by the strong labour market, tax cuts and healthy business growth and equity markets hitting all-time highs. In response, the Federal Reserve began tightening monetary policy until global economies began to decelerate as global trade tensions rose. Given this scenario, and the fact that the economic expansion is mature, the Federal Reserve is likely to delay rate increases or forgo them entirely for 2019.

Deal flow remains sufficient in both Canada and the US, although we are seeing slightly greater competition in the US market than previously. The enormity and diversity of the US market is such that we are still able to source a range of good-quality mortgages to deploy capital on behalf of the Fund. Over time, as the US loan portfolio grows, it will become more diversified, which will contribute to risk reduction, a key component of our investment philosophy. In the current economic environment we expect returns to largely track in line with the past few years.

Independent Auditors' Report

To the Unitholders of Romspen Mortgage Investment Fund

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, 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in unitholders' equity;
- 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' 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 auditors' report thereon, included in a document likely to be entitled "2018 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 auditors' report thereon, included in a document likely to be entitled "2018 Annual Report" is expected to be made available to us after the date of this auditors' 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 and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS, 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.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

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.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

The logo for KPMG LLP, featuring the letters "KPMG" in a bold, sans-serif font, followed by "LLP" in a smaller, italicized font. A horizontal line is drawn underneath the text.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

April 2, 2019

Statement of Financial Position

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

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Cash	\$ 3,194	\$ 6,101
Investment in Romspen Mortgage Limited Partnership, at fair value through profit or loss (note 3)	2,467,772	2,097,145
Other assets	2	—
	\$ 2,470,968	\$ 2,103,246
Liabilities and Unitholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	\$ 1,559	\$ 1,365
Prepaid unit capital	3,175	6,165
Unitholders' distributions payable	17,214	14,759
	21,948	22,289
Units submitted for redemption (note 4)	14,593	10,898
Unitholders' equity (note 4)	2,434,427	2,070,059
Commitments and contingent liabilities (note 9)		
	\$ 2,470,968	\$ 2,103,246
Net asset value per unit (note 5)	\$ 9.96	\$ 9.87

See accompanying notes to financial statements.

Approved by the Trustees:

"Wesley Roitman" Trustee

"Mark Hilson" Trustee

Statement of Comprehensive Income

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

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Income from investment in Romspen Mortgage Limited Partnership:		
Distributions from Romspen Mortgage Limited Partnership	\$ 80,272	\$ 65,988
Unrealized appreciation in net assets of Romspen Mortgage Limited Partnership	113,233	55,605
	193,505	121,593
Expenses:		
Management fees (note 8(a))	7,138	6,229
Audit fees	280	215
Legal fees and other	894	511
	8,312	6,955
Net income and comprehensive income	\$ 185,193	\$ 114,638
Net income and comprehensive income per unit (note 5)	\$ 0.81	\$ 0.61
Weighted average number of units issued and outstanding (note 5)	227,485,196	186,611,520

See accompanying notes to financial statements.

Statement of Changes in Unitholders' Equity

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

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Unit capital:		
Balance, beginning of year	\$ 2,100,132	\$ 1,595,409
Issuance of units (note 4)	449,584	562,494
Redemption of units (note 4)	(100,557)	(89,322)
Penalties on redemptions	-	1
Decrease (increase) in units submitted for redemption	(3,695)	31,550
Balance, end of year	\$ 2,445,464	\$ 2,100,132
Cumulative earnings:		
Balance, beginning of year	\$ 780,862	\$ 666,224
Net income and comprehensive income	185,193	114,638
Balance, end of year	\$ 966,055	\$ 780,862
Cumulative distributions to unitholders:		
Balance, beginning of year	\$ (810,935)	\$ (668,890)
Distributions to unitholders (note 6)	(166,157)	(142,045)
Balance, end of year	\$ (977,092)	\$ (810,935)
Unitholders' equity	\$ 2,434,427	\$ 2,070,059
Units issued and outstanding, excluding units submitted for redemption	244,444,762	209,736,945

See accompanying notes to financial statements.

Statement of Cash Flows

(In thousands of dollars)

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Net income and comprehensive income	\$ 185,193	\$ 114,638
Items not affecting cash:		
Increase in net assets of Romspen Mortgage Limited Partnership (note 3)	(113,233)	(55,605)
Change in non-cash operating items:		
Accounts payable and accrued liabilities, unitholders' distributions payable and other assets	2,647	3,626
	74,607	62,659
Financing:		
Proceeds from issuance of units	363,699	486,437
Distributions paid to unitholders (note 6)	(80,272)	(65,988)
Penalties on redemptions	-	1
Redemption of units	(100,557)	(89,322)
Prepaid unit capital	(2,990)	(3,155)
	179,880	327,973
Investments:		
Net funding of investment in Romspen Mortgage Limited Partnership (note 3)	(257,394)	(393,878)
Decrease in cash	(2,907)	(3,246)
Cash, beginning of year	6,101	9,347
Cash, end of year	\$ 3,194	\$ 6,101

See accompanying notes to financial statements.

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2018

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 Romspen US Master Mortgage LP (“USMLP”). The objective of the Fund is to provide stable and secure cash distributions of income, while preserving unitholders’ equity. The Fund’s registered office is 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5.

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 April 2, 2019.

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; 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, 2018 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 the Fund’s investment in the Partnership. Although the Fund wholly owns 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) 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.

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.

F) Changes in accounting policies

The Fund has adopted IFRS 9 and IFRS 15 effective January 1, 2018 without restatement of comparative periods.

I) IFRS 15, Revenue from Contracts with Customers (“IFRS 15”)

The Fund adopted the standard on January 1, 2018 and applied the requirements of the standard retrospectively. IFRS 15 permits the use of exemptions and practical expedients. The Fund applied the practical expedient in which contracts that began and were completed within the same annual reporting period before December 31, 2017 do not require

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restatement. The implementation of IFRS 15 did not have a significant impact on the Fund's financial statements.

II) IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces International Accounting Standard ("IAS") 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The Fund adopted IFRS 9 beginning January 1, 2018 using transitional provisions allowing the Fund to not restate comparative periods (see table below). Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39. The implementation of IFRS 9 did not have a significant impact on the Fund's financial statements.

The following table provides the impact of the transition to IFRS 9 on the statement of financial position at the transition date, January 1, 2018:

Financial assets and liabilities	IAS 39 classification	IFRS 9 classification
Cash	Loans and receivables	Amortized cost
Investment in the Partnership	FVTPL	FVTPL
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Prepaid unit capital	Other liabilities	Amortized cost
Unitholders' distribution payable	Other liabilities	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:

	2018	2017
Investment balance, beginning of year	\$ 2,097,145	\$ 1,647,662
Funding of investment in Partnership	257,394	393,878
Increase in net assets of Partnership	113,233	55,605
Investment balance, end of year	\$ 2,467,772	\$ 2,097,145

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

Statement of financial position on a fair value basis:

	2018	2017
Assets		
Cash	\$ 9,289	\$ 75,342
Accrued interest receivable	83,196	65,930
Mortgage investments (note 3(b))	1,892,407	1,578,378
Investment in subsidiaries (note 3(c))	381,893	316,551
Investment in US Mortgage LP (note 3(d))	-	147,107
Investment in US Master Mortgage LP (note 3(d))	324,069	-
Other assets	5,099	4,147
	\$ 2,695,953	\$ 2,187,455

Liabilities and Unitholders' Equity

Liabilities:

Revolving loan facility (note 3(e))	\$ 191,136	\$ 91,579
Accounts payable and accrued liabilities	1,834	1,073
Foreign exchange forward contracts (note 3(f))	35,211	(2,342)
	228,181	90,310

Fair value of net assets attributable to unitholders of the Partnership

	2,467,772	2,097,145
	\$ 2,695,953	\$ 2,187,455

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Statement of income on a fair value basis:

	2018	2017
Revenue		
Mortgage interest	\$ 186,671	\$ 157,450
Income from subsidiaries	9,041	4,775
Income from investment in Romspen US Mortgage LP (note 3(d))	5,668	4,435
Income from investment in Romspen US Master Mortgage LP (note 3(d))	11,069	–
Other	5,333	2,349
Realized gain (loss) on foreign exchange	(10,079)	13,168
Unrealized gain (loss) on foreign exchange	21,258	(21,359)
	228,961	160,818
Expenses		
Management fees (note 8(b))	14,493	12,646
Interest	7,184	5,926
Change in fair value of mortgage investment and investments in subsidiaries	6,804	17,900
Realized loss on mortgage investments	5,001	2,045
Other losses (gains)	528	(710)
Legal fees and other	1,446	1,418
	35,456	39,225
Net income and comprehensive income	\$ 193,505	\$ 121,593

A) Basis of presentation and measurement for 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 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. These entities are also accounted for at fair value. The carrying value of the mortgage investment, which comprises principal,

accrued interest, enforcement costs and a fair value adjustment, if any, is reclassified from mortgage investments to investment in subsidiaries. At each reporting date, the Partnership uses management's best estimates to determine fair value of the subsidiaries (note 3(c)).

III) Investment in Romspen US Mortgage LP The Partnership held units in Romspen US Mortgage LP ("USLP") during the period from August 1, 2017 to May 31, 2018. On June 1, 2018, the assets were transferred from USLP to USMLP and the Partnership exchanged USLP units for USMLP units.

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

IV) Investment in USMLP The Partnership owns 89.22% of USMLP as at December 31, 2018 (2017 – nil). The Partnership does not consolidate USMLP 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.

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

VI) 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.

VII) Foreign currency translation Foreign exchange gains and losses on the receipts of payments on mortgage investments are included in realized gain/loss on foreign exchange on the statement of earnings. All unrealized foreign exchange gains and losses on each balance sheet item are included in unrealized foreign exchange gain/loss on the Partnership's statement of comprehensive income.

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VIII) 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, the revolving loan facility, accounts payable and accrued liabilities, prepaid unit capital, unitholders' distributions payable and units submitted for redemption are classified and are measured at amortized cost.

Financial assets classified as FVTPL are carried at fair value on the 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:

			2018	2017
	Number of mortgages	Original cost	Fair value	Fair value
First mortgages	107	\$ 1,717,068	\$ 1,697,292	\$ 1,488,446
Second mortgages	5	196,462	195,115	89,932
		\$ 1,913,530	\$ 1,892,407	\$ 1,578,378

A reconciliation of the mortgage investments is as follows:

	2018	2017
Investments balance, beginning of year	\$ 1,578,378	\$ 1,414,008
Funding of mortgage investments	1,021,301	785,888
Discharge of mortgage investments	(683,654)	(457,158)
Non-cash transfer to investment in subsidiaries	(16,880)	(26,053)
Non-cash transfer to investment in USLP	-	(97,907)
Unrealized loss in the value of investments	(1,455)	(405)
Realized loss on investments	(5,001)	(2,045)
Amortization of discount	43	1,222
Foreign currency adjustment on investments	(325)	(39,172)
Investments balance, end of year	\$ 1,892,407	\$ 1,578,378

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 limiting 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.

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Pursuant to certain lending agreements and subject to borrowers meeting certain funding conditions, the Partnership funded commitments of \$77,363 (2017 – \$51,556) by capitalizing interest relating to existing mortgage investments.

The mortgage investments portfolio bears interest at a weighted average rate of 10.65% (2017 – 10.65%).

Principal repayments based on contractual maturity dates are as follows:

Overhold	\$	408,441
2019		1,016,395
2020		369,368
2021		35,300
2022		84,026
	\$	1,913,530

Included in the 2018 and earlier category are loans which are past due or on a month-to-month arrangement. Borrowers have the option to repay principal at any time prior to the maturity date.

C) Investment in subsidiaries

	2018	2017
Investment in subsidiaries at cost	\$ 430,760	\$ 360,070
Fair value adjustment	(48,867)	(43,519)
	\$ 381,893	\$ 316,551

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

A reconciliation of investment in subsidiaries is as follows:

	2018	2017
Investments balance, beginning of year	\$ 316,551	\$ 296,308
Funding of investments	50,153	25,427
Discharge of investments	(5,966)	(18,390)
Non-cash transfer from mortgage investments	16,880	26,053
Net unrealized loss in the fair value of investments	(5,348)	(17,495)
Foreign currency adjustment on investments	9,623	4,648
Investments balance, end of year	\$ 381,893	\$ 316,551

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, future cashflows, liquidity, etc.

D) The Partnership's investment in USLP and USMLP at FVTPL

USLP was formed on January 17, 2017 pursuant to the Delaware Revised Uniform Limited Partnership Act, 6 Delaware Code, Chapter 17 and commenced operations on August 1, 2017. USLP conducts its lending activities in the United States with the sole objective to provide stable and secure cash distributions of income, while preserving partners' equity. USLP is managed by Romspen US Mortgage GP Inc. (the "General Partner") and Romspen Investment Limited Partnership (the "Manager").

On June 1, 2018, all assets were transferred over to a new entity, USMLP, a limited partnership registered in the Cayman Islands.

Transfer of assets from USLP to USMLP on June 1, 2018:

	USLP	Transfer	USMLP
Assets			
Cash	\$ 266	\$ (266)	\$ 266
Mortgage investments	177,489	(177,489)	177,489
Accrued interest receivable	2,989	(2,989)	2,989
Investment in USMLP	(158,959)	158,959	(158,959)
Other assets	2	(2)	2
	\$ 21,787	\$ (21,787)	\$ 21,787

Liabilities

Due to related party	\$ (21,787)	\$ 21,787	\$ (21,787)
	\$ (21,787)	\$ 21,787	\$ (21,787)

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Schedule of investment in USLP:

	2018	2017
Investment balance, beginning of year	\$ 147,107	\$ -
Non-cash transfer of interest receivable from Partnership	-	1,538
Non-cash transfer of mortgages from Partnership	-	97,907
Funding of investment in USLP	21,705	44,155
Partnership's share in USLP net income	5,668	4,435
Dividend received from USLP	(8,656)	(1,447)
Foreign currency adjustment on investment	(709)	519
Non-cash transfer of mortgages to USMLP	(165,115)	-
Investment balance, end of year	\$ -	\$ 147,107

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

Statement of financial position:

	2018	2017
Assets		
Cash and restricted cash	\$ -	\$ 9,207
Mortgage investments	-	143,562
Accrued interest	-	2,052
	\$ -	\$ 154,821
Liabilities and Partners' Capital		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 375
Due to Partnership	-	17,061
Prepaid unit capital	-	627
Mortgage syndication liability	-	1,255
Distributions payable	-	3,121
	-	22,439
Partners' capital	-	132,382
	\$ -	\$ 154,821

Statement of comprehensive income:

	2018	2017
Investment income:		
Interest	\$ 7,590	\$ 5,626
Other	-	377
	7,590	6,003
Expenses:		
Management fees	664	479
Interest expense on note payable	280	49
Provision for losses	582	358
Accounting and legal fees	32	417
Administrator fee	107	-
Other	4	129
	1,669	1,432
Net investment income	\$ 5,921	\$ 4,571

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 the General Partner and the Manager.

As at December 31, 2018, the Partnership owns 89.22% of USMLP through Romspen Liberty LP.

Schedule of investment in USMLP:

	2018	2017
Investment balance, beginning of year	\$ -	\$ -
Non-cash transfer of mortgages from USLP	165,115	-
Funding of investment in USMLP	132,935	-
Partnership's share in USMLP net income	11,069	-
Realized foreign currency adjustment on transfer	5,253	-
Dividend received from USMLP	(8,839)	-
Foreign currency adjustment on investment	18,536	-
Investment balance, end of year	\$ 324,069	\$ -

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

Statement of financial position:

	2018	2017
Assets		
Cash and restricted cash	\$ 1,368	\$ –
Mortgage investments, at fair value	348,135	–
Accrued interest	6,945	–
Other assets	58	–
	\$ 356,506	\$ –

Liabilities and Partners' Capital

Liabilities:

Accounts payable and accrued liabilities	\$ 610	\$ –
Due to the Partnership	25,506	–
Mortgage investment syndication	1,364	–
Prepaid interest	477	–
Redemption payable	136	–
Distributions payable	2,538	–
	30,631	–

Partners' capital	325,875	–
	\$ 356,506	\$ –

Statement of comprehensive income:

	2018	2017
Investment income:		
Interest	\$ 16,747	\$ –
Expenses:		
Service fees	1,427	–
Interest	759	–
Provision for losses	1,933	–
Accounting and legal fees	179	–
Administrator fee	162	–
Other	2	–
	4,462	–
Net investment income	\$ 12,285	\$ –

The Partnership provides temporary funding to assist in USMLP's ability to fund loans. This will be more prominent in the beginning months of USMLP until it establishes other financing abilities such as a credit facility. 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 prime plus 1.25% and are paid down in full by the first business day of the following month. As of December 31, 2018, a balance of \$25,586 (equivalent of \$18,755 USD) is outstanding and included in the investment balance.

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 are as follows:

	2018	2017
Mortgage investments and investment in subsidiaries, at amortized cost	\$ 2,344,290	\$ 1,958,115
Investment in USLP	–	147,107
Investment in USMLP	324,069	–
Unrealized fair value adjustment	(69,990)	(63,186)
	\$ 2,598,369	\$ 2,042,036

Mortgage investments	\$ 1,892,407	\$ 1,578,378
Investment in subsidiaries	381,893	316,551
Investment in USMLP	324,069	147,107
	\$ 2,598,369	\$ 2,042,036

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 will assess the evidence obtained to support valuations that meet the requirements of IFRS.

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E) Revolving loan facility

The Partnership entered into a revolving loan facility on July 16, 2012 and it was amended on November 12, 2015 with an increased maximum amount of \$298,000 (2017 – \$298,000) including borrowings of equivalent amount denominated in U.S. dollars. Approximately \$106,864 (2017 – \$206,421) is available and \$191,136 has been drawn as at December 31, 2018 (2017 – \$91,579). 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 during the year ended December 31, 2018 were \$70,938 and \$221,148 (2017 – \$91,579 and \$183,777), respectively. The loan is secured by all assets of the Partnership and a pledge of all Partnership units held by the Fund. The loan matures on July 18, 2019.

The costs associated with the establishment of the revolving loan facility are amortized over the two-year initial term of the facility and have been included in other assets for \$214 (2017 – \$526), net of accumulated amortization of \$490 (2017 – \$747).

F) Foreign exchange forward contracts

The foreign exchange forward contracts are used to hedge the Fund's exposure to loans denominated in U.S. dollars. 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, 2018 and 2017:

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

	Currency received to be delivered in US\$ (CDN\$)	Fair value at foreign exchange	Unrealized gain (loss)
2018	\$ 700,775	\$ 735,986	\$ (35,211)
2017	377,564	375,222	2,342

The foreign exchange forward contracts are used to hedge the Fund's exposure to loans denominated in U.S. dollars and are classified as held-for-trading. Included in the Partnership's statement of comprehensive income are unrealized foreign exchange losses on forward contracts, which are economically offset by unrealized gains for a net gain of \$21,258 (2017 – \$21,359 net loss) on assets classified as FVTPL.

The realized foreign exchange loss in the Partnership's statement of comprehensive income includes realized foreign exchange losses of \$13,401 (2017 – gain of \$13,366) on forward contracts, which are offset by \$3,322 net gains (2017 – \$198 net loss) on assets classified as FVTPL and the revolving credit facility.

4. Unitholders' equity

The beneficial interests in the Fund are represented by a single class of units, which are unlimited in number. Each unit carries a single vote at any meeting of unitholders and carries the right to participate pro-rata in any distributions. These units are classified as equity as they are puttable instruments that entitle the holder to a pro-rata share of the Fund's net assets in the event of the Fund's liquidation. They are in a class of instruments that are subordinate to all other classes of instruments, and have identical features. 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 redemptions

The Trustees shall give notice to Tendering Unitholders that their Tendered Units shall be redeemed on the next redemption date at a redemption price discounted by a discount factor to be determined by the Trustees in their sole discretion, acting reasonably. In determining the discount factor, the Trustees may consider such factors as market prices for similar investments that are traded on a stock exchange in Canada, the variation inherent in any estimates used in the calculation of the fair market value of the 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.

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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.

As at December 31, 2018, unitholders representing approximately 1,465,782 (2017 – 1,104,159) units have requested redemption of their units, the redemption of which is subject to the above restrictions. These units have been reclassified to liabilities from unitholders' equity in order to comply with applicable accounting rules. These units, however, continue to have the same rights and no priority over the remaining units. Units submitted for redemption are redeemed at the net asset value ("NAV").

I) The following units are issued and outstanding

	2018		2017	
	Units	Amount	Units	Amount
Balance, beginning of year	210,841,104	\$ 2,110,825	163,581,841	\$ 1,637,653
New units issued	36,584,949	363,699	48,643,670	486,437
New units issued under distribution reinvestment plan	8,636,029	85,885	7,605,731	76,057
Units redeemed	(10,151,538)	(100,557)	(8,990,138)	(89,322)
Proceeds from issuance of units, net of redemptions	35,069,440	349,027	47,259,263	473,172
Balance, end of year	245,910,544	\$ 2,459,852	210,841,104	\$ 2,110,825

During the normal course of business, the Fund receives unit issuance and redemption requests from the investors. In 2018, the Fund received requests for redemption of 10,513,160 units (2017 – 5,822,130) and redeemed 10,151,538 units (2017 – 8,990,138) for \$100,557 (2017 – \$89,322) in accordance with its policies.

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

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.

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

NAV per unit is calculated as total assets less total liabilities allocable to outstanding units, excluding units submitted for redemption, of 244,444,762 as at December 31, 2018 (2017 – 209,736,945).

Net income and comprehensive income per unit have been computed using the weighted average number of units issued and outstanding of 227,485,196 for the year ended December 31, 2018 (2017 – 186,611,520).

6. Distributions

The Fund makes distributions to the unitholders 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, 2018, the Fund declared distributions of \$0.73 (2017 – \$0.76) per unit and a total of \$166,157 (2017 – \$142,045) was distributed to the unitholders.

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

Under the SIFT Rules, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income and a SIFT will be subject to income taxes on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Distributions paid by a SIFT as returns of capital will not be subject to 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. For the year ended December 31, 2018, the total amount was \$7,138 (2017 – \$6,229).

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. For the year ended December 31, 2018, this amount was \$14,493 (2017 – \$12,646).

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. For the year ended December 31, 2018, this amount was \$1,427.

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, 2018, this amount was \$42,685 (2017 – \$30,741).

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, 2018, the Partnership had two (2017 – two) investments outstanding with an original cost of \$35,389 (2017 – \$30,646), including accrued interest of \$382 (2017 – \$382) and fair value of \$24,410 (2017 – \$19,468) 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 \$239 (2017 – \$247) payable to Romspen.

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 administration on the date on which the termination notice is received, in addition to any other amounts owing by the Partnership. These amounts will be satisfied by the payment of cash, interests in mortgages or in such combination thereof as determined by the mortgage manager. These agreements continue in force until terminated in accordance with their provisions.

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

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2018

c) The Partnership, in certain situations, provides guarantees for its subsidiaries. As of December 31, 2018, there were \$18,387 of guarantees outstanding (2017 – \$18,023).

d) The Partnership has letters of guarantee outstanding at December 31, 2018 of \$34,003 (2017 – \$21,922).

10. Fair values of financial instruments

IFRS 13 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 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, unitholders' distributions payable and prepaid unit capital approximate their carrying values due to their short-term maturities.

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 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 investment 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.

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2018

As at December 31, 2018, the Partnership has \$44,121 (2017 – \$27,242) of accrued interest past due on \$439,880 (2017 – \$332,534) of mortgages which the Fund does not consider impaired. The Fund has reviewed these loans and does not require fair value adjustments given the value of underlying collateral.

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.

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 and matures on July 18, 2019. 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, 2018, 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 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 ensures that it is aware of real estate market conditions in the regions in which it operates. Real estate market trends are monitored on an ongoing basis and 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, 2018, 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 \$1,105 (2017 – \$1,036). Romspen monitors the financial markets and can adjust the pricing of renewals and new loans when it deems it appropriate.

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2018

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 \$1,065,829 (2017 – \$809,955), 41% (2017 – 39%) of the total Partnership's investments at year end, are denominated in U.S. dollars and secured primarily by charges on real estate located in the United States; consequently, the Fund is subject to currency fluctuations that may impact its financial position and results. The Fund reduces currency risk on mortgages 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 U.S. dollar by 5% would have resulted in an increase in NAV of \$0.05 per unit (2017 – \$0.07 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, 2018, the Partnership's borrowings totalled 7% (2017 – 5%) of the book value of its total investments and the Fund was in compliance with all covenants under its revolving loan facility.

12. Exemption from filing

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

Historical Performance Overview

Performance – 25 Years by Month

Romspen has had 25 years of positive net investor yields (7.4% – 10.8%) with only one negative month in 300 months.

Year	January	February	March	April	May	June	July	August	September	October	November	December	Annual Compound Net Yield
1994	0.64	0.75	0.77	0.65	0.80	1.05	0.78	0.74	0.82	1.00	0.70	0.79	9.9
1995	0.79	(0.77)	0.90	0.74	0.76	0.76	0.94	0.74	0.84	0.96	0.79	0.80	8.6
1996	0.80	0.85	0.87	0.83	0.91	0.77	0.88	0.96	0.75	1.03	0.83	0.78	10.8
1997	0.89	0.76	0.83	0.83	0.77	0.71	0.87	0.91	0.73	0.87	0.73	0.35	9.7
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	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.90	0.80	0.80	0.80	0.95	10.3
2007	0.80	0.80	0.90	0.80	0.80	0.90	0.80	0.80	0.90	0.81	0.80	0.92	10.5
2008	0.80	0.80	0.90	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.70	0.70	9.9
2009	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	8.7
2010	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70	8.7
2011	0.70	0.60	0.70	0.70	0.60	0.70	0.70	0.60	0.70	0.60	0.60	0.70	8.2
2012	0.70	0.60	0.60	0.60	0.70	0.60	0.60	0.60	0.60	0.60	0.60	0.60	7.7
2013	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	7.4
2014	0.60	0.60	0.60	0.70	0.60	0.60	0.60	0.60	0.60	0.60	0.70	0.70	7.8
2015	0.70	0.70	0.60	0.70	0.60	0.60	0.70	0.70	0.70	0.60	0.70	0.60	8.2
2016	0.60	0.70	0.60	0.60	0.70	0.60	0.70	0.60	0.60	0.60	0.70	0.70	8.0
2017	0.60	0.60	0.70	0.60	0.60	0.60	0.60	0.60	0.60	0.70	0.70	0.70	7.9
2018	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.70	7.5

Source: PricewaterhouseCoopers report, Romspen annual reports, Romspen analysis

3 Yrs	7.8%	5 Yrs	7.9%	10 Yrs	8.0%	25 Yrs	9.2%
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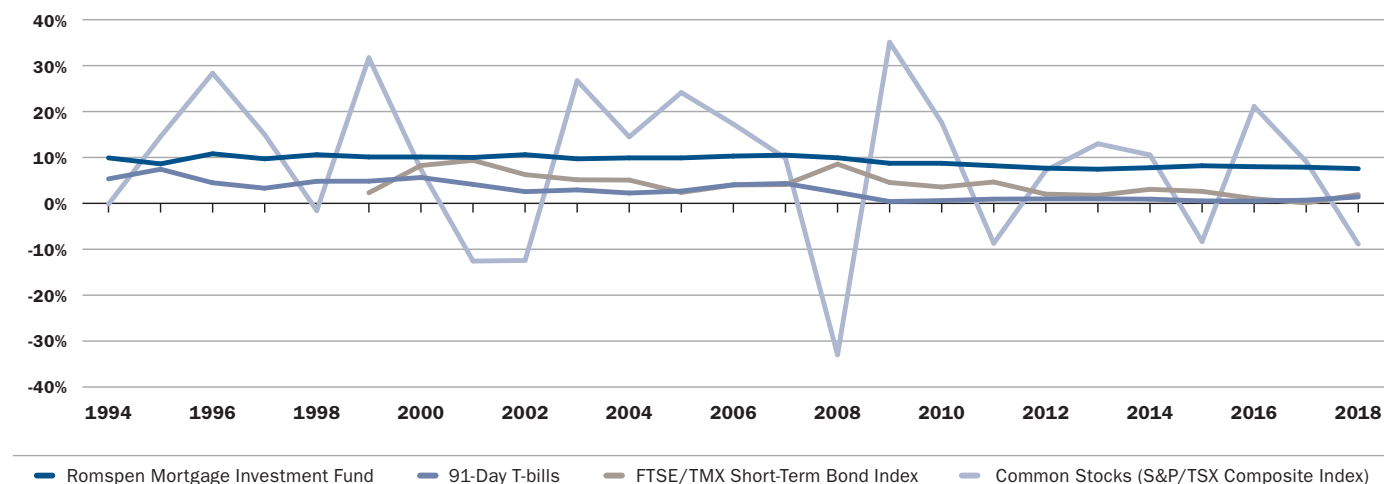
as of December 31, 2018

Notes:

1. Romspen results from January 1994 to January 16, 2006 reflect the pool of individually syndicated mortgages. Results from January 16, 2006 to present reflect the Romspen Mortgage Investment Fund, the successor business to the individually syndicated mortgages.
2. Romspen yield/return is calculated based on net compounded monthly cash distributions to unitholders, based on a \$10.00/unit subscription price without any adjustment for unit gains/losses.

Romspen Total Portfolio Annual % Yield Comparison (1994 – 2018)

Romspen has consistently and significantly outperformed stocks, short-term bonds and T-bills with meaningfully less volatility over most time periods.



Source: Bank of Canada, PricewaterhouseCoopers report, Romspen annual reports

Notes:

1. Romspen results from January 1994 to January 16, 2006 reflect the pool of individually syndicated mortgages. Results from January 16, 2006 to present reflect the Romspen Mortgage Investment Fund, the successor business to the individually syndicated mortgages.
2. DEX Short-Term Bond Index was renamed the FTSE/TMX Short-Term Bond Index. FTSE/TMX-STBI returns are based on 20 years of data due to data restrictions.
3. Romspen returns are net; comparative returns are gross.
4. Romspen yield/return is calculated based on net compounded monthly cash distributions to unitholders, based on a \$10.00/unit subscription price without any adjustment for unit gains/losses.

Trustees & Management

Romspen's team of investment professionals is led by eight Managing Partners who collectively have over 250 years of finance and real estate experience. The investment team is supported by more than 30 professionals dedicated to the financial control, underwriting, legal and reporting matters of our business. The trustees and the management team are collectively the largest investor in the Fund. This alignment is essential to preserving capital and generating strong, consistent returns for all investors.

Romspen Mortgage Investment Fund

Sheldon Esbin

Trustee

Mark Hilson

Trustee

Arthur Resnick

Trustee

Wesley Roitman

Trustee

Romspen Investment Corporation

Sheldon Esbin

Managing General Partner

Mark Hilson

Managing General Partner

Wesley Roitman

Managing General Partner

Blake Cassidy

Managing Partner

Richard Weldon

Managing Partner

Arthur Resnick

Managing Partner

Peter Oelbaum

Managing Partner

Mary Gianfriddo

Managing Partner

Derek Jenkin

Partner

Arnie Bose

Senior Vice President, Finance

Lisa Calandra

Senior Vice President, Investor Relations

Vitor Fonseca

Vice President and Treasurer

Joel Mickelson

Corporate Counsel

Dianna Price

Executive Vice President, Investor Relations

Unitholder Information

Units

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

Distributions

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 the unitholders.

Distribution Reinvestment Plan

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

Romspen Mortgage Investment Fund's Annual General Meeting of unitholders will be held on Monday, June 17, 2019, at 10 a.m. in the Willard Room (mezzanine level) of the InterContinental Toronto Yorkville Hotel at 220 Bloor Street West, Toronto, Ontario.

Duplicate Communication

Registered holders of Romspen units may receive more than one copy of shareholder mailings. Every effort is made to avoid duplication, but when units are registered under different names and/or addresses, multiple mailings 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 the accounts for mailing purposes.

Auditors

KPMG LLP

Legal Counsel

Gardiner Roberts LLP

Website

www.romspen.com

R O M S P E N