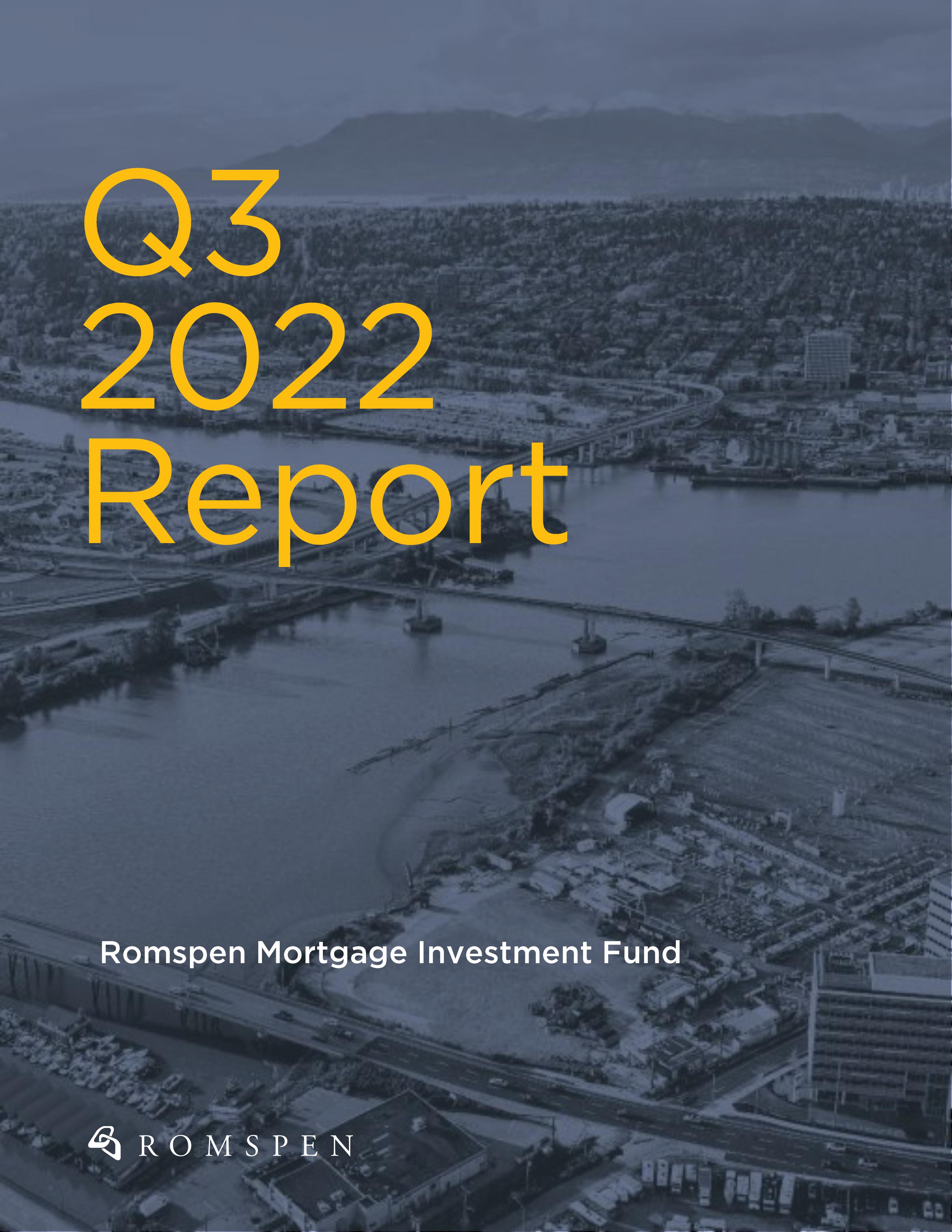


Q3 2022 Report

Romspen Mortgage Investment Fund

ROMSPEN

Romspen

The Romspen Mortgage Investment Fund has a long-term track record of mortgage investing. With its origins in the mid-1960s, it is one of the largest non-bank commercial mortgage lenders in Canada with a portfolio in excess of $2.9 billion. Investors include 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.

The Fund provides short-term first mortgages tailored to specific borrower requirements. Loans are conservatively underwritten, and it keeps to a limited, but diversified, pool of mortgages to maintain a "high-touch" approach to investing.

The Fund's manager has had more than 25 consecutive years of positive net investor returns ranging from 3.7% - 11.1%[1], with positive performance every month.

[1]The indicated rates of return are historical annual compounded returns, after deducting management fees and expenses payable by the Fund, and include changes in unit value and assume the reinvestment of all distributions. They do not take into account any applicable sales, redemption, or distribution charges, or income taxes payable by any unitholder, that would have reduced returns. The calculation assumes a fixed historical monthly starting and ending date at the Unit value at such date, and that Unit values are capped at $10.00. For that reason, they may not reflect an individual investor's actual return for purchases prior to 2018. Romspen returns prior to January 16, 2006 reflect the aggregated pool of individually syndicated mortgages.

Contents

Trustees’ Letter

Dear Fellow Investors:

The Fund’s financial performance for the third quarter of 2022 was in line with historical averages on a trailing 12-month basis. Though the quarterly aggregate distribution was slightly below our expectations, both quarterly and year-to-date results have outperformed those of other major asset classes by significant margins.

Comparative Performance

The compounded net return for the first nine months of 2022 was 6.0% versus 5.1% a year ago. In comparison, the FTSE/TMX Short-Term Bond Index (“FTSE/TMX-STBI”), and the S&P/TSX returned -4.7% and -11.9% respectively on a year-to-date basis. For the 12-month period ended September 30, 2022, the Fund’s compounded net return to unitholders was 8.3%, whereas FTSE/TMX-STBI and S&P/TSX yielded -5.2% and -8.3% respectively.

Financial Highlights

For the third quarter of 2022, the Fund earned net income of $51.9 million or $0.18 per unit compared to $46.9 million or $0.15 per unit a year ago. Earnings were 11% higher than in 2021. Distributions were $36.5 million ($0.13 per unit) and the net return to investors was 1.9% in the third quarter, compared to $60.0 million ($0.20 per unit) and 1.9% a year ago, with positive performance in all months. The Fund had net debt (debt less cash) of $275.2 million compared to nil a year ago.

At September 30, 2022, the net portfolio (144 mortgages and investments) was $2.9 billion, an increase of 10% compared to the third quarter of 2021, and reflective of increased mortgage activity and the higher exchange rate. Investors’ unit capital totalled $2.7 billion, compared to $2.8 billion last year. The Fund’s portfolio and earnings remain well diversified by property type, geography, size and currency. Canadian mortgages comprised 46% of the Fund, down from 47% last year, with the majority concentrated in Ontario (20%) and British Columbia (13%).

US mortgages represented 54% of the Fund, comprised of 82 US mortgages across 23 states with the largest concentrations in California (17%), Florida (10%) and Texas (9%).

The weighted average interest rate of the portfolio at September 30, 2022, was 9.2% compared to 9.9% a year ago. The total loss provision at quarter end decreased to $118.8 million ($0.43 per unit) from $129.9 million a year ago, but continues to provide a solid margin of safety.

Net Asset Value (“NAV”) at September 30, 2022, was $9.80 per unit compared to $9.71 per unit last year. At quarter end, approximately 86% of the Fund’s foreign exchange exposure is hedged by the borrowers directly, the US dollar line of credit, or through forward contracts.

Non-performing loans in the mortgage portfolio are 33%, somewhat higher than the Fund’s typical historic range, and reflect the impact on real estate and credit markets of heightened

Trustees' Letter

uncertainty caused by higher interest rates, inflation, geopolitical turmoil, and the lingering hangover effects of the pandemic. As we emphasize, non-performing loans do not indicate a loss of principal and tend to have more of an impact on monthly distributions than on NAV. Nevertheless, reducing the number of non-performing loans remains a key priority.

On September 26, 2022, pursuant to sections 5.25(h)(ii) and 5.30 of the Fund's declaration of trust, the trustees elected to deliver to those unitholders who had submitted unit redemption requests a Run-Off Pool Redemption Notice. At the time of the notice, 33,457,582.13 units had been tendered for redemption, representing 11.9% of the total number of outstanding units. Unitholders representing approximately 4.3% of the total number of outstanding units opted to enter the Run-Off Pool. The Run-Off Pool was seen by the trustees as the best way to balance the interests of unitholders seeking liquidity and those of the Fund and its remaining unitholders.

On November 8, 2022, the trustees elected, pursuant to section 5.25 (g) of the declaration of trust, to temporarily extend the time for payment of subsequent unit redemption requests.

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 mortgage loan portfolio. To provide useful, transparent and comparable information, a set of combined financial statements, similar to previous Fund reporting, has been included in the Management's Discussion and Analysis ("MD&A", pp. 10-21). We encourage you to use these financials in the MD&A as the primary reference point. We have established an indirect US subsidiary, TIG Romspen US Master Mortgage LP, to hold most new US mortgages going forward. This is now shown as a separate line item on the balance sheet.

Outlook

As we enter the last quarter of 2022, rising interest rates occasioned by unprecedent and rapid central bank interventions, the persistence of inflationary pressures, recession expectations and geopolitical instability continue to create difficulties for real estate market participants.

In Canada, housing prices in many markets have seen significant declines as demand slows, and transaction volume has slowed dramatically. Home buyer (and renter) affordability metrics are at all-time lows, but rental demand continues to be strong. While most observers expect a recession in 2023, overall, continued population growth, elevated construction costs and limited supply could mitigate price declines and keep upward pressure on rents. Looking past 2023, housing start numbers should continue to grow as the Canadian supply gap will persist.

The industrial sector, once a paragon of stability, is showing signs of weakening. Even though businesses are signaling that they continue to value high quality space in the heart of vibrant urban centres, the office sector continues to feel the effects of work-from-home and hybrid work arrangements, and vacancies remain elevated. The hotel sector is inching toward attaining pre-pandemic top-line levels, and this trend should continue, absent a severe downturn or the reintroduction of travel restrictions. Bottom-line recovery could still a few years away, awaiting the easing of wages and supply costs. It remains to be seen whether the selective rebound in retail (especially in food-anchored strip malls, which continue to be a preferred asset type in the sector) will continue from the first half of the year in the face of slowing growth.

In the US, high inflation, rapidly rising interest rates and supply chain woes are increasingly impacting commercial real estate markets. Overall, sales and lending activity in the sector have slowed considerably, and this trend will likely continue into 2023. While keeping in mind that all real estate is local, in general, we expect that the multi-family and industrial sectors will show the most resilience, due to continued structural undersupply/ownership affordability reductions and supply-chain reconfigurations, respectively. Office and certain retail sectors continue to be vulnerable, with regional malls being the most challenged (though neighbourhood retail is bucking the trend, showing a rise in net absorption in the third quarter). In the hotel sector, year-over-year occupancy, rates and revenue per available room all rose, but remain below pre-pandemic levels.

So, while underlying fundamentals in some sectors and submarkets provide reason for cautious optimism, continued higher financing costs and valuation uncertainties are acting as a brake on transaction and real estate credit market activity, which has created less predictability in the Fund's timetable for borrower loan repayments and other collateral realizations. Given the potential for these economic dislocations to put pressure on borrowers, it is possible that the Fund may increase its loan-loss provisions.

As we head into the end of 2022, despite the challenging economic circumstances, we continue to see a number of accretive mortgage loan opportunities in select markets with strong sponsors, as increased institutional lending rates make our mortgage product offerings more attractive. In this environment, we are redoubling our underwriting discipline, focusing on potential loans with low loan-to-value ratios and higher sponsor equity levels.

We recognize that these are difficult and uncertain times for investors. While the era of "easy money" spawned in 2008 is over, we believe that the longer-term fundamentals for North American real estate in general and the Fund's portfolio, in particular, are generally positive, as recession-induced supply constraints, especially in housing, will set the table for a meaningful recovery. Present circumstances counsel patience, prudence and focus, which are the cornerstones of our stewardship of the Fund. We thank you for your continued support.

Respectfully submitted,

Sheldon Esbin	Mark Hilson	Arthur Resnick	Wesley Roitman

Trustees of the Fund, November 14, 2022

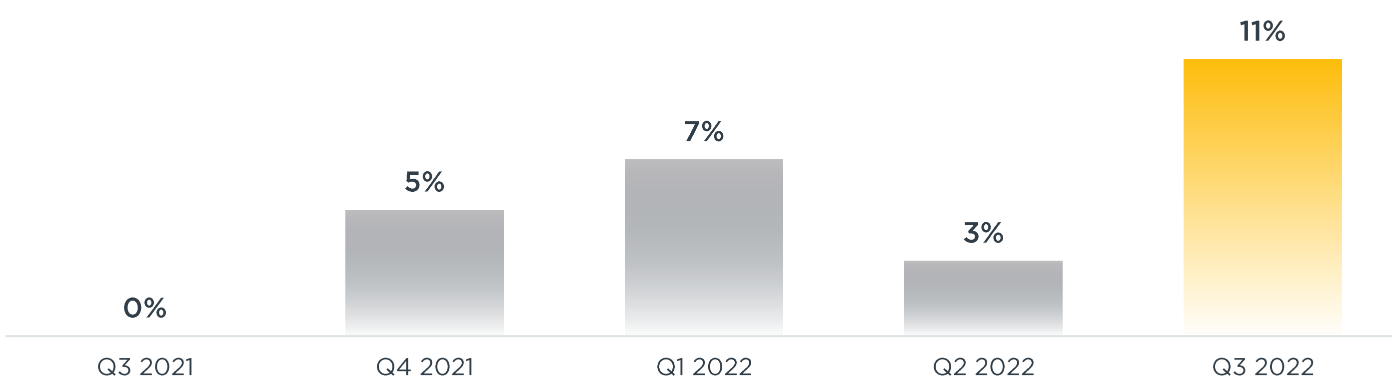
Romspen Mortgage Investment Fund
2022 Q3 Highlights

Key Metrics

Net Earnings ($ millions)

Net Investment Portfolio ($ millions)

Net Leverage (% of net investment portfolio)

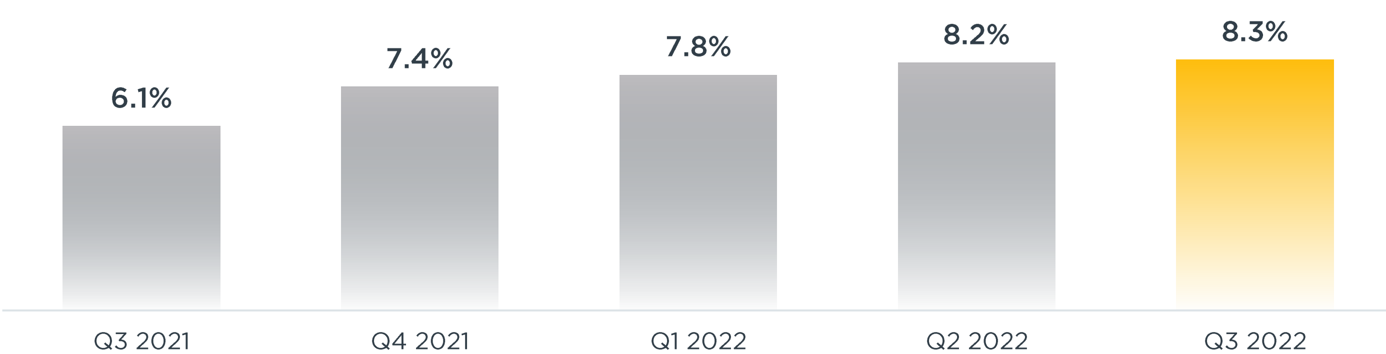


Key Metrics

Net Asset Value ($/unit)

Unitholder Distributions ($/unit)

Unitholder Return[2]

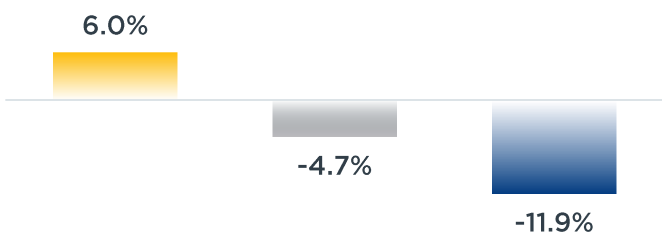


[2] The indicated rates of return are historical annual compounded returns, after deducting management fees and expenses payable by the Fund, and include changes in unit value and assume the reinvestment of all distributions. They do not take into account any applicable sales, redemption, or distribution charges, or income taxes payable by any unitholder, that would have reduced returns. The calculation assumes a fixed historical monthly starting and ending date at the Unit value at such date, and that Unit values are capped at $10.00. For that reason, they may not reflect an individual investor's actual return for purchases prior to 2018.

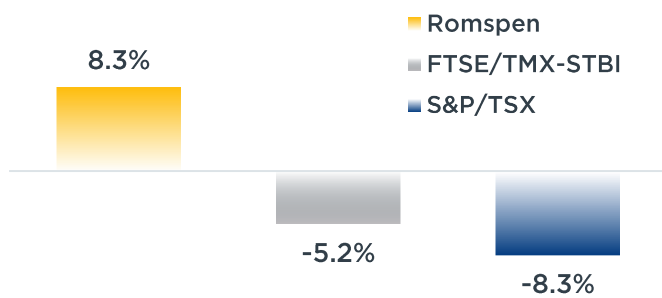
Comparative Performance

Romspen returns are net[3]; comparative benchmarks are gross returns.
As of September 30, 2022

2022 YTD



Trailing 12 Months

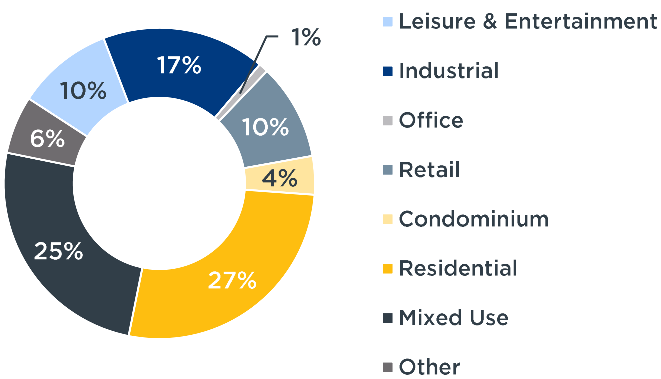


[3]The indicated rates of return are historical annual compounded returns, after deducting management fees and expenses payable by the Fund, and include changes in unit value and assume the reinvestment of all distributions. They do not take into account any applicable sales, redemption, or distribution charges, or income taxes payable by any unitholder, that would have reduced returns. The calculation assumes a fixed historical monthly starting and ending date at the Unit value at such date, and that Unit values are capped at $10.00. For that reason, they may not reflect an individual investor's actual return for purchases prior to 2018.

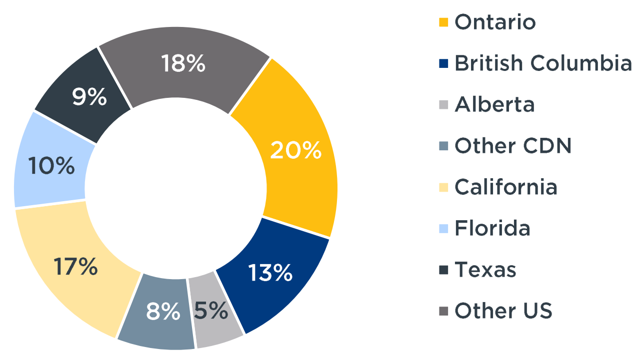
Investment Portfolio Profile

As of September 30, 2022

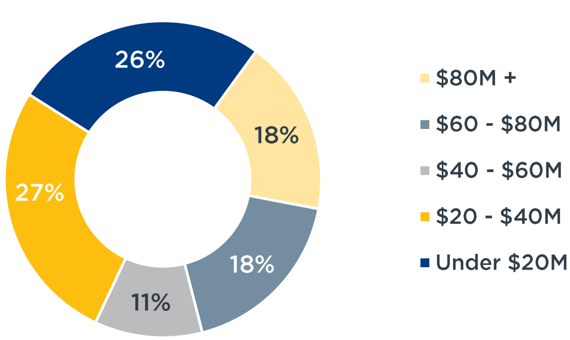
By Type



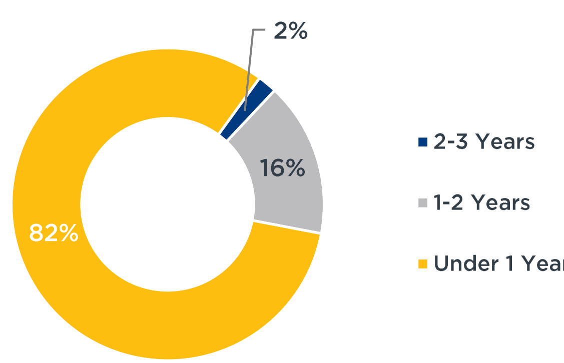
By Geography



By Amount



By Maturity



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 financial statements and notes thereto for the quarter ended September 30, 2022 included herein and the audited financial statements and MD&A for the year ended December 31, 2021. Investment in the Fund is subject to certain risks and uncertainties described in the Fund's Offering Memorandum, which should be read in conjunction with this MD&A. These documents are available on the Fund's 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 quarter ended September 30, 2022.

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

Forward-Looking Statements

From time to time, the Fund makes written and verbal forward-looking statements. These are included in its quarterly and annual MD&A, Fund presentations and other Fund communications. Forward-looking statements include, but are not limited to, business objectives and targets, strategies, operations, anticipated financial results, and the outlook for the Fund, its industry and the Canadian economy. These statements regarding future performance are "financial outlooks" within the meaning of National Instrument 52-102. Forward-looking statements are typically identified by words such as "believe", "expect", "anticipate", "estimate", "plan", "may" and "could" or other similar expressions. By their very nature, these statements require management to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, global capital markets activity, changes in government monetary and economic policies, changes in interest rates, changes in foreign exchange rates, inflation levels and general economic conditions, legislative and regulatory developments, disruptions resulting from the outbreak of pandemics, competition and technological change.

The preceding list of possible factors is not exhaustive. These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on these forward-looking statements. The Fund does not undertake to update any forward-looking statements, whether written or verbal, that may be made from time to time by it or on its behalf except as required by securities laws.

Non-IFRS Financial Measures

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

Introduction

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

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

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

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

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

Portfolio

As of September 30, 2022, the Fund's mortgage and investment portfolio (the "Portfolio"), net of fair value provisions, was $2.9 billion, compared to $2.6 billion a year ago. The Portfolio included 144 mortgages and investments compared to 143 at the same time last year.

Approximately 96% of the Portfolio consisted of first mortgages at September 30, 2022 (September 30, 2021 — 96%). The weighted average interest rate of the Portfolio was 9.2% compared to 9.9% a year ago.

The Portfolio continues to consist mainly of short-term mortgages to third parties and mortgages to the Fund's subsidiaries. Approximately 82% of the Portfolio's investments mature within one year (September 30, 2021 — 93%) and 98% mature within two years (September 30, 2021 — 99%). In addition, all 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 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.

$2.9B

Fair value, net of provisions

144

Mortgages & investments

96%

First mortgages

9.2%

Weighted average interest rate

82%

Mature within one year

As of September 30, 2022, approximately 20% of the Fund's investments were in Ontario, compared to 21% in the previous year. Approximately 18% of the Portfolio was invested in Western Canada, 5% in Quebec, 3% in other provinces and 54% 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 September 30, 2022, were $118.8 million, which represented 4.0% of the original cost of the Fund's investments or $0.43 per unit outstanding as at September 30, 2022. 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 regarding historical trends, prevailing legal, economic and regulatory trends, and expectations of future developments. The process of determining the provision involves a risk that the actual outcome will deviate, perhaps substantially, from the best estimates made. The fair value provision will continue to be reviewed by the Fund Manager and the Fund's trustees on a regular basis and, if appropriate, will be adjusted.

Financial Presentation

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

Combined Balance Sheet

September 30, 2022, with comparative information for 2021

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

(In thousands of dollars, unless otherwise noted)	**September 30, 2022**	December 31, 2021	September 30, 2021
Assets			
Cash	**$ 27,773**	$ 44,338	$ 60,695
Accrued interest receivable	**228,795**	193,181	194,573
Mortgage investments	**1,836,097**	1,689,135	1,537,118
Investment in subsidiaries	**412,579**	407,620	431,435
Investment in TIG Romspen US Master Mortgage LP	**634,509**	682,245	629,334
Foreign exchange forward contracts	**-**	-	-
Other assets	**28,133**	15,247	25,458
	$ 3,167,886	$ 3,031,766	$ 2,878,613
Liabilities and Unitholders' Equity			
Revolving loan facility	**$ 302,996**	$ 175,356	$ -
Accounts payable and accrued liabilities	**7,766**	7,775	7,491
Foreign exchange forward contracts	**110,426**	7,852	2,850
Prepaid unit capital	**215**	2,868	4,946
Unitholders' distributions payable	**11,178**	17,469	20,596
	432,581	211,320	35,883
Units submitted for redemption	**339,408**	202,113	92,390
Unitholders' equity	**2,395,897**	2,618,333	2,750,340
	$ 3,167,886	$ 3,031,766	$ 2,878,613

Combined Statement of Earnings

Nine months ended September 30, 2022, with comparative information for 2021

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)		**3 months ended Sep 30, 2022**		3 months ended Sep 30, 2021		**9 months ended Sep 30, 2022**		9 months ended Sep 30, 2021
Revenue								
Mortgage interest	**$**	**36,304**	$	37,904	**$**	**131,986**	$	127,445
Income from investment in TIG Romspen US Master Mortgage LP		**12,648**		10,211		**39,953**		29,605
Other		**574**		1,387		**2,867**		7,061
Gain on foreign exchange		**15,567**		2,640		**21,001**		1,407
		65,093		52,142		**195,807**		165,518
Expenses								
Management fees		**5,687**		5,308		**16,734**		17,239
Interest		**3,201**		389		**7,706**		1,946
Change in fair value of mortgage investments & investments in subsidiaries		**3,019**		(7,330)		**901**		(6,670)
Realized loss on mortgage investments		**146**		5,811		**6,368**		5,912
Other (gains) losses		**321**		(167)		**733**		(488)
Audit fees		**136**		161		**369**		335
Legal fees		**44**		60		**101**		67
Other		**676**		1,001		**2,114**		3,201
		13,230		5,233		**35,026**		21,542
Net earnings	**$**	**51,863**	$	46,909	**$**	**160,781**	$	143,976
Net earnings per unit	**$**	**0.18**	$	0.15	**$**	**0.57**	$	0.46
Weighted average number of units issued and outstanding		**280,516,006**		304,613,698		**284,158,005**		313,159,455

Combined Statement of Changes in Unitholders' Equity

Nine months ended September 30, 2022, with comparative information for 2021

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)		**September 30, 2022**		December 31, 2021		September 30, 2021
Unit capital						
Balance, beginning of year	**$**	**2,707,995**	$	3,140,282	$	3,140,282
Issuance of units		**154,439**		213,087		157,774
Redemption of units		**(260,915)**		(482,961)		(400,175)
Increase in units submitted for redemption		**(137,295)**		(162,413)		(52,690)
Balance, end of period	**$**	**2,464,224**	$	2,707,995	$	2,845,191
Cumulative earnings						
Balance, beginning of year	**$**	**1,490,744**	$	1,286,290	$	1,286,290
Net earnings		**160,781**		204,454		143,976
Balance, end of period	**$**	**1,651,525**	$	1,490,744	$	1,430,266
Cumulative distributions to unitholders						
Balance, beginning of year	**$**	**(1,580,406)**	$	(1,354,388)	$	(1,354,388)
Distributions to unitholders		**(139,446)**		(226,018)		(170,729)
Balance, end of period	**$**	**(1,719,852)**	$	(1,580,406)	$	(1,525,117)
Unitholders' equity	**$**	**2,395,897**	$	2,618,333	$	2,750,340
Units issued and outstanding, excluding units submitted for redemption		**244,479,223**		269,265,076		283,364,894

Combined Statement of Cash Flows

Nine months ended September 30, 2022, with comparative information for 2021

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

(In thousands of dollars, unless otherwise noted)	**3 months ended Sep 30, 2022**	3 months ended Sep 30, 2021	**9 months ended Sep 30, 2022**	9 months ended Sep 30, 2021
Cash provided by (used in):				
Operations				
Net earnings	**$ 51,863**	$ 46,909	**$ 160,781**	$ 143,976
Items not affecting cash:				
Amortization of revolving loan facility financing costs	**119**	90	**314**	338
Change in fair value of mortgage investments and investment in subsidiaries	**3,019**	(7,330)	**901**	(6,670)
Income from investment in TIG Romspen US Master Mortgage LP	**619**	(469)	**226**	4,137
Realized loss on mortgage investments	**146**	5,811	**6,368**	5,912
Unrealized loss on foreign exchange	**(22,287)**	12,778	**(27,930)**	34,308
Other (gain) losses	**321**	(167)	**733**	(488)
Change in non-cash operating items:				
Accrued interest receivable	**(20,364)**	(9,661)	**(32,630)**	(26,043)
Other assets	**(7,484)**	(13,746)	**(13,538)**	(16,259)
Accounts payable and accrued liabilities and unitholders' distributions payable	**298**	1,344	**(12)**	2,569
	6,250	35,559	**95,213**	141,780
Financing				
Proceeds from issuance of units	**36,035**	36,118	**94,684**	98,720
Distributions paid to unitholders	**(24,719)**	(41,269)	**(85,982)**	(107,070)
Redemption of units	**(91,005)**	(255,039)	**(260,915)**	(400,175)
Prepaid unit capital	**(7,935)**	1,091	**(2,653)**	4,946
Change in revolving loan facility	**140,720**	-	**125,089**	(131,331)
	53,096	(259,099)	**(129,777)**	(534,910)
Investments				
Funding of mortgage investments	**(141,113)**	(184,276)	**(362,018)**	(478,616)
Discharge of mortgage investments	**39,210**	239,738	**283,308**	871,670
Net (funding) discharge of investment in subsidiaries	**(5,186)**	9,846	**(3,530)**	39,616
Net (funding) redemption of investment in TIG Romspen US Master Mortgage LP	**(14,775)**	(73,525)	**100,239**	(63,896)
	(121,864)	(8,217)	**17,999**	368,774
Decrease in cash	**(62,518)**	(231,757)	**(16,565)**	(24,356)
Cash, beginning of period	**90,291**	292,452	**44,338**	85,051
Cash, end of period	**$ 27,773**	$ 60,695	**$ 27,773**	$ 60,695

Investment in Subsidiaries

The controlled subsidiaries acquire control of properties in order to complete development and divest of the property 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	September 30, 2022
Guild	100%	Office complex	CA	$ 21,706
Aspen Lakes	100%	Residential development	CA	4,766
Almonte	50%	Retail plaza	CA	5,836
Bear Mountain	100%	Office complex	CA	377
Liberty Ridge	100%	Residential subdivision	CA	66,863
Planetwide	100%	Land for residential development	CA	4,808
Royal Oaks	100%	Residential subdivision	CA	12,258
Haldimand	100%	Landfill	CA	31,228
High Street	100%	Commercial/Residential	CA	24,807
Egreen	100%	Land for industrial development	CA	1,516
Carolina Golf	100%	Golf courses	US	16,105
LE Ranch	100%	Residential	US	17,760
Springville	100%	Land for commercial development	US	21,923
Big Nob	100%	Land for residential development	CA	4,552
Midland	100%	Land for residential development	CA	4,802
Kettle Creek	100%	Land for residential development	CA	43,791
Langford Lake	100%	Land for residential development	CA	39,482
Ponderosa	100%	Land for residential development	CA	31,814
Drought	100%	Land for residential development	CA	11,371
Northern Premier	100%	Land for industrial development	CA	10,448
Hampton Circle	100%	Residential construction	CA	4,141
Southpoint Landing	100%	Residential	CA	1,289
RIC Hampton Inc.	100%	Commercial	CA	6,899
Environmaster	100%	Environment and recycling	CA	33,326
Kawartha Downs	100%	Leisure and entertainment	CA	26,092
Nisku	100%	Industrial predevelopment	CA	15,810
				$ 463,770
		Fair value adjustment		(51,191)
				$ 412,579

Income Statement Highlights

Total revenues for the quarter ended September 30, 2022 were $65.1 million compared to $52.1 million in the previous year.

Net earnings for the quarter were $51.9 million compared to $46.9 million for the same period last year. The basic weighted average earnings per unit for the quarter were $0.18 per unit compared to $0.15 last year.

For the quarter ended September 30, 2022, the Fund distributed $36.5 million or $0.13 per unit compared to $60.0 million or $0.20 per unit for the quarter ended September 30, 2021. The simple and compounded net returns to unitholders for the three-month period ended September 30, 2022 were 1.9% and 1.9% respectively.

Provision for losses on the Portfolio value reflected an increase of $3.0 million in the third quarter of 2022. During the same period, the Fund realized losses of $0.1 million on two loans. Management and other fees payable to the Fund Manager and other general and administrative expenses of the Fund were $6.5 million for the quarter ended September 30, 2022, same as last year.

Balance Sheet Highlights

Total assets as of September 30, 2022 were $3.2 billion compared to $2.9 billion a year ago. Under IFRS, mortgages that are provided to owned subsidiary companies holding foreclosed properties have been reclassified from mortgage investments to investment in subsidiaries. Total assets are comprised primarily of mortgages recorded at fair market value, investment in subsidiaries and accrued interest receivable. In addition, the Fund had $27.8 million of excess cash at quarter end.

Total liabilities excluding units submitted for redemption as of September 30, 2022 were $432.6 million compared to $35.9 million a year earlier. Liabilities at the end of the quarter were comprised mainly of $303.0 million drawn against the revolving loan facility. 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 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. At September 30, 2022, the net bank debt (debt less unrestricted cash) was $275.2 million (9.5% of the net portfolio) compared to nil (0% of the net Portfolio) a year ago.

Unitholders' equity plus units submitted for redemption as of September 30, 2022 were $2.7 billion, as compared to $2.8 billion a year ago. There was a total of 279,112,721 units outstanding on September 30, 2022 compared to 292,883,735 on September 30, 2021. There are no options or other commitments to issue additional units.

Liquidity and Capital Resources

Pursuant to the trust indenture, 100% of the Fund's net taxable earnings are intended to be distributed to unitholders. This means that growth in the Portfolio can only be achieved by raising additional unitholder equity and 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 September 30, 2022, borrowings totalled approximately 11% of the book value of investments held by the Fund compared to 0% as at September 30, 2021.

During the nine months ended September 30, 2022, there were $106.5 million of net redemptions compared to $242.4 million during the same period in 2021.

The Fund's mortgages are largely short-term in nature allowing the continual repayment by borrowers of existing mortgages to create liquidity for new mortgage investments.

Related Party Transactions

Romspen acts as the mortgage manager for the Partnership and administrator for the Fund. The trustees of the Fund are all principals of Romspen. In return for its mortgage origination and capital raising services, Romspen receives a fee equal to 1% per annum, calculated daily and paid monthly, of the total of all mortgage investments plus the fair value of any non-mortgage investments.

Romspen also receives all lender, broker, origination, commitment, renewal, extension, discharge, participation, and other administrative fees charged to borrowers.

In addition, the Partnership has granted to Romspen the option to purchase any mortgage investment held by the Partnership for a 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 that are syndicated among Romspen, the Fund's trustees, or related parties. These related party transactions are further discussed in the notes to the accompanying financial statements.

Risk Management

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

Outlook

The developments over the past 3 months have not altered our view of the challenges facing the real estate sector that were highlighted in the second quarter report, nor has Romspen changed its approach to meeting those challenges. Rising rates and inflation are realities for the foreseeable future, and a recession in North America is viewed as almost a certainty.

The resulting slowdown in transaction and refinancing activity in the sector has led to delays in the Fund's anticipated timetable of loan repayments and collateral realizations. This has been accompanied by an unprecedented level of unitholder redemption requests. Together, these forces put pressure on the Fund's ability to simultaneously provide a level of investor liquidity, honour existing loan commitments and enhance the portfolio by making accretive new mortgage loans. In late September, the trustees attempted to strike a balance among these demand by electing to institute the Run-Off Pool redemption mechanism.

One of Romspen's primary operational focuses over the near term will be expediting the completion of liquidity transactions within the Fund's portfolio in order to meet these goals. While the timing such transactions is often beyond our control, we have redoubled our efforts to keep all relevant parties engaged and to explore innovative transaction structures.

We continue to believe that the underlying fundamentals of the real estate sectors and markets in which we are active will enable the Fund weather the present dislocations, given time and a continued adherence to its time-tested mortgage investment strategies and prudent capital allocation policies.

Financial Statements

Romspen Mortgage Investment Fund

Nine months ended September 30, 2022 (Unaudited)

Interim Unconsolidated Statement of Financial Position

September 30, 2022, with comparative information for 2021

(In thousands of dollars, except per unit amounts, unless otherwise noted)		**September 30, 2022 (unaudited)**		December 31, 2021 (audited)
Assets				
Cash	**$**	**460**	$	3,011
Investment in Romspen Mortgage Limited Partnership, at fair value through profit or loss (note 3)		**2,746,734**		2,838,495
Other assets		**-**		-
	$	**2,747,194**	$	2,841,506
Liabilities and Unitholders' Equity				
Liabilities:				
Accounts payable and accrued liabilities		**496**		723
Prepaid unit capital		**215**		2,868
Unitholders' distributions payable		**11,178**		17,469
		11,889		21,060
Units submitted for redemption (note 4)		**339,408**		202,113
Unitholders' equity (note 4)		**2,395,897**		2,618,333
Commitments and contingent liabilities (note 9)		**-**		-
	$	**2,747,194**	$	2,841,506
Net asset value per unit (note 5)	**$**	**9.80**	$	9.72

See accompanying notes to financial statements.

Interim Unconsolidated Statement of Comprehensive Income

Nine months ended September 30, 2022, with comparative information for 2021

(In thousands of dollars, except per unit amounts, unless otherwise noted)	**3 Months ended September 30, 2022 (unaudited)**	3 Months ended September 30, 2021 (unaudited)	**9 Months ended September 30, 2022 (unaudited)**	9 Months ended September 30, 2021 (unaudited)
Income from investment in Romspen Mortgage Limited Partnership:				
Distributions from Romspen Mortgage Limited Partnership	**$ 18,900**	$ 42,953	**$ 79,691**	$ 111,675
Unrealized appreciation in net assets of Romspen Mortgage Limited Partnership (note 3)	**35,238**	6,257	**87,940**	39,501
	54,138	49,210	**167,631**	151,176
Expenses:				
Management fees (note 8(a))	**1,876**	1,752	**5,522**	5,689
Audit fees	**135**	161	**357**	335
Legal fees and other	**264**	388	**971**	1,176
	2,275	2,301	**6,850**	7,200
Net income and comprehensive income	**$ 51,863**	$ 46,909	**$ 160,781**	$ 143,976
Net income and comprehensive income per unit (note 5)	**$ 0.18**	$ 0.15	**$ 0.57**	$ 0.46
Weighted average number of units issued and outstanding (note 5)	**280,516,006**	304,613,698	**284,158,005**	313,159,455

See accompanying notes to financial statements.

Interim Unconsolidated Statement of Changes in Unitholders' Equity

Nine months ended September 30, 2022, with comparative information for 2021

(In thousands of dollars, except per unit amounts, unless otherwise noted)		**September 30, 2022 (unaudited)**		September 30, 2021 (unaudited)
Unit Capital:				
Balance, beginning of year	**$**	**2,707,995**	$	3,140,282
Issuance of units (note 4)		**154,439**		157,774
Redemption of units (note 4)		**(260,915)**		(400,175)
Increase in units submitted for redemption		**(137,295)**		(52,690)
Balance, end of period	**$**	**2,464,224**	$	2,845,191
Cumulative earnings:				
Balance, beginning of year	**$**	**1,490,744**	$	1,286,290
Net income and comprehensive income		**160,781**		143,976
Balance, end of period	**$**	**1,651,525**	$	1,430,266
Cumulative distributions to unitholders:				
Balance, beginning of year	**$**	**(1,580,406)**	$	(1,354,388)
Distributions to unitholders (note 6)		**(139,446)**		(170,729)
Balance, end of period	**$**	**(1,719,852)**	$	(1,525,117)
Unitholders' equity	**$**	**2,395,897**	$	2,750,340
Units issued and outstanding, excluding units submitted for redemption		**244,479,223**		283,364,894

See accompanying notes to financial statements.

Interim Unconsolidated Statement of Cash Flows

Nine months ended September 30, 2022, with comparative information for 2021

(In thousands of dollars)	**3 Months ended September 30, 2022 (unaudited)**	3 Months ended September 30, 2021 (unaudited)	**9 Months ended September 30, 2022 (unaudited)**	9 Months ended September 30, 2021 (unaudited)
Cash provided by (used in):				
Operations:				
Net income and comprehensive income	**$ 51,863**	$ 46,909	**$ 160,781**	$ 143,976
Items not affecting cash:				
Unrealized appreciation in net assets of Romspen Mortgage Limited Partnership (note 3)	**(35,238)**	(6,257)	**(87,940)**	(39,501)
Change in non-cash operating items:				
Accounts payable and accrued liabilities and other assets	**(50)**	109	**(227)**	(229)
	16,575	40,761	**72,614**	104,246
Financing:				
Proceeds from issuance of units (note 4)	**36,035**	36,118	**94,684**	98,720
Distributions paid to unitholders (note 6)	**(24,719)**	(41,269)	**(85,982)**	(107,070)
Redemptions of units (note 4)	**(91,005)**	(255,039)	**(260,915)**	(400,175)
Changes in prepaid unit capital	**(7,935)**	1,091	**(2,653)**	4,946
	(87,624)	(259,099)	**(254,866)**	(403,579)
Investments:				
Net redemption of investment in Romspen Mortgage Limited Partnership (note 3)	**62,868**	221,081	**179,701**	305,628
	62,868	221,081	**179,701**	305,628
Increase (decrease) in cash	**(8,181)**	2,743	**(2,551)**	6,295
Cash, beginning of period	**8,641**	3,704	**3,011**	152
Cash, end of period	**$ 460**	$ 6,447	**$ 460**	$ 6,447

See accompanying notes to financial statements.

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Nine months ended September 30, 2022

Romspen Mortgage Investment Fund (the "Fund") is an unincorporated closed-end investment trust established under the laws of the Province of Ontario, pursuant to a trust indenture dated as at May 20, 2005. The Fund is the sole limited partner in the Romspen Mortgage Limited Partnership (the "Partnership") and conducts its lending activities primarily through the Partnership. The Partnership's investments include mortgage investments, investment in subsidiaries and investment in TIG Romspen US Master Mortgage LP ("USMLP"). The objective of the Fund is to provide stable and secure cash distributions of income, while preserving unitholders' equity. The Fund's registered office is 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5.

As of September 30, 2022, the Partnership indirectly owns 74.84% (2021 – 78.72%) of USMLP. Romspen Investment Corporation ("Romspen") is the Fund's mortgage manager and acts as the primary loan originator, underwriter and syndicator for the Partnership.

The Fund commenced operations on January 16, 2006. These financial statements and accompanying notes have been authorized for issue by the trustees of the Fund (the "Trustees") on November 14, 2022.

1. Basis of Presentation

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

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

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

2. Significant accounting policies

A) Use of estimates

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

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

Information about assumptions and estimation uncertainties at September 30, 2022 that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year, is included in note 3.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Nine months ended September 30, 2022

.B) Judgement

Judgement has been made in applying accounting policy regarding accounting for Fund's investment in the Partnership. Although the Fund owns 99.99% of the Partnership, management has determined that the Fund has no control over the Partnership, as there is no strong linkage between the power that the Fund has over the Partnership and the Fund's variability in returns from the Partnership. The Fund accounts for its investment in 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 period by the weighted average number of units issued and outstanding during the period.

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 the risks and rewards of ownership are transferred or in which the Partnership neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. A liability is derecognized when its contractual obligations are discharged, cancelled, or expired.

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

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
nine months ended September 30, 2022

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 Partnership at fair value. The Partnership is not consolidated by the Fund.

Schedule of the Fund's investment in the Partnership:

	September 30, 2022	September 30, 2021
Investment balance, beginning of year	**$ 2,838,495**	$ 3,128,570
Net withdrawal of investment in the Partnership	**(179,701)**	(305,628)
Unrealized appreciation in net assets of the Partnership	**87,940**	39,501
Investment balance, end of period	**$ 2,746,734**	$ 2,862,443

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

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

	September 30, 2022 (unaudited)	December 31, 2021 (unaudited)
Assets		
Cash	**$ 27,313**	$ 41,327
Accrued interest receivable	**228,795**	193,181
Mortgage investments (note 3(b))	**1,836,097**	1,689,135
Investment in subsidiaries (note 3(c))	**412,579**	407,620
Investment in USMLP (note 3(d))	**634,509**	682,245
Other assets	**28,133**	15,247
	$ 3,167,426	$ 3,028,755
Liabilities and Unitholders' Equity		
Liabilities:		
Revolving loan facility (note 3(e))	**$ 302,996**	$ 175,356
Foreign exchange forward contracts (note 3(f))	**110,426**	7,852
Accounts payable and accrued liabilities	**7,270**	7,052
	420,692	190,260
Fair value of net assets attributable to unitholders of the Partnership	**2,746,734**	2,838,495
	$ 3,167,426	$ 3,028,755

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

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

	9 months ended September 30, 2022 (unaudited)	9 months ended September 30, 2021 (unaudited)
Revenue		
Mortgage interest	**$ 131,986**	$ 127,445
Income from Investment in USMLP (note 3(d))	**39,953**	29,605
Other	**2,867**	7,061
Gain (loss) on foreign exchange (note 3(f))	**21,001**	1,407
	195,807	165,518
Expenses		
Management fees (note 8(b))	**11,212**	11,550
Interest	**7,706**	1,946
Change in fair value of mortgage investments and investment in subsidiaries	**901**	(6,670)
Realized loss on mortgage investments	**6,368**	5,912
Other losses (gains)	**733**	(488)
Legal fees and other	**1,256**	2,092
	28,176	14,342
Comprehensive income	**$ 167,631**	$ 151,176

A) Basis of presentation and measurement for the Partnership

i) Mortgage investments

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

In determining fair value of individual mortgages, management considers the length of time the mortgage has been in arrears, the overall financial strength of the borrowers and the residual value of the security pledged. Any unrealized changes in the fair value of mortgage investments are recorded in the Partnership's statement of comprehensive income as an unrealized fair value adjustment.

ii) Investment in subsidiaries

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

iii) Investment in USMLP

The Partnership indirectly owns 74.84% of USMLP as at September 30, 2022 (2021 – 78.72%) through Romspen Liberty LP ("Liberty LP"). The Partnership does not consolidate USMLP or Liberty LP and accounts for its investment in USMLP at FVTPL.

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

iv) Interest income

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

v) Use of estimates

The mortgage investments are recorded in the Partnership's statement of financial position at fair value. The estimates may include: assumptions regarding local real estate market conditions; interest rates and the availability of credit; cost and terms of financing; the impact of present or future legislation or regulation; prior encumbrances and other factors affecting the mortgage and underlying security of the mortgage investments. Actual results may differ from those estimates.

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

vi) Foreign currency translation

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

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

vii) Financial assets and financial liabilities

The Partnership's designations are as follows:

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

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

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

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

B) Mortgage investments (excluding investment in subsidiaries)

The following is a summary of the mortgages:

			Sep 30, 2022	Sep 30, 2021
	Number of mortgages	**Original cost**	**Fair Value**	Fair Value
First mortgages	**68**	**$1,839,079**	**$ 1,777,602**	$ 1,470,623
Second mortgages	**4**	**58,495**	**58,495**	66,495
		$1,897,574	**$ 1,836,097**	$ 1,537,118

A reconciliation of the mortgage investments is as follows:

	Sep 30, 2022	Sep 30, 2021
Investments balance, beginning of year	**$ 1,689,135**	$ 1,909,989
Funding of mortgage investments(i)	**362,018**	478,616
Discharge of mortgage investments	**(283,308)**	(871,670)
Gain (loss) in the value of investments	**(3,008)**	6,075
Realized loss on investments	**(6,368)**	(123)
Foreign currency adjustment on investments(i)	**77,628**	14,231
Investments balance, end of period	**$ 836,097**	$ 1,537,118

(i) Includes non-cash transfer from investment in subsidiaries (net of foreign currency adjustments), see note 8(h).

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

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

As part of the assessment of fair value, management of the Fund routinely reviews each mortgage for impairment to determine whether a mortgage should be recorded at its estimated realizable value.

The mortgage investments portfolio bears interest at a weighted average rate of 9.72% (2021 – 10.84%).

Principal repayments based on contractual maturity dates are as follows:

Overhold	**$ 588,070**
2022	**593,013**
2023	**374,861**
2024	**286,134**
2025	**55,496**
	$ 1,897,574

Included in the overhold 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

	September 30, 2022	September 30, 2021
Investment in subsidiaries at cost	**$ 463,770**	$ 503,708
Fair value adjustment	**(51,191)**	(72,273)
	$ 412,579	$ 431,435

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

A reconciliation of investment in subsidiaries is as follows:

	September 30, 2022	September 30, 2021
Investment balance, beginning of year	**$ 407,620**	$ 481,131
Funding in investment	**23,786**	4,837
Sale of investment	**(20,256)**	(44,453)
Change in fair value of investment	**2,107**	595
Realized gain on investment	**-**	(5,789)
Foreign currency adjustment on investment[(i)]	**(678)**	(4,886)
Investment balance, end of period	**$ 412,579**	$ 431,435

(i) Includes non-cash transfer from investment in subsidiaries (net of foreign currency adjustments), see note 8(h)

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

D) The Partnership's Investment in USMLP at FVTPL

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

As at September 30, 2022, the Partnership indirectly owns 74.84% (2021 – 78.72%) of USMLP, through Liberty LP.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Nine months ended September 30, 2022

Schedule of investment in USMLP:

	Sep 30, 2022	Sep 30, 2021
Investment balance, beginning of year	**$ 682,245**	$ 559,754
Funding of investment in USMLP	**(100,239)**	63,896
Partnership's share in USMLP net income	**39,953**	29,605
Dividend received from USMLP	**(40,180)**	(33,742)
Foreign currency adjustment on investment	**52,729**	9,821
Investment balance, end of period	**$ 634,509**	$ 629,334

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

Statement of non-consolidated financial position:

	Sep 30, 2022 (unaudited)	Sep 30, 2021 (unaudited)
Assets		
Cash and restricted cash	**$ 20,458**	$ 12,588
Accrued interest	**18,980**	31,740
Mortgage investments, at fair value	**905,517**	747,432
Other assets	**3,108**	4,678
	$ 948,063	$ 796,438
Liabilities and Partners' Capital		
Liabilities:		
Mortgage investment Syndication	**$ 133,217**	$ 39,498
Accounts payable and accrued liabilities	**7,831**	4,475
Due to the Partnership	**43,837**	173,914
Distributions payable	**5,937**	4,545
	190,822	222,432
Partners' capital	**757,241**	574,006
	$ 948,063	$ 796,438

Statement of non-consolidated comprehensive income:

	9 months ended Sep 30, 2022 (unaudited)	9 months ended Sep 30, 2021 (unaudited)
Investment income		
Mortgage interest	**$ 58,711**	$ 45,326
Other	**387**	589
	59,098	45,915
Expenses		
Service fees	**5,414**	4,530
Interest	**2,231**	3,359
Change in fair value of mortgage investments	**(1,086)**	-
Accounting and legal fees	**199**	212
Other	**479**	391
	7,237	8,492
Net investment income	**$ 51,861**	$ 37,423

The Partnership provides temporary funding to assist in USMLP's ability to fund loans. These loans are in priority of equity and are usually arranged to be repaid by the next unit offering date of USMLP. These loans bear an interest rate of US prime plus 1.25% and are usually paid down within a year. As of September 30, 2022, a balance of $43,838 (2021 - $173,915) (equivalent of $31,700 USD (2021 - $136,500 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.

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

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

	September 30, 2022	December 31, 2021
Mortgage investments and investment in subsidiaries, at cost	**$ 2,361,344**	$ 2,208,522
Investment in USMLP	**634,509**	682,245
Unrealized fair value adjustment	**(112,668)**	(111,767)
	$ 2,883,185	$ 2,779,000
Mortgage investments	**$ 1,836,097**	$ 1,689,135
Investment in subsidiaries	**412,579**	407,620
Investment in USMLP	**634,509**	682,245
	$ 2,883,185	$ 2,779,000

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

Romspen regularly reviews significant unobservable inputs and valuation adjustments and will use market observable data when available. When third-party appraisals are used to measure fair values of its investment in subsidiaries, the Fund will assess the evidence obtained to support valuations that meet the requirements of IFRS.

E) Revolving loan facility

The Partnership entered into a revolving loan facility on July 16, 2012 and it was amended on February 14, 2022 to a maximum amount of $360,000 (2021 - $290,000), including borrowings of equivalent amount denominated in US dollars. Approximately $57,004 (2021 – $290,000) is available and $302,996 has been drawn as at September 30, 2022 (2021 – nil). Interest on the loan is charged at a maximum of prime rate plus 1.0%. The minimum and maximum amounts drawn under the revolving loan facility for the period ended September 30, 2022 were $125,000 and $302,996 (2021 – $0 and $128,364), 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 17, 2023.

The costs associated with the renewal of the revolving loan facility are amortized over the two-year term of the renewal and have been included in other assets for $334 (2021 – $532), net of accumulated amortization of $435 (2021 – $995).

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

F) Foreign exchange forward contracts

The foreign exchange forward contracts are used to hedge the Fund's exposure to loans denominated in US dollars and are classified at FVTPL. The following table sets out the fair values and the notional amount of foreign exchange forward contract derivative assets and liabilities held by the Partnership as at September 30, 2022 and 2021.

Foreign exchange gain (loss) on forward contracts as at September 30, 2022:

	Currency received to be delivered in USD (CAD)	Fair value at foreign exchange	Unrealized gain (loss)
Sep 30, 2022	**$ 1,237,210**	**$ 1,347,636**	**$ (110,426)**
Sep 30, 2021	$ 1,305,651	$ 1,308,501	$ (2,850)

The Partnership's foreign exchange gain (loss) in the statement of comprehensive income includes an unrealized foreign exchange gain of $27,931 (2021 – unrealized loss of $34,308) and a realized foreign exchange loss of $6,930 (2021 – realized gain of $35,715).

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

The realized foreign exchange loss includes realized foreign exchange losses of $843 (2021 – $50,691 gain) on forward contracts.

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.

B) Temporary suspension of redemptions
The Trustees shall give notice to all unitholders that normal course redemption rights are suspended for a period of up to six months. Issuance of a suspension notice by Trustees will have the effect of cancelling all pending redemption requests. At the end of the suspension period, the Trustees may call a special meeting of unitholders to approve an extension of the suspension period, failing which normal course redemptions will resume.

C) Run-Off Pool redemption
The Trustees shall give notice to Tendering Unitholders that their Tendered Units shall be redeemed in-kind by way of the issuance of a special class of units (“Run-Off Pool Units”), in exchange for their units. The Run-Off-Pool Units will represent their percentage share of each asset and liability from which Net Asset Value is derived. As the assets in the Run-Off Pool are converted to cash (e.g. from mortgage loan repayments, mortgage loan sales, or other proceeds of realization from underlying mortgage collateral), such proceeds, net of attributable liabilities and net of reasonable reserves, to the extent they are made available to the Fund, will be paid to Run-Off Pool Unitholders pro rata as a redemption of Run-Off Pool Units, on a quarterly basis. Assets in the Run-Off Pool may periodically be purchased from the Run-Off Pool for the benefit of the main Fund at fair market value to the extent it has surplus capital available, which purchases will accelerate the redemption of Run-Off Pool Units. Run-Off Pool Unitholders will be entitled to distributions of interest and any other income generated by the Run-Off Pool in the same manner as Unitholders are entitled to such distributions generated the balance of the Fund’s assets. Additionally, if the net asset value of the Run-Off Pool is determined to be less than $100 million, the Trustees will have the right to redeem all remaining Run-Off Pool Units in cash, at a

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

redemption discount of up to 12% of the net asset value of the Run-Off Pool.

As at September 30, 2022, unitholders representing approximately 34,633,498 (2021 – 9,518,841) units have requested redemptions of their units, the redemption of which is subject to the above restrictions. These units have been reclassed to liabilities from unitholders' equity in order to comply with applicable accounting rules. These units, however, continue to have the same rights and no priority over the remaining units. Units submitted for redemption are redeemed at the net asset value ("NAV").

i) The following units are issued and outstanding

	September 30, 2022		September 30, 2021	
	Units	**Amount**	Units	Amount
Balance, beginning of year	**290,049,991**	**$ 2,909,903**	318,514,154	$ 3,179,777
New units issued	**9,726,818**	**94,684**	10,150,831	98,721
New units issued under distribution reinvestment plan	**6,140,353**	**59,755**	6,068,215	59,054
Units redeemed	**(26,804,441)**	**(260,915)**	(41,849,465)	(406,967)
Net proceeds (redemptions) from issuance of units	**(10,937,270)**	**(106,476)**	(25,630,419)	(249,192)
Balance, end of period	**279,112,721**	**$ 2,803,427**	292,883,735	$ 2,930,585

During the normal course of business, the Fund receives unit issuance and redemption requests from the investors. In the nine-month period ended September 30, 2022, the Fund received requests for redemption of 40,653,024 units (2021 – 47,304,835) and redeemed 26,804,441 units (2021 – 41,849,465) for $260,915 (2021 – $406,967) 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, excluding units submitted for redemption, allocable to outstanding units, of 279,112,721 as at September 30, 2022 (2021 – 292,883,735).

Net income and comprehensive income per unit have been computed using the weighted average number of units issued and outstanding of 284,158,005 for the nine months ended September 30, 2022 (2021 – 313,159,455).

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 nine months ended September 30, 2022, the Fund declared distributions of $0.49 (2021 – $0.55) per unit and a total of $139,446 (2021 – $170,729) was distributed to the unitholders.

7. Income taxes

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

On June 22, 2007, 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 of the Partnership. For the nine months ended September 30, 2022, the total amount was $5,522 (2021 – $5,689).

B) Under the Mortgage Origination and Capital Raising Agreement, Romspen provides mortgage origination services to the Partnership. Romspen receives fees totalling 0.67% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of the Partnership. For the nine months ended September 30, 2022, this amount was $11,212 (2021 – $11,550).

C) Under the Mortgage Origination and Capital Raising Agreement, Romspen provides mortgage origination services to USMLP. Romspen receives fees totalling 1% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of USMLP. For the nine months ended September 30, 2022, this amount was $5,414 (2021 – $4,530).

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 nine months ended September 30, 2022, this amount was $28,066 (2021 – $23,256).

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 September 30, 2022, the Partnership had one (2021 – one) investment outstanding with an original cost of $51,156 (2021 –$49,222), including no accrued interest (2021 – nil) and fair value of $30,269 (2021 – $32,999) 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 $86 payable to Romspen (2021 – $14 payable to Romspen).

H) As at September 30, 2022, the Partnership has twelve (2021 - seven) mortgage investments with entities that are owned by a subsidiary of Romspen ("Romspen Subsidiary") following the completion of the enforcement foreclosure on behalf of the Partnership.

During the nine months ended September 30, 2022, Romspen Subsidiary foreclosed and assumed three mortgages (2021 – assumed six and foreclosed one) on behalf of the Partnership.

As at September 30, 2022, the cost of the mortgage investments with Romspen Subsidiary is $478,976 (2021 - $200,854), and the fair value is $444,195 (2021 - $200,854). For the nine months ended September 30, 2022, the Partnership recognized interest income of $2,252 (2021 - nil) from these investments.

9. Commitments and contingent liabilities

A) In the event that management agreements are terminated, the various management agreements between the Fund, the Partnership and Romspen contain provisions for the payment of termination fees of an amount equal to 2% of the fair market value of the Partnership's assets under 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.

C) In certain situations, subsidiaries utilize financing from external sources. In such cases the partnership will extend guarantees to the subsidiaries as support for these debts. As of September 30, 2022, there were $40,201 of guarantees outstanding (2021 – $77,800).

D) The Partnership has letters of guarantee outstanding at September 30, 2022 of $52,845 (2021 – $67,610).

10. Fair values of financial instruments

IFRS 13 establishes enhanced disclosure requirement 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, units submitted for redemption, unitholders' distributions payable and prepaid unit capital approximate their carrying values due to their short-term maturities.

Partnership

The partnership's mortgage investments and investment in subsidiaries are classified as Level 3 and investment in USMLP is classified as Level 2 of the hierarchy.

11. Financial instrument risk management

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

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

A) Credit risk

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

Fund

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

Partnership

Credit risk arises from mortgage investments held, from investment in subsidiaries and also from foreign exchange forward contracts. The Partnership's sole activity is investing in mortgages (note 3) and, therefore, its assets are exposed to credit risk.

Any instability in the real estate sector and adverse change in economic conditions in Canada and the US could result in declines in the value of real property securing its mortgage investments. Romspen manages credit risk by adhering to the investment and operating policies set out in its Offering Memorandum. This includes the following policies:

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

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

The Partnership focuses its investments in the commercial mortgage market segments described in its Offering Memorandum, which includes development mortgages, construction mortgages, term financing mortgages and residential mortgages.

These mortgages generally have the following characteristics:

i) initial terms of 12 to 24 months;

ii) loan to value ratios of approximately 65% at time of underwriting;

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

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

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

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

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.

On February 14, 2022, the Partnership's revolving loan facility (note 3(e)) was renewed and now matures on July 17, 2023. If it is not extended at maturity, repayments under the Partnership's portfolio would be utilized to repay the revolving loan facility. The Partnership's mortgages are predominantly short-term in nature, and as such, the continual repayment by borrowers of existing mortgage investments creates liquidity for ongoing mortgage investments and funding commitments.

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

As at September 30, 2022, the Partnership had not utilized its full leverage availability, being a maximum of 35% of its qualified mortgage investments.

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

C) Market risk

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

Fund

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

Partnership

Market risk arises on the fair value of the collateral securing any of the Partnership's mortgage investments. Romspen 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 September 30, 2022, if interest rates on the revolving loan facility had been 100 basis points lower or higher, with all other variables held constant, net earnings for the year would be affected with a total increase or decrease of $1,584 (2021 – $385). Romspen monitors the financial markets and can adjust the pricing of renewals and new loans when it deems it appropriate.

ii) Currency risk: Currency risk is the risk that the fair value or future cash flows of the Partnership's portfolio will fluctuate based on changes in foreign currency exchange rates. Approximately $1,582,351 (2021 – $1,367,821), 53% (2021 – 50%) of the total Partnership's investments at September 30, 2022 are denominated in US dollars and secured primarily by charges on real estate located in United States; consequently, the Fund is subject to currency fluctuations that may impact its financial position and results. 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 US dollar by 5% would have resulted in an increase in NAV of $0.04 per unit (2021 – $0.03 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 The capacity.

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 September 30, 2022, the Partnership's borrowings totalled 11% (2021 – 0%) of the book value of its total investments and the Fund was in compliance with all covenants under its revolving loan facility.

E) Other price risk

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

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

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

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

12. Subsequent event

On October 1, 2022, the Fund implemented a Run-off Pool ("ROP") redemption mechanism allowing a unitholder with redemptions in queue to redeem their units in-kind by way of issuance of an equivalent number of special class ROP units. If the unitholder retracts the redemption request, they will not be able to redeem such retracted units for 12 months. The assets and liabilities are allocated to the ROP based on the percentage of redemption units in the queue at October 1, 2022 and apply to the Fund's NAV calculated at September 30, 2022. ROP unitholders have a beneficial interest conferred by the ROP units only in the ROP. The ROP units will be redeemed quarterly on a pro-rata basis at the ROP NAV as the net assets in the ROP are converted in cash as defined in the amended Declaration of the Trust. Additionally, assets in the ROP may periodically be purchased from the ROP for the benefit of the Fund at fair market value to the extent that the Fund has surplus capital available. These purchases would be at the option of the Fund and result in the acceleration of the redemption of ROP units. The Trustees have the right, in their sole discretion, but not the obligation, to redeem all, but not less than all, of the remaining ROP units at a discount of up to 12% of ROP NAV, if at any time, the ROP NAV is less than $100 million.

On November 8, 2022, the trustees elected to defer the payment of redemptions pursuant to 5.25 (g) of the declaration of trust.

13. Comparative figures

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

14. Exemption from filing

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

Trustees & Management

Romspen's team of investment professionals is led by six Managing Partners who collectively have over 180 years of finance and real estate experience. The investment team is supported by more than 40 professionals dedicated to the financial control, underwriting, legal and reporting matters of our business. The trustees and the management team are collectively the largest non-institutional investor in the Fund. This alignment is essential to preserving capital and generating strong consistent returns for all investors.

6
Managing Partners

180+
Years experience in finance and real estate

40+
Business dedicated professionals

Romspen Mortgage Investment Fund

Sheldon Esbin
Trustee

Mark Hilson
Trustee

Arthur Resnick
Trustee

Wesley Roitman
Trustee

Romspen Investment Corporation

Wesley Roitman
Managing General Partner

Blake Cassidy
Managing Partner

Richard Weldon
Managing Partner

Peter Oelbaum
Managing Partner

Mary Gianfriddo
Managing Partner

Derek Jenkin
Managing Partner

Vanessa Ho
Senior Vice President, Finance

Joel Mickelson
Corporate Counsel

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 a means to reinvest cash distributions in new units of the Fund. To participate, registered unitholders should contact Romspen or their investment dealer.

Investor Relations Contact

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

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

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 Chartered Accountants

Legal Counsel

Gardiner Roberts LLP

Website

www.romspen.com