Consolidated Financial Statements // Expressed in Canadian dollars

Romspen Mortgage Investment Fund

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.

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Trustees' Letter

Dear Fellow Unitholders:

The Fund's financial performance for the first quarter of 2023 was in line with historical averages on a trailing 12-month basis. Though the quarterly distribution was slightly below our expectations, the Fund continued to outperform other major investment asset classes on a trailing 12-month basis.

Comparative Performance

The compounded net return for the first three months of 2023 was 0.7% versus 1.7% a year ago. In comparison, the FTSE Canada Short-Term Overall Bond Index™ ("FTSE-STBI"), and the S&P/TSX Composite Index ("S&P/TSX") returned 2.1% and 4.6% respectively on a year-to-date basis. For the 12-month period ended March 31, 2023, the Fund's compounded net return to unitholders was 5.6%, whereas FTSE-STBI and the S&P/TSX returned 1.0% and -5.2% respectively.

Financial Highlights

For the first quarter of 2023, the Fund earned net income of $18.4 million or $0.07 per unit compared to $46.3 million or $0.16 per unit a year ago. Earnings were 60% lower than in the first quarter of 2022. Distributions were $33.7 million ($0.12 per unit) and the net return to investors was 0.7% in the first quarter, compared to $51.8 million ($0.18 per unit) and 1.7% a year ago, with positive performance in all months. The Fund had net bank debt (bank debt less cash) of $218.1 million compared to $204.5 million a year ago.

At March 31, 2023, the net portfolio (138 mortgages and investments) was $2.8 billion, an increase of 7% compared to the first quarter of 2022, and reflective of strengthening of the US dollar. 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 50% last year, with the majority concentrated in Ontario (22%) and British Columbia (13%).

US mortgages represented 54% of the Fund, comprised of 81 US mortgages across 23 states with the largest concentrations in California (20%), Florida (9%) and Texas (9%).

The weighted average interest rate of the portfolio at March 31, 2023, was 8.7% compared to 9.4% a year ago. The total loss provision at quarter end increased to $139.7 million ($0.50 per unit) from $114.6 million a year ago, and continues to provide a solid margin of safety.

Net Asset Value ("NAV") at March 31, 2023, was $9.69 per unit compared to $9.71 per unit last year. At quarter end, approximately 82% of the Fund's US dollar exposure is hedged by the borrowers directly, by the US line of credit, or by forward contracts.

As a percentage of the overall portfolio, non-performing loans were at 38%, higher than the Fund's typical historic range, and reflect the continued slowdown and price uncertainty in real estate markets. As we emphasize, non-performing loans are a feature of the financing niche in which the Fund operates, and do not necessarily result in a loss of principal beyond the provision for losses. Nevertheless, reducing the number of non-performing loans remains a key priority.

Financial Presentation

In accordance with International Financial Reporting Standards, the Fund's financial statements are unconsolidated, which 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. 6-13). We suggest that these financial statements in the MD&A be used as the primary reference point.

Outlook

There have not been many significant changes in our outlook since we wrote to you a month ago in our annual report. As we enter the latter half of 2023, North American commercial real estate markets, with limited exceptions, are experiencing a steep slowdown, and market participants are generally in a pencils-down mode, with both lending and investing activity showing stark year-over-year declines in the first quarter of 2023.

In Canada, higher interest rates, an uptick in cap rates, and an expected recession are combining to put downward pressure on values across the board, though the dearth of transaction activity makes price discovery extremely challenging. The industrial and multi-family sectors, which thrived during the pandemic, should weather any economic downturn reasonably well. A lack of new housing supply in the face of increased immigration, especially in major population centres, continues to make home affordability a serious issue, while at the same time supporting high rental demand. We will continue to work with innovative, well-capitalized sponsors as they navigate the process to bring new product to homeowners, in both the single-family and multi-family markets. The retail sector may have to contend with a potential dip in consumer spending, and office will continue its struggles as a soft economy exacerbates the longer-term downward trend for this asset class.

In the US, the situation with regional banks has recently been front and centre, and, as the providers of the majority of commercial real estate credit in the US, a tightening in their lending conditions will impact commercial property owners seeking new financing. Absent a liquidity crisis among such banks, the

US Federal Reserve seems likely to hike overnight rates yet again in their next meeting, which could prolong the atmosphere of market uncertainty. And while potential asset buyers continue to have significant amounts of capital to deploy, they remain on the sidelines, awaiting a better sense of where values will settle.

Despite persistent challenges in the form of building material supply chain disruptions and higher construction loan rates, US homebuilder sentiment rose in May for the fifth straight month, as homeowners with existing mortgages are electing to stay put in order to take advantage of their below market rates, which seems to be giving new home construction a significant tailwind. This has a stimulative effect on residential lot development, which in turn provides us with some interesting loan opportunities with repeat borrowers who have close relationships with some the nation's largest public homebuilders.

The dearth of asset transactions and greater underwriting scrutiny by refinance lenders has lowered the velocity of Fund loan repayments well below historical norms. An increasing number of borrowers are requesting term extensions or other accommodations. This, in turn, impinges on our ability to undertake new loan origination and hampers our efforts to materially reduce the size of the unitholder redemption queue. It goes without saying that reducing the redemption queue remains a primary focus.

Given this challenging environment, and the attendant difficulty in determining underlying property values, caution, discipline and prudence are the order of the day. Only potential loan transactions with a high level of value certainty, significant sponsor equity and execution abilities, and clear and attainable paths to exit will merit our consideration. On the positive side, absent a "hard landing" in the broader economy and a protracted recession, the rise in secular interest rates should enhance the quality of the loan opportunities that present themselves for our evaluation.

We believe that markets will eventually settle into a state of equilibrium, transaction activity will resume, and the Fund's repayments and monetizations will normalize. This should enhance the Fund's ability to satisfy unitholder liquidity requirements, reduce the number of non-performing loans in the portfolio, and engage in value-enhancing new loan origination. In the meantime, we will continue our efforts to judiciously allocate the Fund's capital, stimulate asset sales, and maintain open lines of communication with unitholders.

As always, we are grateful for your continued support.

Respectfully submitted,

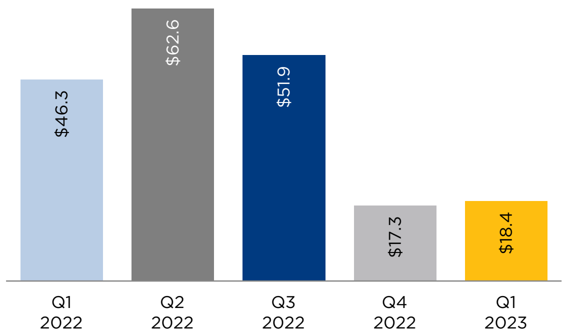
Sheldon Esbin	Mark Hilson	Arthur Resnick	Wesley Roitman

Trustees of the Fund, June 6, 2023

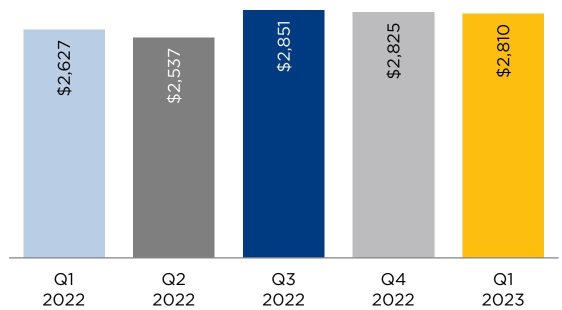
ROMSPEN MORTGAGE INVESTMENT FUND - 2023 Q1 HIGHLIGHTS

Key Metrics

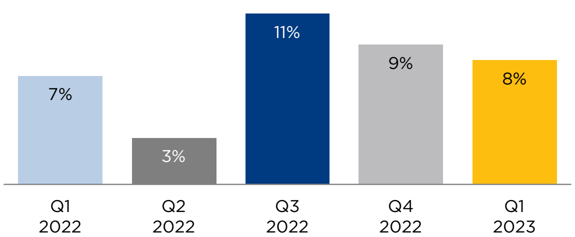
Net Earnings ($millions)



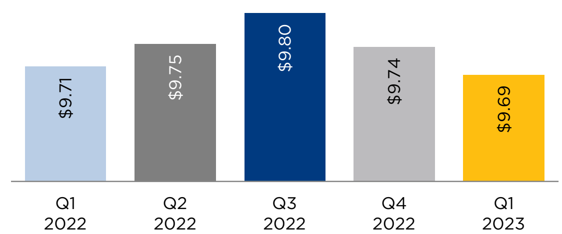
Net Investment Portfolio ($millions)



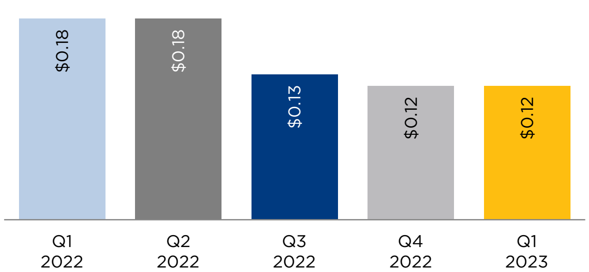
Net Leverage (% of net investment portfolio)



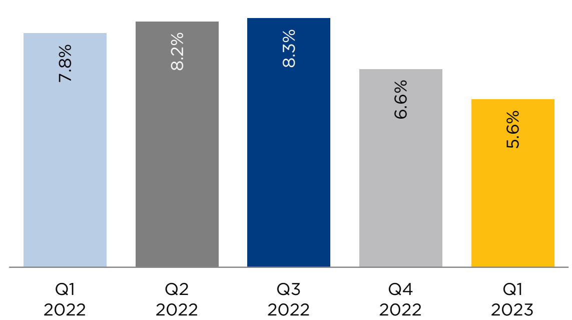
Net Asset Value ($/unit)



Unitholder Distributions ($/unit)



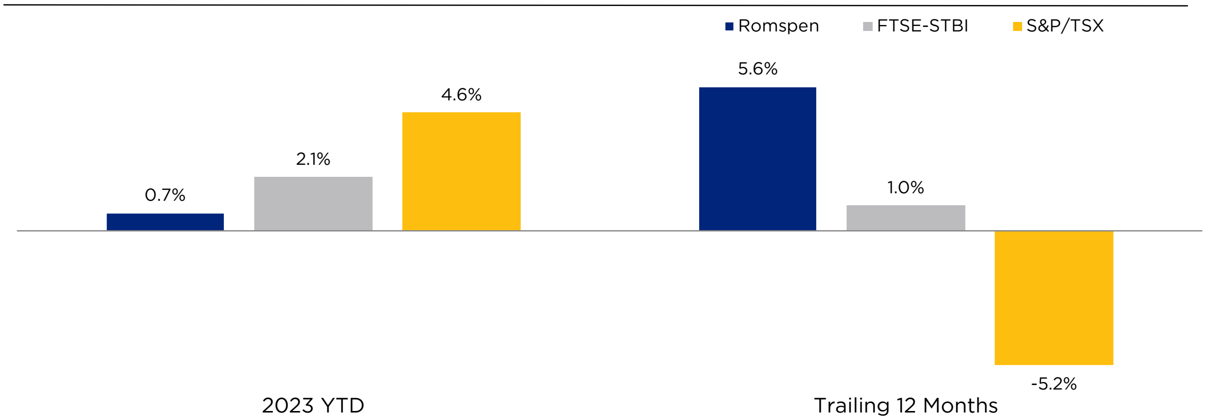
Unitholder Return [1]



[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.

Comparative Performance

Romspen returns are net[2];comparative benchmarks are gross returns.
As of March 31, 2023

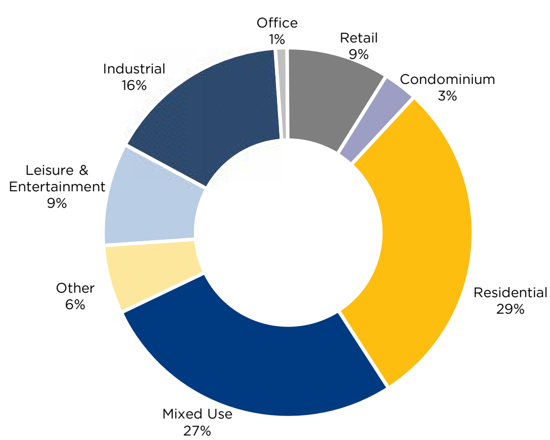


[2] The indicated rates of return are historical annual compounded returns after deducting management fees and expenses payable by the Fund and include changes in unit value and assume the reinvestment of all distributions. They do not take into account any applicable sales, redemption, or distribution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

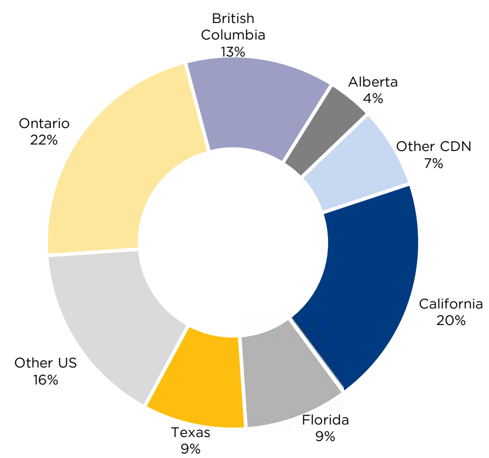
Investment Portfolio Profile

As of March 31, 2023

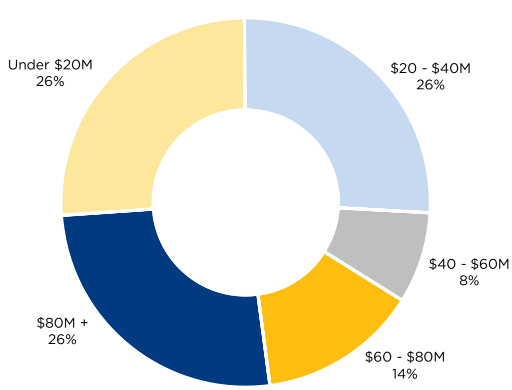
By Type



By Geography



By Amount



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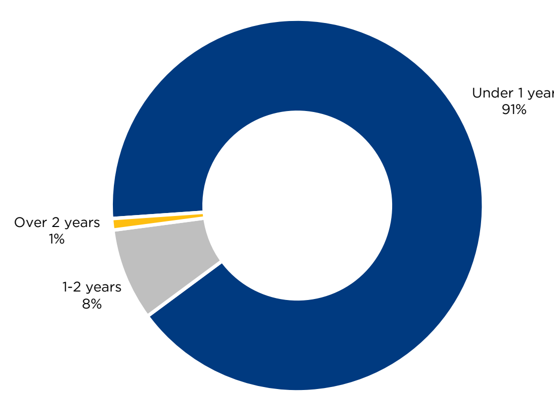

MANAGEMENT'S DISCUSSION & ANALYSIS

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 March 31, 2023 included herein and the audited financial statements and MD&A for the year ended December 31, 2022. 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 March 31, 2023.

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 requires 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.

Portfolio

As of March 31, 2023, the Fund's mortgage and investment portfolio (the "Portfolio"), net of fair value provisions, was $2.8 billion, compared to $2.6 billion a year ago. The Portfolio included 138 mortgages and investments, same as last year.

Approximately 96% of the Portfolio consisted of first mortgages at March 31, 2023 (March 31, 2022 — 96%). The weighted average interest rate of the Portfolio was 8.8% compared to 9.4% a year ago.

The Portfolio continues to consist mainly of short-term mortgages to third parties and mortgages to the Fund's subsidiaries. Approximately 91% of the Portfolio's investments mature within one year (March 31, 2022 — 81%) and 99% mature within two years (March 31, 2022 — 95%). 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.

As of March 31, 2023, approximately 22% of the Fund's investments were in Ontario, same as the previous year. Approximately 17% of the Portfolio was invested in Western Canada, 5% in Quebec, 2% 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 March 31, 2023, were $139.7 million, which represented 4.7% of the original cost of the Fund's investments or $0.50 per unit outstanding as at March 31, 2023. 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.

Non-IFRS financial information

Combined Balance Sheet

March 31, 2023, with comparative information for 2022

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)	March 31, 2023	December 31, 2022	March 31, 2022
Assets			
Cash	$ 5,888	$ 2,586	$ 38,526
Accrued interest receivable	217,439	213,486	207,395
Mortgage investments	1,848,409	1,850,150	1,695,452
Investment in subsidiaries	406,754	410,602	410,022
Investment in TIG Romspen US Master Mortgage LP	561,994	571,088	672,381
Foreign exchange forward contracts	-	-	6,880
Other assets	28,055	26,719	22,377
	$ 3,068,539	$ 3,074,631	$ 3,053,033
Liabilities and Unitholders' Equity			
Revolving loan facility	$ 224,000	$ 256,166	$ 242,992
Loan payable to TIG Romspen US Master Mortgage LP	50,415	-	-
Accounts payable and accrued liabilities	6,986	7,129	8,005
Foreign exchange forward contracts	49,885	68,692	-
Prepaid unit capital	-	-	2,324
Unitholders' distributions payable	11,286	11,412	17,216
	342,572	343,399	270,537
Units submitted for redemption	283,939	228,562	232,982
Unitholders' equity	2,442,028	2,502,670	2,549,514
	$ 3,068,539	$ 3,074,631	$ 3,053,033

Non-IFRS financial information

Combined Statement of Earnings

Three months ended March 31, 2023, with comparative information for 2022

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 March 31, 2023	3 months ended March 31, 2022
Revenue		
Mortgage interest	$ 27,424	$ 40,582
Income from Investment in TIG Romspen US Master Mortgage LP	11,435	13,391
Other	275	1,288
Loss on foreign exchange	(2,077)	(3,151)
	37,057	52,110
Expenses		
Management fees	5,876	5,485
Interest	4,891	2,194
Change in fair value of mortgage investments and investment in subsidiaries	6,171	(3,326)
Realized loss on mortgage investments	361	652
Other (gains) losses	350	(7)
Audit fees	129	116
Legal fees	81	-
Other	757	673
	18,616	5,787
Net earnings	$ 18,441	$ 46,323
Net earnings per unit	$ 0.07	$ 0.16
Weighted average number of units issued and outstanding	281,050,597	287,686,144

Non-IFRS financial information

Combined Statement of Changes in Unitholders' Equity

Three months ended March 31, 2023, with comparative information for 2022

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)	March 31, 2023	December 31, 2022	March 31, 2022
Unit capital			
Balance, beginning of year	$ 2,587,305	$ 2,707,995	$ 2,707,995
Issuance of units	10,020	167,372	55,362
Redemption of units	-	(261,613)	(87,852)
Increase in units submitted for redemption	(55,377)	(26,449)	(30,869)
Balance, end of period	$ 2,541,948	$ 2,587,305	$ 2,644,636
Cumulative earnings			
Balance, beginning of year	$ 1,668,815	$ 1,490,744	$ 1,490,744
Net earnings	18,441	178,071	46,323
Balance, end of period	$ 1,687,256	$ 1,668,815	$ 1,537,067
Cumulative distributions to unitholders			
Balance, beginning of year	$ (1,753,450)	$ (1,580,406)	$ (1,580,406)
Distributions to unitholders	(33,726)	(173,044)	(51,783)
Balance, end of period	$ (1,787,176)	$ (1,753,450)	$ (1,632,189)
Unitholders' equity	$ 2,442,028	$ 2,502,670	$ 2,549,514
Units issued and outstanding, excluding units submitted for redemption	252,067,148	256,901,756	262,701,041

Non-IFRS financial information

Combined Statement of Cash Flows

Three months ended March 31, 2023, with comparative information for 2022

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 March 31, 2023	3 months ended March 31, 2022
Cash provided by (used in):		
Operations		
Net earnings	$ 18,441	$ 46,323
Items not affecting cash:		
Amortization of revolving loan facility financing costs	100	95
Change in fair value of mortgage investments and investment in subsidiaries	6,171	(3,326)
Amortization of discount	(213)	-
Income from investment in TIG Romspen US Master Mortgage LP	717	118
Realized loss on mortgage investments	361	652
Unrealized (gain) loss on foreign exchange	(13,922)	6,371
Other (gains) losses	350	(7)
Change in non-cash operating items:		
Accrued interest receivable	(4,020)	(14,557)
Other assets	(1,799)	(7,371)
Accounts payable and accrued liabilities and unitholders' distribution payable	(138)	237
	6,048	28,535
Financing		
Proceeds from issuance of units	236	34,365
Distributions paid to unitholders	(24,068)	(31,039)
Redemption of units	-	(87,852)
Prepaid unit capital	-	(544)
Change in revolving loan facility	(32,027)	68,001
Change in loan payable to TIG Romspen US Master Mortgage LP	51,008	-
	(4,851)	(17,069)
Investments		
Funding of mortgage investments	(72,239)	(124,788)
Discharge of mortgage investments	69,637	108,368
Net (funding) discharge of investment in subsidiaries	(1,865)	(858)
Net (funding) redemption of investment in TIG Romspen US Master Mortgage LP	6,572	-
	2,105	(17,278)
Increase (decrease) in cash	3,302	(5,812)
Cash, beginning of period	2,586	44,338
Cash, end of period	$ 5,888	$ 38,526

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	March 31, 2023
Guild	100%	Office complex	CA	$ 22,956
Aspen Lakes	100%	Residential development	CA	4,466
Almonte	50%	Retail plaza	CA	5,896
Bear Mountain	100%	Office complex	CA	329
Liberty Ridge	100%	Residential subdivision	CA	67,253
Planetwide	100%	Land for residential development	CA	4,808
Royal Oaks	100%	Residential subdivision	CA	15,208
Haldimand	100%	Landfill	CA	30,528
High Street	100%	Commercial/Residential	CA	24,907
Egreen	100%	Land for industrial development	CA	1,516
Carolina Golf	100%	Golf courses	US	20,358
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	30,466
Langford Lake	100%	Land for residential development	CA	44,276
Ponderosa	80%	Land for residential development	CA	31,814
Drought	100%	Land for residential development	CA	11,371
Northern Premier	100%	Land for industrial development	CA	10,448
Hampton Circle	100%	Residential construction	CA	3,841
Southpoint Landing	100%	Residential	CA	1,289
RIC Hampton Inc.	100%	Commercial	CA	7,023
Environmaster	100%	Environment and recycling	CA	33,911
Kawartha Downs	100%	Leisure and entertainment	CA	27,292
Nisku	100%	Industrial predevelopment	CA	17,155
				$ 466,148
		Fair value adjustment		(59,394)
				$ 406,754

Controlled subsidiaries that are owned by the General Partner of the Fund and not directly by the Partnership are classified as related party mortgage investments. Similar to investments in subsidiaries, these related party subsidiaries acquire control of properties in order to complete development and dispose of the property with the goal of maximising the return to investors, which may involve, but not specifically require, the advancement of additional funds from the Fund. As of March 31, 2023, there are thirteen mortgage investments to related party subsidiaries with a fair value of $573,570 (2022 - $284,737). Further details regarding related party mortgage investments can be found in Note 8 of the interim financial statements.

Income Statement Highlights

Total revenues for the quarter ended March 31, 2023 were $37.1 million compared to $52.1 million in the previous year.

Net earnings for the quarter were $18.4 million compared to $46.3 million for the same period last year. The basic weighted average earnings per unit for the quarter were $0.07 per unit compared to $0.16 last year.

For the quarter ended March 31, 2023, the Fund distributed $33.7 million or $0.12 per unit compared to $51.8 million or $0.18 per unit for the quarter ended March 31, 2022. The simple and compounded net returns to unitholders for the three-month period ended March 31, 2023 were 0.7% and 0.7% respectively.

Provision for losses on the Portfolio value reflected an increase of $6.2 million in the first quarter of 2023. During the same period, the Fund realized losses of $0.4 million on two loans. Management and other fees payable to the Fund Manager and other general and administrative expenses of the Fund were $6.8 million for the quarter ended March 31, 2023, compared with $6.3 million last year. These expenses were marginally higher than the previous year and reflect the slightly higher Portfolio value.

Balance Sheet Highlights

Total assets as of March 31, 2023 were $3.1 billion, same as the previous year. Under IFRS, mortgages that are provided to 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.

Total liabilities excluding units submitted for redemption as of March 31, 2023 were $342.6 million compared to $270.5 million a year earlier. Liabilities at the end of the quarter were comprised mainly of $224.0 million drawn against the revolving loan facility and a temporary loan of $50.4 million from USMLP. 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 March 31, 2023, the net bank debt (bank debt less unrestricted cash) was $218.1 million (7.7% of the net portfolio) compared to $204.5 million (7.4% of the net Portfolio) a year ago. Unitholders' equity including units submitted for redemption as of March 31, 2023 were $2.7 billion, as compared to $2.8 billion a year ago. There was a total of 281,395,321 units outstanding on March 31, 2023 compared to 286,707,454 on March 31, 2022. 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 March 31, 2023, borrowings totalled approximately 10% of the book value of investments held by the Fund compared to 9% as at March 31, 2022.

During the three months ended March 31, 2023, there were $10.0 million of net issuances compared to $32.5 million of net redemptions during the same period in 2022.

Under normal circumstances, 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 in order to ensure the preservation of capital as well as the achievement of acceptable and consistent rates of return.

Outlook

Given the lack of real estate transaction and financing activity, resulting in historically low levels of loan repayments and collateral realizations, the level of new loan origination for the Fund in the near term will remain muted. Our focus will be on expediting transactions to the extent possible, maximizing the value of existing assets, working with existing borrowers to facilitate the efficient completion of their projects, and allocating the Fund's capital prudently until markets find a new "normal".

Because the Fund does not employ structural leverage, we are able to be patient while real estate markets find a new baseline. However, during this period, we anticipate that revenues, net earnings and distributions to unitholders will be below historical averages.

Financial Statements

ROMSPEN MORTGAGE INVESTMENT FUND

Three months ended March 31, 2023 (Unaudited)

INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2023, with comparative information for 2022

(In thousands of dollars, except per unit amounts, unless otherwise noted)	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Assets		
Cash	$ 100	$ 300
Investment in Romspen Mortgage Limited Partnership, at fair value through profit or loss (note 3)	2,737,868	2,743,106
Other assets	4	19
	$ 2,737,972	$ 2,743,425
Liabilities and Net Assets Attributable to Unitholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	719	781
Prepaid unit capital	-	-
Unitholders' distributions payable	11,286	11,412
	12,005	12,193
Net assets attributable to unitholders	2,725,967	2,731,232
	$ 2,737,972	$ 2,743,425
Net assets attributable to unitholders represented by:		
Fund unitholders	$ 2,442,028	$ 2,502,670
Fund units submitted for redemption	159,791	113,217
Run-Off Pool unitholders	124,148	115,345
	$ 2,725,967	$ 2,731,232
Net asset value per Fund unit (note 5)	$ 9.69	$ 9.74
Net asset value per Run-Off Pool unit (note 5)	$ 9.67	$ 9.74

See accompanying notes to financial statements.

INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended March 31, 2023, with comparative information for 2022

(In thousands of dollars, except per unit amounts, unless otherwise noted)	3 Months ended March 31, 2023 (unaudited)	3 Months ended March 31, 2022 (unaudited)
Income from investment in Romspen Mortgage Limited Partnership:		
Distributions from Romspen Mortgage Limited Partnership	$ 23,942	$ 30,785
Unrealized appreciation (depreciation) in net assets of Romspen Mortgage Limited Partnership (note 3)	(3,091)	17,785
	20,851	48,570
Expenses:		
Management fees (note 8 (a))	1,939	1,810
Audit fees	129	116
Legal fees and other	342	321
	2,410	2,247
Net income and comprehensive income	$ 18,441	$ 46,323
Net income and comprehensive income per unit (note 5)	$ 0.07	$ 0.16
Weighted average number of units issued and outstanding (note 5)	281,050,597	287,686,144

See accompanying notes to financial statements.

INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (1)

Three months ended March 31, 2023, with comparative information for 2022

(In thousands of dollars, except per unit amounts, unless otherwise noted)	March 31, 2023 (unaudited)	March 31, 2022 (unaudited)
Fund unit capital:		
Balance, beginning of period	$ 2,587,305	$ 2,707,995
Issuance of units (note 4)	10,020	55,362
Redemption of units (note 4)	-	(87,852)
Increase in units submitted for redemption	(46,574)	(30,869)
Conversion to Run-Off Pool units (note 4 (d))	(9,608)	-
Balance, end of period	$ 2,541,143	$ 2,644,636
Fund units submitted for redemption, end of period	159,791	232,982
Run-Off Pool unit capital:		
Balance, beginning of period	$ 115,345	$ -
Conversion from units	9,608	-
Fair market value adjustment	(805)	-
Balance, end of period	$ 124,148	$ -
Cumulative earnings:		
Balance, beginning of period	$ 1,668,815	$ 1,490,744
Net income and comprehensive income	17,705	46,323
Balance, end of period	$ 1,686,520	$ 1,537,067
Cumulative distributions to unitholders:		
Balance, beginning of period	$ (1,753,450)	$ (1,580,406)
Distributions to unitholders (note 6)	(32,185)	(51,783)
Balance, end of period	$ (1,785,635)	$ (1,632,189)
Unitholders' equity (excluding units submitted for redemption)	-	$ 2,549,514
Net assets attributable to unitholders	$ 2,725,967	-
Units issued and outstanding:		
Fund units	252,067,148	262,701,041
Fund units submitted for redemption	16,493,671	24,006,413
Run-Off Pool units	12,834,502	-
Total units issued and outstanding	281,395,321	286,707,454

See accompanying notes to financial statements.

(1) Due to the introduction of Run-off Pool units effective September 26, 2022, IFRS requires the Fund to classify the net asset balance as a liability. Prior years were classified as equity and the statement was titled “Statement of Changes in Unitholders’ Equity”.

INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS

Three months ended March 31, 2023, with comparative information for 2022

(In thousands of dollars)	3 Months ended March 31, 2023 (unaudited)	3 Months ended March 31, 2022 (unaudited)
Cash provided by (used in):		
Operations:		
Net income and comprehensive income	$ 18,441	$ 46,323
Items not affecting cash:		
Unrealized appreciation in net assets of Romspen Mortgage Limited Partnership (note 3)	3,091	(17,785)
Change in non-cash operating items:		
Accounts payable and accrued liabilities and other assets	(47)	44
	21,485	28,582
Financing:		
Proceeds from issuance of units (note 4)	236	34,365
Distributions paid to unitholders (note 6)	(24,068)	(31,039)
Redemption of fund units (note 4)	-	(87,852)
Prepaid fund unit capital	-	(544)
	(23,832)	(85,070)
Investments:		
Net redemption of investment in Romspen Mortgage Limited Partnership (note 3)	2,147	56,069
	2,147	56,069
Decrease in cash	(200)	(419)
Cash, beginning of period	300	3,011
Cash, end of period	$ 100	$ 2,592

See accompanying notes to financial statements.

Romspen Mortgage Investment Fund (the "Fund") is an unincorporated closed-end investment trust established under the laws of the Province of Ontario, pursuant to a trust indenture dated as at May 20, 2005 and commenced operations on January 16, 2006. The Fund is the sole limited partner in the Romspen Mortgage Limited Partnership (the "Partnership") and conducts its lending activities primarily through the Partnership. The Partnership's investments include mortgage investments, investment in subsidiaries and investment in TIG Romspen US Master Mortgage LP ("USMLP"). The objective of the Fund is to provide stable and secure cash distributions of income, while preserving net assets attributable to unitholders. The Fund's registered office is 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5.

As of March 31, 2023, the Partnership indirectly owns 76.08% (2022 – 78.84%) 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.

These financial statements and accompanying notes have been authorized for issue by the trustees of the Fund (the "Trustees") on June 6, 2023.

1. Basis of presentation

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

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

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

2. Significant accounting policies

A) Use of estimates

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

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

Information about assumptions and estimation uncertainties at March 31, 2023 that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial period, is included in note 3.

B) Judgment

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) Units

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

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

F) Financial assets and financial liabilities

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

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.

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

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

3. Supplemental information regarding Partnership at FVTPL

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

Schedule of the Fund's investment in the Partnership:

	March 31, 2023	March 31, 2022
Investment balance, beginning of year	$ 2,743,106	$ 2,838,495
Net withdrawal of investment in the Partnership	(2,147)	(56,069)
Unrealized appreciation (depreciation) in net assets of the Partnership	(3,091)	17,785
Investment balance, end of period	$ 2,737,868	$ 2,800,211

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

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

	March 31, 2023 (unaudited)	December 31, 2022 (audited)
Assets		
Cash	$ 5,788	$ 2,286
Accrued interest receivable	217,439	213,486
Mortgage investments (note 3(b))	1,848,409	1,850,150
Investment in subsidiaries (note 3(c))	406,754	410,602
Investment in USMLP (note 3(d))	561,994	571,088
Other assets	28,051	26,700
	3,068,435	$ 3,074,312
Liabilities and Unitholders' Capital		
Liabilities:		
Revolving loan facility (note 3(e))	$ 224,000	$ 256,166
Loan payable to USMLP	50,415	-
Foreign exchange forward contracts (note 3(f))	49,885	68,692
Accounts payable and accrued liabilities	6,267	6,348
	330,567	331,206
Fair value of net assets attributable to unitholders of the Partnership	2,737,868	2,743,106
	$ 3,068,435	$ 3,074,312

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

	3 months ended March 31, 2023 (unaudited)	3 months ended March 31, 2022 (unaudited)
Revenue		
Mortgage interest	$ 27,424	$ 40,582
Income from Investment in USMLP (note 3(d))	11,435	13,391
Other	275	1,288
Gain (loss) on foreign exchange (note 3(f))	(2,077)	(3,151)
	37,057	52,110
Expenses		
Management fees (note 8(b))	3,937	3,675
Interest	4,891	2,194
Change in fair value of mortgage investments and investment in subsidiaries	6,171	(3,326)
Realized loss on mortgage investments	361	652
Other losses (gains)	350	(7)
Legal fees and other	496	352
	16,206	3,540
Comprehensive income	$ 20,851	$ 48,570

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)).

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

iii) Investment in USMLP

The Partnership indirectly owns 76.08% of USMLP as at March 31, 2023 (2022 – 78.84%) through Romspen Liberty LP ("Liberty LP"). The Partnership does not consolidate USMLP or Liberty LP and accounts for its investment in USMLP at FVTPL.

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

iv) Interest income

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

v) Use of estimates

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

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

vi) Foreign currency translation

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

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:

			March 31, 2023	March 31, 2022
	Number of mortgages	Original cost	Fair Value	Fair Value
First mortgages	65	$ 1,866,109	$ 1,791,914	$ 1,636,957
Second mortgages	3	56,495	56,495	58,495
		$ 1,922,604	$ 1,848,409	$ 1,695,452

A reconciliation of the mortgage investments is as follows:

	March 31, 2023	March 31, 2022
Investments balance, beginning of year	$ 1,850,150	$ 1,689,135
Funding of mortgage investments [i]	72,239	124,788
Discharge of mortgage investments	(69,637)	(108,368)
Gain (loss) in the value of investments	58	475
Realized loss on investments	(361)	(652)
Amortization of discount	213	-
Foreign currency adjustment on investments[i]	(4,253)	(9,926)
Investments balance, end of period	$ 1,848,409	$ 1,695,452

[i] Includes net funding of $2,972, equivalent of $2,196 USD (2022 – net funding of $7,793, equivalent of $6,154 USD) in mortgages which are syndicated with USMLP.

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

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

The mortgage investments portfolio bears interest at a weighted average rate of 9.13% (2022 – 9.93%).

Principal repayments based on contractual maturity dates are as follows:

Overhold	$ 637,525
2023	928,299
2024	299,811
2025	56,969
	$ 1,922,604

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

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

C) Investment in subsidiaries

	March 31, 2023	March 31, 2022
Investment in subsidiaries at cost	$ 466,148	$ 460,470
Fair value adjustment	(59,394)	(50,448)
	$ 406,754	$ 410,022

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:

	March 31, 2023	March 31, 2022
Investment balance, beginning of year	$ 410,602	$ 407,620
Funding in investment	9,115	8,512
Sale of investment	(7,250)	(7,654)
Net unrealized loss in the fair value of investment	(6,229)	-
Realized gain on investment	-	2,851
Foreign currency adjustment on investment	516	(1,307)
Investment balance, end of period	$ 406,754	$ 410,022

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 March 31, 2023, the Partnership indirectly owns 76.08% (2022 – 78.84%) of USMLP, through Liberty LP.

Schedule of investment in USMLP:

	March 31, 2023	March 31, 2022
Investment balance, beginning of year	$ 571,088	$ 682,245
Net funding (divestment) of investment in USMLP	(6,572)	-
Partnership's share in USMLP net income	11,435	13,391
Dividend received from USMLP	(12,152)	(13,509)
Foreign currency adjustment on investment	(1,805)	(9,746)
Investment balance, end of period	$ 561,994	$ 672,381

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:

	March 31, 2023 (unaudited)	March 31, 2022 (unaudited)
Assets		
Cash and restricted cash	$ 5,969	$ 153,962
Accrued interest	17,039	27,033
Mortgage investments, at fair value	815,363	707,744
Real estate owned, at fair value	30,193	-
Loan receivable from the Partnership	50,415	-
Other assets	4,173	6,026
	$ 923,152	$ 894,765
Liabilities and Partners' Capital		
Liabilities:		
Mortgage investment syndication [i]	$ 108,262	$ 58,237
Accounts payable and accrued liabilities	5,253	8,876
Revolving loan facility	70,960	-
Due to the Partnership	-	93,721
Distributions payable	4,376	5,704
	188,851	166,538
Fair value of net assets attributable to unitholders of USMLP	734,301	728,227
	$ 923,152	$ 894,765

[i] Of this amount, $37,635, equivalent to $27,845 USD (2022 - $45,179, equivalent to $36,154 USD) is included in the Partnership's mortgage investments.

Statement of non-consolidated comprehensive income:

	3 months ended March 31, 2023 (unaudited)	3 months ended March 31, 2022 (unaudited)
Investment Income:		
Mortgage interest	$ 17,605	$ 19,734
Other	302	382
	17,907	20,116
Expenses:		
Service fees	1,873	1,904
Interest	644	1,064
Change in fair value of mortgage investments	4	-
Accounting and legal fees	141	66
Other	185	160
	2,847	3,194
Net investment income	$ 15,060	$ 16,922

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 March 31, 2023, a balance of nil (2022 - $93,721), equivalent of nil USD (2022 - $75,000 USD) is outstanding and included in the investment balance. During the three-month period ended March 31, 2023, the Partnership recognized nil, equivalent of nil USD (2022 - $1,064, equivalent of $840 USD) towards interest income from these temporary loans.

During the current year, the Partnership has obtained temporary loans from USMLP. These bear an interest rate of US prime plus 2.00%. As of March 31, 2023, a balance of $50,415 (2022 - nil), equivalent of $37,300 USD (2022 - nil USD) is outstanding towards these temporary loans. During the three-month period ended March 31, 2023, the Partnership incurred $306, equivalent of $224 USD (2022 - nil) of interest expense on these temporary loans.

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

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

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

	March 31, 2023	December 31, 2022
Mortgage investments and investment in subsidiaries, at cost	$ 2,388,752	$ 2,388,170
Investment in USMLP	561,994	571,088
Unrealized fair value adjustment	(133,589)	(127,418)
	$ 2,817,157	$ 2,831,840
Mortgage investments	$ 1,848,409	$ 1,850,150
Investment in subsidiaries	406,754	410,602
Investment in USMLP	561,994	571,088
	$ 2,817,157	$ 2,831,840

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 assumptions used to support the fair value in these appraisals.

E) Revolving loan facility

The Partnership entered into a revolving loan facility on July 16, 2012 and it was amended on February 14, 2022 to a maximum amount of $360,000 (2022 - $360,000), including borrowings of equivalent amount denominated in US dollars. $136,000 (2022 – $117,008) is available and $224,000 has been drawn as at March 31, 2023 (2022 – $242,992). 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 three-month period ended March 31, 2023 were $216,000 and $273,120 (2022 – $175,356 and $243,734), 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 $134 (2022 – $509), net of accumulated amortization of $591 (2022 – $216).

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 March 31, 2023 and 2022.

Foreign exchange gain (loss) on forward contracts as at March 31, 2023:

	Currency received to be delivered in USD (CAD)	Fair value at foreign exchange	Unrealized gain (loss)
March 31, 2023	**$ 1,184,531**	**$ 1,234,416**	**$ (49,885)**
March 31, 2022	$ 1,235,237	$ 1,228,357	$ 6,880

The Partnership's foreign exchange gain (loss) in the statement of comprehensive income includes an unrealized foreign exchange gain of $13,921 (2022 – unrealized loss of $6,371) and a realized foreign exchange loss of $15,998 (2022 – realized gain of $3,220).

The unrealized foreign exchange 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 $17,198 (2022 – $3,339 gain) on forward contracts, which are offset by gains in assets classified as FVTPL and revolving credit facility.

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

4. Net assets attributable to unitholders

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

	March 31, 2023		March 31, 2022	
	Units	Amount	Units	Amount
Balance, beginning of year	280,363,913	$ 2,815,662	290,049,991	$ 2,909,903
New fund units issued	24,907	236	3,535,868	34,365
New fund units issued under distribution reinvestment plan	1,006,501	9,784	2,160,286	20,997
Fund units redeemed	-	-	(9,038,691)	(87,852)
Net proceeds (redemptions) from issuance of units	1,031,408	10,020	(3,342,537)	(32,490)
Balance, end of period [1]	281,395,321	$ 2,825,682	286,707,454	$ 2,877,413

[1] Total units of 281,395,321 include 16,493,671 Fund units submitted for redemption and 12,834,502 Run-Off Pool units.

During the normal course of business, the Fund receives unit issuance and redemption requests from the investors. In the period ended March 31, 2023, the Fund received requests for redemption of 5,866,016 units (2022 – 12,260,189) and redeemed nil units (2022 – 9,038,691) for $nil (2022 – $87,852) in accordance with its policies.

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

ii) Distribution reinvestment plan and direct unit purchase plan

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

The beneficial interests in the Fund is represented by the Fund's regular class of units, which are unlimited in number ("Fund units"), and Run-Off Pool units described in note 4(d). Each Fund unit carries a single vote at any meeting of unitholders and carries the right to participate pro-rata in any distributions. Unitholders have a limited right to redeem their units, on a monthly basis, upon a minimum of 30 days' notice. Partial or complete redemption of units is limited on a monthly basis to 1% of the aggregate fair market value of units outstanding on the valuation date immediately preceding the said redemption date. Redemption notices on any given redemption date shall maintain their order of priority until the unit redemption price for such units has been paid in full. Additionally, the Trustees shall be entitled in their sole discretion to extend the time for payment of any unit redemption prices if, in the reasonable opinion of the Trustees, such payment would be materially prejudicial to the interests of the remaining unitholders in the Fund.

In the extraordinary circumstance where the number of units properly tendered for redemption ("Tendered Units") by unitholders ("Tendering Unitholders") on any given redemption date exceeds 3% of the total number of units outstanding on such redemption date, the Trustees are entitled in their sole discretion to modify or suspend unitholder redemption rights. Specifically, if the extraordinary circumstance referenced above occurs, the Trustees are entitled, in their sole discretion, to implement one of the following measures:

A) Discounted redemption

The Trustees shall give notice to Tendering Unitholders that their Tendered Units shall be redeemed on the next redemption date at a redemption price discounted by a discount factor to be determined by the Trustees in their sole discretion, acting reasonably. In determining the discount factor, the Trustees may consider such factors as market prices for similar investments that are traded on a stock exchange in Canada, the variation inherent in any estimates used in the calculation of the fair market value of the Tendered Units to be redeemed, the liquidity reasonably available to the Fund and general economic conditions in Canada. Unitholders may choose to retract their redemption request upon receiving notice from the Trustees of a discounted redemption; however, unitholders who retract will be prohibited from redeeming the Tendered Units to which their retraction applies for a period of up to 12 months following the date the discounted redemptions are processed.

B) Temporary suspension of redemptions

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

C) Units submitted for redemption

As at March 31, 2023, unitholders representing approximately 16,493,671 (2022 - 24,006,413) units have requested redemptions of their units, the redemption of which is subject to the above restrictions. These units, however, continue to have the same rights and no priority over the remaining units. Units submitted for redemption are redeemed at the net asset value ("NAV").

D) Run-Off Pool redemption

On September 26, 2022, the Trustees, pursuant to Section 5.25(h)(ii) of the Fund's declaration of trust, elected to redeem units tendered for redemption by way of an in-kind distribution of a special class of units ("Run-Off Pool Units"), and provided notice to tendering unitholders that all or some their tendered units would, subject to confirmation by the unitholder, be so redeemed. The Run-Off-Pool Units represent a proportionate share of each asset and liability from which the Fund's net asset value is derived. As the assets attributable to the Run-Off Pool Units are converted to cash (e.g. from mortgage loan repayments, mortgage loan sales, or other proceeds of realization from underlying mortgage collateral), such proceeds, net of attributable liabilities and net of reasonable reserves, to the extent they are made available to the Fund, will be paid to holders of Run-Off Pool Units as a redemption of Run-Off Pool Units, on a quarterly basis. Assets attributable to the Run-Off Pool Units may periodically be purchased for the benefit of the main Fund at fair market value to the extent surplus capital is available. Holders of Run-Off Pool Units will be entitled to distributions of interest and any other income generated by the assets attributable to the Run-Off Pool Units in the same manner as unitholders are entitled to such distributions generated on the balance of the Fund's assets. Additionally, if the net asset value of the Run-Off Pool Units in the aggregate is determined to be less than $100 million, the Trustees have the right to redeem all outstanding Run-Off Pool Units in cash, at a redemption discount of up to 12% of the net asset value of the Run-Off Pool Units.

On January 1, 2023, the Trustees, pursuant to section 3.3 of the Fund's declaration of trust, authorized the decision to permit the participation, reduction, and withdrawal of certain unitholder's units in the Run-Off Pool. As a result, a net total of 985,125 units in the amount of $9,597 were redeemed by way of an in-kind distribution of Run-Off Pool Units based on the December 31, 2022 NAV. These units are amalgamated and will be treated in the same manner as the Run-Off Pool Units from September 26, 2022.

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

As at March 31, 2023, NAV per Fund unit is calculated as total assets less total liabilities, including units submitted for redemption, allocable to outstanding Fund units of 268,560,819. NAV per Run-off Pool unit is calculated as total assets less total liabilities, including units submitted for redemption, allocable to outstanding Run-off Pool units of 12,834,502.

As at March 31, 2022, NAV per unit is calculated as total assets less total liabilities, excluding units submitted for redemption, allocable to outstanding units of 286,707,454.

Net income and comprehensive income per unit have been computed using the weighted average number of total units (Fund units and Run-Off Pool units) issued and outstanding of 281,050,597 for the three-month period ended March 31, 2023 (2022 - 287,686,144).

6. Distributions

The Fund makes distributions to the unitholders (Fund units and Run-off Pool units) monthly on or about the 15th day of each month. The Fund's trust indenture indicates that the Fund intends to distribute 100% of the net earnings of the Fund, determined in accordance with the Income Tax Act (Canada), to the unitholders. For the three months ended March 31, 2023, the Fund declared distributions of $0.12 (2022 – $0.18) per unit and a total of $33,726 (2022 – $51,783) was distributed to the unitholders.

7. Income taxes

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

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

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

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

8. Related party transactions and balances

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

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

A) The majority of the Trustees of the Fund are owners of Romspen. Under the Mortgage Origination and Capital Raising Agreement, Romspen provides capital raising services to the Fund. Romspen receives fees totalling 0.33% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of the Partnership. For the three months ended March 31, 2023, the total amount was $1,939 (2022 – $1,810).

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 three months ended March 31, 2023, this amount was $3,937 (2022 – $3,675).

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 three months ended March 31, 2023, this amount was $1,873 (2022 – $1,904).

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 three months ended March 31, 2023, this amount was $3,601 (2022 – $8,570).

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 March 31, 2023, the Partnership had one (2022 – one) investment outstanding with an original cost of $45,156 (2022 –$49,947), including no accrued interest (2022 – nil) and fair value of $38,851 (2022 – $29,060) 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 $181 payable to Romspen (2022 – $231).

H) As at March 31, 2023, the Partnership has thirteen (2022 - nine) mortgage investments with entities that are owned by a subsidiary of Romspen ("Romspen Subsidiary") following the completion of the enforcement foreclosure on behalf of the Partnership. The weighted average rate for these mortgages is 4.55%.

During the three months ended March 31, 2023, Romspen Subsidiary foreclosed and assumed nil mortgages (2022 – nil) on behalf of the Partnership.

As at March 31, 2023, the cost of the mortgage investments with Romspen Subsidiary is $598,069 (2022 - $315,058), and the fair value is $573,570 (2022 - $284,737). For the three months ended March 31, 2023 the Partnership recognized interest income of $1,446 (2022 - nil) from these investments.

9. Commitments and contingent liabilities

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

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

C) In certain situations, subsidiaries utilize financing from external sources. In such cases the Partnership will extend guarantees to the subsidiaries as support for these debts. As of March 31, 2023, there were $38,530 of guarantees outstanding (2022 – $52,613).

D) The Partnership has letters of guarantee outstanding at March 31, 2023 of $39,213 (2022 – $52,129).

10. Fair values of financial instruments

IFRS 13 - Fair Value Measurement, 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, from investment in USMLP and also from foreign exchange forward contracts. The Partnership's sole activity is investing in mortgages (note 3) and, therefore, its assets are exposed to credit risk.

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

i) no more than 20% of the Fund's capital may be invested in subordinate mortgages; and
ii) no more than 10% of the Fund's capital may be invested in any single mortgage or to any single borrower.

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

These mortgages generally have the following characteristics:

i) initial terms of 12 to 24 months;
ii) loan to value ratios of approximately 65% at time of underwriting;
iii) significant at-risk capital and/or additional collateral of property owner; and
iv) full recourse to property owners supported by personal guarantees.

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

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

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 March 31, 2023, the Partnership had not utilized its full leverage availability, being a maximum of 35% of its qualified mortgage investments.

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

C) Market risk

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

Fund

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

Partnership

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

i) Interest rate risk: Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund manages this risk by investing primarily in short-term mortgages. The Partnership's investment objective is to obtain an acceptable and consistent absolute rate of return that is not related to any market-based interest rate benchmark.

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

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

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

As at March 31, 2023, 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 $609 (2022 – $567). 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 $1,551,125 (2022 – $1,327,522), 52% (2022 – 48%) of the total Partnership's investments at March 31, 2023 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. Romspen 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 (2022 – $0.05 per unit), assuming all other variables, including interest rates, remain constant. A strengthening would have resulted in an equal but opposite effect. The Partnership uses foreign exchange forward contracts to manage its exposure to foreign currency risks.

D) Capital risk management

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

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

The Partnership may borrow up to 35% of the book value of its mortgages. The primary purpose of the borrowing strategy is to ensure that the Fund's unitholders' capital is fully invested. The secondary purpose is to obtain a spread between the interest rates payable under its mortgage investments and its borrowings. As of March 31, 2023, the Partnership's borrowings totalled 10% (2022 – 9%) 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. Comparative figures

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

TRUSTEES & MANAGEMENT

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

UNITHOLDER INFORMATION

Units

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

Distribution Reinvestment Plan

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

Investor Relations Contact

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

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

Duplicate Communication

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

Auditors

KPMG LLP

Legal Counsel

Gardiner Roberts LLP

Website

www.romspen.com