

# Romspen Mortgage Investment Fund Announces 2022 Results

Romspen delivers solid performance, despite a challenging real estate market resulting from rising interest rates

TORONTO, June 6, 2023 - Romspen Mortgage Investment Fund (the “Fund”), a leading Canadian private commercial mortgage lender, has released its financial statements for the year ended December 31, 2022. Despite a year that saw unprecedentedly rapid central bank interest rate hikes with repercussions felt throughout the economy, the Fund’s unitholders achieved a 6.6% net return, which outperformed major Canadian fixed-income and equity benchmarks.

## 2022 Highlights

- Although net earnings for 2022 decreased by 13%, distributions to unitholders totalled \$0.61 per unit, representing a compounded net return of 6.6%, which outperformed the FTSE Canada Short Term Overall Bond Index™ (“FTSE® Canada STBI”) by 10.6% and represents a strong absolute return to unitholders.
- Romspen’s 3-, 10-, and 25-year performance has outperformed the FTSE® Canada STBI over the same periods.<sup>1</sup>
- US mortgages in the portfolio increased to 54% from 52% in 2021.
- The Fund’s net investment portfolio increased modestly by 4% in 2022 to \$2.8 billion. This increase of \$0.1 billion reflects a higher USD to CAD exchange rate.
- Net assets attributable to unitholders totalled \$2.7 billion compared to \$2.8 billion in 2021. This decrease is attributable to unitholder redemptions honoured by the Fund in 2022.
- Romspen has generated 334 consecutive months of net positive returns with minimal volatility in net asset value.

“Even though unitholder distributions for the year were slightly below our expectations, the Fund’s 6.6% compounded net return for 2022 continued Romspen’s 58-year history of consistency and outperformed other major investment asset classes by double-digit margins,” said Wes Roitman, Managing General Partner at Romspen. “These results are a testament to our conservative mortgage investment strategies and our unrelenting focus on delivering long-term results to unitholders.”

## 2022 Results of Operations

Revenues for the year were \$240 million, compared to \$225 million in 2021. The Fund recorded net income of \$178 million, or \$0.63 per unit, compared to \$204 million,

or \$0.66 per unit, in 2021. The difference was primarily due to a prudential increase in the loan loss provision during the year from \$118 million to \$134 million.

The Fund's unitholders held units totalling \$2.7 billion, compared to \$2.8 billion last year. The decrease primarily reflects redemptions of \$262 million, which were in excess of proceeds of issuance of \$167 million during the previous twelve months.

Net debt (debt less cash) was \$254 million, compared to \$131 million in 2021.

## Comparative Performance

For 2022, the Fund's compounded net return of 6.6% outperformed the total return of the FTSE® Canada STBI (-4.0%). The following table compares the Fund's and Romspen's performance history against the total returns of that index and of the S&P®/TSX® Composite Index.

### Comparative Cumulative Compounded Performance/Returns

	1 year	3 years	5 years	10 years	25 years
<b>RMIF</b>	<b>6.6%</b>	<b>20%</b>	<b>39%</b>	<b>102%</b>	<b>701%<sup>1</sup></b>
FTSE® Canada STBI	-4.0%	0%	5%	14%	126% <sup>2</sup>
S&P®/TSX® Composite Index	-5.8%	24%	39%	111%	443%

## Investment Portfolio

As of December 31, 2022, the net investment portfolio increased modestly by 4% to \$2.8 billion compared to 2021.

The Fund realized losses of \$6.4 million on mortgage loans that were previously reserved for, meaning there was no negative impact on net earnings. Total loan loss provision increased 13% to \$134 million, which represents a solid margin of safety, given the economic uncertainties in 2023.

The portfolio remains well diversified with 21% of mortgages invested in Ontario, 18% in Western Canada, 7% in other provinces, and 54% in the US across 22 states. The weighted average interest rate of the mortgage portfolio was 8.8% compared to 9.8% in 2021.

## 2022 Distributions

Unitholder distributions for 2022 were \$0.61 per unit, compared to \$0.74 per unit in 2021. This equates to a compounded net return to investors of 6.6%, compared with 7.4% in 2021.

## About the Fund

The Fund has a long track record of successful commercial mortgage investing and is a leading Canadian private commercial mortgage lender. The Fund's investors include high-net-worth individuals, family offices, foundations, endowments, and pension plans.

The Fund's investment mandate emphasizes capital preservation, strong absolute returns and performance consistency. The Fund and its predecessor pool of syndicated mortgages managed by Romspen has had 25 years of annual net investor returns (ranging between 4.4% and 10.6%) with positive returns each and every month.

In the past decade, the Fund's realized loan losses have amounted to \$53.4 million on \$7.5 billion of invested capital, or about 0.7%, a percentage that has remained relatively stable over time.

The Fund's 2022 Annual Report, including the Trustees' Letter, Management's Discussion & Analysis and Audited Financial Statements, are available at: [www.romspen.com](http://www.romspen.com).

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*The FTSE Canada Short Term Overall Bond Index™ is a market capitalization-weighted index composed of a diversified range of semi-annual pay, fixed-rate investment grade Canadian government and corporate bonds, with terms to maturity of between 1 and 5 years.<sup>2</sup> Its returns are based on 24 years of data due to data restrictions. While the constituent assets in this index have terms similar to the Fund's mortgage investments, the Fund is not managed to track this index as a benchmark. Similarly, the Fund is not managed to track the performance of the S&P/TSX® Composite Index, which is a market capitalization-weighted index of approximately 250 of the largest publicly-traded companies in Canada and is the broadest gauge of the performance of publicly-listed Canadian equities. These are unmanaged, broadly based indices and measurements that do not reflect any management fees and assume reinvestment of income. They should not be considered "benchmarks" for the Fund, as they do not track commercial mortgage investments, which is the Fund's investment strategy. Whenever the Fund's net return for a given time period is compared to the performance of these indices over the same time period, the purpose is to compare the Fund's return against the performance of other major Canadian asset classes typically included in an investment portfolio.*

*<sup>1</sup>Any returns or data shown which refer to a period of time that extends prior to January 16, 2006, reflect a combination of the results of an aggregated pool of individually syndicated mortgages then managed by Romspen Investment Corporation (based on an analysis provided by PricewaterhouseCoopers) with the results of the Fund (the successor to that aggregation of individually syndicated mortgages) for periods after January 15, 2006. Rates of return are historical annual compounded returns after deducting management fees and expenses payable and include changes in unit value and assume the reinvestment of all distributions. The calculation assumes a fixed historical monthly starting and ending date at the Unit value at such date, and that Unit values are capped at \$10.00. For that reason, they may not reflect a unitholder's actual return for purchases prior to 2018.*

*This release should be read in conjunction with the Fund's audited financial statements and accompanying notes for the period ending December 31, 2022, prepared in accordance with the International Financial Reporting Standards ("IFRS"), along with management's discussion and analysis. Certain financial or performance measures are reported using non-IFRS financial measures.*

Source: Romspen Investment Corporation

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