ROMSPEN

Romspen Mortgage Investment Fund

Annual Report 2023

Romspen Mortgage Investment Fund
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romspen.com

Contents

Front & Back Cover
Water Street by the Park Condos - Canada

Aston at Gateway Apartments - USA

About Romspen

With roots stretching back 60 years, Romspen Investment Corporation is one of Canada's largest private commercial mortgage firms, overseeing $3.1 billion[1] of assets on behalf of retail and institutional investors globally. Romspen also manages the Romspen Mortgage Investment Fund, one of Canada's largest private mortgage funds.

Our experienced and aligned team of over 70 professionals is guided by six core principles: investor value, commitment, risk management, partnership, responsibility, and long-term perspective. As industry veterans, we are known for our solution-oriented and outcome-focused approach.

1. As of December 31, 2023

Romspen's financial goals center on capital preservation and delivering consistent long-term performance to investors. Our proven strategy, value-enhancing financial solutions, and prudent approach to commercial mortgage lending support these goals. We provide borrowers with timely capital deployment and value-enhancing guidance, funding innovative projects often overlooked by traditional lenders.

Our investors include high-net-worth individuals, family offices, foundations, endowments, and pension plans, and it is our privilege to serve them. As skilled problem-solving experts with an entrepreneurial approach, we create long-term value for both our investors and borrowers.

Romspen Principles

Investor Value

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

Partnership

We work collaboratively with our borrowers and syndication partners to ensure mutual success, even through difficult and unforeseen circumstances.

Commitment

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

Responsibility

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

Risk Management

As managers, it is our responsibility to identify and manage the risk inherent with the mortgage portfolio. Rigorous property and borrower due diligence is fundamental to our lending decisions. Diversification by borrower, geography, property type, and size is a deliberate strategy to smooth the effects of the business cycles over the long term.

Long-Term Perspective

While we don't choose to own property, we make lending decisions on the assumption we would be comfortable owning a property for the value of the mortgage. Our intention is to achieve consistent long-term returns through mortgage lending by applying proven strategies for financial and real estate management.


The Ellie Condos - Canada

Fund Overview

Romspen Mortgage Investment Fund

Romspen Mortgage Investment Fund (RMIF) has a long-term track record of mortgage investing and oversees $2.9 billion[1] of assets, specializing in strategic short-term commercial mortgages in Canada and US.

Fund Objective

The Fund's investment mandate is capital preservation, strong absolute returns, and performance consistency. It strives to deliver positive returns to unitholders regardless of the geopolitical or economic climate, or the performance of equity or fixed-income markets and other major asset classes.

Fund Strategy

The Fund primarily invests in short-term, first mortgage loans secured by a diversified pool of real estate assets across North America. Our mortgages are typically unconventional, complex, and illiquid by nature, yet they achieve long-term, generally uncorrelated performance while maintaining capital stability.

The Fund's balance sheet is managed conservatively, avoiding structural leverage to enhance returns. The merits of our approach to mortgage investing, bolstered by strict adherence to risk management, long-term thinking, quality service, and superior execution, are evidenced by the Fund's unbroken positive track record since inception.

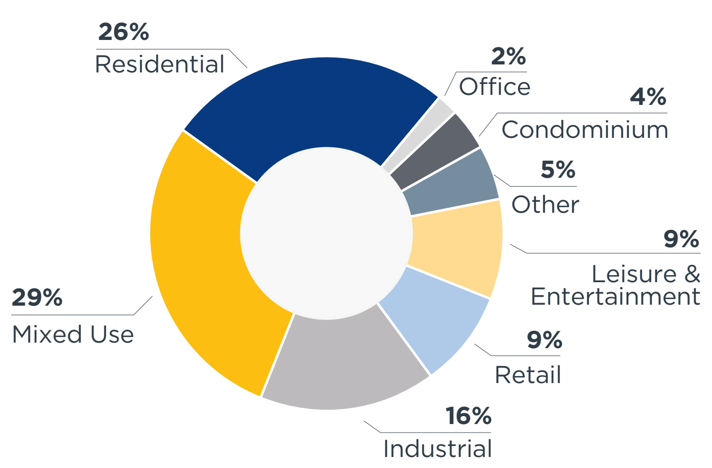
1. As of December 31, 2023

2023 Highlights

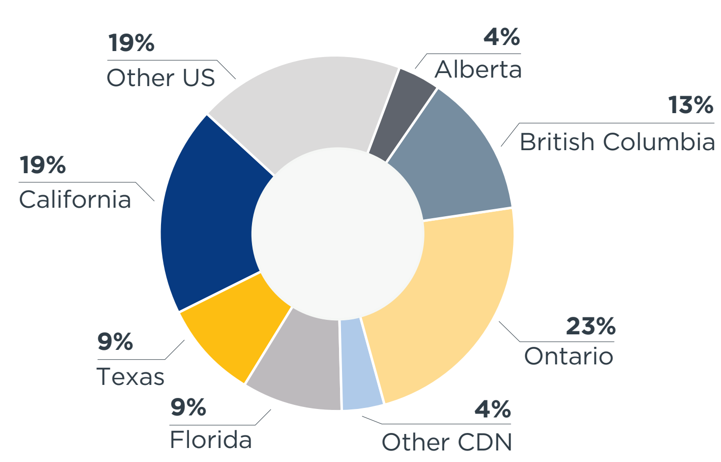
Investment Portfolio Profile

As of December 31, 2023

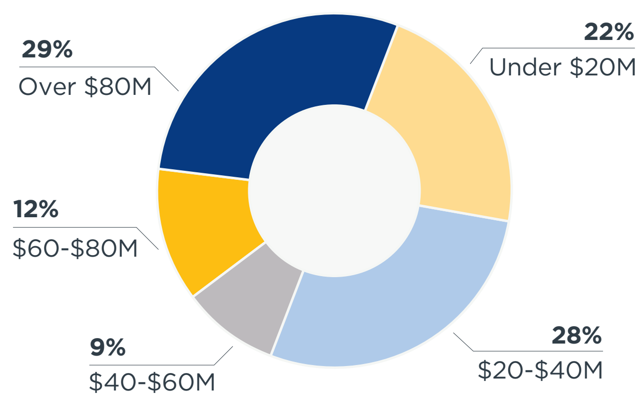
By Type



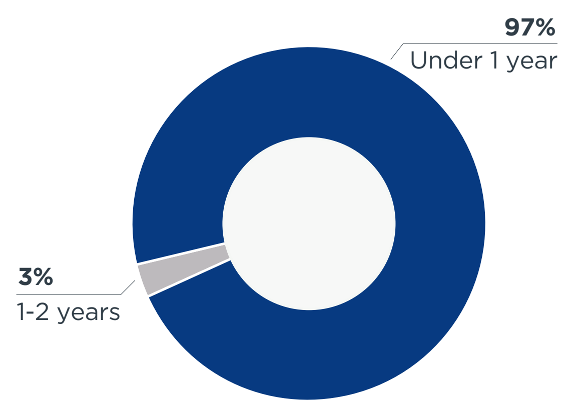
By Geography



By Amount



By Maturity

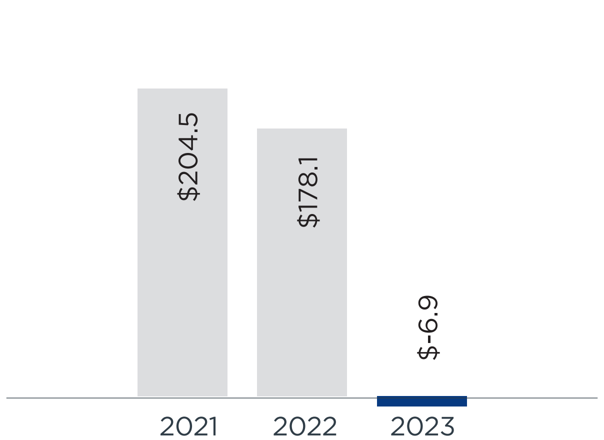


Kindred at Keystone Resort - USA

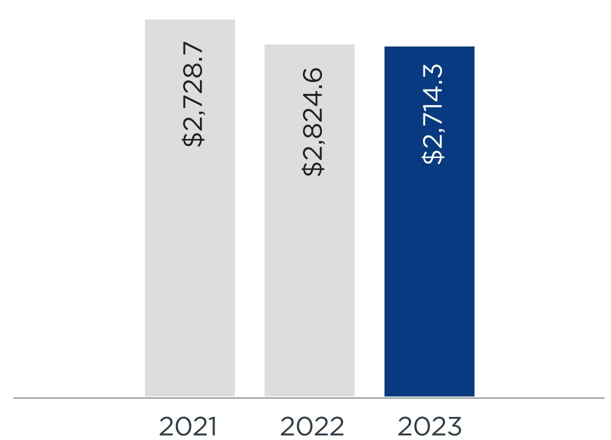
2023 Highlights

Key Metrics

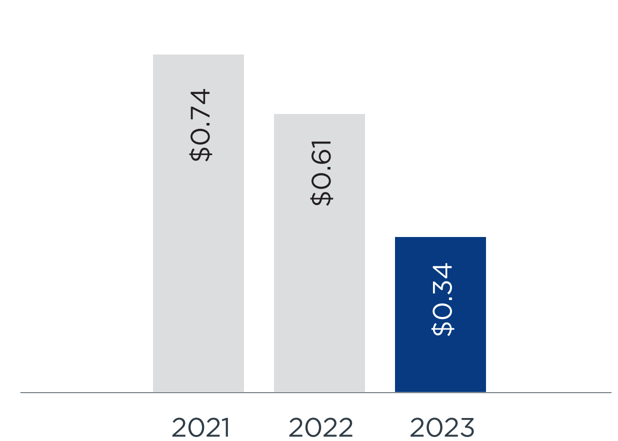
Net Earnings
($ millions)



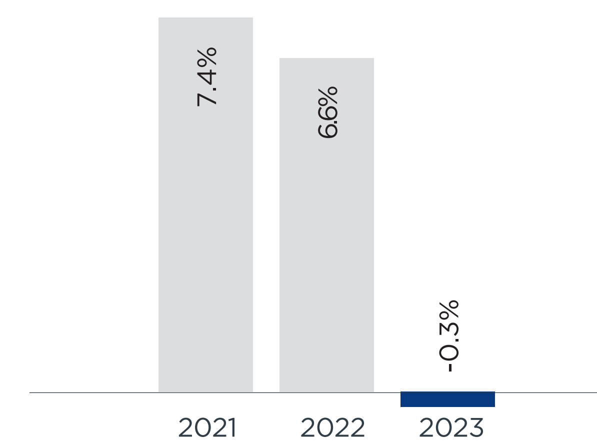
Net Investment Portfolio
($ millions)



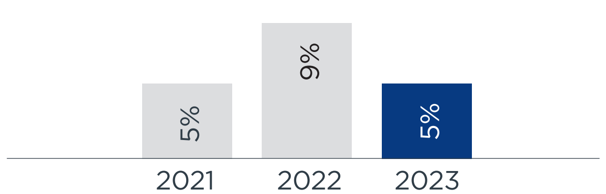
Unitholder Distributions
($/unit)



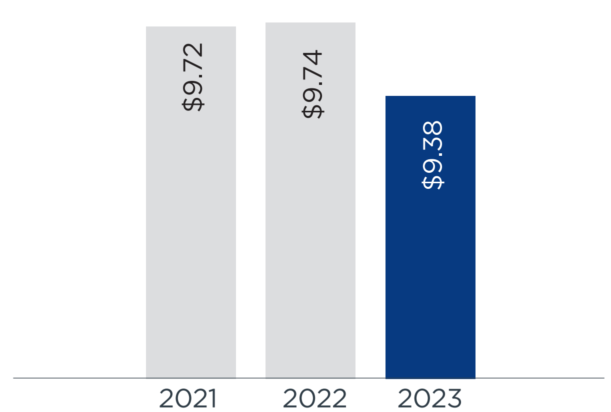
Unitholder Return[1]



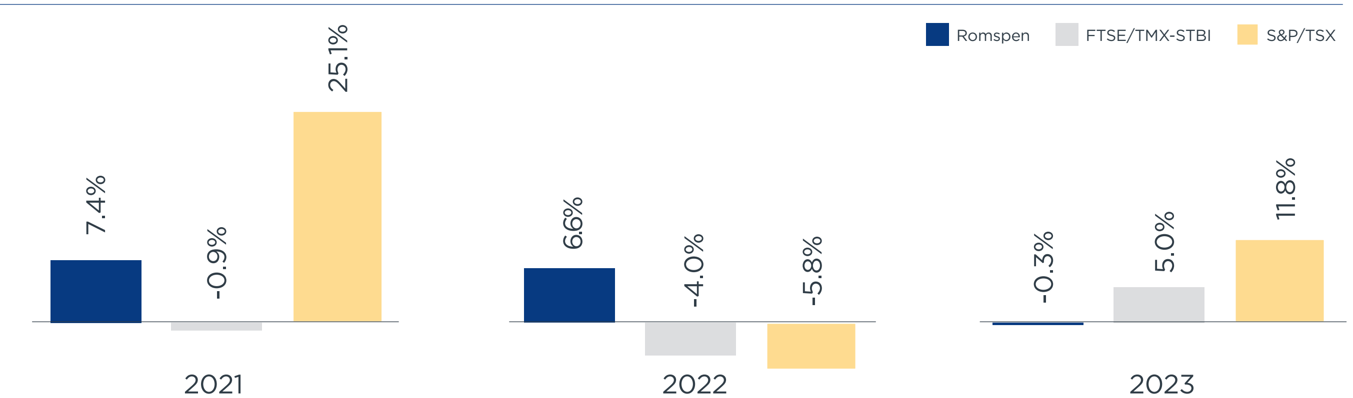
Net Leverage
(% of investment portfolio)



Net Asset Value
($/unit)



Comparative Performance
Annual % Return[1]



3 Year Accumulated Compounded Return		
	Romspen	14%
	FTSE/TMX-STBI	0%
	S&P/TSX	32%

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

Romspen returns are net; comparative benchmarks are gross returns.

Trustees' Letter

Dear Fellow Unitholders:

The Fund's financial performance for 2023 was in line with expectations given the challenging market conditions. Though distributions for the year were below historical averages, with the exception of December 2023, the Fund continued to deliver steady and positive monthly returns.

Financial Highlights

For the year ended December 31, 2023, the Fund's net loss was $6.9 million (-$0.02 per unit), compared to net income of $178.1 million ($0.63 per unit) in 2022. The difference was primarily due to a prudential increase in the loss provisions during the year from $127.4 million to $253.0 million ($0.89 per unit). Distributions were $95.9 million ($0.34 per unit) and the compounded net return to unitholders was -0.3% in 2023, compared to $173.0 million ($0.61 per unit) and 6.6% in 2022. Actual losses of $4.9 million, across seven mortgage loans, were realized during the year and were charged against the loss provisions already established.

For the year ended December 31, 2023, the net portfolio was $2.7 billion (129 mortgages and investments), a decrease of 4% compared to 2022. Unitholders' capital totaled $2.7 billion, same as last year. The Fund's portfolio and earnings remain well diversified by property type, geography, size and currency. Net bank debt (debt less cash) was $128.0 million, or 5% of the net portfolio value, compared to $253.6 million, or 9% of the net portfolio value in 2022. The weighted average interest rate of the portfolio was 9.0% in 2023 compared to 8.8% last year. The weighted average interest rate on performing loans was 11.5% (2022 - 10.5%).

The Fund's NAV was $9.38 per unit compared to $9.74 per unit in 2022. NAV fluctuations arise as taxable income differs from accounting income due to differences in the treatment of loss reserves, non-accrued interest, foreign exchange hedging, and other tax considerations. Approximately 69% (2022 – 84%) of the Fund's US dollar exposure is hedged by the borrowers directly, by the US line of credit, or by forward contracts.

Financial Presentation

In accordance with International Financial Reporting Standards, the Fund's financial statements are unconsolidated, which provides limited insight into the actual performance of the mortgage loan portfolio. To provide useful, transparent, and comparable information, a set of combined financial statements has been included in the Management's Discussion and Analysis ("MD&A", pp. 25-34). We suggest that these financial statements in the MD&A be used as the primary reference point.

Economy, Markets & Portfolio

The year 2023 proved challenging for North American real estate and real estate credit markets across nearly every sector and submarket. Persistent macroeconomic uncertainty, coupled with ongoing inflation and a volatile "higher for longer" interest-rate environment, led to a significant decline in transaction volumes and a fall in asset values. Price discovery remained elusive, lenders tightened underwriting standards, and cap rates expanded.

Confronted with these headwinds, the Fund had a challenging year. Instead of the usual steady transaction flow to fund new loans, honour ongoing funding commitments, and address unitholder redemption requests, the Fund was compelled to take measures to preserve and allocate available liquidity cautiously. New loan origination remained low, loan accommodations were made for borrowers, the payment of redemption proceeds was extended, and enforcement activity increased. Asset monetization at acceptable prices became difficult.

Canadian mortgage loans and investments comprised $1.3 billion, or 44% of the portfolio, compared to $1.4 billion (46%) in 2022. The Canadian portfolio includes 53 mortgage loans, with the largest concentrated in Ontario (23%) and British Columbia (13%). US mortgage loans and investments totaled $1.6 billion (US $1.2 billion), or 56% of the portfolio, compared to $1.6 billion (US $1.2 billion) and 54% last year. The US Portfolio includes 76 mortgage loans spread across 21 states, with an emphasis on California (19%), Florida (9%) and Texas (9%).

Non-performing loans increased significantly to 49% of the portfolio, up 16% from the prior year, and surpassing the Fund's historical range of 20%-25%. This increase in non-performing loans is a direct consequence of the market doldrums in 2023, where borrowers struggled to refinance their loans with payout lenders or generate proceeds from real estate sales. Combined with an increase in the Fund's loan-loss provision, this led to a reduction in level of the Fund's distributions to unitholders.

It is important to note that the classification of a loan as non-performing does not necessarily imply a loss beyond any loss provision. Since inception, the Fund has maintained a low realized loss history, at around $67.5 million on $9.6 billion of invested capital, or about 0.7%. Despite rigorous credit analysis, given the specialized market in which the Fund operates, some loans are expected to face challenges or proceed to enforcement. The Fund's management team is dedicated to collaborating with borrowers to navigate temporary obstacles or managing, enhancing, stabilizing, and divesting assets acquired through enforcement. In some cases, such asset dispositions can provide attractive rates of return to unitholders, when calculated from the date of the original loan. Our commitment to capital preservation and generating consistent long-term results remains fundamental to the Fund's mission.

Strategy & Investment Approach

Our strategy centers on a diversified portfolio of North American first mortgages with a focus on capital preservation and consistent absolute performance. Through periods of market turbulence, the Fund remains steadfast in adhering to these guiding principles and strategies. The Fund strives to deliver positive returns to unitholders regardless of the geopolitical or economic climate, or the performance of equity or fixed-income markets and other major asset classes. Our mortgage loans, characterized by their complexity and relative illiquidity, historically deliver robust returns, both on an absolute basis and relative to traditional fixed-income investments. The Fund's conservative balance sheet management avoids structural leverage to enhance returns and reinforcing our commitment to risk management, long-term thinking, quality service and superior execution. This approach underscores Fund's long-term track record since inception.

Outlook

While the first half of 2024 mirrored the sluggish markets of 2023, we anticipate modest improvement in transaction activity across select sectors in the remainder of the year. With diminished prospects of further interest rate hikes, the need to refinance existing longer-term debt, and mounting pressure on property owners to sell, deal volume could accelerate. Although major regional banks have curtailed commercial mortgage lending, private credit funds are poised to fill the void if demand for loans rebounds, although at significantly higher cost. Moreover, substantial "dry powder" on the equity sidelines is awaiting deployment. While uncertainty in asset values will continue, price declines may be less steep compared to earlier periods.

SHELDON ESBIN
Trustee

ARTHUR RESNICK
Trustee

WESLEY ROITMAN
Trustee

MARK HILSON
Trustee

Positive sentiment is gradually returning to the market as participants acclimate to higher interest rates and forecasts of a broader economic recession decline among economists. Property cap rates, while still above their lows from late 2021/early 2022, appear more attractive on an absolute basis, especially given the stabilization in central bank rate uncertainties and the improvement in property fundamentals across most sectors, excluding office and certain retail segments. We are optimistic that a thawing of real estate market activity, in both equity and credit, will generate loan repayments and asset sales, as lenders refinance Fund loans, and completed or stabilized properties are sold to end buyers.

For the balance of 2024, liquidity constraints will continue to impact the Fund's ability to originate a meaningful number of new loans. Our focus will remain on quality, ensuring funding for existing commitments and capital requirements for several high-value projects in order to bring them closer to completion and sales generation. In May 2024, the Fund secured a new $225 million term credit facility from a Western Canadian lender and extended its existing $150 million revolving credit facility, providing additional flexibility to pursue these objectives. Additionally, progress is being made in enforcement activities involving several large loans, which we are hopeful will yield results by late 2024 or early 2025.

While we anticipate that distributions to unitholders will likely remain at the lower end of historical levels until we are able to accelerate the reinvestment of repayment proceeds into new mortgage loans, our primary focus remains on generating liquidity. We are devoting considerable resources, time, and effort to monetizing assets and addressing outstanding unitholder redemption requests and are dedicated to resolving this issue expeditiously.

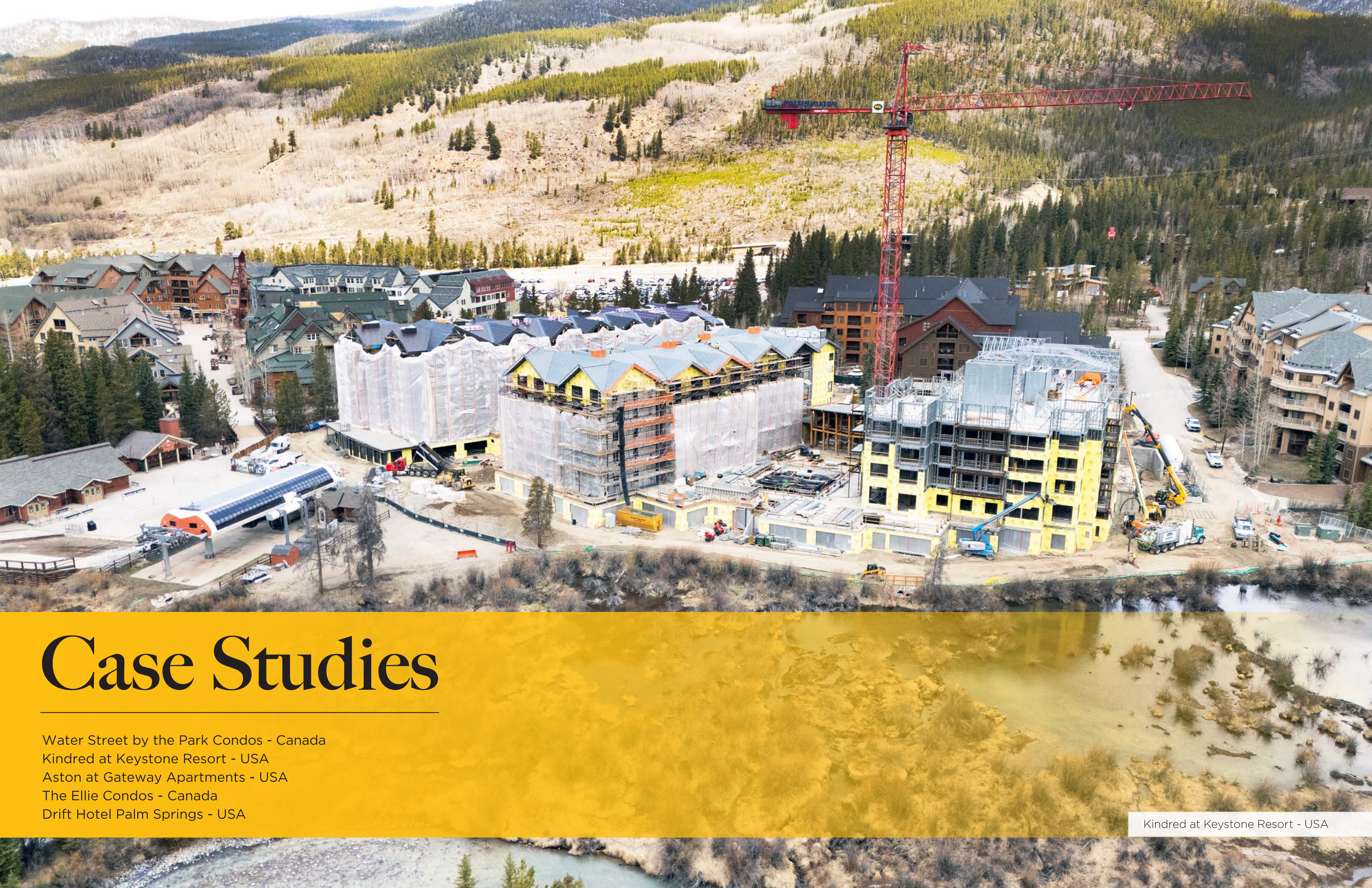
We are optimistic that our initiatives will begin to produce some results in the months to come and remain steadfast in our commitment to serving the best interests of our unitholders. Your continued support and understanding are greatly appreciated as we work diligently on your behalf, a commitment integral to our shared interests as unitholders of the Fund.

Respectfully submitted,

Sheldon Esbin	Arthur Resnick	Wesley Roitman	Mark Hilson

Trustees of the Fund
June 25, 2024

Kindred at Keystone Resort - USA



Case Studies

Water Street by the Park Condos - Canada
Kindred at Keystone Resort - USA
Aston at Gateway Apartments - USA
The Ellie Condos - Canada
Drift Hotel Palm Springs - USA

Kindred at Keystone Resort - USA

Water Street by the Park Condos

Kelowna, BC, Canada

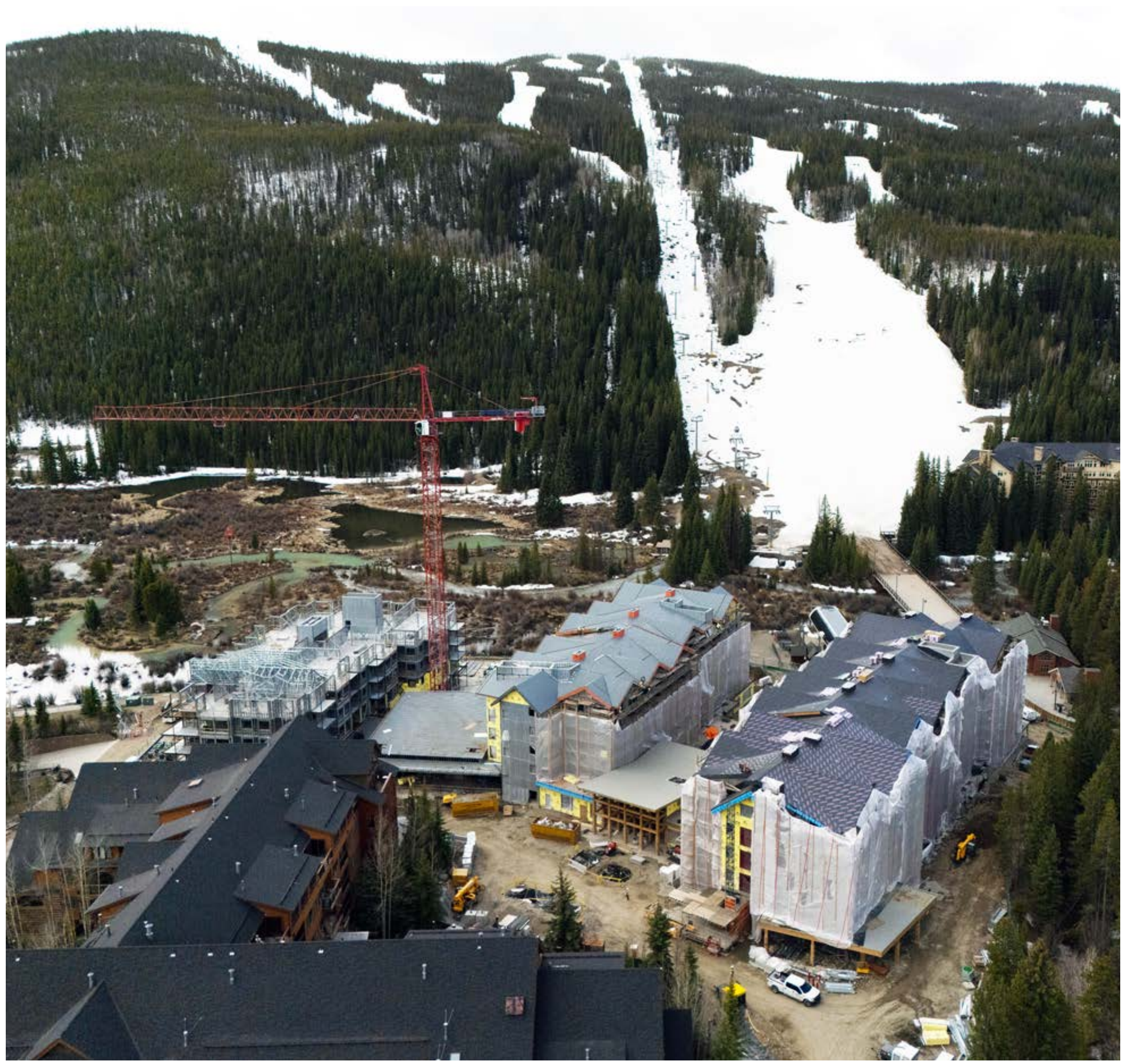
Construction Financing | Loan Amount: $233 Million

In July 2022, Romspen committed to assist with the construction of the first two towers of a three building condominium project, containing the then-tallest tower between Vancouver and Calgary, and continuing Kelowna's long-term plan of downtown densification. Work is well underway on this mixed-use project, which has substantial pre-sales, a significant equity contribution from an experienced sponsor group, and a well-credentialed team of subcontractors. Slated for completion in Fall 2025, the loan is expected to self-liquidate from present and future unit sales proceeds.

Kindred at Keystone Resort

Keystone, Colorado, USA

Construction Financing | Loan Amount: $140 Million



Located steps from the gondola at the base of the renowned Kindred at Keystone Resort, Kindred at Keystone Resort combines luxury residences with a full-service hotel, spa, private club, and mountain retail. Romspen stepped in during the summer of 2022 after the sponsor's construction lender withdrew. Our credit approval was based on strong equity commitments, excellent presales, and the developer's successful history in the region and beyond.

Our team efficiently navigated this complex transaction which involved multiple stakeholders, including a major resort operator and one of the largest construction contractors in North America. The borrower continues to successfully advance the project, and loan paydowns from condominium closings are scheduled to begin in Spring 2025.

Aston at Gateway Apartments

El Monte, California, USA

Construction Financing | Loan Amount: $116 Million

Aston at Gateway Apartments highlights Romspen's ability to complete projects when sponsors face challenges. Initially an interim loan, our involvement expanded as pandemic-related delays and cost overruns led to the borrower seeking protection from its creditors. Romspen initiated an innovative plan to work with the prime contractor to finish the partially built development.

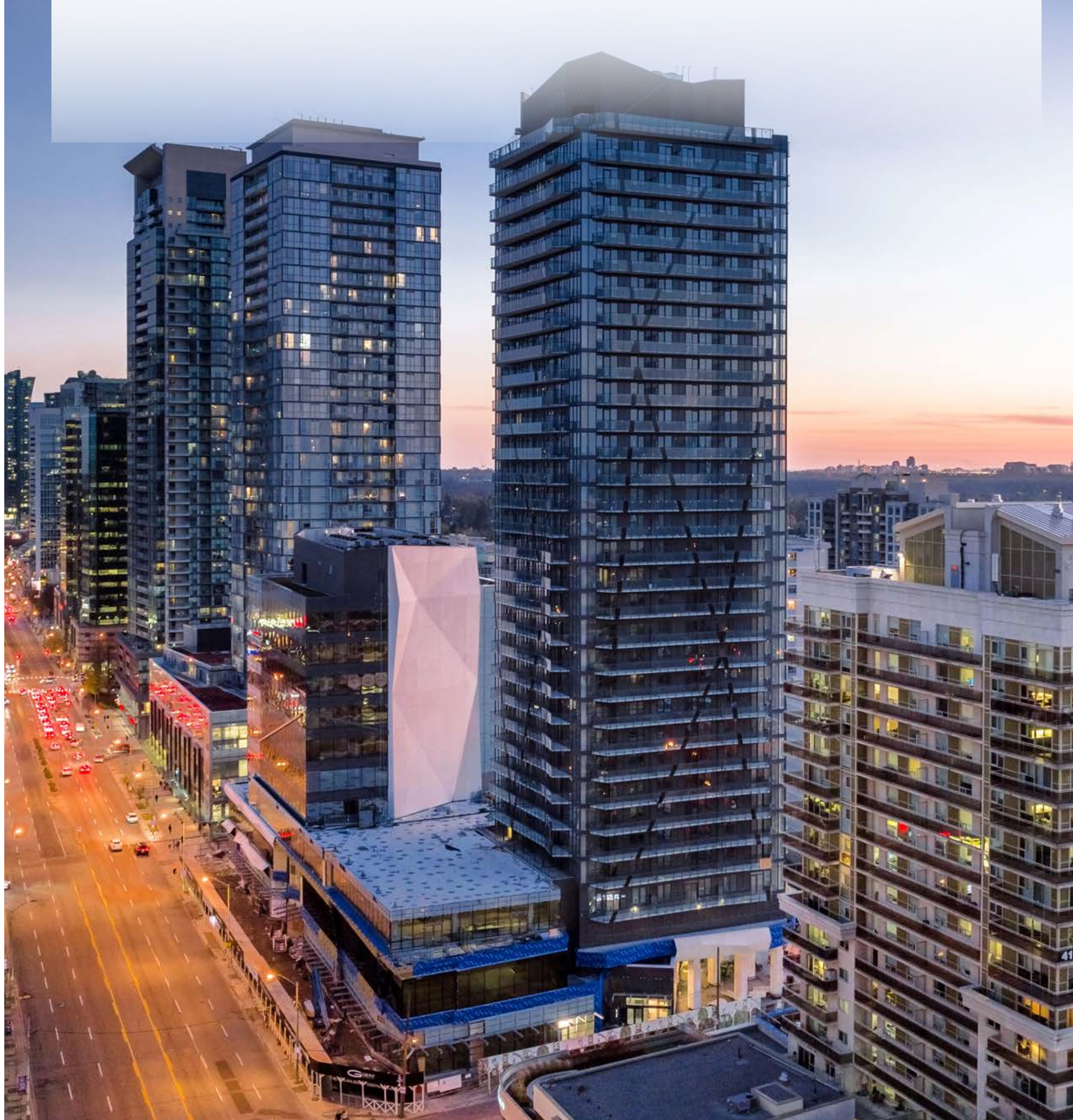
Positioned near the area's largest transit center in a transitioning, high demand neighbourhood, the 208 unit residential and retail development is now substantially leased out, generating positive cash flow. As real estate markets stabilize, Romspen plans for an exit through sale or refinancing.

The Ellie Condos

Toronto, Ontario, Canada

Construction Financing | Loan Amount: $250 Million

This landmark mixed-use development in Toronto's North York City Centre features a sold-out 31-storey condominium, combined with innovative ground and second floor retail, and a 10-storey office component. Romspen has been involved since the land assembly phase began almost a decade ago, providing a construction facility in late 2021 to the shovel-ready project. The sponsor group, a repeat borrower with a seasoned team and a solid track record, received timely assistance from Romspen throughout the challenging economic conditions during construction. Residential unit closings and loan repayments are anticipated to commence in mid-2024.



Drift Hotel Palm Springs

Palm Springs, California, USA

Construction Financing | Loan Amount: $17.5 Million

Designed for lifestyle travelers, Drift Hotel Palm Springs blends modern design with architectural heritage. Romspen's construction loan faced delays due to the pandemic, resulting in higher costs. By working closely with the borrower, amending the loan terms as necessary, and requiring additional equity, the hotel opened in April 2023, coinciding with the annual Coachella festival. The project is now cash-flow positive with improving margins, and we are anticipating a near-term exit.

Management's Discussion & Analysis

Responsibility of Management

This Management's Discussion and Analysis ("MD&A") for Romspen Mortgage Investment Fund (the "Fund") should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 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 year ended December 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 require management to make assumptions and are subject to inherent risks and uncertainties, general and specific, which may cause actual results to differ materially from the expectations expressed in the forward-looking statements. These risks and uncertainties include, but are not limited to, global capital markets activity, changes in government monetary and economic policies, changes in interest rates, changes in foreign exchange rates, inflation levels and general economic conditions, legislative and regulatory developments, disruptions resulting from the outbreak of pandemics, competition and technological change.

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

Non-IFRS Financial Measures

This MD&A contains certain non-IFRS financial measures. A non-IFRS financial measure is defined as a numerical measure of the Fund's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with IFRS in the financial statements or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. Non-IFRS financial measures disclosed herein are intended 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 of 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 on capital are not subject to the tax. As its units are not listed on a stock exchange or other public markets, the Fund is not subject to the SIFT tax regime.

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

Portfolio

As of December 31, 2023, the Fund's mortgage and investment portfolio (the "Portfolio"), net of fair value provisions, was $2.7 billion, compared to $2.8 billion at December 31, 2022. The Portfolio included 129 mortgages and investments, compared to 141 at the same time last year.

Approximately 96% of the Portfolio was invested in first mortgages at December 31, 2023, same as last year. The weighted average interest rate of the mortgage loans in the Portfolio was 9.0% compared to 8.8% a year ago. The weighted average interest rate on performing loans was 11.5% (2022 - 10.5%).

The Portfolio continues to consist mainly of short-term mortgages to third parties and mortgages to the Fund's subsidiaries. Approximately 97% of the Portfolio's investments mature within one year (December 31, 2022 -84%) and 100% mature within two years (December 31, 2022 - 98%). 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 evolve in response to changes in the real estate and credit markets. The Fund Manager believes this flexibility is far more important in our market niche than securing long-term fixed interest rates.

As of December 31, 2023, approximately 23% of the Fund's investments were in Ontario (2022 - 21%). Approximately 17% of the Portfolio was invested in Western Canada (2022 – 18%), 4% in other provinces (2022 – 7%) and 56% in the US (2022 – 54%). The Fund Manager believes this broad level of North American diversification brings greater stability to the Fund's performance by reducing dependency on the economic activity and cycles in any given geographic region.

Total fair value provisions as of December 31, 2023, was $253.0 million, of which $100.3 million was provided against the Accrued Interest Receivables. The remaining fair value provisions of $152.7 million represent 5.4% of the original cost of the Fund's investments. Total fair value provisions represent $0.89 per unit outstanding as at December 31, 2023. During 2023, the Fund realized $4.9 million of losses in the Portfolio for which provisions had been made. The establishment of the fair value provision is based on facts and interpretation of circumstances relating to the Fund's portfolio. Thus, it is a complex and dynamic process influenced by many factors. The provision relies on the judgment and opinions of individuals 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

December 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)	2023	2022
Assets		
Cash	$ 25,298	$ 2,586
Accrued interest receivable	138,460	213,486
Mortgage investments	1,688,074	1,850,150
Investment in subsidiaries	424,293	410,602
Investment in TIG Romspen US Master Mortgage LP	584,209	571,088
Foreign exchange forward contracts	10,251	-
Other assets	35,840	26,719
	$ 2,906,425	$ 3,074,631
Liabilities and Unitholder's Equity		
Revolving loan facility	$ 153,300	$ 256,166
Mortgage investment syndications	85,003	-
Accounts payable and accured liabilties	5,548	7,129
Foreign exchange forward contracts	-	68,692
Prepaid unit capital	-	-
Distributions payable	5,692	11,412
	249,543	343,399
Units submitted for redemption	509,907	228,562
Unitholder's equity	2,146,975	2,502,670
	$ 2,906,425	$ 3,074,631

Non-IFRS financial information

Combined Statements of Earnings

Year ended December 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)	2023	2022
Revenue		
Mortgage interest	$ 141,276	$ 168,052
Income from investment in TIG Romspen US Master Mortagage LP	43,525	53,272
Other	1,781	3,411
(Loss) gain on foreign exchange	(15,126)	15,211
	171,456	239,946
Expenses		
Management fees	23,034	22,736
Interest	21,003	12,412
Change in fair value of mortgage investments and investment in subsidaries	125,582	15,651
Realized loss on mortgage investments	4,915	6,368
Other (gains) losses	(553)	1,191
Audit fees	564	494
Legal Fees	281	188
Other	3,505	2,835
	178,331	61,875
Net (loss) earnings	$ (6,875)	$ 178,071
Net (loss) earnings per unit	$ (0.02)	$ 0.63
Weighted average number of units issued and outstanding	282,241,216	283,105,459

Non-IFRS financial information

Combined Statement of Changes in Unitholders' Equity

Year ended December 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)	2023	2022
Unit capital		
Balance, beginning of year	$ 2,587,305	$ 2,707,995
Issuance of units	28,403	167,372
Redemption of units	-	(261,613)
Increase in units submitted for redemption	(281,345)	(26,449)
Balance, end of year	$ 2,334,363	$ 2,587,305
Cumulative earnings		
Balance, beginning of year	$ 1,668,815	$ 1,490,744
Net (loss) earnings	(6,875)	178,071
Balance, end of year	$ 1,661,940	$ 1,668,815
Cumulative distributions to unitholders		
Balance, beginning of year	$ (1,753,450)	$ (1,580,406)
Distributions to unitholders	(95,878)	(173,044)
Balance, end of year	$ (1,849,328)	$ (1,753,450)
Unitholders' equity	$ 2,146,975	$ 2,502,670
Units issued and outstanding, excluding units submitted for redemption	228,879,648	256,901,756

Non-IFRS financial information

Combined Statement of Cash Flows

Year ended December 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)	2023	2022
Cash provided by (used in):		
Operations		
Net (loss) earnings	$ (6,875)	$ 178,071
Items not affecting cash:		
Amortization of revolving loan facility financing cost	515	414
Change in fair value of mortgage investments and investment in subsidiaries	125,582	15,651
Income from investment in TIG Romspen US Master Mortgage LP	448	388
Realized loss on mortgage investments	4,915	6,368
Unrealized (gain) loss on foreign exchange	(39,100)	(28,715)
Amortization of discount	(213)	-
Other (gains) losses	(553)	1,191
Change in non-cash operating items:		
Accrued interest receivable	(25,991)	(19,648)
Other assets	(9,230)	(12,882)
Accounts payable and accrued liabilities	84,316	(631)
	133,814	140,207
Financing		
Proceeds from issuance of units	712	95,562
Distributions paid to unitholders	(73,907)	(107,291)
Redemption of units	-	(261,613)
Prepaid unit capital	-	(2,868)
Change in revolving loan facility	(102,727)	80,396
	(175,922)	(195,814)
Investments		
Funding of mortgage investments	(327,653)	(453,509)
Discharge of mortgage investments	401,663	321,479
Net discharge funding of investment in subsidiaries	19,156	(2,876)
Net (funding) divestment of investment in TIG Romspen US Master Mortgage LP	(28,346)	148,761
	64,820	13,855
Increase (decrease) in cash	22,712	(41,752)
Cash, beginning of year	2,586	44,338
Cash, end of year	$ 25,298	$ 2,586

Quarterly Financial Information 2023

Detailed financial information by quarter for 2023 is outlined in the table below:

(In millions of dollars, except per unit amounts)

	Dec. 31	Sept. 30	June. 30	Mar. 31
Total revenue excluding foreign exchange gain (loss)	$ 52.8	$ 49.9	$ 44.7	$ 39.1
Foreign exchange (loss) gain	(15.9)	10.7	(7.8)	(2.1)
Interest expense and deferred financing costs	7.5	3.7	4.9	4.9
Net interest income	29.4	56.9	32.0	32.1
Management fees and other expenses	6.7	6.5	7.4	6.8
Fair value provision on investment portfolio and losses	97.9	17.0	4.5	6.2
Realized losses on investment portfolio	4.1	0.1	0.3	0.4
Other (gains) losses	(0.2)	(0.3)	(0.4)	0.3
Net (loss) earnings	(79.1)	33.6	20.2	18.4
Per Unit - net (loss) earnings	$ (0.28)	$ 0.12	$ 0.07	$ 0.07
- distributions	$ 0.06	$ 0.06	$ 0.10	$ 0.12
Trailing 12-month compounded return[1]	-0.3%	3.3%	4.0%	5.6%
Revolving loan net of cash as a percentage of net mortgages[1]	4.7%	4.1%	4.9%	7.7%

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

Investment in Subsidiaries

The controlled subsidiaries acquire control of properties to complete development and dispose 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	Dec. 31, 2023
Guild	100%	Office complex	CA	$ 25,003
Aspen Lakes	100%	Residential development	CA	4,066
Almonte	50%	Retail plaza	CA	5,966
Liberty Ridge	100%	Residential subdivision	CA	68,628
Planetwide	100%	Land for residential development	CA	4,808
Royal Oaks	100%	Residential subdivision	CA	17,522
Haldimand	100%	Landfill	CA	29,528
High Street	100%	Commercial/residential	CA	18,294
Egreen	100%	Land for Industrial development	CA	5,383
Carolina Golf	100%	Golf courses	US	27,570
LE Ranch	100%	Residential	US	17,643
Springville	100%	Land for commercial development	US	22,061
Big Nob	100%	Land for residential development	CA	4,592
Midland	100%	Land for residential development	CA	5,052
Kettle Creek	100%	Land for residential development	CA	15,666
Langford Lake	100%	Land for residential development	CA	38,877
Ponderosa	80%	Land for residential development	CA	32,864
Drought	100%	Land for residential development	CA	11,606
Northern Premier	100%	Land for Industrial development	CA	10,448
Hampton Circle	100%	Residential construction	CA	3,391
Southpoint Landing	100%	Residential	CA	1,679
RIC Hampton Inc.	100%	Commercial	CA	7,786
Environmaster	100%	Environment and recycling	CA	23,443
Kawartha Downs	100%	Leisure and entertainment	CA	28,942
Nisku	100%	Industrial predevelopment	CA	17,275
				$ 448,093
		Fair value adjustment		(23,800)
				$ 424,293

Controlled subsidiaries that are owned by the General Partner of the Fund and not directly by the Partnership are classified as related party mortgage investments. Similar to investments in subsidiaries, these related party subsidiaries acquire control of properties in order to complete development and dispose of the property with the goal of maximizing the return to investors, which may involve, but not specifically require, the advancement of additional funds from the Fund. As of December 31, 2023, there are sixteen (2022 – thirteen) mortgage investments to related party subsidiaries with a fair value of $538,175 (2022 - $555,615). Further details regarding related party mortgage investments can be found in Note 8 of the audited financial statements.

Income Statement Highlights

Total revenues for the year ended December 31, 2023, were $171.5 million compared to $239.9 million in the previous year.

Net loss for the year was $6.9 million compared to $178.1 million net earnings for the prior year. The basic weighted average loss per unit for the year was -$0.02 per unit compared to $0.63 basic weighted average earnings per unit last year.

For the year ended December 31, 2023, the Fund declared $95.9 million or $0.34 per unit compared to $173.0 million or $0.61 per unit last year. The simple and compounded net returns to unitholders for the year ended December 31, 2023, was -0.2% and, -0.3% respectively.

Fair value adjustments on the Portfolio increased expenses by $125.6 million during the year, while realized losses were $4.9 million compared to $6.4 million in the prior year. Management and other fees payable to the Fund Manager and other general and administrative expenses of the Fund were $27.4 million for the year ended December 31, 2023, compared to $26.3 million in the prior year. These expenses were marginally higher than the previous year, predominately due to a higher USD to CAD exchange rate.

Total revenues for the quarter ended December 31 2023, was $36.9 million compared to $44.1 million in the fourth quarter of 2022.

Net loss after all expenses for the fourth quarter was $79.1 million compared to net earnings of $17.3 million for the quarter ended December 31, 2022. Basic weighted average loss per unit for the three months ended December 31, 2023 was -$0.28 compared to basic weighted average earnings per unit of $0.07 in the prior year.

Management fees payable to the Fund Manager and other general and administrative expenses of the Fund were $6.7 million for the quarter, compared to $6.9 million in the fourth quarter of 2022.

For the three-month period ended December 31, 2023, the Fund distributed $17.0 million or $0.06 per unit, compared to $33.6 million or $0.12 per unit for the three months ended December 31, 2022.

Balance Sheet Highlights

Total assets as of December 31, 2023, were $2.9 billion, compared to $3.1 billion a year ago. In accordance with IFRS, mortgages that are provided to owned subsidiary companies holding foreclosed properties have been reclassified from mortgage investments to investment in subsidiaries. Total assets are comprised primarily of mortgages recorded at fair market value, investment in subsidiaries and accrued interest receivable. In addition, the Fund had $25.3 million of cash at year-end.

Total liabilities excluding units submitted for redemption as of December 31, 2023, was $249.5 million compared to $343.4 million a year earlier. Liabilities at the end of the year were comprised mainly of $153.3 million line of credit and $85.0 million in mortgage investment syndications. Drawings under the revolving loan facility, together with net cash proceeds of the Unit Offering, are used to fund additions to the Portfolio. The revolving loan facility bears interest not exceeding prime plus 1.5% and is secured by all assets of the Partnership and a pledge of all Partnership units held by the Fund. Net bank debt (debt less unrestricted cash) stood at $128.0 million (5% of the net book value of the Portfolio) at year-end compared to net bank debt of $253.6 million (9% of the net portfolio) a year ago.

Unitholders' equity plus units submitted for redemption as of December 31, 2023, totaled $2.7 billion, same as a year ago. There was a total of 283,293,999 units outstanding on December 31, 2023 compared to 280,363,913 in 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 December 31, 2023, borrowings totaled approximately 6% of the book value of investments held by the Fund, compared to 9% as of December 31, 2022.

For the year December 31, 2023, the Fund's proceeds from issuance of units, net of redemptions of units, was $28.4 million, compared to $94.2 million redemptions, net of proceeds from issuance of units in 2022. The Fund's mortgages are largely short-term in nature, with the result that continual repayment by borrowers of existing mortgages creates liquidity for new mortgage investments.

Related Party Transactions

Romspen acts as the mortgage manager for the Partnership and administrator for the Fund. 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 to ensure the preservation of capital as well as the achievement of acceptable and consistent rates of return.

Outlook

Real estate and real estate credit transaction activity was in the doldrums in 2023 as market participants grappled with high interest rates, interest rate uncertainty, persistent inflation, and falling asset values and value uncertainty. The Fund was impacted by these conditions: fewer transactions resulted in fewer loan repayments through third-party refinancings, property sales, and realizations. There was a higher-than-normal level of borrower defaults, and more borrowers requested term extensions and other accommodations. These negative market characteristics continued into 2024.

There are signs that the logjam may break somewhat in the latter half of the year. While values may not rebound immediately, less volatility in interest rate movements, solid real estate fundamentals in most sectors, and continued demand for housing in many North American sub-markets should lead to a rebound in dealmaking and real estate lending.

We are not seeing many attractive new loan opportunities in Canada, and given the Fund's liquidity constraints, we expect new mortgage loan origination activity to remain low, absent significant capital inflows. Any loans we do originate will undergo a scrupulous credit underwriting process to ensure an added margin of safety, anticipating further potential value declines. For the balance of 2024, the Fund will focus on deploying its available liquidity towards:

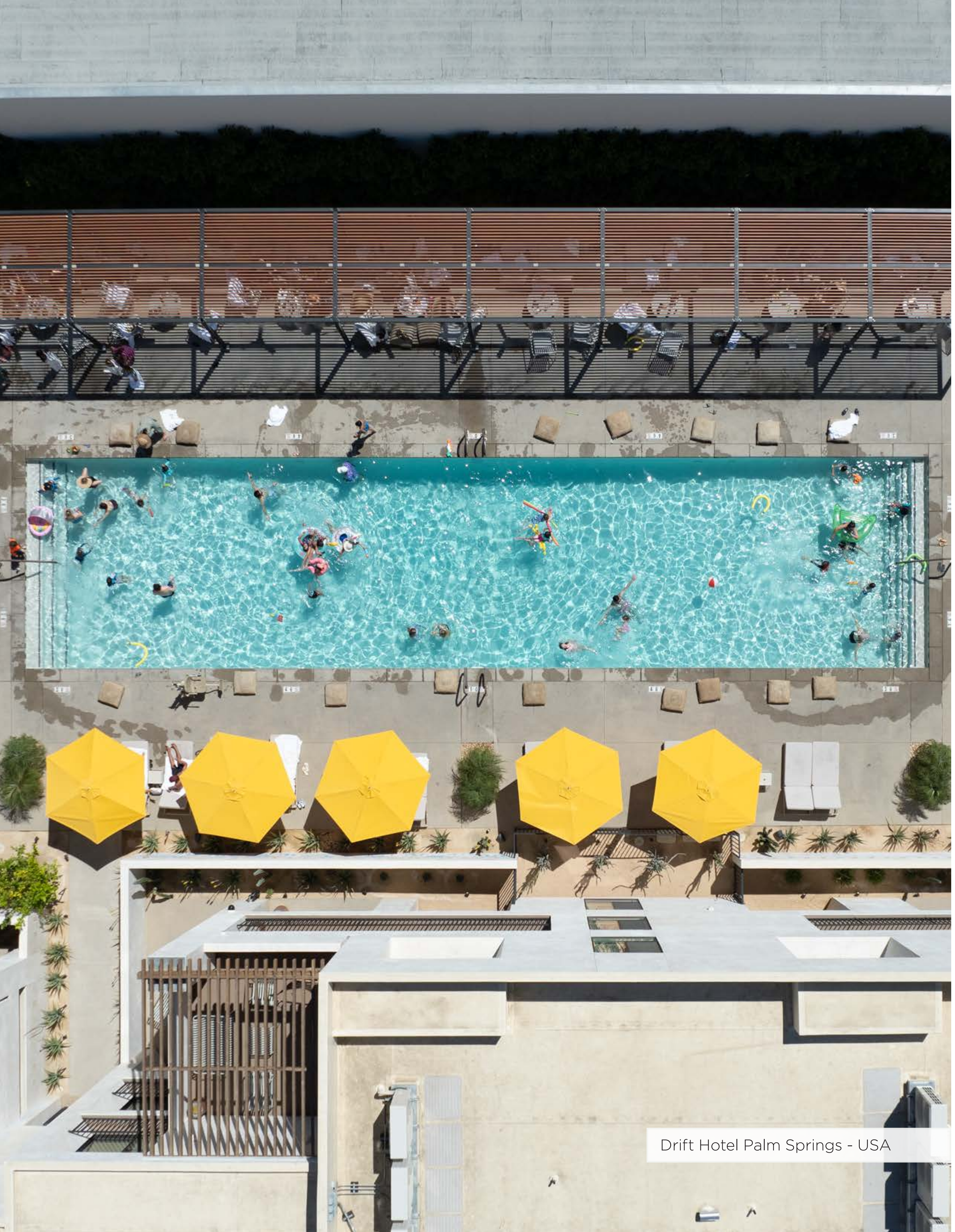
1. Existing committed advances on construction and development projects, with a view to bringing those assets to completion and sale.

2. Completing, stabilizing, and selling properties acquired in mortgage enforcements.

The closing of a new term credit facility and the renewal of the operating credit facility should provide additional flexibility in working toward these objectives.

One of management's key priorities remains addressing the overhang in unitholder redemption requests and end the current extension of redemption payments. The key challenge has always been, when capital is constrained, to balance demand for investor liquidity with the interests of remaining Fund unitholders. A return to an acceptable level of liquidity and to a more predictable cycle of loan repayments and asset realizations could provide some opportunities in this regard.

Overall, the challenges facing the Fund that management highlighted in last year's outlook remain. Even if the climate in real estate equity and credit markets outlined above improves somewhat, the internal processes and organization that we have developed to inject liquidity will continue to take some further time. Nevertheless, we are confident that we have put the right people and strategies in place to accomplish the tasks we have set for ourselves for the benefit of unitholders.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Financial Statements

Romspen Mortgage Investment Fund

And Independent Auditor's Report thereon

Year ended December 31, 2023

Independent Auditor's Report

To Romspen Investment Corporation

Opinion

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

- the statement of financial position as at December 31, 2023
- the statement of net (loss) income and comprehensive (loss) income for the year then ended
- the statement of changes in net assets attributable to unitholders for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

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

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

Other Information

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

- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2023 Annual Report".

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

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

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "2023 Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we concluded that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
June 14, 2024

Statement of Financial Position

(In thousands of dollars, except per unit amounts, unless otherwise noted)
December 31, 2023, with comparative information for 2022

		2023		2022
Assets				
Cash	$	111	$	300
Investment in Romspen Mortagage Limted Partnership at fair vaule through profit or loss (note 3)		2,663,234		2,743,106
Other assets		-		19
	$	2,663,345	$	2,743,425
Liabilities and Net Assets Attributable to Unitholders and Unitholder's Equity				
Liabilities:				
Accounts payable and accured liabilties	$	771	$	781
Unitholders' distributions payable		5,692		11,412
		6,463		12,193
Net assets attributable to unitholders		2,656,882		2,731,232
	$	2,663,345	$	2,743,425
Net Assets attributable to unitholders represented by:				
Fund unitholders (note 4)	$	2,334,363	$	2,587,305
Fund units submitted for redemption (note 4)		390,034		113,217
Run-Off Pool unitholders (note 4)		119,873		115,345
Cumulative earnings		1,661,940		1,668,815
Cumulative distributions		(1,849,328)		(1,753,450)
	$	2,656,882	$	2,731,232
Net asset value per Fund unit (note 5)	$	9.38	$	9.74
Net asset value per Run-Off Pool unit (note 5)		9.34		9.74

Commitments and contingent liabilities (note 9)

See accompanying notes to financial statements.

Approved by the Trustees:

"Wesley Roitman" Trustee
"Mark Hilson" Trustee

Statement of Net (Loss) Income and Comprehensive (Loss) Income

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023, with comparative information for 2022

		2023		2022
Income from investment in Rompsen Mortgage Limited Partnership:				
Distributions from Romspen Mortgage Limited Partnership	$	68,187	$	101,234
Unrealized (depreciation) appreciation in net asset of Romspen Mortgage Limited Partnership (note 3)		(65,435)		86,167
		2,752		187,401
Expenses:				
Management fees (note 8(a))		7,601		7,503
Audit fees		564		482
Legal fees and other		1,462		1,345
		9,627		9,330
Net (loss) income and comprehensive (loss) income	$	(6,875)	$	178,071
Net loss and comprehensive loss per Fund unit (note 5)	$	(0.02)	$	-
Net loss and comprehensive loss per Run-Off Pool unit (note 5)		(0.06)		-
Net income and comprehensive income per unit (note 5)		-		0.63
Weighted average number of Fund units issued and outstanding (note 5)		269,406,814		-
Weighted average number of Run-Off Pool units issued and outstanding (note 5)		12,834,402		-
Weighted average number of units issued and outstanding (note 5)		-		283,105,459

See accompanying notes to financial statements.

Statement of Changes in Net Assets Attributable to Unitholders

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023, with comparative information for 2022

		2023		2022
Fund unit capital:				
Balance, beginning of year	$	2,587,305	$	2,707,995
Issuance of units (note 4)		28,403		167,372
Redemption of units (note 4)		-		(261,613)
Decrease (increase) in units submitted for redemption		(271,737)		88,896
Conversion to Run-Off Pool units (note 4(d))		(9,608)		(115,345)
Balance, end of year	$	2,334,363	$	2,587,305
Fund units submitted for redemption, end of year	$	390,034	$	113,217
Run-Off Pool unit captial:				
Balance, beginning of year	$	115,345	$	-
Conversion from units		9,608		116,106
Fair market value adjustment		(5,080)		(761)
Balance, end of year	$	119,873	$	115,345
Cumulative earnings to all unitholders:				
Balance, beginning of year	$	1,668,815	$	1,490,744
Net (loss) income and comprehensive (loss) income		(6,875)		178,071
Balance, end of year	$	1,661,940	$	1,668,815
Cumulative distributions to all unitholders:				
Balance, beginning of year	$	(1,753,450)	$	(1,580,406)
Distributions to unitholders (note 6)[1]		(95,878)		(173,044)
Balance, end of year	$	(1,849,328)	$	(1,753,450)
Net assets attributable to unitholders	$	2,656,882	$	2,731,232
Units issued and outstanding:				
Fund units		228,879,648		256,901,756
Fund units submitted for redemption		41,579,849		11,614,581
Run-Off Pool units		12,834,502		11,847,576
Total units issued and outstanding		283,293,999		280,363,913

[1]Included in total distributions is amount for Run-Off Pool unitholders of $4,363 (2022- $1,421).

See accompanying notes to financial statements.

Statement of Cash Flows

(In thousands of dollars)
Year ended December 31, 2023, with comparative information for 2022

		2023		2022
Cash provided by (used in):				
Operations				
Net (loss) income and comprehensive (loss) income	$	(6,875)	$	178,071
Item not affecting cash:				
Unrealized depreciation (appreciation) in net assets of Romspen Mortgage Limited Partnership (note 3)		65,435		(86,167)
Change in non-cash operating items:				
Accounts payable, accured liabilities and other assets		9		39
		58,569		91,943
Financing				
Proceeds from issuance of funds units (note 4)		712		95,562
Distributions paid to unitholders (note 6)		(73,907)		(107,291)
Redemption of fund units (note 4)		-		(261,613)
Repaid fund unit captial		-		(2,868)
		(73,195)		(276,210)
Investments				
Net redemption of investment in Romspen Mortgage Limited Partnership (note 3)		14,437		181,556
Decrease in cash		(189)		(2,711)
Cash, beginning of year		300		3,011
Cash, end of year	$	111	$	300

See accompanying notes to financial statements.

Notes to Financial Statements

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

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

As of December 31, 2023, the Partnership indirectly owns 76.77% (2022 - 75.15%) of USMLP. Romspen Investment Corporation ("Romspen") is the Fund's mortgage manager and acts as the primary loan originator, underwriter and syndicator for the Partnership.

The Fund commenced operations on January 16, 2006.

These financial statements and accompanying notes have been authorized for issue by the trustees of the Fund (the "Trustees") on June 14, 2024.

1. Basis of presentation:

These financial statements have been prepared in accordance with IFRS Accounting Standards and using accounting policies disclosed therein.

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. Material accounting policies:

A) Use of estimates:

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

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

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

B) Judgment:

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

C) Net (loss) income and comprehensive (loss) income per unit:

Net (loss) income and comprehensive (loss) income per unit are computed by dividing net (loss) income and comprehensive (loss) income for the year earned by unit types described in note 4 by the respective weighted average number of units issued and outstanding during the year.

D) Prepaid unit capital:

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

2. Material accounting policies (continued):

E) Units:

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

In 2022, the Fund introduced Run-off Pool units described in note 4(d), which results in the Fund not meeting the exemption criteria under IAS 32. Therefore, all classes of fund 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 of the risks and rewards of ownership are transferred or in which the Partnership neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. A liability is derecognized when its contractual obligations are discharged, cancelled, or expired.

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

	2023	2022
Investment balance, beginning of year	$ 2,743,106	$ 2,838,495
Net redemption of investment in the Partnership	(14,437)	(181,556)
Unrealized (depreciation) appreciation in net assets of the Partnership	(65,435)	86,167
Investment balance, end of year	$ 2,663,234	$ 2,743,106

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

3. Supplemental information regarding Partnership at FVTPL (continued):

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:

	2023	2022
Assets		
Cash	$ 25,187	$ 2,286
Accrued interest receivable (note 3(a)(v))	138,460	213,486
Mortgage investments (note 3(b))	1,688,074	1,850,150
Investment in subsidiaries (note 3(c))	424,293	410,602
Investment in USMLP (note 3(d))	584,209	571,088
Other assets	35,840	26,700
Foreign exchange forward contracts (note 3 (f))	10,251	-
	$ 2,906,314	$ 3,074,312
Liabilities and Unitholders' Capital		
Liabilities:		
Revolving loan facility (note 3(e))	$ 153,300	$ 256,166
Mortgage investment syndication (note 3 (b))	85,003	-
Accounts payable and accrued liabilities	4,777	6,348
Foreign exchange forward contracts (note 3(f))	-	68,692
	243,080	331,206
Fair value of net assets attributable to unitholders of the Partnership	2,663,234	2,743,106
	$ 2,906,314	$ 3,074,312

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

	2023	2022
Revenue		
Mortgage interest	$ 122,073	$ 146,761
Income from subsidiaries	19,203	21,291
Income from investment in USMLP (note 3(d))	43,525	53,272
Other	1,781	3,411
Foreign exchange (loss) gain (note 3(f))	(15,126)	15,211
	171,456	239,946
Expenses		
Management fees (note 8(b))	15,433	15,233
Interest	21,003	12,412
Change in fair value of accrued interest receivable, mortgage investments, and investment in subsidiaries	125,582	15,651
Realized loss on mortgage investments	4,915	6,368
Other losses (gains)	(553)	1,191
Legal fees and other	2,323	1,690
	168,703	52,545
Comprehensive income	$ 2,753	$ 187,401

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.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

3. Supplemental information regarding Partnership at FVTPL (continued):

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

III) Investment in USMLP: The Partnership indirectly owns 76.77% of USMLP as at December 31, 2023 (2022 - 75.15%) 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. Income is not recognized for interest deemed to be uncollectible.

V) Accrued interest receivable: Included in change in fair value of mortgage investments, accrued interest receivable, and investments in subsidiaries is a fair value adjustment of $100,293 (2022 - nil) representing accrued interest that is not expected to be collectible.

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

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

VII) Foreign currency translation: Foreign exchange gains and losses on the receipts of payments on mortgage investments 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.

VIII) Financial assets and financial liabilities:

The Partnership's designations are as follows:

a) Mortgage investments and accrued interest receivable are designated as FVTPL and 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.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

3. Supplemental information regarding Partnership at FVTPL (continued):

B) Mortgage investments (excluding investment in subsidiaries):

The following is a summary of the mortgages:

		2023		2022
	Number of mortgages	Original cost	Fair value	Fair value
First mortgages	60	$ 1,764,587	$ 1,638,296	$ 1,791,655
Second mortgages	1	52,395	49,778	58,495
		$ 1,816,982	$ 1,688,074	$ 1,850,150

A reconciliation of the mortgage investments is as follows:

	2023	2022
Investments balance, beginning of year	$ 1,850,150	$ 1,689,135
Funding of mortgage investments(i)	327,866	453,509
Discharge of mortgage investments	(401,663)	(321,479)
Loss in the value of investments	(54,654)	(15,784)
Realized loss on investments	(4,586)	(6,368)
Foreign currency adjustment on investments(i)	(29,039)	51,137
Investments balance, end of year	$ 1,688,074	$ 1,850,150

(i)Includes net funding of $17,220, equivalent of $12,008 USD (2022 - net funding of $16,080, equivalent of $12,353 USD) in mortgages which are syndicated with USMLP.

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

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

Pursuant to certain lending agreements and subject to borrowers meeting certain funding conditions, the Partnership funded commitments of $24,783 (2022 - $27,694) during 2023 by capitalizing interest relating to existing mortgage investments.

The mortgage investments portfolio bears interest at a weighted average rate of 9.46% (2022 - 9.16%).

Principal repayments based on contractual maturity dates are as follows:

Overhold	$ 825,596
2024	918,718
2025	72,668
	$ 1,816,982

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

3. Supplemental information regarding Partnership at FVTPL (continued):

The Fund syndicates portions of its mortgage investments to third party investors, each participating in a prescribed manner per agreement and on an investment-by-investment basis. In these investments, the investors assume some risks associated with specific investment transactions as the Fund. The principal balance of mortgage investment syndications at December 31, 2023 totals $85,003 (2022 - nil), and carries a weighted average effective interest rate of 9.4%.

C) Investment in subsidiaries:

	2023	2022
Investment in subsidiaries at cost	$ 448,093	$ 463,767
Fair value adjustment	(23,800)	(53,165)
	$ 424,293	$ 410,602

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:

	2023	2022
Investment balance, beginning of year	$ 410,602	$ 407,620
Funding in investments	24,462	42,097
Sale of investments	(43,618)	(39,221)
Net unrealized gain (loss) in the fair value of investments	29,365	133
Realized loss on investments	(329)	-
Foreign currency adjustment on investments	3,811	(27)
Investment balance, end of year	$ 424,293	$ 410,602

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

D) The Partnership's investment in USMLP at FVTPL:

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

As of December 31, 2023, the Partnership indirectly owns 76.77% (2022 - 75.15%) of USMLP, through Liberty LP.

Schedule of investment in USMLP:

	2023	2022
Investment balance, beginning of year	$ 571,088	$ 682,245
Net funding (divestment) of investment in USMLP	(19,991)	(148,761)
Loan to USMLP	48,337	-
Partnership's share in USMLP net income	43,525	53,272
Dividend received from USMLP	(43,973)	(53,660)
Foreign currency adjustment on investment	(14,777)	37,992
Investment balance, end of year	$ 584,209	$ 571,088

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

3. Supplemental information regarding Partnership at FVTPL (continued):

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:

	2023	2022
Assets		
Cash and restricted cash	$ 9,257	$ 10,990
Accrued interest	23,959	18,464
Mortgage investments, at fair value	832,134	821,443
Real estate owned, at fair value	40,682	30,007
Other assets	3,673	2,830
	$ 909,705	$ 883,734
Liabilities and Unitholders' Capital		
Liabilities:		
Mortgage investment syndication(i)	$ 118,636	$ 117,504
Accounts payable and accrued liabilities	5,043	6,277
Revolving loan facility	39,729	-
Loan from Partnership	48,337	-
Distributions payable	4,673	5,438
Redemptions payable	35,605	-
	252,023	129,219
Fair value of net assets attributable to unitholders of USMLP	657,682	754,515
	$ 909,705	$ 883,734

(i) Of this amount, $40,186, equivalent to $30,345 USD (2022 - $57,405, equivalent to $42,353 USD) is included in the Partnership's mortgage investments.

Statement of non-consolidated comprehensive income:

	2023	2022
Investment income:		
Mortgage interest	$ 72,225	$ 79,616
Other	1,294	509
	73,519	80,125
Expenses:		
Service fees (note 8(c))	7,719	7,348
Interest	6,242	2,682
Accounting and legal fees	681	447
Other	765	796
	15,407	11,273
	58,112	68,852
Realized gain from investments	404	8,439
Unrealized loss from investments	(1,416)	(7,644)
Net investment income	$ 57,100	$ 69,647

The Partnership provides temporary funding to assist in USMLP's ability to fund loans. These loans are in priority of equity and are arranged to be repaid by the next unit offering date of USMLP. These loans bear an interest rate of US prime plus 1.25% and are paid down within a year. As of December 31, 2023, a balance of $48,337 (2022 - nil), equivalent of $36,500 USD (2022 - nil), is outstanding and included in the investment balance. During the year ended December 31, 2023, the Partnership recognized $624, equivalent of $461 USD (2022 - $2,538, equivalent of $1,971 USD) towards interest income from these temporary loans.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

3. Supplemental information regarding Partnership at FVTPL (continued):

During the year ended December 31, 2023, USMLP was not in compliance with certain covenants in its revolving loan facility credit agreement which resulted in an event of default. In particular, one loan exceeded the 15% unitholder equity threshold in the credit agreement (by approximately 4%). Subsequent to year end, on May 31, 2024, the Partnership has issued Letter of Financial Support for USMLP to not demand payment of the indebtedness owing to the Partnership and expressed its willingness to continue its financial support of USMLP so as to maintain USMLP's existence as a going concern for a period of 12 month from the date of USMLP's financial statements issuance date.

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 December 31, 2023, a balance of nil (2022 - nil) is outstanding towards these temporary loans. During the year ended December 31, 2023, the Partnership incurred $1,088 equivalent of $804 USD (2022 - nil) of interest expense on these temporary loans.

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

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

	2023	2022
Mortgage investments, at cost	$ 1,816,982	$ 1,924,403
Investment in subsidiaries, at cost	448,093	463,767
Accrued interest receivable, at cost	238,752	213,486
Investment in USMLP	584,209	571,088
Unrealized fair value adjustment	(253,000)	(127,418)
	$ 2,835,036	$ 3,045,326
Mortgage investments	$ 1,688,074	$ 1,850,150
Investment in subsidiaries	424,293	410,602
Accured interest receivable	138,460	213,486
Investment in USMLP	584,209	571,088
	$ 2,835,036	$ 3,045,326

The fair values of cash, 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.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

3. Supplemental information regarding Partnership at FVTPL (continued):

E) Revolving loan facility:

The Partnership obtained a revolving loan facility ("Facility") on July 16, 2012, which was most recently amended on July 14, 2023 to a maximum amount of $217,500 (2022 - $360,000), including borrowing of equivalent amount denominated in USD. The maximum amount is subject to an additional drawing threshold based on a borrowing base calculation using eligible mortgage investments determined by the loan facility agreement. The Facility matures on July 17, 2024, and has been amended on May 16, 2024 to mature on April 16, 2025 (notes 11(b) and 13). At December 31, 2023, the outstanding amount is $153,300 (2022 - $256,166).

The interest rates are either the Prime interest rate plus 1.50% per annum (2022 - Prime interest rate plus 1.00% per annum) or the Banker Acceptance Fee Rate plus 2.50% per annum (2022 - Banker Acceptance Fee Rate plus 2.00% per annum) or the Secured Overnight Financing Rate plus 2.50% per annum (2022 - US LIBO Rate plus 2.00% per annum). The Facility also imposes a Letter of Credit Fee rate of 2.50% per annum (2022: 2.00% per annum) and a Standby Fee Rate of 0.625% per annum (2022 - 0.50% per annum) on the unutilized portion of the credit limit. See note 13 for renewal of the Facility and amended interest rates.

On December 31, 2023, $100,000 (2022 - $155,000) of the outstanding balance was incurring interest based on the Banker Acceptance Fee Rate with the interest rate being 8.10% (2022 - 6.79%). On December 31, 2023, $53,300 (2022 - $ 101,166) was exposed to the Prime Interest Rate with the interest rate being 8.70% (2022 - 7.61%).

The minimum and maximum amounts drawn under the Facility for the year ended December 31, 2023, were $153,300 and $273,120 (2022 - $125,000 and $303,260), respectively. The loan is secured by all assets of the Partnership and a pledge of all Partnership units held by the Fund. The Facility matures on July 17, 2024.

The costs associated with the renewal of the Facility are amortized over the one-year term of the renewal and have been included in other assets of $281 (2022 - $234), net of accumulated amortization of $1,005 (2022 - $535).

During the year ended December 31, 2023, the Partnership included a mortgage investment in the borrowing base calculation for its Facility, which should not have been included and resulted in the Facility being overdrawn. Subsequent to year end, the Partnership requested and obtained a waiver from the administrative agent to allow the inclusion of that mortgage investment in the borrowing base calculation.

F) Foreign exchange forward contracts:

The foreign exchange forward contracts are used to hedge the Fund's exposure to loans denominated in USD and are classified at FVTPL. The following table sets out the fair values and the notional amount of foreign exchange forward contract derivative assets and liabilities held by the Partnership as at December 31, 2023 and 2022:

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

	Currency received to be delivered in USD (CAD)	Fair value at foreign exchange	Unrealized gain (loss)
2023	$ 1,085,053	$ 1,074,802	$ 10,251
2022	1,216,905	1,285,597	(68,692)

The Partnership's foreign exchange gain (loss) in the statement of comprehensive income includes an unrealized foreign exchange gain of $39,100 (2022 - gain of $28,715) and a realized foreign exchange loss of $54,226 (2022 - loss of $13,504).

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

The realized foreign exchange loss includes realized foreign exchange losses of $61,850 (2022 - losses of $16,134) 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)
Year ended December 31, 2023

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:

	2023		2022	
	Units	Amount	Units	Amount
Balance, beginning of year	280,363,913	$ 2,815,867	290,049,991	$ 2,910,108
New fund units issued	74,151	712	9,816,529	95,562
New fund units issued under distribution reinvestment plan	2,855,935	27,691	7,373,196	71,810
Fund units redeemed	-	-	(26,875,803)	(261,613)
Net issuance/(redemptions) of Fund units	2,930,086	28,403	(9,686,078)	(94,241)
Balance, end of year	283,293,999	$ 2,844,270	280,363,913	$ 2,815,867

Total units of 283,293,999 include 41,579,849 Fund units submitted for redemption and 12,834,502 Run-off Pool units as reconciled below:

	2023		2022	
	Units	Amount	Units	Amount
Balance, beginning of year	11,614,581	$ 113,217	20,784,915	$ 202,113
Net increase in units submitted for redemption	30,952,194	281,345	2,677,242	26,449
Transfer to Run-Off Pool units	(986,926)	(9,608)	(11,847,576)	(116,106)
Decrease in fair value of Run-Off Pool units	-	5,080	-	761
Balance in units submitted for redemption, end of year	41,579,849	390,034	11,614,581	113,217
Balance in Run-Off Pool units, end of year	12,834,502	119,873	11,847,576	115,345
Balance, end of year	54,414,351	$ 509,907	23,462,157	$ 228,562

During the normal course of business, the Fund receives unit issuance and redemption requests from the investors. In 2023, the Fund received requests for redemption of 30,952,194 units (2022 - 29,553,045) and redeemed nil units (2022 - 26,875,803) for nil (2022 - $261,613) in accordance with its policies.

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

4. Net assets attributable to unitholders (continued):

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 the net asset value ("NAV") per unit.

The beneficial interests in the Fund are 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.

The Trustees have the right in their absolute and unfettered discretion to extend the time for payment of the unitholder redemption price for tendered units if such payment would be materially prejudicial to the interests of the remaining unitholders in the Fund. On November 8, 2022, the Trustees exercised this discretion and extended the payment of unit redemption prices. On December 31, 2023, the payment of unit redemption prices remains extended.

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

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

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

C) Units submitted for redemption:
As at December 31, 2023, unitholders representing approximately 41,579,849 (2022 -11,614,581) 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 NAV.

On December 31, 2023, the unit redemptions remain suspended.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

4. Net assets attributable to unitholders (continued):

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 986,292 units in the amount of $9,608 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 December 31, 2023, NAV per Fund unit is calculated as total assets less total liabilities, excluding units submitted for redemption, allocable to outstanding Fund units of 270,459,497 (2022 - 268,516,337). NAV per Run-off Pool unit is calculated total assets less total liabilities, including units submitted for redemption, allocable to outstanding Run-off Pool units of 12,834,502 (2022 - 11,847,576).

Net (loss) income and comprehensive (loss) income per Fund unit have been computed using the weighted average number of Fund units issued and outstanding of 269,406,814 for the year ended December 31, 2023.

Net (loss) income and comprehensive (loss) income per Run-Off Pool unit have been computed using the weighted average number of Run-Off Pool units issued and outstanding of 12,834,402 for the year ended December 31, 2023.

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

6. Distributions:

The Fund makes distributions to the unitholders (Fund units and Run-off Pool Units) monthly on or about the 15th day of each month. The Fund's trust indenture indicates that the Fund intends to distribute 100% of the net earnings of the Fund, determined in accordance with the Income Tax Act (Canada), to the unitholders. For the year ended December 31, 2023, the Fund declared distributions of $0.34 (2022 - $0.61) per unit and a total of $95,878 (2022 - $173,004) was distributed to all unitholders.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

7. Income taxes:

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

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

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

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

8. Related party transactions and balances:

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

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

A) The majority of the Trustees of the Fund are owners of Romspen. Under the Mortgage Origination and Capital Raising Agreement, Romspen provides capital raising services to the Fund. Romspen receives fees totalling 0.33% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of the Partnership. For the year ended December 31, 2023, the total amount was $7,601 (2022 - $7,503).

B) Under the Mortgage Origination and Capital Raising Agreement, Romspen provides mortgage origination services to the Partnership. Romspen receives fees totaling 0.67% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of the Partnership. For the year ended December 31, 2023, this amount was $15,433 (2022 -$15,233).

C) Under the Mortgage Origination and Capital Raising Agreement, Romspen provides mortgage origination services to USMLP. Romspen receives fees totaling 1% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of USMLP. For the year ended December 31, 2023, this amount was $7,725 (2022 - $7,348).

D) Romspen and related entities also receive certain fees directly from the borrower, generated from the Partnership's mortgage investments as follows: all lender, broker, origination, commitment, renewal, extension, discharge, participation, insufficient funds and administration fees generated on the mortgages. For the year ended December 31, 2023, this amount was $14,960 (2022 - $33,534).

E) Several of the Partnership's mortgages are syndicated with other investors of Romspen, which may include Romspen, members of management of Romspen and officers or Trustees of the Fund. The Partnership ranks equally with, or in priority to, other members of the syndicate as to receipt of principal and income. Employees and directors of Romspen, along with related parties, are also permitted to invest in the Fund.

F) As at December 31, 2023, the Partnership had one (2022 - one) investment outstanding with an original cost of $41,465 (2022 - $45,156), including $3,907 of accrued interest (2022 - nil) and fair value of $41,465 (2022 - $38,851) 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 $96 (2022 - $264) payable to Romspen.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

8. Related party transactions and balances (continued):

H) As of December 31, 2023, the Partnership has sixteen (2022 - thirteen) 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 4.4% (2022 - 4.6%).

During the year, Romspen Subsidiary foreclosed and assumed three mortgages (2022 - four) on behalf of the Partnership at a fair value of $29,594 (2022 - $166,471), which equaled the carrying value.

As at December 31, 2023, the cost of the mortgage investments with Romspen Subsidiary was $638,985 (2022 - $580,161), and the fair value was $538,175 (2022 - $555,615). For the year ended, the Partnership recognized interest income of $28,023 (2022 - $1,693) from these investments.

9. Commitments and contingent liabilities:

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

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

C) In certain situations, subsidiaries utilize financing from external sources. In such cases the Partnership will extend guarantees to the subsidiaries as support for these debts. As of December 31, 2023, there were $48,743 of guarantees outstanding (2022 - $37,678).

D) The Partnership has letters of guarantee outstanding at December 31, 2023 of $22,639 (2022 - $42,179).

10. Fair values of financial instruments:

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

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

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

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

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

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

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.

As of December 31, 2023, there are four mortgage investments issued to a single borrower ("Borrower") for $172,358 (2022 - $172,008) in principal and $156,521 (2022 - $143,665) in accrued interest, for a combined indebtedness of $328,879 (2022 - $315,672) at cost. The total mortgage investments and accrued interest with the Borrower is recorded at a fair value of $267,619 (2022 - $315,672). The total indebtedness accounts for 14.7% (2022 - 15.3%) of the Partnership's combined mortgage investment and accrued interest receivable balance at fair value (excluding investment in USMLP).

During the year, interest income accrued from the Borrower is $12,856 (2022 - $50,656) on the Partnership's comprehensive income.

As of December 31, 2023, the Partnership has $422 (2022 - $142,087) of accrued interest past due on $26,662 (2022 - $234,314) of mortgages which the Fund does not consider impaired. The Fund has reviewed those loans and has determined that fair value adjustments are not required given the value of underlying collateral.

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

11. Financial instrument risk management (continued):

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 favorable terms, or to obtain financing at all.

The credit agreement for the Partnership's revolving loan facility (note 3(e)) was amended and restated on May 16, 2024, and included an extension of the maturity date to April 16, 2025 (note 13). In the current economic climate and credit market conditions, there are no assurances that the revolving loan facility will be renewed or that it could be replaced with another lender or lenders if not renewed. If it is not renewed at maturity, repayments from the Partnership's mortgage investment portfolio would be used 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. In the current economic environment, a large portion of the Partnership's mortgage investments is in overhold (note 3(b)), which results in an increased liquidity risk for the Partnership.

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

There are limitations in the availability of funds under the revolving loan facility (note 3(e)).

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.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

11. Financial instrument risk management (continued):

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 at the interest rates indicated in note 3(e).

As of December 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 $1,918 (2022 - $2,285). 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 $1,597,588 (2022 - $1,529,396), or 56% (2022 – 52%) of the total Partnership's investments at year end, are denominated in USD and secured primarily by charges on real estate located in United States; consequently, the Fund is subject to currency fluctuations that may impact its financial position and results. Romspen reduces currency risk on mortgages 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 $0.08 per unit (2022 - $0.04 per unit), assuming all other variables, including interest rates, remain constant. A strengthening would have resulted in an equal but opposite effect. The Partnership uses foreign exchange forward contracts to manage its exposure to foreign currency risks.

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

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

The Partnership may borrow up to 35% of the book value of its mortgages. The primary purpose of the borrowing strategy is to ensure that the Fund's unitholders' capital is fully invested. The secondary purpose is to obtain a spread between the interest rates payable under its mortgage investments and its borrowings. As of December 31, 2023, the Partnership's borrowings totaled 6% (2022 - 9%) of the book value of its total investments.

(In thousands of dollars, except per unit amounts, unless otherwise noted)
Year ended December 31, 2023

11. Financial instrument risk management (continued):

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 ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted.

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

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

12. Comparative information:

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

13. Subsequent events:

On May 16, 2024, the Partnership obtained a $225,000 term credit facility ("Term Credit Facility"), comprising of Tranche A Term Facility ("Tranche A") with a principal amount of $50,000 and Tranche B Term Facility ("Tranche B") with a principal amount of $175,000. The interest rates are bank prime rate (with a floor of 6.0%) ("Prime Rate") plus 4.60% per annum and Prime Rate plus 4.75% per annum for Tranche A and Tranche B respectively. Tranche A is repayable on May 16, 2025, and its maturity date may be extended once for a one-year period at the request of the Partnership upon written notice to the lender on or before May 16, 2025. Tranche B is repayable on May 16, 2028. The credit agreement for the Term Credit Facility contains certain restrictions on the uses of funds drawn down from the facility.

On May 16, 2024, the Partnership amended and restated the credit agreement for its existing revolving loan facility ("Facility") (note 3(e)) to a maximum amount of $150,000, including borrowing of an equivalent amount denominated in USD. The maximum amount is subject to an additional drawing threshold based on a borrowing base calculation using eligible mortgage investments determined by the loan facility agreement. The interest rates are either the administrative agent's prime interest rate plus 1.75% per annum or the Canadian Overnight Repo Rate Average (as defined in the credit agreement) plus 2.75% per annum or the U.S. Base Rate (as defined in the credit agreement) plus 1.75% per annum or the Secured Overnight Financing Rate (as defined in the credit agreement) plus 2.75% per annum. The Facility also imposes a letter of credit fee of 2.75% per annum and a standby fee of 0.6875% per annum on the unutilized portion of the credit limit. The Facility is repayable on April 16, 2025. The credit agreement for the Facility contains certain restrictions on the uses of funds drawn down from the Facility.

On May 17, 2024, the outstanding balance on the Facility was paid down to nil.

Non-IFRS financial information

Historical Performance Overview

Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual Compound Net Return
1999	0.77	0.74	0.77	0.84	0.88	0.79	0.89	0.71	0.96	0.74	0.84	0.72	10.1
2000	0.87	0.78	0.93	0.74	0.88	0.75	0.81	0.75	0.73	0.79	0.82	0.80	10.1
2001	0.91	0.67	0.83	0.69	0.82	0.76	0.82	0.87	0.73	0.92	0.83	0.73	10.0
2002	0.88	0.71	0.86	0.86	1.01	0.67	0.94	0.81	0.77	0.76	0.77	1.06	10.6
2003	0.84	0.78	0.76	0.70	0.71	0.77	0.83	0.72	0.87	0.76	0.68	0.90	9.7
2004	0.67	1.08	0.83	0.88	0.71	1.02	0.76	0.83	0.63	0.62	0.74	0.68	9.8
2005	0.65	0.06	0.86	0.58	0.88	1.91	0.57	1.08	0.74	0.74	0.57	0.88	9.9
2006	0.72	0.74	0.87	0.87	0.80	0.80	0.80	0.90	0.80	0.80	0.80	0.86	10.2
2007	0.86	0.80	0.89	0.84	0.78	0.87	0.83	0.79	0.88	0.79	0.83	0.81	10.4
2008	0.94	0.80	0.86	0.73	0.91	0.63	0.77	0.95	0.68	0.78	0.68	0.65	9.8
2009	0.69	0.72	0.71	0.70	0.70	0.65	0.70	0.66	0.69	0.67	0.66	0.60	8.4
2010	0.71	0.65	0.78	0.73	0.69	0.61	0.59	0.59	0.80	0.67	0.72	0.71	8.6
2011	0.68	0.60	0.82	0.68	0.62	0.67	0.65	0.70	0.60	0.61	0.63	0.61	8.2
2012	0.70	0.59	0.61	0.56	0.73	0.57	0.61	0.63	0.63	0.60	0.62	0.59	7.7
2013	0.60	0.61	0.61	0.64	0.58	1.11	0.33	0.81	0.39	0.61	0.60	0.56	7.7
2014	0.70	0.45	0.76	0.68	0.66	0.50	0.81	0.50	0.94	0.62	0.74	0.55	8.2
2015	0.69	0.73	0.60	0.70	0.57	0.63	0.90	0.61	0.56	0.64	0.42	0.68	8.0
2016	0.66	0.71	0.61	0.57	0.79	0.54	0.64	0.53	0.61	0.62	0.55	0.70	7.8
2017	0.63	0.70	0.73	0.66	0.62	0.45	0.57	0.53	0.46	0.71	0.57	0.33	7.2
2018	0.63	0.67	0.84	0.59	0.64	0.68	0.53	0.86	0.59	0.68	0.65	0.91	8.6
2019	0.36	0.60	0.60	0.57	0.60	0.42	0.59	0.63	0.56	0.58	0.76	0.55	7.0
2020	0,.62	0.64	0.73	0.32	0.15	0.15	0.15	0.07	0.53	0.37	0.15	0.42	4.4
2021	0.44	0.27	0.58	0.52	0.59	0.75	0.57	0.80	0.47	0.45	0.73	0.96	7.4
2022	0.59	0.55	0.53	1.01	0.50	0.75	0.54	0.61	0.75	0.18	0.12	0.33	6.6
2023	0.08	0.41	0.18	0.23	0.27	0.25	0.24	0.48	0.52	0.13	0.10	-3.11	-0.3

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

3 Yr	4.5%	5 Yr	5.0%	10 Yr	6.5%	20 Yr	7.8%	25 Yr	8.2%

Annualized as of December 31, 2023

Romspen results from January 1999 to January 16, 2006, reflect the aggregated pool of individually syndicated mortgages. Results from January 16, 2006, to present reflect the Romspen Mortgage Investment Fund, the successor to the individually syndicated mortgages. Romspen rates of return are historical compounded Canadian returns after deducting management fees and expenses payable and include changes in unit value and assume the reinvestment of all distributions. They do not take into account any applicable sales, redemption, or distribution charges, or income taxes payable by any unit holder, that would have reduced returns. The calculation assumes a fixed historical monthly starting and ending date at the Unit value, and that Unit values are capped at $10.00. For that reason, they may not reflect an individual investor's actual return for purchases prior to 2018. The performance chart above reflects historical performance of the fund for the most recent 25-year period. Full historical performance dating back to January 1993 is available upon request.

Audited financial statements from RMIF are available upon request, performance from 1999 to 2006 is referenced from PWC analysis. Past performance does not guarantee or indicate future results and no presentation is made that an investor will or is likely to achieve similar results.

Trustees & Management

Romspen is led by six managing partners, each with extensive finance and real estate experience, supported by over 70 professionals dedicated to all facets of our business. The trustees and the management team are collectively the largest non-institutional investor in the Fund. This alignment is essential to preserving capital and generating strong consistent returns for the Fund's unitholders.

Romspen Mortgage Investment Fund

Sheldon Esbin
Trustee

Mark Hilson
Trustee

Arthur Resnick
Trustee

Wesley Roitman*
Trustee

Romspen Investment Corporation

Wesley Roitman
Managing General Partner

Blake Cassidy*
Managing Partner

Mary Gianfriddo
Managing Partner

Derek Jenkin
Managing Partner

Peter Oelbaum
Managing Partner

Richard Weldon
Managing Partner

Joel Mickelson
Corporate Counsel

Brent Forrest
President, Romspen Development Group

Hugo Domingues
Interim, Vice President, Finance

*Denotes director of Romspen Investment Corporation.

Unitholder Information

Units

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

Annual General Meeting of Unitholders

The Fund's Annual General Meeting of unitholders will be held on Wednesday, July 31, 2024, at 10 a.m. in the Willard Room (mezzanine level) of the Yorkville Royal Sonesta Hotel, located at 220 Bloor Street West in Toronto, Ontario.

Duplicate Communication

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

Auditors

KPMG LLP

Legal Counsel

Gardiner Roberts LLP

Website

www.romspen.com

Aston at Gateway Apartments - USA