



2024 Annual General Meeting

Romspen Mortgage Investment Fund

July 31, 2024

Water Street by the Park Condos, Canada – Construction Financing



Mark Hilson
Director & Trustee

SAFE HARBOUR

This presentation contains “forward-looking information” and “forward-looking statements” within the meaning of Canadian securities laws. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions and include statements which reflect expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook for the Romspen Mortgage Investment Fund (the “Fund”), as well as the outlook for North American economies and real estate markets. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “proposes”, “expects”, “estimates”, “intends”, “anticipates” or “believes”, or variations (including negative and grammatical variations) of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Although the anticipated results, achievements and events expressed or implied by the forward-looking statements are based on reasonable assumptions and expectations, forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the Fund’s control, which could cause the actual results, performance or achievements of the Fund to be materially different from those expressed or implied by the forward-looking statements. Some of these factors include, but not limited to: the ability to originate and administer a portfolio of mortgage loans sufficient to generate a given annual return or level of distributions to unitholders; the maintenance of relationships with key third-parties, including capital providers; the ability of borrowers to fulfil their obligations under their loan documents; the Manager’s capability to perform its obligations to the Fund; competition; changes in general economic conditions; catastrophic events, including conflicts and pandemics; changes in government regulation; litigation; changes in interest and exchange rates; the impact or unanticipated impact of political and market factors, including the behaviour of financial and real estate markets.

Subsequent events may cause the Fund’s view to change, but the Fund and management disclaim any obligation to update these forward-looking statements or forward-looking information, whether written or oral, except as may be required by law. These forward-looking statements should not be relied upon as representing the Fund’s or management’s views as of any date subsequent to the date of this presentation. There may be other factors that could cause actions, events or results to not be as anticipated, intended or estimated. There is no assurance that the forward-looking statements will be accurate, and actual results, performance and future events could differ materially from those anticipated. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not a complete list of factors that could affect the Fund. Additional factors are noted under “Risk Factors” in the Fund’s offering documentation.

Certain financial measures or ratios in this presentation may be considered “non-GAAP financial measures” or “non-GAAP ratios” within the meaning of *National Instrument 52-112*. Such measures and ratios, if used, are intended to provide additional information and insight regarding the financial position of the Fund. Non-GAAP financial measures and non-GAAP ratios are not in accordance with, nor a substitute for, applicable GAAP measures or ratios, and may be different from, or inconsistent with, such measures used by others.

This presentation does not constitute an offer to sell or a solicitation to buy any security in any jurisdiction.



AGENDA

Mark Hilson

- Introductory Remarks
- Formal Business
- Mandate, Strategy & Management

Derek Jenkin

- 2023 Review
- 2024 Outlook & Q2 2024

Wesley Roitman

- Issues/Opportunities
- Questions





MANDATE/STRATEGY/MANAGEMENT

The Ellie Condos, Canada – Construction Loan

ABOUT ROMSPEN

- Leading Canadian private commercial mortgage lender
- Focus on risk management
- Preference for first mortgage security and no structural leverage
- 70+ employees and consultants across North America
- \$3.1B* in AUM
- Managed flagship fund for over 16 years generating an annualized net return of 7.4% since inception
- Management and employees of Romspen are collectively the largest non-institutional unitholders (~102M*)



*As of June 30, 2024; Refer to Performance slide for more information

ROMSPEN TRUSTEES



Sheldon Esbin
Co-Founder & Trustee

Romspen since
1966

Financial Industry
since 1966

Osgoode Hall (LL.B)



Arthur Resnick
Co-Founder & Trustee

Romspen since
1966

Financial Industry
since 1966

Osgoode Hall (LL.B)



Mark Hilson
Director & Trustee

Romspen since
2008

Financial Industry
since 1984

Harvard (MBA);
Wilfrid Laurier
University (HBBA)



Wesley Roitman
Managing General Partner
& Trustee

Romspen since
2004

Financial Industry
since 2004

University of Toronto
(B.Sc)

ROMSPEN MORTGAGE INVESTMENT FUND MANDATE

Mandate

- Deliver long-term attractive returns to unitholders
- Uncorrelated to major investment asset classes
- Strict adherence to core mortgage investment principles

Track Record

- Consistent and significant long-term outperformance
- Meaningfully less volatility



ROMSPEN MORTGAGE INVESTMENT FUND TODAY

- A leading Canadian private commercial mortgage lender
- Aggregate AUM of \$3.1B*
- Annualized net return of 7.4%* since inception
- Supported by an expert team in Canada and the U.S.
- Management and employees of Romspen are collectively the largest non-institutional unitholder (~\$102M*)



*As of June 30, 2024



Hotel X - Canada

RISK MITIGATION & DISCIPLINED INVESTMENT PROCESS

- 96% first mortgages
- Solid deal flow brings attractive lending opportunities
- Active management of every project
- Unconventional, complex loans generate higher absolute returns
 - Significant downside protection
 - Underwrite mortgages at 65% loan-to-value
 - Lend on a short-term basis (1 to 3 years)
- Interest rates of 10 to 12%
- Minimal structural leverage



Water Street by the Park Condos - Canada





Derek Jenkin

Managing Partner



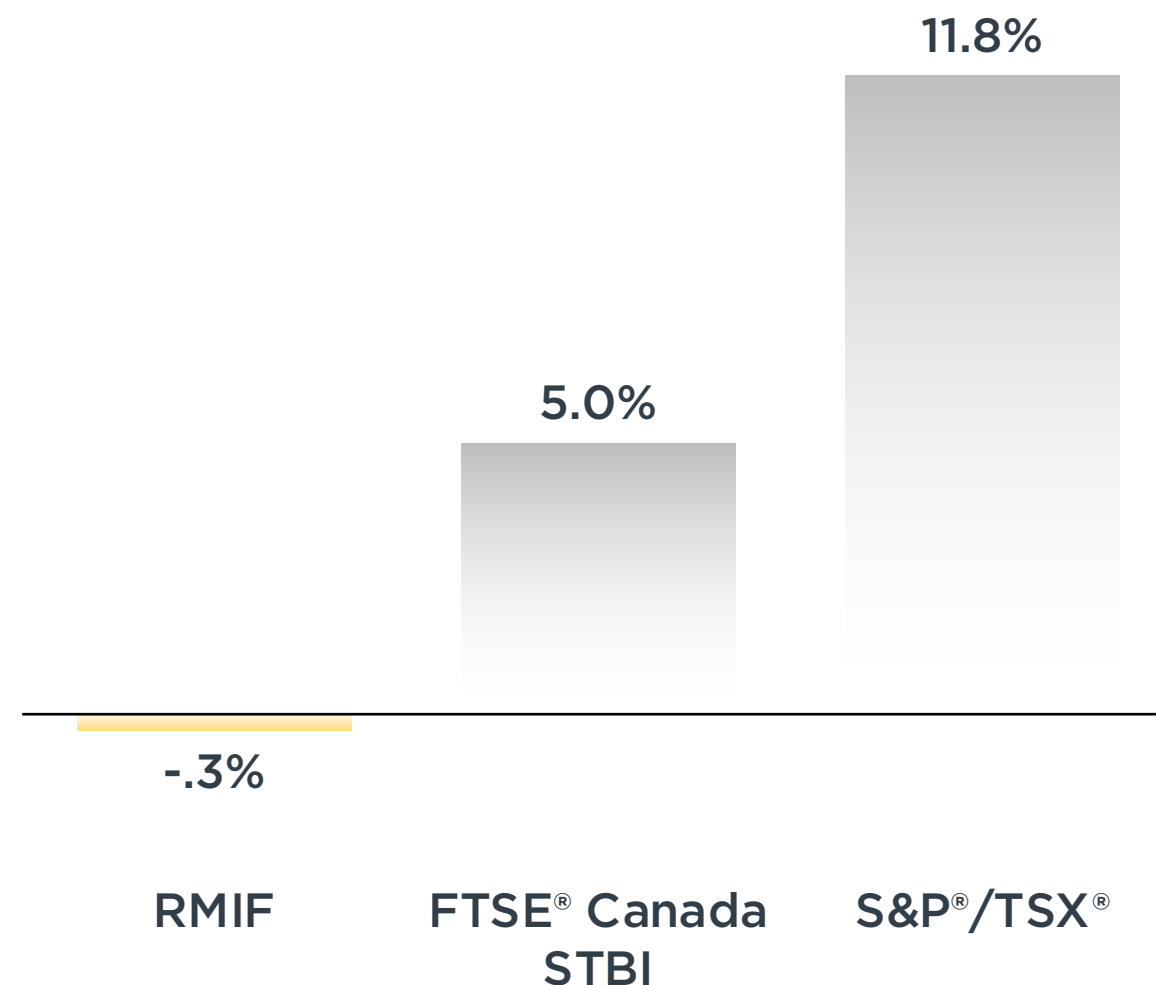
2023 RESULTS

Water Street by the Park Condos, Canada – Construction Financing

THE MARKET IN 2023 AND OUR PERFORMANCE

The Fund had a challenging year and was compelled to take measures to preserve and allocate available liquidity cautiously and key themes that played into this include:

- Persistent macroeconomic uncertainty
- Ongoing inflation
- Volatile interest-rate environment
- Continuing decline in transaction volumes
- Fall in asset values
- Price discovery remained elusive
- Lenders tightened underwriting standards
- Cap rates expanded



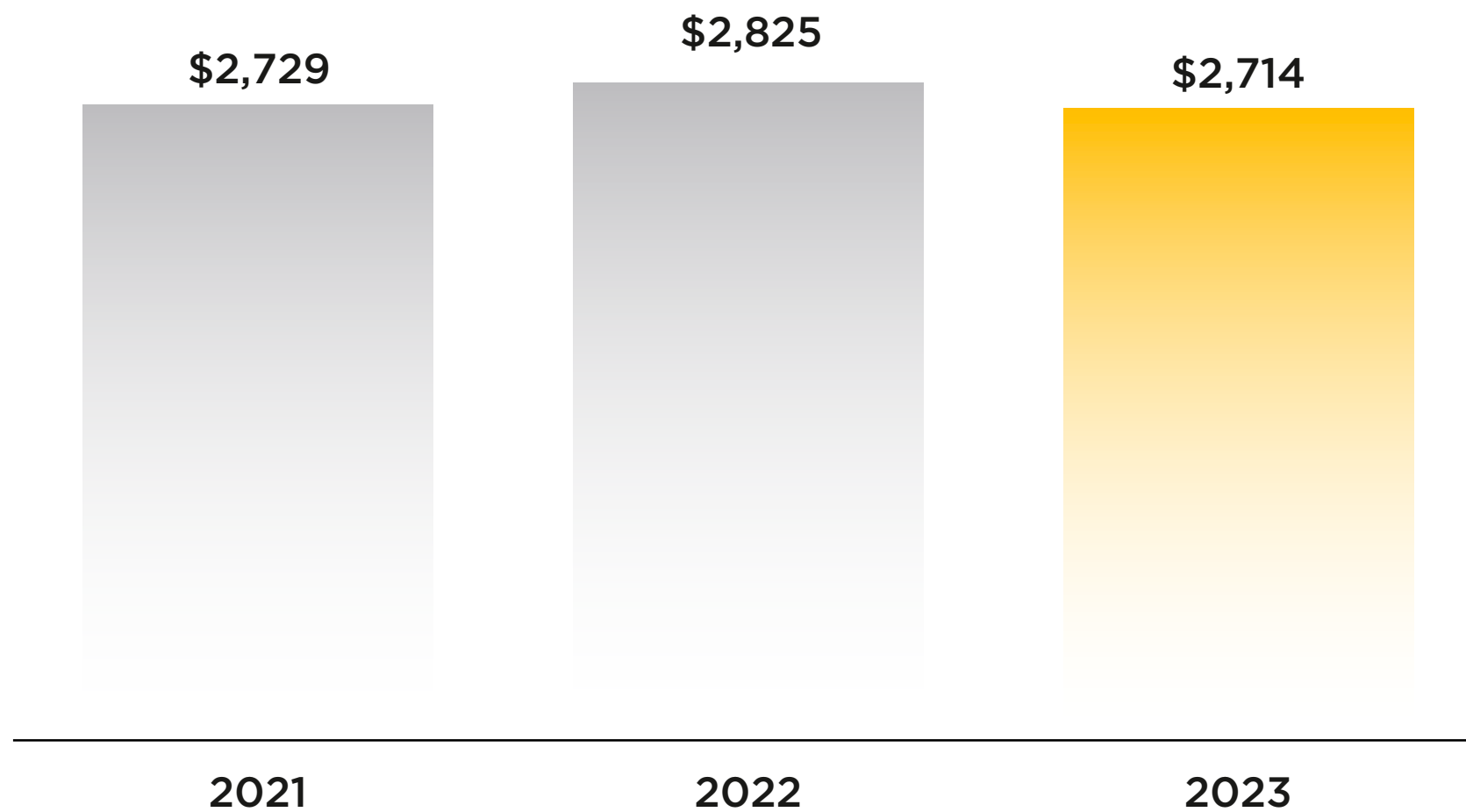
Preserving capital during this difficult environment

Distributions	➤	\$0.34/unit, compounded net return -0.3%
Mortgage portfolio interest rate	➤	slightly increased to 9.0%
Net mortgage portfolio	➤	steady at \$2.7 billion
Investor capital	➤	\$2.7 billion, same as last year
Realized losses	➤	\$4.9 million, for which reserves were made
Owned real estate	➤	16%



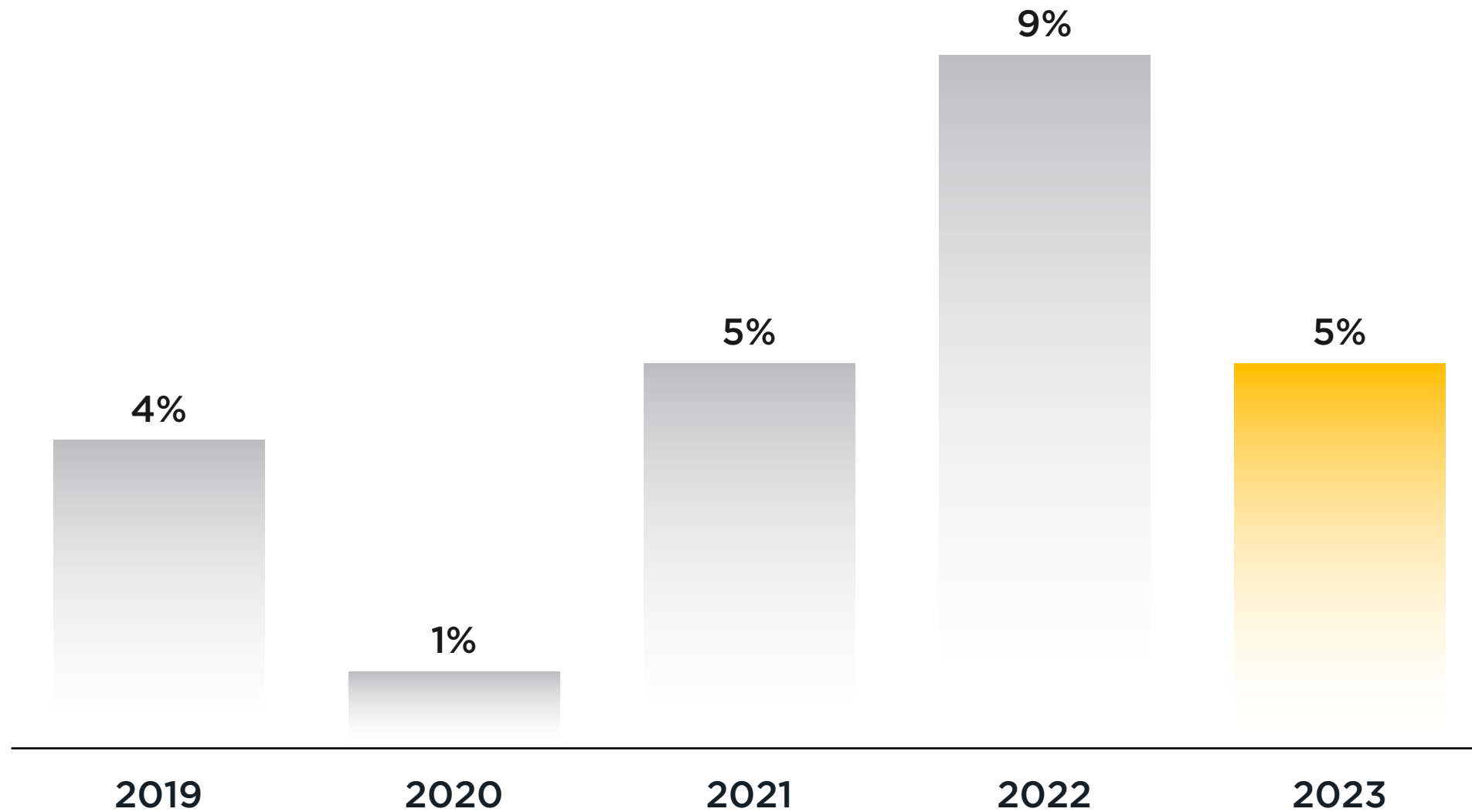
KEY FINANCIAL METRICS - STABLE PORTFOLIO

Net Investment Portfolio (\$M)

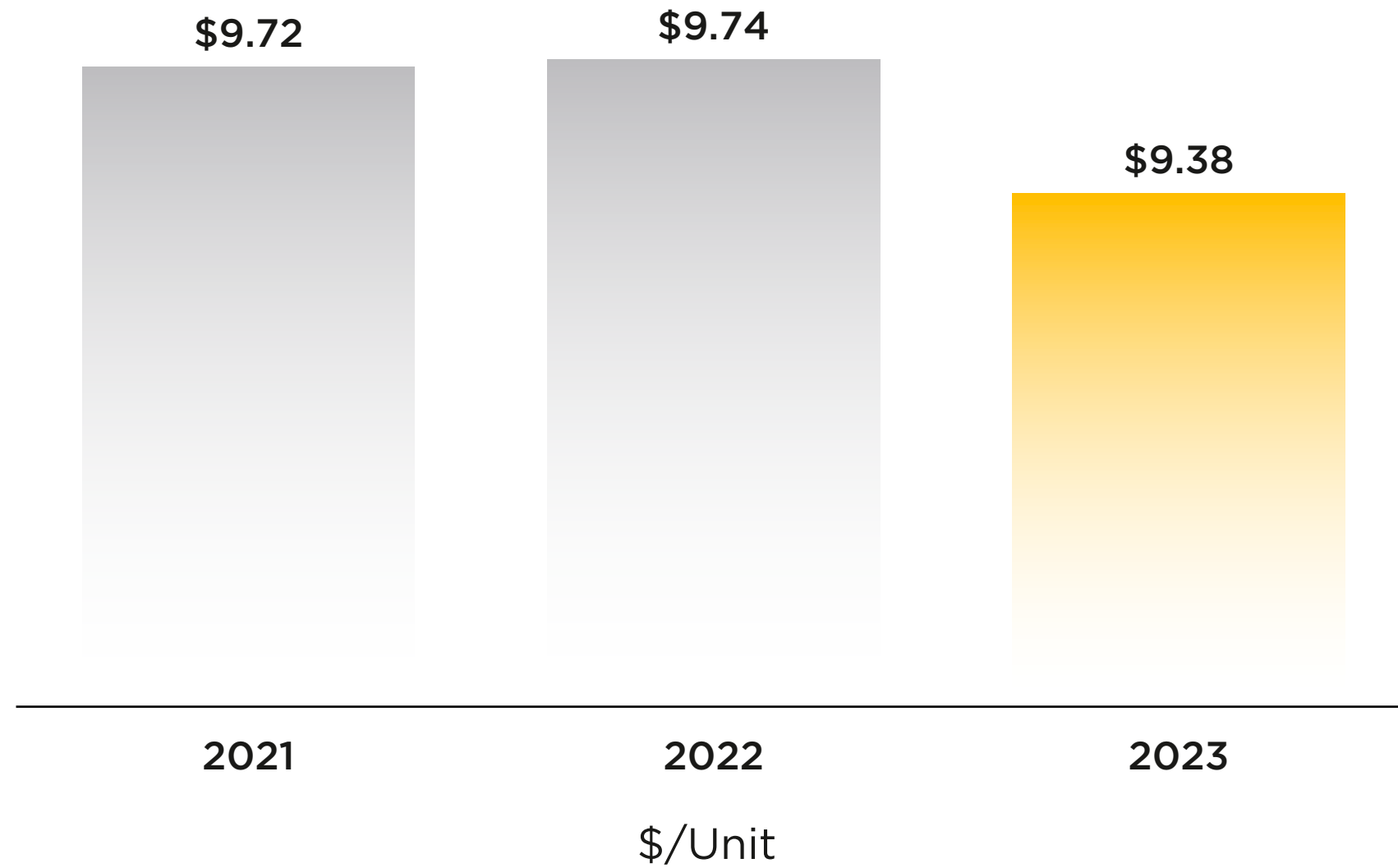


KEY FINANCIAL METRICS - LOW FINANCIAL LEVERAGE

Net Leverage % of Investment Portfolio



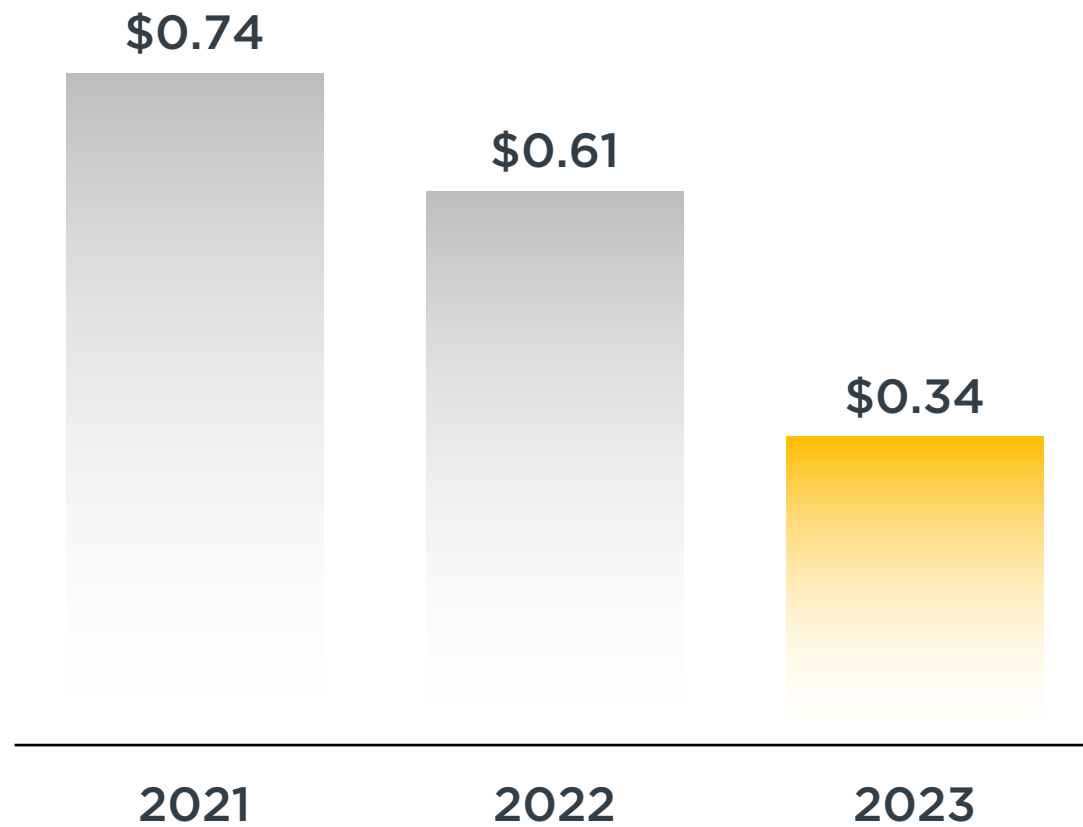
KEY FINANCIAL METRICS - NET ASSET VALUE



KEY FINANCIAL METRICS - DISTRIBUTIONS & RETURNS

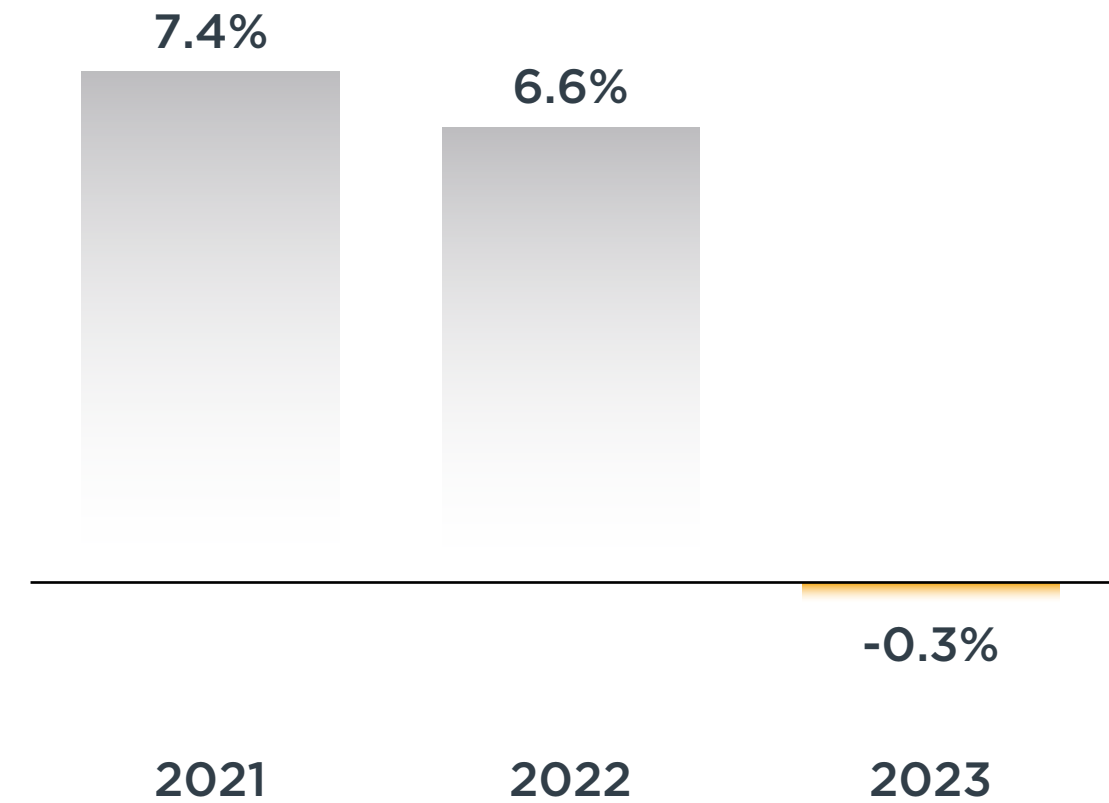
Unitholder Distributions

\$/unit



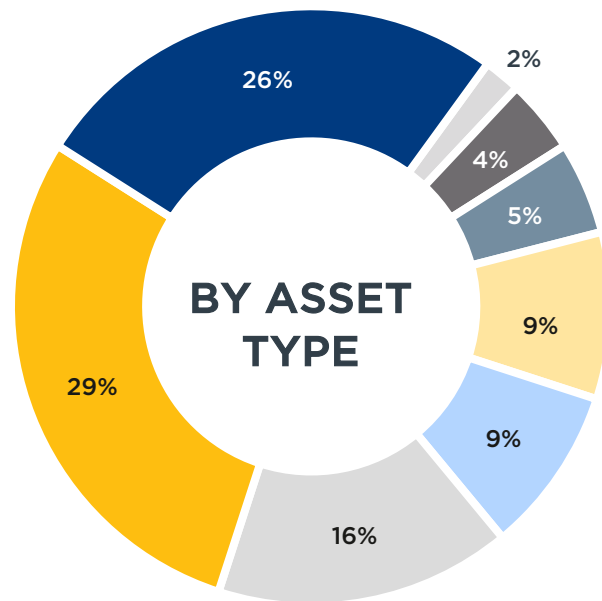
Unitholder Return

compounded net % return

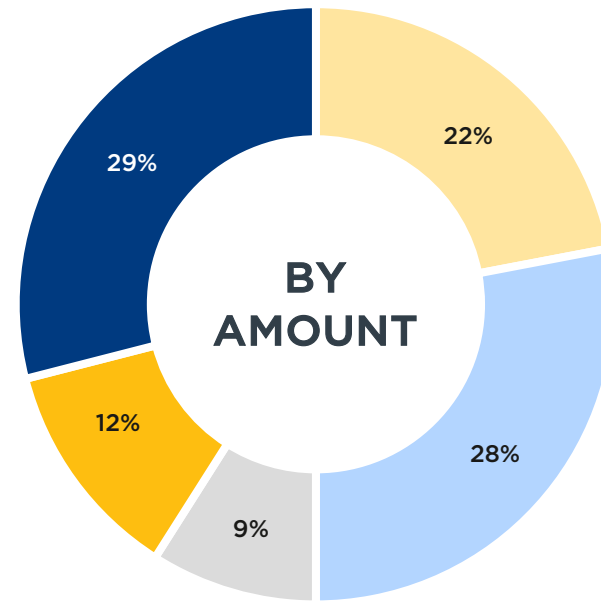


PORTFOLIO REMAINS WELL DIVERSIFIED

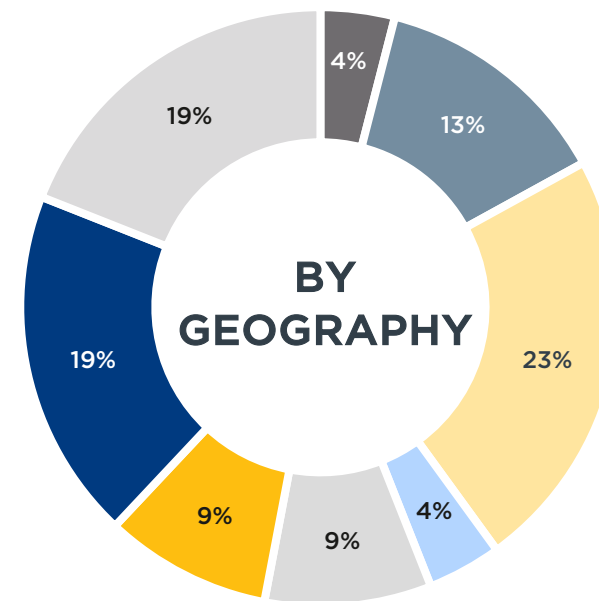
As Of December 31, 2023



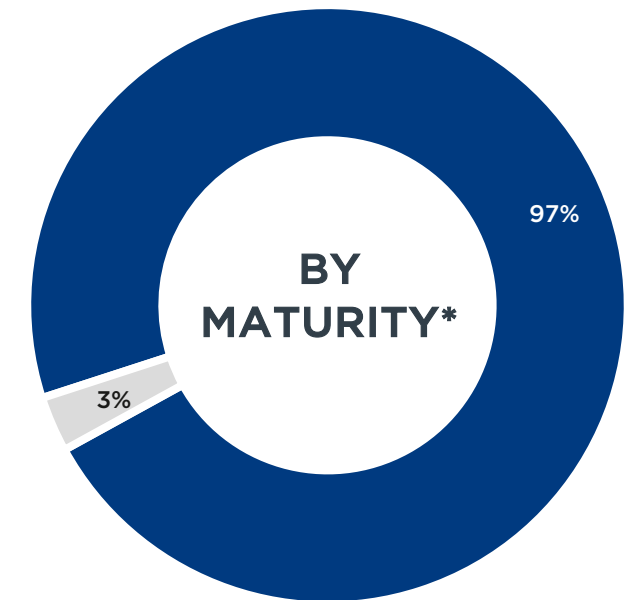
- Office
- Condominium
- Other
- Leisure & Entertainment
- Retail
- Industrial
- Mixed Use
- Residential



- Under \$20M
- \$20-\$40M
- \$40-\$60M
- \$60-\$80M
- Over \$80M



- Alberta
- British Columbia
- Ontario
- Other CDN
- Florida
- Texas
- California
- Other US



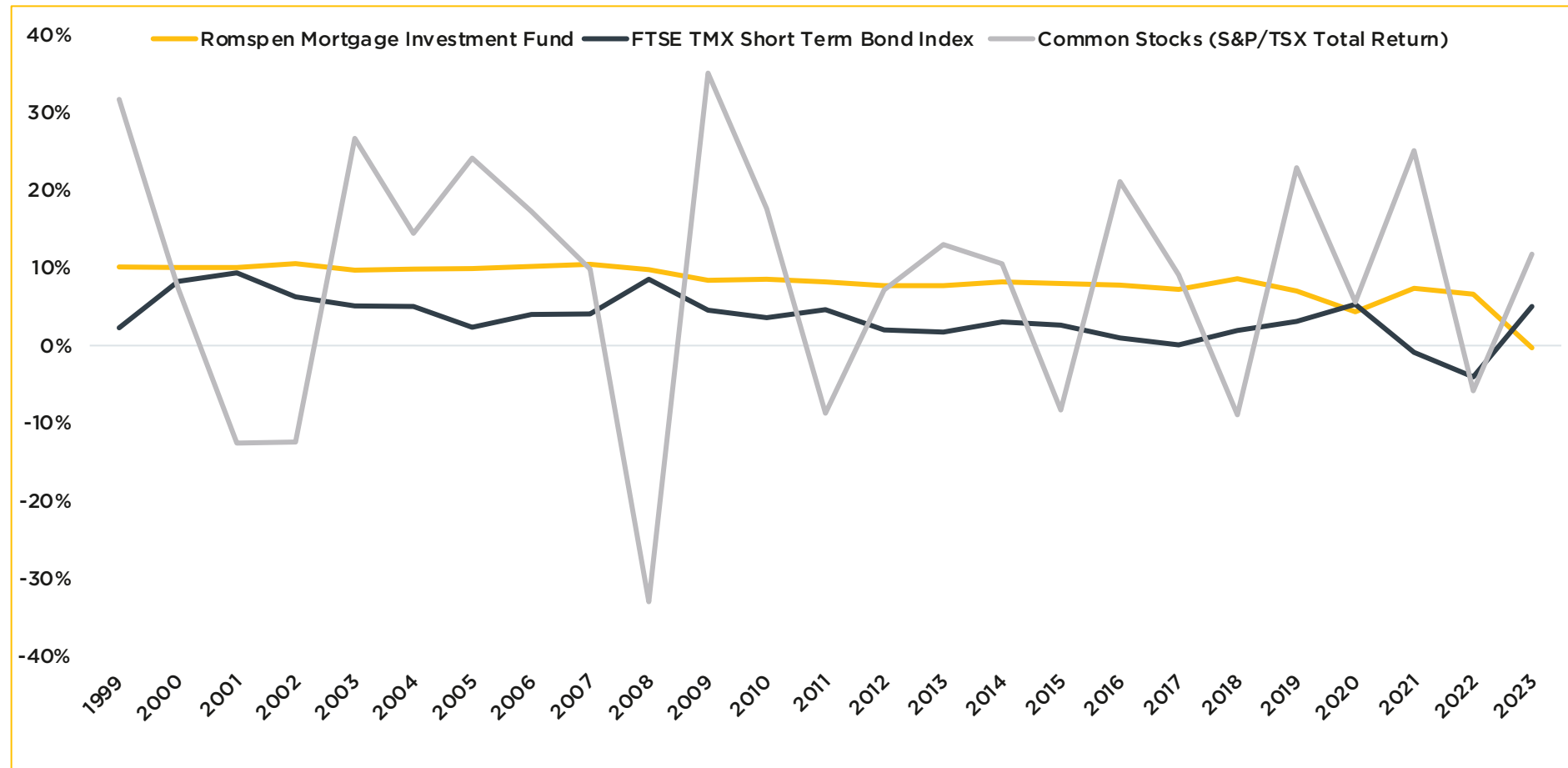
- Under 1 year
- 1-2 years



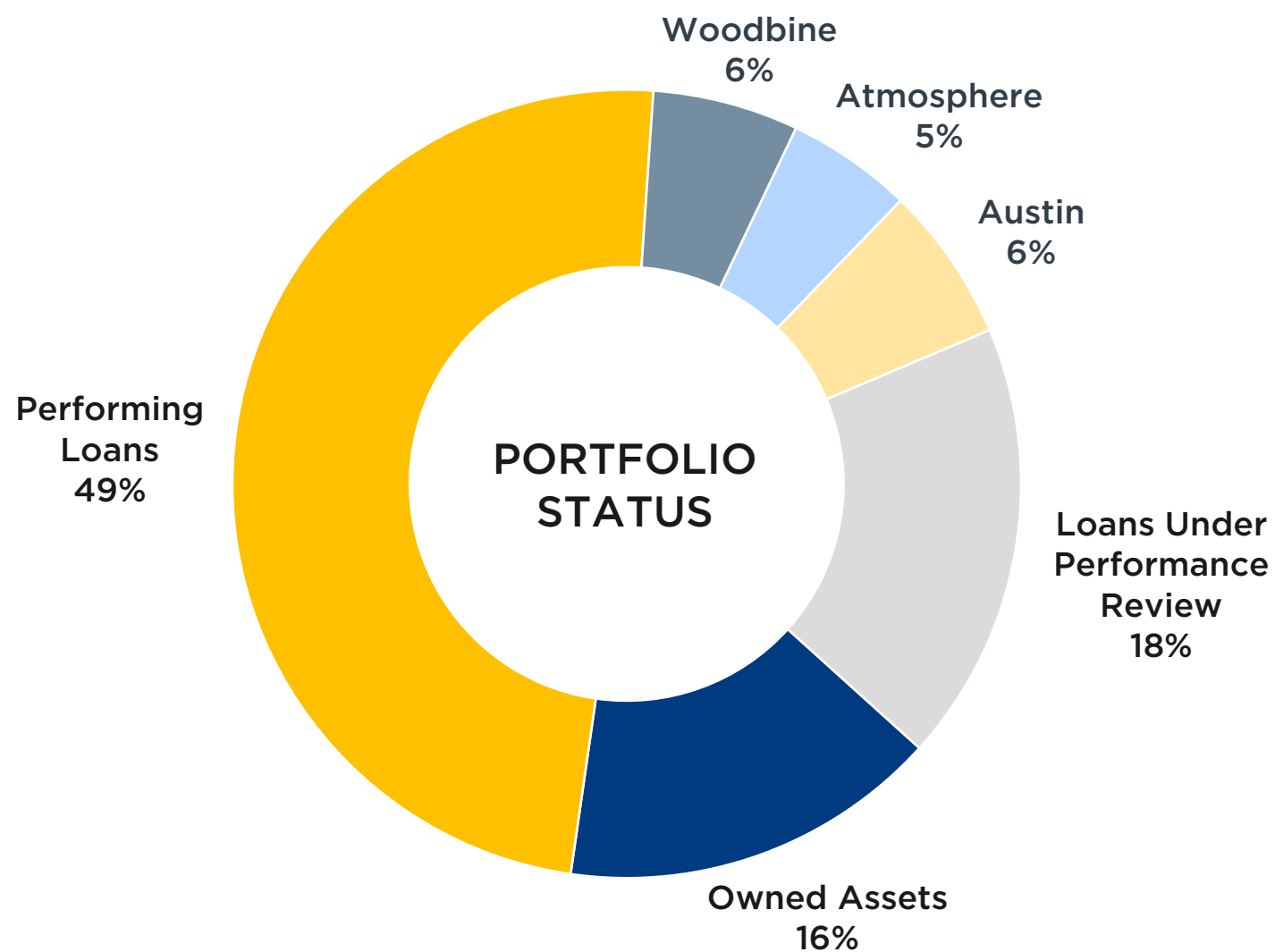
*Maturity numbers are at time of origination

ROMSPEN ANNUAL RETURNS PERFORM CONSISTENTLY VS OTHER ASSET CLASSES

- Romspen's investment mandate is focused on capital preservation, strong absolute returns and performance consistency
- Improvement in transaction activity across select sectors in 2024 is anticipated
- As banks reduce their commercial mortgage lending, the Fund is poised to meet that demand



LOAN PERFORMANCE



Performing Loans

- Mortgages performing within normal parameters.

Owned Assets

- Assets that have been acquired through foreclosure and are now owned properties.

Loans Under Review

- Mortgages not performing as expected, interest is no longer being accrued.

Woodbine

- 51-acre shopping mall property in Toronto, Ontario.

Atmosphere

- 7-mixed use towers in Richmond, British Colombia.

Austin

- 109-acre office/industrial site in Austin, Texas.



An aerial photograph of a city, likely Palm Springs, California, featuring a mix of modern and traditional architecture, palm trees, and a desert landscape with mountains in the background. A prominent yellow banner is overlaid at the bottom of the image.

2024 OUTLOOK & Q2-24 PERFORMANCE

Drift Hotel Palm Springs, USA – Construction Financing

2024 – NAVIGATING ECONOMIC HEADWINDS

- Stabilization in central bank rates
- Beginning to feel like we are in the bottoming process
- Property cap rates appear more attractive on an absolute basis
- Potential thawing of real estate market activity, in both equity and credit, may generate loan repayments and asset sales
- For the balance of 2024, the Fund anticipates a fewer number of new loans
- Focus will remain on quality, ensuring funding for existing commitments and capital requirements for several high-value projects
- Distributions to unitholders will remain at the lower end of historical levels

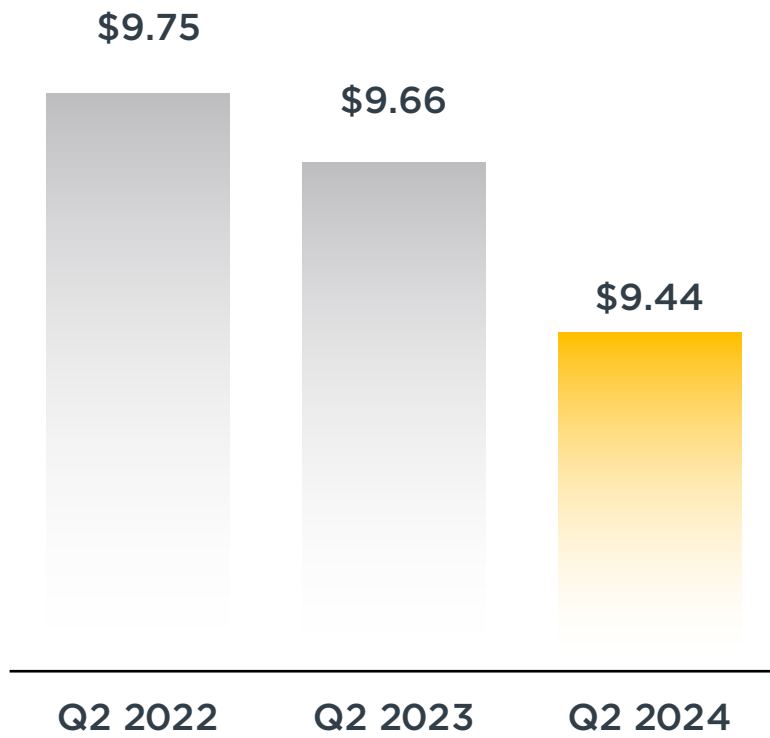


Drfit Hotel Palm Springs - USA

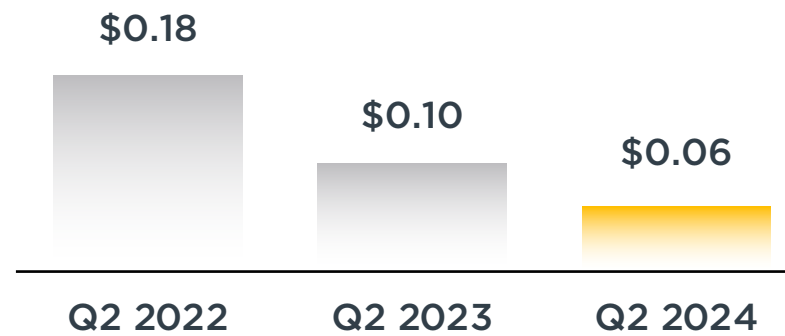


Q2 2024 PERFORMANCE – DEFENSIVE IN A CHALLENGING QUARTER

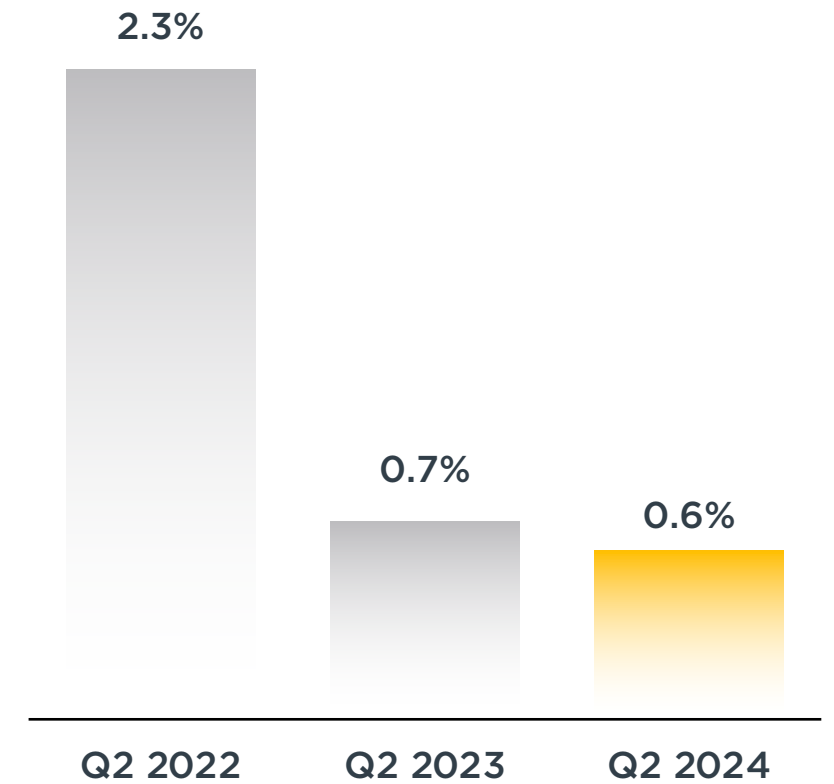
Unit Value



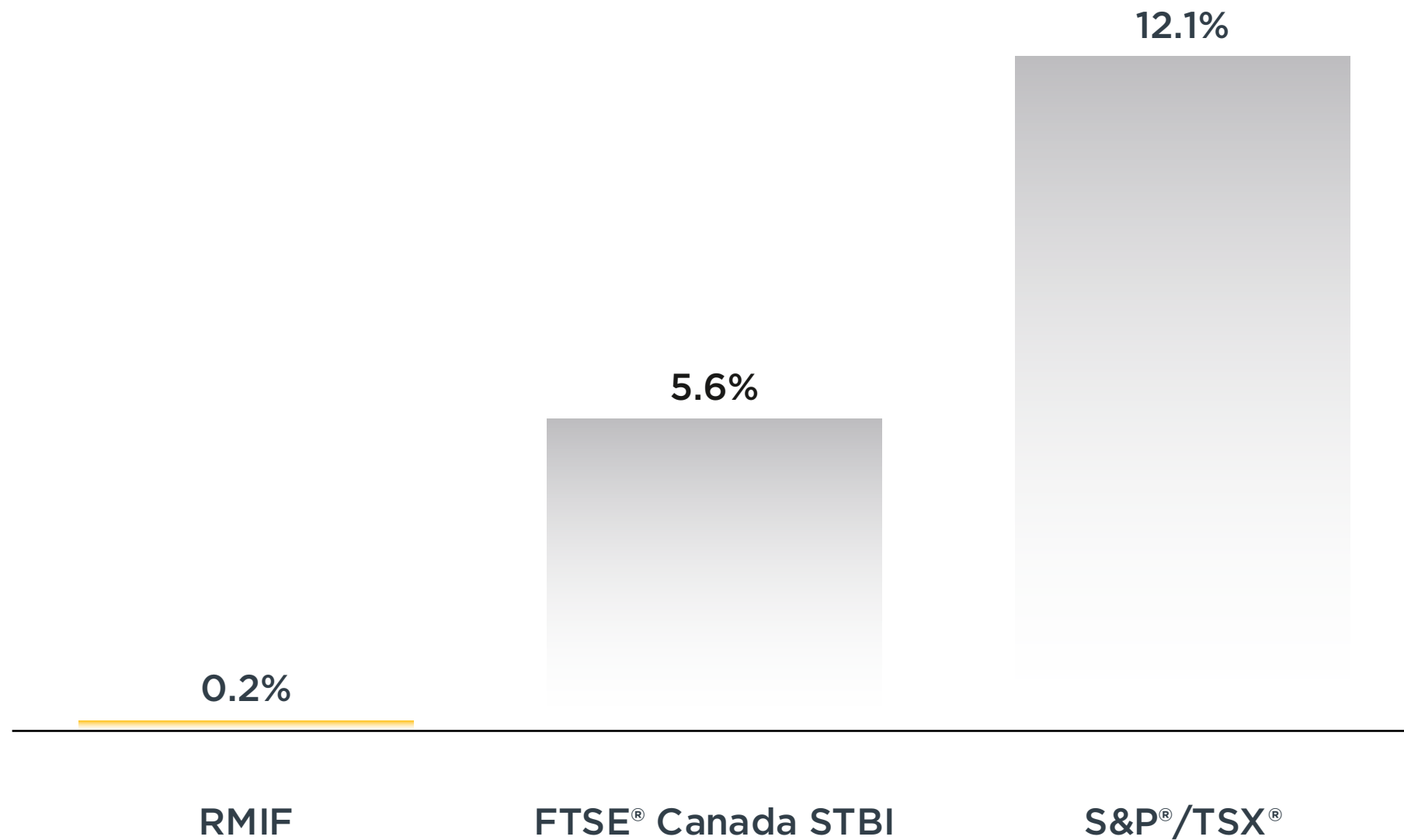
Distributions



Return



Q2 2024 PERFORMANCE (TTM* JUNE 30, 2024)



*Trailing Twelve Months

2024 PROPERTY TYPE OUTLOOK

Single Family

- High mortgage rates and affordability challenges continue to keep many potential buyers on the sidelines, resulting in declining home prices in some areas.

Multi-Family

- Constrained supply will drive high demand varying by market.

Retail

- Continued growth in e-commerce is driving hybrid retail models, including click-and-collect and showrooming, to blend physical and digital shopping experiences. Adaptive reuse of retail space for mixed-use developments remains a key trend.

Office

- Elevated sublease inventory and smaller average lease sizes indicate lower demand for traditional office space. Office users are increasingly favouring flexible workspaces.

Industrial

- Slowed significantly, but still demand. Higher vacancy rates impacting rent growth and increasing tenant leverage.

Leisure & Entertainment

- Improved performance driven by increased travel, higher demand for live events, and growth in experiential and wellness segments.





Wesley Roitman
Managing General Partner
& Trustee



ISSUES & OPPORTUNITIES

Kindred at Keystone Resort, USA – Construction Financing

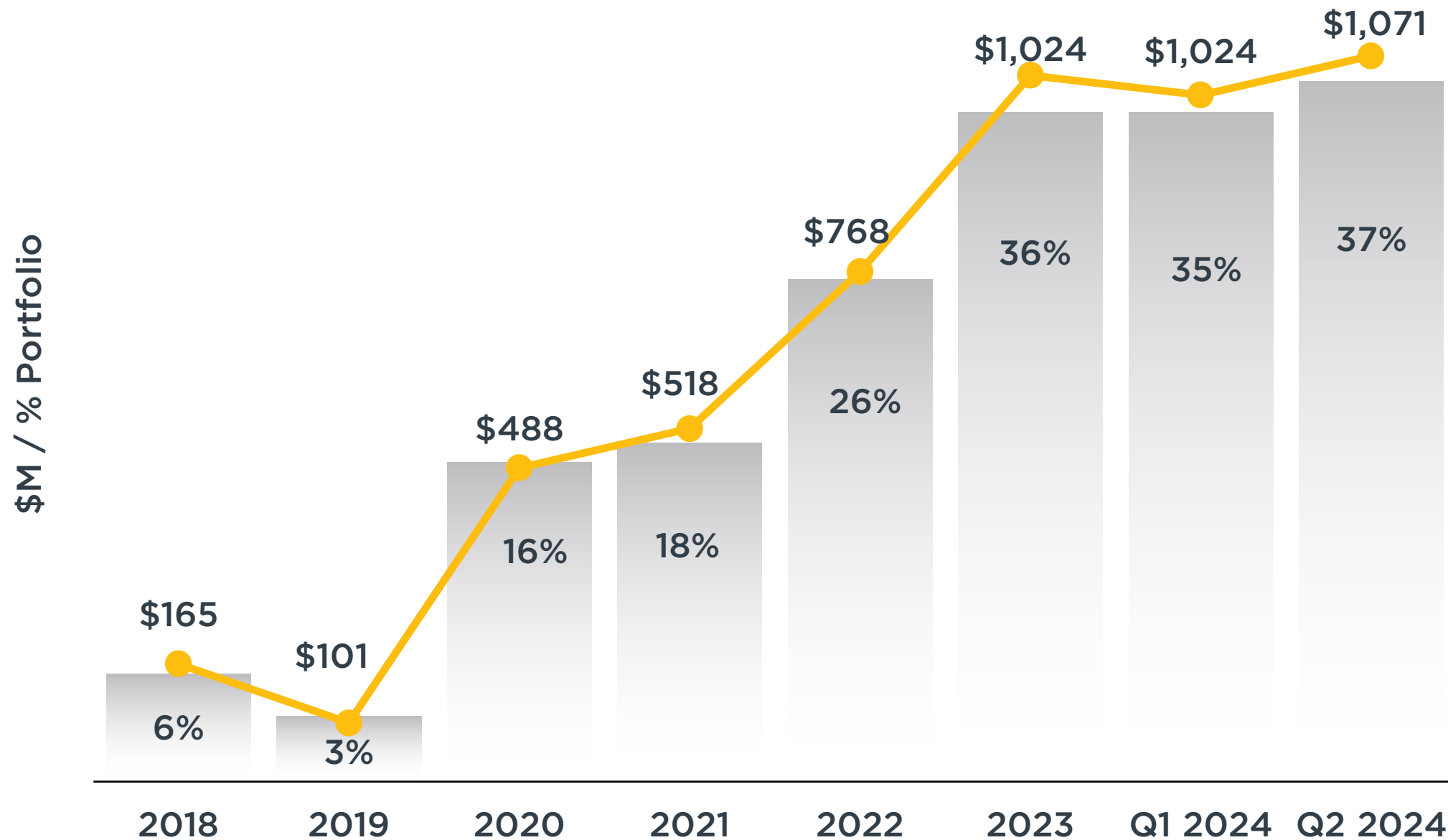
LOANS UNDER REVIEW EXPLAINED

- Historic interest rate hikes and lingering pandemic effects
- We expect loans under review & our business model is tailored to address
 - 1st mortgage security
 - no structural leverage
 - significant diversification
 - dedicated, experienced, multi-disciplinary workout group
 - never a forced seller
- Loans under review \neq losses
 - longer repayment
 - lower return but not always
 - increased administration
- Demonstrated results
 - 10-year (losses < 0.82% on close to \$7B invested capital)*
 - rare that a realized loss > balance sheet provision



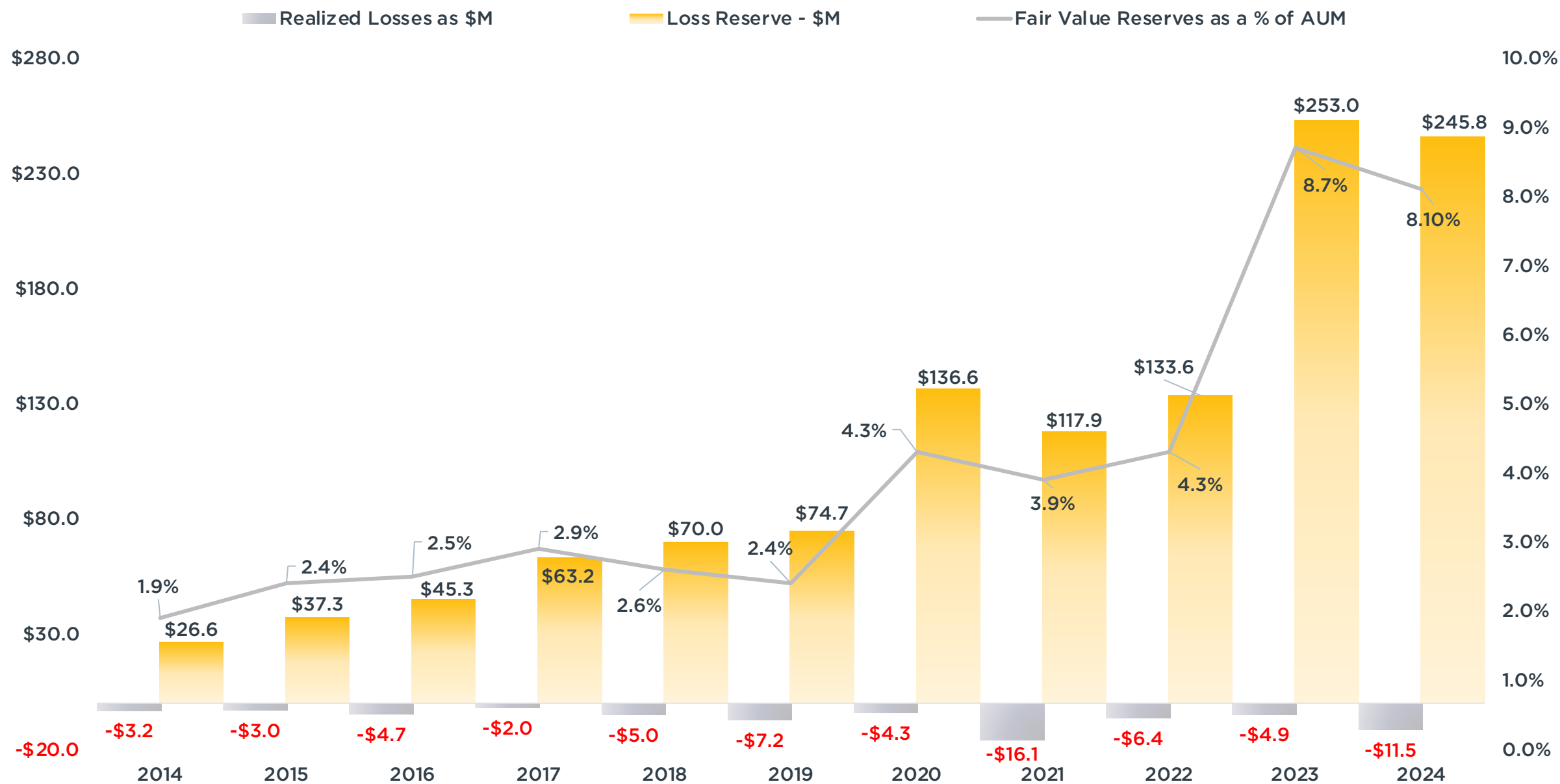
LOANS UNDER REVIEW

Increase in loans under review is a direct consequence of COVID-19, inflations and rate increases



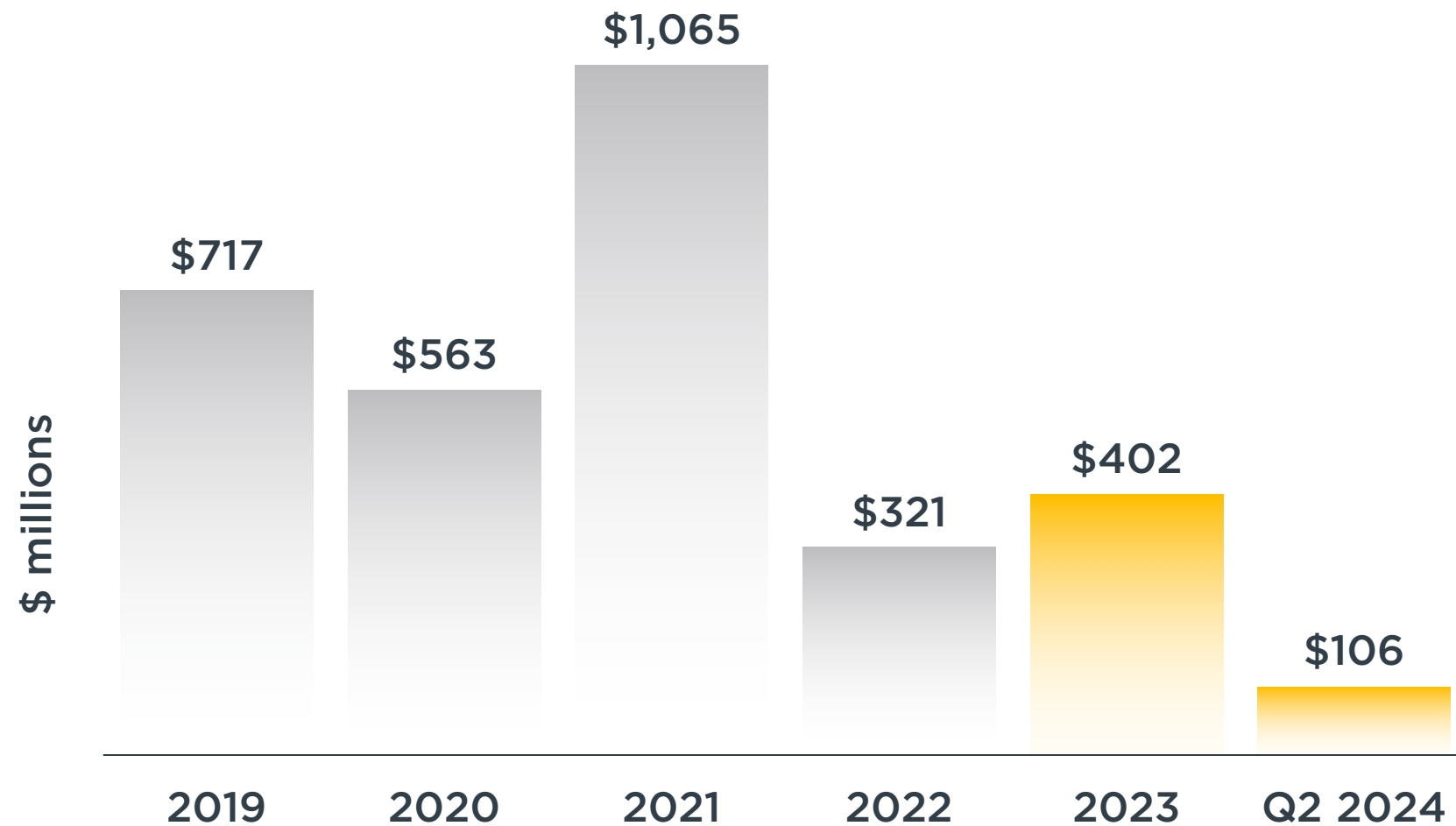
FAIR VALUE RESERVES & REALIZED LOSSES

Realized losses as a % of capital invested are 0.8% over the decade ended December 31, 2023



LIQUIDITY - TOTAL DOLLAR VOLUME OF MORTGAGES PAID OFF BY YEAR

- Very choppy since the COVID-19 pandemic
- Mortgage repayments have fallen dramatically since 2021



MANAGING REDEMPTIONS

- Balancing investor liquidity needs with Fund objectives
 - Fund must retain enough capital to honour its construction loan commitments and refresh the mortgage portfolio with new loans
 - Total redemptions as a percentage of AUM without the ROP: 17%* spanning 22 months
- Stressed markets negatively impact loans under review and liquidity
- Run-off Pool and redemption deferrals put in place
- Honouring redemptions remains a priority
- Looking at all manners of asset sales and potential secondary sales
- Must be patient to yield solid results for our unitholders





WORKOUT CASE STUDIES

Aston at Gateway Apartments, USA – Construction Financing

WORKOUT CASE STUDY – HINN PORTFOLIO LOAN, WOODBINE MALL, TORONTO, ONTARIO

Type:	Acquisition financing
Location:	Toronto, Ontario
Property Description:	51-acre shopping mall site, plus other properties
Total Indebtedness:	~\$330M (CAD)
Loan Closing Date:	Various dates commencing in 2013
Enforcement Date:	March 2023
Corrective Action:	Application to appoint a receiver
Workout Strategy:	Solve development and tenant issues, sell as a redevelopment site
Status:	Sale process in progress



WORKOUT CASE STUDY – ATMOSPHERE, RICHMOND, BRITISH COLUMBIA

Type:	Construction financing
Location:	Richmond, British Columbia
Property Description:	7 mixed-use towers
Total Indebtedness:	~\$220M (CAD)
Loan Closing Date:	November 2019
Enforcement Date:	Demand letter – February 2021
Corrective Action:	Consent CCAA proceedings (April 2022)
Workout Strategy:	Stabilize the property, renew building permits, sell to or enter into a joint venture with a developer
Status:	CCAA



WORKOUT CASE STUDY – TECH 3443, AUSTIN, TEXAS

Type:	Acquisition and construction financing
Location:	Austin, Texas & Edmonton, Alberta
Property Description:	109-acre office/industrial site near airport
Total Indebtedness:	~190M (USD)
Loan Closing Date:	April 2018
Enforcement Date:	Demand letter – October 2019
Corrective Action:	Foreclosure petition; Chapter 11 bankruptcy trustee appointed (April 2020); Romspen acquired the property in partial payment of its debt (October 2020)
Workout Strategy:	Subdivide the site, renovate and lease buildings, construct new buildings and monetize in parts
Status:	In litigation resolving legal hurdles



WORKOUT CASE STUDY – MANDARIN ORIENTAL, BOCA RATON, FLORIDA

Type:	Construction
Location:	Boca Raton, Florida
Property Description:	Luxury hotel and residence
Total Indebtedness:	\$140M (USD)
Loan Closing Date:	September 2021
Enforcement Date:	April 2024
Corrective Action:	Forbearance
Workout Strategy:	Refinance
Status:	Nearly completed 164 rooms



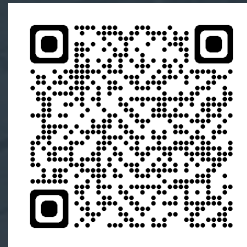


QUESTION & ANSWER

Drift Hotel Palm Springs, USA – Construction Financing



THANK YOU!



Romspen Investment Corporation

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romspen.com | 

END NOTES

1. Results and other figures shown for the periods indicated. Results for Q2 2024 are best estimates and are subject to change. Sources for data and analyses include Romspen Investment Corporation, the Fund, PricewaterhouseCoopers, Bank of Canada, FTSE Russell®, TSX®/S&P®.
2. Any returns or data shown which refer to a period of time that extends prior to January 16, 2006, such as those on page 20, reflect a combination of the results of an aggregated pool of individually syndicated mortgages then managed by Romspen Investment Corporation (based on an analysis provided by PricewaterhouseCoopers) with the results of the Fund (the successor to that aggregation of individually syndicated mortgages) for periods after January 15, 2006.
3. Performance data is unaudited and is taken from Fund's audited and unaudited (and for Q2 2024, in progress) financial statements, which are available for review. The performance data assume the reinvestment of all Fund distributions. Values may not add up to the totals provided due to rounding.
4. Rates of return are historical annual compounded returns after deducting management fees and expenses payable and include changes in unit value and assume the reinvestment of all distributions. They do not consider any applicable sales, redemption, or distribution charges, or income taxes payable that would have reduced returns. The calculation assumes a fixed historical monthly starting and ending date at the Unit value at such date, and that Unit values are capped at \$10.00. For that reason, they may not reflect a unitholder's actual return for purchases prior to 2018.
5. The FTSE® Canada Short-Term Overall Bond Index ("Bond Index") is a market capitalized weighted index composed of a diversified range of semi-annual pay, fixed-rate investment grade Canadian government and corporate bonds, with terms to maturity of between 1 and 5 years. The Bond Index returns are based on 24 years of data due to data restrictions. The S&P®/TSX® Composite Index ("S&P®/TSX®") is a market capitalization weighted index of approximately 250 of the largest publicly-traded companies in Canada and is the broadest gauge of the performance of publicly-listed Canadian equities. These are unmanaged, broadly based indices and measurements that do not reflect any management fees and assume reinvestment of income. They should not be considered "benchmarks" for the Fund, as they do not track commercial mortgage investments, which is the Fund's investment strategy. Whenever the Fund's return for a given time period is compared to the performance of these indices over the same time period, the purpose is to compare the Fund's return against the performance of other major Canadian asset classes typically included in an investment portfolio.
6. An investment in units of the Fund is not guaranteed, the Fund's value may change frequently, and past performance may not be repeated.
7. A number of financial measures in this presentation are calculated and presented using methodologies other than in accordance with International Financial Reporting Standards ("IFRS"), including non-performing loan measures. Non-IFRS financial measures are intended to provide unitholders with additional information and insight regarding the Fund's historical operating results and financial position. These non-IFRS measures have limitations as analytical tools and should not be considered as the sole performance measure and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in accordance with IFRS. Readers are cautioned that these non-IFRS financial measures or financial metrics may differ from the calculations disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers or entities.
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