Consolidated Financial Statements // Expressed in Canadian dollars

Romspen Mortgage Investment Fund

Period ending June 30, 2024

Aston at Gateway Apartments - USA

Romspen Mortgage Investment Fund (RMIF) has a long-term track record of mortgage investing and oversees $3.0 billion of assets, specializing in strategic short-term commercial mortgages in Canada and US.

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.

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.

Contents

Trustees' Letter

Dear Fellow Unitholders:

The Fund's financial performance for the second quarter of 2024 was in line with expectations given the challenging market conditions. Though the quarterly distribution was below historical average, the Fund continued to deliver steady and positive monthly returns.

Comparative Performance

The compounded net return for the first six months of 2024 was 2.0% versus 1.4% a year ago. In comparison, the FTSE Canada Short-Term Overall Bond Index™ ("FTSE-STBI"), and the S&P/TSX Composite Index ("S&P/TSX") returned 1.6% and 6.1% respectively on a year-to-date basis. For the 12-month period ended June 30, 2024, the Fund's compounded net return to unitholders was 0.2%, whereas FTSE-STBI and the S&P/TSX returned 5.6% and 12.1% respectively.

Financial Highlights

For the second quarter of 2024, the Fund earned net income of $16.4 million or $0.06 per unit compared to $20.2 million or $0.07 per unit a year ago. Earnings were 19% lower than in the second quarter of 2023 due to $10.8 million realized loss incurred. Distributions were $17.0 million ($0.06 per unit) and the compounded net return to unitholders was 0.6% in the second quarter, compared to $28.2 million ($0.10 per unit) and 0.7% a year ago, with positive performance in all months. The Fund had net debt (term credit facility less cash) of $143.8 million compared to net revolver (revolving loan facility less cash) of $127.1 million a year ago.

At June 30, 2024, the net portfolio was $2.7 billion (117 mortgages and investments), an increase of 1.4% compared to the second quarter of 2023. Unitholders' capital totalled $2.7 billion, same as last year. The Fund's portfolio and earnings remain well diversified by property type, geography, size and currency. Canadian mortgages comprised 46% of the Fund, increase from 44% last year, with the majority concentrated in Ontario (23%) and British Columbia (14%).

US mortgages represented 54% of the Fund, comprised of 64 US mortgages across 21 states with the largest concentrations in California (19%), Florida (9%) and Texas (9%).

The weighted average interest rate of the portfolio was 9.2% in June 30, 2024 compared to 8.7% a year ago. The weighted average interest rate on performing loans was 11.8% (2023 - 10.4%). The total loss provision at quarter end increased to $245.8 million ($0.86 per unit), of which $100.3 million was provided against Accrued Interest Receivables, from $144.2 million ($0.51 per unit) a year ago, and continues to provide a solid margin of safety.

Net Asset Value ("NAV") at June 30, 2024, was $9.44 per unit , compared to last year at $9.66 per unit. At quarter end, approximately 66% (2023 – 78%) of the Fund's US dollar exposure is hedged by the borrowers directly, by the US line of credit, or by forward contracts.

As a percentage of the overall portfolio, loans under review were higher than the Fund's typical historic range at 37% compared to 26% last year, and reflect the continued slowdown and price uncertainty in real estate markets. As we emphasize, loans under review are a feature of the financing niche in which the Fund operates, and do not necessarily result in a loss of principal beyond the provision for losses. Nevertheless, reducing the number of loans under review remains a key priority. Owned assets make up 14% of the portfolio compared to 16% last year.

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. 6-14). We suggest that these financial statements in the MD&A be used as the primary reference point.

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.

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.

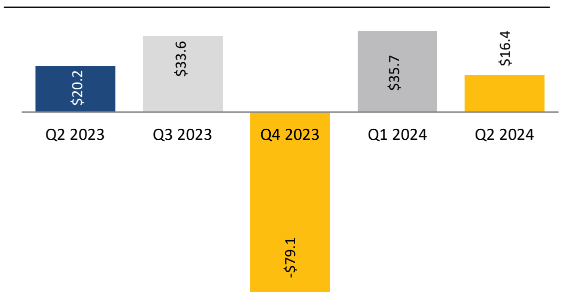
Sheldon Esbin	Mark Hilson	Arthur Resnick	Wesley Roitman

Trustees of the Fund, August 15, 2024

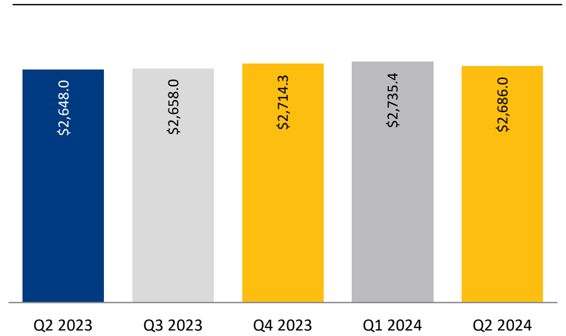
ROMSPEN MORTGAGE INVESTMENT FUND - 2024 HIGHLIGHTS

Key Metrics

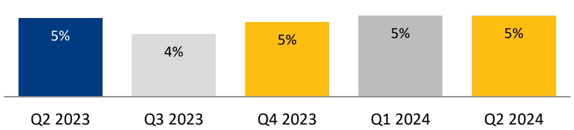
Net Earnings (Loss) ($millions)



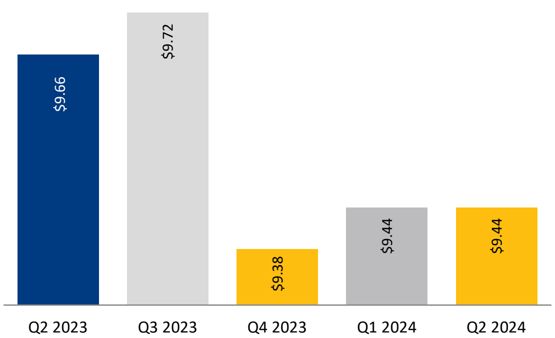
Net Investment Portfolio ($millions)



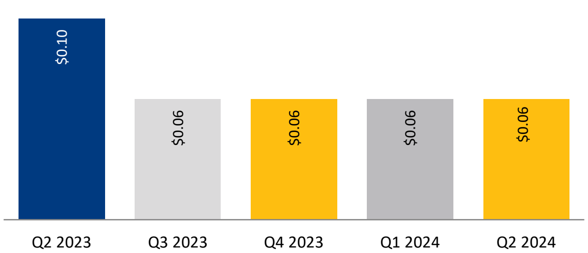
Net Leverage (% of net investment portfolio)



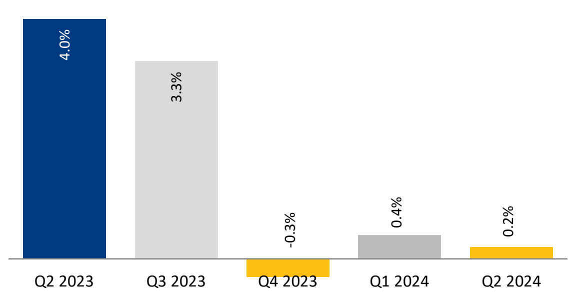
Net Asset Value ($/unit)



Unitholder Distributions ($/unit)



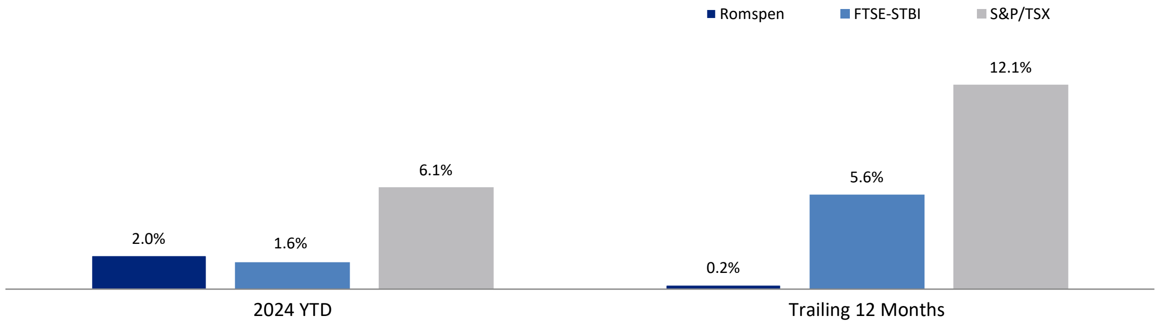
Unitholder Return [1]



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

Comparative Performance

Romspen returns are net[1];comparative benchmarks are gross returns.



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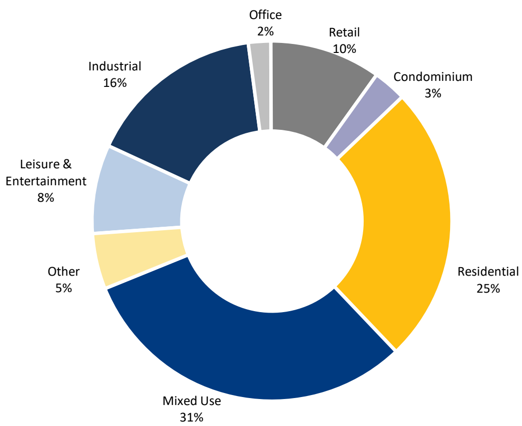
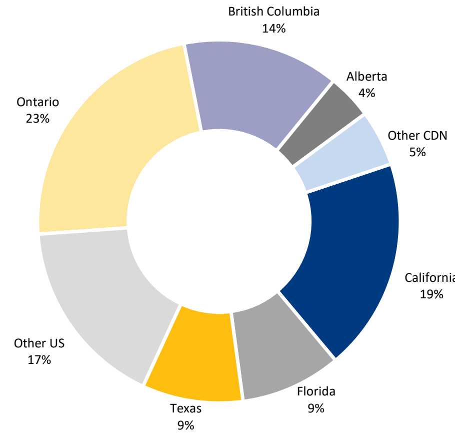
Investment Portfolio Profile

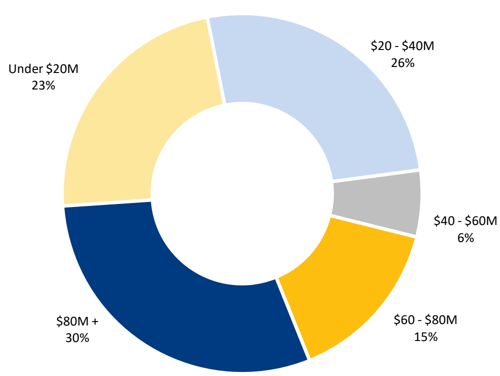
By Type



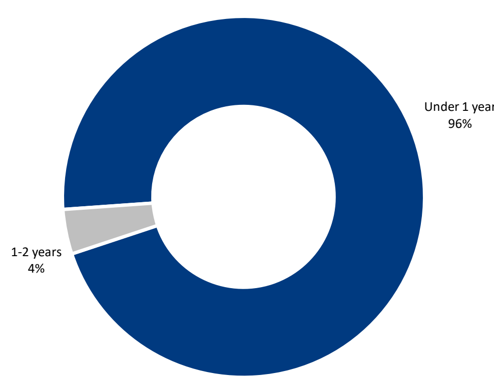
By Geography



By Amount



By Maturity



Management's Discussion & Analysis

Responsibility of Management

This Management's Discussion and Analysis ("MD&A") for Romspen Mortgage Investment Fund (the "Fund") should be read in conjunction with the unaudited financial statements and notes thereto for the quarter ended June 30, 2024 included herein and the audited financial statements and MD&A for the year ended December 31, 2023. Investment in the Fund is subject to certain risks and uncertainties described in the Fund's Offering Memorandum, which should be read in conjunction with this MD&A. These documents are available on the Fund's website at: www.romspen.com.

Management is responsible for the information disclosed in this MD&A. The Fund has in place appropriate procedures, systems and controls to ensure such information is materially complete and reliable. In addition, the Fund's trustees have reviewed and approved the MD&A and the financial statements for the quarter ended June 30, 2024.

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

Forward-Looking Statements

From time to time, the Fund makes written and verbal forward-looking statements. These are included in its quarterly and annual MD&A, Fund presentations and other Fund communications.

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

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

Non-IFRS Financial Measures

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

Introduction

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

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

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

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

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

Portfolio

As of June 30, 2024, the Fund's mortgage and investment portfolio (the "Portfolio"), net of fair value provisions, was $2.7 billion, compared to $2.6 billion a year ago. The Portfolio included 117 mortgages and investments, compared to 140 at the same time last year.

Approximately 96% of the Portfolio was invested in first mortgages at June 30, 2024 (2023 --- 96%). The weighted average interest rate of the mortgage loans in the Portfolio was 9.2% compared to 8.7% a year ago. The weighted average interest rate on performing loans was 11.8% (2023 - 10.4%).

The Portfolio continues to consist mainly of short-term mortgages to third parties and mortgages to the Fund's subsidiaries. Approximately 96% of the Portfolio's investments mature within one year (2023 — 94%) and 100% mature within two years (2023 — 99%). In addition, all our mortgages are open for repayment prior to maturity. The short-term nature of the Fund's portfolio permits opportunities to continually 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 June 30, 2024, approximately 23% of the Fund's investments were in Ontario (2023 - 22%). Approximately 18% of the Portfolio was invested in Western Canada, 5% in other provinces and 54% in the US. 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 June 30, 2024, were $245.8 million, of which $100.3 million was provided against the Accrued Interest Receivables. The remaining fair value provisions of $145.5 million represent 5.1% of the original cost of the Fund's investment in mortgages and subsidiaries. Total fair value provisions represent $0.86 per unit outstanding as at June 30, 2024. During the six months of 2024, the Fund realized $11.5 million of losses in the Portfolio. 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

June 30, 2024, with comparative information for 2023

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)	**June 30, 2024**	December 31, 2023	June 30, 2023
Assets			
Cash	**$ 81,182**	$ 25,298	$ 30,419
Accrued interest receivable	**158,479**	138,460	222,579
Mortgage investments	**1,693,002**	1,688,074	1,689,376
Investment in subsidiaries	**386,535**	424,293	393,610
Investment in TIG Romspen US Master Mortgage LP	**619,105**	584,209	535,718
Foreign exchange forward contracts	**-**	10,251	-
Other assets	**87,544**	35,840	32,106
	$ 3,025,847	$ 2,906,425	$ 2,903,808
Liabilities and Unitholder's Equity			
Revolving loan facility	**$ -**	$ 153,300	$ 157,500
Term credit facility	**225,000**	-	-
Mortgage investment syndications	**89,688**	85,003	-
Account payable and accrued liabilities	**5,711**	5,548	5,034
Foreign exchange forward contracts	**16,585**	-	5,809
Distributions payable	**5,719**	5,692	8,526
	342,703	249,543	176,869
Unit submitted for redemption	**592,765**	509,907	352,497
Unitholder's equity	**2,090,379**	2,146,975	2,374,442
	$ 3,025,847	$ 2,906,425	$ 2,903,808

Non-IFRS financial information

Combined Statement of Earnings

Six months ended June 30, 2024, with comparative information for 2023

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

(In thousands of dollars, except per unit amounts, unless otherwise noted)	**3 months ended June 30, 2024**	3 months ended June 30, 2023	**6 months ended June 30, 2024**	6 months ended June 30, 2023
Revenue				
Mortgage interest	**$ 27,953**	$ 33,737	**$ 53,129**	$ 61,161
Income from Investment in TIG Romspen US Master	**9,518**	10,715	**20,564**	22,150
Other	**2,704**	289	**4,500**	564
Gain (loss) on foreign exchange	**2,335**	(7,785)	**12,615**	(9,862)
	42,510	36,956	**90,808**	74,013
Expenses				
Management fees	**5,483**	5,839	**10,998**	11,715
Interest	**8,004**	4,897	**13,617**	9,788
Change in fair value of mortgage investments and investment in subsidiaries	**177**	4,489	**177**	10,660
Realized loss on mortgage investments	**10,793**	331	**11,516**	692
Other losses (gains)	**617**	(409)	**545**	(59)
Audit fees	**288**	120	**439**	249
Legal fees	**2**	-	**25**	81
Other	**772**	1,478	**1,446**	2,235
	26,136	16,745	**38,763**	35,361
Net earnings	**$ 16,374**	$ 20,211	**$ 52,045**	$ 38,652
Net earnings per unit	**$ 0.06**	$ 0.07	**$ 0.18**	$ 0.14
Weighted average number of units issued and outstanding	**283,013,170**	282,035,353	**283,797,102**	281,545,695

Non-IFRS financial information

Combined Statement of Changes in Unitholders' Equity

Six months ended June 30, 2024, with comparative information for 2023

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	**June 30, 2024**	December 31, 2023	June 30, 2023
Unit capital			
Balance, beginning of year	**$ 2,334,363**	$ 2,587,305	$ 2,587,305
Issuance of units	**8,273**	28,403	18,981
Increase in units submitted for redemption	**(82,858)**	(281,345)	(123,935)
Balance, end of period	**$ 2,259,778**	$ 2,334,363	$ 2,482,351
Cumulative earnings			
Balance, beginning of year	**$ 1,661,940**	$ 1,668,815	$ 1,668,815
Net earnings (loss)	**52,045**	(6,875)	38,652
Balance, end of period	**$ 1,713,985**	$ 1,661,940	$ 1,707,467
Cumulative distributions to unitholders			
Balance, beginning of year	**$ (1,849,328)**	$ (1,753,450)	$ (1,753,450)
Distributions to unitholders	**(34,056)**	(95,878)	(61,926)
Balance, end of period	**$ (1,883,384)**	$ (1,849,328)	$ (1,815,376)
Unitholders' equity	**$ 2,090,379**	$ 2,146,975	$ 2,374,442
Units issued and outstanding, excluding units submitted for redemption	**221,297,980**	228,879,648	245,801,317

Non-IFRS financial information

Combined Statement of Cash Flows

Six months ended June 30, 2024, with comparative information for 2023

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

(In thousands of dollars, unless otherwise noted)	**3 months ended June 30, 2024**	3 months ended June 30, 2023	**6 months ended June 30, 2024**	6 months ended June 30, 2023
Cash provided by (used in):				
Operations				
Net earnings	**$ 16,374**	$ 20,211	**$ 52,045**	$ 38,652
Items not affecting cash:				
Amortization of revolving and term loan facility financing costs	**987**	101	**1,127**	201
Change in fair value of mortgage investments and investment in subsidiaries	**177**	4,489	**177**	10,660
Income (loss) from investment in TIG Romspen US Master Mortgage LP	**875**	(116)	**680**	601
Realized loss on mortgage investments	**10,793**	331	**11,516**	692
Unrealized gain on foreign exchange	**(4,060)**	(11,315)	**(16,343)**	(25,237)
Amortization of discount	**-**	-	**-**	(213)
Other losses (gains)	**617**	(409)	**545**	(59)
Change in non-cash operating items:				
Accrued interest receivable	**(10,091)**	(5,309)	**(19,414)**	(9,329)
Other assets	**(47,623)**	(3,828)	**(53,276)**	(5,627)
Accounts payable and accrued liabilities	**(16)**	(1,954)	**3,631**	(2,092)
	(31,967)	2,201	**(19,312)**	8,249
Financing				
Proceeds from issuance of units	**54**	493	**156**	729
Distributions paid to unitholders	**(13,016)**	(22,492)	**(25,912)**	(46,560)
Change in revolving loan facility	**(149,000)**	(66,500)	**(153,300)**	(98,527)
Change in term credit facility	**225,000**	-	**225,000**	-
Change in loan payable to TIG Romspen US Master Mortgage LP	**-**	(51,008)	**-**	-
	63,038	(139,507)	**45,944**	(144,358)
Investments				
Funding of mortgage investments	**(34,914)**	(95,958)	**(78,365)**	(168,197)
Discharge of mortgage investments	**60,057**	229,453	**105,890**	299,090
Net discharge of investment in subsidiaries	**16,344**	13,359	**17,842**	11,494
Net divestment (funding) of investment in TIG Romspen US Master Mortgage LP	**-**	14,983	**(16,115)**	21,555
	41,487	161,837	**29,252**	163,942
Increase in cash	**72,558**	24,531	**55,884**	27,833
Cash, beginning of period	**8,624**	5,888	**25,298**	2,586
Cash, end of period	**$ 81,182**	$ 30,419	**$ 81,182**	$ 30,419

Investment in Subsidiaries

The controlled subsidiaries acquire control of properties in order 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	June 30, 2024
Guild	100%	Office complex	CA	$ 26,003
Aspen Lakes	100%	Residential development	CA	3,116
Almonte	50%	Retail plaza	CA	5,966
Liberty Ridge	100%	Residential subdivision	CA	68,808
Planetwide	100%	Land for residential development	CA	4,808
Royal Oaks	100%	Residential subdivision	CA	15,308
Haldimand	100%	Landfill	CA	29,749
High Street	100%	Commercial/Residential	CA	18,564
Egreen	100%	Land for industrial development	CA	3,917
Carolina Golf	100%	Golf courses	US	11,629
LE Ranch	100%	Residential	US	18,361
Big Nob	100%	Land for residential development	CA	3,792
Midland	100%	Land for residential development	CA	5,377
Kettle Creek	100%	Land for residential development	CA	13,666
Langford Lake	100%	Land for residential development	CA	41,507
Ponderosa	80%	Land for residential development	CA	32,864
Drought	100%	Land for residential development	CA	11,656
Northern Premier	100%	Land for industrial development	CA	10,448
Hampton Circle	100%	Residential construction	CA	2,541
Southpoint Landing	100%	Residential	CA	1,799
RIC Hampton Inc.	100%	Commercial	CA	8,496
Environmaster	100%	Environment and recycling	CA	24,733
Kawartha Downs	100%	Leisure and entertainment	CA	29,742
Nisku	100%	Industrial predevelopment	CA	17,485
				$ 410,335
		Fair value adjustment		(23,800)
				$ 386,535

Controlled subsidiaries that are owned by the General Partner of the Fund and not directly by the Partnership are classified as related party mortgage investments. Similar to investments in subsidiaries, these related party subsidiaries acquire control of properties in order to complete development and dispose of the property with the goal of maximising the return to investors, which may involve, but not specifically require, the advancement of additional funds from the Fund. As of June 30, 2024, there are fifteen (2023 – thirteen) mortgage investments to related party subsidiaries with a fair value of $548,286 (2023 - $564,773). Further details regarding related party mortgage investments can be found in Note 8 of the interim financial statements.

Income Statement Highlights

Total revenues for the quarter ended June 30, 2024 were $42.5 million compared to $37.0 million in the previous year.

Net earnings for the quarter were $16.4 million compared to $20.2 million for the same period last year. The basic weighted average earnings per unit for the year were $0.06 per unit compared to $0.07 last year.

For the quarter ended June 30, 2024, the Fund distributed $17.0 million or $0.06 per unit compared to $28.2 million or $0.10 per unit for the quarter ended June 30, 2023. The simple and compounded net returns to unitholders for the three-month period ended June 30, 2024 were 0.6% and 0.6% respectively.

Provision for losses on the Portfolio value increased by $0.2 million in the second quarter of 2024. During the same period, the Fund realized losses of $10.8 million on one investment. Management and other fees payable to the Fund Manager and other general and administrative expenses of the Fund were $6.5 million for the quarter ended June 30, 2024 compared to $7.4 million for the quarter ended June 30, 2023.

Balance Sheet Highlights

Total assets as of June 30, 2024 were $3.0 billion, compared to $2.9 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.

Total liabilities excluding units submitted for redemption as of June 30, 2024 were $342.7 million compared to $176.9 million a year earlier. Liabilities at the end of the quarter were comprised mainly of $225.0 million term credit facility and $89.7 million in mortgage investment syndications. Borrowings from the term credit facility, together with net cash proceeds of the Unit Offering, are used to fund additions to the Portfolio. At June 30, 2024, the net debt (term credit facility less unrestricted cash) was $143.8 million (5.3% of the net book value of the Portfolio) compared to $127.1 million net revolver (4.9% of the net portfolio) a year ago.

Unitholders' equity plus units submitted for redemption as at June 30, 2024 totalled $2.7 billion, same as last year. There was a total of 284,154,137 units outstanding on June 30, 2024 compared to 282,321,503 on June 30, 2023. 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 June 30, 2024, borrowings totaled approximately 8.3% of the book value of investments held by the Fund, compared to 6.0% as at June 30, 2023.

During the six months ended June 30, 2024, the Fund's proceeds of issuance of units was $8.3 million, compared to $19.0 million same period in 2023.

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

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

In addition, the Partnership has granted to Romspen the option to purchase any mortgage investment held by the Partnership for a purchase price equal to the principal amount of such mortgage plus any accrued interest.

From time to time, the Partnership may invest in mortgage loans made to borrowers who are related to Romspen or the trustees of the Fund. The Partnership may also invest in mortgages that are syndicated among Romspen, the Fund's trustees, or related parties. These related party transactions are further discussed in the notes to the accompanying financial statements.

Risk Management

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

Outlook

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.

Financial Statements

ROMSPEN MORTGAGE INVESTMENT FUND

Six months ended June 30, 2024 (Unaudited)

Interim Unconsolidated Statement Of Financial Position (Unaudited)

June 30, 2024, with comparative information for 2023

(In thousands of dollars, except per unit amounts, unless otherwise noted)	June 30, 2024	December 31, 2023
Assets		
Cash	$ 131	$ 111
Investment in Romspen Mortgage Limited Partnership		
at fair value through profit or loss (note 3)	2,689,446	2,663,234
	$ 2,689,577	$ 2,663,345
Liabilities and Net Assets Attributable to Unitholders and Unitholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	714	771
Unitholders' distributions payable	5,719	5,692
	6,433	6,463
Net assets attributable to unitholders	2,683,144	2,656,882
	$ 2,689,577	$ 2,663,345
Net assets attributable to unitholders represented by:		
Fund unitholders (note 4)	$ 2,259,778	$ 2,334,363
Fund units submitted for redemption (note 4)	472,505	390,034
Run-Off Pool unitholders (note 4)	120,260	119,873
Cumulative earnings	1,713,985	1,661,940
Cumulative distributions	(1,883,384)	(1,849,328)
	$ 2,683,144	$ 2,656,882
Net asset value per Fund unit (note 5)	$ 9.45	$ 9.38
Net asset value per Run-Off Pool unit (note 5)	$ 9.37	$ 9.34

Commitments and contingent liabilities (note 9)

See accompanying notes to financial statements.

Interim Unconsolidated Statement Of Net Income And Comprehensive Income (Unaudited)

Six months ended June 30, 2024, with comparative information for 2023

(In thousands of dollars, except per unit amounts, unless otherwise noted)	**3 Months ended June 30, 2024**	3 Months ended June 30, 2023	**6 Months ended June 30, 2024**	6 Months ended June 30, 2023
Income from investment in Romspen Mortgage Limited Partnership:				
Distributions from Romspen Mortgage Limited Partnership	**$ 13,025**	$ 19,732	**$ 25,939**	$ 43,674
Unrealized appreciation (depreciation) in net assets of Romspen Mortgage Limited Partnership (note 3)	**5,812**	2,940	**30,894**	(151)
	18,837	22,672	**56,833**	43,523
Expenses:				
Management fees (note 8 (a))	**1,809**	1,927	**3,629**	3,866
Audit fees	**288**	120	**439**	249
Legal fees and other	**366**	414	**720**	756
	2,463	2,461	**4,788**	4,871
Net income and comprehensive income	**$ 16,374**	$ 20,211	**$ 52,045**	$ 38,652
Net income and comprehensive income per Fund unit (note 5)	**$ 0.05**	$ 0.07	**$ 0.18**	$ 0.14
Net income and comprehensive income per Run-Off Pool unit (note 5)	**$ 0.04**	$ 0.06	**$ 0.15**	$ 0.12
Weighted average number of Fund units issued and outstanding (note 5)	**271,178,668**	268,216,498	**270,962,600**	268,711,395
Weighted average number of Run-Off Pool units issued and outstanding (note 5)	**12,834,502**	12,834,100	**12,834,502**	12,834,302

See accompanying notes to financial statements.

Interim Unconsolidated Statement Of Changes In Net Assets Attributable To Unitholders [1] (Unaudited)

Six months ended June 30, 2023, with comparative information for 2023

(In thousands of dollars, except per unit amounts, unless otherwise noted)	**June 30, 2024**	June 30, 2023
Fund unit capital:		
Balance, beginning of year	**$ 2,334,363**	$ 2,587,305
Issuance of units (note 4)	**8,273**	18,981
Increase in units submitted for redemption	**(82,858)**	(114,327)
Conversion to Run-Off Pool units (note 4 (d))	**-**	(9,608)
Balance, end of period	**$ 2,259,778**	$ 2,482,351
Fund units submitted for redemption, end of period	**$ 472,505**	$ 228,804
Run-Off Pool unit capital:		
Balance, beginning of year	**$ 119,873**	$115,345
Conversion from units	**-**	9,608
Fair market value adjustment	**387**	(1,260)
Balance, end of period	**$ 120,260**	$ 123,693
Cumulative earnings to all unitholders:		
Balance, beginning of year	**$ 1,661,940**	$ 1,668,815
Net income and comprehensive income	**52,045**	38,652
Balance, end of period	**$ 1,713,985**	$ 1,707,467
Cumulative distributions to all unitholders:		
Balance, beginning of year	**$ (1,849,328)**	$ (1,753,450)
Distributions to unitholders (note 6)[1]	**(34,056)**	(61,926)
Balance, end of period	**$ (1,883,384)**	$ (1,815,376)
Net assets attributable to unitholders	**$ 2,683,144**	2,726,939
Units issued and outstanding:		
Fund units	**221,297,980**	245,801,317
Fund units submitted for redemption	**50,021,655**	23,685,684
Run-Off Pool units	**12,834,502**	12,834,502
Total units issued and outstanding	**284,154,137**	282,321,503

See accompanying notes to financial statements.

[1]Included in total distributions is amount for Run-Off Pool unitholders of $1,540 (June 2023 - $2,824).

INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

Six months ended June 30, 2024, with comparative information for 2023

(In thousands of dollars)	**3 Months ended June 30, 2024**	3 Months ended June 30, 2023	**6 Months ended June 30, 2024**	6 Months ended June 30, 2023
Cash provided by (used in):				
Operations:				
Net income and comprehensive income	**$ 16,374**	$ 20,211	**$ 52,045**	$ 38,652
Items not affecting cash:				
Unrealized (appreciation) depreciation in net assets of Romspen Mortgage Limited Partnership (note 3)	**(5,812)**	(2,940)	**(30,894)**	151
Change in non-cash operating items:				
Accounts payable, accrued liabilities and other assets	**(90)**	(387)	**(57)**	(434)
	10,472	16,884	**21,094**	38,369
Financing:				
Proceeds from issuance of Fund units (note 4)	**54**	493	**156**	729
Distribution to unitholders (note 6)	**(13,016)**	(22,492)	**(25,912)**	(46,560)
	(12,962)	(21,999)	**(25,756)**	(45,831)
Investments:				
Net redemption of investment in Romspen Mortgage Limited Partnership (note 3)	**2,453**	5,259	**4,682**	7,406
	2,453	5,259	**4,682**	7,406
(Decrease) increase in cash	**(37)**	144	**20**	(56)
Cash, beginning of period	**168**	100	**111**	300
Cash, end of period	**$ 131**	$ 244	**$ 131**	$ 244

See accompanying notes to financial statements.

Romspen Mortgage Investment Fund (the "Fund") is an unincorporated closed-end investment trust established under the laws of the Province of Ontario, pursuant to a trust indenture dated as at May 20, 2005. 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 June 30, 2024, the Partnership indirectly owns 77.60% (2023 – 76.48%) 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 August 15, 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 June 30, 2024 that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial period, is included in note 3.

B) Judgment

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 income and comprehensive income per unit

Net income and comprehensive income per unit are computed by dividing net income and comprehensive income for the period 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)

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

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

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:

	June 30, 2024	June 30, 2023
Investment balance, beginning of year	**$ 2,663,234**	$ 2,743,106
Net redemption of investment in the Partnership	**(4,682)**	(7,406)
Unrealized appreciation (depreciation) in net assets of the Partnership	**30,894**	(151)
Investment balance, end of period	**$ 2,689,446**	$ 2,735,549

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:

	June 30, 2024	December 31, 2023
Assets		
Cash	**$ 81,051**	$ 25,187
Accrued interest receivable (note 3(a)(v))	**158,479**	138,460
Mortgage investments (note 3(b))	**1,693,002**	1,688,074
Investment in subsidiaries (note 3(c))	**386,535**	424,293
Investment in USMLP (note 3(d))	**619,105**	584,209
Other assets	**87,544**	35,840
Foreign exchange forward contracts (note 3(g))	**-**	10,251
	3,025,716	$ 2,906,314
Liabilities and Unitholders' Capital		
Liabilities:		
Revolving loan facility (note 3(e))	**$ -**	$ 153,300
Term credit facility (note 3(f))	**225,000**	-
Mortgage investment syndication (note 3(b))	**89,688**	85,003
Accounts payable and accrued liabilities	**4,997**	4,777
Foreign exchange forward contracts (note 3(g))	**16,585**	-
	336,270	243,080
Fair value of net assets attributable to unitholders of the Partnership	**2,689,446**	2,663,234
	$ 3,025,716	$ 2,906,314

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

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

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

	6 months ended June 30, 2024	6 months ended June 30, 2023
Revenue		
Mortgage interest	**$ 53,129**	$ 61,161
Income from Investment in USMLP (note 3(d))	**20,564**	22,150
Other	**4,500**	564
Foreign exchange gain (loss) (note 3(g))	**12,615**	(9,862)
	90,808	74,013
Expenses		
Management fees (note 8(b))	**7,369**	7,849
Interest	**13,617**	9,788
Change in fair value of accrued interest receivable, mortgage investments and investment in subsidiaries	**177**	10,660
Realized loss on mortgage investments	**11,516**	692
Other losses (gains)	**545**	(59)
Legal fees and other	**751**	1,560
	33,975	30,490
Comprehensive income	**$ 56,833**	$ 43,523

A) Basis of presentation and measurement for the Partnership

I) Mortgage investments

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

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

II) Investment in subsidiaries

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

III) Investment in USMLP

The Partnership indirectly owns 77.60% of USMLP as at June 30, 2024 (2023 – 76.48%) 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 (2023 - 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.

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

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

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, categorized into Level 3 of the fair value hierarchy.

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

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

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

B) Mortgage investments (excluding investment in subsidiaries)

The following is a summary of the mortgages:

			June 30, 2024	June 30, 2023
	Number of mortgages	**Original cost**	**Fair Value**	Fair Value
First mortgages	**55**	**$ 1,762,280**	**$ 1,640,607**	$ 1,632,881
Second mortgages	**1**	**52,395**	**52,395**	56,495
		$ 1,814,675	**$ 1,693,002**	$ 1,689,376

A reconciliation of the mortgage investments is as follows:

	June 30, 2024	June 30, 2023
Investments balance, beginning of year	**$ 1,688,074**	$ 1,850,150
Funding of mortgage investments	**78,365**	168,410
Discharge of mortgage investments	**(105,890)**	(299,090)
Loss in the value of investments	**(177)**	(4,431)
Realized loss on investments	**(8)**	(363)
Foreign currency adjustment on investments	**32,638**	(25,300)
Investments balance, end of period	**$ 1,693,002**	$ 1,689,376

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.

The mortgage investments portfolio bears interest at a weighted average rate of 9.68% (2023 - 9.01%).

Principal repayments based on contractual maturity dates are as follows:

Overhold	$ 689,717
2024	835,860
2025	289,098
	$ 1,814,675

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)

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 June 30, 2024 totals $89,688 (2023 - nil), and carries a weighted average effective interest rate of 9.4%.

C) Investment in subsidiaries

	June 30, 2024	June 30, 2023
Investment in subsidiaries at cost	$ 410,335	$ 453,004
Fair value adjustment	(23,800)	(59,394)
	$ 386,535	$ 393,610

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:

	June 30, 2024	June 30, 2023
Investment balance, beginning of year	$ 424,293	$ 410,602
Funding in investments	7,906	14,933
Sale of investments	(25,748)	(26,427)
Net unrealized loss in the fair value of investments	-	(6,229)
Realized loss on investments	(11,508)	(329)
Foreign currency adjustment on investments	(8,408)	1,060
Investment balance, end of period	$ 386,535	$ 393,610

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 at June 30, 2024, the Partnership indirectly owns 77.60% (2023 – 76.48%) of USMLP, through Liberty LP.

Schedule of investment in USMLP:

	June 30, 2024	June 30, 2023
Investment balance, beginning of year	$ 584,209	$ 571,088
Net funding (divestment) of investment in USMLP	-	(21,555)
Loan to USMLP	16,116	-
Partnership's share in USMLP net income	20,564	22,150
Dividend received from USMLP	(21,244)	(22,751)
Foreign currency adjustment on investment	19,460	(13,214)
Investment balance, end of period	$ 619,105	$ 535,718

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

Statement of non-consolidated financial position:

	June 30, 2024	December 31, 2023
Assets		
Cash and restricted cash	$ 17,866	$ 9,257
Accrued interest	33,366	23,959
Mortgage investments, at fair value	796,384	832,134
Real estate owned, at fair value	88,733	40,682
Other assets	5,272	3,673
	$ 941,621	$ 909,705
Liabilities and Unitholders' Capital		
Liabilities:		
Mortgage investment syndication [(i)]	$ 114,144	$ 118,636
Accounts payable and accrued liabilities	7,830	5,043
Revolving loan facility	41,037	39,729
Due to the Partnership	66,343	48,337
Distributions Payable	3,800	4,673
Redemption Payable	27,487	35,605
	260,641	252,023
Fair value of net assets attributable to unitholders of USMLP	680,980	657,682
	$ 941,621	$ 909,705

[(i)] Of this amount, $41,509, equivalent to $30,345 USD (2023 - $40,186, equivalent to $30,345 USD) is included in the Partnership's mortgage investments.

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

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

Statement of non-consolidated comprehensive income:

	6 months ended June 30, 2024	6 months ended June 30, 2023
Investment Income:		
Mortgage interest	**$ 36,147**	$ 35,321
Other	**528**	1,082
	36,675	36,403
Expenses:		
Service fees (note 8(c))	**3,966**	3,767
Interest	**5,131**	2,272
Accounting and legal fees	**451**	316
Other	**539**	382
	10,087	6,737
Net investment income	**$ 26,588**	$ 29,666
Realized loss from investments	**(12,308)**	(909)
Unrealized gain from investments	**12,308**	435
Net Income	**$ 26,588**	$ 29,192

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 June 30, 2024, a balance of $66,343 (2023 - $nil), equivalent of $48,500 USD (2023 - $nil), is outstanding and included in the investment balance. During the six-month period ended June 30, 2024, the Partnership recognized $3,117, equivalent of $2,294 USD (2023 - $nil, equivalent of $nil USD) towards interest income from these temporary loans.

During the six months ending June 30, 2023, the Partnership has obtained temporary loans from USMLP. These bear an interest rate of US prime plus 2.00%. As of June 30, 2024, a balance of nil (2023 - nil), is outstanding towards these temporary loans. During the six-month period ended June 30, 2024, the Partnership incurred nil (2023 – $1,088) of interest expense on these temporary loans.

At June 30, 2024, 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%). 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 of June 16, 2024.

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:

	June 30, 2024	December 31, 2023
Mortgage investments, at cost	**$ 1,814,675**	$ 1,816,982
Investment in subsidiaries, at cost	**410,335**	448,093
Accrued interest receivable, at cost	**258,772**	238,752
Investment in USMLP	**619,105**	584,209
Unrealized fair value adjustment	**(245,766)**	(253,000)
	$ 2,857,121	$ 2,835,036
Mortgage investments	**$ 1,693,002**	$ 1,688,074
Investment in subsidiaries	**386,535**	424,293
Accrued interest receivable	**158,479**	138,460
Investment in USMLP	**619,105**	584,209
	$ 2,857,121	$ 2,835,036

The fair values of cash, accrued interest receivable, revolving loan facility, term credit 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)

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 May 16, 2024 to a maximum amount of $150,000 (2023 - $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. At June 30, 2024, the outstanding amount was $nil (2023 - $157,500).

The interest rates are either the Prime interest rate plus 1.75% per annum (2023 – Prime interest rate plus 1.00% per annum) or the CORRA plus 2.75% per annum, increased by 0.2954% or 0.32138% per annum, if and as applicable (2023 – Banker Acceptance Fee Rate plus 2.00%) per annum or the Secured Overnight Financing Rate plus 2.75%, increased by 0.10% or 0.15% or 0.25% per annum, if and as applicable (2023 – US LIBO Rate plus 2.00%) per annum. The Facility also imposes a Letter of Credit Fee rate of 2.75% (2023 – 2.25%) per annum and a Standby Fee Rate of 0.6875% (2023 – 0.50%) per annum on the unutilized portion of the credit limit.

The minimum and maximum amounts drawn under the Facility for the six-month period ended June 30, 2024 were $nil and $153,300 (2023 - $157,500 and $273,120), 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 April 16, 2025. The costs associated with the renewal of the Facility are amortized over one-year term and have been included in other assets of $639 (2023 - $33), net of accumulated amortization of $89 (2023 - $691).

F) Term credit facility

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.

The costs associated with the Term Credit Facility are amortized over one-year term (Tranche A) or four-year term (Tranche B) and have been included in other assets of $1,316 (2023 - $nil) for Tranche A and $5,298 (2023 - $nil) for Tranche B, net of accumulated amortization of $263 (2023 - $nil) for Tranche A and $230 (2023 - $nil) for Tranche B.

G) 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 June 30, 2024 and 2023.

Foreign exchange loss on forward contracts as at June 30, 2024:

	Currency received to be delivered in USD (CAD)	Fair value at foreign exchange	Unrealized Loss
June 30, 2024	**$ 1,007,425**	**$ 1,024,010**	**$ (16,585)**
June 30, 2023	$ 1,170,875	$ 1,176,684	$ (5,809)

The Partnership's foreign exchange gain (loss) in the statement of comprehensive income includes an unrealized foreign exchange gain of $16,343 (2023 - gain of $25,237) and a realized foreign exchange loss of $3,728 (2023 - loss of $35,099).

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

The realized foreign exchange gains (losses) include realized foreign exchange losses of $9,614 (2023 - losses of $38,447) on forward contracts, which are offset by gain in assets classified at FVTPL.

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

4. Net assets attributable to unitholders

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

	June 30, 2024		June 30, 2023	
	Units	**Amount**	Units	Amount
Balance, beginning of year	**283,293,999**	**$ 2,844,270**	280,363,913	$ 2,815,662
New fund units issued	**16,049**	**156**	75,869	729
New fund units issued under distribution reinvestment plan	**844,089**	**8,117**	1,881,721	18,252
Net issuance of Fund units	**860,138**	**8,273**	1,957,590	18,981
Balance, end of period	**284,154,137**	**$ 2,852,543**	282,321,503	$ 2,834,643

Total units of 284,154,137 include 50,021,655 Fund units submitted for redemption and 12,834,502 Run-Off Pool units as reconciled below:

	June 30, 2024		June 30, 2023	
	Units	**Amount**	Units	Amount
Balance, beginning of year	**41,579,849**	**$ 390,034**	11,614,581	$ 113,217
Net increase in units submitted for redemption	**8,441,806**	**82,858**	13,058,029	123,935
Transfer to Run-Off Pool units	**-**	**-**	(986,926)	(9,608)
(Increase) decrease in fair value	**-**	**(387)**	-	1,260
Balance in units submitted for redemption, end of period	**50,021,655**	**472,505**	23,685,684	228,804
Balance in Run-Off Pool units, end of period	**12,834,502**	**120,260**	12,834,502	123,693
Balance, end of period	**62,856,157**	**$ 592,765**	36,520,186	$ 352,497

During the normal course of business, the Fund receives unit issuance and redemption requests from the investors. In the period ended June 30, 2024, the Fund received requests for redemption of 8,441,806 units (2023 – 13,058,029) and redeemed nil units, same as last year in accordance with its policies.

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

II) Distribution reinvestment plan and direct unit purchase plan

The Fund has a distribution reinvestment plan and direct unit purchase plan for its unitholders, which allows participants to reinvest their monthly cash distributions in additional units at a unit price equivalent to 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 June 30, 2024, the payment of unit redemption prices remains extended.

4. Net assets attributable to unitholders (continued):

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 June 30, 2024, unitholders representing approximately 50,021,655 (2023 – 23,685,684) 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 June 30, 2024, the unit redemptions remain suspended.

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.

4. Net assets attributable to unitholders (continued):

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 986,926 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 June 30, 2024, NAV per Fund unit is calculated as total assets less total liabilities, including units submitted for redemption, allocable to outstanding Fund units of 271,319,635 (2023 – 269,487,001). NAV per Run-off Pool unit is calculated total assets less total liabilities, allocable to outstanding Run-off Pool units of 12,834,502 (2023 – 12,834,502).

For the six-month period ending June 30, 2024, net income and comprehensive income per Fund unit have been computed using the weighted average number of Fund units issued and outstanding of 270,962,600 (2023 – 268,711,394).

For the six-month period ending June 30, 2024, net income and comprehensive income per Run-Off Pool unit have been computed using the weighted average number of Run-Off Pool units issued and outstanding of 12,834,502 (2023 – 12,834,302).

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 six months period ended June 30, 2024, the Fund declared distributions of $0.06 (2023 - $0.22) per unit and a total of $34,056 (2023 - $61,926) was distributed to all the unitholders.

7. Income taxes

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

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

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

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

8. Related party transactions and balances

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

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

A) The majority of the Trustees of the Fund are owners of Romspen. Under the Mortgage Origination and Capital Raising Agreement, Romspen provides capital raising services to the Fund. Romspen receives fees totalling 0.33% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of the Partnership. For the six months ended June 30, 2024, the total amount was $3,629 (2023 – $3,866).

8. Related party transactions and balances (continued):

B) Under the Mortgage Origination and Capital Raising Agreement, Romspen provides mortgage origination services to the Partnership. Romspen receives fees totalling 0.67% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of the Partnership. For the six months ended June 30, 2024, this amount was $7,369 (2023 – $7,849).

C) Under the Mortgage Origination and Capital Raising Agreement, Romspen provides mortgage origination services to USMLP. Romspen receives fees totalling 1% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of USMLP. For the 6 months ended June 30, 2024, this amount was $3,966 (2023 – $3,767).

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 six months ended June 30, 2024, this amount was $8,364 (2023 – $6,782).

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 June 30, 2024, the Partnership had one (2023 – one) investment outstanding with an original cost of $42,814 (2023 –$45,156), including accrued interest of $3,907 (2023 – nil) and fair value of $42,814 (2023 – $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 $8 payable to Romspen (2023 – $45).

H) As at June 30, 2024, the Partnership has fifteen (2023 - 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 4.5% (2023 – 4.6%).

During the six months June 30, 2024, Romspen Subsidiary foreclosed and assumed no mortgages, same as last year.

As at June 30, 2024, the cost of the mortgage investments with Romspen Subsidiary is $642,276 (2023 - $588,936), and the fair value is $548,286 (2023 - $564,773). For the six months period ended June 30, 2024, the Partnership recognized interest income of $708 (2023 - $2,951) 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 June 30, 2024, there were $47,244 of guarantees outstanding (2023 – $35,443).

D) The Partnership has letters of credit and guarantees outstanding at June 30, 2024 of $25,069 (2023 – $38,745).

10. Fair values of financial instruments

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

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

Fund

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

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

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

Partnership

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

11. Financial instrument risk management

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

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

A) Credit risk

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

Fund

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

Partnership

i) 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:

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

iii) 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.

11. Financial instrument risk management (continued):

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 at June 30, 2024, there are four mortgage investments issued to a single borrower ("Borrower") for $172,358 (2023 - $172,358) in principal and $156,551 (2023 - $151,294) in accrued interest, for a combined indebtedness of $328,909 (2023 - $323,652) at cost. The total mortgage investments and accrued interest with the Borrower is recorded at a fair value of $267,649 (2023 - $323,652). The total indebtedness accounts for 17.8% (2023 - 16.9%) of the Partnership's combined mortgage investment and accrued interest receivable balance at fair value (excluding investment in USMLP).

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

B) Liquidity risk

Liquidity risk is the risk that the Fund or the Partnership will not have sufficient cash to meet its obligations as they become due.

Fund

Unitholders in the Fund have the limited right to redeem their units in the Fund, as described in its Offering Memorandum and paragraph 5.25 of the Fund's Declaration of Trust. The Trustees are entitled, in their sole discretion, to extend the time for payment of any unitholder redemption if, in their reasonable opinion, such payment would be materially prejudicial to the interests of the remaining unitholders.

The Fund is obliged to pay management fees to Romspen, which are funded out of interest income earned from the Partnership.

Partnership

The Partnership mitigates this risk by monitoring its scheduled mortgage repayments and ensuring that sufficient funds are available in the near term to satisfy all of its obligations. The Partnership's obligations are primarily those which arise under the revolving loan facility, the Mortgage Management Agreement and its Declaration of Trust. In the current economic climate and capital markets, the lenders may continue to tighten their lending standards, which could make it challenging for the Partnership to obtain financing on favourable terms, or to obtain financing at all.

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 3b), which results in an increased liquidity risk for the Partnership.

If the Partnership is unable to continue to have access to its revolving loan facility, the size of the Partnership's investment portfolio will decrease and the income historically generated through holding a larger portfolio by utilizing leverage 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.

11. Financial instrument risk management (continued):

C) Market risk

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

Fund

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

Partnership

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

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

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

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

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

The Partnership's debt under the revolving loan facility (note 3(e)) bears interest at the interest rates indicated in note 3(e).

As at June 30, 2024, 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 $554 (2023 – $1,140). Similarly, it would be $468 (2023 - $nil) for term credit facility. 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 $1,557,035 (2023 - $1,537,405), or 56% (2023 - 55%) of the total Partnership's investments at June 30, 2024, 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 $0.09 per unit (2023 - $0.05 per unit), assuming all other variables, including interest rates, remain constant. A strengthening would have resulted in an equal but opposite effect. The Partnership uses foreign exchange forward contracts to manage its exposure to foreign currency risks.

D) Capital risk management

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

11. Financial instrument risk management (continued):

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 June 30, 2024, the Partnership's borrowings totalled 5% (2023 – revolver of 6%) of the book value of its total investments and the Fund was in compliance with all covenants under its term credit facility and revolving loan facility.

E) Other price risk

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

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

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

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

12. Comparative information

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

Trustees & Management

Romspen is led by six managing partners, each with extensive finance and real estate experience, supported by over 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 in the Romspen Mortgage Limited Partnership.

Distributions

Distributions on Fund units are payable on or about the 15th day of each month. The Fund intends to distribute its taxable earnings each year to unitholders.

Distribution Reinvestment Plan

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

Investor Relations Contact

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

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

Duplicate Communication

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

Auditors

KPMG LLP

Legal Counsel

Gardiner Roberts LLP

Website

www.romspen.com