

Financial Statements

(Expressed in U.S. dollars)

ROMSPEN US MORTGAGE INVESTMENT FUND

Period ended June 30, 2021

STATEMENT OF FINANCIAL POSITION

June 30, 2021, with comparative information for 2020

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)

	June 30, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 4,572	\$ 164
Investment in TIG Romspen US Master Mortgage LP (note 3)	72,981	75,919
Other assets (note 4)	521	1,286
	\$ 78,074	\$ 77,369
Liabilities and Unitholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	\$ 33	\$ 38
Prepaid unit capital	4,390	-
Unitholders' distributions payable	500	1,270
	4,923	1,308
Unitholders' equity (note 5)	73,151	76,061
	\$ 78,074	\$ 77,369
Net asset value per unit (note 6)	\$ 10.00	\$ 10.00

See accompanying notes to financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Six months ended June 30, 2021, with comparative information for 2020

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	3 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2021	6 months ended June 30, 2020
Revenue:				
Distributions from TIG Romspen US Master Mortgage LP	\$ 1,526	\$ 1,215	\$ 3,166	\$ 2,565
Interest and other income	-	-	-	4
	1,526	1,215	3,166	2,569
Expenses:				
Capital raising fees (note 8)	43	47	89	47
Audit fees	6	6	12	12
Legal fees	-	2	-	4
Custodian, administrator fees	7	6	14	14
Other	3	3	4	6
	59	64	119	83
Net income and comprehensive income	\$ 1,467	\$ 1,151	\$ 3,047	\$ 2,486
Net income and comprehensive income per unit (note 6)	\$ 0.21	\$ 0.15	\$ 0.42	\$ 0.34
Weighted average number of units issued and outstanding (note 6)	7,071,615	7,502,057	7,237,396	7,292,513

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

Six months ended June 30, 2021, with comparative information for 2020

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)

	June 30, 2021	June 30, 2020
Unit capital:		
Balance, beginning of period	\$ 76,061	\$ 62,480
Issuance of units	8,047	11,550
Reinvestment of distributions	1,305	1,134
Redemption of units	(12,262)	(5)
Balance, end of period	\$ 73,151	\$ 75,159
Cumulative earnings:		
Balance, beginning of period	\$ 9,583	\$ 3,665
Net income and comprehensive income	3,047	2,486
Balance, end of period	\$ 12,630	\$ 6,151
Cumulative distributions to unitholders:		
Balance, beginning of period	\$ (9,583)	\$ (3,665)
Distributions to unitholders	(3,047)	(2,486)
Balance, end of period	\$ (12,630)	\$ (6,151)
Unitholders' equity (note 5)	\$ 73,151	\$ 75,159
Units issued and outstanding (note 5)	7,315,110	7,515,884

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Six months ended June 30, 2021, with comparative information for 2020

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	3 months ended June 30, 2021	3 months ended June 30, 2020	6 months ended June 30, 2021	6 months ended June 30, 2020
Cash provided by (used in):				
Operations:				
Net income and comprehensive income	\$ 1,467	\$ 1,151	\$ 3,047	\$ 2,486
Change in non-cash operating items:				
Other assets	20	(157)	765	12
Accounts payable and accrued liabilities	(9)	(15)	(5)	(6)
Unitholders' distributions payable	(21)	140	(770)	(33)
	1,457	1,119	3,037	2,459
Financing:				
Proceeds from issuance of units, net of reinvested funds	7,286	4	8,047	11,550
Redemption from unitholders	(6,714)	-	(12,262)	(5)
Distribution to unitholders, net of reinvested funds	(943)	(754)	(1,742)	(1,352)
Change in prepaid capital	3,975	-	4,390	(669)
	3,604	(750)	(1,567)	9,524
Investments:				
Net funding of investment in TIG Romspen US Master Mortgage LP (note 3)	(1,081)	(523)	2,938	(12,730)
Increase (decrease) in cash and cash equivalents	3,980	(154)	4,408	(747)
Cash and cash equivalents, beginning of period	592	308	164	901
Cash and cash equivalents, end of period	\$ 4,572	\$ 154	\$ 4,572	\$ 154

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Period ended June 30, 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)

Romspen US Mortgage Investment Fund (the "Fund") is a limited partnership formed under the laws of province of Ontario on November 7, 2017 and commenced operations on June 15, 2018. The head office of the Fund is located at 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5.

The Fund generally invests its assets through a "master-feeder" structure, conducting its investment and trading activities indirectly through an investment in the TIG Romspen US Mortgage Intermediate LP (the "Intermediate LP"), a flow-through partnership which wholly owns TIG Romspen US Master Mortgage LP (the "Master Fund"). The Master Fund is a limited partnership formed to conduct trading activities on behalf of the Fund and other entities serviced by Romspen Investment Corporation ("RIC") or its affiliates. The purpose of the Master Fund is to provide stable and secure cash distributions of income while preserving unitholders' equity. The Master Fund is managed by Romspen US Master Mortgage GP LLC (the "Master General Partner") and Romspen Investment Limited Partnership (the "Manager"). The Fund is managed by Romspen Citadel GP Inc. (the "General Partner") and pursuant to a Capital Raising Agreement, the Fund is serviced by RIC, a corporation formed in Canada. Investor administration functions are outsourced to a third-party administrator, SS&C Inc.

The financial statements of the Master Fund, including the condensed schedule of investments, should be read in conjunction with the Fund's financial statements.

There are no generally accepted accounting principles differences between the financial statements of the Master Fund and the Fund.

These financial statements and accompanying footnotes were approved by management and are available for issuance on July 30, 2021.

1. Basis of presentation

These financial statements have been prepared in accordance with U.S. generally accepted accounting principals ("U.S. GAAP"). Comparative figures, which were previously presented in accordance with International Financial Reporting Standards by the International Accounting Standards Board, have been adjusted as required to be compliant with the Fund's accounting policies under U.S. GAAP and are further described in note 2.

The Fund is an investment company and follows the accounting and reporting guidance in the Financial Accounting Standards Board's Accounting Standards Codification Topic 946, Financial Services – Investment Companies.

The financial statements are measured and presented in U.S. dollars; 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 and loss ("FVTPL") which are presented at fair value.

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

2. Significant accounting policies

A) Use of estimates

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

Revisions to accounting estimates are recognized prospectively.

B) Investment in the Master Fund

The investment in the Master Fund is carried at its fair value, which is estimated based on the net asset value ("NAV") of the Fund's interest in the Master Fund, as determined by management of the Master Fund.

C) Investment income and expenses

The Fund records its share of the net of the Master Fund's income, expenses, realized and unrealized gains or losses. In addition, the Fund incurs and accrues its own revenue and expenses.

D) Net income and comprehensive income per unit

Net income and comprehensive income per unit is computed by dividing the monthly net income by the number of units issued and outstanding for the corresponding month.

E) Income Taxes

No provision for federal, state and local income taxes has been made in the accompanying financial statements, as individual investors are responsible for their proportionate share of the Fund's taxable income. Interest, dividends and other income realized by the Fund from non-Canadian sources and capital gains realized on the sale of securities of non-Canadian issuers may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced.

The Fund invests in the Master Fund, which is situated in the Cayman Islands. It is not subjected to any form of taxation in the Cayman Islands, including income, capital gains and withholding taxes.

NOTES TO FINANCIAL STATEMENTS

Period ended June 30, 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)

3. Supplemental information regarding Master Fund at FVTPL

The Fund invests in the Master Fund through the ownership of units in the Intermediate LP.

As at June 30, 2021 the Fund owns 16% (2020 – 16%) of the Master Fund via the Intermediate LP and accounts for its investments in the Master Fund at fair value.

Schedule of investment in the Master Fund:

	Jun 30, 2021	Jun 30, 2020
Investment balance, beginning of period	\$ 75,919	\$ 62,281
Funding of investment in the Master Fund	9,269	12,735
Redemption of investment in the Master Fund	(12,207)	(5)
Fund's share in the Master Fund net income	3,166	2,565
Dividend received from the Master Fund	(3,166)	(2,565)
Investment balance, end of period	\$ 72,981	\$ 75,011

The Master Fund is not consolidated by the Fund and the Master Fund's financial position and results of operations prepared on a fair value basis at 100% are provided in the following:

Statement of financial position:

	Jun 30, 2021	Dec 31, 2020
Assets		
Cash and cash equivalents	\$ 52,520	\$ 15,040
Accrued interest receivable	19,537	36,731
Mortgage investments, at fair value	457,093	503,243
Other assets	2,996	1,695
	\$ 532,146	\$ 556,709
Liabilities		
Mortgage investment syndications	1,000	1,000
Accounts payable and accrued liabilities	1,980	2,564
Due to related party	79,000	79,000
Distributions payable	3,187	7,899
	85,167	90,463
Partners' capital	446,979	466,246
	\$ 532,146	\$ 556,709

Statement of comprehensive Income:

	6 Months ended Jun 30, 2021	6 Months ended Jun 30, 2020
Revenue		
Mortgage interest	\$ 23,874	\$ 26,574
Other	205	-
	24,079	26,574
Expenses		
Service fees	2,370	2,505
Interest	1,762	1,524
Change in fair value of mortgage investments	-	6,400
Accounting and legal fees	115	90
Other	204	208
	\$ 4,451	\$ 10,727
Net income	\$ 19,628	\$ 15,847

4. Other assets

Other assets include an outstanding distribution receivable of \$521 (2020 - \$452) declared from the Master Fund.

5. Unitholders' equity

The beneficial interests in the Fund are represented by a single class of units, which are unlimited in number. These units are classified as equity as they are puttable instruments that entitle the holder to a pro-rata share of the Fund's net assets in the event of liquidation. The Fund is authorized to issue unlimited number of units. At present, there is only one class of units. Fractional units may be issued up to 4 decimal places. Fractional units carry the same rights and are subject to the same conditions as whole units in the proportion which they bear to a whole unit. They are in a class of instruments that are subordinate to all other classes of instruments and have identical features.

The Fund will generally not accept any subscriptions of less than \$50. Units are issued and offered based on the Fund's NAV.

Each unitholder may generally withdraw all or a portion of the balance in each of its capital accounts maintained for purposes of withdrawals as of the end of each calendar month. If a redemption request occurs within 12 months of the contribution date, then the proceeds in respect of any such early withdrawal will be subject to a withdrawal charge equal to 4% of the amount withdrawn. Unitholders seeking a withdrawal must give written notice to the General Partner with a minimum of 30 days' notice. The General Partner, in its sole discretion, may permit withdrawals at other times. As well, the General Partner, in its sole discretion, may waive or reduce other provisions. A partial or complete redemption of units is limited to a Master Fund withdrawal gate as set forth below on the following page:

NOTES TO FINANCIAL STATEMENTS

Period ended June 30, 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)

- If total withdrawal requests on any withdrawal date exceeds 1% of the Master Fund's NAV, the Master General Partner may, in its discretion, limit withdrawals to 1% of NAV.

Redemption notices on any given redemption date shall maintain their order of priority until the unit redemption price for such units has been paid in full.

Additionally, the General Partner shall be entitled, in its sole discretion, to extend the time for payment or suspend any unit redemptions if, in the reasonable opinion of the General Partner, such payment would be materially prejudicial to the interests of the remaining unitholders in the Fund. The General Partner does not hold any units representing the beneficial interest in the Fund and therefore no income or cash distributions are allocated to the General Partner.

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

The following units are issued and outstanding:

	Jun 30, 2021		Jun 30, 2020	
	Units	Amount	Units	Amount
Balance, beginning of period	7,606,084	\$ 76,061	6,248,041	\$ 62,480
New units issued	804,724	8,047	1,154,926	11,550
Units issued under DRIP	130,507	1,305	113,417	1,134
Units redeemed	(1,226,205)	(12,262)	(500)	(5)
Balance, end of period	7,315,110	\$ 73,151	7,515,884	\$ 75,159

6. NAV per unit and comprehensive income per unit

NAV per unit is calculated as total assets less total liabilities allocable to outstanding units of 7,315,110 as at June 30, 2021 (2020 – 7,515,884).

Net income per unit is calculated as the summation of the monthly net income for the period ended June 30, 2021.

7. Distributions

The Fund makes distributions to the unitholders monthly on or about the 20th day of each month. The Partnership Agreement indicates that it intends to distribute 100% of the net earnings of the Fund to the unitholders. For the six months ended June 30, 2021, the Fund declared distributions of \$0.42 per unit (2020 – \$0.34 per unit), or a total distribution amount of \$3,047 (2020 – \$2,486).

8. Related party transactions and balances

Related parties to the Fund include the directors of the General Partner, the Master Fund, the directors of the Master General Partner, RIC and subsidiaries of RIC. The Fund conducts its investment and trading activities

indirectly through an investment in the Master Fund. RIC is related to the Fund by virtue of a common director.

As of June 30, 2021, the Fund had the following significant related party transactions:

- A) The directors of the General Partner are also owners of RIC. Under the Capital Raising Agreement, RIC provides capital raising services to the Fund. RIC receives fees totaling 0.25% per annum, calculated daily and payable monthly, on the investment in the Master Fund. This fee is effective starting April 1st, 2020. For the six months ended June 30, 2021, the total amount was \$89 (2020 – \$47).
- B) The Manager, a subsidiary of RIC, handles all the day-to-day affairs of the Master Fund in accordance to the service agreement. The Manager receives service fees from the Master Fund totaling 1% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of the Master Fund. For the six months ended June 30, 2021, the total amount was \$2,370 (2020 – \$2,505).

9. COVID-19 risks

On March 11, 2020, the World Health Organization declared COVID-19 outbreak a pandemic, requiring important protective measures to be implemented to prevent its spread. The governments have likewise declared that the COVID-19 outbreak in their jurisdictions constitutes an emergency and enacted measures to contain the spread of the virus. Reactions to the spread of COVID-19 have led to, among other things, significant restrictions on travel, temporary business closures, quarantines, a general reduction in commercial activity due to reduced consumer spending related to job loss and other adverse economic effects attributable to COVID-19.

Given the unprecedented and pervasive impact of changing circumstances surrounding COVID-19, there is inherently greater uncertainty related to the Fund's future operating assumptions as compared to the prior periods. Given this, it is not possible to forecast with certainty the duration and scope of the economic impact of COVID-19 and the impact it will have on the Fund's investment in TIG Romspen US Master Mortgage LP, both in the short term and in the long term. The duration of the business disruption due to government lockdown orders and their related financial impact cannot be reasonably estimated at this time and may be instituted, terminated and re-instituted from time to time as the COVID-19 outbreak worsens or waves of COVID outbreaks may occur. The volatility and disruption related to the COVID-19 outbreak and the reactions to it may result in a disruption or deferral in borrower payments, a decline in the appraised value or salability of properties, a decline of interest rates, a deterioration of the credit worthiness of the borrowers, an inability for the borrowers to obtain additional financing,

NOTES TO FINANCIAL STATEMENTS

Period ended June 30, 2021

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should the need arise, and/or the need to extend the maturity date of the mortgage. At this point, the extent to which COVID-19 may impact the Fund is uncertain.

10. Subsequent event

After June 30, 2021, the Fund issued additional subscriptions of \$6,577 of which \$4,390 was included in prepaid unit capital as at June 30, 2021, and had redemption withdrawal of \$5,322 during the period between July 1, 2021 to July 31, 2021.