

## Financial Statements

(Expressed in U.S. dollars)

## ROMSPEN US MORTGAGE INVESTMENT FUND

Period ended September 30, 2021

# STATEMENT OF FINANCIAL POSITION

September 30, 2021, with comparative information for 2020

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

	September 30, 2021	December 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 2,472	\$ 164
Investment in TIG Romspen US Master Mortgage LP (note 3)	75,520	75,919
Other assets (note 4)	599	1,286
	<b>\$ 78,591</b>	<b>\$ 77,369</b>
<b>Liabilities and Unitholders' Equity</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 42	\$ 38
Prepaid unit capital	2,246	-
Unitholders' distributions payable	582	1,270
	<b>2,870</b>	<b>1,308</b>
Unitholders' equity (note 5)	75,721	76,061
	<b>\$ 78,591</b>	<b>\$ 77,369</b>
Net asset value per unit (note 6)	<b>\$ 10.00</b>	<b>\$ 10.00</b>

See accompanying notes to financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

Nine months ended September 30, 2021, with comparative information for 2020

	<b>3 months ended</b>	3 months ended	<b>9 months ended</b>	9 months ended
(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	<b>September 30, 2021</b>	September 30, 2020	<b>September 30, 2021</b>	September 30, 2020
<b>Revenue:</b>				
Distributions from TIG Romspen US Master Mortgage LP	\$ 1,697	\$ 1,357	\$ 4,863	\$ 3,922
Interest and other income	-	-	-	4
	<b>1,697</b>	1,357	<b>4,863</b>	3,926
<b>Expenses:</b>				
Capital raising fees (note 8)	47	47	136	94
Audit fees	6	6	18	18
Legal fees	-	-	-	4
Custodian, administrator fees	9	9	23	23
Other	1	2	5	8
	<b>63</b>	64	<b>182</b>	147
Net income and comprehensive income	<b>\$ 1,634</b>	\$ 1,293	<b>\$ 4,681</b>	\$ 3,779
Net income and comprehensive income per unit (note 6)	<b>\$ 0.22</b>	\$ 0.17	<b>\$ 0.64</b>	\$ 0.51
Weighted average number of units issued and outstanding (note 6)	<b>7,442,232</b>	7,545,459	<b>7,306,425</b>	7,377,444

See accompanying notes to financial statements.

## STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

Nine months ended September 30, 2021, with comparative information for 2020

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	September 30, 2021	September 30, 2020
<b>Unit capital:</b>		
Balance, beginning of period	\$ 76,061	\$ 62,480
Issuance of units	16,956	11,550
Reinvestment of distributions	1,880	1,582
Redemption of units	(19,176)	(5)
Balance, end of period	\$ 75,721	\$ 75,607
<b>Cumulative earnings:</b>		
Balance, beginning of period	\$ 9,583	\$ 3,665
Net income and comprehensive income	4,681	3,779
Balance, end of period	\$ 14,264	\$ 7,444
<b>Cumulative distributions to unitholders:</b>		
Balance, beginning of period	\$ (9,583)	\$ (3,665)
Distributions to unitholders	(4,681)	(3,779)
Balance, end of period	\$ (14,264)	\$ (7,444)
Unitholders' equity (note 5)	\$ 75,721	\$ 75,607
Units issued and outstanding (note 5)	7,572,078	7,560,686

See accompanying notes to financial statements.

## STATEMENT OF CASH FLOWS

Nine months ended September 30, 2021, with comparative information for 2020

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	3 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2021	9 months ended September 30, 2020
<b>Cash provided by (used in):</b>				
<b>Operations:</b>				
Net income and comprehensive income	\$ 1,634	\$ 1,293	\$ 4,681	\$ 3,779
Change in non-cash operating items:				
Other assets	(78)	(3)	687	9
Accounts payable and accrued liabilities	9	6	4	-
Unitholders' distributions payable	82	4	(688)	(29)
	<b>1,647</b>	<b>1,300</b>	<b>4,684</b>	<b>3,759</b>
<b>Financing:</b>				
Proceeds from issuance of units, net of reinvested funds	8,909	-	16,956	11,550
Redemption from unitholders	(6,914)	-	(19,176)	(5)
Distribution to unitholders, net of reinvested funds	(1,059)	(845)	(2,801)	(2,197)
Change in prepaid capital	(2,144)	-	2,246	(669)
	<b>(1,208)</b>	<b>(845)</b>	<b>(2,775)</b>	<b>8,679</b>
<b>Investments:</b>				
Net funding of investment in TIG Romspen US Master Mortgage LP (note 3)	(2,539)	(444)	399	(13,174)
Increase (decrease) in cash and cash equivalents	(2,100)	11	2,308	(736)
Cash and cash equivalents, beginning of period	4,572	154	164	901
Cash and cash equivalents, end of period	\$ 2,472	\$ 165	\$ 2,472	\$ 165

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

Period ended September 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 October 29, 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 September 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 September 30, 2021 the Fund owns 17% (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:

	Sep 30, 2021	Sep 30, 2020
Investment balance, beginning of period	\$ 75,919	\$ 62,281
Funding of investment in the Master Fund	18,722	13,179
Redemption of investment in the Master Fund	(19,121)	(5)
Fund's share in the Master Fund net income	4,863	3,922
Dividend received from the Master Fund	(4,863)	(3,922)
<b>Investment balance, end of period</b>	<b>\$ 75,520</b>	<b>\$ 75,455</b>

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:

	Sep 30, 2021	Dec 31, 2020
<b>Assets</b>		
Cash and cash equivalents	\$ 9,880	\$ 15,040
Accrued interest receivable	24,911	36,731
Mortgage investments, at fair value	586,635	503,243
Other assets	3,672	1,695
	<b>\$ 625,098</b>	<b>\$ 556,709</b>
<b>Liabilities</b>		
Mortgage investment syndications	31,000	1,000
Accounts payable and accrued liabilities	3,513	2,564
Due to related party	136,500	79,000
Distributions payable	3,567	7,899
	<b>174,580</b>	<b>90,463</b>
Partners' capital	450,518	466,246
	<b>\$ 625,098</b>	<b>\$ 556,709</b>

Statement of comprehensive Income:

	9 Months ended Sep 30, 2021	9 Months ended Sep 30, 2020
<b>Revenue</b>		
Mortgage interest	\$ 36,205	\$ 40,947
Other	471	-
	<b>36,676</b>	<b>40,947</b>
<b>Expenses</b>		
Service fees	3,619	3,860
Interest	2,683	2,558
Change in fair value of mortgage investments	-	9,850
Accounting and legal fees	170	199
Other	312	312
	<b>\$ 6,784</b>	<b>\$ 16,779</b>
Net income	<b>\$ 29,892</b>	<b>\$ 24,168</b>

### 4. Other assets

Other assets include an outstanding distribution receivable of \$598 (2020 - \$455) 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 September 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:

	Sep 30, 2021		Sep 30, 2020	
	Units	Amount	Units	Amount
Balance, beginning of period	7,606,084	\$ 76,061	6,248,041	\$ 62,480
New units issued	1,695,655	16,956	1,154,926	11,550
Units issued under DRIP	187,970	1,880	158,219	1,582
Units redeemed	(1,917,631)	(19,176)	(500)	(5)
Balance, end of period	7,572,078	\$ 75,721	7,560,686	\$ 75,607

### 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 7,572,078 as at September 30, 2021 (2020 - 7,560,686).

Net income per unit is calculated as the summation of the monthly net income for the period ended September 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 nine months ended September 30, 2021, the Fund declared distributions of \$0.64 per unit (2020 - \$0.52 per unit), or a total distribution amount of \$4,681 (2020 - \$3,779).

### 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 September 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 1<sup>st</sup>, 2020. For the nine months ended September 30, 2021, the total amount was \$136 (2020 - \$94).
- 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 nine months ended September 30, 2021, the total amount was \$3,619 (2020 - \$3,860).

### 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

## NOTES TO FINANCIAL STATEMENTS

Period ended September 30, 2021

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

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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, 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 September 30, 2021, the Fund issued additional subscriptions of \$2,256 of which \$2,246 was included in prepaid unit capital as at September 30, 2021, and had redemption withdrawal of \$372 during the period between October 1, 2021 to October 31, 2021.

## Financial Statements

(Expressed in U.S. dollars)

### TIG ROMSPEN US MASTER MORTGAGE LP

Period ended September 30, 2021

# STATEMENT OF ASSETS AND LIABILITIES

September 30, 2021, with comparative information for 2020

Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted	September 30, 2021	December 31, 2020
<b>Assets</b>		
Cash, cash equivalents and restricted cash	\$ 9,880	\$ 15,040
Accrued interest receivable	24,911	36,731
Mortgage investments, at fair value (note 3)	586,635	503,243
Other assets	3,672	1,695
	<b>\$ 625,098</b>	<b>\$ 556,709</b>
<b>Liabilities</b>		
Mortgage investment syndications (note 4)	31,000	1,000
Accounts payable and accrued liabilities	3,513	2,564
Due to related party (note 8(d))	136,500	79,000
Distributions payable	3,567	7,899
	<b>174,580</b>	<b>90,463</b>
Partners' capital (note 5)	<b>450,518</b>	<b>466,246</b>
	<b>\$ 625,098</b>	<b>\$ 556,709</b>
Net asset value per unit (note 6)	<b>\$ 10.00</b>	<b>\$ 10.00</b>

See accompanying notes to financial statements.

## STATEMENT OF OPERATIONS

Nine months ended September 30, 2021, with comparative information for 2020

Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted	<b>3 months ended</b> <b>September 30, 2021</b>	3 months ended September 30, 2020	<b>9 months ended</b> <b>September 30, 2021</b>	9 months ended September 30, 2020
<b>Investment Income:</b>				
Mortgage interest	\$ 12,331	\$ 14,373	\$ 36,205	\$ 40,947
Other	266	-	471	-
	<b>12,597</b>	14,373	<b>36,676</b>	40,947
<b>Expenses:</b>				
Service fees (note 8(a))	1,249	1,355	3,619	3,860
Interest expense (note 8(d))	921	1,034	2,683	2,558
Accounting and legal fees	55	109	170	199
Other	108	104	312	312
	<b>2,333</b>	2,602	<b>6,784</b>	6,929
Net investment income	<b>10,264</b>	11,771	<b>29,892</b>	34,018
Realized and unrealized loss from investments				
Change in fair value of mortgage investments	-	(3,450)	-	(9,850)
Net Income	<b>\$ 10,264</b>	\$ 8,321	<b>\$ 29,892</b>	\$ 24,168
Net Income per unit (note 6)	<b>\$ 0.23</b>	\$ 0.18	<b>\$ 0.67</b>	\$ 0.53

See accompanying notes to financial statements.

## STATEMENT OF CHANGES IN PARTNERS' CAPITAL

Nine months ended September 30, 2021, with comparative information for 2020

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

Period ended September 30, 2021	Balance, beginning of period	Proceeds from capital contributions	Redemptions	Distribution paid for the period	Allocation of net income for the period	Balance, end of period
<b>Limited Partner:</b>						
TIG Romspen US Mortgage	\$ 466,246	\$ 23,941	\$ (39,669)	\$ (29,892)	\$ 29,892	\$ 450,518
Intermediate LP						

Period ended September 30, 2020	Balance, beginning of period	Proceeds from capital contributions	Redemptions	Distribution paid for the period	Allocation of net income for the period	Balance, end of period
<b>Limited Partner:</b>						
TIG Romspen US Mortgage	\$ 393,978	\$ 69,279	\$ (5)	\$ (24,168)	\$ 24,168	\$ 463,252
Intermediate LP						

See accompanying notes to financial statements.

## STATEMENT OF CASHFLOWS

Nine months ended September 30, 2021, with comparative information for 2020

	3 months ended September 30, 2021	3 months ended September 30, 2020	9 months ended September 30, 2021	9 months ended September 30, 2020
<small>Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted</small>				
<b>Cash, cash equivalents and restricted cash provided by (used in):</b>				
<b>Operations:</b>				
Net Income	\$ 10,264	\$ 8,321	\$ 29,892	\$ 24,168
Adjustments for:				
Funding of mortgage investments	(126,226)	(32,956)	(242,518)	(153,538)
Discharge of mortgage investments	26,684	49,727	189,126	79,867
Change in fair value of mortgage investments	-	3,450	-	9,850
Change in non-cash operating items:				
Accrued interest receivable	(5,374)	(3,187)	11,820	(11,410)
Other assets	(676)	(49)	(1,977)	(579)
Accounts payable and accrued liabilities	1,533	(688)	949	(1,947)
Distributions payable	380	17	(4,332)	(143)
Due to related party	57,500	(3,600)	57,500	21,500
	(35,915)	21,035	40,460	(32,232)
<b>Financing:</b>				
Proceeds from capital contributions	10,453	2,636	23,941	69,279
Redemptions	(6,914)	-	(39,669)	(5)
Distribution to partners	(10,264)	(8,321)	(29,892)	(24,168)
	(6,725)	(5,685)	(45,620)	45,106
Increase in cash, cash equivalents and restricted cash	(42,640)	15,350	(5,160)	12,874
Cash, cash equivalents and restricted cash, beginning of period	52,520	4,982	15,040	7,458
Cash, cash equivalents and restricted cash, end of period	\$ 9,880	\$ 20,332	\$ 9,880	\$ 20,332

## SCHEDULE OF INVESTMENTS

September 30, 2021, with comparative information for 2020

Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted		September 30, 2021	
U.S mortgage	Investments owned	Face Value	% of partners' capital
Boca Raton <sup>1</sup>	Mortgage Investment 10.3%	\$ 77,370	17.2
Vancouver <sup>2</sup>	Mortgage Investment 11.8%	39,469	8.8
Daytona Beach <sup>3</sup>	Mortgage Investment 12.0%	37,314	8.3
Dallas <sup>4</sup>	Mortgage Investment 11.5%	37,202	8.3
Lakeland <sup>5</sup>	Mortgage Investment 10.8%	35,978	8.0
Vancouver <sup>6</sup>	Mortgage Investment 10.0%	28,000	6.2
Surfside <sup>7</sup>	Mortgage Investment 11.0%	23,500	5.2
Hot Springs <sup>8</sup>	Mortgage Investment 10.0%	23,000	5.1
Bradenton	Mortgage Investment 10.0%	21,560	4.8
Edgewater	Mortgage Investment 11.5%	20,284	4.5
Houston	Mortgage Investment 10.3%	18,113	4.0
Las Vegas	Mortgage Investment 11.0%	15,575	3.5
Philadelphia	Mortgage Investment 10.0%	15,000	3.3
Tampa	Mortgage Investment 10.3%	13,210	2.9
Seattle	Mortgage Investment 10.0%	12,500	2.8
Savannah	Mortgage Investment 12.0%	12,480	2.8
Tuscaloosa	Mortgage Investment 11.0%	12,253	2.7
Miami	Mortgage Investment 10.3%	11,804	2.6
Middle River	Mortgage Investment 10.3%	10,900	2.4
Fort Bend County	Mortgage Investment 10.3%	10,823	2.4
Manvel	Mortgage Investment 13.0%	10,450	2.3
Wahiawa	Mortgage Investment 10.5%	10,136	2.2
Philadelphia	Mortgage Investment 10.5%	10,115	2.2
Orange City	Mortgage Investment 11.0%	8,892	2.0
Beaverton	Mortgage Investment 10.0%	8,536	1.9
Kailua	Mortgage Investment 12.5%	8,484	1.9
Lincolnwood	Mortgage Investment 10.0%	8,000	1.8
Philadelphia	Mortgage Investment 12.5%	7,493	1.7
Sandy Springs	Mortgage Investment 11.0%	7,440	1.7
Philadelphia	Mortgage Investment 11.0%	6,992	1.6
Davidson	Mortgage Investment 10.8%	6,846	1.5
Houston	Mortgage Investment 10.5%	6,659	1.5
Fuquay-Varina	Mortgage Investment 10.8%	6,399	1.4
Brooklyn	Mortgage Investment 10.8%	5,327	1.2
Other		19,598	4.4
Total Cost		607,702	
Fair value adjustment (note 3)		(21,067)	
Fair value of total investments owned		\$ 586,635	

<sup>1</sup> Mortgage investment with Via Mizner Owner II, LLC for pre-development with an expected maturity of September 30, 2023

<sup>2</sup> Mortgage investment with Kirkland Tower One, LLC for a residential development with maturity set as month-to-month

<sup>3</sup> Mortgage investment with Protogroup South Tower, LLC and Daytona Parking Garage, LLC for a mixed-use development with an expected maturity of October 1, 2021

<sup>4</sup> Mortgage investment with Sapphire Bay Land Holdings I, LLC for a mixed-use with maturity set as month-to-month

<sup>5</sup> Mortgage investment with The Lake District, LCC for a mixed-used development with maturity set as month-to-month

<sup>6</sup> Mortgage investment with Indigo One, LLC for a residential development with an expected maturity of January 1, 2022

<sup>7</sup> Mortgage investment with EDEN Surfside, LLC for a residential development with an expected maturity of December 1, 2021

<sup>8</sup> Mortgage investment with Pharm-Sale Leaseback II Dst Fund 1, LLC, for pre-development with an expected maturity of July 23, 2022

## SCHEDULE OF INVESTMENTS

September 30, 2021, with comparative information for 2020

Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted		December 31, 2020	
U.S mortgage	Investments owned	Face Value	% of partners' capital
Phoenix <sup>1</sup>	Mortgage Investment 11.25%	\$ 55,575	11.9
Tuscaloosa <sup>2</sup>	Mortgage Investment 11.00%	36,094	7.7
Daytona Beach <sup>3</sup>	Mortgage Investment 12.00%	34,694	7.4
Dallas <sup>4</sup>	Mortgage Investment 11.50%	33,653	7.2
Vancouver <sup>5</sup>	Mortgage Investment 11.75%	33,448	7.2
Lakeland <sup>6</sup>	Mortgage Investment 10.75%	26,120	5.6
Surfside <sup>7</sup>	Mortgage Investment 11.00%	23,500	5.0
Kutztown	Mortgage Investment 12.00%	22,000	4.7
Bradenton	Mortgage Investment 10.00%	21,560	4.6
Vancouver	Mortgage Investment 10.00%	20,000	4.3
Tempe	Mortgage Investment 10.50%	18,665	4.0
Houston	Mortgage Investment 10.25%	17,847	3.8
Port Orchard	Mortgage Investment 12.50%	17,500	3.8
Palm Beach	Mortgage Investment 11.00%	16,038	3.4
Philadelphia	Mortgage Investment 11.25%	15,000	3.2
Las Vegas	Mortgage Investment 11.00%	14,164	3.0
Miami	Mortgage Investment 10.25%	11,400	2.4
Manvel	Mortgage Investment 13.00%	10,450	2.2
Philadelphia	Mortgage Investment 10.50%	10,342	2.2
Philadelphia	Mortgage Investment 12.50%	9,600	2.1
Wahiawa	Mortgage Investment 10.50%	9,044	1.9
Colorado Springs	Mortgage Investment 13.50%	8,840	1.9
Richmond	Mortgage Investment 11.50%	8,500	1.8
Kailua	Mortgage Investment 12.50%	8,284	1.8
Lincolnwood	Mortgage Investment 10.00%	8,000	1.7
Sandy Springs	Mortgage Investment 11.00%	7,371	1.6
Philadelphia	Mortgage Investment 11.00%	6,991	1.5
Houston	Mortgage Investment 10.50%	6,459	1.4
Philadelphia	Mortgage Investment 11.00%	5,100	1.1
Other		8,071	1.7
Total Cost		524,310	
Fair value adjustment (note 3)		(21,067)	
Fair value of total investments owned		\$ 503,243	

<sup>1</sup> Mortgage investment with Biltmore 24 Investors SPE, LLC for a residential development with maturity set as month-to-month

<sup>2</sup> Mortgage investment with BS Opelika, LLC, SP, LLC, Encore Tuscaloosa, LLC, and Pate Tuske, LLC for a mixed-use development with an expected maturity of December 31, 2021

<sup>3</sup> Mortgage investment with Protogroup South Tower, LLC and Daytona Parking Garage, LLC for a mixed-use development with maturity set as month-to-month

<sup>4</sup> Mortgage investment with Sapphire Bay Land Holdings I, LLC for a mixed-use development with maturity set as month-to-month

<sup>5</sup> Mortgage investment with Kirkland Tower One, LLC for a residential development with maturity set as month-to-month

<sup>6</sup> Mortgage investment with The Lake District, LCC for a mixed-used development with maturity set as month-to-month

<sup>7</sup> Mortgage investment with EDEN Surfside, LLC for a residential development with maturity set as month-to-month

# NOTES TO FINANCIAL STATEMENTS

Period ended September 30, 2021

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

TIG Romspen US Master Mortgage LP (the "Master Fund"), is a Cayman Islands exempted partnership formed on December 22, 2017, which commenced operations on June 1, 2018, by exchanging equity units for the net investments of TIG Romspen US Mortgage LP. The Master Fund was registered with the Cayman Islands Monetary Authority ("CIMA") on July 22, 2020. The Master Fund conducts lending activities in the United States with the sole objective to provide stable and secure cash distributions of income while preserving partners' capital.

The Master Fund is a wholly owned subsidiary of the TIG Romspen US Mortgage Intermediate LP ("Intermediate LP"). The Master Fund's registered office is 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5. The Master Fund is managed by Romspen US Master Mortgage GP LLC (the "General Partner") and Romspen Investment Limited Partnership (the "Manager"). The registered office of the Manager is 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5.

These financial statements and accompanying footnotes are presented for the period ended September 30, 2021.

## 1. Basis of presentation

These financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

The Master Fund is an investment company and follows the accounting and reporting guidance in the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 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.

## 2. Significant accounting policies

### A) Fair value of financial instruments

The Master Fund determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumption in fair value measurements, a three-level valuation hierarchy is used to distinguish the degree to which the inputs are observable or unobservable:

- 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 – input for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Master Fund's mortgage investments are classified as debt instruments and are designated as FVTPL and valued using unobservable inputs. As a result, all mortgage investments have been classified in Level 3 of the valuation hierarchy.

The fair value of a mortgage investment 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 the Master Fund's mortgage investments, the Manager 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 approximate their carrying values given that 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 Manager regularly reviews significant unobservable inputs and valuation adjustments and will use market observable data when available.

The fair values of cash, accrued interest receivable, accounts payable and accrued liabilities, distribution payable, prepaid interest and prepaid unit capital approximate their carrying values due to their short-term maturities.

### B) Cash, cash equivalents and restricted cash

Cash, including cash denominated in foreign currencies, represents cash deposits held at financial institutions. Cash equivalents include short-term highly liquid investments of sufficient credit quality that are readily convertible to known amounts of cash and have original maturities of three months or less. Cash equivalents are carried at cost, plus accrued interest, which approximates fair value. Cash equivalents are held for meeting short-term liquidity requirements, rather than for investment purposes. Cash and cash equivalents are held at major financial institutions and are subject to credit risk to the extent those balances exceed applicable Federal Deposit Insurance Corporation and Securities Investor Protection Corporation limitations.

Restricted cash represents cash held in reserve on behalf of the holders of the mortgages (the "Borrowers"). This includes standby deposits received from the Borrowers to cover any travel or closing costs prior to closing and cash collected and held in reserve to pay for the Borrowers' expenses to third parties. At September 30, 2021 restricted cash balance was \$3,261 (2020 - \$486).

## NOTES TO FINANCIAL STATEMENTS

Period ended September 30, 2021

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

### C) Mortgage investments

All mortgages have been designated as FVTPL. Mortgage investments are recorded at fair value, with any changes in fair value reflected in the statement of operations.

In determining fair value of individual mortgages, the Manager 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 Master Fund's statements of operations as an unrealized fair value adjustment.

### D) Revenue recognition

Interest income, funding and participation fees are recognized using the effective interest method ("EIM"). The EIM discounts the estimated future cash receipts through the expected life of the loan and mortgage to its carrying amount.

### E) Use of estimates

The preparation of financial statements in compliance with GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. The estimates may include: assumptions regarding local real estate market conditions; interest rates and the availability of credit; cost and terms of financing; the impact of present or future legislation or regulation; prior encumbrances and other factors affecting the mortgage and underlying security of the mortgage investments. Actual results may differ from those estimates.

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

### F) Net income per unit

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

### G) Prepaid unit capital

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

### H) Income taxes

No provision for federal, state and local income taxes has been made in the accompanying financial statements, as individual partners are responsible for their proportionate share of the Master Fund's taxable income.

The Master Fund is not subject to any form of taxation in the Cayman Islands, including income, capital gains and withholding taxes. The Master Fund may be subject to withholding taxes on dividends and interest income imposed by countries in which it invests. The Master Fund has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from all local income, profits and capital taxes until 2028.

The Master Fund is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant taxing authorities. Based on its analysis, the Master Fund has determined that it has not incurred any liability for unrecognized tax benefits as of September 30, 2021 (2020 – nil). The Master Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next twelve months. However, the Master Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions; the nexus of income among various tax jurisdictions; compliance with U.S. federal, U.S. state, and foreign tax laws; and changes in the administrative practices and precedents of the relevant taxing authorities.

### I) Foreign currency transactions

The financial records and statements are maintained and presented in U.S. dollar, which is the Master Fund's functional and presentational currency.

## 3. Mortgage investments

The following is a reconciliation of the Master Fund's Level 3 investments for which significant unobservable inputs were used to determine fair value at September 30, 2021:

	September 30, 2021	September 30, 2020
Mortgage investments balance, beginning of year	\$ 503,243	\$ 437,910
Funding of mortgage investments	272,518	153,538
Discharge of mortgage investments	(189,126)	(79,867)
Unrealized loss in the value of investments	-	(9,850)
<b>Mortgage investments balance, end of period</b>	<b>\$ 586,635</b>	<b>\$ 501,731</b>

Total provision for losses as of September 30, 2021 is \$21,067 (2020 - \$15,637), bringing the mortgage investments fair value balance to \$586,635 (2020 - \$501,731).

## NOTES TO FINANCIAL STATEMENTS

Period ended September 30, 2021

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

The following table summarizes the valuation methodologies and inputs used for investment categorized in level 3:

	Investments	Fair value hierarchy	Fair value	Valuation methodologies	Unobservable inputs	Ranges
September 30, 2021	Mortgages	Level 3	\$586,635	Market Approach	Fair value adjustment	11-13% Interest income
September 30, 2020	Mortgages	Level 3	501,731	Market Approach	Fair value adjustment	11-12% interest income

The following is a summary of the mortgages as at September 30, 2021:

		No. of mortgages	Original Cost	Fair value
September 30, 2021	First mortgages	39	\$ 607,702	\$ 586,635
September 30, 2020	First mortgages	32	517,368	501,731

At September 30, 2021 the mortgage investment portfolio carries a weighted average effective interest rate of 10.84% (2020 - 11.25%).

The following is a summary of the original cost of mortgages segmented by interest rate:

	September 30, 2021	September 30, 2020
Less than 10.00%	\$ 123,494	\$ 54,189
10.01% - 11.00%	303,435	203,375
11.01% - 12.00%	151,058	196,496
12.01% - 20.00%	29,715	63,308
	\$ 607,702	\$ 517,368

The following is a summary of the original cost of mortgages segmented by type of mortgage:

	September 30, 2021	September 30, 2020
Construction	\$ 234,516	\$ 250,667
Pre-development	216,556	150,972
Term	156,630	115,729
	\$ 607,702	\$ 517,368

The following is a summary of the original cost of mortgage segmented by geographic location:

	September 30, 2021	September 30, 2020
Southeast	\$ 283,046	\$ 165,794
Southcentral	113,845	99,941
Northwest	92,505	66,587
Northeast	76,110	73,184
Southwest	34,196	103,862
Midwest	8,000	8,000
	\$ 607,702	\$ 517,368

### 4. Mortgage syndications

The Master 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 Master Fund. Each syndicated mortgage investment has a designated rate of return that the syndicated investors expect to earn from that mortgage investment. The principal balance of mortgage investment syndications at September 30, 2021 totals \$31,000 (2020 - \$1,000) and carries a weighted average effective interest rate of 10.24% (2020 - 11.25%).

### 5. Partners' capital

The beneficial interests in the Master 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 Master Fund's net assets in the event of a liquidation. They are in a class of instruments that are subordinate to all other classes of instruments and have identical features. Partners 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 a withdrawal gate set at 1% of the net asset value of the Master Fund. The General Partner shall be entitled in its sole discretion to permit withdrawals at other time or waive or reduce other provisions.

If a redemption request occurs prior to 12 months of when the contribution was established, then the proceeds in respect of any such early withdrawal will be subject to a withdrawal charge equal to 4% of the amount permitted to be withdrawn.

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 partners in the Master Fund. The General Partner does not hold any units representing the beneficial interest in the Master Fund and therefore no income or cash distributions are allocated to the General Partner.

As at September 30, 2021 there are \$526 redemption requests (2020 - \$30,692). Units submitted for redemption are redeemed at the net asset value.

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

## NOTES TO FINANCIAL STATEMENTS

Period ended September 30, 2021

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

The Master Fund has a distribution reinvestment plan (“DRIP”) and direct unit purchase plan for its partners, which allows participants to reinvest their monthly cash distributions in additional units at a unit price equivalent to the net asset value per unit.

The following units are issued and outstanding:

	September 30, 2021		September 30, 2020	
	Units	Amount	Units	Amount
Balance, beginning of period	46,624,634	\$ 466,246	39,397,784	\$ 393,978
New units issued	2,394,079	23,941	6,927,927	69,279
Units redeemed	(3,966,933)	(39,669)	(500)	(5)
Balance, end of period	45,051,780	\$ 450,518	46,325,212	\$ 463,252

### 6. Net asset value per unit and net income per unit

Net asset value per unit is calculated as total assets less total liabilities allocable to outstanding units of 45,051,780 as at September 30, 2021 (2020 – 46,325,212).

Net income is calculated as the summation of the monthly net income per unit for the nine months ended September 30, 2021.

### 7. Distributions

The Master Fund makes distributions to the partners monthly on or about the 15<sup>th</sup> day of each month. The Master Fund agreement indicates that it intends to distribute 100% of the net income of the Master Fund to the partners. For the period ended September 30, 2021, the Master Fund had a cumulative distribution of \$0.67 per unit (2020 – \$0.54) and a total of \$29,892 (2020 – \$24,168) was paid or declared payable to the partners.

### 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 Master Fund, Romspen Mortgage Limited Partnership (“RMLP”), an indirect partner of the Master Fund and the Manager had the following significant related party transactions:

**A)** The directors of the General Partner are also owners of the Manager. Under various agreements, the Manager handles all the day-to-day affairs of the Master Fund. The Manager receives service 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. For the period ended September 30, 2021, the total amount was \$3,619 (2020 - \$3,860).

**B)** The Manager and related entities also receive fees directly from the Borrowers generated from the Master Fund’s mortgages. For the period ended September 30, 2021, this amount was \$6,362 (2020 - \$5,753).

**C)** The Master Fund’s accounts payable and accrued liabilities due from the Manager has a balance of \$1 as at September 30, 2021 (2020 – \$6).

**D)** RMLP provides temporary funding to assist in the Master Fund’s ability to fund loans. These loans are in priority of equity and are usually arranged to be repaid within the year. These loans are due on demand and bear an interest rate of prime plus 1.25%. As of September 30, 2021, a balance of \$136,500 (2020 - \$79,000) is outstanding and total interest incurred for the period ended September 30, 2021, was \$2,683 (2020 - \$2,558).

### 9. Financial instrument risk management

The Master Fund is exposed in varying degrees to a variety of risks from the use of financial instruments. The Manager discusses the principal risks of the business on a day-to-day basis and sets the policy framework for the implementation of systems to manage, monitor and mitigate identifiable risks. The Master Fund’s risk management objective in relation to these instruments is to protect and minimize volatility to net assets and mitigate financial risks including interest rate risk, credit risk, liquidity risk, market risk, currency risk and capital management risk. The Manager seeks to minimize potential adverse effects of risk by retaining experienced analysts and advisors, monitoring the Master Fund’s positions, market events and entering into hedge contracts. The types of risks the Master Fund is exposed to, the source of risk exposure and how each is managed is outlined hereafter:

#### **A) 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 Manager manages this risk by investing primarily in short-term mortgages. The Master Fund’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 Master Fund’s mortgages will evolve such that in periods of higher market interest rates, the Master Fund’s 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 Master Fund’s investments are in fixed rate, short-term mortgages. The Master Fund generally holds all of its mortgages to maturity. There is no secondary market for the Master Fund’s mortgages and in syndication transactions; these mortgages are generally traded at face value without regard to changes in market interest rates.

## NOTES TO FINANCIAL STATEMENTS

Period ended September 30, 2021

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

### B) Credit risk

Credit risk is the risk of loss due to counterparty to a financial instrument failing to discharge their obligations. It arises from mortgage investments held. The Master Fund's sole activity is to discharge their obligations and invest 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 the U.S. could result in declines in the value of real property securing the Master Fund's mortgage investments. The Manager manages credit risk by adhering to the investment and operating policies, as set out in its offering documents.

The Master Fund focuses its investments in the commercial mortgage market segments, which includes development mortgages, construction mortgages, term financing mortgages and residential mortgages. These mortgages generally have the following characteristics:

- i) initial terms of 12 to 24 months;
- ii) loan to value ratios of approximately 65% at time of underwriting;
- iii) significant at-risk capital and/or additional collateral of property owner; and
- (iv) full recourse to property owners supported by personal guarantees.

In addition, the Manager regularly reviews and approves each mortgage investment and reviews the overall portfolio to ensure it is adequately diversified.

### C) Liquidity risk

Liquidity risk is the risk that the Master Fund will not have sufficient cash to meet its obligations as they become due. The Master Fund mitigates this risk by monitoring the scheduled mortgage repayments and ensuring that sufficient funds are available in the near term to satisfy all of its obligations. The Master Fund's obligations are primarily those which arise under the Mortgage Management Agreement and its Limited Partnership Agreement. In the current economic climate and capital markets, the lenders may continue to tighten their lending standards which could make it challenging for the Master Fund to obtain financing on favourable terms, or to obtain financing at all.

An arrangement is made between the Master Fund and RMLP for temporary funding, which is generally repaid within the year. The Master Fund is obliged to pay interest at prime plus 1.25%, which is funded out of interest income earned from the Master Fund.

Partners in the Master Fund have the limited right to redeem their units, as described in its offering documents. The General Partner is entitled, in its sole discretion, to extend the time for payment of any redemption if, in their reasonable opinion, such payment would be materially prejudicial to the interests of the remaining partners.

### D) Market risk

Market risk is the risk that the fair value of the collateral securing any of the Master Fund's mortgage investments falls to a level approaching the loan amount. The Manager ensures that it is aware of real estate market conditions in the regions in which the Master Fund operates. Real estate market trends are monitored on an ongoing basis and the Master Fund's lending practices and policies are adjusted, when necessary.

### E) Capital risk management

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

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

### F) COVID-19 impact

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 Master 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 Master Fund's investments measured at fair value through profit or loss, 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

## NOTES TO FINANCIAL STATEMENTS

Period ended September 30, 2021

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

borrower payments, a decline in the appraisal 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, 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 Master Fund is uncertain.

### 10. Commitments and contingencies

Pursuant to certain lending agreements, the Master Fund is committed to fund additional loan advances. The unfunded loan commitments under the existing lending agreements at September 30, 2021 were \$234,516 (2020 - \$88,751).

The Master Fund, from time to time, may be involved in various claims, legal and tax proceedings and complaints arising in the ordinary course of business. The Master Fund is not aware of any pending or threatened proceedings that would have a material adverse effect on the financial condition or future results of the Master Fund.

### 11. Financial highlights

Below is a summary of the Master Fund's financial highlights for the period ended September 30, 2021, on a per unit basis:

	September 30, 2021	September 30, 2020
<b>Per unit operating performance:</b>		
Net asset value, beginning of period	\$ 10.00	\$ 10.00
Income from investment operations:		
Net realized and change in unrealized gain on investments	0.67	0.54
Investment distribution declared	(0.67)	(0.54)
Net asset value, end of period	\$ 10.00	\$ 10.00

	September 30, 2021	September 30, 2020
Total Return	8.18%	9.05%
Ratio to average net assets:		
Expenses	1.51%	3.70%
Net Investment Gain	6.67%	5.35%

### 12. Subsequent Events

Subsequent to quarter end, the Master Fund issued additional subscriptions of \$47,562 and redeemed \$372.