

Financial Statements  
(Expressed in U.S. dollars)

# **ROMSPEN US MORTGAGE INVESTMENT FUND**

And Independent Auditors' Report thereon

Year ended December 31, 2018



KPMG LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto ON M5H 2S5  
Canada  
Tel 416-777-8500  
Fax 416-777-8818

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of Romspen US Mortgage Investment Fund

### ***Opinion***

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

- the statement of financial position as at December 31, 2018
- the statement of comprehensive income for the year then ended
- the statement of changes in unitholders' equity for the year then ended
- the statement of cash flows for the year then ended
- notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

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

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

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



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 7, 2019

# ROMSPEN US MORTGAGE INVESTMENT FUND

Statement of Financial Position

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

December 31, 2018

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## Assets

Cash	\$	414
Investment in Romspen US Master Mortgage LP (note 3)		18,861
Other assets (note 4)		248
		<hr/>
	\$	19,523

## Liabilities and Unitholders' Equity

### Liabilities:

Accounts payable and accrued liabilities	\$	37
Prepaid unit capital		450
Unitholders' distributions payable		125
		<hr/>
		612
Unitholders' equity (note 5)		18,911
		<hr/>
	\$	19,523
		<hr/>
Net asset value per unit (note 6)	\$	10.00

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See accompanying notes to financial statements.

# ROMSPEN US MORTGAGE INVESTMENT FUND

Statement of Comprehensive Income

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

Year ended December 31, 2018

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Revenue:	
Distributions from Romspen US Master Mortgage LP	\$ 541
Increase in net assets of Romspen US Master Mortgage LP (note 3)	—
<hr/>	
Income from investment in Romspen US Master Mortgage LP (note 3)	541
Expenses:	
Audit fees	23
Legal fees	20
Custodian, administrator fees	3
Other	5
<hr/>	
Total expenses	51
<hr/>	
Net income and comprehensive income	\$ 490
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Net income and comprehensive income per unit (note 6)	\$ 0.46
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Weighted average number of units issued and outstanding (note 6)	1,068,590

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See accompanying notes to financial statements.

# ROMSPEN US MORTGAGE INVESTMENT FUND

Statement of Changes in Unitholders' Equity

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

Year ended December 31, 2018

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Unit capital:	
Balance, beginning of year	\$ —
Issuance of units	18,904
Reinvestment of distributions	107
Redemption of units	(100)
<b>Balance, end of year</b>	<b>\$ 18,911</b>
Cumulative earnings:	
Balance, beginning of year	\$ —
Net income and comprehensive income	490
<b>Balance, end of year</b>	<b>\$ 490</b>
Cumulative distributions to unitholders:	
Balance, beginning of year	\$ —
Distributions to unitholders	(490)
<b>Balance, end of year</b>	<b>\$ (490)</b>
Unitholders' equity (note 5)	\$ 18,911
Units issued and outstanding, excluding units submitted for redemption (note 5)	1,891,096

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See accompanying notes to financial statements.

# ROMSPEN US MORTGAGE INVESTMENT FUND

Statement of Cash Flows  
(Expressed in thousands of U.S. dollars)

Year ended December 31, 2018

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Cash provided by (used in):

Operations:

Net income and comprehensive income	\$	490
Change in non-cash operating items:		
Other assets		(248)
Accounts payable and accrued liabilities		37
Unitholders' distributions payable		125
		<hr/>
		404

Financing:

Proceeds from issuance of units		18,904
Redemption from unitholders		(100)
Distribution to unitholders, net of reinvested funds		(383)
Change in prepaid capital		450
		<hr/>
		18,871

Investments:

Net funding of investment in Romspen US Master Mortgage LP (note 3)		(18,861)
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Increase in cash	414
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Cash, beginning of year	—
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Cash, end of year	\$	414
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See accompanying notes to financial statements.

# ROMSPEN US MORTGAGE INVESTMENT FUND

Notes to Financial Statements

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

Year ended December 31, 2018

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Romspen US Mortgage Investment Fund (the "Fund"), is a limited partnership formed under the laws of province of Ontario on November 7, 2017. 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 Romspen US Master Mortgage LP (the "Master Fund"), 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 Mortgage GP Inc. (the "Master General Partner") and Romspen Investment Limited Partnership (the "Manager"). The Fund is managed by Romspen US Fund 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 Fund commenced operations on June 15, 2018. At December 31, 2018, the Fund held 7.9% of the Master Fund. The financial statements of the Master Fund, including the condensed schedule of investments, are included in this report and 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 June 7, 2019.

## 1. **Basis of presentation:**

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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.

# ROMSPEN US MORTGAGE INVESTMENT FUND

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 1. Basis of presentation (continued):

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 the 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, and realized and unrealized gains and losses. In addition, the Fund incurs and accrues its own expenses.

# ROMSPEN US MORTGAGE INVESTMENT FUND

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 2. Significant accounting policies (continued):

(d) Net income and comprehensive income per unit:

Net income and comprehensive income per unit is computed by dividing net income and comprehensive income by the weighted average number of units issued and outstanding during the year.

(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.

## 3. Supplemental information regarding Master Fund at FVTPL:

The Fund owns 7.9% of the Master Fund and accounts for its investments in the Master Fund at fair value. The Master Fund is not consolidated by the Fund. A reconciliation of the investment in the Master Fund followed by the Master Fund's financial position and results of operations prepared on a fair value basis are provided below:

Schedule of investment in the Master Fund:

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	2018
Investment balance, beginning of year	\$ —
Funding of investment in the Master Fund	18,961
Redemption of investment in the Master Fund	(100)
Fund's share in the Master Fund net income	541
Dividend received from the Master Fund	(541)
Investment balance, end of year	\$ 18,861

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# ROMSPEN US MORTGAGE INVESTMENT FUND

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

## 3. Supplemental information regarding Master Fund at FVTPL (continued):

Statement of financial position:

	2018
<b>Assets</b>	
Cash	\$ 1,484
Accrued interest receivable	5,091
Mortgage investments, at fair value	255,194
Other assets	42
	<u>\$ 261,811</u>
<b>Liabilities and Partners' Capital</b>	
Liabilities:	
Mortgage investment syndications	\$ 1,000
Accounts payable and accrued liabilities	869
Due to related party (note 8)	18,755
Prepaid interest	350
Distributions payable	1,861
Redemptions payable	100
	<u>22,935</u>
Partners' capital	238,876
	<u>\$ 261,811</u>

Statement of comprehensive income:

	2018
Revenue:	
Mortgage interest	\$ 12,730
Expenses:	
Service fees	1,085
Interest	577
Change in fair value of mortgage investments	1,470
Accounting and legal fees	136
Other	124
	<u>3,392</u>
Net investment income	<u>\$ 9,338</u>

# ROMSPEN US MORTGAGE INVESTMENT FUND

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 4. Other assets:

Other assets include an outstanding receivable of \$148 of distribution 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 \$50,000. Units are issued and offered based on the 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:

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

# ROMSPEN US MORTGAGE INVESTMENT FUND

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

## 5. Unitholders' equity (continued):

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.

As at December 31, 2018, there are no redemption requests. Units submitted for redemption are redeemed at NAV per unit.

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

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:

	2018	
	Units	Amount
Balance, beginning of year	–	\$ –
New units issued	1,890,375	18,904
New units issued under DRIP	10,721	107
Units redeemed	(10,000)	(100)
Balance, end of year	1,891,096	\$ 18,911

# ROMSPEN US MORTGAGE INVESTMENT FUND

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 6. NAV per unit and net income and comprehensive income per unit:

NAV per unit is calculated as total assets less total liabilities allocable to outstanding units of 1,891,096 as at December 31, 2018.

Net income per unit is calculated using the weighted average number of units issued and outstanding of 1,068,590 for year ended December 31, 2018.

## 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 year ended December 31, 2018, the Fund declared distributions of \$0.47 per unit, or a total distribution amount of \$490.

## 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.

The directors of the General Partner are also owners of the Manager, a subsidiary of RIC. Under various agreements, the Manager handles all the day-to-day affairs of the Master Fund. The Manager receives service fees from the Master Fund 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 from June 15, 2018 to December 31, 2018, the total amount was \$1,085.

Included in the Master Fund's accounts payable and accrued liabilities is a total amount of \$3 payable to the Manager.

## 9. Subsequent events:

From December 31, 2018 to the date of financial statement approval, the Fund issued additional subscriptions of \$8,913, of which \$450 was included in prepaid unit capital as at December 31, 2018, and had no redemption withdrawals.

Financial Statements  
(Expressed in U.S. dollars)

# **ROMSPEN US MASTER MORTGAGE LP**

And Independent Auditors' Report thereon

Year ended December 31, 2018



KPMG LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 4600  
Toronto ON M5H 2S5  
Canada  
Tel 416-777-8500  
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## INDEPENDENT AUDITORS' REPORT

To the Partners of Romspen US Master Mortgage LP

### ***Opinion***

We have audited the financial statements of the Romspen US Master Mortgage LP (the Entity), which comprise:

- the statement of assets and liabilities as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in partners' capital for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Basis for Opinion***

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

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

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



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



Page 3

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

June 7, 2019

# ROMSPEN US MASTER MORTGAGE LP

Statement of Assets and Liabilities

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

December 31, 2018

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## Assets

Cash	\$	1,484
Accrued interest receivable		5,091
Mortgage investments, at fair value (note 3)		255,194
Other assets		42
		<hr/>
	\$	261,811

## Liabilities and Partners' Capital

### Liabilities:

Mortgage investment syndications (note 4)	\$	1,000
Accounts payable and accrued liabilities		869
Due to related party (note 8)		18,755
Prepaid interest		350
Distributions payable		1,861
Redemptions payable		100
		<hr/>
		22,935
Partners' capital (note 5)		238,876
		<hr/>
	\$	261,811

Net asset value per unit (note 6)	\$	10.00
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See accompanying notes to financial statements.

# ROMSPEN US MASTER MORTGAGE LP

## Statement of Operations

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

Year ended December 31, 2018

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Revenue:	
Mortgage interest	\$ 12,730
Expenses:	
Service fees (note 8(a))	1,085
Interest	577
Change in fair value of mortgage investments	1,470
Accounting and legal fees	136
Other	124
	<hr/> 3,392
Net earnings	<hr/> \$ 9,338
Net earnings per unit (note 6)	\$ 0.55

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See accompanying notes to financial statements.

# ROMSPEN US MASTER MORTGAGE LP

Statement of Changes in Partners' Capital

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

Year ended December 31, 2018

	Balance, beginning of year	Proceeds from capital contributions, net of redemptions	Distributions paid for the year	Pro rata allocation of net earnings	Balance, end of year
Limited Partners:					
Romspen Liberty LP	\$ —	\$ 213,126	\$ (6,538)	\$ 6,538	\$ 213,126
Romspen US Mortgage Investment Fund	—	18,860	(541)	541	18,860
Romspen US Mortgage LP	—	6,890	(2,259)	2,259	6,890
	<u>\$ —</u>	<u>\$ 238,876</u>	<u>\$ (9,338)</u>	<u>\$ 9,338</u>	<u>\$ 238,876</u>

See accompanying notes to financial statements.

# ROMSPEN US MASTER MORTGAGE LP

## Statement of Cash Flows

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

Year ended December 31, 2018

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Cash provided by (used in):

Operations:

Net earnings	\$ 9,338
Adjustments for:	
Funding of mortgage investments	(132,601)
Discharge of mortgage investments	13,846
Change in fair value of mortgage investments	1,470
Change in non-cash operating items:	
Accrued interest receivable	(5,091)
Other assets	(42)
Accounts payable and accrued liabilities	1,426
Distributions and redemptions payable	1,961
Due to related party	4,255
	<hr/> (105,438)

Financing:

Proceeds from capital contributions, net of redemptions	116,260
Distribution to partners	(9,338)
	<hr/> 106,922

Increase in cash

1,484

Cash, beginning of year

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Cash, end of year

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\$ 1,484

Supplemental cash flow information:

Non-cash transfer of mortgage investments from Romspen US Mortgage LP for subscription of units	\$ 122,616
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See accompanying notes to financial statements.

# ROMSPEN US MASTER MORTGAGE LP

## Schedule of Investments

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

December 31, 2018

U.S. mortgage	Investments owned	Face value	% of partners' capital
Phoenix	Mortgage Investment 11.25%	\$ 54,821	22.95
Surfside	Mortgage Investment 11.00%	22,649	9.48
Bradenton	Mortgage Investment 10.00%	21,560	9.03
George County	Mortgage Investment 11.00%	20,620	8.63
Colorado Springs	Mortgage Investment 13.50%	18,897	7.91
Dallas	Mortgage Investment 13.00%	15,994	6.70
Philadelphia	Mortgage Investment 12.60%	15,075	6.31
Seattle	Mortgage Investment 10.00%	14,000	5.86
Philadelphia	Mortgage Investment 10.00%	14,789	5.77
Lincolnwood	Mortgage Investment 11.58%	9,500	3.98
Kutztown	Mortgage Investment 12.00%	9,296	3.89
Harris County	Mortgage Investment 10.50%	8,833	3.70
Philadelphia	Mortgage Investment 10.50%	8,498	3.56
Philadelphia	Mortgage Investment 12.50%	6,557	2.74
Other		16,317	6.83
Total		257,406	
Fair value adjustment (note 3)		(2,212)	
Fair value of total investments owned		\$ 255,194	

See accompanying notes to financial statements.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements

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

Year ended December 31, 2018

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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 Romspen US Mortgage LP. 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.

As at December 31, 2018, the Master Fund has feeder entities; Romspen US Mortgage Investment Fund (7.90% ownership), Romspen US Mortgage LP (2.88% ownership) and Romspen Liberty LP (89.22% ownership). Romspen Liberty LP is 100% owned by Romspen Mortgage Limited Partnership ("RMLP"). The Master Fund's registered office is 162 Cumberland Street, Suite 300, Toronto, ON M5R 3N5. The Master Fund is managed by Romspen US Mortgage GP Inc. (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 year ended December 31, 2018.

## 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 interim 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.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 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, distributions payable, redemption payable, prepaid interest and prepaid unit capital approximate their carrying values due to their short-term maturities.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 2. Significant accounting policies (continued):

### (b) 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 FDIC or SIPC 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.

### (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 Master Fund's 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 statement 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.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 2. Significant accounting policies (continued):

### (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 earnings per unit:

Net earnings per unit are computed by dividing net earnings for the year by the weighted average number of units issued and outstanding during the year.

### (g) Prepaid unit capital

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

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 2. Significant accounting policies (continued):

### (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 December 31, 2018. 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.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

### 3. Mortgage investments:

On June 1, 2018, Romspen US Mortgage LP transferred assets and liabilities to the Master Fund in exchange for subscription of the Master Fund's units.

Balances transferred from Romspen US Mortgage LP:

Working capital	\$	(793)
Mortgage investments		137,909
Due to related party		(14,500)
Partners' capital	\$	122,616

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

Mortgages investments balance, beginning of year	\$	–
Mortgages transferred by Romspen US Mortgage LP for subscription of Master Fund units		137,909
Funding of mortgage investments		132,601
Discharge of mortgage investments		(13,846)
Unrealized loss in the value of investments		(1,470)
Mortgage investments balance, end of year	\$	255,194

Total provision for losses as of December 31, 2018 is \$2,212, bringing the mortgage investments fair value balance to \$255,194.

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
Mortgages	Level 3	\$ 255,194	Cost less fair value adjustment	Fair value adjustment	1% interest

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

### 3. Mortgage investments (continued):

The following is a summary of the mortgages:

	Number of mortgages	Original cost	Fair value
First mortgages	18	\$ 257,406	\$ 255,194

At December 31, 2018, the mortgage investment portfolio carries a weighted average effective interest rate of 11.42%.

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

Less than 10.00%	\$ 56,849
10.01% - 11.00%	62,932
11.01% - 12.00%	64,117
12.01% - 20.00%	73,508
	\$ 257,406

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

Construction	\$ 72,420
Pre-development	128,930
Term	56,056
	\$ 257,406

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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### 3. Mortgage investments (continued):

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

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Midwest	\$	9,500
Northeast		74,835
Northwest		14,000
Southcentral		50,919
Southeast		44,209
Southwest		63,943
	\$	257,406

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### 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 December 31, 2018 totals \$1,000 and carries a weighted average effective interest rate of 10.0%.

### 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 of the Master Fund. 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.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 5. Partners' capital (continued):

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 December 31, 2018, there are no redemption requests. 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.

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:

	Units	Amount
Balance, beginning of year	—	\$ —
Non-cash transfer of units	12,261,600	122,616
New units issued	23,598,600	235,986
Units redeemed	(11,972,600)	(119,726)
Balance, end of year	23,887,600	\$ 238,876

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 6. Net asset value per unit and net earnings per unit:

Net asset value per unit is calculated as total assets less total liabilities allocable to outstanding units as at December 31, 2018.

Net earnings per unit have been computed using the weighted average number of units issued and outstanding of 16,981,034 at December 31, 2018.

## 7. Distributions:

The Master Fund makes distributions to the partners monthly on or about the 15th day of each month. The Master Fund agreement indicates that it intends to distribute 100% of the net earnings of the Master Fund to the partners. For the period from June 1, 2018 to December 31, 2018, the Master Fund had a cumulative distribution of \$0.55 per unit and a total of \$9,338 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, 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. For the period from June 1, 2018 to December 31, 2018, the total amount was \$1,085.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 8. Related party transactions and balances (continued):

- (b) The Manager and related entities also receive fees directly from the Borrowers generated from the Master Fund's mortgage. For the period from June 1, 2018 to December 31, 2018, this amount was \$5,177.
- (c) Included in the Master Fund's accounts payable and accrued liabilities is a total amount of \$3 payable to the Manager.
- (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 by the next unit offering date. These loans are due on demand and bear an interest rate of prime plus 1.25%. As of December 31, 2018 a balance of \$18,755 is outstanding and total interest incurred for the period from June 1, 2018 to December 31, 2018 was \$577.

## 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.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 9. Financial instrument risk management (continued):

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.

### (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.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 9. Financial instrument risk management (continued):

In addition, the General Partner regularly reviews and approves each mortgage investment and review 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 by the end of the month. The Master Fund is obliged to pay interest at prime plus 1.25%, which are 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 General Partner ensures that it is aware of real estate market conditions in the regions in which it operates. Real estate market trends are monitored on an ongoing basis and the Master Fund's lending practices and policies are adjusted, when necessary.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 9. Financial instrument risk management (continued):

### (e) Capital risk management:

The Master Fund manages capital to attain its objective of providing stable and secure cash distributions of earnings 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 earnings 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.

## 10. Commitments:

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 December 31, 2018 were \$62,791.

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.

# ROMSPEN US MASTER MORTGAGE LP

Notes to Financial Statements (continued)

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

Year ended December 31, 2018

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## 11. Financial highlights:

Below is a summary of the Master Fund's financial highlights from June 1, 2018 to December 31, 2018, on a per unit basis:

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### Per unit operating performance:

Net asset value, beginning of year	\$ 10.00
Income from investment operations:	
Net realized and change in unrealized gain on investments	0.55
Investment distribution declared	(0.55)
Net asset value, end of year	\$ 10.00

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Ratio to average net assets:	
Expenses	2.00%

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## 12. Subsequent events:

From January 1, 2019 to April 1, 2019, the Master Fund accepted additional subscriptions of \$25,750 and redeemed \$1.

The financial statements were approved by management and available for issuance on June 7, 2019. Subsequent events have been evaluated through this date.