



# Q3 2022 Report

Romspen US Mortgage Investment Fund



# Financial Statements

(Expressed in U.S. dollars)

## Romspen US Mortgage Investment Fund

Nine months ended September 30, 2022 (Unaudited)

# Statement of Financial Position

September 30, 2022, with comparative information for 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	<b>September 30, 2022</b>	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 381	\$ 422
Investment in TIG Romspen US Master Mortgage LP (note 3)	100,027	89,037
Other assets (note 4)	758	677
	<b>\$ 101,166</b>	<b>\$ 90,136</b>
<b>Liabilities and Unitholders' Equity</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 30	\$ 23
Prepaid unit capital	100	200
Unitholders' distributions payable	733	653
	<b>863</b>	<b>876</b>
Unitholders' equity (note 5)	<b>100,303</b>	89,260
	<b>\$ 101,166</b>	<b>\$ 90,136</b>
Net asset value per unit (note 6)	<b>\$ 10.00</b>	\$ 10.00

See accompanying notes to financial statements.



# Statement of Comprehensive Income

Nine months ended September 30, 2022, with comparative information for 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	<b>3 Months ended September 30, 2022</b>	3 Months ended September 30, 2021	<b>9 Months ended September 30, 2022</b>	9 Months ended September 30, 2021
<b>Revenue:</b>				
Distributions from TIG Romspen US Master Mortgage LP	\$ 2,269	\$ 1,697	\$ 6,782	\$ 4,863
Interest and other Income	3	-	3	-
	<b>2,272</b>	1,697	<b>6,785</b>	4,863
<b>Expenses:</b>				
Capital raising fees (note 8)	63	47	180	136
Audit fees	10	6	31	18
Legal fees	-	-	5	-
Custodian, administrator fees	9	9	34	23
Other	3	1	7	5
	<b>85</b>	63	<b>257</b>	182
Net income and comprehensive income	\$ 2,187	\$ 1,634	\$ 6,528	\$ 4,681
Net income and comprehensive income per unit (note 6)	\$ 0.22	\$ 0.22	\$ 0.68	\$ 0.64
Weighted average number of units issued and outstanding (note 6)	10,024,934	7,442,232	9,650,721	7,306,425

See accompanying notes to financial statements.



# Statement of Changes in Unitholders' Equity

Nine months ended September 30, 2022, with comparative information for 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	<b>September 30, 2022</b>	September 30, 2021
<b>Unit Capital:</b>		
Balance, beginning of year	\$ 89,260	\$ 76,061
Issuance of units	16,181	16,956
Reinvestment of distributions	2,290	1,880
Redemption of units	(7,428)	(19,176)
Balance, end of period	\$ 100,303	\$ 75,721
<b>Cumulative earnings:</b>		
Balance, beginning of year	\$ 16,080	\$ 9,583
Net income and comprehensive income	6,528	4,681
Balance, end of period	\$ 22,608	\$ 14,264
<b>Cumulative distributions to unitholders:</b>		
Balance, beginning of year	\$ (16,080)	\$ (9,583)
Distributions to unitholders (note 7)	(6,528)	(4,681)
Balance, end of period	\$ (22,608)	\$ (14,264)
Unitholders' equity (note 5)	\$ 100,303	\$ 75,721
Units issued and outstanding (note 5)	10,030,318	7,572,078

See accompanying notes to financial statements.



# Statement of Cash Flows

Nine months ended September 30, 2022, with comparative information for 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	3 Months ended September 30, 2022	3 Months ended September 30, 2021	9 Months ended September 30, 2022	9 Months ended September 30, 2021
<b>Cash provided by (used in):</b>				
<b>Operations:</b>				
Net income and comprehensive income	\$ 2,187	\$ 1,634	\$ 6,528	\$ 4,681
Change in non-cash operating items:				
Other assets	121	(78)	(81)	687
Accounts payable and accrued liabilities	(5)	9	7	4
Unitholders' distributions payable	(113)	82	80	(688)
	<b>2,190</b>	1,647	<b>6,534</b>	4,684
<b>Financing:</b>				
Proceeds from issuance of units, net of reinvested funds	3,198	8,909	16,181	16,956
Redemption from unitholders	(3,390)	(6,914)	(7,428)	(19,176)
Distribution to unitholders, net of reinvested funds	(1,382)	(1,059)	(4,238)	(2,801)
Change in prepaid capital	(150)	(2,144)	(100)	2,246
	<b>(1,724)</b>	(1,208)	<b>4,415</b>	(2,775)
<b>Investments:</b>				
Net funding of investment in TIG Romspen US Master Mortgage LP (note 3)	(576)	(2,539)	(10,990)	399
Increase (decrease) in cash and cash equivalents	(110)	(2,100)	(41)	2,308
Cash and cash equivalents, beginning of period	491	4,572	422	164
Cash and cash equivalents, end of period	\$ 381	\$ 2,472	\$ 381	\$ 2,472

See accompanying notes to financial statements.



# Notes to Financial Statements

Nine months ended September 30, 2022

(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 November 15, 2022.

## 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.



# Notes to Financial Statements

Nine months ended September 30, 2022  
(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)

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.

## 3. Supplemental information regarding Master Fund at FVTPL

The Fund held units in the Master Fund from June 15, 2018 to September 30, 2019. On September 30, 2019, the Master Fund units held by the Fund were transferred into Intermediate LP for an equivalent value of units.



## Notes to Financial Statements

Nine months ended September 30, 2022  
(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)

As a result, the Master Fund became a wholly owned subsidiary of the Intermediate LP. This restructure has no impact on the Master Fund financials, operations, or the Fund financials and its unitholders.

As at September 30, 2022 the Fund owns 18% (2021 – 17%) 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:

	September 30, 2022	September 30, 2021
Investment balance, beginning of year	\$ 89,037	\$ 75,919
Funding of investment in the Master Fund	18,797	18,722
Redemption of investment in the Master Fund	(7,807)	(19,121)
Fund's share in the Master Fund net income	6,782	4,863
Dividend received from the Master Fund	(6,782)	(4,863)
<b>Investment balance, end of period</b>	<b>\$ 100,027</b>	<b>\$ 75,520</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:

	September 30, 2022	September 30, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 14,794	\$ 9,880
Accrued interest receivable	13,724	24,911
Mortgage investments, at fair value	654,796	586,635
Real estate owed, at fair value	18,841	-
Other assets	2,247	3,672
	<b>\$ 704,402</b>	<b>\$ 625,098</b>

#### Liabilities and Partners' Capital

Mortgage investment syndications	96,332	31,000
Accounts payable and accrued liabilities	5,662	3,513
Due to related party	31,700	136,500
Distributions payable	4,293	3,567
	<b>137,987</b>	<b>174,580</b>
Partners' capital	566,415	450,518
	<b>\$ 704,402</b>	<b>\$ 625,098</b>

Statement of comprehensive income:

	9 Months ended September 30, 2022	9 Months ended September 30, 2021
<b>Investment income</b>		
Mortgage interest	\$ 45,789	\$ 36,205
Other	301	471
	<b>46,090</b>	<b>36,676</b>
<b>Expenses</b>		
Service fees	4,222	3,619
Interest	1,740	2,683
Change in fair value of mortgage investments	(849)	-
Accounting and legal fees	155	170
Other	376	312
	<b>\$ 5,644</b>	<b>\$ 6,784</b>
Net Income	<b>\$ 40,446</b>	<b>\$ 29,892</b>



# Notes to Financial Statements

Nine months ended September 30, 2022

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

## 4. Other assets

Other assets include an outstanding distribution receivable of \$758 (2021 - \$598) 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:

- If total withdrawal requests on any withdrawal date exceed 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



# Notes to Financial Statements

Nine months ended September 30, 2022

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

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:

	September 30, 2022		September 30, 2021	
	Units	Amount	Units	Amount
Balance, beginning of year	8,926,014	\$ 89,260	7,606,084	\$ 76,061
New units issued	1,618,125	16,181	1,695,655	16,956
Units issued under DRIP	229,038	2,290	187,970	1,880
Units redeemed	(742,859)	(7,428)	(1,917,631)	(19,176)
Balance, end of period	10,030,318	\$ 100,303	7,572,078	\$ 75,721

## 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 10,030,318 as at September 30, 2022 (2021 - 7,572,078).

Net income per unit is calculated as the summation of the monthly net income for the period ended September 30, 2022.

## 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 months ended September 30, 2022, the Fund declared distributions of \$0.68 per unit (2021 - \$0.64 per unit), or a total distribution amount of \$6,528 (2021 - \$4,681).

## 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, 2022, the Fund had the following significant related party transactions:

- A. The directors of the General Partner are also owners of RIC. Under the Capital Raising Agreement, RIC provides capital raising services to the Fund. RIC receives fees totaling 0.25% per annum, calculated daily and payable monthly, on the investment in the Master Fund. This fee is effective starting April 1st, 2020. For the nine months ended September 30, 2022, the total amount was \$180 (2021 - \$136).
- 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





## Notes to Financial Statements

Nine months ended September 30, 2022

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

investments and the fair market value of all other non-mortgage investments of the Master Fund. For the nine months ended September 30, 2022, the total amount was \$4,222 (2021 - \$3,619).

### **9. Subsequent event**

After September 30, 2022, the Fund issued additional subscriptions of \$10,100 of which \$100 was included in prepaid unit capital as at September 30, 2022.



# Consolidated Financial Statements

(Expressed in U.S. dollars)

## TIG Romspen US Master Mortgage LP

Nine months ended September 30, 2022



# Consolidated Statement of Assets and Liabilities

September 30, 2022, with comparative information for 2021

(Expressed In thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	September 30, 2022	December 31, 2021
<b>Assets</b>		
Cash, cash equivalents and restricted cash	\$ 14,794	\$ 41,082
Accrued interest receivable	13,724	25,390
Mortgage investments, at fair value (note 3)	654,796	588,659
Real estate owned, at fair value (note 4)	18,841	27,103
Other assets	2,247	4,388
	<b>\$ 704,402</b>	<b>\$ 686,622</b>
<b>Liabilities and Partners' Capital</b>		
Liabilities:		
Mortgage investment syndications (note 3)	\$ 96,332	\$ 31,000
Accounts payable and accrued liabilities	5,662	7,257
Due to related party (note 8)	31,700	75,000
Distributions payable	4,293	4,330
	<b>137,987</b>	<b>117,587</b>
Partners' capital (note 5)	<b>566,415</b>	569,035
	<b>\$ 704,402</b>	<b>\$ 686,622</b>
Net asset value per unit (note 6)	<b>\$ 10.00</b>	\$ 10.00

See accompanying notes to consolidated financial statements.



# Consolidated Statement of Operations

Nine months ended September 30, 2022, with comparative information for 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	<b>3 months ended September 30, 2022</b>	3 months ended September 30, 2021	<b>9 months ended September 30, 2022</b>	9 months ended September 30, 2021
<b>Investment Income:</b>				
Mortgage interest	\$ 14,366	\$ 12,331	\$ 45,789	\$ 36,205
Other	-	266	301	471
	<b>14,366</b>	12,597	<b>46,090</b>	36,676
<b>Expenses:</b>				
Service fees (note 8(a))	1,404	1,249	4,222	3,619
Interest expense (note 8(d))	297	921	1,740	2,683
Accounting and legal fees	51	55	155	170
Other	123	108	376	312
	<b>1,875</b>	2,333	<b>6,493</b>	6,784
Net investment income	<b>12,491</b>	10,264	<b>39,597</b>	29,892
Realized gain (loss) from investments	<b>(2,237)</b>	-	<b>8,074</b>	-
Unrealized gain (loss) from investments	<b>2,636</b>	-	<b>(7,225)</b>	-
Net Income	<b>\$ 12,890</b>	\$ 10,264	<b>\$ 40,446</b>	\$ 29,892
Net Income per unit (note 6)	<b>\$ 0.22</b>	\$ 0.23	<b>\$ 0.70</b>	\$ 0.67

See accompanying notes to consolidated financial statements.



## Consolidated Statement of Changes in Partners' Capital

Nine months ended September 30, 2022, with comparative information for 2021

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

Period ended September 30, 2022	Balance, beginning of year	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 Intermediate LP	\$ 569,035	\$ 40,887	\$ (43,507)	\$ (40,446)	\$ 40,446	\$ 566,415

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

See accompanying notes to consolidated financial statements.



# Consolidated Statement of Cash Flows

Nine months ended September 30, 2022, with comparative information for 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	3 Months ended September 30, 2022	3 Months ended September 30, 2021	9 Months ended September 30, 2022	9 Months ended September 30, 2021
<b>Cash, cash equivalents and restricted cash provided by (used in):</b>				
<b>Operations:</b>				
Net income and comprehensive income	\$ 12,890	\$ 10,264	\$ 40,446	\$ 29,892
Adjustments for:				
Funding of mortgage investments	(152,541)	(126,226)	(296,336)	(242,518)
Discharge of mortgage investments	12,065	26,684	216,839	189,126
Funding of real estate owned	(199)	-	(3,081)	-
Discharge of real estate owned	-	-	25,573	-
Realized change in fair value of investments	2,235	-	(8,095)	-
Unrealized change in fair value of investments	(2,636)	-	7,225	-
Change in non-cash operating items:				
Accrued interest receivable	4,977	(5,374)	11,666	11,820
Other assets	(107)	(676)	2,141	(1,977)
Accounts payable and accrued liabilities	35,449	1,533	63,737	949
Distributions payable	(707)	380	(37)	(4,332)
Due to related party	16,700	57,500	(43,300)	57,500
	(71,874)	(35,915)	16,778	40,460
<b>Financing:</b>				
Proceeds from capital contributions	9,928	10,453	40,887	23,941
Redemptions	(9,091)	(6,914)	(43,507)	(39,669)
Distribution to partners	(12,890)	(10,264)	(40,446)	(29,892)
	(12,053)	(6,725)	(43,066)	(45,620)
Increase in cash, cash equivalents and restricted cash	(83,927)	(42,640)	(26,288)	(5,160)
Cash, cash equivalents and restricted cash, beginning of period	98,721	52,520	41,082	15,040
Cash, cash equivalents and restricted cash, end of period	\$ 14,794	\$ 9,880	\$ 14,794	\$ 9,880

See accompanying notes to consolidated financial statements.





# Schedule of Investments (continued)

September 30, 2022, with comparative information for 2021

**This information is available upon request**

		September 30, 2022		September 30, 2021	
Private Trust	Trusts/Investment Management/Real Estate/Development/REMIC	\$	0.00		0.00
Public Trust	Trusts/Investment Management/Real Estate/Development/REMIC		0.00		0.00
<b>Total</b>		<b>\$</b>	<b>0.00</b>		<b>0.00</b>

# Schedule of Investments (continued)

September 30, 2022, with comparative information for 2021

		2022	2021	2020	2019
<p><b>Private Equity</b></p> <p>Private Equity Fund A</p> <p>Private Equity Fund B</p> <p>Private Equity Fund C</p> <p>Private Equity Fund D</p> <p>Private Equity Fund E</p> <p>Private Equity Fund F</p> <p>Private Equity Fund G</p> <p>Private Equity Fund H</p> <p>Private Equity Fund I</p> <p>Private Equity Fund J</p> <p>Private Equity Fund K</p> <p>Private Equity Fund L</p> <p>Private Equity Fund M</p> <p>Private Equity Fund N</p> <p>Private Equity Fund O</p> <p>Private Equity Fund P</p> <p>Private Equity Fund Q</p> <p>Private Equity Fund R</p> <p>Private Equity Fund S</p> <p>Private Equity Fund T</p> <p>Private Equity Fund U</p> <p>Private Equity Fund V</p> <p>Private Equity Fund W</p> <p>Private Equity Fund X</p> <p>Private Equity Fund Y</p> <p>Private Equity Fund Z</p>	<p>Private Equity Fund A</p> <p>Private Equity Fund B</p> <p>Private Equity Fund C</p> <p>Private Equity Fund D</p> <p>Private Equity Fund E</p> <p>Private Equity Fund F</p> <p>Private Equity Fund G</p> <p>Private Equity Fund H</p> <p>Private Equity Fund I</p> <p>Private Equity Fund J</p> <p>Private Equity Fund K</p> <p>Private Equity Fund L</p> <p>Private Equity Fund M</p> <p>Private Equity Fund N</p> <p>Private Equity Fund O</p> <p>Private Equity Fund P</p> <p>Private Equity Fund Q</p> <p>Private Equity Fund R</p> <p>Private Equity Fund S</p> <p>Private Equity Fund T</p> <p>Private Equity Fund U</p> <p>Private Equity Fund V</p> <p>Private Equity Fund W</p> <p>Private Equity Fund X</p> <p>Private Equity Fund Y</p> <p>Private Equity Fund Z</p>				

**This information is available upon request**

\*Note: NC is the abbreviation for North Carolina



# Schedule of Investments (continued)

September 30, 2022, with comparative information for 2021

Real estate owned	Real estate owned	2022	2021
<b>This information is available upon request</b>			
Real estate owned	Real estate owned	0	0
Real estate owned	Real estate owned	0	0
<b>Total</b>		<b>0</b>	<b>0</b>

# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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 March 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 consolidated financial statements and accompanying footnotes are presented for the period ended September 30, 2022.

## 1. Basis of presentation

These consolidated 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 consolidated financial statements are measured and presented in U.S. dollars; amounts are rounded to the nearest thousand, unless otherwise stated. The consolidated 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") and real estate owned, which are presented at fair value.

## 2. Significant accounting policies

### A) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Master Fund and its wholly owned and controlled subsidiaries.

The Master Fund consolidates variable interest entities (VIEs) for which it is the primary beneficiary, generally as a result of having the power to direct the activities that most significantly affect the VIE's economic performance and holding variable interests that convey to the Fund the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The Fund consolidates entities that are not VIEs when it has a controlling financial interest as a result of majority voting control. The Fund is precluded from consolidating entities





# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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

that are not investment companies when it is required to measure those entities at fair value in accordance with Topic 946.

The accompanying consolidated financial statements include the accounts of the Master Fund and its wholly owned and controlled subsidiary, Romspen (Reomaster II) Holdings Inc. (Delaware) ("Reomaster II"), which in turn holds wholly owned and controlled subsidiaries, RIC Desoto LLC (Florida) and RIC Yanni Palms LLC (Texas). They are investment companies established for the general purpose of executing specific investment transactions on behalf of the Master Fund. All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

## B) 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, other assets, accounts payable and accrued liabilities, and distribution payable approximate their carrying values due to their short-term maturities.



# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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

## C) 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, 2022 restricted cash balance was \$5,523 (2021 - \$3,261).

## D) 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 consolidated 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 consolidated Statement of Operations as an unrealized fair value adjustment.

## E) Real estate owned

Entities are formed by the Master Fund to obtain legal title of the foreclosed underlying security of defaulted mortgage investments. These investments are accounted for at fair value. Upon foreclosure, the carrying value of the mortgage investment, which comprises principal, interest, enforcement costs, and a fair value adjustment that reflects the fair value of the underlying mortgage security, is derecognized from mortgage investments, and an investment in real estate owned is recognized at fair value.

The fair value of real estate 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. Management makes its determination of fair value based on its assessment of the expected exit value of the investment under current market conditions for investments of same or similar terms. The determination of fair value requires management to make estimates and assumptions that affect the values presented, such that actual values in sales transactions



# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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may differ from those presented. Valuation inputs are measured using Level 3 inputs, as not all significant inputs are based on observable market data (unobservable inputs). These unobservable inputs reflect the Partnership's own assumptions of how market participants would price the real estate, and are developed based on the best information available, including management's own data.

The valuation methodologies and inputs used for real estate owned are priced by model-based valuations. The model-based valuations consider Inputs including foreclosure Auction winning bid, quotes for sale of a similar property, projected lot sales, projected development expenses, and square footage of the properties. The real estate owned are categorized as Level 3 given their limited marketability, uncertainty regarding timing, lack of observable valuation inputs.

## **F) 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.

## **G) Use of estimates**

The preparation of consolidated 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 consolidated 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.

## **H) 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.

## **I) Prepaid unit capital**

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



# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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

## J) Income taxes

No provision for federal, state and local income taxes has been made in the accompanying consolidated 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, 2022 (2021 - 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.

## K) 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, 2022:

	September 30, 2022	September 30, 2021
Mortgage investments balance, beginning of year	\$ 588,659	\$ 503,243
Funding of mortgage investments	296,336	272,518
Discharge of mortgage investments	(216,839)	(189,126)
Fair value adjustments	(4,544)	-
Non-Cash transfer to real estate owned at fair value (note 4)	(8,816)	-
Mortgage investments balance, end of period	\$ 654,796	\$ 586,635

Total cumulative unrealized fair value loss adjustment as of September 30, 2022 is \$14,815 (2021 - \$21,067), bringing the mortgage investments fair value balance to \$654,796 (2021 - \$586,635).





## Notes to Consolidated Financial Statements

Period ended September 30, 2022

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	
Sept 30, 2022	Mortgages	Level 3	\$ 654,796	Market Approach	Fair value adjustment	9.0-12.5% interest income
Sept 30, 2021	Mortgages	Level 3	\$ 586,635	Market Approach	Fair value adjustment	11-13% interest income

The following is a summary of the mortgages as at September 30, 2022:

	Number of mortgages	Original Cost	Fair value
Sept 30, 2022	First Mortgages	48 \$ 669,611	\$ 654,796
Sept 30, 2021	First Mortgages	39 607,702	586,635

At September 30, 2022 the mortgage investment portfolio carries a weighted average effective interest rate of 10.61% (2021 – 10.84%).

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

	September 30, 2022	September 30, 2021
Less than 9.99%	\$ 61,203	\$ 2,898
10.00% - 10.99%	415,064	344,748
11.00% - 11.99%	125,274	180,548
12.00% - 19.99%	68,070	79,508
	\$ 669,611	\$ 607,702

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

	September 30, 2022	September 30, 2021
Leisure & Entertainment	\$ 175,157	\$ 130,259
Industrial	147,197	28,012
Retail	96,559	108,038
Mixed Use	95,252	143,744
Condominiums	85,759	44,796
Residential	69,687	152,853
	\$ 669,611	\$ 607,702

The following is a summary of the outstanding principal of mortgages as at September 30, 2022, segmented by maturity date:

Overhold	\$ 205,440
2022	86,336
2023	275,155
2024	101,822
2025	858
	\$ 669,611

Included in the overhold category are loans which are past due or on a month-to-month arrangement. Borrowers have the option to repay principal at any time prior to the maturity date.



# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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

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

	September 30, 2022	September 30, 2021
Florida	\$ 264,996	\$ 97,875
Texas	76,200	92,068
Washington	59,005	88,861
Tennessee	41,659	11,803
Utah	35,100	-
Virginia	29,400	-
Nevada	26,231	35,978
New York	20,893	5,327
Georgia	19,180	33,269
Pennsylvania	14,484	36,918
North Carolina	12,245	64,779
Hawaii	10,654	18,621
New Jersey	-	97,654
Other	59,564	24,549
	<b>\$ 669,611</b>	<b>\$ 607,702</b>

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, 2022 totals \$96,332 (2021 - \$31,000) and carries a weighted average effective interest rate of 10.31% (2021 - 10.24%).

## 4. Real estate owned

Investment in real estate held by the Master Fund is measured at fair value and uses significant unobservable inputs to estimate fair value of these assets at each reporting date. Fair value is the price that would be received to settle an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

	September 30, 2022	September 30, 2021
Real estate owned, beginning of year	\$ 27,103	\$ -
Funding in real estate owned	3,081	-
Non-cash transfer from mortgage investments	8,816	-
Discharge in real estate owned	(25,573)	-
Fair value adjustments	(2,681)	-
Realized gain (loss) in real estate owned	8,095	-
Real estate owned, end of period	<b>\$ 18,841</b>	<b>\$ -</b>

The fair value of real estate is determined using a variety of methodologies, including comparable market property values, market research data, third-party and in-house appraisals, and discounted cash flow analysis, which would include inputs related to discount rates, future cashflows, liquidity, etc.

## 5. Partners' capital

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 times or waive or reduce other provisions.



# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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If 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, 2022 there were \$10,605 redemption requests (2021 - \$526). 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:

	September 30, 2022		September 30, 2021	
	Units	Amount	Units	Amount
Balance, beginning of period	56,903,458	\$ 569,035	46,624,634	\$ 466,246
New Units Issued	4,088,681	40,887	2,394,079	23,941
Units Redeemed	(4,350,652)	(43,507)	(3,966,933)	(39,669)
Balance, end of period	56,641,487	\$ 566,415	45,051,780	\$ 450,518

## 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 56,641,487 as at September 30, 2022 (2021 - 45,051,780).

Net income per unit is calculated as the summation of the monthly net income per unit for the period ended September 30, 2022.

## 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 income of the Master Fund to the partners. For the period ended September 30, 2022, the Master Fund had a cumulative distribution of \$0.70 per unit (2021 - \$0.67) and a total of \$40,446 (2021 - \$29,892) was paid or declared payable to the partners.



# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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## 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 consolidated 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, 2022, the total amount was \$4,222 (2021 - \$3,619).
- B. The Master Fund's accounts payable and accrued liabilities due to the Manager has a balance of \$68 as at September 30, 2022 (2021 - \$1).
- C. 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, 2022, a balance of \$31,700 (2021 - \$136,500) is outstanding and total interest incurred for the period ended September 30, 2022, was \$1,740 (2021 - \$2,683).

## 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, capital management risk, and other price 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.





# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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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.

## 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 favorable terms, or to obtain financing at all.



# Notes to Consolidated Financial Statements

Period ended September 30, 2022

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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) Other price risk

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

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



# Notes to Consolidated Financial Statements

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

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

## 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, 2022 were \$333,870 (2021 - \$234,516).

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

Beside is a summary of the Master Fund's financial highlights for the period ended September 30, 2022, on a per unit basis:

	September 30, 2022	September 30, 2021
<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	0.70	0.67
Investment distribution declared	(0.70)	(0.67)
Net asset value, end of period	\$ 10.00	\$ 10.00

	September 30, 2022	September 30, 2021
Total return	8.03%	8.18%
Ratio to average net assets:		
Expenses	0.98%	1.51%
Net investment gain	7.05%	6.67%

## 12. Subsequent Events

Subsequent to quarter end, the Master Fund issued additional subscriptions of \$366 and no redemptions.

## 13. Comparative amounts

Where necessary comparative amounts are restated and reclassified in order to comply with the changes in accounting policies, the application of the new and revised GAAP and with the representation of the current financial year.

