

Financial Statements

(Expressed in U.S. dollars)

ROMSPEN US MORTGAGE INVESTMENT FUND

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S 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 assets and liabilities as at December 31, 2022
- 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
- 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, 2022, and its financial performance 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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 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.

Auditor's 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 auditor's 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.



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- 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 auditor's 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 auditor's 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

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

May 1, 2023

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2022, with comparative information for 2021

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

	2022	2021
Assets		
Cash and cash equivalents	\$ 280	\$ 422
Investment in TIG Romspen US Master Mortgage LP (note 3)	100,665	89,037
Other assets (note 4)	725	677
	\$ 101,670	\$ 90,136
Liabilities and Unitholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	\$ 56	\$ 23
Prepaid unit capital	-	200
Unitholders' distributions payable	703	653
Redemptions payable	10,411	-
	11,170	876
Unitholders' equity (note 5)	90,500	89,260
	\$ 101,670	\$ 90,136
Net asset value per unit (note 6)	\$ 10.00	\$ 10.00

See accompanying notes to financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2022, with comparative information for 2021

(Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted)	2022	2021
Revenue:		
Distributions from TIG Romspen US Master Mortgage LP	\$ 9,143	\$ 6,752
Interest and other income	16	-
	9,159	6,752
Expenses:		
Capital raising fees (note 8)	243	189
Audit fees	57	27
Legal fees	5	-
Custodian, administrator fees	44	32
Other	10	7
	359	255
Net income and comprehensive income	\$ 8,800	\$ 6,497
Net income and comprehensive income per unit (note 6)	\$ 0.90	\$ 0.86
Weighted average number of units issue and outstanding (note 6)	9,765,120	7,574,276

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

Year ended December 31, 2022, with comparative information for 2021

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

	2022	2021
Unit capital:		
Balance, beginning of year	\$ 89,260	\$ 76,061
Issuance of units	26,531	30,580
Reinvestment of distributions	3,062	2,502
Redemption of units	(17,942)	(19,883)
Units submitted for redemption	(10,411)	-
Balance, end of year	\$ 90,500	\$ 89,260
Cumulative earnings:		
Balance, beginning of year	\$ 16,080	\$ 9,583
Net income and comprehensive income	8,800	6,497
Balance, end of year	\$ 24,880	\$ 16,080
Cumulative distributions to unitholders:		
Balance, beginning of year	\$ (16,080)	\$ (9,583)
Distributions to unitholders (note 7)	(8,800)	(6,497)
Balance, end of year	\$ (24,880)	\$ (16,080)
Unitholders' equity (note 5)	\$ 90,500	\$ 89,260
Units issued and outstanding (note 5)	10,091,082	8,926,014

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended December 31, 2022, with comparative information for 2021

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

	2022	2021
Cash provided by (used in):		
Operations:		
Net Income and comprehensive Income	\$ 8,800	\$ 6,497
Change in non-cash operating items:		
Other assets	(48)	609
Accounts payable and accrued liabilities	33	(15)
Unitholders' distributions payable	50	(617)
	\$ 8,835	\$ 6,474
Financing:		
Proceeds from issuance of units	\$ 26,331	\$ 30,780
Redemption from unitholders	(17,942)	(19,883)
Distribution to unitholders, net of reinvested funds	(5,738)	(3,995)
	\$ 2,651	\$ 6,902
Investments:		
Net funding of investment in TIG Romspen US Master Mortgage LP (note 3)	\$ (11,628)	\$ (13,118)
Increase (decrease) in cash and cash equivalents	\$ (142)	\$ 258
Cash and cash equivalents, beginning of year	422	164
Cash and cash equivalents, end of year	\$ 280	\$ 422

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 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 May 1, 2023.

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 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, 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 per unit is computed by dividing net income for the year 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.

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2022

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

3. Supplemental information regarding Master Fund at FVTPL

As at December 31, 2022 the Fund owns 18% (2021 – 16%) of the Master Fund via the Intermediate LP and accounts for its investments in the Master Fund at fair value.

Schedule of investment in the Master Fund:

	2022	2021
Investment balance, beginning of year	\$ 89,037	\$ 75,919
Funding of investment in the Master Fund	29,932	32,944
Redemption of investment in the Master Fund	(18,304)	(19,826)
Fund's share in the Master Fund net income	9,143	6,752
Distributions received from the Master Fund	(9,143)	(6,752)
Investment balance, end of year	\$ 100,665	\$ 89,037

4. Other assets

Other assets include an outstanding distribution receivable of \$725 (2021 - \$677) 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. 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.

As at December 31, 2022 the Fund received requests to redeem 1,041,107 units for \$10,411 (2021 – nil) that is outstanding to be paid at the net asset value.

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:

	2022		2021	
	Units	Amount	Units	Amount
Balance, beginning of year	8,926,014	\$ 89,260	7,606,084	\$ 76,061
New units issued	2,653,128	26,531	3,058,046	30,580
Units issued under DRIP	306,127	3,062	250,169	2,502
Units redeemed	(1,794,187)	(17,942)	(1,988,285)	(19,883)
Units submitted for redemption	(1,041,107)	(10,411)	-	-
Balance, end of year	9,049,975	\$ 90,500	8,926,014	\$ 89,260

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 9,049,975 as at December 31, 2022 (2021 – 8,926,014).

Net income per unit is computed using the weighted average number of units issued and outstanding of 9,765,120 for the year ended December 31, 2022 (2021 - 7,574,276).

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, 2022, the Fund declared distributions of \$0.90 per unit (2021 – \$0.86 per unit), or a total distribution amount of \$8,800 (2021 – \$6,497).

NOTES TO FINANCIAL STATEMENTS

Year ended December 31, 2022

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

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 December 31, 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. For the year ended December 31, 2022, the total amount was \$243 (2021 – \$189).
- B) The owners of RIC are also investors of the Fund. For the year ended December 31, 2022, the owners of RIC, through their holding companies, held 1,309,123 units for \$13,091 (2021 – \$17,540).
- C) The Manager, a subsidiary of RIC, handles all the day-to-day affairs of the Master Fund in accordance to the service agreement. The Manager receives service fees from the Master Fund totaling 1% per annum, calculated daily and payable monthly, of the principal balance of all mortgage investments and the fair market value of all other non-mortgage investments of the Master Fund. For the year ended December 31, 2022, the total amount was \$5,651 (2021 – \$5,091).

9. Subsequent event

Subsequent to year end, the Fund issued additional units for \$592 and redeemed units for \$40.