

Consolidated Financial Statements // Expressed in Canadian dollars

Romspen US Mortgage Investment Trust

For the period from commencement of operations on September 1, 2022 to December 31, 2022





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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Romspen US Mortgage Investment Trust

Opinion

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

- the statement of assets and liabilities as at December 31, 2022
- the statement of operations for the period from commencement of operations on September 1, 2022 to December 31, 2022
- the statement of changes in unitholders' equity for the period from commencement of operations on September 1, 2022 to December 31, 2022
- the statement of cash flows for the period from commencement of operations on September 1, 2022 to December 31, 2022
- 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 period from commencement of operations on September 1, 2022 to December 31, 2022 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

Romspen US Mortgage Investment Trust

Period ended to December 31, 2022



STATEMENT OF ASSETS AND LIABILITIES

	2022
<i>(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)</i>	
Assets	
Cash and cash equivalents	\$ 36
Investment in TIG Romspen US Master Mortgage LP (note 2(b))	983
Other assets	37
	\$ 1,056
Liabilities and Unitholders' Equity	
Liabilities:	
Accounts payable and accrued liabilities	\$ 7
Forward Contracts	4
Distributions payable	7
	18
Unitholders' equity (note 4)	1,038
	\$ 1,056
Net asset value per unit (note 5)	\$ 10.00

See accompanying notes to financial statements.

Romspen US Mortgage Investment Trust

For the period from commencement of operations on September 1, 2022 to December 31, 2022



STATEMENT OF OPERATIONS

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)

2022

Revenue	
Distributions from TIG Romspen US Master Mortgage LP	\$ 29
Total revenues	29
Expenses:	
Audit fees	1
Other	2
Total expenses	3
Net Income	\$ 26

See accompanying notes to financial statements.

Romspen US Mortgage Investment Trust

For the period from commencement of operations on September 1, 2022 to December 31, 2022



STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

	2022
<i>(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)</i>	
Unit capital:	
Balance, beginning of period	\$ -
Issuance of units	1,044
Reinvestment of distributions	13
Redemption of units	(19)
Balance, end of period	\$ 1,038
Cumulative earnings:	
Balance, beginning of period	\$ -
Net income and comprehensive income	26
Balance, end of period	\$ 26
Cumulative distributions to unitholders:	
Balance, beginning of period	\$ -
Distributions to unitholders (note 6)	(26)
Balance, end of period	\$ (26)
Unitholders' equity	\$ 1,038

See accompanying notes to financial statements.

Romspen US Mortgage Investment Trust

For the period from commencement of operations on September 1, 2022 to December 31, 2022



STATEMENT OF CASH FLOWS

	2022
<i>(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)</i>	
Cash and cash equivalents provided by (used in):	
Operations:	
Net income and comprehensive income	\$ 26
Change in non-cash operating items:	
Other assets	(37)
Accounts payable and accrued liabilities	11
Distributions payable	7
	\$ 7
Financing:	
Proceeds from issuance of units	1,044
Unitholder redemptions	(19)
Distribution to unitholders, net of reinvested funds	(13)
	\$ 1,012
Investments:	
Net funding of investment in TIG Romspen US Master Mortgage LP	\$ (983)
Increase in cash and cash equivalents	36
Cash and cash equivalents, beginning of period	-
Cash and cash equivalents, end of period	\$ 36

See accompanying notes to financial statements.

Romspen US Mortgage Investment Trust

Notes to Financial Statements

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)

For the period from commencement of operations on September 1, 2022 to December 31, 2022



Romspen US Mortgage Investment Trust (the “Trust”) is an unincorporated open-ended limited purpose investment trust established under the laws of the province of Ontario, pursuant to a declaration of trust dated June 10, 2022. The Trust’s affairs are governed by an amended and restated declaration of trust dated July 29, 2022. The Trust commenced operations on September 1, 2022.

The Trust is an indirect “feeder fund” for, and an indirect limited partner of, TIG Romspen US Master Mortgage LP (the “Master Fund”). The Trust 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 the Master Fund. The Master Fund is a limited partnership formed to conduct trading activities on behalf of the Trust 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 partners’ capital. Service fees are charged, and profit allocations are made at the Master Fund level. The Trust is responsible, as an indirect investor in the Master Fund, for its pro-rata share of the Master Fund’s operating and overhead expenses. The Master Fund is managed by Romspen US Master Mortgage GP LLC (the “Master General Partner”) and Romspen Investment Limited Partnership (the “Manager”). Investor administration functions are outsourced to a third-party administrator, SS&C Inc.

At December 31, 2022, the Trust owns 0.12% of the Master Fund via the Intermediate LP. The financial statements of the Master Fund, including the condensed schedule of investments, should be read in conjunction with the Trust’s financial statements.

There are no generally accepted accounting principles differences between the financial statements of the Master Fund and the Trust. These financial statements and accompanying footnotes are presented for the period ended December 31, 2022.

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 principles (“GAAP”).

The Trust 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 Canadian dollars (“CAD”); amounts are rounded to the nearest thousand, unless otherwise stated.

Romspen US Mortgage Investment Trust

Notes to Financial Statements

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)

For the period from commencement of operations on September 1, 2022 to December 31, 2022



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 estimated fair value which is based on the net asset value ("NAV") of the Trust's interest in the Master Fund, as determined by the Master General Partner. Valuation of investments held by the Master Fund, including, but not limited to, the valuation techniques used and classification within the fair value hierarchy of investments held, are disclosed in the notes to the Master Fund financial statements. The results of operations and the financial position of the Master Fund are provided separately in note 3.

C) Investment income and expenses

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

D) Net 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) Prepaid unit capital

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

F) Income Taxes

The Trust is taxed as a mutual fund trust for income tax purposes. Pursuant to the trust indenture, the Trust intends to distribute 100% of its income for income tax purposes each year to such an extent that it will not be liable for income tax under the Income Tax Act (Canada). Therefore, no provision for income taxes is required on earnings of the Trust.

The Trust 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.

On June 22, 2007, new legislation relating to the federal income taxation of a specified investment flow-through trust or partnership ("SIFT") received royal assent (the "SIFT Rules").

Romspen US Mortgage Investment Trust

Notes to Financial Statements

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)



For the period from commencement of operations on September 1, 2022 to December 31, 2022

Under the SIFT Rules, certain distributions from a SIFT will no longer be deductible in computing a SIFT's taxable income and a SIFT will be subject to income taxes on such distributions at a rate that is substantially equivalent to the general tax rate applicable to a Canadian corporation. Distributions paid by a SIFT as returns of capital will not be subject to income taxes.

G) 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 the Trust's ability to carry out the objectives or cause the Trust 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.

The Manager and the Master General Partner 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.

3. Investment in the Master Fund

The following is a summary of the investment in the Master Fund:

	2022
Balance, beginning of period	\$ -
Funding of investment in Master Fund	983
Redemption of investment in Master Fund	-
Trust's share of Master Fund net income	29
Distributions received from Master Fund	(29)
Balance, end of period	\$ 983

4. Unitholders' Equity

The beneficial interests in the Trust are represented by a unit of a class and/or series. The Trustees have designated two classes of units – Class A units and Class I units, which differ only with respect to the capital raising fee attributable to such units. (0.25% for Class A units and 0.15% for Class I units). Class I units may only be subscribed for by registered advisors on behalf of accounts they manage. The Trustees may consolidate or subdivide the units from time to time in such manner as it considers appropriate. Fractional units may be issued. Fractional units carry the same distribution entitlements and are subject to the same conditions as whole units in the proportion which they bear to a whole unit.

Romspen US Mortgage Investment Trust

Notes to Financial Statements

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For the period from commencement of operations on September 1, 2022 to December 31, 2022



Each unit of a particular class shall be equal to each other unit of the same class with respect to all matters, including the right to vote, receive allocations and distributions from the Issuer, liquidation and other events in connection with the Issuer. No unit shall have any preference, conversion, exchange, pre-emptive or redemption rights in any circumstances over any other unit (except as specifically provided in the Declaration of Trust). Each unitholder shall be entitled to one vote for each whole unit held in respect of all matters to be decided upon by the unitholders. Units represent the right of unitholders to participate in the net income or net losses of the Issuer. Title to units is conclusively evidenced by the Register maintained by or on behalf of the Trustees.

Each unitholder shall make an initial capital contribution in the amount set forth in such unitholder's subscription agreement. The Trust is authorized to issue an unlimited number of units. The total offering size of the Trust shall not exceed a maximum of \$750 million, except to the extent that the Trustees, in their sole and absolute discretion, accept a different amount. Units are issued and offered based on NAV. As at December 31, 2022, the NAV was \$10.00 per unit.

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 permitted to be withdrawn. Unitholders seeking a withdrawal must give written notice to the Trustees with a minimum of 30 days' notice. The Trustees, in their sole discretion, may permit withdrawals at other times and may waive or reduce other provisions. Partial or complete redemption of units is limited to a set of withdrawal gates as set forth below:

- If total withdrawal requests on any withdrawal date exceeds 1% of the Master Fund's NAV, the Master General Partner may, in its discretion, limit withdrawals to 1% of NAV
- If total withdrawal requests on any withdrawal date exceed 1% of the Trust's pro-rata share of the Master Fund withdrawal gate the Trustees may, in their discretion, limit withdrawals to not exceed such limit.

In the event of such withdrawal limitations, withdrawal amounts requested by each unitholder will be reduced pro-rata based on the amount that otherwise would have been redeemed.

The Trust 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 the NAV per unit.

Romspen US Mortgage Investment Trust

Notes to Financial Statements

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)

For the period from commencement of operations on September 1, 2022 to December 31, 2022



The following units are issued and outstanding:

		2022
	Units	Amount
Balance, beginning of period	-	\$ -
New units issued	104,423	1,044
Units issued under distribution reinvestment plan	1,298	13
Units redeemed	(1,928)	(19)
Balance, end of period	103,793	\$ 1,038

5. 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 103,793 as at December 31, 2022.

Net income per unit is computed using the weighted average number of units issued and outstanding of 99,124 for the year ended December 31, 2022 .

6. Distributions

The Trust makes distributions to the unitholders monthly on or about the 20th day of each month.

The Declaration of Trust agreement states that the Trustees shall have full discretion respecting the timing and the amount of any distribution to the unitholders. For the period ended December 31, 2022, the Trust declared distributions of \$0.26 per unit, or a total distribution amount of \$26.

7. Related party transactions and balances

Related parties to the Trust include the directors of the Master Fund, the directors of the Master General Partner, RIC and subsidiaries of RIC. The Trust conducts its investment and trading activities indirectly through an investment in the Master Fund. RIC is related to the Trust by virtue of a common director.

The Trustees are also owners of RIC, which is the parent company of the Manager. Under various agreements, the Manager handles all day-to-day affairs of the Master Fund. The Manager receives services 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 of the Master Fund. For the year ended December 31, 2022, the total amount was \$5,651 (2021 – \$5,091).

Romspen US Mortgage Investment Trust

Notes to Financial Statements

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)

For the period from commencement of operations on September 1, 2022 to December 31, 2022



8. Commitments

The Trust, from time to time, may be involved in various claims, legal and tax proceedings and complaints arising in the ordinary course of business. The Trust 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 Trust.

9. Financial highlights

Below is a summary of the Trust's financial highlights for the period ended December 31, 2022, on a per unit basis:

	2022
Per unit operating performance:	
Net asset value, beginning of period	\$ 10.00
Net realized and change in unrealized gain on investments	0.26
Investment distribution declared	(0.26)
Net asset value, end of period	\$ 10.00
Total return	2.92%
Ratio to average net assets:	
Expenses	0.32%
Net investment income	2.59%

10. Subsequent events

Subsequent to year end, the Trust has not issued any additional subscriptions or redeemed any units.