Consolidated Financial Statements // Expressed in Canadian dollars

Romspen US Mortgage Investment Trust

Period ended June 30, 2023

ROMSPEN

STATEMENT OF ASSETS AND LIABILITIES

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)	June 30, 2023	December 31, 2022
Assets		
Cash and cash equivalents	$ 23	$ 36
Investment in TIG Romspen US Master Mortgage LP (note 2(b))	960	983
Other assets	77	37
	$ 1,060	$ 1,056
Liabilities and Unitholders' Equity		
Liabilities:		
Accounts payable and accrued liabilities	$ 12	$ 7
Forward Contracts	(21)	4
Distributions payable	6	7
	(3)	18
Unitholders' equity	$ 1,063	1,038
	$ 1,060	$ 1,056
Net asset value per unit (note 5)	$ 9.99	$ 10.00

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)		June 30, 2023
Revenue		
Distributions from TIG Romspen US Master Mortgage LP	$	39
Total revenues		39
Expenses:		
Audit fees		2
Other		3
Total expenses		5
Net Income	$	34

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN UNITHOLDERS' EQUITY

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)		June 30, 2023
Unit capital:		
Balance, beginning of period	$	1,038
Issuance of units		-
Reinvestment of distributions		26
Redemption of units		-
Balance, end of period	$	1,064
Cumulative earnings:		
Balance, beginning of period	$	26
Net income and comprehensive income		34
Balance, end of period	$	60
Cumulative distributions to unitholders:		
Balance, beginning of period	$	(26)
Distributions to unitholders (note 6)		(35)
Balance, end of period	$	(61)
Unitholders' equity	$	1,063

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

(Expressed in thousands of Canadian dollars, except per unit amounts, unless otherwise noted)		June 30, 2023
Cash and cash equivalents provided by (used in):		
Operations:		
Net income and comprehensive income	$	34
Change in non-cash operating items:		
Other assets		(40)
Accounts payable and accrued liabilities		(20)
Distributions payable		(1)
	$	(27)
Financing:		
Proceeds from issuance of units		-
Unitholder redemptions		-
Distribution to unitholders, net of reinvested funds		(9)
	$	(9)
Investments:		
Net funding of investment in TIG Romspen US Master Mortgage LP	$	23
Increase in cash and cash equivalents		(13)
Cash and cash equivalents, beginning of period		36
Cash and cash equivalents, end of period	$	23

See accompanying notes to financial statements.

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 June 30, 2023, the Trust owns 0.13% 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 June 30, 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.

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").

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:

	June 30, 2023
Balance, beginning of period	$ 983
Funding of investment in Master Fund	-
Redemption of investment in Master Fund	-
Trust's share of Master Fund net income	39
Distributions received from Master Fund	(39)
Foreign currency adjustment on investment	(23)
Balance, end of period	$ 960

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.

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 June 30, 2023, the NAV was $9.99 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.

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

The following units are issued and outstanding:

	June 30, 2023			December 31, 2022		
	Units		Amount	Units		Amount
Balance, beginning of period	103,793	$	1,038	-	$	-
New units issued	-		-	104,423		1,044
Units issued under distribution reinvestment plan	2,580		26	1,298		13
Units redeemed	-		-	(1,928)		(19)
Balance, end of period	106,373	$	1,064	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 106,373 as at June 30, 2023.

Net income per unit is computed using the weighted average number of units issued and outstanding of 105,953 for the period ended June 30, 2023.

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 June 30, 2023, the Trust declared distributions of $0.33 per unit, and a total distribution amount of $35.

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 period ended June 30, 2023, the total amount was $3,767 (2022 – $3,583).

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

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 June 30, 2023, on a per unit basis:

	June 30, 2023
Per unit operating performance:	
Net asset value, beginning of period	$ 10.00
Net realized and change in unrealized gain on investments	0.32
Investment distribution declared	(0.33)
Net asset value, end of period	$ 9.99
Total return	2.97%
Ratio to average net assets:	
Expenses	1.32%
Net investment income	1.65%

10. Subsequent events

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

Consolidated Financial Statements // Expressed in U.S. dollars

TIG Romspen US Master Mortgage LP

Six months ended June 30, 2023

ROMSPEN

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted		June 30, 2023		December 31, 2022
Assets				
Cash, cash equivalents and restricted cash (note 2 (c))	$	4,920	$	8,108
Accrued interest receivable		17,357		13,622
Mortgage investments, at fair value (note 3)		622,562		606,052
Real estate owned, at fair value (note 4)		22,339		22,139
Other assets		3,136		2,088
	$	670,314	$	652,009
Liabilities and Partners' Capital				
Liabilities:				
Mortgage investment syndications (note 3)		80,635		86,693
Revolving loan facility		57,500		-
Accounts payable and accrued liabilities		3,196		4,631
Distributions payable		3,431		4,012
Redemptions payable (note 6)		4,273		12,573
	$	149,035	$	107,909
Partners' capital (note 6)		521,279		544,100
	$	670,314	$	652,009
Net asset value per unit (note 7)	$	10.00	$	10.00

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted		3 months ended June 30, 2023		3 months ended June 30, 2022		6 months ended June 30, 2023		6 months ended June 30, 2022
Investment Income:								
Mortgage interest	$	13,196	$	15,640	$	26,230	$	31,423
Other		581		-		804		301
		13,777		15,640		27,034		31,724
Expenses:								
Service fees (note 9(a))		1,410		1,314		2,797		2,818
Interest expense (note 9(c), 10(c))		1,211		603		1,688		1,443
Accounting and legal fees		131		52		235		104
Other		148		126		284		253
	$	2,890	$	2,095	$	5,004	$	4,618
Net investment income		10,877		13,545		22,030		27,106
Realized gain from investments		327		10,311		324		10,311
Unrealized loss from investments		(675)		(9,861)		(675)		(9,861)
Net Income	$	10,529	$	13,995	$	21,679	$	27,556
Net Income per unit (note 7)	$	0.20	$	0.25	$	0.40	$	0.48

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN PARTNER'S CAPITAL

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

Limited Partner: TIG Romspen US Mortgage Intermediate LP	June 30, 2023	June 30, 2022
Balance, beginning of period	544,100	569,035
Issuance of units	12,251	30,959
Redemption of units	(43,372)	(34,416)
Decrease (increase) in units submitted for redemption	8,300	-
Distributions paid for the period	(21,679)	(27,556)
Allocation of net income for the period	21,679	27,556
Balance, end of period	521,279	565,578

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Expressed in thousands of U.S. dollars, except per unit amounts, unless otherwise noted	3 months ended June 30, 2023	3 months ended June 30, 2022	6 months ended June 30, 2023	6 months ended June 30, 2022
Cash, cash equivalents and restricted cash provided by (used in):				
Operations:				
Net Income	$ 10,529	$ 13,995	$ 21,679	$ 27,556
Adjustments for:				
Funding of mortgage investments	(32,578)	(68,180)	(63,404)	(143,795)
Discharge of mortgage investments	12,599	79,322	46,219	204,774
Funding of real estate owned	-	(2,430)	(200)	(2,882)
Discharge of real estate owned	-	25,573	-	25,573
Realized change in fair value of investments	-	(10,330)	-	(10,330)
Unrealized change in fair value of investments	675	9,861	675	9,861
Change in non-cash operating items:				
Accrued interest receivable	(4,751)	3,117	(3,735)	6,689
Due from (to) related party	37,300	(60,000)	-	(60,000)
Other assets	(48)	2,682	(1,048)	2,248
Revolving loan facility	5,000	-	57,500	-
Accounts payable and accrued liabilities	(155)	12,852	(7,493)	28,288
Distributions payable	193	436	(581)	670
	28,764	6,898	49,612	88,652
Financing:				
Proceeds from issuance of units	5,715	14,518	12,251	30,959
Redemptions	(23,446)	(31,909)	(43,372)	(34,416)
Distribution to partners	(10,529)	(13,995)	(21,679)	(27,556)
	(28,260)	(31,386)	(52,800)	(31,013)
Increase (decrease) in cash, cash equivalents and restricted cash	504	(24,488)	(3,188)	57,639
Cash, cash equivalents and restricted cash, beginning of period	4,416	123,209	8,108	41,082
Cash, cash equivalents and restricted cash, end of period	$ 4,920	$ 98,721	$ 4,920	$ 98,721

See accompanying notes to consolidated financial statements.

CONSOLIDATED SCHEDULE OF INVESTMENTS

Omitted – please contact Romspen for details

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

Omitted – please contact Romspen for details

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

Omitted – please contact Romspen for details

CONSOLIDATED SCHEDULE OF INVESTMENTS (continued)

Omitted – please contact Romspen for details

TIG Romspen US Master Mortgage LP (the "Master Fund"), is a Cayman Islands exempted partnership formed on December 22, 2017, which commenced operations on June 1, 2018, by exchanging equity units for the net investments of TIG Romspen US Mortgage LP. The Master Fund was registered with the Cayman Islands Monetary Authority ("CIMA") under the Mutual Funds Act (2021 Revision) of the Cayman Islands 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 partner's capital.

Master Fund is a wholly owned subsidiary of the TIG Romspen US Mortgage Intermediate LP ("Intermediate LP"). The Master Fund's registered office is 89 Nexus Way, Camana Bay, Grand Cayman KY1-9009, Cayman Islands. 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 footnotes are presented for the period ended June 30, 2023.

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.

2. Significant accounting policies

A) Principles of consolidation

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

The 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 Yanni Palms LLC (Texas) and RIC Akamai LLC (Hawaii). 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 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).

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 June 30, 2023 restricted cash balance was $2,538 (2022 - $3,458).

D) Mortgage investments

All mortgages have been designated as fair value through profit and loss ("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 may differ from those presented. The valuation hierarchy of real estate owned investments are classified as Level 3, as not all significant inputs are based on observable market data (unobservable inputs). These unobservable inputs reflect the Master Fund'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 state owned are categorized as Level 3 given their limited marketability, uncertainty regarding timing, lack of observable valuation inputs.

F) Revenue recognition

Interest income is 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 net income for the period by the weighted average number of units issued and outstanding during the period.

I) Redemptions payable

During the normal course of business, the Master Fund receives unit issuance and redemption requests from the partner. Redemption requests received at June 30, 2023 that are paid in the following quarter, are recognized as liabilities. Redemption notices received for which the dollar amount is not fixed remain in partner’s capital until the amount is determined.

J) Income taxes

No provision for federal, state and local income taxes has been made in the 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 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. Based on its analysis, the Master Fund has determined that it has not incurred any liability for unrecognized tax benefits as of June 30, 2023 (2022 – 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.

3. Mortgage investments

All mortgage investments have been classified in Level 3 of the valuation hierarchy.

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 June 30, 2023:

	June 30, 2023	June 30, 2022
Mortgage investments balance, beginning of period	$ 606,052	$ 588,659
Funding of mortgage investments	63,404	143,795
Discharge of mortgage investments	(46,219)	(204,774)
Unrealized loss in fair value of investments	(675)	(8,108)
Mortgage investments balance, end of period	$ 622,562	$ 519,572

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
June 30, 2023	Mortgages overhold	Level 3	$ 142,992	Refer to note (a)	Refer to note (a)
June 30, 2023	Mortgages	Level 3	479,570	Discounted Cash Flow ("DCF")	Discount rates, discounts for lack of marketability
June 30, 2022	Mortgages overhold	Level 3	166,557	Refer to note (a)	Refer to note (a)
June 30, 2022	Mortgages	Level 3	353,015	Discounted Cash Flow ("DCF")	Discount rates, discounts for lack of marketability

(a) For mortgages which are past due or on a month-to-month arrangement, these are referred to as overhold loans, and these have a fair value of $142,992 as at June 30, 2023 (2022 – $166,557). The valuation methodologies and inputs used for mortgage investments classified as overhold and categorized in Level 3 are priced by brokers/market analysts and third-party appraiser services. The brokers/market analysts provide pricing recommendations based on sales of similar properties and square footage of the properties. The appraisers utilize the income capitalization, cost, and sales comparison approaches for the purposes of valuation, and consider market inputs such as occupancy, improvements, construction timelines, projected property appreciation, inflation rates, square footage of properties, and tax estimates. These loans are categorized as level 3 given their limited marketability, uncertainty regarding timing, and lack of observable valuation inputs.

The following is a summary of the mortgages as at June 30, 2023:

		Number of mortgages	Outstanding principal	Fair value
June 30, 2023	**First mortgages**	**46**	**$ 639,387**	**$ 622,562**
June 30, 2022	First mortgages	36	$ 537,952	$ 519,572

At June 30, 2023 the mortgage investment portfolio carries a weighted average effective interest rate of 10.87% (2022 – 10.69%).

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

	June 30, 2023	June 30, 2022
Less than 10%	$ 78,054	$ 79,477
10.01% - 11.00%	427,162	295,310
11.01% - 12.00%	57,628	143,954
12.01% - 20.00%	76,543	19,211
	$ 639,387	$ 537,952

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

	June 30, 2023	June 30, 2022
Pre-Development	$ 344,698	$ 230,949
Construction	189,849	207,973
Term	104,840	99,030
	$ 639,387	$ 537,952

The following is a summary of the outstanding principal of mortgages as at June 30, 2023, segmented by maturity date:

Overhold	$ 153,601
2023	316,378
2024	164,077
2025	3,746
2026	1,585
	$ 639,387

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.

The following is a summary of the original cost of mortgage segmented by geographic location in United States of America:

	June 30, 2023	June 30, 2022
Southeast	$ 372,544	$ 270,584
Southwest	110,102	78,183
Southcentral	60,894	79,324
Northeast	58,228	45,191
Northwest	37,619	64,670
	$ 639,387	$ 537,952

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 June 30, 2023 totals $80,635 (2022 - $62,867) and carries a weighted average effective interest rate of 11.15% (2022 – 10.11%).

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.

		June 30, 2023		June 30, 2022
Real estate owned, beginning of period	$	22,139	$	27,103
Additional development cost		200		2,882
Discharge in real estate owned		-		(25,573)
Fair value adjustments		-		(1,753)
Realized gain (loss) in real estate owned		-		10,330
Real estate owned, end of period	$	22,339	$	12,989

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. Revolving loan facility

In 2022, the Master Fund obtained a Line of Credit facility with National Bank of Canada with a credit limit of $60,000 bearing U.S. Prime interest rate plus 1.5%. The facility also imposes a standby fee of 0.5% rate for the unutilized portion of the credit limit, which is funded out of interest income earned from the Master Fund. The facility has a balance of $57,500 as at June 30, 2023 (2022 - $0) and total interest incurred for the period ended June 30, 2023 is $1,688 (2022 - $0).

6. Partner’s 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.

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 June 30, 2023 the Master Fund received requests to redeem 427,324 units for $4,273 (2022 – $nil) that is outstanding to be paid 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:

	June 30, 2023		June 30, 2022	
	Units	Amount	Units	Amount
Balance, beginning of period	54,410,006	$ 544,100	56,903,458	$ 569,035
New units issued	1,225,129	12,251	3,095,951	30,959
Units redeemed	(4,337,152)	(43,372)	(3,441,599)	(34,416)
Units submitted for redemption	829,932	8,300	-	-
Balance, end of period	52,127,915	$ 521,279	56,557,810	$ 565,578

7. 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 52,127,915 as at June 30, 2023 (2022 – 56,557,810).

Net income per unit is computed using the weighted average number of units issued and outstanding of 54,016,736 for the period ended June 30, 2023 (2022 – 57,716,888).

8. 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 June 30, 2023, the Master Fund had a cumulative distribution of $0.40 per unit (2022 – $0.48) and a total of $21,679 (2022 - $27,556) was paid or declared payable to the partners.

9. 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 June 30, 2023, the total amount was $2,797 (2022 - $2,818).

B) The Master Fund's accounts payable and accrued liabilities due to the Manager has a balance of $15 as at June 30, 2023 (2022 – $nil).

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 June 30, 2023, a balance of $nil (2022 - $15,000) and total interest incurred for the period ended June 30, 2023, is $nil (2022 -$1,443).

D) The Master Fund provides temporary funding to assist in RMLP's ability to fund loans. These loans are in priority of RMLP's equity and are usually arranged to be repaid within the quarter. These loans are due on demand and bear an interest rate of prime plus 2.0%.
As of June 30, 2023 a balance of $nil (2022 – $nil) and total interest earned for the period ended June 30, 2023 is $804 (2022 – $nil).

E) Several of the Master Fund's mortgages are syndicated with RMLP, the Manager, owners of the Manager and officers or directors of the General Partner. The Master Fund ranks equally with, or in priority to, those members of the syndicate as to receipt of principal and income. As of June 30, 2023, $55,591 (2022 – $47,367) of the Master Fund's mortgages are syndicated with the above listed related parties.

10. 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. 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. The Manager manages credit risk by adhering to the investment and operating policies, as set out in its offering documents.

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

i) initial terms of 12 to 24 months;

ii) loan to value ratios of approximately 65% at time of underwriting;

iii) significant at-risk capital and/or additional collateral of property owner; and

(iv) full recourse to property owners supported by personal guarantees.

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

C) Liquidity risk

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

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 partner's 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 the Manager and General

Partner'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.

The Manager and 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.

11. 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 June 30, 2023 were $324,546 (2022 - $135,437).

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.

12. Financial highlights

Below is a summary of the Master Fund's financial highlights for the period ended June 30, 2023, on a per unit basis:

	June 30, 2023	June 30, 2022
Per unit operating performance:		
Net asset value, beginning of period	$ 10.00	$ 10.00
Income from investment operations:		
Net realized and changed in unrealized gain on Investments	0.40	0.48
Distributions	(0.40)	(0.48)
Net asset value, end of period	$ 10.00	$ 10.00

	June 30, 2023	June 30, 2022
Total Return	5.00%	5.50%
Ratio to average net assets:		
Expenses	0.99%	0.72%
Net investment income	4.01%	4.78%

13. Subsequent Events

Subsequent to quarter end, the Master Fund issued additional units for $1,676 and redeemed units for $3,096.