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FAQ ON SUSPENSION OF REDEMPTIONS AND GENERAL UPDATE

Bridging Finance Inc. ("**Bridging**"), would like to start by wishing all of our clients and their families good health and safety during these unprecedented times. At Bridging, we are committed to communication and transparency with our clients so we would like to share some insights into why we have taken the difficult but necessary step of temporarily suspending redemptions from our **Bridging Income Fund LP, Bridging Income RSP Fund, Bridging Mid-Market Debt Fund LP and Bridging Mid-Market Debt RSP Fund** (collectively, the "**Funds**")

What is the rationale for temporarily suspending redemptions?

- As we have all experienced over the past several months, the COVID-19 pandemic has fundamentally altered our way of life and has resulted in a virtual shut-down of the global economy. Although the economic impact is likely to be more significant than in 2008, it is important to keep in mind that this event is unique in that there is no systemic failure of the market. We expect market recovery to be swift once people are back to work again.
- During this pandemic, we have seen extreme volatility across all major markets which has resulted in an unprecedented level of redemption requests received at Bridging for the Funds. During normal times, Bridging aims to keep cash exposure in the portfolios to roughly 5% to limit cash drag in the portfolios. In response to the pandemic, our initial efforts have focused on raising cash levels in the portfolio to a goal of approximately 10%. Unfortunately, Bridging saw redemptions requests increase to approximately 14% of the Funds during this period. This is unprecedented. Quite simply, the trigger to suspend redemptions was based on redemptions in the Funds that far exceeded our cash position.
- Bridging took the necessary step of protecting unitholder value by temporarily suspending redemptions instead of demanding on well performing loans or selling assets at a discount in a non-functioning, depressed marketplace.
- Today, the Bridging funds are performing well and we continue to support Canadian Mid-Market companies, many of whom are involved in the recovery of our local economies, by not demanding on loans during a time of a national and global crisis.
- It is noteworthy that suspending redemptions is not uncommon in the private debt market, especially during a time of a global crisis. Fund managers operating similar strategies across the globe have also made the decision to gate or suspend their redemptions in this unique time. It is also likely that other private lenders will follow suit and gate their funds if they have not done so already.

How will the temporary suspension be enforced to ensure fairness?

- The temporary suspension is applicable to the Bridging Income Fund LP, Bridging Income RSP Fund, Bridging Mid-Market Debt Fund LP and Bridging Mid-Market Debt RSP Fund.
- All redemptions in the funds placed between **February 1, 2020 to April 13, 2020** have been suspended.
- The funds will continue to make their **regular distributions** that so many of our investors rely on.

- No further redemptions or subscriptions into these funds will be accepted until the suspension is terminated, which we anticipate being within the following 120 days.
- Unitholders have the **right to withdraw redemption requests previously submitted.** This will allow Bridging to open the Funds sooner. For unitholders who do not withdraw previously submitted redemption requests, they will have their redemption requests processed in the order they were received ("first in, first out") on the first valuation date following the date on which the suspension is terminated.
- For the time being, all other products managed by Bridging remain available to investors in the ordinary course (i.e. Bridging Indigenous Impact Fund and the Bridging Fern Alternative Credit Fund).

What steps are being taken to resolve this situation?

- Bridging will not be writing any new loans for the impacted Funds during this temporary suspension.
- Cash position will continue to build as loans mature in the portfolios as the maturities are staggered.
- Advisor and clients voluntarily withdrawing redemption requests.
- Bridging is also exploring selling loans in the marketplace for full value. Bridging will not be selling loans at a discount to face value.
- Bridging is incenting borrowers to pay off loans sooner by waiving pre-payment penalties.

How are the Fund portfolios doing?

- The Funds have very little exposure to sectors impacted by the pandemic (e.g. hospitality, tourism, travel, energy). Approximately 90 percent of our borrowers provide essential goods or services.
- To date, only one borrower has requested that we accrue their interest. Bridging granted this request as there is more than sufficient collateral supporting the loan.
- We do not plan on making loan demands to our borrowers as long as the loans are performing.
- Borrowers are still servicing their loans and given the extensive asset coverage (collateral), Bridging is very optimistic of achieving returns in this market.

For clients in all Bridging portfolios, we expect to continue providing the stable monthly returns that Bridging has delivered for the past 7 years. Bridging recognizes that to ensure we provide the best returns to our unitholders, we must continue to be prudent and patient and we ask that our clients join us in this commitment. Bridging has, and will always, place the interest of our unitholders first and foremost.

We thank you for your patience and partnership.