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**Bridging Finance Inc. – Notice of Meeting & Information Circular and Form of Proxy FAQ**

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**1. Which funds are impacted by the proposed changes?**

The following funds are impacted:

- Bridging Income Fund LP;
- Bridging Income RSP Fund;
- Bridging Indigenous Impact Fund;
- Bridging Mid-Market Debt Fund LP; and
- Bridging Mid-Market Debt RSP Fund.

**2. When will the Notice of Meeting & Information Circular and Form of Proxy be mailed out to unitholders?**

The Notice of Meeting & Information Circular and Form of Proxy will be mailed out to unitholders of the fund(s) on or about November 18, 2020.

**3. What are the proposed changes?**

***Bridging Income Fund LP***

- a) To increase the notice period required to submit redemption requests by unitholders of the fund from 30 days to 90 days.
- b) To amend the incentive allocation payable to the General Partner by:
  - (i) eliminating the “catch-up” incentive allocation payable to the general partner such that all net income of the Fund once such “Hurdle Rate” (as defined in subsection (ii)) shall be allocated as to 80% to the limited partners of the Fund and as to 20% to the general partner; and
  - (ii) amending the definition of “Hurdle Rate” in the Limited Partnership Agreement to “a Total Return per Unit of six percent (6%), as determined on the first business day of each fiscal year and applicable for the entire fiscal year”.
- c) To make certain other amendments to the Limited Partnership Agreement consequential to the foregoing.

***Bridging Income RSP Fund***

- a) To increase the notice period required to submit redemption requests by unitholders of the fund from 30 days to 90 days.
- b) To permit the manager, in its sole discretion, to accept or reject redemption requests, where the manager intends to accept redemption requests in circumstances where, in the view of the manager, it would not be prejudicial to the fund to do so.
- c) To amend the performance fee payable to the manager by:

- (i) eliminating the “catch-up” performance fee payable to the manager such that of all return of the Fund once such “Hurdle Rate” (as defined in subsection (ii)), an amount equal to 20% of such return shall be payable to the manager as a performance fee; and
  - (ii) amending the definition of “Hurdle Rate” to “a Total Return per Unit of six percent (6%), as determined on the first business day of each fiscal year and applicable for the entire fiscal year”.
- d) To make certain other amendments to the Trust Agreement consequential to the foregoing.

***Bridging Indigenous Impact Fund***

- a) To increase the notice period required to submit redemption requests by unitholders of the fund from 30 days to 90 days
- b) To permit the manager, in its sole discretion, to accept or reject redemption requests, where the manager intends to accept redemption requests in circumstances where, in the view of the manager, it would not be prejudicial to the Fund to do so.
- c) To make certain other amendments to the Trust Agreement consequential to the foregoing.

***Bridging Mid-Market Debt Fund LP***

- a) To increase the notice period required to submit redemption requests by unitholders of the fund from 30 days to 90 days
- a) To permit the manager, in its sole discretion, to accept or reject redemption requests, where the manager intends to accept redemption requests in circumstances where, in the view of the manager, it would not be prejudicial to the Fund to do so.
- b) To make certain other amendments to the Limited Partnership Agreement consequential to the foregoing.

***Bridging Mid-Market Debt RSP Fund***

- a) To increase the notice period required to submit redemption requests by unitholders of the fund from 30 days to 90 days.
- b) To permit the manager, in its sole discretion, to accept or reject redemption requests, where the manager intends to accept redemption requests in circumstances where, in the view of the manager, it would not be prejudicial to the Fund to do so.
- c) To make certain other amendments to the Trust Agreement consequential to the foregoing.

**4. Why are these changes being proposed?**

The proposed changes to the funds aim to increase the protection of unitholders from the ongoing effects of COVID-19 and its potential related impacts. Further, these changes are being proposed to ensure greater consistency across the funds managed by Bridging Finance Inc.

- a) The changes to the redemption notice period, and the ability for the manager to accept or reject redemption requests, are being made for the following reasons:
  - We are fiduciaries for the fund and must always act reasonably and for the benefit of all unitholders. This should provide comfort and this gating right is very common.
    - We have an overbearing duty to act in the best interest of all unitholders and that is not going away. In fact, GP has a duty to act honestly, in good faith and in the best interest of the Fund.
    - The powers of the GP to accept or reject redemption requests is only going to be exercised in cases where it will be prejudicial to the fund to accept such redemption request. In the ordinary course, we will honor requests unless circumstances have changed which would harm the fund and other investors.

- The funds will be better able to manage liquidity to meet unitholder redemption frequencies;
  - It will provide the manager with increased flexibility in fulfilling the investment objective and utilizing the investment strategies of the funds;
  - Increased ability to meet investor expectations with respect to liquidity demands;
  - Enhanced liquidity risk management; and
  - Enhanced cash management ability in order to better protect unitholders from unusual fluctuations in redemption requests from unitholders.
- b) With respect to the change in incentive allocation payment to the general partner of the Bridging Income Fund LP and Bridging Income RSP Fund, the general partner believes that: (i) eliminating the “catch-up” incentive allocation currently payable to the general partner; and (ii) amending the defined “hurdle rate” will be beneficial to unitholders for the following reasons:
- Simplification of the incentive allocation structure and consistency of the structure across funds managed by the manager;
  - Increased fairness and certainty to limited partners in calculating the incentive allocation structure.
  - In return scenario 1 where there is an assumed rate of return of 7.95%, the proposed change would result in a greater annual return to investor of **0.41%**.
  - In return scenario 2 where there is an assumed rate of return of 9%, the proposed change would result in a greater annual return to investor of **0.29%**.

**5. If approved, when will the changes take effect?**

If approved, the changes will take effect as of January 1, 2021.

**6. How do my clients vote?**

Unitholders can vote by sending a completed Form Proxy by e-mail, fax, or mail. Regardless of which method the unitholder employs, the completed Form Proxy must be **received** by Bridging Finance Inc. no later than 4:00 p.m. (Toronto Time) on December 17, 2020. Bridging has retained **Kingsdale Advisors** to assist us with the administration of the voting process.

- **By Internet:** To vote via the Internet with the control number you will receive, please visit [www.myproxyonline.com](http://www.myproxyonline.com)
- **By E-mail:** The completed Form of Proxy can be email to [proxy@bridgingfinance.ca](mailto:proxy@bridgingfinance.ca).
- **By Fax:** The completed Form of Proxy can be faxed to 1-(888)-920-9599 (Toll Free).
- **By Mail:** The completed Form of Proxy can be mailed to the following address:  
 Bridging Finance Inc.  
 77 King Street West Suite 2925  
 Toronto, Ontario  
 M5K 1K7
- **By Meeting:** Due to the COVID-19 pandemic and social distancing restrictions imposed by public health officials, the virtual meetings will be held on Friday, December 18, via teleconference at 1-(888)-241-0551. Unitholders will be able to vote over the phone through an automated polling system.

**7. Will clients who are part of a discretionary management program receive the Notice of Meeting & Information Circular and Form of Proxy?**

Yes, voting is done at the unitholder level, however, discretionary managers generally have the ability to vote on behalf of any client in their discretionary program.

**8. My clients hold multiple Funds impacted by the vote, will they receive multiple Notice of Meeting & Information Circulars and Forms of Proxy?**

Yes, clients will receive a Notice of Meeting & Information Circular and Form of Proxy for each fund they hold.

**9. What is the Record Date for the vote?**

The record date was November 18, 2020 for the purpose of determining unitholders entitled to receive notice of the meeting; and the close of business on December 1, 2020 as the record date for the purpose of determining unitholders entitled to vote at the meeting.

**10. Who can I contact for more information on these proposed changes?**

**Kingsdale Advisors**



**North American Toll Free Phone 1-800-775-4067**

**Email [contactus@kingsdaleadvisors.com](mailto:contactus@kingsdaleadvisors.com)**

**Outside North American, Banks and Brokers Call Collect: 416-867-2272**