

Letter from the Chairman

January 2016

Dear Friends,

On behalf of my colleagues at Bridge Investment Group Partners (“Bridge-IGP”) we hope you and your family had a happy holiday season, and offer best wishes for a healthy, peaceful and successful 2016.

Thank you for helping make 2015 an exceptional year for Bridge-IGP. In a difficult financial markets environment in which many indices and managers struggled to break even, we delivered both current income and meaningful capital appreciation to our limited partners. Across all of our investment verticals during 2015, we paid on average 6.6% net in current distributions and returned \$230 million of capital and realized profit to our limited partners. Our 2015 performance continues a succession of prosperous years since we incepted our first closed end fund in 2009: since that year through the third quarter of 2015 we have produced a 25.4% (realized and unrealized) gross internal rate of return (“IRR”), and a 21.3% net IRR to our limited partners.

Bridge-IGP grew assets under management to \$4.7 billion with our affiliates managing an additional \$382 million of real estate, representing an increase of 51% year-over-year. Each of our three investment verticals is a leader in its asset class with deep specialized management teams.

We continue to invest in select U.S. real estate sectors that provide outsized returns with mitigated risk. Our investments offer meaningful current income as well as exposure to capital appreciation. We invest in value added and transitional assets that generally offer immediate and growing current income as well as upside potential.

Our investment strategies are based in part on our views of global investment alternatives. As growth in emerging markets slows and the Euro-zone continues to struggle, the United States represents an attractive investment destination. Real estate offers current income and stability, and where we invest – in high-growth U.S. markets and value added assets that generally do not attract foreign and other low cost capital – we continue to see opportunity for above-market returns. Moreover, in the current interest rate environment, we believe that current yield is an attractive component of every portfolio.

MULTIFAMILY & COMMERCIAL OFFICE

Our multifamily and commercial office investment activities remain the flagship at Bridge-IGP. Over the course of the year, we provided housing for over 31,000 individuals and families in our multifamily apartment communities. We supplemented these accommodations with extensive services and amenities to improve lives and brighten prospects via child and adult education classes, sports programs, wellness programs and other community services. In January 2015, we expanded our value-added multifamily and commercial office portfolio with the launch of our third family of funds and separately managed accounts, following the successful performance of its predecessors offering which was invested between April 2012 and December 2014. We are capitalizing on the compelling investment opportunities that we continue to see in the U.S. value-added Class-B multifamily and commercial office sectors, and developed a portfolio of 18 assets in 2015.

SENIORS HOUSING & MEDICAL PROPERTIES

Our seniors housing and medical properties investment activities, which we commenced in January 2014 with a \$450 million equity capital target, secured ~\$737 million of discretionary equity capital as of July 2015. This

strategy acquires seniors housing communities and medical properties that benefit from incremental capital investment and repositioning to drive alpha at the asset level. At present, this strategy is ~70% deployed, managing over \$1.1 billion in total capitalization. We provide accommodations and extensive services to over 5000 residents in our seniors housing communities, and seek to enliven their lives through state-of-the-art dining, wellness, social and other programs.

DEBT STRATEGIES

Our CRE-backed fixed income investment activities, launched in September 2014, saw substantial growth in 2015. This initiative has developed a diversified portfolio of 13 investments representing an aggregate value of ~\$208 million. We are directly originating first mortgages and mezzanine loans, as well as investing in Freddie Mac K-Series subordinated CMBS tranches. The 79 loans in the pool have significant geographic overlap with Bridge-IGP's existing multifamily portfolio, allowing our debt strategies team to leverage the collateral expertise of our best-in-class asset and property management teams to perform due diligence. These Freddie MAC investments were awarded to Bridge-IGP on a sole basis, the second such deal to have been offered to us as a result of the preferred relationship we have with Freddie Mac and exemplifies the attractive risk and reward parameters of our debt strategies initiative. At present, the portfolio is well-diversified among K-Series CMBS, first mortgage, and mezzanine loans with 72% loan-to-value.

Over the last six years, Bridge-IGP has emerged as a recognized and highly respected brand in the U.S. value-added investment management marketplace. We have achieved this by pursuing a disciplined and specialized strategy in each of our investment verticals. We also optimize the efficiencies of our operation by strategically integrating capital markets expertise, origination and structuring experience, and operational and asset management capabilities across the Bridge-IGP platform. We are capable of executing enduring investment strategies that generate attractive and stable returns for our limited partners.

I hope you share our excitement about Bridge-IGP's success and future. Thank you for your continued support. We look forward to delivering continued performance in 2016 and beyond.

Sincerely,



Bob Morse
Chairman