

Quarterly Update

Positively affecting the unit price during the December quarter was the net 8.32% increase across the portfolio in the total book value of Bridge Debt SMA BDS III Co-Invest investment assets recorded for Q3.

The Unit Price reflects the Q3 Underlying Fund Net Asset Values as at 30 September 2020.

The quarterly cash distribution for Q4 2020 was US 13.7337 cents per unit, paid to investors on the 14 January 2021.

The calculation of distribution components will be provided to investors on an annual basis as at 30 June.

Performance (Net of Fees)

As at 31 December 2020

Based upon underlying fund data as at 30 September 2020

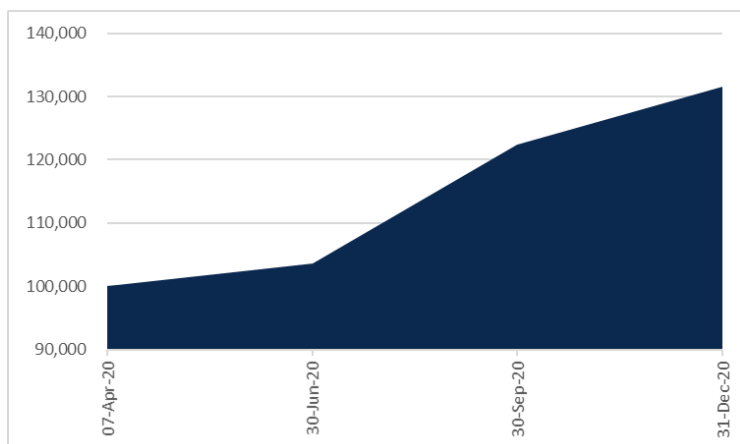
3 months	6 months	9 months	1 year	3 years (p.a)	Inception (p.a)
7.59%	27.06%	N/A	N/A	N/A	31.61%

Asset Allocation as at 31 December 2020	
Cash USD	35.56%
Investments USD	64.44%

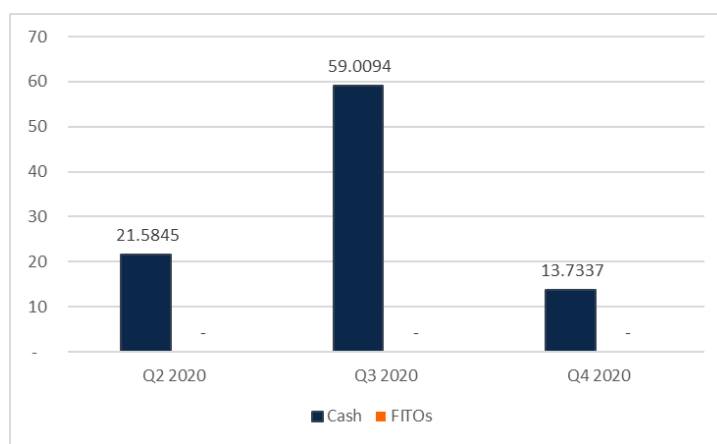
Unit Price Movement Breakdown	
Underlying investments (incl. cash and distributions)	8.20%
Fees and expenses	-0.61%
Total Movement	7.59%

Unit Price as at 31 December 2020	
CUM price	US\$0.4070
Cash distribution	US\$0.1373
EX price	US\$0.2697

Growth of US\$100,000 Investment*



Distributions (USD)



Past performance is not an indicator of future performance.

*Unit Price and performance do not include the value of Foreign Income Tax Offsets (FITOs) which may be distributed in addition to cash.

Fund Details

Fund Size (USDm):	\$3.16m (CUM)	Fund Manager:	Spire Capital Pty Limited
Unit Price (US\$):	\$0.4070 (CUM)	Investment Manager:	Bridge Debt Strategies Fund III GP LLC
APIR Code:	SPI1793AU	Trustee:	Spire Capital Pty Limited
Commencement:	7 April 2020	Base Management Fee:	0.25% p.a. x NAV
Currency:	US Dollars	Underlying Fees:	0.65% of committed equity
Application Status:	CLOSED	Underlying Performance Fee:	15% of realised profits after an 8% preferred return is paid to Limited Partners.
Liquidity:	Nil - closed-ended Fund	Distribution Frequency:	Quarterly as at 30 Sep, 31 Dec, 31 Mar and 30 Jun

Management Letter from Bridge Investment Group - 30th November 2020

Note: All dollar amount and performance returns quoted are US Dollar denominated.

Thank you for your continued support of the Bridge Debt BDS III Co-Invest ("BDS III Co-Invest" or the "Partnerships"). We are pleased to share with you the CIO Report for the period ending November 30, 2020.

Fund Performance Summary

As of November 30, BDS III Co-Invest has achieved a 92.3% gross IRR and 64.5% net IRR. The BDS III Co-Invest distributed interest and gains of \$22.9 million on the original capital investment of \$120.2 million or 19.0% of the original investment. In addition, 61.3% of investor capital has been returned at a 1.23x multiple. Most importantly, approximately 100% of the original investment has been returned with substantial value remaining in the portfolio.

Market Overview

In the Freddie Mac K-Series B-piece sector, yields in the secondary market continued the tightening trend that began in the second quarter. We estimate about 80-90% of the widening seen in late March 2020 has now been retraced. In the new issue market, Freddie continues to issue B-pieces at levels about 300 bps wide of pre-COVID-19 levels given the inefficiencies of the new issue market relative to the secondary market. Freddie issuance has been robust in the second half of 2020 following a slow period in the late spring and early summer.

Investment Activity Update

Since closing on the portfolio in early April, we initially focused on realizing gains primarily on the portfolio's second loss bonds. These fixed and floating rate bonds were more liquid and their spreads compressed more quickly than those of the B-pieces that were acquired. These second loss bonds were acquired in the ~8% yield range and almost all of them have been liquidated at yields ranging from 3-5%. As the markets further stabilized in the summer and fall, we found secondary market liquidity for three of the five B-pieces that were also part of the original portfolio. The B-pieces sold were K53, KW02 and K56. They were acquired together from one seller at a weighted average yield of 14.5% and we were subsequently able to liquidate them at yields ranging from 8.75% to 9.20%, resulting in a weighted average multiple of 1.35x on these three investments.

As of November 30, we have liquidated approximately 76% of the original portfolio, with the balance consisting of two B-pieces (K719 and K34) and a small sub-set of second loss floating rate bonds. Because K719 and K34 are principal-only bonds, we anticipate minimal distributions from these investments until they are liquidated. Depending on market conditions and underlying loan payoffs in those securities, the window for liquidation is likely 6-12 months, but could shorten or extend depending on market conditions.

Thank you, once again, for your support of the Partnerships.

With Best Regards,



James Chung
Chief Investment Officer
Bridge Debt III Funds

Fund Overview

The Fund has invested via a co-investment in a portfolio of Freddie Mac Multifamily K-Series securities alongside Bridge Debt Strategies III Fund and other institutional co-investment partners.

The co-investment is managed by Bridge Investment Group ("Bridge") is the US based Investment Manager of the Fund. Bridge is a specialist US real estate and real estate funds manager with over US\$25 billion in assets under management. Bridge is headquartered in Salt Lake City, Utah, with offices in New York, San Francisco and Orlando. Over the last 25 years Bridge has invested, managed and sold several billion dollars of property assets across all segments of the market. Bridge has a strong operating and property management platform, comprising over 2,600 management, leasing and facilities employees across the states in which assets are owned.

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Important Information

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