MONTHLY FACTSHEET - MARCH 2018

Spire USA ROC II Fund (AUD)

ARSN: 162 507 020

SPIRE CAPITAL

OVERVIEW

The Fund was established in 2013 as an unhedged Australian feeder fund into the assets of Bridge Multifamily & Commercial Office Fund II, LP ("Bridge MF II"). Bridge MF II is a US$600 million (equity) value-add "buy, fix, sell" private equity real estate fund, investing in value-add US multifamily apartment communities and office buildings. The Fund owned a 5.88% share of a diversified portfolio of 61 'value-add' real estate assets across the US. All assets have now been sold following completion of their value-add programs, returning a 23.4% net IRR and a 1.84x net multiple of invested equity (before US taxes). Residual Fund value is currently held in cash at the Fund level or the underlying fund level. Cash held at the underlying fund level is held on reserve pending expiration of warranties / contingent liabilities associated with asset realisations. Cash held in the fund will be distributed as at 30 June 2018 with a final distribution anticipated on or before 30 June 2019, once contingent liabilities clear.

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$10 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 23 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 1,000 management, leasing and facilities employees across the 30 states in which assets are owned. Bridge uses this operating platform to add value through superior property value management.

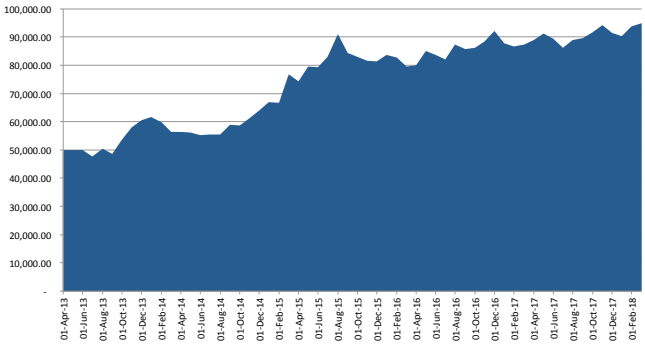
PERFORMANCE (NET OF FEES)

Ordinary Unit Class
Based upon underlying fund data as at 31 December 2017

1 month	3 months	1 year	3 years (p.a)	5 years	Inception (p.a)
1.04%	3.76%	8.58%	7.31%	N/A	14.41%

*** Past performance is not a reliable indicator of future performance ***

GROWTH OF AUD 50,000 INVESTMENT



Performance and Growth table and chart are based on an investment made at the Fund's inception at $1:00 per unit and includes Unit Price growth plus cash Distributions. Does not include the value of Foreign Income Tax Offsets (FITOs) which have been distributed in addition to cash.

FUND DETAILS

Distribution Frequency:	Annually as at 30 June
Fund Manager:	Spire Capital Pty Limited
Investment Manager:	Bridge Investment Group, LLC
Responsible Entity:	Equity Trustees Limited
Base Management Fee:	0.58% p.a. x NAV
Underlying Fees:	2% of invested equity
Underlying Performance Fee:	20% of realised profits after an 8% preferred return is paid to Limited Partners.
Liquidity:	Nil - Closed-ended fund
Application Status:	CLOSED

Fund Size (AUDm):	$15.37
APIR Code:	ETL0371AU
Commencement:	1 July 2013
Zenith Research Rating:	Highly Recommended (Original rating, now lapsed as closed)
Unit Price:	$0.3973
2017 Distribution (CPU):	99.37 + 15.46 FITOs
2016 Distribution (CPU):	29.08 + 0.74 FITOs
2015 Distribution (CPU):	07.41 + 0.48 FITOs
2014 Distribution (CPU):	01.54 + 0.39 FITOs

SPIRE CAPITAL

MONTHLY UPDATE

Positively affecting the unit price during the month of March was the 1.5643% decrease in the value of the Australian dollar against the USD dollar from US$0.7793 to US$0.7671. The Fund does not hedge currency exposure.

Unit Prices are reflecting the Q4 Underlying Fund Net Asset Values as at 31 December 2017. Underlying Fund performance since inception, which is US Dollar denominated and thus excludes the impact of currency movements, is in line with the Underlying Fund's target returns and is summarised below:

Underlying Bridge MF II Investment / J-Curve Dashboard

As at 31 December 2017

Metric	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Committed Capital (USD)	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M
Invested Capital %*	61.0%	63.1%	63.0%	80.2%	85.6%	84.3%	91.9%	91.9%	80.3%	80.3%	81.4%	80.2%	80.2%	24.3%	22.2%	15.0%	2.7%
IRR on Called Capital	13.0%	15.7%	14.4%	15.4%	22.4%	21.4%	21.3%	20.2%	20.1%	19.3%	19.7%	18.8%	17.5%	17.1%	16.8%	16.6%	16.6%
Equity Multiple on Called Capital	1.09 x	1.13 x	1.16 x	1.17 x	1.28 x	1.33 x	1.48 x	1.38 x	1.43 x	1.46 x	1.52 x	1.54 x	1.54 x	1.57 x	1.58 x	1.58 x	1.59x

** Current Invested Capital as a percentage of Committed Capital*

QUARTERLY LETTER FROM THE US INVESTMENT MANAGER

**Note: All dollar figures and returns are US Dollar denominated*

Dear Partner,

We are pleased to share with you the Bridge Multifamily & Commercial Office Fund II LP ("Bridge Multifamily II Funds" or the "Partnerships") quarterly report for the period ending December 31, 2017. In this letter, we provide updates on the following: (i) a brief overview of the multifamily and commercial office markets; (ii) the Partnerships' investment performance; and (iii) the Partnerships' disposition activity during the quarter.

VIEWS ON THE MULTIFAMILY AND COMMERCIAL OFFICE MARKETS

The expected acceleration in the US economy, solid employment situation, and generally balanced real estate fundamentals are anticipated to create a positive environment for property operational performance in 2018. Strong investor appetite and readily available debt financing for existing properties should further bolster real estate's prospects. While conditions support continued net operating income (NOI) growth, some investors are concerned that rising interest rates will result in increasing cap rates and, all else equal, declining property values; but typically, all else is not equal. Historical data show that property performance has often remained resilient in periods of rising interest rates, especially in a strong and growing economy. Analytics also indicate that cap rates do not move in lockstep with Treasury yields and that Treasury yield changes do not necessarily result in cap rate changes. Cap rates are influenced by a wider network of variables beyond interest rates. Several factors like NOI growth and underwriting assumptions can help provide "protection" from the adverse impacts of rising cap rates. That said, higher interest rates will clearly impact cash flows and overall underwritten returns in the short run.

Multifamily continues to benefit from a demand "triple play"; Millennials, Seniors, and Immigrants are three key cohorts expected to drive renter demand. A recent study sponsored by the National Multifamily Housing Council (NMHC) and National Apartment Association (NAA) highlighted this strong demand; it estimated an average need for 324,000 new apartment units per year through 2030. Yet, recent apartment completions have fallen well short of this level. Even with completions on the rise in some markets, most new construction has focused on Class A units due to regulatory burdens, high building costs, and tighter lending standards for new developments. In the early 2000s, Class A units

accounted for less than half of the Class A & B mix; today, Class A units account for over 75% (CoStar, as of Q-4 2017). With this shift, the occupancy and rental rate gaps between Class A and B apartments have grown considerably. Class B properties have consistently held the occupancy advantage and the current gap is approaching 4%; the rent gap now stands at more than $410 per month, offering ample room to grow Class B apartment rents (CoStar, as of Q-4 2017).

These apartment market trends have helped create an attractive opportunity for value-add Class B apartment investment across rapidly growing markets characterized by high household formation and job growth. The Bridge multifamily strategy is particularly well-positioned to execute on this opportunity. Our analysis of the markets continues to suggest that the Bridge Apartment Target Markets are expected to outperform the US over the 2018 to 2019 horizon. Composite household and employment growth rates for the Bridge Apartment Targets are expected to be 60% and 39% higher than the US averages, respectively (Moody's Analytics, as of Q-4 2017). At an average of 2.7%, average aggregate rent growth in the Bridge Apartment Targets is projected to be 30% higher than that of the US (CoStar, as of Q-4 2017).

The office sector continues to benefit from limited new supply due to rising construction costs. Rents are currently estimated to be 20% to 40% below the levels necessary to justify new construction in many areas. CoStar data as of Q-4 2017 indicates that US average annual net office completions declined from 102 million square feet in the 2001 to 2007 period to 36 million square feet over 2011 to 2017; a drop of approximately 65%. Office fundamentals have also been the beneficiary of solid demand during the current expansion; average annual net office absorption was 1.75 times that of average net completions over the 2011 to 2017 period (CoStar, as of Q-4 2017). The expected acceleration in the US economy and continued strength in jobs bodes well for future office demand, especially for assets that are well positioned, modernized, and fully amenitized. Similar to the apartment sector, office has experienced a shift away from the primary markets. Investors are increasingly focused on prime business centers in rapidly growing markets that offer cultural attractions, walkable cores, premium retail and restaurant offerings, and good public transportation options.

Bridge Office Target Markets are poised to perform well compared to the six primary markets over the 2018 to 2019 horizon. Bridge Office Target Markets are projected to enjoy office-using employment growth and absorption rates that are 72% and 68% higher than their primary market counterparts, respectively (Moody's Analytics & CoStar, as of Q-4 2017). In addition, completions as a percentage of inventory for Bridge Office Targets are forecasted to be 9% below their historical average; composite primary market completions are expected to be over 50% higher than their long-term average (CoStar, as of Q-4 2017). As a result, Bridge Office Targets are anticipated to possess more than a 2% annual rent growth advantage over the primary markets during the forecast horizon (CoStar, as of Q-4 2017).

PARTNERSHIP ACTIVITY

As of December 31, 2017, Bridge Multifamily II has realized 100% of the $573 million equity deployed. The Partnerships have realized all Bridge Multifamily II's 61 investments as of the end of the quarter – returning a 23.4% net IRR and a 1.84x net multiple of invested equity.

DISPOSITION ACTIVITY DURING THE QUARTER

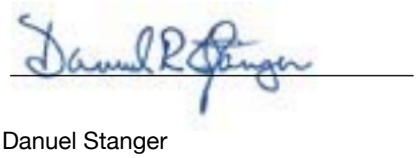
During the quarter ending December 31, 2017, Bridge Multifamily II Funds realized six assets:

- Venetian, a 445 unit apartment community in Houston, Texas, which was owned 100% by Fund II closed on November 7, 2017 resulting in a gross IRR of 29.8% and a multiple of 3.06x.
- Rock Creek, a 572 unit apartment community in Houston, Texas, which was owned 100% by Fund II closed on October 31, 2017 resulting in a gross IRR of 18.2% and a multiple of 1.73x.
- Lodge on 84th, a 300 unit apartment community in Federal Heights, Colorado, which was owned 100% by Fund II closed on December 19, 2017 resulting in a gross IRR of 54.4% and a multiple of 4.82x.
- Stratford Ridge, a 446 unit apartment in Marietta, Georgia, which was 100% owned by Fund II closed on December 1, 2017 resulting in a gross IRR of 38.6% and a multiple of 2.28x.
- Abbots Glen, a 258 unit apartment in Norcross, Georgia, which was 100% owned by Fund II closed on November 30, 2017 resulting in a gross IRR of 43.3% and a multiple of 2.72x.
- Parkway Center, a 459,989 square foot commercial building in Marietta, Georgia, which was 90% owned by Fund II closed on December 27, 2017 resulting in a gross IRR of 30.4% and a multiple of 2.24x.

As of December 31, 2017, the Partnership held approximately $18.5 million in cash which will be used to complete a $6.2 million international distribution and an estimated $4.9 million gross distribution to pay state tax withholdings. This leaves $5.4 million of remaining gross distributable proceeds which are being held in relationship to potential partnership liabilities. We anticipate making two additional distributions, one in late third quarter 2018 and one near the end of the 2019, to realize the remainder of any funds not required to fund remaining partnership liabilities and expenses.

If you have any questions regarding the Partnerships or your investment, please do not hesitate to contact us or our Australian partner Spire Capital.

With Best Regards,



Danuel Stanger
Chief Investment Officer Bridge Multifamily II Funds.

OUTLOOK

All assets have now been sold following completion of their value-add programs, returning a 23.4% net IRR and a 1.84x net multiple of invested equity (before US taxes). Residual Fund value is currently held in cash at the Fund level or the underlying fund level. Cash held at the underlying fund level is held on reserve pending expiration of warranties / contingent liabilities associated with asset realisations. Cash held in the fund will be distributed as at 30 June 2018 with a final distribution anticipated on or before 30 June 2019, once contingent liabilities clear.

NEW FUND LAUNCH

Spire Capital is please to advise that the follow on fund to Spire USA ROC II Fund and Spire USA ROC III Fund, called Spire USA ROC IV Fund (AUD), is now open for investment via the PDS, which can be found on the Spire website.

Like its predecessor funds, Spire USA ROC IV Fund (AUD) will invest in value-add multifamily and commercial office properties, via programs managed by Bridge Investment Group and its affiliates.

Independent research by Zenith Investment Partners has been commissioned and is expected to be available in mid April.

It is expected that the Fund will be available on major platforms.

For further information please contact either Dale Holmes on 0401 146 106 or Chris Niall on 0419 011 628.

CONTACT US

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