

OVERVIEW

The Fund was established in 2016 and acts as an unhedged Australian feeder fund into the assets of Bridge Multifamily & Commercial Office Fund III, LP (“BMF III”). BMF III is a US\$1.1 billion (committed equity) value-add “buy, fix, sell” private equity real estate fund, investing in value-add US multifamily apartment communities and office buildings. The Fund has made a US\$53 million capital commitment to BMF III, which represents approximately 4.8% of BMF III’s total committed capital. To date approximately 88% of committed capital has been deployed or allocated to 62 value-add multifamily and commercial office assets located throughout the USA, at gross aggregate purchase price of circa US\$3.28 billion (including Joint Venture partnerships). BMF III’s Investment Period expired in January 2018, and the fund is now in its Harvest Period, during which assets will be sold as they are stabilised and value has been maximised. 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.

PERFORMANCE (NET OF FEES)

Ordinary Unit Class as at 30 November 2018

Based upon underlying fund data as at 30 September 2018

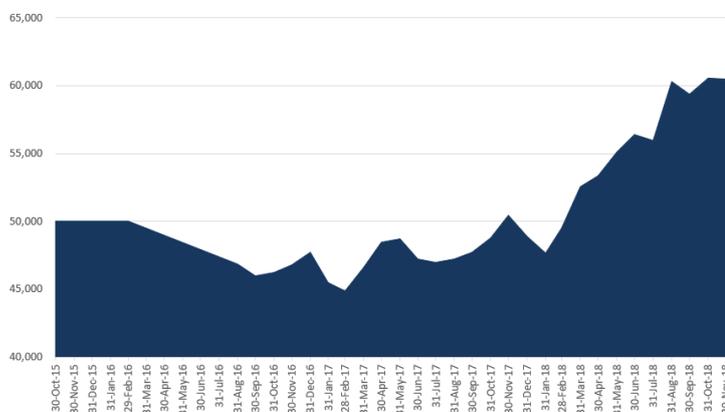
1 month	3 months	1 year	5 years	Inception (p.a)
-0.15%	0.22%	19.89%	N/A	7.15%

Monthly Unit Price Movement Breakdown	
Underlying investment	2.48%
Foreign exchange	-2.56%
Management fees	-0.04%
Other income and expenses	-0.03%
Total Movement	-0.15%

Asset Allocation as at 30 November 2018	
Cash AUD	2.29%
Cash USD	5.50%
Investments USD	92.21%

Unit Price as at 30 November 2018	
Unit price (excluding FITOs)	\$1.1017
FITOs	\$0.0165
Unit price plus FITOs	\$1.1182

GROWTH OF AUD 50,000 INVESTMENT



** Past performance is not an indicator of future performance *

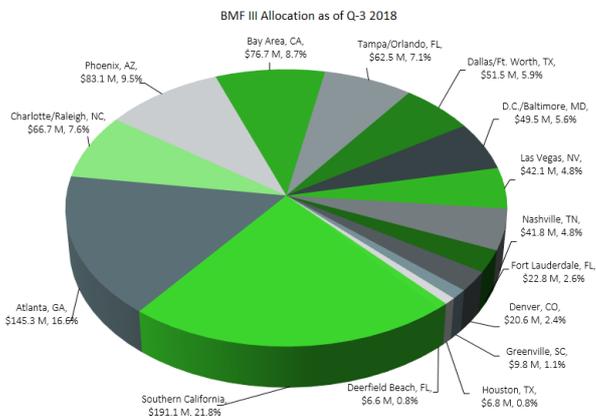
Performance and Growth table and chart are based on an investment made at the Fund’s inception in March 2016 at \$1.00 per unit and includes Unit Price growth from commencement of NAV based unit pricing following completion of capital raising in August 2016. Unit Price and performance do not include the value of Foreign Income Tax Offsets (FITOs) which have been accrued. Individual investor performance will vary according to the Issue Price at which they were issued Units in the Fund, which in turn was based upon the AUD / USD exchange rate applicable in the month in which an investment was made.

FUND DETAILS

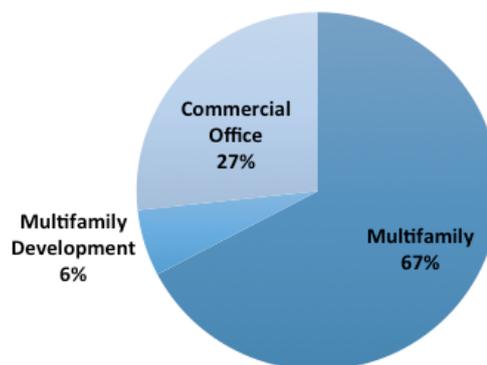
Fund Size (AUDm):	\$83.62	Liquidity:	Nil - Closed-ended fund
APIR Code:	ETL0460AU	Fund Manager:	Spire Capital Pty Limited
Commencement:	18 March 2016	Investment Manager:	Bridge Investment Group, LLC
Zenith Research Rating:	Highly Recommended (Original rating, now lapsed as closed)	Responsible Entity:	Equity Trustees Limited
Unit Price:	\$1.1017	Base Management Fee:	0.58% p.a. x NAV
Distribution Frequency:	Annually as at 30 June	Underlying Fees:	2% of committed equity
2018 Distribution (CPU):	7.43 + 0.00 FITOs	Underlying Performance Fee:	20% of realised profits after an 8% preferred return is paid to Limited Partners.
2017 Distribution (CPU):	2.18 + 0.00 FITOs	Application Status:	CLOSED

REGIONAL BREAKDOWN*

**Underlying Fund investments by
 Equity invested as at
 30 September 2018*



ASSET CLASS BREAKDOWN*



MONTHLY UPDATE

Positively affecting the unit price during the month of November was the net 3.09% increase across the portfolio in the total book value of BMF III assets recorded for Q3. However, negatively affecting the unit price during the month of November was the 2.94% increase in the value of the Australian dollar against the USD dollar from US\$0.7088 to US\$0.7303. The Fund does not hedge currency exposure.

The Unit Price reflects the Q3 2018 Underlying Fund Net Asset Values as at 30 September 2018. 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 III Investment / J-Curve Dashboard

As at 30 September 2018 - US Dollar denominated

Metric	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Committed Capital (USD)	\$9M	\$53M								
Invested Capital %*	54.2%	39.1%	51.1%	62.7%	62.7%	80.7%	80.7%	94.57%	94.57%	94.57%
IRR on Called Capital	NM	NM	7.2%	10.9%	14.9%	14.8%	17.1%	17.9%	18.6%	17.7%
Equity Multiple on Called Capital	1.03x	0.99x	1.05x	1.07x	1.13x	1.13x	1.20x	1.22x	1.28x	1.31x

**Invested Capital as a percentage of Committed Capital*

Q3 INVESTOR LETTER

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

Thank you for your continued support of the Bridge Multifamily III Funds (the "Fund" or the "Partnerships"). We are pleased to share with you the Quarterly Report for the period ending September 30, 2018.

VIEWS ON THE MULTIFAMILY AND COMMERCIAL OFFICE MARKETS

Bridge's multifamily and office strategies are positioned for success as the U.S. economy maintains high growth, a robust labor market, and moderately low interest rates. Real gross domestic product increased at a rate of 3.5% in the third quarter, and the last six months of growth are the fastest two consecutive quarters over the last four years (Bureau of Economic Analysis & U.S. Department of Commerce, as of 2018 Q3). Employment also sustained moderate growth with an average of 190,000 jobs created per month this past quarter (Bureau of Labor Statistics, as of 2018 Q3). While interest rates have increased, they continue to remain within Bridge's expectations and have not been detrimental to our financing activities. Despite eight Federal Reserve interest rate increases since the end of 2015, U.S. cap rates were remained flat or down in the third quarter of 2018 in Commercial Real Estate Markets (Real Capital Analytics, 2018 Q3). In October, the economic expansion became the second-longest running expansion in U.S. history. At 112 months as of October, the current expansion may be poised to break the 120-month record set from 1991 to 2001 (National Bureau of Economic Research). That said, this recovery has been the slowest-growing recovery of the 11 since WWII, and GDP has grown only 23.3% from the most recent trough, which is still less than the average trough-to-peak GDP gain of 25.13%, and we are well below the 42.5% achieved the 1991-2001 recovery (U.S. Bureau of Economic Analysis and Moody's Analytics, as of 2018 Q3).

The strength in the U.S. economy bodes well for apartment demand. While new supply overall remains in balance, the ratio of Class A to Class B new stock has reached 7:1, which creates some concerns in the Class A market in the short run (CoStar, as of 2018 Q3). The proliferation of Class A multifamily development since 2013 has created a growing divide between Class A and Class B fundamentals. The Class B apartment occupancy rate is 3.2% higher than that of Class A, and the effective rent gap per unit between Class A and Class B apartments has grown by over 52.7% since 2010 (CoStar, as of 2018 Q3). This environment is well-suited for Bridge's high-touch, value-add strategy focused on Class B multifamily. For 2018 and 2019, average annual occupancy and rent growth rates for the Bridge Apartment Target Markets are expected to be 93.10% and 3.95%, respectively (CoStar, as of 2018 Q3). The national forecast for occupancy is expected to be similar, and national rent growth is anticipated to be lower at 3.35% (CoStar, as of 2018 Q3).

According to Real Capital Analytics (RCA), multifamily transaction volume shifted to the positive, increasing by 14% on a year-over-year basis in the second quarter to \$48.3 billion (RCA, as of 2018 Q3). This increase was driven by activity in the student housing subtype of the apartment sector and conventional apartment buildings; single-asset deal volume remained strong. As apartment transaction volume increased, prices continued to increase. The RCA Commercial Property Price Index (CPPI) posted a near 10.7% year-over-year gain in the third quarter, with cap rates declining modestly to 5.4% (12 bps according to RCA, as of 2018 Q3). The cap rate spread between the six major metros (4.5%) and non-major metro (5.9%) markets was 140 basis points (RCA, as of 2018 Q3). Bridge's competitive advantage in accessing deal flow has allowed us to continue to successfully source and execute transactions that meet fund objectives in this competitive environment.

Office demand has also benefited from the healthy U.S. economy, but supply has been less of an issue as compared to apartments. As a result, market fundamentals remain strong. Occupancy rates across all Bridge Office Target Markets are still well above the lows experienced in the last downturn (CoStar, as of 2018 Q3). Recent CoStar analytics highlighted the rental gain benefits of renovation strategies in the current expansion; a further validation of Bridge's office investment thesis (CoStar, as of 2018 Q3). Over the 2018 to 2019 horizon, occupancy and asking rent growth rates for the Bridge Office Target Markets are expected to be 90.10% and 2.99%, respectively (CoStar, as of 2018 Q3). The national forecast for occupancy is expected to be similar, with national Office Institutional NOI rising between 2017Q2 and 2018Q2 from \$18.50/sf to \$19.20/sf and \$25.70/sf to \$26.10/sf for the U.S. and U.S. CBDs, respectively (RCA and NCREIF as of October 2018).

RCA indicated that office transaction volume has shifted in the positive in 2018 (RCA, as of 2018 Q3). It was \$34.3 billion in the third quarter; a year-over-year increase of 15% (RCA). Meanwhile, prices have increased, and the RCA CPPI indicated a gain of 7.9% on a year-over-year basis in the third quarter, and CBD and Suburban properties have seen lower proportional growth – for CBDs this can be associated with proportionately higher per-square foot rents (RCA, as of 2018 Q3). CBD office prices increased by 1.8% while Suburban office prices posted a similar quarterly gain of nearly 1.8% (RCA, as of 2018 Q3). Nationally, office cap rates ended the quarter at 6.6%; the average cap rate spread between CBD (5.4%) and Suburban (6.9%) properties was 150 basis points (RCA, as of 2018Q3). Office pricing and fundamental trends continue to create an attractive environment for Class A value-add investment in prime business centers across the US.

INVESTMENT ACTIVITY UPDATE

As of September 30, 2018, Bridge Multifamily III Funds had called 93.8% of the Partnerships' available capital and had made 62 investments in high-growth cities in Arizona, Texas, Florida, Georgia, Maryland, Colorado, North Carolina, and California, funded by \$3.2 billion of total capital and \$923 million of fund equity.

Bridge Multifamily III Funds began the disposition of selected assets in 2018 have realized three assets to date. During the quarter ending September 30, 2018, Bridge Multifamily III Funds realized three assets:

- Heights on Perrin, a 384-unit apartment community in San Antonio, Texas, which was 100% owned by the Fund, closed on September 20, 2018 resulting in a gross IRR of 6.01% versus a pro-forma IRR of 17.91%, a multiple of 1.17x versus a pro-forma multiple of 1.86x.

- Partial sale of Imperial Center, Cambridge and Canterbury, an 89,797 sq. ft. commercial office portfolio in Durham, North Carolina, which is 90% owned by the fund, closed on Jun 20, 2018, resulting in a 61.58% IRR versus a pro-forma IRR of 18.20%, a multiple of 1.87x versus a pro-forma multiple of 1.63x. The second two buildings in the Imperial Center portfolio are scheduled for disposition in Q3/4 and are described below.

In Q4 2018 we began the disposition of selected assets and anticipate closing on the sale of one multifamily asset by the end of Q-4 2018. These sales should return approximately \$11.7 million of Fund equity and \$13.3 million of net gain on sale.

- Partial sale of Oasis Portfolio, Bay Pointe, Island Palms, Bridge Landing, and Desert Pearl, a 480-unit portfolio in Las Vegas, Nevada, which is 100% owned by the Fund, is targeting a 93.06% IRR and 2.21x multiple at disposition, compared to a 3-year pro-forma IRR of 15.98% and 1.52x multiple.

Marketing has also begun on another four assets, including one multifamily investment and three office deals that will close in late 2018 or early 2019.

- Landmark at Banyan Bay, a 646-unit apartment community in Atlanta, Georgia, which is 100% owned by the Fund, is targeting a 59.77% IRR and 3.43x multiple, compared to 23.09% IRR and 2.09x multiple from pro-forma.
- Fairway in Deerfield Beach, a 176,890 sq. ft. commercial office asset in Deerfield Beach, Florida, which is 90% owned by the Fund, is targeting a 19.85% IRR and 1.67x multiple, compared to a 20.60% IRR and 2.08x multiple from pro-forma.
- Fairview, a 182,626 sq. ft. commercial office asset in Charlotte, North Carolina, which is 80% owned by the Fund, is targeting a 21.94% IRR and 1.62x multiple, compared to 18.70% IRR and 2.11x multiple from pro-forma.
- Remainder of Imperial Center, Carlisle and Stratford, a 197,264 sq. ft. commercial office portfolio in Durham, North Carolina, which is 90% owned by the Fund, is targeting a 22.17% IRR and 1.41x multiple, comparing to 18.20% IRR and 1.63x multiple from pro-forma.

OPERATIONAL UPDATE

As of September 30, 2018, the Fund multifamily portfolio is within 3.9% of our life-to-date NOI forecast. Our ongoing 2018 budgeted projections for the portfolio should continue to achieve substantial performance. The multifamily portfolio was 92.8% leased as of September 30, 2018, reflecting the fact that we are in the repositioning mode at a number of assets, with extensive renovations still underway.

The commercial office portfolio is 84.4% leased as of September 30, 2018. Recurring cash flow from the combined portfolio continues to be stronger than expected.

Overall, we feel positive about our commercial office and multifamily investment operations, along with the activity in the specific markets in which we are operating. We appreciate your support as our Partner and are gratified by the progress we have been able to achieve to date in the Bridge Multifamily III Funds. We look forward to continued success.

During Q2, we launched Bridge Multifamily IV, and have secured commitments totaling \$242.3 million, with \$192.5 million callable as of September 30, 2018. So far, the Fund has called approximately 90% of callable commitments and made five investments in high-growth cities in Texas and Georgia, with another three investments under contract. Although in the early stages of implementing our capital improvement program, we feel positive about the prospects of Bridge Multifamily IV.

If you have any questions regarding Bridge Multifamily III Funds or your investment, please do not hesitate to contact Spire Capital on 02 9377 0755.

With Best Regards,



Rich Stayner & Jonathan Slager
Co-Chief Investment Officers
Bridge Multifamily III Funds

SPIRE FUNDS CURRENTLY OPEN FOR INVESTMENT:

Spire USA ROC IV Fund (AUD)

PDS ([click to download](#))

Interactive Application Form ([click to download](#))

Zenith Research Report: "Recommended" ([click to download](#))

Fact Sheet ([click to download](#))

CLOSE DATE: 30 June 2019 (subject to allocation)

EVP Fund II

Information Memorandum ([click to download](#))

Interactive Application Form ([click to download](#))

CLOSE DATE: 21 December 2018

Spire USA ROC Office Fund I (AUD)

Unit Class of the Spire USA ROC IV Fund (AUD)

PDS ([click to download](#))

Interactive Application Form ([click to download](#))

Zenith Research Report: "Recommended" ([click to download](#))

Fact Sheet ([click to download](#))

CLOSE DATE: 21 December 2018

It is expected that the Funds 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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Important Information

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