

SPIRE GLOBAL PRIVATE REAL ESTATE
SPIRE USA ROC OFFICE FUND I (AUD)
 A UNIT CLASS OF SPIRE USA ROC IV FUND (AUD)
 MONTHLY FACTSHEET – MAY 2019



MONTHLY UPDATE

Positively affecting the unit price during the month of May was the net 1.20% increase across the portfolio in the total book value of Bridge Office I Investment assets recorded for Q1. As of Q1 69.64% of capital commitment have been called. Also positively affecting the unit price during the month of May was the 1.56% decrease in the value of the Australian dollar against the USD dollar from US\$0.7039 to US\$0.6929. The Fund does not hedge currency exposure.

The Unit Price reflects the Q1 Underlying Fund Net Asset Values as at 31 March 2019.

PERFORMANCE (NET OF FEES)

Ordinary units as at 31 May 2019

Based upon underlying fund data as at 31 March 2019

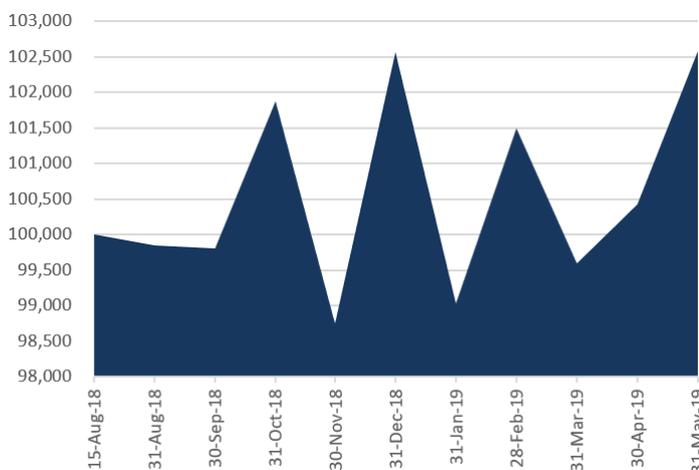
	1 month	3 months	1 year	5 years	Inception
Net returns	2.15%	N/A	N/A	N/A	2.59%

Unit Price as at 31 May 2019	
Unit price (excluding FITOs)	\$1.4207
Est. FITOs	\$0.0028
Unit price plus est. FITOs	\$1.4235

Asset Allocation as at 31 May 2019	
Cash AUD	3.13%
Cash USD	31.36%
Investments USD	65.51%

Unit Price Movement Breakdown	
Underlying investments (incl. cash and distributions)	0.66%
Foreign exchange	1.58%
Management fees	-0.04%
Other income and expenses	-0.05%
Total Movement	2.15%

GROWTH OF AUD 100,000 INVESTMENT¹



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

Performance is measured from the date of the Fund's first issuance of units on 15th August 2018 at \$1.3849 per unit. Individual investor performance will differ based upon the unit price at which there were issued units.

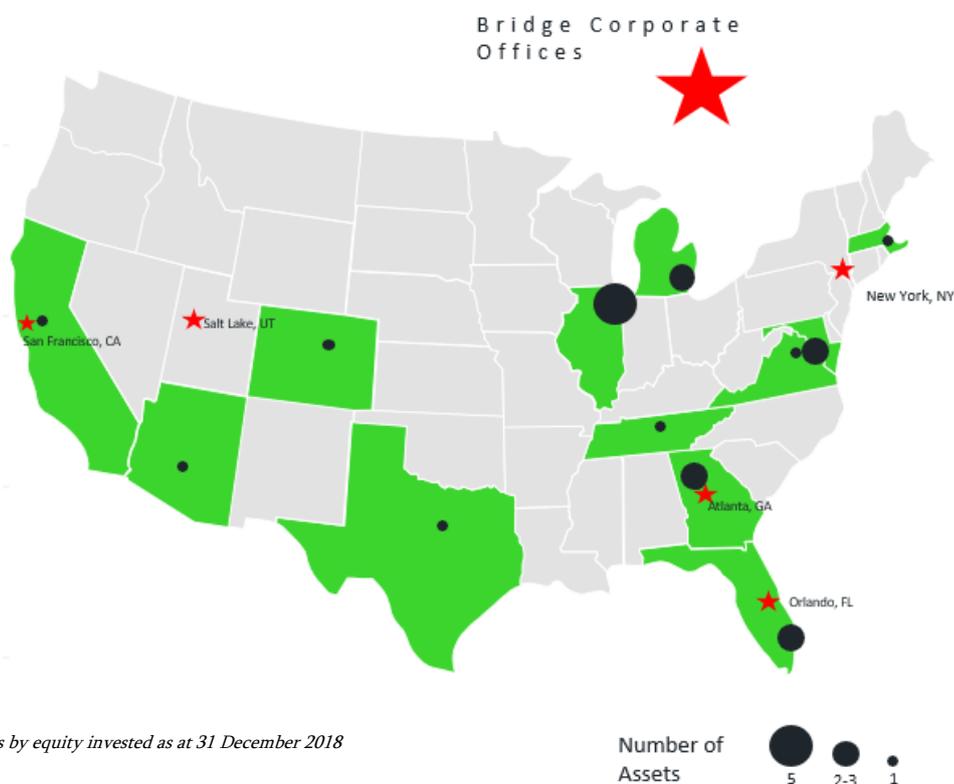
1. Assumes investment on the date of the first issuance of units i.e. 15 August 2018

FUND DETAILS

Fund Size (AUDm):	\$51.42m
APIR Code:	ETL1567AU
Commencement:	29 May 2018
Zenith Research Rating:	Recommended (Original rating, now lapsed as closed)
Unit Price:	\$1.4207
Distribution Frequency:	Annually as at 30 June
Application Status:	CLOSED
Liquidity:	Nil - Closed-ended fund

Fund Manager:	Spire Capital Pty Limited
Investment Manager:	Bridge Investment Group, LLC
Responsible Entity:	Equity Trustees Limited
Base Management Fee:	0.60% p.a. x NAV
Underlying Fees:	2% of committed equity
Underlying Performance Fee:	20% of realised profits after an 8% preferred return is paid to Limited Partners.

REGIONAL BREAKDOWN*



**Underlying Fund investments by equity invested as at 31 December 2018*

OVERVIEW

Spire USA ROC Office Fund I (AUD) (‘the Fund’ a unit class of Spire USA ROC IV Fund (AUD)) seeks to generate regular income and capital appreciation by investing in value-add US real estate. ‘ROC’ stands for Real estate Opportunity Capital. The Fund was established in June 2018 and acts as an unhedged Australian feeder fund into the assets of the underlying Bridge Office Fund I LP (‘BOF I’); a Private Equity Real Estate underlying fund.

The Investment Manager for each underlying fund is Bridge Investment Group LLC. Bridge is a specialist US real estate funds manager with over US\$18 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.

The underlying fund seeks to invest in real estate in select US local markets that have attractive growth characteristics, and to acquire assets that can be purchased at significant discounts to replacement cost, and are intended to be cash-flow positive, either immediately or after improvements. Bridge transform assets via a business plan that seeks to improve the physical asset, market repositioning, operational efficiency and/or capital structure.

BOF I held its final close in January 2019 raising US\$735.5 million (total committed equity, including co-invest) value-add ‘buy, fix, sell’ fund, which will invest in value-add US commercial office properties. The targeted IRR on invested capital for BOF I is 14-16% net (USD denominated).

Q1 INVESTOR LETTER FROM BRIDGE INVESTMENT GROUP

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

Thank you for your continued support of Bridge Office I Funds (“Bridge Office” or the “Partnerships”). We are pleased to share with you the quarterly report for the period ending March 31, 2019.

VIEWS ON THE COMMERCIAL OFFICE MARKETS

As we exit the first quarter of 2019, Bridge’s office strategy remains well-positioned for success. A growing U.S. economy, strong household formation rates, and job creation continue to bolster the investment landscape. Furthermore, Bridge’s ongoing refinement of data-driven investment analytics continues to improve our ability to select high performing markets and screen out the “noise.” These factors have allowed Bridge to continue to find well-located high-quality opportunities.

Real gross domestic product is estimated to grow by an annualized rate of 3.2% as of the first quarter of this year.ⁱ Notably, this forecast is a revision up from previous projections and tracks similarly to the outsized growth seen in the third quarter of 2018. The quarter’s annualized growth remains above the current expansion’s average of 2.18%.ⁱⁱ Employment has also sustained significant growth with an average of 180,000 jobs created per month in 2019.ⁱⁱⁱ As of today, the economic expansion remains the second-longest running expansion in U.S. history, and at 118+ months is poised to break the 120-month record set from 1991 to 2001. That said, the current expansion has been the slowest-growing recovery of the 11 since WWII.^{iv} Although GDP has grown 24.5% since the last trough, we have yet to reach the average trough-to-peak gain of 25.13%, and we are well below the 42.5% gain achieved in the 1991-2001 expansion.^v This slow and steady growth suggests the expansion will continue for the foreseeable future.

The Federal Reserve has not broken message since moderating its position on interest rates earlier in the year. In conjunction with holding the Fed Funds rate steady in March 2019, the FOMC lowered expected 2019 hikes from two to zero. The change has been largely met with investor optimism, as reflected in the public equity markets, and the reprieve from interest rate hikes provides flexibility to Bridge’s financing activities. Notwithstanding eight interest rate moves since between late 2016 and 2018, U.S. cap rates remain flat to down in Commercial Real Estate Markets.^{vi}

The strength in the U.S. economy bodes well for office demand, and our business strategy continues to see significant tailwinds as the demand is especially focused in better located and amenitized projects like the ones owned by the Fund. A healthy U.S. economy is good for office demand and oversupply has not been an issue in Bridge markets given the significant construction costs for new properties. As a result, market fundamentals remain strong. Occupancy rates across all Bridge Office Target Markets are at 90.2%, which is near the peak of the expansion compared to the low of 85.4% seen during the last downturn.^{vii} Over the 2019 horizon, occupancy and asking rent growth rates for the Bridge Office Target Markets are expected to be 90.3% and 3.17%, respectively.^{viii} The national forecast for occupancy is expected to be similar, with the Office NOI Index rising nearly 4.15% by the end of 2020. Bridge Office Target Markets are expected to see a 6.27% increase in the NOI Index over the same period.^{vii}

Transaction volumes for office real estate totaled \$25.6 billion this quarter, which is a 14% decline from this time last year. However, activity has picked up in the latter part of the quarter and is expected to continue at a solid pace throughout the year. Prices have continued to rise for suburban offices.^{viii} RCA’s CPPI index shows a 5.2% annual increase in pricing from this point last year. Noticeably, the price growth for suburban properties has far outpaced CBD assets, which have grown 100 basis points slower over the same period.^{viii} The finding is substantial as it bolsters Bridge’s office selection thesis. When considered in conjunction with office cap rates, which remain flat, the trend in office fundamentals continue to create an attractive environment for capitalizing on value-add investments across prime business centers and secondary markets.

INVESTMENT ACTIVITY UPDATE

As of March 31, 2019, Bridge Office Fund I had commitments totaling \$572.8 million and had called \$396.4 million to make 24 investments across various markets in the U.S. Across all investments, the underwriting proformas forecast a weighted average three-year cash-on-cash return of 9.4%, an asset-level IRR of 22.0%, and a 1.86x multiple on the invested equity. The Partnership acquired the following two projects during the first quarter, and sold one:

- Sawgrass Tech Park, a 514,332-square foot business park outside Fort Lauderdale, FL which was acquired for \$74,250,000, and \$30,648,807 of equity. The asset is wholly owned by the fund, and projected to return a gross 19.0% IRR over its 6 year hold-period, resulting in a 2.34x equity multiple. The return will largely be driven by cash-flow, with a projected 11.3% annual cash-on-cash return.

- Cornerstone Plaza is a 97,316-square foot tower in San Diego, CA. The fund acquired the asset for \$18,550,000, and \$6,966,165 of equity. The asset is wholly owned by the fund. The building was 68% occupied at acquisition, and the business plan includes significant leasing to stabilize the asset at market occupancy of 89%. This is projected to drive a 19.4% gross IRR and 1.66x equity multiple.
- Royal Centre II is one building within the three building Royal Centre asset acquired in March 2018. Building II was stabilized, and in-line with the business plan, we sold the building in March 2019. The building was sold for \$24.85 million and resulting in a 38% gross property IRR and 1.35x equity multiple.

Subsequent to the end of the quarter, the Fund entered an agreement to acquire an additional asset and is under contract to sell one.

- 400 S Colorado, a 122,788-square foot, 9-floor tower in Denver, Co which is under contract to be acquired in Q3 2019 for \$20,600,000, with an estimated \$9,000,000 of equity. This deal was won after another group failed to acquire the asset and was it brought back to Bridge due to our certainty of closing on the asset, and our reputation in the market. The asset was acquired with a proforma IRR of 23.9% and 9.5% cash-on-cash return over the prospective 3-year hold period.
- Desert Canyon, a 149,211-square foot building that was acquired as part of the Piedmont Portfolio in January 2018. Acquired as a vacant building, the asset has since been 100% leased to Maximus (NYSE: MMS). To capitalize on the value Bridge has created, we are selling the asset, in-line with the business plan. The asset is under contract to sell in May of 2019.

OPERATIONAL UPDATE

As of Q1, the Fund I portfolio has a life-to-date NOI that is 1.5% above pro-forma and 2019 Q1 NOI is 3.2% above pro-forma (when accounting for early termination fees). As of March 31, 2019, the fund's assets are 82% leased, having signed 75,152 square feet of new or renewal leases over the first quarter of 2019, with several additional leases currently being negotiated.

During the first quarter, we held our final close for Fund I, with an additional \$148.63 million of commitments to the fund, for a total of \$572.81 million as of March 31. Operational performance continues to exceed underwritten expectations.

In summary, Q1 2019 was a significant growth period for the Bridge Office I Fund asset portfolio, providing the above-mentioned great additions to an already attractive portfolio. The additions increased the total deployed capital in the fund's portfolio to 69% of commitments, and capital commitments post quarter increased to 70%. The pipeline of opportunities remains robust and we expect to see more great acquisitions as we finish the initial deployment for the fund over the next few quarters.

Overall, we feel positive about our investment operations, along with the activity in the specific markets in which we are operating, and the activity the market is showing on our initial asset dispositions.

We appreciate your support as our Partner and are gratified by the progress we have been able to achieve to date. We look forward to continued success. If you have any questions regarding the Partnerships or your investment, please do not hesitate to contact Spire Capital on 02 9047 8800.

With Best Regards



John Ward
Chief Investment Officer
Bridge Office I Funds

ⁱ Bureau of Economic Analysis, as of Q1 2019

ⁱⁱ Moody's Analytics, Real GDP, as of Q1 2019

ⁱⁱⁱ Bureau of Labor Statistics, as of April 2019

^{iv} National Bureau of Economic Research (NBER)

^v Moody's Analytics & NBER, as of Q1 2019

^{vi} Real Capital Analytics, Cap Yield Report, as of Q1 2019

^{vii} CoStar Analytics, as of Q1 2019

^{viii} Real Capital Analytics, as of Q1 2019

SPIRE FUNDS CURRENTLY OPEN FOR INVESTMENT:

Spire USA Multifamily Fund IV (AUD)

AVAILABLE TO WHOLESALE INVESTORS ONLY

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

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

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

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

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

CLOSE DATE: 30 September 2019 (subject to allocation)

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

CONTACT US

For further information please:

Call us on: +61 2 9047 8800

Email us at: info@spirecapital.com.au

Visit our website: www.spirecapital.com.au

Important Information

"Equity Trustees Limited ("Equity Trustees"), ABN 46 004 031 298 and Australian Financial Services Licence Number 240975, is the Responsible Entity of the Spire USA ROC IV Fund (AUD) (Fund). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22607 797615), a publicly listed company on the Australian Securities Exchange (ASX:EQT). Spire Capital Pty Ltd ("Spire") ABN 21 141 096 120 and (wholesale) Australian Financial Services Licence Number 344365 is the Fund Manager of the Fund. This Fact Sheet has been prepared by Spire for general information purposes only. It does not contain investment recommendations nor provide investment advice. Neither Equity Trustees nor Spire nor their related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in the Fund or the accuracy of information in this document and accepts no liability to any person who relies on it. Past performance is not necessarily indicative of future performance. Professional investment advice can help you determine your tolerance to risk as well as your need to attain a particular return on your investment. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should not act in reliance of the information of this Fact Sheet. We strongly encourage you to obtain detailed professional advice and read the relevant product disclosure statement in full before making an investment decision. Applications for an investment can only be made on an application form accompanying a current Product Disclosure Statement ("PDS").