

MONTHLY UPDATE

Positively affecting the unit price during the month of May was the net 0.42% increase across the portfolio in the total book value of Bridge Seniors II Investment assets recorded for Q1. 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 Unit Class as at 31 May 2019

Based upon underlying fund data as at 31 March 2019

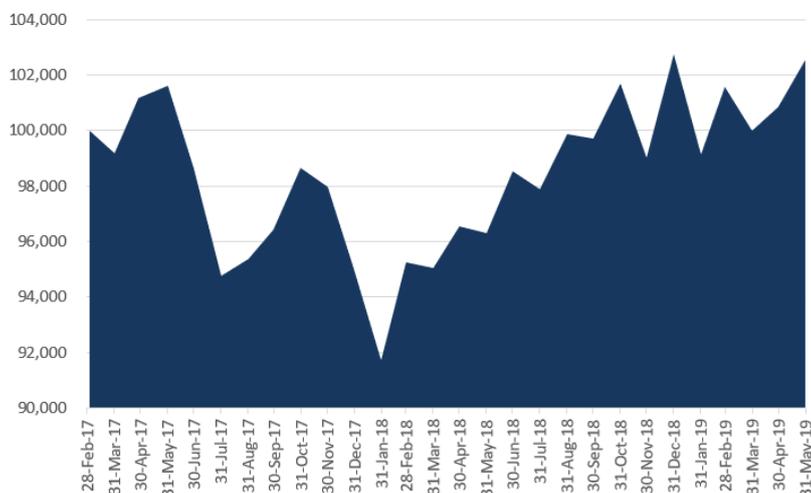
	1 month	3 months	1 year	5 years	Inception (p.a)
Net returns	1.72%	0.99%	6.49%	N/A	1.13%

Unit Price as at 31 May 2019	
Unit price (excluding FITOs)	\$1.3488
Est. FITOs	\$0.0013
Unit price plus est. FITOs	\$1.3501

Asset Allocation as at 31 May 2019	
Cash AUD	0.50%
Cash USD	42.97%
Investments USD	56.53%

Monthly Unit Price Movement Breakdown	
Underlying investment	0.24%
Foreign exchange	1.54%
Management fees	-0.04%
Other income and expenses	-0.02%
Total Movement	1.72%

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 3rd March 2017 at \$1.3220 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. 3rd March 2017

OVERVIEW

The Fund was established in 2017 and acts as an unhedged Australian feeder fund into the assets of Bridge Seniors Housing & Medical Properties Fund II LP ("Bridge Seniors II"). Bridge Seniors II is a US\$1.05 billion (equity) "buy, fix, sell" private equity real estate fund, investing in value-add US seniors housing and medical properties. The Fund has a US\$49.5 million capital commitment to Bridge Seniors II, of which 58.4% has now been called and invested. The Fund owns a 67.74% share of a diversified current portfolio of 38 separate seniors housing assets located across 14 US states, providing a total of 4,600 seniors housing units. Bridge Seniors II's Investment Period will run until January 2020, during which the investment portfolio will continue to be aggregated. After this date Bridge Seniors II's Harvest Period will commence, during which portfolio assets will be sold, most likely via a portfolio sale, when the portfolio has been 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\$15 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 2,600 management, leasing and facilities employees across the states in which assets are owned.

SPIRE GLOBAL PRIVATE REAL ESTATE
**SPIRE USA ROC SENIORS HOUSING AND
 MEDICAL PROPERTIES FUND II (AUD)**
 MONTHLY FACTSHEET - MAY 2019



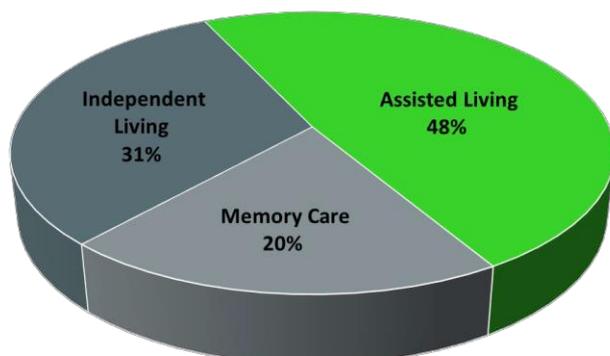
FUND DETAILS

Fund Size (AUDm):	\$68.20m	Fund Manager:	Spire Capital Pty Limited
APIR Code:	ETL1507AU	Investment Manager:	Bridge Investment Group, LLC
Commencement:	17 February 2017	Responsible Entity:	Equity Trustees Limited
Zenith Research Rating:	Recommended (Original rating, now lapsed as closed)	Base Management Fee:	0.60% p.a. x NAV
Unit Price:	\$1.3488	Underlying Fees:	2% of committed equity
Distribution Frequency:	Annually as at 30 June	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
2018 Distribution (CPU):	0.6764 + 0.00 FITOs		

REGIONAL BREAKDOWN*



ASSET TYPE*



*Underlying Fund investments by Equity invested as at 31 March 2019



Q1 INVESTOR LETTER FROM BRIDGE INVESTMENT GROUP

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

Thank you for your support of Bridge Seniors II Funds together with its parallel vehicles, (“Bridge Seniors Fund II” or the “Partnerships”). We are pleased to share with you the Quarterly Report for the period ending March 31, 2019.

VIEWES ON THE SENIORS HOUSING MARKETS

Bridge Seniors Housing Fund Manager LLC (“Bridge”) is implementing a strategy that is positioned to benefit from the confluence of aging baby boomers beginning to need or elect service-enriched seniors housing, high U.S. economic growth, a robust labor market, and moderately low interest rates.

As we exit the first quarter of 2019, Bridge remains well-positioned for success. A growing U.S. economy, strong household formation rates, and steady job growth continue to bolster the investment landscape.

Real gross domestic product grew 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 earlier in the year 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 With the Fed having moved to a more dovish tone and the global economy, particularly China, showing some improvement there are no near term signals that elicit concern for continued gradual prosperity.

The Federal Reserve has not broken message since it moderated its position on interest rates earlier in the year in responding to signals of steady growth in the economy, low inflation, and tight labor markets. 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 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 seniors housing market has experienced a national decline in occupancy, primarily stemming from significant inventory growth over the last three years. Delivery of seniors housing in the NIC 99 top markets hit a recent peak in 2017 (Table 1.1). Although assisted living occupancy has fallen to just over 85% (Table 1.2), it continued to increase slightly in Q1. Absorption of seniors housing supply increased to 2.7%, and construction starts continued to slow to 6.0% of supply during the quarter. With tightening credit markets limiting new development and the prospect of a rapidly-growing 75+ year old market associated with the baby boomers, absorption is expected to continue and accelerate. Rent growth for the industry remained at 3.0% annualized during the quarter, ahead of the U.S. inflation rate of 1.9% at the end of the quarter.

For our third-party managers who staff and manage our properties, the strong employment market and seniors housing supply growth has put pressure on the labor market, with talent sourcing and development becoming a key focus. As a result, labor costs grew by 4.5% in assisted-living hourly wages in Q1, putting additional pressure on operating cash flows. We have found that these pressures are driving significant distinctions between our third-party managers in their ability to execute our plans. While much of our portfolio lies outside the geography of the supply growth, this paradigm of industry growth coupled with a tight labor market has diluted the trained talent pool at the property and middle- management level, regardless of geography. Bridge is responding by creating programs, information and, in some cases, temporary staffing, to build productivity, particularly in sales and marketing. In addition to third-party manager options, Bridge now controls a seniors housing management company; in December 2018, a Bridge affiliate acquired Somerby Senior Living Services (“Somerby”), a prominent management company based in the Southeast. Somerby currently manages 14 communities with an average occupancy of 94%. In March and April 2019, we transitioned our communities in Fayetteville, NC and Orlando, FL to Somerby. We anticipate that this vertical integration option will allow for the accelerated transition of underperforming third-party managers, more direct control of sales and marketing processes, and greater opportunities to deliver results to our investors.

Table 1.1

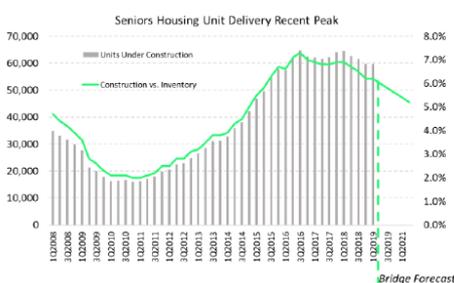


Table 1.2

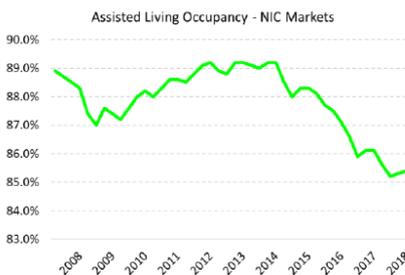
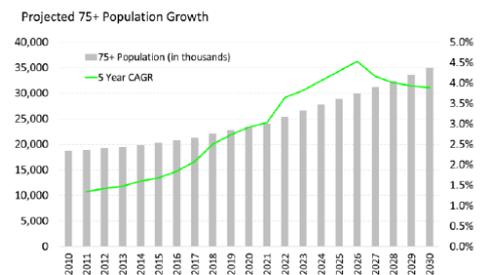


Table 1.3



Source: NIC Map Data Services

The unprecedented long-term demographic trends continue to lend confidence to long-term demand. As you can see from the charts above, the first baby boomers will begin to turn 75 in 2021, with the 75+ year old population continuing to grow significantly for the next 20 to 30 years (Table 1.3). This population continues to strengthen, as the number of seniors grows from 19.84 million in 2014 to 26.56 million in 2023.

INVESTMENT ACTIVITY & OPERATIONAL UPDATE

As of March 31, 2019, Bridge Seniors Fund II has called 50% of the Partnerships' available capital, for investments in 38 properties across 14 states and including approximately 4,600 units. The investments have a total capital allocation of \$1.3 billion and include a blend of stabilized and value-add property profiles. Fund distributions continued in Q1 2019 at nearly 5% of invested capital. Distributions are anticipated to increase as value-add properties stabilize, although some volatility may occur during the balance of the deployment window. The investments to date are projected, based on base case assumptions, to achieve an asset-level IRR of 17%.

During the quarter ending March 31, 2019, Bridge Seniors Fund II acquired two properties:

- Somerby Sandy Springs, a 200-unit AL/MC seniors housing community located in Atlanta, GA
- Benton House Aiken, a 75-unit AL/MC seniors housing community located in Aiken, SC

Looking forward, we anticipate investing at a pace that results in approximately 95%-96% of capital called through 2020. As a result of the acquisition activity mentioned above, a capital call of approximately 8.5% of commitments was sent on May 7th, 2019. Capital calls of 6%-10% per quarter should be expected hereafter. While the market remains competitive, we continue to source high-quality deals in excellent markets and maintain a significant pipeline of new acquisition opportunities. It is important to note that incremental inflows of new capital have entered the sector, putting additional pressure on pricing and returns. Furthermore, there's been a noticeable decrease in deal flow for value-add assets that have a favorable risk adjusted return profile. While we will strive to identify investments that fit our value-add criteria, we anticipate that the remainder of the portfolio will be weighted more to income and growth than originally anticipated. Assuming heavier weighting of the remaining deployment to income and growth assets, it is anticipated the portfolio's total returns may be slightly less than originally expected. We will continue to update expectations as the portfolio is built out. In any event the overall portfolio is anticipated to deliver outsized returns relative to the public REITs and core-plus funds. For example, our Q1 2019 distribution was 5.4%, which is expected to grow as the value-add investments are seasoned. Our distribution already compares favorably to the 5.3% average dividend of the three large healthcare REIT's (VTR, WELL, HCP) since Fund II's first close of capital (April 2017).

As the portfolio matures, we will continue to draw on the seasoned capabilities of our Somerby operating platform and asset management team, which often allocates resources to assist our third-party managers as they mature and deal with growth and talent issues. Bridge's actions include evaluating and implementing many new programs designed to add value and to help our third-party managers to more quickly identify and correct performance issues and to achieve our mutual performance goals. Most notably, Bridge's asset management team has sponsored sales training for 180 of the sales and leadership personnel at our communities. Other programs related to sales staff, sales training and lead generation are all underway. Given our observations of our assets and the competitive occupancies in their submarkets, we remain confident that we will see occupancy growth and more attractive cash flow from the portfolio as these efforts take hold.

The performance summary for Q1 identifies a negative net IRR, which is common in the early deployment stages of a fund, due to 16 of 38 properties held at cost minus transaction costs and fund expenses during the quarter. We anticipate the net IRR will move positively in Q2 2019, as we mark this portfolio of properties to fair market values. We believe the portfolio assembled reflects strong financial metrics, and Bridge Seniors Fund II is well-positioned to deliver attractive risk-adjusted returns, with good cash flow early in the life of the Fund and great assets in high quality markets.

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

With Best Regards,



Phillip Anderson
Chief Investment Officer
Bridge Seniors II 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

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

^{vi} Real Capital Analytics, Cap Yield Report, 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

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