SPIRE GLOBAL PRIVATE REAL ESTATE

# SPIRE USA MULTIFAMILY FUND IV (AUD)

*A UNIT CLASS OF SPIRE CAPITAL MASTER FUND*

MONTHLY FACTSHEET – MAY 2020

## Monthly Update

Negatively affecting the unit price during the month of May was the net decrease across the portfolio in the total book value of Bridge MF IV assets recorded for Q1. The net decrease in the total book value is the recognition of new acquisitions which are recognised at cost less acquisition expenses (in accordance with US GAAP). Also negatively affecting the unit price during the month of May was the 1.42% increase in the value of the Australian dollar against the USD dollar from US$0.6566 to US$0.6659. The Fund does not hedge currency exposure.

The Unit Price reflects the Q1 Underlying Fund Net Asset Values as at 31 March 2020.

## Performance (Net of Fees)

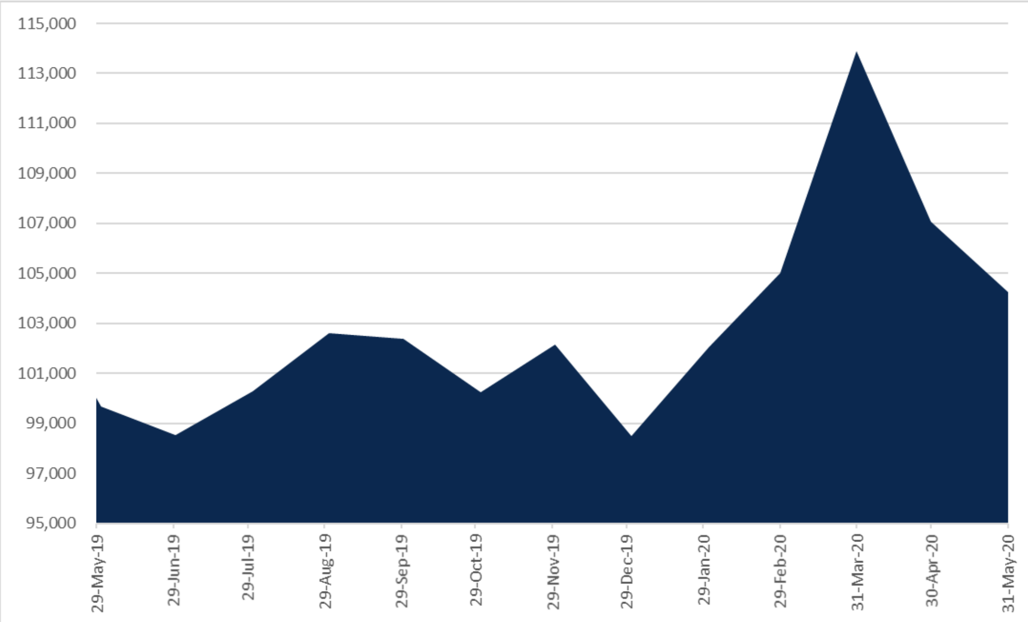
*As at 31 May 2020*
*Based upon underlying fund data as at 31 March 2020*

| 1 month | 3 months | 6 months | 1 year | 3 years (p.a) | Inception (p.a) |
|---|---|---|---|---|---|
| **-2.64%** | **-0.73%** | **2.05%** | **4.60%** | **N/A** | **4.25%** |

| Asset Allocation as at 31 May 2020 | |
|---|---|
| Cash AUD | 0.79% |
| Cash USD | 56.35% |
| Investments USD | 42.86% |

| Unit Price Movement Breakdown | |
|---|---|
| Underlying investments (incl. cash and distributions) | -1.18% |
| Foreign exchange | -1.39% |
| Fees and expenses | -0.07% |
| **Total Movement** | **-2.64%** |

## Growth of AU$100,000 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 first issuance of units on 29th May 2019 at $1.4470 per unit and includes Unit Price growth from commencement of NAV based unit pricing following completion of capital raising in January 2020. Unit Price and performance do not include the value of Foreign Income Tax Offsets (FITOs) which have been distributed in addition to cash. Individual investor performance will vary according to the Application Price at which they were issued Units in the Fund, which in turn was based upon the AUD / USD exchange rate applicable on the day that an investment is accepted.*

## Fund Details

| | | | |
|---|---|---|---|
| **Fund Size (AUDm):** | $51.37m | **Fund Manager:** | Spire Capital Pty Limited |
| **APIR Code:** | SPI1337AU | **Investment Manager:** | Bridge Investment Group, LLC |
| **Commencement:** | 11 April 2019 | **Trustee:** | Spire Capital Pty Limited |
| **Zenith Research Rating:** | Recommended (Original rating, now lapsed as closed) | **Base Management Fee:** | 0.50% p.a. x NAV |
| **Unit Price:** | $1.5085 | **Underlying Fees:** | 2% of committed equity |
| **Distribution Frequency:** | Biannually as at 31 December and 30 June | **Underlying Performance Fee:** | 20% of realised profits after an 8% preferred return is paid to Limited Partners. |
| **Application Status:** | CLOSED | **Liquidity:** | Nil - Closed-ended fund |

## Bridge Multifamily IV Funds - Q1 2020 Investor Letter from Bridge Investment Group

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

Thank you for your support of Bridge Multifamily IV Funds (the "Fund" or the "Partnerships"). We are pleased to share with you the Quarterly Report for the period ending March 31, 2020.

### Observations on the Ongoing Impacts of COVID-19 on the Economy and Commercial Real Estate Markets

Traditionally, at each quarter end we report on conditions informing our investment decisions and investment activities from the preceding quarter. However, Bridge recognizes that in these extraordinary times, reporting on the present is equally important.

First and foremost, we want to highlight Bridge's actions with respect to our constituencies: our residents, tenants and employees. Our employees are the Bridge family, and without these frontline heroes we would not enjoy our successes nor have the confidence in our ability to weather turbulent times. We have implemented best practices of working remotely, enhanced protocols around sanitization, social distancing and other safety measures. We have committed to all of our employees that there will be no layoffs or terminations due to the COVID-19 pandemic and that all Bridge colleagues can work hard knowing that our Company is standing firmly behind them. When we emerge from this disruption, we expect that our opportunities will be greater than before, and we have ensured that our Company remains poised to capture opportunities as they emerge. We are already seeing some "green shoots" of opportunity across our verticals.

We have made deep commitments as well to residents in our multifamily communities via the Bridge Cares: COVID-19 Relief Fund. Bridge has allocated over $1.5 million in financial support for our multifamily and seniors housing residents affected by COVID-19. Bridge has also implemented the Bridge COVID-19 Financial Hardship Assistance Program to aid our multifamily residents through flexible rent plans and assistance to food and other resources available in their local areas. And in times when we read media reports of property managers taking caustic actions towards their residents, we believe in the purposefulness of our actions and recognize that the Bridge brand will be stronger as a result of our commitments to our residents and communities.

Turning to observations of market conditions, we are beginning to understand the potential depths of a U.S. recession. The headline Q1 2020 GDP figure released on April 29, 2020 reveals how swiftly the impacts of COVID-19 changed the U.S. economy, with a negative 4.8% seasonally adjusted annual growth rate. The U.S. Congressional Budget Office ('CBO') expects that the downturn will be sharp but brief, forecasting the change in the annual rate for Real GDP at negative 39.6% in Q2 2020 and rebounding to positive 23.5% in Q3 2020.[i] The CBO expects that official unemployment will increase to 16.0% through Q3 2020 before decreasing to 11.7% in Q4 2020; however, the CBO has a challenging outlook for 2021and anticipates the unemployment rate will remain high at 10.1% through 2021[ii]. Bridge's internal estimates highlight a more severe employment situation currently, and we estimate that unemployment exceeds 20% as of the week ending April 25, 2020.[iii] These are truly unusual times in which the rapid deterioration of conditions require tracking weekly estimates to reveal the scale of turmoil in employment conditions.

The negative economic outlook is central to the debate as to whether some parts of the U.S. are ready to ease social distancing protocols including safer-at-home and stay-at-home mandates. State and local economies are experiencing unprecedented levels of unemployment, and the rate at which this disruption has occurred has revealed the strong relationship between the health of the U.S. economy and the active participation of the American consumer. A number of states with a pronounced Bridge presence—including Georgia, Florida, Utah, Colorado, and Texas—are, or are making strides towards, opening up. More states will follow as we enter mid-2020, which will result in a gradual revival of activity in high value industries including construction and manufacturing while also expanding personal care services, financial services, and retail. Industries such as leisure, hospitality, travel and entertainment are more difficult to predict, but a certainty across the board is that there will be new protocols for the conduct of business and public life. Ultimately, how robust of a recovery we will see is a question of U.S. consumer confidence, which prior to the current crisis had reached levels not seen since the late 1990s.[iv]

Amidst uncertainty about degrading economic conditions, we see reason for measured optimism in light of the scale of the U.S. Government's response to the current crisis. The Federal Reserve, the White House, and Congress continue to administer targeted and discretionary relief to support the economy. In the short time since this crisis began, four fiscal rescue packages have been signed into law with the total support to the economy nearing $3 trillion, or 13.8% of Q4 2019 Current Dollar GDP. [v] In addition, beginning in March 2020, we have seen the Fed take proactive, thoughtful actions in order to support the smooth functioning of the U.S. credit markets. The Fed has been able to effectively utilize its toolkit to provide liquidity, stability, and confidence to the market and to investors. The Fed reaffirmed its commitments at the conclusion of the April 2020 meetings, pledging "to using its full range of tools to support the flow of credit to households, businesses, and communities to counter the economic impact of the coronavirus pandemic and promote a swift recovery once the disruptions abate." [vi] Fed Chairman Powell called for additional action by Congress and the White House, noting that "the economy will need more support from all of us if the recovery is to be a robust one." [vii]

While we expect to see resilience of the U.S. real estate sector longer term, we are prepared to weather an economic slowdown in the short term as conditions degrade. Entering mid-Q2 2020, leasing has continued, but at a much slower rate, with leasing activity and showings at 30-40% of pre-COVID levels. We have successfully transitioned to virtual touring, augmenting leasing activity at the asset level. Deal acquisition and sales activity has slowed significantly across all commercial real estate sectors. We expect to see impacts continue through at least the beginning of Q3 2020, with continued lower levels of leasing activity, lack of new debt liquidity, and continuing issues with delinquency and ability to pay rent among certain impacted individuals and companies. While we expect a modest recovery as states continue to open their economies, it is too early to predict the shape and strength of the recovery, and as such, we will continue to operate defensively with respect to our current holdings, maintaining liquidity, while continuing distributions.

Bridge is operating with caution across strategies and focusing on clear communications across each of our verticals to inform our investment decisions. We have also reached out to you and all investors with an early assessment of the impact of COVID-19 on March 12, 2020, more recently on April 16, 2020, and with planned webinars the week of May 18th, continuing forward for as long as the crisis remains a factor in our investment decisions.

## Views on the Multifamily Market at Q1 2020 Quarter End

As 2020 began, the U.S. economy was in a different state. At the start of the quarter, the commercial real estate markets were benefiting from a growing U.S. economy, strong household formation rates, and steady job growth bolstered the domestic investment landscape for real estate assets. Bridge Target Markets evidenced particularly strong fundamentals on a relative basis, which were accretive to our activities, and an evolving financing environment brought new opportunities to strengthen returns. However, as the COVID-19 health crisis impacted the U.S. in March 2020, state and local governments initiated measures intended to reduce transmission of the virus ranging from school closures to restricting business activity to shelter-in-place mandates and safer-at-home guidelines. The cumulative effects have continued past quarter end, and the data below reflects a composite view of key indicators over the course of the quarter rather than a point-in-time view of the quarter end.

Headline economic figures in the U.S. remained positive with individual Fed Branches posting forward-looking estimates of GDP that remained positive through mid-March 2020, but the sharp declines in economic activity in March 2020 resulted in Q1 2020 GDP at a negative 4.8% annual growth rate. [viii] New job creation had averaged 125,000 per month over the past year, but the official BLS estimates of 701,000 jobs lost in March resulted in 71,000 jobs lost on a monthly average over the course of the quarter, which resulted in an unemployment rate of 4.4% as of March 2020.[ix] Not included in these estimates are initial unemployment claims, which surged late in the quarter with seasonally adjusted initial claims totaling 10 million individuals over the two-week period ending March 28,2020;[x] as noted above, the unemployment situation continued to degrade post-quarter end.

Fundamentals in the multifamily sector held steady at quarter end. Multifamily vacancy rates inched up to 4.39% in Q1 2020, retreating slightly from the years-long low registered during Q3 2019. Bridge expects that, post quarter end, we will see marginal increases in vacancy rates as a moratorium on evictions has been enacted nationwide. Effective rent growth continued at 2.9% in Q1 2020,[xi] and developers continued to respond to the tight market, as evidenced by the more than 99,400 multifamily permits that were issued nationwide during Q1 2020, albeit a 23.3% decrease over revised estimates of 129,700 permits issued in Q1 2019.[xii]

Multifamily transaction activity remained healthy through the majority of Q1 2020 with sustained and strong investor interest in the sector. National average cap rates settled in the 5.4% range (above what we see in Bridge Target Markets) with top-quartile transactions trading below 4.8%.[xiii] Meanwhile, property pricing continued its strong momentum during the quarter, with the RCA Multifamily Commercial Property Price Index (CPPI) posting a 11.1% year-over-year increase, which was up from 9.6% at yearend 2019.[xiv] Multifamily transaction volume decreased from $50.4 billion in Q4 2019 to $36.9 billion in Q1 2020, and rolling four-quarter volume increase to $184.3 billion, or 4.8% due to the large volume of transactions occurring between Q2 2019 and Q4 2019.[xv]

## Investment Activity Update

As of March 31, 2020, Bridge Multifamily IV had raised equity commitments totaling $1.594 billion. The Partnerships had called 42% as of March 31, 2020. As of May 4, 2020, we have closed or under contract approximately 54% of Bridge Multifamily IV's anticipated real estate allocation.

As of March 31, 2020, we made 30 investments in high-growth target markets. During the quarter ending March 31, 2020, the Partnerships acquired three investments:

- The Club, a 352-unit apartment community in Hillsboro, Oregon, closed on January 16, 2020 with a purchase price of $91.0 million and equity investment of $33.32 million. The investment will be 100% owned by Bridge Multifamily IV and targets an average four-year cash-on-cash return of 5.7% and an asset-level 13.0% IRR.
- The Terraces, a 373-unit apartment community in Hillsboro, Oregon, closed on January 16, 2020 with a purchase price of $99.03 million and equity investment of $37.11 million. The investment will be 100% owned by Bridge Multifamily IV and targets an average four-year cash-on-cash return of 5.8% and an asset-level 13.5% IRR.
- Cabana on 99th, a 286-unit development deal in Glendale, Arizona, closed on January 24, 2020 with a land purchase price of $3.85 million and equity investment allocation of $15.6 million for new construction. The investment will be 95% owned by Bridge Multifamily IV and targets an asset-level 17.9% IRR and 1.5x Multiple.

As of now, we are cautious and selective on deployment as we evaluate the impact that COVID-19 will have on valuation. To date, while we are seeing some transactions being delayed, we have not seen any trades that would indicate any pricing impact on deals that are trading. Post March 2020, Bridge Multifamily IV brought four investments under contract including:

- Alta Vue, a 305-unit development deal in Salt Lake City, Utah, is targeted to close with a land purchase price of $1.58 million and equity investment allocation of $25.17 million for new construction. The investment will be 88% owned by Bridge Multifamily IV and targets an asset-level 16.2% IRR and 1.68x Multiple. This asset is literally across from our headquarters and is on the transit line in one of Salt Lake City's most dynamic growth locations.
- Viera Bayside, a 208-unit apartment community in St. Petersburg, Florida, is targeted to close with a purchase price of $30.80 million and equity investment of $19.72 million. The investment will be 100% owned by Bridge Multifamily IV and targets an average four-year cash-on-cash return of 3.88% and an asset-level 12.30% IRR.
- Veranda Westchase, a 390-unit apartment community in Tampa, Florida, is targeted to close with a purchase price of $70.45 million and equity investment of $39.96 million. The investment will be 100% owned by Bridge Multifamily IV and targets an average four-year cash-on-cash return of 3.27% and an asset-level 14.11% IRR.
- Fountains at Point West, a 339-unit apartment community in Sacramento, California, is targeted to close with a purchase price of $85.15 million and equity investment of $31.5 million. The investment will be 100% owned by Bridge Multifamily IV and targets an average four-year cash-on-cash return of 7.0% and an asset-level 14.48% IRR.

## Operational Update

We are in the early stages of implementing our capital improvement program. Overall, we continue to feel positive about our multifamily investment operations, along with the activity in the specific markets in which we operate. We appreciate your support as our Partner and are gratified by the progress of the portfolio to date, and Bridge Multifamily IV overall. We look forward to continued success, in spite of the current crisis. We have a strong operating team in place, and our management team has been through crises before. We are well positioned with our lenders, our assets, and our people, and our residents.

Although after the quarter, we thought we should present our collections for April, and we are pleased to report that April collections have outperformed our expectations. We have taken an "all hands on deck" approach in reaching out to our residents to help them access available resources, and to work with residents to keep their rent current or on a manageable deferment plan. Bridge's forward integration into property management, as well as our resident advocate approach, has enabled us to outpace many of our peers, even with the lower-income demographic of our Workforce & Affordable Housing Fund I. As of April 30th, over 94% of the rent has either been collected or put on a deferral agreement. Approximately 2% of these totals are on the deferral, and the balance has been collected. We anticipate greater challenges in May and June. Based on April collections, there has been no need to utilize the forbearance programs being offered by Fannie Mae and Freddie Mac, and all April debt obligations have been paid in full.

On balance, we came into second quarter in a strong position. Moreover, leasing activity continues at almost all assets, and the teams are converting using virtual tours at a higher rate than traditional tours, albeit on a lower amount of traffic. Renewals also continue well ahead of pace and are a strong offset to reduced leads and move-in activity and will also result in lower expenses.

With Best Regards,

| | |
|---|---|
| Jonathan Slager | Colin Apple |
| Chief Investment Officer | Deputy Chief Investment Officer |
| Bridge Multifamily IV Funds | Bridge Multifamily IV Funds |

i U.S. Congressional Budget Office. April 24, 2020. CBO's Current Projections of Output, Employment, and Interest Rates and a Preliminary Look at Federal Deficits for 2020 and 2021.Accessed on April 29, 2020 at https://www.cbo.gov/publication/56335.
ii U.S. Congressional Budget Office. April 24, 2020. CBO's Current Projections of Output, Employment, and Interest Rates and a Preliminary Look at Federal Deficits for 2020 and 2021.Accessed on April 29, 2020 at https://www.cbo.gov/publication/56335.
iii Bridge Investment Group Research. Data source: U.S. Department of Labor, Weekly Claims Report from March 26, 2020 through April 30, 2020.
iv Bridge Investment Group Research. Data source: The Conference Board as of April 28, 2020.
v Bridge Investment Group Research. Data source: U.S. Bureau of Economic Analysis. April 7, 2020. Gross Domestic Product by State: 4th Quarter and Annual 2019.
vi Board of Governors of the Federal Reserve System. April 27, 2020 (Press Release). Federal Reserve Board announces an expansion of the scope and duration of the Municipal Liquidity Facility.
vii Board of Governors of the Federal Reserve System. April 29, 2020 (Press Release). Transcript of Chair Powell's Press Conference. Accessed on April 30, 2020 at https://www.federalreserve.gov/mediacenter/files/FOMCpresconf20200429.pdf
viii Bureau of Economic Analysis, Gross Domestic Product, 1st Quarter 2020 (Advance Estimate), as of April 29, 2020.
ix Bureau of Labor Statistics. April 3, 2020. Employment Situation Summary.
x Bureau of Labor Statistics. April 2, 2020 (news release). Unemployment Insurance Weekly Claims.
xi Bridge Investment Group, Q1 2020 Market Trends Report; Axiometrics as of Q1 2020
xii Axiometrics, New Privately Owned Housing Units Authorized by Building Permits in Permit-Issuing Places for buildings with 5 or more units. As of Q1 2020.
xiii RCA as of Q1 2020
xiv RCA as of Q1 2020
xv RCA as of Q1 2020

SPIRE GLOBAL PRIVATE REAL ESTATE
# SPIRE USA MULTIFAMILY FUND IV (AUD)
*A UNIT CLASS OF SPIRE CAPITAL MASTER FUND*
MONTHLY FACTSHEET – MAY 2020

SPIRE CAPITAL

## Fund Overview

Spire USA Multifamily IV Fund (AUD) (‘the Fund’ a unit class of Spire Capital Master Fund) seeks to generate regular income and capital appreciation by investing in value-add US real estate. The Fund was established in April 2019 and acts as an unhedged Australian feeder fund into the assets of Bridge Multifamily Fund IV LP (“BMF IV”) a Private Equity Real Estate underlying fund.

BMF IV is a US$750 million (targeted committed equity) value-add “buy, fix, sell” fund, which will invest in value-add US multifamily apartment communities. As of March 2020, BMF IV have raised equity commitments totaling $1.594 billion. The Fund has a US$33.3 million capital commitment to BMF IV, of which 42% has now been called and invested, and owns a 1.99% share of a diversified current portfolio of 30 investments in high-growth target markets.

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$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.

## Contact our team

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## Important Information

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