

## Monthly Update

Positively affecting the unit price during the month of November was the 2.33% net increase across the portfolio in the total book value of Bridge Seniors II Investment assets recorded for Q3. Negatively affecting the unit price during the month of November was the 4.93% increase in the value of the Australian dollar against the USD dollar from US\$0.7023 to US\$0.7369. The Fund does not hedge currency exposure.

The Unit Price reflects the Q3 Underlying Fund Net Asset Values as at 30 September 2020.

## Performance (Net of Fees)\*

Ordinary Unit Class as at 30 November 2020

Based upon underlying fund data as at 30 September 2020

1 month	3 months	6 months	1 year	3 years (p.a)	Inception (p.a)
-2.79%	2.06%	-6.39%	-4.88%	1.15%	0.36%

Unit Price as at 30 November 2020	
Unit price (excluding FITOs)	\$1.2887
FITOs	\$0.0018
Unit price plus FITOs	\$1.2905

Asset Allocation as at 30 November 2020	
Cash AUD	0.76%
Cash USD	13.32%
Investments USD	85.92%

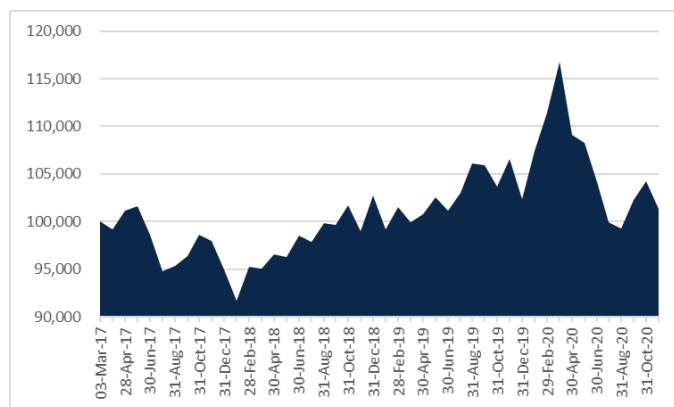
## Returns including FITOs\*\* (Net of Fees)

Since Inception Annualised (p.a)	Net excluding FITOs	Net including FITOs
30 June 2020	1.22%	1.40%
30 June 2019	0.48%	0.53%
30 June 2018	1.13%	1.17%

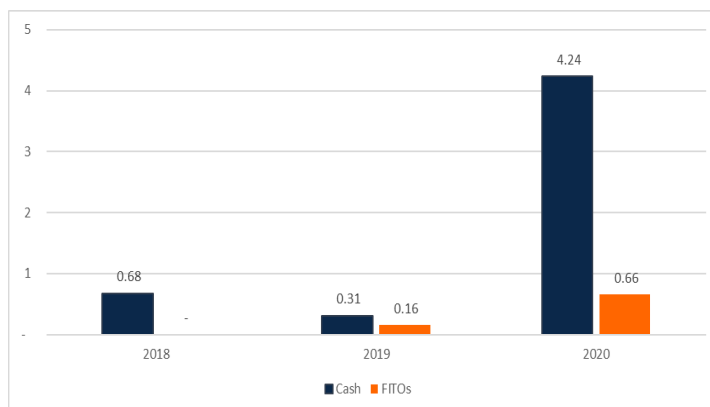
\*\*Foreign Income Tax Offsets

Monthly Unit Price Movement Breakdown	
Underlying investments (incl. cash and distributions)	1.93%
Foreign exchange	-4.66%
Fees and expenses	-0.06%
<b>Total Movement</b>	<b>-2.79%</b>

## Growth of AU\$100,000 Investment\*



## Distribution CPU



\*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 in 3rd March 2017 at \$1.3220 per unit and includes Unit Price growth from commencement of NAV based unit pricing following completion of capital raising in November 2017. 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

<b>Fund Size (AUDm):</b>	\$65.16m
<b>Unit Price:</b>	\$1.2887
<b>APIR Code:</b>	ETL1507AU
<b>Commencement:</b>	17 February 2017
<b>Application Status:</b>	CLOSED
<b>Liquidity:</b>	Nil - Closed-ended fund
<b>Distribution Frequency:</b>	Annually as at 30 June

<b>Fund Manager:</b>	Spire Capital Pty Limited
<b>Investment Manager:</b>	Bridge Investment Group, LLC
<b>Responsible Entity:</b>	Equity Trustees Limited
<b>Base Management Fee:</b>	0.60% p.a. x NAV
<b>Underlying Fees:</b>	2% of committed equity
<b>Underlying Performance Fee:</b>	20% of realised profits after an 8% preferred return is paid to Limited Partners.
<b>Zenith Research Rating:</b>	Recommended (Original rating, now lapsed as closed)

### Q3 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 Seniors II Funds ("Bridge Seniors II" or the "Partnerships"). We are pleased to share with you the CIO Quarterly Report for the period ending September 30, 2020.

#### Fund Performance Summary

As of quarter end, the Bridge Seniors II Funds have achieved a 7.7% investment asset IRR, 6.8% fund IRR (gross of fees) and 2.3% fund IRR (net of fees). The Bridge Seniors II Funds have produced an annualized current income yield of 5.8% year to date ('YTD') and 5.6% inception to date ('ITD'). The percentages represent an annualized cash-on-cash yield based on the weighted average of invested capital held over each respective period during which the income was generated by Bridge Seniors II Funds' investments. These figures are gross of fund-level expenses and fees withheld from distributions. Please refer to the Performance Summaries in the enclosed materials. Investors should note the following key points pertaining to performance metrics:

1. It is relatively early in Bridge Seniors II Funds' lifecycle. Although we are through the deployment window, approximately 30% of the portfolio was acquired in Q4 2019 and therefore valued for the first time in Q2 2020.
2. The valuation and corresponding total return metrics are reflective of the hold period, value-add strategy, and added conservatism in the valuation process as influenced by COVID-19.
3. In addition to maintaining current distributions of cash flow, we continue to maintain a strong balance sheet, with \$130M of uncalled capital, prudent leverage of 62%, 2.6x debt service coverage, and less than 6% of loans maturing before the end of 2021.

#### Views On The Seniors Housing Markets At Q3 2020 Quarter End And Impacts Of COVID

Midway through the fourth quarter, 10 months into the pandemic, the impacts of COVID-19 on senior housing are generally known and operations are normalizing. As the country has experienced a "second wave" of cases, we have experienced far fewer positive cases and lessened spread of virus, suggesting protocols are working. While during this time the sector has experienced material occupancy loss and elevated COVID-19-related operating expenses, in recent months new resident move-ins have returned to pre-COVID-19 levels, averaging over 180 move-ins per month from July through October – more than double the low in April and May. This rapid bounce back of demand is indicative of the essential, needs-based nature of this property sector. Near-term headwinds remain but sector demand fundamentals and silver linings resulting from COVID-19 provide a compelling case for investing in senior housing.

Throughout the pandemic senior housing and skilled nursing have been grouped together under the long-term care umbrella. It's important to recognize the distinct differences between the two. Where the needs-based private pay senior-housing industry provides care and assistance with activities of daily living and socialization in a residential setting, the government-reimbursed skilled nursing industry caters to a more frail resident who requires acute around-the-clock medical care, including IV medication and/or ventilators, in an institutionalized setting. While the pandemic has had a disproportionate effect on the elderly, the implications to residents were far more severe in skilled nursing than senior housing.

According to third-quarter data from the National Investment Center for Seniors Housing & Care, assisted living primary market occupancy declined 6.6 percentage points from pre-COVID-19 levels mainly due to strict COVID-19 protocols that limited move-ins and family visitation. Today, nationwide restrictions are easing, and occupancy loss appears to be decelerating. The trailing three-month decline through October was only 0.4%. As previously mentioned, demand across our portfolio has rebounded with new move-ins meeting or exceeding pre-COVID-19 levels, offsetting elevated move-out velocity.

We anticipate that demand will continue to strengthen through the convergence of cost-effective care delivery and the unprecedented demographic shift in the aging population. Consumers are highly focused on operators' infectious disease control, safety and wellness, which has created an incredible value proposition in our communities. New methods for visitation have helped to mitigate the impact of reduced social engagement experienced in Q2, further accelerating the demand for well-managed communities where resident needs are met, and socialization and sense of community are engrained into everyday living.

As COVID-19 cases have begun to rise across the U.S. in Q4 and leading into the holiday season, we are approaching occupancy expectations cautiously, and anticipate that some communities located in higher risk locations may have reduced move-in activity as self-imposed moratoriums on new admits are enacted, until increased numbers of new cases begin to recede. Near term outcomes are invariably tied to the course of the broader pandemic, however a vaccine will positively impact consumer confidence for seniors housing. We have already begun coordinating with distribution channels to deliver a vaccine to residents and associates as soon as it becomes available. Safety of our residents is of utmost importance, and our vigilance with respect to the proactive care and safety protocols in our communities will continue to be a primary focus.

With the decline in occupancy, net operating income has been impacted, however cash flow held its ground relative to prior quarter mainly as a result of an intentional reduction of controllable expenses, reduction in COVID related expenses, and declining interest expense.

We applied for federal, and in some cases state, relief funds under the CARES Act, roughly totaling the sum of non-recurring COVID expenditures to date through Q3. These funds are largely in the form of grants that do not require repayment. The funds will be used to offset the COVID-related expenses incurred by the investments. With very few exceptions, third quarter distributions are based on property level cash flow and do not include the impact of relief funds either received or approved.

It will take some time to regain occupancy but the outlook for both our portfolio and the industry is bright, and the sector has proven its resiliency. The pace with which demand rebounded, combined with year-to-date annualized rent growth of 3% and lack of collection issues, is indicative of such.

As we look forward, there are some positive residuals from the pandemic. These include the reversal of two major headwinds the industry faced over the past several years - increasing supply growth and labor pressure.

As noted in prior communications, the sector experienced outsized supply growth from 2014 through 2017. The tapering of construction starts over the past two years is expected slow dramatically as a result of COVID-19 putting significant limitations on construction financing. This comes as we enter a spike in the growth of the senior population. Over the next ten years, the senior population will increase at a rate over three times the prior ten years. In short, the equilibrium of supply and demand could accelerate by two to four years earlier than we had expected previously. This timing overlaps with the Bridge Seniors II hold period.

Labor is the other headwind moderated by the impacts of COVID. In the past several years, a strong employment market and growth in seniors housing supply created labor pressure that negatively impacted property level performance. Sourcing and retaining talent are not only key to resident satisfaction, but also to profitability, because payrolls are the single largest property expense. With unemployment rising in many sectors, Seniors Housing is one of the few industries hiring, and Bridge is finding ways to recruit and train talent from other industries.

In addition to the demographic tailwinds, there's a compelling case that the senior-housing utilization rate will remain steady, or likely increase because of its role in the health-care continuum, value proposition relative to alternatives and the declining caregiver ratio. First, while seniors are living longer, they are doing so with a greater number of chronic conditions requiring personal care treatment such as Alzheimer's, obesity and diabetes. Senior housing is considered part of the solution to the immense volume and cost of caring for the elderly population. Second, there is a significant value proposition relative to bringing care into the home. According to a 2019 Genworth Cost of Care Study and 2019 Bureau of Labor Statistics data, the cost for typical in-home health options are 59% to 61% more expensive relative to assisted-living communities. Perhaps more importantly, congregate care provides the benefits of 24-hour care and safety, socialization, dietary services, physical- and mental-wellness programming and transportation. Lastly, with younger age population growth not keeping pace with the elderly, there will be fewer potential caregivers to provide care for an increasingly higher-care-dependent senior population at home. U.S. Census Bureau projections forecast the ratio between 85 and up and 18-64 populations to decline 9% between 2020-2025 and 17% over the course of the decade, further lending support for greater potential demand for senior housing.

## Operating Approach

COVID-19 has also put a premium on operations and Bridge's vertically integrated approach is now even more differentiated and valuable. There are several key areas in which this structure is benefiting portfolio performance and investment decisions:

1. **Expense Efficiencies** – Our asset management approach in the prior quarter resulted in a 5% reduction in normal operating expenses, primarily in labor. The resources within Bridge Senior Living, including a dedicated Talent Acquisition team, allow us to find operating efficiencies across the entire portfolio.
2. **Sales & Marketing** – The seniors housing customer has different considerations since COVID-19 and the sales process is now virtual. In order to adapt to the changing landscape, we've established a five-part sales and marketing program. The program is centered around creating leads, advancing leads, advancing tours (virtual), closing, and specialization particular to dementia care. This includes a portfolio-wide training series, in which the majority of all property-level sales professionals across the portfolio attended. We are seeing the fruits of this training, with tour to move-in conversion increasing from 20% to over 25% in recent months.
3. **Protocols/PPE** – Early in the pandemic we leveraged our scale to secure large quantities of personal protective equipment. Our firsthand experience in standardizing safety protocols has helped to institute best practices across all of our owned properties and operating partners. "Hero stories" from our front-line health care professionals emerge on a near-daily basis.
4. **Technology/Innovation** – In recent months we have used technology to enhance the resident experience through a mobile app for residents/families, as well as, through an engagement technology called Radio Recliner that allows our residents to "DJ" their own radio station. Of note, Radio Recliner was recently featured on "CBS This Morning" ([www.radiorecliner.com](http://www.radiorecliner.com)).

The year 2020 will certainly be long-remembered in our sector; however, the takeaways are indicative that the value proposition for Seniors Housing is as compelling as ever and that Bridge's vertical integration has been key to mitigating the impacts of the virus, driving positive results and emerging as a leader in the industry.

## Investment Activity & Operational Update

As of September 30, 2020, Bridge Seniors II called 88% of the Partnerships' available capital for investments in 54 properties across 19 states which equates to approximately 6,300 units. These investments have a total capital allocation of over \$2.0 billion and include a blend of stabilized and value-add property profiles, which Bridge Seniors II strategically added to the portfolio based on building quality (average age seven years), market fundamentals, performance trends, and favorable projected returns.

We do not anticipate making any further investments in Bridge Seniors II. A capital call of approximately 4-5% is planned for March 2021 to fund follow on investment and other enhancements to assets in the current portfolio, as well as other expenses and reserves, bringing Bridge Seniors II to approximately 93% called in current investments.

Occupancy as of the publishing of this letter was 78.0%. While the fall in occupancy from 84.8% at the end of Q1 2020 had a negative impact on revenue during the quarter, the impacts of COVID-19 in Q3 2020 were mitigated through reduction of normal operating expenses, of which many of these efficiencies are expected to continue going forward. Several asset valuations have increased due to occupancy growth and increasing stability, even throughout the pandemic. The average hold period for assets valued in Q3 2020 is just over two years, which reflects the early stage of the Bridge Seniors II Funds' life with the investment period ending in March 2020. Our asset management teams continue to make day-to-day adjustments in all our properties to respond in real time to the opportunities and challenges of each market in a continuing effort to mitigate risks and secure the upside.

Following are some key metrics to note during this extraordinary time:

- **New Move-Ins:** July through October averaged over 180 Move-Ins per month, which is back to pre-COVID-19 levels. This is marked by strong tour activity nearly returning to Q1 2020 levels, albeit virtually, with the conversion to new leases increasing to over 25%.
- **Occupancy:** Although down by 6.7% from March through October, we have fared better than the public REITs during the same period
- **Rental Rates:** Rental rates have increased by approximately 3% annualized in 2020, further highlighting the value-proposition of our communities.
- **Collections:** There has been no decline in rent collections as seniors' rent payments generally rely on asset spend down, social security, and pension income, and are generally unaffected by rising unemployment. In fact, we have seen an acceleration of collections as more residents have moved toward automatic payment processing.
- **Cash Flows:** Despite the impacts of COVID, Bridge Seniors Fund II has maintained steady cash yields of approximately 6%. Distributions are expected to increase as impacts of COVID-19 clear and the value-add investments in the portfolio stabilize.

We remain confident that our overall fund performance will be positive compared with overall Seniors Housing REITs and other competitive-set investors of 2017 vintage, as we all adjust to the COVID-19 impacts. We will continue to work hard to make improvements to optimize our investments and deliver positive returns to our investors by actively managing this portfolio. We appreciate your support as our Partner and look forward to future success.

With Best Regards,



Phillip Anderson  
Chief Investment Officer  
Bridge Seniors II Funds



Blake Peeper  
Deputy Chief Investment Officer  
Bridge Seniors II Funds

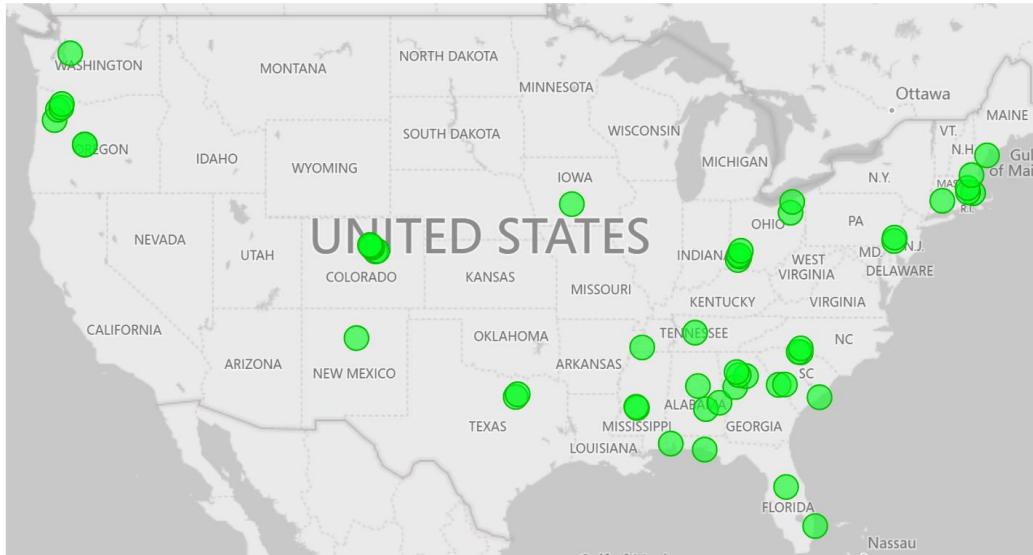
## Fund Overview

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 88% has now been called and invested. The Fund owns a 6.21% share of a diversified current portfolio of 54 separate seniors housing assets located across 19 US states, providing a total of 6,300 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\$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.

## Regional Breakdown\*

Bridge Seniors II Funds - 52 properties, 19 states



\*Underlying Fund investments by Equity invested as at 30 September 2020

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## Important Information

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