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QUARTERLY UPDATE

SPIRE WHOLESALE ALTERNATIVE INCOME FUND NO. 1 (AUD)
Q4 30 December 2017

Key Fund Details

APIR Code: SPI0001AU
Fund Manager / Trustee: Spire Capital Pty Ltd
Commencement: 9 November 2015
Fund Size: A$7,088,680
Application Status: CLOSED

Fund Profile

Spire Wholesale Alternative Income Fund No.1 (AUD) (“SWAIF” or “Fund”) acts as an Australian feeder fund into the USD denominated assets of three private debt strategies managed by Bridge Investment Group, LLC; namely Bridge Debt Strategies I (formerly ROC Debt Strategies Fund), LP (“BDSI”), ROC Debt Strategies KF12, LLC (“KF12”) and Bridge Debt Strategies Fund II, LP (“BDSII”)

The BDSI & BDSII Funds invest in a pool of US Dollar denominated first mortgage or mezzanine loans or preferred equity, secured by US multifamily apartment or seniors housing communities or commercial office properties.

KF12 invests in the US Dollar denominated Class C Certificates of a specific December 2015 Freddie Mac Multifamily loan securitisation program known as K-F12. These loans are secured by a portfolio of 79 stabilised multifamily apartment and seniors housing communities throughout the US, which had at acquisition an average occupancy at of 94.7% and an average Loan to Value Ratio of 72.4%.

The Fund is co-invested in KF12, holding its interest alongside US based private equity and private credit investor Portfolio Advisors.

Ordinary Unit Price and Performance (Net of Fees)

as at 31 December 2017 based upon underlying fund Partnership Statements dated 30 September 2017

Unit Price (Cum)	Distribution CPU	Unit Price (Ex)	3 months	6 months	1 year	3 years (% p.a)	Since Inception (% p.a)
$0.87	3.10 cents	$0.84	2.7%	-0.64%	-2.05%	N/A	1.93%

Quarterly Update

As at 31 December 2017 the Fund has begun to pay distributions on a quarterly basis instead of annually as at 30 June. The Manager made this decision as it believes that it is in the best interest of unitholders, given that the Fund's investment in BDS1 is now in its Harvest Period and that returns of capital received from BDS1 are no longer subject to re-investment and can therefore be distributed.

The Q4 distribution of 3.10 cents per unit includes both income and capital (which is not subject to potential reinvestment) received during Q4. Due to the complexity of the Fund's investment structure into the underling funds, it is not possible to attribute distribution components on a quarterly basis. The calculation of distribution components will continue to be done on an annual basis as at 30 June.

Positively affecting the unit price during the quarter from 1 October to 30 December were income distributions received by the Fund and the 0.32% decrease in the value of the Australian dollar against the USD dollar from US$0.7846 to US $0.7822.

Negatively affecting the unit price during the quarter was unrealised FX losses resulting from currency movements between the payment dates of US$282,284 in new capital calls for BDSII, and the end of quarter valuation date of 31 December.

The US Dollar has depreciated 7.5% against the Australian Dollar since the Fund's inception, which has has a negative affect on the Fund's performance since inception. The Fund does not hedge currency exposure.

Unit Prices are currently reflecting the Q3 Underlying Fund Net Asset Values as at 30 September 2017. Q4 Net Asset Values as at 31 December 2017 will be released following US financial year end audits and are expected to be received in late March 2018. If so, these will be reflected in the next unit price publication as at 31 March 2018.

Underlying SWAIF Investments / J-Curve Dashboard

As at 30 September 2017

Metric	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Bridge Debt Strategies I (BDS I) - 50.8% of the SWAIF Investment Portfolio							
Committed Capital (USD)	2,825,000	2,825,000	2,825,000	2,825,000	2,825,000	2,825,000	2,825,000
Percentage of Capital Called for BDS	100%	86.4%	99.2%	99.3%	99.3%	93.2%	97.6%
IRR	1.8%	4.6%	6.8%	7.2%	7.9%	8.0%	8.0%
Equity Multiple on Called Capital	1.05x	1.04x	1.06x	1.09x	1.11x	1.14x	1.15x
KF12 - 25.4% of the SWAIF Investment Portfolio							
Committed Capital (USD)	2,714,653	2,833,275	2,833,275[1]	2,833,275[1]	2,833,275[1]	2,833,275[1]	2,833,275[1]
Percentage of Capital Called for KF12	100%	99.9%	51.5%[1]	51.5%[1]	51.5%[1]	51.5%[1]	51.5%[1]
IRR	NM	8.3%	8.8%	7.5%	7.8%	8.2%	6.2%
Equity Multiple on Called Capital		1.04x	1.13x	1.12x	1.08x	1.09x	1.07x
Bridge Debt Strategies II (BDS II) - 23.9% of the SWAIF Investment Portfolio							
Fund's Committed Capital (USD)[2]				1,327,750	1,327,750	1,327,750	1,327,750
Percentage of Capital Called[2]				0%	46.0%	41.4%	67.51%
IRR				NA	4.2%	5.4%	4.9%
1.0					1.02x	1.02x	1.01x
Blended & Weighted - 100% of the SWAIF Investment Portfolio							
Fund's Committed Capital (USD)[2]	5,658,275	5,658,275	5,658,275	5,658,275	5,658,275	5,658,275	5,658,275
Percentage of Capital Called[2]	100%	93%	100%	76%	87%	83%	89%
IRR on Called Capital		6.6%	7.8%	7.3%	7.4%	7.8%	6.9%
Equity Multiple on Called Capital		1.04x	1.10x	1.10x	1.09x	1.11x	1.10x
SWAIF Portfolio Returns Weighted for Called Capital (assumes uncalled capital = 1.0x multiple)							
Equity Multiple		1.04x	1.09x	1.08x	1.08x	1.09x	1.09x
SWAIF Portfolio Returns Adjusted for Currency							
FX @ Inception = $US0.73							
FX Rate (AUD = USD)	0.76925	0.7426	0.76525	0.72410	0.76285	0.76705	0.7846
Difference	0.03925	0.0126	0.03525	-0.0059	0.03285	0.03705	0.0546
FX impact on Returns since inception	-5.4%	-1.7%	-4.8%	0.8%	-4.5%	-5.1%	-7.5%
Equity Multiple adjused for currency		**1.02x**	**1.04x**	**1.08x**	**1.03x**	**1.04x**	**1.01x**

Notes:

1. KF12 was the subject a re-remic (re-securitization) in Q3 which saw the Fund receive a return of non-callable capital, the majority of which was committed to BDSII. Thus the Fund's position in KF12 represents full investment in KF12.
2. The Fund's first Capital Call for BDSII for 46% of Committed Capital was paid subsequent to the Q4 Partner Statement, on 31 January 2017.

Q3 Investor Letters

Please note all dollar amounts and returns are US Dollar denominated.

Bridge Debt Strategies I & II

Dear Partner,

Thank you for your continued support of the Bridge Debt I & II Funds ("Bridge Debt I & II" or the "Partnerships"). We are pleased to share with you the Quarterly Reports for the period ending September 30, 2017. In this letter, we provide an update on the Partnerships' investment activities to date.

MARKET OVERVIEW

The commercial mortgage backed securities (CMBS) markets saw continued tightening extending the trend of yield compression in the market that began in early 2016. In the K-series B-piece sector, where we are most active, we saw B-piece yields compress approximately 50-100 bps. Overall, the lack of yield in the credit markets, particularly in more liquid products, has driven in yields across the board in U.S. credit. We continue to see tremendous relative value in Freddie Mac K-Series due to the high quality of the underlying collateral as well as the pricing premium we receive on the investment due to our differentiated relationship with Freddie Mac.

The direct lending market for U.S. commercial real estate remains healthy as market fundamentals, particularly in multifamily, continue to trend positively. Our current direct lending portfolio in Bridge Debt I remains heavily weighted towards multifamily, with 64% of our invested capital in direct lending backed by multifamily properties. The banks continue to dominate commercial real estate lending in the U.S., although we have seen the larger banks in particular reining in underwriting standards as real estate valuations in the U.S. rise, especially in the gateway cities. The secondary markets where Bridge Debt I focuses remain relatively inefficient, with local banks and other debt funds providing the most competition, and far less capital chasing deals in these markets versus those in primary markets.

INVESTMENT ACTIVITY UPDATE - BRIDGE DEBT I

As of September 30, 2017, the Partnerships are 97% deployed in a portfolio that is projected to deliver solid returns with carefully-managed risk. Some realizations earlier this year took us below full deployment, but we redeployed that capital into two new investments in the third quarter, and are scheduled to close two more pre-identified investments in the fourth quarter, at which point the fund will have completed its investment activities and will enter the harvest period. We anticipate potentially returning some capital in the fourth quarter if we receive paydowns in our K-Series or direct lending portfolio.

The portfolio continues to perform well, with no loans currently delinquent. The seasoned K-Series B-piece portfolio has greatly benefited from the strength in the multifamily sector, and the B-pieces we acquired 2-3 years ago at weighted average LTVs around 70% likely now have weighted average LTVs in the 50-60% range. We have seen similar value appreciation in the multifamily loans in the direct lending portfolio as well.

Bridge Debt I's 13 current investments have a gross asset value of $246.9 million and reflect the targeted portfolio composition. The Partnerships' capital investment in this portfolio totaling $106.6 million is detailed as follows:

- $2.7 million investment in a Freddie Mac K-Series CMBS subordinated tranche (K716);
- $14.2 floating rate loan secured against 1500 CityWest Office, a 192,313 square foot office building in Houston, TX;
- $7.9 million investment in a Freddie Mac K-Series CMBS subordinated tranche (K1501 Class C);
- $17.8 million investment in a Freddie Mac K-Series CMBS subordinated tranche (K719);
- $9.3 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF12);
- $5.5 million floating rate commitment secured against Thunderbird Village Apartments, a 182-unit multifamily property in Vancouver, WA;
- $7.0 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF14)

- $2.4 million floating rate loan secured against 4 Mountainview Terrace, a 64,255 square foot office building in Danbury, CT;
- $10.2 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF16);
- $15.0 million floating rate loan secured against a portfolio of six multifamily properties, Eagle Multifamily Portfolio, (1,242 units) located in Daytona Beach & Orlando, FL
- $4.2 million floating rate loan secured against 828 Bedford, a 64,255 square foot multifamily property in Brooklyn, NY;
- $7.0 million preferred equity investment secured against New Hampshire Commons, a 288-unit multifamily property in Lakewood, NJ; and
- $1.4 million floating rate loan secured against 4627 South Drexel Boulevard, a 35-unit multifamily property in Chicago, IL.

In addition, we had one realization in the third quarter of 2017:

- $2.4 million investment in a Freddie Mac K-Series CMBS subordinated tranche (K1501 Class B).

Together, our 13 closed transactions currently project 13%+ gross IRR and a gross current pay to our investors of 7%+. Bridge Debt I has made substantial progress since its inception in September 2014. Like all private equity-style investment vehicles, the Partnerships' performance approximates the J-Curve, wherein management fees and start-up costs in the early investment years result in returns which are anticipated to curve upward, and in most instances, where capital contributed is greater than the book value of portfolio investments. It is worth noting that the J-Curve experienced in Bridge Debt I is significantly less pronounced than in the average private equity fund. The Partnerships to-date have achieved an 8.5% net IRR and a 1.16x multiple. As investments season, we expect returns to continue to trend higher. The most recent distribution returned an annualized interest yield of approximately 7.5% and inception-to-date the fund has paid out at an annualized distribution rate of 7.1%.

INVESTMENT ACTIVITY UPDATE - BRIDGE DEBT STRATEGIES II

Our rapid pace of deployment in Bridge Debt II validates our belief that we are effectively targeting areas of the commercial real estate debt space that are inefficient and have limited competition. We anticipate the Fund will be fully invested by the first quarter of 2018, well in advance of the deployment window that ends in July 2019. By rapidly deploying capital starting in the summer of 2016, our portfolio has benefited from the credit market rally over the last year.

We closed on four new Freddie K-Series investments in the third quarter, deploying approximately $178 million of capital. The most notable transaction was our investment in a new product, the Whole Loan Investment Fund. In this product, Freddie Mac sells loans to the Fund and provides financing on said loans. Once the notional balance of the Fund reaches a threshold, the Fund can exercise the option to securitize and retain the B-piece. This is the first fund of its kind by Freddie Mac and Bridge Debt II was selected as the investor largely based on Freddie Mac's confidence in Bridge as a counterparty that could structure and execute on a new product. Transactions like the Whole Loan Investment Fund serve only to strengthen our partnership with Freddie Mac and we project that we will end 2017 as the largest purchaser of Freddie Mac B-Pieces for the year.

Within the direct lending portfolio, we had another active quarter and closed 13 loans totaling $254 million. Due to our robust lending activity, we have nearly fully utilized our $200 million Wells Fargo warehouse line, and in the third quarter took steps to improve the fund's leverage capacity and profile for our first mortgage loans. Firstly, we began the process to open a new $200 million warehouse line with JP Morgan for the first mortgage portfolio. Secondly, we are working with Wells Fargo to securitize a portion of the Fund's first mortgage portfolio to free up warehouse lending capacity on the Wells Fargo line. As the direct lending portfolio grows, having a second line provider and tapping into the securitization markets for permanent leverage on our loans creates a less-risky leverage profile as, well as increases returns by having multiple sources of leverage. Additionally, we expect the $400 million of warehouse capacity, which represents less than 30% leverage at the fund level, will be sufficient for the execution of the direct lending strategy in the fund.

Within the opportunistic segment of the portfolio, we invested approximately $30 million in BBB- CMBS in late 2016 and early 2017. At the time, we saw dislocation in that sector along with limited buyers for those bonds. The issuing banks were offering extremely favorable financing to further enhance the already attractive yields on these investment-grade bonds. As the CMBS market has rallied in the second and third quarters of this the year, we now have the opportunity to realize gains on these positions and re-deploy the capital into other investments. We have begun the process of unwinding this portfolio and are achieving IRRs in the 45-50% range. We anticipate this portfolio will be liquidated in the next 2 quarters.

Bridge Debt II's current 46 investments have a gross asset value of $1.23 billion and reflect the targeted portfolio composition. The Partnerships' capital investment in this portfolio totals $672 million and is detailed below:

- $14.4 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF18);
- $4.9 million floating rate loan commitment secured against Scottsdale Gateway II, a 107,885 square foot office building in Scottsdale, AZ;
- $22.1 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF20);
- $3.4 floating rate loan commitment secured against 86 North Apartments, a 144-unit multifamily property in Chapel Hill, NC;
- $9.7 million floating rate loan commitment secured against a Timber Hollow Apartments, a 368-unit multifamily property in Fairfield, OH;
- $3.4 million floating rate loan commitment secured against a 155 South 4th Street, a 41-unit multifamily property in Brooklyn, NY;
- $20.9 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF23);
- $12.2 million preferred equity investment secured against a Reserve at the Ballpark, a 321-unit multifamily property in Atlanta, GA;
- $4.0 million preferred equity investment secured against a Narraticon Apartments, a 443-unit multifamily property in Deptford Township, NJ;
- $19.1 million investment in various BBB- rated CMBS securities;
- $8.8 million floating rate loan commitment secured against 3800 Horizon, a 214,679 square foot office building in Trevose, PA;
- $2.9 million floating rate loan commitment secured against Dulles Creek, a 87,562 square foot office building in Herndon, VA;
- $52.6 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF27);
- $12.5 million floating rate loan commitment secured against 355 West Broadway, a 8,400 square foot mixed-use building in New York, NY;
- $2.5 million floating rate loan commitment secured against Sublett Corners Shopping Center, a 87,900 square foot retail center in Arlington, TX;
- $8.8 million investment in a Freddie Mac K-Series CMBS subordinated tranche (K64);
- $8.3 million floating rate loan commitment secured against Tesoro Apartments, a 188-unit multifamily property in Redlands, CA;
- $12.0 million mezzanine investment secured against The Pointe, a 418,000 square foot office building in Atlanta, GA;
- $14.0 million floating rate loan commitment secured against Tzadik Oaks, a 375-unit multifamily property in Tampa, FL;
- $9.9 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KL01);
- $17.5 million floating rate loan commitment secured against Downing Court Retail, a 11,200 square foot retail center in New York, NY;
- $7.1 million floating rate loan commitment secured against HSBC Office Building, a 37,294 square foot office building in Miami Beach, FL;
- $18.9 million floating rate loan commitment secured against Queens Gate Apartments, a 145-unit multifamily property in Bound Brook, NJ;
- $5.0 million floating rate loan commitment secured against Sonoma Pines Apartments, a 216-unit multifamily property in Peoria, AZ;
- $5.8 million floating rate loan commitment secured against Sonoma Villas Apartments, a 265-unit multifamily property in Mesa, AZ;
- $48.6 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF32);

- $16.0 million floating rate loan commitment secured against Santander Portfolio, a 127,290 square foot mixed-use building in Brooklyn, NY;
- $9.5 million floating rate loan commitment secured against Garvey Plaza, a 101,441 square foot office building in West Covina, CA;
- $5.1 million floating rate loan commitment secured against Breckinridge Square Apartments, a 294-unit multifamily property in Louisville, KY;
- $41.6 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KSW3);
- $7.4 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KBF1);
- $30.8 million mezzanine investment secured against 1 Light Street, a 689,665 square foot mixed-use building in Baltimore, MD;
- $20.0 million floating rate loan commitment secured against 815 Broadway, a 101,138 square foot office building in Brooklyn, NY;
- $7.5 million floating rate loan commitment secured against 2700 Cumberland, a 105,464 square foot office building in Atlanta, GA;
- $13.3 million floating rate loan commitment secured against 8 Presidential Way, a 104,000 square foot office building in Woburn, MA;
- $16.8 million floating rate loan commitment secured against 1400 Union Meeting Road, a 196,991 square foot office building in Plymouth Meeting, PA;
- $79.6 million investment in a Freddie Mac multifamily whole loan sale facility (WLIF);
- $16.2 million floating rate loan commitment secured against 84th Street Apartments, a 48-unit multifamily property in New York, NY; and
- $20.4 million floating rate loan commitment secured against Cordia at Grand Traverse Commons, a 110-unit multifamily property in Traverse City, MI.

In addition, we had two realizations in the third quarter of 2017:

- $3.6MM investment in a BBB- CMBS position (BBCMS 2017-C1 D); resulting in a 49.9% IRR
- $2.0MM investment in a BBB- CMBS position (BANK 2017-BNK4 D); resulting in a 48.7% IRR

Together, our 46 closed transactions fit well within our thesis and project a net 10% plus IRR, which we anticipate will manifest in strong quarterly distributions for our investors, in the 10% range.

Bridge Debt II has made substantial progress since its inception in July 2016. Like all private equity-style investment vehicles, the Partnerships' performance approximates the J- Curve, wherein management fees and start-up costs in the early investment years result in returns which are anticipated to curve upward, and in most instances, where capital contributed is greater than the book value of portfolio investments. It is worth noting that the J-Curve experienced in Bridge Debt II is significantly less pronounced than in the average private equity fund. The Partnerships to-date have achieved a 6.4% net IRR and a 1.02x multiple while paying out current distributions in the 11% range.

Our stable, trusted relationship with Freddie Mac has allowed Bridge to be one of the most active purchasers of the K-Series securities, which represent some of the most attractive fixed-income alternatives in the market today: five- to ten-year tenor, double-digit returns, and low historical default rates. We benefit from tremendous deal flow; since 2014, we have been awarded seventeen K-Series investments; fifteen through direct placement and two through a limited auction. Based on our current dialogue with Freddie Mac, we anticipate a robust pipeline of floating-rate investments and other select Freddie Mac products in 2017 and 2018. In our direct lending activities, we continue to see significant opportunity in underserved parts of the debt space, particularly in secondary US markets. We target deals under $50 million, a size that is largely ignored by competing debt funds and traditional lenders, and focus on asset types in which Bridge has significant operational capabilities. This highly-differentiated approach is key to our success in sourcing attractive, risk-adjusted investments in the portfolio.

Thank you, once again, for your support of the Partnerships. If you have any questions regarding Bridge Debt I or II or your investment, please do not hesitate to contact us or our Australian partner Spire Capital.

With Best Regards,

James Chung
Chief Investment Officer

Note: A complete copy of the Q3 BDSI (inc KF12) and BDSII Asset Summaries is available to investors and their advisers on request to Spire.

Manager Profiles

The US Investment Manager is Bridge Investment Group Partners, LLC. Bridge IGP has over 25 years experience in successful investment in US value-add real estate and a platform of over 1,000 employees. As at 31 December 2015 Bridge IGP had US$8.8 billion in AUM across US private real estate and private debt strategies.

Spire Capital Pty Ltd is the Australian Fund Manager. Spire via its Global Investment Series democratises and structures leading global institutional quality investment opportunities for the Australian private wealth and SMSF market.

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