NEW FUND FACT SHEET

SPIRE USA ROC IV FUND (AUD)

ARSN: 623 620 440

OVERVIEW, INVESTMENT OBJECTIVE & STRATEGY

Spire USA ROC IV Fund (AUD) ('the Fund') 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, which is the fifth in the Spire USA 'ROC' series, was established in April 2018 and acts as an unhedged Australian feeder fund into the assets of Bridge Multifamily Fund IV LP ("BMF IV") and Bridge Office Fund I LP ("BOF I"); each 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$10 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 1,000 management, leasing and facilities employees across the 30 states in which assets are owned.

Each 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.

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. The targeted IRR on invested capital for BMF IV is 12-14% net (USD denominated). BMF IV held its first close of capital in April 2018 and has 3 value-add multifamily assets under contract at a total purchase price of US$224.3 million.

BOF I is a US$750 million (targeted committed equity) 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). BOF I held its first close of capital in July 2017 and has closed or has under contract current assets acquired at a total purchase price of US$843.48 million.

The Fund will commit capital into each underlying fund progressively during the capital raising period, which is expected to run for the duration of 2018. By doing so, the Fund will acquire a proportionate interest in the underlying funds' assets, at the original cost of those investments. The Fund will also pay an equalisation premium (estimated at between 2-4%), which is paid to earlier investors to compensate them for their dilution in the current portfolios.

Each of the underlying funds of BMF IV and BOF I will continue to raise committed capital during its capital raising period, which will run between 12 and 18 months from its first close. Each underlying fund will also continue to invest committed equity during its 3 year (from first close) Investment Period. Following the Investment Period, each underlying fund will have a Harvest Period of up to 5 years*, during which time it will sell assets which have completed their value-add plan, and are thus considered stabilised. During the Investment Period rental income will be distributed to investors on an annual basis. During the Harvest Period, income from rentals and profits from sale, together with original capital, will be distributed to investors on an annual basis.

** Each Harvest Period contains a 1+1 year extension provision which may be exercised at the discretion of the Investment Manager.*

HOW THE FUND INVESTS

Ordinary Units will acquire a blended interest in BMF IV and BOF I, on a targeted allocation basis of 65% BMF IV and 35% BOF I. The intention of this Class is to provided a follow-on investment opportunity to the highly successful predecessor funds of Spire USA ROC II and Spire USA ROC III Funds. These funds also have a blended exposure to value-add multifamily and commercial office strategies executed by Bridge Investment Group.

Spire believes that the stable demographic drivers of the US multifamily market, and the economically driven commercial office market, which is currently in an opportunistic investment phase, blend well to provide good targeted returns with moderate, mitigated risk.

THE PREDECESSOR FUNDS

Spire USA ROC IV Fund (AUD) is the fourth fund in the 'US ROC' series investing into value-add US multifamily and commercial office strategies via Spire's US real estate partner Bridge Investment Group.

Readers should note that the historical returns detailed below are US Dollar denominated and detail the performance of the underlying Bridge Investment Group predecessor funds investing in value-add multifamily apartments and commercial office properties.

Warning - Past performance is not always a reliable indicator of future performance.

Dollar amounts are in US millions.

	Equity Invested	Portfolio Allocation	Net Equity Multiple	Net IRR[1]
Real Estate Opportunity Capital Fund (renamed Bridge Multifamily Fund I)[2] *March 19, 2009 through December 31, 2016*	$120.0	80% Multifamily 20% Office	1.75x	15.2%
Real Estate Opportunity Capital Fund II (renamed Bridge Multifamily Fund II)[3] *April 3, 2012 through September 30, 2017*	$555.2	80% Multifamily 20% Office	1.85x	23.5%
Real Estate Opportunity Capital Fund III (renamed Bridge Multifamily Fund III)[4] *January 7, 2015 through September 30, 2017 Note: Fund still in deployment mode.*	$724.3	75% Multifamily 25% Office	1.18x	18.4%

1. Internal Rate of Return on invested capital
2. No retail feeder fund was available for this fund as it was institutional only
3. Underlying Fund of Spire USA ROC II Fund (AUD)
4. Underlying Fund of Spire USA ROC III Fund (AUD)

AN OVERVIEW OF THE CURRENT US MULTIFAMILY AND COMMERCIAL OFFICE MARKETS

Multifamily

The US multifamily apartment rental market is the dominant form of residential rental accommodation in the US. According to latest figures released by industry body National Multifamily Housing Council (NMHC) in September 2017, 35% of the US' approximately 315 million residents live in rental accommodation. 52% of renters reside in a "multifamily apartment" – as opposed to renting a single-family residence, i.e a house (43%) or mobile home (5%).

A typical multifamily apartment community that the Investment Manager acquires, would be a 1980s or 1990s vintage Class B "garden style" asset, with between 300 and 1,000 rental apartments, plus common amenities. It will be located in a suburban location within a non-gateway, second tier city, which has economic and population growth (think Denver, Phoenix, Seattle, Dallas, Atlanta etc). It will, following renovation, target renters typically with a household income of up to US$50,000 per annum, and provide them with a 2 bedroom apartment at rental at around US$1,200 per month, on a 12-month lease (following which a new rental level can be negotiated).

Since the global financial crisis (GFC), following which the US home-ownership rate has fallen from a peak of near 70%, to just over 63% today, demand for multifamily apartment rentals has been buoyant. The current national vacancy rate is below 5% and rents have been increasing at 3- 5% per annum. This demand has been primarily driven by 3 cohorts:

- **Millennials:** The 20-34 year-old cohort is projected to increase by 75,000+ multifamily renter households annually from 2014 to 2024. Of this cohort, approximately 67% of millennial householders choose to rent. Moreover, a variety of factors are prolonging rentership by millennials, including delayed marriage and child-birth, historically-high student debt, and the conveniences of living in a multifamily community with desirable amenities, as well as the fact that currently over 30% of young adults still live at home, indicating significant pent-up demand for household formation. (Sources: National Multifamily Housing Council 2017 & Bridge calculations based on 2015 American Community Survey and US Census Data)

- **Seniors:** The number of senior renters is projected to double by the year 2030, which would add 140,000+ multifamily renter households annually. (Source: Urban Land Institute, 2015).

- **Immigrants:** Although political factors could alter current projections, it is estimated that immigrants will bring demand of over 150,000 multifamily households per year between 2016 and 2025, as immigrants are a demographic group that historically has largely preferred multifamily housing (Source: National Multifamily Housing Council 2015).

In parallel with rental demand, there has been strong demand from investors, with stabilised multifamily being considered the “gold standard” for institutional investors for a number of years, due to the highly diversified income streams that these properties produce, at current yields that show an attractive spread to US Treasuries. According to research by Jones Lang LaSalle, the national multifamily investment volume in calendar year 2016 was US$151 billion and through Q3 2017 was US$94.2 billion; figures which indicate the scale and depth of the multifamily investment market.

HEAVY VALUE-ADD CASE STUDY: OASIS PORTFOLIO

Note this an asset of Spire USA ROC III Fund (AUD) and is illustrative only. All amounts and returns are in US Dollars.
Warning - Past performance is not always a reliable indicator of future performance.

Location	Las Vegas, NV	Number of Properties	6
Asset Size	1,299 units	Capex per Unit	$8,900
Age of Construction	1984-1996	Acquisition Cap Rate	6.0%
Acquisition Opportunity	September 2017	Targeted CF from Ops	8.8% - 11.6%
Acquisition Price	$109,230,000	NOI CAGR[3]	7.3%
Total Equity Required	$41,941,000	Targeted Exit Cap Rate (YR 4)	6.1%
Loan-to-Total Costs[2]	66%	Pro Forma YR 4 Gross IRR / Multiple	18.0% / 1.82x

Property Highlights

- Six garden-style apartment communities consisting of 1,299 units
- 120 two-story buildings across 60 acres (22 units/acre)
- Amenities across the six properties include swimming pools on each property, fitness centers, clubhouse/ leasing offices, business centers, and controlled access gates.

Location Highlights

- Located in the East Las Vegas submarket, northeast of The Strip
- Properties are accessible via local surface streets, but with good access to I-15, I-215, and I-515
- Surrounding neighborhoods consist of box retail and restaurants that appropriately cater to resident demographics

Transaction Highlights

- Renovate 87% of unit interiors, with a blend of “full”, “partial”, and “light” upgrades to provide renters with various price points and unit amenity packages.
- Re-paint building exteriors, add outdoor kitchens at main pools, add new dog parks, upgrade fitness centers, update the existing playgrounds and add new ones, improve landscape with additional xeriscaping, and update exterior lighting with “Green” energy saving fixtures
- With these common area and unit interior renovations, rents should increase $40 to $125, depending on specific upgrades in the units, providing an average ROI of 12% on capital invested in improvements.

[1]Prospective Investors should bear in mind that past performance is not necessarily indicative of future results and that Bridge Multifamily IV may not achieve its objectives and may achieve substantial losses. For a complete summary of the investment performance of the assets in prior Bridge-managed funds, please see the appendices for performance details and important disclosures performance summaries in the appendices to the Fund's PPM. [2]Loan-to-Total Costs represents the loan amount as compared to total acquisition price, loan and closing costs, and capital rehab. [3]The NOI CAGR is the compound annual growth rate of the Net Operating Income for the hold period.

Commercial Office

The Investment Manager is of the view that certain select US office markets are in the midst of an “opportunistic” point in the cycle. This means that the market is providing acquisition opportunities to generate higher than normalised returns as there are more sellers than buyers of a particular asset type. This asset type is commercial office property located in non-gateway, second tier cities, often in a suburban location, and are assets which have current or impending vacancies. These are markets in which the market rents relative to the cost of new construction, does not make new office development feasible, and as such have not seen new supply in many years. This means that the Investment Manager is able to acquire these assets at significant discounts, often in excess of 50%, to their replacement cost, proving a natural hedge against any threat of new supply in the market.

Typically these are properties that have languished in the commercial leasing market because they were owned by passive, distantly located, institutional investors. These owners have not re-invested in their assets to create the amenities and office space energy that business owners - seeking to appeal to millennial employees - are seeking today. Today it is all about creating a ”Live, Work, Play” environment for tenants and their employees. The Investment Manager has the experience, expertise and directly managed leasing teams and systems to create these refreshed office space environments, and re-lease the properties at higher rents and longer terms than were in place at purchase. This process then creates a re-stabilised property with good cash flow, which is expected to appeal when marketed for sale to a new, passive institutional investor.

Registered Fund Name & APIR Code:	Spire USA ROC IV Fund (AUD) - Ordinary Units: APIR ETL8946AU
Product Disclosure Statement (PDS):	Click to download
Fund Type:	Retail closed ended fund
Commencement:	6 April 2018
Zenith Research Rating:	Recommended (click to download report)
Fund Manager & Distributor:	Spire Capital Pty Limited
Responsible Entity:	Equity Trustees Limited
Investment Manager:	Bridge Investment Group LLC
Applications:	Units will be processed and issued daily during the capital raising period at the AUD equivalent of one US Dollar.
Minimum Investment:	$50,000 if direct, no minimum if via IDPS
Capital Raising Period:	The capital raising period is expected to close on 18 December 2018, unless the Fund's allocation to the underlying funds has been capitalised prior to this date, in which case the Fund will close to applications earlier.
NAV Unit Pricing:	Net Asset Value (NAV) unit pricing will commence on a monthly basis following the capital raising period.
Distribution Frequency:	Annually as at 30 June
Liquidity:	Nil - Closed-ended fund
Tax considerations:	Unitholders are **not** required to file US tax returns nor provide a US IRS W8-BEN form. The Fund will invest into the assets of the underlying funds via a leveraged blocker subsidiary, which will elect to be taxed as as a corporate for US tax purposes on its taxable income. Depreciation and other allowances, such as interest expenses, may be used to reduce US taxable income. US corporate tax paid by or withheld from this subsidiary is expected to generate a proportionate Foreign Income Tax Offsets (FITOs), which may be used by unitholders to offset Australian income tax liabilities on foreign sourced income or gains, including but not limited to returns from the Fund.
Management Fees:	0.60% per annum of Net Asset Value
Fund Expenses:	Anticipated to be 0.15% per annum of Net Asset Value
Underlying Fees:	Based on 2% of Committed Equity during the Investment Period(s) and 2% of invested equity thereafter.
Performance Fee:	Calculated within the underlying fund(s) on the basis of 20% of profits, subject to investors in the underlying funds receiving a minimum 8% IRR (annualised hurdle rate).

Up to date information

Price, performance and other fund information is available at **www.spirecapital.com.au**. Factsheets are updated regularly.

Further information

Talk to your Adviser

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www.spirecapital.com.au