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MONTHLY UPDATE

SPIRE USA ROC II FUND (AUD) March 2017

Key Fund Details

APIR Code:	ETL0371AU
Responsible Entity:	Equity Trustees Limited
Commencement:	1 July 2013
Fund Size:	A\$53.13 million
Rating:	Highly Recommended (Zenith Investment Partners) - Original rating, now lapsed as closed
Application Status:	CLOSED

Fund Profile

The Fund acts as an unhedged Australian feeder fund into the assets of Bridge Multifamily & Commercial Office Fund II, LP ("Bridge MF II"). Bridge MF II is a US\$600 million (equity) value-add "buy, fix, sell" private equity real estate fund, investing in value-add US multifamily apartment communities and office buildings.

The Fund owns a 5.88% share of a diversified portfolio of 'value-add' real estate assets across the US. As at the date of this update, the ROC II portfolio had invested in 52 multifamily apartment communities and 9 office buildings. Of these 35 have now been sold, with the remaining portfolio expected to be sold down on an asset by asset basis through 2017, with the final asset forecast to be sold in Q1 2018.

Ordinary Unit Price and Performance (Net of Fees)

as at 31 March 2017 based upon underlying fund data as at 31 December 2016

Unit Price	1 month	3 months	6 months	1 year	Since Inception	Since Inception (% p.a)
\$1.3358	0.82%	-5.14%	1.94%	9.85%	74.60%	16.02%

Underlying Bridge MF II Investment / J-Curve Dashboard

As at 31 December 2016

Metric	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Committed Capital (USD)	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M	35M
Called Capital %	61.0%	63.1%	63.0%	80.2%	85.6%	84.3%	91.9%	91.9%	80.3%	80.3%	81.4%	80.2%	80.2%
USD cash %	39.0%	36.9%	37.0%	19.8%	14.4%	15.7%	8.1%	8.1%	19.7%	19.7%	18.6%	19.8%	19.8%
IRR on Called Capital	13.0%	15.7%	14.4%	15.4%	22.4%	21.4%	21.3%	20.2%	20.1%	19.3%	19.7%	18.8%	17.5%
Equity Multiple on Called Capital	1.09x	1.13x	1.16x	1.17x	1.28x	1.33x	1.48x	1.38x	1.43x	1.46x	1.52x	1.54x	1.54x

Monthly Update

The Unit Price and Performance Data for March 2017 is the first month which incorporates the Q4 2016 underlying Bridge MF II USD denominated Net Asset Values and data, as at 31 December 2016. The receipt of this data lags due to the US tax year ending on 31 December and the audit process which must be completed prior to release of Q4 Partner Statements.

Also positively affecting the Unit Price during the month of March was the 0.79% decrease in the value of the Australian dollar against the USD dollar from US\$0.7688 to US\$0.7628. The Fund does not hedge currency exposure.

Below is a copy of the Investor Letter from the US manager Bridge Investment Group, which accompanied the Q4 Partner Statement.

Q4 Investor Letter

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

Dear Partner,

We are pleased to share with you the Bridge Multifamily & Commercial Office Fund II LP (“Bridge Multifamily II Funds” or the “Partnerships”) quarterly report for the period ending December 31, 2016. In this letter, we provide updates on the following: (i) our views on the multifamily and commercial office markets; (ii) the Partnerships’ investment performance; and (iii) the Partnerships’ disposition activity during the quarter.

In February 2017, Bridge Investment Group, formerly known as Bridge Investment Group Holdings LLC, introduced the company’s new name and logo. The new branding was motivated by a desire to unify how stakeholders view us and to simplify our organization in a cohesive way. Bridge is taking this opportunity to strengthen its identity with an energetic and elevated logo that builds upon its owner/operator heritage. As part of this initiative, the name of Real Estate Opportunity Capital Fund II, LP has changed to Bridge Multifamily & Commercial Office Fund II LP. (*Note: There is no change to the name of the Australian feeder fund.*)

VIEWS ON THE MULTIFAMILY AND COMMERCIAL OFFICE MARKETS

Events in the fourth quarter of 2016 generated a meaningful shift in investor outlook, as the national election delivered political party alignment in the executive and legislative branches with new expectations of financial deregulation and fiscal stimulus in 2017 and beyond. The immediate effects of this change in outlook led to a rise in the 10-year Treasury yield from 1.8% before the November elections to 2.5%. Due to a tightening labor market and strengthening economy, with inflationary expectations approaching the 2% target rate, the Federal Reserve chose to raise its target Fed Funds Rate in both December of 2016 and in March of 2017. Although interest rates have risen in recent months, spreads have reduced mitigating some of this impact. As a result, cap rates did not follow suit, increasing slightly in Q4 due to the impact of the election, but settling right back in Q1 across both multifamily and office markets nationally. These flat cap rates in the face of rising interest rates are indicative of strong and growing investor demand for real estate assets, especially in high-growth markets in which Bridge operates.

Fourth quarters historically have slower rent growth than other quarters, and Q4 of 2016 was no different in this regard. Multifamily rent growth in Q4 2016 was 0.3% for all classes and 0.5% for Class B/C assets, which was slower than the 1.0% pace in Q3 (Source: Reis, Inc.). Year-over-year, effective rents grew by 3.6% - a strong year historically for the U.S. multifamily market. Occupancy held firm at 95.8% nationally, with Class B/C assets increasing in occupancy by 10 bps relative to Q3. This tight multifamily market is indicative of strong fundamentals, combined with homeownership in the United States decreasing year-over-year from 63.8% to 63.7% in Q4 2016. New households are continuing to choose rentership in greater numbers.

Bridge’s multifamily strategy of investing in Class B suburban multifamily assets, which has been the beneficiary of these trends, expects to continue to benefit going forward. Our 2017 outlook is that, although affordable and moderate income renter demand will continue to strengthen, new multifamily completions will reach a cycle peak, causing a marked softness in the luxury Class A space with the potential for a smaller trickle-down effect on the Class B space in submarkets that are being overbuilt or experiencing economic challenges. Bridge’s ability to create alpha through its value-add platform will allow Bridge to deliver continuing solid returns to investors during periods when market beta may not be as strong as other years.

The U.S. commercial office market also performed well in Q4 2016, with 0.7% rent growth quarter-over-quarter and 3.2% rent growth year-over year (Source: CoStar Analytics). Occupancy remained flat during the quarter at 89.6% but is 30 bps higher than Q4 of 2015. We continue to see strengthening fundamentals in the office market given very low new deliveries of office space in 2016 compared to historical standards. These low completions are due to rising construction costs and rent levels that do not yet justify development in many regions of the country – yet they come at a time when office-using employment growth is increasing at a rate of 2.3% per year. Collectively, completions in San Francisco, San Jose, Dallas/Fort Worth, Seattle, and Houston account for more than one third of the new square footage scheduled for delivery in 2017. Other metros will face minimal pressure from new supply. Furthermore, a disproportionate amount of new construction is centered in a metro's CBD (Central Business District), and yet the vast majority of new net absorption (80%) is occurring in suburban areas. With continued office-using employment growth projected and meagre new completions, fundamentals are expected to be strong in U.S. commercial office in 2017, particularly in non-Gateway, prime suburban markets in which Bridge invests.

PARTNERSHIP ACTIVITY

As of December 31, 2016, Bridge Multifamily II Funds had invested 96.2% (or \$573 million of total equity) of its available equity into 52 multifamily housing communities (17,979 units) and 9 commercial office assets (2,086,815 ft²). The Partnerships currently have a gross asset value estimated at \$1.0 billion. Of Bridge Multifamily II Funds' 61 investments, 35 investments have been realized as of the end of the quarter – returning a 26.3% net IRR and a 1.90x net multiple on invested equity.

DISPOSITION ACTIVITY DURING THE QUARTER

During the quarter ending December 31, 2016, Bridge Multifamily II Funds realized 22 assets:

- Surprise Lake Apartments, a 338-unit apartment community in Milton, Washington, which is owned 100.0% by Fund II closed on October 5, 2016 resulting in a gross IRR of 39.8% and a multiple of 3.21x.
- Bradley Park Apartments, a 155-unit apartment community in Puyallup, Washington, which is owned 100.0% by Fund II closed on October 5, 2016 resulting in a gross IRR of 37.1% and a multiple of 2.92x.
- Chestnut Hills Apartments, a 157-unit apartment community in Puyallup, Washington, which is owned 100.0% by Fund II closed on October 5, 2016 resulting in a gross IRR of 34.9% and a multiple of 2.85x.
- Hamptons Apartments, a 230-unit apartment community in Puyallup, Washington, which is owned 100.0% by Fund II closed on October 5, 2016 resulting in a gross IRR of 36.5% and a multiple of 2.95x.
- Pembroke (Kennedy Ridge) Apts., a 959-unit apartment community in Denver, Colorado, which is owned 95.0% by Fund II closed on November 8, 2016 resulting in a gross IRR of 58.6% and a multiple of 3.80x.
- Pinnacle Grove Apartments, a 247-unit apartment community in Tempe, Arizona, which is owned 100.0% by Fund II closed on November 10, 2016 resulting in a gross IRR of 26.9% and a multiple of 2.31x.
- Timberlodge Apartments, a 216-unit apartment community in Dallas, Texas, which is owned 100.0% by Fund II closed on October 19, 2016 resulting in a gross IRR of 22.1% and a multiple of 1.99x.
- Chandlers Bay Apartments, a 293-unit apartment community in Kent, Washington, which is owned 100.0% by Fund II closed on October 5, 2016 resulting in a gross IRR of 38.9% and a multiple of 2.95x.
- Enclave Apartments, a 308-unit apartment community in Euless, Texas, which is owned 69.9% by Fund II closed on December 20, 2016 resulting in a gross IRR of 31.4% and a multiple of 2.49x.
- Overlook Apartments, a 350-unit apartment community in Euless, Texas, which is owned 75.0% by Fund II closed on December 20, 2016 resulting in a gross IRR of 32.0% and a multiple of 2.48x.
- Villetta Apartments, a 352-unit apartment community in Mesa, Arizona, which is owned 100.0% by Fund II closed on October 5, 2016 resulting in a gross IRR of 27.8% and a multiple of 1.97x.
- The Retreat Apartments, a 480-unit apartment community in Phoenix, Arizona, which is owned 100.0% by Fund II closed on October 5, 2016 resulting in a gross IRR of 16.9% and a multiple of 1.57x.

It was a tremendous quarter of realizations, with almost every asset outperforming its pro forma projections. As of December 31, 2016 the Partnership still owned 26 assets, all of which we are targeting for final liquidation by the end of 2017. We have 7 of the 26 assets remaining in the Fund portfolio under contract to sell, most of which having nonrefundable earnest money. We expect these liquidations should provide all of Bridge Multifamily II Funds investors their full return of original investment capital, and produce a projected gross IRR of 33.1%. We hope to liquidate the remaining 19 assets by year-end 2017. As has been our consistent practice since Bridge Multifamily II Funds' inception, we will continue to make distributions of current operating cash flow on a quarterly basis through the remaining life of the Partnerships. We look forward to continued strong cash flow, distributions, and realizations over the remaining harvest period.

Finally, we had tremendous attendance at our LP Annual meeting in Park City, which featured presentations by numerous Bridge executives, each of our CIOs and a keynote speech by David Brickman Executive Vice President and Head of Multifamily at Freddie Mac. Among his comments, David characterized Bridge as “one of the most important counterparties” to their business. We want to thank all who were able to attend.

We appreciate your support as our Partner and are extremely gratified by the progress we have been able to achieve to date in the Bridge Multifamily II Funds. We look forward to continued success.

If you have any questions regarding Bridge Multifamily II or your investment, please do not hesitate to contact us or our Australian partner Spire Capital.

With Best Regards,



Danuel Stanger
Chief Investment Officer
Bridge Multifamily II Fund

Note: A complete copy of the Q4 Bridge MF II Asset Summaries is available to investors and their advisers on request to Spire.

Manager Profiles

Bridge Investment Group Partners, LLC is the US based Investment Manager of the Fund. Bridge IGP is a specialist US real estate and real estate funds manager with over US\$6.7 billion in assets under management. Bridge IGP 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 IGP 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. Bridge uses this operating platform to add value through superior property value management.

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

Spire Capital and Bridge Investment Group Partners were nominated as one a finalist in Zenith Investment Partners' 2015 Fund Manager of the Year Award in the Direct Property category.

For further information please contact Spire capital on (02) 9377 0755 or via email info@spirecapital.com.au.

“Equity Trustees Limited (“Equity Trustees”), ABN 46 004 031 298 and Australian Financial Services Licence Number 240975, is the Responsible Entity of the Fund. Spire Capital Pty Ltd (“Spire”) ABN 21 141 096 120 and (wholesale) Australian Financial Services Licence Number 344365 is the Fund Manager of the Fund. This Monthly Update has been prepared by Spire for general information purposes only. It does not contain investment recommendations nor provide investment advice. Neither Equity Trustees nor Spire nor their related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in the Fund. Past performance is not necessarily indicative of future performance. Professional investment advice can help you determine your tolerance to risk as well as your need to attain a particular return on your investment. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. You should not act in reliance of the information of this Monthly Update. We strongly encourage you to obtain detailed professional advice and read the relevant product disclosure statement in full before making an investment decision. Applications for an investment can only be made on an application form accompanying a current Product Disclosure Statement (“PDS”).”