

In each instance, the Debt Team has at its disposal the full resources of Bridge to undertake physical due diligence and provide data and feedback which then feeds into the Debt Team's financial due diligence.

The subordinate (or mezzanine) loans into which the Fund invests will typically be at an interest rate of Libor (L) plus a spread of 1000 to 1400 basis points - or around 10.25% to 14.25% per annum.

The loans typically sit in the Loan to Value (LTV) corridor of 60% to 75%. This means that there is typically a third-party owners initial equity of 25% sitting above the loan. In a worse case scenario where this equity value is lost over time due to an asset's poor performance, then Bridge, in order to protect the value of the loan, have the right to foreclose on the loan and assume control of the asset. This is the second benefit (after initial due diligence resources) of being integrated with Bridge's national asset management platform. Freddie Mac Multifamily K-Deals

Freddie Mac, which is short for the Federal Home Loan Mortgage Corporation, is a US government sponsored entity and is the dominant player in the provision of debt to the U.S. multifamily apartment market. Since 1993, it has provided approximately US\$369 billion in financing for nearly 64,500 multifamily properties. Freddie Mac Multifamily has very strict underwriting (analysis) standards. Freddie Mac's delinquency rate on its entire portfolio has been consistently low, going no higher than 0.26% at the height of the US financial crisis.

As at 31 August 2015, the delinquency (loss) on the highest yielding, first loss subordinate bonds, (where the Fund intends to invest), was less than 1 basis point - an incredibly low rate.

Freddie Mac Multifamily sells bonds backed by loans on multifamily properties through its K-Deal program. Through this program, Freddie Mac securitizes pools of 80-100 loans into rated bonds with varying risk / return profiles (known as tranches), and sells those to institutional investors. From 1 January through 31 August 2015, Freddie Mac Multifamily has completed 90 K-Deal securitizations, with a combined issuance value of US\$113.17 billion backed by 6,096 original loans.

Bridge has recently been awarded a 4th subordinate K-Deal, KF-12, which is currently in a due diligence period expiring 6 November. This is a US\$100 million subordinate tranche of a US\$1.42 billion pool backed by 84 loans on multifamily apartment properties with a total of 18,458 "for rent" units. The portfolio is 94.2% occupied. The subordinate tranche has exposure to the 67-73% LTV corridor.

Bridge has been awarded the 'B' tranche at a current pay yield of Libor (L) + 1065 basis points, or nearly 11% per annum.

The Fund will have a direct investment in this tranche of up to 10% in joint venture with Bridge's ROC Debt Fund (15%) and a major US private equity investor (75%).

It is expected that Freddie Mac Multifamily K-Deals could ultimately represent 50-65% of the Fund's investment exposure.

Other Investments

The Fund will gain exposure to its other investments via an investment in Bridge's ROC Debt Fund strategy. ROC Debt Fund was incepted in July 2014 and has made a number of investments since that time. Accordingly, the majority of ROC Debt Fund investment to which the Fund will have exposure to are already known and are detailed within the Information Memorandum. These investments will include investments in the aforementioned 3 prior Freddie Mac Multifamily K-Deals, plus direct loans on multifamily and commercial office properties that have been originated and underwritten by Bridge. Typically the loans retained by ROC Debt Fund are also in the 65-75% LTV corridor. They will typically be based upon an IRR of 11% to 16% with a mixture of current pay yield and bullet payments at loan maturity.

Fund Summary

Fund Name	Spire Wholesale Alternative Income Fund No.1 (AUD), an unregistered managed investment scheme.
APIR Code	The Fund will have an APIR Code but it is not yet available.
Investment Manager and Trustee	Spire Capital Pty Ltd (Spire)
Sub-Advisor (USA)	Bridge Investment Group Partners, LLC (Bridge)
Fund Administrator	White Outsourcing Pty Ltd
Fund Domicile	Australia
Investment Horizon	7 years
Investment Type	Alternative (Private U.S. Debt)
Investment Objective	The Fund aims to generate an annual yield of 9-10% per annum and a total return over the life of the Fund of an 11-13% IRR (excluding FX movements).
Investments Held	The Fund will hold interests in two Foreign Hybrid Limited Partnerships domiciled in Alberta, Canada. These Limited Partnerships will in turn hold, (via leveraged blocker structures), interests in Bridge's ROC Debt Strategies Fund (RDS), LP and in the subordinate tranche of Freddie Mac Multifamily KF12 (KF12), a specific loan pool of 84 US multifamily assets, which is under contract to Bridge with closing in December 2015. It is expected that the Fund will hold 25% - 50% of its investment in KF12 and 50% - 75% in RDS.
Investor Eligibility	Wholesale Clients, as defined in the Corporations Act 2001.
Minimum Investment	\$500,000*
Issue Price	A\$1.00 per Unit
Liquidity, Access to Funds and cooling-off	The Fund will not be "liquid" (as that term is defined in the Corporations Act) and as a result no cooling-off period applies to Applications and investors do not have any redemption and withdrawal rights. However, it is anticipated that from Year 4, the Fund will receive returns of capital via the maturity or refinancing of underlying loans. The returns of capital will in turn be returned to investors. Thus it is expected that investor capital will gradually be returned from Year 4.
Management Fees	A total of 1.5% p.a.
Performance Fee#	The Sub-Advisor will charge a performance fee of 20% of the net return generated by the underlying investments, subject to the Fund receiving an 8% per annum compounded preferred return on its investments.

* Spire reserves the right to accept lower amounts

Spire is entitled to receive a share of any performance fee paid to the Sub-Advisor

Currency Hedging	The Fund will be unhedged. However the Fund Manager reserves the right to implement a hedging strategy in the future if it believes it is in the best interests of unit holders to do so.
Unit Pricing	Quarterly at the end of March, June, September and December
Distributions of Income	Annually as at 30 June
Tax Statements	Annually as at 30 June
KEY DATES	
KF12 D.D.	Due Diligence expires 6 November 2015
Applications Open	Monday 9th November 2015
Applications Close	Friday 20th November 2015 at 5pm (Sydney)
Units Issued	The week of 30 November 2015
RDS Funding	The week of 30 November 2015
KF12 Funding	The week of 30 November 2015
First Distribution	25 July 2016 (for the period ending 30 June 2016)
Documentation	Documentation which will be required to be completed by investors and which will be available in the Information Memorandum:- <ol style="list-style-type: none"> 1. Application Form 2. US IRS W8-BEN Form (<i>to enable Us withholding tax exemption on 'Portfolio Interest'</i>) 3. FATCA certification 4. Wholesale Investor Accountant's Certification (<i>if individual investor is below A\$500,000</i>)

To request a copy of the Information Memorandum please email rebecca.cook@spirecapital.com.au

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