Spire Capital Pty Ltd
ACN 141 096 120
AFSL 344365

Level 14, 25 Bligh Street
Sydney NSW 2000

T +61 2 9377 0755
F + 612 9377 0788
info@spirecapital.com.au

www.spirecapital.com.au

QUARTERLY UPDATE

SPIRE WHOLESALE ALTERNATIVE INCOME FUND NO. 1 (AUD)
Q3 2018 (30 September 2018)

Key Fund Details

APIR Code: SPI0001AU
Fund Manager / Trustee: Spire Capital Pty Ltd
Commencement: 9 November 2015
Fund Size: A$5,336,232
Application Status: CLOSED

Ordinary Unit Price and Performance (Net of Fees)

as at 30 September 2018 based upon underlying fund Partnership Statements dated 30 June 2018.

Unit Price (Cum)	Quarterly Distribution (CPU)	Unit Price (Ex)	3 months	6 months	1 year	3 years (% p.a)	Since Inception (% p.a)
$0.6529	4.07 cents	$0.6122	9.18%	12.97%	23.15%	N/A	8.09%

Quarterly Update

Positively affecting the unit price during the quarter to 30 September was receipt of income and profit distributions from the underlying funds, together with the 2.071% decrease in the value of the Australian dollar against the USD dollar from US$0.7389 to US$0.7236. The Fund does not hedge currency exposure.

The Fund is now paying distributions Quarterly and the Q3 2018 distribution of 4.07 cents per unit includes both Q3 2018 income from all three underlying partnerships, plus returns of capital from BDSI, which is now in its Harvest Period.

The calculation of distribution components will be provided to investors on an annual basis as at 30 June.

Further update information, including performance of individual assets within each of the underlying funds, is provided by the Bridge Debt Strategies Chief Investment Officer, Mr Jim Chung, in his Quarterly Investment Letter commencing on page 4 of this update.

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.

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 October 2018 Bridge had approximately US$12.0 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.

SPIRE CAPITAL

Underlying SWAIF Investments / J-Curve Dashboard

As at 30 June 2018

Metric	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018
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	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%	91.2%	57.0%	52.0%
IRR on Called Capital	1.8%	4.6%	6.8%	7.2%	7.9%	8.0%	8.0%	8.4%	8.9%	9.2%
Equity Multiple on Called Capital	1.05x	1.04x	1.06x	1.09x	1.11x	1.14x	1.15x	1.18x	1.22x	1.23x
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]	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]	51.5%[1]	45.0%[1]	46.6%
IRR on Called Capital	NM	8.3%	8.8%	7.5%	7.8%	8.2%	6.2%	9.0%	8.9%	12.3%
Equity Multiple on Called Capital		1.04x	1.13x	1.12x	1.08x	1.09x	1.07x	1.12x	1.13x	1.19x
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	1,327,750	1,327,750	1,327,750
Percentage of Capital Called[2]				0%	46.0%	41.4%	67.51%	88.8%	97.7%	97.7%
IRR on Called Capital				NA	4.2%	5.4%	4.9%	5.6%	6.0%	7.6%
Equity Multiple on Called Capital					1.02x	1.02x	1.01x	1.02x	1.04x	1.07x
Blended & Weighted - 100% of the SWAIF Investment Portfolio										
Fund's Committed Capital (USD)[2]	5,658,275	5,658,275	5,658,275	5,611,219	5,611,219	5,611,219	5,611,219	5,611,219	5,611,219	5,611,219
Percentage of Capital Called[2]	100%	93%	100%	76%	87%	83%	89%	93%	75%	73%
IRR on Called Capital		6.6%	7.8%	7.3%	7.4%	7.8%	6.9%	8.0%	8.2%	9.6%
Equity Multiple on Called Capital		1.04x	1.10x	1.10x	1.09x	1.11x	1.10x	1.13x	1.15x	1.18x
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	1.12x	1.12x	1.13x
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	0.7671	0.7369	0.7236
Difference	0.03925	0.0126	0.03525	-0.0059	0.03285	0.03705	0.0546	0.0371	0.0089	-0.0064
FX impact on Returns since inception	-5.4%	-1.7%	-4.8%	0.8%	-4.5%	-5.1%	-7.5%	-5.1%	-1.2%	-0.9%
Equity Multiple adjusted for currency		**1.02x**	**1.04x**	**1.08x**	**1.03x**	**1.04x**	**1.01x**	**1.07x**	**1.10x**	**1.14x**

Notes:

1. KF12 was the subject a re-remic (re-securitization) in Q3 2017 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.

Q2 Investor Letter

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

Bridge Debt Strategies I & II

Thank you for your continued support of the Bridge Debt I & II Funds ("Bridge Debt I", Bridge Debt II or the "Partnerships"). We are pleased to share with you the Quarterly Report for the period ending June 30, 2018.

MARKET OVERVIEW

Interest rate markets in the second quarter settled into a new range for the 10-year Treasury between 2.80% and 3.10% after the sharp rise in Treasury yields in the first quarter. One-month LIBOR also continued its ascent rising from 1.90% to 2.08% during the second quarter. Economic data shows the economy continuing to expand at a slow but steady pace and the Federal Reserve has remain committed to continuing raising short term rates, however, there has become some disagreement in the market about the continued rise in rates with some sentiment now shifting to the view that rates should remain at or near present levels. Generally, the credit markets remained strong with spreads generally continuing to tighten across the capital structure.

In the K-Series B-piece sector, where we are most active, we saw overall B-piece yields continue to tighten further as investors see tremendous relative value in K-Series. We believe that pricing in K-Series remains attractive despite the tightening given the underlying credit quality of the pools and lack of yield in comparable instruments, however, we feel that being selective on which K-Series credits we focus on is becoming increasingly important given the tighter yield environment.

The direct lending market for U.S. commercial real estate remains competitive, but there is tremendous relative value currently in the loan market which we feel has tightened less than other credit products. In addition, the financing environment for these loans continues to improve and has allowed us to maintain attractive leveraged yields on these investments.

INVESTMENT ACTIVITY UPDATE - BRIDGE DEBT I

As of June 30, 2018, the Partnerships are fully deployed in a portfolio that is projected to deliver solid returns with carefully-managed risk. We are past the investment window of the fund and have entered the harvest period, so far returning 53.2% of contributed capital. There were no realizations in the second quarter although we did receive some partial returns of principal on some of our remaining K-Series investments.

The remaining seasoned K-Series B-piece portfolio consists entirely of floating rate deals which have benefited from rising LIBOR and are performing strongly from a credit perspective. The K-Series portfolio has no delinquencies currently. The direct lending portfolio also has no delinquencies and most of the loans are likely to be paid off in the next two quarters given the underlying value appreciation of the assets over the last few years. Overall, the credit of the direct lending portfolio we feel is quite solid with the exception of one investment, 1500 CityWest. Just prior to quarter end, we were informed that the largest tenant in this office property had been negotiating a lease extension, and then unexpectedly filed for bankruptcy. We are in discussion with the borrower regarding this space and the impact it may have on our loan. Given the short time frame for evaluating the situation prior to quarter end, the investment has not been revalued for quarter end, and we expect to make a valuation adjustment in the third quarter once we have full information on the situation.

Bridge Debt I's 12 current investments have a gross asset value of $110.5 million and reflect the targeted portfolio composition. The Partnerships' capital investment in this portfolio totaling $61.6 million is detailed as follows:

- ~$14.0 million floating rate loan secured against 1500 CityWest Office, a 192,313 square foot office building in Houston, TX;
- ~$3.9 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF12);
- ~$5.4 million floating rate commitment secured against Thunderbird Village Apartments, a 182-unit multifamily property in Vancouver, WA;
- ~$5.6 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;
- ~$5.8 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF16);
- ~$4.0 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;
- ~$1.4 million floating rate loan secured against 4627 South Drexel Boulevard, a 35-unit multifamily property in Chicago, IL;
- ~$3.8 million floating rate loan secured against Asbury Park Pavilions, a 42,582 square foot retail property in Asbury Park, NJ;
- ~$2.3 million mezzanine investment secured against Heritage Hills at Oceanside, a 48-unit senior housing property in Oceanside, CA; and
- ~$5.0 million mezzanine investment secured against a portfolio of six multifamily properties totaling 1,242 units, Tzadik Multifamily Portfolio, located in Daytona Beach & Orlando, FL.

Together, our 12 closed transactions currently project 13.0%+ gross IRR.

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 a 10.0% net IRR and a 1.24x multiple. As investments season, we expect returns to continue to trend higher. Inception to-date the fund has paid out at an annualized distribution rate of 12.6%.

Our stable, trusted relationship with Freddie Mac has allowed Bridge to become the largest purchaser of the K-Series in 2017, 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 30 K-Series investments; 26 through direct placement and four through a limited auction. In July 2016, we launched our successor fund Bridge Debt II, and secured $1 billion in Bridge Debt II equity capital and $831 million in parallel vehicles through its official fundraising close in August 2017. That fund has reached full deployment in approximately 18 months. Our third debt fund, Bridge Debt III, recently launched in May 2018, securing approximately $500 million in its first close.

INVESTMENT ACTIVITY UPDATE - BRIDGE DEBT STRATEGIES II

As we noted in our last communication, we made the final capital call for the Fund in February and have effectively been fully deployed for several months. Our rapid pace of deployment in Bridge Debt II Funds have proven to be an effective strategy as our portfolio has benefited from a strengthening credit market and growing economy. The investment window of the Fund ends in July 2019, so we are well ahead of schedule in deploying the Fund.

Within the fund, we repositioned some of the portfolio during the quarter and closed on one new Freddie Mac K-Series investments, deploying approximately $18.9 million of capital. We ended the first half of 2018 as the largest buyer of K-Series B-pieces, maintaining our position after ending 2017 as the top buyer.

Within the direct lending portfolio, we had another active quarter and closed seven loans totaling $111.3 million. We also made significant progress towards our second commercial real estate collateralized loan obligation (CRE CLO) securitization, which has already priced in the third quarter, with 19 loans totaling approximately $415 million. When complete, the CRE CLO will meaningfully reduce our financing line usage and reduce our usage of warehouse lines to less than 10% of the Fund size.

Within the opportunistic segment of the portfolio, we closed on one preferred equity deal for $7.2 million. In addition, we invested approximately $11.5 million in BBB CRE CLO bonds in the second quarter as we believe there is significant value in these floating-rate investment grade bonds, which we can finance at very attractive rates and achieve yields above 10.0%.
Bridge Debt II Funds' current 54 investments have a gross asset value of $1.66 billion and reflect the targeted portfolio composition. The Partnerships' capital investment in this portfolio totals $895.3 million and is detailed below:

- ~$10.5 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF18);
- ~$12.6 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF20);
- ~$15.0 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF23);
- ~$12.2 million preferred equity investment secured against The Reserve at the Ballpark, a 321-unit multifamily property in Atlanta, GA;
- ~$48 thousand floating rate loan commitment secured against Dulles Creek, a 87,562 square foot office building in Herndon, VA;
- ~$38.5 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF27);
- ~$6.5 million investment in a Freddie Mac K-Series CMBS subordinated tranche (K64);
- ~$12.1 million mezzanine investment secured against The Pointe, a 418,000 square foot office building in Sandy Springs, GA;
- ~$10.1 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KL01);
- ~$31.6 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF32);
- ~$263 thousand floating rate loan commitment secured against Garvey Plaza, a 100,930 square foot office building in West Covina, CA;
- ~$31.0 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KSW3);
- ~$794 thousand floating rate loan commitment secured against Breckinridge Square Apartments, a 294-unit multifamily property in Louisville, KY;
- ~$5.6 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KBF1);
- ~$31.1 million mezzanine investment secured against 1 Light Street, a 689,665 square foot mixed-use building in Baltimore, MD;
- ~$49.9 million investment in a Freddie Mac multifamily whole loan sale facility (WLIF);
- ~$2.3 million floating rate loan commitment secured against 84th Street Apartments, a 48-unit multifamily property in New York, NY;
- ~$1.8 million floating rate loan commitment secured against Modern on the Rail, a 488-unit multifamily property in Phoenix, AZ;
- ~$11.3 million mezzanine investment secured against Fenley Office Portfolio, an office portfolio totaling 922,903 square feet of office space in Louisville, KY;
- ~$4.1 million mezzanine investment secured against North Pointe Business Park, a 250,506 square foot office complex in American Fork, UT;
- ~$5.9 million floating rate loan commitment secured against AvantGarde Senior Living, a 106-unit, 138-bed senior housing facility in Tarzana, CA;
- ~$4.3 million floating rate loan commitment secured against Vie at Murfreesboro, a 216-unit multifamily property in Murfreesboro, TN;
- ~$7.0 million mezzanine investment secured against CCP Raleigh Office Portfolio, an office portfolio totaling 276,625 square feet of office space in Wake Forest, Durham & Morrisville, NC;
- ~$25.7 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KI01);
- ~$16.9 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KHG1);
- ~$6.0 million floating rate loan commitment secured against Hill Country Villas, a 240-unit multifamily property in San Antonio, TX;
- ~$31.6 million floating rate loan commitment secured against Regency Lakeview, a 376,131 square foot office building in Cary, NC;
- ~$9.9 million floating rate loan commitment secured against Copperwood Apartments, a 153-unit multifamily property in Princeton, NJ;
- ~$9.0 million investment in a Bridge Debt Strategies CLO BBB- rated tranche (BDS 2018-FL1);
- ~$131.4 million investment in a Bridge Debt Strategies CLO subordinated tranche (BDS 2018-FL1);
- ~$25.9 million floating rate loan commitment secured against Pershing Point, a 409,579 square foot office building in Atlanta, GA;
- ~$2.7 million floating rate loan commitment secured against Elm Grove Apartments, a 136-unit multifamily property in Kingwood, TX;

- ~$3.7 million floating rate loan commitment secured against Minneapolis Grand Apartments, a 112-unit multifamily property in Minneapolis, MN;
- ~$5.1 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KF43);
- ~$13.7 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KS06);
- ~$29.5 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KL02);
- ~$2.3 million floating rate loan commitment secured against Philips Landing Apartments, a 144-unit multifamily property in Statesville, NC;
- ~$19.4 million floating rate loan commitment secured against GDC White Plains, a 495,214 square foot mixed-use building in White Plains, NY;
- ~$11.4 million mezzanine investment secured against GDC White Plains, a 495,214 square foot mixed-use building in White Plains, NY;
- ~$4.9 million floating rate loan commitment secured against Altura on Duneville Apartments, a 228-unit multifamily property in Las Vegas, NV;
- ~$3.0 million investment in a Benefit Street Partners CLO BBB- rated tranche (BSPRT 2018-FL3);
- ~$7.2 million preferred equity investment secured against a Foster Square Apartments, a 356-unit multifamily property in Voorhees Township, NJ;
- ~$9.7 million floating rate loan commitment secured against JAX Multifamily Portfolio, a 1,104-unit multifamily property in Jacksonville, FL;
- ~$6.5 million investment in a Granite Point CLO BBB- rated tranche (GPMT 2018-FL1);
- ~$5.5 million floating rate loan commitment secured against Dolce Midtown, a 201-unit multifamily property in Houston, TX;
- ~$18.9 million investment in a Freddie Mac K-Series CMBS subordinated tranche (KX03);
- ~$2.0 million investment in a LoanCore Capital CLO BBB- rated tranche (LNCR 2018-CRE1);
- ~$31.5 million floating rate loan commitment secured against The Metro White Plains, a 124-unit multifamily property in White Plains, NY;
- ~$35.4 million floating rate loan commitment secured against Altura on Tropicana Apartments, a 512-unit multifamily property in Las Vegas, NV;
- ~$8.3 million floating rate loan commitment secured against Hollywood Apartments, a 51-unit multifamily property in Los Angeles, CA; and
- ~$16.0 million floating rate loan commitment secured against Norden Lofts, a 65-unit multifamily property in White Plains, NY.

There was one realization in the second quarter of 2018:

- ~$4.0 million preferred equity investment secured against a Narraticon Apartments, a 443-unit multifamily property in Deptford Township, NJ.

Together, our 54 closed transactions fit well within our thesis and project a net 10.0% plus IRR.

Bridge Debt II Funds have 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 the Partnerships is significantly less pronounced than in the average private equity fund. The Partnerships to-date have achieved an 8.5% net IRR and a 1.08x multiple while paying out current distributions in the 10% range. As investments season, we expect fund returns to continue to trend higher.

Our stable, trusted relationship with Freddie Mac has allowed Bridge to become the largest purchaser of the K-Series in 2017, 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 thirty K-Series investments; twenty-six through direct placement and four 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 2018. In our direct lending activities, we continue to see significant opportunity in underserved parts of the debt space, particularly in secondary U.S. 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. We are currently in the process of raising our third debt fund, Bridge Debt III, and had a first close of approximately $500 million.

Thank you, once again, for your support of the Partnerships.

With Best Regards,

James Chung
Chief Investment Officer Bridge Debt II Funds

Note: A complete copy of the Q4 BDSI (inc KF12) and BDSII Asset Summaries is available to investors and their advisers on request to Spire.

SPIRE LAUNCHES TWO NEW FUNDS

Spire Capital is pleased to advise that the follow on fund to Spire USA ROC II and USA ROC III Funds, called Spire USA ROC IV Fund (AUD), is now open for direct investment via the PDS (click to download).

Like its predecessor funds, Spire USA ROC IV Fund (AUD) will invest in value-add multifamily and commercial office properties, via programs managed by Bridge Investment Group and its affiliates.

The second fund is Spire USA ROC Office Fund I (AUD) which is a Unit Class of the Spire USA ROC IV Fund (AUD) and will invest in commercial property. It is now open for direct investment via the PDS (click to download)

Both Funds have been rated "Recommended" by Zenith Investment Partners. Please click here to download the Spire USA ROC IV Fund (AUD) report or click here to download the Spire USA ROC Office Fund I (AUD) report.

It is expected that the Funds will shortly be available on major platforms.

For further information please contact either Dale Holmes on 0401 146 106 or Chris Niall on 0419 011 628.

CONTACT US
For further information please:

Call us on: +61 2 9377 0755

Email us at: info@spirecapital.com.au