

**OVERVIEW**

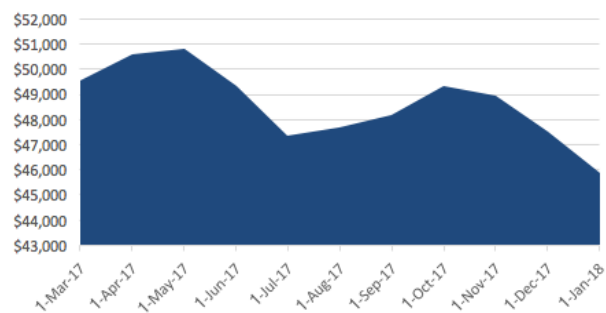
The Fund was established in 2017 and acts as an unhedged Australian feeder fund into the assets of of Bridge Seniors Housing & Medical Properties Fund II LP (“Bridge Seniors II”). Bridge Seniors II is a US\$1.05 billion (equity) “buy, fix, sell” private equity real estate fund, investing in value-add US seniors housing and medical properties. The Fund has a US\$49.5 million capital commitment to Bridge Seniors II, of which 12.0% has now been called and invested. The Fund owns a 4.95% share of a diversified current portfolio of 8 separate seniors housing assets located across five US states, providing a total of 1,046 seniors housing units. Bridge Seniors II’s Investment Period will run until January 2020, during which the investment portfolio will continue to be aggregated. After this date Bridge Seniors II’s Harvest Period will commence, during which portfolio assets will be sold, most likely via a portfolio sale, when the portfolio has been stabilised and value has been maximised. Bridge Investment Group (“Bridge”) is the US based Investment Manager of the Fund. Bridge is a specialist US real estate and real estate funds manager with over US\$7.8 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.

**PERFORMANCE (NET OF FEES)**

Ordinary Unit Class as at 31 January 2018  
Based upon underlying fund data as at 30 September 2017

Unit Price	1 month	3 months	1 year	5 years	Since Inception
\$1.2128	-3.45%	-7.01%	N/A	N/A	-8.26%

**GROWTH OF AUD 50,000 INVESTMENT<sup>1</sup>**

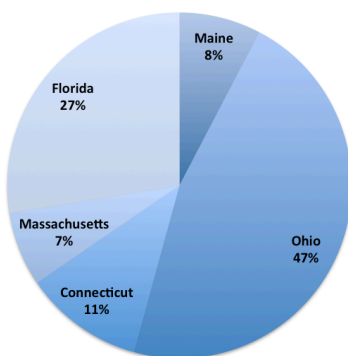


\*\* Past performance is not an indicator of future performance\*\*

Performance is measured from the date of the Fund’s first issuance of units on 3rd March 2017 at \$1.3220 per unit. Individual investor performance will differ based upon the unit price at which there were issued units.

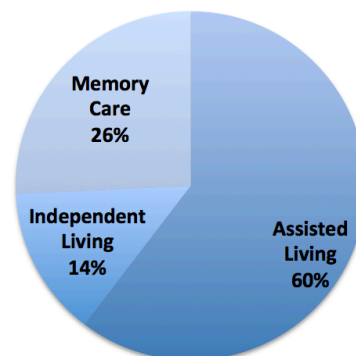
1. Assumes investment on the date of the first issuance of units i.e. 3rd March 2017

**REGIONAL BREAKDOWN\***



\*Underlying Fund investments by equity invested as at 30 September 2017

**ASSET TYPE\***



**FUND DETAILS**

<b>Fund Size (AUDm):</b>	\$61.323	<b>Fund Manager:</b>	Spire Capital Pty Limited
<b>APIR Code:</b>	ETL1507AU	<b>Investment Manager:</b>	Bridge Investment Group, LLC
<b>Commencement:</b>	17 February 2017	<b>Responsible Entity:</b>	Equity Trustees Limited
<b>Zenith Research Rating:</b>	Recommended (Original rating, now lapsed as closed)	<b>Base Management Fee:</b>	0.60% p.a. x NAV
<b>Unit Price:</b>	\$1.2128	<b>Underlying Fees:</b>	2% of committed equity
<b>Distribution Frequency:</b>	Annually as at 30 June	<b>Underlying Performance Fee:</b>	20% of realised profits after an 8% preferred return is paid to Limited Partners.
<b>Liquidity:</b>	Nil - Closed-ended fund	<b>Application Status:</b>	CLOSED

**MONTHLY UPDATE**

Negatively affecting the unit price during the month of January was the 3.53% increase in the value of the Australian dollar against the USD dollar from US\$0.7822 to US\$0.8098. The Australian Dollar has increased 5.32% against the US Dollar since the Fund's inception, which has negatively affected performance.

The Fund does not hedge currency exposure. Unit Prices are reflecting the Q3 Underlying Fund Net Asset Values as at 30 September 2017. Underlying Fund performance since inception is summarised below which is US Dollar denominated and thus excludes the impact of currency movements and is in line with the Underlying Fund's target returns and is summarised below:

Underlying Fund performance since inception is summarised below:

Underlying Bridge Seniors Housing I Investment / J-Curve Dashboard

Metric	Q3 2017
Committed Capital (USD)	\$49.5M
Invested Capital %*	12.0%
IRR on Called Capital	N/A
Equity Multiple on Called Capital	N/A

As at Q3, 30 November 2017 - US Dollar denominated.

\*Invested Capital as a percentage of Committed Capital

**OUTLOOK**

The Fund expects to receive Capital Call Notices from the Underlying Fund in the order of 10% of Committed Capital per quarter, as Bridge Investment Group identify suitable acquisition opportunities to add to the portfolio during the Bridge Seniors II Investment Period, which expires in January 2020.

During this time existing investments will be subjected to their value-add business plans, and any surplus net operating income will be distributed to investors on an annual basis as at 30 June.

It is anticipated that as value-add business plans are executed, then quarterly increases in valuation will follow. This has been demonstrated in the first 5 assets that have been acquired in the portfolio and have as at 31 December 2017 been valued at Fair Market for the first time. Previously, as required under US GAAP Accounting Standards, the assets were required to be valued at Cost (for the first 6 months of ownership).

As can be seen below, this Q4 revaluation has resulted in an average 5.34% increase in value.

**Please note that these revised valuations are in US Dollars and are not yet included in unit prices, which are currently based off Q3 Partner Statements (and values), as Q4 Partner Statements and Net Asset Values have not yet been received.**

**BRIDGE  
INVESTMENT  
GROUP**

**BSH Fund II  
Q4 2017 Fair Market Value**

	Current Investment Basis	Current Value	Prior Qtr Disc Rate	Current Disc Rate	Current Value/Unit	Valuation Method	Prior Qtr Exit Cap	Current Exit Cap	Avg Rent Growth (10 yr)	Avg NOI Margin (10 yr)	Projected Sale Date
Atria Scarborough	20,912,234	22,407,851	Cost	10.25%	276,640	DCF	6.50%	6.50%	3.78%	29.94%	12/31/2022
Atria Newell Creek	36,762,294	38,613,736	Cost	10.50%	306,458	DCF	6.75%	6.75%	2.70%	37.27%	12/31/2022
Atria Farmington	31,823,470	32,923,552	Cost	10.50%	245,698	DCF	6.50%	6.50%	3.70%	30.78%	12/31/2022
Atria Franklin	18,378,845	20,136,955	Cost	10.00%	248,604	DCF	6.50%	6.50%	3.41%	27.11%	12/31/2022
Atria Springboro	34,794,818	36,205,348	Cost	10.25%	270,189	DCF	6.50%	6.50%	3.81%	34.35%	12/31/2022
<b>Total</b>	<b>142,671,661</b>	<b>150,287,442</b>	<b>Cost</b>	<b>10.34%</b>	<b>270,301</b>		<b>6.56%</b>	<b>6.56%</b>	<b>3.44%</b>	<b>31.89%</b>	

#### **NOTE ON US TAX CHANGES**

Given the fact that the Bridge Seniors Housing II Program is relatively young, as at the date of the last quarterly Partner Statement of 30 September 2017 (Q3), the Fund did not have any taxable profits, and therefore no US income tax liability.

Therefore the reduction in the US corporate tax rate from 1 January 2018 from 35% to 21% has had no impact on the Fund's unit price.

#### **CONTACT US**

For further information please:

Call us on: +61 2 9377 0755

Email us at: [info@spirecapital.com.au](mailto:info@spirecapital.com.au)

Visit our website: [www.spirecapital.com.au](http://www.spirecapital.com.au)

#### **Important Information**

"Equity Trustees Limited ("Equity Trustees"), ABN 46 004 031 298 and Australian Financial Services Licence Number 240975, is the Responsible Entity of the Spire USA ROC Seniors Housing and Medical Properties Fund II (Fund). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22607 797615), a publicly listed company on the Australian Securities Exchange (ASX:EQT). 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 or the accuracy of information in this document and accepts no liability to any person who relies on it. 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")."