

**SPIRE USA ROC II FUND (AUD)**

ARSN: 162 507 020

**OVERVIEW**

The Fund was established in 2013 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. 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. Bridge uses this operating platform to add value through superior property value management.

**PERFORMANCE (NET OF FEES)**

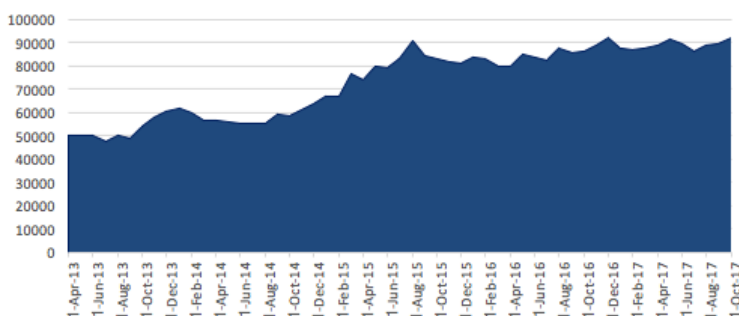
Ordinary Unit Class

Based upon underlying fund data as at 30 June 2017

| 1 month | 3 months | 1 year | 3 years (p.a) | 5 years | Inception (p.a) |
|---------|----------|--------|---------------|---------|-----------------|
| 2.29%   | 6.42%    | 6.57%  | 16.13%        | N/A     | 15.01%          |

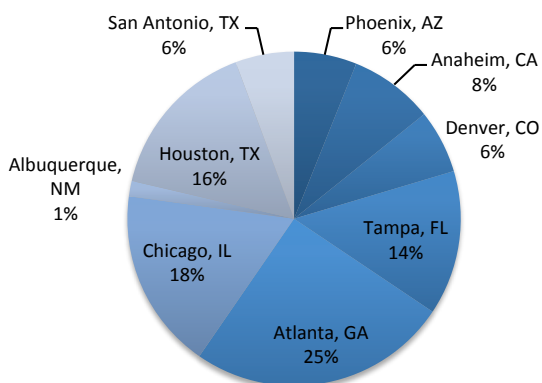
\*\* Past performance is not an indicator of future performance \*\*

**GROWTH OF AUD 50,000 INVESTMENT**



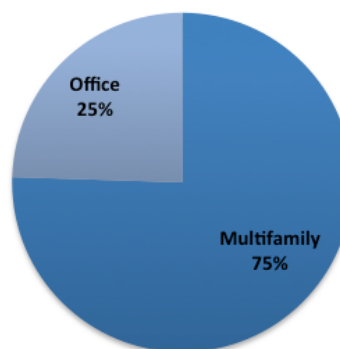
Performance and Growth table and chart are based on an investment made at the Fund's inception at \$1:00 per unit and includes Unit Price growth plus cash Distributions. Does not assume re-investment of Distributions in the Fund as the Fund was not open to re-investment. Does not include the value of Foreign Income Tax Offsets (FITOs) which have been distributed in addition to cash.

**REGIONAL BREAKDOWN**



Remaining Underlying Fund investments by Cost as at 30 June 2017

**ASSET CLASS BREAKDOWN**



|                                 |   |
|---------------------------------|---|
| <b>Fund Size (AUDm):</b>        | 14.83   |
| <b>APIR Code:</b>               | ETL0371AU   |
| <b>Commencement:</b>            | 1 July 2013   |
| <b>Zenith Research Rating:</b>  | Highly Recommended<br>(Original rating, now lapsed as closed) |
| <b>Unit Price:</b>              | \$0.3844  |
| <b>2017 Distribution (CPU):</b> | 99.37 + 15.46 FITOs   |
| <b>2016 Distribution (CPU):</b> | 29.08 + 0.74 FITOs  |
| <b>2015 Distribution (CPU):</b> | 07.41 + 0.48 FITOs  |
| <b>2014 Distribution (CPU):</b> | 01.54 + 0.39 FITOs  |

|                                    |   |
|------------------------------------|---|
| <b>Distribution Frequency:</b>     | Annually as at 30 June  |
| <b>Fund Manager:</b>               | Spire Capital Pty Limited   |
| <b>Investment Manager:</b>         | Bridge Investment Group, LLC  |
| <b>Responsible Entity:</b>         | Equity Trustees Limited   |
| <b>Base Management Fee:</b>        | 0.58% p.a. x NAV  |
| <b>Underlying Fees:</b>            | 2% of invested equity   |
| <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**

Positively affecting the unit price during the month of October was the 2.2813% decrease in the value of the Australian dollar against the USD dollar from US\$0.7846 to US\$0.7667. The Fund does not hedge currency exposure. Unit Prices are reflecting the Q2 Underlying Fund Net Asset Values as at 30 June 2017.

Underlying Fund performance since inception is summarised below:

**Underlying Bridge MF II Investment / J-Curve Dashboard**

As at 30 June 2017

| 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 | Q1 2017 | Q2 2017 |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Committed Capital (USD)           | 35M     | 35M     | 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%   | 24.3%*  | 22.2%*  |
| 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%   | 17.1%   | 16.8%   |
| 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   | 1.57x   | 1.58x   |

\* A substantial return of capital was received during Q2 which explains the significant reduction in Called Capital.

**Outlook**

The Underlying Fund is now well into its Harvest Period, with 48 of the 61 assets which were acquired during the ROC II Program's Investment Period having now been sold. 16 multifamily apartment communities were sold as a stabilised portfolio to Blackstone, with the remaining assets sold individually on stabilisation. All assets have been sold at positive returns, with the worst performance being a 13.4% gross IRR and 1.27x gross equity multiple.

**CONTACT US**

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**Important Information**

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