



# SPIRE USA ROC II FUND (AUD) MONTHLY INVESTMENT REPORT 31 JULY 2014

## Key Fund Details

<b>APIR Code:</b>	ETL0371AU
<b>Responsible Entity:</b>	Equity Trustees Limited
<b>Commencement:</b>	1 July 2013
<b>Fund Size:</b>	A\$43.23 million
<b>Application Status:</b>	CLOSED

## Fund Profile

The Fund acts as an Australian feeder fund into the assets of Real Estate Opportunity Capital Fund, LP ("ROC II"). ROC II is a US\$600 million (equity) "buy, fix, sell" private equity real estate fund, investing in value-add US multifamily apartment communities and office buildings, which are generally acquired opportunistically from distressed sellers or Mortgagees in Possession.

The Fund owns a 5.88% share of a diversified portfolio of 50 separate real estate assets across the US. As at 30 June 2014, the portfolio comprises 15,040 "for rent" multifamily apartment units, plus 865,022 square feet (80,363 m<sup>2</sup>) of leasable commercial office space.

## Manager Profiles

The US Investment Manager is Bridge Investment Group Partners, LLC. Bridge has over 25 years experience in successful investment in US value-add real estate and a platform of over 1,000 employees.

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.

## Ordinary Unit Price and Performance

as at 31 July 2014

<b>Unit Price (ex div):</b>	<b>\$1.0829</b>
1 month:	0.13%
3 month:	-1.86%
6 month:	-10.23%
Since inception (p.a):	9.87%

## Monthly update

Unit Prices as at 31 July 2014 have gone ex-dividend, following the annual distribution paid in July.

The July unit price is for the first time based upon the ROC II portfolio values at at 30 June 2014. These values include both assets which have been owned for greater than 6 months as at 30 June 2014 and are valued at market. These assets have generally seen increase in value from Q1 to Q2 as their value-add programs gain momentum. The 30 June statements also include new assets which have been owned for less than 6 months and are valued at cost, less transactional expenses, and as such are valued at less than the capital which has been deployed to acquire the assets. This is known as the J-curve.

In addition, seven assets totalling US\$200M were acquired in July and the Fund paid a July capital call to fund its share. These assets are also booked at cost less acquisition expenses, and are also therefore subject to the J-curve effect. Including the new assets acquired and funded in July, one third of the ROC II portfolio is currently valued at cost minus transactional expenses.

The J-curve effect will continue to act as a negative influence on the Fund's unit price until such time as all of the Fund's assets have been deployed, and the value-add strategy of each new asset has gained momentum and all assets are valued at Fair Market. We expect full deployment of capital around the end of 2014 and thus all assets being valued at market mid 2015.

A comprehensive asset-by-asset portfolio overview as at 30 June accompanies this update. This overview describes the strategy, financials, valuation and debt metrics for each asset.