



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

# MONTHLY UPDATE

## SPIRE USA ROC II FUND (AUD) January 2015

### 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\$49.90 million
<b>Application Status:</b>	CLOSED

### Ordinary Unit Price and Performance (Net of Fees)

as at 31 December 2014

<b>Unit Price:</b>	<b>\$1.2484</b>
1 month:	4.22%
Rolling 3 months:	8.47%
Rolling 6 month:	15.43%
FYTD:	15.43%
Since inception (p.a):	17.65%

### 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 57 separate real estate assets across the US. As at the date of this update, the ROC II portfolio owns 50 multifamily apartment communities comprising 15,588 individual "for rent" multifamily apartment units. It also owns 7 office buildings providing a total of 1,877,213 square feet (177,440 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 democratizes and structures leading global institutional quality investment opportunities for the Australian private wealth and SMSF market.

**Monthly update**

The Fund paid a Capital Call during December of US\$1,892,000 to fund its proportionate share of equity required to acquire 3 new multifamily apartment complexes. This takes the Fund's percentage of Committed Capital which has now been called for deployment into ROC II assets to 85.6%.

The properties that have been acquired with the latest round of funding are:

	<p><b>Oakley Park Apartments - Atlanta.</b>          Georgia Park is a 240 unit garden-style community developed in 2008 in Fairburn, Georgia, a southwest Atlanta submarket. This strategic location sits just 1.5 miles off Interstate 85 near Oakley Industrial Boulevard making it a short 13 mile commute north to the Atlanta Jackson-Hartsfield Airport, and close to businesses located both downtown and the industrial complex in and around the airport. Although the asset is newer construction there is a compelling value-add component through upgrading interior unit finishes and improving amenities/common areas throughout the site, thereby repositioning this asset in the marketplace. The ROC II Program purchased Oakley Park off-market with an existing assumable Freddie Mac loan at 4.67% interest that matures in July of 2018. Additionally we placed a new supplemental mortgage at a 4.15% interest. The existing debt provided an opportunity to purchase this asset well below replacement cost and current market for unencumbered assets.</p>
	<p><b>Six Forks Station Apartments - Raleigh, North Carolina.</b>          Six Forks Station is a 321 unit apartment community located in Raleigh, North Carolina, adjacent to I-540. This garden-style community was developed in three phases in 1985, 1990, and 1997, and is comprised of 39 two-story residential buildings built on 32 acres. The property currently operates at 93% occupancy. Based on the competitive landscape of the submarket, Six Forks Station is a prime candidate to implement an interior renovation program, as well as extensive improvements to exteriors and common area amenities. In addition, substantial cost savings from improved management are anticipated. The opportunity lies in implementing these property renovations and improved management fundamentals. This value-add strategy will drive revenue while providing solid cash flow to the fund during the ownership period.</p>
	<p><b>Addison of Naperville Apartments.</b>          Addison of Naperville is a 640 unit multifamily asset located in Naperville, IL. Naperville is one of the premier suburbs of Chicago with many of the best schools and close proximity to employment, retail, and many other amenities. The property includes a nice mix of one, two and three bedroom apartments, some having received some form of upgrade and the best of which are generating over \$120 in monthly rent premiums. The previous owner invested significant capital in the clubhouse, repairing all of the unit balconies and overhauled the fitness center. The business plan includes continuation of improvements to the clubhouse and fitness center, expanding the amenities included therein, along with improvements to the pool and BBQ areas, fitness center, and adding a new children's play area. Managers will also drive revenue by upgrading the remaining interior units. A strong floating rate, non-recourse debt package was provided by Freddie Mac at a rate of 1.87% over LIBOR, which will enhance cash flow to investors during ownership.</p>

## Monthly update cont...

ROC II's Investment Period expires at the end of March 2015. The US Investment Manager, Bridge IGP, has indicated that the current deals under contract will result in at least 95% of Committed Capital being called and deployed within the Investment Period.

This is effectively regarded as full deployment, as 5% is typically held in reserve in case additional equity is required for any existing assets.

If achieved as expected, full deployment within the Investment Period will be in line with the Investment Manager's expectations.

Should you have any queries, please email [investors@spirecapital.com.au](mailto:investors@spirecapital.com.au).

### Contact details

+612 9377 0755

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

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