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MONTHLY UPDATE

SPIRE USA ROC II FUND (AUD)
May 2016

Key Fund Details

APIR Code:	ETL0371AU
Responsible Entity:	Equity Trustees Limited
Commencement:	1 July 2013
Fund Size:	A$65.55 million
Rating:	Highly Recommended (Zenith Investment Partners)
Application Status:	CLOSED

Ordinary Unit Price and Performance (Net of Fees)
as at 31 May 2016 based upon underlying fund data as at 31 March 2016

Unit Price:	**$1.5901**
1 month:	6.31%
Rolling 3 months:	2.88%
Rolling 6 month:	4.24%
Rolling 12 month:	6.91%
FYTD:	7.37%
Since Inception:	70.22%
Since inception (p.a):	19.99%

Fund Profile
The Fund acts as an unhedged Australian feeder fund into the assets of Real Estate Opportunity Capital Fund, LP ("ROC II"). ROC 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. As at the date of this update, the ROC II portfolio had invested in 52 multifamily apartment communities and 9 office buildings, and of these 11 have now been sold at an average 22.2% net IRR and 1.38x multiple on invested equity. US$1.9 billion in assets remain, which will also be progressively sold down during the 'harvest period' as each asset's value has been maximised and stabilised.

Monthly Update
Positively affecting the Unit Price was the -5.071% fall in the value of the Australian dollar against the USD dollar during March, from 0.763 to 0.724. Also contributing to the Fund's positive performance was a 0.7% increase in the value of the Fund's investment in the underlying ROC III Program from Q4 2015 to Q1 2016. A copy of the Q1 Investor Letter from ROC II CIO Dan Stanger can be found on the following page. A copy of the 50+ page asset by asset overview as at Q1 is available on request.

Manager Profiles

Spire Capital (Spire) is the Fund Manager and Bridge Investment Group Partners, LLC (Bridge) is the Sub-Advisor and US based Investment Manager to the Fund. Bridge were sourced and appointed by Spire in 2012 following Spire's identification of the US real estate market as likely to produce excellent returns for Australian investors. Spire via its Global Investment Series, sources, structures land effectively democratises for the Australian private wealth and SMSF market, the opportunity to invest alongside Spire in institutional investment strategies conducted by leading global investment managers.

Bridge is a specialist value-add real estate investor and operator, with expertise in multifamily apartments, commercial office and seniors housing . Bridge has over 25 years experience in successful investment in US value-add real estate and a platform of over 1,000 employees nationally.

Spire Capital and Bridge Investment Group Partners were nominated as one a finalist in Zenith Investment Partners' 2015 Fund Manager of the Year Award in the Direct Property category.

Q1 Letter from the ROC II Chief Investment Officer

Dear Partner,
We are pleased to share with you the Real Estate Opportunity Capital Fund II LP ("ROC II" or the "Partnerships") quarterly report for the period ending March 31, 2016.

The first quarter 2016 multifamily market carried forward its positive momentum from 2015, as rents grew nationally and occupancy held at over 95%. The beginning of this year unfolded generally how we expected in the multifamily market, with rent growth coming in lower than the pace set in a blistering 2014 and 2015. Markets in which Bridge currently owns assets grew rents 0.7% in the first quarter, which is almost double the rent growth of the U.S. overall (0.4%), and is equal to first-quarter rent growth in 2014. Although it would surprise us if we were to see the same kind of rent growth in 2016 as we saw in the previous two years, we are still projecting 2016 to be a strong year for multifamily real estate ownership, particularly in the suburban Class B markets in which we invest.

Demographic trends continue to be favorable for the ownership of Class B multifamily. The projected number of housing units to be added in the U.S. (1.1 million new single-family and multifamily units combined) is still lower than most conservative demographers' projections for household growth. In other words, demand for housing should exceed new supply in 2016. Furthermore, the homeownership rate in the U.S. declined yet again - the rate of 63.5% in the first quarter of 2016 was 0.2% lower than the first quarter 2015 rate (63.7%) and 0.3% lower than the fourth quarter 2015 rate (63.8%). As always we recognize that there will be some markets that are over built but most of them will not be directly competitive with our assets, and on balance across the country we remain optimistic that there will be reasonable balance of supply and demand for 2016. We continue to favor secondary markets that have enjoyed and are projected to achieve employment and household growth at well-above-average rates. It is in these markets where favorable pricing meets strong rent and occupancy growth; currently most of these markets are found in the South, Southwest, Intermountain West, and Western regions of the country. Particularly in the suburban areas of these large secondary markets, Class B occupancy has been tightening (now just under 97%), given that new construction is concentrated in Class A buildings in central business districts. Bridge has found attractive investment opportunities in these secondary markets and is confident that it can continue to do so.

The U.S. commercial office market also performed well in the first quarter of this year with 0.9% rent growth (4.1% year-over-year) nationally and a 20 basis point decline in vacancy quarter-over-quarter. We expect vacancy rates to continue their decline due to solid absorption, providing strong growth in rental revenues for 2016. After a difficult 2015 for energy markets, occupancy in Houston during the first quarter of 2016 stood at 13.4%; yet with upcoming aggressive office construction in Houston, occupancy in this market overall is likely to soften further in coming quarters. Notwithstanding some potential softness in markets like Houston, we are encouraged by strong job growth nationally across a broad array of industries and we will continue to pursue markets and submarkets that realistically provide basis of strong job growth over the next several years.

Although we saw some choppiness in the equity and energy markets during the first quarter, we feel confident in our alternative strategy and our positioning as an acquirer of value-add multifamily and office assets in strong growth markets. The lending environment remains favorable to us, and business leaders and investors have absorbed the bad energy and international news in the first quarter and have decided to continue investment in the U.S. economy. Cap rate spreads to 10-year treasuries remain 100+ basis points wider than the historical average. Recent announcements from the Fed reflect a more cautionary stance on interest rate growth, and recent legislation from Congress has relaxed rules governing the limits on foreign pension fund investment in U.S. real estate. These changes are likely to increase investment into U.S. real estate – both for multifamily and office, effectively moving the demand curve to the right (an increase in demand) – and should drive continued growth in real estate values.

As of March 31, 2016, ROC II had invested 96.2% (or $573 million of total equity) of its available equity into 52 multifamily housing communities (17,979 units) and nine commercial office assets (2,086,815 ft2). The Partnerships currently have a gross asset value estimated at $1.9 billion and have generated a 26.4% net IRR and a 1.68x net multiple on invested equity to date. Of ROC II's 61 investments, 11 investments have been realized – returning a 22.2% net IRR and a 1.38x net multiple on invested equity.

During the quarter ending March 31, 2016, ROC II realized three investments, including:

- Landing at Dashpoint (Forest Cove) Apts., a 388 unit apartment project in Federal Way, Washington, owned 87.8% by the Partnerships, closed on January 27, 2016 resulting in a gross IRR of 37.4% and a multiple of 2.54x;

- Sonoma Pointe (The Ritz) Apts., a 198 unit apartment project in Las Vegas, owned 50.0% by the Partnerships was sold on March 1, 2016 resulting in a gross IRR of 30.7% and multiple of 2.12x; and

- 1875 Lawrence Building, a 194,541 square foot office building in Denver, Colorado, owned 93.6% by the Partnerships, closed on March 29, 2016 resulting in a gross IRR of 21.5% and a 1.40x multiple.

We have one asset, The Preserve Apartments in Houston, Texas under contract, and two others going into the market in the second quarter, including our largest asset, Pembrooke (Kennedy Ridge) Apts., in Denver, Colorado. As has been our consistent practice since ROC II's inception, we anticipate continuing to make distributions of current operating cash flow on a quarterly basis through the remaining life of the Partnerships. We look forward to continued strong cash flow, distributions, and realizations over the remaining harvest period.

Thank you, once again, for your support of ROC II. If you have any questions regarding the Partnerships or your investment, please do not hesitate to contact us or our Australian partner Spire Capital.

With Best Regards,

Danuel Stanger
Chief Investment Officer
Bridge Investment Group Partners

IMPORTANT INFORMATION FOR THOSE INVESTORS WISHING TO REINVEST THEIR ROC II DISTRIBUTIONS INTO ROC III

Expected ROC II Distribution and reinvestment pledge into ROC III

The cash distribution as at 30 June 2016 from Spire USA ROC II Fund (AUD), is expected to be in the order of 30 Cents per Unit (30 CPU), or approximately 30% of original invested capital. For tax purposes, this distribution will be a combination of Foreign Income and Deferred Income / Return of Capital. The exact allocations are currently being calculated by the Fund's accounting and tax advisor, Deloitte. The Distribution and Tax Statement will be provided by the Fund Administrator on or around 20 July 2016.

As the Final Close to ROC III, the follow on Fund to ROC II, is being held in the US on 7 July 2016, any investor who wishes to re-invest their 30 June 2016 ROC II distribution into ROC III should communicate this asap to Spire Capital, by emailing Matthew Cook via matthew.cook@spirecapital.com.au.

This pledge will enable EQT and Spire Capital to ensure that the Fund's final commitment to the underlying ROC III Program incorporates these reinvestment pledges. Investors will then be able to make or increase their application to Spire USA ROC III Fund following receipt of the ROC II distribution, knowing that an allocation has been reserved for them.

Email pledges should clearly describe the name of the investor and the AUD amount being pledged for reinvestment into ROC III.

For further information contact your Financial Adviser or Spire Capital on (02) 9377 0755.

Now available - editable Spire USA ROC III Fund Application Form

We are pleased to advise that a version of the PDS is now available which contains an editable application form. This enables the Application Form for be completed directly from your computer rather than by hand.

To download this version of the PDS please visit the Spire Capital website or click on this interactive PDS link.