

**Spire Wholesale Alternative Income
Fund No. 1 (AUD)**

ABN 56 473 015 393

**Special purpose financial report
For the year ended 30 June 2018**

Spire Wholesale Alternative Income Fund No. 1 (AUD)

ABN 56 473 015 393

Special purpose financial report For the year ended 30 June 2018

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This special purpose financial report covers Spire Wholesale Alternative Income Fund No. 1 (AUD) as an individual entity.

The Trustee of Spire Wholesale Alternative Income Fund No. 1 (AUD) is Spire Capital Pty Ltd (ABN 21 141 096 120) (AFSL 344365).

The Trustee's registered office is:

Level 30, Suite 4
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Spire Wholesale Alternative Income Fund No. 1 (AUD)
Trust particulars

TRUSTEE	Spire Capital Pty Ltd ABN 21 141 096 120
REGISTERED OFFICE	Level 30, Suite 4 Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000
DIRECTORS OF THE TRUSTEE	Matthew Cook Dale Holmes
INVESTMENT MANAGER OF THE TRUST	Spire Capital Pty Ltd Level 30, Suite 4 Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000
ADMINISTRATOR OF THE TRUST	Link Fund Solutions Pty Limited Level 12 680 George Street Sydney, NSW 2000
AUDITOR OF THE TRUST	Deloitte Touche Tohmatsu 550 Bourke Street Melbourne, VIC 3000

Directors' report

The directors of Spire Capital Pty Ltd, the Trustee of Spire Wholesale Alternative Income Fund No. 1 (AUD) (the "Trust"), present their report together with the financial statements of the Trust for the year ended 30 June 2018.

Principal activities

In accordance with the Information Memorandum dated 9 November 2015 and the provisions of the Trust Deed dated 11 November 2015, the Trust is a feeder fund to ROC Debt Australian Feeder (USD) LP ("RDS"), ROC Debt Strategies Fund II Australian Feeder (USD) LP ("RDS2") and ROC Debt Strategies KF12 Australian Feeder (USD) LP ("KF12") (the "Underlying Funds"), all unlisted foreign hybrid limited partnerships. The Underlying Funds hold interests in Bridge's ROC I Debt Strategies Fund, LP, ROC Debt Strategies Fund II LP and in ROC Debt Strategies KF12, LLC which invest in US dollar denominated subordinated commercial loans and loan pools backed by US multifamily, seniors housing and other US domiciled commercial property. It is expected that the Trust will hold 25% of its investment in KF12, 50% in RDS and 23.5% in RDS2.

The Trust is an unlisted, unregistered and illiquid close-ended Australian wholesale managed investment scheme. The Trust will have 7-year term that may be extended by up to two consecutive one-year periods.

The Trust did not have any employees during the year.

There were no significant changes in the nature of the Trust's activities during the year.

The various service providers of the Trust are detailed below:

Service	Provider
Investment Manager and Trustee	Spire Capital Pty Ltd
Custodian	Spire Capital Pty Ltd
Investment Advisor	Bridge Investment Group Partners, LLC
Auditor	Deloitte Touche Tohmatsu
Administrator and Registrar	Link Fund Solutions Pty Limited

Directors

The following persons held office as directors of Spire Capital Pty Ltd during the year or since the end of the year and up to the date of this report:

Matthew Cook
Dale Holmes

Review and results of operations

During the year, the Trust invested in accordance with the Information Memorandum and the provisions of the Trust Deed.

The Trust's performance was 10.53% (net of fees) for the year ended 30 June 2018. The Trust does not operate against a benchmark.

Spire Wholesale Alternative Income Fund No. 1 (AUD)
Directors' report
For the year ended 30 June 2018
(continued)

Review and results of operations (continued)

The performance of the Trust, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2018	30 June 2017
Operating profit/(loss) for the year (\$)	938,093	303,890
<i>Distributions</i>		
Distributions payable (\$)	2,803,976	964,194
Distributions (cents per unit)	34.3085	11.7975

Significant changes in state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Matters subsequent to the end of the financial year

The underlying investments of KF12 were fully liquidated subsequent to the year end. The distributions received from KF12 subsequent to the year end was US\$1,224,785. The Trust received its final distribution from KF12 on 28 December 2018.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may have a significant affect on:

- (i) the operations of the Trust in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the Information Memorandum and the provisions of the Trust Deed.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to the officers of Spire Capital Pty Ltd. So long as the officers of Spire Capital Pty Ltd act in accordance with the Trust Deed and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

Indemnification of auditor

The auditor of the Trust is in no way indemnified out of the assets of the Trust.

Interests in the Trust

The movement in units on issue in the Trust during the year is disclosed in Note 6 to the financial statements.

The value of the Trust's assets and liabilities is disclosed in the Statement of financial position and derived using the basis set out in Note 2 to the financial statements.

**Spire Wholesale Alternative Income Fund No. 1 (AUD)
Directors' report
For the year ended 30 June 2018
(continued)**

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest dollar

Amounts in the Directors' report have been rounded to the nearest dollar in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, unless otherwise indicated.

This report is made in accordance with a resolution of the directors of Spire Capital Pty Ltd.



Matthew Cook
Director



Dale Holmes
Director

Sydney
22 February 2019

Spire Wholesale Alternative Income Fund No. 1 (AUD)
Statement of comprehensive income
For the year ended 30 June 2018

Statement of comprehensive income

		Year ended	
		30 June	30 June
		2018	2017
	Notes	\$	\$
Investment income			
Interest income		4,910	3,824
Partnership distributions		1,815,509	533,451
Net gains/(losses) on financial instruments held at fair value through profit or loss	3	(848,563)	(186,979)
Net foreign exchange gain/(loss)		(1,608)	(14,012)
Other income		110,494	67,148
Total investment income/(loss)		1,080,742	403,432
Expenses			
Management fees		-	16,545
Administration fees		36,125	29,825
Remuneration of auditor	12	71,137	36,025
Expense reimbursement fees		1,612	798
Other expenses		33,775	16,349
Total expenses		142,649	99,542
Operating profit/(loss)		938,093	303,890
Finance costs attributable to unit holders			
Distributions to unit holders	7	(2,803,976)	(964,194)
(Increase)/decrease in net assets attributable to unit holders		1,865,883	660,304
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income for the year		-	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Spire Wholesale Alternative Income Fund No. 1 (AUD)
Statement of financial position
As at 30 June 2018

Statement of financial position

		As at	
	Notes	30 June 2018 \$	30 June 2017 \$
Assets			
Cash and cash equivalents	8	317,751	1,886,498
Receivables	10	141,972	163,735
Financial assets held at fair value through profit or loss	4	5,355,085	6,055,957
Total assets		<u>5,814,808</u>	<u>8,106,190</u>
Liabilities			
Distributions payable	7	546,945	964,194
Payables	11	67,540	75,790
Total liabilities (excluding net assets attributable to unit holders)		<u>614,485</u>	<u>1,039,984</u>
Net assets attributable to unit holders - liability	6	<u>5,200,323</u>	<u>7,066,206</u>

The above Statement of financial position should be read in conjunction with the accompanying notes.

Spire Wholesale Alternative Income Fund No. 1 (AUD)
Statement of changes in equity
For the year ended 30 June 2018

Statement of changes in equity

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Total equity at the beginning of the year	-	-
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with owners in their capacity as owners	-	-
Total equity at the end of the year	-	-

Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result, there was no equity at the start or the end of the year.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Spire Wholesale Alternative Income Fund No. 1 (AUD)
Statement of cash flows
For the year ended 30 June 2018

Statement of cash flows

	Year ended	
	30 June	30 June
	2018	2017
Notes	\$	\$
Cash flows from operating activities		
Return of capital received	955,204	2,134,071
Purchase of financial assets held at fair value through profit or loss	(1,102,895)	(1,306,106)
Interest income received	6,247	2,487
Partnership distributions received	1,782,445	518,097
Other income received	117,613	-
Expense reimbursement fees received/(paid)	13,834	1,056
Management fees paid	-	(16,545)
Other expenses paid	(118,362)	(98,265)
Net cash inflow/(outflow) from operating activities	1,654,086	1,234,795
	9(a)	
Cash flows from financing activities		
Distributions paid to unit holders	(3,221,225)	(454,068)
Net cash inflow/(outflow) from financing activities	(3,221,225)	(454,068)
Net increase/(decrease) in cash and cash equivalents	(1,567,139)	780,727
Cash and cash equivalents at the beginning of the year	1,886,498	1,119,783
Effects of exchange rate changes on cash and cash equivalents	(1,608)	(14,012)
Cash and cash equivalents at the end of the year	317,751	1,886,498
	8	

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

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1 General information

These special purpose financial statements cover Spire Wholesale Alternative Income Fund No. 1 (AUD) (the "Trust") as an individual entity. The Trust was constituted on 10 November 2015 and will terminate on 9 November 2022 unless terminated earlier in accordance with the provisions of the Trust Deed or by Law.

The Trustee of the Trust is Spire Capital Pty Ltd (ABN 21 141 096 120) (AFSL 344365) (the "Trustee"). The Trustee's registered office is Level 30, Suite 4, Governor Macquarie Tower 1 Farrer Place, Sydney NSW 2000. The financial statements are presented in Australian dollars unless otherwise noted.

In accordance with the Information Memorandum dated 9 November 2015 and the provisions of the Trust Deed dated 11 November 2015, the Trust is a feeder fund to ROC Debt Australian Feeder (USD) LP ("RDS"), ROC Debt Strategies Fund II Australian Feeder (USD) LP ("RDS2") and ROC Debt Strategies KF12 Australian Feeder (USD) LP ("KF12") (the "Underlying Funds"), all unlisted foreign hybrid limited partnerships. The Underlying Funds hold interests in Bridge's ROC I Debt Strategies Fund, LP, ROC Debt Strategies Fund II LP and in ROC Debt Strategies KF12, LLC which invest in US dollar denominated subordinated commercial loans and loan pools backed by US multifamily, seniors housing and other US domiciled commercial property. It is expected that the Trust will hold 25% of its investment in KF12, 50% in RDS and 23.5% in RDS2.

The Trust is an unlisted, unregistered and illiquid close-ended Australian wholesale managed investment scheme. The Trust will have 7-year term that may be extended by up to two consecutive one-year periods if required.

The financial statements were authorised for issue by the directors on the date the directors' declaration was signed. The directors of the Trustee have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

The Trust is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Trust Deed.

The financial statements have been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), and the following disclosure requirements:

- AASB 101 *Presentation of Financial Statements*;
- AASB 107 *Statement of Cash Flows*;
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- AASB 1048 *Interpretation of Standards*; and
- AASB 1054 *Australian Additional Disclosures*

The Trust is a for-profit entity for the purposes of preparing the financial statements.

(i) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing accounting standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period and have not been early adopted by the Trust. The directors' assessment of the impact of these new standards (to the extent relevant to the Trust) and interpretations is set out below:

- AASB 9 *Financial Instruments* (and applicable amendments) (effective from 1 January 2018)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a significant impact on the recognition, classification and measurement of the Trust's financial instruments as they are carried at fair value through profit or loss. The derecognition rules have not changed from the previous requirements, and the Trust does not apply hedge accounting. AASB 9 introduces a new impairment model. However, as the Trust's investments are all held at fair value through profit or loss, the change in impairment rules will not materially impact the Trust.

- AASB 15 *Revenue from Contracts with Customers* (effective from 1 January 2018)

AASB 15 will replace AASB 118 *Revenue* which covers contracts for goods and services and AASB 111 *Construction Contracts* which covers construction contracts. AASB 15 is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

The Trust's main sources of income are interest, rebate, distributions and gains on financial instruments held at fair value. All of these are outside the scope of the new revenue standard. As a consequence, the directors do not expect the adoption of AASB 15 to have a significant impact on the Trust's accounting policies or the amounts recognised in the financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

(b) Financial instruments

(i) Classification

The Trust's investments are classified as held at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition

These include financial assets that are not held for trading purposes and which may be sold. These are investments in foreign hybrid limited partnerships based in Canada.

Financial assets and liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategy as outlined in the Information Memorandum. The Trust's policy is for the Investment Manager to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

(ii) Recognition and derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Trust has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liabilities are discharged.

2 Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement

At initial recognition, the Trust measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or liabilities held at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Investments in unlisted foreign hybrid partnerships are valued as the Trust's share of the net asset value (NAV) as reported by the Underlying Fund's quarterly statements.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of financial position when the Trust has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the Statement of financial position.

(c) Net assets attributable to unit holders

The Trust is an unlisted, unregistered and illiquid close-ended wholesale managed investment scheme and is not subject to redemptions and further applications. The units are classified as financial liabilities as the Trust is required to distribute its distributable income in accordance with the Trust Deed.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading these securities represent the Trust's main income generating activity.

(e) Investment income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income on an accruals basis.

Changes in fair value of financial instruments held at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

Partnership distributions are recognised on an entitlements basis.

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

2 Summary of significant accounting policies (continued)

(g) Income tax

Under current legislation, the Trust is not subject to income tax as unit holders are presently entitled to the income of the Trust. The benefits of any imputation credits and foreign tax paid are passed on to unit holders.

(h) Distributions

The Trust distributes its distributable income in accordance with the Trust Deed, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

(i) Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. Movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

(j) Foreign currency translation

(i) Functional and presentation currency

Balances included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the 'functional currency'). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for funds and is regulated. The Australian dollar is also the Trust's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

The Trust does not isolate that portion of unrealised gains or losses on financial instruments that are measured at fair value through profit or loss and which is due to changes in foreign rates. Such fluctuations are included with the net gains/(losses) on financial instruments held at fair value through profit or loss.

(k) Receivables

Receivables may include amounts for interest, rebates and partnership distributions. Partnership distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a monthly basis. Amounts are generally received within 30 days of being recorded as receivables.

Collectability of receivables is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(l) Payables

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the end of the reporting period.

As the Trust has a contractual obligation to distribute its distributable income, a separate distribution payable is recognised in the Statement of financial position as at the end of each reporting period where this amount remains unpaid as at the end of the reporting period.

(m) Applications and redemptions

The Trust is an illiquid close-ended unlisted registered Australian managed investment scheme and is not subject to redemptions and further applications.

However, it is anticipated that from Year 4, the Trust will receive returns of capital via the maturity or refinancing of underlying loans. The return of capital will in turn be returned to investors.

2 Summary of significant accounting policies (continued)

(n) Goods and Services Tax (GST)

The investment portfolio composition is 100% offshore investments. As the Investment Manager is offshore domiciled, the investment management fee will be exclusive of GST. All other expenses will incur GST at 10% but will be entitled to a reduced input tax credit rate of at least 55%. Expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

(o) Use of estimates

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Certain financial instruments, for example unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

(p) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Net gains/(losses) on financial instruments held at fair value through profit or loss

Net gains/(losses) recognised in relation to financial assets held at fair value through profit or loss:

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Financial assets		
Net gain/(loss) on financial assets designated as at fair value through profit or loss	(848,563)	(186,979)
Net gains/(losses) on financial assets held at fair value through profit or loss	(848,563)	(186,979)
Net realised gain/(loss) on financial assets held at fair value through profit or loss	2,445	(9,735)
Net unrealised gain/(loss) on financial assets held at fair value through profit or loss	(851,008)	(177,244)
Net gains/(losses) on financial assets held at fair value through profit or loss	(848,563)	(186,979)
Total net gains/(losses) on financial instruments held at fair value through profit or loss	(848,563)	(186,979)

Spire Wholesale Alternative Income Fund No. 1 (AUD)
Notes to the financial statements
For the year ended 30 June 2018
(continued)

4 Financial assets held at fair value through profit or loss

	As at	
	30 June 2018	30 June 2017
	\$	\$
Designated at fair value through profit or loss		
Unlisted foreign hybrid partnerships	5,355,085	6,055,957
Total designated at fair value through profit or loss	5,355,085	6,055,957
Total financial assets held at fair value through profit or loss	5,355,085	6,055,957

5 Structured entities

A structured entity is an entity that has been designed so that the voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangement.

The Trust considers its investment in foreign partnerships to be a structured entity. The Trust invests in the foreign partnerships for the purpose of capital appreciation and earning investment income.

The exposure to investments in the foreign partnerships are disclosed in the following table:

	Fair value of investment	
	30 June 2018	30 June 2017
	\$	\$
ROC Debt KF 12 Australian Feeder	1,809,686	1,826,182
ROC Debt Australian Feeder (USD) LP	1,786,689	3,514,738
ROC Debt II Australian Feeder (USD) LP	1,758,710	715,037
Total foreign partnerships	5,355,085	6,055,957

The Trust has determined that it meets the definition of an investment entity in accordance with AASB 10 *Consolidated Financial Statements*. The Trust does not control any of the entities where it has an investment and therefore does not prepare consolidated financial statements. Instead the investments are accounted for at fair value through profit or loss as discussed in Note 2(b). The fair value of the investment in the foreign partnerships is included in the financial assets held at fair value through profit or loss in the statement of financial position.

The Trust's maximum exposure to loss from its interest in the foreign partnership is equal to the fair value of its investment as there are no off-balance sheet exposures relating to the foreign partnerships. Once the Trust has disposed of its units in the foreign partnerships, it ceases to be exposed to any risk from those partnerships.

During the year ended 30 June 2018, total losses realised on the foreign partnerships was \$848,563 (2017: \$186,979 losses). The Trust also earned partnership distribution income of \$1,815,509 (2017: \$533,451) as a result of its interest in the foreign partnerships.

Spire Wholesale Alternative Income Fund No. 1 (AUD)
Notes to the financial statements
For the year ended 30 June 2018
(continued)

6 Net assets attributable to unit holders

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	Year ended		Year ended	
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
Ordinary Class	Units	\$	Units	\$
Opening balance	8,172,848	7,066,206	8,172,848	7,726,510
Increase/(decrease) in net assets attributable to unit holders	-	(1,865,883)	-	(660,304)
Closing balance	8,172,848	5,200,323	8,172,848	7,066,206

As stipulated within the Trust Deed, each unit represents a right to an individual unit in the Trust and does not extend to a right to the underlying assets of the Trust.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

The Trust is an unlisted, unregistered and illiquid close-ended wholesale managed investment scheme and is not subject to redemptions and further applications.

7 Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended		Year ended	
	30 June 2018	30 June 2018	30 June 2017	30 June 2017
	\$	CPU	\$	CPU
Distributions - Ordinary Class				
Distributions payable				
31 December	253,200	3.0981	-	-
31 March	2,003,831	24.5182	-	-
30 June	546,945	6.6922	964,194	11.7975
Total distributions	2,803,976	34.3085	964,194	11.7975

8 Cash and cash equivalents

	As at	
	30 June 2018	30 June 2017
	\$	\$
Cash at bank	317,751	1,886,498
Total cash and cash equivalents	317,751	1,886,498

These accounts are earning a floating interest rate of between 0% and 1.60% as at 30 June 2018 (30 June 2017: 0% and 1.60%).

9 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Profit/(loss) for the year	-	-
Increase/(decrease) in net assets attributable to unit holders	(1,865,883)	(660,304)
Distributions to unit holders	2,803,976	964,194
Return of capital received	955,204	2,134,071
Purchase of financial assets held at fair value through profit or loss	(1,102,895)	(1,306,106)
Net (gains)/losses on financial instruments held at fair value through profit or loss	848,563	186,979
Effects of foreign currency exchange rate changes on cash and cash equivalents	1,608	14,012
Net change in receivables	21,763	(73,111)
Net change in payables	(8,250)	(24,940)
Net cash inflow/(outflow) from operating activities	1,654,086	1,234,795

As described in Note 2(i), income not distributed is included in net assets attributable to unit holders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

10 Receivables

	As at	
	30 June 2018	30 June 2017
	\$	\$
Interest receivable	-	1,337
GST receivable	17,776	15,637
Establishment costs rebate receivable	-	15,446
Rebate income receivable	124,196	131,315
Total receivables	141,972	163,735

11 Payables

	As at	
	30 June 2018	30 June 2017
	\$	\$
Audit and tax fees payable	59,290	59,290
Administration fees payable	8,250	16,500
Total payables	67,540	75,790

12 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the Trust:

	Year ended	
	30 June 2018	30 June 2017
	\$	\$
Deloitte Touche Tohmatsu		
<i>Audit and other assurance services</i>		
Audit of financial statements	30,000	30,000
Total remuneration of audit and other assurance services	30,000	30,000
<i>Taxation services</i>		
Tax compliance services	41,137	6,025
Total remuneration for taxation services	41,137	6,025
Total remuneration of Deloitte Touche Tohmatsu	71,137	36,025

The auditor's remuneration is borne by the Trust. Fees are stated exclusive of GST.

13 Events occurring after the reporting period

The underlying investments of KF12 were fully liquidated subsequent to the year end. The distributions received from KF12 subsequent to the year end was US\$1,224,785. The Trust received its final distribution from KF12 on 28 December 2018.

No other significant events have occurred since the end of the year which would impact on the financial position of the Trust as disclosed in the Statement of financial position as at 30 June 2018 or on the results and cash flows of the Trust for the year ended on that date.

14 Contingent assets and liabilities and commitments

At the end of the year, the Trust had commitments of US\$2,825,000 to RDS, US\$2,833,275 to KF12 and US\$1,327,750 to ROC Debt II (30 June 2017: \$US2,825,000 to RDS, \$US2,833,275 to KF12 and \$US1,327,750 to ROC Debt II).

As at 30 June 2018, the total paid up commitment amount was US\$2,757,833 to RDS, US\$2,833,275 to KF12 and US\$1,296,911 to ROC Debt II (30 June 2017: US\$2,633,630 to RDS, US\$2,833,275 to KF12 and US\$550,130 to ROC Debt II). Therefore, the outstanding commitment at 30 June 2018 was US\$67,167 to RDS, US\$0 to KF12 and US\$30,839 to ROC Debt II (30 June 2017: US\$191,370 to RDS, US\$0 to KF12 and US\$777,620 to ROC Debt II).

Directors' declaration

As stated in Note 2(a) of the financial statements, the Trust is not a reporting entity because, in the directors' opinion, it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly these special purpose financial statements have been prepared to satisfy the directors' reporting requirements under the Trust Deed.

In the opinion of the directors of the Trustee:

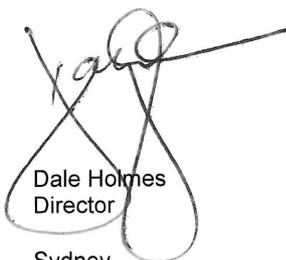
- (a) the financial statements and notes set out on pages 6 to 19:
 - (i) comply with Australian Accounting Standards and other mandatory professional reporting requirements, to the extent outlined in Note 2 to the financial statements; and
 - (ii) give a true and fair view of the Trust's financial position as at 30 June 2018 and of its performance for the financial year ended on that date.

- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors of Spire Capital Pty Ltd.



Matthew Cook
Director



Dale Holmes
Director

Sydney
22 February 2019

Independent Auditor's Report to the Unit Holders of Spire Wholesale Alternative Income Fund No. 1 (AUD)

Opinion

We have audited the financial report, being a special purpose financial report, of Spire Wholesale Alternative Income Fund No. 1 (AUD) (the "Trust") which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the Trust's financial position as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting requirements of the Trust Deed and the accounting policies described in Note 2.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Directors of the Trustee of the Trust (the "Directors"), to meet the financial reporting requirements of the Trust Deed. As a result, the financial report may not be suitable for another purpose.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If,

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report and has determined that the basis of preparation and accounting policies described in Note 2 to the financial report is appropriate to meet the requirements of the Trust Deed and is appropriate to meet the needs of the Directors. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU



Chester Hii
Partner
Chartered Accountants

Melbourne, 22 February 2019