



8th December 2020

Dear Investor,

We are pleased to provide you today with confirmation of the wind up of Spire USA ROC II Fund (AUD) and payment of the final redemption amount. We are delighted with the performance of the fund - our first - and thought that it may be worthwhile for us to recap the fund's journey for investors and their advisors.

Spire USA ROC II Fund (AUD) was launched in 2013 as an Australian feeder fund to Real Estate Opportunity Capital Fund II LP ("ROC II") - the underlying fund. Bridge Investment Group, LLC of Salt Lake City, Utah was the General Partner and Investment Manager of ROC II. Bridge was and remains a specialist vertically integrated US real estate investment manager with a strong track record going back to the late 1980s.

ROC II was structured as a closed-ended private equity style Limited Partnership vehicle. It was capitalised during its capital raising period with equity commitments totalling US\$600 million. ROC II also planned to use moderate non-recourse and non-cross collateralised leverage where appropriate.

Spire USA ROC II Fund (AUD) was conceived, created and structured by Spire Capital, in partnership with Bridge, as an Australian domiciled and unhedged AUD denominated feeder fund. Equity Trustees Limited agreed to act as the fund's Responsible Entity and Custodian. The fund was rated "Highly Recommended" by Zenith Investment Partners and made available on platforms such as BT Wrap.

Key to the fund's structuring was the implementation of a structure which shielded investors from the need to file US tax returns, which are typically required when investing into private US real estate investments. This structure was also designed to provide investors with Foreign Income Tax Offsets, or FITOs, for any US tax paid by or withheld from the fund.

Spire USA ROC II Fund (AUD), alongside leading global institutional investors, committed a total of US\$35 million to ROC II, representing 5.83% of the underlying fund's capital commitments.

The investment strategy of ROC II was to progressively acquire during its 3-year investment period, a portfolio of multifamily apartment communities and commercial office buildings in growth markets located throughout the US. At each of these properties a pre-prepared business plan would be executed to unlock intrinsic value that had been identified by Bridge during its investment analysis.

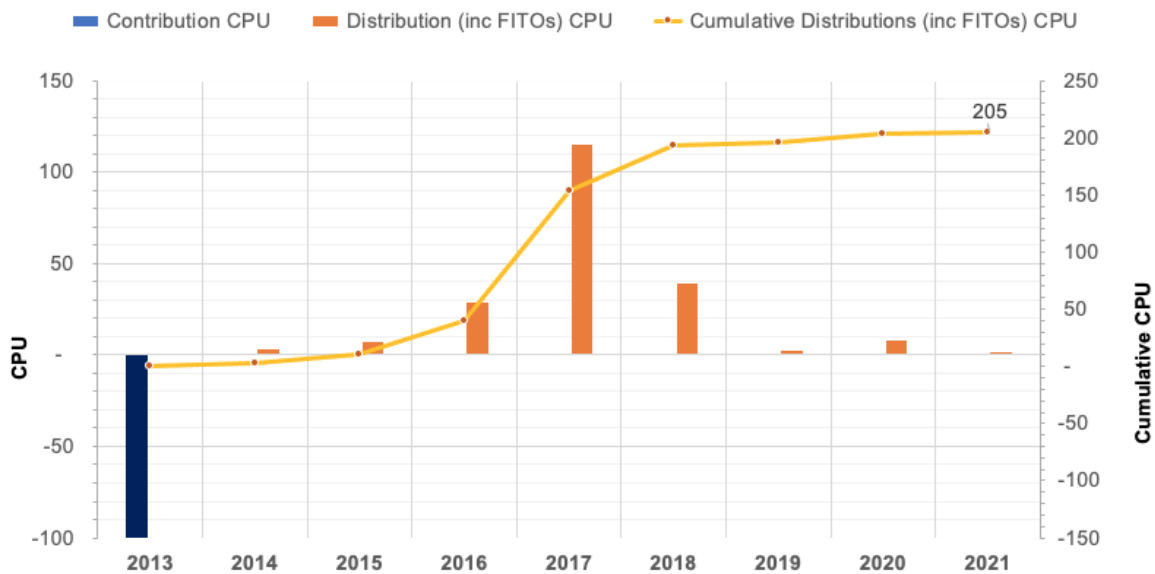
Typically, this plan would involve the renovation of certain components of the property - vacant apartments or office space - together with the creation or improvement of common area amenities, to 'reposition' the property to a higher grade within its market. This repositioning would then allow the renovated space to be leased at a higher rental level than was being achieved prior to the asset being acquired by ROC II. The asset would then go through a releasing period to capture the higher market rentals with a view to reaching 'stabilisation'; defined as being fully let at market rates, before being offered for sale during ROC II's 'harvest period'. This enabled ROC II to crystallise and realise the value that had been created. This is known as a 'Buy, Fix, Sell' strategy.

During its investment period ROC II acquired 60 assets; 52 multifamily apartment communities and 8 office buildings. No investments lost capital. The best performing investment was a multifamily apartment community in Denver, CO known as Lodge on 84th Apartments. This investment generated a 4.71x Multiple of Investment Capital (MOIC) and a 53.6% Internal Rate of Return (IRR) on the US\$7,210,000 of equity invested in the deal.

The worst performing investment was an office building located in Tampa, FL, which generated a 1.17x MOIC and a 5.2% IRR on the US\$16,391,068 of equity invested.



From an Australian investor’s perspective, cumulative distributions (including FITOs) equivalent to original invested capital were received during 2017, approximately 4 years following the fund’s inception. (See graphic below). Distributions continued to be paid out until the current final distribution. Depending upon the timing of an individual investor’s entry into the fund, investors should have received cumulative distributions (including FITOs) of approximately or in excess of 2.0 times their initial investment.



Today’s final redemption payment to investors marks the first completion of a ‘round trip’ for a Spire fund. We would like to sincerely thank all of investors and advisors who were supportive of the firm and the fund in the early days, without whom we would not be writing this letter!

We have been fortunate enough to be able to launch subsequent funds, with Bridge and other leading global investment managers, and look forward to the opportunity to write further ‘round trip’ letters when each of those funds mature.

Our focus was and remains on private markets investing. When we first met the Bridge team in 2011, and introduced institutional capital to ROC II’s predecessor fund, what struck us was Bridge’s ability, incepted, distilled and nurtured by Bridge’s charismatic founder Dan Stanger, to add value to real estate assets, through their active management as described above.

We believe that adding value through active management should be at the heart of private markets investing, and we believe that each of our investment management partners has this goal and more importantly the skill sets required to execute those investment plans.

We see it as our mission to continue to seek out and diligence leading global private markets investment managers, and to package up selected opportunities in a way that is relevant and accessible for the Australian wealth market, with reporting and communication that is timely and transparent.



Thank you again for your support. Should you have any queries regarding the package of documents accompanying this letter then please do not hesitate to contact us at operations@spirecapital.com.au.

With kind regards.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Matthew Cook", with a long horizontal flourish extending to the right.

Matthew Cook
Director

A handwritten signature in blue ink, appearing to read "Dale Holmes", with a circular flourish and a horizontal line extending to the right.

Dale Holmes
Director