SPIRE USA ROC II FUND (AUD) MONTHLY INVESTMENT REPORT

SPIRE CAPITAL

April 2014

April 2014 Fund Update

Unit Prices

Unit Prices for the Fund as at 31 March 2014 accompany this update. Unit Prices have reduced by approximately 5.5% since the end of February 2014. Approximately 65% of this reduction is attributable to Foreign Exchange movements with the Australian Dollar strengthening from USD 0.8948 at the end of February to USD 0.9268 at the end of March.

The balance is primarily due to a large Capital Call being paid during March to provide the Fund's share of approximatelyUS$30 million in new equity required to acquire four new multifamily apartment communities (see below). As under US GAAP accounting, new assets are valued at cost less acquisition expenses for the first 6 months of ownership, this "J-curve effect" has a dilutionary effect on new capital deployed, and thus the Fund as a whole.

The J-curve effect on unit prices, and the month to month volatility it causes, is expected to continue until the ROC II Program is fully invested and, (six months following), all assets are valued at fair market on a quarterly basis. The Chief Investment Officer for the ROC II Program, Mr Dan Stanger, has recently indicated that he expects the ROC II program to be fully invested by the end of calendar year 2014.

Q4 2013 NAV and Asset update

The Q4 2013 underlying NAV and asset update (as at 31 December 2013) was received during March.

Included within this monthly update are extracts from the Q4 2013 statement, including a copy of the covering letter from Bridge IGP CEO Mr Donaldson Hartman (page 3), together with a detailed description of each asset, its investment thesis and current performance summary, commencing at page 6.

Page 5 of this update provides a summary of the ROC II Program's performance as at 31 December 2013. Highlights of this summary are:-

1. A total unrealised net return to date on invested equity of 21.6% IRR and an equity multiple of 1.16x;
2. A total unrealsied net return to date on assets owned greater than 6 months (as at 31 December 2013) and thus valued at market / fair value of 33.6% IRR and an equity multiple of 1.34x;
3. A total unrealsied net equity multiple on assets owned less than 6 months (as at 31 December 2013) and thus valued at cost, less acquisition and fund expenses, of 0.92x;

The differing results between point 2 & 3 clearly demonstrate the effect of the aforementioned "J-curve effect" on assets owned less than 6 months, on the Fund's short-term performance as a whole.

Dispositions

No asset sales have been concluded during the month of March. The sale of Andora Apartments in Indio, California is still expected to settle in April.

New Acquisitions

The new assets which have been acquired and funded via Capital Call during March are:

Silver Shadows, Las Vegas, Nevada: Equity invested US$4,050,000

Silver Shadows is a 200 unit apartment community located in Las Vegas, Nevada two miles from Highway 96 and 6 miles from Interstate 15. This garden-style community was constructed in 1992, and is comprised of 13 two-story residential buildings built on 8.91 acres. The property currently operates at 94.5% occupancy. Based on the competitive landscape of the submarket, Silver Shadow is a prime candidate to implement an interior renovation program, as well as extensive improvements to exteriors and common area amenities. The opportunity lies in implementing these property renovations. This value-add strategy will drive revenue while providing solid cash flow to the fund during the ownership period.

Ashley Vista, Lithonia (Atlanta), Georgia: Equity invested US$7,065,000

Ashley Vista is a 312 unit fully appointed multi-family community developed in 2002. This garden-style community is conveniently located in Lithonia, Georgia in east DeKalb County less than one mile north of I- 20 and six miles east of the I-285 business loop. The community benefits from close proximity to Miller Grover High School across the street, DeKalb Medical Center within walking distance, and Stonecrest Mall just a few miles away. Although the community is well maintained and only 11 years old, Ashley Vista offers a value-add opportunity. Implementing a renovation program for 100% of the units with three levels of finish grades and improving community amenities will increase resident draw and rental rate premiums. Ashley Vista is financed with long-term HUD debt that was assumed from the seller at an extremely low interest rate of 2.39%.

Bridgewater at Mt. Zion, Stockbridge, (Atlanta), Georgia: Equity invested US$2,810,000

Bridgewater at Mt. Zion is a multi-family community developed in 1993 and is comprised of 200 garden-style apartment units. The property is located in Stockbridge, Georgia, 20 minutes south of downtown Atlanta and less than a quarter mile from another Bridge community, Cameron Landing. Operations at the property was suffering from low occupancy as a result of mismanagement, tired amenities and overall physical appearance, and a handful of down units. Bridgewater at Mt. Zion presents an excellent value-add opportunity in a market that has proven to support growth. By improving management, strategically repositioning the community and resident profile, renovating building exteriors and unit interiors, improving and adding common area amenities, we believe Bridgewater will narrow the rent gap and compete with other strong communities in the submarket. Additionally, with its above average square foot floor plans, we believe Bridgewater at Mt. Zion will compliment and provide an attractive alternative to Cameron Landing.

Presidio at Rancho del Oro, Oceanside (San Diego), CA: Equity invested US$16,045,000

Presidio at Rancho del Oro is a 264 unit Class “B” apartment property located in the master-planned community of Rancho del Oro in the northeast area of the city of Oceanside. Average home values in Oceanside are $374,400. Oceanside is located on the northern side of San Diego County and is part of the San Diego MSA. The property is situated on 37.89 acres. There is a 7.8 acre “future site” which will accommodate 64 additional units. The overall community is currently well maintained but will benefit dramatically from ROC’s ability to upgrade interior finishes, provide more robust and improved amenities, and improve the general curb appeal. With a budget of $1.74 million for these renovations to create an attractive and appealing community for current and prospective residents, we anticipate driving significant rent increases as a result.

Letter from the CEO of Bridge Investment Group Partners, LLC

Dear Investor

Macroeconomic Comments - As we contemplate the state of the real estate industry today and the prospects for continuing strong investment returns in 2014, it is important to acknowledge that many investors often point to cap rates that have on average decreased significantly since the throes of financial crisis (2008 - 2010) — decreases that have been particularly pronounced in major markets / gateway cities such as New York, San Francisco, Boston and others. Indeed, in the several real estate conferences that the Managers have attended recently, the recurring theme amongst participants has been an expectation that cap rates may well be close to the end of their declines, and that there is more scope and probability for rates going up than down.

These comments are typically centered around the idea that the US economy is finally recovering in a more sustainable way, and that US central bank might hasten the pace of "tapering", thereby putting an end to stimulative monetary policy, solid GDP growth (and importantly) rising real asset prices. Although we acknowledge the increasing frequency and publicity of such arguments, the Managers' view is somewhat different in a few ways.

Firstly, we acknowledge that a fully-stabilised, Class A asset purchased in 2014 will likely return less than the same asset purchased between 2009 and 2012 — all other things being equal. Indeed the Managers have lowered pro-forma expectations from those earlier days in the fund by 100 – 200 basis points and are being increasingly selective as we complete the mobilisation of ROC II Partner funds. Fortunately, all other things are not equal – meaning there are still significant gains that can be achieved on a cash-on-cash basis by owning real properties where value-add opportunities exist – versus those gains associated with core and core plus assets. And the Managers feel confident, especially in light of the outperformance of returns targets achieved by assets purchased to date, that ROC II will achieve its original goals as a Partnership.

Secondly, we would point to a number of external factors that may lead to a continuing constructive environment. These consist of: 1) a likely continuation of global deleveraging, as debt/GDP ratios have really not come off their peaks by much. On this point, the Managers would note that a number of U.S. and international financial institutions recently showed significant weakness in their regulatory stress tests which is indicative of still lingering challenges in the banking system and a need for continuing stimulative support, 2) a perceptible shift of systemic risks to emerging markets, 3) an increased probability that some key Asian markets that we deem to be excessively driven by credit may effect global growth and, again, thereby perpetuate both stimulative monetary policy and large direct investment flows to the U.S. longer than otherwise, 4) continued weakness in Europe, as many countries continue to grapple with: a credit cycle lagging that of the U.S. by two or more years, large structural problems, and less demographic and macroeconomic impetus for recovery.

With these significant external factors, plus internal factors, such as continuing slack U.S. employment, less-than-full occupancy and manufacturing capacity utilization, the year 2014 should see a continuation of the economic recovery without rampant rate rises or challenged asset prices.

Thus, we expect the environment for value add multifamily opportunities in primarily non-gateway markets to still be constructive for achieving excellent yields, capital appreciation, and moderate risk characteristics. We invite you to analyze the high level of detail in the budgets and underwriting contained in this report for additional support of this notion.

Fund Specific Comments - In 2013, ROC II acquired approximately $625 million of real estate in our targeted markets including $560 million of multifamily investments and $65 million of commercial office investments. These additions bring the total portfolio to 39 investments (35 multifamily and four commercial office) with 62% of committed capital deployed as of the writing of this letter. To date, the portfolio has generated an IRR of 21.6% (net of fund expenses and carried interest), despite the fact that 44% of the portfolio is still booked at cost. This value increase is the result of a combination of three factors: (i) a disciplined acquisition strategy i.e., buying right, (ii) adding value at the asset level through repositioning, capital investment, enhanced tenant services, better marketing and disciplined expense management, to increase net operating income, and (iii) improved market conditions.

Case one – One investment that illustrates value creation through net operating income growth is Pembrooke on the Green (formerly Kennedy Ridge). In addition to completing planned improvements, we have implemented a successful revenue management program that statistically generates market rents and helps the Managers make constant adjustments to maximize revenue and occupancy. As a consequence, fourth quarter revenues were 13% higher than revenues from the prior year before we acquired the property. And, the implied value indicates that at year end the fund had achieved a 2.2x multiple of value (or IRR of 124.9%) on the asset.

Case two – Another investment that has proven quite successful is the recent monetization of the LaSalle 39 building in downtown Chicago. The Managers bought two buildings, LaSalle 29 and LaSalle 39 for a total of $18 million and recently sold the latter to a hotel operator for conversion into a hotel for $22 million. This disposition not only provided an excellent return on the LaSalle 39 building, but has set up LaSalle 29 for a significant increase in occupancy, cash flow and valuation as tenants vacate LaSalle 39 and move next door in preparation for the hotel conversion.

In aggregate, ROC II is well positioned and performing well. Indeed after all is said, our goals, our skillset, and the anticipated opportunity pursued by ROC II remain very much the same as they have always been. We will continue to purchase properties where we see opportunity to reposition and to increase value through growth in net operating income. We will do so in markets where supply and demand dynamics are favorable. We will focus on things we can change, and do our best to be aware of things we cannot. And most importantly, we will continue to do our best to communicate with as much transparency and thoroughness as possible.

Thank you as always for being our Partner.

Warm Regards, Don

Donaldson Hartman, Chief Executive Officer, Bridge Investment Group Partners, LLC

ROC II ASSET SUMMARIES (AS AT 31 DEC 2013)

ROC II Funds[1]
April 3, 2012 through December 31, 2013
Investment Performance Summary

Investment	Location	Type	Valuation Method[2]	Date Acquired	Date Sold	Total Investment	Investment at Cost	Realized Proceeds	Unrealized Value[3]	Implied Value	Implied Gain / (Loss)	Return Multiple	IRR[4]
Multifamily Investments													
West Town Court Apartments	Phoenix, AZ	Multifamily	D	Apr-12	-	6,965,000	6,965,000	910,000	10,467,220	11,377,220	4,412,220	1.63x	36.0%
The Venetian on Ella (La Jolla) Apts.	Houston, TX	Multifamily	D	May-12	-	5,805,000	5,805,000	-	9,236,815	9,236,815	3,431,815	1.59x	33.5%
Andorra Apartments	Indio, CA	Multifamily	D	May-12	-	3,375,000	3,375,000	293,538	4,534,986	4,828,524	1,453,524	1.43x	25.9%
Pinewood Apartments	Lynwood, WA	Multifamily	D	May-12	-	1,665,000	1,665,000	258,502	2,493,056	2,751,558	1,086,558	1.65x	39.8%
Rock Creek (Autumn's Combined) Apts.	Houston, TX	Multifamily	D	Jun-12	-	11,602,000	11,602,000	-	19,815,180	19,815,180	8,213,180	1.71x	42.6%
Mission Falls Apartments	Houston, TX	Multifamily	D	Jul-12	-	1,715,000	1,715,000	228,156	2,907,597	3,135,753	1,420,753	1.83x	45.1%
La Entrada Apartments	Albuquerque, NM	Multifamily	D	Jul-12	-	731,132	731,132	129,254	904,136	1,033,390	302,258	1.41x	30.4%
Monterra Apartments	Albuquerque, NM	Multifamily	D	Jul-12	-	1,006,726	1,006,726	120,240	1,054,076	1,174,316	167,590	1.17x	12.1%
Stratford Apartments	San Antonio, TX	Multifamily	D	Oct-12	-	5,000,000	5,000,000	325,000	6,349,891	6,674,891	1,674,891	1.33x	27.2%
Surprise Lake Apartments	Milton, WA	Multifamily	D	Oct-12	-	9,780,000	9,780,000	1,075,000	13,602,555	14,677,555	4,897,555	1.50x	44.4%
Bradley Park Apartments	Puyallup, WA	Multifamily	D	Dec-12	-	5,490,000	5,490,000	570,000	7,827,756	8,397,756	2,907,756	1.53x	52.0%
Chestnut Hills Apartments	Puyallup, WA	Multifamily	D	Dec-12	-	3,987,000	3,987,000	375,000	5,238,728	5,613,728	1,626,728	1.41x	40.1%
Hamptons Apartments	Puyallup, WA	Multifamily	D	Dec-12	-	6,185,000	6,185,000	610,000	7,332,267	7,942,267	1,757,267	1.28x	27.6%
Landing at Dashpoint (Forest Cove) Apts	Federal Way, WA	Multifamily	D	Dec-12	-	9,546,430	9,546,430	548,482	12,961,284	13,509,766	3,963,336	1.42x	40.5%
Pembrooke (Kennedy Ridge) Apts.	Denver, CO	Multifamily	D	Dec-12	-	19,831,250	19,831,250	1,353,750	42,208,366	43,562,116	23,730,866	2.20x	124.9%
Lodge on 84th Apartments	Federal Heights, CO	Multifamily	D	Jan-13	-	7,270,000	7,270,000	820,000	13,390,762	14,210,762	6,940,762	1.95x	105.8%
Pinnacle Grove Apartments	Tempe, AZ	Multifamily	D	Feb-13	-	6,400,000	6,400,000	120,000	7,477,340	7,597,340	1,197,340	1.19x	21.1%
Sonoma Pointe (The Ritz) Apts.	Las Vegas, NV	Multifamily	D	Feb-13	-	2,765,000	2,765,000	100,000	3,582,559	3,682,559	917,559	1.33x	42.7%
Timberlodge Apartments	Dallas, TX	Multifamily	D	Apr-13	-	3,785,000	3,785,000	-	4,880,037	4,880,037	1,095,037	1.29x	41.8%
Chandlers Bay Apartments	Kent, WA	Multifamily	D	Apr-13	-	10,525,000	10,525,000	250,000	14,026,750	14,276,750	3,751,750	1.36x	52.3%
Cameron Landing Apartments	Atlanta, GA	Multifamily	D	May-13	-	8,800,000	8,800,000	275,000	10,020,867	10,295,867	1,495,867	1.17x	31.3%
Enclave Apartments	Euless, TX	Multifamily	D	Jun-13	-	4,845,000	4,845,000	188,736	5,049,040	5,237,776	392,776	1.08x	15.8%
Overlook Apartments	Euless, TX	Multifamily	D	Jun-13	-	5,970,000	5,970,000	280,897	7,091,131	7,372,028	1,402,028	1.23x	43.8%
Mission Palms Apartments	Tuscon, AZ	Multifamily	D	Jun-13	-	9,140,000	9,140,000	225,000	10,475,530	10,700,530	1,560,530	1.17x	33.9%
Villetta Apartments	Mesa, AZ	Multifamily	F	Jul-13	-	7,250,000	7,250,000	-	7,067,156	7,067,156	(182,844)	0.97x	NM
The Retreat Apartments	Phoenix, AZ	Multifamily	F	Jul-13	-	17,975,000	17,975,000	-	17,568,227	17,568,227	(406,773)	0.98x	NM
Coronado Palms (Palmilla Villas) Apts.	Anaheim, CA	Multifamily	F	Aug-13	-	9,525,000	9,525,000	-	9,143,134	9,143,134	(381,866)	0.96x	NM
The Preserve Apartments	Houston, TX	Multifamily	F	Aug-13	-	16,250,000	16,250,000	-	16,177,291	16,177,291	(72,709)	1.00x	NM
Madison Park Apartments	Vancouver, WA	Multifamily	F	Sep-13	-	10,700,000	10,700,000	-	10,302,806	10,302,806	(397,194)	0.96x	NM
Jasmine at Winters Chapel	Atlanta, GA	Multifamily	F	Oct-13	-	15,055,000	15,055,000	-	14,865,035	14,865,035	(189,965)	0.99x	NM
Meridian Pointe Apartments	Duluth, GA	Multifamily	F	Oct-13	-	4,210,000	4,210,000	-	4,040,424	4,040,424	(169,576)	0.96x	NM
Aventerra Apartments	Mesa, AZ	Multifamily	F	Oct-13	-	15,625,000	15,625,000	-	15,153,488	15,153,488	(471,512)	0.97x	NM
Shadows of Cottonwood Apartments	Dallas, TX	Multifamily	F	Oct-13	-	11,350,000	11,350,000	-	10,892,649	10,892,649	(457,351)	0.96x	NM
Falls at Gwinnett Place Apartments	Duluth, GA	Multifamily	F	Nov-13	-	8,725,000	8,725,000	-	8,401,976	8,401,976	(323,024)	0.96x	NM
Village at Seeley Lake Apartments	Lakewood, WA	Multifamily	F	Dec-13	-	16,575,000	16,575,000	-	15,848,692	15,848,692	(726,308)	0.96x	NM
Total Multifamily Investments						**285,424,538**	**285,424,538**	**9,056,555**	**352,388,807**	**361,445,362**	**76,020,824**	**1.27x**	**40.7%**
Commercial Investments													
1700 West Loop Building	Houston, TX	Office	D	Jun-12	-	19,900,000	19,900,000	455,000	23,127,643	23,582,643	3,682,643	1.19x	13.7%
LaSalle 29 Building	Chicago, IL	Office	D	Apr-13	-	7,420,000	7,420,000	-	7,858,766	7,858,766	438,766	1.06x	8.2%
LaSalle 39 Building	Chicago, IL	Office	A	Apr-13	Jan-14	11,580,000	11,580,000	-	20,130,936	20,130,936	8,550,936	1.74x	140.8%
Biltmore Commerce Center Note	Phoenix, AZ	Office	A	Aug-13	Nov-13	25,000,000	-	25,542,466	-	25,542,466	542,466	1.02x	NM
Biltmore Commerce Center	Phoenix, AZ	Office	F	Aug-13	-	16,000,000	16,000,000	-	15,387,913	15,387,913	(612,087)	0.96x	NM
Total Commercial Investments						**79,900,000**	**54,900,000**	**25,997,466**	**66,505,258**	**92,502,724**	**12,602,724**	**1.16x**	**24.9%**
Net Unrealized return on Properties acquired on or before June 30, 2013[5]						**194,554,678**	**194,554,678**	**8,787,479**	**251,707,948**	**260,495,427**	**65,940,749**	**1.34x**	**33.6%**
Net Unrealized return on Properties acquired since June 30, 2013[5]						**151,950,233**	**151,950,233**	**-**	**139,781,449**	**139,781,449**	**(12,168,784)**	**0.92x**	**NM**
RETURN TO ALL PARTNERS[6]						**357,497,936**	**357,497,936**	**9,427,769**	**417,346,785**	**426,774,554**	**69,276,618**	**1.19x**	**25.1%**
TOTAL NET RETURN[7]						**346,504,911**	**346,504,911**	**8,787,480**	**391,489,397**	**400,276,877**	**53,771,966**	**1.16x**	**21.6%**

Notes:

1 ROC II Funds consists of Real Estate Opportunity Capital Fund II LP, Real Estate Opportunity Capital Fund II-A LP, Real Estate Opportunity Capital Fund II-B LP, and ROC International II Master LP.
2 See Value Method Key (to the right).
3 Unrealized Values represent estimated liquidation values including current and long-term assets and liabilities as of December 31, 2013 and are supported by recent appraisals, actual contracts and Bridge Investment Group Partners' estimates. There can be no assurance that investments with unrealized value may be realized at valuations shown, as actual realized returns will depend on, among other factors, future operating results, asset values and market conditions at the time of disposition, unrelated transaction costs, and the timing and manner of disposition, all of which may differ from the assumptions on which the valuations contained herein are based. In an effort to comply with U.S. GAAP, assets are held at cost minus transaction expenses for the first six months.
4 IRR calculations are based on actual daily cash flows plus Unrealized Values as described above. For certain investments, due to the short measurement period, Internal Rates of Return for this period are Not Meaningful ("NM").
5 Assumes that fund-level expenses are allocated proportionately based on "Total Investment" capital. "Unrealized Value" is net of carried interest and assumes that a clawback is applied to unrealized investments with unrealized gains above the preferred return threshold of nine percent. Properties acquired within the last six months are currently valued at total investment cost, less acquisition costs.
6 Return to All Partners is an annualized realized and unrealized return net of Management Fees, and expenses.
7 Total Net Return is an annualized realized and unrealized return to Limited Partners net of Management Fees, expenses and Carried Interest.

Valuation Method Key:

A "Realized" - Investment has been sold. Any Unrealized Value shown represents net assets held for unidentified liabilities and undistributed proceeds.
B "Under Contract" - Asset is under contract to be sold in the near future. Value represents Net Present Value of contracted price less transaction costs.
C "Appraisal" - Value from recent appraisal or third party valuation source plus capitalized improvements.
D "DCF" - Net Present Value of future cash flows and residual supported by third-party sources.
E "UPB" - Unpaid loan balance including principal and accrued interest.
F "Cost" - Acquisition basis net of transaction costs.
G "Estimate" - Internal Management Estimate.

Note: IRR and equity multiples are based on capital which has been called by the General Partner which has been invested into the ROC II Portfolio. The IRR and equity multiples achieved by investors in Spire USA ROC II Fund (AUD) will differ from the results above to the extent that Spire USA ROC II Fund (AUD) holds the balance of its capital commitments in USD cash, has additional fees and expenses and is subject to foreign exchange movements.

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West Town Court Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	4/30/2012
Location:	Phoenix, AZ	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	6,965,000
Units:	274	Realized Proceeds:	910,000
NRSF:	233,647	Unrealized Value:	10,467,220
Acres:	16.03	Implied Value:	11,377,220
Vintage:	2009	Implied Gain / (Loss):	4,412,220
Prop. / Const. Mgmt. Fee	3.0%/4.5% BPM	Return Multiple:	1.63x
Fund Ownership %:	100.00% ROC II	IRR:	35.97%
Co-Sponsors:	0.00% -	Pro Forma IRR:	20.70%
		Value Method:	DCF

Background:

West Town Court is a 274-unit, class "A" garden-style apartment community in west Phoenix built in 2009. All improvements in our original capital improvement plan are complete. The amenity package includes a resort-style swimming pool with entertainment decks, a poolside ramada with a barbecue area, playground, business center, fully-equipped fitness center, dog park and more. Although well amenitized, there is a substantial opportunity to make this one of the best amenitized communities in the area. The asset was purchased from the original builder at a substantial discount to construction cost due to pending loan maturity default.

Activity Update:

The property was 91% occupied during Q4 compared to 89% during Q3. All exterior improvements have been completed, and the asset is in excellent condition. To date, we have completed 59 partial interior unit upgrades generating a $50 - $60 monthly rent increase. Interior unit upgrades continue at a pace of 4-5 per month. Only moderate interior unit upgrades are planned due to this asset being relatively new. On site management was a challenge this past quarter, and a new manager will be hired in Q1, with a goal towards improving operating performance, increasing occupancy to 93%, complete 12-15 partial rehabs and increase market rents. This asset is targeted for disposition later in 2014.

Investment Thesis:

	Status:
• Purchase a newer asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through amenity and interior unit upgrade.	(Underway)
• Reduce expenses through management efficiencies.	(Underway)

Debt Summary:

Freddie Mac 7-year fixed rate loan at 3.85%, 2 years I.O., 30-year amort. thereafter. 60 mo. yield maintenance, than 1% prepay thereafter. Loan is non recourse to the Fund except for standard carve outs.

	Freddie/Key Bank	
Loan Balance:	15,800,000	-
Interest Rate:	3.85%	-
Maturity:	6/8/2019	-
Amortization:	24 mo. I.O.	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	-	537,891	537,891
Real Estate/Note Value	21,646,000	22,176,295	26,041,138
Dep./Amort. & Trans. Cost	353,699	(1,151,261)	-
Total Assets	**21,999,699**	**21,562,925**	**26,579,029**
Liabilities & Equity			
Current Liabilities	86,538	311,809	311,809
Debt - Freddie/Key Bank	15,537,000	15,800,000	15,800,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**15,623,538**	**16,111,809**	**16,111,809**
Capital Contributed	6,344,272	6,965,000	6,965,000
Distributions to Date	-	(910,000)	(910,000)
Earnings to Date	31,889	(603,884)	4,412,220
Total Equity	**6,376,161**	**5,451,116**	**10,467,220**
Total Liabilities & Equity	**21,999,699**	**21,562,925**	**26,579,029**

Financial Results:

Revenues through the fourth quarter were below budget due to continued higher than anticipated vacancy and credit loss. Operating Expenses through the fourth quarter were well under budget due to across the board savings. Weakness in revenue yielded a YTD NOI lower than budget. Debt service and rehab have been below initial pro forma projections. Although a little under in NOI during 2013, this asset continues to exceed its original pro forma operating objectives.

	Trailing 12 Prior Owner	Stabilized 6/30/2014	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,386,128**	**2,386,128**	**2,356,290**	**2,348,758**	-0.32%	**596,640**	**592,681**	-0.66%
Vacancy	(167,029)	(167,029)	(176,570)	(213,525)	-20.93%	(41,765)	(70,307)	-68.34%
Credit Loss & Concession	(167,029)	(73,493)	(89,456)	(115,959)	-29.63%	(19,458)	(36,751)	-88.87%
Gross Effective Rent	**2,052,070**	**2,145,606**	**2,090,264**	**2,019,274**	-3.40%	**535,417**	**485,623**	-9.30%
Other Income	236,340	236,340	323,394	283,578	-12.31%	80,986	73,131	-9.70%
Gross Operating Income	**2,288,410**	**2,381,946**	**2,413,658**	**2,302,852**	-4.59%	**616,403**	**558,754**	-9.35%
Operating Expense	(1,149,308)	(1,149,308)	(1,190,056)	(1,141,344)	4.09%	(293,545)	(281,754)	4.02%
Net Operating Income	**1,139,102**	**1,232,638**	**1,223,602**	**1,161,508**	-5.07%	**322,858**	**277,000**	-14.20%
Vacancy	7.00%	7.00%	7.49%	9.09%		7.00%	11.86%	
Economic Vacancy	14.00%	10.08%	11.29%	14.03%		10.26%	18.06%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	1	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.0**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

No material risks due to non-recourse fixed rate financing, strong current cash flow, and newer asset. The management team has yet to stabilize, as such, an adjustment to the Risk Rating was made.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

The Venetian on Ella (La Jolla) Apts.

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	5/10/2012
Location:	Houston, TX	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	5,805,000
Units:	448	Realized Proceeds:	-
NRSF:	332,956	Unrealized Value:	9,236,815
Acres:	31.68	Implied Value:	9,236,815
Vintage:	1983	Implied Gain / (Loss):	3,431,815
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.59x
Fund Ownership %:	100.00% ROC II	IRR:	33.51%
Co-Sponsors:	0.00% -	Pro Forma IRR:	23.60%
		Value Method:	DCF

Background:

The Venetian on Ella, formally known as La Jolla Champions, is a 448 unit multifamily asset located in the North Houston submarket just off the I-45. The asset was distressed and purchased from the lender who foreclosed on the property in October 2010. The occupancy at the time of acquisition was 31%. The asset has attractive and workable floor plans with great street exposure, in a strengthening submarket. Substantial rehab was required, including exterior improvements, amenity upgrades, and reclaiming 120 "down" units, to reposition this asset. Substantial repositioning of the resident base forced management to reduce the project's existing resident base down to approximately 20%. Lease up is underway, and strengthening. The asset was purchased for less than $16,000 per unit.

Activity Update:

Q4 reflected further lease up of the asset to over 58%. We anticipate reaching 80% occupancy by end of 2014, and completing stabilization in 2015. Occupancy has been slower than expected due to the significant repositioning required at this asset. Common area rehab is complete, and we have upgraded approximately 345 units or about 60% of the property . The new Leasing & Community Services Center is on line, as is the new Activity Center. The asset looks great, however interior rehab was costlier ($400,000) than originally anticipated. Actual rents have been much stronger as a result of the improvements, and should provide a value offset to this cost overrun once occupancy is gained. With the transformation of the physical asset, it has been rebranded, The Venetian on Ella. We are working with our lender on an extension of the current loan and modification of the loan covenants, and expect to complete this in Q1.

Investment Thesis:

	Status:
• Drive rent growth and occupancy through rehab of 120 down units.	(Completed)
• Drive rent growth through amenity and unit upgrades.	(Completed)
• Increase value through lease up and asset repositioning.	(Underway)
• Purchase at a substantial discount to replacement cost.	(Completed)

Debt Summary:

Acquisition and construction loan provided by PNC Bank at 250 over LIBOR. 24 months I.O. with two, 1-year extensions. The recourse will burn down to 25% and then 0% as certain covenants are met.

	PNC Bank	
Loan Balance:	6,325,109	-
Interest Rate:	L+250	-
Maturity:	5/10/2014	-
Amortization:	24 mo. I.O.	-
Rate Lock:	Float	-
% Recourse to the fund:	50.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	32,926	484,961	484,961
Real Estate/Note Value	6,860,000	11,220,739	15,415,379
Dep./Amort. & Trans. Cost	173,554	(1,010,023)	-
Total Assets	**7,066,480**	**10,695,677**	**15,900,340**
Liabilities & Equity			
Current Liabilities	101,241	338,416	338,416
Debt - PNC Bank	-	6,325,109	6,325,109
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**101,241**	**6,663,525**	**6,663,525**
Capital Contributed	6,938,396	5,805,000	5,805,000
Distributions to Date	-	-	-
Earnings to Date	26,843	(1,772,848)	3,431,815
Total Equity	**6,965,239**	**4,032,152**	**9,236,815**
Total Liabilities & Equity	**7,066,480**	**10,695,677**	**15,900,340**

Financial Results:

Q4 and YTD revenues were below budget due to occupancy lagging behind our projected lease up schedule. Rent Growth and Other income, however, are well ahead of budget. Operating expenses for both the quarter and YTD were above budget due to turnover and lease up costs. As a result, NOI was well below budget, and the asset has yet to achieve break even operations. Rehab was over budget as identified, but driving stronger Gross Potential Rent. Debt service is well below budget, and we structured substantial reserves for this asset due to the extensiveness of the rehab and repositioning. Although making good progress, this asset is currently under performing its initial pro forma projections.

	Trailing 12 Prior Owner	Stabilized 6/30/2015	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,622,000**	**2,622,000**	**2,972,100**	**3,024,750**	1.77%	**746,400**	**764,851**	2.47%
Vacancy	(1,809,180)	(262,200)	(1,175,401)	(1,454,951)	-23.78%	(194,050)	(320,348)	-65.09%
Credit Loss & Concession	(236,242)	(161,515)	(134,583)	(175,729)	-30.57%	(33,696)	(54,159)	-60.73%
Gross Effective Rent	**576,578**	**2,198,285**	**1,662,116**	**1,394,070**	-16.13%	**518,654**	**390,344**	-24.74%
Other Income	110,500	290,000	226,256	252,222	11.48%	63,949	61,093	-4.47%
Gross Operating Income	**687,078**	**2,488,285**	**1,888,372**	**1,646,292**	-12.82%	**582,603**	**451,437**	-22.51%
Operating Expense	(1,607,023)	(1,607,023)	(1,555,358)	(1,702,779)	-9.48%	(388,303)	(480,531)	-23.75%
Net Operating Income	**(919,945)**	**881,262**	**333,014**	**(56,487)**	-116.96%	**194,300**	**(29,094)**	-114.97%
Vacancy	69.00%	10.00%	39.55%	48.10%		26.00%	41.88%	
Economic Vacancy	78.01%	16.16%	44.08%	53.91%		30.51%	48.96%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	4	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	4	3
Liquidity	20%	4	3
Legal/Environmental	10%	2	2
Total	**100%**	**3.2**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset required extensive rehab and repositioning, and is still working through a lease-up. Partial recourse will "burn off" as occupancy and income increase. Both should be achieved in 2014. Asset should achieve 80% occupancy by the end of Q4, and be cash flow positive by the end of Q2. Reserves are in place, but may need to be augmented to facilitate the lender extension.

SPIRE CAPITAL

Andorra Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stanger		Date Acquired:	5/18/2012
Location:	Indio, CA		Date Sold:	-
Type:	Multifamily		Total Fund Investment:	3,375,000
Units:	186		Realized Proceeds:	293,538
NRSF:	202,680		Unrealized Value:	4,534,986
Acres:	8.98		Implied Value:	4,828,524
Vintage:	1987		Implied Gain / (Loss):	1,453,524
Prop. / Const. Mgmt. Fee	3.0%/4.5%	BPM	Return Multiple:	1.43x
Fund Ownership %:	69.23%	ROC II	IRR:	25.92%
Co-Sponsors:	30.77%	ROC I	Pro Forma IRR:	20.10%
			Value Method:	DCF

Background:

Andorra is a 186 unit apartment community in Indio, CA, which is in the midst of the Coachella Valley along Interstate 10 at the junction of State Highways 86 and 111. The property was lender owned, and although maintained, requires substantial updating to common areas, amenities, and bringing 9 down units online. Operational expense savings, combined with asset repositioning and unit improvements will drive the value increase at this asset. The equity for this asset is split between ROC Fund I and ROC Fund II.

Activity Update:

Occupancy during Q4 was 94% compared to 91% during Q3. Capital improvements to the exteriors, common areas and interior units are now complete. To date, 36 full interior unit upgrades and 29 moderate interior unit upgrades have been completed. Upgraded units generated a monthly rent increase between $65-$90 depending on the unit. Rehab has been completed within budget parameter. Although occupancy has been strong, collections have been a struggle, and we are not able to push rents much further. As such, we marketed this asset for sale in Q3 and are now under contract with our 2nd buyer. This asset is anticipated to close in Q1 at an IRR slightly above Pro forma expectations.

Investment Thesis:

	Status:
• Purchase from lender at substantial discount to market.	(Completed)
• Add value through unit, common area, and amenity upgrades.	(Completed)
• Drive revenue through activation of 9 down units.	(Completed)
• Complete restricted access gating.	(Completed)

Debt Summary:

24 month loan, I/O through year 2. The loan has one, 1-year extension, and will commence amortization. Loan is non-recourse.

	Key Bank	
Loan Balance:	8,185,684	-
Interest Rate:	L+225	-
Maturity:	5/18/2014	-
Amortization:	24 months I/O	-
Rate Lock:	0.00%	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	725,238	213,944	213,944
Real Estate/Note Value	12,025,000	13,225,818	14,711,646
Dep./Amort. & Trans. Cost	252,101	(722,354)	-
Total Assets	**13,002,339**	**12,717,408**	**14,925,590**
Liabilities & Equity			
Current Liabilities	55,066	189,371	189,371
Debt - Key Bank	8,348,000	8,185,684	8,185,684
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**8,403,066**	**8,375,055**	**8,375,055**
Capital Contributed	4,580,732	4,875,000	4,875,000
Distributions to Date	-	(424,000)	(424,000)
Earnings to Date	18,541	(108,647)	2,099,535
Total Equity	**4,599,273**	**4,342,353**	**6,550,535**
Total Liabilities & Equity	**13,002,339**	**12,717,408**	**14,925,590**

Financial Results:

Revenues through the fourth quarter were below budget due to the inability to push rent growth and Collections Losses, but were offset by strong occupancy and Cable Income. Operating expenses through the fourth quarter were over budget due to higher Payroll Taxes, Replacement expenditures, Maintenance and Repair as we prepared the property for sale. YTD NOI was below budget. This asset is meeting its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 6/30/2014	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**1,859,400**	**1,859,400**	**1,944,368**	**1,922,691**	-1.11%	**501,384**	**483,970**	-3.47%
Vacancy	(204,534)	(130,158)	(145,829)	(135,004)	7.42%	(37,604)	(26,596)	29.27%
Credit Loss & Concession	(171,809)	(105,242)	(72,305)	(129,291)	-78.81%	(18,267)	(29,371)	-60.79%
Gross Effective Rent	**1,483,057**	**1,624,000**	**1,726,234**	**1,658,396**	-3.93%	**445,513**	**428,003**	-3.93%
Other Income	82,500	82,500	99,060	126,458	27.66%	25,020	25,459	1.75%
Gross Operating Income	**1,565,557**	**1,706,500**	**1,825,294**	**1,784,854**	-2.22%	**470,533**	**453,462**	-3.63%
Operating Expense	(955,395)	(955,395)	(964,790)	(1,013,380)	-5.04%	(241,040)	(295,100)	-22.43%
Net Operating Income	**610,162**	**751,105**	**860,504**	**771,474**	-10.35%	**229,493**	**158,362**	-30.99%
Vacancy	11.00%	7.00%	7.50%	7.02%		7.50%	5.50%	
Economic Vacancy	20.24%	12.66%	11.22%	13.75%		11.14%	11.56%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	1	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.1**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

There are no material risk issues to note at this time. The asset is under contract and will close in Q1 2014.

SPIRE CAPITAL

Pinewood Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	5/22/2012
Location:	Lynwood, WA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	1,665,000
Units:	180	Realized Proceeds:	258,502
NRSF:	127,400	Unrealized Value:	2,493,056
Acres:	7.11	Implied Value:	2,751,558
Vintage:	1977	Implied Gain / (Loss):	1,086,558
Prop. / Const. Mgmt. Fee	3.0%/4.5% BPM	Return Multiple:	1.65x
Fund Ownership %:	36.20% ROC II	IRR:	39.82%
Co-Sponsors:	63.80% Christiano/Bod	Pro Forma IRR:	21.20%
		Value Method:	DCF

Background:

Pinewood Square is a class "B" apartment community located in Lynnwood, WA, about twenty minutes north of Seattle. The property was purchased out of receivership at a substantial discount to appraised value. The property has 1 & 2 bedroom units with an average 707 sf. Amenities were light, providing a nice opportunity to reposition the asset in the marketplace. ROC joint ventured this asset with two affiliates providing an opportunity to promote off of a portion of this joint venture equity. Strategic common area improvements, along with interior unit improvements have been completed, and the asset is stabilized, and ready for sale.

Activity Update:

The property continues to perform well and was 98% occupied during Q4 compared to 94% during Q3. Exterior improvements are complete. To date, 30 full interior unit upgrades and 18 partial interior unit upgrades are complete and generating $50 - $100 monthly rent increases depending on the unit. Our goals for Q1 are to maintain occupancy, complete the 3 remaining full interior upgrade units and finalize preparations for sale. The property is currently on the market with a goal to be under contract in Q1, closing in Q2.

Investment Thesis:

	Status:
• Purchase at significant discount to replacement cost from Receivership	(Completed)
• Drive revenue through amenity expansion and other income opportunities.	(Completed)
• Drive revenue through interior unit upgrades.	(Underway)
• Provide strong cash flows during tenant/asset repositioning.	(Completed)

Debt Summary:

New loan with Key/Freddie Mac, 7-year term with 36 months IO; 30 year amortization thereafter, and 5 year YM provision. Fixed interest rate at 3.93%. Loan is non-recourse to the Fund, except for standard carve outs.

	Key Bank/Freddie	
Loan Balance:	13,654,000	-
Interest Rate:	3.93%	-
Maturity:	6/1/2019	-
Amortization:	36 mo. I.O.	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	255,278	351,705	351,705
Real Estate/Note Value	17,068,000	17,738,800	20,348,770
Dep./Amort. & Trans. Cost	477,966	(814,856)	-
Total Assets	**17,801,244**	**17,275,649**	**20,700,475**
Liabilities & Equity			
Current Liabilities	34,278	158,752	158,752
Debt - Key Bank/Freddie	13,654,000	13,654,000	13,654,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**13,688,278**	**13,812,752**	**13,812,752**
Capital Contributed	4,105,921	4,600,000	4,600,000
Distributions to Date	-	(697,966)	(697,966)
Earnings to Date	7,046	(439,137)	2,985,689
Total Equity	**4,112,967**	**3,462,897**	**6,887,723**
Total Liabilities & Equity	**17,801,244**	**17,275,649**	**20,700,475**

Financial Results:

Revenue through the fourth quarter continued to exceed budget due to continued strong occupancy, an indication that the asset is maintaining the stabilization achieved in Q1 and is prime for sale. Operating Expenses through the fourth quarter were slightly over budget due to timing of utilities. YTD NOI was slightly below budget. Debt service and rehab have been within budget projections. Although cash flow from this asset has been slightly lower than expected, this asset is expected to outperform its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 6/30/2014	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**1,803,072**	**2,047,287**	**1,767,924**	**1,773,016**	0.29%	**457,101**	**459,293**	0.48%
Vacancy	(90,154)	(102,364)	(106,075)	(96,838)	8.71%	(27,426)	(18,962)	30.86%
Credit Loss & Concession	(72,123)	(61,419)	(29,679)	(16,882)	43.12%	(7,571)	(4,722)	37.63%
Gross Effective Rent	**1,640,795**	**1,883,504**	**1,632,170**	**1,659,296**	1.66%	**422,104**	**435,609**	3.20%
Other Income	179,500	186,752	170,028	179,859	5.78%	41,655	45,004	8.04%
Gross Operating Income	**1,820,295**	**2,070,256**	**1,802,198**	**1,839,155**	2.05%	**463,759**	**480,613**	3.63%
Operating Expense	(699,671)	(795,698)	(695,058)	(752,363)	-8.24%	(175,295)	(218,167)	-24.46%
Net Operating Income	**1,120,625**	**1,274,558**	**1,107,140**	**1,086,792**	-1.84%	**288,464**	**262,446**	-9.02%
Vacancy	5.00%	5.00%	6.00%	5.46%		6.00%	4.13%	
Economic Vacancy	9.00%	8.00%	7.68%	6.41%		7.66%	5.16%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.0**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

No material risks due to non-recourse fixed rate financing, and strong current cash flow. No adjustments to Risk Ratings were made in Q4.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Rock Creek (Autumn's Combined) Apts.

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	6/11/2012
Location:	Houston, TX	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	11,602,000
Units:	572	Realized Proceeds:	-
NRSF:	464,728	Unrealized Value:	19,815,180
Acres:	20.63	Implied Value:	19,815,180
Vintage:	1983	Implied Gain / (Loss):	8,213,180
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.71x
Fund Ownership %:	100.00% ROC II	IRR:	42.55%
Co-Sponsors:	0.00% -	Pro Forma IRR:	25.00%
		Value Method:	DCF

Background:

Rock Creek at Hollow Tree is the rebranded combination of both Autumn Chase and Autumn Lakes apartment homes. A combined 572 unit class "C" asset located across the street from Republic Hollow Tree, a 280-unit Class A luxury apartment community owned by ROC Fund I. These assets were foreclosed on in December 2011 and January 2012 by Fannie Mae. At the time of purchase, the DUS lender had the right to acquire the assets from FNMA but determined not to do so and offered that opportunity to us. The assets are well located in a strengthening market, but required substantial rehab and market repositioning. Exterior, amenity, and interior units have now been rehabbed, and this asset would now be considered a "B" asset. Management has completed the repositioning of the resident base and is now in full lease up, anticipated to be completed by year end 2014.

Activity Update:

Several wonderful things have happened during Q4. First, the combining of the assets created enormous efficiencies in leasing and resident activity. Furthermore, the second clubhouse has been converted into a community center, which has also strengthened the amenities and retention of the community. Also in Q4, the Community Services Program enrolled 35 kids in the after school program. We are still working through several of the offsite and lending impacts of the merger but anticipate those being wrapped up in Q1. The lease up in progress has picked up speed, though we are still only 66% occupied. Part of the process is that rent growth has been substantial and a significant number of residents that moved in initially, no longer qualify for the higher rental rates and we are turning and leasing those units at higher rates, but with less growth in overall occupancy. We completed approximately 237 interior upgrades for a rent premium of $100 dollars.

Investment Thesis:

	Status:
• Purchase for a substantial discount to replacement cost.	(Completed)
• Drive revenue through lease-up of asset (90% occupied sub-market).	(Underway)
• Drive revenue through amenity upgrades and asset repositioning.	(Underway)
• (New) Drive efficiency and value through combining the assets.	(Underway)

Debt Summary:

The current loans with Key Bank are being consolidated, and recourse is being reduced with a burn off to 0 once certain occupancy hurdles are met. The length of the loan is also being extended.

	Key Bank	
Loan Balance:	8,068,014	-
Interest Rate:	3.22%	-
Maturity:	5/1/2014	-
Amortization:	30	-
Rate Lock:	Float w/Swap	-
% Recourse to the fund:	100.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	6,180	1,193,619	1,193,619
Real Estate/Note Value	12,700,000	17,875,302	27,235,439
Dep./Amort. & Trans. Cost	325,517	(1,382,246)	-
Total Assets	**13,031,697**	**17,686,675**	**28,429,058**
Liabilities & Equity			
Current Liabilities	256,426	545,864	545,864
Debt - Key Bank	-	8,068,014	7,969,500
Debt -	-	-	98,514
Other Long-Term Liab.	-	-	-
Total Liabilities	**256,426**	**8,613,878**	**8,613,878**
Capital Contributed	12,694,518	11,602,000	11,602,000
Distributions to Date	-	-	-
Earnings to Date	80,754	(2,529,203)	8,213,180
Total Equity	**12,775,272**	**9,072,797**	**19,815,180**
Total Liabilities & Equity	**13,031,697**	**17,686,675**	**28,429,058**

Financial Results:

Q4 Reflected the first quarter of combined operations. Revenue for the quarter and YTD was below budget due to lease up lagging projections, though rent growth is still increasing. Other income is increasing and concessions are decreasing. Expenses are above budget, primarily due to lease up costs. As a result, YTD NOI was well below budget. Debt service continues to be below budget, however, rehab was higher than budget due to the condition of the interior units. Although making great progress, and driving strong value appreciation, this asset is currently under performing its initial pro forma objectives. We hope to change that by the end of 2014.

	Trailing 12 Prior Owner	Stabilized 6/30/2015	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**4,234,560**	**4,234,560**	**4,932,454**	**4,669,470**	-5.33%	**4,932,454**	**4,669,470**	-5.33%
Vacancy	(2,325,408)	(475,488)	(2,343,844)	(2,357,678)	-0.59%	(2,343,844)	(2,357,678)	-0.59%
Credit Loss & Concession	(479,776)	(239,676)	(295,991)	(268,004)	9.46%	(295,991)	(268,004)	9.46%
Gross Effective Rent	**1,429,376**	**3,519,396**	**2,292,619**	**2,043,788**	-10.85%	**2,292,619**	**2,043,788**	-10.85%
Other Income	210,000	455,000	305,932	379,908	24.18%	305,932	379,908	24.18%
Gross Operating Income	**1,639,376**	**3,974,396**	**2,598,551**	**2,423,696**	-6.73%	**2,598,551**	**2,423,696**	-6.73%
Operating Expense	(2,248,686)	(2,248,686)	(2,268,810)	(2,309,050)	-1.77%	(2,268,810)	(2,309,050)	-1.77%
Net Operating Income	**(609,310)**	**1,725,710**	**329,741**	**114,646**	-65.23%	**329,741**	**114,646**	-65.23%
Vacancy	60.00%	11.23%	47.52%	0.00%		47.52%	0.00%	
Economic Vacancy	66.24%	16.89%	53.52%	56.23%		53.52%	56.23%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	3	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	4	3
Liquidity	20%	4	3
Legal/Environmental	10%	3	2
Total	**100%**	**3.2**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The combination of the assets has strengthened its market presence, but the asset continues to work through a lease-up and has operational risk related thereto. We are currently working through a loan structure change, and covenant violation, which we expect to have remedies in Q1, with a reduction in recourse to the Fund. Operations are now at break even.

SPIRE CAPITAL

Mission Falls Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner		Date Acquired:	7/12/2012
Location:	Houston, TX		Date Sold:	-
Type:	Multifamily		Total Fund Investment:	1,715,000
Units:	228		Realized Proceeds:	228,156
NRSF:	218,448		Unrealized Value:	2,907,597
Acres:	11.24		Implied Value:	3,135,753
Vintage:	1995		Implied Gain / (Loss):	1,420,753
Prop. / Const. Mgmt. Fee	3.0%/4.0%	BPM	Return Multiple:	1.83x
Fund Ownership %:	53.34%	ROC II	IRR:	45.14%
Co-Sponsors:	46.66%	ROC I	Pro Forma IRR:	25.79%
			Value Method:	DCF

Background:

Mission Falls is a 228 unit asset located in Northwest Houston. This asset was developed using financing and contributions under the Section 42 Low Income Housing Tax Credit (LIHTC) program. The asset is located in a "C" class submarket, and was purchased from the Not for Profit GP that had taken over the asset. An extensive rehab which included exterior paint, restructured clubhouse and community services area, new business and fitness center, soccer field, children's play area, and dog park have been completed. Interior unit rehabs are still underway. ROC is working through the removal of the LURA, and anticipates completing this in 2014, subsequently converting this asset to "market rate". This transaction was an off-market purchase, and after a severe repositioning, this asset is now stabilized.

Activity Update:

The common area/amenity improvements have been completed and the asset is in good physical condition. Costs are well within budget parameters. The Community Services programs have been implemented, and are being well received by the resident base. The management team has done a tremendous job of working through the ramifications of the shooting and gang activity late in 2012, and effectuated a nice recovery and asset stabilization at 95% occupancy for the 4th quarter. The water billing problem noted in prior quarters has now been resolved, not only reducing future expenses substantially, but providing a substantial refund in Q4 as well. These issues caused a delay in petitioning for removal of the LURA, which is now in progress. We have completed 27 upgraded units and are achieving approximately $50-75 per upgrade. The loan recourse will have burned off by the end of Q1.

Investment Thesis:

	Status:
• Drive revenues through amenity upgrades.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive revenues and reduce expenses through removal of LURA.	(Underway)
• Reposition for lower exit cap rate once LURA is removed.	(Underway)

Debt Summary:

Acquisition loan provided by Bank of America with 25% recourse, burning down to 0% as NOI grows to covenant requirements. Interest rate 210 over LIBOR. 1 year I.O., and 30-year amortization thereafter.

	Bank of America	
Loan Balance:	5,260,375	-
Interest Rate:	L+210	-
Maturity:	7/12/2015	-
Amortization:	12 mo. I.O.	-
Rate Lock:	Float	-
% Recourse to the fund:	25.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	84,505	781,763	781,763
Real Estate/Note Value	7,040,500	8,060,785	10,224,575
Dep./Amort. & Trans. Cost	88,523	(318,473)	-
Total Assets	**7,213,528**	**8,524,075**	**11,006,338**
Liabilities & Equity			
Current Liabilities	122,061	295,279	295,279
Debt - Bank of America	-	5,260,375	5,260,375
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**122,061**	**5,555,654**	**5,555,654**
Capital Contributed	6,989,725	3,215,000	3,215,000
Distributions to Date	-	(425,706)	(425,706)
Earnings to Date	101,742	179,127	2,661,390
Total Equity	**7,091,467**	**2,968,421**	**5,450,684**
Total Liabilities & Equity	**7,213,528**	**8,524,075**	**11,006,338**

Financial Results:

Q4 Revenues and occupancy recovered nicely from the issues noted above and were well above budget, including continued growth in Gross Rents and Other Income. YTD was still below budget due to the ramifications from the shooting noted above. Q4 Expenses were well below budget due to the refund of the excess water bills, but were above budget for the year due to the turnover/leasing costs associated with the resident turnover associated therewith. Debt service continues to be well below budget, and rehab will be within budget. The asset has made a nice recovery and is now stabilized. Upon completion of the LURA removal this asset will be positioned for sale, anticipated in mid 2015. Although off to a rocky start, this asset is exceeding its initial pro forma projections.

	Trailing 12 Prior Owner	Stabilized 6/30/2015	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**1,868,727**	**2,118,905**	**1,930,560**	**1,953,417**	1.18%	**488,040**	**494,923**	1.41%
Vacancy	(176,379)	(148,323)	(149,560)	(225,233)	-50.60%	(36,603)	(27,120)	25.91%
Credit Loss & Concession	(72,920)	(119,930)	(43,308)	(69,230)	-59.85%	(10,881)	(8,729)	19.78%
Gross Effective Rent	**1,619,428**	**1,850,651**	**1,737,692**	**1,658,954**	-4.53%	**440,556**	**459,074**	4.20%
Other Income	39,832	47,741	53,040	65,428	23.36%	14,155	18,172	28.38%
Gross Operating Income	**1,659,260**	**1,898,392**	**1,790,732**	**1,724,382**	-3.71%	**454,711**	**477,246**	4.96%
Operating Expense	(1,173,235)	(1,193,697)	(1,060,891)	(1,139,483)	-7.41%	(257,681)	(201,740)	21.71%
Net Operating Income	**486,025**	**704,695**	**729,841**	**584,899**	-19.86%	**197,030**	**275,506**	39.83%
Vacancy	9.44%	7.00%	7.75%	11.53%		7.50%	5.48%	
Economic Vacancy	13.34%	12.66%	9.99%	15.07%		9.73%	7.24%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.2**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Risk was reduced as the team worked through the impact of the shooting and stabilized occupancy at 95%. Exterior rehab has been completed, further reducing asset risk. Liquidation is still impacted by the LURA, however, this should be mitigated by the end of 2014.

SPIRE CAPITAL

La Entrada Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Young	Date Acquired:	7/17/2012
Location:	Albuquerque, NM	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	731,132
Units:	216	Realized Proceeds:	129,254
NRSF:	188,640	Unrealized Value:	904,136
Acres:	11.44	Implied Value:	1,033,390
Vintage:	1972	Implied Gain / (Loss):	302,258
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.41x
Fund Ownership %:	20.00% ROC II	IRR:	30.38%
Co-Sponsors:	80.00% Starr	Pro Forma IRR:	32.91%
		Value Method:	DCF

Background:

La Entrada consists of 216 apartment units located in the Northeast submarket of Albuquerque, New Mexico. The maturity of the underling debt forced the seller to liquidate this asset well below its appraised value. The asset was in good condition, providing the opportunity for future rent growth through strategic exterior and interior unit upgrades. The asset has a stabilized occupancy above 90%, and a 3.54% fixed interest rate, thereby providing strong cash flows during the ownership period.

Activity Update:

Major exterior and common area improvements, including paint, clubhouse renovations and asphalt have now been fully completed in line with budget expectations. Interior renovations and the installation of washers/dryers in select units are underway, within expected cost targets and garnering the anticipated rent increases. The Albuquerque apartment market has experienced headwinds due to sluggish job growth and competition from very affordable single-family homes. We expect some improvement in apartment market demand in 2014 from increased economic and job growth combined with higher single-family home mortgage interest rates. On site management has been struggling at this asset, and a manager change will be made in Q1.

Investment Thesis:

	Status:
• Enhanced earnings due to the expected payment of carried int. to ROC.	(Underway)
• Drive revenues through interior unit rehab, & additional washer/dryers.	(Underway)
• Increased cash flow due to strong positive arbitrage from the debt.	(Completed)

Debt Summary:

FNMA loan with a fixed interest rate of 3.54%. 2 years IO; 30-year amortization thereafter, and 7 year call. Has a 1% prepay penalty after 5 year yield maintenance period. Non recourse to Fund except for standard carve outs.

	Wells/FNMA	
Loan Balance:	9,400,000	-
Interest Rate:	3.54%	-
Maturity:	8/1/2019	-
Amortization:	24 mo. I.O.	-
Rate Lock:	fixed rate	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	113,919	354,417	354,417
Real Estate/Note Value	12,000,000	12,583,380	13,547,436
Dep./Amort. & Trans. Cost	137,563	(496,547)	-
Total Assets	**12,251,482**	**12,441,250**	**13,901,853**
Liabilities & Equity			
Current Liabilities	81,931	220,799	220,799
Debt - Wells/FNMA	9,400,000	9,400,000	9,400,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**9,481,931**	**9,620,799**	**9,620,799**
Capital Contributed	2,788,000	3,416,035	3,416,035
Distributions to Date	-	(646,271)	(646,271)
Earnings to Date	64,975	50,687	1,511,290
Total Equity	**2,852,975**	**2,820,451**	**4,281,054**
Total Liabilities & Equity	**12,334,907**	**12,441,250**	**13,901,853**

Financial Results:

Aggressive marketing and closing enabled improved occupancy and (lower) rental concessions for Q4. However, gross revenue fell short of expectations due to lower market rent levels and other income categories. Q4 expenses remain higher than budget due primarily to higher unit turnover costs and unsatisfactory on-site cost controls. The latter has resulted in a decision to make a change with our property manager. We believe improving apartment market demand conditions and limited new supply, combined with stronger on-site leadership and expense management, will support improved revenues and NOI in 2014. This asset is underperforming its initial pro forma operating objectives.

	Trailing 12 Prior Owner	Stabilized 7/31/2015	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**1,856,302**	**2,056,773**	**1,913,162**	**1,864,937**	-2.52%	**488,148**	**466,601**	-4.41%
Vacancy	(123,160)	(123,406)	(116,259)	(141,232)	-21.48%	(29,288)	(24,508)	16.32%
Credit Loss & Concession	(61,179)	(35,994)	(38,915)	(47,898)	-23.08%	(9,102)	(7,854)	13.71%
Gross Effective Rent	**1,671,963**	**1,897,373**	**1,757,988**	**1,675,807**	-4.67%	**449,758**	**434,239**	-3.45%
Other Income	224,545	239,292	240,238	249,685	3.93%	59,681	56,747	-4.92%
Gross Operating Income	**1,896,508**	**2,136,665**	**1,998,226**	**1,925,492**	-3.64%	**509,439**	**490,986**	-3.62%
Operating Expense	(996,128)	(1,082,233)	(993,524)	(1,087,859)	-9.49%	(230,017)	(244,131)	-6.14%
Net Operating Income	**900,380**	**1,054,432**	**1,004,702**	**837,633**	-16.63%	**279,422**	**246,855**	-11.66%
Vacancy	6.63%	6.00%	6.08%	7.57%		6.00%	5.25%	
Economic Vacancy	9.93%	7.75%	8.11%	10.14%		7.86%	6.94%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.8**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The risk with this asset remained unchanged in Q4 as we continued to struggle with expense controls. Operations and market conditions are expected to improve through 2014. Our lower than market rate debt provides both cash flow, and future value opportunity at sale, stabilizing both liquidity and earnings. Asset quality is rated average due to its age.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Monterra Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Young		Date Acquired:	7/17/2012
Location:	Albuquerque, NM		Date Sold:	-
Type:	Multifamily		Total Fund Investment:	1,006,726
Units:	312		Realized Proceeds:	120,240
NRSF:	278,400		Unrealized Value:	1,054,076
Acres:	12.67		Implied Value:	1,174,316
Vintage:	1972		Implied Gain / (Loss):	167,590
Prop. / Const. Mgmt. Fee	3.0%/4.0%	BPM	Return Multiple:	1.17x
Fund Ownership %:	20.00%	ROC II	IRR:	12.13%
Co-Sponsors:	80.00%	Starr	Pro Forma IRR:	35.09%
			Value Method:	DCF

Background:

Monterra consists of 312 apartments units located in the Northeast submarket of Albuquerque, New Mexico. The maturity of the underling debt forced the seller to liquidate this asset well below its appraised value. The asset was in good condition, providing the opportunity for future rent growth through strategic exterior and interior unit upgrades. The asset has stabilized occupancy above 90% and its 3.51% fixed interest rate provides strong cash flows.

Activity Update:

Major exterior and common area improvements, including paint, clubhouse renovations and asphalt have now been fully completed in line with budget expectations. Interior renovations and the installation of washers/dryers in select units are underway, within expected cost targets and garnering the anticipated rent increases. The Albuquerque apartment market has experienced headwinds due to sluggish job growth and competition from very affordable single-family homes. We expect some improvement in apartment market demand in 2014 from increased economic and job growth combined with higher single-family home mortgage interest rates. On site management has been an issue with this asset, and a manager change will be effectuated in Q1.

Investment Thesis:

	Status:
• Enhanced earnings due to the expected payment of carried int. to ROC.	(Underway)
• Drive revenues through interior unit rehab, & additional washer/dryers.	(Underway)
• Increased cash flow due to strong positive arbitrage from the debt.	(Completed)

Debt Summary:

FNMA loan, with a fixed interest rate of 3.51%. 30-year amortization, and 7 year call. Has a 1% prepayment penalty after 5 years yield maintenance period. Loan is non recourse to the Fund except for standard carve outs.

	Wells/FNMA	
Loan Balance:	16,087,406	-
Interest Rate:	3.51%	-
Maturity:	8/1/2019	-
Amortization:	30 year	
Rate Lock:	fixed rate	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	163,872	362,074	362,074
Real Estate/Note Value	20,000,000	20,783,442	20,865,830
Dep./Amort. & Trans. Cost	310,000	(771,622)	-
Total Assets	**20,473,872**	**20,373,894**	**21,227,904**
Liabilities & Equity			
Current Liabilities	146,897	334,548	334,548
Debt - Wells/FNMA	16,500,000	16,087,406	16,087,406
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**16,646,897**	**16,421,954**	**16,421,954**
Capital Contributed	3,762,000	4,569,200	4,569,200
Distributions to Date	-	(601,199)	(601,199)
Earnings to Date	64,975	(16,061)	837,949
Total Equity	**3,826,975**	**3,951,940**	**4,805,950**
Total Liabilities & Equity	**20,473,872**	**20,373,894**	**21,227,904**

Financial Results:

Q4 performance proved disappointing in virtually all categories. Although apartment demand is generally soft during this period we believe our on-site team underperformed. Other income provided a limited bright spot but insufficient focus on cost controls led to higher than anticipated expenses and a significant fall-off in Net Operating Income. These events have resulted in a decision to make a change with our property manager. We believe improving apartment market demand conditions and limited new supply, combined with stronger on-site leadership and expense management, will support improved revenues and NOI in 2014. This asset is underperforming its initial pro forma operating objectives.

	Trailing 12 Prior Owner	Stabilized 7/31/2015	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,572,291**	**2,876,808**	**2,685,683**	**2,587,401**	-3.66%	**689,832**	**653,692**	-5.24%
Vacancy	(144,882)	(143,840)	(173,685)	(202,580)	-16.64%	(37,951)	(67,633)	-78.21%
Credit Loss & Concession	(34,012)	(43,152)	(41,257)	(55,380)	-34.23%	(10,498)	(21,603)	-105.78%
Gross Effective Rent	**2,393,397**	**2,689,816**	**2,470,741**	**2,329,441**	-5.72%	**641,383**	**564,456**	-11.99%
Other Income	225,886	236,171	218,919	235,419	7.54%	53,968	64,961	20.37%
Gross Operating Income	**2,619,283**	**2,925,986**	**2,689,660**	**2,564,860**	-4.64%	**695,351**	**629,417**	-9.48%
Operating Expense	(1,140,158)	(1,206,210)	(1,140,259)	(1,238,926)	-8.65%	(282,103)	(331,656)	-17.57%
Net Operating Income	**1,479,125**	**1,719,776**	**1,549,401**	**1,325,934**	-14.42%	**413,248**	**297,761**	-27.95%
Vacancy	5.63%	5.00%	6.47%	7.83%		5.50%	10.35%	
Economic Vacancy	6.95%	6.50%	8.00%	9.97%		7.02%	13.65%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.8**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The risk with this asset was unchanged in Q4 as we struggled with occupancy and expense controls. Operations and market conditions are expected to improve through 2014. Our lower than market rate debt provides both cash flow, and future value opportunity at sale, stabilizing both liquidity and earnings. Asset quality is rated average due to its age.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Stratford Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	10/3/2012
Location:	San Antonio, TX	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	5,000,000
Units:	269	Realized Proceeds:	325,000
NRSF:	296,822	Unrealized Value:	6,349,891
Acres:	9.91	Implied Value:	6,674,891
Vintage:	1982	Implied Gain / (Loss):	1,674,891
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.33x
Fund Ownership %:	100.00% ROC II	IRR:	27.15%
Co-Sponsors:	0.00% -	Pro Forma IRR:	22.80%
		Value Method:	DCF

Background:

Stratford is a 269-unit garden style apartment community. The Stratford's infill location in the Medical District of Northwest San Antonio provides an opportunity to capitalize on an emerging submarket, with the ability to complete strategic common area, amenity, and unit upgrades driving enhanced revenues. The asset has a tremendous unit mix, with large floor plans. The exterior rehab plan is now complete except for landscaping, and the asset is in good condition. Resident repositioning is still underway.

Activity Update:

Q4 reflected completion of the exterior rehab with the exception of the lime stone retaining walls. We have completed approximately 44 interior unit rehabs driving $60 to $100 per month increases. Occupancy continues to be a challenge as we work through resident retention and repositioning issues related to the increasing rent matrix. We expected the asset to achieve 90% occupancy in Q4, but were unsuccessful, and will be effectuating a manager change to achieve better alignment at this asset. Our goal for Q1 is to achieve 90% occupancy, and stabilize staffing, along with continued interior unit rehab. Rehab will be over budget due to full replacement of the lime stone retaining walls, and the size of the interior units, which was not properly accounted for in due diligence. The physical appearance of the asset has improved dramatically.

Investment Thesis:

	Status:
• Drive revenues through amenity expansion and common area upgrades.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive NOI through better, more efficient expense management.	(Underway)

Debt Summary:

Freddie Mac fixed rate loan at 3.91%; 30 year amortization; due in 7 years. 5 year yield maintenance prepayment penalty, 1% thereafter till 90 days prior to maturity. Non-recourse except for standard carve outs.

	Key/Freddie	
Loan Balance:	11,773,641	-
Interest Rate:	3.91%	-
Maturity:	9/30/2019	-
Amortization:	30 Years	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	202,274	721,827	721,827
Real Estate/Note Value	15,000,000	16,654,219	18,054,163
Dep./Amort. & Trans. Cost	127,795	(660,725)	-
Total Assets	**15,330,069**	**16,715,321**	**18,775,990**
Liabilities & Equity			
Current Liabilities	11,602	652,458	652,458
Debt - Key/Freddie	12,000,000	11,773,641	11,773,641
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**12,011,602**	**12,426,099**	**12,426,099**
Capital Contributed	3,558,980	5,000,000	5,000,000
Distributions to Date	-	(325,000)	(325,000)
Earnings to Date	(240,513)	(385,778)	1,674,891
Total Equity	**3,318,467**	**4,289,222**	**6,349,891**
Total Liabilities & Equity	**15,330,069**	**16,715,321**	**18,775,990**

Financial Results:

Q4 and YTD revenues were well below budget due to continued occupancy challenges caused by our resident repositioning to a much higher rent level. Rent growth has been good, and will position us well once stabilized occupancy is achieved. Other Income has been below budget due to this occupancy issue. Q4 Expenses were above budget due to turnover cost and higher property taxes, however, YTD expenses remained below budget. As a result of the occupancy issues YTD NOI was well below budget. Debt service is within budget, while rehab will be over budget as noted above. This asset is currently under performing its initial pro forma projections, but we believe it will be well positioned moving into 2015, once stabilization of occupancy occurs.

	Trailing 12 Prior Owner	Stabilized 10/31/2015	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,438,050**	**2,557,416**	**2,520,492**	**2,547,137**	1.06%	**637,500**	**642,817**	0.83%
Vacancy	(171,659)	(177,632)	(227,917)	(396,118)	-73.80%	(47,926)	(110,136)	-129.80%
Credit Loss & Concession	(144,153)	(128,630)	(140,439)	(181,655)	-29.35%	(35,280)	(26,329)	25.37%
Gross Effective Rent	**2,122,238**	**2,251,154**	**2,152,136**	**1,969,364**	-8.49%	**554,294**	**506,352**	-8.65%
Other Income	424,479	409,830	409,380	379,881	-7.21%	102,495	86,534	-15.57%
Gross Operating Income	**2,546,717**	**2,660,984**	**2,561,516**	**2,349,245**	-8.29%	**656,789**	**592,886**	-9.73%
Operating Expense	(1,588,422)	(1,588,422)	(1,453,523)	(1,423,792)	2.05%	(364,924)	(395,502)	-8.38%
Net Operating Income	**958,295**	**1,072,562**	**1,107,993**	**925,453**	-16.47%	**291,865**	**197,384**	-32.37%
Vacancy	7.04%	6.95%	9.04%	15.55%		7.52%	17.13%	
Economic Vacancy	12.95%	11.98%	14.61%	22.68%		13.05%	21.23%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	3	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	3	3
Legal/Environmental	10%	3	2
Total	**100%**	**2.8**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset is located in a strong submarket, and financed with fixed rate debt that is non recourse to the fund. The interest rate is below market, and the loan is assumable. Completion of the repositioning, and stabilizing the occupancy is the top priority, and will mitigate any risk associated with this asset.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Surprise Lake Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	10/25/2012
Location:	Milton , WA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	9,780,000
Units:	338	Realized Proceeds:	1,075,000
NRSF:	321,680	Unrealized Value:	13,602,555
Acres:	31.60	Implied Value:	14,677,555
Vintage:	1986	Implied Gain / (Loss):	4,897,555
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.50x
Fund Ownership %:	100.00% ROC II	IRR:	44.44%
Co-Sponsors:	0.00% -	Pro Forma IRR:	22.96%
		Value Method:	DCF

Background:

Surprise Lake Village is a unique 338 unit garden-style community situated along a 30 acre lake near the Port of Tacoma. The property was developed in 1986 on 31.5 acres that provides a wonderful lakefront setting. The asset has 1, 2, and 3 bedroom units averaging 952 sf. Owned by EQR this asset was well maintained, however, no rehab of common areas or units had been completed in years. EQR sold this as part of their new business strategy. ROC was able to take advantage of its relationship, and acquired this asset at an excellent cap rate with tremendous upside opportunity as a result of the pending upgrades to both interior units, clubhouse, and common areas. The majority of the exterior and common area amenity improvement plan has been completed, and the asset has reached its stabilized occupancy.

Activity Update:

The property was 93% occupied during Q4 compared to 89% during Q3. Exterior improvements to the clubhouse, pool area, picnic area, pathways, asphalt, soccer field, playground and roofs are complete. Interior rehabs continue to progress. To date, 36 full interior unit upgrades and 16 partial interior unit upgrades are complete and generating $75 - $110 monthly rent increases depending on the unit. Road construction in front of the property will be complete in early Q2 which will increase exposure and traffic to the property. Our goals for Q1 are to increase occupancy to 95%, complete 15 interior unit upgrades to increase market rent, and complete the decking project currently underway. The management team on this property has improved tremendously, and we are looking to stabilize this asset in 2014.

Investment Thesis:

	Status:
• Purchase an asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through operational practices and efficiencies	(Underway)

Debt Summary:

New Freddie Mac loan provided through Key Bank. 2 years of IO, 30 year amortization, and 7 year call. Prepayment yield maintenance reduces to 1% after year 5. Loan is non recourse except for standard carve outs.

	Key/Freddie	
Loan Balance:	26,840,000	-
Interest Rate:	3.70%	-
Maturity:	10/1/2019	-
Amortization:	24 mos. IO	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	185,399	1,491,553	1,491,553
Real Estate/Note Value	33,550,000	35,176,056	39,387,203
Dep./Amort. & Trans. Cost	223,877	(1,184,064)	-
Total Assets	**33,959,276**	**35,483,545**	**40,878,756**
Liabilities & Equity			
Current Liabilities	104,426	436,201	436,201
Debt - Key/Freddie	26,840,000	26,840,000	26,840,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**26,944,426**	**27,276,201**	**27,276,201**
Capital Contributed	7,439,175	9,780,000	9,780,000
Distributions to Date	-	(1,075,000)	(1,075,000)
Earnings to Date	(424,325)	(497,656)	4,897,555
Total Equity	**7,014,850**	**8,207,344**	**13,602,555**
Total Liabilities & Equity	**33,959,276**	**35,483,545**	**40,878,756**

Financial Results:

Revenues in the fourth quarter were above budget due to revenue streams in Other Income categories such as Leasing Fees, Utility Revenue and Cable Income. For the year, we remain slightly under budget due to early occupancy challenges, attributed to both road construction and on site management issues which have been resolved. Operating Expenses through the fourth quarter were over budget due to Utility and Payroll expenses resulting in year-to-date NOI being below budget. Debt service is within budget, but rehab is over budget by $350,000 due to revisions to the capital improvement plan that included increased common area amenities, and the full resurface of the balconies/decks. The 2014 budget will reflect the adjusted capital improvement plan. This asset is not meeting its original operating projections but trending strongly in the right direction, with value appreciating offsetting these cash flow shortfalls.

	Trailing 12 Prior Owner	Stabilized 10/31/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**3,685,476**	**3,724,728**	**3,821,500**	**3,781,602**	-1.04%	**970,800**	**949,936**	-2.15%
Vacancy	(268,160)	(251,419)	(276,991)	(404,385)	-45.99%	(67,957)	(73,807)	-8.61%
Credit Loss & Concession	(38,749)	(65,183)	(65,818)	(92,100)	-39.93%	(16,609)	(12,387)	25.42%
Gross Effective Rent	**3,378,567**	**3,408,126**	**3,478,691**	**3,285,117**	-5.56%	**886,234**	**863,742**	-2.54%
Other Income	578,604	578,000	553,920	681,696	23.07%	139,230	177,192	27.27%
Gross Operating Income	**3,957,171**	**3,986,126**	**4,032,611**	**3,966,813**	-1.63%	**1,025,464**	**1,040,934**	1.51%
Operating Expense	(1,912,880)	(1,912,880)	(1,783,438)	(1,881,864)	-5.52%	(454,628)	(540,023)	-18.78%
Net Operating Income	**2,044,291**	**2,073,246**	**2,249,173**	**2,084,949**	-7.30%	**570,836**	**500,911**	-12.25%
Vacancy	7.28%	6.75%	7.25%	10.69%		7.00%	7.77%	
Economic Vacancy	8.33%	8.50%	8.97%	13.13%		8.71%	9.07%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.2**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Risk associated with this asset is limited due to the low, fixed interest rate, and non recourse to the Fund. Property improvements will further increase the DCR as this asset's repositioning stabilizes in 2014. The management rating on this asset was raised from 3 to 2 in Q4 as a result of improved performance at the asset.

SPIRE CAPITAL

Bradley Park Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	12/18/2012
Location:	Puyallup, WA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	5,490,000
Units:	155	Realized Proceeds:	570,000
NRSF:	160,328	Unrealized Value:	7,827,756
Acres:	10.20	Implied Value:	8,397,756
Vintage:	1998	Implied Gain / (Loss):	2,907,756
Prop. / Const. Mgmt. Fee	3.0%/4.5% BPM	Return Multiple:	1.53x
Fund Ownership %:	100.00% ROC II	IRR:	51.96%
Co-Sponsors:	0.00% -	Pro Forma IRR:	19.00%
		Value Method:	DCF

Background:

Bradley Park was built in 1998 as a condominium project with a very low density of only 15.2 units to the acre. Located in an excellent submarket, this property was part of a 3 property portfolio owned by EQR, which was sold as part of their new business strategy. Although in excellent condition, the units and amenities had not been upgraded recently. All exterior improvements in our original plan are complete including the expansion of amenities in the pool and clubhouse area. The interior improvement plan calls for 47 full interior unit upgrades and 31 partial interior unit rehabs. An excellent FNMA loan execution at acquisition should be accretive to the sales process as treasuries increase.

Activity Update:

The property was 95% occupied during Q4 compared to 95% during Q3. During Q4, 4 full interior unit upgrades and 5 partial interior unit upgrades were completed. To date, 35 full interior unit upgrades and 18 partial interior unit upgrades are complete, and are generating $80 - $150 monthly rent increases depending on the unit. Our goals for Q1 are to maintain occupancy and complete 18 interior unit upgrades to drive rent growth. 2014 is our stabilization year as we ready this asset for sale in late 2014/early 2015.

Investment Thesis:

	Status:
• Purchase a newer asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit and amenity upgrade.	(Underway)
• Reduce expenses through improved operational practices and efficiencies.	(Underway)

Debt Summary:

New 10 year FNMA loan through Wells Fargo with 24 months I/O; 30 year amortization thereafter; and fixed interest rate of 3.6%. This loan is non recourse except for standard carve outs.

	Wells/FNMA	
Loan Balance:	17,189,000	-
Interest Rate:	3.60%	-
Maturity:	12/1/2022	-
Amortization:	24 Mos. IO	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	558,739	494,992	494,992
Real Estate/Note Value	21,800,000	22,152,209	24,711,013
Dep./Amort. & Trans. Cost	110,083	(577,523)	-
Total Assets	**22,468,822**	**22,069,678**	**25,206,005**
Liabilities & Equity			
Current Liabilities	77,114	189,249	189,249
Debt - Wells/FNMA	17,189,000	17,189,000	17,189,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**17,266,114**	**17,378,249**	**17,378,249**
Capital Contributed	5,415,777	5,490,000	5,490,000
Distributions to Date	-	(570,000)	(570,000)
Earnings to Date	(213,070)	(228,571)	2,907,756
Total Equity	**5,202,708**	**4,691,429**	**7,827,756**
Total Liabilities & Equity	**22,468,822**	**22,069,678**	**25,206,005**

Financial Results:

Revenues through the fourth quarter were slightly under budget due to slower than expected rent growth in the submarket. On-site management and our revenue management team are focused on driving this opportunity as our occupancy strengthens. Operating Expenses through the fourth quarter were slightly under budget due primarily to savings with Maintenance and Repair expenses, yielding a year-to-date NOI that was slightly under budget. Debt service and rehab are within budget, and this asset is meeting its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 12/18/2014	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,121,553**	**2,366,288**	**2,191,650**	**2,127,653**	-2.92%	**561,750**	**542,759**	-3.38%
Vacancy	(127,566)	(118,314)	(109,584)	(102,944)	6.06%	(28,088)	(28,473)	-1.37%
Credit Loss & Concession	(28,554)	(35,495)	(28,958)	(8,442)	70.85%	(7,308)	(3,853)	47.28%
Gross Effective Rent	**1,965,433**	**2,212,479**	**2,053,108**	**2,016,267**	-1.79%	**526,354**	**510,433**	-3.02%
Other Income	201,465	194,555	187,236	184,293	-1.57%	46,809	45,116	-3.62%
Gross Operating Income	**2,166,898**	**2,407,034**	**2,240,344**	**2,200,560**	-1.78%	**573,163**	**555,549**	-3.07%
Operating Expense	(848,220)	(945,805)	(865,127)	(857,356)	0.90%	(215,388)	(232,327)	-7.86%
Net Operating Income	**1,318,678**	**1,461,229**	**1,375,217**	**1,343,204**	-2.33%	**357,775**	**323,222**	-9.66%
Vacancy	6.01%	5.00%	5.00%	4.84%		5.00%	5.25%	
Economic Vacancy	7.36%	6.50%	6.32%	5.24%		6.30%	5.96%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	1	2
Asset Quality	20%	1	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**1.7**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This is a well leased, newer asset, with fixed rate financing and minimal needed improvements. The 10 year fixed interest rate of 3.6% appears to be accretive to the value of the asset at this time As a result, no material risks are apparent at this time. No adjustment to Risk Ratings were made in Q4.

SPIRE CAPITAL

Chestnut Hills Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw		Date Acquired:	12/18/2012
Location:	Puyallup, WA		Date Sold:	-
Type:	Multifamily		Total Fund Investment:	3,987,000
Units:	157		Realized Proceeds:	375,000
NRSF:	138,061		Unrealized Value:	5,238,728
Acres:	7.29		Implied Value:	5,613,728
Vintage:	1991		Implied Gain / (Loss):	1,626,728
Prop. / Const. Mgmt. Fee	3.0%/4.5%	BPM	Return Multiple:	1.41x
Fund Ownership %:	100.00%	ROC II	IRR:	40.13%
Co-Sponsors:	0.00%	-	Pro Forma IRR:	22.35%
			Value Method:	DCF

Background:

Chestnut Hill, built in 1991, is a garden-style community with a density of 21.5 units to the acre. The property offers spacious floor plans featuring full size washer/dryers. This asset was part of a 3 property portfolio sold by EQR as part of its new business strategy. The asset was well maintained, however, no unit or amenity upgrades were completed at this asset providing an excellent "value add" opportunity for ROC. The capital improvement plan called for clubhouse remodel, a new business center, fitness center, pool area, new roofs, new playground, dog park, exterior lighting as well as 47 full interior unit upgrades and 31 partial interior unit upgrades.

Activity Update:

The property was 94% occupied during Q4 compared to 95% during Q3. Capital improvements to the clubhouse, business center, fitness center, roofs and playground are complete. The pool area and dog park will be complete in Q1. During Q4, 1 full interior unit upgrade was completed. To date, 20 full interior unit upgrades and 15 partial interior unit upgrades have been completed, and are generating monthly rent increases between $75 - $150 depending on the unit. Our goals for Q1 are to maintain occupancy, complete the remaining exterior improvements, and complete 21 unit upgrades to drive rent growth.

Investment Thesis:

	Status:
• Purchase a newer asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through more efficient operational practices	(Underway)

Debt Summary:

New 10 year FNMA loan through Wells Fargo with 24 months I/O; 30 year amortization; and fixed interest rate of 3.6%. This loan is non recourse to the Fund except for standard carve outs.

	Wells/FNMA	
Loan Balance:	12,009,000	-
Interest Rate:	3.60%	-
Maturity:	12/1/2022	-
Amortization:	24 Mos. IO	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	1,011,451	689,817	689,817
Real Estate/Note Value	14,800,000	15,327,836	16,748,361
Dep./Amort. & Trans. Cost	76,961	(397,310)	-
Total Assets	**15,888,412**	**15,620,343**	**17,438,178**
Liabilities & Equity			
Current Liabilities	56,861	190,450	190,450
Debt - Wells/FNMA	12,009,000	12,009,000	12,009,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**12,065,861**	**12,199,450**	**12,199,450**
Capital Contributed	3,970,250	3,987,000	3,987,000
Distributions to Date	-	(375,000)	(375,000)
Earnings to Date	(147,698)	(191,107)	1,626,728
Total Equity	**3,822,552**	**3,420,893**	**5,238,728**
Total Liabilities & Equity	**15,888,412**	**15,620,343**	**17,438,178**

Financial Results:

Revenue through the fourth quarter remained slightly under budget to due higher vacancy than anticipated. These losses were partially offset by good revenue streams from Utility Reimbursement and Cable Income, along with reduced concessions. Operating Expenses through the fourth quarter remained well below budget due to across the board savings. As a result, YTD NOI was only slightly below budget. Debt service and rehab are within budget, and this asset is meeting its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 12/18/2014	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**1,628,618**	**1,848,472**	**1,689,210**	**1,615,970**	-4.34%	**434,250**	**404,795**	-6.78%
Vacancy	(98,694)	(92,424)	(84,462)	(110,114)	-30.37%	(21,713)	(34,860)	-60.55%
Credit Loss & Concession	(48,358)	(27,727)	(60,893)	(39,678)	34.84%	(14,843)	(8,571)	42.26%
Gross Effective Rent	**1,481,566**	**1,728,321**	**1,543,855**	**1,466,178**	-5.03%	**397,694**	**361,364**	-9.14%
Other Income	233,537	227,848	218,760	246,406	12.64%	54,690	58,358	6.71%
Gross Operating Income	**1,715,103**	**1,956,169**	**1,762,615**	**1,712,584**	-2.84%	**452,384**	**419,722**	-7.22%
Operating Expense	(842,672)	(842,771)	(800,849)	(757,446)	5.42%	(201,112)	(201,306)	-0.10%
Net Operating Income	**872,431**	**1,113,398**	**961,766**	**955,138**	-0.69%	**251,272**	**218,416**	-13.08%
Vacancy	6.06%	5.00%	5.00%	6.81%		5.00%	8.61%	
Economic Vacancy	9.03%	6.50%	8.60%	9.27%		8.42%	10.73%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.2**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset has limited risk due to its non recourse debt, fixed low interest rate, and strong cash flow. No material risks are seen at this time. Management rating was reduced at this asset in Q4.

Hamptons Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	12/18/2012
Location:	Puyallup, WA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	6,185,000
Units:	230	Realized Proceeds:	610,000
NRSF:	199,687	Unrealized Value:	7,332,267
Acres:	10.59	Implied Value:	7,942,267
Vintage:	1991	Implied Gain / (Loss):	1,757,267
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.28x
Fund Ownership %:	100.00% ROC II	IRR:	27.60%
Co-Sponsors:	0.00% -	Pro Forma IRR:	19.38%
		Value Method:	DCF

Background:

The Hamptons built in 1991, is a garden-style community with a density of 21.6 units to the acre. The property offers spacious floor plans featuring full size washer/dryers. This asset was part of a 3 property portfolio sold by EQR as part of its new business strategy. Although well maintained, no interior unit or amenity upgrades have been completed recently, thereby providing an excellent "value add" opportunity for the ROC Fund. Our capital improvement plan calls for a clubhouse remodel, new business center, fitness center, fencing, paint, asphalt, roofs, children's playground, picnic area as well as 69 full interior unit upgrades and 46 partial interior unit upgrades.

Activity Update:

The property was 91% occupied during Q4 compared to 90% during Q3. Exterior capital improvements to the paint, fencing, asphalt, lighting and roofs are complete. Delays in completing the clubhouse have hurt the operation of this asset. During Q4, 10 full interior unit upgrades and 1 partial interior unit upgrade were completed. To date, 37 full and 11 partial interior unit upgrades have been completed, generating monthly rent increases between $75 - $150 depending on the unit. Our goals for Q1 are to complete the clubhouse improvements and bring these new amenities on line, increase occupancy to 93%, along with completing 21 unit upgrades to drive rent growth. A potential manager change is in the works at this asset to ensure better team alignment.

Investment Thesis:

	Status:
• Purchase a newer asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through more efficient operational practices	(Underway)

Debt Summary:

New 10 year FNMA loan through Wells Fargo with 24 months I/O; 30 year amortization; and fixed interest rate of 3.6%. This loan is non recourse to the Fund except for standard carve outs.

	Wells/FNMA	
Loan Balance:	17,213,000	-
Interest Rate:	3.60%	-
Maturity:	12/1/2022	-
Amortization:	24 Mos. IO	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	1,134,462	771,949	771,949
Real Estate/Note Value	21,930,000	22,634,887	24,060,478
Dep./Amort. & Trans. Cost	104,030	(610,854)	-
Total Assets	**23,168,493**	**22,795,982**	**24,832,427**
Liabilities & Equity			
Current Liabilities	75,162	287,160	287,160
Debt - Wells/FNMA	17,213,000	17,213,000	17,213,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**17,288,162**	**17,500,160**	**17,500,160**
Capital Contributed	6,102,084	6,185,000	6,185,000
Distributions to Date	-	(610,000)	(610,000)
Earnings to Date	(221,753)	(279,178)	1,757,267
Total Equity	**5,880,331**	**5,295,822**	**7,332,267**
Total Liabilities & Equity	**23,168,493**	**22,795,982**	**24,832,427**

Financial Results:

Revenue through the fourth quarter was under budget due to continued challenges with Gross Rents and Occupancy resulting from delays in completing the clubhouse improvements. Other Income, concessions, and collection losses have offset some of these challenges. Operating Expenses through the fourth quarter remained below budget due to across the board savings. However, Q4 operating expenses were over budget due to higher than expected Payroll and Utilities, reflecting a budget timing issue. YTD NOI was below budget as a result of the revenue challenges noted above. Debt service and rehab are within budget, however this asset is not meeting its initial pro forma objectives at this time.

	Trailing 12 Prior Owner	Stabilized 12/18/2014	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,402,171**	**2,656,315**	**2,461,875**	**2,375,638**	-3.50%	**629,235**	**605,261**	-3.81%
Vacancy	(155,662)	(132,816)	(147,713)	(216,046)	-46.26%	(37,754)	(66,068)	-75.00%
Credit Loss & Concession	(76,976)	(66,408)	(84,309)	(28,158)	66.60%	(21,146)	(7,164)	66.12%
Gross Effective Rent	**2,169,533**	**2,457,091**	**2,229,853**	**2,131,434**	-4.41%	**570,335**	**532,029**	-6.72%
Other Income	383,149	395,352	380,400	396,032	4.11%	95,100	88,193	-7.26%
Gross Operating Income	**2,552,682**	**2,852,443**	**2,610,253**	**2,527,466**	-3.17%	**665,435**	**620,222**	-6.79%
Operating Expense	(1,364,436)	(1,261,986)	(1,205,598)	(1,180,559)	2.08%	(296,641)	(326,671)	-10.12%
Net Operating Income	**1,188,246**	**1,590,457**	**1,404,655**	**1,346,907**	-4.11%	**368,794**	**293,551**	-20.40%
Vacancy	6.48%	5.00%	6.00%	9.09%		6.00%	10.92%	
Economic Vacancy	9.68%	7.50%	9.42%	10.28%		9.36%	12.10%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.4**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset has limited risk due to its non recourse debt, fixed low interest rate, and strong cash flow. No material risks are seen at this time. No change in risk ratings for this quarter.

SPIRE CAPITAL

Landing at Dashpoint (Forest Cove) Apts.

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	12/20/2012
Location:	Federal Way, WA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	9,546,430
Units:	388	Realized Proceeds:	548,482
NRSF:	302,929	Unrealized Value:	12,961,284
Acres:	21.70	Implied Value:	13,509,766
Vintage:	1976	Implied Gain / (Loss):	3,963,336
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.42x
Fund Ownership %:	87.76% ROC II	IRR:	40.51%
Co-Sponsors:	12.24% RO C I	Pro Forma IRR:	21.16%
		Value Method:	DCF

Background:

Forest Cove is a 388 unit asset located in Federal Way, Washington which is in the Seattle MSA, and located approximately 23 miles south of downtown Seattle. This asset was foreclosed on by GE, who completed substantial deferred maintenance to the asset prior to our acquisition. This acquisition was an "off market" transaction resulting from our relationship with GE. Completion of common area improvements and a new clubhouse designed to enhance the lifestyle of the residents, interior unit upgrades, and more effective management and marketing, are expected to produce above average cash flow and returns to the Partnership. Our capital improvement plan calls for a newly constructed community activity center, remodeled clubhouse fitness center, new paint, carports, landscaping fencing, signage, lighting, sports court, children's playground, picnic areas with barbecues as well as 194 full interior unit upgrades and 78 partial interior unit upgrades.

Activity Update:

This property was 83% occupied during Q4 compared to 77% during Q3, reflecting strengthening lease up. The lease up schedule has been impacted by delays in improvements, however, we anticipate reaching stabilization in 2014. Capital improvements to the exteriors are substantially complete, except for the new activity center. The asset has changed dramatically as evidenced by the number of compliments we are getting from the neighbors. During Q4, 15 full interior unit upgrades and 1 partial interior unit upgrade were completed. To date, 86 full interior unit upgrades and 66 partial interior unit upgrades are complete, generating a monthly rent increase between $65 - $85 depending on the unit. We renamed the property Landing at Dashpointe to rebrand the property. Our goals for Q4 are to increase occupancy to 87%, commence construction on the new Activity Center, and complete 36 unit upgrades.

Investment Thesis:

	Status:
• Purchase REO at significant discount to replacement cost & mkt value.	(Completed)
• Drive revenue through common area and amenity upgrades.	(Underway)
• Drive revenue through unit upgrades and new clubhouse.	(Underway)
• Reposition resident base.	(Underway)

Debt Summary:

Key Bank loan with 2 Years I/O; 30 yr. Amortization; at LIBOR plus 220. A swap for $7.5 million of this loan was executed in Q4. The loan is 50% Recourse to Fund, with burnoff provisions.

	Key Bank	
Loan Balance:	21,975,000	-
Interest Rate:	30 Day Libor + 220	-
Maturity:	12/1/2015	-
Amortization:	24 Mos. IO	-
Rate Lock:	Float w/Swap	-
% Recourse to the fund:	50.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,539,150	2,267,373	2,267,373
Real Estate/Note Value	29,300,000	30,803,822	34,859,309
Dep./Amort. & Trans. Cost	311,803	(729,056)	-
Total Assets	**32,150,953**	**32,342,139**	**37,126,682**
Liabilities & Equity			
Current Liabilities	102,594	382,173	382,173
Debt - Key Bank	21,975,000	21,975,000	21,975,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**22,077,594**	**22,357,173**	**22,357,173**
Capital Contributed	10,343,976	10,878,250	10,878,250
Distributions to Date	-	(625,000)	(625,000)
Earnings to Date	(270,618)	(268,284)	4,516,259
Total Equity	**10,073,359**	**9,984,966**	**14,769,509**
Total Liabilities & Equity	**32,150,953**	**32,342,139**	**37,126,682**

Financial Results:

Revenues through the fourth quarter remained below budget due to occupancy challenges resulting from delays in completing improvements. However, strong Other Income revenue streams such as Leasing Fees, Utility Revenue and Parking Income, along with reduced concessions and credit loss have softened the impact somewhat. Operating Expenses through fourth quarter were under budget due to across the board savings. The result was a slight negative variance to budget for YTD NOI. Debt service is below initial budget projections, while capital improvement expenditures are within budget, resulting in this asset meeting its initial pro forma objectives at this time.

	Trailing 12 Prior Owner	Stabilized 12/20/2012	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**3,701,572**	**4,276,003**	**3,819,570**	**3,845,892**	0.69%	**970,980**	**973,816**	0.29%
Vacancy	(1,090,877)	(256,560)	(662,335)	(936,216)	-41.35%	(90,589)	(199,250)	-119.95%
Credit Loss & Concession	(150,458)	(85,520)	(143,495)	(131,800)	8.15%	(36,276)	(18,783)	48.22%
Gross Effective Rent	**2,460,237**	**3,933,923**	**3,013,740**	**2,777,876**	-7.83%	**844,115**	**755,783**	-10.46%
Other Income	491,116	361,794	334,070	402,725	20.55%	85,430	98,659	15.49%
Gross Operating Income	**2,951,353**	**4,295,717**	**3,347,810**	**3,180,601**	-4.99%	**929,545**	**854,442**	-8.08%
Operating Expense	(2,030,816)	(1,823,046)	(1,701,035)	(1,570,071)	7.70%	(428,922)	(413,774)	3.53%
Net Operating Income	**920,537**	**2,472,671**	**1,646,775**	**1,610,530**	-2.20%	**500,623**	**440,668**	-11.98%
Vacancy	29.47%	6.00%	17.34%	24.34%		9.33%	20.46%	
Economic Vacancy	33.54%	8.00%	21.10%	27.77%		13.07%	22.39%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	2	3
Earnings	20%	3	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.6**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset is in the process of renovations, repositioning and stabilization. Reserves for rehab are considered adequate at this time, and the increasing occupancy has positioned this asset to deliver strong cash flows going forward. Several positive adjustments to Risk Ratings were made in Q4 as a result of the improvements in occupancy, and completion of the majority of the exterior rehab.

SPIRE CAPITAL

Pembrooke (Kennedy Ridge) Apts.

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Young		Date Acquired:	12/31/2012
Location:	Denver, CO		Date Sold:	-
Type:	Multifamily		Total Fund Investment:	19,831,250
Units:	959		Realized Proceeds:	1,353,750
NRSF:	664,094		Unrealized Value:	42,208,366
Acres:	29.23		Implied Value:	43,562,116
Vintage:	1974 - 1980		Implied Gain / (Loss):	23,730,866
Prop. / Const. Mgmt. Fee	2.5%/4.5%	BPM	Return Multiple:	2.20x
Fund Ownership %:	95.00%	ROC II	IRR:	124.88%
Co-Sponsors:	5.00%	RedHill Capital	Pro Forma IRR:	24.50%
			Value Method:	DCF

Background:

Pembrooke on the Green, formerly Kennedy Ridge, is a sponsored opportunity to invest in a 959 unit apartment community located in the southeast Denver submarket. Completed in stages from 1974 to 1980 the property features studios, one and two-bedroom floor plans near the 27-hole John F. Kennedy Golf Course. The property is roughly 8 miles southeast of downtown Denver and 2 miles north of the Denver Technological Center (DTC), positioning residents near the two largest job centers in the state. In addition, it is within walking distance of an RTD (Rapid Transit District) hub. The property is budgeted to invest approximately $5.95 million ($6,200/unit) in capital expenditures which includes constructing a new clubhouse, children's splash park and activity center, repairing the roofs, replacing the balconies, painting the exterior, landscaping, improving the common areas and amenities, along with fully upgrading 50% of the unit interiors over 5 years. In addition, a community social services program designed to improve leasing and retention rates, will be established.

Activity Update:

Most of the exterior and common area improvements have been completed. The new clubhouse is substantially complete and expected to open 1Q2014. Moderate and full interior unit renovations continue, with overall costs within budget. 162 units upgrades have been completed with premiums ranging from $40 (on moderates) to $100 (on fulls), exceeding initial expectations. Approximately 96 full unit interior upgrades are scheduled for 2014 and a nearly equal number of moderate-level improvements. Operational performance is very strong due to better than expected apartment demand and the quality of our completed improvements.

Investment Thesis:

	Status:
• Drive revenues through exterior, common area and interior renovations.	(Underway)
• Drive revenues through asset repositioning.	(Underway)
• Increase value through attrition of existing loan prepayment penalty	(Underway)

Debt Summary:

Assumption of Fannie Mae loan serviced by Prudential in the amount of $33,943,102 with 6.585% fixed interest rate maturing in Nov. 2018. The loan is prepayable without penalty in April 2018. Non recourse to Fund.

	Prudential	
Loan Balance:	33,507,501	-
Interest Rate:	6.59%	-
Maturity:	11/1/2018	-
Amortization:	30 Year	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	1,820,552	2,197,591	2,197,591
Real Estate/Note Value	50,188,500	53,296,375	76,923,590
Dep./Amort. & Trans. Cost	415,976	(1,253,121)	-
Total Assets	**52,425,028**	**54,240,845**	**79,121,181**
Liabilities & Equity			
Current Liabilities	567,155	1,183,821	1,183,821
Debt - Prudential	33,943,102	33,507,501	33,507,501
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**34,510,257**	**34,691,322**	**34,691,322**
Capital Contributed	18,505,500	20,875,000	20,875,000
Distributions to Date	-	(1,425,000)	(1,425,000)
Earnings to Date	(590,729)	99,523	24,979,859
Total Equity	**17,914,771**	**19,549,523**	**44,429,859**
Total Liabilities & Equity	**52,425,028**	**54,240,845**	**79,121,181**

Financial Results:

Rental rates, occupancy and overall revenue growth continued well above expectations due to market strength, quality of the completed improvements and cohesive on-site team. Expenses were above budget for the quarter due in large part to a significant increase in property taxes (an appeal is underway) along with the timing of boiler replacement costs. Notably, expenses for the year remained well below initial expectations. This asset is significantly outperforming its initial pro forma operating objectives and we anticipate continued robust growth.

	Trailing 12 Prior Owner	Stabilized 12/31/2017	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**7,236,542**	**9,328,168**	**7,411,312**	**7,618,574**	2.80%	**1,905,717**	**1,983,560**	4.08%
Vacancy	(614,341)	(559,690)	(474,777)	(414,742)	12.64%	(95,286)	(98,269)	-3.13%
Credit Loss & Concession	(396,610)	(310,628)	(277,315)	(176,486)	36.36%	(62,114)	(40,149)	35.36%
Gross Effective Rent	**6,225,591**	**8,457,850**	**6,659,220**	**7,027,346**	5.53%	**1,748,317**	**1,845,142**	5.54%
Other Income	1,249,961	1,278,377	1,133,916	1,224,935	8.03%	283,479	301,563	6.38%
Gross Operating Income	**7,475,552**	**9,736,227**	**7,793,136**	**8,252,281**	5.89%	**2,031,796**	**2,146,705**	5.66%
Operating Expense	(4,166,329)	(3,981,908)	(3,602,469)	(3,420,082)	5.06%	(918,601)	(979,027)	-6.58%
Net Operating Income	**3,309,222**	**5,754,319**	**4,190,667**	**4,832,199**	15.31%	**1,113,195**	**1,167,678**	4.89%
Vacancy	8.49%	6.00%	6.41%	5.44%		5.00%	4.95%	
Economic Vacancy	13.97%	9.33%	10.15%	7.76%		8.26%	6.98%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	1	2
Asset Quality	20%	2	2
Management	20%	1	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**1.9**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The overall risk decreased this quarter due to improved capital adequacy, earnings resulting from better than expected operational performance and cash flow, and the proven on-site management team. Improved asset quality is attributable to completed capital expenditures. The decrease in liquidity risk is due to higher interest rates during Q4 reducing the yield maintenance cost of prepayment.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Lodge on 84th Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Young	Date Acquired:	1/24/2013
Location:	Federal Heights, CO	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	7,270,000
Units:	300	Realized Proceeds:	820,000
NRSF:	224,350	Unrealized Value:	13,390,762
Acres:	11.09	Implied Value:	14,210,762
Vintage:	1973	Implied Gain / (Loss):	6,940,762
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.95x
Fund Ownership %:	100.00% ROC II	IRR:	105.80%
Co-Sponsors:	0.00% -	Pro Forma IRR:	20.19%
		Value Method:	DCF

Background:

The Lodge on 84th Avenue Apartments is located in Federal Heights, Colorado just 5 minutes from I-25 and Highway 36. At acquisition, Bridge Investment Group Partners has owned and managed both multi-family and commercial properties in the Denver area for the previous 11 years and has owned/managed just under 5,000 units in 11 properties in that market. The business plan includes the completion of strategic improvements to the common areas, enhancing amenities and interior units, thereby driving revenue growth. These improvements combined with low interest FNMA financing are expected to provide strong cash flows and returns as the Denver rental market continues to strengthen.

Activity Update:

Most of the capital improvements were completed in Q4 including concrete and asphalt work, landscaping, community and leasing center remodel, new pool furniture, the construction of 78 new carports and completion of the new fencing project. The asset looks great. Interior unit renovations are underway; costs and incremental rent are in line with expectations. Through Q4, 33 units have been upgraded with premiums averaging between $75-125, with a projection to complete at least 48 units in 2014. Operational performance continues to be robust due to better than expected apartment demand, further enhanced by the completion of the exterior and common area capital improvement projects.

Investment Thesis:

	Status:
• Drive revenues through exterior, common area, and interior renovations.	(Underway)
• Drive NOI through rationalizing recurring expense management.	(Underway)
• Low interest FNMA financing expected to support strong cash flows.	(Completed)
-	0

Debt Summary:

FNMA loan provided by Wells Fargo, with a fixed rate of 3.70%. 30-year amortization, and 7 year call. 1% prepayment penalty after 5 years yield maintenance. Non recourse to the Fund except for standard carve outs.

	Wells/FNMA	
Loan Balance:	15,675,000	-
Interest Rate:	3.70%	-
Maturity:	1/1/2020	-
Amortization:	30 Year	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	77,400	1,611,910	1,611,910
Real Estate/Note Value	20,900,000	21,576,129	27,790,894
Dep./Amort. & Trans. Cost	100,191	(819,320)	-
Total Assets	**21,077,591**	**22,368,719**	**29,402,804**
Liabilities & Equity			
Current Liabilities	141,272	337,042	337,042
Debt - Wells/FNMA	15,675,000	15,675,000	15,675,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**15,816,272**	**16,012,042**	**16,012,042**
Capital Contributed	5,478,721	7,270,000	7,270,000
Distributions to Date	-	(820,000)	(820,000)
Earnings to Date	(217,403)	(93,323)	6,940,762
Total Equity	**5,261,318**	**6,356,677**	**13,390,762**
Total Liabilities & Equity	**21,077,591**	**22,368,719**	**29,402,804**

Financial Results:

Q4 Revenue reflected the strong local apartment market demand with rent growth and lower concessions driving revenue well above initial expectations. Vacancy was slightly higher due to keeping units off line to complete interior renovations. Other Income is in line for the quarter and for the year. Overall, income has exceeded budget. Expenses were on budget with some savings in replacement costs and some additional costs in operating expense. NOI for the quarter and year remains impressively ahead of plan and this asset is exceeding its initial operating pro forma.

	Trailing 12 Prior Owner	Stabilized 1/31/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,503,587**	**2,903,557**	**2,456,766**	**2,489,851**	1.35%	**666,270**	**686,462**	3.03%
Vacancy	(136,655)	(159,696)	(160,372)	(158,138)	1.39%	(39,976)	(48,190)	-20.55%
Credit Loss & Concession	(153,574)	(145,178)	(149,720)	(46,616)	68.86%	(33,993)	(14,634)	56.95%
Gross Effective Rent	**2,213,358**	**2,598,683**	**2,146,674**	**2,285,097**	6.45%	**592,301**	**623,638**	5.29%
Other Income	465,227	427,604	381,414	387,035	1.47%	101,920	99,901	-1.98%
Gross Operating Income	**2,678,585**	**3,026,288**	**2,528,088**	**2,672,132**	5.70%	**694,221**	**723,539**	4.22%
Operating Expense	(1,091,994)	(1,271,284)	(1,024,268)	(1,000,998)	2.27%	(277,371)	(283,938)	-2.37%
Net Operating Income	**1,586,591**	**1,755,003**	**1,503,820**	**1,671,134**	11.13%	**416,850**	**439,601**	5.46%
Vacancy	5.46%	5.50%	6.53%	6.35%		6.00%	7.02%	
Economic Vacancy	11.59%	10.50%	12.62%	8.22%		11.10%	9.15%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.0**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Initial operations have been strong and improvements well accepted by the market. Below market rate financing provides strong cash flow, and a potential value improvement upon future sale. The high demand and macro fundamentals, along with a strong Denver market mitigate risk. No material risks are seen at this time.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Pinnacle Grove Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	2/13/2013
Location:	Tempe, AZ	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	6,400,000
Units:	247	Realized Proceeds:	120,000
NRSF:	204,732	Unrealized Value:	7,477,340
Acres:	9.80	Implied Value:	7,597,340
Vintage:	1987	Implied Gain / (Loss):	1,197,340
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.19x
Fund Ownership %:	100.00% ROC II	IRR:	21.13%
Co-Sponsors:	0.00% -	Pro Forma IRR:	23.12%
		Value Method:	DCF

Background:

Pinnacle Grove is a 247 unit walk-up garden style apartment located in south Tempe, AZ. This asset was purchased well below replacement cost and provides value add opportunities through amenity, common area, and interior unit renovations. This asset is centrally located in the heart of the valley with good access to several freeways. Strategic improvements, combined with more effective management and marketing are expected to produce above average cash flow and returns to the Partnership as the Tempe market continues to improve.

Activity Update:

The property was 90% occupied during Q4 compared to 87% during Q3. Capital improvements to the asphalt, painting, dog park, pool area, xeriscaping, and playground are complete, while the clubhouse is nearing completion. Interior capital improvements continued at a pace of 5 unit upgrades per month. To date, 45 full upgrades and 27 partial upgrades have been completed, and are generating a monthly rent increase of $75 - $125 per unit. Our goals for Q1 are to increase occupancy to 93%, complete the clubhouse renovation incorporating a new business center and clubroom, along with an updated fitness center, complete 15 interior unit upgrades, and increase market rents.

Investment Thesis:

	Status:
• Purchase an asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through operational practices and efficiencies	(Underway)

Debt Summary:

New loan through Key/Freddie Mac, 30 year amort, 10 year call, 4.10% fixed. 9.5 years yield maintenance. Loan is non recourse to the fund except for standard carve outs.

	Key/Freddie	
Loan Balance:	16,445,000	-
Interest Rate:	4.10%	-
Maturity:	2/12/2023	-
Amortization:	30 Year	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	76,491	1,097,882	1,097,882
Real Estate/Note Value	21,000,000	21,910,212	23,138,768
Dep./Amort. & Trans. Cost	133,368	(742,880)	-
Total Assets	**21,209,859**	**22,265,214**	**24,236,650**
Liabilities & Equity			
Current Liabilities	45,141	314,310	314,310
Debt - Key/Freddie	16,445,000	16,445,000	16,445,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**16,490,141**	**16,759,310**	**16,759,310**
Capital Contributed	4,919,592	6,400,000	6,400,000
Distributions to Date	-	(120,000)	(120,000)
Earnings to Date	(199,874)	(774,096)	1,197,340
Total Equity	**4,719,718**	**5,505,904**	**7,477,340**
Total Liabilities & Equity	**21,209,859**	**22,265,214**	**24,236,650**

Financial Results:

Revenues through the fourth quarter were lower than projected due to delays in construction rehab and tenant repositioning, both of which impacted our ability to improve rents, occupancy, credit loss, and other income. Operating expenses for Q4 came in line with expectations, but overall expenses for the year were slightly over budget due to higher than expected carpet and HVAC replacements in Q3. Challenges with occupancy are clearly trending in the right direction and should continue to show improvement as the 90 day plan shows us moving toward 93% occupancy. As a result, YTD NOI was below budget. Debt service and rehab are within budget parameters. While the asset is now well positioned in the market, with occupancy improving, the asset is not yet meeting its original pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 2/29/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,216,470**	**2,602,327**	**1,894,530**	**1,940,516**	2.43%	**577,110**	**549,172**	-4.84%
Vacancy	(203,079)	(156,140)	(158,899)	(238,184)	-49.90%	(42,313)	(68,833)	-62.68%
Credit Loss & Concession	(81,555)	(80,152)	(86,840)	(99,497)	-14.58%	(24,349)	(24,662)	-1.29%
Gross Effective Rent	**1,931,835**	**2,366,036**	**1,648,791**	**1,602,835**	-2.79%	**510,448**	**455,677**	-10.73%
Other Income	221,536	240,719	182,110	163,470	-10.24%	55,293	53,266	-3.67%
Gross Operating Income	**2,153,371**	**2,606,755**	**1,830,901**	**1,766,305**	-3.53%	**565,741**	**508,943**	-10.04%
Operating Expense	(955,442)	(1,042,609)	(765,171)	(777,153)	-1.57%	(231,507)	(223,535)	3.44%
Net Operating Income	**1,197,929**	**1,564,147**	**1,065,730**	**989,152**	-7.19%	**334,234**	**285,408**	-14.61%
Vacancy	9.16%	6.00%	8.39%	12.27%		7.33%	12.53%	
Economic Vacancy	12.84%	9.08%	12.97%	17.40%		11.55%	17.02%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.2**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

There are no unusual risks with this asset due to low fixed interest rate loan with no recourse to the Fund. Management has improved, and this risk rating was adjusted in Q4.

SPIRE CAPITAL

Sonoma Pointe (The Ritz) Apts.

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	2/28/2013
Location:	Las Vegas, NV	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	2,765,000
Units:	198	Realized Proceeds:	100,000
NRSF:	205,601	Unrealized Value:	3,582,559
Acres:	9.20	Implied Value:	3,682,559
Vintage:	1990	Implied Gain / (Loss):	917,559
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.33x
Fund Ownership %:	50.00% ROC II	IRR:	42.73%
Co-Sponsors:	50.00% ROC I	Pro Forma IRR:	21.89%
		Value Method:	DCF

Background:

Sonoma Pointe is a garden-style apartment community consisting of 198 units constructed in 1990, and is built on 9.20 acres of land located at 4250 S. Jones Blvd in Las Vegas, Nevada. This asset was acquired from a lender, and required substantial rehab and repositioning. Completion of common area improvements, interior unit upgrades, more effective management and marketing, and a strong financing package are expected to produce above average cash flow and returns to the Partnership. The capital improvement plan calls for renovations to both clubhouses creating a new fitness and business center, club room and community service area. In addition, new exterior paint, asphalt repairs, a new children's playground, new signage, restricted access gating, along with 80 full interior unit upgrades and 118 light interior unit upgrades are planned.

Activity Update:

This property was 78% occupied during Q4 compared to 82% during Q3 due to resident repositioning and rehab work. Improvements to the clubhouses, fitness center, playground, paint, asphalt and down units are now complete. During Q4, 25 full interior unit upgrades and 6 light interior unit upgrades were completed. To date, 50 full interior unit upgrades and 13 light interior unit upgrades are complete and generating a monthly rent increase of $85 for the full and $25 for the light. We plan to complete 5 interior upgrades per month through August 2014. Our goals for Q1 are to increase occupancy to 83%, begin the gating project, complete 15 interior rehab units and improve market rents.

Investment Thesis:

	Status:
• Purchase a newer asset at a substantial discount to replacement cost	(Completed)
• Drive revenues through interior unit upgrades	(Underway)
• Drive rent growth through common area/amenity improvements	(Underway)
• Reposition resident base	(Underway)

Debt Summary:

2-year I/O at LIBOR + 300 bps, rate capped at 4.75%. 25% recourse to Fund I and II. Recourse burns down to 12.5% upon completion of the capex plan, and 0% upon achieving stabilized occupancy financial tests.

	Wells Fargo	
Loan Balance:	10,300,000	-
Interest Rate:	L+300	-
Maturity:	3/1/2015	-
Amortization:	IO	-
Rate Lock:	Float w/Cap	-
% Recourse to the fund:	25.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	248,308	1,163,613	1,163,613
Real Estate/Note Value	13,885,000	14,604,956	16,437,372
Dep./Amort. & Trans. Cost	181,588	(463,584)	-
Total Assets	**14,314,895**	**15,304,985**	**17,600,985**
Liabilities & Equity			
Current Liabilities	58,521	135,868	135,868
Debt - Wells Fargo	10,300,000	10,300,000	10,300,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**10,358,521**	**10,435,868**	**10,435,868**
Capital Contributed	4,177,613	5,530,000	5,530,000
Distributions to Date	-	(200,000)	(200,000)
Earnings to Date	(221,238)	(460,883)	1,835,117
Total Equity	**3,956,375**	**4,869,117**	**7,165,117**
Total Liabilities & Equity	**14,314,895**	**15,304,985**	**17,600,985**

Financial Results:

Revenues through the fourth quarter were slightly below budget due to a drop in occupancy in Q4, which we expect to improve now that the majority of the exterior improvements are complete. Operating Expenses through the fourth quarter were slightly over budget due to Payroll expenses. As a result, YTD NOI was slightly below budget. Capital improvement expenditures are within budget, and debt service is below budget to date. This asset is meeting its initial pro forma objectives at this time.

	Trailing 12 Prior Owner	Stabilized 2/29/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**1,767,300**	**2,104,091**	**1,499,250**	**1,469,621**	-1.98%	**456,600**	**441,712**	-3.26%
Vacancy	(284,077)	(126,245)	(190,130)	(214,742)	-12.94%	(47,176)	(77,111)	-63.45%
Credit Loss & Concession	(115,580)	(75,326)	(95,985)	(49,730)	48.19%	(27,132)	(19,018)	29.91%
Gross Effective Rent	**1,367,643**	**1,902,519**	**1,213,135**	**1,205,149**	-0.66%	**382,292**	**345,583**	-9.60%
Other Income	116,431	114,964	91,897	91,529	-0.40%	28,212	27,170	-3.69%
Gross Operating Income	**1,484,074**	**2,017,484**	**1,305,032**	**1,296,678**	-0.64%	**410,504**	**372,753**	-9.20%
Operating Expense	(732,764)	(783,854)	(595,251)	(604,520)	-1.56%	(177,896)	(180,458)	-1.44%
Net Operating Income	**751,310**	**1,233,629**	**709,781**	**692,158**	-2.48%	**232,608**	**192,295**	-17.33%
Vacancy	16.07%	6.00%	12.68%	14.61%		10.33%	17.46%	
Economic Vacancy	22.61%	9.58%	19.08%	18.00%		16.27%	21.76%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.6**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

There are no apparent risks with this asset, however, we are still working through rehab and tenant repositioning, and will be through 2014.

SPIRE CAPITAL

Timberlodge Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	4/9/2013
Location:	Dallas, TX	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	3,785,000
Units:	216	Realized Proceeds:	-
NRSF:	185,952	Unrealized Value:	4,880,037
Acres:	10.94	Implied Value:	4,880,037
Vintage:	1981	Implied Gain / (Loss):	1,095,037
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.29x
Fund Ownership %:	100.00% ROC II	IRR:	41.81%
Co-Sponsors:	0.00% -	Pro Forma IRR:	21.32%
		Value Method:	DCF

Background:

Timberlodge is a 216-unit, 1981 multi-family asset located in North Dallas, Texas. The property is located in the same submarket as ROC I investment properties, Indigo and Providence. The asset was lender owned, and distressed at acquisition. Although occupancy at acquisition was approximately 80%, the tenant quality and current rents were very low requiring a severe repositioning. ROC plans to extensively upgrade the common areas, amenities, complete all deferred maintenance, and complete a full, moderate, and light upgrade to all interior units. A thorough retrofit to the clubhouse will provide a new clubroom, business and fitness centers, and internet cafe.

Activity Update:

Q4 reflected the re-tenanting of the property and implementation of the interior renovation plans noted above. Occupancy was below budget due to the need to reposition the resident base. Although initially hurting revenues, this will allow us to expedite the unit rehab, and reposition the asset sooner. 55 interior units are in progress or have been upgraded. Exterior improvements such as roofing, full paint, pool area improvements, and repurposing both the Activity/Leasing Center, as well as the tennis court areas have been completed. Exterior landscape is still ongoing and we will expand the scope to handle current drainage issues at the property. The exterior transition has been outstanding.

Investment Thesis:

	Status:
• Complete significant improvements to reposition asset in the market.	(Underway)
• Drive revenues through better management execution.	(Underway)
• Increase rents through common area and interior unit improvements.	(Underway)
• Leverage efficiencies w/ sister-properties to reduce expenses.	(Underway)

Debt Summary:

A non recourse FNMA loan was assumed, with a fixed 5.82% interest rate, and maturity in 2019. This loan can be prepaid in October 2018 with a 1% fee.

	Prudential/FNMA	
Loan Balance:	3,465,494	-
Interest Rate:	5.82%	-
Maturity:	4/1/2019	-
Amortization:	30 Year	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,050,985	817,931	817,931
Real Estate/Note Value	5,202,228	6,809,078	8,005,490
Dep./Amort. & Trans. Cost	66,804	(241,967)	-
Total Assets	**7,320,017**	**7,385,042**	**8,823,421**
Liabilities & Equity			
Current Liabilities	115,605	477,890	477,890
Debt - Prudential/FNMA	3,501,711	3,465,494	3,465,494
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**3,617,316**	**3,943,384**	**3,943,384**
Capital Contributed	3,782,016	3,785,000	3,785,000
Distributions to Date	-	-	-
Earnings to Date	(79,314)	(343,342)	1,095,037
Total Equity	**3,702,702**	**3,441,658**	**4,880,037**
Total Liabilities & Equity	**7,320,017**	**7,385,042**	**8,823,421**

Financial Results:

Q4 Revenues were well below budget due to vacancy created by the repositioning noted above, and caused YTD revenues to be below budget. Rent growth, concessions and other income has been at or better than budget. Expenses were over budget during the quarter due to increased property taxes, but were below budget for the year. As a result, YTD NOI was under budget. The rehab has been expanded to deal with the landscaping/drainage issues at the property, however, the asset team believes this will reduce future expenses, and increase the value of the asset. Debt is within budget. Although cash flow was slightly below projections, the value creation has been substantial, and the asset is meeting its initial pro forma objectives at this time.

	Trailing 12 Prior Owner	Stabilized 4/9/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**1,529,180**	**1,860,949**	**1,147,902**	**1,130,690**	-1.50%	**400,530**	**401,041**	0.13%
Vacancy	(170,488)	(167,485)	(190,757)	(245,736)	-28.82%	(46,016)	(102,186)	-122.07%
Credit Loss & Concession	(70,063)	(66,622)	(86,636)	(48,464)	44.06%	(30,015)	(16,262)	45.82%
Gross Effective Rent	**1,288,629**	**1,626,842**	**870,509**	**836,490**	-3.91%	**324,499**	**282,593**	-12.91%
Other Income	128,986	136,334	93,993	83,092	-11.60%	33,135	27,733	-16.30%
Gross Operating Income	**1,417,615**	**1,763,176**	**964,502**	**919,582**	-4.66%	**357,634**	**310,326**	-13.23%
Operating Expense	(874,825)	(985,347)	(663,271)	(642,218)	3.17%	(229,789)	(240,374)	-4.61%
Net Operating Income	**542,790**	**777,829**	**301,231**	**277,364**	-7.92%	**127,845**	**69,952**	-45.28%
Vacancy	11.15%	9.00%	16.62%	21.73%		11.49%	25.48%	
Economic Vacancy	15.73%	12.58%	24.17%	26.02%		18.98%	29.54%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	4	3
Liquidity	20%	4	3
Legal/Environmental	10%	2	2
Total	**100%**	**3.2**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Execution of the capital expenditures and profile modifications will change the risk profile of this asset. The asset team believes appropriate reserves are in place to complete the repositioning of this asset. Market conditions have been strong in Dallas and we expect this to continue in the submarket. The non recourse debt further mitigates the risk to the Fund.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Chandlers Bay Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	4/10/2013
Location:	Kent, WA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	10,525,000
Units:	293	Realized Proceeds:	250,000
NRSF:	281,162	Unrealized Value:	14,026,750
Acres:	36.00	Implied Value:	14,276,750
Vintage:	1990	Implied Gain / (Loss):	3,751,750
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.36x
Fund Ownership %:	100.00% ROC II	IRR:	52.32%
Co-Sponsors:	0.00% -	Pro Forma IRR:	19.43%
		Value Method:	DCF

Background:

Chandler's Bay, a 293-unit garden-style community built in 1990, is located in Kent, Washington. Kent is a highly desirable submarket located 20 minutes south of downtown Seattle, and 25 minutes north of Tacoma. The asset was developed in two phases on an elongated 36-acre lot, nearly one mile from end to end, creating an extremely low density of only 8 units to the acre. Chandler's Bay offers a compelling opportunity to add-value and drive revenue through interior unit renovations, common area upgrades, and adding community amenities. NOI will be further driven through expense reductions. Cash flow was further enhanced through the placement of low interest, fixed rate debt at or below 3.77%. Our capital improvement plans calls for improvements to the exterior paint, asphalt, lighting, roofs, landscaping, signage, pool area, business center, clubhouse, playground, dog park and fitness center as well as 117 full interior unit upgrades and 60 partial interior unit upgrades.

Activity Update:

This asset was 91% occupied during Q4 compared to 94% during Q3 Exterior improvements to the roofs, paint, asphalt, landscaping and lighting were completed. During Q4, 6 full interior unit upgrades and 6 partial interior unit upgrades were completed. To date, 21 full interior unit upgrades and 12 partial interior unit upgrades are complete and generating a monthly rent increase between $80 - $125 depending on the unit. Delays in completing the clubhouse have hurt occupancy and rent growth from our initial projections. Our goals for Q1 are to increase occupancy to 94%, complete the playground, dog park, clubhouse, new signage and 24 unit upgrades to drive rent growth and stabilize occupancy.

Investment Thesis:

	Status:
• Purchase a newer asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through more efficient operational practices	(Underway)

Debt Summary:

New FNMA 7 year loan at 3.77% fixed rate with 24 months IO converting to a 30 year amortization thereafter. Yield maintenance for 5 years and 1% prepay thereafter. No recourse to the fund, except standard carve outs.

	Wells Fargo/FNMA	
Loan Balance:	24,495,980	-
Interest Rate:	3.77%	-
Maturity:	5/1/2020	-
Amortization:	30	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,183,719	1,443,236	1,443,236
Real Estate/Note Value	32,800,000	33,852,005	37,425,714
Dep./Amort. & Trans. Cost	177,473	(955,234)	-
Total Assets	**35,161,193**	**34,340,007**	**38,868,950**
Liabilities & Equity			
Current Liabilities	122,811	346,220	346,220
Debt - Wells Fargo/FNMA	24,748,000	24,495,980	24,495,980
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**24,870,811**	**24,842,200**	**24,842,200**
Capital Contributed	10,563,000	10,525,000	10,525,000
Distributions to Date	-	(250,000)	(250,000)
Earnings to Date	(272,618)	(777,193)	3,751,750
Total Equity	**10,290,382**	**9,497,807**	**14,026,750**
Total Liabilities & Equity	**35,161,193**	**34,340,007**	**38,868,950**

Financial Results:

Revenue through the fourth quarter continued to be below budget due to lower than projected Occupancy and Other Income revenue streams in Utility Revenue caused by the drop in Q4 occupancy. We anticipate revenues will improve in Q1 as we complete the clubhouse and bring the new amenities on line, thereby driving occupancy up. Operating Expenses through the fourth quarter were below budget due to across the board savings. YTD NOI was well below budget due to the challenges noted above. Debt service and rehab are within budget guidelines, however, this asset is currently not meeting its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 4/10/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**3,290,156**	**3,848,596**	**2,479,604**	**2,467,888**	-0.47%	**871,899**	**867,144**	-0.55%
Vacancy	(142,013)	(230,916)	(148,776)	(172,882)	-16.20%	(52,314)	(68,274)	-30.51%
Credit Loss & Concession	(1,451)	(48,107)	(27,186)	(23,760)	12.60%	(9,459)	(10,995)	-16.24%
Gross Effective Rent	**3,146,692**	**3,569,573**	**2,303,642**	**2,271,246**	-1.41%	**810,126**	**787,875**	-2.75%
Other Income	493,204	519,160	364,795	277,188	-24.02%	125,967	85,385	-32.22%
Gross Operating Income	**3,639,896**	**4,088,733**	**2,668,437**	**2,548,434**	-4.50%	**936,093**	**873,260**	-6.71%
Operating Expense	(1,605,596)	(1,694,490)	(1,139,342)	(1,104,308)	3.07%	(383,461)	(404,468)	-5.48%
Net Operating Income	**2,034,300**	**2,394,243**	**1,529,095**	**1,444,126**	-5.56%	**552,632**	**468,792**	-15.17%
Vacancy	4.32%	6.00%	6.00%	7.01%		6.00%	7.87%	
Economic Vacancy	4.36%	7.25%	7.10%	7.97%		7.08%	9.14%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.4**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset has limited risk due to its non recourse debt, fixed low interest rate, and strong cash flow. No material risks are seen at this time. The Risk Rating for Management and Earnings were increased due to the challenges noted above. Management is working to correct these issues.

SPIRE CAPITAL

Cameron Landing Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	5/29/2013
Location:	Atlanta, GA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	8,800,000
Units:	368	Realized Proceeds:	275,000
NRSF:	351,640	Unrealized Value:	10,020,867
Acres:	42.85	Implied Value:	10,295,867
Vintage:	1998	Implied Gain / (Loss):	1,495,867
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.17x
Fund Ownership %:	100.00% ROC II	IRR:	31.31%
Co-Sponsors:	0.00% -	Pro Forma IRR:	20.55%
		Value Method:	DCF

Background:

Cameron Landing is a 368 unit garden-style community located in Stockbridge, Georgia in southeast Atlanta. The community benefits from excellent drive-by exposure along Mount Zion Road at the intersection of Highway 138, providing residents quick access to I-75 and I-675. The property was constructed in 1998, and includes a large leasing center/clubhouse, and 12 garage structures. Developed on 42.85 acres, the community offers an extremely low density of only 9 units to the acre. Cameron Landing provides our fund the opportunity to take advantage of the strengthening Atlanta marketplace while implementing our unique value-add strategy comprising both amenity/common area upgrades and interior unit renovations that will drive revenues. In addition, excellent fixed rate financing will provide solid cash flow to the fund during the ownership period.

Activity Update:

Q4 Occupancy was a little less than projected, but we expect the asset to achieve lease up and stabilization in Q1. The playground, pool area, and trim paint have been completed, along with the clubhouse renovation which has enhanced the community amenities substantially. Renovations are underway around the pool, site landscaping, and interior unit upgrades (46 completed or in progress) to date. The premiums average $100-110 and an additional $25-35 for a set of washer and dryers. The previous manager was promoted to Portfolio Manager and is still actively involved in the operations. We will continue to drive improvements through Q1 and look to increase occupancy to over 93%+ in the quarter.

Investment Thesis:

	Status:
• Complete common area and amenity improvements to drive revenues.	(Underway)
• Increase rents through interior unit upgrades.	(Underway)
• Reduce expenses through implementation of better management controls.	(Underway)
• Enjoy strong cash flows resulting from attractive fixed rate debt.	(Completed)

Debt Summary:

Non recourse Freddie Mac Loan through KeyBank, Fixed Interest Rate with 12 months Interest Only. 5 year yield maintenance, with 1% prepay thereafter. 7 year maturity.

	Key Bank	
Loan Balance:	18,750,000	-
Interest Rate:	4.01%	-
Maturity:	6/1/2020	-
Amortization:	IO/30	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,476,740	2,001,894	2,001,894
Real Estate/Note Value	25,000,200	25,532,359	26,943,649
Dep./Amort. & Trans. Cost	192,367	(759,961)	-
Total Assets	**27,669,307**	**26,774,292**	**28,945,543**
Liabilities & Equity			
Current Liabilities	266,283	174,676	174,676
Debt - Key Bank	18,750,000	18,750,000	18,750,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**19,016,283**	**18,924,676**	**18,924,676**
Capital Contributed	8,800,000	8,800,000	8,800,000
Distributions to Date	-	(275,000)	(275,000)
Earnings to Date	(146,976)	(675,384)	1,495,867
Total Equity	**8,653,024**	**7,849,616**	**10,020,867**
Total Liabilities & Equity	**27,669,307**	**26,774,292**	**28,945,543**

Financial Results:

Q4 Revenues were below budget due to higher vacancy resulting from the asset repositioning. This shortfall was somewhat offset by strengthening rents and other income. Expenses were slightly above budget due to turnover and utilities. but were well below for the year. As a result, NOI for the quarter was below budget, but above budget for the year. Common area rehab will be completed in 2014, with Interior Unit Rehab's being completed monthly. All of the rehab appears to be within budget estimates at this time, and debt service is on budget. This asset is meeting is initial pro forma objectives to date.

	Trailing 12 Prior Owner	Stabilized 5/29/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**3,063,834**	**3,616,831**	**1,826,203**	**1,861,089**	1.91%	**792,702**	**793,072**	0.05%
Vacancy	(181,474)	(217,010)	(127,834)	(171,156)	-33.89%	(55,489)	(89,968)	-62.14%
Credit Loss & Concession	(91,950)	(54,252)	(40,724)	(40,660)	0.16%	(17,654)	(23,737)	-34.46%
Gross Effective Rent	**2,790,410**	**3,345,569**	**1,657,645**	**1,649,273**	-0.51%	**719,559**	**679,367**	-5.59%
Other Income	506,829	484,089	268,012	271,536	1.31%	115,801	117,897	1.81%
Gross Operating Income	**3,297,239**	**3,829,658**	**1,925,657**	**1,920,809**	-0.25%	**835,360**	**797,264**	-4.56%
Operating Expense	(1,564,796)	(1,711,147)	(886,203)	(853,844)	3.65%	(384,666)	(386,367)	-0.44%
Net Operating Income	**1,732,443**	**2,118,511**	**1,039,454**	**1,066,965**	2.65%	**450,694**	**410,897**	-8.83%
Vacancy	5.92%	6.00%	7.00%	9.20%		7.00%	11.34%	
Economic Vacancy	8.92%	7.50%	9.23%	11.38%		9.23%	14.34%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	1	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.1**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Given the fixed rate debt, and strengthening Atlanta marketplace the risks associated with this asset are minimal. Cash flow should continue to get stronger as we stabilize the new resident base and grow rents. The acquisition of several Atlanta assets has mitigated some of the risk of this being our first asset in the region.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Enclave Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner		Date Acquired:	6/4/2013
Location:	Euless, TX		Date Sold:	-
Type:	Multifamily		Total Fund Investment:	4,845,000
Units:	308		Realized Proceeds:	188,736
NRSF:	213,198		Unrealized Value:	5,049,040
Acres:	11.57		Implied Value:	5,237,776
Vintage:	1985		Implied Gain / (Loss):	392,776
Prop. / Const. Mgmt. Fee	3.0%/4.0%	BPM	Return Multiple:	1.08x
Fund Ownership %:	70.78%	ROC II	IRR:	15.84%
Co-Sponsors:	29.22%	ROC I	Pro Forma IRR:	22.29%
			Value Method:	DCF

Background:

Enclave at Bear Creek is a 308-unit, 1985 multi-family asset located just west of the Dallas/Fort Worth airport. This asset was purchased as part of a portfolio with Overlook at Bear Creek, another apartment community directly across the street. The asset was stabilized, but provided substantial "value add" opportunities. The business plan includes expanding and upgrading the amenity package, upgrading many of the interior units to drive revenue, and reduce expenses, further enhancing NOI. Due to the existing debt structure the partnership was able to secure this asset for below market pricing at approximately 60% of replacement cost, providing strong potential returns to the partners.

Activity Update:

Q4 reflected the renovation plan in action. Revenues were on budget, though interesting to note that vacancy was higher than expected. Rent growth and other income contributed to the revenues being on budget. Rehab plans for the clubhouse and common areas are underway and have been closely monitored by local authorities which have slowed that process. Exterior improvements include landscaping, pool area fire pit and seating, new tranquility area, activity and leasing center improvements including expansion of the fitness center, new wood siding and paint. Approximately 100 interior unit rehabs have commenced or completed, and will continue monthly to accommodate turnover. We plan to lease with a premium of $75-100 per unit per month for the upgraded units. We anticipate completing the exterior renovation in the first half of 2014, and anticipate increasing occupancy as we bring these amenities on line.

Investment Thesis:

	Status:
• Drive revenues through common are and amenity improvements.	(Underway)
• Enhance NOI through better expense management and other income.	(Underway)
• Increase rents through interior unit improvements.	(Underway)

Debt Summary:

The loan was assumed and combined with a supplemental loan for approximately $12,574,000 of non-recourse debt at a blended 5.39% fixed rate, maturing in 2020. Yield maintenance prepayment provisions apply.

	Wells/Freddie	Wells/Freddie
Loan Balance:	12,529,341	-
Interest Rate:	5.39%	5.51%
Maturity:	6/1/2020	6/1/2020
Amortization:	IO/30	30
Rate Lock:	Fixed	Fixed
% Recourse to the fund:	0.00%	0.00%

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,363,709	1,648,309	1,648,309
Real Estate/Note Value	16,794,514	18,089,995	18,790,097
Dep./Amort. & Trans. Cost	269,830	(361,003)	-
Total Assets	**19,428,052**	**19,377,301**	**20,438,406**
Liabilities & Equity			
Current Liabilities	320,033	775,798	775,798
Debt - Wells/Freddie	10,858,065	12,529,341	10,822,005
Debt - Wells/Freddie	1,716,000	-	1,707,336
Other Long-Term Liab.	-	-	-
Total Liabilities	**12,894,099**	**13,305,139**	**13,305,139**
Capital Contributed	6,665,931	6,845,000	6,845,000
Distributions to Date	-	(270,000)	(270,000)
Earnings to Date	(131,977)	(502,838)	558,267
Total Equity	**6,533,954**	**6,072,162**	**7,133,267**
Total Liabilities & Equity	**19,428,052**	**19,377,301**	**20,438,406**

Financial Results:

Q4 Revenues were slightly higher than budget, though vacancy was higher. Rent growth, concessions, collection loss and other income have been stronger than projected. This continued the 2013 trend with this asset. Expenses were over budget, both for the quarter, and YTD, due to higher than anticipated property taxes. This tax increase severely impacted YTD NOI, which ended the year below budget. Debt service and rehab are within budget. Although year 1 cash flow was slightly below budget, the asset team believes the growth in rents and other revenue are positioning this asset to outperform its original pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 6/4/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,492,085**	**3,064,908**	**1,495,050**	**1,526,578**	2.11%	**655,500**	**669,040**	2.07%
Vacancy	(167,573)	(199,219)	(89,703)	(121,574)	-35.53%	(39,330)	(57,963)	-47.38%
Credit Loss & Concession	(23,598)	(30,649)	(20,240)	(10,240)	49.41%	(8,828)	(7,045)	20.20%
Gross Effective Rent	**2,300,914**	**2,835,040**	**1,385,107**	**1,394,764**	0.70%	**607,342**	**604,032**	-0.54%
Other Income	266,264	319,829	174,504	184,563	5.76%	76,770	86,063	12.10%
Gross Operating Income	**2,567,178**	**3,154,869**	**1,559,611**	**1,579,327**	1.26%	**684,112**	**690,095**	0.87%
Operating Expense	(1,384,147)	(1,584,382)	(800,148)	(851,698)	-6.44%	(348,616)	(440,617)	-26.39%
Net Operating Income	**1,183,031**	**1,570,488**	**759,463**	**727,629**	-4.19%	**335,496**	**249,478**	-25.64%
Vacancy	6.72%	6.50%	6.00%	7.96%		6.00%	8.66%	
Economic Vacancy	7.67%	7.50%	7.35%	8.63%		7.35%	9.72%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.4**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The largest risk with this asset is its underlying debt. With interest rates now trending upwards, we expect this risk to diminish over the time desired to position this asset for sale. The debt is non recourse to the Fund and there are no operational risks currently identified with this asset.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Overlook Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner		Date Acquired:	6/4/2013
Location:	Euless, TX		Date Sold:	-
Type:	Multifamily		Total Fund Investment:	5,970,000
Units:	350		Realized Proceeds:	280,897
NRSF:	275,490		Unrealized Value:	7,091,131
Acres:	13.38		Implied Value:	7,372,028
Vintage:	1984		Implied Gain / (Loss):	1,402,028
Prop. / Const. Mgmt. Fee	3.0%/4.0%	BPM	Return Multiple:	1.23x
Fund Ownership %:	74.91%	ROC II	IRR:	43.84%
Co-Sponsors:	25.09%	ROC I	Pro Forma IRR:	24.20%
			Value Method:	DCF

Background:

Overlook at Bear Creek is a 350-unit, 1984 multi-family asset located just west of the Dallas/Fort Worth airport. This asset was purchased as part of a portfolio with Enclave at Bear Creek, another apartment community directly across the street. The asset was stabilized, but provided substantial "value add" opportunities. The business plan includes expanding and upgrading the amenity package, upgrading many of the interior units to drive revenue, and reduce expenses, further enhancing NOI. Due to the existing debt structure the partnership was able to secure this asset for below market pricing at approximately 60% of replacement cost, providing strong potential future returns to the partners.

Activity Update:

Q4 Reflected higher than forecasted occupancy and rent growth as the rehab of the clubhouse and common areas were completed. The transformation of the clubhouse, tennis courts, and pool areas (new fire pit, sport court, outdoor fitness area, children's play area, and dog park) have substantially expanded the amenities and desirability of this asset. Additional improvements to landscaping will be completed in 2014. Approximately 98 interior unit rehabs have commenced or completed. During Q1 the team will focus on stabilizing the occupancy, completing interior unit rehabs, and raising rents.

Investment Thesis:

	Status:
• Drive revenues through common area/amenity improvements.	(Underway)
• Enhance NOI through better expense management and other income.	(Underway)
• Increase rents through interior unit improvements.	(Underway)

Debt Summary:

The loan was assumed and combined with a supplemental loan for approximately $16,161,000 of non-recourse debt at a blended 5.46% fixed rate, due in 2020, and prepayable in December 2018. YM provisions apply.

	Wells/Freddie	Wells/Freddie
Loan Balance:	16,057,476	-
Interest Rate:	5.42%	5.49%
Maturity:	6/1/2020	6/1/2020
Amortization:	IO/30	30
Rate Lock:	Fixed	Fixed
% Recourse to the fund:	0.00%	0.00%

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,977,511	1,798,480	1,798,480
Real Estate/Note Value	21,654,733	22,493,400	24,482,166
Dep./Amort. & Trans. Cost	330,771	(445,469)	-
Total Assets	**24,963,014**	**23,846,411**	**26,280,646**
Liabilities & Equity			
Current Liabilities	385,642	756,451	756,451
Debt - Wells/Freddie	13,426,002	16,057,476	13,336,345
Debt - Wells/Freddie	2,735,000	-	2,721,131
Other Long-Term Liab.	-	-	-
Total Liabilities	**16,546,644**	**16,813,927**	**16,813,927**
Capital Contributed	8,634,770	7,970,000	7,970,000
Distributions to Date	-	(375,000)	(375,000)
Earnings to Date	(218,399)	(562,516)	1,871,719
Total Equity	**8,416,371**	**7,032,484**	**9,466,719**
Total Liabilities & Equity	**24,963,014**	**23,846,411**	**26,280,646**

Financial Results:

Q4 Revenues were substantially above budget due to low vacancy and a signed cable agreement (one time other income). This pushed YTD revenue over budget as well. Q4 Expenses were over budget due to lease up costs and higher property taxes, pushing YTD expenses over budget as well. The resulting NOI for the quarter was below budget but only slightly below budget for the year. Debt service and rehab projections remain within budget. This asset is meeting its pro forma objectives to date.

	Trailing 12 Prior Owner	Stabilized 6/4/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**3,032,382**	**3,774,500**	**1,866,815**	**1,861,707**	-0.27%	**818,115**	**811,203**	-0.84%
Vacancy	(183,882)	(245,343)	(121,342)	(111,006)	8.52%	(53,177)	(35,705)	32.86%
Credit Loss & Concession	(27,004)	(37,745)	(27,802)	(16,050)	42.27%	(12,136)	(10,765)	11.30%
Gross Effective Rent	**2,821,496**	**3,491,413**	**1,717,671**	**1,734,651**	0.99%	**752,802**	**764,733**	1.58%
Other Income	320,848	318,712	174,448	187,950	7.74%	76,434	98,374	28.70%
Gross Operating Income	**3,142,344**	**3,810,125**	**1,892,119**	**1,922,601**	1.61%	**829,236**	**863,107**	4.08%
Operating Expense	(1,568,871)	(1,798,947)	(888,335)	(929,480)	-4.63%	(391,031)	(483,704)	-23.70%
Net Operating Income	**1,573,473**	**2,011,178**	**1,003,784**	**993,121**	-1.06%	**438,205**	**379,403**	-13.42%
Vacancy	6.06%	6.50%	6.50%	5.96%		6.50%	4.40%	
Economic Vacancy	6.95%	7.50%	7.99%	6.82%		7.98%	5.73%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.4**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The largest risk with this asset is its underlying debt. With interest rates now trending upwards, we expect this risk to diminish over the time desired to position this asset for sale. The debt is non recourse to the Fund and there are no operational risks currently identified with this asset.

SPIRE CAPITAL

Mission Palms Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	6/11/2013
Location:	Tucson, AZ	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	9,140,000
Units:	360	Realized Proceeds:	225,000
NRSF:	372,918	Unrealized Value:	10,475,530
Acres:	28.90	Implied Value:	10,700,530
Vintage:	1978	Implied Gain / (Loss):	1,560,530
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	1.17x
Fund Ownership %:	100.00% ROC II	IRR:	33.91%
Co-Sponsors:	0.00% -	Pro Forma IRR:	19.05%
		Value Method:	DCF

Background:

Built in 1978, Mission Palms consists of 360 large units located in an excellent northwest Tucson, AZ neighborhood. Due to the location of the asset, this community has substantial potential to increase rents by renovating the interior units, expanding the amenities, and modernizing the general exterior improvements. Current amenities include a dysfunctional clubhouse that will be thoroughly converted to include a fitness center, internet cafe, and clubroom. Two beautiful pool and spa areas exist on the site, and will be upgraded with BBQ Grills, cabanas, and a fire pit. Two tennis courts will be converted to pickle ball courts and a soccer field, while the existing putting green will be updated. A new playground area for the kids, along with the implementation of our community services program, combined with interior unit improvements will round out this rehab and repositioning. An existing non recourse FNMA loan was assumed at acquisition, further reducing the per unit purchase price.

Activity Update:

The property was 87% occupied during Q4 compared to 89% during Q3 due to needed resident repositioning and forced vacancy to facilitate the improvements needed at this asset. Capital Improvement plans for the clubhouse, pools, conference room , fitness center, sport courts, xeriscaping, and full paint job are underway. Exterior improvements to the putting green/chipping area, roofs, asphalt, and playground are complete. To date, we have completed 67 upgrade units, which are generating a monthly rent increase ranging from $60 - $150 depending on the upgrade package. Our goals for Q1 are to increase occupancy to 90%, complete 36 interior unit upgrades and commence improvements to the clubhouse. We are also working through the stabilization of on site staffing, and anticipate a manager change during Q1.

Investment Thesis:

	Status:
• Purchase an asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrade.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through operational practices and efficiencies	(Underway)

Debt Summary:

FNMA Loan assumption with 24 months remaining on the term. Balance due at maturity. Fixed rate of 5.06%. Non recourse to the fund, except for standard carve outs.

	Wachovia /FNMA	
Loan Balance:	19,546,401	-
Interest Rate:	5.06%	-
Maturity:	7/1/2015	-
Amortization:	IO/30	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,839,692	2,586,419	2,586,419
Real Estate/Note Value	25,640,000	26,205,939	27,930,458
Dep./Amort. & Trans. Cost	262,121	(511,332)	-
Total Assets	**28,741,813**	**28,281,026**	**30,516,877**
Liabilities & Equity			
Current Liabilities	241,787	494,946	494,946
Debt - Wachovia /FNMA	19,722,239	19,546,401	19,546,401
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**19,964,026**	**20,041,347**	**20,041,347**
Capital Contributed	8,985,700	9,140,000	9,140,000
Distributions to Date	-	(225,000)	(225,000)
Earnings to Date	(207,913)	(675,321)	1,560,530
Total Equity	**8,777,787**	**8,239,679**	**10,475,530**
Total Liabilities & Equity	**28,741,813**	**28,281,026**	**30,516,877**

Financial Results:

Revenues through the fourth quarter were below budget due to a sharp increase in vacancy due to tenant repositioning, rehab, and poor management execution during Q4. Operating Expenses through the fourth quarter were well below budget due to across the board savings, and the timing of acquisition. As a result, YTD NOI finished slightly better than budget. The road construction has moved past the property, and several capital improvement projects are underway. We expect leasing activity to improve as a result. Debt service and rehab are within budget parameters. Although meeting 2013 NOI objectives, this asset is not yet meeting its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 6/12/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**3,335,319**	**3,923,641**	**1,848,342**	**1,818,862**	-1.59%	**842,880**	**831,581**	-1.34%
Vacancy	(245,885)	(274,655)	(182,007)	(225,188)	-23.72%	(81,461)	(120,408)	-47.81%
Credit Loss & Concession	(52,006)	(78,473)	(38,383)	(27,993)	27.07%	(17,429)	(12,287)	29.50%
Gross Effective Rent	**3,037,427**	**3,570,514**	**1,627,952**	**1,565,681**	-3.83%	**743,990**	**698,886**	-6.06%
Other Income	328,448	332,928	156,595	169,934	8.52%	73,220	66,562	-9.09%
Gross Operating Income	**3,365,875**	**3,903,442**	**1,784,547**	**1,735,615**	-2.74%	**817,210**	**765,448**	-6.33%
Operating Expense	(1,665,108)	(1,608,451)	(805,699)	(754,921)	6.30%	(366,007)	(369,953)	-1.08%
Net Operating Income	**1,700,768**	**2,294,991**	**978,848**	**980,694**	0.19%	**451,203**	**395,495**	-12.35%
Vacancy	7.37%	7.00%	9.85%	12.38%		9.66%	14.48%	
Economic Vacancy	8.93%	9.00%	11.92%	13.92%		11.73%	15.96%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.8**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The asset is not yet stabilized, and we are still working through rehab and tenant repositioning issues. The loan is fixed rate and non recourse, with no material risk to the Fund.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Villetta Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw		Date Acquired:	7/17/2013
Location:	Mesa, AZ		Date Sold:	-
Type:	Multifamily		Total Fund Investment:	7,250,000
Units:	352		Realized Proceeds:	-
NRSF:	262,540		Unrealized Value:	7,067,156
Acres:	13.52		Implied Value:	7,067,156
Vintage:	1983		Implied Gain / (Loss):	(182,844)
Prop. / Const. Mgmt. Fee	3.0%/4.0%	BPM	Return Multiple:	0.97x
Fund Ownership %:	100.00%	ROC II	IRR:	NM
Co-Sponsors:	0.00%	-	Pro Forma IRR:	22.60%
			Value Method:	Cost

Background:

Villetta Apartments is a 352 unit apartment community located in Mesa, Arizona. This garden-style community was built in 1983 and is positioned on 13.5 acres. The property was encumbered with $22M in bonds which were retired at closing, making this asset easier to lease in the future. The asset was purchased out of receivership and requires substantial rehab and repositioning. The capital improvement plan calls for expansion and improvements to the clubhouse, fitness center, business center, and pool areas. A new playground, soccer field, dog park, and landscaping will be installed, along with asphalt and lighting improvements. The business plan also calls for 123 full interior unit upgrades and 106 partial interior unit upgrades.

Activity Update:

This property was 77% occupied during Q4 compared to 82% during Q3 due to substantial resident repositioning. Improvements to the exteriors and common areas have commenced, and the dog park, sports court and playground were completed. To date, 34 full interior unit upgrades, 27 partial interior unit upgrades and 45 light interior unit upgrades are complete and generating monthly rent increases of $90, $50 and $35 respectively. The plan is to complete 10 rehabs per month throughout 2014. Our goals for Q1 are to increase occupancy from 77% to 80%, continue with the exterior improvements, complete the full paint, commence the clubhouse expansion/improvements, and complete 30 interior unit upgrades.

Investment Thesis:

	Status:
• Purchase asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reposition resident base.	(Underway)

Debt Summary:

New 7 year loan with Freddie Mac. Floating interest rate LIBOR + 288 bps. 24 months IO, converting to 30 year amort. Interest Rate Cap of 5.75%. Loan is non recourse to the fund except for standard carve outs.

	Key/Freddie	
Loan Balance:	13,125,000	-
Interest Rate:	LIBOR + 288	-
Maturity:	8/1/2020	-
Amortization:	24 months IO/30	-
Rate Lock:	Float w/Cap	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,585,968	2,180,692	2,180,692
Real Estate/Note Value	17,500,000	18,275,112	18,275,112
Dep./Amort. & Trans. Cost	275,260	(319,974)	-
Total Assets	**20,361,228**	**20,135,830**	**20,455,804**
Liabilities & Equity			
Current Liabilities	106,216	263,648	263,648
Debt - Key/Freddie	13,125,000	13,125,000	13,125,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**13,231,216**	**13,388,648**	**13,388,648**
Capital Contributed	7,288,800	7,250,000	7,250,000
Distributions to Date	-	-	-
Earnings to Date	(158,788)	(502,818)	(182,844)
Total Equity	**7,130,012**	**6,747,182**	**7,067,156**
Total Liabilities & Equity	**20,361,228**	**20,135,830**	**20,455,804**

Financial Results:

Revenue through the fourth quarter was well below budget due to larger than anticipated resident repositioning requirements. This was somewhat offset by revenue streams from Other Income, primarily Utility Revenue. Operating expenses were below budget due to across the board savings and timing issues related to the recent acquisition, which is common for assets acquired out of receivership. We anticipate that occupancy will improve after the exterior and amenity improvements are completed, thereby allowing us to attract a stronger resident base. As a result of the spike in Q4 vacancy, YTD NOI was below budget. Debt service is below budget, and rehab is within the budget. Although early in the Fund's ownership period, this asset is currently behind its original pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 7/17/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,714,702**	**2,873,527**	**1,114,487**	**1,114,393**	-0.01%	**616,890**	**634,251**	2.81%
Vacancy	(260,110)	(215,515)	(97,303)	(224,013)	-130.22%	(51,397)	(160,480)	-212.24%
Credit Loss & Concession	(352,024)	(57,471)	(38,522)	(30,419)	21.03%	(21,253)	(23,914)	-12.52%
Gross Effective Rent	**2,102,568**	**2,600,542**	**978,662**	**859,961**	-12.13%	**544,240**	**449,857**	-17.34%
Other Income	274,111	296,223	128,828	148,567	15.32%	71,900	93,237	29.68%
Gross Operating Income	**2,376,679**	**2,896,765**	**1,107,490**	**1,008,528**	-8.94%	**616,140**	**543,094**	-11.86%
Operating Expense	(1,300,588)	(1,360,654)	(562,072)	(507,840)	9.65%	(310,799)	(312,333)	-0.49%
Net Operating Income	**1,076,091**	**1,536,111**	**545,418**	**500,688**	-8.20%	**305,341**	**230,761**	-24.43%
Vacancy	9.58%	7.50%	8.73%	0.00%		8.33%	0.00%	
Economic Vacancy	22.55%	9.50%	12.19%	22.83%		11.78%	29.07%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.6**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

There are no material risks with this asset, however, we are still working through the rehab and tenant repositioning which will take us through 2014. Debt is non recourse and the rate is capped at 7%. No adjustments to Risk Ratings were made in Q4.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

The Retreat Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	7/31/2013
Location:	Phoenix, AZ	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	17,975,000
Units:	480	Realized Proceeds:	-
NRSF:	466,840	Unrealized Value:	17,568,227
Acres:	25.75	Implied Value:	17,568,227
Vintage:	1997	Implied Gain / (Loss):	(406,773)
Prop. / Const. Mgmt. Fee	2.5%/4.0% BPM	Return Multiple:	0.98x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	18.57%
		Value Method:	Cost

Background:

The Retreat is a 480 unit multi-family property located in Phoenix, Arizona. This asset, built in 1997, is situated on 25.75 acres (19 units/acre) in a great location within the North Phoenix metroplex. While the property is in excellent condition with very little deferred maintenance, and has a high quality amenity package, there is ample "value-add" opportunity to both expand the amenities to the current market and complete interior unit upgrades, which will drive revenues. In addition, attractive floating rate financing will provide excellent cash flow throughout the ownership period. The capital improvement plan calls for improvements to the clubhouse and swimming pool areas, a new playground and dog park, xeriscaping, asphalt, as well as 240 full unit upgrades and 144 partial unit upgrades.

Activity Update:

This property was 85% occupied during Q4 compared to 90% during Q3. Improvements to the fitness center, pool area and dog park are complete. To date, 44 full interior unit upgrades, 15 partial interior unit upgrades and 18 light interior unit upgrades have been completed and are generating a monthly rent increase of $125, $65 and $25 respectively. Stabilizing the on site management team has been a challenge at this asset, and a new manager will be hired in Q1. Additionally, our goals for Q1 are to increase occupancy to 90%, commence the clubhouse renovation and complete the new playground, along with additional unit rehabs.

Investment Thesis:

	Status:
• Purchase a newer asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through more efficient operational practices	(Underway)

Debt Summary:

New 7 year FNMA loan with floating interest rate LIBOR + 275 bps. 30 year amortization. Interst Rate Cap of 6.93%. Non recourse to the fund except for standard carve outs.

	Wells Fargo/FNMA	
Loan Balance:	38,119,688	-
Interest Rate:	LIBOR + 275	-
Maturity:	8/1/2020	-
Amortization:	30	-
Rate Lock:	Float w/Cap	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	3,507,724	3,055,241	3,055,241
Real Estate/Note Value	52,750,000	53,107,851	53,107,851
Dep./Amort. & Trans. Cost	682,419	(1,185,291)	-
Total Assets	**56,940,143**	**54,977,801**	**56,163,092**
Liabilities & Equity			
Current Liabilities	278,579	475,177	475,177
Debt - Wells Fargo/FNMA	38,354,000	38,119,688	38,119,688
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**38,632,579**	**38,594,865**	**38,594,865**
Capital Contributed	18,765,000	17,975,000	17,975,000
Distributions to Date	-	-	-
Earnings to Date	(457,436)	(1,592,064)	(406,773)
Total Equity	**18,307,564**	**16,382,936**	**17,568,227**
Total Liabilities & Equity	**56,940,143**	**54,977,801**	**56,163,092**

Financial Results:

Revenue through the fourth quarter were well below budget due to weakness in occupancy and its impact on revenue streams from Other Income, most notably Utility Revenue and Parking Income. Operating expenses through the fourth quarter were well below budget due to across the board savings. Although we are achieving our expense savings goals, the on site management team has struggled to achieve occupancy, resulting in a YTD NOI that was below budget. Both rehab and debt service have been within budget projections. Although early in our ownership period, the asset is currently not meeting its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 7/31/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**4,613,255**	**5,398,605**	**1,948,595**	**1,957,096**	0.44%	**1,173,627**	**1,176,702**	0.26%
Vacancy	(199,635)	(323,916)	(109,166)	(219,853)	-101.39%	(70,418)	(159,417)	-126.39%
Credit Loss & Concession	(76,166)	(53,986)	(21,986)	(22,457)	-2.14%	(13,237)	(19,896)	-50.31%
Gross Effective Rent	**4,337,454**	**5,020,702**	**1,817,443**	**1,714,786**	-5.65%	**1,089,972**	**997,389**	-8.49%
Other Income	686,721	630,108	251,550	191,778	-23.76%	151,934	103,611	-31.81%
Gross Operating Income	**5,024,175**	**5,650,810**	**2,068,993**	**1,906,564**	-7.85%	**1,241,906**	**1,101,000**	-11.35%
Operating Expense	(1,970,631)	(2,057,136)	(787,274)	(684,275)	13.08%	(473,045)	(450,221)	4.82%
Net Operating Income	**3,053,544**	**3,593,674**	**1,281,719**	**1,222,289**	-4.64%	**768,861**	**650,779**	-15.36%
Vacancy	4.33%	6.00%	5.60%	0.00%		6.00%	0.00%	
Economic Vacancy	5.98%	7.00%	6.73%	12.38%		7.13%	15.24%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	1	2
Management	20%	4	3
Earnings	20%	3	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.4**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset has limited risk due to its non recourse debt, low floating interest rate, rate cap, and strong cash flow. No material risks are seen at this time. Risk Rating for Earnings and Management were revised downward in Q4 for the reasons noted above.

SPIRE CAPITAL

Coronado Palms (Palmilla Villas) Apts.

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stanger	Date Acquired:	8/12/2013
Location:	Anaheim, CA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	9,525,000
Units:	169	Realized Proceeds:	-
NRSF:	151,067	Unrealized Value:	9,143,134
Acres:	5.20	Implied Value:	9,143,134
Vintage:	1983	Implied Gain / (Loss):	(381,866)
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	0.96x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	19.37%
		Value Method:	Cost

Background:

Palmilla Villas is a 169 unit apartment community located in Anaheim, California, 1 mile from Interstate 5, 3 miles from Highway 91, and only a few blocks from Disneyland. This garden-style community, constructed in 1983, is comprised of 10 three-story residential buildings, built on 5.20 acres. The property has historically operated above 90%, but has not been rehabbed in years.. This property is located on a long-term leasehold, increasing cash flow due to a higher cap rate. We anticipate driving revenues through amenity improvements and additions, along with substantial interior unit upgrades. Cash flow will be enhanced by a strong floating-rate debt package. The capital improvement plan includes a new color scheme, lighting, landscaping, signage, playground, soccer court and dog park as well as 85 full interior unit upgrades, 50 moderate interior unit upgrades and 34 light interior unit upgrades.

Activity Update:

This asset was 78% occupied during Q4 compared to 92% during Q3 due to resident repositioning and need to open units for rehab. Improvements to the exteriors have commenced. During Q4, 4 full interior unit upgrades were completed. To date, 7 full interior unit upgrades have been completed. The full upgrades are generating a $160 monthly rent increase. We changed the name to Coronado Palms to rebrand the asset. Our goals for Q1 are to commence exterior painting, complete the playground and finalize plans for the clubhouse renovation. We plan to complete 5 interior rehabs per month, and continue repositioning the property, driving both revenue and value. Occupancy will remain low until we complete the exterior improvements and work through resident repositioning, replacing a tough resident base with a stronger base generated by the capital improvements.

Investment Thesis:

	Status:
• Purchase an asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area improvements.	(Underway)
• Reduce expenses through more efficient operational practices.	(Underway)

Debt Summary:

7 year agency loan with Fannie Mae. 36 months interest only converting to 30 year amortization thereafter. Floating interest rate LIBOR + 278 bps. Interest Rate Cap at 3.74%, or 6.49% "all in" rate.

	Wells Fargo/FNMA	
Loan Balance:	17,965,812	-
Interest Rate:	LIBOR + 278	-
Maturity:	9/1/2020	-
Amortization:	36 months IO/30	-
Rate Lock:	Floating	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	1,774,702	1,648,710	1,648,710
Real Estate/Note Value	25,500,000	25,758,518	25,758,518
Dep./Amort. & Trans. Cost	430,474	(577,168)	-
Total Assets	**27,705,176**	**26,830,060**	**27,407,228**
Liabilities & Equity			
Current Liabilities	123,514	298,282	298,282
Debt - Wells Fargo/FNMA	18,050,000	17,965,812	17,965,812
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**18,173,514**	**18,264,094**	**18,264,094**
Capital Contributed	9,750,000	9,525,000	9,525,000
Distributions to Date	-	-	-
Earnings to Date	(218,338)	(959,034)	(381,866)
Total Equity	**9,531,662**	**8,565,966**	**9,143,134**
Total Liabilities & Equity	**27,705,176**	**26,830,060**	**27,407,228**

Financial Results:

Revenues through the fourth quarter were below budget due to higher than expected vacancy and weakness in several revenue streams from Other Income as we work through the repositioning of the resident base. Operating expenses were substantially lower than budgeted due to the timing of acquisition and lower than expected occupancy. YTD NOI was well ahead of budget. Debt service and Rehab are within cost projections, and this asset is meeting its original operating expectations.

	Trailing 12 Prior Owner	Stabilized 8/12/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,876,206**	**3,291,879**	**1,087,070**	**1,080,285**	-0.62%	**705,885**	**708,204**	0.33%
Vacancy	(115,631)	(164,594)	(65,225)	(108,669)	-66.61%	(42,353)	(98,698)	-133.04%
Credit Loss & Concession	(182,175)	(49,378)	(38,742)	(15,465)	60.08%	(25,059)	(15,465)	38.29%
Gross Effective Rent	**2,578,400**	**3,077,907**	**983,103**	**956,151**	-2.74%	**638,473**	**594,041**	-6.96%
Other Income	120,929	120,426	44,358	23,539	-46.93%	28,724	20,500	-28.63%
Gross Operating Income	**2,699,329**	**3,198,333**	**1,027,461**	**979,690**	-4.65%	**667,197**	**614,541**	-7.89%
Operating Expense	(1,013,279)	(1,385,373)	(384,661)	(303,082)	21.21%	(247,305)	(193,323)	21.83%
Net Operating Income	**1,686,050**	**1,812,960**	**642,800**	**676,608**	5.26%	**419,892**	**421,218**	0.32%
Vacancy	4.02%	5.00%	6.00%	0.00%		6.00%	0.00%	
Economic Vacancy	10.35%	6.50%	9.56%	11.49%		9.55%	16.12%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.4**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset has strong cash flow due to the floating rate debt structure, and a 5.75% CAP in place to mitigate a large, negative move in the market. Reserves have been established for the rehab with no apparent budget busters at this time. Nonetheless, both repositioning and rehab still need to be completed, and it is too early to truly evaluate operational performance. No adjustments to Risk Ratings were made in Q4.

SPIRE CAPITAL

The Preserve Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	8/30/2013
Location:	Houston, TX	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	16,250,000
Units:	530	Realized Proceeds:	-
NRSF:	438,042	Unrealized Value:	16,177,291
Acres:	29.49	Implied Value:	16,177,291
Vintage:	1990	Implied Gain / (Loss):	(72,709)
Prop. / Const. Mgmt. Fee	2.5%/4.0% BPM	Return Multiple:	1.00x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	21.52%
		Value Method:	Cost

Background:

The Preserve is a 530 unit multi-family asset located in Webster, TX, which is located just south of Houston. The property has historically been well occupied and is well located with high-quality businesses and retailers nearby. The asset is also in good condition, making it a Class B property in a Class A- location. The seller needs a quick closing due to the fallout of a previous buyer and a pending loan maturity. ROCs strength and ability to close quickly has created a tremendous opportunity. The substantial discount to replacement cost, plus the ability to drive revenues through unit and amenity upgrades will provide the Fund strong cash flows and value appreciation. A strong floating debt rate package will enhance the returns to the Fund.

Activity Update:

Q4 operations were strong, while undergoing significant rehab. The exterior improvements, including new siding, paint, landscape lighting, walking trail, clubhouse and amenity improvements are all underway. The interior renovations are currently being tested as new improvements of patio grill stations, countertop replacements and back yard fencing are being introduced to this asset as well. 20 interior units are currently in progress or completed and rent growth has not been proven out yet, though we expect to see somewhere between a $75-125 premium.

Investment Thesis:

	Status:
• Drive revenues through amenity expansion and common area upgrades.	(Underway)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive NOI through better, more efficient expense management.	(Underway)
• Effectuate purchase at substantial discount to replacement cost.	(Completed)

Debt Summary:

Wells Fargo provided a bridge loan @ 225 + LIBOR variable rate with 2 yr. cap at 5.25%. Loan is non recourse, however, springing recourse commences if NOI drops below 8.5% DY.

	Wells Fargo	
Loan Balance:	29,000,000	-
Interest Rate:	LIBOR + 225	-
Maturity:	9/1/2015	-
Amortization:	30	-
Rate Lock:	Floating w/Cap	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	4,218,372	5,209,949	5,209,949
Real Estate/Note Value	40,200,000	40,974,636	40,974,636
Dep./Amort. & Trans. Cost	380,750	(1,222,865)	-
Total Assets	**44,799,122**	**44,961,720**	**46,184,585**
Liabilities & Equity			
Current Liabilities	565,356	1,007,294	1,007,294
Debt - Wells Fargo	29,000,000	29,000,000	29,000,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**29,565,356**	**30,007,294**	**30,007,294**
Capital Contributed	15,675,000	16,250,000	16,250,000
Distributions to Date	-	-	-
Earnings to Date	(441,234)	(1,295,574)	(72,709)
Total Equity	**15,233,766**	**14,954,426**	**16,177,291**
Total Liabilities & Equity	**44,799,122**	**44,961,720**	**46,184,585**

Financial Results:

Q4 and YTD Revenues were slightly higher than budget, with other income offsetting higher vacancy as we upgrade units. Expenses have been below budget due to acquisition timing. The result was both quarterly and YTD NOI exceeding budget. We are extremely encourage with the rent rate during transition. Debt service and rehab are within budget parameters. Although very early in our ownership period, this asset is meeting its initial pro forma objectives to date.

	Trailing 12 Prior Owner	Stabilized 8/30/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**5,118,892**	**6,290,637**	**1,775,222**	**1,817,726**	2.39%	**1,334,664**	**1,346,465**	0.88%
Vacancy	(371,123)	(440,345)	(124,266)	(177,403)	-42.76%	(93,427)	(137,394)	-47.06%
Credit Loss & Concession	(23,047)	(78,633)	(19,753)	(10,240)	48.16%	(14,847)	(10,240)	31.03%
Gross Effective Rent	**4,724,722**	**5,771,659**	**1,631,203**	**1,630,083**	-0.07%	**1,226,390**	**1,198,831**	-2.25%
Other Income	347,818	344,102	107,440	125,195	16.53%	81,265	118,838	46.24%
Gross Operating Income	**5,072,540**	**6,115,761**	**1,738,643**	**1,755,278**	0.96%	**1,307,655**	**1,317,669**	0.77%
Operating Expense	(2,540,301)	(2,899,130)	(797,907)	(752,458)	5.70%	(606,514)	(594,422)	1.99%
Net Operating Income	**2,532,239**	**3,216,631**	**940,736**	**1,002,820**	6.60%	**701,141**	**723,247**	3.15%
Vacancy	7.25%	7.00%	7.00%	0.00%		7.00%	0.00%	
Economic Vacancy	7.70%	8.25%	8.11%	10.32%		8.11%	10.96%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.2**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Risk will improve with the completion of the scheduled rehab, and asset repositioning. This asset is located in a strong submarket, and financed with low floating rate debt that is capped at 5.75%. Although springing recourse exists, the debt covenants for this loan are much more reasonable than prior balance sheet loans.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Madison Park Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	9/12/2013
Location:	Vancouver, WA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	10,700,000
Units:	336	Realized Proceeds:	-
NRSF:	280,560	Unrealized Value:	10,302,806
Acres:	19.85	Implied Value:	10,302,806
Vintage:	1999	Implied Gain / (Loss):	(397,194)
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM	Return Multiple:	0.96x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	19.73%
		Value Method:	Cost

Background:

Madison Park is a 1999 vintage 336-unit apartment community located in Vancouver, Washington. Vancouver sits on the north bank of the Columbia River, and is part of the Portland, Oregon MSA. Vancouver enjoys beneficial tax treatment over the rest of the MSA due to no personal income tax in Washington State. The property is conveniently located just eight miles east of downtown Vancouver and seventeen miles northeast of downtown Portland. The community is currently well maintained but will benefit dramatically from BIGPs ability to upgrade interior finishes, provide more robust and improved amenities, and improve the general curb appeal. The capital improvement plan calls for improvements to landscaping, pool area, lighting, street paving, clubhouse renovation, a new soccer area, fitness center, playground/bbq area and dog park as well as 151 full interior unit upgrades and 118 partial interior unit upgrades

Activity Update:

This property was 95% occupied during Q4 compared to 93% during Q3. Capital improvements to the exteriors have commenced, and the dog park and tot lot are complete. During Q4, 12 full interior unit upgrades and 3 partial interior unit upgrades were completed. However, to achieve maximum rent increases, we are putting new rehabs on hold until Q2 when the exterior improvements and common area amenities such as the clubhouse will be complete. Our goals for Q1 are to maintain occupancy at 95%, and commence clubhouse/amenity improvements.

Investment Thesis:

	Status:
• Purchase a newer asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through more efficient operational practices	(Underway)

Debt Summary:

New 7 year FNMA loan with 30 year amortization. Floating rate LIBOR + 267 bps. Interest Rate Cap of 6.81%. Non recourse to the fund, except for standard carve outs.

	Wells Fargo/FNMA	
Loan Balance:	22,646,235	-
Interest Rate:	LIBOR + 267	-
Maturity:	10/1/2020	-
Amortization:	30	-
Rate Lock:	Float w/Cap	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	3,091,103	2,919,451	2,919,451
Real Estate/Note Value	30,200,000	30,306,406	30,306,406
Dep./Amort. & Trans. Cost	480,336	(535,922)	-
Total Assets	**33,771,440**	**32,689,935**	**33,225,857**
Liabilities & Equity			
Current Liabilities	147,191	276,816	276,816
Debt - Wells Fargo/FNMA	22,712,000	22,646,235	22,646,235
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**22,859,191**	**22,923,051**	**22,923,051**
Capital Contributed	11,225,000	10,700,000	10,700,000
Distributions to Date	-	-	-
Earnings to Date	(312,751)	(933,116)	(397,194)
Total Equity	**10,912,249**	**9,766,884**	**10,302,806**
Total Liabilities & Equity	**33,771,440**	**32,689,935**	**33,225,857**

Financial Results:

Revenue through the fourth quarter exceeded budget due to strong occupancy and Early Termination Fees from Other Income. Operating expenses through the fourth quarter were well below budget due to across the board savings. As a result, YTD NOI is well ahead of budget due to timing of expenses from the recent acquisition. Although very early in our ownership, this asset is exceeding its initial pro forma objectives at this time.

	Trailing 12 Prior Owner	Stabilized 9/12/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,971,066**	**3,687,266**	**930,081**	**933,468**	0.36%	**769,554**	**776,775**	0.94%
Vacancy	(148,046)	(221,236)	(55,805)	(52,962)	5.09%	(46,173)	(52,962)	-14.70%
Credit Loss & Concession	(18,901)	(27,654)	(5,740)	(1,547)	73.05%	(4,748)	(1,547)	67.42%
Gross Effective Rent	**2,804,119**	**3,438,376**	**868,536**	**878,959**	1.20%	**718,633**	**722,266**	0.51%
Other Income	344,895	323,330	93,181	99,436	6.71%	76,993	87,713	13.92%
Gross Operating Income	**3,149,014**	**3,761,706**	**961,717**	**978,395**	1.73%	**795,626**	**809,979**	1.80%
Operating Expense	(1,325,566)	(1,501,985)	(399,221)	(349,560)	12.44%	(329,153)	(301,711)	8.34%
Net Operating Income	**1,823,448**	**2,259,720**	**562,496**	**628,835**	11.79%	**466,473**	**508,268**	8.96%
Vacancy	4.98%	6.00%	6.00%	0.00%		6.00%	0.00%	
Economic Vacancy	5.62%	6.75%	6.62%	5.84%		6.62%	7.02%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.0**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

This asset has limited risk due to its non recourse debt, low floating interest rate, and rate cap, and strong cash flow. No material risks are seen at this time.

SPIRE CAPITAL

Jasmine at Winters Chapel

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	10/3/2013
Location:	Atlanta, GA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	15,055,000
Units:	592	Realized Proceeds:	-
NRSF:	472,986	Unrealized Value:	14,865,035
Acres:	42.20	Implied Value:	14,865,035
Vintage:	1989/2011	Implied Gain / (Loss):	(189,965)
Prop. / Const. Mgmt. Fee	2.5%/4.0% BPM	Return Multiple:	0.99x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	19.78%
		Value Method:	Cost

Background:

Jasmine at Winters Chapel is a 592 unit garden-style apartment community located in Doraville, DeKalb County, Georgia, 15 miles northeast of downtown Atlanta. The community is bordered by the highly desirable cities of Dunwoody and Sandy Springs and sits between Buford Highway and Peachtree Industrial Blvd providing quick access to the I-285 business loop and I-85. The property is well maintained and previous ownership spent over $2,000,000 on amenity improvements and exterior renovation. Additional exterior and community amenity opportunities exist at this site, along with unit interior renovations, since the majority of the units have original finishes. This asset had a non recourse Freddie Mac loan, which required assumption, and enhanced our per unit purchase price.

Activity Update:

The property was purchased at the beginning of the quarter and operations reflect the initial setup, deployment of initial capital, and commencement of the plan. The exterior is in good condition but there are still capital dollars allocated to improve the clubhouse, landscaping/curb appeal, barbeque pits, pool areas, update gym equipment and begin interior renovations. It is estimated that we will upgrade approximately 70% of the units to either full or partial rehab units with premiums estimated between $60-100 and every unit that is 'turned' will receive some minor updates. Management has secured a great on site team early in this takeover, and that has benefitted early operations.

Investment Thesis:

	Status:
• Complete common area and amenity improvements to drive revenues.	(Underway)
• Increase rents through interior unit upgrades.	(Underway)
• Reduce expenses through implementation of better management controls.	(Underway)
• Purchase property at well below replacement cost as a result of debt pkg.	(Completed)

Debt Summary:

Assumed non recourse Freddie Mac Loan through Walker & Dunlop, with a Fixed Interest Rate, and IO structure through October 2014. Loan can be prepaid inside Fund maturity with 1% penalty.

	WalkerDunlop/Freddie	
Loan Balance:	21,945,000	-
Interest Rate:	4.38%	-
Maturity:	10/1/2018	-
Amortization:	2 Yr. IO	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	3,563,326	4,145,712	4,145,712
Real Estate/Note Value	33,000,000	33,059,051	33,059,051
Dep./Amort. & Trans. Cost	315,233	(573,519)	-
Total Assets	**36,878,559**	**36,631,244**	**37,204,763**
Liabilities & Equity			
Current Liabilities	265,821	394,728	394,728
Debt - WalkerDunlop/Fred	21,945,000	21,945,000	21,945,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**22,210,821**	**22,339,728**	**22,339,728**
Capital Contributed	15,055,000	15,055,000	15,055,000
Distributions to Date	-	-	-
Earnings to Date	(387,262)	(763,484)	(189,965)
Total Equity	**14,667,738**	**14,291,516**	**14,865,035**
Total Liabilities & Equity	**36,878,559**	**36,631,244**	**37,204,763**

Financial Results:

Q4 reflected the initial setup of operations, and the property got off to a great start. Revenues were ahead of budget due to higher effective rent and high occupancy. In addition, rent growth and other income were better than projections. Expenses were below budget across the board, due primarily to timing of expenses. As a result, NOI was well ahead of plan. Occupancy will not be forced, but as units come available they will be turned. It is natural in most properties that the occupancy does drop as the tenant base is changed. We expect expenses to reflect stabilized operations moving forward. Although early in the ownership cycle, this asset is meeting its pro forma objectives to date.

	Trailing 12 Prior Owner	Stabilized 10/3/2013	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**4,665,258**	**5,517,637**	**1,180,617**	**1,192,853**	1.04%	**1,180,617**	**1,192,853**	1.04%
Vacancy	(344,000)	(358,646)	(100,384)	(53,232)	46.97%	(100,384)	(53,232)	46.97%
Credit Loss & Concession	(87,231)	(55,176)	(23,612)	(14,947)	36.70%	(23,612)	(14,947)	36.70%
Gross Effective Rent	**4,234,028**	**5,103,814**	**1,056,621**	**1,124,674**	6.44%	**1,056,621**	**1,124,674**	6.44%
Other Income	460,986	491,339	112,725	125,601	11.42%	112,725	125,601	11.42%
Gross Operating Income	**4,695,014**	**5,595,153**	**1,169,346**	**1,250,275**	6.92%	**1,169,346**	**1,250,275**	6.92%
Operating Expense	(2,635,383)	(2,708,220)	(639,531)	(478,679)	25.15%	(639,531)	(478,679)	25.15%
Net Operating Income	**2,059,630**	**2,886,934**	**529,815**	**771,596**	45.63%	**529,815**	**771,596**	45.63%
Vacancy	6.56%	6.50%	8.50%	0.00%		8.50%	0.00%	
Economic Vacancy	9.24%	7.50%	10.50%	5.72%		10.50%	5.72%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	3	2
Total	**100%**	**2.3**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Risk assessment is improving with the completion of the scheduled rehab, and higher treasury movement. No material risks are seen with this asset, at this time.

SPIRE CAPITAL

Meridian Pointe Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	10/11/2013
Location:	Duluth, GA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	4,210,000
Units:	164	Realized Proceeds:	-
NRSF:	226,105	Unrealized Value:	4,040,424
Acres:	21.00	Implied Value:	4,040,424
Vintage:	1990	Implied Gain / (Loss):	(169,576)
Prop. / Const. Mgmt. Fee	3.5%/4.0% BPM	Return Multiple:	0.96x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	20.64%
		Value Method:	Cost

Background:

Meridian Pointe Apartments is a 162 unit garden-style community built in 1990 and located in Duluth, Georgia. Located less than a mile from I-85 and GA 316 on Boggs Road, Meridian Pointe enjoys a premiere location in the Duluth submarket of Gwinnett County. The Boggs Road corridor is a heavily traveled corridor, convenient to Gwinnett County's top employers and major corporate headquarters as well as the area's primary retail district, Gwinnet Place. The property provided ROC the opportunity to complete common area, amenity, and interior units upgrades designed to increase rents, and take advantage of the large, unique floor plans in driving additional value.

Activity Update:

The property was purchased at the beginning of the quarter and operations reflect the initial setup, deployment of initial capital, and commencement of the business plan. The exterior will receive new paint, roofs, a redesigned clubhouse providing a new business and fitness center, and clubroom area for the residents. Additional improvements include landscaping/curb appeal, barbeque pits, updated pool area, new playground, and sport court, along with interior unit renovations. It is estimated that we will upgrade approximately 50% of the units to either full or partial rehab units with premiums of $50-$100 .

Investment Thesis:

	Status:
• Complete common area and amenity improvements to drive revenues.	(Underway)
• Increase rents through interior unit upgrades.	(Underway)
• Reduce expenses through implementation of better management controls.	(Underway)
• Receive strong cash flows resulting from attractive fixed rate debt.	(Completed)

Debt Summary:

Key Bank provided a non recourse, Freddie Mac Loan @ 299 + LIBOR, 2 year cap at 5.75%. 5 year YM requirement/1% prepay thereafter, and 12 months Interest Only. 7 year maturity.

	Key Bank	
Loan Balance:	7,762,000	-
Interest Rate:		-
Maturity:	11/1/2020	-
Amortization:	12 mo. IO	-
Rate Lock:	-	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	1,381,707	1,470,388	1,470,388
Real Estate/Note Value	10,350,000	10,488,794	10,488,794
Dep./Amort. & Trans. Cost	214,710	(85,211)	-
Total Assets	**11,946,417**	**11,873,971**	**11,959,182**
Liabilities & Equity			
Current Liabilities	91,084	156,758	156,758
Debt - Key Bank	7,762,000	7,762,000	7,762,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**7,853,084**	**7,918,758**	**7,918,758**
Capital Contributed	4,210,000	4,210,000	4,210,000
Distributions to Date	-	-	-
Earnings to Date	(116,667)	(254,787)	(169,576)
Total Equity	**4,093,333**	**3,955,213**	**4,040,424**
Total Liabilities & Equity	**11,946,417**	**11,873,971**	**11,959,182**

Financial Results:

Q4 reflected a strong start to initial operations. Revenues were ahead of budget due primarily to savings in concession and credit loss. Other income is a little lower than anticipated but may be due to timing. Expenses were well below budget, but this again is due to acquisition timing. NOI was therefore well ahead of plan. Debt service and rehab appear to be within budget at this time. Although early in our ownership period, this asset is meeting is initial pro forma objectives to date.

	Trailing 12 Prior Owner	Stabilized 10/11/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**1,597,721**	**1,861,270**	**360,957**	**363,828**	0.80%	**360,957**	**363,828**	0.80%
Vacancy	(104,810)	(130,289)	(27,749)	(25,855)	6.83%	(27,749)	(25,855)	6.83%
Credit Loss & Concession	(111,521)	(27,919)	(17,971)	(2,923)	83.73%	(17,971)	(2,923)	83.73%
Gross Effective Rent	**1,381,389**	**1,703,062**	**315,237**	**335,050**	6.29%	**315,237**	**335,050**	6.29%
Other Income	211,353	185,064	39,174	34,089	-12.98%	39,174	34,089	-12.98%
Gross Operating Income	**1,592,742**	**1,888,126**	**354,411**	**369,139**	4.16%	**354,411**	**369,139**	4.16%
Operating Expense	(944,348)	(947,039)	(188,206)	(127,835)	32.08%	(188,206)	(127,835)	32.08%
Net Operating Income	**648,394**	**941,088**	**166,205**	**241,304**	45.18%	**166,205**	**241,304**	45.18%
Vacancy	6.56%	7.00%	7.69%	0.00%		7.69%	0.00%	
Economic Vacancy	13.54%	8.50%	12.67%	7.91%		12.67%	7.91%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.4**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Risk assessment will continue to improving with the completion of the scheduled rehab. Occupancy and earnings are strong. The debt is non recourse, and there are no apparent material risks at this time.

SPIRE CAPITAL

Aventerra Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	10/21/2013
Location:	Mesa, AZ	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	15,625,000
Units:	576	Realized Proceeds:	-
NRSF:	449,280	Unrealized Value:	15,153,488
Acres:	29.48	Implied Value:	15,153,488
Vintage:	1980	Implied Gain / (Loss):	(471,512)
Prop. / Const. Mgmt. Fee	2.5%/4.0% BPM	Return Multiple:	0.97x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	22.65%
		Value Method:	Cost

Background:

Aventerra at Dobson Ranch is a 576 unit Class "B" property in a convenient infill location that overlooks the Dobson Ranch Golf Course and lake within the Dobson Ranch Master Planned Community. The community includes seven man-made lakes, three major recreation centers, more than a dozen tennis courts, four swimming pools, and many playgrounds, parks, and scenic lakeside pathways. Due to its location, the property should be commanding stronger rents, however, the property is in need of a substantial rehab. Amenities include a resort-style swimming pool, children's playground, new leasing and business center, putting green, swimming pool, two spas, fitness center, volleyball and basketball courts, and a soccer field. The capital improvement plan calls for substantial renovations to the activity center, fitness center, new exterior paint, landscaping, pool area decking, children's playground, picnic areas with barbecues, along with 58 full interior unit upgrades, 58 partial interior unit upgrades and 460 light interior unit upgrades.

Activity Update:

This asset was acquired in Q4. Occupancy at the end of Q4 was 90%. Capital improvements to the exteriors have commenced. Goals for Q1 are to increase occupancy from 90% to 92%, continue exterior and common area improvements, finalize the design and permits for the new Activity Center, and complete 32 rehabs.

Investment Thesis:

	Status:
• Purchase asset at a substantial discount to replacement cost.	(Completed)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through more efficient operational practices	(Underway)

Debt Summary:

Loan assumption, 10-year note, with Walker Dunlop/Freddie Mac, IO through Nov 2014. Supplemental loan at $5,500,000, fully amortizing. Fixed interest rate at 4.91%. Loan is non recourse except carve outs.

	Walker Dunlop/Freddie	
Loan Balance:	25,882,214	-
Interest Rate:		4.91%
Maturity:	11/1/2021	11/1/2021
Amortization:	30 Year	30 Year
Rate Lock:	Fixed	Fixed
% Recourse to the fund:	0.00%	0.00%

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,787,768	3,132,594	3,132,594
Real Estate/Note Value	38,425,000	38,473,829	38,473,829
Dep./Amort. & Trans. Cost	429,764	(515,948)	-
Total Assets	**41,642,532**	**41,090,475**	**41,606,423**
Liabilities & Equity			
Current Liabilities	359,974	570,721	570,721
Debt - Walker Dunlop/Fre	5,500,000	25,882,214	5,494,214
Debt -	20,388,000	-	20,388,000
Other Long-Term Liab.	-	-	-
Total Liabilities	**26,247,974**	**26,452,935**	**26,452,935**
Capital Contributed	15,625,000	15,625,000	15,625,000
Distributions to Date	-	-	-
Earnings to Date	(230,442)	(987,460)	(471,512)
Total Equity	**15,394,558**	**14,637,540**	**15,153,488**
Total Liabilities & Equity	**41,642,532**	**41,090,475**	**41,606,423**

Financial Results:

Revenues through the fourth quarter exceeded budget due to higher than expected Rents and occupancy. Operating expenses through the fourth quarter were well below budget due to timing of the acquisition. YTD NOI is well over budget but this is not a true measurement due to the timing of acquisition. Debt Service and rehab are within budget. This asset is currently exceeding its initial pro forma expectations.

	Trailing 12 Prior Owner	Stabilized 10/21/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**4,821,702**	**5,592,194**	**950,676**	**966,068**	1.62%	**950,676**	**966,068**	1.62%
Vacancy	(441,416)	(391,454)	(115,387)	(65,231)	43.47%	(115,387)	(65,231)	43.47%
Credit Loss & Concession	(170,058)	(172,240)	(41,346)	(17,909)	56.69%	(41,346)	(17,909)	56.69%
Gross Effective Rent	**4,210,228**	**5,028,501**	**793,943**	**882,928**	11.21%	**793,943**	**882,928**	11.21%
Other Income	466,278	404,716	73,774	67,844	-8.04%	73,774	67,844	-8.04%
Gross Operating Income	**4,676,506**	**5,433,217**	**867,717**	**950,772**	9.57%	**867,717**	**950,772**	9.57%
Operating Expense	(2,022,284)	(2,258,269)	(403,197)	(301,511)	25.22%	(403,197)	(301,511)	25.22%
Net Operating Income	**2,654,222**	**3,174,947**	**464,520**	**649,261**	39.77%	**464,520**	**649,261**	39.77%
Vacancy	9.15%	7.00%	12.14%	0.00%		12.14%	0.00%	
Economic Vacancy	12.68%	10.08%	16.49%	8.61%		16.49%	8.61%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.6**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

We are early in our ownership, and still working through the rehab and tenant repositioning which will take through 2014. Debt is fixed and non recourse and there are no material risks with this asset at this time.

SPIRE CAPITAL

Shadows of Cottonwood Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	10/31/2013
Location:	Dallas, TX	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	11,350,000
Units:	504	Realized Proceeds:	-
NRSF:	426,048	Unrealized Value:	10,892,649
Acres:	21.00	Implied Value:	10,892,649
Vintage:	1984	Implied Gain / (Loss):	(457,351)
Prop. / Const. Mgmt. Fee	2.5%/4.0% BPM	Return Multiple:	0.96x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	20.00%
		Value Method:	Cost

Background:

Shadows of Cottonwood is a 504-unit, 1984 built multi-family asset located in a good neighborhood, just east of the Dallas/Fort Worth airport. The asset was stabilized, but provides substantial "value add" opportunities through common area, amenity, and interior unit improvements. In addition the business plan anticipates reducing expenses and placing a strong debt package to enhance cash flow during the ownership period.

Activity Update:

The asset was purchased mid-quarter. The initial curb appeal projects and other exterior renovations have commenced. Plans include repainting the asset (there is savings here with a mostly brick exterior which will not be painted), improving the landscape, installing a dog park, improving the pool and spa areas with upgraded barbeque grills, awnings, and a major upgrade to the balconies to remove the dated look. We have begun upgrading interior units and anticipate premiums of $60-120, depending on the type of upgrade.

Investment Thesis:

	Status:
• Complete significant improvements to upgrade amenities and drive revenues.	(Underway)
• Enhance NOI through better expense management and other income.	(Underway)
• Increase rents through interior unit improvements.	(Underway)
• Drive strong cash flows through attractive debt package.	(Completed)

Debt Summary:

Wells Fargo provided a bridge loan @ 225 + LIBOR variable rate with 2 yr. cap at 5.25%. Non recourse initially, however, Springing recourse if NOI falls below 8.5% DY. Two 1 year loan extensions available.

	Wells Fargo	
Loan Balance:	30,750,000	-
Interest Rate:	LIBOR + 225	-
Maturity:	1/1/2016	-
Amortization:	12 mo. IO	-
Rate Lock:	Float w/Cap	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	270,197	873,332	873,332
Real Estate/Note Value	41,000,000	41,003,377	41,003,377
Dep./Amort. & Trans. Cost	438,791	(630,887)	-
Total Assets	**41,708,988**	**41,245,822**	**41,876,709**
Liabilities & Equity			
Current Liabilities	74,504	234,060	234,060
Debt - Wells Fargo	30,750,000	30,750,000	30,750,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**30,824,504**	**30,984,060**	**30,984,060**
Capital Contributed	11,350,000	11,350,000	11,350,000
Distributions to Date	-	-	-
Earnings to Date	(465,516)	(1,088,238)	(457,351)
Total Equity	**10,884,484**	**10,261,762**	**10,892,649**
Total Liabilities & Equity	**41,708,988**	**41,245,822**	**41,876,709**

Financial Results:

Q4 Revenues and expenses reflect only a partial quarter, but got off to a good start with revenues over budget and expenses below budget. Of particular note are the Gross Rents which are substantially higher than initially anticipated. As a result, the partial period NOI was well ahead of budget. Debt service and rehab appear to be within budget guidelines at this time. It is too early in the ownership period to rate whether this asset is meeting its initial pro forma operating objectives, but we are pleased with the strong start.

	Trailing 12 Prior Owner	Stabilized 10/31/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**4,850,512**	**5,932,149**	**832,966**	**854,787**	2.62%	**832,966**	**854,787**	2.62%
Vacancy	(266,833)	(355,929)	(49,977)	(69,668)	-39.40%	(49,977)	(69,668)	-39.40%
Credit Loss & Concession	(47,276)	(88,982)	(6,414)	(3,046)	52.51%	(6,414)	(3,046)	52.51%
Gross Effective Rent	**4,536,402**	**5,487,238**	**776,575**	**782,073**	0.71%	**776,575**	**782,073**	0.71%
Other Income	605,695	583,664	93,220	99,687	6.94%	93,220	99,687	6.94%
Gross Operating Income	**5,142,097**	**6,070,902**	**869,795**	**881,760**	1.38%	**869,795**	**881,760**	1.38%
Operating Expense	(2,506,569)	(2,822,053)	(433,100)	(313,057)	27.72%	(433,100)	(313,057)	27.72%
Net Operating Income	**2,635,528**	**3,248,849**	**436,695**	**568,703**	30.23%	**436,695**	**568,703**	30.23%
Vacancy	5.50%	6.00%	6.00%	0.00%		6.00%	0.00%	
Economic Vacancy	6.48%	7.50%	6.77%	8.51%		6.77%	8.51%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.0**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The risk assessment will improve with the completion of the scheduled rehab. The debt is non recourse, and cash flow is strong. As such, no material risks are seen at this time.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

Falls at Gwinnett Place Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Stayner	Date Acquired:	11/25/2013
Location:	Duluth, GA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	8,725,000
Units:	520	Realized Proceeds:	-
NRSF:	502,676	Unrealized Value:	8,401,976
Acres:	41.16	Implied Value:	8,401,976
Vintage:	1986	Implied Gain / (Loss):	(323,024)
Prop. / Const. Mgmt. Fee	2.5%/4.0% BPM	Return Multiple:	0.96x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	21.40%
		Value Method:	Cost

Background:

The Falls of Gwinnett Place is a 520 unit garden-style apartment community developed in 1986, just one mile from the Gwinnett Place Mall. The asset is located in Duluth, Georgia, within the desirable North Gwinnett submarket of Atlanta. The average occupancy in the North Gwinnett submarket will hover around 5% over the next four years and effective rents are forecast to grow 4.23% average annually over the same period, not including rehab growth. The previous owner recently underwent an extensive renovation program to modernize the building exteriors. However, common area and amenity improvements, along with an interior upgrade schedule will allow us to drive rents. In addition, a strong debt package will provide the Fund great cash flow during the rehab and ownership period.

Activity Update:

The asset was purchased towards the end of the quarter. Operations reflect the initial set up and deployment of initial capital. Efforts at the property literally started on fire with 8 units going down to a resident started fire resulting in a $500,000.00 loss claim. 4 of the units have been restored as the damage was minor, and the remaining units will be back online in Q1. Plans include a full paint of the exterior, improved fencing and gating, extensive pool area upgrades, a new sport court and playground area, along with a revitalized clubhouse and exercise facility. In addition, we will upgrade 70% of the interior units, with estimated premiums of $75-100, depending on the type of improvement. Plans for the new amenity areas will be finalized and commenced in Q1, along with the commencement of these interior unit upgrades.

Investment Thesis:

	Status:
• Complete common area and amenity improvements to drive revenues.	(Underway)
• Increase rents through interior unit upgrades.	(Underway)
• Reduce expenses through implementation of better management controls.	(Underway)
• Drive strong cash flows resulting from attractive debt package.	(Completed)

Debt Summary:

Wells Fargo Bank provided a non recourse, FNMA Loan for 5 years, with a fixed interest rate, 12 months IO, and 4 year YM penalty, with 1% prepay thereafter.

	Wells Fargo/Fannie Mae	
Loan Balance:	24,000,000	-
Interest Rate:	3.78%	-
Maturity:	12/1/2018	-
Amortization:	12 mo. IO	-
Rate Lock:	Fixed	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	281,169	624,714	624,714
Real Estate/Note Value	31,981,300	31,971,887	31,971,887
Dep./Amort. & Trans. Cost	194,973	(622,301)	-
Total Assets	**32,457,442**	**31,974,300**	**32,596,601**
Liabilities & Equity			
Current Liabilities	84,229	194,625	194,625
Debt - Wells Fargo/Fannie	24,000,000	24,000,000	24,000,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**24,084,229**	**24,194,625**	**24,194,625**
Capital Contributed	8,725,000	8,725,000	8,725,000
Distributions to Date	-	-	-
Earnings to Date	(351,787)	(945,325)	(323,024)
Total Equity	**8,373,213**	**7,779,675**	**8,401,976**
Total Liabilities & Equity	**32,457,442**	**31,974,300**	**32,596,601**

Financial Results:

Q4 reflected the initial setup of operations as the asset was purchased in the latter half of the quarter. Revenues were strong across the board, and expenses were well below budget due to the timing of the acquisition. As a result, NOI was well ahead of schedule. Debt service and rehab appear to be within budget at this time, but it is too early to rate this asset's performance. Nonetheless, we are highly encouraged with the start of our ownership period.

	Trailing 12 Prior Owner	Stabilized 11/25/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**4,036,210**	**4,865,422**	**412,082**	**414,726**	0.64%	**412,082**	**414,726**	0.64%
Vacancy	(325,493)	(364,907)	(43,962)	(26,568)	39.57%	(43,962)	(26,568)	39.57%
Credit Loss & Concession	(86,255)	(72,981)	(13,042)	(349)	97.32%	(13,042)	(349)	97.32%
Gross Effective Rent	**3,624,462**	**4,427,534**	**355,078**	**387,809**	9.22%	**355,078**	**387,809**	9.22%
Other Income	746,384	716,525	66,738	62,380	-6.53%	66,738	62,380	-6.53%
Gross Operating Income	**4,370,846**	**5,144,059**	**421,816**	**450,189**	6.73%	**421,816**	**450,189**	6.73%
Operating Expense	(2,269,846)	(2,452,412)	(224,796)	(109,303)	51.38%	(224,796)	(109,303)	51.38%
Net Operating Income	**2,101,000**	**2,691,646**	**197,020**	**340,886**	73.02%	**197,020**	**340,886**	73.02%
Vacancy	8.06%	7.50%	10.67%	0.00%		10.67%	0.00%	
Economic Vacancy	10.20%	9.00%	13.83%	6.49%		13.83%	6.49%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	2	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.0**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Although working through a scheduled rehab, there are no material risks seen with this asset, at this time.

Notes: Figures represent 100% of investment including non-controlling interest.

Village at Seeley Lake Apartments

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager/DeGraw	Date Acquired:	12/19/2013
Location:	Lakewood, WA	Date Sold:	-
Type:	Multifamily	Total Fund Investment:	16,575,000
Units:	522	Realized Proceeds:	-
NRSF:	466,951	Unrealized Value:	15,848,692
Acres:	27.36	Implied Value:	15,848,692
Vintage:	1989	Implied Gain / (Loss):	(726,308)
Prop. / Const. Mgmt. Fee	2.5%/4.0% BPM	Return Multiple:	0.96x
Fund Ownership %:	100.00% ROC II	IRR:	NM
Co-Sponsors:	0.00% -	Pro Forma IRR:	21.54%
		Value Method:	Cost

Background:

The Village at Seeley Lake is a 522 unit garden-style apartment community in Lakewood, Washington. The project presents the opportunity to add value through interior unit renovations, amenity improvements and expansion, and common area upgrades. The resident base at Village at Seeley Lake is nearly 80% military or military related employees due to its location. To mitigate risk, we plan to reduce military presence over time. Interior finishes are original and will benefit from our renovation program. The capital improvement plan calls for a thorough clubhouse/activity center renovation, new playground and dog park, sport court, picnic areas with barbecues, new paint, landscaping, pool area, lighting, 200 full interior unit upgrades, 157 moderate interior unit upgrades and 165 light interior unit upgrades.

Activity Update:

This asset was acquired in December with an occupancy of 94% at the end of the quarter. Plans are underway for the clubhouse/activity center improvements. Goals for Q1 are to commence the common area and unit upgrades, while securing permits for the clubhouse/activity center renovation.

Investment Thesis:

	Status:
• Drive value through diverse resident repositioning.	(Underway)
• Drive revenues through interior unit upgrades.	(Underway)
• Drive rent growth through common area/amenity improvements.	(Underway)
• Reduce expenses through more efficient operational practices	(Underway)

Debt Summary:

Key Bank 36 month loan, 24 months IO converting to 30 year amort. Jan 2016.
LIBOR + 242 bps. No Cap or Swap at this time. Non recourse to the Fund.

	Key Bank	
Loan Balance:	32,305,000	-
Interest Rate:	LIBOR + 242	-
Maturity:	12/1/2016	-
Amortization:	IO/30	-
Rate Lock:	Float	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	2,618,857	2,624,520	2,624,520
Real Estate/Note Value	45,750,000	45,750,000	45,750,000
Dep./Amort. & Trans. Cost	362,683	(836,411)	-
Total Assets	**48,731,541**	**47,538,109**	**48,374,520**
Liabilities & Equity			
Current Liabilities	181,491	220,828	220,828
Debt - Key Bank	32,305,000	32,305,000	32,305,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**32,486,491**	**32,525,828**	**32,525,828**
Capital Contributed	16,571,700	16,575,000	16,575,000
Distributions to Date	-	-	-
Earnings to Date	(326,650)	(1,562,719)	(726,308)
Total Equity	**16,245,050**	**15,012,281**	**15,848,692**
Total Liabilities & Equity	**48,731,541**	**47,538,109**	**48,374,520**

Financial Results:

This asset was acquired late Q4 and provided no real operational metrics during the quarter.

	Trailing 12 Prior Owner	Stabilized 12/19/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**5,758,097**	**6,378,532**	**-**	**179,084**		**-**	**179,084**	
Vacancy	(370,664)	(382,712)	-	-		-	-	
Credit Loss & Concession	(505,279)	(159,463)	-	-		-	-	
Gross Effective Rent	**4,882,154**	**5,836,357**	**-**	**179,084**		**-**	**179,084**	
Other Income	938,861	799,027	-	15		-	15	
Gross Operating Income	**5,821,015**	**6,635,384**	**-**	**179,099**		**-**	**179,099**	
Operating Expense	(2,879,258)	(2,969,486)	-	(38,820)		-	(38,820)	
Net Operating Income	**2,941,757**	**3,665,898**	**-**	**140,279**		**-**	**140,279**	
Vacancy	6.44%	6.00%	-	0.00%		-	0.00%	
Economic Vacancy	15.21%	8.50%		0.00%			0.00%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.6**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

The acquisition was financed non recourse, however, no cap or swap is in place. This will be evaluated by the ALCO committee in Q1. While requiring substantial rehab in 2014 there are no material risks associated with this asset at this time.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

1700 West Loop Building

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager	Date Acquired:	6/1/2012
Location:	Houston, TX	Date Sold:	-
Type:	Office	Total Fund Investment:	19,900,000
Units:	N.A.	Realized Proceeds:	455,000
NRSF:	272,113	Unrealized Value:	23,127,643
Acres:	1.57	Implied Value:	23,582,643
Vintage:	1976	Implied Gain / (Loss):	3,682,643
Prop. / Const. Mgmt. Fee	3.0%/3.5% DPC/BPM	Return Multiple:	1.19x
Fund Ownership %:	100.00% ROC II	IRR:	13.71%
Co-Sponsors:	0.00% -	Pro Forma IRR:	25.40%
		Value Method:	DCF

Background:

1700 W. Loop is a 15-story office tower located in the Galleria submarket in Houston, TX. The building was 79.9% leased when purchased, with Christus Health occupying 40.4% and Burns & McDonnell occupying 21.7%. The property also includes a 10-story parking structure which is owned by the asset but shared with the adjoining Marriott hotel. Additionally there is a common utility plant and the first floor of the office tower which are the subject of a permanent easement on the property. The Asset Team has significantly improved the exterior of the building, the lobby, corridors, and bathrooms. Christus Health vacated and paid a significant termination fee to do so. That money was then used to pay for a significant portion of a renewal and expansion tenant improvements that were negotiated with Burns and McDonnell. Burns and McDonnell now has 115,000 total sf with a 10 year term starting at $17.50 NNN rent. This brought occupancy to approximately 76%. At the end of Q4 2013 the capital improvements were complete and the Tenant Improvements for the Burns and McDonnell expansion space was well underway.

Activity Update:

In Q4 we began and made significant progress in the tenant improvements for the Burns & McDonnell expansion and renewal space. The common area construction rehab was completed and the building was presented to the leasing market at a broker open house on November 6th. We anticipate an increase in leasing activity now that the rehab is complete and the Burns & McDonnell lease-up has been finalized. Operations suffered in 2013 due to the transition of the tenant base and considerable time delays caused by problems with securing access to our reserve dollars from our current lender. The adjacent and connected Marriott hotel is under contract to sell in Q-1 2014 to a value add hotel player and significant renovations are anticipated on the hotel for 2014. The new lease rate with B&M, combined with the new improvements to the building, and planned improvements for the hotel should directly benefit the repositioning of this asset.

Investment Thesis:

	Status:
• Purchase at a substantial discount to replacement cost.	(Completed)
• Drive revenues through strategic improvements and repositioning.	(Completed)
• Drive revenues through lease up and conversion to NNN leases.	(Underway)
• Drive revenues through re-leasing the Christus space at market rents.	(Completed)

Debt Summary:

Key Bank provided a 5-year, fixed rate loan at 5.5%, with 1 year I.O., and 30-year amortization thereafter. Loan is non recourse to the Fund except for standard carve outs.

	Key Bank/Guggenheim	
Loan Balance:	23,553,529	-
Interest Rate:	5.50%	-
Maturity:	6/6/2017	-
Amortization:	30 year	-
Rate Lock:	fixed rate	-
% Recourse to the fund:	0.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	1,448,646	3,221,346	3,221,346
Real Estate/Note Value	36,250,000	45,231,012	45,691,294
Dep./Amort. & Trans. Cost	912,874	(442,687)	-
Total Assets	**38,611,520**	**48,009,671**	**48,912,640**
Liabilities & Equity			
Current Liabilities	1,029,033	2,231,468	2,231,468
Debt - Key Bank/Guggenh	23,700,000	23,553,529	23,553,529
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**24,729,033**	**25,784,997**	**25,784,997**
Capital Contributed	14,000,000	19,900,000	19,900,000
Distributions to Date	-	(455,000)	(455,000)
Earnings to Date	(117,512)	2,779,674	3,682,643
Total Equity	**13,882,488**	**22,224,674**	**23,127,643**
Total Liabilities & Equity	**38,611,520**	**48,009,671**	**48,912,640**

Financial Results:

Q4 and YTD Revenue were well below budget due to Christus lease termination and timing of the B & M improvements/lease inception. The termination fee was $4.5 million; however, this is not reflected in the rental revenue for the year. Operating expenses were over budget as well. As a result, NOI for 2013 was well under budget. The new lease with Burns & McDonnell restores our occupancy to just below where we bought it, but provides a much better lease rate than Christus, and a long term tenant. Debt service has been as projected. However, rehab has been more than expected. As a result, this asset is currently not meeting its initial pro forma projections.

	Trailing 12 Prior Owner	Stabilized 12/31/2013	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**5,041,630**	**5,209,157**	**4,735,253**	**4,880,839**	3.07%	**1,182,572**	**1,172,340**	-0.87%
Vacancy	(913,440)	(520,916)	(326,451)	(1,452,911)	-345.06%	(38,092)	(527,722)	-1285.39%
Credit Loss & Concession	-	-	(144,773)	(20,518)	85.83%	(42,860)	(20,518)	52.13%
Gross Effective Rent	**4,128,190**	**4,688,241**	**4,264,029**	**3,407,410**	-20.09%	**1,101,620**	**624,100**	-43.35%
Other Income	1,949,110	2,194,624	2,045,020	2,115,469	3.44%	490,109	447,697	-8.65%
Gross Operating Income	**6,077,300**	**6,882,865**	**6,309,049**	**5,522,879**	-12.46%	**1,591,729**	**1,071,797**	-32.66%
Operating Expense	(3,468,723)	(3,510,368)	(3,038,834)	(3,233,914)	-6.42%	(766,444)	(840,667)	-9.68%
Net Operating Income	**2,608,577**	**3,372,497**	**3,270,215**	**2,288,965**	-30.01%	**825,285**	**231,130**	-71.99%
Vacancy	20.12%	10.00%	6.89%	29.77%		3.22%	45.01%	
Economic Vacancy	18.12%	10.00%	9.95%	30.19%		6.85%	46.76%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	3	2
Asset Quality	20%	2	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.7**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Leasing risk remains although the long term leases in place generate a 1.8 DSCR after free rent period. Overall the asset is in good condition and is now ready for full lease up.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

LaSalle 29 Building

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager	Date Acquired:	4/30/2013
Location:	Chicago, IL	Date Sold:	-
Type:	Office	Total Fund Investment:	7,420,000
Units:	NA	Realized Proceeds:	-
NRSF:	172,894	Unrealized Value:	7,858,766
Acres:	NA	Implied Value:	7,858,766
Vintage:	1904	Implied Gain / (Loss):	438,766
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM & Hamilto	Return Multiple:	1.06x
Fund Ownership %:	95.00% ROC II	IRR:	8.21%
Co-Sponsors:	5.00% Hamilton	Pro Forma IRR:	25.75%
		Value Method:	DCF

Background:

LaSalle consists of two office buildings with retail (a combined 382,492 square feet) located in the "heart" of downtown Chicago's Central Loop Financial District at the Northeast corner of South LaSalle and West Monroe Streets. We acquired the first position loan at a significant discount and obtained a deed-in-lieu immediately from the borrower. Our business plan provided two alternatives, either renovate and lease up as an office, or sale to a hotel developer.

Activity Update:

In light of the January, 2014 sale of the 39 Building, we are currently evaluating the thresholds for selling the 29 Building without renovation versus holding as an office building and performing a full renovation. We are entertaining unsolicited offers and will make a decision in Q1 2014, once we finalize the 39 Building disposition. Operationally, the asset is performing as expected. Operations are stable but currently just below break even. Given the uncertainty about our hold parameters we are unable to aggressively pursue leasing at this time.

Investment Thesis:

	Status:
• Purchase note at a substantial discount and obtain Deed in Lieu.	(Completed)
• Reduce basis through sale of one of the two buildings to Hotel Developer.	(Underway)
• Reduce basis by securing historic tax credits.	(Underway)
• Drive revenues through renovation and leasing.	(Underway)

Debt Summary:

No debt has been placed. Will finalize debt package once 39 Building sale is finalized.

Loan Balance:	-	-
Interest Rate:	-	-
Maturity:	-	-
Amortization:	-	-
Rate Lock:	-	-
% Recourse to the fund:	-	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	756,388	732,444	732,444
Real Estate/Note Value	8,967,325	7,890,882	8,288,286
Dep./Amort. & Trans. Cost	(17,106)	(114,484)	-
Total Assets	**9,706,607**	**8,508,842**	**9,020,730**
Liabilities & Equity			
Current Liabilities	996,928	1,036,480	1,036,480
Debt -	-	-	-
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**996,928**	**1,036,480**	**1,036,480**
Capital Contributed	8,694,658	7,522,391	7,522,391
Distributions to Date	-	-	-
Earnings to Date	15,021	(50,029)	461,859
Total Equity	**8,709,679**	**7,472,362**	**7,984,250**
Total Liabilities & Equity	**9,706,607**	**8,508,842**	**9,020,730**

Financial Results:

Q4 Revenues were slightly over budget, as were YTD. Expenses have been higher than budget due to property taxes, and additional R&M required while we wait to finalize the sale of the 39 building, prior to our anticipated renovation of this building. The overall impact to NOI for 2013 will be more than offset by the substantial increase over anticipated sales proceeds for building 39. The asset is currently meeting its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 5/1/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**2,606,274**	**4,018,891**	**1,295,590**	**2,179,025**	68.19%	**560,612**	**937,107**	67.16%
Vacancy	-	(447,056)	-	(836,054)		-	(369,376)	
Credit Loss & Concession	(70,304)	-	(42,040)	(90,359)	-114.94%	(38,699)	(44,290)	-14.45%
Gross Effective Rent	**2,535,970**	**3,571,835**	**1,253,550**	**1,252,612**	-0.07%	**521,913**	**523,441**	0.29%
Other Income	42,823	117,857	72,441	89,450	23.48%	30,671	38,445	25.35%
Gross Operating Income	**2,578,793**	**3,903,442**	**1,325,991**	**1,342,062**	1.21%	**552,584**	**561,886**	1.68%
Operating Expense	(2,047,243)	(2,109,242)	(1,073,272)	(1,200,878)	-11.89%	(514,306)	(569,267)	-10.69%
Net Operating Income	**531,550**	**1,794,200**	**252,719**	**141,184**	-44.13%	**38,278**	**(7,381)**	-119.28%
Vacancy	NA	11.12%	0.00%	38.37%		0.00%	39.42%	
Economic Vacancy	2.70%	11.12%	3.24%	42.52%		6.90%	44.14%	

Valuation Methodology:

"DCF" - Net Present Value of future cash flows and residual supported by third-party sources.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	4	2
Management	20%	3	3
Earnings	20%	4	3
Liquidity	20%	2	3
Legal/Environmental	10%	3	2
Total	**100%**	**3.1**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Currently the property is held all cash so the Capital Adequacy is good. We anticipate adding debt once the business plan is finalized, and will allocate adequate reserves to cover cash flow needs during renovation and lease up. No material risks are seen at this time.

Notes: Figures represent 100% of investment including non-controlling interest.

SPIRE CAPITAL

LaSalle 39 Building

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager	Date Acquired:	4/30/2013
Location:	Chicago, IL	Date Sold:	1/9/2014
Type:	Office	Total Fund Investment:	11,580,000
Units:	NA	Realized Proceeds:	-
NRSF:	209,598	Unrealized Value:	20,130,936
Acres:	NA	Implied Value:	20,130,936
Vintage:	1904	Implied Gain / (Loss):	8,550,936
Prop. / Const. Mgmt. Fee	3.0%/4.0% BPM & Hamilto	Return Multiple:	1.74x
Fund Ownership %:	95.00% ROC II	IRR:	140.84%
Co-Sponsors:	5.00% Hamilton	Pro Forma IRR:	25.75%
		Value Method:	Realized

Background:

LaSalle consists of two office buildings with retail (a combined 382,492 square feet) located in the "heart" of downtown Chicago's Central Loop Financial District at the Northeast corner of South LaSalle and West Monroe Streets. We acquired the first position loan at a significant discount and obtained a deed-in-lieu immediately from borrower. Our business plan provided two alternatives, either renovate and lease as an office building, or sell to a hotel developer.

Activity Update:

The property is under contract to sell for $22M, well above our initial expectations. The buyer is past the due diligence period with one million non-refundable and is expected to close in January. Operations have been slightly worse than initially projected as all renovation/leasing activity has been put on hold, pending the conclusion of this sale.

Investment Thesis:

	Status:
• Purchase note at a substantial discount and obtain Deed in Lieu	(Completed)
• Reduce basis through sale of one of the two buildings to Hotel	(Underway)
• Reduce basis by maximizing tax credits	(Underway)
• Drive revenues through renovation and leasing.	(Underway)

Debt Summary:

No debt has been placed, however, we anticipate placing debt on the 29 Building within 90 days of finalizing the Kimpton sale.

Loan Balance:	-	-
Interest Rate:	-	-
Maturity:	-	-
Amortization:	-	-
Rate Lock:	-	-
% Recourse to the fund:	-	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	1,227,734	1,382,429	1,382,429
Real Estate/Note Value	10,849,190	11,991,907	21,037,609
Dep./Amort. & Trans. Cost	(20,739)	(138,268)	-
Total Assets	**12,056,185**	**13,236,068**	**22,420,038**
Liabilities & Equity			
Current Liabilities	1,244,317	1,229,579	1,229,579
Debt -	-	-	-
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**1,244,317**	**1,229,579**	**1,229,579**
Capital Contributed	10,541,311	11,739,797	11,739,797
Distributions to Date	-	-	-
Earnings to Date	270,556	266,692	9,450,662
Total Equity	**10,811,867**	**12,006,489**	**21,190,459**
Total Liabilities & Equity	**12,056,185**	**13,236,068**	**22,420,038**

Financial Results:

Q4 revenues, expenses, and NOI was worse than budgeted due to limited effort/activity in lease up, and completion of property related R&M due to the pending sale of the building. As part of the sale all tenants are to be moved out of the building so that the buyer can develop the property as a hotel. YTD NOI is below budget, however, sales proceeds are well in excess of our expectations, and as such, this asset is outperforming its initial pro forma objectives.

	Trailing 12 Prior Owner	Stabilized 5/1/2016	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	**3,185,446**	**5,211,138**	**1,888,614**	**2,687,006**	42.27%	**825,408**	**1,149,728**	39.29%
Vacancy	-	(635,446)	-	(867,501)		-	(402,103)	
Credit Loss & Concession	(85,927)	-	(73,698)	(169,412)	-129.87%	(25,702)	(79,117)	-207.82%
Gross Effective Rent	**3,099,519**	**4,575,692**	**1,814,916**	**1,650,093**	-9.08%	**799,706**	**668,508**	-16.41%
Other Income	52,339	182,604	123,984	408,510	229.49%	53,136	85,633	61.16%
Gross Operating Income	**3,151,858**	**3,903,442**	**1,938,900**	**2,058,603**	6.17%	**852,842**	**754,141**	-11.57%
Operating Expense	(2,502,186)	(2,613,355)	(1,355,266)	(1,561,301)	-15.20%	(617,794)	(732,917)	-18.63%
Net Operating Income	**649,672**	**1,290,087**	**583,634**	**497,302**	-14.79%	**235,048**	**21,224**	-90.97%
Vacancy	NA	12.19%	0.00%	32.29%		0.00%	34.97%	
Economic Vacancy	2.70%	12.19%	3.90%	38.59%		3.11%	41.86%	

Valuation Methodology:

"Realized" - Investment has been sold. Any Unrealized Value shown represents net assets held for unidentified liabilities and undistributed proceeds.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	3	2
Management	20%	3	3
Earnings	20%	3	3
Liquidity	20%	1	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.4**	**2.4**

Notes: Figures represent 100% of investment including non-controlling interest.

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Currently the property is held all cash, so the Capital Adequacy is good. The property is currently under contract and should close in early January 2014.

Biltmore Commerce Center

Asset Summary Q4 2013

Investment Summary:

Asset Manager:	Slager	Date Acquired:	8/23/2013
Location:	Phoenix, AZ	Date Sold:	-
Type:	Office	Total Fund Investment:	16,000,000
Units:	NA	Realized Proceeds:	-
NRSF:	258,348	Unrealized Value:	15,387,913
Acres:	7.53	Implied Value:	15,387,913
Vintage:	1985	Implied Gain / (Loss):	(612,087)
Prop. / Const. Mgmt. Fee	2.5%/5.0% DPC	Return Multiple:	0.96x
Fund Ownership %:	88.89% ROC II	IRR:	NM
Co-Sponsors:	11.11% DPC	Pro Forma IRR:	19.80%
		Value Method:	Cost

Background:

Biltmore Commerce Center is a 258,348 square foot Class "A" office building located within the Camelback corridor in Phoenix, AZ. The asset is approximately 75% leased with high quality tenants. The Camelback corridor is the premier office submarket in Phoenix with a well-known and respected tenant base. ROC acquired the asset in a joint venture with DPC Development – our partner at Cherry Creek and Logan Tower from Fund I. We have planned and have begun a major upgrade and repositioning of the asset which includes a $1.7 million renovation of the common areas including an exterior landscaping upgrade with a major entry feature, complete renovation of interior atrium area, and the other common areas throughout. In-place rents are currently much lower than market rents, giving ROC the opportunity to lease the additional space at much higher market rates. ROC purchased the property all cash, and has since added financing with US Bank.

Activity Update:

The loan with US Bank was closed in Q4 2013. We have completed exterior landscaping, painting, exterior light replacement and other capital improvement projects. In addition we have finalized the design and renovation plans for the remaining capital improvement budget. We will continue common area renovations in Q1 with the goal to complete them by mid 2014. We have ordered new chillers and cooling towers for the building as well. Operations have been as projected, with initial expense savings due to the timing of the acquisition and implementation of DPC cost controls. Leasing activity has been better than initially projected.

Investment Thesis:

	Status:
• Increase rents through common area upgrades and repositioning.	(Underway)
• Drive rent growth through implementation of spec suite program.	(Underway)
• Purchase at a substantial discount to replacement cost.	(Completed)
• Drive revenues through lease up to market occupancy.	(Underway)

Debt Summary:

US Bank loan of $29.5 million. Initial disbursement of $27 million with $2.5 million held back for TI's, Commissions, and Capex. 24 mo. IO with 30 yr amortization thereafter. Recourse burn off at DY targets.

	US Bank	
Loan Balance:	27,000,000	-
Interest Rate:	L+200	-
Maturity:	11/15/2016	-
Amortization:	IO	-
Rate Lock:	none	-
% Recourse to the fund:	25.00%	-

Balance Sheets[1]:

Assets	At Acquisition	Current	Fair Market
Current Assets	883,447	1,925,623	1,925,623
Real Estate/Note Value	42,773,000	43,230,537	43,230,537
Dep./Amort. & Trans. Cost	-	(927,683)	-
Total Assets	**43,656,447**	**44,228,477**	**45,156,160**
Liabilities & Equity			
Current Liabilities	814,486	844,758	844,758
Debt - US Bank	25,000,000	27,000,000	27,000,000
Debt -	-	-	-
Other Long-Term Liab.	-	-	-
Total Liabilities	**25,814,486**	**27,844,758**	**27,844,758**
Capital Contributed	18,000,000	18,000,000	18,000,000
Distributions to Date	-	-	-
Earnings to Date	(158,039)	(1,616,281)	(688,598)
Total Equity	**17,841,961**	**16,383,719**	**17,311,402**
Total Liabilities & Equity	**43,656,447**	**44,228,477**	**45,156,160**

Financial Results:

Revenues were slightly over budget in Q4, and exceeded budget in 2013. Expenses were well below budget due to the timing of acquisition, and implementation of DPC cost controls. As a result, YTD NOI was well ahead of budget for 2013. Debt service and rehab are within budget expectations at this time. Although early, asset performance is exceeding initial pro forma projections.

	Trailing 12 Prior Owner	Stabilized 1/0/1900	2013 YTD Budget	2013 YTD Actual	Variance	Q4 2013 Budget	Q4 2013 Actual	Variance
Gross Scheduled Rent	-	-	**1,346,454**	**2,065,351**	53.39%	**1,022,013**	**1,606,390**	57.18%
Vacancy	-	-	-	(524,883)		-	(513,948)	
Credit Loss & Concession	-	-	-	(90,745)		-	(61,320)	
Gross Effective Rent	-	-	**1,346,454**	**1,449,723**	7.67%	**1,022,013**	**1,031,122**	0.89%
Other Income	-	-	87,868	87,999	0.15%	65,901	67,129	1.86%
Gross Operating Income	-	-	**1,434,322**	**1,537,722**	7.21%	**1,087,914**	**1,098,251**	0.95%
Operating Expense	-	-	(895,413)	(773,709)	13.59%	(676,571)	(587,121)	13.22%
Net Operating Income	-	-	**538,909**	**764,013**	41.77%	**411,343**	**511,130**	24.26%
Vacancy	0.00%	-	0.00%	0.00%		0.00%	0.00%	
Economic Vacancy			0.00%	29.81%		0.00%	35.81%	

Valuation Methodology:

"Cost" - Acquisition basis net of transaction costs.

Risk Rating:

	Weight	Asset	Portfolio Avg.
Capital Adequacy	10%	2	2
Asset Quality	20%	2	2
Management	20%	2	3
Earnings	20%	2	3
Liquidity	20%	3	3
Legal/Environmental	10%	2	2
Total	**100%**	**2.2**	**2.4**

Rating Key:

Description	Value
Excellent	1
Good	2
Average	3
Substandard	4
Poor	5

Risk Assessment:

Minimal risk to the fund as a result of stable tenant base/cash flow. Largest risk, at this time, is the 30,000 foot vacancy and the completion of the rehab on budget. Management team has already made substantial improvements over prior management. Loan has limited recourse and asset is providing substantial cash flow due to attractive interest rate and IO structure.

Notes: Figures represent 100% of investment including non-controlling interest.

Should you have any queries or comments regarding the above, or any other matter concerning the Fund, please contact Spire Capital at info@spirecapital.com.au.

Important Information

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