June 2014 Fund Update

Unit Prices
Unit Prices for the Fund as at 31 May 2014 accompany this update. Unit Prices for the first time are based upon the Q1 2014 statement for the Fund’s investment in the ROC II Portfolio.

We have graphically illustrated some of the key results of our analysis of the Q1 Statement data. Copies of the underlying statements which have extensive information on the portfolio and each asset held, are available on request to Spire.

Spire remains very pleased with the performance of the underlying ROC II portfolio, which continues to grow in value relative to the equity invested, as the value-add programs for the properties within the portfolio generate increased cash-flow and value.

The ROC II Portfolio continued to grow during Q1 2014. Approximately 63% of total Committed Capital has now been deployed into ROC II assets.

The Investment Manager, Bridge IGP, anticipates 95% - 100% of deployment of Committed Capital by the end of Q4 2014.

The Investment Period for ROC II expires in March 2015.

The Fund’s deployment of capital into the ROC II Portfolio also grew in line with new investments made by Bridge IGP on behalf of ROC II.

Occasionally returns of capital are received as “heavy lift” properties, which were originally acquired on an all equity basis, are refinanced with some debt.

This occurs when as a result of the value-add and re-leasing program, the property is generating sufficient free cash flow to support non-recourse debt.
The ROC II portfolio’s asset allocation between Multifamily apartment communities and Office properties remains in line with strategy and target.

The ROC II portfolio is geographically well diversified across 14 distinct US markets within 9 states.

Bridge IGP seeks to form clusters of properties in markets which it believes have strong performance potential.

Establishing a critical mass of properties within markets, generates localised economies of scale for staffing, contractor and other supplier expenses and the generation of local market data and opportunities.

CBRE in its Q1 US Multifamily Marketview, notes the following US markets as having achieved the highest total return (income + growth), in the 12 months to 31 March 2014.

They are in order, from the best performing market: Atlanta, Houston, Dallas, Boston, New York, Chicago, Los Angeles, Seattle, Phoenix and Washington D.C.

ROC II’s portfolio has a high weighting to the Top 10 markets, and in particular the 3 strongest markets of Atlanta, Houston and Dallas.
The higher the proportion of assets owned for less than 6 months, the higher the drag on short term performance, as new investments are typically booked at circa 92% of cost (due to 8% transfer and acquisition costs).

This dilutionary effect will dissipate as the portfolio is fully invested and matures and assets owned less than 6 months fall to zero.

From 6 months post full investment, value is expected to rise on a stabilised trajectory as value-add programs take effect and Net Operating Income (NOI) and capital values increases and stabilises prior to sale.

Increased NOI is also expected to result in increased capital values and total return.
Dear Partner,

The Managers of ROC II Funds, in which ROC II Australian Feeder (USD) LP has ownership, are pleased to report a successful first quarter of 2014. Attached, please find the following reports: 1) Partner Capital Account Statement, 2) Exhibit A – Account History, 3) Exhibit B – Allocation Detail, 4) Investment Performance Summary, and 5) Individual Asset Summaries.

The first quarter of 2014 marked the first property exits for the Partnership. The LaSalle 39 office building was sold in January with the Andora apartment complex having been sold just after the quarter end in April. In a continued effort to reinvest the funds during our investment period, the asset team has also coordinated the purchase of five additional assets in four states during the course of the quarter: (1) Ashley Vista, (2) Bridgewater, (3) Presidio, (4) Silver Shadows, and (5) Vista at 23rd, (please see Asset Summaries for further details). We now own 42 investments, including: 13 multifamily units, and 703,336 square feet of commercial office space. As we enter the last year of the investment period for the Partnership, we are excited at the prospect of having an estimated 90% of commitments being reserved for designated assets by the end of fourth quarter, 2014.

ROC II has achieved a total or blended net IRR of 23.2% or a 1.2x return multiple to date with a special mention to our commercial asset managers in the successful exit of the LaSalle 39 office building in Chicago for a staggering return multiple of 1.8x with a property level IRR of 129% on the sale of this asset after a holding period of just under eight months. We believe that the LaSalle and Andora sales are just the start to many great exit opportunities expected in the coming years.

As we strive to be “Best in Class” we will continue to give as much transparency as possible and keep open lines of communication as the Partnership progresses.

Thank you for being our partner.

Donaldson Hartman
Chief Executive Officer

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Extracts from Q1 2014 ROC II statement

ROC II Australian Feeder (USD) LP
First Quarter Report 2014

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Should you require a full copy of the Q1 2014 Statement please contact Spire Capital by sending an email to investors@spirecapital.com.au.
### Unit Price Dashboard

**ROC II Program data (Underlying Fund) as at the end of Q1 2014 (i.e. 31 March 2013).**

<table>
<thead>
<tr>
<th>Component</th>
<th>Investment at Cost</th>
<th>Implied Value at 30 April</th>
<th>Implied Gain / Loss</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ROC II Committed Capital</td>
<td>$595,500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drawdown to Date</td>
<td>$358,779,913</td>
<td>$412,428,092</td>
<td>$53,648,179</td>
<td></td>
</tr>
<tr>
<td>Assets owned &gt; 6 months</td>
<td>$259,329,634</td>
<td>$320,823,246</td>
<td>$61,493,612</td>
<td></td>
</tr>
<tr>
<td>Assets owned &lt; 6 months</td>
<td>$99,450,279</td>
<td>$91,604,846</td>
<td>-$7,845,433</td>
<td></td>
</tr>
</tbody>
</table>

**Spire USA ROC II Fund (AUD) data (The Fund) as at the end of Q1 2014 (i.e. 31 March 2013).**

<table>
<thead>
<tr>
<th>No.</th>
<th>Component</th>
<th>Ordinary + Wholesale Units</th>
<th>Institutional Units</th>
<th>Total</th>
<th>Movement</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Capital Committed to ROC II (US$)</td>
<td>$24,525,086</td>
<td>$10,474,914</td>
<td>$35,000,000</td>
<td>No change</td>
<td>As at 31 Mar 2014</td>
</tr>
<tr>
<td>2</td>
<td>Drawdown to Date (US$)</td>
<td>$15,483,142</td>
<td>$6,518,734</td>
<td>$22,001,876</td>
<td>+ 3.5%</td>
<td>US$12,998,124 remaining in cash.</td>
</tr>
<tr>
<td>3</td>
<td>Drawdown to Date %</td>
<td></td>
<td>63.1%</td>
<td>63.1%</td>
<td>+ 3.5%</td>
<td>36.9% remaining in US cash.</td>
</tr>
<tr>
<td>4</td>
<td>Net Buy-In Premium paid (US$)</td>
<td>$526,498</td>
<td>$192,523</td>
<td>$719,021</td>
<td>No change</td>
<td>As at 31 Mar 2014</td>
</tr>
<tr>
<td>5</td>
<td>Total Value Paid In (TVPI) 2 + 4</td>
<td>$16,009,640</td>
<td>$6,711,257</td>
<td>$22,720,897</td>
<td>+ 3.4%</td>
<td>Quarterly change</td>
</tr>
<tr>
<td>6</td>
<td>Value of investment in ROC II (US$)</td>
<td>$16,872,895</td>
<td>$7,086,833</td>
<td>$23,959,728</td>
<td>+ 7.7%</td>
<td>Quarterly change</td>
</tr>
<tr>
<td>7</td>
<td>Distributions Received (US$)</td>
<td>$647,628</td>
<td>$336,906</td>
<td>$984,534</td>
<td>+117.2%</td>
<td>Quarterly change</td>
</tr>
<tr>
<td>8</td>
<td>Total Value + Distributions 5 + 7</td>
<td>$17,520,523</td>
<td>$7,423,739</td>
<td>$24,914,262</td>
<td>No change</td>
<td>Quarterly change</td>
</tr>
<tr>
<td>9</td>
<td>TVPI Ratio* 8 divided by 5</td>
<td>1.09 X</td>
<td>1.10 X</td>
<td>1.096 X</td>
<td>+ 6.2%</td>
<td>Quarterly change</td>
</tr>
<tr>
<td>10</td>
<td>Foreign Exchange</td>
<td>US$0.9307</td>
<td></td>
<td></td>
<td>+ 0.45%</td>
<td>At 31 May 2014</td>
</tr>
</tbody>
</table>

* Note: The TVPI Ratio relates only to that proportion of Fund capital which has been called by the ROC II General Partner and has therefore been invested in ROC II assets at the relevant ROC II quarterly statement date. As the amount of capital invested fluctuates during the Investment Period due to Capital Calls and capital returns (due to re-financing of properties), and Capital Calls being received and paid post the quarterly relevant statement date, there is not a linear relationship between TVPI Ratio and unit price. The TVPI Ratio should therefore be used only as a guide to the Fund’s investment at each quarterly statement date. Once the Investment Period has expired (in March 2015) and the Fund is no longer subject to Capital Calls, the TVPI Ratio and Fund’s Unit Price will adopt a linear relationship.
Dear Investor

On behalf of the Responsible Entity, Equity Trustees Limited, it is our pleasure to invite you to become an investor in Spire USA ROC Seniors Housing and Medical Properties Fund (AUD) (the Fund).

The Fund, the second within the Spire Global Investment Series, is designed to provide Australian investors with a unique opportunity to invest in the Seniors Housing and Medical Properties sectors within the United States. This provides an exposure to an investment linked to the ageing population demographics of the U.S., or what has now become known as the “silver tsunami”.

According to the U.S. Census Bureau, the number of Americans aged 65 and older, which accounts for 15% of the overall population, is expected currently to more than double by 2050 to more than 80 million, and 20% of the population.

The 75 and older age category in the U.S. is similarly expected to increase significantly, growing by 500,000 people per year for the next 15 years, to increase from 13 million in 2010 to 34 million in 2050 – a 75% increase.1

In addition to the substantial increase in the elderly population, significant increases in the diagnoses of Alzheimer’s and dementia-related diseases are also driving demand for specialist accommodation and services, known as Memory Care facilities. Memory Care facilities, a specialised part of the U.S. Seniors Housing market, provide Alzheimer’s and other dementia afflicted patients with specialized assisted living accommodation and professional care to ensure safety and quality of life.

According to the U.S. Alzheimer’s Association, the number of Americans aged 65 and above diagnosed with Alzheimer’s disease is expected to rise from 3.1 million people in 2010 to 13.5 million in 2050. That translates to more than 19% of the American 65+ population having an Alzheimer’s diagnosis within the next 40 years.

Furthermore, with senior’s increasingly needing the care, services, conveniences, and lifestyle advantages provided by more modern Seniors Housing facilities, the market penetration of Seniors Housing, or the percentage of seniors occupying Seniors Housing, is expected to increase substantially. In addition, often the decision to locate a parent within an Assisted Living or Memory Care facility is needs based, meaning that the income streams generated by such properties are essentially non-discretionary.

With approximately only 1.4 million total Seniors Housing units available today in the United States, there is a looming undersupply projected by credible industry bodies such as the American Seniors Housing Association (ASHA). Expansion of supply has been limited during the challenging real estate environment caused by the recent Global Financial Crisis (GFC) and the resultant contraction of available credit for new real estate development. Furthermore, much of the existing Seniors Housing stock in the U.S. is “functionally obsolete,” meaning it will require replacement or extensive renovation to continue to meet residents’ needs in the short term.

The combination of the clear U.S. ageing population demographics and attractive Seniors Housing supply/demand fundamentals and economics, together with the current strong Australian dollar, make an investment in U.S. Seniors Housing at attractive valuations a compelling opportunity.

To convert this opportunity into a valid investment proposition, Spire Capital Pty Ltd (Spire) and Bridge Investment Group Partners, LLC (Bridge IGP) have entered into a strategic partnership to offer the Fund to Australian investors. This is the third fund that Spire and Bridge IGP have jointly offered to Australian investors. Bridge IGP is a Salt Lake City, Utah-based real estate investment firm established in 1993. Bridge IGP and its affiliate manages over USD2 billion in Seniors Housing, multifamily apartment and office properties across the U.S. Bridge IGP’s Seniors Housing team are highly experienced in acquiring and managing US Seniors Housing properties and then selecting the right time to sell. This fund is supported by their 2007 sale of a USD4 billion national Seniors Housing portfolio, which the team had participated in acquiring in the decade prior. This portfolio sale generated a gross total return of 33% pa (IRR).

The Fund’s investment will be made via a parallel fund to ROC Seniors Housing & Medical Properties Fund LP, (ROC Seniors Fund or LP). ROC is an acronym for Real Estate Opportunity Capital. ROC Seniors Fund is the third opportunistic real estate fund in the ROC series of funds launched by Bridge IGP since the onset of the Global Financial Crisis in 2009. The preceding ROC Funds, ROC I and ROC II, have as at the date of the PDS generated returns (in USD Dollars as at 31 December 2013), net of fees and expenses, of 17.7% pa and 21.6% pa respectively.

Bridge IGP subsidiaries will act as General Partner and Investment Manager for the ROC Seniors Program. Bridge IGP has established a USD450 million target for equity commitments from US based and international institutional and family office investors. The Fund will operate as a feeder fund, investing as a single Limited Partner, into ROC Seniors Australian Feeder (USD) LP (ROC Seniors Australian Feeder or Underwriting Fund), a parallel fund to ROC Seniors Fund, and part of the ROC Seniors Program.

This EGT / Spire feeder fund follows the creation and capitalisation in 2013 of Spire USA ROC II Fund (AUD), which raised approximately $43 million to invest alongside Bridge’s Real Estate Opportunity Capital Fund II LP (ROC II).

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1 US Census Bureau Data
Spire USA ROC Seniors Housing and Medical Properties Fund (AUD) - PDS now available

For further information please email dale.holmes@spirecapital.com.au.

Important Information

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