

# SPIRE USA ROC II FUND (AUD) MONTHLY INVESTMENT REPORT



## May 2014 Fund Update

### Unit Prices

Unit Prices for the Fund as at 30 April 2014 accompany this update.

The dashboard below has been developed to assist investors and advisers understand the reasons for movements in unit price and the various components involved. We trust that this assists and welcome any comments or suggestions.

### Unit Price Dashboard

The following data is based upon the most current underlying fund statement (ie 31 December 2013). The Q1 2014 statement data (as at 30 March 2014) will be incorporated into the May unit price.

ROC II Program data (Underlying Fund)					
Component	Investment at Cost	Implied Value at 30 April	Implied Gain / Loss	Monthly Movement	Comment
Total ROC II Committed Capital	\$595,500,000			No change	
Drawdown to Date	\$346,504,911	\$400,276,876	\$53,771,965	No change	1.16x equity multiple
Assets owned > 6 months	\$194,554,678	\$260,495,427	\$65,940,749	No change	Valued at market as at 31 Dec 2013. Implied 1.34x equity multiple and 33.6% IRR.
Assets owned < 6 months	\$151,950,233	\$139,781,449	-\$12,168,784	No change	Valued at cost less acquisition expenses as at 31 Dec 2013.

Spire USA ROC II Fund (AUD) data (The Fund)					
Component	Ordinary + Wholesale Units	Institutional Units	Total	Monthly Movement	Comment
Capital Committed to ROC II (US\$)	\$24,525,086	\$10,474,914	\$35,000,000	No change	
Drawdown to Date (US\$)	\$14,955,650	\$6,296,163	\$21,251,813	No change	
Drawdown to Date %	60.1%	60.1%	60.1%	No change	39.9% remaining in US cash
Net Buy-In Premium paid (US\$)	\$526,498	\$192,523	\$719,021	No change	
Total Value Paid In (TVPI) <sup>1</sup>	\$15,482,148	\$6,488,686	\$21,970,834	No change	As at 31 Dec 2013
Value of investment in ROC II (US\$)	\$15,639,559	\$6,583,449	\$22,223,008	No change	As at 31 Dec 2013
Distributions Received (US\$)	\$314,198	\$139,016	\$453,214	No change	As at 31 Dec 2013
Total Value + Distributions <sup>2</sup>	\$15,953,757	\$6,722,465	\$22,676,222	No change	As at 31 Dec 2013
TVPI Ratio ( i.e 2 divided by 1)	1.03x	1.04x		No change	As at 31 Dec 2013
Foreign Exchange		US\$0.9265		-0.03%	

## Commentary regarding Dashboard Data

Investors will note that this month's unit price movement is primarily due to a small FX movement.

Investors will also note that we have included in the dashboard the calculation of the TVPI Ratio. This is the ratio of the current value of remaining investments within a fund plus the total value of all distributions received to date, to the total amount of capital paid into the fund to date. The time value of money is not considered in this ratio.

It is considered by the Institutional Limited Partners Association as perhaps the best available measure of performance before the end of a private equity fund's life.

The TVPI Ratio is based upon the Fund's most recent ROC II statement, being as at Q4 2013, and 60.1% deployed at that time. This is also the data on which the Fund's value of its interest in the Underlying Fund is based for calculating the April unit price. However, since this statement date, additional distributions of US\$648,183 have been received and are included in the unit price calculation, but not the TVPI Ratio, which is why there may appear to be a disconnect between the two.

Q1 2014 statement data as at 30 March 2014 will be used for the calculation of the next unit price in May. The TVPI Ratio will also be updated to be current as at Q1 2014.

Investors should also take note of the difference in Implied Gain / Loss between those assets which have been owned for greater than 6 months and those that have been owned for less than 6 months. Under US GAPP Accounting Standards, assets which are owned at less than 6 months must be valued at costs less acquisition expenses. As such the deployment of new capital into new assets does tend to be dilutionary by around 8%. However, after the assets have been owned for more than 6 months, during which time Bridge IGP as the US Investment Manager has commenced implementing the value-add program, the assets can be valued at fair market and the results of the value add program's implementation can typically be seen in increased Net Operating Income and value.

Consequently, as the Fund's remaining 40% of committed capital is gradually deployed into new assets, this new capital will be diluted to the extent that acquisition expenses are absorbed, which may cause some volatility in TVPI and unit price. This should not be alarming as it is generally expected, based on the performance of the rest of portfolio, that the acquisition expenses will be made up in distributions and increased market value within 6 months or shortly thereafter. This can be expected to continue until the ROC II Program's Investment Period expires in April 2015.

## Dispositions

No new dispositions have been concluded during the month of April. The sale of Andorra Apartments in Indio, California was settled in May. A distribution of profit from this sale is expected in the first week of June.

The marketing of Pinewood Apartments (180 units), in Seattle WA, has sale terms agreed and is under due diligence.

## Acquisitions

No new acquisitions were made in April. There are however 3 new properties on which ROC II has been awarded the deal and terms agreed. These properties are now under due diligence. Details are confidential at this stage.

Bridge IGP have indicated that the pipeline of new deals is such that they expect to be 90% deployed by the end of the calendar year. This is a revision from a prior expectation of being 100% deployed by the end of the year, but is indicative of Bridge IGP's regime of maintaining a strict 20% forecast IRR discipline on each deal that the ROC II Program acquires.

### New Fund Announcement

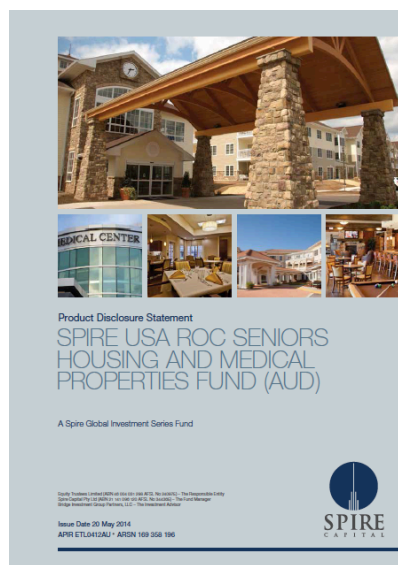
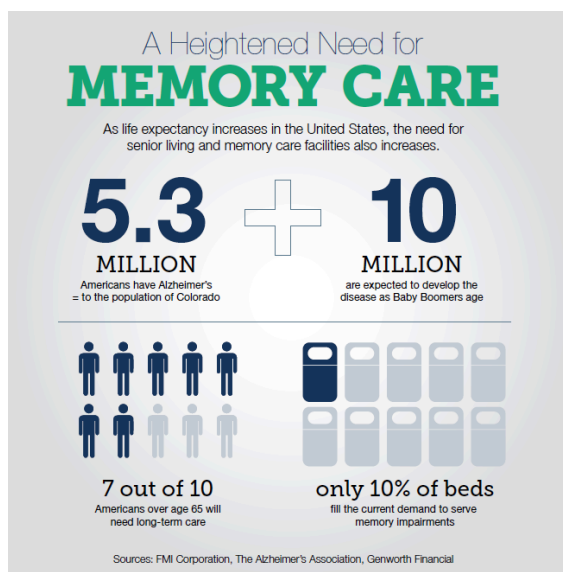
Spire is pleased to announce the launch of a new fund, also in association with Bridge IGP.

Spire USA ROC Seniors and Medical Properties Fund (AUD) will invest in seniors housing and medical related properties throughout the US. It is designed to invest in the housing needs of the US ageing population demographic. The US Census Bureau forecasts that the US 75+ demographic will increase by 75% by 2030. The US seniors housing market is and is expected to remain an undersupplied market - particularly in the accommodation of Alzheimer and other dementia patients in specialised Memory Care facilities - for the life of the Fund.

The Bridge IGP investment team behind the Fund have transacted in excess of US\$6 billion in seniors housing properties, and sold their \$4 billion portfolio at the top of the market in 2007 to generate a 33% IRR on investment. We are very excited by the opportunity to have such a high experienced and qualified investment team providing access to this compelling demographic based and needs driven investment thematic.

The Fund has been rated "Highly Recommended" by Zenith Investment Partners.

For further information please speak to your financial adviser, or if you do not have an adviser, visit the



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