



CONTACT:

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NICOLA-CROSBY
REAL ESTATE INVESTMENTS

YEAR END REPORT

NICOLA CROSBY YEAR END REPORT TO INVESTORS

SPIRE REAL ESTATE LIMITED PARTNERSHIP
JANUARY 2007

OBJECTIVE AND PHILOSOPHY:

SPIRE is a limited partnership with an objective to preserve capital while generating reliable and consistent monthly income with moderate volatility by investing in income-producing real estate. SPIRE currently holds multiple properties in Western Canada: Dover Pointe in Nanaimo; White Oaks in Edmonton and Clearspring in Steinbach, MB. Cash not deployed is invested in short-term commercial mortgages.



ABOUT SPIRE REAL ESTATE LIMITED PARTNERSHIP

SPIRE is available to accredited investors with a minimum investment of \$100,000 and investors qualifying under the Sophisticated Investor Exemption with a minimum of \$150,000 investment. Subsequent minimum investments are currently \$50,000.

We are currently working on setting up a Mutual Fund Trust that we hope to have available before the end of the year which will enable RRSP funds to be invested in SPIRE.

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- Primarily income-producing commercial real estate in Western Canada.
- Stability of income derived through a mix of tenants, tenancy, and strength of covenants.
- Strong locations within local markets supported by appropriate market demographics and a healthy regional economy.
- Attractive financing terms with non recourse financing.
- Reliable and steady cash flow for investors increasing over time.
- Potential for successful value-added strategies.

REVENUE:

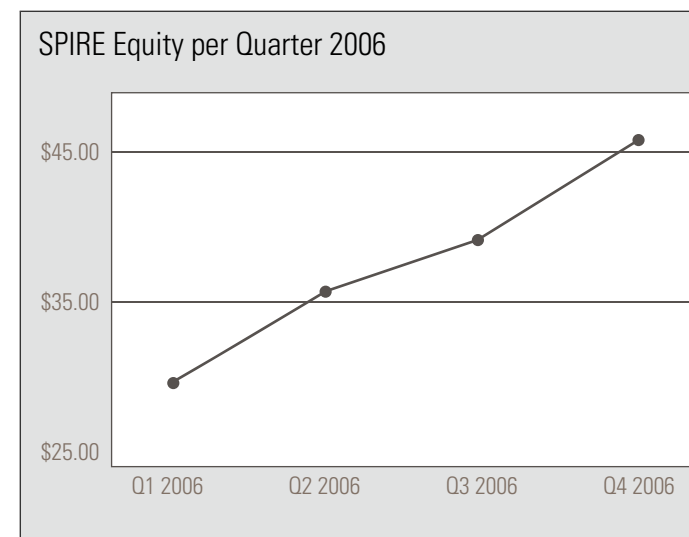
We set out to acquire \$75M of new assets for SPIRE and by year end had acquired \$82M. Our objective of making regular monthly distributions to investors providing (annualized) 8% return was achieved.

The buoyant real estate market provided challenges during the year offering limited supply and aggressive prices. We expanded our search area during the year and chose to acquire fewer properties rather than acquire properties at historically low cap rates or to compromise our investment criteria. Mortgages provided short term investment

opportunities and served to increase the overall yield for SPIRE 10.5% for the year. At year end we have in excess of 200 investors including all of the principals of Nicola Crosby and total investor equity of over \$46 M.

MORTGAGE PORTFOLIO

There is currently \$46,218,000.00 in our capital fund which is invested in 3 shopping centres and multiple short-term mortgages. At year end \$23,393,647.00 was invested in short-term mortgages or approximately a 50/50 asset mix split between real estate and mortgages consistent with our objective for the year. Our annualized return on our mortgage investments (after expenses) for 2006 was 10.625%.



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YEAR END REPORT

EQUITY

The value of the partnership is based upon the value of the assets. The table below illustrates the increase in SPIRE equity for each property based on the difference between the original acquisition costs and the December, 2006 appraisal values along with amortization of debt (the difference between the original loan amounts and the December, 2006 loan amounts).

Asset	Acquisition Cost	Original Loan	Original Equity	12/06 Appraised *Value	12/06 Loan	12/06 Equity	Increase in Equity
Dover Pointe	\$16,488,000	\$11,200,000	\$5,288,000	\$17,500,000	\$11,054,085	\$6,445,915	\$1,157,915
White Oaks	\$26,082,000	\$17,710,000	\$8,372,000	\$27,300,000	\$17,547,107	\$9,752,893	\$1,380,893
*Clearspring	\$19,374,000	\$13,020,000	\$6,354,000	\$19,374,000	\$13,005,098	\$6,368,902	\$14,902
							\$2,553,710

*Properties acquired in the 4th quarter of the current year are recorded at cost.

As the numbers indicate, on aggregate the assets are performing well and have increased in value over the past year. The NAV is increasing to \$1025.00 in January, 2007 and distributions will increase by 2.5% with 8% distributions to new investors and higher distributions for original investors, based on their original cost. Regular distributions are a testament to our focus on cash-flowing investments and our avoidance of speculation or over-valued markets.

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outlook for 2007

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US MARKETS:

SPIRE US Limited Partnership was registered in the US in the last week of December, 2006. The purpose of moving into the US market is to identify partners with good track records and a proven market niche. With this in mind, we will be making our first US investment with Venterra as part of the Huntcliffe Limited Partnership in Houston, Texas. The Venterra business plan is projected to be a two to three year hold with a goal of generating a 12-15% return and a 9% quarterly distribution. This investment with Venterra is a \$US450,000.00 modest foray into the US market, which, if successful, could be expanded with Venterra and their partners, Lehman Bros., in the future.

PARTICIPATION LOANS

In 2006 our main objective was to establish a firm base of income-producing properties, so while the idea of committing funds to participation loans or development projects remained on the backburner, consideration was still given to potential partners and opportunities. Consideration is now being given to partnering with proven developers utilizing a combination of debt and equity to generate returns in the range of 15-20%. The objective is to target investments in the \$2-3M range in 12- 24 month time frames and will be primarily income-producing properties, but smaller positions in land development projects will be considered.

SPIRE MUTUAL FUND TRUST

Setting up a SPIRE mutual fund trust holds strong appeal not only to investors who would like a portion of their RRSP funds to be invested in SPIRE, but to non-accredited investors who would like to participate in SPIRE but may not meet the minimum investment or qualification requirements for the limited partnership. With this in mind, we will be pursuing the formation of the SPIRE mutual fund trust early in 2007 and may offer a slightly lower return and a reinvestment option (i.e. DRIP).

OUTLOOK FOR SPIRE LP 2007

The outlook for SPIRE Limited Partnership in the coming year is strong; however, results will ultimately depend on the real estate market. During the year we hope to complete the development of the remaining 5000 square feet at Dover Pointe and re-zone the surplus lands at White Oaks for sale to a residential developer. Over the next 12 months we have a goal to make two to three real estate acquisitions with a potential for 8% distributions within 18-24 months. Along with maintaining an 8% distribution on the NAV and providing original investors with distributions greater than 8%, we are aiming to achieve a net return of 11% on our portfolio during the year. Underpinning this achievement is the continued quality partnership relations with Nicola Wealth Management, Crosby Property Management, Avison Young, Trez Capital and Bancorp Financial Services while we continue to optimize our current properties with regular reviews of tenants and vacancies.