SPIRE GLOBAL PRIVATE EQUITY
SPIRE AERO AGGREGATES FUND (AUD)
A UNIT CLASS OF SPIRE CAPITAL MASTER FUND
QUARTERLY FACTSHEET – JUNE 2020

Quarterly Update

Spire Aero Aggregates Fund (AUD) ('the Fund' a unit class of Spire Capital Master Fund) is a feeder fund for Australian investors to access Aero Aggregates of North America, LLC ("Aero"). The Fund invests in Aero via Valterra Aero Holdings LLC (Underlying Investment Entity) created and controlled by Valterra Partners LLC ('Valterra'), a specialist lower mid-market private equity firm based in New York. The investment team Valterra was formerly investing Macquarie Bank Balance Sheet assets in growth equity investments in the US. The Fund is invested pari passu with Valterra's interest in Aero.

Negatively affecting the unit price during the quarter of June was the 11.14% increase in the value of the Australian dollar against the USD dollar from US$ 0.6175 to US$0.6863. The Fund does not hedge currency exposure.

The Underlying Investment Entity is valued at cost at the value dated 6 December 2019. The valuation will remain at cost for at least 18 months from date of investment (as per the Valterra Valuation Policy).

The Fund's structure consists of a tax blocker leverage structure which results in the Fund incurring attributed assessable interest income as at 30 June 2020. During the first 12-18 months of the Fund, the Fund does not expect the receive cash distributions from the Underlying Investment Entity, as a result the Fund has incurred attributed assessable income where the Fund will not be distributing cash to unit holders for the income year ended 30 June 2020.

As the Fund is an Attribution Managed Investment Trust (AMIT) for the 2020 income year, then the tax cost base of your investment in the Fund can be increased by reference to this difference. The amount of your particular cost base adjustment is specified on your AMMA statement, which will be sent within the month of September 2020.

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1. Trading and Pipeline Update

Impact from COVID-19
In response to the COVID-19 pandemic, Aero has continued to follow the advice and directives from authorities and has implemented a strict set of procedures at its facility to ensure the health and safety of its staff. While many businesses were required to shut during the April/May mandatory shutdown, Aero as a recycler was deemed an essential business and was allowed to continue production. Fortunately, Aero's manufacturing process is highly automated and can be manned by a small crew of essential employees. Aero has thus far not seen any production impact related to COVID-19. From a volume perspective, Aero's pipeline has remained resilient and has not had single project lost as a result of the pandemic. That said, for several of Aero's major projects, we have seen 4 to 6-week delays in delivery schedules as a result of short-term delays in construction activity and the use of smaller crews on site slowing construction progress. These delays have resulted in a lower than expected volumes in Q2; however, shipments have resumed and are accelerating rapidly to the point where June has been our largest shipping month by volume on record. We remain in constant contact with our large contractors and based in current estimated shipping dates, are on track to hit our 2020 budgeted volume of 200k cubic yards (more on this below).

Philadelphia Airport Update
After much anticipation, the 100k cubic yard Philadelphia airport project has officially been awarded to JJ Anderson Construction (one of our largest and oldest customers) and construction is expected to commence in the next 45 days. The Philadelphia airport project will be the largest FGA project ever completed worldwide. This is a huge win for Aero and the team both in terms of achieving its budget but also in terms of the national exposure it will generate for the business. Furthermore, JJ Anderson has indicated a 2 willingness to pay the full $8m contract upfront for stored materials which will provide substantial liquidity to the business to continue to finance its growth.

AERO AGGREGATES

2020 Sales Volume

As of YTD June 30, 2020, Aero has shipped a total of 37,979 cubic yards (CY) and is well on track to hits budgeted 2020 volume of 200k CY. While there was a brief slowdown in shipments during the shutdown in April/May, volumes have started to accelerate rapidly with June being our largest shipping month by volume on record. As we sit today, Aero's path to hitting its budget consists of:

Visible Path to 2020 Budgeted Volume of 200k Cubic Yards	
CYs of materials shipped as of June 30, 2020:	37,979
CYs of material under PO for projects that have already started shipping	49,439
CYs of material under PO for projects scheduled in 2H 2020	2,200
CYs of material for the Philadelphia Airport shipping in Q3/Q4	100,000
Total cubic yards shipped or under contract	**189,618**
CYs of material scheduled for shipment in 2h 2020 (POs still to come)	27,293
Total high probability volume for 2020	**216,911**

PO = Purchase Order

From Valterra's perspective, Aero has a solid path to hitting 189k CYs of material with 38k CYs of material already shipped, 49k CYs of material shipping for projects where there is already FGA in the ground, and 100k CYs of material related to the Philadelphia airport project. There is also upside from the additional 27k CYs scheduled to ship in the 2H. Detailed schedule below:

			Cubic Yards Shipped		
Project	Status	Prior	Shipped in 1H 2020	Scheduled 2H 2020	Total
Route 7 Bridge	PO - Shipping Started		10,936	2,098	13,034
South Capitol Street	PO - Shipping Started		959	8,274	9,233
RIDOT Rt 6/10	PO - Shipping Started	*11,535*	-	9,560	9,560
Logan Airport	PO - Shipping Started		1,335	7,565	8,900
Maine Turnpike	PO - Shipping Started		3,465	4,681	8,147
Kearny NJ	PO - Shipping Started		5,685	1,815	7,500
I-95 Fredericksburg	PO - Shipping Started		6,389	1,058	7,448
Avalon Island Park	PO - Shipping Started	*20,000*	-	5,000	5,000
VA- I-564	PO - Shipping Started	*12,000*	-	5,000	5,000
Misc	PO - Shipping Started		9,209	4,387	13,596
I-80 Rockaway	PO - 2H Start		-	2,200	2,200
PHL Airport	PO Coming		-	100,000	100,000
Henderson Bridge	Scheduled		-	7,412	7,412
I-95 Fredericksburg	Scheduled		-	6,780	6,780
2001 Aliceanna St	Scheduled		-	4,630	4,630
I485 Charlotte	Scheduled		-	5,000	5,000
Misc	Scheduled		-	3,471	3,471
Total Projects PO - Start Shipping			**37,979**	**49,439**	**87,418**
Total Projects PO - 2H Start			**-**	**2,200**	**2,200**
Total Proejcts PO Coming			**-**	**100,000**	**100,000**
Total Scheduled			**-**	**27,293**	**27,293**
Grand Total			**37,979**	**178,932**	**216,911**

2. Capex Planning

Kiln #3 / ARGO Mill Upgrade
As discussed in January letter, Kiln #3 was in the process of being delivered to Eddystone and was scheduled to begin production in April 2020. While the installation has been completed, testing and commissioning of the kiln itself has been delayed as SGGC personnel need to complete the commissioning on site but unfortunately have been unable to travel to the United States due to the government travel restrictions. Similarly, the scheduled capacity upgrade for the ARGO mill has been delayed as the technicians based in Europe have not been able to travel to the facility. The team is working through potential solutions including special visas and/or remote commissioning in partnership with an American kiln manufacturer. The tentative timeline is to have production ramped up by October 1. Fortunately, Aero has built up substantial inventory and will not require any Kiln #3 production to hit the 2020 budget. That said, Kiln #3 will be essential to rebuilding inventory reserves heading in the 2021 fiscal year.

Second Location
The team is moving forward with the expansion of its second facility and have selected a location in Ocala, Florida to build its new site. The property itself is currently under LOI and once the purchase is completed, sitework and construction will begin on the new plant. Kilns #4 and #5 as well as the second Argo mill are scheduled for delivery to the site in Q4, and expect the facility to be operational in late Q1 2021. Strategically, Ocala is the optimal location for our a second facility given 1) its proximity to large population centers and multiple sources of glass, 2) its location in Florida/Southeast where there are large volumes of soft-soil construction and limited volumes of traditional aggregates and 3) its ability to economically ship material both up the East Coast as far north as Virginia and across the Gulf Coast as far west as Texas and Louisiana where soft soils are a persistent issue.

3. Debt Refinancing

During the period, Aero refinanced its existing loans with QNB and Closed Loop Fund to take advantage of the new low interest rate environment and to move to a more institutional lender that will be able to grow with the business. In July, the Company closed on a $10m facility with Univest at L+400 with proceeds used to 1) payoff $2.5m QNB term loan 2) payoff $1.5m QNB line of credit 3) payoff $2.5m Closed Loop Fund equipment loan and 4) provide $3.5m of cash to fund future purchases of equipment for the second location. Valterra is very pleased to have consolidated debt facilities at a lower cost with an institutional lender, as well as provide significant liquidity to the Aero balance sheet to fuel expansion. That this was achieved in the middle of a pandemic speaks to the strength of the Aero credit and underlines that this is a story that the market is rapidly beginning to understand.

4. New Hires

During the period, the Company hired Benjamin Cole as the new sales lead in Northeast with territories including New England and Canada. The Company also hired Steve Bodman as general manager for the Eddystone plant. Steve's primary responsibility will be maximizing production efficiency in the plant and making sure that kilns are operating at full capacity. Moving forward, we expect to hire personnel to operate the Ocala plant as well as Southeast- 5 based sales team to sell the product. In the early days of the business, Archie was forced to wear several hats in the business, managing everything from operations to accounting to sales. As the business continues to grow, we at Valterra are focused on scaling the team around Archie and providing him with adequate resources to enable him to focus on strategic trajectory of the business.

5. Glass Supply and Utilisation

As discussed in prior quarterly update, Aero has temporarily transitioned to purchasing cleaner glass that is more compatible with our cleaning process. As outlined in underwriting materials, our initial goal for the business was to reduce the total glass cost per ton to as close to zero as possible. As the manufacturing process has scaled, however, utilizing this cheaper, dirtier glass can actually increase total cost of goods sold by causing clogs and downtime in the mill, increasing maintenance cost on the cleaning system and generating additional trash disposal costs for the filtered-out organics. One of the key learnings since making the investment has been that there is an optimal level between the $30/ton paid at the beginning of 2019 and the $0/ton initially targeted. Finding this optimal level is an ongoing process; as we sit today, the average price per ton is $12/ton which is up from $5/ton in 2H 2019 but still down from $30/ton at the beginning of 2019. We continue to refine our process and are implementing new screening technology into the cleaning system as well as adding a crushing unit to the cleaning process that will allow Aero to handle dirtier glass without sacrificing efficiency. As we have said in the past, our primary focus has always been ensuring that we always have a steady supply of glass and our secondary focus will be reducing that glass cost to the optimal level.

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While Aero has certainly not been entirely immune to the COVID-19 crisis, Valterra and Spire are pleased with how well the business and the management team have held up as well as with the momentum we are carrying into the 2H of the year. With the award on the Philadelphia airport contract and the development of the second facility, we believe Aero is well-positioned to continue to its growth trajectory and execute on its business plan moving forward.

Performances (Net of Fees)

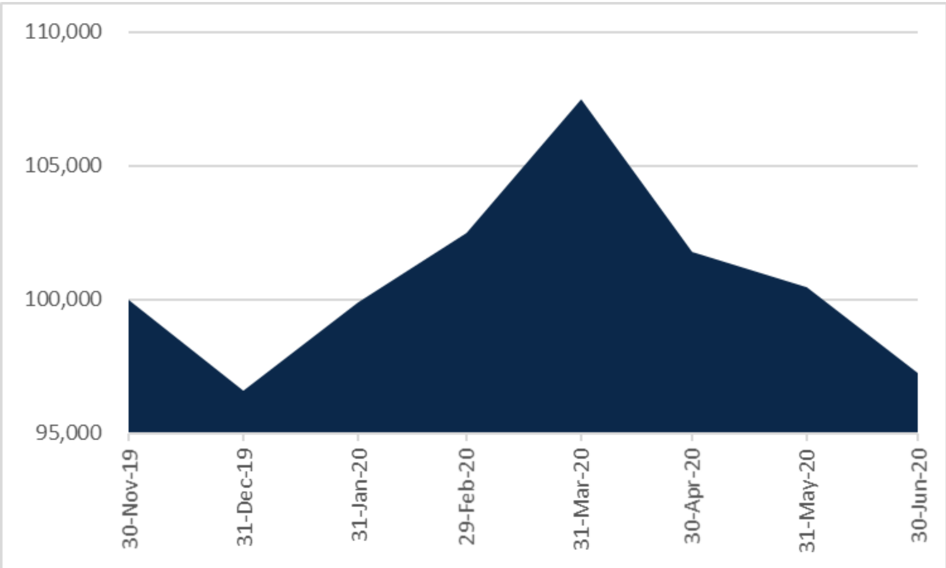
As at 30 June 2020
Underlying Investment Entity is valued at Cost

1 month	3 months	6 months	1 year	3 years (p.a)	Inception (p.a)
-3.20%	-9.54%	0.68%	N/A	N/A	-2.75%

Asset Allocation as at 30 June 2020	
Cash AUD	2.39%
Cash USD	0.00%
Investments USD	97.61%

Unit Price Quarterly Movement Breakdown	
Underlying investments (incl. cash and distributions)	0.00%
Foreign exchange	-8.87%
Management fees	-0.12%
Legal and tax formation expenses	-0.48%
Other expenses	-0.07%
Total Movement	**-9.54%**

Growth of AU$100,000 Investment*



Past performance is not an indicator of future performance.
*Unit Price and performance do not include the value of Foreign Income Tax Offsets (FITOs) which may be distributed in addition to cash.

Fund Details

Fund Size (AUDm):	$11.96m
APIR Code:	SPI8236AU
Commencement:	15 November 2019
Unit Price:	$0.9725
Distribution Frequency:	Annually as at 30 June
Application Status:	CLOSED
Liquidity:	Nil - Closed-ended fund

Fund Manager:	Spire Capital Pty Limited
Investment Manager:	Valterra Partners LLC
Trustee:	Spire Capital Pty Limited
Base Management Fee:	0.50% p.a. x NAV
Underlying Fees:	2% of committed equity
Underlying Performance Fee:	20% of realised profits after an 8% preferred return is paid to Limited Partners.

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SPIRE CAPITAL

Fund Overview

Aero is a manufacturer of lightweight foamed glass aggregate ("FGA"), a product that contains the same compressive strength as traditional gravel but is ~10% of the weight. With a 25-year track record in Europe, Aero introduced FGA into the USA market in 2016 and has quickly gained traction in infrastructure construction end-markets (primarily roadbuilding) through its proven ability to dramatically reduce costs and provide other project benefits due to its lightweight properties.

Aero produces FGA in the USA utilizing the leading European kiln technology under an exclusive USA license, and has quickly gained the approval for use by numerous state departments of transportation ("DOTs"), and by the Federal Highway Administration. As such, Aero boasts an enviable track record with the product being utilized across a range of use cases, and in major infrastructure projects such as the I-95, Maine Turnpike, Philadelphia International Airport.

Aero generates costs savings for contractors and governments that have been shown to run into the millions of dollars, with consistent quality of performance. This is due to the lightweight quality of FGA allowing changes in project engineering, lower transportation costs and reduced project timelines that save significant cost to the end client.

FGA is made using the c.80% of "recycled" glass that is deemed uneconomic and destined for landfill. The glass is combined with a foaming agent and placed through a specialized kiln where the chemical reaction produces aggregate-sized particles. FGA thus provides an alternate use for a waste stream currently costing municipalities and waste contractors millions of dollars. In providing an alternate use for a waste stream, Aero secures its key feedstock at minimal cost, allowing for very strong gross margins.

Aero has experienced a significant increase in demand for its product as more DOTs and contractors become aware of, and experience, the quality and cost saving potential of Aero FGA. Further, customers and key stakeholders continue to buy-in to FGA's key environmental benefits. This is reflected in a significant increase in the number of purchase orders and in the project pipeline. As such, Aero is using the injection of equity from the Fund to expand kiln capacity to ensure that it can continue to grow with the accelerating demand.

Valterra specialises in equity investments that serve as a catalyst to tangible growth strategies in partnership with high quality management teams. With the Valterra team's infrastructure background, the opportunity provided by Aero was immediately apparent, and the investment has allowed the company to continue to expand kiln capacity and make key hires to support growth.

The Fund has made a commitment of US$7,204,000 into the Underlying Investment Entity. The value of the Underlying Investment Entity will be valued at cost for 18 months from the date of investment 6 December 2019. This is as per the Valterra Valuation Policy which is available on request.

Contact our team

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Important Information