

## Monthly Update

Spire US Data Centre Colocation Fund (AUD) ('the Fund' a unit class of Spire Capital Master Fund) is a feeder fund for Australian investors to access ColoHouse, a leading provider of institutional quality data centre colocation services across the US.

The Fund is invested in ColoHouse via Valterra Data 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 Fund is invested pari passu with Valterra's interest in ColoHouse. The Fund was established in June 2020 and is an AUD denominated Australian unlisted unit trust that is fully paid-in whereby 100% of capital commitments were called upfront.

Given the Fund's completion of its capital raising period, this month's unit price is the first month for which the Fund's unit price is based upon the Fund's Net Asset Value. The Fund successfully raised AU\$44,292,871 in total applications and made an investment of US\$30,412,000 into the Underlying Investment Entity.

Negatively affecting the unit price was the 6.96% increase in the value of the Australian dollar since 20 July 2020 (date of first issuance of units at \$1.4312 per unit), from US\$0.7013 to US\$0.7501. The Fund does not hedge currency exposure. Negatively affecting the unit price is the recognition of the Fund's formation expenses for the first time in striking this month's unit price. **Please note, the inception date for individual investors is the date units were issued in the Fund at time of application (not the aforementioned date of first issuance of units).**

The Underlying Investment Entity is valued at cost and is expected to be revalued following the successful completion of the next capital raise (see below).

## Update - Underlying Investment Entity (1 Jan - 30 June 2021)

The Fund is invested in ColoHouse, a leading provider of institutional quality data centre colocation services across the US, via the Underlying Investment Entity – Valterra Data Holdings.


Traditionally the Jan/Feb period is slow for onboarding new tenants/Monthly Recurring Revenue (MRR) due to new deals going on pause in mid-December for the holidays. This was exacerbated in the US given the "second surge" of COVID resulting in disruption and an inability to tour. Pleasingly, there was a significant increase in bookings from March onward with Q2 2021 the biggest booking quarter on record for Orangeburg and Miami assets

- Orangeburg - A large hedge fund client managed by Rackspace was booked in March (\$18k MRR), the contract is structured to increase MRR to \$56k over time – a significant win for the business. Another tenant increased deployment by \$9,000 before entering the space. 4 new 'logos' or tenants booked YTD. The pipeline remains strong including 2 large opportunities in the near term: Q3: large financial institution (48k MRR), Q4: asset manager (34k MRR)
- Miami - Thesis of small-medium colocation deployments focused on interconnectivity is playing out very well. Miami has significant MRR momentum, recently booked 5 months of revenue in 5 weeks and new business opportunities are strong. 9 new logos booked YTD
- San Francisco - First data centre built in downtown SF in 10 years; adjacent to Digital Realty Trust's 200 Paul - the 3rd most important interconnection hub on the West Coast. Fit-out has commenced

## Expansion Plans and introduction of Capital Raise 1B

Building on the success of the first 3 assets (NY, Miami, San Fran) and integrated operating platform (inc. former TelX senior leadership, in-place M&A/integrations team, national sales and operations teams), Valterra and the management team have resolved to accelerate expansion plans via another capital raise. 'Capital Raise 1B' will capitalise a pipeline of 4 acquisitions under Letter of Intent (USD7.2m of EBITDA at average 7x entry multiple) plus other visible opportunities. The USD 75m capital raise will deliver immediate profitability, synergies and scale to the business while creating a clear path to 30m+ EBITDA. Importantly, 1B will not be dilutive to target returns (28%IRR/4xMOIC), will de-risk the business plan and will not impact the expected holding period (5 years).

Capital Raise 1B (Spire) will be conducted in coordination with Capital Raise 2 (global institutional investors, led by UBS). Capital Raise 2 will be conducted in Q42021 (following Labor Day in the US) with a USD 150m target. Importantly, Capital Raise 2 will not be dilutive to target returns while further adding scale and diversity to earnings. The universe or target companies for acquisition and integration is fragmented and inefficient so highly attractive for a platform like ColoHouse. Valterra and the ColoHouse management team have demonstrated their expertise in acquiring and optimising assets with the Miami facility recently booking 5 months of revenue in 5 weeks while negotiating 'in-place expansion' through securing more capacity in the same facility.

	Capital Raise 1A	Capital Raise 1B	Capital Raise 2
Investee Company	COLO Holdings LLC dba 'ColoHouse' 		
Spire Feeder Fund	Spire US Data Centre Colocation Fund (AUD)	Spire US Data Centre Colocation Fund II (AUD)	Not Applicable
Underlying Investment Entity	Valterra Data Holdings, LLC	Valterra Data Holdings, LLC	Valterra Data Holdings 2, LLC
Amount (USD)	\$36.9mm	\$75.0mm*	\$150.0mm*
Target Returns	28%+IRR/4x MOIC	28%+IRR/4x MOIC	28%+IRR/4x MOIC
Share Class	Class A (USD925k cashflow preference)	Class D	Class A VDH2
EBITDA (USD)	\$-1.6mm	\$5.5mm	TBA
EBITDA capacity	\$12.8mm	\$30+mm	\$85+mm
Uses of Funds	•Acquire and fund ColoHouse management platform •Acquire Miami asset •Fund Orangeburg and San Francisco assets	•Acquire 3-asset Data 102 portfolio and "bare metal" product line •Acquire 2-asset Steadfast business •Acquire Vazata Dallas asset •Acquire LumeCloud business (enterprise cloud)	•Acquisition of additional retail colocation facilities in line with investment strategy of hyper-interconnected retail colocation operations in "edge" metro markets and target returns of 28%+IRR/4x MOIC
Closing	CLOSED	August / September 2021	Dec-21
Valuation	1.0x	1.0x	1.15-1.20x**
Details	Original funding of platform and 3 seed assets	Expansion of portfolio to 9 locations and integration of 2 new product lines across the portfolio	Institutional capital raise in separate VDH vehicle. UBS engaged for US and European institutional capital

\*Assuming full allocation taken up, \*\*indicative only of current intentions and subject to finalization of due diligence

After consultation with local investors and Valterra Partners, we are pleased to report 1B investors will invest in the Underlying Investment Entity at par value (i.e. 1.0x cost valuation). Given the immediate synergies from closing the 1B capital raise, ColoHouse will be revalued ahead of Capital Raise 2 with the expected entry valuation for Capital Raise 2 investors (i.e. UBS led institutional investors) to be in the range of 1.15x to 1.20x (subject to finalisation of due diligence and as per [Valterra Investor Presentation](#), slide 7). This means, we expect an immediate arbitrage for 1B investors at closing of the 1B capital raise whereby the valuation of ColoHouse will be marked up from 1.0x to 1.15-1.20x.

The Fund participated in Capital Raise 1A. Recognition of early investment will be acknowledged by a priority position in the cash flow waterfall for ColoHouse distributions. This means, the first USD 925k of distributions (c4% annualised) from ColoHouse will be paid to 1A investors before other share classes/investors receive distributions. Further, 1A investors will benefit from the expected revaluation of ColoHouse at the completion of the 1B Capital Raise. See table above for summary.

## Performance (Net of Fees)\*

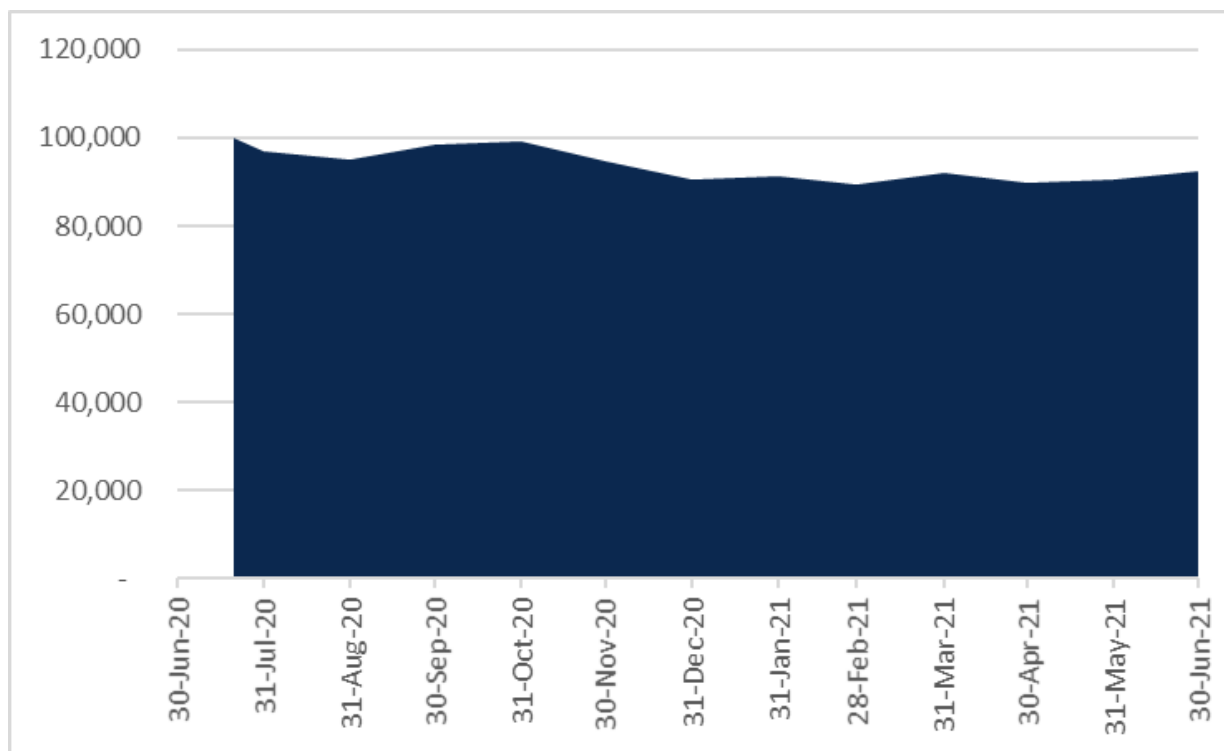
As at 30 June 2021

Underlying fund is valued at cost

1 month	3 months	6 months	1 year	3 years (p.a)	Inception
N/A	N/A	N/A	N/A	N/A	-7.56%

Asset Allocation as at 30 June 2021	
Cash AUD	5.82%
Cash USD	0.01%
Investments USD	94.17%

## Growth of AU\$100,000 Investment\*



\*Past performance is not an indicator of future performance.

Performance and Growth table and chart are based on an investment made at the Fund's first issuance of units on 20<sup>th</sup> July 2020 at \$1.4312 per unit and includes Unit Price growth from commencement of NAV based unit pricing following completion of capital raising in June 2021. Unit Price and performance do not include the value of Foreign Income Tax Offsets (FITOs) which have been distributed in addition to cash. Individual investor performance will vary according to the Application Price at which they were issued Units in the Fund, which in turn was based upon the AUD / USD exchange rate applicable on the day that an investment is accepted.

## Fund Details

<b>Fund Size (AUDm):</b>	\$42.89m	<b>Fund Manager:</b>	Spire Capital Pty Ltd
<b>Unit Price:</b>	\$1.3230	<b>Investment Manager:</b>	Valterra Data Holdings, LLC
<b>APIR Code:</b>	SPI2750AU	<b>Trustee:</b>	Spire Capital Pty Ltd
<b>Commencement:</b>	20 July 2020	<b>Base Management Fee:</b>	0.50% p.a. x NAV
<b>Distribution Frequency:</b>	Annually	<b>Underlying Management Fees:</b>	2% of Committed Capital
<b>Application Status:</b>	CLOSED	<b>Underlying Performance Fee:</b>	20% of realised profits after an 8% annual return is paid to Limited Partners.
<b>Liquidity:</b>	Nil - closed-ended Fund		

## Fund Overview

In early-June 2020, Spire finalised due diligence on Valterra's US data centre strategy and associated co-investment opportunity with ColoHouse. Spire determined that retail colocation services offered within high-quality data centres in attractive edge-market locations was the optimum way to capitalise on the secular demand trends for data. To provide Australian investors with access to ColoHouse, Spire created the Spire US Data Centre Colocation Fund (AUD) ("the Fund"). The Fund invested in ColoHouse via an underlying investment entity (Valterra Data Holdings LLC), created and controlled by Valterra Partners, a specialist lower mid-market private equity firm based in New York. The Fund invested pari passu with Valterra's interest in ColoHouse. The Fund was established in June 2020 and serves as an AUD denominated Australian unlisted unit trust. The Fund is a fully paid-in structure whereby 100% of capital commitments were called upfront. At time of closing, the ColoHouse portfolio comprised 3 key locations:

- **Orangeburg, NY:** servicing the New York City market, the Orangeburg location is currently in lease-up with significant capacity for growth;
- **Miami, FL:** a stabilized location in a highly connected "carrier hotel" data centre in downtown Miami offering access to gateway subsea cables to Central and South America;
- **San Francisco, CA:** first new build location in key San Francisco for 10+ years in a high connectivity location seeking to tap significant latent demand; and

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## Important Information

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