



**VGO Special Situations Fund I LP**

**Quarterly Report Package**

**Q3 2021**

**30 September 2021**

## General Partners' Report

### VGO Special Situations Fund I LP, (the "Fund")

Dear Limited Partners,

We are pleased to provide you with the Fund's 2021 third quarter report. As of 30 September 2021, the Fund's net asset value was USD 160.0 million and the inception to date Net IRR was 15.0%<sup>1</sup>. From inception to reporting date, the Fund has deployed USD 293.5 million in eighteen investments, fully exited ten investments, and realised USD 363.9 million.

### Portfolio Update

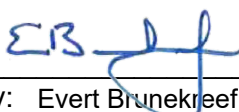
Eagle and Aqua, the UK healthcare and education platform providing specialty care to adults and children with learning disabilities, reported a solid performance in the quarter despite continuing tensions in the UK employment market. The company is benefiting from several measures implemented by management earlier in the year, notably with the investments in seven new residential services and the introduction of new contracts allowing the group to recover VAT from local authorities. With only GBP 7 million net debt at the end of the quarter, against an LTM EBITDA of GBP 6.6 million, the group is preparing itself for a potential refinancing in the course of 2022.

During the quarter, the Ocean management team continued disposing older vessels. With a cash position of USD 28 million at the end of September, and a refinancing completed during the quarter, further distributions are expected during the fourth quarter of this year.

The Italian logistics market continues to experience a strong performance. In this context, a reputable institutional investor made an unsolicited cash offer for the Iris logistics facility in Tuscany. Discussions are currently ongoing with this party with the objective of either finalizing a sale of the asset before year-end or refinance the outstanding senior debt in the first quarter of 2022 and then launch a formal sales process shortly thereafter.

During the quarter, an unsolicited cash offer for the Coast land plot was received from a reputable real estate company. Discussions are ongoing with the goal of finalizing the asset sale in the first quarter of 2022. Alternative plans are in place to continue with the current ongoing administrative approval process with the view of launching a sales process in the first half of 2022.

Sincerely,

  
By: Evert Brunekreef  
Title: Director

For and on behalf of VGO Capital Management LP.

Represented by its general partner VGO Capital Management Ltd.

<sup>1</sup> Net IRR represents the Fund's net return post all partnership expenses and PPS, before unrealised carried interest.

# VGO Special Situations Fund I LP

## Portfolio Summary

Q3 2021 - All data as of 30 September 2021 (Unaudited)



### VGO Special Situations Fund I LP

Final Close Date 31/07/2015  
Total Fund Commitments **\$222,220,000**

Called Capital \$301,020,961  
Distributions \$321,249,049  
Net Asset Value \$159,999,737

### Performance Statistics <sup>(1)</sup>

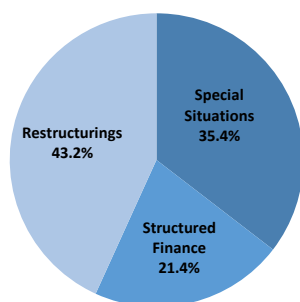
ITD Net IRR (post carry) 15.0%  
ITD Net IRR 15.0%  
ITD Gross IRR 21.4%

Net MOCC 2.17x  
Gross MOCC 2.37x

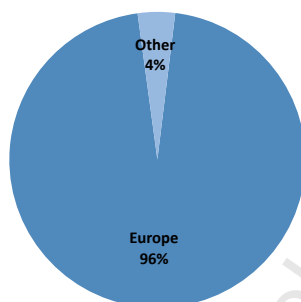
### Portfolio Investments

ITD Investments: 18  
ITD Active Investments: 8  
ITD Realised Investments: 10

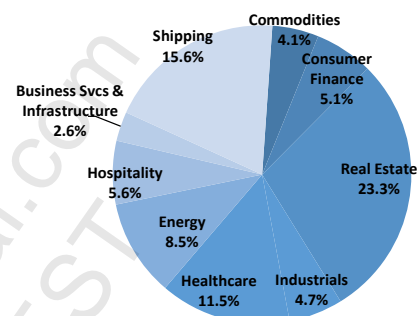
**Total Portfolio  
Strategy Distribution**



**Total Portfolio  
Geographical Exposure**



**Total Portfolio  
Sector Exposure**



### Portfolio Summary

(USD in Millions)

Investment <sup>1</sup>	Initial Investment Date	Status	Strategy	Invested Capital <sup>2</sup>	Realised Value <sup>3</sup>	Unrealised Fair Value <sup>4</sup>	Total Value	Gross MOCC <sup>5</sup>	Gross IRR <sup>6</sup>
Aurora	Q2 2014	Exited Q3 2014	Special Situations	25.0	28.5	0.0	28.5	1.1x	49.5%
Echo	Q1 2014	Exited Q3 2015	Special Situations	15.1	19.7	0.0	19.7	1.3x	24.0%
Home	Q1 2015	Exited Q4 2015	Structured Finance	19.3 / 1.5 <sup>8</sup>	2.0	0.0	2.0	1.4x	65.5%
Rhine	Q3 2017	Exited Q2 2019	Structured Finance	18.0	21.1	0.0	21.1	1.2x	13.1%
Limestone <sup>7</sup>	Q4 2015	Exited Q3 2019	Restructurings	21.8	29.6	0.0	29.6	1.4x	37.4%
Sapphire	Q2 2014	Exited Q1 2020	Structured Finance	5.0	9.9	0.0	9.9	2.0x	15.3%
Kronos	Q2 2014	Exited Q1 2020	Restructurings	7.0	4.0	0.0	4.0	0.6x	NM
Kingdom	Q4 2015	Exited Q1 2020	Special Situations	30.0	63.8	0.0	63.8	2.1x	29.9%
West	Q1 2015	Exited Q2 2021	Structured Finance	38.3	91.0	0.0	91.0	2.4x	15.9%
Iron	Q1 2014	Active	Restructurings	6.1	0.0	6.5	6.5	1.1x	NM
Olive	Q4 2016	Active	Restructurings	15.7	16.5	2.2	18.7	1.2x	9.6%
Iris	Q4 2016	Active	Restructurings	13.9	0.1	23.7	23.8	1.7x	15.5%
Eagle	Q2 2017	Active	Special Situations	28.8	8.6	69.3	77.9	2.7x	29.2%
Aqua	Q4 2017	Active	Special Situations	5.1	0.0	26.8	26.8	5.3x	53.1%
Coast	Q4 2017	Active	Restructurings	16.4	9.3	17.0	26.3	1.6x	17.9%
Ocean/Spring <sup>8</sup>	Q1 2018	Active	Restructurings	25.8	34.8	8.5	43.3	1.7x	38.8%
Range	Q4 2018	Active	Restructurings	20.2	25.0	7.9	32.9	1.6x	34.8%
<b>Total Portfolio</b>				<b>\$293.5</b>	<b>\$363.9</b>	<b>\$161.9</b>	<b>\$525.8</b>	<b>2.4x</b>	<b>21.4%</b>

1. Portfolio summary includes transactions funded via the Fund Revolving Facility for FX hedging purposes (Home, Limestone and Olive).

2. "Invested Capital" reflects the actual capital invested to date with respect to an investment; it does not take into account capital called for PPS or expenses.

3. "Realised Value" includes interest payments, upfront fees and realisations.

4. "Unrealised Fair Value" represents the unrealised remaining value for an investment as determined by the manager and in compliance with International Financial Reporting Standards (IFRS) 13 Fair Value Measurement.

5. "Gross IRR" is an annualized gross investing return based on monthly cash flows of investments. "Gross MOCC" represents multiple on investment and multiple on total committed capital for the total portfolio. Gross MOCCs and Gross IRRs are presented on a gross basis, before partnership expenses, PPS and carried interest, which, in the aggregate, are anticipated to be substantial. Net IRRs calculated after such fees, expenses, taxes where applicable and carried interest would generally be lower.

6. \$19.3m capital committed and \$1.5m capital deployed. 12 month Revolving Credit Facility, renewable annually for up to 4 years (total 5 years) terminated at month 12.

7. Limestone - Amount Invested \$21.8m vs capital called \$1.6m. Balance drawn from Investec Bank as part of FX hedging. Gross MOCC and Gross IRR are presented on unlevered basis (levered Gross IRR 425%, levered

8. Spring exited in Q3 2019.

Notes:

(1) Gross IRR represents the Fund's gross IRR before partnership expenses, PPS and carried interest accrual

Net IRR represents the Fund's net IRR including partnership expenses and PPS

Net IRR (post carry) represents the Fund's net IRR including partnership expenses, PPS and carried interest accrual

MOCC represents Multiple on total Committed Capital, taking into account of recycled capital

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Statement of Financial Position

As at 30 September 2021

	30 September 2021 USD	30 June 2021 USD
<b>Assets</b>		
Cash and cash equivalents	781,537	42,714,660
Financial assets, at fair value	199,077,140	192,212,265
Interest and redemption premium receivables	10,570,855	9,852,945
Prepaid PPS	574,884	-
Other prepaid expenses	22,340	41,005
Other receivables	41,285	41,286
<b>Total Assets</b>	<b>211,068,041</b>	<b>244,862,161</b>
Accrued expenses	643,572	605,993
Accounts Payable	50,424,732	12,811,424
<b>Total Liabilities (Excluding Net Assets Attributable to Partners)</b>	<b>51,068,304</b>	<b>13,417,417</b>
<b>Net Assets Attributable to Partners</b>	<b>159,999,737</b>	<b>231,444,744</b>
<b>Represented by:</b>		
Founding Partner	1,591,616	2,299,616
Limited Partner	158,408,121	229,145,128
<b>Total</b>	<b>159,999,737</b>	<b>231,444,744</b>

Statement of Comprehensive Income

For the quarter ended 30 September 2021

	Quarter to Date 30 September 2021 USD	Quarter to Date 30 June 2021 USD
<b>Income</b>		
Net change in unrealised gain / (loss) on financial assets and liabilities at fair value	6,864,875	2,700,715
Interest income	969,868	1,671,151
<b>Total Income</b>	<b>7,834,743</b>	<b>4,371,866</b>
<b>Operating Expenses</b>		
Administrator fee	50,174	72,748
PPS	574,884	759,525
Directors and Insurance fees	18,418	18,418
Audit fees	18,622	19,114
Legal fees	4,855	-
Deal expenses	87,116	163
Other operating expenses	16,159	19,417
Professional fees	19,744	21,335
Net foreign currency (gain) / loss	3,722,849	(18,496)
<b>Total Operating Expenses</b>	<b>4,512,821</b>	<b>892,224</b>
<b>Operating Gain before Finance Costs</b>	<b>3,321,922</b>	<b>3,479,642</b>
<b>Finance Costs</b>	-	-
<b>Increase in net assets attributable to Partners</b>	<b>3,321,922</b>	<b>3,479,642</b>

Statement of Partner's Capital

SA REAL ASSETS 3 US Ltd

	Quarter to Date 30 September 2021	Year to Date 30 September 2021	Life to Date 30 September 2021
	USD	USD	USD
<b>Beginning Capital</b>	<b>10,415,466</b>	<b>10,344,723</b>	<b>-</b>
<b>Capital Contributions/(Distributions)</b>			
Contributions	-	-	12,935,726
Distributions	(3,364,545)	(3,994,551)	(13,149,943)
Equalisation	-	-	(527,370)
<b>Net Capital Contributions/(Distributions)</b>	<b>(3,364,545)</b>	<b>(3,994,551)</b>	<b>(741,487)</b>
<b>Income/(Loss) Allocation</b>			
Operating Income/(Expense)	149,227	849,976	7,941,635
<b>Total Income/(Loss)</b>	<b>149,227</b>	<b>849,976</b>	<b>7,941,635</b>
<b>Gross Ending Capital</b>	<b>7,200,148</b>	<b>7,200,148</b>	<b>7,200,148</b>
<b>Accrued Carried Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Ending Capital</b>	<b>7,200,148</b>	<b>7,200,148</b>	<b>7,200,148</b>
<b>Commitment Summary</b>			
Commitment			10,000,000
Less: Contributions			(12,450,487)
Add: Callable Distribution			8,900,202
<b>Remaining Capital Commitment</b>			<b>6,449,715</b>

## DISCLAIMER

**DEFINITIONS:** VGO Special Situations Fund I L.P. (the “Fund”) and its intermediate vehicles are managed by its General Partner, VGO Capital Management LP (the “General Partner” or “we”).

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Pursuant to the limited partnership agreement constituting the Fund, the General Partner may determine not to disclose certain information with respect to the Fund’s portfolio companies to any Limited Partner if it believes that such disclosure is not in the best interests of the Fund, any Limited Partner or any such portfolio company.

**FORWARD-LOOKING STATEMENTS:** Certain information contained in this document constitutes “forward-looking statements” that can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “intend,” “continue,” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Furthermore, any projections or other estimates in this document, including estimates of returns or performance, are “forward-looking statements” and are based upon certain assumptions that may change. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund investments may differ materially from those reflected or contemplated in such forward-looking statements. Moreover, actual events are difficult to project and often depend upon factors that are beyond the control of the Manager and its affiliates. The delivery of this document at any time shall not under any circumstances create an implication that the information contained herein is correct as of any time after the earlier of the relevant date specified herein or the date of this document. There is no obligation to update these forward-looking statements to reflect events or circumstances after the date hereof, nor is there any assurance that the policies, strategies or approaches discussed herein will not change.

In considering any target performance information contained herein, Limited Partners should bear in mind that past or targeted performance is not a guarantee, projection or prediction and is not necessarily indicative of future results.

## IMPORTANT NOTICE REGARDING CALCULATION OF IRR AND MOIC:

To the extent that internal rates of return (“IRR”) or multiples of invested capital (“MOIC”) are presented in this document, gross IRRs and gross MOIC are presented before partnership expenses, management fees and carried interest, which, in the aggregate, are anticipated to be substantial. Net IRRs and net MOIC calculated after such fees, expenses and carried interest would generally be slower. There can be no guarantee that any estimated or targeted returns will be achieved.