VPEG Quarterly Report for the Quarter Ending 31 December 2008

16th February 2009

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 31 December 2008

Special points of interest:

- Advent V's SJ Electrics completes two further acquisitions
- Archer 4 takes control of MYOB in a public to private takeover
- Quadrant PE2 expands IVF Australia by purchasing Melbourne IVF

Inside this report:

SUMMARY

Background

Vantage Private Equity Growth Limited (VPEG) is a multi manager Private Equity investment company initially structured as an unlisted Australian public company. VPEG is focussed on investing in professionally managed Private Equity funds that invest in businesses that are at a more mature stage of development, and in particular the Later Expansion and Buyout stages of Private Equity investment.

The Company's investment objective for its Investment Portfolio is to achieve attractive medium to long-term returns on Private Equity investments while keeping the volatility of the overall investment portfolio low. This is achieved by investing across a highly diversified portfolio of Private Equity assets with diversification obtained by allocating across manager, geographic region, financing stage, industry sector and vintage year.

VPEG will invest the majority of its Investment Portfolio into predominantly Australian based Private Equity funds who in turn are focused on investing into small to mid market sized companies with enterprise value at initial investment of generally between \$20m and \$500m.

VPEG continues to build its investment portfolio and has to date committed \$43m across seven private equity funds.

As at 31 December 2008, VPEG had made \$43m of Private Equity commitments which include, \$8m to each of Archer Capital Fund 4, Catalyst Buyout Fund 2 and Quadrant Private Equity No. 2, \$7m to Next Capital II and \$4m to each of Advent V, Crescent Capital Partners III and Equity Partners Fund No. 3.

Important Information

Performance

The period from 1 October 2008 to 31 December 2008 saw the continued growth in VPEG's existing portfolio of private equity investments.

During the period the number of private equity investments within the portfolio remained at 18. However the size of two of these companies grew via the acquisition of competitor companies, to increase the level of their revenue and earnings.

Also during December 2008, all of VPEG's underlying fund managers reviewed the holding value of their portfolio companies in line with industry guidelines on valuation. This exercise resulted in an adjustment in the holding values of a majority of the underlying companies within VPEG's portfolio.

For more information on the valuation approach adopted by underlying managers please see "Valuation Review of VPEG's Underlying PE Investments" later in this report

As a result, VPEG's post tax NAV per share declined slightly during the period with the decline occurring in December as a result of the revaluation exercise described above.

Month Ending	VPEG NAV per Ordinary Share*
31-Dec-08	0.990
30-Nov-08	0.997
31-Oct-08	0.999
30-Sep-08	0.996

*Net Asset Value (NAV) per share post tax

The table above provides a summary of the performance of VPEG's portfolio during the December 08 quarter. As demonstrated VPEG's post tax NAV per share fluctuated from $0.996 at 30 September 2008 to $0.999 at 31 October 08 and dropped back to $0.990 as at 31 December 2008.

Key Portfolio Developments

During the period 1 October 2008 to 31 December 2008, VPEG's existing portfolio of private equity investments expanded as a result of three follow on investments into two existing portfolio companies which led to them acquiring additional businesses for growth.

The increased exposure to private equity investments resulted from draw downs, during the quarter by Advent V, Archer 4, Catalyst Buyout Fund 2, Equity Partners 3, Next Capital II and Quadrant Private Equity No. 2, totaling $1,259,809.

The majority of capital drawn from VPEG during the quarter contributed toward funding one follow on investment by Quadrant Private Equity No. 2.

Capital was also drawn by Advent V to invest into two additional acquisitions made by one of its exiting portfolio companies.

The remaining capital drawn from VPEG during the quarter contributed toward working capital expenditure (i.e. underlying fund costs and management fees) for those funds that did not make any specific acquisitions during the quarter.

Quadrant Private Equity No. 2's draw down from VPEG in early December 2008 was to fund the acquisition of Melbourne IVF by its existing portfolio company **IVF Holdings**

Advent V's draw downs from VPEG during October and November 2008 were to fund two acquisitions, Ladd Electrical and SEME Electrical Engineering by their existing portfolio company **SJ Electrics**.

The acquisitions by both IVF Holdings and SJ Electrics takes each of their projected earnings for FY09 to more than double that which was achieved prior to each acquisition. In each case the earnings projections do not include any additional contribution from synergies that are forecast to be achieved following each acquisition.

Finally Archer 4 announced during December 2008 that it had acquired a majority stake of listed company **MYOB** with funds for that acquisition to be drawn from their investors, including VPEG, during January 2009

"The majority of draw downs from VPEG during the quarter went toward funding three follow on investments by two existing portfolio companies. An additional new investment was announced late in the quarter"

Overview of New and Expanded Underlying Investments

IVF Holdings

Quadrant Private Equity No. 2 investee IVF Australia acquired Melbourne IVF in November 2008 adding significant scale and market share to the overall group which was subsequently renamed IVF Holdings.

Melbourne IVF is a leading provider of IVF and related infertility treatment in Victoria and is known for being at the forefront of IVF technology around the world.

Melbourne IVF's head office is located in East Melbourne and includes a purpose built IVF operating theatre, laboratory and embryo transfer room all adjacent to a main reception and staff offices. Melbourne IVF's Infertility Specialists' consulting rooms are also situated within the same building with many of their Infertility Specialists having other consulting rooms in Melbourne suburbs and country areas.

Both Melbourne IVF and IVF Australia will maintain their local presence, specialist fertility doctors, management and staff teams. Synergies will be realised across the organisation by sharing best practice processes across each of the medical, scientific, nursing, counseling and administrative areas.

The combined group now accounts for an approximate 30% share of the market for IVF services in Australia, which positions the new group as national leaders in assisted reproductive technology.

SJ Electrics

During October and November 2008 **Advent V** investee **SJ Electrics (SJE)** acquired both Ladd Electrical and SEME Electrical Engineering each of which had been identified as potential acquisitions prior to Advent's initial investment into SJE.

Ladd Electrical are electrical contractors and switchboard manufacturers with offices in Sydney and Melbourne. Ladd provides its products and services to the mechanical, water & sewerage, generator power & control, food & beverage, refrigeration, power reticulation, process control & automation and building services & maintenance industry sectors.

Located in Perth, Western Australia, SEME Electrical Engineering carry out all facets of electrical design and installation, providing their clients with a full suite of installation and repair services. SEME also provide specialist systems applications which include; Cell Call, Nurse Call, Access Control, Positional Mobile Duress, Fire Detection, and Energy Conservation Systems.

MYOB

On the 17th December 2008, **Archer Capital Fund 4** announced that Manhattan Software, Archer's MYOB bidding consortium, had received acceptances for more than 50% of the shares in the ASX listed MYOB Limited. As a result the offer for MYOB become unconditional. By early January 2009 Manhattan Software achieved more than 90% acceptances from Shareholders of MYOB to its bid of $1.1564 per share (including a special dividend) and subsequently commenced the compulsory acquisition process.

MYOB is a developer and publisher of business management software and provides award-winning software, services and support to over 700,000 businesses and 10,000 accounting practices across the Asia Pacific region.

MYOB also works directly with accounting practices to streamline their processes and maximise their productivity. MYOB solutions are used by leading accounting practices from tax agents and sole practitioners to the "Big 4" accounting firms.

MYOB was founded in 1991 and was listed on the ASX from June 1999 to January 2009 when the shares were delisted following the successful takeover by the Archer consortium.

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure — 31 December 2008

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 December 2008.

Current Investment Portfolio Allocation*

The following table provides the split of VPEG's current investment portfolio across cash, fixed interest securities (term deposits) and Private Equity (drawn down).

The drawn down Private Equity component of the portfolio is further broken down by the investment stage (Later Expansion or Buyout) of the underlying investments that currently make up VPEG's Private Equity portfolio.

Cash	Fixed Interest	Private Equity (Drawn Down)	
8.8%	66.4%	Later Expansion	7.4%
		Buyout	17.4%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 December 2008 VPEG's Gross Assets were $ 34.73 million (unaudited) pre tax.

As VPEG continues to build its Private Equity portfolio, it's holdings in fixed interest securities will continue to be reduced. With commitments to seven private equity funds and a growing deal flow available to small to mid market focussed Private Equity funds in Australia, the level of investment by VPEG's underlying funds will continue to increase, resulting in a corresponding reduction in VPEG's Fixed Interest investments over time.

"VPEG, with commitments to seven Private Equity funds, now ultimately holds interests in eighteen underlying company investments"

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, now ultimately holds interests in eighteen underlying company investments to which funds have been drawn. VPEG's Private Equity portfolio and commitments, as at 31 December 2008, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	No. of Investee Companies
Advent V	$300m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$1.95m	6
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$1.12m	4
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$0.25m	0
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$1.68m	4
Equity Partners Fund No. 3	$76m	2007	Small Market Expansion / Buyout	$4.0m	$0.63m	1
Next Capital II	$350m*	2008	Small to Mid Market Expansion / Buyout	$7.0m	$0.18m	0
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$4.10m	3

* Target Fund size

PORTFOLIO STRUCTURE — continued

Summary of VPEG's Top 10 Underlying Private Equity Investments

The table below provides a snapshot of the top ten underlying private equity investments in VPEG's portfolio, for which funds have been drawn from VPEG, as at 31 December 2008.

VPEG's single largest private equity investment remains Quadrant Private Equity No. 2 investee, Quick Service Restaurants, which accounts for approximately 5.4% of VPEG's pre tax NAV.

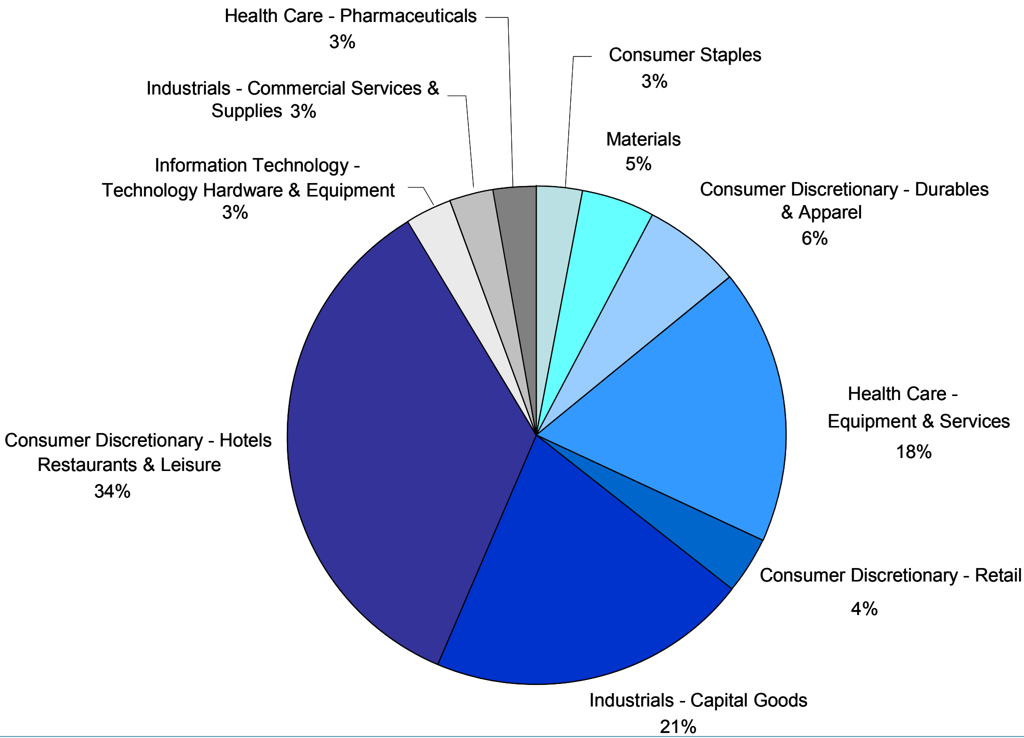
Rank	Investment	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Quick Service Restaurants	Chicken Fast Food Retailing	5.4%	5.4%
2	IVF Australia	Owner Operator of Fertility Clinics in NSW & Victoria	3.5%	8.9%
3	Independent Pub Group	Owner of Gaming Hotels in Qld, SA & NSW	3.2%	12.1%
4	Locker Group	Metal Products Manufacturer	1.6%	13.7%
5	Skins	Compression Sports Apparel Designer & Marketer	1.5%	15.2%
6	SJ Electric Group	Electrical Engineering Contracting & Switchboard Manufacturer	1.4%	16.6%
7	Integrated Packaging Group	Manufacturer & Distributor of Packaging Products	1.1%	17.7%
8	Metro Glass	Value Added Glass Processing	1.1%	18.8%
9	Steel-Line Garage Doors	Manufacturer & Distributor of Garage Doors and Associated Accessories	1.1%	19.9%
10	Scada Group	Systems Integration Solutions for Water Utilities & Oil & Gas Businesses	0.8%	20.6%

*As at 31 December 2008 (unaudited) calculated on VPEG's pre tax NAV.

Industry Spread of VPEG's Underlying Investments

With the "follow-on" investments into two existing portfolio companies completed during the quarter in the "Industrials" and "Healthcare—Equipment & Services" sectors, the diversification of VPEG's Private Equity investment portfolio continues to spread across a wide range of industry sectors.

The Healthcare sector in total now represents 21% of the portfolio (up from 13% last quarter) with "Consumer Discretion-ary—Hotels, Restaurants & Leisure" remaining the largest sector exposure at 34%.



PORTFOLIO STRUCTURE — continued

Movement In PE Portfolio Company Fair Values

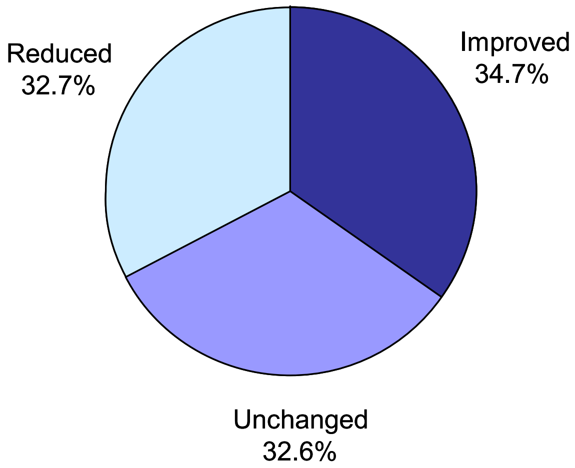
The chart to the right provides a breakdown of the movement in the holding value of underlying companies within the Private Equity (PE) portfolio from June 08 to December 08 as a percentage of the value of the entire PE portfolio (as at 30 June 08) plus subsequent investments.

As demonstrated by the chart a majority (34.7%) of underlying companies within VPEG's portfolio, by value, had an increase in their holding value at 31 December 08 compared with their value as at 30 June 08. Furthermore the increase in the total holding value of the five companies falling within this band, across the period, was 17.8%.

By contrast 32.7% of companies, by value, within the portfolio, underwent a reduction in their holding value at 31 December 08 compared with that at 30 June 08. The reduction in the total holding value of the seven companies falling within this band across the period was 24.7%.

Finally, 32.6% of all companies within the PE portfolio by value, maintained their holding value across the period. This band consisted of six companies and included the new investments made by underlying managers between 30 June and 31 December.

Movement in Underlying Company Fair Values as a Proportion of Total PE Portfolio[1]



Notes; 1. Percentage values represent the proportion of companies falling within each band as a percentage of the total value of the PE portfolio as at 30 June 08. Fair value movement occurring between 30 Jun 08 & 31 Dec 08.

As a result, the net decrease in the total value of VPEG's PE holdings across the period, caused by the 31 December revaluation exercise, was only 1.88%. This demonstrates the benefits of VPEG's diversified approach to private equity investing where, by spreading PE investments across investment stage, industry sector, PE manager and timeframe, this strategy ultimately reduces the impact that a slowing economy could otherwise have on the value of a PE investment portfolio.

Valuation Review of VPEG's Underlying PE Investments

Under the relevant agreements for each of VPEG's underlying funds, each fund manager is required to value their investments consistent with the valuation guidelines issued by the Australian Venture Capital Association (AVCAL).

For unlisted investments those guidelines recommend that the managers of each fund apply an earnings multiple which is typically an average of comparable listed company earnings multiples, to their view of sustainable earnings for their unlisted portfolio companies and then apply an "illiquidity" discount of between 20% to 40% to arrive at a fair value for each portfolio company.

All of VPEG's underlying fund valuations, including the 31 December valuations of unlisted investments, have been compiled using this methodology.

As detailed above, the outcome of this exercise was that the holding value of five underlying companies within VPEG's PE portfolio improved, while the value of seven underlying companies reduced, with the value of the other six companies that make up the PE portfolio remaining as they were as at 30 June 2008 (or 30 September 2008 in the case of new investments undertaken during the period).

In the majority of cases the increase in the fair value of those companies whose value improved from 30 June to 31 December 08 was due to an improvement in the earnings (as measured by EBITDA) of those companies during the period.

Additionally in each case the earnings multiple applied to the December 08 earnings to arrive at fair value for each of these companies did not require any downward adjustment. (Continued next page)

Valuation Review of VPEG's Underlying PE Investments, continued.

This was due to the fact that in most cases each multiple utilised during the June 08 valuation exercise, was already at or below the reduced multiple of their listed market peers as at December 08.

By contrast, almost exclusively, for those companies within VPEG's PE portfolio whose holding values decreased between June and December 2008, the reduction in value was due to significant reductions in the earnings multiples of comparable listed companies over the last six months.

It is apparent that the listed markets have reduced listed multiples in anticipation of significant weakening of second half (of FY09) earnings. As such while listed share prices may remain flat, earnings multiples are likely to increase once earnings downgrades for listed companies are released over the next 6 to 9 months.

It should be noted that many of VPEG's underlying fund manager's view of the sustainable earnings for a majority of their portfolio companies has not changed over that time, i.e. based on first half results their forecast sustainable earnings for 2009 are largely unchanged.

As such Vantage anticipates that as listed company earnings are updated for the second half of FY09, the corresponding impact on multiples is likely to be upward.

This will ultimately lead to a rebalancing of multiples back to their early to mid 2008 levels which, assuming earnings remain in line with manager expectations, should lead to a net improvement in valuations of companies within VPEG's portfolio over the coming year.

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