

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 31 December 2010



Special points of interest:

- VPEG delivers 8.53% total shareholder return during 2010
- Catalyst Buyout Fund 2 acquires Adairs & Dusk.
- Crescent Capital III acquires GroundProbe
- Next Capital II invests in Onsite Rentals & Discovery Holiday Parks.
- Archer Capital Fund 4 investee Ausfuel acquires Gull WA
- Catalyst Buyout Fund 2 investee Actrol acquires AC Components

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SUMMARY

Background

Vantage Private Equity Growth Limited (VPEG) is a multi manager Private Equity investment company 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 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 committed \$43m across seven private equity funds and currently holds interests in 27 underlying companies.

As at 31 December 2010, VPEG had made seven investment 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

This report has been prepared by Vantage Asset Management Pty Limited (ABN 50 109 671 123) AFSL 279186 (VAM) (in its capacity as Investment Manager of Vantage Private Equity Growth Limited (ABN 51 112 481 875)). It has been prepared without taking into account the objectives, financial situation or needs of any investor, which should be considered before investing. Investors should seek their own advice about an appropriate investment or investment strategy. It should not be relied upon as personal advice nor is it an offer of any financial product.

Performance

The period 1 October 2010 to 31 December 2010 saw the continued growth in the quantity, size & value of private equity investments held within VPEG's portfolio.

During the period four new private equity investments and two bolt-on investments were added to the portfolio. In addition one exit from the portfolio (National Hearing Care) was completed. As a result the total number of investments currently held within the underlying private equity portfolio grew to twenty seven.

The table to the right provides a summary of the performance of VPEG's portfolio during the December 10 quarter. As demonstrated VPEG's post tax NAV per share grew from \$1.070 at 30 September 2010 to \$1.086 at 31 December 2010.

In fact VPEG's post tax NAV per share improved by 7.1% across the 12 months ending 31 December 2010, having grown from \$1.014 per share as at 31 December 09. Adding the 1c per share fully franked dividend paid to shareholders during November 2010 brings the **total shareholder return¹ delivered by VPEG during 2010 to 8.53%**.

Month Ending	VPEG NAV per Ordinary Share*
31-Dec-10	1.086
30-Nov-10	1.076
31-Oct-10	1.078
30-Sep-10	1.070

*Net Asset Value (NAV) per share post tax

This compares extremely well to the 2.6% drop in the S&P/ASX 200 index across the same period (4871 to 4745) as well as the 1.6% total pre tax return delivered by the S&P/ASX 200 Accumulation index across 2010. (Source; <http://www.rba.gov.au/statisticstablespdf07.pdf> accessed=2302-020056)

Key Portfolio Developments

During the period 1 October 2010 to 31 December 2010, the quantity, size & value of VPEG's portfolio of private equity investments expanded significantly as a result of the completion of four new investments and two bolt on investments.

Draw downs during the quarter were made by Archer Capital Fund 4 (Archer 4), Advent V, Catalyst Buyout Fund 2 (CBF2), Crescent Capital Partners III (CCP III), Next Capital II (Next II) & Quadrant Private Equity No. 2, totaling \$3,282,896.

The majority of capital drawn from VPEG during the quarter contributed toward funding the four new investments (two by Next II and one each by CBF2 & CCP III) as well as the two follow on investments (one completed by each of Archer 4 & CBF2).

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.

Also during the quarter a total of \$1,415,955 in distributions from underlying funds were received by VPEG. The majority of these related to CCP III's sale of National Hearing Care which was completed during the quarter along with other proceeds from dividends etc received from investee companies held by Archer 4 & Advent V.

During October 2010, CCPIII completed the acquisition of **GroundProbe** a leading provider of specialist measurement systems and geotechnical services to the mining industry.

In early December 2010, CBF2 established **Home & Décor Holdings** and acquired retailers Adairs (Manchester) & Dusk (Candles) as part of a strategy to build a group of specialty retail businesses which operate in the home wares and home furnishing sector.

Also during December 2010, Next II invested in **Onsite Rental Group**, a nationwide specialised equipment rental business and **Discovery Holiday Parks**, Australia's largest caravan and cabin park owner and operator.

Finally, during the quarter, Archer 4 investee **Ausfuel** acquired Gull WA, Western Australia's leading independent fuel retailer and Catalyst Buyout Fund 2 investee **Actrol** acquired AC Components, Victoria's leading distributor of heating, ventilation and air-conditioning components and units.

1. Total Shareholder Return = Dividends paid (incl. Franking Credits) + growth in the residual value of VPEG across the year (post tax)

“The majority of capital drawn from VPEG during the quarter contributed toward funding four new investments & two follow on investments”

Overview of Recent Investments

GroundProbe

During October 2010, **Crescent Capital Partners III** acquired a significant majority of Brisbane based GroundProbe.

GroundProbe is a technology company that provides specialist measurement systems and geotechnical services to the mining industry. These services focus on measuring movement in mine structures utilising a radar-based technology called the Slope Stability Radar (SSR), therefore enabling its customers to manage risk, improve safety and lift productivity.

GroundProbe was the first company worldwide to commercialise and launch radar for this application and remains one of only three companies offering this technology globally.

GroundProbe's services also include specialist geophysical mapping with the detail required for designing and managing mines, infrastructure and water resources. Such services are being applied in mining, civil construction and infrastructure industries.

The company's head office and manufacturing/assembly facility is located in Brisbane with sales distribution offices located in most of the world's major mining markets including Perth, Beijing, Johannesburg, Santiago/Antofagasta and Tuscon.

Home & Décor Holdings

In early December 2010, **Catalyst Buyout Fund 2** established Home & Decor Holdings to acquire national retailers Adairs and Dusk from BB Retail Capital.

Adairs is a specialty retailer in the broad homewares space, with a particular focus on manchester. The business is headquartered in Melbourne and currently has 107 stores across Australia.

The business comprises six retail formats including Adairs, Adairs Homemaker, Adairs Outlet, Adairs Online, Adairs Kids and Urban Home Republic stores. The Adair's business is the largest specialty retailer in its category.

Dusk is specialty retailer in the candles and home fragrance homewares niche. Dusk currently has 77 stores across Australia, and is the largest player in its market.

Dusk stores are typically small in size (approx 100m²) and are mainly located in large shopping centres or high end strip locations. Dusk clients can also order online for delivery throughout Australia and New Zealand.

Dusk's manufacturing facility is located in Perth WA, where some six million candles are hand poured each year.



Overview of Recent Investments continued.

Onsite Rental Group

In late December 2010, **Next Capital II** invested in Onsite Rental Group, to fund its acquisition of Perth based equipment rental business Statewide Equipment Hire.

The Onsite Rental Group is one of Australia's most experienced national equipment rental companies providing an extensive range of specialist rental products and services across multiple industries and geographies.

The company's solutions include portable buildings and toilets, power generation, air and pumps, welders and lighting towers, access equipment, event solutions, scaffolding and temporary fencing.

Industries serviced include mining, infrastructure, commercial, Industrial and residential construction, events, logistics, government and public services.

Major customers include BHP, Rio Tinto, Fortescue Metals, Thiess, Monadelphous, John Holland, Bilfinger Berger Services and Leighton Contractors.



Discovery Holiday Parks

In late December 2010, **Next Capital II** purchased Discovery Holiday Parks, Australia's leading caravan and cabin park owner and operator.

Discovery Holiday Parks is the largest owner and operator of lifestyle holiday parks in Australia, providing a broad range of accommodation to suit any need.

Discovery has built a portfolio of 31 parks in strategic locations across Australia; from the Australian outback, to water front locations and within National Parks.

Alliances currently exist with BIG4; Top Tourist and Family Parks to ensure maximum exposure to the Discovery Holiday Parks name as it grows to secure the position as market leader in the accommodation park industry.

The success enjoyed by Discovery Holiday Parks today has been established by developing systems and procedures that streamline the operations, whilst maximising the customer experience and delivery of Discovery Holiday Parks brand values.



Overview of Recent Investments continued.

Ausfuel acquires Gull WA

During October 2010 **Archer Capital Fund 4** investee Ausfuel acquired Gull WA, the largest independent fuel retailer in Western Australia.

With long term access to an industry-leading fuel terminal at Kwinana and over 70 Gull branded service stations in Western Australia, Gull is a significant fuel wholesaler and retailer, offering WA motorists and businesses a local fuel supply alternative to the multinational fuel companies.

Gull WA is also the leading wholesale and retail supplier of biofuels in WA. Gull BIO-D, a blend of up to 20% biodiesel and petroleum diesel, was launched in 2006 and remains the only branded biofuel available in Western Australia.



Actrol acquires AC Components

During December 2010 **Catalyst Buyout Fund 2** investee Actrol, acquired AC Components (ACC), Victoria's leading distributor of heating, ventilation and air-conditioning (HVAC) components and units.

ACC is the Victorian market leader in the wholesaling and distribution of residential air conditioning systems and associated components and parts.

ACC has turnover in excess of \$50 million, operating through a network of 11 branches across Melbourne metropolitan and regional centres.

ACC will continue to operate on a standalone basis but within the same group as Actrol Parts (a leading national refrigeration and air conditioning wholesaler and distributor with turnover in excess of \$110 million) which was acquired by Catalyst Buyout Fund 2 in May 2010.



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 31 December 2010

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 December 2010.

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)	
3.6%	36.0%	Later Expansion	10.9%
		Buyout	49.5%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 December 2010 VPEG's Gross Assets were \$ 39.03 million (unaudited) pre tax.

During the December 10 Quarter VPEG's exposure to private equity investments grew from 53.15% to 60.39% with the cash and fixed interest component of the investment portfolio reducing from 46.85% to 39.61%. The increase in Private Equity exposure was due to the four new and two bolt on acquisitions completed during the period.

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, currently holds interests in twenty seven underlying company investments to which funds have been drawn. VPEG's Private Equity portfolio and commitments, as at 31 December 2010, were as follows:

"VPEG currently holds interests in twenty seven underlying company investments"

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	Current No. of Investee Companies
Advent V	\$300m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$2.70m	5
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$3.19m	6
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$3.30m	2
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.42m	5
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$1.09m	2
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$1.51m	2
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$6.82m	5

PORTFOLIO STRUCTURE — continued

Summary of VPEG's Top 10 Underlying Private Equity Investments

The table below provides an overview of the top ten underlying private equity investments in VPEG's portfolio, for which funds had been drawn from VPEG, as at 31 December 2010.

Following its acquisition of AC Components, Actrol moved from No. 6 to No. 4 on the table while Home & Décor Holdings entered the list as VPEG's 8th largest Private Equity Investment.

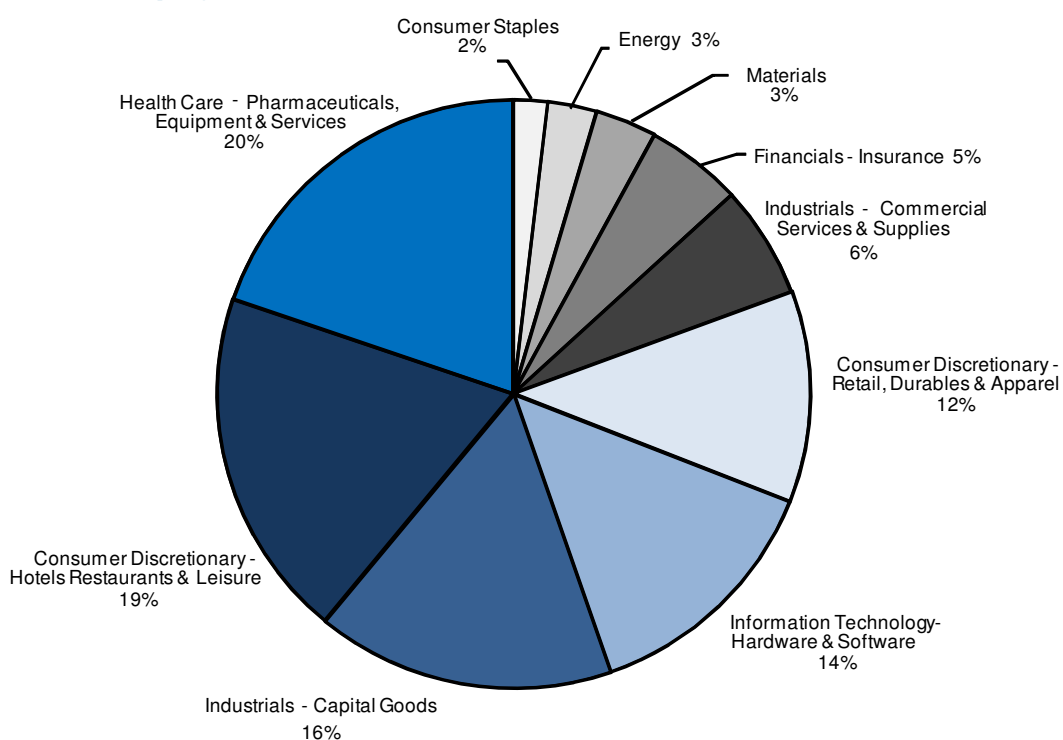
Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Quick Service Restaurants	Quadrant Private Equity No. 2	Chicken Fast Food Retailing	6.5%	6.5%
2	MYOB	Archer Capital Fund 4	Developer, Marketer & Distributor of Business Software Systems	6.1%	12.6%
3	Virtus Health (formally IVF Australia)	Quadrant Private Equity No. 2	Owner Operator of Fertility Clinics in NSW & Victoria	4.4%	17.0%
4	Actrol	Catalyst Buyout Fund 2	Distributor of Refrigeration & Air-conditioning Parts & Equipment	4.2%	21.1%
5	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	4.1%	25.3%
6	Independent Pub Group	Quadrant Private Equity No. 2	Owner of Gaming Hotels in Qld, SA & NSW	3.7%	28.9%
7	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	3.2%	32.1%
8	Home & Decor Holdings (Adairs & Dusk)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	3.0%	35.1%
9	Genesis Care	Advent V	National Network of Cardiology & Radiation Oncology Practices	2.5%	37.6%
10	Media Monitors	Quadrant Private Equity No. 2	International Media Services Business	2.3%	39.9%

*As at 31 December 2010 (unaudited) calculated on VPEG's pre tax NAV.

Industry Spread of VPEG's Underlying Investments

With the sale of National Hearing Care during the quarter, the "Health Care—Pharmaceuticals, Equipment & Services" sector exposure reduced by 7% to 20% of VPEG's total private equity portfolio.

The "Industrials—Commercial Services & Supplies" sector grew from 1% to 6% following the acquisitions of AC Components and Onsite Rentals, while the "Consumer Discretionary—Retail, Durables & Apparel" sector grew from 8% to 12%, with the acquisition of Adairs & Dusk.



GENERAL MARKET DEVELOPMENTS

Year End Data Confirms Improvement in Value & Volume of Private Equity Investments & Exits

The Australian economy continued to recover during the December quarter of 2010, benefiting from a combination of ongoing strong demand from China and other developing countries for energy related and other natural resources as well as high commodity prices. Indeed unemployment statistics released during the quarter showed a further improvement in this area and undoubtedly fuelled concerns with the Reserve Bank that a further increase in interest rates may not be far away.

As a consequence of a strong economy and interest rates higher than in many other areas of the world the Australian Dollar achieved new highs against the US dollar, the Euro and Sterling.

On a global basis, private equity deal flow continued to witness a resurgence during the December quarter. End of year results suggest the private equity deals sector has recovered following the Global Financial Crisis (GFC), with both the value and volume of new deals and exits returning to, or exceeding, pre GFC levels (See Charts 1 & 2 below).

Chart1; Number and Aggregate Value of Global Buyouts (last five years)

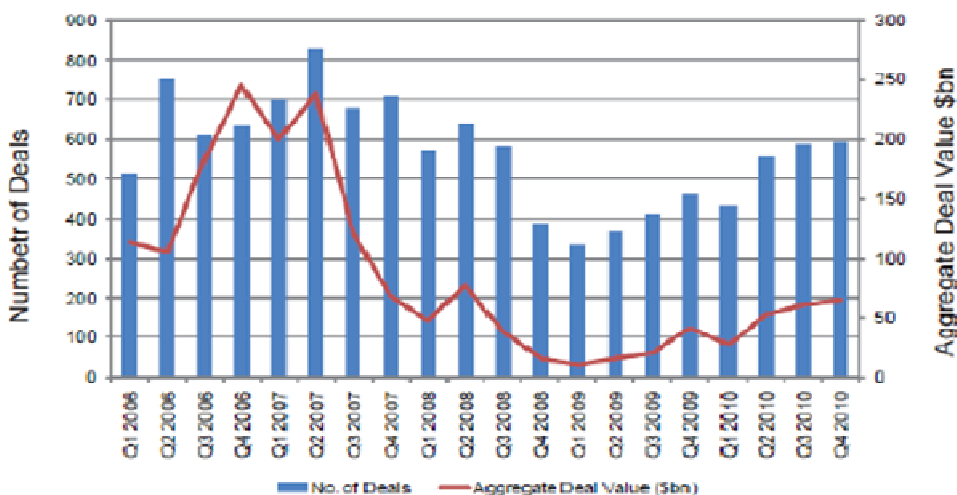
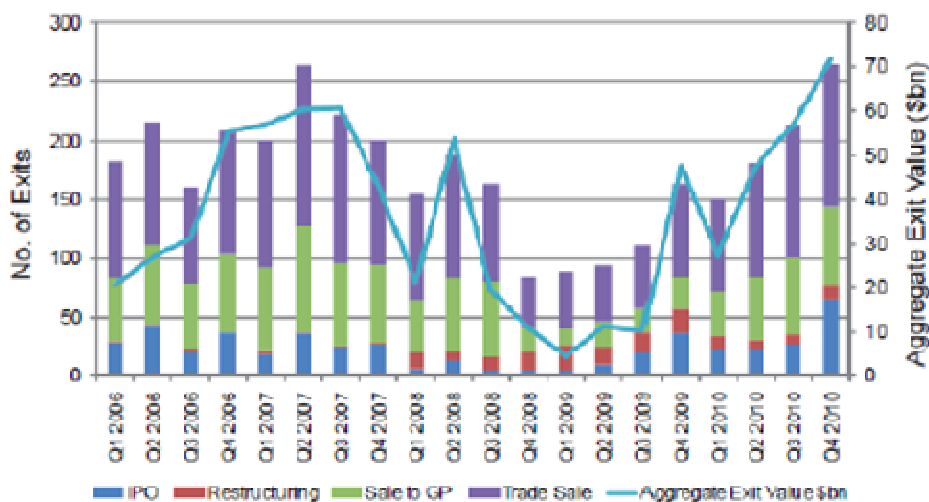


Chart 2; Global Number of PE-Backed Exits by Type and Aggregate Exit Value (last five years)



Sources: Preqin and Australian Bureau of Statistics

GENERAL MARKET DEVELOPMENTS – continued

Continued Improvement in Private Equity Activity

The Australian private equity industry also continued on the path of returning to normal during the quarter, with activity levels picking up across the board. On the new deal front the level of enquiries was stronger reflecting the fact that bank finance is becoming more readily available and vendors have more confidence in achieving a good outcome.

The level of exits also improved during the quarter, with the expectation that a number of private equity sponsored transactions will look to exit during 2011 as trade buyers continue to look for value accretive acquisitions.

VPEG's private equity portfolio is well positioned to benefit from these positive trends.

Several investments in the portfolio are currently undergoing a sale process as management have achieved the financial and growth goals established by their private equity owners at the time of purchase.

Creating market leading positions in their respective industries has also broadened their appeal to potential purchasers globally which ultimately will improve the sale price achieved on exit. This in turn will ultimately enhance VPEG's value and flow through as stronger dividends to VPEG shareholders in the future.

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