

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 June 2007



Special points of interest:

- VPEG commits \$8m to Quadrant Private Equity No. 2
- VPEG's Underlying Funds Now Hold 8 Investments
- VPEG Opens New Offer 15th May 2007
- VPEG Receives Recommended Rating from Independent Research House, Aegis Research

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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 will be 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 and, to provide additional geographic diversification, will seek to commit a maximum of 30% of its Private Equity Allocation to European based Private Equity funds also focussed on investing in the Later Expansion and Buyout stages of Private Equity.

VPEG has commenced building its investment portfolio and of the approximate \$28m raised to date has committed \$24m across four private equity funds.

As at 30 June 2007, Commitments made by VPEG include, \$8m to each of Archer Capital Fund 4 and Quadrant Private Equity No. 2 and \$4m to each of Advent V and Crescent Capital Partners III.

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 from 1 April 2007 to 30 June 2007 saw the continued growth in VPEG's portfolio of private equity commitments and investments.

The most significant development for VPEG during the June quarter was the \$8m commitment made to Quadrant Private Equity No. 2 and the subsequent continued rise in the level of private equity investments across the portfolio.

The table to the right provides a summary of the performance of VPEG's portfolio during the Quarter. VPEG's post tax NAV per Share increased from \$0.976 at 31 March 2007 to \$0.984 as at 30 June 2007.

Traditionally, newly established private equity fund of funds produce negative returns in the early part of their portfolio construction as management fees are paid to underlying managers before underlying investments are re-valued and /or realised in the latter years of a fund.

However the increase in VPEG's NAV per share, during the quarter, reflects the benefits of VPEG's strategy of investing a portion of its initial capital into the Enhanced Yield Fund managed by AMP Capital Investors.

The higher than cash return being achieved from VPEG's Enhanced Yield Investments offsets the management and administration costs in running VPEG as well as offsets any reduction in the value of the drawn down private equity as a result of underlying fund costs, including establishments costs, transaction costs and management fees.

Month Ending	VPEG NAV per Ordinary Share*
30-Jun-07	0.984
31-May-07	0.981
30-Apr-07	0.979
31-Mar-07	0.976

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

The June 2007 quarter saw a continued rise in the level of private equity investments in VPEG's portfolio.

This increased exposure to private equity investments resulted from draw downs, during the quarter, by Quadrant Private Equity No. 2, Advent V and Archer Capital Fund 4, totaling \$1,500,400.

Draw downs from VPEG during the quarter went toward funding three new investments, one to each of Quadrant Private Equity No. 2, Advent V and Archer Capital Fund 4. One further investment was completed by Crescent Capital Partners III although the draw down for this investment did not occur until July.

Quadrant Private Equity No. 2's draw down from VPEG during May 2007 was to contribute toward the funding of the management buyout of Australian Fast Foods (subsequently renamed **Quick Service Restaurants**)

Advent V's draw down from VPEG during May 2007 was to contribute toward the funding of the acquisition of Trio Datacom by Advent V investee **Scada Group Holdings Pty Ltd (formerly Serck Controls)**.

Archer Capital Fund 4's draw down from VPEG during June 2007 was to contribute toward the funding for the acquisition of Foster's Wine Clubs and Services businesses (subsequently renamed the **Cellarmasters Group**).

Crescent Capital Partners III also completed its first investment during the June quarter with the management buyout of **Steel-Line Garage Doors**.

Crescent's investment into Steel-Line was initially financed using a short term debt facility which was repaid in full following a draw down of capital from Crescent Capital Partners III investors, including VPEG, in July 2007.

“Draw downs from VPEG during the quarter went toward funding three new investments . One further investment was completed by Crescent Capital Partners III ”

Overview of New Underlying Investments

Quick Service Restaurants

Quadrant Private Equity No. 2 investee, Quick Service Restaurants, is the owner of leading retail brands Red Rooster and Chicken Treat.

The two roast chicken retailers, founded respectively in 1972 and 1976, have 450 stores (385 Red Rooster and 65 Chicken Treat) and a combined annual turnover of approximately \$500m.

Of the current 450 outlets in the Red Rooster and Chicken Treat networks across Australia and New Zealand, more than 310 are company-owned and 140 franchise outlets, making Quick Service Restaurants the largest company-owned chicken fast food retailer in Australia.

The company plans to increase the number of stores over the next three to four years prior to a planned listing of the business on the Australian Stock Exchange.

Scada Group Holdings Pty Ltd (formerly Serck Controls)

Advent V investee Scada Group Holdings Pty Ltd, is a leading provider of systems integration solutions and supervisory control and data acquisition (SCADA) products to water utilities and oil & gas businesses.

These solutions allow Scada's clients to monitor and control their valuable infrastructure assets, meet legislative and regulatory standards, and improve safety, efficiency and security of supply. For example, Scada's systems are utilised by Sydney Water to monitor its water pipelines, reservoir levels and water treatment plants.

Advent's investment in Serck in March 2006 (via Advent IV) funded the replacement of the existing private equity investor and enabled management to continue with their growth strategies for the business.

Advent V invested in Serck in May 2007 to enable the company to acquire a complimentary business (Trio Datacom) to further enhance earnings growth.

Cellarmasters Group

Archer Capital Fund 4 acquired Cellarmasters Group from Fosters Group Limited in June 2007. Cellarmasters Group comprises Cellarmasters Wines and Vinpac International in Australia, Cardmember Wines and Carters in New Zealand and a 50% investment in the Wine Buzz operation in Japan.

Cellarmasters and Cardmember are the largest wine club businesses in their respective countries and between them sell approximately 1.2 million cases of wine per year. The Vinpac and Carters businesses provide bottling services and supplies to wineries and are market leaders in their respective markets.

Steel-Line Garage Doors

Crescent Capital Partners III investee, Steel-Line Garage Doors, manufactures, distributes and installs garage doors and associated remote control units under the brands "Steel-Line" and "BOSS". The company is Australia's second largest player in the domestic garage door market and employs over 250 staff and 160 installation contractors.

The company has recently invested in new plant and equipment which Crescent expects will deliver significant cost savings in 2008 and future years. Crescent plans to grow the business both organically and through the acquisition of attrac-



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 June 2007

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 June 2007.

Current Investment Portfolio Allocation*

The table below provides the split of VPEG's current investment portfolio across cash and other fixed interest securities, enhanced yield investments 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 Private Equity investments that currently make up VPEG's underlying Private Equity portfolio.

Cash and Other Fixed Interest	Enhanced Yield Investments	Private Equity (Drawn Down)	
		1.6%	89.3%
		Buyout	8.2%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 June 2007 VPEG's Gross Assets were \$ 27.64 million (unaudited) pre tax.

As VPEG continues to build its Private Equity portfolio, its holding in Enhanced Yield Investments managed by AMP Capital Investors will continue to be reduced.

The new commitment made by VPEG this quarter to Quadrant Private Equity No. 2 as well as the good deal flow available in the Australian and European Private Equity markets should see the continued increase in level of investment by VPEG's underlying funds, with a subsequent increase in drawn down Private Equity and the subsequent reduction in VPEG's Enhanced Yield Investments over time.

"VPEG has now made commitments to four underlying Private Equity funds and ultimately holds interests in eight underlying company investments"

Private Equity Portfolio

VPEG has now made commitments to four underlying Private Equity funds and ultimately holds interests in eight underlying company investments. VPEG's Private Equity portfolio and commitments, as at 30 June 2007, are 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	\$0.64m	3
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$0.92m	3
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$0.00m	1
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$1.12m	1

PORTFOLIO STRUCTURE – continued

Summary of VPEG's Underlying Private Equity Investments

The table below provides a snapshot of the seven current underlying private equity investments in VPEG's portfolio, for which funds have been drawn down from VPEG, as at 30 June 2007.

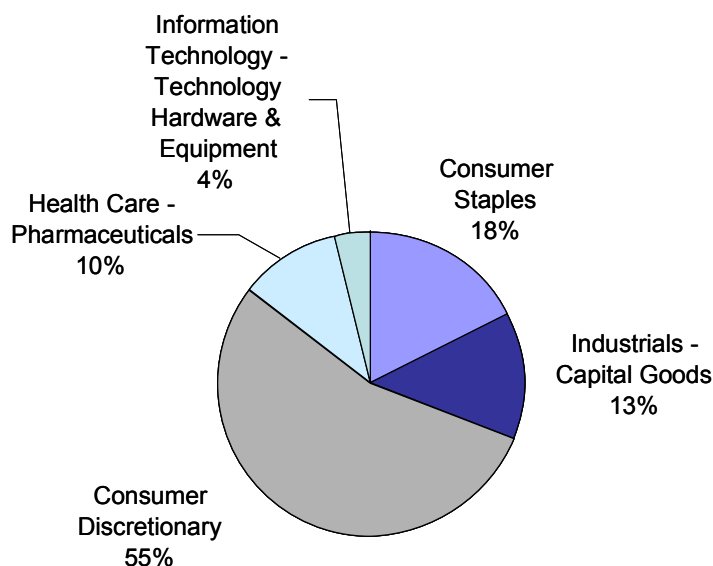
VPEG's single largest exposure is to Quadrant Private Equity No. 2 investee, Quick-service Restaurants, accounting for approximately 3.9% of VPEG's pre tax NAV.

Rank	Investment	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Quick Service Restaurants	Chicken Fast Food Retailing	3.9%	3.9%
2	Locker Group	Metal Products Manufacturer	1.2%	5.1%
3	Amart All Sports / Rebel Sport	Sporting Goods Retailer	1.1%	6.2%
4	Cellarmasters Group	Wine Production, Sales and Bottling services businesses	1.1%	7.3%
5	Inova Pharmaceuticals	Pharmaceuticals Manufacturer and Distributor	1.0%	8.2%
6	Solomon Food Group	Wholesale food distribution	0.5%	8.8%
7	Scada Group	Systems integration solutions and SCADA products to water utilities and oil & gas businesses	0.4%	9.1%

*As at 30 June 2007 (unaudited) calculated on VPEG's pre tax NAV.

Industry Spread of VPEG's Underlying Investments

The chart below illustrates that VPEG's Private Equity investment portfolio has commenced to be diversified across a range of industry sectors.



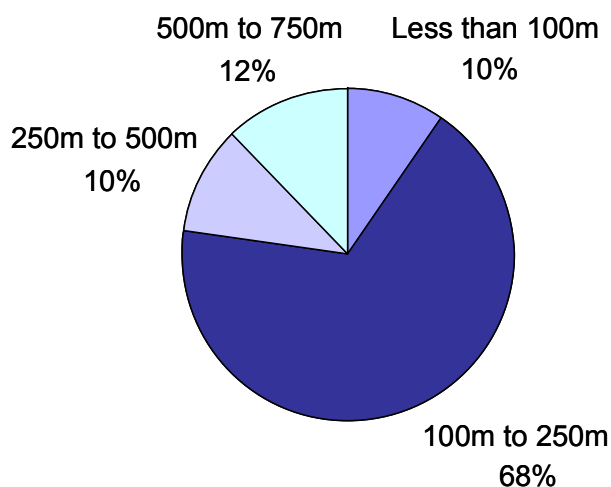
PORTFOLIO STRUCTURE – continued

Range of Enterprise Value at Investment of VPEG’s Underlying Investments

The chart to the right provides a breakdown of VPEG’s underlying Private Equity investments by the range in Enterprise Value (EV) at initial investment, by the relevant underlying fund.

As demonstrated, the majority of underlying investments have been made into companies of enterprise value between \$100 million to \$250 million at initial investment.

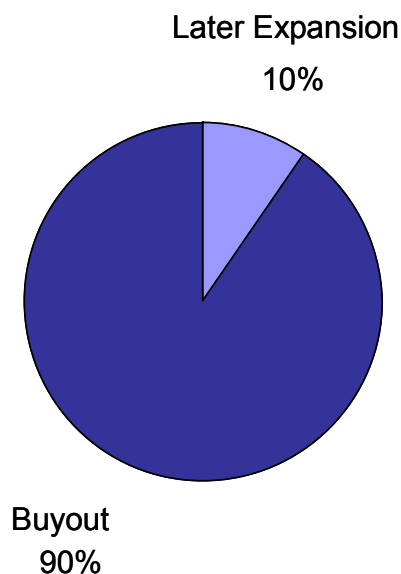
This is in line with VPEG’s strategy of investing its private equity allocation into funds focused on the small to mid sized market segments that offer substantial opportunities for growth.



Investment Stage of VPEG’s Underlying Investments

Of the seven underlying Private Equity investments made by VPEG’s underlying funds, for which capital has been drawn down from VPEG, the majority of the investments made to date have been at the buyout financing stage.

The graph to the right demonstrates VPEG’s focus of investing into Private Equity funds who in turn are focussed on investing in companies at the Later Expansion and Buyout financing stages of Private Equity that have consistently delivered strong returns to investors.



OTHER DEVELOPMENTS

VPEG New Offer Opened 15 May 2007

On the 15th May 2007 VPEG opened a new offer to raise up to an additional \$200 million in capital from existing and new investors. Capital raised from this new offer will allow VPEG to increase the level of individual commitments it makes to Private Equity funds in the future as well as reduce each investor’s share of the running costs of VPEG .

The Offer is open for up to 12 months and VPEG will be issuing shares on a monthly basis to applicants who apply for shares during the previous month. As new applicants are effectively buying into a more developed investment portfolio than the initial investors (who applied for shares under the previous offer), the issue price of shares allotted to investors under the new offer will commence at \$1.05 per share until the 30th June 2007 and increase each month thereafter at a minimum of 0.67% per month (8.3% annualised).

Furthermore investors applying for Shares under the new offer do not receive the Share Subscriber Options that were issued to the previous offer investors.

The minimum investment in VPEG, under the new offer, remains at \$100,000, provided the investor is a Qualified Investor, in accordance with Section 708 of The Corporations Act, otherwise the minimum investment is \$500,000 per applicant.

OTHER DEVELOPMENTS — continued

VPEG's New Offer Receives Recommended Rating from Aegis Research

In June 2007 Aegis Equities Research (www.aer.com.au) reviewed Vantage Private Equity Growth Limited and following extensive due diligence produced a detailed research report with a **Recommended** rating. Aegis made the following statement in the research report in relation to VPEG's current investment portfolio;

"All existing commitments are to managers that have a track record of top quartile performance in the small to mid sized later expansion and buyout financing segment. The average return across all four managers on previous similar funds is 37% per annum"

Information relating to VPEG's new offer and the Aegis Research report on VPEG can be downloaded from VPEG's website at www.vpeg.info.

Alternatively copies of current VPEG Information Memorandum and Aegis Research report can be requested by email to enquiries@vpeg.info or by contacting the Manager on 02 8211 0477.

"All existing commitments are to managers that have a track record of top quartile performance in the small to mid sized later expansion and buyout financing segment"

GENERAL MARKET DEVELOPMENTS

Current Volatility in Global Equity and Debt Markets

The increasing levels of defaults in parts of the sub-prime residential mortgage market in the United States, commencing in the later half of June and continuing through July, has impacted share markets as well as credit and fixed interest markets, globally, over the past few weeks.

As such it is timely to comment on the impact of these market movements on the investments and performance of the AMP Capital Enhanced Yield Fund, in which VPEG has invested a portion of its initial capital, as well as on the potential affect on the investment rate of VPEG's underlying Private Equity funds.

Outlook for AMP Capital Enhanced Yield Fund

In summary the AMP Capital Enhanced Yield Fund does not have investments in US sub-prime residential loans and furthermore does not leverage its funds capital for investment into any asset.

Furthermore, although Global and domestic credit and fixed interest markets have experienced a higher level of volatility and illiquidity over the past couple of months, the multiple strategies of the fund served their purpose to diversify risk and consequently conserved both the capital and income of the AMP Capital Enhanced Yield Fund during this period.

As a result, on a pre fees basis, the AMP Capital Enhanced Yield Fund returned 0.55% in June and 0.41% in July.

AMP Capital has stated that although the credit cycle has begun to turn, the risks remain low and the economic environment appears positive. AMP Capital's focus for Private Debt remains unchanged and they expect to see good opportunities and more attractive pricing and terms, in the private debt market, in response to the recent short-term sell-off in listed corporate debt.

VPEG will continue to closely monitor the performance of its Enhanced Yield Investments and will hold all new capital inflows in cash, across the short term, until market volatility reduces and liquidity returns.

"the AMP Capital Enhanced Yield Fund does not have investments in US sub-prime residential loans and furthermore does not leverage its funds capital for investment into any asset"

GENERAL MARKET DEVELOPMENTS – continued

Outlook for the Investment rate of VPEG's Underlying Private Equity funds

Finally it has been widely reported in the press that the recent tightening of debt markets as a result of the US sub prime issues, will impact Private Equity firms seeking debt for buyouts in the future.

This is largely the case for the "mega" or "jumbo" Private Equity deals which generally require more than \$1 billion in debt. To fund these deals in the past both local and global banks often structured and syndicated these debts out to investors, globally, as loans. With the tightening of bank lending criteria and an increase in the yield required by investors to take on these loans, firms targeting to invest in larger Private Equity deals, generally greater than \$1 billion in enterprise value, will no doubt find it more difficult to obtain debt with attractive terms for their transactions.

This situation is unlikely to affect VPEG's underlying private equity funds as they all focus on investing in transactions that are generally less than \$1 billion in enterprise value and as a result require much less debt.

In fact, as reported earlier, the majority of investments made by VPEG's underlying funds have to date been into companies with an enterprise value at investment of between \$100m and \$250m. The debt required by these transactions is traditionally provided by the mid market corporate lending divisions of the local Australian banks, who generally hold this debt on their own balance sheets.

As a result Vantage sees little to no impact on the investment rate of VPEG's underlying funds as a result of the recent equity and debt market turbulence.

Furthermore VPEG will continue to focus to invest its Private Equity Allocation into the small to mid market focussed later stage and buyout Private Equity funds that are least impacted by these market issues.

"Vantage sees little to no impact on the investment rate of VPEG's underlying funds as a result of the recent equity and debt market turbulence"

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