VPEG Quarterly Report for the Quarter Ending 31 March 2009

18th May 2009

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 31 March 2009

Special points of interest:

- Quadrant PE2 Acquires 50% interest in Summerset Retirement Villages (NZ)
- Majority of underlying companies within portfolio (for more than 1 year) improve revenue & earnings to 31 March 09
- Underlying Portfolio well positioned to ride out economic downturn

Inside this report:

Performance	2
Key Portfolio Developments	2
Overview of New Underlying Investment	3
Portfolio Structure	4
Industry Spread of VPEG's underlying Investments	5
Financial Performance of Underlying Companies	6
Contact Details	7

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 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 March 2009, VPEG had made 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

Performance

The period from 1 January 2009 to 31 March 2009 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, for which funds had been drawn from VPEG, grew to 19 in total. An additional investment was announced by Quadrant Private Equity No. 2 during the quarter, however funding for this investment was not drawn from VPEG until April 2009.

The table to the right provides a summary of the performance of VPEG's portfolio during the March 09 quarter. As demonstrated VPEG's post tax NAV per share dipped slightly from $0.990 at 31 December 2008 to $0.988 at 31 March 09.

The small decrease in NAV during the quarter was attributed to the transactions costs associated with the new investment as well as management fees and working capital expenditure drawn by underlying funds during the quarter.

Month Ending	VPEG NAV per Ordinary Share*
31-Mar-09	0.988
28-Feb-09	0.989
31-Jan-09	0.990
31-Dec-08	0.990

*Net Asset Value (NAV) per share post tax

As the private equity portion of VPEG's total net assets has increased the amount VPEG's investments in cash and term deposits has decreased. As such the net gain provided from the interest earned from those investments above VPEG's (and the underlying fund's) operating costs, will also decrease over time.

However as the number and age of underlying private equity investments within VPEG's portfolio rise, the increase in value of those investments will eventually see a return to increasing net gains above all VPEG (and underlying fund) operating costs, ultimately leading to an increasing NAV per share.

Key Portfolio Developments

During the period 1 January 2009 to 31 March 2009, VPEG's existing portfolio of private equity investments expanded as a result of the completion of one new investment (MYOB) which was detailed in the December 2008 quarterly report .

Draw downs, during the quarter were made by Archer 4, Catalyst Buyout Fund 2, Crescent Capital Partners III and Equity Partners 3, totaling $1,696,083.

The majority of capital drawn from VPEG during the quarter contributed toward funding the MYOB acquisition by Archer 4.

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 also announced during the quarter that it had acquired an equity interest in Summerset Retirement Villages

Archer 4's draw down from VPEG during January 2009 was to fund the public to private off market takeover of **MYOB.**

Following the acquisition of MYOB, 34% of Archer 4's total fund commitments were now drawn. Additionally MYOB became the largest individual company exposure of that fund representing 18.3% of Archer 4's total fund commitments. MYOB also became VPEG's second largest underlying company exposure representing 4.5% of VPEG's total Net Asset Value (pre tax).

Finally during January 2009 Quadrant Private Equity No. 2 (QPE2) entered into an agreement to purchase approximately 50% of **Summerset Retirement Villages** in New Zealand from AMP Capital Investors (NZ). The investment was completed in early April 2009 with the equity funding called from QPE2 investors, including VPEG, during that month.

"The majority of capital drawn from VPEG during the quarter went toward funding the MYOB acquisition by Archer 4"

Overview of New Underlying Investment

Summerset Retirement Villages

In April 2009, **Quadrant Private Equity No. 2** acquired a 50% equity interest in Summerset Retirement Villages (www.summerset.co.nz) from AMP Capital Investors (NZ).

Summerset is one of New Zealand's leading operators of retirement villages and providers of aged care services.

Comprising ten operating villages and two villages under development, Quadrant's investment in Summerset provides exposure to one of New Zealand's leading retirement village operators and an industry experiencing rapid growth.

Summerset Retirement Villages are located at: Taupo, Havelock North, Aotea, Palmerston North, Wanganui, Manukau, Levin, Paraparaumu, Trentham, Napier, Hastings and Warkworth.

Summerset also owns sites at Waimauku and Karaka which are land banked for the development of further Summerset villages.

Summerset chief executive Norah Barlow said the company currently had 1200 villas and 328 care beds with gross assets of $350m and net assets of $170m.

Quadrant and AMP Capital Investors have committed to contribute additional capital to help finance Summerset's next stage of growth, with plans to expand its footprint throughout the North Island of New Zealand via new developments and selective acquisitions.

Summerset was founded in 1994 to provide mature New Zealanders with a high quality lifestyle in a safe, secure and enjoyable environment at an affordable cost. Summerset currently provides village lifestyle options and care facilities to more than 1450 people serviced by a staff of more than 360.

Overview of a Recent Divestment

Solomon Food Group

During February 2009 it was announced that the core business of **Advent V** investee Solomon Food Group was sold to Metcash.

Metcash is one of the country's largest food distributors and parent company of the IGA supermarket chain.

A spokesperson for Metcash says Solomon was targeted due to the strength of the business in south-east Queensland and that Metcash had been looking at the acquisition since December 2008.

At the time of the sale, the Solomon Food Group had its corporate headquarters in the Brisbane CBD, with depots on the Gold and Sunshine Coasts as well as Townsville and employed about 250 full-time staff.

The company, which ranked 42nd in the 2008 Q400 directory of top privately-owned businesses, purchased seafood wholesalers Gambaro's and Cairns-based Pantacchini's in 2007, adding to its existing interests in fresh produce and meat warehousing and distribution.

Advent V booked a small loss on the sale which ultimately impacted VPEG's Pre Tax NAV by 0.7 cents per share. This small loss however has more than been compensated for by the improvement in the valuation of other portfolio companies within Advent V as well as distributions received to date from the Advent V fund.

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure — 31 March 2009

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 March 2009.

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)	
5.3%	65.4%	Later Expansion	7.6%
		Buyout	21.8%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 March 2009 VPEG's Gross Assets were $ 34.51 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 nineteen underlying company investments"

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, now ultimately holds interests in nineteen underlying company investments to which funds have been drawn. VPEG's Private Equity portfolio and commitments, as at 31 March 2009, 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	$2.72m	5
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$0.28m	0
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$1.72m	4
Equity Partners Fund No. 3	$76m	2007	Small Market Expansion / Buyout	$4.0m	$0.65m	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 March 2009.

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.

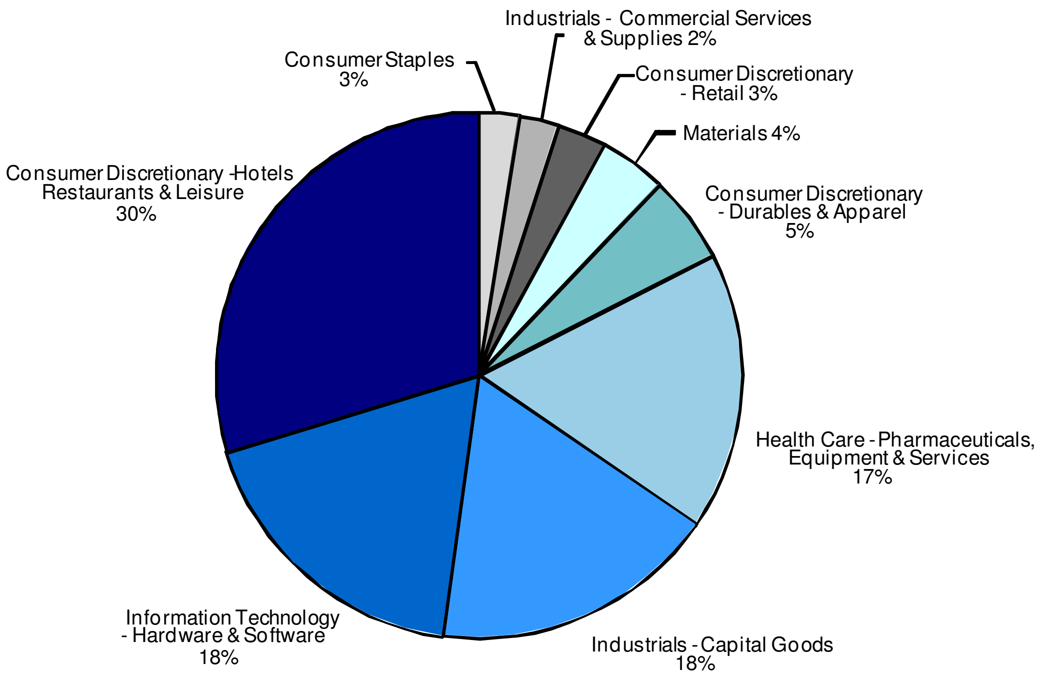
Rank	Investment	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Quick Service Restaurants	Chicken Fast Food Retailing	5.4%	5.4%
2	MYOB	Developer, Marketer & Distributor of Business Software Systems	4.5%	9.9%
3	IVF Australia	Owner Operator of Fertility Clinics in NSW & Victoria	3.6%	13.5%
4	Independent Pub Group	Owner of Gaming Hotels in Qld, SA & NSW	3.2%	16.7%
5	Locker Group	Metal Products Manufacturer	1.5%	18.2%
6	Skins	Compression Sports Apparel Designer & Marketer	1.5%	19.8%
7	SJ Electric Group	Electrical Engineering Contracting & Switchboard Manufacturer	1.4%	21.2%
8	Integrated Packaging Group	Manufacturer & Distributor of Packaging Products	1.2%	22.4%
9	Metro Glass	Value Added Glass Processing	1.1%	23.5%
10	Steel-Line Garage Doors	Manufacturer & Distributor of Garage Doors and Associated Accessories	1.1%	24.6%

*As at 31 March 2009 (unaudited) calculated on VPEG's pre tax NAV.

Industry Spread of VPEG's Underlying Investments

With the acquisition of MYOB completed during the quarter, the "Information Technology - Hardware and Software" sector of VPEG's Private Equity investment portfolio expanded from 3% to 18% of the portfolio. As a result VPEG's exposure to the Healthcare sector in total reduced from 21% to 18% as did its exposure to the "Industrials - Capital Goods " sector.

The "Consumer Discretionary—Hotels, Restaurants & Leisure" remains the largest sector exposure having reduced from 34% to 30% of the portfolio.



Financial Performance of Underlying Companies

There is little doubt that the March quarter of 2009 was one of the toughest operating periods for Australian businesses in recent memory.

With Australian GDP falling 0.5% in the December quarter of 2008 and another fall in GDP forecast for the March quarter of 2009, Australia was effectively poised to "officially" enter its first recession since 2001.

In the business sector, the National Australia Bank (NAB) Quarterly business survey for the March quarter of 2009 indicated, that after a sharp fall late last year, confidence had remained at very low levels in recent months. Having fallen for the fifth month in a row, business conditions, according to the NAB survey, are now at their lowest since 1992.

Despite the turmoil across the Australian business landscape, the performance of VPEG's portfolio of underlying investments remained solid.

Vantage recently conducted an analysis of the financial performance of the underlying companies that have comprised VPEG's investment portfolio for more than 12 months.

Companies that had expanded via acquisition (which required additional equity) or had reduced in size due to the divestment of a division, were excluded from the analysis

The analysis compared the revenue and earnings (as measured by EBITDA) for each company for the Financial Year to Date (FYTD) ending 31 March 2009 against that for the FYTD ending 31 March 2008.

The analysis revealed that, across the eight companies that comprised the study, an **average increase in revenue of 14.7%** was achieved during the 2009 period compared to the same period in 2008.

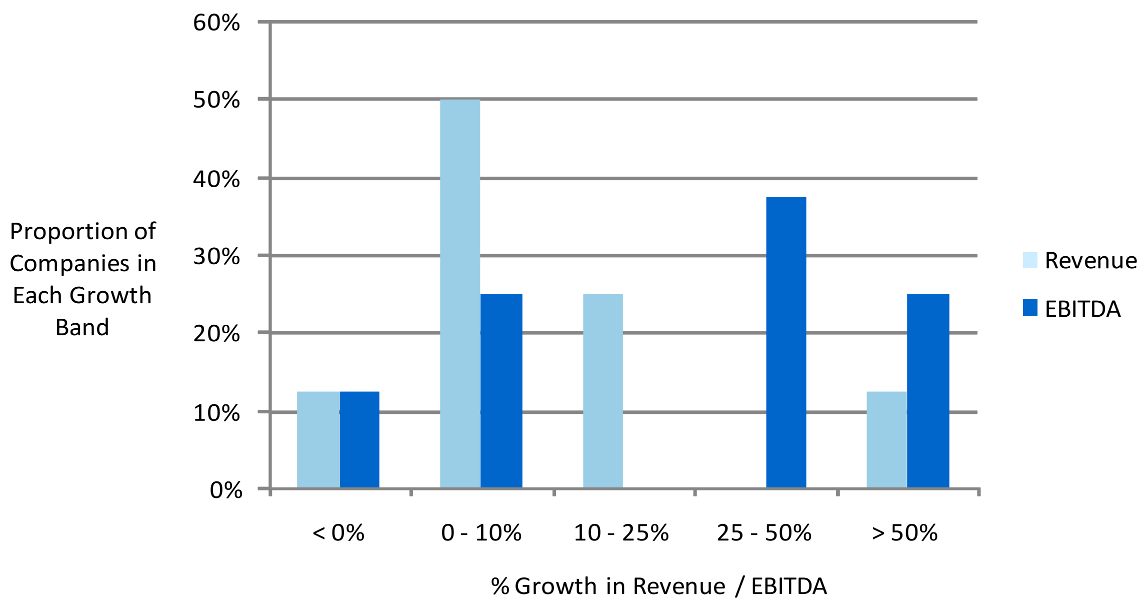
When it came to comparing earnings growth the results revealed an even more compelling story, with an **average increase in earnings of 66.5%** across the companies within the study from 2008 to 2009.

Additionally only one company within the study incurred a drop in revenue from 2008 to 2009. In that case the fall in revenue was only 4.7% however that company's earnings improved by 6.7%.

Furthermore only one company within the study incurred a drop in earnings from 2008 to 2009. In this case however the company whose earnings fell by 10% actually grew revenue across the period by 5.2%.

A summary of the spread of revenue and earnings growth of all companies within the study for the FYTD 31 March, from 2008 to 2009, can be seen in the chart below.

Growth in Underlying Company Revenue / EBITDA. 31 Mar 09 vs 31 MAR 08 [1]



Notes; 1. For the 9 month period ending 31 March each year

Financial Performance of Underlying Companies, *continued.*

The previous analysis reveals the extent to which VPEG's underlying private equity fund managers have intervened to prepare their portfolio companies to ride out the economic downturn.

Much of the work to shield their companies from the downturn commenced in early 2008 as it became apparent to the fund managers that the global economy was slowing and that this slowdown would eventually impact the Australian economy along with the health of their portfolio companies.

The work undertaken essentially focussed on enhancements across three areas of each business. These included improving revenues in a slowing demand environment, improving margins by reducing operational costs and inventory as well as reducing the debt held by each company.

In line with this focus, the types of initiatives that the managers have implemented over the past year have included; product & service offering price enhancements, rationalisation of product offerings to focus on higher margin sales, rationalisation of suppliers and renegotiation of terms to reduce input costs, engaging specialists to identify and implement improved operational processes, improving accuracy in production planning and costing processes, deployment of new software to better manage internal and external freight costs, a focus on selling obsolete and slow-moving products in order to reduce inventory and applying the proceeds of asset sales, as well as additional earnings delivered from the enhancement initiatives, to reducing debt.

As a result by implementing these margin improvement initiatives prior to the slowing of sales actually occurring, the Private Equity managers have in the majority of cases been able to grow earnings above those achieved in more robust times, prior to the credit crunch.

Finally, by streamlining the operations of their portfolio companies at this stage in the downturn, the Private Equity managers have positioned these businesses to be better prepared to benefit from the upturn in the economy once it does rebound from the recession. Once demand returns and sales improve, this will enable a higher proportion of increased revenue to flow through to the bottom line, ultimately enhancing the value for each company in preparation for a profitable exit when financial markets do recover.

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