VPEG Quarterly Report for the Quarter Ending 30 September 2008

17th November 2008

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 September 2008

Special points of interest:

- VPEG's Underlying Funds Now Hold Eighteen Investments
- More than 70% of Private Equity Commitments Made by VPEG Available for Investment
- 2009 Forecast to be a Strong Vintage Year for New Private Equity Deals

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

As at 30 September 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 July 2008 to 30 September 2008 saw the continued growth in VPEG's portfolio of private equity investments.

During the period the number of private equity investments within the portfolio increased to 18 with two new investments completed by Advent V. Additionally a number of companies already within the portfolio grew via acquisition to increase the level of their revenue and earnings.

Also during the quarter, funds were drawn by Next Capital II, the most recent commitment made by VPEG, to fund their establishment costs and management fees. As a result, VPEG's post tax NAV per share remained relatively flat across the period.

The table to the right provides a summary of the performance of VPEG's portfolio during the September 08 quarter. As demonstrated VPEG's post tax NAV per share fluctuated from $0.996 at 30 June 2008 to $0.998 at 31 August 08 and dropping back to $0.996 as at 30 September 2008, following the Next Capital II draw down.

Month Ending	VPEG NAV per Ordinary Share*
30-Sep-08	0.996
31-Aug-08	0.998
31-Jul-08	0.997
30-Jun-08	0.996

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

During the period 1 July 2008 to 30 September 2008, VPEG's portfolio of private equity investments increased, with two new investments made as well as a number of follow on investments into existing portfolio companies, to allow them to acquire additional businesses for growth.

The increased exposure to private equity investments resulted from draw downs, during the quarter by Advent V, Catalyst Buyout Fund 2, Crescent Capital Partners III, Equity Partners 3, Next Capital II and Quadrant Private Equity No. 2, totaling $1,128,000.

The majority of capital drawn from VPEG during the quarter contributed toward funding two new investments by Advent V.

Capital was also drawn by Crescent Capital Partners III to invest into additional acquisitions made by two of its exiting portfolio companies.

Additional Capital was also drawn by Quadrant Private Equity No. 2 to continue the roll up within one of its portfolio companies.

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

Advent V's draw down from VPEG in August 2008 was to fund their two new investments, **Integrated Packaging Group** and **SJ Electrics**.

Crescent Capital Partners III drew capital during the quarter to fund acquisitions made by existing portfolio companies, **Australian Music Group** and **Steel-Line Garage Doors.**

Finally Quadrant Private Equity No. 2's draw down from VPEG during September 2008 was to finalise the acquisition by **Independent Pub Group** of a further twelve hotels, that were contracted to be acquired during June 2008, from the Singapore listed Lasseters International Holdings (as reported in the VPEG Quarterly Report of June 08)

"Draw downs from VPEG during the quarter went toward funding two new investments as well as funding a number of follow on investments by existing portfolio companies."

Overview of New & Expanded Underlying Investments

Integrated Packaging Group

Advent V acquired an equity stake in Integrated Packaging Group during August 2008. Integrated Packaging Group is an Australian stretch film wrap manufacturer and distributor whose products are used in industrial and agricultural applications in Australia and New Zealand. Integrated Packaging also manufactures and distributes a full range of pallet wrapping machines.

Advent's investment in Integrated Packaging also enabled the company to acquire the business and assets of Amcor Flexibles, Kewdale WA (AFK). AFK is a flexible packaging business producing cast and blown polyethylene products including stretch and shrink film that it markets throughout Australia and New Zealand. The company also distributes a full range of pallet wrapping machines and associated equipment.

SJ Electrics

In early September 2008 **Advent V** also completed an initial investment in SJ Electrics Australasia.

SJ Electrics (SJE) is an electrical engineering, contracting and switchboard manufacturing company that provides design, manufacture, installation and commissioning services to a wide range of clients in the industrial, commercial and government sectors, specialising in the following areas:

- Industrial and Commercial Installations
- Switchboard Design and Manufacture
- Automation, Process Control and Instrumentation (PLC, SCADA)
- Refrigeration and Air Conditioning Systems
- Telecommunication and Data Installations

SJE has offices across Australia in Melbourne, Sydney, Brisbane, Adelaide and Perth and has over 325 staff.

In a highly fragmented market, SJE has a high market share in some of its key niches, with an emphasis on refrigeration and "mission critical" commercial installations.

Steel-Line Garage Doors (Additional Acquisitions)

Crescent Capital Partners III investee Steel-Line Garage Doors completed three acquisitions in the September quarter adding significant scale and strategic value to the overall group. Steel-Line have now completed seven acquisitions since Crescent's buyout of the company in April 2007.

The largest of the acquisitions made by Steel-Line during the quarter was **Mirage Doors**. Mirage is a leading steel and aluminium industrial door and shop closure manufacturer with a presence in Victoria, QLD, NSW and WA.

Since its inception in 1967, Mirage has pioneered the design, manufacture and installation of roller shutters and roller grilles for retail and commercial premises. With the emergence of shopping centre malls in the 1970's, Mirage products have and continue to feature in the vast majority of retail developments throughout Australia.

The Mirage acquisition significantly extends Steel-Line's presence in the industrial and retail door markets.

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure — 30 September 2008

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 September 2008.

Current Investment Portfolio Allocation*

The table below 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)	
11.9%	65.6%	Later Expansion	6.7%
		Buyout	15.8%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 September 2008 VPEG's Gross Assets were $ 35.06 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 30 September 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	$1.62m	6
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$1.08m	4
Catalyst Buyout Fund 2	$800m*	2008	Mid Market Buyout	$8.0m	$0.17m	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	$0.61m	1
Next Capital II	$350m*	2008	Small to Mid Market Expansion / Buyout	$7.0m	$0.11m	0
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$3.38m	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 30 September 2008.

VPEG's single largest exposure remains Quadrant Private Equity No. 2 investee, Quick Service Restaurants, accounting for approximately 4.9% of VPEG's pre tax NAV.

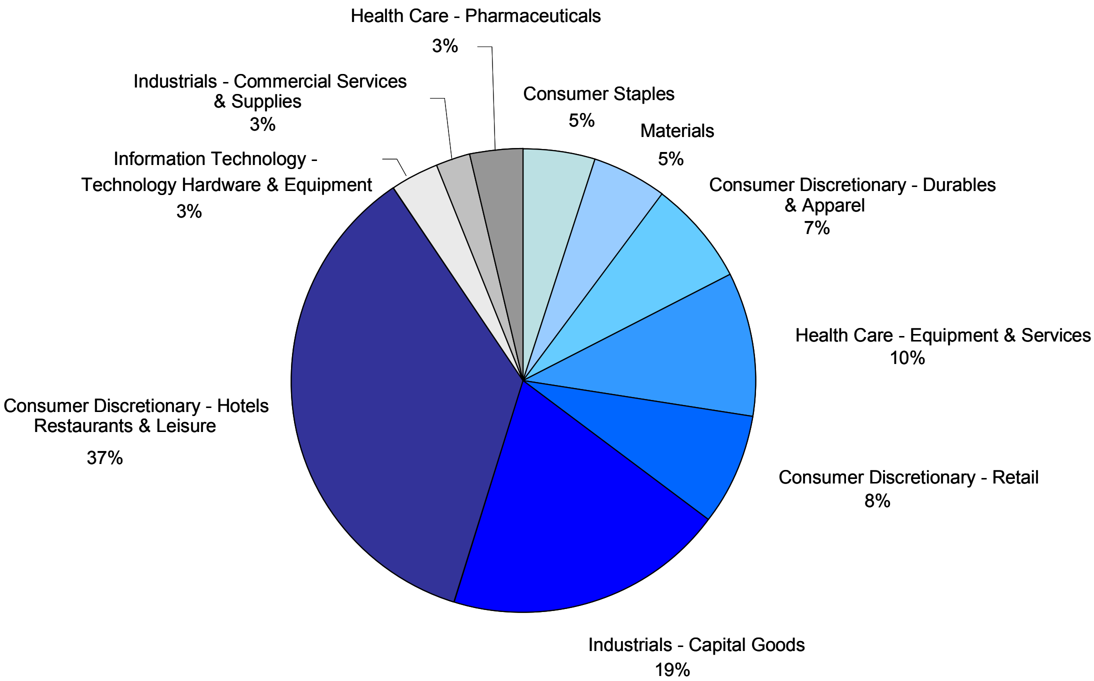
Rank	Investment	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Quick Service Restaurants	Chicken Fast Food Retailing	4.9%	4.9%
2	Independent Pub Group	Owner of Gaming Hotels in Qld, SA & NSW	3.1%	8.0%
3	IVF Australia	Owner Operator of Fertility Clinics in NSW	1.6%	9.5%
4	Skins	Compression Sports Apparel Designer & Marketer	1.5%	11.1%
5	Locker Group	Metal Products Manufacturer	1.5%	12.5%
6	Steel-Line Garage Doors	Manufacturer & Distributor of Garage Doors and Associated Accessories	1.2%	13.7%
7	Integrated Packaging Group	Manufacturer & Distributor of Packaging Products	1.2%	14.9%
8	Billy Hyde Music Group	Music Equipment Wholesale & Retail	1.1%	15.9%
9	Metro Glass	Value Added Glass Processing	1.1%	17.0%
10	Inova Pharmaceuticals	Pharmaceuticals Manufacturer and Distributor	0.8%	17.8%

*As at 30 September 2008 (unaudited) calculated on VPEG's pre tax NAV.

Industry Spread of VPEG's Underlying Investments

With the two new investments completed during the quarter in the "Industrials" and "Materials" sectors, the diversification of VPEG's Private Equity investment portfolio continues spread across a wide range of industry sectors.

Consumer Discretionary continues to represent the single largest sector exposure made up of the investments in Quick Service Restaurants and Independent Pub Group.



PORTFOLIO STRUCTURE — continued

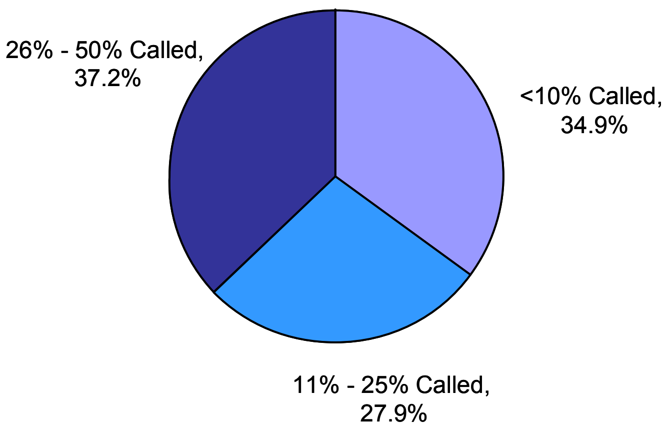
Percentage of PE Capital Called from VPEG to Date

The chart to the right provides a breakdown of the percentage of Private Equity (PE) capital called to date by VPEG's underlying funds, as a proportion of VPEG's total private equity commitments.

As demonstrated by the chart the majority of the underlying Private Equity funds in VPEG's portfolio (62.8%) have called less than 25% of the capital committed by VPEG to those funds. Furthermore no underlying fund within the portfolio has called (or drawn down) more than 50% of the commitment that VPEG has made.

In fact across the entire portfolio, more than 70% of capital committed to underlying private equity funds is yet to be called and invested into underlying private equity investments. Given that the global financial crisis has driven down the acquisition costs of companies over the past 6 months, as company owners find it more difficult to obtain funding for expansion, the majority of VPEG's capital is likely to be invested into companies when the acquisition prices of those companies will be at an all time low.

% of PE Capital Called as a Proportion of VPEG's Total PE Commitments



Note: As at 30 September 2008

This will provide VPEG's underlying Private Equity fund managers with the ability to deploy a greater proportion of their fund's capital to earnings enhancing projects within their newly acquired portfolio companies, which in turn will allow those companies to ride out any impending economic downturn and be well positioned to achieve a profitable exit when market conditions do recover.

GENERAL MARKET DEVELOPMENTS

2009 Forecast to be a strong Vintage Year for Private Equity Investments

The keynote speaker at this years Australian Private Equity & Venture Capital Association (AVCAL) conference, held in late September 2008, was Josh Lerner, a professor of Investment Banking, Finance and Entrepreneurial Management at Harvard Business School.

Much of Professor Lerner's research focuses on the structure and role of venture capital and private equity organisations globally, both currently and across history.

A number of topics were covered during Professor Lerner's speech to delegates but the most relevant points covered, in relation to VPEG's investment strategy, was the spread of performance of private equity funds across economic cycles as well as the outperformance of small to mid market funds versus "mega" funds during economic downturns.

Professor Lerner's analysis of the performance of private equity funds formed between 1980 and 2007 revealed that those funds that were formed approximately 12 to 24 months prior to an economic downturn or recession, outperformed the performance of other vintage year funds across the period analysed.

By example it was revealed that those private equity funds formed prior to the 1981-82, 1990-91 and 2001 United States recessions, delivered outperformance over funds formed across each of the other years included within the analysis.

This outperformance was due to a number of reasons caused by a recessive economy, including a reduction in the availability of debt for company expansion, an increase in deal flow to private equity funds and less competition among private equity funds and from other investors, when it comes to bidding for acquisitions.

When a downturn in the economy is about to occur, banks begin to restrict the flow of debt available to their corporate customers and sometimes pull back entirely from particular industry sectors. This occurs due to the fact that they become more risk averse and seek to preserve capital for those areas within their business that will deliver the strongest earnings during an economic downturn.

GENERAL MARKET DEVELOPMENTS continued

Therefore, those companies seeking capital for expansion or acquisition during these times, increasingly look to alternative forms of capital, such as private equity, to meet their objectives. This causes the deal flow for private equity fund managers to increase.

Furthermore, with additional deal flow resulting from asset sales conducted by large listed companies, as they seek to rationalise their businesses, as well as other opportunities that arise due to the falling market value of listed companies in general, the competition between private equity funds and other investors for deals reduces.

As the demand by companies for equity capital increases, the value of that equity capital, or the price that a company is willing to pay for it, also increases, ultimately driving down the acquisition price paid by Private Equity firms for their investments. With lower acquisition prices and a greater stream of opportunities from which to select from, the quality of the transactions undertaken by Private Equity firms during an economic downturn actually improves.

As a result, those private equity funds that invest into quality assets at lower acquisition multiples during a recessive period find that when markets eventually do recover, the opportunities available for the sale of those investments at attractive prices, either by way of a public or trade sale, also improves ultimately resulting in a strong fund performance for those funds formed pre recession.

When it came to the outperformance of small to mid market private equity funds versus that of "mega" funds during economic downturns, Professor Lerner demonstrated that without high levels of debt capital available for transactions the "mega" funds (ie > approx $1.5bln in fund size for Australia), find it difficult to make large acquisitions within a slowing economic environment.

Furthermore given that a large majority of the Enterprise Value of their existing investee companies consist of debt, a "mega" fund's portfolio of investments tends to become constrained by the level of interest they need to pay on their debt, as their earnings inevitably decline during an economic downturn, ultimately becoming more "distressed" as a result.

By comparison the less geared structure of investment undertaken by small to mid market private equity managers, means that their underlying portfolio's tend to remain relatively resilient during economic downturns. As a result, with more opportunities for new acquisition opportunities and less stress within their existing portfolio businesses, the small to mid market private equity funds tend to outperform their "mega" fund counterparts during and after a slowing economic period.

In summary, given that VPEG's investment commitments have only been made to small to mid market private equity funds formed prior to the current economic downturn, VPEG remains well positioned to ultimately benefit from the increasing number and quality of investment opportunities that will become available during 2009 and beyond.

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