VPEG Quarterly Report for the Quarter Ending 30 September 2010

15th November 2010

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 September 2010

Special points of interest:

- Crescent Capital Partners Reaches Agreement for the Sale of National Hearing Care to Amplifon for $460m.
- 2010 Industry Data Reveals Improving Conditions for Private Equity Investments & Exits.

Inside this report:

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 to date committed $43m across seven private equity funds and now ultimately holds interests in 24 underlying companies.

As at 30 September 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

Performance

The period 1 July 2010 to 30 September 2010 saw a small growth in both the size & value of private equity investments within VPEG's portfolio.

During the period the number of private equity investments within the portfolio, for which funds had been drawn from VPEG, remained at 24 in total, with only one bolt on investment completed during the quarter by Crescent Capital III investee CoverMore

The table to the right provides a summary of the performance of VPEG's portfolio during the September 10 quarter. As demonstrated VPEG's post tax NAV per share dipped slightly from $1.074 at 30 June 2010 to $1.070 at 30 September 2010.

Note that the post tax NAV per share at 30 June 2010 was adjusted upward from that reported in the VPEG Quarterly Report for June 2010 (i.e. $1.058). This was due to positive audit adjustments made to the value of VPEG's underlying private equity assets, following the receipt of FY10 audited accounts from each underlying fund during September 2010.

Month Ending	VPEG NAV per Ordinary Share*
30-Sep-10	1.070
31-Aug-10	1.075
31-Jul-10	1.074
30-Jun-10	1.074

Key Portfolio Developments

*Net Asset Value (NAV) per share post tax

During the period 1 July 2010 to 30 September 2010, the size & value of VPEG's portfolio of private equity investments expanded slightly as a result of the completion of one bolt on investment completed by Crescent Capital III investee CoverMore.

Draw downs during the quarter were made by Advent V, Catalyst Buyout Fund 2, Crescent Capital Partners III (CCP III), Equity Partners 3 & Next Capital II, totaling $195,346.

The majority of capital drawn from VPEG during the quarter contributed toward funding a bolt on acquisition completed by CCPIII investee **CoveMore**.

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.

During September 2010, CCPIII investee **CoveMore** completed the bolt on acquisition of a leading emergency assistance company based in Asia with VPEG's share of the acquisition funds drawn from VPEG during that month.

Also during the quarter, Crescent Capital Partners reached agreement for the sale of CCP III investee **National Hearing Care** (NHC) to Italian based hearing aid company Amplifon, which, when completed in late November 2010, will deliver a healthy return to CCP III investors including VPEG.

"The majority of capital drawn from VPEG during the quarter contributed toward funding a bolt on acquisition completed by CCPIII investee CoveMore."

Overview of Recent Exit

Recent Exit Announced— National Hearing Care

Toward the end of the quarter Crescent Capital Partners reached a binding agreement for the sale of investee company **National Hearing Care (NHC)** to Italian listed audiology business Amplifon.

NHC posted $41m in earnings before interest, tax and amortisation for the June 2010 financial year from $144m in revenue. The reported sale price for the company was AUD$460m, representing 11.2 times FY10 EBITA.

NHC grew significantly under Crescent's ownership and at the time of the sale had built a strong position in Australia and New Zealand and had commenced expansion into Asia.

NHC is the largest private audiology practice in Australia operating 102 clinics with a 16 per cent share of the market.

Its share of the New Zealand market, where it has the Bay Audiology (63 clinics) and NHC (15 clinics) brands, is 45 per cent, and it recently expanded into India, building an 11-outlet presence.

The deal is subject to approval from the Foreign Investment Review Board and NZ's Overseas Investment Office, with completion expected by the end of November 2010.

Amplifon chief executive Franco Moscetti said the acquisition represented a "milestone" for his group, enabling it to enter new markets with a strong position, proven business model, experienced management and a recognised brand.

"Amplifon will also benefit from a solid platform to pursue a path of expansion in other Asian markets, whose increasing role will allow us to further accelerate growth and development of our business," Mr Moscetti said.

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure — 30 September 2010

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 September 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)	
5.7%	41.2%	Later Expansion	10.6%
		Buyout	42.6%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 September 2010 VPEG's Gross Assets were $ 38.69 million (unaudited) pre tax.

During the September 10 Quarter VPEG's exposure to private equity investments grew from 52% to 53.15% with the cash and fixed interest component of the investment portfolio reducing from 48% to 46.85%. The increase in Private Equity exposure was due to the bolt on acquisition completed by Crescent Capital Partners III investee CoverMore as well as some positive revaluations of other underlying Private Equity businesses, during the period.

"VPEG ultimately holds interests in twenty four underlying company investments"

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, ultimately holds interests in twenty four underlying company investments to which funds have been drawn. VPEG's Private Equity portfolio and commitments, as at 30 September 2010, 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	$2.68m	5
Archer Capital Fund 4	$1,360m	2007	Mid Market Buyout	$8.0m	$3.12m	6
Catalyst Buyout Fund 2	$438m	2008	Mid Market Buyout	$8.0m	$1.74m	1
Crescent Capital Partners III	$400m	2006	Small to Mid Market Expansion / Buyout	$4.0m	$2.94m	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	$0.39m	0
Quadrant Private Equity No. 2	$500m	2007	Mid Market Expansion / Buyout	$8.0m	$6.79m	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 30 September 2010.

MYOB became VPEG's single largest underlying investment, following an improvement in its valuation during the quarter, and now represents 6.1% of VPEG's total investment portfolio.

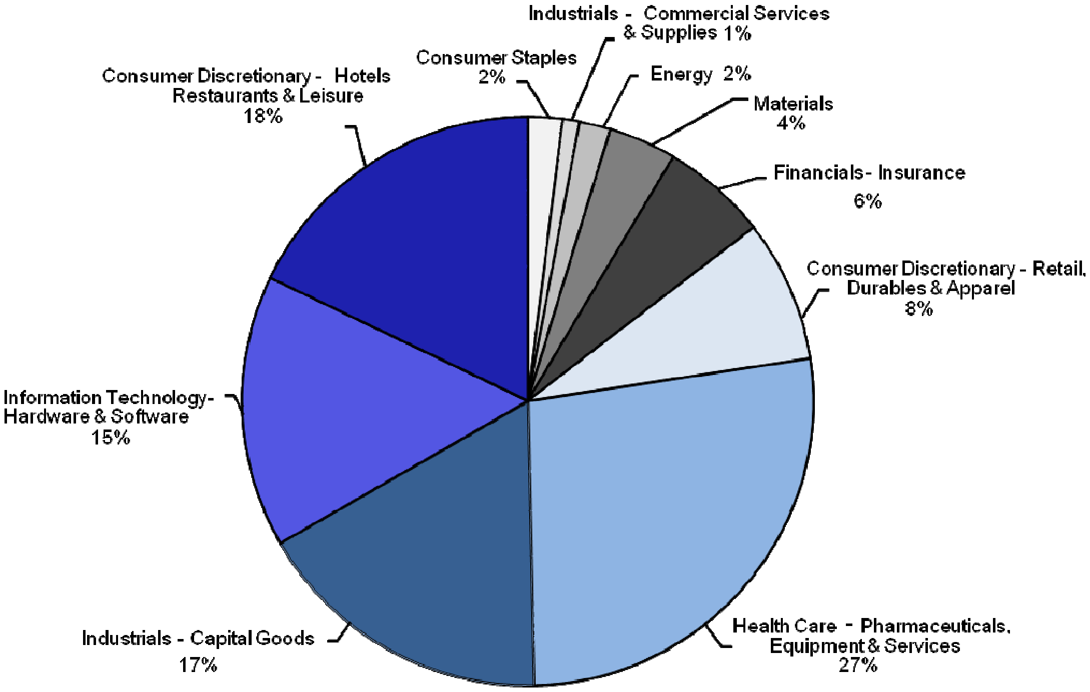
Rank	Investment	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	MYOB	Developer, Marketer & Distributor of Business Software Systems	6.1%	6.1%
2	Quick Service Restaurants	Chicken Fast Food Retailing	6.0%	12.1%
3	IVF Australia	Owner Operator of Fertility Clinics in NSW & Victoria	4.3%	16.4%
4	Summerset Retirement Villages	Owner & Operator of Retirement Villages in NZ	4.0%	20.4%
5	Independent Pub Group	Owner of Gaming Hotels in Qld, SA & NSW	3.5%	23.9%
6	Actrol	Distributor of Refrigeration & Air-conditioning Parts & Equipment	3.3%	27.2%
7	Cover More	Provider of Travel Insurance & Emergency Care Services	3.2%	30.4%
8	National Hearing Care	Independent Distributor of Hearing Aids	3.1%	33.5%
9	Genesis Care	National Network of Cardiology & Radiation Oncology Practices	2.2%	35.7%
10	Skins	Compression Sports Apparel Designer & Marketer	2.1%	37.7%

*As at 30 September 2010 (unaudited) calculated on VPEG's pre tax NAV.

Industry Spread of VPEG's Underlying Investments

With the slight lift in the valuation of MYOB during the quarter, the "Information Technology", sector exposure expanded by 1% to 15% of VPEG's total private equity portfolio.

The "Health Care—Pharmaceuticals, Equipment & Services" sector (currently 27%), remains the single largest sector exposure in VPEG's private equity investment portfolio.



GENERAL MARKET DEVELOPMENTS

2010 Industry Data Reveals Improving Conditions for Private Equity Investments & Exits

Data released recently by the Australian Private Equity & Venture Capital Association Limited (AVCAL) reveals that the levels of both private equity investment and exit activity were higher during 2010 than across the previous year. Furthermore the average acquisition multiple paid by private equity for new investments had reduced to the lowest it had been since 2005.

This data is consistent with activity levels within VPEG's own private equity portfolio across the past two years and sees VPEG well positioned to benefit from increased transaction activity and lower purchase multiples moving forward.

Increase in Total Value of Private Equity Investments

On the investment front, the total value of Private Equity investments completed during FY10 across Australia and New Zealand was $2,183m, an increase of 37% over FY2009. A significant proportion of these investments (49%) was in the form of follow-on investment into existing portfolio companies. [1]

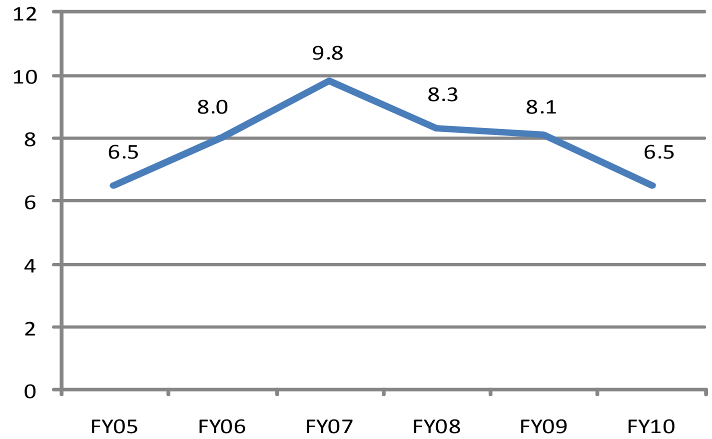
This data is relatively consistent with VPEG's underlying fund investment activity during FY10 where $4.02m (representing 75% of total) was invested in new investments and $1.37m (25% of total) into follow-on investments.

Lower Purchase Multiples

Additionally, AVCAL reported in July this year, that across the first half of FY10, valuation multiples had dropped back to FY05 levels with the average multiple paid on entry into a new investment at around 6.5 X EBITDA. (See chart to the right). [2]

This provides an increased opportunity for Private Equity firms to make investments at fairly attractive prices.

Average PE Transaction EV / EBITDA Multiples



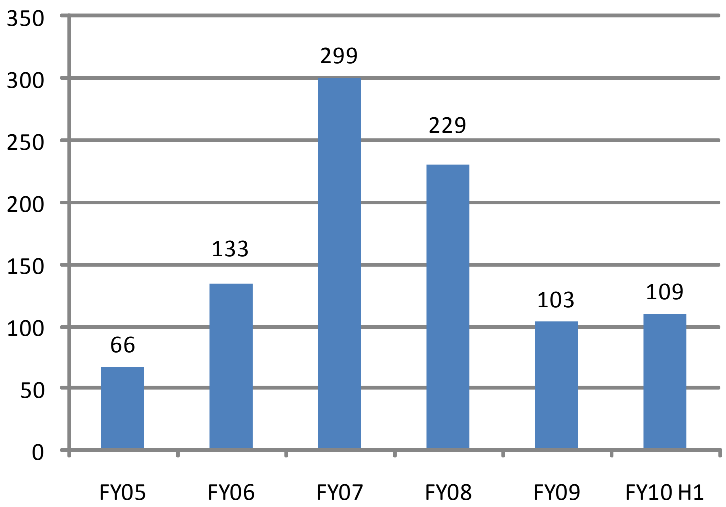
Source; AVCAL Crescendo Deal Metric Survey July 2010

Reduced Enterprise Value at Investment

Furthermore the average Enterprise Value (EV) of new Private Equity transactions conducted across the first half of FY10 was $109m which was slightly above that recorded for FY09 ($103m) but less than half of that recorded for FY08 ($229m) & FY07 ($299m). [2] (See chart to the right).

This lower value transaction size suits private equity funds who focus on small to mid market sized transactions, such as VPEG's underlying managers, as opposed to the "mega" (& often offshore) buyout funds who seek out much larger EV transactions.

Average EV of New Private Equity Transactions



Source; AVCAL Crescendo Deal Metric Survey July 2010

1. AVCAL Yearbook 2010 - Oct 2010.
2. AVCAL Crescendo Deal Metric Survey July 2010

GENERAL MARKET DEVELOPMENTS — continued

Increase in Number of Exits

On the divestment front, AVCAL reported there were 49 company exits in FY10, a 32% increase over the 37 company exits achieved the previous year. Notably, the number of companies divested by trade sale more than doubled to 22 companies from only nine the previous year. This segment remained the most popular means of divestment, accounting for 45% of all companies divested in FY10. [1]

By comparison, all divestments that have occurred and announced to date, from VPEG's portfolio have been by way of trade sale, to predominately listed corporates who, after equity capital raisings conducted during 2007 / 08, continue to look for value accretive acquisitions to complement their existing businesses.

With the industry data for FY10 confirming an increase in Private Equity investment activity at reduced average EV's and the lowest purchase multiples seen since 2005, VPEG's underlying managers who have more than 50% of their funds available to invest, such as Archer, Catalyst, Equity Partners and Next, are in a unique position to capitalise on this set of factors to build robust portfolios.

Also with an improving exit market, VPEG's underlying managers whose funds are close to fully invested and whose attention is turning to exits, such as those of Advent, Crescent and Quadrant are well positioned to benefit from the increasing interest shown by corporate / trade purchases for acquisitions from Private Equity.

In view of the more recent positive trends emerging across the industry, following the slowdown in activity caused by the GFC, management is confident that VPEG will ultimately deliver upon its original investment objective of providing the benefit of a well diversified private equity portfolio and delivering a superior absolute return to investors.

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