

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 September 2011



Special points of interest:

- VPEG's Post Tax Value Grows by 2.4% During the Quarter, Once Again Outperforming Listed Markets
- Archer sells MYOB delivering more than 3 X Return on Initial Investment
- Advent V Invests In Heavy Earthmoving Equipment Rental Business Orionstone
- Next Capital II Buys Airport Services Business Aero-Care.

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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 30 September 2011, 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 July 2011 to 30 September 2011 once again saw the continued growth in the quantity, size & value of private equity investments held within VPEG's portfolio.

During the period two new private equity investments were added to the portfolio. In addition one exit from the portfolio (MYOB) was completed. As a result the total number of investments currently held within the underlying private equity portfolio grew to thirty one.

The table to the right provides a summary of the performance of VPEG's portfolio during the September 11 quarter. As demonstrated **VPEG's post tax NAV per share grew by a further 2.4% during the quarter** from \$1.133 at 30 June 2011 to \$1.160 at 30 September 2011.

Once again this compares extremely well to the 13% drop in the S&P/ASX 200 index across the same period (4608 to 4009) as well as the 11.6% loss delivered by the S&P/ASX 200 Accumulation index across the quarter. (Source; <http://www.rba.gov.au/statistics/tables/pdf/f07.pdf>)

Month Ending	VPEG NAV per Ordinary Share*
30-Sep-11	1.160
31-Aug-11	1.153
31-Jul-11	1.135
30-Jun-11	1.133

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

During the period 1 July 2011 to 30 September 2011, the quantity, size & value of VPEG's portfolio of private equity investments grew significantly as a result of the completion of two new investments and one follow on investment as well as the sale of one investment at a price well above its 30 June 2011 holding value.

Draw downs during the quarter were made by Advent V, Next Capital II & Quadrant Private Equity No. 2 (QPE2), totaling \$1,198,500.

The majority of capital drawn from VPEG during the quarter contributed toward funding the two new and one follow on investments (by Advent V & Next II).

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 \$4.185m in distributions were received during the quarter from QPE2 representing VPEG's share of proceeds from the Quick Service Restaurants sale that was completed the previous quarter.

In addition, during the quarter, a further \$3.229m in distributions were declared to be paid to VPEG during October 2011, resulting from Archer Capital Fund 4's sale of MYOB which was announced during August 2011.

In late July 2011, Advent V invested in **Orionstone**, one of Australia's leading heavy earth-moving equipment rental and sales companies.

In early September 2011, Next II completed the acquisition of **Aero-Care Pty Ltd**, Australia's largest independent provider of outsourced airport services .

Also during September 2011, Next II investee **Discovery Holiday Parks**, acquired additional properties to add to their portfolio. These included workforce properties at Mt Isa, Cloncurry & Emerald & a tourist park in Mt Isa.

Finally during the quarter Archer 4 sold investee company **MYOB**, to Boston based private equity firm Bain Capital, for approximately A\$1.2 Billion, delivering Archer 4 investors, including VPEG, more than 3 X return on their original investment.

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

Overview of New Investments

Orionstone



On 29 July 2011, **Advent V** invested in Orionstone Pty Ltd a Heavy Equipment rental company primarily focused on the mining industry with Operations in Western Australia and Queensland.

Orionstone rents heavy earthmoving equipment to major mining and civil infrastructure customers across Australia. Its head office is in Mackay and it has a substantial office in Perth. It also has workshop facilities in Perth, Kalgoorlie and Mackay.

Orionstone is one of the largest players in the Australian heavy earthmoving equipment rental market, primarily involved in open-cut and surface mining operations. It also has a small exposure to the civil construction and quarrying industries. Orionstone's customers include mine owners such as BMA, Peabody Energy, Galaxy Resources and Consolidated Minerals, and mining contractors such as Leightons, Watpac, Macmahon, HWE Mining, NRW, Goldings and Downer EDI Mining.

The business was formed in 2009, following a merger between Ironstone Pty Ltd in Queensland and Orion (WA) in Western Australia.

Aero-Care

On 8 September **Next Capital II** completed the management buyout of Aero-Care Pty Ltd, Australia's largest independent provider of outsourced airport services focused on ground handling.



Aero-Care is a well-run, established, high-margin business exposed to long term growth in outsourced services to the airport infrastructure market. Aero-Care focuses on serving the growing Low Cost Carrier (LCC) segment of the aviation market.

Aero-Care is widely recognised as providing unmatched levels of service to its customers by providing them with a competitive and commercial advantage in terms of cost and performance. Aero-Care is now the most experienced outsourced Flight Support organisation in the Australian aviation industry.

It's major customers are generally serviced under long term contracts and include Virgin Australia, Jetstar, Pacific Blue, Qantas, Emirates, DHL and SkyWest Airlines.

Operating from 16 airport locations across Australia, Aero-Care's revenues are well diversified and they service all major airports including, Perth, Adelaide, Hobart, Melbourne, Canberra, Sydney Domestic & International, Coolangatta, Townsville and Cairns.

Overview of Recent Exit

MYOB.

In January 2009 **Archer Capital Fund 4**, in a consortium with one of its investors (Harbourvest), acquired ASX listed MYOB Limited in a deal that valued the company at \$560 million. Following acquisition, MYOB's shares were delisted from the ASX.

MYOB is a developer and publisher of business management software and provides award-winning software, services and support to over 700,000 businesses and 10,000 accounting practices across the Asia Pacific region.

MYOB also works directly with accounting practices to streamline their processes and maximise their productivity. MYOB solutions are used by leading accounting practices from tax agents and sole practitioners to the "Big 4" accounting firms.

In August 2011 MYOB was sold by the Archer consortium to Boston based private equity firm Bain Capital, for a reported enterprise value of approximately \$A1.2 Billions

Across their period of ownership Archer worked with management to grow earnings by increasing revenue, reducing costs and growing MYOB's customer base with the introduction of new product offerings.

The Bain deal valued MYOB at about 11.3 times earnings before interest, tax, depreciation and amortisation. It was reported that the sale represented a more than threefold return on Archer's original investment in a little over two and a half years.

The sale will once again deliver VPEG a strong top quartile Internal Rate of Return (IRR) over the life of the investment. The total net proceeds due to VPEG are expected to be almost 50% higher than the 30 June 2011 carrying valuation recorded in VPEG's accounts, at which time MYOB represented approximately 5.8% of VPEG's pre tax Net Asset Value.



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 September 2011

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 September 2011.

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.

The 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	
2.8%	29.8%	Later Expansion	13.7%
		Buyout	53.7%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 September 2011 VPEG's Gross Assets were \$ 42.65 million (unaudited) pre tax.

During the September 11 Quarter VPEG's exposure to private equity investments reduced from 72.29% to 67.37% with the cash and fixed interest component of the investment portfolio growing from 27.01% to 32.6%. The reduction in Private Equity exposure was due to the sale of QSR during the previous quarter which increased VPEG's cash & fixed interest investments by more than \$4m.

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, currently holds interests in thirty one underlying company investments to which funds have been drawn. VPEG's Private Equity portfolio and commitments, as at 30 September 2011, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Advent V	\$300m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$2.99m	8	2
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.04m	10	2
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$3.30m	2	0
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.42m	6	1
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$1.56m	3	0
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$1.59m	3	0
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$6.88m	5	1

"VPEG currently holds interests in thirty one underlying company investments"

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 2011.

As a result of Archer's sale of MYOB during the quarter, Actrol became VPEG's largest Private Equity Investment exposure representing 5.1% of VPEG's Pre tax NAV.

Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Actrol	Catalyst Buyout Fund 2	Distributor of Refrigeration & Air-conditioning Parts & Equipment	5.1%	5.1%
2	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	4.5%	9.6%
3	Virtus Health (formally IVF Australia)	Quadrant Private Equity No. 2	Owner Operator of Fertility Clinics in NSW & Victoria	3.9%	13.5%
4	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	3.8%	17.3%
5	Independent Pub Group	Quadrant Private Equity No. 2	Owner of Gaming Hotels in Qld, SA & NSW	3.1%	20.5%
6	Home & Decor Holdings (Adairs & Dusk)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	2.7%	23.2%
7	Genesis Care	Advent V	National Network of Cardiology & Radiation Oncology Practices	2.7%	25.9%
8	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	2.6%	28.5%
9	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	2.6%	31.1%
10	Media Monitors	Quadrant Private Equity No. 2	International Media Services Business	2.2%	33.3%

*As at 30 September 2011 (unaudited) calculated on VPEG's pre tax NAV (Does not include the proceeds of the MYOB sale)

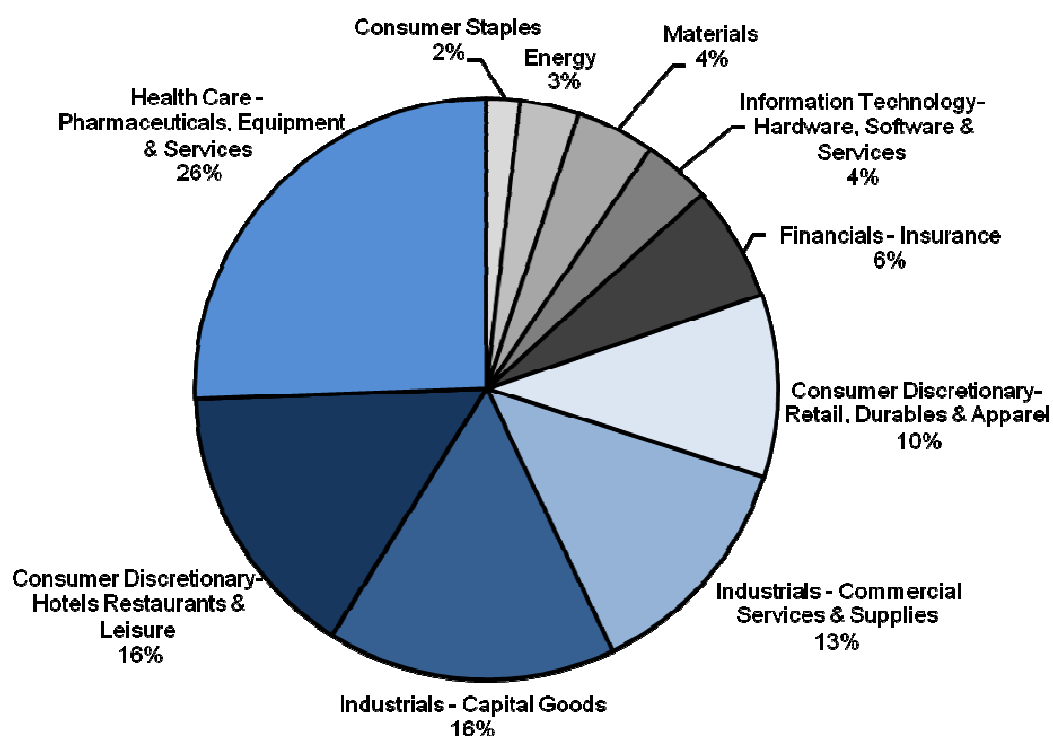
Industry Spread of VPEG's Underlying Investments

With the sale of MYOB by Archer 4, the "Information Technology" sector exposure reduced from 13% to 4% of VPEG's total private equity portfolio.

The addition of Orion-stone & Aero-Care during the quarter increased VPEG's exposure to the "Industrials - Commercial Services & Supplies" sector from 7% to 13%.

The "Healthcare" sector remains VPEG's largest exposure at 26% of total.

Note; This chart does not include the proceeds of the MYOB sale by Archer 4, which were received by VPEG during Oct 11.



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