

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 June 2013



Special points of interest:

- Next II makes investments in NZ Rental Group and Scottish Pacific Debtor Finance.
- Quadrant exits 100% of Virtus Health with a strong listing on the ASX and sells more shares of its NZ listed portfolio company Summer-set Retirement Villages.
- The 15 exits to date from VPEG's underlying Private Equity portfolio have delivered 2.63 X invested capital and a gross IRR of 27.2% p.a. to VPEG.
- Vantage Launches VPEG2 with exclusive offer for existing VPEG shareholders

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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 has invested 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's investment portfolio continues to expand and with total commitments of \$43m across seven private equity funds, it currently holds interests in 29 underlying companies.

As at 30 June 2013, VPEG's investment commitments included, \$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 April 2013 to 30 June 2013 again saw continued activity within VPEG's private equity investment portfolio.

During the period funds were drawn from VPEG for two new investments and two follow on investments into companies already within the underlying portfolio.

In addition one full exit was completed and the further sell down of shares in another portfolio company was also undertaken during the period. As a result the total number of investments held within VPEG's underlying private equity portfolio at quarter end, including that for which funds had been drawn increased to thirty one.

The table to the right provides a summary of the performance of VPEG's portfolio during the June 13 quarter. As demonstrated VPEG's NAV increased from 0.993 to 1.073 per share.

The increase in VPEG's NAV during the period was due predominately to an uplift in the actual exit value of the underlying companies sold during the quarter, as well as an improvement in the value of unrealised investments compared to their holding value at the end of the previous quarter.

Month Ending	VPEG NAV per Ordinary Share*
30-Jun-13	1.073
31-May-13	1.001
30-Apr-13	0.994
31-Mar-13	0.993

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

During the period 1 April 2013 to 30 June 2013, continued activity within VPEG's portfolio of private equity investments, saw funds drawn for two new investments and two follow on investments, all completed during July. Movements within the portfolio also saw the complete sale of one underlying company investment and the continued partial exit of another from the underlying portfolio.

Draw downs during the quarter were made by Next Capital II (Next II) and Quadrant Private Equity No. 2 (QPE2), totaling \$1,699,500.

The majority of capital drawn from VPEG during the quarter contributed toward funding the new investments of Next II, which included NZ Rental Group and Scottish Pacific (completed July 13) as well as follow on investments in companies within Next II's portfolio including Next Athleisure (which consists of TopShop & Glue Stores) and GoBus.

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.

In addition, \$2,881,129 was received by VPEG during the quarter, the majority of which was due to one full and one additional partial exit from the portfolio of QPE2.

During the quarter funds were drawn by Next II for their investment into **NZ Rental Group** (formally Hirepool) a New Zealand based equipment hire business.

Additionally during June 2013, Next II called funds for the buyout of **Scottish Pacific Debtor Finance** a specialist provider of debtor finance services. The transaction was completed on 1 July 2013.

Furthermore in late June 2013, Next II also called funds for follow on investments into portfolio companies **Next Athleisure**, for store expansions and **GoBus**, to acquire another NZ bus company.

The QPE2 distribution paid during the period resulted from the complete exit of **Virtus Health** via a listing on the Australian Stock Exchange during June 2013.

Finally the remaining distribution capital received during the quarter from QPE2 resulted from their continued sell down of shares in portfolio company **Summerset Retirement Villages** which was listed on the NZ Stock Exchange in November 2011.

“\$2,881,129 was received during the quarter the majority of which resulted from exits from the portfolio of Quadrant Private Equity No. 2”

Overview of New Investments

NZ Rental Group

In July 2006, Next Capital's first fund, Next Capital I, invested A\$27 million to purchase 75% of New Zealand equipment rental and plant management services company Hirepool. Following a number of acquisitions, the holding company was subsequently renamed to New Zealand Rental Group.



During the June 2013 quarter, Next II called funds from investors including VPEG to assist Next I investee, New Zealand Rental Group, to fund the purchase of its NZ competitor, Hirequip. The equity funding for the acquisition was provided by Next II, following approval by the Next II advisory committee, for the fund to participate in a Next I portfolio company follow on investment.

Hirequip, with its emphasis on heavy equipment, and Hirepool, which concentrates on specialist and SME markets, combined, provide a complementary customer offering and broad operational capabilities across NZ.

Executive director Mike Foureur says the takeover will transform the industry, bringing the two NZ industry leaders together.

Hirepool chief executive Mark Powell, who will be continuing with the company, says it will be making a significant investment in updating the assets and expanding its product range.

Scottish Pacific Debtor Finance

On the 1st of July 2013 Next Capital II, in a consortium with co-investors and management, purchased Scottish Pacific Debtor Finance for a (media) reported \$100 million.



Established in 1988, Scottish Pacific Debtor Finance is Australia and New Zealand's largest specialist provider of debtor finance services, specialising in invoice discounting and invoice factoring, specifically tailored for small and medium-sized enterprises. Scottish Pacific have offices in all main land state capitals of Australia and New Zealand.

Australia's debtor finance industry turns over more than \$62 billion each year and has had compound annual growth of over 20 per cent since 1996.

At the time of Next Capital's investment, it was reported that Scottish Pacific handled more than \$3.5bln in invoices annually and had projected fiscal 2013 earnings before interest and tax of about \$15m, on annual sales of about \$200m.

Over the next five years Scottish Pacific plans to grow its core debtor finance business by 12 per cent per annum. Additionally, "our new trade finance business will grow significantly over that period, as well as some new products," said Scottish Pacific's chief executive officer Peter Langham.

Overview of Recent Exit

Virtus Health

In April 2008 **Quadrant Private Equity No. 2** invested in IVF Australia the largest group of dedicated fertility specialists in NSW operating across an extensive network of fertility centres and consulting sites for the communities of Sydney and the Central Coast.

With a staff of more than 100, including a team of experienced scientists, nurses and counsellors, IVF Australia provided fertility treatment to men and women trying to conceive via treatment options including ovulation induction, insemination, IVF and ICSI.

In November 2008 IVF Australia acquired Melbourne IVF adding significant scale and market share to the overall group which was subsequently renamed IVF Holdings.

Melbourne IVF is a leading provider of IVF and related infertility treatment in Victoria and is known for being at the forefront of IVF technology around the world.

In 2009 IVF Holdings expanded into the Queensland market with the acquisition of the Queensland Fertility Group.

The combined group, which was subsequently renamed Virtus Health, then accounted for more than 40% share of the market for IVF services in Australia, which positioned the new group as national leaders in assisted reproductive technology.

On the 11th of June 2013, Virtus Health Ltd became the first in-vitro fertilisation company in the world to publicly list its shares, listing on the Australian Stock Exchange at a 7 percent premium to its offer price.

Virtus shares began trading at A\$6.01 on their first day of listing, well above the A\$5.68 offer price set for the float, giving the company a market value of around A\$485 million.

The company posted a net profit of A\$24.7 million in 2012 and was forecasting profit of A\$26.6 million in 2013 and A\$31.4 million in 2014.

Quadrant sold 100% of its investment in Virtus into the float, due to strong investor demand for the company's shares, delivering Quadrant investors, including VPEG, a strong return on capital invested into the company.



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 June 2013

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 June 2013.

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	
5.8%	26.2%	Later Expansion	22.5%
		Buyout	45.5%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 June 2013 VPEG's Gross Assets were \$ 39.33 million (audited) pre tax.

During the June 13 Quarter VPEG's exposure to private equity investments increased from 67.0% to 68.0% with the cash and fixed interest component of the portfolio decreasing from 33.0% to 32.0%. The increase in Private Equity exposure and subsequent decrease in the cash and fixed interest component of the portfolio was due to improved valuations across the portfolio combined with the capital invested for new investments exceeding the cash received back from underlying exits during the quarter.

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, held interests (& drawn funds for) thirty one underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 30 June 2013, 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	\$3.75m	8	4
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.12m	10	6
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$5.22m	5	0
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.90m	6	2
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$2.31m	5	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$5.73m	7	0
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.02m	5	2
Total				\$43.0m	\$35.05m	46	15

* Includes underlying co. investments for which funds were drawn, but the investment was not completed by 30 June 13

**"As at
30 June 13
VPEG
ultimately
held 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 June 2013.

Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Actrol	Catalyst Buyout Fund 2	Distributor of Refrigeration & Air-conditioning Parts & Equipment	6.7%	6.7%
2	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	5.7%	12.4%
3	Sentia Media	Quadrant Private Equity No. 2	International Media Services Business	4.1%	16.5%
4	Discovery Holiday Parks	Next Capital II	Caravan & Cabin Park Owner & Operator	4.0%	20.4%
5	Aero Care	Next Capital II	Outsourced Airport Services	3.7%	24.2%
6	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	3.4%	27.6%
7	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	3.2%	30.8%
8	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	2.9%	33.7%
9	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	2.9%	36.6%
10	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	2.6%	39.2%

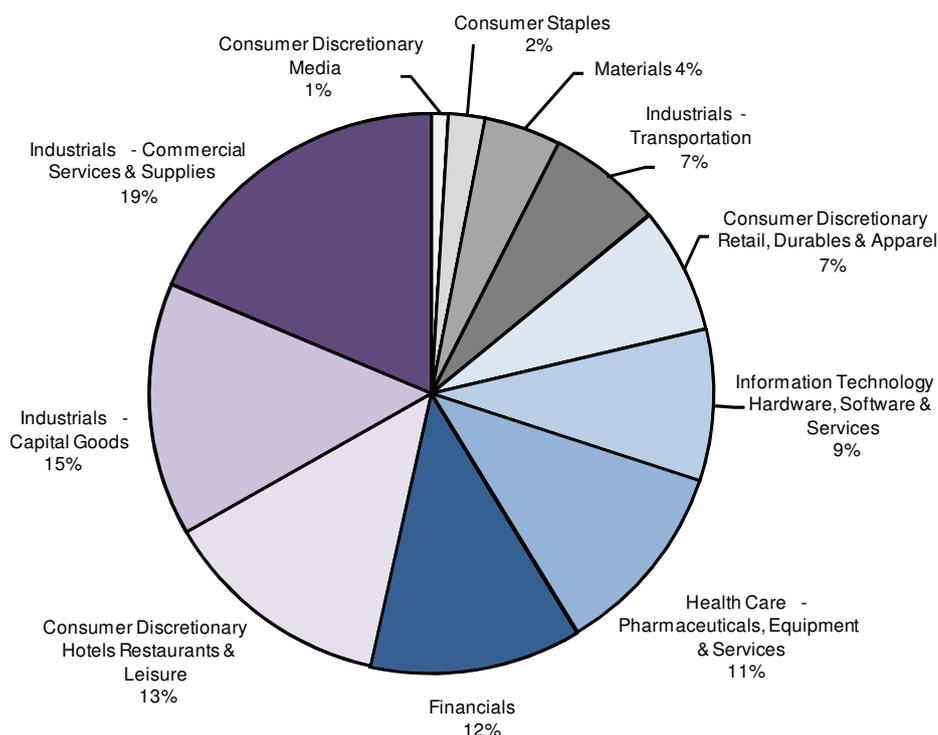
*As at 30 June 2013 (audited) calculated on VPEG's pre tax Net Asset Value (NAV). Scottish Pacific investment completed on 1 July 13

Industry Spread of VPEG's Underlying Investments

With the exit of Virtus Health from the portfolio, the "Health Care" sector exposure reduced from 17% to 11%.

The capital drawn from VPEG during the quarter, for the Scottish Pacific acquisition completed on 1 July 13, increased VPEG's exposure to the "Financials" Sector from 7% to 12%.

The "Industrials - Commercial Services & Supplies" sector is remained VPEG's largest industry exposure representing 19% of VPEG's total private equity portfolio.



STRONG PERFORMANCE OF VPEG EXITS TO DATE

As at 30 June 2013, the Private Equity funds in which VPEG has commitments, had completed investments in forty four underlying companies, of which fifteen have been exited, or sold, to date. Exits from VPEG's underlying private equity portfolio to date, in alphabetical order, are;

Ausfuel, Australian Music Group, Cellarmasters, Funtastic, GenesisCare, iNova Pharmaceuticals, Locker Group, MYOB, National Hearing Care, Queensland Food Company, Quick Service Restaurants, Rebel Group, SCADA Group, Skins and Virtus Health.

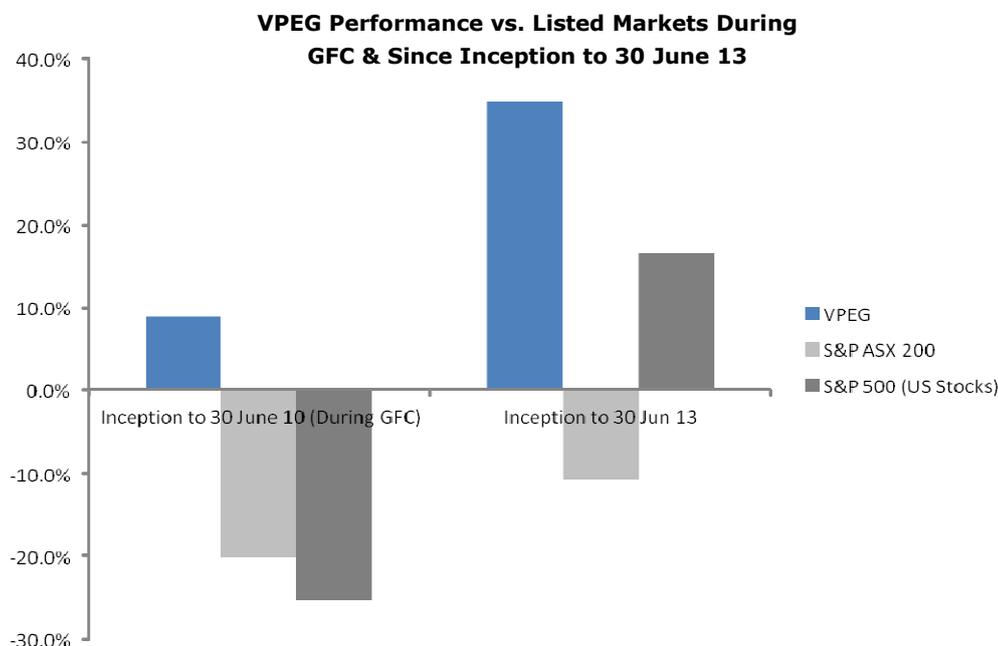
These exits from VPEG's portfolio have generated **2.63 times the original cost of VPEG's investment into these companies** and delivered VPEG a **weighted average gross IRR of 27.2% p.a.** from these exits.

The total gross proceeds delivered to VPEG to date from these exits equated to \$21.2m. As at 30 June 2013 the holding value of VPEG's remaining underlying Private Equity investments was \$25.1m. VPEG also held \$12.6m in cash, fixed interest and receivables at quarter end. As a result Vantage expects that once VPEG's FY13 accounts are audited, VPEG will declare and pay to its shareholders, later this year, its highest distribution to date.

VPEG's target is to generate total proceeds of 2.5 times funds invested into all of its underlying private equity investments. The exit results to date indicate that VPEG is well on its way to achieving this target and ultimately providing continued strong investment returns to its shareholders.

PERFORMANCE OF VPEG vs. LISTED MARKETS SINCE INCEPTION

Recent analysis by Vantage confirms that VPEG continues to outperform listed markets. The chart below compares the performance of VPEG (post tax) to listed markets both in Australia (S&P ASX 200 index) and in the U.S.A. (S&P 500 index).



Source: VPEG, ASX, S&P, Dow Jones Indices

As demonstrated by this chart VPEG not only performed better than listed markets during the GFC period, outperforming the S&P ASX 200 and the S&P 500 (U.S stocks) by 29% and 34.0% respectively during that period, but has also performed better than listed markets since inception to the present (30 June 2013) outperforming the S&P ASX 200 and the S&P 500 by 45.6% and 18.2% respectively.

“The 15 exits to date from VPEG’s underlying Private Equity portfolio have delivered 2.63 X invested capital and a gross IRR of 27.2% p.a. to VPEG ”

“Since inception to 30 June 2013, VPEG had outperformed listed markets in both Australia and the U.S.A by 45.6% and 18.2% respectively ”

VANTAGE LAUNCHES VPEG2 - EXCLUSIVE OFFER FOR VPEG SHAREHOLDERS WHO PARTICIPATE IN FIRST CLOSE

On the 5th of August 2013 Vantage Asset Management Pty Limited issued the Information Memorandum and commenced fundraising for Vantage Private Equity Growth 2 (VPEG2).

Key highlights of VPEG2 include;

- Investment into a consistently high returning asset class
- Focussed Investment Strategy into top quartile performing, Australian domiciled, small to mid market focussed Private Equity funds, investing at the later expansion and buyout financing stages of Private Equity;
- Innovative twin, Australian unit trust structure, catering for two types of investor, with underlying investments funded pro rata from each trust;
- Enhanced deployment of investment capital by investing across a combination of primary and secondary Private Equity fund investments and co-investments;
- Returns distributed as underlying investments exited and within 30 days of receipt by VPEG2;
- Minimum investment for VPEG2A trust investors: \$5 million with 5% of commitment paid on application with remainder of commitment called as underlying private equity investments are made;
- Minimum investment for VPEG2B trust investors: \$50,000 fully paid on application;
- First Closing Date; 30 November 2013

Exclusive Offer for VPEG Shareholders

For every current VPEG shareholder who commits to and invests in VPEG2 prior to the First Closing Date, Vantage Asset Management will rebate to that investor the entire management fee applicable to their investment across the first 12 months of their investment.

This equates to a rebate of;

- 1.0% p.a. of an Investor's Committed Capital in the VPEG2A trust; and
- 1.5% p.a. of an Investor's share of the gross value of the investment portfolio of the VPEG2B trust.

To qualify for the rebate simply advise us by email at investor@vantageasset.com with the name of your VPEG2 investing entity, as well as the current entity invested in VPEG (if different), at the time of your Application and prior to 30 November 2013. Please also email Vantage if you require any further information regarding VPEG2.

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