

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 September 2013

< Diversify
< Grow
< Outperform

Special points of interest:

- Equity Partners Fund 3 acquires majority shareholding in Tasman Market Fresh Meats.
- Catalyst Buyout Fund 2, draws capital for the acquisition and merger of Vesco Foods and Prepared Foods Australia to form Heat to Eat Holdings.
- Private Equity Exit Markets best since prior to the GFC.
- VPEG Shareholders investing in VPEG2 at First Close receive a full rebate of the first year's management fee applicable to their investment.

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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 33 underlying companies.

As at 30 September 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 July 2013 to 30 September 2013 again saw continued activity within VPEG's private equity investment portfolio.

During the period funds were drawn from VPEG for two new investments, one of which was completed in August and the other post quarter end.

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 three.

The table to the right provides a summary of the performance of VPEG's portfolio during the September 2013 quarter. As demonstrated VPEG's NAV increased from 1.073 to 1.080 per share.

The increase in VPEG's NAV during the period was due to an uplift in the holding values of a number of underlying company investments during the quarter, compared to their holding value at the end of the previous quarter.

Month Ending	VPEG NAV per Ordinary Share*
30-Sep-13	1.080
31-Aug-13	1.072
31-Jul-13	1.075
30-Jun-13	1.073

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

During the period 1 July 2013 to 30 September 2013, continued activity within VPEG's portfolio of private equity investments, saw funds drawn for two new investments with one completed in August, the other in early November.

Draw downs during the quarter were made by Catalyst Buyout Fund 2 (CBF2), Equity Partners Fund 3 (EP3) and Next Capital II, totaling \$1,257,632.

The majority of capital drawn from VPEG during the quarter contributed toward funding the new investment by EP3 into Tasman Market Fresh Meats, completed in August 2013 and that of CBF2 into Heat to Eat Holdings, completed in early November 2013.

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.

No distributions were received by VPEG during the quarter.

During the quarter EP3 completed their investment into **Tasman Market Fresh Meats** a specialty retailer of meat and complementary food products sold via a network of 15 "big-box" format destination stores in Victoria.

Furthermore, late in the quarter, CBF2 called funds for the management buyout of both Vesco Food Holdings and Cook Freeze, both producers of frozen ready meals, in a simultaneous acquisition and merger style transaction. Following acquisition the entities were merged into a holding company called **Heat to Eat Holdings**.

With the addition of these, likely to be final, two new investments to the portfolio, the total number of underlying private equity companies that have been invested in since VPEG commenced in late 2006, grew to 48 in total. With 15 full exits completed to date, 33 company investments currently remain within the portfolio.

"With the addition of two new investments, VPEG has now ultimately invested in 48 underlying company investments since inception."

Overview of New Investments

Tasman Market Fresh Meats

On 26 August 2013, **Equity Partners Fund 3** completed the acquisition of a majority shareholding in Tasman Market Fresh Meats ("TMFM").

TMFM is a specialty retailer of meat and complementary food products via a network of 15 "big-box" format destination stores in Victoria which include metropolitan Melbourne as well as stores in Geelong and Shepparton .

The company prides itself on the freshness, quality, variety and value for money that their products provide. TMFM's meat is 100% Australian grown and is mainly sourced from Victoria. All meat is delivered fresh daily to their stores where it is prepared and packed on site.

TMFM carry a full range of quality yearling beef, choice cuts of lamb, a full range of pork, chicken and other poultry lines as well as game and veal. They also sell bulk meat including full cryovac pieces.

In addition TMFM carries a wide selection of complementary grocery, frozen and deli products and a range of Italian products that they have exclusively imported.

TMFM has a positive growth outlook underpinned by its sustainable competitive advantages in supply chain and yield optimisation. TMFM has exhibited strong growth, driven largely by new store openings and like for like growth of the exist-

Heat to Eat Holdings

In late September 2013, funds were called by **Catalyst Buyout Fund 2**, to establish Heat to Eat Holdings, to acquire via management buyout, Vesco Food Holdings ("Vesco") and Cook Freeze (trading as Prepared Foods Australia "PFA"). The simultaneous acquisition and merger style transaction was completed in early November 2013.

Perth based Vesco Foods is one of Australia's leading manufacturers of frozen meals and meal components. Using more than 1,500 different ingredients and producing an extensive range of over 300 products, Vesco Foods has built its foundation on traditional philosophies of excellence in quality, service and value.

Since 1974, Vesco Foods has evolved into the innovative and progressive manufacturer it is today, supplying prepared frozen lasagne, complete meals, meat casseroles and sauces to many leading national and international brands, retail outlets and food service clients in Australia, Asia and the Middle East.

PFA is a Brisbane based producer of frozen ready meals and components which currently serves the adjacent Health & Food Service channel. PFA's operating facility, based in Wacol, Queensland, was originally built in 1980 to supply frozen meal solutions to hospitals and other institutions, which remains an important market for PFA today.

PFA operates through three key segments:

- **Food Service:** includes meals and meal components for the Hospitality Industry (e.g. Village Roadshow & Qantas) and the Health & Aged Care Industry which includes nutritionally balanced products at Australian Standards for hospitals, aged /child care, & schools;
- **Contract Manufacturing:** food manufacturing for customers such as ALH Group, Hogs Breath, Eagle Boys, Pie Face, Coffee Club, & Pizza Hut; and
- **Export:** PFA currently exports soups, sauces, meal components and other base products to restaurant chains and food service companies in Japan, Middle East and SE Asian regions



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 September 2013

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 September 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	
1.9%	26.2%	Later Expansion	24.6%
		Buyout	47.3%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 September 2013 VPEG's Gross Assets were \$ 39.63 million pre tax.

During the September 13 Quarter VPEG's exposure to private equity investments increased from 68.0% to 71.9% with the cash and fixed interest component of the portfolio decreasing from 32.0% to 28.1%. The increase in Private Equity exposure and subsequent decrease in the cash and fixed interest component of the portfolio was due to the investment into the two new private equity investments during the quarter.

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, ultimately held interests (& drawn funds in) thirty three underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 30 September 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	\$5.64m	6	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	\$3.11m	6	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$5.76m	7	0
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.02m	5	2
			Total	\$43.0m	\$35.30m	48	15

* Includes an investment for which funds were drawn, but not completed by 30 September 13

"As at 30 September 13 VPEG ultimately held interests in thirty three* 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 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	6.8%	6.8%
2	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	5.4%	12.3%
3	Sentia Media	Quadrant Private Equity No. 2	International Media Services Business	3.9%	16.1%
4	Discovery Holiday Parks	Next Capital II	Caravan & Cabin Park Owner & Operator	3.8%	19.9%
5	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	3.7%	23.6%
6	Aero Care	Next Capital II	Outsourced Airport Services	3.5%	27.2%
7	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	3.1%	30.3%
8	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	2.8%	33.0%
9	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	2.8%	35.8%
10	Home & Decor Holdings (Adairs & Dusk)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	2.7%	38.5%

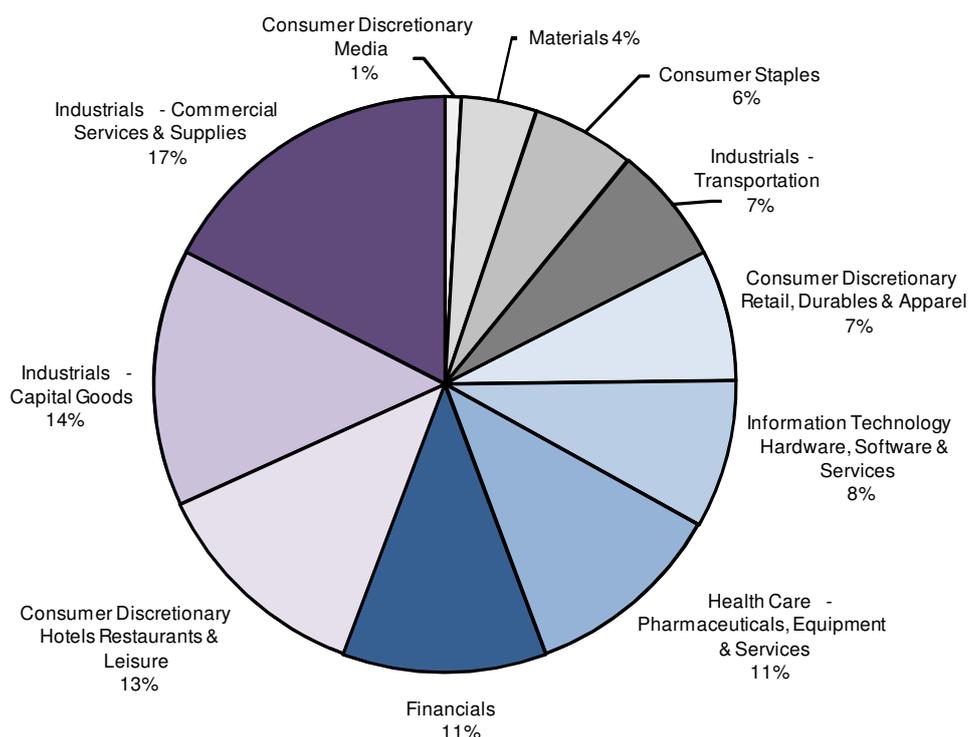
*As at 30 September 2013 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV).

Industry Spread of VPEG's Underlying Investments

With the addition of Tasman Market Fresh Meats and Heat to Eat Holdings to the portfolio, the "Consumer Staples" sector exposure increased from 2% to 6%.

As a result there was a small reduction in the sector exposure of each other industry sector in which VPEG ultimately has investments.

The "Industrials - Commercial Services & Supplies" sector remains VPEG's largest industry exposure representing 17% of VPEG's total private equity portfolio.



PRIVATE EQUITY EXIT MARKETS BEST SINCE PRE GFC

The September 2013 quarter and beyond has seen a significant improvement in activity in the Private Equity exit arena. The stronger public equity capital markets have attracted the attention of many Private Equity managers and accordingly there are a number of Private Equity backed businesses, including several within VPEG's underlying portfolio preparing to float on the ASX across the next 6 to 12 months.

With cash rates being the lowest that they have been for a long time, there is little question that investors are seeking investment opportunities that offer an attractive return. With the ASX200 Industrials (ex Financials) trading at 18x forecast price to earnings, Initial Public Offer (IPO) pricing represents exceptional value for Private Equity backed companies seeking an exit.

Former VPEG investee Virtus Health successfully raised over \$330 million in an IPO when it listed on the ASX in June and even though its vendor, Quadrant Private Equity No. 2 sold down 100% of its holding into the float, has traded above its issue price since it listed.

This demonstrates that the public markets have a strong appetite for private equity backed floats, which bodes well for several companies within VPEG's underlying portfolio that are now running dual track sale programs, (i.e. sale via either an IPO or trade sale), to deliver the best exit pricing to their investors including VPEG.

As a result Vantage management is confident that VPEG's target to generate total proceeds of 2.5 times funds invested, across all of its underlying private equity investments, will continue, ultimately delivering continued strong investment returns to VPEG's shareholders.

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

As advised last quarter Vantage has commenced fundraising for Vantage Private Equity Growth 2 (VPEG2) with a target First Closing Date of 30 November 2013.

VPEG2 will invest into the same segment of the Australian Private Equity market as VPEG, however the strategy and structure of VPEG2 has been enhanced.

Key enhancements include;

- Twin Australian Managed Unit Trusts, caters for 2 types of investors and provides a flow through of Income, franking credits, return of capital and capital gains directly to Unitholders;
- Distributions paid to investors immediately following receipt from underlying funds, enhances the cashflow as well as the ultimate IRR to Unitholders;
- Primary & Secondary Private Equity fund investments as well as co-investments provides additional diversification and faster deployment of capital into underlying private equity deals leading to earlier divestments and hence distributions to Unitholders;

Exclusive Offer for VPEG Shareholders

For every current VPEG shareholder who commits to and invests in VPEG2 prior to the First Closing Date, Vantage 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.

"With the ASX200 Industrials (ex Financials) trading at 18x forecast P/E, current IPO pricing represents exceptional value for Private Equity backed companies seeking an exit"

"VPEG Shareholders investing in VPEG2 at First Close receive a full rebate of the first year's management fee applicable to their investment"

VPEG2 - EXCLUSIVE OFFER FOR VPEG SHAREHOLDERS WHO PARTICIPATE IN FIRST CLOSE (continued)

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.

Application forms are included from page 52 in the VPEG2 Information Memorandum

Please also email Vantage if you require any further information regarding VPEG2.

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