

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ended 31 December 2015

< Diversify
< Grow
< Outperform

Special points of interest:

- Archer Capital Fund 4 announces the sale of hospital group, Health Care to China's Luye Medical Group for a media reported \$938m.
- Next Capital II's investee Scottish Pacific completes bolt-on acquisition of Bibby Australasia in preparation for an IPO later in the year.
- VPEG has now paid \$108,327 in cumulative distributions, per 100,000 shares, to its shareholders since inception.

Inside this report:

Performance	2
Key Portfolio Developments	2
Overview of Recent Announced Exit & Bolt-on Acquisition	3
Portfolio Structure	4
Industry Spread of VPEG's underlying Investments	5
Total Distributions Paid to Shareholders since Inception	6
Contact Details	6

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 focused 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 is now being divested over time and with total commitments of \$43m across seven Private Equity funds, it currently holds interests in 24 underlying companies with 25 exits now completed from the portfolio.

As at 31 December 2015, 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 October 2015 to 31 December 2015 saw continued activity within VPEG's private equity investment portfolio.

During the period two follow-on investments and one bolt on acquisition added to existing underlying portfolio companies. In addition, VPEG was also advised of a partial share buy back completed in November 2015 by another underlying company investment.

As a result, the total number of investments held within VPEG's underlying Private Equity portfolio at quarter end, remained at twenty four.

The table to the right provides a summary of the performance of VPEG's portfolio during the December 2015 quarter. As demonstrated VPEG's NAV decreased from \$0.688 to \$0.597 per share.

The decrease in VPEG's NAV during the period resulted predominately from the 9.7c per share fully franked dividend paid by VPEG to all shareholders in November 2015.

Month Ending	VPEG NAV per Ordinary Share*
31-Dec-15	0.597
30-Nov-15	0.592
31-Oct-15	0.689
30-Sep-15	0.688

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

The period 1 October 2015 to 31 December 2015 saw continued activity from within VPEG's Private Equity investment portfolio, with two follow-on investments and one bolt-on acquisition.

Draw downs during the quarter totaling **\$388,449** were called by Advent V, Catalyst Buy-out Fund 2 (CBF2), Equity Partners Fund No. 3 (EPF3) and Next Capital II (Next II).

The majority of these draw downs were called during the quarter for follow-on investments for two of the underlying investment companies, one bolt-on acquisition as well as contributions toward working capital expenditure (ie underlying fund costs and management fees).

During the quarter, capital was called by **EPF3** for an additional investment into **Aussie Farmers Direct**, for its full pro-rata rights in preference shares issued by the company. In addition, **CBF2** made a call for its follow-on investment into existing portfolio company, **Vesco**. Furthermore, **Next II** called for capital for a bolt-on acquisition to its existing investment, **Scottish Pacific** for the Australian operations of **Bibby Financial Services**.

Also during the quarter, VPEG was advised that **\$99,806** in distributions were attributable to VPEG from **EPF3**, resulting from the partial share buyback of shares in portfolio company Amalgamated Hardware Merchants ('AHM'). However no cash distribution was received by VPEG from the share buyback, as the funds were used to meet VPEG's obligations for the capital call for EPF3's follow-on investment in Aussie Farmers Direct, mentioned above.

Finally During December 2015, Archer Capital Fund 4 announced that they had signed an agreement for the sale of Portfolio company **Health Care** to China's, Luye Medical Group. The sale is expected to be completed during the March quarter of 2016.

With 25 exits completed to date, 24 underlying Private Equity company investments remain within the underlying portfolio as at 31 December 2015.

"VPEG paid a fully franked dividend of \$0.097 per share to all shareholders in November 2015."

Overview of Recent (Announced) Exit

Archer Capital Fund 4 – Healthe Care



On 4 December 2015, Archer Capital Fund 4 signed a sale agreement to sell Healthe Care to Luye Medical Group Co ("Luye Medical") for a media reported \$938 million. Luye Medical is a division of Luye Group and currently comprises a network of healthcare service facilities across major cities in China, focusing on key therapeutic areas including rehabilitation nursing, plastic surgery, postpartum nursing, geriatric medicine and dentistry. Luye Group also has a significant shareholding in Hong Kong listed Luye Pharma Group Ltd, a leading specialty pharmaceutical company in China.

Healthe Care was acquired by Archer Capital Fund 4 in 2011. During their ownership, Archer invested significant funds into Healthe Care's capital investment program, expanding existing and building new hospitals, adding 2000 employees to the group.

Five sites were added to the Healthe group under Archer's watch, including Hurstville Private in Sydney and the newly opened Townsville Private. A new hospital on the Gold Coast is scheduled to open mid-2016.

Healthe Care now owns and operates 17 private hospitals across the country with close to 2000 hospital beds, 50 operating theatres, 4500 employees, and posts annual revenue of about \$500 million making Healthe Care the third-largest private hospital group behind ASX-listed players Ramsay Health Care and Healthscope.

The sale to the Luye Group is subject to final approval from the Foreign Investment Review Board with the completion of the sale expected in Q1 2016.

Overview of Recent Bolt-on Acquisition



Next Capital II– Bibby Financial Services (Australasia)

On 31 December 2015, Scottish Pacific completed the acquisition of Bibby's Australian debtor finance business (Bibby Financial Services Australia, or "BFSA"). The acquisition underpins Scottish Pacific's position as the leading, independent Australasian debtor finance provider.

The combined business now employs almost 300 staff, handling approximately \$10 billion of annual sales and providing some \$700 million of funding to clients as reported in the media. The acquisition will enable Scottish Pacific to provide an even more comprehensive funding alternative for small businesses (SMEs) looking to grow. Furthermore, the acquisition will provide its customers with a broader range of funding and business solutions going beyond debtor finance into credit insurance, asset finance, collections services as well as progress claim finance.

Next II have commenced extensive plans to integrate BFSA into existing operations as well as execute strategies to realise synergies resulting from the acquisition, including cost saving measures such as a reduction in duplicated overheads and rationalisation of other operational factors.

In addition, another bolt-on acquisition is also being investigated with targeted completion in the March 2016 quarter. Reunion Capital Partners has been engaged to advise Scottish Pacific regarding an initial public offering (IPO) later in the year according to reports in the media.

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 31 December 2015

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 December 2015.

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	
		8.1%	16.6%
		Buyout	57.9%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 December 2015 VPEG's Gross Assets were \$20.6 million pre tax.

During the quarter, VPEG's exposure to Private Equity investments increased from 62.4% to 75.3% with the cash and fixed interest component of the portfolio decreasing from 37.7% to 24.7% of total portfolio value. The increase in Private Equity exposure resulted from three capital calls for follow-on and bolt-on investments as well as an increase in the value of an underlying investments compared with the previous quarter. The decrease in VPEG's cash and fixed interests was the result of a fully franked 9.7 cent per unit dividend paid to all shareholders during November 2015.

“Next Capital II's investee, Scottish Pacific completes bolt on acquisition of Bibby Financial Services (Australasia) in preparation for an IPO later in the year.”

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, ultimately held interests in twenty four underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 31 December 2015, 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	\$3.96m	8	4
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.27m	10	6
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$5.98m	7	2
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.90m	6	4
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$3.61m	6	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$6.06m	7	3
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	5
Total				\$43.0m	\$37.84m	49	25

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 31 December 2015.

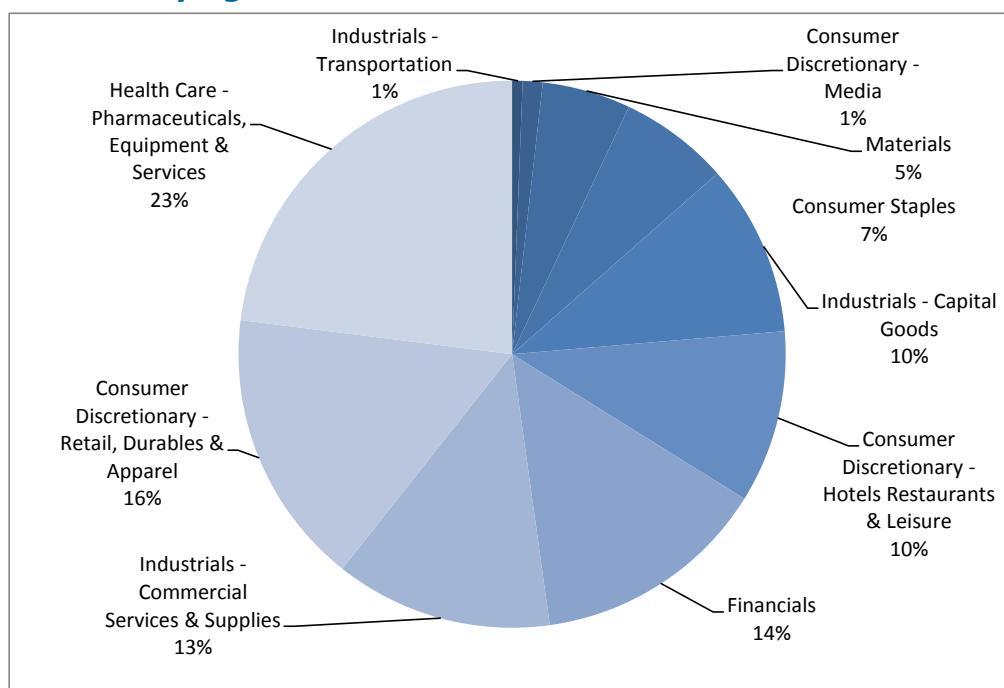
Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Health Care	Archer Capital Fund 4	Owner & Operator of Private Hospitals	17.2%	17.2%
2	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	10.6%	27.7%
3	Home & Decor Holdings (Dusk & Adairs - value of remaining shares held following IPO in June 15)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	8.6%	36.4%
4	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	4.8%	41.1%
5	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	4.0%	45.1%
6	Home Ventilation Products	Equity Partners III	Industrials - Capital Goods	3.7%	48.8%
7	GroundProbe	Crescent Capital Partners III	Industrials - Commercial Services & Supplies	2.6%	51.3%
8	Steel-line	Crescent Capital Partners III	Industrials - Capital Goods	2.2%	53.6%
9	Discovery Holiday Parks	Next Capital II	Caravan & Cabin Park Owner & Operator	2.2%	55.7%
10	Aussie Farmers Group	Equity Partners III	Consumer Staples	2.0%	57.9%

*As at 31 December 2015 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV).

Industry Spread of VPEG's Underlying Investments

The buyback of shares in AHM delivered a distribution to VPEG during the quarter, which contributed towards the decrease in VPEG's exposure to the "Consumer Discretionary—Hotels, Restaurants & Leisure" sector from 20% to 16%.

The revaluation of the holding value of investments, in particular Health Care to its sale value, within the Health Care—Pharmaceuticals, Equipment & Services" sector increased VPEG's exposure from 18% to 23% during the quarter. This sector along with "Consumer Discretionary—Retail, Durables & Apparel" now share the position as VPEG's largest industry exposures, representing a combined 39% of the value of VPEG's total Private Equity portfolio at 31 December 2015.

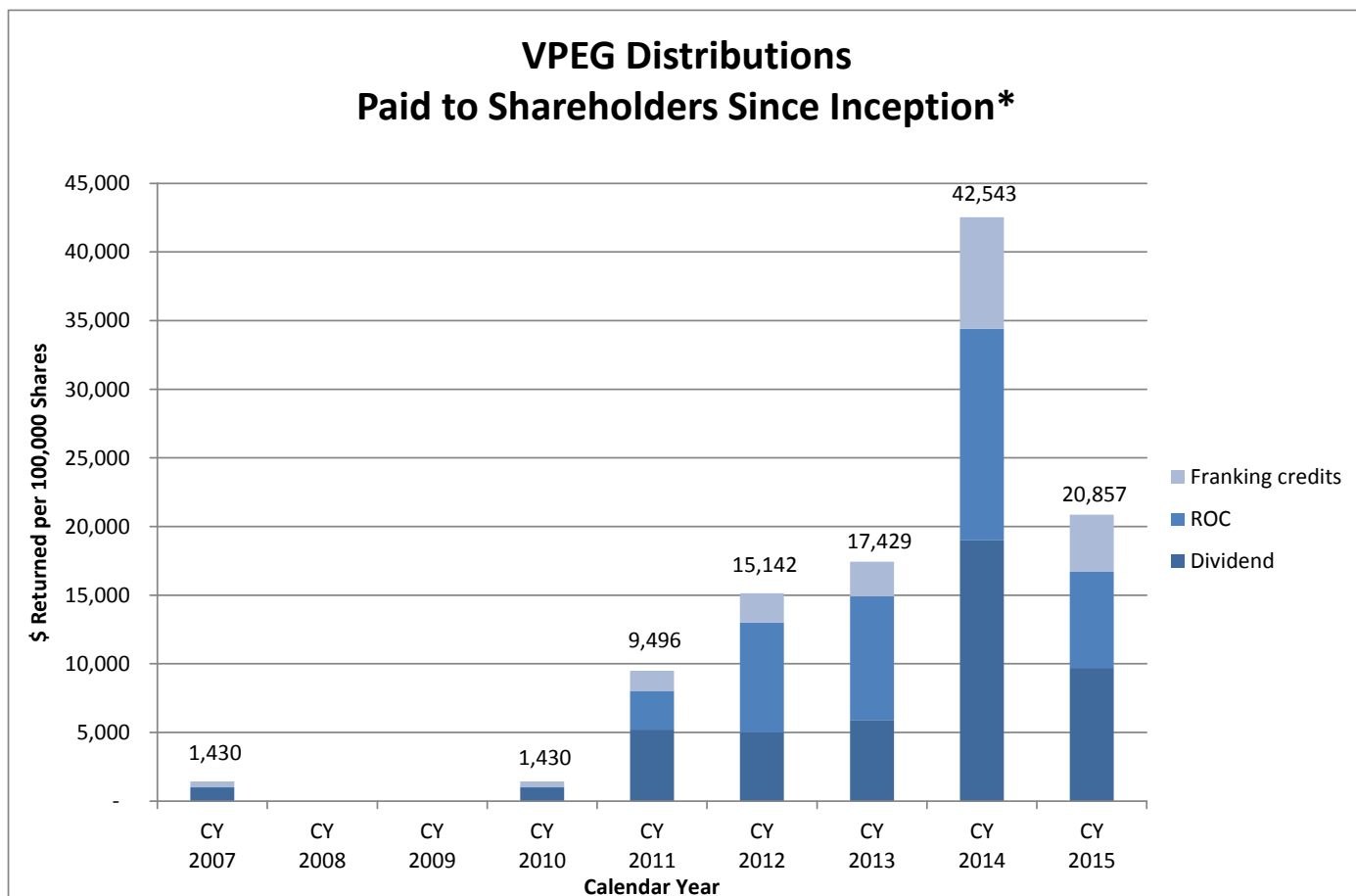


Total Distributions Paid to Shareholders Since Inception

With the number of exits from VPEG's underlying portfolio accelerating over recent years, the flow of distributions to VPEG's shareholders have also been growing.

The graph below provides a breakdown of distributions paid to shareholders, per 100,000 shares, since inception to 31 December 2015. Each bar of the graph is split into the components of each year's distribution being: Dividend (franked), Return of Capital (ROC) and Franking Credits.

The total of all distribution components paid each calendar year is listed at the top of each bar. As demonstrated by the graph, VPEG paid \$20,857 per 100,000 shares in distributions across calendar year 2015 and has now paid **\$108,327** in cumulative distributions, per 100,000 shares, to Shareholders since inception. Management expects this increasing rate of distributions to continue as the underlying private equity portfolio continues to be divested across the next 12 to 24 months.



CONTACT DETAILS

Vantage Private Equity Growth Limited

Level 25, Aurora Place
88 Phillip Street
Sydney NSW, 2000 Australia
Email: enquiries@vpeg.info
Internet: www.vpeg.info

Investment Manager

Vantage Asset Management Pty Limited
Managing Director - Michael Tobin
Phone: +612 8211 0477
Fax: +612 8211 0555
Email: investor@vantageasset.com