

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 31 March 2012



Special points of interest:

- Equity Partners 3 Announces the Sale of their Skins Investment for More than 2.4 X Return on Initial Investment
- Catalyst Buyout Fund 2 Buys Into Offshore Transportation Business, Bhagwan Marine
- Equity Partners 3 Invests In Fresh Food Home Delivery Business, Aussie Farmers Group.
- Advent V refinances Locker Group Providing an Additional Distribution to VPEG

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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 31 underlying companies.

As at 31 March 2012, 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 January 2012 to 31 March 2012 saw continued activity within VPEG's private equity investment portfolio.

During the period two new private equity investments were added to the portfolio. In addition one portfolio company refinancing was completed and one full exit from the portfolio was announced. As a result the total number of investments held within VPEG's underlying private equity portfolio at quarter end increased to thirty one.

The table to the right provides a summary of the performance of VPEG's portfolio during the March 12 quarter. As demonstrated VPEG's NAV increased by close to 1% from 1.113 to 1.122 per share.

The slight increase in VPEG's NAV during the period was due predominantly to the increase in the holding value of the Skins investment held by Equity Partners 3. The revaluation was triggered following the confirmation of the Skins share sale, resulting in an increase of approximately 40% in the holding value of the Skins shares to the agreed sale price. The Skins share sale was subsequently completed in early April 2012.

Month Ending	VPEG NAV per Ordinary Share*
31-Mar-12	1.122
29-Feb-12	1.108
31-Jan-12	1.108
31-Dec-11	1.113

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

During the period 1 January 2012 to 31 March 2012, continued activity within VPEG's portfolio of private equity investments, saw the completion of two new investments as well as one refinancing and the announcement of the full exit of another investment.

Draw downs during the quarter were made by Catalyst Buyout Fund 2, Equity Partners 3, Next Capital II and Quadrant Private Equity No. 2, totaling \$1,485,447.

The majority of capital drawn from VPEG during the quarter contributed toward funding the two new investments completed during the period.

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, \$157,867 in distributions were received during the quarter from Advent V, representing VPEG's share of the proceeds of the re-financing of Advent's Locker Group Holdings Pty Ltd, which was completed during the period.

In January 2012, Equity Partners 3 invested in **Aussie Farmers Group**, a vertically integrated fresh food home delivery business operating Nationally.

In February 2012, Catalyst 2 completed an investment in **Bhagwan Marine**, an offshore transportation business servicing the offshore Oil & Gas industry in Australia.

Finally at the end of the quarter, Equity Partners 3 announced the sale of their shareholding in compression sportswear group **Skins** to Skins management and Japan's Itochu Corporation. The sale was completed in early April 2012 and generated a more than 2.4 X return on initial investment. VPEG's share of sale proceeds were received on the 5th April 2012.

“The majority of capital drawn from VPEG during the quarter contributed toward funding two new investments”

Overview of New Investments

Aussie Farmers Group

On the 18th January 2012 **Equity Partners 3** completed an investment in the Aussie Farmers Group (AFG).

AFG is a vertically integrated fresh food home delivery business comprising both retail franchise operations together with wholesale businesses, that operates nationally. It is the clear market leader in the Australian "direct to home" fresh food market.

AFG commenced operations in Victoria in September 2005. The company has since grown rapidly to become the leading player in the niche "direct to home" fresh food market with a proven business model characterised by;

- a national franchise network,
- wholesale operations in key product verticals to augment AFG's value proposition,
- an active and loyal customer base of over 100,000 people and
- a well established growth platform.

Bhagwan Marine

On the 21st February 2012, **Catalyst Buyout Fund 2** completed an investment in Bhagwan Marine one of Australia's pre-eminent service providers to the offshore Oil & Gas industry.

The business has been operating in the sector since 1998 and now has a strategic presence in the key port locations in WA, NT & QLD. The business currently operates 50 vessels and is the market leader in the shallow water (port services) and shallow offshore (<50m depth) vessel space.

Bhagwan's active fleet includes 32 owned and 18 leased vessels. Within the active fleet there are 21 offshore and 29 port services vessels, with the majority of revenue and EBITDA generated by the offshore fleet.

Many of these vessels have been purpose-built to the 'Aerocat' design, which features a unique hull construction that provides fast transit speed with comfortable hull movement, as well as a stable platform when moored or holding station alongside offshore oil rigs, platforms or vessels.



Overview of Recent Exit

Skins.

In December 2007, **Equity Partners 3** invested in Skins to fund the ongoing expansion of the business into Europe, Japan and the US.

Skins is a leading designer and marketer of a range of sports apparel in the rapidly growing compression products market. The Skins brand is recognised in Australia as the premium product in the compression category, providing improved performance and recovery for sports participants of all levels.

The Skins business grew rapidly during EP3's investment, to become the dominant player in the Australian market, while also establishing global infrastructure to accelerate its offshore expansion program. During the period of EP3's investment Skins annual revenue grew more than 300% from US\$16m to US\$50m.

In late **March 2012**, EP3 announced the sale of their 36% shareholding in Skins to Skins management and Japan's Itochu Corporation for a more than \$US30 million.

Itochu, has a market value of \$US18.15bn and operates brands including Babolat, Fila, Converse, Haed, Lanvin, Paul Smith, Vivienne Westwood, Paul Smith and Le-Sportsac. The company's brand partnerships extend into specialty food chains including Belgium's Le Pain Quotidien and New York's Dean & DeLuca.

The investment in Skins enabled Itochu to acquire mutually exclusive supply and distribution rights for Skins in Japan, China, South Korea, Taiwan, Hong Kong and Macau.

The sale of EP3's shares in Skins was completed on 4 April 2012. The net proceeds of the sale distributed to investors including VPEG in early April, were 41% above the December 11 holding value for Skins.

The proceeds represented a 24% IRR over the 4.3 year period of the investment, generating a more than 2.4 X cost of initial investment of investors.



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 31 March 2012

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 March 2012.

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	
2.2%	28.7%	Later Expansion	20.1%
		Buyout	49.0%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 March 2012 VPEG's Gross Assets were \$ 40.64 million (unaudited) pre tax.

During the March 12 Quarter VPEG's exposure to private equity investments increased from 65.25% to 69.08% with the cash and fixed interest component of the portfolio reducing from 34.70% to 30.92%. The increase in Private Equity exposure was due to the addition of AFG & Bhagwan and the increase in Skins holding value at quarter end.

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, held interests in thirty one underlying company investments, at quarter end, to which funds had been drawn. VPEG's Private Equity portfolio and commitments, as at 31 March 2012, 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	\$3.44m	8	2
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.12m	10	4
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$4.72m	4	0
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.85m	6	2
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$2.25m	4	0
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$3.28m	4	0
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$6.94m	5	2

**"As at
31 March 12
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 31 March 2012.

As a result of Skins 41% uplift in holding value to sale price, it became VPEG's 7th largest investment. Actrol, however, remains VPEG's single largest Private Equity Investment exposure at 5.5%.

Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Actrol	Catalyst Buyout Fund 2	Distributor of Refrigeration & Air-conditioning Parts & Equipment	5.5%	5.5%
2	Virtus Health	Quadrant Private Equity No. 2	Owner Operator of Fertility Clinics in NSW & Victoria	4.6%	10.2%
3	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	4.1%	14.3%
4	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	3.6%	17.9%
5	Genesis Care	Advent V	National Network of Cardiology & Radiation Oncology Practices	3.4%	21.2%
6	Independent Pub Group	Quadrant Private Equity No. 2	Owner of Gaming Hotels in Qld, SA & NSW	3.4%	24.6%
7	Skins	Equity Partners 3	Compression Sports Apparel Designer & Marketer	3.2%	27.8%
8	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	2.7%	30.5%
9	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	2.6%	33.1%
10	Home & Decor Holdings (Adairs & Dusk)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	2.6%	35.8%

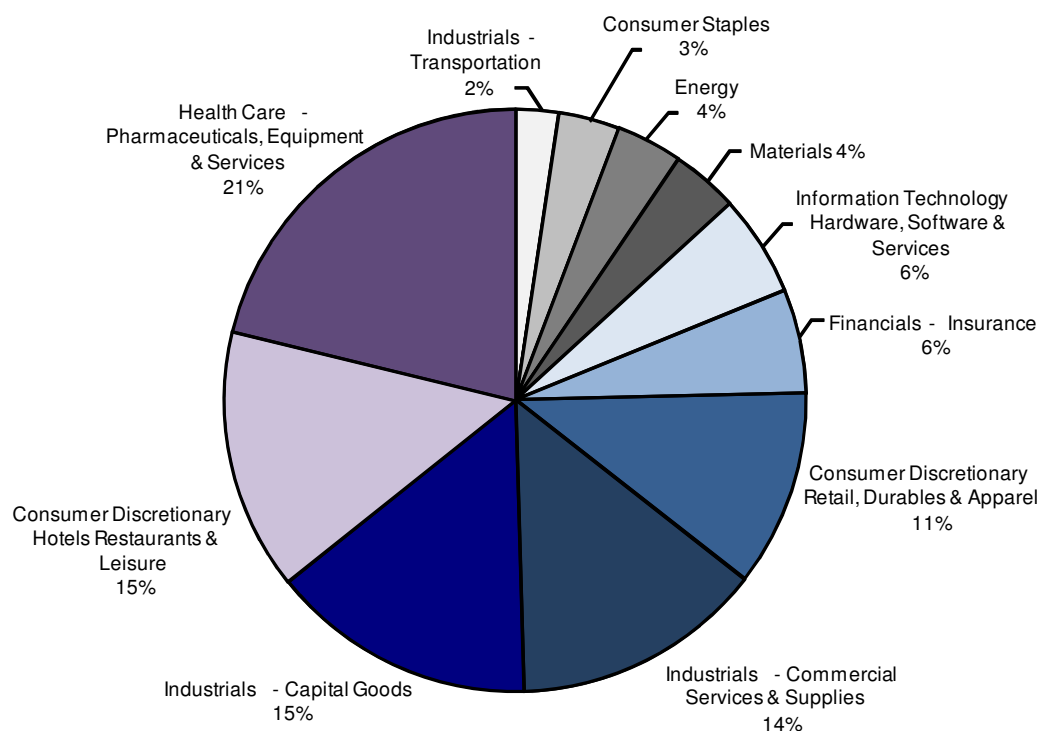
*As at 31 March 2012 (unaudited) calculated on VPEG's pre tax NAV

Industry Spread of VPEG's Underlying Investments

With the addition of Aussie Farmers Group to the portfolio, the "Consumer Staples" sector exposure grew from 2% to 3% of VPEG's total private equity portfolio.

The addition of Bhagwan Marine during the quarter increased VPEG's industry diversification, by adding an exposure to the "Industrials Transportation" sector of 2%.

The "Health Care" sector remains VPEG's single largest industry exposure representing 21% of VPEG's total private equity portfolio.



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