

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 June 2012



Special points of interest:

- Advent V Announces the Sale of their Genesis Care Investment to Global Buy-out Firm KKR
- Next Capital II Acquires New Zealand Based Transportation Business, Go Bus
- VPEG's Total Investment Portfolio Exposure to Private Equity Increases to 73.43%
- VPEG's top 10 Private Equity Investments Now Represent Almost 40% of VPEG's Net Asset Value
- VPEG Outperforms Listed Markets Across FY12 by More Than 17%

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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 30 June 2012, 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 2012 to 30 June 2012 saw continued activity within VPEG's private equity investment portfolio.

During the period one new private equity investments was added to the portfolio. In addition, one exit was completed and another 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 remained at thirty one.

The table to the right provides a summary of the performance of VPEG's portfolio during the June 12 quarter. As demonstrated VPEG's NAV decreased by 7.75% from 1.122 to 1.035 per share.

The decrease in VPEG's NAV during the period was due predominately to the distribution in the form of a capital return, of 8c per share, paid to all shareholders on the 30th May 2012, totalling \$2,829,844.

Taking into account the recent distribution **VPEG's total shareholder return during the financial year ended 30 June 2012 was 6.6%**. As a result **VPEG outperformed listed markets across FY12 by more than 17%**, with the S&P/ASX 200 index dropping by 11.1%, from 4608 to 4095 during the period. (Source; <http://www.rba.gov.au/statistics/tables/pdf/f07.pdf>)

Month Ending	VPEG NAV per Ordinary Share*
30-Jun-12	1.035
31-May-12	1.028**
30-Apr-12	1.123
31-Mar-12	1.122

*Net Asset Value (NAV) per share post tax

** 8c / Share Distribution Paid to Investors on 30 May 12

Key Portfolio Developments

During the period 1 April 2012 to 30 June 2012, continued activity within VPEG's portfolio of private equity investments, saw the completion of one new investment, the completion of one exit and the announcement of the full exit of another investment.

Draw downs during the quarter were made by Next Capital II and Quadrant Private Equity No. 2, totaling \$593,500.

The majority of capital drawn from VPEG during the quarter contributed toward funding the new investment completed by Next Capital II 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, \$1,426,847 in distributions were received during the quarter from Advent V and Equity Partners 3 (EP3). The majority of these distributions represented VPEG's share of the proceeds of the sale of EP3's Skins investment, which was completed during the period, with the remaining distributions resulting from dividends paid by Advent's Genesis Care & UGM Holdings investments.

In May 2012, Next Capital II completed the acquisition of **Go Bus**, a transport company that provides urban, school and charter bus services to four of the six largest public transport markets in New Zealand .

Also at the end of the quarter, Advent V announced the sale of their shareholding in cardiology and radiation oncology business **Genesis Care** to a fund managed by the international Private Equity firm, KKR.

The sale is expected to be completed during August 2012, with the proceeds of the exit distributed to Advent V investors, including VPEG, later that month.

“The majority of capital drawn from VPEG during the quarter contributed toward funding the Go Bus investment completed by Next Capital II”

Overview of New Investment

Go Bus

On the 3rd May 2012 **Next Capital II** completed the acquisition of Hamilton, New Zealand based Go Bus.

Go Bus provides urban, school and charter bus services to four of the six largest public transport markets in New Zealand (Hamilton, Napier, Tauranga, and Christchurch), operating one of the youngest bus fleets in the country.

Go Bus has performed strongly delivering annual earnings growth across the past decade, leveraging the compounding growth drivers of increasing population, urbanisation and the cost effectiveness of bus services to address public transport requirements.

Go Bus operates a fleet of over 650 vehicles and employs over 700 staff across New Zealand and is an accredited AS/NZS ISO9001:2008 organisation



Overview of Announced Exit

Genesis Care

In July 2009, Advent V invested in Genesis Care alongside key doctors and the management team, to help fund the ongoing expansion of the business throughout Australia.

Genesis Care operates a comprehensive Australia-wide network of cancer and cardiovascular centres. The company is a leader in cancer and cardiovascular service provision and is committed to improving clinical outcomes and access for patients.

Advent's investment helped Genesis Care to grow into a business with 1000 employees and 75 facilities across Australia with earnings before interest, tax, depreciation and amortization (EBITDA) of \$60 million in the most recent financial year.

In late **June 2012**, Advent Private Capital Pty Ltd announced that it had reached an agreement to sell the Advent V fund's stake in Genesis Care to a fund managed by Kohlberg Kravis Roberts & Co. L.P. (KKR)

Established in New York in 1976 as a specialist management buyout firm, KKR has since grown to become one of the largest investment groups in the world. Its global private equity funds are currently home to 74 underlying company investments across a range of industry sectors. Private equity investments it currently holds in Australia include BIS Industries Limited & 7 West Media, the owner of the Seven Television network.

The deal was agreed at an enterprise value multiple of around 10 times forward earnings and KKR will invest approximately \$350m to take an ownership stake of more than 60 per cent in Genesis Care.

Once the deal is completed in August 2012, the proceeds are expected to deliver Advent V investors, including VPEG, a top quartile IRR over the 3 year period of the investment, generating a strong money multiple for investors.



PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 June 2012

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 June 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	
7.6%	18.9%	Later Expansion	19.6%
		Buyout	53.8%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 June 2012 VPEG's Gross Assets were \$ 37.56 million (unaudited) pre tax.

During the June 12 Quarter VPEG's exposure to private equity investments increased from 69.08% to 73.43% with the cash and fixed interest component of the portfolio reducing from 30.92% to 26.57%. The increase in Private Equity exposure was due to the addition of Go Bus to the portfolio and an increase in the holding value of Genesis Care, to sale price, at quarter end. The reduction in the cash & fixed interest holdings was due predominately to the \$2.83m distribution made to shareholders in May 2012.

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 30 June 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	\$2.12m	4	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$3.86m	5	0
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$6.95m	5	2
Total				\$43.0m	\$32.09m	42	11

**"As at
30 June 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 30 June 2012.

Due to the uplift in holding value of Genesis Care to agreed sale price, it became VPEG's 4th largest investment. As a result VPEG's top 10 investments now represent almost 40% of VPEG's 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	5.9%	5.9%
2	Virtus Health	Quadrant Private Equity No. 2	Owner Operator of Fertility Clinics in NSW & Victoria	5.2%	11.1%
3	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	4.6%	15.7%
4	Genesis Care	Advent V	National Network of Cardiology & Radiation Oncology Practices	4.1%	19.8%
5	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	4.0%	23.8%
6	Media Monitors	Quadrant Private Equity No. 2	International Media Services Business	3.3%	27.1%
7	Independent Pub Group	Quadrant Private Equity No. 2	Owner of Gaming Hotels in Qld, SA & NSW	3.2%	30.3%
8	Ausfuel	Archer Capital Fund 4	Wholesale / Retail Fuel Distribution & Transport	3.1%	33.4%
9	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	3.0%	36.4%
10	Discovery Holiday Parks	Next Capital II	Caravan & Cabin Park Owner & Operator	3.0%	39.4%

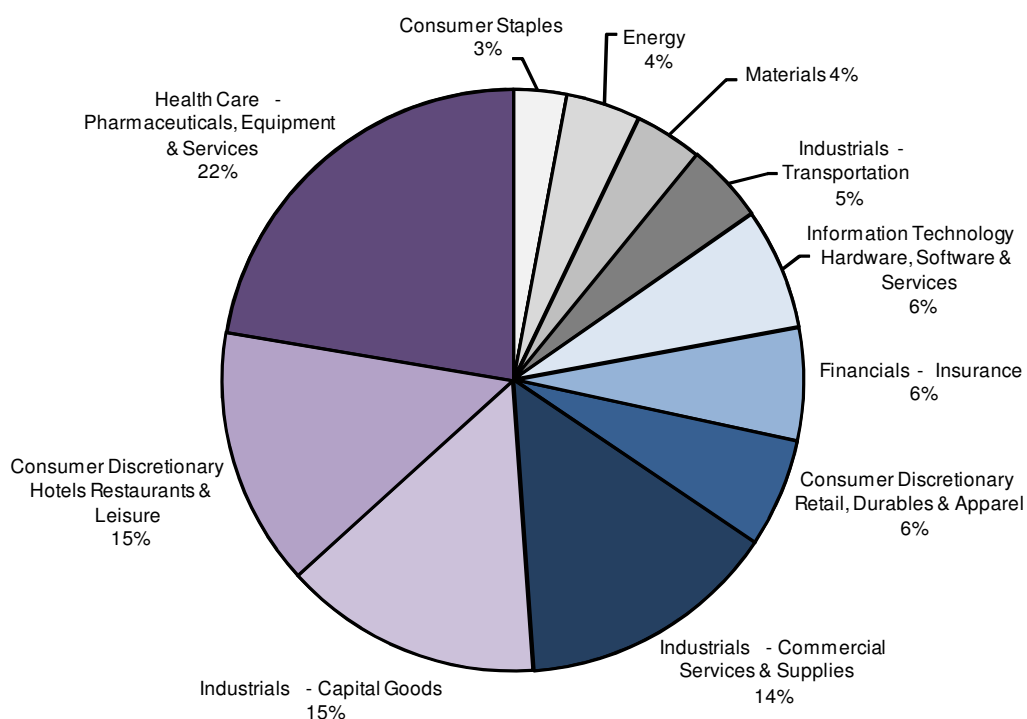
*As at 30 June 2012 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV)

Industry Spread of VPEG's Underlying Investments

With the addition of Go Bus to the portfolio, the "Industrials—Transportation" sector exposure grew from 2% to 5% of VPEG's total private equity portfolio.

The completion of the Skins exit during the quarter decreased VPEG's industry exposure to the "Consumer Discretionary—Apparel" sector from 11% to 6% of the total portfolio.

The "Health Care" sector remains the single largest industry exposure representing 22% of VPEG's total private equity portfolio.



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