

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 31 December 2012



Special points of interest:

- Equity Partners acquires a majority interest in Amalgamated Hardware Merchants
- Catalyst announces the acquisition of Reed Business Information Australia
- VPEG Now Ultimately Holds Interests in 32 underlying Private Equity Companies Investments
- VPEG's Total Investment Portfolio Exposure to Private Equity Increases to 74.1%

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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 31 December 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 October 2012 to 31 December 2012 once again saw continued growth within VPEG's private equity investment portfolio.

During the period one new private equity investments was added to the portfolio. In addition, another new investment was announced, which was subsequently completed in January 2013. As a result the total number of investments held within VPEG's underlying private equity portfolio at quarter end increased to thirty two.

The table to the right provides a summary of the performance of VPEG's portfolio during the December 12 quarter. As demonstrated VPEG's NAV decreased from 1.046 to 0.986 per share.

The decrease in VPEG's NAV during the period was due predominately to the distribution in the form of a fully franked dividend, of 5c per share, paid to all shareholders on the 30th November 2012, totalling \$1,768,653.

Taking into account the November dividend, distributions to shareholders across the year ending 31 December 2012 totalled 13c per share.

Month Ending	VPEG NAV per Ordinary Share*
31-Dec-12	0.986
30-Nov-12	0.975**
31-Oct-12	1.034
30-Sep-12	1.046

*Net Asset Value (NAV) per share post tax

** 5c / Share Fully Franked Dividend Paid to Shareholders on 30 November 12

Key Portfolio Developments

During the period 1 October 2012 to 31 December 2012, continued activity within VPEG's portfolio of private equity investments, saw the completion of one new investment, two follow on investments and the announcement of another new investment.

Draw downs during the quarter were made by Catalyst Buyout Fund 2 (CBF2), Crescent Capital Partners III (CCP III), Equity Partners 3 (EP3) and Next Capital II (Next II), totaling \$939,158.

The majority of capital drawn from VPEG during the quarter contributed toward funding the new investment completed by EP3 during the period as well as the capital drawn by CBF2 for the new investment announced during the quarter but subsequently completed in January 2013.

Additional capital was drawn during the quarter to complete two follow on investments, one by CCP III into existing investee Steel-line, the other by Next II into their existing Next Ath-leisure investment (which consists of TopShop & Glue Stores).

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, \$284,211 in re-drawable distributions were received during the quarter from EP3 following the recapitalisation of investee company HRV Group

In December 2012, EP3 completed the acquisition of **Amalgamated Hardware Merchants**, a seller and distributor of mainly own branded gardening, camping, outdoor and home improvement products in Australia and New Zealand.

Also at the end of the quarter, CBF2 announced the acquisition of **Reed Business Information Australia** one of Australia's leading B2B publishers and information providers.

“The majority of capital drawn from VPEG during the quarter contributed toward funding the AHM investment completed by Equity Partners 3”

Overview of New Investments

Amalgamated Hardware Merchants

On 14 December 2012, Equity Partners 3 completed an investment in Amalgamated Hardware Merchants (AHM) for an approximate 70% majority shareholding. AHM management including chief executive Wayne van Diepen and the founding Christie family own the remaining stake in the company.



Established in 1980, AHM is a seller and distributor of mainly own branded gardening, camping, outdoor and home improvement products in the hardware / home improvement market in New Zealand and Australia.

Key banner brands include "McGregor's", "Campmaster" and "Atlas". The products are sold via a well established and diversified distribution network consisting of big box retailers, discount department stores, specialty retail stores and independent retailers.

In Australia AHM supplies retail networks including Super Retail Group Ltd.'s boating, camping and fishing group BCF, Australia's largest adventure and camping store Anaconda as well as Big W, Masters Home Improvement, Bunnings Warehouse and Mitre 10.

Reed Business Information Australia



In late December 2012, Catalyst Buyout Fund 2 announced it had entered into a binding agreement for the 100% acquisition of Reed Business Information Australia (RBIA) from US based Reed Elsevier. The transaction was subsequently completed on the 31st January 2013.

RBIA is one of Australia's leading B2B publishers and information providers, with magazines including Australian Doctor, New Scientist, B&T Weekly, Travel Week and many other market leading publications.

RBIA's extensive product range consists of magazines, supplements, directories, and online industry portals and e-newsletters. They provide a mix of print, online and direct marketing opportunities. RBIA has also developed some of the most advanced internet portals in the B2B industry including "Hotfrog" which delivers strong earnings to the overall business.

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 31 December 2012

The tables and charts below provide information on the breakdown of VPEG's investments as at 31 December 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	
1.0%	24.1%	Later Expansion	22.2%
		Buyout	51.9%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 31 December 2012 VPEG's Gross Assets were \$ 36.85 million (unaudited) pre tax.

During the December 12 Quarter VPEG's exposure to private equity investments increased from 68.7% to 74.1% with the cash and fixed interest component of the portfolio reducing from 31.3% to 25.1%. The increase in Private Equity exposure was due to the addition of AHM to the portfolio and the draw down of cash from VPEG for the RBIA investment. The reduction in the cash & fixed interest holdings was also contributed to by the \$1.77m dividend paid to shareholders in November 2012.

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, held interests in thirty two underlying company investments, at quarter end, to which funds had been drawn. VPEG's Private Equity portfolio and commitments, as at 31 December 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	\$3.67m	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	\$5.22m	4	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	\$2.59m	5	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$3.95m	5	0
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$6.97m	5	2
Total				\$43.0m	\$33.42m	43	11

**"As at
31 Dec 12
VPEG
ultimately
held interests
in thirty two
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 December 2012.

Due to an uplift in the holding value of the NZ listed shares in Summerset Retirement Villages, it became VPEG's 2nd largest investment.

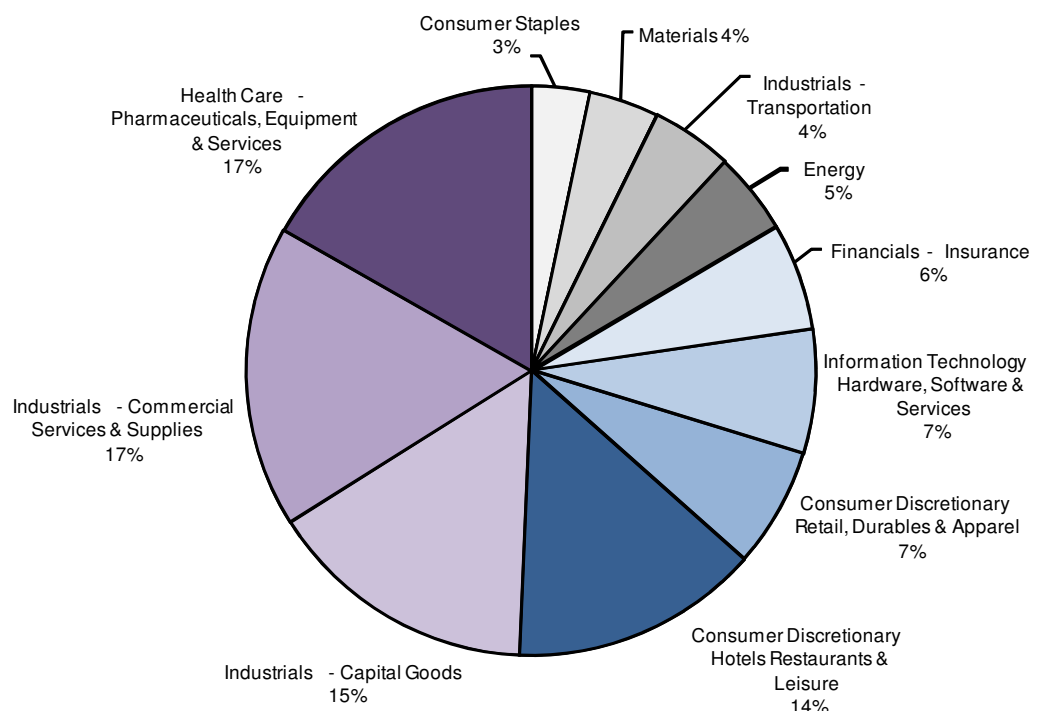
Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Actrol	Catalyst Buyout Fund 2	Distributor of Refrigeration & Air-conditioning Parts & Equipment	6.3%	6.3%
2	Summerset Retirement Villages	Quadrant Private Equity No. 2	Owner & Operator of Retirement Villages in NZ	5.6%	11.9%
3	Cover More	Crescent Capital Partners III	Provider of Travel Insurance & Emergency Care Services	4.6%	16.5%
4	Discovery Holiday Parks	Next Capital II	Caravan & Cabin Park Owner & Operator	3.7%	20.2%
5	Virtus Health	Quadrant Private Equity No. 2	Owner Operator of Fertility Clinics in NSW & Victoria	3.6%	23.7%
6	Aero Care	Next Capital II	Outsourced Airport Services	3.5%	27.2%
7	Media Monitors	Quadrant Private Equity No. 2	International Media Services Business	3.5%	30.7%
8	Ausfuel	Archer Capital Fund 4	Wholesale / Retail Fuel Distribution & Transport	3.5%	34.1%
9	Onsite Rentals	Next Capital II	Commercial Rental of Portable Buildings, Toilets & Access Equipment	3.0%	37.2%
10	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	3.0%	40.2%

*As at 31 December 2012 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV)

Industry Spread of VPEG's Underlying Investments

With the addition of AHM to the portfolio, the "Consumer Discretionary - Apparel" sector exposure grew from 6% to 7% of VPEG's total private equity portfolio.

The "Health Care", as well as the "Industrials - Commercial Services & Supplies" sectors share the equal largest industry exposure together representing 34% of VPEG's total private equity portfolio.



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