

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ending 30 September 2015

< Diversify
< Grow
< Outperform

Special points of interest:

- VPEG distributes a further \$0.07 / share, as a Return of Capital distribution to shareholders during July 2015.
- Quadrant Private Equity No. 2 completes the exit of the final two investments from its portfolio, delivering VPEG a further \$1.58m in distributions.
- Quadrant Private Equity No. 2's underlying investments (all exited) deliver VPEG a weighted average 2.8 X return on investment across an average holding period of 5.2 years representing a Gross Internal Rate of Return (IRR) of 26%.

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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 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 30 September 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 July 2015 to 30 September 2015 saw further exits completed from VPEG's private equity investment portfolio.

During the period there were no new or follow on investments added to the portfolio. However the remaining assets of one underlying company investment were completely exited during the period, while the shares held in another company that had been listed previously, were sold once they were released from escrow.

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

The table to the right provides a summary of the performance of VPEG's portfolio during the September 2015 quarter. As demonstrated VPEG's NAV decreased from \$0.781 to \$0.688 per share.

The decrease in VPEG's NAV during the period was predominately due to the 7c / share return of capital distribution to all shareholders paid out in July 2015.

Month Ending	VPEG NAV per Ordinary Share*
30-Sep-15	0.688
31-Aug-15	0.705
31-Jul-15	0.705
30-Jun-15	0.781

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

The period 1 July 2015 to 30 September 2015 saw further exit activity from within VPEG's private equity investment portfolio.

With all of VPEG's underlying private equity managers now focused on either divesting their portfolio companies or enhancing their remaining company investments in preparation for an exit, there were no new or follow-on investments completed during the quarter.

During the period, VPEG received a total of **\$1,589,806** in distributions, the majority of which came from the divestment of the remaining assets from the portfolio of **Quadrant Private Equity No.2** (^QPE2).

During August 2015, **QPE2** completed the sale of the balance of shares held in **iSentia** after their release from escrow, subsequent to its listing on the ASX in June 2014. The distribution was comprised of a substantial capital gain delivering another top quartile return for VPEG shareholders.

Furthermore, during the quarter, **QPE2** also completed the exit of its investment in the **Independent Pub Group** ('IPG'), with the sale of the remaining ten hotels, it held in South Australia, to Blue Sky Private Equity. Over the term of this investment IPG built up a chain of 21 hotels in South Australia and Queensland, which once improved, were sold off in separate block trade sale transactions over the past four years.

All investments of **QPE2** have now been realised. Upon finalisation of some administrative matters with respect to the IPG, which is expected to be completed within the next two months, the Manager will make a final distribution and terminate the fund.

With 25 exits now completed, 24 underlying Private Equity company investments remain within the portfolio as at 30 September 2015.

"A total of \$1,589,806 in distributions were received by VPEG during the quarter"

Overview of Recent Exits

iSentia — Additional Proceeds from Sale — Quadrant Private Equity No. 2



On the 1st of July 2010, Quadrant Private Equity No. 2 (QPE2) acquired, by way of a management buyout, the international media services business, Media Monitors. Established in 1982 Media Monitors was a market leading international media services business in Australia, New Zealand, China, Hong Kong, Malaysia and Singapore.

After a number of bolt on acquisitions, iSentia concluded the book build for an Initial Public Offering (IPO) and raised \$283.5m through the sale of 139m shares at \$2.04 each. The sale price reflected 15 times 2015 forecast net profit of \$27m giving iSentia a market capitalisation of \$408m.

iSentia shares debuted strongly on the ASX on the 5th of June 2014 and were up 17% by the end of the first day. QPE2, retained 50 million shares after the company was listed, representing an approximate 25% post IPO holding. These shares were held in escrow until August 2015 following the release of the company's 2015 results. Once these shares were released from escrow, QPE2 sold their remaining holdings in iSentia in an off market transaction ultimately delivering another top quartile return to QPE2 investors including VPEG.

iSentia's share price continues to perform solidly on the ASX and has risen to \$4.29 at the date of this report, providing further evidence that Private Equity floats deliver better returns to listed market participants than non private equity backed IPO's.

Independent Pub Group—Exit completed—Quadrant Private Equity No. 2



In December 2007, Quadrant Private Equity No. 2 acquired Christie's Beach Hotel in South Australia being the first of nine hotels contracted to be purchased by QPE2, all to be collectively known as the Independent Pub Group. Other hotels QPE2 contracted to buy included the Willow Hotel in Brisbane and seven hotels as part of the Munday portfolio being four hotels in Queensland and three in South Australia.

QPE2 invested alongside a former senior executive of Club Hotels which was a successful investment of a previous fund of Quadrant Private Equity's, Quadrant Capital Fund No. 3.

Additional "bolt-on" acquisitions were made between 2008 and 2009, creating a total of 21 owner / operated, large format gaming hotels across Queensland and South Australia.

From 2012 QPE2 commenced the sell down of the hotel portfolio with a number of hotels in each geographic region often sold together to a regionally focused, strategic trade buyer.

QPE2 completed the exit of IPG with the sale of its remaining ten hotels, all in South Australia to Blue Sky Private Equity during September 2015.

This final exit from the QPE2 portfolio delivered another strong distribution to QPE2 investors including VPEG.

Overview of Quadrant Private Equity—Fund Completion



QUADRANT
PRIVATE EQUITY

Quadrant Private Equity No. 2

The table below provides a breakdown of Quadrant Private Equity No. 2 which acquired its first investment, chicken fast food retailer, Quick Service Restaurants (QSR), in March 2007. The first exit from the portfolio was also QSR in June 2011 with the final exit from the portfolio being Independent Pub Group in September 2015. The five exits from QPE2 delivered a weighted average **2.8 X return on investment** into those companies across an average holding period of 5.2 years representing a **Gross Internal Rate of Return of 26%**.

Investment	Acquirer	Date of Initial Investment	Date of Exit / Announcement	Industry	Holding Period (Yrs)
Quick Service Restaurants	Archer Capital	Mar-07	Jun-11	Fast Food	4.3
Virtus Health	Listed on ASX	Apr-08	Jun-13	Healthcare	5.2
Summerset	Duel Listed on NSX & ASX	Apr-09	Oct-13	Retirement Villages	4.5
iSentia	Listed on ASX	Jul-10	Jun-14	Media Services	5.2
Independent Pub Group	Trade Sale	Dec-07	Sep-15	Owner of Gaming Hotels	7.8

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 September 2015

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 September 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	
		Later Expansion	Buyout
23.7%	14.0%	15.9%	46.5%

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 September 2015 VPEG's Gross Assets were \$24.1 million pre tax.

During the quarter, VPEG's exposure to Private Equity investments decreased slightly from 63.0% to 62.4% with the cash and fixed interest component of the portfolio increasing from 37.0% to 37.7% of total portfolio value. The decrease in Private Equity exposure resulted from the sell down of holdings in two portfolio companies. The increase in VPEG's cash and fixed interests was in anticipation of a fully franked dividend to be paid to all shareholders during November 2015.

"At the end of the September 2015 quarter, VPEG ultimately held interests in twenty four underlying company investments"

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 30 September 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	\$3.94m	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	\$5.92m	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	\$3.51m	6	1
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$5.84m	7	3
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	5
Total				\$43.0m	\$37.45m	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 30 September 2015.

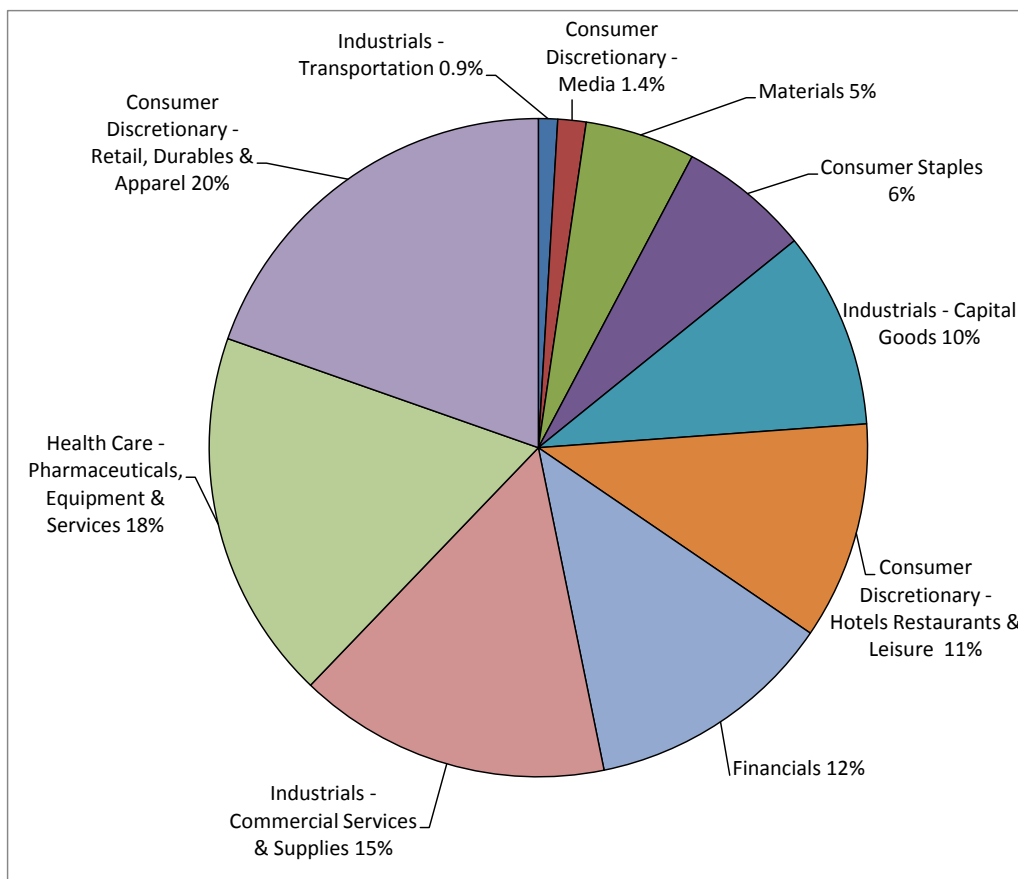
Rank	Investment	Fund	Description	% of VPEG NAV*	Cumulative % of VPEG NAV*
1	Health Care	Archer Capital Fund 4	Owner & Operator of Private Hospitals	11.0%	11.0%
2	Home & Decor Holdings (Dusk & Adairs - value of remaining shares held following IPO in June 15)	Catalyst Buyout Fund 2	Specialty Retail - Homewares	8.0%	19.0%
3	Scottish Pacific	Next Capital II	Provider of Debtor Finance Services	7.7%	26.7%
4	Quick Service Restaurants Holdings	Archer Capital Fund 4	Chicken Fast Food Retailing	4.3%	31.0%
5	Integrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	3.4%	34.4%
6	Home Ventilation Products	Equity Partners III	Industrials - Capital Goods	2.7%	37.1%
7	Next Athleisure	Next Capital II	Consumer Discretionary - Retail	2.3%	39.4%
8	GroundProbe	Crescent Capital Partners III	Industrials - Commercial Services & Supplies	2.2%	41.6%
9	Orionstone	Advent V	Heavy Equipment Rentals	2.1%	43.6%
10	AHM	Equity Partners 3	Consumer Discretionary - Durables & Apparel	2.0%	45.7%

*As at 30 September 2015 (unaudited) calculated on VPEG's pre tax Net Asset Value (NAV).

Industry Spread of VPEG’s Underlying Investments

The sale of iSentia shares upon release from escrow, delivered a distribution to VPEG during the quarter, which resulted in a decrease in VPEG’s exposure to the “Information Technology—Hardware Software & Services” sector from 10% to nil.

The revaluation of the holding value of investments within the Health Care—Pharmaceuticals, Equipment & Services sector increased VPEG’s exposure from 15.2% to 18% 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 38% of the value of VPEG’s total Private Equity portfolio at 30 September 2015.



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