

Vantage Private Equity Growth Limited

Quarterly Investor Report — Quarter Ended 30 June 2016

< Diversify
< Grow
< Outperform

Special points of interest:

- Next Capital Fund II exits Scottish Pacific Debtor Finance via a successful \$293m IPO and listing on the ASX resulting in a strong distribution to VPEG in early July.
- VPEG distributes a 4.3c per share Return of Capital to all shareholders following the receipt of proceeds from the completion of the sale of HealthCare by Archer 4.
- With 27 exits completed from the underlying portfolio, VPEG ultimately held interests in 22 underlying company investments at 30 June 2016.

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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 held interests in 22 underlying companies at quarter end with 27 exits completed from the portfolio.

As at 30 June 2016, 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 2016 to 30 June 2016 saw continued activity within VPEG's private equity investment portfolio.

During the period, there were no investments added to the existing underlying portfolio. In addition, two underlying company investments were exited from VPEG's private equity investment portfolio which provided distributions to VPEG.

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

The table to the right provides a summary of the performance of VPEG's portfolio during the June 2016 quarter. As demonstrated, VPEG's NAV decreased from \$0.592 to \$0.588 per share.

The slight decrease in VPEG's NAV during the period resulted from the \$0.043 per share distribution paid to all shareholders in June 2016 slightly exceeding the increase in the value of underlying portfolio companies during the quarter.

| Month Ending | VPEG NAV per Ordinary Share* |
|--------------|------------------------------|
| 30-Jun-16 | 0.588 |
| 31-May-16 | 0.608 |
| 30-Apr-16 | 0.592 |
| 31-Mar-16 | 0.592 |

*Net Asset Value (NAV) per share post tax

Key Portfolio Developments

The period 1 April 2016 to 30 June 2016 saw continued activity within VPEG's Private Equity investment portfolio, with two exits, one of each from Archer Capital Fund 4 ('Archer 4') and Equity Partners Fund 3 ('EP3'). A third exit was announced by Next Capital Fund II ('Next II').

Draw downs during the quarter totalled **\$2,000** which were called by **Advent V** for a contribution toward working capital expenditure (i.e. underlying fund costs and management fees). There were no further follow-on investments or acquisitions undertaken during the quarter.

Also during the June quarter, a total of **\$3,005,866** in distributions were received by VPEG from three underlying funds; **Archer 4**, **Crescent Capital Partners III** ('CCP III') and **EP3**.

During April, **Archer 4**, completed the trade sale of **Heathe Care**, following FIRB approvals (as reported in March 2016 quarterly report) with the proceeds distributed to **Archer 4** investors including VPEG.

In addition, during June 2016, **CCP III** made additional income and capital distributions to VPEG resulting from the sale of the remaining shares held in the previously listed **Metro Glass** after these shares were released from escrow.

Furthermore, VPEG also received additional distributions from **EP3**, following the final sale of **EP3** residual holdings in **Australian Natural Care Products**.

With 27 exits completed, 22 underlying Private Equity company investments remained within VPEG's underlying portfolio as at 30 June 2016.

"VPEG distributes a 4.3c per share Return of Capital to all shareholders following the completion of the sale of Heathe Care by Archer 4."

Overview of Recent (Announced) Exit

Scottish Pacific—Initial Public Offering—Next Capital Fund II



Scottish Pacific Debtor Finance ('ScotPac') is Australasia's largest non-bank debtor finance provider, offering financial products including factoring, invoice discounting and import trade finance to Small and Medium-sized Enterprises (SMEs), for whom traditional banking facilities are either unavailable or uneconomic.

Next Capital Fund II (Next II) acquired a controlling interest in ScotPac on 1 July 2013. During the investment period, Next capital implemented a range of material growth initiatives including broadening the funding base to establish a sustainable, diversified and lower cost platform for its products. On 31 December 2015, ScotPac acquired the Australasian operations of UK-based Bibby Financial Services, the second largest independent debtor finance business in Australia. The acquisition was highly complementary to ScotPac delivering strategic and financial outcomes including incremental earnings and cost savings from operational synergies. The acquisition also materially increased the scale of the business providing enhanced client funding flexibility at a lower cost.

In May 2016, ScotPac acquired the outstanding loans and arrangements with clients of GE Commercial Debtor Finance and Suncorp's Debtor Finance portfolio. These transactions also facilitated the new referral arrangements between ScotPac and two leading Australian banks.

In June 2016 Next II announced that ScotPac had executed an underwriting agreement with Citigroup and Goldman Sachs for an Initial Public Offering (IPO) to formerly list ScotPac shares on the ASX, which occurred in early July. The IPO was priced at 14x FY17 NPAT and \$3.20 per share.

The IPO valued ScotPac at 14 times forecast 2017 financial year net profit resulting in a market capitalisation of approximately \$440 million.

Next II sold 50% of their shares at the float with the remainder to be held under escrow until ScotPac's 2017 financial year results are released in August 2017, with the potential for an early release of 25% of the escrowed shares following the half year results release in February 2017.

The ScotPac float resulted in a top quartile return to Next II investors, including VPEG, with VPEG receiving its share of the IPO proceeds on 13 July 2016, which will be distributed to VPEG shareholders as a Return of Capital, in the December 2016 quarter.

At the time of writing this report ScotPac was trading at \$3.48 per share, representing a 9% uplift on the IPO pricing.

“Next Capital Fund II investee Scottish Pacific raises \$293m via a successful IPO and listing on the ASX resulting in a strong distribution to VPEG.”

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 30 June 2016

The tables and charts below provide information on the breakdown of VPEG's investments as at 30 June 2016.

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 | |
|------|----------------|-----------------|-------|
| 9.8% | 17.6% | Later Expansion | 16.4% |
| | | Buyout | 56.3% |

*As a percentage of VPEG's Investment Portfolio (or Gross Assets). As at 30 June 2016 VPEG's Gross Assets were \$19.75 million pre tax.

During the quarter, VPEG's exposure to Private Equity investments decreased from 79% to 72.7% with the cash and fixed interest component of the portfolio increasing from 21% to 27.3% of total portfolio value. The increase in VPEG's cash and fixed interest investments during the quarter was due to the net increase in cash held by VPEG as a result of the \$3m of distributions received during the quarter, less the \$1.2m return of capital distributions paid to VPEG shareholders in late June. The decrease in VPEG's exposure to private equity investments was due to the exit from the portfolio of each of Health Care, Australian Natural Care Products and the residual shares held in Metro Glass.

“During the Quarter, VPEG's exposure to Private Equity investments decreased from 79% to 73% following the exit of Health Care by Archer 4.”

Private Equity Portfolio

VPEG, with commitments to seven Private Equity funds, ultimately held interests in twenty two underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 30 June 2016, 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 | \$3.97m | 8 | 4 |
| Archer Capital Fund 4 | \$1,360m | 2007 | Mid Market Buyout | \$8.0m | \$7.27m | 10 | 7 |
| Catalyst Buyout Fund 2 | \$438m | 2008 | Mid Market Buyout | \$8.0m | \$6.04m | 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 | 2 |
| 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 | \$37.91m | 49 | 27 |

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 2016.

| Rank | Investment | Fund | Description | % of VPEG NAV* | Cumulative % of VPEG NAV* |
|------|---|-------------------------------|--|----------------|---------------------------|
| 1 | Scottish Pacific | Next Capital II | Provider of Debtor Finance Services | 19.3% | 19.3% |
| 2 | Home & Decor Holdings (Dusk & Adairs - value of remaining shares held following IPO in June 15) | Catalyst Buyout Fund 2 | Specialty Retail - Homewares | 9.0% | 28.3% |
| 3 | Quick Service Restaurants Holdings | Archer Capital Fund 4 | Chicken Fast Food Retailing | 8.4% | 36.7% |
| 4 | Home Ventilation Products | Equity Partners III | Industrials - Capital Goods | 7.7% | 44.5% |
| 5 | Integrated Packaging Group | Advent V | Manufacturer & Distributor of Packaging Products | 4.1% | 48.6% |
| 6 | Aussie Farmers Group | Equity Partners III | Consumer Staples | 4.0% | 52.6% |
| 7 | GroundProbe | Crescent Capital Partners III | Industrials - Commercial Services & Supplies | 2.3% | 54.9% |
| 8 | Hirepool | Next Capital II | Industrials - Commercial Services & Supplies | 2.2% | 57.1% |
| 9 | Steel-line | Crescent Capital Partners III | Industrials - Capital Goods | 2.2% | 59.3% |
| 10 | Morris Corporation | Catalyst Buyout Fund 2 | Industrials - Commercial Services & Supplies | 1.9% | 61.2% |

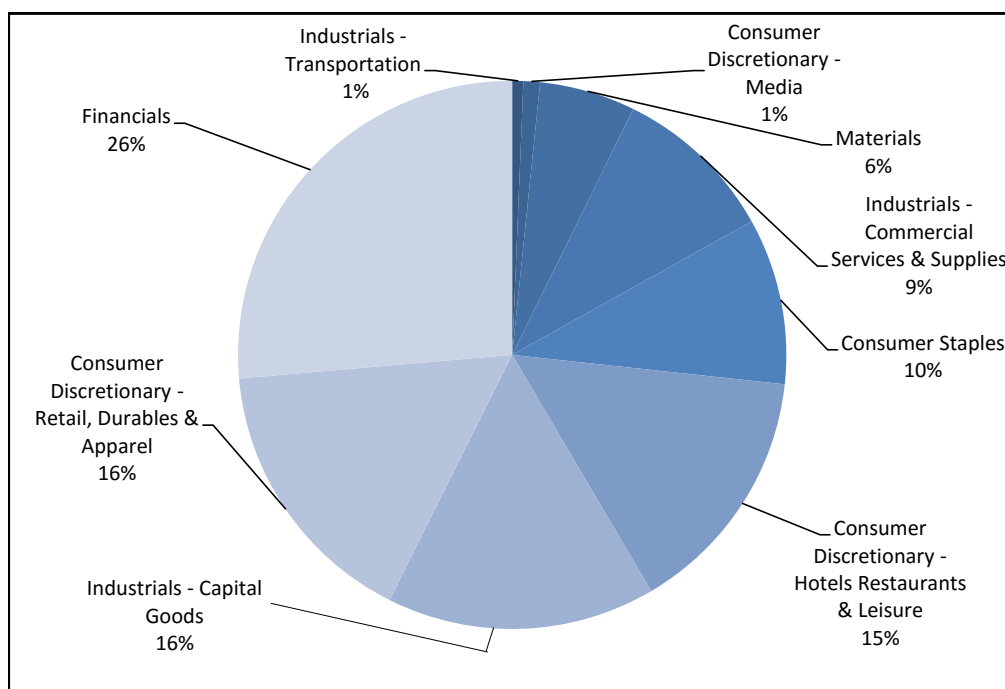
*As at 30 June 2016 (unaudited) calculated on VPEG’s pre tax Net Asset Value (NAV).

Industry Spread of VPEG’s Underlying Investments

With the proceeds from the sale of Health Care received during the quarter, VPEG’s “Health Care—Pharmaceuticals, Equipment & Services” sector exposure reduced from 23% to 0%.

VPEG’s “Industrial Capital Goods” sector exposure increased from 12% to 16% due to a revaluation to sale price of EP3 investee HVR.

As a result of the revaluation uplift from the successful IPO of Scottish Pacific in July 2016, the “Financials” sector is now VPEG’s largest industry exposure, representing 26% of the value of VPEG’s total Private Equity portfolio at 30 June 2016.



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