

QUARTERLY INVESTOR REPORT | QUARTER ENDING
DECEMBER 2017

VANTAGE PRIVATE EQUITY GROWTH LIMITED

DECEMBER 2017
QUARTERLY REPORT

TABLE OF CONTENTS

2	SUMMARY
3	PERFORMANCE
3	KEY PORTFOLIO DEVELOPMENTS
5	OVERVIEW OF RECENT COMPLETED AND ANNOUNCED EXITS
7	PORTFOLIO STRUCTURE
8	PRIVATE EQUITY PORTFOLIO

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 51112481875)). 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.

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 initial commitments of \$43m across seven Private Equity funds, it held interests in 14 remaining underlying companies at quarter end with 35 exits now completed from the portfolio.

As at 31 December 2017, VPEG's investment commitments included, \$8m to Archer Capital Fund 4 and Catalyst Buyout Fund 2, \$7m to Next Capital II and \$4m to each of Advent V, Crescent Capital Partners III and Equity Partners Fund 3. VPEG's investment commitment of \$8m to Quadrant Private Equity No. 2 ended upon the termination of that fund in July 2016 following the final exit of its last underlying company investment in June 2016.

SPECIAL POINTS OF INTEREST

FOUR EXITS COMPLETED FROM VPEG'S UNDERLYING PORTFOLIO DURING THE QUARTER, LEADING TO THE PAYMENT OF \$2,865,217 IN DISTRIBUTIONS TO SHAREHOLDERS.

ARCHER CAPITAL FUND 4 SELLS BROWNES DAIRY TO A CONSORTIUM LED BY SHANGHAI GROUND FOOD TECH CO. LTD.

CRESCENT CAPITAL PARTNERS III COMPLETES AGREEMENT TO SELL GROUNDPROBE TO ASX LISTED ORICA FOR AN ENTERPRISE VALUE OF \$205M.

WITH 35 EXITS COMPLETED FROM THE UNDERLYING PORTFOLIO, VPEG ULTIMATELY HELD INTERESTS IN 14 REMAINING UNDERLYING COMPANY INVESTMENTS AT 31 DECEMBER 2017.

PERFORMANCE

The period 1 October 2017 to 31 December 2017 saw continued activity within VPEG's private equity investment portfolio.

During the period, four underlying company investment were exited from VPEG's private equity investment portfolio.

As a result, the remaining number of investments held within VPEG's underlying Private Equity portfolio at quarter end, reduced to 14.

The table to the right provides a summary of the performance of VPEG's Net Asset Value (NAV) during the December 2017 quarter. As demonstrated, VPEG's NAV decreased from \$0.415 to \$0.350 per share.

Month Ending	VPEG NAV per Ordinary Share*
31-Dec-17	0.350
30-Nov-17	0.386
31-Oct-17	0.415
30-Sep-17	0.415

* Net Asset Value (NAV) per share post tax

The Decrease in VPEG's NAV resulted from the payment of 8.1c per share (totalling \$2,865,217) in distributions to Shareholders during the quarter which included a 4.4c per share fully franked dividend paid on 16 November 2017 and a 3.7c per share Return on Capital distribution paid on the 28 of December 2017.

KEY PORTFOLIO DEVELOPMENTS

The period 1 October to 31 December 2017 saw continued divestment activity across VPEG's Private Equity investment portfolio, with four exits completed from the portfolio by underlying funds; Advent V, Archer Capital Fund 4 ('Archer 4'), Catalyst Buyout Fund 2 and Crescent Capital Partners III ('Crescent III').

In addition Next Capital Fund II sold a portion of the remaining shares it held in previously exited portfolio company, Scottish Pacific Group (ASX:SCO).

KEY PORTFOLIO DEVELOPMENTS (CONTINUED)

FOUR EXITS COMPLETED FROM VPEG'S UNDERLYING PORTFOLIO DURING THE QUARTER, LEADING TO THE PAYMENT OF \$2,865,217 IN DISTRIBUTIONS TO SHAREHOLDERS.

Finally, during the quarter, Archer 4 refinanced portfolio company Craveable Brands (formally Quick Service Restaurants) leading to a distribution to Archer 4 investors including VPEG.

As a result of the above exits, share sell down and the refinancing of Craveable Brands, VPEG received total distributions during the quarter of \$2,157,747.

No draw downs were called by underlying funds or paid by VPEG during the quarter.

During October 2017, Catalyst Buyout Fund 2 completed the asset sale of Morris Corporation's contracts division and Collinsville Village, to Sodexo. (refer to VPEG Quarterly Report September 2017 for details).

During November 2017, Advent V investee company, Integrated Packaging Group, completed a merger with ASX listed Pro-Pac Limited (refer to VPEG Quarterly Report September 2017 for details).

Also, during November 2017, Archer 4 completed the sale of DairyWest Group Holdings (Brownes Dairy), Western Australia's most established and experienced dairy company. The sale was concluded through the middle of December 2017 to a Chinese consortium led by Shanghai Ground Food Tech Co. Ltd.

Additionally, during December 2017 Crescent III announced the sale of investee company GroundProbe to mining services giant and ASX listed Orica Limited. The Implied enterprise value for the sale of the business was A\$205m (as reported in the media) which exhibited a robust money multiple for Crescent III investors including VPEG. The deal continues Orica's push into data and technology services. VPEG's proceeds from this investment were received following completion during January 2018.

The number of exits from VPEG's underlying portfolio is set to accelerate over the next 12 months, as all underlying fund managers work towards creating an exit path for their remaining investee companies, as each of their funds reach the end of their fund life.

With 35 exits completed, 14 underlying Private Equity company investments remained within VPEG's underlying portfolio as at 31 December 2017.

OVERVIEW OF RECENT COMPLETED & ANNOUNCED EXITS



BROWNES DAIRY – ARCHER CAPITAL FUND 4

During December 2017, Archer Capital Fund 4 completed the sale of DairyWest Group (trading as Brownes Dairy), Western Australia's leading dairy producer, to a Chinese consortium led by Shanghai Ground Food Tech Co. Ltd. Tony Girgis head of the existing management team says "This deal is a significant step in positioning Brownes for growth well into the future and we are excited at the opportunities offered to the business, our suppliers, employees and consumers."

In March 2011 Archer Capital Fund 4 acquired Brownes Foods Pty Ltd from Fonterra. Established in 1886, Brownes is Western Australia's leading dairy business, processing 38% of the state's milk into a full range of white milk, flavoured milk, yogurt and dairy dessert products as well as commodity cheese. Brownes collects over 144 million litres of milk from over 61 dairy farmers each year from farms in the south west of WA.

Brownes has more than 300 employees and operates a broad distribution network servicing 4,200 customer points which are serviced 6 days per week, via 17 depots supporting more than 50 distributors.

The sale of Brownes was completed in late December 2017 with VPEG's share of the sale proceeds received during January 2018

GROUNDPROBE – CRESCENT CAPITAL PARTNERS III (ANNOUNCED)



During December 2017, Crescent Capital Partners III reached agreement for the sale investee company GroundProbe to mining services giant and ASX listed, Orica Limited. The Implied enterprise value for the business was A\$205m which exhibited a robust money multiple for the Crescent III investment. The deal continues Orica's push into data and technology services.

During October 2010, Crescent Capital Partners III invested in GroundProbe, a technology company that provides specialist measurement systems and geotechnical services to the mining industry. These services focus on measuring movement in mine structures utilising a radar-based technology called the Slope Stability Radar (SSR), therefore enabling its customers to manage risk, improve safety and lift productivity.

GROUNDPROBE – CRESCENT CAPITAL PARTNERS III (ANNOUNCED) CON'T

GroundProbe was the first company worldwide to commercialise and launch radar for this application and remains one of only three companies offering this technology globally. The head office and manufacturing/assembly facility is located in Brisbane with sales distribution offices located in most of the world's major mining markets including Perth, Beijing, Johannesburg, Santiago/Antofagasta and Tuscon.

The sale of GroundProbe was completed on 15 January 2018 with VPEG's share of the sale proceeds received on 23 January 2018.

PORTFOLIO STRUCTURE

VPEG's Portfolio Structure – 31 December 2017

The tables and charts below provide information on the breakdown of VPEG's underlying investments as at 31 December 2017.

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	
14.4%	0.0%	Later Expansion	13.4%
		Buyout	72.1%

During the quarter, VPEG's exposure to Private Equity investments increased from 81.8% to 85.6% with the cash and fixed interest component of the portfolio decreasing from 18.2% to 14.4% of total portfolio value. The increase in VPEG's exposure to private equity investments was due to the overall increase in value of the underlying company investments during the period. In addition, the payment of \$2,865,217 in distributions to shareholders across the quarter resulted in the cash and fixed interest component of the portfolio reducing.

PRIVATE EQUITY PORTFOLIO

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 2017.

Rank	Investment	Fund	Description	% of VPEG NAV	Cumulative % of VPEG NAV
1	Adairs (Value of remaining shares held following IPO in June 15)	Catalyst Buyout Fund 2	Specialty Retailer of Homewares and Soft Furnishings	18.5%	18.5%
2	Scottish Pacific (Value of remaining shares held following IPO in July 16)	Next Capital II	Provider of Debtor Finance Services	12.7%	31.2%
3	Craveable Brands (Formerly Quick Service Restaurants Holdings)	Archer Capital Fund 4	Chicken Fast Food Retailing	10.0%	41.2%
4	Intergrated Packaging Group	Advent V	Manufacturer & Distributor of Packaging Products	9.5%	50.7%
5	Aussie Farmers Group	Equity Partners III	Fresh Food Home Delivery Business	6.4%	57.1%
6	GroundProbe	Crescent Capital Partners III	Slope Stability Monitoring Systems	5.5%	62.5%
7	Steel-line	Crescent Capital Partners III	Manufacturer, Distribution and Installation of Garage Doors	4.3%	66.8%
8	Morris Corporation	Catalyst Buyout Fund 2	Remote Facilities Management & Accommodation Services	2.8%	69.6%
9	V8 Supercars	Archer Capital Fund 4	Motor Racing Events	1.8%	71.4%
10	Vesco	Catalyst Buyout Fund 2	Manufacturer of Frozen Meals and Meal Components	1.7%	73.1%

VPEG, with remaining commitments to six Private Equity funds, ultimately held interests in 14 underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 31 December 2017, 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	\$4.00m	8	6
Archer Capital Fund 4	\$1,360m	2007	Mid Market Buyout	\$8.0m	\$7.27m	10	8
Catalyst Buyout Fund 2	\$438m	2008	Mid Market Buyout	\$8.0m	\$6.10m	7	3
Crescent Capital Partners III	\$400m	2006	Small to Mid Market Expansion / Buyout	\$4.0m	\$3.95m	6	5
Equity Partners Fund No. 3	\$76m	2007	Small Market Expansion / Buyout	\$4.0m	\$3.69m	6	3
Next Capital II	\$285m	2008	Small to Mid Market Expansion / Buyout	\$7.0m	\$6.06m	7	5
Quadrant Private Equity No. 2	\$500m	2007	Mid Market Expansion / Buyout	\$8.0m	\$7.06m	5	5
Total				\$43.0m	\$38.12m	49	35

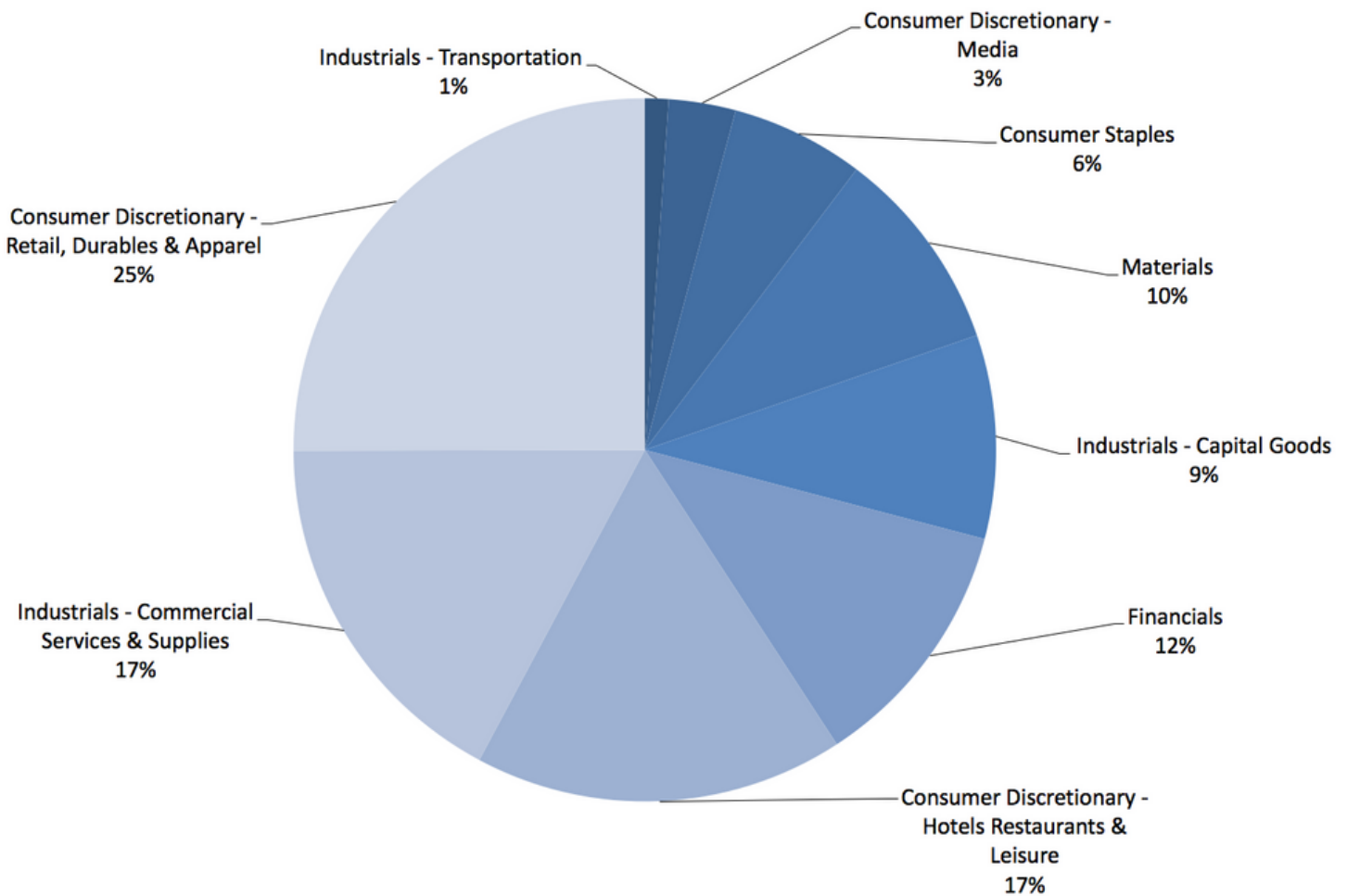
PRIVATE EQUITY PORTFOLIO

Industry Spread of VPEG's Underlying Investments

During the period, VPEG's exposure to the "Consumer Staples" sector decreased from 12% to 6% following the sale of Brownes Dairy in December 2017.

Also during the period, the "Industrials - Commercial Services and Supplies" sector increased from 10% to 17% due to an increase in the value of the underlying investments within the sector across the quarter.

The "Consumer Discretionary—Retail, Durables & Apparel" sector, which includes the value of the remaining shares held in former Catalyst Buyout Fund 2 investee and now ASX listed, Adairs, remained VPEG's largest industry sector exposure at 25%, as at 31 December 2017.





CONTACT DETAILS

VANTAGE PRIVATE EQUITY GROWTH LIMITED

Level 25, Aurora Place
88 Phillip Street
Sydney NSW, 2000
Australia

Email: enquiries@vpeg.info
Website: www.vpeg.info

INVESTMENT MANAGER

VANTAGE ASSET MANAGEMENT PTY LIMITED

Managing Director - Michael Tobin

Phone: +61 2 8211 0477

Fax: +61 2 8211 0555

Email: info@vantageasset.com

Website: www.vantageasset.com