

QUARTERLY INVESTOR REPORT | QUARTER ENDING
JUNE 2018

VANTAGE PRIVATE EQUITY GROWTH LIMITED

QUARTERLY REPORT
30 JUNE 2018

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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 10 remaining underlying companies at quarter end with 39 exits now completed from the portfolio.

As at 30 June 2018, 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 and Equity Partners Fund No. 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. VPEG's investment commitment of \$4m to Crescent Capital Partners III ended upon the termination of that fund in June 2018 following the final exit of its last portfolio company in March 2018.

PERFORMANCE

SPECIAL POINTS OF INTEREST

NEXT CAPITAL II SELLS ONSITE RENTAL GROUP AND ANNOUNCES THE SALE OF ITS FINAL PORTFOLIO COMPANY, DISCOVERY ONSLOW.

ADVENT V SELLS 59.4 MILLION SHARES IN ASX LISTED PRO-PAC PACKAGING LIMITED.

CATALYST SELLS A MAJORITY OF THEIR REMAINING SHARES IN ASX LISTED ADAIRS, FOLLOWING A STRONG UPLIFT IN ITS SHARE PRICE TO NEAR ITS IPO ISSUE PRICE.

VPEG DISTRIBUTES \$2,964,439 TO SHAREHOLDERS DURING THE QUARTER, AS A RESULT OF UNDERLYING PORTFOLIO COMPANY EXITS AND SHARE SELL DOWNS ACROSS THE FIRST HALF OF 2018.

The period 1 April 2018 to 30 June 2018 saw continued divestment activity across VPEG's private equity investment portfolio.

During the period, one underlying company sale was completed, a further sale was announced and the shares of a further two remaining underlying company investments were sold down, resulting in distributions to VPEG.

As a result, the remaining number of investments held within VPEG's underlying Private Equity portfolio at quarter end, reduced to 10.

The table above provides a summary of the performance of VPEG's Net Asset Value (NAV) during the June 2018 quarter. As demonstrated, VPEG's NAV reduced from \$0.338 per share to \$0.245 per share.

The decrease in VPEG's NAV across the quarter, predominately resulted from the payment of \$0.084 per share in distributions to all VPEG shareholders during the quarter.

KEY PORTFOLIO DEVELOPMENTS

The period 1 April to 30 June 2018 saw continued divestment activity across VPEG's Private Equity investment portfolio, with one exit completed and a further exit announced from the portfolio of underlying fund Next Capital II.

In addition, Advent V sold further shares in ASX listed Pro-Pac Packaging Limited (ASX:PPG) following the November 2017 merger between portfolio company, Integrated Packaging Group and Pro Pac Group.

Furthermore, Catalyst Buyout Fund 2 sold shares in its previously exited portfolio company, and ASX listed, Adairs (ASX:ADH).

As a result of the above exits, share sell downs and other distributions received from underlying funds, VPEG received total distributions during the quarter of \$478,613.

| Month Ending | VPEG NAV per Ordinary Share* |
|--------------|------------------------------|
| 30-Jun-18 | 0.245 |
| 31-May-18 | 0.297 |
| 30-Apr-18 | 0.297 |
| 31-Mar-18 | 0.338 |

* Net Asset Value (NAV) per share post tax

WITH 39 EXITS COMPLETED FROM THE UNDERLYING PORTFOLIO, VPEG ULTIMATELY HELD INTERESTS IN 10 UNDERLYING COMPANY INVESTMENTS AT 30 JUNE 2018.

Following the receipt of these distributions and others received in late March 2018, at the VPEG Board meeting held in early May 2018, the board unanimously resolved to accept a proposal for a Return of Capital distribution, totaling \$1,466,458, to be paid to shareholders during June 2018.

At the General Meeting of VPEG shareholders held on 29 May 2018, 100% of shareholders in person or by proxy, voted in favour of the resolution for the equal share capital reduction of 4.14c per ordinary share, which was subsequently paid to each shareholder on 15 June 2018.

When combined with the \$1,499,994 in distributions paid to shareholders on 23 April 2018, the total distributions paid to VPEG's shareholders across the June 2018 quarter were \$2,964,439, equating to 8.38c per share.

There were no calls issued to VPEG during the quarter, so as a result no draw downs were paid by VPEG during the quarter to underlying funds.

During April 2018, Next Capital II completed the sale of Onsite Rental Group to the former lenders of debt to Onsite.

During June 2018, Next Capital announced it had signed a term sheet to sell the final remaining asset in Next Capital II, Discovery Onslow, to SunSuper who had previously purchased Discovery Holiday Parks (excluding Onslow) from Next Capital II in February 2014.

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 39 exits completed, 10 underlying Private Equity company investments remained within VPEG's underlying portfolio at 30 June 2018.

OVERVIEW OF RECENT EXITS

PRO-PAC PACKAGING LIMITED (PPG)/INTEGRATED PACKAGING GROUP PTY LTD (IPG) (SHARE SELL DOWN) – ADVENT V



Advent V investee, Integrated Packaging Group Pty Ltd (IPG) was the third largest flexible manufacturing business in Australia and New Zealand with a strategic focus on industrial and agricultural packaging. IPG held market leading positions in the industrial and plain films segment of the flexible packaging market, particularly shrink film, stretch film, pallet wrap film and agricultural film products. The company also distributed a full range of pallet wrapping machines and associated equipment.

In November 2017, IPG was merged with Pro-Pac Packaging Limited (PPG), an ASX listed company. The merger of PPG and IPG created a leader in the growing flexible manufacturing and distribution segment, a diversified high-quality product mix, sustainable competitive advantage driven by a low-cost and high-volume distribution base and the ability to expand its focus into the lucrative food and agricultural packaging markets. The group has significant future growth opportunities via geographic expansion, product innovation and the combined entity's strong end-to-end packaging service (comprising PPG's distribution and IPG's manufacturing capability).

In April 2018, Advent sold 59.6 million PPG shares (representing approximately 10% of shares on issue) at \$0.38 per share, while retaining a 13.8% stake subject to the then existing escrow terms. The price agreed for the sale of the PPG shares, was at a nil discount to the market price and were sold at the original PPG share issue price following the merger in November 2017.

The net proceeds to Advent 5 from the PPG share sale was \$22.5 million, with VPEG's share of the sale proceeds received during May 2018, contributing to the distribution to VPEG shareholders in June 2018.

ADAIRS (SHARE SELL DOWN) – CATALYST BUYOUT FUND 2



On 11 May 2018, Catalyst sold 12.5 million shares in Adairs which had previously listed on the ASX in June 2015.

The shares were sold in a block trade underwritten by UBS at \$2.20 a share. The sale price represented a small discount to the 11 May close of \$2.23 but followed a 7% increase in Adairs share price across the previous week.

Following the sale Catalyst were left with approximately 30 million shares or around 22% of Adairs. The sale of Catalyst's remaining shares were then subject to a black out period until the release of Adairs FY18 results in late August 2018.

In late August, Adairs announced its financial results to the market for the full year ending 30 June 2018. The announcement stated that Adairs FY18 net profit had improved over the previous year by 45.4% to \$30.6 million following an increase in revenue of 18.8% over the previous year, to \$314.8 million. Following the announcement and earnings guidance for 2019, Adairs shares rose 3 per cent to \$2.39, taking gains over the previous 12 months to 70%. The shares were then trading close to their June 2015 issue price of \$2.40.

ADAIRS (SHARE SELL DOWN) – CATALYST BUYOUT FUND 2 (CONT.)

As reported earlier, Catalyst sold over a quarter of its stake in Adairs in May 2018 at \$2.20 a share after Adairs' May market update. Following the FY18 results announcement in August, Catalyst sold another 20 million shares on 27 August 2018, which represented more than 50% of its remaining shareholding in Adairs. The shares were sold at \$2.355 per share which represented a 1.9% discount to Adairs previous last close, with a total value of \$47.1 million.

As a result, it is expected that VPEG will receive its proportion of the August Adairs share sale proceeds, during the September quarter, which will lead to further distributions to VPEG shareholders during November and December 2018.

ONSITE (EXIT) - NEXT CAPITAL II



During April 2018, Next Capital II completed the sale of Onsite Rental Group to the former lenders of debt to Onsite.

Prior to the sale, Onsite underwent a media reported \$400m refinancing deal to strengthen its balance sheet ready for the trade sale which resulted in a reduction in debt, significant annual cash interest savings, the addition of new facilities worth \$30m to enhance liquidity and an extension of existing debt.

Next Capital II first invested in Onsite Rental Group in 2010 to fund its acquisition of Perth based equipment rental business Statewide Equipment Hire. Onsite Rental Group is a specialist B2B equipment rental business servicing many of Australia's largest mining, construction, industrial, oil & gas, infrastructure, government and event organisations across multiple geographies.

The company's solutions include portable buildings and toilets, power generation, air and pumps, welders and lighting towers, access equipment, event solutions, scaffolding and temporary fencing. Onsite employs more than 400 people and operates 31 locations across Australia. It has more than 50,000 units of equipment, which include access equipment, earthmoving equipment and industrial tools.

VPEG's share of the Onsite sale proceeds were received during May 2018, contributing to the distribution to VPEG shareholders in June 2018.

DISCOVERY ONSLOW (ANNOUNCED EXIT) – NEXT CAPITAL II



During June 2018, Next Capital announced it had signed a term sheet to sell the final remaining asset in Next Capital II, Discovery Onslow. The sale of the Onslow investment, which was previously part of Next II's Discovery Holiday Parks portfolio company will be made to SunSuper who acquired Discovery Holiday Parks (ex Onslow), in 2014.

The sale, once finalised will result in a further distribution to VPEG which will then flow to VPEG shareholders during November 2018.

Following the completion of the sale of Onslow, the Next Capital II Fund will be wound up during the September 2018 quarter.

PORTFOLIO STRUCTURE

Next Capital II Sells Onsite Rental Group and Announces the Sale of its Final Portfolio Company, Discovery Onslow

VPEG's Portfolio Structure – 30 June 2018

The tables and charts below provide information on the breakdown of VPEG's underlying investments as at 30 June 2018.

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.

During the quarter, VPEG's exposure to Private Equity investments increased from 65.6% to 87.28% with the cash and fixed interest component of the portfolio decreasing from 34.4% to 12.72% of total portfolio value. The increase in VPEG's exposure to private equity investments, was due to the payment of \$2.96m in distributions to shareholders during the quarter which reduced VPEG's cash and fixed interest holdings and thereby increasing the proportion of private equity investments held in the portfolio at the end of the quarter.

| Cash | Fixed Interest | Private Equity | |
|-------|----------------|-----------------|--------|
| 0.18% | 12.54% | Later Expansion | 11.58% |
| | | Buyout | 75.70% |

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 remaining in VPEG's portfolio as at 30 June 2018.

| 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 | 25.8% | 25.8% |
| 2 | Craveable Brands (formerly Quick Service Restaurants Holdings) | Archer Capital Fund 4 | Chicken Fast Food Retailing | 16.8% | 42.6% |
| 3 | Dusk | Catalyst Buyout Fund 2 | Specialty Retailer of Homewares | 8.0% | 50.5% |
| 4 | Pro-Pac Packaging Limited (merged with Integrated Packaging Group) | Advent V | Manufacturer & Distributor of Packaging Products | 7.3% | 57.9% |
| 5 | Vesco | Catalyst Buyout Fund 2 | Manufacturer of frozen meals and meal components | 6.5% | 64.4% |
| 6 | Cirrus Media | Catalyst Buyout Fund 2 | Business to Business media company | 4.3% | 68.7% |
| 7 | V8 Supercars | Archer Capital Fund 4 | Premium Motorsport Entertainment Business | 4.1% | 72.8% |
| 8 | Bhagwan Marine | Catalyst Buyout Fund 2 | Offshore Transport Servicing the Oil & Gas Industries | 3.0% | 75.8% |
| 9 | Morris Corporation | Catalyst Buyout Fund 2 | Remote Facilities Management & Accommodation Services | 3.0% | 78.8% |
| 10 | Trivantage Group (formerly SJ Electrics) | Advent V | Electrical Engineering Contracting & Switchboard Manufacturer | 2.0% | 80.8% |

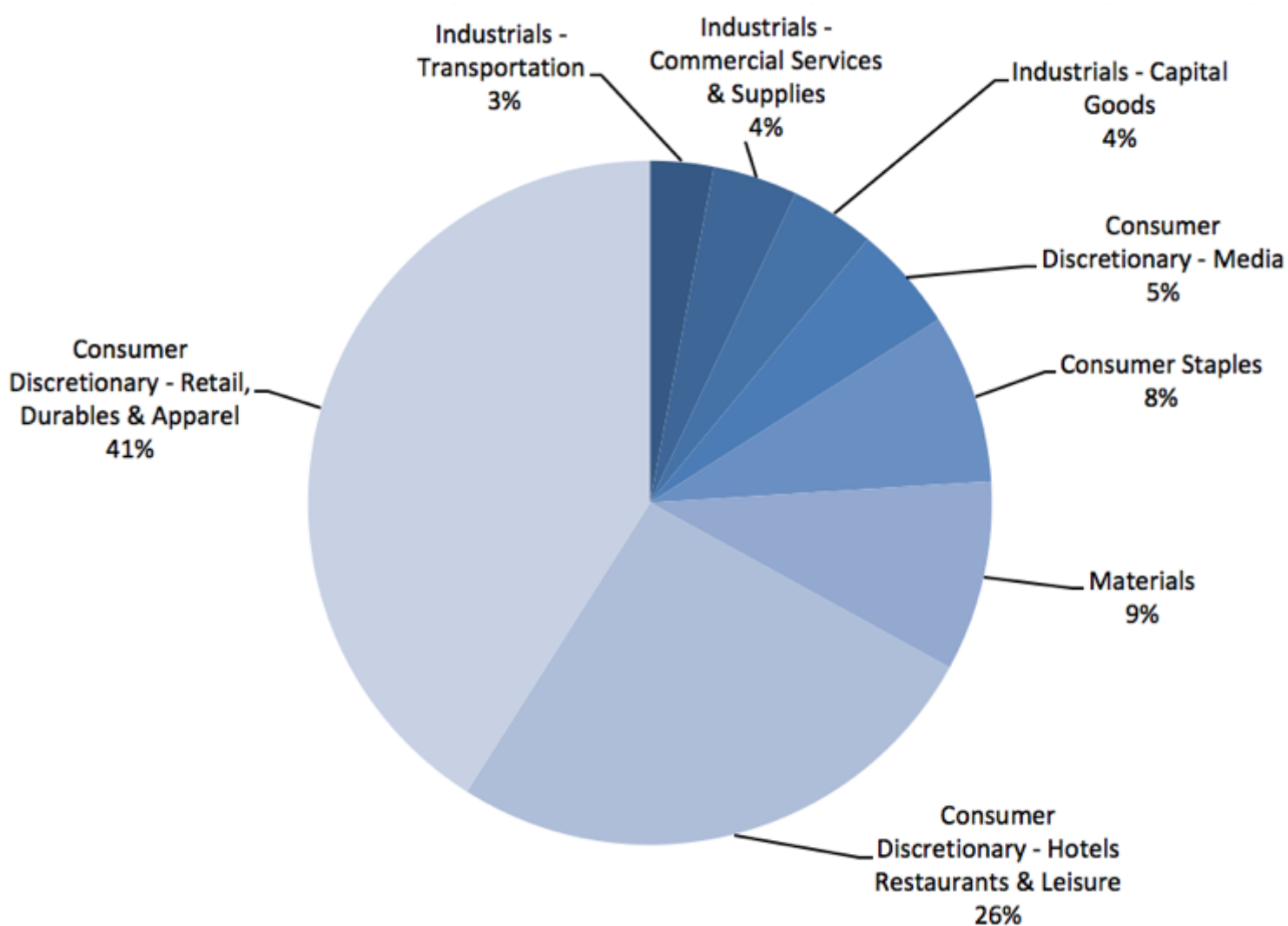
VPEG, with remaining commitments to five Private Equity funds, ultimately held interests in 10 underlying company investments, at quarter end. VPEG's Private Equity portfolio and commitments, as at 30 June 2018, were as follows:

| 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 | 7 |
| 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 | \$6.26m | 7 | 3 |
| Crescent Capital Partners III | \$400m | 2006 | Small to Mid Market Expansion / Buyout | \$4.0m | \$3.95m | 6 | 6 |
| Equity Partners Fund No. 3 | \$76m | 2007 | Small Market Expansion / Buyout | \$4.0m | \$3.69m | 6 | 4 |
| Next Capital II | \$285m | 2008 | Small to Mid Market Expansion / Buyout | \$7.0m | \$6.06m | 7 | 6 |
| Quadrant Private Equity No. 2 | \$500m | 2007 | Mid Market Expansion / Buyout | \$8.0m | \$7.06m | 5 | 5 |
| Total | | | | \$43.0m | \$38.28m | 49 | 39 |

Industry Spread of VPEG's Underlying Investments

Following the various exits and share sell downs across the underlying portfolio during the June quarter, the industry spread of VPEG's remaining portfolio investments altered across a range of industry segments

As a result 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 41%, as at 30 June 2018.





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