VANTAGE PRIVATE EQUITY GROWTH 3, LP

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

DIVERSIFY

GROW

OUTPERFORM

INVESTMENT MANAGER

vantage Asset Management

CORPORATE DIRECTORY

Directors of the General Partner of the General Partner	Michael Tobin B.E., MBA, DFS (Financial Markets) *Managing Director* David Pullini B.E., MBA, BappFin. *Director*
Notice of annual general meeting	The annual general meeting of Vantage Private Equity Growth 3, LP *will be held at* Corrs Chambers Westgarth L17, 8 Chifley Square Sydney NSW 2000 *time* 12.00pm *date* 21 November 2017
Principal registered office in Australia	Level 3 480 Collins Street Melbourne VIC 3000
Auditors	Ernst & Young The EY Centre 200 George Street Sydney NSW 2000
Solicitors	Norton Rose Fulbright Grosvenor Place 225 George Street Sydney NSW 2000

INVESTMENT MANAGER
vantage
Asset Management

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GENERAL PARTNER'S REPORT

Vantage Asset Management Pty Limited (Vantage), the general partner of Vantage Private Equity Management Partnership the General Partner of Vantage Private Equity Growth 3, LP ("the Fund" or "VPEG3"), presents their report together with the financial statements of VPEG3 for the year ended 30 June 2017. The Partnership is structured as an Incorporated Limited Partnership, Australian Fund of Funds (AFOF) that is unconditionally registered with Innovation Australia.

Directors

The following persons are the Directors of Vantage:

Michael Tobin (Managing Director)
David Pullini (Director)

Principal activity

The principal activity of the Fund is the investment in professionally managed Private Equity funds focussed on investing in the Later Expansion and Buyout stages of Private Equity, predominately in Australia.

The principal objective of the Fund is to provide investors with the benefit of a well-diversified Private Equity investment portfolio. This is achieved by focusing on providing the majority of its commitments and investments to underlying funds that invest in profitable businesses that are at a more mature stage of development, and in particular the later expansion and buyout stages of Private Equity investment.

As at 30 June 2017 the Fund held investment commitments in two Private Equity funds managed by top performing Australian headquartered Private Equity fund managers. VPEG3's investment commitments include $5m to Adamantem Capital Fund 1 and $7m to Odyssey Private Equity Fund 8.

Fund Performance Highlights Since Inception (January 2017) to 30 June 2017

- First Close Completed 16 January 2017
- **Unconditional Registration** received by the Innovation Investment Committee of the Australian Government Department of Industry, Innovation and Science on 7 March 2017
- $5m Investment Commitment to **Adamantem Capital Fund 1** completed on 31 March 2017
- $7m Investment Commitment to **Odyssey Private Equity Fund 8** completed on 12 May 2017
- First underlying company investment, **Heritage Lifecare**, announced on 30 June 2017

Distributions

No distributions have been paid or recommended for payment for the period ended 30 June 2017.

Economic Conditions across FY17

During the year ended 30 June 2017 (FY17), the Australian economy continued to shift from a reliance on the mining sector, as the decline in mining investment continued to dissipate and the economy transitioned to broader-based economic growth.

Australia recorded its 26th year of continuous economic growth across FY17. As a result, Australia holds the record for the second longest uninterrupted expansion in modern history, having not suffered a recession since 1991. Given the uncertainty in the economic and political situation experienced around the world over the year, this is a remarkable achievement.

During FY17, Australia further progressed towards becoming a service based economy. The services sector continued to dominate the economy with the largest share of both economic output and employment. The expectation at the beginning of the year was that growth rates in Australia would remain subdued into 2017 as the country continued this transition. Monetary policy therefore continued to be focused on improving non-mining business investment to offset the expected fall and the continued decline in mining related investment.

For the year ended 30 June 2017, the economy grew at a moderate pace of 1.9% (2016 2.9%) which was lower than the 2.5% that had been forecast. This growth was also below the long term trend of 3.25%. The common concerns for the Australian economy across FY17, included the speed at which the Australian economy could transition away from resources into non-resource areas; the possibility of low business investment and confidence, underemployment and slow wage growth impacting consumer spending in addition to rising household debt levels relative to income.

During the second half of calendar year 2016 the Australian economy experienced mixed outcomes, contracting by 0.5% for the September quarter (only the fourth since 1991) but bouncing back with strong growth of 1.1% in the December quarter. The rebound in the December 2016 quarter confirmed that the weak outcome in the September quarter largely reflected temporary factors. The overall increase in growth for the last 6 months of 2016 was underpinned by a significant uplift in government spending, higher household spending (at the expense of household savings) and strong growth in exports offset by a weaker business environment.

The strong growth in exports, benefited from stronger commodity prices, resulting in a lift in Australia's Terms of Trade increasing by 9.1% over the December quarter, and 15.6% since the beginning of 2016.

Export growth was also enhanced by the decision of the Reserve Bank of Australia (RBA) to reduce the official cash rate a further 0.25% to an unprecedented 1.5% in August 2016. This change in monetary policy followed weak inflation data and concerns around the strength of the Australian dollar providing potential room for economic growth. The RBA reasoned that the interest rate cut coupled with a resulting lower Australian dollar would assist the growth of Australia's trade-exposed sectors which continued to outpace recent trends. In addition, bulk commodity prices strengthened after reaching multi-year lows over 2015-16, including the prices of metallurgical coal, thermal coal and iron ore.

Across the first half of 2017, the Australian economy grew by 0.3% in the March quarter and again by 0.8% in the June 2017. Whilst this was consistent with the prevailing economic conditions experienced in recent years, it enabled Australia to overtake the Netherlands for holding the longest period of sustained economic growth in the world. The growth in the June 2017 quarter completed 104 consecutive periods without a recession.

The economic data for the first half of 2017 however, highlighted the weakness in domestic spending as a function of slow wage growth impacted by consumer sentiment at below long term averages. The slow growth in real wages and high levels of household debt are likely to constrain growth in spending for FY18. The unemployment rate however fell to 5.6% in May 2017, although labour market conditions remained mixed. By contrast however, the decline in mining investment began to stabilise and business conditions improved, marked by capacity utilisation attaining decade highs in May 2017. In addition, a smaller-than-expected detraction from business investment and a stronger-than-expected contribution from public final demand, offset weaker contributions from net exports and dwelling investment. Tropical

GENERAL PARTNER'S REPORT

Cyclone Debbie was also estimated to have detracted around a quarter of a percentage point from growth in the June 2017 quarter, with a significant impact on coal exports due to the bad weather.

Looking forward, economic growth is projected to increase gradually and reach 2.75% for FY18 and 3% in 2018-19. The drag on growth from declining resource-sector investment is expected to fade and gathering momentum outside the resource sector, will support wage and employment growth, thus boosting consumer spending. Exports are also expected to grow strongly. In addition, accommodative monetary policy, a lower exchange rate and flexible labour market are assisting the economic adjustment that has been underway for a number of years, following the peak of the investment phase of the mining boom.

Strong Private Equity Deal Flow in VPEG3 Target Market Segment

According to the recent Pitcher Partners report: Dealmakers: Mid-market M&A in Australia 2017, 73% of all Merger and Acquisitions undertaken in Australia during 2016 were mid-market transactions, of deal value between $10m to $250m.

The report revealed that 2016 finished strong, with a flurry of activity and solid pipelines heading into 2017. The report also stated that the upswing was expected to continue well into the year with deal volumes in the first half of the year anticipated to be up by 30%-40% when compared to the same period in the previous year. The report concluded that it was anticipated that 2017 will finish well ahead of 2016 in terms of M&A volumes, by more than 20%.

Further evidence of the strong deal flow in the Australian mid-market were detailed in law firm Minter Ellison's recently released Directions in Public M&A Report 2017, analysing key trends in Australian public M&A over the last financial year. The report found strong middle market activity over the 2017 financial year, with 28 deals in the $50 million to $400 million range.

The anticipated growth in acquisitions for the next few years is underpinned by a growing number of private businesses contemplating succession plans for those owned by aging baby boomers. According to Dun & Bradstreet, there are over 10,000 private companies with revenues between $20m and $150m headquartered in Australia with most of them are family owned. Also according to PriceWaterhouseCoopers, over two thirds of family business owners will sell their business or pass it on to the next generation in the next five years. As a consequence there are a growing number of quality private companies for sale.

In addition, there are also a number of industry sectors that require innovation and technology to remain competitive hence requiring expansion capital. As stated in the Pitcher Partners report, it is anticipated that these factors will continue to underpin the deal making environment in the mid-market in Australia for the remainder of 2017 and into 2018.

Robust opportunities also appear to exist in industries including education, tourism, health and agribusiness. Australian Private Equity has a strong track record in these sectors which have potential to benefit from macroeconomic factors unique to Australia, which is positioned near the growth economies in the Asian region.

VPEG3's underlying Private Equity fund managers' report that the deal pipeline is solid and several new opportunities are being assessed in line with each of their firm's investment mandates. As a result, it is anticipated that VPEG3's underlying managers will announce additional acquisitions during the second half of 2017, which will ultimately grow the number of companies within VPEG3's underlying private equity portfolio, across a range of industry sector, thereby enhancing the diversification of VPEG3's private equity portfolio.

Review of VPEG3 Operations

Vantage Private Equity Growth 3, LP ('VPEG3') is a multi-manager Private Equity investment fund structured as an Australian Fund of Funds Limited Partnership. VPEG3 is also unconditionally registered with the Australian Government Department of Industry, Innovation and Science as a complying investment for the Significant Investor Visa (SIV), focused on investing in the lowest risk sector, of the Venture Capital or Private Equity (VCPE) segment, Growth Private Equity.

VPEG3 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 Fund's investment objective for its Investment Portfolio is to achieve attractive medium term returns on its 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 fund manager, geographic region, financing stage, industry sector and vintage year.

The General Partner has been appointed as the authorised representative of Vantage Asset Management Pty Limited and will utilise the skills and expertise of the full Vantage team to undertake the Investment Management of the Fund.

Established in 2004, Vantage Asset Management Pty Limited is a leading independent investment management company with expertise in private equity, funds management, manager selection and operational management.

Vantage is Australian owned and domiciled with operations in Sydney and Melbourne and holds Australian Financial Services Licence (AFSL) No. 279186.

Partnership Units Issued

The Fund completed its first close, on 16 January 2017, with 75 investors committing approximately $20m of capital to the Fund, allowing VPEG3 to commence its investment program.

In general, Application Monies received from Investors are initially invested in a Cash Management Trust (CMT) managed by One Managed Investment Funds Limited (Escrow Agent). An Escrow Deed exists between the Escrow Agent and the General Partner such that as investments are proposed to be made by the Fund, funds will be drawn from the CMT to meet the Fund's obligations in relation to those investments and other Fund expenses.

Investors who indicate in their Application Form a Committed Capital amount of at least $1,000,000 (or such other amount determined by the General Partner) (Large Investors) need only pay 5% of their Committed Capital (Initial Contribution) at the time of their application to the Fund's application account

The Application Monies of Large Investors will initially be invested in Liquid Investments until they are required to be drawn to meet the Fund's investment obligations and other expenses.

The remainder of the Committed Capital will be progressively called from the Cash Management Trust or directly from Large Investors and paid to the Fund when a capital call is issued by the Fund Manager to meet the investors' pro rata share of the obligations of the Fund, including the funding of its underlying investments as they are made.

As at 30 June 2017, VPEG3 had 24,673,064 Partnership Interests on issue with Partnership Contributions of 5% of Committed Capital called from Investors, totalling $1,242,081.

GENERAL PARTNER'S REPORT

As detailed in the VPEG3 Information Memorandum, equalisation premiums of 8% p.a. of called capital, were also charged on applications received from applicants investing subsequent to the Fund's first close.

New Underlying Private Equity Fund Commitments and Investments

As at 30 June 2017, VPEG3 had committed $12 million across two Private Equity funds. These commitments were as follows:

- **$5 million** to **Adamantem Capital Fund 1** (March 2017), a $600m (target size) fund managed by Sydney, Australia based, Private Equity mid-market expansion and buyout specialist, Adamantem Capital Pty Limited.
- **$7 million** to **Odyssey Private Equity Fund 8** (May 2017), a $275m growth capital fund, managed by Sydney, Australia based, Odyssey Private Equity

VPEG3's Private Equity portfolio and commitments, as at 30 June 2017, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG Commitment	Capital Drawn Down	Total No. of Investee Companies
Adamantem Capital Fund 1	$600m*	2017	Mid Market Expansion / Buyout	$5.0m	$0.03m	1
Odyssey Private Equity Fund 8	$275m	2017	Mid Market Growth Capital	$7.0m	$0.07m	0
			Total	$12.0m	$0.10m	1

*: Target Fund Size

As detailed in the table above, the total value of funds drawn from VPEG3 into Private Equity investments as at 30 June 2017 was $104,579.

New underlying Private Equity company investments completed during the period

During April 2017, VPEG3 investee, **Adamantem Capital Fund 1**, entered into a binding agreement to acquire a majority shareholding of Wellington-based **Heritage Lifecare Limited**, a New-Zealand age-care and retirement village operator. Heritage Lifecare is known for its premium portfolio of properties and its strong operational focus on resident care.

Heritage Lifecare has 19 facilities with approximately 969 beds and over 300 living units under management across the North and South islands of New Zealand.

The aged care sector in New Zealand is a highly fragmented market and with an ageing population, the industry is seen as offering attractive growth opportunities. These opportunities are attributed primarily to the mismatch between the forecast supply / demand for quality facilities and the New Zealand government's funding initiatives in the industry.

In late June 2017, the Heritage Lifecare investment received consent from the New Zealand Government, Overseas Investment Office, to the completion of the

transaction, allowing Adamantem to assume control of Heritage Lifecare and commence the implementation of plans for the growth of the business.

Financial Performance of the Fund

During this initial half year of operations, Partner contributions to the Fund totalled $1,233,653. This represented a 5% initial call of total Committed Capital to the Fund as at 30 June 2017.

Total income received by the Fund across the first half of 2017 was $9,516. This represented the interest earned on cash and term deposits as well as the equalisation premiums referred to above which became an asset of the Fund. Given the recent establishment of the Fund, no income had been received from underlying Private Equity investments as at 30 June 2017. However, distributions from VPEG3's underlying Private Equity portfolio are likely to flow to the Fund in future years as the portfolio matures and companies are exited.

Total funds invested in cash and term deposits as at 30 June 2017 was $401,355. The mix of investments in cash and term deposits provides an income yield while ensuring an appropriate level of liquidity, to meet future calls by underlying Private Equity fund managers, as new private company investments are added to the portfolio.

Operational costs incurred by the Fund for the year ended 30 June 2017 totalled $774,271. The majority of these expenses consisted of adviser referral fees and other costs associated with the establishment and management of VPEG3.

Furthermore, a revaluation decrement of $62,240 has been recognised for the year ended 30 June 2017 due to the underlying investment fund's costs being higher than their income and capital growth from investments. This is consistent with the initial phase of the Fund as it continues to establish its investments into new underlying Private Equity funds and companies.

As a result of the initial lower income and higher operational costs (including establishment costs) incurred during the period, VPEG3 recorded a loss of $764,755 for the year ended 30 June 2017

Significant changes in the state of affairs

During the period from commencement to 30 June 2017, VPEG3 commenced its investment program. There were no significant changes in the state of affairs of the Fund during the period.

Matters subsequent to the end of the financial year

On 22 August 2017, **VPEG3 completed a $10m investment commitment to the Advent Partners 2 Fund**. The Advent Partners 2 Fund is managed by leading Australian mid-market buyout firm, Advent Partners of Melbourne. Advent Partners 2 is targeting total commitments from investors of $300m, for investment into lower to mid-market expansion and buyout opportunities in Australia and New Zealand. Advent Partners (formerly Advent Private Capital) were established in 1984 and is one of Australia's oldest private equity fund managers. The Firm has operated continuously for over 30 years, establishing and managing many funds and investing in more than 80 private businesses.

On 31 August 2017, **VPEG3 completed a co-investment into Fitzpatrick Financial Group**. VPEG3 co-invested with Yorkway Partners in Fitzpatrick Financial Group who, together with Quadrant Private Equity, funded the strategic acquisition of Retirement Victoria. Fitzpatricks was founded in 1987 as a financial planning group with a client-centric advice model and since then has grown to be one of Australia's leading wealth management firms. The expanded Fitzpatricks Group will create a market leading wealth manager with over $7 billion of client funds under advice and some $1.5bn in funds under management within its fund management subsidiary, Atrium Investment Management.

On 8 September 2017, **VPEG3 completed a $12m investment commitment to Allegro Fund III**. Allegro Fund III is managed by Sydney based Allegro Funds an independently owned Australian fund manager investing primarily in mid-market businesses within Australia and New Zealand. Allegro are specialists in "Transformational Capital" – applying capital and expertise to unlock and create value. Allegro invest equity funds on behalf of their investors, and work in partnership with management to realise growth potential and deliver enduring value to their investors.

On 11 October 2017, **Allegro Fund III announced the acquisition of New Zealand's leading footwear retail group**, which includes **Number One Shoes** ("NOS") and **R Hannah & Co** ("Hannahs"). NOS and Hannahs have 112 stores across New Zealand and greater than 30% share of the growing value and middle segment of the NZ footwear market.

Further details about the above commitments and investments will be provided in the September 2017 quarterly report available on the Fund's website at www.vpeg3.info during November 2017. The manager expects the number of acquisitions within the underlying portfolio to continue as the Private Equity portfolio develops and further investment commitments are made into additional Private Equity funds.

In the opinion of the directors, no other matter or circumstance has arisen since 30 June 2017 to the date of this report that otherwise has significantly affected, or may significantly affect:

(a) the Fund's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Fund's state of affairs in future financial years.

Likely developments and expected results of operations

The operations of the Fund will continue as planned with new commitments and investments made to (and through) underlying Private Equity funds. The Fund will target to commit to a minimum of four, and maximum of eight, Primary Private Equity Fund Investments within 24 months of the Final Closing Date. Given that VPEG3, as at 31 October 2017, has completed four underlying Private Equity Fund commitments, the Fund is well on track to meeting its target number of underlying fund commitments.

Environmental regulation

The operations of this Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Information on Investment Committee Members

The following persons served of VPEG3's Investment, Audit and Risk Committee (Investment Committee) during the period and up to the date of this report:

Roderick H McGeoch AO
(Chairman of Investment Committee)

Patrick Handley
(Independent Committee Member)

Michael Tobin
(Committee Member and Managing Director Vantage)

David Pullini
(Committee Member and Director of Vantage)

Roderick H McGeoch AO, LLB. *Investment Committee Chairman* (Independent).

Experience and expertise

Rod is the immediate past Chairman Emeritus of Corrs Chambers Westgarth, a leading Australian law firm and has significant board and advisory experience. His current board positions include; Chairman of Chubb Insurance Australia Limited, Chairman of BGP Holdings PLC, Director of Ramsay Healthcare Limited and a Director of Destination NSW. Rod is also deputy Chairman of the Sydney Cricket and Sports Ground Trust. Rod was also previously a member of the International Advisory board of Morgan Stanley Dean Witter, one of the world's leading financial institutions and also the Honorary Chairman of the Trans-Tasman Business Circle and the Co-Chairman of the Australia New Zealand Leadership Forum.

Rod was also the Chief Executive Officer of Sydney's successful Olympic bid and a Director of the Sydney Organising Committee for the Olympic Games.

Rod was awarded membership of the Order of Australia for services to Law and the Community in 1990. In 2013 Rod was made an Officer of the Order of Australia (AO) for distinguished service to the community through contributions to a range of organisations and to sport, particularly through leadership in securing the Sydney Olympic Games.

Special responsibilities

Chairman of the Investment Committee and member of the Audit Committee.

Patrick Handley B.Com., MBA. *Investment Committee Member* (Independent).

Experience and expertise

Pat has over 30 years of international financial services experience and is currently the Executive Chairman of Mason Stevens Pty Limited. Pat was previously Chairman of Pacific Brands Ltd where he oversaw the turnaround of the company after it was purchased from Pacific Dunlop in a Management Buyout led by the Private Equity fund managers Catalyst and CVC Asia Pacific in 2001.

Pat was also previously an Executive Director and Chief Financial Officer of Westpac Banking Corporation, where during his tenure he established the first Quadrant Capital fund in 1994. Pat has also been Chairman and Chief Executive Officer of County Savings Bank (USA), Chief Financial Officer of BancOne Corporation (USA), and a Director of Suncorp Metway Limited, AMP Limited and HHG.

Pat holds a Bachelor of Commerce in Economics and Mathematics from Indiana University and an MBA from Ohio State University.

Special responsibilities

Chairman of the Audit Committee

GENERAL PARTNER'S REPORT

Michael Tobin B.E., MBA, DFS (Financial Markets)
Investment Committee Member, Managing Director of Vantage.

Experience and expertise

Michael is Managing Director of Vantage and is responsible for overseeing the implementation of the company's investment strategy. Michael has over 25 years experience in Private Equity management, advisory and investment as well as in management operations.

Michael was formerly Head of Development Capital and Private Equity at St George Bank where he was responsible for the management and ultimate sale of the bank's Commitments and investments in $140m worth of St George branded private equity funds. Michael also established the bank's private equity advisory business, which structured and raised private equity for corporate customers of the bank. Michael has arranged and advised on direct private equity investments into more than 40 separate private companies in Australia across a range of industry sectors.

Michael holds a BE (UNSW), an MBA (AGSM) and a Diploma of Financial Services (AFMA).

Special responsibilities

Managing Director of Vantage and Executive Member of the Audit Committee

David Pullini, BE, MBA,
Investment Committee Member and Director of Vantage.

Experience and expertise

David is a Director of Vantage and has more than 25 years of general management, business development, investment, advisory, acquisitions and divestment experience.

In 2005 David was a founding partner of O'Sullivan Pullini, a firm that became recognised as a leading investment bank in Australia. O'Sullivan Pullini completed M&A transactions worth over A$10 billion in value across multiple industry sectors and to a broad cross-section of clients. The firm was particularly active in advising in the Private Equity space, including successful advisory mandates for Kohlberg Kravis Roberts (KKR) on the acquisition of the Australian businesses of Cleanaway and Brambles Industrial Services from Brambles Industries, the establishment of a A$4 billion joint venture with the Seven Network and the later divestment of Cleanaway.

Prior to co-founding O'Sullivan Pullini, David managed international corporate businesses for fifteen years in Australia and Europe. For the eight years David was based in Europe, he managed a portfolio of Brambles European based businesses.

David has deep experience and understanding of the key drivers of profitable business growth and the levers of value creation.

David holds a BE Hons. (UTS), an MBA (IMD) and a Graduate Diploma of Applied Finance (SIA).

Special responsibilities

Director of Vantage and Executive Member of the Investment Committee

Meetings of Investment, Audit and Risk Committee

The number of meetings of the investment committee held during the period ended 30 June 2017, and the number of meetings attended by each committee member were:

Meetings of Investment Audit & Risk Committee	A	B
Roderick H McGeoch AO*	3	3
Patrick Handley*	3	3
Michael Tobin	3	3
David Pullini	3	3

A = Number of meetings attended
B = Number of meetings held during the year whilst committee member held office
* = Independent members of investment, audit and risk committee

Indemnification and insurance of Investment Committee Members and Directors and Officers

In Accordance with the Fund's partnership deed, the General Partner will be indemnified out of the Fund in respect of all fees, expenses and liabilities incurred in relation to the Fund unless the General Partner has acted with fraud, gross negligence or in breach of Fund.

Also, in accordance with the Investment, Audit & Risk Committee Charter & Agreement entered into between Vantage and each Investment Committee member, Vantage will indemnify Investment Committee Members out of Fund Property for any liabilities incurred by Investment Committee Members in properly performing their role, except to the extent such liability results from the fraud of or breach of duty by the Investment Committee Member.

Vantage will, out of Fund Property, and to the extent permitted by law, purchase and maintain insurance, and pay or agree to pay a premium of insurance for each Member against any liability incurred by the Member as a Member of the Investment Committee including but not limited to a liability for negligence or for reasonable costs and expenses incurred in defending proceedings.

Proceedings on behalf of the Fund

No person has applied to the Court to bring proceedings on behalf of the General Partner or intervene in any proceedings to which the General Partner is a party for the purpose of taking responsibility on behalf of the General Partner for all or any part of those proceedings.

The General Partner was not a party to any such proceedings during the year.

This report has been made in accordance with a resolution of the directors.

Michael Tobin,
Managing Director

David Pullini,
Director

31 October 2017

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD 16 DECEMBER 2016 TO 30 JUNE 2017

	NOTES	2017 $
Investment income		
Interest income (includes equalisation interest paid)		9,516
Total investment income		**9,516**
Operating Expenses		
Advisor Referral Fees		(494,043)
Investment Administration Fees		-
Investment Committee Fees		(42,434)
Establishment Costs		(107,928)
Management Fees		(110,506)
Registry Fees		(19,143)
Other expenses		(217)
Total expenses		**(774,271)**
Loss attributable to the Partners		**(764,755)**
Other Comprehensive Income:		
Items that may be reclassified subsequently to profit or loss:		
Net unrealised movements in reserves upon revaluation of available for sale investments	7	(62,240)
Other comprehensive income / (loss) for the year		(62,240)
Total comprehensive income / (loss) for the year		**(826,995)**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	NOTES	2017 $
Assets		
Current Assets		
Cash and cash equivalents	2	401,355
Receivables	3	84,111
Total Current Assets		**485,466**
Non-Current Assets		
Investments	4	11,200
Total Non-Current Assets		11,200
Total Assets		**496,666**
Current Liabilities		
Creditors	5	90,008
Total Current Liabilities		90,008
Total Liabilities		90,008
Net Assets		**406,658**
Partners' Funds		
Partners' contributions	6	1,233,653
Reserves	7	(62,240)
Accumulated income / (losses)	8	(764,755)
Total Partners' Funds		**406,658**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 16 DECEMBER 2017 TO 30 JUNE 2017

	NOTES	PARTNER CONTRIBUTIONS $	RETAINED EARNINGS $	ASSET REVALUATION RESERVE $	TOTAL $
Balance at 16 December 2017		-	-	-	-
Partner contributions	6	1,233,653	-	-	1,233,653
Total transactions with Partners		1,233,653	-	-	1,233,653
Comprehensive Income					
Loss for the year		-	(764,755)	-	(764,755)
Other comprehensive income / loss		-	-	(62,240)	(62,240)
Total comprehensive income / (loss) for the year attributable to Partners		-	(764,755)	(62,240)	(826,995)
Balance at 30 June 2017		**1,233,653**	**(764,755)**	**(62,240)**	**406,658**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD 16 DECEMBER 2016 TO 30 JUNE 2017

	NOTES	2017 $
Cash Flows From Operating Activities		
Interest received		9,516
Expenses paid		(731,900)
Net cash used in operating activities	10	(722,384)
Cash Flows from Investing Activities		
Payments to acquire financial assets		(73,440)
Loans to related parties		(36,474)
Net cash used in investing activities		(109,914)
Cash Flows from Financing Activities		
Partner capital contributions received		1,233,653
Net cash from financing activities		1,233,653
Net increase in cash and cash equivalents		401,355
Cash and cash equivalents at beginning of the year		-
Cash and cash equivalents at end of the year	2	401,355

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 16 DECEMBER 2016 TO 30 JUNE 2017

Note 1 Statement of Significant Accounting Policies

Financial reporting framework

Vantage Private Equity Growth 3, LP ("the Partnership") is a registered partnership, is not a reporting entity as in the opinion of the directors of Vantage Private Equity Growth Management, LP (the General Partner) as there are unlikely to exist any users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the reporting requirements under the Partnership Deed of Vantage Private Equity Growth 3, LP.

Statement of Compliance

This special purpose financial report has been prepared in accordance with the Partnership Deed, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations and the disclosure requirements of Accounting Standards AASB 101 "Presentation of Financial Statements", AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors", AASB 107 "Statement of Cash Flows" and AASB 1054 'Australian Additional Disclosures". The disclosure requirements of other accounting standards have not been adopted in full. AASB 127 "Consolidated and Separate Financial Statements" has not been adopted in preparation of this special purpose financial report.

Australian Accounting Standards (AASBs) are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

In preparing this special purpose financial report, all recognition and measurement standards have been applied which are in accordance with IFRS. Therefore the equity and income reported in the financial statements are considered to be in accordance with IFRS.

Basis of Preparation

The financial report is prepared on an accruals basis and is based on historical costs, except for the revaluation of certain financial instruments which are carried at their fair values. Cost is based on the fair value of the consideration given in exchange for assets.

Standards and Interpretations issued not yet adopted

The Partnership has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2017. There are no effects resulting from any changes to accounting standards applicable to the Partnership for the current year.

The Partnership has not applied any Australian Accounting Standards that have been issued as at balance date but are not yet operative for the year ended 30 June 2017. There are no effects resulting from any changes to accounting standards applicable to the Partnership for the current year.

Note 1 Statement of Significant Accounting Policies (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers and AASB 2014-5	1 January 2018	30 June 2019

Adoption of new and revised Accounting Standards

The Partnership has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Adoption of these new and revised Standards and Interpretations has not had any significant impact on the amounts reported in these financial statements.

Significant accounting policies

Significant accounting policies adopted in the preparation of the financial statements are set out below. Accounting policies have been consistently applied to the period presented, unless otherwise stated.

Comparative Figures

Vantage Private Equity Growth 3, LP commenced operations on 16 December 2017. This report is for the initial period of operations commencing 16 December 2016 to 30 June 2017, hence there are no comparatives.

(a) Cash and cash equivalents

Cash comprises cash at banks and on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Revenue

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset. Equalisation premiums received from applications from investors subsequent to the First Close of the Fund are recognised as received.

(c) Investments

Available for sale investments
The Partnership has investments in the interests of trusts and other Limited Partnerships that are not traded in an active market. Investments are classified as available for sale financial assets and are stated at fair value. Fair value is based on the net asset backing of units in the trusts / investment vehicle at balance date.

Note 1 Statement of Significant Accounting Policies (continued)

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investment revaluation reserve, with the exception of impairment losses, which are recognised in profit or loss.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Dividends on available for sale investments are recognised in profit or loss where the Partnership's right to receive the dividend has been established.

(d) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period. With the exception of available for sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

An available for sale asset is considered impaired where it is subject to a significant or prolonged decline in value below cost whereby all efforts by the manager have been made to turn around the operations of the underlying investment and termination of the investment is certain.

In respect of available for sale investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

(e) Expenses

Expenses are brought to account on an accruals basis.

Note 1 Statement of Significant Accounting Policies (continued)

(f) Distributions and Taxation

Under current legislation, the Partnership is not subject to income tax as its taxable income (including assessable realised capital gains) is distributed in full to the investors. The Limited Partners of VPEG3, LP are taxed individually on their share of the net partnership income or loss. There is therefore no accounting for income tax in the accounts of VPEG3, LP.

The Partnership Deed provide that retentions from the proceeds of investment realisations are permitted in certain circumstances, including fulfilling obligations in respect of investments and paying for management and administration expenses of the Partnership. Distributions are payable as soon as practicable after they become available. Any distributable (taxable) income not already paid through the financial year is payable at the end of June each year. Distributions are recognised as a reduction of partners' funds.

The benefits of imputation credits and passed on to Limited Partners.

(g) Trade and Other Receivables

Trade and other receivables are measured at amortised cost less any impairment.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Payables in the balance sheet are shown inclusive of GST.

Cash outflows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Payables

Trade and other payables are measured at amortised cost.

(j) Critical Accounting Estimates and Judgments

In the application of the Partnership's accounting policies, the manager is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Note 1 Statement of Significant Accounting Policies (continued)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Fair value of financial instruments

The valuation of investments is based upon the net assets attributable to interest holders as noted in the investee funds' audited financial statements. Each investee fund will select an appropriate valuation technique for financial instruments that are not quoted in an active market. This valuation is based upon a fair estimation of values (which are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, market volatility, investment stage, estimated cashflows etc.) as determined by the Manager of the investees.

Note 2 Cash and Cash Equivalents

	2017 $
Cash at bank	401,355
	401,355
Reconciliation of cash follows:	
Cash and cash equivalents	401,355

Note 3 Receivables

	2017 $
Current	
GST Receivable	47,637
Other receivables - related parties	36,474
Total receivables	84,111

Note 4 Other Financial Assets

	2017 $
Non-Current	
Interests in Unlisted Private Equity Funds / Limited Partnerships at cost:	
- Adamantem Capital Fund 1	3,440
- Odyssey Fund 8	70,000
Accumulated Portfolio Revaluation	(62,240)
	11,200

Note 5 Creditors

	2017 $
Current	
Accounts payable	90,008
	90,008

Note 6 Partnership Contributions

	2017 PAID CAPITAL PER PARTNERSHIP INTEREST	TOTAL COMMITTED CAPITAL	2017 $
Partner contributions	$0.05	24,673,064	1,233,653

a) Movement in Called Capital	
Opening balance	-
Partnership contributions - called to $0.05 per limited partnership interest	1,233,653
Closing balance	1,233,653

Note 7 Investment Revaluation Reserve

	2017 $
Investment Revaluation Reserve	(62,240)
a) Movement in reserves	
Opening balance	-
Net revaluation increments / (decrements)	(62,240)
Closing balance	(62,240)

The asset revaluation reserve represents accumulated gains and losses arising on the revaluation of available for sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Note 8 Accumulated Income / (Losses)

	2017 $
Accumulated income / (losses)	(764,755)
a) Movement in accumulated income / (losses)	
Opening balance	-
Net operating income / (loss) for the year	(764,755)
Closing balance	(764,755)

The asset revaluation reserve represents accumulated gains and losses arising on the revaluation of available for sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Note 9 Contingent Liabilities and Contingent Assets

Contingent Liabilities

There are no contingent liabilities requiring disclosure in the financial report.

Contingent Assets

There are no contingent assets requiring disclosure in the financial report.

Note 10 Notes to the Statement of Cashflows

	2017 $
(a) Reconciliation of profit or loss for the period to net cash flows from operating activities	
Net operating profit / (loss) for the year	(764,755)
Changes in Assets and Liabilities:	
(Increase)/decrease in GST receivable	(47,637)
Increase/(decrease) in creditors	90,008
Cash flow from operations	(722,384)

Note 11 Events After the Balance Sheet Date

There have not been any other matters or circumstances that have arisen since the end of the financial year that has significantly affected, or may significantly affect, the results of those operations of the Partnership in future financial years.

Note 12 Registered Office and Principal Place of Business

The registered office and principal place of business of the Partnership is:

Level 3
480 Collins Street
MELBOURNE VIC 3000
AUSTRALIA

PARTNERS' DECLARATION OF THE GENERAL PARTNER

As detailed in note 1 to the financial statements, the Partnership is not a reporting entity because in the opinion of the partners, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this special purpose financial report has been prepared to satisfy the partners' reporting requirements under the Partnership Deed.

The partners declare that:

(a) in the partners' opinion, the attached financial statements and notes, as set out above, present fairly the Partnership's financial position as at 30 June 2017 and of its performance for the period 16 December 2016 to 30 June 2017 and comply with accounting standards to the extent disclosed in Note 1 to the financial statements; and

(b) in the partner's opinion, there are reasonable grounds to believe that the Partnership will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Partnership and is signed for and on behalf of the partners by:

Michael Tobin
Director

David Pullini
Director

Dated this 31st day of October 2017
Melbourne

INDEPENDENT AUDITOR'S REPORT

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Partners of Vantage Private Equity Growth 3, LP

Opinion

We have audited the financial report, being a special purpose financial report, of Vantage Private Equity Growth 3, LP (the Partnership), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the director' declaration.

In our opinion, the accompanying financial report is prepared, in all material respects, in accordance with Partnership Deed of Vantage Private Equity Growth Limited 3, LP, the recognition and measurement requirement specified by the Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Partnership in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial report is prepared to assist the Partnership to meet the requirements of Partnership Deed of Vantage Private Equity Growth Limited 3, LP. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the Partnership and to the partners of the Partnership (collectively the Recipients) and should not be distributed to parties other than the Recipients. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The Partners of the General Partner are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Partners of the General Partner are responsible for the preparation of the financial report in accordance with the financial reporting requirements of Australian Accounting Standards Board and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our auditor's report

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Daniel Cunningham
Sydney
31 October 2017

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INVESTMENT MANAGER

vantage

Asset Management