

VANTAGE PRIVATE EQUITY GROWTH 3

QUARTERLY REPORT
30 SEPTEMBER 2018

VPEG3
DIVERSIFY
GROW
OUTPERFORM

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IMPORTANT INFORMATION

This report has been prepared by Vantage Private Equity Management Partnership, LP, an authorised representative of Vantage Asset Management Pty Limited ABN 50 109 671 123, AFSL 279186 ('VAM'), in its capacity as Investment Manager of Vantage Private Equity Growth 3, LP. 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. This report should not be relied upon as personal advice nor is it an offer of any financial product. All \$ referred to in this report are Australian dollars.

SUMMARY

BACKGROUND

Vantage Private Equity Growth 3 (VPEG3) is a multi-manager Private Equity investment fund consisting of Vantage Private Equity Growth 3, LP (VPEG3, LP) an Australian Fund of Funds (AFOF) Limited Partnership and Vantage Private Equity Growth Trust 3A (VPEG3A) an Australian Unit Trust.

VPEG3, LP is 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.

VPEG3A has been established to undertake private equity investments that are not permitted to be made by an AFOF, in accordance with Australian regulations. As such only VPEG3 Investors that are not SIV investors, are unit holders in VPEG3A. VPEG3A also qualifies as a Managed Investment Trust (MIT) for Australian Tax purposes.

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.

VPEG3 will invest the majority of its Investment Portfolio into Australian based Private Equity funds who in turn are focused on investing into lower to mid-market sized companies headquartered in Australia and New Zealand, with enterprise value of between \$25m and \$250m at investment.

VPEG3 will develop a diversified portfolio of underlying investments by investing into between 6 to 8 underlying Private Equity funds, focused on investments into profitable companies in growth industry sectors including the Healthcare, Consumer Discretionary, Education and Tourism sectors.

As at 30 September 2018 VPEG3 had committed \$49.75m across five Primary Private equity funds and two co-investments. As a result, a total of eleven underlying company investments exist within the portfolio at quarter end. VPEG3's investment commitments include; \$12m to Allegro Fund III; \$10m to each of Adamantem Capital Fund 1, Advent Partners 2 Fund and Anchorage Capital Partners Fund III and \$7m to Odyssey Private Equity Fund 8. VPEG3 co-investments include; \$250k into Fitzpatrick Financial Group and \$500k into Tribe Brewing.

SPECIAL POINTS OF INTEREST

VPEG3 APPROVES A CO-INVESTMENT WITH ADVENT PARTNERS 1 INTO AUSTRALIA'S LEADING INDEPENDENT MANUFACTURER OF CRAFT BEER AND PREMIUM ALCOHOLIC BEVERAGES, TRIBE BREWING

ANCHORAGE CAPITAL PARTNERS FUND III ACQUIRES AUSTRALIA'S LEADING COMMERCIAL LAUNDRY OPERATOR, SOUTH PACIFIC LAUNDRY

ADVENT PARTNERS 2 INVESTS INTO MISO HOLDCO PTY LTD, A LEADING PROVIDER OF INFORMATION SYSTEMS WITHIN THE EDUCATION INDUSTRY

ODYSSEY FUND 8 INVESTEE, ADVENTURE HOLDINGS AUSTRALIA (OZTRAIL) COMPLETES THE BOLT-ON ACQUISITION OF MELBOURNE BASED OUTDOOR AND HARDWARE PRODUCTS COMPANY, COMPANION BRANDS

PERFORMANCE

The period 1 July 2018 to 30 September 2018 saw the addition of three new investments to the portfolio and the completion of three bolt on acquisitions to existing companies within the portfolio.

The new underlying company investments completed during the quarter were undertaken by Advent Partner's 2, and Anchorage Capital Partners Fund III with VPEG3 also approving a co-investment alongside the Advent Partner's 1 Fund.

The number and size of underlying investments within the VPEG3 portfolio is set to increase over the coming months with all underlying fund managers actively evaluating several new and bolt-on investment opportunities.

As at 30 September 2018, all VPEG3 Investors had Paid Capital to VPEG3, LP totalling 20% of their Committed Capital to VPEG3. Furthermore, all VPEG3 Investors, with the exception of SIV investors, had Paid Capital to VPEG3A, totalling 6% of their Committed Capital to VPEG3 at quarter end.

KEY PORTFOLIO DEVELOPMENTS

During the September 2018 quarter, VPEG3 continued the development of its private equity portfolio with with three new underlying company investments added to the portfolio.

Draw downs during the quarter from VPEG3, totalling \$2,180,462.41, were paid to Adamantem Capital Fund 1, Advent Partners 2 Fund , Anchorage Capital Partners Fund III and Odyssey Private Equity Fund 8.

Calls paid during the quarter were required to fund three new underlying company investments and three bolt-on acquisitions. Additional capital was called during the quarter to fund other costs associated with the operations of underlying funds, including management fees and due diligence costs incurred in completing these new investments.

KEY PORTFOLIO DEVELOPMENTS_(cont.)

VPEG3'S UNDERLYING PORTFOLIO EXPANDS TO ELEVEN UNDERLYING COMPANIES OPERATING ACROSS A BROAD RANGE OF INDUSTRY SECTORS

During August 2018, Advent made their second investment for the Advent Partners 2 Fund into a leading information systems company, Miso Holdco Pty Ltd. The Fund also made further investments into SILK Laser and Skin Holdings to further improve their market position by expanding into new geographic locations around Australia and with additional acquisitions of third-party skincare brands.

Advent funded the investment into Miso as well as the bolt-on acquisitions by SILK utilising a bridge financing facility, with VFOAF2's share of these investment to be called by Advent during the December 2018 and March 2019 quarters.

During September 2018, Anchorage Capital Partners made their first investment for the Anchorage Fund III into one of Australia's leading commercial laundry operators, South Pacific Laundry.

Finally, during the September quarter, VPEG3 approved a \$500k co-investment deal with Advent Partners 1 Fund into Australia's leading independent manufacturer of craft beer and premium alcoholic beverages, Tribe Brewing.

The number of underlying company investments in VPEG3's portfolio is set to increase over the coming year with fund managers reporting solid pipelines of investment opportunities which is expected to lead to the completion of further new investments during the second half of 2018.

OVERVIEW OF NEW CO-INVESTMENT



Tribe Brewing Pty Ltd - Advent Partners 1 Fund

During August 2018 VPEG3's Investment Committee approved a \$500,000 co-investment alongside the Advent Partners 1 Fund into Tribe Brewing Pty Ltd ("Tribe"). Tribe is Australia's leading independent manufacturer of craft beer and premium alcoholic beverages. Founded in 2012 by the Szpitalak family, Tribe has focused heavily on innovative and high-quality craft brewing of its own brand (Stockade Brew Co). Additionally, Tribe Brewing are sharing their manufacturing platform with contract brewing partners to further grow the craft beer industry.

The current size of the craft beer market in Australia is approximately \$500 million and is expected to grow at a double digit growth rate. This is due to a majority of craft beer drinkers being predominantly millennials, where the strong market growth is driven by their shift towards authentic, high-quality, local brands.

The group has doubled revenue over the last two years and has an extensive pipeline of growth opportunities. Their Stockade brand is one of the fastest growing independent craft beers in Australia and the recipient of multiple awards and accolades.

The rapid expansion has resulted in their Smeaton Grange, NSW brewery reaching its maximum capacity. Advent's investment is to fund a state of the art, craft brewing facility in Goulburn, NSW to facilitate further business growth, improve efficiencies and provide greater format and packaging flexibility.

OVERVIEW OF NEW INVESTMENTS



Miso Holdco Pty Ltd – Advent Partners 2 Fund

On 31 August 2018, the Advent Partners 2 Fund acquired a leading provider of Information Systems within the education industry, Miso Holdco Pty Ltd.

Details of the acquisition remain confidential as Miso undertakes a number of strategic alliances and bolt on acquisitions within its industry sector to enhance the scale of its operations.

OVERVIEW OF NEW INVESTMENTS_(cont.)

South Pacific Laundry – Anchorage Capital Partners Fund III



On 27 September 2018, Anchorage Capital Partners Fund III made their first acquisition into one of Australia’s leading commercial laundry operators, South Pacific Laundry (“SPL”). SPL is a highly cash generative and leading national laundry operator, serving customers in the accommodation and healthcare sectors in all major Australian metropolitan markets and regional population centres from a network of modern, highly-automated, state-of-the art facilities.

Key service offering includes the procurement, supply and laundering of linen for over 3,000 customers, ranging from single restaurants to national hotel chains. SPL’s National footprint consists of state-of-the-art, large scale, highly automated, facilities including 9 processing plants and 12 distribution centres serving all major metropolitan markets and regional population centres. SPL is a leader in the accommodation segment, holding long-term relationships and contracts with all the major local and International hotel groups operating in Australia. Anchorage acquired SPL as it saw a significant opportunity to further expand SPL’s offering leveraging the growth of their existing long-term contracts.

OVERVIEW OF NEW BOLT ON ACQUISITIONS

Companion Brands – Odyssey Fund 8



On 1 August 2018, AHA acquired Companion Brands a Melbourne-based outdoor and hardware branded products business, which broadens AHA's product range. AHA Group is now the largest player in the segment.

Companion Brands are a wholesale distributor of outdoor leisure, hardware and industrial products to over 3,400 outlets across Australia. They specialise in the supply of well known and reputable brands to a wide range of resellers throughout Australia. Many of the company’s products are designed and developed in-house for the Australian market, which have also found acceptance internationally.

OVERVIEW OF NEW BOLT ON ACQUISITIONS^(cont.)

SILK Laser Clinics – Advent Partners 2



In August 2018, SILK completed the acquisition of a third-party skincare brand called AestheticsRx (ARx). ARx is a nine-piece advanced cosmeceutical range that contains a high concentration of active ingredients. The rollout of ARx across the SILK clinic network will be completed by the end of FY19 and will replace the third-party agency brands that are currently being stocked at the clinics.

Also, during the quarter, SILK acquired The Laser Lounge, a complementary franchise business headquartered in Sydney, with 16 clinics across New South Wales and Queensland. With this acquisition, the combined clinic network of 38 now covers 6 Australian States and Territories, positioning SILK as one of largest national players in the market.

The acquisition also provides the Company with the resources and support required for the Group's accelerated growth strategy.

PORTFOLIO STRUCTURE

VPEG3 currently has \$49.75m in commitments and investments across five underlying private equity funds and two co-investments

VPEG3's Portfolio Structure - 30 September 2018

The tables and charts below provide information on the breakdown of VPEG3's investments as at 30 September 2018.

Current Investment Allocation

The following tables provide the percentage split of each of the VPEG3 entities, 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 VPEG3's Private Equity portfolio.

As at 30 September 2018, the private equity component of VPEG3, LP's investment portfolio consisted of eight investments across VPEG3's underlying portfolio, which include; Heritage Lifecare, Ngahuia Group, Servian, Adventure Holdings Australia Pty Ltd (Oztrail), Mining Technologies Holdings Pty Limited, SILK Laser & Skin Holdings Pty Ltd, Miso Holdco and South Pacific Laundries.

VPEG 3,LP			
Cash	Fixed Interest	Private Equity	
4.2%	26.3%	Later Expansion	20.6%
		Buyout	48.9%

As at 30 September 2018, the private equity component of VPEG3A's investment portfolio consisted of two investments including; Heritage Lifecare and Fitzpatrick Financial Group. VPEG3A also contributed its share of investment capital to the Tribe Brewing co-investment, subsequent to the end of the quarter.

VPEG 3A			
Cash	Fixed Interest	Private Equity	
9.8%	19.6%	Later Expansion	45.3%
		Buyout	25.3%

PORTFOLIO STRUCTURE (cont.)

Private Equity Portfolio

VPEG3, with commitments to five Private Equity funds and two co-investments, ultimately held interests in eleven underlying company investments at quarter end. (These represent completed and approved acquisitions within the portfolio as at 30 September 2018). As a result, VPEG3's Private Equity portfolio and commitments, as at 30 September 2018, were as follows:

Private Equity Fund Name	Fund / Deal Size	Vintage Year	Investment Focus	VPEG3 Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Adamantem Capital Fund 1	\$608m	2017	Mid Market Expansion / Buyout	\$10.0m	\$2.84m	3	-
Odyssey Private Equity Fund 8	\$275m	2017	Mid Market Growth Capital	\$7.0m	\$2.27m	2	-
Advent Partners 2 Fund	\$300m	2017	Lower to Mid Market Expansion / Buyout	\$10.0m	\$0.83m	2	-
Allegro Fund III	\$390m	2017	Lower to Mid Market Expansion / Buyout	\$12.0m	\$0.35m	1	-
Anchorage Capital Partners Fund III	\$350m	2017	Mid Market Expansion / Buyout	\$10.0m	\$0.42m	1	-
Co-invest (Fitzpatrick Financial Group)	\$200m	2017	Mid Market Expansion	\$0.25m	\$0.26m	1	-
Co-invest (Tribe Brewing)	\$30m	2018	Mid Market Expansion	\$0.50m	\$0.00m	1	-
Total				\$49.75m	\$6.96m	11	-

Summary of VPEG3's Underlying Private Equity Investments

The table on the next page provides an overview of the spread of underlying private equity investments in VPEG3's portfolio. Funding was called from, and paid by VPEG3, for its share of each of the following underlying investments subsequent to the end of the September 2018 quarter; Miso Holdco and Tribe Brewing. As such these transactions are not included in the top 10 table of funded company investments as at 30 September 2018.

PORTFOLIO STRUCTURE (cont.)

Summary of VPEG3's Underlying Private Equity Investments (cont.)

Rank	Investment	Fund	Description	% of VPEG3's Private Equity Investments	Cumulative %
1	Adventure Holdings Australia Pty Ltd (Oztrail)	Odyssey Private Equity Fund 8	Leading outdoor equipment brand	22.0%	22.0%
2	Heritage Lifecare Limited	Adamantem Capital Fund 1	New-Zealand age-care & retirement village operator	19.5%	41.5%
3	Mining Technologies Holdings Pty Limited	Odyssey Private Equity Fund 8	Leading global provider of data & voice communications	15.2%	56.7%
4	Hygain	Adamantem Capital Fund 1	Australian horse feed & supplement manufacturer & distributor	12.8%	69.5%
5	Servian Group	Adamantem Capital Fund 1	Leading specialist data and analytics consulting firm	10.5%	80.0%
6	SILK Laser & Skin Holdings Pty Ltd	Advent Partners 2 Fund	Premium provider of laser and skin rejuvenation services.	9.2%	89.2%
7	Fitzpatrick Financial Group	Co-Investment	Wealth management firm	4.6%	93.8%
8	South Pacific Laundries	Anchorage Capital Partners Fund III	Leading national laundry operator	3.2%	97.0%
9	Ngahaia Group	Allegro III	New Zealand footwear retailer	3.0%	100.0%

Industry Spread of VPEG3's Underlying Investments

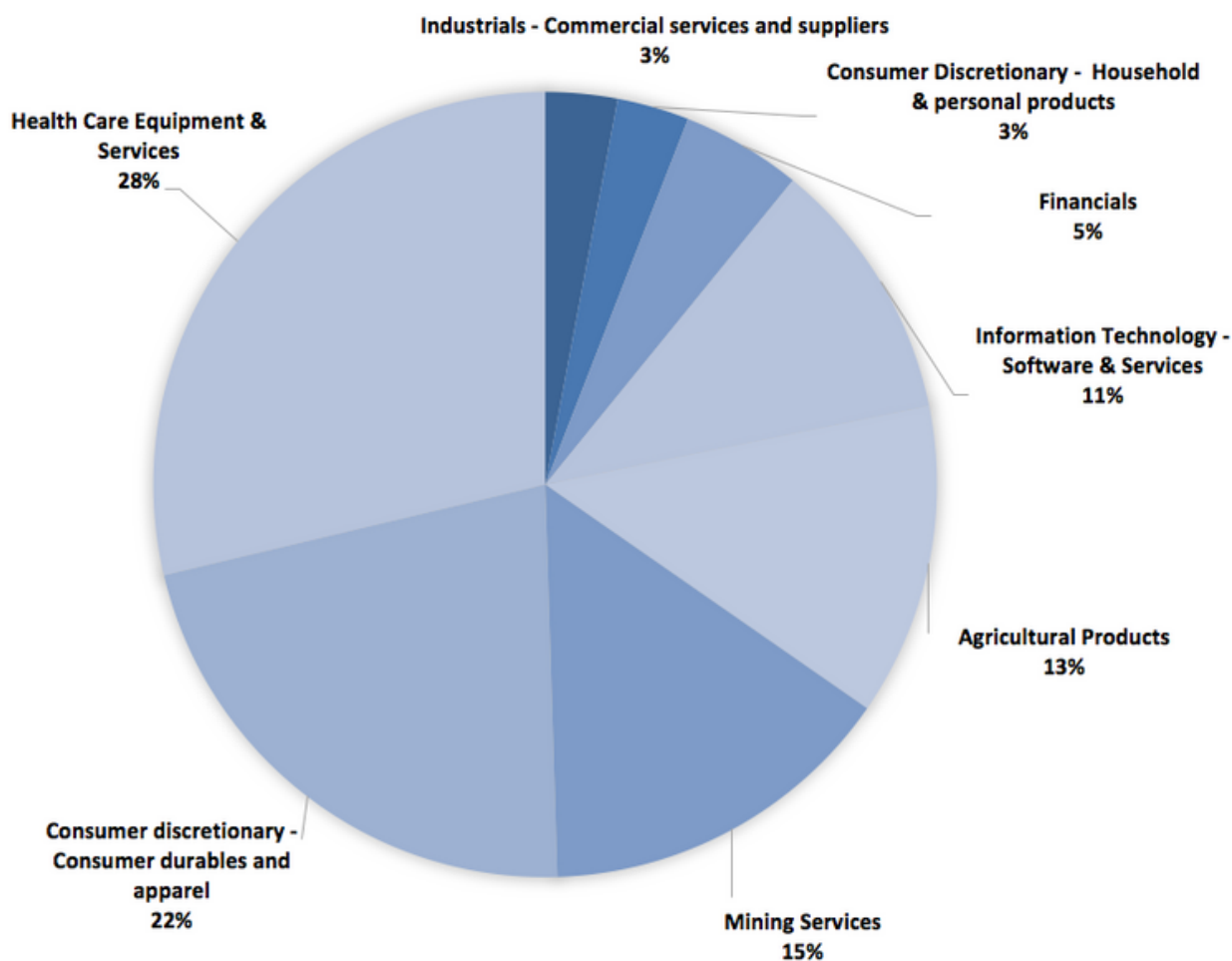
Capital paid by VPEG3 to Adamantem Capital Fund 1 to fund the Servian investment during July, added the "Information Technology - Software & Services" sector to VPEG3's industry diversification with an initial 11% exposure.

In addition, the initial investment by VPEG3 underlying fund Advent Partners 2 into Silk Laser Clinics, completed during the March 2018 quarter, was "bridge" funded by Advent. As such funds were called from VPEG3 to pay for its share of this investment during the September 2018 quarter. As a result, VPEG3's exposure to the "Health Care - Equipment & Services" industry sector increased to 28%, representing VPEG3's largest single industry sector exposure.

Finally, the completion of the investment in South Pacific Laundry, by investee Anchorage Capital Partners III during the quarter, added the "Industrials - Commercial Services and Suppliers" to VPEG3's industry diversification with an initial 3% exposure.

PORTFOLIO STRUCTURE (cont.)

Industry Spread of VPEG3's Underlying Investments (cont.)



MARKET UPDATE

Deal Pipeline

During the quarter VPEG3's underlying managers examined and progressed a number of investment opportunities and are currently involved in active discussions in the education, consumer foods, healthcare and industrial services sectors. In addition, underlying fund manager's advise that they continue to seek opportunities to grow their existing portfolio companies, in line with each of their strategic objectives. In this regard, managers are pursuing both bolt-on and transformative acquisition opportunities to support the expansion of existing portfolio companies.

Our manager's report that they are encouraged with the investment pipeline and that it contains a number of attractive opportunities. As such we expect that at least a further two new investments are likely to be finalised this calendar year and added to the VPEG3 portfolio.

Market & Economic Conditions

The September Quarter was a particularly active period for private equity in the region with thirteen announced acquisitions in Australia and New Zealand. Four of the transactions announced were public to private deals. This is a trend that is likely to continue given the availability of private capital and the increasing burden of regulation and compliance on listed companies.

During the period there were four private equity exits in Australia and five in New Zealand. Three of these exits were sold to larger private equity funds. There were no exits via listing on the Australian or New Zealand Stock exchanges and one exit was completed via a trade sale to a publicly listed company.

The macro - economic conditions in Australia and New Zealand have been steady this quarter. Growth continues to surprise on the upside and official interest rates have remained on hold. The widening gap between yield curves in Australia and the US has created downward pressure on the Australian dollar this year. The most significant 'unmanageable' risks from our perspective to have increased this year are escalating concerns around global security and trade issues. However, there continues to be strong deal flow to VPEG3's underlying portfolio funds, resulting in a continued build out of the Fund's portfolio over the remainder of 2018 and into 2019.

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