

Vantage Private Equity Growth 3

Quarterly Investor Report — Quarter Ended 31 March 2017

< Diversify
< Grow
< Outperform

Special points of interest:

- VPEG3 Successfully Completes \$20m First Close.
- VPEG3 Receives Unconditional Registration from Australian Government Department.
- VPEG3 Commits \$5m to Adamantem Capital Fund 1.
- Adamantem Capital Fund 1 announces its first investment into aged care and retirement village operator, Heritage Lifecare Ltd.

SUMMARY

Background

Vantage Private Equity Growth 3 ('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.

VPEG3 will invest 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 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.

VPEG3 has to date made one investment commitment of \$5m to a leading, Sydney, Australia based Private Equity fund that in turn has completed an agreement to acquire its first underlying company investment. As at 31 March 2017, VPEG3's investment commitments include; \$5m to Adamantem Capital Fund 1.

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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 3LP). 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. All \$ referred to in this report are Australian dollars.

Performance

The period 1 January 2017 to 31 March 2017 saw VPEG3 commence the establishment of its private equity investment portfolio.

During the period, one new (primary) private equity fund investment commitment was made by VPEG3. In addition, the acquisition of one new underlying company investment was announced. The investment will be added to VPEG3's underlying portfolio when capital is called from VPEG3, during the June 2017 quarter, by the underlying fund once it completes the investment.

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

In addition, on 7th March 2017, VPEG3 received unconditional registration from the Australian Government as one of a limited number of complying Venture Capital or Growth Private Equity (VCPE) funds available for investment by Significant Investor Visa applicants.

As at 31 March 2017, VPEG3 had called 5% of investor's Committed Capital (Call No. 1) into the Fund's operating account, to cover initial establishment costs and to provide the capital required to meet the initial draw down notices, to be issued by underlying funds, to invest in new underlying company investments as they are completed.

Key Portfolio Developments

During the March 2017 quarter, VPEG3 commenced its private equity investment program making its first investment commitment to one new (primary) private equity fund.

In March 2017, VPEG3 completed an investment commitment of \$5m to **Adamantem Capital Fund 1** ('Adamantem 1'), managed by Sydney, Australia based private equity mid-market specialist, Adamantem Capital Pty Limited.

During April 2017, VPEG3 investee **Adamantem 1** announced it had acquired the New Zealand retirement village and aged-care operator **Heritage Lifecare Limited**. It is anticipated that VPEG3's share of this investment will be funded to Adamantem 1 in the June 2016 quarter.

The number of investments in VPEG3's portfolio is set to increase over the coming year as additional investment commitments are planned to be made, over the next six months, to funds managed by the top performing private equity fund managers in Australia.

"VPEG3 completes \$20m first close and commits \$5m to Adamantem Capital Fund 1."

VPEG3 COMPLETES \$20M FIRST CLOSE

Vantage Private Equity Growth 3 (VPEG3) successfully 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.

With a target raise of \$100m, VPEG3 currently remains open for new investors to participate, with month-end closes planned until the target fund size is reached.

VPEG3 will continue with the same successful investment strategy of its predecessor funds, VPEG & VPEG2 and is focused exclusively on investing in the strongest performing, small to mid-market, expansion & buyout segment of private equity in Australia and New Zealand.

VPEG3 RECEIVES UNCONDITIONAL REGISTRATION FROM AUSTRALIAN GOVERNMENT DEPARTMENT

On 7 March 2017, VPEG3 received UNCONDITIONAL registration status by the Innovation Investment Committee of the Australian Government Department of Industry, Innovation and Science.

This unconditional registration positions VPEG3 as one of only a limited number of COMPLYING Venture Capital or Growth Private Equity (VCPE) funds for the Significant Investor Visa (SIV), approved by this Australian Government Department to operate and commence its investment program.

VPEG3 satisfied all the criteria required to achieve unconditional registration, including having raised in excess of \$10m in investment commitments, managed by a highly experienced Australian Financial Services Licensed fund manager with a more than 15 year track record of investment in Private Equity, as well as having a diverse spread of more than 80 investors with no single investor representing more than 5% of total investment commitments.

Approximately 25% of all committed capital raised to date by VPEG3 have come from SIV applicants, attracted to VPEG3's diversified, growth private equity investment strategy.

VPEG3 is the lowest risk, capital stable, VCPE investment currently available for SIV applicants, as it invests ultimately into a diversified portfolio of profitable companies, managed by the top tier private equity fund managers in Australia (no start-ups, no early stage or venture capital investments).

VPEG3 remains open to new investors and is accepting applications and issuing interests in the fund monthly. To participate in a monthly close, applications must be received by 5pm on the last business day of each month.

OVERVIEW OF NEW INVESTMENT COMMITMENTS



Adamantem Capital Fund 1

During March 2017, Vantage Private Equity Growth 3 committed \$5m to Adamantem Capital Fund 1. Adamantem Capital Fund 1 is managed by Adamantem Capital Pty Limited (www.adamantem.com.au) of Sydney. The Fund is targeting total commitments from investors of \$600m, for investment into mid-market expansion and buyout opportunities in Australia and New Zealand. Adamantem completed a first close of Adamantem Capital Fund 1 in late December 2016.

Adamantem Capital was founded in early 2016 by former Managing Directors of Pacific Equity Partners (PEP), Anthony Kerwick and Rob Koczkar.

Anthony and Rob were instrumental in delivering much of the early track record for PEP having successfully managed 12 investments during their PEP tenure from 2004 through to 2014.

The Adamantem team believe that the sweet spot for private equity returns in Australia is best served with their target fund size of \$600 million, which will ultimately invest into companies of Enterprise Value between \$100 million to \$500 million at investment. It is this size where the least competition exists in the Australian Private Equity market.

Adamantem Capital Fund 1 announced its first investment into Heritage Lifecare Limited in April 2017.

OVERVIEW OF NEW INVESTMENTS — ANNOUNCED

Heritage Lifecare Limited — Adamantem Capital Fund 1



During April 2017, Adamantem Capital Fund 1 acquired a controlling interest 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. The company (after the completion of its most recent acquisition of Anglican Care Waiapu) has 19 facilities with approximately 969 beds and 320 living units under management.

The media reported the acquisition valued Heritage Lifecare at an enterprise value of NZ\$115 million (\$106.8 million). Anthony Kerwick and Angus Stuart, managing directors of fund manager Adamantem Capital, will join the Board of Heritage Lifecare following completion of the deal.

The company's above-industry occupancy rate nationwide demonstrates the company's operational focus on achieving excellent clinical outcomes and catering to the needs of their residents. Heritage also has 850 passionate staff who are committed to providing residents with exceptional care. With the support of Adamantem, we are well placed to accelerate our growth to meet community demands."

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 addition, the rising property values in New Zealand have underpinned growth for retirement village operators selling and reselling occupation rights to their units.

PORTFOLIO STRUCTURE

VPEG3's Portfolio Structure – 31 March 2017

The tables and charts below provide information on the breakdown of VPEG3's investments as at 31 March 2017.

Current Investment Portfolio Allocation*

The following tables provide the percentage split of VPEG3'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 VPEG3's Private Equity portfolio. As at 31 March 2017, VPEG3's investment portfolio consisted entirely of cash and fixed interest investments, as the capital for VPEG3's first underlying company investment (Heritage Lifecare) is expected to be called from VPEG3 during the June 2017 quarter.

"VPEG3 investee, Adamantem Capital Fund 1 announces its first investment into aged care and retirement village operator, Heritage Lifecare Ltd."

VPEG3			
Cash	Fixed Interest	Private Equity	
2.3%	97.7%	Later Expansion	0.0%
		Buyout	0.0%

Private Equity Portfolio

VPEG3, with commitments to one Private Equity fund, ultimately held interests in no underlying company investments at quarter end. The acquisition of Heritage Lifecare Ltd will be reflected in June 2017 quarter report once capital has been called from VPEG3 by Adamantem 1 to fund the acquisition. As a result, VPEG3's Private Equity portfolio and commitments, as at 31 March 2017, were as follows:

Private Equity Fund Name	Fund Size	Vintage Year	Investment Focus	VPEG3 Commitment	Capital Drawn Down	Total No. of Investee Companies	No. of Exits
Adamantem Capital Fund 1	\$600m(*)	2017	Mid Market Expansion / Buyout	\$5.0m	\$0.0m	-	-
Total				\$5.0m	\$0.0m	-	-

* Target Fund Size

CONTACT DETAILS

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