



# ING Private Equity Access Limited

ABN 48 107 843 381

Half-yearly report to investors  
31 December 2004



> Access > Innovation > Performance

## Message from the Chairman

Dear Investor

We have great pleasure providing you with the first half yearly report for ING Private Equity Access Limited (the Company). It is the first listed vehicle to provide investors with access to a multi-manager private equity portfolio.

The Company has made good progress in its strategy to be substantially invested in private equity. Our first private equity fund commitments are detailed in the attached review of operations by the Managing Director. We see this as an opportune time to be establishing a private equity portfolio as there are currently a range of high quality private equity managers who are raising capital or are about to open new funds.

Until the private equity portfolio is established and commitments drawn down, the Company is investing in liquid, high-yielding shares and cash. The Company's Manager, ING Investment Management, has established a share portfolio which has benefited from the recent momentum of the Australian equity market. In managing our equity and cash portfolio, the Manager has been conscious of the potential lift in interest rates and downside risks to the equity market.

Investors will recall that the Company's stapled securities consist of two shares and one option which may be exercised for \$1.00 after the shares and option 'un-staple' on 31 October 2005 until 31 October 2007.

We believe your participation in this unique vehicle will be rewarding and look forward to providing you with the Australian market's premier diversified private equity vehicle.

Yours sincerely



Geoff Brunsdon  
Chairman

Sydney  
25 February 2005

## Review of operations

by Jon Schahinger  
Managing Director

The last few months have been a busy time for the Company with three private equity commitments in place and a number of other opportunities under active review and analysis. We expect some of these to be finalised over the next few months and look forward to announcing fresh commitments and further underlying investments. These will be released to the market on an ongoing basis and we encourage investors to visit the Company's website to keep up to date with their investment.

Pleasingly, the Net Tangible Assets (NTA) of the Company's stapled securities has been rising steadily since listing. It was \$1.95 at the listing date of 25 November 2004 and gains since then have moved the NTA to a fraction under \$2.00 as at 31 January 2005.

## How is Your Money Invested?

The Company's investment portfolio allocation since inception has developed as follows:

Investment type	30 November 2004	31 December 2004	31 January 2005
Private equity	2%	5%	7%
Listed equities	23%	54%	50%
Cash & fixed interest	75%	41%	43%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Private Equity Portfolio

The private equity portfolio is in the process of being built. The Company has made commitments to three private equity funds to date which have five underlying investments in private companies.

## Summary of Private Equity Funds

Fund name	Investment stage focus	Size of Fund	Committed	Capital drawn	Capital still to be drawn
		\$m	\$m	\$m	\$m
GS Private Equity VCLP 3	MBO*	450	7.50	0.11	7.39
Hastings Private Equity Fund II	Development/ MBO*	180	8.00	–	8.00
Ironbridge Capital 2003/4 Fund	MBO*	450	5.02	1.57	3.45
<b>Totals</b>			<b>20.52</b>	<b>1.68</b>	<b>18.84</b>

\* MBO = Management Buyout

## GS Private Equity

\$7.5 million has been committed to GS Private Equity Fund 3 (GSPE3). GS Private Equity, headed by Andrew Rothery, Peter Wiggs and Greg Minton, is a leading private equity investment house and has enjoyed a long presence in the Australian buy-out market. GSPE3 raised \$450 million for investment in leveraged buy-outs, seeking companies with strong market positions and/or growth potential, leading to strong, stable cash flows. Recent successful investments by GS Private Equity include Tasman Building Products and Repco.

GSPE3 invested in its first deal during January 2005, subsequent to the half year end, as outlined below:

**Emeco International** is the leading independent provider of earthmoving equipment in the Australian market and has additional operations in Indonesia and the United States. Emeco's principal operations are the provision of rental earthmoving equipment and the sales and trading of 'low houred', used earthmoving equipment. The deal is a joint venture and represents the largest MBO transaction in Australia for the last year.

## Hastings Private Equity

\$8 million has been committed to Hastings Private Equity Fund II. This fund held the first closing of its capital raising on 26 November 2004 and has now raised approximately \$180 million of commitments by investors. The fund is seeking a total of approximately \$200 million. Hastings Private Equity is part of Melbourne-based Hastings Funds Management and capitalises on the strong networks and deal-flow of that organisation. The private equity team is led by Dominic Leary, David Dawson and Tim Poole and will target investments in mature companies with, on average, a smaller expected investment size than GS Private Equity or Ironbridge. The team's first fund raised \$97 million and its most recent success was the sale of its interests in the MCS Property Group.

## Ironbridge Capital

\$5 million has been committed to Ironbridge Capital 2003/4 Fund. This fund recently raised \$450 million to invest in large management buy-outs and expansion capital transactions in Australia and New Zealand. Prior to forming Ironbridge and gaining the backing of a range of domestic and international institutional investors, the principals of the business were responsible for the strongly performing portfolio of the Gresham Private Equity Fund which included investments in Repco, Cashcard and The Riviera Group. The key executives of Ironbridge are Julian Knights, Paul Evans, Neil Broekhuizen and Greg Ruddock.

Ironbridge Capital 2003/4 Fund has made four investments so far:

**Affinity Health** is one of Australia's largest for profit private hospital networks. The principal focus of the business is the provision of acute hospital-based healthcare. Ironbridge co-led the syndicate that funded the management buy-out of the hospital operations from the Mayne Group. There is current press speculation of a near-term IPO for this investment.

**Auckland Central Backpackers** is a leading operator of backpacker complexes in New Zealand, with over 1,200 beds over four complexes in Auckland, Queenstown, Paihia and Rotorua. Ironbridge led the MBO which was purchased from a group of private investors and is planning a consolidation of this fragmented industry.

**Dexta Corporation** Ltd is a specialist Australian insurance underwriting agency. It operates in general insurance, servicing more than 600 insurance brokers and its products include professional indemnity, directors & officers' liability, information technology and trade creditors, underwritten by major insurance and re-insurance companies. The transaction was a management buy-out from the GE Corporation. Dexta is expected to acquire similar businesses in a "roll-up" strategy.

**Mrs Crocket's Kitchen** is a chilled foods manufacturer with a well established brand and a leading market position in Australia. Its product range focuses on ready-to-eat and ready-to-heat dishes such as salads, vegetable side dishes, soups and risotto. Customers include Woolworths, Coles, Bi-Lo, Metcash, Aldi, KFC, Red Rooster and Sizzler.

### Outlook for Private Equity

The private equity portfolio is in the building phase of its life.

The Company believes it is an opportune time to be establishing a private equity portfolio as there are currently a number of high quality private equity managers raising funds or soon to be raising funds. The buoyant Australian listed equity market is providing opportunities for established portfolios to exit their private equity investments and shift capacity to making new investments. This environment is also positive in terms of raising the profile of the private equity market, particularly for entrepreneurs seeking to expand or sell their businesses.

Each of our private equity managers is reporting a steady source of opportunities to consider. Any correction to the listed equity market environment is expected to add to the opportunities for private equity managers who are currently building their portfolios. The Company looks forward to making further announcements on the development of the private equity portfolio over the course of the year.

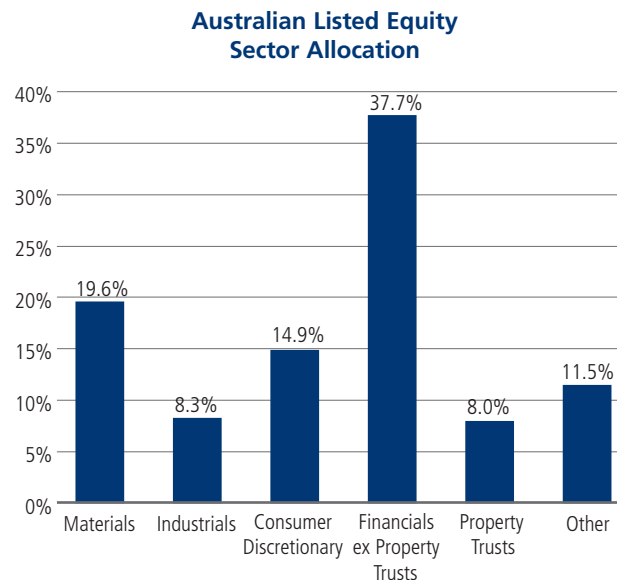
## Listed Equity Portfolio

### Portfolio Review

The sharemarket has benefited from Australia's prolonged period of economic growth within a low interest rate environment. These factors have buoyed consumer confidence and resulted in Australian households increasing their level of indebtedness, enabling consumers to increase their spending on goods and services. This has driven corporate profits to record levels and boosted the amount of cash held on corporate balance sheets. In turn, this has prompted management to either return capital to shareholders, or to seek earnings growth via strategic acquisitions.

In this environment, the Manager is positioning the Company's listed equity portfolio cautiously and placed about 50% of the Company's capital into the market in two tranches over the period to 31 December 2004. The Manager expects to place further tranches of its capital into equity markets during February and March. The portfolio is primarily invested in a diversified portfolio of predominantly top 100 stocks that are expected to provide a reasonable yield.

The following chart shows the sector exposure of the listed equity component of the Company as at 31 December 2004.



## Outlook for the Listed Equity Market

The near-term outlook for the Australian sharemarket remains positive, supported by earnings momentum, merger and acquisition activity and favourable liquidity conditions. The key issues facing the sharemarket over the coming period include increasing cost pressures, a potential slowdown in consumer spending and the outlook for global economic growth. Nevertheless, assuming earnings forecasts are achieved, equity valuations remain reasonable relative to bonds.

The company profit reporting season, which is presently underway, will significantly determine near-term sentiment, as management outlook statements provide important earnings guidance. Present indications suggest that the general earnings environment remains favourable for large capitalisation stocks, in contrast with a number of profit warnings which have recently been issued in respect of smaller companies.

## Financial Position

The tables below display a summary of the Company's financial results and position at 31 December 2004.

### Financial Performance

<b>Income</b>	<b>\$'000</b>
Dividends and distributions	169
Interest	83
Change in market value of equities	536
	<b>788</b>
<b>Expenses</b>	
Manager's fees	52
Other expenses	35
	<b>87</b>
Net profit before tax	701
Tax expense	(215)
<b>Net profit after tax (NPAT)</b>	<b>486</b>
Net revaluation of private equity	191
<b>NPAT and revaluation</b>	<b>677</b>

### Financial Position

<b>Assets</b>	<b>\$'000</b>
Cash on hand	512
Receivables	167
Cash trust	17,406
Private equity	1,963
Listed equities	23,041
<b>Total assets</b>	<b>43,089</b>
<b>Liabilities</b>	
Manager's and Directors' fees	58
Current and deferred tax	297
Other payables	316
<b>Total liabilities</b>	<b>671</b>
<b>Net assets</b>	<b>42,418</b>
<b>Equity</b>	
Share capital	41,741
Asset revaluation reserve	191
Retained earnings	486
<b>Total equity</b>	<b>42,418</b>

## Directory

### **ING Private Equity Access Limited**

ABN 48 107 843 381

#### **Directors**

Geoffrey Brunsdon  
(Chairman)

Donald Stammer

Jon Schahinger  
(Managing Director)

Grant Bailey

#### **Company Secretary**

Michael Maroney

#### **Registered Office of the Company**

Level 2  
347 Kent Street  
Sydney NSW 2000 Australia

#### **Manager**

ING Investment  
Management Limited

Level 12  
347 Kent Street  
Sydney NSW 2000 Australia

61 2 9234 7437

[www.ingim.com.au](http://www.ingim.com.au)

#### **Registrar**

ASX Perpetual Registrars  
Limited

Level 8  
580 George Street  
Sydney NSW 2000 Australia

1800 891 098  
(Australian investors)

0800 507 120  
(New Zealand investors)

#### **Auditor**

Ernst & Young

321 Kent Street  
Sydney NSW 2000

#### **Stock Exchange Listing**

Official list of the Australian  
Stock Exchange Limited

Stapled securities  
ASX Code: IPES

#### **Website**

[www.ingim.com.au/ipe](http://www.ingim.com.au/ipe)

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ING Private Equity Access Limited does not guarantee the repayment of capital or the investment performance of the Company.

# Annual Report Election and Email Notification Service

## Investors are able to update their details – including Annual Report Elections – online.

To directly access your shareholder records and change your own Annual Report Election online:

1. Visit the share registrar's website at [www.asxperpetual.com.au](http://www.asxperpetual.com.au)

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2. Select the **Select Holding** option

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3. From the Company Name menu select **ING Private Equity Access Limited**

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4. Enter your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), your surname or company name and your postcode to access your details

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5. Select **Communication Option** to change your Annual Report Election

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## Alternatively, you may choose to contact ASX Perpetual on the details below:

ASX Perpetual Registrars Limited  
Level 8, 580 George Street, Sydney NSW 2000  
Locked Bag A14, Sydney South, NSW 1235

<b>Free Call:</b>	1800 891 098 (Australian investors)
<b>Free Call:</b>	0800 507 120 (New Zealand investors)
<b>Outside Australia:</b>	61 2 8280 7185
<b>Facsimile:</b>	61 2 9287 0303
<b>Email:</b>	<a href="mailto:registrars@asxperpetual.com.au">registrars@asxperpetual.com.au</a>
<b>Website:</b>	<a href="http://www.asxperpetual.com.au">www.asxperpetual.com.au</a>

