

## Newsletter

April 2015

### Results for the year ended 31 January 2015

In March, Graphite Enterprise released its results for the year ended 31 January 2015. The net asset value per share rose by 5.0% to 695p and the share price rose by 4.6% to 575p, before the payment of the dividend. The underlying performance of the portfolio was strong.

Both realisations and new investments increased materially over the previous year, with the portfolio generating £142 million of cash of which £125 million was re-invested.

The largest realisation in the year was Euromezzanine's disposal of CEVA, the leading animal health specialist. The largest investment was Graphite Capital's buy-out of ICR Group, the provider of repair and maintenance services to the energy industry.

The Company has been one of the stronger performers in the listed private equity sector in recent years. Our flexible investment strategy and the strong underlying performance of the portfolio position Graphite Enterprise well for future growth.

The full annual report is available to download at [www.graphite-enterprise.com](http://www.graphite-enterprise.com)

### Activity since the year end\*

We have completed the secondary purchase of an interest in BC European Capital IX for £7.0 million and a £3.2 million co-investment in PetSmart alongside the same fund.

The very high level of realisations in recent years has led to the Company holding high levels of cash. Some of the markets we invest in are currently very competitive, making re-investment while maintaining pricing discipline more challenging. Therefore we recently began to return excess cash to shareholders using share buy-backs.

\* 1 February to 24 April

### Financial highlights – Year ended 31 January 2015

**+5.0%**

Net asset value per share

**+4.6%**

Share price

**£142m**

Realisation proceeds\*\*

### General information

#### Investment focus

Private equity – European buy-outs

**Year end** 31 January

**Listing** London (premium listing)

#### Ticker / ISIN / SEDOL

GPE.LN / GB0003292009 / 0329200

**Broker** JP Morgan Cazenove

#### Contact us

Telephone 020 7825 5300

Email [gpe@graphitecapital.com](mailto:gpe@graphitecapital.com)

[www.graphite-enterprise.com](http://www.graphite-enterprise.com)

**695.2p**

Net asset value per share at 31.01.15

**574.5p**

Share price at 24.04.15

**£419m**

Market capitalisation at 24.04.15

\*\* Excluding secondary sales of fund interests

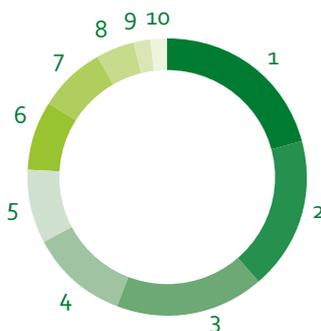
## About Graphite Enterprise

Graphite Enterprise Trust plc is a specialist private equity investment trust which has been listed on the London Stock Exchange since 1981. It aims to provide shareholders with long-term capital growth through investment in unquoted companies.

To achieve this, Graphite Enterprise invests in buy-outs of mature, profitable companies in established European private equity markets, both through private equity funds and directly.

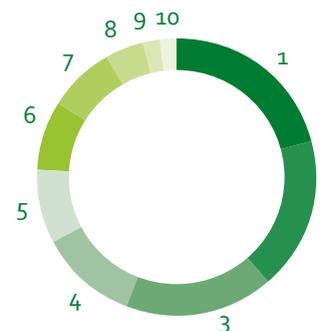
The Company is managed by Graphite Capital, one of the UK's leading mid-market private equity firms with £1.4 billion of funds under management. Graphite Enterprise seeks to provide access to the investment programmes of the best buy-out managers across Europe. Investments in UK-based mid-market companies are made through funds managed by Graphite Capital. Investments in larger and smaller UK companies and in overseas markets are made through funds managed by high quality third party managers, selected by Graphite Capital.

### Underlying companies – sector analysis 31.01.15



1. Business services	21.1%
2. Industrials	17.7%
3. Healthcare and education	17.1%
4. Consumer goods and services	11.5%
5. Leisure	8.5%
6. Financials	8.0%
7. Automotive supplies	7.9%
8. Technology and telecommunications	4.4%
9. Media	2.1%
10. Chemicals	1.7%

### Underlying companies – geography\* 31.01.15



1. UK	49.9%
2. North America	12.7%
3. France	9.7%
4. Germany	9.4%
5. Benelux	5.6%
6. Scandinavia	4.3%
7. Spain	3.3%
8. Greece, Ireland, Italy, Portugal	3.2%
9. Other Europe	1.5%
10. Rest of world	0.4%

\* Location of headquarters of underlying companies in the portfolio. Does not necessarily reflect countries to which companies have economic exposure.

## The portfolio at 31.01.15

Direct portfolio	Third party portfolio (selection only)		
			
			
			
			
			
Graphite investments 25%	Third party funds 60%		Third party co-investments 15%



## Case Study: London Square

In July 2014, Graphite Capital sold London Square to Ares Management, generating proceeds of £9.8 million for Graphite Enterprise

# 2.0x

Multiple of original cost of investment achieved on disposal

In April 2010, Graphite Capital Partners VII committed £50 million of equity to support the development of London Square, a new London-focused house builder.

London Square was established to develop residential housing within Greater London. The company acquires land, obtains planning permission for development, builds and then sells completed housing units.

As the business was formed at the height of the recession, it was well placed to exploit unique opportunities available in London. The company quickly established itself as a high-quality house builder with an exceptional management team and a strong brand.

Under Graphite Capital's ownership, London Square completed and sold three developments which consisted of 116 units and generated £84 million of cash proceeds. The company commenced developments on a further six sites with over 230 units and created a land bank of future developments with over 850 units, which together were expected to generate over £900 million of sales proceeds.

In July 2014, Graphite Capital sold London Square to Ares Management for an equity value of £110 million, generating proceeds of £9.8 million for Graphite Enterprise which resulted in a multiple of 2.0 times cost and an IRR in excess of 20%.

## Top ten underlying holdings at 31.01.15

Company	Description	Country	Manager	Value as a % of investment portfolio
1 <b>Micheldever</b>	Distributor and retailer of tyres	UK	Graphite Capital	5.4%
2 <b>City &amp; County Healthcare Group</b>	Provider of home care services	UK	Graphite Capital	3.2%
3 <b>ICR Group</b>	Provider of repair and maintenance services to the energy industry	UK	Graphite Capital	3.0%
4 <b>Education Personnel</b>	Provider of temporary staff for the education sector	UK	ICG	2.4%
5 <b>National Fostering Agency*</b>	Provider of foster care services	UK	Graphite Capital	2.3%
6 <b>Human Capital Investment Group</b>	Provider of recruitment services	UK	Graphite Capital	2.0%
7 <b>Skillsoft</b>	Provider of 'off the shelf' e-learning content	USA	Charterhouse	2.0%
8 <b>Algeco Scotsman</b>	Supplier and operator of modular buildings	USA	TDR Capital	1.9%
9 <b>U-POL</b>	Manufacturer and distributor of automotive refinish products	UK	Graphite Capital	1.5%
10 <b>David Lloyd Leisure</b>	Operator of premium health clubs	UK	TDR Capital	1.4%
				<b>25.1%</b>

\* Sold after the year end.

## Key figures at 31.01.15

	£m
Total equity	506.9
Portfolio value	431.9
Net cash	90.1
Undrawn bank facility	96.4
Total liquidity	186.5
Outstanding commitments	234.0

**Graphite Capital directly manages 25% of the portfolio and six of the top ten investments**

### Important information

This Newsletter has been compiled primarily using information set out in the Company's investment management statement for the year ended 31 January 2015. The delivery of this Newsletter shall not create any implication that there has been no change in the affairs of the Company since 31 January 2015. Past performance is not necessarily a guide to the future and the value of shares and the income from them can go down as well as up. The information contained in this Newsletter is selective and does not purport to contain all the information that recipients may require on the Company. No information contained in this Newsletter shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Nothing in this Newsletter constitutes an offer to sell or a solicitation of any offer to buy any securities of the Company in any jurisdiction. We do not offer investment advice. If you are unsure of the meaning of the above information, you should consult your own independent financial advisor. Further information and all announcements relating to the Company can be found on the Company's website [www.graphite-enterprise.com](http://www.graphite-enterprise.com). This Newsletter has not been audited or reviewed by the Company's auditors.