

Results for the nine months to 31 October 2014

In December, Graphite Enterprise released its results for the nine months to 31 October. The net asset value increased by 2.6% and the share price increased by 4.2%.*

In the third quarter we were particularly active in making investments, with a total of £41.8 million invested into the portfolio. We made secondary purchases of interests in two funds, PAI Europe V and Graphite Capital Partners VI, for a total of £18.8 million. We completed co-investments totalling £11.1 million in two companies, the largest of which was in Skillsoft, a provider of e-learning content, alongside Charterhouse Capital Partners. Funds drew down £7.6 million and we invested £4.3 million directly into three companies managed by Graphite Capital.

We also made two new commitments to buy-out funds. The first was of €8 million to Bain Capital Europe IV and the second was of €15 million to Silverfleet Capital Partners II. Both of these are new manager relationships for Graphite Enterprise.

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 performance of the largest investments position Graphite Enterprise well for future growth.

Recent activity

Since the quarter end**, £8.7 million has been invested in Human Capital Investment Group ("HCIG"), a provider of recruitment services, through Graphite Capital Partners VIII. HCIG is now the Company's 5th largest underlying investment.

The balance sheet remains strong, with total liquidity of around £175 million, including the undrawn bank facility, which leaves us well placed to take advantage of further opportunities.

* On a total return basis

** 1 November to 3 December

Financial highlights – Nine months to 31 October 2014

+4.2%

Share price total return

+7.3%

Underlying rise in the value of the portfolio in local currencies

General information

Investment focus

Private equity – European buy-outs

Year end 31 January

Listing London (premium listing)

Ticker / ISIN / SEDOL

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679.4p

Net asset value per share at 31.10.14

565.0p

Share price at 31.12.14

£412m

Market capitalisation at 31.12.14

£95.1m

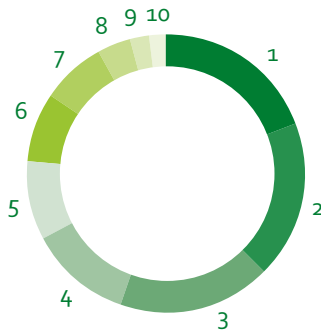
Investment in the portfolio

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.

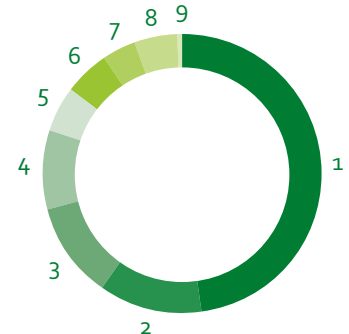
The Company is managed by Graphite Capital, one of the UK's leading mid-market private equity firms with £1.4 billion of funds under management. Graphite Enterprise seeks to provide access to the investment programmes of the best buy-out managers across Europe. Investments in UK-based mid-market companies 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.

Portfolio — Sector analysis 31.10.14



1. Healthcare and education	19.2%
2. Industrials	18.3%
3. Business services	18.0%
4. Consumer goods and services	11.8%
5. Leisure	9.2%
6. Automotive supplies	8.0%
7. Financials	7.5%
8. Technology and telecommunications	4.1%
9. Media	2.0%
10. Chemicals	1.9%

Portfolio — Geographical distribution* 31.10.14



1. UK	47.9%
2. North America	11.9%
3. France	11.3%
4. Germany	8.9%
5. Benelux	5.5%
6. Spain	5.1%
7. Scandinavia	4.1%
8. Other Europe	4.8%
9. Rest of world	0.5%

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

The portfolio at 31.10.14

Direct portfolio	Third party portfolio (selection only)		
 <p>Graphite Capital</p>	 <p>PAI partners</p>	 <p>CVC Capital Partners</p>	 <p>Cinven</p>
	 <p>silverfleet capital we buy to build</p>	 <p>Deutsche Beteiligungs AG</p>	 <p>BOWMARK CAPITAL</p>
	 <p>TOWERBROOK</p>	 <p>ICG</p>	 <p>Advent International GLOBAL PRIVATE EQUITY</p>
			 <p>education personnel The UK's Leading Education Recruitment Provider</p>
			 <p>R&R</p>
			 <p>David Lloyd</p>
			 <p>CPA GLOBAL</p>
Graphite investments 21%	Third party funds 68%		Third party co-investments 11%

New investment activity

Co-investment in Skillsoft

Skillsoft is global leader in the provision of "off the shelf" e-learning content. With at least four times the market share of its closest competitor, the Company sells access to its library of e-learning assets to corporations looking to fill training gaps and develop capabilities in their workforce, primarily in the areas of Business and IT skills. Its customers are mostly global enterprises (including half of the Fortune 500 e.g. FedEx and GE), but also government departments and small and medium-sized enterprises.

Graphite Enterprise has invested in Skillsoft through its commitment to Charterhouse IX Fund and also in a direct co-investment alongside the fund for £7.6 million.

Skillsoft represents an attractive investment opportunity due to its dominant market share and proven management team. The company has multiple sources of growth including pricing opportunity, expected market growth, and international and product expansion.

£7.6 million

investment alongside Charterhouse



Graphite Capital investment in Human Capital Investment Group

Graphite Capital Partners VIII, a fund managed by Graphite Capital, has backed the management buy-out of Human Capital Investment Group ("HCIG"), a provider of recruitment services to a range of specialist areas within the public and private sectors in the UK. The Company has invested £8.7 million in HCIG through Graphite VIII. This represents 2.1% of the value of the Company's portfolio as at 31 October 2014. HCIG is now one of the Company's five largest underlying investments.

HCIG was founded in 2007, and is a fast growing, diversified recruitment company serving a range of specialist areas within the public and private sectors in the UK. It trades under a number of brands focused on health and social care, social housing, construction and infrastructure, and engineering. It has 14 offices in the UK and employs 510 staff. In the twelve months to September 2014, HCIG's revenues grew by 28 per cent to £217 million.

HCIG has a high quality and diversified customer base of over 3,000 organisations, with the majority of its placements being long-term. This breadth and stability provides an excellent platform for continued growth in its large and attractive target markets.

£8.7 million

investment through Graphite Capital



Top ten underlying holdings at 31.10.14

Company	Description	Country	Manager	Value as a % of investment portfolio
1 Micheldever	Distributor and retailer of tyres	UK	Graphite	5.5%
2 ICR Group	Provider of repair and maintenance services to the energy industry	UK	Graphite	3.6%
3 City & County Healthcare Group	Provider of home care	UK	Graphite	3.3%
4 Education Personnel	Provider of temporary staff for the education sector	UK	ICG	2.3%
5 Human Capital Investment Group*	Provider of recruitment services	UK	Graphite	2.1%
6 Algeco Scotsman	Supplier and operator of modular buildings	USA	TDR	2.0%
7 National Fostering Agency	Provider of foster care services	UK	Graphite	2.0%
8 Skillssoft	Provider of 'off the shelf' e-learning content	Ireland	Charterhouse	1.9%
9 U-POL	Manufacturer and distributor of automotive refinish products	UK	Graphite	1.6%
10 Quiron**	Operator of private hospitals	Spain	Doughty Hanson	1.5%
				25.8%

* Interest in Human Capital Investment Group ("HCIG") was acquired on 26 November. Top 10 companies presented on a pro forma basis, as if HCIG had been acquired at 31 October.

** Sale was announced in July but is not expected to complete until the end of the year.

Key figures at 31.10.14

	£m
Total equity	495.4
Portfolio value	425.2
Net cash	77.8
Undrawn bank facility	95.5
Total liquidity	173.3
Outstanding commitments	247.7

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 quarter ended 31 October 2014. The delivery of this Newsletter shall not create any implication that there has been no change in the affairs of the Company since 31 October 2014. 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. This Newsletter has not been audited or reviewed by the Company's auditors.