

**23 December 2015**

## **GRAPHITE ENTERPRISE TRUST PLC**

### **CHANGE OF MANAGER**

The Board of Graphite Enterprise Trust PLC (“the Company” or “Graphite Enterprise”) is pleased to announce that Intermediate Capital Group plc (“ICG”) has been appointed as the new manager of the Company. This follows ICG’s acquisition of the private equity fund investment business of Graphite Capital Management LLP (“Graphite”).

The change of manager is expected to take effect on 1 February 2016. Graphite Enterprise will be renamed ICG Enterprise Trust plc on that date.

The five investment professionals currently dedicated to the management of the Company, including two Graphite partners, Emma Osborne and Kane Bayliss, (“the Team”) will form a new business within ICG. This will ensure that, in addition to the other important advantages outlined below, Graphite Enterprise will benefit from continuity of management.

ICG’s appointment will provide a number of major benefits to Graphite Enterprise, including:

- Access to a wider range of investment opportunities through the leveraging of ICG’s global office network and local relationships.
- Access to market intelligence from ICG’s large international direct investment team.
- Incremental secondary and co-investment opportunities resulting from ICG’s greater scale.
- Access to ICG’s infrastructure and expertise in a number of areas including treasury, investor relations, financing and information technology.
- A reduction in headline management fees and no fees on ICG funds.

The appointment also preserves a high level of continuity:

- The Company has had a highly successful relationship with ICG for more than 25 years.
- The relationship with Graphite will continue through our current and future investments in Graphite’s funds.
- The Team’s core philosophy of applying a direct investment skillset to private equity fund investing will be maintained.

## **CHAIRMAN'S COMMENT**

Mark Fane commented: "Under Graphite's management, Graphite Enterprise has been the top performing investment company across all sectors over the last 25 years<sup>1</sup>. More recent performance has also been strong, with our share price outperforming the peer group over 1, 3, 5 and 10 years<sup>2</sup>. On behalf of shareholders, I would like to thank Graphite for their highly successful management of the Company since inception in 1981.

"The appointment of ICG as manager is an exciting new development for Graphite Enterprise which builds on our highly successful relationship with them for more than 25 years. ICG will add a new dimension to the business and bring a number of major benefits which should ensure that our excellent long term performance record is continued in the future.

"The appointment provides us with continuity of management through the transfer of the Graphite Enterprise Team to ICG. The new arrangements also give us the benefit of a privileged relationship with both ICG and Graphite as we will not be paying a management fee on commitments to or investments in funds managed by either party."

<sup>1</sup> Source: AIC. Data to 31 October 2015

<sup>2</sup> The peer group comprises: Aberdeen Private Equity, F&C Private Equity, HarbourVest Global Private Equity, JPMorgan Private Equity, Pantheon International Participations, Princess Private Equity, Private Equity Holding, Standard Life European Private Equity 3i, Better Capital 2009 and 2012, Candover Investments, Dunedin Enterprise, Electra Private Equity, HgCapital Trust, NB Private Equity Partners, SVG Capital.

## **BACKGROUND ON ICG**

ICG is a UK-headquartered specialist investment firm and asset manager with a strong focus on investments in private companies across the capital structure. It currently manages €20 billion of assets including its own balance sheet of £2.3 billion. ICG's 270 employees, which includes over 120 investment professionals, operate from 12 offices in 11 countries covering Europe, USA and Asia.

ICG has expertise in both private equity investment, through its credit, mezzanine and minority equity businesses, and investment trusts, through its real estate business, ICG-Longbow.

## **THE COMPANY'S RELATIONSHIP WITH ICG**

Graphite Enterprise and ICG have a strong and successful relationship dating back more than 25 years. The Company was a founding investor in ICG in 1989 and has subsequently invested in five ICG funds and nine ICG co-investments. The performance of these investments has made ICG the Company's most profitable third-party relationship.

At 31 October 2015, investments in ICG funds accounted for 4% of the portfolio and direct investments managed by ICG for a further 3%.

### **THE COMPANY'S RELATIONSHIP WITH GRAPHITE**

The Board and ICG intend to continue the strong and successful relationship with Graphite. As part of the revised fee arrangements discussed below, Graphite will continue to offer the Company a privileged allocation to future Graphite funds and ICG will not charge a fee on commitments to or investments in these funds.

At 31 October 2015, investments in Graphite funds accounted for 18% of the portfolio and direct investments managed by Graphite for a further 6%.

### **REVISED FEE ARRANGEMENTS**

Shareholders will benefit from revised fee arrangements, as set out below:

- The headline fee rate on the portfolio will be reduced from 1.5% to 1.4% per annum.
- No fee will be charged on investments in or commitments to either ICG or Graphite funds.

The effect of the revised arrangements, when applied to the 31 October 2015 balance sheet, would be to reduce the management fee by 12% on a pro forma annualised basis.

### **GRAPHITE COMMENT**

Rod Richards, Managing Partner, commented: "After more than 30 years as manager, we are pleased that the management of Graphite Enterprise and the Team, will be passing to a group as well placed as ICG to take the Company forward in its future development. We are extremely proud of our performance record, with Graphite Enterprise having generated a return of over 29 times the amounts subscribed since its inception in 1981. We wish ICG and the Team every success in the future."

### **ICG COMMENT**

Philip Keller, Managing Director and Chief Financial Officer, commented: "We are delighted that the Board has appointed us as manager of Graphite Enterprise. The acquisition of Graphite's private equity fund investment business is consistent with our strategy of expanding our product range through selective acquisitions and team hires. We have been looking for an entry point into what we believe to be an important sector of the private equity market for some time and Graphite Enterprise represents an excellent platform. We have known the Team for many years and are looking forward to working with them to ensure the continued strong performance of the Company."

## **FURTHER INFORMATION**

ICG's press release and further information is available at: [www.icgam.com](http://www.icgam.com).

### **Contacts:**

**Graphite Enterprise Trust PLC** **0207 825 5300**

Mark Fane (Chairman) / Emma Osborne

**Graphite Capital Management LLP** **0207 825 5300**

Rod Richards / Markus Golser

**J.P. Morgan Cazenove** **020 7742 4000**

William Simmonds