

11 June 2015

**GRAPHITE ENTERPRISE TRUST PLC**  
**INTERIM MANAGEMENT STATEMENT**  
**QUARTER ENDED 30 APRIL 2015**

Graphite Enterprise Trust PLC (“Graphite Enterprise” or “the Company”) presents its Interim Management Statement for the quarter ended 30 April 2015.

**Performance summary**<sup>1</sup>

In the three months to 30 April, the net asset value per share increased by 0.4% to 697.9p and the share price by 0.5% to 578.0p. Over the same period, the FTSE All-Share Index rose by 5.1%.

In a quarter when little new valuation information is usually received, the rise in the valuation of the portfolio in local currencies generated a 2.3% increase in the net asset value. This was partially offset by the impact of adverse currency movements which reduced the NAV by 1.5% and by other costs which reduced it by a further 0.4%.

Over the five years to 30 April, the NAV and share price have both outperformed the Index, rising by 57.3% and 92.1% respectively, while the Index has increased by 53.8%.

At the quarter end, the discount of the share price to the net asset value was 17.2%, which was almost unchanged from the level of 17.3% at 31 January.

1. All performance figures are on a total return basis, including the effect of re-invested dividends.

**Investment portfolio**

***Investment performance***

In the quarter to April, the value of the portfolio in local currencies increased by £11.9 million or by 2.8%. Graphite Capital’s sale of National Fostering Agency generated the largest gain, accounting for a 0.6% increase in value of the portfolio. As few of the managers of our fund portfolio revalue their investments at March, the great majority of the portfolio effectively remains at its reported December valuation.

The Company was 84% invested at the start of the year with the result that the 2.8% increase in the portfolio generated a 2.3% increase in the net asset value. As noted above, the adverse effect of currency movements and costs reduced the NAV by a total of 1.9%. The share buy-backs completed in the period had a small positive impact, bringing the net increase to 0.4%.

***Proceeds***

The portfolio generated £28.8 million of cash proceeds in the three months to 30 April. Nine full realisations were completed in the quarter at an average uplift to the manager’s previous carrying value of 33% and at an average total return of 1.9 times original cost.

The sale of National Fostering Agency has been the most significant disposal achieved this year. It generated £2.2 million of proceeds in the quarter and a further £9.7 million in early

May. Including these further proceeds, the total of £38.5 million received represents 8.9% of the opening portfolio which is broadly in line with the rate of realisations seen last year.

### **Additions**

A total of £18.4 million was invested in the quarter. £10.4 million or 57% of this was in two discretionary investments, both with the same manager. In February, we acquired a further position in BC Partners IX in the secondary market for £7.2 million and in the same month we made a £3.2 million co-investment alongside that fund in PetSmart, the leading retailer of pet products and services in North America.

Almost all of the balance was drawn down by funds. The total of £8.0 million was lower than the rate of drawdown experienced last year. This was primarily because Graphite Capital Partners VIII did not make any drawdowns in the period.

A total of ten new underlying investments were made in the quarter, the largest of which was PetSmart where the total invested (including the amount through the fund) was £4.7 million.

### **Cash**

The portfolio generated a net £4.3 million\* of cash in the three months to 30 April. After taking account of other net outflows, cash fell by £1.4 million to £88.7 million.

<b>Movement in liquid assets £m</b>	<b>3 months to 30 April 2015</b>
Additions*	(24.5)
Proceeds generated by the portfolio**	28.8
Net cash generated by the investment portfolio	4.3
Non-investment cash flows	(4.5)
Share buy-backs	(0.9)
Net cash outflow	(1.1)
Effect of changes in foreign exchange rates	(0.3)
Total movement	(1.4)
Opening cash and liquid assets	90.1
<b>Closing cash and liquid assets</b>	<b>88.7</b>

\*Including £6.1m of deferred consideration paid, which was accrued at the year end

\*\*Including income

At 10 June the cash balance had increased by £7.2 million to £95.9 million. The £9.7 million of further proceeds received from National Fostering Agency and other net cash inflows of £0.1 million were partially offset by share buy-backs of £2.6 million (see below). On a pro forma basis, cash falls to £84.7 million if the dividend of £11.2 million to be paid in June (see below) is deducted.

## **Balance sheet and commitments**

The Chairman's Statement in the recent annual report advised shareholders that "We may use share buy-backs as a means of reducing the cash balance." The portfolio has continued to generate net cash in the first four months of the financial year and markets for new investments have remained challenging. As a result the cash balance has remained high. The Company has therefore started to buy back its shares. The first purchases were made at the end of April with 150,000 shares being acquired by the quarter end for consideration of £0.9 million. A further 450,000 shares have been bought back since then for £2.6 million. The average price paid to date has been 572.6p and the average discount to the estimated daily NAV per share was more than 15%.

If the environment does not change, we are likely to continue buying back shares if the pricing is attractive.

The summary balance sheet and commitment position at 30 April 2015 is set out below. The Company was 83% invested at that date.

	<b>30 April 2015 £m</b>	<b>% of total assets</b>	<b>31 Jan 2015 £m</b>	<b>% of total assets</b>
Total portfolio	426.3	82.5%	431.9	83.6%
Cash and liquid assets	88.7	17.2%	90.1	17.4%
Other net current assets/(liabilities)	1.6	0.3%	(5.4)	(1.0)%
Total assets	516.6	100.0%	516.6	100.0%
Equity shareholders' funds	507.8		506.9	
Undrawn bank facility <sup>1</sup>	95.0		96.4	
Total liquidity <sup>2</sup>	183.7		186.5	
Outstanding commitments	227.8		234.0	
Overcommitment <sup>3</sup>	44.1		47.5	
Overcommitment as % of shareholders' funds	8.7%		9.4%	

1. £50.0 million and €61.7 million translated into sterling at period end

2. Cash and liquid assets plus undrawn borrowing facilities

3. Outstanding commitments less total liquidity

No new primary commitments were made in the period, although a commitment of £4.9 million was acquired with the secondary purchase of the interest in BC Partners IX discussed above and there were other increases of £1.5 million. As £8.0 million of commitments were drawn down and currency movements reduced commitments by £4.6 million, the level of outstanding commitments fell by £6.2 million to £227.8 million in the quarter. We expect to complete a number of new fund commitments in the coming months.

## **Dividend**

If approved by shareholders at the forthcoming AGM on 11 June, the Company will pay a final dividend of 10.0p per share and a special dividend of 5.5p per share on 18 June. The total distributed to shareholders will be £11.2 million.

The shares have been trading without rights to the dividends since 28 May. In isolation this reduced the net asset value per share by 15.5p.

## **Events since the quarter end**

Other than as discussed above, the Directors are not aware of any events or transactions which have taken place between 30 April 2015 and the date of publication of this statement which have had a material effect on the financial position of the company.

## **Not audited or reviewed**

This information has not been audited or reviewed by the Company's auditors.

For further information please contact:

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## **SUPPLEMENTARY INFORMATION**

### **THE 30 LARGEST FUND INVESTMENTS**

The table below summarises the 30 largest funds by value at 30 April 2015.

<b>Fund</b>	<b>Outstanding commitment £m</b>	<b>Year of commitment</b>	<b>Country/ region</b>	<b>Value £m</b>
<b>1 Graphite Capital Partners VIII *</b> Mid-market buy-outs	61.2	2013	UK	36.0
<b>2 Graphite Capital Partners VI **</b> Mid-market buy-outs	5.4	2003	UK	26.1
<b>3 Graphite Capital Partners VII * / **</b> Mid-market buy-outs	7.6	2007	UK	22.6
<b>4 CVC European Equity Partners V **</b> Large buy-outs	2.1	2008	Europe/USA	22.0
<b>5 Candover 2005 Fund **</b> Large buy-outs	0.1	2005	Europe	14.5
<b>6 Thomas H Lee Parallel Fund VI</b> Large buy-outs	1.7	2007	USA	14.5
<b>7 TDR Capital II</b> Mid-market and large buy-outs	0.7	2006	Europe	13.0
<b>8 BC European Capital IX **</b> Large buy-outs	6.4	2011	Europe	12.6
<b>9 Fourth Cinven Fund **</b> Large buy-outs	3.5	2006	Europe	12.1
<b>10 Doughty Hanson &amp; Co V **</b> Mid-market and large buy-outs	5.6	2006	Europe	11.9
<b>11 Activa Capital Fund II</b> Mid-market buy-outs	0.7	2007	France	11.5
<b>12 Bowmark Capital Partners IV</b> Mid-market buy-outs	-	2007	UK	11.2
<b>13 PAI Europe V **</b> Mid-market and large buy-outs	1.1	2007	Europe	10.7
<b>14 Deutsche Beteiligungs AG Fund V</b> Mid-market buy-outs	1.0	2006	Germany	9.6
<b>15 Fifth Cinven Fund</b> Large buy-outs	7.6	2012	Europe	7.3
<b>16 Landmark Acquisition Fund VIII **</b> Mezzanine	10.5	2014	Europe	6.7
<b>17 ICG Europe V</b> Mezzanine	0.5	2012	Europe	6.7
<b>18 Doughty Hanson &amp; Co IV</b> Mid-market and large buy-outs	0.3	2005	Europe	5.6

<b>19 Advent Central and Eastern Europe IV</b>				
Mid-market buy-outs	1.2	2008	Eastern Europe	4.7
<b>20 Charterhouse Capital Partners IX **</b>				
Large buy-outs	1.1	2008	Europe	4.4
<b>21 Deutsche Beteiligungs AG Fund VI</b>				
Mid-market buy-outs	3.1	2012	Germany	4.3
<b>22 Euromezzanine 5</b>				
Mezzanine	1.6	2006	France	3.8
<b>23 GCP Capital Partners Europe II **</b>				
Small buy-outs	1.1	2013	UK	3.5
<b>24 TowerBrook III **</b>				
Mid-market and large buy-outs	1.3	2007	USA/Europe	3.5
<b>25 Segulah IV</b>				
Mid-market buy-outs	1.3	2008	Nordic	3.4
<b>26 Trident Private Equity III</b>				
Small buy-outs	-	2009	UK	3.3
<b>27 IK VII</b>				
Mid-market buy-outs	3.9	2013	Europe	3.3
<b>28 CVC European Equity Partners IV **</b>				
Large buy-outs	1.3	2005	Europe	3.1
<b>29 Hollyport Secondary Opportunities IV</b>				
Secondaries	1.2	2013	Global	3.0
<b>30 Charterhouse Capital Partners VIII **</b>				
Large buy-outs	0.3	2006	Europe	2.9
<b>Total of 30 largest underlying funds</b>	<b>133.4</b>			<b>297.8</b>
<b>Percentage of total investment portfolio</b>				<b>69.9%</b>

\* Includes the associated Top Up Fund(s)

\*\* All or part of interest acquired through a secondary market purchase

## THE 30 LARGEST UNDERLYING INVESTMENTS

The table below presents the 30 companies in which Graphite Enterprise had the largest investments by value at 30 April 2015. These investments may be held directly or through funds, or in some cases in both ways. The valuations are gross and are shown as a percentage of the total investment portfolio.

	<b>Company</b>	<b>Manager</b>	<b>Year of investment</b>	<b>Country</b>	<b>Value as a % of investment portfolio</b>
<b>1</b>	<b>Micheldever</b> <sup>+</sup> Distributor and retailer of tyres	Graphite Capital	2006	UK	5.4%
<b>2</b>	<b>City &amp; County Healthcare Group</b> Provider of home care services	Graphite Capital	2013	UK	3.2%
<b>3</b>	<b>ICR Group</b> Provider of repair and maintenance services to the energy industry	Graphite Capital	2014	UK	3.1%
<b>4</b>	<b>Education Personnel</b> <sup>+</sup> Provider of temporary staff for the education sector	ICG	2014	UK	2.4%
<b>5</b>	<b>Human Capital Investment Group</b> Provider of recruitment services	Graphite Capital	2014	UK	2.0%
<b>6</b>	<b>Skillsoft</b> <sup>+</sup> Provider of off the shelf e-learning content	Charterhouse	2014	Ireland	2.0%
<b>7</b>	<b>Algeco Scotsman</b> Supplier and operator of modular buildings	TDR Capital	2007	USA	1.9%
<b>8</b>	<b>U-POL</b> Manufacturer and distributor of automotive refinish products	Graphite Capital	2010	UK	1.5%
<b>9</b>	<b>David Lloyd Leisure</b> <sup>+</sup> Operator of premium health and fitness clubs	TDR Capital	2013	UK	1.5%
<b>10</b>	<b>Standard Brands</b> <sup>+</sup> Manufacturer of fire lighting products	Graphite Capital	2001	UK	1.4%

<b>11</b>	<b>Spheros</b> <sup>+</sup>	Provider of bus climate control systems	Deutsche Beteiligungs	2011	Germany	1.4%
<b>12</b>	<b>CPA Global</b> <sup>+</sup>	Provider of patent and legal services	Cinven	2012	UK	1.3%
<b>13</b>	<b>TMF</b>	Provider of management and accounting outsourcing services	Doughty Hanson	2008	Netherlands	1.3%
<b>14</b>	<b>Intermediate Capital Group</b> <sup>+/ *</sup>	Provider of mezzanine finance	ICG	1989	UK	1.2%
<b>15</b>	<b>Parques Reunidos</b>	Operator of attraction parks	Arle	2007	Spain	1.2%
<b>16</b>	<b>The Laine Pub Company</b> <sup>+</sup>	Operator of pubs and bars	Graphite Capital	2014	UK	1.2%
<b>17</b>	<b>Frontier Medical</b> <sup>+</sup>	Manufacturer of medical devices	Kester Capital	2013	UK	1.2%
<b>18</b>	<b>PetSmart</b> <sup>+</sup>	Retailer of pet products and services	BC Partners	2015	USA	1.1%
<b>19</b>	<b>Co-investment</b> <sup>+/ **</sup>	Provider of business services	Large buy-out manager	2014	Europe	1.1%
<b>20</b>	<b>Eurofiber</b>	Provider of fibre optic network	Doughty Hanson	2012	Netherlands	1.0%
<b>21</b>	<b>SAFE</b>	Manufacturer of industrial components	Euromezzanine	2006	France	1.0%
<b>22</b>	<b>TMP</b>	Provider of recruitment services	Graphite Capital	2006	UK	1.0%
<b>23</b>	<b>R&amp;R Ice Cream</b> <sup>+</sup>	Manufacturer and distributor of ice cream products	PAI Partners	2013	UK	1.0%
<b>24</b>	<b>Stork</b>	Provider of technical engineering services	Arle	2008	Netherlands	1.0%



<b>25</b>	<b>Guardian Financial Services</b>				
	Provider of insured life and pension products	Cinven	2011	UK	1.0%
<b>26</b>	<b>Cognito</b> <sup>+</sup>				
	Supplier of communications equipment, software and services	Graphite Capital	2002	UK	0.9%
<b>27</b>	<b>VWR International</b> <sup>+</sup> / <sub>*</sub>				
	Distributor of laboratory supplies	Madison Dearborn	2007	USA	0.8%
<b>28</b>	<b>Comdata</b> <sup>+</sup> / <sub>*</sub>				
	Provider of fleet payment cards to trucking industry	Thomas H Lee Partners	2007	USA	0.8%
<b>29</b>	<b>Gerflor</b>				
	Manufacturer of PVC flooring	ICG	2011	France	0.7%
<b>30</b>	<b>Groucho Club</b>				
	Operator of members' club	Graphite Capital	2006	UK	0.7%
<b>Total of the 30 largest underlying investments</b>					<b>45.3%</b>

<sup>+</sup> All or part of this investment is held directly as a co-investment or other direct investment.

<sub>\*</sub> Quoted

<sub>\*\*</sub> We are not permitted to disclose the details of this co-investment under the terms of a confidentiality agreement.

## PORTFOLIO ANALYSIS

The following five tables analyse the companies in which Graphite Enterprise had investments at 30 April 2015.

### Portfolio - Investment type

	<b>% of value of underlying companies</b>
Large buy-outs	47.3%
Mid-market buy-outs	37.9%
Mezzanine	8.3%
Small buy-outs	4.5%
Quoted	2.0%
Total	100.0%

### Portfolio - Geographic distribution\*

	<b>% of value of underlying companies</b>
UK	47.8%
North America	14.6%
Germany	9.7%
France	9.2%
Benelux	5.9%
Scandinavia	4.7%
Spain	2.9%
Other Europe	2.5%
Italy	2.3%
Rest of world	0.4%
Total	100.0%
NB: Total Continental Europe	37.2%

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

**Portfolio - Year of investment**

	<b>Valuation as multiple of cost</b>	<b>% of value of underlying companies</b>
2015	1.0x	2.6%
2014	1.1x	20.5%
2013	1.3x	15.2%
2012	1.5x	10.0%
2011	1.6x	9.8%
2010	1.5x	7.1%
2009	2.7x	2.3%
2008	1.1x	7.4%
2007	1.7x	9.1%
2006	1.6x	11.6%
2005 and before	1.7x	4.4%
Total	1.4x	100.0%

**Portfolio - Sector analysis**

	<b>% of value of underlying companies</b>
Business services	21.5%
Industrials	17.9%
Healthcare and education	14.8%
Consumer goods and services	12.7%
Leisure	8.7%
Automotive supplies	8.1%
Financials	8.0%
Technology and telecommunications	4.2%
Media	2.4%
Chemicals	1.7%
Total	100.0%

## Quoted equity holdings at 30 April 2015

All quoted holdings, other than Intermediate Capital Group, are held indirectly through third party funds and may have restrictions on their sale. The timing of any disposal of these interests is determined by the managers of those funds.

Company	Ticker	£m	% of value of Investment portfolio
Intermediate Capital Group	ICP	5.3	1.2%
VWR International	VWR	3.5	0.8%
FleetCor	FLT	3.3	0.8%
Saga	SAGA	3.0	0.7%
Elior	ELIOR	2.8	0.7%
Spire	SPI	2.5	0.6%
Party City	PRTY	2.5	0.6%
Evonik	EVK	2.1	0.5%
Avolon Aerospace	AVOL	1.8	0.4%
Abertis	ABE	1.7	0.4%
Partnership	PA	1.7	0.4%
Sunrise Communications	SRCG	1.7	0.4%
ComHem	COMH	1.5	0.4%
West Corporation	WSTC	1.4	0.3%
Tumi	TUMI	1.3	0.3%
Aramark Corporation	ARMK	1.0	0.2%
Cerved	CERV	1.0	0.2%
Others		3.1	0.7%
<b>Total</b>		<b>41.2</b>	<b>9.6%</b>

The following table analyses the closing portfolio by value.

## Graphite and third party investments at 30 April 2015

Portfolio	Third party £m	Graphite Capital £m	Total £m	% of investment portfolio
Primary investments in funds	191.0	71.0	262.0	61.4%
Secondary investments in funds	61.4	14.0	75.4	17.7%
Direct and co-investments	64.5	24.4	88.9	20.9%
<b>Total portfolio</b>	<b>316.9</b>	<b>109.4</b>	<b>426.3</b>	<b>100.0%</b>
<i>Third party fund investments – primary</i>				44.8%
<i>Discretionary investments – Graphite investments</i>				25.7%
– <i>Third party fund investments - secondary</i>				14.4%
– <i>Third party co-investments</i>				15.1%
– <i>Total discretionary investments</i>				55.2%

## INVESTMENT ACTIVITY

The following two tables analyse the investment activity of Graphite Enterprise in the three months to 30 April 2015.

### Largest new underlying investments

Investment	Description	Country	Cost £ million
PetSmart	Retailer of pet products and services	North America	4.7
Cleanpart	Provider of services to semi-conductor industries	Germany	0.7
Loparex	Manufacturer of silicon release liners	Netherlands	0.7
Hurtigruten	Operator of passenger shipping	Norway	0.7
Mirion	Manufacturer of radiation detection products	North America	0.6
Total of 5 largest new underlying investments			7.4

### Largest underlying realisations

Investment	Manager	Realisation type	Proceeds £ million
National Fostering Agency*	Graphite Capital	Secondary	2.2
Atos	PAI	Public share sale	1.6
Gondola Group	Cinven	Secondary	1.3
Weetabix	Lion Capital	Trade	1.3
Sunrise Communications	CVC	IPO in year	1.2
Total of 5 largest underlying realisations			7.6

\* Proceeds from disposal of co-investment only. A further £9.7m of proceeds from Graphite Capital Partners VII was received in May 2015.

## COMMITMENTS ANALYSIS

The following four tables analyse Graphite Enterprise's commitments at 30 April 2015.

### Commitments

	Original commitment <sup>1</sup> £ million	Outstanding commitment £ million	Average drawdown percentage	% of commitments
Funds in investment period	278.8	175.2	37.2%	76.9%
Funds post investment period	519.5	52.6	89.9%	23.1%
Total	798.3	227.8	71.5%	100.0%

<sup>1</sup> Original commitments are translated at 30 April 2015 exchange rates

<b>Commitments - remaining investment period</b>	<b>% of commitments</b>
4-5 years	13.3%
3-4 years	22.1%
2-3 years	8.4%
1-2 years	32.6%
<1 year	0.5%
Investment period complete	23.1%
<b>Total</b>	<b>100.0%</b>

<b>Movement in commitments in the three months to 30 April 2015</b>	<b>£million</b>
Opening	234.0
Drawdowns	(8.0)
New commitment through secondary purchase of BC European Capital IX	4.9
Currency	(4.6)
Other	1.5
<b>Closing</b>	<b>227.8</b>

## **CURRENCY EXPOSURE**

	<b>30 April 2015 £ million</b>	<b>30 April 2015 %</b>
<b>Portfolio*</b>		
- sterling	225.9	53.0
- euro	111.4	26.1
- other	89.0	20.9
<b>Total</b>	<b>426.3</b>	<b>100.0</b>

\* Currency exposure is calculated by reference to the location of the underlying portfolio companies' headquarters.

	<b>30 April 2015 £ million</b>	<b>30 April 2015 %</b>
<b>Outstanding commitments</b>		
- sterling	90.6	39.8
- euro	130.0	57.0
- other	7.2	3.2
<b>Total</b>	<b>227.8</b>	<b>100.0</b>

## **NOTES**

### **Graphite Enterprise Trust PLC**

Graphite Enterprise Trust PLC (“Graphite Enterprise” or “the Company”) aims to provide shareholders with long term capital growth through investment in unquoted companies. To achieve this, the Company invests in private equity funds and also directly in private companies.

The Company has been listed on the London Stock Exchange since 1981 and has invested exclusively in private equity and has had the same manager throughout its life.

Graphite Enterprise provides access to a diverse portfolio of buy-outs of mature, profitable companies in established European private equity markets. The Company invests in UK-based mid-market companies through funds managed directly by Graphite Capital. Typically these will make up 20-25% of the portfolio. Investments in other UK companies and in overseas markets are made through funds managed by third parties. The Company does not invest in start ups or early stage businesses. Direct investments in companies may be made alongside both Graphite Capital and third party funds.

Shareholders of Graphite Enterprise gain exposure to a diverse portfolio of buy-outs of mature, profitable companies in established European private equity markets, with over 350 underlying companies. Graphite Capital directly manages many of the largest companies in the portfolio.

Since inception, the Company has generated a return of over 28 times the amount subscribed.

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

### **Graphite Capital**

Graphite Capital is one of the UK’s leading mid-market private equity firms with over £1.4 billion of funds under management. It has raised and managed funds for 34 years. The senior management team has worked together for 18 years.

Graphite Capital manages both direct investments in portfolio companies and private equity fund investments.

Direct investments are predominantly made through institutional funds with a global investor base. The focus of direct investments is on UK mid-market buy-outs of companies valued at between £25 million and £200 million across a range of industry sectors.

Fund investments are made exclusively by Graphite Enterprise. Fund investments focus principally on European buy-out funds. The investment strategy is to back private equity managers with strong track records operating in mature markets, with the aim of building long term relationships.

As Graphite Capital has a long experience both of managing its own funds and of investing in third party funds, it has an unusually broad perspective when assessing fund and co-investment opportunities. Graphite Enterprise benefits from both the expertise of a dedicated fund investment team as well as the insights of Graphite Capital’s direct investment team.

[www.graphitecapital.com](http://www.graphitecapital.com)