

Newsletter

May 2013

Year to 31 January 2013

In March, Graphite Enterprise released its results for the year to 31 January 2013, which showed that the Company's net asset value grew by over 10% and the share price increased by 36%. The portfolio continued to perform well in a difficult economic environment, with the largest 30 companies growing profits¹ by 13% in 2012 compared with just 2% for the FTSE250. This strong performance demonstrates that the Company is able to make good progress even when the economic environment is weak.

Over both the short and long term, the Company's net asset value has been one of the top performers, not only within the fund of funds sector but also within the wider listed private equity sector.

The annual report is available to download at www.graphite-enterprise.com

Recent activity

We have made an active start to the new financial year, completing commitments to funds managed by Towerbrook, Cinven and IK Investment Partners and the secondary purchase of a position in a mature fund managed by GCP Capital Partners Europe. Later this year, we expect to make a substantial commitment to the next fund raised by Graphite Capital.

We continue to see attractive opportunities to invest in new funds and to acquire interests in existing funds. Our strong balance sheet, with over £50 million of cash and an undrawn bank facility of £100 million, means we are very well placed to take advantage of these opportunities. We expect commitments to rise significantly this year.

¹ Earnings before interest, tax, depreciation and amortisation ("EBITDA")

Financial summary – Year to 31 January 2013

+36.4%

Share price

+14.3%

Underlying value of the investment portfolio

+10.9%

Net asset value per share

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

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631.5p

Net asset value per share at 31.01.13

492.0p

Share price at 30.04.13

£359m

Market capitalisation at 30.04.13

About Graphite Enterprise

Graphite Enterprise ("the Company") aims to provide shareholders with long term capital growth through investment in unquoted companies.

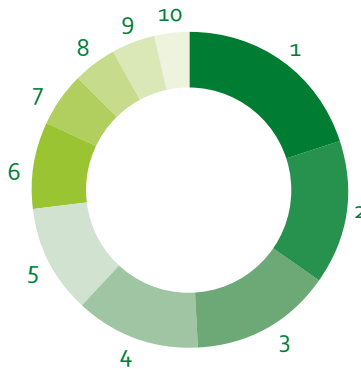
To achieve this, the Company invests in private equity funds and also directly in private equity backed companies.

The Company is managed by Graphite Capital. As a fund of funds manager which also has a long history as a direct buy-out manager, Graphite Capital has an unusually broad perspective from which to assess opportunities to invest in other managers' funds and to make selective co-investments alongside those funds.

Typically 20-25% of the portfolio is in investments managed by Graphite Capital. Investments in other UK companies and in overseas markets are made through funds managed by third parties.

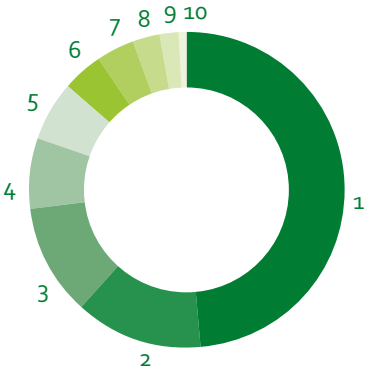
The Board has a conservative approach to portfolio and balance sheet management.

Portfolio — Sector analysis 31.01.13



1. Business services	20.0%
2. Healthcare and education	14.9%
3. Industrials	14.5%
4. Consumer goods and services	12.6%
5. Leisure	11.3%
6. Financial services	8.8%
7. Automotive supplies	5.6%
8. Media	4.4%
9. Technology and telecommunications	4.3%
10. Chemicals	3.6%

Portfolio — Geographical distribution 31.01.13



1. UK	48.7%
2. France	13.2%
3. North America	11.2%
4. Germany	7.2%
5. Benelux	6.1%
6. Spain	4.4%
7. Italy, Ireland, Portugal and Greece	3.9%
8. Scandinavia	2.6%
9. Other Europe	1.9%
10. Rest of world	0.8%

The portfolio at 31.01.13



Case study: Weetabix

In November 2012, a majority holding in Weetabix was sold to a trade buyer, generating proceeds of £2.6m for Graphite Enterprise

Hicks Muse Tate & Furst Europe Fund I ("HMTF") acquired Weetabix in 2004. Graphite Enterprise made a direct co-investment in Weetabix alongside its interest through HMTF. Weetabix is a leading provider of cereal based foods in the UK and globally, exporting to over 80 countries. The total proceeds received to date, together with a residual holding in the investment, represent a multiple of cost of 4.2x to the Company.



Top ten underlying holdings at 31.01.13

	Company	Country	Manager	% of portfolio	
1	Micheldever	Distributor and retailer of tyres	UK	Graphite	3.6%
2	Algeco Scotsman	Supplier and operator of modular buildings	USA	TDR	3.0%
3	Alexander Mann Solutions	Provider of recruitment process outsourcing	UK	Graphite	2.6%
4	Park Holidays UK	Operator of caravan parks	UK	Graphite	2.3%
5	National Fostering Agency	Provider of foster care services	UK	Graphite	2.2%
6	Education Personnel	Provider of temporary staff to the education sector	UK	Graphite	1.7%
7	Stork	Provider of technical engineering services	Netherlands	Candover	1.6%
8	U-POL	Manufacturer of automotive refinishing products	UK	Graphite	1.6%
9	HellermanTyton	Manufacturer of cable management products	UK	Doughty Hanson	1.5%
10	Avio	Manufacturer of aerospace engine components	Italy	Cinven	1.4%
					21.5%

Key figures at 31.01.13

	£m
Net asset value	471.5
Portfolio value	415.2
Net cash	55.2
Undrawn bank facility*	99.7
Total liquidity*	154.9
Outstanding commitments	126.5

**At 31 January 2013
Graphite Capital
directly managed
23% of the portfolio
and six of the top ten
investments**

* Adjusted for increase in bank facility agreed post year end.

Important information

This Newsletter has been compiled using information set out in the Company's audited report and accounts for the year ended 31 January 2013. 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 2013. 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. This Newsletter has not been audited or reviewed by the Company's auditors.