

6 December 2012

GRAPHITE ENTERPRISE TRUST PLC

INTERIM MANAGEMENT STATEMENT QUARTER ENDED 31 OCTOBER 2012

Graphite Enterprise Trust PLC ('Graphite Enterprise' or 'the Company') presents its Interim Management Statement for the quarter ended 31 October 2012.

Performance summary

	As at 31.10.12	3 months to 31.10.12	9 months to 31.10.12
Net asset value (NAV) per share	592.8p	+2.7%	+4.1%
Share price	418.5p	+8.7%	+17.2%
FTSE All-Share Index	3,024	+3.3%	+3.1%
Movement in NAV per share:			
Portfolio growth		+2.2%	+8.9%
Effect of currency movements		+1.2%	-2.0%
Dividend		-	-0.9%
Expenses and other		-0.7%	-1.9%
		+2.7%	+4.1%

Unaudited net asset value

Three months

In the three months to 31 October 2012 the net asset value per share rose by 2.7% from 577.4p to 592.8p.

The value of the investment portfolio increased in local currency terms by 2.4% in the quarter. As the portfolio represented approximately 90% of total assets, the valuation uplift generated an increase in the NAV of 2.2% in the quarter.

As more than half the Company's net assets are in euro-denominated investments, the strengthening of the euro against sterling in the quarter added 1.2% to the net asset value.

Nine months

In the first nine months of the Company's financial year, the net asset value per share increased by 4.1%.

The value of the investment portfolio increased in local currency terms by 9.8% over the period, demonstrating the continued strong performance of underlying companies in a tough economic environment. This generated an increase in the NAV of 8.9% over nine months.

The euro has weakened against sterling since the start of the financial year and this reduced the NAV by 2.0% in the nine month period.

Share price and discount

The share price rose by 8.7% to 418.5p in the quarter which meant the discount to the net asset value per share at 31 October 2012 was 29.4%. This represents a significant narrowing from the level of 37.3% at the start of the financial year.

The rise in the share price in the quarter, when combined with the increase of 7.8% in the first half of the financial year brings the rise over nine months to 17.2%. This is substantially higher than the 3.1% increase in the Company's benchmark, the FTSE All-Share Index, in the same period.

Investment portfolio

Investment performance

As discussed above, the underlying value of the portfolio in local currencies increased by 9.8% or by £37.1 million in the first nine months of the financial year. This continues the trend of the previous year in which the underlying growth was 12.0%.

More than two thirds of the increase in the quarter was driven by valuation uplifts achieved on full and partial realisations. Four full exits were completed in the period, details of which are set out below:

Company	Manager	Year of investment	Exit type
NES Group	Graphite	2006	Buy-out
Norit	Doughty Hanson	2007	Trade
Elster	CVC	2005	Trade
Wood Mackenzie	Charterhouse	2009	Buy-out

The largest disposal was Graphite Capital's successful realisation of NES Group, the Company's second largest investment as at 31 July. This added 0.8% to the net asset value and generated £12.4 million of proceeds.

The full exits in the quarter generated an average multiple of 4.2 times cost and an average uplift of 34.8% over the previous carrying value. For the nine full exits achieved in the first three quarters, these figures are 3.5 times cost and a 49.8% uplift. We have been pleased to see that, although the number of exits continues to be relatively low, managers are continuing to achieve disposals at attractive prices.

The investment portfolio at 31 October has been valued using the latest available managers' reports. September valuations covering 52% of the portfolio had been received by the cut-off date of 23 November and June valuations were used for the remainder.

Proceeds

Proceeds generated by the portfolio in the quarter totalled £21.0 million which is the highest quarterly total this year. Further proceeds totalling £10.3 million have already been received since the quarter end from a small number of full and partial exits. As a result, proceeds in the second half to date of £31.3 million have already exceeded those for the first half, which totalled £29.8 million.

Additions

New investment activity has been relatively subdued by comparison. Additions to the portfolio totalled £8.7 million in the quarter. As a result the portfolio generated net proceeds of £12.3 million in the three months to October.

Seven new underlying investments were completed in the quarter, of which the largest was Graphite Capital's investment in Explore Learning. The Company's share of this was £1.7 million.

Funds have drawn down £7.4 million since the quarter end. No secondary purchases of fund interests have been completed in the current financial year, although a number of opportunities are under review.

Cash and liquid assets

In the three months to 31 October 2012, cash and liquid assets increased by £10.6 million. However, as the inflows in the third quarter offset the outflows of the first half, the cash and liquid asset balance has remained virtually unchanged in the first nine months of the year.

Movement in liquid assets £m	3 months to 31 Oct 2012	9 months to 31 Oct 2012
Additions	(8.7)	(39.0)
Proceeds generated by the portfolio* #	21.5	50.8
Net cash flow from the investment portfolio	12.8	11.8
Non-investment cash flows**	(2.3)	(10.9)
Net cash inflow	10.5	0.9
Effect of changes in foreign exchange rates	0.1	(0.1)
Total movement	10.6	0.8
Opening cash and liquid assets	34.3	44.1
Closing cash and liquid assets	44.9	44.9

* Including income

3 months includes £0.5m of proceeds which were accrued at 31 July 2012 and received in August 2012

** Including the dividend of £3.9 million paid in June 2012

Balance sheet and commitments

The summary balance sheet and the commitment position as at 31 October 2012 are set out below:

	31 Oct 2012 £m	% of total assets	31 July 2012 £m	31 Jan 2012 £m
Total portfolio	394.6	89.4%	392.6	377.7
Cash and liquid assets	44.9	10.2%	34.3	44.1
Other net current assets	2.0	0.4%	2.3	1.8
Total assets	441.5	100.0%	429.2	423.6
Equity shareholders' funds	432.2		421.0	415.2
Undrawn bank facility	57.7		57.1	58.6
Total liquidity ¹	102.6		91.4	102.8
Outstanding commitments	123.4		121.2	142.8
Overcommitment ²	20.8		29.8	40.0
Overcommitment as % of total assets	4.8%		7.1%	9.6%

1. Total liquidity is cash and liquid assets plus undrawn borrowing facilities.

2. Overcommitment is outstanding commitments less total liquidity.

Outstanding commitments rose by £2.2 million to £123.4 million during the three month period, with new commitments of £8.0 million offsetting drawdowns of £7.8 million.

Currency movements accounted for most of the remaining increase. One new commitment was made in the quarter, of €10 million to ICG Europe Fund V. Since the period end, a new commitment of €4 million has been made to Advent International GPE VII and one further commitment is expected to be made in December. These will bring to six the number of commitments made in the last 12 months, of which three have been to existing managers and three to new managers.

We continue to review a large number of opportunities and expect commitments to rise further in the near term.

Recent events

The Directors are not aware of any events or transactions, other than as noted above, which have taken place between 31 October 2012 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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THE 30 LARGEST UNDERLYING COMPANIES

The table below summarises the 30 largest underlying companies by value in the Company's portfolio of funds and direct investments, as at 31 October 2012. The valuations are gross and are shown as a percentage of the total investment portfolio.

	Entity	Manager	Year of investment	Country	Value as % of portfolio
1	Micheldever Distributor and retailer of tyres	Graphite Capital	2006	UK	3.6%
2	Algeco Scotsman* Supplier and operator of modular buildings	TDR Capital	2007	USA	3.3%
3	Park Holidays UK Operator of caravan parks	Graphite Capital	2006	UK	2.3%
4	National Fostering Agency Provider of foster care agency services	Graphite Capital	2012	UK	2.2%
5	U-POL Manufacturer and distributor of automotive refinishing products	Graphite Capital	2010	UK	1.7%
6	Coperion # Manufacturer of materials handling equipment	Deutsche Beteiligungs	2007	Germany	1.6%
7	Stork Provider of technical engineering services	Candover	2008	Netherlands	1.6%
8	Alexander Mann Solutions Provider of recruitment process outsourcing	Graphite Capital	2007	UK	1.5%
9	London Square Developer of residential housing	Graphite Capital	2010	UK	1.4%
10	Tumi# Manufacturer and retailer of luggage and accessories	Doughty Hanson	2004	USA	1.4%
11	Hellermann Tyton Manufacturer of cable management products	Doughty Hanson	2006	UK	1.4%
12	Parques Reunidos Operator of attraction parks	Candover	2007	Spain	1.3%
13	Ziggo# Operator of cable TV networks	Cinven	2006	Netherlands	1.3%

14	Evonik Industries	Provider of specialty chemicals	CVC	2008	Germany	1.3%
15	Preh	Manufacturer of automotive control system devices	Deutsche Beteiligungs	2003	Germany	1.3%
16	Weetabix[#]	Manufacturer of breakfast cereals	Lion Capital	2004	UK	1.3%
17	Spire Healthcare	Provider of healthcare	Cinven	2007	UK	1.3%
18	Education Personnel	Provider of temporary staff for the education sector	Graphite Capital	2010	UK	1.2%
19	CPA Global	Provider of patent and legal services	Cinven	2012	UK	1.2%
20	CEVA	Manufacturer and distributor of animal health products	Euromezzanine	2007	France	1.2%
21	Avio	Manufacturer of aerospace engine components	Cinven	2007	Italy	1.2%
22	Stonegate Pub Company	Operator of pubs	TDR Capital	2010	UK	1.1%
23	Dominion Gases	Supplier of specialist gases to the oil and gas industries	Graphite Capital	2007	UK	1.1%
24	Vue Entertainment	Operator of cinemas	Doughty Hanson	2010	UK	1.1%
25	Ceridian	Provider of payment processing services	Thomas H Lee Partners	2007	USA	1.0%
26	Spheros	Provider of bus climate control systems	Deutsche Beteiligungs	2011	Germany	1.0%
27	TMF	Provider of management and accounting outsourcing services	Doughty Hanson	2008	Netherlands	0.9%

28	Acromas				
	Provider of financial, motoring, travel and healthcare services	CVC / Charterhouse	2007	UK	0.9%
29	Willowbrook Healthcare				
	Operator of care homes for the elderly	Graphite Capital	2008	UK	0.8%
30	InnBrighton				
	Operator of pubs	Graphite Capital	2001	UK	0.8%
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Total of the 30 largest underlying investments					43.3%
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* *Algeco Scotsman acquired Ausco Modular, an existing TDR Capital portfolio company, in the quarter.*

Sold or partially sold after the period end.

The 30 Largest Fund Investments

The largest funds by value at 31 October 2012 are set out below:

	Fund	Outstanding commitment	Fund vintage	Country/ region	Value £m
1	Graphite Capital Partners VII* Mid-market buy-outs	15.9	2007	UK	36.4
2	Fourth Cinven Fund Large buy-outs	3.5	2006	Europe	31.9
3	Graphite Capital Partners VI Mid-market buy-outs	5.1	2003	UK	25.2
4	ICG European Fund 2006 Mezzanine loans to buy-outs	2.4	2007	Europe	22.6
5	Euromezzanine 5 Mezzanine loans to mid-market buy-outs	1.7	2006	France	18.8
6	Candover 2005 Fund Large buy-outs	0.9	2005	Europe	17.5
7	Thomas H Lee Fund VI Large buy-outs	6.3	2007	USA	16.5
8	CVC European Equity Partners V Large buy-outs	7.5	2008	Global	15.1
9	Doughty Hanson & Co IV Mid-market and large buy-outs	1.0	2005	Europe	14.9
10	TDR Capital II Mid-market and large buy-outs	5.1	2006	Europe	14.7
11	Apax Europe VII Large buy-outs	0.7	2007	Global	13.9
12	Doughty Hanson & Co V Mid-market and large buy-outs	4.2	2006	Europe	13.0
13	Deutsche Beteiligungs AG Fund V Mid-market buy-outs	3.3	2006	Germany	11.5
14	Activa Capital Fund II Mid-market buy-outs	5.0	2007	France	9.7
15	CVC European Equity Partners Tandem Large buy-outs	1.2	2006	Global	7.0
16	Charterhouse Capital Partners VIII Large buy-outs	1.2	2006	Europe	6.7
17	Bowmark Capital Partners IV Mid-market buy-outs	4.4	2007	UK	5.9
18	CVC European Equity Partners IV Large buy-outs	1.5	2008	Global	5.5
19	Advent CEE IV Mid-market buy-outs	2.9	2008	Europe	4.3
20	PAI Europe V Large buy-outs	1.8	2007	Europe	4.3
21	Deutsche Beteiligungs AG Fund IV Mid-market buy-outs	-	2002	Germany	3.9

22	Charterhouse Capital Partners VII Large buy-outs	1.5	2002	Europe	3.8
23	Apax Europe VII Sidecar 2 Large buy-outs	0.9	2007	Global	3.7
24	CSP Secondary Opportunities Fund II Secondary fund interests	-	2008	Global	3.5
25	Vision Capital Partners VII Secondary portfolios	0.8	2008	Europe	3.2
26	Piper Private Equity Fund IV Small buy-outs	1.2	2006	UK	2.9
27	Vision Capital Partners VI Secondary portfolios	0.4	2006	Europe	2.9
28	Corpfin Capital Fund II Mid-market buy-outs	-	2000	Spain	2.7
29	Steadfast Capital Fund II Mid-market buy-outs	0.3	2007	Germany	2.4
30	Segulah IV Mid-market buy-outs	1.7	2007	Sweden	2.2
Total of the largest 30 fund investments		82.4			326.6
Percentage of total investment portfolio					82.8%

** Includes Graphite Capital Partners VII Top Up Fund and Top Up Fund Plus*

Portfolio analyses at 31 October 2012

Portfolio - Investment type

	% of total portfolio
Large buy-outs	47.7%
Small and mid-market buy-outs	41.3%
Mezzanine	9.9%
Quoted	0.8%
Infrastructure	0.3%
Total	100.0%

Portfolio - Geographic distribution*

	% of total portfolio
UK	47.3%
France	12.3%
North America	11.0%
Germany	9.6%
Benelux	6.9%
Spain	4.4%
Italy, Ireland, Portugal, Greece	3.5%
Scandinavia	2.6%
Other Europe	1.6%
Rest of world	0.8%
Total	100.0%

NB: total continental Europe *40.9%*

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

Portfolio - Year of investment

	Multiple of cost	Primary portfolio	Secondary portfolio	Total portfolio
2012	1.0x	8.0%	0.3%	8.3%
2011	1.2x	9.7%	0.2%	9.9%
2010	1.2x	15.4%	0.6%	16.0%
2009	1.8x	1.9%	0.2%	2.1%
2008	1.1x	10.1%	1.5%	11.6%
2007	1.5x	22.4%	4.2%	26.6%
2006	1.3x	12.0%	2.3%	14.3%
2005	0.9x	0.8%	0.4%	1.2%
2004	2.7x	5.1%	0.1%	5.2%
2003 and before	1.0x	4.5%	0.3%	4.8%
Total	1.3x	89.9%	10.1%	100.0%

Portfolio - Sector analysis

	% of total portfolio
Business services	19.5%
Industrials	15.3%
Consumer goods and services	13.6%
Healthcare and education	13.2%
Leisure	11.5%
Financials	7.7%
Automotive supplies	7.0%
Media	4.8%
Technology and telecommunications	4.1%
Basic materials	3.3%
Total	100.0%

Movement in the portfolio

Quarter to 31 October 2012 £ million	Opening value	Additions	Disposals	Underlying gains and losses	Currency movement	Closing value
Investment portfolio	392.6	8.7	(21.0)	9.4	4.9	394.6

Portfolio – Graphite and third party investments

31 October 2012 £ million	Third party investments	Graphite investments	Total
Fund investments	279.2	62.8	342.0
Direct investments	30.4	22.2	52.6
Total portfolio	309.6	85.0	394.6
<i>Graphite investments</i>			<i>21.5%</i>
<i>Third party fund investments</i>			<i>70.8%</i>
<i>Third party co-investments</i>			<i>7.7%</i>

Commitments analysis

Commitments at 31 October 2012	Original commitment¹ £m	Outstanding commitment £m	Average drawdown percentage	% of commitments
Funds in investment period	251.9	95.4	62.1%	77.3%
Funds post investment period	374.6	28.0	92.5%	22.7%
Total	626.5	123.4	80.3%	100.0%

¹ *Original commitments are at 31 October 2012 exchange rates*

Commitments at 31 October 2012 - remaining investment period	% of commitments
Investment period not started	5.9%
> 5 years	6.5%
4-5 years	11.6%
3-4 years	5.7%
2-3 years	1.4%
1-2 years	15.4%
<1 year	30.8%
Investment period complete	22.7%
Total	100.0%

Notes

Graphite Enterprise Trust PLC

Graphite Enterprise is a London listed investment trust, managed by Graphite Capital. It 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.

Graphite Enterprise primarily invests in buy-outs of mature companies in established European private equity markets. Investments in UK-based mid-market companies are made through funds managed by Graphite Capital, which will typically represent 20-25% of the portfolio. Investments in other sectors of the UK market and in overseas markets are made through third party funds selected by Graphite Capital. Shareholders gain exposure to a diversified portfolio in which Graphite Capital directly manages many of the largest investments.

The Company has been listed on the London Stock Exchange for 31 years and has invested exclusively in private equity and been managed by Graphite Capital throughout its life. In that time, the Company has generated a return of almost 25 times the amount subscribed. The net asset value per share has outperformed the FTSE All-Share Index in 16 out of the last 20 financial years.

www.graphite-enterprise.com

Graphite Capital

Graphite Capital is one of the UK's leading mid-market private equity firms with over £1.2 billion of funds under management and a 31-year history. Graphite Capital manages both direct investments in portfolio companies and private equity fund investments. Direct investments account for more than two-thirds of funds under management while third party private equity funds and co-investments account for the remainder.

Graphite Capital's direct investments focus on buy-outs of companies valued at between £25 million and £200 million in the UK. These investments are made through limited life funds which have a global institutional investor base. The team has invested in over 100 portfolio companies since 1991 of which two thirds have been realised generating an annualised rate of return of over 35%.

Graphite Capital's fund investments and co-investments are made exclusively through Graphite Enterprise Trust PLC. The focus is on established managers with strong track records operating in mature markets, with the aim of building long term relationships. Since 1989 the team has invested in more than 60 funds and almost 30 co-investments. The net return on realised funds and co-investments is twice the amount invested.

Graphite Capital operates from a single office in London with separate teams focusing on direct and fund investments. As it has a long experience both of managing its own funds and investing in third party funds and co-investments, Graphite Capital has an unusually broad perspective when assessing new investment opportunities.

www.graphitecapital.com