



GRAPHITE ENTERPRISE

Results for 13 months to 31 January 2011

Presentation to Analysts

4 April 2011



1. Introduction
2. Results for the 13 month period to 31 January 2011
3. Balance sheet and liquidity
4. Investment activity
5. The portfolio at 31 January 2011
6. Share price and discount
7. Outlook and conclusions

Appendices



1. Introduction

The objective of Graphite Enterprise is to provide shareholders with long term capital growth through investment in unquoted companies, mostly through specialist funds but also directly.



Hybrid fund of funds and direct investor

- 75-80% third party, 20-25% Graphite investments
- Graphite directly controls many of the largest portfolio companies

Focus on European buy-outs

- Established managers in mature markets
- No venture capital

Experienced and focused team

- 25 year history of private equity investment
- Separate team dedicated to Graphite Enterprise



Graphite Enterprise Trust is an attractive long term investment opportunity

- Exposure to the best European buy-out managers
- More concentrated than most funds of funds, more diversified than most direct funds
 - Top 30 investments account for 44.8% of the underlying portfolio, 15-20 key managers
 - Not a private equity index tracker
- Unique perspective from direct and funds investing
 - Funds team benefits from insight and market knowledge gained from direct investing
- Rigorous and active approach to fund investment
- Fund of funds team exclusively focused on Graphite Enterprise
 - Able to invest in smaller opportunities and to meet tight deadlines
- Conservative approach to manager selection and balance sheet management

Graphite Capital is a highly experienced private equity investor

- Graphite is a leading UK mid-market private equity firm with £1.3 billion under management
 - Graphite Enterprise is the only fund of funds managed by Graphite Capital
 - It accounts for over 25% of funds under management
 - Direct buy-out funds account for the remainder
- It is independently owned and is based in one office in London
 - The team consists of 19 investment executives and 19 support staff
 - Decision making is rapid, flexible and un-bureaucratic
- Graphite Capital has been making direct investments in the UK since inception
 - Realised investments have generated a return of 2.7 times cost since 1991
- Graphite Enterprise has been making third party fund investments since 1989
- The senior team has an average of 20 years of private equity experience

Graphite Enterprise has a focused and experienced team



Rod Richards
Managing Partner

Rod Richards

25 years PE experience. Joined in 1986. Led the buy-out from F&C in 2001. Degree in PPE from Oxford, MBA from INSEAD. Leads fund and direct investment businesses.



Stephen Cavell
Senior Partner

Stephen Cavell

20 years PE experience. Joined in 1993. Previously at Barings and Barclays (corporate finance). Degrees in law from Kent and Paris, MBA from Warwick.



Emma Osborne
Partner

Emma Osborne

16 years PE experience. Joined in 2004. Previously at Merrill Lynch (funds & co-investments), Morgan Grenfell PE (direct buy-out) and RBS (mezzanine). Qualified as CA with Coopers & Lybrand. Degree in Economics and Politics from Bristol.



Tim Spence
Partner

Tim Spence

Joined in 2005. Previously at Deloitte (audit), where qualified as CA. Degree in Mathematics from Oxford.

Head of Fund Investment Head of Finance



Fiona Bell
Investment Manager

Fiona Bell

Joined in 2009. Previously at KPMG (audit) and JPMorgan Cazenove (corporate broking). Degree in Experimental Psychology from Oxford.



Colm Walsh
Financial Controller

Colm Walsh

Joined in 2010. Previously at Terra Firma Capital Partners (finance) and Deloitte (audit). Degree in Economics from the LSE and is a CFA charterholder.

Introduction

Graphite Enterprise benefits from the direct investment team's experience



Rod Richards
Managing Partner



Simon ffitch
Senior Partner



Andy Gray
Senior Partner



Markus Golser
Senior Partner



Stephen Cavell
Senior Partner



Mike Tilbury
Senior Partner



Mark Hudson
Senior Partner



Mike Innes
Partner



John O'Neill
Partner

Simon ffitch

21 years PE experience. Joined in 1992. Joint head of direct investment team. Previously at LEK and Hill Samuel Development Capital. Degree in PPE from Oxford.

Andy Gray

19 years PE experience. Joined in 1992. Joint head of direct investment team. Previously at Morgan Grenfell Development Capital. Degree in Economics from Stirling, MBA from Warwick.

Markus Golser

14 years PE experience. Joined in 1997. Previously at Bain & Co. Degree in Business from HEC, Paris, and MBA from Oxford.

Investment Managers:

Kane Bayliss
Mark Hall
Omar Kayat
Rachael Whittaker
Simon May

Portfolio team:

Jenny Michelman
James Markham
Mudassir Khan





2. Results for the 13 months to 31 January 2011 ("the Period")

Results

The net asset value per share increased by 15.1% to a record level of 534.0p

	31 December 2009	31 January 2011	Change	31 March 2011	Change
Net asset value per share	464.1p	534.0p	+15.1%		
Share price	305.0p	308.0p	+1.0%	349.5p	+14.6%
FTSE All-Share Index	2,761	3,044	+10.3%	3,068	+11.1%

- The underlying value of the portfolio increased by 27.2% in local currencies
- The investment portfolio represented 89.2% of the total assets at Jan-11, up from 67.1% at Dec-09
- A total of £84.8 million was invested in the portfolio, up from £24.0 million in 2009
- Realisations proceeds were £18.6 million, up from £13.1 million in 2009
 - A further £30.5 million was contracted after the Period end
- A £30 million loan facility was secured after the Period end



Results

The net asset value per share has outperformed the All-Share over 1, 3, 5 and 10 years*

	1	3	5	10
Net asset value per share	+15.1%	+2.8%	+34.0%	+59.9%
FTSE All-Share Index	+10.3%	-7.4%	+6.9%	+2.0%

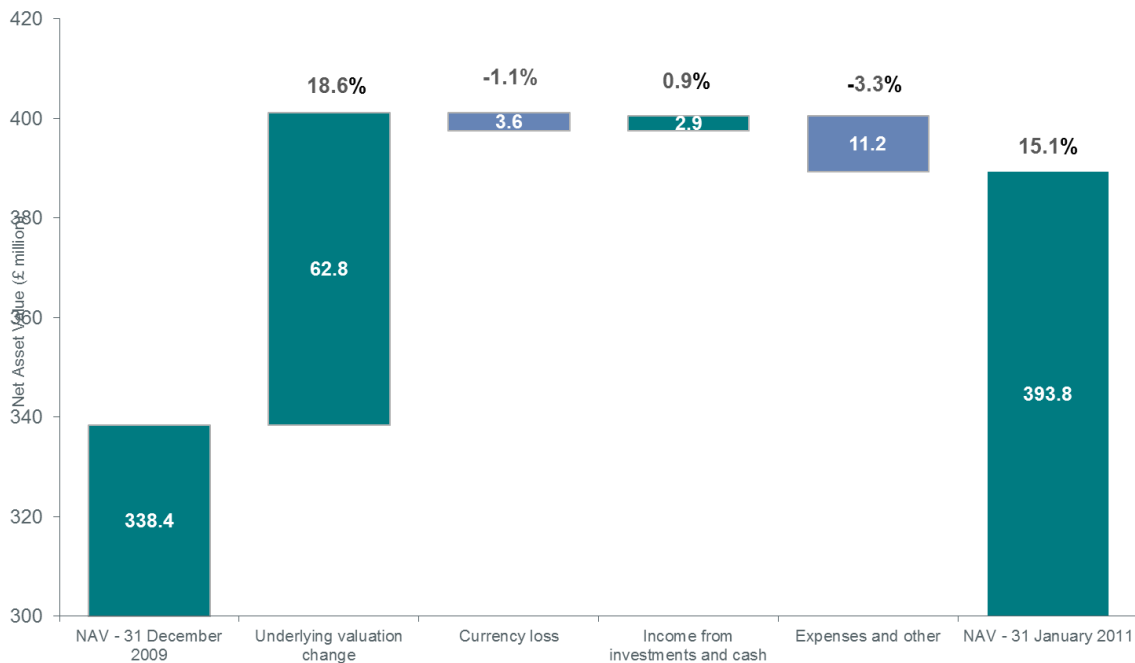
- The net asset value per share has outperformed the FTSE All-Share in 16 of the last 20 years
- It has outperformed over every three year period in the last 20 years

* 13, 37, 61 and 121 month periods to 31 January 2011



Results

The growth in NAV per share was driven by the strong performance of the portfolio



- The portfolio increased in value by 27.2% in local currencies, or 25.6% in sterling
- As 33% of the opening NAV was in cash, the rise in the portfolio increased the NAV by 17.5%

Results

The growth in the portfolio was driven by both realised and unrealised gains

		£m	% of opening portfolio
Realisations	In the Period	3.8	1.6%
	After the Period end	19.4	8.4%
Total		23.2	10.0%
Unrealised gains		39.6	17.2%
Total underlying		62.8	27.2%
Currency		(3.6)	-1.5%
Total portfolio movement		59.2	25.6%



Results

Graphite Enterprise has been the best performing fund of funds over the downturn

NAV performance	Peak to trough (2007-2008) %	1 year ¹	3 year ¹	2010 ¹ as % of peak
Graphite Enterprise				
- Reported	-24.8%	+15.1%	+2.8%	+0.5%
- Pre-provision	-21.3%			
Peer Group average ²	-33.9%	+15.5%	-11.6%	-15.9%

- Graphite Enterprise is the only fund of funds in the peer group:
 - to generate net asset value growth since 1 January 2008
 - to be above its peak
- Almost all direct funds are below 1 January 2008 and peak levels

¹ For Graphite Enterprise 13 and 37 months to 31 January 2011

² Peer group is: Conversus, F&C PE, HarbourVest, JPM PE, NBPE, Pantheon, Princess, SLEPET, SVG

Results

Graphite Enterprise took less risk than the peer group

At 31 December	2007	2008	2009	2010 ²
Cash/(debt) as % NAV				
Graphite Enterprise	33.8%	41.9%	33.1%	10.8%
Peer Group average ¹	4.7%	(11.0)%	(14.0)%	(6.1)%
Overcommitment % ³				
Graphite Enterprise	42.3%	50.7%	37.5%	32.7%
Peer Group average ¹	67.0%	93.0%	70.6%	40.2%

¹ Peer group is: Conversus, F&C PE, HarbourVest, JPM PE, NBPE, Pantheon, Princess, SLEPET, SVG

² 31 January 2011 for Graphite Enterprise

³ Excludes undrawn bank facilities

Results

95% of our fund portfolio by value reported an increase in the Period

% change in value	Number of funds	% by value
Increase of more than 20%	18	47%
Increase of >10% - 20%	4	10%
Increase of 0% - 10%	14	39%
Decrease	6	5%
Total	42	100%





3. Balance sheet and liquidity

Balance sheet

At 31 January 2011 the Company was 89% invested

	January 2011 £m	December 2009 £m	Change £m	January 2011 %	December 2009 %
Investments	356.6	231.2	+125.4	89.2%	67.1%
Cash and near cash	42.9	113.4	-70.5	10.8%	32.9%
Total assets	399.5	344.6	+54.9	100.0%	100.0%
Outstanding commitments	173.7	243.2	-69.5		
Overcommitment	130.8	129.8	+1.0		
Overcommitment %	32.7%	37.7%	-5.0%		
NAV per share	534.0p	464.1p	+69.9p		



Since the Period end available liquidity has increased from £42.9 million to £94.3 million

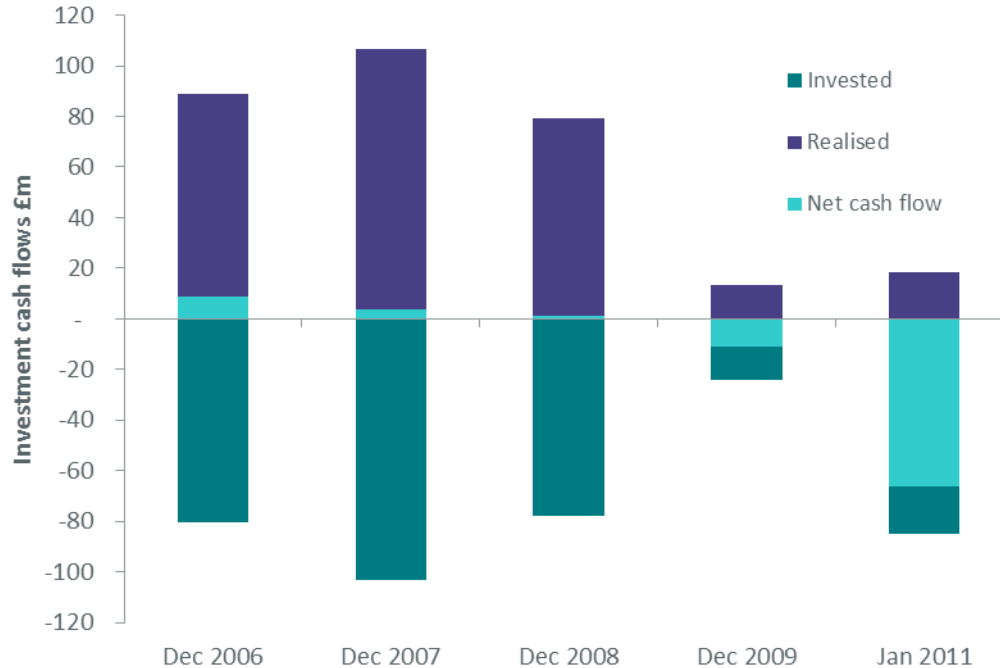
- Contracted realisation proceeds total £30.5 million
- Cash outflow since the Period end is £9.1 million
- Commitments have fallen from £173.7 million to £162.4 million
- A 4-year £30 million bank facility has been secured
 - 3.5% arrangement fee
 - 3.5% margin over LIBOR when drawn
 - 2.0% commitment fee on undrawn
- Pro forma liquidity (cash + undrawn facility + realisation proceeds) totals £94.3 million
- Pro forma liquidity represents 18 months estimated drawdowns



4. Investment activity

Investment activity

Net investment increased by over six times in the Period compared with 2009



Investment activity

£84.8 million was invested in the Period compared with £24.0 million in 2009

	UK	Continental Europe	Rest of world	Total
Mid-market buy-outs	20.4	7.2	-	27.6
Large buy-outs	4.1	29.6	9.5	43.2
Small buy-outs	4.1	-	-	4.1
Mezzanine	-	9.9	-	9.9
Total	<u>28.6</u>	<u>46.7</u>	<u>9.5</u>	<u>84.8</u>

- Fund drawdowns totalled £65.9 million, secondary purchases £12.4 million and co-investments £6.4 million

Investment activity

50 new underlying investments were made in the Period compared with 13 in 2009

Investment	Description	Country	Manager	£m
U-POL	Manufacturer of automotive refinish products	UK	Graphite Capital	6.1
London Square	Developer of residential property	UK	Graphite Capital	3.5
Vue Entertainment	Operator of cinemas	UK	Doughty Hanson	3.3
Teaching Personnel	Provider of supply teachers	UK	Graphite Capital	2.1
Sunrise Communications	Provider of telecoms services	Switzerland	CVC	1.8
Stonegate Pub Co	Operator of pubs	UK	TDR Capital	1.7
Abertis	Operator of toll roads	Spain	CVC	1.7
Team System	Provider of accounting and business software	Italy	ICG	1.6
CPA Global	Renewal of patents and trademarks	UK	ICG	1.5
Sebia	Provider of medical diagnostics equipment	France	Cinven	1.4
Total of the largest 10				24.7

- Of the largest four new investments:
 - Graphite Capital manages three directly
 - Vue Entertainment includes a co-investment of £2.0 million

We made a mix of primary commitments, secondary purchases and co-investments

- Three primary commitments were made totalling £11.0 million
 - Piper V - £5.0 million (UK consumer focused small buy-outs and growth capital)
 - Trident III - £3.0 million (UK small buy-outs)
 - Graphite VII Top Up Fund Plus - £3.0 million (UK mid-market buy-outs)

- Three secondary fund interests were acquired for £12.4 million
 - CVC IV - €10.1 million + €2.0 million undrawn
 - Charterhouse VIII - €3.8 million + €1.3 million undrawn
 - Graphite VII - £0.8 million + £1.9 million undrawn

- Five co-investments were made for £6.4 million, including
 - Kwik-Fit - £2.0 million follow-on alongside PAI
 - Vue Entertainment - £2.0 million alongside Doughty Hanson
 - ICG EOS 1 - €2.0 million in a package of LBO senior loans alongside ICG

Investment activity

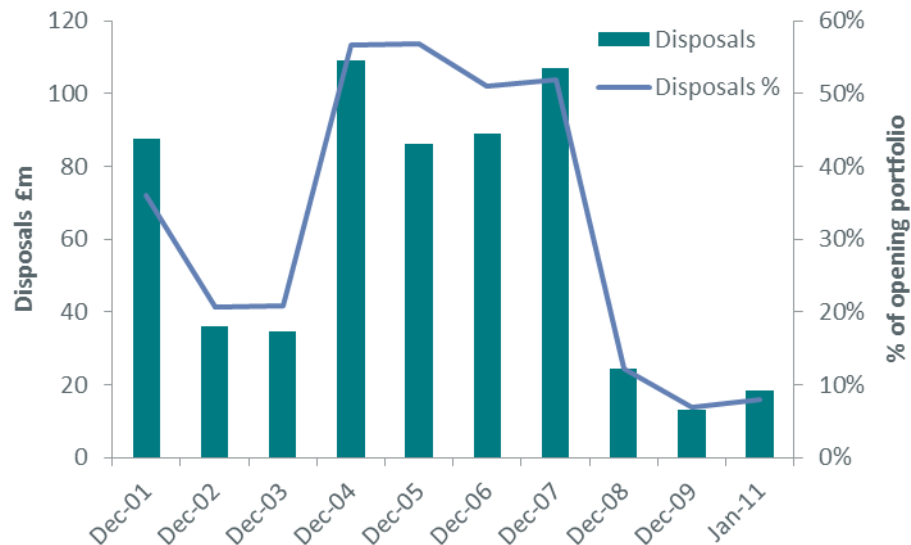
£18.6 million of realisations were made in the Period, up from £13.1 million in 2009

	Number	Net proceeds £m	Gross multiple of cost
Full realisations in the Period	6	11.4	2.3
Partial realisations in the Period		5.9	
Secondary sale		1.3	
Total proceeds in the Period		18.6	
Realisations agreed after the Period end	3	30.5	2.6
	9	49.1	2.5



Investment activity

Despite the increase, realisations in the Period remained low by historic levels



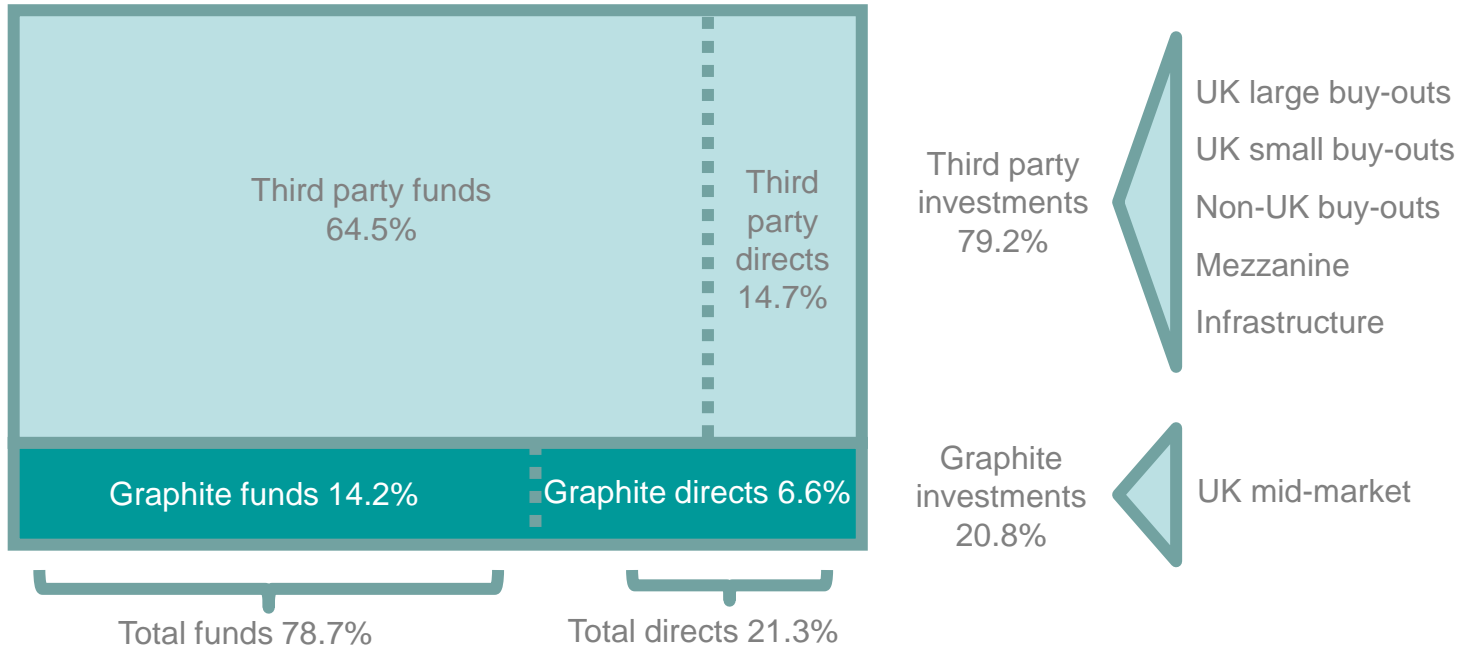
- Proceeds from realisations agreed after the Period end represent 8.6% of 31 January portfolio
- We expect to make further realisations in the coming year



5. The portfolio at 31 January 2011

Portfolio











Third party investments accounted for 79% of the investment portfolio



Portfolio

Graphite Capital directly manages six of the top ten holdings

- The top 10 underlying investments represented 23.9% of portfolio value
- Individual companies can and do affect overall performance

Company		Value £m	% of portfolio
 wagamama*	Operator of Japanese noodle restaurants	17.0	4.8%
 Micheldever Tyre Services*	Distributor and retailer of tyres	15.8	4.4%
 Kwik-Fit	Provider of automotive fast-fit services	8.7	2.4%
 Kurt Geiger*	Retailer and distributor of luxury footwear	7.5	2.1%
 Preh	Manufacturer of control system devices	7.3	2.0%
 Park Holidays UK*	Operator of caravan parks	7.2	2.0%
 U-POL*	Manufacturer of automotive refinish products	6.6	1.8%
 Hellerman Tyton	Manufacturer of cable management products	5.2	1.4%
 Standard Brands*	Manufacturer of domestic fire products	5.1	1.4%
 NES Group*	Provider of recruitment services	5.1	1.4%
		85.5	23.9%

* Graphite Capital managed



Portfolio

The portfolio gives exposure to a variety of established managers

Manager		Value £m	% of portfolio*
Graphite Capital	UK, mid-market	74.4	20.9%
Doughty Hanson	Pan-European, mid-market and large buy-outs	32.1	9.0%
CVC	Pan-European, large buy-outs	30.9	8.7%
ICG	Pan European, mezzanine loans	25.5	7.1%
Cinven	Pan-European, large buy-outs	20.3	5.7%
Euromezzanine	France, mid-market mezzanine loans	18.7	5.3%
Lion *	Pan-European, consumer focused buy-outs	18.0	5.1%
Apax	Pan-European, large buy-outs	17.2	4.8%
Thomas H Lee	USA, large buy-outs	17.0	4.8%
DBAG	Germany, mid-market buy-outs	15.5	4.3%
PAI	Pan-European, large buy-outs	14.5	4.1%
Graphite Capital and top 10 third-party managers		284.1	79.8%

**DOUGHTY
HANSON
& Co**



Cinven

euromezzanine



* Principally investment in Wagamama

CVC
Capital Partners

Apax
PARTNERS

THL

**Deutsche
Beteiligungs AG**

PAI
partners

The Top 30 companies performed strongly in the Period

- The top 30 underlying investments accounted for 44.8% of the portfolio at 31 January
- Revenues grew by 14.1% and EBITDA by 36.2%

Growth rate	Revenue		EBITDA ¹	
	Number	% Value	Number	% Value
>20%	7	23%	11	33%
>10-20%	8	22%	10	42%
>0-10%	10	43%	7	19%
Decline	5	12%	2	6%
Total	30	100%	30	100%

- Excluding the three realisations made after the Period end
 - Revenues grew by 14.2% and EBITDA by 26.1%

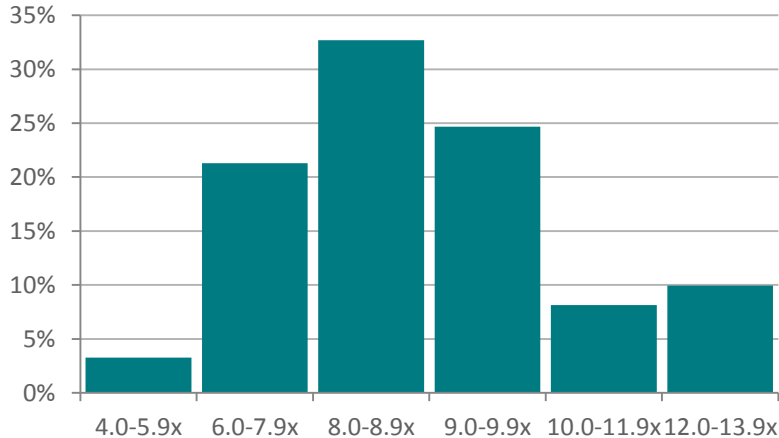
¹ For ICG plc, operating profit is used instead of EBITDA

Portfolio

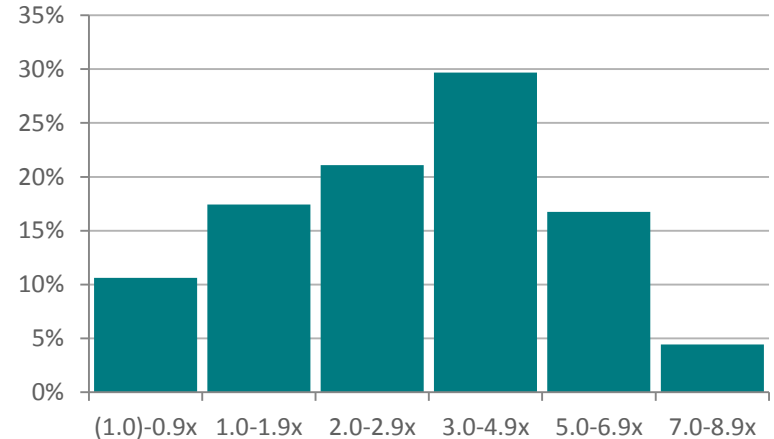
The Top 30 companies were valued at an average of 8.7x EBITDA and had 3.4x gearing

- Valuation multiples fell marginally from 9.0x at December 2009
- Leverage fell from 4.6x due to strong growth and debt paid down in the period

% Top 30 underlying investments by EBITDA multiple



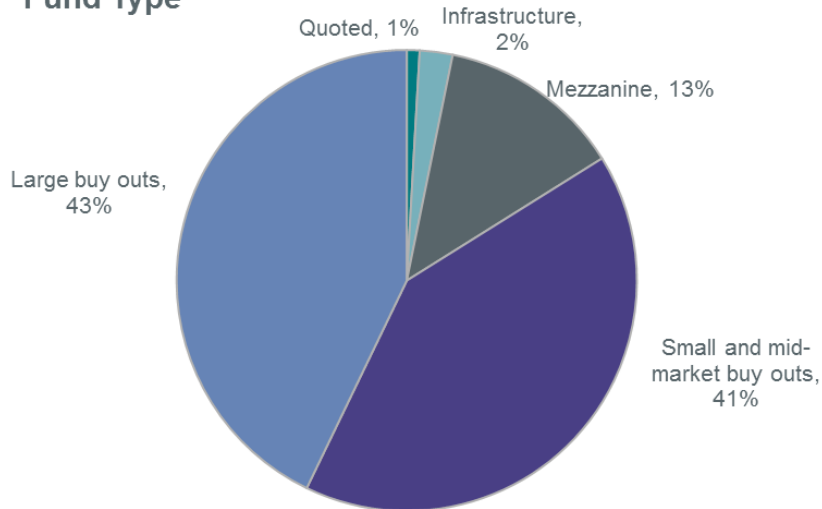
% Top 30 underlying investments by net debt multiple



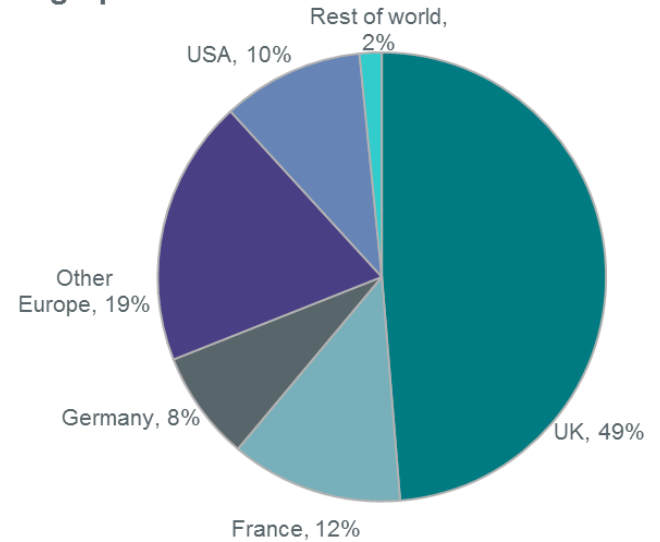
The portfolio remained balanced and well diversified

- At 31 January 2011, the portfolio comprised 42 funds and 23 direct investments
 - giving exposure to 294 underlying companies

Fund Type

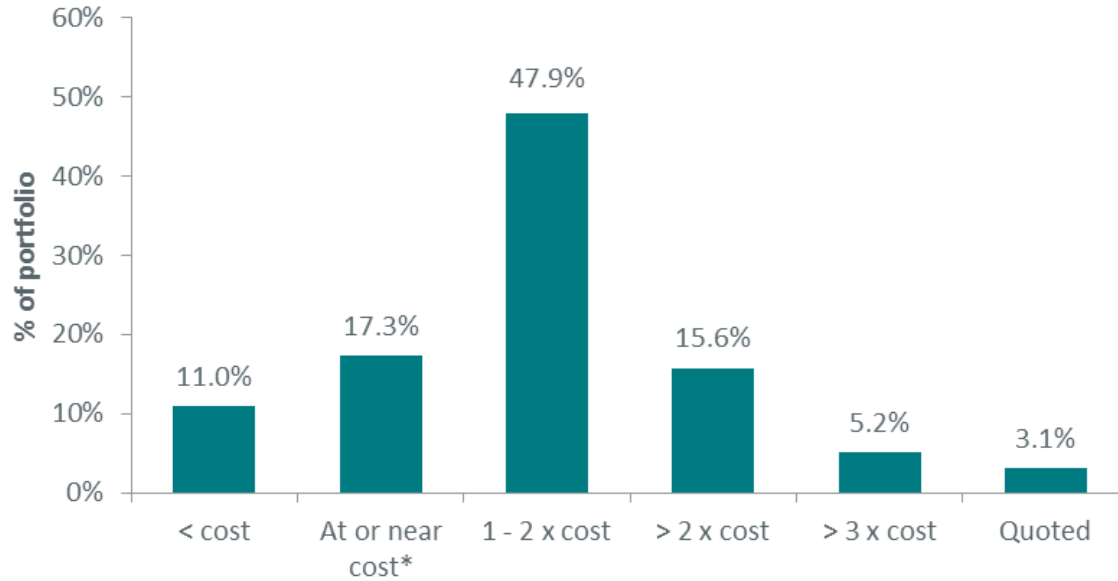


Geographic Distribution



Portfolio

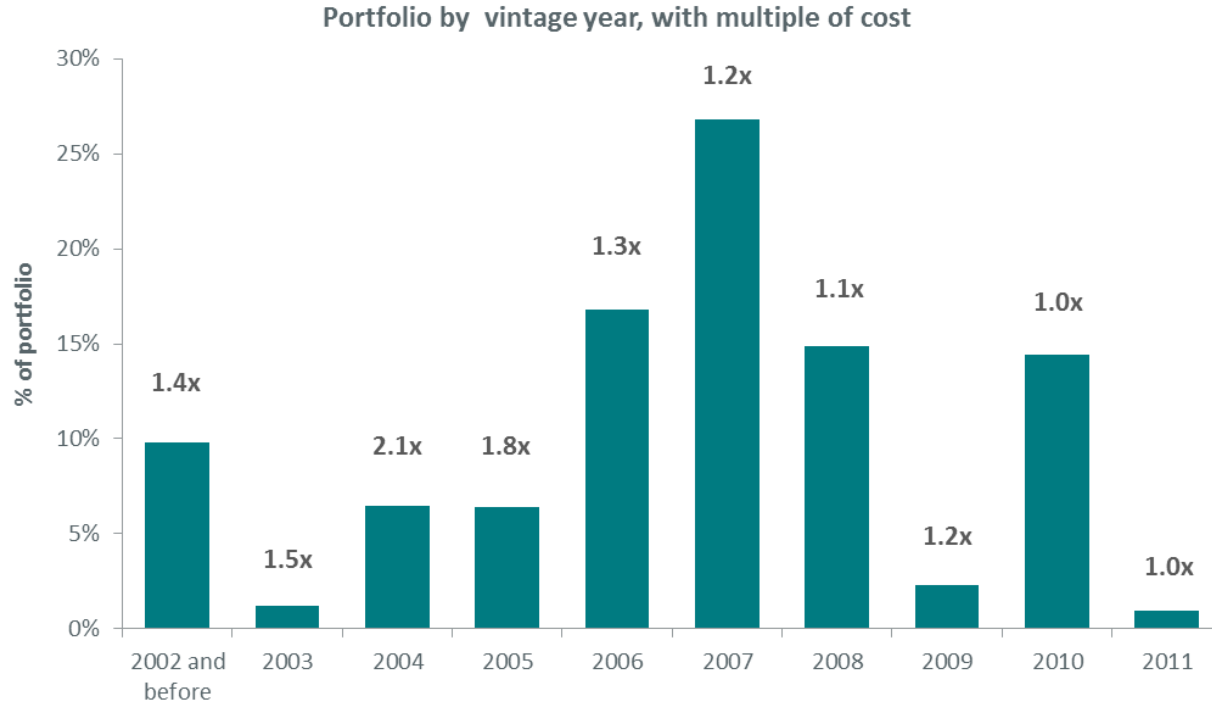
Almost two thirds of the portfolio was valued at between cost and twice cost



* 0.95 to 1.05 times cost

Portfolio

The portfolio was valued at 1.3x cost and had an average maturity of 4.8 years

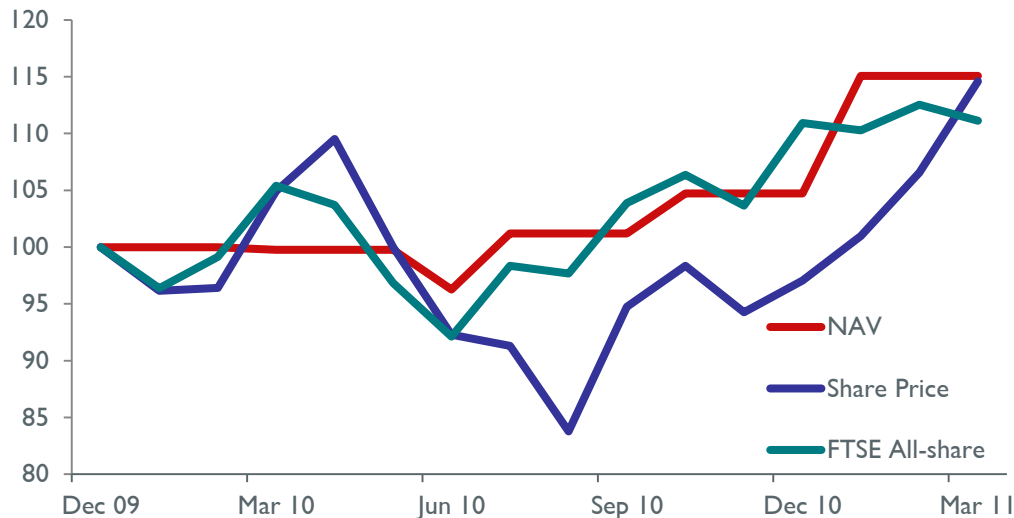




6. Share price and discount

Share price

Performance in the 15 months to 31 March 2011



- The share price rose by 1.0% in the Period vs a 10.3% rise in the Index
- Since the Period end the share price has risen by 13.5% vs a 0.8% rise in the Index
- Over 15 months from Dec-09 to Mar-11 Graphite Enterprise has outperformed the Index
- The discount was broadly unchanged at 34.5% vs 34.3% at the start of the Period

Discount

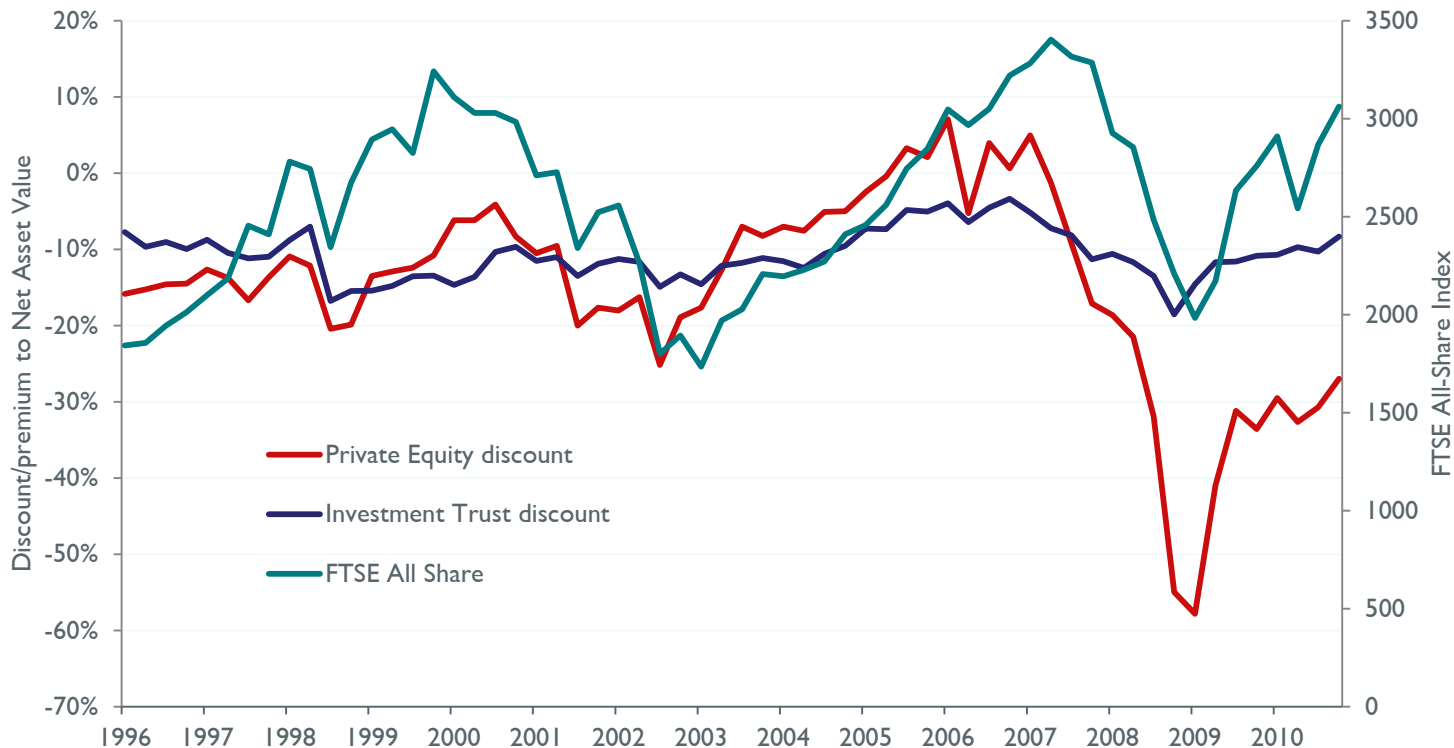
The discount remains well above the long term average



- At 31 March 2011 the discount was 34.5% (share price 349.5p)
- This compares with the ten year average of 21.7%

Discount

Private equity discounts are at a long term high relative to the investment trust sector



Sources: Morningstar, UK Office for National Statistics



7. Outlook and conclusions

- The expiry of investment periods is putting upward pressure on the rate of new investment
- The pipeline of new funds being raised is strong
- Fund raising plans may also influence the timing of exits
- The availability of debt will influence pricing

Graphite Enterprise is well positioned to grow further

- The portfolio is growing strongly
 - The top 30 investments (44.8% of the portfolio) are performing particularly well
 - Valuation multiples are reasonable given recent performance
 - Debt levels have been falling

- Many companies are being positioned for exit in the short to medium term
 - Realisations should be at material premiums to current valuations
 - Gearing levels enhance impact of premiums on exit

- The mix of investments, liquidity and commitments looks about right
 - After adjusting for agreed realisations and other changes the Company is 84% invested
 - Funding is available to take advantage of new opportunities
 - Co-investments and secondary fund purchases are attractive
 - Realisation proceeds can be reinvested

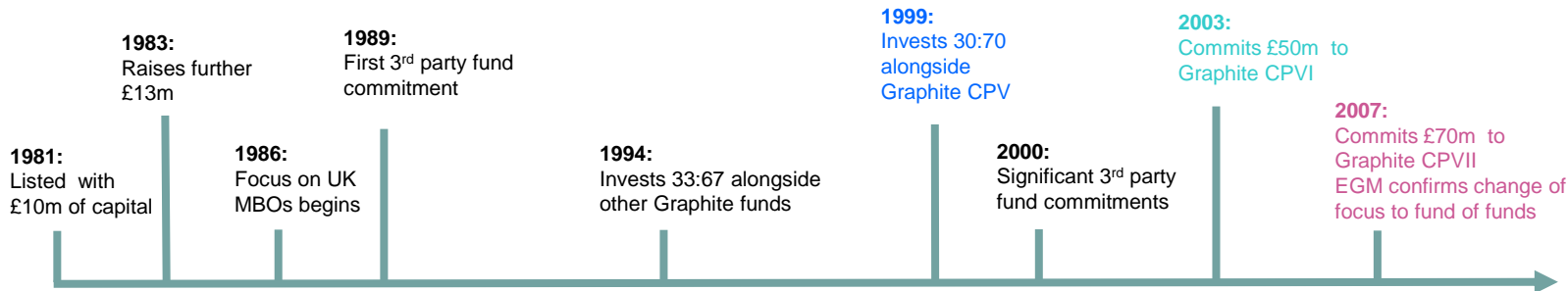


Appendices

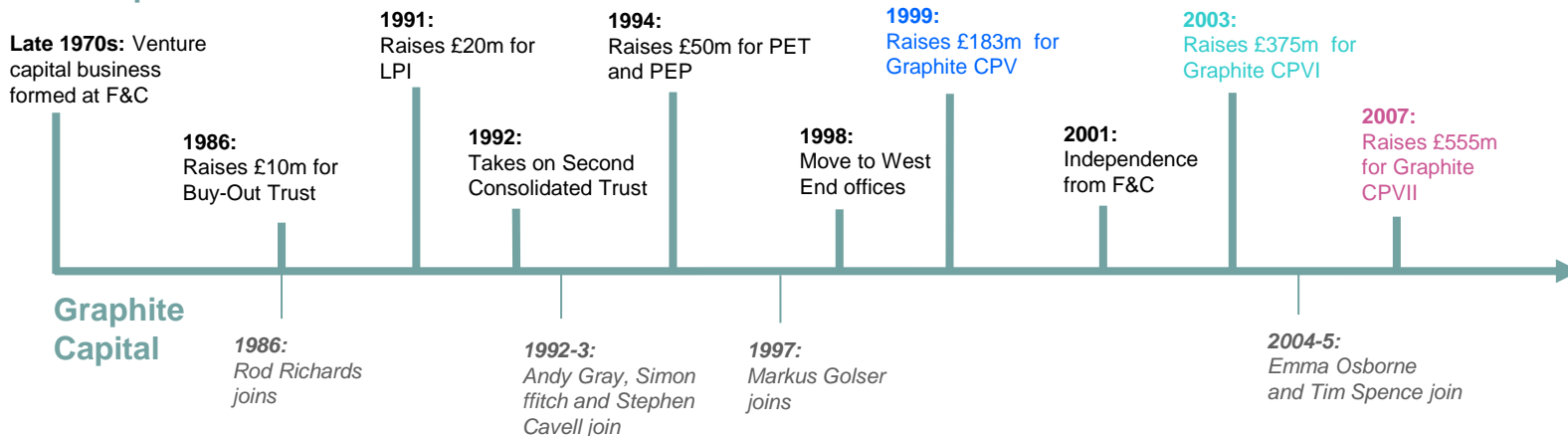
1. Background and history
2. Graphite Capital funds
3. Recent Graphite investments
4. Useful information

Appendices

Graphite Enterprise has a long history of making unquoted investments



Graphite Enterprise



Graphite Capital

Appendices

Graphite Capital funds

Fund	Final close	Total commitments	Graphite Enterprise's commitment	Graphite Enterprise's share	Allocation of Graphite investments
CPVII Main Fund	May '07	£475m	£40m	8.4%	First £38m (8% of total commitments)
CPVII Top Up Fund	May '07	£80.5m	£10m	12.4%	Share excess over £38m, up to maximum of £65m, according to available commitments
CPVII Top Up Fund Plus	Mar '10	£30m	£6m	20.0%	

Graphite Enterprise's share of each CPVII deal will therefore be between 8.4% and 11.0%, depending on its size.

Fund	Final close	Total commitments	Graphite Enterprise's commitment	Graphite Enterprise's share	Allocation of Graphite investments
CPVI	April '03	£375m	£40m	10.7%	Co-investments in Park Holidays UK and Micheldever Tyres



Appendices

Recent Graphite Capital investments

Company	Date	Enterprise value	Type	Vendor	Business
U-POL	Sept '10	£130m	MBO	AAC Capital Partners	Manufacture and distribution of automotive refinish products to over 110 countries
Teaching Personnel	July '10	£45m	MBO	RJD Partners	Provider of supply teachers and support staff to schools
London Square	June '10	£100m *	Development capital	-	House builder focused on prime sites in Greater London

* £50 million commitment by Graphite funds, £50 million of senior bank debt



Appendices

Background Information

Structure: Company registered in England and Wales
Investment trust tax status
Registered company number: 01571089

Ticker: GPE.LN
ISIN: GB0003292009
SEDOL: 0329200

Listing: Official List (main market) in London

Broker: JPMorgan Cazenove: Sales: + 44 (0) 20 7155 8122 (Angus Wilton)
Corporate finance: + 44 (0) 20 7155 4579 (William Simmonds)

Website: www.graphite-enterprise.com

Manager: Graphite Capital Management LLP
Authorised and regulated by the Financial Services Authority

Contacts: Emma Osborne + 44 (0) 20 7825 5357 eosborne@graphitecapital.com
Tim Spence + 44 (0) 20 7825 5358 tspence@graphitecapital.com

What this document is for

This document has been prepared by Graphite Capital Management LLP (“**Graphite Capital**”) as managing Graphite Enterprise Trust PLC (“**Graphite Enterprise**”). The information and any views contained in this document are provided for general information only. It is not intended to be a comprehensive account of Graphite Enterprise’s activities and investment record nor has it been prepared for any other purpose. The information contained in this document is not intended to make any offer, inducement, invitation or commitment to purchase, subscribe to, provide or sell any securities, service or product or to provide any recommendations on which users of this document should rely for financial, securities, investment, legal, tax or other advice or to take any decision.

Scope of use

Graphite Enterprise and/or its licensors/Graphite Capital own all intellectual property rights in this document. You are invited to view, use, and copy small portions of the contents of this document for your informational, non-commercial use only, provided you also retain and do not delete any copyright, trademark and other proprietary notices contained in such content. You may not modify, publicly display, distribute or show in public this document or any portion thereof without Graphite Enterprise’s prior written permission.

Risk considerations

You should remember that the value of investments, and the income from them, may go down as well as up, and is not guaranteed, and investors may not get back the amount of money invested. Past performance cannot be relied on as a guide to future performance or returns. Expressions and opinions in this document, may be subject to change without notice. Affiliates, directors, officers and/or employees of Graphite Enterprise may have holdings in Graphite Enterprise investment products or may otherwise be interested in transactions effected in investments mentioned in this document.

Accuracy of information

Although reasonable care has been taken to ensure that the information contained within this document is accurate at the time of publication, no representation or promise (including liability towards third-parties), expressed or implied, is made as to its accuracy or completeness or fitness for any purpose by Graphite Enterprise, or its subsidiaries or contractual partners. Graphite Enterprise, Graphite Capital or their subsidiaries or contractual partners will not be liable for any direct, indirect, incidental, special or consequential loss or damages (therefore including any loss whether or not it was in the contemplation of the parties) caused by reliance on this information or for the risks inherent in the financial markets. To the maximum extent permitted by applicable law and regulatory requirements, Graphite Enterprise, Graphite Capital and their subsidiaries or contractual partners specifically disclaim any liability for errors, inaccuracies or omissions in this document and for any loss or damage resulting from its use.

Forward-Looking Statements

This document contains certain forward-looking statements that are not purely historical in nature. Such information may include, for example, projections, forecasts and estimates of return performance. The forward-looking information contained herein is based upon certain assumptions about future events or conditions and is intended only to illustrate hypothetical results under those assumptions (not all of which are specified herein). Actual events or conditions are unlikely to be consistent with, and may differ materially from, those assumed. In addition, not all relevant events or conditions may have been considered in developing such assumptions. Accordingly, actual results will vary and the variations may be material and adverse.

Sales restrictions

The distribution of this document in certain jurisdictions is likely to be restricted by law.. The information in this document does not constitute either an offer to sell or a solicitation or an offer to buy in a country in which this type of offer or solicitation is unlawful, or in which a person making such an offer or solicitation does not hold the necessary authorisation to do so, or at all. Accordingly, persons viewing the information in this document are responsible themselves for ascertaining the legal requirements which would affect their acquisition of any investment, including any foreign exchange control requirements.

Graphite Capital is authorised and regulated by the Financial Services Authority.