



GRAPHITE ENTERPRISE

30th Annual General Meeting

15 June 2011



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4. The portfolio
5. Share price and discount
6. Dividend
7. Outlook and conclusions

1. Introduction



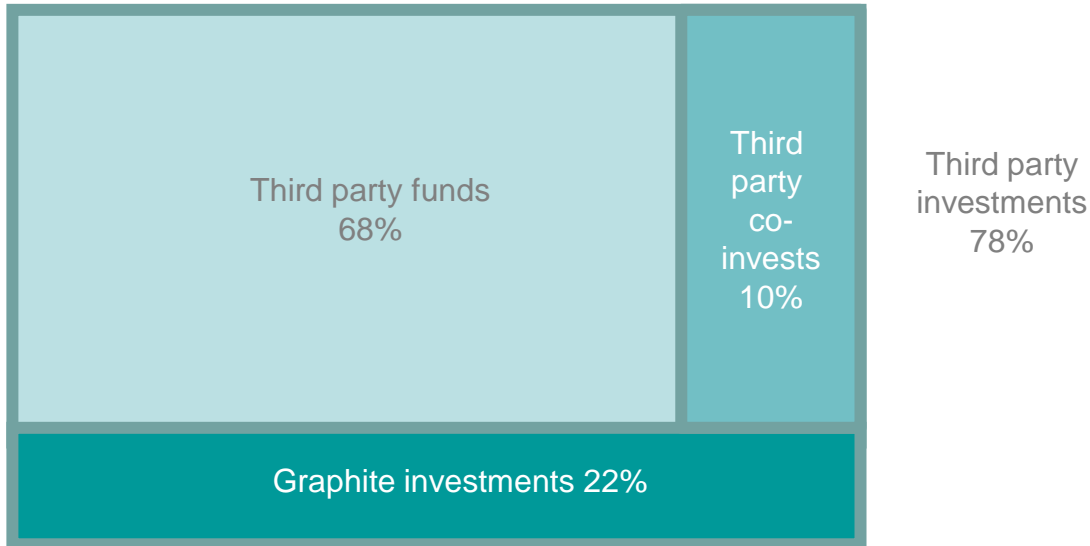
Hybrid fund of funds / direct investor

Focus on European buy-outs

Experienced and focused team

Strong performance record





- Graphite Capital directly manages 5 of the 10 largest investments at 30 April 2011
 - Third party co-investments make up 2 of the remaining 5

- The focus is on established, top performing European buy-out managers
 - UK mid-market mainly through Graphite Capital funds (in which it is the largest investor)
 - Overseas markets and other UK sectors covered through third-party funds
 - Mezzanine funds investing in leveraged buy-outs
- The approach is led by the quality of the manager, rather than by geography or sector allocations
- Returns from funds are enhanced by co-investments and secondary fund investments
- The portfolio is reasonably concentrated
 - Not over-diversified, ensuring winners can make a difference
 - Not a private equity index tracker

- Graphite is a leading UK mid-market private equity firm with £1.2 billion under management
 - Graphite Enterprise is the only fund of funds managed by Graphite Capital
- Graphite has been independently owned since 2001 and is based in one office in London
 - Decision making is rapid, flexible and unbureaucratic
- Graphite 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



The combination of fund and direct investments gives an unusually broad perspective

- The funds team has extensive direct investing experience
 - Well positioned to judge other private equity managers
- We benefit from the insight and market knowledge of the direct investment team
 - More current market view than can be gained second hand
- The funds team is exclusively focused on Graphite Enterprise
 - We can respond quickly to opportunities - this is key to gaining access to co-investments
- Our approach to fund investment is rigorous and active
 - An ability to appraise underlying companies is key to evaluating managers' performance



2. Results

Results

The net asset value per share increased by 15.1% in the Period* to a record 534.0p

	31 December 2009	31 January 2011	Change
Net asset value per share	464.1p	534.0p	+15.1%
Share price	305.0p	308.0p	+1.0%
FTSE All-Share Index	2,761	3,044	+10.3%
Discount	34.3%	42.3%	

- The portfolio increased in value by 27.2% in local currencies (25.6% in sterling)
 - 17.2% generated by unrealised gains
 - 1.6% generated by pre period end realisations
 - 8.4% generated by post period end realisations
- As 33% of the opening NAV was in cash, the rise in the portfolio increased the NAV by 17.5%

* 13 month period to 31 January 2011



Results

At 31 January 2011, NAV had outperformed the Index over 1, 3, 5 and 10 years 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 only underperformed when the Index is rebounding from a sharp fall
- It has outperformed over every three year period in the last 20 years
- Since inception, the Company has generated a return of more than 22 x the amount subscribed

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

Results

In NAV terms, Graphite was the best performing fund of funds during the downturn

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

- At 31 January 2011 Graphite Enterprise was the only fund of funds in the peer group to:
 - Generate net asset value growth since 1 January 2008
 - Be above its peak
- The NAVs of most direct funds were below 1 January 2008 and peak levels
- Graphite Enterprise took less risk than the peer group (higher cash, lower commitments)

Results

In the quarter to 30 April 2011, the NAV and share price outperformed the Index

	April 2011	January 2011	Change
Net asset value per share	556.9p	534.0p	+4.3%
Share price	370.5p	308.0p	+20.3%
Discount	33.5%	42.3%	
FTSE All-Share Index	3,155	3,044	+3.6%

- Increases in the underlying value of the portfolio increased NAV per share by 2.9%
- The largest valuation change related to the disposal of Kurt Geiger
- Currency movements accounted for an increase of 1.9%



Results

Adjusting for recent disposals, the Company is 80% invested

	Pro forma	April 2011	January 2011
	£m	£m	£m
Investments	334	360	357
Cash and near cash	83	57	43
Total assets	417	417	400
Undrawn bank facility	30	30	-
Total available liquidity	113	87	44
Outstanding commitments	154	154	174
Overcommitment ¹	71	97	131
Overcommitment as % of NAV	20%	23%	33%

	Pro forma	April 2011	January 2011
	%	%	%
	80%	86%	89%
	20%	14%	11%
	100%	100%	100%

- Pro forma includes proceeds of £26.2 million from disposals of Kwik-Fit, Preh, Kurt Geiger



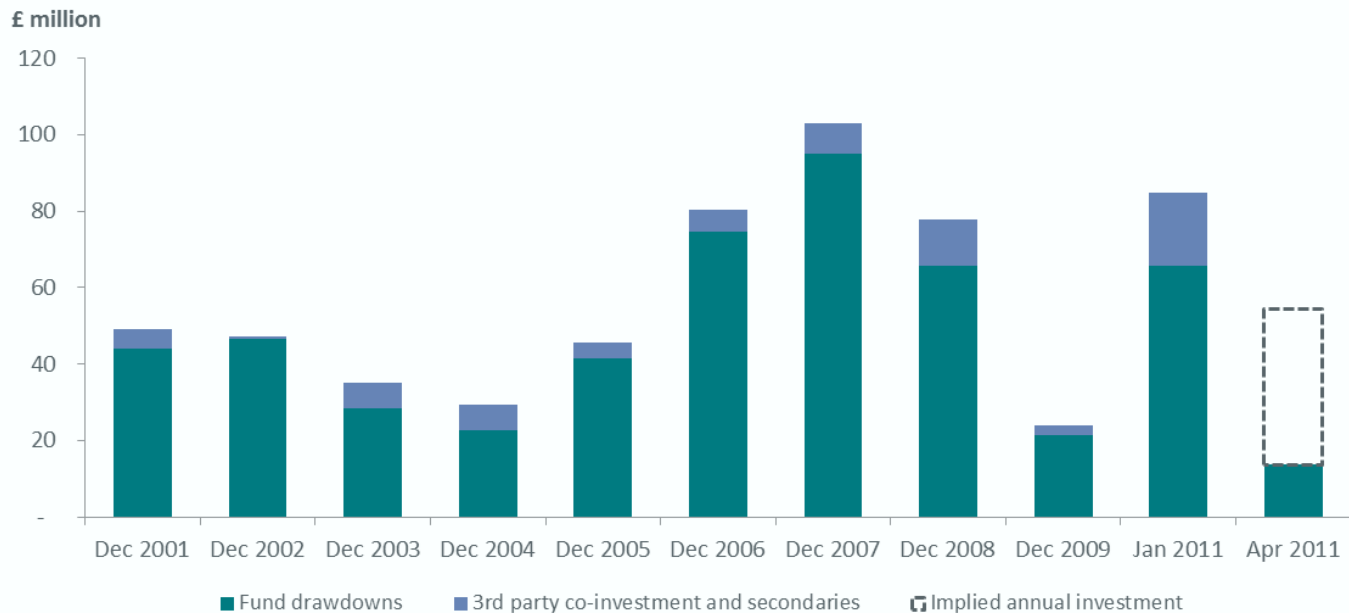
¹ Cash less outstanding commitments



3. Investment activity

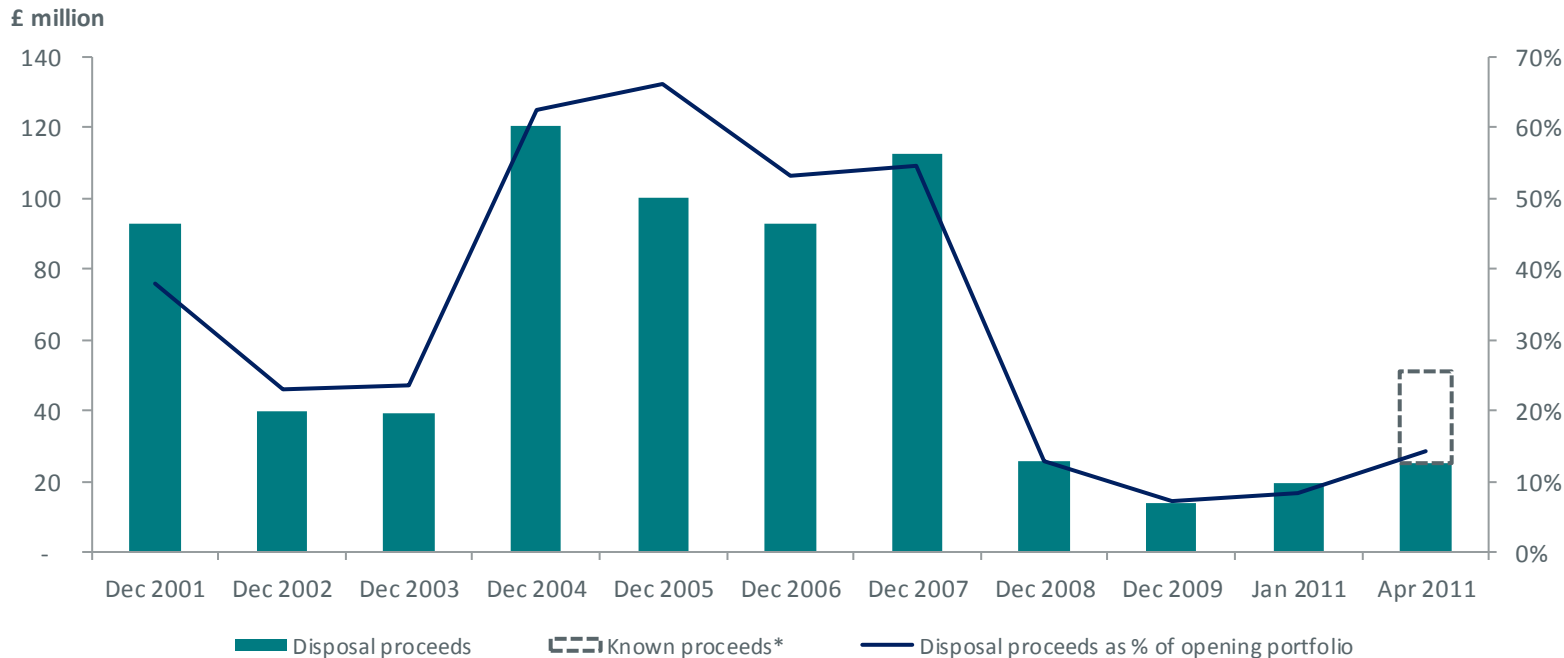
Investment activity

New investment increased significantly in 2010 and activity remains relatively high



Investment activity

Disposal proceeds are also increasing after three years at very low levels



* Represents £26.2m of proceeds on Kurt Geiger, Preh and Kwik Fit



- UK's third largest cinema chain
- Acquired by Doughty Hanson in a £450 million buy-out in December 2010
- We were invited to co-invest alongside Doughty Hanson V as we:
 - i. Were able to invest only a small amount (as capacity was limited)
 - ii. Were able to complete within a tight timeframe
- We co-invested £2.0 million giving a total exposure of £3.4 million together with fund investment
- Vue is the 27th largest underlying investment at 30 April 2011



- Leading European provider of automotive fast-fit services
- Co-investment of £3.4 million in August 2005 alongside PAI Partners
- In a rights issue in April 2010, we took up four times our pro rata share for a total of £2.0 million
- In March 2011 the business was sold to a Japanese trade buyer (completing in June)
- The £2.0 million follow-on investment generated £8.6 million in one year
- NAV per share uplift of 8.2p which was included in 31 January 2011 reported net asset value

KURT GEIGER

- A leading UK-based luxury footwear and accessories retailer
- Acquired by Graphite Capital in a £95 million secondary buy-out in 2008
- Turnover increased by 70% to £205 million at April 2011
- In May 2011 the business was sold to a US trade buyer for £215 million
- Gross return multiple of cost of 2.6 times, the Company will receive £12.2 million
- NAV per share uplift of 6.8p is included in the April 2011 reported net asset value

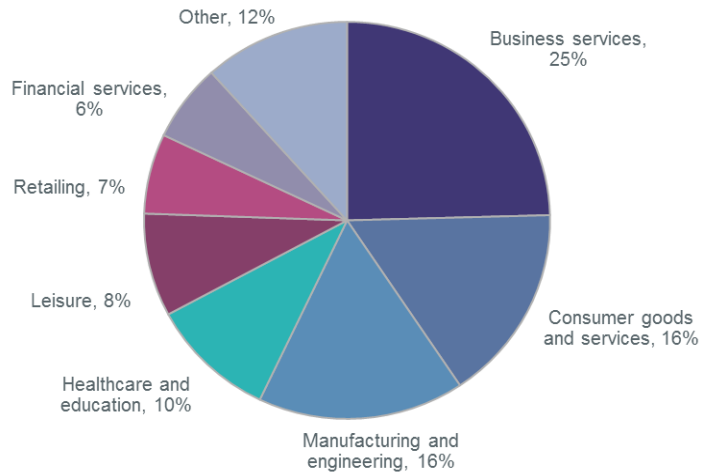


4. The portfolio

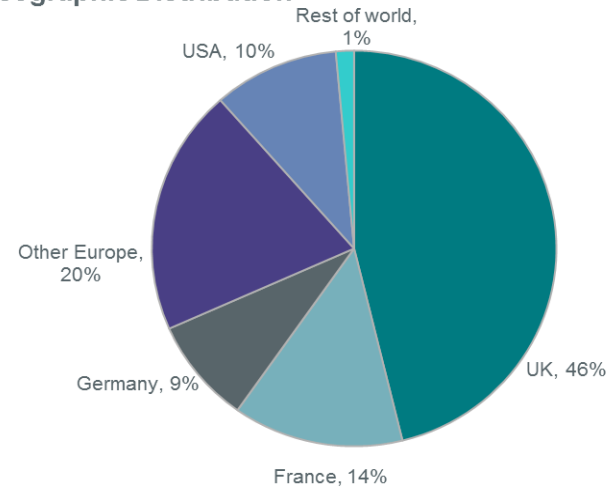
The portfolio remained balanced and well diversified

- At 30 April 2011, the portfolio comprised 42 funds and 23 direct investments
 - exposure to 302 underlying companies
- The portfolio is more concentrated than most funds of funds, more diversified than most direct funds
 - Top 30 investments account for 43.6% of the portfolio value

Sector analysis













Geographic Distribution



Portfolio

At 30 April 2011, Graphite Capital directly manages five of the top ten holdings

- The top 10 underlying investments represented 22.5% of portfolio value

			Country	Notes	Value £m	% of portfolio
1		Distributor and retailer of tyres	UK	2	15.8	4.4%
2		Retailer and distributor of luxury footwear	UK	1,2	12.5	3.5%
3		Manufacturer of control system devices	Germany	1	8.8	2.5%
4		Provider of automotive fast-fit services	UK	1	8.7	2.4%
5		Operator of caravan parks	UK	2	7.2	2.0%
6		Manufacturer of automotive refinish products	UK	2	7.1	2.0%
7		Manufacturer of cable management products	UK		5.4	1.5%
8		Supplier to beverage purification industry	Netherlands	1	5.2	1.5%
9		Manufacturer and distributor of chemicals	Germany		5.2	1.4%
10		Manufacturer of domestic fire products	UK	2	5.1	1.4%
					81.0	22.5%

1 Wholly or partially sold post quarter end

2 Graphite Capital managed

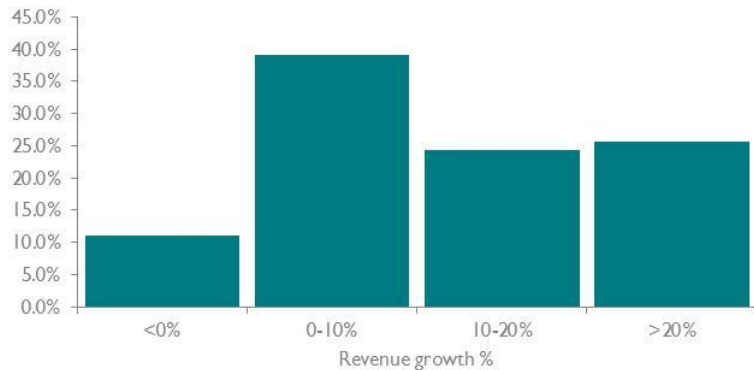
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Portfolio

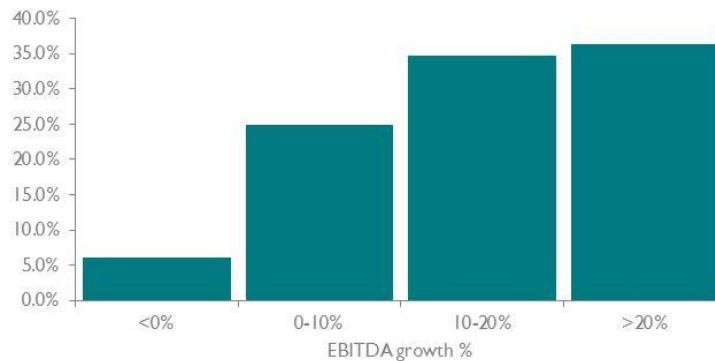
At April 2011 the Top 30 companies accounted for 43.6% of the portfolio

- These companies performed well in 2010
 - revenues grew by an average of 14%
 - and EBITDA by an average of 39%
- At December they were valued at 8.6x EBITDA and had leverage of 3.5x EBITDA

% Top 30 investments by revenue growth



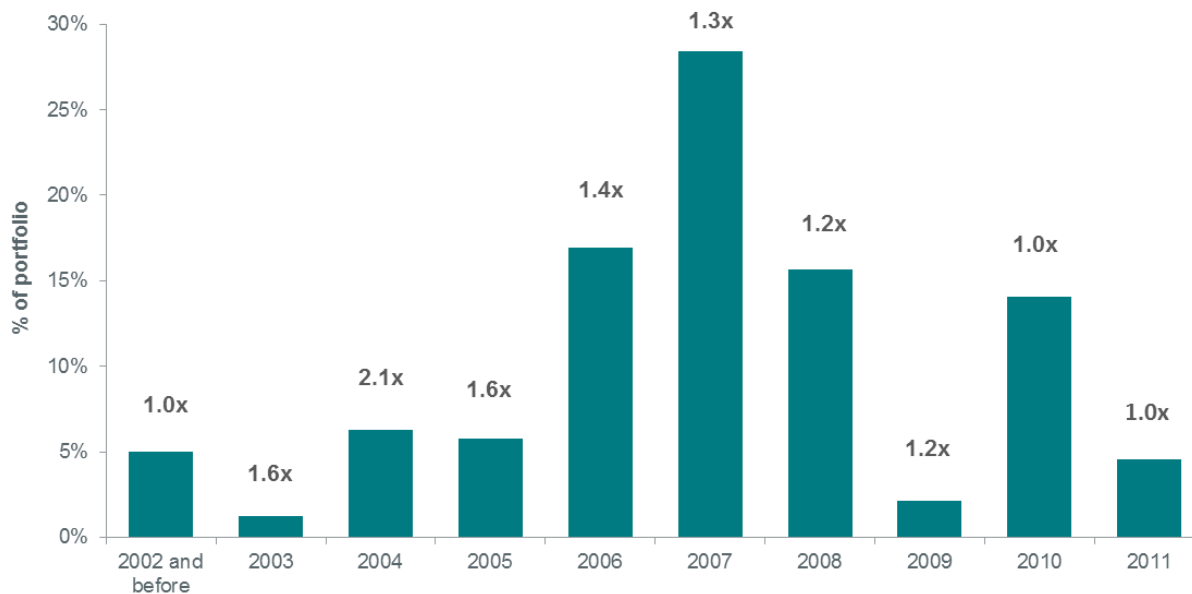
% Top 30 investments by EBITDA growth



There is considerable scope for future upside as the portfolio matures

- The portfolio was valued at 1.3 times cost* and had an average maturity of over 4 years

Portfolio by vintage year, with multiple of cost



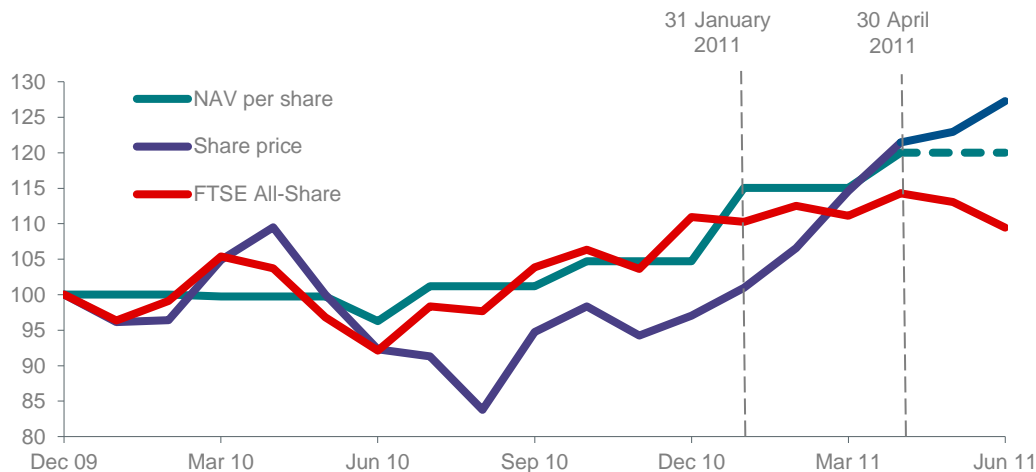
* Including amounts realised by current portfolio companies



5. Share price and discount

Share price

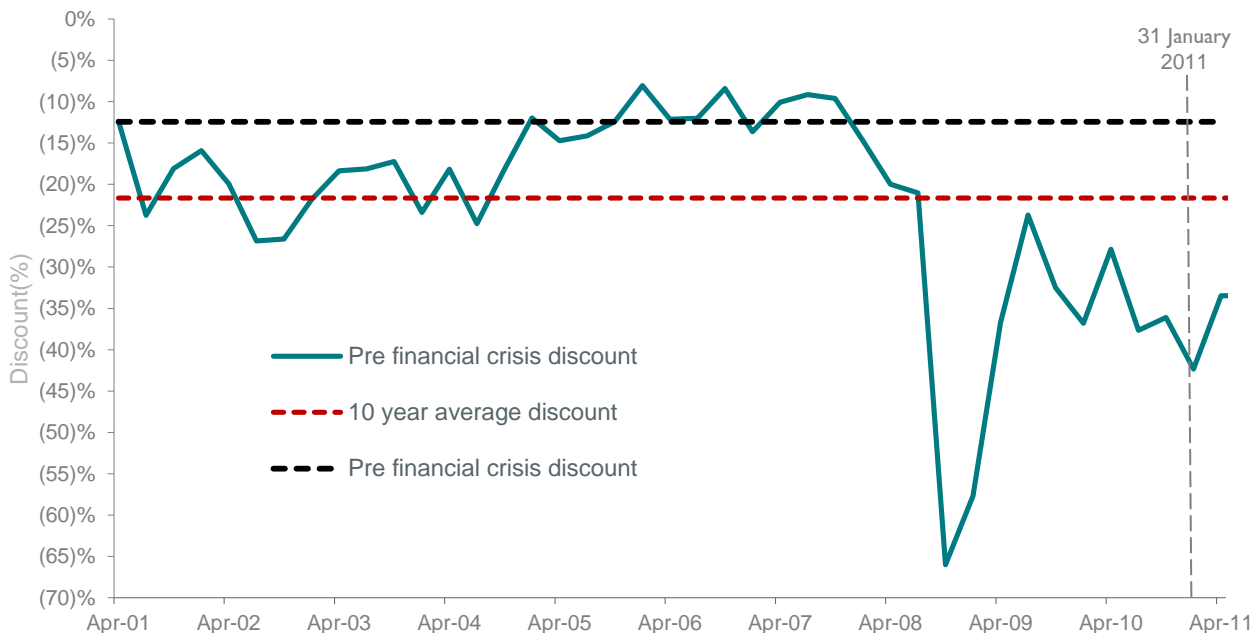
The share price has outperformed the index since 31 January 2011



- In the 13 months to 31 January 11 the share price rose by 1.0% and the Index rose by 10.3%
- Since 31 January 11, the share price has risen by 26.6% while the Index has fallen by 0.4%
- Since 31 December 09 the share price has risen by 27.9% and the Index has risen by 9.8%
 - The discount has narrowed from 34.3% to 30.0%

Discount

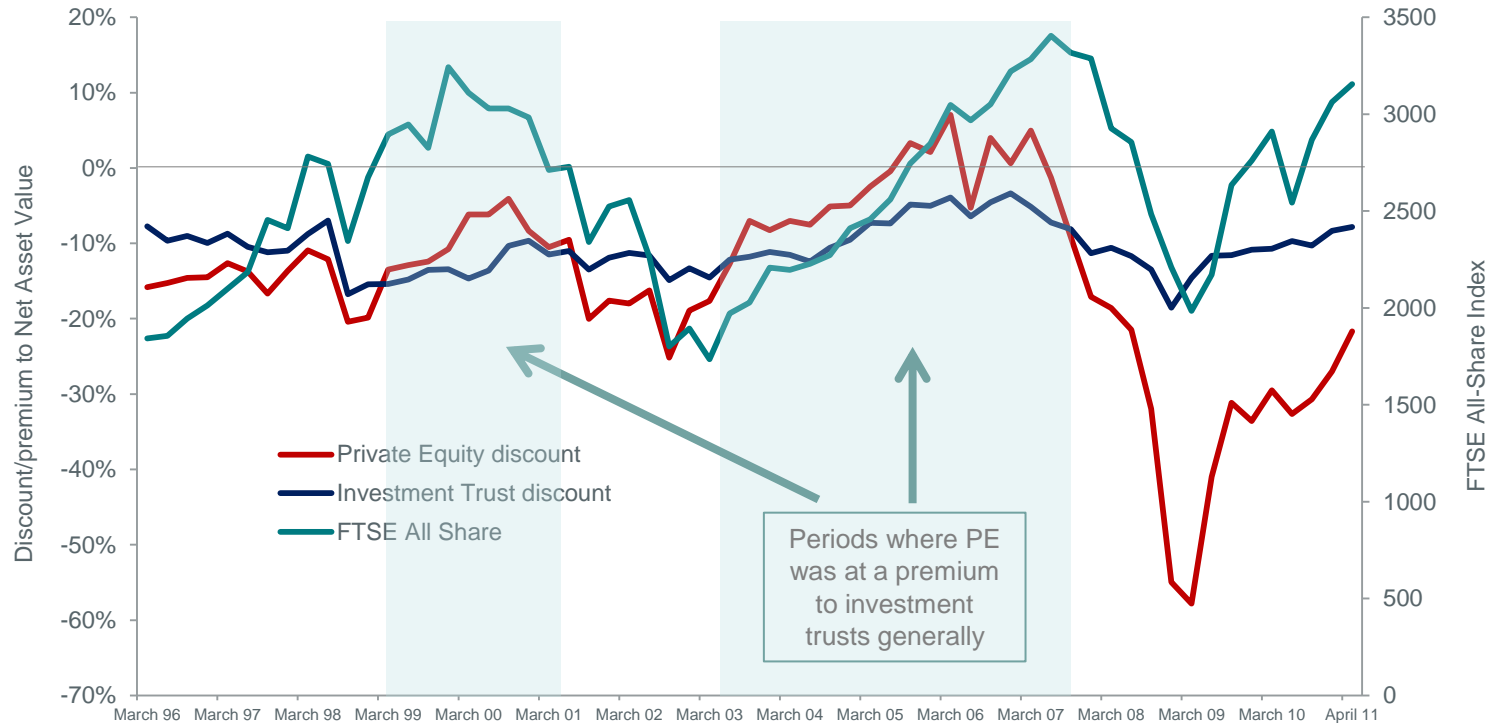
The discount remains well above the long term average



- At 14 June 2011 the discount was 30.2% (share price 388.6p)
 - The ten year average discount is 21.7%
 - The average discount in the ten years prior to Q4 2008 was 14.0%

Discount

Private equity discounts remain wide relative to the investment trust sector



Sources: Morningstar, UK Office for National Statistics. Data to 31 May 2011.



6. Dividend

The board is recommending that the dividend be maintained at 2.25p per share

- The decision to maintain the dividend at the same level as last year took account of:
 - the likely levels of future income
 - the level of available income reserves

- Income is difficult to predict as it is driven by the timing of disposals and investment structures

- At 31 January 2011, income reserves totalled £11.0 million or 15.1p per share

- The proposed dividend is £1.6 million or 2.25p per share
 - Net income was £1.1 million or 1.51p per share in the Period to January 2011
 - A transfer from reserves of £0.5 million or 0.74p per share is therefore required

- Income will be materially higher in 2011/12:
 - £3.2 million of income from Wagamama sale
 - Further income from Kurt Geiger and other disposals



7. Outlook and conclusions

- Activity levels are recovering
 - The number of new investments in 2010 was more than 50% higher than in 2009
 - In the first quarter of 2011 new investments fell back slightly
- The availability of debt is increasing
 - But remains below the very levels in 2006-2007
- Pricing remains high for good quality companies
- The pipeline of new funds being raised in 2011 and 2012 is strong
- Fund raising plans may influence the timing of exits

Graphite Enterprise is well positioned to generate future growth

- The portfolio is growing strongly
 - The top 30 investments (43.6% of the portfolio) performed well in 2010
 - Valuation multiples are reasonable given recent performance
 - Debt levels are 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

- Cash and the bank facility provide the capacity to make new investments
 - After adjusting for agreed realisations the Company is 80% invested
 - Funding is available to take advantage of new opportunities



Questions



GRAPHITE ENTERPRISE





Results of proxy votes

Results of proxy votes

Resolution 1

Annual report and accounts

For:	21,148,217	99.77%
Chairman's discretion:	36,077	0.17%
Against:	12,420	0.06%
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	21,184,294	100.00%

Withheld: 16,594

Results of proxy votes

Resolution 2

Final dividend

For:	21,166,999	99.78%
Chairman's discretion:	36,077	0.17%
Against:	9,906	0.05%
	<hr/>	<hr/>
	21,203,076	100.00%
	<hr/>	<hr/>
Withheld:	4,977	

Results of proxy votes

Resolution 3

Elect A Pomfret

For:	20,903,282	99.19%
Chairman's discretion:	38,266	0.18%
Against:	131,795	0.63%
	<hr/>	<hr/>
	20,941,548	100.00%
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Withheld:	121,419	

Results of proxy votes

Resolution 4

Re-elect P Dicks

For:	20,223,100	95.86%
Chairman's discretion:	36,077	0.17%
Against:	837,912	3.97%
	<hr/>	<hr/>
	20,259,177	100.00%
Withheld:	106,801	

Results of proxy votes

Resolution 5

Re-elect J Tigue

For:	20,928,669	99.09%
Chairman's discretion:	36,077	0.17%
Against:	157,103	0.74%
	<hr/>	<hr/>
	20,964,746	100.00%

Withheld: 87,396

Results of proxy votes

Resolution 6

Re-elect M Cumming

For:	20,158,687	95.61%
Chairman's discretion:	36,077	0.17%
Against:	889,468	4.22%
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	20,194,764	100.00%

Withheld: 122,000

Results of proxy votes

Resolution 7

Re-elect M Fane

For:	20,344,211	96.50%
Chairman's discretion:	36,077	0.17%
Against:	702,851	3.33%
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	20,380,288	100.00%
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Withheld:	123,160	

Results of proxy votes

Resolution 8

Re-appoint auditors

For:	20,849,301	98.84%
Chairman's discretion:	36,077	0.17%
Against:	207,841	0.99%
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	20,885,378	100.00%
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Withheld:	112,007	

Results of proxy votes

Resolution 9

Directors remuneration

For:	20,464,033	97.94%
Chairman's discretion:	43,004	0.20%
Against:	388,056	1.86%
	<hr/>	<hr/>
	20,507,037	100.00%
Withheld:	273,684	

Results of proxy votes

Resolution 10

Authority to allot shares

For:	20,770,051	98.72%
Chairman's discretion:	43,004	0.20%
Against:	227,303	1.08%
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	20,813,055	100.00%
Withheld:	118,829	

Results of proxy votes

Resolution 11

Allot shares for cash

For:	17,210,076	81.85%
Chairman's discretion:	36,238	0.17%
Against:	3,780,887	17.98%
	<hr/>	
	17,246,314	100.00%
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Withheld:	137,346	

Results of proxy votes

Resolution 12

Purchase Company shares

For:	20,891,432	98.92%
Chairman's discretion:	36,238	0.17%
Against:	192,700	0.91%
	<hr/>	<hr/>
	20,927,670	100.00%
Withheld:	52,092	

Results of proxy votes

Resolution 13

Notice for general meetings

For:	20,721,584	98.37%
Chairman's discretion:	36,238	0.17%
Against:	307,345	1.46%
	<hr/>	<hr/>
	20,757,822	100.00%
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Withheld:	107,737	