GRAPHITE ENTERPRISE

Investor presentation

September 2011

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Graphite Enterprise – overview

Hybrid fund of funds/ direct investor	▪ 75-80% third party funds and co-investments ▪ 20-25% companies typically directly controlled by Graphite Capital ▪ Invest in primary funds, secondary fund purchases and direct co-investments
Focus on European buy-outs	▪ Buy-outs – no venture capital ▪ Mature, larger markets, principally in Western Europe ▪ Manager-led approach backing established, top performing groups
Experienced and focused team	▪ Graphite Capital's senior team has 20 years of PE experience on average ▪ Separate team dedicated to Graphite Enterprise ▪ Fund investment team has direct investment experience and approach
Strong performance record	▪ NAV has outperformed the FTSE All-Share over 1, 3, 5 and 10 years ▪ NAV has outperformed the Index in 16 out of 20 years and every 3 yr period ▪ Best performing listed PE funds of funds through the downturn

The Manager of Graphite Enterprise is Graphite Capital

- Graphite Capital is a leading UK mid-market private equity firm with £1.2 billion under management
  - Buy-out funds investing in the UK mid-market (almost £900 million)
  - Fund investments and co-investments (more than £400 million)

- Independently owned since 2001 and is based in one office in London
  - The team consists of 19 investment executives and 19 support staff
  - The senior team has an average of 20 years of private equity experience
  - Decision making is rapid, flexible and unbureaucratic

- 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
  - Realised funds and co-investments have generated 2.0 times cost since 1989

Graphite Capital – an experienced and focused team manage Graphite Enterprise

Rod Richards
Managing Partner

Stephen Cavell
Senior Partner

Emma Osborne
Head of Fund Investment

Tim Spence
Finance Director

Fiona Bell
Investment Manager

Colm Walsh
Financial Controller

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

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

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.

The investment strategy is focused on European buy-outs

- 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)
  - Other European markets and other UK sectors covered through third-party funds

- Investments are made through
  - Primary commitments to new funds
  - Secondary purchases of existing funds
  - Direct co-investments alongside funds

- The approach is led by the quality of the manager, rather than by geography or sector allocations
  - Managers with proven track records, mainly in developed European markets

The portfolio combines Graphite Capital and third-party investments

Graphite investments 19%

Third party funds 73%

Third party co-invests 8%

Direct portfolio

Third party portfolio

- The portfolio is more diversified than most direct funds, more concentrated than most fund of funds
  - The top 30 underlying companies represent 39.5% of the portfolio value
  - Ensures individual winners can make a difference

We apply a direct investment manager approach to our third party fund investments

- The Graphite Enterprise team has extensive direct investing experience
  - Well positioned to judge other private equity managers
  - Understanding of direct co-investment opportunities
- We benefit from the insight and market knowledge of Graphite Capital's direct investment team
  - More current market view than can be gained second hand
  - Perspectives on direct co-investments gained from 25 years of precedent transactions
- Our approach to fund investment is rigorous and analytical
  - An ability to appraise underlying companies is key to evaluating managers' performance
- Active approach to portfolio management
  - Not afraid to challenge managers or exit underperforming funds

2. Performance

The NAV and share price strongly outperformed the FTSE All-Share in the 6 months to July

	31 January 2011	31 July 2011	% change
Net asset value per share	534.0p	580.2p	+8.6%
Share price	308.0p	392.0p	+27.3%
FTSE All-Share Index	3,044	3,026	-0.6%
Discount	42.3%	32.4%	

2. Performance

The net asset value per share increased by 8.6% in the six months to 580.2p

6 months to 31 July	%	£m
Portfolio	8.2%	31.8
Currency	2.3%	9.1
Total portfolio	10.5%	40.9
Dividend	-0.4%	(1.6)
Expenses and other	-1.5%	(5.7)
Total NAV movement	8.6%	33.6

2. Performance

The portfolio performed well

	Gain £m	Gain as % of opening portfolio	% of underlying gain
Realisation activity *	19.4	5.4%	61%
Unrealised	12.4	3.5%	39%
Total underlying gain	31.8	8.9%	100%
Currency	9.1	2.5%	
Total portfolio movement	40.9	11.4%	

- As the portfolio represented 89% of opening net assets, this rise increased the NAV by 10.5%

** Includes valuation uplifts on Phadia and Salient where sales have been contracted but not yet completed*

2. Performance

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	+23.5%	+11.5%	+38.6%	+101.1%
Share price	+40.8%	-6.7%	+7.0%	+58.4%
FTSE All-Share Index	+11.4%	+6.0%	+2.0%	+10.9%

- The NAV per share has outperformed the FTSE All-Share in 16 of the last 20 financial years
  - It has only underperformed when the Index is rebounding from a sharp fall
- It has outperformed in every three year period in the last 20 financial years
- Since inception, the Company has generated a return of 24x the amount subscribed

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

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

NAV performance	Peak to trough (2007-2008) %	1 year [1]	3½ years[2]	July 2011 as % of peak
Graphite Enterprise	-24.8%	+23.5%	+11.7%	+9.2%
Peer Group average [3]	-29.1%	+15.8%	-1.2%	-6.7%

- At 31 July 2011 Graphite Enterprise was:
  - The best performing fund of funds in the peer group since 1 January 2008
  - One of only three fund of funds to be above its previous peak
- The NAVs of almost all direct funds are below 1 January 2008 and peak levels

[1] Twelve months to 30 June or 31 July 2011
[2] Period from 1 January 2008 to 30 June or 31 July 2011
[3] Peer group is: Aberdeen, Conversus, F&C PE, HarbourVest, JPM PE, NBPE, Pantheon, Princess, SLEPET

Graphite Enterprise is managed conservatively

	December 2008	June/July 2011
Cash/(debt) as % NAV		
Graphite Enterprise	42%	17%
Peer Group average [1]	(9)%	(1)%
Overcommitment % [2]		
Graphite Enterprise	51%	18%
Peer Group average [1]	86%	32%

[1] *Peer group is: Conversus, F&C PE, HarbourVest, JPM PE, NBPE, Pantheon, Princess, SLEPET*
[2] *Cash (excluding undrawn bank facilities) less commitments as a percentage of NAV*

3. Balance sheet

The balance sheet is strong

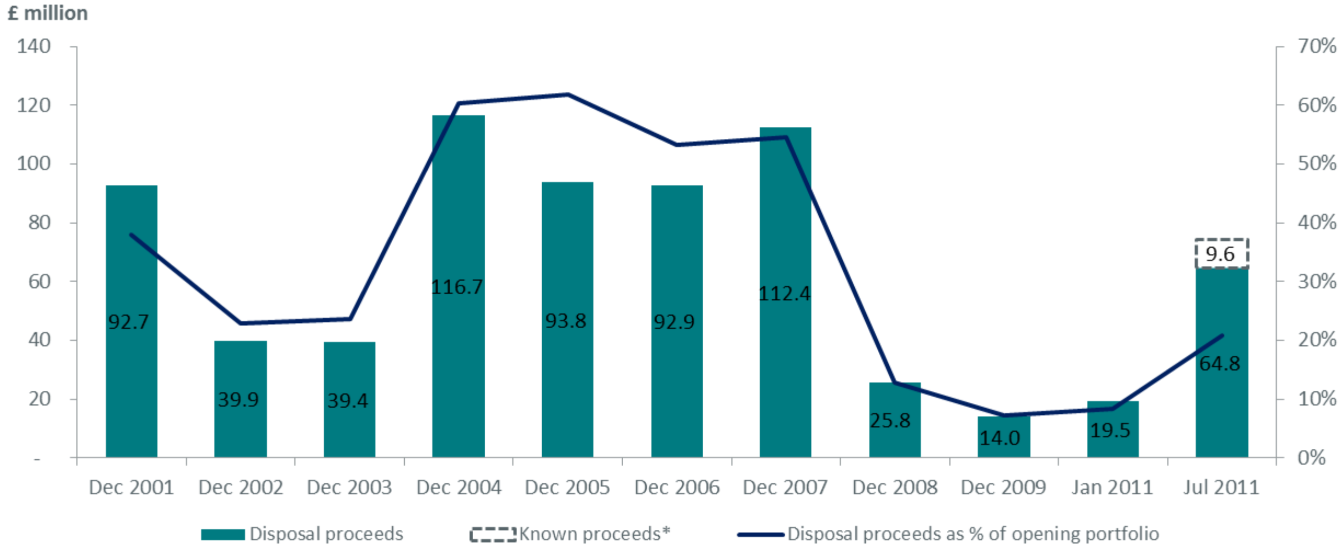
	31 July £m	31 Jan £m
Investments	359	357
Cash and near cash	76	43
Total assets	**435**	**400**
Undrawn bank facility	30	-
Total available liquidity	106	43
Outstanding commitments	153	174
Overcommitment [1]	77	131
Overcommitment as % of total assets	18%	33%

	31 July %	31 Jan %
Investments	82.6%	89.2%
Cash and near cash	17.4%	10.8%
Total assets	**100%**	**100%**

- The level of overcommitment is not a concern
- The balance sheet structure is simple – only ordinary shares and £30m stand-by bank facility

[1] *Outstanding commitments less cash (does not take into account undrawn borrowing facility)*

Disposal proceeds in the first 6 months were higher than in the last three years combined



* Represents £9.6m of proceeds for Salient and Phadia

Notes: (1) includes income from the portfolio (£6.3m in six months to 31 July). (2) Excludes proceeds from secondary sales (£3.8m in six months to 31 July).

Eleven full realisations were completed at an average of 2.6x cost

6 months to 31 July 2011	Number	Net proceeds £m	Gross multiple of cost	Uplift on valuation[1]
Full realisations [2]	11	52.5	2.6	83%
Partial realisations		12.3		
		64.8		
Secondary sale		3.8		
Total proceeds		**68.6**		

- Five investments were sold to trade buyers and six to private equity buyers
- The sale of Kurt Geiger had the greatest impact on NAV per share in the period

1 From most recent valuation not adjusted for sale proceeds
2 Includes Wagamama, Kwik-Fit and Preh where most or all of gain was recognised in period to 31 Jan 2011 but cash was received in period to 31 July

Recent examples – Kurt Geiger disposal

KURT GEIGER

Background

- A leading UK-based retailer of luxury footwear and accessories
- Acquired by Graphite Capital in a £95 million secondary buy-out in February 2008

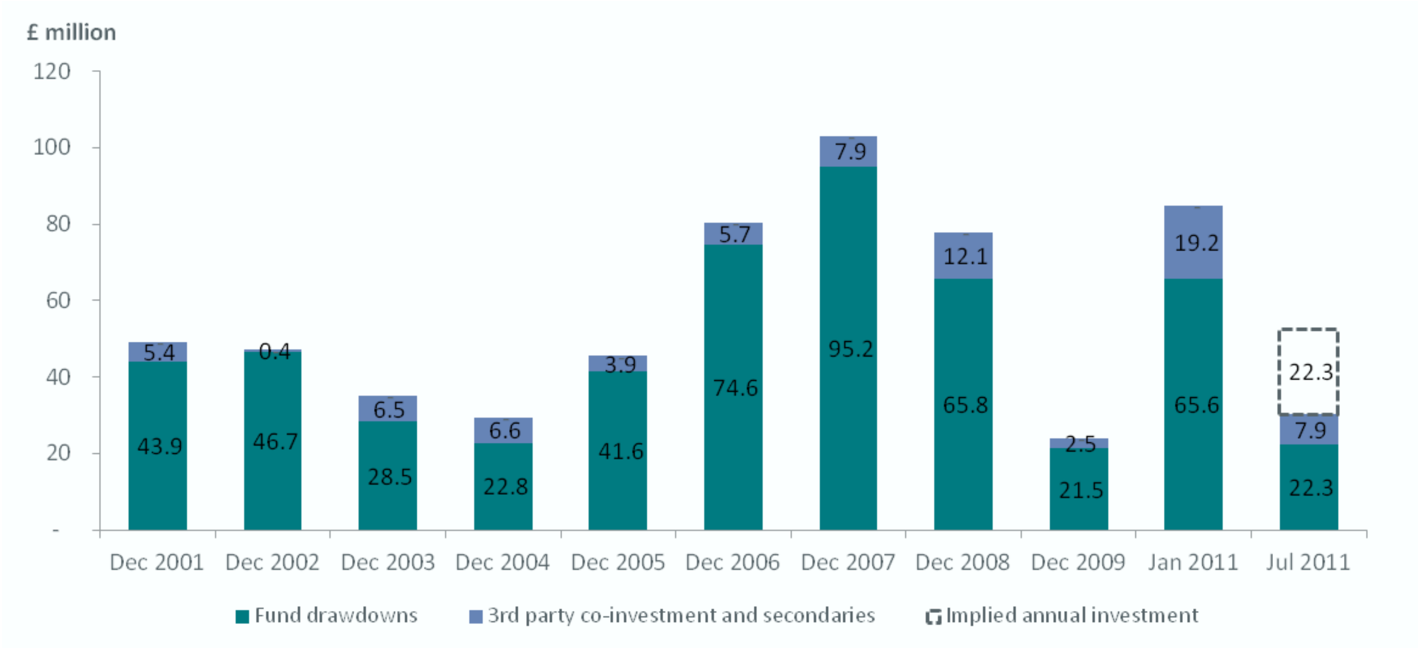
Developments under Graphite Capital ownership

- Turnover increased by 70% to £205 million and EBITDA more than doubled
- 24 stand-alone stores were opened in the UK
- Partnerships were strengthened with leading UK department store groups
- Stores were opened in Dubai, Kuwait, Qatar & Bahrain, franchises agreed in Russia & Turkey

Exit

- In May 2011 the business was sold to a US trade buyer for £215 million
- This represented a multiple of 2.6 times cost and an uplift of 73% over the previous valuation
- The uplift in NAV per share of 6.8p was included in 30 April 2011 net asset value
- Gross proceeds were £13.1 million

New investment was materially lower than in the 13 months to January 2011



Example – Charterhouse VIII (secondary purchase of fund interest)

Background

- Charterhouse is a leading large buy-out manager, focusing on UK and France
- Graphite Enterprise first invested with the team in 1989
- Fund VIII is a €4 billion 2006 vintage fund which was oversubscribed
- We acquired a €6.4 million secondary position in the fund in October 2010

Secondary transaction

- Graphite Enterprise acquired a further €5.0 million commitment in June 2011
- The opportunity was introduced by an agent after we had made a proactive approach
- The seller was a German family office
- The fund was 83% drawn with a portfolio of 11 companies acquired between 2006 and 2009
- The entry cost was £3.3 million

Rationale

- Secondary fund purchases are lower risk and have a shorter duration than primary funds
- Manager consent is required for transfers and price is therefore not the only factor
- Prior knowledge of the portfolio enabled us to move quickly and to provide a deliverable bid

Example – Steadfast Funds II & III (stapled secondary transaction)

STEADFAST CAPITAL

Background

- Steadfast is a German mid-market manager established in 2001
- Focus on buy-outs €25-150 million, mainly industrial companies
- Formerly 100% funded by BHF Bank
- Fund II was raised in 2006 with €193 million of commitments
- Fund III has a target of €250 million

Secondary transaction

- We acquired a €5.0 million interest in Fund II in an oversubscribed secondary transaction
- At the same time we made a €5.0 million primary commitment to Fund III
- The Fund II portfolio comprises five companies acquired between 2005 and 2010
- The entry cost was £4.1 million

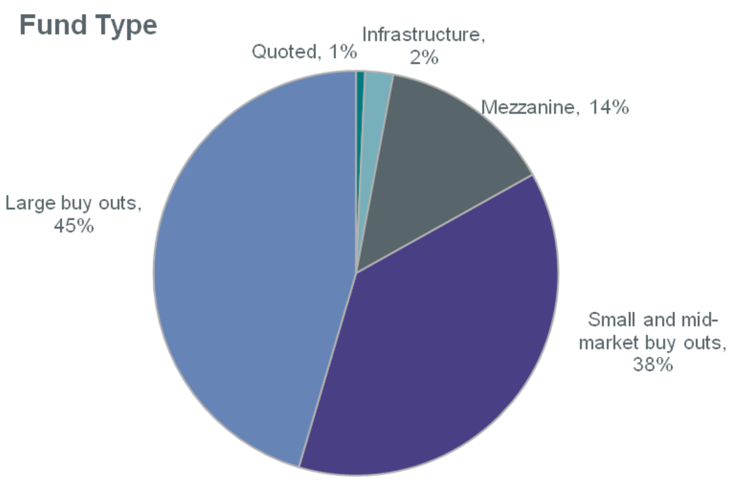
Rationale

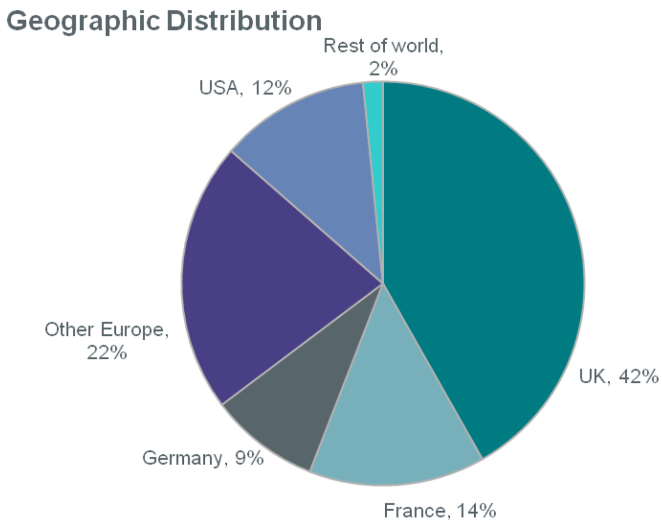
- Opportunity to add a new manager to the portfolio without full blind pool risk
- The secondary was attractively priced
- The portfolio is trading strongly

5. Portfolio

The portfolio remained balanced and well diversified

- At 31 July 2011, the portfolio comprised 44 funds and 23 direct investments
  - exposure to 310 underlying companies
- The portfolio is more concentrated than most funds of funds, more diversified than most direct funds
  - Top 30 investments account for 39.5% of the portfolio value





NB: the fund type analysis does not look through to the underlying companies so may overstate the exposure to large cap transactions

5. Portfolio

At 31 July 2011, Graphite Capital directly managed five of the top ten holdings

- The top 10 underlying investments represented 19.6% of portfolio value

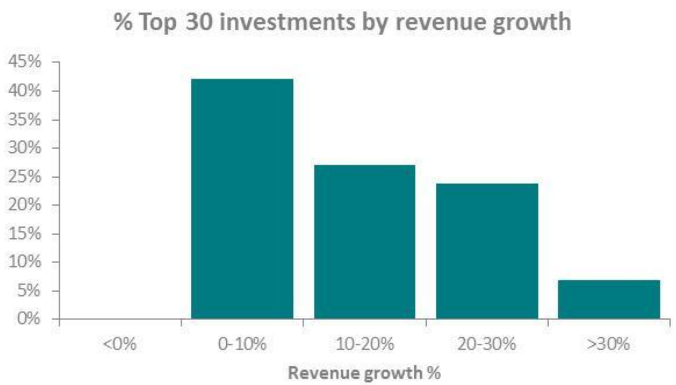
			Country	Manager	Value £m	% of portfolio
1	MICHELDEVER TYRE SERVICES LTD	Distributor and retailer of tyres	UK	Graphite	15.8	4.4%
2	PARK HOLIDAYS UK	Operator of caravan parks	UK	Graphite	7.6	2.1%
3	NES NES GROUP	Provider of recruitment services	UK	Graphite	6.7	1.9%
4	U-POL	Manufacturer of automotive refinish products	UK	Graphite	6.6	1.9%
5	dataexplorers	Provider of information to lending industry	UK	Bowmark	6.6	1.8%
6	EVONIK INDUSTRIES	Manufacturer and distributor of chemicals	Germany	CVC	6.2	1.7%
7	Phadia *	Manufacturer of medical testing equipments	Sweden	Cinven	5.7	1.6%
8	HellermannTyton	Manufacturer of cable management products	UK	Doughty Hanson	5.2	1.5%
9	TUMI	Manufacturer of luggage and accessories	USA	Doughty Hanson	5.2	1.4%
10	alexander mann solutions	Provider of recruitment process outsourcing	UK	Graphite	4.8	1.3%
					70.2	19.6%

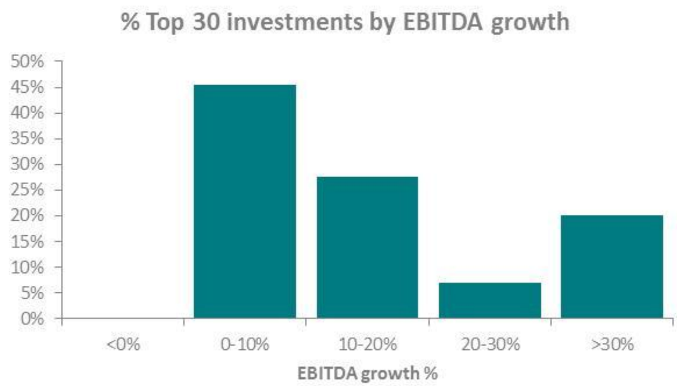
** Sale contracted but not yet completed*

5. Portfolio

At July 2011 the Top 30 companies accounted for 39.5% of the portfolio

- These companies performed well in the twelve months to 30 June
  - revenues grew by an average of 14%
  - EBITDA grew by an average of 18%
- Valuation multiples increased marginally from 8.7 to 9.1 times EBITDA from Jan to July 2011
- Leverage also increased slightly to 3.6x
- These increases in multiples were largely due to the mix of companies in the top 30



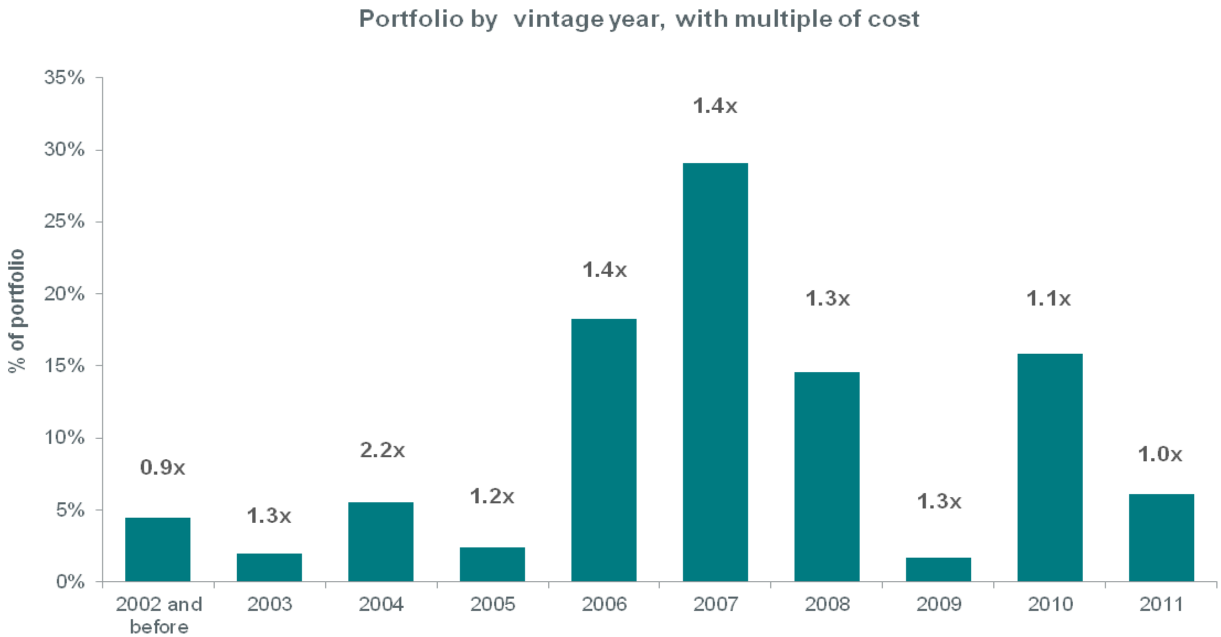


Note: The growth data excludes three of the top 30 investments on which we do not have comparative data (Salient Surgical, London Square, Vue Entertainment)

5. Portfolio

There is considerable scope for future upside as the portfolio matures

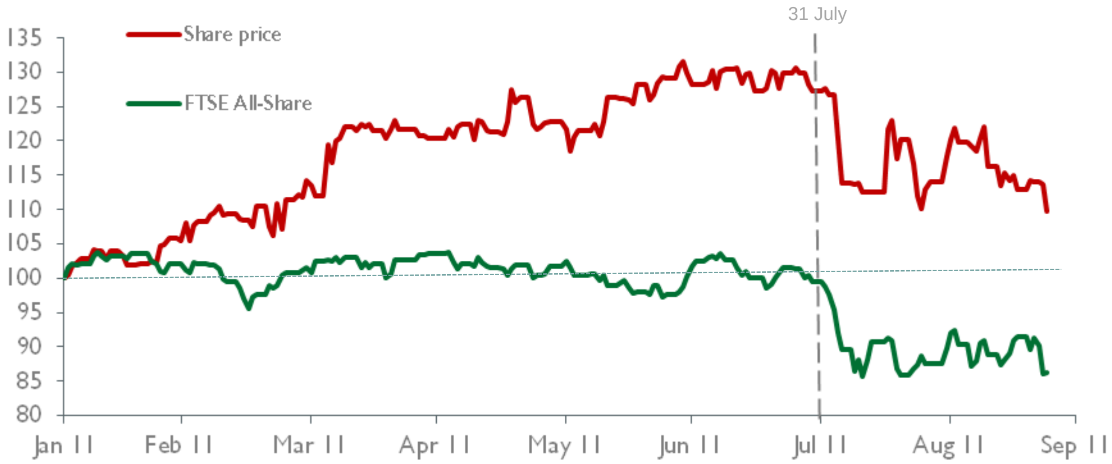
- The portfolio was valued at 1.3 times cost* and had an average maturity of 4.0 years



* *Including amounts realised by current portfolio companies*

6. Share price

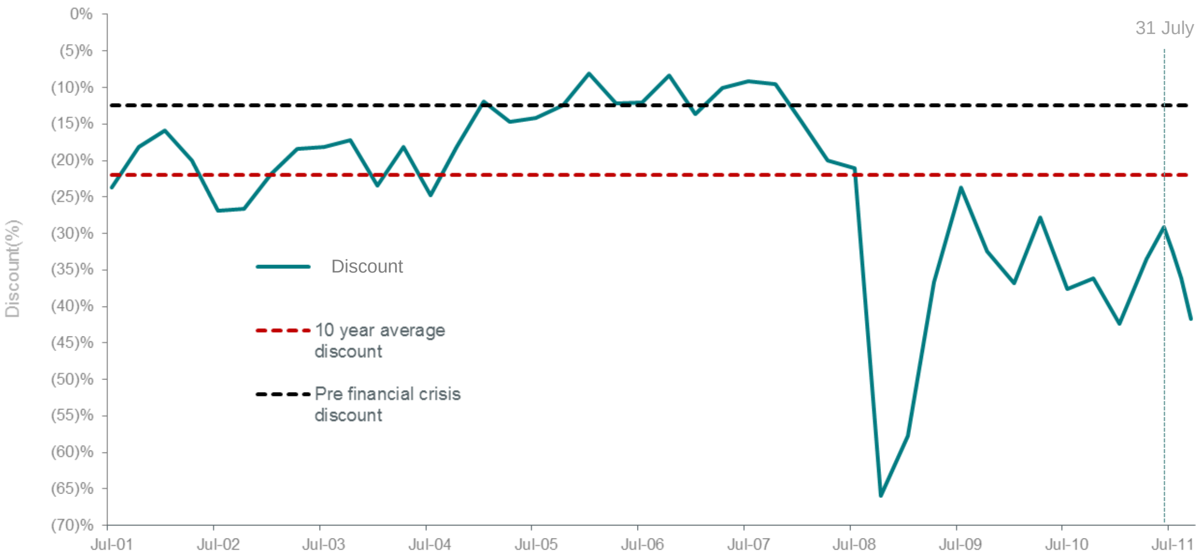
The share price has strongly outperformed the FTSE All-Share since 31 January 2011



- In the six months to 31 July, the share price rose by 27.3% while the Index fell by 0.6%
- Since then, the share price has fallen by 13.7% and the Index by 13.4%
- Since 31 January, the share price has risen by 9.8% while the Index has fallen by 13.7%

6. Share price

The discount has widened since the period end, as has that of the peer group



- At 23 September 2011 the discount was 41.7.% (share price 338.25p)
  - The average discount over ten years is 21.7%
  - The average discount in the ten years prior to Q4 2008 was 12.4%

The performance of the portfolio was resilient following the fall in the market in 2008

- In the second half of 2008, the FTSE All-Share fell by 22.5%
  - At Dec 2008, third party managers marked companies down to an average of 8.5x EBITDA
  - We applied a provision of 10% to the third party portfolio at that date
  - This reduced the valuation of the portfolio to 7.9x EBITDA
  - Leverage was 4.2x EBITDA or 53% of the valuation
- The Company's net asset value per share fell by 12.1% in the Q4 2008 (including the provision)
- In 2009:
  - the EBITDA of the FTSE 250 fell by 3%
  - the EBITDA of the opening top 30 investments grew by 5%
  - the underlying value of the portfolio increased by 12.1% before the release of the provision

7. Outlook

The cash balance and the growth in portfolio EBITDA may offset recent market falls

- If the portfolio were to fall in line with the market (13.2%):
  - The net asset value would fall by approximately 11%
  - The discount would fall from 41.7% to 35% based on the 23 September share price of 338p
  - The implied discount on the portfolio would be 45%

- Offsetting the market falls:
  - Earnings growth in the portfolio has strong momentum
  - The Company has approximately 20% cash
  - Portfolio companies are reducing leverage

7. Outlook

The strength of the balance sheet represents a significant advantage

- The portfolio has demonstrated consistent growth
  - The top 30 investments (39.5% of the portfolio) performed well to June 2011
  - Valuation multiples are reasonable given the strong recent performance
  - Private equity and portfolio company managers have responded well to adversity
- The level of both new investment and realisations are difficult to predict
  - Pricing for companies may fall in response to the increased economic uncertainty
  - The availability of debt may also fall
  - A reduction in pricing is likely to reduce transaction volumes
- Cash and the bank facility give us considerable flexibility
  - After adjusting for contracted realisations the Company is 80% invested
  - The cash balance offers protection if inflows fall and outflows accelerate
  - Liquidity is available to take advantage of any opportunities which might arise

Background Info

Structure:	Company registered in England and Wales	Ticker:	GPE.LN
	Investment trust tax status	ISIN:	GB0003292009
	Registered company number: 01571089	SEDOL:	0329200

Listing:	Official List (main market) in London		
Broker:	JPMorgan Cazenove: Sales	Angus Wilton	+ 44 (0) 20 7155 8122
	Corporate finance	William Simmonds	+ 44 (0) 20 7155 4579

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Manager:	Graphite Capital Management LLP
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