



Graphite Enterprise Trust PLC

Investing in long term growth

Presentation to analysts
28 September 2012

Graphite Enterprise

Presentation to analysts – September 2012

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2. Performance
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4. Investment activity
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1. Introduction

Graphite Enterprise has a distinct offering in the listed private equity sector

HYBRID MODEL

Investor in funds and directly into companies

FOCUSED STRATEGY

European buy-outs – mature, profitable companies

HIGHLY EXPERIENCED TEAM

The senior team has extensive direct investment experience

CONSISTENTLY STRONG PERFORMANCE RECORD

NAV outperformed the FTSE All-Share in 16 of the last 20 years

CONSERVATIVE APPROACH

Balance sheet management and portfolio construction are both conservative

STRONG BALANCE SHEET

Well placed to take advantage of current opportunities

2. Performance

The net asset value per share increased by 1.4% to 577.4p

| | 31 July 2012 | 31 Jan 2012 | Change |
|---------------------------|--------------|-------------|--------|
| Net asset value per share | 577.4p | 569.4p | +1.4% |
| Share price | 384.9p | 357.0p | +7.8% |
| FTSE All-Share Index | 2,927 | 2,933 | -0.2% |

- The share price and NAV per share both outperformed a weak Index
- Over the 8 months to 26 September*, the share price is up 9.0% while the Index is up 2.6%

* At 26 September SP = 389p, FTAS = 3,010

2. Performance

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

Years to 31 July 2012*

| Total return | 3 | 5 | 10 |
|---------------------------|----------|----------|-----------|
| Net asset value per share | +47.0% | +24.3% | +138.1% |
| Share price | +41.6% | -6.4% | +110.2% |
| FTSE All-Share Index | +49.4% | +3.3% | +83.3% |

- The NAV per share has outperformed the Index in 16 of the last 20 financial years
 - It tends to only underperform when the Index is rebounding from a sharp fall
- Since inception, the Company has generated a return of more than 24x the amount subscribed

* Measured using the Company's half-year reporting dates, so 37, 61 and 121 month period to 31 July 2012 as the Company changed its year end during 2010. Source - Morningstar

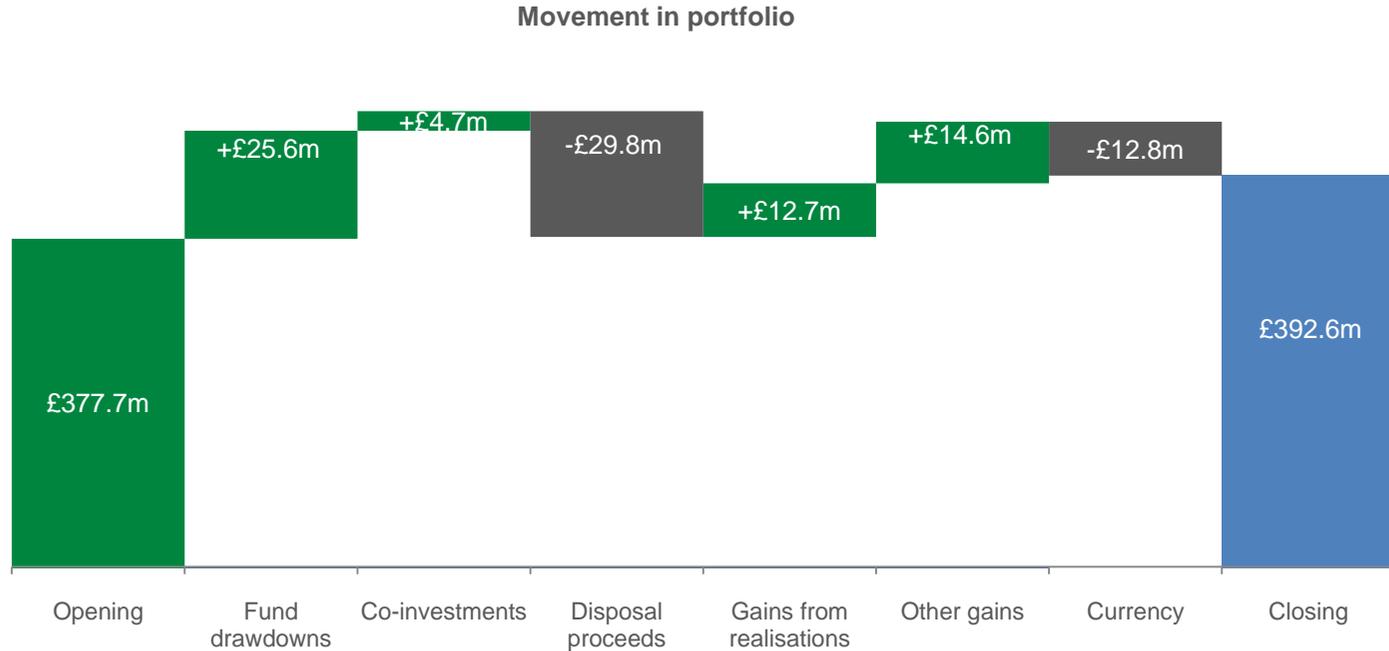
2. Performance

The growth in NAV per share was driven by underlying valuation gains in the portfolio

| 6 months to 31 July 2012 | % of opening portfolio | % of opening NAV | £m |
|----------------------------|------------------------|------------------|-------------|
| Underlying valuation gains | 7.2% | 6.6% | 27.3 |
| Currency | (3.4%) | (3.1%) | (12.9) |
| Total portfolio | 3.8% | 3.5% | 14.4 |
| Dividend | | (0.9%) | (3.6) |
| Expenses and other | | (1.3%) | (5.0) |
| Total NAV movement | | 1.4% | 5.8 |

2. Performance

The underlying value of the portfolio increased by 7.2% in the first half of the year



- Realised gains accounted for 47% of underlying growth in the portfolio

2. Performance

Graphite Enterprise has consistently outperformed the peer group

Year to 31 July 2012¹

Total return

| | 1 | 3 | 5 | 10 |
|-------------------------------------|----------|----------|----------|-----------|
| Graphite Enterprise NAV | 0.4% | 47.0% | 24.3% | 138.0% |
| Peer group ² average NAV | -0.6% | 32.3% | 11.6% | 136.8% |

- This outperformance is despite taking lower balance sheet risk than the peer group

Notes 1. 12, 37, 61 and 121 month periods to 30 Apr 2012 2. Peer group: Aberdeen, Conversus, F&C PE, Harbourvest, JPM PE, NBPE, Pantheon, Princess, SLEPET. Data: total return, local currencies (Morningstar)

3. Balance sheet

The balance sheet remains strong

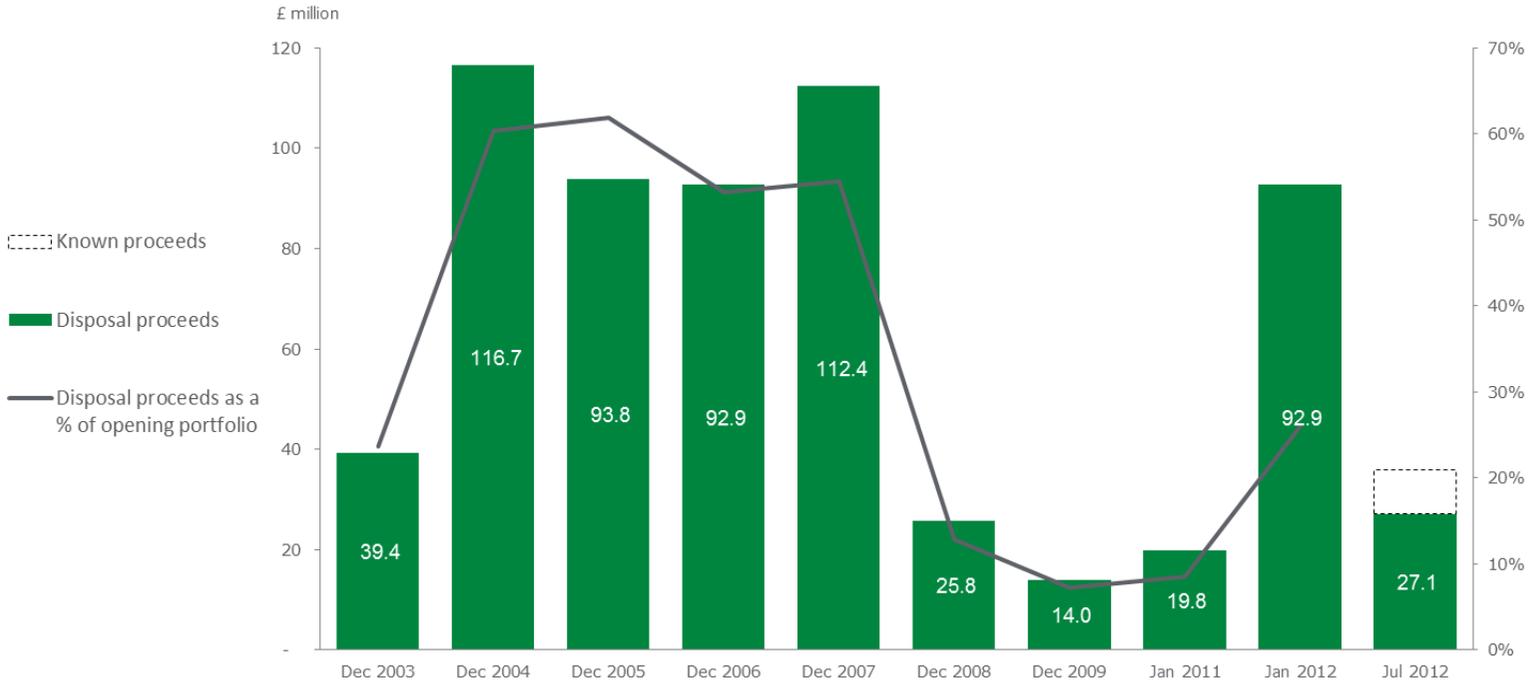
| | Jul 2012 £m | Jan 2012 £m | Change £m | Jul 2012 % | Jan 2012 % |
|---------------------------------------|------------------------|------------------------|----------------------|-----------------------|-----------------------|
| Investments | 393 | 378 | 15 | 92% | 89% |
| Net current assets | 36 | 46 | (10) | 8% | 11% |
| Total assets less current liabilities | 429 | 424 | 5 | 100% | 100% |
| Outstanding commitments | 121 | 143 | (22) | | |
| Undrawn bank facility ¹ | 57 | 59 | (2) | | |
| Total liquidity ² | 91 | 103 | (12) | | |
| Overcommitment ³ | 30 | 40 | (10) | | |
| Overcommitment % | 7% | 10% | (3%) | | |

- The level of overcommitment is low
 - resources are available for new investment
- The balance sheet structure is uncomplicated (ordinary shares, undrawn bank facility)

Notes 1. £30.0m and €34.5m translated at balance sheet date 2. Undrawn facility plus cash and other liquid assets 3. Outstanding commitments less total liquidity

4. Investment activity

Disposal proceeds slowed from the rate seen last year



Note: Excludes proceeds from secondary sales

4. Investment activity

Realisations continue to generate significant uplifts over prior valuations

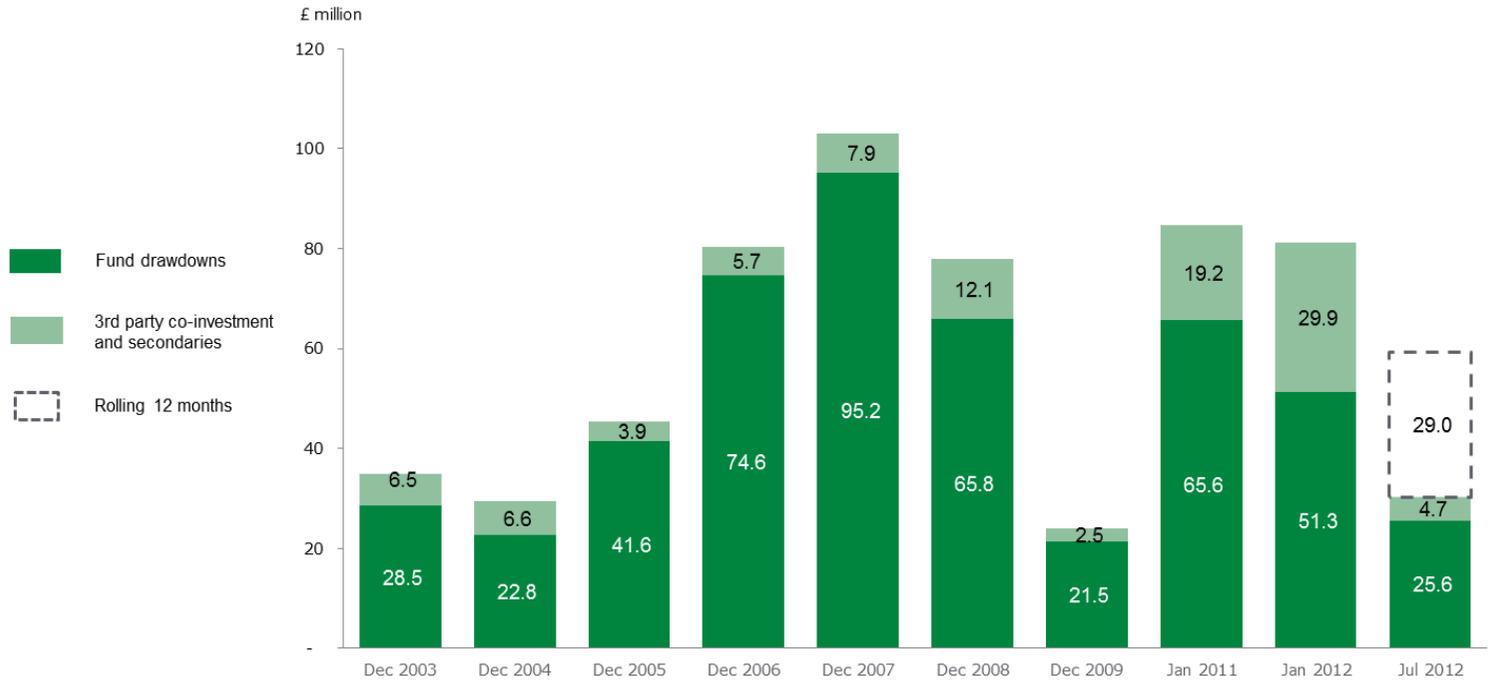
| 6 months to July 2012 | Number | Net proceeds £m | Gross multiple of cost | Gross valn uplift on exit¹ |
|------------------------------|---------------|----------------------------|-----------------------------------|--|
| Full realisations | 5 | 17.1 | 2.8x | 65% |
| Partial realisations | 21 | 10.0 | | |
| Total realisations | | 27.1 | | |
| Secondary sales | | 2.7 | | |
| Total proceeds | | 29.8 | | |

- Three investments were sold to trade buyers and two to private equity
- The sale of Data Explorers, the sixth largest opening underlying investment, had the greatest impact on NAV per share in the period

Note 1: From most recent valuation prior to any uplift on disposal

4. Investment activity

The rate of investment is slower than in the prior year



- The current drawdown run-rate is similar to the prior year

4. Investment activity

Example – CPA Global (Cinven buy-out and direct co-investment)



Background

- Provider of patent renewal services and IP management software
- More than 1,500 employees in over 100 countries. Renews over 1.4 million patents annually
- Acquired by Cinven in a secondary buy-out from ICG in January 2012

Investment rationale

- Global leader in a growth market
- High revenue visibility due to stability of customer base and large existing stock of patents
- Strong defensive characteristics:
 - IP protection is business critical throughout the economic cycle
 - Cost of renewal services is low cost but high value
- Upside potential through accelerating growth in emerging markets
- Highly cash generative business model

A total of £5.2 million was invested through Fourth Cinven Fund and directly 17th largest underlying investment at 31 July

4. Investment activity

Example – Explore Learning (Graphite Capital buy-out)

Background

- UK's leading provider of after-school tuition to children aged 5 to 14
- Network of 62 centres nationally, 39 alongside supermarkets
- Over 16,000 children enrolled
- Secondary buy-out completed August 2012

Opportunity

- Attractive high-growth market
- Tuition market expected to more than double by 2017
- Number of school-age children forecast to grow over medium term
- Education sector has low cyclicity and strong consumer demand

Why Explore

- Proven incumbent management team
- Market leader in attractive sector
- Significant UK roll-out planned
- Opportunity to improve business model
- Overseas expansion potential

£1.7 million was invested through Graphite VII

5. Portfolio

The portfolio combines Graphite Capital and third party investments

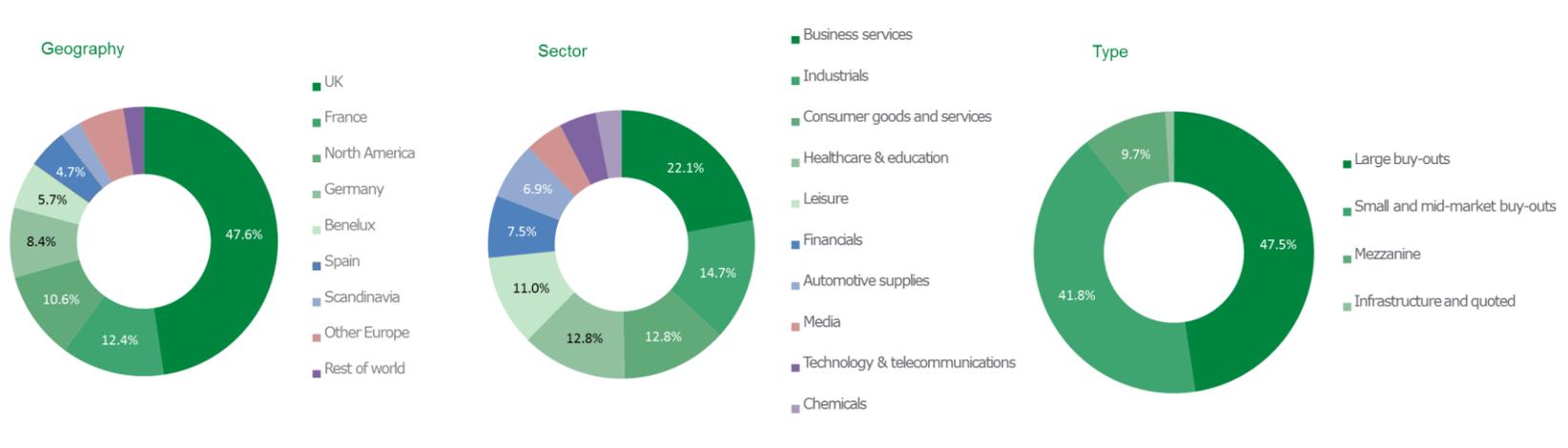
| Graphite portfolio | Third party portfolio | | | |
|---|---|--|---|---|
|  <p>Graphite Capital</p> |    |    |    |    |
| 23% | Funds 70% | | Direct co-invests 7% | |

- 11% of the portfolio was acquired through secondary fund purchases

5. Portfolio

The portfolio is balanced and well diversified

- Exposure to 319 underlying companies
- The portfolio is more diversified than most direct funds, more concentrated than most FoFs
 - The top 30 underlying companies represent 42% of the portfolio value
 - Ensures individual winners can make a difference



Note Geography denotes where a company is headquartered

5. Portfolio

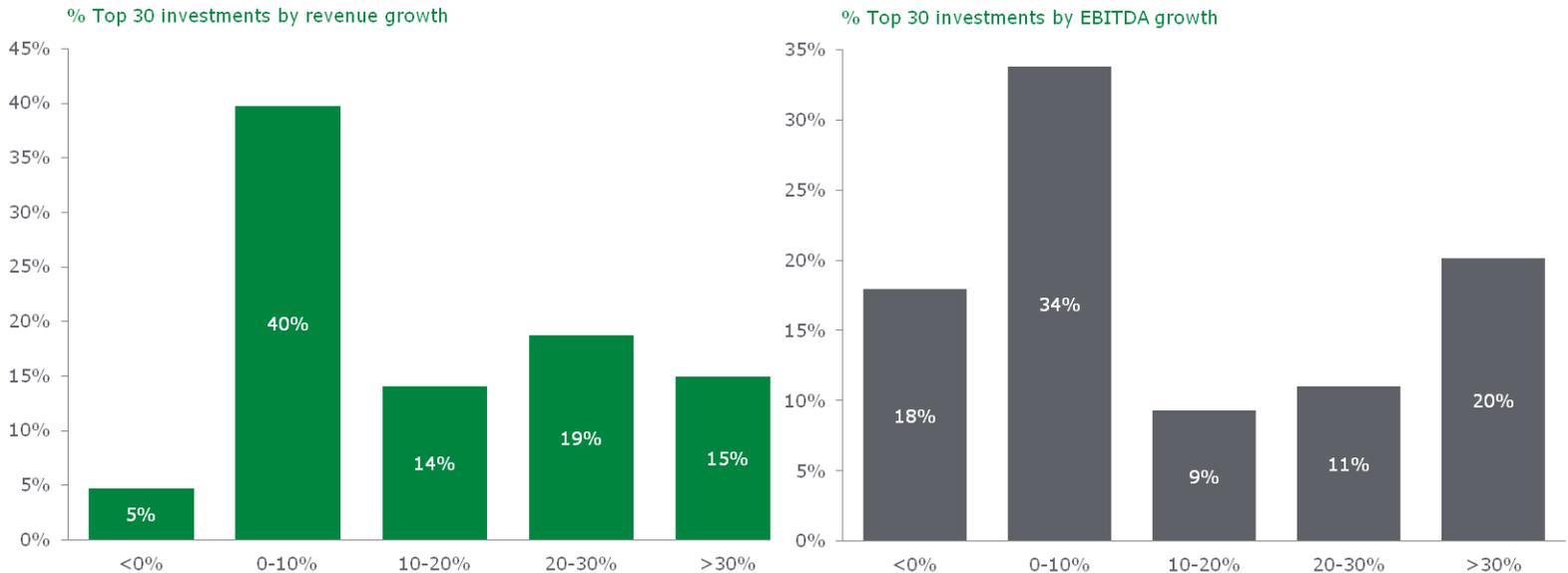
At 31 July 2012, Graphite Capital directly managed seven of the top ten holdings

| | Company | Country | Manager | % of portfolio |
|----|--|-------------|----------------|----------------|
| 1 |  Distributer and retailer of tyres | UK | Graphite | 3.7% |
| 2 |  Provider of recruitment services | UK | Graphite | 2.6% |
| 3 |  Operator of caravan parks | UK | Graphite | 2.3% |
| 4 |  Provider of foster care services | UK | Graphite | 2.2% |
| 5 |  Manufacturer of automotive refinish products | UK | Graphite | 1.7% |
| 6 |  Provider of technical engineering services | Netherlands | Candover | 1.6% |
| 7 |  Provider of recruitment process outsourcing | UK | Graphite | 1.5% |
| 8 |  Supplier and operator of modular buildings | Australia | TDR Capital | 1.4% |
| 9 |  Manufacturer of cable management products | UK | Doughty Hanson | 1.3% |
| 10 |  Developer of residential housing | UK | Graphite | 1.3% |
| | | | | <u>19.6%</u> |

5. Portfolio

The Top 30 companies continue to perform strongly

- Revenues grew by an average of 14% and EBITDA by an average of 11% (LTM June 2012)

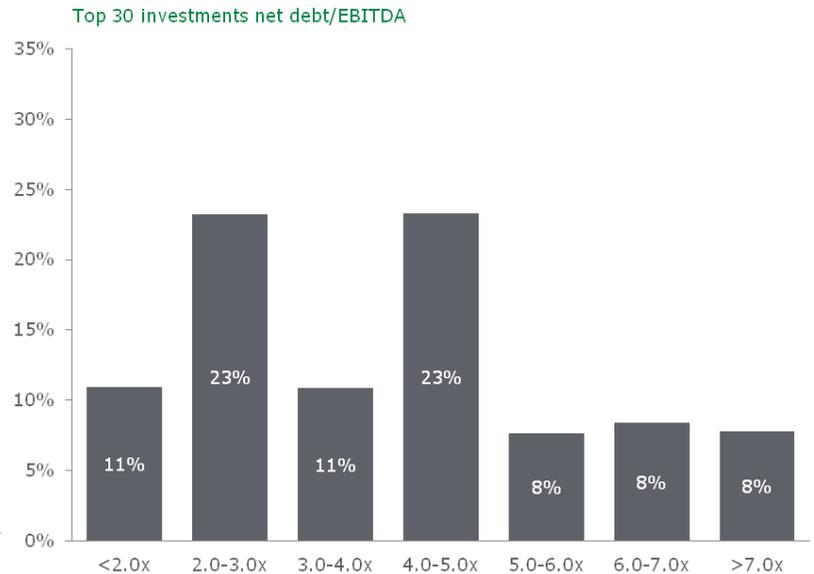
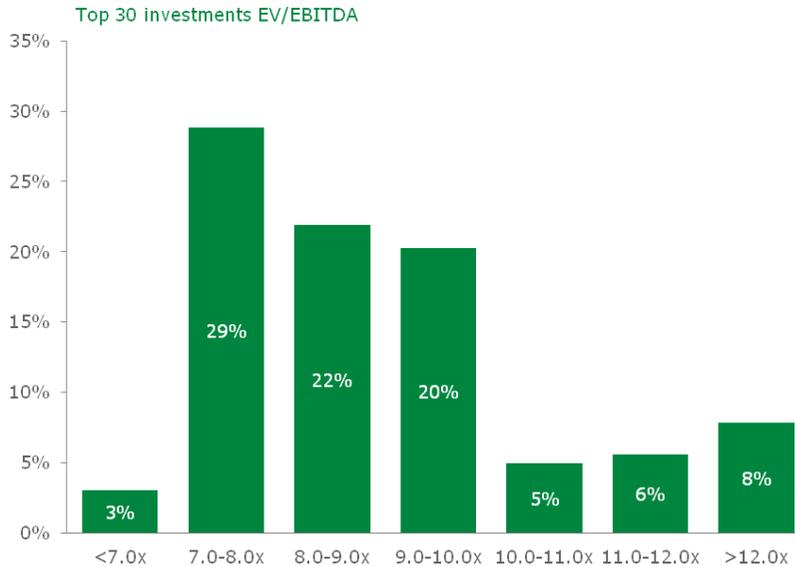


Note: Excludes three Top 30 Companies: Willowbrook (immature), London Square (asset-based rather than earnings-based) and Preh (valued at deferred proceeds). Together these represent 8% of the Top 30 by value.

5. Portfolio

The Top 30 were valued at an average of 9.0x EBITDA and had 4.0x gearing

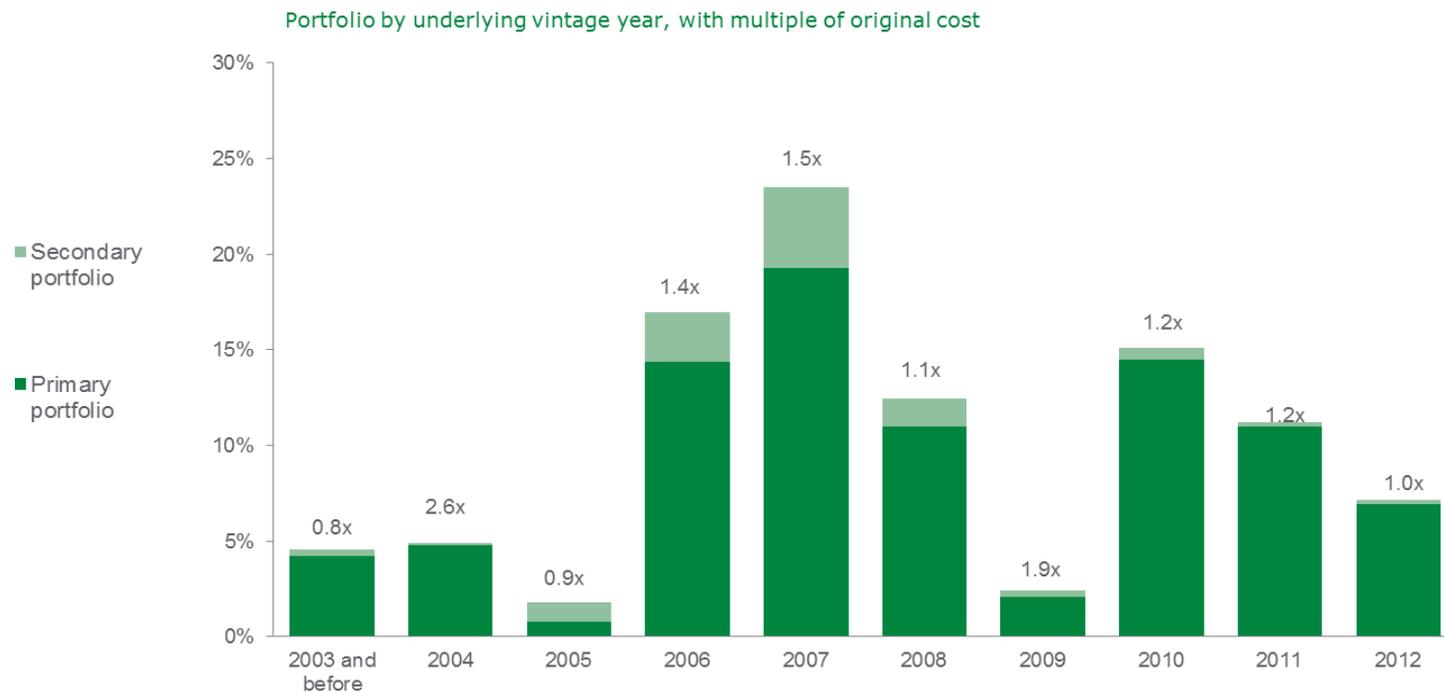
- Average valuation and net debt multiple remained unchanged from the beginning of the year
- Compares with 8.4x EBITDA current valuation of FTSE 250



Note: Excludes three Top 30 Companies as per page 17.

5. Portfolio

The portfolio was valued at 1.3x cost and had an average maturity of 4 years



- The portfolio has considerable upside potential as it matures

Note 1. Multiples of cost include amounts realised by current portfolio companies 2. Average maturity is weighted by value at 31 July 2012.

6. Share price and discount

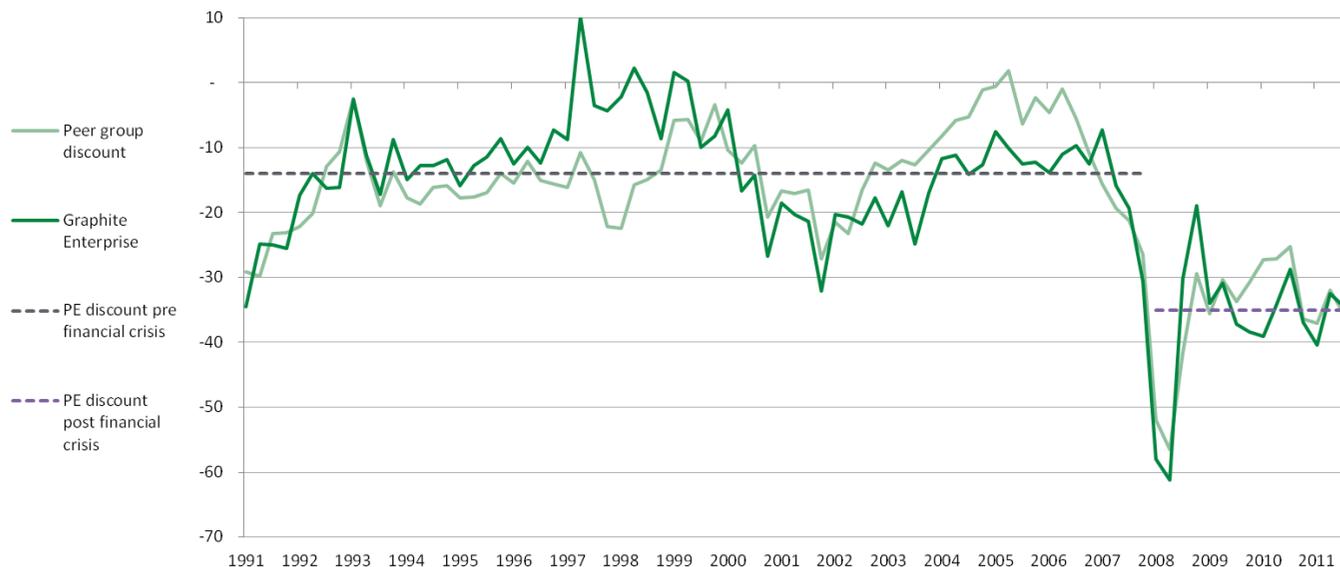
The share price outperformed the All-Share Index by 8% in the first half



Note To the close on 26 September (SP = 389p, FTAS = 3,010)

6. Share price and discount

Graphite Enterprise's discount is closely correlated with the listed private equity sector



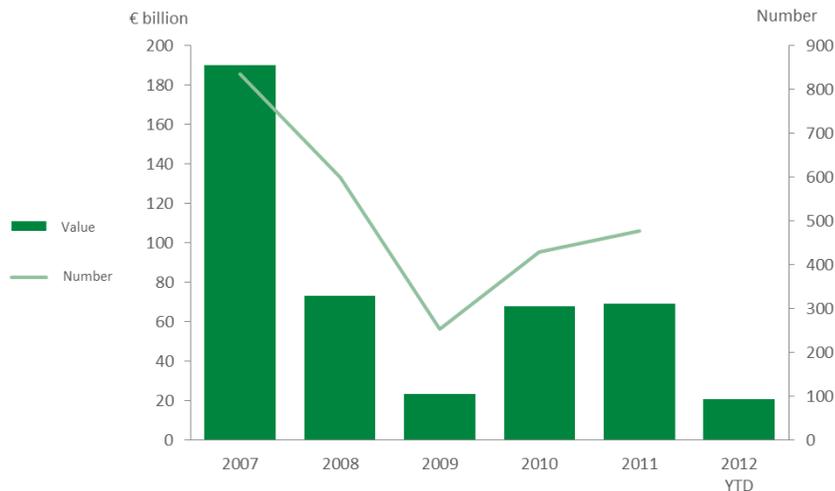
- At 26 September the discount was 32.6% (share price 389p)
 - The average discount in the 17 years prior to the financial crisis was 14%
 - The average discount in the period since Q4 2008 is 35.1%

Note Peer group includes 3i, Aberdeen, Candover, Dunedin, Electra, F&C, HarbourVest, HgCapital, JP Morgan, NB, Pantheon, Princess, Standard Life, SVG

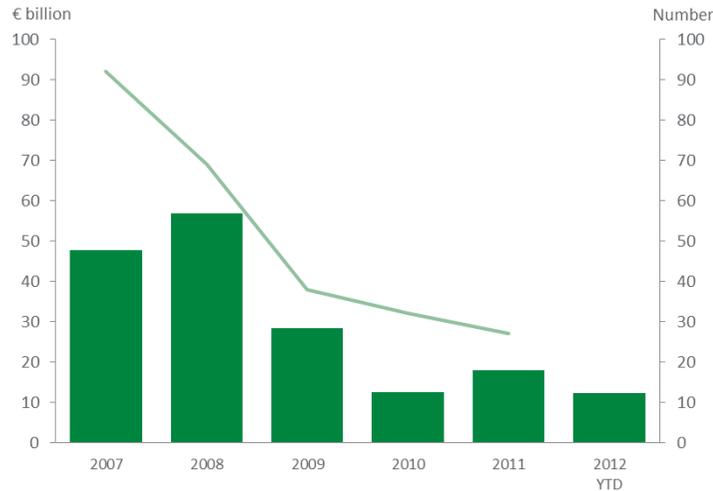
7. Outlook

The European buy-out market

New investments: European buy-out funds



Fundraising: European buy-out funds



- Activity remained subdued in the first half of 2012
- Pricing remains relatively high for good quality companies
- Debt availability remains variable depending on the quality of company and sponsor
- Many new funds are being raised or are expected to launch in the next 12 months

7. Outlook

Graphite Enterprise is well positioned to grow further

- The portfolio continues to perform well
- The balance sheet and level of commitments are appropriate for this point in the cycle
 - The Company is 92% invested compared with 58% at December 2008
 - Liquidity is available to make new commitments and take advantage of new opportunities
- European economies are likely to remain depressed for some time
 - but the portfolio has proved to be resilient
- The valuation is attractive compared with the quoted markets:

| | Top 30 | FTSE 250 |
|---|---------------|---------------------|
| EBITDA growth 12m to 30 June 2012 | 11% | 4% |
| Implied EBITDA multiple at 26 September | 7.2x | 8.4x |

Useful information

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

Ticker: GPE.LN
ISIN: GB0003292009
SEDOL: 0329200

Listing: Premium London listing

Broker: J.P.Morgan Cazenove Angus Wilton (sales): + 44 (0) 20 7155 8122

Website: www.graphite-enterprise.com

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

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Graphite Enterprise is a founder member of LPEQ, the industry association of listed private equity companies.



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