

Results for the nine months to 31 October

In December the Company released its results for the nine months to 31 October, showing an increase of 7.6% in the net asset value and an increase in the share price of 14.0% to 555p. Since the quarter end, the share price has increased further, standing at 582.5p at 16 December, an increase of 19.6% over the financial year to date.

It was a busy quarter, with the environment for realisations remaining good and an active new investment programme in place. The portfolio generated net proceeds of £17.0 million.

Over both the short term and the long term, the Company has been a top performer in the listed private equity sector. Over one, three and five years, our net asset value total return is the best of our peer group*.

Activity since the quarter end

Since 31 October[†], the Company has continued to be very active on the new investment front, with a total of £29.3m invested in the portfolio. The largest new investment was the acquisition of City & County Healthcare by Graphite Capital, in which the Company invested £14.2 million. In addition, two co-investments have been completed: £5.6 million in David Lloyd Leisure alongside TDR Capital and £4.1 million in Frontier Medical alongside Kester Capital.

Realisations have continued to be strong, with Graphite Capital announcing the exits of both Alexander Mann Solutions (see case study overleaf) and Park Holidays UK. Together with other proceeds already received, these will generate more than £30 million of cash in the fourth quarter.

We have completed commitments of €15 million to PAI VI, €15 million to Activa Capital Fund III, £10 million to Bowmark V and €10 million to TDR Capital III. The balance sheet remains strong, with total liquidity of over £150 million.

*Funds-of-funds: Aberdeen Private Equity, F&C Private Equity, HarbourVest Private Equity, JPMorgan Private Equity, Pantheon International Participations, Princess Private Equity, Standard Life European Private Equity. (Source: Morningstar, total return in local currencies)

[†]As at the close on 16 December

Financial summary – Nine months to 31 October 2013

+7.6%

Net asset value per share

+11.8%

Underlying value of the investment portfolio in local currencies

£78.2m

Realisation proceeds in the nine months to 31 October

General information

Investment focus

Private equity – European buy-outs

Year end 31 January

Listing London (premium listing)

Ticker / ISIN / SEDOL

GPE.LN / GB0003292009 / 0329200

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679.7p

Net asset value per share at 31.10.13

582.5p

Share price at 16.12.13

£425m

Market capitalisation at 16.12.13

About Graphite Enterprise

Graphite Enterprise ("the Company") aims to provide shareholders with long term capital growth through investment in unquoted companies.

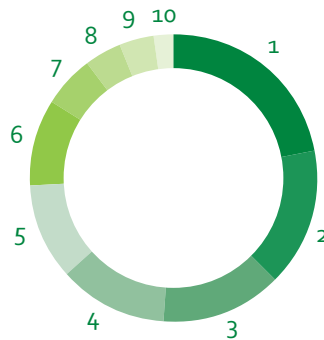
To achieve this, the Company invests in private equity funds and also directly in private equity backed companies.

The Company is managed by Graphite Capital. As a fund-of-funds manager which also has a long history as a direct buy-out manager, Graphite Capital has an unusually broad perspective from which to assess opportunities to invest in other managers' funds and to make selective co-investments alongside those funds.

Typically 20-25% of the portfolio is in investments managed by Graphite Capital. Investments in other UK companies and in overseas markets are made through funds managed by third parties.

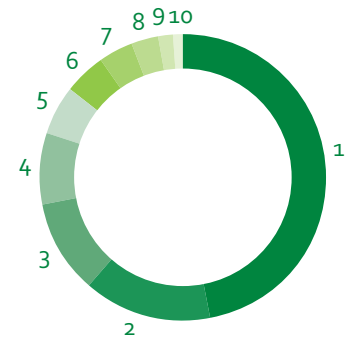
The Company has a conservative approach to portfolio and balance sheet management.

Portfolio — Sector analysis 31.10.13



1. Business services	22.2%
2. Industrials	15.4%
3. Healthcare and education	13.7%
4. Consumer goods and services	12.2%
5. Leisure	10.8%
6. Financial services	9.6%
7. Automotive supplies	5.9%
8. Technology and telecommunications	4.1%
9. Media	3.9%
10. Chemicals	2.2%

Portfolio — Geographical distribution 31.10.13



1. UK	47.2%
2. France	14.2%
3. North America	10.6%
4. Germany	8.1%
5. Benelux	5.7%
6. Spain	4.5%
7. Greece, Ireland, Italy, Portugal	4.1%
8. Scandinavia	3.0%
9. Other Europe	1.5%
10. Rest of world	1.1%

Case study: Alexander Mann Solutions

In October 2013, Graphite Capital sold Alexander Mann Solutions ("AMS"), generating proceeds of £14.6 million for Graphite Enterprise.

Graphite Capital Partners VII acquired AMS, the global provider of talent acquisition and management services, in December 2007. Shortly thereafter, it supported the acquisition of Capital Consulting, the second largest dedicated provider of recruitment process outsourcing in the UK. Under Graphite's ownership, AMS increased its range of services, refined its business model and expanded its global infrastructure. Graphite VII sold AMS for £260 million, a multiple of 3.5 times cost.

The portfolio at 31.10.13



Top ten underlying holdings at 31.10.13

	Company	Country	Manager	% of portfolio	
1	Micheldever	Distributor and retailer of tyres	UK	Graphite	3.9%
2	Alexander Mann Solutions*	Provider of recruitment process outsourcing	UK	Graphite	3.5%
3	CEVA	Manufacturer and distributor of animal health products	France	Euromezzanine	3.1%
4	Park Holidays UK**	Operator of caravan parks	UK	Graphite	3.0%
5	Algeco Scotsman	Supplier and operator of modular buildings	USA	TDR	2.8%
6	National Fostering Agency	Provider of foster care services	UK	Graphite	2.7%
7	Education Personnel	Provider of temporary staff for education sector	UK	Graphite	1.7%
8	U-POL	Manufacturer of automotive refinishing products	UK	Graphite	1.7%
9	CPA Global	Provider of patent renewal services	UK	Cinven	1.4%
10	Avio	Manufacturer of aerospace engine components	Italy	Cinven	1.4%
					23.2%

*Sale agreed after the period end, subject to EU Competition Commission approval

**Sold after period end

Key figures at 31.10.13

	£m
Total equity	495.6
Portfolio value	434.3
Net cash and other liquid assets	69.5
Undrawn bank facility	99.2
Total liquidity	168.7
Outstanding commitments	260.3

**At 31 October 2013
Graphite Capital
directly managed
23% of the portfolio
and six of the top ten
investments**

Important information

This Newsletter has been compiled primarily using information set out in the Company's Interim Management Statement for the quarter ended 31 October 2013. The delivery of this Newsletter shall not create any implication that there has been no change in the affairs of the Company since 31 October 2013. Past performance is not necessarily a guide to the future and the value of shares and the income from them can go down as well as up. The information contained in this Newsletter is selective and does not purport to contain all the information that recipients may require on the Company. No information contained in this Newsletter shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Nothing in this Newsletter constitutes an offer to sell or a solicitation of any offer to buy any securities of the Company in any jurisdiction. We do not offer investment advice. If you are unsure of the meaning of the above information, you should consult your own independent financial advisor. Further information and all announcements relating to the Company can be found on the Company's website www.graphite-enterprise.com. This Newsletter has not been audited or reviewed by the Company's auditors.