

## Newsletter

July 2013

### Annual General Meeting and Q1 results

The Company held its AGM on 13 June at the Westbury Hotel in London. All resolutions proposed were passed, including the payment of a dividend of 5.0p per share. On the same day, the Company reported its results for the quarter to 30 April. In the twelve months to 30 April, the net asset value has risen by 8.8%, and the share price by 20.9%.

### Portfolio activity - 1 May to 5 July

The Company has had an active start to the second quarter.

The Company received proceeds of £22 million from the portfolio which included receipts from the disposal of Dominion Gas (the 11th largest underlying investment at the start of the year) by Graphite Capital at a price which represents a significant uplift to its carrying value at the start of the financial year.

In addition, Cinven achieved a successful stock market listing for Partnership (19th), in which the Company continues to hold an interest. Doughty Hanson agreed to sell Vue Entertainment (20th) and we expect to receive proceeds in excess of its carrying value at the start of the financial year.

We invested £13 million into the portfolio which included the secondary purchase of a position in a mature fund managed by Doughty Hanson and two co-investments alongside PAI Partners and Harwood Capital. We made commitments of £19 million to funds including the latest raised by CVC Capital Partners.

In the near future we expect to receive further proceeds of £8 million from the portfolio and to invest a further £4 million into the portfolio. The balance sheet remains strong and we will make further commitments this year, including at least £70 million to the next fund raised by Graphite Capital.

### Financial summary – Twelve months to 30 April 2013

**+20.9%**

Share price

**+10.7%**

Underlying value of the investment portfolio

**+8.8%**

Net asset value per share

### General information

#### Investment focus

Private equity – European buy-outs

**Year end** 31 January

**Listing** London (premium listing)

#### Ticker / ISIN / SEDOL

GPE.LN / GB0003292009 / 0329200

**Broker** JP Morgan Cazenove

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**635.7p**

Net asset value per share at 30.04.13

**497.0p**

Share price at 05.07.13

**£362m**

Market capitalisation at 05.07.13

## About Graphite Enterprise

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

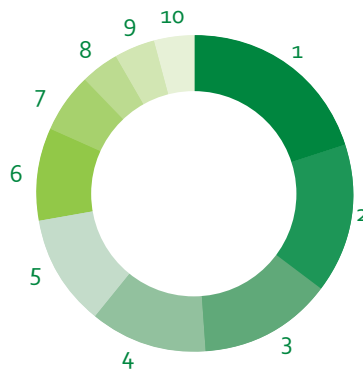
To achieve this, the Company invests in private equity funds and also directly in private equity backed companies.

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.

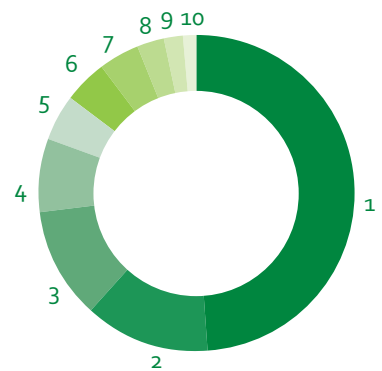
The Board has a conservative approach to portfolio and balance sheet management.

### Portfolio — Sector analysis 30.04.13



1. Business services	20.2%
2. Healthcare & education	15.2%
3. Industrials	13.6%
4. Consumer goods and services	11.9%
5. Leisure	11.4%
6. Financials	9.4%
7. Automotive supplies	6.1%
8. Technology and telecommunications	4.1%
9. Chemicals	4.1%
10. Media	4.0%

### Portfolio — Geographical distribution 30.04.13



1. UK	48.9%
2. France	13.0%
3. North America	11.2%
4. Germany	7.5%
5. Benelux	4.9%
6. Spain	4.4%
7. Italy, Ireland, Portugal, Greece	4.1%
8. Scandinavia	2.9%
9. Other Europe	1.9%
10. Rest of world	1.2%

## The portfolio at 30.04.13



## Case study: Dominion Gas

**In May 2013, Graphite Capital sold Dominion Gas to a trade buyer, generating proceeds of £7.9 million for Graphite Enterprise.**

In 2007 Graphite Capital Partners VI acquired Dominion Gas, the UK's leading supplier of gases and gas cylinders to offshore oil and gas customers. Under Graphite's ownership, Dominion expanded its international operations in Norway, Singapore and Ghana, introduced new products and services, and upgraded its infrastructure. The fund achieved a multiple of cost of 2.3x on exit.



## Top ten underlying holdings at 30.04.13

	Company	Country	Manager	% of portfolio	
1	<b>Micheldever</b>	Distributor and retailer of tyres	UK	Graphite	3.6%
2	<b>Algeco Scotsman</b>	Supplier and operator of modular buildings	USA	TDR	2.9%
3	<b>Alexander Mann Solutions</b>	Provider of recruitment process outsourcing	UK	Graphite	2.6%
4	<b>Park Holidays UK</b>	Operator of caravan parks	UK	Graphite	2.3%
5	<b>National Fostering Agency</b>	Provider of foster care services	UK	Graphite	2.2%
6	<b>Dominion Gas*</b>	Supplier of specialist gases to the oil and gas industries	UK	Graphite	2.0%
7	<b>Stork</b>	Provider of technical engineering services	Netherlands	Candover	1.6%
8	<b>U-POL</b>	Manufacturer of automotive refinishing products	UK	Graphite	1.6%
9	<b>Avio†</b>	Manufacturer of aerospace engine components	Italy	Cinven	1.4%
10	<b>CEVA</b>	Manufacturer and distributor of animal health products	France	Euromezzanine	1.3%
					<b>21.5%</b>

\*Sold after the period end

†Awaiting competition clearance for the sale of the majority of the business to GE

## Key figures at 30.04.13

	£m
Total equity	474.2
Portfolio value	417.7
Net cash	55.0
Undrawn bank facility	99.2
Total liquidity	154.2
Outstanding commitments	138.7

**At 30 April 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 30 April 2013. The delivery of this Newsletter shall not create any implication that there has been no change in the affairs of the Company since 30 April 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. This Newsletter has not been audited or reviewed by the Company's auditors.