



5 October 2012

An Update on Graphite Enterprise Trust (Update No.1)

Graphite Enterprise Trust issued its results for the six months to the end of July last week. This note makes some comments on the results and the continuing issue of the discount at which the shares trade.

1. The Net Asset Value of the Company rose by 1.4% over that period, which is not a great performance but is somewhat better than the FTSE All-Share Index which fell very slightly over that period.

2. However the share price rose by 7.8% and this has narrowed the discount of share price to Net Asset Value per share to some degree.

3. At the time of writing this note, the discount is 32% (share price 396p). This compares with a 34% discount when we wrote to shareholders in August. We suggest that discount is still way too high!

4. The company's announcement makes this comment on the discount issue "*The Board recognizes that the discount is a source of concern for some investors and actively and regularly considers the Company's approach to this issue. We continue to believe that the principal driver of discounts is investor sentiment. In our view, therefore, the key to reducing the discount over the long term is continuing strong performance and effective communication of the Company's performance and strategy to existing and potential investors*". This makes it clear that the board is continuing to rely on a strategy in respect of reducing the discount that has not proved particularly effective to date. In addition, an improvement of 1.4% in net asset value over the last 6 months is hardly likely to change investor sentiment towards this Trust.

THIS SITUATION NEEDS TO BE CORRECTED

As we have said before, we would like to see this company introduce a specific discount control policy with more vigorous steps taken to tackle the wide discount. A refreshed board of directors might also take a different view on this matter.

If you have not already done so, one way you can help to influence the Board on this matter is to write to the Chairman of the company to express your own views. His address is: Mark Fane, Chairman, Graphite Enterprise Trust Plc, Berkeley Square House, Berkeley Square, London, W1J 6BQ. Please do so.

Roger Lawson
Chairman

More background information about the campaign on Graphite Enterprise Trust is present on this web page where further news will be posted as it becomes available: www.sharesoc.org/campaigns3.html . You can register your support for this campaign on that web page if you have not already done so. If you no longer have an interest in Graphite Enterprise Trust shares, please let us know.