Dunedin Enterprise Investment Trust PLC

Final results for the year to 31 December 2010

Dunedin Enterprise – Performance

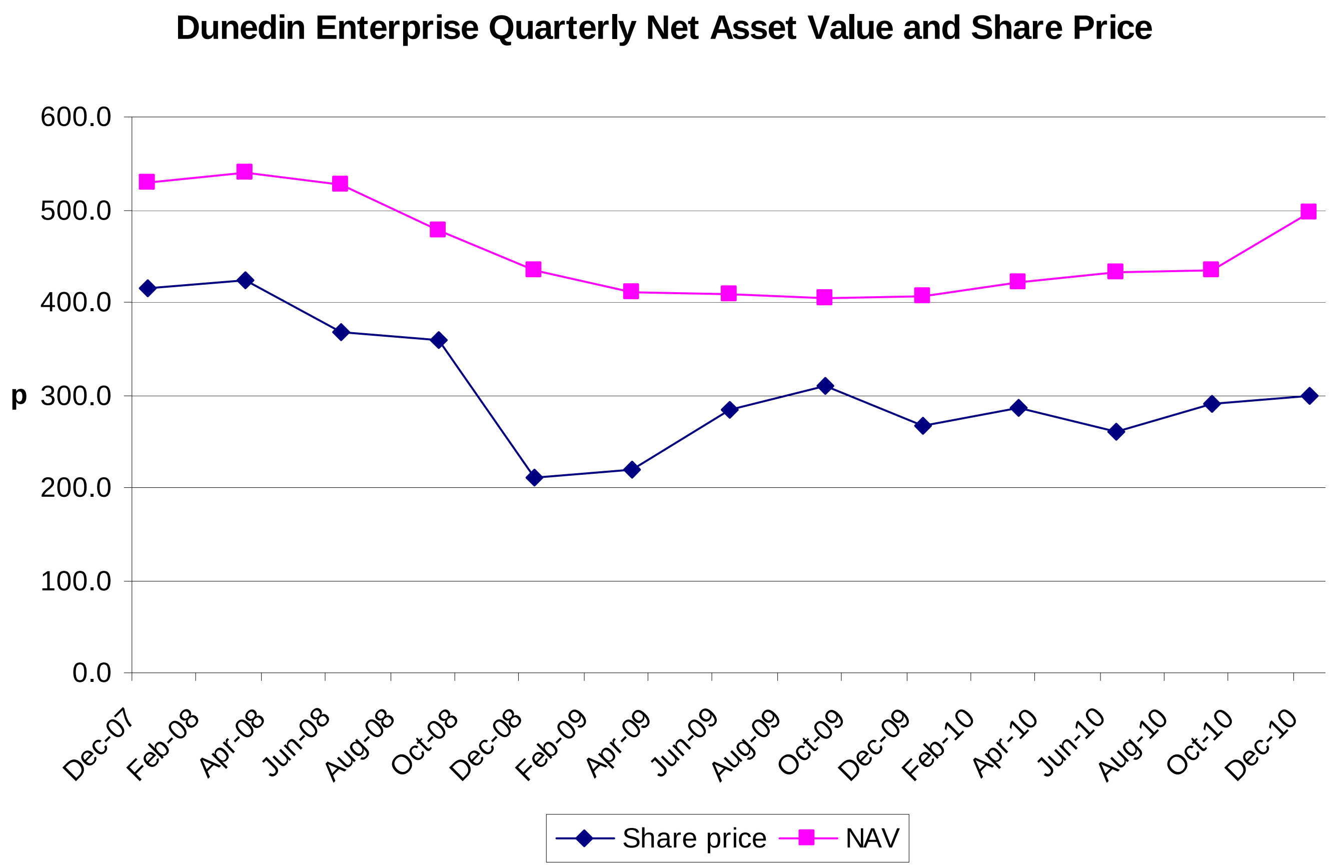
- NAV per share up by 22.2% to 497.3p

  FTSE Small Cap up 13.0%

  FTSE All Share up 10.7%

- Inclusion of accrued interest in valuations added £8.2m to NAV at 31 December 2010 (27.2p per share)
- Share price up by 12.6% from 266.5p to 300.0p at 31 December 2010
- Share price 299.5p at 21 February 2011, before results announced
- Discount widened from 34.5% at 31 December 2009 to 39.7% at 31 December 2010
- Dividend 3.8p per share (2009: 2.5p), payable in May 2011

Dunedin Enterprise – NAV and Share price



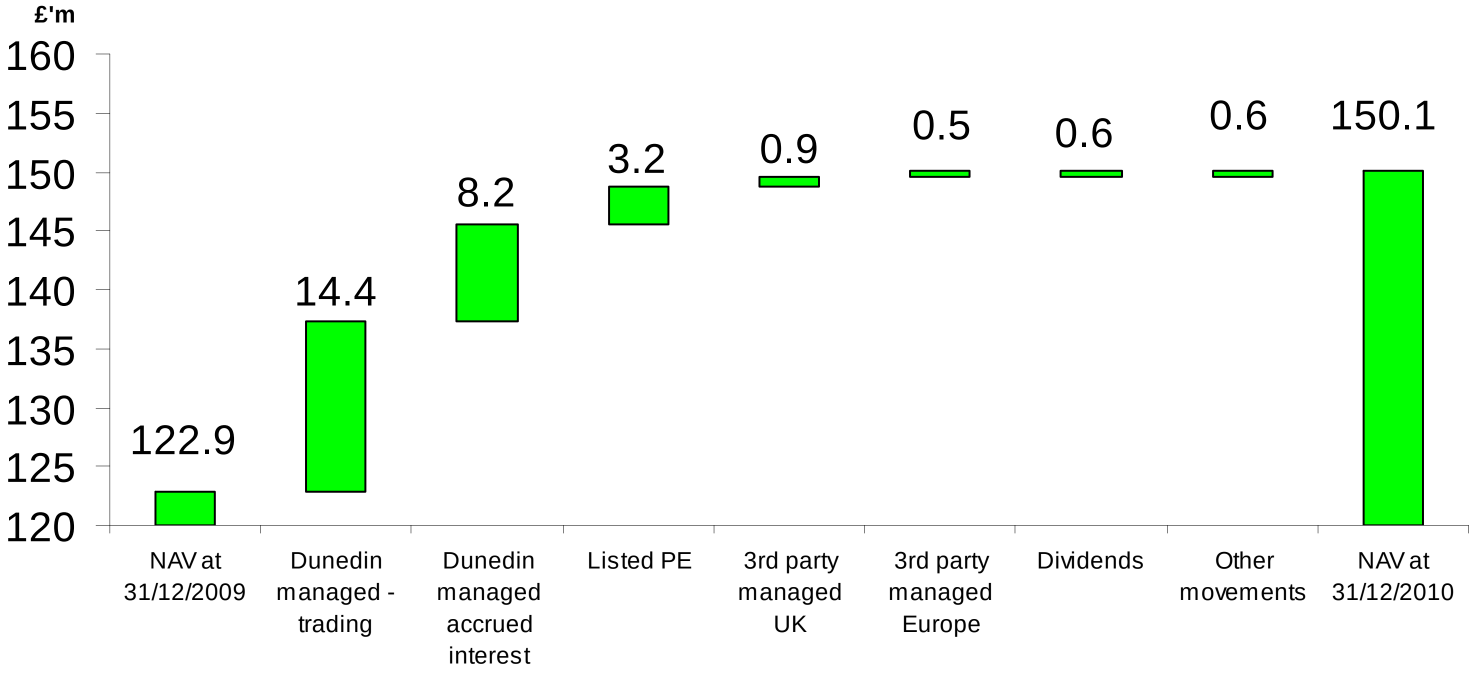
Dunedin Enterprise – Investment portfolio

£m

	Val at 31 Dec 09	Additions in year	Disposals in year	Realised movement	Unrealised movement	Val at 31 Dec 10
Dunedin managed	34.7	31.3	(1.4)	0.9	21.7	87.2
3rd party managed - Europe	5.2	7.4	(0.6)	-	0.5	12.5
3rd party managed - UK	1.0	-	(1.9)	0.9	-	-
European Listed Private Equity	13.4	-	(3.2)	-	1.4	11.6
SWIP PE Fund of Funds	12.6	-	(-)	-	1.8	14.4
Legacy technology funds	2.2	0.1	(0.6)	-	-	1.7
	69.1	38.8	(7.7)	1.8	25.4	127.4

Note: Unrealised movement on Dunedin managed investments includes £8.2m of accrued interest on loan investments

Dunedin Enterprise – NAV Performance Attribution



Dunedin

Dunedin Enterprise – Portfolio Valuation Movements

			£m
•	OSS	- increase in profits and value reflects offer received	6.4
•	RSL Steeper	- increase in multiple and accrued interest (£1.0m)	3.8
•	CGI	- reduction in provision	3.7
•	Practice Plan	- accrued interest (£2.9m)	3.2
•	etc.venues	- increase in profit and accrued interest (£0.6m)	2.0
•	Formaplex	- increase in profit and accrued interest (0.7m)	1.9
•	Capula	- increase in multiple offsetting lower profits	1.8
•	Hawksford	- accrued interest (£1.2m)	1.5
•	Quoted securities		
	– SWIP		1.8
	– Other		1.4
•	Misc other		(0.3)
			27.2

Dunedin

Earnings- Based Valuation

- Comply with IPEV guidelines
- Lower of historic or forecast earnings
- Use last 12 months for historic earnings
- Use 2011 forecast for mid calendar year ends if lower than prior year
- 8 out of 13 companies budgeting increased profits in 2011
- 9 out of 13 companies budgeting increased sales in 2011
- Lag in earnings impact on valuation

Average Valuation Multiples – Dunedin Managed Direct Investments

	31 December 2010	30 June 2010	31 December 2009
Weighted Average			
EBITA	7.8x	6.7x	5.8x
EBITDA	6.4x	5.1x	4.7x

At 31 December 2010

EBITA multiples range from 5.9x to 9.2x

EBITDA multiples range from 4.3x to 9.0x

Average Valuation Multiples – Dunedin Managed Direct Investments

Key sector comparison

	31 December 2010	30 June 2010	31 December 2009
Support Services	20.5x	19.3x	17.0x

Represents 48% of the aggregate portfolio value

(2009 – 37%)

Portfolio Gearing – Dunedin Managed Direct Investments

Acquisition Debt multiples at:-

	31 December 2010	30 June 2010	31 December 2009
EBITA multiple	2.1x	2.0x	2.8x
EBITDA multiple	1.7x	1.5x	2.3x

Note - Debt defined as banking facilities drawn less cash at 31 December 2010

- EBITA and EBITDA per investment valuation

Portfolio Gearing – Dunedin Managed Direct Investments

Gearing as multiple of EBITDA

			No. of companies	% of aggregate enterprise value
EBITDA	multiple	< 1	4	38%
	multiple	1 to 2	3	31%
	multiple	2 to 3	4	24%
	multiple	> 3	1	7%

Enterprise value is pre debt

Portfolio Gearing – Dunedin Managed Direct Investments

Maturity of Portfolio Company Debt

Repayable in 2011	20%
Repayable in 2012	12%
Repayable in 2013	15%
Repayable in 2014	8%
Repayable in 2015	7%
Repayable thereafter	38%
	100%

All companies are covenant compliant and all are expecting to repay debt as scheduled.

Accrued Interest – Dunedin Managed Direct Investments

- Accrued interest is not recognised in the Income Statement
- Accrued interest was not previously included in the investment valuations
- Now adding accrued interest to investment valuations on loans where there is a strong expectation that the interest will be received when the company is sold. Total value £8.2m at 31 December 2010.
- Enterprise value (profits x multiple)
  less bank debt
  less institutional loans
  less accrued interest
  gives positive shareholder value, then recognise accrued interest by adding back

Dunedin Enterprise – Currency Factors

- Euro exchange rate

	- at 31 December 2010	€1.160 to £1
	- at 30 June 2010	€1.213 to £1
	- at 31 December 2009	€1.119 to £1

- Portfolio analysis

	- at 31 December 2010	£: 69%	€: 31%
	- at 30 June 2010	£: 63%	€: 37%
	- at 31 December 2009	£: 53%	€: 47%

- Increase in Sterling weighting reflects the Weldex, CitySprint and U-Pol investments, valuation uplifts in Sterling denominated investments, and sale of European quoted holdings offsetting European fund drawdowns
- Impact of exchange rate movement not material over the year

Dunedin Enterprise – European Quoted Holdings

	31 Dec 2010		31 Dec 2009		Movement	
Valuation (‘m)	€	£	€	£	€	£
SWIP	16.7	14.4	14.1	12.6	2.6	1.8
GIMV	3.5	3.0	5.1	4.5	(1.6)	(1.5)
DBAG	5.0	4.4	4.7	4.2	0.3	0.2
CapMan	3.5	3.0	2.7	2.4	0.8	0.6
Dinamia	1.3	1.2	2.5	2.3	(1.2)	(1.1)
Total	30.0	26.0	29.1	26.0	0.9	(0.0)

31 December 2010	€1.160 to £1	SWIP share price	€0.76
31 December 2009	€1.119 to £1	SWIP share price	€0.64

Dunedin Enterprise – European Quoted Holdings

	31 Dec 2010			31 Dec 2009		
	Price	Value (‘m)		Price	Value (‘m)	
	€	€	£	€	€	£
GIMV	40.87	3.5	3.0	36.53	5.1	4.6
DBAG	21.09	5.1	4.5	16.94	4.7	4.1
CapMan	1.78	3.5	3.0	1.34	2.7	2.4
Dinamia	8.78	1.3	1.1	10.10	2.5	2.3
			11.6			13.4

Note: GIMV shareholding reduced from 135,000 shares to 85,470
DBAG shareholding reduced from 265,000 shares to 240,278
Dinamia shareholding reduced from 250,000 shares to 151,618

Dunedin Enterprise – European Quoted Holdings

			31 Dec 2010		January 2011	
	No. of Shares	Price	Value (‘m)		Sales Proceeds (‘m)	
		€	€	£	€	£
GIMV	85,470	40.87	3.5	3.0	3.4	2.9
DBAG	240,278	21.09	5.1	4.5	4.9	4.3
CapMan	1,980,000	1.78	3.5	3.0	3.4	2.9
Dinamia	151,618	8.78	1.3	1.1	1.3	1.1
				11.6		11.2

Dunedin Enterprise – European Fund Investments

	Commitment	Drawn to date (No. of invest)		Outstanding Commitment	Valuation at 31 Dec 2010	
	€m	€m		€m	€m	£m
FSN Capital (Nordic - €375m)	12.7	4.2	(6)	8.5	3.5	3.0
Realza (Iberia - €170m)	15.0	3.9	(2)	11.1	3.4	2.9
Egeria (Netherlands - €500m)	10.0	5.3	(4)	4.7	4.7	4.0
Innova (Eastern Europe - €450m)	15.0	1.7	(2)	13.3	1.5	1.3
Capiton (Germany - €350m)	15.0	0.8	(1)	14.2	0.5	0.4
	67.7	15.9	(15)	51.8	13.6	11.6

Dunedin Enterprise – Strategy and Commitments

- Dunedin managed funds

  DBF II : £75m commitment of which 51% drawn - o/s commitment £37.0m

  Investment period expires Sept 2011, extension likely to be sought

  DBF I & EHF : investment periods expired, £1.0m remains undrawn

- Third Party European funds

  5 commitments made to date
  No new commitments in 2010
  Considering market carefully
  Commitments to date €67.7m, being £58.4m out of £100m plan
  Drawdowns to date £13.8m – o/s commitment £44.6m

- Listed private equity holdings sold in their entirety

Commitment Strategy

	31 Dec 2010	Current *1
	£m	£m
Cash & near cash	29.1	34.1
Listed securities	25.9	14.4
Total	55.0	48.5
Undrawn commitments - Dunedin	38.0	31.8
- Europe	44.6	44.6
	82.6	76.4

- Revolving credit facility was allowed to expire at the end of April 2010
- Projections continue to show no borrowing requirement for the foreseeable future.

*1 – current position stated following drawdown for U-Pol, WFEL and Enrich

Dunedin Enterprise – New Investment Activity

- New investment of £38.8m

Direct investments

- £9.8m funding for CitySprint (UK) Limited
- £9.5m in the secondary management buyout of Weldex Holdings Limited
- £5.7m in the tertiary management buyout of U-Pol Group Limited
- £2.7m follow on investment in Capula
- £1.5m follow on investment in Enrich
- £2.1m others

Third party private equity funds

- £7.4m in third party European funds
- £0.1m in legacy technology funds

Dunedin Enterprise – New Investment Activity

• June 2010	-	Secondary buyout Weldex Holdings Limited Dunedin led
• December 2010	-	Funding for ongoing buy and build strategy for CitySprint (UK) Limited Dunedin led
• December 2010	-	Tertiary buyout of U-Pol Group Limited Dunedin syndicate partner Graphite led

Dunedin Enterprise – New Investment Activity

- CitySprint (UK) Limited
  - UK's leading same day distribution network
  - 31 service centres nationwide
  - Dunedin DebtBridge facilitated certainty of completion
  - Dunedin equity stake 40% (Dunedin Enterprise – 11.9%)
  - Organic and acquisitions growth
  - Year to 31 December 2009 Turnover £52.0m EBITA £4.7m
  - Valuation 8.4 x EBITA 6.7 x EBITDA
  - www.citysprint.co.uk

Dunedin Enterprise – New Investment Activity

- U-Pol Group Limited
  - Leading independent manufacturer of branded automotive refinishing consumables (fillers, polishers and coatings)
  - Used in car body shops in 110 countries
  - Growing market share and geographical expansion
  - Graphite led £130m tertiary buyout in September 2010. Institutional stake 73.7%
  - Year to 31 December 2009 Turnover £46.3m EBITA £12.2m
  - Valuation 9.2 x EBITA 9.0 x EBITDA
  - www.u-pol.com

Dunedin Enterprise – Realisations

- Total realisations of £7.7m, including
- £1.9m from sale of LGC Testing (LGV), produced £0.9m uplift
- £2.2m from sale of European listed stocks to 31 December
- Subsequent sale of European listed stocks has realised £11.2m at a discount of £0.4m to 31 December valuations

Dunedin Enterprise – Ten Largest Investments

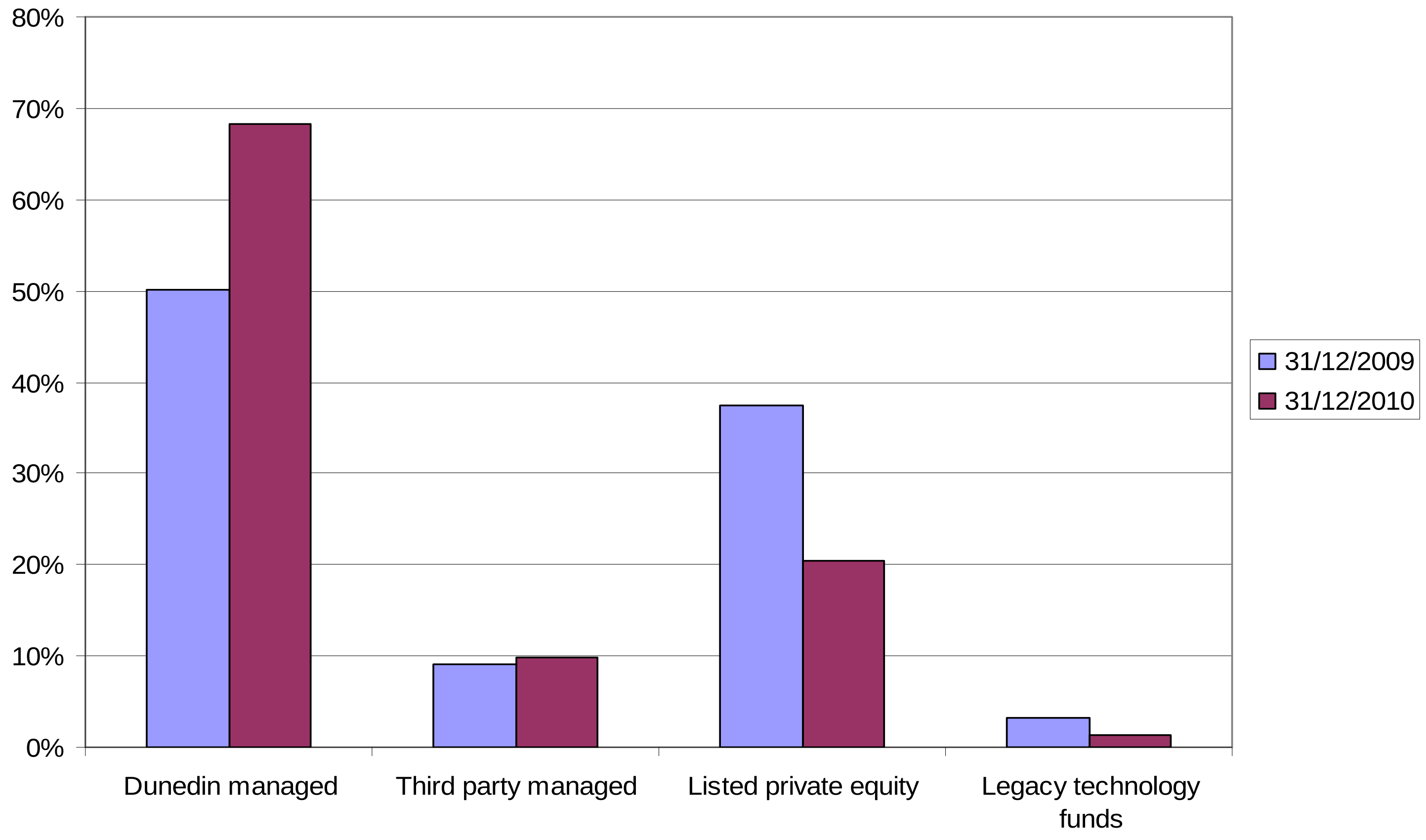
	Dunedin Enterprise Equity %	Total Dunedin Equity %	Cost of Investment £m	Directors' valuation £m	% of net assets %
SWIP Private Equity Fund of Funds II Plc	4.0	4.0	15.0	14.4	9.6
Practice Plan Group Holdings Limited	26.1	49.6	10.4	13.3	8.9
OSS Environmental Holdings Limited	40.2	40.2	6.0	10.9	7.3
CitySprint Group Limited	11.9	40.0	9.8	9.9	6.6
Weldex (International) Offshore Limited	15.1	51.0	9.5	9.8	6.5
WFEL Holdings Limited	23.2	74.0	7.3	7.7	5.1
etc.venues Group Limited	27.9	53.4	3.4	7.3	4.9
CGI Group Limited	41.4	41.4	8.5	5.7	3.8
U-Pol Group Limited	5.2	17.5	5.7	5.7	3.8
Hawksford International Limited	16.0	49.0	3.7	4.8	3.2
			79.3	89.5	59.7

Dunedin Enterprise – Outlook

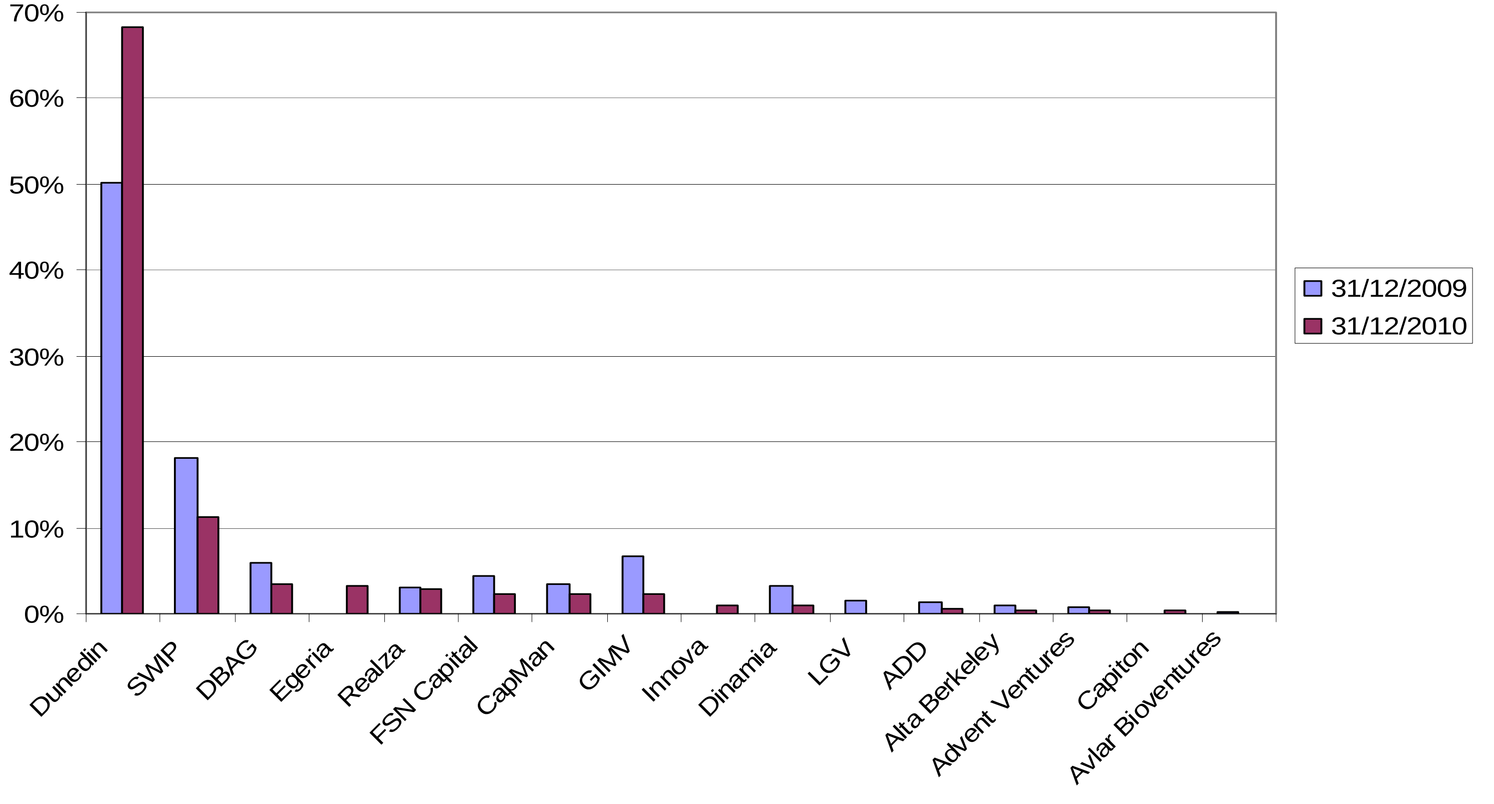
- Portfolio is in good shape
- Active in the new investment market
- Prices are high and debt is scarce
- Funds to deploy
- Upturn in realisation prospects

Appendix 1

Dunedin Enterprise – Investment Structure



Dunedin Enterprise – Manager Allocation



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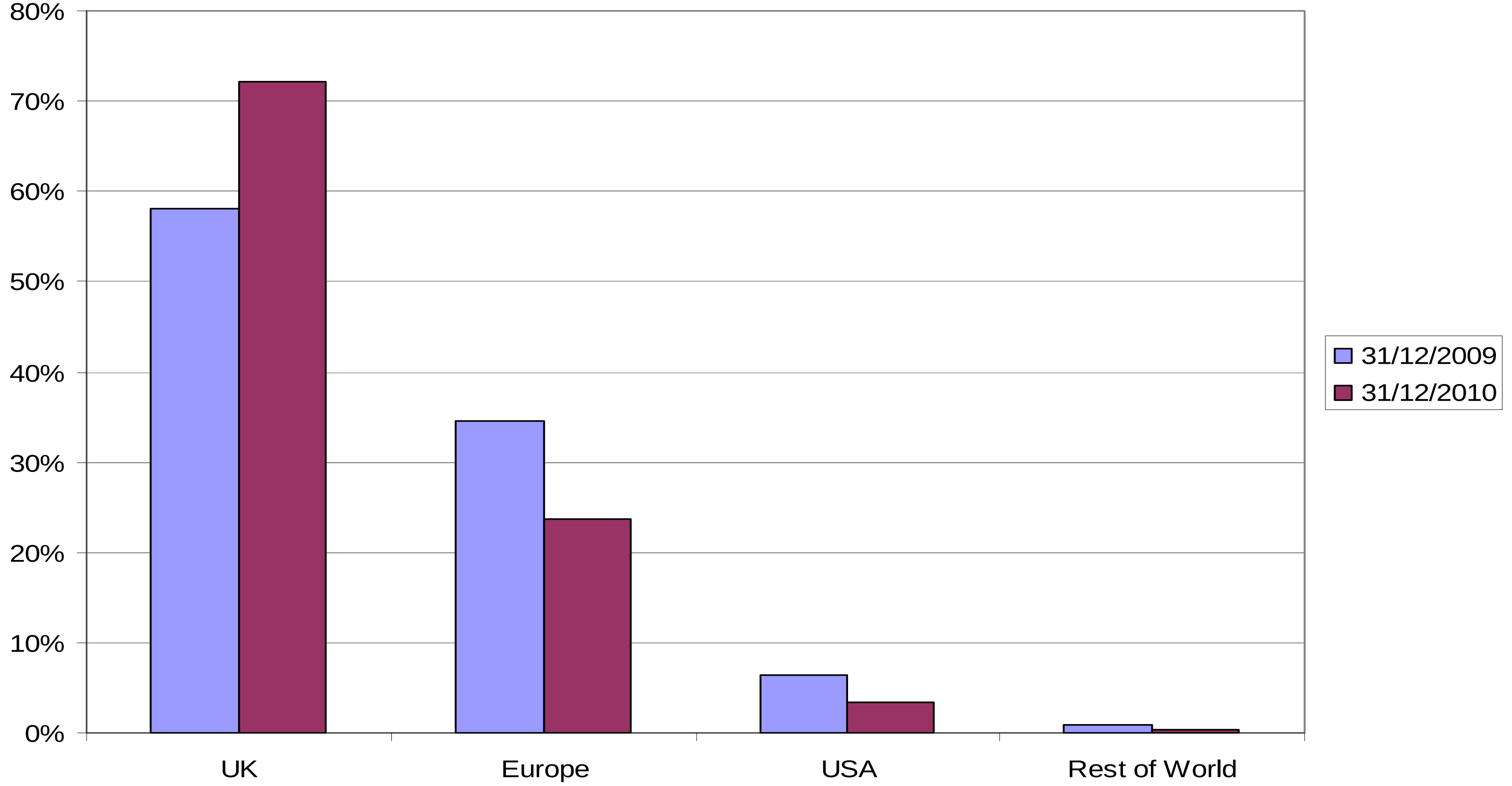
Dunedin Enterprise – Geographic Allocation



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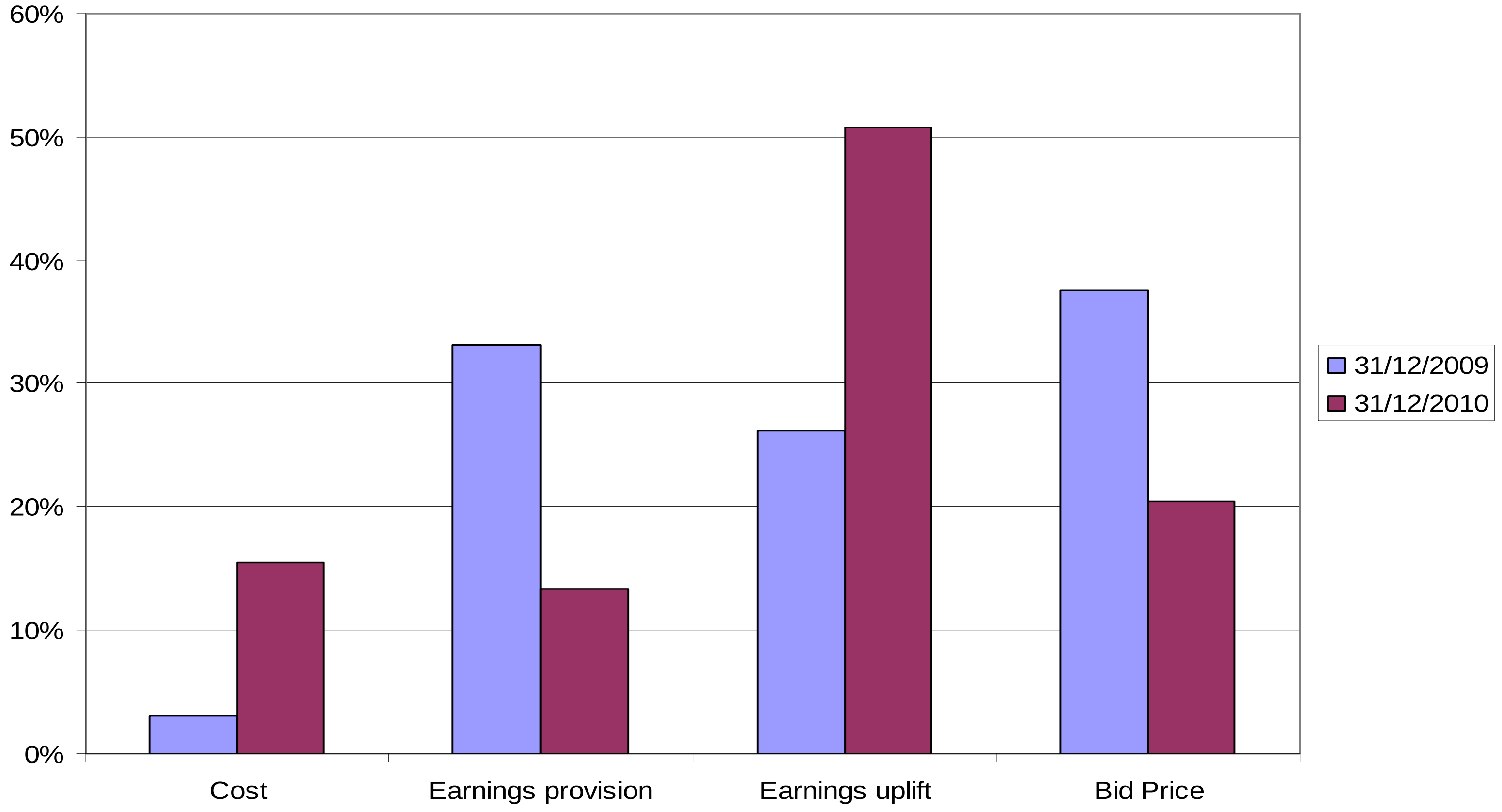
Dunedin Enterprise – Valuation Method



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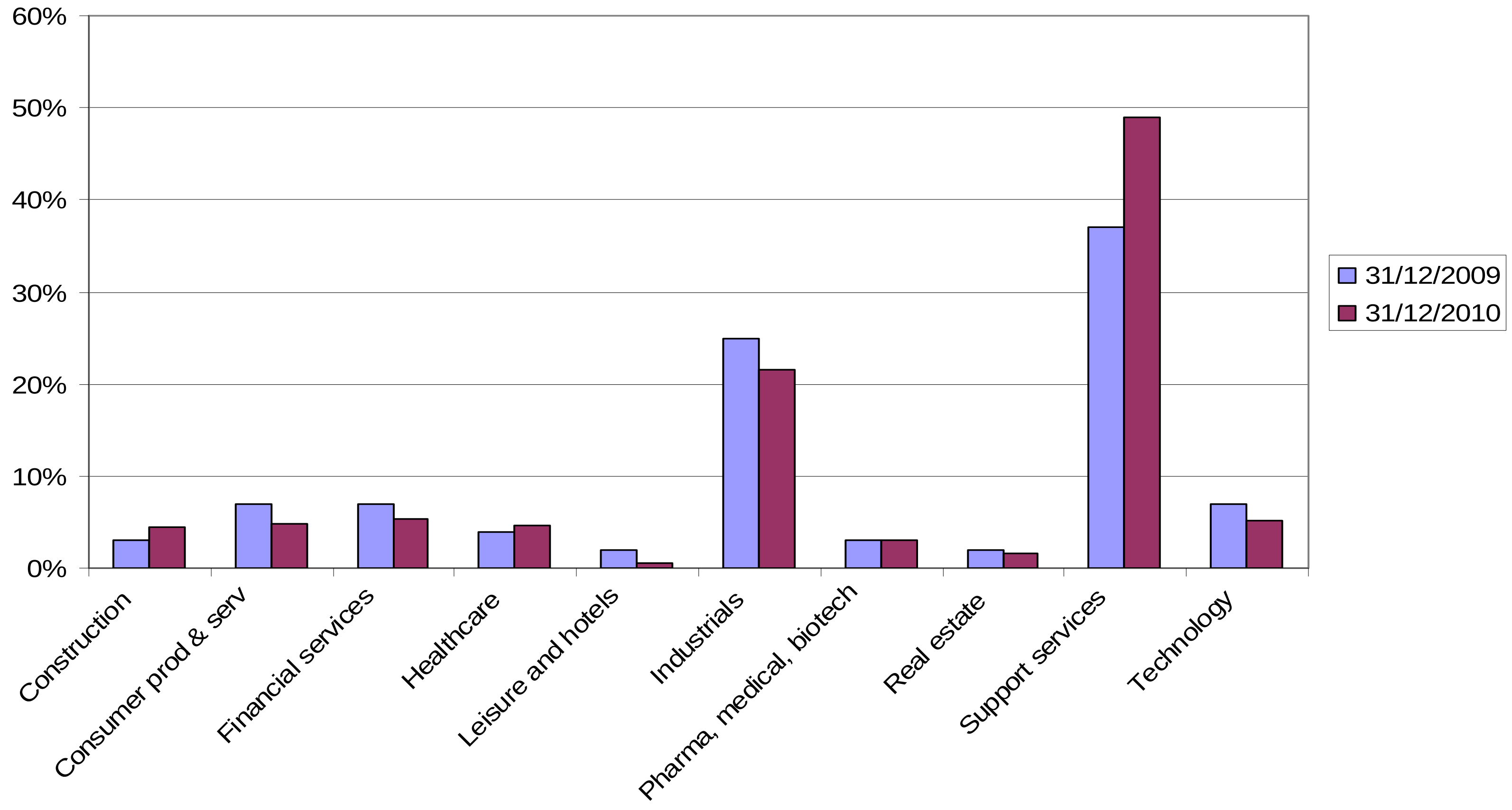
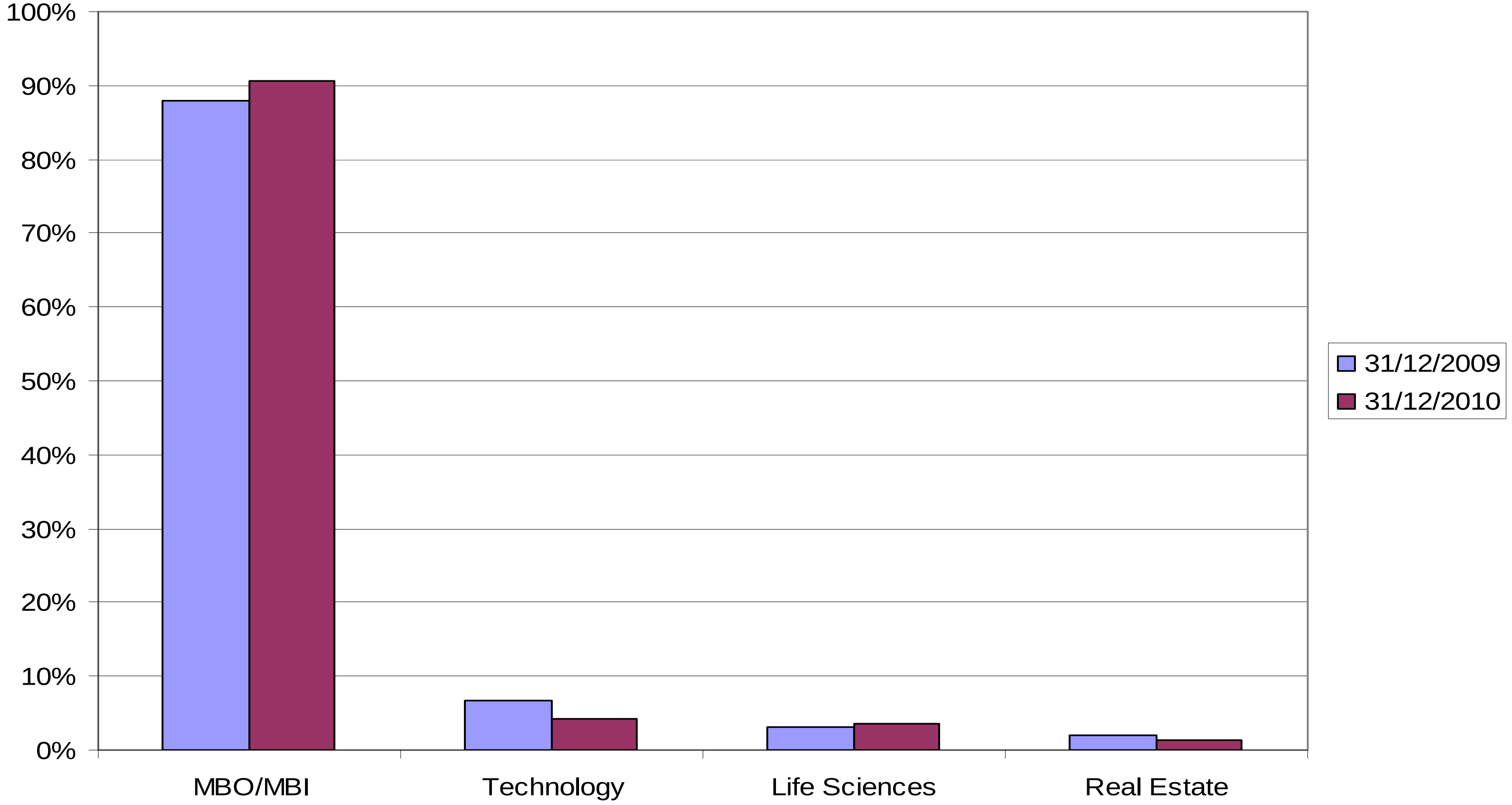
Dunedin Enterprise – Sector



Dunedin Enterprise – Deal Type



Dunedin Enterprise – Total Share Price Return over 10 Years to 31.12.10