

Benelux & Northern European Holding Companies Weekly

Week 26



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= Updated since last week

Valuation and company information																
	--- Holding ---			--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical		Country	Industry	Comment
	(Shs m)	(%)	Ratio	(EURm)	(EUR/Sh)	BBG	Reuters					Dividend				
Groupe Bruxelles Lambert				9,220	57.14	GBLB.BB	GBLB.BR	EUR 57.14	161.358	11,334	13.8	EUR 2.42	Belgium	Multi-Sector Holdings	50% held by Pargesa Holding	
Total Sa	93.935	4.0%	0.5821	3,472	21.52	FP FP	TOTF.PA	EUR 36.97	2,348.704	106,728	456.4	EUR 2.28	France	Integrated Oil & Gas		
Gdf Suez	117.167	5.2%	0.7261	2,753	17.06	GSZ FP	GSZ.PA	EUR 23.50	2,261.310	65,326	183.2	EUR 1.47	France	Multi-Utilities		
Lafarge Sa	60.307	21.1%	0.3737	2,718	16.85	LG FP	LAFP.PA	EUR 45.08	286.454	15,873	97.6	EUR 2.00	France	Construction Materials		
Pernod-Ricard Sa	24.910	9.4%	0.1544	1,594	9.88	RI FP	PERP.PA	EUR 63.98	264.207	20,780	72.3	EUR 1.29	France	Distillers & Vintners		
Imerys Sa	23.102	30.6%	0.1432	973	6.03	NK FP	IMTP.PA	EUR 42.13	75.390	3,904	6.9	EUR 1.00	France	Construction Materials		
Suez Environneme	34.966	7.1%	0.2167	475	2.94	SEV FP	SEVI.PA	EUR 13.59	489.699	8,178	21.9	EUR 1.30	France	Multi-Utilities		
Iberdrola Sa	31.484	0.6%	0.1951	146	0.90	IBE SM	IBE.MC	EUR 4.63	5,252.324	29,907	307.0	EUR 0.33	Spain	Electric Utilities		
Total listed holdings				12,132	75.19											
Other investments				241	1.49	As of 30-Apr-10. (small Arkema stake, PAI Europe III Fund, Sagard Private Equity Partners Fund and Ergon Capital Partners Fund investments).										
Net Debt / Cash				114	0.71	As of 30-Apr-10.										
NAV				12,487	77.39											
Discount / Premium to NAV					-26.2%											

Source: Christopher Street Capital, Bloomberg

Company Profile

Groupe Bruxelles Lambert is a Belgian investment holding company controlled by Belgian financier Albert Frère and Canadian entrepreneur Paul Desmarais. GBL is one of the top ten Belgian companies by market capitalisation. It is the largest single shareholder in Total, GdF Suez (after the French state), Lafarge and Imerys. GBL was created in Sep-72 from the merger of the holding companies of Belgian Lambert and de Launoit families. At that time, the merged group was the second largest Belgian conglomerate with stakes in over 200 Belgian firms. GBL and its forerunners have been quoted on the Brussels Stock Exchange since 15-Oct-56.

Ownership

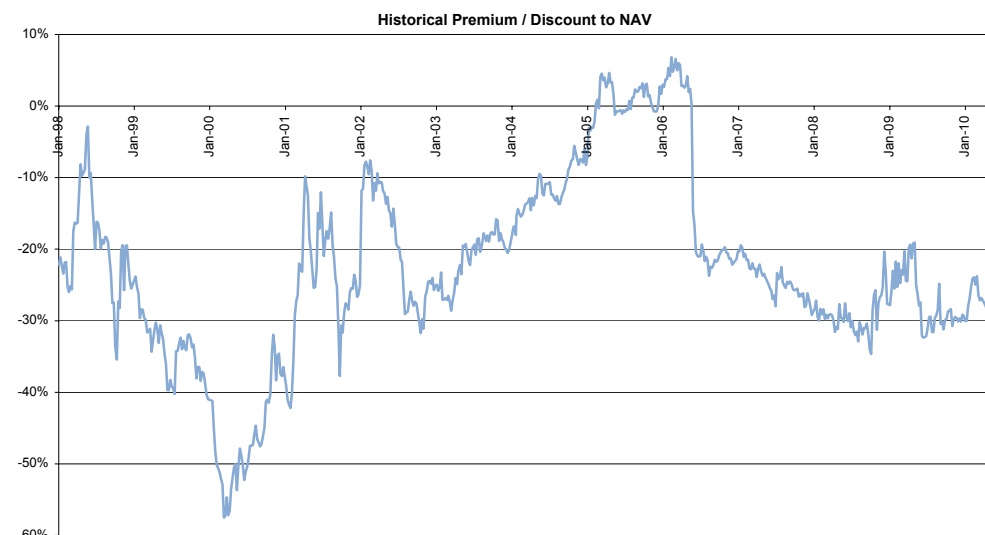
GBL is controlled by Belgian financier Albert Frère and Canadian entrepreneur Paul Desmarais through the Parjoint Co joint venture and Pargesa, a company listed in Switzerland. Albert Frère was born on 4-Feb-26 in a suburb of Charleroi in the French-speaking part of Belgium. He began his business life by transforming the small nail-making family business into a steel trading company. By the late 1970s, he had taken control of most of the Walloon steel industry. He avoided the steel industry crisis by segregating the profit-making trading business from the subsidised loss-making steel production. Between 1979 and 1983, the Belgian government nationalised Mr Frère's steel firms. With the cash, he went into finance and created a waterfall of holdings to get leverage and take control of several Belgian and French companies. He is famous for the Noah's Ark operation that saw him and his Canadian accomplice Paul Desmarais launch in 1981 an unsolicited offer for Paribas Switzerland through Pargesa (i.e. Paribas Genève SA). This prevented the French government from nationalising the high profit making Swiss subsidiary of Paribas and turned President Mitterrand furious. In Jan-82, Frère and Desmarais teamed up with others to buy a 35% stake into Groupe Bruxelles Lambert through Pargesa. Owned by Baron Léon Lambert, GBL had overborrowed in fast-appreciating Swiss francs and was in need for cash. One of the two great Belgian conglomerates (the other Société Générale de Belgique), GBL had stakes in approximately 200 Belgian firms, including Banque Bruxelles Lambert and Petrofina. However the mid-1990s saw a dramatic change in his strategy. He chose to transform its majority holdings in national companies into minority stakes in global ones and thus became a key player in European capitalism restructuring.

Share buyback / Convertible Bond

On 4-Jun-10 GBL announced that it would issue a EUR 250m (minimum) 4% bond maturing in 2017. GBL bought back 205,100 shares at an average of EUR 65.91 per share on 10-Mar-10. This takes the treasury holding to 6,365,104 shares (3.9%). In Mar-05, GBL (through its subsidiary Sagerpar) issued a EUR 435m convertible bond, which converts into 5m shares at EUR 85.54 and which matures in 2012. As the CB is out of the money we treat it as debt rather than equity.

Dividend Policy

GBL's dividend policy seeks to achieve a sound balance between providing an attractive cash yield to shareholders and achieve sustained growth in the value of its share. It is supported by the cash earnings. GBL has had net cash on its books for all the past 10 years and chooses to have a conservative capital position to avoid constraints that creditors may put on it, and does not expect to assume significant net debt in the future. Paying cash up through the holding company chain would result in significant leakage to minority shareholders. Pargesa has no need of substantial dividends from GBL, in our view, and GBL has generally paid less in dividends than it has received from its holdings.



Valuation and company information															
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical Dividend	Country	Industry	Comment
	(Shs m)	(%)		(EURm)	(EUR/Sh)	BBG	Reuters								
KBC Ancora				1,146	14.63	KBCA BB	ALMA.BR	EUR 14.63	78.301	1,408	3.5	EUR 0.00	Belgium	Other Diversified Financial Se	
Kbc Groep	82.216	23.0%	1.0500	2,617	33.43	KBC BB	KBKbt.BR	EUR 31.84	357.918	14,009	31.6	EUR 0.00	Belgium	Diversified Banks	
Total listed holdings				2,617	33.43										
Net Debt / Cash				-619	-7.91	As of 31-Mar-10.									
NAV				1,998	25.52										
Discount / Premium to NAV					-42.7%										

Source: Christopher Street Capital, Bloomberg

Company Profile

The assets of KBC Ancora consist almost entirely of a participating interest of 22.97% in KBC Group. KBC Almancora, together with Cera (owns 7.2% of KBC Group directly), MRBB (Belgian Farmers' Association; owns 11.9% of KBC Group directly) and the Other Permanent Shareholders (a group of Belgian families, which hold 11.1%) is responsible for the shareholder stability and further development of the KBC Group. As core shareholders of KBC Group, these parties have signed a shareholder agreement to this effect.

Dividends

As the main cash flows for KBC Ancora is the dividend it receives from KBC Group it will not resume its dividend before KBC Group resumes its dividend. Note that KBC Ancora's operating costs are also being covered by the KBC Group dividend which means that KBC Ancora's operating loss carry forwards will need to be covered before KBC Ancora can resume its dividend payments. KBC Group has stated its intention of resuming the distribution of dividends in 2011 (for the financial year 2010).

Movements in the discount to NAV

Prior to the credit crunch of 2008/9 KBC Ancora had been a relatively lightly leveraged play on the performance of KBC Group. However, as the share price of KBC Group fell rapidly in the end of 2008 / early 2009 the leverage of KBC Ancora rose on a relative level, which lead to KBC Ancora trading at a very high premium to its NAV; not as much because the market saw great value in KBC Ancora as much as KBC Ancora being subject to relatively less selling than KBC Group.

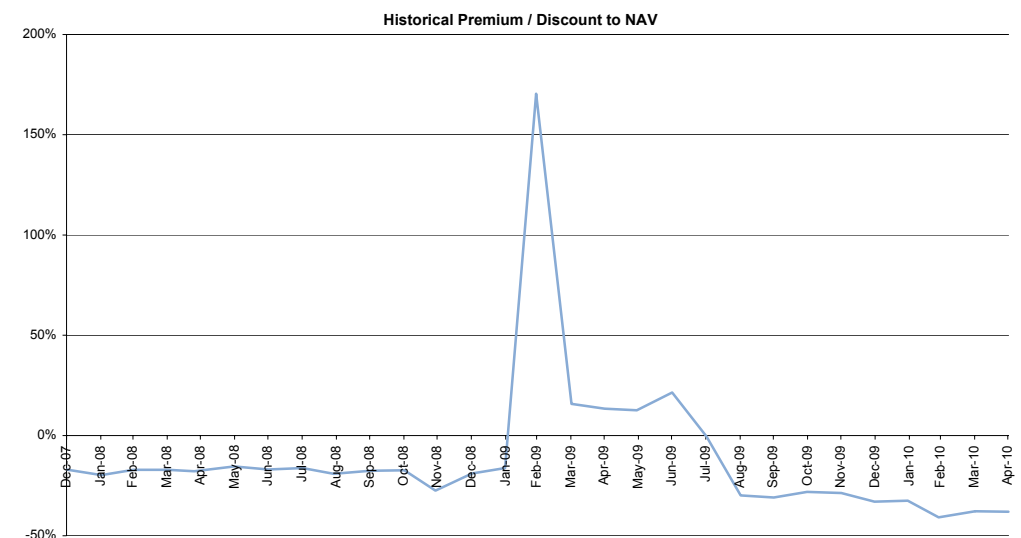
On 8-Aug-07 KBC Ancora purchased 3,915,066 KBC Group shares for EUR 382.2m, taking its total holding to 82,216,380 shares. On the same date, Cera announced that it had increased its participating interest in KBC Group to over 7%. Together, Cera and KBC Ancora therefore hold more than 30% of the shares in KBC Group. Exceeding the 30% threshold is important in the context of the Law of 1-Apr-07 on public takeover bids which came into effect in Belgium on 1-Sep-07. Under this law, participating interests of more than 30% which were in existence at the time the law came into force are exempt from any obligation to issue a bid. KBC Ancora raised additional debt finance to fund this purchase.

Ownership

Cera holds 60.69% of KBC Ancora. KBC Ancora was virtually a wholly owned subsidiary of Cera until 12-Jan-01. Since 13-Jan-01, Cera has, by way of reimbursement on withdrawal, allocated 4.2 KBC Ancora shares for each co-operative D-share with which members withdraw from Cera (until 14-Jun-07, before the stock split by a factor 1.4, 3 Almancora shares were allocated for each D-share). Withdrawal from Cera is possible during the first half of each calendar year. As a result, Cera's stake in KBC Ancora will, in principle, decline steadily. On the other hand, Cera can buy and sell KBC Ancora shares on the stock market as part of its investment policy.

Investment Case

Following the credit crunch KBC Ancora has traded at a 30-40% discount to NAV. This comes across as being a very large discount when one takes into account that KBC Ancora is a discounted play on KBC and we would not rule out that the discount will come in to pre-crisis levels of low to mid-teens. However, we see this as a long term play rather than a short term play as there is no clear catalyst, as far as we know, for the discount to narrow. It planned reinstatement of the KBC Group dividend, which is set for 2011, could prove to be a small catalyst as it should help bring down KBC Ancora's net debt.



Valuation and company information														
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical		Comment
	(Shs m)	(%)		(EURm)	(EUR/Sh)	BBG	Reuters					Dividend	Country	
RHJ International				523	6.11	RHJI BB	RHJI.BR	EUR 6.11	85.546	643	0.7	EUR 0.00	Belgium	Multi-Sector Holdings
Asahi Tec Corp	286.314	65.5%	3.3469	69	0.81	5606 JP	5606.T	JPY 35.00	437.446	188	2.1	JPY 0.00	Japan	Auto Parts & Equipment
Shaklee Global	10.531	40.6%	0.1231	42	0.49	8205 JP	8205.T	JPY 580.00	25.920	185	0.0	JPY 30.00	Japan	Distributors
Quirin Bank Ag	10.272	23.8%	0.1201	24	0.29	QB7 GY	QB7G.DE	EUR 2.39	43.106	126	0.0	EUR 0.00	Germany	Asset Management & Custody B& Dec-09: Buys 4,585,711 share at EUR 1.70
Total listed holdings				136	1.59									
Unlisted Holdings														
Niles (77.3%)				47	0.55	RHJ values Niles at EUR 159.5m as of 31-Jan-10. We value it at EUR 47m based on 12.3x LTM EBITDA, which is the avg. of CUB Elecparts and Unick Corp.								
Honsel (51%)				53	0.62	As of 31-Jan-10 at RHJ's valuation (cost less impairment). Bought for EUR 50m on 22-Jul-09. Remaining 49% held by former senior lenders due to debt-for-equity swap.								
Phoenix Seagala Resort (100%)				44	0.51	As of 31-Jan-10 at RHJ's valuation (cost less impairment).								
SigmaXYZ (21.8%)				9	0.10	As of 31-Jan-10 at RHJ's valuation (cost less impairment).								
Arecon (50%)				6	0.07	As of 31-Jan-10 at RHJ's valuation (cost less impairment).								
Belvall Holdings (50%)				1	0.01	As of 31-Jan-10 at RHJ's valuation (cost less impairment). Bought for EUR 0.8m in Jul-09.								
Other investments				2	0.03	As of 31-Jan-10 at RHJ's valuation.								
Net Debt / Cash				469	5.49	As of 31-Jan-10. EUR 402.8m in cash and EUR 38.1m in Loans. Adjusted by EUR 28.5m for sale of U-Shin on 2-Mar-10.								
NAV				766	8.95									
Discount / Premium to NAV					-31.8%									

Source: Christopher Street Capital, Bloomberg

Company Profile

Initially RHJ International was a diversified holding company focused on creating long-term value for its shareholders by acquiring and operating businesses. However, RHJ is gradually exiting its industrial investments and is essentially looking to transform itself from a diversified holding company to a focused financial services firm. On 15-Oct-09, RHJ announced that it had reached an agreement with Commerzbank to buy Kleinwort Benson a private banking, wealth management and fiduciary business, for GBP 225m in cash.

The acquisition of Kleinwort Benson is a major strategic step in the transformation of RHJ from a diversified holding company to a focused financial services firm. The Kleinwort Benson businesses in the UK and Channel Islands will form the cornerstone of a financial services platform with a view to broader usage of the Kleinwort Benson brand. RHJ plans to adopt Kleinwort Benson as an overarching brand for financial services businesses it acquires going forward and will gradually exit its industrial investments over time. The transaction, which is expected to be completed in Jul-10 was subject to UK FSA and Guernsey FSA (GFSC) approval. This was received in May-10.

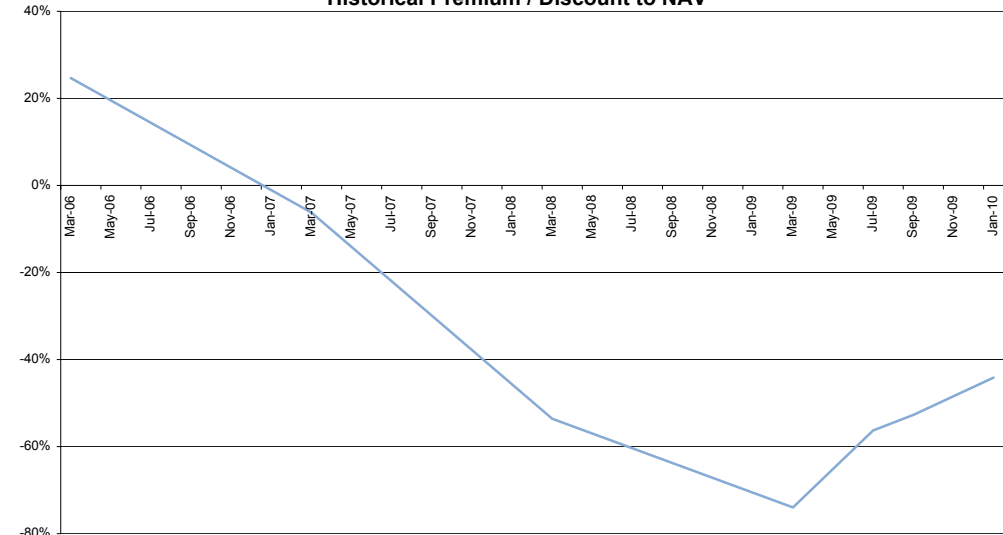
RHJ previously acquired interests in other smaller financial services companies, some of which are representative of the offering that RHJ intends to develop as part of its strategy to build a pan-European network of integrated financial service companies providing wealth and asset management services as well as merchant banking activities, predominantly in the form of fee generating services as opposed to large scale balance sheet activities. Previously reported as an undisclosed investment, RHJ purchased a 50% interest in Arecon Independent Asset Managers (Arecon) for EUR 5.6m. Arecon is an asset manager registered under the Swiss Financial Market Supervisory Authority. In Jul-09, RHJ also acquired a controlling interest in Belvall Capital S.A. (Belvall) for EUR 0.8m. Belvall is an originator and asset manager of loans to midcap companies in Europe. On 29-Oct-09, RHJ announced it had invested EUR 10.8m to acquire a 20% stake in Quirin Bank AG (Quirin), a listed German bank engaged in private banking.

Niles (77.3%)

Niles manufactures switches for automobiles. The switches serve as key components in many vehicle systems that are typically developed and assembled by larger, more diversified suppliers or by automobile OEMs themselves. Niles' main switch product categories include those related to the steering column, doors and power-train/pedal. Niles also manufactures sensors for automobiles. Niles' customers are automobile OEMs and suppliers to automobile OEMs. Niles seeks to capitalize on its production engineering capability, its quality control, and its ability to respond quickly to new design demands from its customers.

Portfolio changes

21-Jun-10: Announces acquisition of KBC Asset Management in Dublin for EUR 23.4m (plus up to EUR 3.5m of a future capital reduction of KBCAM). The deal is expected to close 4Q10. 2-Mar-10: Sells remaining U-Shin stake for EUR 28.5m. 21-Jan-10: Sells 3,234,600 U-Shin shares. 11-Sep-09: Buys 20% stake in Quirin Bank for EUR 10.8m. 15-Jul-09 to 3-Sep-09: Disposes of entire investment in Commercial International Bank (Egypt) for USD 86.8m.

Historical Premium / Discount to NAV

Solvac

Valuation and company information															
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical Dividend	Country	Industry	Comment
	(Shs m)	(%)		(EURm)	(EUR/Sh)	BBG	Reuters								
Solvac				1,339	87.50	SOLV BB	SOLV.BR	EUR 87.50	15.301	1,646	0.1	EUR 1.47	Belgium	Commodity Chemicals	
Solvay Sa-A	25.470	30.1%	1.6646	1,787	116.81	SOLB BB	SOLB.BR	EUR 70.17	84.701	7,308	18.8	EUR 2.20	Belgium	Diversified Chemicals	
Total listed holdings				1,787	116.81										
Net Debt / Cash				-135	-8.83	As of 31-Dec-09.									
NAV				1,652	107.98										
Discount / Premium to NAV					-19.0%										

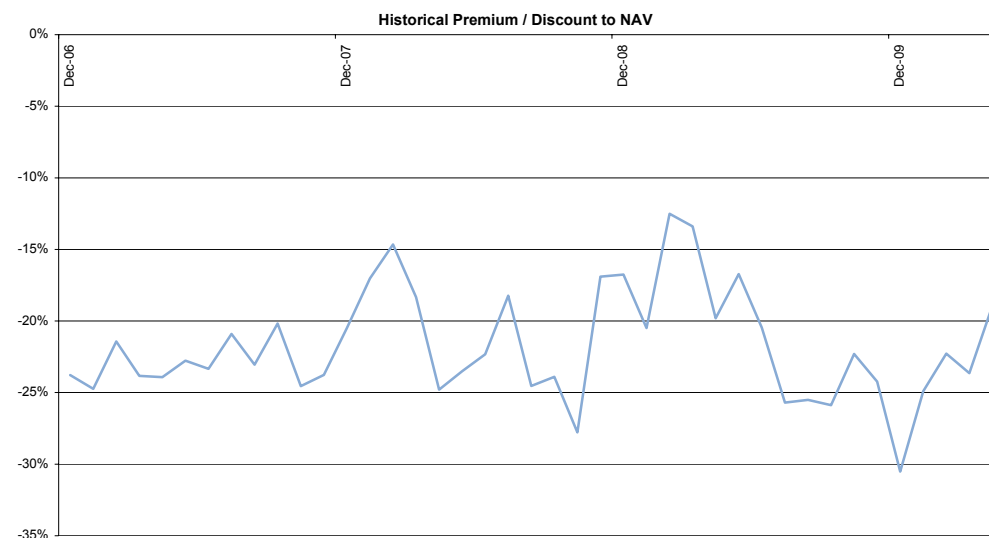
Source: Christopher Street Capital, Bloomberg

Company Profile

Solvac's sole purpose is to hold a 30.1% stake in Solvay. Solvac has virtually no net debt / cash as the cash on its balance sheet.

Ownership

The very large majority (around 80%) of Solvac's capital is held by members of the families of the founders of Solvay.



Tubize SA

Valuation and company information															
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical Dividend	Country	Industry	Comment
	(Shs m)	(%)		(EURm)	(EUR/Sh)	BBG	Reuters								
Tubize SA				902	20.21	TUB BB	TUB.BR	EUR 20.21	44.609	1,108	0.2	EUR 0.36	Belgium	Pharmaceuticals	Janssen family holds 51.81%
UCB SA	66.370	36.2%	1.4878	1,715	38.44	UCB BB	UCB.BR	EUR 25.84	183.365	5,824	11.7	EUR 0.92	Belgium	Pharmaceuticals	
Total listed holdings				1,715	38.44										
NAV				1,715	38.44										
Discount / Premium to NAV					-47.4%										

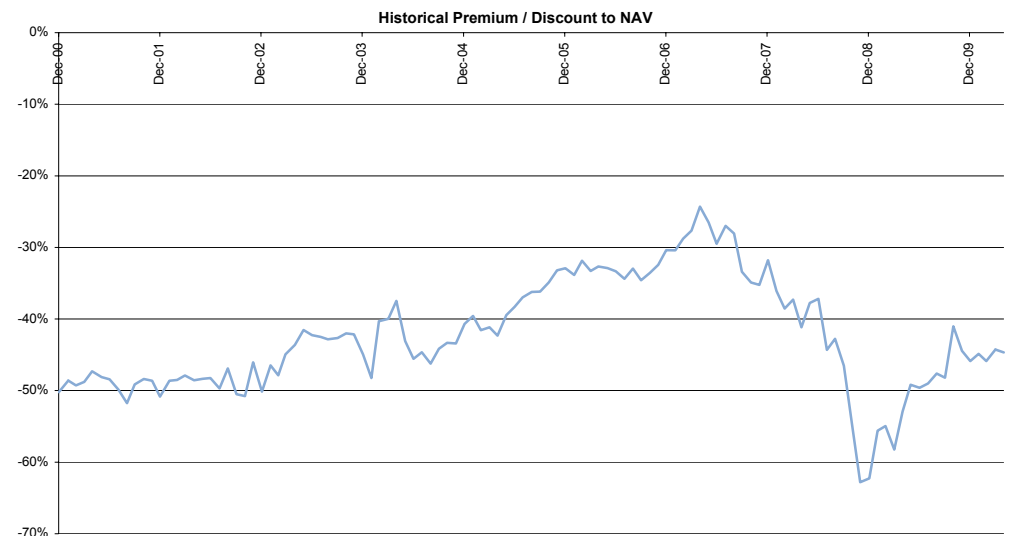
Source: Christopher Street Capital, Bloomberg

Company Profile

Tubize's sole purpose is to hold a 36.2% stake in UCB. Tubize has virtually no net debt / cash as the cash on its balance sheet is usually dividends received from UCB while its debt relates to declared dividends that are yet to be paid. Union Chimique Belge (UCB) was founded in 1928 by Emmanuel Janssen and initially focused on industrial chemicals. UCB also included a small pharmaceutical division based around Meurice Laboratories, which during the First World War pioneered a method to isolate and purify insulin. Today UCB is dedicated to the research, development and commercialisation of pharmaceutical and biotechnology products in the fields of central nervous system disorders, allergy/respiratory diseases, immune and inflammatory disorders and oncology.

Ownership

The main shareholder of Tubize is the Janssen family which holds 51.81% of Tubize.



Sampo Oyj

Valuation and company information															
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical Dividend	Country	Industry	Comment
	(Shs m)	(%)		(EURm)	(EUR/Sh)	BBG	Reuters								
Sampo Oyj				9,730	17.37	SAMAS FH	SAMAS.HE	EUR 17.37	560.172	11,963	38.8	EUR 1.00	Finland	Multi-line Insurance	
Nordea Bank Ab	830.000	20.5%	1.4817	5,651	10.09	NDA SS	NDA.ST	SEK 64.90	4,042.543	33,841	92.5	SEK 0.25	Sweden	Diversified Banks	May-10: Buys 12m shares.
Topdanmark A/S	1.889	11.1%	0.0034	170	0.30	TOP DC	TOP.CO	DKK 669.00	17.049	1,882	11.7	DKK 0.00	Denmark	Multi-line Insurance	
Total listed holdings				5,821	10.39										
If P&C Insurance (100%)				6,181	11.03	Scandinavian Property & Casualty Insurance. We value it at EUR 6181m based on 10.2x LTM PTP, which is in line with TrygVesta.									
Mandatum Life (100%)				718	1.28	Finnish Life Insurance. We value it at EUR 718.2m based on 5.4x LTM PTP, which is in line with Topdanmark.									
Net Debt / Cash				-1,556	-2.78	As of 31-Mar-10. EUR 991m of Senior Bonds and Notes EUR 525 of Commercial Paper less EUR 183m cash at Holding level. Adj. EUR 79m for increased Nordea stake.									
NAV				11,164	19.93										
Discount / Premium to NAV					-12.8%										

Source: Christopher Street Capital, Bloomberg

Company Profile

Sampo Group's parent company Sampo plc administers subsidiaries with insurance operations. In addition Sampo plc is a major shareholder in the Nordic banking group Nordea. In the consolidated Group reporting Sampo plc's operations are reported under the segment Holding. Sampo plc coordinates Sampo Group's investment operations, capital allocation, risk management, Group accounts, investor relations as well as legal and fiscal matters. In 2009 Nordea's importance to Sampo increased significantly as the shareholding was increased from c12% to c18% in the first half of the year - and subsequently to over 20% following the approval by the Swedish FSA. As of 31-Dec-09, Nordea is accounted for as an associated company in Sampo Group's accounts. Sampo's CEO Bjorn Wahlroos has stated that he does not expect Sampo's holding to exceed 25% - even in the long term.

Ownership

Sampo's largest shareholder, with 14.12%, is Solidium Oy which is a holding company wholly owned by the State of Finland. Solidium's holdings involve national interests, but its investment decisions are based on financial considerations. As an active participant in the Finnish capital market, Solidium finances its activities with returns from its investments and as well as debt.

Life Insurance (Mandatum)

Mandatum Life Insurance Company Limited (Mandatum Life) is responsible for Sampo Group's life insurance operations. The services cover voluntary life and pension insurance needs as well as asset management services for institutions and HNWI clients.

P&C Insurance (If)

If P&C Insurance is responsible for Sampo Group's property and casualty insurance operations. If P&C Insurance is the leading property and casualty insurer in the Nordic region, with approximately 3.6m customers in the Nordic and Baltic countries. If offers insurance solutions and services in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania and Russia.

If's business is divided into four business areas:

The **Private** business area is If's largest business area, accounting for approximately half of the insurance premiums. The Private business area offers private customers household, homeowner, motor and accident insurance, as well as different kinds of supplementary insurances, such as travel, boat, forest and livestock insurance. The If Private business area is the Nordic market leader with three million customers.

The **Commercial** business area is the largest company insurer in the Nordic countries. The customers are companies from different fields with a maximum of 500 employees. This business area accounts for nearly one third of If's insurance premiums and comprises approximately 300,000 customers. The Commercial business area offers insurances to companies covering property, liability, casualty and cargo.

The **Industrial** business area is the leading insurer for industrial customers in the Nordic region and customers are Nordic companies with worldwide operations. This business area accounts for nearly one fifth of insurance premiums and has approximately 1,000 customers. Customers are companies with approximately EUR 50m turnover and more than 500 employees. The Industrial business area also has branch offices in the UK, France, the Netherlands, Germany and Russia. If provides industrial customers with property, liability and cargo insurances as well as casualty insurances.

The **Baltic and Russia** business area covers both private individuals and corporate customers. If has offered property and casualty insurances in the Baltic countries since 1992 and in Russia since 1996. If has approximately 300,000 customers in the Baltic countries and it is the market leader in Estonia.

Dividend policy

On 15-Feb-10, Sampo decided to adopt a new dividend policy according to which total annual dividends paid will be higher than 50% of Group's net profit for the year (excluding extraordinary items). In addition share buy-backs can be used to complement the cash dividend. The new policy will for the first time be applied to the dividend payable in 2011.

Reinet Investments

	Valuation and company information															
	--- Holding ---			--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical		Country	Industry	Comment
	(Shs m)	(%)	Ratio	(EURm)	(EUR/Sh)	BBG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend				
Reinet Investments				2,294	11.71	REIN LX	REIT.LU	EUR 11.71	195.941	2,821	0.3	n.m.	Luxembourg	Asset Management		
Brit Amer Tobacc	84.304	4.2%	0.4302	2,190	11.18	BATS LN	BATS.L	GBP 2,137	1,996.746	63,764	135.1	GBP 71.60	Britain	Tobacco		
Total listed holdings				2,190	11.18											
Net Debt / Cash				343	1.75	As of 31-Mar-10. Includes EUR 200m invested in the JPMorgan Euro Government Liquidity Fund (euro-denominated money market fund).										
Trilantic Capital Partners				29	0.15	As of 31-Mar-10. Reinet has remaining commitments of USD 130m and EUR 84m to invest in Trilantic.										
Other assets, net of other liabilities				6	0.03	As of 31-Mar-10. Relatively small unlisted investments in companies operating in solar energy, high grade optics and other applications of advanced technology.										
NAV				2,568	13.11											
Discount / Premium to NAV					-10.7%											

Source: Christopher Street Capital, Bloomberg

Company Profile

Reinet was established on 20-Oct-08 to hold the non-luxury assets formerly held by Richemont SA. Changes to the fiscal rules in Luxembourg forced Richemont to review its corporate structure, which had been established 20 years ago. Richemont had changed significantly during that period. Following a review of the alternatives open to Richemont, it was concluded that a separation of the luxury businesses from the investment in British American Tobacco was the right course of action to take.

The creation of Reinet

Reinet was established as an independent investment vehicle in 2008. Upon the restructuring, Reinet retained the investment in BAT, together with a portfolio of smaller investments and some EUR 350m in cash, whilst Richemont continued to hold the luxury goods businesses. Subsequent to the separation of Reinet and Richemont, in accordance with the proposals approved by Richemont unitholders, Reinet distributed 90% of its interest in BAT to shareholders. That was effected on 3-Nov-08. On the same date, Remgro Limited contributed 10% of its shareholding in BAT to Reinet in exchange for Reinet depository receipts being distributed to Remgro shareholders. As a final step in the restructuring process, Reinet offered shareholders the opportunity to participate in a rights issue, which concluded in mid-Dec-08. The terms of the rights issue required participating shareholders to contribute BAT shares in exchange for new Reinet shares. The rights issue resulted in 93% of the rights being taken up. The balance of the rights were bought by Compagnie Financière Rupert, which was the underwriter, by way of a public auction and the proceeds of the auction were distributed to shareholders who chose not to exercise their rights.

Trilantic Capital Partners (Lehman Brothers Merchant Banking)

On 16-Apr-09, Reinet announced that it had completed the acquisition of the Lehman Brothers' Merchant Banking businesses (LBMB). Reinet acquired a 49% interest in a newly-created entity, Trilantic Capital Partners, for a consideration amounting to USD 10m. The balance of Trilantic is held by the former management team of LBMB. In addition to its equity interest in Trilantic, Reinet took over Lehman Brothers' USD 230m un-invested limited partner commitments to invest in the former Lehman Brothers' Fund IV funds. To date, the Global and Europe Funds IV funds have made investments of some USD 800m in aggregate and limited partners have committed to invest a further USD 1.7bn in the two funds.

British American Tobacco

BAT is one of the world's leading tobacco groups, with brands sold in more than 180 markets and a strong position in more than 50 markets. In its financial year ended 31-Dec-09, BAT's subsidiaries produced some 700 billion cigarettes in 47 cigarette factories located in 40 countries. Four of these and two separate factories also manufacture cigars, roll-your-own and pipe tobacco. BAT manages a portfolio with over 300 brands including Dunhill, Kent, Lucky Strike and Pall Mall. BAT has a significant interest in tobacco leaf growing, working with thousands of farmers internationally.

Discount

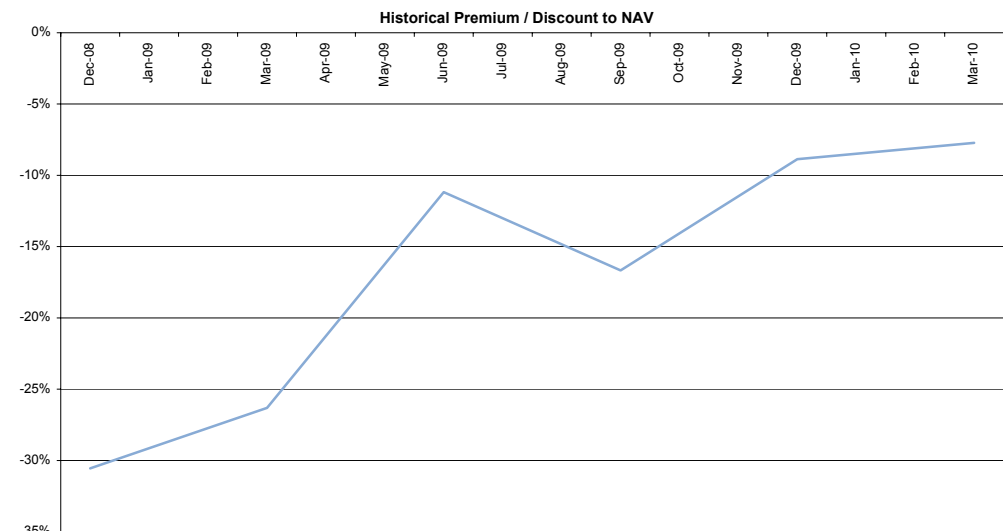
In the first quarter following the spin-off of Reinet the shares traded at a significant discount (more than 30% discount) to the NAV. However, the discount to NAV has since narrowed considerably and is now trading in what we would consider a more reasonable discount in the low to mid teens. We believe a discount is warranted due to BAT's very high share of NAV combined with Reinet's significantly lower liquidity compared to BAT's. As the value of the Reinet stub (ex the net cash position) is very small we essentially view Reinet as a vehicle through which one can gain exposure to BAT at a discount, although this comes at a cost in the form of lower liquidity. Based on the trading history of Heineken Holding / Heineken NV, a structure which also enables a discounted exposure to a liquid holding (Heineken NV) via a less liquid holding company (Heineken Holding), we believe Reinet will continue to trade at a discount of 10-15% to NAV, unless the Reinet stub starts to represent a more significant percentage of the NAV.

Dividend Policy

Reinet will pay regular dividends out of realised investment income when appropriate.

Ownership

The Anton Rupert Trust holds 24.45% of Reinet. Johann Rupert, Reinet's chairman, is a trustee of the Anton Rupert Trust. On 7-May-10 the Public Investment Corporation (PIC) announced that it had increased its stake to 15% (from 10.65% in Nov-09).



Heineken Holding NV

Valuation and company information															
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical		Comment	
	(Shs m)	(%)		(EURm)	(EUR/Sh)	BBG	Reuters					Dividend	Country		Industry
Heineken Holding NV				8,655	30.05	HEIO NA	HEIO.AS	EUR 30.05	288.030	10,640	7.5	EUR 0.65	Netherlands	Brewers	58.78% held by L'Arche Green
Heineken Nv	288.030	50.0%	1.0000	10,044	34.87	HEIA NA	HEIA.AS	EUR 34.87	576.003	24,691	69.3	EUR 0.59	Netherlands	Brewers	
Total listed holdings				10,044	34.87										
NAV				10,044	34.87										
Discount / Premium to NAV					-13.8%										

Source: Christopher Street Capital, Bloomberg

Company Profile

Heineken Holding, which holds 50.005% of the issued share capital of Heineken NV, heads the Heineken group. The object of Heineken Holding is to manage or supervise the management of the Heineken group and to provide services for Heineken NV. It seeks to promote the continuity, independence and stability of the Heineken group, thereby enabling Heineken NV to grow in a controlled and steady manner and to pursue its long-term policy in the interest of all stakeholders.

Heineken Holding does not engage in operational activities itself. These have been assigned within the Heineken group to Heineken NV and its subsidiaries and associated companies. Heineken Holding's income consists almost exclusively of dividends received on its interest in Heineken NV.

Every Heineken NV share held by Heineken Holding is matched by one share issued by Heineken Holding. The net asset value of one Heineken Holding share is therefore identical to the net asset value of one Heineken NV share. The dividend payable on the two shares is also identical.

Expenses made to manage and provide services to Heineken NV are reimbursed by Heineken NV to Heineken Holding in accordance with the management agreement.

The Heineken family first entered the brewing business in 1864 and incorporated Heineken NV in 1873. Alfred Heineken, the grandson of the founder, formed Heineken Holding in 1952 to hold the family's stake in Heineken NV. He served as its chairman from then to his death in Jan-02, and as chairman of Heineken NV until 1989. His daughter, Charlene Lucille de Carvalho-Heineken now represents the family interests in the companies.

Ownership

L'Arche Green, a company owned by the Heineken family and the Hoyer family, holds 58.78% of Heineken Holding. This means that the Heineken family effectively has control of Heineken NV - even though its economic interest is only 29%.

Dividend Policy

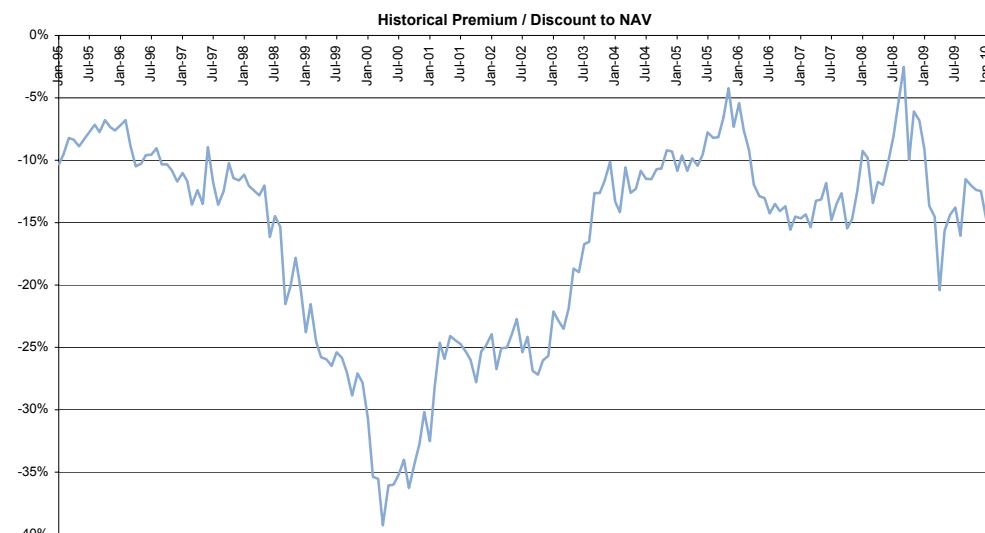
Both Heineken NV and Heineken Holding changed their dividend policy on 6-Nov-06. The two changes are: 1) The annual pay-out ratio was increased from 20-25% to 30-35%. 2) The historic practice of paying EUR 0.40 per share as a dividend but increasing it by 25% each third year via a share split was scrapped. The dividend will now move on an annual basis - driven by the growth in net earnings.

Discount

As we see limited prospects for the Heineken family relinquishing control we do not believe Heineken Holding will merge with Heineken NV - even though this could lead to a relatively quick paper profit for the Heineken family. As Heineken NV is included in the AEX, DJ STOXX 600 and MSCI Europe indices and has greater liquidity than Heineken Holding we do believe a small premium is warranted for Heineken NV.

FEMSA Cerveza

On 11-Jan-10, Heineken NV announced that it intends to acquire FEMSA Cerveza by issuing 86m Heineken NV shares upfront and a further 29m shares which will then be bought back in the market as part of the transaction. Simultaneously Heineken Holding swapped 43m Heineken NV shares for Heineken Holding shares. The first EUR 100m tranche of the 29m share buyback will be executed from 8-Mar-10 to 8-Jun-10 via an independent bank. Because of the use of the independent bank purchases will also be allowed during the closed / black out periods.



Aker ASA

Valuation and company information														
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical		Comment
	(Shs m)	(%)		(NOKm)	(NOK/Sh)	BBG	Reuters					Dividend	Country	
Aker ASA				7,997	110.50	AKER NO	AKER.OL	NOK 110.5	72.375	1,233	2.9	NOK 5.00	Norway	Oil & Gas Equipment & Services
Aker Solutions A	66.200	24.2%	0.9147	4,982	68.83	AKSO NO	AKSO.OL	NOK 75.25	274.000	3,179	37.2	NOK 2.60	Norway	Oil & Gas Equipment & Services 60% of Aker Holding's 40.3% stake
Det Norske Oljes	44.944	40.4%	0.6210	921	12.73	DETNOR NO	DETNOR.OL	NOK 20.50	111.111	351	0.6	NOK 0.00	Norway	Oil & Gas Exploration & Produc Buys 18.2% stake in May-09 for NOK 639m
Aker Biomarine A	51.606	7.1%	0.7130	75	1.03	AKBM NO	AKBM.OL	NOK 1.45	728.112	163	0.5	NOK 0.00	Norway	Biotechnology 14-Dec-09: Buys 60K shares at NOK 9.73
Aker Seafoods	58.243	68.8%	0.8047	420	5.80	AKS NO	AKS.OL	NOK 7.21	84.646	94	0.1	NOK 0.00	Norway	Packaged Foods & Meats 2.5m shares held on swap; exp. 20-Jan-10
Bjorge Asa	17.519	39.9%	0.2421	177	2.44	BJORGE NO	BJORGE.OL	NOK 10.10	43.921	68	0.0	NOK 0.00	Norway	Oil & Gas Equipment & Services Stake bought 7-Sep-05.
Aker Floating Pr	15.915	72.3%	0.2199	50	0.69	AKFP NO	AKFP.OL	NOK 3.15	22.000	11	0.0	NOK 0.00	Norway	Oil & Gas Equipment & Services
American Shippin	9.183	33.3%	0.1269	46	0.64	AMSC NO	AMSC.OL	NOK 5.05	27.600	21	0.0	NOK 0.00	Norway	Marine 19.9% directly + 13.4% on swap
Aker Philadelphi	5.113	50.3%	0.0706	54	0.74	AKPS NO	AKPS.OL	NOK 10.50	10.165	16	0.0	NOK 0.00	Norway	Construction & Farm Machinery
Total listed holdings				6,671	92.17									
Industrial Holdings														
Aker Drilling (100%)				3,500	48.36	At Aker's valuation on 31-Mar-10. Owns and operates two 6th generation semisub drilling rigs. 1Q10 EBITDA of USD 19m (= 29% EBITDA margin).								
Aker Clean Carbon (50%)				100	1.38	At Aker's valuation on 31-Mar-10. Carbon capture technology and solutions provider								
Financial Holdings														
Converto Capital Fund (99.8%)				452	6.25	At Aker's valuation on 31-Mar-10 less listed holdings included above (Seafoods, American Shipping, AKFP and Bjorge). 0.2% held by Fausken Invest AS.								
AAM Abs Return Fund (13%)				304	4.20	At Aker's valuation on 31-Mar-10. Managed by Converto Capital and Aker Asset management.								
Treasury														
Cash and cash equivalents				2,692	37.20	At Aker's valuation on 31-Mar-10								
Listed bonds				1,400	19.34	NOK 0.5bn Aker Solutions, NOK 0.4bn Aker BioMarine, NOK 0.2bn Aker Drilling and NOK 0.3bn in non-Aker companies.								
Long term interest bearing debt				4,900	67.70	NOK 3bn Aker Drilling, NOK 1.5bn Aker Floating and NOK 0.4bn in Other.								
Short term interest bearing debt				623	8.61	Includes NOK 600m to Aker BioMarine.								
Debt				-3,773	-52.13	As of 31-Mar-10. Less NOK 488m from Aker BioMarine rights issue and NOK 579m in paid dividends.								
NAV				16,869	233.08									
Discount / Premium to NAV					-52.6%									

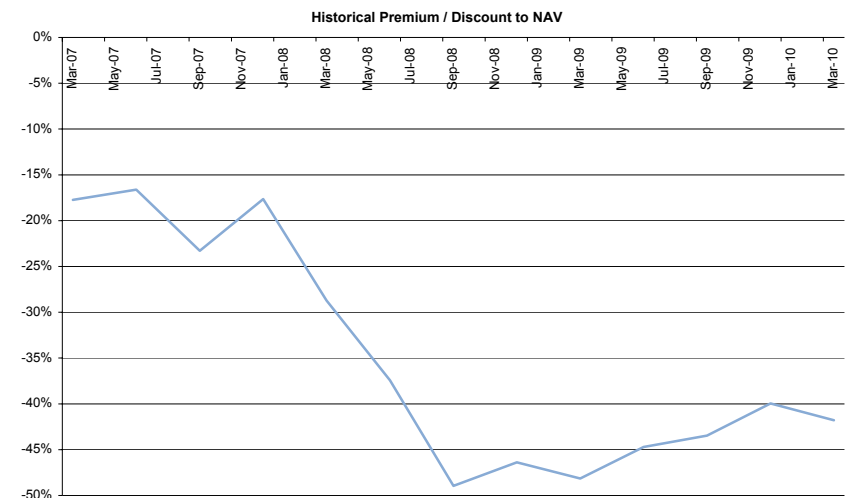
Source: Christopher Street Capital, Bloomberg

Company Profile

Aker is a pure play industrial investment company with the majority of its holdings being in the E&P sector. Even though Aker is on the board of all of its major holdings each company is given free rain on operations.

Portfolio changes

14-Dec-09: Aker ASA completes NOK 500m senior unsecured bond issue with expected maturity date on 17-Dec-12. In connection with the new bond issue, Aker ASA has bought back NOK 145m in AKER01.



Bonheur ASA

Valuation and company information															
	--- Holding ---			--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical	Country	Industry	Comment
	(Shs m)	(%)	Ratio	(NOKm)	(NOK/Sh)	BGG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend			
Bonheur ASA				5,711	140.00	BON NO	BON.OL	NOK 140.0	40.789	881	0.2	NOK 7.0	Norway	Oil & Gas Storage & Transporta	
Fred Olsen Energ	17.814	26.7%	0.4367	3,004	73.63	FOE NO	FOE.OL	NOK 168.6	66.694	1,734	8.9	NOK 10.0	Norway	Oil & Gas Drilling	
Ganger Rolf Asa	21.032	62.1%	0.5156	2,629	64.45	GRO NO	GRO.OL	NOK 125.0	33.854	653	0.2	NOK 8.40	Norway	Oil & Gas Storage & Transporta	
Fred Olsen Produ	32.596	30.8%	0.7991	359	8.79	FOP NO	FOP.OL	NOK 11.00	105.930	180	0.2	NOK 0.00	Norway	Oil & Gas Equipment & Services	61.5% held via 50% owned "First Olsen"
Nhst Media Group	0.231	18.0%	0.0057	88	2.15	NHST NS	NHST.OL	NOK 380.0	1.288	75	0.0	NOK 0.00	Norway	n.a.	
Genomar As	1.440	26.0%	0.0353	14	0.35	GENO NS	GENO.OL	NOK 10.00	5.547	9	0.0	NOK 0.00	Norway	n.a.	
Total listed holdings				6,093	149.39										
Renewables															
Fred Olsen Renewables (50%)				641	15.72	10.6x 12M trailing EBITDA of NOK 121m, which is in line with Iberdrola Renovables and EDP Renovaveis.									
Cruise															
Fred Olsen Cruise Lines (50%)				1,379	33.80	10.9x 12M trailing EBITDA of NOK 253m , which is in line with Carnival Corp. and Royal Caribbean.									
Shipping															
First Olsen (ex Fred Olsen Production stake) (50%)				248	6.08	Owns 1 Suezmax doublehulled tanker ("Knock Sheen"; 159,899 DWT; built 1998). Bought in 2006 for USD 76.5m.									
Oceanlink (49.8%)				24	0.59	6x 12M trailing EBITDA of NOK 8m , which is in line with Star Reefers.									
WindCarrier (31.25%)				0	0.00	In the process of developing a ship for installing offshore windturbines. Valued at 0 due to limited visibility. Bought in 2008 for NOK 15m.									
Other investments															
IT Fornebu Holding (6.3%)				35	0.86	38,000m2 IT development centre sited on the old Oslo Airport site. Construction costs of EUR 70m. Valued at construction cost.									
Net Debt / Cash				-2,144	-52.56	As of 31-Mar-10. Adj. for debt in listed consolidated companies (Fred Olsen Energy, Ganger Rolf, Fred Olsen Production and Genomar).									
NAV				6,277	153.89										
Discount / Premium to NAV					-9.0%										

Source: Christopher Street Capital, Bloomberg

Valuation and company information															
	--- Holding ---			--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical	Country	Industry	Comment
	(Shs m)	(%)	Ratio	(NOKm)	(NOK/Sh)	BBG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend			
Ganger Rolf ASA				4,232	125.00	GRO NO	GRO.OL	NOK 125.0	33.854	653	0.2	NOK 8.40	Norway	Oil & Gas Storage & Transporta	
Fred Olsen Energ	17.814	26.7%	0.5262	3,004	88.72	FOE NO	FOE.OL	NOK 168.6	66.694	1,734	8.9	NOK 10.0	Norway	Oil & Gas Drilling	
Bonheur Asa	8.444	20.7%	0.2494	1,182	34.92	BON NO	BON.OL	NOK 140.0	40.789	881	0.2	NOK 7.0	Norway	Oil & Gas Storage & Transporta	
Fred Olsen Produ	32.596	30.8%	0.9628	359	10.59	FOP NO	FOP.OL	NOK 11.00	105.930	180	0.2	NOK 0.00	Norway	Oil & Gas Equipment & Services	61.5% held via 50% owned "First Olsen"
Nhst Media Group	0.231	18.0%	0.0068	88	2.60	NHST NS	NHST.OL	NOK 380.0	1.288	75	0.0	NOK 0.00	Norway	n.a.	
Genomar As	1.440	26.0%	0.0425	14	0.43	GENO NS	GENO.OL	NOK 10.00	5.547	9	0.0	NOK 0.00	Norway	n.a.	
Total listed holdings				4,646	137.25										
Renewables															
Fred Olsen Renewables (50%)				641	18.94	10.6x 12M trailing EBITDA of NOK 121m, which is in line with Iberdrola Renovables and EDP Renovaveis.									
Cruise															
Fred Olsen Cruise Lines (50%)				1,379	40.73	10.9x 12M trailing EBITDA of NOK 253m , which is in line with Carnival Corp. and Royal Caribbean.									
Shipping															
First Olsen (ex Fred Olsen Production stake) (50%)				248	7.33	Owns 1 Suezmax doublehulled tanker ("Knock Sheen"; 159,899 DWT; built 1998). Bought in 2006 for USD 76.5m.									
Oceanlink (49.8%)				24	0.71	6x 12M trailing EBITDA of NOK 8m , which is in line with Star Reefers.									
WindCarrier (31.25%)				0	0.00	In the process of developing a ship for installing offshore windturbines. Valued at 0 due to limited visibility. Bought in 2008 for NOK 15m.									
Other investments															
IT Fornebu Holding (6.3%)				35	1.04	38,000m2 IT development centre sited on the old Oslo Airport site. Construction costs of EUR 70m. Valued at construction cost.									
Net Debt / Cash				-547	-16.15	As of 31-Mar-10.									
NAV				6,427	189.84										
Discount / Premium to NAV					-34.2%										

Source: Christopher Street Capital, Bloomberg

Fred Olsen Renewables

Owns 3 wind farms (177.5MW with additional 138MW being build) in Scotland and 2 in Sweden (1.2MW).

Fred Olsen Cruise Lines

Owns and operates 4 cruise ships: MV Black Watch, MV Braemar, MV Boudicca, and MV Balmoral. In 1Q10 MV Balmoral undertook 86 nights of its 106-night World cruise and MV Black Watch completed its 73-night Around South America cruise. MV Braemar was based in the Caribbean operating its fly cruise programme, leaving MV Boudicca to sail ex-Southampton on three 13-night cruises to the Canaries, a 28-night cruise to the Caribbean and a 22-night cruise to the Eastern Mediterranean. FOCL is 50%/50% split between Bonheur and Ganger Rolf.

Oceanlink

Acts as an agent for 5 reefer vessels, 4 AHTS offshore supply vessels and a 1,000 TEU containership. The container vessel was sold and delivered to new owners in Mar-10. Aug-09: Raises USD 30m in new capital. Two of the AHTS vessels had previously been sold to a Venezuelan buyer for USD 40m - but the buyer walked away from the purchase. The buyer held on to one of the ships for more than two years and only recently handed it back in a very poor condition.

Fred Olsen Windcarrier

On 9-Feb-10, FOW placed an order for 2 offshore wind installation ships at Lamprell Energy (LAM LN). The total contract price was about USD 320m for 2 ships and delivery is set for 2Q12 and 3Q12. There are 2 options for additional ships.

Orkla ASA

Valuation and company information															
	--- Holding ---			--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical	Country	Industry	Comment
	(Shs m)	(%)	Ratio	(NOKm)	(NOK/Sh)	BBG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend			
Orkla ASA				43,153	41.94	ORK NO	ORK.OL	NOK 41.9	1,028.931	6,654	26.8	NOK 2.25	Norway	Industrial Conglomerates	
Renewable Energy	396.237	39.7%	0.3851	6,185	6.01	REC NO	REC.OL	NOK 15.6	997.152	2,400	39.3	NOK 0.0	Norway	Electrical Components & Equipm	23.45% / 16.28% Elkem / Orkla split
Tomra Systems As	23.000	15.3%	0.0224	628	0.61	TOM NO	TOM.OL	NOK 27.3	150.020	632	2.3	NOK 0.6	Norway	Environmental & Facilities Ser	
Rieber & Son Asa	12.425	16.0%	0.0121	509	0.50	RIE NO	RIE.OL	NOK 41.00	77.576	490	0.0	NOK 2.00	Norway	Packaged Foods & Meats	
Elekta Ab-B	2.600	2.9%	0.0025	431	0.42	EKTAB SS	EKTAb.ST	SEK 198.40	89.661	2,294	10.9	SEK 3.00	Sweden	Health Care Equipment	
Amer Sports-A	6.740	5.5%	0.0066	417	0.41	AMEAS FH	AMEAS.FH	EUR 7.76	121.518	1,159	2.0	EUR 0.16	Finland	Leisure Products	
Kongsberg Grupp	2.991	2.5%	0.0029	327	0.32	KOG NO	KOG.OL	NOK 109.5	120.000	2,026	1.4	NOK 2.00	Norway	Aerospace & Defense	
Enter-Select	0.371	n.a.	0.0004	298	0.29	NTSELE SS	NTSELE.ST	SEK 960	n.a.	n.a.	n.a.	n.a.	Sweden	Growth and Income	
Nokia Oyj	3.046	0.1%	0.0030	163	0.16	NOK1V FH	NOK1V.HE	EUR 6.71	3,744.956	30,875	305.9	EUR 0.40	Finland	Communications Equipment	
Telenor Asa	3.759	0.2%	0.0037	311	0.30	TEL NO	TEL.OL	NOK 82.65	1,657.889	21,129	76.6	NOK 2.50	Norway	Integrated Telecommunication S	
Schibsted Asa	1.793	1.7%	0.0017	226	0.22	SCH NO	SCH.OL	NOK 126.0	108.004	2,098	9.1	NOK 0.00	Norway	Publishing	
Total listed holdings				9,496	9.23										
Orkla Brands				38,214	37.14	13.2x 12M trailing EBITA of NOK 2895m, which is in line with Nestle and Unilever.									
Orkla Aluminium Solutions (Sapa)				18,672	18.15	0.9x 12M trailing Revenue of NOK 20747m, which is in line with Alcoa and Norsk Hydro.									
Orkla Materials															
Elkem				873	0.85	14.8x 12M trailing EBITDA of NOK 59m, which is in line with First Solar, Q-Cells, REC and Solarworld.									
Borregaard				4,785	4.65	15x 12M trailing EBITA of NOK 319m, which is in line with Celanese, Lonza and Wacker Chemie.									
Jotun (42.4%)				7,534	7.32	12.8x 12M trailing EBIT of NOK 1385m, which is in line with Akzo Nobel and Sherwin-Williams.									
Non-specified principal listed holdings				270	0.26	As of 31-Mar-10.									
Non-specified other listed holdings				7,909	7.69	As of 31-Mar-10.									
Borregaard Forest				880	0.86	At NOK 1,100 per decares of productive forest (800,000 decares / 800 square kilometres).									
Orkla Real Estate				682	0.66	At capitalised value.									
Orkla Finance				134	0.13	1x 12M trailing Revenue of NOK 134m, which is in line with FutureFuel. Orkla Finans offers investment services to institutional and private investors.									
Net Debt / Cash				-21,459	-20.86	As of 31-Mar-10 - adj. for NOK 1.6bn to reflect participation in REC Rights Issue (132m shares at NOK 12.1). Average maturity 4.2 years.									
NAV				67,991	66.08										
Discount / Premium to NAV					-36.5%										

Source: Christopher Street Capital, Bloomberg

Orkla Real Estate

The strategy behind Orkla Real Estate relies heavily on the fact that Orkla itself has a significant amount of property from industrial activities. Orkla Real Estate has historically demonstrated good value creation within property development. Its business strategy is based on a partnership model in which Orkla Real Estate teams up with local and regional partners to reinforce its implementation model and scale up its investment opportunities. During 2008, Orkla Real Estate strengthened this partnership model through its position in Finansgruppen Eiendom. The capitalised value of Orkla's real estate investments as of 31-Dec-07 was NOK 682m. The book value of development projects was NOK 168m. These residential projects, which are centrally located in Oslo, have a development potential of 75,000 m2.

Borregaard Skoger

Borregaard Skoger develops and manages Orkla's forest properties. These properties total around 1.1m decares, of which some 800,000 decares are productive forest. The main activities are forestry, property management and nature conservation. On 22-Jun-10, Dagens Industri reported that Orkla is planning to sell Borregaard Skoger. According to the paper putting a value on the sale is difficult but will be in SEK billions. The paper cited an Orkla spokesperson, who said that the sale process is to start in Aug-10, at the earliest, and that these types of sales take a few months to conclude. The sale would be one of the largest Nordic forestry sales in recent times. The forests are split into 19 different districts in Norway, mainly along the Swedish border, north of Oslo. Swedish forestry companies Bergvik Skog and Södra have stated that they are considering their options in regards to the sale. Torbjörn Larsson, MD for Bergvik Skog, has stated that the forest lies in an area that the company is generally interested in and that it will look more closely at the land when Borregaard Skoger opens for a deal. Södra, which already owns two mills in Norway, could be another Swedish company interested in the forests. Similarly to Larsson, Leif Brodén, MD for Södra, has announced that the company will take a closer look at the forests at a later date.

Orkla Finans

In Jun-10, Orkla Finans AS made a "strategic decision" to close its USD 105m Energy Fund and Carbon Fund. Orkla's energy fund, which traded commodities including Nordic and German electricity, natural gas and emission permits, lost 12% from Jan-10 to Apr-10. The specialist carbon fund gained 3.1%. The Orkla Energy Fund had as much as EUR 185m in assets under management in Jul-09. About EUR 40m of current assets reflect internal investment by Orkla.

Industrivarden

Valuation and company information															
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical Dividend	Country	Industry	Comment
	(Shs m)	(%)		(SEKm)	(SEK/Sh)	BBG	Reuters								
Industrivarden (A + C shares)				33,442	83.90	INDUC SS	INDUc.ST	SEK 83.90	117.724	4,314	5.2	SEK 3.00	Sweden	Multi-Sector Holdings	A Shares have more votes but less liquidity
Svenska Han-A	63.791	10.4%	0.1651	12,261	31.74	SHBA SS	SHBa.ST	SEK 192.20	611.719	15,165	61.6	SEK 8.00	Sweden	Diversified Banks	2Q09: Sells 4,400 shares
Sandvik Ab	138.076	11.6%	0.1569	13,269	34.35	SAND SS	SAND.ST	SEK 96.10	1,186.287	14,705	88.7	SEK 1.00	Sweden	Industrial Machinery	1Q10: Buys 2,644,597 shares
Ericsson Lm-A	76.681	29.3%	0.1985	6,537	16.92	ERICA SS	ERICa.ST	SEK 85.25	261.756	2,878	0.5	SEK 2.00	Sweden	Communications Equipment	4Q09: Buys 2,280,600 shares
Ssab-A	53.026	22.0%	0.1373	5,610	14.52	SSABA SS	SSABa.ST	SEK 105.80	240.766	3,286	45.0	SEK 1.00	Sweden	Steel	1Q10: Buy 1,435,906 shares
Ssab-B	0.073	0.1%	0.0002	7	0.02	SSABB SS	SSABb.ST	SEK 94.55	83.169	1,014	6.2	SEK 1.00	Sweden	Steel	1Q10: Sells 48,296 shares
Svenska Cell-A	45.100	44.2%	0.1168	4,165	10.78	SCAA SS	SCAA.ST	SEK 92.35	101.952	1,214	0.5	SEK 3.70	Sweden	Paper Products	4Q09: Sells 2,000,000 shares
Svenska Cell-B	25.700	4.3%	0.0665	2,372	6.14	SCAB SS	SCAb.ST	SEK 92.30	603.158	7,181	42.1	SEK 3.70	Sweden	Paper Products	4Q09: Buys 2,000,000 shares
Volvo Ab-A	82.718	12.2%	0.2141	6,886	17.83	VOLVA SS	VOLVa.ST	SEK 83.25	677.602	7,276	17.9	SEK 2.00	Sweden	Construction & Farm Machinery	5-May-10: Takes delivery of 12.5m shares
Skanska Ab-B	30.622	7.3%	0.0793	3,479	9.01	SKAB SS	SKAb.ST	SEK 113.60	421.766	6,180	33.4	SEK 6.25	Sweden	Construction & Engineering	15.1m shares are unlisted A shares
Indutrade Ab	14.758	36.9%	0.0382	2,479	6.42	INDT SS	INDT.ST	SEK 168.00	40.000	867	1.3	SEK 4.30	Sweden	Trading Companies & Distributo	
Munters Ab	10.950	14.6%	0.0283	522	1.35	MTRS SS	MTRS.ST	SEK 47.70	75.000	461	0.9	SEK 1.00	Sweden	Industrial Machinery	
Hoganas Ab-B	3.550	10.4%	0.0092	722	1.87	HOGAB SS	HOGAb.ST	SEK 203.50	34.118	896	3.3	SEK 3.00	Sweden	Steel	
Net Debt / Cash				-11,940	-30.91	As of 31-Mar-10 less SEK 787.5m from increased Volvo stake.									
NAV				46,370	120.05										
Discount / Premium to NAV					-30.1%										

Source: Christopher Street Capital, Bloomberg

Company Profile

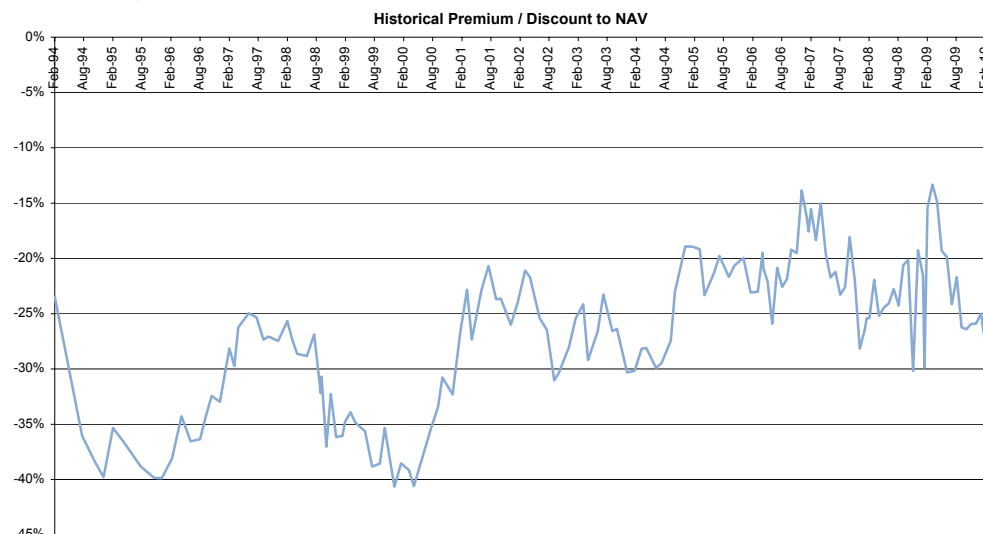
Industrivarden is mainly a leveraged play on its listed assets, as 100% of assets are listed. Industrivarden's core business is to invest in listed Nordic companies with good potential for value appreciation, to create value through active ownership, and to realize this value in connection with an exit. Work is conducted in a structured manner and revolves around three main processes: investment, active ownership and exit evaluation. In Jan-10 Industrivarden issued a EUR 500m CB with a 2.5% coupon, which will lead to the issuance of up to 44.3m new C Shares (c11% of currently outstanding shares). We treat the CB as debt as the strike price of SEK 115.50 is far out of the money at this point in time.

Portfolio changes

5-May-10: Takes delivery of 12.5m Volvo A Shares by exercising a share swap; pay an average of SEK 63 per share for the stake, which takes its average price down to SEK 88 per share. 1Q10: Buy 500,000 Volvo A Shares. 4Q09: Sells 775,900 Skanska B Shares, Sells 699,800 SSAB A shares and Buys 300 SSAB B Shares. Oct-09: Sells 1m Sandvik shares. 2Q09: Sells remaining 1,350,250 Volvo B Shares, 1,500,000 SCA A shares, 500,000 SSAB A shares and 3.7m Hemtex shares. Buys 1,500,000 SCA B Shares.

Investment Case

Industrivarden focuses on traditional industries such as banking, construction, engineering and steel. The company has a long-term focus on its holdings and only rarely makes changes to the portfolio. Historically Industrivarden has traded at a discount of as much as c30% to as little as c5% to NAV. L E Lundbergforetagen (controlled by Fredrik Lundberg), Industrivarden's largest shareholder, has increased its holding during the last few years, and now holds 11.2% of the capital and 15.5% of the votes (as of 31-Mar-09). Given the sizeable stake it is unlikely that Lundbergforetagen will continue to increase its stake aggressively in the coming quarters, which could mean some pressure on the discount to NAV.



Valuation and company information															
	--- Holding ---			--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical		Comment	
	(Shs m)	(%)	Ratio	(SEKm)	(SEK/Sh)	BBG	Reuters					Dividend	Country		Industry
Investor (A + B shares)				95,873	127.00	INVEB SS	INVEb.ST	SEK 127.00	455.484	12,366	36.5	SEK 4.00	Sweden	Multi-Sector Holdings	A Shares have more votes but less liquidity
Abb Ltd-Reg	166.330	7.2%	0.2168	22,887	29.83	ABB SS	ABB.ST	SEK 137.60	2,323.257	41,234	60.9	Applicable	Switzerland	Heavy Electrical Equipment	
Atlas Copco-A	204.384	24.3%	0.0776	23,504	30.64	ATCOA SS	ATCOa.ST	SEK 115.00	839.394	12,451	79.2	SEK 3.00	Sweden	Industrial Machinery	
Seb Ab-A	456.089	21.0%	0.5945	19,065	24.85	SEBA SS	SEBa.ST	SEK 41.80	2,170.019	11,700	67.6	SEK 1.00	Sweden	Diversified Banks	
Astrazeneca Plc	51.588	3.6%	0.0672	18,984	24.75	AZN SS	AZN.ST	SEK 368.00	1,439.393	68,323	64.8	Applicable	Britain	Pharmaceuticals	
Ericsson Lm-B	164.079	5.4%	0.2139	14,316	18.66	ERICB SS	ERICb.ST	SEK 87.25	3,011.596	33,893	177.5	SEK 2.00	Sweden	Communications Equipment	Shares held are A Shares.
Electrolux Ab-B	39.165	13.1%	0.0511	7,046	9.18	ELUXB SS	ELUXb.ST	SEK 179.90	299.857	6,958	60.8	SEK 4.00	Sweden	Household Appliances	Incl. 8.3m A Shares.
Husqvarna-B Shs	89.668	20.9%	0.1169	4,231	5.52	HUSQB SS	HUSQb.ST	SEK 47.19	428.774	2,610	16.5	SEK 1.00	Sweden	Household Appliances	Incl. 18m A Shares.
Saab Ab-B	32.778	31.5%	0.0427	2,921	3.81	SAABB SS	SAABB.ST	SEK 89.10	103.896	1,194	3.1	SEK 2.25	Sweden	Aerospace & Defense	Incl. unlisted A Shares.
Swedish Orphan B	86.075	40.6%	0.1122	3,193	4.16	SOBI SS	SOBI.ST	SEK 37.10	211.899	1,014	3.5	SEK 0.00	Sweden	Biotechnology	2Q09: Buys 200K shares
Elekta Ab-B	6.184	6.9%	0.0081	1,227	1.60	EKTAB SS	EKTAb.ST	SEK 198.40	89.661	2,294	10.9	SEK 3.00	Sweden	Health Care Equipment	Stake held as a financial investment
Total listed holdings				117,374	153.00										
Operating Investments															
Molnlycke Health Care				5,170	6.74	Investor values MHC at SEK 6,349m as of 31-Mar-10. We value it at SEK 5170m based on 10.7x LTM EBITDA, which is the avg. of Coloplast and Kimberly-Clark.									
Lindorff				1,642	2.14	Investor values Lindorff at SEK 3,293m as of 31-Mar-10. We value it at SEK 1642m based on 50% 7.4x LTM EBITDA (IJ SS mult.), and 50% EUR 360 stake purchase price.									
Gambro and CaridianBCT				2,633	3.43	Investor values Gambro at SEK 1,957m as of 31-Mar-10. We value it at SEK 2633m based on 8.8x LTM EBITDA, which is what Fresenius Med and DaVita are trading at.									
3 Scandinavia				1,369	1.78	At carrying value. 11-Dec-09: SEK 10.5bn of debt due in mid-2010 replaced with debt due in late 2012. Investor guarantees for SEK 4.2bn (40%) as previously.									
The Grand Group				1,066	1.39	At carrying value.									
Other				897	1.17	At 31-Mar-10 book value. Includes land and real estate, Kunskapsskolan, Novare and a Lindorff mezzanine loan.									
Private Equity Investments															
Investor Growth Capital				8,065	10.51	At carrying value. 18-May-10: Writes of FOI Corp. holding by SEK 223m.									
EQT				9,423	12.28	At carrying value. 4Q09: EQT V: Buys 82% of Springer S+BM. Completes tender for HTL-Strefa. Buys Cable TV in Bulgaria. EQT Asia: Add-On in Global Beauty.									
Financial Investments				2,985	3.89	At 31-Mar-10 book value; less Elekta stake (reflected above). The largest value is in Active Portfolio Management, which had operating income of SEK 464m in 2009.									
Other assets and liabilities				-551	-0.72	At 31-Mar-10 book value.									
Net Debt / Cash				-2,419	-3.15	As of 31-Mar-10. Average maturity of debt: 13.5 years as of 31-Dec-09. Cash available: SEK 20.9bn.									
NAV				147,654	192.46										
Discount / Premium to NAV					-34.0%										

Source: Christopher Street Capital, Bloomberg

Company Profile

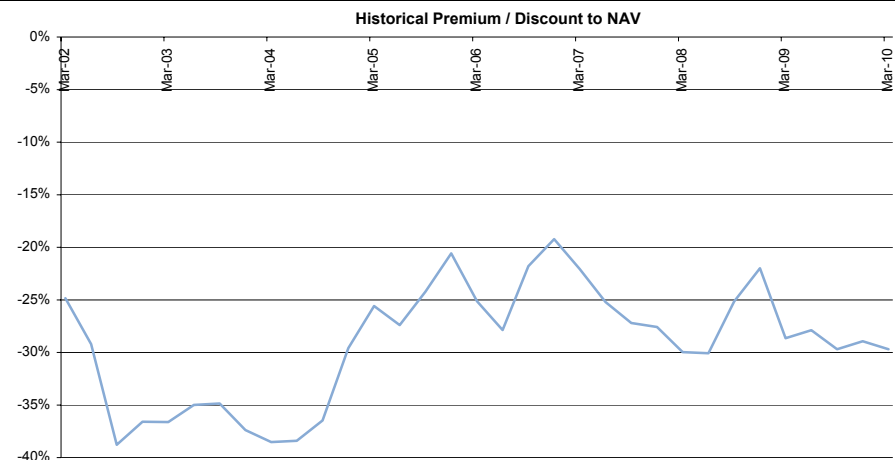
Since its listing in 1919, Investor AB has been controlled by the Wallenberg family, the founders of Enskilda Bank (now SEB), and they have played an active role in managing and developing the company's holdings, in particular through mergers. The family holds shares through various trusts as well as through Investor, and in 2001 shuffled its stakes between the two at market value. The family maintains control of Investor by its A/B share structure - the A shares have 1 vote against 0.1 on the B shares. The family foundations own 48.67% of the votes in Investor, but only 22.76% of the capital, as of 30-Jun-09.

Investment Case

The majority of Investor's value is in listed stakes, all clearly disclosed in its reports. This makes the value very transparent and the discount will primarily reflect a natural holding company discount and a minority discount. Factors we believe have influenced the spread over the last few years include: (i) restructuring calls and the muted response (ii) uncertainty over the value and prospects of the 3G investment and (iii) market sentiment towards holding companies in general. During the course of 2005, Investor lowered its net debt from over SEK 16bn to a net cash position of SEK 2bn through sale of shareholdings. Investor have said that they intend to go back to a net debt position. We believe this will predominantly take place through increases in Operating and/or Private Equity Investments rather than increases in its listed holdings.

Portfolio changes

5-Mar-10: Buys 11,166,173 SAAB B shares at SEK 95.50 per share. 14-Jan-10: Merger of Biovitrum and Swedish Orphan closes; Investor ends up holding 41% of Biovitrum. Investor Growth Capital: 3Q09: No new investments. Add-ons in: Biolex, Chelsio, OnePhone, Sirion Therapeutics and Tobii. 5-Nov-09: Sells Swedish Orphan Intl to Biovitrum. 4Q09: Add-ons in: Axionmed Spine, Chelsio, ChinaCache, Greenway Medical, Intuity Medical and Sirion Therapeutics.



Valuation and company information															
	--- Holding ---			--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical	Country	Industry	Comment
	(Shs m)	(%)	Ratio	(SEKm)	(SEK/Sh)	BBG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend			
Kinnevik (A + B shares)				35,004	125.90	KINVB SS	KINVb.ST	SEK 125.90	228.493	4,515	15.8	SEK 3.00	Sweden	Multi-Sector Holdings	A Shares have more votes but less liquidity
Millicom Intl	37.835	34.8%	0.1365	24,273	87.58	MICC US	MICC.OQ	USD 82.75	108.648	8,991	55.2	USD 0.00	Luxembourg	Wireless Telecommunication Ser	Also listed in Sweden under MIC SS
Tele2 Ab-B Shs	135.496	32.1%	0.4889	15,880	57.30	TEL2B SS	TEL2b.ST	SEK 117.20	422.496	6,387	31.3	SEK 5.85	Sweden	Integrated Telecommunication S	Includes 18.5m A Shares
Modern Times-B	13.504	22.8%	0.0487	5,809	20.96	MTGB SS	MTGb.ST	SEK 430.20	59.298	3,290	25.1	SEK 5.50	Sweden	Broadcasting	Includes 5.2m A Shares
Transcom World-B	16.339	44.7%	0.0590	392	1.41	WWSDBB SS	WWSDBb.ST	SEK 24.00	36.546	113	0.5	SEK 0.00	Luxembourg	Diversified Support Services	Showing the B Shares due to liquidity
Metro Intl-Sdr-A	112.123	42.4%	0.4045	121	0.44	TROSDBA SS	TROSDBa.ST	SEK 1.08	264.365	37	0.2	SEK 0.00	Britain	Publishing	
Metro Intl-Sdr-B	133.799	50.8%	0.4828	159	0.57	TROSDBB SS	TROSDBb.ST	SEK 1.19	263.407	40	0.2	SEK 0.00	Britain	Publishing	
Black Earth-Sdr	28.500	23.0%	0.1028	599	2.16	BEFSDB SS	BEFSDB.ST	SEK 21.00	124.018	336	0.4	SEK 0.00	Sweden	Agricultural Products	Part of New Ventures. 4Q09: Buys 226,058
Total listed holdings				47,234	170.42										
Korsnas Industrial and Forestry + Bergvik Skog				5,422	19.56	7.7x 12M trailing EBITDA of SEK 1535m , which is in line with Holmen and SCA.									
Unlisted New Ventures				1,207	4.35	As of 31-Mar-10; at Kinnevik fair value.									
Metro Warrants and Subordinated Debentures				774	2.79	As of 31-Mar-10; at Kinnevik fair value.									
Net Debt / Cash				-6,341	-22.88	As of 31-Mar-10; includes SEK 6.4bn of debt relating to Korsnas. 4-Jun-10: Replaces SEK 7,060m credit facilities with new ones of SEK 7,450m.									
NAV				48,295	174.25										
Discount / Premium to NAV					-27.7%										

Source: Christopher Street Capital, Bloomberg

Company Profile

Kinnevik was founded in 1936 and thus embodies more than seventy years under the same group of principal owners. Kinnevik's holdings of growth companies are focused around three comprehensive business areas; Major Unlisted Holdings which includes the cartonboard and paper company Korsnäs (including shares in Bergvik Skog), Major Listed Holdings which includes Millicom, Tele2, Modern Times Group, Transcom WorldWide and Metro International, and New Ventures which is active in finding new investments in small and mid sized companies which has a significant growth potential. Kinnevik has a long history of investing in emerging markets which has resulted in a considerable exposure to consumer sectors in these markets. Kinnevik plays an active role on the Boards of its holdings. CEO Mia Brunell Livfors announced on the 3Q09 c.call that Kinnevik would rather make new investments than buy back shares - so share buybacks are unlikely to be a catalyst for driving in the discount in the near term.

Korsnas

Korsnäs is currently one of the leading manufacturers of virgin fiber-based packaging materials, primarily for consumer products. The industrial operations center on the Korsnäs mill in Gävle and on the production facility in Frövi with annual capacity of 700 thousand tons and 400 thousand tons, respectively, of paper and paperboard products. The company currently has four production machines in operation: Paper Machine 2, 4 and 5 in Gävle as well as the Board Machine 5 in Frövi. The plant in Gävle is self-sufficient in pulp, while the annual pulp capacity in Frövi is about 280 thousand tons. On 11-Dec-09 Kinnevik said it would invest SEK 465m in a bioenergy plant at its site in Gävle in order to decrease its oil consumption from 44,000 m3 to 4,000 m3. The plant will be ready for operation in the autumn of 2012.

New Ventures

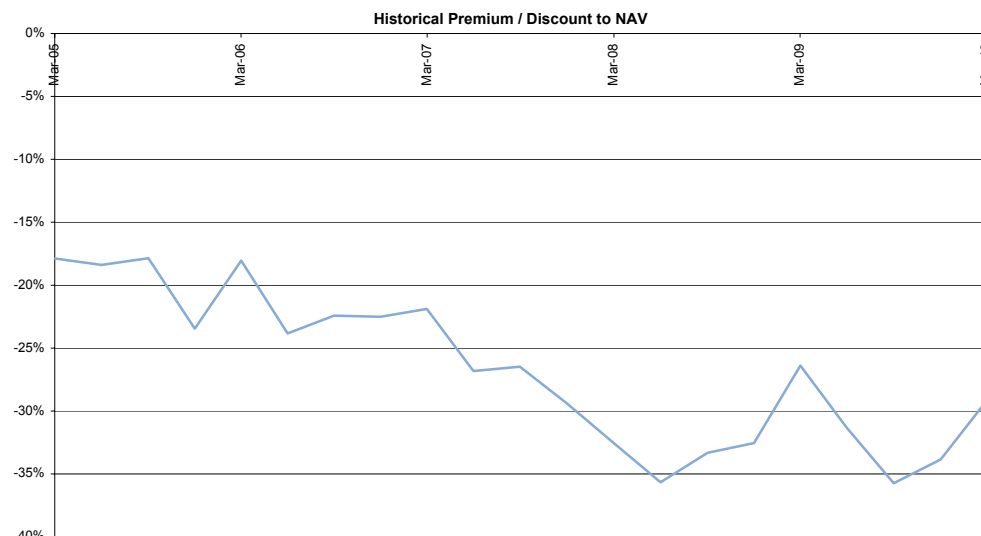
Within New Ventures, Kinnevik invests in sectors and markets characterized by high growth potential. Investments to date are in growth markets in which Kinnevik has a long tradition and a strong platform to capitalize on existing growth possibilities. Kinnevik's new investments shall have a substantial market potential and the investments must have the conditions to grow through market growth and scalability. Kinnevik invests at an early stage and is an active owner and currently has 12 holdings. Investments are primarily focused around four areas: Food/Fuel, Online, Microfinance and Africa.

Ownership

Following Kinnevik acquiring all the shares of Emesco (HoldCo holding shares in Kinnevik and controlled by the Stenbeck sphere) in Apr-09 Sapere Aude Trust now holds 31% of the votes while the Jan Stenbeck Estate holds 17.6% and the Hugo Stenbeck Foundation holds 2.3% of the votes.

Portfolio changes

In 1Q10 Kinnevik paid SEK 345m for shares and options in European Internet Holding, increased its Black Earth stake by 2% paying SEK 63m for the stake, invested SEK 33m in a 50% stake in Bomhus Energi AB, paid SEK 19m for a 12% stake in MyCityDeal and contributed SEK 5m to Vosvik/Kontakt East. In 2Q09 Kinnevik signed an agreement to acquire Emesco which increased its ownership in Tele2 and MTG. Kinnevik also subscribed for 51.9% in Metro's issue of subordinated debentures and warrants, of which 44.1% with preferential rights and 7.8% in addition to this, in accordance with previously granted guarantee, for a total amount of SEK 274m. Within New Ventures, Kinnevik committed to invest USD 10m in the micro financing fund Microvest and acquired 30% of RawAgro, a Ukrainian farming company, for SEK SEK 31m and 20% of the shares in the Internet company R2 International for SEK 11m. 16-Sep-09: Acquisition of Emesco AB closes



Latour

Valuation and company information															
	--- Holding ---			--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical	Country	Industry	Comment
	(Shs m)	(%)	Ratio	(SEKm)	(SEK/Sh)	BBG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend			
Latour (A + B shares)				13,533	93.90	LATOB SS	LATOb.ST	SEK 93.90	118.814	1,746	0.3	SEK 2.75	Sweden	Multi-Sector Holdings	Unlisted A Shares have 10x more votes
Assa Abloy Ab-B	25.746	7.4%	0.1791	4,047	28.16	ASSAB SS	ASSAb.ST	SEK 157.20	346.743	7,031	53.0	SEK 3.60	Sweden	Building Products	Includes 6.7m unlisted A Shares; 10x votes
Securitas Ab-B	27.090	7.8%	0.1885	1,926	13.40	SECUB SS	SECUB.ST	SEK 71.10	347.916	3,191	16.6	SEK 3.00	Sweden	Security & Alarm Services	Includes 4m unlisted A Shares; 10x votes
Sweco Ab-B	27.775	34.7%	0.0747	1,378	9.58	SWECB SS	SWECb.ST	SEK 49.60	80.113	513	0.2	SEK 2.00	Sweden	Construction & Engineering	4Q09: Sells 1,750,000 shares
Sweco Ab-A	1.228	13.1%	0.0085	70	0.49	SWECA SS	SWECa.ST	SEK 57.00	9.389	69	0.0	SEK 2.00	Sweden	Construction & Engineering	
Loomis Ab-B	5.418	7.8%	0.0377	406	2.83	LOOMB SS	LOOMB.ST	SEK 75.00	69.583	673	2.4	SEK 2.65	Sweden	Security & Alarm Services	Includes 0.8m unlisted A Shares; 10x votes
Fagerhult Ab	4.107	32.0%	0.0286	480	3.34	FAG SS	FAG.ST	SEK 117.00	12.850	194	0.0	SEK 3.00	Sweden	Building Products	
Munters Ab	10.950	14.6%	0.0762	522	3.63	MTRS SS	MTRS.ST	SEK 47.70	75.000	461	0.9	SEK 1.00	Sweden	Industrial Machinery	
Niscayah Group A	28.000	8.0%	0.1948	301	2.09	NISCB SS	NISCb.ST	SEK 10.75	347.916	482	1.4	SEK 0.30	Sweden	Security & Alarm Services	Includes 4m unlisted A Shares; 10x votes
Nederman Holding	3.100	26.5%	0.0216	239	1.67	NMAN SS	MNAN.ST	SEK 77.25	11.715	117	0.1	SEK 0.00	Sweden	Building Products	
Elanders Ab-B	2.123	23.1%	0.0148	57	0.40	ELANB SS	ELANb.ST	SEK 27.00	9.182	32	0.1	SEK 0.00	Sweden	Publishing	1Q10: Sells 86,505 shares
Hms Networks Ab	1.583	14.2%	0.0110	116	0.81	HMS SS	HMS.ST	SEK 73.50	11.153	106	0.1	SEK 1.50	Sweden	Electronic Manufacturing Servi	23-Dec-09: Buys 40K shares.
Total listed holdings				9,544	66.40										
Swegon (Air Treatment)				3,365	23.41	16.1x 12M trailing EBIT of SEK 209m, which is in line with Black & Decker and Lennox.									
Hultafors Group (Hand Tools)				1,367	9.51	11.3x 12M trailing EBIT of SEK 121m, which is in line with Black & Decker and Snap-on.									
Engineering Technology				951	6.61	9.7x 12M trailing EBIT of SEK 98m, which is in line with Indutrade AB and AF AB.									
Machinery Trading				615	4.28	1x 12M trailing Sales of SEK 615m, which is a 20% discount (due to lower margins) to Indutrade AB and AF AB.									
Automotive (Autotube)				74	0.52	0.3x 12M trailing Sales of SEK 248m, which is in line with Faurecia and Valeo.									
Hydraulics				349	2.43	0.4x 12M trailing Sales of SEK 872m, which is in line with Bemco Hydraulics and Denison Hydra.									
Net Debt / Cash				-687	-4.78	As of 31-Mar-10.									
NAV				15,578	108.38										
Discount / Premium to NAV					-13.4%										

Source: Christopher Street Capital, Bloomberg

Company Profile

Latour is a mixed investment company consisting of wholly owned industrial and trading operations and an investment portfolio of listed holdings in which Latour is the principal owner or one of the principle owners. The investment portfolio consists of eleven substantial holdings that on 30-Sep-09 had a market value of SEK 9.5bn. The holdings in the investment portfolio with the greatest value are Assa Abloy, Securitas and Sweco.

Acquisitions and divestitures

Latour's ambition is to continue to develop the wholly owned industrial and trading operations at the same rate as previously. This means that they evaluate both small and large acquisition opportunities that fit in with its current operations. Latour's objective is to own stable industrial companies with their own products and a platform for internationalisation. Latour's financial goals are for the industrial and trading operations to have an annual growth in total turnover of at least 10%, an operating margin that exceeds 10% of turnover and a return on working capital that surpasses 20%. In 1Q09 Latour bought Snickers Original Ltd. (Hand Tools) and Rolf Willstrand AB (Machinery Trading). In 2Q09 Latour bought 2/3 of CNC Industriservice A/S and retains an option on the remaining 1/3. Dec-09: Sells Autotube Hordagruppen AB to Lars Lejon (Horda Stans AB CEO) at a loss off SEK 22m to book value. Autotube Hordagruppen had revenue of SEK c80m and c80 employees. Buys 49% of Pressmaster Holding AB via Specma AB. Specma has a 3-year option to buy the remaining 51%, which are held by Albin Invest and the management of Pressmaster.

Ownership

Gustaf Douglas & family controls 79.8% of the votes and 76.4% of the capital. Gustaf Douglas is the chairman of the board. On 29-Oct-09 Latour announced that it would delist the voting heavy A Shares.

Portfolio changes

Dec-09: Sells entire OEM International stake (1,936,000 shares; 8.4% of all of OEM / 11.6% of the votes). 3Q09: Buys 21K HMS Networks shares. 2Q09: Buys an additional 20K shares of HMS Networks.

Lundbergforetagen

Valuation and company information															
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical Dividend	Country	Industry	Comment
	(Shs m)	(%)		(SEKm)	(SEK/Sh)	BBG	Reuters								
Lundbergforetagen (A + B shares)				21,658	348.50	LUNDB SS	LUNDb.ST	SEK 348.50	38.145	2,794	1.5	SEK 6.50	Sweden	Multi-Sector Holdings	A Shares are unlisted
Hufvudstaden -A	93.378	44.2%	1.5026	5,570	89.63	HUFVA SS	HUFVa.ST	SEK 59.65	211.272	1,626	2.9	SEK 2.10	Sweden	Real Estate Operating Companie	Includes 8,177,680 C shares.
Holmen Ab-B Shs	23.511	27.7%	0.3783	4,371	70.33	HOLMB SS	HOLMb.ST	SEK 185.90	62.133	1,490	6.5	SEK 7.00	Sweden	Paper Products	Includes 14m A shares.
Industrivarden-A	43.400	16.2%	0.6984	3,808	61.28	INDUA SS	INDUa.ST	SEK 87.75	268.547	3,040	3.2	SEK 3.00	Sweden	Multi-Sector Holdings	1Q09: Buys 1.4m shares for SEK 78m
Svenska Han-A	13.432	2.2%	0.2161	2,582	41.54	SHBA SS	SHBa.ST	SEK 192.20	611.719	15,165	61.6	SEK 8.00	Sweden	Diversified Banks	
Cardo Ab	11.150	41.3%	0.1794	2,247	36.15	CARD SS	CARD.ST	SEK 201.50	27.000	702	0.8	SEK 9.00	Sweden	Industrial Machinery	
Husqvarna-B Shs	29.000	5.0%	0.4666	1,369	22.02	HUSQB SS	HUSQb.ST	SEK 47.19	428.774	2,610	16.5	SEK 1.00	Sweden	Household Appliances	Includes 27.2m A shares.
Sandvik Ab	21.000	1.8%	0.3379	2,018	32.47	SAND SS	SAND.ST	SEK 96.10	1,186.287	14,705	88.7	SEK 1.00	Sweden	Industrial Machinery	12-Mar-10: Buys 1m shares
Indutrade Ab	5.478	13.7%	0.0881	920	14.81	INDT SS	INDT.ST	SEK 168.00	40.000	867	1.3	SEK 4.30	Sweden	Trading Companies & Distributo	24-May-10: Buys 378K shares
Total listed holdings				22,884	368.24										
Fastighets AB L E Lundberg				9,741	156.75	As per 1Q10 results.									
Smaller listed holdings				253	4.07	As per 1Q10 results.									
Other assets, provisions and liabilities				-3,072	-49.43	As per 1Q10 results; at book value. Adj. for purchase of 1.478m Indutrade shares in Apr/May-10.									
Deferred tax				-956	-15.38	28% tax on difference between market value and tax value.									
NAV				28,850	464.24										
Discount / Premium to NAV					-24.9%										

Source: Christopher Street Capital, Bloomberg

Company Profile

Lundbergs is an investment company that manages and develops a number of companies by being an active, longterm owner. The portfolio includes the wholly owned unlisted real estate company Fastighets AB L E Lundberg, and the publicly traded subsidiaries and associated companies Cardo, Holmen and Hufvudstaden. Lundberg also has major shareholdings in Handelsbanken, Industrivärden, Indutrade and Sandvik. Lundbergs' objective is to generate a return on invested capital over time that substantially exceeds the yield on a risk-free interest-bearing investment. Fredrik Lundberg (and associated companies) control 89.4% of the votes and 52.7% of the capital.

Investment Case

Historically Lundberg has typically traded at a discount of -30% to -15% of NAV. This is broadly along the lines of other Swedish holding companies. It is worth noting that a large part of GAV (c30%) is in an unlisted Real Estate company (Fastighets AB L E Lundberg). However, this exposure can be hedged out using companies such as Hufvudstaden (which is already part of Lundberg's listed holdings) or Castellum AB (CAST SS). Historically setting up for a narrowing of the discount has been favourable with the discount to NAV as been at c30% has proven favourable while chinsing has proved favourable when the discount has narrowed to c15%. Note that we show the Husqvarna B shares - even though Lundberg holds the A shares - due to the B shares greater liquidity.

Fastighets AB L E Lundberg

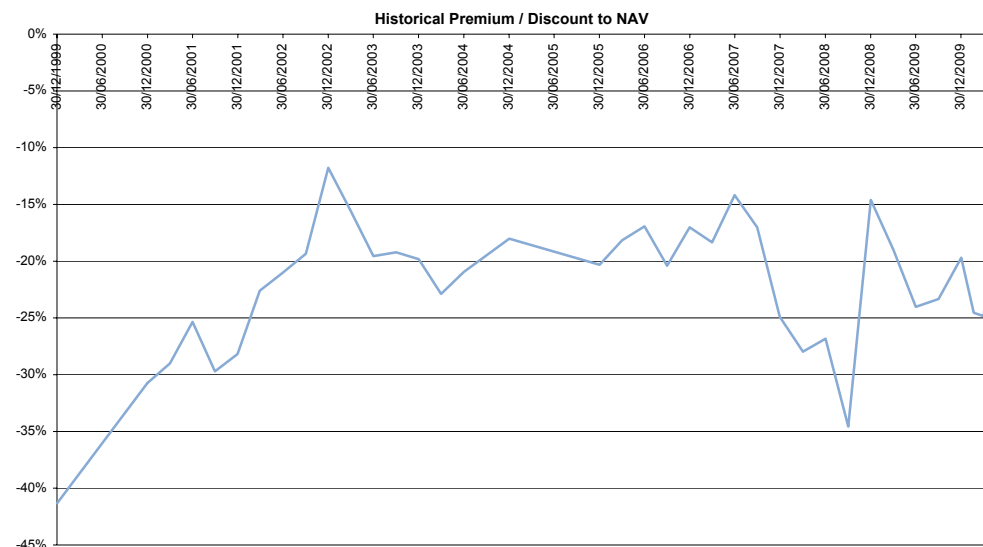
Fastighets AB L E Lundberg is one of the major private real estate owners in Sweden. The real estate portfolio consists largely of centrally located residential, office and retail premises. The real estate holdings include 149 wholly or jointly owned investment properties in 15 municipalities throughout central and southern Sweden. The division between residential and commercial properties is relatively even at 48% and 52%, respectively, of rental value.

Leverage policy

Lundbergs has a policy of net debt never exceeding 50% of property values, and share investments shall never be financed by loans. Lundberg strives to maintain long-term capital maturities on their loan financing based mainly on fixed interest rates.

Portfolio changes

30-Apr-10: Buys 1m Indutrade shares. 11-Feb-10: Sells entire NCC stake (10.85m shares) after 10 years ownership. Feb-10: Buys 4.5m Sandvik shares. 21-Sep-09: Buys 516,556 HUSQA and 579,157 HUSQB. 1Q09: Buys 102.084 Holmen shares for SEK 15m, 10m Husqvarna A's, 1m Husqvarna B's for SEK 212m and 58.771 Hufvudstaden A Shares for SEK 3m. Jul/Aug-08: Buys 1.7m Husqvarna As for SEK 90m and 0.5m Bs for SEK 25m. 1H08: Buys 1.1m Sandvik shares for SEK103m.



Valuation and company information															
	--- Holding ---			--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical Dividend	Country	Industry	Comment
	(Shs m)	(%)	Ratio	(SEKm)	(SEK/Sh)	BBG	Reuters								
Melker Schorling				12,732	108.70	MELK SS	MELK.ST	SEK 108.70	117.129	1,642	0.1	SEK 1.00	Sweden	Asset Management & Custody Ban	
Hexagon Ab-B	78.187	30.8%	0.6675	7,999	68.29	HEXAB SS	HEXAb.ST	SEK 102.30	253.707	3,348	13.7	SEK 1.20	Sweden	Industrial Machinery	
Aarhuskarlshamn	9.505	23.2%	0.0811	1,378	11.77	AAK SS	AAK.ST	SEK 145.00	40.898	765	1.7	SEK 4.25	Sweden	Packaged Foods & Meats	39.7% stake held via 58.5% owned subs.
Assa Abloy Ab-B	14.472	4.2%	0.1236	2,275	19.42	ASSAB SS	ASSAb.ST	SEK 157.20	346.743	7,031	53.0	SEK 3.60	Sweden	Building Products	Owns unlisted A shares.
Securitas Ab-B	20.502	5.9%	0.1750	1,458	12.44	SECUB SS	SECUB.ST	SEK 71.10	347.916	3,191	16.6	SEK 3.00	Sweden	Security & Alarm Services	4.5m of which are unlisted A shares.
Niscayah Group A	25.464	7.3%	0.2174	274	2.34	NISCB SS	NISCb.ST	SEK 10.75	347.916	482	1.4	SEK 0.30	Sweden	Security & Alarm Services	Owns unlisted A shares. Dec-09: Buy 1m B
Loomis Ab-B	6.300	9.1%	0.0538	473	4.03	LOOMB SS	LOOMB.ST	SEK 75.00	69.583	673	2.4	SEK 2.65	Sweden	Security & Alarm Services	Owns mainly unlisted A shares.
Hexpol Ab	7.223	28.5%	0.0617	634	5.41	HPOLB SS	HPOLb.ST	SEK 87.75	25.371	287	0.5	n.m.	Sweden	Industrial Machinery	
Bong Ljungdahl	3.825	29.1%	0.0327	96	0.82	BONG SS	BONG.ST	SEK 25.00	13.128	42	0.0	SEK 1.00	Sweden	Office Services & Supplies	
Total listed holdings				14,585	124.52										
Smaller listed holdings				147	1.26	As of 31-Mar-10.									
Net Debt / Cash				-1,451	-12.39	As of 31-Mar-10.									
NAV				13,281	113.39										
Discount / Premium to NAV					-4.1%										

Source: Christopher Street Capital, Bloomberg

Company Profile

Melker Schorling's (MSAB) strategy is to create shareholder value through long term active ownership of companies with growth potential. MSAB will typically aim to be either the largest or the second largest shareholder in its portfolio companies and will seek seats on the boards. MSAB does not have a stated exit strategy for its holdings - but does not see itself as a permanent owner if it believes another company is believed to be a better owner. Even though the current portfolio only consists of listed holdings there is nothing preventing it from making investments in unlisted holdings. MSAB is sector agnostic - but rules out investments in the Real Estate and Forestry sectors. **Debt policy:** MSAB is targeting net debt of less than 30% and will typically use its holdings as collateral for the debt.

Share redemptions

In order to ensure that MSAB will not be trading at a permanent discount to NAV, like most holding companies typically do, MSAB shares come with what essentially is a yearly put option as shareholders, up to 2016, can sell back their shares to MSAB once a year at NAV. The option will come up for renewal in 2015. Shareholders who wish to exercise the option must notify MSAB within the first 10 banking days of April of the year they wish to exercise the option in. The payout will then be based on the average of the NAV over the 10 trading days prior to the AGM, which is held in the second half of May, with the actual payment being made around 5 banking days following the AGM. MSAB cancelled 230,148 shares in Apr-10, which it had bought at SEK 120.116 per share, under this program.

Ownership

MSAB is controlled by Melker Schorling and family who own 85% of the shares.

Dividend policy

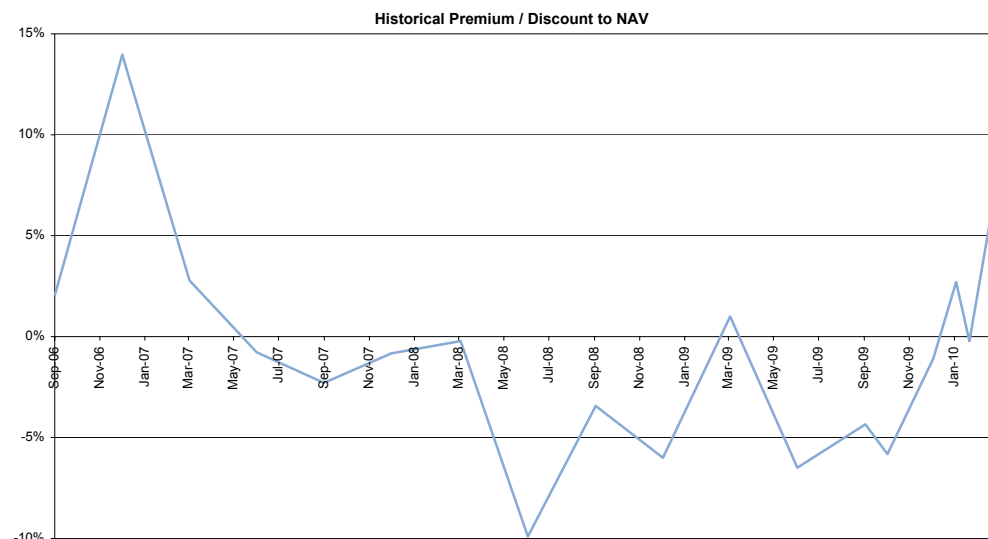
MSAB has a stated dividend policy of paying out at least 50% of the ordinary dividends it receives from its holdings.

Investment Case

MSAB has historically outperformed the Swedish market - but we see no reason for the shares to trade at a premium to NAV as all of its holdings are listed; thus enabling investors to replicate its portfolio. From 31-Dec-99 to 31-Mar-10 MSAB's NAV increased 136% compared to the OMX's loss of 14%. As MSAB rarely trades at a large discount to NAV, which in our view is partly due to the share redemption feature, it is hard to make a case for buying MSAB as a discounted entry into its holdings. As MSAB's current portfolio has very limited leverage and doesn't buy into restructuring type companies it is hard to see MSAB as a private equity proxy - although there is an element of value creation through the active ownership. In our view one would have to like the upside in most of the holdings before one should consider buying MSAB. Based on consensus target prices on the 8 main listed holdings one could justify a target price of SEK 131 per share (as of 17-Jun-10).

Portfolio changes

4Q09: Buys 4.5m Niscayah shares and 900,000 Loomis shares. 3Q09: No changes. 2Q09: Buys 99,646 HEXPOL shares for SEK 2m. 1Q09: Buys 825,747 Niscayah shares for SEK 5m. 10-Dec-09: Buys 2.2m Loomis B shares.



Oresund

Valuation and company information														
	--- Holding ---			--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical		Comment
	(Shs m)	(%)	Ratio	(SEKm)	(SEK/Sh)	BBG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend	Country	
Öresund				6,294	110.00	ORES SS	ORES.ST	SEK 110.00	57.215	812	1.3	SEK 6.00	Sweden	Multi-Sector Holdings
Avanza Bank Hold	5.970	21.5%	0.1043	1,295	22.64	AZA SS	AZA.ST	SEK 217.00	27.746	777	1.9	SEK 8.00	Sweden	Investment Banking & Brokerage Mar-10: Sells 40,314 shares
Bilia Ab-A Shs	6.630	26.8%	0.1159	597	10.43	BILIA SS	BILIA.ST	SEK 90.00	24.778	288	0.7	SEK 3.00	Sweden	Automotive Retail May-10: Sells 8,527 shares
Fabege Ab	13.247	8.0%	0.2315	615	10.75	FABG SS	FABG.ST	SEK 46.44	165.392	991	5.2	SEK 2.00	Sweden	Real Estate Operating Companie May-10: Buys 302,486 shares
Skistar Ab	4.049	10.8%	0.0708	491	8.58	SKISB SS	SKISB.ST	SEK 121.25	37.364	584	0.3	SEK 5.00	Sweden	Leisure Facilities Also has 0.912m unlisted A Shares out
Hq Ab	7.159	25.6%	0.1251	397	6.94	HQ SS	HQ.ST	SEK 55.50	27.925	200	1.7	SEK 6.00	Sweden	Investment Banking & Brokerage 27-May-10: Buys 161.214 shares
Nobia Ab	12.056	6.9%	0.2107	480	8.39	NOBI SS	NOBI.ST	SEK 39.80	175.294	900	2.3	SEK 0.00	Sweden	Home Furnishings May-10: Sells 277,266 shares
Klovern Ab	15.850	9.5%	0.2770	384	6.70	KLOV SS	KLOV.ST	SEK 24.20	166.544	520	0.9	SEK 1.25	Sweden	Real Estate Operating Companie May-10: Buys 313,506 shares
Haldex Ab	4.911	11.1%	0.0858	330	5.77	HLDX SS	HLDX.ST	SEK 67.25	44.216	384	1.9	SEK 0.00	Sweden	Construction & Farm Machinery Mar-10: Buys 1,233 shares
Intrum Justitia	2.795	3.5%	0.0489	214	3.74	IJ SS	IJ.ST	SEK 76.50	79.995	789	3.7	SEK 3.75	Sweden	Diversified Support Services May-10: Buys 95,000 shares
Alfa Laval Ab	1.855	0.4%	0.0324	190	3.31	ALFA SS	ALFA.ST	SEK 102.20	422.040	5,563	33.4	SEK 2.50	Sweden	Industrial Machinery May-10: Buys 55,200 shares
Cision Ab	7.476	5.0%	0.1307	43	0.75	CSN SS	CSN.ST	SEK 5.75	149.089	111	0.2	n.m.	Sweden	Research and Consulting Servic May-10: Buys 244,139 shares
Note Ab	1.017	5.3%	0.0178	8	0.13	NOTE SS	NOTE.ST	SEK 7.40	19.248	18	0.1	SEK 0.00	Sweden	Electronic Equipment & Instrum 23-Feb-10: Buys 1,016,916 shares @ 15
Total listed holdings				5,043	88.15									
Smaller listed and unlisted holdings				816	14.26	As of 31-May-10. Includes Ven Capital, a wholly owned brokerage in which Oresund bought out a 15% minority shareholder for SEK 5m in 2007. Less SEK 850m for HQF.								
HQ Fonder				850	14.86	Bought from HQ AB on 8-Jun-10 for SEK 850m (which was 2.84% of AUM, 5.0x P/E and 6.1x P/B). HQ AB has an option to buy it back on similar terms to 31-Mar-11.								
Net Debt / Cash				393	6.87	As of 31-May-10.								
NAV				7,102	124.13									
Discount / Premium to NAV					-11.4%									

Source: Christopher Street Capital, Bloomberg

Company Profile

The Öresund Group consists of the parent company, Investment AB Öresund, which is a pure investment company active in asset management, and the subsidiary, Ven Capital AB. Ven Capital is engaged in securities trading as a complement to the parent company's investment management activities. Investment AB Öresund traces its origins to Sjöförsäkringsaktiebolaget Öresund, a marine insurance company founded in 1890 with a share capital of SEK 300,000. In 1956 the company was restructured with AB Sjö-Öresund becoming the parent company of a group consisting of three marine insurance companies, Öresund, Agir and Stockholms Sjö. In 1961, the shares in these three companies were sold to Skandia in return for a portfolio of listed shares and cash. AB Sjö-Öresund changed its name to Investment AB Öresund. The company was floated on the Stockholm Stock Exchange on May 10, 1962. Öresund's overall goal as an investment company is to run its business in such a way as to earn a healthy long-term yield for its shareholders. The strategy to achieve this is to: a) invest mainly in Swedish securities b) maintain a high equity ratio c) have low management costs d) have a flexible liquidity policy. Sven Hagströmer and Mats Qviberg hold 18% and 13% of Öresund.

Use of options

Öresund has sold call options on some of its holdings - so this does limit its upside if a holding on which it has sold calls rallies strongly. On the other hand it does enable Öresund to earn additional cash from its portfolio from the premium it collects. In 1Q10 the market value of sold calls with an expiration of less than 6 months was SEK -9m. If the share prices stay the same as at 31-Mar it would lead to a sale of shares worth SEK 166m.

Dividend policy

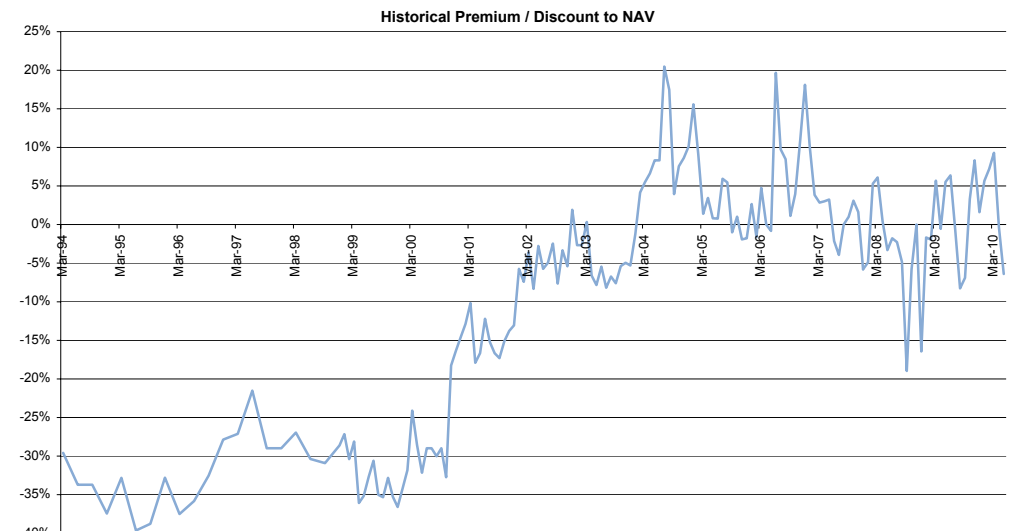
In Sweden investment companies are exempt from paying corporate taxes as long as they pay out at least the sum of: All financial income; including dividends received plus 1.5% of the year's gain on share related instruments ("schablonintäkt") less financial and other costs. Because of this Öresund will always aim to pay out a dividend high enough to avoid having to pay corporate taxes.

Investment Case

Even though Öresund historically has outperformed the Swedish market we see no reason for the shares to trade at a premium to NAV as ~3/4 of its holdings are listed thus enabling investors to replicate Öresund's portfolio. From 1994 to 2007 Öresund's NAV increased 1,284% compared to the market's (SIX RX) 504% return. The discount to NAV came in significantly in Dec-00 in connection with Öresund moving from the A-List to the O-List of the Stockholm Stock Exchange as well as the spin-off of TMT One AB in Nov-00

Portfolio changes

8-Jun-10: HQ changes SEK 559m capital raising to a SEK 1bn rights issue Öresund underwrites SEK 582m of this.
26-May-10: Guarantees SEK 465m out of HQ's SEK 559m capital raising and applies for a waiver from having to make a mandatory offer for HQ. Apr-10: Buys 163,709 Fabege shares, 133,044 Klovern shares and 48,621 Intrum Justitia shares. Mar-10: Sells 7,042 Nobia shares and 614,844 Bilia shares. Feb-10: Buys 164,132 Fabege shares and 85,198 HQ AB shares. Jan-10: Buys 331,437 Intrum Justitia shares.



Säki

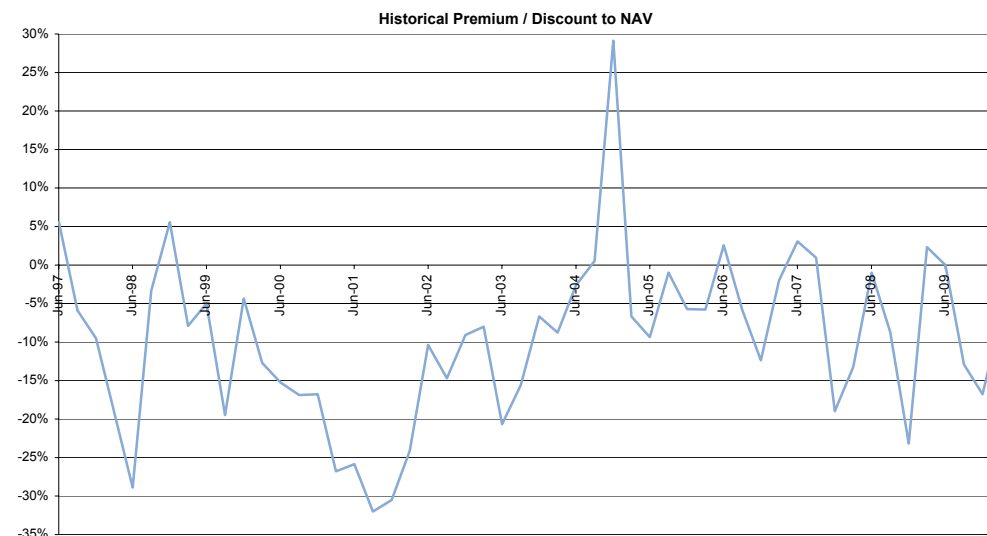
Valuation and company information															
Säki	--- Holding ---			--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical	Country	Industry	Comment
	(Shs m)	(%)	Ratio	(SEKm)	(SEK/Sh)	BBG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend			
Säki				2,900	58.00	SAEK SS	SAEK.ST	SEK 58.00	50.000	374	0.0	SEK 2.50	Sweden	Multi-Sector Holdings	
Assa Abloy Ab-B	9.419	2.7%	0.1884	1,481	29.61	ASSAB SS	ASSAb.ST	SEK 157.20	346.743	7,031	53.0	SEK 3.60	Sweden	Building Products	7.1m are unlisted A Shares.
Securitas Ab-B	12.643	3.6%	0.2529	899	17.98	SECUB SS	SECUB.ST	SEK 71.10	347.916	3,191	16.6	SEK 3.00	Sweden	Security & Alarm Services	8.6m are unlisted A Shares.
Niscayah Group A	13.080	3.8%	0.2616	141	2.81	NISCB SS	NISCb.ST	SEK 10.75	347.916	482	1.4	SEK 0.30	Sweden	Security & Alarm Services	8.6m are unlisted A Shares.
Loomis Ab-B	2.679	3.8%	0.0536	201	4.02	LOOMB SS	LOOMB.ST	SEK 75.00	69.583	673	2.4	SEK 2.65	Sweden	Security & Alarm Services	1.7m are unlisted A Shares.
Fagerhult Ab	1.900	14.8%	0.0380	222	4.45	FAG SS	FAG.ST	SEK 117.00	12.850	194	0.0	SEK 3.00	Sweden	Building Products	
Nobia Ab	19.644	11.2%	0.3929	782	15.64	NOBI SS	NOBI.ST	SEK 39.80	175.294	900	2.3	SEK 0.00	Sweden	Home Furnishings	Sold 225.000 strike 102 May-10 calls
Total listed holdings				3,725	74.50										
Smaller listed holdings				504	10.08	At 31-Mar-10 market value.									
Academic Work				197	3.94	At 31-Mar-10 value as stated by Säki.									
Net Debt / Cash				-635	-12.70	As of 16-Apr-10.									
NAV				3,791	75.82										
Discount / Premium to NAV					-23.5%										

Source: Christopher Street Capital, Bloomberg

Company Profile

Säki is an investment company with stakes in Securitas, Nobia, Niscayah, Loomis, Assa Abloy, Fagerhult and Academic Work.

On 17-Jun-10, Säki issued 1m call options to the management of Nobia. The options will vest over the following 5 years (31-May-15 expiry). Säki had previously granted 255,000 options to management with a strike of SEK 101.67 and an exercise period of 1-Oct-09 to 31-May-10.



Cairn Energy

Valuation and company information															
	--- Holding ---		Control Ratio	--- Value ---		Ticker		Last Price	Shs Out (m)	Mcap (\$mm)	Turnover (\$mm)	Historical Dividend	Country	Industry	Comment
	(Shs m)	(%)		(GBPm)	(GBP/Sh)	BBG	Reuters								
Cairn Energy				5,804	414.90	CNE LN	CNE.L	GBP 414.90	1,398.817	8,674	38.1	n.m.	Britain	Oil & Gas Exploration & Produc	
Cairn India	1,183.2	62.4%	0.8459	5,178	370.15	CAIR IN	CAIL.BO	INR 303.75	1,897.297	12,408	17.5	INR 0.00	India	Oil & Gas Exploration & Produc	
Total listed holdings				5,178	370.15										
Capricorn															
West Disko; Greenland (77.5% of 2 / 82% of 4 blocks)				1,037	74.13	4 exploration wells with risked 385 mboe resources (4.1 bnboe unrisked) as of Mar-10 @ USD 5 per boe.									
Sangu Field; Bangladesh (37.5% interest)				3	0.24	Producing field. 0.5 mboe 2P reserves as of 31-Dec-09 @ USD 10 per boe. JV partners in the Sangu field are Cairn, Santos and HBR Energy.									
Net Debt / Cash (PLC/Capricorn level only)				422	30.14	As of 31-Mar-10.									
NAV				6,639	474.65										
Discount / Premium to NAV					-12.6%										

Source: Christopher Street Capital, Bloomberg

Company Profile

Cairn explores for, discovers, and produces oil and gas assets globally. Cairn Energy has a proven track record of creating and delivering transformational value through focused exploration and development. Over the past 20 years Cairn Energy has had a focus on South Asia. This has resulted in over 40 oil and gas discoveries and the development of major fields in India and Bangladesh. Cairn Energy also has an early entry and strategic frontier exploration position in Greenland, a country recognised by the United States Geological Survey as having significant yet-to-find hydrocarbon potential.

Capricorn (Stub)

Capricorn is a 100% subsidiary of Cairn focused on exploration. Capricorn has assets in Bangladesh, Nepal, Northern India, Greenland, Tunisia, Albania, and pending licence awards in Spain.

Greenland - West Disko

On 16-Jun-10, Cairn was notified that the Government of Greenland Cabinet has announced the formal approval for the first two wells of Cairn's 2010 planned four well exploration programme in the Disko West area, offshore Western Greenland.

Cairn is planning to use 2 modern drilling rigs to drill up to four exploration wells in west Disko offshore west Greenland in the summer of 2010. The planned drilling programme targets prospects identified by 2D seismic and various geophysical surveys acquired during 2008 and 2009. Ice monitoring programmes and ice management studies have confirmed an operating window between end June and early December in west Disko. The west Disko licence blocks (Sigguk and Eqqua) are located more than 200 km from the nearest coastline and cover a total area of 23,815 km².

The 2010 drilling programme is targeting prospects within the Sigguk block and will utilise a dual rig strategy for both safety and operational efficiency reasons. In an extreme safety case the availability of two rigs under the same operational control in the same area allows for immediate relief well capability. The first rig the Stena Forth is a 'state-of-the-art' high efficiency, sixth generation dynamically positioned drillship. The second rig, the Stena Don, is a fifth generation dynamically positioned semi-submersible. Both rigs are designed and equipped for working in harsh environments. All four wells are expected to be completed by early October. A number of operational support vessels will also be mobilised to provide cover for emergency response, rig stand-by, ice management, and re-supply operations.

A 2,000 km 2D seismic survey is planned to be acquired over the Eqqua block during the summer of 2010. Thirty prospects and leads have so far been identified on the acreage. The four well programme targets a prospective resource of ~1.6 billion of risked gross mean oil in place and ~385 mmbbls of risked resources, (16 billion of unrisked oil in place and 4.1 billion bbls unrisked resources). The initial prospects, which lie in water depths of between 300 and 500 metres, are estimated to have a 7-14% chance of success based on an assessment of basin and individual prospect risks.

Bangladesh - Sangu Field

The Sangu gas field was discovered by Cairn in 1996 and commenced production in Jun-98. JV partners in the Sangu field are Cairn, Santos and HBR Energy. 0.5 mboe 2P reserves as of 31-Dec-09.

Cairn India stake

On 14-Oct-09, Cairn Energy entered into an agreement with Petronas to dispose of a further 2.29% of its holding in Cairn India and farm-out a 10% interest in each of the six Cairn operated Greenland exploration licences. Total consideration receivable from Petronas was USD 310m of which USD 241.4m related to the Cairn India shares with the remaining USD 68.6m allocated across the Greenland assets.

Petronas has an option to increase its interest to 20% in any development in these blocks, in return for payment of further consideration to reflect a market valuation of the additional 10% interest at that time. In addition, Petronas may also farm-in to Cairn Energy's interests in non-operated Greenland exploration licences, subject to approval, within a year of the transaction. Proceeds will reflect the market value at that time.

In 2008 Cairn Energy made an exceptional gain of USD 355.8m on the deemed disposal of 4.23% of Cairn India. 4.12% of this disposal was through a private placement on the Bombay Stock Exchange and National Stock Exchange of India, which completed on 16-Apr-08. Cairn India entered an agreement with Petronas and Orient Global Tamarind Fund, further to which the investors agreed to purchase a total of 113m shares of Cairn India at INR 224.30 per share.

Kalahari Minerals

Valuation and company information																
	--- Holding ---		Control		--- Value ---		Ticker		Last	Shs Out	Mcap	Turnover	Historical	Country	Industry	Comment
	(Shs m)	(%)	Ratio	(GBPm)	(GBP/Sh)	BBG	Reuters	Price	(m)	(\$mm)	(\$mm)	Dividend				
Kalahari Minerals				344	152.00	KAH LN	KAH.L	GBP 152.00	226.118	514	2.3	GBP 0.00	Britain	Diversified Metals & Mining		
Extract Resource	99.2	40.8%	0.4385	366	161.71	EXT AU	EXT.AX	AUD 6.50	243.151	1,340	2.3	AUD 0.00	Australia	Coal & Consumable Fuels	Avg. purchase price of GBP 0.82 per share	
North River	266.7	44.7%	1.1793	7	3.24	NRRP LN	NRRP.L	GBP 2.75	596.200	25	0.0	GBP 0.00	Britain	Diversified Metals & Mining	1H10: Diluted to 44.70% (from 44.89%)	
Total listed holdings				373	164.96											
Net Debt / Cash				23	10.17	As of 31-Dec-09: GBP 3,416,588 of cash less a GBP 10m convertible loan note. Adj. for sale of 16m new shares at GBP 185 (= GBP 29.6m) to APAC Resources.										
NAV				396	175.13											
Discount / Premium to NAV					-13.2%											

Source: Christopher Street Capital, Bloomberg

Company Profile

Kalahari Minerals is a pure holding company with only one major listed holding, Extract Resources, and only has a relatively small net cash position (note that we treat the convertible loan note as debt as it is out of the money). Because of this we view Kalahari as a de facto discounted way of playing Extract Resources in European trading hours.

On 4-May-10, Kalahari announced that APAC Resources (1104 HK) had agreed to acquire up to a 7.1% interest in Kalahari. Under the terms of the agreement between Coronet, Kalahari and APAC, Kalahari's wholly owned subsidiary Coronet agreed to sell up to 16m shares in Kalahari at a price of GBP 185 per share, equating to GBP 29.6m. The strategic investment and APAC's relationships and contacts in the Chinese commodities market, strengthens Kalahari's exposure to the Asian resource sector following the strategic shareholding acquired by ITOCHU.

On 25-Mar-10, ITOCHU Corporation, a major Japanese trading house, agreed to acquire 15% of Kalahari, through its wholly owned subsidiary Nippon Uranium Resources. As of 1-Jun-10, ITOCHU holds 14.94% of Kalahari. ITOCHU's acquisition solidified and strengthened Kalahari's shareholder base, and provides the support of a corporation which has actively been involved in the trading of uranium since 1998 and has delivered over 4,000 tonnes of uranium to the market in 2009, one of the biggest uranium traders in the world. As part of the corporate agreement with Kalahari, ITOCHU is entitled to maintain a nominated representative on the Board, as a Non-executive Director, conditional upon ITOCHU (or any member of the Group) holding a stake of at least 13.5% (either conditionally or unconditionally).

Convertible loan note

On 7-Sep-09, Kalahari entered into a fixed-rate loan agreement for GBP 10m in convertible loan notes. The loan notes incur an interest charge of 10% per annum for the full two year loan period. Interest is payable bi-annually. The loan notes are secured against 2.65m shares in Extract Resources. The conversion rate of the loan note is GBP 212.50 of loan note per share.

Relationship with Extract

In May-05 Extract Resources and Kalahari Copper entered into an unincorporated JV over the Husab Uranium Project (EPL3138) in Namibia. Extract had a 51% interest with Kalahari holding 49%. In Mar-07 Extract issued Kalahari 66.7m Extract shares to Kalahari in consideration for the acquisition of Kalahari's 49% interest in the Husab JV, and its nuclear fuel rights in respect of Exclusive Prospecting Licence 3139 (EPL3139). The Namibian Ministry of Mines and Energy also granted to Extract EPL3439 which adjoins the Husab license to the south and EPL3327 and EPL3328 located in the Uis Region, approximately 150 kilometres north of Husab. Following the acquisition of the Kalahari assets Extract now owns 100% of four highly prospective EPL blocks in Namibia, the main project being Husab, just south of Rio Tinto's world-class Rössing uranium mine.

Extract has identified the acceleration of work on the Husab Project as a priority, bringing the project to a proposed development status during this period of strong demand for uranium. Consistently high assay results have identified Husab as one of the largest uranium discoveries in the world with a current JORC resource for Zone 1 & 2 of 267 M lbs at a grade of 487 ppm U3O8. Importantly both zones remain open at depth and along strike.

Relationship with North River

In Nov-09 Kalahari signed an agreement with North River Resources with the intention of jointly developing certain gold and base metal assets in Namibia. This happened by Kalahari selling its interest in West Africa Gold Exploration and Craton Diamonds to North River in return for 266,666,667 shares of North River.

The agreement was designed to pool the corporate and operational expertise and financial support required to initiate a rapid development programme on North River's assets, with a view to achieving production from its key heap leach copper targets and lead-zinc project in the medium-term. The decision to bring North River in to develop the gold and base metal assets was driven by the board of Kalahari for the purpose of realising and attributing more value to its non uranium assets and providing flexibility to Kalahari's future investing strategy.

Investment Case

In our view Kalahari should trade in line with Extract Resources, and one might even make a case for it to trade at a small premium to Extract due to the greater liquidity of Kalahari. However, it is worth bearing in mind that one's exposure to Extract is only indirect, which should warrant a discount to NAV.

Based on consensus target prices for Extract of AUD 9.47 (or GBP 236 per Kalahari share), the current market value of North River stake and the GBP 23m net cash position one could make a case for Kalahari to be worth GBP 249 per share.

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