BITS & PIECES

CONTINUOUS COVERAGE OF SELECTED ARBITRAGEABLE OPPORTUNITIES

March 2012

All prices as of March 9, 2012, unless otherwise indicated

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COMPANIES IN THIS ISSUE

Underlining refers to new company

* Asterisk refers to material new information.

Brookfield Asset Management (BAM); General Growth Properties (GGP); Brookfield Office Properties (BPO)

Brookfield Asset Management is a global asset manager with approximately $150 billion in assets under management, focusing on real estate, power, infrastructure, and private equity. BAM holds significant stakes in a few publicly traded entities, which, when subtracted from the current market capitalization, appear to discount other public and private holdings beyond a reasonable level. Further, an analysis of BAM's net tangible asset value (NTAV) versus its historical share price shows that the current market capitalization discount to NTAV may be unwarranted.

As an exercise, one could consider BAM's significant ownership in public entities such as Brookfield Office Properties (BPO TO), Brookfield Residential Properties (NYSE: BRP), Howard Hughes Corporation (NYSE: HHC), General Growth Properties (NYSE: GGP), and Rouse Properties (NYSE: RSE). Additional owned entities worth including in this analysis are Acadian Timber (ADN), Brookfield Real Estate Services (BRE CN), Western Forest Products (WEF TO), and Norbord (NBD TO), among others (see exhibit below, top). On a per share basis, the total of these holdings is equal to $27.42, or, stated another way, the remainder of BAM's businesses account for just $3.74 per share. This stub value represents a significant discount to all of BAM's businesses not included in this analysis. While it is difficult to extract true values for all of BAM's interests, investors could consider just the asset management business. In an attempt to value the asset management business, it may be appropriate to use a cash flow yield. This approach attempts to avoid the potential for double counting any of the above listed assets that may be held by the asset management segment. BAM's management assigns a franchise value for the asset management business of nearly $4.3 billion based on assumptions of AUM growth of about 10% per year, 1.5% gross margins, and a 15% discount rate. An alternate approach to valuing the asset management business uses income from management and performance charges less transaction costs. An investor may assume these fees are relatively stable and sustainable. Applying a 10x multiple to the two-year average fee generation of $412 million a value of $4.1 billion could be derived for the asset management business. The 10x multiple implies a cash flow yield of 10%, which is in line with the average free cash flow yield on asset managers Waddell & Reed Financial, Inc. (NYSE: WDR), AllianceBernstein Holding L.P. (NYSE: AB), and Legg Mason, Inc. (NYSE: LM). While it is acknowledged that fee income is not a perfect comparison to free cash flow, it may be reasonable to use this measure as a proxy to cash flow as a backup to management's stated value given the lack of full disclosure on how management arrives at its $4.3 billion asset management franchise valuation. Purchase of shares at today's valuation would entitle owners to proportionate shares of the above listed entities, the asset management businesses at a 42% discount, and the numerous other businesses for free.

in millions , except price per share USD	Ticker	Price	Shares outstanding	Market capitalization	Shares held by BAM (in millions)	Stake	Value of BAM Holdings
Brookfield Office Properties	**BPO**	$17.55	503	$8,829	249	50%	$4,377
Brookfield Residential Properties	**BRP**	$10.31	99	$1,024	74	75%	$765
General Growth Properties	**GGP**	$16.53	936	$15,472	361	39%	$5,967
Howard Hughes	**HHC**	$61.00	38	$2,312	2	6%	$146
Rouse Properties	**RSE**	$14.77	36	$524	13	37%	$193
Acadian Timber	**ADN**	$11.12	17	$186	17	75%	$186
Brookfield Infrastructure	**BIP**	$30.56	163	$4,986	49	30%	$1,496
Brookfield Real Estate Services	**BRE CN**	$13.89	9	$129	2	25%	$32
Western Forest Products	**WEF CN**	$1.00	468	$466	229	49%	$227
Norbord	**NBD CN**	$10.57	45	$475	23	52%	$245
Brookfield Renewable Energy	**BEP CN**	$28.04	105	$2,936	76	73%	$2,129
Brookfield Incorporacoes	**BISA3 BR**	$4.05	409	$1,657	168	41%	$1,202
Total							**$16,966**
Brookfield Asset Management	**BAM**	$31.16	619				**$19,282**
Stub value		$3.74	619				**$2,316**

Source: Company reports and Thomson Reuters.

From another vantage point, one could look at the net tangible asset value (NTAV) reported by Brookfield Asset Management and compare it to the current share price. BAM's NTAV as of year-end 2011 was equal to $34.52. The current share price of BAM represents a 10% discount to NTAV. If one were to look back to 2008, BAM's stock price has traded at a premium to NTAV as high as 42.5%. In fact, as recently as December 2011, BAM's share price was at a 20% premium. The discount may be attributed to continued overhang of investor concerns about the broader real estate market and may unfairly punish BAM shares. Investors with a positive outlook on BAM's business prospects may expect shares to return to a premium to NTAV in a recovery environment. Further, if Brookfield continued the net tangible asset value growth experienced since 2008, which was a compounded 9% annually, additional gains could be captured.

Historical Discount to Tangible Net Asset Value

	2008	2009	2010	2011
Net tangible asset value/share	$26.56	$28.53	$30.96	$34.52
Stock price per share	$15.27	$22.18	$33.29	$27.48
Discount	42.5%	22.3%	-7.5%	20.4%

Source: Company reports and Thomson Reuters.

Aker ASA (AKER OS); Aker Solutions (AKSO OS); Kvaerner (KVAER OS); Aker Biomarine (AKBM OS); Det Norske Oljeselskap (DNO OS)

Aker ASA, which is a holding company of Norwegian billionaire Kjell Inge Røkke, owns stakes in publicly traded Aker Solutions, Kvaerner, Aker Biomarine, and Det Norske Oljeselskap. A fifth publicly traded entity, Aker Drilling, was sold in October 2011 to Transocean Ltd. (NYSE: RIG) in a NOK7.9 billion cash transaction, valuing Aker ASA's stake at about NOK3.2 billion. Even excluding the pre-tax income from the sale of the drilling rig operator, if one adds in the market value of Aker's other holdings, the remaining Aker operations appear to be entirely discounted (see exhibit below).

Kvaerner, an engineering and construction company (E&C), was spun off from oil services firm Aker Solutions in July 2011. Aker ASA holds a 24% stake in Solutions and Kvaerner through its 70% ownership of Aker Kvaerner Holding. The Norwegian government holds the other 30%.

(in millions of NOK, except ratios and per-share data)	
Aker ASA share price	NOK 185
Shares outstanding (millions)	NOK 72
Market capitalization	**NOK 13,354**
Aker Solutions market capitalization	NOK 24,975
Less: value held by Aker ASA (24%)	(NOK 5,994)
Kvaerner market capitalization	NOK 4,035
Less: value held by Aker ASA (24%)	(NOK 968)
Aker Biomarine market capitalization	NOK 1,252
Less: value held by Aker ASA (83.3%)	(NOK 1,043)
Det Norske Oljeselskap market capitalization	NOK 10,033
Less: value held by Aker ASA (52%)	(NOK 5,217)
Mkt. value of Aker ASA traded investments	**(NOK 13,222)**
Adjusted mkt. cap. of Aker ASA, ex. traded investments	**NOK 132**

Source: Thomson Reuters and Institutional Research Group

The disconnect between the market value of the holding company and its publicly traded stakes is particularly glaring given that the market value of holdings within its consolidated asset manager, Converto Capital Fund, stood at NOK1.4 billion as of year-end 2011. Converto owns shares of Aker Seafoods ASA, Aker Philadelphia Shipyard ASA, and American Shipping ASA, among others. In 2011, Aker purchased the 72% stake in Aker Floating Production held by Converto. It is currently accumulating the remaining shares not held. Aker ASA also has a 50% interest in privately owned Aker Clean Carbon. Over the past year, Aker ASA has traded at a 40%-50% discount to NAV (see exhibit below). About 65% of Aker's interests are in the oil and gas sector, and, as a result, the stock will be heavily influenced by hydrocarbon prices.

Historical Discount to NAV

	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/30/2011
NAV (mn.)	NOK 18,366	NOK 21,162	NOK 18,426	NOK 16,194	NOK 19,432
Mkt. Value (mn.)	NOK 10,131	NOK 12,339	NOK 10,527	NOK 8,569	NOK 11,222
Discount	44.8%	41.7%	42.9%	47.1%	42.2%

Source: Company reports and Institutional Research Group.

Mr. Røkke's investment company, TRG Holding AS, holds nearly 67% of Aker ASA. Mr. Røkke took a controlling stake in Aker in 1996 after a long career building up fisheries businesses through another controlled entity, RGI. The billionaire investor has a lengthy history of rewarding shareholders. In April 2011, an ordinary dividend of NOK724 million was paid to holders, equivalent to NOK10 per share. The Board has recommended a NOK11 per share dividend in 2012.

Cresud SA (CRES AR); Inversiones y Representaciones (IRSA AR); BrasilAgro (AGRO3 BZ)

Cresud SA is a 75-year-old Argentinean agricultural company involved in crop, beef cattle, and milk production. The company finds, develops, and selectively sells farmland based on value appreciation prospects. Cresud owns more than a 63% stake in Inversiones y Representaciones SA, a diversified Argentine REIT, involved in shopping centers, hotels, and undeveloped properties, after increasing its interest in September 2011 (previously the position was about 58%). Cresud also owns a 36% stake in BrasilAgro, a Brazilian agricultural concern which seeks to acquire, develop, and selectively sell farmland in Brazil. Adjusted to exclude its stake in both IRSA and BrasilAgro, the Cresud stub value is US$103 million, which comprises nearly 339,000 hectares of land reserves on its own farms and farms under concession, more than 82,000 head of cattle, and nearly 3,000 milking cows. Revenue and operating income for the agricultural segment during fiscal year 2011 (year-end is June 30) was US$104 million and US$37 million, respectively. The book value of the agricultural property portfolio – defined as purchase costs plus improvements and personal property required for production, less depreciation – was US$130 million as of June 30, 2011. In the first half of fiscal 2012, operating income increased 21% on growing crop sales.

During the 1960s and 1970s, Cresud focused entirely on agricultural activities after its initial creation in 1936 to administer the real estate holdings of Credit Foncier, a Belgian company providing loans in Argentina. Cresud diversified with its holdings in IRSA, which grew through the conversion of convertible notes and the exercise of warrants. Cresud also expanded beyond Argentine borders through its stake in Brazil's BrasilAgro, which operates a similar agricultural strategy.

Land ownership in this region has been a well-recognized strategy to mitigate the impact of inflation. Cresud's strategy is to enhance this approach by acquiring lower-value land, such as pasture or traditionally managed farmland, and redeveloping it through professional management into higher-value property. Accordingly, the bulk of the effective earnings are from periodic property sales rather than from farming per se. While rising commodity demand could buffer results for both Cresud and BrasilAgro through rising crop, milk, and cattle prices, Cresud will continue to seek out additional farmland to purchase while also considering sales of other farmland that has grown in valuation.

In FY2011 (ended June 30, 2011), Cresud produced more than 6,500 tons of beef and nearly 467,000 tons of crops, with crop revenue rising 30% year over year.

(in millions, except per-share data)	
Cresud share price	$1.35
Shares outstanding (millions)	502
Market capitalization	**$676**
IRSA share price	$1.24
Shares held by Cresud (63%)	365.7
Less: value held by Cresud	($455)
BrasilAgro share price	$5.65
Shares held by Cresud (36%)	20.9
Less: value held by Cresud	($118)

Source: Company reports and Thomson Reuters.

Cresud market capitalization	$676
Less: IRSA market value held by Cresud	($455)
Less: BrasilAgro market value held by Cresud	($118)
Cresud adjusted market value	**$103**
Cresud share price in home currency	ARS 5.85
IRSA share price in home currency	ARS 5.40
Exchange rate (per US$)	ARS 4.34
Cresud share price in US$	$1.35
IRSA share price in US$	$1.24
BrasilAgro share price in home currency	BRL 10.00
Exchange rate (per US$)	BRL 1.77
BrasilAgro share price in US$	$5.65

Dryships Inc. (DRYS); Ocean Rig UDW

Dryships Inc. operates a global fleet of drybulk carriers and offshore oil drilling rigs. In October 2011 DRYS completed a partial spin-off of its offshore drilling rig subsidiary Ocean Rig UDW (NASDAQ: ORIG). The transaction comprised about 3% of DRYS's stake. DRYS previously (in December 2010) sold a 22% stake in Ocean Rig; those shares trade on the Norwegian OTC market. In November 2011 DRYS purchased fellow drybulk carrier Ocean Freight Inc., paying OCNF holders $11.25 in cash and about 0.52 shares of ORIG for every share held of OCNF. As a result, DRYS reduced its stake in ORIG by about 1.7 million shares. The market capitalization of Ocean Rig is nearly $2.2 billion, valuing Dryships' stake at about $1.6 billion. The stake exceeds its own market capitalization by almost $300 million. In February 2012, DRYS management called the stake in ORIG the company's most valuable asset and declared it had no intention of spinning off or diluting the value of those shares.

DRYS trades at a steep discount to competitors in the drybulk sector, such as DSX, GNK, EGLE, and NM, owing at least in part to debt concerns (see exhibit below). However, if DRYS could monetize its equity stake in Ocean Rig, the current value would exceed its net debt adjusted for Ocean Rig.

In millions

	Symbol	Enterprise Value	2012E EBITDA	EV/ EBITDA
Diana Shipping	DSX	$681	$119	5.7x
Genco Shipping and Trading	GNK	$1,948	$140	13.9x
Eagle Bulk Shipping	EGLE	$1,191	$110	10.8x
Navios Maritime Holdings	NM	$1,861	$232	8.0x
Average				*9.5x*
Dryships Inc.	DRYS	$5,328	$784	6.8x

Source: Thomson Reuters.

Slowing global trade has resulted in significant declines in Dryships' bulk rates over the last three years. As a result, DRYS has failed to comply with certain financial covenants, although its bankers have opted to provide waivers. The company is still servicing the loans, which have been reclassified as current debt (as opposed to long-term debt), because of the callability of the issue by the creditors. Ultimately, as long as Dryships can service its debt, a forced default does not appear imminent. Improving trade volume is being offset by added drybulk capacity, keeping shipping rates extremely low. This trend is likely to continue into 2013, with more capacity expected for delivery. Many ships that were ordered before the economic crisis are now arriving. Retirement of older ships may help offset deliveries of new ones, and by 2013 and 2014 new deliveries are expected to slow. Capacity concerns have resulted in drybulk carriers trading near historical lows. Meanwhile, DRYS's high debt burden and capital needs have led it to sell significant equity. From the end of 2007 through the end of 2010, the company's shares outstanding increased more than sevenfold.

(in millions, except per-share data)	
Dryships share price	$3.32
Shares outstanding (millions)	409
Market capitalization	**$1,358**
Ocean Rig share price	$16.84
Shares held by Dryships (73.8%)	97.2
Less: value held by Dryships	($1,637)
Adjusted market value, ex. Ocean Rig	**($279)**

Source: Company reports, Thomson Reuters.

While investors have reason to be concerned about the likely slow recovery in the drybulk sector, DRYS's stake in Ocean Rig should offer some protection from default. As of March 31, 2011, its backlog had increased to over $2 billion after DRYS was awarded several long-term drilling contracts in early 2011. Opportunities appear to be picking up, particularly in Brazil and West Africa. Notably, development of the massive Tupi field offshore Brazil could increase demand for ultra-deepwater offshore rigs, helping offset Gulf of Mexico weakness. Rising oil prices should be a catalyst for these high-cost development projects. Further, acquisition activity in the sector picked up recently. In May 2011, Ensco plc (NYSE: ESV) completed the acquisition of offshore driller Pride International for $7.3 billion, equivalent to about 16x trailing EBITDA or approximately 9x forward EBITDA estimates. Given the expected activity growth in the offshore drilling space, the substantial discount to other drybulk carriers at which DRYS trades is arguably surprising.

Dundee Corporation (DC\A CN); Bank of Nova Scotia (BNS CN)

(In Canadian dollars, unless otherwise stated)

Dundee Corp. is a Canadian holding company operating in real estate and natural resources. In February 2011 Dundee sold its controlling stake in DundeeWealth to Bank of Nova Scotia ("Scotiabank") in exchange for common and preferred BNS shares. Dundee's nearly 18.6 million shares of BNS have a market value of about C$997 million, or about 80% of the current market value of DC\A. In February 2012, Dundee took a nearly 13% stake in APIC Petroleum Corporation (API CN) through a private placement, and later in the month it took 19% ownership in Canadian miner Eagle Hill Exploration Company (EAG CN). If one adds in the market value of Dundee's holdings of Dundee REIT (D-U CN), Dundee Precious Metals (DPM CN), and Dundee International REIT (DI-U CN), along with the two recently acquired stakes, the remaining Dundee operations appear to receive a negative value (see exhibit below).

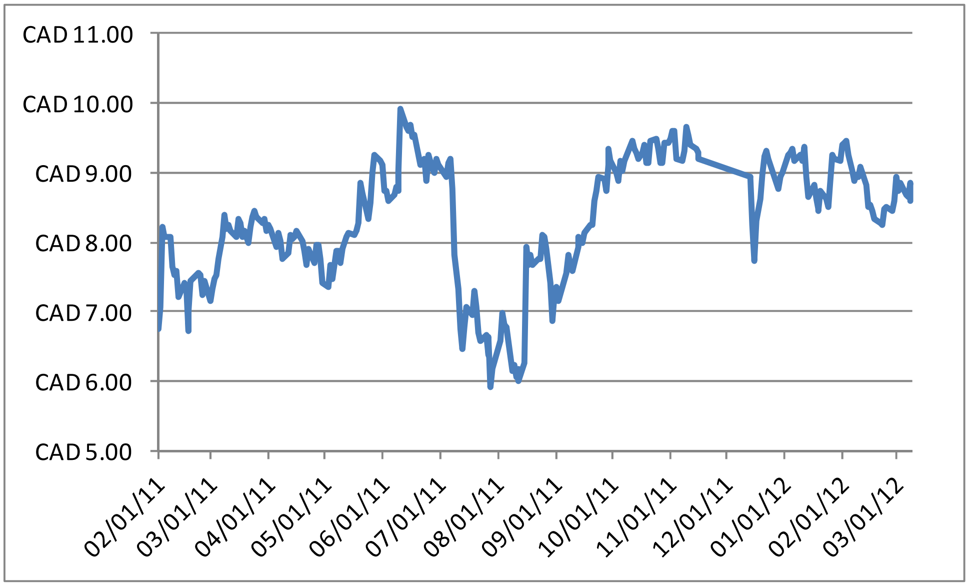
Bank of Nova Scotia is a global Canada-based financial services company. In Canada, Scotiabank provides retail banking and commercial banking to small and large businesses, including investment banking, cash management, et al. The company's presence internationally includes retail and commercial operations in over forty-five countries outside Canada, primarily in Latin America and Asia. Additionally, with the acquisition of Dundee Wealth, Scotiabank has bolstered its global wealth management business, which targets high-net-worth clients worldwide. Dundee REIT, which holds 12.3 million square feet of gross leasable area across Canada, focuses on office space leasing of mid-sized properties. Dundee Energy develops energy projects worldwide, holding interests in the largest accumulation of producing oil and natural gas assets in Ontario and in the development of an offshore gas storage facility in Spain. Dundee Energy also holds a majority stake in Eurogas International, an independent oil and gas exploration company with assets offshore Tunisia. Dundee Precious Metals is engaged in the acquisition, exploration, development, and mining of precious metals, with its primary interests including producing and development-stage properties in Bulgaria, Namibia, and Armenia. Dundee International REIT, which completed its IPO in August 2011, will hold properties outside of Canada, with 12.3 million square feet of gross leasable area in Germany currently being its only asset.

The current market value of Dundee Corporation is below the current value of the stakes in the publicly listed companies it owns. Thus, the current market valuation appears to give no consideration to Dundee's 70% stake in privately held Dundee Realty, which earns income from property rents, land sales, and sales of housing and condominium units in the US and Canada. As of 9/30/11, Dundee Realty had real estate assets on its balance sheet worth C$437 million. Ned Goodman, President and CEO of Dundee Corporation, and his family hold over 84% of the company's voting power through a combination of traded Class A shares and 99% of the unlisted common shares, which carry substantial voting rights.

(C$ in millions, except ratios and per-share data)	
Dundee Corporation share price	$23.97
Shares outstanding (millions)	51.8
Market capitalization	**$1,241**
Bank of Nova Scotia share price	$53.59
Shares held by Dundee Corporation	18.6
Less: value held by Dundee Corporation	($997)
Dundee REIT market capitalization	$2,964
Less: value held by Dundee Corporation (8%)	($237)
APIC Petroleum market capitalization	$15
Less: value held by Dundee Corporation (13%)	($2)
Eagle Hill Exploration market capitalization	$24
Less: value held by Dundee Corporation (19%)	($5)
Dundee Precious Metals market capitalization	$1,187
Less: value held by Dundee Corporation (23%)	($273)
Dundee International REIT market capitalization	$452
Less: value held by Dundee Corporation (32%)	($145)
Mkt. value of Dundee Corp. ownership of traded investments	**($1,652)**
Adjusted mkt. cap. of Dundee Corp., ex. traded investments	**($411)**

Source: Thomson Reuters and Institutional Research Group

As illustrated in the chart below, the Dundee stub price per share, comprising the value of Dundee shares excluding the value of the Bank of Nova Scotia common stock stake, dipped considerably in the summer of 2011 before recovering into the autumn of that year. If the Dundee stub valuation declines again, the investor opportunity may increase.



Source: Thomson One.

EXOR S.p.A. (EXO IM); Fiat S.p.A. (F IM); Fiat Industrial S.p.A. (FI IM)

EXOR S.p.A. ("EXOR") is an Italian holding company with diversified investments across several industries, including automotive, business services, real estate, tourism, banking, et al. The majority of EXOR's investments comprise publicly traded equity shares for which an immediate and accurate value exists. The market value of EXOR's listed investments is nearly €6.9 billion, which amounts to about 156% of EXOR's market capitalization.

EXOR's listed investments include its 31% ownership stake in Fiat, an Italian automobile manufacturer comprised of the Fiat, Ferrari, and Chrysler brands, among others, as well as a 31% stake in Fiat's farm and truck business, Fiat Industrial (FI IM), which was spun off from Fiat in January 2011; a 28% stake in Sequana S.A., a French paper company; a 60% stake in Juventus Football Club, an Italian soccer team; a 0.1% stake in Intesa Sanpaolo, an Italian bank; and a 15% stake in Swiss-based SGS S.A., an international business services company. For the purposes of estimating NAV, EXOR assigns a value to its unlisted investments through an annual third-party appraisal. Through this methodology, as of December 31, 2010, the value of its unlisted holdings was €1,212 million. These investments include the following: a 70% stake in Cushman & Wakefield, the world's largest privately held commercial real estate firm; a 17% stake in Gruppo Banca Leonardo, an Italian investment bank; a 43% stake in Vision Investment Management, a hedge fund that specializes in Asian investments; a 17% stake in Banijay Holding, a French television production company; a 5% stake in *The Economist* magazine; and a 57% stake in Almacantar, a London- and Paris-focused commercial real estate firm. In December 2011, EXOR announced an agreement to sell Alpitour, Italy's largest tourism company, for a total consideration of €225 million to two private equity groups.

EXOR holds a net debt position of €262 million, comprising €955 million in financial assets and €1,217 million in financial liabilities. Additionally, the NAV calculation below includes €210.0 million in proxy future holding costs, which are the capitalized ongoing costs of operating the holding company, as estimated by EXOR, including salaries and business expenses. EXOR currently trades at a 42% discount to its estimated NAV. From a historical perspective, it should be noted that EXOR – since the merger with one of its subsidiaries in March 2009 – has traded at a significant discount to its NAV. While one could argue that a conglomerate discount is warranted, the majority of EXOR's NAV comprises listed investments, for which a market value exists, thus eliminating transparency concerns. Further, EXOR's predecessor company – IFI S.p.A. – had a history of growing book value over the long term. Indeed, during the period 9/30/04 – 9/30/08, IFI S.p.A.'s book value per share nearly doubled. Thus, one could argue for the continued narrowing of EXOR's wide discount to NAV.

Historical Discount to NAV

	3/1/2009	3/31/2009	6/30/2009	9/30/2009	12/31/2009	3/31/2010	6/30/2010	9/30/2010	12/31/2010	3/31/2011	6/30/2011	9/30/2011
NAV (mn.)	€ 2,968	€ 3,708	€ 4,497	€ 5,258	€ 5,737	€ 5,818	€ 5,520	€ 6,624	€ 8,364	€ 8,883	€ 8,752	€ 5,965
Mkt. Value (mn.)	€ 1,282	€ 1,655	€ 2,176	€ 2,623	€ 3,277	€ 3,072	€ 3,096	€ 4,498	€ 5,561	€ 5,014	€ 5,123	€ 3,530
Discount	56.8%	55.4%	51.6%	50.1%	42.9%	47.2%	43.9%	32.1%	33.5%	43.6%	41.5%	40.8%

	Shrs. (mn.)	% Held	Price	Total Value (mn.)
Listed Investments				
Fiat S.p.A		30.5%		
Ordinary shares	332.6		€ 4.64	€ 1,543
Preferred shares	31.1		€ 4.09	€ 127
Savings shares	16.1		€ 4.32	€ 70
Fiat Industrial S.p.A		30.5%		
Ordinary shares	332.6		€ 8.18	€ 2,721
Preferred shares	31.5		€ 5.72	€ 180
Savings shares	16.1		€ 5.95	€ 96
SGS S.A.	1.2	15.0%	€ 1,719	€ 2,017
Sequana S.A.	14.0	28.2%	€ 5.69	€ 80
Juventus Football Club S.p.A.	120.9	60.0%	€ 0.21	€ 25
Intesa Sanpaolo S.p.A.	10.0	0.1%	€ 1.47	€ 15
				€ 6,873
Unlisted Investments				€ 1,212
Net Cash				(€ 262)
Proxy Future Holding Costs				(€ 210)
Net Asset Value (NAV)				**€ 7,613**
EXOR Market Value				**€ 4,428**
Discount to NAV				**41.8%**

Source: Company reports, Thomson One.

Henderson Land Development (12 HK); Hong Kong & China Gas (3 HK); Miramar Hotels (71 HK); Henderson Investments (97 HK); Hong Kong Ferry (50 HK)

Henderson Land is a Hong Kong-listed real estate company that invests in and develops property in both Hong Kong and Mainland China. It holds publicly traded interests in Hong Kong and China Gas (3 HK), Miramar Hotels (71 HK), Hong Kong Ferry (50 HK), and Henderson Investments (97 HK). The market value of these interests is currently HKD60.2 billion versus HKD99 billion for Henderson Land. This places the stub equity value of Henderson Land's core business at HKD38.8 billion versus book value of HKD146 billion, implying an adjusted price-to-book multiple of 0.27x. Henderson Land has an impressive track record of creating shareholder value via book value per share growth and dividends, with a compounded annual return of over 10% since 1999.

Henderson Land's largest listed investment by market capitalization is HK&C Gas, Hong Kong's first public utility, which provides gas throughout the territory and is a growing provider of gas in several China provinces. These China operations represent a significant opportunity for HK&C Gas, as the government has set policy goals for the conversion of utilities from kerosene and coal to natural gas. As an indication of relative proportion and potential profitability, HK&C Gas had Hong Kong customers of 1.7 million as of year-end 2010 (1.5% growth y-o-y), and Mainland customers of 11.9 million (6% growth y-o-y). Henderson Land's other investments include a 44% stake in Miramar Hotels, a 68% stake in Henderson Investments, and a 31% stake in Hong Kong Ferry. Miramar Hotels operates a diversified portfolio of hotels, apartment buildings, and rental properties in Hong Kong. Henderson Investments is an infrastructure company that owns a 60% interest in the 5.8-kilometer Hangzhou Qianjian Third Bridge, part of the truck route that links Beijing with Fujian province. Hong Kong Ferry is a property developer that also has travel and hotel operations, as well as ferry and shipyard operations in Hong Kong.

Henderson Land categorizes its properties in Hong Kong as follows: 10.9 million square feet of properties held for or under development, 9.4 million square feet of completed investment properties (rental properties), 1.0 million square feet of hotel properties, and 40.6 million square feet of agricultural land. Additionally, the properties in Mainland China are categorized as 150.4 million square feet of properties held for or under development and 6.5 million square feet of completed investment properties (rental properties). Although the majority of the company's real estate, by square footage, is found in Mainland China, the company's assets in Hong Kong account for the majority of the value of Henderson Land's real estate holdings. However, the market does not appear to be properly valuing this core real estate business. When one subtracts the current market value of Henderson Land's listed investments from the consolidated company's market capitalization, and compares this to the company's net asset value, adjusted for the book value of these investments and minority interests, the company's core assets are found to be trading at 0.54x book value. This valuation implies that a severe diminution in property values in both China and Hong Kong is likely and assigns little to no value to the long-term potential of the company's land bank.

(HKD in millions, except per share amounts)			
Henderson Land share price	HK$45.50		
Shares Outstanding	2,176		
Henderson Land Market Capitalization	**HK$99,008**	**Henderson Land Equity Attributable to Shareholders**	**HK$183,254**
Less:		Less:	
HK&China Gas share price	HK$19.56	Est. Book Value of Investment in HK&C Gas, Miramar, and HK Ferry	HK$36,316
Shares Owned by Henderson Land (40%)	2,864	Est. Book Value of Investment in Henderson Investments	HK$1,097
Value to Henderson Land Development	HK$56,026		HK$37,413
Miramar Hotels share price	HK$8.45	**Henderson Land Adjusted Equity Attributable to Shareholders**	**HK$145,841**
Shares Owned by Henderson Land (44%)	255		
Value to Henderson Land Development	HK$2,156		
Henderson Investments share price	HK$0.63	**Henderson Land Market Capitalization**	**HK$99,008**
Shares Owned by Henderson Land (68%)	2,070	**Henderson Land Equity Attributable to Shareholders**	**HK$183,254**
Value to Henderson Land Development	HK$1,304	**Henderson Land Market Capitalization/Book Value**	**0.54x**
Hong Kong Ferry share price	HK$6.45	**Henderson Land Adjusted Market Capitalization**	**HK$38,800**
Shares Owned by Henderson Land (31%)	112	**Henderson Land Adjusted Equity Attributable to Shareholders**	**HK$145,841**
Value to Henderson Land Development	HK$721	**Henderson Land Adjusted Market Cap./Adjusted Book Value**	**0.27x**
Henderson Land Adjusted Market Cap.	**HK$38,800**		

Source: Thomson One, company reports and Institutional Research Group estimates.

Hutchison Whampoa (13 HK); Husky Energy (HSE CN); Cheung Kong Infrastructure (1038 HK)

Hutchison Whampoa ("Whampoa") is a Hong Kong-based industrial conglomerate headed by Li Ka-shing, one of Asia's wealthiest individuals. Whampoa's business interests operate in the following areas: worldwide port operations (for which the company completed an IPO in March 2011); property and hotels located primarily in Hong Kong and Mainland China (the company recently announced plans to launch China's first yuan-denominated IPO, a commercial property REIT); retail in Asia, with a network of over 8,700 retail stores; energy and infrastructure, primarily through its investments in listed Husky Energy ("Husky") and Cheung Kong Infrastructure ("CKI"); telecommunications, where it is a leading telecom services provider in thirteen countries; and various other investments, comprising ownership stakes in a variety of consumer goods and healthcare companies in Asia. On a consolidated basis, Whampoa is currently trading at 0.94x its 12/31/2010 book value, following a share price increase of almost 60% since mid-July 2010. If one were to strip out the value of its publicly traded stakes in Husky, CKI, Hutchison Telecommunications Hong Kong (215 HK), and Hutchison Port Holdings Trust (HPHT SP), one would be purchasing Whampoa's profitable and expanding suite of core businesses at 0.86x book value (see exhibit below).

Whampoa owns two private telecom businesses: 3 Group, which provides wireless services to nearly 28 million people in Europe and Australia, and Hutchison Asia Telecom, which offers mobile services to 19 million people in Southeast Asia. It should be noted that Hutchison Asia is currently posting operating losses as it builds out its presence in various emerging markets – a strategy with long-term benefits that may not yet be reflected in the company's share price because of these development-stage losses. In addition to these businesses, Whampoa owns a majority stake in listed Hutchison Telecommunications Hong Kong (215 HK). In 2011 the company disposed of its Thailand telecom operations.

It could be argued that the value of the company's port operations accounts for the majority of the Whampoa stub's value. Whampoa's port business, which was established in 1969, is the company's flagship business. Currently, Whampoa operates in Hong Kong through Hongkong International Terminals, one of the world's busiest container terminal operators. Additionally, Whampoa has port operations around China and throughout the world. Despite a recent drop in cargo volumes worldwide, China's continued economic development is expected to be a key growth driver for ports businesses because increases in cargo throughput historically appear to be correlated with GDP growth. The listing of this business in Singapore raised the capital needed to continue expanding, while still permitting Whampoa to retain a significant amount of control. Recently, Chairman Li Ka-shing has expressed interest in listing certain of the company's other private businesses following the success of the ports business, in an effort to realize an increased valuation of its diversified, and arguably underappreciated, assets. That said, there is no definitive timeline for these actions.

By excluding the market value of Husky, CKI, 215 HK, and Hutchison Port Holdings, Whampoa's remaining operations (which include the two private telecom businesses, retail, property and hotels, and the investments businesses) are valued by the market at only HKD168 billion. It should be noted that these businesses are accounted for within Whampoa's balance sheet at an estimated HKD196 billion, implying that they trade at a 0.86x price-to-book value multiple.

(HKD in millions, except share prices)		BV (12/31/2010)	P/B			BV (12/31/2010)	P/B
Hutchison Whampoa share price	HKD 77.60			215-HK share price	HKD 3.35		
Shares outstanding (millions)	4,263.4			Shares held by Hutchison Whampoa (65%)	3,132.9		
Market capitalization	**HKD 330,838**	**HKD 352,702**	**0.94x**	Less: value held by Hutchison Whampoa	(HKD 10,495)	(HKD 9,054)	
Husky share price	HKD 200.00			Hutchison Port Holdings share price	HKD 5.93		
Shares held by Hutchison Whampoa (35%)	307.7			Shares held by Hutchison Whampoa (27%)	2,403.7		
Less: value held by Hutchison Whampoa	(HKD 61,547)	(HKD 43,493)		Less: value held by Hutchison Whampoa	(HKD 14,265)	(HKD 44,942)	
CKI share price	HKD 47.45						
Shares held by Hutchison Whampoa (85%)	1,906.6						
Less: value held by Hutchison Whampoa	(HKD 90,469)	(HKD 58,971)					
Adjusted value, ex. Husky and CKI	**HKD 178,822**	**HKD 250,238**	**0.71x**	**Adjusted value, ex. Husky, CKI, 215-HK, and ports**	**HKD 168,332**	**HKD 196,242**	**0.86x**

Source: Thomson One.

Icahn Enterprises (IEP); Federal-Mogul (FDML); American Railcar (ARII); Viskase Cos. (VKSC); Tropicana Entertainment (TPCA); Commercial Metals Company (CMC)

Icahn Enterprises (NYSE: IEP) is majority-owned by investor Carl Icahn, who owns 93% of IEP's depositary units. IEP comprises businesses in the investment management, automotive (via a 77% stake in Federal-Mogul [NASDAQ: FDML], a supplier of vehicle products), metals (via a 10% stake in Commercial Metals Company [NYSE: CMC] and a private entity), real estate, home fashion, railcar (via a 55% stake in American Railcar [NASDAQ: ARII], a railcars manufacturer), hotel and gaming (via a 62% stake in Tropicana Entertainment [OTC: TPCA]), and food packaging industries (via a 71% stake in Viskase Cos. [OTC: VKSC], a producer of plastic casings for processed meats). When subtracting the market value of the company's stakes in FDML, CMC, ARII, TPCA, and VKSC from the IEP market capitalization, the IEP stub trades at a significant discount to the estimated fair value of its private businesses. Additionally, IEP owns a 15% stake in wholesale energy provider Dynegy Inc. (NYSE: DYN), whose holding company filed for Chapter 11 bankruptcy in a manner that may protect shareholders and provide a degree of optionality to IEP.

When subtracting the market value of its ownership in FDML, ARII, TPCA, VKSC, and CMC from IEP's market capitalization, the IEP stub enterprise value is $1.2 billion net of a $371 million cash position. If one were to undertake the exercise of valuing the private businesses, the metals business could be valued at 1.0x its 2010 revenues, and the real estate and home fashion businesses each could be valued at 1.0x book value (excluding debt and cash components), resulting in a total value of $1.8 billion for these private businesses, which are being assigned an enterprise value of $1.2 billion.

There appears to be a high degree of optionality in IEP's auto business and its investment in the Fontainebleau hotel/casino in Las Vegas. First, one must consider the possibility of consolidation within the auto industry and the impact this could have on FDML's earnings. Should auto parts suppliers consolidate in a manner that affords them a higher degree of pricing power, the resulting margin improvement could benefit the profitability of FDML. If FDML were able to maintain the 3.0% net margin that it posted in 2011, one could expect an increase in earnings in 2012 to $260 million (assuming consensus revenue of $7.3 billion). In this scenario, FDML would be trading at approximately 6x earnings. Second, IEP paid $150 million for the Fontainebleau, an unfinished, distressed hotel/casino, which holds a high degree of optionality because the project's developers had invested $2 billion in construction prior to IEP's involvement.

Additionally, it should be noted that IEP's stake in TPCA and DYN might also provide significant upside in a successful turnaround of operations. IEP acquired a 48% stake in TPCA in March of 2010 through its position as a creditor when the hotel/casino operator was in bankruptcy. Since then, IEP's ownership in TPCA has increased to approximately 62% through warrants granted and share purchases. IEP also controls 50% of the loans TPCA has through its exit facility since emerging from bankruptcy.

On November 8, 2011, DYN's holding company filed for bankruptcy protection in a way that could protect shareholders at the expense of bondholders. The holding company that filed for Chapter 11 protection has a limited claim to DYN assets, as they were previously transferred to the parent company. IEP holds approximately 15% of DYN shares. DYN currently trades at 0.06x book value, providing a fair degree of optionality on the position.

BITS & PIECES

(US$ in millions, except ratios and per-share data)

IEP share price	$42.72
Depositary Units (mn.)	85.6
Market capitalization	$3,656
FDML share price	$16.85
Shares held by IEP (77%)	76.0
Less: value held by IEP	$1,280
ARII share price	$27.74
Shares held by IEP (55%)	11.8
Less: value held by IEP	$328
VKSC share price	$3.65
Shares held by IEP (71%)	25.7
Less: value held by IEP	$94
TPCA share price	$15.00
Shares held by IEP (62%)	16.2
Less: value held by IEP	$243
CMC share price	$13.25
Shares held by IEP (10%)	11.5
Less: value held by IEP	$153
Adjusted market value	**$1,558**

Adjusted market value	$1,558
Net cash adjustment from Metals, Real Estate, Home Fashion, Gaming, and Holding Co. segments, as well as cash attributable to IEP in Investment Co.	**($371)**
Adjusted EV of IEP private businesses	**$1,187**
Valuation of IEP private businesses:	
Metals @ 1.0x 2010 Revenue	$725
Real Estate @ 1.0x Current BV (plus net debt)	$773
Home Fashion @ 1.0x Current BV (less net cash)	$276
Total value of IEP private businesses	**$1,774**

Source: Thomson Reuters and Institutional Research Group

Loews Corp. (L); CNA Financial (CNA); Diamond Offshore (DO); Boardwalk Pipeline (BWP)

NYSE-listed Loews Corp. is a New York–based holding company with a broad range of business interests. Loews Corp.'s current holdings include the following publicly listed companies: a 90% interest in CNA Financial (NYSE: CNA), a commercial property and casualty insurance company; a 50% interest in Diamond Offshore Drilling (NYSE: DO), an offshore oil and gas drilling rig operator; and a 62% interest in Boardwalk Pipeline Partners (NYSE: BWP), an interstate natural gas pipeline operator. Loews Corp. also wholly owns two private businesses: HighMount E&P, which is involved in the exploration, production, and marketing of natural gas; and Loews Hotels, a luxury hotel chain. Loews Corp. is unusual for a holding company because a large portion of the value of its holdings is in publicly listed companies. This circumstance offers investors an easily identifiable market valuation for a large portion of the company, which can then be assessed in a sum-of-the-parts context. On this basis, one finds that the current market value of Loews Corp. is less than its net cash plus the current ownership-weighted market capitalizations of the publicly listed companies it owns, with no consideration being given to its other businesses.

Loews's current market capitalization is $15.3 billion. However, as seen in the exhibit below, the value of Loews's ownership stakes in its publicly traded companies, plus its $3.4 billion in net cash, is currently $18.7 billion. Based on this discrepancy, the shares of Loews are trading at an 18% discount to the value of the company's equity stakes in CNA, DO, and BWP plus net cash. Stated differently, an investment in Loews represents the opportunity to buy, at a discount, a stake in its publicly traded entities and its cash, while obtaining a stake in the company's private businesses for free. Additionally, if one were to assign a trailing 2011 sales multiple to Loews Hotels, as well as a trailing 2010 earnings multiple to HighMount, the parent company discount to the sum-of-its-parts is even greater. Using comparable company multiples for Loews Hotels and HighMount, one could argue that Loews's private businesses are valued at $2.3 billion, bringing the total discount for Loews Corp. to 27.1%. There is also significant optionality related to the value of CNA, which is currently trading at a 35% discount to book value.

Although Loews Corp. trades at a P/BV multiple of 0.65x, it should be noted that in the past the market has assigned a premium to the company's book value as high as 1.59x, and that the ten-year-plus P/BV valuation is 1.06x. Further, it should be noted that book value dramatically understates Loews Corp.'s intrinsic value on a sum-of-the-parts basis. Because of this, and given Loews's history of monetizing assets and realizing the latent value of its publicly traded holdings, as witnessed by its distribution of Lorillard (NYSE: LO) shares in 2008, one could argue that a premium to book value is justified. At such a discount to its core holdings, shares of Loews appear to be an attractive long-term opportunity.

Publicly Traded Assets + Cash	Loews's Ownership	Shares Out. (mn)	Share Price	Total Equity (mn) Valuation	Value to Loews (mn)
CNA Financial	90%	269	$28.70	$7,728	$6,955
Diamond Offshore	50%	139	$70.36	$9,782	$4,930
Boardwalk Pipeline	62%	199	$27.75	$5,511	$3,417
Net Cash and Investments at Parent					$3,408
Value of Publicly Traded Holdings + Net Cash					**$18,710**
Other Assets	Loews's Ownership	2010 Rev. (mn)	2010 Net Income (mn)	Comp. Multiples	Value to Loews (mn)
Loews Hotels Holding Co.	100.0%	$308	N/M	2.1x	$648
HighMount Exploration and Production	100.0%	N/M	$77	22.0x	$1,695
Total Other Assets					**$2,343**
Sum-of-the Parts Valuation of Loews					**$21,053**
Loews Corp. - Equity Value					**$15,343**
Discount to Publicly Traded Holdings + Net Cash					18.0%
Discount to Sum-of-Parts Valuation					27.1%

Source: Company reports, Thomson One, and Institutional Research Group

Melco International Development Ltd. (200 HK); Melco Crown Entertainment Ltd. (MPEL)

Melco International holds a 33.4% equity interest in Melco Crown Entertainment ("Crown"), a gaming company that has secured one of six concessions to operate casinos in Macau. In December 2006, Crown completed an initial public offering in the US, and at Crown's current price, Melco International's interest in its subsidiary is valued at $2.4 billion. Meanwhile, Melco International's own equity market capitalization is just $1.2 billion at current exchange rates. Thus, the Melco International stub trades at a negative enterprise value, after giving effect to the market value of Crown and the company's net debt of $188 million (see exhibit below).

The Chinese government has indicated that no additional casino concessions will be issued in the foreseeable future, eliminating the threat of further competition in the short run. In 2008 and 2009, revenues at the enclave of Macau grew about 31% and 10%, respectively, despite the global economic downturn and a government-imposed restriction on Chinese mainlanders' visits. In 2010, revenue increased 58% year-over-year to a record $23.5 billion, driven by increased traffic and continued growth in China's economy. Going forward, Crown may benefit from the positive growth trend in Macau gaming revenues if it is successful in marketing its newly opened City of Dreams casino. Further, in June 2011, Crown announced that it would acquire control of another large casino-resort development project in Macau, named Macau Studio City, for US$360 million. That said, statements from the Macau government that it might not award a gaming license to this project remain a concern. Crown is seeking a double listing of its shares on the Hong Kong Stock Exchange.

Crown has approximately 603,000 square feet of gambling space in its Macau casinos. If Crown were to achieve revenues based on a metric of sales per square foot of gambling space comparable to those of the Las Vegas Sands (LVS) operations in Macau through 2011, and if it were to achieve a comparable adjusted EBITDA margin of 33%, then EBITDA would be approximately $1.1 billion for Crown's Altira Macau and City of Dreams properties alone, without giving consideration to the operations of its Macau Mocha Clubs centers. This compares with consolidated consensus EBITDA estimates for 2011 and 2012 projecting increases to $766 million and $817 million, respectively, which are still considerably less than the previously cited $1.1 billion figure.

As illustrated in the exhibit below, the market value of Melco International's equity stake in Crown is higher than Melco International's own market capitalization. The discount becomes even more staggering when one considers that, exclusive of its Crown holding, Melco International operates a variety of profitable businesses, including lottery, gaming, resorts, and entertainment properties, across Asia.

(US$ in millions, except per-share data)	
Melco International Development share price	$0.98
Shares outstanding (millions)	1,231
Market capitalization	**$1,209**
Melco Crown Entertainment share price	$13.18
Shares held by Melco International (33.4%)	179
Less: value held by Melco International	($2,360)
Adjusted market value	**($1,151)**
Net debt	($188)
Net enterprise value	**($1,339)**
Melco International share price in home currency	HKD 7.62
Exchange rate (per US$)	HKD 7.76
Melco International share price in US$	$0.98

Source: Thomson Reuters and Institutional Research Group

New World Development Company Ltd. (17 HK); NWS Holdings Limited (659 HK); New World China Land Limited (917 HK); New World Department Store China Limited (825 HK)

New World Development ("NWD") is a Hong Kong-based investment holding company with significant ownership stakes in other publicly traded entities, namely: a 59% stake in NWS Holdings, a 70% stake in New World China Land, and a 72% stake in New World Department Store China. The parent company's current market capitalization of HKD40 billion represents a 70% discount to book value (excluding minority interests) of HKD134 billion, with the bulk of this discount attributable to the fact that New World China Land currently trades at 0.3x book value. If one strips out the market value of NWD's ownership of these public holdings and compares this adjusted market capitalization to adjusted shareholders' equity, one finds that the parent company stub is currently trading at 0.2x book value (see exhibit below).

Although New World Development Company trades at a discount to book value, the company exhibited compounded annual book value per share growth of 12.2% in the five years from 2006 through 2011, despite the down year in 2009 (see table below). A longer-term study, although challenging due to accounting changes in 2005 (restated 2004 figures are given), shows that book value per share had declined by a compound annual rate of over 12% between 2000 and 2004, implying that NWD's fundamentals may not be as robust as those of other comparable holding companies.

	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	5-Yr. CAGR
Equity Attr. To Shareholders (HKD mn.)	53,275.5	60,487.6	72,394.8	74,412.3	86,351.0	103,780.4	
Shares Outstanding (mn.)	3,639.1	3,692.1	3,736.5	3,867.3	3,918.0	3,990.0	
Equity to Shareholders/Share	HK$14.64	HK$16.38	HK$19.38	HK$19.24	HK$22.04	HK$26.01	**12.2%**
Growth - %	*0.4%*	*11.9%*	*18.3%*	*-0.7%*	*14.5%*	*18.0%*	

Nearly 60% of NWD's assets are attributable to real estate, connected to property investment and development operations either in Hong Kong (via NWD) or in Mainland China (via New World China Land). As such, NWD's discount to book value may be explained by current concerns over property valuations in China and the impact that potentially lower real estate prices will have on these assets going forward. It should be noted that New World China Land currently trades at 0.3x book value.

Aside from its real estate operations, NWD operates a telecommunications business, a services and infrastructure business (via NWS Holdings), and both self-owned and managed department stores throughout China (via New World Department Store China). On July 4, 2011, NWD completed the initial public offering of its Chinese iron-ore mining business, Newton Resources (1231 HK). For those investors who do not believe that a China real estate bubble exists, NWD offers diversified exposure to Mainland and Hong Kong real estate, while New World China Land offers a more direct investment vehicle on property in the Mainland. Contrary to the notion that there is a Chinese real estate bubble, the deep discounts to book value are not suggestive of a bubble mentality and, in any event, already discount the possibility of substantial price risk (it should be noted that the value of the company's investment properties is recorded on the balance sheet at fair value).

(HKD in millions, except per share amounts)

New World Development Co. share price	HK$9.59
Shares Outstanding	4,169.9
Market Capitalization	**HK$39,989**
Total Equity Attributable to Shareholders	HK$134,368
Price/Book Value	**0.30x**

NWD Market Capitalization	**HK$39,989**
Less:	
NWS Holdings Ltd. share price	HK$12.90
Shares Owned by NWD (59%)	1,222
Value to NWD	HK$15,765
New World China Land Ltd. share price	HK$1.97
Shares Owned by NWD (70%)	4,029
Value to NWD	HK$7,938
New World Department Store China share price	HK$4.79
Shares Owned by NWD (72%)	1,214
Value to NWD	HK$5,815
Adj. Market Capitalization	**HK$10,472**
Adj. Total Equity Attributable to Shareholders	**HK$52,175**
Adj. Mkt. Cap/Adj. Book Value	**0.20x**

Source: Thomson One, company reports and Institutional Research Group estimates.

Onex Corporation (OCX TO); Skilled Healthcare Group (SKH); Spirit AeroSystems (SPR); TMS International (TMS); Celestica (CLS)

Onex Corporation ("ONEX") is a publicly traded private equity and asset management firm based in Toronto. The company invests across several industries, including electronics manufacturing, aerostructures, healthcare, financial services, and customer support services. Onex's current market capitalization of $4.2 billion represents an approximate 5% discount to its net asset value (NAV) of $4.5 billion. While this discount has narrowed since 2008, further convergence could still represent an acceptable return to OCX shareholders, especially when considering that Onex's NAV has grown at a 15% annual CAGR over the past 27 years. Alternatively, if one were to exclude the publicly traded ownership interests, it appears that Onex's current market capitalization may undervalue the portfolio of privately held businesses, which will likely be monetized over time.

Onex differs from other *Bits & Pieces* companies in the sense that a majority of its NAV is currently derived from investments in private companies. However, Onex warrants inclusion in this report, as the private equity business model provides a high degree of optionality from the potential monetization of its portfolio holdings through either public offerings or private sales. It should be noted that Onex has recently reduced its stake in Spirit AeroSystems (NYSE: SPR) and sold its interest in Husky Energy (HSE CN), lending credibility to the argument that investments are likely to be monetized over the course of time. Additionally, Onex can be considered an owner-operator in the truest sense of the definition. Founder and CEO Gerald W. Schwartz owns almost 70% of the company, with an employee policy of reinvesting 25% of gross carried interest realizations in OCX shares, creating shareholder interest alignment.

Onex's listed investments include its 40% stake in Skilled Healthcare Group, a nursing and assisted living home operator, a 16% stake in Spirit AeroSystems, a designer and manufacturer of aerostructures, a 60% stake in TMS International, a provider of outsourced industrial services to steel mills, and an 8% stake in Celestica, an electronic manufacturing services company. If one looks at the current market capitalization of Onex, subtracting the value of its publicly traded holdings, it appears the market may be undervaluing the portfolio of private companies. One could take *only* the top ten private holdings, using the trailing 12 months of EBITDA and current net debt, to illustrate that the market is valuing these ten companies at 5.3x EBITDA. This calculation ignores all other private holdings and the fees Onex generates from its asset management business. In other words, one could buy these ten holdings at a reasonable valuation and receive all other investments in its private businesses for free.

(US$ mn., except per-share data)

	Shares Held(mn.)	Price	Total Value (mn.)
Listed Investments			
Skilled Healthcare Group	3.5	$7.10	24.9
Spirit AeroSystems	6.0	$25.91	155.5
TMS International	9.3	$12.07	112.3
Celestica	17.8	$9.34	166.3
			458.8

OCX Share Price	$36.22
Shares Outstanding (mn.)	115.6
Market Capitalization	**4,188.1**
Less Value of Listed Holdings	458.8
Implied Market Cap of Private Companies	**3,729.3**
Net Debt of Private Companies	7,485.0
Implied Enterprise Value of Private Companies	**11,214.3**
Private Companies EBITDA ttm	2,111.0
Implied Private Holdings EV/EBITDA	**5.3x**

Source: Thomson Reuters and Institutional Research Group.

OCX shares currently trade at a 4.9% discount to the company's NAV. A history of Onex's market capitalization versus its disclosed NAV does indeed show that the discount has narrowed since 2008. One could argue, however, for the continued narrowing of OCX's discount to NAV as management monetizes its investments over time. Additionally, Onex has grown NAV at a 15% CAGR over the past 27 years, which would imply accelerating growth in market capitalization if the discount were to continue narrowing.

(US$ mn., except per-share data) **Historical Discount to NAV**

	12/31/08	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11
NAV	$ 3,111	$ 2,977	$ 3,219	$ 3,390	$ 3,670	$ 3,754	$ 3,784	$ 3,907	$ 4,364	$ 4,562	$ 4,619	$ 4,402	$ 4,494
Mkt. Value	$ 2,223	$ 1,892	$ 2,439	$ 3,198	$ 2,842	$ 3,476	$ 3,045	$ 3,419	$ 3,579	$ 4,020	$ 4,410	$ 3,776	$ 3,837
Discount	-28.6%	-36.5%	-24.2%	-5.7%	-22.6%	-7.4%	-19.5%	-12.5%	-18.0%	-11.9%	-4.5%	-14.2%	-14.6%

OCX Current Market Cap	**$4,188.1**
Discount to NAV	**-4.9%**

Source: Thomson Reuters and Institutional Research Group.

Reinet Investments SCA (REIN LX); British American Tobacco (BATS LN)

Reinet Investments SCA (REIN LX) was formed in Luxembourg in 2008 as a separately traded vehicle for carrying the non-luxury goods businesses formerly held by luxury goods provider Compagnie Financiere Richemont (CFR VX). The principal asset held by Reinet at the time of separation was CFR's stake in British American Tobacco Plc (BATS LN). Reinet remains one of the largest holders in BATS with 84 million shares, representing over 4% of BATS's capital. Since the separation, Reinet has made additional real estate and private equity investments, although the market appears to be assigning little value to these assets. Indeed, Reinet trades at a 26% discount to the value of its BATS shares, as well as at a 35% discount to its estimated net asset value (see table below, top). Interestingly, it should be noted that these discounts have widened from 4% and 17%, respectively, since the inclusion of Reinet/BATS in the June 2011 *Bits & Pieces.*

	Shrs. (mn.)	Price	Total Value (mn.)
British American Tobacco (BATS)	84.3	€ 42.43	€ 3,577
Cash and Equivalents			€ 157
Unlisted Investments			€ 444
Fees, Other Liabilities			(€ 17)
Borrowings			(€ 49)
Minority Interest			(€ 6)
Net Asset Value (NAV)			**€ 4,106**
Reinet Market Capitalization	**195.9**	**€ 13.55**	**€ 2,655**
Discount to Market Value of BATS			**26%**
Discount to NAV			**35%**
BATS share price in £	£35.50		
Exchange rate (per £)	€ 1.20		

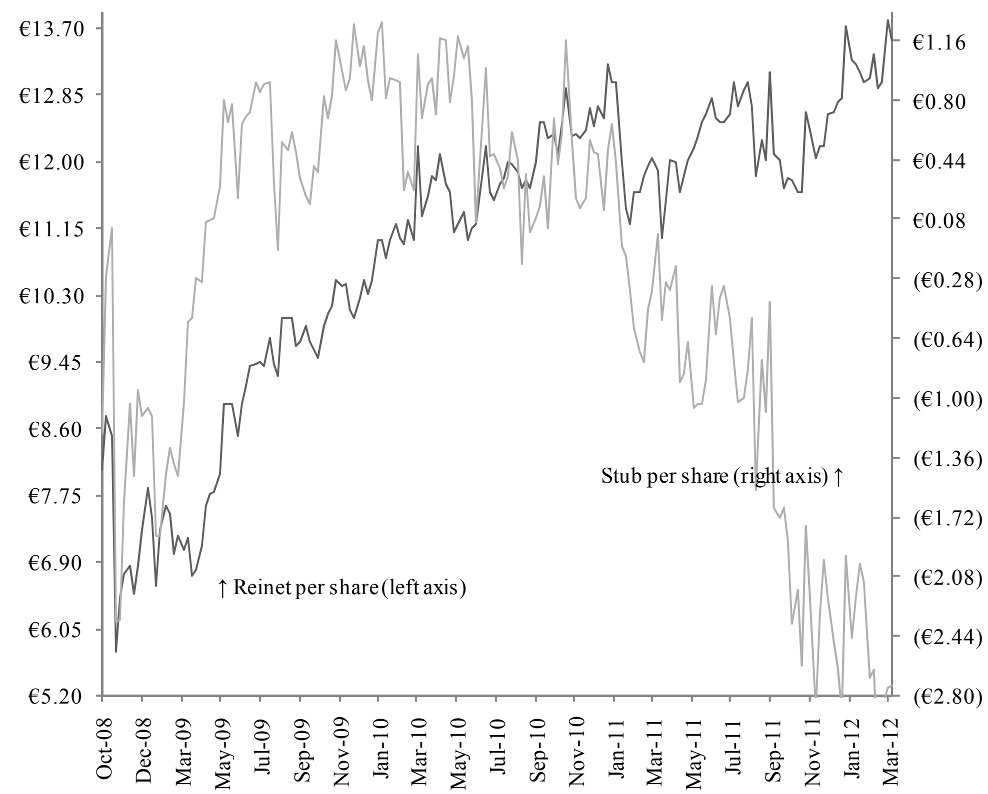
Source: Thomson Reuters and Institutional Research Group.

BATS's products include Lucky Strike, Viceroy, and Pall Mall cigarettes. The dividend CAGR over the last decade is 14.7%. As a result, BATS's shares pay a substantial dividend to Reinet (see table above, bottom). It should be noted that the annual BATS dividend received by Reinet amounts to €120 million. Reinet's other investments include private equity funds and US real estate development projects and distressed mortgages.

BATS Dividend per Share TTM	£1.19
BATS Dividend per Share TTM in €	€ 1.42
Shares held by Reinet (mn.)	84.3
Dividends Received per Year (mn.)	€ 120
Reinet Market Capitalization (mn.)	€ 2,655
Implied Yield on Reinet Market Cap.	**4.5%**

Source: Company reports and Thomson Reuters.

Johann Rupert is the Chairman of the Board of Reinet's General Partner, which manages the company, and is CEO of Compagnie Financiere Richemont. Johann Rupert is the son of the late Anton Rupert, a notable South African entrepreneur, who founded Rembrandt Group, a financial, mining, and luxury goods conglomerate that was later divided into Compagnie Financiere Richemont and Remgro Ltd (REM SJ), the latter being a diversified holding company with exposure to financials, industrials, and mining. It should be noted that Reinet pays advisory, management, and incentive fees to entities controlled by the Rupert family, which currently owns 24.7% of Reinet shares. Performance fees, which are 10% of adjusted cumulative returns (calculated as the 20-day weighted average closing price at the end of the fiscal year less the 60-day weighted average share price of the first 60 trading days of Reinet's listing, which is €7.1945), amounted to €86.4 million during the fiscal year ended March 31, 2011. No performance fees were paid during the previous two years of Reinet's existence.



Source: Thomson One and Institutional Research Group estimates.

As illustrated in the chart above, the Reinet stub price per share, comprising the value of Reinet shares excluding the value of the BATS stake, has displayed substantial volatility since the formation of the company in October 2008. The stub, represented by the lighter-shaded line, has ranged between (€3.03) and €1.34, generally achieving a positive value from April 2009 through January 2011. Since that time, however, the stub has traded below zero, and is currently at (€2.74).

Siem Ind. (SEMUF); Subsea 7 SA (SUB NO); Siem Offshore (SIOFF NO); STAR Reefers (SRI NO)

Siem Industries is a holding company involved in the oil and gas service industry and the marine transportation and shipping industry. The current market capitalization of Siem Industries is less than the aggregate market value of the shares it owns in three publicly traded subsidiaries: Subsea 7 SA (which recently merged with competitor Acergy SA), Siem Offshore, and STAR Reefers. Although these are the three most significant holdings, another large portion of the company's operations consists of investments in a variety of public and private companies.

Siem Industries is the holding company of Kristian Siem, who has made significant investments in many companies in the maritime industry. The company often provides debt and equity financing to cyclically distressed businesses, frequently as part of a group of other large investors. These initial positions are often increased through private placements and rights offerings, and the companies in question are then used as vehicles to acquire other companies in the same industry.

Aside from the three publicly traded subsidiaries, Siem Industries owns 100% of Siem Car Carriers Inc., a private company that owns vessels that transport cars; 64% of Siem Capital AB, a privately held investment fund that owns significant positions in a variety of Scandinavian companies; 100% of Siem Investments; 49% of Deusa International, a German company primarily engaged in the mining of potash, which is used for fertilizer production; and 51% of Deep Seas Insurance, an insurance affiliate that participates as co-insurer on marine insurances, alongside which Subsea 7 owns the remaining 49% interest. The value of Siem's private investments is not clearly disclosed in the company's financial statements. Therefore, for the purpose of our calculation of NAV, no value has been assigned to these businesses.

Additionally, even though some of the company's recorded debt belongs to the listed subsidiaries, if one assumes that all of the debt belongs to the parent company and that no consideration is given to the $50.5 million in cash, one would still arrive at a NAV of $1.8 billion. At these levels, Siem's market value represents a 50% discount to its NAV.

The significant discount in the price of the Siem stub may be explained by the fact that the Siem stock is rather illiquid. Indeed, as disclosed within the company's annual report, the free float of its traded shares is approximately 5%, or 1 million shares. Additionally, in the current market environment, where investors seek to maintain the nominal value of their portfolios by undertaking transactions to either raise or lower the value of their portfolios, Siem can have only limited utility. As a practical matter, Siem is not tradable in large quantities. Thus, many of the discounts that are apparent in holding companies such as Siem arise from issues of liquidity, not from the notion of inherent value.

(US$ mn., except per-share data)	Shares Held (mn)	Share Price	Value
Subsea 7 SA (20.5%)	69.7	$23.43	$1,633
Siem Offshore (33.7%)	133.3	$1.80	$240
STAR Reefers (73.5%)	7.1	$10.44	$74
Market Value of Public Holdings			**$1,947**
Consolidated Debt (6/30/11)			($101)
Net Asset Value			**$1,846**
Siem Industries	15.3	$60.00	$920
Discount to mkt. value of public holdings			**52.7%**
Discount to NAV			**50.2%**

Subsea 7 share price in NOK	NOK 133.50	STAR Reefers share price in NOK	NOK 59.50
Siem Offshore share price in NOK	NOK 10.25	Exchange rate (per US$)	NOK 5.70

Source: Thomson Reuters and Institutional Research Group

Swire Pacific (19 HK); Cathay Pacific (293 HK); Hong Kong Aircraft Engineering (44 HK)

Swire Pacific is a Hong Kong-based holding company with five operating divisions: Property, Aviation, Beverages (Swire is one of the largest Coca-Cola bottlers in Asia), Marine Services, and Trading and Industrial. The company's current market capitalization is HKD129 billion and its book value is HKD204 billion, implying a P/BV of 0.63x. If one strips out the market value and book value of Swire's ownership of its publicly listed investments in Cathay Pacific and Hong Kong Aircraft Engineering Company (HAECO), the remaining stub market value is HKD90 billion and the book value is HKD166 billion, implying a P/BV of 0.54x. Such a discount to book value is unwarranted given that the company has been able to grow book value at a CAGR of 13% during the last decade (see table below).

HKD	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	CAGR
Book Value/Shr. "A"	46.74	44.98	44.50	56.84	68.77	83.93	100.74	100.79	114.86	138.67	12.8%

Swire Pacific owns equity stakes in two publicly listed aviation companies in Hong Kong, in an industry that appears ripe for recovery. Swire owns a 44% stake in Cathay Pacific Airways, Hong Kong's largest carrier. Cathay itself holds a 19% interest in Air China, the leading passenger and cargo carrier in Mainland China, and is in the process of creating a joint-venture cargo airline with Air China in an attempt to benefit from an expected increase in the region's cargo volumes. Swire also holds a 76% stake in HAECO, which performs aircraft overhauls and provides maintenance services, with operations in Hong Kong and Mainland China.

The majority of Swire Pacific's book value comprises commercial and residential real estate investments. The company mainly develops office and retail real estate in Hong Kong, along with hotels and luxury homes, with a completed portfolio of 15.1 million square feet. In addition, the company has projects underway in China spanning 7.0 million square feet, as well as completed projects with 1.6 million square feet. Swire Pacific also maintains a property trading portfolio, with land, residential developments, and apartments for sale in Hong Kong and Florida.

If one strips out the market value and book value of Swire's listed investments in Cathay Pacific and HAECO, the remaining stub market value is HKD90 billion and the book value is HKD166 billion, implying a P/BV of 0.54x. Such a discount to book value is unwarranted given the company's ability to grow book value per share during the last decade. Further, although questions linger regarding current property valuations in China, not all Hong Kong-based real estate companies trade at such significant discounts to book value. That said, given the concerns regarding property valuations in China, one could conservatively value Swire Pacific's real estate investments at half of their valuation surplus, implying an adjusted book value of HKD112 billion (HKD166 billion less half of the properties' HKD55 billion in valuation surplus, deferred taxation, and other net liabilities) as of December 31, 2010, which would, in turn, imply that the stub trades at only 0.80x book value. Valuing this portfolio at half of its current value is arguably conservative, however, as most properties were developed in the 1980s and 1990s.

(HKD in millions)		Book Value	P/B
Swire Pacific A share price	HKD 86.75		
Shares outstanding (millions)	905.6		
	HKD 78,559		
Swire Pacific B share price	HKD 16.80		
Shares outstanding (millions)	2,995.2		
	HKD 50,320		
Market capitalization	**HKD 128,879**	**HKD 204,452**	**0.63x**

		Book Value	P/B
Cathay Pacific share price	HKD 15.16		
Shares held by Swire Pacific (44%)	1,729.7		
Less: value held by Swire Pacific	(HKD 26,222)	(HKD 22,140)	
HAECO share price	HKD 103.80		
Shares held by Swire Pacific (76%)	126.2		
Less: value held by Swire Pacific	(HKD 13,095)	(HKD 15,863)	
Adjusted value, ex. Cathay and HAECO	**HKD 89,561**	**HKD 166,449**	**0.54x**
Less: half of property investments valuation surplus		(HKD 54,527)	
Adj. value, ex. Cathay and HAECO; property at 50%	**HKD 89,561**	**HKD 111,922**	**0.80x**

Source: Thomson One and Institutional Research Group.

HORIZON KINETICS

Universal Entertainment Corporation (fka Aruze Corp.) (6425 JP); Wynn Resorts (WYNN)

Universal Entertainment Corp. (UEC) is being removed from the *Bits & Pieces* publication following a year-long review by WYNN of Kazuo Okada, UEC founder and Wynn Resorts (WYNN) Board member, which found that Mr. Okada has apparently violated the U.S. Foreign Corrupt Practices Act (FCPA). Given this finding, WYNN has redeemed the almost 20% stake that Mr. Okada held through UEC and has removed Mr. Okada from the WYNN Board of Directors. Therefore, any arbitrage opportunity based on the public value of UEC's WYNN holdings versus UEC's market capitalization no longer exists.

HORIZON KINETICS

WPX Energy Inc. (WPX); Apco Oil and Gas International (APAGF)

WPX Energy was spun off from The Williams Companies (NYSE: WMB) in December 2011, with regular-way trading commencing on the NYSE in January 2012. WPX is an exploration and production (E&P) company with assets including natural-gas reserves in the Rockies' Piceance Basin and Appalachia's Marcellus Shale as well as the oily Bakken Shale in North Dakota. WPX also has Argentine hydrocarbon production through its 69% interest in Apco Oil and Gas International (NASDAQ: APAGF). The market value of its stake in Apco equals about $1.35 billion, nearly 40% of the $3.6 billion total market capitalization of WPX, despite recent concerns regarding the potential privatization of oil and gas producers in Argentina that have resulted in a 12% pullback in the valuation of the Apco shares since publication of the February *Bits & Pieces*. The Apco stake accounts for only about 5% of proved reserves (measured in bcfe, or billion cubic feet equivalent) and less than 10% of WPX Energy's 2011 standardized measure of discounted future net cash flows. In addition, in 2010 WPX spent about $1.7 billion to acquire acreage in the Bakken and Marcellus Shale plays. The 2010 acquisitions and the Apco stake account for almost the entire market capitalization of WPX post separation.

Yet about 65% of WPX's net proved reserves are based in the liquids-rich Piceance Basin. Essentially, the market is according minimal value (or about equivalent to the $950 million in net debt) to WPX's acreage in the Piceance, as well as the gassy San Juan Basin and Powder River Basins. Oil and natural gas liquids (NGLs) accounted for 23% of proved reserves at year-end 2011, up from 17% a year earlier, due in part to its focus on drilling in the Bakken and Piceance. While WPX is unlikely to invest near term in some of its other natural gas assets, such as in the San Juan and Powder River Basins, the low-cost basis in the Piceance Basin still provides an opportunity for cash flow generation.

(in millions except share price)

WPX share price	$18.34
Shares outstanding (millions)	199
Market capitalization	**$3,650**
APAGF market capitalization	$1,950
WPX interest in APAGF	69%
Less: value held by WPX	($1,346)
Adjusted market value	**$2,304**
2010 acquisitions	$1,712
Adjusted market value	**$592**
Add: parent-level net debt	$950
Adjusted enterprise value	**$1,542**

Source: Thomson Reuters, Institutional Research Group estimates.

If one were to compare WPX's adjusted enterprise value to proved reserves only for the Piceance Basin and compare the multiple to that of other similarly sized US E&Ps, a sharp discount would be discovered (see exhibit below). The exhibit also provides a comparison to other natural gas-levered E&Ps on an unadjusted enterprise value to year-end 2011 proved reserves and on a standardized measure of discounted future net cash flows.

	WPX Energy Inc. (NYSE: WPX	**QEP Resources (NYSE:QEP)**	**Bill Barrett (NYSE: BBG)**	**Newfield Exploration (NYSE: NFX)**
Adjusted enterprise Value (millions)	$1,542	$7,360	$2,160	$7,540
Proved reserves (bcfe)	3,496	3,614	1,365	3,911
EV/proved reserves (mcfe)	$0.44	$2.04	$1.58	$1.93
Average, ex. WPX	*$1.85*			
Liquids-gas split	23-77	15-85	13-87	33-67
Non-adjusted calculations				
Enterprise value	$4,620	$7,360	$2,160	$7,540
Discounted future net cash flows	$3,987	$3,526	$1,616	$5,981
EV/Discounted future net cash flows	1.16x	2.09x	1.34x	1.26x
Average, ex. WPX	*1.56x*			
Proved reserves (bcfe)	5,347	3,614	1,365	3,911
EV/proved reserves (mcfe)	$0.86	$2.04	$1.58	$1.93
Average, ex. WPX	*$1.85*			

Source: Company reports, Thomson Reuters.

DISCONTINUED POSITIONS

Name	Ticker	Inclusion Date	Inclusion Price	Discontinue Date	Discontinue Price	Current Price
Porsche Auto Holding SE	PAH3 GR	Nov-08	€ 59.00	Apr-10	€ 46.05	€ 48.17
Volkswagen AG	VOW GR	Nov-08	€ 394.13	Apr-10	€ 72.85	€ 127.55
ICICI Bank	IBN	Jan-08	$62.26	Jul-10	$36.22	$35.26
Financial Services Subs.	-	Jan-08	-	Jul-10	-	-
Macquarie Airports	MAP AU	Dec-06	AUD 3.65	Jul-10	AUD 2.64	#NT/FND
Copenhagen Airports	KBHL DC	Dec-06	AUD 432	Jul-10	AUD 264	AUD 405
Bank of America Corp.	BAC	Jan-09	$14.28	Aug-10	$13.96	$8.06
BlackRock Inc.	BLK	Dec-07	$216.15	Aug-10	$157.16	$195.55
China Construction Bank	939 HK	Mar-09	HKD 4.20	Aug-10	HKD 6.87	HKD 6.26
Penn Virginia GP Holdings	PVG	Mar-09	$9.12	Oct-10	$23.61	$24.14
Penn Virginia Resource Partners	PVR	Mar-09	$9.55	Oct-10	$25.17	N/A
LaBranche & Company	LAB	Jun-05	$6.09	Dec-10	$3.18	Acquired
NYSE Euronext	NYX	Jun-05	N/A	Dec-10	$18.94	$29.04
Retail Ventures, Inc.	RVI	Sep-09	$4.35	Dec-10	$16.52	Acquired
DSW, Inc.	DSW	Sep-09	$13.67	Dec-10	$38.74	$54.97
PNC Financial Services	PNC	Feb-10	$50.75	Feb-11	$64.21	$58.73
BlackRock Inc.	BLK	Feb-10	$204.66	Feb-11	$199.62	$195.55
Genting Berhad	GENT MK	Feb-10	MYR 6.72	Feb-11	MYR 10.40	MYR 10.80
Genting Singapore	GENS SP	Feb-10	MYR 2.66	Feb-11	MYR 4.93	MYR 1.59
Genting Malaysia	GENM MK	Feb-10	MYR 2.75	Feb-11	MYR 3.44	MYR 3.86
Genting Plantations	GENP MK	Feb-10	MYR 6.05	Feb-11	MYR 8.45	MYR 9.29
EMC Corp.	EMC	Sep-07	$19.29	Mar-11	$26.76	$28.52
VMware Inc.	VMW	Sep-07	$78.07	Mar-11	$84.30	$100.61
Hochtief AG	HOT-XE	May-10	€ 50.49	Apr-11	€ 68.76	€ 52.07
Leighton Holdings	LEI-AU	May-10	AUD 20.86	Apr-11	AUD 28.94	AUD 24.30
First American Financial	FAF	Jun-10	$12.31	Oct-11	$11.87	$15.83
CoreLogic, Inc.	CLGX	Jun-10	$18.90	Oct-11	$10.48	$15.52
Guardian Capital Group	GCG TO	Nov-04	$20.27	Feb-12	$10.00	$9.68
Bank of Montreal	BMO TO	Nov-04	$58.05	Feb-12	$58.01	$57.51
Universal Entertainment Corp.	6425 JP	Jan-07	$32.71	Mar-12	$27.07	$27.07
Wynn Resorts	WYNN	Jan-07	$103.92	Mar-12	$121.03	$121.03

Source: Thomson Reuters and Institutional Research Group