



**Livermore**Investments

*Balance Potential Value* →

Corporate Presentation, 13.10.08



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# Agenda

- ❖ Introduction
- ❖ Livermore Investments Group highlights
- ❖ Substantial investments highlights
- ❖ Discussion



# Business card

Livermore Investments Group is an emerging investment company listed on LSE/AIM with over USD 400M of Assets

- ❖ Net assets at 30.6.08 = \$273.7m (USD 0.97 / share)
- ❖ Robust & diversified portfolio
  - ❖ Real Estate, Private Equity Funds, Hedge funds Managers, and Financial instruments
  - ❖ Combination of yielding assets and growth opportunities
  - ❖ Expertise in emerging markets (Asia, Eastern Europe)
  - ❖ Anchors in established markets (Western Europe)
- ❖ Solid performance in adverse market conditions
  - ❖ No change in NAV in H1 '08
- ❖ Significant upside in current portfolio

<b>\$403M</b>	Assets under Mgmt
<b>\$273M</b>	Net Asset Value
<b>\$11.5M</b>	Dividend and buyback H1 '08
<b>\$0.97</b>	NAV per share 30.6.08





# Performance at a glance

- ❖ NAV of \$273.7m in H1 '08 representing no change since end of 2007
- ❖ Diversified and non-cyclical portfolio
- ❖ Low to no gearing on the holding level.
- ❖ Strong Liquidity
- ❖ \$11.5m dividend payments and share buy back in '08 to date
- ❖ Assets on Balance Sheet \$403m (30.6.08)

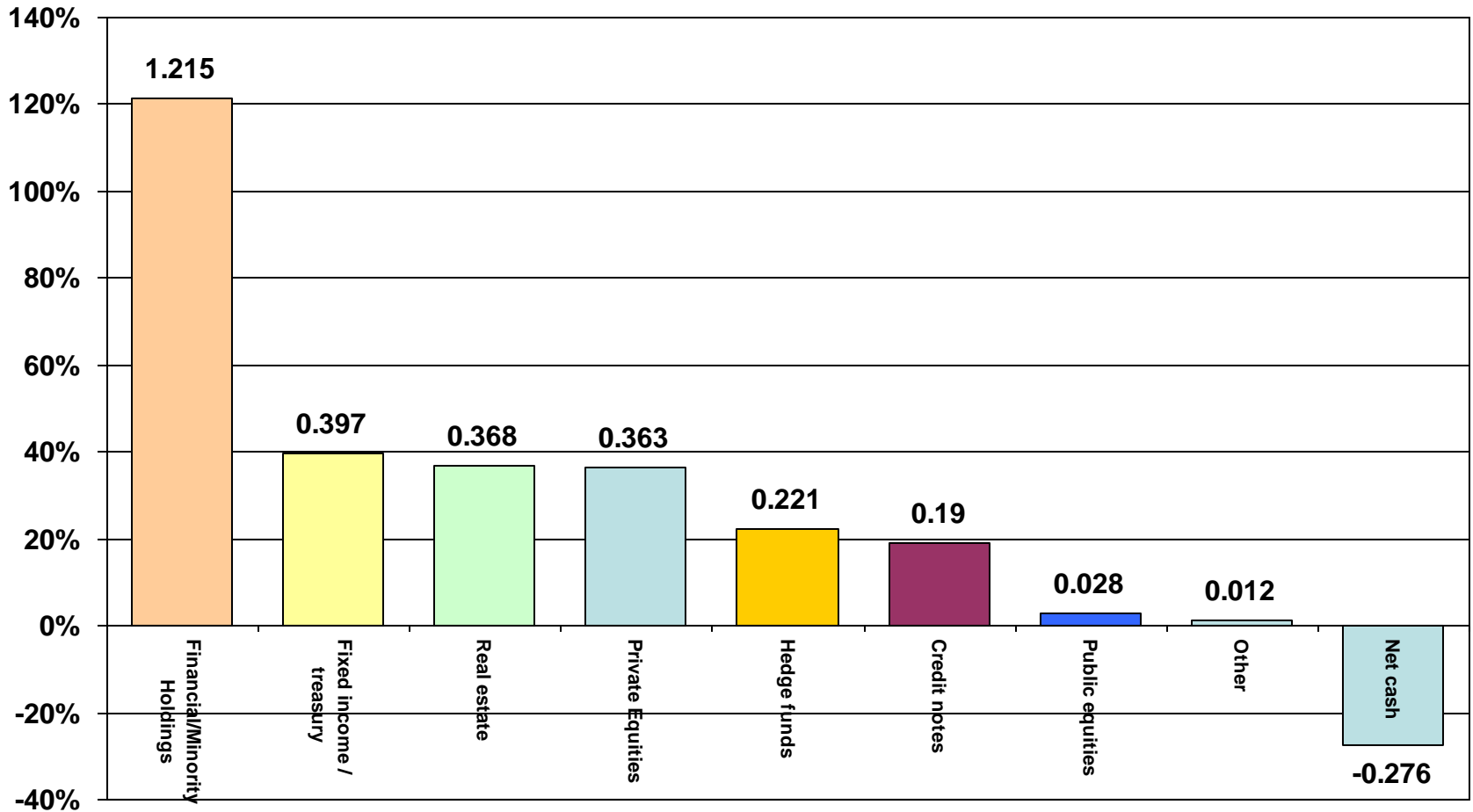


# Portfolio Diversification

Livermore pursues a portfolio diversification strategy with active rebalancing across asset classes, sectors, geographies and currencies



# Portfolio allocation by asset class, % of NAV, 14.10.08

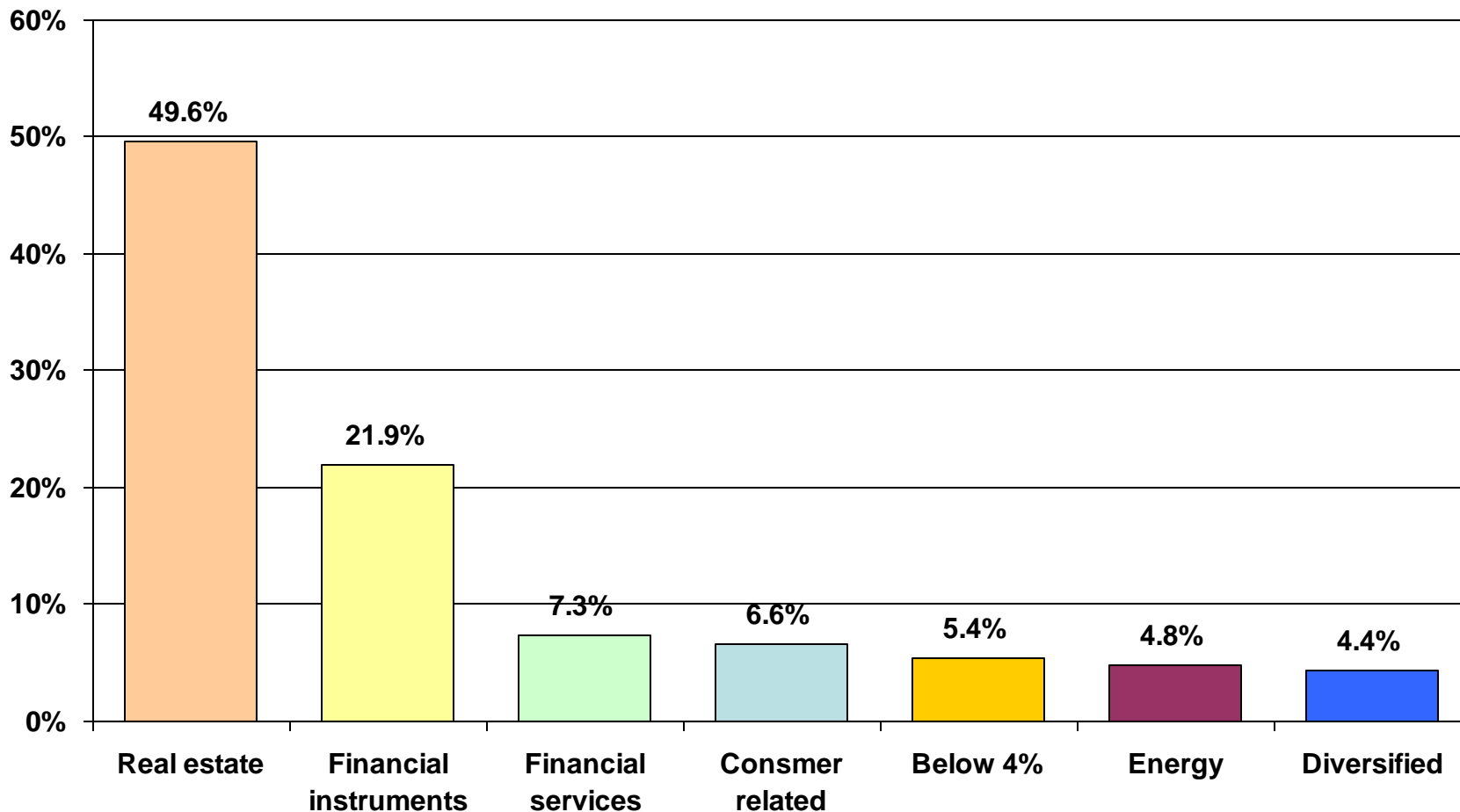


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# Portfolio allocation by sector, % of NAV, 14.10.08

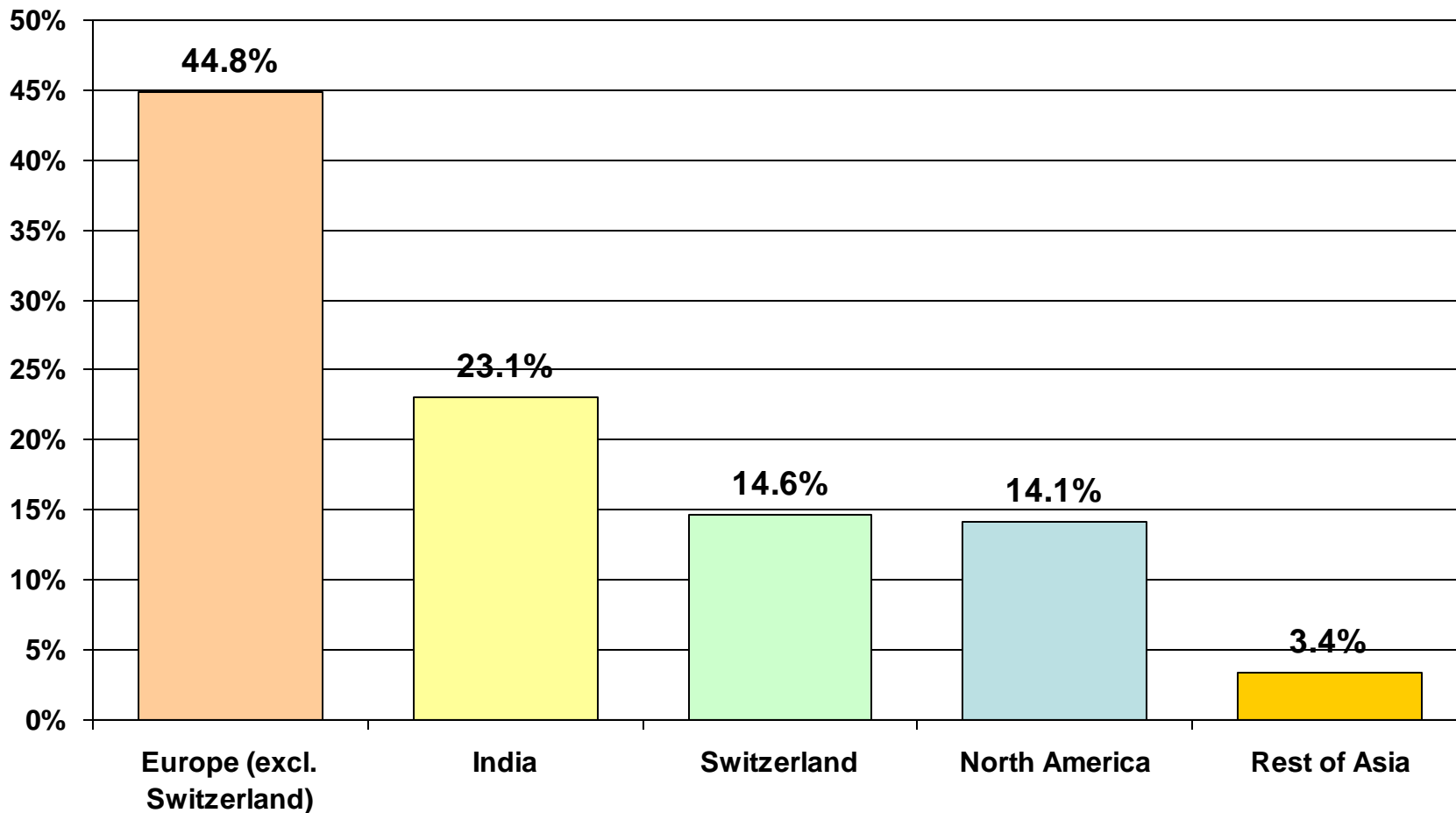


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# Portfolio allocation geography, % of NAV, 14.10.08

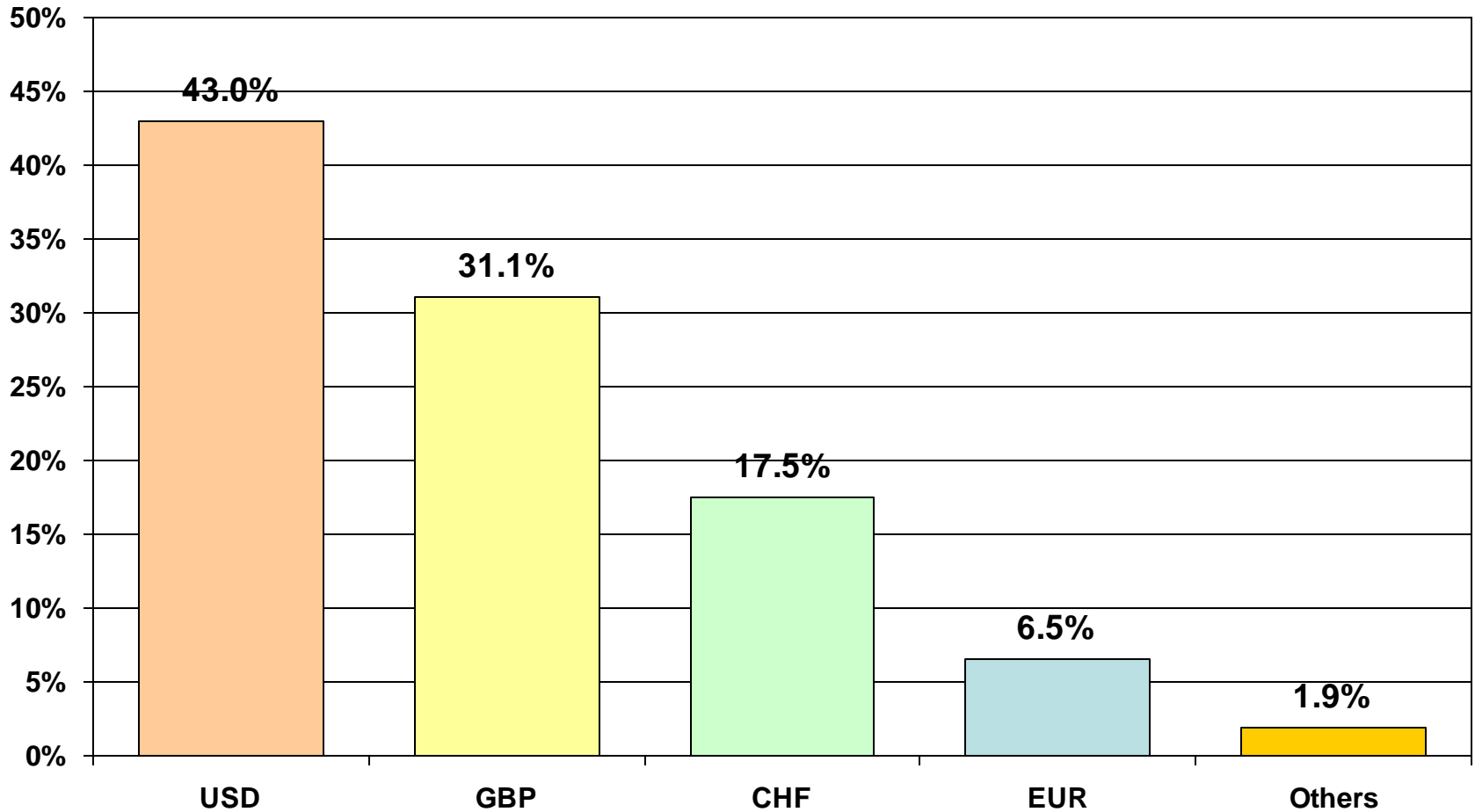


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# Portfolio allocation currency, % of NAV, 14.10.08

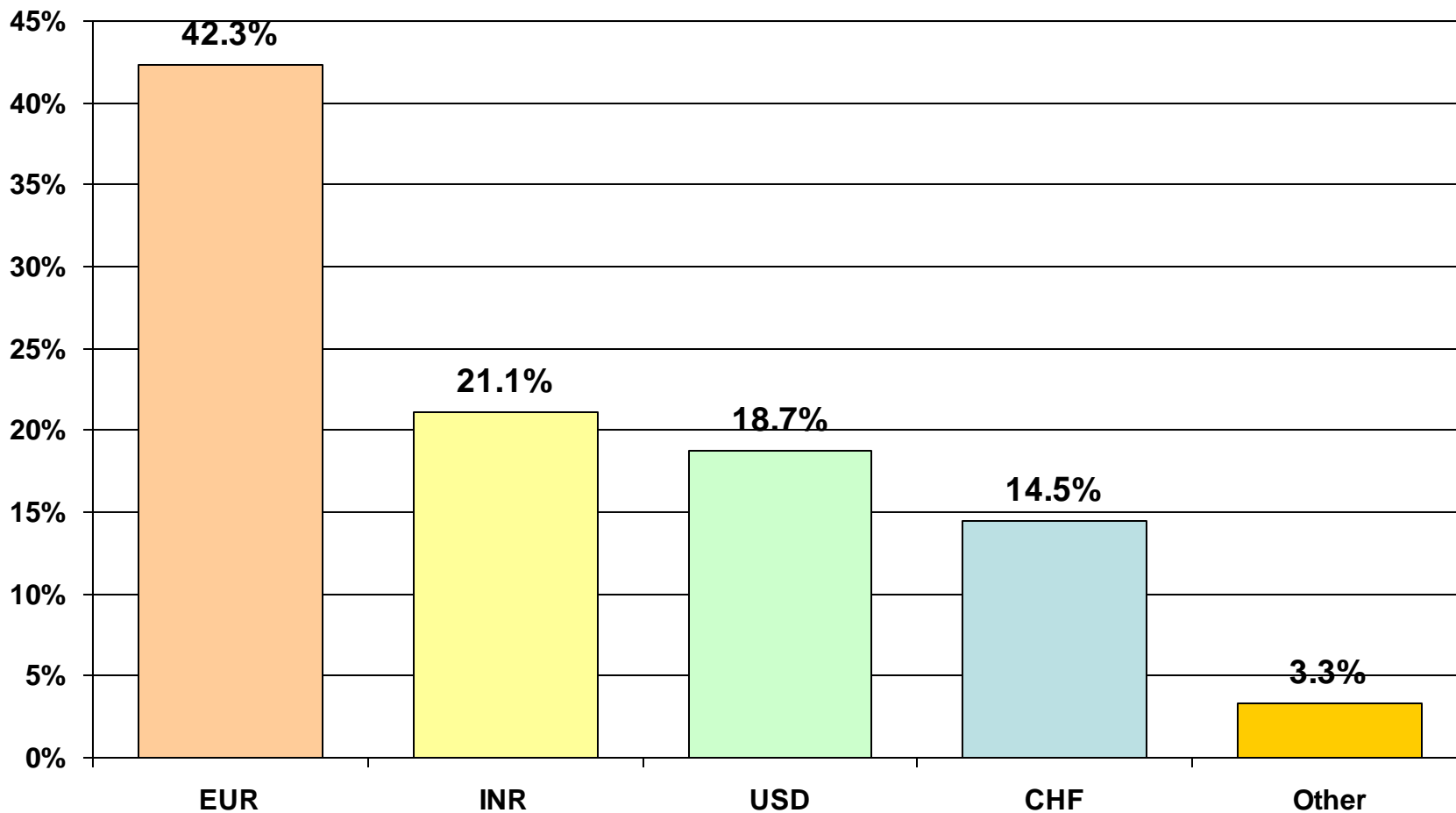


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# Underlying currency exposure, % of NAV, 14.10.08



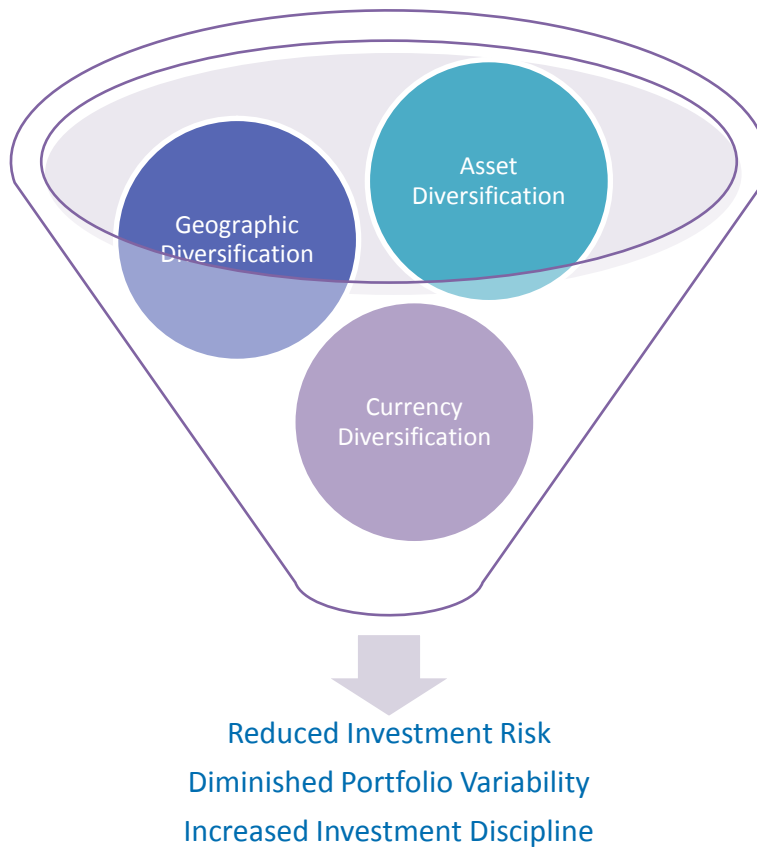
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# Diversification benefits

... which contributes resiliency and robustness to Livermore's portfolio



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# Management Team

Livermore is managed by an experienced and committed set of asset managers with the operational capability to scale rapidly and successfully

- ❖ Strong belief of management in Livermore
  - ❖ Significant management participation in Livermore share purchase
  - ❖ Recent Share buyback
  - ❖ Efficient decision making process
  
- ❖ Expert and experienced management team
  - ❖ Richard Rosenberg, Chairman of the Board
  - ❖ Noam Lanir, Chief Executive Officer
  - ❖ Ron Baron, Chief Investment Officer
  - ❖ Doron Yassur, Chief Financial Officer
  - ❖ Gaurav Suri, Financial Analyst





# Significant Investments

Our investments to date demonstrate our expertise in real estate and private equity related transactions

- ❖ Headquarters of Swiss Railway Authority (SBB), Berne
- ❖ Real Estate associated company in Central & Eastern Europe
- ❖ Satellite TV company in Romania
- ❖ Top Real Estate Company in South India
- ❖ An oil refining company in India
- ❖ An aerospace and industrial components manufacturer



 SBB CFF FFS







**MONTANA**  
TECH COMPONENTS



**boom**  
extrasatelit



 **ATLAS**  
ESTATES

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# Wyler Park, Bern - Purchase and lease back to Swiss SBB



Wyler Park, Berne is the headquarter building of Swiss Transport Authority (SBB)  
Switzerland

## ❖ Rationale for investment

- ❖ 7% expected yield excluding development rights
- ❖ 12 year inflation linked lease to SBB (AAA lessee)
- ❖ Top quality asset with high end architecture
- ❖ Establish presence and brand in Swiss Real Estate market
- ❖ Significant upside from reserve building rights (9000m<sup>2</sup>)
- ❖ Potential for refinancing of residential project



## ❖ Deal Information

- ❖ 34,000m<sup>2</sup> purchase and lease-back transaction with SBB, with rights to build 39 apartments
- ❖ Purchase price: CHF 93.5m
- ❖ Financing by Merrill Lynch at 85% LTV
- ❖ Residential construction cost: CHF 16m



## ❖ Underlying Asset

- ❖ AAA quality real estate asset
- ❖ New developments constructed and managed by top Swiss project/asset managers

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# Livermore - Largest Shareholder in Atlas Estates



Atlas Estates is an AIM listed real estate company focused on top quality assets in Central & Eastern Europe

## ❖ Rationale for investment

- ❖ Purchased at deep discount to Dec'07 NAV
- ❖ Access to a portfolio of top notch assets in Poland and surroundings such as Hilton Warsaw and Platinum Towers, Warsaw
- ❖ Mixture of yielding and development assets
- ❖ Opportunity to acquire controlling stake

## ❖ Deal Information

- ❖ Purchased 22% at € 41m (€ 4.2 / share)

## ❖ IPO Feb 2006 at € 4.55

- ❖ Basic Dec '07 NAV of € 5.2 / share
- ❖ Adjusted Dec'07 NAV of € 6.35 / share
- ❖ Basic Jun '08 NAV of € 4.89 / share
- ❖ Adjusted Jun'08 NAV of € 6.57 / share

## ❖ Strategy

- ❖ Merge external management company with Atlas Estates
- ❖ Exit: Change of dividend policy / Liquidation of assets / Tender offer

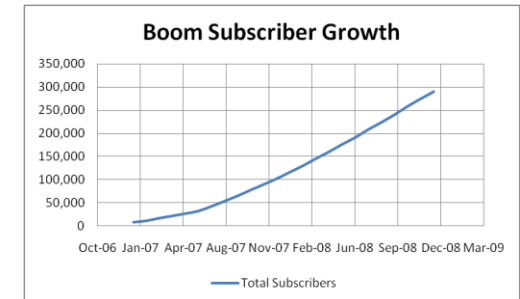




# DTH Boom

Boom is a leading Digital Satellite TV company in Romania with around 10% market share

- ❖ **Satellite TV company – Romania**
  - ❖ Exceeded 100,000 subscribers at end of 2007
  - ❖ Exceeded 200,000 subscribers at end of Sept 2008
  - ❖ Significant advancements in (exclusive) content and (digital) technology
  - ❖ Marketing differentiation
- ❖ **Rationale for investment**
  - ❖ High market potential (digital pay TV opportunity)
  - ❖ Exit within 18 months (IPO / trade sale to strategic player)
  - ❖ Window of opportunity in Romania and strong positioning of Boom in mid-high segment
- ❖ **Deal structure**
  - ❖ Initial capital € 9.5 (convertible loan, 15% of the company shares)
  - ❖ Investments at valuation of € 66m
  - ❖ Cash needs: ~€ 33 for 2008 and 2009, then “flipped” to positive return
- ❖ **Current Status**
  - ❖ EBITDA positive expected by end Q1 '09; Cash positive Q1 '10
  - ❖ Recent bank loan (€18.5m)
  - ❖ Additional small funding will bring the company to EBITDA positive
  - ❖ Current discussions with strategic investors at valuation in the range of €200m





# Top Real Estate Player in India

Promoted by one of India's leading business families, this company has among the largest land banks in South India

## ❖ Company Background

- ❖ Leading Real Estate player in India
- ❖ Promoted by owners of India's 4th largest IT company (\$7.5bn market cap, NYSE), and a top infrastructure company in south India (\$1bn market cap)
- ❖ Large land bank in Hyderabad and Andhra Pradesh

## ❖ Rationale for investment

- ❖ IPO with significant ROI (x1.5 – x3)
- ❖ Expected within 18-36 months
- ❖ Minimum 12.5% discount to IPO valuation; Put option with guaranteed IRR of 27.5%
- ❖ Exposure to Indian Capital Markets
- ❖ Syndication with reputed investors - SRS Partners, JM Real Estate Fund

## ❖ Deal Structure

- ❖ Convertible debt of \$150M. Our investment: \$20M
- ❖ Favorable conversion valuation at IPO
- ❖ Put option secured by land valued at \$1.3B





# CALS Refineries & Spice



CALS Refineries, promoted by the Spice Group, is a rapidly growing oil refining company in India

## ❖ Background

- ❖ Promoted by Spice group to setup refineries in India. Spice is a USD 2B group with interests in Oil & Gas, Aviation, Hotels, Heavy engineering in India and Africa
- ❖ GDR issue to part finance relocation of a German refinery in India
- ❖ Crude supply and off-take agreement signed with BP
- ❖ Gross Refining Margins of 11% - 12% per barrel

## ❖ Rationale for investment

- ❖ Exit during Q1 2008
- ❖ Low valuation and stock upside - Listed peers in India valued at 3-5 times our investment multiple
- ❖ Put Option for downside protection
- ❖ Promoters experienced in tapping capital markets

## ❖ Deal Information

- ❖ \$ 10M Total Return Swap with R.P. Capital against GDRs of CALS Refinery
- ❖ GDR offer price - \$3.75; Current price on exchange - \$5.63



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# Montana Tech Components



Montana is a market leader in niche segments of aerospace components, metal tools and battery businesses with high cash flow and strong growth

## ❖ Company Background

- ❖ 3 primary businesses – Aerospace and Industrial components, Metal tools, and Batteries
- ❖ 50%+ market share in specialized aircraft components. Strong visible order book
- ❖ 50%+ market share in an otherwise fragmented market of metal marking tools
- ❖ Varta battery brand and market leader in hearing aid and rechargeable batteries

## ❖ Rationale for investment

- ❖ Solid and stable cash flows with market leadership and substantial competitive advantages
- ❖ Strong growth potential in all three business segments
- ❖ EBIT and EBITDA margin expansion potential from 8.3% to 15%

## ❖ Deal Structure

- ❖ Equity investment of EUR 5M at EUR 7.8/share
- ❖ Convertible debt investment of EUR 1.25 with 8% coupon and conversion at EUR 5/share

## ❖ Status

- ❖ IPO expected at EUR 12-13/share in 2009-2010
- ❖ 2008 valuation by independent investment bank at EUR 9.44/share
- ❖ Capacity expansion in Romania initiated for aerospace components backed by 5 year lucrative contract with Airbus

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# Select Private Equity Fund Investments

Apart from direct investments, Livermore has a portfolio of private equity funds through which it gains exposure to high growth regions in Asia

## ❖ India Blue Mountains:

- ❖ A leading hotel and hospitality development fund to develop business hotels in India
- ❖ The fund is building 4\* hotels in Mumbai, Chennai, Pune, Gurgaon, and Goa
- ❖ Increase of 42.2% in NAV since investment
- ❖ Exit via an IPO in 18 – 36 months via IPO or portfolio sale

## ❖ Panda Capital

- ❖ China-based Private Equity Fund focused on high growth early-stage industrial operations in China and Taiwan
- ❖ The fund is invested in manufacturing, media, healthcare, and emerging technology industries

## ❖ Promethean India

- ❖ India-focused private equity fund
- ❖ Portfolio investments include a leading tiles manufacturer in India, an established automotive components manufacturer, a hospitality company with luxury hotels located in prime locations in top Indian cities, and an m-commerce player





# Hedge Funds Managers

Livermore has invested in a diversified set of hedge fund strategies, which have provided consistent returns in the face of highly volatile markets

- ❖ Called for winding up the investments in majority of Hedge funds, returns expected within 30-90 days.
- ❖ Proprietary access to top hedge fund managers - usually closed to the public - and best emerging hedge fund managers
- ❖ Performance
  - ❖ Investment in funds began in May 2007
  - ❖ Annualized returns of ~20% in 2007
  - ❖ Currently held portfolio cost \$22.8m, valued at \$22.2m
- ❖ Portfolio Construction
  - ❖ Asset allocation based on strategy and sector diversification, internal correlations, macro-economic conditions, market cycle, and strategy risk considerations
  - ❖ Frequent performance reviews of managers
  - ❖ Active rebalancing of strategy and manager allocations





# FINANCIAL HIGHLIGHTS



# Financial Highlights - Income Statements

	<u>H1 2008,</u> <u>\$000</u>	<u>2007,</u> <u>\$000</u>
Investment income	(317)	25,789
Operating profit	(1,967)	22,483
Profit after tax	(4,424)	20,717
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Administration expenses	1,649	3,172
Earning per share	-	0.07
Proposed dividend / share	-	0.035

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# Financial Highlights - Balance Sheet

	<u>H1 2008, \$000</u>	<u>2007, \$000</u>
Intangible and tangible assets	0.49	0.45
Available for sale financial assets	167,622	217,763
Financial assets at FVTPL	42,500	0.73
Cash and equivalents	2.68	9.92
Investments in property	112,704	97,632
Investments in associate	76,699	69,639
<b>Total assets</b>	<b>403,631</b>	<b>397,980</b>
Trade and other payables	0.4	15.37
Retained earnings	68,617	73,041
Reserves	205,127	203,402
<u>Liabilities</u>	<u>129,887</u>	<u>121,537</u>
<b>Total Liabilities &amp; Equity</b>	<b>403,631</b>	<b>397,980</b>