



Kleiner Perkins Invests In Facebook At \$52 Billion Valuation



VentureWire reports today that Kleiner is taking a small stake in Facebook by buying as much as \$38 million of stock from other shareholders at a valuation of \$52 billion – a bit higher than the \$50 billion price tag that Goldman Sachs and DST Global set when they recently invested \$1.5 billion.

Kleiner, which made billions of dollars during the dot-com boom from early bets on Google, Amazon.com and Netscape, missed out on Facebook in 2005, choosing instead to stick with another social-networking site it sunk money into in 2003, Friendster. Since then, Kleiner has had to play catch-up to restore its reputation as one of the premier Internet investors.

The investment comes after Kleiner recently muscled its way into two other social Internet stars, Groupon and Twitter, at multi-billion dollar valuations. The firm is also an investor in social-gaming company Zynga after smartly investing in it in 2008 (The Wall Street Journal reports today Zynga is raising a round at a valuation between \$7 billion and \$9 billion), meaning Kleiner joins up-and-comer Andreessen Horowitz as the only two known venture firms to collect the four most highly valued social Web companies: Facebook, Groupon, Twitter and Zynga.

As Sabrina Willmer reports in her VentureWire story, Kleiner is also boosting the size of a digital growth fund that it used to make the Facebook, Groupon and Twitter investments. That fund is designed for heavier-duty investments, and complements a recently formed \$250 million pool called the sFund that invests in younger social Internet start-ups.

It's all part of an aggressive push by Kleiner to invest more deeply in what Doerr dubbed last year the "third wave" of investing at which social, mobile, cloud and commerce intersect.



Kleiner Perkins Invests In Facebook At \$52 Billion Valuation 02



King Abdullah announces 22 billion aid package 03



INTERNATIONAL VALUATION STANDARDS COUNCIL WELCOMES LAUNCH OF THE FRENCH FEDERATION OF VALUATION EXPERTS 03



£50 million valuation deters Red Devils 04



JPMorgan Seeks Twitter Stake at \$4.5 Billion Valuation 04

King Abdullah announces 22 billion aid package



Saudi Arabia's King Abdullah bin Abdulaziz has announced a \$22 billion aid package for his subjects, promising jobs and extra funds for housing, students and social security in his first act since returning to power.

The ailing monarch returned to his kingdom this week, for the first time in three months after undergoing back surgery in the US followed by a period of recuperation in Morocco.

King Abdullah's first act back in power was to announce a package promising extra funds for housing, students and social security.

He also promised 1,200 new jobs, reprieves for imprisoned debtors and a 15 per cent pay rise for all government employees, as a counter to planned anti-government protests next month.

malextra.com

A Serving of Doubt on Bank Valuations

Some big bank stocks may be more expensive than investors realize.

That may become more apparent amid debates on how banks are compensated for servicing home loans, and separately, on whether banks should forgive some principal of troubled mortgages. Such changes could potentially affect the value of bank assets tied to servicing mortgages. The country's six biggest banks have more than \$50 billion in such assets, equal to about 7% of common equity.

The upshot: The six biggest banks, who service about \$5 trillion in mortgages, may receive lower compensation. That would likely reduce the value of mortgage-servicing-rights assets, which are based largely on the current value of future payment streams.

At the same time, federal and state investigations have led to proposals for banks to forgive mortgage principal in some cases. Any reduction in outstanding mortgage balances would shrink the value of mortgage-servicing rights.

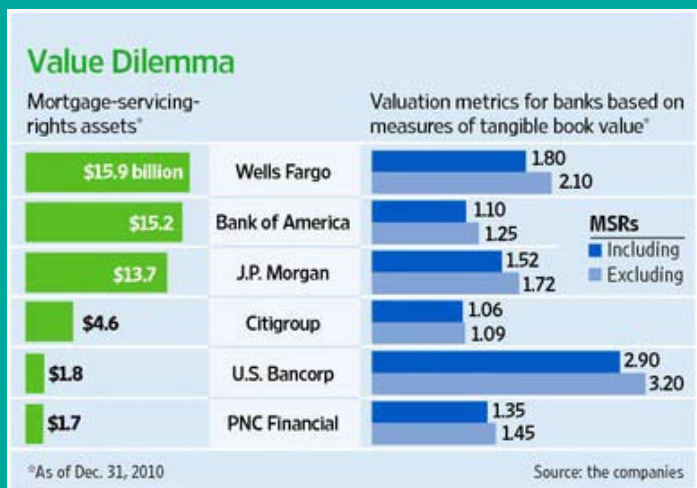
Granted, such changes likely wouldn't hit all at once, so banks would have time to manage them. And banks hotly oppose principal forgiveness.

The potential changes affect bank-stock valuations because of how mortgage-servicing rights have been presented to investors. Over the past two years, Many banks have lumped the rights in with their tally of tangible equity, even though they are intangible assets. They can do this because tangible equity isn't defined by accounting rules. Banks only have to disclose how they come up with the figure.

The maneuver bolsters tangible equity—also known as tangible book value—and in turn flatters valuation metrics. Shares in J.P. Morgan Chase, for example, trade at about 1.5 times tangible book. Exclude servicing-rights assets and the multiple rises to about 1.7 times. At US Bancorp, the multiple rises to 3.2 times from about 2.9 times.

The six biggest banks, who service about \$5 trillion in mortgages, may receive lower compensation. That would likely reduce the value of mortgage-servicing-rights assets, which are based largely on the current value of future payment streams. Above, the J.P. Morgan Chase in New York.

wsj.com



Banks' mortgage-servicing businesses collect and disburse mortgage payments, as well as deal with loan modifications or foreclosures. Mortgage servicing has fallen under the regulatory and legal microscope following last fall's "robo-signer" scandal.

Currently, banks receive a flat fee, usually about 0.25 percentage points of the outstanding mortgage balance. But there is a push to move to a variable payment system. This would mean banks receive higher payments for troubled mortgages, but less for performing loans, the bulk of most servicing portfolios.

INTERNATIONAL VALUATION STANDARDS COUNCIL WELCOMES LAUNCH OF THE FRENCH FEDERATION OF VALUATION EXPERTS

The French Federation of Valuation Experts (Fédération Française des Experts en Evaluation, or FFEE), recently admitted as a new member of the IVSC, had its press launch on 16 December 2010.

The FFEE is made up of the following organizations that, at the initiative of French financial market authority the AMF began cooperating so that hitherto overlooked French expertise and best practices around valuation could be represented at the IVSC:

- AFREXIM (French Association of Real Estate Experts)
- APEI (Professional Association of Independent Experts)
- IFEI (François Institute of Real Estate Expertise)
- SFEV (French Association of Valuation Analysts)

One of the objectives of FFEE is to promote the use of the International Valuation Standards, and to that end a seminar is to be held on 2 February 2011.

Chairman of the FFEE, Dominique Ledouble, said:

"The creation of the FFEE is significant as it brings together practitioners and their respective organizations which had only intermittently been in touch until now. This is a step towards true inter-professionalism."

Jean-Pierre Jouyet, President of the AMF, added:

"The debate around fair value accounting has highlighted the need for the global harmonization of asset and liability

valuations. Ensuring the quality of accounting and financial information is a key responsibility of the AMF, and we support any initiative aspiring to voice French opinions and interests abroad, standardize valuation practices and promote professional ethics. The creation of the FFEE and its membership of the IVSC embodies this ambition. I therefore welcome this timely initiative that will, by enhancing the reliability of information provided by listed companies, also serve to restore confidence in the financial market."

At the launch, Michel Prada, Chairman of the IVSC Board of Trustees and former President of the AMF, commented:

"I wholeheartedly welcome the establishment of the FFEE and its membership of the IVSC. It is important for the French valuation profession to participate in the development and application of international standards and practice guidelines that will contribute to the credibility and comparability of valuations. As the G20 members highlighted, the financial crisis reminded us that robust asset valuations of all types are indispensable to the proper functioning of the market."

"The IVSC's new strategy, which has the full backing of Patrick Gounelle, Vice President of the Board of Trustees and Jean-Florent Rérolle, President of the Professional Board, aims to improve standards and valuation practices, thereby working to restore the confidence of market actors in collaboration with relevant international organizations."

ivsc.org

Mergers and Acquisitions - Brands And Patents Standard Introduced In Austria

For the First Time, Standards Made in Austria Permit Harmonised Valuations World-Wide

Brands and patents as measurable assets for shareholders and stakeholders as well as the importance of intangible assets in the sale or mergers and acquisitions (M&A) were in the focus of a press briefing that took place on 20th January 2011 in the Customer Area of Austrian Standards in Vienna.

The panellists were DI Dr. Karl Grün, Director Development of Austrian Standards Institute, DI Dr. Gerhard Hrebicek, MBA, Executive Director of the European Brand Institute, Mag. Dr. Friedrich Rödler, President of the Austrian Patent Office, and Mag. Alexander G. Welzl, Chairman of the Commission on Intellectual Capital of EFFAS, the European Federation of Financial Analysts Societies.

Together with experts of the Austrian Patent Office and the European Brand Institute as well as financial analysts, patent attorneys and lawyers, Austrian Standards pioneered the introduction of ÖNORM A 6800 on brand valuation and ÖNORM A 6801 on patent valuation.

Up to now, it was almost impossible to value intangible assets for financial reporting or for comparisons. Highly different valuation models frequently only focused on behavioural or technological aspects or exclusively took account of financial transactions and reporting. For this reason, the two Austrian standards ÖNORM A 6800 and A 6801 were developed that, for the first time, permit harmonised, comparable and holistic valuations.

starglobaltribune.com

IVSC BEGINS CONSULTATION ON THE DISCOUNTED CASH FLOW METHOD FOR REAL PROPERTY AND BUSINESS VALUATIONS

The Professional Board of the International Valuation Standards Council (IVSC) has today released an Exposure Draft of a Technical Information Paper on the Discounted Cash Flow Method for Real Property and Business Valuations.

The paper is the first of a series of Technical Papers that are being developed to provide international guidance on the principles that should be observed when applying different valuation methods. The objective is to help bring about a greater understanding of common valuation techniques and to promote their consistent application.

Jean-Florent Rerolle, Chairman of the Professional Board explained: "There are many variations of discounted cash flow models in use in different markets around the world. This paper does not attempt to examine or comment upon each one of these but instead sets high-level principles to which developers and users of these models should have regard. Our objective is to promote consistency in the fundamental application of the technique while recognising that in dynamic markets

there has to be room for flexibility."

The use of discounted cash flow models, which use anticipated future net income streams to estimate current value, has become more widespread in recent years, but they are not always well understood by investors or regulators.

Doug McPhee, who chaired the working group responsible for the development of the Technical Paper, believes that it will help improve both consistency of approach and better understanding. Doug comments: "I am confident that fostering better global consistency within the valuation profession will benefit shareholders, management, regulators and other users of formal valuations."

The IVSC is currently undertaking a number of projects to improve and extend the scope of valuation standards and technical guidance to reflect concerns that a poor valuation practice contributed to the global financial crisis.

ivsc.org

Real Estate On The Cheap

The real estate downturn in the US has resulted in low land values in many parts of the country. But in some cases, prices are perhaps too low. Consider Income Opportunity Realty Investors (IOT), a public company that invests in real-estate.

The company has a book value of \$72 million (comprised mostly of land and notes receivable) and yet it trades for between \$11 million and \$18 million! (The reason for the big spread there is that the stock is rather volatile!) The land is composed of 203 acres of undeveloped land in Farmer's Branch, Texas, carried at just under \$30 million. It is about a 20 minute drive from downtown Dallas, and is situated 15 minutes from the Dallas/Fort Worth International Airport. The land was acquired in May of 2006, so it may be overvalued; but is it worth only one sixth of its carrying value?

The company's notes receivable are mostly the result of recent land/building sales. The main risk with the notes is that they are due from related and affiliated parties. At least one of these parties has a very high debt to equity ratio, and happens to be the parent company of IOT, owning 80%+ of the company!

On that subject, a potential risk to the company is its ownership/management structure. The parent company will likely do what it needs to do to benefit itself, so IOT's

actions may not always benefit its minority shareholders. There appear to be conflicts of interest on the board of directors as well, as the company appears to be governed by employees of the company's advisor, which is rarely a good thing for shareholders.

IOT's stock price has absolutely tanked in the last few months, however, offering the company's shares on the cheap. When TCI acquired a large number of shares of IOT in July of 2009, it noted that "The Company's fair valuation of IOT assets and liabilities at the acquisition date approximated IOT's book value." Since that time, IOT stock is down 60% and its book value hasn't changed much. In the meantime, the company continues to break even, mostly by collecting interest on the notes outstanding. (This amount is then offset against interest payments and operating expenses.)

Many investors like to identify potential catalysts before investing in a stock. There don't appear to be any catalysts on the horizon here, however. That land could sit undeveloped for a long time, and most of the notes don't mature until 2027! However, it appears clear that the company is trading at a massive discount to its assets, so value investors with long-term outlooks who require no catalyst may find this stock worthy of owning.

bardkarsan.com

£50 million valuation deters Red Devils



Tottenham Hotspur have placed a £50 million valuation on Luka Modric in a bid to deter the Croatian's increasing list of suitors said to include Manchester United, Chelsea, Barcelona and Inter Milan. The mercurial Premier League schemer has emerged as one of the finest players on the continent this season and although Spurs remain steadfast in their belief that

they can retain the diminutive playmaker for the foreseeable future, Harry Redknapp is seemingly taking no chances with his star asset with his lofty valuation of the player.

Reports over the weekend suggested Sir Alex Ferguson has earmarked Modric as Paul Scholes' long-term successor at Old Trafford, intimating the Red Devils would be making a £35 million bid for the 25-year-old in the summer. Likewise Modric's form in the both the Champions League and Premier League this season has alerted some of the biggest clubs on the continent.

Goal.com claim Spurs chairman Daniel Levy has placed the £50 million price-tag, a British record equalling deal should it matched, in an effort to retain Modric and deter United from approaching them in June.

The report claims contrary to some of the weekend speculation, Modric does not have a buy-out clause in his contract having recently committed himself to the club in the summer.

sport.co.uk

JPMorgan Seeks Twitter Stake at \$4.5 Billion Valuation



JPMorgan Chase is seeking to acquire a minority stake in Twitter, in a deal that could value the micro blogging service at close to \$4.5 billion, citing people briefed on the matter. It's unclear whether the \$1.22 billion J.P. Morgan Digital Growth Fund, established to invest in the social media space, would invest directly in Twitter, or purchase stakes from current

investors.

'Sources said the talks between JPMorgan and Twitter were "continuing and might not lead to a deal!"

Twitter most recently raised \$200 million in December at a \$3.7 billion valuation, and before that was valued at \$1 billion during a fundraising round in late 2009.

Notes that Twitter is valued at \$4.3 billion on Shares Post, a secondary market where investors can trade shares in private companies

intangiblebusiness.com

Where we operate?

Abu Dhabi, UAE

Contact Person: Mr. Hani Hannoun
E-mail: abudhabi@tagvaluation.com

Algeria, Algeria

Contact Person: Mr. Nabeel Abu Atiyeh
E-mail: algeria@tagvaluation.com

Amman, Jordan

Contact Person: Mr. Munir Herzallah
E-mail: info.amman@tagvaluation.com

Ankara, Turkey

Contact Person: Ms. Ozlem Arslan
E-mail: turkey@tagvaluation.com

Baghdad, Iraq

Contact Person: Mr. Mohammad Al-Jabouri
E-mail: Baghdad@tagvaluation.com

Beirut, Lebanon

Contact Person: Mr. Akram Al-Rayess
E-mail: Lebanon@tagvaluation.com

Cairo, Egypt

Contact Person: Ms. Silvana Salama
E-mail: Egypt@tagvaluation.com

Canada

Contact Person: Mr. Nabil Salame
E-mail: Canada@tagvaluation.com

Casablanca, Morocco

Contact Person: Mr. Ahmad Hussein
E-mail: morocco@tagvaluation.com

Damascus, Syria

Contact Person: Mr. Abdul Rahman Shrinah
E-mail: Syria@tagvaluation.com

Doha, Qatar

Contact Person: Mr. Mohammad Abu Jwaied
E-mail: Qatar@tagvaluation.com

Dubai, UAE

Contact Person: Mr. Jatin Sainani
E-mail: dubai@tagvaluation.com

Erbil, Iraq

Contact Person: Mr. Mohammad Al-Jabouri
E-mail: erbil@tagvaluation.com

Gaza, Palestine

Contact Person: Mr. Tony Massad
E-mail: gaza@tagvaluation.com

Jeddah, KSA

Contact Person: Mr. Hussam Madani
E-mail: Jeddah@tagvaluation.com

Karachi, Pakistan

Contact Person: Mr. Aamir Khan
E-mail: Pakistan@tagvaluation.com

Khartoum, Sudan

Contact Person: Mr. Mohammad Younis
E-mail: sudan@tagvaluation.com

Khobar, KSA

Contact Person: Mr. Nidal Radi
E-mail: khobar@tagvaluation.com

Kuwait, Kuwait

Contact Person: Mr. Ahmad Al-Hinti
E-mail: Kuwait@tagvaluation.com

Libya

Contact Person: Mr. Ali Hijazi
E-mail: Libya@tagvaluation.com

Manama, Bahrain

Contact Person: Mr. Mohammad Abu Jwaied
E-mail: Bahrain@tagvaluation.com

Muscat, Oman

Contact Person: Mr. Majdi Al-Abiad
E-mail: oman@tagvaluation.com

New Delhi, India

Contact Person: Mr. Khaled Al-Khalidi
E-mail: india@tagvaluation.com

Nicosia, Cyprus

Contact Person: Ms. Tamara Abu-Ghazaleh
E-mail: Cyprus@tagvaluation.com

RAK, UAE

Contact Person: Mr. Shahzad Zafar
E-mail: rak@tagvaluation.com

Ramallah, Palestine

Contact Person: Mr. Amjad Khaled
E-mail: Ramallah@tagvaluation.com

Riyadh, KSA

Contact Person: Mr. Habis Yousef
E-mail: Riyadh@tagvaluation.com

Sharjah, UAE

Contact Person: Ms. Jomana Jawhar
E-mail: sharjah@tagvaluation.com

Shanghai, China

Contact Person: Ms. Ridab Abu Taleb
E-mail: china@tagvaluation.com

Sana'a, Yemen

Contact Person: Mr. Nabil Al-Zawqary
E-mail: yemen@tagvaluation.com

Tunis, Tunisia

Contact Person: Mr. Fathi Abu Nimeh
E-mail: Tunisia@tagvaluation.com