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cAPITAMALLS ASIA: A BUYOUT OFFER FROM CAPITALAND[[1]](#endnote-1)

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It was April 15, 2014, and trading had resumed for the shares of CapitaLand Limited (CapitaLand), a large, Singapore-based real estate company, and for the shares of CapitaMalls Asia Limited (CMA), a commercial property development and management company. The trading halt had been called the day before so that CapitaLand could announce its voluntary conditional cash offer of SG$2.22[[2]](#endnote-2) for each share of CMA through its wholly owned subsidiary Sound Investment Holdings Pte Ltd.[[3]](#endnote-3) The intention was to delist CMA and integrate it into the CapitaLand Group.[[4]](#endnote-4) The offer was conditional on CapitaLand garnering more than 90 per cent of CMA.[[5]](#endnote-5)

At the time of the offer, CapitaLand already owned 65.3 per cent of CMA.[[6]](#endnote-6) The cash offer of $3.06 billion for the remaining shares was 27 per cent above CMA’s one-month volume-weighted average price. The per-share price in the offer was also 20.7 per cent higher than CMA’s net asset value per share as at December 31, 2013,[[7]](#endnote-7) and represented a premium of 22.3 per cent over the closing price of $1.815 on April 11, 2014.[[8]](#endnote-8) The offer price would be reduced for any CMA dividends distributed on or after the announcement date, including a proposed final CMA dividend of $0.0175 per share for the financial year ending in 2013.[[9]](#endnote-9) If acceptance levels crossed the 96.5 per cent threshold, CapitaLand would be able to compel acquisition of all of CMA’s shares.[[10]](#endnote-10)

As an investor in CMA, you were congratulating yourself on the unexpected windfall. However, the news also made you wonder about the intrinsic value of CMA. When trading resumed on April 15, you noted that CapitaLand’s share price had also risen. Thus, not only was there a premium for the target shareholders, there was also value created for the acquiring shareholders. In fact, you could calculate the estimated synergy arising from the acquisition from the premium and the net present value of the acquisition.

Capitaland

CapitaLand had its headquarters in Singapore and was listed on the Singapore Exchange Limited. Its businesses in real estate and real estate fund management were focused in Singapore and China.[[11]](#endnote-11) As of December 31, 2013, the company had assets of $14.91 billion (45 per cent of the group’s assets) in China, the company’s largest market, and assets worth $12.52 billion (38 per cent of the group’s assets) in Singapore, which was the company’s second-largest market.[[12]](#endnote-12)

Following a strategic review in 2013, CapitaLand had been reorganized into four business units: CapitaLand Singapore, CapitaLand China, CMA, and the Ascott Limited (Ascott). CapitaLand Singapore and CapitaLand China developed residential, office, and integrated or mixed-use properties. Despite challenging market conditions, CapitaLand Singapore had almost doubled the number of private residential units it sold in 2012 by “right-sizing” the units. CapitaLand China had refined its strategy to focus on mass market and first-time buyers and upgraders and had become the largest foreign real estate developer in China.[[13]](#endnote-13)

CMA was in the business of shopping malls, and Ascott in serviced residences. CMA had achieved high shopper traffic and net property income, and in 2013, it announced a partnership to jointly develop the Jewel project at Changi Airport.[[14]](#endnote-14) Ascott, which operated more than 33,000 apartment units across 82 cities in more than 20 countries,[[15]](#endnote-15) had achieved modest revenue growth in 2013.[[16]](#endnote-16)

CapitaMalls Asia Limited (CMA)

CMA, founded in 2004, went public in November 2009 at an initial offering price of $2.12 per share and raised $2.8 billion. After this initial public offering, CapitaLand’s shareholding interest in CMA was reduced from 100 per cent to 65.5 per cent.[[17]](#endnote-17) When it was listed, CMA was one of the largest pure-play shopping mall owners, developers, and managers in Asia.[[18]](#endnote-18) Its shares closed at $2.30 on the first day of trading.

CMA used an integrated shopping mall business model, with interconnected buildings where shoppers could live, work, and play. Its primary business objective was to be a leading owner, developer, and manager of shopping malls in Asia.[[19]](#endnote-19) As of December 2013, CMA had a pan-Asian portfolio of 105 shopping malls valued at $34.3 billion.[[20]](#endnote-20) It had $1 billion in cash and a debt-to-asset ratio of 25 per cent (see Exhibit 1).

motivation to delist cma

CapitaLand had several reasons for delisting CMA. First, because CMA’s integrated developments tended to enjoy high foot traffic from a captive base of offices and residences, the developments were expected to enhance CapitaLand’s competitive strengths. Second, delisting CMA would simplify CapitaLand’s organizational structure. Third, the delisting would give CapitaLand more flexibility in allocating its capital and expanding its scale.[[21]](#endnote-21) Fourth, it would unlock shareholder value and achieve synergies.[[22]](#endnote-22) CapitaLand claimed that the acquisition of CMA would immediately raise earnings per share by approximately 21.5 per cent and improve return on equity from 5.4 per cent to 6.7 per cent.[[23]](#endnote-23) However, it was not clear whether increasing earnings per share was a good reason for the acquisition.

President of CapitaLand, Lim Ming Yan, said, “The market has changed. Earlier companies were pure-play residential; now companies are emerging that are doing mixed developments, which include homes, offices, and malls. This move will help us compete better.”[[24]](#endnote-24)

According to an analyst at Barclays Plc, “CapitaLand’s offer to take CapitaMalls private is a win-win for both CapitaMalls and CapitaLand. Regaining full control of CapitaMalls should allow CapitaLand more flexibility, including the ability to streamline its organizational structure.”[[25]](#endnote-25)

However, according to Samsung Asset Management Co. Ltd. (Samsung Assets), the transaction showed that CapitaLand could not put the money to better use at a time when the property markets in Singapore and China were starting to weaken.[[26]](#endnote-26) In a similar vein, an investment manager at Samsung Assets in Hong Kong commented,

The company is effectively undertaking financial engineering to enhance returns. The problem is these returns are still unsatisfactory relative to the cost of equity and suggests a lack of investment opportunities in an adverse environment of declining property prices in Singapore and slowing growth opportunities in China.[[27]](#endnote-27)

financial performance and valuation

To calculate the value of your investment in CMA, you could conduct valuations of CMA’s shares using the discounted cash flow (DCF), discounted dividend model (DDM), relative valuation (RV), and precedent transaction methods.

DCF valuation is based on the principle that the value of a business is determined by its ability to generate cash flows. The relationship between the business’s revenue and cost drivers can be gleaned from the company’s historical financial statements (see Exhibits 1–4 or refer to the student Excel worksheets “CMA Financial Statements” and “CapitaLand Financial Statements” [Ivey Publishing product number 7B19N012]). These can be used to project a company’s cash flows for the initial few years, after which a terminal growth rate can be applied in perpetuity (see Exhibit 5 or refer to the Excel worksheet “Information about CapitaLand”). All projected cash flows will be discounted by the weighted average cost of capital. DCF models provide insights into the drivers of share value, but small changes in inputs can result in large changes in intrinsic value. [[28]](#endnote-28)

The DDM method assumes that a stock is worth the sum of its discounted future dividend payments. The discount rate used is the cost of equity capital. For stocks with a solid history of dividend growth, it is reasonable to assume that the historical growth rate will continue for some years, after which a terminal growth rate will be applied (see Exhibits 5 and 6). The DDM is a simple and convenient way of valuing stocks, but it can be sensitive to the assumed growth rates.[[29]](#endnote-29)

The RV method compares the value of a business to those of its competitors, using common multiples or benchmarks such as price-to-earnings (P/E), price-to-book (P/B), and price-to-sales (P/S) ratios.[[30]](#endnote-30)

The P/E ratio indicates how much investors are willing to pay per dollar of earnings. It is a widely used peer multiple, but because the denominator is earnings, investors have to be careful when comparing peers from countries that are subject to different accounting regulations. In addition, P/E cannot be applied if earnings are negative.

The P/B ratio compares a stock’s market value to its book value. The ratio is calculated by dividing the price of the stock by the book equity per share. It gives some idea of whether investors are paying a reasonable price for the equity that will be left if the company were to go bankrupt immediately. For example, a P/B ratio of less than one indicates that investors can theoretically buy up all the shares of the company, liquidate the assets, pay off the company’s liabilities, and still have money left.

The P/S ratio compares how much investors are willing to pay per dollar of sales. Because sales is a top-line figure and is therefore less affected by accounting policies, this is a useful multiple for businesses that have yet to generate positive earnings, and it is useful for comparing businesses that are subject to different accounting regimes.

Regardless of which multiple is used, it is important to develop accurate benchmarks, and it is crucial to compare only businesses from the same industry and with similar market capitalization. Thus, although information had been gathered on a number of CMA’s potential peers (see Exhibits 7 and 8 or student Excel worksheets “Peer Financial Ratio” and “Other Key Peer Financial Data”), further deliberation would be required to identify a suitable comparison group.

In addition to relative valuation, precedent transactions could also provide some useful information. Precedent transaction analysis uses the prices paid for similar companies to estimate the worth of a target company. Under normal market conditions, transaction comparables provide higher multiple ranges than peer comparables because acquirers normally pay control premiums and strategic buyers often have the opportunity to realize synergies. To assess the value of CMA, information on 12 precedent transactions had been retrieved for consideration (see Exhibit 9, or student Excel worksheet “Precedent Transactions”).

PREMIUM, NET PRESENT VALUE, and SYNERGY

By the close of trading on April 15, 2014, CapitaLand’s shares had increased 6.5 per cent to $3.11. CMA’s shares had surged 21 per cent, from the closing price of $1.815 on April 11, 2014, to $2.19 (see Exhibit 10)—the company’s biggest gain since going public in 2009.[[31]](#endnote-31)

Based on the market response, it appeared that the shareholders of CMA and CapitaLand clearly approved of the transaction. In fact, the net present value of the acquirer could be estimated directly from the response of CapitaLand’s share price on April 15th. This, together with the premium for the target, would provide an estimation of the synergy created.

Exhibit 1: capitamall asia’s BALANCE SHEETS (IN SG$ THOUSANDs)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **2009** | **2010** | **2011** | **2012** | **2013** |
| Development Properties for Sale |  | 0 | 0 | 8,827 | 0 | 0 |
| Trade and Other Receivables |  | 436,013 | 498,281 | 217,862 | 533,047 | 301,773 |
| Cash and Cash Equivalents |  | 544,306 | 1,318,312 | 975,479 | 675,351 | 1,004,312 |
| **Total Current Assets** |  | **980,319** | **1,816,593** | **1,202,168** | **1,208,398** | **1,306,085** |
| Plant and Equipment |  | 14,686 | 13,197 | 16,196 | 17,019 | 19,304 |
| Investment Properties |  | 1,378,567 | 304,429 | 618,988 | 1,565,789 | 1,546,594 |
| Property under Development |  | 127,666 | 288,848 | 1,060,102 | 548,141 | 146,934 |
| Subsidiaries |  | 0 | 0 | 0 | 0 | 0 |
| Associates |  | 2,999,393 | 3,119,729 | 3,521,066 | 3,671,971 | 4,195,179 |
| Jointly Controlled Entities |  | 675,398 | 1,043,656 | 1,136,861 | 2,335,326 | 2,445,766 |
| Other Investments |  | 200,028 | 378,653 | 425,622 | 441,306 | 498,469 |
| Other Assets |  | 933 | 17,072 | 97,045 | 143,384 | 202,441 |
| **Total Non-Current Assets** |  | **5,396,671** | **5,165,584** | **6,875,880** | **8,722,936** | **9,054,687** |
| **TOTAL ASSETS** |  | **6,376,990** | **6,982,177** | **8,078,048** | **9,931,334** | **10,360,772** |
|  |  |  |  |  |  |  |
| Trade and Other Payables |  | 377,622 | 295,396 | 213,132 | 240,890 | 284,108 |
| Loans and Borrowings |  | 72,155 | 12,260 | 238,938 | 8,922 | 157,763 |
| Current Tax Payable |  | 49,111 | 58,102 | 51,448 | 55,526 | 54,976 |
| **Total Current Liabilities** |  | **498,888** | **365,758** | **503,518** | **305,338** | **496,847** |
| Loans and Borrowings |  | 430,738 | 687,692 | 990,805 | 2,705,490 | 2,428,283 |
| Deferred Tax Liabilities |  | 30,065 | 33,121 | 85,021 | 88,563 | 96,524 |
| Other Non-Current Liabilities |  | 23,845 | 7,376 | 21,579 | 93,982 | 70,416 |
| **Total Non-Current Liabilities** |  | **484,648** | **728,189** | **1,097,405** | **2,888,035** | **2,595,223** |
| **TOTAL LIABILITIES** |  | **983,536** | **1,093,947** | **1,600,923** | **3,193,373** | **3,092,070** |
|  |  |  |  |  |  |  |
| Share Capital |  | 4,605,000 | 4,605,000 | 4,607,514 | 4,612,590 | 4,620,971 |
| Other Reserves |  | 735,041 | 1,223,519 | 1,619,477 | 1,877,757 | 2,542,797 |
| **Equity Attributable to Owners of the Company** |  | **5,340,041** | **5,828,519** | **6,226,991** | **6,490,347** | **7,163,768** |
| Non-Controlling Interests |  | 53,413 | 59,711 | 250,134 | 247,614 | 104,934 |
| **Total Equity** |  | **5,393,454** | **5,888,230** | **6,477,125** | **6,737,961** | **7,268,702** |
| **TOTAL EQUITIES AND LIABILITIES** |  | **6,376,990** | **6,982,177** | **8,078,048** | **9,931,334** | **10,360,772** |

Source: Created by the case authors based on information obtained from CapitaMalls Asia Limited, *Clarity, Sustainable Growth: Annual Report 2013*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/CMA%20AR(Final)\_2013.ashx?

App=Prospectus&FileID=20423; CapitaMalls Asia Limited, *Extending Reach, Seizing New Opportunities: Report to Shareholders 2012*, accessed January 27, 2017, http://capitamallsasia.listedcompany.com/misc/2012\_en/ar2012\_en.pdf; CapitaMalls Asia Limited, *Growing Our Presence in Asia, Report to Shareholders 2011*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/CapitaMalls%20Asia%20AR%202011(FINAL\_ENGLISH).ashx?App=Prospectus&FileID=92; CapitaMalls Asia Limited, *Growing Our Presence: Report to Shareholders 2010*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/CapitaMalls%20Asia%20AR%202010.ashx?App=Prospectus&FileID=10698; CapitaMalls Asia Limited, *Asia’s Leading Shopping Mall Developer, Owner and Manager: Report to Shareholders 2009*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/CMA%20AR2009%20PDF%20for%20Registra.ashx?App=Prospectus&FileID=7966.

Exhibit 2: capitamall asia’s income statements (IN SG$ THOUSANDs)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **2009** | **2010** | **2011** | **2012** | **2013** |
| **Revenue** |  | **228,946** | **245,402** | **246,173** | **361,178** | **380,416** |
| Cost of Goods Sold |  | −100,246 | −91,803 | −104,204 | −140,389 | −140,360 |
| **Gross Profit** |  | **128,700** | **153,599** | **141,969** | **220,789** | **240,056** |
| Other Operating Income |  | 85,019 | 82,447 | 252,057 | 214,677 | 139,698 |
| Administrative Expenses |  | −70,212 | −107,419 | −140,401 | −151,388 | −146,725 |
| Other Operating Expenses |  | −111,901 | −1,099 | −699 | −4,277 | −3,602 |
| **Profit from Operations** |  | **31,606** | **127,528** | **252,926** | **279,801** | **229,427** |
| Finance Costs |  | −111,430 | −25,603 | −33,312 | −69,715 | −74,015 |
| Share of Profits from Associates & Joint Ventures |  | 489,507 | 475,884 | 348,945 | 406,501 | 524,769 |
| **Profit before Tax** |  | **409,683** | **577,809** | **568,559** | **616,587** | **680,181** |
| Tax Expense |  | −16,027 | −28,871 | −74,341 | −57,739 | −66,054 |
| **Net Income** |  | **393,656** | **548,938** | **494,218** | **558,848** | **614,127** |
| **Attributable to:** |  |  |  |  |  |  |
| Owners of the Company |  | 388,096 | 541,337 | 456,008 | 546,018 | 600,008 |
| Non-Controlling Interests |  | 5,560 | 7,601 | 38,210 | 12,830 | 14,119 |
| **Earnings per Share (cents)** |  | 20.1 | 13.9 | 11.7 | 14.0 | 15.4 |

BREAKDOWN OF capitamall asia’s

REVENUE BY BUSINESS AND GEOGRAPHICAL SEGMENTS (IN SG$ THOUSANDs)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | **2009** | **2010** | **2011** | **2012** | **2013** |
| **(Business Segments)** | |  |  |  |  |  |
| Management Business | | 166,360 | 253,768 | 318,372 | 258,005 | 230,790 |
| Investment Business | | 135,161 | 94,285 | 56,224 | 109,678 | 154,194 |
| Others |  | 2,110 | 2,061 | 1,746 | 102,183 | 66,337 |
| Consolidation Elimination | | −74,685 | −104,712 | −130,169 | −108,688 | −70,905 |
| **Total** |  | **228,946** | **245,402** | **246,173** | **361,178** | **380,416** |
|  | |  |  |  |  |  |
| **(Geographical Segments)** | |  |  |  |  |  |
| Singapore |  | 84,332 | 108,679 | 104,047 | 123,036 | 120,007 |
| China |  | 62,879 | 78,680 | 104,412 | 159,996 | 165,179 |
| Malaysia |  | 2,144 | 49,520 | 28,876 | 37,576 | 40,581 |
| Japan |  | 79,134 | 4,699 | 4,433 | 35,639 | 49,259 |
| India |  | 457 | 3,824 | 4,405 | 4,931 | 5,390 |
| **Total** |  | **228,946** | **245,402** | **246,173** | **361,178** | **380,416** |

Source: Created by the case authors based on information obtained from CapitaMalls Asia Limited, *Clarity, Sustainable Growth: Annual Report 2013*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/CMA%20AR(Final)\_2013.ashx?App=

Prospectus&FileID=20423; CapitaMalls Asia Limited, *Extending Reach, Seizing New Opportunities: Report to Shareholders 2012*, accessed January 27, 2017, http://capitamallsasia.listedcompany.com/misc/2012\_en/ar2012\_en.pdf; CapitaMalls Asia Limited, *Growing Our Presence in Asia: Report to Shareholders 2011*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/CapitaMalls%20Asia%20AR%202011(FINAL\_ENGLISH).ashx?App=Prospectus&FileID=92; CapitaMalls Asia Limited, *Growing Our Presence: Report to Shareholders 2010*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/CapitaMalls%20Asia%20AR%202010.ashx?App=Prospectus&FileID=10698; CapitaMalls Asia Limited, *Asia’s Leading Shopping Mall Developer, Owner and Manager: Report to Shareholders 2009*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/CMA%20AR2009%20PDF%20for%20Registra.ashx?App=Prospectus&FileID=7966.

Exhibit 3: capitaland’S INCOME STATEMENTS (IN SG$ THOUSANDs)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **2009** | **2010** | **2011** | **2012** | **2013** |
| **Revenue** | **2,957,359** | **3,382,742** | **3,019,569** | **3,301,363** | **3,977,487** |
| Cost of Goods Sold | −1,931,165 | −2,106,384 | −1,946,684 | −2,073,289 | −2,891,707 |
| **Gross Profit** | **1,026,194** | **1,276,358** | **1,072,885** | **1,228,074** | **1,085,780** |
| Other Operating Income | 1,238,399 | 892,687 | 713,704 | 586,949 | 381,127 |
| Administrative Expenses | −412,649 | −488,279 | −530,187 | −580,251 | −517,627 |
| Other Operating Expenses | −572,121 | −117,421 | −46,459 | −52,122 | −198,637 |
| **Profit from Operations** | **1,279,823** | **1,563,345** | **1,209,943** | **1,182,650** | **750,643** |
| Finance Costs | −453,922 | −448,183 | −472,785 | −498,953 | −444,490 |
| Share of Profits from Associates and JV | 269,195 | 820,852 | 876,646 | 834,781 | 1,047,368 |
| **Profit before Tax** | **1,095,096** | **1,936,014** | **1,613,804** | **1,518,478** | **1,353,521** |
| Tax Expense | −86,462 | −265,907 | −190,884 | −201,907 | −168,908 |
| **Profit from Continuing Operations, Net Tax** | **1,008,634** | **1,670,107** | **1,422,920** | **1,316,571** | **1,184,613** |
| Net Income | **1,008,634** | **1,670,107** | **1,422,920** | **1,316,571** | **1,184,613** |
| **Attributable to:** |  |  |  |  |  |
| Owners of the Company | 1,052,959 | 1,273,139 | 1,057,311 | 930,347 | 849,795 |
| Non-Controlling Interests | −44,325 | 396,968 | 365,609 | 386,224 | 334,818 |
| **Earnings per Share** | 0.2620 | 0.2990 | 0.2480 | 0.2190 | 0.2000 |

breakdown of capitaland’s revenue

by geographical segments (IN SG$ THOUSANDs)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **2009** | **2010** | **2011** | **2012** | **2013** |
| Singapore |  | 978,996.0 | 1,200,843.0 | 1,074,765.0 | 1,169,706.0 | 1,396,718.0 |
| China |  | 773,914.0 | 711,336.0 | 665,599.0 | 587,933.0 | 1,070,435.0 |
| Other Asian Countries |  | 163,291.0 | 291,706.0 | 156,354.0 | 139,896.0 | 222,902.0 |
| Australia |  | 755,789.0 | 916,159.0 | 890,213.0 | 1,182,289.0 | 1,065,689.0 |
| Europe and Others | | 262,698.0 | 285,469.0 | 262,698.0 | 232,638.0 | 221,539.0 |
| **Total** |  | **2,957,459.0** | **3,382,742.0** | **3,019,569.0** | **3,301,363.0** | **3,977,487.0** |

Note: JV = joint ventures.

Source: Created by the case authors using information from CapitaLand Limited, *Clarity Insight and Foresight: Annual Report 2013*, accessed January 27, 2017, https://investor.capitaland.com/misc/ar2013.pdf; CapitaLand Limited, *Focus, Balance, Scale, Positioned for Growth: Annual Report 2012,* accessed January 27, 2017, http://investor.capitaland.com/misc/ar2012.pdf; CapitaLand Limited, *The Art of Building: Annual Report 2011*, accessed January 27, 2017, http://investor.capitaland.com/misc/ar2011.pdf; CapitaLand Limited, *Firm Foundation: Leading Edge Innovation in the First 10 Years, Ready for the Next 10 Years—Annual Report 2010,* accessed January 27, 2017, http://investor.capitaland.com/misc/ar2010.pdf; CapitaLand Limited, *Ahead of the Curve, Growth during Global Crisis: Annual Report 2009*, accessed January 27, 2017, http://investor.capitaland.com/misc/ar2009.pdf.

Exhibit 4: capitaland’s balance sheets (IN SG$ THOUSANDs)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **2009** | **2010** | **2011** | **2012** | **2013** |
| Development Properties |  | 3,590,270 | 5,419,350 | 6,905,124 | 7,510,093 | 7,382,023 |
| Trade and Other Receivables |  | 1,301,916 | 2,139,625 | 1,769,374 | 1,484,753 | 1,164,115 |
| Other Current Assets |  | 196,437 | 203,009 | 195,000 | 201,370 | 196,923 |
| Cash and Cash Equivalents |  | 8,729,718 | 7,190,064 | 6,264,473 | 5,497,693 | 5,920,152 |
| **Total Current Assets** |  | **13,818,341** | **14,952,048** | **15,133,971** | **14,693,909** | **14,663,213** |
| Property, Plant, and Equipment |  | 1,772,301 | 1,049,407 | 1,075,505 | 1,263,615 | 1,079,239 |
| Intangible Assets |  | 518,026 | 459,605 | 458,722 | 462,093 | 470,735 |
| Investment Properties |  | 5,058,507 | 4,732,895 | 7,074,617 | 7,969,402 | 4,935,194 |
| Associates |  | 7,012,174 | 8,249,142 | 9,290,737 | 9,692,297 | 11,750,550 |
| Joint Ventures |  | 1,672,056 | 1,861,232 | 1,394,263 | 2,818,985 | 2,525,352 |
| Deferred Tax Assets |  | 81,250 | 308,205 | 95,671 | 91,595 | 73,477 |
| Other Non-Current Assets |  | 233,359 | 87,686 | 795,955 | 795,713 | 657,124 |
| **Total Non-Current Assets** |  | **16,347,673** | **16,748,172** | **20,185,470** | **23,093,700** | **21,491,671** |
| **TOTAL ASSETS** |  | **30,166,014** | **31,700,220** | **35,319,441** | **37,787,609** | **36,154,884** |
|  |  |  |  |  |  |  |
| Trade and Other Payables |  | 1,880,017 | 1,694,385 | 2,270,488 | 2,359,598 | 2,680,483 |
| Short-Term Bank Borrowings |  | 992,974 | 852,255 | 426,011 | 765,826 | 939,310 |
| Current Portion of Debt Securities |  | 404,612 | 909,519 | 434,228 | 16,346 | 254,972 |
| Current Tax Payable |  | 457,374 | 496,405 | 441,075 | 432,489 | 472,711 |
| **Total Current Liabilities** |  | **3,734,977** | **3,952,564** | **3,571,802** | **3,574,259** | **4,347,476** |
| Long-Term Bank Borrowings |  | 3,951,770 | 3,798,410 | 6,105,790 | 6,617,114 | 5,421,543 |
| Debt Securities |  | 4,963,198 | 4,797,859 | 5,224,610 | 6,780,492 | 5,946,962 |
| Deferred Tax Liabilities |  | 173,756 | 593,238 | 627,638 | 658,989 | 611,133 |
| Other Non-Current Liabilities |  | 462,550 | 540,687 | 550,130 | 712,971 | 516,827 |
| **Total Non-Current Liabilities** |  | **9,551,274** | **9,730,194** | **12,508,168** | **14,769,566** | **12,496,465** |
| **TOTAL LIABILITIES** |  | **13,286,251** | **13,682,758** | **16,079,970** | **18,343,825** | **16,843,941** |
|  |  |  |  |  |  |  |
| Share Capital |  | 6,229,227 | 6,276,504 | 6,298,355 | 6,300,011 | 6,302,207 |
| Revenue Reserves |  | 6,839,047 | 7,652,261 | 8,328,115 | 8,910,445 | 9,429,976 |
| Other Reserves |  | 339,999 | 241,886 | 275,067 | −130,048 | 335,726 |
| **Equity Attributable to Owners** |  | 13,408,273 | 14,170,651 | 14,901,537 | 15,080,408 | 16,067,909 |
| Non-Controlling Interests |  | 3,471,490 | 3,846,811 | 4,337,934 | 4,363,376 | 3,243,034 |
| **Total Equity** |  | **16,879,763** | **18,017,462** | **19,239,471** | **19,443,784** | **19,310,943** |
| **TOTAL EQUITIES & LIABILITIES** |  | **30,166,014** | **31,700,220** | **35,319,441** | **37,787,609** | **36,154,884** |

Source: Created by the case authors using information from CapitaLand Limited, *Clarity Insight and Foresight: Annual Report 2013*, accessed January 27, 2017, https://investor.capitaland.com/misc/ar2013.pdf; CapitaLand Limited, *Focus, Balance, Scale: Positioned for Growth—Annual Report 2012*, accessed January 27, 2017, http://investor.capitaland.com/misc/ar2012.pdf; CapitaLand Limited, *The Art of Building: Annual Report 2011*, accessed January 27, 2017, http://investor.capitaland.com/misc/ar2011.pdf; CapitaLand Limited, *Firm Foundation, Leading Edge: Innovation in the First 10 Years, Ready for the Next 10 Years—Annual Report 2010,* accessed January 27, 2017, http://investor.capitaland.com/misc/ar2010.pdf; CapitaLand Limited, *Ahead of the Curve, Growth during Global Crisis: Annual Report 2009*, accessed January 27, 2017, http://investor.capitaland.com/misc/ar2009.pdf.

Exhibit 5: OTHER INFORMATION ABOUT CAPITALAND and Capitamall asia

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **CapitaLand** |  | **CapitaMall Asia** |
| **Cost of Debt** | | 2.3244 |  | 2.5842 |
| **Cost of Equity** | | 11.95745003 |  | 8.44892252 |
| **Beta** |  | 1.144 |  | 0.670 |
| **Number of Shares** | | 4,255,980,000 |  | 3,909,675,000 |
| **Terminal Growth Rate (assumed)** | |  |  | 3% |
| **Dividend History** | |  |  |  |
|  | **Year** | **Payout Ratio\* (%) CapitaLand** |  | **Payout Ratio (%) CapitaMalls Asia** |
|  | 2006 | 32.1673 |  |  |
|  | 2007 | 15.2538 |  |  |
|  | 2008 | 23.5455 |  |  |
|  | 2009 | 42.3568 |  | 9.9975 |
|  | 2010 | 17.9704 |  | 18.4164 |
|  | 2011 | 32.1098 |  | 25.5478 |
|  | 2012 | 31.9881 |  | 23.1494 |
|  | 2013 | 42.2338 |  | 22.6997 |

Note: Payout Ratio = Dividend ÷ Net Income.

Source: Created by the case authors using data from “CapitaMalls Asia (SG1Z05950543),” and “CapitaLand Limited (SG1J27887962),” Compustat CapitalIQ, accessed January 27, 2016.

Exhibit 6: HISTORICAL AND FORECASTED GDP GROWTH RATES (in US$ thousands)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Forecasted** | | | | |
|  | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** |
| **Global** |  |  |  |  |  |  |  |  |
| GDP | 72,611.6 | 74,492.8 | 76,330.8 | 78,169.0 | 73,591.4 | 74,996.6 | 76,259.4 | 79,925.8 |
| Growth YoY (%) | 11.4 | 2.6 | 2.5 | 2.4 | -5.9 | 1.9 | 1.7 | 4.8 |
| **Europe** |  |  |  |  |  |  |  |  |
| GDP | 13,618.9 | 12,626.7 | 13,172.4 | 13,421.4 | 11,592.1 | 11,825.5 | 11,331.2 | 11,583.7 |
| Growth YoY (%) | 7.8 | −7.3 | 4.3 | 1.9 | −13.6 | 2.0 | −4.2 | 2.2 |
| **Asia** |  |  |  |  |  |  |  |  |
| GDP | 21,663.4 | 23,367.3 | 23,475.3 | 24,167.2 | 24,198.6 | 25,317.0 | 26,604.3 | 28,008.1 |
| Growth YoY (%) | 5.0 | 5.0 | 5.1 | 4.9 | 0.1 | 4.6 | 5.1 | 5.3 |
| **Australia** |  |  |  |  |  |  |  |  |
| GDP | 1,503.7 | 1,559.0 | 1,500.4 | 1,448.4 | 1,219.1 | 1,252.2 | 1,295.3 | 1,307.9 |
| Growth YoY (%) | 20.6 | 3.7 | −3.8 | −3.5 | −15.8 | 2.7 | 3.4 | 1.0 |
| **China** |  |  |  |  |  |  |  |  |
| GDP | 7,438.5 | 8,542.2 | 9,793.7 | 10,655.0 | 11,255.4 | 11,5980 | 11,826.1 | 12,420.8 |
| Growth YoY (%) | 23.8 | 14.8 | 14.7 | 8.8 | 5.6 | 2.2 | 2.8 | 5.0 |
| **Singapore** |  |  |  |  |  |  |  |  |
| GDP | 267.1 | 296.6 | 299.4 | 292.8 | 278.2 | 284.9 | 299.6 | 322.4 |
| Growth YoY (%) | 13.0 | 11.0 | 1.0 | −2.2 | −5.0 | 2.4 | 5.2 | 7.6 |

Source: Created by the case authors using “Real GDP Growth,” BMI Research, accessed January 27, 2017.

Exhibit 7: Financial ratios and nature of operations of potential peers

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Current Ratio** | **Quick Ratio** | **Solvency Ratio** | **Debt/**  **Equity** | **Equity Multiplier** | **Effective Tax Rate** |
| Bukit Sembawang Estates |  | 16.61 | 2.12 | 0.55 | 0.00 | 0.00 | 19.81 |
| City Developments Ltd |  | 3.57 | 1.18 | 0.12 | 51.82 | 30.16 | 7.34 |
| Frasers Centrepoint Limited |  | 2.41 | 0.29 | 0.03 | 32.94 | 17.28 | 11.60 |
| Global Logistic Properties |  | 3.43 | 2.94 | 0.18 | 31.86 | 21.76 | 15.02 |
| Hongkong Land Holdings Ltd |  | 1.99 | 0.67 | 0.22 | 16.47 | 13.43 | 11.58 |
| Pollux Properties Ltd |  | 4.81 | 0.41 | 0.06 | 151.03 | 57.89 | 67.45 |
| Sinarmas Land Ltd |  | 2.43 | 0.19 | 0.09 | 24.54 | 15.97 | 11.36 |
| Tuan Sing Holdings Ltd |  | 3.21 | 1.36 | 0.04 | 120.87 | 51.46 | 15.48 |
| UIC-United Indust Corp Ltd |  | 1.52 | 0.21 | 0.24 | 15.77 | 13.09 | 6.88 |
| UOL Group Ltd |  | 1.30 | 0.74 | 0.25 | 32.09 | 22.25 | 7.40 |
| Wheelock Properties (SGP) |  | 11.66 | 3.16 | 0.06 | 21.04 | 16.66 | 20.42 |
| Wing Tai Holdings Ltd |  | 5.63 | 2.32 | 0.16 | 47.53 | 28.90 | 14.90 |
| Yanlord Land Group Ltd |  | 2.22 | 0.39 | 0.06 | 62.13 | 28.17 | 44.03 |
| Yuexiu Property Co Ltd |  | 1.83 | 0.16 | 0.04 | 94.85 | 30.57 | 40.83 |
|  |  |  |  |  |  |  |  |
|  |  | **Gross Margin** | **Net Margin** | **Total Asset Turnover** | **Inventory Turnover** | **Receivable Turnover** | **Payable Turnover** |
| Bukit Sembawang Estates |  | 41.53 | 32.33 | 0.28 | 0.19 | 22.23 | 28.67 |
| City Developments Ltd |  | 51.60 | 21.40 | 0.18 | 0.36 | 27.93 | 8.85 |
| Frasers Centrepoint Limited |  | 39.54 | 35.19 | 0.20 | 0.27 | 16.64 | 4.37 |
| Global Logistic Properties |  | — | 107.04 | 0.05 | — | 25.79 | — |
| Hongkong Land Holdings Ltd |  | 53.79 | 64.06 | 0.06 | 0.33 | 38.69 | 2.99 |
| Pollux Properties Ltd |  | 24.71 | 0.91 | 0.09 | 0.09 | 3,378.06 | 9.72 |
| Sinarmas Land Ltd |  | 65.93 | 24.51 | 0.29 | 0.80 | 100.13 | 19.08 |
| Tuan Sing Holdings Ltd |  | 16.96 | 17.20 | 0.17 | 0.59 | 6.74 | 7.44 |
| UIC-United Indust Corp Ltd |  | 45.26 | 51.84 | 0.07 | 0.37 | 10.05 | 5.80 |
| UOL Group Ltd |  | 48.08 | 76.21 | 0.10 | 0.56 | 3.67 | 2.69 |
| Wheelock Properties (SGP) |  | 76.19 | 34.20 | 0.03 | 0.03 | 65.19 | 9.97 |
| Wing Tai Holdings Ltd |  | 41.48 | 39.86 | 0.27 | 0.60 | 16.48 | 34.31 |
| Yanlord Land Group Ltd |  | 35.46 | 13.07 | 0.18 | 0.25 | 250.18 | 3.50 |
| Yuexiu Property Co Ltd |  | 28.89 | 20.27 | 0.18 | 0.25 | 825.21 | 330.36 |

Exhibit 7: (continued)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **ROA** | **ROE** | **P/E** | **P/B** | **P/S** |  |
| Bukit Sembawang Estates |  | 8.52 | 10.19 | 16.03 | 1.59 | 5.18 |  |
| City Developments Ltd |  | 4.14 | 9.37 | 12.97 | 1.18 | 2.72 |  |
| Frasers Centrepoint Limited |  | 6.94 | 13.93 | 8.25 | 0.42 | 1.43 |  |
| Global Logistic Properties |  | 5.10 | 8.46 | 15.10 | 1.20 | 15.39 |  |
| Hongkong Land Holdings Ltd |  | 3.67 | 4.49 | 11.67 | 0.52 | 7.47 |  |
| Pollux Properties Ltd |  | 0.08 | 0.20 | 3.65 | 0.98 | 4.33 |  |
| Sinarmas Land Ltd |  | 7.81 | 19.81 | 5.05 | 1.03 | 1.24 |  |
| Tuan Sing Holdings Ltd |  | 3.29 | 7.14 | 6.67 | 0.47 | 1.16 |  |
| UIC-United Indust Corp Ltd |  | 4.00 | 6.54 | 12.97 | 0.82 | 6.72 |  |
| UOL Group Ltd |  | 7.86 | 12.18 | 6.07 | 0.71 | 4.62 |  |
| Wheelock Properties (SGP) |  | 1.09 | 1.31 | 50.60 | 0.68 | 17.32 |  |
| Wing Tai Holdings Ltd |  | 11.82 | 20.94 | 3.02 | 0.57 | 1.21 |  |
| Yanlord Land Group Ltd |  | 2.55 | 8.60 | 7.77 | 0.64 | 1.01 |  |
| Yuexiu Property Co Ltd |  | 3.89 | 12.43 | 1.69 | 0.08 | 0.13 |  |

Note: All data as at the respective companies’ FY2013 year-end dates; for companies with reporting currencies other than SG$, figures are converted to SG$ using the applicable year end closing rate from XE.com.

Source: Created by the case authors using data from Bukit Sembawang Estates, *Home for Every Generation: Annual Report 2013*, accessed January 27, 2017, www.bukitsembawang.sg/investor-relations/annual-report; City Developments Ltd, *50 Golden Years: Annual Report 2013*, accessed January 27, 2017, www.cdl.com.sg/annualreport2013/corporate\_network.html; Frasers Centrepoint Limited, *Creating Value ThrSGough Space: Annual Report 2013*, accessed January 27, 2017, http://infopub.sgx.com/Apps?A=COW\_Prospectus\_Content&B=AllAnnualReportByDate&F=19473; Global Logistic Properties, *Right Time, Right Place, Right People: Annual Report 2013,* accessed January 27, 2017, http://ir.glprop.com/phoenix.zhtml?c=240724&p=irol-reportsannual; Hongkong Land Holdings Ltd, *Annual Report 2013*, accessed January 27, 2017, www.hkland.com/data/media\_releases/results\_announcements/2013/ar2013.pdf; Pollux Properties Ltd, *Annual Report 2013*, accessed January 27, 2017, http://pollux.com.sg/singapore/ar/pollux\_ar2013.pdf ; Sinarmas Land Ltd, *Building for a Better Future: Sinarmas Land Annual Report 2013*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/Sinarmas%20Land%20Limited%20Annual%20Report%202013\_low%20res.ashx?App=Prospectus&FileID=20925; Tuan Sing Holdings Ltd, *2013 Annual Report*, accessed January 27, 2017, www.tuansing.com/InvestorRelations/ReportDownload.aspx?RID=1&Year=2013; UIC-United Industrial Corp Ltd, *Annual Report 2013*, accessed January 27, 2017, www.uic.com.sg/system/misc/ar2013.pdf; UOL Group Ltd, *Creating Value, Shaping Future: Annual Report 2013*, accessed January 27, 2017, www.uol.com.sg/investors\_and\_media/annual\_reports; Wheelock Properties, *Audited Results for the Year Ended 31 December 2013*, accessed January 27, 2017, www.wheelockproperties.com.sg/pdf/WPSL\_ANN\_Results\_311213.pdf; Wing Tai Holdings Ltd, *Celebrating Our Winning Partnerships: Annual Report 2013*, accessed January 27, 2017, www.wingtaiasia.com.sg/uploadfiles/1\_%20Annual%20Report%202013(1).pdf; Yanlord Land Group Ltd, *Expanding Our Presence: Annual Report 2013*, accessed January 27, 2017, http://yanlord.listedcompany.com/misc/ar2013.pdf; Yuexiu Property Company Ltd, *Annual Report 2013,* accessed January 27, 2017, http://file.irasia.com/listco/hk/yuexiuproperty/annual/2013/ar2013.pdf.

Exhibit 8: KEy Financial data of potential peers

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Company** | **Financial Year-End Month** | **Share Price**  **(SG$)** | **Shares Outstanding (millions)** | **Sales**  **(SG$ millions)** | **Earnings (SG$ millions)** | **Book Debt**  **(SG$ millions)** | **Cost of Debt**  **(%)** | **Book Equity**  **(SG$ millions)** | **Cost of Equity**  **(%)** |
| Bukit Sembawang Estates | March | 5.420 | 258.911 | 281.997 | 91.979 | 0.000 | 0.000 | 1,289.832 | 6.530 |
| City Developments Ltd | December | 9.600 | 909.301 | 3,905.453 | 653.224 | 5,737.767 | 2.178 | 11,408.684 | 8.427 |
| Frasers Centrepoint Limited | September | 1.700 | 2,899.996 | 3,439.592 | 597.219 | 9,795.537 | 2.239 | 11,843.484 | 6.257 |
| Global Logistic Properties | March | 2.650 | 4,743.686 | 960.183 | 904.823 | 6,002.647 | 2.207 | 16,559.382 | 9.488 |
| Hongkong Land Holdings Ltd | December | 5.900 | 2,352.800 | 2,473.395 | 4,151.022 | 4,858.221 | 2.261 | 38,844.924 | 10.629 |
| Pollux Properties Ltd | March | 0.079 | 627.115 | 48.271 | 1.656 | 53.930 | 2.014 | 50.784 | 8.091 |
| Sinarmas Land Ltd | December | 0.480 | 4,255.862 | 878.388 | 114.908 | 1,358.917 | 2.451 | 3,855.296 | 8.130 |
| Tuan Sing Holdings Ltd | December | 0.300 | 1,182.800 | 404.018 | 33.585 | 1,020.793 | 2.660 | 930.456 | 7.101 |
| UIC-United Indust Corp Ltd | December | 2.970 | 1,419.089 | 1,036.584 | 286.045 | 1,241.628 | 1.198 | 7,035.062 | 5.206 |
| UOL Group Ltd | December | 6.190 | 804.611 | 1,410.558 | 287.040 | 2,409.443 | 2.267 | 8,635.364 | 8.691 |
| Wheelock Properties (SGP) | December | 1.695 | 1,196.560 | 769.673 | 58.349 | 0.000 | 0.000 | 2,989.286 | 7.043 |
| Wing Tai Holdings Ltd | June | 1.970 | 772.509 | 544.390 | 7.079 | 1,376.506 | 1.749 | 3,332.526 | 7.308 |
| Yanlord Land Group Ltd | December | 1.225 | 1,941.586 | 5,351.540 | 562.453 | 4,726.304 | 1.474 | 6,257.589 | 6.728 |
| Yuexiu Property Co Ltd | December | 0.058 | 9,322.031 | 4,352.023 | 321.153 | 8,401.949 | 2.312 | 7,170.139 | 10.477 |

Notes: All data as at the respective companies’ FY2013 year-end dates; all figures in SG$; for companies with reporting currencies other than the Singapore dollar, amounts are converted to SG$ using the applicable year-end exchange rate from XE.com.

Source: Created by the case authors using data from Bukit Sembawang Estates, *Home for Every Generation, Annual Report 2013*, accessed January 27, 2017, www.bukitsembawang.sg/investor-relations/annual-report; City Developments Ltd, *50 Golden Years: Annual Report 2013,* accessed January 27, 2017, www.cdl.com.sg/annualreport2013/corporate\_network.html; Frasers Centrepoint Limited, *Creating Value Through Space: Annual Report 2013*, accessed January 27, 2017, http://infopub.sgx.com/Apps?A=COW\_Prospectus\_Content&B=AllAnnualReportByDate&F=19473; Global Logistic Properties, *Right Time, Right Place, Right People: Annual Report 2013*, accessed January 27, 2017, http://ir.glprop.com/phoenix.zhtml?c=240724&p=irol-reportsannual; Hongkong Land Holdings Ltd, *Annual Report 2013*, accessed January 27, 2017, www.hkland.com/data/media\_releases/results\_announcements/2013/ar2013.pdf; Pollux Properties Ltd, *Annual Report 2013*, accessed January 27, 2017, http://pollux.com.sg/singapore/ar/pollux\_ar2013.pdf; Sinarmas Land Ltd, *Building for a Better Future: Sinarmas Land Annual Report 2013*, accessed January 27, 2017, http://infopub.sgx.com/FileOpen/Sinarmas%20Land%20Limited%20Annual%20Report%202013\_low%20res.ashx?App=Prospectus&FileID=20925; Tuan Sing Holdings Ltd, *2013 Annual Report*, accessed January 27, 2017, www.tuansing.com/InvestorRelations/ReportDownload.aspx?RID=1&Year=2013; UIC-United Industrial Corp Ltd, *Annual Report 2013*, accessed January 27, 2017, www.uic.com.sg/system/misc/ar2013.pdf; UOL Group Ltd, *Creating Value, Shaping Future: Annual Report 2013*, accessed January 27, 2017, www.uol.com.sg/investors\_and\_media/annual\_reports; Wheelock Properties, *Audited Results for the Year Ended 31 December 2013*, accessed January 27, 2017, www.wheelockproperties.com.sg/pdf/WPSL\_ANN\_Results\_311213.pdf; Wing Tai Holdings Ltd, *Celebrating Our Winning Partnerships: Annual Report 2013*, accessed January 27, 2017, www.wingtaiasia.com.sg/uploadfiles/1\_%20Annual%20Report%202013(1).pdf; Yanlord Land Group Limited, *Expanding Our Presence, Annual Report 2013*, accessed January 27, 2017, http://yanlord.listedcompany.com/misc/ar2013.pdf; Yuexiu Property Company Ltd, *Annual Report 2013*, accessed January 27, 2017, http://file.irasia.com/listco/hk/yuexiuproperty/annual/2013/ar2013.pdf.

Exhibit 9: Precedent transactions

| **Announce Date** | **Deal Description** | **Target Name** | **Target Country** | **Acquirer Name** | **Announced Total Value (US$ millions)** | **Announced  Premium** |
| --- | --- | --- | --- | --- | --- | --- |
| August 24, 2004 | PL Retail LLC acquired Price Legacy Corp. for US$1,241.08 million. The transaction was announced on August 24, 2004, and completed on December 22, 2004. | Price Legacy Corp. | United States | PL Retail LLC | 1,241.1 | 2.8% |
| December 20, 2004 | CNPR Group acquired Kramont Realty Trust for US$1,103.89 million. The transaction was announced on December 20, 2004, and completed on April 19, 2005. | Kramont Realty Trust | United States | CNPR Group | 1,103.9 | 17.1% |
| July 10, 2006 | Kimco Realty Corp. acquired Pan Pacific Retail Properties Inc. for US$3,867.52 million. The transaction was announced on July 10, 2006, and completed on October 31, 2006. | Pan Pacific Retail Properties Inc. | United States | Kimco Realty Corp. | 3,867.5 | 1.3% |
| July 10, 2006 | CNPR Group acquired Heritage Property Investment Trust Inc. for US$3,203.71 million. The transaction was announced on July 10, 2006, and completed on October 6, 2006. | Heritage Property Investment Trust Inc. | United States | CNPR Group | 3,203.7 | 7.5% |
| October 23, 2006 | DDR Corp. acquired Inland Retail Real Estate Trust Inc. for US$5,871.46 million. The transaction was announced on October 23, 2006, and completed on February 27, 2007. | Inland Retail Real Estate Trust Inc. | United States | DDR Corp. | 5,871.5 | 21.4% |
| February 27, 2007 | CNPR Group acquired Brixmor LLC for US$5,234.05 million. The transaction was announced on February 27, 2007, and completed on April 23, 2007. As of the completion date, this was CNPR Group's largest acquisition on record. | Brixmor LLC | United States | CNPR Group | 5,234.1 | 0.2% |
| April 3, 2007 | Banques Populaires/France acquired Foncia Groupe SAS for €516.75 million. The transaction was announced on April 3, 2007, and completed on May 10, 2007. | Foncia Groupe SAS | France | Banques Populaires/France | 690.3 | 0.8% |

Exhibit 9: Precedent transactions (Continued)

| **Announce Date** | **Deal Description** | **Target Name** | **Target Country** | **Acquirer Name** | **Announced Total Value (US$ millions)** | **Announced  Premium** |
| --- | --- | --- | --- | --- | --- | --- |
| June 29, 2007 | Landic Property hf acquired Landic Property A/S for DKK4,356.53 million. The transaction was announced on June 29, 2007, and completed on September 20, 2007. | Landic Property A/S | Denmark | Landic Property hf | 792.5 | 11.0% |
| June 15, 2010 | Conwert Immobilien Invest GmbH acquired ECO Business-Immobilien AG for €629.10 million. The transaction was announced on June 15, 2010, and completed on November 4, 2010. | ECO Business-Immobilien AG | Germany | Conwert Immobilien Invest. GmbH | 775.7 | 38.8% |
| October 4, 2010 | British Columbia Investment Management Corp. acquired Parkbridge Lifestyle Communities Inc. for CA$787.09M. The transaction was announced on October 4, 2010, and completed on January 12, 2011. | Parkbridge Lifestyle Communities Inc. | Canada | British Columbia Investment Management Corp. | 769.2 | 33.4% |
| March 10, 2011 | A consortium led by Elbit Imaging Ltd. acquired EDT Retail Trust for AU$1,189.17 million. The transaction was announced on March 10, 2011, and completed on September 6, 2011. | EDT Retail Trust | Australia | Elbit Imaging Ltd., Plaza Centers NV, Eastgate Property LLC | 1,191.2 | 22.6% |
| January 16, 2013 | H&R Real Estate Investment Trust acquired Primaris Retail Real Estate Investment Trust for CA$4,049.52 million. The transaction was announced on January 16, 2013, and completed on April 9, 2013. Through the acquisition, H&R became Canada's largest REIT by enterprise value. | Primaris Retail Real Estate Investment Trust | Canada | H&R Real Estate Investment Trust | 4,105.8 | 5.0% |

Note: REIT = real estate investment trust.

Source: Created by the case authors using data from “Industry Codes for Shopping Mall REITS, Real Estate Management,” Bloomberg L.P., accessed October 26, 2018.

Exhibit 10: Volume and Price data (Price in SG$)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Straits Times Index** | | **CapitaMalls Asia** | | **CapitaLand** | |
| **Date** | **Volume Traded** | **Points** | **Volume Traded** | **Price Per Share** | **Volume Traded** | **Price Per Share** |
| April 1, 2014 | 197,530,100 | 3,198.52 | 10,032,000 | 1.790 | 18,422,000 | 2.91 |
| April 2, 2014 | 342,589,000 | 3,192.78 | 16,613,000 | 1.760 | 15,257,000 | 2.94 |
| April 3, 2014 | 329,078,400 | 3,220.06 | 8,902,000 | 1.755 | 9,337,000 | 2.96 |
| April 4, 2014 | 182,690,000 | 3,212.72 | 5,652,000 | 1.755 | 5,593,000 | 2.96 |
| April 7, 2014 | 201,864,700 | 3,193.59 | 8,235,000 | 1.735 | 5,349,000 | 2.96 |
| April 8, 2014 | 268,919,900 | 3,204.09 | 6,573,000 | 1.750 | 10,133,000 | 2.98 |
| April 9, 2014 | 320,399,100 | 3,209.92 | 10,054,000 | 1.760 | 6,759,000 | 2.98 |
| April 10, 2014 | 318,300,500 | 3,203.58 | 34,596,000 | 1.805 | 8,250,000 | 2.95 |
| April 11, 2014 | 204,142,300 | 3,198.22 | 5,153,000 | 1.815 | 10,538,000 | 2.92 |
| April 14, 2014 | 151,492,500 | 3,214.83 | — | 1.805 | — | 2.92 |
| April 15, 2014 | 415,223,400 | 3,246.32 | 183,127,000 | 2.190 | 48,854,000 | 3.11 |

Source: Created by the authors using data from “Straits Times Index (^STI),” accessed January 27, 2017, https://sg.finance.yahoo.com/quote/%5ESTI; “CapitaLand Limited (CATL.SI),” accessed January 27, 2017, https://finance.yahoo.com/quote/CATL.SI; “CapitaMalls Asia (JS8.SI),” Yahoo! Finance, accessed January 27, 2017.

Endnotes

1. This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of CapitaLand Limited, CapitaMalls Asia Limited, or any of their employees. [↑](#endnote-ref-1)
2. SG$ = Singapore dollars; all currency amounts are in SG$ unless otherwise specified; US$1 = SG$1.2534 on April 14, 2014. [↑](#endnote-ref-2)
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13. Ibid. [↑](#endnote-ref-13)
14. Ibid. [↑](#endnote-ref-14)
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22. Maybank Kim Eng Research, op. cit. [↑](#endnote-ref-22)
23. CapitaLand Limited, “CapitaLand Launches Voluntary Conditional Cash Offer,” op. cit. [↑](#endnote-ref-23)
24. Thakur, op. cit. [↑](#endnote-ref-24)
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27. Ibid. [↑](#endnote-ref-27)
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29. Ibid. [↑](#endnote-ref-29)
30. Ibid. [↑](#endnote-ref-30)
31. Thakur, op. cit. [↑](#endnote-ref-31)