

# APAC - M&A DEALS OF THE WEEK

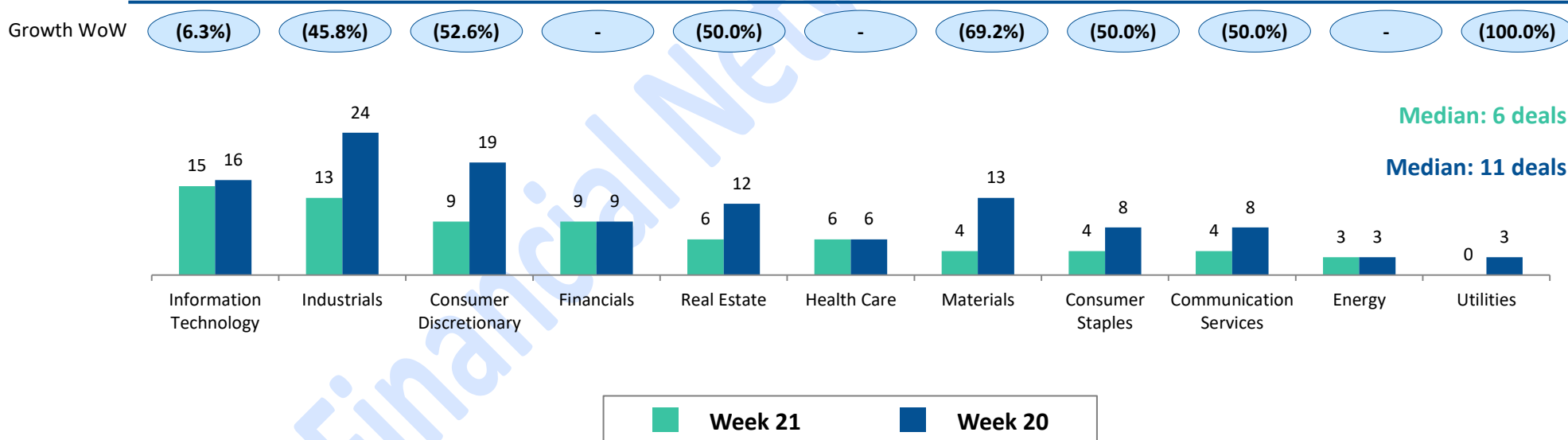
Saturday 30<sup>th</sup> of May 2020

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## Analysis of the APAC region

- ◆ The total value of deals announced this week totaled **\$6.26 billion** which represents a **5.1% increase** compared to last week's **\$5.95 billion**
  - The average deal value **increased by 73.4%** at **\$109.9 million** compared to last week's **\$63.4 million**
- ◆ Breaking down the number of transactions. **91 deals** were announced and closed this week which represent a **31.6% decrease** compared to last week's **133 deals**
- ◆ Breaking down the transaction's activity by sector, **Information Technology** recorded the highest number of deals (15 deals) followed by **Industrials** (13 deals) and **Financials** (9 deals)








## M&A number of deals by Industry



Source: S&P Capital IQ

# Deal of the week





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BUYER			SELLER
	 <b>Transaction Value</b> <b>\$447M</b>	 <b>actis</b>	
<b>Deal Description</b> 	<ul style="list-style-type: none"> <li>◆ A consortium composed of D&amp;D Investment and NH Investment &amp; Securities (“NHIS”) has completed its acquisition of Young City office complex from UK-based investment house Actis for \$447.2M</li> <li>◆ D&amp;D Investment, an affiliate of SK conglomerate’s real estate development arm SK D&amp;D, seeks to establish a real estate investment trust called Young City REITs by securitizing the properties</li> </ul>		
<b>Market Outlook</b> 	<ul style="list-style-type: none"> <li>◆ Subdued demand and new supply additions equivalent to 8.0% of total stock in 1Q20 will drive up vacancy at a faster pace starting in 2Q20</li> <li>◆ Buildings’ vacancy rate - often used to gauge the real estate asset’s financial health - fell slightly to 7.5%, as most tenants signed their contracts prior to the arrival of COVID-19</li> </ul>		
<b>Deal Motivation</b> 	<ul style="list-style-type: none"> <li>◆ NHIS wants to capitalize on the mismatch between the demand and the quality and affordability of existing supply</li> <li>◆ Young City has strived to ensure stable cash flow from tenants by increasing its weighted average lease expiry - a barometer used to gauge a real estate asset’s risk of going vacant - to over five years</li> </ul>		
<b>Advisors</b> 	<b>Buy-side</b> <div style="border: 1px solid black; padding: 5px; display: inline-block;">Undisclosed</div>	<b>Sell-side</b> <div style="border: 1px solid black; padding: 5px; display: inline-block;">Undisclosed</div>	

# Buyer and target components

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## NH Investment & Securities Co., Ltd. ("NHIS")

<p><b>Company Description</b></p> 	<ul style="list-style-type: none"> <li>◆ Founded in the late 70s, the Korea-based house is a listed company (KOSE:A005940) primarily engaged in financial investment businesses</li> <li>◆ Considered as one of Korea's largest securities firms through 121 domestic branches and overseas entities</li> </ul>
<p><b>Product Overview</b></p> 	<ul style="list-style-type: none"> <li>◆ The Company operates through three segments: (i) Trading - stocks, bonds and ECM; (ii) Sales - AM services such as stocks brokerage and financial product sales; (iii) Investment Bank - corporate finance, M&amp;A, and PEF operations</li> </ul>
<p><b>Statistics</b></p> 	<ul style="list-style-type: none"> <li>◆ Revenue rose 14.0% YoY to \$1.15bn (FY19A)</li> <li>◆ Realized a record profit of \$385M, partly thanks to flexible asset management (AM), a 31.8% increase YoY</li> <li>◆ Market cap of \$2.43bn (KS)</li> </ul>
<p><b>Coronavirus Impact</b></p> 	<ul style="list-style-type: none"> <li>◆ Domestic activities have been in line with analyst expectations. Having said that, corporation has seen \$6.05M loss in 1Q20 on overseas subsidiaries</li> <li>◆ Its HK entity acting as an investment bank has taken the brunt given low IB deals</li> </ul>

## Young City ("YC")

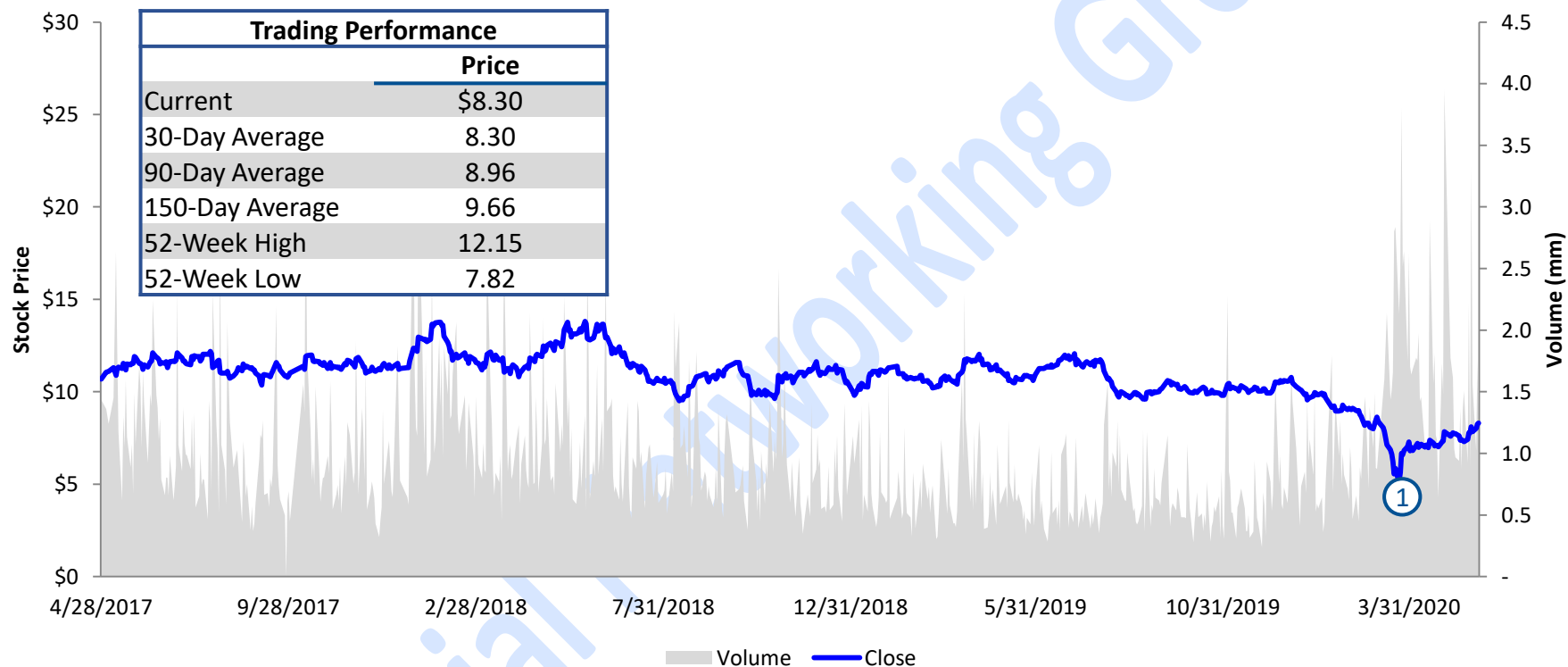
<ul style="list-style-type: none"> <li>◆ UK-based PE firm, Actis Capital, has divested a Grade-A twin tower office building located in Southwest of Seoul</li> <li>◆ It marks the third exit for Actis RE fund after its 2018 purchase of Standard's RE business in Asia</li> </ul>
<ul style="list-style-type: none"> <li>◆ YC, a complex of 13-storey towers with five underground levels, has 99,000 SQM of floor area which is larger than comparable new projects in Seoul</li> <li>◆ Located in close proximity to major business districts</li> </ul>
<ul style="list-style-type: none"> <li>◆ According to Cushman &amp; Wakefield, Actis has earned \$227M return before taxes from the sale</li> </ul>
<ul style="list-style-type: none"> <li>◆ South Korea has seen the highest spike in cases and government prepared to forbid offices access – impacting YC overall</li> </ul>

Source: Company Filings, Yahoo Finance

# NHIS annotated trading performance over the last 3 years

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## LTM Stock Price Performance



**1** **March 24, 2020:** South Korean stocks rebounded sharply as investors were buoyed by the US Federal Reserve's overnight announcement of unlimited bond-buying to tackle the economic slowdown due to coronavirus spread



Source: Yahoo Finance, Company Filings  
 Note: All information on NHIS based solely on publicly available information data as of 05/27/2020

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