SUMMARY

This case study examines the merger of DBS Land Limited and Pidemco Land Limited that resulted in the largest local listed property firm, CapitaLand Limited. It examines the success of the merger by evaluating whether the performance of DBS Land/CapitaLand improved after the merger.

The financial and accounting performance of DBS Land, Pidemco Land and CapitaLand will be evaluated with the use of stock performance measures and financial ratios. In addition, the performance of CapitaLand would be assessed against those of other selected property companies.

Based on the financial results for the first year of operation after the merger, the performance of CapitaLand had generally declined in terms of profitability, growth, gearing, liquidity and cashflow position. The results for the financial efficiency of the merged entity are mixed. The results based on the stock performance measures are also mixed. Only the Jensen Index indicates a post-merger improvement in stock performance, while the results of the Sharpe Index and Treynor Index are mixed.

Some of the objectives of the management such as larger market capitalization were immediately met once the merger was finalized. It is still premature at this stage to conclude whether some of the other objectives were achieved as a longer period of study is required..