


- Control premium  acquisition premium
- In general, a control party has the ability to
  - Enhance cash flows by running the company better, thereby increasing its value
  - Time the realization of an acquisition premium (inclusive or not of a control premium) by initiating or blocking a sale process
- When a company is optimally run, or the ability to effectuate operational improvements (often via change of management) is limited (by regulation for example) then control may be limited to the ability to time a sale process
- In practice, exercise of the control of timing is often observed
- The ability to control the timing of a sale process is also valuable

# Recent examples

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- **GGP – Brookfield Ackmann’s proposal to sell to Simon**

- Ackmann’s Pershing Capital pushed to have GGP sold to Simon Property Group, arguing that GGP’s shareholders would reap the most value through a sale to SPG
- Brookfield, the largest shareholder and with 3 out of 9 seats on the board, blocked Ackmann’s attempt, noting that GGP was making enough progress since its November 2010 exit from bankruptcy protection to thrive on its own

- **Klepierre – BNP Paribas times exit through block sale to SPG**

- BNP Paribas (controlling shareholder) sells 28.7% stake in Klepierre to Simon Property Group
- BNP Paribas was approached by several interested parties but inevitably agreed to an off market deal with Simon
- The transaction left BNP Paribas with a 22% ownership stake in Klepierre

- **Dell – Michael Dell vs. Activist Shareholders**

- Michael Dell (Chairman / CEO with 14% ownership) is currently orchestrating a deal to privatize the company with Silver Lake, a private equity firm
- Carl Icahn who has built up a minority stake in Dell and opposes the offer by founder Michael Dell and Silver Lake, has made an offer of \$15 per share for 58 percent of the company