

**Online Appendix Tables**  
**Private Placements of Equity and Firm Value:  
Value Enhancing or Value Destroying?**

By Jun-Koo Kang and James L. Park

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This appendix presents tables for additional analyses that are discussed but not reported in the paper.

Specifically, the appendix includes:

- Table A.1: OLS Regressions of the Three-day Cumulative Abnormal Returns (CARs) Around Private Placement Announcement Dates: Comparison among PPEs Classified According to Intensity/Timeliness of Shareholder Approval
- Table A.2: Use of Cash in the Post-placement Period

**Table A1****OLS Regressions of the Three-day Cumulative Abnormal Returns (CARs) Around Private Placement Announcement Dates: Comparison among PPEs Classified According to Intensity/Timeliness of Shareholder Approval**

This table presents estimates of OLS regressions of the cumulative abnormal returns (CARs) for private placement firms from one day before the placement announcement date to one day after the placement announcement date. The sample consists of 4,189 private placements of equity (PPEs) reported in the Sagient Research PlacementTracker database from 1995 to 2016. PPEs with a shareholder approval feature are 1) discount placements whose fractions placed are more than 20% of the shares outstanding (i.e., *Discount Issues with Fraction More Than 20%*), 2) placements in which the buyer purchases more than 20% of shares outstanding including existing and new shares and becomes the largest shareholder (i.e., *Change-of-Control Issues*), and 3) placements in which the manager purchases either discount issues, or premium issues that are part of an establishment or material amendment to the firm's equity compensation plan, or large issues that account for more than 1% of shares outstanding in her NYSE listed firm (i.e., *Manager Participating Issue*). For PPEs with a shareholder approval feature, we include only the PPEs for which the information on approval meeting type is available. There are 170 PPEs scheduled to vote at annual shareholder meetings (PPE\_VOTE\_AT\_ANNUAL\_SHAREHOLDER\_MEETING), 136 PPEs scheduled to vote at special shareholder meetings (PPE\_VOTE\_AT\_SPECIAL\_SHAREHOLDER\_MEETING), and 6 PPEs scheduled to apply for the financial viability exception rule (PPE\_APPLY\_FOR\_FINANCIAL\_VIABILITY\_EXCEPTION). OTHER\_PPES\_WITH\_SHAREHOLDER\_APPROVAL\_FEATURE is an indicator for the PPEs with a shareholder approval feature that are not scheduled to vote at special shareholder meetings. Daily abnormal returns are calculated by using a market model with a 200 trading-day estimation period beginning 245 days before and ending 46 days before the PPE announcement date. The CRSP value-weighted return is used as a proxy for the market return. The daily abnormal returns are cumulated to obtain the CAR. All control variables are measured at the quarter immediately prior to placement announcement dates, and their detailed descriptions are provided in Appendix B. The *t*-statistics are in parentheses and are estimated by using White standard errors that adjust for heteroskedasticity and firm clustering. \*\*\*, \*\*, and \* stand for statistical significance at the 0.01, 0.05, and 0.10 levels, respectively.

Independent Variable	Dependent Variable = CARs (-1, 1)		
	(1)	(2)	(3)
PPE_WITH_SHAREHOLDER_APPROVAL_FEATURE (indicator)	2.42** (2.08)		
PPE_VOTE_AT_SPECIAL_SHAREHOLDER_MEETING (indicator): a		4.82*** (2.59)	4.85*** (2.61)
OTHER_PPES_WITH_SHAREHOLDER_APPROVAL_FEATURE (indicator): b		0.57 (0.41)	
PPE_VOTE_AT_ANNUAL_SHAREHOLDER_MEETING (indicator): c			-0.52 (-0.41)
PPE_APPLY_FOR_FINANCIAL_VIABILITY_EXCEPTION (indicator): d			31.57* (1.79)
REGISTERED_DIRECT (indicator)	-7.56*** (-12.17)	-7.56*** (-12.18)	-7.57*** (-12.23)
WARRANTS_INCLUDED (indicator)	-4.23*** (-7.45)	-4.15*** (-7.33)	-4.04*** (-7.28)
HEDGE_FUND/BUYOUT/Private_Equity (indicator)	-1.76*** (-3.11)	-1.78*** (-3.13)	-1.80*** (-3.15)
log (SIZE)	-0.34 (-1.30)	-0.33 (-1.26)	-0.32 (-1.20)
MB	0.00 (1.17)	0.00 (1.20)	0.00 (1.37)
CASH	12.36*** (3.41)	12.25*** (3.39)	12.42*** (3.43)
LEVERAGE	4.00** (2.44)	3.89** (2.36)	3.80** (2.31)
PROFITABILITY	-8.90 (-1.28)	-8.94 (-1.28)	-9.04 (-1.30)

HIGH_DISTRESS (indicator)	2.27* (1.77)	2.30* (1.80)	2.09* (1.66)
INSTITUTIONAL_OWNERSHIP	0.03** (2.11)	0.03** (2.10)	0.03** (2.21)
MANAGERIAL_OWNERSHIP	-0.01 (-0.72)	-0.01 (-0.72)	-0.01 (-0.67)
Test of Difference:			
(b - a)		1.87*	
(c - a)			2.45**
(d - c)			1.81*
Year Fixed Effects	Yes	Yes	Yes
Industry Fixed Effects	Yes	Yes	Yes
Number of Observations	4,189	4,189	4,189
Adjusted R-squared	0.09	0.09	0.10

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**Table A2**  
**Use of Cash in the Post-placement Period**

This table presents estimates of OLS regressions of the changes in cash holdings, leverage, dividends, total investment, and acquisition frequency for private placement firms one year (two years) after the closing date of private placement issuance. The full sample consists of 4,725 private placements of equity (PPEs) reported in the Sagient Research PlacementTracker database from 1995 to 2016. The dependent variables in columns (1) - (5) (columns (6) - (10)) are the changes in firm outcome variables from quarters  $t$  to  $t+4$  ( $t+8$ ), where quarter  $t$  is the quarter immediately prior to the PPE closing dates. *Cash* (*Leverage*, *Dividend*) is the difference in the ratio of cash holdings (total debt, annual dividends) to the market value of a firm (i.e., the market value of equity plus total liabilities) between quarter  $t+4$  ( $t+8$ ) and quarter  $t$ . *Total investment* is the difference in the ratio of annual total investments (the sum of capital expenditures, acquisition expenses, and R&D expenditures) to the market value of a firm between quarter  $t+4$  ( $t+8$ ) and quarter  $t$ . *Acquisition frequency* is the difference in the number of M&As between one year (two years) after the PPE and one year before the PPE. All control variables are measured in the quarter immediately prior to the PPE closing dates, and their detailed descriptions are provided in Appendix B. The  $t$ -statistics are in parentheses and are estimated by using White standard errors that adjust for heteroskedasticity and firm clustering. \*\*\*, \*\*, and \* stand for statistical significance at the 0.01, 0.05, and 0.10 levels, respectively.

Independent Variable	Change from Quarters $t$ to $t+4$ of Private Placement Issuance					Change from Quarters $t$ to $t+8$ of Private Placement Issuance				
	Cash (1)	Leverage (2)	Dividend (3)	Total Investment (4)	Acquisition Frequency (5)	Cash (6)	Leverage (7)	Dividend (8)	Total Investment (9)	Acquisition Frequency (10)
PRIVATE_PLACEMENT_WITH _NO_VALUE_ENHANCING _FEATURE (indicator)	0.01*** (2.60)	0.02*** (4.70)	-0.00 (-0.17)	0.00 (0.77)	0.03* (1.95)	0.02*** (5.11)	0.02*** (4.61)	-0.00 (-0.69)	0.00 (0.53)	0.04* (1.90)
REGISTERED_DIRECT (indicator)	0.02*** (4.20)	0.01 (1.32)	0.00 (1.23)	0.01 (1.51)	-0.04** (-2.09)	0.02*** (4.56)	0.01 (1.55)	0.00 (1.62)	0.02*** (3.04)	-0.04 (-1.54)
WARRANTS_INCLUDED (indicator)	0.01 (1.25)	0.01* (1.84)	0.00 (0.98)	0.01** (2.33)	-0.00 (-0.03)	0.01 (1.54)	0.00 (0.80)	0.00 (1.29)	0.01** (2.13)	-0.01 (-0.71)
HEDGE_FUND/BUYOUT/ PRIVATE_EQUITY (indicator)	0.01* (1.74)	0.00 (0.64)	-0.00 (-0.44)	0.00 (0.03)	0.02 (0.75)	0.01** (2.21)	0.01* (1.85)	0.00 (0.04)	0.01 (0.71)	0.04 (1.18)
log (SIZE)	-0.04 (-0.64)	0.25** (2.50)	-0.00 (-0.03)	0.03 (0.40)	-0.34 (-1.35)	-0.03 (-0.41)	0.19 (1.61)	-0.00 (-0.18)	-0.03 (-0.44)	-0.43 (-1.03)
MB	-0.00*** (-2.80)	0.00 (1.39)	-0.00 (-0.59)	0.00 (0.88)	-0.00 (-0.95)	0.00 (0.89)	-0.00* (-1.66)	-0.00 (-0.78)	0.00 (0.65)	-0.00 (-1.42)
PROFITABILITY	0.12** (2.24)	-0.06 (-1.53)	0.00 (0.43)	0.22*** (2.86)	0.26** (2.03)	0.16** (2.57)	-0.05 (-0.85)	0.00 (0.08)	0.26*** (3.29)	0.48** (2.22)
HIGH_DISTRESS (indicator)	0.00 (0.59)	-0.05*** (-5.23)	-0.00 (-1.27)	-0.02 (-1.64)	-0.02 (-1.07)	0.00 (0.11)	-0.06*** (-5.57)	-0.00 (-1.33)	-0.04*** (-4.34)	-0.05* (-1.84)
INSTITUTIONAL_OWNERSHIP	-0.00 (-0.57)	-0.00 (-0.51)	0.00 (0.38)	0.00 (1.14)	0.00 (0.46)	-0.00 (-1.24)	-0.00 (-1.49)	0.00 (0.39)	-0.00 (-0.92)	0.00** (2.08)
MANAGERIAL_OWNERSHIP	-0.00 (-0.03)	0.00*** (2.70)	0.00 (0.97)	0.00 (1.26)	0.00 (1.41)	-0.00 (-0.72)	0.00*** (3.39)	0.00 (0.95)	0.00 (0.20)	0.00 (1.26)
Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Industry Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	4,725	4,725	4,399	4,367	4,725	4,725	4,725	4,399	4,367	4,725
Adjusted $R$ -squared	0.039	0.116	0.016	0.068	0.041	0.061	0.146	0.020	0.080	0.054