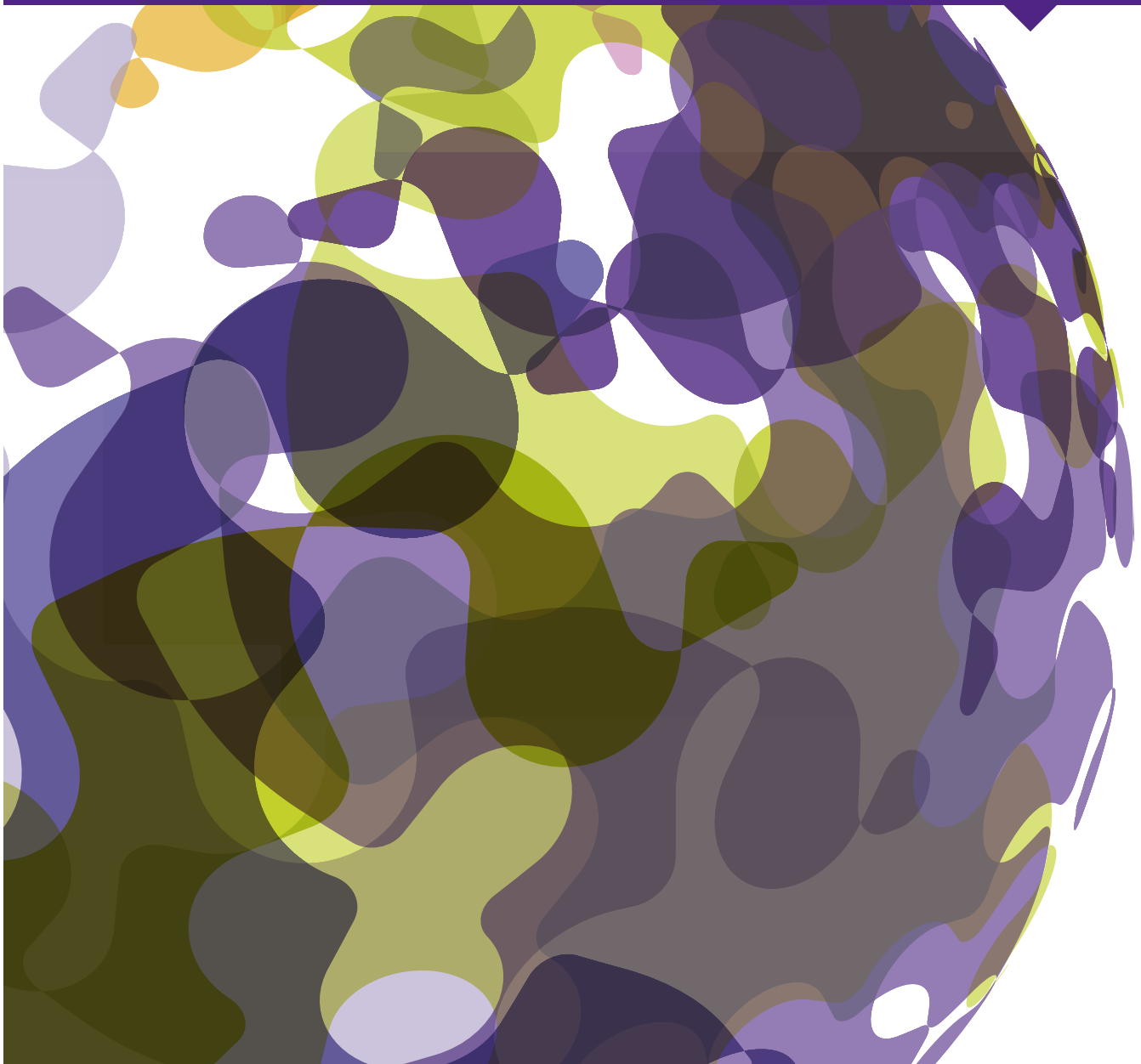


OFFSHORE-i

FIRST HALF 2016



**EXPERT INSIGHT INTO
THE WORLD OF OFFSHORE
TRANSACTIONS**

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INTRODUCTION



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Welcome to our latest edition of Offshore-i for 2016, and our review of the offshore M&A markets this year. In this report we are looking back on the first half of 2016 and have crunched the numbers to identify trends and themes emerging from deal activity in the offshore region.

2015 was an outstanding year for transactions offshore, with over 3,000 deals being announced during the course of the 12-month period worth a combined USD444bn, setting records for both volume and value.

Coming off such a high, the first half of 2016 had a lot to live up to, and yet, in keeping with all the major world regions, deal volume offshore has moved away from last year's frantic activity and dropped back to levels seen prior to 2015. In many ways, the numbers that appear over the following pages can be summed up as illustrating a return to business as usual, and there are several good reasons to expect little else. Election year in the United States always brings with it a period of hesitation on the part of investors, and coming as it does at the same time as a time of Brexit uncertainty in Europe, and ongoing questions about the strength of the Chinese economy, we do not expect 2016 to match the previous year's extraordinary totals.

Nevertheless, at the halfway point we report figures that are far from sluggish. In all there were 1,406 offshore-targeted deals in the first six months of 2016, with a combined worth of USD101bn. We have seen a 10% drop-off in deal volume and a 48% drop in deal value when compared to the outstanding previous half, but the figures closely mirror those from the 2013/2014 period. There has certainly been a readjustment, but not one that we feel too downbeat about. There were no mega-deals in this half – by which we refer to transactions worth in excess of USD5bn – and it is the first half that that has been the case since 2013, though every deal in the top 10 is worth at least USD2bn.

Nearly all world regions have suffered with sinking deal volumes this half, and value is down everywhere as big deals get put on hold. But offshore's 10% drop in volume – which is slightly higher than Western Europe, slightly lower than Asia – seems relatively benign when compared to the 55% drop seen in South and Central America. Indeed, perhaps the best news uncovered in this edition of Offshore-i is the fact that our region continues to record the largest average deal size for any of the world's regions, at USD72m. The offshore world really is a place through which transactions can occur smoothly, and it is clear that it increasingly plays a critical role in the world's largest deals.

The rest of 2016 may see choppy waters for M&A around the world, given its transitional nature as an election year, and our region is unlikely to break deal records. But we are quietly hopeful that the drop-off will neither be too deep nor too long-lasting.

Appleby
September 2016

“There has certainly been a readjustment, but not one that we feel too downbeat about.”

EXECUTIVE SUMMARY

Several interesting themes emerge from the offshore deal statistics that we outline on the following pages for the first half of 2016. Most notably:

- There were **1,406 deals in the first half of the year**, down 10% on the second half of 2015. This total is likely to edge higher as late transactions are added to the figures. There has now been a consistent run of over 1,400 deals per half starting in the second half 2013.
- The **half-year deal value of USD101bn**, which results in a six-month average deal size of USD72m.
- **The top 10 deals are each worth in excess of USD2bn**, with the biggest deal being the USD4.8bn acquisition of China's CITIC Real Estate and BVI-incorporated Tuxiana Corporation by Hong Kong's China Overseas Land & Investment. Five of the top 10 deals are in the technology and software sectors.
- Once again, **the financial services and insurance sector** is the biggest sector offshore by value as well as volume. In all, 19 subsectors recorded deal value in excess of USD1bn.
- **The most popular deal type is capital increases**, with 474 such deals in the half. The most value went to acquisitions, where USD47bn was spent in H1.
- As we have come to expect, **Cayman has the largest number of deals**, although Jersey and the BVI are the only offshore jurisdictions to see more deals in this half than the last.
- **The offshore region as an acquisition force is enjoying a bumper period.** Offshore has become a regular participant in some of the biggest transactions taking place globally; offshore companies making acquisitions currently outstrip offshore companies being targeted, announcing 1,443 deals worth USD182bn over the period.
- **The offshore region remains ranked sixth in the world by deal volume** for H1 2016, and still ranks fourth for value activity. Average deal size remains strong, and continuing from 2015, **offshore still has the highest average deal size of any region worldwide.**

H1 2016: SNAPSHOT

1,406	101 USD bn	Financial & Insurance Activities	Hong Kong	Capital Increase	Cayman Islands
Total number of deals	Total value of deals	No. 1 sector	Top acquirer	Favoured type of deal	Top target

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Our lawyers are part of a truly international practice operating from our offices in Bermuda, the British Virgin Islands, the Cayman Islands, Guernsey, Hong Kong, Isle of Man, Jersey, Mauritius, the Seychelles and Shanghai. Our network enables us to service our clients all over the world, including the key developing regions and, in particular, the BRIC economies.

ABOUT APPLEBY

Appleby is one of the world's largest providers of offshore legal advice and services. We have around 400 people, including 60 partners, operating from 10 offices around the globe.

We advise global public and private companies, financial institutions, and high net worth individuals, working with them and their advisers to achieve practical solutions, whether in a single location or across multiple jurisdictions.

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RESEARCH METHODOLOGY

This report details mergers and acquisitions and capital markets activity in offshore jurisdictions in 2016 using data from the Zephyr database, published by BvD. The offshore region covers target companies in Bermuda, British Virgin Islands, Cayman Islands, Hong Kong, Guernsey, Jersey, Isle of Man, Mauritius and Seychelles.

The date range for 2016 analysis is 1 January 2016 - 30 June 2016 inclusive. Deal status is as announced within the time period covered. Certain deals are subject to standard closing terms. Where necessary, deal values have been converted to USD at a rate set by Zephyr. Not all deals have a publically known value. Not all deal details are reported immediately, and the figures are subject to change as new information becomes available.