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Consideration



Key takeaways

Cash remained the preferred form of consideration, with 73% of deals providing target shareholders the option to receive all-cash, broadly consistent with the 75% observed in 2024.

All share (or scrip) deals, or those offering a mix of cash and scrip consideration, continued to be less common.

Some deals gave target shareholders the option to elect their preferred consideration.

Stub equity continued to be utilised.

Fewer deals continued to be funded through new acquisition debt facilities.

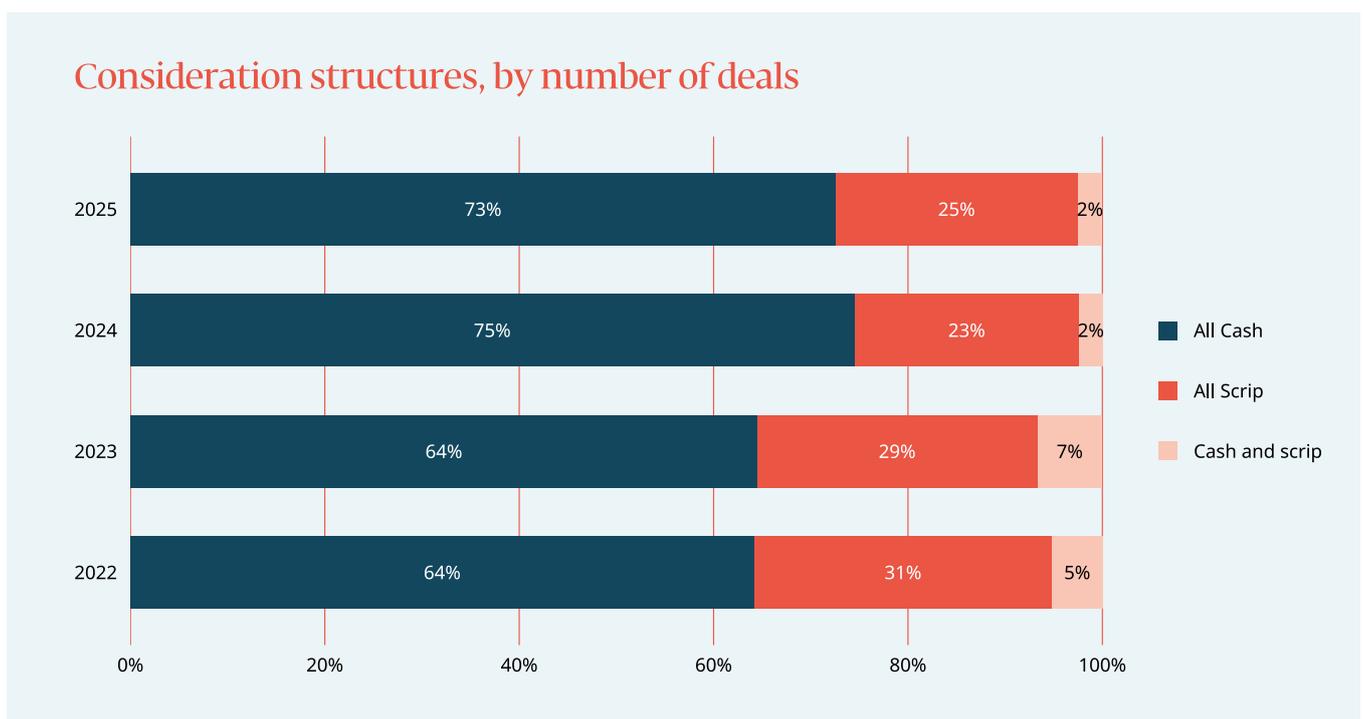
For the first time in four years, a bidder accessed equity capital markets in connection with a control proposal.



Cash reigns supreme

Cash remained the preferred form of consideration in 2025 with 73% of deals involving the bidder offering a cash only consideration or offering target shareholders the ability to select all-cash consideration.

This is broadly consistent with 2024, where 75% of deals in that year offered target shareholders the option to receive all-cash consideration, trending upwards from 64% in each of 2022 and 2023.





In 2025, there were six all-cash mega deals which accounted for 75% of all deals valued over \$1 billion. These deals were:

the Brookfield / GIC consortium's proposed \$4 billion acquisition of National Storage REIT;

Gold Fields' successful \$3.7 billion acquisition of Gold Road Resources;

CC Capital's proposed \$3.2 billion acquisition of Insignia Financial;

CoStar Group Inc's successful \$2.8 billion acquisition of Domain Holdings;

Pacific Equity Partners' successful \$1.1 billion acquisition of Johns Lyng Group; and

Caterpillar Inc's successful \$1.1 billion acquisition of RPMGlobal Holdings.

Scrip deals remain less prominent

25% of deals in 2025 involved the bidder offering target shareholders all share (or scrip) consideration. This was broadly consistent with 2024, where 23% of deals in that year offered all scrip consideration. This reinforced the downwards trend observed in recent years, with 29% of deals in 2023 offering all scrip consideration, falling from 31% in 2022.

All scrip consideration was seen in fewer mega deals in 2025 as compared to 2024. In 2025, there was only one all scrip 'mega deal', being the \$12.7 billion merger of Soul Patts and Brickworks, described further on pages 44 to 45 of this Report. This all scrip mega deal accounted for only 12.5% of deals with a total value above \$1 billion, down from 27% seen in 2024 which featured three all scrip mega deals.

Cash offers the following advantages over scrip consideration in mega deals:

- cash consideration provides the target's shareholders with immediate value and lower risk from price volatility;
- less disclosure is required to be provided to the target company's shareholders as they are being cashed out (rather than retaining an exposure to the combined businesses of the target and bidder);
- cash avoids certain regulatory hurdles which may be triggered by the use of scrip consideration; and
- cash involves no dilution in the shareholding of the acquiring entity.



Mixed consideration and use of 'stub equity'

Deals offering both cash and scrip consideration (with no ability to elect for all-cash) remained rare in 2025, occurring in one deal (or ~2% of deals) only, being the Ramelius Resources' successful \$2.4 billion acquisition of Spartan Resources which offered \$0.25 in cash plus 0.6957 shares in Ramelius Resources per target share. This is consistent with recent years: only 2% of deals in 2025, 7% of deals in 2023 and 5% of deals in 2022 offered both cash and scrip consideration, with no all-cash option.

That said, there were a number of other deals where shareholders electing scrip consideration was an important component of the overall transaction structure, which involved 'stub equity'.

Stub equity enables target shareholders to receive all or part of their consideration in the form of the shares in the (unlisted) bidding vehicle. It is most commonly used by private equity bidders, and is typically seen where there are founders, key management or other significant shareholders who wish to remain invested in the business. A stub equity offer may be made available to all shareholders (other than ineligible foreign shareholders) or to certain target shareholders (typically management and employees of the target entity). When only made available selectively, the relevant target shareholders will then be treated as a separate class for the purposes of voting on the deal at the scheme meeting. The following 2025 deals included stub equity:

- Pacific Equity Partners' successful acquisition of Johns Lyng Group included an option for management and employee shareholders of the target to elect to receive some or all of their consideration in the form of shares in the bidder's ultimate unlisted holding company. In this deal, the executive directors, chief financial officer and group executive of the target each entered into a binding agreement with the bidder prior to the scheme booklet being issued under which they agreed to elect to receive scrip consideration in respect of all or a significant majority of the target shares held or controlled by them. As part of these arrangements, these individuals entered into a limited recourse margin loan with the unlisted holding company under which they received cash equivalent to the value of a set percentage of the target shares owned or controlled by them, enabling liquidity for the shareholders along with rollover. The margin loan was framed in the scheme booklet as being in effect a form of management incentive for those individuals to drive future performance; and
- Adamantem Capital's successful acquisition of Apiam Animal Health included an option for shareholders (other than ineligible foreign shareholders) to elect to receive all scrip or a mix of cash and scrip in the

bidder's unlisted public holding company. These scrip options were made available to all shareholders. At the time of entry into the scheme implementation deed, 50 shareholders in Apiam (who were either employees, directors or consultants of Apiam, or their associates) holding approximately 17.8% of Apiam's share capital, committed to take one of the scrip consideration options.

Tiered consideration

In 2025, there were two public M&A deals involving the use of tiered consideration, being the commitment to vary the bid to a higher price if the bidder achieves a certain percentage shareholding. Typically, the higher price is triggered if the bidder reaches 90%, which is the compulsory acquisition threshold. The two examples from 2025 however utilised a lower threshold of 75%:

- **Fortescue / Red Hawk Mining:** Fortescue successfully employed tiered consideration in its takeover bid for Red Hawk Mining. Fortescue offered \$1.05 per share, increasing to \$1.20 per share if Fortescue acquired a relevant interest in 75% or more of the Red Hawk shares within seven days. This condition was met, and control ultimately passed with Fortescue paying the higher price.
- **Fenix Resources / CZR Resources:** Fenix Resources also employed tiered consideration in its unsuccessful takeover bid for CZR Resources, offering an initial scrip consideration of 0.85 Fenix shares per CZR share, which would increase to 0.98 if Fenix acquired a relevant interest of 75% or more of CZR's shares. However, the higher consideration was not triggered as Fenix was unable to acquire a relevant interest of 75% or more of CZR's shares by the required deadline due to the emergence of a different proposal from the Robe River Iron Associates Joint Venture to acquire CZR's main asset, the Robe Mesa Iron Ore project. The takeover bid was ultimately unsuccessful as the minimum acceptance condition (which was also 75%) was not satisfied.

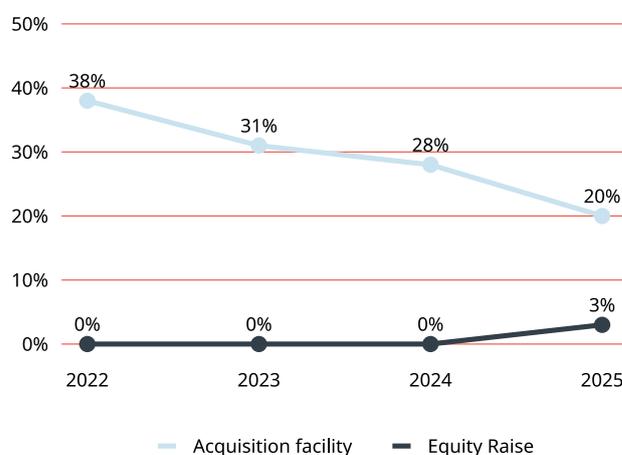
Bid funding for cash deals

20% of deals in 2025 involved the consideration being funded, at least in part, by a new acquisition debt facility (as opposed to the drawing down on existing debt facilities). This continues a downwards trend observed in recent years (28% in 2024, 31% in 2023 and 38% in 2022), which is unsurprising given the recent interest rate environment.

For the first time in four years, we saw a bidder access equity capital markets in connection with a control proposal, with betr Entertainment announcing a capital raising simultaneously with announcing its proposal for PointsBet Holdings. The purpose of the capital raising was to help fund both:

- the acquisition of a pre-bid stake, purchased with the intention of blocking a competing proposal from MIXI, Inc; and
- the cash consideration payable under the proposed transaction, albeit the proposal was subsequently changed to all scrip and was ultimately unsuccessful.

Deal funding, by number of deals



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