

The background of the slide features a financial chart with a red-to-orange gradient. It includes a candlestick chart, a solid blue line graph, and a dotted yellow line graph. A hand is visible on the right side, with a finger pointing towards the blue line graph. The number '6500' is visible at the bottom center of the chart area.

UK Public M&A Update

Q1 2025

Ashurst

Introduction

What a difference a day makes ...

Optimism that Trump's administration would bring about a surge of IPOs and M&A activity rapidly evaporated following a flood of executive orders and the introduction of widespread global tariffs. Trillions of dollars were wiped off global stock markets following the "Liberation Day" announcements, the sharpest declines since the initial days of the COVID pandemic five years ago. A few days later, the President announced a hiatus and markets bounced back. Whether the tariffs are enforced and whether countries decide on retaliatory measures of otherwise, the upheaval and uncertainty being caused will continue to have a significant impact on the markets.

In the UK, whilst the volume of deals announced in Q1 2025 were in line with Q4 2024, transactions have tended towards smaller / mid-cap companies, with a prevalence of takeovers by major shareholders (see below). Given the significant headwinds going into Q2, we expect bidders will hold off on larger investments until there is greater clarity. However, we may see further opportunistic moves in the smaller / mid-cap space.

Offers by major shareholders

An emerging trend we have seen is for parties to acquire substantial stakes in companies (below the 30% Code "control" threshold) and subsequently make offers for the whole under the Code. This approach risks potential bidders being left with an illiquid stake in a public company. Furthermore, holding a significant stake can be unhelpful for a bidder looking to complete an offer using a scheme of arrangement or to implement the 'squeeze out' on a takeover offer. However, building a stake in a company over time, and outside of an offer period, can have significant upsides as well. It often reduces the total acquisition cost and can provide a useful blocking stake to any potential interloper.

12

ANNOUNCED BIDS

12

RECOMMENDED ON
ANNOUNCEMENT

10

SCHEMES OF
ARRANGEMENT

34.5%

AVERAGE OF BID PREMIA
(% UNWEIGHTED)

37.1%

AVERAGE OF BID PREMIA
(% WEIGHTED)

[Click here](#)

to jump to a summary of the key features of each announced offer set out in a table in the Appendix.

Introduction (cont'd)

Tactical leaks

In the last 12 months, there has been an increased level of scrutiny by regulators in relation to leaks. In March, the FCA published Primary Bulletin 54 (see the *News Digest* for further detail) and the London Stock Exchange hosted a session with panellists from the FCA and the Takeover Panel dedicated to a review of market abuse.

A few key takeaways from a takeover perspective are set out below:

- The Panel expects parties to be prepared for a leak. If an issuer is in receipt of an approach, they should have a leak announcement ready to go and have all authorisations in place to be able to make that announcement within minutes if required (see also Practice Statement 20).
- The prevalence of leaks was referred to as "a lingering sore" in the UK market – the introduction of PUSU deadlines was intended to deter leaks before a deal was ready to be announced. This seemed to work for a period but now practice is slipping again.
- The Panel is seeing a higher number of "tactical leaks" (i.e. where one side is leaking the deal to put itself at a commercial advantage or another party at a disadvantage), in "clear breach" of Rule 2.1 of the Code.
- In recent times, there has also been an uptick in leaks the night before a Rule 2.7 announcement is being released. The Panel finds this just as troubling as any other leak as providing certain information to news wires and not sharing the same via an RNS so everyone can access it is not promoting an orderly market. Leaks via news sources mean that (1) only certain readers have access and (2) readers can't tell if information is true or false.
- Recently, the Panel has taken steps with a view to clamping down on this and is investigating leaks more thoroughly. It is the view of the Panel that not many leaks occur "inadvertently" and, more often than not, a leak occurs because someone wants it to. This is in clear breach of the Code.
- It was noted that the Panel and the FCA have a close relationship and will share information with one another where an active investigation is taking place.

We hope you enjoy the insights and analysis in this publication and, as ever, we would be very happy to discuss any of the topics mentioned.

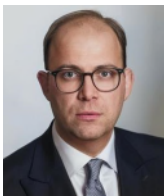
With very best wishes

The Ashurst UK Public M&A Team

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“Ashurst provide great support and are able to bring a deal to a good end in all circumstances. The team always provide excellent service and they are there when you need them.”

Chambers UK 2024, M&A

Ashurst's UK public M&A mandates in Q1

Renewi

on its recommended offer by a consortium of Macquarie and BCI.

The International Stock Exchange

on its offer by Miami International Holdings.

Foresight Group

on its possible offer for Harmony Energy Income Trust.

Time Out Group

on a new convertible loan note instrument and Rule 9 waiver.

RBC Europe & PricewaterhouseCoopers

on the offer for BGBI Global Infrastructure^θ.

^θ The Code does not apply to the offer for BGBI. Please see the Appendix for further details

News digest

Panel Appointments

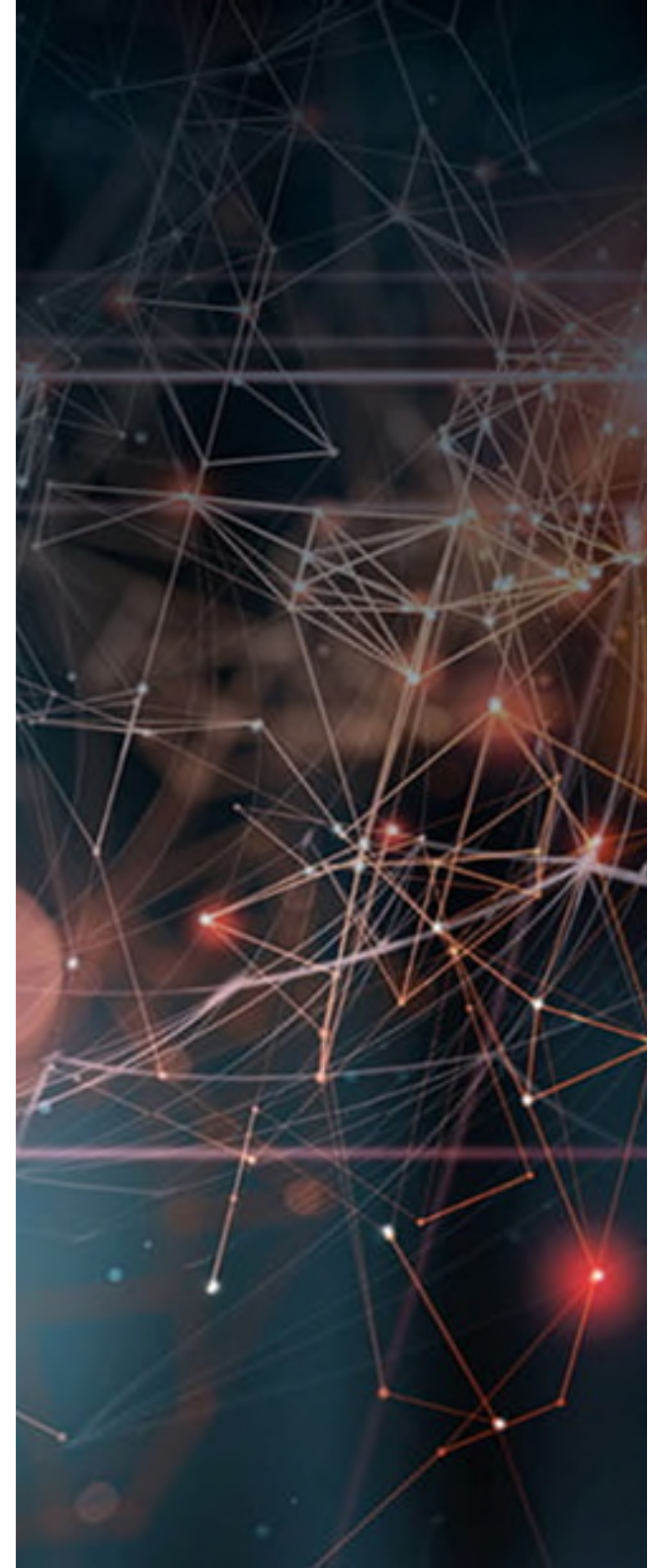
On 31 January 2025, the Panel announced that Alison Platt, Chair of Hargreaves Lansdown, and Simon Lindsay, Managing Director of Citigroup, had been appointed to be members of the Panel designated to sit on the Hearings Committee; and Clifford Abrahams, Chief Financial Officer of IG Group Holdings, and Will Lawes, Senior Adviser at Lazard, had been appointed to be members of the Panel designated to sit on the Code Committee. All such appointments would take effect from 1 May 2025.

Implementation of the Code's new Jurisdiction Rules

On 3 February 2025, the proposed amendments, summarised in the Ashurst [Q2 2024 Public M&A Update](#) and further discussed in the Ashurst [Q4 2024 Public M&A Update](#) came into effect. The new rules narrow the scope of the companies to which the Code applies, limiting its application to companies which are registered in the UK, the Channel Islands or the Isle of Man and whose securities are (or were recently) admitted to trading on a UK regulated market, a UK MTF (such as AIM), or a stock exchange in the Channel Islands or Isle of Man.

Whilst the new rules came into effect on 3 February 2025, transitional arrangements will remain in place for two years, so care should be taken when applying the new rules.

On 4 February 2025, the Panel published a new note to advisers on the cancellation of admission to trading and a revised note on re-registering a public company as a private company, reflecting the new jurisdictional framework.



News digest (cont'd)

Capital markets reforms

On 31 January 2025, the FCA published two Consultation Papers on the new Public Offers and Admissions to Trading Regulations (POATRs) regime which, in due course, will replace the UK Prospectus Regulation.

Consultation Paper 25/2 sets out further proposals to support the new POATRs regime for companies admitting securities to regulated markets, and builds on the FCA's proposals for the POATRs related to admissions to regulated markets and primary MTFs set out in CP 24/12. Consultation Paper 25/3 consults on further consequential changes and transitional arrangements for the new regulated activity of operating a public offer platform.

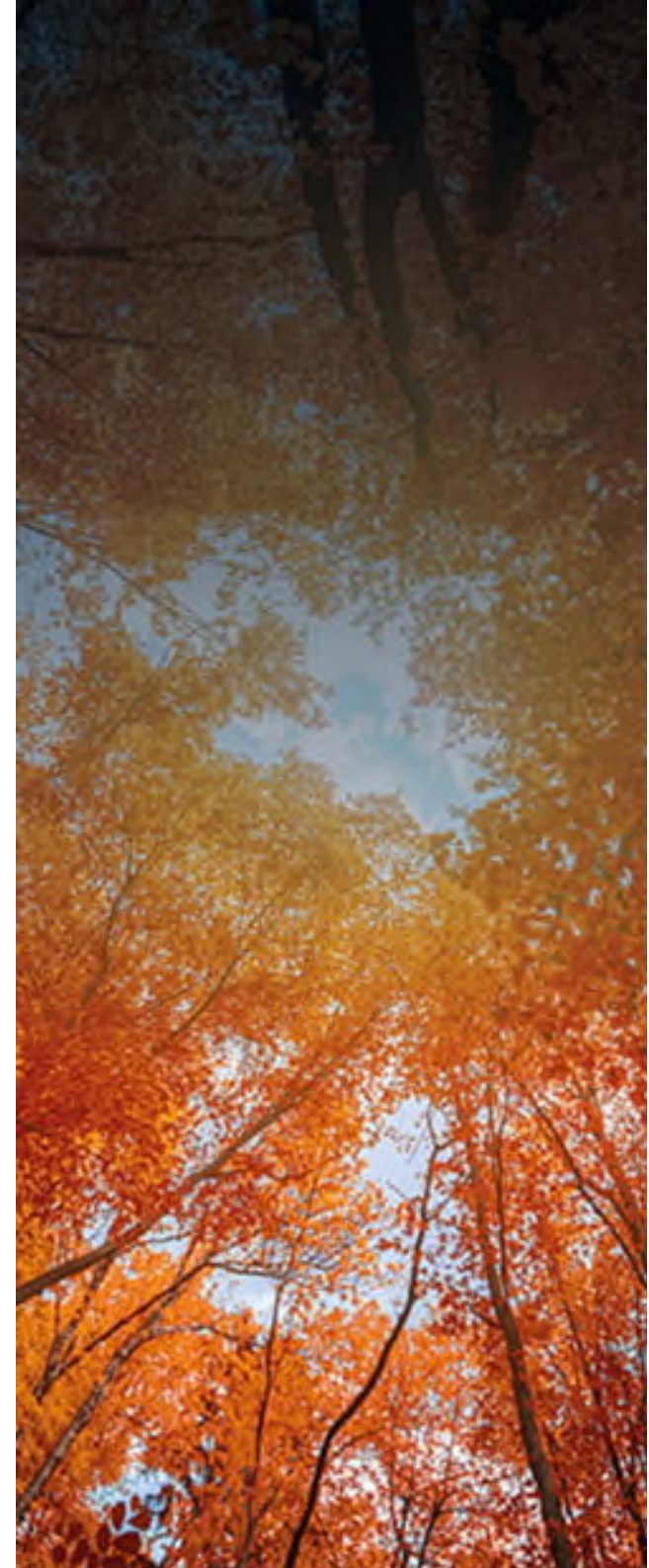
Further information can be found in the [Ashurst Corporate Update](#) published on 19 February 2025.

Market abuse in focus

On 14 March 2025, the FCA published Primary Market Bulletin 54, the main focus of which was strategic leaks and unlawful disclosure. The FCA noted that it had seen an increase in cases where material information on live M&A transactions appears to have been deliberately leaked to the press.

The FCA reminded market participants of the UK MAR prohibition on unlawful disclosure of inside information, which applies to individuals regardless of whether they are employed by a regulated firm or issuer. The FCA also set out its expectations regarding the conduct of individuals and firms involved in these transactions, including the importance of culture and practices which actively discourage leaks.

Further information can be found in the [Ashurst Corporate Update](#) published on 20 March 2025.





Appendix

Key features of firm offer
announcements

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Announced UK takeover bids

(1 January to 31 March 2025)

| Target (Market) | Bidder(s) | Bid value | Bid premium* | Recommended | Hostile/No Recommendation | Rule 9 offer | Cash | Shares (L/U/A) | Other consideration | Mix and match | Offer** | Partial Offer | Scheme | Offer-related arrangements□ | Formal sale process | Non-solicit undertaking of bid in shareholder | Matching/Topping rights*** | Additional shareholder vote | Profit forecast/QFBS |
|---|--|-----------|--------------------|-------------|---------------------------|--------------|------|-----------------|---------------------|---------------|---------|---------------|--------|-----------------------------|---------------------|---|----------------------------|-----------------------------|----------------------|
| Highcroft Investments plc (TISE) | LondonMetric Property Plc | £43.8 m | 40.4% | • | | | | L | • ¹ | | | | • | N | | | | | |
| Harmony Energy Income Trust plc (Main) | Drax Group plc | £199.9 m | 35% ² | • | | | • | | | | | | • | N | | | • | | |
| Serinus Energy plc (AIM) | Xtellus Capital Partners, Inc. | £5.1 m | 30.8% | • | | | • | | | | | | • | C | | | | | |
| Ora Technology plc (AQSE Growth) | Kondor AI PLC | £20.5 m | -1.6% ³ | • | | | | L | | | • | | | | | | | B ⁴ | |
| The International Stock Exchange Group Limited (TISE) | Miami International Holdings, Inc. | £70.4 m | 18.4% | • | | | • | | • ⁵ | | | | • | N/C | | | | | |
| Kingswood Holdings Limited (AIM) | HSQ Investment Limited | £48.03 m | NP ⁶ | • | | | • | | | | • | | | | | | | | |
| Care REIT plc (Main) | CareTrust REIT, Inc. | £448 m | 32.8% | • | | | • | | | | | | • | N/C | | • | | | • ⁷ |
| Renewi plc (Main) | Macquarie Asset Management Europe S.a r.l. British Columbia Investment Management Corporation | £707 m | 57% | • | | | • | | | | | | • | N/C ⁸ | | • | | | • ⁹ |
| Crimson Tide plc (AIM) ¹⁰ | Checkit plc | £6.5 m | NP | • | | | | L | | | | | • | N | | | • | B ¹¹ | • ¹² |
| Dowlais Group plc (Main) | American Axle & Manufacturing Holdings, Inc. | £1.16 b | 25% | • | | | • | L | • ¹³ | • | | | • | N/C ¹⁴ | | | | B ¹⁵ | • ¹⁶ |
| Good Energy Group PLC (AIM) | Esyasoft Holding Limited | £99.4 m | 66% | • | | | • | | | | | | • | N/C | | | | | |
| Alliance Pharma plc (AIM) | DBAY Advisors Limited Edmond de Rothschild Equity Opportunities IV SLP | £362 m | 40.9% | • | | | • | U ¹⁷ | | | | | • | N/C ¹⁸ | | | | | • ¹⁹ |

^θ The Code does not apply to the offer for BGBI. However, the bidder and BBGI have agreed, to the extent and subject to the terms set out in the implementation agreement entered into by the two parties, that the offer will be implemented in compliance with certain key requirements of the Code, including the requirement for a "cash confirmation" under Rule 24.8.

Announced UK takeover bids – notes

Key and footnotes

This table includes details of takeovers, set out in reverse chronological order, in respect of which a firm intention to make an offer has been announced under Rule 2.7 of the Code during the period under review (including any offers which subsequently lapsed or were withdrawn). It excludes offers by existing majority shareholders for minority positions.

| Key | | |
|-----|--|--|
| * | Premium of the offer price over the target's share price immediately prior to the commencement of the offer period | 1. Interim dividend and, for those shareholders who retain the LondonMetric shares following completion, the LondonMetric fourth quarter dividend |
| ** | Standard 90% (waivable) acceptance condition, unless otherwise stated | 2. Offer represents a premium to the undisturbed share price prior to commencement of the offer period by a competing bidder |
| *** | In shareholders' irrevocable undertakings (unless indicated otherwise) | 3. Offer represents a discount on the closing price of Ora Technology plc shares on the business day prior to the suspension of trading in shares (22 August 2024) |
| □ | Permitted agreements under Rule 21.2 of the Code | 4. Bidder shareholder approval required for allotment and issue of Kondor shares. In addition, Rule 9 waiver by independent Kondor shareholders is required given cross shareholdings in Ora |
| A | AIM traded shares | 5. Ordinary course dividend |
| C | Co-operation agreement | 6. Unconditional offer for 10.61% of Kingswood Holdings Limited shares which HSQ Investments Limited do not already own |
| F | Break fee given under formal sale process or white knight dispensation | 7. Directors' confirmations (dispensation from reporting on profit forecast granted with consent of CareTrust) |
| L | Listed/traded shares | 8. + Clean team agreement, joint defence agreement, consortium bid conduct agreement and consortium governance term sheet |
| N | Confidentiality agreement | 9. Profit forecast no longer valid |
| NP | Nil premium or no premium given in offer documentation | 10. Offer lapsed on 19 March 2025 after shareholders voted against scheme at court/general meetings |
| R | Reverse break fee | 11. Bidder shareholder approval required for allotment and issue of Checkit shares |
| U | Untraded shares | 12. Directors' confirmations for both Crimson Tide and Checkit |
| B | Bidder shareholder approval | 13. Final dividend |
| T | Target shareholder approval | 14. + Clean team agreement, joint defence agreement and pensions agreement |
| | | 15. Bidder shareholder approval required for allotment and issue of American Axle shares |
| | | 16. Directors' confirmations for Dowlais and AAH (dispensation from reporting on profit forecast granted to AAH with consent of Dowlais) |
| | | 17. Cash with unlisted share alternative |
| | | 18. + Bid conduct agreement |
| | | 19. Directors' confirmations |

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