

GIBSON DUNN

UK Public M&A: The Month in a Minute

November Review

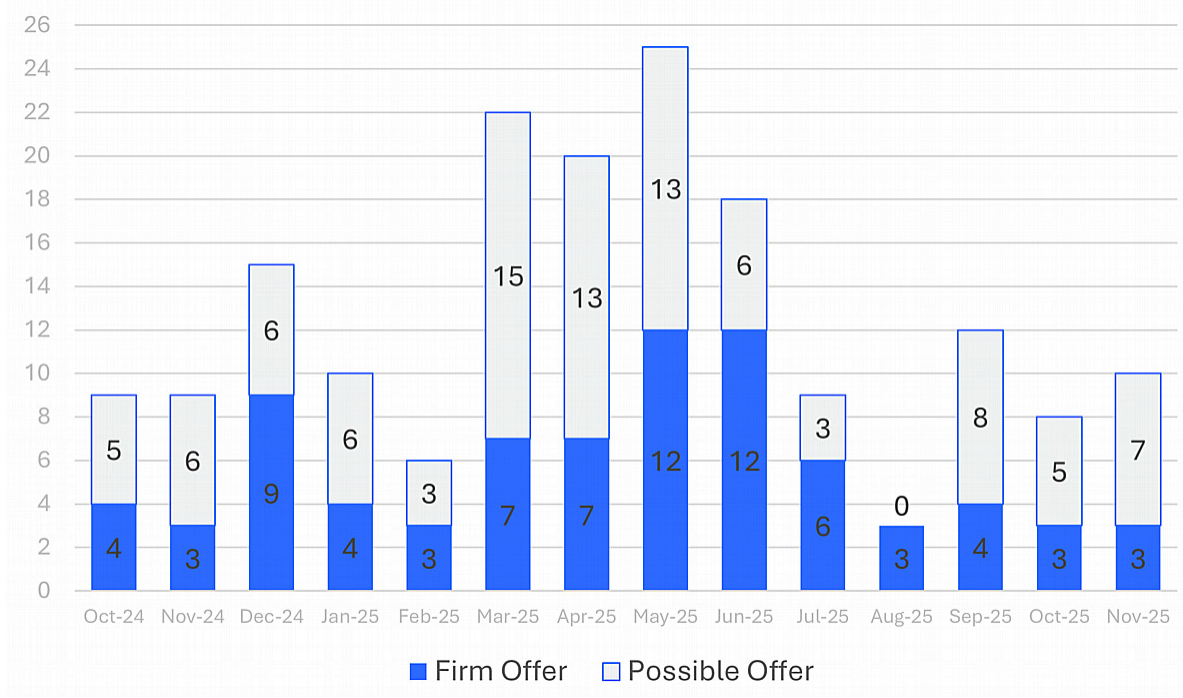
'Tis the Christmas auction season - the other bidder is behind you!'

- AIM traded **Inspects Group** announced on 20 November that it is now juggling indicative offers from: H2 Equity partners; a consortium comprising Risk Capital Partners and Ian Livingston; and Safilo Group. The PUSU deadline for all three has been extended to 18 December 2025. It also told the audience (and the other actors) that the highest proposal is currently from H2 – which is a cash offer with an unlisted share alternative.
- Cometh (not quite midnight on) the third PUSU deadline on 7 November for **JTC** suitors Permira and Warburg Pincus, and JTC (Cinderella) was in receipt of proposals from each at an equivalent offer price and where both had completed due diligence; agreed the form of transaction documentation; and wanted to move to make a firm offer asap. Permira ultimately got the nod with a further revised proposal which led to it announcing a recommended all cash offer on 10 November which values JTC at approximately £2.3 billion on a fully diluted basis.
- To round out the show **Bluefield Solar Income Fund Limited** (main market), **PPHE Hotel Group** (main market), **Kore Potash plc** (AIM) and **Management Consulting Group plc** (delisted) all announced formal sale processes.

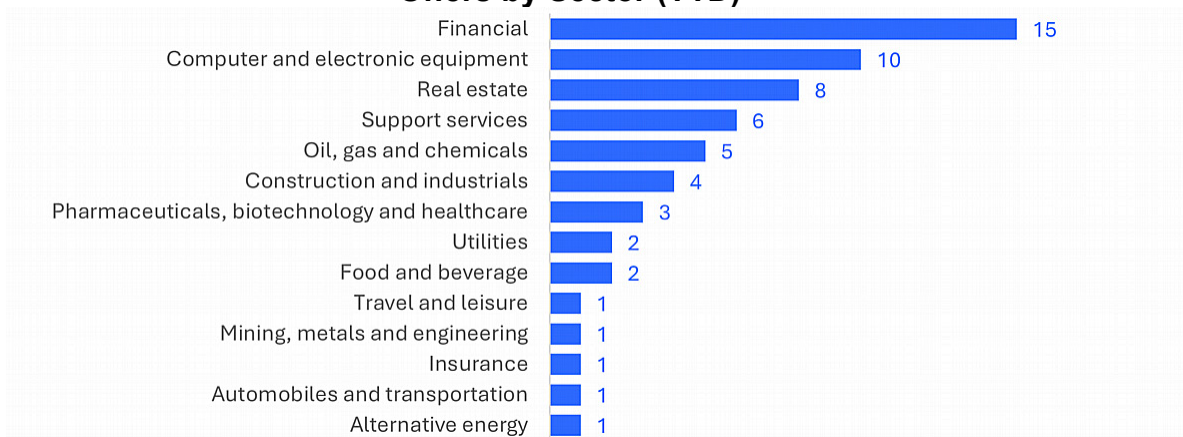


The November Data

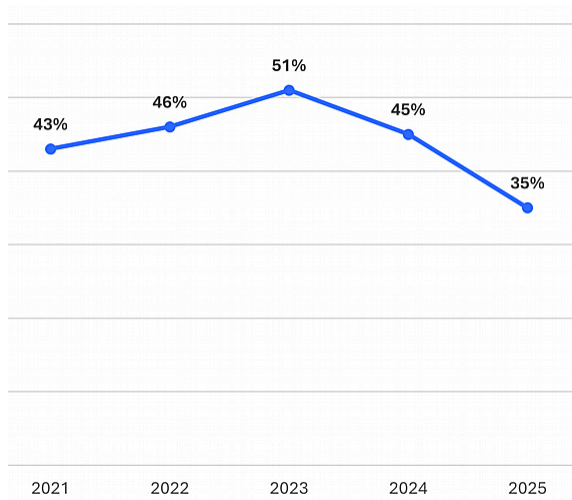
Offers Announced



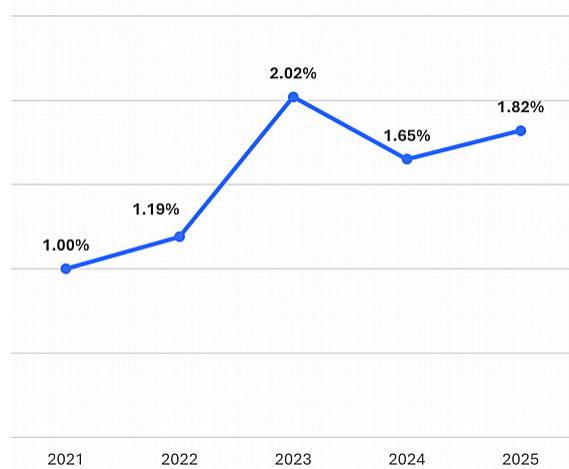
Offers by Sector (YTD)



Bid Premia



Financial Advisor Fees (% deal value)



What's Happened

BHP no longer in ore of Anglo - talks off

BHP never wanted the deeds to a platinum mine for Christmas. The demerger of Anglo Platinum was a condition (together with the parallel demerger of Kumba Iron Ore) to its £38.6 billion indicative proposal put to the **Anglo American** board in April last year. Anglo cited the implementation risk of an unprecedented two public company spin outs as one of the reasons for not taking discussions further. But with (now renamed) Valterra Platinum successfully spun-out in June (and ignoring for a moment Anglo's announced merger with Teck Resources), there were thoughts as to whether this could be another "boomerang" return deal, similar to compatriot Macquarie's acquisition of Renewi.

In 2023, Macquarie (like BHP) came up against the hard edges of the PUSU regime in its initial approach to Renewi but, together with British Columbia Investment Management, successfully revived/"recycled" that transaction in June this year. However, last week BHP announced that following preliminary discussions with Anglo it is no longer considering an approach. Although BHP may have to consider what to do about its long-standing investment in **Solgold**, with Solgold announcing earlier in the week that it had received a non-binding proposal from its largest shareholder Jiangxi Copper Company. JCC currently has a festive PUSU deadline of 26 December.

Just not cricket! They play by different rules Down Under

Australian public M&A has a new pantomime villain (not the English cricket team). Back in February, Cosette Pharmaceuticals Inc. announced a recommended scheme of arrangement for Mayne Pharma. Two months later Mayne put out a profit downgrade. Cosette attempted to rely on a MAC condition to back out, but was ultimately denied. It also announced that, if the deal still went through, it would close one of Mayne's plants in South Australia. The scheme was conditional on Australian foreign investment approval and the plant closure was seen by some as gaming that approval. Last month, to the disappointment of Mayne shareholders, the Australian Treasurer declined to approve the deal (there having been a separate debate about what would happen if it was approved but subject to conditions).

The UK has very different rules on MACs (with a notoriously high hurdle of "striking at the heart of the purpose of the transaction"); it is also not possible to invoke a regulatory condition without Panel approval; and the Code requires a bidder to set out its intentions for the target business and employees in detail in the offer announcement and documentation. However, in the case of a regulatory approval, without which it is almost impossible to proceed, and which is refused, would the ultimate outcome be different? The UK rules would hopefully never have let the genie out of the bottle in the first place.

Pens down, tools down on HICL Infrastructure and TRIG merger

Another bidder with a change of heart is HICL. On 17 November, **HICL Infrastructure** and **The Renewables Infrastructure Group Limited** announced an agreed merger to create the UK's largest listed infrastructure company with net assets of £5.3 billion. Despite both being FTSE 250 companies, and it being one of the larger announced transactions of the year, it is not covered by the Code as it involved the reconstruction and voluntary winding up of TRIG under Guernsey law. This has proved pivotal. After reported feedback from HICL shareholders, the parties announced earlier this week that the merger is off. Something which would not have been possible under the Code (without the express consent of the Panel). HICL stated that it could not progress the transaction without a substantial majority of support from its investors. HICL shares jumped more than 4% on the news.



Looking Ahead

Predictions for December:

Will the ghosts of schemes past come back to haunt Cicor's bid for TT Electronics?

At the end of October, Six Swiss listed **Cicor Technologies** announced a recommended cash and share offer for **TT Electronics**. There would appear to have been shareholder feedback on the Swiss share component, as on 18 November Cicor announced a revised final all cash offer (with an optional only share alternative). Cicor should then have been able to sleep better with an equity raise planned post the shareholder vote to pay down the resulting additional borrowings. However, the day after, significant shareholder DBAY Advisors (which came out against the deal when it originally broke and which itself had previously put proposals to the TT board), disclosed that it had increased its shareholding from 16% to over 24%.

Last month saw the unusual event of the scheme of arrangement for Natara's offer for Treatt being voted down by Treatt shareholders (with Döhler amassing a 28% blocking stake). It will be interesting to see what is unwrapped at the TT shareholder meeting scheduled for the week before Christmas.



P2P Financing

The most significant debt financing backing a public to private bid in November was the £1.5 billion private credit facility provided to support Permira's acquisition of funds administration and services provider JTC plc in a deal that values the target at £2.3 billion. The financing is led by Blackstone and other lenders include CVC Credit, Singapore's GIC, Oak Hill, Blue Owl, PSP Investments and Jefferies. The debt will consist of £1.3 billion worth of senior term loans (split into sterling, euro and dollar tranches) to fund the acquisition and refinancing of target debt, as well as a £250 million delayed draw term loan and a £150 million bridge to a revolving credit facility.

The documentation disclosed in connection with the bid assumes a financing EBITDA of £160 million (subject to final structuring analysis) indicating that leverage through the drawn term loan exceeds 8x. This is higher than the leverage usually available for broadly syndicated deals, proving once again the importance of the private credit space to fund competitive bids for acquisitions.

Another feature distinguishing private credit facilities from syndicated loans is the availability of PIK toggles, allowing borrowers to reduce the burden of cash pay interest in difficult markets. The JTC plc financing documents give the borrower an option to capitalise up to 50% of the margin on its term loans (at a sliding scale premium rate capped at 0.25%) for a period of up to three years during the life of the loans.

However, perhaps the most notable term of these facilities is the pricing. The sterling and euro facilities are priced at 4.75% over the respective reference rates, whilst the dollar tranche is priced at 4.50% and further margin step downs are available beginning 6 months after closing. This is very close to the levels of pricing recently seen on broadly syndicated loans for new acquisitions and shows that, for deals with a strong credit story, private credit now provides a welcome alternative liquidity source for bidders, with the ability to absorb larger deals without a huge pricing premium.



Equity Capital Markets

After several London main market IPOs in September and October (**The Beauty Tech Group**, **Shawbrook** and **Princes Group**), no main market IPOs were announced in November, reflecting in part the usual slow-down in IPO activity following the expiry of the 135-day negative assurance accounting comfort period for issuers with a 31 December year end, going to market on the back of 30 June interim numbers. The most notable primary ECM transaction in November was a capital raise by **SSE**.

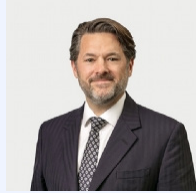
SSE Placing

On 12 November, energy utility **SSE** announced, pre-market open, an equity raise of approximately £2 billion as part of its £33 billion investment programme for FY26-30. This represented the second largest equity raise by a company on the LSE in the past five years after the £7 billion rights issue by National Grid in May 2024. The equity raise amounted to approximately 8.8% of SSE's existing issued share capital and included an approximately £2 billion institutional placing (on a "soft" pre-emptive basis), alongside an £8 million retail offer conducted via RetailBook and a £330,000 director subscription. In total, 97,916,637 new shares were issued at a price of 2,050 pence per share, reflecting a 3.8% premium to the closing price on 11 November. The equity raise was well received by the market with the share price increasing to 2,307 pence at market close on 12 November.

Key Contacts



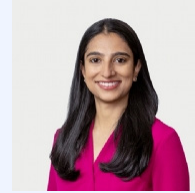
Will McDonald
Partner, Corporate



Chris Haynes
Partner, Corporate



David Irvine
Partner, Finance



Kavita Davis
Partner, Finance



James Addison
Of Counsel, Corporate



Thomas Barker
Of Counsel, Corporate



Sarah Leiper-Jennings
Of Counsel, Corporate



Pete Usher
Associate, Corporate

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