

GIBSON DUNN

UK Public M&A: The Month in a Minute

January Review and 2025 Overview

'2025 Takeaways (brought to you by Doordash and Deliveroo) – an “alreet” (all REIT) year'

2025 selected highlights

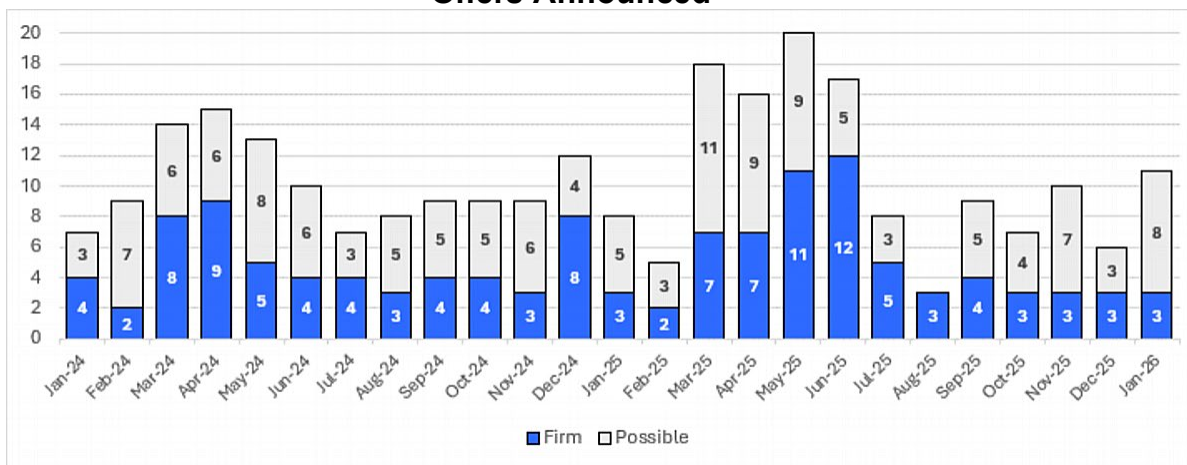
- Basepoint Capital's £543m cash offer for **International Personal Finance plc** on 29 December, together with Jiangxi Copper Company's £867m cash offer for **SolGold plc** on Christmas Eve, ended an up-and-down year on a high. Basepoint's offer coming more than 12 months after talks first started and five PUSU extensions.
- May, though, was the stand-out month in the rollercoaster ride that was 2025 with:
 - Two reverse transactions within a day of each other: Primary Health Properties plc's £1.79bn cash and share offer for **Assura plc** and Greencore Group plc's £1.2bn cash and share offer for **Bakkavor Group plc** (which successfully closed on 16 January 2026 after the CMA accepted various disposal and other undertakings).
 - DoorDash, Inc. announcing its bid for **Deliveroo plc**, ultimately delivering and collecting on a “final” £2.9bn cash offer.

- The Panel establishing two auction processes for the first time since the battle for WM Morrisons in 2021 (although neither were ultimately used). First in relation to **Harmony Energy Income Trust plc** with Foresight Group's £209m cash offer winning through ahead of Drax Group. Then, three months later, for **Warehouse REIT plc**. This time with Blackstone's £489m cash offer seeing off Tritax Big Box REIT plc (August).



The January Data

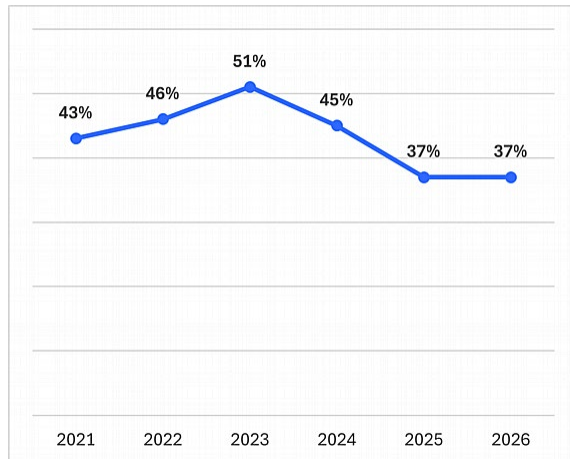
Offers Announced



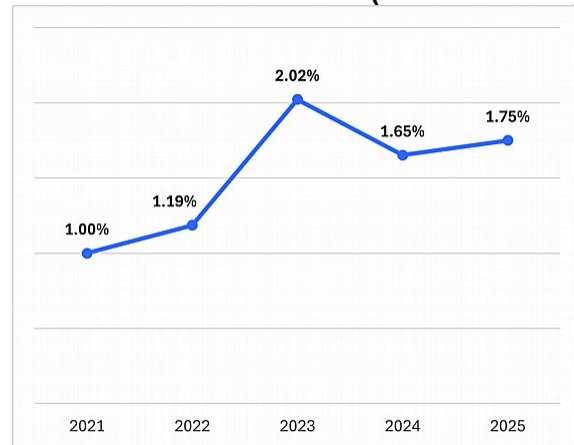
Offers by Sector (2026 YTD)



Bid Premia



Financial Advisor Fees (% deal value)



What's Happened

An active year for interventionist shareholders

- Some may “*look back in anger*” – but not various strategic investors who played a decisive role in both bringing about – and blocking – a number of mid-market bids.
- It is unusual for a recommended scheme to be voted down, but this happened in both Natarra’s offer for **Treant** (after Döhler amassed a 28% blocking stake) and Cicor Technologies offer for **TT Electronics** (after dissenting shareholder DBAY Advisors increased its holding to 24%).
- It may happen again in February, as the recommended consortium offer for **Inspeks Group** faces the challenge of trade rival Safilo Group having acquired 25%.
- **Inspired plc**’s largest shareholder, Gresham House (29%), was instrumental in resisting Regent International’s hostile bid and then supporting HGGC plc’s ultimately successful competing offer.
- WSP Global Inc’s bid for **Ricardo plc** followed after Science Group made a strategic investment in Ricardo (20%), requisitioned a shareholder meeting and then agreed to sell out to WSP.

Might we see bidders and boards seeking to engage earlier with shareholders in 2026?

The return of the contractual offer (no MACs allowed)

Switching from a scheme to a contractual offer – and, in particular, a contractual offer with an acceptance condition of 50% +1 – reemerged as a tool in the arsenal of more bullish bidders. A roll of the dice in which bidders have to weigh up the chances of closing their offer at a lower threshold than a scheme with the possibility of not being able to delist (75%) or squeeze out the minority (90%):

- In the case of Blackstone Inc.'s offer for **Warehouse REIT plc** and KKR/Stonepeak's unsuccessful offer for **Assura plc**, this was in the context of a competing bid situation. Blackstone originally launched its bid as a scheme, but then switched to an offer after the **Warehouse REIT** board withdrew their recommendation in favour of Tritax Big Box REIT plc.
- Similarly, KKR/Stonepeak's initial offer for **Assura** was originally structured as a scheme but then switched to an offer once Primary Health Properties plc launched its competing offer (which was a contractual offer from the start).
- Notably both Blackstone and Primary Health were able to get above 90% and "squeeze-out" the minorities. Blackstone was aided by its 30.25% share buying spree which flipped it into making a Rule 9 mandatory offer.
- More unusually, Long Path originally launched its offer for **ldox plc** as a scheme and, despite remaining uncontested, it has nonetheless switched to a 50%+1 offer citing that it would "increase the certainty of completing acquisition. Whether this particular roll of the dice will pay off will soon be known, as the earliest date Lone Path's offer can be declared unconditional is today (5 February).



Looking Ahead

February - Multiple big ticket PUSU deadlines

Two potential offers were announced in January which could eclipse KKR's £4.2bn offer for **Spectris plc** which took the crown as 2025's largest deal.

The combination of Rio Tinto and **Glencore** – “*GlenTinto*” – would create the world’s largest mining company (currently BHP). The press has zeroed in on this particular statement from Rio Tinto’s announcement – “*possible combination of some or all of their businesses*” – leading to speculation that the deal could involve spin-offs and carve-outs. The current PUSU deadline is 5 February, which may need to be extended.

More is likely to become clear about Zurich’s advances on **Beazley plc**. Zurich’s latest £8.4bn proposal on 19 January was rejected and Zurich is now facing a PUSU deadline on 16 February.

The spotlight will also be on the outcome of EQT’s discussions with FTSE 250 **Oxford Biomedica**, with EQT similarly having to navigate an initial PUSU deadline of 11 February.

.... And beyond

To be seen if recent regulatory changes will result in the emergence of more UK listed bidders. The UK Listing Rules no longer require shareholder approval for, what were, Class 1 transactions, nor do they require a prospectus for the admission of consideration shares to trading (unless it is a reverse transaction). This could open the way for UK listed bidders to readily differentiate themselves with a cash and share bid which offers both a partial exit and upside potential which can readily be realised in the future. An approach which, as we saw, worked for Primary Health Properties plc in its bidding battle for **Assura plc**.

Although, one thing is *assured*, the interest in REITs looks set to continue.



P2P Financing

Debt financing was not a limiting factor for those bidding for UK public companies in 2025. In fact, the year was the busiest in European leveraged finance history with over €350 billion issued across loans and high yield bonds. Approximately two thirds of that volume consisted of refinancings and repricings of existing debt and, since many lenders were sitting on large amounts of new money which they needed to deploy, there was keen interest in new money issuance, including loans to back public bids.

Public bidders also benefited from the resurgence of the syndicated loan markets, which (after a short pause following the initial US tariff announcements in April) provided strong competition for the private credit funds which had backed 80% of debt financed UK take privates in 2023 and 60% in 2024. In recent years bidders have increasingly turned to private credit funds because of the confidentiality and speed of execution which they can offer for public bids. However, in 2025 only 40% of debt-financed bids in the UK went to private credit, as buyers on larger deals took advantage of discounted interest rates in the syndicated market. KKR's successful bid for Spectris was backed by a £1.5 billion senior loan priced at just 3.75% over SONIA.

However, the continuing fall in syndicated pricing led private credit funds to compete by offering well priced loans in an effort to retain market share. Permira's bid for JTC in November was backed by a group of funds led by Blackstone. They provided around £1.1 billion of senior debt, split across euro, dollar and sterling tranches and priced between 4.50%-4.75% over the relevant benchmarks. Credit funds continued to step up for smaller deals too, with Guggenheim Partners backing Long Path Partners in their bid for Idox with a combination of unitranche and PIK debt. A key advantage of private credit loans is their ability to offer the option of PIK interest, enabling borrowers to minimise their debt service burden during challenging periods while maintaining the necessary leverage for competitive bids. The percentage of private credit loans featuring a PIK option has doubled since the start of 2022.

Documentation terms remained mostly borrower friendly. The spectre of distressed borrowers carrying out 'Liability Management Exercises' to cram-down or 'prime' their existing lenders using permissive covenants led some lenders to focus on 'blockers' to close relevant loopholes. However, fierce competition for deals allowed borrowers to resist most lender pushback on documentation. While lenders on some deals managed to amend particularly aggressive features, such as uncapped adjustments to EBITDA or flexibility to incur new debt outside the guarantor group, covenant packages largely remained as flexible as they have been since 2021.

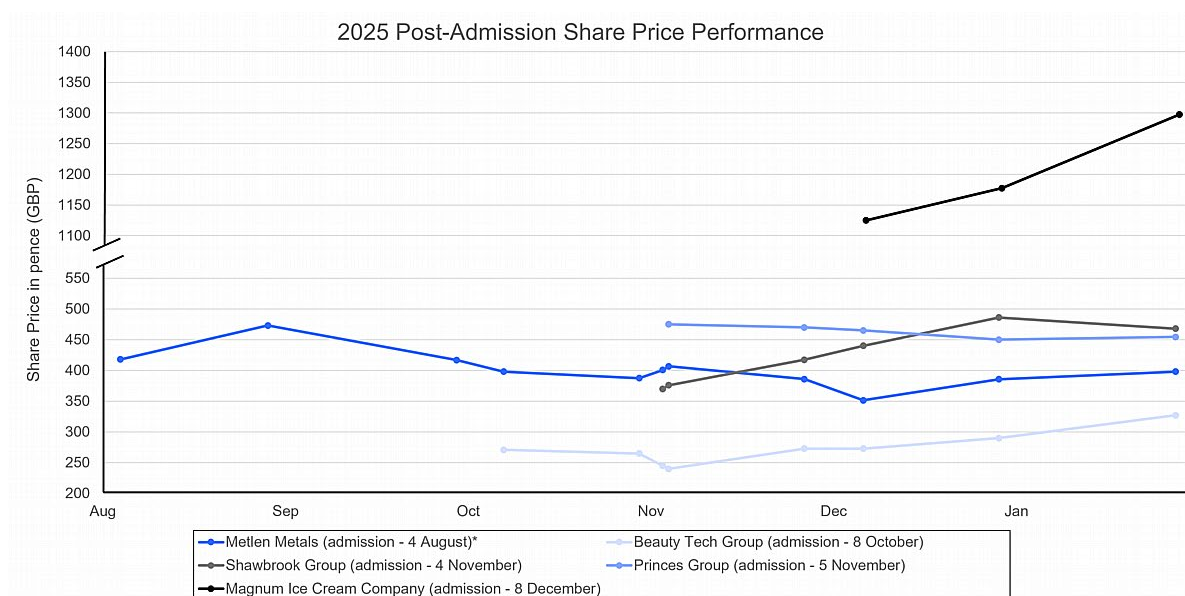
As we go into 2026, the technical background looks very positive for potential bidders. With a vast amount of dry powder ready for deployment and ongoing competition between syndicated markets and private credit, it seems unlikely that debt pricing will rise in the near future. The impact of further geopolitical shocks can never be ruled out, but the determined 'business as usual' attitude from debt providers despite the challenges of 2025 bodes well for both sellers and bidders looking to enhance M&A valuations through the use of debt.



Equity Capital Markets

In 2025, the London IPO market delivered its strongest year since 2021, primarily due to Q4 activity, which saw the Main Market IPOs of The Beauty Tech Group, Shawbrook and Princes Group. In addition, in December, The Magnum Ice Cream Company was admitted to the ESCC category of the Official List, in a simultaneous triple listing with New York and Amsterdam. There is optimism that the stronger IPO market will continue into 2026, with additional listings being mooted, particularly in the financial services and technology sectors.

The block trade market also showed strength, as demonstrated in particular by Pfizer's £5 billion sell-down of its remaining Haleon shares in Q1. The standout secondary issuance was SSE's £2 billion placing in November to fund a £33 billion investment plan. The FTSE 100 index had its strongest performance since 2009, rising approximately 21.5%.



News from the Gibson Dunn Team

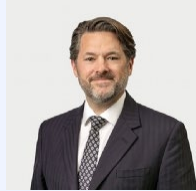
We're delighted to announce that Peter Usher has secured a coveted two year secondment to the Takeover Panel, lasting from 2026 to 2028, further deepening Gibson Dunn's UK public M&A and regulatory expertise within the London office.

As Will McDonald and Jonathan Griffin have previously completed secondments with the Takeover Panel, Gibson Dunn is now one of very few firms with a number of secondees at the Panel, offering unparalleled coverage for our clients on UK P2Ps across both M&A and investigations & disputes.

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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