

SLAUGHTER AND MAY /

TAKEOVERS: TRENDS IN 2025

Strategic M&A Series



CAPITAL FLOWS
Part of Horizon Scanning

CONTENTS

TAKEOVERS IN 2025	2
WHO ARE THE PLAYERS?	3
WHAT KEY TRENDS ARE WE CURRENTLY SEEING?	
Competitive situations	4
Consideration	6
Regulatory scrutiny	7
TAKEOVER PANEL AND FCA DEVELOPMENTS	8
OUR UK TAKEOVERS EXPERIENCE IN 2025	9

TAKEOVERS IN 2025

A surge in activity levels

Building on the momentum gained in 2024, 2025 to date has been an extremely active period for UK takeovers. With 41 firm offers made, H1 2025 was the strongest six-month period for well over 15 years in volume (although not value) terms. A strong surge in activity levels during the second quarter in particular defied the overall decline in global dealmaking volumes as well as market volatility and geopolitical uncertainty. A robust pipeline of activity suggests that this uptick looks set to continue for the remainder of the year.

The year to date has been characterised by a wide variety of deal activity, involving strategic players – both UK and international corporates – and PE bidders pursuing, and at times competing for, opportunities across the UK public markets, with a notable increase in mid-market and AIM deals. We have also seen a range of transaction types – hostile, distressed and contested, as well as a few formal sale processes.

In this latest edition of our strategic M&A series, we explore key takeover trends and developments so far this year, with insights from our recent experiences on the leading deals in the market.

Slaughter and May is widely regarded as the pre-eminent law firm for UK public takeovers, advising on more deals of £500m+ in the last decade than any other law firm. We advise on deals across the value spectrum for targets and bidders, foreign and domestic, and financial sponsors. We specialise in takeover defence as well as unlocking complex and contested situations for bidders. We have advised on half of all firm offers made so far in 2025 valued at £1bn+, more than any other law firm.

We are keen to support you, whether on the target or bidder side, and would be more than happy to arrange a conversation with you.

KEY TAKEAWAYS

1 RECORD ACTIVITY LEVELS

Deal volumes in the first half of the year reached levels that have not been seen in over 15 years

2 NO “MEGA DEALS”

All firm offers made in the year to date have been under £5 billion, although bid values have strengthened as the year has progressed

3 COMPETITIVE – AND EVEN HOSTILE – SITUATIONS ABOUND

Corporates and PE bidders are increasingly competing for prized targets

4 SHARES – OR STUB EQUITY – MAY SEAL THE DEAL

The offer of non-cash consideration is increasingly popular, and may give bidders a competitive edge

WHO ARE THE PLAYERS?

CORPORATE-TO-CORPORATE ACTIVITY REMAINS DOMINANT

- Strategic bidders have continued to outnumber PE and other fund-backed players – with corporates looking to consolidations to drive growth, and leveraging strong balance sheets and the availability of financing.
- Activity has been dominated by UK corporates (making over 40% of all firm offers in the first half of 2025), albeit predominantly directed at the small- and mid-cap levels.
- We have seen bullish approaches from some corporates, including the unusual step of launching hostile bids – for **Inspired (Regent)** and **Assura (PHP)** – as well as taking on sponsors (albeit not always successfully) in a number of the competitive situations – including on bids for **Assura (PHP)**, **Warehouse REIT (Tritax Big Box)** and **Harmony Energy (Drax)**.
- Corporates have shown that they are well-placed to do deals, using a variety of tactics to try to gain an edge over deep-pocketed sponsors, such as offering share consideration (see p.5) and potential synergic benefits.

INTERNATIONAL PLAYERS: A MIXED PICTURE

- US bidders – both corporates and sponsors – continue to pursue UK targets, particularly at the upper end of the value scale, with US bidders representing over three quarters of the firm offers in excess of £1 billion to date.
- Persistent perceptions that UK equities are undervalued, combined with US market volatility, are contributing to the appeal of UK targets. So far, we are not seeing the potential for increasing protectionist sentiment and regulatory scrutiny of deals in certain sectors tempering the appetite of US bidders.
- On the corporate-to-corporate side, US bidders have been involved in high-profile offers for **Deliveroo (DoorDash)**, **Dowlais (American Axle & Manufacturing)** and **Alphawave (Qualcomm)**.
- Bidders from other jurisdictions have been more subdued; **Greencore's** recommended offer for **Bakkavor** represents one of only two European bids to date.

PE IS ACTIVE – AND COMPETITIVE

- PE activity remains robust, with PE and other fund-backed bidders making over a third of the firm offers seen in 2025 to date. We expect to see an uptick in PE bids, given the “dry powder” and finance available, as sponsors adapt to the macro-economic climate.
- Whilst PE bidders have been involved in some of the highest-value offers – such as **KKR's** and **Advent's** bids for **Spectris**, **Brookfield's** bid for **Just Group** and **KKR / Stonepeak's** bid for **Assura** – they are increasingly present in the mid- and small-cap markets, adapting their strategies, including offering stub equity (see p.6), accordingly.
- And, whilst premia generally remain more subdued than seen in the recent past, sponsors have demonstrated their willingness to offer large premia for in-demand assets – as seen with **KKR's** 104.9% and **Advent's** 101.2% premium for **Spectris**.
- One of the most prominent trends of 2025 is competing bids (see p.4) – and at least one PE bidder has been involved in each of the competitive situations seen so far this year.

TARGETS

- Mid- and small-cap targets have been the overwhelming focus, reflected in a notable increase in offers for AIM-listed companies. Whilst there are signs of investor concerns about the outflows of AIM equities, deal flow remains brisk.
- Activity at the £500m+ level picked up pace in the second quarter, driven by interest from US bidders. We expect strengthening towards the higher end of the market to continue as bidders adjust to greater macroeconomic uncertainty as the “new normal”.
- Bid activity has been particularly prominent in the real estate, tech and financial sectors. Momentum for takeovers of REITs – driven by a wave of consolidation and the opportunity presented by many listed REITs trading at a meaningful discount to NAV – looks set to continue and extend to investment trusts more broadly.
- Given the current rate at which offers are being made (and tight timelines imposed by the Takeover Code once an offer period has commenced), listed companies across all markets are increasingly actively preparing themselves for a potential approach.

spectris

Competing offers by funds managed and/or advised by Advent International, L.P., and by funds advised by Kohlberg Kravis Roberts & Co. L.P.

INSPIRED

Competing offers by Regent Acquisitions 2025 Ltd and by funds managed and/or advised by HGGC LLC, following Regent's hostile 2.7 announcement



Competing offers by funds managed by Foresight Group LLP and by Drax BESS Holdco Limited



Competing offers by funds advised by affiliates of Blackstone Inc and by Tritax Big Box REIT plc



Competing offers by a consortium comprising funds advised by Kohlberg Kravis Roberts & Co. LP and its affiliates and funds advised by Stonepeak Partners LP and its affiliates, and by Primary Health Properties plc

WHAT KEY TRENDS ARE WE CURRENTLY SEEING?

Competitive situations

2025 has seen a notable increase in competitive – and even hostile – situations, with interlopers and contested bids becoming the biggest stories of the year. Contested bids significantly increase a deal's complexity, and tactics become a critical focus for both the bidders and the target.



HOW ARE TARGETS RESPONDING?

If a bid has reached a recommendable level, the target's focus will be on leveraging – and maintaining for as long as possible – competitive tension to improve the deal terms. We have seen targets deploy a variety of tactics, including:



RECOMMENDATIONS

The grant – and withdrawal – of a target board's recommendation is a powerful tool and has received a great deal of focus given the number of prominent recommendation switches seen on these contested deals.



IRREVOCABLE UNDERTAKINGS

Where a target has a significant shareholder (or shareholders) willing to give irrevocable undertakings, the terms of those undertakings assume a critical importance to determine if they make a competitive bid more difficult – as seen on the bids for **Trinity Exploration** at the end of 2024.



HOSTILE DEFENCE

We have seen **Inspired** seeking out a recommendable bid from a "white knight", later identified as **HGGC**, to regain control of the situation in response to **Regent's** hostile bid.



TIMETABLE

In addition, targets exerting control over the timetable, and other less overt tactics, are ones which we are seeing and advising on regularly.

WHAT KEY TRENDS ARE WE CURRENTLY SEEING?

Competitive situations



WHAT BIDDER TACTICS ARE WE SEEING?

This year we have seen examples of bidders in competitive situations using various tactics and tools to try and gain the edge, including:



STRUCTURE

Bidders can use an offer structure to improve the deliverability of their bid, making it more attractive. We have seen bidders (**KKR / Stonepeak** and **Blackstone**) switch from a scheme of arrangement to a contractual offer and set offer acceptance thresholds at the minimum level, or reduce the threshold during the offer (this tactic proved critical for **PHP** which reduced its acceptance condition from 75% to over 50%, allowing it to declare its offer unconditional (with acceptances at 62.9%) on Day 60 and avoid its offer lapsing).

Bidders can also minimise conditionality to improve the deliverability of their offer ([see p.7](#)).



PRICE INCREASES

Bidders are employing different tactics to provide headroom to increase their bids. A number of PE bidders have brought in equity co-investors (**Advent** and **KKR**) or have formed consortiums (**KKR / USSIM** and, latterly, **KKR / Stonepeak**) to finance the transaction. This adds further complexity from a process perspective. Strategics are exploring creative ways to achieve price increases and compete with PE players – as seen with **PHP's** price bumps achieved by allowing a special dividend and increases in its share consideration element ([see p.6](#)).



CONSIDERATION

We have also seen strategic bidders in some competitive situations, including **PHP**, offering share consideration in an attempt to secure the backing of the target board ([see p.6](#)). However, this can be a double-edged sword as fluctuations in share prices can reduce the overall value of the bid during the offer period, which **KKR** sought to use to publicly lobby **Assura's** board to recommend its consortium bid over **PHP's** offer. Similarly, **Tritax Big Box's** share price trended slightly downwards in the weeks following its share and cash offer for **Warehouse REIT**, and this contributed to the eventual superiority of the **Blackstone** cash offer (which was also increased).



STAKEBUILDING

Acquiring shares in the target is a feature of a number of the contested bids. **Blackstone**, responding to **Tritax Big Box's** interloper offer, switched from a scheme of arrangement to an offer and acquired a 13.5% stake in **Warehouse REIT** to help it reach the acceptance condition for its recommended offer. The Takeover Panel subsequently announced that an auction would commence if the competitive situation remained but **Tritax** ultimately decided to make its offer final, resulting in the auction procedure being cancelled. **Blackstone** then stakebuilt further, taking its holding to over 30% in a single day (triggering a mandatory offer) and continued to acquire shares in the market – an unusual tactic to try to acquire enough shares to satisfy its acceptance condition (harking back to **Centrica's** hostile takeover of **Venture Production** in 2009) – resulting in **Tritax** withdrawing its offer.

WHAT KEY TRENDS ARE WE CURRENTLY SEEING?

Consideration

SHARE-FOR-SHARE

- The trend of offering shares as consideration is growing, with shares offered as part, or all, of the consideration by a number of listed corporate bidders.
- Prominent share and cash bids have been made by **Greencore (Bakkavor)** and, at the end of 2024, **Aviva (Direct Line)**. The addition of a mix and match election facility has become increasingly common, providing target shareholders with greater optionality – including **American Axle & Manufacturing (Dowlais)** and **PHP (Assura)**. To date, there has only been a handful of all-share deals – all at lower values – this year.
- The tactic of offering shares in a listed strategic bidder has proved effective in a number of deals in encouraging a target board's recommendation and, in some cases, securing shareholder support, with a number of target boards consulting with key shareholders in advance of recommending a cash and share offer.
- Its potential efficacy has been seen in contested bids in particular, with **Assura's** board recognising the benefit to shareholders of **PHP's** cash and share offer in allowing them to retain exposure to the combined entity and the potential value creation. The use of shares also enabled **PHP** to increase its offer price to compete with **KKR / Stonepeak** without needing further debt financing.
- The recently finalised amendments to the UK's prospectus regime rules, which come into effect in January 2026, will make it easier for listed bidders to offer their own shares as consideration on a takeover offer.

STUB EQUITY

- Stub equity – providing unlisted securities as an alternative (in full or part) to the default cash consideration at the election of eligible shareholders – has continued to feature on PE-backed deals: on offers made by **DBAY / ERES (Alliance Pharma)**, **Apax Partners (Apax Global Alpha)** and **TA Fund (FD Technologies)**.
- A stub equity offer can be a useful way to unlock support for a bid. The terms and eligibility criteria are commonly designed to appeal to key target shareholders, particularly founders or management, and allow them to remain invested in the business by rolling into the bidder's ownership structure.
- As with shares offered by strategic bidders, the use of stub equity as consideration reduces the bidder's cost of financing and can be a useful tool to bridge valuation gaps.
- The Takeover Panel has recently set out guidance and its expectations for stub equity offers ([see p.8](#)).

CONTINGENT CONSIDERATION

- An alternative, but more unusual, consideration structure that has been deployed again this year (by **Greencore** in its bid for **Bakkavor**, following its use in **Metals Exploration's** offer for **Condor Gold** last year) is a contingent value right (CVR).
- CVRs provide for additional consideration to be paid upon the occurrence of a specific contingent event or upon the satisfaction of certain performance conditions, and they are another useful device that can help bidders to bridge value gaps through the potential uplift in consideration.

WHAT KEY TRENDS ARE WE CURRENTLY SEEING?

Regulatory scrutiny

UNPREDICTABLE – AND POTENTIALLY LENGTHY – REGULATORY FILINGS

The regulatory landscape for M&A transactions remains complex and unpredictable. Greater political focus on growth and competitiveness in some jurisdictions, including in the UK, the US and the EU, has resulted in signs this year of a more positive environment for doing deals. Nevertheless, the number, scope and sophistication of merger control, national security and foreign investment regimes continue to proliferate globally.

As a result, deals, particularly those that are global in nature, are increasingly subject to a wide range of regulatory filing requirements with uncertain and potentially protracted timetables (as seen with **IDS's (formerly Royal Mail)** acquisition by **EP Group**, where the offer timetable was suspended for eight months, with the “long pole” being Romanian foreign direct investment approvals). This may be the case even where the parties have limited nexus to the relevant jurisdiction. Against this unpredictable backdrop, and given the high stakes involved, bidders and targets are increasingly focused on how to effectively navigate the potentially divergent regulatory approaches, and the risks around elongated timetables.

BOTH PARTIES

are increasingly focused on agreeing strategies to reduce the timeline. These include:

- approaching filings in a way that aims to “start clocks” as quickly as possible – it may make sense to prioritise jurisdictions which have long or uncertain clearance timetables, even where those clearances appear “less material” to the transaction; and
- shortening timescales once “on the clock”, including potentially through early engagement, by providing briefing papers and offering “teach-ins” to the regulators to help them get up to speed quickly.

TARGETS

are considering a range of mitigating actions, including:

- extracting undertakings from a bidder to waive and close over certain conditions if they remain outstanding at the point at which all of the “material” conditions are satisfied;
- including staggered long-stop dates, allowing compliance with endeavours obligations to be assessed in respect of more “material” conditions;
- protections that incentivise closing and recognise the time value of money, such as the ability to pay a dividend to target shareholders (without impacting the consideration payable by the bidder) if closing is delayed – as secured by **Just Group** on **Brookfield's** offer;
- agreeing upfront uplifts in amounts for employee retention in the event of delays in closing; and
- incentivising bidders to deliver the transaction by securing a reverse break fee payable in certain circumstances if the transaction does not proceed – as seen on offers for **Dowlais**, **Qualcomm** and **Greencore**, amongst others this year.

BIDDERS

are similarly seeking protections:

- they may look to enhance their ability to invoke certain conditions by specifying materiality and their intention to invoke upfront. **Greencore's** offer for **Bakkavor** emphasised the materiality of CMA approval at Phase 1 to both parties’ shareholders and Greencore’s intention to seek the Takeover Panel’s consent to invoke the relevant condition in certain circumstances, noting the prolonged uncertainty, delays and cost implications of a Phase 2 reference; and
- while a bidder cannot bind a target to conduct of business obligations in a public bid, they may seek to establish a flow of information (within the confines of antitrust constraints) in relation to the target business during the gap period to enable integration planning and oversight.

SPOTLIGHT ON THE COMPETITION AND MARKETS AUTHORITY

- This year has seen a strategic shift from the UK’s Competition and Markets Authority (CMA) to align competition enforcement with the UK government’s pro-growth agenda, and the CMA has taken steps to embed its new “4Ps” framework – pace, predictability, process, and proportionality – into its merger control and other work.
- There are signs of growing confidence in the CMA’s approach, with **Aviva** taking the decision to waive the CMA condition in respect of its takeover of **Direct Line** before clearance was given (and the CMA then cleared the deal on the day the scheme was sanctioned).
- We have also seen **PHP** forgo a CMA condition (and any antitrust conditionality) altogether in its bid for **Assura**, making its offer more deliverable, and to seek to make it more appealing to **Assura** and its shareholders in a contested bid situation.
- Demonstrating its commitment to “pace”, the CMA has recently established a new KPI to approve “straightforward” Phase 1 cases within 25 working days of starting its formal review – a significant acceleration compared to its previous target of 35 working days.

TAKEOVER PANEL AND FCA DEVELOPMENTS

2025 has also been an active period from a regulatory perspective, with new developments from the Takeover Panel across a range of topics, and leaks on takeover bids also attracting the attention of the FCA

PRACTICE STATEMENT 35

PROFIT FORECASTS

- Practice Statement 35 sets out the Takeover Panel's usual approach to interpreting and applying aspects of the Takeover Code's profit forecast and quantified financial benefits statement regime applicable to targets and securities exchange bidders under Rule 28.
- The Practice Statement is a helpful steer towards a number of areas where the Takeover Panel might give dispensations from reporting requirements, particularly in recommended and non-competitive situations, and in circumstances where profit forecasts are given privately by a target company to a US bidder as part of due diligence, and the US bidder is required to publish the profit forecast under US securities laws.
- It also provides guidance on the Takeover Panel's approach to investment research published by a firm connected to a bidder or target.

PRACTICE STATEMENT 36

STUB EQUITY

- Practice Statement 36 on unlisted share alternatives provides guidance on how the Takeover Panel interprets and applies the Takeover Code to stub equity. It is broadly reflective of existing market practice.
- It sets out the Takeover Panel's guidelines on structuring a stub equity offer, the permitted terms of the unlisted securities and the Takeover Panel's expectations on the related disclosures.
- The Takeover Panel's overall approach to stub equity alternatives is guided by General Principle 1 (all target shareholders must be given equivalent treatment) and Rule 16.1 (no "special deals" with selected shareholders, unless they are available to all shareholders). The Takeover Panel is also concerned to ensure that target shareholders receive sufficient information to make a properly informed decision on the offer.

PUBLIC CONSULTATION PAPER 2025/1

DUAL CLASS SHARE STRUCTURES, IPOS AND SHARE BUYBACKS

- Last year, the UK Listing Rules were amended to allow companies with a dual class share structure (DCSS) – i.e. those with an additional class of shares that give founders and/or other major shareholders enhanced voting or control rights – to list in the ESCC segment of the Main Market.
- Accordingly, the Takeover Panel proposes to clarify how the Takeover Code applies to DCSS companies, and is consulting on its proposed framework. The proposals focus on mandatory offer requirements and acceptance conditions on a contractual offer in relation to a DCSS company. Amendments to the Takeover Code are expected to come into force in early 2026.
- The proposals also codify the existing practice of needing to consult the Takeover Panel and make appropriate Takeover Code-related disclosure on an IPO, and amend share buyback rules to make them clearer and more concise.

PRIMARY MARKET BULLETIN 54

FCA WARNINGS ON STRATEGIC LEAKS

- The Financial Conduct Authority (FCA) has criticised an increase in the number of leaks to the press of market sensitive information about potential takeovers, either occurring deliberately through interested parties or their advisers, or inadvertently through hints.
- The FCA reported that in 2024 38% of UK takeover targets experienced an abnormal movement in their share price in the two days before the start of an offer period.
- The FCA is concerned about the impact of leaks which can cause significant movement in share prices and trigger the improper dissemination of information, damaging the smooth operation and integrity of markets.
- The FCA has reiterated the responsibilities of parties and advisers, and individual accountability for market abuse.

We have regularly been the most active law firm in the takeover arena and that has continued in 2025

We specialise in takeover defence as well as unlocking complex and contested situations for bidders. We are also a longstanding adviser to The Takeover Panel, with two of our partners having been seconded to its executive team.

That experience and insight gives us an edge over other advisers, enabling us to navigate the takeover rules – and regulatory and anti-trust regimes – to deliver our clients’ objectives.

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OUR EXPERIENCE IN 2025 TO DATE

HEADLINE STATISTICS

In 2025 to date, we have advised on:

50%

of 2025’s UK £1bn+ takeover situations where a firm offer has been made, more than any other law firm

2

of the UK’s top 3 takeover situations where a firm offer has been made (by value)

Some highlights of our recent experience

We have advised on deals across the value spectrum, from hundreds of millions to multi-billions, including:

<p>wood.</p> <p>on its recommended offer by Sidara, its associated financial restructuring and \$450 million capital injection from Sidara</p>	<p>JUST.</p> <p>on its recommended offer by Brookfield for £2.4 billion</p>	<p>spectris</p> <p>on competing offers by funds advised by Advent and by funds advised by KKR, with the latter’s recommended offer valuing Spectris at £4.1 billion</p>	<p>Greencore</p> <p>on its recommended acquisition of Bakkavor for £1.2 billion</p>
<p>DOWLAIS</p> <p>on its recommended cash and share offer by American Axle & Manufacturing for £1.2 billion</p>	<p>ALLIANCE</p> <p>on its recommended acquisition by DBAY and ERES for £350 million</p>	<p>Direct Line Group</p> <p>on its successful defence against a £3.1 billion takeover offer from Ageas and on its later recommended acquisition by Aviva which valued Direct Line Group at £3.7 billion</p>	<p>FORTRESS</p> <p>on the recommended takeover offer for Loungers for £340 million</p>
<p>SEGRO</p> <p>on its contested offer for Tritax EuroBox valuing Tritax EuroBox at £560 million</p>	<p>IDS <small>International Distribution Services</small></p> <p>(formerly Royal Mail) on its recommended acquisition by EP Group for £3.5 billion</p>	<p>DS Smith</p> <p>on the competing offers by International Paper and Mondi which led to an agreed acquisition by International Paper for £7.8 billion</p>	<p>REDROW</p> <p>on its combination with Barratt Developments via an all-share offer valuing Redrow at over £2.5 billion</p>

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Sources: FromCounsel and Practical Law:
What's Market.

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