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Key Points

- Public company M&A in the UK surged in the first half of 2025, but the full year has seen activity at roughly the same level as 2024, with both strategic and financial buyers active, despite uncertainty about issues such as the impact of tariffs.
- Deal premiums fell significantly from 2024, perhaps in part because of the rise in stock prices in 2025.
- Activists and institutional shareholders increasingly are opposing bids or pressing for better terms, and 2025 saw a number of contested takeovers.
- The outlook for 2026 is similar, with more take-privates likely.

2025 was a reasonably active year for the public M&A market in the UK. It started strongly, with the first half experiencing the highest deal volumes in any six-month period for several years, although the volume of deals slowed down in the second half. The market has demonstrated notable resilience and adaptability in the face of ongoing macroeconomic and geopolitical uncertainty, including concerns around international trade and the impact of new and proposed tariffs and persistent challenges in generating economic growth.

Both private equity and strategic bidders were active during 2025, each using M&A as a strategic lever for growth, portfolio transformation and consolidation. Activity was especially notable in sectors less exposed to tariff risks such as technology, financial services and real estate. The year also saw the announcement of several high-value transactions (although the number of high-value transactions was significantly lower than for 2024) and there were multiple contested situations.

As the year came to a close, the overall sentiment seemed to be cautiously optimistic, with early predictions for 2026 pointing to continued stability and the potential for further

UK PUBLIC M&A: STRATEGICS AND SPONSORS SUSTAIN DEAL FLOW DESPITE ECONOMIC UNCERTAINTIES

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high-value transactions as market confidence and global economic conditions improve.

Key Statistics: 2025 vs. 2024

The number of firm offers announced in 2025 is closely comparable to 2024, demonstrating a stable level of headline deal activity. Whilst schemes of arrangement continue to be

the most popular structure for implementing UK public takeovers, the slight increase in the proportion of contractual offers in 2025 (17% vs. 5.2% in 2024) reflects the high level of hostile or competitive situations, or, alternatively, cases where bidders already held significant stakes in the target, making a scheme less practical.

	2024 (FULL YEAR)	2025 (TO DEC. 9)
Firm Offers	58**	60*
Schemes vs. Offers	54 (93.1%) vs. 3 (5.2%)	48 (82.5%) vs. 10 (17%)
Market on Which Target's Shares Are Traded	30 (Main Market) vs. 26 (AIM)	30 (Main Market) vs. 24 (AIM)
Average Deal Value	£947.6 million	£572.2 million

*Includes one tender offer and one return of capital
**Includes one tender offer

Share premiums paid fell sharply in 2025 compared to 2024, with the average premium to the unaffected share price dropping from 28.7% to 14.5%, and the 30-day premium from 28.2% to 12.1%.

Higher market valuations, increased activity from strategic bidders, or a perception that UK assets were no longer

undervalued may be factors which have led to bidders being less willing to pay significant premiums. However, there have been some notable exceptions to this emerging trend, and the market has seen some sponsors offering significant premiums for in-demand assets (e.g., the 104.9% premium offered for scientific instrument maker Spectris).

AVERAGE PREMIUMS	
2024	2025 (TO DEC. 9)
30-day: 28.2%	30-day: 12.1%
90-day: 29.9%	90-day: 36.8%
Unaffected: 28.7%	Unaffected: 14.5%

As of Dec. 9, 2025, 32 deals have been valued at less than £250 million, representing just over half of all transactions (approximately 53%). This is consistent with the previ-

ous year, underscoring a continual trend towards smaller deals.

DEAL SIZE DISTRIBUTION HERE	2024	2025 (TO DEC. 9)
£0 - £250 million	27	32
£251 million - £500 million	5	10
£501 million - £750 million	5	5
£751 million - £1 billion	4	2
Over £1 billion	17	11

Sector and Strategic Insights

Strategic corporate acquirers and PE sponsors continued to actively target UK assets as a means of portfolio transformation and growth. The persistent discount of UK-listed companies to their intrinsic value created fertile ground for opportunistic acquisitions, particularly in the real estate sector. UK REITs continued to trade at significant discounts to their net asset value, as illustrated by deals such as Blackstone's successful bid for Warehouse REIT and LondonMetric's acquisition of Urban Logistics REIT.

Strategic bidders, such as Primary Health Properties, a REIT, have been aggressive, using share-based consideration to compete with cash-rich PE offers, as demonstrated in the contested takeover of Assura. However, PE sponsors have been increasingly creative, employing stub equity (whereby some shareholders are offered the opportunity to retain a minority equity interest in the target company post-acquisition) and consortium structures to bridge valuation gaps and appeal to significant shareholders.

There has been a noticeable increase in the deployment of reverse break fees in UK public M&A, perhaps because current levels of regulatory scrutiny keep execution risk high. For example, in the \$1.44 billion American Axle &

Manufacturing/Dowlais transaction, which has regulatory conditions in seven jurisdictions, a \$50 million reverse break fee was agreed if regulatory conditions were not satisfied. Moreover, Qualcomm's \$2.4 billion offer for Alphawave Semi included a \$175 million reverse break fee tied to the satisfaction or waiver of regulatory conditions.

In 2025, we also saw activist and institutional shareholders become increasingly vocal and willing to oppose bids or agitate for higher offers. Regent, a 29.4% shareholder in energy and sustainability consultancy Inspired plc, launched a bid that was publicly opposed by Inspired's largest shareholder, Gresham House, with 29.7%. The situation ultimately led to a superior, recommended offer from a third party.

The importance of winning the support of shareholders was also evident when the proposed merger between HICL Infrastructure and The Renewables Infrastructure Group, which would have created the largest infrastructure investment trust, was abandoned following substantial opposition from HICL's investors. Shareholder activism is now a more regular feature of the UK M&A landscape, with boards and bidders increasingly required to engage with shareholders early to secure credible support for their transactions.

SECTOR BREAKDOWN	2024	2025 (TO DEC. 9)
Alternative energy	—	1
Automobiles and transportation	4	1
Computer and electronic equipment	7	10
Construction and industrials Financial	6	4
Financial	7	15
Food and beverage	2	2
Insurance	1	1
Media	3	—
Mining, metals and engineering	4	1
Oil, gas and chemicals	4	5
Personal, household and leisure goods	2	—
Pharmaceuticals, biotechnology and healthcare	1	3
Real Estate	9	8
Retailers	2	—
Support Services	3	6
Telecommunications	2	—
Travel and Leisure	1	1
Utilities	—	2

Regulatory and Process Developments

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During 2025, the Takeover Panel (“Panel”) issued new guidance on the use of unlisted share alternatives, setting out acceptable terms, required disclosures and the rights that may attach to such shares. Bidders are expected to consult

the Panel early on about the terms and disclosures for any stub equity alternative, and the Panel scrutinizes these structures to prevent *de facto* special deals for select shareholders. The Panel’s focus is on ensuring equal treatment of shareholders and providing sufficient information for informed decision-making (in accordance with the General Principles and Rules 16.1 and 23.1).

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The Panel also clarified its approach to profit forecasts and quantified financial benefit statements (“QFBs”), particularly where target companies issue forecasts after rejecting possible offers, and in situations where U.S. securities law requires publication of forecasts provided privately during due diligence.

Consultation Paper PCP2025/1 and Response Statement RS2025/1

In response to the 2024 UK Listing Rules permitting companies with dual class share structures to list, the Panel launched a consultation on how the Takeover Code (“Code”) should apply to such structures and has confirmed that the resulting changes to the Code will take effect from February 4, 2026. Notable changes include clarifying the mandatory offer requirements when founder shares with enhanced voting rights convert or are extinguished, and modifying the Panel’s ability to grant a “Rule 9 dispensation by disclosure” at IPO, provided appropriate disclosures are made and no further share acquisitions occur before the trigger event. The changes also clarify share buyback rules, including when a buyback could trigger a mandatory offer or be treated as an “offer” under the Code.

FCA Scrutiny

The Financial Conduct Authority (“FCA”) has intensified its scrutiny of leaks and market conduct in public M&A, owing to the notable rise in cases where an offer period commenced with a possible offer announcement in response to leaks. The FCA has reiterated the responsibilities of all parties, including advisers, to maintain confidentiality and prevent market abuse. The FCA is actively investigating suspicious trading and leaks, with the potential for enforcement action where misconduct is found.

Prospectus Reforms

As a result of the changes introduced by the FCA, the threshold for requiring a prospectus for secondary issuances will rise from 20% to 75% of existing securities (and up to 100% for closed-ended investment companies) from January 19, 2026, making it easier for listed bidders to use their shares as consideration without triggering a mandatory prospectus requirement.

Outlook for 2026

The increase in contested takeovers and activist involvement is expected to continue in 2026, reflecting the competitive tension in the market and the willingness of shareholders to engage more assertively in deal processes. Boards should be prepared for the possibility of multiple bidders, public shareholder opposition and activist campaigns, especially in sectors with strategic assets or where governance is under scrutiny.

Given the FCA’s public statements and increased scrutiny of leaks in light of the number of public M&A transactions subject to a Rule 2.4 “leak announcement,” 2026 may see a decrease in the number of deals which are first made public as a result of a leak. Parties to an offer should be increasingly careful to maintain confidentiality of transactions and refrain from using leaks as a tactic to bring parties to the table, particularly given the FCA’s increased vigilance in the area.

We expect 2026 to carry on the emerging trend from 2024 and 2025 of the main concentration of transactions being valued at £500 million or less. Transactions of this size make attractive propositions for private equity and strategic sponsors to grow and consolidate. The ongoing macroeconomic and geopolitical uncertainty may continue to stymie the return of the “megadeal” in the UK. We also anticipate a rise in the number of take-private transactions, because the UK remains an attractive market for sponsors to acquire public companies compared to other European jurisdictions.