



Public M&A Review

Q1 2024

Ashurst

Overview

Large cap bids return

We have seen an active start to the year for UK Public M&A (albeit volumes are down when compared with the unusual high with which we ended 2023). Strategic acquisitions, in particular in the real estate and property-linked logistics sectors but also in the financial services sector (e.g. Pollen Street/Mattioli Woods and Nationwide/Virgin Money), have dominated.

Deal values are markedly higher than last year, with more £1bn+ firm offers already announced in Q1 than in the whole of 2023. As inflation and interest rates continue to stabilise, we are seeing positive signs that large-scale M&A is returning.

Is undervaluation a problem in the UK markets?

The perception that UK equities remain undervalued is no doubt driving some of this interest. Commentary from journalists and analysts continues to assert that London-listed companies are trading at record discounts to US-listed companies and that fund managers are less invested in UK equities than many other asset categories.

The significant premia being applied to recent bids (e.g. 104% for Wincanton plc) seems to support this, as does the uptick in competing bids and the rise in target-led sale processes. Whilst this perception remains, we expect well capitalised strategics and PE to continue to take advantage.

Private sale processes under the Code

Continuing this theme, five sale processes were announced in Q1 (Revolution Bars, Jaywing, Renalytix, Saietta and Benchmark). These comprised two strategic reviews and three strategic reviews which included a formal sale process (FSP).

Whilst the Code makes little provision for target-led processes outside of the realm of the FSP, the stigma of financial distress that is often attached to an FSP (as demonstrated in respect of Saietta where the FSP lasted 10 days before administrators were appointed), can make them unpalatable to target boards. When contemplating a sale process, target boards, and their advisers, need to consider the complex disclosure obligations and restrictions early on in the process to determine what the best route might be.

The Ashurst UK Public M&A Team

13

ANNOUNCED BIDS

13

RECOMMENDED ON
ANNOUNCEMENT

13

SCHEMES OF
ARRANGEMENT

52.7%

AVERAGE OF BID PREMIA
(% UNWEIGHTED)

39.8%

AVERAGE OF BID PREMIA
(% WEIGHTED)

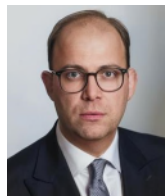
A summary of the key features of each announced offer is set out in a table in the Appendix.

[Click here to jump to the Appendix.](#)

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“The Ashurst team is very preemptive when it comes to advice and the team is particularly commercial.”

Chambers UK 2024, M&A: £800m and above

Ashurst's UK public M&A mandates in the last quarter

Tritax Big Box REIT

on its offer for UK Commercial Property REIT

Evercore and Centerview

on Keysight Technologies' offer for Spirent Communications

Morgan Stanley

on CMA CGM's offer for Wincanton

Rothschild

on Pollen Street's offer for Mattioli Woods, Sign In Solution's offer for SmartSpace Software and The Navigator Company's offer for Accrol

UBS

on Nationwide Building Society's offer for Virgin Money

News digest

Panel Bulletin 6 released

On 15 January 2024, the Panel released Panel Bulletin 6. The Bulletin covered the application of Rule 20.1 of the Takeover Code (equality of information to shareholders) where a director of the target company has been appointed by a shareholder in the company as a representative director.

The Bulletin set out the Panel Executive's recommendation that, if a target company has one or more representative directors, the advisers should consider the application of Rule 20.1 to the provision of information relating to the offer, or the target company, and draw the provision to the attention of the target board and, in particular, the representative director(s), at the earliest opportunity.

In addition, the Panel Executive recommended that advisers to the target company should consult the Panel to discuss the application of Rule 20.1 in such circumstances, including whether it may be appropriate for the Panel to consent to a derogation from the requirements of Rule 20.1.

New Panel members update

On 25 January 2024, the Panel announced that it had appointed Jean Roche, a Fund Manager at Schroders, and Joao Freitas, a Senior Adviser at HBK, as members of the Panel, designated to sit on the Code Committee. The appointments will take effect from 1 May 2024.

Panel personnel update

On 27 February 2024, the Panel announced that Omar Faruqi, Co-head of Europe, Middle East and Africa Mergers and Acquisitions at Barclays, will be the next Director General of the Panel. Omar will also take up his appointment on 1 May 2024 as part of a two year secondment from Barclays.

CLLS published updated specimen conditions

On 1 February 2024, the City of London Law Society published a revised specimen document intended as an illustrative example of the approach that could be taken to the structure and drafting of certain aspects of the conditions to a contractual offer under the Takeover Code rules.



News digest (cont.)

The Public Offers and Admissions to Trading Regulations

On 29 January 2024, The Public Offers and Admissions to Trading Regulations 2024 (the Regulations) were made, alongside the publication of an Explanatory Memorandum. As has been noted in previous editions, the Regulations create a new regulatory framework for the offering of securities to the public and the admission of securities to trading in the UK, replacing the EU-derived UK Prospectus Regulation. The Regulations are substantively the same as the draft form laid before Parliament in November 2023.

The Regulations came into effect on a limited basis on 30 January 2024 - for example, for the purposes of enabling the FCA to make or approve rules and to give guidance. They will come into full effect once the FCA has consulted on changes to its rules. Following on from the series of FCA Engagement Papers, the FCA is still expecting to move to a formal consultation in the summer.

Further information on this matter can be found in the [Ashurst Corporate Update](#) published on 7 February 2024.



Appendix

Key features of firm offer
announcements

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Announced UK takeover bids

(1 January to 31 March 2024)

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/Q/FBS
Belvoir Group PLC (AIM)	The Property Franchise Group PLC	£103.5m	NP	●				A	● ¹				●	N/C		●	●	B	● ²
LXi REIT plc (Main Market)	LondonMetric Property Plc	£1.9b	9%	●				L	● ³				●	N ⁴				B	
abrdn Property Income Trust Limited (Main Market)	Custodian Property Income REIT plc	£237m	29.4%	●				L	● ⁵				●	N				B	● ⁶
Wincanton plc (Main Market)	CMA CGM S.A.	£604.7m	52%		● ⁷		●						●	N/C					● ⁸
Redrow plc (Main Market)	Barratt Developments PLC	£2.52b	27.2%	●				L	● ⁹				●	N/C ¹⁰				B ¹¹	● ¹²
Wincanton plc (Main Market)	GXO Logistics, Inc.	£762m	104%	●			●						●	N					● ¹³
Spirent Communications plc (Main Market)	Viavi Solutions Inc.	£1.01b	61.4%		● ¹⁴		●		● ¹⁵				●	N/C ¹⁶					
Mattioli Woods plc (AIM)	Pollen Street Capital Limited	£432m	34%	●			●		● ¹⁷				●	N/C					
SmartSpace Software plc (AIM)	Sign In Solutions Inc.	£28.35m	169%	●			●						●	N/C		●	●		
UK Commercial Property REIT Limited (Main Market)	Tritax Big Box REIT PLC	£924m	10.8%	●				L	● ¹⁸				●	N ¹⁹			●	B ²⁰	● ²¹

Announced UK takeover bids (cont.)

(1 January to 31 March 2024)

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/Q/FBS
Virgin Money UK PLC (Main Market)	Nationwide Building Society	£2.9b	38%	•			•		• ²²				•	N/C ²³		•		T ²⁴	
Accrol Group Holdings plc (AIM)	The Navigator Company, S.A.	£127.5m	11.8%	•			•						•	N					
Spirent Communications plc (Main Market)	Keysight Technologies Inc.	£1.16b	85.9%	•			•		• ²⁵				•	N/C ²⁶					

Announced UK takeover bids

Key and footnotes

This table includes details of takeovers, set out in 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 relevant offer period
**	Standard 90% (waivable) acceptance condition, unless otherwise stated
***	In shareholders' irrevocable undertakings (unless indicated otherwise)
□	Permitted agreements under Rule 21.2 of the Code
A	AIM traded shares
C	Co-operation agreement
F	Break fee given under formal sale process or white knight dispensation
L	Listed/traded shares
N	Confidentiality agreement
NP	No premium given in offer documentation or nil premium
R	Reverse break fee
U	Untraded shares
B	Bidder shareholder approval
T	Target shareholder approval

1. Special dividend payment.
2. Directors' confirmation.
3. Current and ordinary course dividends.
4. + Heads of terms in respect of the termination of management arrangements.
5. Current dividend.
6. QFBS.
7. Recommendation withdrawn following board recommendation of GXO's offer.
8. Directors' confirmation.
9. Current and ordinary course dividends.
10. + Clean team agreement and joint defence agreement.
11. Class 1 transaction.
12. Directors' confirmation and QFBS.
13. Directors' confirmation.
14. Recommendation withdrawn following board recommendation of Keysight's offer.
15. Special dividend payment.
16. + Clean team agreement and joint defence agreement.
17. Current dividend.
18. Current and ordinary course dividends.
19. + Termination agreement in respect of the UKCM investment management agreement and related matters.
20. Class 1 transaction.
21. QFBS.
22. Special dividend.
23. + Clean team agreement and joint defence agreement.
24. Amendment of brand licence agreement constitutes a special deal under Rule 16.1.
25. Special dividend payment.
26. + Clean team agreement and joint defence agreement.

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