

PANORAMIC NEXT

M&A

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M&A

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Panoramic Next: M&A explores the most impactful recent developments in global mergers and acquisitions and how legal practitioners have responded to them. Through a series of interviews with seasoned experts in key jurisdictions, it offers useful insights across all stages of M&A transactions.

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ABOUT

Clare Gaskell advises clients on private M&A and public takeovers as well as equity capital markets transactions and other corporate matters, including minority and preferred equity investments, consortium transactions, restructurings and management equity plans, with a focus on private equity and other financial sponsor clients. Based in the firm's London office, she has particular experience in law and regulation applicable to UK-listed companies. Her most recent M&A experience includes advising KKR on its acquisitions of Biotage AB, Smart Metering Systems plc and ContourGlobal plc, KKR and Stonepeak on their offer for Assura plc, KKR portfolio company Accountor Software on its acquisitions of 24SevenOffice and Heeros Oyj, Apax on the acquisition of Apax Global Alpha, and Blackstone on the acquisition of Blackstone Loan Financing Limited's interest in an underlying CLO portfolio.

Jiaying Zhang advises a range of clients through all stages of the investment cycle within the energy and infrastructure industry. She counsels infrastructure funds on a wide range of complex domestic and cross-border M&A, joint venture and consortium transactions, management equity plans, GP-led secondaries and restructurings across the infrastructure sector. Jiaying was named a 2025 'U.K. Female Rising Star' by Law.com International. Jiaying's recent work highlights include advising KKR in its acquisition, alongside Ocean Yield, of CapeOmega from Partners Group, KKR's take private of Greenvolt, Actis in its investment in the Rezolv platform and DigitalBridge in the merger of Netomnia and Brsk.

Q&A

WHAT TRENDS ARE YOU SEEING IN OVERALL ACTIVITY LEVELS FOR MERGERS AND ACQUISITIONS IN YOUR JURISDICTION DURING THE PAST YEAR OR SO?

In public M&A, the number of bids in 2024 remained steady compared to 2023, with 56 firm offers announced for Main Market or AIM companies, compared to 57 firm offers in 2023 (Thomson Reuters). The number of large transactions has distinctly increased: there were 17 firm offers that had a deal value of over £1 billion (compared to four in 2023) (Thomson Reuters). In 2024, a reduced proportion of firm offers were PE-backed or PE bolt on acquisitions: these represented 43 per cent of the total firm offers announced, compared to 63 per cent in 2023 (Thomson Reuters).

As for private M&A, 2024 was a busier year in UK M&A with 2,584 completed deals worth US\$182.7 billion in 2024, compared to 2,325 completed deals worth US\$117.7 billion in 2023 (Bloomberg). 21.7 per cent of the completed deals in 2024 involved financial sponsor buyers (Bloomberg). However, as we moved into the first half of 2025, UK deal volumes fell by over 19 per cent compared with the first six months of 2024. Deal values also fell by 12.3 per cent to £57.3 billion in the same period (PwC).

WHICH SECTORS HAVE BEEN PARTICULARLY ACTIVE OR STAGNANT? WHAT ARE THE UNDERLYING REASONS FOR THESE ACTIVITY LEVELS? WHAT SIZE ARE TYPICAL TRANSACTIONS?

The digital infrastructure segment remains active, as investors rush to buy essential infrastructure to support the digitalisation of the economy and the expansion of AI technology.

The volume of data centre deals, in particular, has been growing at 46.0 per cent CAGR since 2019 (Eight Advisory). We're observing this trend firsthand as a firm through our ever-increasing involvement in advising on data centre transactions, including our London office's representation of Arjun Infrastructure Partners on its recent investment into a stabilised data centre portfolio managed by Data 4, a Brookfield-owned leading European data centre operator. The UK remained one of the leading markets in the continent for data centre deals, with approximately 1.6GWs of data centre capacity in 2024 (UK House of Commons) and 13 M&A deals in the sector (Eight Advisory). The UK government has sought to support and encourage growth in the sector through various policy reforms, including requirements on local authorities to consider the need for data centres when setting local policies and deciding planning applications and fast-tracking planning and infrastructure support for AI data centres (National Planning Policy Framework). Nevertheless, this sector continues to face challenges in grid connection and capacity constraints, which governments are hurrying to address via regulatory reforms. In Great Britain, Ofgem approved the Connections Reform (TMO4+) in April 2025, which will replace the existing 'first come, first connected' electricity grid connection queue process with a 'first ready, first needed, first connected' process, which intends to prioritise projects of strategic importance and to prevent 'zombie' projects (being projects with a place in the grid connection queue but which are not progressing or cannot be developed quickly due to the absence of land rights or planning consents) from continuing to hold up the queue for connection to the grid.

Renewable energy investment remains the most active sector of UK infrastructure M&A, accounting for 36 per cent of total deal volume in H1 2025 (Infralogic). This includes Masdar and Iberdrola's €5.2 billion co-investment in the 1.4GW East Anglia THREE offshore wind farm and CIP's €600 million investment in Bute Energy, Windward Energy's portfolio development company.

As for general sector trends, in the first half of 2025 most sectors globally saw an increase in deal volumes, including in technology, consumer and retail, media and communications and financial institutions. However, for the UK specifically, in the first half of 2025, many sectors saw a decrease in aggregate deal value; this included industrials, technology, financials and real estate.

There is no 'typically sized' transaction in the UK, with a wide variation in deal sizes up to values in the multiple billions of pounds sterling. The UK market is somewhat unique in Europe inasmuch as professionals based here tend to cover financing and M&A across multiple European geographies. This can be either because cross-border deals happen under English law, because the relevant professionals on the buy or sell side are based in London or simply because of the expertise of the advisers who live and work in the UK. Invariably, the financing of pan European deals uses debt under English law and/or capital markets financing under New York law. Hence, even when UK M&A itself is quiet, the M&A professionals based in London tend to be busy dealing with global or pan-European deals (whether the relevant assets are wrapped in a UK corporate).

WHAT WERE THE RECENT KEYNOTE DEALS? WHAT MADE THEM SO SIGNIFICANT?

Our team advised Arjun Infrastructure Partners on its acquisition of a 30 per cent stake in a stabilised data centre portfolio operated by Data4. The portfolio spans hyperscale data centres in Paris, Madrid and Milan with a combined capacity of 244MW. This demonstrates increasing interest from financial sponsors in investing in data centre infrastructure.

Recently there has been a proliferation of contested public M&A deals involving targets such as Harmony Energy Income Trust, Warehouse REIT, Assura, Inspired, De La Rue and Spectris. The Assura and Warehouse REIT transactions were particularly notable as they saw cash bids backed by financial sponsors pitted against cash and share offers from listed competitors, with different results: Primary Health Properties plc won the day against a KKR/Stonepeak consortium, while Blackstone triumphed against Tritax Big Box REIT plc. These deals have increased attention on the under-performance of listed funds, which generally trade at a substantial discount to NAV, and fuelled a debate about the merits of the listed fund sector.

IN YOUR EXPERIENCE, WHAT CONSIDERATION DO SHAREHOLDERS IN A TARGET TEND TO PREFER? ARE MERGERS AND ACQUISITIONS IN YOUR JURISDICTION PRIMARILY CASH OR SHARE TRANSACTIONS? ARE SHAREHOLDERS GENERALLY WILLING TO ACCEPT SHARES ISSUED BY A FOREIGN ACQUIRER?

In private M&A, the overwhelming majority of deals are cash only, although on secondaries transactions (where one financial sponsor buys from another), management will often be required and the selling financial sponsor will sometimes choose to roll over a portion of their existing target securities for securities in the buyer entity.

In the case of public takeovers, cash consideration is more usual but consideration involving listed or unlisted securities is not uncommon: it was a feature of 30 per cent of the firm offers announced in H1 2025. Where securities are offered it is often as an alternative to cash or a 'mix and match' facility is made available, allowing target shareholders to elect to receive a higher proportion of cash or securities, subject to off-setting elections. Unlisted share alternatives (referred to as 'stub equity') have become popular with private equity-backed bidders, which may want to facilitate rollover by certain target shareholders but have to offer the opportunity to all shareholders to comply with equal treatment requirements under the Takeover Code. Unlisted share alternatives tend to be unattractive to UK shareholders, especially institutional investors that may not be permitted to hold unlisted securities under their investment mandates. Such shareholders may find share alternatives more appealing where bidders are listed in the UK already or offer a UK listing as part of the transaction, or offer liquid securities that are listed on an overseas investment exchange, since those shareholders tend to have a global outlook.

In the current economic climate, certainty of funds is also critical, so understanding buyers' sources of funding – both on the debt and equity side – is essential to structuring a successful transaction.

HOW HAS THE LEGAL AND REGULATORY LANDSCAPE FOR MERGERS AND ACQUISITIONS CHANGED DURING THE PAST FEW YEARS IN YOUR JURISDICTION?

Antitrust and FDI

The Digital Markets, Competition and Consumers Act (DMCC Act) came into effect on 1 January 2025, introducing significant reforms for national competition rules, including: empowering the CMA to designate businesses as having 'strategic market status' (SMS) in respect of a digital activity, enabling (amongst other things) the CMA to impose conduct requirements and require enhanced M&A reporting. In addition, the DMCC Act raised the target turnover threshold from £70 million to £100 million and introduced a new jurisdictional basis for merger control which allows the CMA to review a transaction where: (1) at least one party has £350 million in UK turnover and at least a 33 per cent UK 'share of supply' (without any need for a target increment); and (2) the other party has a 'UK nexus' (broadly defined to be satisfied where the party has any activity, legal entity or (actual or planned) supply of goods or services in the UK).

The entry into force of the DMCC Act and the CMA's corresponding increased jurisdiction coincides, however, with a revised approach by the CMA towards reviewing transactions. Whilst the CMA remains willing to directly intervene in transactions involving a distinct and material UK impact, it is seeking to take a more proportionate approach towards intervening in global transactions.

Since the commencement of the National Security and Investment Act 2021 (NSI Act) in January 2022, the Cabinet Office has published four annual reports on its operation. The latest annual report was published on 22 July 2025 for the reporting period of 1 April 2024 – 31 March 2025 ('Reporting Period') and outlined that during the Reporting Period, the UK government reviewed 1,079 notifications (an increase from 847 in the previous reporting period), of which 912 (85 per cent) were mandatory notifications, and 49 (4.5 per cent) were issued with a call-in notice for in-depth national security review. In addition to the 49 notified acquisitions called in during the Reporting Period, seven non-notified acquisitions were issued with a call-in notice.

Out of the 56 transactions called in under the NSI Act during the Reporting Period, 16 transactions were subject to conditions, ranging from relatively light-touch interventions (such as requirements relating to IT equipment, data storage, access and handling) to more onerous requirements (such as establishing a national security committee to oversee sensitive work of the parties). These conditions were imposed on acquirers from jurisdictions including Australia, China, France, Germany, India, Singapore, the UAE, the UK and the US, serving as a reminder that the NSI Act can be still be relevant for deals in sensitive sectors regardless of the acquirer's nationality.

In contrast, out of the 56 deals called in, only one transaction was ordered to unwind (involving an acquirer of Chinese origin). Of the call-in notices, the largest proportion were associated with the sectors of defence, military and dual-use and advanced materials.

The Cabinet Office has been consulting on potential reforms to the scope of the NSI Act between 22 July 2025 - 14 October 2025, including amending existing sectors to more accurately reflect areas of national security concern and introducing new stand-alone mandatory sectors for critical minerals, semiconductors and water.

Financial services M&A

Following a strong year for financial services M&A in 2024, deals involving regulated financial services targets have continued into 2025. Any person who decides to acquire control of a UK firm authorised under the Financial Services and Markets Act 2000 (FSMA)

must seek prior approval from the Financial Conduct Authority (FCA) and, in the case of dual-regulated firms, from the Prudential Regulation Authority (PRA). Similar obligations apply in respect of firms authorised by the FCA under other financial services legislation, such as payment institutions. Outside the financial services sector, similar requirements for prior approval of a change in control also apply to professional services firms. These approval requirements are therefore typically expressed as conditions to closing of financial services M&A deals.

The Financial Services and Markets Act 2023 (FSMA 2023) amended the change in control regime under Part XII FSMA to give the FCA and PRA greater powers to impose conditions on new controllers when granting approval.

To the extent that a deal involves a change to the regulated target firm's management team, FCA approval will also be required for any new senior managers. Regulatory capital requirements, including any potential prudential consolidation implications where the buyer is also regulated, also need to be taken into account when structuring and financing a transaction.

DESCRIBE RECENT DEVELOPMENTS IN THE COMMERCIAL LANDSCAPE. ARE BUYERS FROM OUTSIDE YOUR JURISDICTION COMMON?

The economic volatility of 2025 arising from, among other things, US tariff announcements, continuing higher interest rates and rising geopolitical tensions has created an environment that has proved challenging for a number of corporates compelled to seek to dispose of assets to improve the robustness of their balance sheets. Once such example is Ørsted which, as a result of these factors and the US's shift in attitudes towards renewables, has agreed to sell a 50 per cent stake in Hornsea 3 wind farm, its flagship UK project, to Apollo. This volatility and in particular rising interest rates have also had an impact on funds nearing their term end which are being forced to dispose of their assets at lower returns than expected due to a valuation mismatch, or to pursue secondary transactions and GP-led continuation funds.

In terms of buyer jurisdiction, in public M&A, of the 36 firm offers announced in the first half of 2025 for London Stock Exchange Main Market or AIM companies, 24 involved at least one non-UK bidder, including bidders from the US, Canada, Guernsey, Ireland, Isle of Man, Australia, France and the UAE, representing 81 per cent of the total deal value for all firm offers during the period. A large portion of our private M&A clients are financial sponsors headquartered outside the UK and Europe; however, most have London offices and local deal teams who execute the transactions and monitor the portfolio companies after closing.

ARE SHAREHOLDER ACTIVISTS PART OF THE CORPORATE SCENE? HOW HAVE THEY INFLUENCED M&A?

Shareholder activism has had an increasing impact on UK M&A since the covid-19 pandemic. The last year has been particularly busy for shareholder activists on public deals, particularly investors opposing specific M&A transactions and those agitating for ESG-driven changes. There have been a number of examples of shareholder activism in 2025, however it has largely been unsuccessful.

A recent example of failed shareholder activism was the hostile offer launched for Inspired plc by Regent International Holdings Limited (an existing long term shareholder), driven by concerns it raised in relation to Inspired's debt levels. Major shareholders opposed the bid, including Inspired's largest shareholder Gresham House Asset Management, which agreed with the board's view that Regent's offer undervalued Inspired. Inspired also gained support from other shareholders, in total representing 49.15 per cent of Inspired's issued share capital. In May 2025, when it was announced that there was a potential competing bidder offering a price higher than Regent's offer, shareholders including Gresham House Asset Management supported the competing bid. As such, when HGGC announced a firm recommended cash offer on 26 June 2025, it received support from the Inspired directors and shareholders representing, in aggregate, 40.2 per cent of the issued share capital of Inspired.

Barclays reported that shareholder activists launched 129 campaigns in the first half of 2025, which was down 12 per cent from the same period in 2024. However, an increase in shareholder activists in the second half of 2025 has been anticipated.

TAKE US THROUGH THE TYPICAL STAGES OF A TRANSACTION IN YOUR JURISDICTION.

The M&A process very much depends on the parties involved. In the case of a big strategic deal, for example, most of the contact from the early stages tends to be at a principal-to-principal level. On the other hand, auction processes are usually run by financial advisers who coordinate with potential bidders and feed information back to their clients.

A typical auction process involves the circulation of a 'teaser' containing limited, often publicly available, information about a target and a non-disclosure agreement is then entered into before more information is made available. Bidders are invited to submit non-binding offers at the end of a first phase that typically lasts four to six weeks. Selected bidders are taken through to a second phase during which they are given access to a data room, management and sometimes experts such as vendor due diligence providers, and the opportunity to ask follow up questions. At the end of the second phase bidders must submit what is referred to as a final 'binding' offer – although it invariably remains subject to negotiation and signing of definitive transaction documents, at least. If due diligence has been completed before submission of the final offer and the buyer is otherwise ready to proceed, then signing can occur within 24 to 48 hours of the final offer deadline. In other cases, particularly where the target business is being carved out from a larger group, it can take longer – sometimes weeks – for the parties to enter into a legally binding contract.

The extent of due diligence also depends on the parties involved and the type of transaction. In public M&A, due diligence tends to be very limited – partly driven by the Takeover Code requirement that any due diligence information given to one bidder must be given to any other bona fide potential bidder on request. Due diligence is also typically limited in secondary buyouts, where financial sponsor buyers focus on big value items and take comfort from the fact that the target will have been the subject of due diligence in the fairly recent past. In contrast, a strategic buyer is more likely to want a detailed due diligence process, partly so that it can fully understand and test potential synergies that may underlie its price.

ARE THERE ANY LEGAL OR COMMERCIAL CHANGES ANTICIPATED IN THE NEAR FUTURE THAT WILL MATERIALLY AFFECT PRACTICE OR ACTIVITY IN YOUR JURISDICTION?

The tightening of debt financing markets and mismatch in pricing expectations between buyers and sellers has led to many parties rethinking how they structure and finance M&A transactions. For example, more parties are seeking to use earn-outs to bridge valuation gaps. For a buyer, an earn-out can be helpful in reducing its funding requirements at closing; and a seller can ensure that any short- to mid-term uplift in performance or value in the target is returned to it.

Financial sponsors have also been focused on portfolio company add-on deals: these investments tend to be less risky from a valuation standpoint given their size, and enable sponsors to price in synergies to help bridge pricing gaps.

More sellers are exiting their investments through stake sales, particularly on larger deals in the infrastructure sector where the sheer size of the business means there is rarely one buyer who can buy the entire asset alone.

We have also seen more interest from financial sponsors in providing financing to companies through convertible preferred investments. This gives them downside protection with a fixed rate return acting as a floor, while they retain the potential for sharing in the equity in an upside scenario. There has been increasing demand from companies to raise financing in this manner, particularly from those that would have completed an IPO in healthier capital markets.

Finally, investors continue to see opportunities in the public markets, whether through take-privates or private investment in public equity, as a result of lower valuations of UK-listed companies.

WHAT DOES THE FUTURE HOLD? WHAT ACTIVITY LEVELS DO YOU EXPECT FOR THE NEXT YEAR? WHICH SECTORS WILL BE THE MOST ACTIVE? DO YOU FORESEE ANY PARTICULAR GEOPOLITICAL OR MACROECONOMIC DEVELOPMENTS THAT WILL AFFECT DEAL SIZES AND ACTIVITY?

We remain cautiously optimistic about UK and European M&A activity in 2026. Following a timid start to M&A activity in 2025, M&A volumes have picked up. We expect digital infrastructure (in particular, data centres and related infrastructure) and energy and critical industries security to remain key areas for financial sponsors to deploy their large and flexible pools of committed capital, driven largely by the need to create (and government backing of) infrastructure to support AI, to address geopolitical insecurity and to meet critical net zero targets.

The Inside Track

WHAT FACTORS MAKE MERGERS AND ACQUISITIONS PRACTICE IN YOUR JURISDICTION UNIQUE?

The shareholder base in the UK is generally more capitalist than elsewhere in Europe (inasmuch as we do not have many family-owned or majority-owned businesses). This, together with the lack of works councils and Takeover Code prohibition on poison pills and other 'frustrating action', has traditionally made for an M&A rich environment. Also, most

financial sponsors headquarter their European operations in London, which means that M&A should continue apace here (even if UK M&A itself slows down). On current evidence, while some dealmakers and back-office operations have relocated to the continent or Ireland, the vast majority remain in London and some financial sponsors are actually ramping up their London operations.

WHAT THREE THINGS SHOULD A CLIENT CONSIDER WHEN CHOOSING COUNSEL FOR A COMPLEX TRANSACTION IN YOUR JURISDICTION?

There's no 'one size fits all' approach: clients should choose counsel with the insight and experience to master complexity and make judgement calls but with the flexibility to collaborate with other advisers, in the UK and elsewhere, to achieve the best possible result. Experience is especially important in relation to public company deals in the UK. The rules are very 'principles' based and require a detailed knowledge of practice and precedent. As law firms and legal practice continue to disaggregate, partner judgement is what will be key on complex and fast moving M&A deals.

WHAT IS THE MOST INTERESTING OR UNUSUAL MATTER YOU HAVE RECENTLY WORKED ON, AND WHY?

We have recently advised on a number of joint venture arrangements between US or European financial sponsors alongside Middle Eastern sovereign wealth funds with a particular focus on critical infrastructure, energy and digital transformation. These transactions have demonstrated the growth and diversification ambitions and rapid deployment of capital by Middle East investors, in particular Mubadala, ADIA, QIA, PIF and ADQ, with US\$15.8 billion deployed by Middle East investors into Europe in the first nine months of 2025 (GlobalSWF).

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