



UK Public M&A Monthly Activity Update: May 2023

Summary

In May 2023, there were four Rule 2.7 announcements made across the UK public M&A market and a further two possible offers announced.

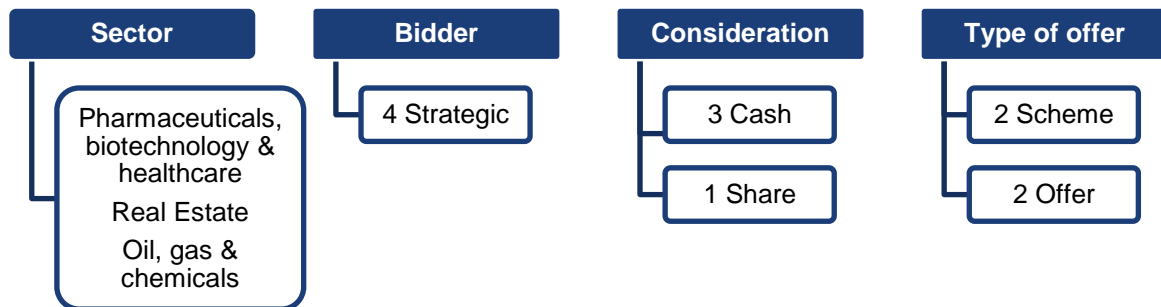
Firm Offers announced this month:

- Mandatory cash offer by **AOP Health International Management AG** for **Shield Therapeutics plc** - £46.1 million
- Recommended cash offer by **CK Asset Holdings Limited** for **Civitas Social Housing PLC** - £485 million
- Recommended cash offer by **HEYCO Energy Group, Inc.** for **Egdon Resources plc** - £26.64 million
- Recommended share offer by **LondonMetric Property Plc** for **CT Property Trust Limited** - £198.6 million

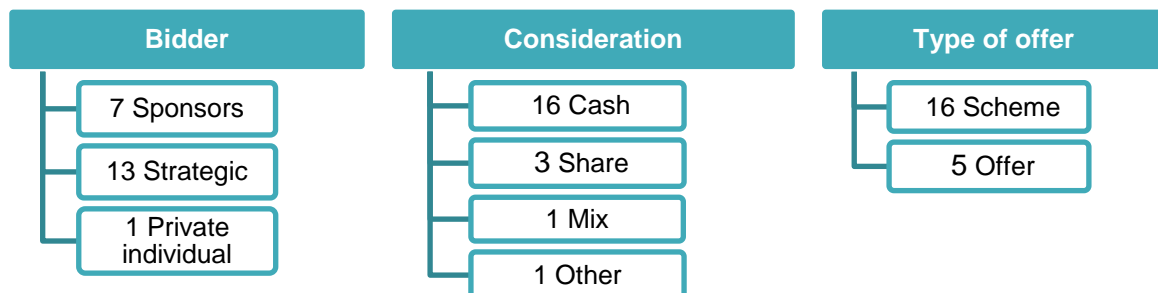
Possible Offers announced this month:

- Strategic review including formal sale process announced by **Unbound Group plc**
- Possible cash offer by **Lecram Holdings Limited** for **Purplebricks Group plc** - £1.53 million (*since withdrawn*)

Firm Offers breakdown this month:



Year to date breakdown:



May 2023 Updates:

Takeover Panel consultation on frustrating action

The Takeover Panel has published a consultation paper on possible amendments to Rule 21 on frustrating action ([PCP 2023/1](#)).

Rule 21.1 of the Takeover Code restricts the board of an offeree company from taking any action which may result in an offer or bona fide possible offer being frustrated, unless the target obtains shareholder approval, or the Panel gives its consent, for the action.

Overall, the Panel says it thinks Rule 21.1 operates satisfactorily and so it does not propose fundamental amendments to the Rule. However, it is proposing to:

- give companies more flexibility for actions which are either in the ordinary course of business for the particular company (such as buying or selling assets) or not material;
- include in the Notes on the Rule and in a new Practice Statement further guidance on when certain actions by a target board, for example employee incentivisation arrangements or share buybacks, will be considered either not to be material or to be in the ordinary course; and
- to apply the prohibition on frustrating action to a bidder on a reverse takeover.

A company will still need to consult the Panel about any proposed action that may be restricted by the Rule.

The Panel is also proposing a number of amendments to Rules 21.3 and 21.4 to reduce the administrative burden on the parties to an offer where a request for information is made under Rule 21.3 (equality of information to competing offerors) and to enhance the target's ability to protect its commercially sensitive information.

The consultation closes on 21 July 2023 and final amendments to the Code are expected to be published in Autumn 2023 (to come into effect approximately one month after publication).

Takeover Code changes now in force

Changes to the Takeover Code came into force on 22 May 2023. The changes relate to:

- the offer timetable in a competitive situation ([RS 2022/3](#)); and
- various miscellaneous amendments including around the requirements for the recommendations by target directors on an offer ([RS 2022/4](#)).

For further information on the changes, see our blog post [here](#).

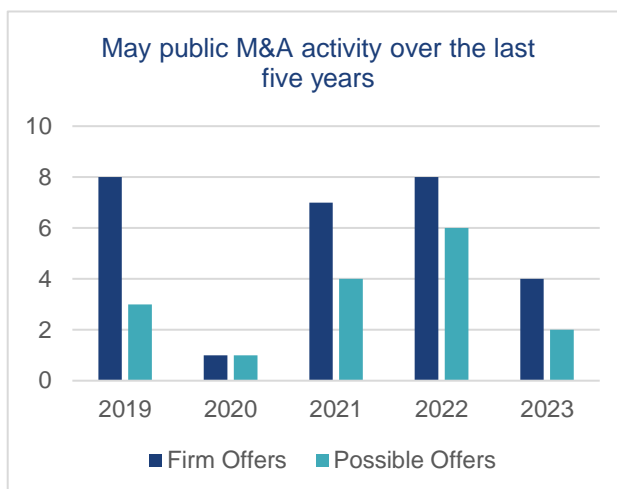
The Takeover Panel has also made minor consequential [amendments](#) to some of its Practice Statements to reflect the rule changes.

Our latest public M&A podcast

In the latest episode of our public M&A podcast series, we discuss recent changes to the Takeover Code as well as current themes and trends in public M&A transactions in the UK. You can listen to the podcast [here](#).

May 2023 Insights:

Public M&A deal activity this May has more than halved compared to the same period last year, with four firm offers and two possible offers announced. However, deal activity is at a similar level as has been seen throughout 2023 so far, with the exception of April when there was a surge in the number of both firm and possible offers. May 2023 has also had the lowest number of possible offers since January 2023, with just two possible offers. Overall, deal activity in May continues the trend seen throughout 2023 of a lower volume of deals, as economic uncertainty continues.



Average deal value has been much lower throughout 2023 so far, as compared with the same period in 2021 and 2022, with an average deal value of £224 million, compared to £683 million in 2022 and £1.14 billion in 2021. This may be because larger value deals require more leverage and rising interest rates are continuing to reduce the availability and viability of debt finance. However, high values deals are still being done indicating that there is still an appetite for high value public M&A, for example, Teddy Sagi's £1.27 billion offer for Kape Technologies plc which completed at the end of April 2023.

Useful Links:

- [Herbert Smith Freehills Takeovers Portal.](#)
- [Herbert Smith Freehills Public M&A Podcast Series.](#)
- [The Takeover Code.](#)
- [The Takeover Panel's Disclosure Table](#) (detailing offeree companies and offerors currently in an offer period).



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If you have any concerns or queries do not hesitate to reach out to our specialists or your trusted Herbert Smith Freehills contact.



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