



UK Public M&A Monthly Activity Update: March 2023

Summary

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

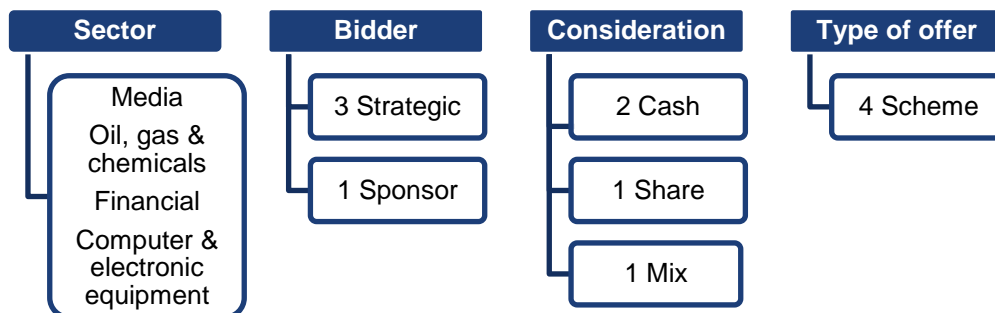
Firm Offers announced this month:

- Recommended cash offer by **Providence Equity Partners L.L.C.** and **Searchlight Capital Partners UK LLP** for **Hyve Group plc** - £320 million – public to private
- Recommended cash offer by **Prax Exploration & Production PLC** for **Hurricane Energy plc** - up to £249 million – CVRs
- Recommended share offer by **finnCap Group plc** for **Genkos Securities plc** - £21.2 million
- Recommended cash offer by **Daisy Corporate Services Trading Limited** for **ECSC Group plc** - £5.4 million – public to private

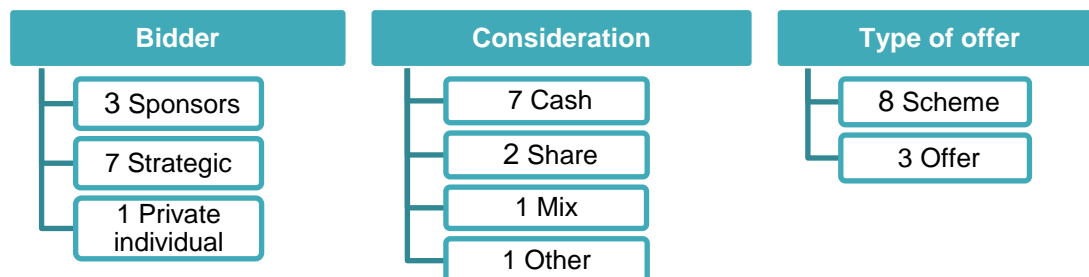
Possible Offers announced this month:

- Possible offer by **Strike Limited** for **Purplebricks Group plc**
- Possible offer by **Portillion SPV O&G** for **Reabold Resources plc** - £18.68 million
- Strategic review including formal sale process announced by **Ediston Property Investment Company plc**
- Possible offer by **WoolOvers Group Limited** for **Unbound Group plc** - £6.84 million – cash consideration and CVRs

Firm Offers breakdown this month:



Year to date breakdown:





March 2023 Updates:

Primary Market Bulletin 44

The Financial Conduct Authority (FCA) has published market guidance for issuers on a range of topics in [Primary Market Bulletin 44](#) (PMB 44), including on prospectuses for a scheme of arrangement.

In August 2020, the FCA published for consultation a proposed new technical note on when a prospectus is required where securities are issued pursuant to a scheme of arrangement. In particular the draft note said that if a shareholder is being asked to make a choice between different forms of consideration, for example where a scheme includes a mix and match facility which offers shareholders a choice between shares and cash, in the FCA’s view, a prospectus should be produced (read more on our blog [here](#)).

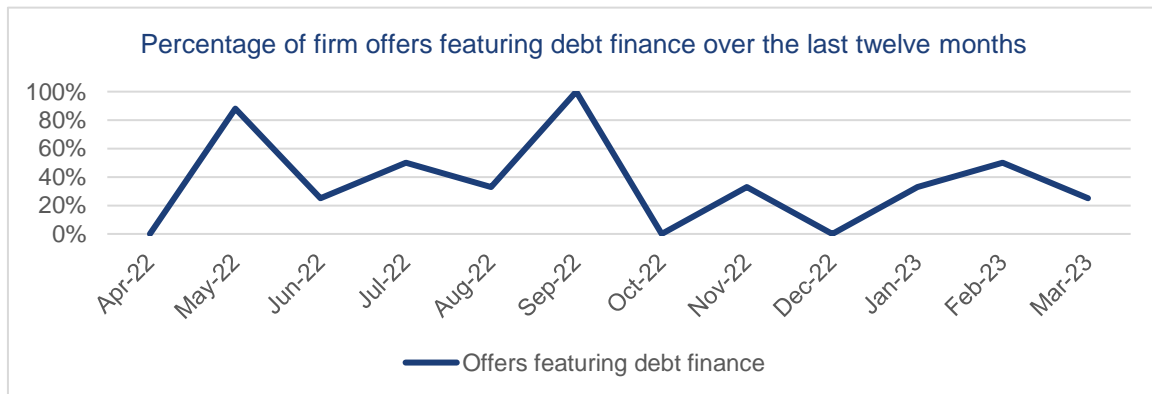
In PMB 44 the FCA says that, having considered the consultation responses, it will not publish the proposed technical note. The FCA notes that respondents to the draft note disagreed with its view and recognises that the question of whether a prospectus is required is a question of law and ultimately is for the courts to decide.

March 2023 Insights:

Public M&A deal activity this March continues to be low in comparison to previous years, with this year marking the lowest number of offers since 2020, with just four firm offers and four possible offers. Deal activity has been slower entering 2023 and this month shows a continuation of that trend. This may be due to the wider issues impacting the markets, such as economic uncertainty, inflationary pressures and the associated higher interest rates.



After a period of lower interest rates in 2020 and 2021, rates began to increase rapidly in 2022, going from a Bank Rate of 0.75% in March 2022 to a rate of 4.25% in March 2023. Higher interest rates mean that debt financing has become more expensive and burdensome. As a result, there has been a general decline in the number of firm offers which feature debt financing, an indication of the impact that rising interest rates are having on public M&A transactions. Only one firm offer announced in March 2023 mentioned debt financing, the offer by Providence Equity Partners L.L.C. and Searchlight Capital Partners UK LLP for Hyve Group plc, and even on that transaction the announcement said that the consideration will be funded from equity financing drawn down from the Providence Equity Funds but the bidder may raise debt financing following the announcement. This trend is likely to continue in the coming months as the Bank of England seek to tackle the high levels of inflation.





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).

We are here to help

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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