

Q3 2025

UK Private Company Director

Welcome to the October 2025 issue of UK Private Company Director, the quarterly newsletter for directors of owner-managed, family and private equity backed businesses.

We cover financial, legal, tax and wealth management issues that are crucial to building and realising the value of your business. Corbett Keeling's report on deal activity in buying and selling UK companies offers a clear insight into investor appetite and market sentiment.

As usual, we look at topics we believe will be of interest to directors of privately owned businesses in the UK:

- Deal activity strengthened over the summer, with renewed confidence returning to the market. Our survey points to a further pickup towards year end as buyers focus on the strongest, best-run companies (pages 2 to 3).
- Planning well before you start a sale process can help you to secure your family's future and, should you wish, support causes you care about to create a lasting legacy (page 4).
- Warranty & Indemnity insurance can reduce the legal and financial risks associated with a sale and thus support cleaner exits, and the good news is that premiums are currently lower than recently (page 5).

All the best,



Megan Peel, Editor

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A more discerning market?

After a modest first half to 2025, private company M&A picked up pace during the summer, with both the number and, more notably, the value of deals rising. Jim Keeling of corporate finance adviser Corbett Keeling takes stock as we enter the final quarter.

It's been a curious year. There's still plenty for businesses to worry about, but they're getting on with it. Deal activity has settled back to roughly pre-pandemic levels, and there's no lack of capital looking for a home. Private equity firms still have ample funds to invest, and trade buyers are again eyeing acquisitions that had been pushed down the road. Lenders, too, are easing their stance, with improving terms and greater appetite for well-structured deals.

Some sectors are getting an extra push from government spending. Renewable energy, data infrastructure and defence remain high on the agenda for both private capital and public funding. Those themes should help keep deal flow moving even if the wider economy stays sluggish.

Buyers are, however, becoming choosier. They're digging deeper into businesses' fundamentals and management strength, and deals are taking longer to get over the line. For owners thinking of selling, careful preparation still makes all the difference – and it's generally better to start the process while conditions are improving rather than wait for perfection.

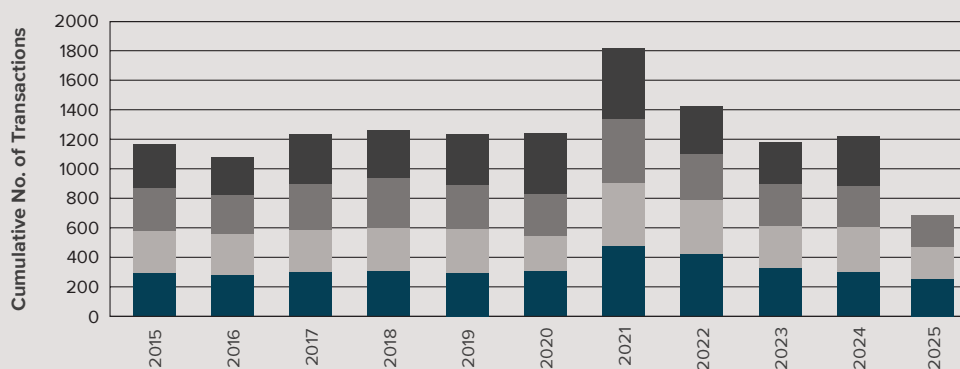
Overall, the M&A market feels in better shape than it did six months ago. Appetite for good companies is growing, and we at Corbett Keeling are seeing that first-hand. Our latest survey of market participants echoes the mood: cautious confidence, but confidence all the same.

Assessing the deal data

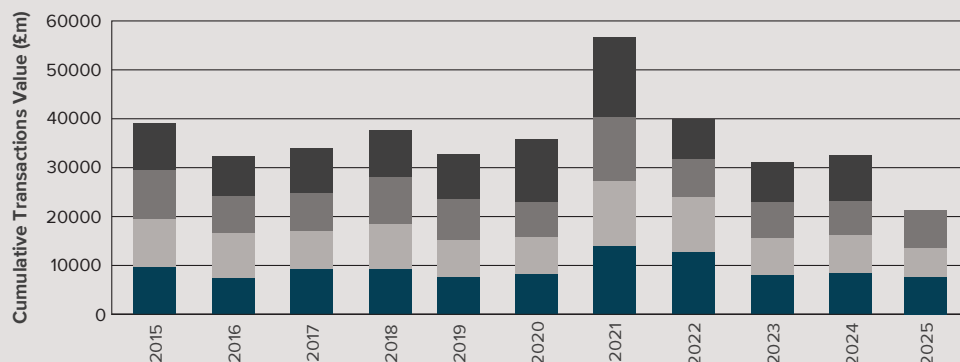
If activity in the first half of 2025 was middling at best, the third quarter showed signs of firmness among smaller deals and renewed strength at the larger end of the market.

Smaller deals (enterprise value under £150 million) picked up slightly after a quieter first half, with the number of transactions rising from 211 to 222 and total value increasing from £5.9 billion to £7.6 billion.

Sub £150m Transactions by Volume



Sub £150m Transactions by Value



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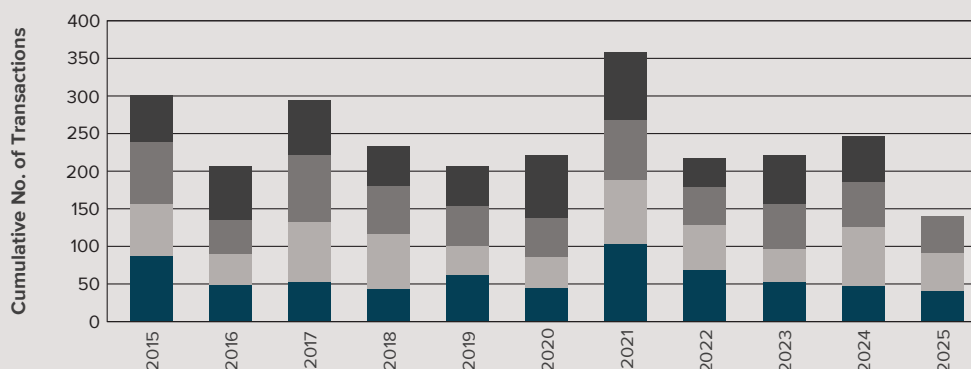
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Data supplied by PitchBook.

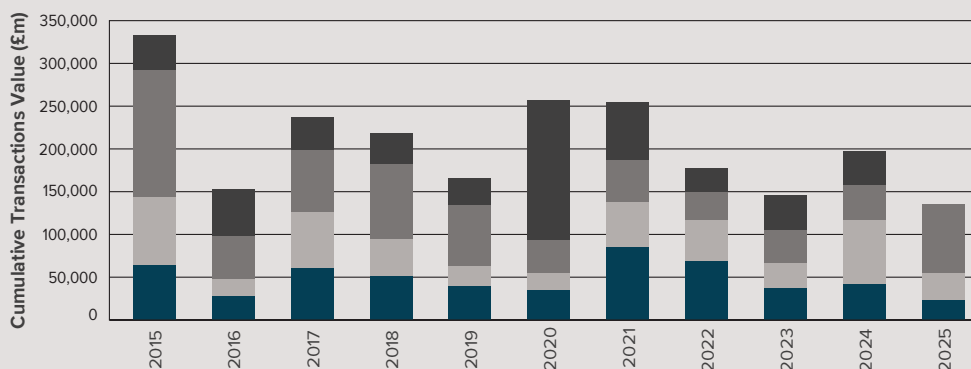
Larger deals (enterprise value of £150 million or more) continued to impress. While the number of transactions held steady at 49, their combined value more than doubled from £32.1 billion to £79.9 billion, helped by a few substantial transactions. That represents the highest total since early 2021 and nearly four times the figure recorded in the first quarter.

Together, the figures point to a market driven by higher-value deals, reflecting renewed confidence among investors and acquirers alike.

£150m+ Transactions by Volume



£150m+ Transactions by Value



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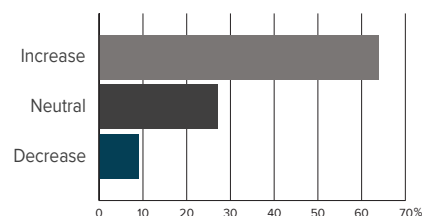
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Data supplied by PitchBook.

So what does our latest survey suggest?

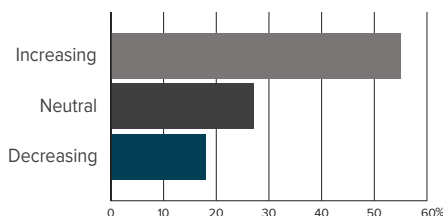
Despite lingering uncertainty over UK tax policy, US trade tensions and the wider economic outlook, market participants appear to be in a reasonably confident mood overall.

1 Do you expect deal volumes to increase or decrease?



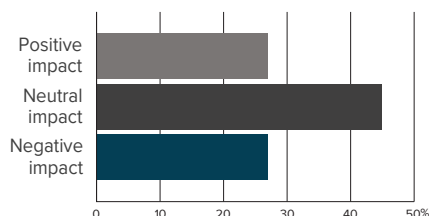
The proportion of respondents expecting the volume of deals to increase in the coming months held steady at 64%, while the percentage forecasting a decline halved, falling from 18% to 9%.

2 Is debt availability increasing, decreasing or neutral?



Views on debt availability remain broadly positive, with 55% of respondents saying funding is becoming more accessible and just over a quarter reporting a neutral impact. Only 18% said availability was decreasing.

3 How has a more uncertain macroeconomic environment, both in the UK and globally, impacted your portfolio companies?



Market participants were evenly divided on whether the economic environment has affected their portfolio companies, with just over a quarter reporting either a positive or a negative impact. Slightly less than half said they had seen little or no change.

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Life after exit

For many entrepreneurs, the sale of a business is the culmination of years – sometimes decades – of vision, risk-taking and relentless effort. Yet, as the dust settles on a successful exit, founders often face new challenges: how to structure, protect and deploy their newfound wealth to secure their family's future, support causes they care about and create a lasting legacy. Freddie Lower, Portfolio Director at Cazenove Capital says the most successful outcomes are achieved when planning starts well before the sale process begins.

There are four key areas every founder should consider as they prepare for both a business exit and life after exit. Breaking these down into four pillars, we'd be looking to ensure the proceeds of the sale are invested in the most tax-efficient manner possible; family governance, legacy planning and philanthropy.

Tax-efficient investing

A liquidity event can trigger significant tax liabilities. But, with careful planning, it's possible to mitigate these and preserve more of your wealth. Pre-exit structuring – such as the use of family investment companies or trusts – can provide flexibility and efficiency. Post sale, a diversified investment strategy, tailored to your risk appetite and long-term goals, is essential. Working with a wealth manager who collaborates closely with your tax and legal advisers can help you navigate complex issues, from Business Relief qualification to the practicalities of earn-outs and stock-based payments, as well as provisioning for the immediate tax bill.

Philanthropy

Many entrepreneurs wish to give back after a successful exit, but effective philanthropy requires more than generosity – it calls for structure. Vehicles such as donor-advised funds and charitable trusts can help you support causes close to your heart in a tax-efficient way, while also involving your family in shared values and decision-making. I've seen first-hand how involving the next generation in the family charitable vehicle can be a great training ground for future investment conversations. Early planning ensures your giving is impactful and aligned with your broader wealth strategy.

Family governance

Sudden wealth can be as challenging for families as it is liberating. Open conversations about values, responsibilities and aspirations are vital. Establishing a family governance framework – whether through regular family meetings, education for the next generation or formal structures –

can help avoid misunderstandings and foster unity. This is especially important if you wish to involve children in managing family wealth, or if you want to protect them from its potential pitfalls.

Legacy planning

A business exit is not just a financial event; it's a life transition. Many founders find themselves asking, "What is my wealth for?" and "How do I want to be remembered?" Legacy planning encompasses everything from succession and inheritance tax planning to defining your family's purpose and impact. By taking a holistic approach – balancing immediate needs with long-term ambitions – you can ensure your wealth serves you, your family and your community for generations.

It's never too early to discuss an exit

For business owners who are considering a sale, we believe it's important to find a reliable adviser who can provide holistic wealth planning, investment management and specialist services such as philanthropy advice and next-generation education. Every founder's story is unique, and so is the service you should expect your wealth manager to build around you.

And it's never too early to start the conversation, even if you're just exploring options. Planning ahead will help you maximise the value of your business – and the opportunities that come next.

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W&I insurance: a seller's guide

To sell an owner-managed business, you typically need to navigate some complex legal and financial risks. Warranty & Indemnity (W&I) insurance has become a widely used tool to reduce the seller's exposure to these risks and support cleaner exits. However, as Ross Montgomery and Avi Cohen of law firm Mayer Brown explain, you need to understand both its advantages and its limitations.

W&I insurance covers breaches of most warranties and indemnities given in a sale and purchase agreement (SPA). It can reduce or eliminate the need for holdbacks or escrow arrangements, thus allowing sellers to receive more of the purchase price at completion. It also helps avoid sellers being embroiled in future disputes by shifting the buyer's recourse to the insurer.

Legal boundaries and exclusions

W&I insurance is not a blanket solution. Insurers will generally not cover:

- **Known liabilities**, including issues identified in due diligence or disclosed in the SPA;
- **Inadequate due diligence**, where the scope or depth of review does not meet the insurers' standards;
- **Forward-looking statements**, such as earnings forecasts;
- **Specific risks**, such as certain tax, environmental or regulatory exposures; and
- **Fraud or deliberate misrepresentation**.

Understanding these exclusions is critical when assessing whether W&I cover is appropriate in a given transaction.

The legal adviser's role

Legal advisers are essential in making W&I work for sellers. They help define the scope of due diligence to ensure it is robust enough to satisfy the insurers, without being unnecessarily broad or costly. Advisers can also coordinate the drafting of warranties, the disclosure process and the negotiation of the insurance policy, so that risk is comprehensively and effectively allocated to the different parties across all the transaction documents.

A competitive market

The W&I market is currently highly competitive. Owing to a quieter M&A cycle, insurers have increased capacity and premiums are lower, making W&I cover more affordable and accessible, particularly for owner-managed businesses. In the mid-market, you can obtain premiums in the range of 0.75% to 1.25% of the insured limit (plus taxes, underwriting fees and potentially also brokerage fees), a little lower than the previous range of 1% to 1.5%.

Pricing still varies by sector. Asset-heavy industries like real estate often attract lower premiums, while financial services and other regulated sectors may face higher costs.

Spotlight on CRI

Contingent Risk insurance (CRI) is also gaining traction. Unlike W&I, CRI covers specific known risks, often issues which are unlikely to occur but would have a major impact – for example, ongoing litigation or unresolved regulatory matters. CRI allows sellers to cap or remove their exposure to such risks, which can help the negotiations and reduce post-closing uncertainty.

Timing and preparation

Arranging a W&I policy typically takes two to four weeks, but it can be done more quickly if necessary. Insurers will need access to the SPA, disclosure materials and full legal and financial due diligence. The key to a smooth and efficient process is to engage early with the insurers and to make sure the legal and insurance strategy is aligned from the outset.

Conclusion

For sellers of owner-managed businesses, W&I insurance can offer valuable protection, accelerate proceeds, and support a cleaner exit. When supported by proportionate due diligence and careful legal structuring, it can be a highly effective tool in managing legal risk and securing deal certainty.

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