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Why Bear Hugs Are Making A Comeback In UK M&A Deals

By **Ben Land-Maycock** (September 18, 2026, 2:46 PM BST)

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U.K. public mergers and acquisition has rediscovered the so-called bear hug, and the neatest recent example is Prologis Inc.'s pursuit of Segro PLC.

Prologis approached Segro privately, was rebuffed, went public on June 16 and then returned with a series of improved proposals.

By July 22, after the fourth proposal and growing shareholder scrutiny, Segro's board said it was minded to recommend the financial terms. On Aug. 4, the parties announced a recommended acquisition.[1]

It is not an isolated case. EQT Fund Management SARL's pursuit of Intertek began in April and also moved from rejected proposals to a recommended transaction by the same public pressure route. Zurich Insurance Group's approach to Beazley PLC followed a similar path earlier in the year.

London Stock Exchange Group data reported by the Financial Times on Aug. 1 identified 12 bear-hug approaches to U.K.-listed companies over the preceding year, most by overseas buyers, with the U.K. the leading global target for such approaches in 2026.[2]

The old-fashioned hostile takeover has not returned. Most of these bidders still want the target board onside. What has changed is their willingness to invite shareholders into the negotiation when private discussions go nowhere.

This article discusses why bear hugs have become a more credible tactic in U.K. public M&A, the constraints the City Code on Takeovers and Mergers places on their use, and the practical implications for bidders and target boards.

Bear Hugs

A bear hug is market shorthand rather than a term used in the Takeover Code.[3] In practice, it refers to a potential bidder publicly announcing a possible offer without the target board's agreement, often after one or more confidential approaches have been rejected.

The announcement will normally put the proposed price and associated premium into the market, explain the bidder's strategic case and describe the approaches already made to the board. It may also set out, in fairly direct terms, why the bidder thinks the board has got the valuation wrong.

To be clear, a bidder is generally not, by the bear hug alone, announcing a firm intention to make an offer under Rule 2.7 of the code. It is trying to get the board back to the table, so that it can make a recommended Rule 2.7 announcement.

A bear hug is also different from a strategic leak. The Financial Conduct Authority has warned about deliberate leaks of inside information concerning live M&A transactions and the associated risk of unlawful disclosure. A bear hug is overt: The bidder makes a formal announcement and then conducts its communications within the Takeover Code and market abuse framework.

A bidder going public does not compel the board to negotiate. But once shareholders can see the price, the premium and the bidder's rationale, a board that continues to refuse engagement may have to defend that decision to its own register.

Why Bear Hugs Are Making a Comeback

Valuation pressure is an obvious place to start. A number of U.K.-listed companies continue to trade at discounts to international peers or to the value their boards believe can be delivered through the stand-alone plan.

That creates fertile ground for disagreement. A board may look at a 30% or 40% premium and still conclude that the offer undervalues the business. A shareholder that has watched the stock underperform for several years may look at exactly the same proposal and ask why the board is not at least negotiating.

The composition of U.K. shareholder registers matters too. Domestic pension funds, insurers and other traditional U.K. institutions own a smaller share of the market than they once did. Overseas institutions, activists and event-driven investors can have different time horizons and may put a different price on the execution risk embedded in the board's long-term plan.

There is also less stigma in shareholders challenging a board publicly. A headline premium does not, of course, automatically make an offer attractive. However, a bidder does not need shareholders to endorse the deal immediately. It may be enough to persuade a meaningful part of the register that the board should engage and test if more value is available.

The Prologis-Segro and EQT-Intertek negotiations each show how the tactic can work. Going public did not remove the need for discussion, and successive proposals and public scrutiny eventually produced engagement and a recommended deal. The post announcement openness of public M&A means it is heavily influenced by precedent. Once bidders can point to recent examples where public escalation worked, using a bear hug starts to look less exceptional.

Going Public Has a Price

The attraction of a bear hug is obvious: The bidder gets to make its case directly to the target's shareholders. The tradeoff is that it gives up confidentiality and, fairly quickly, much of its control over timing.

Rule 2.6 of the code is the most immediate constraint. Once a potential bidder has been publicly identified, it must normally announce a firm intention to make an offer under Rule 2.7 or announce that it does not intend to make an offer under Rule 2.8 by 5 p.m. on the 28th day after the announcement in which it was first identified. An extension will normally require a request from the target board and the takeover panel's consent.

So, a bidder cannot put a proposal into the market, apply pressure for an indefinite period and preserve complete optionality. If the target does not cooperate on an extension, the clock keeps running.

Rule 2.5 of the code creates another drafting trap. Statements about possible offer terms can bind the bidder. If a bidder states a price or exchange ratio, a later offer will normally need to be made on the same or better terms, subject to any reservation properly made at the time. Language such as "final" or "best and final" can narrow the bidder's room for maneuver further. The announcement may be part of a negotiating campaign, but it still needs to be drafted with the discipline of transaction documentation.

The same applies to shareholder communications. Once an offer period is under way, presentations, written materials and oral messaging sit within the takeover communications regime. Material new information or significant new opinions may need to be announced to the market. There is not much scope for an informal investor-relations campaign running alongside the formal process.

That makes readiness important. A bidder contemplating a bear hug should be much further down the road than the words "possible offer" might suggest. Financing, regulatory analysis, offer structure and the approach to diligence all need to be capable of supporting a Rule 2.7 announcement if the board declines to extend the deadline.

The target is not required to engage simply because the bidder has gone public. The board can continue to reject the proposal and can take account of more than the headline price: the form and certainty of consideration, regulatory risk, the bidder's plans for the business, and the value and risk of remaining independent all matter.

There are limits on the target's freedom once an offer or bona fide possible offer is in play. Rule 21.1 of the code restricts frustrating action, subject to the code's exceptions, and shareholder and panel approval routes.

Information provided to one offeror or bona fide potential offeror may have to be provided to a competing bidder under Rule 21.3. Opening the diligence door for one bidder can therefore make life easier for the next one.

Practical Takeaways

The threat to go public with an offer has become more credible. For a board receiving a private approach, the question is no longer simply whether the bidder will improve their price or walk away. There is now a realistic third possibility: It may put the proposal into the market and ask the shareholders what they think.

For bidders, a bear hug is a risky tool to use as a bluff. Instead, it works best as an escalation step. Before going public with an offer, the bidder should know the price they are prepared to defend, how much flexibility they want to retain, and what they will say to the target's shareholders.

Obviously, the bidder should also feel confident that they can make a Rule 2.7 announcement within 28 days. The less convenient outcomes should also be considered, such as the board engaging but demanding more, the board refusing to engage or the appearance of another bidder.

Target boards face a different problem. Once a proposal is public, the board needs a persuasive shareholder case for not engaging. If the answer is that the stand-alone plan is worth more, the board should expect shareholders to ask how much more, over what period and with what execution risk.

Conclusion

The recent run of bear hugs has not displaced the normal architecture of U.K. public takeovers. Recommended deals remain the norm, and bidders still commonly need the target's cooperation to obtain diligence, navigate regulation and implement a transaction by scheme of arrangement.

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[1] https://ir.prologis.com/financials/sec-filings/content/0001104659-26-089980/tm2621154d2_ex2-1.htm?utm_source=chatgpt.com.

[2] https://www.ft.com/content/cf204cc3-fe8e-4950-a84d-6884f54b7248?syn-25a6b1a6=1.

[3] https://www.thetakeoverpanel.org.uk/the-code.